

# **The Final Technical Report**

## **June 2009 – March 2010**

### **Kilimo Trust Fund Local Poultry Value Chain Development Final Technical Report**

#### **Project Title:**

PROMOTING A DEMAND DRIVEN VALUE CHAIN ALLIANCE OF  
PRODUCERS OF CERTIFIED ORGANIC POULTRY PRODUCTS IN RAKAI  
DISTRICT TO PROFITABLE MARKETS



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#### **Leader:**

Dr. Juuko Fulgensio  
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**KT Reference:** KTO209  
**Phase:** Project Preparatory Phase 1  
**Start / Duration:** 15<sup>th</sup> June 2009  
**Reporting Date:** 31<sup>st</sup> March 2010

## CIDI Local Poultry Value Chain Development Final Technical Report

Technical Part:

<b>Project Title:</b>	Promoting A Demand Driven Value Chain Alliance Of Producers Of Certified Organic Poultry Products In Rakai District To Profitable Markets.		
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<b>Leader:</b>	Dr. Juuko Fulgensio, Executive Director		
<b>KT Ref:</b>	<b>Phase:</b> 1 (One)	<b>Duration:</b> (6 months)	<b>Start date:</b> 15 <sup>th</sup> July 2009
<p><b>Background:</b></p> <p>The poultry industry in Uganda is composed of a national chicken flock estimated at 37.4 million birds (MAAIF and UBOS 2008) is estimated at 10 million birds out of which 90% are indigenous. The poultry industry employs thousands of Ugandans both directly and indirectly such as input suppliers, traders, poultry farmers, transporters, and hotels and restaurants. Before Kilimo Trust support, CIDI with support from Farm Africa had implemented a project in Rakai District, aimed at improving the production of indigenous chicken through programmed hatching and exotic cockerel exchange. The project was considered a success with about 2600 direct and indirect beneficiaries generating a gross income of about Ushs 1.68 million (1,050 USD) from an original 4422 hens and cocks received from Farm Africa. The return on investment was about 16 USD for each USD invested in the project. Therefore, CIDI has built on the success of the previous project interventions as a strategy to scale up the project from the original 2 sub counties and increase its outreach to another 2 sub counties in Rakai District. The recent study of poultry market survey carried out by Livestock Research for Rural Development indicated a growing demand for indigenous poultry products within Uganda. For example the price exotic poultry meat and eggs ranges between 60-80% in favour of local poultry meat and eggs<sup>1</sup>). The current source of local poultry meat for the major cities and towns in Uganda is Kampala, Masaka, Mbarara and Jinja and in northern Uganda poultry products are supplied by Lira, Kumi, Gulu, Soroti districts.</p> <p>Rakai producers with improved efficiency of production can produce Rakai chicken, eggs, and Day Old Chicks (DOC) that can fetch competitive prices on the local markets compared to the northern districts. The local partners have secured markets for instance Jobya Farm Ltd, Uganda Local Chicken Promoters and Breeders Association, St. Jude Family project have established linkages with regional and European community demanding for export of organic eggs and processed chickens, which Rakai poultry farmers can produce, given that indigenous layers do not require so much medication if routine vaccinations are done properly.</p> <p>CIDI has implemented the first preparatory project phase in Lwanda, Dwaniro, Kasasa and Kalisizo sub counties in Rakai District. The preparatory phase emphasized and facilitated key actors to own the project and make commitments to it; by sensitizing stakeholders on organic certification process, market constraints, opportunities, and appropriate value chain system to meet the present market demand. We worked with 1894 potential farmers out of the targeted 2000 farmers, who were identified, screened and short listed for the coming phases. Building ownership and commitment among the stakeholders is what the project intended to achieve; thus appropriate value chain</p>			

<sup>1</sup> Kugonza.R, KyalisiimaC, A Iisa, Indigenous chicken flocks of Eastern Uganda , productivity, management and strategies for better performance. Livestock Research for Rural Development 20(9) 2008.

structures were put in place. CIDI mobilized the stakeholders into functional groups i.e. input suppliers producers, traders, middlemen, processors, transporters and the end market consumers; each with a technical working committee to play defined roles and responsibilities in the chain plus addressing identified strategies, constraints and opportunities that affect the sector. The identified interventions have led to the development of a project business plan, poultry production development model, and the financial plan for the value chain stakeholders; which focuses on strategies for customer satisfaction and confidence.

#### **Introduction:**

CIDI has developed a strategic participatory partnership with value chain technical working committees established with support of CIDI. CIDI and TWG solicited support from market movers like Jobya Farm Ltd, Ugachick etc and the local government agencies like NAADS as part of forging a strategic alliance. The value chain technical working committee has negotiated with potential buyers or markets to supply organic poultry products. Some of the local partners, Tufaayo Breeders and Farmers Group and Ssajabi Vet Care have signed MOUs with local processors like Jobya Farm Ltd as means to achieve a demand drive market approach. CIDI facilitated a resource leverage alliance with NAADS to offer technical support and assistance in terms of community mobilization, subsidized inputs like chicks, feeds and extension services. CIDI negotiated on behalf of value chain technical working committee with three (3) traders and Four (4) advisory service providers and signed up 2 MOUs to facilitate value chain activities. Presently, CIDI has supported the TWG by developing a Value chain business and financial plan; which was shared and agreed with the selected value chain committees. The plan has strategies that focuses on strategies for required to achieve market demands, building customer satisfaction and confidence on organic products, improving competitive market positioning and building sustainable value chain networks. The stakeholders reviewed, modified and approved the business plan as a principal document to support the development of the poultry value chain in Rakai District. However, due to time and resources constraints the strategic issues on organizing market network, and increasing ownership among the different value chain actors has not been adequately implemented. The proposed phase II and III of the poultry development project as evidenced in the results of the demonstration initiative, which has potential to address the strategic goal of improving livelihood, which is consistent with the poverty eradication Action Plan for Uganda and the local community development needs (i.e. increasing household income, and wealth).

#### **Project Goal:**

To achieve increased and sustainable household income among rural poultry farmers comprised mainly of women in Rakai District as a livelihood and poverty eradication strategy. Sustainable livelihood will be achieved when a formally subsistence farmer continuously produces and supplies organic poultry products to a stable market to earn household income.

#### **Project Purpose:**

To establish a demand driven value chain alliance that link producers of certified organic products of improved local chickens in Rakai district to profitable markets.

#### **Objective of the Project:**

To achieve increased sustainable income for the rural householders in Rakai district to eradicate poverty.

#### **Specific Objectives**

- To establish a value chain structure, ownership and committed by the value chain stakeholders.
- To developed and implemented value chain institution arrangements.
- To develop value chain business viability plan for different components.
- To developed and expanded Business model for poultry farming.

#### **Progress Against Output OVIs achieved in the period: (15<sup>th</sup> July 2009 – 31<sup>st</sup> March 2010)**

Output	Target users of the output	Achieved Outcomes
<b>Output 1:</b> Establishing a value chain structure,	All major value chain actors and supporting institutions.	A well developed participatory value chain management system

<p>ownership and committed by the value chain stakeholders.</p>	<p>Key actors include: consumers, middlemen, input suppliers, Hoteliers, transporters, traders, processors, producers or farmers. Uganda Local Chicken Breeders and Promoters Association, Jobya farm Ltd, Vet Circle Ltd, Uganda Local Chicken Breeders Association, Farmers Feed Centre, Ugachick Masaka branch, Ssajabi Vet Shop, Serona Hotel, Hilltop Hotel, Mbuye Farm Ltd, Tufaayo Farmers and Breeders Group and many others.</p>	<p>with 1894 potential farmers has been established, 6 committed Input suppliers, 4 supporting institutions, 2 processors and 8 local government officials within well established value chain governance. CIDI facilitated the farmers to shape and define the value chain structure in a participatory manner and potential selected farmers were assisted to streamline supply chain functions, roles and responsibilities.</p> <p>Value chain committee and technical working group capacity strengthened and now operational. Formation of input supply, production, coordination and marketing. Technical working groups which have to coordinate, enforce standards, quality, and information dissemination. <i>Find attached the names and positions of the technical working committee members.</i></p> <p>General value chain governance guidelines and policies have been developed and communicated to stakeholders. Well defined and knowledgeable present supply chain structure reviewed and modified by the selected technical committed.</p> <p>The project concept has been understood by the TWCs and implementation was carried out by especially the Farmers Technical Working and Input Suppliers Committee.</p> <p>CIDI has built the capacity of the local community to invest into the poultry project and take lead position in production and marketing.</p> <p>The technical Working Committees have taken about 75% of full responsibility in terms of leadership and ownership of the project. <i>List of roles and responsibilities is attached of the TWCs including minutes of meetings</i></p>
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<p><b>Output 2:</b> <b>Value chain institution arrangements developed and implemented</b></p>	<p>All stakeholders and supporting institutions. Jobya Farm Ltd, Uganda Local Chicken promoters and Breeders Association, St Jude Project, NAADS, NOGAMU, RACLOBA, INCORET, Ugachick - Masaka, Mbuye Farm Suppliers, Poultry Association of Uganda, Uganda Local Breeders Company (LOBCO).</p>	<p>A well defined strategic relationship has been developed between the major value chain actors (farmers, Input suppliers and processors) and the supporting institutions has been developed by signing MOUs and contracts to facilitate value chain activities.</p> <p>CIDI has facilitated the value chain actors to build strong and strategic links with major institutions that can offer poultry inputs and services to support the chain. Like Jobya Farm Ltd (<i>4 technical support and capacity building</i>) Mbuye farm Ltd, Ugachick Masaka branch sale of 25,000kgs of chicken feeds) Vet Circle Ltd, Uganda Local Chicken promoters and Breeders Association and Uganda Local Chicken Breeders Company (<i>sale of 56,000 Day Old Chicks to Rakai Farmers</i>)</p> <p>The intervention has led to the establishment of strong strategic alliance and links with four (4) strategic partners namely Jobya Farm Ltd, Ssajabi Veterinary Shop, Uganda Local Chicken Promoters and breeders Association. Memorandums Of Understanding and 2 contracts have been reviewed, approved and signed by the actors with these partners, where the roles and responsibilities for each player has been defined.</p>
<p><b>Output 3:</b> <b>Value Chain Viability Plan Developed</b></p>	<p>All stakeholders and supporting institutions.</p>	<p>A Final Poultry Agribusiness and profitability plan is in place and was reviewed, modified and approved by 65% of the value chain stakeholders but the remaining 35%, to be part of the value chain and become an actor to run a feed centre and slaughter house not the private sector. CIDI facilitated the development of poultry Agribusiness and financial plan, which defines the development strategy and the financing plan for the value chain.</p> <p>The plan focuses on customer importance, technology transfer,</p>

		competitive position, integral value chain network, and financing. The business plan clearly shows the elements of commercialised production, marketing value addition and product development.
<b>Output 4: Business model for poultry farming developed and expanded.</b>	Producers, input suppliers, traders and processors.	<p>A pilot business model has been tested with Tufaayo farmer group and linkages have been built with input suppliers and a micro processor to capture the business viability of the project.</p> <p>56 potential farmer group representatives were identified, selected and trained in best business practices of poultry organic certification and accreditation. Representatives of Tufaayo Farmers Group, Dwaniro producers and Marketing Association, Lwanda Producers and Marketing Association can make informed decisions when and where to sale and are informed about the present agricultural market trends.</p> <p>A Rakai commercialised local poultry business model has been designed tested and piloted by the key actors.</p> <p>56 CBTs have been trained in basic extension and communication methods, disease surveillance and quality management; they are offering these services at a cost fee to the willing farmers and this has reduced on the mortality rate. Baseline data has been collected from 756 potential poultry farmers on productivity and marketability as means to measure the benefits of the model.</p>

**Progress Against Output OVIs achieved in the 6 months: (15<sup>th</sup> July 2009 – 31<sup>st</sup> December 2009):**

Output	Progress	Outcomes	Progress and Initial Impact <i>(Households, firms and Sector)</i>
<b>Well established value chain structure with elements of ownership and commitment.</b>	<ul style="list-style-type: none"> <li>An increase of 484 potential farmers with knowledge and skills of implementing the value chain concept. Increase in number of beneficiaries from 1410 to 1894 farmers presently.</li> <li>3 value chain technical committees have been formed with a leadership structure in place i.e. Farmers, Input suppliers and district level.</li> <li>82% of the baseline was collected from a strata sample of farmers. Collection, sorting, analysis and compilation are ready.</li> <li>1894 (Increase of participating females from 75.3% - 85.7%) out of the targeted 2000 potential producers activity brought on board.</li> <li>Farmers were trained in organic certification and accreditation by the 56 selected CBTs but not yet</li> </ul>	<ul style="list-style-type: none"> <li>A well developed present value chain structure in place and defined by all the stakeholders.</li> <li>A defined value chain structure with functional, roles and responsibilities of all stakeholders reviewed and implemented.</li> <li>8 Value chain management "minute" reports in place showing how committed they are in implementing the value chain concept.</li> <li>A complete baseline data report (12 pages), but not yet disseminated the information to all stakeholders.</li> <li>6 meetings and 12 field visits have been held by the CIDI staff to farmers and Input suppliers and 1894 farmers, 15 input suppliers, 13 district officials, 4 processors, who have been interviewed and data collected on production and marketing issues of poultry sector.</li> <li>18 farmer groups have been educated and sensitized on organic poultry certification by the 56 CBTs who were trained.</li> <li>Increased number of participation of women in the project is 85.7% of the 1894 realized beneficiaries.</li> <li>4 meetings have been held with Farmers and Input suppliers TWCs to communicate about CIDI's exit strategy.</li> </ul>	<p><b>Overall Impact:</b></p> <ul style="list-style-type: none"> <li>There has been an overall improvement in the quality of life of people in the targeted areas of implementing the targeted demonstration in value chain through increased output of chicken products (<i>from 3 brooding hens to 8 chicks on average</i>), better incomes (<i>16,000 to at least 120,000/= per month per household</i>) and nutrition, without adverse economic or environmental effects.</li> <li><b>Gender.</b> 85.7% Women are aggressively involved in the project and there is high hopes of women empowerment through the project this generating household income and making informed decisions for the business level.</li> <li><b>70% of the women</b> have shown an increase in income by at least 65% as a result of membership in their farmer groups, hence there is a significant impact on income to cover other basic household needs like mobile hand sets</li> </ul>

	<p>certified by NOGAMU, as negotiations are still in progress.</p> <ul style="list-style-type: none"> <li>• Farmers have been educated about organic certification by the Rakai NOGAMU representative.</li> <li>• Still in the process of concrete communication of the exit strategy to all stakeholders by CIDI.</li> </ul>	<ul style="list-style-type: none"> <li>• 5 Value for Investment (annual profitability cash flows templates have been produced, reviewed and shared with selected representatives of Input suppliers, DOC producers, Egg producers, Breeders, key rearers and processor.</li> <li>• Data has been collected from Farmers, Input suppliers, traders and processors on the value for investment, whereby in the last 6 months it totals 76 Million Ugandan Shillings.</li> </ul>	<p>mobile hand sets, basic medical bills, 3 balanced diet meals a day.</p> <ul style="list-style-type: none"> <li>• <b>Enhanced farmers'</b> access to market and farm inputs.</li> <li>• <b>Enhanced access</b> to financial services by value chain players in the last six months BRAC (7 million), Medinet Financial Services (12 million) and the CIDI Micro Credit Institution (6.7 million)</li> </ul>	
<b>Efficient Value chain Institutional arrangement developed and implemented.</b>	<ul style="list-style-type: none"> <li>• From 5 to 11 institutions have been identified and presently working with the value chain actors thus Jobya Farm Ltd, Uganda Local Chicken promoters and Breeders Association, St Jude Project, NAADS, NOGAMU, RACLOBA, INCORET, Ugachick - Masaka, Mbuye Farm Suppliers, Poultry Association of Uganda, Uganda Local Breeders Company (LOBCO). MOUs are still being reviewed by the strategic partners and will be approved later in January 2010.</li> <li>• Improved partnership between CIDI and NAADS, Farmers, input suppliers,</li> </ul>	<ul style="list-style-type: none"> <li>• 11 Institutions are presently supporting the farmers and input suppliers in Rakai District with inputs like 16,000 Day Old Chicks, 25,000 kgs of quality feeds and technical support.</li> <li>• 4 copies of MOUs have been being reviewed by the strategic partners.</li> <li>• Increased number of active participating Institutions from 5 to 11.</li> <li>• 2 strategic value chain alliance contracts signed with potential buyers –Jobya Farm Ltd and Mbuye Farm suppliers Ltd.</li> <li>• Increased understanding of value chain individual components inefficiencies identified and improved.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Consumption of nutritious</b> chicken products and investment in assets of beneficiary households increased significantly after membership of selected farmer groups.</li> </ul>	

	investors.			
<ul style="list-style-type: none"> <li><b>Value Chain Business Viability plan for different components developed.</b></li> </ul>	<ul style="list-style-type: none"> <li>Work in progress to modify value chain business and financial visibility plan</li> <li>The plan has been reviewed, modified, discussed and approved by both the technical team and selected categories of the stakeholders.</li> <li>Value chain business profitability and sustainability study in progress.</li> </ul>	<ul style="list-style-type: none"> <li>A Final draft copy of the value chain business and financial visibility plan.</li> <li>3 review meeting held with 56 farmer group representatives on the business viability.</li> <li>5 categories of stakeholders' business profitability and sustainability plan have been developed and shared.</li> <li>5 Business plan stakeholders meeting reports in place.</li> </ul>		
<ul style="list-style-type: none"> <li><b>Business model for local poultry farming developed and expanded.</b></li> </ul>	<ul style="list-style-type: none"> <li>One pilot business development model tested with 64 farmers, 2 input suppliers, and one micro investor. (Tufaayo farmer Group, Veterinary Circle and Jobya Farm Ltd).</li> <li>Increase in the number of chickens reared from 40 to at least 120 per household.</li> <li>With information collected, discussed and analyzed. It has helped us refine the log frame and expand on operations.</li> <li>In the process of supporting the farmers' Technical working Committee. A</li> </ul>	<ul style="list-style-type: none"> <li>2 business production model and a viability plan developed for the producers of different stages of production in Rakai farmers.</li> <li>2 farmer groups have been tested with the business model with support from input suppliers to traders (processors) then consumers.</li> <li>Increase in household income from 65,000/= to 240,000/= from only poultry sector.</li> <li>A draft of the refined log frame and operation poultry development proposal.</li> <li>The business model is not yet to be scaled up to larger communities but there is an increase in participating household income from 15% to 62% for the households that were tested with the model during the X-Mas festival season.</li> </ul>		

	farmer Feed Centre has been established in Kyotera –Rakai.		
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### Challenges and Opportunities faced during the Implementation of the preparatory Phase

Key Actors	Major Challenges faced	Opportunities	Actors
Input Supply	Poor quality of Day Old Chicks that are supplied from Kampala and delivered when weak, sick. Mixing up variety of exotic and local to farmers including other inputs such as vaccines and unreliable source of vaccines, poor management, and poor record keeping.	Strengthen the capacity of breeders/farmers to produce quality DOC themselves through programmed hatching. Increase access to quality breeding stock. Selective breeding	-Poultry Breeders and input suppliers
	Lack of farmers knowledge and skills in applying inputs such as vaccines and drugs	Build capacity of farmers and service providers to improve management and treatment	-Farmers -Stockists - Veterinary service providers
	High pricing of some of the poultry feeds ingredients long dry seasons and increased inflation rates as well as inadequate supply of cereals wastes and poor quality of feeds	Increase bulk purchase of raw materials to produce feeds, Increase working capital to stock more raw materials during the season	-Feed producers -Commercial farmers
	Lack of access to affordable packaging materials e.g. egg trays, packaging for DOC and adult birds	Link producers of packaging materials with the farmers and traders	-Farmers -Feed producers -Traders
	Lack of access to affordable financing as working capital for all actors	Increase access to financial services	-Financial institutions -Associations
Production	Major Constraints	Opportunities	Actors
	Lack of access to reliable and quality crossbred chicks to farmers/ breeding stock for programmed hatching.	Farmers supported to produce constant quantities. Increase access to breeding stock.	-Farmers -DOC Producers -NGOs
	Inadequate capital to finance poultry and conduct it on business principles.	Increase access to finance by introducing a credit scheme to farmers.	- Farmers
	High cost of inputs e.g. vaccines,	Provision of and access to	-Stockist



	drugs, feeds, DOC, and packaging materials	affordable inputs to small poultry farmers (i.e. bulking, credit facility)	-Producer organizations
	Inadequate infrastructure e.g. poor housing, poor rural feeds roads, water, and electricity. For example unreliable supply of electricity affects vaccine storage.	Lobbying to improve rural roads, rural electricity, water, and telecommunications for farmers and input suppliers. Increase access to financing for poultry housing, refrigeration etc	-Producer organizations
	Increased diseases and pests reduce productivity of poultry products	Access to disease and pests control measures and technologies. Adopt Azardi of Tanzania.	-Poultry Farmers
	Lack of appropriate record keeping system by all actors including poor management of operations	Access to technical assistance for all actors	-All actors
	Lack of knowledge and skills in poultry management among new farmers – poor application methods for vaccines, and drugs for example High cost of transportation of inputs, and poultry products. Transport costs are high due to high fuel prices.	Training and extension services to new smallholders farmers  Access to transport through bulking services	-NAADS -Input suppliers -CIDI -Producer organizations
	Lack of quality standards and adherence to hygiene and food safety practices by actors	Develop and enforce quality assurance standards and traceability for organic products	-Producer organizations -CIDI St. Jude
	High rate of theft of adult birds and eggs by rural people	Increased sensitization of the population and involvement of police and local defense operatives (i.e. community policing)	-Producer organizations -Local Governments
<b>Collection, bulking and Storage</b>	<b>Major Constraints</b>	<b>Opportunities</b>	<b>Actors</b>
	Lack of trust and cooperation among farmers and also other actors	Build capacity of actors in membership development and networking	-producer organizations and CIDI
	Lack of strong farmers association with appropriate production mobilization and marketing system	Strengthen the capacity of producer organizations to act as viable channel for bulking and marketing	-CIDI -Service providers
	Lack of appropriate storage facility for eggs, adult birds, feeds, and vaccines	Access better and affordable appropriate storage facility	-Producer organizations -Farmers
<b>Organization and Management</b>	<b>Major Constraints</b>	<b>Opportunities</b>	<b>Actors</b>
	Lack of membership development skills and resistance to change	Strengthening the membership development program	-CIDI -Service providers
	Lack of working capital to bulk inputs to the members at affordable prices	Access to finance for working capital to producer organizations	-Financial institutions
	Lack of market organization and collective bargaining system	Develop marketing system to respond to market demands	-Producer organizations
	Lack of leadership and governance practices	Build capacity of producers organizations in governance, management and leadership	-NGOs -Service providers
<b>Primary</b>	<b>Major Constraints</b>	<b>Opportunities</b>	<b>Actors</b>

processing			
	Lack of access to affordable packaging materials for eggs, DOC, poultry meat, and other poultry products	Access to alternative and affordable packaging materials	-packaging suppliers -traders
	Lack of cooling facilities to maintain freshness of poultry products until it reaches the market e.g. refrigerator van, cool room etc	Access to cold chain for small holders farmers and traders to maintain products	-micro lending institutions -micro leasing
	Lack of traceability system, organic practices and Hazard Analysis Critical Control Point (HACCP)	Develop quality standards and system to comply with health and safety guidelines. Establish internal control systems for production and marketing of poultry products.	-Producer organizations -NGOs Ugocert, NOGUMA
Trading/Market	Major Constraints	Opportunities	Actors
	Supply of poor quality poultry products e.g. eggs, adult birds, and DOC by farmers and rural traders	Increase trader and farmer business linkages – educate actors on best business practices	-NGOs
	No access to updated market information for organic products e.g. eggs, and adult birds	Access to alternative niche markets for organic products through door to door marketing	- value chain actors like Traders, Farmers and Producer organizations
	Low volume of supply of organic poultry products due to low productivity	Access to better improved poultry technology to increase supply. Buyer and farmer linkages to sustain supply	-Producer organizations -NGOs
	Low level of market organization by traders and farmers to streamline the flow of poultry supply in the market	The established value chain management structures and relevant actors to Organize traders and producers to meet market demand	-producer organizations -CIDI
	<i>Seasonal availability of birds.</i> The seasonal effects of price fluctuations depend on festivity seasons and crop activities as well as disease outbreaks and crop production season.	Improve production planning and management	-Farmers
	<i>Transportation.</i> Since there is no specialized parking of live chickens, the birds are bundled together either on strings or baskets and are transported on different means of public transport available such as motorcycles, lorries, buses or mini-buses together with passengers. Such kind of transportation is a risk factor for possible transmission of zoonotic infections.	Develop alternative packaging and transportation system	-Producer, transporters organizations -Traders
	<i>Lack of streamlined marketing organization.</i> Although farmers get information that chickens may fetch high prices in towns or if they sold to institutions, they lack the capacity and economies of scale to gather enough stock for such a transaction	Develop collective bargaining system and bulking of poultry products	-Farmers -Producer organizations

## **Outputs and activities planned to be achieved in the next project phase II and III:**

The first six months of project implementation (preparatory phase) has been a success; focusing on developing the value chain infrastructure, build ownership, strategic institutional linkages and business development plan. The second phase shall focus on promoting organized market linkages, organic certification, capacity building, and increasing access to finance to boost production. The following outputs are to be achieved:

**Output 1:** Value chain business Strategy Launched

**Output 2:** Poultry Organic certification and accreditation achieved by Major Value chain actors

**Output 3:** Market for organic certified poultry products expanded

**Output 4:** Capacity of the value chain actors developed and strengthened

**Output 5:** Finance access opportunity created to major value chain actors

The third phase shall focus on increased value addition, development technology transfer centre, expanding on the production base and scaling up the project to cover other potential areas and neighbouring districts. The following outputs shall be achieved:

**Output 1:** New value chain alliances created and expanded

**Output 2:** Private sector agro processing facility established

**Output 3:** Model Agribusiness Technology Transfer Centre developed

**Output 4:** New certified organic poultry products identified and marketed

**Output 5:** Project rollout plan developed

As we roll into phase II and III, some of the activities will be carried on; like meetings will continue with the buyers, traders and consumers of the project products that have already been identified to solicit more of their commitment to the project as well as input suppliers. Dialogue meetings will be held with farmer groups in order to facilitate the formation of the 4 marketing centres.

Private investors will be encouraged to invest in small scale processing facility. The processing facility is a very urgent issue here, whereby it will handle dressing, packing and storing of chicken meat and other poultry by products before transportation to the final markets such as supermarkets, and other retail shops. The project interventions will emphasize commercialization of services and products to ensure sustainability of the interventions.

The use of subsidies like grants, technical assistance, training etc to build provider's capacity (input suppliers, trainers and other service providers) should not be used to subsidize the cost of service delivery. It should be used to develop products, and expand service network to reach large number of farmers. For example supporting farmers to produce quality DOC that is specialized production, can help to reduce cost of starting poultry farming, in addition it can help to address lack of access to DOC and extension services. The principle of selective use of subsidies is critical in maintaining stable markets for inputs and other essential services. The project should reduce the use of subsidies over time as the market for services and products grow. CIDI will ensure that there is a clear end to any financial support with local partners, and that support should be contingent upon measurable and achievable objectives.

It's important to note that, CIDI rural initiative, one of its core objectives is integrating the poor into mainstream markets. Vulnerable poultry farmers are integrated into the mainstream markets by increasing sustainable access to productivity-enhancing products and services. These products and services include: micro- equipment, veterinary inputs, and access to market and poultry development information. These interventions should be integrated into the producer groups for vulnerable people and other poor farmers in associations.

Building capacity of input suppliers to deliver services to the target beneficiaries market is critical in order to create multiplier effects that can benefit hundreds of farmers based on commercial principles e.g. fee for services and products. This strategy towards a more commercially oriented market strategy maintains and even expands the multiplier effect of services and products to improve the overall efficiency of the value chain market to deliver more services to more farmers over a sustained period of time.

Sustainability of interventions should again be emphasized right from the beginning of relationship with the project. Sustainability is possible only through participation and empowerment of stakeholders (target beneficiaries private

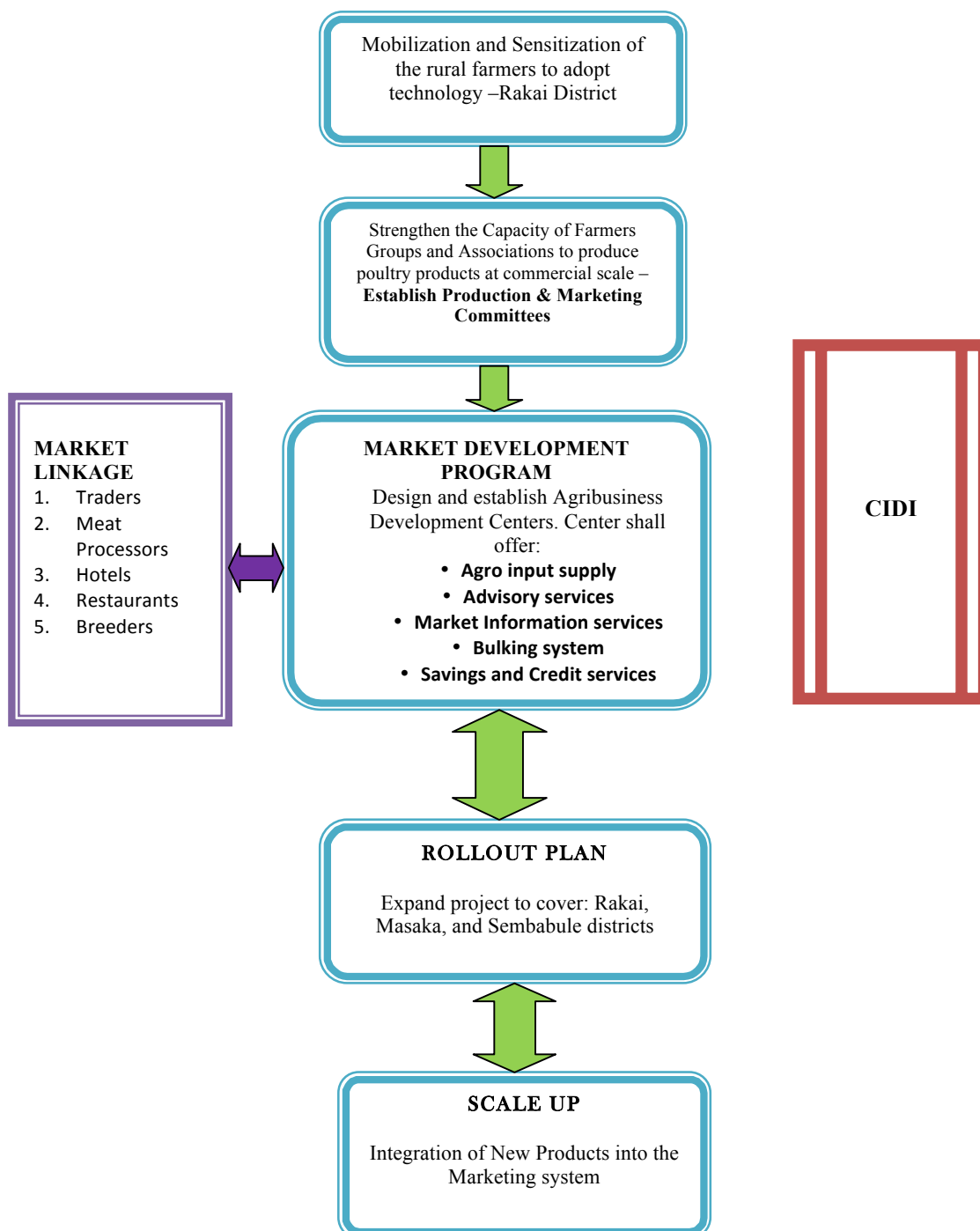
sector service providers, associations, and commercial farmers). Capacity building is needed for all stakeholders; institutional development should start from the planning stage and be continuous.

Project priority interventions should be demand-driven and flexible. CIDI should encourage targets groups to fully get involved in implementation. There should be cost sharing by the beneficiaries to increase their sense of ownership.

To promote specialized poultry farming as a business to local population, the project phase II and III shall emphasis the delivery of services at lower costs through group approach, Package services in small pieces instead of a 5 day production training offer only 2 days demonstration practice. Offer introductory services to farmers with immediate value-added for fee based services at a lower cost, once target beneficiaries benefits from these services, they may have improved their income to purchase future services from providers.

The project shall facilitate development of embedded services, where suppliers charge for training and extension fees on inputs supplied to poultry farmers. The service provider shall supply raw material, advisory services, market information, product specifications, or other services for those farmers who purchase their inputs. The poultry buyers can also be encouraged and strengthened to supply services, such as quality control and packaging or promotion, whose costs are paid by the mark-up. Embedded services have high potential to reach the poor because they are not upfront fee based. Services provided by buyers are more likely to reach the poor, as are services embedded in essential inputs that the poor already purchase. To reach the farmers, the services have to be delivered through markets.

#### **Project Implementation Model for Phase II and III**









## Project Pictures



Put captions/labels on the photos.

