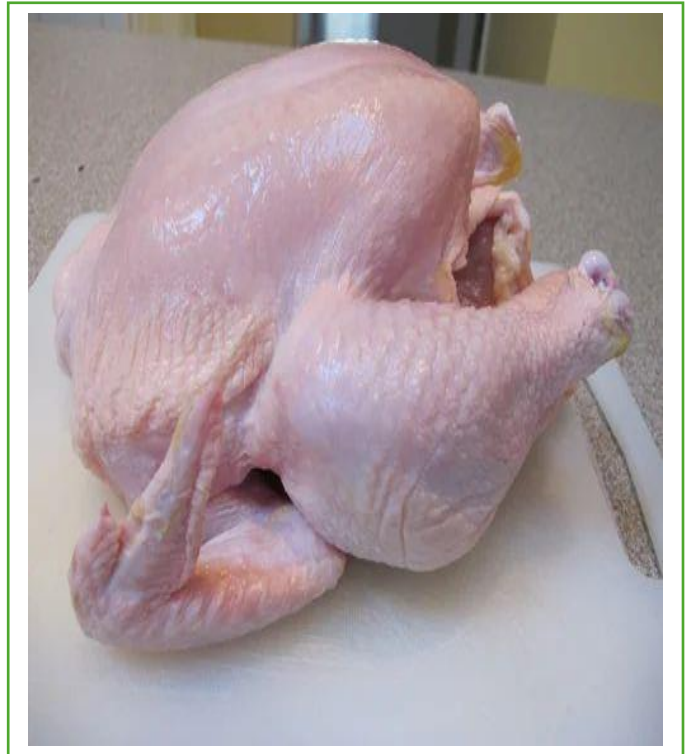
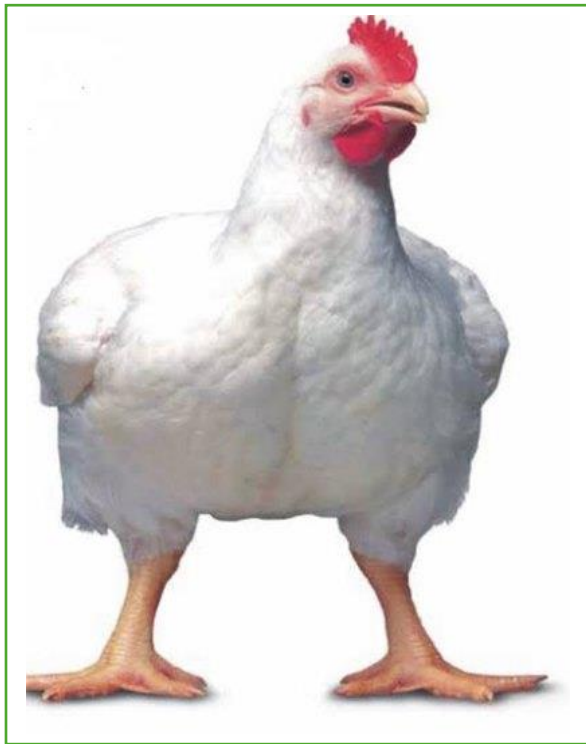


IVY OF LUXE FARMING LTD

Business Plan

Expansion and Operating Large-Scale Integrated Poultry Farm in Kerege Manofu, Coast Region



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1. Project Site

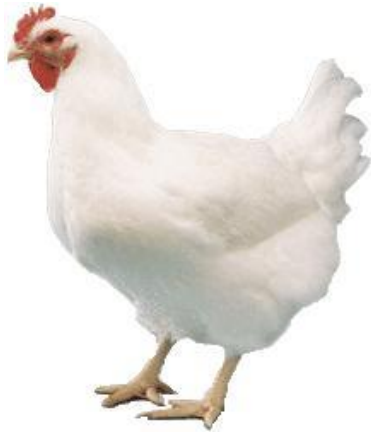
The project which is 5 years old is located at Kerege Manofu area in Coast region, Tanzania.

Google Map



1.1 Introduction

This is a business plan which outlines the project of expanding existing the medium-scale integrated poultry farm in Kerege Manofu, Coast region in Tanzania. The project is categorised under livestock sub-sector, whereby poultry farming contributes very low in both agricultural sector as well as in the national gross domestic product.



Poultry farms, mainly for chicken farms producing meat or eggs, are highly specialized operations. To ensure project success, a business plan prior to investment and proper management during the operation are required. Proper management ensures efficient production and good quality products (meat or fertile eggs). This is accomplished by controlling diseases, maintaining feed efficiency, proper handling of wastes, and

proper sanitizing of the poultry houses. These plans and procedures will be covered in a separate document called “*poultry farm operational manual*” later.

This feasibility study dwells on high level technical, operations, management and financial drivers which have impact on the future outcomes of the proposed poultry project in Kerege, Manofu area. The remaining parts of this section are covered under the following major headings:

- Project Idea.
- Project history.
- Project sponsors.
- Progress to date.

1.2 Project idea

1.2.1 Project concept

The project concept is to implement expansion strategy of the poultry project run by Jaqueline Tondi at Kerege Manofu area. The expansion is from medium scale to large scale. Currently the promotor is running a medium scale Poultry farm that raise about 10,500 broiler chickens for meat production. In the past, poultry farming involved raising chickens at household level for daily meat or egg production and consumption. However, poultry farming today is a huge business that is split into several operations including

hatcheries, pullet farms for meat production, or farms for egg production. This business plan is for poultry on raising chickens for meat production.

The project idea stems from existence of unfulfilled demand for poultry products including broilers meat and eggs in Tanzania and surrounding countries. The project will use modern and latest technology in broilers production starting from raising chicken, slaughtering, and selling the end products of chicken.

Broiler meat is the cheapest source of animal protein available globally and in the country. The time required for raising broiler birds is less than that of big animals. The consumption of white meat is increasing due to growing consciousness by the public. Latest technology development has enabled birds to be produced at a very short time. Chickens are fast growing animals. In the past it took about four months to produce a two-kilogram chicken. However, today a two-kilogram chicken can be produced in 35 days. In most cases the market consumes chicken of less weigh like 1.2kg which are raised for between 21 and 28 days.

The existing daily availability of protein quantity per capita in Tanzania derived from animal source including beef, mutton, poultry and fish combined is considered low. The recommended daily dietary protein allowance from animal source is 56 grams according to the World Health Organization (WHO) standards. In this case if Dar es Salaam has 6 million people (Tanzania National census, 2022), it means $56 \times 6,000,000 = 336,000,000$ gms as daily protein requirement. This is equivalent to 280,000 chickens of 1.2kg each. Current supply is around 100,000 chickens of 1.2kg. There is unfulfilled demand about 180,000 chickens per day of 1.2kg size. The promotor is looking forward to covering this gap by supplying 40,000 chickens per month, which is equivalent to 1,333 chickens per day.

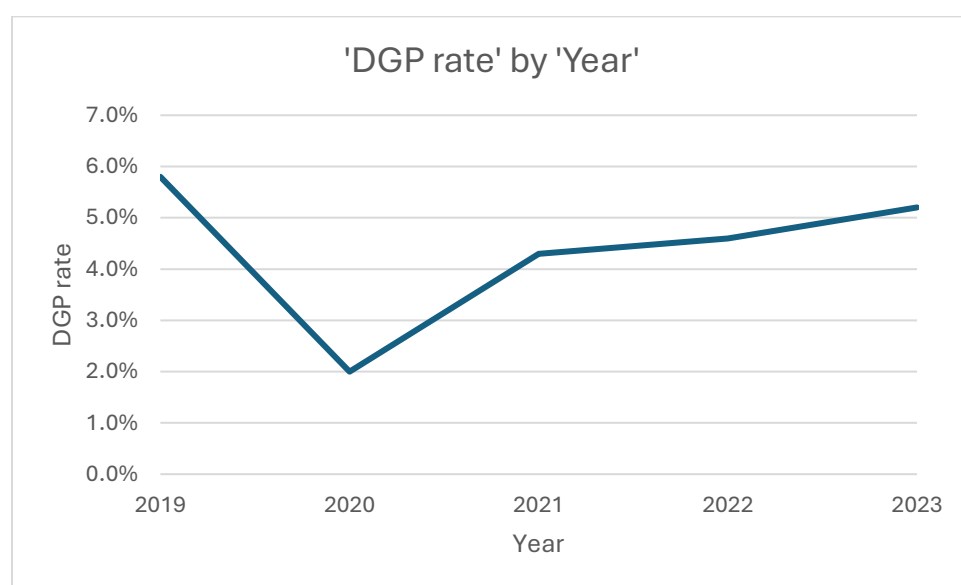
1.2.3 Project economy

Tanzania is located in Eastern Africa at longitude 29° and 41° East and Latitude 1 ° and 12° South. It shares its borders with Burundi, Kenya, Malawi, Mozambique, Rwanda, Uganda, Zambia and the Indian Ocean with a coastline length of 1,424 km. Tanzania is the second largest nation in East Africa, both in land area and population having 945,087 sq.km of land and 60 million people (Census, 2022).

During the last three decades, Tanzania has been transformed from a centrally planned or command economy to a market-oriented system through successful implementation of trade liberalization measures. The Government has taken deliberate steps to encourage private sector led growth through restoration of market forces and less interference in commercial activities. These measures including privatization of state-owned companies, reduction of tariff and non-tariff barriers and fiscal or monetary reforms have opened doors for expansion of private sector operations in all spheres of business.

Tanzania is an emerging economy with high growth potential. Whilst the economy is relatively diversified, several opportunities remain untapped in many sectors. To make Tanzania the preferred destination for foreign direct investment, continuous improvements towards the creation of an enabling environment have been made. Investment opportunities existing in Tanzania have been categorised in terms of lead sectors and priority sectors.

Free-market principles are also firmly engrained and successive Governments have continued to open and liberalize Tanzania's economy. Apart from a big drop in GDP from 5.8% in 2019 to 2% in 2020, the rest of the succeeding years have shown a positive GDP growth as presented in the chart that follows:



The sharp drop in 2019 – 2020 was contributed by occurrence of covid-19 which affected the overall world economy including Tanzania.

The livestock industry contribution to the agricultural gross domestic product is about 27% and contributed 7.1 % of the national gross domestic product. This is mainly due to low growth rates, high mortality rates, low reproductive rates and poor quality of the final products from the industry. Modest improvement of these production coefficients coupled with adding value through processing could significantly increase output and income from the livestock industry. One of the potential investment areas is in poultry farm to produce both chicken meats and eggs. However, currently, this sub-sector in faced with several challenges in production and productivity. These challenges include:

- Availability and price of poultry feeds and veterinary services
- Consistent supply of quality feed resources.
- Access to good quality water sources and disease-free environment
- Increase in demand for quality broiler and traditional poultry meat.
- Increase in demand for hatcheries and production of quality one day old chicks.
- Increasing poultry production infrastructures.
- Control of (contagious) poultry pest and diseases (layers and broilers).
- Improving poultry slaughter and marketing facilities and efficiency.
- Improving accessibility to credit facilities.
- Provision of technical support devices and extension services.
- Strengthening poultry farmer organizations.
- Increasing domestic demands through poultry meat consumption promotion.

1.2.4 Business opportunity

The improvement in economic development and policies in Tanzania has created a good business opportunity for the promotor of this project to align and implement its business expansion strategy through investing in this proposed project for broilers production. The Promotor intends to expand the market in Dar es Salaam and subsequently in other local regions as well as export in future. The value creation through import substitution will contribute significantly to the economy of the country and achieve Promotor's growth targets.

Poultry farming in Tanzania offer vast business opportunity for investors to dwell on one or all of the following production chain:

- **Chicken Meat:** There is also a business opportunity in production and selling of chickens' meat in local market. This business opportunity especially in a large scale investment coupled with high quality production, can be extended to include slaughtering, cutting and packing final meats ready for consumption.

- **Day Old Chicks:** One of the potential business opportunities in poultry farming is production and selling of day old chicks (DOC). Demand for DOC is very high in Coastal region as well as in Dar es Salaam City, whereby smallholder farmers raised chickens after buying DOC from large producers and suppliers. In the past, DOC were also imported into the country from other countries. However, currently the Government has banned importation of DOC. Therefore, producing DOC for selling in local market is one of the major business opportunities in poultry farming.
- **Laying Eggs:** There is also business opportunity in producing and selling eggs in large quantities for the local market. Eggs market is divided into selling fertile eggs to the specialised hatcheries or eggs for food consumption. Due to high demand especially in large cities and towns, production of eggs for local market is a potential business opportunity who can invest in a large scale and modern production process.

Therefore, the Promoter has seen and become interested to pursue the business opportunity in production of chickens for meat. The proposed business opportunity will cover establishing and operating a large-scale production farm, using modern technology as well as an integrated process, from broiler production, meat processing, packaging, and selling high quality final products to the consumers whether wholesale or retailers.

1.3 Project history

As poultry farming was on top of Jaqueline's list of projects in her mind, she pointed Kerege Manofu area as a new centre to put a mark in the society as a key point for broiler chicken meat. The promotor and her family in 2019 decided to acquire land and put up their dwelling base at Kerege Manofu and continued their project which had a root in Arusha since 2016.

With a clear vision of becoming one of the large suppliers of chicken meat in the market, the promotor while engaging industry experts she has been acquiring more surrounding lands to allow further expansion within the same area. Currently the total land mass where her dwelling house and the poultry project are seated is about 4.5 acres. The piece of land about 2,500 square meters where the dwelling house is seated has a title deed in place and the rest of the lands have their title deed in progress.

1.4 The Project Promotor

The project promoter i.e. the investment vehicle is IVY OF LUXE FARMING LTD, Company operation the business with the Two shareholders involved that Jacqueline Tondi and Christopher Makiluli.

Jacqueline is a bachelor's degree holder, majoring in accounting. She has been practising accounting practise since 2016 after her graduation from the Institute of Accountancy Arusha. With business education background together with experience gained, she has managed to start the poultry keeping project which is doing very well at the current stand. Having tasted the sweetness is poultry business, she has decided to implement an expansion plan as described in this business plan.

1.5 Project progress

The Promoter has so far invested handsome amounts in the project. The project as it is today having a capacity to keep 10,000 chickens in a month at a time,

To attain this status, the promotor has injected around TZS 430 million in the project distributed as follows:

- TZS 150 million - construction of existing poultry houses and other aligned facilities as seen in the photos below,
- TZS 70 million acquisition and installation of various machines such as
 - Chicken mash making machine with a capacity of producing 10 tones per day.
 - Chicken feeding machines
- TZS 70 million for working capital.
- TZS 140 Million Land

Photos of the existing project

Batch 1 (New)



Batch 2 (10 days old)



Batch 3 (18 days old)



Above: empty poultry house well sanitized, waiting for the coming batch. One can also see the mechanization in this house as a measure to minimize cost but also reduce frequency of human visit which many cause contamination and hence disease to chicks.

2. Financial analysis and investment

2.1 Introduction

This section presents financial plan, results of the financial analysis and future projections. The main objective of the financial analysis is to examine both commercial profitability and economic viability of the expansion of the existing project. In other words, it examines whether the proposed investment would be able to generate adequate returns relative to its investment costs to cover operational costs and undertake further expansions in future.

In preparing the financial forecasts, a value driver methodology has been used, which is also consistent with modern corporate financial theories. This methodology is a powerful tool for analysing the financial feasibility and economic viability of investment projects. Under this approach, the shareholders' value in terms of the expected free cash flow is evaluated based on three generic key value drivers of business: growth, returns and risks. In turn, these generic value drivers are analysed to identify specific value drivers of particular business, taking into account the prevailing economic situation, its industry structure and the regulatory environment.

2.2 Total investment cost

The capital investment requirement for the expansion of poultry business project is **USD 5 million** for the total project. The costs are estimated based on the costs of constructing farms structures, farm machinery and equipment, motor fleet, processing plant and other capital expenditures.

The promotor aims to expand her production from 10,000 chicken per month to 150,000 chicken per month which is fully integrated.

Implementation of this plan requires additional financing of around USD 2,200,000 where the promotor is expecting to put a contribution of USD 700,000 and is looking for financing from Bank USD 1,500,000

Capital Expenditure plan:

CAPITAL EXPENDITURE		
	Description	Value in USD
1	Cold room with capacity of 25 tones	45,000
2	Chiller with storage capacity of 10 tones -	20,000
3	2 Generator 200KVA -	100,000
4	Slaughtering machines Capacity 5000 birds per hour	100,000
5	Feed Milling machine	300,000
6	Cereal crops Storage facilities	100,000
7	Construction of warehouses, bird shed and offices	500,000
8	Bird Hatcheries equipment's	200,000
9	Trucks, pickups and Motor cycle for transport and delivery of chicken.	835,000
	Total	2,200,000

2.3 Value driver analysis

The value drivers' analysis methodology is used to determine the financial and economic viability of the proposed poultry business in Kerege Manofu. This methodology enables the Promotor to understand whether or not the financial projections made are in line with their business strategy and operating capacity. In other words, this methodology enables the Promoter to evaluate shareholders' value in terms of the expected future cash flows, which depend primarily on some key business drivers. This financial model uses five business value drivers to determine the profitability and economic viability of the proposed poultry business. They include the following:

- Revenue growth.
- Operating costs.
- Working capital.
- Cost of capital.
- Payback period.

2.3.1 Revenue growth

Revenue growth will be determined by volume of end products of chickens sold to the market as well as prices to be obtained thereof. Each chicken estimated to have a live

weight between 1.2kg and 1.5 kg and is expected to be selling at TZS 8,500 to TZS 10,000 respectively.

Apart from the main product, which is chicken meat, there are other valuable products which the promotor is expecting to capitalize on them such as:

- chicken legs,
- chicken gizzard (firigisi in Swahili connotation),
- chicken heads,
- chicken blood – for making animal feeds, and
- Chicken manure

In a large-scale production like this, the above products add value to the main product. They may contribute upto 25% of the main product. They have their special markets in big cities like Dar es Salaam. Once the clients know that these products are available at a certain place and the supply is constant, then they will flow in to buy the products without major efforts to market them. In this case the business owner will just need to package and store them properly. Therefore, projected income from the other tertiary products from chicken is TZS 2,125 per kg.

- Biogas
Another value is expected to be derived from the faeces of chicken. In future the promotor is expecting to set up a biogas plant to effectively use the chicken faeces to produce renewable energy and also to reduce the cost of electricity or fuel for generator.

2.3.2 Operating costs

The poultry business will incur operating costs that include production and non-production elements. Production costs are both direct and indirect costs. Direct costs are those costs related to raising of a chicken, slaughtering, packaging of products and selling of the products, while indirect costs include administration and marketing costs such as – salaries, utilities, communication, cleaning, and transport.

managed to yield expected results. In this business working capital is required to cater for the day to day expenditures such as:

- Purchase of input for production of chicken feeds,
- Payment of salaries
- Payment of utilities
- Transport expenses
- Distribution costs

3. Market analysis

This section of the business plan presents market analysis and estimates of demand and supply of chickens to be produced at the proposed project in Kibaha. In addition, target sales and production programmes are discussed and projections made to enable financial and economic assessment to be undertaken to evaluate viability of the proposed project. This section covers the following main sub-sections:

- Chickens Demand.
- Chickens Supply.
- Marketing Plan.
- Sales Target.

3.1 Chickens demand and supply in Tanzania

As the human population increases, the poultry industry continues to grow to meet the demand for poultry products in world markets as well as local market in Tanzania. The importance of poultry farms lies in the quality of products that are provided to humans. Broiler farms provide meat that supplies the human body with high quality proteins.

According to study commissioned by The Embassy of the Kingdom of the Netherland, the average consumption of chicken is about 1.7 kg per capita per year in Dar es Salaam, Tanzania which is relatively low in comparison to other African countries and the rest of the world which consumes about 6.8 kg per capita per year. According to FAO recommended average per capita consumption is 4kg. The average demand for chicken is 105,000,000kg, while current local supply in Tanzania is 80,600,000kg per annum, thus a gap of 24,400,000kg per annum.

In summary, there is a mismatch between demand and supply in the formal markets in urban centres and other urban areas in respect of price and quantity but also regarding reliability of delivery. One of the causes for the mismatch is the relatively low production and formal market sales. Dar es Salaam which is one of the highly populated cities in Tanzania and having relatively bigger percentage of middle income population is no doubt facing the same shortage to the greatest extent compared to other areas of Tanzania.

3.2 Marketing plan

The Promotor will be consistent in marketing slaughtered chickens and further processed products. The promotor will create a high value brand of its chicken products in order to attract and retain customers' loyalty, satisfactions and achieve higher poultry farm capacity utilisations. The marketing strategies which can withstand competition will from time to time been reviewed and modern techniques used. The main target market (70%) is retailer community which includes food venders (chips kuku cafes) which are spread throughout the city and the remain 30% will be for the formal market like supermarkets, big hotels and restaurants, schools and other organizations.

3.2.1 Marketing strategies

- **Quality and health assurance**

Ensure the chickens are healthy, raised in clean environments, and meet high standards of quality.

- **Branding and Packaging**

- Develop a compelling brand story that emphasizes ethical farming practices, sustainability, and animal welfare.
- Use high-quality, eco-friendly packaging that highlights the freshness and quality of the product. Clear labelling with information on the farm, animal welfare practices, and nutritional content can attract health-conscious consumers.

- **Market segmentation**

- Target Niche Markets - Cater to specific consumer segments such as retailer food vendors who are cash cows hence ensure working capital management to reduce cost of financing.
- Customized Products - Offer various product forms (whole chickens, cut-up parts, pre-marinated, ready-to-cook, etc.) to meet different consumer needs and preference.

- **Distribution channel**

- Retail Partnerships: Build strong relationships with supermarkets, grocery stores, and specialty food stores. Ensure that the product is available where the target customers shop.
- Online Sales: Develop an online presence through social media such as Instagram, x, face book and dedicated website.
- Offer convenient delivery options and subscription services for regular customers – This is the essence of setting budget for purchasing distribution vehicles in the proposal.

3.2.2 Sales target

Upon completion of the expansion plan, this project is going to enhance its capacity from 10,000 chicken to 150,000 chicken per month. Thus, in a pessimistic way, the promotor is setting her chicken sales target at 100,000 chicken per month which is 300% of the full capacity of the project.

Summary of annual cash flow projection for 3 years shall be inserted here once completed

4. SWOT Analysis

To have a holistic understanding of her business, the promotor has done a comprehensive overview of her project to highlight internal and external factors that might affect her business. We have tried to highlight below the swot analysis of the project:

- **Strength of the project**
 - Full time project management by the promotor
 - Full time engagement of a Veterinary Consultant to care for the animals, this has enabled the project to maintain death rate of 2% per batch of 10,500 chicks (CV of the consultant is attached at the end of this business plan.
 - Big farm to allow accommodation of various infrastructures for the project.
 - Location – 40km from Dar es Salaam city centre

- Promotor's experience – she has been in this business since 2016 (9 years).
- **Weakness of the project**
 - Inadequate capital to allow business expansion,
 - Finding and retaining skilled labour is a challenge.
- **Opportunities**
 - Rapid increase in Dar es Salaam population is an advantage to promotor.
 - Availability and access to financiers especially those specializing in agri-business like TADB.
- **Threats to the project**
 - Fluctuation of feed prices,
 - Inadequate supply of quality chicks
 - Diseases
 - Theft

Mitigation to weaknesses and threats

- To curb shortage in capital, the promotor has a plan in hand to seek financing from the bank.
- To retain labourers, the promotor has decided to improve her HR policy by setting a bonus for those who managed to maintain lower death rate of 2% or less.
- To curb the uncertainty in quality chicks, the promotor is going to enter into agreements with chick breeders for constant supply of chicks.
- Full time management by the promotor is another mitigation measure for theft and disease management.

5. Competitive edge

Poultry business is not a new business in the market. People are already doing it and have been doing it since then. Therefore, like other players in the market the promotor is facing competition in this business. The market has both; big and small players.

Big players are the like of:

- Kiromo poultry farm – located at Bagamoyo
- Hill poultry farm – Located at Mapinga
- Hawamu Poultry farm - Located at Tegeta
- ABA Generalpoultry farm - Located at Kinyerezi
- Tanzania Kuku Farmers – located at Kigamboni

Small players are so many starting from small household to medium organized producers. We will not dwell on mentioning them in this business plan as it is obvious, and majority have no names even.

To stand out in the marketplace and beat the existing competition, the promoter dwelt on the following measures:

- **Quality produce** – she emphasizes raising poultry in optimal conditions, leading to healthier and more nutritious meat,
- **Advanced Farming Techniques** - Use of modern technology and innovative farming practices to improve efficiency and productivity,
- **In future** – the promoter is planning to adopt sustainable practices that minimize environmental impact, such as waste recycling and energy-efficient systems,
- **Cost management** – as the promoter is full time on the project, she has been able to minimize running costs and reduce wastage.
- **Economies of Scale** -Embarking on expansion strategy is a means to leverage on economies of scale to reduce per-unit costs.
- **Establishing strong distribution network** – through building sound relationships with reliable distributors and retailers and utilization on online platforms such as Instagram, X (former tweeter) and Facebook.