

## **EXECUTIVE SUMMARY**

Kuku and Kilimo Farm Company Limited Business Plan covers the Three-year period of 2025/2027. The plan describes our Mission, Vision, Core Values, Mandate, Objectives, Targets and Key Performance Indicators. The Business Plan begins with a situation analysis which is meant to provide a review of the reality of poultry sector in Tanzania and its operating environment, which will impact on the plan and provide business alternatives. The Business Plan has taken into account the Tanzania Development Vision 2025, Sustainable Development Goals (SDGs), and Sectoral policies. The Vision, Mission, Objectives and Core Values of Kuku and Kilimo Farm Company Limited were derived from a detailed review process including Stakeholders Analysis, Strength, Weakness, Opportunities & Challenge (SWOC/T), and Performance Review. Despite rapid economic growth over the past decade reaching levels in excess of 5 percent, growth in Tanzania has mainly been very concentrated from a very low base and per capita income levels remain low in the global context. In 2017, the World Bank indicated that real per capita income in Tanzania (in purchasing power parity USD terms) was merely 5% of that observed in the USA. These low-income levels affect consumers' ability to include meat products in their diet and while the United Nations Food and Agriculture Organization (FAO) recommend a minimum per capital meat consumption of 50kgs, Tanzanian consumers, on average, consume only 11kg per capital per annul. Poultry represents a small share of this and on average, between 2015 and 2017, Tanzanians consumed approximately 2 kg of poultry per person per year. This compared to 35 kg per person in South Africa and 47 kg per person in the USA. Whereas poultry has been the preferred meat type globally, beef consumption exceeds that of poultry in Tanzania. This is a result of both availability, as well as relative costs, as chicken typically trades well below beef globally. In Tanzania however, less productive poultry production, combined with restrictions on imports and exceptionally high feed costs, has resulted in poultry prices trading much closer to beef. In periods of short supply, poultry prices have even exceeded that of beef. This would suggest that, rising income per capita, combined with a reduction in poultry prices, and could result in significant expansion in poultry consumption. In Tanzania, poultry farming plays an important role in both urban and rural settings in terms of food security, source of income and in meeting other social obligations such as dowry and rituals. The poultry sector has a huge potential for growth considering land availability to grow grains and soya for poultry feeding. The outbreak of Avian Influenza in the mid-2000 attracted government interventions into the sector leading to importation of poultry and its products into mainland Tanzania have been banned. The Private Sector Industry based Organizations (PSIOs) such as the Tanzania Poultry Breeders Association; and the Tanzania Commercial Poultry Association lobby for government interventions and has been keeping pressure on the government not to allow imports. The key argument is that imports would have a major negative impact on the development of the local industry. Differences in agricultural trade policies between Tanzania mainland and Zanzibar lead to illegal importation of poultry meat in Tanzania mainland.

### **1.1 Strategic Objectives**

The objectives of the Kuku and Kilimo Farm Company Limited for the first 3 years of operation include:

- i. Poultry breeding (chickens, ducks and geese), hatching and sales
- ii. To carryout sales of various food staff along agricultural value chain

- iii. Improve service delivery capacity
- iv. Promote stakeholder engagement along the poultry value chain
- v. Production of animal feeds
- vi. Establish product development, branding and marketing

## **1.2 Mission**

- The mission of Kuku and Kilimo Farm Company Limited is to become the number one agribusiness of choice along the food systems.
- Become the premier supplier of sustainable animal feeds and poultry production along the Southern Circuit.
- Provision of high-quality poultry breeds

## **2. COMPANY DESCRIPTION**

Golden Rich Farm Company Limited is a limited company by shares incorporated in Tanzania under company ordinance (cap 212) section 15 with certificate of incorporation number 173450524 issued by the Registrar of Companies. Currently our office premises are situated along Ifunda Area in Iringa District. Golden Rich Farm Company Limited additional activities include export of agricultural products from Tanzania and marketing. This will be seen as the marketing arm to create exposure through agribusiness

### **2.1 Company Ownership**

The company's Board of directors is Mr. Li Bin, the chairman and Ma Lan, Director and both co-owners of the Kuku and Kilimo Farm Company Limited Both from Peoples Republic of china

### **2.2 Start-up Summary**

The Directors will both invest \$500,000 as total funding required for the project where by \$ 130,000 will cover be startup expenses and \$370,000 will be spend for startup asset acquisition. Kuku and Kilimo Farm Company Limited will endeavor to support all local industry and labour requirements locally when it comes to the development of its project. The following items will be required for the project for camp set up and site preparation and construction

- Land cruiser station wagon 1
- Land cruiser single Cabin pick up 1
- Prado station wagon 1
- Cumper Trailers 3
- Assortment of camping equipment to accommodate 10 Staff
- Assortment of generators and solar panels
- Fridges 4\*12 voltage
- Cold room facility
- Sanitary wares which will include basins,baths,toilets,showers,tap mixers throughout the development
- All electrical fittings
- Water pumps, plumbing fittings
- Welding machines

- Compressors
- Administration equipment
- Pre fabricated staff housing etc

### 2.3 Opportunities

- Proximity to Ruaha National Park the largest park in East Africa with 20,226 km<sup>2</sup> (7,809 sq mi) with unique nature to enable food supplies to tour operators.
- The Shift of capital city from Dar es Salaam to Dodoma has encouraged the migration of government officials, development partners and entrepreneurs to Dodoma which is near from Iringa.
- The expansion of Airline services at Nduli Airport has encouraged inter-trade and intra-trade and thus the growing demand of food supplies and services

### 2.4 Risks

- Conflict of interest with other development actors
- Recognition of the value of our services to the customers
- Investment policy

### 2.5 Threats

- Rise of similar businesses related to our services
- Investment policy changes
- Change of purchasing power of our clients

### 2.6 Strength

- Experience of doing the same business in various African Countries
- Understanding the Tanzania business Environment
- Political Stability in the country and good working and investment environment
- Good Identity and Good leadership

### 2.7 Weakness

- Some values are not shared and practiced
- Structure and systems are not properly shared
- Lack of clear guideline for partnership and networking
- Social Stigma and Ignorance

## 3. MARKET ANALYSIS

The majority of the Tanzania population (80%) is farmers who live in rural areas and depend on agriculture as their main economic activity. Agriculture in Tanzania contributes approximately 29% to Gross Domestic Product (GDP) and is largely smallholder based, with most (60%) of the households having farms of less than two hectares and few (20%) with two to three hectares (World

Bank et al., 2011). Livestock production is one of the major agricultural activities and an integral part of the Tanzania's economy. It contributes about 7% of the gross domestic product (GDP), with 1.8% attributed to poultry. In addition to its economic contribution, the livestock subsector also supports dietary diversity through the provision of meat, milk, milk products and eggs for consumption (Njombe and Msanga, 2009; United Republic of Tanzania (URT), 2010; IFPRI-RIAPA, 2016). Meat, fish and eggs account for 21% of food consumption in Tanzania, with a further 5% attributed to milk and dairy products (IFPRI-RIAPA, 2016).

### **3.2 Target Market**

Poultry production in Tanzania comprises both commercial (broilers and layers) and traditional systems, which rely on indigenous breeds, as well as improved, dual purpose breeds mainly, kept in a free range system. Commercial poultry production is mostly practiced in urban and peri-urban areas. Traditional poultry production is the largest, contributing about 70% of the flock and supplying the bulk of poultry meat and eggs consumed in rural areas and 20% in urban areas (Boki, 2000; URT, 2006). Indigenous poultry is regarded in Tanzania as an important source of poultry mainly in the rural area and assists food security and sustainability. It is also not uncommon that the consumers prefer the taste of these chickens and are willing to pay a premium for the meat and eggs. Production is focused mainly on own consumption. The commercial poultry sector contributes 80% of poultry meat and eggs consumed in urban areas. Tanzania's National Bureau of Statistics (NBS) (2016) notes that the majority of the Tanzanian population keeps some chickens. The national panel survey conducted in 2014/15 indicated that 59% of livestock producing households owned chicken (NBS, 2016). The national flock is estimated at approximately 40 million birds, of which 38 million are indigenous breeds, 1.8 million layers and 0.9 million broilers. These numbers represent a snapshot at any point in time however and while the indigenous flock has remained fairly constant over time, broiler numbers have been increasing. Broilers also typically produce more than 1 cycle a year industry estimates suggest that 32 million broiler birds are produced annually. This would require 34 production cycles if the estimates from the NBS related to broiler numbers at a single point in time is correct. This suggests that broiler production is severely underestimated by the NBS numbers. The nature of the broiler production system suggests that it would be easy to under estimate production through a snapshot survey at any point in time.

### **3.3 Total Market Valuation**

The bulk of chicken production in Tanzania is attributed to small-scale producers, According to the large scale, commercial producer survey conducted by the NBS in 2016, the total number of chicken reared on large-scale farms was 277 thousand, 179 thousand of which are broilers. This represents 19% of stated broiler production and less than 1% of total chicken production. Out of the total number of chicken kept on large scale farms, the largest number (192,519; 69 percent) was in Pwani, followed by Dar es Salaam (27,650; 10 percent), Iringa (14,000, 5 percent) and Tanga (11,166; 4 percent). It is, however, worth noting that with the in-country surveys that were undertaken for this study it became clear that significant investments in commercial broiler operation are currently viable economically.

### **3.4 Targeted share**

Local SMEs along the food systems in Dodoma and Dar es Salaam. Also Southern Tanzania has four

national parks, two game reserves, and a number of additional tourism destinations. For this assessment, destinations in southern Tanzania are divided into primary attractions, i.e. the main reasons visitors travel to an area and the anchors of a tourism circuit, and secondary attractions, which are added to a trip because they are near a primary attraction, to add variety or as special-interest options. To differentiate primary from secondary attractions, the following factors are considered:

- uniqueness
- demand
- fit with potential customer segments
- ease of access and links to major transportation hubs
- fit with a logical tourism circuit
- amount of development needed
- catalytic impact of investment

### 3.5 Product/service description

BREEDING FACTORY CAPACITY Golden Rich Farm Company Limited will be providing the following services: Breed supply, animal feeds supply, meats supply and eggs

### **SOURCE OF INPUTS SUPPLY**

During the construction of factory premises and other facility the material to used will be

- 80% local supplies (see the attached appendix)
- 20% imports at the running stage and other items not available in local market like machineries and equipments

### **3.6 Market Trend**

Poultry production in Tanzania is dominated by indigenous chicken production mainly by rural dwellers and skilled farmers only supply a small share of the local market with layers and broilers. Indigenous chickens are characterized by very poor productivity, 3 laying cycles, 12 eggs per cycle and approximately 36 eggs per year. It is estimated that only 5% of the eggs are marketed and the rest are retained for hatching and household consumption. The hatchability of indigenous chicken is 60-65% with mortality rate of 45 70%. Indigenous chickens are kept in a free-range system with supplemental feeding mainly maize bran. The commercial poultry industry includes breeder farms, hatcheries, layer and broiler farms, traders and processors. Broiler production normally has a cycle of 4 weeks. Producers indicated that beyond 4 weeks, margins reduce due to a weaker feed conversion ratio (FCR) and high feed cost. In the case of layers, the laying cycle starts after 21 weeks with a weight of 1.5 kg and the total cycle last for 630 days. The introduction of improved breeds like Sasso and Kuroiler that can produce a combination of meat and eggs but also have the ability to adapt to a typical scavenging free-range type of system offer a significant improvement above the traditional birds. Producers are categorized into three groups. The first groups are traditional primary producers (normally producing chickens for household consumption, largely local breeds. Small scale village households produce mostly indigenous chicken (15% of marketed production; 51% of bird population). The indigenous chicken flock sizes ranges from 5 50. The maximum size for indigenous is 50 chicken because beyond this number it leads to negative impacts into the environment. The second group is for the semi-commercial producers who produce for dual purposes both household

consumption as well as for business purposes. The last group consists of commercial producers who normally produce for business purposes. Commercial producers vary in scale of production and exist as small-scale producers owning less than 10,000 chicks, medium scale producers owning between 10,000 up to 50,000 chicks and large-scale producers owning more than 50,000 chicks. Medium and large-scale commercial producers are based in towns or close to urban areas given the fact that commercial production is capital intensive. In recent years, Tanzania has seen an increasing investment in vertically integrated production systems where a company would typically control 90% of the value chain including the production of feed, chicks, broiler and layer production. There are also contract producers who are linked to large-scale commercial producers.

### **3.7 Competitive Advantage**

Southern Tanzania is accessible by road, air, and rail, though the sheer size of the region, coupled with poor infrastructure and infrequent use, drives up the cost and inconvenience of travel.

- Paved roads link southern Tanzania's cities and attractions, and no traffic delays.
- The main road connecting southern Tanzania's tourism circuit is the A7 from Dar es Salaam to Iringa. This road connects Dar to Mikumi and is part of the route to the Selous, Udzungwa, and Ruaha. It is paved, no traffic congestion
- The B104, which runs south from Dodoma, connects Iringa directly to the southern attractions, and travel time between Iringa and Ruaha National Park, a distance of 130 km, is two to three hours

### **3.8 Profile of competitors**

Following competitors in the Region we have to take into reflective consideration with similar amenities like brooders engagement, animal feeds supply chains, and supply of breeds and training facility

- Silverlands
- Interchicks limited
- Mkuza

## **4. MARKETNG/SALES STRATEGY**

Processing/value addition is hampered by shortage of processing facilities and poultry value addition technologies. There are small manual abattoirs (slaughter slabs), independent abattoirs, and integrated company abattoirs and processing units that add value in poultry industry. Small manual abattoirs (slaughter slabs) are done manually; independent abattoirs and integrated companies operate both manually and with machinery. Independent abattoirs serve as service providers charging slaughtering cost in the region of \$0.22/bird. In most cases the processing through slaughtering in the informal markets is done with very basic tools near a market place or farm base area. Integrated company abattoirs like Interchick Limited and processing lines such as Matuli farm slaughter their own birds as well as contract growers. Processors sell generic chicken in pieces, dressed whole, prime cuts and dressed cut up. The average price of broiler chicken meat is \$2.7-3.2/kg. For processed chicken products like sausages, there are only a few processors that exist, which are mainly linked to large-scale commercial production units like Bahari Bounty/Kuku poa based in Mwanza, Interchick based in Dar es Salaam, Matuli Farm based in Morogoro and Happy Sausage; based in Arusha and Moshi. Trading of poultry products is largely done through the informal market

(80%). The poultry products traded through the informal markets includes live birds, dressed whole birds and eggs. The other products (dressed cut up; prime cuts; pieces; eggs, sausage and chicken fillets) are mostly traded through the formal market which makes 20% of the total volume traded. Producers due to credit policy of large companies/institutional buyers prefer informal markets. Example; catering service providers for large mining companies usually pay on 90 days after delivery. Supermarkets pay after 30-60days. This payment method is not good especially to small scale producers who require payments to restock. Products traded from the indigenous flock is low (10%). The remaining (90%) is retained for home consumption.

#### **4.2 Income Sources**

We are proposing to implement the project to completion and operational stages by using a total of \$500,000.- USD from our own share capital and savings from China

#### **4.3 Marketing Strategy**

We shall be using a combination of strategies:

We shall be segmenting customers based on geographic area, Zanzibar will be targeted, including major cities on the mainland of Dar es Salaam, Dodoma and Songwe, the rest of Africa, (Zanzibar is actually the number 1 travel destination for tourism coming out of Africa) Europe including emerging markets in the East and the America's, Asia, places like China and Indian and as far as Australia.

We can segment customers based on product usage, targeting groups and clubs such as cycling, motorbikes clubs, scouts, schools and higher learning centers and institutions, holiday package with entertainment live or otherwise of your favorite group.

We shall also be segmenting customers based on lifestyle which includes: values, beliefs, perceptions, leisure activities, preference for social events, sports interest, media usage, political views, etc

Our targeting strategy to be implemented is mixed with Mass Marketing: going after the market as a whole with one offer that answers common needs incorporating Differentiated Marketing: going after several market segments with offers tailored to each with Target (Niche) Marketing: going after a small segment or sub-segment with a tailored offer.

#### **4.4 Pricing**

Wholesale: seasonal pricing

Profit: 50% our pricing will be very competitive;

#### **4.5 Advertising and promotion**

We shall aggressively market the project and have commission agents locally and in every corner of the country .And will include but not limited to:

- Print Ads - Keeping the company name in front of the customer while getting established will be necessary. We plan on running limited space ads in the local newspapers to keep our name and phone number in front of the consumer. We may attempt to showcase a single product in an effort to return revenue from the advert. Our past experience has been that showing measurable revenue from these types of adverts is difficult. In the future we plan on utilizing vacation

magazines and affluent Africa Travel magazines as a method of increasing our sales revenue.

- Posters to be distributed in other public places, hotels, resorts, restaurants, bars, shops, offices and business premises on the Island

## **5. RESEARCH AND DEVELOPMENT**

Medications and vaccinations is an integral part of a good poultry management program. Diseases such as Newcastle disease, fowl pox, Gumbolo disease, avian influenza, salmonellosis, coccidiosis, fowl typhoid, Avian Malaria, ticks and round worms are caused by infectious like virus, bacteria, parasites and fungus, and normally seem to be a huge problem attacking poultry sector at large. Vaccines are given at a certain interval mostly after every three months however, it should not be suitable for bio-security and sanitation because vaccination may not totally protect birds that are under stress or in unhygienic condition. The primary objective of vaccinating a flock is to reduce the level of clinical diseases and to promote optimal performance. This is the reason for many flocks to be vaccinated multiple times for the same disease to maximize the immune system's response. Layers require more vaccines since they remain in production for longer (usually about 18 months) compared to broilers that are for body growth and weight. Availability of medications, vaccines and vitamins is not a problem due to proper regulation and high involvement of the private sector. Costs for vitamins are \$4.5/kg while vaccines are sold at \$3.6-4.5/litre. The Tanzania Livestock Veterinary Laboratory Agency (TLVA) based in Dar Es Salaam is the regulator in this key poultry input. TLVA also produces vaccine against new castle costing \$0.02/vaccination/bird. Other vaccines and medications are available through the private sector. It was noted further that the importation of veterinary drugs and vaccines has been left to the private sector. This has increased access and availability of veterinary services to farmers within the poultry value chain. Chicken cage, egg collecting, drinking and feeding systems, manure removing system, slaughtering tools and feather removal are important equipment in the poultry production system. In Tanzania, small and medium commercial farmers use manual feeder and drinking systems. Automated feeding and drinking lines are only used by large commercial poultry producers due to high capital requirements of the systems. Likewise, few large commercial poultry producers in the country own the slaughtering and feather removal machines. Inefficiencies in both the production and value addition processes are notable due to difficulties experienced in accessing the mechanized equipment. Value chain financing is key to ensure that these capital-intensive equipment and technologies are accessible by producers in the poultry chain. Availability and access to these technologies will increase efficiency and labor serving in addition to fostering quality and standards. Golden Rich Farm Company Limited will collaborate with relevant authorities and regulators in this regard.

Development costs are as follows:

Use of Funds

Building & Construction	150,000.00 USD
Repair & Renovation	50,000.00 USD
Infrastructure & Landscaping	30,000.00 USD
Inventory	45,000.00 USD
Equipment & Machinery	60,000.00 USD
Furniture & Fixtures	25,000.00 USD
Marketing Materials	30,000.00 USD
Working Capital	50,000.00 USD
Operational Start Up Costs	40,000.00 USD
Packaging, Freight and Clearing fees:	20,000.00 USD
<b>Total</b>	<b>500,000.00 USD</b>