Establishing a commercial and inclusive poultry industry in Ethiopia's Gambella region

January 2023

An absent industry

The Gambella region in south-western Ethiopia is home to approximately 380,000 refugees from South Sudan. Prior to the Strengthening Host and Refugees Populations in Ethiopia Programme (SHARPE), there was almost no commercial poultry production in the region, representing a lost economic opportunity.

Farmers from the host community and some refugees kept local poultry breeds in their backyards and sold a small number of eggs and birds in the local market. Alternative poultry varieties were provided by NGOs to refugees, but these would often be quickly sold off to meet cash needs, or because owners feared they would be stolen. Despite Ethiopia's largest poultry producer, EthioChicken, having a foothold in the region, commercial poultry production was not yet established.

In the absence of a local poultry production industry, most poultry meat and eggs were imported from neighbouring regions in Ethiopia. This was a lost economic opportunity for both the host community and refugee populations; an opportunity that would allow them to expand their livelihoods and improve their diet.

SHARPE worked to address key challenges

There are a number of challenges to establishing commercial poultry industry in Gambella. SHARPE identified and worked to address these challenges, as follows:

A lack of capital

EthioChicken sells day-old chicks, starter feed and required medication to agents, called ‘mother units’. Households proven to be able rear poultry on a small scale are often suitable to become a mother unit but typically lack the capital to do so. Banks consider poultry, like all agribusinesses, to be risky, thus bank finance is not an option. EthioChicken provides credit to trusted clients, but not start-ups. Future industry expansion will come from mother units investing to scale-up from hundreds to thousands of day-old chicks per batch, or from their retail clients themselves becoming mother units. In the short-term, SHARPE cost-shared with EthioChicken in order to support mother unit start-ups.

Lack of appropriate business models

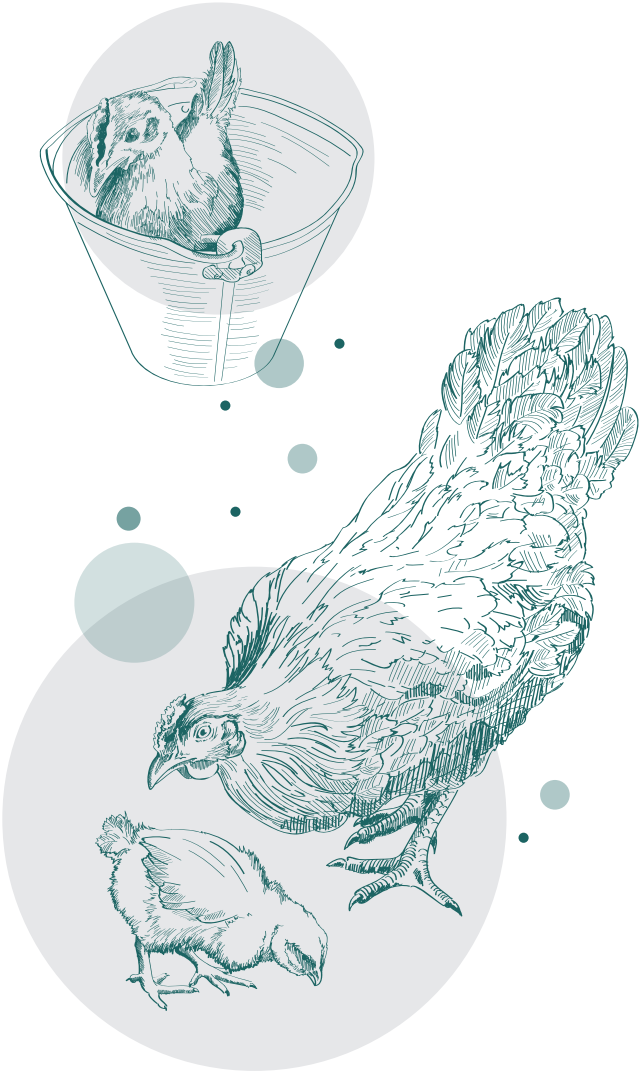
For EthioChicken, a mother unit rearing 500 day-old chicks represents a very small enterprise. However, for a host community in Gambella this would be considered a very big enterprise given previous business experience and savings. For refugees, this is typically too big an enterprise and adjustments have to be made to start off with a few dozen birds or, at best, 100-150 birds. SHARPE supported the design of these tailored business models and the identification of actors who could operate them.

Lack of poultry management knowledge

Intensive poultry farming demands different skills in terms of shed design, feeding and watering practices, maintenance of sanitary standards and disease control. EthioChicken needs to play an active role in helping the emerging industry maintain a healthy poultry stock if it is to ensure quality. SHARPE has supported EthioChicken to build the capacity of new start-ups. EthioChicken will strengthen its regional presence to remain an accessible source of reliable technical information.

Lack of access to feed and vaccines

SHARPE supports local agro-vets to expand their sales network and product range to include poultry products. SHARPE also supports local entrepreneurs to make affordable feed for poultry and livestock from local raw materials. These supplement services provided by EthioChicken.



Building up the Gambella poultry industry step by step

EthioChicken and SHARPE signed a memorandum of understanding detailing their joint activities to open up the Gambella market. They then identified potential mother unit operators with sufficient technical skill and business acumen to be able to move from traditional poultry rearing to successfully running a mother unit.

The significance of this should not be underestimated. Day-old chicks are, as the name suggests, small and need intensive care. After 45 days they are ready to be sold as pullets. If sales are delayed by too much, the daily cost of feed reduces the profit per bird. For each potential mother unit identified, a simple business plan was developed with the future owner.

The business plans covered the following:

The build and cost of an appropriate shed, including ventilation, light, feeders, drinkers and heating (sheds are essential for bringing up a healthy stock).

Batch sizes of day-old chicks and prospective clients for these (owners should not wait until their birds are 45 days old before finding a market).

Return on investment and ability to invest. Owners would generally contribute between 25% and 33% of the cost of the mother unit establishment and the first two business cycles. Limited variance in contribution between mother units was allowed based on their ability to invest, verified with bank statements.

The first mother unit operators were identified in Gambella town, close to the main markets. In subsequent rounds, operators were identified in rural areas, within or close to different host and refugee communities.

The new mother unit owners received training from EthioChicken, supported by SHARPE, to learn how to manage the technical and commercial aspects of their business. From the first day, they were responsible for shed construction, rearing and selling the day-old chicks.

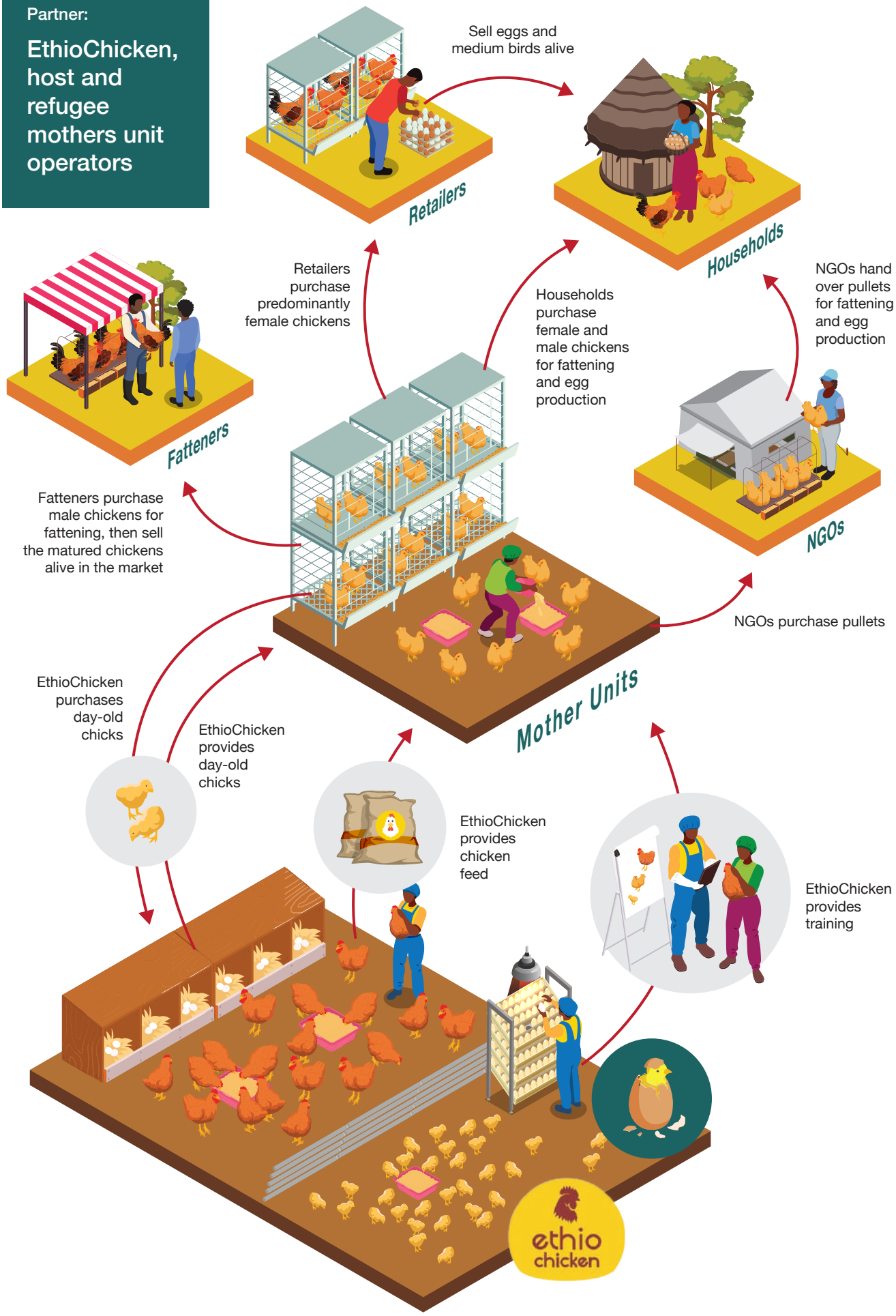
Mother unit establishment spurred the growth of an entire industry. When it became apparent that the uptake within the host community was not matched in the refugee community, SHARPE introduced a micro poultry farm and vendor model for refugee women. This supported them to reap the same benefits as households in the host community. The micro-poultry farms purchase pullets from the mother units on a much smaller scale with an in-kind (labour and cash) contribution made by refugees, rather than cash.

SHARPE's partnership with EthioChicken in Gambella

Partner:

EthioChicken, host and refugee mothers unit operators

Business model



Results to date

EthioChicken realised the growth potential of the Gambella market and will strengthen its presence in the region. This will continue to build confidence among mother units and downstream actors, such as poultry retailers and fatteners, that they can access EthioChicken's expertise when needed, such as to control disease outbreaks.

18 mother units have been established – 13 of these were still operational beyond the end of SHARPE support. In the last two years these 13 ordered, reared and sold **50,884 pullets**. Ten of these mother units have invested in expanding their mother units independently of SHARPE support.

616 poultry retailers and **5,005 poultry fatteners** have emerged without any support from SHARPE to off-take pullets from mother units and either distribute to households or keep for meat or egg production. Some of these retailers and poultry fatteners are making plans to move up the chain and become mother units.

Around **40% of the total pullets** were sold to NGOs/institutional buyers for distribution to refugee households. The mother units are not dependent on the NGOs/institutional buyers for these sales and these buyers do not purchase from the same mother units every time. The demand from NGOs helped some mother units to expand and operate at a larger scale by ordering and rearing more birds. A constant pull from NGOs/institutional buyers may undermine the commercial market for productive poultry varieties in and around camps. However, most refugees sell or trade their poultry for goats or other household needs. Commercial poultry requires particular skills, and is not for everyone.

14,405 households benefit from being able to buy pullets and raise them for meat and egg production. Sasso birds produce an average of 40 additional eggs in two months, and mature Sasso birds sell for an additional ETB 400 when compared to local scavenger birds. The overall additional income for households buying Sasso pullets and mature birds is estimated to around **GBP 74,000** (ETB 4,640,142).

To enable refugee households to enjoy the same benefits, five micro-poultry farms are being established in Tierkidi camp. This allows refugee women to raise poultry more efficiently, improve their dietary intake or increase their earnings from selling bigger birds and eggs. An estimated additional **ETB 35,000** per batch (every three months) can be made through selling Sasso birds and eggs instead of scavenger birds and eggs.

I felt empowered for the first time when I was given a chance to be linked with EthioChicken. I was supported by SHARPE for the initial investment and this solved my working capital problem, allowing me to construct the poultry house and order the first batch. Now my business is profitable and I am supporting my family with the income.

Yeshnesh Ayalew

Yeshnesh Ayalew is the chairperson of Ediget Liemate Saso poultry farm, which was registered in March 2020 and was established by three female family members to start small-scale poultry farming in Gambella town. Her family was struggling as their livelihood depended solely on her husband's income. Yeshnesh had been engaged in rearing egg-laying and mature birds with her family. She heard about rearing day-old chicks from some EthioChicken agents and was keen to shift from pullet-rearing to day-old-chick rearing. Unfortunately, she did not have the start-up capital needed to start the day-old-chick business at the time. EthioChicken's sales manager linked Yeshnesh with SHARPE, which allowed her to begin rearing day-old chicks after completing a three-day poultry farming and business management training course. Yeshnesh began with 500 day-old chicks and grew the business by increasing the number of day-old chicks with each batch. After eight rounds she was able to upgrade the poultry house. Yeshnesh has reared 8,000 day-old chicks to date and recorded more than ETB 1,000,000 in revenue from her poultry business.

Ethiopia's Deputy Prime Minister awarded Yeshnesh with a gold medal in recognition of her outstanding performance as a national role model in the agriculture sector, specifically among micro- and small-scale enterprises established by women.

Yelahu Poultry is a small poultry cooperative with five members, three men and two women, based in Gambella town. SHARPE identified the group as a potential partner in 2021, based on their proficiency and motivation, and they were soon on board. They already had a five-year lease on a government building they could use as a poultry house, and SHARPE came in to co-invest in the initial six month start-up costs and link them to EthioChicken. Their first order was for 500 day-old chicks, with the initial goal of rearing these day-old chicks and selling them as 45-day old pullets to local families, both refugee and host communities, to rear at home. Although selling live chickens was a good market for them, they also noticed that the daily demand for eggs was very high, particularly among the refugees in nearby Jewi camp. Now their day-to-day operation is selling eggs, with live chickens being sold every quarter when the day-old chicks become market-ready. The mother unit is profitable, and they are now investing in their own farm which they will move to once their current lease expires. They have created four jobs to help run the mother unit

Yelahu Poultry is now integrated in the local host and refugee market, serving regular outgrowers and household consumers. Their hopes for the future are to fully set up their own farm, complete with incubator.

Pereleth Olabi Alwal is a customer of Yelahu poultry farm and purchases four to five pullets per batch for household consumption.

Previously I purchased local chickens and eggs from Gambella market for my family but they were expensive. Now, thanks to Yelahu farm, I'm able to purchase good quality pullets that are a better size and more affordable. I also rear some of them for eggs which helps me save money and ensure better nutrition for my family.

Pereleth Olabi Alwal

My name is Nyaboum Doyak. I am a refugee. I came in 2013 from South Sudan to Ethiopia. We have a family of eight and I live with five of my children, one brother, one sister and my mother. In addition to the food rations we receive, I rear chicken to sell eggs and meat (male birds). I have five years' experience and currently have seven chickens (local breed). I sell 21 small eggs per week here in Tierkidi camp at ETB 10 per egg, or outside the camp in Terfam market for ETB 13 per egg. Every month I also sell male birds in the camp market for ETB 250. I hope that with 18 Sasso chickens I will sell 14 eggs per days in the Tierkidi market and in shops inside the camp for ETB 10-13 per egg. I will use the male birds for breeding purposes until they. Then I will sell them in the Tierkidi or Terfam market for more than ETB 350 per bird. Sasso birds are big and slow, you need to protect them against thieves. With SHARPE's support, I constructed a strong shed to keep them safe.

Nyaboum Doyak

Lessons learnt

Dynamic regional businesses, such as mother units, agro-vets and, in the near future, feed processors, drive market development in the region. They continuously invest in expansion.

Linkages with lead firms such as EthioChicken are important to access high-quality inputs and services. This instills confidence in the industry. Without such linkages, the business risk (for instance in the form of disease outbreaks) increases. Also, adoption of good practice is a gradual process. A continuous presence and continuous reminders will help the industry to upskill.

Business models can be more easily adopted by some communities than others, based on the skills and savings required. While business models need to be commercially viable and thus may require a minimum size, making the necessary adjustments to support their spread and inclusivity is important.

The Strengthening Host and Refugees Populations in Ethiopia programme (**SHARPE**) works to strengthen the economies of host and refugee communities in three refugee hosting regions in Ethiopia: Dollo Ado, Gambella, and Jijiga, using an adapted market systems development approach. SHARPE is implemented by DAI with technical support from Opportunities Unlimited.