

ECHO-East Africa Symposium

Poultry Value Chain Development: Experience from RIU Program

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What is RIU Program?

- Research Into Use (www.researchintouse.com) is a DFID funded 5-year **“Action Research”** program.
- Official period was July 2006–June 2011.
- Implemented in 6 African countries: Malawi, Zambia, Tanzania, Rwanda, Nigeria and Sierra Leone.
- Started in Tanzania in July 2008 but poultry activities started in Pwani region in Sept. 2009.
- DFID contracted NRI to manage the global RIU and Muvek to manage it in Tanzania.
- Muvek (www.muvek.co.tz) is a Social Enterprise focused on private sector development

Why RIU Program?

- DFID experienced low return to investment in NR research especially in Sub-saharan Africa.
- Using evidence-based lessons on what is missing in enabling innovation in Africa DFID and other donors want to re-define their future support to NR research in LDCs.
- They want to know what works and what doesn't to maximize the poverty reduction potential of research outputs in making agriculture sectors of poor economies perform as expected.
- DFID wanted to explore the role of “innovation brokers” in commercializing African agriculture through promoting use of new knowledge/technologies. Also define the role.

How will this end?.....



Some Concerns

- 50% are below the poverty line,
- 70% rely on agriculture,
- Agriculture is under performing despite 50 years of support
- 80% of African farms are small and produce very little marketable surplus,
- There is low demand for innovation hence the investment in agriculture is low.
- 70% of the labour force is held in low output enterprises.
- Significant growth in the sector is seriously needed!

The change has a significant social cost

In order to eradicate poverty in Africa:

1. *a significant number of the present poor has to **change routines** and innovate more.*
2. *“**a critical mass**” of the present poor has to shift into more productive enterprises.*
3. *sectors where the majority poor participate must strategically **transform** into higher productivity.*
4. *the **capacity** to demand, supply and utilize innovation among actors in the rural sectors must be upgraded (in aggregate terms).*



How do you stimulate a significant demand for innovation from a critical mass of her likes and bring about economic transformations among the rural poor?

The Global business expands too rapidly

- On line advertising and home delivery,
- Multinational corporations outsourcing production to countries with lower labour costs
- Every year, the world economy grows larger, becomes more integrated, more efficient and more productive!
- In fact, every enterprise faces global competition!
- Should we pretend that small farmers are safe as they are?

Do we really know what we are competing with?

- Collapsing borders,
- Hi-tech (digital, Genetic Engineering, Computers, etc.)
- Population pressure,
- Sophisticated demands & markets,
- Depleting natural resources,
- Climate change?

In all that, where is the place and future of a small Tanzanian farmer?



Are we holding the correct map?

- What are our priorities?
- Do we know the right scales that will sustain what we embark on?
- Do we have the guts to manage all the risks involved?
- Are the individual parts fitting into the whole? Do we see the bigger picture?
- Are we awake? Are we sincere?


We need rapid transformations

- Re-setting our priorities as a nation and focus on solving systemic failures rather than technology failures,
- Building innovation capacities with new attitudes, new thinking and new consciousness,
- Promoting good leadership, build strong partnerships, attract new actors to fill gaps and accept to take new roles,
- Creating proper institutional arrangements to increase private sector investment
- Helping poor farmers escape poverty traps.

The main questions

We need to promote innovation in Tanzania. But

- 1.“what configurations of actors, policies and institutions, under what circumstances and at what point in the **innovation trajectory** that allow agricultural research to contribute to innovation and development?”*
- 2. What kind of partnerships are needed? And how are such partnerships built?*
- 3. Where should the public invest in the process?*



Some field experiences from RIU program on promoting demand for research and new knowledge while developing the indigenous chicken value chain in Tanzania.

RIU-TZ PROGRAMME FOCUS

- **Facilitating development of commercial rural indigenous poultry enterprises through building capacities of relevant support systems.**
- *The programme's goal is to create an integrated system of stakeholders that is conscious of its needs, has access to the appropriate technology it requires and has the capacity and confidence to seek solutions for their livelihood challenges.*

HOW RIU PROGRAMME WORKs

- **Key purpose** - to explore ways of improving local innovation capacity for increased use of research, new knowledge and technologies in developing profitable agribusiness enterprises.
- **Approach** - the programme facilitates respective stakeholders to work together to identify system blockages; experiment various solutions to overcome the blockages; exploit innovation opportunities for increased productivity and profitability; and specify learning in putting research into use.
- **Programme roles:** The program mobilizes relevant stakeholders around a problem or an opportunity; Build relevant capacities; and facilitate creation of necessary linkages

WHY INDIGENOUS CHICKEN?

Commercialization of indigenous chicken keeping was chosen because:

- Most rural dwellers have been keeping chicken,
- The enterprise needs relatively low capital,
- The production cycle is short,
- Does not require big land,
- Is not climate dependent,
- Every citizen can be turned into a market.
- Can be managed by almost everybody including those living with disability, the old, youths, women etc.

Figure 1: Proportion of chickens kept under different poultry management systems

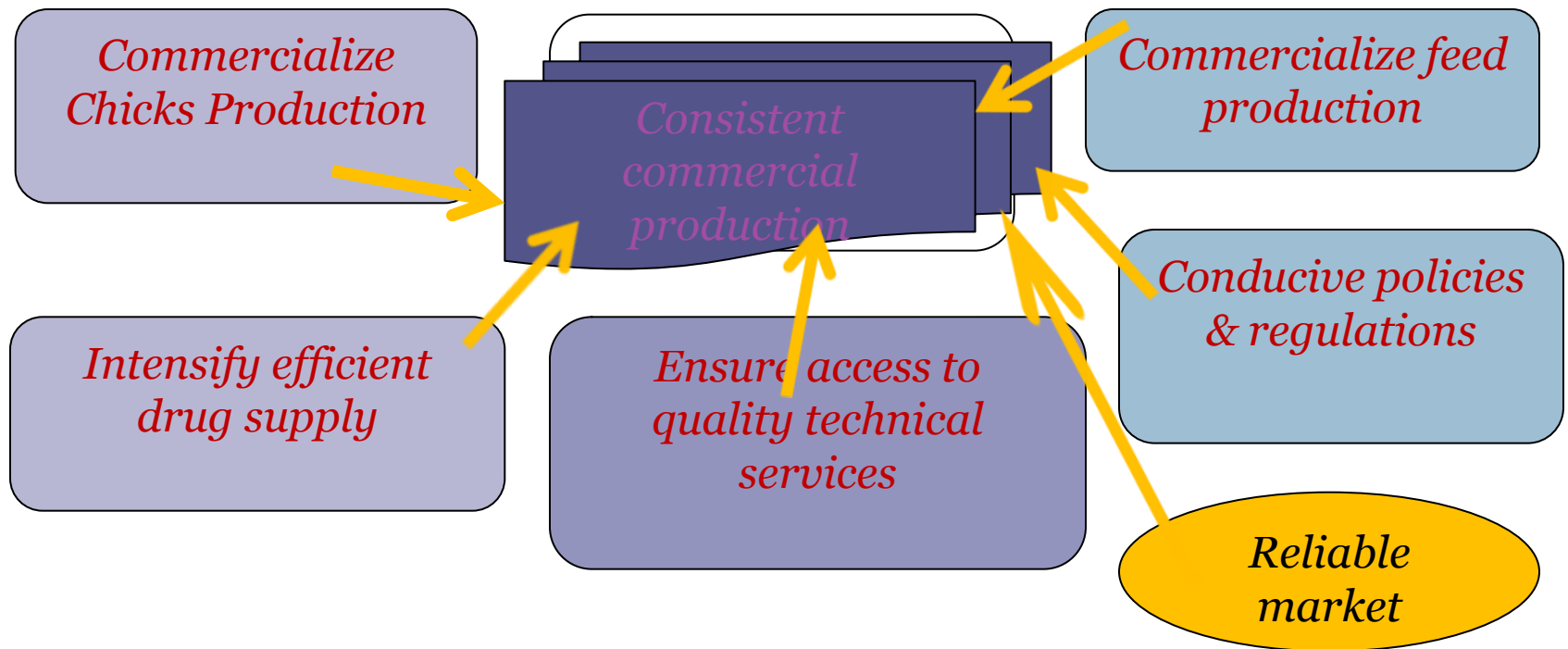


Source: National Sample Census of Agriculture 2002/2003

Myths about village chicken sector

- Have to be kept under low input-low outputs system-because rural producers are poor.
- Local chickens have low genetic potential, hence cannot be commercialised,
- They need about a year to mature (i.e. it is genetics)
- They are resistant to diseases because they are indigenous,
- Feeding them with industrial feeds is too costly and wrong.
- Rural producers cannot keep larger flocks....

Commercialize the Poultry Sector



WHAT HAD TO CHANGE

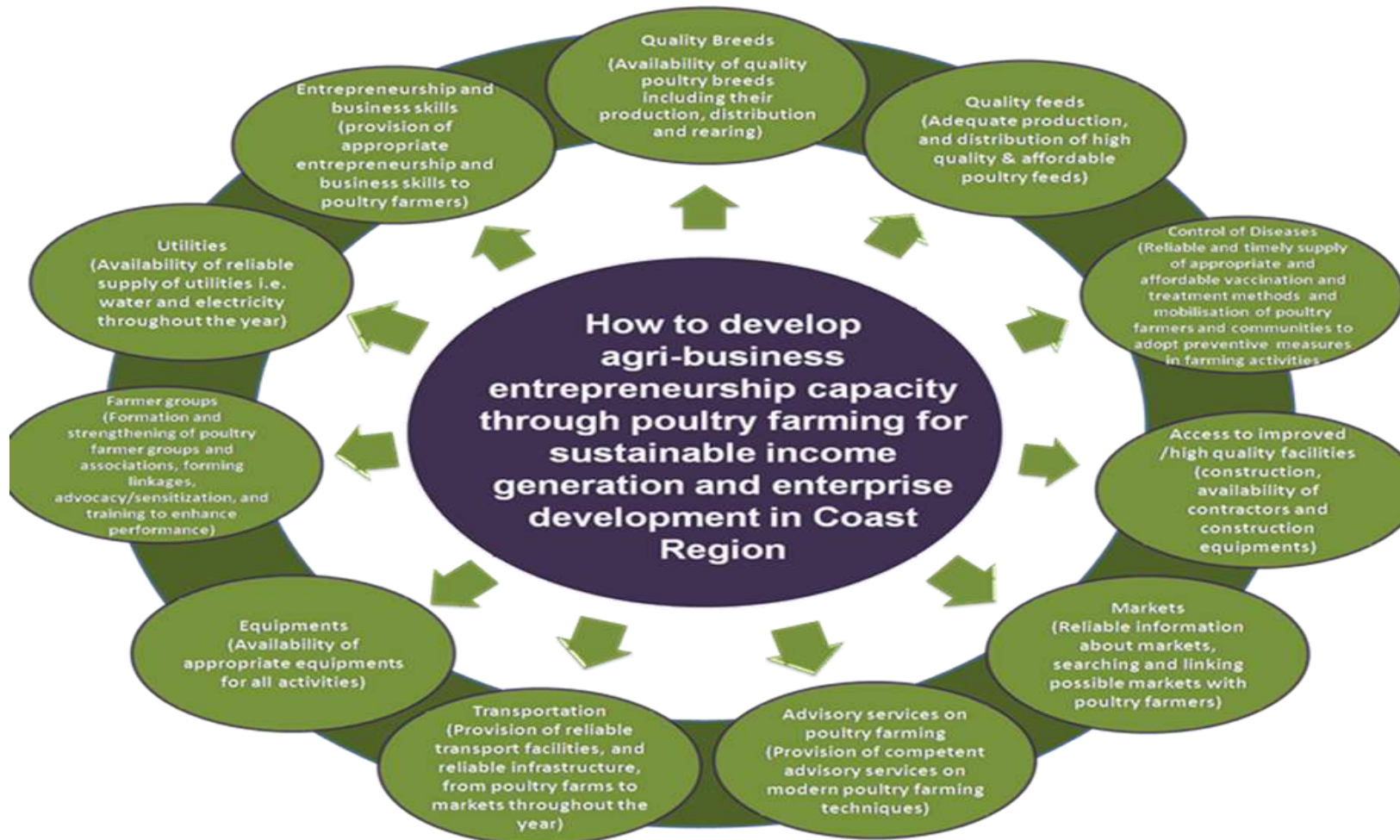
- Farmers had to believe that they could commercialize chicken keeping,
- Farmers had to claim the power to decide their scales of production from hens,
- Farmers had to embrace new ways, attitudes, knowledge, technologies and partnerships to in order to manage chickens properly, efficiently and profitably.
- Urban service providers had to learn, and to acquire the capacity to satisfy rural poultry services demands. They too had to embrace new knowledge, technology, attitudes and partnerships in order to benefit from the new demand

WHAT WE DID

- Mobilized stakeholder and conducted system analysis
- Found that volumes handled across the chain were not enough to stimulate investment/growth,
- We sensitized farmers to progressively increase their production in order to justify investment in improved poultry management practices and consequently stimulate investment in service provision.
- By increasing production scale starting with 100 chickens, the industry went into a “demand-shock”
- And RIU has since then been busy building capacities to respond to this new demand while helping farmers to grow.

Addressing system failures

ENTREPRENEURSHIP PROMOTION PLATFORM



IMPLEMENTATION APPROACHES

- Used “a bottleneck approach” with a focus on systemic bottlenecks and not technology failures. The ambition was to solve every bottleneck faced.
- Promoted private sector involvement with business as the main driver. The sector had to make business sense to justify and attract investment in knowledge & technology,
- Demand was supposed to pull supply, and where there was no demand, it had to be stimulated/created.
- All necessary partnerships had to exist, and at a win-win situation! Where necessary relevant capacities were built to make the weaker partner viable for the partnership.

IMPLEMENTATION STICKING POINTS

- Promoting innovations and use of new knowledge at all levels,
- Promoting investment in the whole chain,
- Increasing private sector participation,
- Facilitating creation of partnerships,
- Ensuring quality of services & products,
- Promoting right attitudes,
- Facilitating growth of all actors,

Building Partnerships

PROCESS

- Did a functional analysis, then a stakeholder mapping. Some actors joined in later as processes evolved.
- Identified the critical problem towards commercialization, then created a vision.
- Identified a starting point and focused on solving system bottlenecks. Every bottleneck was an opportunity and a relevant partnership was built

DRIVERS

- Gain for everyone; Every actor should be clear on his/her gains. Individual motives should be nurtured

Brokering partnerships

- The innovation broker was very important because not all partnerships were straight forward:
- Some partnerships are needed between two weak partners or where one partner is too weak and an attractive to the other.
- So some capacity building was needed before certain partnerships were possible.
- Formalizing the partnerships was not always necessary.

Achievements

- The program has been officially introduced to 7 Regions Pwani, Dodoma, Singida, Morogoro, Mbeya, Njombe and Iringa
- Farmers in 456 villages have been sensitized and have mobilized the initial capital for starting commercial poultry enterprises,
- A network of around 3500 farmers is in place raising a minimum of 600,000 chickens of indigenous breeds.
- Private systems for chicken feeds and veterinary services have evolved to serve all wards in four districts of the Coast region.
- 13 hatcheries have been established with a projected capacity of producing 250,000 chicks/week by Jan 2012

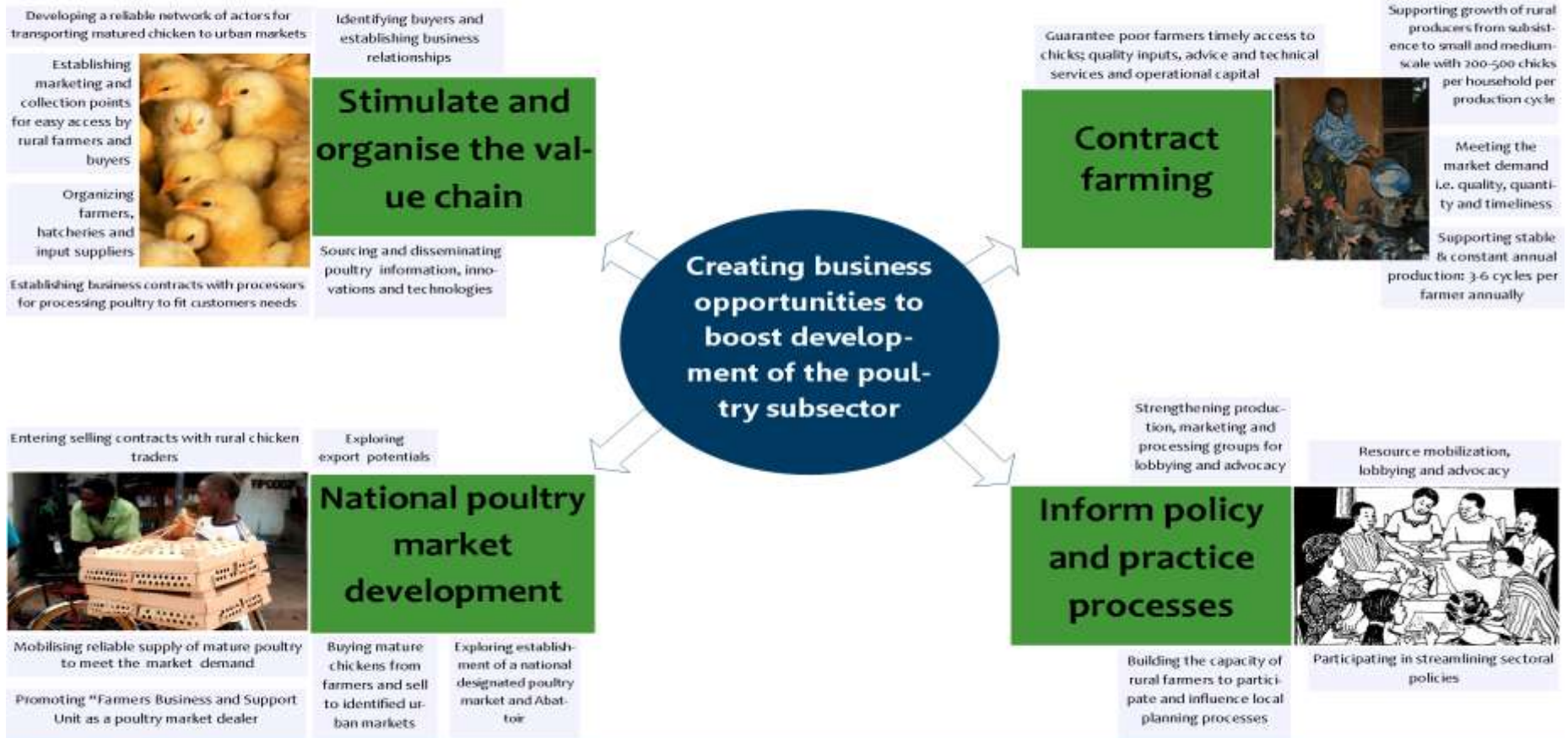


Achievements cont..

- Contract poultry keeping has been piloted and approved for up-scaling through KukuDeaL.
(Contract includes chicks, feeds for 1 month, 5 vaccines, extension services, record keeping materials, tailored-biz training and market)
- Market for chicken meat is slowly been organized and private sector is investing in value addition.
- Tests on affordable feeding regime for rural poultry keepers are going on. The aim is to develop affordable feed products to supplement scavenging.
- Introduced proper handling of chicks and live matured chickens

Farmers Business and Support Unit

"The Driving Force behind Tanzania's Poultry Subsector Development"



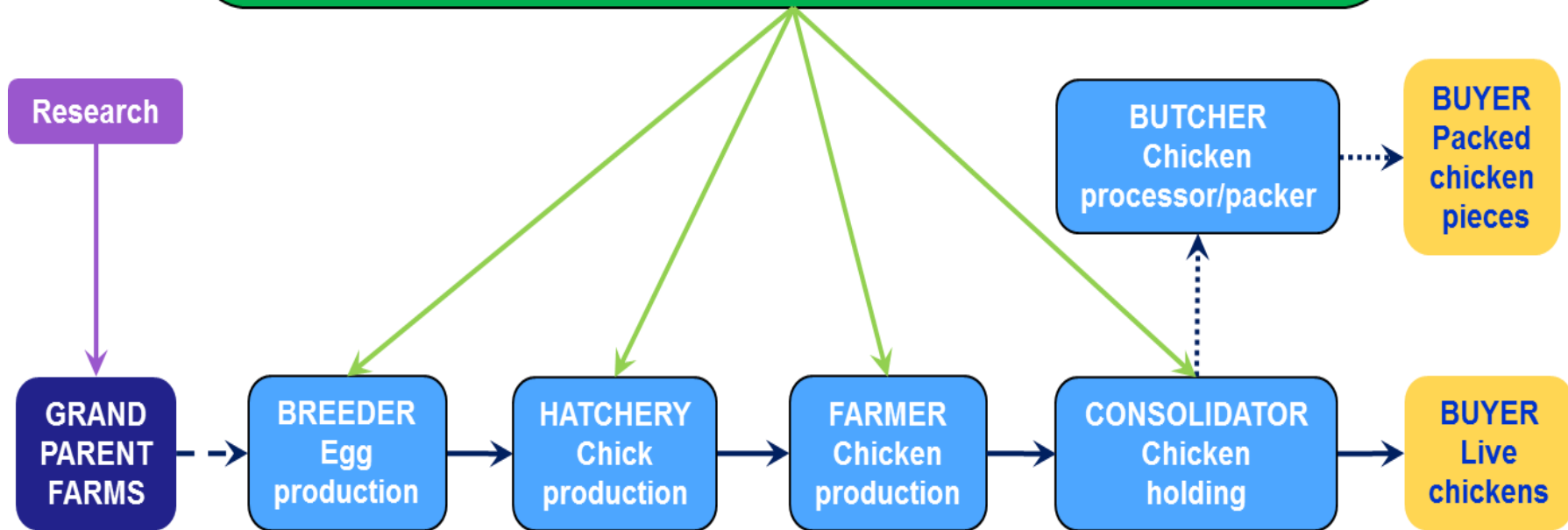
THE KuKuDeaL MODEL

KUKUDEAL

Contract farming based on initial payment from farmer of TZS40,000 in return for:

1. **Finance** – provision of interest free loan of eggs (minimum 200 per cycle, each of 4 months) and initial months feed (loan paid back from sale of mature birds to KukuDeal)
2. **Inputs** – free advisory, basic vaccines, drugs, and access to affordable feeds
3. **Sales** – off-take agreement (price agreed and farmer commitment to sell birds equal to 75% of eggs received), and coordination of transport to holding grounds

KukuDeal organises processing and brokers sales of live birds and chicken pieces



LESSONS

- Volumes matter in making the sector viable and functional. There must be substantial volumes to justify cost and investment.
- Building system capacity to demand and use knowledge needs continuous facilitation
- Individual capacities & responses of actors to implement solutions is prime in stirring innovation processes
- Responding to both research and non research challenges is very important in developing the sector-how the two meet must be straightforward
- Transformative decisions that avoid **“low-technology-deadlock”** and **“supply and demand deadlock”** must be made if the sector is to be commercialised.

CHALLENGES

- **Feeds** – quality, quantity, distribution, price, technology.
- **Vaccines**-quality, quantity, distribution, cost,
- **Financial capital** – commercial banks are too risk averse, absence of affordable agric-insurance products.
- **Inflexible funding**: Causing low response to sector changes from LGAs and research
- **High overhead costs**: Transportation, communication, energy, etc.
- **Immorality/poor law enforcement**: adulteration of feeds, selling of fake/expired drugs, wrong diagnosis-to sell drugs, poor/slow response to outbreaks, over pricing, etc.

CRITICAL AREAS THAT NEED GOVERNMENT/ PUBLIC ACTION

- Stimulating growth and industrialization in the livestock feeds sector (quality, quantity); change technologies, ensure availability of raw materials (managing competition for raw materials with human and neighbouring countries)
- Strengthening skills for disease diagnosis and prescribing proper treatment in rural areas
- Conduct research in breeding (we need at least 2 prominent lines for multiplication and branding)
- We need a solid vision for the sector-to avoid contra-approaches.

FUTURE PLANS

- KukuDeaL has applied for a 1 bil for a horizontal expansion of the model, focusing on delivering wider social impact.
- Invest in quality feed production-pellets + using plant materials-start contract farming: At low cost (14,000/50kg),
- Develop traceable brands/products to export level,
- Strengthen KuKuDeal to be a strong commercial chain leader protecting rural producers.
- Organize the sector into strong member based organizations- i.e. producers, breeders, feed producers etc.

Thank you

