Poultry meat production has been a success story in Mozambique over the past ten years. From 65% of the consumption coming from imports, mainly from Brazil, to 75% local production is a huge achievement. The Mozambican Poultry Producers Association has been instrumental in change and will play an important role in further creating an enabling environment.

Small local producers have been actively involved in the sector and have grown by 400% from 2010 to 2014. The rising demand in small scale production has created the need for specialized chicken feed producers to serve the local industry, which are currently in short supply. The sector is projected to even grow further and will continue to substitute current imports. The obvious need of increased supply of quality feed is evident and therefore offers an investment opportunity in this area.

Do you need more information?
No problem. The extended business plan for the feed factory and other business opportunities in aquaculture, tilapia cage farming, potato, dairy, poultry, and cold chains can be requested from the Zambezi Valley Development Agency (ZVDA). These have been prepared by Wageningen University & Research/CDI, the Netherlands.

For more information do not hesitate to contact the Zambezi Valley Development Agency:

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**OPPORTUNITIES**

- This business plan focuses on building a poultry feed factory in the Zambezi Valley. The factory has the capacity to produce 100 tons of broiler feed per day for broiler producers.

- The mill will be using **locally harvested maize and soybean meal and will be mixed with imported concentrates**. The production will be divided into 17% starter feed, 67% grower feed and 17% finisher feed, so as to offer a fully integrated feed during the production cycle of broiler. The demand of the products are consistent and regular, due to the short grow cycle of 5 to 6 weeks for broilers.

- Currently the majority of poultry feed in Tete comes from a large provider in the Manica Province, however these supplies are not always reliable. A 50 kg bag of feed from Manica costs 1,300MZN at the factory and 1,500 if delivered to the Tete Province. This feed factory will **sell a higher quality 50 kg bag** of broiler feed for 1,400 MZN, which is an interesting option for broilers producers to consider.

**INVESTMENT COSTS**

- An initial investment of US$ 1,970,000 is required to build the feed factory (US$ 1,790,000) and working capital needs (US$ 180,000).

- The estimated sales for the first 10 years is US$ 9.5 million, which provides an **average profit of US$ 3 million per year**.

- It is assumed that the project will be 100% equity financed, thus providing an IRR of 41% over 10 years and a PBP of 2.9 years.

- The other financing options involve either using a 50% grant or a 25% grant and 25% debt. These options have and IRR of 71% and 53% and a PBP of 2.82 and 2.87 respectively. However, **all three are very positive with a PBP of less than 3 years**.

**RISKS**

- Due to the limited knowledge and understanding that small farmers have of the benefits of using complete feed for poultry production many farmers tend to lower costs and feed the broilers incorrect rations for wrong periods during the production. **There is a need for education and capacity development**.

- A risk to take into consideration is the lack of a constant power supply, which would severely affect the production of broiler feed. Therefore, this investment has considered investing in a large generator to counteract this risk.