Poultry meat production has been a success story in Mozambique over the past ten years. From 65% of consumption coming from imports, mainly from Brazil, to now having 75% local production is a huge achievement.

The Mozambican Poultry Producers Association has been instrumental in this change and will play an important part to further create an enabling environment.

Small local producers have been instrumental in the sector and have grown by 400% from 2010 to 2014. The rising demand in small scale production has created a shortage in the supply of quality day-old-chicks (DoC’s).

The current supply in the Zambezi Valley, particularly in Tete province, comes from one supplier in the region who is not able to meet the demand. The sector is projected to even grow further and will continue to substitute current imports. The obvious need of increased supply of quality DoC’s is evident and therefore offers an investment opportunity in this area.

Do you need more information? No problem. The extended business plan for the chicken hatchery 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 opportunity will take advantage of the shortage of supply and low competition in the Zambezi Valley for the supply of day-old-chicks to the growing market. This hatchery will eliminate the need to source the chicks from the primary supplier in the Manica province who is regularly outmatched by demand.

- It is anticipated that the production of small farmers in the poultry industry will continue to increase as it did from 2010 to 2014 by 400%. This is also anticipated in the Manica province where the majority of day old chicks come from. This rise in demand will put stress on current suppliers to produce consistent day old chicks. A local hatchery will eliminate the high transportation costs and irregular supply.

- The local hatchery will have a capacity of 230,400 hatching eggs per week, resulting in a hatching result of approximately 140,000 day-old-chicks per week. An expansion in capacity to 345,600 hatching eggs per week is anticipated in the 8th year, resulting in a hatching result of 202,000 eggs per week.

- Production will start progressively due to the construction of the facility and training process. This will increase rapidly and reach a hatching result of 129,000 chicks per week in year 4.

- The majority of the broiler producers will come to the Hatchery and collect their DoC’s chicks directly.

**INVESTMENT COSTS**

- A total financing amount of US$ 1,100,000 is required for the initial capital investment ($860,000) to construct the facility and ($250,000) for working capital.

- An additional US$400,000 will be required in year 9 for the expansion project. Assuming this expansion project, average sales are estimated to reach US$ 10,794,938 million by year 10, giving an annual average profit of US$ 734,000.

- For this case a 100% Equity financing has been assumed, however there are also options to use a grant or debt.

If using 100% equity financing the IRR is 28% with a PBP of 4.95 years. If using 50% equity and 50% grant the IRR is 51% with a PBP of 3.45 years. And lastly, if using 50% equity, 25% grant and 25% debt the IRR is 36% with a PBP of 4.11 years. All three scenarios become profitable within three years.

**RISKS**

- A major risk for the hatchery will be depending on reliable supply of hatching eggs, mainly sourced from Zimbabwe or South-Africa. However, this can be easily mitigated by purchasing from different companies from the multiple surrounding countries who provide hatching eggs.

- Mozambique suffers from an inconsistent power supply and this would affect the hatching results as humidity and temperature are vital factors for a quality product. A large generator is considered for this investment to avoid any electricity losses.