Due to an increased demand and import substitution, the production of broilers has increased consistently over the past 10 years. 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 the need for slaughter facilities to serve the local industry. The sector is projected to even grow further and will continue to substitute current imports. The obvious need of streamlining more efficient and hygienic slaughter facilities is evident and therefore provide opportunities to invest in setting up such facilities.

Do you need more information? No problem. The extended business plan for the slaughter house 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 Zambeze Valley Development Agency:

- Nelson Rodrigues António (Zambeze Valley Development Agency): nelorod2006@gmail.com
- Abel Adriano Joia (Zambeze Valley Development Agency): jolabel@gmail.com
- Herman Brouwer (CDI): herman.brouwer@wur.nl
- Joep Vonk (CDI): joepvonk@gmail.com
- Zambeze Valley Development Agency, Tete - Mozambique: Av Eduardo Mondlane, 161. Tel +258 (0)25223328
- Zambeze Valley Development Agency, Maputo - Mozambique: Av Mao Tse Tung, 729. Tel +258 (0)21494888/21494794 agencia.maputo@agenciadozambeze.gov.mz
The land for the project will be provided by the government and will require a staff of up to 33 when at full operation. The production capacity will be scalable to meet the increased demands and will operate at 95% capacity in the 6th year of operation.

Maximum capacity of the slaughterhouse will be 600 birds per hour and 2.5 million birds per year. Current consumption in Mozambique is over 60 million broiler chickens per year, or roughly 3 per capita per year, and this is growing.

A total investment of US$ 770,000 is required for the initial capital investment; $442,000 to build the facility and $328,000 to finance the working capital for the first year. Working capital is required to create a bridge between the purchasing of live broilers and the sale of the end product.

The cost for raising a day old chick to an acceptable weight is roughly 90 MZN and they are sold for 110 to 130 MZN, this margin makes the production of broilers a very profitable business. The slaughterhouse will assume the responsibility of the slaughtering process as well as the marketing and sales to potential customers. This will create a secure offtake for farmers and will significantly reduce the market risk for small scale producers.

It is assumed that 100% equity financing will be used for this project that will generate an IRR of 15% and a Payback Period of 6 years. An optional financing plan of 50% equity and 50% grant will have an IRR of 36% and a PBP of 4.19 years and the final option of 50% equity, 25% grant and 25% debt will have an IRR of 24% and a PBP of 5.04 years.

All three options will pay back the initial investment in roughly 5 years and be fully profitable in the 3rd year with an estimated profit of US$ 500,000 per year.

There is a market preference to purchase live broilers and slaughter them at home. This can be mitigated with a marketing strategy focused on education and the hygiene of frozen chickens that are processed at a slaughterhouse.

An additional risk is the spread of disease, like bird flu that will substantially effect the industry and specifically the broiler producers.