

TAF in action

Poultry in Zambia

Golden Lay Limited (Goldenlay) is the foremost producer of table eggs in Zambia, a profitable and efficient operation, which has doubled production over the last five years. With the African Agriculture Fund's (AAF) initial US\$ 20 million investment in 2012 and further follow on investments of around US\$ 4 million injected into the business since, strong growth in the production is expected to continue with daily egg sales reaching over 450,000 eggs per day by 2016. AAF's Technical Assistance Facility (TAF) support is aiming to ensure that opportunities for local farmers and entrepreneurs to participate in this impressive growth are maximized.



Goldenlay is based in Ndola, Zambia and sells its table eggs in the Copperbelt region as well as to neighbouring DRC. In addition to managing the egg production, the company produces its own specialised feeds for each stage of the laying hens' development. This includes farming the raw materials for the feed (maize and soy beans) on around 3,500 hectares of farmland at Kafubu and Kanyenda and blending the different feeds in its processing unit. While 90% of Goldenlay's income is from eggs, other sales come from spent hens (no longer laying), chicken manure and soy oil; and the company is also exploring the potential to transform chicken waste to pelletized bio-enriched fertiliser.

As Goldenlay grows, so does its need for maize and soy for feed. Of the projected 15,000 metric tonne demand for maize in 2016, only 20% will be produced on its own farms. However, the Zambian soy market is competitive and sourcing on the open market, particularly from small-scale farmers, can be challenging and costly.

Exploring profitable new outlets for eggs is also key. Current sales are about two-thirds to the local market, and a third into the growing DRC market. Local sales are made through branded trucks, loaded with eggs with the price of the day painted on the back, driving into towns and selling to individuals and shop owners. However, ntembas – the small informal stalls, which sell most of Goldenlay's eggs to its final consumers – lack knowledge of business expansion or value-addition opportunities to grow their sales. And Goldenlay's reach to the peri-urban ntembas further out of town is untapped.

TAF is assisting Goldenlay to link to over 500 small-scale and emerging soy farmers and egg entrepreneurs through win-win models, which address these challenges – facilitating Goldenlay's growth, providing new income opportunities for these micro-entrepreneurs and improving access to affordable protein for low-income households in the region.



Smallholder Soybean Support Program

Goldenlay's interest in sourcing more soy from smallholders was tempered by its knowledge of the many challenges of direct purchase from small-scale suppliers.

A EUR 200,000 grant was approved in 2013 to fund the TAF Smallholder Soy Support Program a two-year development program aiming to integrate a minimum of 500 local smallholder farmers into its soy bean supply chain.

The TAF Manager, TechnoServe engaged a local Technical Assistance (TA) provider to design and implement a program to assist. The program trained and incentivised community-based agents to provide extension services and facilitate access to inputs and equipment for small-scale soy bean farmers, and aggregate their produce for sale to Goldenlay.

In its first year, the pilot engaged 10 aggregators who agreed forward contracts with a minimum guaranteed price with Goldenlay. The aggregators signed up over 900 interested farmers of whom over a third planted soy in the first season. Although most were planting soy for the first time, they achieved yields of 1.1-1.35 metric tonnes per hectare (t/Ha) vs. a national average of 0.9 t/Ha and made an average of ZMK 1,180 per Ha (US\$ 190 per Ha). After some initial challenges with side-selling in this competitive commodity market, the TA provider is now working with the agents to refine the logistics/buying model to ensure more soy is delivered to Goldenlay.

Bottom of the pyramid distribution

In order to expand bottom of the pyramid (BoP) sales, Goldenlay first needed to deepen its understanding of the current distribution channels and possible new market opportunities they could access. TAF supported a marketing study to evaluate the potential for profitable egg distribution opportunities for BoP enterprises by identifying unserved demand in the Copperbelt's egg market. Without TAF support, Goldenlay would have invested its limited marketing spend on larger customers instead.

The study identified an innovative model using distribution centres, bikes/pushcarts and ntembas which would increase Goldenlay sales in peri-urban areas, generate new income for independent entrepreneurs – especially women, and improve access to affordable protein for over 1,000 consumers. Goldenlay Management is already implementing various recommendations from the study: branding eggs; hiring new marketing staff; and investing US\$ 50,000 – alongside TAF's investment – in a pilot of the identified distribution model, supporting around 60 micro-entrepreneurs.

Contact details

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