



DEVELOPMENTS IN MARKETING CHANNELS AND SYSTEMS FOR SMALLHOLDER CHICKEN PRODUCTION IN NIGERIA

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ABSTRACT

There are a number of marketing opportunities that can benefit stakeholders in the smallholder chicken value chain. For sustainability, the smallholder chicken farmers depend on the constant availability of inputs like foundation chicks, simple housing and equipment. This paper presents observations from some activities carried out by Bdellium Consult Ltd on smallholder poultry developments in the past three years, and discusses the advances, challenges and opportunities in the development of marketing channels for the smallholder poultry production in Nigeria. Traditionally the cocks are allowed to run along with the hens to produce fertile eggs that the hens will sit on to incubate in order to produce chicks. However, in the recent times, a class of farmers popularly called “Brood and Sell Farmers” that serve as mothering units for smallholder farmers have emerged. Complementary enterprises, vendors and artisans have also emerged within the value chain, with a number of marketing systems developing to support the different smallholder production systems. There are sellers of live birds who have organized themselves into virile Fowl Sellers Association (FSA) within majority of the live bird markets in urban and rural centers. The niche market for village chickens is now throwing up a number of companies that are investing in the setting up modern facilities for slaughtering and processing village chickens. There is therefore the need for more coordinated interphase in the smallholder chicken production value chain in order for stakeholders to maximize and benefit from existing opportunities.

Keywords: *Smallholder chicken farmers, input supply, marketing outlets*

INTRODUCTION

The poultry sector of the agricultural industry is one of the most accessible farming operations to both the rural and urban farmers in Nigeria. The smallholder farmers form the bulk of poultry producers in Nigeria with an estimate of about 90 million people involved in rural family poultry, managing total assets of about N320 billion (\$2,400 million) ((F.M.A& R.D. 2008). The characteristics of the smallholder chicken farmers have been described by various authors, Sonaiya and Swan (2004); Adene and Oguntade (2006); Akinwunmi, Okike and Rich, (2010); and F.A.O. (2012).

The principal actors in the value chain are the farmers (especially rural dwellers), live-bird traders, transporters and consumers. Marketing opportunities that can benefit these stakeholders who are active players in the smallholder chicken production have existed over the years. This write up discusses the advances, challenges and opportunities in the development of marketing channels for the smallholder poultry production in Nigeria from the field experience of our company, Bdellium Consult Ltd work with smallholder chicken farmers in the last three years.

RESULTS AND DISCUSSION

Market developments

Market development for the smallholder poultry value chain covers two key areas of input supplies and products distribution:

The supply of chicks

In the conventional village poultry production, the chicken owners usually allow the cocks to run along with their hens to produce fertile eggs that the hens will sit on to incubate in order to produce chicks that will run with the hens on free range. Occasionally, too, some farmers procure post brooded chicks produced



in this manner within their precinct to carry out their own chicken farming. This has been the mode for continuous chicks' supply that has largely sustained the village chicken production system particularly in the rural communities. However, the emerging scenarios in some rural and peri-urban communities is to have hatchery distributors and retailers sell day old chicks (DOCs) to farmers in open market on market days.

Report by I.A.R. & T. (2015) revealed that the breeder farms and hatcheries supplying DOCs are still concentrated in the South-West (especially in Ibadan, Oyo state) with a few scattered across the southern parts of the country. But these hatcheries are more focused on producing chicks for the medium and large commercial poultry farmers with the smallholder farmers getting the remnants and are often faced with irregular supply with serious seasonal fluctuations in prices of DOCs. Therefore, huge opportunities exist for breeder farms and hatcheries that produce good quality day-old-chicks to serve the interest of the smallholder farmers.

The recent efforts of the African Chicken Genetic Gain (A.C.G.G.) project in Nigeria in the facilitation of the establishment of breeding companies that will multiply farmers' preferred breeds of dual-purpose chickens will go a long way in promoting the smallholder chicken production business.

Distribution of post brooded chicks

Most of the smallholder chicken farmers have poor infrastructure limited technical know-how on the basic of brooding chicks, hence, some of them prefer the post-brooded chicks that are fully feathered and have some immunity against diseases as foundation stocks. This trend has led to the emergence of a class of farmers now popularly called "Brood and Sell Farmers" (BSF) that serve as mothering units for smallholder farmers. The BSFs are specialized farmers that invest in raising chicks from day old for an average of four to five weeks and offer the fully feathered chicks for sale to farmers through a network of chicks' hawkers. They also sell directly to farmers in the open market.

The BSFs, though not officially recognized have carved a niche for themselves and a number of them are thriving on the sales of these chicks. They are mostly found in the villages and peri-urban communities where they have developed process and network for the distribution chicks to their various customers. They offer mainly post-brood cockerels which are cheaper to raise and sell. A few of them also raise and sell post-brooded pullets and dual-purpose chicks. The prices of these chicks vary greatly from location to location across Nigeria.

Inputs supply

The smallholder chicken farmers have also provided opportunities for other complementary enterprises, vendors and artisans within the value chain. These include carpenters or wood-work experts who are engaged to build simple and cheap housing units, merchants of brooding materials like coal pots, charcoal, polythene sheet, feed merchants and agro shops that sell poultry equipment like feeders, drinkers, vaccines and medicaments. It is now common within some communities to find agro-service enterprises that combine the distribution or sale of poultry house equipment, feed milling, veterinary and medicament together as a business. A number of communities where development agencies like Global Alliance for Veterinary Medicine (GALVmed), Propcom Mai-karfi etc. are operating across Nigeria now have people that have been trained to offer simple community health services like vaccination against prevalent Newcastle disease and de-worming.

Opportunities for chicken haulage business

Until recently, the mode of transporting chickens were very unkind to the chickens and the human population. But after the outbreak of Highly Pathogenic Avian Influenza (HPAI), the Federal Ministry Agriculture and Rural Development (F.M.A.R.D.) intervened to build the capacity of the stakeholders in transporting the chickens appropriately in chicken transport cages. Opportunities therefore exist for interested parties to invest in chicken haulage enterprises that will service the smallholder farmers

The Live bird markets



The main product of the smallholder chicken farmers is the meat but a few of them also sell eggs from their chickens. Majority of these farmers sell their birds live with little or no value addition. A number of marketing systems have emerged to support the different production systems. In some communities, the smallholder chicken farmers sell directly to the customers whether at home, town hall meetings and in local market at the prevailing market prices. These prices are determined by the weight of the chicken and sex. Often times, there could be a long negotiation (haggling) before sale price is agreed. Farmers are sometimes at the mercy of the buyer especially at the market place when it seems that the market day is almost closing. The sellers of live birds have organized themselves into virile Fowl Sellers Association (FSA) and they have branches spread across Nigeria operating like a cartel. Interaction among producers, collectors and middlemen takes place early in the morning in the south and late in the afternoon in the north. This timing allows for the transport of birds in the coolest hours of the day. The Federal Ministry of Agriculture and Rural Development (F.M.A.R.D.) has been training the live birds sellers and organizing the way they ply their trade by assisting the fowl seller association to build acceptable sales outlet across Nigeria

Market opportunities for chicken processing

The village chicken meat is considered to be tastier due to gradual growth and selective feeding, it is very popular among consumers and used as a delicacy for chicken barbeque (*chicken suya*). There is a definite popular demand and trade in village chickens. There are few smallholder chicken processing plants that have set-up operations around the commercial broilers out-growers' farms, some of these also serve as off-takers to the smallholder farmers' chickens. But majority of the live bird markets in urban and rural centers have young men and women around them that assist patrons of the live bird markets in slaughtering and dressing their chickens for token fees that is usually a tiny fraction of the cost of purchase. But these slaughter slabs are usually very unhygienic. The F.M.A.R.D. and health officials have also stepped up in ensuring food safety by regulating handling and processing of chickens and also facilitating the incorporation of hygienic slaughtering facilities into the live bird markets.

The niche market for village chicken is now throwing up a number of companies that are investing in the setting up modern chicken facilities that slaughter and process village chickens. They are presented to customers well packaged and frozen. These companies have their own network of aggregators spread across the rural communities and are also working with the fowl seller's association to collect chickens in the numbers required.

They have also embraced the new trends of marketing through the web and social media. They set up network markets and undertake delivery logistics for their customers

Their targets are usually in the urban centers and these include individuals, families, hotels, restaurants, caterers, super markets and chain stores

Marketing of eggs

In the markets, eggs come largely from the commercial poultry sector. Generally, it is possible to find only a few eggs of local chickens and sometimes a couple of eggs of guinea fowl or duck. The marketing of eggs by the smallholder chicken farmers is not all that common, sales of eggs are within family and friends where farmers sell directly to consumers. In the northern parts of Nigeria, the presence of local eggs is a little higher. The producers collect the eggs which are usually fertile because male and female chickens scavenge together and mate regularly. The eggs may then be set under a brooding chicken (to replace some of her own eggs) or taken to a hatchery.

CONCLUSION AND RECOMMENDATION

The different types of smallholder chicken production systems have their peculiar channels and systems for the distribution of their products. Therefore, price of the products, the product itself, the type of market place and packaging of the products are factors that influence the exchange of money for poultry products. With the existing structure and status of the smallholder chicken farmers, there is need for more coordinated effort from all stakeholders to support these farmers in Nigeria in order for them to reach their full potentials. To fully benefit from all the opportunities available for the marketing of the product of the



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smallholder chicken farmers in Nigeria, there is need for awareness creation on the benefits of consuming these more organic products. Also, off-takers or processors can set up structures that will develop a financing model to facilitate linkages that will benefit the players in the smallholder chicken value chain. A more coordinated interface with the smallholder chicken production value chain is required for all the stakeholders to maximize and benefit from the existing potential.

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