

RLI INVESTMENT SNAPSHOT

EthioChicken



Reason for Selection:	EthioChicken represents one of the most innovative and active businesses in Ethiopia's RLI space. The company is actively targeting refugee markets and supporting income generating opportunities for both hosts and refugees. Furthermore, their business model is built on providing affordable, quality protein sources to underserved markets. Lastly, the company operates within a priority sector, and thus interventions will be looked upon favorably by the Ethiopian government.
Location:	Jijiga and Adama; Headquarters: Addis Ababa
RLI Business Category:¹	R3: Refugee Supporting / R4: Refugee-Supporting, Host-weighted
Company Background:	EthioChicken launched its first breeder farm, feed mill and hatchery in 2010. In 2014, after several years of research and development, the company introduced the SASSO T451 breed to Ethiopia. The SASSO T451 is a dual-purpose (eggs and meat), hardy, free-range, scavenging chicken which thrives among rural smallholder farmers. EthioChicken has grown rapidly into a nationwide company, employing over 1,600 Ethiopians and distributing more than 20 million birds each year to 4.8 million smallholders. The company also has two feed mills producing top quality feed and supplies commercial farmers with layer-type chickens for egg production.
Industry/Sector:	Agro-Processing (Poultry)
Products and Services:	The company distributes day-old-chicks (DOCs) throughout Ethiopia to thousands of agents in rural Woredas. These agents raise the birds for four to six weeks, with technical assistance and veterinary support from EthioChicken, until they are strong enough to sell to millions of smallholders, to raise for egg production and/or meat consumption.
Management Team:	Dr. Justin Benade, Ethiopia Managing Director Joseph Chivinge, Finance Director Dr. Fseha Tesfu, Export and Marketing Director
Employees:	1,600 employees, of which approximately 600 are women.
Market Overview and Trends:	Poultry production is one of the key livestock sub-sectors of Ethiopia. As of 2019, the poultry population was estimated to be around 60 million, mostly residing with households overseeing less than 10 chickens, with a small (but growing) number of intensive broiler and layer farms. There remains, however, a high loss of poultry due to inefficiencies in animal health services.

¹ This is the category RENEW believes the company could occupy after receiving appropriate technical assistance support. The concept of refugee-lens investing (RLI) is new to Ethiopia, as such, there are very few companies operating in the formal sector of the studied secondary cities that currently meet the RLI criteria.

	<p>The domestic market for poultry is constrained by seasonal fluctuations in demand and price. Such fluctuations are mostly associated with the Ethiopian Orthodox Christian (43% of population) fasting tradition that prohibits consumption of livestock products for up to 250 days of the year. This is increasingly being counterbalanced by growing populations of other religious backgrounds (over 50 million) who consume poultry year-round. Rising income, rapidly growing population and increasing urbanization suggest that demand and consumption of poultry products will increase accordingly, with a marked 55% inflation of chicken meat and eggs and 31% in supply and demand in 2021.²</p>
<p>Estimated Investment Needs*:</p>	<p>EthioChicken is working on building an investment proposal. Capital that is requested will go towards expanding operations, including purchasing land and building new farms as well as entering new markets. Their goal is to produce one chicken per person per year. Current business growth plan includes expansion to Kenya, Cote d'Ivoire, Malawi, Mozambique and Ghana.</p>
<p>Target Funding Source(s):</p>	<p>Foreign investors, impact investors, angel investors.</p>
<p>Investment Opportunity:</p>	<p>This innovative approach to poultry production and distribution reaches individuals at every level of the value-chain. Access to high-quality, affordable sources of protein continues to be a challenge for many Ethiopians. The SASSO T451 breed produces four times as many eggs as the habesha (local) chicken and grows three times faster, providing a higher quality, larger meat source. The gap in supply and demand has made the product expensive, creating an investment opportunity in the sector to produce affordable, accessible poultry and poultry products that serve a growing market.³ EthioChicken's model, in which agents sell young chickens directly to smallholder farmers, provides customers with high-quality protein as well as an income generating opportunity. Investing in EthioChicken will further help the company develop a healthy business relationship between the host and refugee communities through value-chain enhancement, awareness raising and market linkages. They also seek to improve delivery, health safety and capacity to warmer areas, such as Jijiga, with a fleet of modern climate-controlled transport vehicles.</p>
<p>RLI Social Impact Opportunity:</p>	<p>Social impact is built in the company's business model with a stated purpose of "Making Farmers Healthier and Wealthier." Their mission is to "bring healthy and affordable eggs and meat to every Ethiopian family and, in doing so, improve nutrition, enhance rural farmer livelihoods and create income opportunities for our customers and partners." In addition to their agent-empowerment model, the company outsources transportation to local mini-bus operators and collectives, further providing income generating opportunities to the local communities in which they operate. Furthermore, EthioChicken has partnered with DAI SHARPE to expand their value chain into refugee camps. Currently, they have 35 mother units serving refugee populations in Jijiga and 11 in Gambela. They are eager to further expand this business model to the IDP populations in Adama, where they are currently working with the host-community.</p>

² FAO. Poultry Sector Ethiopia. FAO Animal Production and Health Livestock Country Reviews. 2019. [LINK](#).

³ EthioChicken. Website. 2022. [LINK](#); interview with Manager.

	<p>There is still significant opportunity to further expand these services to refugee and IDP settlements country-wide through their expansion plans, as well as providing training for local communities on the advantages of the chicken breed. The collaborative nature of their model is ideal for host-refugee engagement. EthioChicken also works with IGOs to enhance their technical assistance and training for agents and smallholder farmers on proper care.</p>
RLI Support Strategy:	<p>A financial investment could immediately help the company expand their operations to more remote areas with large refugee populations in Ethiopia. They are also interested in technical assistance in poultry marketing, health and safety, record keeping, and overall business planning for their poultry agents and local partners.</p> <p>There is also an opportunity for community engagement campaigns to help grow the culture of continuous consumption of poultry protein, which is critical for industry growth and, in turn, improves employment, nutrition and incomes of the surrounding host and refugee communities.</p>