

Feed Microbusiness and Processing Plants for Enhancing Supply of Quality Feed

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1. Current state of Knowledge

- Feed micro-businesses and processing plants have a key role in production and delivery of quality feed
- Globally, there are a total of 31043 feed processing plants producing close to 1 billion tons of compound feed
- The African compound feed output is estimated at 34.6 million tons with a total of 1150 feed mills

Table 1 Industry structure of commercial feed in Ethiopia (number of enterprises) EAFIA,2017

Region	Compound feed producers		Supplement importers/ manufacturers	Total
	Private	Union		
A. Ababa	10	1	10	21
Oromiya	12	6	4	22
Amhara	4	7	0	11
SNNP	4	6	1	11
Tigray	2	8	0	10
TOTAL	32	28	15	75

1. Current state of Knowledge

- Private feed processing plants are operating at an average of 54 percent of their installed capacity.
- Key Challenges accounting for low operational capacity include low demand for the product, shortage of ingredients and inconsistent supply of electricity.
- Estimated at 61.4 thousand ton per year compound feed production in Ethiopia is one of the lowest in the region

1. Current state of Knowledge

- Feed processing plants and their agents are usually located around major cities
- For most rural areas of Ethiopia, use of compound feed or supplements is constrained by access to such feeds
- Feed micro-business (dealers, traders , distributors, organized youth) have a key role in improving access to high quality feed

Table 2 Trends in production of compound feed in Ethiopia (ton)

Compound Feed	2011	2015/16	Percent increase
Poultry	16276	34505	112
Dairy	4399	16076	265
Beef	4883	8811	80
Others	881	2024	130
Total	26439	61416	132

2. Success and lessons

- Policy support for market led economy and commercialization
- Establishment of Ethiopian Animal Feed Industry Association as an apex body for commercial feed industry
- Support for establishment of feed micro-business to enhance feed delivery
- Policy support for private sector engagement in commercial feed
- Consideration of feed as a key pillar for realizing of the vision of livestock sector

3. Key challenges of feed micro-business

- Lack of storage and marketing shade
- Limited access to credit
- Lack of market information
- High cost of feeds affecting demand
- Feed quality and safety

3.Key challenges of feed processing plants

- Shortage of ingredients and high price
- Taxation policy on feed ingredients and compound feed
- Limitation in internal quality control leading to feed safety and quality problem
- Technical capacity (poor training of feed manufacturers)

4. Opportunities and the way forward

- Commercial scale production of key feed ingredients
- Use of locally available alternative feed ingredients
- Integrated agro-industrial parks (AIP) and rural transformation centers (RTC) for enhancing supply of feed ingredients
- Enhancing establishment and support to feed micro-business (finance, facilities, market information, business plan, feed safety and quality)

4. Opportunities and the way forward

- Feed micro-business and processing plants within the bigger frame work of agriculture based industry
- Speed up the commercialization of animal agriculture through realization of IAIP and RTC
- Domestic production of feed supplements
- Encourage feed processing plants to have internal quality control

3. Opportunities and the way forward

- Strengthening vertical linkage of feed micro-business to bigger companies in IAIP, rural transformation centers
- Policy support in avoiding VAT on feed ingredients and compound feed
- Franchised business model between feed processing plants and feed micro-business to reduce feed cost and enhance delivery of quality feed

THANK YOU