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giz Deutsche Gesellschaft
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FATE Foundation

LSETF
LAGOS STATE EMPLOYMENT TRUST FUND



SETTING UP A **POULTRY FARMING BUSINESS**



Implemented by
giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

FATE Foundation

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INTRODUCTION

1.0 – Overview of the Poultry Farming Industry in Nigeria

Poultry farming has existed since society began. The industry, like other branches of agriculture in Nigeria, forms the basis of our culture. It is a way of life. It started from the subsistence level where people reared birds for domestic purposes and over time, it developed into a means of earning an income.

In the 1950s, 1960s and 1970s, there were pockets of smallholder farmers, but today, it has rapidly evolved. Perhaps, not as advanced as the countries in the Western clime, but in Nigeria, there are more large-scale poultry farmers who, beyond chicken, are exploring rearing exotic birds like turkey, ostrich, and more. About 85 million Nigerians are into poultry farming, with a larger percentage operating on a small to medium scale.

At 21 billion eggs per annum, Nigeria is the biggest egg producer in Africa and the second largest in chicken production, totaling about 180 million birds. Irrespective of this, local production meets only 30% of the nation's need for eggs and meat. This is a great opportunity for more poultry farmers to enter the industry.

Before 2003, there was an onslaught on locally farmed poultry products in Nigeria. The Nigerian market was flooded with imported products and local farmers could not sell their products due to stiff competition from foreign brands. Many farmers went out of business. The Obasanjo administration salvaged the situation by banning the importation of poultry products to the country. With the ban in place, and the borders closed, consumers asked, **"Where are we going to get chicken?"**

Suddenly, the local farmers gained visibility and patronage; and the comatose state of poultry businesses in Nigeria turned around for good.



Local production meets only 30% of the nation's need for eggs and meat. This is a great opportunity for more poultry farmers to enter the industry.

There has been an agricultural revolution in the last 10 years, with subsistence poultry farmers expanding and commercializing their operations, translating poultry farming to a mainstream income; and not just for consumption or trials. Professionals are going into the field, and there is the emergence of semi-modern, and modern, or fully automated poultry farms. Individuals and eateries started consuming Nigerian poultry products.

Today, Nigeria's annual poultry production amounts to 650Mt (metric tons) of eggs and 300Mt of meat. Though the ban was not 100%, it enabled the growth of the poultry industry. A Central Bank of Nigeria (CBN) report claims that since 2003, the Nigerian poultry subsector is the most commercialized amongst all Nigerian agricultural subsectors, with a current net worth of N1.6 trillion. According to the report, poultry farming contributes over 25% of agriculture's GDP to Nigeria's economy.

The 70% deficit in poultry production and forecasted demand expected to be over 200 million birds each year leaves a production gap in the nation. In terms of weight, the demand for meats is 790,000Mt and 1,500,000Mt for eggs. Unfortunately, smugglers are exploiting the enormous demand gap. Over 1,200,000Mt of poultry meat is smuggled into the country from the Republic of Benin and surrounding borders. However, the negative health implications of consuming imported birds have also presented an opportunity for local farmers to carve a niche around fresh food. National stakeholders have to think about the future of poultry production and critical areas that can make Nigeria self-sufficient in meeting her local demand.



Production vs Demand for Poultry Egg and Meat in Nigeria

| Measure | Egg (MT) | Meat (MT) |
|------------|----------|-----------|
| Production | 650,000 | 300,000 |
| Demand | 790,000 | 1,500,000 |

Stats as at March 2022

Growth Trajectory

Globally, poultry production is expected to grow faster than the production of other meat products at 1.9% per annum down from 2.6% per annum in the last decade.

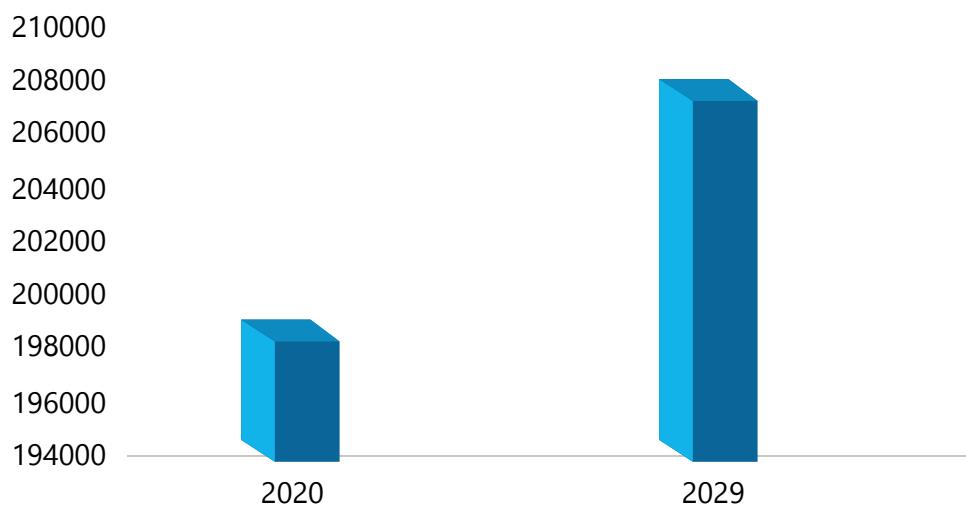
Among other protein meals, poultry is projected to account for 14% of Nigeria's meat consumption in 2029.

Data analyses by msmetoday.com show that in 2020, using an average international price of \$2,153 per tonne with an exchange rate of \$1 to ₦500, Nigeria spent ₦214.22 billion on poultry meat consumption in Nigeria as 199,000 tonnes of poultry meat were consumed.

Hence, there is a projected growth of 4.5%. Nigeria's consumption of poultry meat is expected to increase to 208,000 tonnes in 2029, which translates to ₦205.82 billion judging by a projected fall in the international poultry meat price from \$2,153 per tonne to \$1,979 at the same exchanges rate of \$1 to ₦500.

| Year | Tonnes of meat consumed |
|------|-------------------------|
| 2020 | 199000 |
| 2029 | 208000 |

Tonnes of Meat Consumed in 2020 vs Projected Tonnes in 2029



OECD-FAO agricultural outlook for 2020-2029 stated that the country's meat consumption is projected to increase from 1.25 million tonnes in 2020 to 1.49 million tonnes in 2029 out of which poultry meat consumption is to account for 13.99% in 2029, which also represents a decline of 1.98% when compared with share 15.93% in 2020.

About 85 million Nigerians are involved in poultry production and despite the increase in the number of MSMEs involved in the poultry value chain, and the government ban on the importation of frozen poultry products, Nigeria still spends \$3 billion annually on imported frozen poultry meat from other countries.

The effect of the COVID-19 pandemic coupled with the importation ban of maize and the increase in the prices of other grains which are major components of poultry feed, the prices of feed keep increasing and this, in turn, affects the prices of poultry products. These factors added to the illegal importation of frozen poultry products have been identified as some of the factors affecting the industry.

The table below shows the FAO statistics on Nigerian production of poultry egg and meat in metric tonnes between 2016 and 2020:

| Year | Egg (MT) | Meat (MT) |
|------|----------|-----------|
| 2016 | 650,000 | 240,123 |
| 2017 | 660,000 | 258,163 |
| 2018 | 640,000 | 264,322 |
| 2019 | 640,000 | 240,030 |
| 2020 | 646,667 | 238,250 |

FAO statistics on Nigerian production of poultry egg and meat in metric tonnes between 2016 and 2020



GETTING STARTED

2.0 – The Business of Poultry Farming

A poultry farming business focuses on raising domestic birds commercially for their eggs and meat. Such domestic birds include chickens, turkeys, ducks, geese, and guinea fowls. It is quite lucrative because of the demand for poultry as a source of protein and nutrients.

To set up a poultry farming business, you must understand its value chain. The value chain comprises all activities that bring the poultry product, from the input in rearing the birds, to the processing, packaging, distribution, and delivery to the consumer. In poultry farming, primary production stands out as the core of the value chain. Other areas are:

1. Feeds

Poultry feed is mostly grain. Some farmers focus on growing grain. It is a key part of the business' value chain.

2. Feed Milling

Feed millers compound the feed used in the farms. In Nigeria, some companies do this and supply it to the farmers. Companies like Top Feeds, Breedwell, Gardos, New Hope, and Ultima Feeds.

3. Medics

This has to do with the health of the poultry. Practicing veterinary medicine with a focus on poultry is an opportunity in the industry. Birds are susceptible to diseases like sudden death syndrome, rickets, ascites, and more, which can lead to farmers incurring huge losses. The services of veterinary doctors are important for formulating the right feeds and ensuring the birds' welfare.

4. Agro-Processing

As a poultry farmer, you may choose to produce only the broilers and then sell them to processors, who then process, package and supply the poultry to eateries, hotels, and schools. If your capital is sufficient, you can operate from production to processing, and market your products yourself. However, if you cannot produce the chickens, but you have the facilities to process them, you can go around farms, buy live chickens, process, package, and sell them.



**Poultry feed is mostly grain.
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business' value chain.**

You can also explore the organic production of broilers and eggs. This involves replacing the use of antibiotics for growth with probiotics. Probiotics are beneficial bacteria that prevent harmful microorganisms from growing in the digestive tract of chickens.

5. Logistics

Equally, you would need to invest in vaccinations to improve the immune system of your poultry birds against certain diseases. Vaccines are available for preventing Coccidiosis, E. Coli, Newcastle, Mareks Disease, Infectious Bronchitis (IB) and Infectious Bursal disease. Maintaining excellent sanitary conditions also keeps diseases far from your birds, thus limiting the use of antibiotics and other chemicals for treatments.

Poultry logistics is a critical aspect of the business' value chain because it entails moving live birds and consumables from Point A to B. Every person involved in poultry handling must be committed to the birds' welfare and ensure that they are not stressed in catching, loading, transporting, and off-loading them. It is a viable aspect of the value chain because stakeholders want guarantees that the poultry was well handled.

6. Marketing

Most farmers do not market their products. They wait for intermediaries to come to their farms to get their products. There is a tremendous opportunity to offer professional brand and marketing services to the industry. A major headache for most farmers is how to sell the products, especially during glut periods when everybody seems to have eggs and needs to sell.

7. Training and Consulting

This deals with capacity building through knowledge transference, as well as consulting on poultry management. From management skills for the business owner to farm operations, a successful farm needs experienced hands-on board, especially in times of crisis. Training and upskilling services fill the gap in areas where knowledge and information are lacking.

8. Farm Layout and Architecture

This is the aspect of constructing the farm layout and depends on the type of operation you want to run. Every poultry farm needs structure, however, farmers must consult with experts to determine what is best suited for their business.

9. Research and Data Analytics

People do not keep records that can constitute data for analysis, and there is no centralized way of collecting and analyzing industry-related information for farmers and stakeholders to make informed decisions. Researchers and statisticians can step in to bridge the gap in easily accessing industry-focused reports.

To play in the value chain, you need to identify a challenge and proffer a solution to it. Some people combine different aspects of the value chain, but you can also be a master of just one aspect of it. These segments are built around primary production. However, the following are steps to poultry production.

a. Decide on the Type of Bird You Will Raise

Among the variety of domestic birds that are reared for their eggs and meat, chicken is the most popular. Chicken still has its variety, layers, broilers, and cockerels. Therefore, the farmer must be clear about what type of birds he/she wants to raise.

b. Primary Production

This is producing chicken from the hatchery to eggs and meat production. The eggs are hatched in the hatchery and the poultry farmers come to pick the chicks at a day old. After they pick up the day-old chicks, they take them to the farms and raise them there. There are four stages.

- **Pre- arrival Activities**

At this stage, the farmer prepares for the arrival of birds from the hatchery. The birdhouse, cages or deep litter control houses, is prepared and cleaned; lighting, bedding, feeders and drinkers are kept in place, and the farmer creates a controlled temperature for the newly hatched chicks. This is because small chicks cannot withstand environmental temperatures. Naturally, their mother would have provided the heat, but in a commercial setting, there is no mother, so the farmer creates a controlled environment. Be certain of the quality of the chicks you buy from the hatchery. Try to determine the history of the parent stock, the chicken that laid them, and the history and reputation of the farm that sold them.

- **Brooding /Arrival Activities**

Brooding involves the activities you engage in on the arrival of the chicks from the hatchery, and it happens for the first 10 days of the chick's life. During this period, the chicks are in an environment with controlled temperature, and they eat a particular feed called 'Chick Mash'. Chick Mash is a high protein feed for early growth stages and is needed for quick growth. The chicks eat it for the first 1-4 weeks of life.

Some fast layers lay eggs as early as 16 weeks and some late layers could delay until 22 weeks. They become old layers after consistently laying eggs for 12 months



- **The Growing Stage**

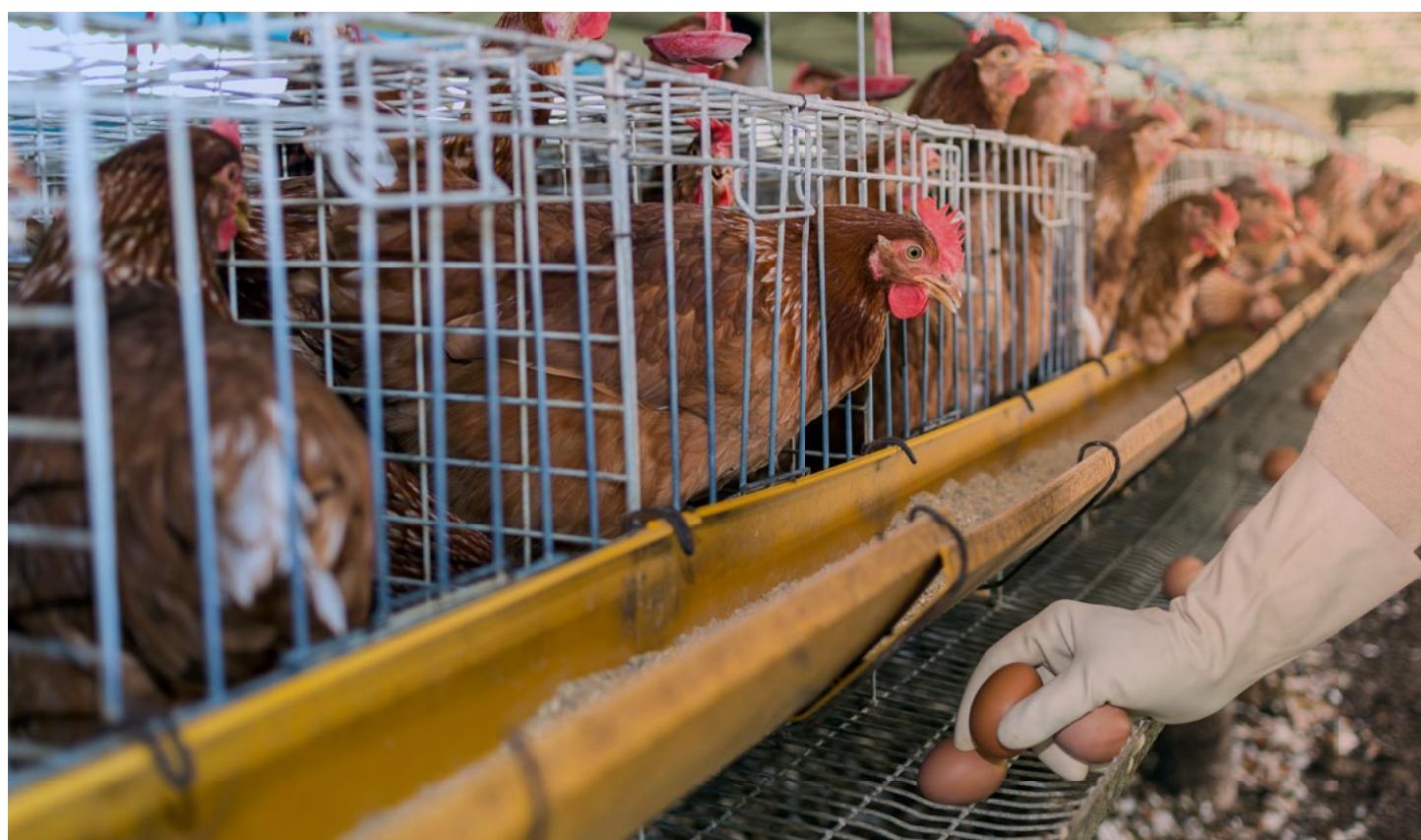
In weeks 1-4, the farmer nurtures the baby chicks. At this time, the chicks are vulnerable to diseases and should be vaccinated for coccidiosis if the hatchery failed to do that. Their feeds are also medicated to include prebiotics and probiotics for immune health. They need to feed on a protein-rich starter-grower feed high in vitamins and minerals to enhance their growth.

Weeks 5-15, this is the visible growth stage. Here, the birds are no longer chicks. During weeks 5 and 6, clear development takes place. By weeks 7-15, you can tell the gender differences in the birds. They have well-developed feathers and can withstand the environment and adjust to weather changes. The growing stage is the longest, however, the farmer continues to feed them on the high protein starter-grower feed. At weeks 16-18, the farmer looks out for the first egg. Egg production begins, so the farmer slowly switches from a high protein feed to a high calcium feed like 'Grower Mash'. This is a critical time because the chickens are supposed to attain a pre-determined weight, without which it will affect the egg-laying period. The vaccinations and ventilation must be right, and the birds must have good veterinary doctors check their internal organ development.

- **The Laying Stage**

Some fast layers lay eggs as early as 16 weeks and some late layers could delay until 22 weeks. They become old layers after consistently laying eggs for about 18 months and the frequency of egg-laying drops. They are spent layers. At this point, they can be sold for their meat.

The process is a little different for meat production, and farmers have various strategies and feed for growing poultry for meat production.



c. Meat Production

While layers are for egg production, broilers are used in meat production. First, you pick the broiler chicks from the hatchery, take them to the farm, and feed them. At the early stage, the chicks are fed starter mash or crumble. Within 6 to 7 weeks, the chickens should weigh about 2 kilograms. This depends on how well you take care of the birds, because if you do not feed and vaccinate them at the right time, they may not grow as expected. 2 kilograms is a good weight to harvest them. Broilers grow fast. Within the space of 7 – 8 weeks, you have well-grown mature birds you can slaughter and sell. In addition, you may want to process and package the chickens.

2.1 – Choosing the Right Location

Location is a key consideration when setting up a poultry farm. You either locate your farm close to the market or the source of your raw materials. It is advisable to locate your business nearer to the market because poultry is highly perishable. If the distance from the farm to the market is too much, you will lose your products during your commute, and discourage patronage. Having good access roads is also vital for easy reach for your suppliers and buyers.

You need to consider the prevailing weather condition of a place before you decide on a location. Is it suitable for birds? In the brooding stage, you put in a lot of effort to control the environment so that the birds grow well, otherwise, the chicks will die. A very hot weather condition may lead to heat stress, which will kill the birds.

Next is the cost of the location. Buying expensive property in an area like Banana Island in Ikoyi, Lagos, is not effective for poultry farming.

2.2 – Knowing Your Target Market

Farmers often make the mistake of assuming that there is a ready market for poultry because people eat eggs and meat daily. You may be shocked to discover that venturing into production without identifying and mapping out your target market may leave you stuck with your products. The following steps will help you identify your target market and have an endless flow of sales.

- **Know Your Production Capacity**

How much can you produce? Determining your production capacity is important so that you can direct your marketing efforts appropriately. If your capacity is large, then the mass market, industrial bakers, boarding schools, hotels, and restaurants might just be for you. They could order 500 – 1,000 crates of eggs per time to serve their customers.

- **Identify the Market Segment that Fits Your Production Capacity and offer to supply them with your Poultry products**

Approach customers that suit your target profile. Tell them you are starting a farm. Request to become their poultry supplier. You may want to approach these groups and sign a retainer with them. It is good to establish these relationships before you start producing.

- **Study Market Needs**

Another way to find your target market is to ask, «Who am I going to sell to?» People have diverse tastes, some prefer farm fresh eggs and homegrown chickens to packaged eggs and imported frozen chickens; and vice versa. While some people like to raise their chickens themselves from start to finish, others prefer to start with 4-week old chicks because they lack the knowledge or time, or simply do not want to face the risks. Who needs live birds? Perhaps caterers and large-scale food processors. Let the needs guide you to find your niche.

- **Determine the Purchasing Power of Your Target Market**

Demand is backed by the willingness and ability to pay, and this means that you must define the segment with the purchasing power to pay for your products. When you attract the segment with the right income and they grow to trust the quality of your products, and your service culture, they will refer you to customers like themselves.

Eggs have many high-end users and they could be in the open market. Marketing is critical for the success of the enterprise because if proper marketing is not done, the quality of the eggs falls and they get rotten. Farmers rarely retail eggs. Rather, they target distributors and middlemen who have been in the business for so long that they have a strong distribution network.

How to Define Your Niche

A niche market focuses your business on a specialized area and makes you a master of sorts in your industry. Rather than being a generalist in the marketplace, customers should know your brand for providing a unique solution to a particular audience segment with a defined problem. Some farmers try to deal in every part of the poultry farming value chain, but it is advisable to define the area you want to play in and position yourself as the specialist. How do you do this?

i. **Define Your Target Customer**

Who do you want to serve? What type of customers does your business want to attract? Draw up an ideal customer profile for your product or service offering. This is the first step to defining your niche to defining your niche.



Draw up an ideal customer profile for your product or service offering. This is the first step to defining your niche to defining your niche.

ii. Have an exclusive value proposition

Also known as a unique selling point (USP), your USP is your brand's edge, what differentiates you from your competitors, such as making customers buy from you. To carve a niche for yourself, identify your uniqueness in a world of homogenous goods, like eggs and chicken. Some people do this with their packaging, others may publicize the freshness of their products by telling the backstory of how the poultry was raised from the hatchery to the table, and for others, it could be their response time. Whatever it is, find your uniqueness and make it known to your market segment. Ensure your USP aligns with market needs.

You may choose to define your niche based on:

- **Price**

Will you position your goods as luxury products and thus price them above the going market rate? Or will you sell at discounted rates?

- **Processing and Packaging**

How you process and package your product can make a huge difference in your brand's positioning, consumer perception, and sales. Your processing determines the look, feel and taste of your product and makes your product stand out in the market. A brand may choose to process chicken into grilled spicy meat, using a blend of unique spices that becomes its trade secret and provides the flavor that attracts the customer. Next, is how it chooses to package the final product, perhaps in locally made woven baskets, or branded paper packs.

Packaging enables a brand to break through the clutter of multiple product variants offering similar value. Brands highlight features that make them better than others, on their packages. A chicken brand could use glossy graphics on its papers, nylons or buckets to define its brand image in the market. The same goes for egg crates. Your packaging should evolve to keep the consumer's needs in mind. Things like nutritional facts or information, ingredients used in production, the business' logo and address, and a picture of the product go a long way to defining your brand in a competitive market.

- **Psychographics**

Will you position your products based on interests and values? For instance, building a niche for health-conscious customers could involve positioning your brand around delivering freshly killed birds on order.

- **Geographics**

This is location-based positioning. You may choose to build your niche around the culture and history of a place. For instance, you may boast that location XYZ has a history of rearing healthy, tasty birds, rich in protein; and that is why your brand can be trusted.

2.3 – Equipment Required for a Poultry Farming Business

You must consider certain factors before you decide on what equipment your poultry farm will need.

- What aspect of production will you engage in?
- What is your estimated production capacity?
- How do you want to collect the bird waste?
- How seamlessly do you want to collect your eggs?
- How do you want to distribute the food and the water?

Below are some capital equipment required in Poultry Farming.

a. Shelter

The shelter you construct depends on the area of poultry you are venturing into and your production capacity. There are different battery cages. Some cages are automated for the feed to be evenly distributed.

For broilers, you may choose to opt for the free-range system and cut the cost of a cage, so you will raise your birds on the floor. This is cheaper because of the short cycle for raising broilers, which is 6-7 weeks. In the free-range system, place wood shavings on the floor to keep the birds warm and absorb their waste. You will also need a secluded area away from the major structure, in which to quarantine sick and infected birds, so whenever you identify such birds, you can immediately separate them to treat them in isolation.

Additionally, you need shelter for your staff so that the poultry are properly cared for, and the business operations go on seamlessly, a holding area to keep the eggs temporarily before off-takers come to take them; and then a store to keep the feed and farm tools.



b. Bird Drinker

This is for giving the birds drinking water. There are manual drinkers and automatic waterers. Automatic waterers ensure a continuous supply of water for the birds. The disadvantage of the manual drinker is this: should the birds finish the water and the drinkers are not refilled on time, the birds could get thirsty and this affects their growth.

c. Feeders

Feeders are for feeding the birds. You put the bird feed in them and the birds eat from it.

d. Water Tank

This is for storing a large volume of water for supplying the birds and keeping the facility clean.

e. Crates

For storing eggs, particularly in egg production.

f. Lighting System

This could be solar or hydro-powered lighting.

g. A Vehicle

You need some mobility for moving produce around the farm and sometimes, to the market.

h. A Pressure Washer

This is a piece of automated equipment for cleaning out the pen rather than using a broom and brush.

i. Cold Room

Slaughtered chickens spoil faster than beef. Therefore, chicken processors require cold rooms to keep their products fresh. Chickens may be stored whole or cut. Without getting them to the cold room early enough and storing them at the right temperature, microorganisms will deplete the quality of the meat, and this affects the safety of consumers and the farmer's profits. It is important to note that in storing chickens, they must not be packed too tightly such that air cannot pass through them. The chickens must also be stored in disinfected crates before placing them in cold storage, to avoid cross-contamination from the crates to the meat. In addition, the birds should not be directly exposed to the cold as this leads to freezer burn, and the product appearing old. The birds should not be at more than 40C when being kept in the cold room as this slows the cooling process and has repercussions. Aim to keep the temperature in the cold room constant.

Other items to consider in poultry production include a storeroom, shovel, wheelbarrow, brooms, brushes, footwear, and overalls.

2.4 – Registration, Regulatory and Licensing Requirements

The poultry business is easy to enter and exit, and can be done on a small scale from a private backyard. However, once it seeks to operate on a larger scale, there are certain registration and licensing requirements to meet.



a. Corporate Affairs Commission (CAC)

In Nigeria, registering with the Corporate Affairs Commission (CAC) is vital for doing business. You can either register yourself via [CAC website](#) or contact the service of a lawyer to do so on your behalf. Please see details of how to register in the Appendix.

a. The Nigerian Institute of Animal Science (NIAS):

This institution regulates everything about animal husbandry in Nigeria. According to its regulations, any individual or organization that decides to engage in animal science practice must have a Registered Animal Scientist (RAS) on its team. The animal scientist must possess an annual practicing license that is renewable annually. The guidelines for becoming a member of NIAS include:

- A bachelor's degree in any animal science discipline
- Completing the RAS application form downloaded from nias.gov.ng/membership-forms/
- Membership of the Animal Science Association of Nigeria (ASAN). If you are not yet a member of this association, a bank teller showcasing N15,000 payment to ASAN bank account- 0009669667 (GTB) must be attached to your membership form
- Attaching your bachelor's degree transcripts, three passport photographs, marriage certificate, and/or change of name certificate
- Evidence of membership application fee payment. Payment can be made by:
 - Visiting any bank to pay the Federal Government Agency (Nigeria Institute of Animal Science) directly
 - Collecting payment details from NIAS office, Abuja, and depositing in the bank details provided
 - Remita (pay a Federal Government- Nigerian Institute of Animal Science)
- Submitting completed application and documents physically or by mail to "Plot 1882, Cadastral Zone C13, Okanje District, Kabusa, Abuja. P. O. Box 15656, Wuse Abuja, FCT, Abuja."

If you produce over 1000 animals, you should have a veterinary doctor onboard your team.

c. Government Levies

LASEPA assesses the poultry business's environment. They also charge a levy of ₦12,000.

d. NAFDAC Registration

Businesses that brand and package their products must register with NAFDAC to check that the product has good safety practices and the product is good for consumption. Eggs have a shelf life of 3 weeks from when they are laid. Producers must specify their expiration dates on the package.

e. The Poultry Association of Nigeria

Becoming a member of this association is not mandatory but has several membership benefits that include access to industry information, access to government help, a good network, and opportunities to address issues and draw the attention of stakeholders through joint advocacy.

- e. There is also the Interstate Poultry Farmers' Association.

f. Taxes

Farmers are exempted from paying Value Added Tax (VAT) and minimum Companies Income Tax. The minimum corporate income tax is 20% for medium organizations, and 30% for large ones. Also, VAT and import duty tariffs are waived for agri-businesses buying and/or importing equipment for agricultural production and processing. If your business is focused on exporting agricultural produce, you are exempt from paying taxes on your profits. However, there is a caveat that the profits must be used for procuring raw materials and equipment for the business. The Nigerian government incentivized investment in the agricultural sector with tax exemption.

2.5 – Financials

Business' financials tell the story of the business in figures. It shows inflows and outflows, assets and liabilities, and it foretells the future of the organization. The farmer must be disciplined with his finances and keep records, which are beneficial for accessing partnerships, investments, and funding.

Book Keeping and Records

A poultry business can be demanding, and keeping financial records is important to track cash inflow, outflow, revenues, and profit. Records help to keep your business organized and meet its private obligations, like paying salaries, and public obligations like pensions. Unfortunately, many farmers do not keep records and do not separate the business' finances from their finances. This makes auditing difficult and limits the expansion of farm operations. As a business grows in its operations, it would have to automate its records using software for its entries. Below are some records that a poultry farmer should keep.

a. Inventory

This involves taking stock of everything you bring to the farm, from the number of chicks from the hatchery to the number of bags of feed you buy, to the eggs that are laid by the birds. Everything must go in the book.

b. Daily Expenses Records

Document and track your expenses. This enables you to determine your costs and profits. Undocumented expenses are often forgotten.

c. Sales Records

Record your sales in your sales records. It enables you to understand the trajectory of your sales better, down to your customers, frequency of patronage, and your peak sales period. Ultimately, your sales records enable your decision-making process.

d. Daily Record of Eggs Picked

Eggs are major produce of farmers and should have their record. Usually, farmers pick eggs daily, sometimes twice or thrice a day. In the records, note the number of eggs picked per cage.

e. Production Records

On each day, if you have a mortality, you need to record it in the book, so that at the end of the production cycle you know how many losses you incurred. It will aid your planning. To know the cost, if the percentage is higher than necessary, ask yourself the question, «Why this level of mortality?» Under normal circumstances, mortality should not surpass 6% or 6.5%. If it does, raise an eyebrow. What could have gone wrong? You should also track vaccinations in this book, so it paints a clear picture of your birds' health history.

f. Cash Book

You may need to employ the services of an accountant to produce a balance sheet for your business, or better still, use an excel sheet or software to track your cash inflow and outflow. Ultimately, you should have a record that enables the auditing of your business.

Required Costs for Setting Up Your Poultry Farming Business

The startup capital you need for your business will depend on your projected production capacity and the focus area. The amount of money needed for a 5,000-capacity bird farm differs from one with 15,000 birds. This will affect the structure of your cages, drinkers and feeders. The larger the scale, the more automated the equipment.

**Record your sales in your sales records.
It enables you to understand the trajectory of your sales better, down to your customers, frequency of patronage, and your peak sales period.**



Please see below startup cost for different aspects of the value chain:

Broiler Production

| S/N | Description | Cost (₦) Low Estimate | Cost (₦) High Estimate |
|--------------|---|-----------------------|------------------------|
| 1 | Rent | 350,000 | 2,000,000 |
| 2 | Construction of poultry | 300,000 | 800,000 |
| 3 | Farming Equipment (Feeders, drinkers etc) | 50,000 | 700,000 |
| 4 | Day Old Chicks (1500 @ ₦400 or ₦650) | 600,000 | 975,000 |
| 5 | Feed | 750,000 | 1,200,000 |
| 6 | Drugs | 750,000 | 1,000,000 |
| 7 | Salaries for 1 farm Manager and 2 Farm Hands (@ ₦60,000 and ₦30,000 or ₦80,000 and ₦40,000 respectively for 6 months) | 540,000 | 720,000 |
| Total | | 3,340,000 | 7,395,000 |

Cost as at March 2022

Egg Production

| S/N | Description | Cost (₦) Low Estimate | Cost (₦) High Estimate |
|--------------|---|-----------------------|------------------------|
| 1 | Rent of facility | 350,000 | 2,000,000 |
| 2 | Point of Lay Chickens (500 @ ₦2,500 or ₦3,000) | 1,250,000 | 1,500,000 |
| 3 | Crates, egg scale, feeders, drinkers and other farm equipment | 300,000 | 700,000 |
| 4 | 5 units of Battery Cage (100 birds per cage) | 450,000 | 500,000 |
| 5 | Poultry house construction | 500,000 | 1,500,000 |
| 6 | Feed for 18 months | 5,000,000 | 6,500,000 |
| 7 | Drugs | 750,000 | 1,000,000 |
| 8 | Salaries for 1 farm Manager and 2 Farm Hands (@ ₦60,000 and ₦30,000 or ₦80,000 and ₦40,000 respectively for 6 months) | 540,000 | 720,000 |
| Total | | 9,140,000 | 14,420,000 |

Cost as at March 2022

Meat processing and packaging

| S/N | Description | Estimated Cost (₦) |
|--------------|--|--------------------|
| 1 | Rent | 350,000 |
| 2 | Cold Room Facility | 5,000,000 |
| 3 | 100kva standby generator | 8,000,000 |
| 4 | Equipment: Defeather, cutters, knives, scales, sealing machine, bowls, basins, tables etc) | 1,000,000 |
| 5 | Recurring cost (Diesel, polythene bags for packaging for 6 months) | 1,800,000 |
| 6 | Salaries for at least 2 staff to help in all the process @ N50,000 monthly for 6 months) | 600,000 |
| Total | | 16,750,000 |

Cost as at March 2022

2.6 – Insurance

Birds are susceptible to harsh weather conditions, flu, diseases, contaminated food and many other factors that can or cannot be controlled. Therefore, it is important to insure your birds against unforeseen tragedies. Insurance companies offer different packages for poultry farming. Depending on your budget and farm value, it is pertinent to carefully research these companies, their packages, and policies. Information acquired from your research will guide you in choosing an insurance package that best suits your needs.



SETTING UP AND MANAGING YOUR POULTRY FARMING BUSINESS

3.0 – Tips to Managing Your Poultry Farming Business

Management entails leadership, planning, resource control, staffing, and organization. These competencies are necessary for running a successful poultry farming business. You must be clear about your vision and have a strategy for executing it. Working with partners is critical for sourcing point of lay chicks, the right vaccinations and for setting up the farm's systems and structure, including recruitment. To effectively manage a poultry business, certain steps are recommended:

- Start small
- Secure a market before you produce
- Understand the business dynamics
- Invest in knowledge
- Leverage and invest in other people's expertise
- Do not locate your farm in a densely populated area because of environmental factors. Go to the outskirts of the city

Below are some key management areas for building a thriving business.

3.1 – Know the Right Advertising Tools to Use

There are several advertising channels in the poultry industry. However, start by listing companies that use your products and come up with a good number. This is a good place to get an idea of where to begin with your marketing strategy.

- **Face-to-Face Approach**

Identify potential customers, industrial users and retail shop owners and approach them to inform them about your products. As a primary producer, target people who will either resell or use in large quantities like depot owners.

- **Social Media**

Today, digital media plays a huge role in large-scale marketing and retail sales. You can pay for adverts on Facebook, Instagram, and share your banners on WhatsApp groups to sell to customers beyond your physical location.

- Banners and Posters**

To create awareness in your locality, you may place banners in strategic locations to inform people you are open for business and share information on how to access your products.

- Word of Mouth**

As old as time and most effective, word of mouth works well. This is because your brand will be referred mostly by satisfied customers. Through their reviews, your prospective customers get to trust and do business with you.

An interesting aspect of the poultry farming business in Nigeria is that the demand far outstrips the supply, so there isn't much advertising to be done because advertising without adequate capacity may attract a stream of customers to your business. If you lack the supply to meet the demand, it will give your brand a bad name.



An interesting aspect of the poultry farming business in Nigeria is that the demand far outstrips the supply

Major brands in the Nigerian market like Zartech, the biggest processor of chicken in Nigeria today, processing about 40,000 to 50,000 birds daily, CHI which processes about 30,000 to 35,000 birds per day and Globus Resources, producing 20,000 to 25,000 birds per day do not engage in major advertising because Nigeria is still under-producing poultry. Therefore, poultry businesses do not need so much awareness because they only meet 30% of the nation's demand for poultry.

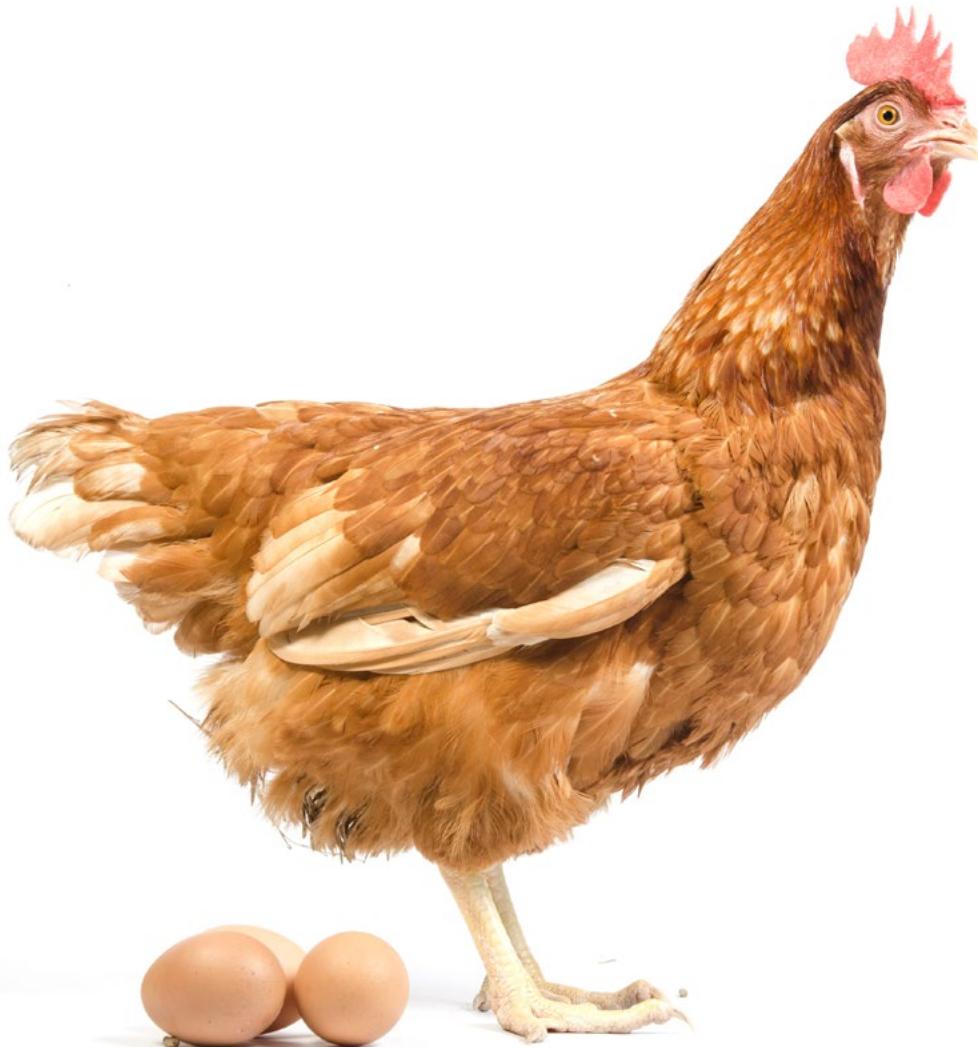
For the poultry birds, most of the time the farmers do not do their homework because unlike egg production, they have to go out and look for customers before their birds mature. Unfortunately, some farmers look for customers when their birds are already mature, while other farmers may have already approached the customers before their birds matured. To remain competitive and sell off the birds quickly, they reduce their prices. Hence, you must find your customers before you start production.

3.2 – Set Good Prices for Your Products

Eggs are in three sizes, small, medium and large. Therefore, their prices differ according to size. However, as at the time of this report, the farm price for a crate of eggs ranges between ₦1350 to ₦1500 per crate. Whatever stock you are producing, you should be able to make a good return on your investment.

For those dealing in day-old chicks (DOCs), prices fluctuate. However, current prices are within the range of ₦220 – ₦420 depending on the market demand. At the time of the interview, pullets cost ₦340 and broilers, ₦350.

For the birds, apart from selling off live birds, you may choose to kill and process them. If so, ensure that you properly package your processed products. If your packaging does not look nice, you cannot put a favorable price tag on your products. Properly prepare and process your birds.



When brooding birds, if after having agreed with your buyers, things change and the prices of raw materials like feed and vaccines increase, your production costs become higher than you had initially expected. So from the beginning, plan for contingencies. 20% of the total cost is recommended. In setting pricing live birds, consumers consider both weight and size. The price in the market is not regulated but the average going rate enables you to set your prices in a competitive market.

The live weight of the broiler chicken goes for N900. Processors sell at ₦1,400 per package to the hotels and eateries. However, there are derivatives that they sell and make a good profit from. Right now, a kilo of the gizzard is ₦1,700; then there's the head and feet of the chicken which sell at ₦500 per kilo. Some consumers purchase solely the head and feet, often called H&F. This is why the processors make extra money and increase their profits.

3.3 – Get the Right Manpower for Your Business

Finding the right workers to handle job functions on your farm is a crucial aspect of business management. A poultry farm needs people in the following positions and these make up the organogram.

- **CEO/MD**

This is the role with the oversight function of the entire business and every other position

- **Accountant**

The accountant manages the financial records of the organization, ensuring that cash flow is documented.

- **Farm Manager**

The farm manager oversees the farm operation, equipment maintenance, caring for the birds, tracking the period for their vaccinations, feeding and general wellbeing.

- **Supervisors**

A supervisor monitors the bird attendants to ensure that they keep to feeding roosters and adequate portions of bird feed and water for the birds.

- **Storekeeper**

A secondary school leaver can fill this role. It involves keeping record of the use of feed and other stock on the farm.

- **Bird Attendants**

Bird attendants feed and water the birds, and pick the eggs the chickens have laid.



Depending on the farm size, there may be a resident veterinary doctor who watches the birds' health. Smaller farm operations can opt for a consultant that comes on routine visits to check on the birds and ensure optimal production.

- **Sales Executive**

This role handles all sales and marketing related functions.

- **Security Personnel**

They keep the poultry, equipment and facility safe from threats, danger and thieves.

- **Veterinary Doctor**

Depending on the farm size, there may be a resident veterinary doctor who watches the birds' health. Smaller farm operations can opt for a consultant that comes on routine visits to check on the birds and ensure optimal production.

The organogram of every poultry farm is dynamic and depends on the peculiar structure and capacity of the busiThe organogram of every poultry farm is dynamic and depends on the peculiar structure and capacity of the business. Staffing can be lean or broad, hinged on the scale of the organization. However, try to recruit experienced workers who have seen rough situations on a farm and have handled crises before. These hands will be beneficial to you in challenging times.

3.4 – Challenges involved in the Poultry Farming Business

Every venture has a risk element. Egg production can be risky with the eventualities that could come up. That is why a poultry farmer should know where his point of lay comes from and how the brooding was done, to increase the probability of the bird doing well. If not, it could cost the business.

a. **Fundraising:** This is a major challenge for poultry farmers. Nobody wants to give a poultry farmer money because it is viewed as a high risk. Banks should structure loans to suit the business because birds have to run their natural cycle. For example, if a farmer who wants to raise layers is given a moratorium in the first six months with an interest,

the birds will not lay eggs within the first four to six months of their lives. However, the financial institution expects the farmer to have started paying interest from the inception of the loan. The farmer soon runs into problems with the facility.

- a. **Staffing:** This can be very challenging because these days, people do not want to work on farms. Finding good, honest employees is quite difficult and there is a high level of pilfering from the business among employees. There is a lack of management skills and experienced hands for employment.
- b. **Diseases:** The threat of diseases among poultry is high and farmers must work to mitigate bird mortality.
- c. **Quality Farm Input:** Getting quality farm input is difficult, because locally made equipment are not durable; and imported ones are expensive.
- e. **High and Fluctuating Costs of Feed:** The price of feed is rarely stable. In the last three years, the price of feed in the market has increased by 100%. It has been rising. For example, in 2018, layers mash was going for ₦2,950, today it is ₦5,800 – ₦6,200 per bag.





EXPANDING YOUR POULTRY FARMING BUSINESS

4.0 – Expansion Strategies for Your Poultry Farming Business

Business expansion could be in terms of growing your farm's production capacity, diversifying complementary activities or increasing market share and profitability.

Factors that Trigger Business Expansion

- **Increased Market Demand**

A poultry business can increase its market share by increasing the demand for its products. This may happen through adding distinct value to its products and services or churning out innovative offers.

- **Operating Further on the Value Chain**

Starting in one aspect of the business' value chain, a company may discover a gap in another area of the business, like logistics or processing, and decide to offer a solution to the market. This may lead to a larger volume of business.

- **Access to Working Capital**

Working capital is often a challenge for small businesses that want to scale. If a business can access working capital, then it can afford new, better, automated technology; be more efficient and produce on a larger scale. Attracting investors and partners is one way by which a business may expand its operations and revenues.

- **Collaborations and Partnerships**

Companies grow big through mergers and acquisitions, and leverage partnerships to grow the business. Some franchises offer an entire business system to buyers. Expansion takes place by this common means.





4.1 – Additional Products/Service Offerings to Consider for Your Poultry Farming Business

- **Waste Management**

Poultry generates a lot of waste that can be used for agro-industrial purposes. It can be used in feed production for livestock, energy generation, manure, and more. These critical aspects have not been fully explored in this part of the world.

- **Processing Eggs**

Some segment of the poultry business is doing some work in processing chickens. However, eggs can be processed into other things like egg powder used in industrial production. In Nigeria, the major consumers of egg powder like Nestle and Cadbury would rather import from their parent countries and this led to the closure of a few companies that ventured into egg powder production, due to low patronage. The government needs to draw up policies that encourage local production, like backward integration and local content laws.

- **Hatcheries and Feed Mills**

There are very few hatcheries and feed mills in the poultry industry. People avoid them because of the technicality and specialized skill associated with successfully operating them. To do them you must have the financial capacity, the know-how, equipment, and facility.

- **Supply of Raw Materials**

Many business owners have to travel long distances and network-wide to purchase raw materials used in production. Often, they have to travel to Zaria and Plateau for maize, and Kogi or Edo for limestone. This requires finding the supplier and arranging your logistics to transport the product to your location. This is a huge vacuum and is the reason for scarcity. On the flip side, it can be lucrative if explored.

- **Furniture and Interior Décor**

Furniture makers use bird feathers in making cushions, pillows and centerpieces. Eggshells are great for mosaic art. These areas can be explored in the industry.



4.2 – Some Funding Opportunities Available to Startups in the Industry as of March 2022

1. Tony Elumelu Entrepreneurship Programme - <https://tefconnect.com/>

Launched in 2015, this programme sponsored by Tony Elumelu, the CEO of Heirs Holding, empowers young African entrepreneurs annually.

Eligibility Criteria

- You must be a resident of any of the 54 African countries and be legally accepted to work in the country you are applying from which must be African.
- Your business must not be older than 3 years.
- You must have a profitable business idea.

2. Lagos State Employment Trust Fund - <https://lsetf.ng/>

This is an initiative of the Lagos State government to financially empower entrepreneurs in Lagos and provide employment for the residents of Lagos.

Eligibility Criteria

- You must be between the ages 18 and 35
- Your business must be in any of these sectors: health care, entertainment, hospitality and tourism, manufacturing and fashion designing, and construction.

3. Bank of Industry (BOI)

This is an initiative by the federal government to financially empower small and large business enterprises to grow. BOI offers loans to interested enterprise owners. To access these loans, you need to visit the nearest BOI offices.

Eligibility Criteria

- Your business must be in Nigeria and must be registered.
- Profitable business idea should be submitted.
- You must be the right age to apply.

4. YouWin Connect Nigeria - <https://apply.youwin.org.ng/>

YouWin provides funding for young Nigerian entrepreneurs who lack funds to start up a business while also connecting them with industry experts to scale their ideas to profitable businesses. Participants of this programme compete to get the grant.

Eligibility Criteria

- You must be a Nigerian between the ages of 18 and 40 years.
- Your business must be located in Nigeria.
- You must be a graduate of a higher institution.
- You must not be a civil servant.

5. Global Innovation Fund

Global Innovation Fund supports African entrepreneurs with innovative business ideas.

Eligibility Criteria

- You must be a citizen of the African country you reside (applies to Nigerians)
- You must be 18 and above
- You must have outstanding business ideas

6. Leventis Foundation Agricultural Training Programme

This funding programme is targeted at providing financial, physical, and mental support to farmers in Nigeria to boost the sector and the economy at large.

Eligibility Criteria

- You must be physically fit and fall between the age range 18 to 40 years.
- You must be literate with a solid background in farming.

7. Aspiring Entrepreneurs Programme (AEP) Digital by FATE Foundation and Meta

AEP Digital is sponsored by Meta and in collaboration with FATE Foundation that manage the programme, aspiring entrepreneurs are enrolled into a 6-week training programmes where they will be supported with the necessary skills to start their businesses and build sustainable and profitable businesses. After the programmes, participants compete in a business pitch where the top 3 participant are seated to be awarded grants.

Eligibility Criteria

- You must be a Nigerian youths
- You must have a certificate or statement of result from an accredited tertiary institution
- You must also submit your Resume/CV and birth certificate

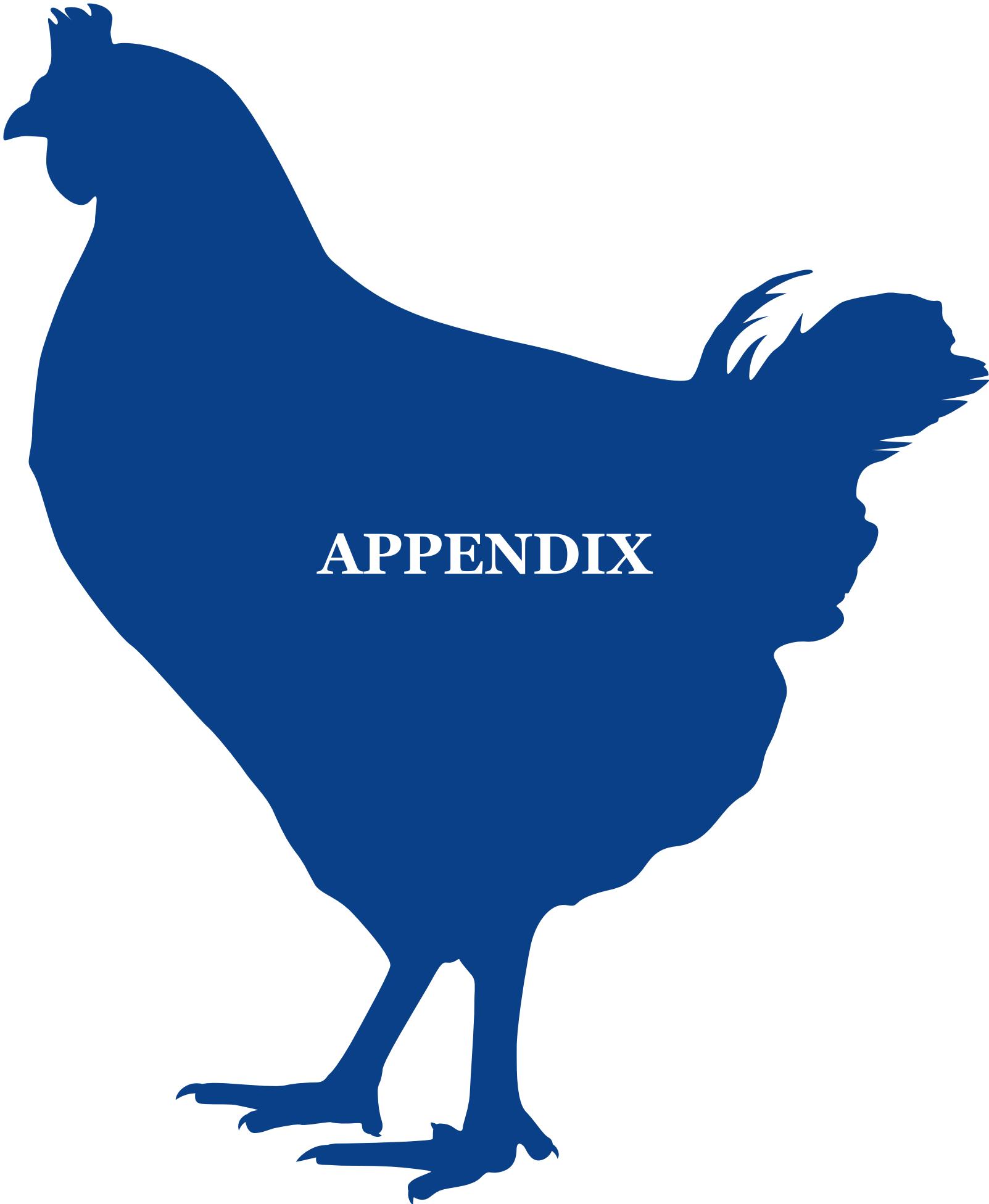
8. Orange Corners Nigeria (OCN)

OCN is a free 6-month incubation programme by the Kingdom of the Netherlands in collaboration with FATE Foundation. It is designed to help youth develop their business concept and become successful entrepreneurs, by providing them with the necessary opportunities, skills and access to markets.

Eligibility Criteria

- You must be an aspiring entrepreneur from Lagos, Nigeria
- You must between 18-35 years old
- You must have a validated innovative business concept, not more than 2 years old
- Your product or service must respond to a local challenge in Nigeria
- Your product or service must relate to the Sustainable Development Goals

Note: These Opportunities are also available to migrants



APPENDIX

WORKBOOK

Self-Assessment

The Business of Poultry Farming in Nigeria

1. What are the steps involved in poultry production?

2. Discuss the value chain for poultry farming.

Self-Assessment

Choosing the Right Location

1. Why is it advisable to consider the following in locating your poultry farm?

- a. Nearness to Market

- b. Closeness to raw materials

- c. Weather conditions

Self-Assessment

Knowing Your Target Market

1. List 4 steps that will enable you to identify your target market

2. How can you define your Niche?

Self-Assessment

Equipment Required for A Poultry Farming Business

1. What are the uses of the following equipment on a poultry farm?

a. Feeder

b. Pressure washer

c. Bird Drinker

Self-Assessment

Registration, Regulatory and Licensing Requirements

1. List four regulatory and financing agencies in the poultry farming industry

Self-Assessment

Financials

1. Why is it important that a poultry farmer be disciplined with his financial records? And what kind of records should a poultry farmer keep?

2. What is the low estimate cost for starting a Broiler Production Poultry?

3. What is the estimated cost for starting a meat processing and packaging business?

Self-Assessment

Tips to Managing Your Poultry Farming Business

1. What does management entail?

2. What is the role of 'Word of Mouth' in advertising?

3. What is the recommended percentage of costs in planning for contingencies in pricing?

4. List 5 challenges encountered in running a poultry farm.

Self-Assessment

Expansion Strategies for Your Poultry Business

1. List the factors that trigger business expansion.

Additional Products/Service Offering to Consider for Your Poultry Business

1. What unexplored areas of poultry farming can a farmer venture into?

Self-Assessment

Funding Opportunities Available to Startups in the Industry as of March 2022

1. List three Funding Opportunities Available to Startups?

GLOSSARY OF TERMS

Glossary of Terms

| TERM | DESCRIPTION |
|-----------------------|---|
| Advertise | Marketing promotion to sell products and services |
| Administrative | Relating to running an organization or business |
| Automate | To make automatic |
| Analytics | Information that comes from the systemic investigation of data |
| Architecture | The art of designing and constructing buildings |
| Brood | Large outdoor board for displaying adverts |
| Capital | Wealth as money or other assets owned by a person or organization or available for a purpose, such as starting a company or investing |
| Capacity | The ability or volume of a person or object |
| Commercialize | Difficult and inefficient |
| Eatery | The quantity of mass per unit volume of a substance |
| Environmental | Related to the surroundings or conditions in which a person, animal, or plant lives or operates. |
| Exotic | Striking, out of the ordinary |
| Feed mill | A structure in which animal feed are prepared |
| Furniture | The movable articles that are used to make a room or building suitable for living or working in like chairs, tables or desks |
| Glut | Abundant or excessive supply of something |

Glossary of Terms

| TERM | DESCRIPTION |
|--------------------|---|
| Generalist | A person competent in several fields and activities |
| Hatchery | A structure in which poultry eggs are artificially controlled and hatched |
| Importation | Bringing in goods from one country to another for sale |
| Income | Money received on a regular basis |
| Licence | A permit from an authority to own or use something |
| Logistics | The act of organizing movement or transport |
| Mash | Soft mass made by crushing a substance into pulp |
| Manpower | The number of people working or available for work |
| Moratorium | A legal authorization to debtors to postpone payment |
| Marketing | To promote and sell products and services |
| Niche | A specialised segment of the market for a particular product or service. |
| Off-taker | A person who purchases goods within a period |
| Onslaught | A fierce or destructive attack |
| Organogram | Organizational chart showing human resource roles |
| Patronage | Support given to a business by customers |
| Perishable | Food likely to decay or go bad quickly |

Glossary of Terms

| TERM | DESCRIPTION |
|--------------------|--|
| Referral | The act of directing someone to another for help or patronage |
| Resources | Assets an organization needs to function effectively |
| Stakeholder | A part of a group without whose support an organisation will cease to exist |
| Startup | A new business |
| Specialist | A person who is highly skilled in a particular subject |
| Smallholder | Farmers who farm on a small scale |
| Subsistence | Self-support at a minimal level |
| Target | An aim at which efforts are directed |
| Technology | Scientific knowledge and equipment produced as a result of it |
| Ton | A unit of weight equal to 1,000kg |
| Vaccination | Treatment with a vaccine to produce immunity against a disease |
| Value chain | A process of activities by which value is created |
| Venture | Business, Project or Initiative |
| Veterinary | Relating to the diseases, injuries, and treatment of farm and domestic animals |

Detailed Steps to Register with Corporate Affairs Commission (CAC)

You need to register your business name with CAC. Before you adopt a business vehicle e.g. Business Name or Limited Liability, ensure you understand the tax implications and filing requirements for both before you make a selection. To register a business name in Nigeria, take the following steps:

STEP 1: Choose and reserve a name

Decide on what name to use to register your business then visit the Corporate Affairs Commission (CAC) website <https://services.cac.gov.ng/> to conduct a public search in the CAC database to be sure that your intended name is not in use nor is there a similar name existing. If the name is available, click on **New Name Reservation**, fill the necessary column, pay the necessary fee and wait for 24hrs for a response from CAC officials. If successful, ensure to print out the "**Approval note**". CAC will reserve the name for 60 days. During this period, it is expected that you will complete the registration process for your business.

STEP 2: Complete the Business Name Registration Forms

As with step 1 above, this can also be completed online. The information required to be completed includes:

1. Approved name of the business
2. General nature of the business
3. Address of the business
4. Name, address, occupation and other details of the proprietors of the business
5. Signature of the proprietors

STEP 3: Payment of CAC filing fees

The payment of the fees can be done online or in a bank. The CAC official filing fee for the registration of a business name in Nigeria is N10,000 (Ten Thousand Naira Only). However, where the applicant engages an accredited agent, the agent will also charge a professional fee for the services.

STEP 4: Submission of forms

Once the payment has been approved, you may then submit the forms online, CAC will review your documentation and if all is in order, you will be notified that your application has been approved, and your Business Name Certificate is ready for collection. The entire process should ideally take about 1 to 2 weeks, depending on the workload at the CAC office at the time.

To register a Limited Liability, the steps are a bit different:

STEP 1: Choose and reserve a Name

Same process as above

STEP 2: Register the details of the shareholders:

Under Nigerian law, a private company must have a minimum of 2 members, and can only have a maximum of 50 members. The founding members must not be – under the age of 18 years old (unless at least 2 other members are over the age of 18), of unsound mind, an undischarged bankrupt, or disqualified by CAMA from being a director.

The information that you will need to present includes:

- The name of the shareholders,
- Residential address,
- Occupation,
- Email address and mobile phone number.
- You will also need to provide a recognized identity document e.g., international passport, driver's license, national identity card etc.

STEP 3: Prepare the documentation

The documents required for the registration of a company include:

- Memorandum and Articles of Association
- Notice of registered address of the business
- List, particulars, and consent of the first directors of the company
- Statement of compliance by legal practitioner

Under the new CAC process, individuals can get all the required documentation from the CAC portal. However, please note that concerning the Memorandum of Association and Articles of Association, the CAC portal only provides templates, and therefore if your line of business requires special documentation, you should consider getting these drafted professionally by a lawyer.

STEP 4: Payment, submission and pick up

Once you make the relevant payments online (the amount depends on the share capital of your company), you can upload all the documents to finalize your submission. After submission, the CAC will contact you if there are any queries. If there are no queries, the CAC will inform you once the registration is complete, and then you can go to their office to pick up your certificate of incorporation.

Credits

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- Oluchi Johnson-Achibiri – Digital Product Manager, FATE Foundation
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- Ahmed Alli - Chief Executive Officer (CEO), Mayor Farms
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Book Design

Wise Conceptz Digital

Book Editor

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