

# Catalyzing an Inclusive Supply Chain for Commercial Production of Indigenous Chickens among Smallholders and Agri-SMEs: A case study of SPRODETA agribusiness in Malawi


**Vincent Eliya**

Learning and Communications Specialist  
CASA Malawi

February 2025





The background of the page is a photograph of a brown chicken in a wire cage. On the left side, there is a vertical decorative pattern of stylized leaves or feathers in a light beige color. A teal-colored text box is positioned on the right side of the page, containing the following text:

The poultry sector in Malawi has experienced significant growth in investment and the mushrooming of different-sized businesses across the value chain, especially towards commercial production of hybrid chickens. However, big companies have dominated the production of hybrid chickens, creating stiff competition for resource-constrained small-scale producers. Many smallholders and agri-SMEs involved in the production of broilers or layers are on the verge of being pushed out of business. Amid these circumstances, the production of indigenous and dual-purpose chickens has emerged as a new profitable business opportunity for small-scale producers. Currently, there is limited participation of big companies in the business, offering an opportunity for small-scale producers to establish themselves and grow on the market. This is encouraged by the upward trend in the demand for indigenous and dual-purpose chickens as depicted by their growing presence in supermarkets, hotels, and restaurants. SPRODETA Agribusiness, an agri-SME based in Mzuzu City, has pounced on this market opportunity and is setting up an inclusive supply chain for indigenous/dual-purpose chicken production, an initiative expected to promote investment for the agri-SME, and enhance market linkages and food security for the involved smallholder farmers.

## ABOUT THE CASE STUDY

SPRODETA Agribusiness is an inspirational and insightful case that highlights how the agri-SME is building a sustainable supply chain around smallholder farmers through an out-grower scheme to exploit commercial opportunities on the indigenous chicken market and other farm products to the benefit of both the company and the smallholder farmers. As a company that seeks to attract commercial investment into this business, it has already invested in human resources, infrastructure development, partnerships, and farmers' structures and capacitation to make the business attractive and less risky for third-party investment. SPRODETA Agribusiness, as a commercial arm of SPRODETA NGO, demonstrates the feasibility of embedding commercial activities within the operations of NGOs. Therefore, this case is a learning opportunity for local NGOs interested in exploiting commercial opportunities in agribusiness and for development partners to get insights regarding alternative approaches to support which may be more sustainable and result in organic growth in programmes oriented towards market systems development. The case study has captured insights from SPRODETA Agribusiness, Chiipeleka Cooperative management, and in-depth experiences of selected smallholder farmers from the cooperative.

## SPRODETA AGRIBUSINESS IN CONTEXT

SPRODETA Agribusiness was registered in 2020 as a private company mandated to bring on board a commercial aspect within SPRODETA NGO activities by undertaking commercial investments towards product aggregation, marketing, and most importantly, investment in value addition for improved incomes for smallholder producers. While the activities of SPRODETA Agribusiness and the NGO are independent of each other, they do leverage their synergies. For instance, the agribusiness arm utilizes the structures and foundation that were established by the NGO, such as already organised and trained farmers, while the company offers a reliable marketing avenue for the products promoted by the NGO.

The company offers a range of services that are designed to improve productivity and promote agricultural commercialization among the targeted smallholder farmers. The services include extension services, input loans, off-taking of agro commodities, business management training, value addition and selling of farm produce to consumers, both households and companies.



**SPRODETA Agribusiness Centre at Ekwendeni, the new premises for the company**  
*Photo Credit: CASA Malawi*



Over the last few years, the company has made significant progress in the business and is currently establishing a robust supply chain to exploit commercial opportunities in the production of indigenous/dual purpose chickens, exploiting new business opportunities. Testimonials from farmers suggest that SPRODETA Agribusiness is an established brand among smallholders in Mzimba following their recent successful collaboration on various commercial initiatives in soybeans and maize. The farmers have developed confidence in the company and are willing to cooperate in establishing an out-grower scheme for commercial production of the indigenous chickens, which they consider as an opportunity to build upon previous initiatives to improve their income and access to nutritious food and attain food security.



**Mr and Mrs Mkandawire feeding their chicks**  
*Photo Credit: CASA Malawi*

The family of Mr and Mrs Mkandawire are among the pilot poultry farmers from Tipindule Cluster under Chipeleka Cooperative, Bwengu Extension Planning Area (EPA) in Mzimba. They have been working with SPRODETA Agribusiness on different agribusiness initiatives for years now.

The family disclosed that SPRODETA Agribusiness has helped them to move beyond subsistence farming, citing an example of a recent initiative, where they benefitted from the NGO and made significant income from working with SPRODETA Agribusiness. The family used the income from chicken sales to buy two goats for rearing, supported their four children and conducted maintenance of their house, in addition to meeting daily household needs.

At one point, the family raised over sixty chickens which they sold at a profitable price. This impact is motivating the farmers to participate in the production of indigenous chickens, a market where they are seeing more untapped business opportunities.



## LEARNING FROM THE PAST TO BUILD THE PRESENT SUPPLY CHAIN

There are several critical lessons that SPRODETA Agribusiness has gathered from their previous initiatives, especially in off-taking poultry products, which are giving the company valuable insights as they build a more resilient and sustainable supply chain for indigenous/dual purpose chickens. The company has realized that they had had challenges of having no control over the quality of chicks which compromised their survival, growth and profitability. It was reported that sometimes the chick suppliers mixed the breeds and failed to provide right treatments such as vaccines. This exposed the chicks to several vulnerabilities especially disease attacks. According to SPRODETA Agribusiness Project Officer, Malumbo Mkandawire, this has prompted the company to consider investing in incubation facilities so that it takes control of the production of the chicks to manage the quality.



**SPRODETA Agribusiness project officer Malumbo Mkandawire (right) sharing lessons learned with CASA Malawi's Vincent Eliya (left).**  
Photo Credit: CASA Malawi

The company has also learned the need to supply the chicks to farmers in managed blocks as a means of controlling the supply of mature chickens to the market. It was observed that giving all the farmers the chicks at once affects the regular supply of chickens, which become too available at certain times of the year, while scarce at others. In addition, SPRODETA Agribusiness has learned the significance of ensuring involvement of the farmers when making key decisions. This promotes consolidation of ideas that are realistic and feasible with the capacity of the farmers

and the local context. Eves Kumwenda, Chairperson for Lumemo Cluster, concurs that some of the challenges that smallholders faced in previous poultry production initiatives were partly caused by limited participation of the farmers in key decisions.



**Eves Kumwenda, Chairperson for Lumemo Cluster**  
Photo Credit: CASA Malawi

**Farmers are key players when developing a supply chain for poultry production, especially in initiatives that use an out-grower scheme. Therefore, for a successful supply chain, the farmers should be engaged in every decision. This promotes ownership and reduces potential risks.**

*A good example is in the previous initiative where farmers just received chicks for rearing. It was later discovered that many farmers lacked the capacity to manage the chicks as the breed was new to them. As a result, most of the chicks died, and it was a huge loss to both the smallholder farmers and SPRODETA.*

*We are glad as in the current initiative, the farmers are engaged in decision-making right from the choice of the breed, the arrangements in the out-grower scheme, and the production and marketing mechanisms.*

**Eves Kumwenda, Chairperson, Lumemo Cluster, Mzimba**



## INVESTING TO ATTRACT COMMERCIAL INVESTMENT

### Infrastructure development

The company has constructed an agribusiness centre in Ekwendeni, 20 km from Mzuzu City, to serve as a breeding unit (incubator/hatchery), processing centre for meat (dressing chickens and goat meat) and corn-soy blend, as well as an outlet shop. The processing centre, once operational, will have the capacity to process 2,500 chickens a month. The construction of the centre confirms the company's commitment to set up structures and facilities to support its long-term business goals. It will support smallholder farmers in accessing crucial services for production, as well as helping SPRODETA Agribusiness in improving its production and value addition of the chickens to satisfy the current demand and explore new markets. The infrastructure is also part of the asset base for the company.



**SPRODETA Agribusiness Centre at Ekwendeni in Mzuzu**  
Photo credit: CASA Malawi



### Human resources

SPRODETA Agribusiness has assembled a team of skilled and experienced professionals with diverse training and educational backgrounds. There are over 17 full-time workers, and it also employs over 40 seasonal workers. The full-time employees are working in the company's management, business development, project implementation (fundraising, relations and operations), administration, monitoring and evaluation, data management, sales, storage, machine operations, and security. The human resources are the anchor of the company's operations, facilitating smooth operations and steering growth of the business.

### Core Team



**Allen Kumwenda**  
Executive Director



**Linda Mkweu**  
Business Development officer



**Malumbo Mkandawire**  
Project officer



**Chancy Manda**  
Finance and Admin officer



**Austin Moyo**  
Monitoring and Evaluation officer

Source: SPRODETA Agribusiness pitch deck



## Farmers' mobilization, organization and capacitation

SPRODETA Agribusiness is organizing farmers from two cooperatives, Kayolo and Chipeleka, strengthening their structures and improving their capacities to become commercial producers of the indigenous/dual purpose chickens for supply to the company through an out-grower scheme. The company has mobilized 1,466 farmers into its planned out-grower scheme (61.7 % are women, 34.52 % are youth and 17.6 % are single, widowed or divorced). The company has also facilitated formation of clusters, or small farmer groups affiliated to the cooperative as a mother body. In total there are eight clusters in the two cooperatives which are working directly with the farmers as a lower-level structure. According to Rachel Kumwenda, Secretary for Chipeleka Cooperative, organizing farmers in clusters and under the management of a cooperative is vital in ensuring strong organization of the farmers, easy management and coordination of activities. These structures are helping the farmers to access profitable

markets, and promote bulk buying of production materials, hence reducing production cost, encouraging the farmers to access support from each other, on top of promoting peer learning.



Officers from SPRODETA Agribusiness and a farmer in front of Chipeleka Cooperative building  
Photo Credit: CASA Malawi



Ms Rachel Kumwenda (left), SPRODETA Agribusiness officers, members of Chipeleka Co-operative committee and Vincent Eliya from CASA Malawi during a group discussion  
Photo credit: CASA Malawi



The current initiative is benefiting from the trainings that SPRODETA Agribusiness and/or the NGO delivered to the same farmers in previous initiatives. The trainings were on best livestock management practices, entrepreneurship and business management skills. Testimonies from the farmers suggest that the trainings improved their capacities in livestock production and enhanced their financial management skills. With support from CASA, the farmers will receive additional trainings and will access extension support from SPRODETA Agribusiness to keep boosting their skills and abilities in the commercial production of indigenous chickens. The farmers were also trained in vocational skills and are encouraged to venture into Income Generation Activities (IGAs) such as irrigation farming. The farmers grow maize and vegetables under irrigation where they also use chicken droppings as manure for their fields. The proceeds from the irrigation farming are used to make contributions to their respective cooperative which they later use to procure chicks, buy chicken feed and get veterinary

services. The farmers are also encouraged to participate in Village Savings and Loans (VSL) as a means of growing their finances and ensuring access to financial resources in times of need.

### **Partnerships and stakeholder engagement**

SPRODETA Agribusiness has enhanced its partnerships at different levels to support in building an inclusively sustainable supply chain for commercial production. At the community level, SPRODETA Agribusiness works closely with Village Development Committees, cooperatives committees, and public institutions especially the EPA office who facilitate and provide veterinary services and other extension support for the farmers. The company also benefits from its engagement with SPRODETA NGO, Life Concern (LICO) from Rumphi, and other private companies such as Rab Processors. It also works with institutions such as schools, restaurants, and hotels which provide a market for its products.



**Irrigation fields of farmers under Chipeleka Cooperative as of November 2024**  
*Photo Credit: CASA Malawi*



The company is also forging partnerships that can facilitate the attraction of investment to enable it to achieve its business goals. One such partner is CASA, which is supporting the company to set up an out-grower scheme to contribute to the expansion of the production volumes for indigenous poultry to meet the growing demand and increase sales volumes. CASA is also supporting SPRODETA Agribusiness to build the capacity of farmers in cooperative and poultry production management, and develop off-taker agreements for chickens, maize, and soybean.

CASA is also preparing SPRODETA to attract commercial/impact investment and use the funding to expand its business operations by investing in a feed mill, incubation and hatchery facilities, processing equipment for dressed chickens, refrigerated vehicle and freezers for storage of processed products. SPRODETA Agribusiness needs investment amounting to £59,600 to acquire the facilities mentioned above to support a shift in the current production from about 1,200 to about 30,000 chickens per annum.

## BUILDING THE SUPPLY CHAIN FOR INDIGENOUS/ DUAL PURPOSE CHICKENS

SPRODETA Agribusiness has commenced implementation of a 21-month initiative to build an inclusive supply chain that improves its production and professionalises the cooperatives as a reliable source of quality live chickens for processing and supply to its customers such as hotels, its own shop, and supermarkets in the short to medium term.

### Production through an out-grower scheme

The company is using an out-grower scheme where each targeted farmer in the cooperative is raising about £15 to procure 12 chicks (for one cycle) which includes one cock. This approach is preferred so that farmers demonstrate commitment, and the amount is mobilised from the cooperatives' other activities and enterprises. SPRODETA Agribusiness is facilitating the bulk procurement of the chicks and linkages to other services such as drugs and vaccines, whose services the cooperatives are paying for on their own.

Ms Ethel Harawa is a smallholder poultry farmer under Lumeme Cluster, Bwengu EPA, Mzimba. She is among over 20 farmers identified as model farmers. They have received chicks from SPRODETA Agribusiness to act as demonstration sites for the rest of the farmers.

Ms Harawa disclosed how the supply chain is supportive to the smallholders. She said that as soon as the farmers received the chicks, the cooperative engaged Veterinary Officers who administered vaccines to them. This has inspired confidence in the farmer that the chicks would survive and be mature for selling.

The farmer is also getting support from her cluster members and SPRODETA Agribusiness which is motivating her to hope for success. According to Ms Harawa, there are prospects that the initiative would help her and other farmers to generate income for their households and experience food security.



Ms Ethel Harawa feeding chicks  
Photo credit: CASA Malawi



SPRODETA Agribusiness is planning to invest in a feed mill to produce chicken feed which will be given to the farmers on loan. The company will continue to support smallholder farmers in the production of crops such as maize, beans, and soya. Then the company will buy the produce from the farmers for use in feed production. SPRODETA Agribusiness will then supply the feed to the cooperatives as part of the inputs into their chicken production enterprises.



Inside SPRODETA Agribusiness warehouse at Lupaso  
Photo Credit: CASA Malawi



Beans to be used for chicken feed  
Photo Credit: CASA Malawi

## POULTRY OFF-TAKING

From the 12 chicks that each farmer receives under the initiative, they will be expected to sell at least nine chickens by the end of 18 weeks and keep the rest for egg laying. It is estimated that a dual-purpose chicken lays up to 150 eggs in a year. Therefore, the farmers will be able to keep eggs for incubation and hatching at SPRODETA to expand their stock. The farmers will also be able to make extra money from egg sales, as well as use some for consumption, thus contributing to household food intake and nutrition.

Based on the number of farmers engaged, it is projected that the cooperatives could supply up to 30,000 grown chickens annually. This would in effect be enough to meet the assured demand from SPRODETA Agribusiness' existing clients Grand Palace, Mzuzu Hotel, and the company's outlet shop in Mzuzu City and expand to other supermarkets. It is anticipated that beyond year one, the cooperative members will have grown their poultry stocks from the high number of eggs produced to ably continue meeting this demand, consume part of it at home and sell to neighbours as part of contributing to good nutrition.



SPRODETA shop in Mzuzu  
Photo credit: CASA Malawi



View of Mzuzu City where SPRODETA will sell chickens to hotels and restaurants  
Photo credit: CASA Malawi

## CROSS-CUTTING THEMES

In its previous initiatives, SPRODETA Agribusiness delivered trainings on environmental conservation and climate-resilient production methods. The farmers were trained to use live trees when constructing chicken houses to reduce the need for trees for maintenance.



Mr Daniel Mkandawire, Chairperson for Chipeleka Co-operative, disclosed that linkages with the local structures are helping the farmers to participate in environmental conservation efforts. Mr Mkandawire said that as more farmers participate in the poultry production initiatives, there has been a reduction in the charcoal production business in the surrounding hills of Bongondo, Nthizi, and Chanolo. It is expected that the current initiative will help to boost the farmers' income and motivate more farmers to participate in the commercial production of indigenous chicken thereby continuing to reduce their interest in charcoal production. This will help to continue protecting the environment.



**Mr Daniel Mkandawire, Chairperson,  
Chipeleka Cooperative**  
*Photo Credit: CASA Malawi*



**A view of hills around Chipeleka Cooperative**  
*Photo Credit: CASA Malawi*

## CONCLUSION

There are several takeaways that can be highlighted from the SPRODETA Agribusiness case study, especially on how the company is building an inclusive supply chain for indigenous and dual-purpose chicken production to exploit the market opportunities.

- SPRODETA Agribusiness has demonstrated the desire and resolve to exploit commercial opportunities offered by the indigenous chicken market. It has invested in key areas suitable for business success.
- The company is building a supply chain using a model that is making the business less risky for investment. Through the out-grower scheme, the company is addressing key production constraints such as access to quality chicks and feed. The company is also building the capacities and resilience of farmers.
- The support that SPRODETA Agribusiness is getting from CASA is critical in improving its technical and production capacity to meet the demand among current customers and in the future to venture into new markets.
- The company has demonstrated the significance of partnerships in establishing a sustainable supply chain. Such partnerships are helping both SPRODETA Agribusiness and the involved farmers leverage resources and expertise from outside.
- There is a significant consideration of gender and social inclusion, climate and environmental issues, and nutrition and food security, aspects that are key in ensuring a more inclusive, resilient, and sustainable supply chain for commercial production.
- SPRODETA Agribusiness is demonstrating the practicability of incorporating commercial activities in NGO operations, and the feasibility of embedding a market systems development approach in the delivery of development programmes.

