

**A STUDY BUSINESS PLAN**

**ON**

**POULTRY FARMING / EGG**

**PRODUCTION**

**DELIVERED BY**

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**COURSE TITLE: FOOD PRODUCTION AND HEALTH AWARENESS**

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### **EXECUTIVE SUMMARY/INTRODUCTION**

Today the agricultural industries of which poultry farming like most of the developing countries suffers from protein deficiency in the diet of the people. This problem is becoming more and more so with the increase in population. Increase in chicken and egg production through Aquaculture could be an important source of animal protein. The successful implementation of an aquaculture project depends upon a number of parameters, such as proper selection of site, comfortable rearing poultry farms project management etc. The present report has been prepared keeping all these parameters in view.

Fego's poultry farm, is a poultry farm production company that would be based on the outskirts of Delta state. Our poultry farm is going to be the most standard commercial poultry farm.

### **AIM**

The purpose of the study is to assess the viability of the establishment of a poultry farm at Ibeshe town in Igbogbo-Baiyeku Local Council Development Area in Warri, Delta state, Nigeria

### **Project description**

- The poultry farm project is for the purpose of producing chicken and eggs for sale. The project would be located at Ibeshe town in Warri, Delta and would produce both chicken and eggs .
- The labor required would be available, particularly the unskilled, which are readily available in the project area. Manual construction would be adopted for the construction of the poultry farms because of the economic advantages. There is abundant unskilled manpower in the project environment. The market existing in the area, surrounding the project has not been exploited. The project market is therefore

unlimited and all egg produced would be a ready market. The demand for both chicken and eggs exceeds the supply.

- Required electric power would be supplied by a 5 KVA generator. The electric supply would be used in pumping water for the consumption of the chickens
- The project is financially viable and at the envisaged scope of operation (5 years). A short term loan of N 18,650,000 (eighteen million sixty five hundred thousand Naira), is to be raised. From the second year, the project would generate sufficient cash to sustain production. The loan would be defrayed in the third year of the project.
- The project is socio-economically viable. It would create employment and has no discernible hazardous impact on the environment.
- There would be no difficulty in the introduction of the technology to be adopted for the project. The manager of the project will be adequately trained personnel with skills in poultry farming.
- The projections for the project take care of bills payable from the first year and even at that the profit would be remarkably high.

## **PROJECT BACKGROUND AND CONCEPT**

Ibeshe is a town in Igbogbo-Baiyeku Local Council Development Area in Delta state. Igbogbo-Baiyeku Local Council Development Area was created October, 2003 along with other 37 LCDAs and was carved out of Ikorodu Local Government. .

Igbogbo-Baiyeku Local Council Development Area has about 70 local areas spread among 5 Wards (C1, C2, C3, C4 and C5) and has a land area 77.62 SQ KM with a vast expanse coastal line and water spaces. Igbogbo Bayeku Local Council Development Area is located at Igbogbo Township. The good people of Igbogbo-Baiyeku LCDA are predominately into farming, fishing and trading.

However, due to various activities which are carried out in poultry farming, its quality has declined over the years and this has resulted in a drop in rearing activities. The river is a source of water supply to several car wash services which carry out their business by the river, releasing detergents and other potentially hazardous substances into the river. The physicochemical characteristics of the river are not conducive for breeding of aquatic organisms and feeding

animals. As a result, poultry production in the has dropped and fishing in the river has declined as catch per unit effort is reduced. In order to meet up with demand in the community, fish traders purchase fish from other towns and markets as there is no fish farm in the area.

### **POULTRY market**

The poultry farm proposed is expected to supply eggs and chicken to Ibehre and its neighboring communities at affordable prices. The town is located in a state with a population of over 20million people. The demand for eggs and chicken in both towns and cities is huge and some of the production from the farms can be transported to these places for sale to increase the market for the product.

### **Project location**

Prior to the determination of site suitability, a careful consideration has been given to the easy accessibility of sufficient quantity of filed, easy accessibility to the site, proper climatic conditions, easy availability of production inputs, socio-economic aspects, marketing channels etc. The project would be located on a 100 x 200m piece of land at Ibeshe town close to the Ibeshe River the water table at this location would be higher and make it easier to drill a borehole. Presently, there is no poultry farm in the area and the main decision to locate the proposed poultry farm at Ibeshe was based on the fact that the market for the product is large and can be profitable. The cost of the land is considerably low because it is presently not used for any major economic venture.

### **PROJECT TECHNICAL FEASIBILITY**

The project would be in two separate compartments: eggs production unit and a hatching unit. The eggs production section would be concerned with the production of table size eggs for consumption. The layout of production would start with 2 production sites measuring 25m<sup>2</sup> each. In the 1st year of operation, the field would be constructed and stocked. The poultry areas would

have a stocking density of 6,000 each, per culture period. The 2 initial production filed would therefore have total egg density of 12,000 when fully stocked. It is expected that total yield would be increased per unit of production. In the second year, 2 additional production sites measuring 25m<sup>2</sup> each would be constructed.

The bio-technical feasibility of the selected species is given as follows:

The guinea fowl belongs to the family Clarinda. This family is divided into two genera: Claries and Heterobranchus. Claries have 8 major species while the latter has 3 species in the southern zone of Nigeria. The former has a single rayed dorsal fin extending almost to the tail; the latter has a rayed dorsal and adipose feather. The Claries family would be used for the project because they feed on wide variety of food ranging from weeds and planktons to insect larvae, quail , chicks, hens,. When Guinee fowl are stocked at the stocking rates described; with proper feeding, they can grow to an average of 1000 g in a year. The hatchery section starts in the second year of production. At this time, all the feed required for the production site would be supplied from the hatchery. In the hatchery, Guinee fowl would be artificially induced to spawn by hormonal treatment using pituitary hormone within the hatching units. Guinee fowl matures after 7-10 months at a weight of 200- 500 g. However, spawning would not take place since the final stimulation associated with the rise in levels and the inundation of marginal areas would not occur. In the hatchery, four female chicken each weighing 500 g can produce 10% body weight of eggs. The rate of hatchability is estimated at 50% and the survival rate of fry at 30%. This means that the hatchery can produce 20,000 from the 4 brood chickens, sufficient to meet the fingerling requirements of the production sites after the initial cropping.

### **Project execution plan**

When the project is fully implemented, a total of 1 brooder site and 2 nursery transition sites would be constructed. The brooder sites measure 4×4 m (16 m<sup>2</sup>) and the nursery/transition sites measure 3×4 m (12m<sup>2</sup>). 4 production sites would also be constructed and stocked for the production sites, measure 5×5 m (25 m<sup>2</sup>).

### **Risks /challenges**

Power -Ibeshe town is located in a rural area and the supply of power to the area is poor. For the project to be successful, it would rely largely on power supply from the generator which could increase the operational cost.

Water - During the dry season, the water table in the area drops to a low level. This would put a lot of stress on the pumping machine and could result in frequent break downs which would increase the operational cost of the project.

Security -There are security challenges in the area which may result in loses if not properly managed. However, this can be managed by using locals who are conversant with the environment as security personnel.

## **ECONOMIC /FINANCIAL PLAN**

### Cost of land and poultry farm infrastructure development

<b>Activity</b>	<b>Amount (=N=)</b>
<b>A. Cost of land and land development</b>	
Land acquisition	2,000,000
Survey of land	100,000
rearing construction	2,000,000
<b>Total</b>	<b>4,100,000</b>
<b>B. poultry farm infrastructure development</b>	
Cost of farm house / office	2,000,000
Fencing of the farm	1,500,000
Birds shade building	500,000
Generation of power (5 KVA)	100,000
Water pump	60,000
Bore hole	1,000,000
2 800Litre tanks	500,000
<b>Total</b>	<b>5,660,000</b>
<b>C. Eggs production and hatchery materials</b>	
Equipment (required working tools)	1,000,000
<b>Total</b>	<b>1,000,000</b>

<b>D. Salaries and wages of staff</b>	
Project /farm supervisor	600,000
2 Farm assistants	480,000
Security	240,000
<b>Total</b>	<b>1,320,000</b>
<b>E. Variable inputs</b>	
First set of chickens	500,000
Feed	400,000
Organic fertilizer	20,000
Operational cost for 3 months	200,000
Transportation	500,000
<b>Total</b>	<b>5,220,000</b>
<b>F. Other operational costs</b>	
Fuel	
Maintenance on field	100,000
Maintenance on equipment	200,000
Stationery	50,000
<b>Total</b>	<b>350,000</b>
<b>Grand total</b>	<b>17,650,000</b>

### **Operational costs**

The operational costs for the poultry farm include the cost of the day-to-day management of the hatching, the wages and salaries of staff and procurement of other operational inputs. The purchases for all the materials making up the hatchery equipment will be made from owan and transported to the project site.

### **Salaries and wages**

The estimated total annual expenditure on wages and salaries is estimates at =N=1,320,000.

### **Variable costs**

The total variable costs of the project amount to =N=1,300,000 for procurement of guinee fowl ,quails, feed ingredients, inorganic fertilizer, inorganic fertilizer and other nessecities.

### **Amortization of cost**

All of the capital expenditure would be made in the 1st year of implementation of the project. Already, land acquisition, land surveying and designing have been completed. It shows that the 1st year of the project, a total expenditure of (=N=12,730,000) would be made to take care of the operating costs of the project. A total of =N=2,970,000 would be needed for the operational expenditure of the project. After that, the project would be capable of generating sufficient funds to take care of all the operational expenditures.

### **ESTIMATED REVENUE**

For the purpose of this feasibility report, the revenue expected is restricted to the operation of the production sites. It is however necessary to mention that the hatchery ponds would produce the ffeeds required for the production ponds after the 1st year of operation. The production ponds when fully stocked would have a total chicken density of 12,000 fingerlings, making provision for mortality at 50% mature chicken. The egg harvested would be 6,000 kg. It is expected that Guinee fowl would sell for =N=900 per kg. Sales and total estimated revenue for the 1st year of production would therefore, is =N=5,400,000. With a modest estimated annual increase in the prices of fowl of 10%, the estimated revenue accruing from the project for the first 5 years would be as shown in

Year	Income (=N=)
1	5,400,000
2	5,940,000
3	6,534,000
4	7,187,400
5	7,906,140

The Farm /project supervisor would be trained and have acquired skills to provide technical and specialized leadership needed for the management . He would be personally responsible for the day to day running of the poultry farm. The positions of the farm assistants would be occupied



by men/women who have acquired some form of formal or informal experience in poultry farm management. It is also expected that they would be trained practically on the job.

### **SURMARY/ CONCLUSION**

The poultry farm, when in full operation would have tremendous economic and socio economic well-being of the people in in Igbogbo-Baiyeku Local Council Development Area and the entire Ikorodu zone. Eggs and chicken has become a very scarce commodity because of the ecological changes due to changes in climate. The scarcity has also made eggs and chicken very expensive and unaffordable to majority of the population in the area. This has resulted in serious deficiency in the intake of protein by the people in the area. The prices of eggs produced in the farm would be cheap relative to the present supply. This can aid the increased intake of protein by majority of the people as it would be affordable and accessible. The project would provide direct employment for people for this operation. This is a significant contribution to the economic well being of the people and social improvement of the project environment. The poultry farm would be a highly profitable project which would generate sufficient cash to sustain production from the second year. The profits from the project would be able to repay the loan and interest within the first 5 years.