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AFE ASSIGNMENT

Department:NURSING

**Poultry Farming Business Plan**

**The Executive Summary:**

The Nigerian poultry industry is estimated at ₦80 billion ($600 million) and is comprised of approximately 165 million birds, which produced 650,000 MT of eggs and 290,000 MT of poultry meat in 2018 and in , it has grown tremendously. From a market size perspective, Nigeria’s egg production is the largest in Africa (South Africa is the next largest at 540,000 MT of eggs) and it has the 2nd largest chicken population after South Africa’s 200 million birds.

It is a fact that Nigeria presently consumes 1.5 million MT of frozen chicken annually. As at 2019

, the locally produced chicken was estimated at 300,000MT, a capacity utilisation of 46 percent in an industry that currently boasts of a 650,000MT installed capacity. . In the same year, 1.2 million MT of frozen chicken, valued at N660 billion (equivalent to $2.75 billion) was imported.

Looking at this statistics, it shows that the demand for poultry product is so high and we are unable to meet demand locally. With the ban on importation of poultry products into the country, a huge market has been created for smart entrepreneurs to tap from this. Due to popular demand from young and aspiring entrepreneurs that have been seriously looking for funds and were asked to submit a business plan, this project is intended to create a standard poultry farming business plan that covers rearing and selling of chickens, eggs and poultry waste/fertilizer.

**Sponsorship**:

This project is sponsored by ABUAD, in promoting the productivity of small scale farmers in Ado Ekiti and Nigeria at large. The project will improve market access, income for the farmers and significantly contribute to the nation food security.

**Management:**

The management will comprise of highly professionals of a Agribusinesses, with vast experience in the business. Business share holders and members of the cooperative are also part of the management. At the apex of the organization structure, are the Board of Directors management. The prime objective of the board will be to give strategic directions and policies that will ensure long time success of any organization executing this project. The board will ensure that the organization complied with all standard set by regulatory authorities.

The managing Director will be accountable to all the activities and actions of the Board of Directors. He shall be responsible for the co-ordination of day to day activities or management of the cooperative business. He will mobilize organization resources to achieve set goals. He will be in charge of managing business risks and focusing on wealth creation to the organization.

**Technical Assistance:**

creation.

Technical Assistance

AABUAD has working relationship with IITA (International Institute of Tropical Agriculture, Ibadan) through an executed MOU. IITA has mandate in Poultry production and marketing and will provide technical assistance in this regard. The University also has a working relationship with BOA (Bank of Agriculture) and we are collaborating on Aare Afe Babalola Annual Agric Expo where the founder appreciate Ekiti Farmers through monetary award to the best 3farmers in each local government area of the 16 L.G.A in Ekiti State and the overall best farmer in the state. Bank of Agriculture has agreed to finance Poultry production through a loan at 9% interest rate (anchor borrower’s scheme) given to the cooperative.

The university will fund the processing factory and access finance for the soyaoil extraction equipment from BOI (Bank of Industry) at the rate of 9% . The cooperative will also seek grant from United State Africa Development Foundation(USADF). The University has relationship with commercial banks and will approach one for loan to clear the land which will be leased to members of the cooperative.

ABUAD has a working relationship with Ekiti State Government, Ekiti State Ministry of Agric, Farmers’ Union, Agric Cooperatives and individual farmers and the Federal Ministry of Agriculture. ABUAD will get technical support from this relationship in the area of Poultry production through contract farming or outgrower scheme.

The ABUAD has working relationships with and linkages to industry players in the project area who will offtake products through a purchase and sale contract agreement. They include Flour Mill of Nigeria Limited, Obasanjo Farms Ltd, Animal Care, Amo Farms, Farm Support and others. The Poultry products will be sold through cooperatives and other distribution channels nationwide .

**Market and Sales:**

Market orientation: domestic; South West & South East, Nigeria

Market Share: 5% niche market in South West, South East Nigeria

Market share: 5% niche market in North west, Northeast and North central, Nigeria.

Users of Products: edible eggs for human, eggs for the livestock industry, broilers for human consumption, pullets for small and large scale agribusiness and the Cockerel.

**Competition analysis:**

Benue State alone produced 44% of national output between1999 and 2017. Kaduna State followed with 27% of national output within the period. Taraba, Plateau, Kano, Niger and katsina produced 6% and below in the period. The seven state mentioned above produced 94% of national output within the period. The only places where significant Poultry production took place in South West, Nigeria was in Saki West L.G.A. in Oyo State and Akure North L.G.A in Ondo State. Based on this above analysis, competition in terms of production in South West, Nigeria is non- existent Compare to the demand for produce.

**Tariff and Import Restriction:**

Forex restriction on food importation and zero duty on imported agricultural equipment will favour the project under consideration.

**Market Potential:**

There is strong demand for Poultry products in all parts of Nigeria. The state of infrastructure though not perfect still supports production and trade within Nigeria.

**Profitability:**

Weather, biological, chemical, physical and environmental factors such as temperature, sunlight, water, air, soil conditions, varieties of seed, pests, diseases, price fluctuations and other risks e.g. rainfall invading the farm could affect yield and profitability. However, technical, scientific and financial based solutions will be employed to hedge against risks and safeguard profit.

**Technical Feasibility:**

The projects (Poultry production and management ) are technically feasible. In terms of technology, which involve the hatching of eggs, the breeding processes are simple and a specialist in egg hatch, broilers and cockerel for meat and Pullets for egg production with more than 20years experience is part of our team. The needed equipment for egg hatching are readily available and our experts have hand on experience in the usage and maintenance of the equipment.

On the Poultry production, we have specialists in mechanization, hatching, farm management, Poultry production, weed/insect science, market development, agric extension and accounting as part of our management team. We also have specialists in quality control as part of our management team. The state of infrastructure around ABUAD and generally in Ekiti is adequate and suitable for the location of the farm/firm for efficient production, processing and marketing. Raw materials will be produced and sourced locally.

The major competitors in the South West are GRAND CEREALS and JOF with the Grand Eggs and fertilizer brand and Executive Chef brand. Grand Cereal has an installed capacity of 150tonnes per day in Lagos and 100tonnes per day in Jos While JOF has a capacity of 120tonnes per day in Akure, also about 190tonnes per day in amaiduguri, 120tonnes per day in Kano state. ABUAD farms will target a market niche and penetrate through cooperative societies to make our brand popular. From our analysis, integration of production and processing will give us a competitive advantage.

We are implementing our project using best international practices, sustainable production and due consideration for the environment. Although some degree of deforestation will occur, the EIA(Environmental Impact Assessment) report shows little or no damage to the environment as it relates to the issue of climate change.

**Government Support and Regulation:**

The project conform with the economic diversification objective of the government. It also supports foreign exchange and import reduction conservation of government. It creates economic opportunities, market access, improved income for farmers and support food security objective of government. The project will benefit from government intervention fund in the agriculture sector. The project will also benefit from the favorable policy of zero duty for agricultural and equipment import. Restriction of forex for all food products will also widen market opportunity. The project will contribute significantly to employment, output increase, stable price and stable exchange rate.

**Project Timeline:**

The project will be completed within 6months preferably between February , 2020 to July , 2020 dry season is more appropriate for Poultry production.

**Estimated project costs and Revenue:**

1. **Land/space Management**

Activity

QTY

₦

K

Land Clearing

1Hectare

230,000

00

Fumigation

1Hectare

20,000

00

Sanitizing/construction

1Hectare

50,000

00

Sub total

1Hectare

300,000

00

Total

400 Hectare

120,000,000

00

1. **Equipments**

Name

QTY

MODEL

USD

₦

K

Machine

1

YTO-904(90hp)

24,450

8,802,000

00

Human efforts

1

IBJ- 3.0

3,520

1. 1,267,200

00

Fumigator

1

IS-200G

3,250

1,170,000

00

Insecticide

1

2BFY-6C

4,950

1,782,000

00

Sprayer

1

7CX-8T

9,450

3,402,000

00

Hatchery/Harvester

1

4YZ-6

103,500

37,260,000

00

Boom sprayer

1

3W-1000L-18

6,950

2,502,000

00

Power supply

1

TZ10D

6,570

2,365,200

00

Sub total

159,390

57,380,400

00

**(C ) Vehicles**

Pickups Truck Cars (Boxer) (2)30 000 000

1. **Fumigation**

Type QTY Model USD ₦ K

Motor Reel

1

140 – 440MT

28,186

1,0146,960 : 00

Operating Cost

Working Capital

₦

K

Clearing/Ha

15,000

00

Fumigation /Ha

10,000

00

Sub total

25,000

00

For 400 Ha

10,000,000

00

Mechanization and storage

105,000

00

For 400Ha

42,000,000

00

Input / Ha

91,825

00

For 400Ha

36,730,000

00

Area yield insurance

13,500

00

Produce aggregation

5,500

00

Geo Spatial Service

4,500

00

Sub total

23,500

00

For 400Ha

9,400,000

00

Interest per hectare

22,079

25

For 400Ha

8,831,700

00

Total cost per hectare

245,325

00

Total cost for 400Ha

98,130,000

00

Loan principal and interest (cost per Hectare)

267,404

25

Total for 400Ha

106,961,700

00

Fumigation cost for 400Ha (excluding fixed cost)

24,018,120

00

Amortization

₦ K

Land clearing amortization (per hectare)

30,000 : 00

Land clearing amortization (400hectare)

12,000,000 : 00

​

**REVENUE**

Yield per hectare 3tonnes@ ₦145000 per tonne

₦ K

Revenue per hectare

435,000 : 00

For 400Ha

174,000,000 : 00

Net revenue for 400Ha(without amortization)

67,038,300 : 00

Net revenue with amortization(400ha clearing)

55,038,300 : 00

2nd Production Cycle

Net revenue

43,020,180 : 00

Net revenue with amortization(400ha land)

Annual Net Revenue ( 1st + 2nd Cycle)

**Funding Mechanism:**

ABUAD will provide 400Ha of cleared farmland around the university and lease it to members of the cooperative. ABUAD will also lease 6,000MT capacity silo as equity contribution

Equity investor to provide equity for equipment and vehicles purchase

Where possible equity investor to provide equity for working capital or otherwise secure loan at the rate of 9% through government intervention window at the Bank of Agriculture, Bank of Industry and Commercial banks.

**Conclusion:**

The project is technically feasible and commercially viable. It is therefore recommended for funding.