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AFE 202 (FOOD PRODUCTION AND HEALTH AWARENESS) ASSIGNMENT

**BUSINESS PLAN FOR THE DEVELOPMENT OF A TWO HUNDRED HECTARES
POULTRY PLANTATION AT UMUDIKE UNIVERSITY OF AGRICULTURE FARM,
UMUAHIA, ABIA STATE, NIGERIA BY ABIA STATE MINISTRY OF
AGRICULTURE**

EXECUTIVE SUMMARY

The business plan examines the feasibility of and indeed economic viability of the development of a 200-hectare poultry plantation in Umudike university of agriculture. The start-up poultry farm will produce 200000 crates of egg, 20 kilo quality and affordable poultry meat per production cycle. It also produces other poultry derivatives. It targets consumers in eastern Nigeria as its located in Umuahia, Abia state.it offers kill-cut-wrap-freeze (KWCF) services (e.g. traditional cuts in papers of cryovac packaging). The eggs are hygienic, rich in protein and of high quality. they produce, process and package to meet standard organization of Nigeria and international standard.

SPONSORSHIP

The project is sponsored with respect to a partnership between the government and the university board. The ministry of agriculture, under the leadership of Kenneth Nwosu, the commissioner aims at promoting productivity of poultry in the university as a means of generating income for carrying out other government projects. The present university council led by Rt. Hon. Mohammed Lawal Zayyana aims to collaborate with the government to achieve employment for their multiple graduates.

MANAGEMENT

The management will include at the apex of the organizational committee, a democratically elected board of directors. The main objective of the board is to ensure longevity of success of the organization by dissipating strategic directions and policies and ensure total compliance of the board to the objectives. The board will consist of members of the cooperative and shareholders also, who have stakes in the profitability of the business, survival, growth, distinguished agribusiness professionals of proven integrity and wide experience in the project area. The coordination of the daily management of the cooperative business, management of risks and continual focus on wealth creation, mobilization of organizational resources to achieve the set goals and accountability to the board of directors to say a few, shall be handled by the managing director who doubles as the president and he will also be responsible for it.

TECHNICAL ASSISTANCE

Umudike or Michael Okpara University of Agriculture has a working relationship with AFD (Agence Francaise de Development) and thus intends to use a large part of the funds (78%) thereof for payments under the project.

Due to the working relationship with Bank of Agriculture (BOA), financial production via BOA of the 200 hectares of poultry farms through a loan of 10% interest rate (anchor borrower's scheme) given to the cooperative.

The project will be directly financed by the government with the help of Institutional Technical Assistance (ITA) based in the office of the honorable commissioner of Enugu state, ministry of resources, state secretariat with whom a strong working relationship exists. The Institute Technical Assistance has a mandate in poultry farming and will thus provide technical assistance with this regards.

MARKET AND SALES

Market orientation: domestic; south east and eastern Nigeria

Market share: 20% niche market in south east, eastern Nigeria.

Users of products: chicken (meat) for human (consumption), eggs for consumption and livestock industry, feed for livestock industry, manure and natural fertilizer for livestock industry, animal dung and compost for livestock industry in the south east and eastern Nigeria.

Competition analysis

Adamawa state produced 29% of the national output between 2002 and 2015. Taraba state followed with 24% national output within the same period. Osun, delta, Ogun, Oyo

produced 2% and below within this period. The above mentioned states produced 80% of national output within this period. The places where significant production took place in eastern Nigeria was in Obiakpor L.G.A in rivers state, Oloibiri L.G.A in Bayelsa state and Arochukwu L.G.A in Abia state. From the above analysis, competition in terms of production in eastern Nigeria is trivial compared to the demand of the produce.

Tariff and import restrictions

Forex restrictions on food importation and zero duty on imported agricultural equipment will favor the poultry farm project.

Market potential

There is always going to be a strong demand for meat and other poultry derivatives like eggs in the south east and eastern part of Nigeria as they provide a good source of protein which is necessary for obtaining a balanced diet. The state infrastructure though not perfect still supports production and trade within Nigeria.

Profitability

Although natural factors like weather, biological, environmental (temperature, sunlight, water, air, diseases), chemical and physical factors etc. could affect the yield from the poultry farm, technical, scientific and financial based solutions will be employed to prevent risks and safeguard profit.

TECHNICAL FEASIBILITY, RESOURCES AND ENVIRONMENT

The project (rearing of fowls for production of poultry derivatives) are technically feasible. The project isn't technology dependent as technological advancement is not a basic requirement. Although, its most necessary in preventing and curing certain persistent poultry diseases such as the Newcastle disease, fowl pox, fowl cholera etc.

The poultry farming project involves specialists in livestock management, veterinary services, agricultural extension, market development, mechanization and considering the state of infrastructure in the agricultural university is adequate considering its previous investments in other livestock like pigs, cows, goats etc. experts in livestock are already present.

The top competitors in the east and south east are KFC chickens, Mr. Biggs and Genesis. KFC chickens has an installed capacity of 100,000 crates per week excluding weekdays in Abia, Rivers and Anambra. Mr. Biggs has an undisclosed profit although hearing suggests its between 20,000-30,000 crates per day in Rivers state while Genesis also has an undisclosed capacity although its estimated to be around 70,000 crates per working days.

From market analysis, integration of production gives a competitive advantage as well as integration of processing. In order to popularize the brand, penetration through cooperative societies and targeting market niches would be considered.

The poultry project is being implemented using the most recognized international practices considering the sustainable production and the environment. The Environmental Impact Assessment (EIA) shows little or no damage to the environment as it relates to issues of climatic change.

GOVERNMENT, SUPPORT AND REGULATION

This poultry farm is heavily supported by the government as it conforms with the economic diversification objective of the government. It also supports foreign exchange and import reduction conservation of the government. It creates economic opportunities, market access, improved income for poultry farmers and supports food security objective of the government.

The project will benefit the government intervention fund in the agricultural sector and provide more food during this testing period due to the covid-19 pandemic. The project will contribute significantly to employment, output increase, stable price and stable exchange rate during this period of instability of market prices due to the covid-19 pandemic.

The project will also benefit from the favorable policy of zero duty for agricultural and equipment import. Restrictions of forex for all food products will also widen market opportunity.

TIMELINES OF PROJECT

The project will be completed within 3 months preferably between April, 2020 to July, 2020.

ESTIMATED PROJECT COST AND REVENUE

FIXED COST

a. Land clearing

Activity	QTY		K
Land clearing	1 hectare	300,000	: 00
Cross cutting	1 hectare	60,000	: 00

Sub total	1 hectare	360,000	:	00
total	200 hectares	150,000,000	:	00

Vehicle

type	model	QTY	₦	K
Mini van	Toyota	3	14,000,000	: 00

OPERATING COST

Working capital		₦	:	K
Ploughing/ Ha		20,000	:	00
Harrowing/ Ha		15,000	:	00
Sub total		35,000	:	00
For 200 Ha		6,500,000	:	00
Mechanization		75,000	:	00
For 200 Ha		22,546,120	:	00
Input/ Ha		40,000	:	00
For 200 Ha		12,120,000	:	00
Area yield insurance		10,230	:	00
Produce aggregation		7,600	:	00
Geo spatial service		5,600	:	00
Sub total		23,430	:	00
For 200 Ha		2,300,000	:	00
Interest per hectare		29,753	:	12
For 200 Ha		2,271,270	:	00
Total cost per hectare		260,055	:	00
Total cost for 200 Ha		90,035,400	:	00

Loan principal and interest (cost per hectare)	110,000	:	75
Total for 200 Ha	112,576,390	:	00

AMORTIZATION

	₦	:	K
Land clearing amortization (per hectare)	15,000	:	00
Land clearing amortization (200 hectare)	3,000,000	:	00

REVENUE

Yields per hectare 1000 crates at ₦ 1000 per crate		:	
	₦		K
Revenue per hectare	300,000	:	00
For 200 Ha	140,000,000	:	00
Net revenue for 200Ha (without amortization)	30,000,000	:	00
Net revenue with amortization (200Ha clearing)	20,000,035	:	00
2 nd production cycle			
Net revenue with amortization (200Ha land)	13,000,000	:	00
Annual net revenue (1 st + 2 nd cycle)	73,053,300	:	00

Currency conversion rate: ₦385.00 to 1USD

Equipment

CONSTRUCTION OF PEN HOUSE FOR 3,000 LAYERS CAPACITY:

DIMENSION OF LAYER BUILDING: 54ft by 70ft by 12 ft

SECTIONS	DESCRIPTION	QUANTITY	UNIT PRICE (₦)	PRICE (₦)	TOTAL (₦)
BRICKLAYER	Granite	120 tons		384,000	2,676,000
	Sand	12 loads		240,000	
	Laterite	30 tons		450,000	
	Blocks	3000 pcs		450,000	
	Cement	240 bags		612,000	
	Labour			540,000	
CARPENTRY	3 x 4 planks	120pcs	1,500	180,000	4,133,000
	2 x 4 planks	750 pcs	600	450,000	
	2 x 3 planks	840 pcs	450	378,000	
	2 x 6 planks	240pcs	1,500	360,000	
	Roofing sheets	32 bundles long		608,000	
	Nettings	105bundles	5,600	588,000	
	Galvanised poles	45	12,000	540,000	
	Caps for galvanised sheet and welder workmanship			135,000	
	Nails (4Inch)	9 bags	10,000	90,000	
	Nails (3Inch)	3 bags	10,000	30,000	
	Roofing nails	60packs	1,500	90,000	
	Roofing nail cap	40packs	600	24,000	
	Workmanship			660,000	
	CAGES AND BIRDS	Day old Quality birds	3,000	250	
Transportation				50,000	
Battery cages, transportation & installations				4,050,000	
Raising of birds to 16 weeks				4,750,000	
Feeding (16-20 weeks) @ 0.115Kg/bird				1,200,000	
Feeding (20-24 weeks) @0.12/bird				1,400,000	
Veterinary				660,000	
BROODER	Brooding pots	30	3,000	90,000	522,000
	Tarpaulin	9 rolls	48,000	432,000	
	Charcoals	Not specific		Not specific	
	Wood shavings	Not specific		Not specific	
FEEDERS & DRINKERS	Feeders	300	400	120,000	270,000
	Drinkers	300	500	150,000	
WATER FACILITY	Borehole			250,000	530,000
	Well construction and ring			280,000	
TOTAL					20,191,000

NOTE: Labour cost is inclusive of foundation clearing and digging, foundation block

FUNDING MECHANISM

Umudike university of agriculture will provide 200 hectares of cleared farmland around the university and lease it to members of the cooperative. As equity contribution, Umudike university will lease 20,000 bags of animal feed predominantly fish feed.

The Abia state government through the help of equity investors will provide equity for working capital or otherwise grant Umudike approval to secure loans at the rate of 20% at the bank of agriculture, bank of industrial and commercial banks.

CONCLUSION

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