

Executive Summary/ Project Description

This is a community-based project that was conceptualised by three passionate, committed and enthusiastic social entrepreneurs. Poultry House Project CC was set up to promote the creation of jobs, women and youth empowerment, economic development and poverty alleviation. It features key stakeholders such as the youth and women, members and workers of the project, customers, suppliers and the wider community. The project will specialise in the production and sale of eggs. The project will essentially purchase 'ready to lay' pullets and raise them through their productive cycle. The project members have already identified a suitable location for the project and have entered discussions in connection with leasing a farm.

Sponsorship

The project is sponsored by world poultry foundation, a legal organisation. world poultry foundation has aided many African countries including Nigeria. The organisation has a Department of Agriculture and experts with many years of experience in the project being proposed.

Management

The management will comprise of a democratically elected Board of Directors at the apex of the organization structure. This will be made up of shareholders and member of the cooperative who have stake in the survival, growth and profitability of the business as well as distinguished agribusiness professionals of proven integrity and vast experience in the project area. The prime objective of the board will be to give strategic directions and policies that will ensure long term success of the organization. The board will ensure that the organization complied with all standards set by regulatory authorities.

The Managing Director/President shall be responsible for the co-ordination of the day to day management of the cooperative business. He is accountable to the Board of Directors; he will mobilize organization resources to achieve set goals. He will manage business risks and focus on wealth creation.

Technical Assistance

It is noticeable from the results that poultry operation (both broilers and layers) are profitable operations considering the costs of feed. It is expected that poultry operation is generating a large enough gross margin that contributes towards covering fix cost and produces positive net returns. These results indicate the possibilities of further investment in such an important subsector to achieve higher levels of self-sufficiency at the country level. The survey results indicated that poultry producers are facing a number of marketing problems.

Market and Sales

There's a very good market for poultry products. Eggs are always in demand from both individuals and companies. Companies such as bakeries, restaurants, hotels etc. use eggs for making scotch eggs, cakes etc. While individuals love using eggs to eat bread, yam and to bake as well. The good thing about poultry (layers) is that after they've spent 18 months laying eggs for you, you can sell them off at a higher price than you bought them. If you can time the sales of your old layers (that's what they call layers that have reached the end of their laying cycle) to coincide with a festive period like Christmas or Easter, people will fight among themselves just to buy your chickens!

The excretion of poultry can also be bagged as organic manure and sold to vegetable farmers as well. There's a very good market, all-year-round, for everything that your poultry farm produces. Selling any of your products will never be a problem. Poultry farming in Nigeria is a business with a very strong cash flow

Competition analysis

producers still need an interpretation of the research information, as well as a regional perspective of how the information can be applied at the farm level. There is risk in counting on the research capacity from other regions and jurisdictions as research resources can be redirected away from poultry or reduced in these areas as well.

Tariff and Import Restriction

Very few issues are more contentious these days than the effects of trade liberalization policies on households' welfare and poverty in developing countries. Analysis of the impact of any trade policies on households from the literature is generally decomposed into the impact on household as a consumer of a good and on the household as a producer of the good. While trade liberalization offers new opportunities for accelerated development and poverty reduction, associated with it are costs and new challenges. Undoubtedly, access to cheap foreign goods is beneficial to poor consumers, especially those in the rural areas and the urban poor.

Market Potential

The identified key segments for the project include individual and corporate consumer market segments. In terms of similarities, both individual and corporate clients seek the health and taste benefits of eggs. They regard eggs as an excellent source of protein, which is at times an alternative to red or white meat. As for the differences, the quantities required and purchased by corporate clients supersedes that of individuals. The corporate market segment is more lucrative as compared to the individual consumer market segment. This is attributed to the fact that the segment has a greater growth rate, growth potential and is more profitable.

I'll exclude the O&M costs from these calculations because the variables can't be accurately forecasted generally. They are specific to each person's situation.

Your birds, if well raised and managed, have the capacity to produce 8,670 crates of eggs for you over an 18 month period i.e. 17 crates a day from the 2nd month to the 18th month. You can conveniently sell one crate of egg for N800. So, for 18 months, eggs alone will generate N6, 936,000 ($8,670 \times N800$) for you. At the end of their production cycle, assuming you have a death rate or mortality rate of 5% (this means 5% of your 500 birds, 25 birds, die during their production cycle) you should have about 475 birds left in your farm after 18 months. Depending on what time of the year you choose to sell them (prices of chicken are highest during festive periods like Christmas and Easter) you can sell each old layer for a minimum of N1, 500 per chicken. So your 475 birds can generate N712, 500 ($475 \times N1,500$) for you.

From egg and bird sales alone over an 18 month period, you will generate a total sale of N7, 657,500. There's also money to be made from selling their excretion as manure but the cash generated from this is insignificant compared to the eggs and chicken sales. This is an aspect of poultry farming in Nigeria whose potential isn't being properly harnessed.

With an invested capital of N5, 847, 500 and total sales of N7, 657,500, your gross profit margin is 30.9%. Note that most of the things you spent your money on like the cages and poultry pen to house the cages are fixed assets in nature. You will be able to use them for future layer productions and you don't have to recover their cost in one production. In poultry farming, the tanks and most of the structure you put in place are fixed assets in nature and their costs would be recovered over several productions. Personally, I love the positive cash flow aspect of poultry farming in Nigeria because you get to make sales on a daily and weekly basis.

Technical Feasibility

The firm will be a commercial poultry farm; therefore, it will require a full-time labour and geared towards productivity on a scale for the sales of egg and sales of broiler birds. For egg production, birds usually start to lay at 18-22 weeks of age and continue to lay for Twelve months (52 weeks) on average laying fewer egg as the new mounting period. The typical production cycle last about 17 months (72 weeks) and involves three distinct phases as follows

PHASE 1:

Pullets or broilers: This phase last from 0-4 weeks during which small chicks' (pullets are kept separately from broilers.

PHASE 2 (GROWERS):

This period concerned is between 8-21 weeks of age. Growers are the future laying birds and the way they grow up will largely determine how well they do in the laying house. Therefore, management during the growing period is very important.

PHASE 3 (LAYERS):

The laying period is taken to have started when the birds reach 5% egg production daily. The laying period continues until the birds are sold at the end of a laying period of normal length or are force mounted: housing time starts with the beginning of the laying period. The number of birds housed is the number of pullets in the laying house when

Government Support and Regulation

The project conforms 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 favourable 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 November, 2020 to April, 2022 because land clearing is mostly done in the dry season.

7.0 Estimated Project Costs and Revenue

Application	Grant provider/ sponsor	Total
Poultry housing, structure for the layers	800,000	800,000
Equipment	180,000	180,000
Generator	20,000	20,000
Fencing	180,000	180,000
Motor Vehicle	150,000	150,000
Office equipment	25,000	25,000
Fixtures and fittings	15,000	15,000
Testing of standards by SABS	50,000	50,000
Environmental Impact Assessment	30,000	30,000
Borehole drilling, casing, pipe laying, stand and tank	165,000	165,000
Connection fees - water and electricity	6,500	6,500
Branding, labeling and packaging	45,000	45,000
Pullets - point of lay pullets	150,000	150,000
Feed	500,000	500,000
Working capital requirements (includes medication and vaccines)	78,000	78,000
Total	2,394,500	2,394,500

Item	Quality	Unit	Price	Total
Receipts				
Jumbo and extra large	23,606	Dozen	18	424,908
Large	27,376	Dozen	15	410,640
Medium	11,308	Dozen	12	135,696
Receipts from eggs	62,291	-	-	971,244
Fowl sold: 2300 @ 1.8 Kg	4,140	Kg	20	82,800
Total Receipts				1,054,044
Variable costs				
Pullets	2,500	Bird	60	150,000
Feed	2,500	50 Kg/ bag	200	500,000
Advertising				2,400
Utilities - electricity and water				6,000
Repairs and maintenance				1,025
Egg cartoning and packaging				46,488
Total variable costs				705,913
Return above variable costs				348,131
Fixed costs				
Labor				86,400
Insurance				25,000
Egg cooler	15,000	10 yr		2,250
Building (related costs)	39,600	10 yr		5,940
Equipment (related costs)	24,312	10 yr		3,647
Total fixed costs				123,237

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

Going by these four parameters that I've used to analyze the profitability of poultry farming in Nigeria, poultry farming in Nigeria has an overall rating of B. Poultry farming is a good business to go into and it has unique strong points and weak points.