



Project Proposal Title: **KAAC POULTRY FARM**

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Executive Summary

Poultry production plays a vital role in Ethiopia's economy, contributing significantly to the GDP and employment rates. The sector provides income and food security for many Ethiopians, making it a engine of economic development in the country. The poultry industry in Ethiopia is poised for growth and offers opportunities for further development and investment. By understanding the key characteristics of poultry production in the country and identifying successful practices and also our company and government provides **"Yelemat Tirufat"** program that aims to boost productivity and production of dairy, eggs, chicken and honey and related hive products we are also eagerly passionate to play our crucial role in participating the program towards enhancing the sector's contribution to the economy and improving food security for the population. The project is written on the establishment of a poultry farm that will specialize in the production of egg and breeding of broilers for both household and industrial use. The project (firm) will require an initial capital of Br. **1,539,400.00** million that will be used for poultry house construction, purchasing of pullets, buying of equipment, feeds chicks etc. while the payback period is **4.7 year** so with all this we can proudly say that this project is feasible and viable. The management team is made up of qualified persons who had working experience and have attended tertiary institution. This project will provide employment the communities and food for the region as well as for Nation.

1. Project name	KAK Poultry Farm
2. Project Promoter	Indode Station workers
3. Nationality	Ethiopian
4. Project Location	Addis Ababa Town, Akaki Kality subcity, Gelan condominium Woreda 12, at Indode station
5. Project Composition	Poultry Farm
6. Land requirement	Which is estimated to be 800m ²
7. Total initial Capital Investment	The total capital of the project cost is Br. 1,539,400 (10% equivalent to birr 153,940.00 financed by the owner equity and 90% equivalent to birr 1,462,430.00 from EDR loan)
8. Employment Opportunity	The total manpower required for the plant will be 12 employees with full capacity.
9. Benefits of the project For The Region/ Country	Provide high-quality chicken and eggs that will benefit the local community, boost the local economy, add value to the industry, provide a source of income for the government, create job opportunities, and produce foreign exchange.

1. INTRODUCTION

Agriculture is an engine of economic development in developing countries. The majority of people in Ethiopia depend entirely on the agriculture sector for their primary source of income, which is also the backbone of the country's economy. It's contributing nearly 40% to GDP, employing 80% of the total population, and generating 90% of its foreign currency from exports.

Current poultry production in Ethiopia is estimated at **57 million birds**, of these the 34.26% correspond to laying hens and 32.86% to broilers, which produce around 77,000 tons of meat annually. There are two important characteristics to highlight in Ethiopia's poultry production: the **type of farms and the use of indigenous** breeds. Most of the poultry farms in Ethiopia are of domestic, about 89%, in which each poultry farmer has between 5 and 20 laying hens that satisfy self-consumption and only a small part is sold locally also only one 3% of poultry farms in Ethiopia are intensive. However it's widely distributed throughout the country, been the regions of Oromia and Amhara the ones with a higher rate of poultry farms, followed by the SNNP and Tigray regions respectively.

There are abundant resources, ample markets, and a favorable investment climate to engage in agriculture and agroprocessing businesses in Ethiopia, and as our government provides the "**Yelemat Tirufat**" program that aims to boost productivity and production of dairy, eggs, chicken, honey, and related hive products, the promoter is also eagerly passionate to play a crucial role in participating in the program. The envisioned project plans to invest around Indode station (Addis Ababa town, Gelan condominium) in our working area.

Therefore, the purpose of this project proposal is to evaluate the project's viability from a technical, financial, and market standpoint. The study's conclusion is highly reliable and encouraging for the project's backers to launch. The project's promoter is very determined to start the project by expecting the necessary support that will be gained from the EDR and local governments to make the project operational.

1.1. Project Description

The venture (firm) to be established is a poultry farm that will concentrate in the production of eggs and breeding of broilers. The firm is an entirely new firm to be started from the scratch. The firm will be located in Addis Ababa town, Akaki Kality Subcity, Gelan condominium but specifically at Indode station. Making use of a land that will might be given from EDR for this sole purpose, building and the necessary equipment needed for the operation (may be land, feeders etc.).

This project is also designed to produce about 1200 table eggs per day keeping 1140 layers. According to studies conducted in Ethiopia, the most prolific and suggested breeds for egg production are the Lohmann and Bovans brown varieties. Either breed's two-months-old pullets will be bought from suppliers (such as Friendship Agro-Industries Plc., located in Bishoftu town/Debre Zeyit) and will keep for three months until they begin to lay eggs, which happens between four half and five months of age. According to our assessment one pullet at its current price would cost ETB 290. The pullets will be kept indoors with a deep litter system to be latter transferred to their battery cage. Based on review of experience, the number of birds is assumed to decline at 0.013 percent at each quarter of the year due to mortality. The products of the farm will then in due time be distributed to EDR cafeterias (Lebu, Indode, Modjo, Bishoftu cafterias etc.), hotels, restaurants, hospitals, supermarkets and educational institutions as deemed necessary and as the target market.

1.2. Project goals and purpose

The purpose of the project is to contribute towards improving the community, women and youth empowerment as well as add value to the lives of the stakeholders of the project.

The project is expected to realise the following goals:

- To meet the demand of customer and built strong customer relationship.
- To create the employment opportunity for others.
- To ultimately create community participatory self-sustaining development at local levels
- To contribute towards poverty alleviation
- To develop location specific chicken varieties and their dissemination for village poultry
- Conservation, improvement, characterization and application of local native and elite layer and broiler germplasm

- To develop a package of practices for village poultry and entrepreneurship in rural, tribal and backyard areas etc.

1.3. Project scope

The scope of work at (business planning stage) includes an analysis of the industry, market, competition, external and internal environment. The business plan shall also be coverage of the technical/operational aspects of the project, the legal aspects, human resources and financial requirements of Poultry farming.

1.4. Project sponsor

The Poultry project is sponsored by the Ethio-Djibouti railway standard gauge share company (Bank). The project shall seek financial and non-financial support from the local Municipality as well equity funding from EDR company and community members.

1.5. Product or service

The product eggs and chickens. These goods will be distributed by the farm throughout Addis Ababa Town and EDR Cafeterias. Our project primary motto is **quality assurance**. When it comes to quality, we won't compromise. We constantly give our chickens and eggs the best care possible to guarantee the quality. Now days, from chickens and eggs harmful diseases are spread out. However, we make sure that the eggs and chicks we provide are free of any form of jorum, which can lead to create harmful diseases. Even with a small initial investment, starting a business is simple. However, because our project is so highly focused on the future, our operating costs are rather expensive.

1.6. The Socio-Economic Significance of the Project

The project has been contributing to the economic development of the nation in general and the region in specific. The project benefits are explained as indicated below.

A. Supply of Egg and chicken: the envisioned project will produce chicken and egg at reasonable market (Compare with its competitors) to the market. In that it will plays an important role in improving essential element and vitamin deficiencies.

B. Add Value: by converting low-value roughage feed resources into high-value products, the project will add value in agriculture sector in general and poultry sub-sector in specific.

C. Source of Revenue: as public policy of any nation, the government collects different forms of taxes from different business organizations and individuals. Among the different forms of taxes, business income taxes payroll taxes and VAT are collected from undertaking business activities. Therefore, the project will serve as sources of revenue for both the region and nation in general.

D. Employment Opportunity: one of the problems that our country faced is unemployment. Therefore, the current objective of our government is working on tackling the problem of unemployment and fostering the development process either through creating self-employment or employment in other organization.

E. Generate Foreign Exchange: the project will generate foreign currency for the nation in the future.

F. Benefit for the Local Community: as a corporate responsibility the project will engage in different development activities on the surrounding areas. This will better worth the community and contribute for the development of the region.

G. Stimulate the Local Economy: this project will have positive externality in the district and zone that will encourage the economic movement of local economy. In that it will plays a viable roll in the region/country's economic transformation, and poverty alleviation.

H. Profit: the project will generate profit for the promoters.

1.7. Methodology and approach

The following methodology and approach will be used to help KAAK Poultry House Project achieve its purpose and objectives:

Table 1.1 Methodology and approach of the project

Stage	Description
Project Initiation	The key milestones in the project initiation phase encompass the following: <ul style="list-style-type: none">▪ A consultation session with the key stakeholders of the project▪ The development of a project charter▪ The development of a business case
Project Plan	The project plan will provide a detailed guideline aimed at helping our project to realize its purpose and objectives.
Project Execution	This will primarily involve the implementation of the proposed solutions in the project plan.

Project Evaluation	This stage will evaluate the performance of the project in order to render the necessary actions and learn from the project for future reference.
Project Closure	This will mark the closure of the project and confirm that all deliverables have been provided and accepted.

1.8. Project Site Development and Construction

The project will be implemented on own leased plot of land with a total area of 800 square meter in the Addis Ababa town, Akaki Kality subcity, Gelan condominium Woreda 12, at Indode station. The site development and fencing, construction of poultry houses and other buildings. The site layout is designed to accommodate for efficient flow of activities while it provides space for future expansion and rearrangements.

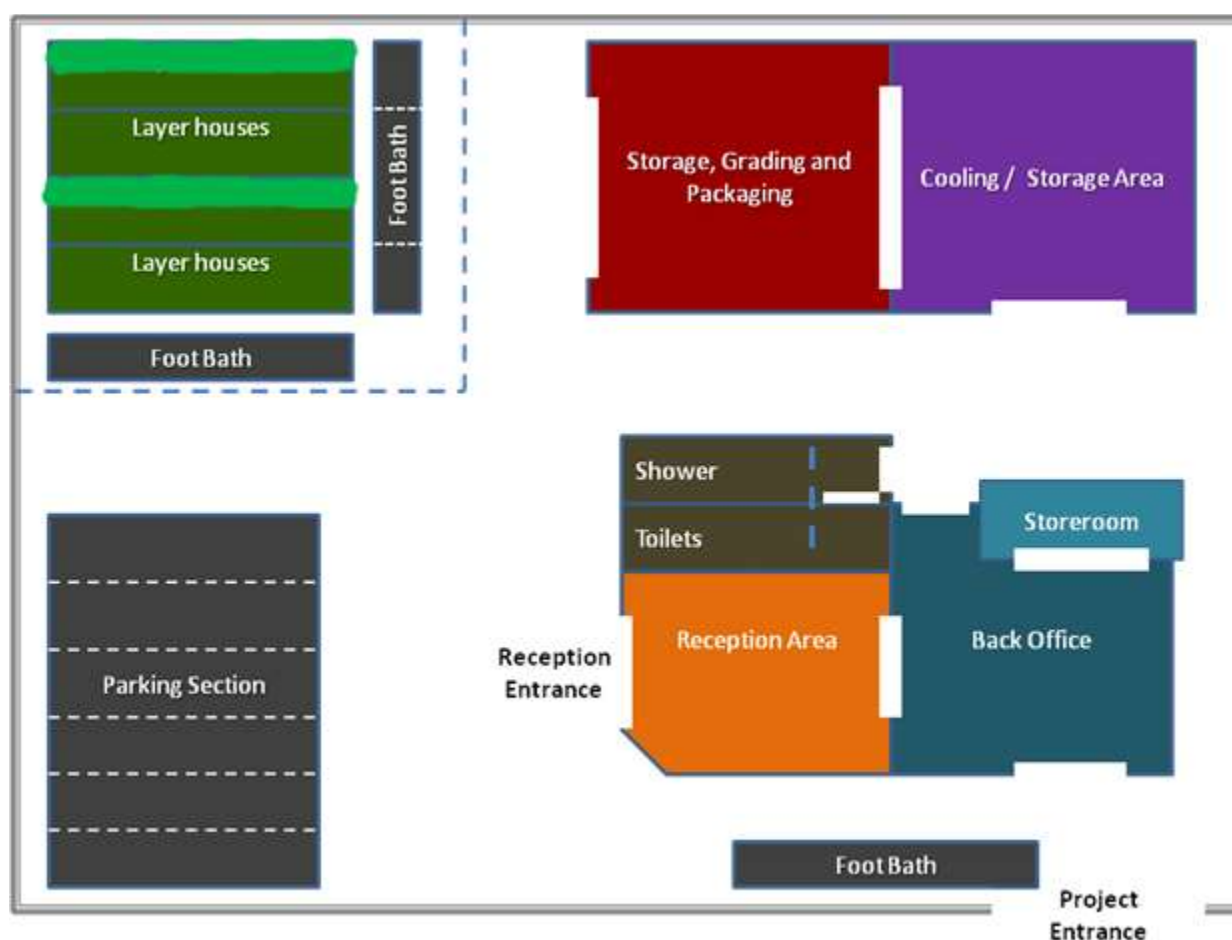


Figure 1.1 Site layout of KAK poultry farm Project.

The sections within the business premises will include: reception, back office, back office storeroom, cooling / Storage area, sorting, grading and packing, toilets, shower, layer houses, and footbath.

The poultry house is designed and will be continuously maintained to meet the following standards and requirements:

- The surroundings will be well drained and will be kept free of any source of pollution including decayed garbage, vermin, flies, insects or rodents;
- The water supply used in the farm will be of potable quality;
- The wall and ceiling of the shed in which birds are kept will be constructed from hollow block and wire mesh;
- The floors will be covered with concrete and covered with litter with a recommended thickness;
- Ventilation will be adequate to keep the walls and ceilings relatively free of the condensation dust particles;
- Outside openings will be protected with wire mesh to prevent the entry of Predatory birds;
- Every room in which birds will be contained Shall be well maintained, kept clean and free of dust, debris or any other source of contamination; and hand washing facilities complete with water, detergent, sanitary towels and covered receptacles will be located convenient in all working areas and to all personnel.

2. SITUATION ANALYSIS

2.1. Market

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.

2.2. Target market

The selection of a lucrative market is imperative to the success of our poultry farm. The Key factors are considered prior to selecting a lucrative market for the project. These encompass profitability, growth, growth potential, size of the market, risks associated with the market and the capacity of the business to serve the selected market. The proposed target market for our poultry farm shall be primarily composed of consumers within the corporate arena. The business will target Addis Ababa town and EDR Cafeterias; additionally the project shall strive to supply eggs to prominent hotels, restaurants, hospitals, supermarkets and educational institutions on a regular basis.

2.3. Environment Analysis

We believe the business will excel since people of all age consume egg and eggs are used in producing variety of products. Quality Chickens will be acquired though the number may be limited due to the high price. The following are also considered access to water and electricity supply. As a new firm having others in the same line of business we know it will not be easy to break into the market but we have devised strategies to overpower our competitors.

- A. Internal environment analysis:** is coverage of the scanning of factors considered internal to the project and within the control of the business. Internal environment scanning is important in order to deduce the strengths and weaknesses of the project. The identified strengths shall be capitalised on and the weakness shall be mitigated.
- B. External environment analysis:** is coverage of the external environment analysis in order to identify opportunities and threats facing the poultry farming concern.

2.4. Market Analysis

There is no people in Indode Station already carrying out this business though both on high and small scale. The demand for egg has not being fully satisfied that is why we have scarcity of it in some area or expensive. There is high demand for egg for both domestic and industrial uses.

2.5. Marketing Plans

As was mentioned earlier the residents of Addis Ababa town, Akaki Kality subcity, Gelan condominium Woreda 12, at Indode station being our target market, awareness will be made by means of advertisement. The advert will be made on internet, website, television, radio,

newspapers etc. the price we intend to sell our product will be lower than the existing price, we are going to make use of distributor scattered in different part of the Addis Ababa town and EDR stations. We will make sure that none of our customers.

2.6. Marketing strategies and promotion methods

Poultry farming will use a combination of push and pull strategies to create awareness for the business and appraise leads and sales.

- Improve awareness of the project by advancing publicity, having presence on the internet by developing a website and other marketing efforts.
- Improve the competitiveness of the project by implementing market intelligence initiatives such as improving the competitive advantages of the business, studying the competition, conducting market surveys and being more customer intimate.
- Develop an online business by developing a website and placing the business name and get in touch with details with online directories.
- Improve our internet presence and make people order and buy our products online by posting proper photos, sharing those on social media and other online activities can bring us more customers that we would never get by publicizing offline.
- Improve the image of the business by branding the business and its products as well as provide excellent customer service and delivering promptly.

2.7. Analyze competitors

It is essential for every business organization to identify its existing competitors their skill, strength and as well as weakness. We have huge number of existing competitors but most of them have not high skill and future orientation. The future competitors can easily entre the business because of its low cost and its industry structure is very easy.

2.8. Supply chain map

The supply chain map of the Egg Production Industry is as illustrated below:

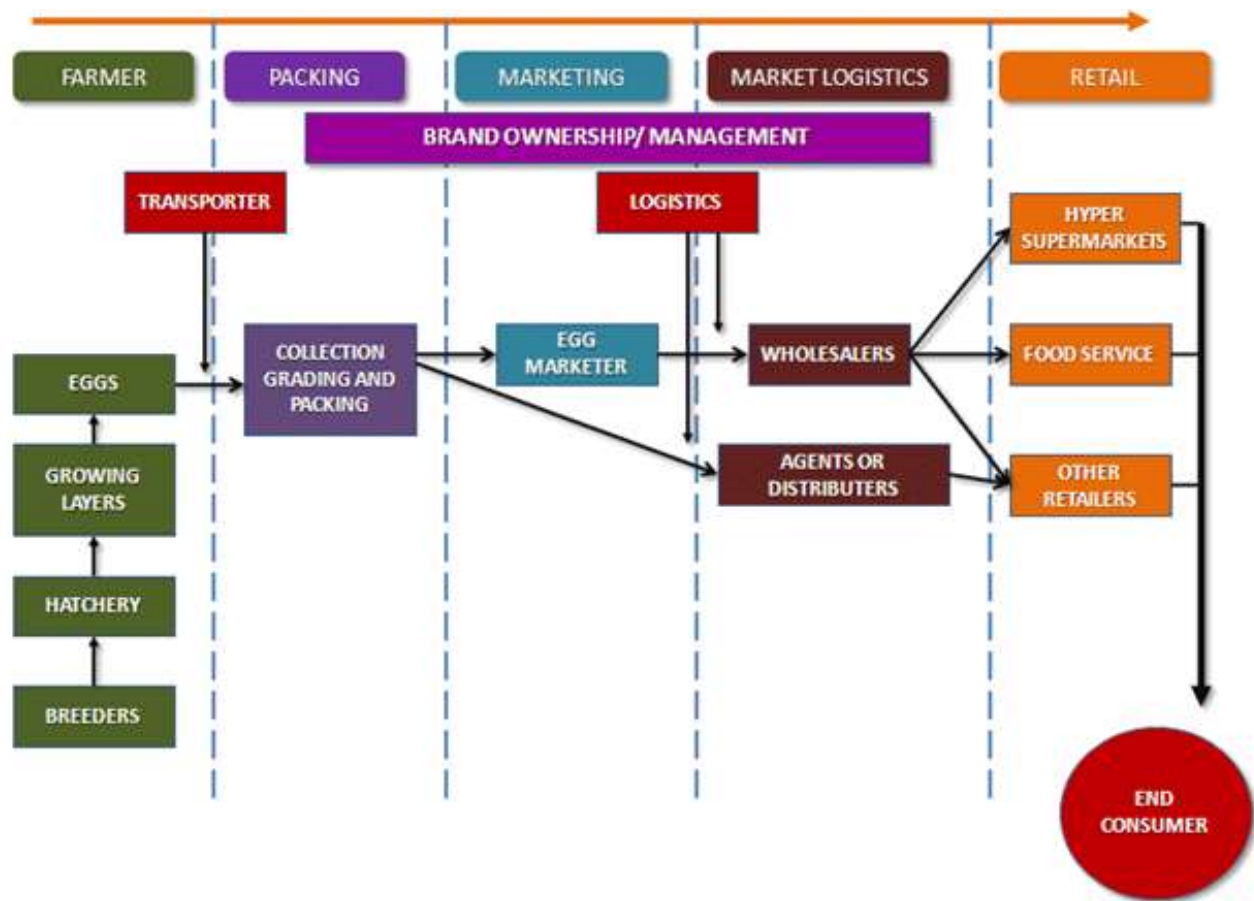


Figure 2.1 Supply chain map

2.9. SWOT Analysis

2.9.1. Strengths

The shared values of the project members with particular reference to teamwork, commitment and perseverance

The strong participative and democratic style of leadership demonstrated by the members of the project

The business management skills of the project members

The managing members of the project are energetic, knowledgeable, creative and enthusiastic

2.9.2. Weaknesses

- The lack of advanced financial management skills
- The lack of a comprehensive understanding of the strategic planning framework
- Lack of trained human resource in the field of poultry farming and livestock disease prevention and control

- The lack of a comprehensive marketing strategy and plan
- The lack of funding to procure equipment and other assets
- The low owners contribution as compared to the amount requested from external funders

2.9.3. Opportunities

- The opportunities in terms of ownership and procurement
- The opportunities in terms of skills development
- The Utilisation of Information Technology to enhance the front Office and back office operations as well as key areas such as processing, marketing and distribution
- Access to funding programmes
- The increasing per capita consumption of eggs
- The reduced interest rates will mean lower costs incurred as a result of borrowed money
- Government support of the Poultry farm as it is one of the industries that is considered to be ‘Yelemat Tirufat’
- Increase emphasis on community as demonstrated by financial and non-financial support
- Increase small business support as demonstrated by the increase in small business support forums, Small Enterprise Development agency and many more
- The opportunity to supply government institutions such as prisons, collages, departments and other government units will be an opportunity for the business

2.9.4. Threats

Compliance with various acts and laws such as the Livestock Improvement Act, Occupational Health and Safety Act, Labour Relations Act and the Basic Conditions of Employment Act

- The threat from well-established competitors
- Indirect competition from distant emerging commercial and subsistence farmers and other small players in the industry
- The intensity of rivalry amongst players
- The threat from suppliers – in the case of feed, there is a threat of rising feed costs
- The threat from substitutes or alternative protein rich food
- The threat from changes in customer preferences as well as the fact that eggs are generic products that customers can buy from other food stores

2.10. PESTLE analysis

Political environment

The political system is prevailing in a country's policies and control of business. An honest, efficient and stable political system is become essential factor for the development of any country. In UAE there are three main vital institutions: executive or government, legislature and judiciary. Among the there the legislature is the most crucial political factor which may impacts our poultry farm because it includes powers such as policy-making, law making, budget approving mirror of public opinion.

Economic environment

The three economic factors which effect the poultry farm are capitalism, socialism and communism widely. The poultry project always want to be in competition with others. Their profit and wages system are based on the ability and willingness to work. There is also a policy so that any owners can divest his capital form the profits. The workers are also free to select an employer and site. Like workers of the poultry farm select the managers on the basis of their ability. They are also free to make any decision. There are also a limited competition and profits, wages etc fairly in relation to efforts. The poultry project also encourages workers for employment. Generally economic environment consist those factor which bear the functioning of a business. In case of the poultry farm the economic system comprise price and distribution controls, per capita and national income, population, financial and fiscal sectors, infrastructure etc

Socio-cultural environment

There are certain social factors which are beyond our poultry project gate. These factors include attitude to exalt, family, marriage religion, education attitude to people toward the work and ethics. Sometime due to this factors the demand of our poultry farm grew and sometime its falls.

Technological environment

Technology environment exerts significant influence on business. The impact of technology on the business can be seen as company's product, services, markets, suppliers, competitors, distributors, manufacture etc. Due to technology environment our poultry farm will get the continuous growth from last few years. It is also helpful in increasing quality products. The poultry project has more capital demand, rise of productivity, more emphasis on R&D, and pressure to become more professional etc.

Legal

The poultry project is also largely affected by industrial and animal related laws. The company is also prone to any sue in commercial court regarding quality of food material.

Ethical

Ethical factors are concerned with the social responsibility part of our poultry farm. The poultry farm has some ethical rules to follow regarding maintenance of animals. For example, the project has to maintain proper safety and neatness level in farm etc.

2.11. Risks analysis and Mitigation

Poultry farming is surrounded by risks all over which affect both small and large scale operators. Along this line, we have foreseen, forecast and predict some possibly occurring risk that our business and or industry may face and we carefully provide matching solutions to the risks and dangers.

I. Financial Risk

In terms of the financial risk, this emanates from the fact that the owners' contribution is less compared to the funds required from potential investors. Hence, the gearing ratio is therefore not as desirable. To mitigate this risk, the project members shall strive to reinvest at least 60% of the profits into the business so as to improve the gearing ratio. The project will strive for a good return on investment. In the first year of operation, employee costs will be minimised so as to ensure that this risk is minimised.

II. Market Risk

There is a potential market risk in terms of competition from well-established poultry farms and suppliers. Our poultry farming will have to compete for market share with these established businesses. To mitigate this, we will have to focus on a specific market segment and strive to understand the customers better than the competitors.

III. Human Resource Risk

The project will require skilled, knowledgeable and competent staff in significant areas such as business management, financial management, costing, entrepreneurship and technical aspects relating to raising layers and egg production management. It will be important for the owners, management and employees to be well trained. Moreover, a loss of key personnel is likely to affect the business adversely. To mitigate this risk, the business will promote and cultivate a culture of sharing knowledge and skills amongst the members and employees. The business will approach agencies for business training sessions. The project will also be part of agriculture related training facilitated by the Ethiopian Poultry Producers and Processors Association and Ministry of Agriculture.

IV. Economic Risk

Another risk may facing in our poultry farm is an economic risk. On a global level, there is currently an economic recession (declining at present), as such the unemployment rate has gone up meaning that few people have buying power and the fact that consumers have tighter budgets as compared excellent financial years. This may ultimately outlook high inflation that renders expenditure items and other costs to be expensive. The depreciating rand is also a factor to consider as it also affects prices of procurements such as vaccines, medicines and imported feed supplies. This risk is external and out of the control of the business. There will be likelihood to implement energy saving measures such as the use of energy saving bulbs. Our poultry project will look into alternative energy sources such as solar power and wind mills. The business will strive to not pass on the costs to consumers as it understands that affordability is one of the key success factors in the poultry industry.

V. Event Risk or Risk of Disease Outbreaks

There is a risk of outbreak of diseases that could adversely affect the products of the project. When poultry is kept intensively, the risk of disease is very high for the mere reason that the chicken are too close to each other. If proper vaccination programmes are

not followed the business could suffer major financial losses. It is important that a proper vaccination programme is followed. The vaccination will minimize the threat of diseases. Personnel will ensure that the chicken are monitored for diseases and that the chicken housing are kept clean and secure from other event risks.

VI. Personal risks

Personal risks arise from events affecting the personal lives of the farmer and or his partners which may in turn affect the operation of the business. In this instance we predict some personal risks (catastrophic events) such as fire, flood or death. It can also include variation of goals and objectives between the high desk and the low desk.

Control and Management

- In the first instance of fire, flood and death the business organization has planned to register all its works to the insurance services, in order to minimize or even obliterate some risks that might be faced in that regard.
- Establishing a common understanding of the business goals among the partners

VII. Production risk

Many factor from outside of the business environment and from inside as in (1) above are likely to put the industry and the whole of its productions in risk. Poultry farming has sensitive risks to weather conditions that are in the farming environment e.g. sunlight, rainfall, humidity, temperature and others can include insects' diseases and pests.

Control and Management

- We intend to grow disease resistant varieties of poultry that can absorb and sustain the shock of infections.
- We intend to use preventive means of insect and predators control such as nets to protect the chickens.

Additionally;

- Shortage of the proposed breeds, and the higher per-unit price of pullets is the other major challenge. The problem, in this regard will be addressed by consulting research centers and negotiating with suppliers, and finally facilitating the projects own production of chicks.

- Inadequate animal feed and diseases are one problem. To mitigate such problems our poultry project has effectively planned to train assistants and maintain dependable veterinary medicine in stock. With regards to feed, the farm has planned to process feed with supplies from local markets that are believed to reduce costs by about 65 percent.

2.12. Operational Plan

The operational plan for the poultry farming project in Ethiopia outlines the key activities, strategies, and processes involved in running a successful and sustainable poultry operation. The plan encompasses various aspects of farm management, including housing, biosecurity, health management, and production practices.

Formerly the initial batch being 2-months old pullets purchased from supplier of Agro-industries


Table 2.1 Operational plan

Date	Actions
Week before the chicks arrive	<ul style="list-style-type: none"> • The housing should be cleaned en disinfected. • The disinfection room for hands, feet and clothes should be prepared • The housing should be in good condition (proper ventilation, free of rats and predators etc.)
24 hours before the chicks arrive	<ul style="list-style-type: none"> • Temperature should be about 35C° (near the heat) and not lower than 28C° in the whole stable. • The light intensity must be correct. • The bedding material must be having a minimum depth of 5 cm.
Arrival of the chicks	<ul style="list-style-type: none"> • Put filled drinkers with fresh, clean and cool water in position (a several hours before arrival) • Make sure of strict hygiene during the unloading job • Remove chicks from the boxes and put the chicks near to the heaters. • When immediate unboxing is impossible, prevent chicks from warmth and cold. • Provide the right light intensity
Day 1	<ul style="list-style-type: none"> • Check the brooding temperature (the behaviour of the chicks) • Check frequently if there is enough fresh, clean drinking water and feed. • Prevent chicks from tumbling into the feeder plates of holes in the bedding material. • Recording the day

Day 2-7	<ul style="list-style-type: none"> • Gradually reduce the temperature of the brooders and room • The relative humidity may range from 60-80% • Expand the brooder area gradually • Check the health and vitality of the chicks • Remove dead chicks
Second week	<ul style="list-style-type: none"> • Gradually reduce room temperature • Remove the completely brooder guard • Start with ventilation at very low • Use additional feeders and locate the chicks a little further away from the heat source • Turn of heating (if need be) • If the morality is higher than expected, call in a specialist
Fourth week	<ul style="list-style-type: none"> • Lower brooder temperature, if possible and necessary. • Keep humidity at the level by ventilation • Reduce the light intensity to 2.8 watt/m2 of floor area • Care for fresh, cool and clean drinking water • Check the condition of the materials and bedding material • Eliminate all chicks with deformities
Week 5-10	<ul style="list-style-type: none"> • Reduce the light intensity to 2.0 watt/m2 of floor area. • Check the weight of the chicks • Debeaking the chickens when cannibalism starts • Switch from chick-size to grower size grit • Start an established feeding program • Make the switch from Starter to Grower • Select breeder chickens for meat-producing chickens at week 6-8
Week 10-18	<ul style="list-style-type: none"> • Debeaking • Re-debeak when necessary • Be care of stresses, like debeaking, vaccination and changes in feeding • Weight the chickens

2.13. Project timeline/schedule

Table 2. 2 Project timeline/schedule

Phase	Milestones	Duration (Month, 2024)					
		April	May	June	July	August	September
Project initiation	Project charter						
	<ul style="list-style-type: none"> • Feasibility study and market research will be conducted. • Business plan and secure funding will be developed. 						

	<ul style="list-style-type: none"> • Identification and acquisition suitable land for the poultry farm. • Will obtain necessary permits and licenses for poultry farming operations 						
	Stakeholder consultation						
	Business case						
Project plan	<ul style="list-style-type: none"> • The design of layout of the poultry farm, including housing, infrastructure, and biosecurity measures will be made. • Equipment, supplies, and materials needed for construction will be procured. • Detailed operational plan, including health management protocols, feed and nutrition plans, and production practices is developed. • Skilled personnel, such as farm managers and support staff etc is hired. 						
Project execution	<p>Effective execution of project</p> <ul style="list-style-type: none"> • Pullets will be Purchased from suppliers and introduced them to the poultry houses. • Implementation of vaccination programs and health monitoring protocols. • Egg production will be started and monitored performance indicators. • Marketing will be established and distributed channels for poultry products 						
Project closure	Successful implementation of project						

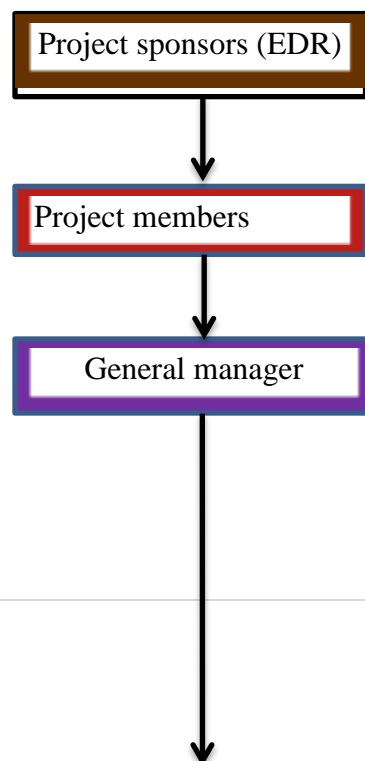
3. ORGANIZATIONAL STRUCTURE AND MANAGEMENT

3.1. Manpower

At the top of the organizational structure, there will be a general manager with the responsibility of supervising the overall activity of the project. Depending up on the nature of the center and the amount of work to be performs; there will be medium and low level management under the general manager. Employees under each unit will be supervised by the department head that is accountable for the general manager.

The company will use trained and skilled staffs in the area of each department to be competitive and effective supplier of poultry products to the market. The opportunities of being serviced by well skilled professionals well enable the company to evaluate the internal weakness and strength of the company as well as to assess the external opportunity and risks in the world market so that the project can cope up with the dynamics of the market situation. The total manpower required for the project will be **12** employees at full capacity of 10 skilled and 2 unskilled employees.

The organizational structure of the project is designed by including all the necessary personnel under the right division. At the top of the organizational structure, there will be a general manager with the responsibility of supervising the overall activity of the project. Employees under each unit will be supervised by the department head that is accountable for the general manager. General Manager is accountable to the owner of the project as indicated in figure bellows.



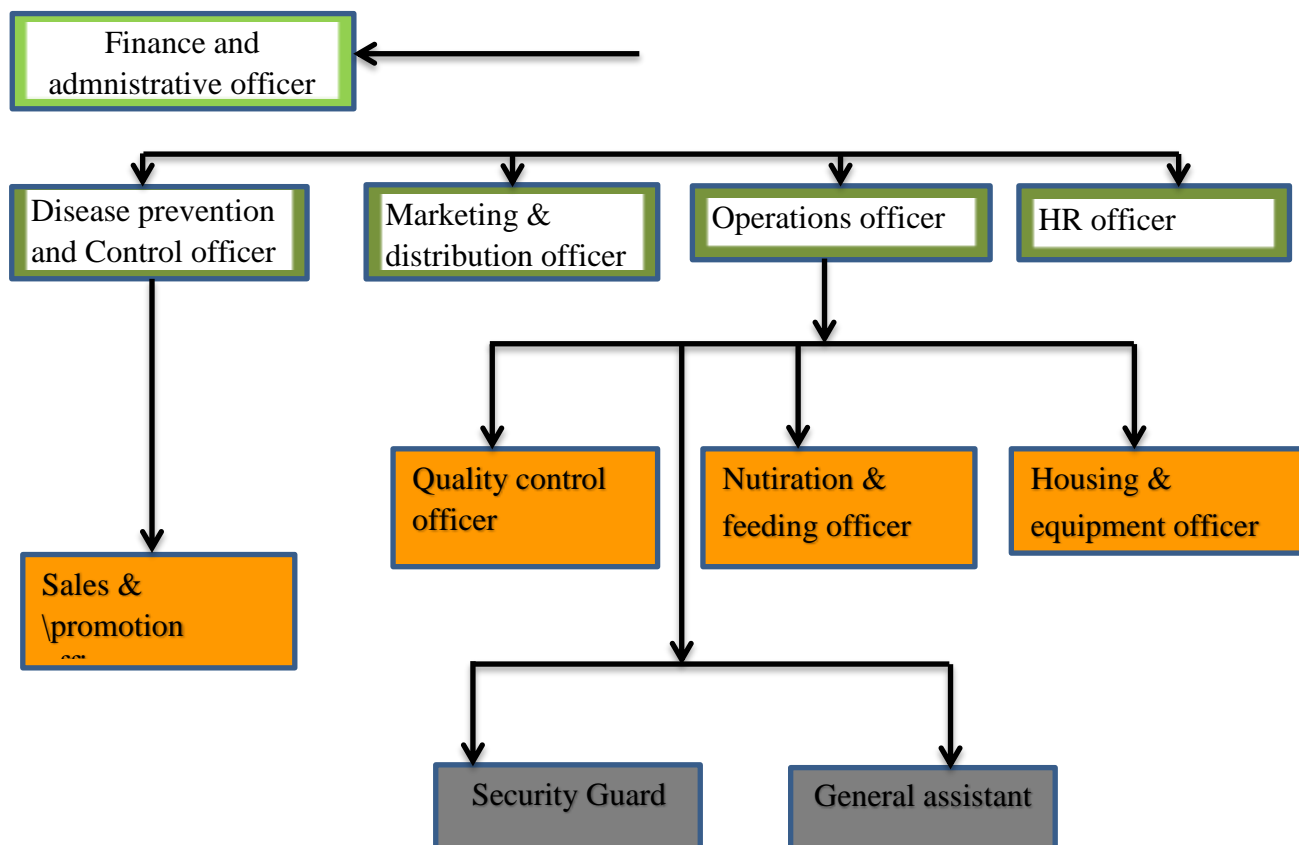


Figure 3.1 Organizational Structure of the Poultry project

3.2. Roles and Responsibilities

Table 3.1 Roles and responsibilities of managements

Position	Responsibilities
Project Sponsor	The project sponsors shall assist the project with the required funding and oversee the responsible and accountable use of the funds by the project. They will also act as a board to ensure that the project achieves the set objectives and ultimately its vision.
Project Members	The project members shall be responsible for strategic planning and strategic decision making in the project.
General Manager	The General Manager shall be responsible for the implementation of the strategy as well as ensure the smooth running of the project.

Finance and Administration Officer	<p>The officer responsible for the finance and accounting portfolio will be responsible for the following:</p> <ul style="list-style-type: none"> ▪ Compiling input for the management information system of the business by engaging in tasks such as the filling of paper work in the business as well as drawing ▪ Handling of supplier and customer invoices. ▪ The preparation of monthly and annual financial statements ▪ Maintenance of the general ledger ▪ Reconciliations ▪ Preparations of budgets and forecasts ▪ Ensuring that gross profit margins are accurate
Disease Prevention and Control Officer	<p>The Disease Prevention and Control Officer will be responsible for being on the lookout for poultry disease outbreaks and taking preventative measures so as to ensure that the poultry houses are disease free.</p>
Marketing and Distribution Officer	<p>The Marketing and Distribution Officer shall ensure that the marketing mix - that is, the product, place, price, promotion and packaging meets the expectations and needs of the target market. The Marketing and Distribution Officer will offer solutions to the clients of the project in terms of how they can best create awareness for their businesses, improve sales and ultimately profits. The Marketing and Distribution Officer shall also be responsible for developing relationships with appropriate organisations and associations within the industry and implementing a customer relationship management system for Poultry House Project CC and the clients it serves.</p>
Sales and Promotions Officer	<p>The Sales and Promotion Officer will be responsible for direct and indirect promotions of the product.</p>
Operations Officer	<p>The Operations Officer will oversee the operations of the project. The officer will essentially ensure the efficiency and effectiveness of all processes involved in operations.</p>
Housing and Equipment Officer	<p>The Human Resource Officer will be responsible for the recruitment, selection, performance and appraisal requirements of the project. The responsibilities will also encompass the learnership and development requirements of the project.</p>
General Assistant	<p>The general assistant will be responsible for the following: Responsible for feeding the layer chickens</p> <ul style="list-style-type: none"> ▪ Assisting with the collection of eggs and ensure that the system for the eggs to roll safely from the nests into collection or distribution troughs without breaking is in good order ▪ The General Assistant will be responsible sorting and packing the eggs in preparation for distribution. The assistant will also help

	with the distribution and logistics needs of the project. ▪ Other poultry related general tasks
Security Guard	The project will recruit one Security Guard. The Security Guard will be responsible for guarding and protecting the property of the business.

4. INVESTMENT COST AND FINANCIAL ANALYSIS

The total amount of money that is required to implement the project will be ETB **1,539,400**.

4.1. Working Capital Requirement

Working capital requirement for the first **three months** is estimated to be about **ETB 890,400** details are indicated in the following Table.

Table 5. 1 Working Capital Requirement

SN	Item	Required budget ETB
1	Poultry feed for three months	518,400
2	Vaccine and medication	12,000
3	Purchase pullets of 1200	348,000
4	Utilities for three months	3,000
5	Maintenance cost for three months	4,000
6	Promotion for three months	5,000
	Total Initial working capital	890,400

4.2. Total Initial Investment Cost

Table 5. 2 Total Initial Investment Capital

SN	Description	Cost in birr in Br
1	Land, Building & Construction of poultry house	550,000
2	Machines & Equipment	44,000
3	Office Equipment	20,000
	Total Fixed Investment Cost	614,000
4	Pre service Expense	35,000
5	Initial Working capital	890,400
	Total	925,400
	Contingency (10 %)	
	Total Initial Investment Capital	1,539,400

4.2.1. Sources of Fund

Table 5. 3Source of fund

SN	Description	% share	Amount(in birr)
1	Owners Share(Equity)	10	153,940
2	Bank Loan (EDR)	90	1,462,430
Total		100	1,539,400

4.3. Fixed Investment of Building & Construction

Table 5. 4 Fixed investment of Building and Construction

SN	Description	Grant provider/ sponsor	Total cost in Birr
	Land, Building & Construction of poultry house (Parent, Layer, office, storage, reception office, broiler etc) 800m ²	550,000	550,000

Table 5. 5 The right calculation and results

Data	Calculation	Result
How many chickens	1200	
Gram a day a chicken	120	
Kilogram a day in total		
Price of the food	4000 for 100 kg	
Price a kilogram		
Total costs a day		
How many chickens	1200	1200 chickens
Gram a day a chicken	120	120 gram
Kilogram a day in total	1200 chickens x 120 gram	144,000 gram. 144,000/ 1,000 = 144 kg
Price of the food	4000 for 100 kg	4000 birr for 100 kg
Price a kilogram	4000 birr/ 100 kg = 40 birr	40 birr a kilogram

Total costs a day	144 kg x 40 birr = 5,760birr	5,760 birr a day
Total costs of three months		5,760x30x3 = 518,400 Birr
Total costs in a year	5,760 birr x 365 days	2,102,400 birr

Table 5. 6 The percentage to calculate with is 95 % after three months.

Data	Calculating	Result
Number of egg laying chickens	1200	1200 chickens
Number of eggs a day	1200 x 0.95	1140 eggs
Average number of eggs sold a day (personal contacts, market, own shop)	1140	1140 eggs
Price of one egg	9.30 birr	9.30 birr
Income a day	1140 eggs x 9.30 birr	10,602 birr
Total income per month	10,602 birr x 30days	318,060 birr per month
Total income in a year	10,602 birr x 365 days	3,869,730 per year

Table 5. 7 The calculation and results

Data	Calculating	Result
Number of non- producing Chicken	1200 – 1140 = 60	60 chickens
Price a chicken	290	290 birr
Afford	60 chickens x 290 birr	17,400 birr

4.4. Project financial results

Table 5. 8 Projected income statement in the first year

Description	Amount in birr (per year)
Total Sales Revenue	3,869,730
Feeds	2,102,400
Wage	130,000
Total	2,232,400
Gross profit	1,637,330
Salaries	125,000
Light power & heating	18,000
Selling & distribution exp.	60,000
Transportation	50,000
Medication and vaccination	75,000
Insurance	100,000
Advertising	15,000
Total	443,000

Profits before tax	1,194,330
Tax rate @ 30%	358,299
Net profit	836,031

Table 5. 9 Projected cash flow statement for financial planning in 5 years

Item	Year					
	0	1	2	3	4	5
Total Sales Revenue	-	3,869,730	4,256,703	4,682,373	5,150,610.3	5,665,671.33
Owners' Equity	153,940					
EDR Loan	1,462,430					
Total Cash Inflow	1,539,400	3,033,699	4,256,703	4,682,373	5,150,610.3	5,665,671.33
Investment Cost	1,539,400					
Costs of sales		2,232,400	2,344,020	2,461,221	2,584,282.05	2,713,496.15
Gross profit		1,194,330	1,311,025.53	1,439,389.01	1,580,178	1,734,573.44
Operating exp		443,000	465,150	488,407.5	512,827.88	538,469.27
Loan Repayment		263,237.4	292,486	321,734.6	350,983.2	233,988.8
Profit Tax (30%)		358,299	393,307.659	431,816.7	474,053.4	520,372.032
Total Cash Outflow	1,539,400	1,064,536	1,150,944	1,241,958.8	1,337,864.48	1,439,073.1
Net Cash Inflow		129,794	160,081.53	197,430.21	242,313.52	295,500.34
Cumulative Cash Inflow		129,794	289,875.53	487,305.74	729,619.26	1,025,119.6

Sales will increase by 10% yearly cost of sales will increase by 15% operating expenses will rise by 5%.

Assumption: 18% - 26% per year of loan repayment is payable in 4.7 years.

$$\text{Net average profit} = \frac{\text{5 years profit}}{\text{No of year}}$$

$$= \frac{129,794 + 160,081.53 + 197,430.21 + 242,313.52 + 295,500.34}{5}$$

$$\text{Net average profit} = \frac{1,025,119.6}{5} = \mathbf{205,023.92 \text{ Birr}}$$

Profitability Analysis & Evaluation of Project

$$\text{Payback period} = \frac{\text{Total investment}}{\text{Net Average income}}$$

Therefore our Payback period is **4.7** years

4.4.1. Profitability

The project is expected to turn a profit during its first year of operation, based on the predicted income statement. Important ratios such as profit to total sales, net profit to equity (Return on equity) and net profit plus interest on total investment (return on total investment). The viability of the project is demonstrated by the income statement and other profitability metrics.

4.5. Future development of the project

The project has an expansion step in phase two that will produce process different mix of processed chicken meat using modern and advanced food technology.

4.6. Poultry treatment method

The treatment of poultry in a farming setting is crucial for ensuring their well-being, health, and productivity. Proper care and management practices are essential to maintain the welfare of the birds and optimize production outcomes. Here are some key aspects of how poultry should be treated in a farming environment:

1. Housing and Environment:

- Provide adequate housing facilities that offer protection from adverse weather conditions, predators, and diseases.
- Ensure proper ventilation, lighting, and temperature control in the poultry house to create a comfortable environment for the birds.
- Maintain cleanliness and hygiene in the housing area to prevent the spread of diseases and infections.

2. Nutrition and Feeding:

- Offer a balanced diet that meets the nutritional requirements of the poultry, including essential nutrients such as proteins, vitamins, and minerals.
- Provide access to clean and fresh water at all times to prevent dehydration and ensure proper digestion.
- Monitor feed consumption and adjust feeding practices based on the age and production stage of the birds.

3. Health and Disease Management:

- Implement a vaccination program to protect the poultry from common diseases and infections.
- Regularly monitor the health of the birds and promptly address any signs of illness or distress.

- Practice biosecurity measures to prevent the introduction and spread of diseases within the flock.

4. Handling and Care:

- Handle the poultry with care and avoid causing unnecessary stress or injury during routine management practices.
- Implement proper handling techniques during activities such as catching, moving, and transporting the birds.
- Provide enrichment activities and space for the birds to exhibit natural behaviors and reduce boredom.

5. Monitoring and Record-Keeping:

- Keep detailed records of poultry health, production performance, feed consumption, and any treatments administered.
- Monitor key performance indicators such as egg production, growth rates, and feed conversion ratios to assess the overall health and productivity of the flock.
- Use data-driven insights to make informed decisions regarding management practices and interventions.

By following these guidelines and prioritizing the welfare of the poultry, farmers can ensure the health, productivity, and overall well-being of their flock. Proper treatment of poultry not only benefits the birds but also contributes to sustainable and successful poultry farming operations.

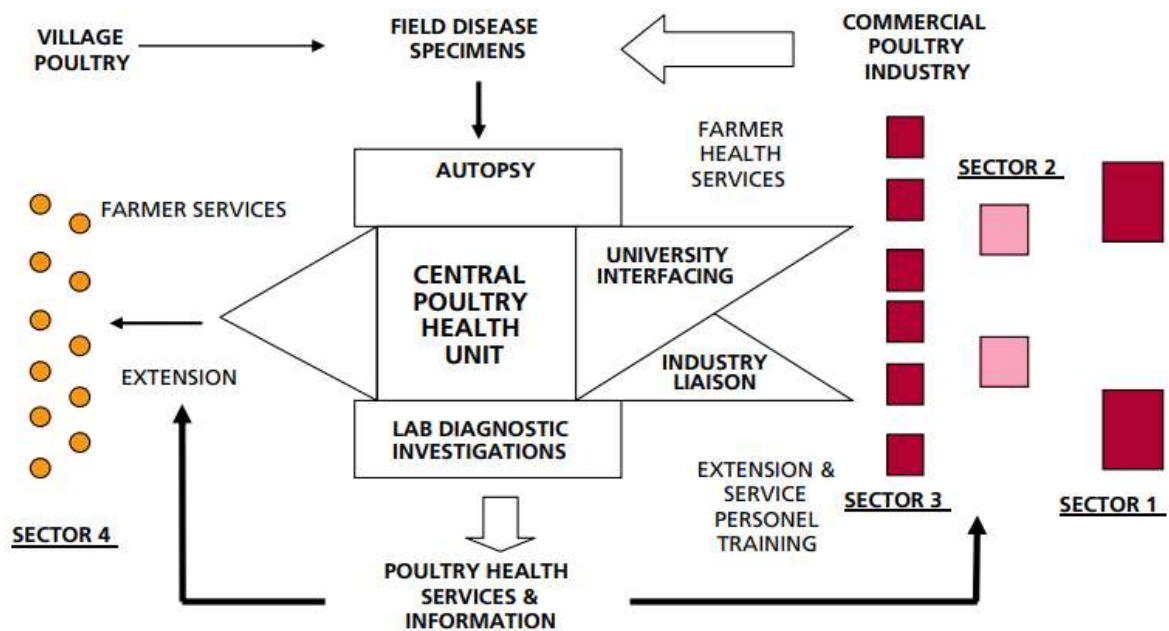


Figure 4.1 Delivery of the health services needed for support of poultry

4.7. Monitoring and evaluation plan

Table 5. 10 Monitoring and Evaluation

Objectives	Indicator	Target
Financial objectives		
To attain a return on investment higher than the cost of capital invested in the business	Return on investment per annum	> 15%
To improve the profitability in the project	Contribution margin	> 40%
Marketing objectives		
To meet and exceed customer expectations	Customer satisfaction survey	100% customer satisfaction
Establish long term customer relations	Amount of repeat and referral business	100%
Improve competitiveness of the business	Feedback from customers	Bi-monthly
Operations objective		
To improve efficiency within the workplace	Dynamics in workflow	Weekly
To effectively utilize existing resources within each functional area of the business	Deliveries Quality standards	Monthly
Improve health and safety within the project	Quarterly audits	Monthly
Resource objective		
To improve the motivation of employees	Performance management Staff certifications and number of training workshops and programmes	Quarterly

Conclusion

The proposed poultry farming project in Ethiopia holds significant potential for contributing to the country's economic development, food security, and employment generation. By leveraging market opportunities, addressing operational challenges, and implementing sustainable practices, the project aims to establish a successful and socially responsible poultry farming operation.

The study used different parameters to determine the feasibility of developing a poultry farm in Indode station. The findings of the feasibility study have provided a clear picture of the proposed project justifying reasons to undertake decisions. The study involving economic analysis of the project has enabled us to determine its viability before financial resources are allocated.

Key highlights of the project include:

- Focus on meeting the increasing demand for poultry products, particularly eggs, in Ethiopia through strategic market positioning and product quality.
- Emphasis on financial management, funding procurement, and cost control measures to ensure the project's financial viability and long-term sustainability.
- Commitment to poultry welfare, biosecurity, and environmental sustainability through proper housing, disease prevention, and bio-digester facilities.
- Engagement with government support programs, small business forums, and community development initiatives to foster growth, create employment opportunities, and contribute to local economic development.

By addressing the identified risks, capitalizing on market opportunities, and implementing effective operational strategies, the poultry farming project will become a key player in Ethiopia's poultry industry. Through a combination of sound management practices, market responsiveness, and social responsibility, the project aspires to not only generate profit for its promoters but also make a positive impact on the local community, economy, and agricultural sector in Ethiopia. We have therefore concluded that the project is technically feasible, economically justifiable, and socially desirable, and that it is worth the investment.