Attention: FAITH

This needs drastic improvements in layout and completeness of things by others, space between lines, paragraphs, the role of trees, irrigation, tourist facilities etc etc. Evaluate each sentence's fit to paragraph and category. Send it back when ready.

Mutiso

SASOL'S FARM BUSINESS PLAN

SHOULD IT NOT BE MPC SOUTH?

EXECUTIVE SUMMARY

Description of the business (SASOL FARM)

Sasol organization has purchased approximately 240 acres of land in Kitui south (Ikutha) where it intends to expand its operations. These activities are scheduled to start as from the mid of September 2009, where variable projects and enterprises are to be started. Everything is aimed to generate income for the Sasol to reduce donor dependency, which according to Sasol strategic plan 2009-2020 is their weakness and they had to find a way of generating their own income. The activities are also aimed at creating employment opportunities and enhancing learning through use of demonstration farms and training centers to our community.

Most of the resources in the area are not fully utilized due to lack of understanding and knowledge of how to utilize them.

Due to the ecosystem of the area given that there is lot of shrubs and trees, thorny bushes, goat rearing is one of the project, which is to be started in the area. Poultry farming enterprise will also be started in this year since it starts generating income within a very short period of time. Horticultural farming will take off next year, 2010, where drought resistant vegetables like amaranthus will be grown and other Horticultural crops like Kales, dates after the construction of the sand dams which will be grown under irrigation. Cereals like green grams; "Mbumbo", millet, sorghum and cassava are among the traditional crops, which will be introduced in the area to promote dry land agriculture thus bringing a solution to food insecurity in ASALS. This will make our communities to shift from planting convectional crops like maize, which for so many years has proved not to do well in ASALS. This will also involve educating our communities on the importance of these traditional crops and advising them on the change of eating habits. Demonstration farms will also be started in the area where communities will be coming to learn on better farming methods.

These will include green houses where good quality horticultural crops will be grown, tree planting nurseries to provide seedlings for drought resistant and insect resistant species of trees like acacia spp.

Every activity will be done as a business and this will involve managing all the enterprises so as to maximize on income (outputs) while minimizing on the cost of production (inputs)

Market target is the neighboring community and towns such as Ikutha, Motomo, Kibwezi, and Kitui among others. This is because these towns mostly depends on products from other districts and due to transportation cost, our community gets them at very high costs while horticultural crops such as vegetables and fruits gets to markets while they are not fresh and still at very high costs.

Our market strategy is to emphasize on the quality.

OUR VISION

To promote dry land Agriculture through effective and efficient utilization of resources in ASALS.

MISSION

Generating income for the community and SASOL to reduce donor dependency and also to create employment opportunities as away of reducing poverty among our communities.

ENTERPRISE PLANS

The viable agricultural enterprises planned to be started in SASOL'S farm this year.

1.Livestock enterprises

- Goat rearing
- Poultry farming.

2.Crops enterprise

- Tree nurseries.

- Horticultural crops such as amaranths.
- Cereals such as green grams, mbombu also scheduled on the onset of rains.

3.Demonstration farms for training the community

Goat rearing enterprises

Goat is a multi functional animal and plays a significant role in the economy and nutritious of landless, small and marginal farmers in the country. It is an enterprise, which can be practiced by a large section of population in rural area Sasol being not an exception.

Reasons why goat rearing is suitable for this area.

i. Goats can efficiently survive on available shrubs and trees even in adverse harsh environment because they are browsers.
ii. Goats are ideal for mixed species grazing. The animal can thrive well on wide variety of thorny bushes, weeds, crop residue, and agricultural by- products unsuitable for human consumption.
iii. There is no religious taboo against goat slaughters, meat consumption prevalent among the community.
iv. They are economical on free range grazing under semi arid conditions like Ikutha.

Advantages of goat farming

i. Initial investment needed for goat farming is low compared with other livestock farming like beef, dairy farming etc.
ii. Goats are prolific breeders and achieve sexual maturity at the age of 10-12 months. Gestation period being short 5-6 months and at the age of 16-17 months it starts giving milk. Twinning is very common.
iii. Due to small body size and docile nature, housing requirement and management problems with goats are less.
iv. Goats are friendly animals and enjoy being with people.
v. Their wastes can be used as manure and this can reduce the cost of fertilizers thus increasing productivity in the SASOLS farm crop enterprises.
vi. Goat meat is lean (low cholesterol) and relatively good for people who prefer low energy diet.
vii. Goats create employment to rural poor besides effectively unpaid family labour.
viii. Less labour required especially in free range grazing system.

Requirements for goat farming

Goat's shelter/housing.

Proper shed-This is to protect goats from rain, wind and respiratory diseases such as pneumonia.

Size

For 200 goats.

The recommended spacing should be 0.5m2 per 2 goats.

So, spacing for 205 goats will be, 51.25m2

Cost: Bill of quantities to be done by Ken.

Two adult equivalent to take care of the goats while in field and be paid should be paid a wage of Ksh. 2500 per month.

Housing for the grazing man.

The two men should also be housed where a small house can be constructed to accommodate them

Vaccinating program

Regular vaccination against diseases such anthrax will be necessary, which will cost approximately Ksh 5,000 per year.

Grazing systems

-Best grazing system is rotational grazing which should be done through paddocking.

-In this case goats will be grazed in one paddock for a short period depending on the amount of herbs and shrubs and then moved to another. The size of the paddocks will depend on the carrying capacity of the pasture.

-Watering troughs will be provided in which will be placed in a strategic place.

Reproduction cycle of goats

Goats achieve sexual maturity at the age of 10-12 months and their gestation period is 5-6

months (150 -180 days). They start kidding when they are 15-18 months.

The actual plan
We are going to start with 205goats, 200 nanny goats and 5 male goats and buy them when they are at the age of 6 months.
So in this case 6 months after buying them, they will mate and after 9 months they will kid down and they will be marketed at the age of 7-9 months giving a cycle of 18 months(11/2) years) and that will be March 2012.
Income generation will start after 11/2 years.

Financial projections
Each goat will cost Ksh. 700.
Cost of 205 goats will be Ksh. 143,500.
Estimated operating costs.

Item	**Ksh in the year 1**	**Ksh in 18 months (11/2 years)**
Labour 2 people	60,000	90,000
Vaccination	5,000	7,500
Veterinary	10,000	15,000
Miscellaneous	5,000	7,500
Total operating costs	80,000	120,000

Break-even analysis
Let the price of goats at the break-even point to be x.
120,000+143,500=205*x
263500=205x
x= Ksh. 1,285.40
This is the selling price of a goat at which we will start making profit.
We expect the selling price to be Ksh. 3000 and so the gross income for the first 18 months is expected to be, Ksh. 3000*200 goats= ksh.600,000.
A net income for the first 18 months is estimated to Ksh. 600,000- Ksh. 263500=Ksh. 336,500. This can be a good start since after that production period , marketing will continue and a lot of profits will be realized.

Market factors
Revenues will be generated through sale of goat to meat (slaughter) market. The primary market for the meat goats is the ethnic market consisting of direct sales to ethnic consumers and sales to producers with a developed market and ethnic consumers.
Marketing management
The key marketing issue for meat goats is to achieve acceptable prices for market animals.
Key marketing activities include:
i. Developing relationship with consumers to support direct sales.
ii. Developing relationships with processors to support sales.
iii. Establishing relationship with other producers to develop market.

Risk factors
The following risk factors must be addressed.
i. Market price for bucks and duelings.
ii. Feed prices
iii. Disease outbreaks.

Management strategies
The key management strategies that will contribute to the production and economic performance are:
i. Understanding specific needs for the market e.g. carcass size.
ii. Keeping capital costs down by building own facilities and only paying for used materials and equipments.
iii. Achieving efficient production target.
iv. Achieving an acceptable market price.

v. Effective utilization of human labour.

Enterprise plan two.

Poultry farming.
This will involve rearing indigenous ecotype chicken, which are most preferable because their meat is of high protein content and even the eggs as compared to exotic ecotype chicken. They also feed locally cheap available feeds such as green vegetable and cereals.
Among all chicken consumed in Kenya, 65% comes from indigenous chicken and 70% of eggs are also from indigenous chicken and this is a good implication that there will be adequate market for the chicken and eggs.

Important role of poultry farming in SASOL farm.

i. Generating income for sasol organization. This income will be derived from the selling of chicken to the neighboring town such as Ikutha, Mutomo, Kibwezi and also Kitui.
ii. It will also act as a demonstration farm where the community will be coming to learn and be trained on poultry farming as a way of generating their own income to improve their livelihood.
iii. Provision of manure (Guano), which is very rich in phosphates and it, plays an important role in root development. This manure will be used in the cropping areas of the farm to increase crop productivity while minimizing on the costs of production.

Advantages of poultry farming

i. High reproduction rate.
ii. High growth rate.
iii. Less initial capital required.
iv. Less labour requirement.
v. Less risky enterprises.
vi. Very profitable enterprise if well managed because it generates income within a very short period of time.

Requirements
Production system (housing)
Preferable production system is deep litter system because of the following advantages:

i. The system allows for effective utilization of feed.
ii. It reduces transmission of diseases because birds are confined in one house and they do not come into contact with other birds.
iii. Minimum birds energy lost thus high production.
iv. Litter acts as an insulator material.

Factors to consider when selecting a good site for a deed litter house

i. Environmental condition- temperatures should not exceed 350c because high temperatures lower production due to reduced feed intake while temperatures below that eggs production is goes down.
ii. Places with strong wind should be avoided.
iii. Noisy places should also be avoided

Requirement of a chicken house

i. There should be free flow of air within the building and thus half of the house should be open
ii. Enough light to enhance ovulation and thus the house should have translucent iron sheet to allow light in the house.

Size of the house
This will depend on the number of the birds.
In deep litter system, 5-7 birds require a space of 1m2.
5 birds -1m2
200 birds
Space required for 200 birds=40m2
The building should not be more than 5m wide to reduce the cost of building and also for easy management of the birds.
So the measuring should be 8m by 5m.

Cost of the building- bill of quantities to be done by Ken. WAS IT DONE?

Purchasing of the chicks
The chicks must be bought from a reputable farm or company when they are 3 days old and by that time the brooder should have been prepared to keep the chick for the first 4 weeks.

Management and marketing
4-8 weeks the chicks should be in growers stage and they will start laying eggs when they are 20 weeks (5 months)
3 day after hatching, the chickens should be dipped in cold water and then separated from the chicks so that they can mate and start laying eggs again.
For the first year each chicken will have produced 45 chicks and the first 15 chicks produced by each chicken will be marketed in the same year.

Financial projections for the first productive year.
Initial cost will be 200 birds *Ksh 50= Ksh. 10,000.

Estimated operating expenses

Item	**Ksh. month 1-6**	**Ksh. month 7-9**	**Ksh. month 10-12**	**Ksh. First year**
Cost of the feeds	8500	9000	12000	29,500
Medicines and veterinary charges				5,000
Cost of litter				10,000
Cost of labour				20,000
Miscellaneous				10,000
Total cost				74,500

Break-even analysis
Let the selling price at the break even point to be x
Ksh 74,500+ksh. 10,000= Ksh 84,500=(180 birds*15) x
Ksh. 84,500=2,700x
x=Ksh. 31.30
Ksh. 31.30 is our beak even selling price per bird, and this means that selling price above that will be purely profit. We expect our selling price to be Ksh. 300.
So estimated profit for the first year
Price per bird *number of the birds
Ksh. 300* (180birds*15)=Ksh. 810,000
Ksh. 810,000-khs. 84,500= Ksh. 725,500
This is a good indication that this is a very profitable enterprise if managed well. This is because even for the first production year all the expenses are covered including the fixed costs of building the poultry house.

CROP ENTERPRISES
Crop enterprises and demonstration farms will take off next year after the construction of storage sand dams to provide water for irrigation.

PHYSICAL PLANS
i. Fencing of the land should be done as soon as possible to keep off animals from the land because most of the animals are grazed under free range. This will also hinder people from cutting trees for wood fuel from the land.
ii. Improving on the infrastructure because the road network is not good hence access to the land is very difficult especially when in a vehicle or in a motorbike.

iii. Bush clearing on areas where cropping enterprises and demonstration farms are to be started.
iv. Construction of toilets and shower rooms.
v. Construction of house for the people who will be looking after the goats is on going.

Date ? Author?