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**Feasibility Study
on
Peanut Production**

Submitted to the

**Upland Development Programme
in Southern Mindanao (UDP)**

EXECUTIVE SUMMARY

The business/project shall be called "Peanut Production". This type of farm commodity is considered as high value crops just like rice and corn. Peanut crops has been identified by the upland farmers/communities as one of the promising farming enterprise today because of its emerging market both local and international.

The upland communities in Brgy. Palo 19, Municipality of Tampakan where the peanut production is located believed that through peanut farming they will be able to: 1) Increase the income level; 2) Enhance Entrepreneurial Skills and; 3) Able to effect change and create impact to other upland communities especially Upland Development Program (UDP) covered barangays in South Cotabato.

Below are the highlights of this study to wit;

1. MARKET STUDY :

- It has sizeable demand both in the local and international market.
- It captures a market share of 23.48% (in Region XI & Region XII) and 20% (both local and outside Region XI and Region XII).
- The price is very competitive in the market.
- It has a marketing arm -Peanut Growers Association that will assist in pushing the product and or absorb all the products after every harvest.
- Since UDP has still on-going project activities in Brgy. Palo 19, Tampakan, the individual farmers can still access UDP assistance responsible in enhancing their skills on market opportunities like attending for a on investments, trade and promotions, negotiation and linkaging skills.

2. TECHNICAL AND PRODUCTION STUDY :

- It will adapt two (2) types of peanut varieties - Pn9 & Pn10, a proven varieties that thrive in the targeted sites.
- It has existing peanut seeds producers in the area and if availability of supply on peanut seeds runs out in the area, farmers can directly procure seeds from Cagayan Valley Integrated Agricultural Research (CVIARC) where Pn9 & Pn10 are available.
- Two (2) croppings with a total of 75 hectares peanut production in a year tilled by 75 individual farmers which can produce a total harvest of 112,500 kgs or 582,600 kgs. unshelled peanuts that intends to supply an average of 21.74% based on the total demand.

3. ORGANIZATION AND MANAGEMENT STUDY:

- The organizational set-up is just simple because the approach in realizing this project is on individual basis where each farmer is responsible in managing the peanut production.
- In terms of accessing financial assistance, the bonafide individual farmers must follow the roles and regulations which are stipulated by the Financial Service Center (FSC), Upland Barangay Association (UBA) and Upland

Community Organization (UCO)- all responsible to look after the smooth implementation of the project.

- UDP as the assisting organization, continues to provide capability building and strengthening activities (organization and management operations) to the officers and members of UBA, UCO and FSC.

4. FINANCIAL STUDY:

- It clearly showed that the project is feasible if the individual farmer will sell shelled peanuts.
- On the average, the project is projected to have a Return On Investment (ROI) of 166.67%, Net Profit Margin (NPM) of 61.0% and a Cash Pay Back Period (CPP) of more or less 6 months.

5. SOCIO-ECONOMIC STUDY:

- The project will benefit the 75 individual farmers and their families through increase level of income.
- It will spur economic activities in the UDP covered barangays especially Brgy. Palo 19.

1.0. MARKET STUDY

1.1. *Name of the Product:*

Peanut (Arches hypogea Linn.), locally known as “mani” is an important crop in the Philippines and grows in a wide range of growing conditions. Likewise, peanut -growing is a profitable endeavor under proper cultural management and efficient marketing scheme.

This type of farm commodity is considered as high value crops just like corn and rice. This crop has been identified as one of the promising farming enterprise today to be produced and marketed by the targeted upland farmers of Brgy. Palo 19, Tampakan, South Cotabato with the assistance of UDP because of its emerging market both local and international.

1.2. *Properties of the Product:*

1.2.1 *Physical Properties:*

The are two (2) types of seed varieties to be planted to wit:

1. BPI PN-9 - It has a pinkish seed coat, medium seeded, moderately susceptible to leaf rust slightly tolerant to excessive soil moisture, resistant to sclerotium disease, moderately resistant with cercospora leaf spot and leaf hoppers and defoliators and contain two (2) seeds/pod. The seeding rate of this variety is 1,500 kg./ha. unshelled production at 80-100% germination. Maturity occurs in 90-110 days after planting. A hectare field can give a yield of 1.50 – 2.0 tons unshelled pods.
2. UPL PN – 10 - This peanut variety has a pink medium – sized seeds, 2 seeded, moderately resistant to leaf hoppers and defoliators. However, it is susceptible to rust and cercospora leaf spot. The seeding rate is 1,500 kg./ha. of unshelled pods at 80-100% germination. Maturity occurs in 100-110 days from planting and yields about 1.5-2.0 tons/ha. unshelled pods.

All of the varieties mentioned can be planted in April to June during the wet season and November to January for the dry season. (Please refer to Attachment – 1 for the Cropping Pattern of Peanut).

1.2.2 *Chemical Properties:*

Peanuts are delicious and nutritious. It contains vitamins, minerals and a balanced share of calories. Peanuts are cholesterol-free containing only unsaturated fat.

The dry roasted peanuts are excellent source of magnesium, niacin, and potassium, and a good source of zinc, copper, thiamine, and

phosphorous. It is high in fiber and contain pantothenic acid, iron and vitamin C.

Peanuts roasted in oil contain comparable amounts of these nutrients. The protein in peanut contain a smaller amount of amino acid.

Peanuts has 85.5% unsaturated fatty acids – where 57% are monounsaturated and 28.5% poly unsaturated. The unsaturated fats reduces cholesterol levels and the risk of heart disease. (Please see Attachment – 2 for the Nutritional Value of Peanut).

1.2.3 Agronomic Properties:

The early system of peanut classification was based on two (2) considerations: whether it is a runner or bunch type. Runner type is characterized by prostate stems and branches, late maturity and pods produced along leaf axils or side branches above the ground. Bunch type has upright stems, early maturity and pods produced mainly in modes below the ground.

BPI PN-9 and UPL PN-10 peanut varieties are under Virginia type as to agronomic classification. It has much branches, with 4 or more lateral branches, dark green foliage, pods have 3-4 large seeds and russet (yellowish – brown or reddish – brown) seed coat.

1.3. Uses of the Product:

Peanut, locally known as “mani” is an energy-laced legume crop, high in protein and oil contents. One kilo of peanut provides the energy value of 2 kilos of beef, 1.5 kilos of cheddar cheese, 8.5 liters of milk or 72 medium-sized eggs.

Main menus of refined peanut oil are cooking oil, salad dressing, margarine and shortening. It is also used as base in cosmetic preparations, such as face cream and hair lotions. Crude peanut oil is used in the manufacture of soaps and detergents.

Peanuts are marketed as fresh vegetable, canned frozen, roasted in the shell, toasted and salted. They are used in confections and bakery products and are ground into butter.

In the Philippines, it is principally used as snack food in various forms and made into confection preparations, both for local consumption and for export.

Peanut ranks high among the highly “farmable” agricultural crop. It can adapt itself easily to any type of farming - crude to highly sophisticated farming. It fits well in inter-cropping as well as rotational farming. Peanut vines and leaves, if not plowed under after harvest, can be converted into hay which is comparable to grass hay. Its shell can be utilized as fuel on the farm, soil “conditioners; and filler in cattle feeds.

1.4. Major Users of the Product:

Basically, this project feasibility study intends to market the product with existing food processors like Jackers Food Industries based in Luzon, some food processors in Visayas and selected local buyers in Region XI and Region XII within the Philippines. (Please refer Attachment – 3 for the Directory of Peanut Buyers in Region XI and Region XII).

1.5. Geographical Areas of Dispersion:

Peanut commercial growing will be piloted first in Brgy. Palo 19 of Municipality of Tampakan. Later on, the production will expand to Brgy. Buto of Municipality of Tampakan, Brgy. Dumadalig and Poblacion of Municipality and Brgy. Acmonan, Municipality of Tupi.

1.6. Demand and Supply (Region XI & Region XII) :

There were twelve (12) major market centers sampled on peanut market research within Region XI & Region XII regarding the demand (in kg.) of the crops and the capacity to supply peanuts (in kg.) within this market centers as shown in Table 1.

Table 1. Demand and Supply Per Market Center

Market Center	Demand (kg.)	Lean Months (kg.)	Peak Months (kg.)
Bansalan	2,100	1,500	3,445
Kabacan	3,600	2,700	3,000
Kidapawan	5,600	2,500	4,700
Cotabato	17,600	12,600	15,000
Tacurong	4,100	3,500	4,000
Isulan	30,000	20,000	25,950
Koronadal	7,600	4,800	6,000
Gen. Santos	13,200	10,800	12,000
Digos	5,800	3,480	5,667
Davao	28,600	15,000	25,000
Panabo	5,000	1,500	3,000
Tagum	7,442	5,500	6,800
Total	130,642	83,880	114,562
	Gap	46,762	16,080

Source: UDP Peanut Market Research, January 2002.

1.6.1 Demand and Supply Analysis:

There is a higher demand of any product when there is a deficit of supply. In the case of peanut, Table 1 disclosed that there is high demand during lean months (Jan.-June) of production and in fact there is a shortage

of 46,762 kgs. (46.76 tons) as compared to peak months (July-Dec.) with only 16,080 kgs. (16.08 tons).

Table I, further showed that Cotabato, Isulan, General Santos and Davao are the market centers with high demand of peanut both during lean and peak months of supply.

1.6.2 Projected Demand and Supply Gap (Region XI and Region XII)

Table 2. Projected Demand and Supply Gap

Year	Estimated Demand (kg.)	Est. Supply Lean Months (kg.)	Est. Supply Peak Months (kg.)	Total Est. Supply (kg.)	Gap
2003	143,706.2	92,268	17,688	109,956	33,750.5
2004	158,076.82	101,494.80	19,456.80	120,951.60	37,125.22
2005	173,884.50	111,644.28	21,402.48	133,046.76	40,837.74
2006	191,272.95	122,808.70	23,542.728	146,351.42	44,921.83
2007	210,400.24	135,089.57	25,897	160,986.57	49,413.67
Total	877,340.71	563,305.35	107,987	671,292.35	206,048.36

Assumption:

1. There will be an increase of 10% annually based on the 1st year estimated projected demand.
2. An increase of 10% annually based on the 1st year estimated projected supply (lean and peak months).

1.6.3 Market Share:

Based on the projected demand and supply table, Region XI and Region XII has an estimated demand volume of 877,340.71 kg. or 877.34 tons of peanut annually but the estimated projected supply volume is only 671,292.35 kg. or 671.29 tons which resulted to a supply gap of 206.04 tons. Given this data, peanut growers in the UDP areas would like to target, a market share of 23.48%.

1.7. Demand and Supply (Both Local and Outside Region XI and Region XII):

Aside from the research conducted, Growth with Equity in Mindanao (GEM) provided also an information that big peanut processors in Luzon like Jackers International has expressed needs to absorb 18 tons of shelled peanuts per week. Aside from it, there was also an information gathered during UDP market research that there is a total demand of shelled peanut of 235 tons per month both local and outside the region and could only provide 80% of the local demand. Table 3 – shows the Projected Demand and Supply Gap.

1.7.1 Projected Demand and Supply Gap:

Table 3. Demand and Supply Gap.

Year	Estimated Demand (kg.)	Estimated Supply (kg.)	Gap (kg.)
1	2,820,000	2,256,000	564,000
2	3,102,000	2,481,600	620,400
3	3,212,200	2,729,760	682,440
4	3,753,420	3,002,736	750,684
5	4,128,762	3,303,009	825,752
Total	17,216,382	13,773,105	3,443,276

Assumption:

1. Supply is estimated at 80% only of Estimated Demand in the 1st Year Operation.
2. An estimated increase of 10% annually based on the 1st year projected demand and supply.

1.7.2 Market Share:

Based on the projected demand table, South Cotabato needs an estimated 17,216,382 kgs. or 17,216.382 tons of peanuts annually but the projected estimated supply is only 13,773,105 kgs. or 13,773 tons. Thus, based on this data the upland peanut growers in the UDP assisted area would capture a market share of 20% of supply.

1.8. Prices/Pricing:

Demand and Supply situation of agricultural products greatly affect the price, thus, price of peanuts varies. The data below shows the historical price of peanuts in Region XI and Region XII.

Table 1. Price Information of Peanut for the Past Five (5) Years

Year	Region XI - Historical Price of Peanut (Shelled in Kg.)	Region XII- Historical Price of Peanut (Shelled in Kg.)	Average Price of Peanut
1997	39.26	41.44	40.35
1998	44.57	41.37	42.97
1999	42.79	39.49	41.14
2000	41.86	45.71	43.78
2001	41.03	38.02	39.52

Source: Bureau of Agricultural Statistics Office; Davao City

The market research conducted by UDP PPO5 last January 2002 revealed that:

A) Price During Lean Months:

Table 1. Price Information during Lean Months of Supply

Classification	Variety	Price Range	Average Price
Dried & Shelled	Native	27.00-43.00/kg	35.00/kg
Dried & Shelled	Native	34.00/kg	34.00/kg
Dried & Unshelled	Native	10.00-14.00/kg	12.00/kg
Wet & Unshelled	Native	7.50-8.93/kg	8.21/kg

In the study, it showed also that the seven (7) market centers of peanut buyers namely: Kabacan, Isulan, Gen. Santos, Digos, Davao, Panabo and Tagum bought dried and shelled peanuts with price ranging from 30.00 – 35.00/kg or P32.50/kg on the average. This is the same price that was offered by the Jackers International, a buyer from Luzon.

B. Price During Peak Months:

It is expected that once there is flooding of supply, price tends to go down and is almost true to all commodities.

Table 2. Price Information of Peanuts during Peak Period based on UDP Study:

Classification	Variety	Price Range	Average Price
Dried & Shelled	Native	24.00-31.00/kg	27.50/kg
Dried & Unshelled	Native	7.00-9.00/kg	8.00/kg
Wet & Unshelled	Native	6.00-6.87/kg	6.43/kg

There was also an information provided that Northern Mindanao Peanut Industry Association is offering a price of P20.00 per kg. of unshelled peanuts.

The market study done by UDP on price information further revealed, that buying price of unshelled peanut during peak period is P8.00/kg. on the average. In contrast, NMPIA is offering a price of P20.00/kg., unshelled. Thus, by using simple statistical computation (averaging), the price of unshelled peanuts during peak period is P14.00/kg.

With the given information/data on price of peanuts, below are the prices adapted for this particular study to wit;

Table 3. Price Information Adapted in the Study

Classification	Period	Price	Average (Peak & Lean Price Combined)
Dried & Unshelled	▪ Peak	▪ 14.00/kg	12.97/kg or 13.00/kg
	▪ Lean	▪ 11.95/kg	
Dried & Shelled	▪ Peak	▪ 27.50/kg	31.25/kg
	▪ Lean	▪ 35.00/kg	

Note: For this particular PFS, a price of P30.00/kg , shelled will be used as conservative computation estimates.

Table 4. Shows the Projected Price for Five (5) Years

Year	Projected Price of Peanut Unshelled (in Kg.)	Projected Price of Peanut Shelled (in Kg.)
2002 base year	13.00	30.00
2003	13.00	30.00
2004	13.65	31.50
2005	13.65	31.50
2006	14.33	33.07
2007	14.33	33.07

Assumption:

There will be an estimated increase of 5% on the price of peanuts every two (2) years for price projection.

1.9. Marketing Program

A. Location:

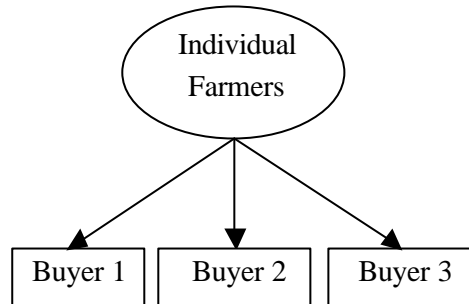
The products are to be produced in the following localities:

Location	
▪ Brgy. Palo 19, Tampakan	▪ Priority area for UDP loan assistance as pilot/model area for Peanut Production
▪ Brgy. Buto, Tampakan, Brgy. Dumadalig & Poblacion, Tantangan & Brgy. Acmonan, Tupi	▪ Expansion area for UDP assistance for Peanut Production

All of these areas are covered by UDP South Cotabato.

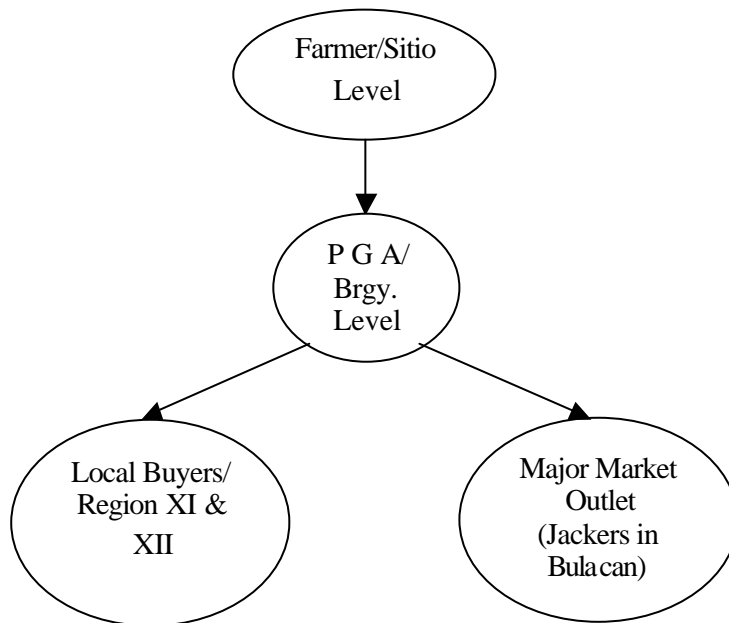
B. Marketing Options to be employed by the Project:

1. Individual Farmers to Local Buyers



Local buyers in the region are the immediate outlets of peanut being grown. Farmers engaged in peanut production has a guaranteed buyer based on the recently concluded market study.

2. Individual Farmers to Consolidation Point to Major Market Centers.



1.10. Marketing Cost:

For the meantime, the concerned individual farmers must see to it that they will not incur any marketing cost since the peanut production is on individual basis. Regarding building linkages and or info dissemination of the product ready for market with PGA, It is recommended that UDP will assist the farmers build linkages with resource/info providers .

1.11. Plan Marketing Strategy/ies:

Though, this project feasibility study is up to production stage only, but it also concerns also the markets of peanuts to assure the produced by the farmers in Brgy. Palo 19, Tampakan assisted by UDP, the following are the suggested/recommended strategies to be undertaken;

A. UDP PPO5 will :

1. Mobilize and capacitate the organized Federation of Palo 19 Upland Farmers Association, Inc. (FPUFAI) to enhance their skills in facilitating enterprise undertakings.
2. Help facilitate market opportunity with the assisted UBA to attend investment and trade promotion.
3. Monitor the production activity of the individual farmer growers of peanut and provide advise to ensure good production.
4. Provide community strengthening activities and other services to the UBA.

B. FPUFAI will:

1. Act as the product consolidator of the harvested peanuts of the individual farmers assisted by the project.
2. Be responsible to link with existing groups namely: SOCSARGEN Peanut Growers, Northern Mindanao Peanut Industry Association and other existing marketing arm in the locality and adjoining areas in South Cotabato to have tie-up to assure better price of peanuts.
3. Provide other services to the Upland Community Organizations as the need arises.
4. Monitor the production activity of peanuts to individual farmers to assure supply.
5. Help promote the product.

1.12. Projected Sales:

A.1. Shelled Peanut

A. One (1) Cropping (4 months) @ .5 ha/farmer for 75 farmers

Peanut Production	Percent Recovery	No. of Kg.	Price/Kg.	Total Sales
56,250	80%	45,000	30.00	1,350,000.00

B. Two (2) Cropping (1 Year)

Peanut Production	Percent Recovery	No. of Kg.	Price/Kg.	Total Sales
112,500	80%	90,000	30.00	2,700,000.00

C. Sales for Five (5) Years:

Year	Peanut Production	Percent Recovery	No. of Kg.	Price/Kg.	Total Sales
2003	112,500	80%	90,000	30.00	2,700,000.00
2004	112,500	80%	90,000	31.50	2,835,000.00
2005	112,500	80%	90,000	31.50	2,835,000.00
2006	112,500	80%	90,000	33.07	2,976,300.00
2007	112,500	80%	90,000	33.07	2,976,300.00

A.2. Unshelled Peanut

A. One (1) Cropping (4 months) @ .5 ha/farmer for 75 farmers

Peanut Production	Percent Recovery	No. of Kg.	Price/Kg.	Total Sales
56,250	95%	53,437.50	13.00	694,687.500

B. Two (2) Cropping (1 Year)

Peanut Production	Percent Recovery	No. of Kg.	Price/Kg.	Total Sales
112,500	95%	106,875	13.00	1,389,375

C. Sales for Five (5) Years:

Year	Peanut Production	Percent Recovery	No. of Kg.	Price/Kg.	Total Sales
2003	112,500	95%	106,875	13.00	1,389,375.00
2004	112,500	95%	106,875	13.65	1,458,843.75
2005	112,500	95%	106,875	13.65	1,458,843.75
2006	112,500	95%	106,875	14.33	1,531,518.75
2007	112,500	95%	106,875	14.33	1,531,518.75

Attachment – 1
Cropping Pattern of Peanut Production

Lean Months and Peak Months of Supply:

Study showed that shortage of the supply of peanuts usually from January – June of the year since this period of the year under Philippine weather conditions is generally dry season and is very risky for the farmers to produce any agricultural commodity. Table 3, shows the lean and peak months of supply per major production centers.

Table 3. Lean Months and Peak Months of Supply

Location	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Bansalan												
Kidapawan												
Midsayap												
Cotabato												
Tacurong												
Isulan												
Koronadal												
Gen. Santos												
Digos												
Davao												
Panabo												
Tagum												

Legend:

Lean Month Production

Peak Month Production

Attachment – 2
Nutritional Value of Peanut

Nutritional Value	Raw	Dry - Roasted
Water	5.6%	1.4%
Protein	13 g	11.89
Fat	23.8 g	24.80%
Carbohydrates	9.3 g	10.7 g
Fiber	1.2 g	3.9 g
Calories	282	293

Source: Techno Guide Series; Department of Agriculture, Regional Field Unit No.8
Eastern Visayas Integrated Agricultural Research Center (EVIARC)
Kanhuraw Hill, Tacloban City

Attachment – 3
Directory of Peanut Buyers

Name	Business Location	Mode of Delivery	Mode of Payment	Contact Nos.
1. Elaine Cutayoso	Digos Central Public Market	Directly delivered	Cash (depends on agreement)	
2. Nelly Zamora	Digos Central Public Market			
3. Joaquin Agot	Panabo Central Market			0917-333-84-36
4. Sol Catulong	Bankerohan Public Market			(082) 300-2797
5. Benjie Serrano	Bankerohan Public Market			
6. Diosdado Angeles	Bankerohan Public Market			(082) 221-4269
7. Celesita Simbahon	Bankerohan Public Market		Cash/Check	
8. Lani Angeles	Bankerohan Public Market			
9. Abe Estrella	Bankerohan Public Market			
10. Eric Garcia	Dizon St., Tagum City			
11. Procopio Tripoli, Jr.	Pioneer Ave., Tagum City			(082) 217-3525
12. Renato Guzman	Pioneer Ave., Tagum City			(082) 217-3349
13. Helen Lua	Monteverde St., Davao City			(082) 217-3712
14. Wespen delos Reyes	Sta. Ave., Lizada, Davao City			(082) 221-1021
15. Justiniano Reportuna	Bansalan Bus Terminal	Delivered	Cash	
16. Ronie B. Otero	Bansalan Bus Terminal			
17. Nicolas Fallore	Bansalan Bus Terminal			
18. Estelita Aballe	Kidapawan Public Market			

Name	Business Location	Mode of Delivery	Mode of Payment	Contact Nos.
19. Terry Somoya	Kidapawan Public Market			
20. Inday Deldo	Kidapawan Public Market			
21. Helen Decena	Tacurong Public Market			
22. Glenda Decena	Tacurong Public Market			
23. Elena Mariano	Tacurong Public Market		Cash	
24. Juanita Cerbayos	Tacurong Public Market			
25. Jennifer Regaldo	Tacurong Public Market			(082) 221-1021
26. Norma Solana	Tacurong Public Market			
27. Winnie Gabuya	Tacurong Public Market			(082) 300-2797
28. Mae Legaspi	Tacurong Public Market	Delivered directly		
29. Fely Legaspi	Tacurong Public Market			
30. Jose Guerra	Isulan Public Market			(064) 201-3744
31. Arzydon Acelo	Isulan Public Market			(064) 471-8038
32. Lucy Salanap	Isulan Public Market			
33. Bienvenida Salen	Isulan Public Market			(064) 201-3137
34. Diosdado Gana	Isulan Public Market			(064) 201-4654
35. Carlota Parcon	Isulan Public Market			
36. Luz Balmaceda	Isulan Public Market			
37. Elizabeth Golez	Isulan Public Market			
38. Monina Larnio	Isulan Public Market			
39. Victor Fundal	Isulan Public Market			0916-320-9507

Name	Business Location	Mode of Delivery	Mode of Payment	Contact Nos.
40. Mario Cejo	Isulan Public Market			
41. Engracia Mazolin	Gensan Bagsakan Center			
42. Lita Azumbrado	Gensan Bagsakan Center			
43. Juaning Regonil	Gensan Bagsakan Center			
44. Romeo Cadelinia	Gensan Bagsakan Center			(083) 301-8262
45. Nenang Jabonero	Gensan Bagsakan Center			
46. Ellen Guerra	Koranadal Public Market			
47. Arthur Sambrano	Koranadal Public Market			
48. Roberto De-ocampo	Koronadal Public Market			
49. Adelaida Gagabe	Kabacan Public Market			
50. Analiza Constantino	Kabacan Public Market			
51. Tata Enterprises	Cotabato Mega Market			(064) 421-8579
52. 20 Peanut Vendors Association c/o: Leling Laguindo	Cotabato Mega Market			(064) 520-4423

2.0 TECHNICAL AND PRODUCTION STUDY

2.1. *The Product(s):*

The project intends to undertake Peanut Production as an offshoot of the Community Watershed Planning and Farm Planning activities conducted by the participating communities in the upland areas of Brgy. Palo 19 and Buto of Municipality of Tampakan, Brgy. Dumadalig and Poblacion of Municipality of Tantaran and Brgy. Acmonan of Tupi all in South Cotabato assisted by UDP.

Peanut (Araches hypogea Linn.) locally known as “mani” is an important crop in the Philippines, also considered by the targeted upland farmers of UDP in South Cotabato as one of the high value crops just like corn and rice. Peanut is also considered as legume, rather than nut, and are sometimes called groundnuts because of the unusual fruit development.

Peanut is a good source of vitamin A & B. It has a nutritious seed containing high quality protein (25-30%) and oil (46-50%). Comparatively, it has more fats than heavy cream and more energy value equivalent to 5 cups of milk, 8 pcs. chicken eggs and 27 pieces of banana.

Peanut growing is a profitable endeavor under proper cultural management and efficient marketing scheme.

2.2. *Peanut Growing Condition/Adaptation:*

2.2.1 *Soil Quality:*

Peanut requires soil that is well drained, loose, friable with high water retention capacity and a pH value from 5.8 to 6.5. Sandy loam soil with high calcium content and a moderate amount of organic matter is best for peanut.

The crop is generally not suitable in areas near the sea coast primarily because of salinity and low water retention capacity of the soil.

2.2.2 *Weather and Climatic Requirement:*

The tropical climatic in the Philippines is well suited for growing peanuts. It allows for growing of the crop throughout the year, if components of production especially moisture, are at adequate levels. Peanuts can be planted in 2 regular cropping monsoon periods: wet and dry season in any part of the country, except in areas with heaviest rainfall (climatic type II). Higher yield is obtained from dry season planting when available solar energy is much higher and supplemented irrigation is available during bloom and pod – filling period.

Peanut farms in Mindanao generally rely on rainfall for water supply. To minimize irrigation of plants at some critical growth stages, planting

should be scheduled in early dry season (about 2-3 months toward the end of the rainy season). The residual moisture in October to December will greatly reduce the amount of water supplied through irrigation to support the moisture requirement of the four critical stages of the peanut crop.

In areas with relatively heavy soils, planting should be timed such that harvesting fall toward the onset of the dry season when the soil is still moist and easy to work in order to avoid pod losses. But, it should not coincide with the rainy months to avoid problems in drying, over maturity and pod rotting and seed germination in the field before harvesting.

2.2.3 Seed and Variety Selection:

High quality seeds contribute to high yield. Select varieties that are tolerant to insect-pests and diseases, early maturing and uniform in size to guarantee optimum yield.

In this case, UDP has recommended peanut varieties and their agronomic characteristic to wit:

Peanut Varieties and Seed Quality

	Recommended Peanut Variety	
	BPI PN - 9	UPL PN - 10
1. Characteristics		
Maturity (DAP)	90 - 110	100 – 110
Potential yield (MT/H) unshelled pod	1.5 - 2.0	1.5 – 2.0
Seed coat color	Pinkish	Pinkish
No. of seeds/pod	2	2
Seed size	Medium	Medium
Seeding rate	1,500 kg./ha.	1,500 kg./ha.
Percentage germination	80 – 100%	80 – 100%
	Degree of Resistance	
2. Type of Diseases		
Cercospora Leaf Spot	Moderately resistant	Susceptible
Leaf Rust	Susceptible	Susceptible
Scheroticum disease	Resistant	Moderately resistant
Leaf Hopper and Defoliation	Moderately resistant	Moderately resistant

2.3. Step By Step Procedure in Growing Peanuts:

To be successful in establishing peanut production requires peanut farmers to plan an effective production and marketing program and to implement the program on a timely basis during the cropping season. Each cultural practice and marketing decision must be effectively integrated into the total peanut production plan to produce high yields and market good quality peanuts. Below are the steps in planting peanuts;

a. Hedgerow Establishment (NVS – Natural Vegetative Strips)

Establishment of contour line, sticking and forming of 1 meter grass strip 3 days.

b. Land Preparation

1. Plow the area 3 weeks before planting
2. Harrow the area 2 weeks before planting
3. Plow the field again if necessary 10 days before planting
4. Establish furrows 1 day before planting at a distance depending on the weather:
 - ⇒ Dry season - 50 – 60 cm. between furrows
 - ⇒ Rainy season - 60 – 70 cm. between furrows

c. Planting of Peanut

1. Apply fertilizer based on the result of the soil analysis. You can also use 2 sacks of organic fertilizer as basal application
2. Mix 1 pack (200 grams) inoculants for every 10 kilos of seeds. Mixing should be done 10 hours before planting
3. Steps in planting seeds along furrows:
 - ⇒ Space method - plant 2-3 seeds per hill at a distance of 20 cm. between hills
 - ⇒ Drill method – plant 10-15 seeds at a distance of 1 meter in the furrow
4. Make 1 pass in between furrows with the use of cultivator so that the area will be clean 15-20 days after planting
5. Side-dress or broadcast 4 sacks of gypsum per hectare 25-30 days after planting of flowering stage. Harrow the area in between furrows.
6. Hill-up after application to cover elongating pegs and irrigate to make calcium available to the plants. Through the center of the furrows if needed during flowering and fruiting stage 45-60 days after planting.
7. Frequent visit to the area is important in order to know the problems and control of pest and diseases that would attack the plant.
8. Continuous weeding and hilling up of your peanut area is needed. Make sure not to disturb the plant in order to prevent damage to the small pods (flesh).

d. Harvesting and Storage Activities

1. Get samples or pull out some plants coming from different location in order to know the age or maturity of the peanut pods (flesh). You can harvest your peanut 98-100 days after planting if the color of the leaves looks like coffee.
2. Peanut is ready for harvest 98-100 days after planting. This is done by pulling of the plants and display the pods on top of the furrows under the heat of the sun 1 – 3 days.
3. Remove the pods of the peanut by using hand or stripper
4. Dry the detach pods of peanut 2-3 days until it will become dry up to 12% moisture content
5. In order to know the exact drying, try to shake it near your ear, if you can hear sounds it shows that it is dry already
6. Collect all the pods and place inside the sack all the dry peanut. Make sure that the peanut is cold after drying before sealing or closing the sacks.
7. Place the sacks of peanut in a place where there is a good ventilation. These can be stored for 3 months.
8. Shelled the peanut with the use of hand or sheller and place it in a good sack at 50 kilos per sack if this will be sold.

(Please see Attachment – 4 for the Peanut Product Production Flow Diagram).

2.4. Farm Size and Production Schedule:

There are two (2) cropping cycle on peanut production will be realized in peanut crop in a year.

Seventy Five (75) hectares of farm land intended for the peanut production Brgy. Palo, Tampakan. There are also seventy (75) individual farmers being targeted to plant peanuts with .50 hectare per farmer per cropping cycle. Expansion areas on peanut production will cover Brgy. Buto, Municipality of Tampakan and other covered barangays of UDP in Municipality of Tandingan, all in South Cotabato. (Please see Attachment– 4 for the Planting Schedule).

2.5. Production Location and Lay-out:

As planned, growing of peanut will be piloted and prioritized at Brgy. Palo 19, Municipality categorize as first barangay of UDP assistance. The production of peanut will expand to Brgy. Buto, Tampakan and other covered sitios in the Municipality of Tandingan and later on also to cover municipality of Tupi.

All of the above-mentioned sites/areas are ideal for growing peanuts for commercial market based on the peanut growing condition/adaptation as recommended by the Agricultural Technicians (ATs) assigned in respective municipality as UDP's counterpart in the implementation of the project.

Likewise, the sites/areas are proximate to the market outlets in Koronadal City, Gen. Santos City and other local buyers in Region XI and Region XI. The site is accessible to all type of transportation facilities. (Please see Attachment – 6 Location Map of Brgy. Palo 19).

2.6. Building and Facilities:

The project does not intend to build/acquire a building and facilities but instead it will just utilize its existing set-up that are presently available in Brgy. Palo 19.

2.7. Machinery and Equipment:

Though the project will engage into commercial growing of peanuts on an individual farming/ growing system, the farmer will be responsible of their own tools and equipment needed in producing peanuts.

2.8. Raw Materials and Supplies:

With .50 hectare of farm land to be tilled by one (1) farmer, the following farm inputs are required;

Raw Materials/Supplies	Cost
▪ Unshelled peanut seeds @ 50 kgs. x P50.00/kg .	P2,500.00
▪ Inoculants @ P10.00	10.00
▪ Sacks @ P150.00.	150.00
▪ Organic fertilizer @ 2 bags for P610.00	610.00
▪ Organic insecticide @ .5 liter x P600.00.	600.00
▪ Twine	7.50
Total Cost	P 3,877.50

The most essential raw materials for the production is the peanut seeds. The availability of seeds varies from season to season. In order to ensure availability of supply of peanut seeds, the existing 18 farmers in brgy. Palo 19 should continue to engage into peanut production using PN 9 & PN 10 to provide the needed seeds when the project start on 2003.

If the supply of peanuts runs out in the area, the farmers can directly procure seeds from Cagayan Valley Integrated Agricultural Research (CVIARC) where the PN 9 & PN 10 peanut seed variety are available.

2.9. Utilities:

The project does not require any utilities. Unless, the Peanut Grower Association (PGA) – the marketing arm of peanut in Brgy. Palo 19 sees the need to set-up its own center where all the peanuts crops will be loaded and unloaded, that's the time that it will install its needed utilities (light, water and etc.)

2.10. Waste Disposal:

Waste generated from this type of project is the separation of pods from the plants. But the waste is a very good source of fertilizer that can enhance the fertility of the soil (a nitrogen-fixing bacteria). Its vine and leaves can be converted into hay for animal feeds especially for cattle.

2.11. Labor Requirement:

Since the project's ultimate purpose is to produce quality peanuts thus, labor requirements here refer to those individual farmers in Brgy. Palo 19 and other targeted areas who are recipient of the project.

The individual farmer involved in the peanut production will personally manage and look after the over-all implementation of their farm from pre-implementation, implementation and post implementation activities.

2.12. Total Production Costs:

Generally, a .5 hectare intended for peanut production will entail cost of P6,997 where P5,310.00 is to be financed by the FSC and P1,687.50 as the equity/ counterpart of the individual farmer. (See Attachment – 5 for the Projected Expenses to be Incurred with Individual Farmers).

Attachment 4
Schedule on Peanut Production

UDPPPO5 Covered Area	Year	Jan.	Feb.	Mar	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total Ha. Planted	Yield (kg.)
Brgy. Palo 19, Tampakan	2003	Land preparation	Planting 75 farmer @ .5 ha./cropping				Harvesting 750 kgs. x 75 farmer = 56,250	Land preparation	Planting 75 farmers @ .5 ha./cropping				Harvesting 750 kgs. x 75 farmers = 56,250	75 has.	112,500
	2004	Land preparation	Planting 75 farmer @ .5 ha./cropping				Harvesting 750 kgs. x 75 farmer = 56,250	Land preparation	Planting 75 farmers @ .5 ha./cropping				Harvesting 750 kgs. x 75 farmers = 56,250	75 has.	112,500
	2005	Land preparation	Planting 75 farmer @ .5 ha./cropping				Harvesting 750 kgs. x 75 farmer = 56,250	Land preparation	Planting 75 farmers @ .5 ha./cropping				Harvesting 750 kgs. x 75 farmers = 56,250	75 has.	112,500
	2006	Land preparation	Planting 75 farmer @ .5 ha./cropping				Harvesting 750 kgs. x 75 farmer = 56,250	Land preparation	Planting 75 farmers @ .5 ha./cropping				Harvesting 750 kgs. x 75 farmers = 56,250	75 has.	112,500
	2007	Land preparation	Planting 75 farmer @ .5 ha./cropping				Harvesting 750 kgs. x 75 farmer = 56,250	Land preparation	Planting 75 farmers @ .5 ha./cropping				Harvesting 750 kgs. x 75 farmers = 56,250	75 has.	112,500
Total														375 has.	562,500

**Attachment 5
Projected Expenses**

**1/2 Ha. Peanut Production
Brgy. Palo 19, Tampakan, South Cotabato**

Item	Man- day -----	Man- Animal Day -----	Value -----	Equity -----	Loan -----
A. Labor:	80/day	150/day			
NVS establishment	1.5		120.00		
Plowing		3	450.00		
harrowing		2	300.00		
Furrowing	2.5	1	150.00		
Inoculation/planting/ basal			200.00		
Spraying (using organic fertilizer)	1.5 7.5		120.00 600.00		
Weeding		1.5	150.00		
Hilling up	5		400.00		
Harvesting	3.5	1	430.00		
Picking & hauling prod	2.5		200.00		
Cleaning, drying & bagging			-----		
Sub - Total			3,120.00	1,687.50	1,432.50
B. Inputs:					
Seeds – 50 kgs. unshelled @ 50 kg.			2,500.00		
Inoculants			10.00		
Sacks			150.00		
Organic fertilizer – 2 bags			610.00		
Organic insecticide @.5 liter - P 600			600.00		
Twine			7.50		

Sub-Total			3,877.50	-	3,877.50
			-----		-----
			6,997.50	1,687.50	5,310.00

3.0. ORGANIZATION AND MANAGEMENT STUDY:

3.1. *Background Information of the Organization:*

UDP's strategy in assisting its target upland farmers is a barangay approach where in it only caters its services to a maximum of four (4) sitios that has passed their criteria requirement.

At the barangay level, it organized and formed Upland Barangay Association (UBA) as the umbrella association of the four (4) Sitios considered as Upland Community Organizations (UCO).

This UCO is basically a group of individual upland farmers interested to become members. Likewise, they can only be called legitimate members if they are able to establish savings at specified amount lodged with the Financial Service Center (FSC), a separate entity created within the barangay with the guidance of UDP. FSC will be the one to manage the funds intended for farming enterprise as production loan of an individual farmer member. Upland communities also believe that through peanut industry enterprise they will be able to; 1. Increase the income level; 2. Enhance entrepreneurial skills and; 3. able to effect change to other upland communities covered by UDP assistance and able to create impact.

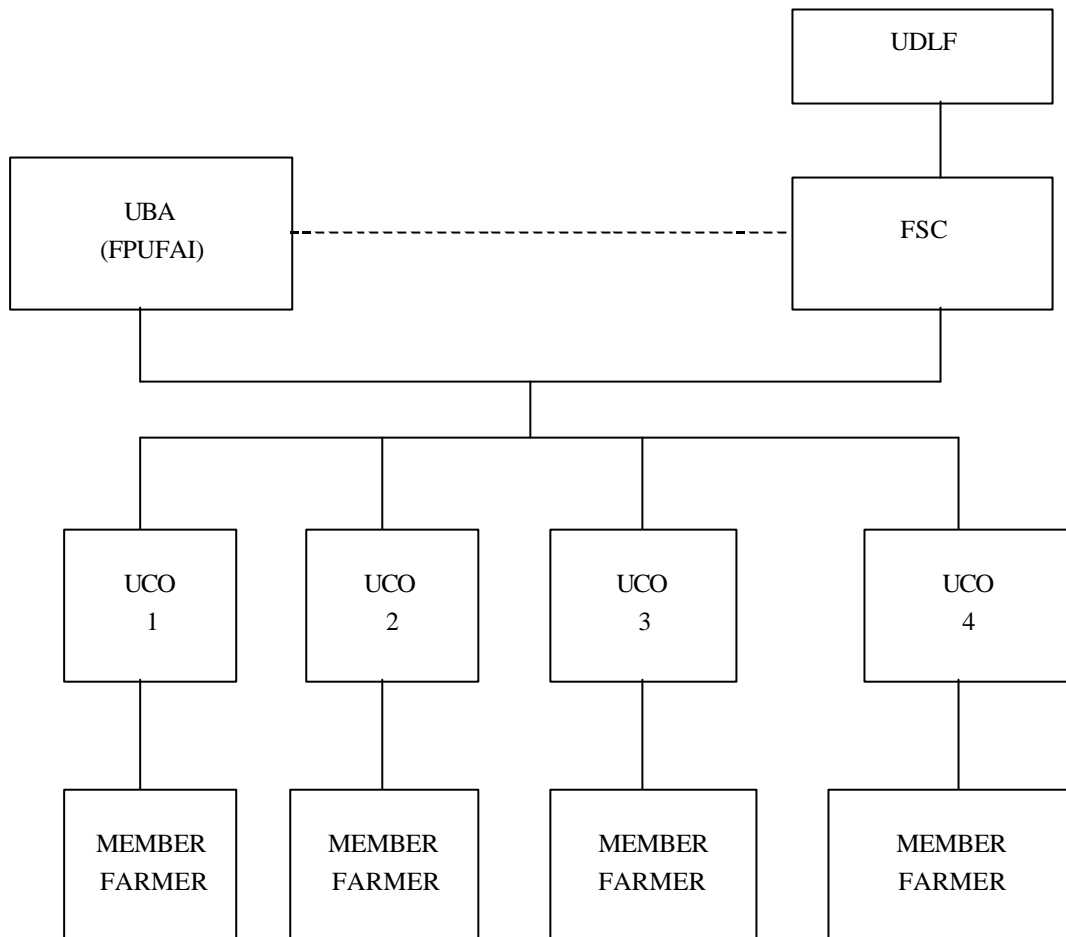
3.2. *Form of Business/Ownership:*

The approach in realizing this project is that the individual upland farmer interested in peanut growing will be the one to manage their own farm and can access loan assistance from Financial Service Center (FSC), the financial intermediary in the barangay level. FSC has direct access to Upland Development Loan Fund (UDLF) at the municipal level. FSC's role is to mobilize savings from the individual peanut grower before production loan assistance is released.

Likewise, individual farmer can only access credit with the FSC provided that he/she is ;

- a bonafide member of Upland Community Organization (UCO) in a particular sitio assisted by UDP.
- able to put up the savings requirement with FSC, which is considered as their loan capital counterpart.
- A member of good standing and willing to follow policy/ies of UCO and UBA.

3.3. Organizational Structure for Peanut Production:



Since, UDP's strategy in assisting its target upland farmers is a barangay approach where the organized Upland Community Organizations (UCO's) at the sitio level will be federated into Upland Barangay Association (UBA), UBA has the responsibility to look after the smooth implementation of whatever projects to be undertaken within the barangay.

Thus, even if the FSC can directly transact business with individual farmer, there is still a need to coordinate with UBA before loan production assistance will be released to the farmer. Further, UBA should also coordinate with FSC from time to time and become a recommendatory body for loan approval of those farmer applying for production assistance.

3.4. Defining the Role of the Involved Key Players in the Study:

1. Upland Barangay Association (UBA) – the umbrella association of the Upland Community Organization (UCO) which is considered as the;
 - Consolidator of the peanut products of the farmer
 - Recommendatory body of the farmers to FSC for production assistance
 - Responsible association that will assist/help UDP and FSC look after the smooth implementation of the projects.

2. Upland Community Organization (UCO) – a group of individual farmer willing to join/participate organization at the sitio level which is considered by UDP as the;
 - Direct individual farmer member to be assisted by the project provided that they put up savings with FSC as their capital counterpart.
 - Responsible individual farmer to manage their own project
 - Must follow the roles and regulations set by the UCO, UBA and FSC.

3. Financial Service Center (FSC) – a separate entity created within the barangay and is responsible to;
 - Manage the loan fund that have been sourced out from Upland Development Loan Fund (UDLF). The fund will be used to assist the eligible/qualified farmer for productivity purposes provided they have available savings with FSC.
 - Receive savings fund and establish recording system.
 - Collect production loan assistance provided to the farmer

4. Upland Development Program (UDP) – the assisting organization responsible in providing capability building and strengthening activities (organization and management operations) with officers and members of the UBA, UCO and FSC.

5. Upland Development Loan Fund (UDLF) – a separate facility/entity created with in the municipal level that is responsible to;
 - Provide loan fund with the FSC with interest rate of 24% per annum where the money come from the coffer of UDP in coordination with Partner Institution (Network Bank, Rural Bank & Coop Bank).

3.5. Compensation Plan:

With the kind of organizational structure and set-up presented, this means that the project does not involve any cost on the administration aspect of the project except if the organized individual peanut farmer/growers welcome the move to establish a group - based project management.

3.6. Pre-operating Activities:

Time Frame Activity	Mo.1 (Sept. 2002)	Mo.2 Oct. 2002	Mo.3 Nov. 2002	Mo.4 Dec. 2002	Mo.5 Jan. 2003	Mo.6 Feb. 2003	Mo.7 Mar 2003	Mo.8 April 2003	Mo.9 May 2003	Mo.1 0 June 2003	Mo.1 1 July 2003	Mo.1 2 Aug. 2003
<ul style="list-style-type: none"> ▪ Conduct of General Meeting/Planning (FSC, UBA & UCO Officers & Members) 	→											
<ul style="list-style-type: none"> ▪ Review of FSC Loan Assistance Policy 		→										
<ul style="list-style-type: none"> ▪ Continue Putting up Savings /Savings Mobilization 		→										
<ul style="list-style-type: none"> ▪ Training on Entrepreneurial Farming (Skills Enhancement) ▪ Acquisition of Production Loan Assistance with the FSC 				→								
<ul style="list-style-type: none"> ▪ Canvassing/Purchasing of needed fixed assets and raw materials 		→										
<ul style="list-style-type: none"> ▪ Start of normal operation 					→	→	→	→	→	→	→	→

Note: In operationalizing the project, it does not involved any pre-operating expenses.

4.0. FINANCIAL STUDY:

4.1. Financial Assumptions:

Below are the information with relation to financial study, to wit;

Item	Particulars
A. Marketing Study	<ul style="list-style-type: none">▪ Marketing study provides the projected sales of shelled and unshelled peanuts.▪ UBA will help consolidate the peanut produced by the individual farmer before it will be marketed to the Peanut Growers Association (PGA) to have assured buyers .
B. Technical and Production Study	<ul style="list-style-type: none">▪ Production of Peanuts will be implemented through financing services to be provided by the Financial Service Center (FSC) with the individual farmer provided that;<ul style="list-style-type: none">□ He/She has put up savings as capital counterpart for the .50 hectare intended for peanut growing on a per cropping basis.▪ Two (2) cropping peanut production will be undertaken yearly by each farmer.▪ A total of 75 hectares of farm land is intended for peanut production annually of which 37.5 hectares will be tilled by 75 farmers per cropping.▪ In each cropping, individual farmer will be provided loan assistance for .50 hectare for peanut production.▪ Each farmer will incur cost of P6,997.50 where P5310.00 is to be financed by FSC and the P1,687 as equity of the farmers.
C. Organization & Management Study	<ul style="list-style-type: none">▪ Though there are people involved in the implementation of the project, it does not require any cost at this stage.

D. Financial Study	<ul style="list-style-type: none">▪ Total area to be financed by the FSC is 75 hectares.▪ Total amount needed from the UDLF for peanut production is P796,500.00 annually and is allocated to 75 farmers.▪ Interest rate is 36% per annum.▪ Loan payment is per cropping basis▪ Amortization is computed on per cropping basis▪ Total production loan to be financed by FSC per cropping for .5 ha. is P5,310.00 per farmer.▪ Production loan equity /counterpart is P1,687.50 per farmer per cropping.▪ For 37.5 ha to be tilled per cropping a production loan assistance per cropping is P398,250.00
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4.2. Financial Statement

Projected Income Statement Peanut Production (Shelled) @ .5 Ha./Farmer (In One Cropping Cycle)

Sales (750/kg./0.50 ha. @ 80% recovery rate is 600 kgs. @ P30.00/kg.)		P 18,000.00
Less: Operating Expenses		
Labor cost (direct)	1,432.50	
Farm inputs	3,877.50	
Loan payment		
- Principal	5,310.00	
- Interest	955.80	
	-----	11,575.80
Profit/Loss		P 6,424.20
		=====

**Projected Income Statement
Peanut Production (Unshelled)
@ .5 ha./Farmer
(In One Cropping Cycle)**

Sales :	(750 kgs. @ 95% =	712.40 kgs. @ 13.00/kg.	P 9,262.50
Less :	Operating Expenses		
	Labor cost (direct)	1,432.50	
	Farm inputs	3,877.50	
	Loan payment		
	Principal	5,310.00	
	Interest	955.80	

Total Expenses			11,575.00

Profit/Loss			(P 2,312.50)
			=====

**Projected Income Statement
Peanut Production (Unshelled)
@ .5 Ha./Farmer
(In One Cropping Cycle)**

Sales (750/kg./0.50 ha. @ 95% marketable yield is 712.50 kgs. @ P13.00/kg.)		P 9,262.50
Less: Operating Expenses		
Farm inputs	3,877.50	
Loan payment		
- Principal	3,877.50	
- Interest	697.95	
	-----	8,452.95
Profit/Loss		----- P 809.55 =====

Note: If the farmer decides that Labor Cost (direct) will be his counterpart and he will only loan for the farm inputs, the farmer can only earn P 809.55/cropping if he decides to sell unshelled peanuts.

**Projected Income Statement
Peanut Production
@ 1 ha. Tilled Per Farmer in 5 years**

	2003	2004	2005	2006	2007
Sales (Shelled)	36,000.00	37,800.00	37,800.00	39,684.00	39,684.00
Total Sales	36,000.00	37,800.00	37,800.00	39,684.00	39,684.00
Less: Operating Expenses					
Direct Labor Cost	2,865.00	2,865.00	3,008.25	3,008.25	3,155.66
Purchases of farm inputs	7,755.00	7,755.00	8,142.75	8,142.75	8,549.88
Amortization	3,823.20	3,823.20	3,823.20	3,823.20	3,823.20
- Interest					
Total Expenses	14,443.20	14,443.20	14,974.20	14,974.20	15,528.74
Profit	21,556.80	23,356.80	22,825.80	24,709.80	24,155.26

Assumption: Operating expenses on direct labor and purchase of farm inputs will increase by 5% every after two (2) years of operation.

**Projected Cash Flow Statement
Peanut Production
@ 1 ha. Per Farmer in 5 years**

	2003	2004	2005	2006	2007
Cash Inflow					
Sales (Shelled)	36,000.00	37,800.00	37,800.00	39,684.00	39,684.00
Counter part (Savings Mob)	3,375.00	3,375.00	3,375.00	3,375.00	3,375.00
Loan Proceeds	10,620.00	10,620.00	10,620.00	10,620.00	10,620.00
Total Cash Inflow	49,995.00	51,795.00	51,795.00	53,679.00	53,679.00
Cash Outflow					
Direct Labor Cost	2,865.00	2,865.00	3,008.25	3,008.25	3,155.66
Purchase of Farm Inputs	7,755.00	7,755.00	8,142.75	8,142.75	8,549.88
Loan Payment					
Principal	10,620.00	10,620.00	10,620.00	10,620.00	10,620.00
Interest	3,823.00	3,823.00	3,823.00	3,823.00	3,823.00
Total Cash Outflow	25,063.00	25,063.00	25,594.00	25,594.00	26,148.54
Total Cash Flow/Increase in Cash	24,932.00	26,732.00	26,201.00	28,085.00	27,530.46
Cash Beginning Balance	-	24,931.80	51,663.60	77,864.40	105,949.20
Cash Ending Balance	24,932.00	51,663.80	77,864.60	105,949.40	133,479.66

**Projected Balance Sheet
Peanut Production
@ 1 ha. Tilled Per Farmer in 5 years**

	2003	2004	2005	2006	2007
Assets					
Cash	24,931.80	51,663.60	77,864.40	105,949.20	133,479.46
Total Assets	24,931.80	51,663.60	77,864.40	105,949.20	133,479.46
Liabilities					
Loans Payable	-	-	-	-	-
Member Equity	3,375.00	6,750.00	10125	13,500.00	16,845.00
Undivided Income (Loan)	21,556.80	44,913.60	67,739.40	92,449.20	116,604.46
Total Liabilities	24,931.80	51,663.60	77,864.40	105,949.20	133,449.46

4.3. Financial Analysis

Peanut Production @ 1 ha. Tilled Per Farmer in 5 years

		2003	2004	2005	2006	2007	Average
Return on Investment	Net Income	202.98%	219.93%	214.93%	232.67%	227.95%	219.69%
	Total Capital Req't.						
Net Profit Margin	Net Profit	59.88%	61.70%	60.38%	62.26%	60.86%	61.03%
	Sales						
Cash Payback Period	Total Capital Req't.	49.00%	45.00%	45.00%	42.00%	43.00%	45.00%
	Net Income						

4.4. Financial Statement / Analysis (Over-all)

Financial Statement: (Over-all)

1. Projected Income Statement (For 75 farmers @ 75 has. Peanut Production Tilled in 5 years)

	Year 1 2003	Year 2 2004	Year 3 2005	Year 4 2006	Year 5 2007
Sales (Shelled Peanuts) Total Sales	2,700,000.00	2,835,000.00	2,835,000.00	2,976,000.00	2,976,000.00
Less: Operating Expenses					
Direct Labor Cost	214,875.00	214,875.00	225,618.75	225,618.75	236,899.68
Purchase of Farm Inputs	581,625.00	581,625.00	610,706.25	610,706.25	641,241.56
Amortization					
Principal	796,500.00	796,500.00	796,500.00	796,500.00	796,500.00
Interest	286,740.00	286,740.00	286,740.00	286,740.00	286,740.00
Total Expenses	1,879,740.00	1,879,740.00	1,919,565.00	1,919,565.00	1,961,381.20
Profit	820,260.00	955,260.00	915,435.00	1,056,435.00	1,014,618.80

Assumption:

Operating Expenses on:

1. Direct labor cost will increase by 5% after every 2 years of operation
2. Cost of farm inputs will increase by 5% every 2 years of operation

2. Projected Cash Flow Statements (For 75 farmers @ 75 has. Peanut Production Tilled in 5 years)

	2003	2004	2005	2006	2007
Cash Inflow:					
Sales from Peanuts	2,700,000.00	2,835,000.00	2,835,000.00	2,976,000.00	2,976,000.00
Counterpart	253,125.00	253,125.00	253,125.00	253,125.00	253,125.00
Loan Proceeds	796,500.00	796,500.00	796,500.00	796,500.00	796,500.00
Total cash Inflow	3,749,655.00	3,884,625.00	3,884,625.00	4,025,625.00	4,025,625.00
Cash Outflow:					
Direct Labor Cost	214,875.00	214,875.00	225,617.75	225,617.75	236,899.68
Purchases of Farm Inputs	581,625.00	581,625.00	610,706.25	610,706.25	641,241.56
Amortization					
Principal	796,500.00	796,500.00	796,500.00	796,500.00	796,500.00
Interest	286,740.00	286,740.00	286,740.00	286,740.00	286,740.00
Total Cash Outflow	1,879,740.00	1,879,740.00	1,919,565.00	1,919,565.00	1,961,381.20
Increase in Cash	1,869,885.00	2,004,885.00	1,965,060.00	2,106,060.00	2,064,243.80
Cash Beginning Balance		1,869,855.00	3,874,770.00	5,839,830.00	7,945,890.00
Cash Ending Balance	1,869,885.00	3,874,770.00	5,839,830.00	7,945,890.00	10,010,133.00

3. Projected Balance Sheet (For 75 farmers viz 75 ha. Peanut Production Tilled in 5 years)

Assets					
Cash	1,869,885.00	2,004,885.00	1,965,060.00	2,106,060.00	2,064,243.80
Total Assets	1,869,885.00	2,004,885.00	1,965,060.00	2,106,060.00	2,064,243.80
Liabilities and Equity					
Payable	796,500.00	796,500.00	796,500.00	796,500.00	796,500.00
Members Equity	253,125.00	253,125.00	253,125.00	253,125.00	253,125.00
Undivided Income / loss	820,260.00	955,260.00	915,435.00	1,056,435.00	1,014,618.80
Total Liabilities and Equity	1,869,885.00	2,004,885.00	1,965,060.00	2,106,060.00	2,064,243.80

4. Financial Analysis (Over-all)

For 75 Farmers @ 75 has. Peanut Production Tilled in 5 Years:

		2003	2004	2005	2006	2007	Average
Return on Investment	Net Income	154.032%	166.89%	163.09%	176.53%	172.53%	166.67%
	Total Capital Req't.						
Net Profit Margin	Net Profit	59.88%	61.79%	60.38%	62.26%	60.85%	61.03%
	Sales						
Cash Payback Period	Total Capital Req't.	.64	.59	.61	.56	.57	.59
	Net Income						

Attachment 7

Peanut Production Flow Diagram

