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Feasibility Study of a Small Sheep Farm

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ABSTRACT

This paper presents a feasibility study on a sustainable small-scale Sheep Raising Farm (SRF), for the new and young livestock entrepreneurs. The study assumes that the investment is funded entirely from the farm's owner, and the interest rate used is around 4% as per the Central Bank of Kuwait's annual treasury bond rate. Additionally, market conditions are assumed to be optimal, and all production capacity is sold in the local market. The SRF is constructed on a 5,000 square meter plot with a Sheep breeding facility containing 25 SRF per cycle. The facility goes through three production cycles, producing around 75 lamps annually and reselling around 75 Mothers Sheep's (MS) annually. The desired lamp age to be sold in the local market is about 4 months. A market study was conducted to determine the prices of selling and reselling Lamps and MS, it was discovered that the prices were around 80 Kuwaiti Dinar (KD). The financial results of the SRF showed an annual operational cost of 8,900 KD and an annual revenue of 12,000 KD, resulting in a net revenue of 3,100 KD. The initial investment required to construct and operate the farm is around 12,263 KD. In conducting the feasibility study analysis on the SRF, the financial results showed that the Internal Rate of Return (IRR) is at 8%, the Net Present Value (NPV) is around 1,538 KD, and the Payback Period (PBP) is around 3.9 years, indicating a feasible project.

Keywords: Sustainable, Feasibility Study, Poultry, Internal Rate of Return, Net present Value, Payback Period