

9. Economic analysis

The gross margin analysis for Brachiaria grass production in Kenya is presented below (Table 3). The production cost is high in the first years largely due to the costs for seeds, land preparation, planting, weeding and application of phosphatic fertilizer. The profits in the first year is USD 1384/ha and it increased to USD 1899 /ha in the subsequent years.

Table 3: Gross margin analysis for Brachiaria grass production per hectare (in United State Dollars)

Parameter	Year 1	Year 2	Year 3
Inputs cost			
Fertilizer TSP (200kg)	120		
Fertilizer CAN	80	160	160
Seeds (5-7 kg)			
Labor cost			
Ploughing	75	-	-
Harrowing	50	-	-
Opening furrows	50	-	-
Planting	100	-	-
Weeding (twice)	200	-	-
CAN application	16	16	16
Harvesting	125	125	125
Baling cost	300	300	300
Total production cost	1116	601	601
Products			
Yield (kg/ha)	15000	15000	15000
No. of bales (15 kg/bale)	1000	1000	1000
Total sale (2.5/bale)	2500	2500	2500
Profit	1,384	1,899	1,899

Note: The cost of seed was discounted in this calculation as seed price varies greatly. Labor cost is US \$ 4/day, and KSh. 100 = US \$ 1.00