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MATRIC NUMBER: 18/MHS02/192

COURSECODE: AFE202

COURSE TITLE: FOOD AND PRODUCTION HEALTH AWARENESS

QUESTION: Prepare a business plan on a chosen agricultural enterprise following the guideline in the note. Spiral bind and submit upon resumption. Minimum of five pages, times new roman size 12 with double spacing.

**A FEASIBILITY REPORT / BUSINESS PLAN FOR THE DEVELOPMENT OF A  
THREE HUNDRED HECTARES CASSAVA PLANTATION ACHIEVING 1000  
CASSAVAS PER WEEK, GARRI EXTRACTION AT UWAOGU FIELD CROP  
FARMING, SANGO OTTA LAGOS STATE, NIGERIA BY RAREBU  
AGRIBUSINESS VENTURES.**

## **CONFIDENTIALITY AGREEMENT**

1. It is understood and accepted that the below that the identified reader acknowledges that the information provided in this business plan is a confidential property; therefore the reader agrees not to disclose it to a third party without the express written permission of the promoters of the proposed business.
2. The recipient agrees not to disclose the confidential information obtained from the discloser to anyone unless required to do so by law.

THEREFORE, the parties have accepted to abide by this agreement and voluntarily accept the duties and obligations.

Recipient's Confidential Information:

Name:

Signature:

Date:

Discloser's Confidential Information:

Name:

Signature:

Date:

## **CONTENTS OF THE BUSINESS PLAN**

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## **Executive Summary/ Project Description**

This business plan examines the feasibility of and indeed economic viability of the development of a 300hectares cassava plantation and the establishment of garri extraction every week in Uwaogu Field Crop Farming by Rarebu Agribusiness Ventures.

Cassava most especially in the form of garri is one of the most popular and widely consumed food crops in Nigeria. Because it is such an important food in our dear country and an extremely versatile crop, it is in fact, the cornerstone of food security in Nigeria. The competing needs for cassava cut across both human and animal consumption.

The analysis of the present market situation shows that selling as toasted granules [i.e. garri] will survive the existing competition because demand for garri is elastic.

More so, the financial analysis shows that the proposed project is not only profitable, but also viable, feasible and sustainable. From the second year, the project will generate sufficient cash to sustain production, hence; payback period is less than a year and a half {i.e. 11/2 years}.

Finally, careful assessment of the environmental and organizational factors using SWOT analysis reveals a project that has a promising future and high propensity of success.

### **Sponsorship**

The project is sponsored by Mr Segun Brown, a business consultant, currently a GM in Sifax Bank. He is also involved in promoting the productivity of smallholders' farmers in Nigeria. Rarebu Agribusiness Ventures will be responsible for the management consultancy of the projects.

## **MANAGEMENT**

The management will comprise of a democratically elected Board of Directors at the apex of the organization structure:

- |                     |                |
|---------------------|----------------|
| 1. Uwaogu Kelechi   | President      |
| 2. Jimoh Abisoye    | Vice President |
| 3. Onyeanusì Ifeoma | Director       |
| 4. Jimoh Desire     | secretary      |

They are members of board who have stake in the survival, growth and profitability of the business as well as distinguished agribusiness professionals of proven integrity and vast experience in the project area. The prime objective of the board will be to give strategic directions and policies that will ensure long term success of the organization. The board will ensure that the organization complied with all standards set by regulatory authorities.

The Managing Director/President {Uwaogu Kelechi} shall be responsible for the co-ordination of the day to day management of the cooperative business. He is accountable to the Board of Directors; he will mobilize organization resources to achieve set goals. He will manage business risks and focus on wealth creation.

### **Technical Assistance**

The firm has working relationship with IITA (International Institute of Tropical Agriculture, Ibadan) through an executed MOU. IITA has mandate in cassava production and processing and will provide technical assistance in this regard. The firm also has a working relationship with

BOA (Bank of Agriculture) and we are collaborating on Rarebu Annual Agric Expo where the President appreciate Imo Farmers through monetary award to the best 3farmers in each local government area{20 LGA'S} of the in Lagos State and the overall best farmer in the state. Bank of Agriculture has agreed to finance production of the 300hectares of cassava plantation through a loan at 9% interest rate (anchor borrower's scheme) given to the cooperative.

### **Market and Sales**

In garri business, the color, taste and friability of the garri particles determine the market. More so, consumer preferences vary from place to place, and region to region.

For easy sale and delivery of garri locally in stores, restaurants, school hostels and offices, it is preferred that the garri are neatly packed in customized nylons. During festivities, they can be packed in hampers and colorful and portable bags.

Market orientation: domestic; South West & South East, Nigeria

Market Share: 5% niche market in South West, South East Nigeria

Users of Products: edible for human.

### **Competition analysis**

Lagos State alone produced 44% of national output between1999 and 2017. Kaduna State followed with 27% of national output within the period. Taraba, Plateau, Kano, Niger and katsina produced 6% and below in the period. The seven state mentioned above produced 94% of national output within the period. Based on this above analysis, competition in terms of production in South West, Nigeria is non- existent Compare to the demand for produce.

### **Tariff and Import Restriction**

Forex restriction on food importation and zero duty on imported agricultural equipment will favour the project under consideration.

## **Market Potential**

There is strong demand for cassava and cassava derivatives in the western part of Nigeria. The state of infrastructure though not perfect still supports production and trade within Nigeria.

## **Profitability**

Weather, biological, chemical, physical and environmental factors such as temperature, sunlight, water, air, soil conditions, varieties of seed, pests, diseases, price fluctuations and other risks e.g. cow invading the farm could affect yield and profitability. However, technical, scientific and financial based solutions will be employed to hedge against risks and safeguard profit. Irrigation option will be factored in to ensure two cycle of production in a year.

## **Technical Feasibility**

The projects (production of cassava and extraction of garri) are technically feasible. In terms of technology, which involve the crushing of cassava tuber and extraction of tuber, the industrial processes are simple and a specialist in garri extraction with more than 20years experience is part of our team. The needed equipment for garri extraction is readily available and our experts have hand on experience in the usage and maintenance of the equipment.

On the cassava production, we have specialists in mechanization, irrigation, farm management, crop production, weed science, market development, agric extension and accounting as part of our management team. We also have specialists in quality control as part of our management team. The state of infrastructure around the Firm and generally in Sango is adequate and suitable for the location of the farm/firm for efficient production, processing and marketing. Raw materials will be produced and sourced locally.



## **Government Support and Regulation**

The project conforms to the economic diversification objective of the government. It also supports foreign exchange and import reduction conservation of government. It creates economic opportunities, market access, and improved income for farmers and support food security objective of government. The project will benefit from government intervention fund in the agriculture sector. The project will also benefit from the favorable policy of zero duty for agricultural and equipment import. Restriction of forex for all food products will also widen market opportunity. The project will contribute significantly to employment, output increase, stable price and stable exchange rate.

## **Project Timeline**

The project will be completed within 6months preferably between April 2021 to October 2021.

## **Estimated Project Costs and Revenue**

### **Fixed Cost**

#### **(A) Land Clearing**

<b>Activity</b>	<b>QTY</b>	<b>₦</b>	<b>K</b>
1ton/hr. stainless steel grater		480,000	00
pressers		150,000	00
Stainless steel fryers		260,000	00
fertilizers	5 bags	33,000	00
Borehole		500,000	00

<b>Total</b>		<b>1,423,000</b>	<b>00</b>
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**(B) Equipment**

<b>Name</b>	<b>QTY</b>	<b>MODEL</b>	<b>USD</b>	<b>₦</b>	<b>K</b>
Tractor	1	YTO-904(90hp)	24,450	8,802,000	00
Disc harrow	1	IBJ- 3.0	3,520	1,267,200	00
Sub soiler	1	IS-200G	3,250	1,170,000	00
Generators	1	5yb-500j	385.11	150,000	00
Tripper	1	7CX-8T	9,450	3,402,000	00
Combine Harvester	1	4YZ-6	103,500	37,260,000	00
Boom sprayer	1	3W-1000L-18	6,950	2,502,000	00
Front loader	1	TZ10D	6,570	2,365,200	00
<b>Sub total</b>			<b>159,390</b>	<b>57,380,400</b>	<b>00</b>

**(C) Vehicle**

<b>Type</b>	<b>Model</b>	<b>QTY</b>	<b>₦</b>	<b>K</b>
<b>Pick up Truck</b>	<b>HILUX</b>	<b>2</b>	<b>30,000,000</b>	<b>: 00</b>

**(D) Irrigation**

<b>Type</b>	<b>QTY</b>	<b>Model</b>	<b>USD</b>	<b>₦</b>	<b>K</b>
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<b>Hose Reel</b>	<b>1</b>	<b>140 – 440MT</b>	<b>28,186</b>	<b>1,0146,960 : 00</b>
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### Operating Cost

<b>Working Capital</b>		
	<b>₦</b>	<b>K</b>
Ploughing/Ha	15,000	00
Harrowing/Ha	10,000	00
Sub total	25,000	00
<b>For 300 Ha</b>	<b>7,500,000</b>	<b>00</b>
Mechanization and storage	105,000	00
<b>For 300Ha</b>	<b>31,500,000</b>	<b>00</b>
Input / Ha	91,825	00
<b>For 300Ha</b>	<b>27,547,500</b>	<b>00</b>
Area yield insurance	13,500	00
Produce aggregation	5,500	00
Geo Spatial Service	4,500	00
Sub total	23,500	00

<b>For 300Ha</b>	<b>7,050,000</b>	<b>00</b>
Interest per hectare	22,079	25
<b>For 300Ha</b>	<b>6,623,700</b>	<b>00</b>
Total cost per hectare	245,325	00
<b>Total cost for 300Ha</b>	<b>73,597,500</b>	<b>00</b>
Loan principal and interest (cost per Hectare)	267,404	25
<b>Total for 300Ha</b>	<b>80,221,200</b>	<b>00</b>
<b>Irrigation cost for 300Ha</b> (excluding fixed cost)	<b>24,018,120</b>	<b>00</b>

#### Amortization

**₦                      K**

<b>Land clearing amortization (per hectare)</b>	<b>30,000                      :    00</b>
<b>Land clearing amortization (300hectare)</b>	<b>9,000,000                      :    00</b>

#### REVENUE

<b>Yield per hectare 3tonnes@ ₦145000 per tonne</b>	
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	<b>₦</b>	<b>K</b>
<b>Revenue per hectare</b>	<b>435,000</b>	<b>: 00</b>
<b>For 300Ha</b>	<b>130,500,000</b>	<b>: 00</b>
<b>Net revenue for 300Ha(without amortization)</b>	<b>67,038,300</b>	<b>: 00</b>
<b>Net revenue with amortization(300ha clearing)</b>	<b>55,038,300</b>	<b>: 00</b>
<b>2<sup>nd</sup> Production Cycle</b>		
<b>Net revenue</b>	<b>43,020,180</b>	<b>: 00</b>
<b>Net revenue with amortization(400ha land)</b>		
<b>Annual Net Revenue ( 1<sup>st</sup> + 2<sup>nd</sup> Cycle)</b>	<b>98,058,480</b>	<b>: 00</b>

**Currency conversion rate: ₦360.00 to 1USD**

### **Funding Mechanism**

Rarebu will provide 300Ha of cleared farmland around the farm and lease it to members of the cooperative. Rarebu will also lease 6,000MT capacity silo as equity contribution

Equity investor to provide equity for equipment and vehicles purchase

Where possible equity investor to provide equity for working capital or otherwise secure loan at the rate of 9% through government intervention window at the Bank of Agriculture, Bank of Industry and Commercial banks.

### **Conclusion**

The project is technically feasible and commercially viable. It is therefore recommended for funding.