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 **18/SMS08/001**

 AFE 202

 [FOOD SECURITY AND AGRICULTURAL SCIENCE].

**BUSINESS PLAN**.

 For:

**ISEYIN FARMER’S COOPERATIVE SOCIETY LIMITED,**

 **OYO STATE.**

 20TH OF APRIL, 2020.

 Prepared by;

 Abdulazeez Abiodun,2020.

 **Introduction.**

 A BUSINESS PLAN FOR THE DEVELOPMENT OF A THREE HUNDRED HECTARES MAIZE CROP PLANTATION AND ESTABLISHMENT OF 20 TONNES PER DAY CAPACITY CEREALS PROCESSING PLANT AT IBADAN, OYO STATE, NIGERIA BY ABERUAGBA NIGERIA LIMITED.

The undersigned reader acknowledges that the information provided in this business plan is a confidential intellectual 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.

It is acknowledged by the reader that information furnished in this business plan is in all respect confidential in nature, other than information which is in the public domain through other means and that any disclosure or use of same by the reader, may cause serious harm or damage to the promoters of the propose A

d business.

Upon request, this document is to be immediately returned to the promoters of the proposed business

Signature:

Name: ABDULAZEEZ ABIODUN

Date: April 20, 2020

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	* + 1. **Executive Summary**

This business plan examines the feasibility of and indeed economic viability of the development of a 300hectares of maize crop plantation and the establishment of a maize processing plant in Ibadan Oyo State by ABERUAGBA NIGERIA LTD and ISEYIN Farmer’s Cooperative Society. The farm will produce about 8000tonnes of corn in a production cycle. The corn processing plant will process about 3800tonnes of edible maize/corn that maybe process into other commodities. There is high domestic demand for these products because of our huge population and production constraints leading to shortage of the commodity. Production is currently popular in the North Central and North West with Benue State and Kaduna as the lead producers. Nigeria imports significant quantity of maize/corn and its derivatives to augment domestic shortages.

The proposed project will create economic opportunities, impact positively on the people and help conserve scarce foreign exchange. The entire maize to be processed will be sourced locally through direct production, contract farming in OYO State and direct purchase from smallholder farmers in other production areas. The project will create market access, improve income of farmers and contribute significantly to food security. It will also generate satisfactory returns for sponsors and investors.

* + - 1. **Sponsorship**

The project is sponsored by FEMI Falana, a legal luminary and. he is promoting the productivity of smallholder farmers in Oyo state through the Iseyin Farmer’s Cooperative Society. The ABERUAGBA COMPANY LTD 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. This will be made up of shareholders and member of the cooperative 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 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 company has working relationship with International Institute of Tropical Agriculture, Lagos. through an executed MOU. However, the university of Ibadan has also promised to supplied all the machine that will be needed for the maize processing. In the course of searching for the farm tools and all, the Deputy Governor of Oyo State has promised to supplies us tools needed for the execution of the project. The commissioner for agriculture for Oyo State has also promised to supplied us all the needed fertilizer. Another philanthropist also promised to provide human power for project execution.

* + - 1. **Market and Sales**

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

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

Users of Products: edible oil for human, soya cake for the livestock industry, soya sludge for paint and cosmetics industries in South East.

**Competition analysis**

Benue 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. The only places where significant production took place in South West, Nigeria was in Saki West L.G.A. in Oyo State and Osogbo North L.G.A in Osun State. 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 maize and maize production in the Southern 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.

* + - 1. **Technical Feasibility**

The projects (production of maize and maize processing) are technically feasible. In terms of technology, which involve the peeling of the wrappers and separation of the maize from the dirt, the industrial processes are simple and a specialist in maize processing with more than 15years experience is part of our team. The needed equipment for maize processing are readily available and our experts have hand on experience in the usage and maintenance of the equipment.

On the maize 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 in ISEYIN and generally in Oyo 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.

The major competitors in the South West are maize production and Executive Chef brand. Cereal has an installed capacity of 150tonnes per day in Lagos and 100tonnes per day in Jos While JOF has a capacity of 120tonnes per day in Oyo, Iseyin farms will target a market niche and penetrate through cooperative societies to make our brand popular. From our analysis, integration of production and processing will give us a competitive advantage.

We are implementing our project using best international practices, sustainable production and due consideration for the environment. Although some degree of deforestation will occur, the EIA (Environmental Impact Assessment) report shows little or no damage to the environment as it relates to the issue of climate change. Organic fertilizer will be substituted for chemical fertilizer within three years of farm operations.

* + - 1. **Government Support and Regulation**

The project conformed with the economic diversification objective of the government. It also supports foreign exchange and import reduction conservation of government. It creates economic opportunities, market access, 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 favourable 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.

* + - 1. **Project Timeline**

The project will be completed within 4months preferably between march, 2020 to July, 2020 because of the rain, it needs rain to germinate.

**7.0 Estimated Project Costs and Revenue**

**Fixed Cost**

1. **Land Clearing**

|  |  |  |  |
| --- | --- | --- | --- |
| **Activity** | **QTY** | **₦** | **K** |
| Land Clearing | 1Hectare | 80,000 | 00 |
| Cross cutting | 1Hectare | 50,000 | 00 |
| Rome ploughing | 1Hectare | 100,000 | 00 |
| **Sub total** | 3Hectare | **260,000** | **00** |
| **Total** | 300 Hectare | **100,000,000** | **00** |

**(B) Equipment**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name** | **QTY** | **MODEL** | **USD** | **₦** | **K** |
| Tractor | 1 | YTO-904(90hp) | 21,450  | 9,802,000  | 00 |
| Disc harrow  | 1 | IBJ- 3.0  | 3,520  | 2,267,200  | 00 |
| Sub soiler  | 1 | IS-200G  | 1,250  | 2,170,000  | 00 |
| Maize seeder  | 1 | 2BFY-6C  | 4,950  | 1,782,000  | 00 |
| Tripper | 1 | 7CX-8T  | 9,450  | 3,402,000  | 00 |
|  Combine Harvester  | 1 | 4YZ-6  | 112,500  | 34,260,000  | 00 |
| Boom sprayer | 1 | 3W-1000L-18  | 4,950  | 1,502,000  | 00 |
| Front loader  | 1 | TZ10D | 4,570  | 1,365,200  | 00 |
| **Sub total**  |  |  | **159,390**  | **55,380,400**  | **00** |

**(C) Vehicle**

**Type Model QTY ₦ K**

|  |  |  |  |
| --- | --- | --- | --- |
|  **Pickup Truck**  |  **HILUX**  | **2** | **60,000,000 : 00** |

1. **Irrigation**

**Type QTY Model USD ₦ K**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Hose Reel** |  **1**  |  **140 – 440MT** |  **28,400**  |  **2,0245,960 : 00** |

 **Operating Cost**

|  |  |  |
| --- | --- | --- |
| **Working Capital** |  |  |
|  |  **₦**  | **K** |
| Ploughing/Ha |  20,000  | 00 |
| Harrowing/Ha  |  15,000  | 00 |
| Sub total  |  25,000 | 00 |
| **For 300 Ha** |  **10,000,000**  |  **00** |
| Mechanization and storage |  100,000  |  00 |
| **For 300Ha** |  **42,000,000** |  **00** |
| Input / Ha  |  91,825 |  00 |
| **For 300Ha** |  **36,730,000** |  **00** |
| Area yield insurance |  13,500 |  00 |
| Produce aggregation |  5,500 | 00 |
| Geo Spatial Service |  4,500 |  00 |
| Sub total  |  23,500 |  00 |
| **For 300Ha** |  **9,400,000** |  **00**  |
| Interest per hectare |  22,079 |  25 |
| **For 300Ha** |  **8,831,700**  |  **00**  |
| Total cost per hectare |  245,325 |  00 |
| **Total cost for 300Ha** |  **98,130,000**  | **00** |
| Loan principal and interest (cost per Hectare) |  267,404 | 25 |
| **Total for 300Ha** |  **106,961,700** |  **00**  |
| **Irrigation cost for 300Ha (excluding fixed cost)** |  **24,028,120** | **00** |

**Amortization**

 **₦ K**

|  |  |
| --- | --- |
| **Land clearing amortization (per hectare)** |  **30,000 : 00**  |
| **Land clearing amortization (300hectare)**  |  **9,000,000 : 00** |

 **REVENUE**

|  |  |
| --- | --- |
| **Yield per hectare 3tonnes@ ₦145000 per tonne** |  |
|  |  **₦ K** |
| **Revenue per hectare** |  **435,000 : 00**  |
| **For 300Ha** |  **174,000,000 : 00** |
| **Net revenue for 300Ha(without amortization)** |  **67,038,300 : 00** |
| **Net revenue with amortization(300ha clearing)** |  **55,038,300 : 00** |
| **2nd Production Cycle** |  |
| **Net revenue** |  **43,020,180 : 00** |
| **Net revenue with amortization(300ha land)** |  |
| **Annual Net Revenue ( 1st + 2nd Cycle)**  |  **98,058,480 : 00**  |

**Currency conversion rate:** **#450.00 to 1USD**

1. **Funding Mechanism**

ISEYIN COOPERATIVES SOCIETY, will provide 300HECTARES of cleared farmland around the city and lease it to members of the cooperative. ISEYIN CO’OPERATIVES SOCIETY will also lease 5,000MT capacity silo as equity contribution

Equity investor to provide equity for equipment and vehicles purchase

Where possible equity investors to provide equity for working capital or otherwise secure loan at the rate of 5% through government intervention window at the Bank of Agriculture, Bank of Industry and Commercial banks.

1. **Conclusion**

The project is technically feasible and commercially viable. It is therefore recommended for funding. Promised that the outcome will be favourable. Thank you.