



AFE BABALOLA UNIVERSITY ADO-EKITI (ABUAD)

KM. 8.5, AFE BABALOLA WAY,
ADO-EKITI, EKITI STATE, NIGERIA.
P.M.B 5454 ADO-EKITI.

NAME: EDOKPOLO PEACE IDAHOSA

MATRIC NUMBER: 18/LAW01/082

COLLEGE/DEPT: LAW

LEVEL: 200

COURSE TITLE: FOOD PRODUCTION AND HEALTH AWARENESS

COURSE CODE: AFE 202

LECTURERS: MR. SALAMI ABDULRASHEED &
MR. OLUWASUSI JOHN TOYIN

QUESTION: PREPARE A BUSINESS PLAN ON A CHOSEN
AGRICULTURAL ENTERPRISE FOLLOWING THE GUIDELINE IN THE
NOTE.

**A FEASIBILITY REPORT / BUSINESS PLAN FOR THE GROWING OF A FIVE
HUNDRED HECTARES OF HERB PLANTATION AND ESTABLISHMENT OF 10
STEMS OF HERB PER WEEK AT A FARM LOCATED IN MAITAMA FEDERAL
CAPITAL TERRITORY ABUJA, NIGERIA BY PEACE AGRIBUSINESS VENTURES
AND CONSULTANCY CONFIDENTIALITY AGREEMENT**

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 proposed business.

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

Name: Edokpolo Peace Idahosa

Signature: Peace Idahosa

Date: 26th April, 2020.

Executive Summary/Project Description

This business plan has to do with the Drip/Automatic Irrigation System. An irrigation system can be seen as *According to the Collins Dictionary*, “a system of supplying land with water by means of artificial canals, ditches and so on, especially to promote the growth of food crops.” An Automatic irrigation is the use of a device to operate irrigation structures so the change of flow of water from one bay, or set of bays, to another can occur in the absence of the irrigator. This business plan examines the practicability of and economic operability of the development of a 500 hectares herb growing plantation. The herbs to be grown are lavender and basil. The herbs will be grown to be processed into essential oils or as raw material for making herbal products, it will also be used for culinary, medicinal or aromatic use. Due to the nature of the plants to be planted, they will be harvested at different times and not all together for example, the basil will be harvested once the plant reaches 6 – 8” in height, while the lavender will be harvested at any time once stems have flowered.

There is a huge market for herbs and spices-thanks to rising demand in Asia and Europe so this farm’s produce can also be exported to the aforementioned countries. With regards to our country Nigeria, there are many states which are in high demand of herbs such as Western states and Northern states. When this farm grows, harvests and sells these herbs, they will be used for a great deal because it serves medicinal purposes well.

This proposed project will create economic opportunities, impact positively on the people and help conserve scarce foreign exchange. The entire herb production will be done locally and also in an organic way without adding artificial herb growing chemicals to enhance growth in the FCT Nigeria. The project will create market access, improve income of herb farmers and

contribute significantly to food security and or lives in general the use of herbs will bring about more affordable than conventional medicine, it will be easier to obtain than prescription medicine, it has the ability to stabilizes hormones and metabolism and lastly, another great thing this brings about is natural healing and sstrength in the immune system.

Sponsorship

The project is sponsored by Mrs. Excel Idahosa Edokpolo, a luminary in the business world. Founder of the company Faith motors ltd. Excel Idahosa Edokpolo is promoting the productivity of entrepreneurs that wish to farm in Abuja through the farming school she runs and sponsorship medium that she offers to great minds that want to go into farming. Excel Idahosa Edokpolo wishes to fund this business at the early years of its growth and the funding will later be carried on by the project's founder.

Management

The management of this project essentially involves of a Board of Directors that will be democratically elected at the apex of the organization structure. This will be made up of shareholders, the Chairman, the vice chairman, the sponsor of the project and members of the cooperative who have stake in the survival, growth and profitability of the business as well as distinguished agricultural business professionals of proven integrity and vast experience in the project area. The main aim or objective of the board will be to give calculated advice and constructive criticism and also guidelines that will ensure long lasting blooming and success of the organization. The board of directors are also saddled with the responsibility of making sure that the organization adheres to all standards set by appropriate regulatory authorities by carrying out routine checks of the farm and also from time-to-time, go through the books kept by the

organization. The leading founder/President (which has the option of being a part of the board of directors) shall be responsible for the co-ordination of the day to day management of the cooperative business of the organization. He/she is accountable to the Board of Directors; he will deploy the organization's resources to achieve and also set long- and short-term goals that will be of great benefit to the company. He/she will manage any form of business-related risks and focus on creation of income for the company.

Technical Assistance

The vision of this organization's project's plan is to have a good working relationship with IITA (International Institute of Tropical Agriculture, Ibadan) and also NNMDA (Nigerian Natural Medicine Development Agency) through an executed MOU. NNMDA is an organization that is very interested in the growing of natural herbs in Nigeria will provide technical assistance with regards to this project. The project also has a working relationship with BOA (Bank of Agriculture) The bank was established in 2000, the bank actually loans money to farmers, it supports the agricultural sector of the country. Today, the bank is Government Agricultural and Rural Development Finance Institution in the country. The ownership structure of the bank provides reliable and secure financial background. The bank plays significant role in the lending market of the country and we are collaborating on. The Bank of Agriculture has agreed to finance production of the 500hectares of herbs through a loan at 12% interest rate (anchor borrower's scheme) given to the cooperative organization.

Market and Sales

The customers that this project aims at targeting are wholesale distributors buying for health product manufacturers, grocery chains and restaurants, or the farm can sell directly to these

businesses. This project also aims to target other SOHOs like artisans and crafters who work with herbs as well as caterers; makers of beauty, health and skin care products and natural-foods stores. You can sell potted plants to garden centers, florists and nurseries. Also, the project views putting herbs directly in the public's hands by selling at farmers' markets and flea markets.

This project also aims to develop Niche marketing so that instead of always competing, there's an untapped market.

Market orientation: International/Domestic; South West Nigeria, Asia and Europe

Market Share: 5% niche market in South West Nigeria

Users of Products: Skin oil for people e.g. lavender oil, tea tree oil etc. Herbs can also be processed into supplements; it could also be used for culinary purposes.

Competition analysis

Today, in this present technological era, herbal medicine is still the predominant means in the third world for the preservation of health of the rural majority who constitute over 70% of the total population. The WHO has recently estimated that about 80% of the world's population use herbal medicines for some aspects of primary health care (WHO, 2006). There are many states in Nigeria which produce herbs which brings about competition in the herb growing business such as; Lagos, Ebonyi, Calabar and so on. Some examples of herbs that are grown in Lagos are; Atawewe, Ayu, Ori, Yanrin etc.

Tariff and Import Restriction

When it comes to herbs on the part of Foreign exchange restrictions, there are no restrictions in herb importation so long as the boarder security on duty checks out the herb wished to be

imported and it is fine. It is believed by this project founder that the tariff and import rules and regulations will favour the project under consideration.

Market Potential

There is a remarkably strong demand for herbs in countries like China, India, Nigeria, the United States of America (USA), many other African countries such as Egypt, Kenya, etc. and WHO have all made substantial research investments in traditional herbal medicines. In general, there are growing demands of herbal products or herbs in a lot of Asian and African countries today. The herb growing business in Nigeria thrives tremendously and this is because Nigerians are Africans and Africans have a strong belief in the usage of herbs.

Profitability

There are four primary factors that affect the growth of herbs which are; light, water, temperature and nutrients. These four elements affect the herb's growth hormones, making the herb grow more quickly or more slowly. Changing any of the four can cause the herb stress which stunts or changes growth, or improves growth even. A change of any of the aforementioned factors in a bad way could cause stunted growth which will in turn cause loss or low profit. The soil condition, pests' diseases and so on could also affect profitability. However, in this project, technical, scientific and financial based solutions will be employed to hedge against risks and safeguard profit. The automatic irrigation system which will be put in place will also yield profitability because it will water the herbs properly and in due time.

Technical Feasibility

The project (growing of several herbs) are technically feasible. In terms of technology, this project essentially involves a claw cultivator and the hand trowel. A claw cultivator will be a fantastic tool for cultivating the soil before planting. It will also be used for easy weeding. A trowel will be used to gently transplant herbs to another outdoor farm space. The needed equipment for herb processing which we call an herb processor are readily available and our experts have hand on experience in the usage and maintenance of the equipment.

On the herb growing production, we have specialists in place for mechanization, irrigation, farm management, crop production, weed science, market development, Agric extension and accounting as part of our management team. Some examples of these tools used are; rake- which is used for getting rid of weeds in a plot, a spade- which is used for harvesting herbs, clearing away dead plants and removing plant roots and bushes. We also have; a device for liquid dosage into soil, a device for fertilization of solid and liquid fertilizers, a device for collecting and measurement of infiltration water in field research, a mower for tree-like plants and a device for planting ligneous plants.

We also have specialists in quality control as part of our management team. The state of infrastructure built for the farm very well soothes its needs which is herb growing. It aids the herbs in efficient production, processing and marketing.

Government Support and Regulation

The project goes in line with the economic diversification objective and aim of the government and also food involved laws such as NAFDAC that represents the government. It also supports

foreign exchange and import reduction conservation of government. It gives room for economic opportunities, market access, improved income for farmers and support food security in every way possible because the whole project is based on herb growing some of which will be processed and some left in their natural state which is generally good for human health and objective of government. The project will benefit greatly from government intervention fund in the agriculture sector which involves getting funds from the Bank of Agriculture. The project will contribute significantly to employment, output increase, stable price and stable exchange rate. The project will also benefit from the favorable policy of zero duty for agricultural and equipment import. Restriction of foreign exchange for all food products will also widen market opportunity.

Project Timeline

The project will be completed within 3 months preferably between April, 2020 to July 2020 because land clearing is mostly done in the dry season

Estimated Project Costs and Revenue

Fixed Cost

(A) Land Clearing

(B) ACTIVITY	QTY	₦	K
Land Clearing	1Hectare	240,000	00
Cross cutting	1Hectare	20,000	00
Rome ploughing	1Hectare	60,000	00
Tillage	1Hectare	50,000	00
Sub total	1Hectare	370,000	00
Total	500 Hectare	1,850,000	00

(B) Equipment

Name	QTY	MODEL	USD	₦	K
Tractor	1	YTP-904(90hp)	23,450	9,145,000	00

Disc harrow	1	IBJ- 3.0	3,510	1,368,900	00
Sub soiler	1	IS-200G	3,250	1,170,000	00
Soy seeder	1	2CFY-6C	4,950	1,782,000	00
Tripper	1	7CY-8T	9,420	3,673,000	00
Combine Harvester	1	4XZ-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
Sub total			145,555.39	56,766,602	00

(C) Vehicle

Type Model QTY ₦ K

Pick-up Truck	HILUX	2	35,000,000:	00
----------------------	--------------	----------	--------------------	-----------

(D) Irrigation

Type QTY Model USD ₦ K

Drip System	1	140 – 440MT	29,176	11,378,640.00:	00
--------------------	----------	--------------------	---------------	-----------------------	-----------

Operating Cost

Working Capital	₦	K
Ploughing/Ha	15,000	00
Harrowing/Ha	10,000	00
Sub total	25,000	00

For 500 Ha	10,000,000	00
Mechanization and storage	105,000	00
For 400Ha	42,000,000	00
Input / Ha	91,825	00
For 500Ha	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 500Ha	9,400,000	00
Interest per hectare	22,079	25
For 500Ha	8,831,700	00
Total cost per hectare	245,325	00
Total cost for 500Ha	98,130,000	00
Loan principal and interest (cost per Hectare)	267,404	25
Total for 500Ha	106,961,700	00
Irrigation cost for 500Ha (excluding fixed cost)	24,018,120	00

Amortization

N K

Land clearing amortization (per hectare)	40,000	: 00
Land clearing amortization (500hectare)	20,000,000	: 00

Revenue

Yield per hectare 3tonnes@ ₦145000 per tonne	₦	K
Revenue per hectare	435,000	: 00
For 500Ha	174,000,000	: 00
Net revenue for 500Ha (without amortization)	67,038,300	: 00
Net revenue with amortization (500ha clearing)	55,038,300	: 00
2 nd Production Cycle		
Net revenue	43,020,180	: 00
Net revenue with amortization (500ha land)		
Annual Net Revenue (1 st + 2 nd Cycle)	98,058,480	: 00

Currency conversion rate: ₦390.00 to 1USD

Funding Mechanism

Mrs. Excel Idahosa Edokpolo will provide the 500 hectares of cleared farmland around a place called Maitama in Abuja and permanently hand over the piece of land to members of the cooperative. Mrs. Excel Idahosa Edokpolo will also lease 7,000MT capacity silo as equity contribution that will be used to keep herbs for a short period.

Equity investors that made investments into the project are to provide equity for equipment and vehicles purchase.

This project also is securing a loan at the rate of 9% through government intervention window at the Bank of Agriculture, Bank of Industry and Commercial banks in an effort to fund the project.

Conclusion

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