NAME: GEORGE OLUFUNKE

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 EXECUTIVE SUMMARY / PROJECT DESCRIPTION

 This business plan examines the feasibility and indeed economic viability of the development of a 3-acer mango plantation and the establishment of a mango juice extraction plant in Ado Ekiti by my humble self in partnership with Afe Babalola Farmers’ Cooperative society limited. The farm will produce about 2.5 to 3 tones of mangoes per acer and 151 tones of mango juice produce. 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 as the lead producer. Nigeria imports significant quantity of mangoes 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 mangoes to be processed will be sourced locally through direct production, contract farming in Ekiti 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.

 SPONSORSHIP

 The project is sponsored by Aare Afe Babalola, a legal luminary and founder of Afe Babalola University. Aare Afe Babalola is promoting the productivity of smallholder farmers in Ado Ekiti through the Afe Babalola Farmer’s Cooperative Limited. The University has a Department of Agriculture and experts with many years of experience in the project being proposed. Biyi Durojaiye Ventures & Consultancy 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 university has working relationship with IITA (International Institute of Tropical Agriculture, Ibadan) through an executed MOU. IITA has mandate in mango production and processing and will provide technical assistance in this regard. The University also has a working relationship with BOA (Bank of Agriculture) and we are collaborating on Aare Afe Babalola Annual Agric Expo where the founder appreciate Ekiti Farmers through monetary award to the best three farmers in each local government area of the 16 L.G.A in Ekiti State and the overall best farmer in the state. Bank of Agriculture has agreed to finance production of the 400hectares of mango through a loan at 10% interest rate (anchor borrower’s scheme) given to the cooperative.

 The university will fund the processing factory and access finance for the mango juice extraction equipment from BOI (Bank of Industry) at the rate of 10%. The cooperative will also seek grant from United State Africa Development Foundation (USADF). The University has relationship with commercial banks and will approach one for loan to clear the land which will be leased to members of the cooperative.

 The University has a working relationship with Ekiti State Government, Ekiti State Ministry of Agric, Farmers’ Union, Agric Cooperatives and individual farmers. The university will get technical support from this relationship in the area of production through contract farming or out grower scheme.

 The university has working relationships with and linkages to industry players in the project area who will offtake products through a purchase and sale contract agreement. They include Flour Mill of Nigeria Limited, Obasanjo Farms Ltd, Animal Care, Amo Farms, Farm Support and others. The mango juice will be sold through cooperatives and other distribution channels.

 MARKET AND SALES

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

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

 TARIFF AND IMPORT RESTRICTION

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

 MARKET POTENTIAL

 There is strong demand for mangoes and mango juice derivatives 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.

 TECHNICAL FEASIBILITY

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

On the mango 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 University and generally in Ekiti 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 Akiko Farms in Benue state as well as ADT PLC .Akiko Farms has an installed capacity of 150tonnes per day in Lagos and 100tonnes per day in Benue While ADT has a capacity of 120tonnes per day in Akure, ABUAD 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.

 GOVERNMEMT SUPPORT AND REGULATION

 The project conforms 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 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 November, 2020 to April, 2021 because land clearing is mostly done in the dry season.

 ESTIMATED PROJECT COST AND REVENUE

FIXED COST

1. LAND CLEARING

|  |  |  |  |
| --- | --- | --- | --- |
| ACTIVITY  | QTY  | NAIIRA  | KOBO  |
| LAND CLEARING  | 1 ACER  | 210,000 | 00 |
| CROSS CUTTING  | 1 ACER | 18,000 | 00 |
| ROME PLOUGHING  | 1 ACER | 45,000 | 00 |
| SUB TOTAL  | 1 ACER | 273,000 | 00 |
| TOTAL  | 3 ACERS | 819,000 | 00 |

1. EQUIPMENT

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| NAME  | QTY  | MODEL | USD | NIRA  | KOBO  |
| TRACTOR  | 1 | YWT-870(80HP) | 26,670 | 900,000 | 00 |
| DISC HARROW  | 1 | GHT-20 | 3,420 | 1, 156,200 | 00 |
| SUB SOILER  | 1 | FRE-300G | 3,350 | 1, 270,000 | 00 |
| MANGO SEEDER  | 1 | 3BFD-2G | 4,850 | 1,682,000 | 00 |
| TRIPPER  | 1 | 7RF- 9S | 8,450 | 2,402,000 | 00 |
| COMBINE HARVESTER | 1 | HYT8-6D | 102,500 | 35,260,000 | 00 |
| BOOM SPRAYER  | 1 | 4SA-3R | 7,000 | 2,600,000 | 00 |
| FRONT LOADER  | 1 | RWE4-8H | 5,570 | 1,365,200 | 00 |
| SUB TOTAL  |  |  | 158,210 | 46,635,400 | 00 |

1. VEHICLE

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| TYPE  | MODEL | QTY  | NIRA | KOBO |
| PICK UP TRUCK | HILUX | 2 | 30,000,000 | 00 |

1. IRRIGATION

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| TYPE | MODEL  | QTY | USD | NIRA | KOBO |
| HOSE REEL  | 30-300MT | 1 | 28,186 | 10,146,960 | 00 |

 OPPERATING COST

|  |  |  |
| --- | --- | --- |
| WORKING CAPITAL | NIRA | KOBO |
| PLOUGHING | 15,000 | 00 |
| HARROWING  | 10,000 | 00 |
| SUB TOTAL | 25,000 | 00 |
| **FOR 3 ACERS** | 10,000,000 | 00 |
| INPUT  | 91,825 | 00 |
| **FOR 3 ACERS**  | 36,730,000 | 00 |
| AREA YEILD INSURANCE  | 13,500 | 00 |
| PRODUCE AGRICATION  | 5,500 | 00 |
| GEO SPATIAL SERVICE  | 4,500 | 00 |
| SUB TOTAL  | 23,500 | 00 |
| **FOR 3 ACERS**  | 9,400,000 | 00 |
| INTREST PER ACER  | 22,079 | 00 |
| **FOR 3 ACERS**  | 8,831,700 | 00 |
| LOAN INTREST AND PRINCIPLE  | 267,404 | 00 |
| **TOTAL FOR 3 ACERS**  | 98,130,000 | 00 |
| IRRIGATION COST FOR 3 ACERS  | 24,018,120 | 00 |
| MECHANISATION AND STORAGE  | 105,000 | 00 |
| **FOR 3 ACERS**  | 42,000,000 | 00 |
|  |  |  |
|  |  |  |

 AMORITIZATION

|  |  |  |
| --- | --- | --- |
|   | NIRA  | KOBO |
| LAND CLEARING AMORITIZATION (PER ACER) | 30,000 | 00 |
| LAND CLEARING AMORITIZATION (3 ACERS) |  120,000,000 | 00 |

 REVENUE

|  |  |  |
| --- | --- | --- |
|  | NIRA | KOBO |
| YEILD PER ACER 2.5 TONES @ #145000 |  |  |
| REVENUE PER HECTER  | 435,000 | 00 |
| FOR 3 ACERS  | 174,000,000 | 00 |
| NET REVENUE FOR 3 ACERS WITHOUT AMORITIZATION  | 67,038,300 | 00 |
| NET REVENUE WITH AMORITIZATION  | 55,038,300 | 00 |
| NET REVENUE  | 43,020,180 | 00 |
| NET REVENUE WITH AMORITIZATION 3 ACERS | 45,654,200 | 00 |
| ANNUAL NET REVENUE  | 98,058,480 | 00 |
|  |  |  |

 FUNDING MECHANISM

 ABUAD will provide 3 acers of cleared farmland around the university and lease it to members of the cooperative. ABUAD 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.