**HAQHAQHAQ BUSINESS VENTURES**

**A BUSINESS PLAN FOR THE DEVELOPMENT OF AN EIGHT HUDRED AND FIFTY HECTARE CASSAVA PLANTATION AND A CASSAVA PROCESSING PLANT AT THE TALMBOUT FARM, ANIM, ANAMBRA STATE BY HAQHAQHAQ BUSINESS VENTURES**

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 **NAME SIGNATURE & DATE**

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**1.0 EXECUTIVE SUMMARY**

This plan appraises the practicability and economic execution of the development of an eight hundred and fifty hectares (850ha) cassava (Manihot esculenta) plantation and a cassava processing plant at the Talmbout Farm in Anim, Anambra State. All things being equal, it is estimated that over 3000tonnes of cassava will be produced in a given cycle. At the cassava processing plant, the cassava will be processed into various forms such as flour, fufu, garri, cassava chips and pellets for animal food, plywood.

Cassava is eaten in every part of Nigeria. In 2015, Nigeria produced 65 million tons making it the world's largest producer. There is the ever increasing need for production of cassava as it is the largest consumer of cassava in Africa and thus she imports large quantities of cassava to supplement the amount already produced in Nigeria. This project will help to augment the cassava shortage in a large scale in Nigeria, thereby saving the country some of its scarce foreign exchange. It could also be exported to other parts of Africa (it has been estimated that almost every person in Africa eats around 80 kilograms of cassava per year) and the world as well, thereby creating more markets on an international scale and bringing in investors and sponsors from both far and near. Moreover, it is expected that, with this project, that there will be a significant creation of jobs. The farmers that will be recruited for the implementation of this project will benefit as their income will improve.

**2.0 SPONSORSHIP, MANAGEMENT, TECHNICAL ASSISTANCE**

**2.1 Sponsorship**

Fully interested and involved in promoting the agricultural sector of the economy and making it a lucrative one as well, Chief Olusegun Obasanjo, a former Head of State and G.C.F.R of Nigeria, is undertaking the sponsorship of this project. Also, Dr. Chris Ngige, the Nigerian Min. of Labour and Employment, is sponsoring this project and has secured for the project a large area of the outskirts of Anambra State for the siting of the cassava plantation and processing plant. He is reducing the rate of employment by employing the necessary manpower needed in the implementation of this project. Bella Ciao Agricultural Marketing and Management Consultancy Firm have the overall management of the project.

**2.2 Management**

At the top of the organization structure will be the Management Board of Directors and the Managing Director from the Bella Ciao Agricultural Marketing and Management Consultancy. The Board of Directors will oversee the implementation of all plans and policies for the execution and commercial viability of the project. The Board of Directors will consist of stakeholders, veteran professors and experts in the area of agriculture and agricultural mechanization. Also present on the Board will be people who have reliable means of establishing markets connections within the country and with other countries. The Managing Director on the other hand will oversee the day-to-day running of the business. He will ensure that all staff whether low level, middle level or high level, are working to achieve the set goals of the business.

 **2.3 Technical Assistance**

The company has a working relationship with Anambra State Government, Anambra State Agricultural Ministry; we will seek grants from them to finance the project. Technical support can be gotten from Agricultural Cooperatives throughout the state and individual farmers. The company has relationship with commercial banks from which it can apply for loans to clear the land which will be leased to members of the cooperative.

Furthermore, we have a purchase and sale agreement with Obasanjo Farms to off take products.

**3.0 MARKET AND SALES**

Market orientation: domestic; Southern and Eastern Nigeria, North-Central of Nigeria; international.

Market Share: 25% niche market in Southern and Eastern Nigeria, North-Central of Nigeria.

Users of Products: garri and fufu for human consumption for human, cassava pellets for the animal feed.

**Competition analysis**

Anambra State alone produced 64% of national output between 2000 and 2018. Benue State followed with 27% of national output within the period. Delta, Edo, Cross River, Imo, and Rivers produced 6% and below of national output in the period. The six states mentioned above produced 94% of national output within the period. The only places where significant production took place in Northern Nigeria were in Kwara State and in the South West in Oyo State and Ondo State. Based on this above analysis, competition in terms of production in South West and Northern Nigeria is non- existent compared to the demand for produce.

**Tariff and Import Restriction**

The country’s ban on food importation and zero duty on imported agricultural equipment will favour the project under consideration. In fact, our vision to create and maintain markets outside the country will be of great benefit to the project.

**Market Potential**

There is strong demand for cassava and cassava derivatives in the Eastern part of Nigeria as well as the Niger Delta. The state of infrastructure is not so commendable but it still supports production and trade within Nigeria.

**Profitability**

Technical, scientific and financial based solutions will be employed to hedge against biological, chemical, physical and environmental factors such as temperature, sunlight, water, air, soil conditions, varieties of pests and diseases, price fluctuations and other risks and safeguard profitability. Surface irrigation option will be factored in to ensure two cycle of production in a year.

**4.0 TECHNICAL FEASIBILITY, RESOURCES AND ENVIRONMENT**

**4.1 Technical Feasibility, Resources and Environment**

The projects (production of cassava and cassava processing) are technically feasible. In terms of technology, which involve the processing of cassava into various forms, the industrial processes are simple and an expert in oil extraction with more than 20years experience is part of our team. The needed equipment for cassava processing such as cassava grinding machine, cassava pressing machine is readily available and our experts have hands-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. Raw materials will be produced and sourced locally.

The major competitors in the South West are FLOUR BENDERS and PINCH OF GARRI with the Flour brand and Garri brand. Flour Benders has an installed capacity of 100tonnes per day in Anambra and 50tonnes per day in Makurdi While Pinch of Garri has a capacity of 40tonnes per day in Akure. Talmbout 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.

**5.0 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, improves 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.

**6.0 TIMELINE OF THE PROJECT**

The project will be completed within 12 months preferably between April 2020 to June 2021 because land clearing is mostly done in the dry season.

**7.0 ESTIMATED PROJECT COST AND REVENUE**

**Fixed Cost**

1. **Land Clearing**

|  |  |  |  |
| --- | --- | --- | --- |
| **Activity** | **QTY** | **₦** | **K** |
| Land Clearing | 1Hectare | 310,000 | 00 |
| Cross cutting | 1Hectare | 45,000 | 00 |
| Rome ploughing | 1Hectare | 70,000 | 00 |
| **Sub total** | 1Hectare | **500,000** | **00** |
| **Total** | 850 Hectares | **425,000,000** | **00** |

**(B) Equipment**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name** | **QTY** | **MODEL** | **USD** | **₦** | **K** |
| Cassava peeling machine | 1 | RFO-904(90hp) | 24,450  | 8,802,000  | 00 |
| Cassava crusher  | 1 | BLO- 3.0  | 3,520  | 1,267,200  | 00 |
| Sub soiler  | 1 | WI-200G  | 3,250  | 1,170,000  | 00 |
| Cassava seeder  | 1 | 1HTU-6E  | 4,950  | 1,782,000  | 00 |
| Tripper | 1 | 9FX-5G  | 9,450  | 3,402,000  | 00 |
|  Combine Harvester  | 1 | 1QZ-6  | 103,500  | 37,260,000  | 00 |
| Boom sprayer | 1 | 4W-1000L-15  | 6,950  | 2,502,000  | 00 |
| Front loader  | 1 | TZ10D | 6,570  | 2,365,200  | 00 |
| **Sub total**  |  |  | **159,390**  | **57,380,400**  | **00** |

**Type Model QTY ₦ K**

|  |  |  |  |
| --- | --- | --- | --- |
|  **Pick up Truck**  |  **FORD**  | **3** | **60,000,000 : 00** |

1. **Irrigation**

**Type QTY Model USD ₦ K**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Hose Reel** |  **1**  |  **140 – 440MT** |  **38,186**  |  **2,0136,960 : 00** |

**Operating Cost**

|  |  |  |
| --- | --- | --- |
| **Working Capital** |  |  |
|  |  **₦**  | **K** |
| Ploughing/Ha |  15,000  | 00 |
| Harrowing/Ha  |  10,000  | 00 |
| Sub total  |  25,000 | 00 |
| **For 850 Ha** |  **21,250,000**  |  **00** |
| Mechanization and storage |  105,000  |  00 |
| **For 850Ha** |  **89,250,000** |  **00** |
| Input / Ha  |  91,825 |  00 |
| **For 850Ha** |  **78,051,250** |  **00** |
| Area yield insurance |  13,500 |  00 |
| Produce aggregation |  5,500 | 00 |
| Geo Spatial Service |  4,500 |  00 |
| Sub total  |  23,500 |  00 |
| **For 850Ha** |  **19,975,000** |  **00**  |
| Interest per hectare |  22,079 |  25 |
| **For 850Ha** |  **18,767,150**  |  **00**  |
| Total cost per hectare |  245,325 |  00 |
| **Total cost for 850Ha** |  **206,826,250**  | **00** |
| Loan principal and interest (cost per Hectare) |  267,404 | 25 |
| **Total for 850Ha** |  **227,293,400** |  **00**  |
| **Irrigation cost for 850Ha (excluding fixed cost)** |  **24,018,120** | **00** |

**Amortization**

 **₦ K**

|  |  |
| --- | --- |
| **Land clearing amortization (per hectare)** |  **30,000 : 00**  |
| **Land clearing amortization (850hectare)**  |  **25,500,000 : 00** |

 **REVENUE**

|  |  |
| --- | --- |
| **Yield per hectare 3tonnes@ ₦145000 per tonne** |  |
|  |  **₦ K** |
| **Revenue per hectare** |  **435,000 : 00**  |
| **For 850Ha** |  **3,701,415,000 : 00** |
| **Net revenue for 850Ha(without amortization)** |  **67,038,300 : 00** |
| **Net revenue with amortization(850ha clearing)** |  **55,038,300 : 00** |
| **2nd Production Cycle** |  |
| **Net revenue** |  **43,020,180 : 00** |
| **Net revenue with amortization(850ha land)** |  |
| **Annual Net Revenue ( 1st + 2nd Cycle)**  |  **98,058,480 : 00**  |

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

**8.0 FUNDING MECHANISM**

The company has been given a section of the outskirts of Anambra State (850 Ha) to be leased it to members of the cooperative. The equity investor will 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.

**9.0 CONCLUSION**

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