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DEPARTMENT:ECONOMICS

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200LEVEL

AFE202

BUSINESS PLAN FOR THE DEVELOPMENT OF A FARM AT ISA’S FARM NO 5 AKA AVENUE, DELTA STATE BY TOYOM AGRIBUSINESS AND CONSULTANCY CONFIDENTIALITY AGREEMENT

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

Signature:

Name:ONOHWOHWO AKPOME VALERIE

Date

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**Project Description**

This business examines the feasibility of indeed economic viability of development of a 1600hectares plantain plantation in Delta state by ISA’s farm.The farm will produce about 1,500 tons of new plantain in a production cycle . Over 1000 tons will be processed to make plantain floor, plantain chips and other related plantain snacks.Production is currently popular in South South and South West.

**Sponsorship**

The project is sponsored by OLUMIDE JACKSON a legal luminary and founder of JACKSONS CHECK LIMITED Olumide Jackson is promoting productivity of small scale farmers in delta state through the Jacksons foundation farmers limited.

**Management**

The management will compromise of a democratically elected Board of directors at the apex of the organization structure, the founder and members of the cooperative who have stake in the survival, growth and profitability of the business.

**Technical Assistance**

The farm has a relationship with Baka farms in Edo state. Baka farms has mandate in yam and plantain production and they have agreed in building the farm.

**Market sales**

Market orientation: All over Nigeria

Market share :5% niche market in South West, South South Nigeria

Users of Products:

**Competition analysis**

The only places where significant production takes place is South South, South West Nigeria. Based

**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 a strong demand for plantain and plantain products in the Southern part of Nigeria. The state 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 major activities considered with this technical survey are:

• Plant location

• Plant capacity

•Process design

• Equipment layout

• Utilities

• Plant building and surroundings

**Government Support and Regulation**

The project conform 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.

**Project Timeline**

The project will be completed within 4months preferably between June, 2020 to August 2020.

**Estimated project costs and Revenue**

**Fixed cost**

1. **Land clearing**

|  |  |  |  |
| --- | --- | --- | --- |
| Activity | QTY | ₦ | K |
| Land clearing | 1 Hectare | 250,000 | 00 |
| Cross cutting | 1 Hectare | 15,000 | 00 |
| Rome ploughing | 1 Hectare | 40,000 | 00 |
| Sub total | 1 Hectare | 305,000 | 00 |
|  |  |  |  |

1. **Equipment**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Name | QTY | MODEL | USD | ₦ | K |
| Tractor | 1 | YTO-949(90hp) | 1,047 | 400,000 | 00 |
| Motorized plantain slicer | 2 | 2BFY-5C | 393 | 150,000 | 00 |
| Hammer mil with cyclone | 1 |  | 7000 | 2,695,788 | 00 |
| Pumping machines | 4 | FP5242-00-SF | 4,950 | 1,782,000 | 00 |
| Band sealing machine | 1 |  | 28 | 10,500 | 00 |
| **Subtotal** |  |  | **13,418** | **5,038,288** | **00** |
|  |  |  |  |  |  |

1. **Vehicle**

**TYPE Model. QTY**

**₦**

|  |  |  |  |
| --- | --- | --- | --- |
| Pick up truck | HILUX | 2 | 30,000,000:00 |

**Operating cost**

|  |  |  |
| --- | --- | --- |
| **Working capital** |  |  |
|  | **₦** | **K** |
| Power electricity | 150,000 | 00 |
| Sub total | 150,000 | 00 |
| Mechanization and storage | 120,000 | 00 |
| Input | 87500 | 00 |
|  |  |  |
| Area yield insurance | 14700 | 00 |
| Produce aggregation | 7500 | 00 |
| Geo spatial service | 5000 | 00 |
| Sub total | 27200 | 00 |
| **For 400Ha** | 8,831,700 | 00 |
| Total cost per hectare | 245,325 | 00 |
| Total cost for 400Ha | 981,130,000 | 00 |
| Loan principal and interest (cost per hectare) | 267,404 | 25 |
| **Total for 400Ha** | **106,961,700** | **00** |
| **Irrigation cost for 400Ha (excluding fixed cost)** | **24,018,120** | **00** |

**Amortization**

**₦. K**

|  |  |
| --- | --- |
| Land clearing amortization (400sqm) | 300. : 00 |

**Revenue**

|  |  |  |
| --- | --- | --- |
| Yield per hectare 3 tones@**₦**145000 per tonne |  | |
|  | **₦** | **K** |
| Revenue per hectare | 435,000 | 00 |
| For 400Ha | 174,000,00 | 00 |
| Net revenue for 400Ha(without amortization | 67,038,300 | 00 |
| Net revenue with amortization | 55,038,300 | 00 |
| 2nd production |  |  |
| Net revenue | 43,020,180 | 00 |
| Net revenue with amortization |  |  |
| Annual net revenue | 98,058,480 | 00 |

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

**Funding Mechanism**

Jackson will provide 400Ha of cleared farmland around the farm and lease it to members of the cooperative. 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.