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A FEASIBILITY REPORT/ BUSINESS PLAN FOR THE DEVELOPMENT OF A 100 HECTARES CASSAVA PLANTATION AND ESTABLISHMENT OF 2500 TONS OF CASSAVA ROOTS AT MICHAEL ORITSEJOLOMI FARM, OREROKPE, DELTA STATE, NIGERIA BY SUNSHINE AGRIBUSINESS VENTURES AND CONSULTANCY CONFIDENTIALITY AGREEMENT

**Executive Summary/ Project Description**

This business plan examines the feasibility of an indeed economic viability of the development of a 100 hectares cassava plantation and the establishment of cassava roots in orerokpe by Michael Oritsejolomi farm. The farm will produce about 2500 tons of cassava roots in a production cycle. Cassava is the basis of a multitude of products, including food (garri), flour, animal feed, alcohol, starches for sizing paper and textiles, sweeteners, prepared foods and bio-degradable products. The products are derived from a number of forms of cassava, ranging from fresh leaves and roots to modified starch. There is high domestic demand for these products because of our huge population and production constraints leading to shortage of the commodity. Benue and kogi state in the north central zone are the largest producers of cassava (IITA, 2004). Cross River, Akwa Ibom, Rivers and Delta dominate state cassava production in the south south. Ogun, Ondo and Oyo dominate in the South west and Enugu and Imo dominate production in the south east. Nigeria imports significant quantity of cassava 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 cassava to be processed will be sourced locally through direct production, contract farming in Delta 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 Michael Oritsejolomi, a legal luminary and founder of MJ Company. Michael Oritsejolomi is promoting the productivity of smallholder farmers in Delta state. Sunshine agribusiness ventures and consultancy will be responsible for the management consultancy of the project

**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 compiled 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**

MJ Company has working relationship with International Institute of Tropical Agriculture (IITA) through a Memorandum of understanding (MOU). IITA’s traditionally mandated crop is cassava. The human population in SSA is estimated to be growing at 2.5% per annum, and it is of interest to compare rates of change in productive gains of IITA’s crops against the rate. MJ Company has a working relationship with Bank of Agriculture (BOA). Bank of Agriculture has agreed to finance production of the 10 hectares of cassava through a loan at 4% interest rate given to the cooperative.

MJ Company 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 Matna Foods company limited, Nigerian Starch mills limited (NSM), Green Tech Industries Limited, Plstary international limited, Ekha Agro Farms Limited, Litii investment Limited and others

**Market and sales**

Market orientation: domestic; South West, South East and South South, North central, North west, Nigeria.

Market Share: 20.6%

Uses of product: Food, flour, animal feed, alcohol, starches for sizing paper and textiles, sweeteners, prepared foods and bio-degradable products. The products are derived from a number of forms of cassava, ranging from fresh leaves and roots to modified cassava starch.

**Competition analysis**

In Nigeria, cassava production is well-developed as an organized agricultural crop. It has well-established multiplication and processing techniques for food products and cattle feed. There are more than 40 cassava varieties in use. Though the crop is produced in 24 of the country’s 36 states, cassava production dominates the southern part of the country, both in terms of area covered and number of farmers growing the crop. Planting occurs during four planting seasons in the various geo-ecological zones. The major states of Nigeria which produce cassava are Anambra, Delta, Edo, Benue, Cross River, Imo, Oyo, and Rivers, and to a less extent Kwara and Ondo.

Benue and kogi state in the North central zone are the largest producers of cassava. Cross river, Akwa Ibom, Rivers, and Delta dominates state cassava production in the South South. Ogun, Ondo and Oyo dominate in the south west and Enugu and Imo dominate production in the south east. Kadunna alone in north west is comparable in output to many of the states in the southern regions at almost 2 million tonnes a year with very little currently produced, in the North East.

**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 a strong demand for cassava root in Nigeria. The state of infrastructure though not perfect still supports production and trade within Nigeria.

**Profitability**

Cassava is one of the easiest crops to cultivate as it does not require sophisticated environmental conditions. Cassava is very much adaptive to climate change as it can resist high temperature, drought. It tolerates long dry seasons (6 to 7 months) as well as reduced rainfall. Cassava is very good at weed control because ones the plant is around 6-7 weeks, it already forms canopy with its leaves, therefore reducing weed emergency. Also due to its hardy nature, cassava does not require irrigation facility as it can adapt and tolerate adverse weather conditions. Large market or buyer-base. Many industries in Nigeria use cassava as a major raw material, so there’s no trouble in selling products. Low input of time and resources.

**Technical Feasibility**

It requires considerable postharvest labor because the roots are highly perishable and must be processed into a storable form soon after harvest. Roots can be harvested between 6 months and 3 three years after planting. Many varieties contain a substance called cyanide that can make the crop toxic if inadequately processed. Various processing methods, such as grating, sun drying, and fermenting, are used to reduce cyanide content. Nearly every person in Africa eats around 80 kilograms of cassava per year. It is estimated that 37% of dietary energy comes from cassava.

The government of Nigeria introduced policies to encourage the substitution of high quality cassava flour for wheat flour in bread baking from March 2012, starting with 10 percent cassava flour inclusion with a steady increase to 40% by 2015. The belief that a growing demand for cassava will spur rural industrial development and contribute to the economic development of producing, processing and trading communities, is the basis for the 40% cassava flour inclusion in bread. Cassava is primarily produced for food especially in the form of garri, lafun and fufu with little or no use in the agribusiness sector as an industrial raw material. However, the crop can be processed into several secondary products of industrial market value. These products include chips, pellets, flour, adhesives, alcohol, and starch, which are vital raw materials in the livestock feed, alcohol/ethanol, textile, confectionery, wood, food and soft drinks industries. Moreover, these products are tradable in the international market.

The major competitor is Obasanjo farms which has the capacity to process 300 tonnes of cassava flour per day. MJ Company 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. Organic fertilizer will be substituted for chemical fertilizer.

**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 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 exchange rate

**Project Timeline**

The project will be completed within 7 months preferably between May, 2020 to December, 2020. Harvesting cassava during relatively dry weather is the best since the soil does not stick to the harvesting implements or roots easily

**Estimated Project costs**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| UNIT | DESCRIPTION | UNIT | QTY | RATE | AMOUNT |
| 1. | Land acquisition (lease one year) | Hectare | 100 | 500,000 varies | 500,000 |
| 2. | Land/bush clearing | Hectare | 100 | 150,000 varies | 150,000 |
| 3. | Cassava stems purchase | Bundle | 65 per hectare | 5000 for white & 7000 for yellow | 325,000 white & 455,000 for yellow |
| 4. | Transportation of cuttings | Lump | sum | 40,000 depends on location | 40,000 |
| 5. | Herbicide | Litre | 4two type | 1950x4 | 78,000 |
| 6. | Knapsack sprayer | Number | 20 | 150,000 | 150,000 |
| 7. | Land preparation  Remove stump  Grubbing | Man-per hectare  Man-per hectare | 30  30 | 250,000 varies  150,000 varies | 250,000  150,000 |
| 8. | Pre-emergence (PEE) Application of herbicide before planting | Litre | 30 | 45,000 varies | 45,000 |
| 9. | Planting of cassava cuttings 20-25cm long (1m x 0.8m) | Bundle | 65 | 150,000 per hectare it varies | 150,000 |
| 10. | Post-emergence application of herbicide, spray 1-4days after planting | Litre | 30 | 45,000 | 45,000 |
| 11. | After 60days carry out manual weeding then the cassava grown up to 1m high and form canopy | Man-per hectare | 60 | 250,000 varies | 250,000 |
| 12. | Clear around the farm fire tracing if the farm is not harvested during dry season | Lump sum |  |  | 500,000 |
| 13. | Harvesting after 6-7months | Man-per hectare | 100 | 300.000 varies | 300,000 |
| 14. | Contingency 10% |  |  |  | 250,000 |
|  |  |  |  |  |  |
|  |  |  |  | TOTAL | 3,638,000 |
|  |  |  |  |  |  |

**Funding Mechanism**

MJ Company will provide 100Ha of cleared farmland and lease it to members of the cooperative. 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 4% through government intervention window at the Bank of Agriculture, Bank of industry and commercial banks.

**Conclusion**

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