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**COURSE TITLE: AGRICULTURAL SCIENCE AND FOOD SECURITY (AFE 202)**

**ASSIGNMENT TITLE:** ***A BUSINESS PLAN FOR THE DEVELOPMENT OF A TEN HECTARES CASSAVA PLANTATION AND ESTABLISHMENT OF A CASSAVA FLOUR MILL AT COLLINS CHUK FARM, PORT-HARCOURT, NIGERIA BY CONSO AGRIBUSINESS VENTURES AND CONSULTANCY CONFIDENTIALITY AGREEMENT.***

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10. **EXECUTIVE SUMMARY/BRIEF DESCRIPTION OF THE PROJECT:**

This business plan examines the feasibility and economic viability of the development of a 10 Hectares Cassava Plantation and the establishment of a Cassava Flour Mill in Port-Harcourt by Collins Chuk. The Cassava will be produced in the farm while the Cassava Flour Mill will process the Cassava into Cassava Flour. There is high domestic demand for these products because of our huge population and production constraints leading to shortage of the commodity. Production of Cassava is very popular in almost all parts of Nigeria as Nigeria is of the largest producers of cassava in Africa.

The proposed project will provide profit for the Sole Proprietor, 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. 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.

1. **SPONSORSHIP:**

The project is proudly sponsored by Collins Chuk, a successful entrepreneur and a Professor of Agriculture at the University of Lagos. Collins Chuk’s initiative is to make profit through his large scale investment and promote food security through his locally made Cassava Flour. He also hopes to use this business to promote employment in Nigeria. Conso Agribusiness Ventures & Consultancy will be responsible for the management consultancy of the projects.

1. **MANAGEMENT:**

Collins Chuk, who is the Sole Proprietor of the proposed project and shall appoint a Manager who shall be on a salary scale without any definite tenure. The Manager shall be responsible for the co-ordination of the day to day management of the business. He is accountable to the Sole-Proprietor; he will mobilize organization resources to achieve set goals. He will manage business risks and focus on profit making.

1. **TECHNICAL ASSISTANCE:**

The Flour Mill has will be fully equipped with the appropriate equipment to facilitate the processing of the Cassava into Cassava Flour. The entire project will be funded by Collins Chuk who is the Sole-Proprietor of the Cassava Flour Mill business.

The Cassava Flour will be distributed to the different distributors who are situated across all states of the Federation. These distributors shall purchase the products and sell to the final consumers.

1. **SALES AND MARKETS:**

Market orientation: domestic; all regions in Nigeria

Users of Products: the general public.

* **COMPETITION ANALYSIS:**

Nigeria produces over 33 million tonnes of cassava every year. Out of 36 states of the federation, 24 states are into cassava production. The major states that produce cassava in Nigeria are Anambra, Delta, Edo, Benue, Cross River, Imo, Oyo, and Rivers, and to a lesser extent, Kwara and Ondo. Based on this analysis, it is clear that this proposed project will face healthy competition with almost all regions of the country. Robust marketing strategies are therefore advised.

* **MARKET POTENTIAL:**

There is high demand for cassava and its end products across all parts of Nigeria due to the high consumption rate of cassava in Nigeria. The state of infrastructure is sufficient enough to facilitate production and trade.

* **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.

1. **TECHNICAL FEASIBILITY, RESOURCES AND ENVIRONMENT**

The projects (production of cassava and cassava flour mill) are technically feasible. In terms of technology, which involves peeling of the cassava, grinding the cassava, and drying the cassava. The industrial processes are simple and farmers with high experience in harvesting cassava will be employed. The needed equipment for cassava processing is readily available and our experts have hand 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. The state of infrastructure around Port-Harcourt 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.

We are implementing our project using best international practices, sustainable production and due consideration for the environment.

1. **GOVERNMENT 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 foreign exchange for all food products will also widen market opportunity. The project will contribute significantly to employment, output increase, stable price and stable exchange rate.

1. **TIMELINE OF PROJECTS:**

This project will be completed within 3 months. That is, from April 2020 – July 2020.

1. **ESTIMATED COSTS AND REVENUE:**

**Fixed Cost**

1. **Land Clearing**

|  |  |  |  |
| --- | --- | --- | --- |
| **Activity** | **QTY** | **₦** | **K** |
| Land Clearing | 1Hectare | 230,000 | 00 |
| Cross cutting | 1Hectare | 20,000 | 00 |
| Rome ploughing | 1Hectare | 50,000 | 00 |
| **Sub total** | 1Hectare | **300,000** | **00** |
| **Total** | 10 Hectare | **3,000,000** | **00** |

1. **Equipment**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name** | **QTY** | **MODEL** | **USD** | **₦** | **K** |
| Harvesters | 1 | 2015-728h | 20,000 | 8,000,000 | 00 |
| Peelers | 50 | Swiss peeler | 500 | 200,000 | 00 |
| Washers  (cassava washing machine) | 50 | KHB-900 | 7,000 | 2,800,000 | 00 |
| Graters | 50 | Steel grater | 600 | 240,000 | 00 |
| Milling Machine | 1 | ACX3-700 | 30,000 | 12,000,000 | 00 |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **Sub total** |  |  | **58,100** | **23,240,000** | **00** |

1. **Vehicle**

**Type Model QTY ₦ K**

|  |  |  |  |
| --- | --- | --- | --- |
| **Pick up Truck** | **INNOSON MOTORS** | **2** | **20,000,000 : 00** |

1. **Irrigation**

**Type QTY Model USD ₦ K**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Hose Reel** | **1** | **140 – 440MT** | **28,186** | **1,0146,960 : 00** |

1. **Operation Cost**

|  |  |  |
| --- | --- | --- |
| **Working Capital** |  |  |
|  | **₦** | **K** |
| Ploughing/Ha | 15,000 | 00 |
| Harrowing/Ha | 10,000 | 00 |
| Sub total | 25,000 | 00 |
| **For 10 Ha** | **250,000** | **00** |
| Mechanization and storage | 105,000 | 00 |
| **For 10Ha** | **1,050,000** | **00** |
| Input / Ha | 91,825 | 00 |
| **For 10Ha** | **918,250** | **00** |
| Area yield insurance | 13,500 | 00 |
| Produce aggregation | 5,500 | 00 |
| Geo Spatial Service | 4,500 | 00 |
| Sub total | 23,500 | 00 |
| **For 10Ha** | **235,000** | **00** |
| Interest per hectare | 22,079 | 25 |
| **For 10Ha** | **220,790** | **00** |
| Total cost per hectare | 245,325 | 00 |
| **Total cost for 10Ha** | **2,453,250** | **00** |
| Loan principal and interest (cost per Hectare) | 267,404 | 25 |
| **Total for 10Ha** | **2,674,040** | **00** |
|  |  |  |

**REVENUE**

|  |  |
| --- | --- |
|  |  |
| **1st production cycle** | **₦ K** |
| **Revenue per hectare** | **435,000 : 00** |
| **For 10Ha** | **4,350,000 : 00** |
|  |  |
| **Net revenue** | **2,850,000 : 00** |
| **2nd Production Cycle** |  |
| **Net revenue** | **3,350,000 : 00** |
|  |  |
| **Annual Net Revenue ( 1st + 2nd Cycle)** | **6,200,000 : 00** |

**Currency conversion rate:₦400.00 to 1USD**

1. **FUNDING MECHANISM:**

The Sole Proprietor of this proposed business (Collins Chuk) shall fund the entire business. In other words, the 10Ha cleared land and other processing equipment shall be funded by Collins Chuk.

In the event that fund is to be raised, a loan at an interest rate of 10% shall be sought from Bank of Agriculture, or any commercial bank in NIgeria.

1. **CONCLUSION:**

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