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MATRIC NUMBER: 18/MHS02/092

LEVEL: 200LVL

DEPARTMENT: NURSING SCIENCE

COURSE: AFE 202 (FOOD PRODUCTION AND HEALTH AWARENESS)

QUESTIONS

1. Prepare a business plan on a chosen agricultural enterprise following the guideline in the note.

ANSWERS

A FEASIBILITY REPORT/ BUSINESS PLAN FOR THE DEVELOPMENT OF A THREE HUNDRED HECTARES MAIZE PLANTATION AND AN EXTRACTION PLANT CAPABLE FOR THE FORMATION OF 20 TONNES OF CORN OIL, CORN SYRUP AND CORN STARCH EACH PER DAY AT KENT BLOOMBERG MAIZE FARMS, INC.

Executive summary/ Project description

This business plan examines the financial and economic viability of the development of a three hundred hectares maize plantation and an extraction plant capable for the formation of 20 tonnes of corn oil, corn syrup and corn starch each per day in Kent Bloomberg Mize Farms, Inc. The farm will produce about 8 tonnes of Maize per hectare which is approximately 1,800 tonnes of

Maize in a production cycle. The extraction plant will process about of 6,300 tonnes of Maize into byproducts such as edible corn oil, corn syrup and corn starch.

Maize is the most important staple food in Nigeria and it has grown to be a local ‘cash crop’ most especially in the southwestern part of Nigeria where at least 30% of the crop land has been devoted to small-scale maize production under various cropping systems. Maize is also grown in several regions of the world and is referred to as the world best adapted crop. In Nigeria, the demand for maize is increasing at a faster rate daily. This may be due to the fact that the grain is being used for feeding poultry and also serve as the main food for many households. This project can and will overcome hunger in the households and the aggregate effect could double food production in Africa. Maize, also known as corn, is one of the farm produce that gives an incredible return on investment, as one seed of planted maize could return more than 500 kernels of corn come harvest season.

This project will also help cure unemployment as more hands will be needed to cultivate and control the farm. Nigeria is looking to the agricultural sector to provide an alternative source of enrichment for itself, as it is determined to reduce its reliance on crude oil and by investing in an agribusiness this will help to contribute to the country’s gross domestic product (GDP) which will help achieve this cause.

Sponsorship

This project is sponsored by Mr. Kent Bloomberg and his immediate family members through Kent Bloomberg Maize Farms, Inc. who is a registered commercial farm that is involved in commercial maize cultivation, maize processing and packaging. They are working with some of the leading commercial farms and food processing plants in Nigeria; he has a degree (B.Sc.) in

Agricultural Science from the University of New Jersey and is very vast in the field. The management consultancy of the project will be handled by Patilad Agribusiness Ventures.

Management

Mrs. Bolanle Akintunde is a topmost entrepreneur who has more than 10 years' experience in the industry and also in a managerial role. She has a B.sc and Master's Degree in Agricultural Science from Yaba College of Technology, Lagos.

Mr. Dayo Lebile (B.Agric, MBA, and PMP): He has over 15 years' experience in business management, business start-up dynamics, financial management of business and overall business growth and development. He is an alumnus of Enterprise Development Centre (EDC) of the Lagos Business School (LBS), Pan African University (PAU). He is our business development strategist and strategic partner.

Our staff brings operational, marketing and promotional skills to the business. We also have the help of our Chief Operating Officer whose responsibility is to Increase managements effectiveness by recruiting, selecting, training, coaching and disciplining managers, the General Farm Manager whose responsibility is the planning, management and coordinating all farm activities across the various sections on behalf of the organization, the Administrator who is responsible for overseeing the smooth running of HR and administrative tasks for the organization and many others.

Technical Assistance

Kent Bloomberg is our major supplier and will be funded by IITA along with the Bank of Agriculture. The state government, Ministry of Agric Farmers union, Agric cooperatives and individual farmers are working hand in hand with the farm. Kent Bloomberg also has

relationships with industry players in the project area which will be very helpful. They include Amo farms, Farm support etc.

Market and Sales

One of the most common trends to find standard commercial maize farmers run a corn processing plant business alongside their farm. It is a means of maximizing profit in the business. Besides, Maize is consumed by both human and livestock hence it is ideal to process, package and ship it to other countries of the world.

Market orientation: domestic, South East, Nigeria.

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

Almost every household consumes maize in different forms. In essence this project is targeted at selling farm produce to as many people including hotels, grocery stores, restaurants, livestock farmers and production companies that makes use of corn as raw materials.

Competition Analysis

Kaduna is the top region by production of Maize in Nigeria. As of 2005, production of maize in Nigeria was 860 1000 metric tons that accounts for 15.66% of Nigeria's production of maize.

The top 5 regions (others are Taraba, Borno, Plateau, and Niger) account for 44.71% of it.

Nigeria's total production of maize was estimated at 5,491.4 1000 metric tons in 2005. Harvest has been fairly okay in some states although flooding in many states like Kogi, Niger, Anambra and Delta, Taraba, Adamawa, Kebbi, Edo, Rivers, Benue, Bayelsa and Kwara states led to reduction in rice yield/ha.

Tariff and Import Restriction

If Africa produces very little and consumes too much, then it confirms us that there is a heavy reliance on importation to bridge the production deficit which is why Africa's total consumption of maize accounts for 28% of that global maize imports. With the foreign exchange ban Nigerian farmers will now have to increase production which will favor this project.

Market Potential

There is a high demand for Maize and its products in the South Eastern parts of Nigeria. The state of infrastructure though not perfect will favor this project.

Profitability

Maize farming in Nigeria is attacked by an array of diseases that can cause significant damages. These diseases include the Downey mildew, rust, leaf blight, stalk and ear rots, leaf spots and maize streak virus. The debilitating pests in maize farming in Nigeria include stem borers, termites, storage insects, beetles and host of others. These factors along with weeds (Striga) and many others lead to a significant loss in profit and yield. However solutions such as weed control, chemical pesticides, Cultural control, Fumigation etc. will be adapted to curb the problem.

Technical Feasibility

In terms of technology the products are technically feasible with the presence of an Industrial generator, Harrow, Broadcast seeder etc. and experts who have vast knowledge and technical knowhow on the uses of these machines.

On board we also have a trained personnel responsible for handling the extraction plant. He has a 10 years' experience in the field. We also have a highly skilled team of specialists who will manage and control irrigation, administration, accounting, crop harvesting and farming, Maize processing and Packaging Plant Manager Etc.

The major competitor in the South West is Fresh Grains and Co. and the chief executive brand. They have produced over 3000 tons of Maize in one production cycle. Kent Bloomberg farms will target a market niche and penetrate through cooperative societies to make our brand a huge success.

Government Support and Regulation

This project confirms with the objective of the government to favor the agricultural sector. It creates employment opportunities, support food security objective of government and favors foreign exchange and conservation and reduces importation. It will contribute to stable price and stable exchange rate. Restriction of forex for all food products will also widen market opportunities.

Project timeline

This project will be completed within 6 months preferably August 2020 to February 2021 because it is best planted in the late season where proper drying could be easily effected for optimum popping expansion.

Estimated Project Costs and Revenue

Fixed cost

A. Land Clearing

Activity	QTY	N	K
Land clearing	1 Hectare	250,000	00
Cross cutting	1 Hectare	30,000	00
Boreholes	1 Hectare	450,000	00
Drip irrigation system	1 Hectare	750,000	00
Rome ploughing	1 Hectare	45,000	00
Subtotal	1 Hectare	1,525,000	00
Total	300 Hectares	457500,000	00

B. Equipment

Name	QTY	MODEL	N	K
Transplanter	1	FNU-44	1,657,000	00
Mower	1	4R6-522G	2,800,000	00
Tractor	1	YU-48T	2,540,000	00
Soil cultivator	1	RTR-87	3,000,000	00
Truck	1	12U-I5G	1,200,000	00
Broadcast seeder	1	12-RTO	2,500,000	00
Subtotal			13,697,000	00

C. Vehicle

Type	Model	QTY	N	K
Pickup truck	HILUX	1	20,000,000	00
Truck	TOYOTA	1	15,000,000	00

D. Operating Cost

Working Capital		
	N	K
Land clearing	80,000	00
Ridge making	100,000	00
Subtotal	180,000	00
For 300Ha	72,000,000	00
Area yield insurance	10,000	00
Produce aggregation	4,500	00
Subtotal	14,500	00
For 300Ha	4,350,000	00
Mechanization and storage	200,000	00
For 300Ha	600,000	00
Interest per Hectare	25,000	25
For 300Ha	7,500,000	00
Loan principal and interest (cost per Hectare)	300,000	00
For 300Ha	90,000,000	00

Irrigation cost for 300Ha (excluding fixed cost)	30,000,00	00
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E. Amortization

Land clearing amortization (per hectare)	40,000	00
Land clearing amortization (300Ha)	12,000,000	00

F. Revenue

Estimated NPV and IRR of all the year round maize production project				
YEARS	ANNUAL CASH FLOWS	YEARS	ANNUAL CASH FLOW	
Year 1	2014050		Initial outlay	-1715125
Year 2	2014050	Year 1		2014050
Year 3	2014050	Year 2		2014050
Year 4	2014050	Year 3		2014050
Year 5	2014050	Year 4		2014050
Total present value	NGN 5,416,344.38	Year 5		2014050
Initial outlay	-1715125		IRR	115%

NPV	NGN			
	3,701,219.38			

Funding Mechanism

Kent Bloomberg will provide 400Ha of cleared farmland and also an extraction plant as a contribution. Equity investors will provide equity for equipment and vehicles purchased and provide loans through at Bank of Industry and Commercial banks and other government interventions when needed

Conclusion

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