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**A BUSINESS PLAN FOR THE DEVELOPMENT OF A TEN HECTARE MAIZE PLANTATION AT AFE BABALOLA UNIVERSITY FARM, ADO EKITI, EKITI STATE, NIGERIA BY ADEPOJU MAIZE FARMS CONFIDENTIALITY AGREEMENT**

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**CHAPTER 1: EXECUTIVE SUMMARY AND BRIEF DESCRIPTION OF THE PROJECT**

 This business plan evaluates the feasibility and economic viability of the development of a ten hectares maize plantation and a maize processing plant located on the same land in Ado-Ekiti, Ekiti State by Adepoju Maize Farms Limited and Afe Babalola Farmer's Cooperative Society Limited. Assuming the maize variety seed produces at least 1 cob per plant (2 cobs in most cases, the farm will produce an estimate of 520,000 cobs of maize in a production cycle. The processing plant will process about half of the produce into fufu, pap and agidi while the remainder will be left in its raw form for direct consumption by humans and for poultry feed. A part of the produce will be supplied to Kellogs cereal company for the production of Cornflakes cereal.

 This project aims to break the norm usually observed in the south-western Nigeria in which farmers in the region overdepend on rain for the cultivation of maize. This is because farmers are not ready to channel water from the river or adopt modern irrigation system due to the related stress and cost respectively. Since rain falls abundantly between April and September yearly, maize is usually scarce during the dry season (October to April). Adepoju Maize Farms proposes all year round cropping of maize. A drip irrigation system is needed to achieve this on 10 hectares of land. It will also require serious financial commitment. Reports show that there are huge returns from maize production, as there is a good market for maize even during the dry season.

 The proposed project will be create economic opportunities for the people of Ekiti State, as the produce to be processed will not only be sourced from the Adepoju Maize Farms itself, but also from peasant farmers in the area. The farm will also partner with local farmers for the transportation of their products to the relevant places for processing and improving their access to markets for their goods. Job opportunities for the various managerial positions will be open to university graduates within the Ado-Ekiti community and those with adequate experience in maize farming will be employed as contract staff, while they are given ample time to produce on their personal farms. This will lead to an increase in the income of farmers. Overall, the project will contribute significantly to ensuring food security in the surrounding areas.

**CHAPTER 2: SPONSORSHIP, MANAGEMENT AND TECHNICAL ASSISTANCE**

**Sponsorship**

 Adepoju Maize Farms is a commercial farming business with the primary aim of maximizing profits and as well, feeding the nation. Adepoju Maize Farm is a family business that will be owned and managed by Adejare Adepoju and his immediate family members. Other partners are welcome to join the business. Part of the start-up capital will be generated from personal savings of Adejare Adepoju, his immediate and extended family members, as well as friends. Majority of the start-up capital will come from the Founder of Afe Babalola University, Aare Ambassador Afe Emmanuel Babalola, who is sponsoring this project through the Afe Babalola Farmer's Cooperative Limited. Williams Agribusiness Consultancy Limited will be responsible for the management consultancy of the projects.

**Management**

 For the achievement of the targets and objectives of this business, the business is committed to hiring qualified and competent hands to occupy the following positions:

* **Chief Operating Officer**: He is in charge of recruitment, training and discipline of managers; leading and directing the development and implementation of the overall organization's strategy, fixing prices and signing business deals, cheques and documents on behalf of the company.
* **General Farm Manager**: He is responsible for coordinating and managing all farm activities across the various sections, supervision of section managers, tracking the progress of the growth of crops, overseeing the costing and sale of farm produce, and defining job positions for recruitment and managing interviewing process. He oversees the running of the daily farm activities, ensures that farming goals are achieved and handles all financial transactions of the company.
* **Administrator/ Accountant**: He oversees the smooth running of the Human Resource Department and administrative tasks for the organisation. He is also responsible for preparing financial reports, budgets and financial statements of the organisation. He also develops and manages financial systems and policies. He serves as the internal auditor of the farm.
* **Maize Cultivation Manager**: He manages the maize cultivation section of the farm , supervises other workers within the department and works closely with the General Manager to achieve the goals of the organization.
* **Maize Processing and Packaging Manager**: He is responsible for managing the processing and packaging section of the farm, supervises other workers within the department. He also works closely with the General Manager.
* **Sales and Marketing Officer:** He is responsible for handling business research and market surveys; reaching out to new partners; writing proposal documents; developing, executing and evaluating new plans for expanding increase sales and he is to help increase sales and growth for the farm.

There are also the regular contract staff or field workers who actually cultivate the maize, water it and use farm implements.

**Technical Assistance**

 The project will receive some assistance from the International Institute of Tropical Agriculture, Ibadan, the Bank of Agriculture, Afe Babalola Farmers Cooperative Society Limited, Igimokogo Ateco Fadama Farmers Cooperative Multipurpose Society, Owode Farmers Cooperative Society in the form of provision of capital maize seedlings and farming equipment.

**CHAPTER 3: MARKET AND SALES**

**Market Orientation**: Local- South West (Ekiti, Ondo, Oyo, Ogun, Osun and Lagos States) and North Central ( FCT, Abuja, Kogi and Kwara State)

**Market Share**: 2% niche market in the South West and North Central Nigeria.

**Use of Products**: Fresh maize for direct eating (roasted or boiled); Poultry feed; Popcorn; Custard; Maize Oil; Spirit; Cornflakes; Livestock Food; Corn Powder; Corn Starch; Cornflakes; Beer; Malt drink; Syrup; Animal feeds Fufu, Pap (akamu) and Agidi among the Yoruba people of South West Nigeria..

**Target Market**: Hotels, grocery stores, restaurants, local markets, supermarkets, industries that use maize as raw material and the international market.

**Competition Analysis**

 Nigeria is the largest producer of maize in Africa. Annually, Nigeria produces about 8 million tons of this food crop. Maize is widely grown all over the country. However, the leaders in this crop production are Niger, Taraba, Kaduna, Adamawa, Bauchi, Anambra, Benue, Kogi, Kwara, Nassarawa, Sokoto, Plateau, Yobe, Ogun, Osun and Oyo states.. They have the biggest plantations of maize and in previous years they sold the crop with profit.

 As can be seen above, the only places where significant maize production took place is in the northern region of the country. Based on this analysis, it is obvious that the demand for maize in south-western Nigeria far outweighs the supply. Also, competition in production of maize in the region is barely existent.

**Tariff and Import Restriction**

 There is no restriction on the import of maize into Nigeria as of early this year, 2020. This may affect the market demand for locally produced maize. However, zero duty on imported agricultural equipment is favourable to this proposed project.

**Market Potential**

 There is high demand and use of maize in the livestock feed industry and its high demand for local consumption in South-western and North- Central Nigeria.

**Profitability**

 Profitability may be evaluated in three ways: profitability across maize production systems, profitability in relation to other crops and profitability in terms of technology adoption of maize farmers. Maize farming is very profitable in Nigeria due to the large demand for the produce either for direct consumption or for processing into other forms. However, the overdependence of farmers on rain has not allowed many to take advantage of the large market.

 Risks associated with maize crop production include late rainfall, insufficient rainfall, temperature, sunlight, price fluctuations, soil nutrient depletion, water depletion, soil and water contamination, and pest resistance/outbreaks and the emergence of new pests and diseases. The drip irrigation system will help to improve annual production. Also, technical, scientific and financial based solutions will be adopted to protect against risks and safeguard the profit of the farm.

**CHAPTER 4: TECHNICAL FEASIBILITY, RESOURCES AND ENVIRONMENT**

**Technical Feasibility**

 The production of maize and the maize processing are technically feasible. In terms of technology, which involve cultivation of maize and the processing of the maize into corn starch and corn flour, the industrial processes are simple. Specialists on the team at Afe Babalola Farmers Cooperative Limited possess a wealth of maize farming experience across Nigeria and particularly in he city of Ado-Ekiti. The equipment needed for maize processing are readily available and our experts have practical knowledge and experience in the use and maintenance of these equipment.

For the production of maize, we have at our disposal:

* **a cutter** (used for removing and levelling grass, weeds and for clearing the land),
* **a plough** (used for digging and turning over the soil before seeds are planted),
* **a fertilizer broadcaster** (used for spreading nitrogen fertilizer evenly across the farm),
* **a planter** (used to put seeds in the ground),
* **a boom spray** (used to spray pesticides and herbicides),
* **a harvester** (used for cutting off ripe crops and for gathering them), and
* **a sheller** (used for removing the outer covering of the harvested crops, making them suitable for human consumption).

**Location**

 The location of the Adepoju Maize Farms at Ado-Ekiti, Ekiti State, Nigeria affords it easy access to a large market. Maize can be grown on almost any type of soil, so the location for the maize plantation is suitable for production, processing and marketing of maize products.

**Raw Materials**

 The maize seedlings to be planted, will be bought in large quantity. The seeds will be sourced locally.

**Labour**

 For the production, specialists in mechanization, irrigation, farm management, crop production, weed science, market development, agric extension and accounting, as well as all others needed, will be employed as skilled labour. Unskilled labourers will also be employed to cultivate the crops. Together, the skilled and unskilled labour will produce maximum yield.

 This proposed project is technically and operationally feasible because the necessary expertise, infrastructure and capital are available to develop, maintain and operate the business. This project meets all the criteria for technical feasibility.

**CHAPTER 5:GOVERNMENT SUPPORT AND REGULATION**

 The present government of Ekiti State led by Governor Kayode Fayemi, has as part of its administration's resolve to use the agricultural sector as a platform for the diversification of the state's economy in view of the hard times that may arise as a result of the Covid-19 pandemic ravaging he world.

 This project conforms with the objective of the government to diversify the economy and reduce importation of agricultural products while increasing production for local consumption and exportation. The project will create job opportunities for unemployed persons in the city of Ado-Ekiti.

 The project will benefit from government intervention fund in the agriculture sector, new fiscal incentives to encourage domestic import substitution, free transfer of capital, profits and dividends, zero percent duty on agricultural machinery and equipment imports and constitutional guarantees against expropriation of investments.

**CHAPTER 6: TIMELINES OF PROJECTS**

 Preparation for planting of the early maturing seed variety will begin in February 2021 so that actual cultivation of the maize crops will begin in March 2021. Land clearing for the project is best executed during the dry season. Within 2-5 months of planting the crop is ready for harvest, depending on the stage the farm wants to harvest the crops. The maize season approximately starts on the 15th of March and ends on the 15th of May. From May the crops start growing. Maize takes about 60 to 90 days to grow. Harvesting can start from August up until September. The timeline for this project is six months - from March to August 2021. The cycle may continue that way.

**CHAPTER 7: ESTIMATED PROJECT COST AND REVENUE**

**Fixed Cost**

1. **Land Clearing**

|  |  |  |  |
| --- | --- | --- | --- |
| **Activity** | **QTY** | **₦** | **K** |
| Land Clearing | 1Hectare | 110,000 | 00 |
| Cross cutting | 1Hectare | 11,000 | 00 |
| Rome ploughing | 1Hectare | 30,000 | 00 |
| **Sub total** | 1Hectare | **151,000** | **00** |
| **Total** | 10 hectares | **1,510,000** | **00** |

**(B) Equipment**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name** | **QTY** | **MODEL** | **USD** | **₦** | **K** |
| Tractor | 1 | AC 190 X-T | 18,500 |  6,752,500  | 00 |
| Planter  | 1 | IH- M 56  | 3,100  |  1,131,500  | 00 |
|  Lawn mower | 2 |  ZT HD 48 9911  |  2,000 |  730,000 | 00 |
| Maize Sheller  | 1 |  5XZC-3A  | 3,100  |  1,131,500 | 00 |
| Plough | 2 | ZEYI-17  | 600  |  219,000 | 00 |
|  Harvester  | 2 |  HT-178-23 | 33  |  12,000  | 00 |
| Boom sprayer | 1 | DS-35  | 3,500  |  1,277,500  | 00 |
| Fertilizer broad caster  | 2 | CDR-260 | 240  |  87,600  | 00 |
| **Sub total**  |  |  |  **31,072** |  **11,341,600**  | **00** |

**(C) Vehicle**

**Type Model QTY ₦ K**

|  |  |  |  |
| --- | --- | --- | --- |
|  **Pick up Truck**  |  **HILUX**  | **1** | **15,000,000 : 00** |
| **4 Runner** |  **Toyota** | **1** | **9,700,000 : 00** |

1. Irrigation

**Type QTY Model USD ₦ K**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Hose Reel** |  **2** |  **70-AD-J** |  **12**  |  **8,760 : 00** |
| **PVC Pipe** |  **3** | **¾ QW-R** |  **8** |  **8,760 : 00** |

**Operating Cost**

|  |  |  |
| --- | --- | --- |
| **Working Capital** |  |  |
|  |  **₦**  | **K** |
| Ploughing/Ha |  17,000  | 00 |
| Harrowing/Ha  |  8,000  | 00 |
| Sub total  |  25,000 | 00 |
| **For 10Ha** |  **250,000**  |  **00** |
| Mechanization and storage |  70,000  |  00 |
| **For 10Ha** | 700,000 |  **00** |
| Input / Ha  |  65,000 |  00 |
| **For 10Ha** | **650,000** |  **00** |
| Area yield insurance |  8,000 |  00 |
| Produce aggregation |  2,500 | 00 |
| Geo Spatial Service |  2,000 |  00 |
| Sub total  |  12,500 |  00 |
| **For 10Ha** | **125,000** |  **00**  |
| Interest per hectare |  23,000  |  00 |
| **For 10Ha** | **230,000**  |  **00**  |
| Total cost per hectare |  251,000 |  00 |
| **Total cost for 10Ha** | **2,510,000** | **00** |
| Loan principal and interest (cost per Hectare) |  270,000 | 00 |
| **Total for 10Ha** | **2,700,000** |  **00**  |
| **Irrigation cost for 10Ha (excluding fixed cost)** | **400,000** | **00** |

**Amortization**

 **₦ K**

|  |  |
| --- | --- |
| **Land clearing amortization (per hectare)** |  **25,000 : 00**  |
| **Land clearing amortization (10hectare)**  |  **250,000 : 00** |

 **REVENUE**

|  |  |
| --- | --- |
| **Yield per hectare 3tonnes@ ₦120000 per tone** |  |
|  |  **₦ K** |
| **Revenue per hectare** |  **360,000 : 00**  |
| **For 10Ha** |  **3,600,000 : 00** |
| **Net revenue for 10Ha(without amortization)** |  **900,000 : 00** |
| **Net revenue with amortization(10Ha clearing)** |  **650,000 : 00** |
| **2nd Production Cycle** |  |
| **Net revenue** |  **900,000 : 00** |
| **Net revenue with amortization(400ha land)** |  |
| **Annual Net Revenue ( 1st + 2nd Cycle)**  |  **1,800,000 : 00**  |

**Currency conversion rate:₦365.00 to 1USD**

**CHAPTER 8: FUNDING MECHANISM**

 Royal Agro Services will lease 10Ha of cleared farmland at Ado Ekiti, Ekiti State Nigeria, suitable for agricultural purpose. Afe Babalola University will provide also planting and harvesting equipment and lease it to members of the cooperative. Afe Babalola University will also lease a 1,000MT capacity silo as equity contribution.

 Adepoju Maize Farms will secure a loan at the rate of 9% through government intervention window at the Bank of Agriculture, Bank of Industry and Commercial banks. The loan will be guaranteed by Afe Babalola Cooperative Society Limited.

**CHAPTER 9: CONCLUSION**

The analysis of the present market situation shows that the maize production on Adepoju Maize Farms is feasible and the products can survive any unforseen or existing competition. It has a reasonable chance of success. The all year round maize has the propensity to be produced efficiently and can be marketed efficiently. Financial analysis reveals that this proposed project is not only profitable but also viable, feasible and sustainable. This project is thus recommended for funding.

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