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**MATRIC NO: 18/LAW01/164**

**COURSE: FOOD SECURITY MANAGEMENT**

**COURSE CODE: AFE 202**

**ASSIGNMENT: PREPARE A BUSINESS PLAN ON A CHOSEN AGRICULTURAL ENTERPRISE FOLLOWING THE GUIDELINE OF THE NOTE.**

A Feasibility Report/Business plan for the development of a four hundred Hectares of Cocoa plantation establishment of 20 tonnes per day capacity of cocoa extraction plant at Oludayo Odeniran Farm, Oyo state, Nigeria by FATIMA AGROBUSINESS VENTURE.

The undersigned reader acknowledges that the information provided in this business plan is a confidential intellectual property; therefore the reader agrees not to disclose it to a third party without the express written permission of the promoters of the proposed business.

It is acknowledged by the reader that information furnished in this business plan is in all respect confidential in nature, other than information which is in the public domain through other means and that any disclosure or use of same by the reader, may cause serious harm or damage to the promoters of the proposed business.

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

Signature:

Name:

Date:

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* **Executive Summary:** This business plan examines the feasibility and economic viability of the development of cocoa plantation in Ibadan by Oludayo Odeniran Corps and Oludayo Odeniran farmers Cooperative society. This farm is involved in production, sales and distribution of highly nutritious disease-free cocoa beans, processing into cocoa liquor, cocoa butter, cocoa powder e.t.c. targeting consumers in Nigeria and the international market. This proposed project will increase revenue from the sales of cocoa beans and its derivative products to N30000000 over 2 years and maintain profit margin at 20-25%, this project will also drive awareness and generate sales through mentions in both local print and digital media.
* **Sponsorship, Management:** This project is sponsored by Chief Oludayo Odeniran, a legal luminary, a business tycoon. The founder is promoting the productivity of smallholder farmers in Ibadan through the Oludayo Odeniran Farmer’s Cooperative Limited.FATIMA AGROBUSINESS VENTURES will be responsible for the management of this project. There will be a board of directors that own shares in the cooperative at the apex of the organization structure. The managing director shall be responsible for the day to day activities and shall be accountable to the Board of Directors.
* **Technical Assistance:** The Hershey Company is a company dedicated to allowing for profitable and entrepreneurial agribusiness especially in cocoa farming, and is in alliance with Oludayo Odeniran Corps, with their launching strategy **Cocoa for Good.** The corporation has collaboration with Farmer Line, an agric-tech company, to develop and pilot a new mobile app service for Cocoalink, as part of CocoaAction, the industry wide CocoaAction is a voluntary industry wide strategy that aligns world’s leading Cocoa and chocolate companies, Origin governments, and key stakeholders on regional priority issues in cocoa sustainability. The Oludayo Odeniran Corps has a working relationship with the IITA (International Institute Of Tropical Agriculture, Ibadan), following after the year 2018, the International Institute of Tropical Agriculture Ibadan has already launched a five-year “Cocoasoil project” to improve cocoa production in Nigeria and they will provide technical assistance in this regard. The corporation also has a working relationship with Bank of Agriculture (BOA) and they will give out equipment to aid this project. The corporation has a steady relationship with the commercial banks in Nigeria and will approach for loan when needed.

The Oyo State as off 2013 set aside N125 million to aid the production of Cocoa in Oyo state. Given their history, it is to be noted that the Oyo State will give technical aid to our corporation in the production of Cocoa. The Cocoa development unit of Oyo State (CDU) has helped out farmers in cocoa production by improving their knowledge and skill acquisition in cocoa production as well as Economic gains. The Corporation already has a good working relationship with the Oyo state government and they can provide technical assistance when needed.

* **Market and sales:** Cocoa is a cash crop for some of the world’s poorest Farmers-revenue from producing cocoa and selling cocoa provides a livelihood to 40-50 million people in Africa, Latin America and Southeast Asia.The global market for chocolate and cocoa beverages is now worth over $100 billion (and growing) every year. Nigeria is currently a net exporter of cocoa beans. Net trade ranges between a minimum of 174,900 exported tonnes in 2009 to a maximum of 267,700 tonnes in 2005, with an average 221,259 tonnes of exported cocoa beans for the period of 2005-2009.

**Competitors:** Nigeria as a whole lags behind other cocoa origins. The competitors for our cocoa farm includes renown agricultural produce marketer in and around Ondo state and outside Nigeria, Countries like Cote d’Ivoire which accounts for more than 30% of total output, while Ghana and Indonesia combined account for a further 35%

**Tariff and Import Restriction:** As for cocoa-specific trade policies, local processors of coca-derived products benefit of Export processing factory status policy, to support domestic industries.

As for the import tariffs on cocoa beans, according national custom tariff, it is set at 5% in all available years.

**Market Potential:** The cocoa sector is projected to grow driven primarily by its extensive appeal, popularity and wise use in the food and beverage industry. According to Euromonitor, increased demand for chocolate with perceived health benefits and more exotic flavor is expected in Western Europe and North America, which are traditional chocolate consuming countries. Chocolate sales are projected to grow in countries experiencing increase in GDP per capita such as China, Mexico, Indonesia, Turkey and India. Outside of chocolate confectionary products, growth in the cocoa sector overall will come from increasing demand for cocoa ingredients (i.e. Cocoa powder used in sweet biscuits and cookies) primarily in Asia. Notably, Asia is expected t become the second largest consumer market of cocoa based ingredients in the World after Western Europe. According to the Sisi-global-market study, Nigeria has the most potential for maximizing sustainable development outcome of cocoa production. Within the country, the consumption of cocoa is negligible since only three percent of the product is consumed as food (FAOSTAT, 2012). According to projections, cocoa consumption will increase by 35% by the year 2016.

**Profitability:** There will be availability of technical, scientific and financial based solutions will be employed to hedge against risks and safeguard profit.

* **Technical feasibility:** The project is technically feasible, in terms of technology, the smart drip irrigation technology has the potential to boosts yields and reduce environmental impact even for smallholders. The technology was invented 50 years ago, but hasn’t really been used in cocoa until now. This corporation is willing to partner with plaTCOM Ventures as they provide cocoa pod splitting technology that could wean farmers off dangerous cutlasses and increase productivity.

We have specialists in the mechanization, farm management, crop production, weed science, market development , agric extensions and accounting as part of our management team and the raw materials will be produced locally.

* **Government support and Regulation:** Nigeria is the fourth leading country in the world exporting cocoa. Before the discovery of oil in Nigeria in the 1970s, cocoa was the main export commodity of Nigeria. With the assistance of the World Bank, the government restored cocoa production in the late 1970s and 1980s through replanting programs and producer price supports. This projects conforms with the economic diversification plan of the government. The execution of this project will contribute significantly to employment, Output increase, Stable price and Stable exchange rate. With this project we plan on launching Nigeria as one of the leading exporters of cocoa in the world, seeing as the country is falling back to Agriculture to boosts its GDP instead of the sole reliance on the Oil sector. The project will benefit from the Government intervention fund in the agricultural sector and also benefit from the favourable policy of zero duty for Agricultural Equipment import.

**Project Timeline:** The project will be completed within 10 months from November 2020 till September 2021.

**Financial considerations**

Oludayo Odeniran’s Farming corporation seeks N5 million in long term financing to cover start-up costs, equipment, building expenses, and working capital. Funding for the launch of the business is provided primarily by equity from the partners and investors.

The business will reach positive cash flow in its 10th month of operation, allowing for expedited repayment of its loan Obligations, as well as for dividends to be paid to the owners. Revenue will top N63,843,00 and gross margin of about N18,818,050 in the 1st year of operation.

* **Funding Mechanism:** Oludayo Odeniran Corps will provide a 500Ha of cleared farm land and lease it to members of the cooperative. They will also lease 7,000MT capacity silo as equity contribution.

The investors provide equity for equipment and vehicle purchase, and give secure loan at a particular rate 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.

References: [www.bplans.com](http://www.bplans.com), [www.ResearchGate.com](http://www.ResearchGate.com), [www.PILAD.com](http://www.PILAD.com), [www.FAO.com](http://www.FAO.com), [www.sisi-global.com,www.179848-Article...20181119](http://www.sisi-global.com,www.179848-Article...20181119) pdf.com.