NAME: CHIEZE CHIDINMA FAVOUR

MATRIC NO: 18/SMS09/023

COURSE: AFE 202

LEVEL: 200L

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

Agriculture describes the group crops and raising of animals. Someone who works as a farmer is in the agriculture industry. The Latin root of agriculture is called “agri” etc. Cultivating a piece of land or planting and growing food plants on it is largely what agriculture means. Agriculture enterprise means those small business concerns engaged in the production of food and fib, ranching and raising of livestock, aquaculture and all other farming and agriculture related industries.

**IDENTIFICATION AND SELECTION**

The name of my chosen agriculture enterprise is called “Fachi enterprise “. Fachi enterprise is invested by a sole proprietor with a large amount of capital assets used. Fachi enterprise is an agricultural project with farm and animal products using technology along side with division of labour among the workers assigned.

There are targets, aims and objectives and especially the policies. However, there are the majors in the listed characteristics. The objective main target or the driving force of this project is technology, information and communication and how it will replace land, labour and wealth as the sources of wealth in this enterprise. Technology developments combined with inverse population growth and ageing populations will lead to downward pressure and also lead to increase in new technology rate. This characteristic will provide a new set of opportunities for farmers. Agricultural policy and development strategies should also be reconsidered in the light of this new environment. There are major policies and regulations that should be carried out;

transformation plan

Although rural families often make their living from many different types of work, improvements in farming have proved to be the path toward widespread, poverty-reducing growth in the rural economy. Successful agricultural transformations have focused on the farming household, providing opportunities for farmers to earn a better income. For some, that will mean raising farm productivity or shifting the mix of production to include higher-value crops and livestock. For others, the right choice will be to do less farming and take advantage of employment options off the farm. As farmers have more money in their pockets, they spend more in the local economy, creating jobs, opportunity, and more demand for agricultural goods. The question is how to accelerate, sustain, and scale these growth cycles. For that, a well-crafted agricultural plan is required as part of a country’s overall economic development approach. There are six elements that distinguish a superior agricultural plan.

Prioritized and differentiated strategies

Developing an agricultural transformation plan demands prioritization—a plan will not succeed if it tries to cover everything. Instead, it should focus on the changes that are most likely to kick-start rural economic growth. Successful plans identify goals in a limited number of crop and livestock value chains, cross-cutting agriculture sector enablers (such as lower transportation costs or access to irrigation), and specific geographies.A second related success factor is differentiation. Successful agricultural transformation plans differentially target agri-food systems and geographic areas with tailored strategies. For example, more productive land that is already well connected to markets, such as irrigated land in Morocco, can support large- or small-scale farms; agribusiness is easier to scale there. In more remote areas, though, with bad roads, poor-quality land, and less well-connected markets, different strategies are needed. These might involve greater focus on staple crop productivity and social safety nets. Most plans don’t make these distinctions.

Market-driven opportunities for farmers

Agricultural transformations often focus too much on volume rather than value and on productivity of row crops rather than opportunities for high-value crops, downstream processing, and livestock. Farmers everywhere are businesspeople. Farming households in developing countries balance a portfolio of crops, livestock, and work. Because they feed their families with some of the farm output as well as sell into markets, they make decisions based on their potential profit, risk, and cash flow across family food consumption as well as sales. Too often, agricultural plans recommend particular commodities without paying attention to this basic calculus of farmer household economics. Successful agricultural transformation plans give farmers the opportunity to raise their household incomes.

Change agents identified and mobilized

The success of any agricultural transformation relies on how well millions of smallholders and small- and medium-size enterprises can be helped to change farming practices as quickly and effectively as possible. The critical enabler, without which an agricultural transformation is likely to fail, is a frontline “change agent” that helps farmers modify their practices. Change agents are people who farmers trust and interact with regularly. The high-level objectives of a transformation are realized in practice only when they are effectively translated to smaller, on-farm shifts. For example, increased productivity in the dairy sector might be achieved through farmers accessing better animal health technologies and better cattle breeds or joining dairy cooperatives to sell their milk. Change agents provide the critical interface with farmers. To catalyze this, a change agent might be the person providing extension knowledge, offering financing for farming inputs such as fertilizer, aggregating crops, or facilitating marketing services. For example, a change agent can help farmers make the transition from growing wheat to more complicated but lucrative opportunities such as raising tomatoes, vegetables, and orchard crops.

organizing farmer-facing change agents, though, have also played critical historical roles in transformation. Agricultural cooperatives, for example, can provide technical assistance to farmers but can also fundamentally change the farmers’ risk and potential revenue by providing access to storage, equipment, finance, and marketing services. Small-scale stockists, or input dealers, also have an important influence on the changes required.

**FACHI** **PREPARATION AND ANALYSIS**

Preparation and analysis of Fachi enterprise can be followed by the blue print and feasibility study made. It is the overview of the the plan in order to carry out correctly and accurately.

GUIDELINES VIA THE BlUE-PRINTS OF FACHI ENTERPRISE

Sowing Seeds of Local Abundance: A Nation Agricultural Enterprise and Farmer Training Feasibility Study project analyzed local agricultural economic opportunities. It also assessed how the Tribe’s farming and food economic growth strategies can help transfer tribal food culture through generations. Potential future farmers, the Nation and its citizens, Smith River food entrepreneurs and residents, and regional institutions, are all identified beneficiaries. This research was funded by a USDA Local Food Promotion Program Grant. Ultimately, Sowing Seeds of Local Abundance studied how a Nation agricultural enterprise can provide much-needed farming and food economic opportunities to residents of the greater Smith River area, detailed in the resulting feasibility study and business plan. A report summarizing the results of this research is below. Please click on the report cover page to download the full report.

Production Training Program

The Farm Production Analysis Training workshop addresses production management issues that are typical for traditional crop and livestock producers, with a special emphasis on dairy production. The course has an intense focus on production planning and workshop exercises. The core modules are:

Annual Production Planning,

Workshop Planning Exercises,

Partial Budgeting,

Livestock Production, and

Crop Production and review of the Penn State Agronomy Guide.

The daily homework assignments, listed below, indicate how the course begins with a thorough analysis of the just-completed year and then shifts to planning for the upcoming year.

Day 1: Analysis of the past year's crop and livestock performance

Day 2: Enterprise budgets for the year just completed

Day 3: Project enterprise budgets for the new year

Day 4: Capital spending plan, crop plan, and/or livestock plan for the new year

Day 5: Prepare management behavior changes for the new year, referred to as "take-backs" and "give-aways."

The assignments are organized so that they not only build on the progress made by their completion in stages, but also comprise key components of the farm production plan for the upcoming production cycle.

Annual Production Planning

Enterprise Analysis

The planning process begins with careful evaluation of performance. Producers are asked to rate each crop enterprise with respect to yield, planting timeliness, weed control, harvest timeliness, machinery performance, and labor performance as Poor, Fair, Good, or Excellent. Then producers are challenged to briefly identify (in writing) the number-one management-related production problem of each enterprise. This done, the producer is further requested to briefly indicate how his/her management would change in the new year to better address the number-one problem. A similar enterprise evaluation is conducted for each livestock activity on the farm.

Enterprise Budgets

An enterprise budget is prepared with column entries for the year just completed, the projected costs and returns for the new year, and the actual costs and returns for the new year. These budgets are generic, with a focus on the major categories of yields, commodity prices, seed, fertilizer, chemicals, repairs, crop insurance, depreciation, fuel/oil/lube, custom hire, and "other." A similar three-column enterprise budget for livestock, with feed and supply inputs detailed, is also provided to the producers with livestock.

Capital Spending Plan

Purchases and sales of machinery, livestock, and real estate, including remodeling of facilities, are projected in terms of dollar outlays. And a brief description of asset type, year, model, etc., is included

Production Plan: Crops and Livestock

A generic production plan with categories for acres, yields, sales, and inventory carry-over is also prepared, with three separate columns in each category for past year-actual, current year-projected, and current year-actual. For livestock and dairy producers, a similar production plan is prepared with entries for animal inventories and milk and meat production and sales.

Projected Production Progress: Year-End

Finally, each producer is asked to briefly prepare a statement addressing the following categories for the new year production cycle:

Major production goals,

New changes in the production system to be implemented, and

Financial progress anticipated.

The closing exercise in the own-farm planning process is to prepare at least two "take-backs" and two "give-aways" that assist the producer in improving his/her management performance in the upcoming production cycle.

Workshop Planning Exercises

The workshop exercises focus on applied issues that require decisions during the course of the production cycle. The first exercise appraises the current and future machinery needs of the operation, for each major implement item, including current fit to production needs, projected date of future upgrade, and type/characteristics of future replacement item.

The second exercise projects how the farm operation could best increase production to 150% of current capacity. The rationale for this is that producers frequently are observed to increase yields of corn/milk and expand the number of acres/cows so that combined output growth of 50% is achieved over a 5-year period. Workshop participants analyze yield and production units 5 years ago, current levels, and projections for 5 years into the future. This is followed with trend analysis of investment and debt for these respective three time periods.

The third workshop exercise requires producers to identify how they could increase the degree of production specialization--doing fewer things better. Producers consider options of reducing own equipment inventories, using more custom hire applications, and redesigning cropping and livestock systems to become more focused on the highest revenue producing unit.

The fourth exercise is particularly aimed at small farmers. They are encouraged to think "outside the box" in evaluating five ways to compete with large farmers: updating technology, practicing cash flow budgeting to control costs, use of a family spending plan, recognizing key elements of the management style they employ, and use of a debt reduction plan. These exercises enrich the peer-learning processes fostered by the workshop heuristic approach.

Partial Budgeting

In this section of the course, producers analyze an investment decision for their operation in terms of the four traditional categories in this approach:

Added costs,

Added receipts,

Reduced costs, and

Reduced receipts.

The key to the success of this analysis is for the producer to narrow the focus to a change that is needed to strengthen the upcoming production cycle.

Livestock Production

The impetus from Pennsylvania's large number of small-size dairy producers led to the development of a dairy production component to the course that was prepared and is taught by Extension dairy specialists. This component focuses on topics of dairy management basics, but also includes such features as:Personal goals,Management of debt per-cow

,Crop Production; The Penn State Agronomy Guide, a comprehensive compendium of information for soil testing, fertilization requirements, soil preparation, characteristics of seed varieties, erosion control, alternative tillage systems, etc., provides the base for this segment of the course. Again, Extension agronomy agents lead this component of the workshop. Farmers are led through exercises in reading soil tests, calculating nutrients available from manure, and designing fertilizer and pesticide program for specific fields and crops.

Participant Evaluation Results

**FACHI** **APPRAISAL**

An appraisal is a document that gives an estimate of the fair market value of your agricultural property. An appraisal is generally required by all farm lenders before a final farm loan approval to ensure that the farm mortgage loan amount is not more than the current value of the property. The appraisals for farm loans are performed by a approved "appraiser" who is typically a state-licensed individual trained to render expert opinions concerning agricultural property values. In an appraisal, consideration is given to the property, its location, amenities, as well as its physical conditions. Farm Plus Financial has built relationships with accredited appraisers across the nation and will provide assistance with scheduling an appraisal of your property.

Appraisers use three common approaches when establishing the value of a given agricultural property and they are used in Fachi agricultural enterprise.

Cost Approach:

In this approach the following formula is used to arrive at the property value: Value of the land (vacant), added to the cost to reconstruct the appraised building or buildings as new on the date of value, less accrued depreciation the building suffers in comparison with a new building.

Sales Comparison Approach:

In this approach the appraiser identifies 3-4 comparable properties in the area which have recently been sold. Ideally, the properties are close in vicinity (within a 10-50 mile radius of the subject property) and have sold within the last six months. The appraiser then compares the sold properties to the subject property. The factors used in the comparison include type of agricultural products grown, acreage, land improvements, square footage, number of bedrooms and bathrooms, property age, view, and property condition.

Income Approach:

In this approach the potential net income of the property is capitalized to arrive at a property value. This approach is suited to income-producing properties and is usually used in conjunction with other valuation methods. The process of converting a future income stream into a present value is known as capitalization.

After thorough exercise of the three approaches, a final estimate or opinion of value is correlated. When evaluating agricultural properties the sales comparison approach is most heavily weighted by an appraiser who is also the investor of Fachi enterprise.

**FACHI** **IMPLEMENTATION AND MONITORING**

However, the major weak points in the project implementation were: its inability to recruit qualified Nigerians into the service of the Project, thereby creating management dependency and the failure of the small-holder credit system. Nevertheless, the project's internal rate of return for the investment period was found to be 72%, which is not only higher than the cost of capital (8%) but also higher than the appraisal report estimate of 16%. In view of this overall performance criterion and other considerations, the project implementation is considered to be successful.

This points to the high potential of the project approach to agricultural development in Nigeria. But the involvement of local expertise and management will further enhance the adoption of this approach on a national scale, by reducing total project costs and the tendency towards the creation of management dependencies.

There are certain implementations that we’re given after the policies were made. To the following key policy recommendations: Remove existing policy dis-incentives to increasing productivity, sustainability and resilience.

Re-direct agricultural support towards ensuring the availability of public services that benefit producers, consumers and society overall.

Encourage collaboration on knowledge generation and transfer between public and private actors – nationally, regionally and internationally. Draw on the full range of economic instruments, including information, education, regulation, payments and taxes, in pursuit of environmental and climate change goals.

Streamline risk management policies by clearly defining the limits between normal business risks, risks for which market solutions exist or can be developed, and catastrophic risks requiring public engagement. Improve understanding of the overall financial and well-being situation of farm households to design farm-income support measures targeting those in need. Develop coherent policy packages that can address the many opportunities and challenges confronting the sector and farm households.

**FACHI** **EVALUATION**

for tangible and intangible assets.

Tangible cost and benefits;

•Agricultural land

•Buildings (siloes, warehouses, office buildings, storage buildings or units etc)

•Agricultural vehicles and equipments

•Agricultural stock (grains, crops, livestock etc)

•Agricultural heritage, art etc

•Capital assets

•Increase in revenue

•Increase in value

All the above may be evaluated per group and/or individual.

Intangible costs and benefits;

•know-how, how-to-do(abilities and competences) per farm or per agribusiness enterprise

•Agriculture brand

•key people (top management, leaders etc)

•Creation of new job opportunities

•Environmental hazards