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ASSIGNMENT: Assignment on food production and health awareness

Prepare a business plan on a chosen agricultural enterprise.

**A FEASIBILITY REPORT/ BUSINESS PLAN¹ FOR THE DEVELOPMENT OF A
THREE HUNDRED HECTARES MAIZE PLANTATION AND ESTABLISHMENT OF
A 30 TONNES PER DAY CAPACITY MAIZE MILLING MACHINE AT RIVERDALE
MAIZE FARMS, OGUN STATE, NIGERIA BY RIVERDALE MAIZE FARMS
MANAGEMENT, A DIVISION OF THE CYRIL JIDENDU AGRIBUSINESS
VENTURES AND CONSULTANCY CONFIDENTIALITY AGREEMENT.**

¹ A Feasibility study is an assessment of the practicality of a proposed project or system, it is a document that assesses potential solutions to the business problem or opportunity and determines which of these are viable for further analysis. A Business Plan is a formal written document containing goals, the methods on how these goals can be attained, and the time frame within which these goals need to be achieved.

TABLE OF CONTENT

1. Executive Summary and Brief Description of the Project
2. Sponsorship, Management and Technical Assistance
3. Market and Sales
4. Technical Feasibility, Resources and Environment
5. Government Support and Regulatory Policies
6. Project Implementation Timelines
7. Financial Evaluation-Estimated Project Cost and Revenue
8. Funding Mechanisms
9. Conclusion

CHAPTER ONE

Executive Summary and Brief Description of the Project

Executive Summary:

This business plan critically analyses the feasibility and economic expediency of the burgeoning of a 300 hectares maize plantation and processing in Ogun State by Riverdale Maize Farms, a company registered under the Corporate Affairs Commission (CAC) in Nigeria. In south western Nigeria, the norm has been to wait for rain every year, hence there is overdependence of rain by the farmers for their agricultural purposes. This means that during the dry season, that is October to April, there is usually scarcity of common staples such as maize therefore this business plan is intended to show the feasibility of cropping maize all year round which will definitely be a reasonable and profitable idea. Tapping into this business opportunity, though innovative requires serious financial commitment and relentless effort on the part of the farm management, qualities of which are abundant in the Riverdale Maize Farms management.

Brief Description of the Project:

For many farmers in Nigeria, dry season is a threat but this business plan is indeed an opportunity to make substantial profit through efficient market penetration and effective market dominance. To achieve this, a drip irrigation system would be used as opposed to a furrow irrigation system as it saves water, enhances yield, conserves energy and has better cost saves. The main objective is to maximize profit by taking advantage of other farmer's weaknesses in the dry season and satisfying the undying needs of the targeted customers and consumers. This project will also create economic opportunities and help conserve scarce foreign exchange. In addition, this project will improve Farmers Income as well as promote Food Security.

CHAPTER TWO

Sponsorship, Management and Technical Assistance

Sponsorship:

The project will be sponsored by Cyril Jidendu, a well-known Entrepreneur and Farmer who is looking to extend his business to other states in Nigeria hence, his interest in starting a branch of his farm in Ogun State. Cyril Jidendu has over 20years experience in business management, business start-up dynamics and overall business growth and development. Thus he is working towards bringing together small and peasant farmers to form a cooperative society aimed at promoting the productivity of these peasant farmers in both his Home town and Ogun State. Riverdale Maize Farms Management, a division of the Cyril Jidendu Agribusiness Ventures & Consultancy, will be responsible for the management consultancy of this business.

Management:

The Riverdale Maize Farms Management comprises of various experienced farmers and personnel knowledgeable in business management some of whom form the democratically elected Board of Directors. In addition to that members of the cooperative society who equally have stakes in the survival and growth of a business would occupy positions such as Head Farm Manager, Maize Cultivation Manager, Sales and Marketing Executive. Others who don't will occupy positions of Field workers, Contract staff, and Client service executive. Some of the duties of the latter include ensuring that water is pumped on a daily basis into the reservoir, clearing of the land and weeding. Furthermore, the management team will be headed by the Managing Director who will oversee the activities of every other personnel.

Technical Assistance:

Cyril Jidendu Farms, the collective name of his Agribusiness has a good working relationship the International Institute of Tropical Agriculture (IITA) Ibadan and as such drought tolerant maize variety seeds could be sourced from the institution during the dry season, for optimum performance and high yield. There is also a positive working relationship with the Bank of Agriculture (BOA) and due to the positive influence and help that Cyril Jidendu has clearly shown and given by rewarding the best small scale farmers with an opportunity to extend their farms via his agribusiness, the BOA has decided to finance the development of this three hundred (300) hectares maize plantation with a 7% interest rate.

Cyril Jidendu Farms will finance most of the equipment as they already possess quite a lot of them, seeing as the CEO is an experienced and successful business man in the agribusiness. The maize milling machine will be accessed from the Bank of Industry (BOI) at rate of 7%. Loan will be accessed from one of the Commercial Banks which the Farm has good working relationships with and that will be used by Riverdale Farms Management in the area of clearing the land.

On account of its good working relationship and previous partnership with other major industry players who are interested in purchasing the products as the retailers or as the distributors through a purchase and sale contract agreement, a substantial profit and blooming business is assured. They include; Abdulsalami Abubakar (Maizube Farms), Flour Mill of Nigeria Limited, Obasanjo Farms Ltd (Ota farm) and others.

Finally, the milled maize will come out in different final products like flour and grits and will be sold through members of the cooperative society, the major industry we have a contract with and other distribution channels.

CHAPTER THREE

Market and Sales

Market Orientation: South East & South South. Maize has the ability to grow in many soil conditions and weather conditions thus, it is suitable for the Nigerian Climate. That is why it is grown all over the country. Until recent years the bulk of maize grain was produced in the South West zone. However, there has been a dramatic shift of dry grain production to the Northern part of Nigeria.

Users of Products: industrially by flour millers, corn flour for cooking and baking for human consumption, corn cob for human consumption and corn for animal feed manufacturers.

Competition Analysis:

With maize being produced all over the Country, the competition is stiff. Production of maize is highest in the North. The top five major state producers of maize are Kaduna, Plateau, Borno, Niger and Taraba. Kaduna accounts for 15.73% of Nigeria's production of Maize. The top five regions account for 43.95% of it. Production is then again popular in the South Western part of the Nigeria and also takes place in the South- East. Production is significantly low in the South-South. Although there is competition in the South west, this project is aimed and taking advantage of other farmers' weakness being the dry season and using it to outbid the competition.

Tariff and Import Restriction:

Foreign exchange (Forex) restriction on food importation and zero duty on imported agricultural equipment will favour the project.

Marketing Strategy:

An effective production can be inefficient without sound marketing strategies. Regardless of the fact that there is a ready-made demand for fresh maize in the market, more still needs to be done to ensure rapid distribution and profitable sale of maize. Hence before setting up this maize farm, we ought to identify our market ab initio, thus the following was considered;

- Whether to use middlemen or retailers;
- Whether to sell in bloc (of items) or to sell in unit packs;
- Whether to give it a befitting package or not;
- Whether to sell it raw or sell it processed;
- Whether to sell at farm gate price or at prevailing market price.

The key thing is to ensure that whatever choices made will give optimal results for the resources available to us. Meanwhile high market demand for this common, but scarce during the dry season, staple paves way for a deep penetration into the market and consequently a firm grip of market dominance. Similarly with the rising population in Nigeria, there will be rising demand for maize for both domestic and industrial consumption.

Profitability:

Many factors can affect the yield and profitability of this maize plantation and these factors could be biological, chemical, physical, and environmental or weather inclined. Some of these factors include sunlight, water, air, soil condition, varieties of seed, pests, diseases, price fluctuations, use of fertilizers, and so forth. It is important that the right quantity of everything is used to ensure great yield and technical, scientific and financial based solutions would be used to curb such risks. Finally, drip irrigation would be adopted as stated earlier on to ensure that the dry season brings forth great yield.

CHAPTER FOUR

Technical feasibility, Resources and Environment

The projects intended to embark on are technically feasible. The appropriate materials and equipment are secured for the production of maize and the milling of the maize. The process involves cleaning and condition of the maize, milling and sifting of the maize and the final product packaging. The industrial processes are simple and will be supervised by a specialist and expert who has been involved in milling of grains or cereals into flour for over 15 years. With the needed equipment readily available and experts overseeing the process, it is rest assured that the equipment will be used appropriately and maintained as well.

Generally, there are many experts working on this project as the Riverdale Maize Farms Management. There are specialists in irrigation, weed control, market development, mechanization, weed science, farm management, agricultural extension and accounting, all of which form part of the management team. The infrastructures around are adequate and suitable for the location of the Farm and Processing factory for efficient production, processing and marketing. The raw material will be processed into finished goods and the raw materials required will be produced and sourced locally. Nigerian Eagle Flour Mills, the largest flour mill in Oyo state which outputs 850 metric tonnes per day and Munro Corn Flour are our biggest competitors in the South West. Therefore, Riverdale Maize Farms main goal is to penetrate the market and make our brand known.

The project is being implemented using the best environmental friendly practices and methods and although deforestation will occur, the Environmental Impact Assessment report shows little or no damage to the environment. Similarly, organic fertilizers will be adopted after a while.

CHAPTER FIVE & SIX

Government Support and Regulation & Project Timeline

Government Support and Regulation:

This business conforms to the government regulations in relation to its economic diversification objective. It supports foreign exchange and the fight to reduce the level of imports in the Country. The business in question creates economic opportunities, market access, income and opportunities for peasant farmers and promotes as well as supports the food security objective of the government. This business will benefit from the funds government has made available to the agricultural sector, as well as benefit from the favorable policy of zero duty for agricultural and equipment import. A restriction of foreign exchange for all food products will also widen our market opportunities. The one of the goals of this project is to create employment opportunities and as such it will contribute to employment, output increase, stable price and stable exchange rate.

Project Timeline:

The project is expected to be completed within seven (7) months (all things being in placed) that is between October, 2024 to April, 2025 the year Nigeria's population is expected to increase and the demand for maize is expected to rise. This period is also favorable as clearing of land is mostly done during the dry season and the main purpose of this business is to take advantage of the dry season.

CHAPTER SEVEN

ESTIMATED PROJECT COSTS AND REVENUE

FIXED COST

(a) Land Clearing

Activity	QTY	₦	K
Land Clearing	1 Hectare	130,000	00
Ridge making	1 Hectare	100,000	00
Rome Ploughing	1 Hectare	40,000	00
Sub total	1 Hectare	270,000	00
Total	300 Hectares	81,000,000	00

(b) Equipment

Name	QTY	₦	K
Tractor	1	8,802,000	00
Disc Plough	1	1,267,200	00
Maize Sheller	1	1,170,000	00
Maize/corn Harvester	1	23,000,000	00
Boom Sprayer	1	2,502,000	00
Front Loader	1	2,365,200	00
Sub Total		39,106,400	00

(c) Vehicle Type

Name	Model	QTY	₦	K
Pick-up Truck	JAC	2	30,000,000	00

(d) Irrigation Type

Name	QTY	₦	K
Drip irrigation system	1	1,146,960	00
Borehole	1	500,000	00
Sub total		1,646,960	00

OPERATING COST

Working Capital		
	₦	K
Ploughing/Ha	15,000	00
Harrowing /Ha	10,000	00
Weeding/Ha	25,000	00
Sub total	50,000	00
Total for 300 Ha	15,000,000	00

Mechanization and Storage	100,000	00
Total for 300 Ha	30,000,000	00
Input/ Ha	90,815	00
Total for 300 Ha	27,244,500	00
Area yield insurance	13,500	00
Produce aggregation	5,500	00
Sub total	19,000	00
Total for 300 Ha	5,700,000	00
Interest /Ha	20,119	25
Total for 300 Ha	6,035,775	00
Total Cost/ Ha	259,815	00
Total Cost for 300 Ha	77,944,500	00
Loan principle and interest; cost per hectare	250,302	25
Total for 300 Ha	75,090,675	00
Irrigation cost for 300Ha; excluding fixed cost	16,018,100	00

- Ha = Hectare

AMORTIZATION

	₦	K
Land clearing amortization/ Ha	30,000	00
Land clearing amortization for 400 Ha	9,000,000	00

REVENUE

Yield per hectare 3tonnes@ ₦125000	₦	K
Revenue per hectare	375,000	00
For 300 Ha	112,500,000	00
Net revenue for 400 Ha(without amortization)	37,409,325	00
Net revenue with amortization (400 Ha)	28,409,325	00
2 nd Production Cycle		00
Net revenue	21,391,225	00
Net revenue with amortization (400Ha)		00
Annual Net Revenue (1 st + 2 nd Cycle)	49,800,550	00

CHAPTER EIGHT

Funding Mechanism and SWOT analysis

Funding Mechanism:

Cyril Jidendu Farms will provide 300 hectares of cleared farmland and lease it to the members of the cooperative society. Cyril Jidendu Farms will also lease 5,000MT capacity airtight and water proof silos. Where possible Equity Investors will provide equity for equipment and vehicles purchase as well as provide equity for working capital. Loan will be secured at a 7% rate through government intervention window at the Bank of Agriculture, Bank of Industry and Commercial Banks.

SWOT Analysis:

SWOT analysis of this maize project is pivotal to its success

Strengths: one factor critical to a successful outcome of any invest at all, is the availability of time to personally concentrate on its management. Experience is the best teacher and thus stands as a guide in the path of any successful entrepreneur, making him more courageous, determined and wise. We also have good relationships with other industries and distributors.

Weaknesses: paucity of funds is usually a greater constraint in most cases. Without means of finance, even the best of ideas may not come to fruition or reality. However, a financial backbone should be harnessed from reliable source and that is what we have tried to secure.

Opportunities: the high market demand for maize during the dry season, coupled with the inactivity of competitors or farmer's apathy during this season, leaves a loop hole to exploit and a goldmine to diligently explore.

Threats: during the dry season, most of buffer crops/weeds are generally absent or limited, hence, exposing a planted sole crop to insect pest infestation. To curtail this however, effective organophosphate insecticide should be applied on the emerging maize seedlings as at when due. No threat from climate change is envisage; because there won't be any dependence on rain whatsoever.

CHAPTER NINE

Conclusion

The proposed maize production project has a reasonable chance of success at the start and it's sustainable. The all year round maize has the propensity to be produced efficiently and can be marketed effectively. Thus, this project is technically feasible and economically viable and is therefore recommended for funding.