NAME: EBRIMSON GLORY CHINWENDU

MATRIC NUMBER: 18/MHS01/129

DEPARTMENT: NURSING SCIENCE

COURSE CODE: AFE 202

COURSE TITLE: FOOD SECURITY

A business plan is a formal written document containing business goals, the methods on how these goals can be attained, and the time frame within which these goals need to be achieved. A business plan is a written description of your business’s future. It is a document that tells what you plan to do and how you plan to do it. If you jot down a paragraph on the back of an envelope describing your business strategy, you’ve written a plan, or at least the germ of one. Business plans are inherently strategic.

THIS IS A BUSINESS PLAN FOR THE DEVELOPMENT OF A FOUR HUNDRED HECTARES CORN PLANTATION AND ESTABLISHMENT OF 20 TONNES PER DAY CAPACITY CORN EXTRACTION PLANT AT JESUS DOMINION MISSION FARM, WARRI, DELTA STATE, NIGERIA BY AFUKE AGRIBUNESS VENTURES AND CONSULTANCY CONFIDENTIALITY AGRREEMENT

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 a written permission of the proposed business. It is acknowledged by the reader that information 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: EBRIMSON GLORY

Name: EBRIMSON GLORY CHINWENDU

Date: 27/04/2020

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**Executive Summary/ Project Description**

This business plan examines the feasibility of and indeed economic viability of the development of a 400hectares corn plantation and the establishment of a corn extraction plant in Delta state by Jesus Dominion Mission and Jesus Dominion Mission Farmer’s Cooperative Society Limited. The farm will produce about 1,200tonnes of maize in a production cycle. The corn extraction plant will process about 4,200tonnes of maize into edible corn, sweet corn for food, flour corn for baking, dent pop for popcorn, it can be used as animal feed to help fatten chickens and cattle. These proposed project will create economic opportunities, impact positively on the people and help conserve scarce foreign exchange. This project will create market access, improve income of farmers and contribute significantly to food security.

**Sponsorship**

The project is founded by Bishop Pius Odioko, a Bishop and founder of Jesus Dominion Mission. Bishop Pius Odioko is promoting the productivity of smallholder farmers in Delta State though the Jesus Dominion Mission Farmer’s Cooperative Limited. The Church has a Department of Agriculture and experts with many years of experience in the project being proposed. Afuke Agribusiness Ventures & Consultancy will be responsible for the management consultancy of the projects.

**Management**

The management will comprise a democratically elected Board of Directors at the apex of the organization structure. This will be made up of shareholders and members of the cooperative who have stake in the survival, growth and profitability of the business as well as distinguished agribusiness professionals of proven integrity and vast experience in the project area. The prime objective of the board will be to give strategic directions and policies that will ensure long term success of the organisation. The board will ensure that organization complied with all standards set by the regulatory authorities. The Managing Director/President shall be responsible for the co-ordination of the day to day management of the cooperative business. He is accountable to the Board of Directors; he will mobilize organization resources to achieve set goals. He will manage business risks and focus on wealth creation.

**Technical Assistance**

The church has every support from the government and has a working relationship with Bank of Agriculture. The corn will be sold through cooperatives and other distribution channels. The different types of corn with the animal feed will be sold to the wholesaler while the wholesaler will sell to the retailer and consumer, but the sweet corn will only be sold to the wholesaler because it is going to be packaged in a container that will be well labelled.

**Market and Sales**

Market orientation: domestic; South West & South East, Nigeria

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

Users of products: edible for human, animal feed for livestock industry and dent corn for popcorn**.**

**Competition Analysis**

Imo state alone produced 44% of national output between 2001 and 2017. Anambra State produced 30% of national output within these periods. Enugu, Ebonyi, Abia, and Rivers State which are the core Igbo states produced 10% and below in the period. The states mentioned above produced 80% of the national output within the period. The only place where significant production took place in South West, Nigeria was in Ekiti State. Based on the above analysis, competition in terms of production in the South West Nigeria is non-existent compared to the demand for produce.

**Tariff and Import Restriction**

Forex restriction on food importation and zero duty on imported agricultural equipment will favour the project under consideration. Tariffs typically focus on a specified product and are set in place in a controlled effort tom alter the balance of trade between the tariff imposing country and its international trading partners. For example, when a government imposes an import tariff, it adds to the cost of importing the specified goods or services. This additional marginal cost will theoretically discourage imports, thus affecting the balance of trade. Governments may opt to impose tariffs for a multitude of reasons, including the following goals:

* To protect nascent industries
* To fortify national defense programs
* To support domestic employment opportunities
* To combat aggressive trade policies
* To protect the environment

**Market Potential**

There is strong demand for corn and corn derivatives in Nigeria. The state of infrastructure though not perfect still supports production and trade within Nigeria. This is the entire size of the market for a specific time. It represents the upper limits of the market for a product. Market potential is usually measured either by sales value or sales volume. Whenever we launch a new product or a service, we fear whether it has enough market potential. That is why we need to calculate market potential before we launch a product or service. There are five elements to determine market potential:

* Market Size
* Market growth rate
* Profitability
* Competition
* Product and consumer type

**Profitability**

Climate, chemical, physical and environmental factors such as temperature, sunlight, water, air, soil conditions, pests, diseases, price fluctuations and other risks could affect yield and profitability. Some solutions will be made to help prevent these risks and safeguard profit. Some say that the market is huge and there is a lot of potential, but others say that they have suffered huge losses because of the amount of packaging and the transport costs involved for shipping across the country. Determining and forecasting your profitability is important to understand the market potential. If the business is going to give a low profitability, then the volumes need to be high or if the business is going to give low volumes, then the profit needs to be higher. Calculation of profitability to determine market potential can use some elements.

* ROI- Return on investment
* ROS- Return on sales
* RONA- Return on net assets
* ROCE- Return on capital employed

**Technical Feasibility**

The projects are technically feasible. In terms of technology, the industrial processes are simple, and we have people that are up to the task with more than 20years experience that are in our team. The needed equipment to use and crush the corn are readily available and our experts have hand on experience in the usage and maintenance of the equipment. On the corn production, we have specialists in mechanization, irrigation, farm management, crop production, weed science, market development, agric extension and accounting as a part of our management team. The state of infrastructure around the Church and generally in Delta is adequate and suitable for the location of the farm/firm for efficient production, processing and marketing. Raw materials will be produced and sourced locally. We are implementing our project using best international practices, sustainable production and due consideration for the environment. Although some deforestation will occur, the report shows little or damage to the environment as it relates to the issue of climate change. Organic fertilizer will be substituted for chemical fertilizer within three years of farm operation.

**Government Support and Regulation**

The project conforms with the economic diversification objective of the government. It also supports foreign exchange and import reduction conservation of the government. It creates economic opportunities, market access, improved income for farmers and support food security objective of the government. The project will benefit from the government intervention fund in the agriculture sector. The project will also benefit from the favourable policy of zero duty for agricultural and equipment import. Restriction of forex for all food products will also widen market opportunity. The project will contribute significantly to employment, output increase, stable price and stable exchange rate.

**Project Timeline**

The project will be completed within 5year preferably between October 2019 to February 2024.

**Estimated Project Costs and Revenue**

**Fixed Cost**

**(A) Land Clearing**

|  |  |  |  |
| --- | --- | --- | --- |
| **ACTIVITY** | **QUANTITY** | **₦** | **K** |
| Land Clearing | 1 Hectare | 250,000 | 00 |
| Cross Cutting | 1 Hectare | 30,000 | 00 |
| Rome Ploughing | 1 Hectare | 60,000 | 00 |
| **Sub total** | 1 Hectare | 400,000 | 00 |
| **Total** | 400 Hectare | 150,000,000 | **00** |

**(B) Equipment**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **NAME** | **QTY** | **MODEL** | **USD** | **₦** | **K** |
| Tractor | 1 | YTO-904 | 24,000 | 10,802,000 | 00 |
| Disc harrow | 1 | IBJ-3.0 | 3,000 | 4,762,500 | 00 |
| Sub soiler | 1 | IS-200G | 3,250 | 1,500,000 | 00 |
| Soy seeder | 1 | 2BFY-6C | 5,000 | 2,872,000 | 00 |
| Tripper | 1 | 7CX-8T | 15,000 | 5,410,000 | 00 |
| Combine harvester | 1 | 4YZ-6 | 120,000 | 40,620,000 | 00 |
| Boom sprayer | 1 | 3W-1000-18 | 6,000 | 3,502,000 | 00 |
| Front loader | 1 | TZ10D | 6,750 | 3,365,200 | 00 |
| Sub total |  |  | 200,930 | 60,830,410 | **00** |

**(C) Vehicle**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **TYPE** | **MODEL** | **QTY** | **₦** | **K** |
| **Pick up Truck** | **Hilux** | **2** | **60,000,000** | **00** |

**(D) Irrigation**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **TYPE** | **OTY** | **MODEL** | **USD** | **₦** | **K** |
| **Hose Reel** | **1** | **140-440MT** |  | **5,146,960** | **00** |

**Operating Cost**

|  |  |  |
| --- | --- | --- |
| **Working Capital** |  |  |
|  | **₦** | **K** |
| Ploughing/Ha | 15,000 | 00 |
| Harrowing/Ha | 30,000 | 00 |
| Sub total | 20,000,000 | 00 |
| **For 400Ha** | 120,000 | 00 |
| Mechanization and Storage | 50,000,000 | 00 |
| **For 400Ha** | 100,285 | 00 |
| Input/Ha | 40,370,000 | 00 |
| **For 400Ha** | 15,500 | 00 |
| Area yield insurance | 5,000 | 00 |
| Produce aggregation | 5,500 | 00 |
| Geo Spatial Service | 25,000 | 00 |
| Sub total | 10,500,000 | 00 |
| **For 400Ha** | 25,079 | 00 |
| Interest per hectare | 11,831,000 | 25 |
| **For 400Ha** | 253,523 | 00 |
| Total cost per hectare | 100,130,000 | 00 |
| **Total cost for 400Ha** | 270,500 | 00 |
| Loan principal and interest(cost per hectare) | 110,961,900 | 25 |
| **Total for 400Ha** | 24,018,210 | 00 |
| **Irrigation cost for 400Ha(excluding fixed cost)** |  | 00 |

**Amortization**

|  |  |  |
| --- | --- | --- |
|  | **₦** | **K** |
| Land clearing amortization(per hectare) | 50,000 | 00 |
| Land clearing amortization(400 hectare) | 20,000,000 | 00 |

**REVENUE**

|  |  |  |
| --- | --- | --- |
| **Yield per hectare 3tonnes** |  |  |
| **Revenue per hectare** | **₦** | **K** |
| **For 400Ha** | 500,000 | 00 |
| **Net revenue for 400Ha(without amortization)** | 200,000,000 | 00 |
| **Net revenue with amortization(400Ha clearing)** | 70,040,500 | 00 |
| **2nd Production Cycle** | 60,040,500 | 00 |
| **Net revenue** | 45,030,200 | 00 |
| **Net revenue with amortization(400Ha land)** | 50,000,000 | 00 |
| **Annual net revenue(1st + 2nd Cycle)** | 100,070,500 | 00 |
|  |  |  |

**Funding Mechanism**

The church will provide 400 hectares of cleared farmland around the church and lease it to members of the cooperative. The equity investor will provide equipment and vehicles for purchase where possible.

**Conclusion**

This project is technically feasible and commercially viable. It is therefore recommended for funding and will commence immediately.