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**LEVEL: 200**

**COLLEGE: COLLEGE OF LAW**

**MATRICULATION NUMBER: 18/LAW01/106  
COURSE TITLE: FOOD PRODUCTION AND HEALTH AWARENESS  
COURSE CODE: AFE 202**

**Assignment Title: Assignment on Food Production and Health Awareness**

QUESTION

Prepare a business plan on a chosen agricultural enterprise following the guideline in the note. spiral bind and submit upon resumption. Minimum of five pages, times new roman size 12 with double spacing. Send the soft copy to me to view

The below work contains a feasibility study/business plan for the development of Maize.

**A FEASIBILITY REPORT / BUSINESS PLAN FOR THE DEVELOPMENT OF A THREE HUNDRED (300) HECTARES MAIZE PLANTATION AND ESTABLISHMENT OF FIFTEEN (15) TONNES PER DAY CAPACITY AT MACFAY FARM, LAFIA, NASARRAWA STATE BY MACFAY FARMING AND ALLIED SERVICES**

AGREEMENT  
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:

CONTENTS OF A FEASIBILITY REPORT  
1. Executive Summary/ 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 Regulation  
6. Timelines of Projects  
7. Estimated Project Cost and Revenue  
8. Funding Mechanism  
9. Conclusion  
**Executive Summary/ Project Description**  
This business plan examines the feasibility of and indeed economic viability of the development of a 300 hectares maize plantation and the establishment of a maize processing plant in Macfay farm, Lafia, Nasarawa state by Macfay Farming and Allied Services**.** The farm will produce about 1000 tonnes of maize in a production cycle. The maize processing plant will process about 4000 tonnes of maize into edible maize flour, corn meal and maize cake for livestock . There is high domestic demand for these products because of our huge population and production constraints leading to shortage of the commodity. Production is currently popular in the North-western states like Niger, Taraba, Kaduna, Adamawa, and Plateau with Kaduna state as the lead producer. Nigeria imports significant quantity of maize and its derivatives to augment domestic shortages.  
  
The proposed project will create economic opportunities, impact positively on the people and help conserve scarce foreign exchange. The entire maize to be processed will be sourced locally through direct production, contract farming in Nasarrawa State and direct purchase from smallholder farmers in other production areas. The project will create market access, improve income of farmers and contribute significantly to food security. It will also generate satisfactory returns for sponsors and investors.  
  
**Sponsorship**The project is sponsored by Akinjisola Fayinminu, the Director of Finance at Citec International estates and C.E.O of the MacFay Farming and Allied Services. Mr. Fayinminu is promoting the productivity of smallholder farmers in Nassarrawa State.

**Management**The management will comprise of a democratically elected Board of Directors at the apex of the organization structure. This will be made up of shareholders and member 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 organization. The board will ensure that the organization complied with all standards set by regulatory authorities.  
  
**Technical Assistance**MacFay Farming and Allied Services has a working relationship with IITA (International Institute of Tropical Agriculture, Ibadan) through an executed MOU. IITA has mandate in Maize production and processing and will provide technical assistance in this regard. MacFay Farming and Allied Services has a working relationship with BOA (Bank of Agriculture), the Bank of Agriculture has agreed to finance production of the 300hectares of Maize through a loan at 9% interest rate (anchor borrower’s scheme) given to the cooperative.  
  
MacFay Farming and Allied Services will fund the processing factory and access finance for the Corn flour extraction equipment from BOI (Bank of Industry) at the rate of 9% . The cooperative will also seek grant from United State Africa Development Foundation (USADF). MacFay Farming and Allied Services has a relationship with commercial banks and will approach one for loan to clear the land which will be leased to members of the cooperative.  
  
MacFay Farming and Allied Services has a working relationship with Nasarawa State Government, Nasarawa State Ministry of Agric, Farmers’ Union, Agric Cooperatives and individual farmers. MacFay Farming and Allied Services will get technical support from this relationship in the area of production through contract farming or outgrower scheme.  
  
MacFay Farming and Allied Services has working relationships with and linkages to industry players in the project area who will offtake products through a purchase and sale contract agreement. They include Flour Mill of Nigeria Limited, Obasanjo Farms Ltd, Animal Care, Amo Farms, Farm Support and others. The corn flour will be sold through cooperatives and other distribution channels. The maize starch will be sold to players in the paints and cosmetics industry.  
  
**Market and Sales**Market orientation: domestic; North-West & North-East, Nigeria  
Market Share: 5% niche market in North-West, North-East Nigeria  
Users of Products: edible maize flour, corn meal and maize cake for livestock, maize starch for paint and cosmetics industries in South East.  
  
  
**Tariff and Import Restriction**Forex restriction on food importation and zero duty on imported agricultural equipment will favour the project under consideration.  
  
  
**Profitability**Weather, biological, chemical, physical and environmental factors such as temperature, sunlight, water, air, soil conditions, varieties of seed, pests, diseases, price fluctuations and other risks e.g. cow invading the farm could affect yield and profitability. However, technical, scientific and financial based solutions will be employed to hedge against risks and safeguard profit. Irrigation option will be factored in to ensure two cycle of production in a year.  
  
**Technical Feasibility**The projects (production of maize and maize starch extraction) are technically feasible.  In terms of technology, which involve the crushing of maize seed and extraction of starch, the industrial processes are simple and a specialist in starch extraction with more than 20years experience is part of our team. The needed equipment for starch extraction are readily available and our experts have hand on experience in the usage and maintenance of the equipment.  
  
  
**Government Support and Regulation**The project conform with the economic diversification objective of the  government. It also supports foreign exchange and import reduction conservation of government. It creates economic opportunities, market access, improved income for farmers and support food security objective of government. The project will benefit from 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 5months preferably between December, 2019 - May, 2020 because land clearing is mostly done in the dry season.

**Estimated Project Costs and Revenue**

**Fixed Cost**

(A) **Land Clearing**

|  |  |  |  |
| --- | --- | --- | --- |
| **Activity** | **QTY** | **₦** | **K** |
| Land Clearing | 1Hectare | 230,000 | 00 |
| Cross cutting | 1Hectare | 20,000 | 00 |
| Rome ploughing | 1Hectare | 50,000 | 00 |
| **Sub total** | 1Hectare | **300,000** | **00** |
| **Total** | 300 Hectare | **90,000,000** | **00** |

**(B) Equipment**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name** | **QTY** | **MODEL** | **USD** | **₦** | **K** |
| Tractor | 1 | YTO-904(90hp) | 24,450 | 8,802,000 | 00 |
| Disc harrow | 1 | IBJ- 3.0 | 3,520 | 1,267,200 | 00 |
| Sub soiler | 1 | IS-200G | 3,250 | 1,170,000 | 00 |
| Soy seeder | 1 | 2BFY-6C | 4,950 | 1,782,000 | 00 |
| Tripper | 1 | 7CX-8T | 9,450 | 3,402,000 | 00 |
| Combine Harvester | 1 | 4YZ-6 | 103,500 | 37,260,000 | 00 |
| Boom sprayer | 1 | 3W-1000L-18 | 6,950 | 2,502,000 | 00 |
| Front loader | 1 | TZ10D | 6,570 | 2,365,200 | 00 |
| **Sub total** |  |  | **159,390** | **57,380,400** | **00** |

**(C) Vehicle**

**Type                            Model                             QTY                  ₦                 K**

|  |  |  |  |
| --- | --- | --- | --- |
| **Pick up Truck** | **HILUX** | **2** | **30,000,000    :     00** |

(D) **Irrigation**

**Type               QTY         Model                USD                        ₦                 K**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Hose Reel** | **1** | **140 – 440MT** | **28,186** | **1,0146,960     :      00** |

**Operating Cost**

|  |  |  |
| --- | --- | --- |
| **Working Capital** |  |  |
|  | **₦** | **K** |
| Ploughing/Ha | 15,000 | 00 |
| Harrowing/Ha | 10,000 | 00 |
| Sub total | 25,000 | 00 |
| **For 300 Ha** | **7,500,000** | **00** |
| Mechanization and storage | 105,000 | 00 |
| **For 300Ha** | **31,500,000** | **00** |
| Input / Ha | 91,825 | 00 |
| **For 300Ha** | **27,547,500** | **00** |
| Area yield insurance | 13,500 | 00 |
| Produce aggregation | 5,500 | 00 |
| Geo Spatial Service | 4,500 | 00 |
| Sub total | 23,500 | 00 |
| **For 300Ha** | **7,050,000** | **00** |
| Interest per hectare | 22,079 | 25 |
| **For 300Ha** | **6,623,700** | **00** |
| Total cost per hectare | 245,325 | 00 |
| **Total cost for 300Ha** | **73,597,500** | **00** |
| Loan principal and interest (cost per Hectare) | 267,404 | 25 |
| **Total for 300Ha** | **80,221,200** | **00** |
| **Irrigation cost for 300Ha (excluding fixed cost)** | **16,017,700** | **00** |

**Amortization**

**₦                   K**

|  |  |
| --- | --- |
| **Land clearing amortization (per hectare)** | **30,000             :   00** |
| **Land clearing amortization (300hectare)** | **9,000,000           :   00** |

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**REVENUE**

|  |  |
| --- | --- |
| **Yield per hectare 3tonnes@ ₦145000 per tonne** |  |
|  | **₦                         K** |
| **Revenue per hectare** | **435,000          :         00** |
| **For 300Ha** | **130,500,000         :        00** |
| **Net revenue for 300Ha(without amortization)** | **59,038,300         :        00** |
| **Net revenue with amortization(300ha clearing)** | **37,038,300         :       00** |
| **2nd Production Cycle** |  |
| **Net revenue** | **43,020,180         :         00** |
| **Net revenue with amortization(300ha land)** |  |
| **Annual Net Revenue ( 1st + 2nd Cycle)** | **86,098,670        :       00** |

**Funding Mechanism**MacFay Farming and Allied Services will provide 300Ha of cleared farmland around the university and lease it to members of the cooperative. MacFay Farming and Allied Services will also lease 5,000MT capacity silo as equity contribution  
Equity investor to provide equity for equipment and vehicles purchase  
Where possible equity investor  to provide equity for working capital or otherwise secure loan at the rate of 9% 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.