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Course Title: Food and Production and Health Awareness.

Course Code: Afe 202.

Assignment Question

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

Assignment Answer

**A business plan can also be called a feasibility report. The question is asking for the preparation of** business plan. BELOW IS A BUSINESS PLAN FOR THE DEVELOPMENT OF A THOUSAND HECTARES OF CASSAVA PLANTATION AND THE ESTABLISHMENT OF 100 BAGS DAILY FOR GARRI PROCESSING AT CREST AGRO PRODUCTS FARMS, KOGI STATE NIGERIA BY GREENFIELD FARMS AND ASSOCIATES AND CONSULTANCY CONFIDENTIALITY AGREEMENT

The reader who is to sign the agreement must accept that the information stated in the business plan is a private and intellectual property therefore the reader must accept not to publicize it to another party without an 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 .Any disclosure or use of same by the reader, may cause damage to the promoters of the proposed business.

Sequentially ,the document is to be returned immediately to the promoters of the business

Name :

Signature :

Date :

CONTENTS OF A FEASIBILITY REPORT

A]. Executive Summary.

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C] Market and Sales.

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* EXECUTIVE SUMMARY

Cassava especially in the form of garri is one of the most popular and widely consumed food crops in Nigeria .The business plan is from the development of a thousand hectare of cassava plantation and processing to garri in kogi state by Crest Agro Farm Product and Agro Crest Farmers Cooperative Society. Garri processing plant will produce about 50,000 tonnes of cassava in a production cycle.The cassava processing plant will process about 12500 tonnes of garri, animal feed and starches for sizing papers and textiles.

The currents trends towards an increase in the competition amongst existing companies present an opportunity for Crest Agro-farm Products and Greenfield farms to penetrate the market. Our products will be positioned very carefully. They will be extremely high quality to ensue consumer satisfaction. Our primary goal will be to establish and strengthen our license to trade, which will be bestowed by communities which will function. As our partnership prospers and grows this communities will continue to benefit from both the value created by Crest Agro Farm Product and Greenfield farm and its behaviour as a corporate citizen.

Initial plants are to produce four mainlines of product focusing on cassava farming ; garri ,cassava flour and starch .This product will be sold in different sized containers. This products have been extensively distributed locally and internationally as we are specifically interested in Nigeria, Africa and the entire world. To prosper there is need for flexibility and responsibility and to make more customers happy by providing them what they want, when they want it and before in the competition. From concept to goods dispatch, we intend to ensure that every policy and procedure and process must have the objectives of improving flexibility and response for the company .There is need for interaction between all functional areas. The proposed project will create economic opportunities, impact positively on. However, the prices will also be taken into consideration so as to bring more consumers as well as maximize profit.

* SPONSORSHIP

The project is sponsored by Segun Adebanji as the head of the board who has 30+ years experience in the finance and FMCG sectors. He is also the Executive Vice Chairman of Alvac Company limited. Crest Agro Farm Products also, is promoting for small scale farmers too. Crest Agro Farm products also have various sponsors. The Green Field Farm will be responsible for the management consultancy of the projects. Although we also have financial partners in order for the company to be great.

* MANAGEMENT

As for the management, it will consist of elected Board of Directors who would be elected democratically at the peak of the organization structure. This board of directors will comprise of shareholders and members of the cooperative who have stake in surviving, growth and profitability in the business as well as professionals who have a vast knowledge in the project area and are of good integrity. The sole aim of the board will be saddled with the responsibility to give polices and strategic directions that would lead to the success of the business on a long run i.e for a very long time. The Chairman of the board of directors, will be responsible for the day to day running or management of the business. He is accountable to the rest of the board of directors. He will also gather resources to achieve the set goals for the betterment of the business.

He will manage the business risk and focus on maximizing profit and minimizing cost.

* TECHNICAL ASSISTANCE

Crest Agro Farm also has technical partners with whom they have a working relationship with International Starch Institute, Denmark [ISI]. The ISI is one of the most efficient starch industries in the world. Crest factory was designed and installed by the ISI to meet international standard. ARUP is alsp a technical partner in Crest Agro Farm. It is an international independent firm of designers, engineers, architect, planners, consultant and technical specialist working across every aspect of the built environment with its headquarters in the Uk. They are engaged as the contractor for building Crest Factory and also provide regular advise in the course of the project.

Crest Agro Farm also has a working relationship with International Institute Of Tropical Agriculture [IITA] that will provide technical expertise to the small scale farmers and to the company farm by setting different experimental plots and also stem multiplication plots. Crest Agro Farm has a relationship with commercial banks and the Central Bank of Nigeria provides CACs loan through the Sterling Bank for financing Crest. The BIF[ Business Innovation Facility will fund market system development programme that provides to develop and replicate business models that make markets more inclusive, resulting in greater opportunities, better access and improved growth for the poor and disadvantaged people who engage in the programme. The Crest Agro Farm Product will create a relationship with FADMA in Kogi State that has a very strong relationship with cassava farmers in the state and this would be easy because it already has a relationship with the Business Innovation Facility which would help deepen our relationship with FADMA team over time and this formed relationship would help Crest Agro Farm have a strong relationship with the cassava farmers.

The cooperative has a relationship with the Kogi State Government through the ministry of lands facilitated the acquisition of a thousand hectares of land for Crest. And will also get technical support from this relationship in the area of production through outgrower scheme or contract farming. The end products of the cassava will be sold through cooperatives and other distribution channel.

* MARKET AND SALES

Market orientation: [ within Nigeria i.e Domestic ; South East, South West and the Central Areas of Nigeria

Market share: 5% niche in the South East, South West and Central areas in Nigeria.

End users product: foods like: cassava without processing, fufu,,garri, flour e.t.c. are for human purposes, cassava roots as animal feed or for the livestock industry, chemical and fermentation industries.

* COMPETITION ANALYSIS

The competition analysis for the production of cassava would be listed below. The major states are; Anambra, Delta, Kogi, Edo, Benue as at 2005 produced 11.08% from the national output , Cross River, Imo,Oyo, Rivers and lesser in Kwara and Ondo. Benue and kogi have the highest production of cassava currently.

TARRIF AND IMPORT RESTRICTION

Forex restriction on food importation and zero duty on imported agricultural equipment will favour the project that is under consideration.

* MARKET POTENTIAL

In the world, Nigeria is the country with the most cassava produced. Meanwhile, in Nigeria there is a very high and strong demand for cassava and the end products of cassava after processing e.g garri, e.t.c. Even with the state of infrastructure though not ideal or perfect, it still supports the production and trade within Nigeria.

* PROFITABILITY

Cassava farming is a very profitable farming venture because it deals with using a low input but in the end leads to a high input. There may be some chemical, biological, physical and environmental factors that can affect the cassava. Environmental factors may include pests, water, soil degradation, habitant destruction e.t.c. can affect cassava. However some efforts would be employed i.e scientifically, technically, and financially based solutions would be employed in order to reduce or control risk in order to safe guard profit.

* TECHNICAL FEASIBILITY

The production of cassava and processing into garri, flour e.t.c. are technically feasible. In the aspect of technology, which involves the grinding of cassava and other processes before it is fried into garri or used as flour, this industrial processes for doing this are very simple as there would be division of labour among the people involved in the processing and there are also well experienced experts as members of the team. The needed equipment for the cassava procession are readily available as well as experienced experts who have experience on the usage and maintenance of the equipment. There are experienced specialist to which have been assigned to certain areas as a team. There are specialist for farm management , weed science, crop science, agric extension, market development and people in charge of accounting as members of the team.

We are going to implement our project using the very best international practices, production sustainability and as well consider the environment. Because of clearing of land and since it is a large expanse there may be a level deforestation but the EIA( Environment Impact Assessment shows that there would be little or no damage on the environment as it relates to issue of change in weather and organic fertilizers would be used instead of chemical fertilizers for a period of 4 years of farm operation.

* GOVERNMENT SUPPORT AND REGULATION

The project will follow the economic diversification objective of the government. It will also benefit from government intervention fund in the agricultural sector. The project strongly supports for import reduction conversation of government as well as foreign exchange. It creates opportunities like improved income for farmers, economic opportunities, market access and support food security objective of the government. This project will contribute to increase in employment, stability in exchange rate, output increase and stability in price. The project will also enjoy a zero duty for the importation of agricultural equipment.

* PROJECT TIMELINE

The project will be best completed within a period of 8 months preferably between the month of October 2019 to June 2020 because that is the best time for the activities to be done.

* ESTIMATED PROJECT COST AND REVENUE

FIXED COST

[a] Land Clearing.

|  |  |  |  |
| --- | --- | --- | --- |
| Activity | QTY | # | K |
| Land clearing | 4 hectares | 500,000 | 00 |
| Cross cutting | 3 hectares | 70,000 | 00 |
| Rome ploughing | 2 hectares | 90,000 | 00 |
| Sub total | 1 hectare | 660,000 | 00 |
| Total | 1000 Hectares | 660,000,000 | 00 |

[b] Equipment

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Name | QTY | MODEL | USD | # | K |
| Tractor | 1 | YTO-904[90HP] | 24,450 | 8,802,000 | 00 |
| Cassava planter | 1 | SQTP 01&02 | 3400 | 1,500,000 | 00 |
| Cassava harvester | 1 | BI-8 | 3200 | 1,800,000 | 00 |
| Peeler | 1 | DYPT-40 | 5000 | 2,500,000 | 00 |
| Washer | 1 | QXJ100 | 8000 | 3,000,000 | 00 |
| Grater and Chippers | 1 | CG | 15000 | 42,000,000 | 00 |
| Sub total |  |  | 74,050 | 59,602,000 | 00 |

[c] Vehicle

|  |  |  |  |
| --- | --- | --- | --- |
| Type | Model | Number | Amount |
| Pickup truck | Hilux | 2 | 25,000,000 |

[d] IRRIGATON

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | TYPE | QUANTITY | MODEL | USD | # | K | | Hose Reel | 1 | 40-440MT | 20,186 | 7,266,960 | 00 | |

* OPERATING COST

|  |  |  |
| --- | --- | --- |
| WORKING CAPITAL | | |
|  | N | K |
| Ploughing per Ha | 14,000 | 00 |
| Harrowing | 9,000 | 00 |
| Subtotal | 23,000 | 00 |
| For 1000Ha | 23,000,000 | 00 |
| Mechanization and storage | 110,000 | 00 |
| For 1000Ha | 110,000,000 | 00 |
| Input/Ha | 92000 | 00 |
| For 1000Ha | 92,000,000 | 00 |
| Area yield Insurance | 14,000 | 00 |
| Produce Aggregation | 7,000 | 00 |
| Geo Spatial Service | 6,000 | 00 |
| Sub Total | 27,000 | 00 |
| For 1000Ha | 27,000,000 | 00 |
| Interest/Ha | 25,000 | 00 |
| For 1000/Ha | 25,000,000 | 00 |
| Total Cost/Ha | 300,000 | 00 |
| Total Cost for 1000Ha | 300,000,000 | 00 |
| Loan principal and interest /Ha | 270,000 | 00 |
| Total for 1000/Ha | 270,000,000 | 00 |
| Irrigation Cost for 1000/Ha(minus fixed cost) | 30,000,000 | 00 |

* AUTHORIZATION

# K

|  |  |  |
| --- | --- | --- |
| Land Clearing Authorization/Ha | 28,000 | 00 |
| Land Clearing Authorization for 1000Ha | 28,000,000 | 00 |

* REVENUE

|  |  |
| --- | --- |
| **Yield per hectare 3tonnes@ ₦150000 per tonne** |  |
|  | **₦ K** |
| **Revenue per hectare** | 440,000 00 |
| For 1000 Ha | 440,000,000 00 |
| Net Revenue for 1000 Ha (without amortization) | 94,0000,000 00 |
| Net Revenue with amortization for (1000 Ha clearing) | 67,0000,00 00 |
| 2nd Production Cycle |  |
| Net Revenue | 45,000,000 |
| Net Revenue with amortization(1000Ha) |  |
| Annual Revenue(1st +2nd cycle ) | 112,000,000 |

Currency Conversion rate: #360.00 to 1USD

* FUNDING MECHANISM

Crest will provide a 1000 hectare of farm land that has been cleared in Kogi State and lease it to members of the cooperative and Crest will also lease 9,000 MT capacity of barns as equity contribution. Equity investor is to provide equipment and vehicles purchase.

If possible the 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, and Commercial Banks e.t.c.

CONCLUSION

Conclusively, the project is commercially viable and technically feasible. It is recommended therefore for funding as there would be cost minimization and profit maximization.