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A BUSINESS PLAN FOR THE DEVELOPMENT OF A THREE HUNDRED HECTARES CITRUS FRUIT PLANTAITION AND AN ESTABLISHMENT OF 25 TONNES PER DAY CAPACITY CITRUS FRUIT EXTRACTION PLANT AT A PRIVATE FARM IN BENUE STATE, NIGERIA BY BAI AGRICULTURE INDUSTRY AND CONSULTANCY CONFIDENTIALITY AGREEMENT.

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**Executive summary/ project description**

The business plan examines the feasibility of the economic viability of the development of citrus fruit plantation and the establishment of citrus fruits plantation. The citrus fruits belong to the group of fruits that includes oranges, lemon, limes, grape fruits and tangerines.

Citrus fruits are the highest value fruit crop in terms of international trade. There are two main markets for citrus fruit viz the fresh fruit market and the processed citrus fruits market (mainly orange juice). Most citrus production is accounted for by oranges, but significant quantities of grapefruits, lemons and limes are also grown.

**Sponsorship**

The project is sponsored by Alhaji Atiku Abubakar, a great leader and the founder of American University of Nigeria academy. Alhaji Atiku Abubakar is promoting agriculture as a means for youths to earn a living in his state Adamawa, Yola.

**Management**

The management will compare of a democratically elected board of directors at the apex of the organisation 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 well as distinguished agribusiness professionals of proven integrity and vast experience in the project area. The prime objective of the board is to give strategic direction and policies that will ensure that the organisation complied with all standards set by regulatory authorities.

Managing director will be responsible for the coordination of the day to day management of the cooperative business.

**Market and sales**

Market orientation: domestic; north central along with some eastern states

Market share: about 95% of citrus produce are shared across the country

Users of products: fruit juice making industries, pharmaceutical, cosmetic and soap industries, the general public

**Competition analysis**

Benue state alone produced 50% of national output between 1999 and 2018, Kaduna state followed with 30% of national outputwithin the same period. Taraba state, Ekiti and Osun state produced about 10% of national output.

**Tariff and import restrictions**

Forex restrictions on fruit importation and zero duty on imported agricultural equipment will favour the project under consideration.

**Market potential**

There is always a demand for fruits in all parts of Nigeria. The country though not perfect supports the production and trade of fruits within Nigeria. It can even be sold to juice making industries to produce fruit juices.

**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. For example; animals 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.

**Government support and regulation**

The project conforms to the economic diversification objective of the government. It also supports foreign exchange and import reduction conversation of government. It creates economic opportunities, market access, and improved income for farmers and supports food security objective of government, the project will benefit from government intervention fund in the agricultural sector. The project will also benefit from the favourable policy of zero duty for agricultural and equipment import.

**Project timeline**

The project will be completed within one year preferably between April 2020 to May 2021 because the fruits take time to grow.

**Estimated project costs and revenue**

**Fixed cost**

1. **Land clearing**

|  |  |  |  |
| --- | --- | --- | --- |
| activity | quantity | amount | K |
| Land clearing | 1 hectare | 300,000 | 00 |
| Cross cutting | 1 hectare | 20,000 | 00 |
| Rome ploughing | 1 hectare | 20,000 | 00 |
| Sub total | 1 hectare | 340,000 | 00 |
| total | 400 hectare | 136,000,000 | 00 |

1. **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** |
| **tipper** | **1** | **7CX-8T** | **9,450** | **3,402,000** | **00** |
| **harvester** | **1** | **4YZ-6** | **103,500** | **37,260,000** | **00** |
| **Front loader** | **1** | **TZ10D** | **6,570** | **2,365,200** | **00** |
| **Sub total** |  |  | **159,300** | **57,380,400** | **00** |

1. **Vehicle**

|  |  |  |  |
| --- | --- | --- | --- |
| **type** | **model** | **qty** | **amount** |
| **Pickup truck** | **hilux** | **3** | **60,000,000 : 00** |

1. **Irrigation**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **type** | **amt** | **model** | **USD** | **₦** |
| **Hose reel** | **1** | **140-440MT** | **28,186** | **1,146,960 :00** |

**Operating cost**

|  |  |  |
| --- | --- | --- |
| **Working capital** |  |  |
|  | **₦** | **K** |
| **Ploughing/ha** | **15,000** | **00** |
| **Harrowing/ha** | **10,000** | **00** |
| **Sub total** | **25,000** | **00** |
| **For 300 hectares** | **7,500,000** | **00** |
| **Mechanization and storage** | **105,000** | **00** |
| **For 300 ha** | **31,500,000** | **00** |
| **Input/ha** | **91,825** | **00** |
| **For 300 ha** | **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 300 ha** | **6,900,000** | **00** |
| **Interest per hectare** | **30,000** | **00** |
| **For 300 ha** | **9,000,000** | **00** |
| **Total cost per hectare** | **250,000** | **00** |
| **Total cost for 300 ha** | **75,000,000** | **00** |
| **Loan principle and interest** **( cost per hectare)** | **267,404** | **00** |
| **Total for 300 ha** | **80,221,200** | **00** |
| **Irrigation cost for 300 Ha ( excluding fixed cost)** | **24,020,120** | **00** |

**Amortization**

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

**REVENUE**

|  |  |
| --- | --- |
| **Yield per hectare 3 tonnes at 150,000 per tonne** |  |
|  | **₦** |
| **Revenue per hectare** | **440,000 : 00** |
| **for 300 ha**  | **132,000,000: 00** |
| **Net revenue with 300 ha( without amortization)** | **67,038,300 : 00** |
| **Net revenue with amortization( 300ha clearing)** | **55,038,300: 00** |
| **2nd production cycle** |  |
| **net revenue** | **45,020,100: 00** |
| **Net revenue with amortization(300ha land)** |  |
| **Annual net revenue ( 1st +2nd cycle)** | **99,000,000 : 00** |

**Currency conversion rate: ₦360.00 to 1USD**

**Funding mechanism**

Alhaji Atiku Abubakar will be funding this project in order to benefit from it as well as he own a juice producing industry.

Equity investor will 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. Therefore, it is recommended for funding.