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Matric No: 18/LAW01/131

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.

An agricultural project is an identifiable business proposal for committing scarce resources to create economic opportunities and wealth sources capable of generating future income streams.

A project cycle is a continuous sequence of how projects are planned and executed. The cycle consists of five stages:

1. Identification: this involves finding potential projects which will usually arise from investors, promoters, technical specialists, politicians, and even oneself, and selecting a project to execute.
2. Preparation and analysis: it involves all the work necessary to bring a project to a point where it can be carefully reviewed, appraised and analysed to determine the suitability of the proposed project for implementation and commitment of scarce resources.
3. Appraisal: it is a critical review of all the assumptions made concerning the project budget, which is undertaken by an independent analyst to ascertain the reality of the assumptions.
4. Implementation/monitoring: here implementation is seriously monitored to ensure that actual result reflects the expected result as contained in the blue print or project plan.
5. Evaluation: at this stage, the actual achievement is evaluated to learn some lessons as regard the entire project cycle.

This scholar will go ahead to prepare a business plan on an agricultural venture.

### **Executive Summary/Project Description**

This business plan examines the feasibility and economic viability of a 2hectares plantain plantation, a plantain flour and a plantain chips venture in Ado-Ekiti, Ekiti State, reason being that the state is one of the South-Eastern states in Nigeria with good loamy soil, as loamy soil is the best soil for growing plantains. The farm will produce about 1,600 bunches of plantain in the first production cycle and process 600 bunches of plantain into plantain chips. The demand for this staple food product is high as plantain is used to make various food like porridge plantain, roasted plantain, and it is even processed into plantain chips, as would be done by the plantain factory when established.

The proposed project will create economic and employment opportunities, food availability and food security, and it will impact positively on the people. It will encourage agricultural activities and also generate satisfactory returns for sponsors and investors.

### **Sponsorship**

The project is sponsored by Aare Afe Babalola, a legal practitioner and founder of Afe Babalola University. Aare Afe Babalola is promoting agricultural activities in Ado-Ekiti through the Afe Babalola Farmer's Cooperative Limited. The University has a department of Agriculture and experts with many years of experience in the project being proposed. Farm Right will be responsible for the management consultancy of the projects.

## **Management**

The management will consist 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 Managing Director shall be responsible for the coordination of the day to day management of the cooperative business. He will manage business risks and focus on wealth creation.

## **Technical Assistance**

The university has working relationship with the IITA (International Institute of Tropical Agriculture, Ibadan) through an executed MOU. IITA is involved in plantain production and will provide technical assistance in this regard. The University also has a working relationship with Bank of Agriculture. The Bank of Agriculture has agreed to finance the production of the plantain plantation through a loan of 8% interest rate given to the cooperative.

The University has a working relationship with Ekiti State Government, Ekiti State Ministry of Agric, Farmers' Union, Agric Cooperatives and individual farmers. The University will get technical support from this relationship in the area of production through contract farming or out grower scheme. The University itself is involved in a processed plantain venture and has working relationships with and linkages to industry players in the project area.

## **Market and Sales**

Market orientation: domestic; Southern, Western, Eastern and Northern Nigeria.

Market share: 20% niche market in Southern, Western, Eastern and Northern Nigeria.

Uses of the products: food for humans, useful for skin conditions and has medicinal benefits for both humans and some animals like dogs

## **Competition Analysis**

The states that produce plantain in Nigeria other than Ekiti state are; Oyo, Edo, Ondo, Bayelsa, Delta, Akwa Ibom, Rivers, Ogun, Cross River, Abia, Ebonyi, Anambra and Enugu. The competition will however, not be strong as the product is a nationally consumed food product. So, the competition will be minimal.

## **Locally Produced**

Plantain is locally produced in Nigeria in great quality and as such, is not imported from other countries. So, the project under consideration is highly favoured in this aspect.

## **Market Potential**

There is strong demand for plantain and the derivatives of plantain all over Nigeria. The production and trading of plantain within Nigeria is highly supported in the country.

### **Profitability**

Weather, biological, 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. However, technical and financial based solutions will be employed to hedge against risks and safeguard profit.

### **Technical Feasibility**

The projects (production of plantain, plantain chips and plantain flour) are technically feasible. In terms of technology, which involves the crushing, grinding and processing of the plantain into flour is a simple process and we have a specialist who has been in the field for 16 years in the team. The needed equipments for processing are readily available and our experts have hand on experience in the usage and maintenance of the equipment.

On the plantain chips production, we have specialists who know varieties of shapes in which the plantain chips can be produced, in order to give the product a special kind of appearance and marketing.

The major competitors are BeeKanny Plantain Chips, Benitos Enterprises, Delish Plantain Chips, Ayoola Foods Limited, Omary Foods Company and Lifebergsfoods.

We are implementing our project using best international practices, sustainable production and due consideration for the environment. Although some degree of deforestation will occur, the EIA(Environmental Impact Assessment) report shows little or no damage to the environment as it relates to the issue of climate change. Organic fertilizer will be substituted for chemical fertilizer.

### **Government Support and Regulation**

The project is in line with the economic diversification objective 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 government intervention fund in the agricultural sector.

The ADP's (State Agricultural Development Program) are the extension arm of the ministry of agriculture carved out to cater for dissemination of agricultural innovations. They are the link between research and farmers. The ADP;s in the plantain growing belt of Nigeria have participated in various plantain projects in the country. Their activities have been limited to dissemination of designated improved innovations arising from research efforts to farmers. They have largely being passive player in plantain developmental activities.

### **Project Timeline**

The project will be completed within a year preferably between February 2020 to February 2021 because plantain production is usually done during the rainy season.

### **ESTIMATED PROJECT COST FOR ESTABLISHMENT AND MAINTENANCE OF PLANTAIN PLANTATION ON 2 HECTARES OF LAND FOR 1 YEAR**

<b>ITEMS</b>	<b>DESCRIPTION</b>	<b>AMOUNT IN NAIRA</b>
<b>1</b>	Cost of 2 hectares of land	<b>1,250,000</b>
<b>2</b>	Agency and legal	<b>250,000</b>
<b>3</b>	Provisional survey	<b>500,000</b>
<b>4</b>	Land clearing/packing	<b>500,000</b>
<b>5</b>	Cost of production	<b>1,904,700</b>
<b>6</b>	Insurance (3% of cost of production.)	<b>57,141</b>
<b>7</b>	Professional fee	<b>1,000,000</b>
	<b>TOTAL</b>	<b>5,461,841</b>

### **LABOUR COST FOR 2 HECTARES OF LAND**

<b>ITEMS</b>	<b>DESCRIPTION</b>	<b>AMOUNT IN NAIRA</b>
<b>1</b>	Land preparation (lump)	125,000
<b>2</b>	Planting operation (lump)	250,000
<b>3</b>	Manure application	75,000
<b>4</b>	Farm maintenance for the period	650,000
	<b>TOTAL</b>	<b>1,100,000</b>

### **EQUIPMENT**

<b>NAME</b>	<b>QUANTITY</b>	<b>AMOUNT IN NAIRA</b>
Tractor	1	8,802,000
Disc harrow	1	1,267,200
Sub soiler	1	1,170,000
Plantain drying machine (stainless)	2	700,000
Plantain chipping machine	2	1,900,000
Boom sprayer	1	2,502,000
Front loader	1	2,365,200
Subtotal		<b>18,706,400</b>

### **Vehicle**

Type	Model	Quantity	Amount in Naira
Pick up Truck	HILUX	2	30,000,000

## IRRIGATION

House reel	1	28,186
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## PROJECTED CASH FLOW FOR PLANTAIN PRODUCTION FOR TWO CYCLES

	ACTIVITIES	1 <sup>ST</sup> CYCLE	2 <sup>ND</sup> CYCLE
<b>A</b>	<b>Gross benefits/hectare</b>		
1	Revenue from the sale of 800 bunches at an average price of 600 per bunch for a medium sized plantain.	480,000	480,000
2	Adjusted revenue (assuming a 10% drop in productivity) from the sale of 800 bunches.	432,000	432,000
3	Revenue from the sale of 2560 suckers.	307,200	307,200
4	<b>Total revenue</b>	739,200	739,200
<b>B</b>	<b>Cost of production/hectare (subsequent cycle)</b>	359,940	359,940
<b>C</b>	<b>Gross benefit</b>	379,260	379,260
<b>D</b>	<b>Other expenses (market)</b>	60,000	60,000
<b>E</b>	<b>Net profit (pay out)</b>	319,260	319,260

## Funding Mechanism

ABUAD will provide 2Ha of cleared farmland in Ado-Ekiti and lease it to members of the cooperative. ABUAD will lease a large storage room as equity contribution.

The ADP will provide packaging equipments for the processed plantain into plantain chips and plantain flour.

Where possible, equity investor is to provide equity for working capital or otherwise secure loan at the rate of 9% through government intervention 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.

### REFERENCE

<https://farmright.com>

<https://www.medium.com>

<https://www/thespruce.com>

