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Executive Summary

This business plan examines the feasibility of and indeed economic viability of the development of a 500 hectares of rubber plantation and rubber products equipments in Ado Ekiti by Afe Babalola University and Afe Babalola Farmer’s Cooperative Society Limited. Within a year, about 1,000 rubeer products will be produced. There is high domestic and international demand for these products because of our huge population and production constraints leading to shortage of the commodity. Nigeria imports significant quantity of rubber and its derivatives to augment domestic shortages.

The proposed project will create economic opportunities, impact positively on the people. The entire rubber plants to be processed will be sourced locally through direct production, contract farming in Ekiti 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 production security and also the exportation will contribute greatly to the economy. It will also generate satisfactory returns for sponsors and investors.

**Sponsorship**

The project is sponsored by Aare Afe Babalola, a legal luminary and founder of Af eBabalola University. Aare AfeBabalola is promoting the productivity of smallholder farmers in Ado Ekiti through the AfeBabalola Farmer’s Cooperative Limited. The University has a Department of Agriculture and experts with many years of experience in the project being proposed. Toyom Agribusiness Ventures & Consultancy will be responsible for the management consultancy of the projects.

**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.

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 university has working relationship with IITA (International Institute of Tropical Agriculture, Ibadan) and has mandate in rubber production and processing and will provide technical assistance in this regard. The University also has a working relationship with BOA (Bank of Agriculture) and we are collaborating on Aare Afe Babalola Annual Agric Expo where the founder appreciate Ekiti Farmers through monetary award to the best 3farmers in each local government area of the 16 L.G.A in Ekiti State and the overall best farmer in the state. Bank of Agriculture has agreed to finance production of the 500hectares of rubber plantation through a loan at 9% interest rate (anchor borrower’s scheme) given to the cooperative

The university will fund the processing factory and access finance for the rubber processing equipment from BOI (Bank of Industry) at the rate of 9% . The cooperative will also seek grant from United State Africa Development Foundation(USADF). The University has relationship with commercial banks and will approach one for loan to clear the land which will be leased to members of 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.

The university 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, Obasanjo Farms Ltd, Amo Farms, Farm Support and others. The rubber products will be sold through cooperatives and other distribution channels.

**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:, buckets, bands and rubbe baskets in South East, other rubber parts to electric industries in the south west.

**Competition analysis**

The major competiting states in rubber production are Edo state, Delta state, Ondo State, Ogun state, Abia state, Anambra state and Akwa-ibom State. But based on our analysis, , competition in terms of production in South West, Nigeria is not much compare to the demand for produce.

**Tariff and Import Restriction**

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

**Market Potential**

There is strong demand for rubber and its derivatives in the entire country - Nigeria. The state of infrastructure though not perfect still supports production and trade within Nigeria.

**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 will not affect yield and profitability so much. However, technical, scientific and financial based solutions will be employed to hedge against risks; if there’s any, and safeguard profit. Irrigation option will be factored in to ensure two cycle of production in a year. And other measures necessary will be carried out.

**Technical Feasibility**

The projects (production of rubber and rubber products) are technically feasible. In terms of technology, which involve the picking of rubber plants, and the industrial processing are not hard to carry out. The needed equipment for the production of rubber products are readily available and our experts have hand on experience in the usage and maintenance of the equipment.

On the rubber products production, we have specialists in mechanization, irrigation, farm management, crop production, weed science, market development, agric extension and accounting as part of our management team. We also have specialists in quality control as part of our management team. The state of infrastructure around the University and generally in Ekiti 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 for.

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 E.I.A (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 within three years of farm operations.

**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.

It will also help the economy greatly through its importation.

**Project Timeline**

The project will be completed within 7months between the month of October, 2020 to June.

It will begin during the dry season as that is the best time for clearing the land and carrying out other activities that are needed for the project.