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**18/ENG08/020**

**BIOMEDICAL ENGINEERING**

**ASSIGNMENT**

**A BUSINESS PLAN FOR THE DEVELOPMENT OF A FRUIT AND VEGETABLE FARM AT MURPHY’S EVERGREEN FARM, IKOYI, LAGOS STATE, NIGERIA BY TOYOM AGRIBUSINESS VENTURES AND CONSULTANCY CONFIDENTIALITY AGREEMENT**

The assigned reader acknowledges that the information provided in this business plan is a confidential property therefore the reader should not disclose it to anyone not part of this 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.

**Project Description**

This business plan examines the feasibility of a fruit and vegetable farm at Murphy’s Evergreen farm and Raj’s Group’s Society Limited. The farm will have a capacity sufficient to produce in excess of 200000 lbs of vegetables per year. Raj’s Group’s Society Limited plans to concentrate on vegetables as its primary product. This includes growing lettuce, carrots, squash, spinach, pumpkins, beets and winter greens. There is high domestic demand for these products because of our huge population and production constraints leading to shortage of the commodity. The company plans to utilize traditional and more advanced plant technologies to produce new cultivars of strawberries and lima beans. This strategy will allow Murphy’s Evergreen farm to produce crops during most of the year and will allow double cultivation of the greenhouses with almost no additional heating necessary in the months that are cold. The idea behind the business is to provide healthy and delicious vegetables and fruits to the public. In addition to vegetables and fruits, the company plans to produce and market manure compost garden amendment products. The proposed project will create economic opportunities, impact positively on the people and help conserve scarce foreign exchange. 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 Mr Raj as a business manager who has extensive knowledge of the industry and has been tracking vegetable trends for 42 years. The company expects to employ four temporary employees during the equipment re-location phase, six employees on a permanent basis, and three part-time employees. The company’s management philosophy is based on responsibility and mutual respect.

**Management**

Management will be responsible for supervising and participating in the daily operations of the facility. The operation will utilize: one large greenhouse, enclosing vegetable area, horticultural greenhouse, filters, water treatment devices, backwash facilities, outdoor vegetables facilities, business office building. The management will comprise of a democratically elected Board of Directors at the organization. This will be made up of shareholders who have stake in the growth and profitability of the business as well as distinguished agribusiness professionals with 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 Managing Director 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.

**Technical Assistance**

The company is currently seeking contact with RHMF Green farm in order to learn about and acquire new hybrids of strawberries and vegetables that are hardier and grow faster in our local microclimates. These and other available species and systems will be constantly tracked. In addition to the above, the company is seeking contacts at different universities in Lagos, Ibadan and also foreign universities in Italy and Germany that are involved in greens, and will continue the quest for the best flavoured strawberries. Currently, Murphy’s Evergreen farm is conducting research to test certain clay-sand-manure mixture levels to obtain better, cheaper bedding and agronomic soil mixtures that are more effective. Bank of Agriculture has agreed to finance the development of the fruit and vegetable farm through a loan at 15% interest rate given to the cooperative.

The cooperative will also seek grant from United State Africa Development Foundation(USADF).

**Market and Sales**

Market orientation: domestic; South East & South West, Nigeria

Market Share: 12% niche market in South West, South East Nigeria

Company’s target customers: Oriental vegetable markets demabding organic and semi-organic vegetables, vegetable processors, people approaching the farm, roadside stands and farmers’ market.

Product-bagged manure: Nursery and Garden centers, private customers approaching facility.

**Competition analysis**

Murphy’s Evergreen farm main competitive advantages are:

Efficient production utilizing greenhouses

Reduced overhead by fully realizing crop output potential and economies of scale through joint costs.

Knowledge due to research since 1987

**Tariff and Import Restriction**

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

**Market Potential**

The company will initially market and supply its product to target customers. The company is further exploring marketing opportunities on the internet. To this extent, the company would like to set up a website to market its products. The company sets its pricing based on market rates as far as vegetable products are concerned.

**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.

**Government Support and Regulation**

The project conform with the economic diversification objective of the government. It also supports foreign exchange. It creates economic opportunities, market access, improved income for farmers. 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.

**Project Timeline**

The project will be completed within 9 months preferably between August, 2019 to April, 2020 because land clearing is mostly done in the dry season.

**Estimated Project Costs and Revenue**

**Fixed Cost**

1. **Land Clearing**

|  |  |  |  |
| --- | --- | --- | --- |
| **Activity** | **QTY** | **₦** | **K** |
| Land Clearing | 1Hectare | 340,000 | 00 |
| Rome ploughing | 1Hectare | 70,000 | 00 |
| **Sub total** | 1Hectare | **410,000** | **00** |
| **Total** | 300 Hectare | **123,000,000** | **00** |

1. **Equipment**

|  |  |  |  |
| --- | --- | --- | --- |
| **Name** | **QTY** | **₦** | **K** |
| Tractor | 1 | 4,802,000 | 00 |
| Farm Houses | 1 | 1,555,200 | 00 |
| Buildingd for machinery and supplies. | 1 | 1,100,000 | 00 |
| Special-purpose structures | 1 | 1,762,000 | 00 |
| Combine Harvester | 1 | 37,260,000 | 00 |
| Greenhouse | 1 | 23,502,000 | 00 |
| Sub total |  | 69981200 | 00 |

**(C) Vehicle**

**Type Model QTY ₦ K**

|  |  |  |  |
| --- | --- | --- | --- |
| **Pick up Truck** | **HILUX** | **4** | **90,000,000 : 00** |

**Operating Cost**

|  |  |  |
| --- | --- | --- |
| **Working Capital** |  |  |
|  | **₦** | **K** |
| Ploughing/Ha | 10,000 | 00 |
| Harrowing/Ha | 10,000 | 00 |
| Sub total | 35,000 | 00 |
| Mechanization and storage | 235,000 | 00 |
| Geo Spatial Service | 4,500 | 00 |
| Sub total | 23,500 | 00 |
| Interest per hectare | 22,079 | 25 |
| Loan principal and interest (cost per Hectare) | 207,404 | 25 |
| **Total** | **547,483** | **00** |
| **Irrigationcost(excluding fixed cost)** | **24,018,120** | **00** |

**REVENUE**

|  |  |
| --- | --- |
| **Yield per hectare 8tonnes@ ₦149000 per tonne** |  |
|  | **₦ K** |
| **Revenue per hectare** | **435,000 : 00** |

**Funding Mechanism**

The company is seeking to raise of 830,000 dollars for the purpose of financing the acquisition the vegetable farm facilities modification, equipment, and funding operating expenses. Another 1,000,000 dollars will be invested in the company by its four co-owners. The following is a breakdown of how the funds will be used:

|  |  |
| --- | --- |
| Breakdown of use of funds |  |
| Acquisition |  |
| Property | $1,300,000 |
| Equipment system | $400,000 |
| Sub-total | $1,700,000 |
| Operating expenses: |  |
| Salaries | $80,000 |
| Marketing and promotion | $10,000 |
| Other operating expenses | $10,000 |
| Sub-total | $100,000 |
| Total | $1,800,000 |

**Conclusion**

The project is technically feasible and commercially viable. It is therefore recommended for funding.