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#### ASSIGNMENT.

A FEASIBILITY REPORT/BUSINESS PLAN FOR THE DEVELOPMENT OF FIVE HUNDRED HECTARES TOMATOES PLANTATION AND PRODUCTION OF TOMATO PASTES AT DANGOTE FARMS LIMITED, KANO, KANO STATE, NIGERIA BY HADAMS TOMATO CROP ENTERPRISE AND CONSULTANCY CONFIDENTIALITY AGREEMENT.

#### EXECUTIVE SUMMARY/PROJECT DESCRIPTION.

This business report examines the feasibility of the establishment of a 500 hectares tomatoes plantation and tomato paste production by Dangote Farms Nigeria Limited. The farm will produce 1,500 tonnes of tomatoes in the production period. The tomato processing facility would produce 4,000 tonnes of tomato paste. There is high demand for tomato mainly because of the increasing population of the country and some other factors. Tomato production is grown majorly in the northern part of Nigeria such as Jigawa, Bauchi, Borno, Plateau, Kano and states like Kwara, Delta, Oyo.

The proposed project will create job opportunities especially for those in the rural area, impact positively into the country's income, and reduce greatly the excessive amount spent on the importation of fresh and processed tomatoes yearly.

Tomato seedlings would be sourced by direct production and distribution of the seedlings to farmers around the area.

This project would not only impact positively into the country but also improve the income of farmers and contribute essentially to food security (availability, accessibility and utilization).

It would be of benefit to both the sponsors and investors. The proposed tomato project is aimed at providing the increasing population with sufficient quantity of high quality.

#### SPONSORSHIP.

This project is sponsored by Alhaji Aliko Dangote GCON, a Nigerian businessman and philanthropist who is the founder and chairman of Dangote Group. He is also the founder of Dangote Tomatoes Company Processing Limited of which Dangote Farms Limited is a subsidiary. The farm is managed by high class experts in the tomatoes production field and agriculture as a whole. HADAMS TOMATO CROP ENTERPRISE and consultancy will be responsible for the management consultancy of the project.

## MANAGEMENT.

The management for this project will comprise of an elected Board of Directors, which will be made up of professionals in the field of the project. The main aim of setting up the committee will be to oversee and contribute significantly to the successful running of the project.

The Board will ensure that the organization complies with all standards set by regulatory authorities. The Managing Director of the Dangote Farms Limited would be the head of the project.

## TECHNICAL ASSISTANCE.

Dangote farm is in collaboration with Central Bank of Nigeria's Tomato Anchor Borrowers Program and Bank of Agriculture. The Dangote farm has adopted an automated planting technology called PAT MOOSE, which has the capacity of producing 350 million seedlings per season for 1,200 hectares of tomato farm.

The Dangote tomato processing farm has made arrangement to purchase fresh tomatoes from farmers in Gombe and Sokoto states. The company has also signed agreement with Tomato Growers Association for the procurement of the commodity from the two states.

This organization is also working with Kano state branch of the National Tomato Growers, Processors and Marketers Association of Nigeria. Bank of Agriculture provide loans to farmers in the Tomato Farmers' Cooperative Groups in Kano state. The money from the bank would be used to buy farming inputs, specifically small cottage processing machines that would enable distribution to farmers.

## MARKET AND SALES

Market orientation: Domestic ; North West, North East ,South West and South South , Nigeria

Market sales: 5% niche amount in the North and the Southern part of Nigeria.

Users of products: Tomato, tomato paste, ketchup for human consumption. Tomato pomace feed for livestock and poultry.

## COMPETITION ANALYSIS.

Tomatoes are mainly produced in the northern part of Nigeria which are Kaduna, Kano, Taraba, Gombe, Bauchi, Zamfara, Sokoto, Katsina. Other states like Jigawa, Delta and Kwara, Oyo, Borno and Plateau states also play a major role in the production of tomato. However, the highest yield of tomatoes ever recorded in Nigeria was in 2010, and about \$687,610,000 was the overall value of that yield. By ranking, Kano is the most successful state in the production of tomatoes in Nigeria.

Over the past years, tomato production has not been able to meet the increasing demand. Again, the total demand for tomatoes in the country is about 2 to 3 million tons each year and because of poor supply chain in the country about 75000 to 1350000 tons of tomatoes is wasted.

#### TARIFF AND IMPORT RESTRICTION

Central Bank of Nigeria order to block food importation requests for foreign currency is in a bid to boost local agriculture in the country. Foreign exchange ban in Nigeria would favor the project under consideration.

#### MARKET POTENTIAL

There is very high demand for tomato and tomato paste in all parts of Nigeria not just Kano state. The state of infrastructure is not satisfactory although it still supports production and trade within Nigeria.

#### PROFITABILITY

Climatic(temperature, atmospheric humidity, sunlight), edaphic( soil moisture, soil air, soil organic matter), biotic and physiographic factors( topography, altitude), pest and disease of the crops, lack of access to credit facilities, price fluctuations, high cost of inputs affect yield and profitability.

Credit accessibility from formal and informal sources, agricultural price support programs for fair pricing of output, provision of subsidies on inputs would essentially improve productivity and profitability of tomato production.

## TECHNICAL FEASIBILITY

The production of tomato and tomato paste are technically feasible. In terms of technology, which involve high production of tomato seedlings to begin with, the automated PAT MOOSE technology would be employed and professionals in the field of tomato and tomato paste are part of the board.

Some of the tomato paste production brand in Nigeria are Gino, a foreign brand, Tasty tom, De Rica, Festin, produced by Olam international, Ric Giko and Nagiko tomatoes by Erisco Foods limited. Others include Sonia tomato paste produced by Sonia foods industries limited and tomato Jos, produced by Tomato Jos Nigeria. The major competitors in tomato paste production in Nigeria presently are between Gino, the foreign brand, and local brands such as De Rica, Tasty tom and Ric Giko.

We would implement the project using the best technology at hand and experts in the field of the project.

## GOVERNMENT SUPPORT AND REGULATION.

The project is in line with the government's aim in boosting local agriculture in the country. It also supports food security and it would reduce greatly expense on imported fresh tomatoes and other agricultural produce. Ban on imported farm produce would boost the economic sector by increasing income of the country and provision of job employment.

## PROJECT TIMELINE

The project will be completed within 5 months preferably between March 2020 to July 2020 as planting of seedlings using the PAT MOOSE technology would be done to fasten the process of producing much of the tomato seedlings before transplanting them on the land.

## PROJECT COST

Land clearing (per 1hectare)-- 230,000 naira

Cross cultivation (per 1hectare)- 30,000naira

Sub-total (per hectare)- 260,000 naira

Total (for 500hectare)-130,000,000 naira

Equipment

Drip irrigator- 36,000naira

Cultivator -40,000 naira

Vehicle

Pick -up truck- quantity (3)- 90,000 naira

Operating cost

Working capital

Mechanization and storage- 110,000 naira

For 500Ha-55,000,000 naira

Input/Ha-20,000 naira

Area yield insurance- 18,000 naira

Produce aggregation- 10,000 naira

Sub-total – 10,028,000 naira

For 500Ha- 5,014,000,000 naira

Interest (cost per hectare) - 25,000 naira

Total for 500Ha- 12,500,000 naira

Irrigation cost for 500Ha (excluding fixed price)- 22,000,000 naira

Amortization

Land clearing amortization (per hectare) – 40,000 naira

Land clearing amortization (500 hectare)-- 14,000,000 naira

Revenue

Yield per hectare 5tons at 150,000 naira per tonne

Revenue per hectare- 500,000 naira

For 500Ha- 250,000,000 naira

Net revenue for 500Ha without amortization- 75,000,000 naira

Net revenue with amortization (500 Ha)- 63,750,000 naira

#### FUNDING MECHANISM

Dangote Farms Limited will provide 500 hectare of its cleared farmland in Kano state and distribute the seedlings to the tomato farmers in the area through the cooperative body of tomato farming in kano.

Equity investor would provide equity for equipment and vehicles purchase. Working capital would be funded through loan from the Bank of Agriculture through government intervention.

#### CONCLUSION.

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