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DEPARTMENT: Medical laboratory science

Assignment

Prepare a business plan with a chosen agricultural enterprise

A BUSINESS PLAN FOR THE DEVELOPMENT OF A SIX HUNDRED HECTARES SUGARCANE PLANTATION AND ESTABLISHMENT OF 20 TONNES PER DAY CAPACITY SUGAR EXTRACTION PLANT AT AFE BABALOLA UNIVERSITY FARM< ADO-EKITI, EKITI STATE, NIGERIA BY VERA AGRIBUSINESS VENTURES AND CONSULTANCY CONFIDENTIALITY AGREEMENT

Project description

This business plan examines the feasibility of and indeed economic viability of the development of a 400hectares sugar cane plantation and the establishment of a sugar extraction plant in Ado-Ekiti by Afe babalola university and Afe babalola Farmer’s Co-operative society limited. The farm will produce about 1,200tonnes of sugarcane in a production cycle. The sugar extraction plant will process about 4,200tonnes of sugarcane into edible sugar, molasses for additive feeds to livestock, and bagasse which can be used as fuel. There is a high demand for these products because of our huge population and production constraints leading to shortage of the commodity. Production is currently popular in the north.

The proposed project will create economic opportunities, impact positively on the people and help conserve scarce foreign exchange. The entire sugar 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 food security. 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 Afe Babalola University. Aare Afe Babalola is promoting the productivity of smallholder farmers 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. Vera agribusiness ventures and consultancy will be responsible for the management consultancy of the projects.

MANAGEMENT

The management will comprise 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 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 organisation complied with all standards set by regulatory authorities.

The managing Director/president shall be responsible for the day to day management of cooperative business. He is accountable to the board of directors; he will mobilize organisation resources to achieve set goals. He will manage business risks and focus on wealth creation.

TECHNICAL ASSISTANCE

The university has a working relationship with IITA (International Institute of Tropical Agriculture, Ibadan) through an executed MOU. IITA has a mandate in Soya beans 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 400hectares of soya 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 sugar extraction equipment from BOI (Bank of Industry) at the rate of 9% . The cooperative will also seek a grant from the United State Africa Development Foundation(USADF). The University has a 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 the 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 outgrower schemes.

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 Flour Mill of Nigeria Limited, Obasanjo Farms Ltd, Animal Care, Amo Farms, Farm Support and others. The sugar 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: edible oil for human, soya cake for the livestock industry, soya sludge for paint and cosmetics industries in South East.

**Competition analysis**

Benue State alone produced 44% of national output between1999 and 2017. Kaduna State followed with 27% of national output within the period. Taraba, Plateau, Kano, Niger and katsina produced 6% and below in the period. The seven state mentioned above produced 94% of national output within the period. The only places where significant production took place in South West, Nigeria was in Saki West L.G.A. in Oyo State and Akure North L.G.A in Ondo State. Based on this above analysis, competition in terms of production in South West, Nigeria is non- existent Compare to the demand for produce.

**Tariff and Import Restriction**

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

**Market Potential**

There is strong demand for soyabean and soyabean derivatives in the Southern part of Nigeria. The state of infrastructure though not perfect still supports production and trade within Nigeria.