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**Course code; Afe 202 ( food security)**

*A FEASIBILITY REPORT / BUSINESS PLAN FOR THE DEVELOPMENT  
OF A THREE HUNDRED HECTARES CASSAVA PLANTATION AT  
PRESENTATION NATIONAL HIGH SCHOOL, BENIN CITY, EDO  
STATE, NIGERIA BY JACKSONABARA AGRIBUSINESS VENTURES  
AND CONSULTANCY CONFIDENTIALITY AGREEMENT .*

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## **EXECUTIVE SUMMARY/ PROJECT DESCRIPTION .**

JacksonAbara agribusiness, is a registered commercial farm that will be based in the outskirts of Ibadan, Nigeria. We have done our detailed market research and feasibility studies and we were able to secure a well – situated and suitable farm land to start our commercial cassava farming.

This business plan examines the feasibility of the development of a three hundred hectares cassava plantation. The farm will produce up to 1,500 tonnes of garri in a production cycle. Our cassava farm is a standard farm hence will be involved in commercial cultivation, processing and packaging. We will be involved in both organic commercial cassava farming and non – organic commercial cassava farming .We put plans in place that have helped us launch a standard and world – class cassava processing plant within the first three years of officially running JacksonAbara agribusiness . We will process and package the cassava and ensure that they flood the market both in the Nigeria and in other countries of the world. We want to compete with the best in the industry, which is why asides from the fact that we have

secured the required farm land and most of the farming equipment and machines, we have also hired some key employees who are currently undergoing training so as to fit into the ideal picture of the 21st century commercial cassava farm workforce that we want to build.

We are in the commercial cassava farming business because we want to leverage on the vast opportunities available in the commercial farming industry to contribute our quota in growing the Nigerian economy, in national food production, raw materials production for industries, to export agriculture produce from Nigeria to other countries and over and above to make profit. JacksonAbara agribusiness is well positioned to become one of the leading commercial cassava farms in the Nigeria, which is why we have been able to source for the best hands and farm machinery to run the farm with. We have put processes and strategies in place that will help us employ best practices when it comes to commercial cassava farming as required by the regulating bodies in the Nigeria.

The plantation will process about 3000 tonnes of cassava into flour, animal feed, starches for sizing paper and textiles, alcohol and other bio degradable products. There is high demand for these products as almost every person in Africa eats around 80kg of cassava per year and about 37% of dietary energy comes from cassava. This project will create economic opportunities for the people as it is a big one. Major states of cassava production are currently Anambra and Delta states. This project seeks to make EDO state one of the major states. It will bring great income for sponsors and investors.

We are in this line of business to make profits and we will ensure that we do all that is allowed by the law of Nigeria to achieve our business goals and objectives. These are the areas we will concentrate on in our commercial cassava farm. If need arises we will definitely cultivate related crops. Our vision is to become one of the leading commercial cassava farms and cassava processing and packing brand not just in Nigeria but also on the global stage.

## **SPONSORSHIP.**

JacksonAbara agribusiness is a family business that is owned by Dr (Mrs) JacksonAbara Emmanuella and her immediate family members. Emmanuella has worked with some of the leading commercial farms and food processing plants in Nigeria; she has a degree (B.Sc.) in Agricultural Science from Afe Babalola University and is one of the major sponsors of the project.

The principal, Rev. Sister Elizabeth Uchendu, a member of the sisters of the sacred heart (SSH) will also be a sponsor and will be aided by other members of the SSH who have the intention to promote agriculture as a respected profession in Edo state and the world at large. JacksonAbara agribusiness ventures and consultancy will be responsible for the management consultancy of the project.

## **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.

JacksonAbara agribusiness is a commercial farming business that intends on starting small in Ibadan, but hopes to grow big in order to compete favourably with leading commercial cassava farms in the commercial farming industry both in Nigeria and on the global stage. We are aware of the importance of building a solid business structure that can support the picture of the kind of world class business we want to own. For this reason, we are committed to only hire the best hands in and around Nigeria.

At JacksonAbara agribusiness, we will ensure that we hire people that are qualified, hardworking, dedicated, customer centric and ready to work to help us build a prosperous business that will benefit all the stake holders (the owners, workforce, and customers).The Managing Director/President shall be responsible for the co-ordination of the day to day management of the project. She is accountable to the Board of Directors and will mobilise organization resources to achieve set goals. She will manage business risks and focus on wealth creation.

### **TECHNICAL ASSISTANCE.**

JacksonAbara agribusiness has a working relationship with Bank of Agriculture and they have agreed to finance production of the three hundred hectares of cassava plantation through a loan at 9% interest rate (anchor borrower's scheme) given to the cooperative. We also have a working relationship with the International Institute of Tropical Agriculture, Ibadan(IITA) through an executed MOU. IITA has mandate in cassava production and processing and will provide technical assistance in this regard.

Presentation national high school will fund the processing factory and access finance for the garri extraction equipment from the bank of industry at an interest rate of 9%. The headquarters of the first bank of Nigeria, Lagos state will also be approached for loan for the purpose of land clearing as the school has a working relationship with them also. The farmers union of Ugbekun, Benin city have also agreed to provide technical assistance in the area of land clearing as they claim the principal has been of good nature to them.

The school has working relationships with and linkages to industry players in the project area who will off-take 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 starches for sizing textile will be sold through cooperatives and other distribution channels to both small and large scale textile industries.

## **MARKET AND SALES.**

Our sales and marketing team will be recruited based on their vast experience in the industry and they will be trained on a regular basis so as to be well equipped to meet their targets and the overall goal of the organization. We want to build a standard and world – class cassava farm that will leverage on word of mouth advertisement from satisfied clients (both individuals and businesses). We are quite aware that the reason why some commercial cassava farms hardly make good profit is their inability to sell off their cassava as at when due. Cassava is highly perishable and begins to spoil after 48-72hours after harvest time after harvest. If they are not sold or processed, they will no longer be good for direct consumption. In view of that, we decided to set up a standard corn processing plant to help us maximise profits.

Over and above, we have perfected our sales and marketing strategies first by networking with agriculture merchants and companies that rely on cassava as their major raw material. In summary, JacksonAbara agribusiness will adopt the following strategies in marketing our commercial cassava farm produce;

- Introduce our business by sending introductory letters alongside our brochure to stakeholders in the agriculture industry, grocery stores, cassava merchants, hotels, production companies that rely on supply of cassava as raw materials and cassava processing plants..
- Advertise our business in agriculture and food related magazines and websites
- List our commercial cassava farm on yellow pages ads
- Attend related agriculture and food expos, seminars, and business fairs.
- Leverage on the internet to promote our business
- Engage in direct marketing

- Encourage the use of word of mouth marketing (referrals).

## **COMPETITION ANALYSIS.**

The truth is that, it is easier to find entrepreneurs flocking towards an industry that is known to generate consistent income which is why there are more commercial farmers in Nigeria and of course in most parts of the world. As a matter of fact, entrepreneurs are encouraged by the government to embrace commercial farming. This is so because part of the success of any nation is her ability to cultivate her own food and also export foods to other nations of the world.

Benue and Kogi states are the largest producers of cassava in Nigeria, north central zone. Over 90 percent of cassava cultivation in Nigeria is cultivated by small-holder farmers (DADTCO, 2012). In Nigeria, cassava production is widespread across all regions of the country although the highest producing states in 2010 were Benue, Kogi and Taraba. producing respectively 3,788, 2,988, and 2,730 tonnes of cassava per year. Based on this above analysis, competition in terms of production in South South, Nigeria is almost non-existent. Compare to the demand for produce.

Jackson Abara agribusiness is fully aware that there are competitions when it comes to selling commercial farm produce including cassava all over the globe, which is why we decided to carry out thorough research so as to know how to take advantage of the available market in Nigeria and in other parts of the world.

We have done our homework and we have been able to highlight some factors that will give us competitive advantage in the marketplace; some of the factors are effective and reliable cassava farming processes that can help us sell our produce at competitive prices, good network and excellent relationship management.

Another competitive advantage that we are bringing to the industry is the fact that we have designed our business in such a way that we will operate an all – round standard commercial cassava farm that will also include a processing plant. With this, we will be able to take advantage of all the available opportunities within the industry. Lastly, our employees will be well taken care of, and their welfare package will be among the best within our category (start – ups commercial cassava farms) in the industry meaning that they will be more than willing to build the business with us, help deliver our set goals and achieve all our aims and objectives.

### **TARIFF AND IMPORT RESTRICTIONS.**

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

### **MARKET POTENTIAL.**

The cassava farming industry is indeed a very large industry and pretty much thriving in all parts of the world especially in developed countries which developing countries depends on. Therefore, having such industry in Nigeria will have a huge impact in the country's economy. There is strong demand for cassava and cassava derivatives in the Southern part of 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 could affect yield and profitability. However, technical,



scientific and financial based solutions will be employed to hedge against risks and safeguard profit. Irrigation option will be factored in to ensure two cycle of production in a year.

## **TECHNICAL FEASIBILITY.**

The project is technically feasible. In terms of technology, the industrial processes are simple and a specialist in garri extraction with more than 20years experience is part of our team. The needed equipment for oil extraction are readily available and our experts have hand on experience in the usage and maintenance of the equipment. If you want to get the right pricing for your farm produce, then you should ensure that you choose a good location for your commercial farm, choose a good breed/seed that will guarantee bountiful harvest, cut the cost of running your farm to the barest minimum and of course try as much as possible to attract buyers to your farm as against taking your farm produce to the market to source for buyers; with this, you would have successfully eliminated the cost of transporting your harvest to the market and other logistics.

We are quite aware that one of the easiest means of penetrating the market and acquiring loads of customers for all our cassava is to sell them at competitive prices hence we will do all we can to ensure that the prices of our corn are going to be what other commercial cassava farmers would look towards beating. One thing is certain, the nature of commercial farming makes it possible for farmers to place prices for their farm produce based on their discretion without following the benchmark in the industry. The truth is that it is one of the means of avoiding running into a loss is the earlier you sell off your harvested cassava, the better for your business.

**Payment Options:** The payment policy adopted by Jackson Abara agribusiness, is all inclusive because we are quite aware that different customers prefer different payment options as it suits

them but at the same time, we will ensure that we abide by the financial rules and regulation of Nigeria.

Here are the payment options that Jackson Abara agribusiness will make available to her clients;

- Payment via bank transfer
- Payment with cash
- Payment via online bank transfer
- Payment via cheque
- Payment via Point of Sale Machines (POS Machines)
- Payment via mobile money transfer
- Payment via bank draft

In view of the above, we have chosen banking platforms that will enable our clients make payment for farm produce purchase without any stress on their part. Our bank account numbers will be made available on our website and promotional materials.

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 within three years of farm operations.

## **GOVERNMENT SUPPORT AND REGULATIONS.**

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.

## **PROJECT TIMELINE.**

The project will be completed within 6months preferably between November, 2019 to April, 2020 because land clearing is mostly done in the dry season.

## **ESTIMATED PROJECT COSTS AND REVENUE.**

When it comes to calculating the cost of starting a commercial cassava farm with a garri processing plant, there are some key factors that should serve as a guide. Factors such as the capacity of garri processing plant you want to own and the size of the commercial cassava farm. Besides, in setting up any business, the amount or cost will depend on the approach and scale you want to undertake. If you intend to start a world – class commercial farm, then you would need a good amount of capital as you would need to ensure that your employees are well taken care of, and that your farm is conducive enough for workers to be creative and productive.

This means that the start-up can either be low or high depending on your goals, visions and aspirations for your business. The tools and equipment that will be used are nearly the same cost everywhere, and any difference in prices would be minimal and can be overlooked. As for the detailed cost analysis for starting a commercial cassava farm; it might differ in other countries due to the value of their money. Below are some of the basic areas we will spend our start – up capital in setting up our commercial cassava farm;

With currency conversion rate: ₦360.00 to 1USD;

- The total fee for incorporating the business in United States of America – \$1000

- The total cost for payment of insurance policy covers (general liability, workers' compensation and property casualty) at a total premium – \$9,400
- The amount needed to acquire/lease a farm land – \$50,000
- The amount required for preparing the farm land – \$70,000
- The cost for acquiring the required working tools and equipment/machines/fencing et al – \$10,000
- The amount required for purchase of the first set of cassava stakes et al – \$50,000
- The amount required to set up a standard cassava processing plant within the farm facility – \$100,000
- Operational cost for the first 3 months (salaries of employees, payments of bills et al) – \$40,000
- The cost of launching an official website – \$600
- The amount required for payment of workers for a period of 3 months – \$100,000
- Additional Expenditure (Business cards, Signage, Adverts and Promotions et al) – \$2,000

Going by the report from detailed research and feasibility studies conducted, we will need an average of \$500,000 to start a standard commercial cassava farm with corn processing plant business in the United States of America. These are some of the equipment that we would need to fully launch our commercial cassava farm,

- Tractor
- Soil cultivator
- Plough
- Harrow (e.g. Spike harrow, Drag harrow, Disk harrow)
- Stone / Rock / Debris removal implement (e.g. Destoner , Rock windrow / rock rake, Stone picker / picker)
- Broadcast seeder (alternatively: broadcast spreader, fertilizer spreader or Air seeder)

- Planter
- Plastic mulch layer
- Transplanter
- Sprinkler system irrigation
- Mower
- Sickle
- Wheel Barrow
- Truck

Basically, the nature of commercial cassava farms does not require an office space; most people that run commercial farms operate directly from their farms. But we have decided to open a small liaison office; a place where administrative jobs will be carried out on behalf of the business.

## **FUNDING MECHANISM.**

Presentation National High School (PNHS) will provide three hundred hectares of cleared farmland around the school and lease it to members of the cooperative. PNHS will also lease 6,000MT capacity silo as equity contribution. Equity investor to provide equity for equipment and vehicles purchase where possible equity investor to provide equity for working capital or otherwise secure loan at the rate of 9% through government intervention window at the Bank of Agriculture, Bank of Industry and Commercial banks.

We have also been able to generate about \$100,000 (Personal savings \$80,000 and soft loan from family members \$20,000) and we are at the final stages of obtaining a loan facility of \$400,000 from our bank. All the papers and documents have been duly signed and submitted, the loan has been approved and any moment from now our account will be credited.

## **CONCLUSION.**

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