

NAME: EBIAI ONOME

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**COURSE TITLE: INTRODUCTION TO
ENTREPRENEURSHIP**

QUESTION

**USING A COMPANY OR BUSINESS OF YOUR CHOICE,
WRITE A GOOD AND CUSTOMISED BUSINESS PLAN,
COVERING ALL RELEVANT ASPECTS AND
ANALYSES.**

A FEASIBILITY REPORT / BUSINESS PLAN FOR THE DEVELOPMENT OF A FOUR HUNDRED HECTARES MAIZE PLANTATION AND ESTABLISHMENT OF 20 TONNES PER DAY CAPACITY MAIZE OIL EXTRACTION PLANT AT UNIVERSITY OF LAGOS, LAGOS, NIGERIA BY BENDEL AGRIBUSINESS VENTURES AND CONSULTANCY CONFIDENTIALITY AGREEMENT

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Signature:

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CONTENTS OF A FEASIBILITY REPORT

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Executive Summary/ Project Description

This business plan examines the feasibility of and indeed economic viability of the development of a 400hectares Maize plantation and the establishment of a Maize oil extraction plant in Lagos by University of Lagos and Lagos Farmer's Cooperative Society Limited. The farm will produce about 1,200tonnes of Maize in a production cycle. The Maize oil extraction plant will process about 4,200tonnes of Maize into edible Maize oil, Maize cake for livestock industry and Maize sludge for soap, cosmetics and paint industry. There is high domestic demand for these products because of our huge population and production constraints leading to shortage of the commodity. Production is currently popular in the Akwa Ibom State and Delta State as the lead producers. Nigeria imports significant quantity of Maize and its derivatives to augment domestic shortages.

The proposed project will create economic opportunities, impact positively on the people and help conserve scarce foreign exchange. The entire maize to be processed will be sourced locally through direct production, contract farming in Akwa Ibom 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 Mr Curtis Adebrenro, a legal luminary and founder of a small University. Mr Curtis Adebrenro is promoting the productivity of smallholder farmers in Lagos through the Lagos state Farmer's Cooperative Limited. The University has a Department of Agriculture and experts with many years of experience in the project being proposed. Bendel

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) through an executed MOU. IITA has 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 with the founder appreciate Lagos Farmers through monetary award to the best 3farmers in each local government area of the 20 L.G.A in Lagos State and the overall best farmer in the state. Bank of Agriculture has agreed to finance production of the 400hectares of Maize 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 soyaoil extraction 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 Lagos State Government, Lagos 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 scheme.

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 soya oil will be sold through cooperatives and other distribution channels. The Maize sludge will be sold to players in the paints and cosmetics industry.

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, Maize cake for the livestock industry, Maize sludge for paint and cosmetics industries in South East.

Competition analysis

Benue State alone produced 22% of national output between 1999 and 2017. Kaduna State followed with 16.5% of national output within the period. Taraba, Plateau, Kano, Niger and Katsina produced 3% and below in the period. The seven states mentioned above produced 47% 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 Akwa Ibom North L.G.A. Based on this above analysis, competition in terms of production in South West, Nigeria is non-existent compared 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 Maize and Maize 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 projects (production of Maize and Maize oil extraction) are technically feasible. In terms of technology, which involve the crushing of Maize seed and extraction of oil, the industrial processes are simple and a specialist in oil 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.

On the Maize 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 Lagos 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.

The major competitors in the South West are GRAND CEREALS and JOF with the Grand Soya oil brand and Executive Chef brand. Grand Cereal has an installed capacity of 120tonnes per day in Akure and 100tonnes per day in Jos While JOF has a capacity of 150tonnes per day in Lagos, Lagos farms will target a market niche and penetrate through cooperative societies to make our brand popular. From our analysis, integration of production and processing will give us a competitive advantage.

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 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.

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.

7.0 Estimated Project Costs and Revenue

Fixed Cost

(A) Land Clearing

Activity	QTY	₦	K
Land Clearing	1Hectare	460,000	00
Cross cutting	1Hectare	40,000	00
Rome ploughing	1Hectare	100,000	00

Sub total	1Hectare	600,000	00
Total	400 Hectare	240,000,000	00

(B) Equipment

Name	QTY	MODEL	USD	₱	K
Tractor	1	YTO-904(90hp)	48,900	14,670,000	00
Disc harrow	1	IBJ- 3.0	7,040	2,112,000	00
Sub soiler	1	IS-200G	6,500	1,950,000	00
Soy seeder	1	2BFY-6C	9,900	2,970,000	00
Tripper	1	7CX-8T	18,900	5,670,000	00
Combine Harvester	1	4YZ-6	207,000	62,100,000	00
Boom sprayer	1	3W-1000L-18	13,900	4,170,000	00
Front loader	1	TZ10D	13,140	3,942,000	00
Sub total			325,280	97,584,000	00

(C) Vehicle

Type	Model	QTY	₱	K
Pick up Truck	HILUX	4	120,000,000	: 00

(D) Irrigation

Type	QTY	Model	USD	₱	K
Hose Reel	1	140 – 440MT	56,372	16,911,600:	00

Operating Cost

Working Capital		
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	₦	K
Ploughing/Ha	30,000	00
Harrowing/Ha	20,000	00
Sub total	50,000	00
For 400 Ha	40,000,000	00
Mechanization and storage	210,000	00
For 400Ha	168,000,000	00
Input / Ha	183,650	00
For 400Ha	73,460,000	00
Area yield insurance	27,000	00
Produce aggregation	11,000	00
Geo Spatial Service	9,000	00
Sub total	47,000	00
For 400Ha	37,600,000	00
Interest per hectare	44,158	25
For 400Ha	17,663,200	00
Total cost per hectare	490,650	00
Total cost for 400Ha	196,260,000	00
Loan principal and interest (cost per Hectare)	534,808	25
Total for 400Ha	213,923,200	00

Irrigation cost for 400Ha (excluding fixed cost)	48,036,240	00
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Amortization

	₦	K
Land clearing amortization (per hectare)	60,000	: 00
Land clearing amortization (400hectare)	24,000,000	: 00

REVENUE

Yield per hectare 3tonnes@ ₦145000 per tonne		
	₦	K
Revenue per hectare	870,000	: 00
For 400Ha	348,000,000:	00
Net revenue for 400Ha(without amortization)	134,076,600 :	00
Net revenue with amortization(400ha clearing)	110,076,600 :	00
2nd Production Cycle		
Net revenue	86,040,360:	00
Net revenue with amortization(400ha land)		
Annual Net Revenue (1st + 2nd Cycle)	196,116,960 :	00

Currency conversion rate:₦300.00 to 1USD

Funding Mechanism

UNILAG will provide 400Ha of cleared farmland around the university and lease it to members of the cooperative. UNILAG 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.

Conclusion

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