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**MATRIC NUMBER: 18/LAW01/185**

**LEVEL: 200**

**COURSE CODE: AFE 202**

**ASSIGNMENT**

Prepare a business plan on a chosen agricultural enterprise following the guideline in the note

**ANSWER**

A FEASIBILITY REPORT/BUSINESS PLAN FOR THE DEVELOPMENT OF A THREE HUNDRED HECTARES OIL PALM PLANTATION AND THE ESTABLISHMENT OF 20 TONNES PER DAY CAPACITY PALM OIL EXTRACTION PLANT AT ONDO STATE BY MARJOKE OIL PALM COMPANY.

The undersigned reader acknowledges that the information provided in this business plan is a confidential intellectual property; therefore the reader agrees not to disclose it to a third party without the express written permission of the promoters of the proposed 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. Upon request, this document is to be immediately returned to the promoters of the proposed business.

Signature

Name

Date

**CONTENTS OF A FEASIBILITY REPORT**

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10. **Executive Summary/Project Description**

This business plan examines the feasibility of and indeed economic viability of the development of a 300 hectares oil palm planation and the establishment of an oil palm extraction plant in Ondo State by Marjoke Oil Palm Company The farm will produce 1200 TONES OF OIL PALM in a production cycle. The oil palm extraction plant will process about 3000 tons of oil palm into edible palm oil, palm kernel, palm kernel cake, ashes, brown soap, cosmetics and lubricants. There is high domestic demand for these products because of our high population and production constraints leading to shortage of this commodity. Production of the oil palm is currently popular in the South East zone and the Niger Delta areas. There are three varieties of oil palm in Nigeria which includes Dura, Pisifera and Tenera. However, we prefer the hybrid Tenera which is a crossbreed of the Dura (Female) and the Pisifera (Male). The fruit of the Tenera variety contains 25% oil, by weight, and the Dura variety 18%, so the same amount of Tenera can yield 30% more oil than the equivalent fruit of the Dura.

This proposed project will create more economic opportunities and it will impact positively on the people. It will also conserve foreign exchange. The oil palm will be sourced locally through direct production, contract farming in Ondo State and direct purchase from small holder farmers in other production areas. This project will improve the income of farmers and contribute to food security. It will also generate satisfactory returns for sponsors and investors.

1. **Sponsorship**

This project is sponsored by the Foundation for Partnership Initiatives in Niger Delta (PIND) and Okitipupa Oil Palm Plc. Marjoke Oil Palm Company will be responsible for the management consultancy of the projects

1. **Management**

This company will hire people who are qualified, honest, and hardworking and are ready to work to help build a prosperous company that will help benefit the stake holders. This company is going to hire qualified and competent people to occupy the following positions which includes:

1. **A Chief Executive Officer which is going to be occupied by the Owner of the business**: He would be responsible for fixing prices and signing business deals. He leads the development and implementation of the overall organization’s strategy. He also increases management’s effectiveness by recruiting competent individuals. He is also responsible for signing checks and documents on behalf of the company and evaluates the success of the organization.
2. **General Farm Manager**: He will be responsible for the planning, Managing and coordination of all farm activities across the various sections on behalf of the organization. He will also oversee the smooth running of the daily farming activities across the various farming sections.
3. **Human Resources and Administration Manager**: He is responsible for overseeing the smooth running of human resources and administrative tasks for the organization. He is responsible for training, evaluation and assessment of employees.
4. **Sales and Marketing Officer**: He will manage external research and coordinate all the internal sources of information to retain the organization’s best customers and attract new ones. He will also help to increase sales and growth for the company.
5. **Palm Oil Processing Plant Casual Workers**; They would be responsible for operating the palm oil processing equipment and will handle any other duty as assigned by the palm oil processing plant manager.
6. **Accountants/Cashier**: They will be responsible for preparing financial reports, budgets and financial statements for the organization. They will also be responsible for financial forecasting and risk analysis. They will handle all financial transactions for the organization and also serve as an internal auditor for the organization.
7. **Field workers**: They will be responsible for preparing farm lands for oil palm cultivation and shall handle any other duties as assigned by the line manager. They will also assist in transporting work tools and equipment to the farm and back to the designated store room.
8. **Technical Assistance**

Marjoke Oil Palm Company has a relationship with the Nigerian Institute for Oil Palm Research and their mandate is to conduct research into the production and products of oil palm and other palms of economic importance and transfer its research findings to farmers. They will provide the technical assistance needed.

1. **Market and Sales**

The palm oil is used for food consumption, its palm kernel is used wither as a high-protein feed for dairy cattle or burned in boilers to generate electricity for palm oil mills and surrounding villages. We are planning to position our business in locations and communities where we can have access to arable farmland sand cheap labor. We are planning to produce for the local market and international market. Its sale is mostly going to be to the South West and Eastern part of Nigeria.

1. **Competition Analysis**

There are other established palm oil companies in Ondo state and there are other entrepreneurs who are likely going to launch similar business in Ondo State. Our main aim is to be the largest exporting palm oil company in Nigeria. We are going to be one of the few oil palm plantations with a standard palm oil processing plant in Ondo State. We will also engage in wholesale distribution. Also, we have a robust distribution network, the latest oil palm cultivation and processing tools and an excellent customer service culture which will count as a strong strength for the business.

1. **Tariff and Import Restrictions**

The Nigerian government had imported a 35% tariff (10% duty and 20% levy) on palm oil imports into the country and crude palm oil has also been listed on the Federal Government 41 items restricted from forex access.

1. **Market Potential**

There is a high demand for palm oil and oil palm derivatives in the Eastern and Western part of Nigeria. Even if the state of infrastructure is not perfect, it still supports production and trade within Nigeria.

1. **Profitability**

Some factors that could affect profitability includes water, sunlight, weather condition, pests (Rhinoceros beetle, red palm weevil, mealy bug aphids), diseases (Anthracnose, basal trunk rot, spear) etc. but solutions would be employed against risks and safeguard profits.

1. **Technical feasibility**

The project which is oil palm production is technically feasible. In terms of technology, which involve the crushing of oil pam 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 oil palm production, we have specialists in mechanization, farm management, crop production, weed science, market development, agricultural 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 at Okitipupa 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 is Okomu Oil Palm Company. Marjoke Oil Palm Company 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.

1. **Government Support and Regulation**

The project conform to the economic diversification objective of the government. It also supports foreign exchange and import reduction conservation of government. It creates economic opportunities, market access, and 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 favorable 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.

1. **Project Timeline**

It will take at least four years for the first harvest to be done after planting but the project will begin in June 2021.

**ESTIMATED PROJECT COST AND REVENUE**

1. **LAND CLEARING**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Activity** | **QTY** | **₦** | **K** |  |  |  |
| Land Clearing | 1Hectare | 200,000 | 00 |  |  |  |
| Cross cutting | 1Hectare | 15,000 | 00 |  |  |  |
| Rome ploughing | 1Hectare | 40,000 | 00 |  |  |  |
| **Sub total** | 1Hectare | **255,000** | **00** |  |  |  |
| **Total** | 300 Hectare | **12,215,000** | **00** |  |  |  |

B) **EQUIPMENT**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **NAME** | **QUANTITY** | **PRICE(₦)** | **K** |
| 1 | THRESHER | 1 | 15,000 | 00 |
| 2 | BOILER | 1 | 200,000 | 00 |
| 3 | DIGESTER | 1 | 75,000 | 00 |
| 4 | FIBRE SEPERATOR | 1 | 100,000 | 00 |
| 5 | PRESSERS | 1 | 850,000 | 00 |
| 6  | PALM KERNEL NUT CRUSHER AND SEPERATORS | 1 | 250,000 | 00 |
| 7 | STORAGE TANK | 1 | 30,000 | 00 |
| 8 | OVERHEAD WATER TANK AND WATER PUMP | 1 | 400,000 | 00 |
| 9 | DIESEL GENERATOR | 1 | 3,600,000 | 00 |
| 10 | STERILIZING EQUIPMENT | 1 | 500,000 | 00 |
|  | SUB TOTAL |  | 6,020,000 | 00 |

C) **VEHICLE**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| S/N | **NAME** | **QUANITITY** | **PRICE(₦)**  | **K** |
| 1 | TRUCK “PICK-UP” | 2 | 6,300,000 | 00 |
| 2 | TOYOTA CAR | 2 | 2,800,000 | 00 |
| 3 | MANUAL CARTS | 5 | 150,000 | 00 |
|  | SUBTOTAL |  | 9,250,000 | 00 |

D**) OPERATING COST**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **ACTIVITY** | **PRICE(₦)** | **K** |
| 1 | OIL MILL |  |  |
| - | 3 MILL OPERATORS | 980,000 | 00 |
| - | RAW MATERIALS | 400,000 | 00 |
| - | 3 CASUAL LABOURS  | 500,000 | 00 |
| - | UTILITIES | 200,000 | 00 |
| - | **TOTAL** | 2,080,000 | 00 |
| 2 | ADMINISTERATION |  |  |
| - | 3 STAFF | 500,000 | 00 |
| - | 2 DRIVERS | 300,000 | 00 |
| - | 3 SECURITY MEN | 400,000 | 00 |
| - | UTILITIES | 150,000 | 00 |
| - | PROFESSIONAL FEES | 150,000 | 00 |
| - | **SUB TOTAL** | 1,500,000 | 00 |
| 3 | MARKETING |  |  |
| - | PACKAGING | 90,000 | 00 |
| - | LABEL | 20,000 | 00 |
| - | 2 CASUAL WORKERS | 200,000 | 00 |
| - | UTILITIES | 150,000 | 00 |
| - | **SUBTOTAL** | 460,000 | 00 |
|  |  |  |  |
|  |

E) **AMORTIZATION**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **ACTIVITY** | **PRICE(₦)** | **K** |
| 1 | ADMIN AND FACTORY STAFF SALARIES | 3,000,000 | 00 |
| 2 | INCOPORATION EXPENSE | 150,000 | 00 |
| 3 | UTILITIES AND OTHERS | 500,000 | 00 |
| 4 | MISCELLANEOUS EXPENSES | 150,000 | 00 |
|  | **SUB TOTAL** | 3,800,000 | 00 |
|  |  |  |  |

F) **REVENUE**

|  |  |  |
| --- | --- | --- |
|  |  |  |
| YIELD | 6 TONES |  |
| YIELD IN LITRES | 8,436 |  |
| VALUE IN NAIRA @₦12,,000/25LTR | 4,049,280 |  |

1. **Funding Mechanism**

This project will be funded by Marjoke Oil Palm owner. We will also generate part of the startup capital from personal savings and sale of stocks. We are also planning to apply for a loan from the Bank of Industry, Fidelity Bank Plc. and some friends who are willing to be investors in the business.

1. **Conclusion**

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