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BUSINESS PLAN FOR THE DEVELOPMENT OF A FIVE HUNDRED HECTARES COCONUT PLANTATION AND THE ESTABLISHMENT OF A THIRTY TONNES PER DAY CAPACITY COCONUT EXTRACTION PLANT AT MINI FARMS, BADAGARY, LAGOS STATE, NIGERIA BY JAY AND DEES AGRIBUSINESS VENTURES AND CONSULTANCY CONFIDENTIALITY AGREEMENT.

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PROJECT DESCRIPTION

This business plan examines the possibility of an economic success of the development of a five hundred (500) hectares coconut plantation and the

establishment of a coconut extraction plant in Mini Farms and Jay's Farm Cooperative Society Limited. The farm will focus on the production of about 1500 tonnes of coconut in a production society. The coconut extraction plant will be focused on the processing of about 3,000 tonnes of coconut into coconut milk, coconut chips, coconut candy, coconut extract, and both edible and cosmetic coconut oil. The produce of the coconut will also be used as raw materials in Mini Industries for the production of hair products. The main focus of production will be both on beauty and food industry. Coconut production is tropical and seasonal, so the incorporation of production of hair and beauty products with coconut extract and oil will keep our products in high demand even after the coconut season.

The project will create job opportunities, generate revenue, help conserve foreign exchange and help improve the beauty and cosmetic industry. The whole production and farming of coconuts will be done locally through direct production and by the employed farmers at Mini Farms. This project will create market access, provide opportunities for more farmers to be employed, improve company revenue in Mini Farms and also aid the branching of Mini Farms into cosmetic and beauty industries.

SPONSORSHIP

This project is sponsored by Jay Bamidele, a Civil Engineer and owner of Jay's Farm, a large livestock and fish farm in Nigeria. Mr Jay promotes the productivity of large farms and start up farms in Badagary through his Jay's Farm Cooperative Society Limited. The cooperation funds and invests in large scale farming and has years of experience with notable success around the state. Jay and Dees Agribusiness Ventures and Consultancy will be responsible for management consultancy of the project.

MANAGEMENT

The management of this project will comprise of an elected Board of Directors at the apex of the organization structure. The major objective of the board is to give strategic directions and policies that will ensure the long term success of the business. The board will also be make sure that the business complies with all

standard set rules by the authorities.

The Managing Director will be responsible for the organisation and coordination of the daily management of the business. He will also be responsible for the mobilization of resources, management of risks, wealth creation and ensuring the set goals are achieved. He is accountable to the Board of Directors.

TECHNICAL ASSISTANCE

Mr Jay's livestock and fish farm has a professional relationship with the Bank of Agriculture and have both worked on profitable projects together. This in turn, has led the bank in agreeing the finance the production of 500 hectares of coconut through a loan at a 9% interest rate.

Mr Jay's Farm also has a professional relationship with International Institute of Tropical Agriculture through his investment in agricultural businesses. The IITA will provide technical support in the production of coconut a tropical fruit.

Jay's Farm Cooperative Society Limited will fund the processing factory and access finance from Mr Jay's investments. The cooperative will also fund production through contract farming.

Mini Farms has working relationships with commercial banks and will approach one for a loan application which will be used to clear lands that will be leases to the member of the cooperative. Mini Farms also have working relationship with industry players who will oversee products through purchase and sales contract agreement. The coconut will be sold through cooperative society to local traders in the state and the coconut products will be sold in the beauty, food and health industry.

MARKETING AND SALES

Market Orientation: South West, South East, South South, Nigeria.

Market Share: 6% niche market in South West, South East, Nigeria.

Users of Products: Edible milk, chips, oil and candy for humans, Coconut extract for bakers, caterers and chefs and Coconut oil and extract for hair products and skin care products.

COMPETITION ANALYSIS

Majority of coconut plantation in Nigeria is located in the Northern part of the country. The other important location involved in the production of coconut is Lagos State and Rivers State. Based on the analysis of the locations of coconut plantations in the country and production, the demand of this produce is more in the south west and number of plantations are few hence there is little competition.

TARRIF AND IMPORT RESTRICTION

Zero duty on imported agricultural equipment and forex restriction on food importation will be a great favour to the project under consideration.

MARKET POTENTIAL

There is a high demand of coconut and its produce in Nigeria. Its natural contents is highly beneficial for the human skin and hair growth. Hence, the targeted market and potential buyers will be the food, beauty and health market.

PROFITABILITY

Environmental, seasonal, biological, chemical and physical factors like sunlight, water, air, soil conditions and other risks could affect profitability. Therefore solutions based technical, scientific and financial methods will be used to risks will be reduced to its barest minimum and profits will be secured and maximized.

TECHNICAL FEASIBILITY

The projects i.e production of coconut oil, coconut candy, coconut chips and coconut milk are all technically feasible. In technological terms, breaking of the coconuts and extraction of the coconut oil, the industrial processes are easy as an oil extraction specialist with a fifteen years of experience in both industrial and

commercial oil extraction is a part of our team. The equipment have been made readily available by said specialist and other members of the extraction team are experts in the usage and maintenance of the equipment.

On the production of coconut milk, candy and chips, nutritionist, and other experts in this field have been made members of the team. They will forsee the production of these goods and ensure they are safe for consumption by the general public. Rules guiding the production of food in the country by the authorities will also be adhered to strictly.

Integration of production and processing will gives us a competitive advantage in the western region based on our analysis. In seeing to it that this project is a huge success, we have implemented the best international practices, sustainable production and consideration for the environment. Organic fertilizers will be used in place of chemicals in order to protect the environment.

GOVERNMENT SUPPORT AND REGULATION

This project will benefit from government intervention fund in the agricultural sector. It creates market access, improved income for farmers, support food security objective of the government and also creates economic opportunities. The project conform with the economic diversification objective of the government. It also supports foreign exchange and import reduction conservation of the government. Restriction of forex for all food products will also widen market opportunity. This project will also benefit from the favourable policy of zero duty of agricultural and equipment import. The project will also contribute greatly to employment, output increase, stable price and stable exchange rate.

PROJECT TIMELINE

The project will be completed in 7 years as it takes coconut about six years to reach full maturity and one year will be used for the processing and production of harvested coconut in large scale quantities. Preferably from 2020 to 2027

ESTIMATED PROJECT COST AND REVENUE

Fixed Cost

(A) Land Clearing

ACTIVITY	QUANTITY	NAIRA	K
Land Clearing	2 hectare	280,000	00
Cross Cutting	1 hectare	20,000	00
Rome Ploughing	1 hectare	50,000	00
Sub Total	1 hectare	300,000	00
Total	500 hectare	650,000	00

(B) Equipment

NAME	QUANTITY	MODEL	USD	NAIRA	K
TRACTOR	5	YTO-904(90HP)	25,000	9,000,000	00
DISC HARROW	4	IBL-3.0	5,000	1,800,000	00
SUB SOILER	4	IS-200G	5,000	1,800,000	00
TRIPPER	4	7CX-8T	10,000	3,600,000	00
COMBINE HARVESTER	4	4YZ-6	105,000	37,800,000	00
BOOM SPRAYER	4	3W-1000L-18	8,000	2,880,000	00
FRONT LEADER	4	TZ10D	8,750	3,150,000	00
SUB TOTAL			166,750	60,030,000	00

(C) VEHICLE

TYPE	MODEL	QUANTITY	NAIRA	K
PICK UP TRUCK	HILUX	4	60,000,000	00

(D) IRRIGATION

TYPE	QUANTITY	MODEL	USD	NAIRA	K
HOSE REEL	4	140-440MT	112,744	40,587,840	00

OPERATING COST

WORKING CAPITAL	NAIRA	K
Ploughing/ Ha	90,000	00
Harrowing/Ha	60,000	00
Sub Total	150,000	00
For 500 Ha	75,000,000	00
Mechanization and Storage	250,000	00
For 500 Ha	125,000,000	00
Input/Ha	95,000	00
For 500 Ha	47,500,00	00
Area yield insurance	50,000	00
Produce aggregation	7,000	00
Geo spatial service	5,000	00
Sub Total	62,000	00

For 500Ha	31,000,000	00
Interest per hectare	25,000	00
For 500Ha	12,500,000	00
Total cost per hectare	300,000	00
For 500Ha	150,000,000	00
Loan principle and interest	345,000	00
Total for 500Ha	172,500,00	00

AMORTIZATION

	Naira	K
Land clearing amortization (per hectare)	50,000	00
Land clearing amortization (500hectare)	25,000,000	

REVENUE

	Naira	K
Yield per hectare 3tonnes at 19,000 naira per tonne		
Revenue per hectare	500,000	00
For 500Ha	250,000,000	00
Net revenue for 500Ha (without amortization)	69,050,250	00
Net revenue with amortization (500Ha clearing)	57,050,500	00

2 nd Production Cycle		
Net revenue	53,300,190	00
Net revenue with amortization (500Ha land)	41,282,070	00
Annual Net Revenue	98,332,570	00

Current conversion rate: 360 naira to 1 USD

CONCLUSION

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