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| BUSINESS PLAN OF GROUNDNUT OIL | 2020/20212020/2021 |
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18/MHS02/079

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MHS, NURSING

 **FEASIBILITY REPORT**

A FEASIBILITY REPORT / BUSINESS PLAN FOR THE DEVELOPMENT OF A FIVE HUNDRED HECTARES GROUNDNUT PLANTATION AND ESTABLISHMENT OF 30 TONNES PER DAY CAPACITY GROUNDNUT OIL EXTRACTION PLANT AT MATILDA FARMING INC, AKURE , ONDO STATE, NIGERIA BY OG’S AGRIBUSINESS GROUPS AND CONSULTANCY CONFIDENTIALITY AGREEMENT

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**Executive Summary/ Project Description**

This business plan examines the feasibility of and indeed economic viability of the development of a 500hectares groundnut oil plantation and the establishment of a groundnut extraction plant in AKURE by MATILDA FARMING INC and OG’SAGRIBUSINESS GROUPS. The farm will produce about 2,000tonnes of groundnut in a production cycle. The groundnut nut oil extraction plant will process about 5000tonnes of groundnut into edible groundnut oil, BUTTER PASTE for diary industry through crashing method

The project will improve economic productivity such as employments .improve the foreign market in terms of exports. And adds values to the agricultural sector that has been neglected over the years in Nigeria.the entire production unit will be based on direct marketing to retailer and wholesaler Farmers around the state of ondo. the project will create easy access of the market making it easier for farmers to gain access to the products .the project will also improve overall production and income of various farmers and enterprises within Nigeria .with the success of the business through sponsorship and marketing will bring about investments from foreign and local investors .

**Sponsorship**

The project is sponsored by MR Maxwel Ogbe C.E.O of OG’S GROUPS . MR maxwel Ogbe is a philanthropist and has made it one of his key works in promoting and improving the agricultural sector in Nigeria and has started so by creating sponsorship in farming in the state of ondo through OG’S agribusiness ventures and has sponsored businesses in the agricultural sector. Matilda farming inc will be responsible for the the management of the project and distribution of the products.

**Management**

The management of the business will be legally separated from the people who run it .In the sense that the company will be owned by OG’S Groups but will be managed by Matilda farming inc .And the profit will be distributed between both parties at a specific ratio. A manager will be needed to ensure the smooth running of the business with compliance to the guides laid down by an independent body of board of directors that will be elected to see out the affairs of the manger .The manager will be made responsible for the fixation and management of staff and maintenance of the business.After ward it’s the job of the manger to create adequate reports at intervals to the board of directors.these reports can be done weekly or monthly.But most company adopt a monthly report .He will mange the business with the aim to achieve the desired goal set by the board .

**Technical Assistance**

OG’S group is a band of companies that specialize in different areas of business and over the years has gained a lot of allies in the business and political front .OG’s ventures is a subsidiary of OG’S group and with the help of its Allies in business such as zionbim farminex Nig Ltd which specializes in supplying and distribution of various farm products such as cassava cocoa groundnut oil and palm oil with there support products manufactured by Matilda inc will be supported and distributed through there marketing network . Also MR maxwel is also highly familiar with the ondo state government and has been given supported with over 500hectare of land so as to commence production..Also companies such as the Airgate farm which specializes in exportation of Agro products such as cashews cassava groundnut oil and diary products has reached out in support of to Help convey the groundnut products internationally .And a generous donation of various agricultural machinery and equipment were donated by the the agricultural for see foundation inc. with all these support and sponsorship there’s no doubt that the company will be a formidable power poin in the agricultural sector

**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, oil for the dairy industry, nuts and fresh oils cosmetics industries in South East.

**Competition analysis**

Nigeria is the largest groundnut producing country in West Africa, accounting for 51% of production in the region. The country contributes 10% of total global production and 39% that of Africa. Between 1956 and 1967, groundnut was the country’s most valuable single export crop, exemplified by the famous Kano groundnut pyramids. Groundnut is a major source of edible oil as well as livelihoods for small-scale farmers in Northern Nigeria. Being a labor-intensive crop, it generates employment for the rural poor. It is planted on about 34%

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of total cultivated area and contributes to 23% of household cash revenue. Groundnut products like oil and cake accounted for a significant percentage of total Nigerian export earnings. Before the fossil oil boom, groundnut was one of the major sources of revenue and foreign exchange earnings. However, in the post-1967 period, the combined effects of drought, increasing prevalence of diseases such as rust, leaf spots and groundnut rosette disease (GRD) have caused a decline in groundnut production. The total output of groundnut

in 1970 was 1.6 m tons, but fell to 0.47 m tons in 1980. Due to insufficient groundnut stocks, processors and marketers in Kano State source groundnut from as far as Chad Republic. The year-round demand for groundnut means farmers can increase production without any fear of market glut. Since 1984, production has been increasing at an estimated growth rate of 8%, resulting both from area expansion (6%) and increase in productivity of 2% (Ndjeunga and Ibro 2010).

Agroecologies for groundnut production in Nigeria: Traditional commercial groundnut producing areas encompass the Sahel, Sudan and derived savanna, Northern Guinea and most parts of the Southern Guinea vegetation zone. The major groundnut producing states are Kano, Katsina, Kaduna, Jigawa, Sokoto, Zamfara and Kebbi in the Northwest; Adamawa, Bauchi, Yobe and Borno in the Northeast; and Benue, Plateau, Taraba, Nasarawa, FCT Abuja, Kogi, Niger and Kwara in the Central Zone. T

**Tariff and Import Restriction**

Restrictions placed on the importation of various agricultural products which can be locally made will be favorable to the project .

**Market Potential**

There is strong demand for groundnut and groundnut oil 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 groundnut and groundnut nut oil extraction) are technically feasible. In terms of technology, which involve the crushing of groundnut 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 groundnut nut 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 company and generally in ondo 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 NIV AGRO LIMITED and MACMAT LIMITED with the Grand groundnut oil brand and Executive Chef brand. NIV AGRO has an installed capacity of 160tonnes per day in Lagos and 120tonnes per day in Jos While MACMAT has a capacity of 30tonnes per day in Akure, MATILDA FARMING INC arms 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 will improve economic productivity such as employments .improve the foreign market in terms of exports. And adds values to the agricultural sector that has been neglected over the years in Nigeria.the entire production unit will be based on direct marketing to retailer and wholesaler Farmers around the state of ondo. the project will create easy access of the market making it easier for farmers to gain access to the products .the project will also improve overall production and income of various farmers and enterprises within Nigeria .with the success of the business through sponsorship and marketing will bring about investments from foreign and local investors .

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 5months preferably between November, 2020 to April, 2021 because land clearing is mostly done in the dry season.

**7.0 Estimated Project Costs and Revenue**

**Fixed Cost**

1. **Land Clearing**

|  |  |  |  |
| --- | --- | --- | --- |
| **Activity** | **QTY** | **₦** | **K** |
| Land Clearing | 1Hectare | 230,000 | 00 |
| Cross cutting | 1Hectare | 20,000 | 00 |
| Rome ploughing | 1Hectare | 50,000 | 00 |
| **Sub total** | 1Hectare | **300,000** | **00** |
| **Total** | 500 Hectare | **120,000,000** | **00** |

**(B) Equipment**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name** | **QTY** | **MODEL** | **USD** | **₦** | **K** |
| Tractor | 1 | YTO-904(90hp) | 24,450  | 8,802,000  | 00 |
| Disc harrow  | 1 | IBJ- 3.0  | 3,520  | 1,267,200  | 00 |
| Sub soiler  | 1 | IS-200G  | 3,250  | 1,170,000  | 00 |
| Soy seeder  | 1 | 2BFY-6C  | 4,950  | 1,782,000  | 00 |
| Tripper | 1 | 7CX-8T  | 9,450  | 3,402,000  | 00 |
|  Combine Harvester  | 1 | 4YZ-6  | 103,500  | 37,260,000  | 00 |
| Boom sprayer | 1 | 3W-1000L-18  | 6,950  | 2,502,000  | 00 |
| Front loader  | 1 | TZ10D | 6,570  | 2,365,200  | 00 |
| **Sub total**  |  |  | **159,390**  | **57,380,400**  | **00** |

**(C) Vehicle**

**Type Model QTY ₦ K**

|  |  |  |  |
| --- | --- | --- | --- |
|  **Pick up Truck**  |  **HILUX**  | **2** | **30,000,000 : 00** |

1. **Irrigation**

**Type QTY Model USD ₦ K**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Hose Reel** |  **1**  |  **140 – 440MT** |  **28,186**  |  **1,0146,960 : 00** |

**Operating Cost**

|  |  |  |
| --- | --- | --- |
| **Working Capital** |  |  |
|  |  **₦**  | **K** |
| Ploughing/Ha |  15,000  | 00 |
| Harrowing/Ha  |  10,000  | 00 |
| Sub total  |  25,000 | 00 |
| **For 500 Ha** |  **10,000,000**  |  **00** |
| Mechanization and storage |  105,000  |  00 |
| **For 500Ha** |  **42,000,000** |  **00** |
| Input / Ha  |  91,825 |  00 |
| **For 500Ha** |  **36,730,000** |  **00** |
| Area yield insurance |  13,500 |  00 |
| Produce aggregation |  5,500 | 00 |
| Geo Spatial Service |  4,500 |  00 |
| Sub total  |  23,500 |  00 |
| **For 500Ha** |  **9,400,000** |  **00**  |
| Interest per hectare |  22,079 |  25 |
| **For 500Ha** |  **8,831,700**  |  **00**  |
| Total cost per hectare |  245,325 |  00 |
| **Total cost for 500Ha** |  **98,130,000**  | **00** |
| Loan principal and interest (cost per Hectare) |  267,404 | 25 |
| **Total for 500Ha** |  **106,961,700** |  **00**  |
| **Irrigation cost for 500Ha (excluding fixed cost)** |  **24,018,120** | **00** |

**Amortization**

 **₦ K**

|  |  |
| --- | --- |
| **Land clearing amortization (per hectare)** |  **30,000 : 00**  |
| **Land clearing amortization (500hectare)**  |  **12,000,000 : 00** |

 **REVENUE**

|  |  |
| --- | --- |
| **Yield per hectare 30tonnes@ ₦145000 per tonne** |  |
|  |  **₦ K** |
| **Revenue per hectare** |  **435,000 : 00**  |
| **For 500Ha** |  **174,000,000 : 00** |
| **Net revenue for 500Ha(without amortization)** |  **67,038,300 : 00** |
| **Net revenue with amortization(500ha clearing)** |  **55,038,300 : 00** |
| **2nd Production Cycle** |  |
| **Net revenue** |  **43,020,180 : 00** |
| **Net revenue with amortization(500ha land)** |  |
| **Annual Net Revenue ( 1st + 2nd Cycle)**  |  **98,058,480 : 00**  |

**Currency conversion rate:₦360.00 to 1USD**

**Funding Mechanism**

OG’S groups will provide 500Ha of cleared farmland around and lease it to members of the cooperative. OG’S groups will also lease 7,000MT capacity airtight bins and over 600 refrigerators

Stock investor to provide stock for equipment and vehicles purchase

Where possible stock investor to provide stock for working capital or otherwise secure loan at the rate of 8% through government intervention window at the Bank of Agriculture, Bank of Industry and Commercial banks.

**Conclusion**

The project is generally profitable and all round realizable. Therefore proper funding will surely appreciate in revenue and profit. Funding is hereby recommended