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**COURSE:AFE 202**

**LEVEL:200**

**DEPT: MEDICAL**

**LABORATORY SCIENCE**

**A FEASIBILITY REPORT**

**FEASIBILITY REPORT/BUSINESS PLAN FOR THE DEVELOPMENT OF A 5O HECTER OIL PALM TREE PLANTATION AND ESTABLISHMENT OF 3.9 TONNE 7PER HECTER (4481.1 LITERS) CAPACITY OF PALM OIL EXTRACTION AND 0.5 TONNE PER HECTARE (500 LITERS) CAPACITY OF KERNEL OIL EXTRACTION AT ONOJA’S FARM, OWUKPA, OGBADIBO LGA, BENUE STATE, NIGERIA BY ONOJA’S AGRIBUSINESS VENTURES.**

This agreement is to acknowledge that the information provided in this business plan by Onoja’s agribusiness ventures is unique to this business and confidential, therefore the underlined reader of this plan agrees not to discolse any of the information in this business plan without the express written permission of management of the company.

It is also acknowledged by the reader of this business plan that the information in this business plan, other than information that is in the public domain, may cause serious harm or damage to the company and will be kept in strictest confidence.

Upon request,this document is to be immediately returned to the management of Onoja’s agribusiness ventures.

Signature:

Name:

Date:

This is the business plan for Onoja’s agribusiness ventures.

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**1. EXECUTIVE SUMMARY /BRIEF DESCRIPTION OF THE PROJECT**

The business plan examinations the feasibility of and viability I.e the profitability of the development of a 50 hectre oil palm tree plantation and establishment of palm oil and kernel oil extraction plant by Onoja’s agribusiness ventures. The farm will hold 143 oil palm trees per hectare (I.e 7150 oil palm trees on the entire farm) and each palm tree has the capacity to produce 10 fresh fruit bundles (ffb). A hecter has the capacity to produce 1430 ffb and the entire farm will produce 71500 ffb in one production cycle. On average, the palm oil extraction plant will process the ffb to produce 3.9 tonnes (4481 liters) of palm oil and 0.5 tonnes (500 liters) of kernel oil per hectre. The entire farm should produce 195 tonnes of palm oil and 25 tonnes of kernel oil. Left over fibre from the palm kernel mill process provides a product called palm kernel expelled. Oil palm tree requires ten time less land than other oil producing crops. The tree starts to bear fresh fruit bundles after three years. It can be harvested 12 months of the year.

Due to the diverse products obtainable from oil palm trees, there is a high demand for oil palm trees. The palm oil is extracted from the orange flesh and the white centre is the kernel or nut from which kernel oil is extracted. These products are used in a variety of manufacturing processes like: making soaps, cosmetics, candles biofuels and lubricating freeze and in process tinplate, coating iron plates and most commonly as cooking oil. The kernel is crushed and the product is kernel expelled or palm kernel cake, which is used in animal feed industry. The product is high in energy and and retains good level of residue oil.

Oil palm trees are predominantly found in tropical regions like West Africa . Nigeria is the lead producer of palm oil in Africa however not the lead exporters. The proposed project will create economic opportunities and positively improve the scarce foreign exchange by moving Nigeria to the lead exporters of palm oil. The entire seed to be processed will be obtained locally from local farmers. The prroject will create market area, improve income of farmers and control food security. It will also generate satisfactory returns for sponsors and investors.

**2.** **SPONSORSHIP , MANAGEMENT AND TECHNICAL ASSISTANCE**

**SPONSORSHIP**

The project will be sponsored by the Onoja’s family, consisting of the mother, Mrs Patricia Onoja and her seven children. Mr Daniel Onoja, Mr Ujah Onoja, Mr Paul Onoja, Mr Peter Onoja, Mrs Iberi Sani, Mr David Onoja and Miss Enewa Onoja. Mr Ujah who is a botanist will be in charge of employing the needed professionals during the course of the project.

**MANAGEMENT**

The project is established by the Onoja’s family and as such the board of directors comprises of the members of said family. The board of directors have the objective of formulating strategies and ideas to ensure the success of the project. They also have the responsibility of giving directions and polices concerning the project. All members of the board have equal rights and ownership and must all be in agreement before any idea is implemented. They also ensure that any standard set by regulatory authorities are maintained.

A managing director will be elected by the members of the board to coordinate the day to day activities of the farm to ensure that the project runs smoothly and in line with the set time frame. The director reports to the board of directors.

**TECHNICAL ASSISTANCE**

The support of the Nigerian Agricultural insurance cooperation (NAIC) will be employed. This provide insurance cover for all types of farming and farming related activities, including insurance for stock in transit. The premium paid on NAIC policy is heavily subsidized by the CBN to make it affordable. The ideminity paid in the event of occurrence of a risk insured against helps in ploughing the farmer back to business.

Technical assistance will also be obtained from NIRSAL microfinance bank (nigeria incentive based risk sharing system for agricultural lending) which was established in 2019 and wholly owned by CBN provides loans without using the conventional collateral requirements. The company has the support of the local farmers society (LFS) in Ogbadibo LGA through which contract farmers from the society will be employed.

**3. MARKET AND SALES**

The diverse produce and by products of oil palm trees are raw materials for a number is essential commodities (e.g soaps, costemtics,e.t.c.) and as such the product will be sold to the industries manufacturing this commodities. Oil palm tree produce are also house hold commodities such as palm oil and kernel oil used for cooking. The by products of kernel,kernel cake, can also be sold to livestock farms and industries that produce feeds for livestock.

As stated previously, Nigeria is the largest producer of palm oil but not the largest exporters in West Africa. The establishment of large scale oil palm tree plantation has the capacity to improve the countries status to largest exporters of palm oil. This will improve foreign exchange and also generate revenue for the country.

**4. TECHNICAL FEASIBILITY, RESOURCES AND ENVIRONMENT**

The project is technically feasible as the equipments for palm oil extraction are relatively easy to operate. Oil palm tree plantation is common in Benue state, thus the contract farmers to be employed are experienced in the proper plantation and havesting technique and the handling of harvested ffb. The quality of palm oil depends on its handling before and after harvest. Specialist In mechanisation, irrigation, farm management, crop production, and accounting are employed on the team. Many factors such as weather condition, biological condition like pest can affect the yield. However, safe technical and scientific practices will be in place to prevent the risk and protect profit.

Presently ,Benue is not the top producer of palm oil in Nigeria but the availability of fertile land that promotes the cultivation of a large number of crops in this area makes the project environmentally feasible. Though there will be large scale deforestation, there will also be replanting of the cut down trees and oil palm trees are large forest trees. Large scale plantation of oil palm trees and palm oil extraction in Benue is almost non existent making the market less competitive.

**5. GOVERNMENT SUPPORT AMD REGULATIONS**

There have been several recent presidential initiatives aimed at financing the production and export of certain agricultural commodities as the nation returns to agriculture as a means of generating revenue, such as cassava , rice, cocoa and oil palm. All of the inistaives provided by the government will be fully maximized.

**6. TIME LINE OF PROJECT.**

The clearing of land is done preferably in the dry season, and plantation of oil palm seeds begins at the start of the raining season which is around April in Benue state. The kernel is left to germinate for a period of 1 month before transplanting.Following this analysis, clearing will begin in December and by March the oil palm seeds would begin prepared for germination. Transplanting of the germinated seeds to the farm land will begin in April This will take a period of 5 months.

**7. ESTIMATED PROJECT COST AND REVENUE**

A. LAND CLEARING

|  |  |  |
| --- | --- | --- |
| Activity | QTY | # |
| Land clearing | 1 hectre | 20,000 |
| Ploughing | 1 hectre | 10**,**000 |
| Subtotal | 1 hectre | 30,000 |
| Total | 50 hectre | 1,500,000 |

B. EQUIPMENTS

|  |  |  |
| --- | --- | --- |
| NAME | OTY | # |
| Bulldozer ( renting) | 1 | 250,000 |
| Tractor ( renting ) | 3 | 240,000 |
| Setting up a complete palm oil mill for both palm oil and kernel oil extraction and a capacity of 50 tonnes/day | 1 | 23,400,000 ($60,000) |

C. OPERATING COST

WORKING CAPITAL

|  |  |  |
| --- | --- | --- |
| Equipments /Activity | QTY | # |
| Bulldozers | 50hectres | 250,000 |
| Tractor | 50hectres | 210,000 |
| Planting | 50hectres | 357500 |
| Total | 50 hectres | 767500 |

D. VEHICLE PURCHASE

|  |  |  |
| --- | --- | --- |
| Vehicle | OTY | # |
| Hilux pick up truck | 1 | 15,000,000 |

E. INSURANCE

|  |  |
| --- | --- |
| Insurance per hectre | 5,000 |
| Per 50 hectres | 250,000 |
| Annual insurance for 50 hectares | 3,000,000 |

|  |  |
| --- | --- |
| Total starting cost | #444,257,500 |

REVENUE

|  |  |  |
| --- | --- | --- |
| OTY | Tonnes | # |
| Palm oil per hectre | 3.9 (8000/ 25Liter) | 1,103,040 |
| Palm oil per 50 hectres | 195 | 71,697,600 |
| Annually for 50 hectres after 3harvest | 589 | 215,092,800 |
| Kernel oil per hectre | 0.5 (@800/liter) | 40,000 |
| Kernel oil per 50 hectre | 25 | 2,000,000 |
| Annually for 50 hectres after 3 harvest | 75 | 60,000,000 |
| Total annual |  | 275,092,800 |
| Total annual net revenue |  | 230,835,300 |

**8. FUNDING MECHANISMS**

The funds for the project will be generated mostly from government provided loans, and agricultural loans. Funds will also be come from members of the board of directors as each member is stipulated to purchase a share in the company which will be used to carry out the project.

**9.CONCLUTION**

From the above analysis, this project is viable and the board of directors will be honored if the Bank of Agriculture (BOA, The bank provides technical support and loans to farmers and cooperations) views this analysis and it’s economic viability and approves the grant of a loan.