

NAME: EKUNDAYO OLUWATOBI FAVOUR

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DEPT: CHEMICAL ENGINEERING

COURSE CODE: AFE202

TOPIC: PALM KERNEL PROJECT

ASSIGNMENT

Executive Summary:

This project is to establish a Palm oil Trading Company in Eziala, Imo State Nigeria. For Two Brother Trading Company Ltd. The purpose of this business plan is to raise N5,000,000 for the establishment of the said trading company. The major product to be marketed is Red Palm Oil. This business plan will show the expected financials and operations over the next three years.. This project will need a start-up capital of N10,000,000, which is required to finance both current and non-current assets. Two Brothers Trading Company Limited has an authorized and fully issued and paid up share capital of N1,000,000. The directors have also decided to introduce further N2,000,000 venture capital each to augment with the N5,000,000 to be borrowed.”

“ The start-up expenditure is going to be N3,000,000 for fixed assets, and N1,000,000 for other expenses including incorporation expenses and other start-up logistics which will certainly be capitalized and amortized in the first three years of the business. The balance of N6,000,000 is to serve as the working capital of the business” .

“The business is expected to have a total turnover of N40,000,000 per annum. The cost of sales is expected to be N25,000,000 per annum. That gives a gross profit margin of N15,000,000. The operational expenses (inclusive of salaries , other admin expenses and tax payments) is estimated at N7,000,000 while depreciation for fixed assets and the amortised expenses will amount to N1,000,000. This leave N7,000,000 as net profit.

On the whole these give 37.5% gross margin, 17.5% net margin and 70% return on investment.”

Now note that no investor will resist the proposal of investing in this business where it will get 70% returns on his investment, and his interest is always guaranteed. In fact he is also certain that the loaned capital will be repaid in peace. Yes, the executive summary has done its job. Going through other aspects of this plan will be just to confirm these facts, and that is why they have to be shown very clearly in this plan. So other aspect of this executive summary continues as follows.

Sponsorship:

This project is sponsored by Olenex, a producer of edible oils and fats that are being refined in 4 fully owned refineries and a network of 10 ADM plants in Germany, The Netherlands, Poland and the UK.

It is their mission to be the trusted partner of their customers, by leading the market through reliable supply, innovative services and a broad complementary portfolio of products.

Producing a sustainable product is essential to their industry and contributes to preserving the planet. That is why Olenex is committed to follow & foster the strict supply chain regulations as set by the RSPO and uphold the highest standards in the supply chain policy and smallholder support.

Management:

The management will comprise of an elected Board of Directors at the peak of the organization structure. The major objective of the board will be to give strategic directions and policies that will ensure long term success of the palm kernel production organization.

Technical assistance:

Technologies have been developed for various unit operations in small-scale oil palm fruit processing in Nigeria. However, a majority of small-scale processors in the country still adopt traditional techniques, with a few adopting processing technologies for a particular stage in the process. The study utilised an innovation systems approach to examine and prescribe policy recommendations for the lack of technology adoption in small scale oil palm fruit processing in south-western Nigeria. The analysis was focused on three types of interactions, namely (1) interactions among actors in the innovation system, (2) interactions between sources of science, technology and innovation (STI) and doing, utilising and interacting (DUI) forms of learning and innovation, and (3) between fabricators of the processing technologies and processors. The results revealed that the innovation system in the sector is divided along formal and informal sector lines. The formal sector institutions comprise the Nigerian Institute for Oil Palm Research and a few universities with agricultural engineering departments who possess the core of the technology and interact well with one another using the STI mode of learning and innovation and have produced technologies for all the five steps of processing oil palm fruits into palm oil. These innovations have not been successfully adopted in the sector. The informal sector includes the processors and artisans who fabricate small-scale oil palm fruit processing technologies for two stages in the process using the DUI mode of learning and innovation. These technologies produced by the informal part of the system are largely based on imitation and cost innovations and have been widely adopted in the

sector. The study recommends that technology adoption can be encouraged through the production of technologies fostered by both STI and DUI modes of innovation and robust fabricator and processor interactions.

Market and sales:

The market for palm kernel oil and cake is national. With a population of over 165 million people and an estimated national population growth rate of 5.7% per annum, an average economic growth rate of 3.5% per annum in the past five {5} years, Nigeria has a large market for palm kernel oil and cake. The demand for palm kernel oil and cake is high but due to a short fall in the supply of raw material production is low.

Market Potential:

The global palm oil market demand was estimated 74.6 million tons in 2019 and is projected to register a volume-based CAGR of 2.3% from 2020 to 2027. Significant growth in demand for the product from end-use industries coupled with rising consumer awareness regarding positive health benefits of palm oil are expected to be the prime drivers of market growth.

Asia Pacific countries such as Malaysia and Indonesia are the top producers, accounting for more than 80% of the global production. Palm Oil Investigations states that palm oil is used in nearly 50% of all consumer products sold on a daily basis. Increasing disposable income and rising per capita expenditure on consumer products across the geographies is driving the demand.

Profitability:

Sunlight, water, air, economic factors, physical factors, biological factors, chemical factors, and many more are what limits the profitability of palm kernel production

Technical feasibility:

The project is technically feasible. In terms of technology, which involve the crushing of palm kernel seed and extraction of oil, the industrial processes are simple and a specialist in oil extraction with enough number of years experience is in the production field.

GOVERNMENT POLICY AND THE NIGERIAN PALM OIL EXPORT INDUSTRY, 1939–49*

BY ALLISTER E. HINDS

University of the West Indies, Mona, Jamaica

This paper examines the role of the imperial and colonial governments in the formulation of policy towards the Nigerian palm oil export industry between 1939 and 1949. It argues that for most of the war years colonial officials in Nigeria accepted that metropolitan needs and conditions should dictate policy in the oil palm produce industry. However, towards the end of the war, they began to question whether policies centred around the requirements of the metropole would preserve the future competitiveness of the industry. Thereafter, they pressed for measures which gave priority to the problems and necessities of the local industry and the colonial economy. While colonial policy was sensitive to the concerns of imperial and local government officials, for most of the period under review it was reluctant, and on occasions, unable to accommodate the measures necessary to harmonize imperial and colonial goals. Consequently, the anticipated expansion in palm oil exports failed to materialize and the future competitiveness of the industry remained in doubt.

This article fills an important void in the current literature on the Nigerian palm oil export industry. To date insufficient attention has been paid to the thinking within imperial and colonial government circles which underpinned the policies adopted in the industry during World War II and the early post-war years, and which led to the failure of policy makers to achieve their objectives.¹ Moreover, the current literature ignores the vigorous debate between the Colonial Office and the Nigerian colonial government, and among colonial government officials, over the best means by which the needs of the local palm oil industry could be reconciled with the demands of the metropole, especially between 1942 and 1949.

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Oil palm in Nigeria grows in a coastal belt which varies in depth from 100 to 150 miles and a riverine belt which follows the valleys of the Niger and

* I would like to thank Professor Barry Higman, Dr Robert Holland, Dr Veront Satchell and Dr Waibinte Wariboko for their comments on the drafts of this paper.

¹ See for example E. J. Usoro, *The Nigerian Oil Palm Industry: Government Policy and Export Production 1906–1965*, (Ibadan, 1974); B. Ukegbu, 'Production in the Nigerian oil palm industry 1900–1954' (Ph.D. thesis, University of London, 1974); P. Kilby, *The Nigerian Oil Palm Industry* (Stanford, 1967); D. Meredith, 'Government policy and the decline of the Nigerian oil-palm export industry, 1919–1939', *J. Afr. Hist.*, xxv (1984), 311–29; S. Martin, *Palm Oil and Protest* (Cambridge, 1988); M. Perham (ed.), *The Native Economies of Nigeria* (London, 1946); A. McPhee, *The Economic Revolution in British West Africa* (London, 1926); H. C. Billows and H. Beckwith, *Palm Oil and Kernels: The Consuls of the West Coast* (Liverpool, 1913); G. K. Helleiner, *Peasant Agriculture and Economic Growth Nigeria* (Homewood IL, 1966); and A. Martin, *The Oil Palm of the Ibibio Farmer* (1956).

S/NO.	DESCRIPTION	AMOUNT N
1	Share Capital	1,000,000
2	Brother 1	2,000,000
3	Brother 2	2,000,000
4.	Loan(15%interest <u>per annum</u>)	5,000,000
TOTAL		10,000,000

Project timeline:

The project will be completed within 9 months most likely between Octoberr, 2020 to June, 2021 after the lockdown.

Estimated cost:

TABLE 2: START-UP EXPENSES

S/NO	DESCRIPTION	AMOUNT N
1	1 Wheel barrow	9,000
2	Packaging containers	10,000
3	Incorporation expenses	100,000
4	Shop Rent	100,000
5	Admin Expenses	600,000
6	Other fixed assets (details must be given)	3,000,000
7	Shop fittings	100,000
8	Miscellaneous Expenses	81,000
	TOTAL	4,000,000

Conclusion:

This project will be the first project this organization is making but we are positive that it will be worth the while.