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Assignment: Prepare a business plan.

A FEASIBILITY REPORT / BUSINESS PLAN FOR THE DEVELOPMENT OF A FOUR HUNDRED HECTARES OIL PALM PLANTATION AND ESTABLISHMENT OF 50TONNES PER DAY CAPACITY PALM OIL EXTRACTION PLANT AT ADESOLA FARM NIGERIA BY FAHMZI LIMITED VENTURES AND CONSULTANCY CONFIDENTIALITY AGREEMENT

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Upon request, this document is to be immediately returned to the promoters of the proposed business

Signature: A.O.P

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Date: 26/04/20

Project Description

This business plan examines the feasibility of and indeed economic viability of the development of a 400hectares oil palm plantation and the establishment of a palm oil extraction plant in ADESOLA Limited. The farm will produce about 2,000tonnes of oil palm in a production cycle. The palm kernel milling plant will process about 4,200tonnes of palm kernels into red palm oil and vegetable oil and palm kernel cakes for animal feed production. There is high domestic demand for these products because of our huge population and production constraints leading to shortage of the commodity. Production is currently popular in the South east in Abia, Imo, Cross river and Akwa Ibom state as the lead producer.

The proposed project will create economic opportunities, impact positively on the people and help conserve scarce foreign exchange. The entire palm kernel to be processed will be sourced locally through direct production, contract farming in Akwa Ibom State and direct purchase from smallholder farmers in other production areas. The project will create market access, improve income of farmers and contribute significantly to food security. It will also generate satisfactory returns for sponsors and investors.

Sponsorship

The project is sponsored by MR AMRASA, a philanthropist and founder of feed Nigeria initiative company. MR AMRASA is promoting the productivity of smallholder farmers in Delta State through ADESOLA farms Limited. His company has a research department for Agriculture having experts with many years of experience in the project being proposed. FAHMZI limited Ventures &

Consultancy will be responsible for the management consultancy of the projects.

Management

The management will comprise of a democratically elected Board of Directors at the apex of the organization structure. This will be made up of shareholders and member of the cooperative who have stake in the survival, growth and profitability of the business as well as distinguished agribusiness professionals of proven integrity and vast experience in the project area. The prime objective of the board will be to give strategic directions and policies that will ensure long term success of the organization. The board will ensure that the organization complied with all standards set by regulatory authorities.

The Managing Director/President shall be responsible for the co-ordination of the day to day management of the cooperative business. He is accountable to the Board of Directors; he will mobilize organization resources to achieve set goals. He will manage business risks and focus on wealth creation.

Technical Partners

Mr Amrasa's company is currently working in collaboration with Nigerian Institute for Oil Palm Research (NIFOR) through an executed MOU. NIFOR has mandate in oil palm production and processing and will provide technical assistance in this regard. The business also has a working relationship with The Nigerian Agricultural Co-operative and Rural Development Bank (NACRDB) which has agreed to finance production of the 400hectares of palm kernel through a loan at 9% interest rate (anchor borrowers scheme) given to the cooperative

Market and Sales

Market orientation: domestic; South West & South East, Nigeria

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

Users of Products: edible oil for human, palm kernel cake for the livestock industry, vegetable oil for cooking, manufacture of soaps, toothpaste and waxes.

Government Support and Regulation Technical Feasibility

The projects intended to be carried out which are production of oil palm and palm oil extraction are both technically feasible. In terms of technology, which involves the crushing of palm kernels and extraction of oil, the industrial processes are simple and a specialist in oil extraction with more than 10 years experience is part of our team. The needed equipment for oil extraction are readily available and our experts have hands-on experience in the usage and maintenance of the equipment.

For the palm oil production, we have specialists in mechanization, irrigation, 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 around the farm and generally in Abia state 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.

Competition

The major competitors to be faced in the South West are the OKUMU OIL PALM COMPANY PLC and PRESCO PLC with total area of 33 112 ha of which 18 879 ha is currently planted with oil palm trees and 7 335 ha with rubber trees While JOF has a land capacity of 33 184 ha of land of which 10 445 ha of oil palm trees have been planted. ADESOLA farms 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.

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 10 months preferably between November, 2020 to September, 2020 because land clearing is mostly done in the dry season.

A] Land Clearing

Activity	QTY	₦	K
Land Clearing	2Hectare	250,000	00
Cross cutting	2Hectare	50,000	00
Rome ploughing	2Hectare	50,000	00
Sub total	2Hectare	350,000	00
Total	400 Hectare	140,000,000	00

B) Equipment

Name	QTY	MODEL	USD	₦	K
Tractor	1	YTO-904(90hp)	26,520	9,547,000	00
Disc harrow	1	IBJ- 3.0	3,300	1,080,000	00
Sub soiler	1	IS-200G	4,000	1,440,000	00
Soy seeder	1	2BFY-6C	4,950	1,782,000	00
Tripper	1	7CX-8T	9,980	3,592,800	00
Combine	1	4YZ-6	100,500	36,180,000	00

Harvester					
Boom sprayer	1	3W-1000L-18	6,200	2,232,000	00
Front loader	1	TZ10D	6,999	2,519,640	00
Sub total			162,449	58,373,440	00

(C) Vehicle

Type **Model**
QTY **₱** **K**

Pick up Truck	HILUX	5	100,000,000	:
			00	

• **Irrigation**

Type **QTY** **Model** **USD**
₱ **K**

Hose Reel	140	—	10,800,000	:
	1	440MT	30,000	00

Operating Cost

Working Capital		
	₱	K
Ploughing/Ha	150,000	00
Harrowing/Ha	100,000	00
Sub total		00

	85,000	
For 400 Ha	17,000,000	00
Mechanization and storage	195,000	00
For 400Ha	50,000,000	00
Input / Ha	91,000	00
For 400Ha	39,730,000	00
Area yield insurance	13,500	00
Produce aggregation	5,500	00
Geo Spatial Service	4,500	00
Sub total	23,500	00
For 400Ha	10,400,000	00
Interest per hectare	22,079	25
For 400Ha	8,831,700	00

Total cost per hectare	245,325	00
Total cost for 400Ha	90,130,000	00
Loan principal and interest (cost per Hectare)	267,404	25
Total for 400Ha	206,860,000	00
Irrigation cost for 400Ha (excluding fixed cost)	35,018,120	00

Amortization

₦

K

Land clearing amortization (per hectare)	60,000	: 00
Land clearing amortization (400hectare)	24,000,000	: 00

REVENUE

Yield per hectare 3tonnes@ ₦145000 per tonne	
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	K	₺
Revenue per hectare	500,000	: 00
For 400Ha	200,000,000	: 00
Net revenue for 400Ha(without amortization)	70,038,300	: 00
Net revenue with amortization(400ha clearing)	60,038,300	: 00
2 nd Production Cycle		
Net revenue	80,020,180	: 00
Net revenue with amortization(400ha land)		
Annual Net Revenue (1 st + 2 nd Cycle)	100,058,480	: 00

Currency conversion rate: ₺360.00 to 1USD