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A FEASIBILITY REPORT / BUSINESS PLAN FOR THE DEVELOPMENT OF A SIX HUNDRED HECTARES COCONUT PLANTATION AND ESTABLISHMENT OF 30 TONNES PER DAY CAPACITY COCONUT OIL EXTRACTION PLANT BY MR DANIEL'S FARM, RIVERS STATE, NIGERIA AND THE BAROR FAMILY FARM CONFIDENTIALITY AGREEMENT

AGREEMENT

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Signature:

Name:

Date:

Executive Summary/ Project Description

This business plan examines the feasibility of and indeed economic viability of the development of a 600hectares Coconut plantation and the establishment of a groundnut oil extraction plant in Delta by MR DANIEL'S FARM RIVERS STATE, NIGERIA AND THE BAROR FAMILY FARM. The farm will produce about 3,200tonnes of coconuts in a production cycle. The coconut oil extraction plant will process about 6000tonnes of coconut into useable coconut oil. Production is currently popular in the North.

The proposed project will create economic opportunities, impact positively on the people and help conserve scarce foreign exchange. The entire coconut to be processed will be sourced locally through direct production, contract farming in Rivers 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 FIRST CHOICE Coconut oil, an already established company involved in the processing, production and distribution of quality and affordable groundnut oil, groundnut cake and other groundnut oil derivatives. Ifijeh James, Igbavoa Edith and other investors are promoting the productivity of smallholder farmers in Rivers through the FIRST CHOICE Coconut oil industry THE BAROR FAMILY FARM will be responsible for the management consultancy of the projects

Management

The administration will involve an equitably chose Board of Directors at the summit of the association structure. This will be comprised of investors and individual from the agreeable who have stake in the endurance, development and gainfulness of the business just as recognized agribusiness experts of demonstrated honesty and immense involvement with the undertaking region. The prime goal of the board will be to give vital bearings and strategies that will guarantee long haul achievement of the association. The board will guarantee that the association consented to all norms set by administrative specialists.

The Managing Director/President will be answerable for the co-appointment of the everyday administration of the agreeable business. He is responsible to the Board of Directors; he will assemble association assets to accomplish set objectives. He will oversee business dangers and spotlight on riches creation.

Technical Assistance

FIRST CHOICE Coconut oil has working relationship with Vermon Oils Company Limited through an executed MOU. Vermon has mandate coconut production and processing and will provide technical assistance in this regard. The University also has a working relationship with BOA (Bank of Agriculture). Bank of Agriculture has agreed to finance production of the 600hectares of coconut through a loan at 6% interest rate (anchor borrower's scheme) given to the cooperative

The company will fund the processing factory and access finance for the groundnut oil extraction equipment from BOI (Bank of Industry) at the rate of 5%. The cooperative will also seek grant from United State Africa Development Foundation (USADF). The company has relationship with commercial banks and will approach one for loan to clear the land which will be leased to members of the cooperative.

The company has a working relationship with Rivers State Government, Rivers State Ministry of Agric, Farmers' Union, Agric Cooperatives and individual farmers. The company will get technical support from this relationship in the area of production through contract farming or out grower scheme.

Market and Sales

Market orientation: domestic; North West & North Central, Nigeria

Market Share: 8% niche market in North West, North Central Nigeria

Users of Products: Coconut oil, Coconut lumber is used for building houses and furniture. Fuel and charcoal can be produced from husks and coconut shells.

Tariff and Import Restriction

Forex restriction on food importation and zero duty on imported agricultural equipment will favour the project under consideration.

Market Potential

There is strong demand for Coconut and coconut derivatives in the Eastern part of Nigeria. The state of infrastructure though not perfect still supports production and trade within Nigeria.

Profitability

Climate, natural, synthetic, physical and ecological factors, for example, temperature, daylight, water, air, soil conditions, assortments of seed, bothers, illnesses, value variances and different dangers for example dairy animals attacking the ranch could influence yield and benefit. Notwithstanding, specialized, logical and budgetary based arrangements will be utilized to fence against dangers and protect benefit. Water system alternative will be considered in to guarantee two pattern of creation in a year.

Technical Feasibility

The projects (production of coconut and coconut oil extraction) are technically feasible. In terms of technology, which involve the grating of coconut meat and extraction of its milk, the industrial processes are simple and a specialist in oil extraction from the coconut milk with more than 15 years 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 coconut 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 generally in Rivers 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 SUROC OILS and BOG in the North. Suroc Oils has an installed capacity of 150tonnes per day in Lagos and 100tonnes per day in Jigawa While BOG has a capacity of 120tonnes per day in Kano, THE BAROR FAMILY FARM 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 conform to the economic diversification objective of the government. It also supports foreign exchange and import reduction conservation of government. It creates economic opportunities, market access, and 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 6months preferably between May, 2020 to November, 2020 because land clearing is mostly done in the dry season.

Estimated Project Costs and Revenue

Fixed Cost**Land Clearing**

Activity	QTY	₱	K
Land Clearing	1Hectare	250,000	00
Cross cutting	1Hectare	50,000	00
Rome ploughing	1Hectare	50,000	00
Sub total	1Hectare	350,000	00
Total	600 Hectare	210,000,000	00

Equipment

Name	QTY	MODEL	USD	₱	K
Tractor	1	YTO-904(90hp)	25,000	9,000,000	00
Disc harrow	1	IBJ- 3.0	2,400	864,000	00
Sub soiler	1	IS-200G	4,250	1,530,000	00
Soy seeder	1	2BFY-6C	5,000	1,800,000	00
Tripper	1	7CX-8T	10,000	3,600,000	00
Combine Harvester	1	4YZ-6	103,500	37,260,000	00
Boom sprayer	1	3W-1000L-18	7,000	2,520,000	00
Front loader	1	TZ10D	6,000	2,160,000	00
Sub total			163,150	58,734,000	00

Vehicle

Type	Model	QTY	₱	K
Pickup Truck	HILUX	2	25,000,000	: 00

Irrigation

Type	QTY	Model	USD	₺	K
Hose Reel	1	140 – 440MT	30,000	10,800,960	: 00

Operating Cost

Working Capital		
	₺	K
Ploughing/Ha	20,000	00
Harrowing/Ha	15,000	00
Sub total	30,000	00
For 400 Ha	10,000,000	00
Mechanization and storage	105,000	00
For 400Ha	42,000,000	00
Input / Ha	91,825	00
For 400Ha	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 400Ha	9,400,000	00
Interest per hectare	22,079	25
For 400Ha	8,831,700	00

Total cost per hectare	245,325	00
Total cost for 400Ha	98,130,000	00
Loan principal and interest (cost per Hectare)	267,404	25
Total for 400Ha	106,961,700	00
Irrigation cost for 400Ha (excluding fixed cost)	24,018,120	00

Amortization

	₦	K
Land clearing amortization (per hectare)	40,000	: 00
Land clearing amortization (400hectare)	12,520,000	: 00

REVENUE

Yield per hectare 3tonnes@ ₦145000 per tonne		
	₦	K
Revenue per hectare	435,000	: 00
For 400Ha	174,000,000	: 00
Net revenue for 400Ha(without amortization)	67,038,300	: 00
Net revenue with amortization(400ha clearing)	60,040,300	: 00
2 nd Production Cycle		
Net revenue	50,020,160	: 00
Net revenue with amortization(400ha land)		

Annual Net Revenue (1st + 2nd Cycle)	110,060,460 : 00
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Currency conversion rate: ₦360.00 to 1USD

Funding Mechanism

FIRST CHOICE will provide 400Ha of cleared farmland around the university and lease it to members of the cooperative. FIRST CHOICE will also lease 6,000MT capacity silo as equity contribution

Equity investor to provide equity for equipment and vehicles purchase

Where possible equity investor to provide equity for working capital or otherwise secure loan at the rate of 9% through government intervention window at the Bank of Agriculture, Bank of Industry and Commercial banks.

Conclusion

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