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**A FEASIBILITY REPORT FOR THE DEVELOPMENT OF A FOUR HUNDRED HECTARES SOYABEAN PLANTATION AND ESTABLISHMENT OF 20 TONNES PER DAY CAPACITY MORINGA OIL EXTRACTION PLANT AT OKUJAGU CLAN FARM, ABA, ABIA STATE, NIGERIA BY EZEAGWULA FARMERS’ COOPERATIVE SOCIETY LIMITED**

The undersigned reader acknowledges that the information provided in this business plan is a confidential intellectual property; therefore the reader agrees not to disclose it to a third party without the express written permission of the promoters of the proposed business.

It is acknowledged by the reader that information furnished in this business plan is in all respect confidential in nature, other than information which is in the public domain through other means and that any disclosure or use of same by the reader, may cause serious harm or damage to the promoters of the proposed business.

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

Signature:

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**EXECUTIVE SUMMARY**

SPONSORSHIP, MANAGEMENT, AND TECHNICAL ASSISTANCE

**Sponsorship**

This business plan examines the feasibility of the economic viability of the development of, 400 hectares Moringa Plantation and the establishment of Moringa Oil Production in Aba, Abia State.

This project has been endorsed by the Bank of Industry (BOI) and it will be chiefly sponsored by Ezeagwula Farmers’ Cooperative Society Limited, with Toyem Agric Business Ventures as the supervisory team for the project.

The farm will produce about 1,200tonnes of Moringa in a production cycle. The Moringa Extraction Plant will process about 4,200tonnes of Moringa into edible Moringa seeds and Moringa Cooking Oil. The entire Moringa to be processed will be sourced locally through direct production, contract farming in Aba and direct purchase from small holder farmers in other production cities in Abia State.

**Management**

The committee will comprise of a democratically elected Team leaders at the apex of the project team structure for this project with the Project Director as the overseer of the entire team. This will be made up of shareholders and members of the committee 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 committee will be to give strategic directions and policies that will ensure success of this project. The committee will ensure that the organization complied with all standards set by Standard Organisation of Nigeria.

The Project Director/President shall be responsible for the co-ordination of the day to day management of the project from the planning stage to the final execution.

The branches of the project structure include: Manufacturing, Packaging, Transportation, and Distribution. Each branch is headed by a team leader.

**Technical Assistance**

Ezeagwula Farmers’ Cooperative Society Limited with its working relationship with International Institute of Tropical Agriculture (IITA), Onitsha will be able to hire heavy duty equipments needed for the execution of some of the procedures of the project production. All other assistance required will be supported by the Bank of Industry.

**MARKET AND SALES**

Market orientation: Domestic; South East and South South, Nigeria.

Users of Products: Edible for human consumption; made portable for house hold use in Nigeria.

**Tariff and Import Restriction**

Zero duty on imported agricultural equipment will favour the project under consideration. The Standard Organisation of Nigeria will also ensure that the products are up to standard. The production process as well as distribution will be undertaken without over stepping the regulations of the National Agency for Food Drug Administration and Control (NAFDAC).

**Market Potential**

There is strong demand for healthy locally produced snacks, as opposed to imported processed junk foods nationwide. This project will further lead and promote the “Buy Nigeria to grow the Naira” forum. More so, Nigerians in foreign countries could request for the exportation of our products.

**TECHNICAL FEASIBILITY**

The project is technically feasible. All procedures will be carried out by industrial machines with expatriates in Agricultural Engineering in charge of all industrial processes from manufacturing to packaging.

**GOVERNMENT SUPPORT AND REGULATION**

The project conforms 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, improves income for farmers and promotes the accessibility of healthy foods to the middle and lower class of the society especially.

The project will benefit from government intervention fund in the agriculture sector and child care 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, and stable price.

**PROJECT TIMELINE**

The project will be completed within 3months preferably between August, 2020 and October, 2020 all things being equal.

**ESTIMATED PROJECT COSTS AND REVENUE**

**Fixed Cost**

1. **CULTIVATION**

|  |  |  |  |
| --- | --- | --- | --- |
| **Activity** | **QTY** | **₦** | **K** |
| Land Clearing | 1 Hectare | 50,000 | 00 |
| Cross Cutting | 1 Hectare | 15,000 | 00 |
| Ploughing | 1 Hectare | 25,000 | **00** |
| **Sub Total** | 1 Hectare | **90,000** | **00** |
| **Total** | 400 Hectare | **36,000** |  |

**(B) Equipment**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name** | **QTY** | **MODEL** | **USD** | **₦** | **K** |
| Tractor | 1 | YTO-904(90hp) | 20,450  | 7,363,000  | 00 |
| Disc harrow  | 1 | IBJ- 3.0  | 2,520  | 907,200  | 00 |
| Sub soiler | 1 | IS-200G  | 2,150  | 774,000  | 00 |
| Moringa seeder | 1 | 2BFY-6C  | 4,000  | 1,440,000  | 00 |
| Tripper | 1 | 7CX-8T  | 6,000  | 2,160,000  | 00 |
|  Combine Harvester  | 1 | 4YZ-6  | 100,000  | 36,000,000  | 00 |
| Boom sprayer | 1 | 3W-1000L-18  | 5,000  | 1,800,000  | 00 |
| Front loader  | 1 | TZ10D | 4,500  | 1,620,000  | 00 |
| **Sub total**  |  |  | **144,620**  |  **52,164,200** | **00** |

**(C) Vehicle**

**Type Model QTY ₦ K**

|  |  |  |  |
| --- | --- | --- | --- |
| **Pickup Truck**  |  **HILUX**  | **2** | **25,000,000 : 00** |

 **(D) Irrigation**

**Type QTY Model USD ₦ K**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Hose Reel** |  **1**  |  **140 – 440MT** |  **25,180** |  **9,064,800 : 00** |

**Operating Cost**

|  |  |  |
| --- | --- | --- |
| **Working Capital** |  |  |
|  |  **₦**  | **K** |
| Ploughing/Ha |  10,000  | 00 |
| Harrowing/Ha  |  8,000  | 00 |
| Sub total  |  18,000 | 00 |
| **For 400 Ha** |  **7,200,000**  |  **00** |
| Mechanization and storage |  100,000  |  00 |
| **For 400Ha** |  **40,000,000** |  **00** |
| Input / Ha  |  80,000 |  00 |
| **For 400Ha** |  **330,000,000** |  **00** |
| Area yield insurance |  13,000 |  00 |
| Produce aggregation |  5,000 | 00 |
| Geo Spatial Service |  4,000 |  00 |
| Sub total  |  22, 000 |  00 |
| **For 400Ha** |  **8,800,000** |  **00**  |
| Interest per hectare |  20,000 |  00 |
| **For 400Ha** |  **8,000,000**  |  **00**  |
| Total cost per hectare |  240,000 |  00 |
| **Total cost for 400Ha** |  **96,000,000**  | **00** |
| Loan principal and interest (cost per Hectare) |  200,000 | 25 |
| **Total for 400Ha** |  **104,000,000** |  **00**  |
| **Irrigation cost for 400Ha (excluding fixed cost)** |  | **00** |

**Amortization**

 **₦ K**

|  |  |
| --- | --- |
| **Land clearing amortization (per hectare)** |  **30,000 : 00**  |
| **Land clearing amortization (400hectare)**  |  **12,000,000 : 00** |

 **REVENUE**

|  |  |
| --- | --- |
| **Yield per hectare 3tonnes@ ₦145000 per tonne** |  |
|  |  **₦ K** |
| **Revenue per hectare** |  **400,000 : 00**  |
| **For 400Ha** |  **160,000,000 : 00** |
| **Net revenue for 400Ha(without amortization)** |  **60,000,000 : 00** |
| **Net revenue with amortization(400ha clearing)** |  **50,000,000 : 00** |
| **2nd Production Cycle** |  |
| **Net revenue** |  **40,000,000 : 00** |
| **Net revenue with amortization(400ha land)** |  |
| **Annual Net Revenue ( 1st + 2nd Cycle)**  |  **90,000,480 : 00**  |

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

**Funding Mechanism**

Okujagu Clan Farm will provide 400Ha of cleared farmland, as well as, 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.