**January 2016**

# BLUEPRINT FOR INVESTMENT IN COCOA PLANTATION AND PROCESSING BUSINESS VENTURES IN SOUTH WESTERN ZONE, FEDERAL REPUBLIC OF NIGERIA

**A Proposal Circulated To**

**CORE INVESTORS IN ALL PARTS OF THE WORLD AS AN INVITATION TO ACTIVELY PARTICIPATE IN DEVELOPMENT OF AGRICULTURE IN THE FEDERAL REPUBLIC OF NIGERIA**

**BY**


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## EXECUTIVE SUMMARY

This Blueprint for investment in cocoa plantation, processing, marketing and export business in the Federal Republic of Nigeria is prepared by Ayomot Limited, Ibadan, Nigeria to arouse the interest of core investors in agro-allied business activities and attract them from all parts of the world to participate fully in the development of cocoa plantation and processing activities in Nigeria.

The investors will also be opportuned to export their products to any buyer of their choice in all parts of the world.

It contains information on how this tree crop grown mainly in the south western part of Nigeria was a major earner of foreign exchange in Nigeria in the 60s. Cocoa remains a major, non-oil foreign exchange earner for Nigeria till the time of producing this work.

Cocoa industry had previously contributed largely to the economy and all-round development of the old Western Region of Nigeria which is now known as the South-West Geo-Political Zone of Nigeria. The blueprint also evaluates the advantages of and benefits derivable from siting a cocoa processing plant within the Export Processing Zone (EPZ) near the Inland Dry Port (IDP) for South-Western Nigeria which has been located at Erunmu – Ibadan, Oyo State by the Federal Government of Nigeria.

This publication equally provides relevant information on the Research Centres with which investors in the proposed cocoa plantation and processing outfits can establish, maintain and promote close working relationship for the sustenance of their (investors) business.

Such collaboration between the investors and research centres will go a long way to enable both parties to constantly examine and implement new strategies to properly develop production, processing, marketing and exporting cocoa and its by-products and satisfy buyers across the world.

The concluding part of the blueprint is devoted to showcase the promoter of the proposed viable business i.e. Ayomot Limited. Ayomot Limited is a Nigerian

Company which provides all-round International Standard Business Promotion, Development, Turn-Around and Management Consultancy Services.

Ayomot Limited serves as a vital link between investors, financiers, Government at Federal, State and Local Levels as well as their various Agencies and the general public.

The Company always protects the best interest of its mutual clients in addition to stimulating and sustaining investors' trust and total confidence in the Nigerian business environment.

Requests for further clarification on this business proposal and/or more information thereon should be directed to:

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# CHAPTER ONE

## 1.0 COCOA PLANTATION, PROCESSING, MARKETING AND EXPORTING – AN INTEGRATED MONEY SPINNING BUSINESS IN THE OLD WESTERN REGION, FEDERAL REPUBLIC OF NIGERIA

## 1.1 INTRODUCTION

Traditionally, agriculture is the fundamental means of livelihood of the people of the various states that make up the South-Western flank of the Federal Republic of Nigeria. Even before the rise of industrial economy, agriculture had contributed immensely to the economic progress of South Western Nigeria.

Agricultural activities generally and cocoa plantation in particular in South Western Nigeria are influenced by the prevailing geographical conditions and features in terms of climate and vegetation.

Climatically, this part of Nigeria experiences two major seasons. These are the wet season which lasts for a period of eight (8) months from March to October and the dry season from November to February.

As a result of the tendency of the most part of the zone to be subjected to a heavier rainfall, about 50”, the vegetation is mainly deciduous while the other part has about 46” of rainfall. This geographical situation favours high degree of cocoa production output specialization in south western Nigeria.

The deciduous region supports mainly tree crops production like cocoa, oil palm, kolanuts, citrus, etc.

## 1.2 COCOA – A MAJOR EARNER OF FOREIGN EXCHANGE IN THE 60s IN NIGERIA

Cocoa, grown mainly in the south west was a major earner of foreign exchange in Nigeria in the sixties. Production was at 300,000 tonnes per annum before it was eclipsed by oil production. Nigeria was a world-leading exporter until recently. It remains a major non-oil foreign exchange earner.

## 1.3 CONTRIBUTION TO THE ECONOMY AND DEVELOPMENT OF THE OLD WESTERN REGION OF NIGERIA

There is no gainsaying the fact that the massive plantation of cocoa in the old Western Region comprising present day Delta, Edo, Ekiti, Lagos, Ogun, Ondo, Osun and Oyo States contributed largely to the economic, educational and social development of the Region before the emergence of oil in Nigeria.

In recognition of the importance of cocoa production in the agricultural sector in Western Region, the regional government set up the Western Region Marketing Board (WEMABOD) in 1954 to secure the most favourable arrangements for the purchase for export and sale of cocoa and some other produce of the Region. The Board was also mandated to utilize its accumulated reserves to promote the overall development of the producing areas.

This laudable aim yielded very impressive results. Between 1954 and 1962, the Marketing Board realized a sum of £64,000,000 (Sixty Four Million Pounds Sterling) as revenue over expenditure.

£31,000,000 or 48.44% of the surplus was granted to various Ministries; £14,000,000 or 21.9% was lent to the government and various corporations such housing, development and finance corporations owned by the Regional Government. £10,000,000 or 15.625% was invested in various Nigerian Companies while another £10,000,000 or 15.625% was divided between some Banks, Association of Nigerian Co-operative Exporters (ANCE) and the Nigerian Produce Marketing Company.

The colossal sum of the surplus revenue over expenditure that was generated by the Western Region Marketing Board during the aforementioned period greatly lubricated development of the part of Nigeria that currently constitute southwestern Nigeria.

Incontrovertible evidences of the laudable developmental projects in the commercial, industrial, educational, hospitality, health and other sectors which are direct offshoots business in the past years in south western Nigeria abound across Delta, Edo, Ekiti, Lagos, Ogun, Ondo, Osun and Oyo States up till the moment.

This no doubt confirms that a properly and well run and managed investment in cocoa plantation and processing business activities in south western Nigeria will be a money spinning venture.

# CHAPTER TWO

## 2.0 JUSTIFICATION FOR SITING OF A COCOA PROCESSING PLANT AT THE EXPORT PROCESSING ZONE (EPZ) WITHIN THE INLAND DRY PORT (IDP) COMPLEX FOR SOUTH WESTERN NIGERIA AT ERUNMU-IBADAN, OYO STATE, NIGERIA

### 2.1 BRIEF INFORMATION ON THE INLAND DRY PORT AT ERUNMU-IBADAN, OYO STATE, NIGERIA

The idea of Inland Container Depot was borne out of the outcome of the increase in global trade which led to scarcity of space in most sea ports. The situation has made it necessary to look for alternative ways of reducing congestion at sea ports and also make exportation and importation activities less cumbersome for business enterprise.

The establishment and operation of Inland Container Depots (ICD) was approved by the Federal Government of Nigeria and one of such Depots for southwestern Nigeria was located at Erunmu-Ibadan in Egbeda Local Government Area of Oyo State. The turning of sod ceremony of the project (which has an expanse of land – 121.160 hectares) was performed on 11th August 2008.

In June 2012, the former Minister of Transport, Senator Idris Umar, announced that the Federal Government of Nigeria had granted the Inland Container Depot (ICD) at Erunmu-Ibadan a port of destination status. Its nomenclature thus changed since 2012 from that of an Inland Dry Port (IDP).

As a result of the new status, Erunmu Dry Port became an equivalent of a seaport or airport which can receive cargoes directly from their point of origin. It could also get such goods examined and released by the Nigeria Customs Service (NCS) and other relevant agencies.

The Erunmu Dry Port, which has the capacity to handle an equivalent of 50,000 TEUs (i.e. 20 foot containers) would be administered under Build, Own, Operate and Transfer (BOOT) arrangement by Catamaran Logistics Limited with Nigerian Shippers’ Council as the supervising agency.

In line with the international standard best practices in maritime business activities, the Export Processing Zone (EPZ) is adequately sited along side the Dry Port. All over the world, the Export Processing Zone (EPZ) is usually constructed nearer the port.

The EPZ at Erunmu-Ibadan would serve well as a feeder link to the port whereby empty containers will be easily loaded with goods for export.

## 2.2 FACTORS THAT FAVOUR LOCATION OF A COCOA PROCESSING PLANT AT THE EPZ NEAR ERUNMU DRY PORT, OYO STATE

Processing of cocoa is the changing in form of raw materials from its original state to the form desired by the society in order to meet wants. The raw materials are in other words transformed to meet human wants.

Production management is not only those activities necessary for manufacturing produces. It spans over all the activities involving manufacturing, purchasing, warehousing, transportation, procurement of raw materials and other activities until the product is ready and valuable to the buyer.

### 2.2.1 PLANT LOCATION

Plant location is one of the critical decisions which an investor in cocoa processing has to make. It is a major planning of conversion system. The choice of location usually influences the effectiveness or otherwise of processing operations.

In order to achieve the goal of effective plant location, the other factors that are necessary to be fully considered include proximity to raw materials, availability of labour, transportation and proximity to market. The ultimate decision to establish a plant in a certain locality is the careful evaluation of all the aforementioned factors.

Each of the said factors has to be critically viewed by an investor in relation to its operational policy and weigh the cost in line with its needs.

The fact that the Inland Dry Port at Erunmu-Ibadan is established to provide full-fledged port operations and services for all the States in

South Western Nigeria favours, one hundred per cent (100%), the siting of a cocoa processing plant at the EPZ of the Dry Port.

Erunmu Dry Port will be a beehive of human and vehicular traffic when it commences full-scale business operations. This will in turn be of tremendous benefit to every investor that operates a cocoa processing plant there. Such an investor is sure to generate high return on his investment at reasonably low running costs.

# CHAPTER THREE

## 3.0 OPPORTUNITIES FOR INVESTORS IN COCOA PLANTATION, PROCESSING, MARKETING AND EXPORTING BUSINESS VENTURES IN SOUTH WESTERN NIGERIA TO COLLABORATE WITH AGRICULTURAL RESEARCH CENTRES AND ORGANISED TRADE GROUPS FOR MAXIMISATION OF RETURNS ON INVESTMENTS (ROI)

## 3.1 INTRODUCTION

Entrepreneurs value both their independence and their freedom to make decisions on their own. However, since decisions are best made after considering all relevant information, there are times when outside resources should be used to achieve better results.

Informed decisions are based on accurate information, and as their importance increases, the more likely it is that information will not be available within the organization. It is therefore important for investors in cocoa plantation, processing, marketing and exporting business ventures to be aware of the existence and services of agricultural research centres and organized trade groups that can provide the essential information basic to decision making by such investors.

## 3.2 AGRICULTURAL RESEARCH CENTRES

The agricultural research centres which investors in cocoa plantation and processing ventures can and should collaborate with are:

(a) Cocoa Research Institute of Nigeria (CRIN), Idi Ayunre, Ibadan, Oyo State

(b) International Institute of Tropical Agriculture (IITA), Idi Ose, Ibadan, Oyo State

(c) Cocoa Development Unit (CDU) of Ministry of Agriculture and Rural Development, Ibadan, Oyo State

### 3.2.1 COCOA RESEARCH INSTITUTE OF NIGERIA (CRIN)

The Cocoa Research Institute of Nigeria (CRIN) is one of the various research institutes under the supervision of the Federal Ministry of Agriculture and Rural Development.

The Institute which has its headquarters at Idi Ayunre along Ibadan/Ijebu-Ode Road off the Old Lagos – Ibadan Road, conducts research generally on cocoa. It makes its findings available, on request, to the stakeholders in cocoa plantation and processing activities.

Investors in the proposed cocoa development projects in South Western Nigeria would benefit a great deal from the services of Cocoa Research Institute of Nigeria by collaborating with the Institute.

### 3.2.2 INTERNATIONAL INSTITUTE OF TROPICAL AGRICULTURE (IITA)

The International Institute of Tropical Agriculture (IITA) is an international agricultural research centre in the Consultative Group on International Agricultural Research (CGIAR), which is an association of about fifty (50) countries, international and regional organizations and private foundations.

IITA seeks to increase agricultural production in a sustainable way, in order to improve the nutritional status and well-being of people in tropical sub-Saharan African. In order to achieve its goal, IITA conducts research and training, provides information, collects and exchanges germplasm and encourages transfer of technology.

IITA headquarters is at Idi-Ose along Ibadan/Oyo Road on a large expanse of land where it has staff quarters, international house and various departments for its operations.

### 3.2.3 COCOA DEVELOPMENT UNIT (CDU)

Crop production in South Western Nigeria can generally be classified into two categories, viz: tree crops and arable crops. The tree crops include cocoa, oil palm, coffee, etc. Of all the agricultural products of South Western Nigeria, cocoa is the mainstay of its agricultural economy.

The Crop Division of the Ministry of Agriculture and Rural Development in Oyo State of Nigeria has affiliated to it a semi-autonomous Cocoa Development Unit (CDU). Since its inception in 1971, the Unit had been involved in cocoa rehabilitation.

The Cocoa Development Unit takes care of cocoa farmers who participated in its programme in form of supplies of planting materials, technical advice provided by staff of the Ministry of Agriculture and Natural Resources, raising of seedlings and protection of cocoa against diseases and pest. CDU equally supervises storage and ensures proper grading of produce to bring about maximum returns to farmers and satisfy the requirements of the global market for cocoa.

## 3.3 ORGANISED TRADE GROUPS AS EFFECTIVE MARKETING CHANNELS FOR INVESTORS IN COCOA PLANTATION AND PROCESSING BUSINESS VENTURES IN NIGERIA

After cocoa has been harvested and/or processed, the investor must decide how his products will reach the ultimate consumer either in the local or international market. Marketing channels are vital distributive link between the manufacturer/producer of a product and the consumer or industrial user.

The trade associations and organized trade groups that investors in cocoa plantation and processing business activities can and should use as effective marketing channels are:

(i) The Association of Nigerian Co-operative Exporters Limited (ANCE)

(ii) Oyo State Shippers' Association (OYSSA)

### 3.3.1 THE ASSOCIATION OF NIGERIAN CO-OPERATIVE EXPORTERS LIMITED (ANCE)

The Association of Nigerian Co-operative Exporters Limited (ANCE) was established in 1945 as the Co-operative Marketing Apex (tertiary) with just four (4) secondary Co-operative Societies (Co-operative Produce Marketing Unions as its foundational member). It now has a total membership of forty-two (42) Co-operative Product Marketing Unions spread across the States that make up the South West Geo-Political Zone of Nigeria.

The objectives which the Association was established to achieve and had been guiding it in its policies, programmes and operations from 1945 to date include (but are not limited to) the following:-

(a) To operate as a central agency for the marketing of members' produce.

(b) To finance the purchase of members' produce.

(c) To stimulate and facilitate (through lawful and proper means) the production and marketing of the produce of members of Co-operative Societies.

(d) To engage in shipping, stevedoring, clearing and forwarding agency.

(e) To establish, participate in the establishment of agricultural and industrial projects which will be of direct benefits to its members.

As a central co-operative marketing body and as a result of its pyramidal structure, ANCE first marketed cocoa in 1944/45 season under the quota system of the West African Produce Control Board. When the Nigerian Cocoa Marketing Board was eventually formed, ANCE was automatically appointed a licensed buying agent. Later on, Regions were created and the Nigerian Cocoa Marketing Board was decentralized. This gave birth to three (3) Regional Marketing Boards namely Western, Eastern and Northern Regional Marketing Boards.

The Association of Nigerian Co-operative Exporters (ANCE) is conducting its business at its ultra-modern office complex located at Jericho, Ibadan, the capital of Oyo State, Nigeria. The complex was built in 1983 and it has been boosting the image of ANCE and the Co-operative Movement in Nigeria to date.

The Association of Nigerian Co-operative Exporters is a Corporate Member of Oyo State Shippers' Association, Ibadan, Nigeria.

### 3.3.2 OYO STATE SHIPPERS' ASSOCIATION (OYSSA)

Oyo State Shippers' Association (OYSSA) is the central body for all operators of maritime business in Oyo State, South Western Zone of the Federal Republic of Nigeria. The Association is actively involved in importation and exportation of goods to and from Nigeria by sea, air, rail, land and/or inland water ways.

Its members include professional service providers to importation and exportation business such as bankers, insurance practitioners, cargo superintendents, loss assessors and adjusters, freight forwarders, etc.

OYSSA has cordial working relationship with the following Organised Trade Groups and relates fully and co-operate well with each of them as

PARTNERS-IN-PROGRESS on all matters concerning business development in Oyo State, South-Western Zone and the Federal Republic respectively:-

1. The Shippers' Associations in all States of Nigeria
2. Ibadan Chamber of Commerce
3. Manufacturers' Association of Nigeria (MAN) Oyo/Ondo/Osun/Ekiti States
4. The Association of Nigerian Co-operative Exporters (ANCE)
5. Oodua Chamber of Commerce, Industries, Mines and Agriculture
6. National Association of Clearing Agents and Freight Forwarders
7. National Association of Road Transport Owners (NARTO), South West Chapter
8. Erunmu Dry Port Host Communities Consultative Council
9. Okerete Border Market Stakeholders Association (OKEREBOMA), etc.

As a result of the close-relationship between Oyo State Shippers' Association and Nigerian Shippers' Council, South West Zonal Office, Oyo State Shippers' Association was given office premises within the Federal Government of Nigeria Secretariat Complex, Ikolaba, Ibadan, Oyo State.

OYSSA promotes, builds and expands the business of its members in relation to import and export shipping activities.

Investors in cocoa plantation and processing business in South Western Zone of Nigeria would be benefitting greatly by collaborating with Oyo State Shippers' Association.

# CHAPTER FOUR

## 4.0 PROFILE OF AYOMOT LIMITED – THE PROMOTER OF COCOA PLANTATION AND PROCESSING VENTURES IN SOUTH WESTERN ZONE OF THE FEDERAL REPUBLIC OF NIGERIA

Ayomot Limited is a Firm of Investment Analysts, Turnkey Projects Promoters, and Co-ordinators. The Firm also provides Business Broking and Management Consultancy Services.

The Company operates as a vital link between Federal, State and Local Governments and their various Agencies, Foreign Investors and Financiers on identification, appraisal and setting up of viable industrial and commercial projects in the Federal Republic of Nigeria.

The range of the services of Ayomot Limited include (but are not limited to) the following:-

1. Identification, analysis, quantification and review of feasible and viable lines of business ventures.
2. Promotion of Industrial, Commercial and Agricultural Projects.
   - (a) Conduct of Feasibility/Viability Studies for investors.
   - (b) Preparation of Reports of Feasibility and Viable Studies on Proposed Projects for investors.
   - (c) Co-ordination of Projects' Financing Options.
   - (d) Sourcing for land allocation for commercial agricultural projects for and on behalf of foreign investors.
3. Procurement/Renewal of Entry Visas, Expatriate Quota, Residence Permit, Work permits and any other necessary documents for foreigners to do business and work in Nigeria.
4. Co-ordination of Processes for Transacting Import and Export Business in Nigeria.
5. Provision of up-to-date Trade Information Services on Nigeria to foreign investors and financiers.

Ayomot Limited is fully aware and it believes that profitable business is an international operation which can not and should not be transacted on any basis lower than what operates in Europe and other developed economies.

It therefore ensures that it operates and serves its clients to develop absolute trust and confidence in the Nigerian business environment.

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