



Delta State

AGRO-INDUSTRIAL PARK, ABOH OGWASHI-UKU

PROJECT BRIEF

A key strategy of economic diversification, job creation and inclusive sustainable growth in Delta State is the development and operation of agro-industrial parks through public private partnership (PPP). The agro-industrial park is conceived as a multipurpose and multiproduct epicentre of agro-processing, agro-industrial and agribusiness activities in the state. In line with the universal concept of “industrial park”, the agro-industrial park will serve as “infrastructure, logistics and services haven” to promote the ease of doing agro-industry and agribusiness in the state.

The rationale behind the agro-industrial park is the integration and harnessing of the agricultural value chain for job and wealth creation. The agro-industrial park is envisioned as a “safe operating space”, a springboard for transforming and industrializing the agricultural sector, fostering linkages between agriculture and industry and promoting investor confidence and business competitiveness. It is expected that the agro-industrial park will be the growth pole for the development of the agricultural economy in the state.

Against this backdrop, Delta State Government has, since August 2015, been implementing measures to establish an Agro-Industrial Park at Aboh Ogwashi-Uku.

2.0 CONCEPT AND DESIGN FEATURES

Delta State Agro-Industrial Park is conceptualized as a delineated land-area designated to be an ‘infrastructure haven’ which is developed and serviced as the hub for agro-industrial activities, agro-processing and agribusiness operations.

By design, the agro-industrial park will be endowed with clustered infrastructure, facilities and utilities pertaining to power, water (irrigation, industrial and domestic), security, research and training, quality assurance, sewage systems and waste management. Others are marketing and commerce, packaging, product warehousing, handling and storage (wet and dry), equipment maintenance, administration, conferences/meetings, residential and hospitality.

The purposes/value of Delta State Agro-Industrial Park are:

- I. Eliminate persisting agricultural value chain infrastructure constraints
- II. Diminish the cost of operations.
- III. Enhance the overall ease of doing agribusiness.

The common infrastructure, facilities and amenities will enable firms and businesses to:

- I. Operate smoothly
- II. Attain maximal efficiency.
- III. Maintain profitability.
- IV. Grow investments over time.

The outcomes and impacts will include:

- I. Improved Competitiveness of Agro-Industrial and Agro-Processing Businesses.
- II. Increased Flow of Private Investments to the State's Agricultural Sector.
- III. Job and Wealth Creation.
- IV. Sustainable Growth and Diversification of the State's Economy.

3.0 SITE SELECTION AND PHYSICAL LAYOUT

The location of the agro-industrial park is Aboh Ogwashi-Uku in Aniocha South Local Government Area of the state. The location is at the confluence of two all-season rivers – River Ubu and Iyi-Ada, both merging into a single flow to River Niger. The agro-industrial park covers a total land area of 220 hectares. This location was selected through a pre-feasibility study of candidate sites conducted from May-June 2016.

The layout design consists of (i) 70 ha logistics centre (that is, the nucleus of the agro-industrial park) with customized infrastructure, facilities and amenities and factory plots (ii) 150 ha for irrigation development and associated activities.

4.0 PROFITABILITY, VIABILITY AND SUSTAINABILITY

The project investment appraisal, business model and cost-benefit studies which have been validated nationally and internationally, show that the agro-industrial park is profitable, viable and bankable. The verified business plan cash flow gives satisfactory rates of return on investment over the project life.

Moreover, the structuring of the investment as a public-private partnership (PPP) through Joint Venture Agreement, the market-based and demand-driven nature of the Delta State agro-industrial park model make the project sustainable into the future.

The capital cost is about Twenty Six Million US Dollars (USD26,000,000.00). The ownership model is Special Purpose Vehicle named Delta State Agro-Industrial Park Limited. The financing structure comprises (i) debt 85% and (ii) equity 15%. The debt is wholly guaranteed by the Delta State Government. The equity is composed as follows - Delta State Government 40%, MGA Agricultural Resources Ltd. 30% and Norsworthy Investments Ltd. 30%.

5.0 ECONOMIC AND SOCIAL IMPACTS

The anticipated impacts of the agro-industrial park range from technological, social-economic (job and wealth creation, poverty reduction, social inclusion) and the transformation of the agricultural value chain across comparative advantage commodities in the state. In addition to the transformational effects on the structure of agricultural economy in the state, the agro-industrial park will boost agricultural productivity and incomes and lift many out of poverty.

At full capacity, the agro-industrial park will take 20-30 agro-processing factories and agribusiness enterprises. It will generate about 500-750 direct jobs and estimated 100 jobs in management, maintenance, and supply services. Also, contractual farming and outgrower arrangements with farmers will increase income for up to 3,000 farmers.

Altogether, the number of direct jobs that will be created by the agro-industrial park could reach about 3,500-4,000 while the indirect economic impacts will cover tens of thousands of farmers and agricultural value chain operators.

6.0 DIARY OF MILESTONES

The following below is a chronicle of the process flow, milestones achieved so far and upcoming milestones in the establishment and operation of the agro-industrial park.

Table 1: Diary of Process Flow and Milestones in the Establishment and Operation of Agro-Industrial Park, Aboh Ogwashi-Uku

| S/No. | Milestone achieved | Date/period done |
|-------|--|--------------------------------|
| 1. | Preparation of Agro-Industrial Park Project Identification Concept together with Initial Exploratory Studies submitted by Office of the Chief Job Creation Officer to His Excellency, the Governor. | 6 th August 2015 |
| 2. | His Excellency, the Governor's Approval-in-Principle for the Agro-Industrial Park Project | 14 th August 2015 |
| 3. | His Excellency, the Governor's Approval for the Working Committee on Agro-Industrial Parks, with Chief Job Creation Officer as Chairman. | 6 th October 2015 |
| 4. | Consultancy Agreement for the Conduct of Feasibility Assessments and Business Plan Analysis for an Agro-Industrial Park. | 29 th February 2016 |
| 5. | Study visit to Israel for assessment of comparative agro-industrial models and for first-hand assessment of activities of prospective technical partners | 5-8 July 2016 |
| 6. | Completion of Feasibility Analysis, Site Assessments/Selection, Cost-Benefit Studies, Business Plan Scenario Analysis & Layout Design. | August 2016 |
| 7. | Public Notice for the Acquisition of Land by Delta State Government. | 9 th December 2016 |
| 8. | State Executive Council's approval for the establishment of the Agro-Industrial Park Aboh Ogwashi-Uku through PPP model. | 14 th November 2017 |
| 9. | Delta House of Assembly ratifies the approval by State Executive Council for the establishment of Agro-Industrial Park, Aboh Ogwashi-Uku, through Public-Private Partnership. | 14 th December 2017 |
| 10. | Appointment of Contemporary Design Associates as Project Consultant for the Agro-Industrial Park Engineering Procurement and Construction (EPC) | 21 st January 2019 |
| 11. | Execution/Signing of the Agro-Industrial Park Joint Venture Agreement between Delta State Government, Mirai Technologies Ltd. (Technical Partner and Anchor Investor) and Norsworthy Investments Ltd. (Co-Investor). | 14 th February 2018 |

| S/No. | Milestone achieved | Date/period done |
|-------|--|--------------------------------|
| 12. | Completion of Bankability Requirements, including Investment Appraisal, Economic Studies, Financial Modelling, Business Plan, Cash Flow Analysis & Environmental Impact Assessment. | August 2018 |
| 13. | His Excellency, the Governor's Reconstitution of Agricultural Parks Implementation Committee, with Chief Job and Wealth Creation Officer as Chairman. | 9 th August 2019 |
| 14. | Completion of Perimeter and Topographic Survey of the land (221ha) designated for the agro-industrial park at Aboh Ogwashi-Uku, acquisition of the land by Delta State Government and payment of compensation to the existing land users. | January 2020 |
| 15. | Completion and adoption of Masterplan, Physical Design & Working Drawings (Architectural, Engineering, Etc.) and Bill of Quantities (BoQ). | September 2019 |
| 16. | International Bankers Scrutiny and Validation of Feasibility Study, Business Plan, Architectural and Engineering Design & Drawings, Bill of Quantities and Cash Flow Analysis. | February 2020 |
| 17. | Completed incorporation of the Joint Venture Company (Special Purpose Vehicle), known as Delta State Agro-Industrial Park Ltd., for the ownership, development and operation of the agro-industrial park and obtained Certificate of Incorporation. | 4 th September 2020 |
| 18. | State Executive Council approves that the State Government obtains domestic loan finance (CBN CACS) for the agro-industrial park capital cost. | 16 th June 2020 |
| 19. | State Executive Council approves update revision of the capital costs of agro-industrial park project, Aboh Ogwashi-Uku. | 14 th July 2020 |
| 20. | Agreement reached on the Engineering, Procurement and Construction (EPC) between the State Government and Sequoia Solutions and Innovations Ltd (the local subsidiary of Mirai Technologies Ltd. as provided for in the Joint Venture Agreement of 14 th February 2018) | 20 th July 2020 |
| 21. | Payment of mobilisation component of the Engineering, Procurement and Construction (EPC) Contract to Sequoia Solutions and Innovations Ltd.,) and payment of first instalment of professional fee to the Project Consultant/Supervisor – Contemporary Design Associates. | 16 October 2020 |
| 22. | His Excellency, the Governor's Enlargement of and Mandate Renewal for the Existing Project Implementation Committee on Agro-Industrial Park, Aboh Ogwashi-Uku, with Chief Job and Wealth Creation Officer as Chairman. | 19 th October 2020 |
| 23. | Mobilisation to Site and Commencement of Construction Works by the EPC Contractor, Sequoia Solutions and Innovations Ltd. | 26 th October 2020 |

WHY INVEST IN THE AGRO-INDUSTRIAL PARK

The agro-industrial park is open to willing and interested investors who desire to co-locate agro-processing and agro-allied plants to benefit from the high-rate common infrastructure, utilities and services provided in the park. The availability of adequate, reliable and sustained

infrastructure, amenities and services removes the most critical constraint to the start-up, profitability, viability and competitiveness of agroindustries in the state. Therefore, the agro-industrial park provides the favourable investor-friendly business environment suitable for the development of the agricultural value chain. Overall, all agroindustries in the park will enjoy reduced costs and risks and have real foundation for business profitability, investment viability and sustainability.

Agroindustries and agro-allied investments (processing and packaging activities) in the park will benefit from dedicated common infrastructure including internal network of roads, power, water, storage, packaging utilities, waste treatment, logistics, transportation, communication, byproduct utilization, export-import services, training and management services, research and laboratory facilities and security services. The dedicated infrastructure and services will guarantee smooth and uninterrupted operations, ease of logistics, comfortable operational environment as well as protection from operational risks and uncertainties. Moreover, co-locating agroindustries will enjoy inter-firm cooperation and collaboration, mutual learning and multilateral sharing of experiences.

Eligible agroindustries for the agro-industrial park include processing, packaging and manufacturing of products based on agricultural raw materials. Emphasis will be given to agro-industries that will impact most on the agricultural value chain in the state through utilization of (that is, value addition to) local agricultural products and optimization of local agricultural resource use. Special consideration will be given to firms with business plans for vertical integration, either through own production agricultural raw materials or contract farming/outgrower schemes that incorporate local agricultural producers.

The primary agro-industrial activities that are eligible for the park include:

- Rice mills and rice flour manufacturers.
- Cassava chips, flour, starch and garri producers.
- Banana/plantain flour producers.
- Palm oil and palm oil -based products.
- Wood mills, paper pulp mills, wood-based products.
- Milk processing and milk-based products.
- Slaughterhouses for beef, broilers, pork and related livestock products.
- Dried and/or pickled fruits and vegetables.
- Fresh and processed vegetables.

Over time, there will be a second layer of agro-industrial businesses, based upon utilizing the agricultural products from the park as inputs for other manufactures. For example, production of edible goods from corn and/or cassava flour, production of glue from cassava starch, livestock feed mill that uses byproducts and leftovers (corn grain shells, cassava fibres, rice husks and bran) from other industries in the park.