

# ANPOP Trip Report

## July 2018

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### Executive Summary

The farm continues to show signs of progress, but at the same time we seem to be losing ground in some regards. There is considerable evidence that the farm would produce better if more was invested in pruning, cleaning and harrowing. The return value would likely depend on how much was spent, but for small improvements, especially in pruning, the return after a year would be expected to be greater than the cost of the work, if reasonable labor rates can be obtained.

Progress to plan so far indicates that changes are needed if we are to generate positive cash flow by the end of the year. After concluding a sale of 3226 litres for ₦1 million in early July, we have sold 7035 litres so far in 2018 at an average sale price of ₦278 per litre. Based on our current stock of 3,000 litres and projected production through the end of the year, we can expect to have an additional approximately 5,500 litres to sell. If we sell that remaining oil at ₦300 per litre, we can expect another ₦1.65 million in oil revenue for a total revenue for the year of ₦3.61 million. This compares to our budgeted projection of 14,500 litres of oil generating revenue of ₦3.915 million. We also projected ₦300,000 of seedling sales, which now seems certain to not materialize. We projected the year to be break even unless we are able to generate significant revenue in tractor rental. So far we have realized ₦147,500 in rental of the tractor; we do not project enough additional revenue in the final six months to close the projected ₦600,000 deficit. In addition, since additional investment in pruning and clearing is clearly called for, the gap will increase if we make that investment now.

The proposal is to first hire one additional worker for pruning. Over the remaining 6 months that will cost ₦150,000. Then, to generate additional revenue, we will increase the maize planting from the current projected ₦500,000 to ₦1 million, and hold the remaining oil to get an average sale price of ₦350 per litre, for an additional ₦275,000 in oil revenue. Both

the increase in maize planting and the holding of oil for peak prices require cash reserves that we do not have. So we are establishing a line of credit from a personal loan (not a bank loan) of \$5,000 (₦1.79 million) to enable this plan. There is risk in this proposal, as both maize prices and oil prices are unpredictable. But this seems like our best chance to finish the year with positive cash flow while making a start at improving prospects for next year.

### Farm Tours

#### Ogunkunle

The first farm toured this year was Ogunkunle Farm, on Monday, 16 July. We left the Mission Village at 1:23 and arrived at the farm at 1:37 p.m. We left the farm at about 3:20 p.m. when it started to rain.

The parts of the farm seen on this trip is illustrated in Figure 1. Although many of the trees that produced well during the peak harvest season in March and April are now without fruit, some continue to produce, and others that did not produce then have bunches today. The farm was harvested the previous week, and was scheduled to be harvested again in the following week. Some ripe bunches were seen, with the level of fruit suggesting that the farm would produce more in July and in August than it had in June.

The farm is generally not quite as clean as in previous years. Some pruning was done here 3-4 weeks ago, with no additional pruning is scheduled for the farm within the next month. The plan was to harrow as much of the farm as possible by some time in August, provided a tractor operator can be found. The level of the weeds and a look at some recent pruning is shown in Figure 2. Figures 3–6 show examples of fruit at Ogunkunle.



Figure 1: Ogunkunle Farm tour July 2018.



Figure 2: Pruning here on Ogunkunle Farm was done 3-4 weeks ago.

## Ijaye

We visited Ijaye Farm on Tuesday, 17 July, arriving at 11:05 a.m. and leaving just before 3:00. Each visit shows more of the farm with shade trees removed, opening it up to tractor access. It is also evident that the more often the tractor goes through an area, the shorter the weeds. There remains a section with thick shading trees where the palms are mostly unable to bear fruit. A map summary of the areas of the farm visited is shown in Figure 7. Figure 8 shows an example of a tree in the thick of the wooded section that, despite the shading, has come out with its first fruit.

The areas of the farm opened up in the last few years by tree removal are now producing well, though the trees in the prime area at the end of the farm still produce larger bunches. Example fruit from the the recently opened areas is shown in Figure 9. Bunches from the prime area at the end are shown in Fig-



Figure 3: Fruit here on Ogunkunle Farm is likely a few weeks from being ripe.



Figure 4: This bunch will be ready when Ogunkunle Farm is harvested next week.



Figure 5: This bunch on Ogunkunle Farm is nearly ripe. This tree produces fruit that starts green and turns to orange.





Figure 6: Many bunches here on Ogunkunle Farm, with a ripe one at front left.



Figure 8: This palm on Ijaye Farm is now bearing its first fruit bunch.

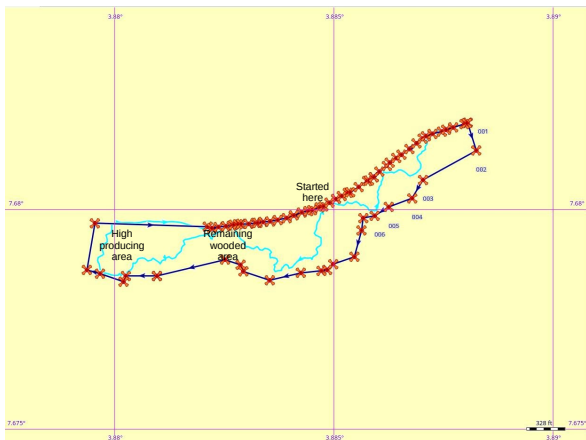


Figure 7: Ijaye Farm tour July 2018.



Figure 9: This tree is in an area of Ijaye Farm that was only cleared of trees recently. It is now producing well even past the peak season.

ure 10. Although the farm was harvested on Monday, they did not finish due to rain. An example ripe fruit yet to be harvested is shown in Figure 11

## Omodeni

From Ijaye Farm, we proceeded to Omodeni farm, arriving at about 2:15 a.m. and leaving after heavy rain arrived at 3:00 p.m. and sent us home early. We came back on Wednesday, 18 July and finished the tour between about 8:20 and 10:00 a.m. Between the two days, we covered a decent portion of the farm, as shown in the map in Figure 12.

Harvesting at Omodeni was scheduled for Thursday, so we saw a fair amount of ripe fruit during the tour. The actual harvest on the next day (Figure 13) brought in 53 bunches with an average weight of 12.5 kg. (Note that we are now using a new method for sampling bunches to get average bunch weight; three



Figure 10: Large bunches from a tree at the end of Ijaye Farm that has always produced well.





Figure 11: An example ripe fruit on Ijaye Farm yet to be harvested.



Figure 13: The harvest at Omodeni Farm: 53 bunches, harvested on Thursday.

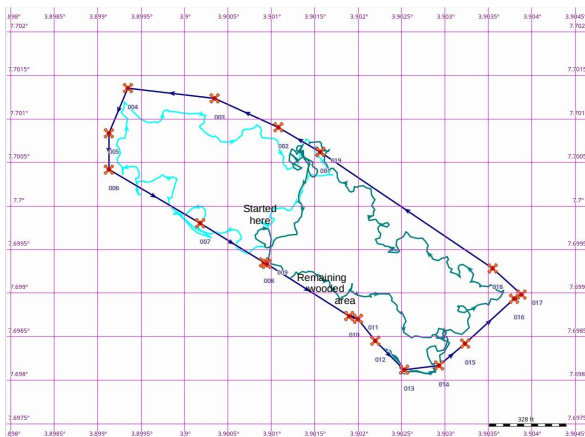


Figure 12: Omodeni Farm tour July 2018.



Figure 14: A bunch on Omodeni Farm was harvested here by someone else.

representative bunches as visually close to average as possible are weighed and averaged.)

One tree was identified where a bunch was taken by someone else; we suspect a cattle farmer that was for a time camping on our farm. The evidence is captured in Figure 14.

At the western corner of the farm, there was a dispute, thought to be settled now, as to where the boundary was. However, a tree right at the boundary corner, in the area being farmed by our neighbor, has good fruit but has never been harvested by us. We discussed the tree and boundary with the neighbor, and cut open a fruit to confirm by the size of the kernel that it is a tenera tree, and therefore is ours. The tree is shown in Figure 15. Examples of ripe fruit seen on the farm are shown in Figures 16, 17 and 18.



Figure 15: The tree at the western corner of the Omodeni Farm, confirmed now to be tenera and therefore our tree. We have not been harvesting this fruit, but will going forward.





Figure 16: A ripe bunch on Omodeni Farm.



Figure 17: A ripe bunch on Omodeni Farm.



Figure 18: A ripe bunch on Omodeni Farm.



Figure 19: Meeting with Chief Ikeje and his interpreter, when we gave 2 kegs oil from 2017 production.

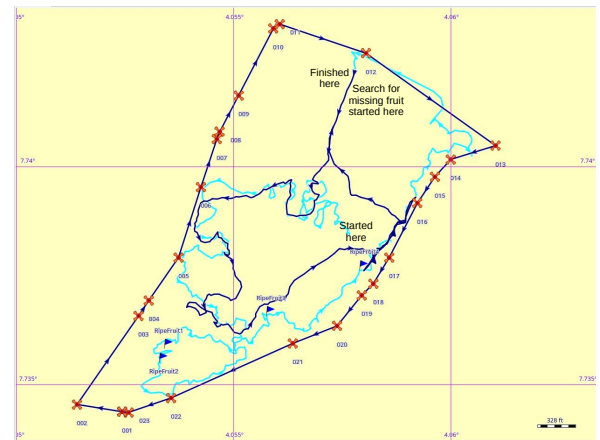


Figure 20: Awe Farm tour July 2018.

## Awe

From Ijaye Farm we traveled to Awe, stopping first at the palace in Awe to greet Chief Ikeje of the Awe Chiefs and to give him our annual gift of oil and a copy of our annual report. I explained (through an interpreter) why we were providing a gift of oil instead of a share of 2017 profits, and summarized the main causes of our 2017 operating deficit. Figure 19 records the giving of oil—though the 2 kegs somehow did not make it into the picture!

We arrived at Awe Farm at around 11:20 a.m. and left about 4 hours later. Yinka followed me around the farm, while Temi oversaw the ongoing harvest. Figure 20 shows the route we followed. When we arrived, ten bunches had been carried to the collection point, and two more arrived just as we were leaving (Figures 21 and 22).

We did find some ripe fruit missed by the harvesters as Yinka and I walked the farm (also marked on the map in Figure 20). Some examples are shown in Figures 23 and 24. I went back with Yinka and





Figure 21: Harvest was in progress when we arrived at Awe Farm, with 10 bunches collected here.



Figure 24: Another missed ripe bunch at Awe, on the same tree.



Figure 22: Abigail bringing two more bunches just harvested at Awe Farm.



Figure 25: Awe Farm harvest of 85 bunches, more than expected.



Figure 23: A ripe bunch at Awe Farm, missed by harvesters.



Figure 26: Pruning on this part of Olaoke Farm requires climbing with a belt.



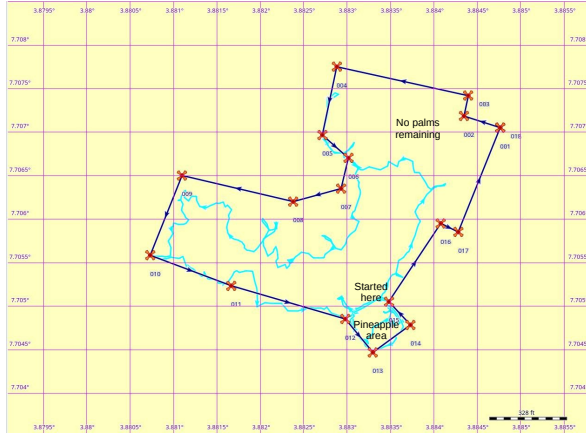


Figure 27: Olaoke Farm tour July 2018.

Abigail to look for and harvest the missed bunches, but we only succeeded in finding and harvesting two of them. I sent to Temi's phone the coordinates of the remaining missed bunches based on the camera GPS. He has an app that displays his location relative to the farm boundaries, and the location of the fruit bunches was added to that app.

The total harvest was 85 bunches, with an average weight of 11.7 kg following the new method (Figure 25). The bunches filled the bed of the truck, and after covering with a tarp, Yinka and Paul rode back to the mill on top of the fruit, while Abigail rode in the truck with Temi and me.

## Olaoke

We visited Olaoke Farm on Thursday, 19 July, arriving at 9:00 a.m. and leaving at 11:45 a.m. Pruning was in progress in the front pineapple section of the farm when we arrived, and the man pruning had already dropped a few ripe bunches in the process. The rest of the crew were harvesting at Omodeni; the next harvest at Olaoke is to be next week. Most of the pruning work on this part of the farm requires climbing the tree with a belt; most of our workers do not yet have this skill. A photo of the pruning in process is shown in Figure 26.

After spending a few minutes observing the pruning, we toured the rest of the farm, avoiding heavily wooded or weedy sections with no remaining palms. A map of the route followed is shown in Figure 27.

Although we had seen this also on other farms, it was remarkable how often we saw large trees that had not been producing recently (or ever) but were now bearing fruit. Perhaps conditions are gradually improving on the farm, but whether that is the case or not, more improvement is clearly still needed if the



Figure 28: Ripe fruit ready for next week's harvest at Olaoke Farm, on a tree that has not harvested or pruned in a long time.



Figure 29: Example fruit bunch on Olaoke Farm.



Figure 30: Example ripe fruit ready for next week's harvest at Olaoke Farm.



Figure 31: Splitting is mostly complete; this pile plus what has already been loaded into the sterilizers should yield around 100 litres of oil.



Figure 32: Palm kernel nuts, still with some fibers to be separated. The larger pile to the right has not completed the first pass of pulling the fibers out.

farm is to begin to approach its potential. An example of a tree now bearing fruit after a long absence is shown in Figure 28. Other examples of fruit on the farm are shown in Figure 29 and 30.

## Mill Operations

The pile of fruit shown in Figure 31 is from last week's harvest of main Ogunkunle and Olaoke Farms. Although this is not the peak of the season, the harvest last week was still a bit disappointing. Here the splitting is mostly complete, and some of the fruit has already been cleaned and loaded into the sterilizers. We expect around 100 litres of oil from this batch of fruit. During this time of year, processing of last week's harvest is typically done on Monday morning.

None of the palm kernels left over over from oil extraction have yet been processed this year. Figure 32 shows a pile of palm kernel nuts following the first pass of separating the nuts from the fibers left-over from oil extraction. The larger pile to the right shows the nuts still waiting for first pass hand sorting. Following second pass partially mechanized separation the kernel nuts are stored in bags as shown in Figure 33.

We estimated our current inventory of oil at 6,250 litres, based on our count of 27 taller (about 220 litres) and 3 shorter (about 200 litres) barrels, with one barrel not quite full. The barrels in the store room are pictured in Figure 34. The oil storage room is quite secure, but Temi would like to make some changes to keep the room warmer; it often feels cooler in the room (or at least not any warmer) than the outside air temp, and the oil would keep better at



Figure 33: Fully separated palm kernel nuts, waiting for cracking.



Figure 34: Palm oil inventory



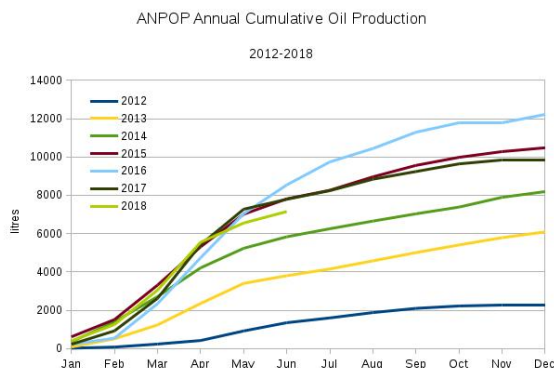


Figure 35: Annual cumulative palm oil production comparison, through June 2018.

a slightly higher temperature. Of the current inventory, about 3,250 litres has just been sold to a single buyer at ₦1 million, but he has yet to take delivery, leaving our effective inventory at 3,000 litres.

## Finances

Oil production through June is shown in Figure 35. Through April, oil production was the highest ever, though by a small margin, as the total production through April and even through May has been very close for the last four years. May and June production, however, dropped this year behind the previous three years. There are signs that the harvest may be better over the remainder of this year than it was last year. We expect closer to 2500 litres over the remainder of the year, in comparison to about 2000 litres over the last 6 months of 2017. We also need to account for approximately 200 litres of oil in remaining gifts to farm owners, and perhaps 300 litres in oil donations to BAIS. Between stock and projected production, that leaves 5000 litres of oil to be sold. If we sell as cash is needed to operate, we expect we can get an average price of about ₦310 per litre, for a total remaining oil revenue of ₦1.55 million. If we instead hold our oil for peak prices, we think we can get a price of ₦350 per litre, which would generate 1.75 million in revenue.

Figure 36 shows revenues and expenses tracked through June. Including the ₦1 million just obtained from the early July sale of palm oil (which does not show up in Figure 36, as it was recorded in July), the revenues to date stand at ₦2.1 million. Additional expected revenues by the end of the year include ₦400,000 in palm kernels, ₦200,000 in cassava and ₦500,000 in maize. This would bring the to-

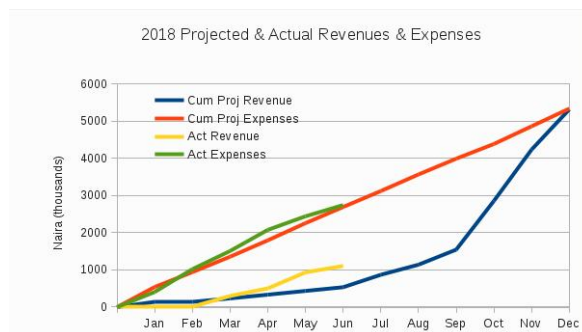


Figure 36: 2018 ANPOP revenue and expenses tracking through June.

tal revenue for the year up to ₦4.95 million, which is short of the ₦5.3 million projected expenses (to which we are tracking quite closely, as seen in Figure 36), nor account for the additional ₦150,000 we intend to spend on hiring another worker to prune trees. Although hiring out the tractor can bring in some of that revenue, the most promising plan is to increase the maize planting from ₦500,000 worth of maize to ₦1 million worth of maize.

This assumes the expenses continue to track to plan, except for one extra worker for pruning. Over the past couple of years, we have done pretty well in projecting expenses. Some months allow for more extra workers in harvesting, while in other months we plan to spend more on diesel for harrowing. But overall, the average monthly spend rate seems to hold fairly steady at around ₦450,000 per month. There may be opportunity to cut some expenses without hurting the long term health of the farm or impacting current revenue, but we do not anticipate major savings are possible without adverse impact to either revenue or farm health.

## Conclusion

There are sign of progress on the farm, but also some indications that we may be losing ground to the jungle. The long term success of ANPOP depends on improved efforts toward farm cleanliness and tree pruning, and increased spending will be required to do this. And until the farm starts to recover and improve production, cash flow will be tight. A line of credit is being established to allow the farm to operate at improved efficiency, and by tapping into it over the remainder of the year we ought to be able to cover our expenses.