



**BRIEF BUSINESS PLAN
FAKFAK LIVESTOCK AND FOOD INDUSTRIES DEVELOPMENT
LOCATED AT BOMBERAY DISTRICT OF FAKFAK REGENCY
WEST PAPUA PROVINCE - INDONESIA**

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CONFIDENTIAL

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Attachment : Maps of Land Suitability & Project Site Development Plans

1. Statement of Confidentiality & Non-Disclosure

This document contains proprietary and confidential information. All data submitted to potential investor is provided in reliance upon its consent not to use or disclose any information contained herein except in the context of its business dealings with this Business Plan of Fakfak Livestock and Food Industries Development (FLAFID).

The recipient agrees to instruct each employee that they must not disclose any information concerning this document to others except to the extent those matters are generally known to, and are available for use by, the public. The recipient also agrees not to duplicate or distribute or permit others to duplicate or distribute any material contained herein without the written concerns from the Special Staff of Mayor of Fakfak for Overseas Economy and Development Cooperation.

The Fakfak Local Government (FLG) retains all title, ownership and intellectual property rights to the material and trademarks contained herein, including all supporting documentation, files, marketing material, and multimedia.

BY ACCEPTANCE OF THIS DOCUMENT, THE RECIPIENT AGREES TO BE BOUND BY THE AFOREMENTIONED STATEMENT.

2. Executive Summary

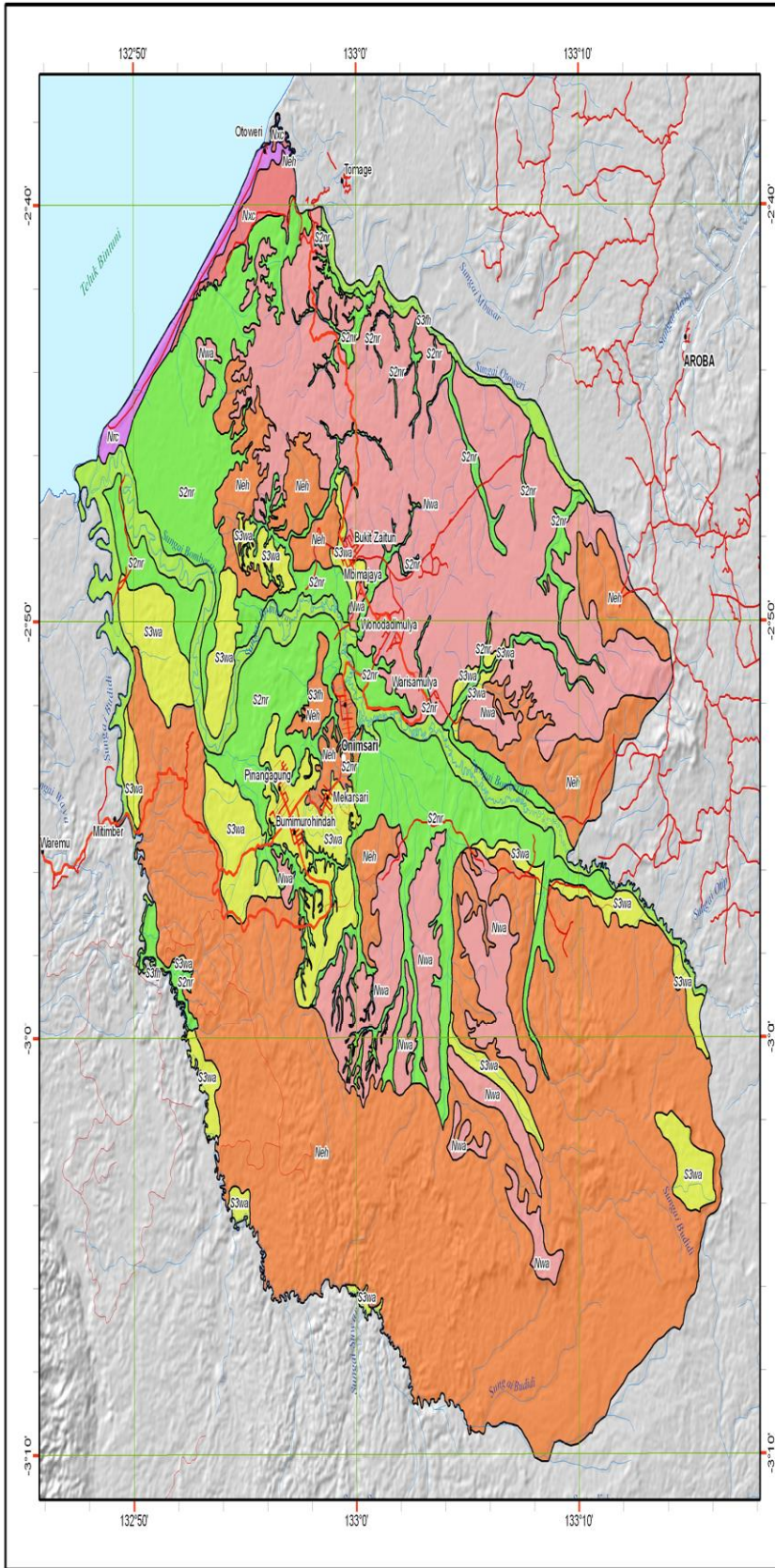
2.1 Business Description

Fakfak Livestocks and Food Industries Development's mission statement "Fakfak Food for All" will be in line with the international community's efforts and approaches to secure global and future food. The term food security by some references, referring to a condition in which all people at all times have a physical and economic access to safe, adequate and nutritious food to satisfy their daily calorific intake and allow them to lead an active and healthy life. Individuals who are food secure have an access to a sufficient quantity of food and do not live in fear of hunger and starvation. On the other hand, food insecurity exists simultaneously and inhibits certain groups of individuals from gaining access to nutritionally adequate and safe food.

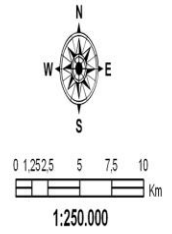
By understanding the food security's consequences to people and economic growths and observing the increasing demands of domestic and international market on foods and food stuffs, especially live cattle and beefs, the Government of Indonesia (GOI) and the Local Government of Fakfak Regency of West Papua Province have conducted the Bomberay Agropolitant Master Plan.

Based on that master plan, GOI/FLG have allocated 193.992 ha land for agro-industries development and supporting infrastructure projects. This allocated 193.992 ha (13,34 %) is a part of total arable land of Fakfak (544.160 ha). The land is located in Bomberay District of Fakfak regency with its topography relatively good landscape with light sloppy (15 %) to flat land. Savana covers around 143.250 ha and 47.750 ha is suitable for crops and industrial crops. Savana dessert covers around 67.8 % of critical land with high level of surface erosion and low top soil (less than 5 %).

A land suitability study conducted by Bogor Agriculture Institute (IPB) concluded that the land is suitable for livestock industry due to abundance of savana grasses and plants in this area. There are 400 ha (undergoing land clearing) for industrial crops such as rice or paddy, corn (including corn silages for cattle), vegetables, other crops and industrial wastes. Based on land suitability analyst, 57.433 ha for tree crops such as nutmeg, mango, rambutan, durian, banana, etc, refined savana 32.973 ha, industrial tree plants 25.134 ha, arable land for crops 17.278 ha and conversion land 14.957 ha (see map).



**PETA KESESUAIAN LAHAN UNTUK PADI SAWAH
KAWASAN AGROPOLITAN
PERTANIAN TERPADU BOMBERAY
KABUPATEN FAK-FAK, PROVINSI PAPUA BARAT**



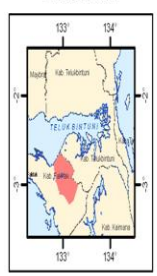
LEGENDA

Simbol	Kelas Kesesuaian Lahan	Faktor Pembatas	Luas	
			Ha	%
Lahan Sesuai (S)				
S2nr	Cukup Sesuai	Retensi hara	32,973	17.00
S3fh	Sesuai marginal	Bahaya banjir	8,990	4.60
S3wa	Sesuai marginal	Ketersediaan air	16,800	8.66
Sub jumlah			58,763	30.26
Lahan Tidak Sesuai (N)				
Neh	Tidak sesuai	Bahaya erosi	84,978	43.80
Nrc	Tidak sesuai	Media perakaran	1,626	0.84
Nwa	Tidak sesuai	Ketersediaan air	47,172	24.32
Nxc	Tidak sesuai	Toksistasitas	1,513	0.78
Sub jumlah			135,289	69.74
Jumlah			193,992	100.00

LEGENDA UMUM

- ▲ Gunung/Puncak
- Desa/Kampung
- Ibu kota Distrik
- ~ Sungai, dan garis tepi perairan
- ▬ Jalan Kolektor
- ▬ Jalan Lain
- ▬ Jalan Lokal

PETA LOKASI



Sumber Data:
 - Citra Satelit Landsat ETM 7+
 - Peta Geologi Skala 1:250.000, Puslitbang Geologi
 - DEM STRM V 4
 - Survei Lapangan
 - Peta Dasar Ropabumi Indonesia skala 1:50.000, Bakosurtanal

Proyeksi Peta Geografis, Datum WGS84



Kerjasama:
 Dinas Pertanian dan Peternakan Kabupaten Fak-fak
 dengan
 Fakultas Peternakan, Institut Pertanian Bogor
 2011



To overcome the shortcomings of red meats/beefs in domestic and international markets, Fakfak Local Government has decided to develop livestock, total mixed rations and food industries (FLAFID). FLAFID is a part of Bomberay Agropolitan Program which has been designed as an integrated national agro-industry development.

Total funding capital for 5 years development plan of Bomberay Agropolitan Program is estimated around IDR 4 trillion equiv. USD 300.752.000,00 (Est. Rate : USD 1 : IDR. 13.300). The first year budget estimated around IDR 2.5 trillion (USD 150.375.939,00. The second year = IDR 1.5 trillion =USD 112.781.955,00. The third year = IDR 620 bln = USD 46.616.541,00. The fourth year = IDR 525 bln = USD 39.473.684,00. The fifth year = IDR 350 bln = USD 26.315.789,00.

From this total, the FLAFID is planning to raise 50 % or around USD 150 million investment funds to focus on livestock, total mixed rations and food processing industrial development, including supporting crops such as corns, rice and vegetables as well as infrastructure, means and management.

2.2 Products and Services

Main products of FLAFID will be cattle, fresh cow meats or beefs (initial cattle 5545 cows of 7500 ha/harvest season), processed meats, leather products, crops, rice, corn, corn silages, vegetables, fruits, process foods, and services. **An economically sound cash flows projection will be produced in due course.**

2.3 The Market

Indonesia imports nearly 700 000 live cattle and extra fresh red meats per annum, costing around USD 8 billion. ASEAN and China markets are potential as well. With halal certificate, red meats or beefs can also be exported to Middle East markets. A comprehensive market research will be conducted in due course.

2.4 Competition

Market competition is one of issues for this investment and need to be mitigated properly in terms of efficiency and effectiveness. However, with the support of Government of Indonesia (GOI) to reduce import quantity, and potential market of ASEAN Free Trade Area, this project will take advantages in the domestic and regional markets.

2.5 Operations

The Fakfak Local Government (FLG) is the owner of this project with all legal assets entitled to this project. The FLG appoints Papua Invest Consortium (a project capital management agent) to coordinate the management of the planned investment project (FLAFID) by the following steps :

2.5.1 Preparing Business Plan and Investment Promotion

2.5.2 Sourcing Investment and Working Capital

2.5.3 Approaching Investor (s) for joint venture cooperation

2.5.4 Negotiating and signing of Joint Venture Investment Agreement

2.5.5 Negotiating and signing of funding agreement

2.5.6 Managing the planning of investment project performance and budgeting

2.5.7 Managing the implementation of the investment project

2.5.8 Reporting (public accountability)

2.6 Investment Management

The Management team will consist of representatives from FLG, PIC, Food Security Program Donors/Partners, Investor and, Lender with responsibilities :

2.6.1 GOI/FLG will provide land and investment protection and controlling

2.6.2 Capital Investor provides funds and controlling

2.6.3 Papua Invest Consortium & Agro-Industry Company – Build and Operate

2.7 Risks

The risks for the business are very low. The risks would be as follows:

Risks	Mitigating risks
<ul style="list-style-type: none">• Management risks	<ul style="list-style-type: none">• Clear Management responsibilities outlined• Succession plan in place• Contracts signed
<ul style="list-style-type: none">• High price of products	<ul style="list-style-type: none">• Comparative market analysis undertaken
<ul style="list-style-type: none">• Lack of market understanding	<ul style="list-style-type: none">• Continues marketing in newspapers, bill boards, flyers and promotional

	initiatives <ul style="list-style-type: none"> • Visibility on Social Media platforms • Sponsorships
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3. Fakfak Livestock Industries Development

Fakfak Livestock Industries Development (FLID) will be the central industries to produce cattle/cows and beefs, cattle feeds, corn silages, supported by crops, industrial crops, industrial forest, agro-tourist and conservation forest as the upstream industry. The downstream industries will be meat processing industry, food processing industry, services. This calculation will be estimated in due course when the detail business plan is produced.

3.1 Industry Overview

The existing facilities, human resources and land use arrangement have been figured out on the Bomberay Agro-Industry Master Plan. There are 12 ranches (100 ha each ranch) have been in operation- All existing facilities, fixed assets and GOI/FLG fiscal year budgets will form an initial capital to invite investor (s) for cooperation.

The establishment of FLAFID as a joint venture investment is aiming to develop centers of Fakfak Livestock and Total Mixed Rations Industries as all as supporting foodstuff industry such as rice, corn, vegetables and fruits. At present, Bomberay Agro-Industry Project has developed 12 ranches, covering 1200 ha from 7000 ha allocated for ranches.

The regency prospective of this investment priority is highly graded as one of national development project to respond the domestic and international demands of beefs and dairy milks. Indonesia population is around 250 million, GDP per capita, adjusted to Purchasing Power Parity (PPP) by World Bank in 2015 reached USD 10.385,30, higher ever since 1990, economic growth of 2016 estimated by World Bank around 5.3 %. So far, Indonesia needs around 4 million cows and million tons of dairy milks annually. Around 700 000 live cattle are imported annually. This figure tends to increase along with the growth of her population, GDP per capita and PPP. To overcome these issues, the development prospect of this investment will play an important role to contribute Indonesia needs of beefs and foods as well as creating jobs and generating incomes to stakeholders, including people development index improvement.

To pursue this project, the FLG will render her existing assets, especially lands, including ongoing ranches project, diversity of land use for livestock and crops, new expansion industrial areal and public facilities, government formalities as initial equity investment shares of local government, while

seeking domestic and international funding assistances and capital investment.

In this regard, the Mayor of Fakfak Regency, Mr. Mohammad Uswanas, extends his invitation to the bilateral and international food security network program coordinators and foreign investors, capital investment institutions to establish a joint investment cooperation of developing Fakfak Livestock Industries and Crops/Food Processing industries.

3.2 Company Description

Papua Invest Consortium (PIC) is a private incorporated company under the law of the Republic of Indonesia with her majority shares hold by the FLG. This company will serve as the Fakfak Local Government representative to establish cooperation with donors, investors and investment capital lenders to develop the FLID and Agro-business.

3.3 Mission Statement

The FLID mission statement is : **“FAKFAK FOODS FOR ALL”**

3.4 Goals and Objectives

- 3.4.1 Establish and secure foods security networks
- 3.4.2 Increase productivity and competitiveness
- 3.4.3 Create job opportunity and income generating activities
- 3.4.4 Capacity building and transfer of technology
- 3.4.5 Increase Human Development Index
- 3.4.6 Creating and penetrating domestic and international market
- 3.4.7 Developing Networking and partnership cooperation

3.5 Critical Factors

In order to design this investment project properly, PIC and new investor (s) should hire professional consultant/experts of livestock, total mixed rations and food industries development to prepare a comprehensive business and industrial engineering business plan. This document will serve as the authentic document to produce more detailed investment preparation, including investment capital funding from GOI and the international financial institutions and international donors under G to G bilaterally and international food security network cooperation programs.

4. FLAFID - Investment Products and Services

The model of this investment cooperation will consists of three parties involvement-FLG, Capital Investor and Livestock Industry company as the operator of the livestock and supporting agro-industry. As mentioned above, main product of FLAFID will be fresh cow meats or beefs (5545 cows of 7500 ha/harvest season), processed meats, leather products, crops, paddy, corn, corn silages, fruits/fresh

fruits and semi-processed, processed foods, rice, and services. Product diversification will subject to market needs. An economically sound income statement and cash flows projection for 5 years will be produced in due course to complete this section.

5. Marketing Strategy

The FLID market is expected cater for all consumers in the Indonesia market and regional market. Diversification of products would be supported by good marketing strategy and distribution networks, which includes wholesalers, retailers, butcheries, A marketing strategy and market research will be conducted by a special expert/consultant and will be part of above mentioned business plan.

6. Distribution & Food Cargo Airport

This investment will use direct distribution method of agriculture and processed food products from farm and factories to international markets by air cargo. It is therefore, FLID will use non-arable land to build a food cargo airport complete with cold storages and refri of big cargo airplanes in this farming estate. This will be more cheaper and quickest to serve global food demands. FLG will provide land and formality permits for this airport as a part of its equity share in this investment. Funding source will be sourced from donors of bilateral and international food security networks as well as investor by using Build, Operate and Transfer (BOT) investment model or any other acceptable investment models. A separate feasibility and detailed engineering studies will be conducted in due course by parties involved in this investment.

7. Advertising/Sales Strategy

The FLID will have a formal launch in order to create the visibility of the market in in big cities of Indonesia such as Jakarta and Surabaya. The FILTMR will cooperate with distributors around Indonesia and ASEAN Countries and regions beyond in order to deliver products and good services to customers. An online marketing website will give more exposure to promotion, marketing and sales activities.

8. Financial Summary

The urgent investment project to be realized is the FLID and supporting crops and industrial crops such as corn to produce corn silages. Based on the Bomberay Agropolitan projected budgets (+/-USD 300 milion), FLID is planning to invest around USD 150 million, in order to focus on livestock and total mixed rations industrial development, food cargo airport, and supporting crops such as corns and related infrastructure and means at the project site.

9 Capital Requirements and Funding Sources

The FLID budget plan for five year development is estimated to around IDR 2 trillion or USD 150 million. Funding will be sourced from the assistances of

bilateral and international food security network programs, investor (s) and Government of Indonesia (GOI).

10 Conclusion

10.1 Fakfak Livestock Industries Development (FLID) will be a part of global food security program. It is therefore, an international assistance and cooperation is significant to realize Fakfak Food for All mission.

10.2 This brief business plan is a kit information of Bomberay Agropolitan Development Program and Fakfak Livestock Industries Development project aiming to give a brief highlight to investor (s) and capital landers to consider the prospect of establishing investment cooperation with Fakfak Local Government investment projects.

10.3 The Fakfak Regent, Mr. Mohammad Uswanas has directed to extend his invitation through this brief business plan paper to investor (s) to join this mutually benefits investment cooperation and development.

10.4 Model of investment cooperation will be three parties joint development, namely FLG – Capital Investor – Livestock Industry.

Note : For further inquiries, please do not hesitate to contact Joel Rohrohmana, Special Staff of Fakfak Regent at Mobile : +62 8111160295 (WA). Email : jolincare@gmail.com, info@bangunfakfak.com

Fakfak, 15 July 2019


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