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**COLLEGE OF SOCIAL AND MANAGEMENT SCIENCES**

**DEPARTMENT OF INTERNATIONAL RELATIONS AND DIPLOMACY**

**18/SMS09/055**

**AFE 202: INTRODUCTION TO AGRICULTURAL SCIENCE AND FOOD SECURITY**

**28TH APRIL 2020**

**ASSIGNMENT**

**PREPEARE A BUSINESS PLAN ON A CHOSEN AGRICULTURAL ENTERPRISE.**

**ANARVIN LIMITED**

A FEASIBILITY REPORT / BUSINESS PLAN FOR THE DEVELOPMENT OF A FRUIT AND VEGETABLE PRODUCTION, EXTRACTION AND DISTRIBUTION COMPANY AT PORT HARCOURT NIGERIA BY ANARVIN 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: MACHIE VALERIE

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Date: 28th April 2020

A Business Plan, is a formal written document containing business goals, the methods on how these goals can be attained, and the time frame within which these goals need to be achieved. It also described the nature of the business, background information on the organization, the organization’s financial projects, and the strategies it intends to implement to achieve the stated targets. In essence, this document serves as a road map that provides direction to the business.

EXECUTIVE SUMMARY

This business plan, examines the feasibility of and indeed economic viability of the development of a farm named Anarvin dedicated to the production, supplying and extraction of fresh fruits and vegetables. Anarvin has been formed as a Nigerian-based limited liability cooperation. (L.L.C) located on the outskirts of Port Harcourt. Anarvin, is working hard to become a leading supplier and producer of fresh fruits, vegetables and extracts to all areas of the food industry and the people. There is high domestic demand for these products because of our huge population and the variety of processed goods and their negative impacts leading to hunger for fresh and unprocessed fruits and vegetables. Production is popular in various regions such as the east and some are the lead producers.

The proposed project will create economic opportunities, and impact positively on the people and their health. The fruits and vegetables to be sold here, will directly be gotten from the various states, which they strive well in, through farmers who will be employed to plant, care for them, harvest and supply them. An artificial climate section will be created for the ones which grow outside the country, and cannot be found in Nigeria in order for them to grow well and in the same way that they grow, this will save Nigeria the money of importing fruits. This project will indeed create market access, improve the income of farmers, and contribute to the health and food security of the people. By leveraging a well thought out business plan executed by a skilled management team, Anarvin will generate over a million naira in a year.

SPONSORSHIP

This project is sponsored by Chibuogwu Henrietta, a legal luminary and founder Valesslie Ventures. Chibuogwu Henrietta, is promoting the productivity of businesses by women through the Valesslie Women’s Empowerment Foundation. The company has proposed to lend all the needed amount of support including equipment and any other thing needed to get the business up and running. Paleo Agribusiness consultancy will be responsible for the management of consultancy on the project.

MANAGEMENT

The management will comprise of a democratically elected Board of Directors at the apex of the organization structure. This will be made up of shareholders and members of the cooperation who have shares 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 primary objective of the board will be to give strategic directions and policies that will ensure long term success of the organization. The board will ensure that the organization complies with all standards set by the regulatory authorities. The Managing Director or President shall be responsible for the coordination of the day to day management of the cooperative business. She is accountable to the Board of Directors; she will mobilize organization resources to achieve set goals. She will manage business risks and focus on wealth creation.

TECHNICAL ASSISTANCE

Valesslie Ventures, has working relationship with the National Horticulture Research Institute, Ibadan, on a MOU (Memorandum of Understanding). NIHORT is affiliated with the research and production of fruits and vegetables and will provide technical assistance in this regard. The Bank of Agriculture has also agreed to finance the company through a loan at 5% interest rate given to the cooperative.

Valesslie ventures will fund the other required areas of the company together with the various investors that have agreed to be part of the business such as supermarkets and fast foods which include Market Square, Jevenik and much more, and also the Nigerian Farmer’s Association. The university will get technical support from this relationship in the area of production through contract farming and distribution. The supermarkets and fast foods associated with the company will be very helpful as they will help to draw in more customers to which the fruits, vegetables and their extracts will be sold to.

MARKET AND SALES

Market Orientation: Domestic; South-South

Market share: 7% niche market in South-South

Users of product: Edible fruits and vegetables and essential oils from them for humans and for the food industry, and the cosmetic industry.

COMPETITION ANALYSIS

` There are various farmers who already harvest and sell fruits and vegetables that grow effectively in their different states and there are also supermarkets that sell imported fruits and the extracts of these fruits and vegetables. However, there are no farmers or supermarkets that sell both foreign and domestic fruits and vegetables. Also, some of these fruits and vegetables have things injected into them, especially those sold in supermarkets and they are not fresh. The extracts are equally not natural since they have additional chemicals in them which has reduced their quality and effectiveness and has proved to be dangerous for some people. On the bright side none of these deliver to your doorsteps. In light of the above analysis, the competition is definitely evident but can be tackled.

TARRIF AND IMPORT RESTRICTION

Forex restriction on fruits and vegetables importation and related product extracts from foreign countries and zero duty on agricultural equipment and other resourceful equipment will favor the project under consideration.

MARKET POTENTIAL

 There is strong demand for fresh fruits and vegetables and their extracts all over Port Harcourt especially those that don’t grow in Nigeria. There is support of production and trade though out Nigeria.

PROFITABILITY

 Weather, biological, physical and environmental factors are such as temperature, light, water, sunlight, diseases, and more are risks that the farmers are liable to face while trying to produce crops, and there might also be risks in the production of the foreign crops such as crops not responding well and there might also be some factory problems that are likely to occur such as machines becoming bad. However, farmers will be provided with anything they need and there will be help from NIHORT to attend to any issue effectively and efficiently.

TECHNICAL FEASIBILITY

The project (production, extraction and distribution of fruits and vegetables) are technically feasible. In terms of technology, which involves the extraction of essential oils from the essential fruits and vegetables and the use of artificial climates to produce foreign crops. The industrial processes are not that simple but we have the help of specialists with more than 10 years of experience and the needed equipment are readily available.

On the production and distribution of the fruits and vegetables along with their extracts, we have experienced farmers and specialists in farm management, crop production, market development, accounting as part of our team. The state of infrastructure on the outskirts of Port Harcourt is adequate and suitable for the location of a firm for effective production, extraction, distribution and marketing.

The major competitors in the South South region are Fruit and Vegetable garden market, Vital-life fruits, Veggie fresh. They are all well-known fruit and vegetable companies that sell fresh fruits and vegetables and have the capacity to sell a lot of fruits and vegetables in a day. Anarvin will target a market niche and penetrate through cooperative societies to make our brand popular. From our analysis, integration authenticity of production and distribution will give us a competitive advantage.

We are implementing our project using best international practices, sustainable production and due consideration for the environment. The Environmental Impact Assessment shows little or no damage to the environment.

GOVERNMENT SUPPORT AND REGULATION

The project conforms with the economic diversification objective of the government. It also supports foreign exchange and import reduction conservation on the government. It creates economic opportunities, market access, improved income for farmers, and supports the food security objective of the government. The project will benefit from government intervention fund in the agriculture sector and will also benefit from the favorable policy of zero duty for agricultural equipment import. Restriction of forex for all fruits and vegetables and their extracts will also widen market opportunity. The project will contribute significantly to employment, output increase, stable price and stable exchange rate.

PROJECT TIMELINE

The project will be completed within a span of a year because farmers have to be interviewed and recruited, and the firm has to establish the artificial climate for the foreign crops and equally employ workers and extraction equipment and the various things needed for the full start of the business. All these, will consume time in order to be done well and for complications not to occur on the way.

ESTIMATED PROJECT COSTS AND REVENUE

**Breakdown of Use of funds**

|  |  |  |
| --- | --- | --- |
| **Acquisition:** |  |  |
| Property | N4,000,000 | 00 |
| Equipment system | N3,000,000 | 00 |
| Sub-total | N7,000,000 | 00 |
| **Operating Expenses:** |  |  |
| Salaries | N2,000,000 | 00 |
| Marketing and promotion | N2,000,000 | 00 |
| Other operational expenses | N1,000,000 | 00 |
| Sub-total | N5,000,000 | 00 |
| Total | N12,000,000 | 00 |

**START UP FUNDING**

Start-up Expenses to Fund $25,000 N9,000,000

Start-up Assets to Fund $9,000 N3,240,000

TOTAL FUNDING REQUIRED $34,000 N12,240,000

**Assets**

Non-cash Assets from Start-up $3,000 N1,080,000

Cash Requirements from Start-up $4,000 N1,440,000

Additional Cash Raised $0

Cash Balance on Starting Date $2000 N720,000

TOTAL ASSETS $9,000 N3,240,000

Liabilities and Capital

**Liabilities**

Current Borrowing $1,000 N360,000

Long-term Liabilities $1,000 N360,000

Accounts Payable (Outstanding Bills) $555 N200,000

Other Current Liabilities (interest-free) $0

TOTAL LIABILITIES $2555 N920,000

**Capital**

Planned Investment

Investor 1 $8,000 N2,880,000

Investor 2 $8,000 N2,880,000

Investor 3 $8,000 N2,880,000

Investor 4 $8,000 N2,880,000

Other $0

Additional Investment Requirement $0

TOTAL PLANNED INVESTMENT $40,000 N11,520,000

Loss at Start-up (Start-up Expenses) N9,000,000

TOTAL CAPITAL $7,000 N2,520,000

TOTAL CAPITAL AND LIABILITIES N9,000 N3,240,000

Total Funding $34,000 N12,240,000

Currency conversion rate: ₦360 to 1USD

FUNDING MECHANISM

Anarvin will be fully funded by Valesslie ventures and its various shareholders. It has been given 1000Ha of land has been fully leased by the government due to interventions from NIHORT.

CONCLUSION

The project is technically visible and commercially viable and is therefore recommended for funding.