

BARAKA FISH FARM BUSINESS PLAN

PURPOSE OF THE DOCUMENT

Overview

The objective of this Business Plan for **BARAKA FISH FARM** is primarily to inform potential project financiers and facilitators about the project development concept and investment plan for the proposed aquaculture project. The thrust of the document is essentially to articulate to the prospective project funder on how resources will be used to set up the project infrastructure, manage the enterprise, use the financial proceeds to support its growth and eventually sustain and grow it in the medium- to long-term. The project Business Plan may thus form the bases of an important investment-support decision and in order to serve this objective; the plan covers various aspects of project concept development, start-up, production, and finance and business management.

Purpose of Request

BARAKA FISH FARM projects an annual production output of 10 metric tons of cage farmed Tilapia fish per annum over a three (3) year start-up and planning horizon. The market targeted average size will be 500gm tilapia annually. The production plan will employ stocking up of Tilapia fish fry seed in cages and raising them up to market size of 500 gms. The amount of **KES.502,351 (US \$5023.51)** being requested as will allow us to purchase the necessary fish farm tools and equipment, and pay for the start-up operating input costs such as fish feeds .

Anticipated Impact of the Proposed Activity on the Enterprise and Larger Community

The impact of the proposed activity will be to contribute to food security, create and sustain employment opportunities. In addition, the **BARAKA FISH FARM** will increase much needed protein for consumption by the communities living and working around Mbita area critically, a portion of the profit generated from the commercial farm will support and sustain the **BARAKA FARMING** enterprise development programs and pay workers' salaries

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EXECUTIVE SUMMARY

Project Description

BARAKA FISH FARM is a sole proprietorship business Located in Mbita-Homabay County. The business is in the startup stage.

It intends to establish a commercial **Tilapia Cage Farm** on the lake after consulting with the Directorate of Fisheries Resources, Ministry of Agriculture, Animal Industry and Fisheries, Homabay County in Kenya.

According to the **Fisheries Sector Strategic Plan 2019**, there is a huge gap between supply and demand of table fish to consumers.

The private sector has been always encouraged to take this as an opportunity to do business by establishing commercial fish farms to fill this gap. It is upon this background that **BFF** intends to establish the said farm. The source of funding is contribution from friends and family, loan from the bank and well-wishers contributions. **BFF** therefore is seeking to obtain funding to the tune of **KES.502, 351 (US\$ 5023.51)**. The farm's annual production capacity is expected to be 10 metric tons of table size cage fish and within a 3 year planning horizon. This production level is expected to generate **KES.499, 649 (US\$ 4996.49)** in pre-tax profits annually during the first harvest.

The farm projects is expected to grow its profits as the production increases. A competent team of technical personnel will be hired to set-up and manage the farm to meet its planned production targets and commercial standard.

Farm Management

The **BARAKA FISH FARMING** project will be set up as a commercial enterprise with the primary purpose of enhancing the resilience of the enterprise as an aquaculture-based SME given the various global changes and challenges; exploit market opportunities along the fish product value-chain for specific proven fish farming technologies; and develop a profitably sustainable commercial enterprise. To ensure that the project gets on the right track to achieve its commercial and developmental objectives, the management will have to undertake some fundamental operational decisions; key among these are:

- To select the Nile Tilapia for commercial production in the fish cage on account of their fast-growing demand and huge market opportunity on the domestic and international markets.
- To target a combined commercial production of not less than 10,000 whole fish (10 metric tonnes) of cultured Tilapia fish per annum out of the **BARAKA FISH FARM** cage on Lake Victoria.

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- To start off by marketing and selling on the local community fish vendors, hotels and institutions (which still has a very large scope for expansion) before reaching out to the international fish export market.
- To finance the operation using own savings, contribution from well-wishers and loans/grants.

Types of fish products that can be derived from the BARAKA FISH FARM aquaculture project

- Live or fresh food-fish (specifically tilapia)
- Processed fish: smoked, filleted, de-headed, sun-dried

With its good quality growth characteristics, easy production of fish seed and good taste, the Nile tilapia (*Oreochromis niloticus*) has been the most farmed species to date in Kenya. It is popular among rural farmers and there is a growing regional market for it.

Enterprise Management

BARAKA FISH FARM will benefit from an experienced entrepreneurial-based management team who will be responsible for strategic corporate and financial planning. **Mrs. Joyphrase Achieng'** a long-term residents of Kenya with a firm knowledge of the local economy and experience in agricultural management and project infrastructure development, will run the day-to-day operations

Partnerships

BARAKA FISH FARM will strive to form mutually beneficial partnerships with local fish farmers and fish exporters/processors. Such partnership would greatly benefit the collect body of fish farmers to share knowledge, experiences and standards on fish faring as a growing industry in Kenya, besides giving them the power to collectively bargain for better prices and payment terms in the local market.

Production Summary

The country's annual fish demand has risen to 700,000 Metric tonnes against a production of 120,000 MT, according to the latest data by the Kenya Marine and Fisheries

Market Summary

Demand for fish in Kenya is increasing rapidly due to population growth, rising disposable incomes and increased awareness about the nutritional benefits of fish. But the country's wild fisheries are struggling to meet demand.

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Despite being fraught with impediments in policy and market systems development, the Kenyan aquaculture industry has the potential to fill the existing supply gap and spur socio-economic development by increasing employment opportunities and boosting incomes for fish farmers.

Kenya produces up to 15,000 tonnes of fish from aquaculture, including production from small-scale fish farmers, emerging commercial fish farmers and stocked community water reservoirs.

There are an estimated 20 000 ponds throughout the country with an average surface area of 500 m² per pond. Production ranges between 1500 kg per hectare per year for subsistence farmers to 15000 kg per hectare per year for emerging commercial fish farmers. With improved market prices for fish, government intervention for increased production and stagnating supply from capture fisheries, aquaculture has begun to attract entrepreneurial farmers seeking to exploit the business opportunity provided by the prevailing demand for fish. This recent expansion in aquaculture has also resulted in the transformation of 20 percent to 30 percent of the smallholder subsistence ponds into profitable small-scale production units through developments in management as well as scale of production. It is estimated that there are 2 000 such farmers who own nearly 5 000 ponds, with an average pond size of 1 500 m² per pond.

The new entrants, mostly from the middle and working class as well as a few businessmen, target specific and established markets. They have adopted improved production systems including inputs from technical experts for better planning and management. Industrial and more intensified fish culture is only beginning to be established, largely through foreign direct investment or as joint ventures between local firms and foreign companies. Most farms/companies at this level are only in the process of putting their infrastructure in place or are at the initial stages of the production process. The majority of such companies is targeting production at the regional markets and plans to enter international markets by activating the currently non-utilized fish processing capacity in the country.

Market Demand

An important factor in the success of this venture is the ability to secure demand and maintain a price premium for the Tilapia fish products. It will be difficult for this venture to be profitable if the service to customers and quality standards are not met which are critical in achieving the necessary demand levels and price premium. The firm must ensure that personnel hired for marketing and production have strong ties and experience in the local Tilapia fish trade and industry, and that quality control within the production cages is kept to high-level standards.

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The initial expected supply in Project Year 1 is **10,000 Tilapia fish (10 metric tonnes)**. After the second year, supply is projected to increase by 10% per annum until it reaches **30,000 Tilapia fish (30 metric tonnes)** in project year 5. The average price received for live Tilapia fish will be KES 300 per kg (US \$ 3)

Target Market Segments

BARAKA FISH FARM will aim to market its farm produce (tilapia) primarily to **local fish Vendors, Hotels and restaurants**. We project to supply at least 10 tonnes of live fish annually.

As the business grows in size and product volumes, **BFF** also targets to eventually sell live Tilapia fish to the following additional market segments:-

- Wholesalers
- Fish Processors and Exporters
- Supermarkets

Marketing Method

Initially, all the farmed fish will be sold directly to local consumers by order until we reach the size and capacity to process the farmed fish and transport it to the other fish consumption markets in major towns in Kenya and outside.

Marketing/Sales Strategy

The **BARAKA FISH FARM** customer acquisition strategy is composed of the following market outreach components:-

- Direct sales in areas of high concentration (Fish bandas)
- Internet Advertising
- Radio

Economic Impact

With the current competitive prices for farmed Tilapia fish, **BARAKA FISH FARMING** will be able to develop as a profitably sustainable commercial enterprise that will support the related growth of goods and service providers to this aquaculture

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enterprise. Besides, other budding entrepreneurs will be able to draw inspiration from the success and growth of the **BARAKA FISH** farming enterprise to embark on their own identical fish farming enterprises within the Lake Victoria bounds and neighborhoods. This will stimulate the local economy and increase cash flow in the rural areas.

Grant/Loan Request

BARAKA FISH FARM is seeking **KES. 502,351(US\$ 5023.51)** in **Grant/Loan funding**. The **amount** will be applied towards start-up and operational costs. This includes acquisition of legal documents, procurement of fish farm equipment and tools, and purchase of a fish feeds, and financing of working capital.

Project Investment and Financial Estimates

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Time line : 12 months

Size of the project :6 by 6 cage (10,000 fingerlings)

Total project cost: KES 1,000,351 (US \$ 10,000.51)

Expected Return. 10000 x 150 = KES.1,500,000 (US \$ 15,000)

Profit expected:KES 499,649 (US \$ 4996.49)

Amount financed so far: KES 498,000(US \$ 4980)

Amount requested for : KES 502,351 (US \$ 5023.51)

To be financed by DTD KES.150,000 (US \$ 1500)

Balance KES.352, 351(US \$3523.51) -through loans and well-wishers.

Budget allocation

S.n	Particular	Amount(Kes)
1	Cage construction materials	231,000.00
2	Labor Charge	50,000.00
3	Transportation	28,000.00
4	Boat hire for patrol	18,000.00
5	Security uniform and life jacket	16,351.00
6	Feeds (129 bags @3000)	417,000.00
7	Fingerlings (10000 @ ksh.5)	50,000.00
8	Acquisition of lincence	70,000.00

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9	Start up wages	120,000
	Total	1,000,351.00

US \$ 10,003.51

STATEMENT OF OBJECTIVES

- **Poverty alleviation.** Through the increased and large-scale production of farmed fish, the local community members can be able to succeed in poverty alleviation through the regular selling of fish and have a bigger say in the negotiating of fair prices for their products.
- **Food security.** Fish is an important source of high quality food as well as its flesh which is rich in proteins which are superior to those of beef and poultry. Fish flesh contains anti-cholesterol which assists in reducing heart diseases.

BARAKA FISH FARM will strive to stimulate and support long term economic growth and increased cash flow within the local areas of its Tilapia fish farming and trading operations.

Keys to Success

Our keys to success are:

1. Establishing and maintaining working relationships and contractual agreements with fish processors, exporters, and other large contractual buyers.
2. Lifting a new fish farming enterprise to high levels of operational efficiency and product quality within three years of operation.
3. Increasing our profit margin with the use of improved technology in our fish farming enterprise.
4. Effectively communicating to current and potential customers, through targeted efforts.

Species Selection

With its good quality growth characteristics, easy production of fish seed and good taste across the country, Nile tilapia (*Oreochromis niloticus*) was until recently the most farmed species. Nile tilapia was transplanted from Lake Albert to restock Lakes Victoria and Kyoga and several of their surrounding minor lakes and adjoining river systems.

Risks involved

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1. Easy spread of diseases due to crowding.
2. Competition for oxygen if overcrowded.
3. Stagnation in growth if poorly fed
4. Theft cases if no proper security is provided

Risk Management

1. Use of control measures to control disease spread
2. Regular sampling to control the stock
3. Proper and timely feeding for continued growth
4. Proper security will be provided.

Conclusion

The Business is promising and with trained professional and proper management we see ourselves growing to the new level. Your financial contribution will be of great help to the venture.