



Business Plan

GVA Tanzania Limited

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Contents

Contents	i
Executive Summary	1
Company Overview	1
Mission Statement.....	1
Vision Statement.....	1
Company Objectives	2
Market Analysis.....	3
Industry Overview.....	3
Current Key Trends.....	3
Target Market.....	5
Market Size	5
Market Needs	6
Competitive Analysis	6
Operation Plan	8
Current Operations	8
Expansion Objectives.....	8
Production Process	8
Human Resources Strategy	9
Loan Utilization	10
Projected Outcomes	11
Marketing and Sales Strategy	12
Target Market Overview	12
Marketing Strategy.....	12
Sales Strategy	13
Financial Plan	15
Expansion Cost Breakdown	15
Funding Structure.....	15
Revenue Projections.....	15
Profitability Metrics	16
Risk Analysis and Mitigation.....	17

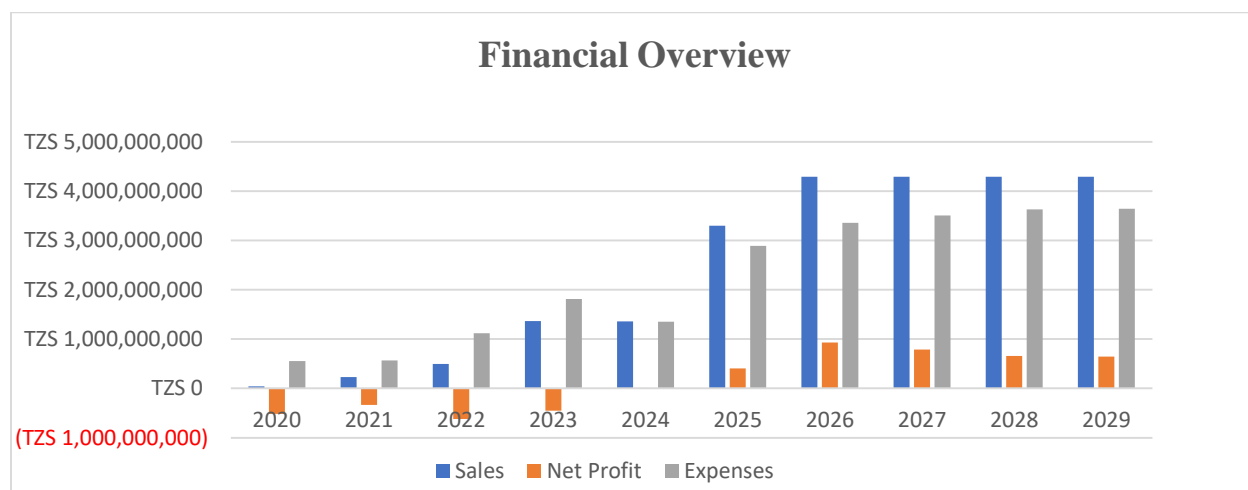
Executive Summary

Company Overview

Founded in 2018, GVA Tanzania Limited is an innovative agricultural company specializing in the production of high-quality, certified seeds. We cater to farmers, agricultural cooperatives, and agribusinesses, ensuring they have access to reliable, high-yield seeds that meet the demands of modern farming.

Located in Iringa, Tanzania our operations span across importing, producing, breeding, processing, packing, exporting and trading seed crops of various varieties mainly in the horticultural sector (vegetables & flowers). We are committed to advancing agricultural productivity through sustainable and climate-resilient seed varieties that empower farmers to achieve greater harvests with fewer inputs. The company has a state-of-the-art seed multiplication facility for the international horticultural world together with its holding firm GVA Netherlands

The company currently produce 400 kg of seeds annually for the exports markets. With a workforce of 189 staff (131 permanent & 58 casual), the company products are primarily exported to ABZ Seeds BV, HW Seeds BV, Sakata Vegetable Europe SAS and Enza Zaden Seeds Operation through an off-taker agreement with African Highlands.



Mission Statement

To become a leading supplier of high-quality hybrid vegetable and flower seeds by leveraging advanced seed technology and a robust supply chain, contributing to agricultural productivity and sustainability.

Vision Statement.

To be recognized as a premier seed production company in Tanzania, known for innovation, quality, and reliability

Company Objectives

These objectives are crafted to ensure alignment with our mission and vision. By pursuing these goals, we aim to achieve sustainable growth, foster innovation, and deliver value to our stakeholders.

- To satisfy the customer demand for providing reliable supply of a range of improved seed varieties of assured quality
- Expand a state-of-the-art seed production facility in Tanzania by 200%
- Expand current seed production to produce an additional 900kg annually to meet increasing market demand by 250%
- Become one of Africa's top 3 seed exporters by expanding into new regions

Market Analysis

Industry Overview

The global market size of hybrid vegetable seeds size was USD 8.14 billion in 2023 and is projected to grow from USD 8.69 billion in 2024 to USD 15.03 billion by 2032, hybrid seeds are gaining popularity due to its benefits over non-hybrid seeds. The use of hybrid vegetable planting seeds helps to prevent crops from different types of environmental stress such as insects and plant diseases.

In addition, these seeds have high yield potential with consistent performance throughout the year. Furthermore, farmers' adoption of hybrid seeds has led to the growth of its market compound.

Current Key Trends

The seed export industry, particularly targeting the European market, is influenced by several dynamic trends that present both opportunities and challenges for exporters. These trends are shaped by environmental, economic, and technological shifts, as well as evolving consumer preferences and regulatory frameworks.

1) Rising Demand for Non-GMO and Organic Seeds

- European consumers increasingly prioritize sustainability and health-conscious choices, driving demand for non-GMO and organically certified seeds.
- Organic agriculture in Europe is projected to grow at a CAGR of 8%, creating significant opportunities for seed exporters offering organic-certified varieties.
- Exporters are incentivized to obtain certifications such as EU Organic Certification to gain market access.

2) Focus on Climate-Resilient Seed Varieties

- Europe faces mounting challenges from climate change, including droughts, floods, and unpredictable weather patterns.
- The demand for seeds with enhanced tolerance to drought, pests, and diseases is growing, particularly for staple crops like wheat, maize, and barley.
- Exporters that invest in research and development (R&D) to produce climate-resilient hybrids and open-pollinated varieties are better positioned to meet market needs.

3) Increased Emphasis on Biodiversity Preservation

- European Union (EU) policies, such as the Green Deal and Farm to Fork Strategy, advocate for sustainable farming practices that prioritize biodiversity.
- Exporters supplying heirloom and heritage seed varieties can capitalize on this trend by appealing to farmers aiming to diversify crop genetics.

4) Stringent Regulatory Standards

- The EU maintains rigorous standards for seed quality, packaging, and labeling to ensure high germination rates and disease-free products.
- Compliance with phytosanitary regulations and certifications, such as ISTA (International Seed Testing Association) certification, is critical for market entry.
- Exporters must stay updated on evolving regulations, particularly regarding sustainability and pesticide residues.

5) Growing Adoption of Precision Agriculture

- Precision farming is transforming European agriculture, driving demand for high-performance seeds tailored for mechanized planting and specific soil conditions.
- Exporters offering technologically advanced seeds with uniform germination and growth rates can leverage this trend.

6) Shift Towards Sustainable Packaging

- Consumers and regulators in Europe are pressuring businesses to adopt eco-friendly packaging solutions.
- Exporters using biodegradable or recyclable materials for seed packaging gain a competitive edge in the market.

7) Expansion of E-Commerce in Agriculture

- The rise of online agricultural marketplaces in Europe is creating new channels for seed distribution.
- Exporters that integrate digital platforms into their supply chain can tap into small and medium-sized European farms efficiently.

8) Post-Pandemic Supply Chain Optimization

- The COVID-19 pandemic highlighted vulnerabilities in global supply chains, prompting European importers to seek reliable and diversified suppliers.

- Exporters with streamlined logistics, local partnerships, and resilient supply networks are more attractive to European buyers.

Target Market

GVA Tanzania Limited is strategically focused on the European agricultural sector, leveraging an exclusive Memorandum of Understanding (MOU) with a Netherlands based company, African Highlands, which guarantees the purchase of all seeds produced in Tanzania. This partnership ensures consistent demand, market stability, and streamlined distribution to Europe's dynamic agricultural industry.

Market Size

The global agricultural seed market was valued at approximately €45 billion in 2023, with Europe accounting for roughly 25% of the total market. The European seed market is expected to grow at a compound annual growth rate (CAGR) of 6% from 2023 to 2030, driven by increasing adoption of advanced farming practices, the growing popularity of organic farming, and heightened emphasis on climate-resilient crops.

- Europe's Seed Market Value (2023): €11.25 billion
- Projected Market Value (2030): €16 billion

The MOU with African Highlands guarantees the purchase of all seed produced, which positions the company to tap into a stable and sizable portion of Europe's agricultural seed market. Based on production capacity and demand projections, our estimated contribution to the market size is as follows:

1) Annual Seed Production Volume (Tanzania):

- Current capacity: 400 kg
- Post-expansion capacity: 1,300 kg

2) Revenue Potential:

- Average seed price (exported): 3,300,000 per kg.
- Projected annual revenue post-expansion: TZS 4.29 billion

With Europe's seed market expected to expand by €4.75 billion by 2030, the company's production and export capabilities align with the growing demand for climate-resilient, non-GMO, and organic-certified seeds. This provides significant room for scaling operations and increasing market share, particularly within niche segments like organic and precision agriculture.

Market Needs

Vegetables are an important part of a healthy diet and different vegetables comprise varied amounts of nutrients. A diet rich in vegetables can help reduce the occurrence of any disease or disorder, for instance, obesity and eye problems. Additionally, eating healthy non-starchy vegetables help in weight loss. Thus, the need to meet diverse dietary and nutritional needs has fueled the demand for vegetables. Moreover, farmers across the world are demanding high-quality vegetable planting seeds to meet this rising demand for vegetables.

According to the World Health Organization (WHO), approximately 1.7 million deaths in the world are due to a low/lack of consumption of fruit and vegetables. Also, the low consumption of fruits & vegetables is among the top 10 risk factors for global mortality. Thus, including fruits & vegetables in the daily diet could help to prevent major non-communicable diseases (NCD).

Additionally, a rise in awareness regarding the benefits of vegetables and the growing health concerns have resulted in the increasing demand for vegetables in developed and developing economies. Thus, growers across the world are focusing on increasing the production of vegetables by using various agriculture inputs, including good quality vegetable planting seeds.

Competitive Analysis

Key competitors

The seed export industry targeting Europe is competitive, with players ranging from multinational corporations to regional seed companies. Understanding the competitive landscape is crucial for differentiating our offerings. Below is an analysis of key competitors and their market positioning.

1. Multinational Corporations

These companies dominate the global seed market, leveraging advanced R&D capabilities, economies of scale, and extensive distribution networks.

- **Syngenta Group**

A global leader in agricultural innovation, offering a wide range of seeds for field crops and vegetables.

- **Bayer Crop Science (Monsanto Division)**

A pioneer in hybrid and genetically modified (GM) seed technology, particularly in maize and soybean.

2. Regional Seed Companies in Europe

These companies focus on specific European markets, catering to local agricultural practices and sustainability demands.

- **KWS Saat SE**

One of Europe's largest seed producers, specializing in sugar beet, maize, and cereal crops.

- Rijk Zwaan

A Dutch company known for its focus on vegetable seeds, catering to greenhouse and open-field farming.

3. Emerging African Exporters

Seed companies in Africa are beginning to enter the European market, offering competitive pricing and leveraging proximity to the European Union.

- SeedCo International

A leading African seed producer with growing export operations in Europe.

Competitive Advantage of GVA Tanzania Limited

- **Exclusive Market Access:** The MOU with African Highlands ensures a secure and stable market, reducing reliance on competing for buyers.
- **Cost-Effectiveness:** Lower production costs in Tanzania allow us to offer competitive pricing without compromising on quality.
- **Sustainability Alignment:** Investment in organic certifications and climate-resilient seeds aligns with European market demands.
- **Proximity to Markets:** Our geographical position enables efficient and timely logistics to Europe, enhancing our reliability as a supplier.

Positioning Strategy

To compete effectively, GVA Tanzania will:

- Focus on producing high-quality, climate-resilient seeds tailored to European farming conditions.
- Highlight our sustainability practices, including organic-certified seeds and eco-friendly packaging.
- Leverage our partnership with African Highlands to build credibility and expand brand recognition in Europe.

Operation Plan

Current Operations

GVA Tanzania specializes in the multiplication of high-quality foundation and certified seeds to support farmers and agribusinesses. We operate from our base in Iringa, Tanzania, where our facilities are designed for seed multiplication under strict quality control protocols.

Our existing infrastructure includes:

- Multiplication Fields: 5 acres dedicated to production high-yield, climate-resilient seed varieties.
- Processing and Packaging Units: Equipped with basic cleaning, grading, and packaging machinery.
- Storage Capacity: Limited to 200 kg, which requires expansion to meet growing demand.
- Workforce: 131 permanent staff and 58 temporary staff supporting various stages of production and distribution.

Expansion Objectives

The €1 million loan will enable us to expand and modernize our seed multiplication operations to meet growing demand and enhance our contribution to agricultural productivity. The key objectives include:

- Construction of an additional 45,000 square meters of greenhouses production.
- Construction of a 14,000 cubic meter dam to support the irrigation needs of the increased in production capacity.
- Installation of advanced irrigation system
- Upgrading processing equipment

Production Process

a) Seed Multiplication Process

Production process of the hybrid seeds goes long way from choice and development of seed parent (A-Line), choice and development of restorer or male parent (R-Line), multiplication of parental seeds and finally Production and Improvement of F1 Hybrids.

In the practical case of GVA, it imports already developed parental line seeds and multiply them to get F1 Hybrids which will be the final product seeds for sales.

b) Facilities, Equipment & Technology

GVA TZ Ltd adopted the most state-of-the-art facilities and equipment for its hybrid seeds production which is indoor farming or controlled environment agriculture (CEA), refers to the practice of growing crops indoors away from traditional outdoor agricultural settings.

This approach utilizes technologies and equipment to create a customized environment for plant growth, including temperature, humidity, lighting, and nutrient delivery systems (Irrigation). Equipment facilities including greenhouses, LED grow lights, climate control systems, and hydroponic systems.

Indoor farming technology bring about great deal of advantages like;

- **Optimal Growing Conditions**

Indoor farming allows growers to create and maintain ideal growing conditions for plants, regardless of external factors. By carefully controlling temperature, humidity, and lighting which optimize plant growth and maximize crop yield.

- **Year-Round Production**

Unlike traditional farming, which is often limited to specific growing seasons, indoor farming enables year-round production by providing a controlled environment crop can cultivated continuously, ensuring a steady supply of fresh produce regardless of the time of year.

- **Water Conservation**

Indoor farming techniques, such as closed-loop water recycling, enable efficient water usage. On average, indoor farming use between 80% and 99% less water than conventional farms, making them environmentally friendly and sustainable.

- **Reduced Pesticide Use**

With a controlled environment and strict pest management protocols, indoor farming reduces the need for pesticides which is environmental sustainability.

- **Land Efficiency**

Indoor farming in particular make efficient use of space by stacking crops in tables like structures or Mtumbwi technology, this arrangement allows for higher crop yields per acre compared to traditional farms, which helps optimize land usage and reduce the amount of land required for agricultural production.

Human Resources Strategy

GVA Tanzania management composed with personnel of various background and responsibilities. The key personnel include;

- **CEO/Founder:** Oversees overall operations and strategic direction.
- **Farm Manager:** Manages day-to-day operations and production.
- **Finance Manager:** Manages day-to-day Company's finance and accounting issues.

- Quality Control Specialist: Ensures seed quality and compliance.
- Human Resource Manager: Handles client relations and marketing efforts.
- Logistics and Sales Manager: Manages supply chain and export processes.

Learned and experienced staffs is a major milestone that GVA Tanzania has, since the company use the most current and sophisticated technology in the production hence proper staffs are needed to utilize the installed facilities with its technology.

Farm Managers and divisions supervisors are banked with years of experience in the hybrid seeds production and most of them are graduate from accredited agriculturally based universities inside and outside of Tanzania i.e Sokoine University of Agriculture (SUA) and University of Dar Es Salaam.

The company works hand to hand with other accredited organizations that deals with agriculture direct or indirect for compliance and technology advancement such Tanzania Official Seed Certification Institute (TOSCI), Tanzania Horticultural Association (TAHA), Government Chemist Laboratory Authority (GCLA), The Tanzania Plant Health and Pesticides Authority (TPHPA) etc.

Current workforce

Our workforce is composed of 131 permanent staff and 58 temporary staff, all playing critical roles in production and operations.

Post expansion workforce

As a result of the expansion, the company expects to hire 100 additional permanent staff (50 temporary staff) for production management, quality control and logistics.

Loan Utilization

The €1 million loan will be allocated as follows:

- Greenhouses construction: € 600,000
- Dam construction: € 25,000
- Buildings: € 75,000
- Irrigation system and other equipment: € 140,000
- Working capital: € 160,000

Projected Outcomes

- **Increased Production:** Doubling seed processing capacity to meet the rising demand in Tanzania and the East African region.
- **Revenue Growth:** Projected increase of 40% in annual revenue within three years of expansion.

Marketing and Sales Strategy

Target Market Overview

GVA Tanzania has secured a long-term agreement with African Highlands a leading international agribusiness based in the Netherlands operating in Africa. This partnership guarantees the purchase of our entire production output, focusing on high-quality certified seeds.

This arrangement eliminates the need for extensive marketing campaigns or multi-channel sales strategies, allowing us to focus entirely on scaling production to meet the increasing demand from our export partner.

Marketing Strategy

Customer Relationship Management

Our partnership with African Highlands is built on mutual trust, reliability, and quality assurance. To maintain and strengthen this relationship, we prioritize:

1. Consistent Quality Assurance:

- Compliance with international certification standards, such as ISTA (International Seed Testing Association) and local standards like TOSCI.
- Investments in advanced quality control measures to meet the export customer's specifications.

2. Regular Communication:

- Progress reports on seed multiplication, processing, and readiness for shipment.

3. Innovation and R&D Collaboration:

- Continuous improvement of seed varieties tailored to the customer's needs through R&D efforts.
- Sharing trial results and updates to ensure the seeds meet specific market demands in the target region.

Sales Strategy

Primary Sales Channel

Our sole sales channel is the contractual agreement with African Highlands, ensuring that 100% of our production is sold at a predetermined price. This arrangement provides predictable cash flow and reduces market risks.

Product Line and Services

Currently the company is producing the following kinds of hybrid vegetable seeds and seeds flowers;

- **Tomato Seeds**, High-yield and disease-resistant varieties.
- **Pepper Seeds**, Varieties with superior flavor and productivity
- **Strawberry Seeds**, High-quality seeds for enhanced fruit production
- **Flower Seeds**, Various types catering to both commercial and ornamental needs

The following services are also offered by GVA Tanzania;

- **Seed Importation**, Receiving parent seeds from domestic and international clients.
- **Seed Production**, Producing hybrid seeds with advanced agricultural techniques.
- **Quality Control**, Rigorous testing to ensure seed quality and compliance.
- **Export Services**, Coordinating logistics for exporting seeds to clients, including African Highland Seeds.

Logistics and Delivery

Transportation: Seeds are delivered to the export customer's designated location, leveraging partnerships with experienced logistics providers to ensure timely delivery.

Packaging: Seeds are packaged to meet international export standards, using moisture-resistant, eco-friendly materials to maintain quality during transit.

Revenue Structure

The agreement with African Highlands guarantees a fixed price per ton, ensuring stable revenue regardless of market fluctuations. The payment structure normally includes 100% advance payment or immediate payment once the invoice is raised.

Customer Demand Growth Potential

African Highlands has projected a 250% increase in seed demand over the next 3 years, driven by expanding agricultural activities globally.

With our current capacity, we can only meet 50% of their annual requirements. The €1 million loan will enable us to expand production facilities, allowing us to fulfill the full demand and strengthen the partnership.

Projected Revenue Growth

- Current Annual Revenue: TZS 1,360,851,648.46 (from 407 kg of seed production).
- Post-Expansion Revenue: TZS 4,290,000,000 (from increased production capacity of 1,300 kg).

Risk Mitigation

- The single-customer model minimizes sales risks, as the long-term agreement ensures guaranteed purchase of all production.
- By maintaining high-quality standards and leveraging advanced infrastructure post-expansion, we mitigate risks of customer dissatisfaction or contract non-renewal.

GVA Tanzania Key Success Factors

1. **Guaranteed Sales:** A binding agreement with [Customer Name] ensures a stable revenue stream, justifying the need for production expansion.
2. **Focus on Quality:** Investments in state-of-the-art processing and testing equipment will help us exceed international standards.
3. **Operational Efficiency:** Scaling production will reduce per-unit costs, enhancing profitability.

Financial Plan

Expansion Cost Breakdown

The total cost of the expansion project is estimated at €1.3 million. €0.3 million is expected to be financed by shareholders, while the remaining €1 million is scheduled to come from borrowing. The breakdown is as follows:

<i>Category</i>	<i>Cost (€)</i>	<i>Percentage (%)</i>
<i>Greenhouses construction</i>	€ 600,000	60%
<i>Dam Construction</i>	€ 25,000	2.5%
<i>Buildings</i>	€ 75,000	7.5%
<i>Irrigation system and other equipment</i>	€ 140,000	14%
<i>Working Capital</i>	€ 160,000	16%
<i>Total</i>	€ 1,000,000	100%

Funding Structure

To finance the expansion, the company plans to secure a €1 million bank loan.

Loan Details:

Investment: €840,000 ~ TZS 2,184,000,000

Working Capital: €160,000 ~ TZS 416,000,000

Interest Rate: 10% per annum (estimated)

Proposed repayment terms:

Investment: 9 years with a 6 months' grace period

Working Capital: 12 months

Annual Repayment:

Investment: €71,858.83 (principal and interest) per month

Working Capital € 14,066.54 (principal and interest) per month

Revenue Projections

The revenue projections for the seed production company reflect the increased production capacity enabled by the €1.3 million expansion project and the guaranteed market access provided by the Memorandum of Understanding (MOU) with African Highlands. These projections are based on

current production levels, anticipated growth in capacity, and stable pricing aligned with market demand.

1. Basis of Revenue Projections

Current Production Capacity: 400 kg per year.

Expanded Production Capacity: 1,300 kg per year.

Average Selling Price (Export): TZS 3,300,000 per kg.

Guaranteed Offtake Agreement: 100% of production secured under the MOU.

Market Demand Growth: Europe’s seed market is growing at a CAGR of 6%, ensuring stable demand.

2. Projected Revenue Breakdown by Year

Year	Production Capacity (Kg)	Average Price (TZS/kg)	Revenue (TZS)	Net Profit (TZS)
Year 1	1,000	3,300,000	3,300,000,000	406,778,708
Year 2	1,300	3,300,000	4,290,000,000	930,315,133
Year 3	1,300	3,300,000	4,290,000,000	785,208,163
Year 4	1,300	3,300,000	4,290,000,000	660,415,826
Year 5	1,300	3,300,000	4,290,000,000	648,389,476

3. Revenue Growth Summary

Metric	Value
Revenue Growth (Year 1 to Year 5)	30%
Compound Annual Growth Rate (CAGR)	5% (Years 1-5)

Assumptions:

- All production is successfully sold under the MOU terms
- Expansion and operational improvements are completed on schedule
- Production and logistics costs remain stable with inflation adjustments

Profitability Metrics

Metrics	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Profit Margin (%)	59%	60%	60%	60%	60%
Net Profit Margin (%)	12%	22%	18%	15%	15%
ROA (%)	13%	29%	24%	21%	20%

Risk Analysis and Mitigation

- **Financial risks**

Financial strength of the company determines the capability of the Company to develop seed products that are in line with market conditions and requirements, the process requires a large amount of funds (proper facilities and technology), relatively long period of time, and qualified human resources. Therefore, failure in securing adequate capital could result in the Company being unable to produce the products that meet market conditions and requirement. This failure may ultimately affect the performance of the Company.

In order to for the company to ensure going concern and availability of funds for both investment and working capital, it emphasizes of having solid sales to increase the revenue to counter the fund needed also board of directors are seeking external financing such as loan facilities to ensure proper investment is done in line with the anticipated revenue.

- **Risk of Changes in Government Regulation and Policy**

The main seed products of the Company represent the types of plants which are regulated by the government, Currently the government supports the import of parental hybrid seeds for the types of plants. In the future, if the government offer less support for importation and use of these parental hybrid seeds, may have a negative impact on the performance of the Company.

In order not to be affected, the company is always in line of the procedures and regulations of the governing councils of the country and complying of all of the requirements needed.

- **Fluctuation of Market Prices for the Company's Products**

The prices of the products of the Company depend on global market prices, which are based on changes in the production levels of the world's industrial products, global demand and global economic conditions, that always cyclically fluctuate in its entirety. Fluctuation in global market prices may affect the product prices of the Company and the interest of farmers in planting particular varieties, which then ultimately impacts the revenues of the Company.

In order to mitigate that, GVA Tanzania Ltd has a solid and adequate market of its produced seeds (African Highland Seeds) with binding contracts with that ensures the non-fluctuating of the selling price.

- **Risk of Business Competition**

At the moment, there are many seed producing companies and companies trading in vegetable and flower seeds, not just the big concerns, but also small-scale companies. This fierce competition may result in a decrease in the Company's market share and ultimately, may affect the revenues of the Company.

As far as Competition is concerned, GVA Tanzania Limited has no competition within Tanzania market as all of the seeds produced are for one customer (African Highland Seeds) which sells them globally.

- **Risk of Fluctuation in Foreign Currency Exchange Rates**

Most of the facilities and some of the imported pesticides in the form of finished goods including fertilizer are imported products and, consequently, fluctuations in foreign currency exchange rates may affect the cost of goods sold. On the other hand, selling prices cannot always be adjusted to reflect fluctuations in foreign exchange rates. This condition may affect the revenues of the Company.

Apart from the modern agricultural facilities such as greenhouses and machinery used, all of the materials used in the production i.e biological pesticides, fertilizers and other materials are procured within the country and they are bought in local currency.