



Business plan for development of cashew nut processing factory at Mtwara

Project location	Primary developer	Document date
Mtwara, Tanzania	Organic Growth Limited	23 January 2022

Executive Summary

This project consists of a business plan for a cashew processing factory in Mtwara, Tanzania. A company will be created to implement the project with the objective to sell whole white cashews to the general cashew export market. To do so the company will have to acquire new cashew processing machinery, land and building in the region. All operation will be aligned with global best practices to meet the requirements of export customers. Food safety will be ensured through FSSC 22000 certification to fulfill export quality and quantity standards. Besides implementing a sustainable and profitable project this new company will have a positive social-economic impact by creating work opportunities for the local community.

Objective:

To develop a cashew nut processing business in Mtwara able to deliver food safe, high quality roasted cashew nuts for the export market using raw nuts sourced from the region. The project will have strong elements of a social enterprise at its core to benefit the local community. Social enterprises seek to maximize profits while maximizing benefits to society and the environment, and the profits are principally used to fund social programs.

The business has environmental and social goals embedded in the objective, which differentiates them from other organizations and corporations. Social enterprises can provide income generation opportunities that meet the basic needs of people who live in poverty, and allow them to empower themselves through positive engagement. The business aims to be sustainable and earned income from sales is reinvested in the social mission. The model can be expanded or replicated to other communities to generate more impact.

Products and services

The business will establish a processing factory in the Mtwara region of Tanzania. This factory will have a positive social impact in the region, leading to job creation, poverty reduction, and addressing the rural exodus phenomenon and strengthening the Tanzanian cashew industry by offering local processing of raw cashew nuts.

Marketing strategy

Our aim is to ensure that we sell processed cashew nuts of the highest quality to our various customers worldwide.

Our facility is located in an area that is not only easily accessible to our employees but also to our clients. We have put in structures to ensure that the facility is conducive at all times for our employees, which is why our employees have come to see the factory as a home to them and are always eager to come to work and be productive for the good of the business

Marketing strategy:

- Direct to customers
- Bulk to Institutions
- Through Retailers
- Through Online

Competitive Advantage

Our business philosophy is based on the understanding that doing good is good for business. This means that we will always act with the well-being of people at the heart of our actions. This is the bedrock of our activities. People are our biggest strength. Therefore to ensure maximum productivity, they would be highly motivated. This will come in the form of attractive wages and a positive, conducive work environment that empowers them towards self-improvement. This will ensure that they put in their best effort.

Technical processes will be based on industry best practices. This will ensure they operate at peak levels. Investments in the best available equipment is yet another area we plan on. We realize that only the best equipment will give the best results. Therefore a substantial part of our funding will go into this area.

A world-class quality control unit has been established. This is a strategy to ensure only the best products reach our target market. A constant innovative approach will be followed. This will ensure that we gain a fair share of the market size.

Financial planning

Startup capital costs, such as acquisition of land, buildings and machinery have been self-funded. Initial returns will be re-invested into the enterprise to grow production capacity.

Expected capital expenditure

Description	Value
Land	\$14 000,00
Factory building	\$225 500,00
Machinery	\$347 000,00
Total capital expenditure	\$586 500,00

5 year financial forecast

	Year 1	Year 2	Year 3	Year 4	Year 5
Production capacity					
Required raw cashew nuts (tons/yr)	1952	1952	1952	1952	1952
Output (packed cashew nuts) (tons/yr)	488	488	488	488	488
Forecast sales	\$3 172 000,00	\$3 362 320,00	\$3 564 059,20	\$3 777 902,75	\$4 004 576,92
Cost of sales					
Raw cashew nut cost	\$2 030 080,00	\$2 151 884,80	\$2 280 997,89	\$2 417 857,76	\$2 562 929,23
Labour	\$11 712,00	\$12 414,72	\$13 159,60	\$13 949,18	\$14 786,13
Operating cost	\$80 000,00	\$84 800,00	\$89 888,00	\$95 281,28	\$100 998,16
Gross earnings (EBITDA)	\$1 050 208,00	\$1 113 220,48	\$1 180 013,71	\$1 250 814,53	\$1 325 863,40

*Note: investments to increase production capacity are expected.

Environmental impact

The operation is intended to incorporate environmental best practices to support sustainability. A planned investment into a PV solar electrical system will offset the carbon footprint of the project. An environmental impact assessment will be conducted before construction begins to ensure that mitigating action can be put in place.