



VANILLA VILLAGE

NJOMBE PROJECT

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Vanilla Village, 2021



*"We want the project beneficiaries to see us as both a reliable partner
and a demanding customer"*



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1.0 EXECUTIVE SUMMARY

1.1 Project name

“VANILLA VILLAGE”

1.2 Introduction

As a tropical climbing vine of the orchid family, **Vanilla** is a native of South and Central America and the Caribbean; and the first people to have cultivated it seem to have been the Totonacs of Mexico's east coast early 15th century. Currently it is one of the most expensive spices in the World market after saffron and is grown best in ten countries among them being three African countries (Madagascar, Comoros and Uganda) where over 80% of the World's vanilla is grown in Madagascar - Africa

There are three main **species of vanilla** that are produced commercially. These include vanilla planifolia, vanilla tahitiensis, and vanilla pompona. Each species has unique characteristics. Basically Vanilla crop grows best in a hot, humid climate from sea level to an elevation of 1,500 m. The ideal climate has moderate rainfall, 1,500–3,000 mm, evenly distributed through 10 months of the year. Optimum temperatures for vanilla cultivation are 15–30 °C (59–86 °F) during the day and 15–20 °C (59–68 °F) during the night.

The crop grows well in loose and fragile soils with any of loamy texture. However, it requires a soil pH ranging from 6.5 to 7.5 with high organic matter content for better production.

Vanilla is less vulnerable to pest and disease damages, drought-tolerant, offering wide uses with good overall health benefits and can become an important resource for promoting country's economy and farmers' livelihoods hence enhancing farmers' income.

1.3 Benefits and uses of vanilla

Being among the World's most expensive crops, Vanilla has a wide range of application that include flavouring food, drinks, soaps, ointments, perfumes, incenses, sodas, pharmaceuticals, cosmetics and traditional crafts used in many industries. However vanilla has health benefits to people including; healing burns, wounds and cuts, promoting healthy skin, has anti-aging properties, best for treatment of acne, promoting healthy hair, treating anxiety and depression, aids in weight loss, relieves nausea, relieves digestive disorders and good for dental health.

1.4 Vanilla market analysis and prediction

Being the World major natural flavor with increased health benefits and widely used in many industries, the price and world's market for vanilla is hovering particularly in the following countries; United States of America, France, Germany, Canada, Japan, United Kingdom, Singapore, Switzerland, Australia, Denmark, and Netherlands. The recent report by Zion Market Research (2018) indicates that, the global vanilla market accounted for USD 510 million in 2018, is expected to reach around USD 735

million by 2026, at a CAGR of 4.7% between 2019 and 2026. However there is also positive market trends' following the increased application of vanilla in Food and Beverages, Cosmetics, and Pharmaceutical in domestic industries in our country and other African countries.



Harvested vanilla ready for drying process

2.0 PROJECT DESCRIPTION

Vanilla Village is an agricultural project dealing with vanilla farming in greenhouse blocks. The project is located at Matewele hamlet, Idunda ward in Njombe region, just 10 kms from Njombe town. The office headquarters is located at Anglican Church; Njombe Archdiocese. Currently the project owns 100 acres strategically located to ensure easy accessibility through road transport and closer to Luhuji River to ensure maximum supply of water for irrigation. The available 100 acres have the capacity to accommodate more than 800 standard greenhouse blocks of 120 square metres each and plans are ahead to acquire more land to expand the project. In implementing greenhouse block vanilla farming, interested organizations, entrepreneurs, farmers and individuals, from all over Tanzania and abroad are invited to engage in contract farming model. Through contract farming model, customers (project beneficiaries) in year one will be only required to pay for greenhouse block and installation of irrigation system while the rest of farming management activities will be done by the team from Vanilla International Limited. In the proceeding years project beneficiaries will be required only to pay some agreed amount of money to cater for farming management activities. In this contract farming beneficiaries have opportunities to pay visits to their blocks to do closer monitoring of crops development, monitoring harvesting and processing of ripe crops and finally engage in selling of their product. In this regard ***"We want the project beneficiaries to see us as both a reliable partner and a demanding customer"*** because all processed products will be sold to Vanilla International Limited and therefore our company (Vanilla International Limited) will be the buyer (market) of our customers' product. It is estimated that while one standard greenhouse is prepared and planted vanilla for the cost of **6,500,000 Tshs**, the same has the capacity to produce **240 Kilograms** of vanilla annually and generate an estimated income of **24,000,000 Tshs** to

the beneficiary (customer). Bearing in mind that vanilla plant can reach a height of 10–15 m (33–49 ft) in height and has an economic lifespan of approximately 10 years; the project beneficiaries will be in the position to reap **240,000,000Tshs** from one standard greenhouse block. While a standard greenhouse is constructed for **6,500,000 Tshs**, Vanilla international Limited has considered various customers’ economic capacity and therefore has developed various greenhouses blocks of 40 sq meters prepared for Tsh. 2,200,000) 20 sq meters prepared for Tsh 1,200,000 and larger greenhouses prepared on demands



Greenhouse construction team in Vanilla Village - Njombe



Greenhouse ready to use in Vanilla Village - Njombe

3.0 PROJECT JUSTIFICATION/RATIONALE

The recent report by Zion Market Research (2018) has indicated that, the global vanilla market accounted for USD 510 million in 2018, is expected to reach around USD 735 million by 2026, at a CAGR of 4.7% between 2019 and 2026. Moreover the demand for

vanilla in our country and other African countries indicates positive market trends' following the increased application of vanilla in Food and Beverages, Cosmetics, and Pharmaceutical in domestic industries. Despite its huge monetary value attached, availability of condition for cultivation, Vanilla production is not a famous agricultural activity among our own farmers in Tanzania, particularly in Njombe region. The crop is well grown in other African countries such as Madagascar Comoros and Uganda, and in both small and large scale and Madagascar being the world's leading exporter of vanilla by 80%. This project aims to diversify peoples' livelihoods and increase their income by promote vanilla production using greenhouse block model in Njombe region because there is both local and export markets ready for the product which currently fetches nearly **100,000 Tsh** per kilogram of vanilla beans.



Dry vanilla pods (beans)

4.0 OBJECTIVES OF PROJECT

4.1 General Objective

The purpose of this project is to diversify peoples' livelihoods and increase their income by promote vanilla production using greenhouse block model in Njombe region.

4.1.1 Specific objectives

- 1. To empower project beneficiaries with relevant skills on soils requirement land preparation, propagation, planting and spacing, flowering and pollination, pests and diseases, harvesting and processing for vanilla cultivation, pricing and marketing of vanilla.*
- 2. To train project beneficiaries on the procedures and importance of contract greenhouse farming model for vanilla*
- 3. To establish greenhouse blocks for vanilla farming*



Planted vanilla cuttings in a greenhouse

5.0 PROJECT RELEVANCE/APPLICABILITY

The Tanzania Agricultural and Livestock Policy of 1997 page 42-43. recognizes spices like black sweet and hot pepper, **vanilla**, chillies, ginger, onions, coriander, garlic onions, hermeric and cinnamon, as important crops for both the domestic and and export markets. Again the the policy states clearly that these spices *are important source of income for smallholders* and that the Government will use its extension service to promote the crops, while the cooperatives and the private sector will be encouraged to continue with the marketing of the crop. Therefore this project is in line with the government policies and strategies as it aims to diversify peoples' livelihoods and increase their income through vanilla production.

In this regard contract farming of vanilla production using greenhouse block model is crucial to enhance smooth implementation where formal agreement between the two parties the customer (project beneficiary) and the client (project owner). In this project the client agrees to;

1. Offer a piece of land for farming;
2. Offer technical for bulding greenhouse;
3. Offer technical support for installation of greenhouse
4. Outline vanilla production process;
5. Specify the price of the product (vanilla)
6. Buy the product, often at a price that is established in advance;
7. Support the farmer through, e.g., supplying inputs, assisting with land preparation, planting, greenhouse management, harvesting and processing providing production advice and transporting produce to its premises; and
the customer (project beneficiary) agrees to;
 1. Pay for complete required greenhouse materilas
 2. Pay for complete required drip irrigation materils
 3. Pay visits for farm monitoring
 4. Sell the product to the buyer.

6.0 MAJOR ADVANTAGES OF THE PROJECT

6.1 To the farmers (Project beneficiaries)

- *It helps in skilling of farmers as they learn on soils requirement land preparation, propagation, planting and spacing, flowering and pollination, pests and diseases, harvesting and processing for vanilla cultivation, pricing and marketing of vanilla.*
- *Farmers get the opportunity for diversification of crops.*
- *Price risk for the product is drastically reduced as many contracts specify prices in advance.*
- *This contract farming opens up new markets which would otherwise have been unavailable to small farmers.*
- *The farmers may have an opportunity of getting easy credit from the Bank under contractual agreements.*
- *Farmers get opportunity to own land with title deed*
- *It helps farmers increase their income*
- *In addition Farmers will have a joint ownership of avocado project*

6.2 To the Client (project owner)

- *They get uninterrupted & regular flow of raw materials of high quality which helps in protection from fluctuation in market pricing.*
- *Long term planning of business is possible as they have a dedicated supplier base of raw material.*
- *Concept of contract farming can be extended to other crops also which helps to generate goodwill for the organisation.*

6.3 Remarkable economic benefit of the project

The project will offer good economic benefits to the farmers, with average net profit per greenhouse block reaching to **24,000,000 Tshs** annually while providing industries with sufficient raw materials. When in full operation the proposed project will be in the position to offer more than 100 direct job opportunities to young people, hence helping to improve their livelihoods and increasing the national revenues through taxes.

7.0 PROSPECTIVE CHALLENGES OF THE PROJECT

Vanilla International Limited envisions some challenges in price fluctuations for vanilla, however price fluctuations is not very common as the product in most cases experience rising demand worldwide hence leading to ever rising in prices. The world market every year experience rising in demand for vanilla as its uses multiplies now and then.

8.0 PROJECT BENEFICIARIES (Who can be customers?)

Beneficiaries of this project include;

1. Farmers - get an opportunity to diversify their livelihoods
2. Workers and Leaders - get an opportunity to increase sources of income while serving the nation.

3. Organizations (eg. NGOs, CBOs, Companies, churches, schools etc) - get an opportunity to increase sources of fund
4. Entrepreneurs - get an opportunity to diversify entrepreneurial opportunities
5. Diaspora - get an opportunity to invest in their homeland
6. Professionals - get an opportunity to explore benefits in agricultural industries



Opportunity for women to invest in vanilla farming

9.0 PROJECT MANAGEMENT

9.1 Planning

The over-all planning and management of the project is the main task of the managing and monitoring team in consultation with project advisors. The managing and monitoring team comprises members with vast experience, capacities and specialization in the field of agriculture, project management and business management. These team members are assigned different tasks based on the project objectives to make the effective implementation of the project. The project coordinator is in-charge of overall execution of the project activities to ensure good coordination and implementation of the project. However, the project accountant is responsible for all project cash transactions and preparation of financial reports and submits the same to project coordinator who will also submit the same to project management and monitoring team, project advisors and partners.

9.2 Execution

Implementation of the project activities is participatory approach where implementation arrangements of the project follow the decentralized administration system involving government officials in the areas of extension, cooperative and legal to ensure efficiency, effectiveness and sustainability of the project.

9.3 Monitoring and evaluation

The project monitoring and evaluation is a mandate of project monitoring and evaluation officer who reports on monthly basis or at any time deemed necessary on the

progress of the project. Monitoring and evaluation tools and system will be developed by the team to make the work more effective. A midterm and end of project review involves farmers to ensure credibility of the work done. However financial monitoring is given foremost attention to ensure proper usage of funds. All financial transactions regarding the project activities are recorded accordingly, through maintenance of proper books of accounts, completely separate from the rest of the other organizations finances.

9.4 Financial management

A structure is in place to facilitate financial management of the project's funds. Proper accounting is the responsibility of the accountant, who is responsible for preparations of monthly financial reports. However, A separate bank account is opened for funds from customers to ensure maximum check and balance. The project coordinator and accountant are responsible to authorize spending. Funds is disbursed upon complete filling-up and signing of vouchers, but cash slips/ official receipts are required when the purchase has been done, to ensure that the money is used the way it is meant to be.

10.0 COMPANY PROFILE

Vanilla International Limited is a reputable company located in Njombe town engaging in production and selling of vanilla by using greenhouse farming technology. Established in 2016 and headed by Simon Mukondya the company has worked with and benefited various Farmers, organizations, Entrepreneurs, Diaspora Professionals and Workers and Leaders. Among beneficiaries include former Minister for education Prof. John Kapuya, Dr. Sebastian Ndege, Community Development training Institute Uyole, Mtewele traders, Gloria Haule, Mdm. Pili (USA), and Mdm. Nusra (UK) to mention but a few.



Vanilla International Limited management in picture with some customers

11. CONCLUSION

Implementation of the project aims at promoting vanilla farming to in Njombe region to enhance farmers' income and country's revenue. Vanilla is the second most expensive spice in the world, after saffron where 80% of vanilla is produced in Madagascar. Its

prices world wide experience a massive spike annually due to its benefits and uses for domestic and industries. This project invites individuals and organizations to invest in greenhouse block farming where having invested in the project, beneficiaries will not fully be tasked to work in the farm but engage in monitoring, harvesting and selling of their products through contact farming. This project complies with the requirements of Tanzania agriculture and livestock policy to enhance production and export of spices. The implementation of the project not only has good economic benefits but also remarkable social benefits. We are asking all people and organizations to come and invest in this project for the better tomorrow.

FINANCIAL STATEMENT

INVESTMENT BREAKDOWN

PARTICULAR	AMOUNTS USD
Land and Buildings	313,000
Plant & Machines	13,043
Motor Vehicles	30,434
Furniture & Fixtures	869
Pre Expenses	30,434
Working Capital	90,645
TOTAL	478,425

OTHER OPERATIONG COST

Other Operations Cost	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Motor Vehicle running expens	17,000	17,400	17,800	18,200	18,600
Salaries and Wages	53,000	58,300	64,130	70,543	77,597
Administrative Overhead Costs	6,600	7,260	7,986	8,785	9,663
Utility Costs	10,045	11,050	12,154	13,370	14,707
Interest on Loan	0	0	0	0	0
Communication Exepnses	4,000	4,400	4,840	5,324	5,856
Total Costs	90,645	98,410	106,910	116,221	126,424

PROJECT BALANCE SHEET

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Fixed Assets	357,346	333,979	349,960	321,701	293,443
Long term Assets					
Depreciation	23,367	23,367	23,367	23,367	23,367
Total long term assets	333,979	310,612	326,593	298,334	270,075
Current Assets					
Cash	406,100	684,700	979,050	1,292,735	1,625,723
Account Receivable	105,000	110,250	216,535	421,763	527,628
Inventory	214,710	376,383	438,469	402,292	467,493
Total Current Assets	121,079	121,079	121,079	121,079	121,079
Total Assets	455,058	431,691	447,672	419,413	391,154
Curent Liabilities					
Accounts Payable	84,000	88,200	92,610	97,241	102,103
Other Current Liabilit	70,000	73,500	77,175	81,034	85,085
Subtotal Current Liabi	154,000	1,616,700	169,785	178,274	187,188
Long term Liabilities					
Long term Liabilitie	1,820,000	1,820,000	1,820,000	1,820,000	1,820,000
Total Liabiities	333,979	310,612	326,593	298,334	270,075
Net Assets	820,810	877,633	951,268	1,044,516	1,157,656
Captil and Reserves					
Owners Contribution	780,000	780,000	780,000	780,000	780,000
Retained Earning	40,810	97,633	171,268	264,516	377,656
Total Capital	455,058	431,691	447,672	419,413	391,154

PROJECTED INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEARS5
Sales Revenue	630,000	756,000	907,200	1,088,640	1,306,368
Cost of Sales	126,000	126,000	126,000	126,000	126,000
Gross Profit	504,000	630,000	781,200	962,640	1,180,368
Operating Expenses					
Administrative Overhead					
Costs	105,000	106,050	107,111	108,182	109,263
Motor Vehicle running	5,000	5,050	5,101	5,152	5,203
Expenses	8,000	8,080	8,161	8,242	8,325
Salaries and Wages	78,000	78,780	79,568	80,363	81,167
Depreciation	81,000	81,810	82,628	83,454	84,289
Marketing Costs	6,500	6,565	6,631	6,697	6,764
Utility Costs	10,500	10,605	10,711	10,818	10,926
Insurance	10,000	10,100	10,201	10,303	10,406
Interest on Loan	12,200	12,322	12,445	12,570	12,695
Communication	1,750	1,768	1,785	1,803	1,821
Total Expenses	207,950	210,030	212,130	214,251	216,394
Profit before Tax	296,050	419,971	569,070	748,389	963,974
Tax (30%)	207,235	293,979	398,349	523,872	674,782
Profit After Tax	88,815	125,991	170,721	224,517	289,192

FIXED ASSETS SCHEDULE

NAME OF ASSETS		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Land and Buildings		313,000	297,350	281,700	266,050	250,400
Plant & Machines		13,043	10,434	7,826	5,217	2,609
Motor Vehicle		30,434	25,434	20,434	15,434	10,434
Furniture & Fixtures		869	760	40,000	35,000	30,000
Total		357,346	333,979	349,960	321,701	293,443
Depreciation		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Land and Buildings		15,650	15,650	15,650	15,650	15,650
Plant & Machines		2,609	2,609	2,609	2,609	2,609
Motor Vehicles		5,000	5,000	5,000	5,000	5,000
Furniture & Fixtures		109	109	109	109	109
ANNUAL DEPRECIATION		23,367	23,367	23,367	23,367	23,367
CLOSING FIXED ASSETS		333,979	310,612	326,593	298,334	270,075

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Vanilla cuttings in polyphen bags



Vanilla flowers