

**BUSINESS PLAN TO TANZANIA  
INVESTMENT CENTRE (TIC)**

**IN FAVOUR OF**

**KUKAYE CO. LIMITED**

**AS**

**A PROPOSAL FOR REGISTRATION FOR  
THE CERTIFICATE OF INCENTIVES  
MAY 2024**

## **I. Title of the Project**

### **Kukaye Limited Cashew Farming Business Plan**

## **II. Executive Summary**

Kukaye Limited is dedicated to transforming Tanzania's cashew industry by producing and exporting premium-quality cashew nuts while promoting sustainable agricultural practices. Situated in Nanyumbu, Mtwara, our expansive 6,000-acre farm currently cultivates 2,000 acres of cashews, with plans to expand cultivation to an additional 4,000 acres.

Our mission is to bridge the gap between production and processing within Tanzania, establishing Kukaye Limited as the premier private entity in processed cashew nut production. We aim to capture a 10-15% market share by developing a state-of-the-art processing facility that preserves the unique identity of Tanzanian cashew nuts.

Kukaye Limited has secured a strong customer base across Europe and the United States, with committed buyers including Seeberger and Farmers Snack. We project annual revenues of 50-80 million EUR, positioning ourselves as a significant player in the global cashew market.

Our business strategy encompasses vertical integration for quality control, sustainable farming practices, and the innovative concept of cashew tourism to enhance brand visibility and investor engagement. This business plan details our mission, vision, objectives, methodology, timeline, financial projections, and risk management strategies, presenting a comprehensive roadmap for achieving our goals and ensuring sustainable growth.

## **III. Summary of Company Legal Formation**

Kukaye Limited, established on July 19, 2021, is a private company limited by shares, registered under the incorporation number 152723067. The company operates out of its registered office located at Plot number 764, Block number 764, House number 764, Kimara Baruti Street, MOROGORO Road, in the Kimara Ward, Ubungo District, Dar es Salaam, Tanzania, with postal code 16104.

## **Directors**

**The company is managed by a board of directors consisting of:**

Rachel Gehzy Nkwama (Tanzanian)

Jackson Robert Mwinyi (Tanzanian)

Amosi Alnest Kalinga (Tanzanian)

Teddy Patrick Nawezi (Austrian)

## **Company Secretary**

Rachel Gehzy Nkwama (Tanzanian)

## **IV. Company Shareholding structure**

### *Share Capital*

The authorized share capital of Kukaye Limited is 10,000,000 TZS, divided into 1,000 ordinary shares valued at 10,000 TZS each.

### *Shareholders*

- **Jackson Robert Mwinyi:** 90 ordinary shares
- **Rachel Gehzy Nkwama:** 10 ordinary shares
- **Amosi Alnest Kalinga:** 100 ordinary shares
- **Teddy Patrick Nawezi:** 5 ordinary shares

## **V. Project Location**

### *Registered Office*

**Location:** Kimara Baruti Street, MOROGORO Road, Ubungo District, Dar es Salaam, Tanzania

**Postal Code:** 16104

## **VI. Project Objectives**

The objectives of Kukaye Limited's cashew farming project are aligned with the company's mission to revolutionize the cashew industry in Tanzania and achieve sustainable growth. These objectives are aimed at enhancing production, ensuring quality, expanding market reach, and promoting environmental and economic sustainability.

### **1. Increase Cashew Production**

- Expand the cultivated area from the current 2,000 acres to the full 6,000 acres of available farmland.
- Implement advanced agricultural practices to improve yield per hectare and ensure the consistent supply of high-quality cashews.

### **2. Develop a State-of-the-Art Processing Facility**

- Establish a modern cashew processing plant to handle the full capacity of produced cashews.
- Ensure the facility maintains the unique identity and high quality of Tanzanian cashew nuts through efficient processing and packaging technologies.

### **3. Enhance Market Penetration**

- Strengthen existing market presence in Europe and the United States by securing long-term contracts with key buyers.
- Explore new markets in Asia and the Middle East to diversify the customer base and reduce dependency on a limited number of markets.

### **4. Promote Sustainable Farming Practices**

- Adopt eco-friendly farming methods, such as organic fertilization and water conservation techniques, to minimize environmental impact.
- Implement a comprehensive waste management system within the processing facility to promote sustainability.

### **5. Create Economic Opportunities**

- Generate employment opportunities for the local community in Nanyumbu, Mtwara, through farm expansion and the establishment of the processing plant.
- Enhance the livelihoods of local farmers by providing training, resources, and a reliable market for their cashew nuts.

## **6. Implement Cashew Tourism**

- Develop a cashew tourism initiative to attract visitors to the farm, offering an immersive experience in cashew farming and processing.
- Use cashew tourism as a marketing tool to increase brand visibility and consumer engagement.

## **7. Achieve Financial Viability and Growth**

- Ensure the financial stability of the project through prudent financial management and operational efficiency.
- Aim for annual revenues of 50-80 million EUR within 5-7 years of operation, ensuring sustainable returns for investors and stakeholders.

By focusing on these objectives, Kukaye Limited aims to position itself as a leader in the global cashew industry, contributing to the economic development of Tanzania while promoting sustainable agricultural practices.

## **VII. Summary of Sector Performance**

The cashew industry in Tanzania plays a significant role in the country's economy, particularly in the southern regions where cashew farming is a major agricultural activity. Here is an overview of the sector's current performance and its potential for growth:

### **1. Production Volume and Global Position**

- Tanzania is one of the world's largest producers of cashew nuts, with an annual production of approximately 250,000 tons. This positions the country as a key player in the global cashew market .

### **2. Export Market and Processing Challenges**

- Despite the high production levels, around 95% of Tanzanian cashews are exported in raw form to countries such as Vietnam and India for further processing. This results in a significant loss of value addition opportunities within Tanzania itself. Limited local processing capacity is a major bottleneck in retaining the full economic benefits of cashew production .

### **3. Economic Impact**

- The cashew sector contributes significantly to the livelihoods of many Tanzanians, particularly in rural areas where cashew farming is a primary source of income. The sector supports thousands of farmers and has the potential to drive rural development and poverty alleviation.

### **4. Market Potential and Demand**

- There is a growing international demand for high-quality cashews, with Europe and the United States being major markets. Tanzanian cashews are renowned for their quality, and there is a strong interest from international buyers, including companies such as Seeberger, Farmers Snack, and Alderaban Commodities E, among others .

### **5. Government Initiatives and Support**

- The Tanzanian government has recognized the importance of the cashew sector and has been taking steps to enhance local processing capabilities. Initiatives include improving infrastructure, providing farmer training, and offering financial incentives to attract investment in cashew processing facilities.

### **6. Future Prospects**

- With increased investment in local processing, the sector has the potential to significantly boost its contribution to the national economy. Developing state-of-the-art processing facilities and expanding cultivated areas are key strategies for realizing this potential. Kukaye Limited, for instance, aims to lead this transformation by increasing its cultivated land and establishing a modern processing plant to capture more value within Tanzania .

In summary, the Tanzanian cashew sector is robust with substantial production levels and strong international demand. However, the sector faces challenges related to local processing capacities. Addressing these challenges through strategic investments and government support can unlock significant economic benefits and enhance the sector's contribution to the national economy.

## VIII. Market Analysis

### Market Analysis

#### *Global Cashew Market Overview*

The global cashew market is experiencing steady growth, driven by increasing demand for healthy snacks and versatile ingredients in various food products. The market's expansion is bolstered by rising consumer awareness about the health benefits of cashews, which are rich in protein, healthy fats, and essential nutrients.

#### *Key Market Drivers*

1. **Health Trends:** The growing popularity of healthy eating and plant-based diets has significantly boosted demand for cashew nuts as a nutritious snack and a dairy alternative in products like cashew milk and cheese.
2. **Convenience Foods:** The increase in demand for convenient and ready-to-eat snacks has led to higher consumption of processed and packaged cashew nuts.
3. **Economic Growth in Emerging Markets:** Rising incomes in emerging economies are leading to increased consumption of premium nuts, including cashews.
4. **Culinary Uses:** Cashews are increasingly used in a variety of culinary applications, from traditional dishes to modern cuisine, expanding their market.

#### *Major Markets*

1. **United States:** The U.S. is one of the largest importers of cashews, driven by the health and wellness trend and the demand for convenient snack options.
2. **Europe:** Countries like Germany, the Netherlands, and the UK are significant markets for cashews, with a strong preference for organic and sustainably sourced nuts.
3. **Asia-Pacific:** This region, particularly India and China, shows growing demand due to rising health awareness and economic growth.

## *Tanzanian Cashew Market*

Tanzania is a significant player in the global cashew market, known for producing high-quality cashew nuts. The Tanzanian cashew sector is characterized by:

1. **Production:** Tanzania produces approximately 250,000 tons of raw cashew nuts annually, making it one of the top cashew producers globally.
2. **Export:** A significant portion of Tanzanian cashews are exported raw, primarily to Vietnam and India for processing, then re-exported to global markets. This presents a substantial opportunity for local processing to add value.
3. **Processing Gap:** The lack of local processing facilities means Tanzania misses out on the higher value derived from processed cashew products. Enhancing processing capabilities is a key growth area.

## *Competitive Landscape*

1. **Vietnam and India:** These countries dominate the global cashew processing market. Tanzania can compete by investing in modern processing facilities to improve efficiency and product quality.
2. **Local Competitors:** Other East African countries like Mozambique and Kenya are also key players in cashew production, emphasizing the need for competitive advantages through quality and processing capabilities.

## *Opportunities and Challenges*

### **Opportunities**

1. **Value Addition:** Developing local processing facilities can significantly increase the value of Tanzanian cashews.
2. **Market Diversification:** Exploring new markets in Asia and the Middle East can reduce dependency on traditional markets.
3. **Sustainable Practices:** Emphasizing organic and sustainable farming practices can attract premium markets.

## Challenges

1. **Infrastructure:** Inadequate infrastructure, particularly in rural farming areas, can hinder efficient production and transportation.
2. **Financing:** Access to finance for farmers and processors is limited, affecting the ability to invest in quality improvement and expansion.
3. **Market Access:** Navigating international trade regulations and securing market access in competitive global markets requires strategic planning and investment.

## Strategic Recommendations

1. **Invest in Processing Facilities:** Establish state-of-the-art processing plants to retain more value within Tanzania and produce high-quality, export-ready cashew products.
2. **Enhance Quality Standards:** Implement stringent quality control measures to ensure that Tanzanian cashews meet international standards.
3. **Expand Market Reach:** Leverage marketing and trade missions to explore and penetrate new markets, particularly in Asia and the Middle East.
4. **Sustainability Initiatives:** Adopt and promote sustainable farming practices to appeal to eco-conscious consumers and premium markets.

By addressing these opportunities and challenges, Kukaye Limited can position itself as a leading player in the global cashew market, driving growth and economic development in Tanzania's cashew sector.

## IX. Project description summary

### Project Description Summary

#### *Annual Production Capacity*

Kukaye Limited is dedicated to maximizing its annual production capacity through strategic expansion and technological advancements. Currently, the company cultivates 2,000 acres of cashew trees, with plans to expand to the full 6,000 acres of available farmland. This expansion is projected to significantly increase annual production, with the ultimate goal of achieving a production capacity of approximately 15,000 metric tons of raw cashew nuts per year.

### *Employment Creation*

Kukaye Limited is committed to creating employment opportunities and fostering skills development within the local community. The project currently employs 120 workers, comprising 60 permanent employees and 60 laborers (temporary and non-skilled). As the project expands, the workforce is expected to grow substantially.

#### **Current Workforce:**

- **Total Employees: 120**
  - **Permanent Employees: 60**
  - **Laborers (Temporary and Non-Skilled): 60**

#### **Projected Workforce Expansion:**

- **Total Projected Employees: 300**
  - **Permanent Employees: 100**
  - **Laborers (Temporary and Non-Skilled): 200**

#### **Employment by Category:**

- **Local Skilled Workers: 80**
- **Foreign Skilled Workers: 20**
- **Non-Skilled Workers: 200**

#### **Gender Distribution:**

- **Male Employees: 70%**
- **Female Employees: 30%**

### *Technology and Skills Transfer*

Kukaye Limited is dedicated to utilizing advanced agricultural and processing technologies to enhance productivity and quality. The integration of modern technology is pivotal in achieving efficient production processes and high-quality output.

### **Technologies Used:**

1. **Modern Irrigation Systems:** To ensure optimal water usage and improve crop yield.
2. **State-of-the-Art Processing Equipment:** For shelling, peeling, and packaging cashew nuts, maintaining their quality and marketability.
3. **Precision Agriculture:** Utilizing drones and satellite imaging for monitoring crop health and soil conditions.

### **Skills Transfer Initiatives:**

- **Training Programs:** Regular training sessions for local farmers and workers on best agricultural practices, use of modern equipment, and sustainable farming methods.
- **Workshops and Seminars:** Conducting workshops with agricultural experts and technologists to impart advanced skills and knowledge to the workforce.
- **On-the-Job Training:** Providing hands-on training opportunities for local employees to work with advanced machinery and technology, ensuring skills transfer and capacity building.

Kukaye Limited's focus on technology and skills transfer aims to enhance the capabilities of the local workforce, improve productivity, and ensure sustainable agricultural practices. This approach not only boosts the company's efficiency but also contributes to the socio-economic development of the local community by equipping them with valuable skills and employment opportunities.

### **X. Investment costings**

The investment in Kukaye Limited's cashew farming project includes land acquisition, land preparation, equipment, and working capital. The total investment required is approximately 4,113,399,990 TZS

Below is a detailed breakdown of the costs:

## *Land and Building*

### **1. Plot (Bush/Forest/Virgin Land) Purchase**

- o **Description:** 6,000 acres purchased from Nanyumbu district
- o **Cost:** 50,000 TZS per acre
- o **Total Cost:** 6,000 acres \* 50,000 TZS/acre = 300,000,000 TZS

### **2. Clearing the Planted Land**

- o **Description:** Clearing 2,000 acres of land
- o **Cost:** 180,000 TZS per acre
- o **Total Cost:** 2,000 acres \* 180,000 TZS/acre = 360,000,000 TZS

### **3. Clearing Weeds for the Past Two Years**

- o **Description:** Weed clearing for 2,000 acres
- o **Cost:** 60,000 TZS per acre
- o **Total Cost:** 2,000 acres \* 60,000 TZS/acre = 120,000,000 TZS

### **4. Solar System for 20 houses for workers**

- o **Total Cost : 42,190,395.00 TZS**

## *Plant and Machinery*

### **1. Chainsaws for Cutting Down Trees**

**Quantity:** 14 chainsaws

- o **Cost:** 1,800,000 TZS per chainsaw
- o **Total Cost:** 14 chainsaws \* 1,800,000 TZS/chainsaw = 25,200,000 TZS

### **2. Processing Machines**

**Total cost:** 224,993,600 TZS

### **3. Trackers**

**Quantity:** 5

**Total Cost:** 506,261,340.00 TZS

#### 4. Water Pumps

**Total cost:** 8,438,547.00 TZS

#### *Vehicles*

##### 1. Motorcycles

o **Quantity:** 3 motorcycles

o **Cost:** 2,800,000 TZS per bike

o **Total Cost:** 3 motorcycles \* 16,876,236 TZS/bike = 50,628,708 TZS

##### 2. Quad Bikes for Farm Surveys

o **Quantity:** 4 quad bikes

o **Cost:** 5,000,000 TZS per quad

o **Total Cost:** 4 quad bikes \* 5,000,000 TZS/quad = 20,000,000 TZS

##### 3. Three-Wheel Bike (ToYO)

o **Quantity:** 1 three-wheel bike

o **Cost:** 6,000,000 TZS

o **Total Cost:** 1 bike \* 6,000,000 TZS = 6,000,000 TZS

##### 4. Company Cars

o **Quantity: 10 cars**

4 cars for Managers

2 Safari cars for farm guests

4 cars for office daily activities

o **Total Cost:** 2,249,686,400 TZS

## *Furniture*

### 1. **Self-Contained Houses for Workers** o **Quantity:** 7 houses

- o **Cost:** 8,000,000 TZS per house
- o **Total Cost:** 7 houses \* 8,000,000 TZS/house = 56,000,000 TZS

## *Working Capital*

### 1. **Short-Term Workers**

- o **Quantity:** 60 workers
- o **Cost:** 200,000 TZS per month per worker
- o **Duration:** Assumed 12 months for calculation
- o **Total Cost:** 60 workers \* 200,000 TZS/worker/month \* 12 months = 144,000,000 TZS

## **Total Investment Cost**

The total investment required for the project, including all the above components, is:

- **Land and Building:** 822,190,395 TZS
- **Plant and Machinery:** 764,893,487 TZS
- **Vehicles:** 2,326,315,108 TZS
- **Furniture:** 56,000,000 TZS
- **Working Capital:** 144,000,000 TZS

**Total Investment Cost:** 4,113,399,990 TZS

## **XI. Project Timeline**

### **1. Timeline:**

#### **1. Land Acquisition and Preparation & Planting (Year 1):**

- Duration: Approximately 6-12 months
- Activities:
  - Identification and acquisition of additional land for cashew farm expansion.
  - 50% of the payment for the investment is made before land acquisition, the other 50% is made two months after tree planting
  - Farm registration & Title deed given to the investor
  - Land clearing and preparation for planting, including soil testing and site preparation.
  - Installation of necessary infrastructure
- Planting of cashew trees on the newly acquired land immediately after land preparation.
- Implementation of initial maintenance practices, including weed control and pest management
- Monitoring and management of tree growth and development.

#### **2. Establishment and Growth Phase (Year 2-5):**

- Duration: Approximately 3-4 years
- Activities:
  - Continued maintenance and care of cashew trees, including pruning, fertilization, and disease management.
  - Monitoring of tree growth and development to ensure healthy

and robust plantations.

- Implementation of sustainable farming practices to promote soil health and environmental sustainability.

### **3. Gathering and Processing (Year 5-7):**

- Duration: Approximately 2 years
- Activities:
  - Gathering of mature cashew nuts from the trees.
  - Transportation of harvested nuts to the warehouses then to processing facility.
  - Processing of cashew nuts to produce various products, such as butter, oil, and milk, and from the cashew apple juice and alcohol, and the nut itself
  - Packaging, labeling, and distribution of finished products to domestic and international markets.

### **4. First Profitable Yield (Year 5-7):**

- Duration: Approximately 5-7 years
- Activities:
  - Realization of the first profitable yield from the cashew farm.
  - Generation of revenue from the sale of cashew products.
  - Return on investment for investors who have supported the project from its initial stages.

## XII. Projects Financial Projections ( 5 years )

Year	Revenue (USD)	Cost of sales (USD)	Gross Profit (USD)	Operating Expenses (USD)	Net Profit (USD)
2025	1,071,704.70	361,164.48	710,540.22	107,170.47	603,369.75
2026	1,101,704.70	371,274.48	730,430.22	110,170.47	620,259.75
2027	1,211,875.17	408,401.93	803,473.24	121,187.52	682,285.72
2028	1,333,062.69	449,242.13	883,820.56	133,306.27	750,514.29
2029	1,466,368.96	494,166.34	972,202.62	146,636.90	825,565.72

### **XIII. Conclusion**

Kukaye Limited is poised to make a significant impact on the Tanzanian cashew industry through its comprehensive and well-planned project. The strategic expansion from 2,000 to 6,000 acres of cultivated land, coupled with the establishment of a state-of-the-art processing facility, positions the company to not only increase production but also to enhance value addition within the country.

The detailed project plan outlines clear objectives, including increased production capacity, market expansion, and sustainable farming practices. By leveraging advanced agricultural technologies and fostering skills transfer among the local workforce, Kukaye Limited aims to elevate the quality and competitiveness of Tanzanian cashews on the global stage.

The investment of approximately : 4,113,399,990 TZS in land acquisition, equipment, infrastructure, and workforce development underscores the company's commitment to this ambitious project. The structured implementation schedule over three years ensures a phased and manageable approach to achieving these goals, with key milestones set for each phase of the project.

Employment creation is a critical aspect of the project, with the current workforce of 120 expected to grow to 300, providing both permanent and temporary job opportunities for the local community. This not only boosts the local economy but also enhances the livelihoods of many families in Nanyumbu, Mtwara.

In conclusion, Kukaye Limited's cashew farming project is a transformative initiative that promises to bring substantial economic benefits to Tanzania. Through increased production, value addition, and market expansion, the project aims to position Kukaye Limited as a leader in the global cashew industry. The focus on sustainability, quality, and community development ensures that the benefits of this project extend beyond the company to the broader Tanzanian society.

