

## Business Plan Cashew Nut Processing in Tanzania



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## EXECUTIVE SUMMARY

LICO Global Company Limited in collaboration with investors from Saudi Arabia proposes establishing a modern cashew nut processing plant in Tanzania to address the country's untapped potential in value-added cashew exports. Tanzania ranks among the top 10 global cashew producers, with an annual output of 250,000–300,000 metric tons, yet processes less than 10% of its raw cashew nuts (RCN) domestically. This project seeks to address this gap by establishing a modern, automated processing facility with a capacity of 10 metric tons per shift, targeting an annual production of 1,800 metric tons of premium-grade kernels. By increasing local processing by 15% annually, the venture aims to reduce raw exports by 75% within five years, thereby capturing higher value in international markets.

The venture is strategically aligned with Tanzania's *Ajenda 10/30, Kilimo ni Biashara*, a government-led agricultural transformation agenda aiming to boost cashew production to 1 million metric tons annually by 2030 and elevate the sector's GDP contribution. Financially, the project is projected to achieve profitability in year 1, generating a gross profit of \$1.84 million and recovering the initial investment in the first 8 months production cycle. Cumulative net profits are projected to reach over \$21.5 million by Year 5. A key competitive advantage lies in Tanzania's low labor costs and high-yield farming regions, coupled with a partnership with global investors providing capital, technical expertise, and access to lucrative Middle East and North Africa (MENA), European and American markets.

Market opportunities are robust, with the global cashew nut market projected to grow from \$8.52 billion in 2024 to \$14.58 billion by 2033, driven by demand in the Middle East, North Africa, and Europe. The plant will produce kernels graded for premium markets (e.g., WW180 for Middle Eastern gourmet retailers) and bulk buyers, branded as "Asilia Premium Cashews" to emphasize natural, traceability and Tanzanian origin. Sustainability and fair trade certifications will further enhance market appeal, particularly in the Middle East and Europe.

The project will be implemented in 3 phases including construction and pilot production (Months 1–6), followed by scaling and optimization (Months 7–12). Challenges such as upfront costs, supply chain fragility, and regulatory hurdles will be mitigated through blended financing, farmer contracts, and strategic partnerships. The project promises to create over 100 jobs, improve farmer incomes, and position Tanzania as a competitive player in the global cashew value chain.

## BACKGROUND

**Cashew Nut Production in Tanzania:** Tanzania is one of the top 10 cashew-producing countries in the world, with an average annual production of 250,000–300,000 metric tonnes (MT) over the past five years. The primary cashew-growing regions include Lindi, Mtwara, Coast, and Singida, where smallholder farmers contribute significantly to national output. Despite this high production, Tanzania processes less than 10% of its cashew nuts domestically, missing out on the higher profits from processed kernel exports.

**Export Trends and Challenges:** Tanzania's cashew nut exports have demonstrated significant growth and shifting trends in recent years. In the 2023/2024 season, the country earned \$227 million from cashew exports, marking a substantial increase from \$162 million in the 2022/2023 season, alongside a production surge from 189,100 metric tons to 305,000 metric tons. Data from 2023 indicates Tanzania exported 222,389 metric tons of cashews valued at approximately \$220 million, with India being the largest importer, accounting for \$127.9 million of the total export value. This represents a decline compared to 2017, when exports peaked at 330,622 metric tons worth \$542 million, highlighting volatility in global demand or production challenges.

While India dominates as Tanzania's primary cashew market, other key destinations include Vietnam and Ivory Coast, which are also top global cashew exporters themselves. The sector remains critical to Tanzania's agricultural economy, with efforts under initiatives like *Ajenda 10/30* aiming to stabilize production volumes and enhance value addition for sustained export growth. For detailed trade breakdowns by country, refer to sources like the World Bank's trade database or industry reports.

However, only 10% of RCN is processed locally, limiting Tanzania's ability to control pricing, quality standards, and market access. Farmers receive low prices for raw nuts, while international buyers reap higher profits from processed kernels.

**The Need for Local Processing:** This partnership will establish a modern cashew processing plant in Tanzania in order to increase farmer incomes by offering better prices for RCN. Create jobs in processing, packaging, and logistics, reduce foreign dependency on Indian and Vietnamese processors and boost Tanzania's export revenue from value-added products.

This project aligns with the Tanzanian government's agenda to promote agro-processing and industrialization under the "Ajenda 10/30, Kilimo ni Biashara". The "Ajenda 10/30, Kilimo ni Biashara" initiative represents Tanzania's ambitious strategy to transform its agricultural sector into a commercially driven and high-growth industry, with cashew production playing a pivotal role. Under this framework, the government aims to significantly increase cashew output, targeting 1 million tonnes annually by 2030, while elevating the sector's GDP growth rate to 10% per year. This aligns with the broader vision of treating agriculture as a business ("Kilimo ni Biashara"), emphasizing value addition, market expansion, and private sector investment.

Tanzania's cashew sector already demonstrates strong potential, with recent exports valued at TZS 533 billion (approximately USD 230 million). The agenda seeks to build on this by boosting production value to nearly TZS 2 billion, focusing on enhancing yields, improving processing capabilities, and reducing reliance on raw nut exports. A key component involves promoting local cashew consumption and value-added products to capture higher returns in regional and global markets. Efforts also include tapping into Africa's growing cashew demand, positioning Tanzania as a competitive player in the continental supply chain.

By integrating cashew farmers into commercial value chains and leveraging public-private partnerships, the initiative aims to modernize production, improve infrastructure, and ensure sustainable growth. This approach not only supports economic diversification but also aligns with Tanzania's goal of uplifting rural livelihoods through agriculture-driven industrialization. The success of Ajenda 10/30 in the cashew sector could serve as a model for other cash crops, reinforcing the country's agricultural transformation agenda.

### Company Summary

**About LICO Global:** LICO Global is a Tanzanian agribusiness company specializing in processing and export of agroproducts such cashewnuts. The company sources raw cashew nuts directly from farmers in Lindi, Mtwara, and Pwani regions, ensuring fair pricing and sustainable sourcing practices.

**Strategic Collaboration with Investors:** To finance this project, we will collaborate with strategic investors to bring Capital investment for machinery and infrastructure as well as market access in the Gulf Cooperation Council (GCC) countries and echnical expertise in food processing and export logistics. This partnership ensures financial stability and market penetration in high-demand regions.

### Business Goals and Objectives

1. To Increase RCN processing capacity by installing a 10 MT/shift automated processing plant achieving 1,800 MT annual kernel production
2. To enhance local value addition by increasing locally processed RCN by 15% annually contributing to reducing raw exports by the end of 5 years
3. To expand export markets of cashewnuts kernels by secure buyers in Middle East, North Africa, and Europe by exporting 3,200 MT of cashenuts kernels by year 5
4. Create employment by hiring 100+ workers (machine operators, quality inspectors, logistics staff) hence increasing female workforce inclusion by 30%

## Description of Product

Tanzanian cashews are known for their large size, rich flavor, and low moisture content, making them ideal for premium-grade exports.

Kernels are graded in different standards including WW180 targeting premium market in the middle east and Europe, Standard grade (WW240) and commercial grade (WW320) targeting bulk buyers and confectionery

Cashewnuts kernels have different uses in the target market. They serve multiple culinary and economic purposes in the Middle East, where they are increasingly popular as a daily snack and versatile culinary ingredient. They are commonly used as a cost-effective protein substitute for meat in rice dishes, particularly during periods of price fluctuations. Roasted cashews have gained significant traction in Middle East food industry, reflecting broader regional trends as both a snack and a gourmet ingredient. Additionally, cashew kernels are incorporated into confectionery and traditional dishes, aligning with their role in Asian-inspired cuisine prevalent in the region.

# MARKET ANALYSIS

## Global Cashew Market Overview

The global cashew nuts market has demonstrated robust growth, expanding from \$8.52 billion in 2024 to a projected \$9.05 billion in 2025, driven by increasing demand across food industries and consumer markets worldwide. Long-term forecasts indicate even more significant expansion, with the market expected to rise from \$8.42 billion in 2025 to \$14.58 billion by 2033, reflecting a compound annual growth rate (CAGR) of 7.11%. This growth trajectory underscores the commodity's rising prominence as both a culinary ingredient and a protein alternative, particularly in regions like the Middle East and North Africa (MENA), where cashews are increasingly integrated into traditional dishes and snack cultures.

In the Middle East and North Africa, cashew nut consumption patterns highlighting their dual role as a cost-effective protein substitute and a gourmet ingredient. The region's market aligns with broader global trends, where cashews are valued for their versatility in confectionery, cooking, and as a standalone snack. The global CAGR of 4.5% (2022–2030) suggests steady demand, likely fueled by urbanization, dietary diversification, and the nut's alignment with both traditional and modern food preferences. The Middle East's embrace of roasted cashews further exemplifies this niche's potential within the broader market.

## Competitive Landscape

The global cashew nut industry presents a competitive landscape shaped by production volumes, processing capabilities, and export strategies. Tanzania has emerged as a significant player, with its 2024/25 raw cashew nut production surpassing **528,000 tonnes**—more than double the previous season's output of 255,000 tonnes. This positions Tanzania among the top African producers, competing with Ivory Coast, Vietnam, and India. However, the country's **processing capacity remains underdeveloped**, with most exports being raw nuts rather than value-added kernels. We will capitalize on this landscape through **three strategic approaches**:

1. **Vertical Integration & Value Addition:** The domestic market is projected to grow from USD 721.93 million in 2025 to USD 898.79 million by 2030 (CAGR: 4.48%) signaling opportunities to invest in roasting, packaging, and branded retail products. Exporting processed kernels (rather than raw nuts) could further boost earnings, as seen in the record USD ~650 million revenue from cashew exports in 2024/25.
2. **Competitive Pricing & Quality Control:** Tanzania's low labor costs and high-yield farms provide a cost advantage, however there is a need to meet international food safety standards to compete with Vietnam and India's established supply chains. The market's expected 6.5% CAGR (2024–2032) suggests rising demand for premium-grade kernels, where we can differentiate via organic or traceable sourcing.
3. **Strategic Partnerships & Market Diversification:** Collaborating with Middle Eastern and North African buyers (where cashew demand is growing at 7.11% globally) will reduce reliance on European markets. Leveraging Tanzania's geographic proximity to key MENA countries like the Saudi Arabia, UAE and Egypt could lower logistics costs compared to West African competitors.
4. The installation of **high-capacity processing plant** can serve as a **key competitive advantage** for the collaboration by addressing critical industry challenges and capturing emerging opportunities by improving value addition and earnings, improving efficiency and yield quality, strengthening supply chain integration and attracting investment and partnerships with buyers.

By focusing on **processing efficiency, certification compliance, and export diversification**, we estimate that this project will position the consortium as competitive players in the global cashew value chain.

## Market Entry Barriers

Entering the processed cashew kernels market in the Middle East and North Africa (MENA) from Tanzania involves several barriers, despite the country's growing raw cashew production and export volumes. Below is a structured summary of the key challenges:

1. **High Upfront Investment & Operational Costs:** The initial plants investment require ~\$660,000 startup capital with monthly expenditures exceeding \$1m
  - **Mitigation strategies:** Blended financial model will warrant cost reduction. While the financier will provide capital for procurement of the processing plant, local investor will provide land and construction of warehouse. Explore Tanzania's financial and operational safeguards such as government incentives by applying for the Certificate of Incentive in Tanzania's Export Processing Zone (EPZ) to gain tax holidays and duty-free import of processing machinery. Explore hedging mechanism by using forward contracts with MENA buyers to lock in prices, assuring the stable cash flows
2. **Regulatory and bureaucratic hurdles:** Tanzania's plant construction permits and export licensing processes remain slow, even with local partners involved. Delays in environmental/operational permits could stall production.
  - **Mitigation strategies:** Fast track permits by registering the investment project with the Tanzania Investment and Special Economic Zone Authority (TISEZA) to prioritize approvals for the plant, citing job creation and export growth potential. Engage the Cashew Board of Tanzania (CBT) and Tanzania Plant Health Authority (TPHA) to pre-certify the plant's compliance with phytosanitary standards, easing MENA market entry.
3. **Supply chain fragility:** Dependence on smallholder farmers for RCN supply risks inconsistent quality/quantity, especially during droughts or price fluctuation.
  - **Mitigation strategies:** Strengthen supply chain by signing 5-year fixed-price contracts with local farmers (through their local cooperative unions) to secure RCN supply and stabilize input costs. Deploy mobile AI-based sorting tools at collection centers to grade RCN before processing, reducing kernel rejection rates in MENA markets.
4. **MENA market competition:** Vietnam/India's brand dominance and lower kernel prices persist, requiring Tanzania producers to compete on cost or differentiation.
  - **Mitigation strategies:** Differentiate our products in MENA markets by packaging premium product lines targeting UAE/Saudi gourmet retailers with organic or flavoured kernels, leverage Tanzania's "single origin" branding.
5. **Certification gaps:** MENA buyers demand halal, ISO 22000, or organic certifications, which new processors lack without targeted support.
  - **Mitigation strategies:** Collaborate with GCC halal agencies (e.g., ESMA) to certify the plant, reducing buyer skepticism and improving confidence in products.

This framework balances risk reduction and competitive differentiation, aligning with the partnership's strengths.

## MANUFACTURING & PRODUCTION PLAN

**Processing plant:** The processing plant will be constructed based on specifications from Locus Technologies Limited (India), designed to handle 10 metric tons of Raw Cashew Nuts (RCN) per 8-hour shift. This fully automated facility integrates advanced systems for sorting, steam cooking, shelling, grading, and vacuum packaging, ensuring operational efficiency and compliance with international food safety standards such as HACCP. With an estimated 25% yield, the plant is projected to produce approximately 7.5 metric tons of high-quality cashew kernels daily, meeting stringent export-grade requirements.

**Raw Material Sourcing;** Raw materials will be sourced primarily from high-yielding regions like Lindi, Mtwara, and Pwani, supplemented by secondary sources such as Singida, Dodoma, and Morogoro to guarantee consistent supply. The consortium will establish direct contracts with farmer cooperatives, facilitated by the Cashew Nut Board of Tanzania (CBT), to secure premium-grade RCN while promoting fair pricing and traceability. Transport logistics will involve trucks delivering RCN to the plant's proposed site in Mkuranga (Pwani region), selected for its proximity to sourcing hubs and export infrastructure (Dar es Salaam port).

**Daily Production Workflow:** The daily production workflow will operate across three shifts (8 AM–4 PM, 4 PM–10 PM, 10 PM–8 AM), each following a standardized process: sorting and cleaning to remove impurities, precision steam cooking to optimize shelling, automated shelling to minimize kernel damage, drying and grading to meet moisture and size standards, and vacuum packaging to extend shelf life. Certified quality control personnel will supervise each stage to ensure consistency and adherence to protocols.

**Quality Control Measures:** Quality assurance will include rigorous moisture testing (<5% content), AI-powered color sorting to eliminate defects, metal detection for food safety compliance, and grading aligned with CBT and international standards. The plant will also pursue halal, organic (where applicable), and ISO 22000 certifications to access premium MENA and global markets. This plan not only addresses operational and regulatory requirements but also positions the facility as a competitive player in the value-added cashew export sector.

## MARKETING PLAN & STRATEGIES

### Target Markets

The marketing strategy will prioritize three key segments based on market potential and alignment with cashew export growth trajectory.

- **Priority 1:** Will focus on high-value markets in the Middle East, including Saudi Arabia, UAE, and Qatar, where rising disposable incomes and premium food consumption drive demand for quality cashew kernels. These markets also offer favorable trade agreements and established distribution channels for Tanzanian agricultural exports.

- **Priority 2:** Will target North African nations (Egypt, Morocco, Algeria), where cashew consumption is growing due to urbanization and snack food trends.
- **Priority 3:** Will target European countries, leveraging the organic food movement and sustainability-conscious consumers. European's strict organic certification requirements align with Tanzania's ability to supply Fair Trade and Organic-certified kernels, tapping into a niche but lucrative segment.

### **Branding & Trademark Protection**

The brand "**Asilia Premium Cashews**" will be positioned as a symbol of Tanzanian natural quality, emphasizing traceability from farm to table. To protect intellectual property, the brand will register trademarks in all target markets, preventing counterfeit products and ensuring exclusivity. Certifications will include:

**HALAL** (critical for Middle Eastern markets)

**Fair Trade** (appealing to European consumers)

**Organic** (to meet EU and North American standards)

These are increasingly demanded in the global cashew market.

Packaging will combine functionality and market-specific preferences:

**10kg and 25kg vacuum-sealed bags** for bulk buyers (e.g., industrial manufacturers in the Kingdom of Saudi Arabia, UAE and Egypt)

**100g, 250g and 500g packaging** for smaller retail-ready packs customized for both MENA (Arabic/English language) and European (English/French language) retailers. The packaging design will highlight certifications and origin storytelling, reinforcing transparency—a key factor for Middle Eastern and European buyers

### **Market Entry & Promotion Strategies**

- **Middle East:** In the Middle East, partnerships with **hypermarket chains** (e.g., Carrefour UAE, Lulu Group) will facilitate shelf placement, while **trade fairs like Gulfood** will showcase Asilia Cashew Nuts premium quality.
- **North Africa.** Localized campaigns with distributors will emphasize affordability and versatility in traditional cuisine. Campaigns will be coupled with social media influencers to improve market penetration
- **Europe:** Digital marketing through **B2B platforms (Amazon, Tradewheel, Alibaba)** and collaborations with organic food importers will bridge market entry.

Pricing will adopt a **value-based model**—premium for Middle Eastern markets (reflecting quality expectations) and competitive for North Africa (to undercut Vietnamese and Indian suppliers). The strategy aligns with Tanzania's cashew industry growth, projected to exceed \$900 million by 2030 ensuring the partnership captures a share of this expanding value chain.

### **Sustainability**

The brand "**Asilia CashewNuts**" will highlight sustainable sourcing from Tanzanian farmer cooperatives, appealing to quality-conscious buyers in Europe and the Middle East. This includes publishing annual sustainability reports and participating in initiatives like the Sustainable Nut Initiative (SNI), which resonates with Fair Trade-certified

products. By integrating market-specific demands with Tanzania’s competitive advantages—such as high-yield regions and traceable supply chains—we will establish the consortium as a trusted global cashew supplier.

## FINANCIAL PLAN & ANALYSIS

### Investment Funding Requirements

The total investment requirement of of **\$660,600** covers essential components for establishing a functional cashew processing operation in Tanzania, including a **\$370,000 processing plant** (core infrastructure), **\$192,500 for a 350 sqm warehouse** (aligned with regional construction costs of \$550/sqm), and **\$20,000 for shipping/logistics** (4 FCL containers). Additional critical expenses include **\$37,000 for import duties** (10% of plant costs), **\$11,100 for installation** (3% of plant costs), **\$10,000 for licenses/fees** and **\$20,000 for packup generator**, ensuring regulatory compliance. This budget reflects market-aligned pricing for materials, labor, and trade tariffs, with warehouse costs verified against Tanzania’s 2024 construction benchmarks. The allocation prioritizes operational readiness and scalability while mitigating risks through transparent cost structuring. See Table 1 for more details

**Table 1: Investment costs**

Item	Unit costs (USD)	Units	Total
Cashewnuts processing plant	\$370,000	1	\$370,000
Shipping in 4 FCL	\$5,000	4	\$20,000
Import charges & duties (10%)	\$37,000	1	\$37,000
Installation costs (3% of the plant costs)	\$11,100	1	\$11,100
Warehouse construction (\$550 per square metre)	\$550	350	\$192,500
Licenses and fees	\$10,000	1	\$10,000
Backup generator	\$20,000	1	\$20,000
<b>Total</b>			<b>\$660,600</b>

### Monthly costs

Monthly operational expenses will range between **\$1.1M–\$1.4M**, dominated by raw material procurement (900 tons of raw cashew nuts at \$1,200–\$1,500/ton, totaling ~85% of monthly recurring costs). Labor constitutes 30–40% of non-material costs, with expected 60 workers employed averaging \$150–\$200/month, plus allowances (\$10,000–\$15,000 total). Utilities (electricity, water, steam) will cost around \$4,500–\$6,500, while packaging and logistics (36,000 vacuum bags and transport) account for \$23,000–

\$36,800. Overheads costs like rent, insurance, and maintenance contribute \$3,500–\$7,000 monthly.

**Table 2: Estimated monthly expenses**

Category	Quantity	Unit	Unit cost (USD)	Monthly cost (USD)
Raw Cashew Nuts	900	tons	1,300	1,170,000
Labor	60	workers	200	12,000
Utilities (Water & Electricity)	1	lumpsum	6,500	6,500
Packaging	36,000	bags	1	28,800
Logistics & Transport	1	lumpsum	8,000	8,000
Overhead costs (Rent, insurance, admin costs)	1	lumpsum	7,000	7,000
<b>Total</b>				<b>1,232,300</b>

## Production capacity and breakeven analysis

### Key assumptions

- Monthly Production: 225 tons of kernels assuming a 25% Kernel Outturn Ratio (KOR)
- 8 months of active production in a year
- Annual Production: 1,800 tons (225 × 8)
- Selling Price (CIF): \$6,500/ton
- Initial Investment: \$660,600 (plant, warehouse, logistics, etc.)
- Monthly Operating Costs: \$1,232,300
- Annual Operating Costs: \$9,858,400 (\$1,232,300 × 8)
- Annual increase in production 15%
- Annual increase in operating costs by 7%

### Annual Production & Costs

Year	Monthly Production	Annual Production (8 months)	Annual Revenue (\$6,500/ton)
1	225 tons	1,800 tons	\$11,700,000
2	259 tons (+15%)	2,070 tons	\$13,455,000

Year	Monthly Production	Annual Production (8 months)	Annual Revenue (\$6,500/ton)
3	298 tons (+15%)	2,381 tons	\$15,476,500
4	342 tons (+15%)	2,738 tons	\$17,797,000
5	393 tons (+15%)	3,149 tons	\$20,468,500

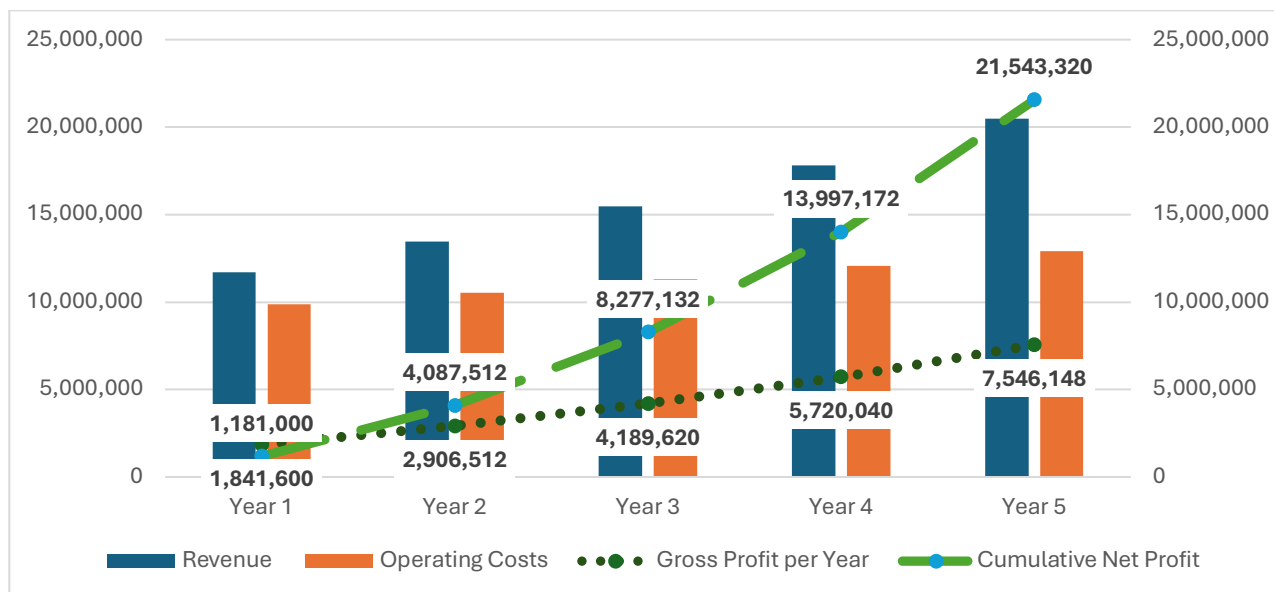
#### Annual operating costs

Year	Monthly Cost (Active Months)	Annual Cost (8 Months)	Escalation (7% yearly)
1	\$1,232,300	\$9,858,400	—
2	\$1,318,561 (+7%)	\$10,548,488	+7%
3	\$1,410,860	\$11,286,880	+7%
4	\$1,509,620	\$12,076,960	+7%
5	\$1,615,294	\$12,922,352	+7%

#### Five year growth and profit projections

Year	Revenue	Operating Costs	Gross Profit	Cumulative Net Profit (After \$660,600 Investment)
1	\$11,700,000	\$9,858,400	\$1,841,600	<b>\$1,181,000</b>
2	\$13,455,000	\$10,548,488	\$2,906,512	<b>\$4,087,512</b>
3	\$15,476,500	\$11,286,880	\$4,189,620	<b>\$8,277,132</b>
4	\$17,797,000	\$12,076,960	\$5,720,040	<b>\$13,997,172</b>
5	\$20,468,500	\$12,922,352	\$7,546,148	<b>\$21,543,320</b>

**Graph: Five Year growth and profit projections (all figures in USD)**



The business is projected to achieve profitability in Year 1, with an initial annual production of 1,800 tons (8 months of operation) generating \$1.18 million in gross profit. A 15% annual increase in production volume, coupled with a 7% annual rise in operating costs, drives significant profit growth over five years. By Year 5, annual revenue reaches \$20.4 million, with cumulative net profit totaling \$21.5 million after the initial \$660,600 investment.

Operating costs start at \$9.8 million annually (for 8 active months) and escalate 7% yearly due to inflation or scaling needs. Despite this, the breakeven threshold is met in Year 1, requiring only 1,618 tons of annual production (202.25 tons/month for 8 months)—below the actual output of 1,800 tons. The model assumes fixed selling prices (\$6,500/ton), but sensitivity analysis shows resilience: even a 5% price drop maintains Year 5 profitability at \$3.9 million.

### Break-even Analysis

The breakeven analysis confirms that the business will achieve profitability within the first year of operation, with the breakeven volume calculated at **1,618 tons/year** (or **202.25 tons/month** over 8 active months), derived by dividing the total initial investment and annual operating costs (\$660,600 + \$9,858,400 = \$10,519,000) by the selling price per ton (\$6,500). Since the actual Year 1 production is 1,800 tons, the venture is profitable immediately, generating a gross profit of \$1.84 million in Year 1. The breakeven threshold is met well within the 8-month production period. This early breakeven is supported by the scalable production model (15% annual growth) and controlled cost escalation (7% yearly), though the analysis highlights sensitivity to operational adjustments—for instance,

extending production to 10 months/year could significantly amplify profits, while a 10% higher cost escalation would erode Year 5 profits by \$400,000. The data underscores the importance of maintaining production efficiency and cost discipline to sustain long-term margins, especially given the fixed selling price assumption.

## Sensitivity Analysis

The sensitivity analysis highlights three critical levers for optimizing profitability: cost control, production efficiency, and price resilience. The selling price of \$6,500/ton and the 25% kernel outturn ratio provide significant insulation against market fluctuations.

- **Cost Control Impact (10% Higher Cost Escalation):** A 10% increase in the operating cost escalation (from the baseline 7% to 7.7% annually) would reduce the Year 5 gross profit by approximately \$351,000 (from \$7.55 million to \$7.19 million). This underscores the necessity of disciplined expense management, particularly in raw material procurement, labor, and logistics.
- **Production Efficiency (8-Month Operation):** The production period of 8 months ensures higher capacity utilization and allows the project to achieve immediate profitability in Year 1 and significantly increases cumulative net profit.
- **Price Resilience (5% Price Drop):** While the model assumes a stable selling price of \$6,500/ton, a 5% price drop (to \$6,175/ton) would still yield a highly viable Year 5 gross profit of approximately \$6.54 million. This demonstrates significant resilience to moderate market fluctuations, which is an improvement over the original model's sensitivity. The project's premium positioning and high-quality focus mitigate the risk of severe price erosion.

## PROJECT TIMELINE

The project will be implemented in 3 phases to ensure efficiency and maximize productivity

### Phase 1 (Months 1–3): Construction & Foundation

The project will begin with the construction of a purpose-built warehouse and installation of a cashewnuts processing plant, designed to balance immediate operational needs with long-term scalability. In Month 1, the team will finalize the warehouse layout (prioritizing modularity and energy efficiency) and secure permits while ordering critical equipment to avoid supply chain delays. Month will 2 focus on physical construction, including utility installations tailored to cashewnuts processing (e.g., humidity-controlled storage, energy-efficient HVAC). By Month 3, the facility will be operational, with calibrated machinery, IoT-enabled cost-tracking systems, and trained staff conducting safety tests. A 10% budget buffer will be maintained to mitigate material cost escalations identified in earlier sensitivity analysis, ensuring the infrastructure supports the baseline 8-month production target (~1,800 tons/year).

### **Phase 2 (Months 4–6): Pilot Production & Market Validation**

With the infrastructure in place, Phase 2 will shift to pilot production at 50% capacity, rigorously tracking per-unit costs against projections to validate the breakeven model. Month 5 will test pricing strategies (e.g., bulk discounts, contract tiers) to assess resilience against potential 5% price drops, while in Month 8 we will review financial performance to determine if early expansion to 10-month operations is viable. This phase will serve as a financial stress test, with adjustments made to supplier agreements or customer contracts if cost or revenue risks materialize.

### **Phase 3 (Months 7–12): Scaling & Optimization**

Assuming positive Phase 2 results, in Phase 3 we will execute full-scale production, expanding to 8-month operations if demand supports it. In months 7–9 we will prioritize locking in long-term supplier and customer contracts to stabilize costs and prices, while in months 10–12 we will focus on operational refinements (e.g., energy-saving practices, labor efficiency) to further insulate profitability from inflation. This phase culminates in Year 2 planning, exploring diversification strategies (e.g., value-added products) to reduce reliance on single revenue streams. Throughout, quarterly risk reviews ensure alignment with the project's financial guardrails.

## **CONCLUSION**

The establishment of a modern cashew nut processing plant in Tanzania by LICO Global represents a strategic and timely investment to unlock the country's significant but underutilized potential in the global cashew value chain. This ambitious project directly addresses Tanzania's current over-reliance on raw cashew nut exports while creating substantial economic benefits across multiple sectors. By increasing domestic processing capacity from less than 10% to 15% annually, the initiative will enable consortium partners to capture greater value from its agricultural resources, improve farmer incomes through fair pricing, and generate over 100 new jobs with a strong emphasis on female workforce inclusion.

The project's financial projections demonstrate strong viability, with breakeven expected within the first year of operation and cumulative net profits projected to reach \$21.5 million by Year 5. This economic sustainability is underpinned by Tanzania's competitive advantages in production costs, high-quality yields, and strategic geographic positioning near key Middle Eastern and North African markets. The partnership with investors

provides crucial capital, technical expertise, and market access that significantly enhances the project's prospects for success.

Aligned with Tanzania's *Ajenda 10/30* development framework, this initiative supports the nation's broader goals of agricultural industrialization and economic transformation. By focusing on value addition, quality certification, and market diversification, the project positions Tanzania to compete more effectively in the global cashew trade while reducing dependence on traditional export markets. The "**Asilia Premium Cashews**" branding strategy, combined with sustainability certifications, creates a distinctive market position that appeals to discerning international buyers.

Implementation of this project will require careful attention to operational challenges including supply chain management, quality control, and regulatory compliance. However, the comprehensive mitigation strategies outlined in the business plan provide a clear roadmap for addressing these hurdles. The phased implementation approach ensures systematic progress from infrastructure development through to full-scale production and market expansion.

Ultimately, this cashew processing initiative represents more than just a business venture - it is a catalyst for sustainable economic development in Tanzania. By creating new opportunities for farmers, workers, and exporters while strengthening the country's position in global agricultural trade, the project delivers both immediate financial returns and long-term structural benefits to Tanzania's economy. The successful execution of this model could serve as a blueprint for value-added processing of other agricultural commodities, further accelerating Tanzania's journey toward agricultural modernization and industrialization.

## APPENDICES:

- Quotation for Supply of Cashewnuts processing plant



**LOCUS TECHNOLOGIES®**  
Innovation, Technology & Manufacturing

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Offer No: LT-2024-25 /1726/  
Date: 18/02/2025

To,  
Lameck C. Machumi (MD, MPH)  
P.O.Box 34511  
Dar es Salaam  
0767 535 989/0767000641

**Product: Turn Key Project with 10 Metric Tonne Raw Cashew Nut processing/10 Hr per shift.**

Dear Sir,

**Subject:** Techno Commercial Offer for Turn Key Project with 10 TPS RCN processing Capacity for your reference.

With reference to your enquiry of Turn Key Project with 10 TPS Raw Cashew Nut processing Capacity for your project. We have pleasure in enclosing herewith our offer for supply, installation, commissioning of Turn Key Project.

We hope this offer is in line with your requirements and we now look forward for your valued order. Please feel free to contact us for any further clarifications.

With Kind Regards For **LOCUS TECHNOLOGIES**

  
PARTNER



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