

Planning data for the sustainable operation of the Regional Bakery in Maaruneh/Syria

A project of the foundation "Korbgemeinschaft – Hilfe für Syrien" in cooperation with the Greek Catholic Patriarchate in Damascus for the poor people in Syria

The construction of the building should be finished by the end of October 2019 (the building should at least be winter-proof by then, regarding the roof and the outer skin, leaving some scope for interior work until the end of November / early December). The machines and equipment can then be delivered in December as scheduled. The professional assembly takes 2 months. The deadline for commissioning of the Bakery under state permits is February 2020.

Planned bakery operation starting on March 1, 2020, 6 days/week:

Operating expenditures:

- Daily working time 5-10 a.m. = 5 hours with 3 workers (1 master baker and 2 assistants)
- plus 3 hours / day (7-10 a.m.): 1 sales person
- plus 2 hours / day bread deliverer

<u>Labour costs / month:</u> 1 x (master baker)	SYP	50,000
2 x 40,000 (assistants)	SYP	80,000
1 x 25,000 (sales person)	SYP	25,000
1 x 25,000 (bread supplier)	SYP	25,000
• State-subsidized flour:		
2,000 kg / day ¹⁾ for SYP 32,000, per month (25 days)	SYP	800,000
• state-subsidized electricity per month	SYP	50,000
• Fuel per month incl. transport ²⁾		
20 lit/hr, 1 lit costs 145 SYP	SYP	362,500
• Cost of delivery bus and gasoline per month	SYP	50,000
• Water, spices, leavening agents and similar ingredients	SYP	100,000
Sum total / month:		SYP 1,542,500

- Operating revenues:
- 1 kg of flour yields about 1.25 kg of flat breads, i.e
- 2,000 kg of flour yield 2,500 kg of bread per day;
- 1 kg bread costs SYP 50
- 2,500 x 50 = SYP 125,000 (daily bread sales value)
- i.e. per month (25 sales days):

SYP 3,125,000

Achievable profit / month: SYP 1,582,500

¹⁾ The quantity of flour could be increased depending on the needs of close-by villages.

²⁾ The fuel consumption per operating hour depends on the oven. Modern ovens are more economical.

- ✓ This means that nearly half of the production can be given to the needy free of charge. God be praise and thanks!!!!
- ✓ To further improve the longer-term operating income, other types of bread and specialties should be produced parallel to the flat breads from the middle or end of the first year of operation.
- ✓ For this extended product range, flour and energy need to be purchased at the market price, which is about three times as high as the state subsidized price level. However, the achievable sales price for a kg of specialty bread and sweets is significantly higher than the basic price for flat breads. Since open market prices fluctuate greatly, a more accurate advance calculation for this product diversification is difficult at this point in time.
- ✓ In any case, with additional income from this diversification, conservatively estimated at SYP 1,000,000 to 2,000,000 per month, we could gradually add two more project components: a Café-Restaurant and a Guesthouse on the upper floor of the bakery building.
- ✓ These later extensions are intended to serve as a meeting place with a welcoming atmosphere in the Christian spirit. As soon as the Syrian economy starts up again and people have some available income, additional proceeds (from wedding celebrations and other festivities) can be obtained.

Economic conclusion:

- ✓ Achieving the break-even point with the bakery products is possible from the beginning due to the state subsidy for bread (flour and energy), even when factoring in free delivery of a large part of the daily bread to the poorest of the society. However, this is achievable only on the condition that the bakery itself is set up by charitable relief organizations and sponsors (the building including machines & equipment).
- ✓ The management and operation of the bakery will remain in Christian hands. Due to the charitable nature of the project, any profit margin should first be used for repayments of an interim loan (if any) for the construction of the bakery and should – apart from this - ensure the long-term sustainability of the project (even under fluctuating price and market conditions). Apart from sustainable cost-coverage, the primary objective of the project should always remain to provide help to the poorest in society, to fulfil Jesus' instruction "YOU give them something to eat".

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