

**TANZANIA INVESTMENT CENTRE
DAR ES SALAAM**

PROGRESS REPORT

(Information required for the project's progress report after every six months or for amendment of Certificate of Incentives)

1. Planned Activities for the period
 - Completion of Construction of largest Man-Made Dam as part of Phase 1 project
 - Completion of Phase 1 Irrigation infrastructure project

2. Achievements made on the project implementation todate:

(i.e. from the date the project was approved to the date of writing the report)

Describe the status of activities that have already been undertaken e.g. construction of buildings, acquisition of supplies, installation of equipment, etc.

- MSE has spent over USD 125 million over the past two decade towards revamping their factory, upgrading their machinery and; installing irrigation and road infrastructure.
- In the period between 1999 and 2019, MSE has made significant investments to increase the area under cane production in the estates and in out-grower areas as well as modernizing the sugar cane irrigation scheme.
- Area under cane production has expanded each year, from 2,400 Ha to about 5,428 Ha at Mtibwa and Dakawa.
- Total cane harvested from out-grower farmers has also increased significantly, peaking at 200,000 tonnes of cane. A total of TZS 49.9 billion was paid to out-grower farmers in the period between 2009 to 2018.
- During the period, MSE has invested significantly in irrigation infrastructure and technologies at the estate. The company introduced flood irrigation system using Siphon and lay flat technologies. The company has also invested in Big Gun® Sprinklers and semi solid set irrigation systems. Currently, MSE has a total of 5 centre pivots at Dakawa I and the plans is to add an additional 20 in the same area.
- By investing in irrigation, MSE has increased yields to as high as 76.6 tonnes of cane per hectare from a pre privatisation average of 40 tonnes of cane p

3. Provide updated information on the following aspects;

S/No.	Information	Description	Current Project Status
1.	Shareholder's Information	Current Shareholders names, nationality and percentage of ownership	<ul style="list-style-type: none"> Superdoll Trailer Manufacture Co. Ltd – 50% Super Star Forwarders Co. Ltd – 50%
2.	Company Communication Information	Email address	seif@superdoll-tz.com
		Mobile Number	+255 784 785 747
		Land Line Telephone Number	+255 22 2860 930
		Physical Address (Plot No., Block No, Street, District and Region)	P.O Box 42, Turiani, Mvomero District - Morogoro
3.	Contact Person	Name	Ibrahim Juma Ali
		Position	Corporate Affairs Manager
		Communication Details (Email, Mobile and telephone)	ibrahim@superdoll-tz.com +255 784 600 550
4.	Incorporation	Certificate of Incorporation No.	2842
5.	TIN information	TIN Certificate No.	100-116-030
6.	Project Objective	Project Core Activity	Sugar Cane Agriculture and production of sugar
7.	Capacity	Project Capacity per Year	100,000 metric tons of sugar
8.	Direct Employment	Foreign-Men	53
		Foreign-Women	11
		Local-Men	5413
		Local-Women	481
9.	Indirect employment	Estimated Total No.	50,000
		Type/areas of Indirect Employment	Out-Growers, food vendors, guest houses, retail outlets, etc.

4. Project Financial Expenditure todate (USD):

	Foreign (USD)	Local (USD)	Total (USD)
Land and Buildings	Nil	84,320,298	84,320,298
Plant and machinery	Nil	29,313,544	29,313,544
Vehicles/Aircrafts	Nil	443,975	443,975
Furniture	Nil	129,167	129,167
Office equipment	Nil	47,774	47,774
Insurance Cover	Nil	131,005	131,005
Pre-operational expenses	Nil	N/A	N/A
Working sub-total capital	Nil	4,463,306	4,463,306
GRAND TOTAL	Nil	128,849,068	128,849,068

5. Project Financing

Explain how the project is being financed e.g. equity, loans, sources of loans, conditions, etc. See table below.

	Amount (USD)	Source Country
Local Equity	1,766,021.70	Tanzania
Local Loans	21,276,595.00	Tanzania
Foreign Equity	Nil	N/A
Foreign Loans	70,000,000.00	South Africa
Total Investment	93,042,617.44	

6. Problems and Solution

Explain problems, which the management is encountering in executing the project and the steps being taken to solve them.

Illegal and cheap sugar imports

- Tanzania's sugar market experienced an influx of imported sugar in the five year period prior to 2017. A large amount of the imported sugar was unlicensed and subsidized; making it difficult for local producers to compete on an even playing field
- The problem of illegal sugar imports and flooding of poor quality sugar in the market has largely been brought under the control by the current 5th phase Government.

Loss of Confidence by:

Financial institutions

- A combination of these challenges, which resulted in deterioration of MSE's operational and financial position, led to a loss of confidence on the company by the financial institutions. These institutions halted the funding and pulled out support on the ongoing projects.

Major Suppliers:

- Predominantly the following suppliers are crucial to sustain the business without which the business will be stressed: suppliers of fertilizers for farming operations, supplier of fuel for cane haulage and field operations, supplier of electricity (TANESCO) and spare parts' supplier to keep equipment and vehicles operational. These major suppliers also lost confidence on the company.

Out-Growers:

- The above market challenges had a direct negative impact on not only on MSE but also to the sugar cane out growers. Out growers began losing confidence on MSE due to the deterioration of the company's

performance. Consequently, most of the out growers shifted away from sugar production and towards more profitable crops; resulting in MSE's production levels dropping even further

Solution: Now that the Government have substantially addressed illegal importation of sugar into the country, all the 3 challenges above are getting much better and majority of stakeholders for this investment have their faith restored.

Water Supply;

- The difficulties on MSE were compounded by a natural ecological feature of Mtibwa, which is the skewed rainfall distribution. Mtibwa receives little or no rain for seven to eight months of the year while it experiences heavy rains between March to June. The lack of enough water dams meant that MSE could not store excess water during rainy seasons and thus experienced water shortages during dry seasons; further impacting sugar production.
- **Solution:** Mtibwa has embarked into a mega project to construct the largest Manmade Dam in Mtibwa which will provide long term solution to water availability challenges in Mtibwa.

Investment Infrastructure:

- MSE inherited a sugar estate with minimal infrastructure developed on it. Harvested cane is required to reach the mill within twenty four (24) hours. Management had to invest on a road infrastructure that has now reached approximately 1,000 Kilometres. This investment is ongoing as MSE has to maintain these roads.
- Similar to most agriculture activities, sugarcane farming business requires a sophisticated irrigation system which has to be supported with **reliable power supply**. MSE invested in installation of power distribution infrastructure around the estate.
- It was necessary to construct major electrification infrastructure to support the supply of power from Morogoro main power station to the estate. This included the supply of poles, overhead 33kVA power lines covering a distance of 82KM and isolated transformers. This was a significant investment made by MSE and there is still a substantial amount that is being spent towards this area to ensure a reliable power supply to the estates.

7. Future Plans

Explain future plans for the next coming six months and planned financial Commitments

- In the coming 6 month we are looking forward to making significant progress in the construction of biggest water Dam in Mtibwa that eventually solve the long-term challenge of water availability.
- This will go along side investment in the modern irrigation infrastructure that will utilize water supplied by the Dam to irrigate existing cane fields.
- It will necessitate further to investment in equipment like tractors, bulldozers, motor graders and motor vehicles for the project.
- Altogether, this will call for an investment of minimum USD 15 million at least for the next 6 months compared to the investment plan of over USD 100 million in the next 10 years.

8. Recommendations and any other comments

Mtibwa Sugar Project is an Agriculture based project. As it is true for all Agri based projects, production seasonality bears substantial impact in the speed and efficiency of making investment and other decisions. We recommend that processing of our request be expedited to avoid costly delay of implementation in time.























