

AZALEA FISHERIES LIMITED

P.O.BOX 261

MWANZA– TANZANIA

BUSINESS PLAN

FOR

FISH MAWS PROCESSING AND PACKAGING

BRIEF SUMMARY PROJECT

COMPANY: **AZALEA FISHERIES LIMITED**

LOCATION: PLOTNO.2, BlockC, Ilemela Service Industrial Area, Ilemela, Mwanza

CONTACTS: P. O. Box 261, MWANZA

OBJECTIVE: TO ESTABLISHMENT A PROJECT FOR FISH MAWS PROCESSING AND
PACKAGING

FINANCING: INVESTORS' EQUITY USD 555,000 AND LONG-TERM LOAN OF USD
800,000

BENEFITS: TECHNOLOGY TRANSFER, JOBS CREATION, GOVERNMENT INCOME.
FOREIGN EARNINGS

CAPACITY: 4,746 Kg equivalent to 4.74 tons per year

IMPLEMENTATION PERIOD: 3YEARS

1.0. EXECUTIVE SUMMARY.

AZALEA FISHERIES LIMITED is registered in Tanzania under Companies Act 2002 with Certificate of Incorporation **No.133391** issued on **22nd February 2017**.

The project promoters are Chinese investors well established business in Tanzania and China carrying out various businesses. Having been in the business in China for 15 years decided to come and invest in Tanzania, the directors are now well prepared to venture into fish maws processing and packaging for export market.

The business plan has been prepared for **AZALEA FISHERIES LIMITED** for fish maws processing and packaging. The implementation of this project will include the following activities:

- Registration of project to TIC
- Obtaining various permit and license
- Renovation of industrial building
- Ordering machines
- Recruiting
- The purchase of 4 Single Cabins Pick Up
- Purchasing 6 light trucks
- Purchasing of machines and equipments
- Equipping the company with relevant facilities

The proposed project is estimated to cost about US\$ 1,350,000. The project is sponsored by shareholders equity US\$ 555,000 and the remaining will be secured from financial institutions about US\$ 800,000

1.1 THE PROJECT PROMOTERS

The shareholders of this project are all entrepreneurs with a diverse professional and business backgrounds. The company is owned by 3 shareholders, namely: -

Name od shareholders	% Of Shares	Nationality	Date of Birth
Zhuoqun Xie P. O. Box261 Plot No.220/4T, Kenyata Road, Mwanza Email: and_ch88@hotmail.com Tel: +255623784550	70	Chinese	17 th Aug 1970
WeiHong Chen P. O. Box261 Plot No.220/4T, Kenyata Road, Mwanza Email: and_ch88@hotmail.com Tel:+25575471037	20	Australian	14 th Dec 1987
Jiahao Xie P. O. Box261 Plot No.220/4T, Kenyata Road, Mwanza Email: and_ch88@hotmail.com Tel: +255754710374	10	Chinese	4 th Sep 1996

1.2 LOCATION.

The project head office will be located at Plot No.2, Block C, Ilemela Service Industrial Area, Ilemela, Mwanza

1.3 OBJECTIVE OF STUDY

The main objective of this study is to work out the technical and commercial feasibility of the project.

2.0 OVER VIEWS OF FISH MAWS IN EST AFRICA

Fish maws in Uganda, Tanzania and Kenya are mainly traded fresh, dried and frozen. Fresh maw dominates the local and regional trade, where it is processed and exported by majorly Chinese companies as dry maw. Most of the maw which is obtained by the fish factories after filleting is sold as fresh maw to the maw processors for drying. Sometimes some of the fish processing companies export maw in frozen state. The most preferred maws are extracted from Nile perch of four (4) kilograms and above, yielding maws equivalent to or more than 80 grams. Most of the maws are exported to China through Hong Kong, whereas some are exported to Japan. Most fish maws are extracted in fish factories after filleting. This is followed by cleaning off all the fats, and placing in containers ready for sale. At the maw factory, the maw is cleaned once again and dried in the sun, packaged into gunny bags, weighed, and labeled ready for export. Maw worth US\$40 Million is reported to have been exported from Uganda in 2017. There are about 17 regional traders of maw and 20 exporters from Uganda. Some maw smuggled from Tanzania and Kenya is exported through Uganda. Tanzania, earned more than \$42 Million from maw export in 2017. Tanzania has eleven maw processing factories operated by Chinese located in Mwanza. Tanzania has only one licensed local trader located in Bukoba, with collection centers in Bukoba, Mwanza and Musoma; who exports maw to Uganda. Several local traders also work in partnership with Ugandans to illegally export maw from Tanzania. Kenya exported maw worth US\$ 5.6 million in 2017. Maws were sold as separate products from fish in Uganda until a directive by Directorate for Fisheries Resources requiring all maws to be handled in gazetted factories and sold to recognized and licensed fish maw processors and

exporters was issued in February 2018. In Tanzania, Kenya and Uganda it has always been a requirement not to remove maws from the fish before supply; as the factories can't purchase fish without a maw. The arrangement between factories and fish suppliers where factories would give back their maw to fish suppliers seemed to liberalize maw trade in Uganda. This caused a perception in Tanzania and Kenya that the Uganda's regulatory system favored maw trading. The absence of Chinese buyers in Kisumu (Kenya), strict licensing system for regional exporters and taxation system in Tanzania; as well as the perceived laxity in regulatory system associated with maw trade in Uganda resulted into maws being smuggled to Uganda. The growth of maw businesses has increased the profits of fish processing companies who in addition to selling fish and fishery products gain from increased prices of maw. Maw industry has also benefited a few trusted maw factory agents and their middlemen, who in the process of searching for maw to supply to Chinese companies have created a lucrative artisanal maw trade sector. The growth of maw trade has also benefited some maw collectors and extractors. Majority of maw businesses are run by personnel aged 35 years and above. The contribution of youth in the maw industry is minimal. However, maw trade and processing businesses offer opportunities for women employment since they are considered to be trustworthy in handling the highly valued product. Being agents of Chinese Maw factories offers far better opportunities for business growth to traders as compared to other maw enterprises. This is so due to working capital provided by the Chinese Maw companies to agents to continuously supply maw. The existing physical and quality infrastructure in the entire maw chain is too weak to support and sustain production of world quality maw export

products. Also the lack of maw handling, product and process standards impacts the quality of the maw. Artisanal processing of maw can be viable and profitable when right equipment and techniques and skills are used to produce products of similar quality to those from Chinese factories. Tanzania and Uganda enforce regulations relating to trading of maw through issuance of maw trade license. This is not the case in Kenya where maw trade is licensed under one general license for fish and fishery products. There is ambiguity in enforcement mechanisms. In Tanzania, the government has issued an enforcement guideline under the Fisheries Regulations requiring trading in maw of sizes: 15-27cm. This requirement is strictly enforced in Tanzania. In Uganda, no specific sizes of maw have been indicated for regulating maw trade, yet enforcement officers confiscate any maw considered to be from illegal sized fish. In Kenya, no enforcement is in place regarding the sizes of maw. This ambiguity in enforcement has forced some maw chain actors to operate underground in Tanzania and Uganda. This entwined with the weakness in enforcement and porous nature of the regional borders has encouraged smuggling of maw across borders. Currently, the actors in upstream side of the fish chain such as fishing crew, boat owners and fish suppliers to the fish factories are not benefiting the increasing prices for maw. This is so, since they have to supply whole fish (with maw) to the factories, who sell the maw without rewarding the fish suppliers in terms of increased prices for fish delivered. In order to optimize benefits from the maw trade and processing businesses in the region;¹ Equal profit sharing: A mechanism should be devised to rationalize the benefits accruing from increasing prices of maw so that benefits can trickle down to all maw and fish chain actors instead of benefiting only Indians and Chinese

nationals. Such mechanisms include governments, development partners and stakeholders:

- recognizing maw as a tradable product separate from fish
- developing a maw trade regulation requiring fish factories to return maw to fish suppliers if they cannot pay for it
- streamlining the licensing of maw trade to include the lower actors in the value chain
- increasing awareness among lower chain actors such as fishing crew, boat owners, fish suppliers and agents regarding the value of maw
- Imparting skills to the lower chain actors on trading and proper handling of maw.

2.1 PRODUCTS

The main product of the proposed project is:

- Processes and packaged fish maws
- 1 kg id sold at US\$350
- Process capacity is 4,746 Kg equivalent to 4.74 tons per year

2.2 MARKETS

Products to be exported to China and Japan as mentioned above, the promoters are well versed in the business with well-established market contacts.

3.3 EXTRACTION OF FISH MAWS

Maw extraction takes place in different places which include: Island fishing camps where the fishing crew extract maw from fish consumed during the fishing expedition .During fishing where crew members extract maws from some of the fish caught Homes from fish bought for domestic consumption Landing sites where the extractors who operate extraction facilities offer services to fish crew, boat owners and other members of the community Cold

rooms where fish is stored by local traders before being transported to the local market Landing beaches where some maw traders examine and sort out fish suspected to have larger maws among fish landed Islands where maw traders camp and get access to large fish landed by the crew Slaughter facilities operated by individuals where local traders take fish for maw extraction at a fee Fish processing factories where all fish delivered have their maw removed. Maw extraction requires high level of experience and skill to avoid damage. To gain experience and skill one has to work alongside a skilled extractor. Experience has shown that individuals who have been involved in gutting fish turn out to be better maw extractors. To join the extraction business one needs to have basic gutting skills to become a maw extractor. Fish from which maw is to be removed should be handled with care during transportation and movement. It should not be thrown around, or else the maw will burst and have its value reduced. However, in artisanal operations it is not uncommon for fish to be thrown around hence resulting into the bursting of maw before extraction.

To remove the maw, a slit/cut is made on the abdominal side using a sharp knife. Caution is taken to ensure that outer skin is only cut to avoid damaging the gut material with the maw which is located on the underside. Using the fingers the maw is properly located and pulled out carefully by cutting the attachment on head side of the fish. Maw is not normally cleaned immediately after removal. However, depending on the location of the market, it is either sold immediately as is, or placed in water/ice as it is transported to the market. Fish from which maw is to be removed should be handled properly to avoid spoilage as it affects the maw quality. The existing

time-temperature abuse and prolonged holding of maw in water awaiting sale are major malpractices with a potential effect on the safety and quality of maw. It is alleged that some traders hold maws in water for a long time in order to increase its weight; that is why the water is squeezed out by the buyer before weighing the maw

3.4 **PROCESSING**

There are two types of maw processors -the artisanal and factory processors. The artisanal maw processors fall in two categories. There are freelancing individual maw collectors who do not have agency with particular trader/middlemen. Some do not have facilities for cold chain to hold the maw until they are sold. Such traders find it convenient to clean and dry the maws until the market conditions improve. In Tanzania such traders switch markets between the local agents of Chinese companies located in Mwanza and regional traders from Uganda. In Kenya, artisanal processors sell their maws to agents of Chinese companies in Uganda based in Kisumu or middlemen of agents in Nairobi. The other category of artisanal processors is middlemen traders/agents of Chinese maw factories who dry the maw of low quality that cannot be bought in fresh form by the maw processors or regional buyers., they have indicated that drying low quality maws attracts fairer prices. The artisanal maw processors receive maw from extractors based at the landing site. The extractors receive maw from fish (both reject and non-reject) brought by boat owners, crew members or any other members of the community who buy fish for own consumption. The artisanal processors can also receive maw collected from suppliers of fish in the local market and individual homes. In artisanal processing the maws can be handled in two

different ways depending on the intended product. When the fresh maw is the intended product, the maw is first cleaned by squeezing to remove fat and any water. When the dried maw is the intended product, the freshly extracted maw is cleaned; turned inside out, damaged maws are first repaired by stitching, carefully placed on finger-like pieces of holding materials made out of wood. The maws are placed on racks or spread on ground and/or on top of the roof to allow sun drying. Thereafter, they are weighed and placed in polyethene or gunny bags awaiting collection by traders and/or agents. The artisanal maw extraction and processing is still rudimentary as most of the actors are not using the basic hygiene principles, recommended processing equipment, trained staff/personnel, and appropriate processing facilities.

3.5 THE FISHING CREW

In Tanzania there are two categories of crew (also called wajeshi in Tanzania) –those who set camp on the islands located several miles away from the main land landing sites to access productive fishing grounds, who are usually 3-4 days on the fishing mission, and those who fish in the nearby fishing grounds, spending 3-4 hours fishing before returning to the mainland landing site. Most of the fishing crew members (57%) were aged between 31 and 40 years. Majority (71%) of crew attained primary level education. All of them are males. They operate in groups of three along with the supervisor (fish guard) and work for boat and gear owners who finance their fishing missions. In cases where fish crew members camp at the islands, they land with about 3-4 maws extracted from fish consumed during the fishing mission. The maws are sold to the maw extractors and/or collector on landing. Apart from a few

rejects, all the fish landed is sold to the factories with their maws. In Uganda, the fish crew (called barias in Uganda) sometimes extracts maws during the fishing expedition. Most of the crew members (75%) are youth in the age range of 21-30 years. About half of the crew had primary level. They work in a pair per boat, sometimes including a turn boy (also called Shadiya) who helps with the fishing. Some of the crew members occasionally extract maws on the lake and throw the fish from which maw is removed into the lake. These maws are sold by the crew undetected by their bosses. They hide the maw either in the boots, trousers, jacket, and pants or under hats. The hidden maw is sold to maw traders or maw agents at the landing site. As a consequence of this behavior, the crew members live in fear of being caught and prosecuted, their maws being confiscated or sold at a price lower than the value. There is also concern among many crew members regarding the prices of fish received from fish factory agents. The prices of fish have remained low yet the prices of maw are going up. It is almost unanimous among crew members for maw to be considered a separate product by government, different from fish. The crew members believe this could enable them also to accrue benefits from maw trade.

3.3.1.2 Boat and fishing gear owners

Some boat and gear owners are crew members and fish suppliers to the factories (fish factory agents). In addition, they sell maw extracted from fish rejects. Some of the boat and gear owners, own their fish landing beaches which they are constructed on privately owned land or obtained through lease. In Tanzania, on some of such beaches, maw traders collaborate with owner to inspect all boats and determine fish with large maws landed. Fish with larger maws are spotted and bought at a price higher than offered at the fish factory. Otherwise the major role of boat and

gear owners in the maw chain is to provide raw material to fish factories which extract and sell maw.

3.6 COLD CHAIN SERVICE PROVIDERS

Fish traders who supply the local market need cold chain services to enable them preserve fish as they wait to accumulate enough quantities for marketing. Some of the fish is delivered at the cold rooms with their maws. The cold rooms have spaces where maw can be removed and given back to the traders before the fish is stored in the cold rooms. The cold room operators have licenses to provide cold chain services but not for extraction of maw. The extraction of the maw by these operators is illegal and it is perpetuated by weak enforcement. In Tanzania, according to the Fisheries Regulations of 2009 issued under the Fisheries Act of 2003, nobody is allowed to deal in fish or fish and fishery products without the required license. The maws are sold to the collectors and traders in the neighborhoods. The operators of cold chain also produce ice which is procured by the maw traders to keep the maws fresh. Although some fish is delivered at the cold room facility with the maw for extraction, most of the fish (approx. 85%) brought by the local fish trader for preservation are received without their maws.

3.7 MAW TRADERS

Detailed information on maw trade was obtained in Tanzania. A total of 20 maw traders including extractors and collectors were interviewed 12 of whom were exclusively running a maw business. Most (75%) of them were in the age group of 41-50. Two thirds of these (66.7%) had only attained the primary level of education; a quarter (25%) had O-level education and others (8%)

had no any formal education. The males were 75% and females 25%. Those that operated as individuals were 66.7% and as group/team/company were 33.3%. In the three countries of Uganda, Kenya and Tanzania three distinct categories of maw traders were identifiable along the value chain.

i. Maw extractors and collectors

Extractors remove maw from the fish brought by clients whose fish is for consumption or sale. They also buy maw in small quantities from crew members, boat owners and other community members. In Tanzania, some maw extractors have an operating license. In this category there are also small maw collectors who buy maw from fishers or maw extractors at the landing sites. Some of these operate as itinerant traders who buy from homes. They operate small working capital and hence they can only trade in small quantity of maws. Sometimes their working capital is provided by maw traders who cannot give them a lot of money out of fear of misuse. The majority of "home to home" maw collectors does not have an operating license and therefore considered to be operating illegally. These traders do not weigh or measure maw using any scientific criteria but rather estimate the sizes based on length.

ii. (ii) Maw traders who buy from extractors and collectors

These are mainly agents of middlemen who collect maws for factory agents or regional traders. They employ 2-3 people who keep the collection center open all day and work till late in night with female constituting 50%. They are given capital by the middlemen to assist in maw collection, but some operate independently. They operate collection centers which are

basically one room located conveniently near landing sites and markets where maw is extracted or collected. They have digital balances for weighing the maw. They do not have cold chain facilities of their own but rather rely on cold storage organized by the middle men to whom they sell maw. All the fresh maws bought each day is taken to the storage facilities.

iii. **Middlemen of maw factories or regional**

traders These are locals who collect maw on behalf of factory agents and/or regional exporters. They may invest their own capital for collecting maw in larger quantities. They may also receive some capital from the factory agents and regional traders. They also devise several strategies such as working with small traders mentioned in (ii) above to open up buying centres in localities where maw extraction and collection takes place. They also deploy maw extractors at landing sites and "home to home" itinerant maw collectors to maximize maw quantities. They operate cold chain facilities for receiving fresh maw. They receive daily maw collections from all the buying centres in the neighborhoods for preservation. Then the collected maws are sold directly to factories or through the factory agents. Alternatively, they can export to the region through a licensed regional exporter. They have work force ranging between 3-10 workers 50% of whom are females.

iv. **Maw factory agents or regional exporters**

These work in collaboration with trusted middlemen whom they give working capital to source for maw to keep the factories operational. The majority of workers are women with the ratio of men to women being 1-2 to 8-9 (or approximately 90% women). They also operate maw handling facilities

for receiving maw from all the middlemen and individual traders. The major players in the processing and export of maw are Chinese companies. The Chinese maw processors offer cash to trusted agents in Uganda, Tanzania and Kenya to look for maw. There is stiff competition for maw in Uganda because of large number of maw processors. Therefore factory agents in Uganda seek partnership with traders in the region to bring the quantities of maws. Given that the maw trade in the region is not fully formalized, Ugandan agents have deployed their proxies—who are Ugandans entering in informal partnerships with Kenyans and Tanzanians to collect maw. In Tanzania, factory agents work with middlemen located in the regional cities such as Bukoba, Musoma and Mwanza to obtain the required quantities. Likewise the Ugandan agents work through a licensed regional exporter who has middle men operating in those cities. However, there are some Ugandan agents (number not established) who work with middle men in Tanzania to smuggle maw into Uganda. The most important market for maw according to Tanzanian traders is Uganda. The only licensed regional exporter of maw from Tanzania to Uganda is Shafik who operates in Bukoba. The major traders of Maw in Uganda are listed in Annex A. Most of the maws traders are interlinked and do not necessarily obtain the maw from one source. Most middlemen and factory agents operate as family businesses or companies. Whereas maw extractors, collectors and traders; largely run their businesses individually.

v. Fish suppliers/fish factory agent

The fish suppliers sell fish with maws to factories or extract maw and sell the fish to the local market. They either supply directly to the factories or indirectly as sub-agents of the fish factory agents. In all the three countries, all

the fish sold to the factory must contain maw. Until recently, a directive issued by the DiFR in February 2018, fish factories used to give back maw to suppliers of fish in Uganda. They employ 3-20 workers majority of whom (90%) are women working as casual workers. The casual laborers are mainly employed as cleaners with a few (1-2) working as supervisors. Then the suppliers would look for market for the maw after selling the fish. Most fish suppliers complain of low or stagnant prices of fish yet maw prices continue to increase. This is why some of the fish suppliers/factory agents prefer to sell fish to the local market where they are able to extract maw before sale.

3.3.1.6 Maw Processors

There are three types of maw processors who include the fish factory processor who extracts maw, maw factory processors and artisanal maw processors.

3.8 FISH FACTORY MAW

Fish factories extract, clean and sell maw which they consider as by products. They sell the maw to maw processing factories located in Mwanza in Tanzania or Uganda. Some fish processors export frozen maw which makes up for almost half (45%) of the maws exported. They employ 10-20 workers, 95% of whom are women. Women work as casual laborers and are involved in cleaning of maw. One to two among the workers are involved as supervisors.

ii) Artisanal Maw Processor The artisanal processors buy maw from collectors at the landing sites, remove fat, clean, repair/or mend the damaged ones, process by drying and sell to middlemen or agents of maw exporters in Tanzania or Uganda. These are mainly men of aged above 30 years. They run their businesses individually sometimes with assistance of family members.

iii) Maw factory processors/ Exporters The maw factories process and export mainly

to China. They process fresh maws sourced from fish factories, maw factory agents or maw suppliers. The Chinese factory operators have financial partnerships based on trust with the local maw suppliers. This has led to the Chinese maw processing factories contracting several maw agents to supply them with maws. These processing companies prefer to employ women in all sections of the industry; from cleaning to, turning the maw inside out, stitching, drying and packaging. Majority of women (90%) serve as casual laborers. Few women work as supervisors. In most maw businesses in Kenya, Uganda and Tanzania most maw traders were not educated or have acquired low education. For instance in Tanzania the wages for unskilled workers fall are 5000-10000Tshs per day (\$2.2-4.4) and for skilled workers 10,000-20,000Tshs (\$4.4-8.7). In Uganda the unskilled workers are paid 5000-10,000 daily (\$1.3-2.7) and for skilled 10,000-12,000 per day \$2.7-3); irrespective of whether male or female. In Tanzania more than 95% of maw traders were either primary level or no education at all. In Uganda 85% of the maw traders had either Primary or Ordinary (Secondary) level of education. In Kenya the few that were interviewed had primary education. This was true for both women and men. In Uganda there are twentyone(21) recognized maw export companies which are included in Annex B1. In Tanzania, there are ten (10) Chinese maw processors/exporters that operate maw drying facilities in Mwanza. They are listed in Annex B2Of all these ten companies, only five are approved. Maw imports into Uganda are charged a duty of 6% with exception of those which are in transit. Some of the maw traders in Tanzania export through Uganda. This is attributed to the perceived limited bureaucracies affecting maw trade, processing and export in Uganda. This is combined with the method of determining legal maw

sizes reported in grams in Uganda as opposed to length in Tanzania. It was also reported that the

Chinese exporters in Tanzania regrade the maw in grades different from the categories they buy the maw. Based on the study, overall it is estimated that there is a total of 1,473 maw business operators in the riparian countries of Lake Victoria. These comprise of 557 extractors (240 in Uganda, 33 in Kenya, 284 in Tanzania); 557 collectors (240 in Uganda, 33 in Kenya, 284 in Tanzania); 278 middlemen (120 in Uganda, 16 in Kenya, 142 in Tanzania); 50 agents of Chinese Factories (17 in Uganda and 33 in Tanzania) and 31 Maw exporters (20 in Uganda and 11 in Tanzania). The Ugandan agents also operate in Kenya because there are no Chinese maw factories in Kisumu. A total of about 2,651 people work as employees in the maw value chain in the riparian countries of Lake Victoria. Of these 1,349 people are employed in maw businesses in Uganda, 62 in Kenya, and 1,240 in Tanzania. About 90-95 % of them are women. They earn all together approximately USD 2.41 Million per annum. They constitute skilled labor(USD 0.35million) and unskilled labor(USD Million 1.79).

3.3.2 Maw supply and marketing channels

Uganda plays a central role in the regional trade of maw. Most of the maws produced in Kenya are exported through Uganda. Conversely, most of the maws produced in Tanzania are directly exported to Hong Kong, China and Japan; although some of the companies export through Uganda .

4.0 ASPECTS OF PROJECT SUSTAINABILITY

The project sponsors having studied market conditions are convinced that the project will be able to operate undisturbed provided the government rules and regulations are adhered by players in the fisheries business

4.1 QUALITY CONTROL SYSTEM

The required quality control system will be employed ensuring that products produced maintain the same standard

4.2 ENVIRONMENT PROTECTION

The company intends to make environment friendly; the company will save the country's environment in particular and global environment in general.

4.3 EMPLOYMENT

The project is expecting to create jobs for 15 people on permanent basis

Employment	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women	1	2	7	10
Men	1	2	2	5
TOTAL	2	4	9	15

5.0 PROJECT INVESTMENT COST

The estimated capital investment cost of the project is **US\$ 1,355,000** out of which **US\$1,055,000** while the remaining will cost **US\$300,000**,

AZALEA FISHERIES LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	300,000.00
Machinery & Equipment	600,000.00
Motor Vehicles	150,000.00
Furniture & Fittings	5,000.00
Pre exp	80,000.00
Others	70,000.00
Working Capital	150,000.00
TOTAL	1,355,000.00

For the project to be a reality a total investment amounting to US\$**1,355,000** is needed

(i) Land and Building: Us \$300,000

The Company is planning to renovate industrial building and warehouse estimated to cost US\$ 300,000.

(ii) Machinery and Other equipment: US\$ 600,000

Some US \$ 600,000 is anticipated to be spent on the purchase of various machines, equipment and other tools which will accommodate new technology for stone aggregates production

(iii) Motor Vehicles:US\$150,000

The project will need 4 trucks, 1 double single pick up. These vehicles will be used to facilitate project business.

(iv) Furniture: US\$5,000

This investment cost item has been estimated to cost US\$5,000. It will consist of, tables, chairs, telephone, fax, machines, file cabinets, sofa chairs etc.

(v) Pre-Operational Expenses: US\$ 80,000

They cover things like company registration, expenses spent in exploring the viability of the project, especially the market/client identification exercise. Also included under this item are issues like consultancy fees, legal fees and recruitment and training costs of personnel.

(v) Initial Working Capital: US\$150,000 and others US\$ 70,000

An assumption for working capital requirements has been budgeted at US \$ 150,000 and unplanned expenses US£70,000

5.2 FINANCING PATTERN

The project will be financed by equity US\$ 555,000 and US\$ 800,000 long term loan

6.0 FINANCIAL ANALYSIS

6.1 Considerations and Assumptions:

The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. The capital assets are exempted from custom duty and Value Added Tax. The straight line method to depreciate the project's capital items has been applied.

Revenues have been conservatively estimated based on experience of the promoters.

6.2 Financial Statements:

6.3 Projected lodge Revenue

For projection purposes, it is assumed that the economic life of the project is five years, and that revenue from retreading business commence from the first year of operation.

AZALEA FISHERIES LIMITED SALES PROJECTED REVENUE LTD

	US \$ 1	US\$ 2	US\$ 3	US\$ 4	US\$ 5
Sales Revenue	1,660,800.00	1,760,800.00	1,779,805.00	1,785,901.00	1,795,000.00

6.4 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 5 years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. US\$**222,002** in first year to US \$**656,859.00** in the 5 year, Refer appendix III

6.5 Projected Cash Flows

This is shown in the financial statements. The project has a positive end of year cash flow from year 1st, i.e. US\$ **1,315,818.00** of operation to the 5th year i.e. US\$ **21,168,132.00**, Refer appendix IV

6.6 Projected Balance Sheet

The projected Balance Sheet of the project is shown in the financial statements under the same heading. Total capital of the project increases from US\$ **1,613,395** in the first year of operation to US \$ **1,698,109** in the 5th year. **Refer appendix V**

6.7 Projected payback period

Total investment is US \$ 900,000 cash accumulation third year is 2,122,822 which is more than the initial investment by US\$ 1,222,822 the project payback Period is within 3 years,

The project has a relatively short payback period. It is remarkably impressive for a project whose investment is as big as US\$ 1,355,000 being recovered within 3 years. **Refer appendix VI**

7.0 ECONOMIC ASPECTS

Implementation of this project will have the following social and economic values

- The project is an ideal option for utilization business opportunity available in foreign market
- The project will create employment for 15 people on permanent contract basis as well as on temporary basis.
- It will generate substantial revenue to the government in the form of corporate tax, value added tax and pay as you earn.
- The project will have transfer of knowledge and skills as far as fish maw sector is concerned

8.0 IMPLEMENTATION

Project implementation is expected to be relatively very short once project has been approved, it is estimated that implementation of the projected will be as following: -

S/N	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	February 2020
2	Renovation industrial premises	March -November 2020
4	Assembling plant and other equipments ordering	December 2020
5	Installation of machines	January- March 2021
6	Testing operations	April –June 2021
7	Commercial Operations	July 2021

9.0 CONCLUSION AND RECOMMENDATIONS

The project is technically feasible, financially viable, and economically sound, provided the sponsors will manage it efficiently.

It is recommended that the project be approved by Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act, 1997.

APPENDIX (I)

AZALEA FISHERIES LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	300,000.00
Machinery & Equipment	600,000.00
Motor Vehicles	150,000.00
Furniture & Fittings	5,000.00
Pre exp	80,000.00
Others	70,000.00
Working Capital	150,000.00
TOTAL	1,355,000.00

APPENDIX (II)

AZALEA FISHERIES LIMITED PROJECTED REVENUE

	1	2	3	4	5	6
Projected Income	720,000.00	792,000.00	871,200.00	958,320.00	1,054,152.00	1,159,567.20

AZALEA FISHERIES LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT US\$

	1	2	3	4	5	6
Projected Rental Income	720,000.00	792,000.00	871,200.00	958,320.00	1,054,152.00	1,159,567.20
Cost of Sales(diesel and oil)	64,800.00	71,280.00	78,408.00	86,248.80	94,873.68	104,361.05
Gross Profit	655,200.00	720,720.00	792,792.00	872,071.20	959,278.32	1,055,206.15
Operating Expenses:						
Administrative Expenses	12,000.00	12,600.00	13,230.00	13,891.50	14,586.08	15,315.38
Motor vehicle running expenses	72,000.00	75,600.00	79,380.00	83,349.00	87,516.45	91,892.27
Pension Contribution	20,340.00	21,357.00	22,424.85	23,546.09	24,723.40	25,959.57
Interest	32,000.00	32,000.00	32,000.00	32,000.00	32,000.00	32,000.00
Depreciation	106,000.00	106,000.00	106,000.00	106,000.00	106,000.00	106,000.00
Salaries and Wages	70,400.00	73,920.00	77,616.00	81,496.80	85,571.64	89,850.22
Marketing Costs	5,000.00	5,250.00	5,512.50	5,788.13	6,077.53	6,381.41
Utility costs	5,000.00	5,250.00	5,512.50	5,788.13	6,077.53	6,381.41
Insurance	21,100.00	22,155.00	23,262.75	24,425.89	25,647.18	26,929.54
Communication	6,000.00	6,300.00	6,615.00	6,945.75	7,293.04	7,657.69
Total Expenses	349,840.00	367,332.00	371,553.60	383,231.28	395,492.84	408,367.49
Profit before tax	305,360.00	353,388.00	421,238.40	488,839.92	563,785.48	646,838.67
Tax (30%)	91,608.00	106,016.40	126,371.52	146,651.98	169,135.64	194,051.60
Profit After Tax	213,752.00	224,439.60	294,866.88	342,187.94	394,649.83	452,787.07

APPENDIX (V)

AZALEA FISHERIES LIMITED PROJECTED BALANCE SHEET US \$

	0	1	2	3	4	5	6
Fixed Assets							
Opening balance	-	1,055,000	949,000	843,000	737,000	631,000	525,000
Additions	1,055,000	0	0	0	0	0	0
Total Long-term Assets	1,055,000	1,055,000	949,000	843,000	737,000	631,000	525,000
Less depreciation	-	106,000	106,000	106,000	106,000	106,000	-
Closing balance	1,055,000	949,000	843,000	737,000	631,000	525,000	525,000
Working capital	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Accumulated cash	-	186,419	406,458	673,992	988,847	1,356,164	1,781,618
Total assets	1,355,000	1,435,419	1,549,458	1,710,992	1,919,847	2,181,164	2,606,618
Financed by							
Equity	555,000	700,000	700,000	700,000	700,000	700,000	700,000
Accumulated profit	-	213,752	438,191	733,058	1,075,246	1,469,896	1,922,683
Total equity	555,000	913,752	1,138,191	1,433,058	1,775,246	2,169,896	2,622,683
Long term loan	800,000	666,666	533,333	400,000	266,666	133,333	
Bank overdraft	0	0	0	0	0	0	0
Total debts	800,000	666,666	533,333	400,000	266,666	133,333	-
Total equity and debts	1,355,000	1,580,418	1,671,524	1,833,058	2,041,912	2,303,229	2,622,683

AZALEA FISHERIES LIMITED PROJECTED LONG-TERM LOAN REPAYMENT

Repayments US\$				
Year	Principle	Loan Interest (4%)	Total Amount Paid	Loan Balance
0	-			800,000.00
1	133,333.33	32,000.00	165,333.33	666,666.67
2	133,333.33	32,000.00	165,333.33	533,333.34
3	133,333.33	32,000.00	165,333.33	400,000.01
4	133,333.33	32,000.00	165,333.33	4,546,112.00
5	133,333.33	32,000.00	165,333.33	3,636,890.00
6	133,333.33	32,000.00	165,333.33	2,727,668.00
TOTAL	799999.98	192000		