

Aleka Holdings Limited

Surgical Mask Production

Business Plan

Investment Objective

Company overview

Aleka Holdings Limited, a Tanzania based company focused on manufacturing high quality consumable and non-consumable household, wholesale, and export products with a factory in Dar es Salaam, Tanzania. Global efforts to curb plastic consumption are causing a drastic shift in the production of single-and multi-use plastics. Biodegradable, organic, and naturally sourced alternatives to plastic are increasing in demand in global household goods such as bamboo toothbrushes, disposable utensils, hairbrushes and more.

In response to the global COVID-19 pandemic, Aleka Holdings is investing in the manufacturing of protective wear / gear through modifying their existing non-woven bag production line and are looking at producing surgical masks in Tanzania.

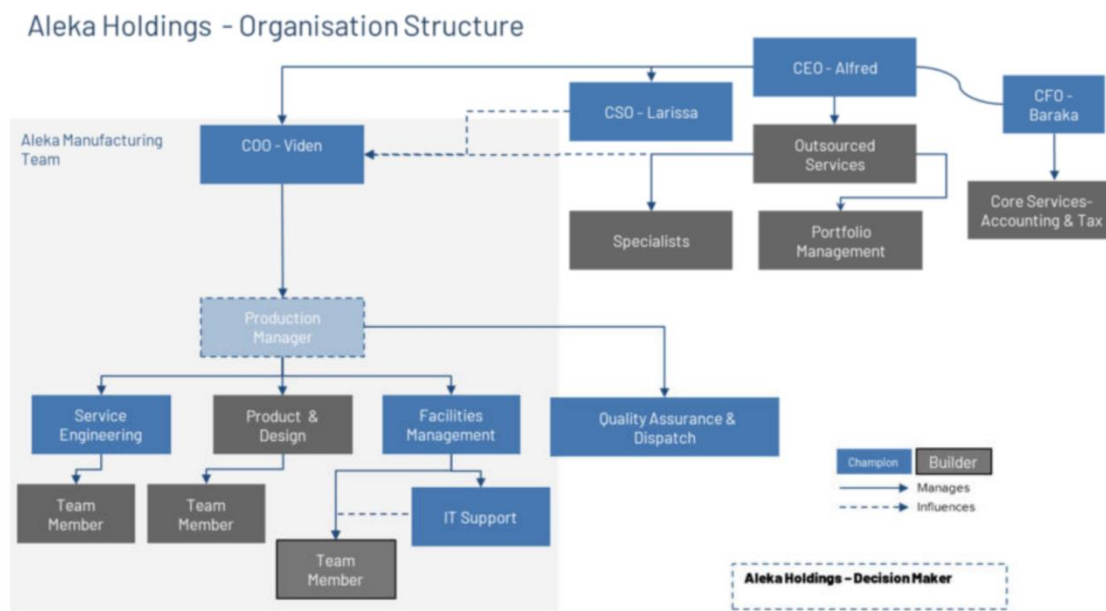
Our Mission

To Provide customized and quality products to all our clients and cater to their needs by taking into consideration the best ways to reduce pollution and being very considerate of our environment.

Our Vision

To make the best quality surgical masks with unbeatable prices to be supplied across wider sub-saharan Africa.

Organisation structure



Project objective:

To establish a surgical mask manufacturing project to support the East African Region with regular, reliable access to quality surgical masks.

- The COVID-19 pandemic has created several challenges inhibiting nations across the globe from reliable, safe, and affordable access to personal protective equipment (PPE) for healthcare workers and the public. Increased global PPE demands and restricted production as factories closed down or reduced operations have caused a cyclical effect of significant PPE shortages and subsequent price spikes, resulting in exceptional PPE access limitations for lower income countries, such as those in East Africa, as PPE value chains are shifted to the highest payer. Further to this, the significant demand and price surge have resulted in several new PPE manufacturers producing and flooding the market with uncertified or substandard PPE especially in East African countries.
- Global demand for surgical masks is estimated to have increased by up to 100 times due to the pandemic (UN News, 2020), with shortfalls especially seen in developing countries such as Tanzania and Kenya, where reports during January and February of 2020 noted that masks were stockpiled and sold back to China. This shortage alone has created shortages in certified masks and a wholesale price surge from 0.04-0.07 US to over 0.40-0.50 US per surgical mask during its peak in Tanzania (Anonymous informant #1, 2020). In Tanzania the unaffordable prices and shortage of certified masks has resulted in many well-known hospitals changing masks less often or using very poor quality masks such as single-ply surgical masks (Anonymous informant #2, 2020).
- Furthermore, the surgical mask middle melt blown virus capturing material layer has seen extreme price fluctuations from an 18 times settling around 3-4 times price increase, disproportionately distorting the market prices for 3-ply certified surgical masks, creating shortages in the middle virus protection layer, and creating a surge of fake and/or ineffective 'surgical masks' missing this layer. Surgical masks labelled for 'cooking, cleaning, or dust' uses with no certification or standard stamp are commonly found in Tanzania and neighboring countries and are used unknowingly by many citizens and medical professionals which fail to provide adequate virus protection.
- Aleka Holdings, with the support of GIZ, are establishing a surgical mask manufacturing line in Dar es Salaam, Tanzania, to serve both Tanzania and the greater East African region with high quality nationally certified surgical masks. The company has secured machinery options and the materials to locally produce surgical masks to be sold in Tanzania and potentially other East African countries.

Investment Costs, Expenditure breakdown and sources of finances

Expenditure breakdown

Description	TOTAL in EUR (up to)
1. Staff (Job Title) <i>(Note: This budget line will be settled against payslips and, if partially financed, against payslips and time sheets.)</i>	14.226,00
Factory Manager (COO)	1.530,00
Machine Technician	3.060,00
Factory Operators (10 women)	9.636,00
2. External Experts / Consultant (Job Title)	1.000,00
Consultant (Tanzanian) /documentation Support, local standards & follow up (15 days)	1.000,00
3. Transportation / Travel Costs	5.700,00
Logistic and Transport of Machine and Materials (total project period)	2.700,00
Air Ticket, Accommodation and Per diem for Government Liaison Meetings Trips to Dodoma: One Aleka executive staff to travel for government liaison and awareness raising	1.500,00
Air Ticket for Regional Government Liaison Meetings Trips to Mwanza, Arusha & Moshi, Mbeya & Iringa, Kigoma- for government liaison and awareness raising	1.500,00
4. Training costs	5.000,00
Coordination meetings with Regional Health Authorities, logistic (room, transport), moderation, production of information materials	5.000,00
5. Procurement of Goods	160.000,00
Surgical Mask Machine (MPL-100) (including installation and capacity building)**	160.000,00
6. Other costs / Consumables	69.204,00
Material costs 2 months worth (2 non-woven mask layers, 1 melt blown mask layer, ear loop and nose clip materials, mask packaging)	55.200,00
Personal Protective Equipment for Workers	14.004,00
Subtotal - direct costs	
7. Supporting cost / Administration costs	25.513,00
Administration costs	25.513,00

<i>Subtotal - Funding by GIZ (direct costs + Administration Costs + Forwarding of Funds)</i>	
<i>8. Own funds / third party financing</i>	142.000,00
<i>Grand Total *</i>	422.643,00

Investment costs & Source of funds

This project will be co-financed between Aleka Holdings Limited and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH.

The entire project will be fully owned and operated by Aleka Holdings Limited, GIZ will only form part as a financier and advisor. See breakdown below of the % split between the two entities based on the expenditure breakdown on the previous page.

General information	
Project title	Surgical Mask Manufacturing
Project country	Tanzania
Planned total costs	€ 422,643.00
GIZ Funding support	€ 280, 643.00
Planned own contribution	€ 142,000.00

Job creation

Aleka Holding aims to recruit, hire and train new employees to operate the machines, pack the masks and work in the factory according to factory standard operating procedures, occupational safety and health requirements. The project anticipates to directly hire 42 young Tanzanian women who will work in shifts of five at a time and one to two already identified male machine technician(s).

The project anticipates to hire an additional 2-5 Tanzania women indirectly for marketing, sales, and other related external tasks on an on-demand basis. The team will be trained twice from the machine manufacturer technician on manufacturing Standard Operating Procedures (SOPs), once at start-up and once a few months after production is running in order to ensure the standard is met. The full team will be trained continuously on sanitary mask production and factory cleaning requirements.

Also 4 individual will be employed as security guard who will be in charge of making sure the premises are secured at all times.

The machine technician and selected team members will be trained on machine maintenance and repair. The full team will be trained on Occupational Safety and Health Authority (OSHA), National Environmental Management Council (NEMC) and other external authorities as is required to ensure full sanitary production, safety, compliance and certification

Indirect employment where by we expect agencies who will also be selling mask on our behalf either exporting outside the country or within the country.

Sources of supply of inputs

Machine sourcing and securing was conducted in March 2020, Aleka has sourced and obtained proforma invoices from six reputable surgical mask making machine(s) suppliers (3 European and 3 Chinese/Taiwanese) identifying machine qualities, production quantities, transport expectations, and costs.

These machines are semi- or fully-automated machines that compile, cut and merge the three non-woven mask layers and then add the nose clip and earloop pieces after in a sanitary and systematic way.

The selected machine(s) will be purchased, shipped and installed in the factory which is modified (as required) to support production. After close collaboration and inspection from the international/German consultant expert the team will be positioned to understand if the factory needs to be upgraded or if it is sufficient to meet quality surgical mask production to be certified.

Marketing Plan

Aleka Holdings aims to sensitize relevant ministries, national and local government authorities on the project and to develop strategic partnerships and collaboration accordingly to ensure local offtake of the masks. In order to achieve this, meetings, factory tours, and a project launch event will be held with relevant government stakeholders with the support and participation of GIZ Health Programme.

Furthermore, Aleka intends to donate at least 50,000 surgical masks to government hospitals (10,000 to each regional hospital) in 2021.

Aleka Holdings aims to produce a minimum of 10,000,000 surgical masks in 2021 in order to sell and distribute them to the Tanzania government MSD. Aleka Holdings is currently trying to secure a letter of intent for mask purchase from various stakeholders.

The sales price of the certified surgical masks produced will match wholesale (non-)certified surgical mask prices, which currently ranges between \$0.17-0.20 US cents/mask and is less than half of the current resale price of \$0.47 US cents/mask as of September 2020. Upon start-up, progress reports will be provided bi-weekly for the first two months, monthly for the subsequent four months.

Implementation schedule

Herein below is our project implementation schedule, broken down into work packages that we aim to close out respectively.

Milestone	Due date
Work Package 1: Market Fit Research Completed	01/01/2020
Work Package 2: Finalised Machine Sourcing, Purchasing, & Factory Modification (as required)	01/08/2021
Work Package 3: Material Purchase and Import	01/07/2021
Work Package 4: Local and International Certification and Registration	01/07/2021
Work Package 5: Recruitment and Training of Staff	01/08/2021

Work Package 6: Government Liaison	01/10/2021
Work Package 7: Production and Distribution	01/09/2021

Financial Projections and Business capacity

Capital requirement

The capital for this project would be about EUR 422,643. This project will be co-financed between Aleka Holdings Limited and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH.

The entire project will be fully owned and operated by Aleka Holdings Limited, GIZ will only form part as a financier and advisor. See breakdown below of the % split between the two entities based on the expenditure breakdown on the previous page.

A huge element of the cost would go towards the machinery and raw materials. The former is a capital expenditure while the latter an operational expenditure to push through upto 5-6 weeks from when production commences.

The rest of the capital would be used in obtaining permits as well as other operational needs as the project commences.

Important Assumptions

The table below shows the assumptions that are important to the success of Aleka Holdings Ltd.

Month	Dec	Jan	Feb	Mar	April	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Capacity	60%	60%	60%	65%	65%	65%	65%	65%	65%	65%	65%	65%	70%
Revenue growth		0%	0%	5%	0%	0%	0%	0%	0%	0%	0%	0%	5%
Direct Cost growth		0%	0%	5%	0%	0%	0%	0%	0%	0%	0%	0%	5%

Profit and Loss Statement

	USD	Exchange Rate (approx.)	TSHS
Sales Revenue	988,258.21	2,304.59	2,277,525,600.00
Direct Costs			
Raw materials	135,322.60	2,304.59	311,862,514.94
Packaging	5,422.68	2,304.59	12,497,029.97
Operators Salary	2,499.36	2,304.59	5,760,000.00
Total Direct Costs	143,244.65		330,119,544.90
Gross Profit	845,013.57		1,947,406,055.10
ADMINISTRATIVE COSTS			
Salaries and Wages			
Salary Viden	18,000.00	2,304.59	41,482,539.88
Salary Alfred	18,000.00	2,304.59	41,482,539.88
Salary Joan	9,600.00	2,304.59	22,124,021.27
Total Salaries and Wages	45,600.00		105,089,101.04
Finance Costs			
Finance cost interest	\$4,224.00	2,304.59	9,734,569.36
Total Finance costs	\$4,224.00		9,734,569.36
Operational Costs			
Warehouse 660sqm	\$23,760.00	2,304.59	54,756,952.65
Security	\$1,041.40	2,304.59	2,400,000.00
Electricity	\$8,694.87	2,304.59	20,038,061.84
Repair & Maintenance(2%)	\$8,640.00	2,304.59	19,911,619.14
Administration (Cleaning)	\$1,046.64	2,304.59	2,412,071.42
Accounting Services	\$7,810.52	2,304.59	18,000,000.00
Depreciation of equipment	\$6,000.00	2,304.59	13,827,513.29
Insurance	0	2,304.59	0.00
Total Operational Costs	\$56,993.42		131,346,218.35

Directors Investment	\$36,911.47	2,304.59	85,065,640
Retained Earnings	738,196.14	2,304.59	1,701,236,166
TOTAL EQUITY	\$775,107.61		1,786,301,806

Cash Flow Statement

	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
	\$36,000.00		Assumption: Worst case scenario					Assumption: Base Case Scenario					
Cash Inflows													
Revenue	\$78,729.99	78,730	78,730	82,666	82,666	82,666	82,666	82,666	82,666	82,666	82,666	82,666	86,800
			0	6	66	6	66	66	6	66	6	6	0
			0	0	0	0	0	0	0	0	0	0	0
			0	0	0	0	0	0	0	0	0	0	0
Total Cash Inflows	\$78,729.99	78,730	78,730	82,666	82,666	82,666	82,666	82,666	82,666	82,666	82,666	82,666	86,800
Cash Outflows													
Total Fixed cost(Machine+installation)	\$36,911.47												
Variable Costs													
Warehouse 660sqm	\$1,980.00	\$1,980.00	\$1,980.00	\$1,980.00	\$1,980.00	\$1,980.00	\$1,980.00	\$1,980.00	\$1,980.00	\$1,980.00	\$1,980.00	\$1,980.00	\$1,980.00
Raw materials	\$10,780.53	\$10,780.53	\$10,780.53	\$11,319.56	\$11,319.56	\$11,319.56	\$11,319.56	\$11,319.56	\$11,319.56	\$11,319.56	\$11,319.56	\$11,319.56	\$11,885.53
Security	\$86.78	\$86.78	\$86.78	\$86.78	\$86.78	\$86.78	\$86.78	\$86.78	\$86.78	\$86.78	\$86.78	\$86.78	\$86.78
Electricity	\$692.68	\$692.68	\$692.68	\$727.31	\$727.31	\$727.31	\$727.31	\$727.31	\$727.31	\$727.31	\$727.31	\$727.31	\$763.68
Packaging	\$432.00	\$432.00	\$432.00	\$453.60	\$453.60	\$453.60	\$453.60	\$453.60	\$453.60	\$453.60	\$453.60	\$453.60	\$476.28
Repair & Maintenance(2%)	\$720.00	\$720.00	\$720.00	\$720.00	\$720.00	\$720.00	\$720.00	\$720.00	\$720.00	\$720.00	\$720.00	\$720.00	\$720.00
Administration (Cleaning)	\$87.22	\$87.22	\$87.22	\$87.22	\$87.22	\$87.22	\$87.22	\$87.22	\$87.22	\$87.22	\$87.22	\$87.22	\$87.22
Accounting Services	\$650.88	\$650.88	\$650.88	\$650.88	\$650.88	\$650.88	\$650.88	\$650.88	\$650.88	\$650.88	\$650.88	\$650.88	\$650.88
Operators Salary (2 Operators)	\$208.28	\$208.28	\$208.28	\$208.28	\$208.28	\$208.28	\$208.28	\$208.28	\$208.28	\$208.28	\$208.28	\$208.28	\$208.28
Depreciation of equipment	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00
Asset contribution.	\$4,613.9	\$4,613.9	\$4,613.9	\$4,613.9	\$4,613.9	\$4,613.9	\$4,613.9	\$4,613.9	\$4,613.9	\$4,613.9	\$4,613.9	\$4,613.9	\$4,613.9

	cost from purchase price	3	13.9	3.93	3.93	13.9	3.93	13.9	13.9					
			3			3		3	3					
S	Salary Viden	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00
S	Salary Alfred	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00
S	Salary Joan	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00
F	Finance cost interest	\$352.00	\$352.00	\$352.00	\$352.00	\$352.00	\$352.00	\$352.00	\$352.00	\$352.00	\$352.00	\$352.00	\$352.00	\$352.00
O	Insurance													
	Machine													
	Fire													
	Total Cash Outflows	\$61,815.77	\$24,904.30	\$24,904.30	\$25,499.56	\$25,499.56	\$25,499.56	\$25,499.56	\$20,885.63	\$20,885.63	\$20,885.63	\$20,885.63	\$21,510.65	

Opening Balance	\$10,000.00	26,914	80,740	134,566	191,733	248,899	306,066	363,233	420,400	482,181	543,962	605,743	667,524
Cash Surplus / Deficit	\$16,914.22	53,826	53,826	57,167	57,167	57,167	57,167	57,167	61,781	61,781	61,781	61,781	65,289
Closing Balance	\$26,914.22	80,740	134,566	191,733	248,899	306,066	363,233	420,400	482,181	543,962	605,743	667,524	732,813