

# TURKISH SHOES AND SLIPPERS CO.LTD

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DAR ES SALAAM



## BUSINESS PLAN

FOR LEATHER SHOES AND SLIPPERS INDUSTRY AT PLOT NO. 249, TABATA  
INDUSTRIAL AREA IN DAR-ESALAAM. TANZANIA.

***Drawn By:***

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## **1.0 EXECUTIVE SUMMARY:**

Turkish Shoes and Slippers Co. Limited is a newly registered production and trading company, legally registered and incorporated in Tanzania since 19<sup>th</sup> October 2020, vide Certificate of Incorporation number 144359119.

The company has been established by three Partners two of them holding Turkish nationality and the third is holding Syrian nationality, with the intention of establishing a leather shoes and slippers manufacturing industry which will produce high quality and durable leather shoes and slippers to be sold competitively within and in neighboring countries. The Partnership expects to inject initial capital of **USD 1,315,022 ( TZs 3,024,550,500/=)** as capital Investment in the project, of which the whole project funding will be done through owner's contribution at the initial stage.

In the initial years, promoters have targeted to install two reliable lead plant machineries with a total capacity of producing 60% of the total targeted production capacity each one of them has a cost of USD 50,000. In subsequent years, more prime machineries will be added to a total of 10. The project will produce high and durable leather shoes and slippers for men, women and children to be marketed within the country and later on, at its full capacity, the products will be sold to neighboring countries of Kenya, Uganda, Rwanda, Burundi, DRC Congo, Zambia, Malawi and Mozambique. The Plants will initially be installed at Tabata Industrial area ,Plot No 249 where promoters have already secured a hired Go downs . However, The Promoters are still fetching a bigger area to the tune of 10 or more acres in Dar es Salaam, Bagamoyo or Kibaha with the aim of expanding production by installing more machineries. The initial location has strategically been selected as it is at the centre of business in the country and it is well accessible to all parts of the country, including Zanzibar islands.

The project is basically a process which involves; Purchase of processed leather from local leather processing industries like Moshi tanneries, while most of the initial processed leather will be imported from Turkey. The processed leather will then be molded by automatic machines as well as hand made through different stages of the process.

Apparently, the project will use most of raw materials (leather) from internal source as leather is abundant in the country from the rich livestock available.

However, as the industry requires processed leather, most of it will be acquired from Moshi Tanneries. Some processed leather and other necessary ingredients will be imported from Turkey. Projections show that the Company will sell products estimated at an average of USD 259,500 (TZs 596,850,000/=) per month making an average profit of USD 132,058.85 (TZs 303,735,355/=).

**SAMPLE FINAL PRODUCTS:**



***MENS LEATHER SHOES***



***Ladies leather shoes***



## **2.0 INTRODUCTION**

Tanzania has embarked in a big economic development programme aiming at raising its Gross Domestic Products from the present low economic status to the middle economic status using industrial sector. In this regard, the Government has highly sensitized and encouraged the public as well as the private sector to establish as many Industries as possible, ranging from Light, Middle and Heavy industries for all types of production. It has frantically emphasized establishment of Industries which uses locally available materials.

The country is endowed with huge number of livestock especially cattle. In fact it ranks third in Africa after Ethiopia, Nigeria and Botswana. However, the use of leather products out these livestock has been very minimal over the years.

Promoters of this project have now opted to establish a leather shoe and slippers manufacturing industry which mainly uses leather from livestock.

For over years now, leather from livestock in Tanzania has been useless to livestock keepers. They have been wasted, or put into minimal use due to lack of technical knowhow of their treatment or lack of markets. There have been no efforts for value addition of the products, such as proper processing and production into end use. This proposed project is now set to ensure leather products is properly processed for the production of shoes, slippers, hand bags, belts and many more.

The proposed leather shoes and slippers production project will involve several steps ranging from; (1) Shoe cover making process. (2) Injection moulding process. (3) Sole making process. (4) Injection/stitching process.

Apparently, at initial production of this project, some of the intricate processes will be performed in Turkey, such as Shoe cover and coloring process and Sole making processes. These parts will initially be processed in Turkey and

then brought to the factory for Injection and stitching. The ultimate goal of this project is to produce big quantities of good quality leather shoes and Slippers to meet the high and fast growing demand in the country and neighboring countries. Apparently natural leather will be used from Tanzania after being processed and artificial leather will be from Turkey.

### **3.0 PROMOTERS' PROFILE**

Turkish leather shoe and Slippers Company is a new company wholly owned by registered partners. The three partners are;

#### **(i) Mr. Sadek Chaban Alsuliman**

He is an experienced businessman who has been in the industry for over 30 years. He is holding 100 (10%) shares.

#### **(ii) Mr. Muhammed Ozturkmen**

He is also an experienced businessman who has been doing businesses for the passed 20 years. He is holding 450 ( 45%) shares.

#### **(iii) Mr. Mehmet Sayar.**

Mehmet has been in business for more than 10 years. He is holding 450 (45 %) shares.

### **4.0 DESCRIPTION OF THE PROJECT:**

The project is a leather shoe and Slippers production factory with two Main machine blocks each one containing 72 stations to be operated automatically. The main raw materials for this Plant are leather which will at later stages wholly be purchased locally from Moshi Tanneries. The Plant will use **automatic** machines to process leather to the final products passing through various stages as follows;

#### **4.1 MACHINERIES:**

##### **4.1.1 MAIN MACHINE BLOCKS:**

The Factory will begin with two low pressure conveyor type PU pouring machines which uses Paux leather (PU and PVC). Each of the two machine blocks will have 72 stations (144 stations in total), and each one will be served by tow tank with a capacity of carrying 300 Kgs of Iso and 300 Kgs of Poly. There will also be 4 tanks for color with a capacity of 50 kgs each. Moreover, the

machine blocks will have one tank for Silicon with a capacity of 40 Kgs and one tank for methylene Chloride with a capacity of 30 kgs. These two machines are Polyurethane shoe machines. They are conveyor type PU pouring machines which are specialized for producing double color, double density and transparent soles and DIP shoes. Each one will have a Conveyor belt of 6 meters length.

Each one is estimated to have a value of TZs **115,000,000/= (USD 50,000)**, and therefore total cost of two Main block machines is **USD 100,000 ( TZs 230,000,000/=)**.

#### **4.1.2 FULL AUTOMATIC SHOE INJECTION MOLDING MACHINE:**

Shoes, Slippers, Sandals and Clogs are processed through Injection molding machine.

It is estimated to have a value of TZs **184,000,000/= (USD 80,000/=)**

#### **4.1.3 VAMP MARKING MACHINE/SHOE SEWING MACHINE/MARKING SEWING LINES:**

This is estimated to have a value of TZs **92,000,000/= (USD 40,000)**.

#### **4.1.4 SANDAL AND SLIPPER SOLE MAKING PU MACHINE:**

This is a Polyurethane form machine using PU raw materials. It is automatic and high pressure air type for making soles for Sandals and Slippers.

The machine is estimated to have a value of TZs **138,000,000/= (USD 60,000)**.

#### **4.1.5 : CUTTING MACHINES:**

The Factory will have 20 cutting machines each one cost USD 5,000 ( TZs 11,500,000/=) , Hence , total cost of Cutting machines is **USD 100,000 (TZs 230,000,000/=)**

#### **4.1.6: SEWING MACHINES:**

The factory will have 150 Sewing machines, each one costing USD 500 (TZs 1,150,000/=). Hence, total cost of Sewing machines is **USD 75,000 (TZs 172,500,000/=)**

#### **4.1.7 COMMENTS 3.5 METRIC TON SINGLES MULTIPLE MACHINES;**

The factory will have one Comments 3.5 metric ton single multiple machine which costs **USD 20,000**

**(TZs 46,000,000/=)**

#### **4.1.8 WRAPPING MACHINES:**

These are estimated to cost TZs 1,150,000/= per month

**( USD 500)**

#### **4.1.9 MELTER (MELTING MACHINE):**

The project will initially begin with two Melting machines one for each of the two main machine blocks.

Each melting machine is estimated to cost **TZs 34,500,000/= (USD 15,000)** Hence, total cost will be **USD 30,000 (TZs 69,000,000/=)**

#### **4.1.10 CHILLING MACHINE:**

The project will have an Automatic high speed Refrigerating machine.

The machine is estimate to have a value of **TZs 23,000,000/= (USD 10,000).**

#### **4.2 MOTOR VEHICLES:**

The project will have the following vehicles;

<b>S/n</b>	<b>Type of Vehicle</b>	<b># of Veh</b>	<b>Capacity</b>	<b>Unit Price</b>	<b>Total Cost</b>	<b>Total cost In TZs</b>
1	Semi Trailer	5	20 tons	USD52,200	USD261,000	600,000,000/=

	trucks					
2	Canter	10	3 Tons	USD24,800	USD248,000	570,000,000/=
3	Coaster	2	15 pssg	USD28,500	USD 57,000	130,000,000/=
4	Pickups	3	1.1/2tons	USD16,100	USD 48,300	111,000,000/=
	<b>TOTAL</b>				<b>USD 614,000</b>	<b>1,411,000,000/=</b>

#### 4.3 OTHER WORKING EQUIPMENTS:

The project will have the following other working equipment's;

S/n	Type of Equip.	# of Equip.	Capacity	Unit price In USD	Total In USD	Total In TZs
1.	Folk lift	2	3 Tonner	32,000	64,000	147,000,000/=
2	Standby Generator	1	500 kv	37,000	37,000	85,100,000/=
3	Compressor	1	1000 ltrs	15,000	15,000	34,500,000/=
4	Computers	5		525	2625	6,037,500/=
5	CCTV Cameras	6		150	900	2,070,000/=
6	Radio calls	10		55	550	1,265,000/=
	<b>TOTAL</b>				<b>120,075</b>	<b>275,972,500/=</b>

#### 4.4 OFFICE FURNITURE AND EQUIPMENTS:

The project will have the following office furniture's and equipments;

S/n	Type of furniture/Equipment	# of units	Unit price(In USD)	Total cost (In USD)	Total cost ( In TZs)
1	Office tables	12	175	2,100	4,830,000/=
2	Office Chairs	45	100	4,500	10,350,000/=
3	File Cabinets	7	150	1,050	2,415,000/=
4	Air Conditioners (A/C)	5	250	1,250	2,875,000/=
4	Adding Machines	15	50	750	1,725,000/=
	<b>Total</b>			<b>9,650</b>	<b>22,195,000/=</b>

## **SUMMARY OF CAPITAL INVESTMENT**

<b>S/n</b>	<b>Description of Investment</b>	<b>Total Investment in USD</b>	<b>Total Investment in TZs</b>
1	Investment in Machinery	515,500	1,185,650,000/=
2	Purchase of transport facilities	614,000	1,411,450,000/=
3	Purchase of working Equipments	120,075	275,972,500/=
4	Purchase of office Equipments	9,650	22,195,000/=
5	Pre –Operational (Trial production)	56,210	129,283,000/=
	<b>Total Investment</b>	<b>1,315,022</b>	<b>3,024,550,500/=</b>

### **5.0 LOCATION OF THE PROJECT:**

The location of the project is temporarily at Tabata Industrial Area, Plot no. 249 in Dar-es-Salaam Region where promoters have acquired hired Go downs which cover an area of 5,115 sq M. It is expected that the hired Go downs will accommodate installation of initial machineries as production is expected to start at a slow pace. The Project organizers are working hard to fetch for a bigger area of about 10 acres at Dar-es-Salaam, Bagamoyo or Kibaha, where the project will be permanently located.

However, the present location of the Project is never the less ideal for the plant as it is surrounded by abundant market outlets and reliable transport communication to all directions. Moreover, other necessary amenities like electricity and water are easily available

### **6.0 GENERAL AND SPECIFIC OBJECTIVES OF THE PROJECT:**

#### **6.1 General Objective;**

The general objective of the Project is ‘Produce enough and good quality leather shoes and injections slippers to meet the ever growing country demand of the products as a result of growing rate of population in the country.

#### **6.2 Specific Objectives;**

Specific objectives of the project include;

- Establish reliable source of income for the company and promoters from sales of leather shoes and Slippers.

- To widen the market for leather.
- To add value to leather through Processing.
- To support efforts made by Government of the United Republic of Tanzania to build a strong industrial base in the country.
- To create more employment opportunities to youth and Tanzanians at large.

### **6.3 *Justification of the project:***

- (i) The project is in line with the Government's intention to transform its economy from low level to medium level economy through industrialization.
- (ii) The project is ideally located at Dar es-Salaam which is the hub of trade in the Country and as such, the products will have assurance of the market.
- (iii) This project is established at the right time, when the Government of the United Republic of Tanzania is strongly advocating more private sector participation in economic development.
- (iv) The project will reduce peoples' dependence on used shoes from abroad.
- (v) Establishment of such projects increases the number of Taxpaying institutions and therefore enables the Government to increase its area of tax collection.
- (vi) The project will create more employment opportunities for the people especially youths.
- (vii) The project will be a good motivation to livestock keepers in the country.

### **6.4 *Expected Results***

The project is expected to realize two intended key goals as follows;

- (i) For the first two years leather shoes and slippers are expected to be produced to suffice the country's demand.

- (ii) Tanzanians will stop dependence on used shoes and Slippers from abroad.

### **7.0 Pre-operational costs during Two Month of trial Production:**

The Plant will be in a two month trial production of which the trial production costs are treated as pre- operational costs and therefore are included in the Capital Investment;

**(a) Installation Costs;** Installation costs will involve Payment of Air travel for two return trips by 3 Erector/Technical Engineers from Turkey to Tanzania to stay for an estimated 60 ( Two month) during erection and installation of machineries. The up keep costs and daily allowance at the rate of \$ 150per day for each of the three technical engineers will be applied. Hence total cost for the three experts will be as follows;

- Food and Accommodation \$ 50 X 3 people X 60 days = \$ 9,000
  - Allowance for Experts \$ 100 X 3 people X 60 days = \$ 18,000
  - ✓ Return Air tickets from Turkey- Dar- Turkey -\$ 550 X 4 flights X 3 Experts = \$ 6,600
  - ✓ Allowances for unskilled laborers: 10 Laborers X \$7 X 60 days = \$4,200
  - ✓ Water bills (estimated) \$60 per month X 2 months = \$120
  - ✓ Electricity bills (estimated) \$145 per month X 2 months = \$ 290
- Total \$38,210 (TZs 87,883,000/=).**

### **(b) Costs of Raw materials during two months of trial production;**

- During two months of trial Production, the Project is expected to purchase and process an average of 3,000 kgs per day of leather.

#### **Raw materials:**

- (i) Polyurethane - Poli
  - Iso
  - Catalyst
  - Color; Black, Badge, White.
- (ii) Alpura PU Silicon.
- (iii) Methylene Chloride
- (iv) N-Dimethyl Formomide
- (v) Poly Poplin
- (vi) Packing Boxes
- (vii) Rubber band

- (viii) Nails
- (ix) Masking tapes

The above list of raw materials are estimated to cost \$ 18,000 (TZs 41,400,00/=) during two months of trial production. These costs are capitalized (Included in the Capital Investment).

### 8.0 PROJECT FUNDING:

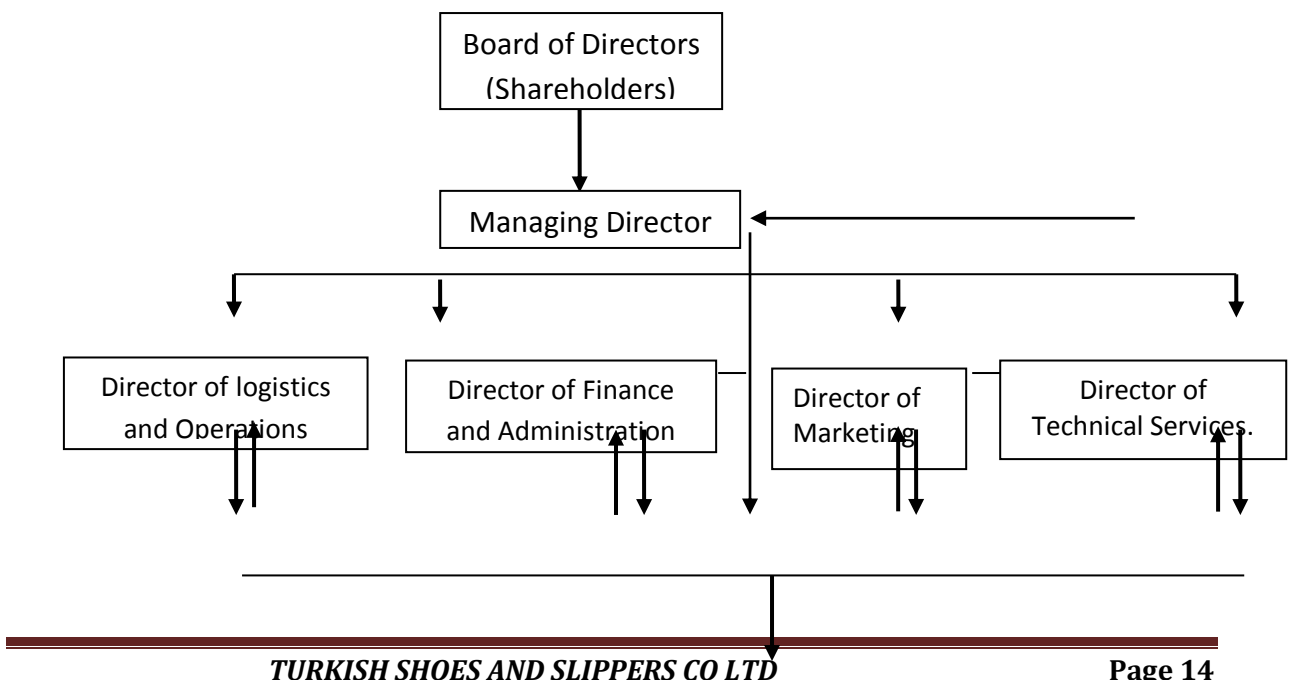
This project will be funded through Shares and Contributions from three Partners forming the Organization.

S/N	FUNDING SOURCE	Amount (in \$)	Amount in Tzs
1	Own contributions and Shares of Partners	1,315,022	3,024,550,500/=
	<b>Total Project Investments</b>	<b>1,315,022</b>	<b>3,024,550,500/=</b>

### 9.0 PROPOSED ORGANIZATION SET UP OF THE PROJECT:

The structure of the project will have a Managing Director who will be the day to day supervisor of all activities. The Managing Director will be one of the shareholders to be elected amongst them in a manner stipulated in their Memorandum and Articles of Association. Key departments of the project will include ;(i) Production(Engineering),also known as Technical service Department; (ii) Marketing department; (iii)Logistics and operations department; and (iv) Finance and Administration Department.

The Organization chart;



## **10 .0 PROJECT ACTIVITIES:**

The main activities in this project are to produce good and competitive leather shoes and Slippers for men, women and children, and to market within the country and at neighboring countries. Initially Raw materials for Soles will be imported from Turkey in form of liquid and will be transformed into solid soles using mixture of various ingredients in special plates applying modern technology. At initial stages, Shoe covers will be imported from Turkey, already processed and made and therefore, these shoe covers will be moulded and stitched to Soles made by the industry in Dar-es-Salaam. In the later stage, all functions, including, designing and preparation of shoe covers will be done right here in Dar-es-Salaam. At this stage, the project will substantially depend on processed leather from Moshi Tanneries Company.

The Project intends to market its products throughout the country through agents and will have its fleet of semi- trailer vehicles to transport its products to its centres in the regions and districts.

## **11.0 MARKET DYNAMICS AND STRATEGIES:**

(i) Market hotspots;

Most of the People in Tanzania nowadays depend on used shoes which come from abroad in the form of “Mitumba”. They assert that used shoes which they buy as Mitumba are more durable, well made and sometimes cheaper than new shoes imported from various countries. Never the less of the negative impact to the health of so many people affected by used shoes and clothes imported from abroad, they have no other choice, as there is no Industry in the country which produces good quality leather shoes apart from military leather shoes produce by Prisons department in Moshi. There are some few local industries in the country established by Chinese nationals which produces mostly plastic shoes which apparently are not preferred by people. The establishment of Turkish leather shoes and Slippers factory in Dar-es-Salaam is indeed a great idea as it will overcome all the above mentioned problems. The population in Tanzania is currently almost 60 Million people and most of them are youth and women. Basically all these groups need to wear good quality leather shoes. Children at schools and youth at colleges not forgetting people

at military institutions all need to wear good quality and durable leather shoes. In this regard, generally there is a high demand of the product in the country.

While the country boost as the third in ranking in Africa for livestock keeping especially cattle, It is regrettable that there has been little effort neither from public nor private sector to establishing local industries to utilize the abundance of leather as local raw materials . It is the great idea and initiative of President, His Excellence John Pombe Joseph Magufuli who has come up strongly with the idea and initiative of establishing local industries by Public and private sector. His courageous thoughts and vision has awakened Promoters to come up with these ideas. Indeed the use of leather from cattle cannot be underrated as the product is widely needed.

**(i) Market channels;**

➤ **Selling through its Centres in the Regions and Districts;**

The project will sell its products through its centres in the Regions and Districts. It will have a fleet of Smi-trailer vehicles to transport the products to the centres..

➤ **Private wholesalers and retailers ;**

The project will sell its products to private wholesalers and retailers who would need to buy the product directly from the industry..

➤ **Direct sells to neighboring countries on order;**

The project will accept direct Orders at the Plant from neighboring countries and deliveries to be made according to specifications and stipulations in the order.

➤ **Bulk sales to Military institutions, Schools and Colleges;**

The project will also accept orders for bulk purchases from Military institutions and schools.

**12.0 SWOC ANALYSIS OF THE PROJECT:**

Strength, Weakness, Opportunities and Challenges of leather shoes and Slippers manufacturing company is analyzed as follows;

<b>Strength</b>	<b>Weakness</b>
➤ The Country is bordered by eight neighboring countries of Kenya, Uganda, Rwanda, Burundi, Zambia, Malawi, Mozambique and DRC Congo with an estimated population of	➤ Absence of deport branches at regions and neighboring countries to effectively coordinate

<p>over 800 million people which are big potentials markets for leather shoes and other related products.</p> <ul style="list-style-type: none"> <li>➤ The nature of the product is commonly used in the day to day livelihood of all people..</li> <li>➤ The Project is ideally located where raw materials are abundant.</li> <li>➤ The countries 'internal business policies are conducive.</li> <li>➤ Existence of strong Government support as a result of its policy on industrialization in the country.</li> </ul>	<p>business.</p> <ul style="list-style-type: none"> <li>➤ Limited means to monitor demand and supply conditions.</li> </ul>
<b>Opportunities</b>	<b>Challenges</b>
<ul style="list-style-type: none"> <li>➤ Tanzania has substantially been dependent on imported used leather shoes, and therefore the establishment of a local industry in the country will open way for independence.</li> <li>➤ The fast population growth in the country assures the sustainability of demand of the product.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Rise of prices of the products resulting from rise in production and distribution costs due to unforeseen national and global calamities such as COVID 19.</li> <li>➤ Frequent changes in policies and government regulations.</li> <li>➤ Competition from potential new entrants in the leather goods.</li> </ul>

### 13.0 FINANCIAL ANALYSIS:

#### *11.1 Investment Plan;*

As it has been highlighted earlier in this proposal, leather shoes and Slippers is a new project to be undertaken by Turkish shoes and Slippers Co, Ltd and its investment cost is estimated to be USD **1,315,022** (TZs **3,024,550,500/=**) as follows;

S/n	Description of Investment	Total Investment in USD	Total Investment in TZs
1	Investment in Machinery	515,500	1,185,650,000/=
2	Purchase of transport facilities	614,000	1,411,450,000/=
3	Purchase of working	120,075	275,972,500/=

	Equipments		
4	Purchase of office Equipments	9,650	22,195,000/=
5	Pre –Operational (Trial production)	56,210	129,283,000/=
	<b>Total Investment</b>	<b>1,315,022</b>	<b>3,024,550,500/=</b>

#### 14.0 PRODUCTION PLAN:

##### **14.1 Purchase of Raw materials- PAUX LEATHER (PU andPVC):**

Considering the scenario where processed leather (Paux leather)- PU and PVC will be obtained from Moshi Tanneries at a price of 1 Kg for USD 2.5. It is also calculated that 1 Kg of Paux leather is equal to 2 sq meters. Which can produce 10 pairs of shoes and therefore costs of leather per month is expected to be as follows;

Description of Item	QTY (KGS) Per Month	Price per Kg In USD	Total purchase Per Month In USD	Total Purchase per Month in TZs
Paux leather	4,000	2.5	100,000	230,000,000/=

##### **14.2: Cost of Other raw materials in liquid form for Soles**

As mentioned in item 8 above, Raw materials for preparation of Soles will be imported from Turkey in Liquid form. These are grouped as follows;

- (i) Polyurethane - Poli 1 drum (180 Kgs)
- Iso 1 drum (240 Kgs)
- Catalyst (37 Kgs )

Each of the three Ingredients cost USD 1 per Kg and a total of 120,000 Kgs for all three items is used in a month. Hence total cost of the three ingredients per month is **USD 120,000 (TZs 276,000,000/=)**

- (ii) Color – badge, White;  
Each gallon contains 25 Kgs and a total of 4,000 Kgs is needed per month. Its cost is USD 1 per Kg. Hence, cost for Color is **USD 4,000 (TZs 9,200,000/=) per month.**
- (iii) Alpura PU Silicon;  
This material is used at the rate of 2,000 Kgs per month and the price is USD 1 per Kg. Hence total cost of Silicon is **USD 2,000 (TZs 4,600,000/=) per month.**
- (iv) Methylene Chloride;  
The substance is for machine cleaning. It is contained in a drum weighing 270 Kgs. However 3 tons (3,000 Kgs) is used per month and it costs 1 USD per Kg. Hence, total cost per month is **USD 3,000 (TZs 6,900,000/=).**
- (v) N- Dimethyl Formomide;  
The substance is for washing frames. It is contained in a drum weighing 170 Kgs. However, 2 tons (2,000Kgs) is used per month and it costs 1 USD per Kg. Hence, total cost per month is **USD 2,000 (TZs 4,600,000/=).**

### **14.3. OTHER RAW MATERIALS;**

Other non- liquid raw materials in the process are as follows;

- (i) Poly Poplin Rolls;  
These are Rolls each weighing 25Kgs. Its price is USD 1 per Kg. The use of Poly Poplin is 3,000 Ks ( 3 tons) per month. Hence, total cost of the material is **USD 3,000 (TZs 6,900,000/=) per month.**
- (ii) Packing Boxes;  
The number of packing boxes to be used is 12,000 pieces per Month, and each piece costs 50 Cts of a dollar. Hence total costs for Packing boxes is **USD 6,000 (TZs 13,800,000/=) per month.**
- (iii) Rubber threads;  
These are threads for sewing shoe covers and Soles. The industry will use 1 ton of Rubber threads per month, and the

price is estimated at USD 20 Cts per Kg. Hence, total cost of Rubber threads is USD 200 (TZs 460,000/=).

(iv) Nails;

These are special small nails for soles. The industry will use 500 Kgs of Nails per month. The price of Nails is 50 Cts of adollar. Hence total costs for Nails is **USD 250 (TZs 575,000/=)**.

(v) Masking tapes;

The industry will use 500 Kgs of Masking tapes per Month. Each Kg of Making tapes cost 20 Cts of a Dollar, and therefore total costs for Masking tapes is **USD 200 ( TZs 460,000/=)**

#### 14.4 PRODUCTION LABOR;

The production department of the Factory intends to employ a total of 50 permanent laborers who will work in two shifts a day. Each shift of 25 laborers will work for 8 hours a day, and there will be 6 working days in a week (Monday to Saturday). These are Ordinary laborers who will get on job training while working. Apart from local laborers, the factory will have two expatriate Engineers for each of the two main machines. These 4 Engineers will come from Turkey. In this regard, costs for Production labor will be as follows;

S/n	Cadre of Employee	# of Employees	Salary per Month (USD)	Total per month(USD)	Total per month In TZs
1	Expatriate Engineers	4	3,500	14,000	32,200,000/=
2	Laborers	50	155	7,750	17,825,000/=
	<b>Total</b>			<b>21,750</b>	<b>50,025,000/=</b>

#### 14.5 OTHER PRODUCTION COSTS;

Other production costs include Electricity and water.

(I) Electricity;

The factory is expected to consume 25 units of Electricity per day, and Industrial price of Electricity is USD 0.15 ( TZs 356/=) per unit. Hence, the factory will consume 750 units

per month and the cost will be **USD 112.5 (TZs 258,750/=)** per month.

(ii) Water;

The Factory is expected to use 300 units of water per month and the price is USD 0.78 (TZs 1,800/=) per unit Hence total cost of water is **USD 235 (TZs 540,000/=)**.

#### SUMMARY OF PRDUCTION COSTS PER MONTH:

S/n	Name of Cost	# of Units per month	Price per unit	Total costs In USD	Total costs in TZZs
1	Cost of Paux leather (PU &PVC	4,000Kgs	2.5 USD	100,000	230,000,000/=
2	Raw materials in Liquid form: Polyurethane – Poli -Iso - Catalyst	120,000Kgs		120,000	76,000,000/=
3	Color	4,000 Kgs	1	4,000	9.200,000/=
4	Alpura PU Silicon	2,000Kgs	1	2,000	4,600,000/=
5	Methylene Chloride	3,000Kgs	1	3,000	6,900,000/=
6	N-Dimethyl Fomomide	2,000Kgs	1	2,000	4,600,000/=
7	Poly Poplin rolls	3,000Kgs	1	3,000	6,900,000/=
8	Packing Boxes	12,000pcs	50cts	6,000	13,800,000/=
9	Rubber threads	1000Kgs	20cts	200	460,000/=
10	Nails	500Kgs	50cts	250	575,000/=
11	Masking tapes	500Kgs	20cts	200	460,000/=
12	Production labor expense.			21,750	50,025,000/=
13	Electricity	750Units	0,15cts	112.5	258,750/=
14	Water	300Units	0.78cts	235	540,000/=
	<b>Total</b>			<b>42,747.5</b>	<b>98,319,250/=</b>

#### 14.6 EXPECTED PRODUCTION QUNTIY PER MONTH

S/n	Type	# of pairs
1	Men's' leather shoes	6,000
	Men's' leather Slippers	2,000
2	Women leather shoes	3,000
	Women leather Slippers	500
3	Children leather Shoes	5,000
	Children leather Slippers	1,000
4	Military Boots	2,000
	<b>Total</b>	

#### 14.7 ADMINISTRATIVE COSTS:

##### (i) Human Resource;

The factory will have the following employed staff, in the administrative department:

S/n	Position of staff	# of staff	Proposed salary per Month( USD)	Total Salary per month (USD)	Total Salary per Month (TZs)
1.	Factory Manger	1	783	783	1,800,000/=
2	Accountant	1	652	652	1,500,000/=
3	Administrative secretary	1	522	522	1,200,000/=
4	Receptionist	1	370	370	850,000/=
5	Drivers	20	450	9,000	20,700,000/=
6	Security officers	3	280	840	1,932,000/=
	<b>TOTAL</b>			<b>12,167</b>	<b>27,982,000/=</b>

**(ii) Other Administrative costs:**

Other Administrative expenses per month are as follows;

S/n	Name of Cost	Cost per month (USD)	Cost per month (TZs)
1	Postage and Internet	260	600,000/=
2	Office stationery	100	230,000/=
3	Insurance	1,500	3,450,000/=
4	Fuel & oils	5,400	12,420,000/=
5	Vehicle maintenance	3,200	7,360,000/=
6	Licenses & permits	522	1,200,600/=
7	Depreciation	2,913	6,700,000/=
	<b>Total</b>	<b>13,895</b>	<b>31,960,600/=</b>

**15.0 Marketing and Sales strategy:**

**15.1 Sales Plan;**

As highlighted earlier in this proposal, the project will sell leather shoes as well as Slippers through different channels as highlighted in item 9 (i) above. Sales per month are projected as follows;

S/n	Type	# of pairs	Price per pair	Total in USD	Total in TZs
1	Men's' leather shoes	10,000	14	140,000	322,000,000/=
	Men's' leather Slippers	12,000	6	72,000	165,600,000/=
2	Women leather shoes	10,000	10	100,000	230,000,000/=
	Women leather Slippers	15,000	2	30,000	69,000,000/=
3	Children leather Shoes	15,000	2	30,000	69,000,000/=
	Children leather Slippers	6,000	1	6,000	13,800,000/=
4	Military Boots	1,000	4	4,000	9,200,000/=
	<b>Total</b>			<b>332,000</b>	<b>878,600 ,000/=</b>

## 16.0 PROJECTIONS :

### 16.1: PROJECTED MONTHLY INCOME AND EXPENDITURE:

<u>INCOME:</u>	<u>IN USD</u>	<u>IN TZs</u>
-Sales of Shoes	<b><u>382,000</u></b>	<b><u>878,600,000/=</u></b>
Total Sales	<b>382,000</b>	<b>878,600,000/=</b>
<b>Less:</b>		
EXPENSES;		
Production costs	262,747	604,319,250/=
Administrative Salaries	12,167	27,984,100/=
Hire of Premises	150,000	345,000,000/=
Other Administrative costs	13,895	31,960,600/=
Depreciation	135,000	310,500,000/=
SDL- Production staff	1,305	3,001,500/=
SDL – Administrative staff	<u>730</u>	<u>1,678,920/=</u>
Total expenses	<b>290,844</b>	<b>668,841,200/=</b>
Profit before Tax	<b>91,156</b>	<b>209,658,800/=</b>
Corporate tax. (30%)	<u>27,347</u>	<u>62,897,640/=</u>
Net Profit After Tax	<b><u>63,809</u></b>	<b><u>146,761,160/=</u></b>

### 16.2 Projected Annual Income and Expenditure Statement:

<b>Revenue:</b>	Monthly in USD	Annually in USD	Annually in TZs
-Sales of Shoes	<b><u>382,000</u></b>	<b><u>4,584,000</u></b>	<b><u>10,543,200,000/=</u></b>
Total Sales	382,000	<b>4,584,000</b>	<b>10,543,200,000/=</b>
<b>Less:</b>			
EXPENSES;			
Production costs	262,747	3,152,964	7,251,817,200/=
Administrative Salaries	12,167	146,004	335,809,200/=
Other Administrative costs	13,895	166,740	383,502,000/=
SDL- Production staff	1,305	15,660	36,018,000/=
SDL – Administrative staff	<u>730</u>	<u>8,760</u>	<u>20,148,000/=</u>
Total expenses	<b><u>290,844</u></b>	<b><u>3,490,128</u></b>	<b><u>8,027,294,400/=</u></b>
Profit before Tax	<b>91,156</b>	<b>1,093,872</b>	<b>2,515,905,600/=</b>
Corporate tax. (30%)	<u>27,347</u>	<u>328,164</u>	<u>754,777,200/=</u>
Net Profit After Tax	<b><u>63,809</u></b>	<b><u>765,708</u></b>	<b><u>1,761,128,400/=</u></b>

### 16.3 PROJECTED INCOME AND EXPENDITURES FOR FIVE YEARS IN TZs (USD):

	Year 1	Year 2	Year 3	Year 4	Year 5
<b><u>INCOME:</u></b>					
-Sales .	<u>10,543,200,000/=</u> <u>(USD 4,584,000)</u>	<u>11,070,360,000/=</u> <u>(USD 4,813,200)</u>	<u>11,513,174,400/=</u> <u>( USD 5,005,728)</u>	<u>12,088,833,120/=</u> <u>(USD 5,256,014)</u>	<u>12,814,163,107/=</u> <u>(USD 5,571,375)</u>
Total Sales	10,543,200,000/=	11,070,360,000/=	11,513,174,400/=	12,088,833,120/=	12,814,164,107/=
<b>Less:</b>					
EXPENSES;					
Production costs	7,251,817,200/=	7,541,889,888/=	7,918,984,382/=	8,473,313,289/=	8,981,712,086/=
Administrative Salaries	335,809,200/=	342,525,384/=	342,525,384/=	342,525,384/=	342,525,384/=
Hire of premises	75,000,000/=	75,000,000/=	75,000,000/=	75,000,000/=	75,000,000/=
Other Admin costs	383,502,000/=	398,842,080/=	414,795,763/=	427,239,636/=	444,329,221/=
Depreciation	185,000,000/=	130,000,000/=	115,000,000/=	97,000,000/=	75,000,000/=
SDL- Production staff	36,018,000/=	36,738,360/=	36,738,360/=	36,738,360/=	36,738,360/=
SDL – Administrative staff	<u>20,148,000/=</u>	<u>20,349,480/=</u>	<u>20,349,480/=</u>	<u>20,349,480/=</u>	<u>20,349,480/=</u>
Total expenses	<u>8,027,294,400/=</u>	<u>8,545,345,192/=</u>	<u>8,923,393,369/=</u>	<u>9,472,166,149/=</u>	<u>9,975,654,531/=</u>
Profit before Tax	<u>2,515,905,600/=</u>	<u>2,525,014,808/=</u>	<u>2,589,781,031/=</u>	<u>2,616,666,971/=</u>	<u>2,838,509,576/=</u>
Corporate tax. (30%)	<u>754,777,200/=</u>	<u>757,504,442/=</u>	<u>776,934,309/=</u>	<u>785,000,091/=</u>	<u>851,552,873/=</u>
Net Profit After Tax	<u>1,761,128,400/=</u> <u>(USD 765,708)</u>	<u>1,767,510,366/=</u> <u>(USD 768,483)</u>	<u>1,812,846,722/=</u> <u>(USD 788,194)</u>	<u>1,831,666,880/=</u> <u>(USD 796,377)</u>	<u>1,986,956,703/=</u> <u>(USD 863,894)</u>

## 16.4 PROJECTED CASH FLOW FOR FIVE YEARS:

Particulars	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
<b><u>CASH INFLOW:</u></b>						
Cash from sales of Shoes	-	10,543,200,000/=	11,070,360,000/=	11,513,174,400/=	12,088,833,120/=	12,814,164,107/=
<b><u>CASH OUTFLOW:</u></b>						
-Production costs		7,251,817,200/=	7,541,889,888/=	7,918,984,382/=	8,473,313,289/=	8,981,712,086/=
Admin Salaries		335,809,200/=	342,525,384/=	342,525,384/=	342,525,384/=	342,525,384/=
- SDL		56,166,000/=	56,166,000/=	56,166,000/=	56,166,000/=	56,166,000/=
-Other Operating costs		383,502,000/=	398,842,080/=	414,795,763/=	427,239,636/=	444,329,221/=
-Corporate taxes.		754,777,200/=	757,504,442/=	776,934,309/=	785,000,091/=	851,552,873/=
-Hire of Premises		75,000,000/=	75,000,000/=	75,000,000/=	75,000,000/=	75,000,000/=
-Purchase of Machineries.	1,185,600,000/=	-	-	-	-	-
-Purchase of Vehicles.	1,411,450,000/=	-	-	-	-	-
-Purchase of Workingtools.	275,997,500/=	-	-	-	-	-
-Purchase of Office Equip.	22,195,000/=	-	-	-	-	-
-Other Pre- operational .	129,283,000/=	-	-	-	-	-
<b>Total Cash outflow</b>	<b>3,024,550,500/=</b>	<b>7,842,294,400/=</b>	<b>8,415,345,192/=</b>	<b>8,808,393,369/=</b>	<b>9,375,166,149/=</b>	<b>9,900,654,531/=</b>
<b>Net Cash Inflow/(Outflow)</b>	<b>(3,024,550,500/=)</b>	<b>2,700,905,600/=</b>	<b>2,655,014,808/=</b>	<b>2,704,781,031/=</b>	<b>2,713,666,971/=</b>	<b>2,913,509,576/=</b>
Opening Balance	-	(3,024,550,500/=)	( 323,644,900/=)	2,331,369,908/=	5,036,150,939/=	7,749,817,910/=
Closing Balance	(3,024,550,500/=)	(323,644,900/=)	2,331,369,908/=	5,036,150,939/=	7,749,817,910/=	10,663,327,486/=

## 16.5 FIXED ASSETS MOVEMENT

YR	DESCRIPTION	MACHINERIES 8.5%	VEHICLES 5%	OFFICE EQUIPMENTS 2.5%	WORKING EQUIPMENTS 5%	TOTAL
1	<b>Cost</b>	1,185,600,000/=	1,411,450,000/=	22,195,000/=	275,972,500/=	<b>2,895,267,500</b>
	Addition/(Deduction) during the year	-	-	-	-	-
	Deprecation charge during the year	(100,776,000/=)	(70,572,500/=)	(554,875/=)	(13,798,625/=)	<b>185,003,600</b>
	<b>Closing Balance at end of the year</b>	<b>1,084,824,000/=</b>	<b>1,340,877,500/=</b>	<b>21,640,125/=</b>	<b>262,173,875/=</b>	<b>2,709,515,500</b>
2	<b>Opening balance</b>	1,084,824,000/=	1,340,877,500/=	21,640,125/=	262,173,875/=	<b>2,709,515,500</b>
	Addition/(Deduction) during the year	-	(860,000,000/=)	-	-	(860,000,000/=)
	Deprecation charge during the year	(92,210,040/=)	(24,043,875/=)	(541,003/=)	(13,108,694/=)	<b>129,903,612</b>
	<b>Closing Balance at end of the year</b>	<b>992,613,960/=</b>	<b>458,833,625/=</b>	<b>21,099,122/=</b>	<b>249,065,181/=</b>	<b>1,721,611,888</b>
3	<b>Opening balance</b>	992,613,960/=	458,833,625/=	21,099,122/=	249,065,181/=	<b>1,721,611,888</b>
	Addition/(Deduction) during the year	-	-	-	(12,453,259/=)	(12,453,259/=)
	Deprecation charge during the year	( 84,372,187/=)	(22,941,681/=)	(527,478/=)	(7,158,654/=)	<b>115,000,000</b>
	<b>Closing Balance at end of the year</b>	<b>908,241,773/=</b>	<b>435,891,944/=</b>	<b>20,571,644/=</b>	<b>236,611,922/=</b>	
4	<b>Opening balance</b>	908,241,773 /=-	435,891,944/=	20,571,644/=	236,611,922/=	<b>1,601,317,283</b>
	Addition/(Deduction) during the year	(125,000,000/=)	(45,000,000/=)	-	-	(170,000,000)
	Deprecation charge during the year	(77,200,551/=)	(19,544,597/=)	(514,291/=)	(11,830,596/=)	<b>(97,000,000)</b>
	<b>Closing Balance at end of the year</b>	<b>706,041,222/=</b>	<b>371,347,347/=</b>	<b>19,649,074/=</b>	<b>224,781,326/=</b>	<b>1,321,818,969</b>
5	<b>Opening balance</b>	706,041,222 /=-	371,347,347/=	19,649,074/=	224,781,326/=	<b>1,321,818,969</b>
	Addition/(Deduction) during the year	-	(85,500,000/=)	-	-	( 85,500,000)
	Deprecation charge during the year	(60,013,504/=)	( 14,292,367/=)	(491,227/=)	(11,239,066/=)	<b>86,036,164</b>
	<b>Closing Balance at end of the year</b>	<b>646,027,718/=</b>	<b>271,554,980/=</b>	<b>19,157,847/=</b>	<b>213,542,260/=</b>	<b>1,150,282,805</b>

## 16.6 Projected Balance Sheet Statements for 3 years;

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
<b><u>FIXED ASSETS</u></b>			
-Net Fixed Assets	2,709,515,500/=	1,721,611,888/=	1,601,317,283/=
<b><u>Current Assets:</u></b>			
-Cash & Equivalence	(323,644,900)	2,331,369,908	5,036,150,939
- Trade Debtors	<u>875,257,800</u>	<u>975,656,970</u>	<u>222,837,424</u>
<b>Total Current Assets</b>	551,612,900	3,307,026,878	5,258,988,363
<b>Less Current Liabilities;</b>			
- Trade creditors	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Current Assets</b>	<u>551,612,900</u>	<u>3,307,026,878</u>	<u>5,258,988,363</u>
<b><u>NET WORTH</u></b>	<b><u>3,261,128,400</u></b>	<b><u>5,028,638,766</u></b>	<b><u>6,860,305,646</u></b>
<b>REPRESENTED BY;</b>			
- Share Capital	1,500,000,000	1,500,000,000	1,500,000,000
- Retained Earnings	<u>1,761,128,400</u>	<u>3,528,638,766</u>	<u>5,360,305,646</u>
<b><u>OWNERS EQUITY</u></b>	<b><u>3,261,128,400</u></b>	<b><u>5,028,638,766</u></b>	<b><u>6,860,305,646</u></b>

## **17.0 RESOURCE REQUIREMENTS**

### **17.1 Financial resources;**

Apart from capital investment for the construction of the industry, Installation costs and Raw materials for the first two months of trial production the company need financial resources to meet prime costs for raw materials and administration expenses.

### **17.2 Human resources;**

The Plant will have a factory manager who will be an overall Coordinator and will supervise day to day activities of the industry. There will also be four Expert Engineers to support Plant engineering, and there will be about 50 laborers to work in the production department. There will also be Administrative staff who will include the Factory manager, Accountant, Administrative secretary, Drivers and 3 company security officers. Although the entire Security services will be provided by hired private security companies.

### **17.3 Working facilities;**

The Plant will have full working gear such as , Overalls, face-masks, hand gloves, helmets, gum boots, fire extinguishers, First Aid kits, Tool boxes and Generators. These facilities are necessary in any industry.

### **17.4 Office furniture & Equipments;**

The purchase of office furniture's and equipments will likewise be done at the early stages of the project. These include office tables and chairs, Cabinets, Computers and printers, Radio communications, Air conditioners, walk-talkies, and Radio calls.

### **17.5 Vehicles/ Trucks;**

Semi trailer trucks and other vehicles have already been budgeted in the initial capital investment as highlighted in item (5.3) in this proposal.

### **17.6 Workshop tools & Equipments;**

These are also budgeted in the initial capital investments

## **18.0 EXECUTION MODALITIES**

### **18.1 Procurement of Raw materials;**

Procurement of Raw materials (Seed Cotton) will be done through different ways, including direct purchase from farmers and also purchase through warehouse receipt system.

### **18.2 Procurement of Goods;**

Procurement of Goods such as, Vehicles and office equipments will most probably be done through tender advertisement. Other items such as office furniture's will be procured locally through normal channels

## **19.0 CROSS CUTTING THEMES**

### ***19.1 Environment***

- (i) The project will properly be designed so as to make it environmentally friendly.
- (ii) Environmental aspects will seriously be taken into consideration during production processes including modern techniques of waste disposal.

### ***19.2 Gender***

- (i) Gender issues in the project operations will be promoted including encouragement of women participation in various stages of production. Women will be encouraged to be more involved in all stages of production.
- (ii) At the beginning of the project, various gender issues will be highlighted. These include the number of men and women to be involved in various activities in production.
- (iii) The project shall ensure that women and men equally benefit from the project development programmes such as training, capacity building and other opportunities.

### **19.3 Social economy**

The project shall promote saving and credits facilities; aiming at improving the economy of workers at the industry.

#### **19.4 HIV/AIDS, Ebola & COVID 19**

The project will take all precautionary measures to protect workers and other people from HIV/AIDS and COVID 19 pandemic.

### **20.0 REGULATORY AND COMPLIANCE**

#### ***20.1 TIC CERTIFICATION:***

The project will abide to all conditions and regulations issued by the Tanzania Investment Centre.

#### ***20.2 General Development Framework***

Tanzania Development Vision (TDV) 2025 foresees that by the year 2025 Tanzania should have created a strong diversified, resilient and competitive economy that can effectively cope with challenges of development and that can also easily and confidently adapt to changing market and technological conditions in the regional and global economy. One of the five targets to be attained by 2025 is high quality livelihood. National objectives towards industrialization of the economy are laid out in the National Five Year Development Plan II (FYDP II) and the Tanzania Development Vision 2025 (TDV 2025). These policies recognize the need to address issues of reduction of imports.

#### ***20.3 NEMC:***

NEMC was enacted by the Environmental Management Act No. 20 of 2004 (EMA, 2004) by Parliament in October 2004, repealing the National Environmental Management Act No.19 of 1983 and re-establishing NEMC. EMA 2004 provides for a legal and institutional framework for sustainable management of the environment, prevention and control pollution, waste management, environmental quality standards, public participation, environmental compliance and enforcement. Furthermore, it gives NEMC mandates to undertake enforcement, compliance, review and monitoring of environmental impacts assessments, research, facilitate public participation in environmental decision-making, raise environmental awareness and collect and disseminate environmental information. The Project will comply with all regulations laid down by NEMC, including Licenses and permits.

#### **20.4 OSHA:**

The project is expected to pay high attention on employee's safety. It will provide all necessary protective gear and reliable medical attention to all employees. It will comply with all other conditions issued by OSHA.

#### **21.0 CONCLUSIONS:**

The project is economically sound and technically well organized and therefore it is expected to make significant contributions to the country's development. The project is also expected to benefit not only the promoters, but the Government as well, through Taxes and implementation of environmental protection. The project's financial analysis shows that, it is potentially sustainable.