

**TANDA FISHERIES TANZANIA LIMITED**  
**BUSINESS PLAN**  
**FOR**  
**THE ESTABLISHMENT OF DRIED FISH MAWS PLANT**  
**PLOT NUMBER 729 BLOCK 'M'PASIANSI**  
**ILEMELA DISTRICT, MWANZA REGION,**  
**TANZANIA.**

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## List of Abbreviations

CAPEX – Capital Expenditure  
CIF – Cost Insurance and Flight  
CSI - Corporate Social Investment  
MWAUWASA- Mwanza Water Supply and Sewerage Authority  
EIA – Environment Impact Assessment  
GDP – Growth Domestic Products  
GOT- Government of Tanzania  
ICT –Information Communication Technology  
IRR – Internal rate of return  
KVA – Killo Volt Ampere  
TFTL – Tanda Fisheries Tanzania Limited  
NBS – National Bureau of standard  
NEMC – National Environment Management Council  
NGO – Non Governmental Organization  
OPEX – Operating Expenditure  
SWOC – Strength Weakness Opportunity and Challenge  
TANESCO – Tanzania Electric Supply Company  
TZS – Tanzania Shilling  
USA - United state of America  
USD - United State Dollar  
VETA – Vocational Educational Training Authority  
QTS - Quantity  
VAT – Value Added tax

## EXECUTIVE SUMMARY

Tanzania is endowed with rich marine and inland waters that yield a wide range of living aquatic resources, providing livelihoods, food security, export revenues, and potential for further economic development. There is a vibrant export market, exploited by small-scale fish processors and traders serving the regional market, and by large fish processors selling into international markets. Fish maws in Tanzania 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 maws are exported to China through Hong Kong, whereas some are exported to Japan. Most fish maws are extracted in fish factories after filleting.

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. The business in East Africa, is slowly becoming a multi-million dollar export, Tanzania collectively earn some \$86 million per annum from Nile perch maw, which has become a highly sought-after commodity in China, Japan and other Asian countries.

Tanda Fisheries Tanzania Limited is a limited company with a Certificate of Incorporation No.151523935; the company is planning to establish dried fish maws plant as fisheries by products "Dried Fish Maws" Processing Plant at Plot number 729 Block 'M' Pasiansi, in Ilemela District. The plant set up will have a maximum capacity of processing 18MT of dried fish maws in a planned 300 days in a year, the estimated dried fish maws from fresh fish maws are 62.57% while the remains will be treated as waste from fresh fish maws.

The proposed project is estimated to cost a total of USD 500,000 which includes 35.6% (178,000USD) owner's equity and long term loan of 64.4% (332,000USD) as proceeds from capital contribution of the project, anticipated current assets of 203,212USD, liquidity of 351,724USD, total assets 875,936USD after incorporate project income and operational cost. The project has no provisioning and reserves. The project fixed assets is 321,000USD.

The development of a large and complex project such as Tanda Fisheries Tanzania Limited is necessarily accompanied by multiple risks during all the phases of the project development, construction, operation and maintenance. The right approach to manage is highly recommended.

Based in impact investment index, Tanda Fisheries Tanzania Limited show through evaluation and assessment, the social impact of the project through a blend of indicators that are able to prove positive short, medium and long term impacts, the project is viable. And on the basis of all the analysis done on this Business Plan on all aspects of assessment on both SWOC Analysis, market analysis, risk analysis and the financial analysis, the proposed investment options in the Establishment of the factory as prescribed on this business plan have shown that the project is commercially viable. Nonetheless, Tanda Fisheries

Tanzania Limited through professional consultative manner will continue to find ways of implementing cost effective options given time and financial resources that will be made available. Financial analysis shows the IRR of about 13.59%. The computed IRR is well above annual loan commercial bank loan interest in Tanzania. This is technically interpreted that the project is financially viable. The payback period for the project is estimated within 3 years, which is within the range for this type of investment. Sensitivity analysis results also favor the project. Financial analysis for the project has shown feasible returns.

## **1.0. THE FISHERIES SECTOR OVERVIEW IN TANZANIA.**

### **1.1. The fisheries sector in Tanzania**

Tanzania is endowed with rich marine and inland waters that yield a wide range of living aquatic resources, providing livelihoods, food security, export revenues, and potential for further economic development. The fisheries can be divided into the following subsectors: marine and inland capture fisheries, aquaculture, and fish processing. The scale of operations ranges from small-scale subsistence fishing to industrial fish processing. There is a vibrant export market, exploited by small-scale fish processors and traders serving the regional market, and by large fish processors selling into international markets. Over the last decade, Tanzania's fisheries production has been in the range of 325,000 to 380,000 tons per annum<sup>1</sup>. About 85% is from inland fisheries, 14% from marine fisheries and just 1% from aquaculture. Fish consumption is estimated to be about 7-8 kg/year and contributes to about 30% of the total animal protein intake. This level of per capita consumption is low, compared to the global per capita consumption of about 20 kg in 2018. With a population growing at 2.7% annually, increased supplies are required just to maintain this limited contribution to the diet. In 2019, there were some 183,800 persons engaged in fishing, accounting for about 0.7% of the work force, with a large, but unknown number, also engaged in fish trading and processing.

### **1.2. Over Views of Fish Maws In East 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

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file:///C:/Users/USERNA~1/AppData/Local/Temp/The%20Tanzanian%20Fisheries%20Sector%20-%20Challenges%20and%20opportunities.pdf

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 gazette factories and sold to recognized and licensed fish maw processors and exporters was issued in February 2018.

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.

### **1.3. Fish Maws Business in Tanzania**

Fish maw, which was once regarded as a waste by-product in East Africa, is slowly becoming a multi-million dollar export, thanks to the growing appetite in Asia. Uganda, Kenya and Tanzania collectively earn some \$86 million per annum from Nile perch maw, which has become a highly sought-after commodity in China, Japan and other Asian countries.

Fish maw is the commercial term for the swim bladders of large fish like the Nile perch. Other fish with similar bladders are catfish, croaker and sturgeon. They are internal organs filled with gas that helps the fish rise, sink or remain stationary at its preferred depth underwater. Dried swim bladder is a delicacy in China, where it ranks number four among sea treasures in the country's cuisine after clams and oysters, sea cucumber and shark fin. They are also used in the production of aphrodisiacs. International prices of dry maw range between \$450 and \$1,000 per kilogram, depending on the size, quality and market strength. In 2017, maw worth \$40 million was exported from Uganda, which leads in the trade, with 17 regional traders and 20 exporters. Tanzania, earned over \$42 million while Kenya exported maw worth \$5.6 million during the year.

#### **1.4. Fish Maws processing factories**

Processing companies in the region take the lion's share of the maw business. The business has also boosted the earnings of maw traders, middlemen and a few agents trusted by Chinese maw processing and export companies. In the search for maw to supply to Chinese companies, the agents have covertly created a lucrative artisanal segment. They have established business linkages cascading from middlemen based in towns to small extractors and itinerant maw collectors based at landing sites and villages.

The benefits from the increased demand for maw as well as from price surges, however, do not trickle fairly down the fish supply chain. Requirements by factories in Tanzania and Kenya, for example, and a recent directive in Uganda that all fish be supplied with their maw to processing factories, are partly to blame, according to the report. Authorities in the region consider many actors in the chain to be illegitimate. They have resorted to smuggling maw across borders in a bid to obtain better prices.

While Tanzania has 11 Chinese-manned maw processing factories in Mwanza, the country has only one licensed local trader, who runs centres in Bukoba, Mwanza and Musoma. The centre's collect and export maw to Uganda. Several local traders also work with Ugandans to illegally export maw from Tanzania.

The absence of Chinese buyers in Mwanza, Tanzania, , strict licensing for regional exporters and the taxation system in Tanzania, as well as a perceived laxity in the regulatory system associated with maw trade in Tanzania are being blamed for the smuggling of the product. The previous arrangement between factories and fish suppliers – where factories would give back their maw to fish suppliers – has now been banned in Tanzania. The fish suppliers would then sell the maw to Chinese traders to export to China.

#### **1.4. Tanda Fisheries Tanzania Limited Project background**

The company is planning to establish dried fish maws plant as fisheries by products "Dried Fish Maws" Processing Plant at Pasiansi , in Ilemela District. The plant set up will have a maximum capacity of processing 18MT of dried fish maws per year equivalent to 60KGs per day in a planned 300 days in a year. The company plans to expand the facility subject to market condition and also include establishment branches in different region within the country. Dried Fish maws require proper handling, appropriate storage conditions before processing, drying and packing for export in order to meet the customer obligation. The project undertaken by Tanda Fisheries Tanzania Limited apart from fillet fisheries, the company will expand her production site in Pasiansi by constructing laboratory for quality testing of processed dried fish maws, processing factory building, packaging room, godown and TP and waste disposal ponds. The project will ensure the increased availability and improved quality of high value of dried fish

maws for export .The proposed industry for drying fish maws will work as a facilitation point in a way that the fish maws for other business firms under contract to make it a commercially viable venture.

### **1.5. Establishment of Tanda Fisheries Factory in Tanzania:**

The idea is to establish and modernize the existing structures and facilities for provision of quality Fish maws by ensure proper handling, appropriate storage conditions before processing, drying and packing for export in order to meet the customer obligation. The project will ensure the increased availability and improved quality of high value of dried fish maws for export .The proposed industry for drying fish maws will work as a facilitation point in a way that the fish maws for other business firms under contract to make it a commercially viable venture. The major clients for this investment will be the fish traders, processors and other individual fish and fish related products business firms.

This factory attempts to fill the gap that exists between demand and supply of fisheries' by products. The proposed project will be established to existing structure of Pasiansi constructing the said works above. Others including purchasing machineries and equipments for fisheries processing and purchase 4 motor vehicles for easily handling collection and of fresh fish and unprocessed fish maws. The company anticipates purchasing 2 cold room trucks and 2 Light vehicles for general operational of the factory.

### **1.6. Proposed plant capacity of Tanda Fisheries Tanzania Limited.**

Investors plan to establish dried fish maws plant that will set up a maximum capacity of processing 18MT of dried fish maws per year. The working day of the plant is 300 days excluding public holidays and Sunday. The estimated dried fish maws from fresh fish maws are 62.57% while the remains will be treated as waste from fresh fish maws.

### **1.7. Capital Investment and Financing Plan**

The proposed Establishment of the plant will attract investment capital of 500,000USD (excluding interest and depreciations of machineries and equipments). The project promoters are planning to finance project cost by 35.6% which includes project initial operational cost and pre operational cost amounted to 178,000USD. The 64.4% investment capital will be purchased from commercial banks at a long term payment not less than 5 years project economic life, all these will be for major construction of the site, purchase of machineries and equipments, purchasing of cold room trucks and Light vehicles, furniture's, pre operational cost and initial working capitals of project. The proposed long term loan is approximated to 322,000USD.

## 2.0. PROJECT OVERVIEW

### 2.1 The project location and ownership structure

Tanda Fisheries Tanzania Limited is a limited liability company incorporated in Tanzania under the Companies Act, 2002 with Certificate of Incorporation No.151523935 from Registrar of Companies with effect from 12<sup>th</sup> April, 2021. The office of the company is located At Plot No.729 Block M, Pasiansi , Mwanza, Ilemela District, Mwanza Region. The project is close to main road connecting mwanza to Shinyanga road and is just 5 Km from Mwanza City centre, Ilemela District, Mwanza Region.

The initial Authorized Share Capital of the company is TZS 110,000,000/= divided into 11,000 ordinary shares of TZS 10,000. each and the company have the power to divide the original or any increased capital into several classes, and to attach thereto any preferential, deferred, qualified or other special rights privileges, restrictions or conditions. Unless the conditions of issues shall otherwise expressly declare, every issue of shares, whether preference or otherwise, or any such rights, privileges or conditions shall not be altered or modified except in accordance with the registered Articles or Association. The liability of the members is limited and the following names compromise the company ownership and principal shareholding as illustrated on Table 2.1 below.

**Table 2.1: Company Ownership and Principal Shareholders**

S/No	Shareholder's Name	Address	Occupation of Subscriber	Number of Shares
1.	MR. DENG ZIYANG (Chinese) (BUSINESS WOMEN)	CHENCUN TOWN, DIANBAI DISTRICT, MAOMING CITY, GUANGDONG PROVINCE, CHINA.	Private Company By Share, Domicile In Tanzania- Incorporate Number 151523935	4500
2.	MR. LIU DEZHOU (Chinese) (BUSINESS MAN)	FANBEI DISTRICT, GUANGANG PROVINCE, CHINA.	Private Company By Share, Domicile In Tanzania- Incorporate Number 151523935	3000

3.	MR.CUI MAOSHENG <b>(Chinese)</b> (BUSINESS MAN)	SHUIDONG TOWN, DIANBASI DISTRICT, MAOMING CITY, GUANGDONG PROVINCE, CHINA.		2500
4.	MR.HUANG ZHIMOU <b>(Chinese)</b> BUSINESSMAN)	SHUIDONG TOWN, DIANBASI DISTRICT, MAOMING CITY, GUANGDONG PROVINCE, CHINA.		100

## 2.2. Project site analysis

Based on physical inspection of the proposed site, the availability of basic and essential industrial infrastructure such transport, water supply, effluent disposal, electric power supply, telecommunication system and security were all checked out. The current physical condition of infrastructure and utilities on the proposed site is as shown on the pictorial overview of the project site as follows:

### 2.2.1. Utilities and Other supporting Facilities

The realization of the project development requires successful completion of a number of necessary activities and facilities to enable a successful development of the project. Strategic and situational analysis of project, the project needs reliable supplies of energy, water, transportation, telecommunications services, waste disposal and other services. The regional government under MWAUWASA “Mwanza Urban Water Supply Authority” and TANESCO has distributed power and water to ensure water network reaches peri urban areas especially where the project will be located. The following are reliable utilities found at the site;

#### A. Electricity and water supply

The proposed site will be supplied with industrial production 2-phase standard power supply from Tanzania Electric Supply Company (TANESCO), the electricity is available through the National Grid Line. As part of project budget, the factory will be installed with a stand by generator with a capacity of 50KVA that will be installed for power supply. Solar energy will be alternative source for

administration and other miscellaneous activities and not processing activities. The proposed site has close to MWAUWASA water network, the agency is major supplier of water to urban and peri-urban area in the city.

## **B. Transportation network and communication system**

The proposed project is located just 3 Km from Mwanza city centre the project is accessible in all mean of ground transport, such as heavy vehicles, Light Vehicle and public transports. The mobile tower operators and service providers available to the project area are such as Vodacom, Tigo, Airtel and Halotel The particular business communication system with external world/entities is expected to improve once the company becomes operational. The National Fibre Optical line transmission is closer the project area, actually just close to project area.

### **2.3. Project Description**

#### **2.3.1. Basic requirement of the project establishments**

Tanda Fisheries Tanzania Limited is a private company based in Pasiansi , Ilemela District in Mwanza region. Tanda Fisheries Tanzania Limited is intending to establish dried fish maws plant in Ilemela District in Mwanza region. The factory's objective includes; To carrying out business processing and exporting dried fish maws, processing aforesaid marine and sea product by freezing, packing, drying etc, prepare the same sale and deliver them in international market to provide in connection therewith all necessary arrangement, facilities and acts which are incidental there to. Establish, build on, operate, acquire, run and manage processing factory, cold storage, refrigerator, and also ware house, godown, sheds and packing, preserving and canning all varieties of fish product dealt in the factory.

The plant that will be set up will have a maximum capacity of processing 18MT of dried fish maws per year. The company will start by constructing administration block, factory buildings, testing quality laboratory, packaging room, godown, cold room, TP waste disposal, and shading. The proposed land and structure is estimated to 60,000USD

The Business Plan report explores the viability of the proposed Establishment and modernization project in an economy whose liberalization in recent years has witnessed private sector increasing in number and the demand of these commodities. In addition, the study will enable the sponsors to present the parameters and objectives of the proposed project to external financiers such as development and commercial banks, NGOs etc based in Tanzania.

### **2.4. Project Cost & Financing Pattern**

The proposed project is estimated to cost a total of USD 500,000 which includes 35.6% (178,000USD) owner's equity and long term loan of 64.4% (322,000USD) as proceeds from capital contribution of the project, anticipated current assets of 203,212USD, liquidity of 351,724USD, total assets 875,936USD after incorporate project income and operational cost. The project has no provisioning and reserves. The project fixed assets is 321,000USD - see Annex I and III,

EQUITY + LOAN		USD
1	EQUITY (35.6%)	178,000.00
2	LOAN (64.4%)	322,000.00
TOTAL FINANCING		500,000.00

## 2.5. Business Plan Objectives

The objectives of this study are three-fold. First is to determine the viability of the proposed integrated project and serve as a business plan for the company's development program. Secondly, it is meant to facilitate initial Joint-venture process to international investor from China and India who will cooperate in establishment of fish maws factory.

Thirdly, the business plan will act as a supporting document in the company's application for Tanzania Investment Centre (TIC) Certificate of Incentives so as to access exemptions on duties, VAT deferments and other benefits and protections as statutorily provided for under Tanzania Investment Act (1997).

## 2.6. Market and pricing Analysis

Tanda Fisheries Tanzania Limited, Presently, there is no local market for Dried fish Maws in Tanzania, the major customers of this product are China and Hong Kong. The market of dried fish maws is large and had wide appeal over 150 tones (Retail level) are purchased each year in China and Hong Kong from Tanzania, Due to this the company and Country will benefit a lot from this business as it will have an opportunity to raise income of the people and earn foreign currency from trading abroad.

The plant is estimated to use 18MT of fresh fish maws as input during a given year of operation. This means processing will be 0.06MT equivalent to 60Kg in one day and the machine will run in 300 days. Projected of Revenues from Sales at the extraction rate is 62.57% dried fish maws from the fresh fish maws , the price of the dried fish maws in the market is 133,200USD per MT while purchasing price of fresh fish maws is estimated to 38,299.6USD per MT before extraction of 37.43%.

## 2.7 Technical aspect and related cost

### 2.7.1. Land acquisition and Buildings

The project is located at Ilemela District, The project is 5 Km from Mwanza city centre. Based on physical inspection of the proposed site, the availability of basic and essential project Establishment development are in place. The shareholder will purchase land at 12,800USD.

The floor plan and elevation of buildings and other related structures will be renovated by provision of loan-able facilities, the proposed structure is designed to meet highly hygienic of dried fish maws. Activities includes, To purchase or

otherwise establish, build on, operate, acquire, run and manage processing factory, cold storage, refrigerator, and also ware house, godown, sheds and building for the purpose of processing, packing, preserving and canning all varieties of fish product dealt in the factory. Totalling to 60,000USD

### **2.7.2. Machinery and Equipment.**

Proper machinery and equipment selection is one of the key problems in the development highly hygienic dried fish maws in Tanzania. The machinery and equipments must suit the two-fold requirements of the developing countries, i.e. it should be up-to-date to allow quality delivery of dried fish maws commodities. In view of the foregoing, an effort has been made to choose from modern technological alternatives, a level that strikes a balance between fixed costs based on depreciation and variable costs based essentially on wages.

The requirements of various items of equipment have been worked out taking into consideration the quality provision of mental health care education, average equipment utilization and normal productivity level of professional worker etc. While working out details of equipment required, it has been assumed that the factory will work 300 days in a year. The projects machinery and equipment will be sourced from China and local market in Tanzania Estimated total cost is 200,000USD..

These cost assumptions are C.I.F Mwanza and include installation, commissioning, consultancy, port charges and transport to the project site. Calculated depreciation of buildings, machines and other working facilities is estimated to cost USD 24,621 please see Appendices I on income statement.

### **2.7.3. Motor Vehicles**

The project anticipated to purchase 4 motor vehicles costing to 42,000USD, these includes Cold room truck costing to 36,000USD and two light vehicle costing to 6,000USD. All these vehicles will facilitate factory operations and management of the industry. Hence increases plant performance and administrative work.

### **2.7.4. Furniture & Fittings and office equipments**

The project building and structures are not enough to run smoothly project implementations; promoters during assessment keep asides a total budget of 1,000USD. The cost of furniture and fittings includes: aluminum tables, office tables, chairs cabinets, office furniture's assets etc in this context promoters/investor regards. Apart from furniture and office equipment, the project will allocate 19,000USD for unforeseen other office facilities in case the budget goes above limit.

### 2.7.5. Pre-Operational Expenses and initial working capital

Under pre-operational expenses are considered costs like company formation, preliminary project studies, business plan preparation costs, licenses, permits and authorization, including processing of Incentives, legal fees, etc set aside of 8,000USD. While 170,000USD for Initial working capital of the project which includes initial imports of consumable goods and material estimated to last for the 1<sup>st</sup> three months of operations. Otherwise, raw materials will generally be maintained at one month's stock and debtors at one month's sales volume total 178,000USD set aside.

### 2.7.8. Project Financing

The project costs, including fixed costs (machinery, equipment, building renovations, motor vehicles, office furniture and equipment and pre-operation expenses will be financed by a combination of bank term loan and shareholders own resources. Working capital requirements will be financed by short term bank financing in form of overdraft facility:

### 2.7.9. Project 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	Apr-20
2	Renovation industrial premises	March -November 2020
3	Assembling plant and other equipments ordering	Dec-20
4	Installation of machines	January- March 2021
5	Testing operations	April -June 2021
6	Commercial Operations	Jul-2021

### 2.7.10. Explanatory Notes.

The plant will operate for 300 days in a given year of operation. The forecast has made for the duration of five years of operations, Extraction rate is 62.57% dried fish maws from fresh fish maws, capacity utilization of the project. The proposed project is a complete set of latest processing dried fish maws machine, equipment and tools. All these will be imported from china and local made with life span 2 to 5 years project economic life.

### **2.7.11. Operating and Administrative Costs**

The major operating costs are salaries, wages and allowances; and food and beverages for hostel students. Consumable goods and material like chemicals, administrative expenses, fuel and lubricants, general cleanliness and security, uniforms and other related goods, insurance, licensing, tax, utilities has been stipulated to this report (see income statement Annex I) total operational and administrative cost 1,148,276USD

### **2.7.12. Auxiliary Materials/ services**

Falling under this category of factory, utilities and service facilities must be considered,

**Utilities and service facilities that will need to be provided in this plant are as follows:**

- (i) Workshop
- (ii) Electric power
- (iii) Water supply
- (iv) Miscellaneous facilities {Canteen; First Aid Kit, Storage and transport and Office Facilities}

#### **(i) Workshop**

It is necessary to make provision for a small workshop in the factory premises so that certain maintenance operations could be carried out following sudden breakdowns and major routine matters.

The facility will comprise of necessary machines like small centre lathe, drilling machine, welding set, soldering and gas-cutting equipment including complete electrical kit to take care of necessary electrical maintenance as well as to replace worn-out parts and periodic oil and greases needs for the factory. Equipment provision has been restricted to the minimum.

#### **(ii) Electric Power and Generator**

The proposed site will be supplied with industrial production 3-phase standard power supply from Tanzania Electric Supply Company (TANESCO), the electricity is available through the National Grid Line from Mwanza Region. As part of an alternative power supply, the factory will heavy duty 50KVA power generator automated generator that will be connected to the all necessary factory compound for standby power supply. The factory will install an online UPS system that secures clean and uninterrupted power free of surges, brownouts, fluctuations and other power problems.

### **(iii) Water Supply**

Apart from the needs of electric power, water is also required for the actual process and other social needs. The proposed site has close to MWAUWASA water network, the agency is major supplier of water to urban and peri urban area in the city. While depending on water supply from MWAUWASA, the main line is close to the proposed project from water source at Capripoint in Ilemela district to Ilemela District. The main line from this source will be tapped and let to the land site and water collected in an overhead reservoir provided at the top of the building of the project. Adequate provision has been made in the project cost for the overhead tank and supply and laying of pipelines etc.

### **(iv) Miscellaneous Facilities e.g. First Aid Kit, Storage and Transport, Office Facilities etc**

- Provision has been made in the project costs for necessary facilities for external telephones and fire alarm system;
- Sickness and ill-health are recognized to be among the cause of absenteeism and low morale leading to decreased provision of factory, increased waste and bad employee-management relations. Therefore, necessary provision has been made for the canteen and first aid facilities in case of accidents, sudden sickness etc.
- Storage and transport needs of the factory have been duly recognized and been attempted mostly manual. Regarding transport, 3 light vehicles will be purchased and some will be hired during the start of project
- Necessary provision for furniture and office equipment has been made in the Capital Cost estimates.

### **2.7.12. Waste management for the project**

In order to create a sustainable society, it is necessary to develop effective utilization of all sorts of wastes. One of the major wastes from our living is fiber wastes. Fiber wastes are generally divided to nonindustrial (organic chemicals) and industrial wastes (inorganic Chemicals). In her strategic management for a factory establishment; the project has to move from an understanding of improvement at all costs to an understanding of continuous and balanced improvement once established. In modern times, environmental protection is being implemented not because it is enforced law, but as an administrative philosophy.

### **3.0. PROPOSED SALARY BUDGET AND MANPOWER**

#### **3.1. Employment**

The factory is looking at providing direct employment to 82 peoples on full implementation and operation of the project and 173 as part time employments basically these are fish maws processors. The company will have 9 foreign works, and the remaining are from local perspectives.

The project is divided into 3 Departments; Administration (13), Finance and marketing departments (5), Operational department (64)

#### **3.2. Recruitment**

Recruitment of the 73 persons will be carried out by recognized institutes SIDO and VETA by recruiting qualified operational department especially general fish maws processors who have experienced in teaching methodology based on demonstration of skills and aptitude. Other regulatory organs will be invited during recruitment process. Careful methodology is being worked out by a competent management consultant who will set the job descriptions.

#### **3.3. Training and the use of Consultants**

The Tanda Fisheries Tanzania Limited plans to initially carry out on the job training for most of the technical staff to be dispatched to the project site by the suppliers of the machineries and equipments of the factory which will be specified under sales agreement. In general the factory will ensure that employees acquire new skills and procedures to increase their productivity fourfold. Educational materials will be subsidized or paid for to motivate the workers to develop themselves.

Whereas the factory will endeavor to obtain the best talents to fill the permanent posts in the organization, it is intended where necessary, to continue with the policy of hiring out some specialized skills by way of consultants. Alternatively, those skills not required throughout the year will be left to consultants. To ensure efficient and scientific management, operational manuals will be prepared for the core functions of the factory.

The project will be managed by qualified professionals given the vast experience that the promoters have acquired over years in running and managing similar businesses, guidance to management and regularly monitor and evaluate performance of the project.

**Table 3.1. Manpower requirement:**

A.ADMINISTRATION DEPARTMENT	FULL TIME STAFF	MONTHLY SALARY FULL TIME STAFF	MONTHLY ALLOWANCE	TOTAL ANNUAL SALARY
DEPARTMENT	POSTS	AMOUNT USD	AMOUNT USD	AMOUNT USD
EXCUTIVE DIRECTOR - FOREIGN	2	1,800		43,200
DIRECTOR ADMINISTRATION	1	800		9,600
LOGISTIC - FOREIGN	2	900		21,600
DRIVER	3	270		9,720
SECURITY GUARD	5	250		15,000
<b>SUB TOTAL</b>	<b>13</b>	<b>4020</b>	<b>0</b>	<b>99,120</b>
B.FINANCE AND MARKETING DEPARTMENT	FULL TIME STAFF	MONTHLY SALARY FULL TIME STAFF	MONTHLY ALLOWANCE	TOTAL ANNUAL SALARY
DEPARTMENT	POSTS	AMOUNT USD	AMOUNT USD	AMOUNT USD
DIRECTOR FINANCE- FOREIGN	1	1,000		12,000
ACCOUNTANT	1	600		7,200
PROCUREMENT OFFICER	2	500		12,000
DRIVER	1	350		4,200
<b>TOTAL</b>	<b>5</b>	<b>2450</b>	<b>0</b>	<b>35,400</b>
C. OPERATIONAL DEPARTMENT	FULL TIME STAFF	MONTHLY SALARY FULL TIME STAFF	MONTHLY ALLOWANCE	TOTAL ANNUAL SALARY
DEPARTMENT	POSTS	AMOUNT USD	AMOUNT USD	AMOUNT USD
QUALITY MANAGER- FOREIGN	2	1,000		24,000
FISH MAWS SUPERVISORS - FOREIGN	2	1,000		24,000
FISH MAWS PROCESSORS	60		90	64,800
<b>TOTAL</b>	<b>64</b>	<b>2000</b>	<b>90</b>	<b>112,800</b>
<b>GRAND TOTAL</b>	<b>82.00</b>	<b>8,470.00</b>	<b>90.00</b>	<b>247,320.00</b>

## 4.0. FINANCIAL ANALYSIS

### 4.1. Production, Revenue and project viability

- ❑ The estimated revenue gain in production of dried fish maws is 1,500,000USD annually excluding Value Added Tax during the first year in operation of the factory,
- ❑ Net profit before tax is 351,724USD for the first year, and increases to second year to the fifth years of economic production life of project
- ❑ Percentage of gross contribution for the first year 23% and increases tremendously as shown in income statement,
- ❑ Net profit after tax and depreciation for the first years in operational is 203,212USD and increases positively, the project is able to pay corporate tax 98,131USD which has positive contribution to GDP of the country,
- ❑ The expected sales increase annually is 5% while expenses increases by 3% which depends on inflation rate of the country
- ❑ Total investment cost of the project is 500,000USD whereas the own equity is 35.6% while remaining percentage will be borrowed from commercial banks,
- ❑ Project current assets for the first year is 203,212USD and is increases positively, project has a good liquidity in case the shareholders will quit the project its easily to sales shares.
- ❑ The end balance of project in cash flow statement is positive and increases tremendous. And Cash generated from operation and net cash from operational activities increases positively of project (see cash flow sheet)
- ❑ The Discounted Cash flow yields an Internal Rate of Return (IRR) of 13.59% which is above discounted bank interest rate of 8%, and payback period of project is within 3 years. This confirms the financial viability of the proposed project.
- ❑ Return on Investment is anticipated to 26.49% which is increases positively to 33.9% to the fifth year of project economic life - see balance sheet,
- ❑ Depreciation of fixed assets and amortization of the pre-operational expenses rates used are as follows: land 5%, Civil Works/ Structures/Buildings 5.00% on straight line basis, Plant Machinery & Technical Equipment 12.50% on straight line basis, Motor Vehicles. 20.00% on straight line basis. The business plan use 12.5% as depreciation factors. To this project after including depreciation factors, the first year depreciation value is 24,621USD and increases gradually due to wear and tear of fixed asset. Whereas asset value decreases with time - see annex I and III
- ❑ Salaries and Wages have been based on the prevailing scales in the project. There is provision of 20% to cover company contribution to NSSF (10%) and other social welfare (10%). Included to the total amount (see Income statement)

## **4.2. Capacity Utilization**

For projection purposes, it is assumed that the factory will operate for single shift and it will operate for 300 days in a year. 60 fish maws processors will be paid daily, purchasing price of fresh fish maws per MT is 38,299.6USD, and selling price is 133,200USD. Production per day of Dried Fish Maws is 60Kg. estimated Dried fish Maws annually production is 18MT to be exported to China.

## 5.0. RISK ANALYSIS

### 5.1. Risk Analysis

Risk is the probability that an event or action will adversely affect the organization. Risk assessment is the identification and analysis of risks associated with the achievement of operations, financial reporting and compliance goals and objectives. Risk management is a central part of the factory. The factory's management will determine the level of operations, financial and compliance risk they are willing to assume. Risk assessment is one of the Factory's management responsibilities.

### 5.2. Macroeconomic risk analysis

Since early 1986, the government of Tanzania has launched a comprehensive economic policy and stabilization plan with the aim to enhance the amount of infrastructure construction and improve the lives of the poor. During this time the main economic indicators significantly improved. However, uneven development of various region in the country, lack of relevant infrastructure in transportation, telecommunications, networking, factory facilities, electricity and water supplies have proven to be investment barriers. Overall, Tanzania has a weak economic foundation but the project can achieve a greater impact in attaining social and economic goals for the country.

### 5.3. Finance risk analysis

- a) **Supply Risk:** The risk in consumable good relates to supply of raw material, transportation and price fluctuations. There is no assurance of enough supply of raw materials in the local market instead mostly of raw materials are imported.
- b) **Processing Risks:** The technology, machines and equipment used in factory are in rudimentary stages all of which contribute to reducing output efficiency.
- c) **Sales/market risk:** Placing on the tuition fees markets bears risk of demand fluctuations and rejections through the implementation. Furthermore, beneficiaries/students are not aware of the factory and are usually very pricing sensitive.

### 5.4. Other potential external risk

- a) **Lack of Governance:** the governance mechanism is underdeveloped, actors operate in an uncoordinated and unorganized fashion, and if rules exist they are often ignored;
- b) **Lack of market coordination:** No lead organization has a coordinating role in relation to markets, technology and information

such no incentives for improving mental health education and promote sustainable income earning opportunities;

**c) Unclear and conflicting roles regulatory authorities:** Regulatory Agencies are responsible for quality control education and as well as enforcing such as NEMC, TBS, TMA, Ministry of industries etc, are regulatory role in issuing licensing etc

**d) Operating procedures:** Standard procedures are inadequately enforced, or not enforced at all, because of relaxed regulations; and

**e) Integration:** there is little vertical integration of education system

### 5.5. Mitigating potential risk

The development of a large and complex project such as Tanda Fisheries Tanzania Limited is necessarily accompanied by multiple risks during all the phases of the project development, construction, operation and maintenance. The right approach to manage the project in a manner which is fairly and adequately address the multiple risks in a comprehensive as well as systematic manner is to use the risk analysis and management methodology which identifies the risk issues and their instrumental cause. In this regard, the risk is eliminated or effectively managed by the party best suited with capacity to handle or deal with the risk factors.

## 6.0. ECONOMIC AND SOCIAL ASPECTS

### 6.1. Broad Socio Economic impact of the project

In the Business field, what still really matters most is “*What is the return on investment of your project?*” The challenge thus created is to determine the relationship between community and social impact and business value (or return on investment). Many public, private and community stakeholders have over the past few decades become disappointed about the potential social impact and value of Corporate Social Investment (CSI) projects. Tanda Fisheries Tanzania Limited will apply the CSI perspective, social impact assessment as a tool that will be used to qualify and quantify the social, economic and environmental changes and outcomes that will occur over a period of time, within the development context, as the result of the project investment. In order to address the impact assessment framework, the company will apply the Impact Investment Index, which will show through evaluation and assessment, the social impact of the project through a blend of indicators that are able to prove positive short, medium and long term impacts.

#### Impact Investment Index Framework

Impact Investment Index		
Frame Work for Tanda Fisheries Tanzania Limited		
Performance Area	Quantitative Indicator	Remarks
<b>Investment Capital</b>	Total investment capital, CAPEX and OPEX USD 500,000, sale gained 1,500,000USD while small scales fishermen gain from factory purchasing is 689,392 USD. 100% of dried fish maws will be exported to China and Japan	Substantial amount of capital invested into the domestic economy
<b>Income Tax Annually</b>	Indicative Annual audit report 98,131USD,	Increased GDP of the national
<b>Job requirements</b>	Job creation after establishment of the project is 22, direct Tanzanian Job, and 60 temporary employments. Foreigners 9 and the remaining are local employees	Reasonable number of direct job created to local Tanzanians with direct impact on poverty reduction through enhanced income generation
<b>Technology</b>	High Tech Environmentally	Applied technology which is

applied	friendly machinery	free from environmental pollution
<b>Other Implied Project Benefits</b>		
<ul style="list-style-type: none"> <li>• Increased sales to the Utility Companies providing services of electricity, water and sewerage, telecommunications;</li> <li>• Increased business transacted by local banks and institutions providing financial services;</li> <li>• Business opportunities for local contractors and sub-contractors during the construction phase;</li> <li>• Increased regional intra-trade and international trade due to better infrastructure facility and links to markets; and</li> <li>• Contribution to GDP growth through increased economic activities</li> </ul>		

Based on the Impact Investment Index analysis, the Institute can develop projections that the project can deliver both value for money in the context of broad socioeconomic impact and return on investment while complying with governance requirements. In this regard therefore, Tanda Fisheries Tanzania Limited will promote export, create employment, attract new technologies, expand earnings and ultimately contribute substantially to the country's economic growth.

## 7.0. FINANCIAL MODELLING AND ANALYSIS

The Financial Modelling and analysis, is the main source of information for assessing the potential financial viability of the Tanda Fisheries Tanzania Limited. The analysis is based on the assumptions that have been taken for the implementation of the site development, demand and the associated potential investment requirements for a 5 year time period. The purpose of Establishment of the factory will speed up the country's economic development by being a catalyst for restructuring the existing factory to set up and attracting new, both foreign and domestic entrepreneurs to a liberalized legal business framework.

### 7.1. Project investment inputs and sale/revenues

The plant is estimated to use 18MT of fresh fish maws as input during a given year of operation. This means processing will be 0.06MT equivalent to 60Kg in one day and the machine and equipment will run in 300 days. Projected of Revenues from Sales at the extraction rate is 62.57% dried fish maw from the fresh fish maws.

#### 7.1.1.. Input estimates

INPUTS/RAW MATERIALS ESTIMATE PER ONE YEAR		
Design Capacity	0.06MT per Day	
Period (300Days)	Year	1
Fresh Fish processed Per year		18MT
Total		18MT

#### 7.1.2. Purchasing cost per MT

FRESH FISH MAWS PURCHASE COSTS		
<b>COSTS (TSHS)</b>		
Year	0	1
Fresh Fish Maws	P / Unit	18
Purchasing cost	38,299.6	689,392.6

#### 7.2.3. Revenue estimates

REVENUE ESTIMATES		
Year	0	1
Fresh Fish Maws	100%	18MT
Selling price per MT	133,200	2,397,600
Selling price at dried Fish Maws	62.57%	Approx 1,500,000USD

## 7.2. Project investment summary.

INVESTMENT SUMMARY - TANDA FISHERIES TANZANIA LIMITED				
S/NO.	CAPITAL ITEM	No. OF UNITS	UNIT OF MEASURE	ESTIMATED COST (USD)
NB	ALL FIGURES IN "USD"			
	<b>A. LAND AND BUILDINGS</b>			
1	Land Acquisition	4000+	M <sup>2</sup>	12,800
2	Administration Block	100	M <sup>2</sup>	3,000
3	Laboratory for quality testing	100	M <sup>2</sup>	5,000
4	Processing factory Building structure	500	M <sup>2</sup>	14,000
5	Packaging room	100	M <sup>2</sup>	10,000
6	Godown	500	M <sup>2</sup>	6,400
7	Cold room storage	150	M <sup>2</sup>	4,200
8	TP and waste disposal	200	M <sup>2</sup>	2,400
9	Fencing and Gates	4000	M <sup>2</sup>	1,000
10	Shading areas	500	M <sup>2</sup>	1,200
	<b>SUB TOTAL</b>			<b>60,000</b>
	<b>B. MACHINERY EQUIPMENT</b>	<b>No. OF UNITS</b>	<b>UNIT OF MEASURE</b>	<b>ESTIMATED COST USD</b>
11	Micro wave FM roasting equipment	1	set	54000
12	40Feet cold room containers	5	unit	16,000
13	Diagnosis Equipment for testing quality	Lump sum		6,000
14	Drying fens	20	unit	2,400
15	Refrigerator containers	5	unit	4,000
16	Deep Freezer	4	unit	3,200
17	Protection Gears	Lump sum		2,500
18	processing knives	500	unit	1,000
19	Plastic containers	75	unit	6,000
20	Reserve tanks 10000lts	10	unit	10,000
21	Cold room facilities	Lump sum		20,000
22	Computer and accessories	5	set	2,000
23	Weigh and measures 1000Kgs	2	unit	8,000
24	Weighing Measures - 0.01 to 1Kg	10	unit	2,500
25	CCTV Camera and accessories	Lump sum		2,400
26	Standby Generator	1	unit	30,000
27	Miscellaneous Tools and Equipment	Lump sum		30,000
	<b>SUB TOTAL</b>			<b>200,000</b>
	<b>C. MOTOR VEHICLES</b>	<b>No. OF UNITS</b>	<b>UNIT OF MEASURE</b>	<b>ESTIMATED COST USD</b>
28	Cold room Trucks	2	Unit	36,000

29	Light Vehicles	2	unit	6,000
	<b>SUB TOTAL</b>	<b>4</b>		<b>42,000</b>
	<b>D. FURNITURE</b>	<b>No. OF UNITS</b>	<b>UNIT OF MEASURE</b>	<b>ESTIMATED COST USD</b>
30	Aluminum Tables	20	unit	400
31	Office Furniture	set in lump sum		600
	<b>SUB TOTAL</b>			<b>1,000</b>
	<b>E. OTHER COST/CHARGES</b>	<b>No. OF UNITS</b>	<b>UNIT OF MEASURE</b>	<b>ESTIMATED COST USD</b>
32	Constingeous			19,000
	<b>SUB TOTAL</b>			<b>19,000</b>
	<b>TOTAL FIXED ASSET</b>			<b>321,000</b>
	<b>F. CURRENT ASSETS</b>	<b>No. OF UNITS</b>	<b>UNIT OF MEASURE</b>	<b>ESTIMATED COST USD</b>
33	Pre operational expenses			8,000
34	Initial working capital			170,000
	<b>SUB TOTAL</b>			<b>178,000</b>
	<b>TOTAL INVESTMENT</b>			<b>500,000</b>

## 7.2. Objective and Scope of Financial Model

### 7.2.1. Objective

The main objective of the financial modelling and analysis is to setup a financial model framework for potential generated revenues and operational & maintenance costs for the full operation of Tanda Fisheries Tanzania Limited based on the assumptions taken for the Market Analysis, the plan for the facility development, unit production costs and other overhead and operational charges.

### 7.2.2. Scope

The scope consists of a financial model that will be used to analyse the potential financial viability of the project based on the assumptions taken for the concept and scope of the factory on the Market Analysis. The financial model has been developed in excel spread sheet and include information on costs, expenses and the subsequent sales revenue based on the average market prices and linked to the financial cash flow.

## ANNEX I - INCOME STATEMENT

(all numbers in USD)

<u>Revenue</u>							
	<u>Year 0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>TOTAL</u>
Gross revenue from sales of Dried Fish Maws		1,500,000	1,575,000	1,653,750	1,736,438	1,823,259	8,288,447
<b>Total Operating Revenue</b>	-	1,500,000	1,575,000	1,653,750	1,736,438	1,823,259	8,288,447
<u>Expected Expenses</u>							
	<u>Year 0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Total</u>
Salaries		247,320	254,740	262,382	270,253	270,253	1,304,948
Social Charges & Pension Payments		49,464	50,948	52,476	54,051	54,051	260,990
Consumable goods - raw materials fish		689,392	710,074	731,376	753,317	753,317	3,637,476
Administrative / expenses and management system		36,000	37,080	38,192	39,338	39,338	189,949
Fuel and lubricants for cars and generators		48,000	49,440	51,912	54,508	54,508	258,367
General Clearness and security services		9,600	9,888	10,185	10,490	10,490	50,653
transportation		24,000	24,720	25,462	26,225	26,225	126,632
Cost of sales and marketing		15,000	15,450	15,914	16,391	16,391	79,145
Insurance/licensing/healthy premium/other charges		6,000	6,180	6,365	6,556	6,556	31,658
Utilities - Electricity and water services		13,500	13,905	14,322	14,752	14,752	71,231
Other Costs		10,000	10,300	10,609	10,927	11,213	52,764
<b>Total Operating Costs</b>		1,148,276	1,182,724	1,219,195	1,256,809	1,256,809	6,063,813
<b>Operational Net Earnings before Depreciation, Interest &amp; Tax</b>		351,724	392,276	434,555	479,629	566,451	2,224,634
<i>%age Gross Contribution</i>		23	25	26	28	31	1
<b>Depreciation at 12.5% (Machines, Equipments)</b>		24,621	27,459	30,419	33,574	39,652	200,217
<b>Net Earnings before Tax &amp; Interest</b>		27,103	64,816	04,136	446,055	26,799	,024,417
<b>Interest Paid (Bank Loan)</b>		25,760	21,369	16,627	11,505	5,974	81,235
<b>Tax (30%)</b>		8,131	109,445	121,241	133,816	158,040	620,673
<b>Net Earnings</b>		03,212	234,002	266,269	00,733	362,785	1,367,002

## ANNEX II -CASH FLOW FROM OPERATING ACTIVITIES

<b>Cash Flow statement from Investing Activities for five years</b>					
(all numbers inUSD)	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>					
Cash receipts from Sales	1,500,000	1,575,000	1,653,750	1,736,438	1,823,259
Cash paid to suppliers and employees	(1,148,276)	(1,182,724)	(1,219,195)	(1,256,809)	(1,256,809)
Cash generated from operations	351,724	392,276	434,555	479,629	566,451
Dividends received*	0	0	0	0	0
Interest received	0	0	0	0	0
Interest paid	(25,760)	(21,369)	(16,627)	(11,505)	(5,974)
Tax paid	(98,131)	(109,445)	(121,241)	(133,816)	(158,040)
<b>Net cash flow from operating activities</b>	<b>227,833</b>	<b>261,462</b>	<b>296,687</b>	<b>334,307</b>	<b>402,437</b>
<b><u>CASH FLOW FROM INVESTING ACTIVITIES</u></b>					
Replacement of equipment	0	0	0	0	0
Proceeds** from sale of equipment	0	0	0	0	0
<b>Net cash flow from investing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>CASH FLOW FROM FINANCING ACTIVITIES</u></b>					
Proceeds from capital contributed	178,000	0	0	0	0
Proceeds from loan	322,000	0	0	0	0
Payment of loan	(80,647)	(80,647)	(80,647)	(80,647)	(80,647)
<b>Net cash flow from financing activities</b>	<b>419,353</b>	<b>(80,647)</b>	<b>(80,647)</b>	<b>(80,647)</b>	<b>(80,647)</b>
<b><u>NET INCREASE/DECREASE IN CASH</u></b>	<b>647,186</b>	<b>180,815</b>	<b>216,041</b>	<b>253,660</b>	<b>321,790</b>
Cash at the beginning of the period	203,212	234,002	266,269	300,733	362,785
Cash at the end of the period	850,398	414,817	482,309	554,393	684,575

### ANNEX III – PROFOMA BALANCE SHEET

Pro forma balance sheet					
(all numbers in 000)	Year 1	Year 2	Year 3	Year 4	Year 5
<b>ASSET</b>					
Current asset	203,212	234,002	266,269	300,733	362,785
Fixed asset	321,000	296,379	293,541	263,122	259,967
Liquidity	351,724	392,276	434,555	479,629	566,451
<b>TOTAL ASSET</b>	<b>875,936</b>	<b>922,657</b>	<b>994,365</b>	<b>1,043,484</b>	<b>1,189,203</b>
<b>NET ASSET MINUS DEPRECIATION</b>	<b>851,316</b>	<b>895,198</b>	<b>963,946</b>	<b>1,009,910</b>	<b>1,149,551</b>
<b>EQUITY &amp; LIABILITIES</b>					
Equity	770,669	814,551	883,299	929,263	1,068,904
Reserves	0	0	0	0	0
<b>Total Own Equity</b>	<b>770,669</b>	<b>814,551</b>	<b>883,299</b>	<b>929,263</b>	<b>1,068,904</b>
Provisions					
Long term loan	80,647	80,647	80,647	80,647	80,647
Short term Liabilities					
<b>Total Equity &amp; Liabilities</b>	<b>851,316</b>	<b>895,198</b>	<b>963,946</b>	<b>1,009,910</b>	<b>1,149,551</b>
NET FA/CL	3.98	3.68	3.64	3.26	3.22
CL/CA	0.00	0.00	0.00	0.00	0.00
<b>DEBIT/CAPITAL RATIOS</b>	<b>0.09</b>	<b>0.09</b>	<b>0.08</b>	<b>0.08</b>	<b>0.07</b>
ROI	26.4	28.7	30.1	32.4	33.9
BREAK EVEN POINT	0.91	0.76	0.68	0.55	0.46
BREAK EVEN RATIO	3.49	3.22	2.99	2.79	2.36
<b>EQUITY/TOTAL LIABILITIES</b>	<b>91</b>	<b>91</b>	<b>92</b>	<b>92</b>	<b>93</b>

## ANNEX IV - LOAN PAYMENT SCHEDULES

Loan Information and Payment Schedule			
Loan Data	All number in USD		Loan Summary
Original Principal	322,000.00		Scheduled Payments
Loan Term (Years)	5.00		Scheduled number of payment
Annual Interest Rate	8%		Actual number of payment
Payments per Year	1.00		Total Early Payment
Payment	80,646.98		Total Interest
			80,646.98
			5.00
			5.00
			81,234.89

Year	Payment	Interest	Cumulative Interest	Principal	Balance
-					322,000.00
1.00	\$80,646.98	25,760.00	25,760.00	54,886.98	267,113.02
2.00	80,646.98	21,369.04	47,129.04	59,277.94	207,835.08
3.00	80,646.98	16,626.81	63,755.85	64,020.17	143,814.91
4.00	80,646.98	11,505.19	75,261.04	69,141.79	74,673.13
5.00	80,646.98	5,973.85	81,234.89	74,673.13	0.00
		81,234.89			

## ANNEX V- INTERNAL RATE OF RETURN

### IRR for the Project

(all numbers in USD)

	Initial Investment	-500,000
Year 1	Additional Annual Net Profit	203,212
Year 2	Additional Annual Net Profit	234,002
Year 3	Additional Annual Net Profit	266,269
Year 4	Additional Annual Net Profit	300,733
Year 5	Additional Annual Net Profit	362,785
	<b>IRR (in 5 years)</b>	<b>13.59%</b>

The IRR above indicates that the expected return on the 500,000USD initial investment after 5 years is 13.5962%.

## ANNEX VI - PAYBACK PERIOD

Payback Period Analysis				
	Year	Beginning Balance	Net Cash Flows	Ending Balance
Cost of investment	0.00	500,000.00	0.00	500,000.00
	1.00	500,000.00	203,212.32	296,787.68
	2.00	296,787.68	234,002.45	62,785.22
	3.00	62,785.22	266,268.62	203,483.40
	4.00	203,483.40	300,733.10	504,216.49
	5.00	504,216.49	362,785.43	867,001.92

<b>Payback Period =</b>	<b>3.00</b>	<b>Years</b>
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## **8.0. CONCLUDING REMARKS AND WAY FORWARD**

### **8.1. Evidence of project viability based on financial model and policy framework support**

On the basis of all the analysis done on this Business Plan on all aspects of assessment on both SWOC Analysis, market analysis, risk analysis and the financial analysis, the proposed investment options in the Establishment of the factory as prescribed on this business plan have shown that the project is commercially viable. Nonetheless, Tanda Fisheries Tanzania Limited through professional consultative manner will continue to find ways of implementing cost effective options given time and financial resources that will be made available. Financial analysis shows the IRR of about 13.59%. The computed IRR is well above annual loan commercial bank loan interest in Tanzania. Which is technically interpreted that the project is financially viable. The payback period for the project is estimated within 3 years, which is within the range for this type of investment. Sensitivity analysis results also favor the project. Financial analysis for the project has shown feasible returns. Based on the investment scope and the assumptions taken in this Business Plan, the project will not face any difficulties during establishment, according to the projected cash flow be in a position to accomplish repayment of the loan and start generating profit.

### **8.2. Policy Framework Support**

The development of the Tanda Fisheries Tanzania Limited is designed to take advantages of the current Tanzanian market-oriented reforms. The Project will be developed and established to accelerate the industrialization process. The vision 2025 emphasizes the importance of the allocation of public funds for strategic investments and private sector financing for development investments.

The 15 years Perspective Plan (2020-2025); Prioritize private investment in the context of Public Private Partnership. The First Five Years Development Plan (2015-2020) recognizes the fundamental role of the private sector in enabling the government to allocate its fund to strategic projects to facilitate a higher level of development. MKUKUTA II (2010-2015) identifies Public Private Partnership as a means of increasing the level of stakeholder participation and of easing the financial burden on the government. It should be noted that existing public resources are clearly insufficient to meet Tanzanian's huge development needs. The increased use of private enterprises participation in development projects can help alleviate the financing gap. This approach is now applied by Tanda Fisheries Tanzania Limited to ensure development of one among the Establishment of the factory to be developed in Ilemela, Mwanza Region. Private sector and investment have been recognized as the most significant potential source of additional funding required to facilitate development projects.

### **8.3. Conclusive Remarks and Way Forward**

The Establishment of the Tanda Fisheries Tanzania Limited Factory will be funded by investors 35.6% and the remaining percentage will be acquired from commercial bank. The project will purchase or otherwise establish, build on, operate, acquire, run and manage processing factory, cold storage, refrigerator, and also ware house, godown, sheds and building for the purpose of processing, packing, preserving and canning all varieties of fish product dealt in the factory. Before the factory engages into the development of this project as a private enterprise, it needs to accomplish the pre development activities to make way for the development of the designated project.

#### **a) Conduct Environmental Impact Assessment.**

The factory has to engage a consultant to conduct EIA in order to ensure that environmental and possibly other sustainability aspects are considered effectively in policy, plan and project development. The EIA Directive aims at introducing systematic assessment of the environmental effects of strategic land use related plans and programs. It typically applies to regional and local, development, waste and transport plans, within the country. EIA ensures that plans and programs take into consideration the environmental effects they cause.

#### **b) Mobilization of project requirements**

The factory should engage a firm to make construction that will suit factory requirement. The structure should include all vital service facilities described in this business plan. When possible, the process of design of the facility should be consultative insomuch that it should allow and incorporate ideas from experienced professionals from the project.

#### **c) Mobilizing Funds**

As previously discussed on the Financial Analysis of this business plan, financing mechanism for the factory should be scrutinized well before commencing the project implementation. There may be several options of financing the project development but the firm will find the best option. The investment team should do consultation with relevant financial institutions (Banks and non-bank Financial Institutions), both within and outside the country. This exercise should be more effective if the team works closely with central government agencies, particularly health regulatory agency Ministry of industry, Ministry of fisheries, TBS, TMA, VETA, SIDO, etc