

**SHAYONA SAFARI & TOURS LIMITED**

**BUSINESS PLAN FOR TOUR OPERATORS IN  
MWANZA REGION,  
TANZANIA.**



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## LIST OF ABBREVIATIONS

CAPEX - Capital Expenditure  
COMESA- Common market for eastern and Southern Africa  
CSI - Corporate Social Investment  
EAC - East Africa community  
EIA - Environment Impact Assessment  
GDP - Growth Domestic Products  
NBS - National Bureau of standard  
NEMC - National Environment Management Council  
OPEX - Operating Expenditure  
SADC -Southern Africa Development Community  
SWOC - strengths, weaknesses, opportunities and threats.  
TANAPA - Tanzania National Park Authority  
TANESCO - Tanzania Electric Supply Company  
TIC- Tanzania Investment Centre  
TTB - Tanzania Tourist Board  
TZS - Tanzania Shilling  
US - United State Dollar  
US\$ - United State Dollar  
VAT - Value Added tax

## EXECUTIVE SUMMARY

Tanzania is a country with many tourist attractions. Approximately 38 percent of Tanzania's land area is set aside in protected areas for conservation. There are National parks, 29 game reserves, 40 controlled conservation areas (including the Ngorongoro Conservation area and marine parks). Tanzania is also home to Mount Kilimanjaro, the highest point in Africa. Tanzania boasts 16 national parks and is home to a large variety of animal life, most well known wildlife attractions are located in the northern part of the country and include the Serengeti National Park, Tarangire National Park and Lake Manyara National Park. The Serengeti National park encompasses the world-famous great migrations of animals.

Shayona Safari & tours limited take this opportunity by establish a tour company in Mwanza region in the Northern and Eastern tourism circuits. The company organizes services being provided to the customer, such as transportation and accommodations. Tanzania get an influx of wealth from visitors coming in and spending money on hotels, food, souvenirs, and activities. Tourism supports communities that otherwise may not have many other sources of income. Travel serves as a reliable and steady source of income to remote areas with limited access to resources.

Shayona Safari & Tours Limited is a limited liability company, registered in Tanzania under certificate of incorporation No 131449 issued on the 24<sup>th</sup> November, 2016. The project is located at Plot No. 140 block F Kenyatta Road, Nyamagana District, Mwanza Region, Tanzania. Currently, the company is anticipated to employ 30+ direct and 10+ indirect tourism industry chains.

Shayona Safari & Tours Limited aimed at establishing/expansion own tour services by receiving tourist from different part in the world. The company will work in these assumptions; the only working days per month is anticipated 15 days, equivalent to 180 days per year. The average stay per tourist is 3 days and average payment per tourist is 960US\$ this includes breakfast, afternoon meal, dinner, tea or coffee, and travelling within Tanzania

The project envisages planning to buy 10 Hardtop land cruisers, office renting, and additional furniture's for the smooth project operation. All Motor vehicles will be purchased to a well know expert of manufacturing either from Japan or South Africa that suit earth road in Tanzania. The estimated cost of purchasing is 695,652US\$ which include flight charges and import duty.

The proposed project is estimated to cost a total of US\$ 741,918.94 this including, own equity of 100% as proceeds from capital contribution of the project,, total loan debt of zero. The Current asset of US\$ 259,650 fixed assets 726,696US\$ and total liabilities of 424,865US\$. The project will be implemented within 5 years. The project is looking at providing direct employment to at least 10 permanent jobs on full implementation and operation of the project. The industry is divided into 2

Departments; Corporate (2), Operator department n (8) some of department are in place.

The project is also likely to have a positive impact on the economy of Lake Zone regions and Tanzania as a whole by creating employment, and contributing to Government revenues through various taxes, which will be paid. It also has potential for substantial exporting to foreign markets especially to neighboring countries in the Great Lakes Region.

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 tourist project as prescribed on this business plan have shown that the project is commercially viable.

## 1.0. INTRODUCTION

### 1.1. Tourism in Tanzania

**Tanzania** is a country with many tourist attractions. Approximately 38 percent of Tanzania's land area is set aside in protected areas for conservation. There are National parks, 29 game reserves, 40 controlled conservation areas (including the Ngorongoro Conservation Area) and marine parks. Tanzania is also home to Mount Kilimanjaro, the highest point in Africa. Travel and tourism contributed 17.5 percent of Tanzania's gross domestic product in 2016<sup>1</sup> and employed 11.0 percent of the country's labour force (1,189,300 jobs) in 2013. The sector is growing rapidly, rising from US\$1.74 billion in 2004 to US\$4.48 billion in 2013. In 2016, 1,284,279 tourists arrived at Tanzania's borders compared to 590,000 in 2005<sup>1</sup>. In 2019, the Tanzanian tourism sector generated USD 2.6 billion in revenues with 1.5 million tourist arrivals. In 2020, due to Covid-19, travel receipts declined to USD 1.06 billion and the number of international tourist arrivals declined to 616,491. In October 2021, the Ministry of Natural Resources and Tourism of Tanzania has been granted TZS 90 billion for the financial year 2021-2022<sup>2</sup>, part of the IMF loan for emergency financial assistance to support Tanzania's efforts in responding to the Covid-19 pandemic.

### 1.2. National parks

Tanzania has almost 38% of its land reserved as protected areas, one of the world's highest percentages. Tanzania boasts 16 national parks and is home to a large variety of animal life. Among the large mammals include the Big five, cheetahs, wildebeest, giraffes, hippopotamuses and various antelopes. Tanzania's most well known wildlife attractions are located in the northern part of the country and include the Serengeti National Park, Tarangire National Park and Lake Manyara National Park. The Serengeti National park encompasses the world-famous great migrations of animals. The Serengeti National Park is the most popular park in the country and had the chance to host more than 330,000 visitors in 2012<sup>3</sup>.

In 2018, Serengeti National Park was voted the best African Safari Park following the depth study conducted by Safari Bookings, the largest online marketplace for African safaris. In their website, it reads, In total 2,530 reviews were examined from the SafariBookings website. The 1,670 user reviews were contributed by safari tourists from 72 countries. To complement these user reviews, reputable guidebook authors (working for Lonely Planet, Rough Guides, Frommer's, Bradt

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<sup>1</sup> [https://en.wikipedia.org/wiki/Tourism\\_in\\_Tanzania](https://en.wikipedia.org/wiki/Tourism_in_Tanzania)

<sup>2</sup> *"The Tanzania Tourism Sector - November 2021 Update"*. TanzaniaInvest. Retrieved 2 November 2021

<sup>3</sup> *"Tanzania national parks - Corporate Information"*. Tanzania Parks. TANAPA. Archived from [the original](#) on 18 March 2012. Retrieved 24 December 2015.

and Footprint) teamed up in the SafariBookings Expert Panel to write 860 expert reviews

The western part of Tanzania includes the Mahale, Katavi, and Gombe national parks, the latter of which is the site of Jane Goodall's ongoing study, begun in 1960, of chimpanzee behaviour. The country is also particularly rich in plant diversity, the Tanzania National Parks Authority has an entire national park the Kitulo National Park dedicated to flowers. There is a wide variety of biomass across the nation

### **1.3. Tourism potential northern and Eastern circuits**

Tanzania is by far one of the world's best destinations for wildlife lovers! As it continues to be one of the most enchanting and beloved safari spots, Tanzania offers a wealth of natural and cultural experiences that are completely unique. The country is home to over 25,000 mammals and over 550 bird species, with the 'Big Five' and the Wildebeest Migration being two of the top attractions. What are you waiting for? See our Tanzania Safari tour options. Shayona Safari & tours limited take this opportunity by establish a tour company in Mwanza region in the Northern and Eastern tourism circuits. Abundant numbers of potential tourism assets are available within Mwanza as well in as nearby regions position Mwanza as a hub of such north-western tourism circuit.

Key potentials of the Northern and Eastern Circuit includes,

- Closer to Serengeti National Reserveable to capitalise on this due presence of international airport of Mwanza with long run way truck and high capacity to accommodate number of tourist from the whole world,
- Unique topography and natural setting nexplored e.g. good sandy beaches, hotels and the lake Victoria

In an effort to strengthening the country economy, the Government of Tanzania cited tour operators industries as one of the potential revenue and job creation sector, its important is not only to social economic development, but has positive significantly towards economic development. Shayona Safari & Tours Limited decided to expand her company in Mwanza - Tanzania tour industry as major expansion of related activities from purchasing more working capital for increasing tourist activities by importing/purchasing Motor vehicles for major expansion of her tourism activities suit customer satisfaction in Tanzania.

Considering such level of market growth and demand driven variables with notably absence of tour vehicles facilities already functioning in Tanzania and neighboring countries, the investment venture will become potentially profitable business.

#### **1.4. Role of tour operator in economy**

The main goal or function of a tour operator is to organize the services being provided to the customer, such as transportation and accommodations. The tour operator is the brains behind the beauty of vacation and they leverage their expertise and resources (provider databases or technology) Tourism can spark economic growth in an area of high demand. Countries like Tanzania is more prone to tourism get an influx of wealth from visitors coming in and spending money on hotels, food, souvenirs, and activities. Last year the tourism sector raised the GDP. Tourism supports communities that otherwise may not many other sources of income. Travel serves as a reliable and steady source of income to remote areas with limited access to resources.

Online booking platforms and online travel agencies boost the economy significantly, reaching sales revenue of \$13.7 billion economy 9,800 Jobs in 2020. Overall, travel and tourism play a key role in keeping money flowing across the country. Travel allows people to break free of their everyday lives and expose themselves to various cultures, languages, customs, and ways of life this integration of lifestyles can lead to a more understanding world, where people accept one another and embrace differences. Travel helps eliminate the fear of the unknown and encourages kindness worldwide.

## 2.0. PROJECT OVERVIEW

### 2.1. The Industry ownership and share distribution

SHAYONA SAFARI & TOURS LIMITED is a limited liability company, registered in Tanzania under certificate of incorporation No 131449 issued on the 24<sup>th</sup> November, 2016. The project is located at Plot No. 140 block F Kenyatta Road, Nyamagana District, Mwanza Region, Tanzania. Currently, the company is anticipated to employ 30+ direct and 10+ indirect tourism industry chains.

Anticipated attract tourist all around the world by provide excellent services by travels tourist from Mwanza and elsewhere in Tanzania whereby the main destination of tourist attraction will be in Serengeti National Park and some will be trevelled to nearby game reserves across lake zone regions.

The initial Authorized Share Capital of the company is TZS 50,000,000/= divided into 1,000 ordinary shares of Tshs 50,000/-- 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 1 below.

**Table 1: Company Ownership and Principal Shareholders**

S/No.	Shareholder's Name	Address	Number of Shares
1	Mr. Nisha Shanntilal Makawawa (Business men)	P O Box 11902, MWANZA	300
2	Mr.Ajae Udaykant Karelia (Business Men)	P O Box 11902 MWANZA	200

The address for this company is;  
SHAYONA SAFARI & TOURS LIMITED;  
P O Box 11902,  
Plot 140, Block F, Kenyatta Road,  
NYAMAGANA,  
MWANZA,  
TANZANIA.

## **2.2. Project Description**

### **2.2.1. Shayona Safari & Tours Limited overview**

Shayona Safari & Tours Limited: Tour operator is a key factor in the success of the tourism industry. The company count on tour operators to turn their dream vacations into realities. Booking a tour is an easy way for a traveler to experience a foreign land and make sure they hit the best spots. In this context the company through booking of tourist, are talking about their roles and functions of tour operation that are aiming to provide the ultimate travel experience.

The company organizes the services being provided to the customer, such as transportation and accommodations. The company her motto is *the brains behind the beauty of vacation and they leverage their expertise and resources*

The company will accommodate tourist by receiving their booking from 1 - 3 months by accepting their requirements before travelling, these includes type of hotels, number of tourist and their personal requirement during the tour, flight charges go-returns, days to stay in Tanzania, type of meals and breakfast, the place to travels, what kind of animals/adventure they are interested for etc.

## **2.2. Project Description**

Shayona Safari & Tours Limited aimed at establishing/expansion own tour services by receiving tourist from different part in the world. The company will work in these assumptions; the only working days per month is anticipated 15 days, equivalent to 180days per year. The average stay per tourist is 3 days and average payment per tourist is 960US\$ this includes breakfast, afternoon meal, dinner, tea or coffee, and travelling within Tanzania

The project envisages planning to buy 10 Hardtop land cruisers, office renting, and additional furniture's for the smooth project operation. All Motor vehicles will be purchased to a well know expert of manufacturing either from Japan or South Africa that suit earth road in Tanzania. The estimated cost of purchasing is 695,652US\$ which include flight charges and import duty.

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

The proposed project is estimated to cost a total of US\$ 741,918.94 this including, own equity of 100% as proceeds from capital contribution of the project,, total loan debt of zero. The Current asset of US\$ 259,650 fixed assets 726,696US\$ and total liabilities of 424,865US\$. The project will be implemented within 5 years.

## **2.4. Business Plan Objectives**

The objectives of this study are two-fold. First is to determine the viability of the proposed project and serve as a business plan for the company's development program. Secondly, 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).

The project promoters have commissioned a reputable expert for the quality of motor vehicle purchased that will have detailed on specific requirement according to TOR established tailored to meet standard requirements of financial institutions in the region.

## **2.5. Demand and Market Analysis**

### **2.5.1. Market analysis**

The market analysis conducted indicates that there are few tour operators with high quality safari facilities to meet requirement of tourist. Mostly available tour travelling agents over charge tourist. The company will charge tourist according to their requirement and preference. For local tourist the company will charge the best affordable price to all arrangement of tourist internationally. The tourist who will use their service for more than 10 days the company will offer a one day discount to all services

## **2.6. Technical Characteristic of the project.**

### **2.6.1. Buildings and related fixed cost**

The company will rent building for office work and parking yard for tour service vehicle, the estimated cost for renting per month is 1500US\$ equivalent to 18,000US\$ per year. The minor rehabilitations costs are inclusive of contingency and reflect prevailing cost of building materials and labour costs in the country. Mostly local building materials will be used in the construction of the same.

### **2.6.3. Machinery and Equipment.**

The nature of the project is based on tour services which do not require machineries and equipment, but small workshop might be required for minor services and of motor vehicles. The requirements of various items of equipment have been worked out taking into consideration

#### 2.6.4. Motor Vehicles

10 Hardtop land cruisers will be purchased at a price of ce of 69,565.22US\$ each totaling to 695,652.17 US\$, these will the implementation of the project.

#### 2.6.5. Furniture & Fittings and computers

This cost item includes the purchase of various office furniture: tables, chairs cabinets, safes, telecommunication gadgets, firefighting equipment, air conditioners etc. A budget of 4,347.83 US\$ will be allocated from general administration budget for furniture fittings and computer accessories. The total budget for furniture and fittings is small due to nature of industry as few or minor requirement of furniture and fittings.

#### 2.6.6. Pre-Operational Expenses

Under pre-operational expenses are considered costs like company formation, preliminary project studies, business plan preparation costs, licenses, permits and authorization, including processing of TIC Certificate of Incentives, and legal fees, travelling expenses, initial recruitment and training expenses, and interest accrued during project construction period. Budget allocated for this is 2,173.91 US\$

#### 2.6.7. Initial Working Capital

This item will mainly cover initial cost for modification of tourist cars to meet customer satisfaction by increases set distance from tourist to tourist during all way long of travelling to the park and to the high way. Other include preliminary booking of hotels, parks etc. The initial working capital allocated budget is 13,043.48 US\$.

#### 2.6.8. Project Capital Investment Summary

<b>A. Land and Buildings</b>	
office renting per Month @1500	18,000.00
<b>B. Motor vehicles</b>	
10 Tourist land cruisers @ 69,565.22 VAT Inclusive	695,652.17
<b>Subtotal - Motor vehicles</b>	<b>695,652.17</b>
<b>C. Machineries and Equipments</b>	
	0
<b>Sub Total Machineries</b>	<b>-</b>
Furniture and fittings	4,347.83
Contiguous	8,695.65
<b>Sub total Fixed Assets</b>	<b>8,695.65</b>
<b>Total Fixed asset</b>	<b>726,695.65</b>
<b>Current Asset</b>	

Pre operational expenses	2,173.91
Initial working capital	13,043.48
<b>Sub total current Assets</b>	<b>15,217.39</b>
<b>Total Investment</b>	<b>741,913.04</b>
<b>Equity + Loan</b>	
<b>Equity 100%</b>	<b>741,913.04</b>
<b>Loan 0%</b>	<b>-</b>
<b>Total Equity</b>	<b>741,913.04</b>

### 2.6.9. Project Financing

The project costs, including fixed costs, building renovations, motor vehicles, office furniture and equipment and pre-operation expenses will be financed by shareholders own resources 100%. Working capital requirements will be financed by shareholder or seeking short term bank financing in form of overdraft facility. The project promoters are planning to finance project cost in the following pattern:

### 2.6.10. Project Implementation

Full implementation of the project is planned to take place by early December 2021. Motor vehicles will be imported immediately while construction/renovation works are in process.

### 2.6.11. Auxiliary Materials/ services

Falling under this category is plastic packing for bran, lubricants, grease and other miscellaneous items.

**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 plant 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 plant. Equipment provision has been restricted to the minimum.

### **3.0. MANPOWER REQUIREMENT - SALARY PROJECTION**

#### **3.1. Employment**

The whole process of production lines is looking at providing direct employment to at least 21 permanent jobs on full implementation and operation of the project. The industry is divided into 2 Departments; Corporate (2), Operator department n (8) some of department are in place.

#### **3.2. Recruitment**

Recruitment of the 8 persons will be carried out by giving first preference to ex-technician from our local technical institutes such as Vocation Education Training Authority "VETA" and tourist collage for Wildlife management collage especially to drivers who will work as tour operators in the same post. Based on demonstration of skills and aptitude basis and their willingness to work for Shayona Safari & Tours Limited. Careful methodology is being worked out by a competent management consultant who will set the job descriptions. To ensure that the right calibre is recruited. Recruitment of expatriate personnel will be carried out in consultation with the relevant authorities in Government and the collaborating agencies.

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

The Company 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 company which will be specified under sales agreement. In general the company will ensure that employees acquire new skills for tour operations to increase marketing share and trade volume for company growth. Whereas the company 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. These include legal counsels, systems and management consultants.

#### **3.4. Organization and Management**

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. The Board of Directors formulates policy and offer strategic business guidance to management and regularly monitor and evaluate performance of the company.

Table 3.1. Proposed organization and manpower requirement for the plant is as follows:

S/NO.	CATEGORY	NOs	MONTHLY SALARY (US\$)	TOTAL ANNUAL SALARY (US\$)
<b>CORPORATE DEPARTMENT</b>				
1	Administrators	1	600	7,200
2	Marketing and finance officer	1	400	4,800
	<b>SUB TOTAL</b>	<b>2</b>	<b>1,000</b>	<b>12,000</b>
<b>OPERATIONAL DEPARTMENT</b>				
3	Tour Operators/Driver	8	350	33,600
	<b>SUB TOTAL</b>	<b>8</b>	<b>350</b>	<b>33,600</b>
	<b>GRAND TOTAL</b>	<b>10</b>	<b>1,350</b>	<b>45,600</b>

## 4.0. FINANCIAL ANALYSIS

### 4.1. Production, Revenue and project viability

- ❑ The estimated revenue gain in payment from tourist per year 518,400 US\$ in the first year of project and the second year 544,320US\$ excluding Value Added Tax.
- ❑ Net profit before tax is 424,0653US\$, second year earning is 447,065US\$, which show the profit is increasing,
- ❑ Net profit after tax is 250,650US\$, second year earning is 273,788US\$, which show the profit is increasing,
- ❑ Gross sales contribution in the first year of production is 82% which increases tremendously in the second years up to 5 year
- ❑ The expected sales increase annually is 5% while increase production cost is 3% which depends on inflation rate of the country, for Victoria Poly bags Limited,
- ❑ Total investment cost of the project is 741,913.04US\$ whereas the own equity is 1007% and loan-able amount ZERO, project current assets for the first year is 256,650US\$, fixed asset 726,696US\$, Project liquidity is 424,665US\$
- ❑ The end balance of project in cash flow statement is positive and increases tremendous.
- ❑ Testing the project viability is positive whereas IRR is positive 13.06%, and payback period of project is within 3 years. The Discounted Cash flow yields an Internal Rate of Return (IRR) of which is well above the assumed cost of capital.
- ❑ The end balance of project in cash flow statement is positive and increases tremendous.
- ❑ Cash generated from operation and net cash from operational activities increases positively of project (see cash flow sheet)
- ❑ Return on Investment is anticipated to 355% which is above normal bank interest rate, which show in case promoter will borrow a commercial loan the project will recover bank loan within 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. Depreciation is amounted to 37,106US\$
- ❑ Salaries and Wages have been based on the prevailing scales in the industry. There is provision of 20% to cover company contribution to

NSSSF (10%) and other social welfare (10%). Included to the total amount (see Income statement)

- ❑ Corporate Tax is fixed at 30% of taxable profits. The project is able to pay tax hence increase government revenue via GDP by 127,310 US\$
- ❑ The business plan has an assumption all capital investment will be recovered within 3 years for 5 year projected economic life,

## 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 Shayona Safari & Tours Limited. The Industry's management will determine the level of operations, financial and compliance risk they are willing to assume. Risk assessment is one of the Company'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, health 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) **Sales/market risk:** Placing value added services provision and getting tourist on markets bears risk of demand fluctuations and rejections through various health and economic factors such as COVID 19. Furthermore, consumers are not aware of the safety criteria and are usually very price sensitive.

### 5.4. Other potential external risk

- a) **Lack of Governance:** the governance mechanism in the value chain 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 as no incentives for improving neither their services nor the chain to promote sustainable income earning opportunities;

- c) **Unclear and conflicting roles regulatory authorities:** Regulatory Agencies are responsible for quality control as well as enforcing TTB, TANAPA etc, are regulatory role in issuing licensing etc
- d) **Industry associations:** Associations are weak at all levels of the chain;
- e) **Operating procedures:** Standard procedures are inadequately enforced, or not enforced at all, because of relaxed production and trade regulations; and
- f) **Integration:** there is little vertical integration of importers, mid chain actors and processors.

#### **5.4. Mitigating potential risk**

The development of a large and complex project such as Shayona Safari & Tours 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. PROJECT SWOC ANALYSIS

The SWOC (Strengths, Weaknesses, Opportunities and Challenges) analysis provides a quantitative and qualitative review of internal strengths and weaknesses and their relationship with external challenges and opportunities. The results of the analysis provide a basis for determining the project future goals and for identifying strategies and initiatives that would be required to develop the project. The matrix below summarizes the project strengths, weaknesses, opportunities and threats.

**Table 6.1: SWOC Analysis - Shayona Safari & Tours Limited**

<b>SWOC ANALYSIS</b>	
<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>(a) Close proximity market and SME,</li> <li>(b) Preferential operational and incentives scheme enshrined in the TIC law</li> <li>(c) Political will, the government's legal and policy framework support development of the project</li> </ul>	<ul style="list-style-type: none"> <li>i) Skilled labour to provide tour services,</li> <li>ii) Lack of working tools Motor Vehicles</li> <li>iii) Inadequate ICT system in place thus hindering effective and efficient service delivery.</li> <li>iv) Weak collaboration/facilitative links with TTB, TANAPA, and other Government departments which may create bottlenecks in investor facilitation;</li> </ul>
<b>Opportunities</b>	<b>Challenges</b>
<ul style="list-style-type: none"> <li>(a) Strategic location of Tanzania which is a hub for international business</li> <li>(b) Existence of preferential markets</li> <li>(c) e.g. EU, COMESA, EAC, USA; and Regional markets like EAC,SADC and COMESA</li> <li>(d) Political and macroeconomic stability of the country</li> <li>(e) Goodwill and support from the</li> <li>(f) Government and the parent ministry;</li> </ul>	<ul style="list-style-type: none"> <li>i) High cost of doing business due to inefficiencies in the infrastructure system e.g. electricity, roads and air;</li> <li>ii) Lack of industrial linkages between research institutions and investors;</li> <li>iii) Government activities not fully coordinated and lack of appreciation of the TIC programs by other arms of the Government</li> <li>iv) Regional competition from other countries investment and markets.</li> </ul>

## 7. ECONOMIC AND SOCIAL ASPECTS

The project is also likely to have a positive impact on the economy of Lake Zone regions and Tanzania as a whole by creating employment, and contributing to Government revenues through various taxes, which will be paid. It also has potential for substantial exporting to foreign markets especially to neighboring countries in the Great Lakes Region. In summary the following table will show impact investment index framework

### 7.1. Impact Investment Index Framework

Impact Investment Index		
Frame Work for Shayona Safari & Tours Limited		
Performance Area	Quantitative Indicator	Remarks
<b>Investment Capital</b>	Total investment capital, CAPEX and OPEX US\$ 741,913.04US\$	Substantial amount of capital invested into the domestic economy.
<b>Export Earnings</b>	Indicative Annual sales of 100% earnings of 518,400US\$ out of annual average collection	Increased foreign earnings.
<b>Job requirements</b>	Job creation after plant in operation 2020-2021. DIRECT TANZANIAN JOBS 10 local employed	<ul style="list-style-type: none"> <li>• Reasonable number of direct job created to local Tanzanians with direct impact on poverty reduction through enhanced income generation; and</li> <li>• Improving skills development for Industrial production</li> </ul>
<b>Technology applied</b>	High Tech Environmentally friendly machinery	<ul style="list-style-type: none"> <li>• Enhancing technological transfer; and</li> <li>• Applied technology which is free from environmental pollution,</li> </ul>
Other Implied Project Benefits		
<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 entrepreneurs in market distribution channels,</li> </ul>		

- Business opportunities to contractors and sub-contractors during the minor construction phase;
- Increased regional intra-trade and international trade due to better infrastructure facility and links to markets;
- Increase of technology transfer & expertise to local employed staff,
- Capital spends in local economy over 741,913.04US\$ Millions and
- Contribution to GDP growth through increased economic activities

Based on the Impact Investment Index analysis, the company 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, Shayona Safari & Tours Limited will promote the industrialization process in the country, create employment, attract new technologies, expand foreign exchange earnings and ultimately contribute substantially to the country's economic growth.

## 8.0. FINANCIAL MODELLING AND ANALYSIS

The Financial Modelling and analysis, is the main source of information for assessing the potential financial viability of the Shayona Safari & Tours 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 establishing integrated plant is to speed up the country's economic development by being a catalyst for restructuring the existing local plastic and beverage industrial set up and attracting new, both foreign and domestic entrepreneurs to a liberalized legal business framework.

### 8.1. Project investment inputs

EXPECTED QUANTITIES FOR TOURIST – REVENUE GAIN	
SALES PROJECTION	
Working days per month	15.00
Annual working days	180.00
Average day stay per tourist	3.00
Number of tourism per years and days stay	540
Cost per tourists per day	960.00
Total Revenue gain annually in US\$	518,400.00

### 8.2. Objective and Scope of Financial Model

#### 8.2.1. 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 Shayona Safari & Tours 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.

#### 8.2.2. 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 integrated processing 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

INCOME STATEMENT PROJECTIONS								
(ALL NUMBERS IN US\$)								
REVENUE								
	<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>
<b>TOTAL REVENUE GAIN ANNUALLY IN US\$</b>	-	518,400	544,320	571,536	600,113	630,118		2,864,487
<b>TOTAL OPERATING REVENUE</b>	-	518,400	544,320	571,536	600,113	630,118		2,864,487
EXPENSES								
	<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		45,600	46,968	48,377	49,828	51,323		242,097
SOCIAL CHARGES & PENSION PAYMENTS		9,120	9,394	9,675	9,966	10,265		48,419
PURCHASE OF CONSUMABLES		2,609	2,687	2,768	2,851	2,936		13,850
FUEL AND LUBRICANTS		7,826	8,061	8,303	8,552	8,808		41,550
ELECTRICITY AND WATER (UTILITIES)		-	-	-	-	-		-
OVERHEAD COST		13,043	13,435	13,838	14,253	14,681		69,250
INSURANCE/LICENSING/OTHER CHARGES		5,702	5,873	6,049	6,230	6,417		30,271
OTHER COSTS		10,435	10,748	11,070	11,402	11,744		55,400
<b>TOTAL OPERATING COSTS</b>		<b>94,335</b>	<b>97,165</b>	<b>100,080</b>	<b>103,082</b>	<b>106,175</b>		<b>500,836</b>
<b>OPERATIONAL NET EARNINGS BEFORE DEPRECIATION, INTEREST &amp; TAX</b>		<b>424,065</b>	<b>447,155</b>	<b>471,456</b>	<b>497,031</b>	<b>523,944</b>		<b>2,363,651</b>
<i>%AGE GROSS CONTRIBUTION</i>		82	82	82	83	83		1
<b>DEPRECIATION AT 12.5%</b>		<b>37,106</b>	<b>39,126</b>	<b>41,252</b>	<b>43,490</b>	<b>45,845</b>		<b>212,729</b>
<b>NET EARNINGS BEFORE TAX &amp; INTEREST</b>		<b>386,959</b>	<b>408,029</b>	<b>430,204</b>	<b>453,540</b>	<b>478,099</b>		<b>2,150,922</b>
<b>INTEREST PAID (BANK LOAN)</b>		-	-	-	-	-		-
<b>TAX (30%)</b>		<b>127,310</b>	<b>134,242</b>	<b>141,537</b>	<b>149,215</b>	<b>157,294</b>		<b>709,598</b>
<b>NET EARNINGS</b>		<b>259,650</b>	<b>273,788</b>	<b>288,667</b>	<b>304,326</b>	<b>320,804</b>		<b>1,447,234</b>

## ANNEX II CASH FLOW

<b>CASH FLOW STATEMENT FROM INVESTING ACTIVITIES FOR TEN YEARS</b>					
<b>(ALL NUMBERS IN US\$)</b>					
	<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	518,400	544,320	571,536	600,113	630,118
CASH PAID TO SUPPLIERS AND EMPLOYEES	(94,335)	(97,165)	(100,080)	(103,082)	(106,175)
CASH GENERATED FROM OPERATIONS	424,065	510,455	673,837	813,021	948,505
DIVIDENDS RECEIVED*	0	0	0	0	0
INTEREST RECEIVED	0	0	0	0	0
INTEREST PAID	0	0	0	0	0
TAX PAID	(127,310)	(134,242)	(141,537)	(149,215)	(157,294)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>296,756</b>	<b>376,213</b>	<b>532,300</b>	<b>663,806</b>	<b>791,211</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	741,913	0	0	0	0
PROCEEDS FROM LOAN	0	0	0	0	0
PAYMENT OF LOAN	0	0	0	0	0
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>741,913</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>NET INCREASE/ DECREASE IN CASH</u></b>					
<b>NET INCREASE/ DECREASE IN CASH</b>	<b>1,038,669</b>	<b>376,213</b>	<b>532,300</b>	<b>663,806</b>	<b>791,211</b>
CASH AT THE BEGINNING OF THE PERIOD	259,650	273,788	288,667	304,326	320,804
CASH AT THE END OF THE PERIOD	<b>1,298,318</b>	<b>650,001</b>	<b>820,967</b>	<b>968,132</b>	<b>1,112,015</b>

### ANNEX III BALANCE SHEET

<b>PRO FORMA BALANCE SHEET</b>					
<b>(ALL NUMBERS IN US\$)</b>	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEAR 5</b>
<b>ASSET</b>					
CURRENT ASSET	259,650	273,788	288,667	304,326	320,804
FIXED ASSET	726,696	639,492	562,753	495,223	435,796
LIQUIDITY	424,065	510,455	673,837	813,021	948,505
<b>TOTAL ASSET</b>	<b>1,410,411</b>	<b>1,423,735</b>	<b>1,525,257</b>	<b>1,612,569</b>	<b>1,705,105</b>
<b>NET ASSET MINUS DEPRECIATION</b>	<b>1,373,305</b>	<b>1,384,609</b>	<b>1,484,004</b>	<b>1,569,079</b>	<b>1,659,260</b>
<b>EQUITY &amp; LIABILITIES</b>					
EQUITY	741,913	761,500	828,999	902,481	982,477
RESERVES					
<b>TOTAL OWN EQUITY</b>	<b>741,913</b>	<b>761,500</b>	<b>828,999</b>	<b>902,481</b>	<b>982,477</b>
PROVISIONS	466,977	449,741	472,216	473,893	473,643
LONG TERM LOAN	0	0	0	0	0
SHORT TERM LIABILITIES	164,415	173,368	182,789	192,705	203,140
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>1,373,305</b>	<b>1,384,609</b>	<b>1,484,004</b>	<b>1,569,079</b>	<b>1,659,260</b>
CL/CA	0.63	0.63	0.63	0.63	0.63
DEBIT/CAPITAL RATIOS	0.46	0.45	0.44	0.42	0.41
ROI	35.0	36.0	34.8	33.7	32.7
BREAK EVEN POINT	1.71	1.43	1.19	1.00	0.83
BREAK EVEN RATIO	0.61	0.61	0.60	0.60	0.59
EQUITY/TOTAL LIABILITIES	54	55	56	58	59

## ANNEX IV - INTERNAL RATE OF RETURN

### IRR for the Project

(all numbers in US\$)

	Initial Investment	-741,913
Year 1	Additional Annual Net Profit	259,650
Year 2	Additional Annual Net Profit	273,788
Year 3	Additional Annual Net Profit	288,667
Year 4	Additional Annual Net Profit	304,326
Year 5	Additional Annual Net Profit	320,804
	<b>IRR (in 5 years)</b>	<b>13.09%</b>

The IRR above indicates that the expected return on the US\$ 741,813 initial investment after 5 years is 13.09%

## ANNEX V - PAYBACK PERIOD

### Payback Period Analysis

	Year	Beginning Balance	Net Cash Flows	Ending Balance
Cost of investment	0.00	741,913.04	0.00	741,913.04
	1.00	741,913.04	259,649.82	482,263.22
	2.00	482,263.22	273,787.51	208,475.71
	3.00	208,475.71	288,666.75	80,191.04
	4.00	80,191.04	304,325.64	384,516.67
	5.00	384,516.67	320,804.24	705,320.91

**Payback Period = 3.00 Years**

## **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 tourist project as prescribed on this business plan have shown that the project is commercially viable. Nonetheless, Shayona Safari & Tours 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 results show that when the project is financed 100% by shareholders it gives an IRR of about 13.09%. The computed IRR is well above Dollar market of the annual loan interest rate of (8.00%) which is technically interpreted that the project is financially viable. The payback period for the project is estimated at 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 Shayona Safari & Tours 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 (2015-2025); Prioritize private investment in the context of Public Private Partnership. The First Five Years Development Plan (2020-2025) 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 (2020-2025) 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 Shayona Safari & Tours Limited to ensure development of one among the ultra-integrated plant to be developed in Nyamagana, 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 development of this integrated plant will be funded by private finances. The company acting through its various shareholders and structures will provide the initial risk capital amounting to 741,913.04US\$, the whole amount will be raised from shareholders. The company will fund the development of the project minor rehabilitations of factory building, business offices, bulk storage facilities and purchasing machines as stated on this business plan. Before the Company 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. The company has to accomplish the following;

#### **a) Apply for TIC certificate**

The company by using this Business Plan and other required supporting documents should apply for the TIC Certificate at Tanzania investment centre or Mwanza zonal Office. with this certificate, the company will be able to access tax reliefs which to a large extent will help to in reducing project costs, particularly in the purchasing of machineries and minor building of area of proposed industrial area.

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

The company 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.

#### **c) Minor rehabilitation to suit integrated Industrial requirement**

The company should engage a firm to make minor rehabilitation of existing structure that will suit integrated manufacturing requirements. 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 industry.

#### **d) Mobilizing Funds**

As previously discussed on the Financial Analysis of this business plan, financing mechanism for the integrated plant should be scrutinized well before commencing the project implementation. There may be several options of financing the project development but the company 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 TIC and the Ministry of tourism and natural resources.