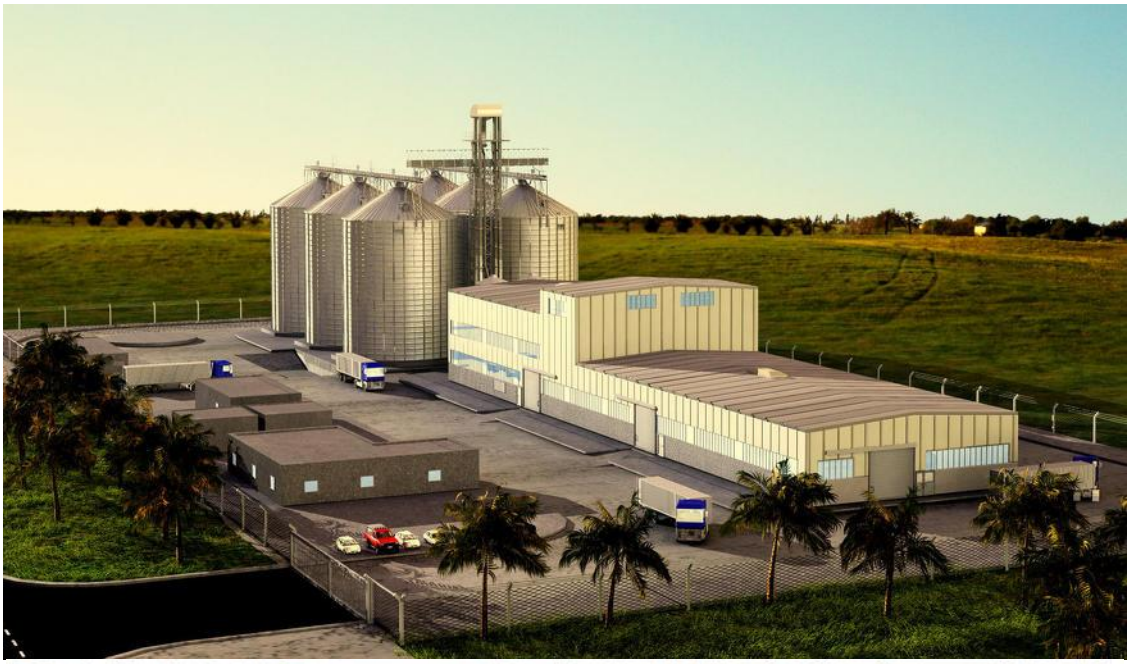
KAHAMA FRESH LIMITED
PROPOSED BUSINESS PLAN
FOR
ESTABLISHMENT OF INTEGRATED DOUBLE REFINED EDIBLE OIL IN KARAGWE TOWNSHIP, KAGERA REGION, TANZANIA.



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LIST OF ABBREVIATIONS

AGOA – African Growth Opportunity for Act
BOT- bank of Tanzania
CAPEX – Capital Expenditure
EIA – Environment Impact Assessment
EU – European Union
GDP – Growth Domestic Products
Kg – Kilo gram
IRR – Internal rate of return
MT – Metric Ton
ML – Metric Litres
TBS – Tanzania Bureau of standard
NEMC – national Environment Management Council
OPEX – Operating Expenditure
MW – Mega Watts
SIDO- Small Development Organization
SWOC- Strength Weakness Opportunity Challenge
TANESCO – Tanzania Electric Supply Company
TIC- Tanzania Investment Centre
TZS – Tanzania Shilling
USA - United state of America
UK – United Kingdom
US$ - United State Dollar
VETA - Vocation Education Training Authority
VAT – Value Added tax

EXECUTIVE SUMMARY

Tanzania`s edible oil sector stands at Tshs.676.2 billion ($294 million). The sector is highly in need of investors to fill the supply gap that currently stands at 320,000 tones so as to slash the import bill that amounted to Tshs.191.3 billion (83.19 million) in 2019. The country`s annual demand for edible oil is 500,000 tones and annual supply is 180,000 tones leaving the country with no choice but to import the remaining 320,000 tones.

The major sources of edible oil in Tanzania include sunflower, cotton, groundnuts, sesame, soya beans and palm. Oilseeds are produced in almost all regions in Tanzania. The major crop for edible oil production in Tanzania is the sunflower because it can be grown in most parts of the country as it is drought resistant, less susceptible to diseases and cheaper to cultivate compared to other oilseeds crops. However, production of sunflower remains low and benefits from its value chain have not been adequately realized.

The demand forecast shows an increase from 500,000MT to 700,000 MT of edible oil by 2030 and Tanzania guarantees the market growth for investors in the foreseeable future. Tanzania major source of edible oil in Tanzania include sunflower, palm, groundnuts, sesame, soya beans and cotton. Oilseeds are produced in almost all regions in Tanzania. The major crop for edible oil production in Tanzania is the sunflower because it can be grown in most parts of the country as it is drought resistant, less susceptible to diseases and cheaper to cultivate compared to other oilseeds crops.

Kahama Fresh Limited tap the opportunity and expect to develop sustainable high capacity, intergrated Refinery Oil mill factory in karagwe district. The company will expand the industry according to its business stratrgy for period of 2020 -2025 so as to meet domestic and international market as one of its business strategy. M/S Kahama Fresh Ltd (KFL) is a registered company engaged.M/S Kahama Fresh Ltd. proposes to invest in a oil mill processing plant to be located at Kihanga in Karagwe District about 10 Kilometers from Kayanga town Centre on the highway to Bukoba Municipality.

M/S Kahama Fresh Ltd is a registered company engaged in edible oil mill processing. Kahama Fresh Limited (KFL) was registered under Companies Act, 212 in 15th January 2018 as a Limited Liability Company with registration No. 140464 and TIN 136-818-295. The company has thus far invested in a network of raw seed collection centers at various strategic locations in Tanzania.

Capacity refers to an upper limit or ceiling on the load that an operating unit cans handle. Capacity can be referred as the rate of a facility can produce according to their capability. It is usually expressed as volume of output per period of time. The company machine capacity will be produce In any organization, the capacity of the company can be measured by looking at how it combines and utilizes the capacity it has purchased to perform work. In this context the plant capacity per day is crushing 50MT per day which provide average 2.5MLe per ton of edible oil seed (assumed production will be for 8

months). Average price per Lts is 1.5US$. By product produced mainly is seed cakes where production capacity of plant is 75MT of seed cakes and selling price is 0.12US$ per KG.

The proposed integrated project is estimated to cost a total of 1,227,036.76US$ (including own equity of US$ 490,814.70 while bank loan 736,222.06US$) with bank interest rate of 8%. The Current asset of US$ 336,639 fixed assets 1,135,732US$ and total liquidity US$ 619,236. The project will be implemented within 5 years as economic life.

The whole process of production lines is looking at providing direct employment to at least 46 permanent jobs on full implementation and operation of the project. The industry is divided into 4 Departments; administration (14), finance and marketing (3) and Operation (17). Two of these workers will be expatriate staff from Turkey and China who will train the rest of the workers during the first 6monthss of operation (Not included to this chart). Thereafter most of the production supervision will be taken over by local Tanzanians who by then will be expected to have acquired adequate experience in the operations and management of the project.

The development of a large and complex project such as Kahama Fresh Limited factory is necessarily accompanied by multiple risks during 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.

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

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 processing plants as prescribed on this business plan have shown that the project is commercially viable. Nonetheless, Kahama Fresh 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 construction of this factory facility is financed using a combination of equity debt ratio (40:60%), it gives an IRR of about 18.76%. 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.

1.0. Overview of Oil Industry in Tanzania

1.1. Refined Oil Mills in Tanzania

Tanzania`s edible oil sector stands at Tshs.676.2 billion ($294 million). The sector is highly in need of investors to fill the supply gap that currently stands at 320,000 tones so as to slash the import bill that amounted to Tshs.191.3 billion (83.19 million) in 2019. The country`s annual demand for edible oil is 500,000 tones and annual supply is 180,000 tones leaving the country with no choice but to import the remaining 320,000 tones.

The major sources of edible oil in Tanzania include sunflower, cotton, groundnuts, sesame, soya beans and palm. Oilseeds are produced in almost all regions in Tanzania. The major crop for edible oil production in Tanzania is the sunflower because it can be grown in most parts of the country as it is drought resistant, less susceptible to diseases and cheaper to cultivate compared to other oilseeds crops. However, production of sunflower remains low and benefits from its value chain have not been adequately realized.

The role of farmers in the oil producing products value chain is only confined at production level and selling oil seeds products. Processing is characterized by small and medium scale processors and is only limited to oil and animal cake. It was found that the low performance in this subsector is driven by a number of constraints. These include; poor farming practices, inadequate extension services, poor access to finance, depressed farm gate prices of products, inadequate processing facilities, threat from imported edible oil and inadequate technology.

Overall, the findings indicate that there is a huge potential for producing sunflower seeds in Tanzania. This includes high demand of sunflower oil, large suitable land, availability of market/demand, presence of water bodies, favorable policies and regulations, availability of power in the rural areas (Rural Electrification Program through the Rural Electrification Authority {REA}), and possibility of a wide range of products that can be produced in the sunflower value chain. Further findings indicate that performance in this subsector does not mirror the underlying opportunities. Production is characterized by small area of cultivation and low yield. On average, cultivation is on small-scale, with an average farmer cultivating 4.0 acres only, producing only 0.6 tons of sunflower seeds per acre. This level is far below productivity of 2.0 Tones to 3.0 Tones of sunflower seed per acre.

1.2. Demand of Refinery Edible Oil Industry in Tanzania

The demand forecast shows an increase from 500,000MT to 700,000 MT of edible oil by 2030 and Tanzania guarantees the market growth for investors in the foreseeable future. Tanzania major source of edible oil in Tanzania include sunflower, palm, groundnuts, sesame, soya beans and cotton. Oilseeds are

produced in almost all regions in Tanzania. The major crop for edible oil production in Tanzania is the sunflower because it can be grown in most parts of the country as it is drought resistant, less susceptible to diseases and cheaper to cultivate compared to other oilseeds crops.

However, production of sunflower remains low and benefits from its value chain have not been adequately realized. Due to this, the Bank of Tanzania (BoT) conducted a study to investigate potentialities of sunflower sub sector and its contribution to the economy. The study was carried out in areas where sunflower is grown, covering all Bank of Tanzania`s (BoT) zones notably, Central Zone (Dodoma, Iringa, Singida and Tabora regions); Eastern Zone (Lindi, Morogoro and Mtwara regions); Lake Zone (Geita, Kigoma, Mara, Simiyu, Shinyanga, Kagera and Mwanza regions); Northern Zone (Manyara, Kilimanjaro, Tanga and Arusha regions); and Southern Highlands Zone (Katavi, Rukwa, Ruvuma, Mbeya, Njombe and Songwe regions).

1.3. Significance of Establishment of Kahama Fresh Limited Towards industrialization in Tanzania.

1.5. The Plant Site and Size

Kahama Fresh Limited has acquired a 10-acreas piece of land at Mbulu street in karagwe District, kagera Region. The major notable land mark within vicinity is Mbulu Street. The Company has subleased three Blocks (Vitalu) with a total area of 3500hectares. The company has thus far invested in a network of raw seeds collection and distribution centre at various strategic locations in Karagwe, Bukoba Municipality and other locations which located about 2Kms in the North-eastern direction from the industrial anticipated project development.
The site is big enough to accommodate a number of industrial projects compatible with of both refinery edible oil and other industries processing and environmental standards. It potentially could become an “Industrial Park”. Site development works are in-progress. A borehole has been sunk and the water is of potable quality requiring only additional filtration and treatment to make it suitable for use in industrial processing including steam generation using suitable steam boilers. There is electricity transmission line hence requiring only a step-down transformer to be connected to the national electricity grid. It is evident that the on-going works at the plant site is a clear indication of the commitment by the project promoter, using own funds to develop the site for the intended use of both processing factories.

2.0. PROJECT OVERVIEW

2.1. The Industry Ownership and Share Distribution

M/S Kahama Fresh Ltd is a registered company engaged in edible oil mill processing. Kahama Fresh Limited (KFL) was registered under Companies Act, 212 in 15th January 2018 as a Limited Liability Company with registration No. 140464 and TIN 136-818-295. The company has thus far invested in a network of raw seed collection centres at various strategic locations in Karagwe, Bukoba Municipality and other locations

The company aim to expand its production activities by establish refinery oil karagwe District, Kagera region, whereas raw materials will collected from local farmers in Tanzania and additives ingredients will be imported from abroad. The expansion of project will involves purchasing machine and installation, operational, management and distribution of commodities so as to facilitate smooth implementation of the plant.

The initial Authorized Share Capital of the company is Tshs 1,000,000,000/= divided into 10,000 ordinary shares of Tshs 100,000 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

Table 1: Company Ownership and Principal Shareholders

S/No.	Shareholder's Name	Address	Number of Shares
1	Mr. Jassam Ntangeki, (Tanzanian)	P O Box 371 , Kahama, SHINYANGA	50,000
2	Mr. James Jassam, (Tanzanian)	P O Box 371 , Kahama, SHINYANGA	20,000
3	Ms. Eveline Nestory (Tanzanian)	P O Box 371 , Kahama, SHINYANGA	20,000
4	Mr. Joshua Ntangeki (Tanzanian)	P O Box 371 , Kahama, SHINYANGA	5,000

The address for this company is;
Kahama Fresh Limited;
P O Box 371,
Kahama
SHINYANGA, URT.

2.2. Project Description and production process

2.2.1. Refinery Oil Mill Production Process

Kahama Fresh Limited; will produce oils from the remains of cotton, sun flowers, groundnuts etc This unique industry is primarily a legacy of Government policies that promote labor intensive and increases employment for Tanzanian. The project is expected to start early October 2021 whereas the raw material during the start of project will be from agricultural marketing co-operatives and additives ingredient will be imported from abroad.

The technology used in the oil mills processing, the machine type used will press copra, sesame, walnut, sunflower seed, peanut, rapeseed, soybean, and so on. The company will **offers a wide range of oil extraction machine, solutions** and services tailored to customers' unique maize and oil processing needs to enable successful maize flour and edible oil production.

Whether its rapeseed, sunflower seeds, cottonseed or soybean, to obtain consistently high-quality edible oils from oil crops, all the oil production process steps interlinks smoothly and be problem free. The company will use collected edible integrated solutions that embrace entire manufacturing process! Oilseed Pretreatment, Oil Pressing, Solvent Extraction and Edible Oil Refinery are the 4 main steps of the edible oil production. We will show you detail below!

Edible Oil Production Process and Related Oil Mill Machinery.

Main Steps of Edible Oil Production Process

Step 1: Oil Seed Pretreatment.

Oilseed pretreatment refers to a series working steps of getting rid of impurities from the oil bearing materials, which can make the oilseeds in the best condition before being pressed and extracted and is able to make the most oil out. These impurities here generally refer to the following two items: The organic impurities: such as the stem leaf, cord, chemical fibers, velveteen and their seeds; the inorganic impurities: such as soil, metal, about oil-bearing impurities.

Oil Mill Machinery Used in the Pretreatment Process

During the process of oilseed pretreatment, a series of seed processing equipment are necessary, such as cleaning sieve, crusher, dehuller, flaking machine, cooker, screw extruder, dryer and the like.

Step 2: Oil Pressing

Oil Pressing or you can call it expeller pressing, is a traditional oil extraction method that has been used for centuries. The pressing process is chemical-free; it is a mechanical method for extracting oil from vegetables, nuts and seeds by physics pressure. Oil pressing ranges in capacity from less than 1 ton to over 50 tons per day, and today the expeller press is universally used for the continuous mechanical extraction of oil regardless of the size of the operation.

Workshop view

Step3: Solvent Extraction

Solvent extraction is a chemical method to extract oil out from vegetables, oilseeds and nuts by solvent. Hexane-based processes have been in commercial operation for a long time. Industrial oil processing for the edible oil generally involves the solvent extraction step which may or may not be preceded by pressing. For such processes, it is possible to achieve oil yields in excess of 95% with a solvent recovery of over 95% which in compare to 60 to 70% oil yield by mechanical oil pressing method.

Step: 4 Edible Oil Refineries.

The edible oil refinery can refine almost all types of oils. The refined oil quality depends on the type of crude oil and refinery process and technical. Edible oil refinery can be carried out by either chemical refining (batch or continuous refining) or physical refining, and the main equipment involved are neutralizer, bleacher, deodorizer, heat exchanger, press filters etc. Edible oil can be refined by either a chemical or a physical refining process. The decision which process to use depends on the types and qualities of the crude oil to be processed. The process of edible oil refinery generally comprises of Degumming, Neutralization,

Bleaching and Deodorization and Winterization. Chemical Refining is the most widely used process for vegetable oils, especially seed oils. It is particularly suitable for refining crude seed oils like soybean oil, canola oil, corn oil, cottonseed oil, sunflower oil, safflower oil etc.

2.3. Business Plan Objectives

The objectives of this study are three-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 engineering and project planning consulting firm to advice on detailed technical and economic evaluation of the project and in determining its viability. As the report will be used to raise debt financing for the project, it is tailored to meet standard requirements of financial institutions in the region.

2.4. Plant Capacity and Pricing Analysis

Capacity refers to an upper limit or ceiling on the load that an operating unit cans handle. Capacity can be referred as the rate of a facility can produce according to their capability. It is usually expressed as volume of output per period of time. The company machine capacity will be produce In any organization, the capacity of the company can be measured by looking at how it combines and utilizes the capacity it has purchased to perform work. In this context the plant capacity per day is crushing 50MT per day which provide average 2.5MLe per ton of edible oil seed (assumed production will be for 8 months). Average price per Lts is 1.5US$. By product produced mainly is seed cakes where production capacity of plant is 75MT of seed cakes and selling price is 0.12US$ per KG. However, for purposes of this study it is assumed that it will operate at 24 hours a day, 20 days a month, thus processing 150 MT per day x 20 days x 12 months (equivalent to 240 days per year) which is equal to 8,640MT MT of maize flour per annum. Average price per kg is 0.2US

Table 2.1.Annual Production Phases and Sales Volume

Expected quantities for production	
All cost and revenue in US$	
Refinery oil Mill sales assumption	
Working days per month	20.00
Annual working days	240.00
Average production of oil mills/flour per day in Lts	2,500.00

Average production of by products for oil in KG	5,000.00
Refinery Oil per Litres	1.50
By products price per KG	0.12
Annual sale refinery Oil in 000US$	900,000.00
Annual sale of by products in 000US$	144,000.00
Total sales Revenue	**1,044,000.00**

The basis for pricing has been from observations and data collected from various parts of Tanzania, market behavior of raw materials and by- products, production costs and profit margins. Packaging will be done in good quality material and together with other materials, the pricing has been estimated at annual sales increase of 5% and this should allow a very high standard of packing.

2.5. Marketing Organization

Kahama Fresh Limited; will produce products and sell at wholesale level. Importers from the neighboring countries will be expected to orders for their requirements to the company by mails, phones, and their orders will send to country of their destinations, but arrangements can also be made for the promoters to deliver directly to importer from Kenya, Burundi, Rwanda, Democratic Republic of Congo and south Sudan. Likewise, local buyers are expected to collect their requirements of the various products for the produced products, but the promoters will be flexible to deliver the goods on demand. With availability of demand in the local market, the company will create market for these products depend upon the entrepreneur's ability to push the same in the market. Apart from retails segment, the products are being widely used by community. Kahama Fresh Limited; production will be mainly for domestic and EAC market, the company expects to export 20% of its products and the remaining balance will be sold locally.

2.6. Technical Characteristic of the project.

2.6.1. Project Location

Kahama Fresh Ltd has secured a 63,000 m^2piece of land at Kihanga area10 km from Kayanga town centre along the Bukoba- Karagwe highway. The Project is located at Plot No. 19 & 20, Block 'A', Kihanga area Karagwe district,Kagera region.

The site is big enough to host several industrial projects compatible with milk processing and environmental standards. It potentially could become an "Industrial Park". Site development works are in-progress. A borehole has been sunk and the water is of potable quality requiring only additional filtration and treatment to make it suitable for use in industrial processing including steam generation using suitable steam boilers. There is electricity transmission line

hence requiring only a step down transformer to be connected to the national electricity grid.
It is evident that the on-going works at the plant site is a clear indication of the commitment by the project promoter, using own funds to develop the site for the intended use of milk processing. For a 10,000 LPD plant, a building of 200-300 m^2 will be required and composed of:

2.6.2. 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 and are ok for factory establishment. 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. The project location is already installed necessary utilities such as reliable supplies of energy, water, transportation, telecommunications services, waste disposal and other services are in place.

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2.6.3. Buildings

The total cost of Land acquisition and registration, factory buildings, Storage of raw materials and finished products structure are in place. 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. The associated cost includes: land acquisitioning, Processing factory Building structure, Silos, Semi-permanent Building and office, 2 Warehouse for finished goods, seed warehouses, packaging room, and TP and waste disposal. Total investment of land and structure building is estimated to 463,043US$.

2.6.4. Machinery, Vehicles and Supporting Equipments

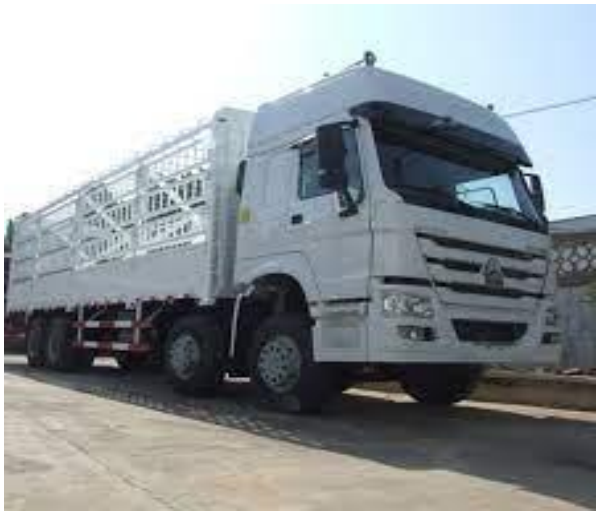
Proper machinery selection is one of the key problems in the development of an industry. The machinery must suit the two-fold requirements of the developing countries, i.e. it should be up-to-date to allow for competitive production. In view of the foregoing, an effort has been made to choose from modern technological from Turkey's Beraat supplier and alternatively Hennan Ocean Intelligent technology Company Limited from China, a level that strikes a balance between fixed costs based on depreciation and variable costs based essentially on wages.

Requirements of various items of equipment have been worked out taking into consideration the production programs, average equipment utilization and normal productivity level of an average worker etc. While working out details of equipment required, it has been assumed that the plant will be working in a

double shift 16 hours a day, 20 days a month or a total of 240 days a year. In second years onward all machines will operate for 24hrs after all operational staff to be equipped with knowledge of machines operation. The projects machinery and equipment will be sourced from turkey and China are estimated to cost 545,480US$ which includes CIF price and installation of machines which include miscellaneous of 26,087US$ in case unforgotten assembling equipments.

The company will purchase standby generator 111,270US$, 150ton/24 maize Mill Equipment includes chassis, Hunger-building 40mx17mx12m/h, oil Refinery plant complete set, weighing scale Max 100MT, laboratory Diagnosis Equipment for testing flour and oil mill qualities, small and medium, Weighing Measures - 0.1 to 100Kg, Transformers, Draying, Sorting and Packaging machines, -durable Reserve water tanks, Computer and accessories. These cost assumptions are C.I.F Dar es Salaam and include installation, commissioning, consultancy, port charges and transport to the project site.

2.6.5. Motor Vehicles



2 heavy duty trucks will purchased at a price of 135,600 US$ of Euro standards. Proposed trucks will be imported from Chinese company SINOTRUCK HUBEL HUAWIN SPECIAL VEHICLES CO.LTD, model type is HOWO 6x 4 stakes T Truck. Loading capacity front axles is 1X7000KG and rear axles loading capacity 2X16, 000KG. The total pay loading is 30,000KG.

Apart from purchasing motor vehicle, the industry will purchase 3 forklifts with a capacity of 7 tons will cost 52,174US$ respectively.

2.6.6. Furniture & Fittings and Office Equipment

This cost item includes the purchase of various office furniture: tables, chairs cabinets, safes, telecommunication gadgets, firefighting equipment, air conditioners etc. A budget of 4,348US$ will be allocated from general administration budget for furniture fittings, computers and accessories. The total budget for furniture and fittings is small due to nature of industry as few or minor requirement of furniture and fittings.

2.6.7. Pre-Operational Expenses

Under pre-operational expenses are considered costs like company formation, preliminary project studies, business plan preparation costs, licences, permits

and authorizations, 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 43,478US$.

2.6.8. Initial Investment and Working Capital Requirements

This item will mainly cover initial imports of raw materials estimated to last for the first three months of operations. Otherwise, raw materials will generally be maintained at one month's stock and debtors at one month's sales volume constitute the biggest portion of current assets. Trade credits will be 15 days for the items listed. The initial working capital allocated budget is 86,348 US$. The table below shows Capital Investment Summary.

INVESTMENT SUMMARY – KAHAMA FRESH COMPANY LTD				
S/NO.	**CAPITAL ITEM**	**No. OF UNITS**	**UNIT OF MEASURE**	**ESTIMATED COST US$**
NB	**ALL FIGURES IN USD**			
	A. LAND AND BUILDINGS			
1	Land acquisition	10	Acres	19,565
2	Processing factory Building structure	1		43,478
3	Silos with capacity of 500MT	2	10,000MT	39,130.43
4	Semi-permanent Building and office	1		43,478.26
5	Warehouse for finished goods	2		86,957
6	Seed Godown Tree			21,739
8	Laboratory for quality testing	2		52,174
9	packaging room			65,217
10	TP and waste disposal			91,304
	SUB TOTAL			**463,043**
	B. MACHINERY EQUIPMENT			
	Hunger-building 40mx17mx12m/h	1	set	86,957
3	Refinery plant	1	set	43,478
4	Weighing scale Max 100MT	1	set	43,478
5	Diagnosis Equipment for testing quality	2	set	8,695.65
6	Weighing Measures - 0.1 to 100Kg	10		43.48
7	Transform	1	unit	88,043
8	Draying, Sorting and Packaging machines	1	Complete set	21,645
9	Reserve water tanks -durable	2	100,000Lts	26,087

10	Computer and accessories	Office sets		9,565
11	Generator 50KVA	Lump sum		111,270
12	Miscellaneous Tools and Equipment	1	unit	15,217
	SUB TOTAL			**454,480**
	C. MOTOR VEHICLES			
	Folk lift	1	unit	52,174
23	Lorries with traillers (HOWO 6x4 Stake Truck)	2	unit	135,600
	SUB TOTAL			**187,774**
	D. FURNITURE			
28	Office Furniture	set in lump sum		4,348
30	Contingies			26,087
	SUB TOTAL			**30,435**
	TOTAL FIXED ASSET			**1,135,732**
	E. CURRENT ASSETS			
31	Pre operational expenses			4,348
32	Intial working capital			86,957
	SUB TOTAL			**91,304**
	TOTAL INVESTMENT			**1,227,037**

	EQUITY + LOAN			
1	**LOAN (60%)**			**736,222.06**
2	**EQUITY (40%)**			**490,814.70**
	TOTAL FINANCING			**1,227,036.76**

2.6.9. Project Cost & Financing Pattern

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. The project promoters are planning to finance project cost in the following pattern:

The proposed integrated project is estimated to cost a total of 1,227,036.76US$ (including own equity of US$ 490,814.70 while bank loan 736,222.06US$) with bank interest rate of 8%. The Current asset of US$ 336,639 fixed assets

1,135,732US$ and total liquidity US$ 619,236. The project will be implemented within 5 years as economic life.

2.6.10. Project Implementation

Full implementation of the project is planned to take place by November, 2021 whereas Machineries and motor vehicles will be imported immediately while construction/renovation works are in process.

2.6.11. Explanatory Notes

The production capacity of the plant is based on 240 working days excluding Holidays Sunday and low peak production seasons. The factory runs per day with a maximum of 2.5MT oil seed crushed per day and by products 5MT per dayrespectively. Capacity utilization of the plant is 60% - 75%. The production capacity of the plant will be expanded to make use of 100% after the first year in production. The proposed project is a complete set of modern technology with output capacity of the said above information's. All machines are from well known turkey and Asia brands (China), after being over hauled, run 20-25 years.

Expected quantities for production	
All cost and revenue in US$	
Refinery oil and Maize Mill sales assumptions	
Working days per month	20.00
Annual working days	240.00
Average production of oil mills/flour per day in Lts	2,500.00
Average production of by products for oil in KG	5,000.00
Refinery Oil per Lts	1.50
By products price per KG	0.12
Annual sales Maize Mills/flour in 000US$	-
Annual sale refinery Oil in 000US$	900,000.00
Annual sale of by products in 000US$	144,000.00
Total sales Revenue	**1,044,000.00**

2.6.12. Auxiliary Materials/Services

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

a) Workshop

b) Electric power
c) Water supply
d) 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.

(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 and Geita Region. As part of an alternative power supply, the company will buy a heavy duty 33KVA Power generator automated generator that will be connected to the plant and premises for standby power supply. In the near future, the company plans to install and use solar power for administration and other miscellaneous activities and not processing activities. The Kahama Fresh Limited will install an online UPS system that secures clean and uninterrupted power free of surges, brownouts, fluctuations and other power problems A total amount of US$ 311,270 has been budgeted for purchasing a stand by Generator of 33KVA power capacity.

(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 BUWASA Kagera water supply and sanitation "BUWASA" water network, the agency is major supplier of water to urban and peri urban area in the region. While depending on water supply from Kagera BUWASA, the main line is close to the proposed industry from Karagwe Township. 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 plant. 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 production, 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 plant have been duly recognized and been attempted mostly manual. Regarding transport, ten (10) heavy duty trucks with a capacity of 30MT will be purchased and a number of light trucks will purchased later for distribution purpose,
- Necessary provision for furniture and office equipment has been made in the capital cost estimates.
- Provision has also been made for the various types of weighing equipment in various sections for material-handling equipment etc.

2.6.12. Warehousing and distribution.

Kahama Fresh Limited's warehousing service is ready to meet 24/7/365 with locally produced and imported raw material. The efficiency of on-site combined with 3 loading docks (focal lift) will accommodate all needs and reduce supply chain costs. The industry will use electronics inventory management system means will ready for the efficiently movements of goods to next level. The industry will use quick dispatch for fast distribution of final products and packed by manual means or by semi-automatic machines. The industry will take extra care is therefore taken to make it hygienic so that the products do not get spoiled during storage.

2.6.13. Waste Management for Industry

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 his strategic management for a Kahama Fresh Limited; the industry 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.

Rapid degradation in environmental conditions has changed at attitude of industrial managers toward ecological environment and had them consider ecology a significant factor while taking decisions related to industrial management. Parameters responsible for environmental pollution include chemicals discharged into air, water and soil as well as energy pollution all these will taken into consideration of the proposed project.

Noise pollution caused by poorly planned settlement programs is also included in this plan. Furthermore, safety and health of those working in production will be also taken into account by installing modern machines free from noise pollution.

3.0. ORGANIZATION AND MANPOWER REQUIREMENT.

3.1. Employment

The whole process of production lines is looking at providing direct employment to at least 46 permanent jobs on full implementation and operation of the project. The industry is divided into 4 Departments; administration (14), finance and marketing (3) and Operation (17). Two of these workers will be expatriate staff from Turkey and China who will train the rest of the workers during the first 6monthss of operation (Not included to this chart). Thereafter most of the production supervision will be taken over by local Tanzanians who by then will be expected to have acquired adequate experience in the operations and management of the project.

3.2. Recruitment

Recruitment of the 45 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 employees of oil and maize mills factory in Tanzania, based on demonstration of skills and aptitude basis and their willingness to work for Kahama Fresh Limited. Careful methodology is being worked out by a competent management consultant who will set the job descriptions etc. To ensure 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 by a Indian expert (depending on the source of technology) to be dispatched to the project site by the suppliers of the plant which will be specified under sales agreement. Later on, the maintenance staff will be sponsored to go on field trips outside the country with the manufacturers of the machinery in turkey and China a to familiarize themselves with the operations of the plant and machinery. In general the company 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 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. To ensure efficient and scientific management, operational manuals will be prepared for the core functions of the company.

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.

All the production line will have its own management under which the day to day leader/management of each production line will be vested in the management team headed by a Production Manager. The Production Manager is to be assisted by qualified and experienced personnel. The Production Managers will report to a General Manager who will be directly responsible to the Board of Directors. The table below shows proposed organization and manpower requirement for the plant and salary structures as follows:

A.ADMINISTRATION DEPARTMENT	FULL TIME STAFF	MONTHLY SALARY	ANNUAL SALARY
DEPARTMENT	**POSTS**	**AMOUNT US$**	**AMOUNT USD**
EXCUTIVE DIRECTOR	1	750	9,000
LOGISTIC	2	500	12,000
DRIVER	1	270	3,240
SECURITY GUARD	10	250	30,000
SUB TOTAL	**14**	**1770**	**54,240**
B.FINANCE AND MARKETING DEPARTMENT	**FULL TIME STAFF**	**MONTHLY SALARY**	**ANNUAL SALARY**
DEPARTMENT	**POSTS**	**AMOUNT USD**	**AMOUNT USD**
ACCOUNTANT	1	600	7,200
PROCUREMENT OFFICER	1	500	6,000
DRIVER	1	270	3,240
TOTAL	**3**	**1370**	**16,440**
C. OPERATIONAL DEPARTMENT	**FULL TIME STAFF**	**MONTHLY SALARY**	**ANNUAL SALARY**
DEPARTMENT	**POSTS**	**AMOUNT USD**	**AMOUNT USD**
QUALITY CONTROL	1	650	7,800
ICT EXPERT	1	650	7,800
OPERATORS	5	320	19,200
PREMIXED FOOD STUFFS	5	200	12,000
DRIVERS	5	270	16,200
TOTAL	**17**	**1820**	**63,000**

GRAND TOTAL	**34.00**	**4,960.00**	**133,680.00**

4.0. FINANCIAL ANALYSIS AND MODELING

4.1. Financial Analysis for Production, Revenue and Project Viability

- The estimated revenue gain in selling of cooking oil and by products cakes is estimated to 1,044,000US$ whereas cooking oils is 900,000US$, by products 144,000US$ excluding Value Added Tax.
- Gross sales contribution in the first year of production is 59% which increases positive to the remaining years.
- The expected sales increase annually is 5% while increase production cost is 3% which depends on inflation rate, for Tanzania inflation rate is less than 4%. In this case inflation rate will not affect the factory performance.
- The discount rate has been assumed to be 8% for dollar market value
- Total investment cost of the project is 1.227.036.76US$ whereas the own equity 40% (490,814.70U$) and loan-able amount 60% (736,222.06US$)
- The end balance of project in cash flow statement is positive and increases tremendous for the first year , net earnings is very minimal the first year of production 336,639US$, the second years increases over 1000% but still increase positively,.
- The yearly loan payment schedule of project is 184,391.57US$ for 5 year loan recovery schedule,
- Testing the project viability is positive whereas IRR is positive at 18.76%, and payback period of project is within 4 years.

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4.2. Financial Modeling

The Financial Modelling and analysis, is the main source of information for assessing the potential financial viability of the Kahama Fresh 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 this factory is to speed up the country´s economic development by being a catalyst for restructuring the existing local mills industrial set up and attracting new, both foreign and domestic entrepreneurs to a liberalized legal business framework.

4.2.1. Objective and Scope of Financial Model

a. 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 the factory on the assumptions taken for the Market

Analysis, the plan for the facility development, unit production costs and other overhead and operational charges.

b. 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 mills 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

(ALL NUMBERS IN US$

REVENUE	R 0	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
ANNUAL SALES OIL MILLS IN 000US$		900,000	945,000	992,250	1,041,863	1,093,956	**4,973,068**
ANNUAL SALE OF BY PRODUCTS IN 000US$		144,000	151,200	158,760	166,698	175,033	**795,691**
TOTAL OPERATING REVENUE	-	**1,044,000**	**1,096,200**	**1,151,010**	**1,208,561**	**1,268,989**	**5,768,759**
EXPECTED EXPENSES							
	0	**YEAR 1**	**YEAR 2**	**YEAR 3**	**YEAR 4**	**YEAR 5**	**TOTAL**
SALARIES		133,680	137,690	141,821	146,076	146,076	705,343
SOCIAL CHARGES & PENSION PAYMENTS		26,736	27,538	28,364	29,215	29,215	141,069
CONSUMABLE GOODS - RAW MATERIALS		86,957	89,565	92,252	95,020	95,020	458,813
ADMINISTRATIVE EXPEMCES		52,174	53,739	55,351	57,012	57,012	275,288
FUEL AND LUBRICANTS FORMACHINERIES AND GENRATORS		62,609	64,487	67,711	71,097	71,097	337,001
SECURITY SERVICES		7,826	8,061	8,303	8,552	8,552	41,293
WORK WEAR AND OTHER RELATED FACILITIES		5,217	5,374	5,535	5,701	5,701	27,529
INSUARANCE/LICENSING/HEALTHY PREMIUM/OTHER CHARGES		5,217	5,374	5,535	5,701	5,701	27,529
UTILITIES - ELECTRICITY AND WATER SERVICES		18,261	18,809	19,373	19,954	19,954	96,351
OTHER COSTS		26,087	26,870	27,676	28,506	28,506	137,644
TOTAL OPERATING COSTS		**424,764**	**437,507**	**451,922**	**466,834**	**466,834**	**2,247,859**
OPERATIONAL NET EARNINGS BEFORE DEPRECIATION, INTEREST & TAX		**619,236**	**658,693**	**699,088**	**741,727**	**802,155**	**3,520,900**
%AGE GROSS CONTRIBUTION		*59*	*60*	*61*	*61*	*63*	*1*
DEPRECIATION AT12. 5% (MACHINES, EQUIPT.)		**54,183**	**57,636**	**61,170**	**64,901**	**70,189**	**316,881**
NET EARNINGS BEFORE TAX & INTEREST		**565,053**	**601,058**	**637,918**	**676,826**	**731,966**	**3,204,019**
INTEREST PAID (BANK LOAN)		**58,898**	**48,858**	**38,016**	**26,306**	**13,659**	**185,736**
TAX (30%)		**169,516**	**180,317**	**191,375**	**203,048**	**219,590**	**963,846**
NET EARNINGS		**336,639**	**371,882**	**408,527**	**447,473**	**498,718**	**2,063,239**

ANNEX II

CASH FLOW STATEMENT FROM INVESTING ACTIVITIES FOR TEN YEARS						
(ALL NUMBERS IN US$)		**YEAR 1**	**YEAR 2**	**YEAR 3**	**YEAR 4**	**YEAR 5**
CASH FLOW FROM OPERATING ACTIVITIES						
CASH RECEIPTS FROM SALES		1,044,000	1,096,200	1,151,010	1,208,561	1,268,989
CASH PAID TO SUPPLIERS AND EMPLOYEES		(424,764)	(437,507)	(451,922)	(466,834)	(466,834)
CASH GENERATED FROM OPERATIONS		619,236	658,693	699,088	741,727	802,155
DIVIDENDS RECEIVED*		0	0	0	0	0
INTEREST RECEIVED		0	0	0	0	0
INTEREST PAID		(58,898)	(48,858)	(38,016)	(26,306)	(13,659)
TAX PAID		(169,516)	(180,317)	(191,375)	(203,048)	(219,590)
NET CASH FLOW FROM OPERATING ACTIVITIES		**390,823**	**429,518**	**469,697**	**512,374**	**568,906**
CASH FLOW FROM INVESTING ACTIVITIES						
REPLACEMENT OF EQUIPMENT		0	0	*0*	0	*0*
PROCEEDS** FROM SALE OF EQUIPMENT		0	0	*0*	0	0
NET CASH FLOW FROM INVESTING ACTIVITIES		**0**	**0**	**0**	**0**	**0**
CASH FLOW FROM FINANCING ACTIVITIES						
PROCEEDS FROM CAPITAL CONTRIBUTED		490,815	0	0	0	0
PROCEEDS FROM LOAN		736,222	0	0	0	0
PAYMENT OF LOAN		(125,494)	(135,533)	(146,376)	(158,086)	(170,733)
NET CASH FLOW FROM FINANCING ACTIVITIES		**1,101,543**	**(135,533)**	**(146,376)**	**(158,086)**	**(170,733)**
NET INCREASE/ DECREASE IN CASH		**1,492,365**	**293,984**	**323,321**	**354,288**	**398,173**
CASH AT THE BEGINNING OF THE PERIOD		336,639	371,882	408,527	447,473	498,718
CASH AT THE END OF THE PERIOD		**1,829,005**	**665,866**	**731,848**	**801,760**	**896,891**

ANNEX III

Pro forma balance sheet					
(all numbers inUS$	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
ASSET					
Current asset	336,639	371,882	408,527	447,473	498,718
Fixed asset	1,135,732	1,081,549	1,023,914	962,743	897,842
Liquidity	619,236	658,693	699,088	741,727	802,155
TOTAL ASSET	2,091,608	2,112,125	2,131,529	2,151,943	2,198,715
NET ASSET MINUS DEPRECIATION	**2,037,425**	**2,054,489**	**2,070,359**	**2,087,042**	**2,128,527**
EQUITY & LIABILITIES					
Equity	490,815	466,274	442,960	420,812	399,772
Reserves	0	0	*0*	0	0
Total Own Equity	**490,815**	**466,274**	**442,960**	**420,812**	**399,772**
Provisions	1,138,519	1,165,870	1,190,461	1,213,889	1,254,585
Long term loan	184,392	184,392	184,392	184,392	184,392
Short term Liabilities	223,699	237,953	252,546	267,949	289,778
Total Equity & Liabilities	**2,037,425**	**2,054,489**	**2,070,359**	**2,087,042**	**2,128,527**
NET FA/CL	6.16	5.87	5.55	5.22	4.87
CL/CA	0.66	0.64	0.62	0.60	0.58
DEBIT/CAPITAL RATIOS	0.76	0.77	0.79	0.80	0.81
ROI	68.6	79.8	92.2	106.3	124.8
BREAK EVEN POINT	1.83	1.64	1.46	1.30	1.12
BREAK EVEN RATIO	1.34	1.31	1.27	1.24	1.17
EQUITY/TOTAL LIABILITIES	24	23	21	20	19

ANNEX IV

LOAN INFORMATION AND PAYMENT SCHEDULE			
LOAN DATA	**ALL NUMBER IN US$**	**LOAN SUMMARY**	
ORIGINAL PRINCIPAL	736,222.06	SCHEDULED PAYMENTS	184,391.57
LOAN TERM (YEARS)	5.00	SCHEDULED NUMBER OF PAYMENT	5.00
ANNUAL INTEREST RATE	8%	ACTUAL NUMBER OF PAYMENT	5.00
PAYMENTS PER YEAR	1.00	TOTAL EARLY PAYMENT	-
PAYMENT	184,391.57	TOTAL INTEREST	185,735.77

YEAR	PAYMENT	INTEREST	CUMULATIVE INTEREST	PRINCIPAL	BALANCE
-					736,222.06
1.00	184,391.57	58,897.76	58,897.76	125,493.80	610,728.25
2.00	184,391.57	48,858.26	107,756.02	135,533.31	475,194.95
3.00	184,391.57	38,015.60	145,771.62	146,375.97	328,818.98
4.00	184,391.57	26,305.52	172,077.14	158,086.05	170,732.93
5.00	184,391.57	13,658.63	185,735.77	170,732.93	0.00
		185,735.77			

ANNEX V

IRR FOR THE PROJECT		
	(ALL NUMBERS IN US$	
	INITIAL INVESTMENT	-1,227,037
YEAR 1	ADDITIONAL ANNUAL NET PROFIT	336,639
YEAR 2	ADDITIONAL ANNUAL NET PROFIT	371,882
YEAR 3	ADDITIONAL ANNUAL NET PROFIT	408,527
YEAR 4	ADDITIONAL ANNUAL NET PROFIT	447,473
YEAR 5	ADDITIONAL ANNUAL NET PROFIT	498,718
	IRR (IN 10 YEARS)	**18.76%**

THE IRR ABOVE INDICATES THAT THE EXPECTED RETURN ON THE 1,227,937USD INITIAL INVESTMENT AFTER 5 YEARS IS 18.76%.

ANNEX VI

PAYBACK PERIOD ANALYSIS

	YEAR	BEGINNING BALANCE	NET CASH FLOWS	ENDING BALANCE
COST OF INVESTMENT	0.00	1,227,036.76	0.00	1,227,036.76
	1.00	1,227,036.76	336,639.34	890,397.42
	2.00	890,397.42	371,882.06	518,515.36
	3.00	518,515.36	408,527.07	109,988.29
	4.00	109,988.29	447,472.57	337,484.27
	5.00	337,484.27	498,717.85	836,202.12

PAYBACK PERIOD =	**4.00**	**YEARS**

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 Kahama Fresh 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) Supply Risk: The risk in primary production relates to supply of raw material, transportation and price fluctuations. There is no assurance of enough supply of raw materials in the local market and instead most of raw materials are to be imported.

b) Processing Risks: The technology, machines and equipment used in double refined edible oil and maize flour production in rudimentary stages all of which contribute to reducing production efficiency. Also quality/food safety and standards consideration in the production environment is limited. In this factory facilities operation know-how is very low as there are notarized labourers.

c) Sales/Market Risk: Placing value added products on the consumer markets bears risk of demand fluctuations and rejections through retailers. Furthermore, consumers are not aware of the production quality and safety criteria and are usually very price sensitive.

5.4. Other Potential External Risks

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 that producers and processors have no incentives for improving neither their product nor the chain process to promote sustainable income earning opportunities;

c) Unclear and Conflicting Roles of Regulatory Authorities: Regulatory Agencies are responsible for quality control as well as enforcing TBS, NEMC 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.

5.5. Mitigating Potential Risks

The development of a large and complex project such as Kahama Fresh Limited factory is necessarily accompanied by multiple risks during 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

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

Impact Investment Index Framework

Impact Investment Index		
Frame Work for Kahama Fresh Limited		
Performance Area	**Quantitative Indicator**	**Remarks**
Investment Capital	Total investment capital, CAPEX and OPEX US$ 1,227,036.76 US$	Substantial amount of capital invested into the domestic economy.
Export Earnings	Indicative Annual sales of 100% earnings of 1,044,000 US$ out of annual average collection for domestic market supply	Increased foreign earnings.
Job Requirement	Job creation after plant in operation 2021-2022. Direct Tanzanian Jobs 34 employed for facilitating establishment of factory	• Reasonable number of direct job created to local Tanzanians with direct impact on poverty reduction through enhanced income generation; and • Improving skills development for Industrial production
Technology applied	High Tech Environmentally friendly machinery	• Enhancing technological transfer; and • Applied technology which is free from environmental pollution,
Other Implied Project Benefits		
▪ Increased sales to the Utility Companies providing services of electricity, water and sewerage, telecommunications; ▪ Increased business transacted by local banks and institutions providing financial services; ▪ Business opportunities for local entrepreneurs in market distribution channels, ▪ 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 1.227US$ 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, Kahama Fresh 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.

7.0. CONCLUDING REMARKS AND WAY FORWARD

7.1. 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 processing plants as prescribed on this business plan have shown that the project is commercially viable. Nonetheless, Kahama Fresh 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 construction of this factory facility is financed using a combination of equity debt ratio (40:60%), it gives an IRR of about 18.76%. 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 4 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 face reserves difficulties for the whole implementation plan which shows high demand of products, thereafter the project will, according to the projected cash flow be in a position to accomplish repayment of the loan and start generating profit.

7.2. Policy Framework Support

The development of mills factory is designed to tape 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 (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 (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 Kahama Fresh Limited to ensure development of one among the ultra-modern Mills Factory to be developed in Karagwe District, Kagera Region. Private sector and investment have been recognized

as the most significant potential source of additional funding required to facilitate development projects.

7.3. Conclusive Remarks and Way Forward

The development of this Factory will be funded by private finances. The company acting through its various shareholders and structures will provide the initial risk capital amounting to 1,227,036.76US$ and the amount of U$ 736,222.06 will be raised through borrowing from investment banks ether within or outside the country. 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 at Mwanza Lake Zone 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 project site.

b) **Minor Rehabilitation to Suit Mills Industrial Requirement**

The company should engage a firm to make minor rehabilitation of existing structure that will suit the proposed mills factory processing 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.

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 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 Industry & Trade and Ministry of Investment.