



BURKA COFFEE ESTATES LIMITED

**TANZANIA INVESTMENT CENTRE
PROGRESS REPORT – AUGUST 2021**

**Prepared by:
Burka Coffee Estate Ltd
P.O. BOX 90
Arusha**

1.0 INTRODUCTION:

Burka Coffee Estates Ltd is a company registered under the laws of the United Republic of Tanzania with certificate of incorporation number 207 and a beneficiary of a Certificate of Incentives no 010145 issued by the Tanzania Investment Centre 'TIC'.

The Project registered with TIC is coffee farming and production of high quality coffee beans. The company is one of the largest producer and leading exporter of top quality Arabica coffee beans in Tanzania. Currently about 90% of the coffee produced and processed in the farms meets the direct export quality as is stipulated by Tanzania Coffee Board and the International Coffee Trade Rules and Regulation.

Since the registration and grant of the Certificate of Incentives, the Project has been implemented successfully by 90%. The reason for phased execution is mainly due to the size of investment vis-à-vis challenges of doing business that have impacted the implementation of the Project.

In order to address the challenges faced, the Company has opted for various ways to curb the challenges which include raising capital from shareholders, loans and disposition of part of the business assets.

2.0 PROPOSED INVESTMENT STRUCTURE

The Project was registered as an agricultural project for rehabilitation and expansion of coffee farm by increasing acreage and introduction of irrigation system whose estimated cost was USD 1.987 million which was to be financed by loan.

3.0 PLANNED ACTIVITY

The Project was designed to;

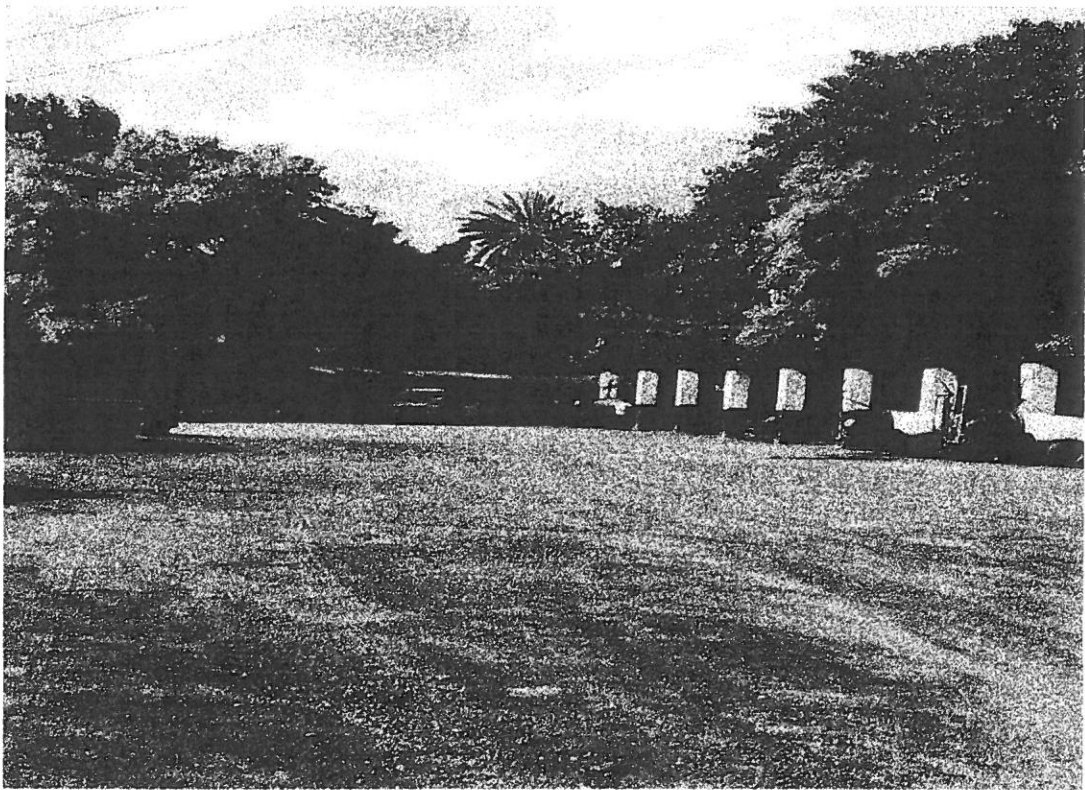
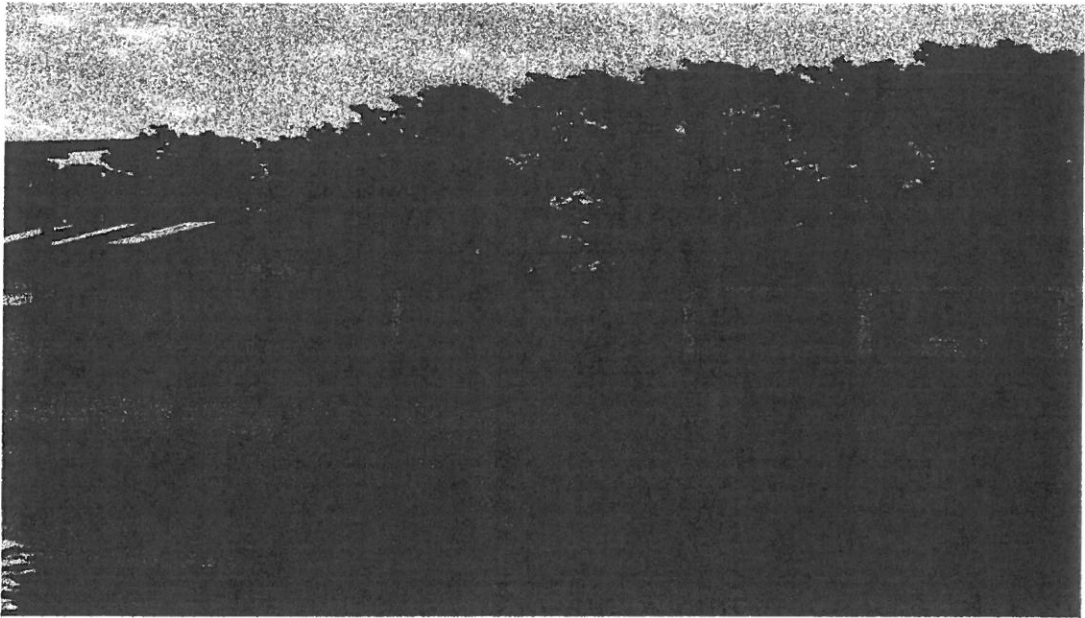
- i) Increase the acreage of the coffee farm and produce coffee based on economies of scale,
- ii) To introduce new methods of coffee cultivation, which would produce a higher and qualitative yield,
- iii) Change the coffee varieties by introducing new varieties and strains of coffee,
- iv) Invest and focus on proper and advanced irrigation systems,
- v) Use new and advanced technology to produce coffee,
- vi) Introduce new machinery for proper and more efficient cultivation of coffee,
- vii) Introduce better and more advanced forms of pest and fungicide control,
- viii) Train workers to handle and deal with the above introduction of machinery and technology,
- ix) Introduction of new machinery and techniques for the processing of the coffee,

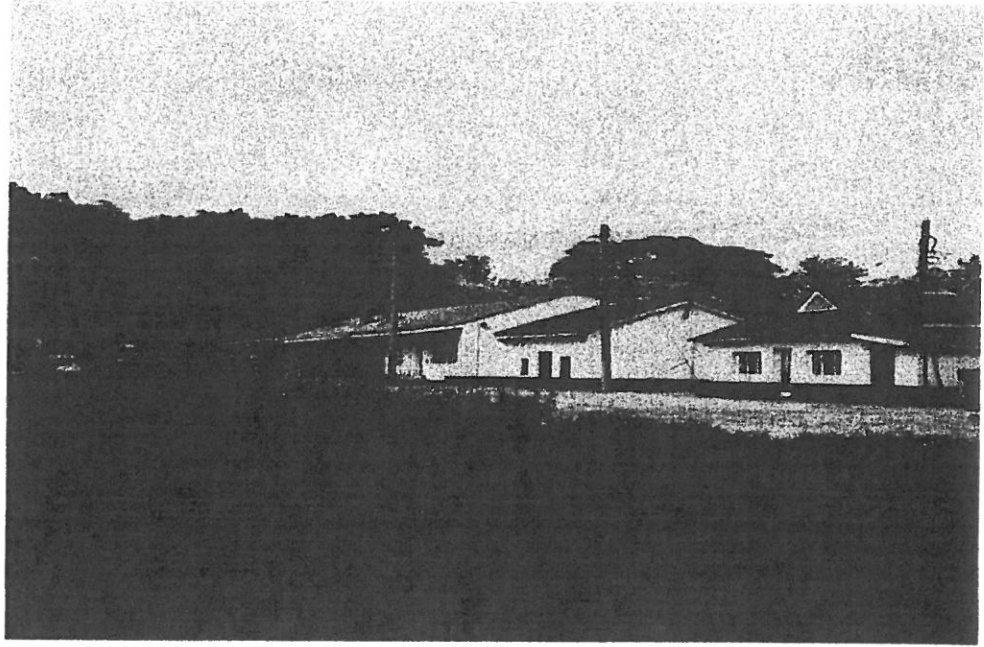
- x) To continue with the building of the office buildings and workshop, and
- xi) To purchase workshop equipment's and some of the office furniture.

4.0 PRESENT STATUS OF PROJECT IMPLEMENTATION

The Project has been implemented by 90% and is operational. Management foresees profitable operations likely to generate significant internally generated funds and to invite new shareholders to finance remaining capital items. The project has expanded its coffee farms, completed some of the godowns and offices and they have also purchased some of the irrigation equipment's.







5.0 Updated information

S/No.	Information	Description	
1.	Shareholder's Information	Current Shareholders names, nationality and percentage of ownership	<p>1. AVSI LTD, Mauritius, 133,250 shares, 98.7%</p> <p>2. Guenter Bolte, Switzerland, 9 shares, 0.006%</p> <p>3. Alexander Rechsteiner, Switzerland, 9 shares, 0.006%</p> <p>4. Dean Lerai Peterson, USA, 25 shares, 0.018%</p>
2.	Company Communication Information	Email address	info@burkacoffee.com
		Mobile Number	0754242440
		Land Line Telephone Number	0754242440
		Physical Address (Plot No., Block No, Street, District and Region)	<p>Dodoma Road, Near Arusha Airport.</p> <p>PO Box 90, Arusha Arumeru District</p>

			Arusha Region
3.	Contact Person	Name	Alexander Rechsteiner
		Position	MD
		Communication Details (Email, Mobile and telephone)	info@burkacoffee.com 0784 500 575
4.	Incorporation	Certificate of Incorporation No.	207
5.	TIN information	TIN Certificate No.	100-171-805
6.	Project Objective	Project Core Activity	Coffee Farm and exporter
7.	Capacity	Project Capacity per Year	300 mt green coffee per annum
8.	Direct Employment	Foreign-Men	1
		Foreign-Women	0
		Local-Men	147
		Local-Women	76
9.	Indirect employment	Estimated Total No.	3,000
		Type/areas of Indirect Employment	mostly seasonal casual employees to harvest coffee

6.0 Project Financial Expenditure to date:

	Foreign (USD)	Local (USD)	Total (USD)
Land and Buildings	-	190,062.00	190,062.00
Plant and machinery	-	234,458.00	234,458.00
Vehicles/Aircrafts	-	318,390.00	318,390.00
Furniture	-		
Office equipment	-	16,264.00	16,264.00
Insurance Cover	-	-	-
Pre-operational expenses	-	-	-
Working sub-total capital	-	170,826.00	170,826.00
GRAND TOTAL	-	930,000.00	930,000.00

7.0 Source of Financing

The owners of Burka Coffee Estate Ltd undertake to finance the procurement of all capital/deemed capital goods from internally generated funds, shareholder/director loans and they may decide to invite new shareholders

	Amount (USD)	Source Country
Local Equity	USD 0	Tanzania
Local Loans	USD 300,000.00	Tanzania

Foreign Equity	-	
Foreign Loans	USD 630,000.00	Mauritius / Switzerland
Total Investment	USD 930,000.00	

8.0 Challenges and Solutions

The company has been able to make substantial development of the planned activity mentioned in Section 3.0, however the project could not be implemented as expected because of the following challenges;

1. Decline in coffee prices worldwide hence affecting projected profits and achievements,
2. Increase in the cost of doing business such as increase in the costs of farm implements and inputs,
3. Tax challenges that were not budgets for so funds were diverted to tax liabilities.
4. Not receiving tax refunds from VAT claims.

In order to address the above, we propose that the government look into addressing challenges of doing business in Tanzania such as centralizing matters of compliance under one umbrella of the Government so as to make it easy for businesses to comply. Also, tax disputes should be resolved within reasonable time to enable businesses to continue with operations without tying funds in tax disputes.

9.0 Future Plans

The shareholders now are ready to inject some more capital by adding a new shareholder and there are also planning to look for the loan so that they implement the project and bring the project to completion.

The Company has allotted shares to Mr. Dean Lerai Peterson so as to raise funds for implementation of the Project to completion as well as for a strategic partnership as with Dean Lerai Peterson's knowledge in coffee farming and sales. We request TIC to amend the Certificate of Incentives to include Mr. Peterson as a shareholder of the Company.

10.0 Conclusion

In view of the preceding analysis the TIC is requested to consider their request to amend the project shareholding pattern. The Company reiterates its commitment to continue implementing the Project to completion.



A handwritten signature in black ink is written over a rectangular stamp. The stamp contains the text: **BURKA | A**, BURKA COFFEE ESTATES LTD., and a smaller line of text at the bottom: P.O. BOX 10000, NAIROBI, KENYA.