

JIN HERI TRADING COMPANY LIMITED

BUSINESS PLAN

FOR

ESTABLISHMENT

OF

CONSTRUCTION OF COMERCIAL BUILDINGS

1.0. EXECUTIVE SUMMARY.

JIN HERI TRADING COMPANY LIMITED a company registered in the country under the Companies Act, 2002. The project promoters are well established business carrying out various businesses but majoring in Building and construction of commercial buildings, engineering equipment, warehousing logistics. Having been in the business for over 2 years the directors are now well prepared for establishment of Commercial building constructions business focusing on construction of commercial building, warehouse, Mining construction in the City of Dar es salaam, Arusha Mwanza and area of Construction especial mining site.

The document has been prepared to serve as a business plan for **JIN HERI TRADING COMPANY LIMITED** for the commercial building construction, ware house construction and mining site construction buildings project.

The implementation of this project will comprise of the following activities: -

- The Purchase of Heavy Equipment construction machines
- The construction of a modern workshop, office and ware house
- The purchase of 10 Land cruisers,
- Equipping the company with relevant facilities

The proposed project is estimated to cost about TZS 2,350,000,000. The project sponsors will provide full funding amounting 2,350,000,000 in terms of equity contribution.

1.1. THE PROJECT PROMOTERS

The shareholders of this project are all entrepreneurs with a diverse professional and business backgrounds. The company is owned by 2 shareholders, namely: -

Name	Shares %	Nationality
LI CHANG SONG	52	CHINESE
ATHUMANI KASSIM KABONGO	28	TANZANIAN

1.2. LOCATION.

The project head quarter will be in Dar es Salaam, Plot No. 21 Block B Mandela Road Area, Ilala - Dar es Salaam.

1.3. CONSTRUCTION SECTOR OVERVIEW

Construction contributed 13.6% to Tanzania's GDP during 2015, reaching almost USD6b. In 2010 the sector accounted for only 7.8% of the country's GDP or USD1.6b. The growth rate of the Tanzanian construction sector was 4.3% in Q1

2016, compared to 23.2% in Q1 2015. According to the Tanzania National Bureau of Statistics (NBS), the slowing of the growth rate was due to reduced investments in construction activities. However, for the fiscal year 2016–2017 the government of Tanzania has budgeted TZS5.47t equivalent to 25.4% of the total budget, excluding public debt service, for infrastructure development projects

1.4 **RECENT DEVELOPMENT IN CONSTRUCTION INDUSTRY**

The construction industry in Tanzania has experienced strong growth in recent years. Even when global pandemic affected the sector in most industries across the world, the construction industry contributed strongly to the national economy.

While there has been a slowdown in the economic growth due to the spread of corona virus outbreak, infrastructure projects in Tanzania are expected to support the growth of the construction sector in the country. From the new international airport to SGR and LNG project, the outlook for the construction industry remains positive in 2021.

Due to the corona virus outbreak, the Gross Domestic Product (GDP) growth of the country is estimated to slow down to 2% in 2020. However, it is forecasted to rebound and pick up to 4.6% in 2021. This recovery in the GDP of Tanzania is on the back of strong infrastructure construction spending in the country. Under the National Five-Year Development Plan of the Tanzanian government, several mega infrastructure projects are undergoing in the country. This is expected to boost the growth of the construction sector as well in 2021.

The growth in the Gross Domestic Product (GDP) of the country has also resulted in fast-growing demand for the housing sector. According to the Bank of Tanzania (BoT), the growing population of the country is also expected to drive demand for the housing sector in the country. The central bank is estimating the population of Tanzania to get doubled by 2050. As a result, the Tanzanian government is partnering with different foreign governments and non-profit organizations to fulfill the growing demand for affordable housing in the country.

1.4.1 **TANZANIA REAL ESTATE**

According to BOT, the country has a housing demand of 200,000 units annually, while there is a shortage of 3 million houses. Therefore, increasing government spending to reduce the shortage is expected to boost the residential construction market in the long-term. In the short-term, demand for affordable housing is also boosted through easier access to mortgages.

In Tanzania, the number of mortgage lenders has increased over the years. Lenders have increased from 3% in 2009 to 34% in 2020. Moreover, mortgage

lending rates have also fallen considerably in the country. The rates have fallen from 22% to 15%. All of these factors are expected to support the growth of residential construction in Tanzania.

1.4.2 INFRASTRUCTURE CONSTRUCTION

The Tanzanian Government has undertaken several infrastructure projects. These include the development of the port, railway, and airport.

1.4.3 PORT CONSTRUCTION.

Tanzania is developing the ambitious Bagamoyo port through collaboration with China and Oman. Alongside the port, more than 190 industries will also be constructed throughout the 1,700 hectares adjacent to the port. With an overall investment of US\$11 billion, the Bagamoyo port will handle more than 20 million containers once completed. Expected to complete by 2045, the project will turn the country into a regional economic powerhouse.

Additionally, the government is also expanding the Dar es Salaam port. Both of these infrastructure projects will keep supporting the growth of the infrastructure construction sector in the country.

1.4.4 SGR CONSTRUCTION

After Kenya and Ethiopia, Tanzania will be the third country to implement the construction of the Standard Gauge Railway (SGR) project. According to the Tanzania Railway Corporation (TRC), the ongoing construction activities for the first phase of the SGR project has already seen an investment of Shilling 707.3 billion (US\$307 million). The first phase involves the construction from Dar es Salaam to Morogoro.

The Tanzania Railway Corporation expects an investment of another Shilling 2tn for the implementation of the project. Thus, offering support for the growth of construction as well as other related industry in Tanzania.

1.4.5 AIRPORT CONSTRUCTION

As part of its program to expand the infrastructure in Tanzania, the government is building a new international airport in Dodoma. The new airport construction will include the development of a runway, passenger terminal, and related infrastructure. The construction of the runway will be just over 2 kilometers in length.

Once completed, the new international airport is expected to handle 1 million passengers annually. The project involves an investment of several million dollars. The government is taking a loan of US\$198.6 million from the African

Development Bank. Also, African Development Fund will provide US\$23.52 million and China's Africa Growing Together Fund will co-finance and provide

US\$50 million. Thus, the construction activities of this new international airport will keep supporting the growth of infrastructure construction in the country.

1.4.6 NATURAL GAS PLANT CONSTRUCTION

The country is also developing a new liquefied natural gas plant in Likong'o-Mchinga. Construction activities of this LNG plant involve a total investment of US\$30 billion. Once completed, the plant will contribute approximately 7% of the economic growth of the country.

According to the Q4 2020 Global Construction Survey, construction industry in Tanzania is expected to grow by 10.9% to reach US\$ 9141.4 million in 2021.

Despite near-term challenges in certain construction sectors, medium to long term growth story in Tanzania remains intact. The construction industry in Tanzania is expected to grow steadily over the next four quarters. The growth momentum is expected to continue over the forecast period, recording a CAGR of 11.6% during 2021-2025. The construction output in the country is expected to reach US\$ 14179.4 million by 2025.

2.0 MARKET ANALYSIS

The construction industry in Tanzania includes real estate, transport infrastructure, and other civil works, including water supply.

Construction contributed 13.6% to Tanzania's GDP during 2015, reaching almost USD6b. In 2010 the sector accounted for only 7.8% of the country's GDP or USD1.6b.

The growth rate of the Tanzanian construction sector was 4.3% in Q1 2016, compared to 23.2% in Q1 2015.

According to the Tanzania National Bureau of Statistics (NBS), the slowing of the growth rate was due to reduced investments in construction activities.

However, for the fiscal year 2016–2017 the government of Tanzania has budgeted TZS5.47t equivalent to 25.4% of the total budget, excluding public debt service, for infrastructure development projects.

2.1 REAL ESTATE

The Tanzanian real estate sector, especially housing, is mainly driven by the fast-growing Tanzanian population of around 53m, which is expected to more than double by 2050. The demand for housing in Tanzania is estimated at 200,000 houses annually, which results in a current housing shortage of 3m houses.

The Tanzanian housing demand has been boosted by easier access to mortgages, with the number of mortgage lenders in the market increasing from 3 in 2009 to 21

in 2015. The average mortgage interest rate in Tanzania fell from 22% to 16% during the same period. In a recent survey on real estate in Tanzania conducted by Mikono Speakers International, the majority of Tanzanians point out that they plan to own a house in the future. However, respondents note that houses are too expensive to buy at the moment. Accordingly, 88% of those planning to own a house prefer to build it instead of buy it. In 2011, the cheapest house built by a private developer in Tanzania was 65 square meters (m²) at the cost of USD16,130, or USD250 per m². In 2015, the same house would cost USD20,992, or USD323 per m², representing an increase of 30%. At the same time, the cost of a 50kg bag of cement in Tanzania fell from USD9 in 2011 to USD7 in 2015. Accordingly, it would cost 12.4% of the average urban annual income in Tanzania to afford the cement needed to build a 40 square meter house.

Africa's leading cement producer, Dangote Cement, commissioned the largest cement factory in Tanzania (the Mtwara plant) in December 2015. The plant has a total capacity of 3,000t per day (TPD) of clinker output, and is working at almost 100% of its capacity with three packing machines at a rate of 2,400 bags per hour or 2,880TPD. The Mtwara plant is part of Dangote's regional plan to shift Africa from cement importer to producer. Consequently, in May 2016, Dangote further reduced the price of cement in Tanzania, to USD4–5 per 50kg bag. Alhaj Sada Ladan-Baki, Executive Director at Dangote Cement said that the price reduction was in line with the company's commitment to boost the development of infrastructure and reduce Tanzania's housing deficit.

2.2 TANZANIA AIR TRANSPORT

Tanzania's air transport infrastructure consists of 58 airports and more than 300 private airstrips across the country owned by mining companies and tour operators. The total number of air passengers in Tanzania increased by 62% in the past 5 years, from 2.1m in 2010 to 3.5m in 2015, while Tanzania's cargo handling capacity rose by 7% during the same period, from 23,453t to 25,165t.

2.3 TANZANIA BAGAMOYO PORT DEVELOPMENT

A new port is currently under development in the Bagamoyo Special Economic Zone (SEZ), 75 kilometers north of Dar-es-Salaam. It will be run by the Tanzanian Government with China Holdings Limited and the State General Reserve Fund of Oman. The area destined to the port totals 800 hectares while the SEZ will be

developed on a total surface of 1,700 hectares. The total investment is TZS22tn and aims at making Tanzania a trade and transport hub in East Africa.

2.4 **TANZANIA MWAMBANI PORT AND RAILWAY CORRIDOR PROJECT**

The Mwambani Port and Railway Corridor (MWAPORC) is a project that seeks to develop a hub port and deep-sea port in Tanga, connected to a railway to directly link the Indian Ocean with East and Central African markets.

The estimated cost of the project is over USD75b and includes the construction of the deep-sea port and the heavy haul standard gauge railway to transport the crescent cargo's traffic. The MWAPORC Railway, also referred to as the East-West Economic Corridor Railway, is envisaged to be 8,500 km high-capacity standard gauge railway with a primary focus on the transportation of freight. The new deep-sea port will be designed to handle 8th generation 400-metre-long ships.

2.5 **TANZANIA CONSTRUCTION SECTOR OUTLOOK**

According to Deloitte, Tanzania's GDP forecast of 6.4% per year in 2016–2020 will be driven by growth in the construction and service sectors. Earlier in 2016, the African Development Bank (AfDB) approved a concessional resource assistance package for Tanzania worth over USD1.1b which will be mainly used to fund infrastructure projects in the transport and energy sectors. The Bank's investments in the transport sector will seek to improve national and regional connectivity and to reduce transportation costs and travel times.

In particular, the new transport operations will emphasize the construction and upgrading of trunk roads across the country and to neighboring countries as well as the rural feeder roads. Furthermore, interventions will also cover other transport modes such as rail, airports and seaports to diversify the AfDB's transport portfolio. Additionally, in 2016–2017 the government of Tanzania has budgeted TZS5.47t equivalent to 25.4% of the total budget excluding public debt service for infrastructure development projects.

Tanzania Ministry of Industry, Trade and Investment, explained to Tanzania Invest: "The investment opportunities available in infrastructure development include development of Industrial parks, construction of industrial sheds and warehouses, provision of utility services (water, power, gas and telecommunication systems) in industrial parks and Special Economic Zones, as well as joining hands with the Government in undertaking PPP projects in construction of roads, ports and power projects."

2.6 TARGETED MARKETS.

The company will focus on Construction of commercial Building Structure in Tanzania, and the company focus will be to get the advantage of booming

Industrial sector and moving of Tanzania to Middle income earners which boost economy of individual and government. The main focus will also look at Government strategic Project like SGR and Mwalimu Nyerere Hydropower construction. The business strategy the company has chosen require the company to focus on such kind of Strategic project. The company will also focus on the Industrial commercial construction project, road construction and other private project from the emerging markets to support the Government Infrastructure expansion strategy.

2.7 MARKETING STRATEGY

In order to penetrate and expand to the targeted markets the company has come up with the following marketing strategy;

- 1 Participation in Direct and Indirect Government strategic project.
- 2 Importing Heavy newly Construction machines which use modern technology and will assist other players.
- 3 Advertising through internet and social Medias, also participating in international construction forums as organized in UAE, America Middle east countries & Europe

Thus, a successful implementation of the outlined plan will yield the desired level or threshold of client.

2.8 PRICING STRATEGY

2.8.1 PRICING FOR CONSTRUCTED FACILITIES

Because of the unique nature of constructed facilities, it is almost imperative to have a separate price for each facility. The JIN HERI construction contract price includes the direct project cost including field supervision expenses plus the markup imposed by contractors for general overhead expenses and profit. The factors influencing a facility price will vary by type of facility and location as well. Within each of the major categories of construction such as residential housing, commercial buildings, industrial complexes and infrastructure, there are smaller segments which have very different environments with regard to price setting. However, all pricing arrangements have some common features in the form of the legal documents binding the owner and the supplier(s) of the facility. Without addressing special

issues in various industry segments, the most common types of pricing arrangements can be described broadly to illustrate the basic principles.

2.8.2 **COMPETITIVE BIDDING**

The basic structure of the bidding process consists of the formulation of detailed plans and specifications of a facility based on the objectives and requirements of the owner, and the invitation of qualified contractors to bid for the right to execute the project. The definition of a qualified contractor usually calls for minimal evidence of previous experience and financial stability. In the private sector, the owner has considerable latitude in selecting the bidders, ranging from open competition to the restriction of bidders to a few favored contractors. In the public sector, the rules are carefully delineated to place all qualified contractors on an equal footing for competition, and strictly enforced to prevent collusion among contractors and unethical or illegal actions by public officials.

Detailed plans and specifications are usually prepared by an architectural/engineering firm which oversees the bidding process on behalf of the owner. The final bids are normally submitted on either a lump sum or unit price basis, as stipulated by the owner. A lump sum bid represents the total price for which a contractor offers to complete a facility according to the detailed plans and specifications. Unit price bidding is used in projects for which the quantity of materials or the amount of labor involved in some key tasks is particularly uncertain. In such cases, the contractor is permitted to submit a list of unit prices for those tasks, and the final price used to determine the lowest bidder is based on the lump sum price computed by multiplying the quoted unit price for each specified task by the corresponding quantity in the owner's estimates for quantities. However, the total payment to the winning contractor will be based on the actual quantities multiplied by the respective quoted unit prices.

2.8.3 **NEGOTIATED CONTRACTS**

Instead of inviting competitive bidding, private owners often choose to award construction contracts with one or more selected contractors. A major reason for using negotiated contracts is the flexibility of this type of pricing arrangement, particularly for projects of large size and great complexity or for projects which substantially duplicate previous facilities sponsored by the owner. An owner may value the expertise and integrity of a particular contractor who has a good reputation or has worked successfully for the owner in the past. If it becomes necessary to meet a deadline for completion of the project, the construction of a project may proceed without waiting for the completion of the detailed plans and specifications with a contractor that the owner can trust. However, the owner's staff must be highly

knowledgeable and competent in evaluating contractor proposals and monitoring subsequent performance.

Generally, negotiated contracts require the reimbursement of direct project cost plus the contractor's fee as determined by one of the following methods:

- 4 Cost plus fixed percentage
- 5 Cost plus fixed fee
- 6 Cost plus variable fee
- 7 Target estimate
- 8 Guaranteed maximum price or cost

3.0 SALES AND MARKETING COMMUNICATION

Under the implementation plan the following sales and marketing communication approaches will be carried out: -

Participation in Direct and Indirect Government strategic project

This strategy is drawn mainly to attract the company to direct or Joint venture with others internal and foreigner on participating in Government projects especially Strategic projects in tender and Sub contracting.

3.1 IMPORTING HEAVY NEWLY CONSTRUCTION MACHINES

The company is planning to import newly Heavy construction machines which are used in modern technology that cannot be affordable by many small and local contractor which by these models will allow to manage get sub-contracting and Joint venture with secured tender firms as per below table which shows participation of small local contractors in construction industry is very big but capacity to have Heavy and modern equipment is the biggest problem.

Equity Participation for Large Contractors by Activity, 2010

ISIC Rev 4	Construction Activity	Tanzanian Owned	Joint Tanzanian / Foreign	Foreign Owned	Total
410	Construction of buildings	137	11	5	153
421	Construction of roads and railways	25	1	3	29
422	Construction of utility projects	1	0	0	1
429	Construction of other civil engineering projects	90	5	2	97
431	Demolition and site preparation	1	0	0	1
432	Electrical, plumbing and other construction installation activities	101	7	2	110
433	Building completion and finishing	5	0	0	5
439	Other specialized construction activities	69	3	9	81

Total	Number	429	27	21	477
	Percentage	89.9	5.7	4.4	100.0

In 2006 for example, the majority of enterprises in the construction sector in Tanzania were in the category of small contractors with a few in the medium category capable of undertaking works valued at more than Tshs. 300 million. Despite that local firms constituted 95 percent of the total construction enterprises (about 4,300 registered contractors and 250 consultants), they only managed to undertake construction projects worth 10 percent in terms of monetary value. The remaining 90 percent share was taken by foreign firms which constituted only 5 percent of the total registered firms and the main problem they face is Enough capital to have Heavy and Modern Technology.

4.0 4.0 COMPETITION

The company is expecting to face competition from various Local and Foreign companies as Tanzania Economy and Construction sector is booming, however due to specialized service provided by the company to targeted market, the company is expecting to gain the expected market share due to the kind of products it will be offering.

5.0 5.0 MANPOWER AND ORGANIZATION STRUCTURE

The project will be managed by a Board of Directors of **JIN HERI TRADING COMPANY LIMITED**. The Board, like all other boards is responsible for the formulation and supervision of company policies and guidelines. The project's day to day operations will be under the supervision of Managing Director assisted by Director of Finance and Administration and Director of Logistic and Marketing.

In order to ensure timely services delivery, Management will provide on the job training in the field of construction and management and will provide bonus and other incentives as a means of instilling and boosting employee work morale. Oncethe project is completed it is estimating to create direct employment of 50 people, 45 local Tanzanian and 5 foreign nationals

6.0 PROJECT DETAILS

6.1. THE PROJECT

JIN HERI TRADING COMPANY LIMITED is planning to establish construction company for commercial building which will participate fully in construction or by joint venture in Government strategic construction projects and other commercial construction project. The company will undertake importing heavy

machines which will be used in construction like 2 concrete mixer truck, 4 concrete mixer trailer, 2 Excavators, Backhoe, 2 Dragline Excavator, 2 Bulldozers, 2 Graders, Wheel Tractor Scrapers, Trenchers and Loaders.

These machines will make the company in potential position on construction industry as having modern machine gives the company economic advantage in cost and credibility in fulfillment the assignment on time. Then we will secure land for construction Big commercial building of which the yield from that building will benefit not only the company but also the society in general.

6.2 PROJECT SPONSORS

JIN HERI TRADING COMPANY LIMITED is owned by 2 shareholders with vast experience and qualification in construction Engineering. **JIN HERI TRADING COMPANY LIMITED** shareholders have an adequate experience in running the business of construction and engineering.

9 PROJECT IMPLEMENTATION

For the project to be a reality a total investment amounting to TZS 2,350,600,000 is needed. The timeline for implementation of the project is two, with scheduled soft opening to start six months after commencement of project implementation. Below is the cost structure indication funding requirement for the project

SCHEDULE: JIN HERI TRADING COMPANY LIMITED COST STRUCTURE

PARTICULAR	TZS
Land	374,400,000
2 concrete mixer truck and trailers	282,360,000
1 Excavators	301,000,000
2 Bulldozers	432,900,000
1 Grader	224,640,000
Furniture and fittings	24,640,000
Vehicle	200,000,000
Consultancy and operational permit	71,550,000
working capital	360,000,000
Pre expenses	88,510,000
TOTAL	2,360,000,000

10 Concrete mixer truck and trailer: TZS 282,360,000

Self-loading concrete mixers can automatically produce and transport concrete on-site for its self-loading design, it is really efficient! During project, it loads materials by self, don't need any other auxiliary equipment,

and it has characteristics of small volume, four wheels-driving and steering. What's more, it can discharge concrete at 290 degrees, which is much more convenient in all kinds of concrete production construction site, particularly small and narrow construction sites.

11 Excavators: 301,000,000

Excavators are **heavy construction equipment** consisting of a boom, dipper (or stick), bucket and cab on a rotating platform known as the "house". The house sits atop an undercarriage with tracks or wheels. They are a natural progression from the steam shovels and often mistakenly called power shovels. According to the plans it will involve the purchase of two excavator as it has been mentioned above in detail.

12 Bulldozers: 432,900,000

This investment cost item has been estimated to cost TZS 432,900,000. **Bulldozer**, also called **Dozer**, powerful machine for pushing earth or rocks, used in road building, farming, construction, and wrecking; it consists of a heavy, broad steel blade or plate mounted on the front of a tractor.

(v) Grader: 224,640,000

A **grader**, also commonly referred to as a **road grader**, **motor grader**, or simply a **blade**, is a form of heavy equipment with a long blade used to create a flat surface during grading. Although the earliest models were towed behind horses, and later tractors, most modern graders are self-propelled and thus technically "motor graders"

(vi) Consultancy and operational permit TZS 71,550,000

The some will be used to obtain different permits and approvals from different government authorities

7.0 FINANCING PATTERN

The project will be financed full by equity, where LI GANHSONG from China will provide **60%**, and other local investors ATHUMANI KASSIM KABONGO (Tanzanian) **40%**.

7.1 PROJECT REVENUE AND COST PROJECTION ASSUMPTION

The revenue from the project will mainly come from, value of construction of buildings, construction of roads and railways, construction of utilities, construction of

other civil engineering projects and Other specialized construction activities including hire of equipments and special Joint venture.

Upon approval the importation work is expected to take during phase One for the planned soft opening of the operation, for the period of construction the company will have few staff who will be involved on the construction work, office set up and marketing team. The project is scheduled to be fully operation in two years' time. Below is the two-year financial forecast indication the cost involved on the implementation of the project and revenue which will be generated during soft opening.

There are four assumptions to be considered for the purposes of cost and revenue estimate

13 It's assumed the project will be completed by 50% after six months ready for soft opening

14 The project will be at 50% one from that date the construction was started

15 The project will at 75% after 18 month and be at 100% in after 24 months.

Below is the forecasted cost and revenue schedule based on the above assumption, at full capacity all construction machine and other tools will be full installed, laborforce and government license be in place.

Month	PHASE 1	PHASE 2	PHASE 3	PHASE 4
Cash taking	1,500,000,000	500,000,000	400,000,000	
Balance		68,000,000	(11,600,000)	664,648,000
Sales revenue		300,000,000	1,172,013,000	1,465,016,250
	1,500,000,000	868,000,000	1,560,413,000	2,129,664,250
OPERATIONAL COST				
Labor cost	21,000,000	21,000,000	21,000,000	21,000,000
Staff social cost	150,000,000	187,500,000	234,375,000	292,968,750
Machine importation	1,200,000,000	600,000,000	450,000,000	
Office Administration	20,000,000	26,000,000	33,800,000	43,940,000
Company vehicle cost	12,000,000	14,400,000	17,280,000	20,736,000
Marketing expenses	-	-	12,000,000	12,000,000
Maintenance	9,000,000	11,700,000	15,210,000	19,773,000
environmental protection fee	5,000,000	-	5,000,000	-
Vehicle minor repair	1,000,000	3,000,000	8,500,000	15,000,000
Building minor repair				6,500,000
Oil and lubricants	14,000,000	16,000,000	98,600,000	246,000,000
	1,432,000,000	879,600,000	895,765,000	677,917,750
	68,000,000	(11,600,000)	664,648,000	1,451,746,500

7.2 FINANCIAL ASPECTS FOR THE PROJECT

7.2.1 PROJECTED PROFIT AND LOSS STATEMENT

The Income and Expenditure Statement shows the projected income and expenditure for two years during which the project will be on its construction phase which is divided into 4 phases. The position depicted is that the project starts to generate positive pre-tax profit during phase 3 implementation stage. At this stage the project is at 75% completion level.

7.2.2 Projected Cash Flows

The project's cash flows depict a good liquid position right from the soft opening during the end of phase 1. The project will be able to sustain itself and meet its monthly obligation right after the first month of launching soft operation. As the completion continues to grow the start to recover some of the capital invested, where by the end of phase 4, 64% of the capital invested will be recovered

7.2.2 Projected Balance Sheet

Project total assets will be 2.032 billion by the end of project implementation

12.3 PROJECT IMPLEMENTATION SCHEDULE

It is expected that the Project will take relative short period to be implement as shown below: -

SCHEDULE 10.0: PROJECT IMPLEMENTATION SCHEDULE

	ACTIVITY	PERIOD
1.	Processing TIC Certificate of Incentive and Funds Mobilization	On going
2.	Commencement of construction work and ordering of initial five vehicles	Phase 1
3.	Ordering of Heavy Plant machines and vehicles	Phase 1
5.	Soft opening and completion of phase 1	Phase 2
6.	Continue with constructions to take the project to 75%	Phase 3
7.	Commercial Operations at full capacity	Phase 4

9.0

ECONOMIC ASPECTS OF THE PROJECTS

Besides the financial/monetary returns to the owners, there are other benefits to be derived for the whole country viz.

16 Employment Opportunities

Employment and poverty reduction are among the major concern of the Central and the Local Government authorities. It is gratifying to note that the project is going to provide employment of 150 of which 145 are Tanzanian. This is a significant contribution coming from investors.

17 Revenue to the Government

The Project is expected to pay a substantial annual amount in the form of corporation tax, VAT, and other forms of taxes related to tourism sector. Also, there is a significant contribution toward the sector through park fees and other fees applicable to the industry. Its estimated 35% of total turnover can be paid to the government by way of taxes and fees

18 Foreign Exchange Earning

Since the project's clientele is mostly towards commercial constructions building for various purposes, the project will thus earn foreign currency for the United Republic of Tanzania.

10.0 CONCLUSION AND RECOMMENDATION

15.1 CONCLUSION

- 19 The project is profitable and contributes to government revenue by way of taxes, and it's a good venture for investors
- 20 The project provides employment to 150 people all of whom 145 are Tanzanians national.
- 21 The timing of the project is perfect as most of countries are is in Middle Income economy and the commitment of the Government to support Strategic constructions project.
- 22 The project is an encouraging sign for investors' confidence to the new Government, this goes hand in hand with Government effort to encourage investment

10.2 RECOMMENDATION

After the foregoing economic and financial evaluation of the project, we strongly recommend that this project be implemented and be given all the support required by all the concerned Government Ministries and Agencies, including the Tanzania Revenue Authority (TRA) and the Tanzania Investment Centre – (TIC). The project deserves this support because of its viability, since it is technically feasible, economically viable and socially acceptable.