

TANZANIA INVESTMENT CENTRE

DIRECTORATE OF INVESTMENT FACILITATION



**REPORT ON THE PROJECT PHYSICAL VERIFICATION VISIT
CONDUCTED FOR BIO-SUSTAIN COMPANY LIMITED**

IN

SINGIDA REGION

20TH JULY 2022

COMPANY BRIEF PROFILE

Company Name	BioSustain Tanzania Limited		
Postal Address	P. O. Box 979		
Contact Person	Sajjad Haider		
Office Phone	+255-(0) 22-2762077		
Mobile Phone	0767300039		
E-mail	haider@biosustain.de		
Project Core Activity	To establish and operate edible oil processing plant.		
Project Location	PLOT NO. 179, BLOCK DD-UNYANKHAE AREA, SINGIDA		
Certificate of Incentives No & Date of Registration	019213 Dated 05 th december 20218		
Present Ownership Structure	Foreign 100%		
Shareholders	Shareholders	Nationality	Shareholding (%)
	Sajjad Haider	Tanzania	16.5%
	Riyaz Haider	German	42.1%
	Fazal Dad (T) ltd	Tanzania	41.4
Current Status of the Project	Edible oil project is not operating		
Manpower Total (Nos.)	Foreign Men: 8 Foreign Women: 4 Local Men: 68 Local Women: 49		
Project Financing Expenditure to-date (USD)	USD 11.8 m		

1.0 BACKGROUND

BioSustain Tanzania Limited is the company established in 2006 with the aim of reviving cotton production using organic farming and to provide markets for organic certified products. The company upon executing other projects, it was issued a certificate of incentive (Col) No. 019213 dated 05th December 2018 to November, 2021 from Tanzania Investment Centre (TIC) for the project of production of edible oil processed from cotton and sunflower seed and its byproducts, the project is financed by equity contribution with investment capital of USD 2.4m and loan of USD 9.4m

Upon the expiration of Col in November, 2021, the company submitted a request to TIC to be granted an extension of project implementation period of two year effective from January 2022 to December, 2023 so as to accomplish the project implementation. On 20th July, 2022, TIC conducted a project physical verification (PVV) in order to verify the eligibility of the investor's request.

1.1 Project Location

The project is located on PLOT NO. 179, BLOCK DD-UNYANKHAE AREA, SINGIDA

1.2 Objective of the Visitation

The main objective of the site visit was to conduct a physical verification of the development of the project so as to verify the eligibility of the investor's request for two (2) years extension of the project implementation period and to advise TIC on approval decision based on the site findings.

1.3 PVV Team

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|------|--------------------|----------------------------------|
| (i) | Juma Nzima | Act. Zonal Manager- Central zone |
| (ii) | Deusdedit Hokororo | Investment Officer |

2.0 Methodology

The following methodology were used to conduct the PVV

- (i) Review the submitted request documents and the company file so as to get the historical background of the project.
- (ii) Meeting with Regional Administrative Secretary-Economics and Production to acquire some important information of the project.
- (iii) Interview one Director, Mr Sajjad Haider to get the progress report of the project and the challenges hindering effective implementation of the project.
- (iv) Physical site visitation to verify the progress of the project

3.0 Interviews, Observations and Findings

On 20th July, 2022, the PVV team visited the company and had a consultative conversation with Mr. Sajjad Haider- Director of the company to acquire important information on the progress of the project development and challenges hindering effective implementation of the project. The following are the key issues observed.

3.1 Physical Project progress

- (i) There is a building for the installation of machineries in which some of machineries already installed such as sunflower seed oil expeller machineries, sunflower seed cleaning machineries etc. (See appendix no. 4)
- (ii) There is on-going construction of a building for the installation of Double refinery machineries. (See appendix no.6)
- (iii) The company already paid for the purchase of double refinery machinery and other equipments expect to arrive on August, 2022.
- (iv) There are warehouses for the storage of final products and by products. (See appendix no.5)
- (v) There is office building for the project. (See appendix)
- (vi) There is a house for the employees of that project. (See appendix

3.2 Challenges facing the project.

- (i) The project faced a financial challenge caused by the financiers who had agreed to finance the project up to 70% of the project total cost, demanded for a new renegotiation with new terms and conditions which hindered the effectiveness of the project implementation.
- (ii) They submitted the proposed deemed capital goods for the exception from TRA but failed to be issued exceptions despite of the submission of letter from TIC and COI. They decided to pay all the taxes and charges which raised the operation cost of the project.
- (iii) The project had faced a challenge (delays) of power connection from TANESCO; it took 3 years to be connected with the power. The cost of connection was too high.
- (iv) Encroachment of the land, the project failed to extend its structures due to the local people claimed to own part of the land of the company, although the company has the title deed of that land. Legal case is at Dodoma high court. (See pictures in appendix attached)

4.0 Conclusions

- (i) Our team has confirmed that the project on PLOT NO. 179, BLOCK DD-UNYANKHAE AREA, SINGIDA Town had faced challenges which hindered the effectiveness of project implementation.
- (ii) The project promoters failed to inform TIC when faced a challenge of power connections. Team advised them to inform TIC as soon as they encountered investment challenges.
- (iii) TRA should issue the exemptions on imports to investors according to TIC letter and Col as per lay down procedures and regulations so as to smoothen the investment project implementation. It was explained that no any exemption was granted for deemed capital goods as per the exemption list which was not yet approved by TRA, hence not utilized.

5.0 Recommendations

Based on the findings, and regarding the Country's priority to enhance edible oil sub-sector particularly Sunflower, we wish to recommend as follows:

- (i) That, the company shown efforts in implementing the project despite of the challenges encountered, we recommend TIC to grant a one year extension period for project implementation as per TIC regulations.
- (ii) We recommend TIC to issue extension certificate of Incentive for one year as per TIC regulations, so as the promoters be able to get exemptions of deemed capital goods from TRA (Utilize their exemptions list which was not used before). However, the investor has been requested to submit the previous applied list of deemed capital goods for exemptions and invoices for the order of the new refinery machines that have already been ordered from India.

We are hereby submitting this report for your further action,



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Juma Nzima
Ag.Zonal Manager-Central zone



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Deusdedit Hokororo
Investment Officer

Appendix 1:



Bio-Sustain Co. ltd main Gate on PLOT NO. 179, BLOCK DD-UNYANKHAE AREA, SINGIDA Town

Appendix 2



Machineries for sunflower processing at bio -sustain

Appendix 3



Edible oil processing machines(expellers)

Appendix no. 4



Godown for machinery installation

Appendix no.5



Godown for storage of final product

Appendix no. 6



On-going construction of building for installation of double refinery machinery

Appendix no. 7



Part of the land developed by people claimed to be owned by Investor

Appendix no. 8



Employee's house

Appendix 9



Office building

Appendix no.10



From Left: Deusdedit Hokororo (Investment Officer), Mr Sajjad Haider (Managing Director- Biosustain Co. ltd), Mr. Juma Nzima (Ag. Zonal Manager- Central zone)

