

# MINUTE SHEET

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No.

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Kindly find here bellow the analysis for M/S Coast Concrete Poles Tanzania Ltd Project: -

- 1.0. **M/S Coast Concrete Poles Tanzania Ltd** is a TIC registered project with certificated of incentives Number 022260 issued on 15<sup>th</sup> February, 2022 project activities are to establish and operate a project for building/constructing concrete poles and shareholders are DERM Electrics (T) Ltd **51% Shareholding - Tanzanian** and FOSHAN NANHAI CEMENT PRODUCTS FACTORY **9% Shareholding - Chinese**.
- 2.0. **Project Location:** - The project is located at Plot No.2 &3, Block J, Msata Road, Sanzale Area in Magomenti ward, Bagamoyo district in Pwani Region. The site occupies 23,163 square meters of land. The project site is accessed through Bagamoyo Msata highway about 3km from Bagamoyo town. The site is located on left hand side as one heading towards Msata.
- 3.0. **The Project Objectives:** - The objectives of the visit were to verify and establish the current project implementation status so as to advice on their requested extension of COI.
- 4.0. **Implementation Status:** - The project is operational, and the plan is to implement it for 3 phases, the phase I is about 95% to completion and has involved construction of main production area equipped with 1 batch plant, 1 diesel boiler, mold of different sizes and wire cutting machine. The first phase has involved establishment of administration block, powerhouse, canteen and latrine facilities. To complete the phase, 1 more batch plant will be required to be purchased.
- 5.0. **Observations**
  - Currently the plant operates few hours of day time because the machines use motors which overheat when they run for more hours, therefore investor want to purchase more improved technology machines.
  - The Government of Tanzania has trusted Coast Concrete Poles Limited in its various projects, and their supplying poles to TANESCO in the Coastal Zone, Ministry of Information and Technology projects among others which increase demand and the available machines are not enough to meet the available demands.
  - The project is viable and economically beneficial to the society.

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DOKEZO  
No.

## 6.0. Findings

- From its start of production, the factory has been able to manufacture and supply more than 38,000 Concrete poles with revenue of more than 16B.
- Poles demand, there is high awareness in society on the use of Concrete poles due to their environmentally friendly design and life span, due to this reason the demand has tripled in current two years, we have been overwhelmed with orders from our customers.
- Factory capacity has been designed to have a starting production capacity of 102poles per day, while the demand has reached about 300poles per day. The current backorder stands at 15,000 poles while the expected coming orders stand at 200,000 poles
- Occurrence of Pandemic Covid 19 led to delay of production machinery delivery from their suppliers which hinder investor to completion of his phase I &II and led to delay to project implementation as main suppliers of the project are from China and Asian counties were highly impacted by the pandemic and Machines which were constructed in China (as per user requirement specifications) could not be constructed and delivered/imported timely as planned due to the pandemic hit; Covid 19 led to delay of raw materials arrivals which also hinder implementation of project.
- The pandemic also caused travel restriction imposed by countries hence delays of experts for machines installations.
- Lack of skilled labors as the project was the first to be implemented in Tanzania and during project start up there was challenge of skilled labours for project operation. The first six months after establishment of the project January 2020 was used to equip workers with skills to facilitate project operation.
- The investor explains that due to the demand, it is inevitable to implement the second phase of investment where new machines with improved technology in energy saving and crap reduction will be installed to satisfy the current demand of supply. Further to this more than 60 new employees should be engaged now as part training while waiting for the arrival of machines before full employment.

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No.

## 7.0. Recommendation/Conclusion

- **Base on observation and findings above, the team is in the opinions that the project will benefit the country in many ways and therefore, TIC to provide support to the project to ensure its smooth implementation of his phase I, II and phase III as planned. Despite all the difficulties the investors has implemented the project to 95%. Moreover, the investor explains that due to the demand, it is inevitable to implement the second phase of investment where new machines with improved technology in energy saving and crap reduction will be installed to satisfy the current demand of supply. Further to this more than 60 new employees should be engaged now as part training while waiting for the arrival of machines before full employment.**

Due to investor's intention to increase production to meet the demands which will also increase employment the team is in opinion that investor should be considered for extension of COI for one year it will help them finalise implementation of phase I and phase II which will be of benefit to both investor and the Tanzania society in generally. Moreover, the project is still on five years of implementation period.

Submitted,

  
Julie Muro  
IPFO  
19/04/2022

9

# TANZANIA INVESTMENT CENTRE

## DIRECTORATE OF INVESTMENT FACILITATION



EASTERN ZONE

REPORT ON PROJECT VERIFICATION VISIT TO COAST CONCRETE POLES  
LIMITED ON 12<sup>TH</sup> APRIL, 2022

APRIL, 2022

## 1.0 INTRODUCTION

### 1.1 Brief history of the Company

Coast Concrete Poles Limited is a registered Company under the Company Act, 2002 of the United Republic of Tanzania where it was granted Certificate of Incorporation Number 138679 on 18<sup>th</sup> October 2017 by the Business Registration and Licensing Agency (BRELA).

The project is registered with TIC with Certificate of Incentives No. 022260 issued on 15<sup>th</sup> February, 2019 with intention of establishing a project for building/construction poles.

### 1.2 Project Geographical Location

The company project is located at Plot No.2 & 3 Block J in Sanzale-Bagamoyo, Coast Region. It can be accessed via Dar es Salaam-Bagamoyo road where the project is about 3km from Bagamoyo roundabout off Msata road.

## 2.0. COMPANY PROFILE

### 2.1 Company Particular Information

S/No.	Information	Description	Current Project Status		
1.	Shareholder's Information	Current Shareholders names, nationality and percentage of ownership	Name	Nationality	Percentage
			Derm Electrics (T) Ltd	Tanzania	51%
			Foshan Nanhai	China	9%
			Un-allotted		40%
			Total		100%
2.	Company Communication Information	Email address	ccp@derm.com		
		Land Line Telephone	+255 222774507		

		Number	
		Physical Address (Plot No., Block No, Street, District and Region	New Bagamoyo Road, Plot No.18, Block 145A, Kijitonyama-Kinondoni, Dar es Salaam.
3.	Contact Person	Name	Peter Mwanga
		Position	Managing Director
		Communication Details (Email, Mobile and telephone)	<a href="mailto:mwanga@dermtz.com">mwanga@dermtz.com</a> 0767 316709
4.	Incorporation	Certificate of Incorporation No.	138679
5.	TIN information	TIN Certificate No.	134-965-878
6.	Project Objective	Project Core Activity	Building/constructing concrete poles
7.	Direct Employment	Foreign-Men & Women	4
		Local-Men & Women	63
		Total Employment	67

## 2.2 Project Financial Analysis

S/No.	Information	Description	Current Status	
1.	Project Expenditure	Financing type	Amount (USD)	Source Country

S/No.	Information	Description	Current Status	
		Foreign	NA	-
		Local	9,007,146,571.66	Tanzania
		<b>Total</b>	<b>9,007,146,571.66</b>	
2.	Project Financing	Local equity	3,305,559.89	Tanzania
		Local loans	3,409,090.91	Tanzania
		Foreign equity	N/A	-
		Foreign loans	N/A	-
		<b>Total</b>		
3.	Direct Employment	Foreign Men	1	
		Foreign Women	0	
		Local Men	23	
		Local Women	4	
4.	Indirect Employment	Estimated Total No.	140	

### 3.0 PROJECT VERIFICATION VISIT (PVV)

#### 3.1 PVV initiation

The company aimed to establish a project for building/constructing concrete poles starting from 15<sup>th</sup> February 2019 to February 2022 however, the company submitted to TIC a letter notifying the Center that the company wishes to extend the implementation period so to enjoy some exemptions which were not enjoyed in the previous three years due to COVID 19 effect.

#### 3.2 PVV Conduction

On 12<sup>th</sup> April 2022 team of three officers from TIC conducted PVV at Coast Concrete Poles Limited located at Plot No.2 & 3 Block J in Sanzale-Bagamoyo, Coast Region. The team comprised the followings officers: -

- (i). Julie Muro –IPFO - TIC
- (ii). Mwanamkuu Matimbwi - TIC-TRA
- (iii). Navone Kisaka - TIC-NEMC

The company was represented by Kennedy Haruni – Production Manager.

### **3.2.1 Project Visit Objective**

The main purpose of the PVV was to establish grounds which could enable TIC management to make informed decision whether the company qualifies for extension of period of implementation or not.

### **3.2.2 Project Visit Specific Objectives:-**

Specifically, the PVV visit aimed to:-

Interview and gather information from the applicant regarding the COI extension application:-

- (i) Take copies of relevant document /photos as evidence for the application
- (ii) Physically visit the project site and verify the project implementation status

### **3.3 Findings:-**

The team managed to visit the mentioned location of the project as scheduled and established the following: -

#### **3.3.1 Brief Project Process**

- The project constructs concrete poles of different sizes ranging from 10m,12m,13m,14m to 15m depending on market demand. The process of constructing the poles start by making wire structure of pole shape, the wire structure is fixed to mould equipment made of iron. Concrete mixture (containing sand, aggregated & cement) from batch plant is poured to the mould (of different sizes) and the mould is transferred by conveyor chain to spinning section where the mould rotates at high speed to create a hole in between and for compaction purpose. The pole will be ready constructed at this point however, it will be subjected to steaming section for 3-4hours to dry up and then to be demoulded. The poles are painted with different colours at the end point to differentiate sizes of the poles. Pictures below illustrate the project: -

#### **3.3.2 Project structures and development status**

Through consultation with company representative and observation during PVV the team noted the following:-

- i. The project is operational, and the plan is to implement it for 3 phases, the first phase is about 95% to completion and has involved construction of main production area equipped with 1 batch plant, 1 diesel boiler, mold of different sizes and wire cutting machine. The phase has involved establishment of administration block, powerhouse, canteen and latrine facilities. To complete the phase, 1 more batch plant will be purchased.

- ii. The company is on move for implementation of second phase which will involve establishment of more batch plants, mold and motors to increase production capacity. Currently the plant can produce 10pcs/day of 15m, 30pcs/day of 13m, 70pcs/day of 12m and 70pcs/day of 10m which does not meet the demands.
- iii. Currently the plant operates few hours of day time because the machines use motors which overheat when they run for more hours:-
- iv. The third phase will involve expansion of the project which is planned to be in the site attached to the existing plant.
- v. Currently, main markets of the poles are Government institutions like TANESCO, REA and Ministry of communication. Initiatives of seeking market to neighboring countries are underway.

Some photos below illustrate the project: -

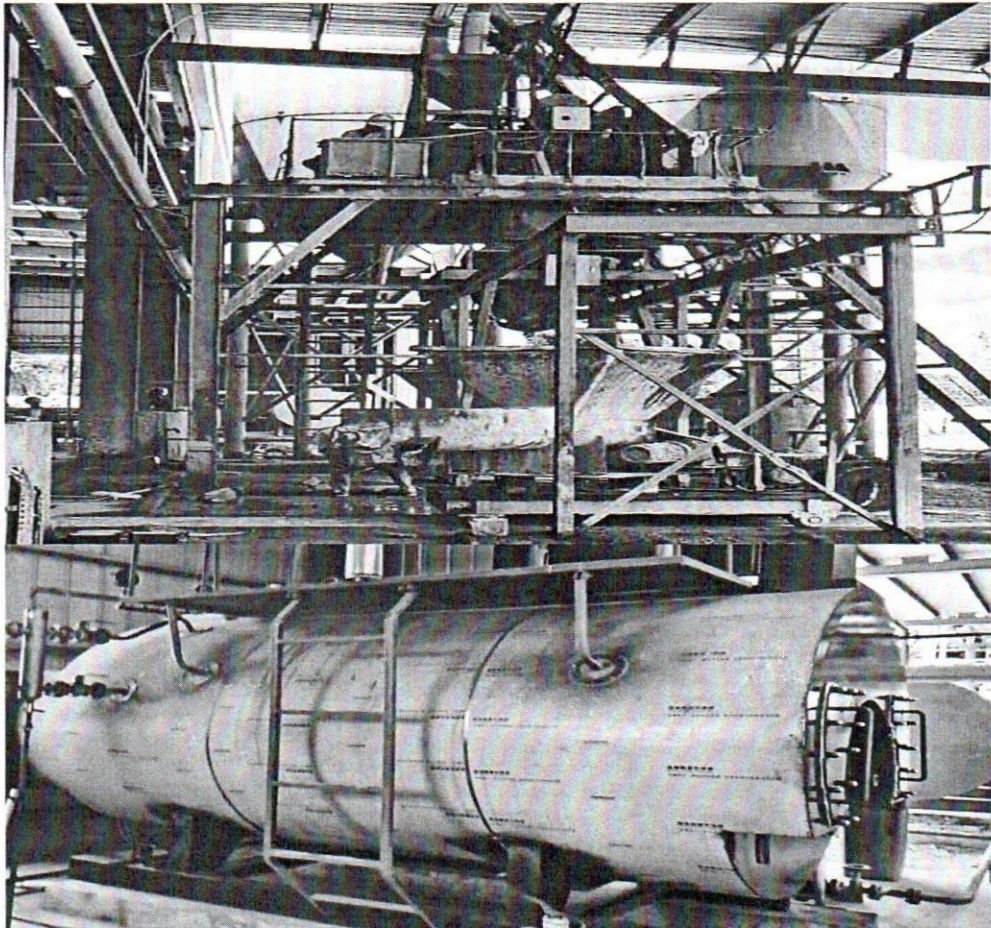


Photo 1: Batch plant found at site  
Source (PVV team)

Photo 2: Boiler for pole drying  
Source (PVV team)



**Photo 3: Concrete poles produced at site (Source, PVV team)**

### **3.4 Challenges toward timely project implementation: -**

Discussion between PVV team and company representative portrayed that despite the development which has been implemented on the ground, the following reasons have resulted to delays in completing the project: -

- i. Corona pandemic caused delay to project implementation. Main suppliers of the project are from China and Asian countries were highly impacted by the pandemic and Machines which were constructed in China (as per user requirement specifications) could not be constructed and delivered/imported timely as planned due to the pandemic hit;
- ii. The pandemic also caused travel restriction imposed by countries hence delays of experts for machines installations.
- iii. Lack of skilled labors as the project was the first to be implemented in Tanzania and during project start up there was challenge of skilled labours for project operation. The first six months after establishment of the project January 2020 was used to equip workers with skills to facilitate project operation; and
- iv. Challenges to availability of sand as the project mostly require fine sand from rivers.

### **3.5 Future Plans**

The company is on move for implementation of second phase which will increase project production capacity. Moreover in future, there will be third phase which will expand the project. This is planned to be in the site attached to the existing plant.

#### 4.0. RECOMMENDATIONS:-

- i. Project construction activities are underway and by physical observation, the investor is serious with the investment.
- ii. Strategic government projects with public interest depend on the project to successful implemented.
- iii. Demand of concrete poles is increasing, and production and supply capacity of the facility is low to meet the demand.
- iv. Global Corona pandemic has affected implementation of the project and has resulted to delays in importation of machines and travel schedules for experts to install equipment and commissioning of the facility; and
- v. The investor has not exhausted all fiscal incentives among the Approved items for exemption but also plans to request new items to facilitate implementation of second phase of the project.

#### 5.0 CONCLUSION:-

Based on the project visited and discussion with company representative and the documents presented and considering the findings of the visit, including recommendations described above thus reasons provided by the investor for not completing the project can be considered logical.

Implementation of the project has delayed due to reasons mentioned by the investor (as presented in section 3.4 of this report). The investor is serious with implementation of the project because number of activities were observed taking place at the site during PVV. Due to these reasons, 1year extension of Certificate of Incentives can be considered to facilitate the investor to enjoy full the fiscal incentives which will facilitate investor to implement the project to all phases as planned.

We submit,



Julie Muro



Mwanamkuu Matimbwi - TRA



Navone Kisaka - NEMC