



TANZANIA INVESTMENT CENTRE

PROJECT VERIFICATION VISIT REPORT

ON

APPLICATION FOR EXTENSION OF IMPLEMENTATION

PERIOD

BY

M/S CHANI KIWITI COMPANY LIMITED

24TH JUNE, 2022

TABLE OF CONTENTS

1.0 INTRODUCTION 3

2.0 PROJECT VISIT FOR VERIFICATION 5

3.0 CONCLUSIONS 8

4.0 RECOMMENDATIONS 8

5.0 ANNEXES AND PROJECT PHOTOS 10

1.0 INTRODUCTION

M/S Chani Kiwiti Company Limited is a TIC registered project in Agriculture sector holding a TIC Certificate of Incentives No. 018211 dated 02nd November, 2018 granted for purposes of establishing and operating Horticulture project, a project is located at Plot No. 251/1/2 Machame road, Hai district in Kilimanjaro region.

Under the current Certificate of Incentives, a company is implementing a project of producing the fine beans raw material and the production of vegetable hybrid seeds for export upon the receiving orders from Europe, especially from Netherlands. Currently a company is producing high quality, hybrid seeds of cucurbits (gherkins, cucumber, squash, sweet melon and water melon) and leguminous (climbing beans), these seeds production is taking place on 4 hectares covered protected area. Currently, the capacity of project is to produce 12 tons of seeds per year.

Apart from the development in farming, a company has developed the following infrastructure; administration block, canteen for workers, installed 110 KVA automatic generator, tractors, drip irrigation system covering all 4 hectares, agricultural nets covering 3.5 hectares and the green houses covering 0.5 hectare.

Like any other project in horticulture subsector under agriculture sector which its market relies in export, also M/s Chani Kiwiti Company Limited affected by Covid 19 pandemic because the company faced the challenge of delivering its products to its clients due to limitation in air transportation and strictly lock down rules imposed in Europe during the serious Covid 19 pandemic taking into consideration that 100% of its market is abroad (for exports to Netherlands), this affected the implementation and development of the project especially in producing the fine- beans, it is in that time when the company started adding more efforts in it's another option of production by producing high hybrid seed of cucurbits for the purpose of protecting its cash flow and keep the project moving.

Covid 19 pandemic also affected the company's plan to implement a project of adding another 4 hectares for producing seed to reach the capacity of producing 24 tons of seed per year, this plan was affected by unstable cash flow of the company and the

limitations of transportation of green houses from suppliers in Israel and China which automatically led the implementation period in the certificate of Incentives coming to an end (November 2021) without finalization of the project as per plan.

This project was granted Certificate of Incentives on 02nd November, 2018 which its implementation period ended on November 2021, although earlier 2020 is when the Covid 19 situation started to be worse, it is the same period when a company expected its business to flourish and so, to import the green houses from the Israel and China to finalize their plan for the first three years with the TIC Certificate of Incentives, unfortunately a company did not manage to operate the project fully as per company's plans due to the existence of Covid 19 pandemic which affected almost the whole world, horticulture subsector being one of the economic sector which was massively affected in Tanzania.

Due to the above reason, on 09th May, 2022 M/s Chani Kiwiti Company Limited wrote a letter to TIC to apply for extension of project implementation period giving the main reason that the company did not manage to operate and implement the project fully as per plan due to severe effects of the Covid 19 pandemic in horticulture subsector in Tanzania.

Based on the above background, on 21st June, 2022, Northern Zone Officer (Mr. Gasper Tembo) was assigned to conduct a project Physical Verification Visit (PVV) for the purpose of establishing the facts as presented by an investor regarding the application of extension of project implementation period, and on 23rd June, 2022 PVV was conducted by Zonal Office to serve the same purposes.

2.0 PROJECT VISIT FOR VERIFICATION (PVV)

2.1 Findings

During the visit, our officer observed the following information at the site regarding the project:

a. Company's General Information obtained at the site

S/No.	Information	Description	Current Project Status		
			Name	Nationality	Percentage
1.	Shareholder's Information	Current Shareholders names, nationality and percentage of ownership	Eric Sikujua	Tanzanian	51%
			Ng'maryo		
			Joseph Giovinazzo	French	49%
			Total		
2.	Company Communication Information	Email address	infochanikiwiti@cybernet.co.com		
		Mobile Number	+255 782 575 232		
		Land Line Telephone Number	N/A		
		Physical Address (Plot No., Block No, Street, District and Region)	Farm No. 251/1/2 Machame Road, Hai District- Kilimanjaro P.O. Box 354, Hai- Kilimanjaro		
3.	Contact Person	Name	Barbara A. Richard		
		Position	General Manager		
		Communication Details (Email, Mobile and telephone)	infochanikiwiti@cybernet.co.com +255 782 575 232		
4.	Incorporation	Certificate of Incorporation No.	115504		
5.	TIN information	TIN Certificate No.	130-238-009		
6.	Project Objective	Project Core Activity	To operate horticulture project in multiplication and processing of fruits and vegetable seeds		
8.	Direct Employment	Foreign-Men	N/A		
		Foreign-Women	N/A		
		Local-Men	24		
		Local-Women	78		
9.	Indirect	Estimated Total No.	45		
		Type/areas of Indirect	Construction, transportation, supplies of goods and		

	employment	Employment	<i>services and local consultation</i>
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It was further observed:

- i. Company's operations are ongoing mainly in the production of hybrid seed for vegetable and fruits. Please see pictures presented as ***Annex I.***
- ii. A company is operating a project in 4 hectors of covered protected crops for seed production for export by 100%, the business is done by orders mainly from Netherlands.
- iii. 3.5 hectors are covered by agricultural nets and the remaining 0.5 hector is covered by modern green house. Please see pictures presented as ***Annex II.***
- iv. A company has developed the farm by installing infrastructure such as irrigation system, 110 KVA automatic generator, acquisition of farm implements (riper and bed ridger) acquisition of 40 feet container, acquisition of a new tractor 50 Hp, construction of the propagation unit and extraction plant. Please see pictures presented as ***Annex III.***
- v. The project is located at Plot No. 251/1/2 Machame Road, Hai District in Kilimanjaro region.

2.2 Remaining Activities

From what was observed and the investor's explanation at the site, the main pending activity is importation and installation of the 4 hectors steel frame green- house by 2024, starting by 2 hectors steel frame green- houses and installation of drip irrigation system in the next six months which is expected to rise the company's productivity to 24 tons of seeds per year for export. A company has the plan of construction of one hector insect proof shade net house, construction of changing room, new toilet block and workshop garage.

These improvements are expected to increase productivity and widening the market for the company in France and making the main market for the company's products to be Netherlands and France by 100%.

In this context, importation and installation of steel frame green- houses, drip irrigation system and other development is absolutely necessary, it is expected that for the activities above to take place until operations commences will take between six months to one year.

2.3 Challenges

During the conversation with Managing Director and General Manager, the company is experiencing few challenges as follows;

- a. The effect of Covid 19 has affected the operations of the company/ project especially in transport logistics, air freights availability has caused the increase of cost of production.
- b. Geopolitical crisis has also caused the increasing cost of production drastically especially in raised prices of fuel, steel, polyethylene plastic and fertilizers.
- c. The Covid 19 pandemic also affected the plan of the company to invest in another 4 hectars due to limitations in transport logistics from the suppliers (from Israel and China) of green- houses and drip irrigation system.
- d. Power fluctuation, though the company has already communicated with TANESCO Kilimanjaro and in the period of the past one month the situation has been goon.

3.0 CONCLUSION

In view of findings above, the following are our conclusions regarding the objective of the PVV:

- 3.1** The investors appear to be serious with the project. The reasons provided for the need of extension of implementation period seem to be genuine;
- 3.2** The implementation of the company's proposed activities is as per TIC Certificate of Incentives No. **018211**. I confirm that the pictures attached to this report are genuine and they reflect a true picture of the current affairs of the project at the site;
- 3.3** The reasons for the applying for extension of project implementation period by project promoters are sound;
- 3.4** The project is located at Farm No. 251/1/2 Machame Road, Hai Kilimanjar

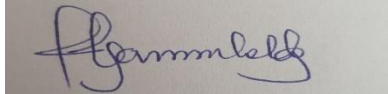
4.0 RECOMMENDATIONS

From the above findings and conclusions, I wish to recommend the following:-

- 4.1** That, the company's efforts in investment and challenges reported above justify the approval of the additional extension of the implementation period. This will assist investors to complete the plan of importing and installing green house and drip irrigation system and other development leading to the increase productivity of the project to 24 tons of seeds per year by 2024 from 12 tons of seeds per year currently as well as the widening the market to France.
- 4.2** That, based on the fact that the implementation period of the current TIC Certificate of Incentives ended in November 2021 and taking into consideration the effects of Covid 19 in horticulture sector which has affected all over the world especially in transporting the horticultural products to targeted market (Netherland), I am of opinion that TIC approves an extension of implementation period for one (1) years further

from the date of issuing Certificate of Incentives upon approval of the company's application of extension of Certificate of Incentives.

I humbly submit

A rectangular box containing a handwritten signature in blue ink. The signature is cursive and appears to read "Gasper T. Tembo".

Gasper T. Tembo
IO- N

24th June, 2022

ANNEXES

ANNEX I: OPERATIONS OF THE COMPANY



Beans plant for producing bean seeds for export



Cucumber plants in the agricultural net as the crucial stage of producing hybrid Seed

ANNEX II: GREEN HOUSE INSTALLED



Green house installed on 0.5 hector at the farm



Picture showing Zonal Officer (Mr. Gasper Tembo) at the farm whereby agricultural net, beans farm for producing bean seeds and the green houses can be easily seen



Farming in the green house for production of hybrid seeds

ANNEX III: INFRASTRUCTURES INSTALLED IN THE FARM



110 KVA generator as one of the infrastructure installed in the farm



An area for cleaning and drying the seeds before packaging ready to be stored