

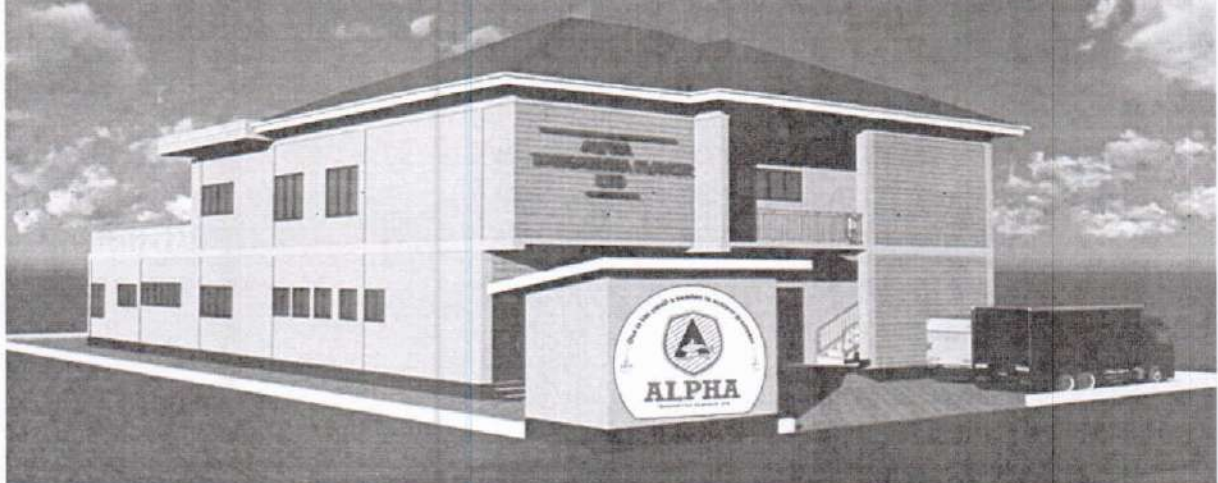
STRATEGIC BUSINESS PLAN FOR THE ALPHA TANGANYIKA FLAVOUR LIMITED (ATF LTD)



SUMBAWANGA SITE

SITUATIONAL ANALYSIS OF THE FIRM'S FUTURE

Benefits, Obstacles, and Way Forward



KIGOMA SITE

ALPHA TANGANYIKA FLAVOUR LIMITED

Feasibility Study

**Establishment of
Fish Processing Production Plant
Sumbawanga District**

Rukwa Region,

TANZANIA

**Prepared by:
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P.O. Box 108
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TANZANIA**

December 2020

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Project Summary

Fish Food Processing Plant

Project Concept: Establishment of Processing Natural Food Production Plant

Project Site : Sumbawanga Municipality, Rukwa Region, Tanzania

Executing Agency : ALPHA TANGANYIKA FLAVOUR LIMITED

Promoters : ALPHA TANGANYIKA FLAVOUR LIMITED, Tanzania

Investment Cost:

Investment Plan: Fish Processing Plant Amount in USD (000)

	INVESTMENTS			TOTAL
	Year-1	Year-2	Year-3	INVESTMENTS
Land & Land Development	3			3
Building & Civil Works	1,250	50	10	1,310
Plant & Machinery	450			450
Equipment and Tools				-
Utilities	75		7	82
Motor Vehicles	550	80		630
Office Furnitures & Equipments	150		25	175
Pre-Operating Costs	50			50
Working Capital	870	50	30	950
Total Investment	3,398	180	72	3,650

Project Financing:

Financing Plan: Fish Processing Plant Amount in USD (000)

	FINANCING			TOTAL
	Year-1	Year-2	Year-3	FINANCING
ATFL	2,434	80	42	2,556
Directors Loans	-	-	-	-
Total Equity	2,434	80	42	2,556
External Financing				-
Long Term Loans	1,010	-	-	1,010
Short Term Loans	-	50	34	84
Total External Financing	1,010	50	34	1,094
Total Financing	3,444	130	76	3,650
Ratio:				
Shareholders' Contribution	71%	62%	55%	70%
External Financing	29%	38%	45%	30%

Production Capacity:

Fish Process Production

		Year-1	Year-2	Year-3	Year-4	Year-5	Year-6	Year-7	Year-8	Year-9	Year-10
Plant Production Capacity	MT/Year	320	320	320	320	320	320	320	320	320	320
Capacity Utilisation	Percentage	20%	30%	50%	70%	80%	80%	80%	80%	80%	80%
Fish Processed Production	MT/Year	64	96	160	224	256	256	256	256	256	256

Commencement Dates: January 2021

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BACKGROUND TO THE STUDY

Introduction

Overview of Tanzania's Fishery Industry

Tanzania is endowed with fisheries resources from marine, freshwater, riverine, and wetland species. The inland sources include three of African Great Lakes- Lake Victoria (covering 35,088 km² equivalent to 51% of the lake on Tanzanian side); Lake Tanganyika (covering 13,489 km² equivalent to 41% of the lake on Tanzania side); and Lake Nyasa (covering 5,760 km², equivalent to 20% of the lake on Tanzania side). Collectively, these three lakes provide a freshwater cover of 54,337 km², which is about 6.1% of the country's total surface area. On the other hand, the country has a territorial sea area of 64,000 km²; an Exclusive Economic Zone (EEZ) of 223,000 km²; and a coastline stretch of about 1,424 km long; as well as several other minor lakes and inland water bodies¹. The country boasts of more than 40 rivers providing water supply throughout the year.

The fisheries sector provides substantial socio- economic benefits to a very significant portion of the national population. These benefits include employment, income, foreign exchange earnings, and tax revenue. According to the 2018 National Economic Survey, the fisheries sector contributed about 1.71% to the GDP in 2018. Total country production from fishing activities conducted in capture fishery indicated that fish production was 2,736,248 metric tonnes. In terms of revenue, the fish production was valued at TZS 1,768,857,737 while the export of fish and fish products earned TZS 13,520,367,822.26.

Fish production and earnings have been fluctuating over time. Over the last decade, Tanzania's fisheries production from inland, marine, and aquaculture sources ranged between 325,000 to 380,000 tons per annum. About 86% of this production was from inland sources, 14% from marine fisheries, and just 1% from aquaculture. Refer to Table No. 1 below.

Table No. 1: Fish Production From All Major Water Bodies in Tanzania: 2018

No.	Source	No. of Fishers	No. of Fishing Crafts	Catches (Metric Tones)	Value (TZS)
1.	Lake Victoria	109,397	31,773	247,351.40	1,113,081,300
2.	Lake Tanganyika	26,612	11,506	61,825.49	278,214,705
3.	Lake Nyasa	5,550	2,632	14,217.71	63,979,695
4.	Lake Rukwa	3,428	1,786	3,925.63	17,665,335
5.	Mtera Dam	2,369	1,238	3,423.30	15,404,850
6.	NyumbayaMungu Dam	783	432	1017.41	4,578,345
7.	Minor Water Bodies	879	321	612.1	2,754,450
8.	Small Scale Marine	54,511	9,650	55,169.52	248,262,840
TOTALS		203,529	59,338	387,542.56	1,743,941,520

1.2 Obtaining Fish Varieties

A variety of fish species obtain in Tanzanian fisheries resources. The most important commercial fish species include Nile perch (*Latesniloticus*), Nile tilapia (*Oreochromisniloticus*) and the Sardines (*Rastrineobolaargentea*) from freshwater sources; and various marine finfish, such as tuna and tuna-like species, molluscs (squid and Octopus) and crustaceans (prawns, lobsters, and crabs). The common fish species in the EEZ include Tuna and Tuna-like species, Marlin, Swordfish, Skipjack, and Sharks.

According to recent studies, coastal tunas and related species in the Southwest Indian Ocean countries, including Tanzania, are largely under-exploited or moderately exploited. Similarly, aquaculture in the United Republic of Tanzania has vast but yet untapped potential.

The production of other aquaculture species (catfish, trout, milkfish, and others) is still nascent and in some cases at experimental stages. By 2016, there were about 20,000 small -scale domestic aqua farmers in Tanzania mainland.

1.3 Fish Trading and Marketing

In terms of fish trading and marketing, Tanzania is both an importer and exporter of fishery products. Exports are mainly in the form of Nile perch fillets to international markets and dried Sardines to regional markets. Other fishery products for exports include crabs, prawns, fish maws, octopus, seashells, live lobsters, squid, seaweed, and ornamental fish. On the contrary, Tanzania imports fish products such as Frozen Bogue (Spain), Frozen Indian Mackerel (Yemen), Frozen Little Turny (Yemen), Frozen Pacific Mackerel (China, South Korea, Japan, and Yemen), Frozen Tilapia (China), and Frozen Yellow Tail Scad (Yemen). In the past seven years (2012 to 2018), the Country exported 285,076,209.22 Kgs of fish while it imported 94,750,018.46 Kgs.

1.4 Domestic Fish Consumption

Per capita fish consumption in Tanzania is 8.2 kg/year and contributes to about 30% of the total animal protein intake. This level of per capita fish consumption is low, compared to the global per capita consumption of about 20.3 kg in 2018 (FAO Statistics Year book, 2018). With a global population growth rate of 2.7% annually, increased supply of fish and fish products is required just to maintain this limited contribution to the diet.

The Proposal

This Feasibility Study has been prepared for ALPHA TANGANYIKA FLAVOUR LTD (ATFL), a Kigoma - based private limited company. The Study provides a detailed investment plan for Fish processing production plant project. The project will be developed in a 5-acre land in Sumbawanga District, Rukwa Region of Tanzania and upgrading of Kigoma plant in order to meet EU fish export standards.

EXECUTIVE SUMMARY

0.1 Introduction

Alpha Tanganyika Flavour Limited is a privately held company specializing in collecting, processing and exporting natural food products from Lake Tanganyika. This is a fish export company; registered in Tanzania in July 2017. The Company's Registration Number is 136472. It is based in Kigoma Region, Tanzania. The Company's main purpose is to help the country to benefit from marine resources available in Lake Tanganyika; enabling African people living in overseas countries to taste the African types of fish products available; as well as accessing Lake Tanganyika's tasty fish products to people in the African continent.

This Strategic Plan provides the business roadmap for the Fish Processing Factory Project in the next ten years, from 2020 to 2030. Specifically, it elaborates the products and services of the Project, presents the industry and market analysis, marketing plan as well as management and operational plan. Besides, it also describes the legal framework that the Project will have to consider during running its operations. In addition, the plan outlines potential risks and mitigation strategies as well as provides a ten-year financial outlook of the project. The market analysis suggests that there is potential in the establishment of fish processing factory and the competitive situation is generally favorable. The only direct competitors of this project are local fish dealers located in Kigoma, Katavi and Rukwa regions. The project's main products are *LuciolatesStappersii* (known as Migebuka in Swahili) fresh and dried and *StolothrissaTanganicae* (known as Sardine or Dagaa in Swahili) in both fresh and dried form.

Project will sell these products to different domestic, regional and international market segments. The marketing plan has outlined a number of measures to address the threat of indirect competition. The measures are in the form of pricing strategies, promotion strategies, and marketing programs. The project will be managed from the fishing operations where fresh fish will be collected from fishers and production and distribution unit located in Kigoma Municipal. The plan foresees that the project could face major risks such as unpredictable resources in Lake Tanganyika, and risk emanating from local fish traders and international markets.

Very significantly, ATFL puts forward a Proposal to the key Lake Tanganyika Stakeholders to jointly collaborate in the formulation and implementation of mitigation strategies for these risks, in a Public-Private Business Partnership, PPP. Such a Partnership will greatly contribute to the sustainable exploitation of the Lake's fishery resources, for the benefit of our current populations and future generations.

The financial picture indicates that the Project will need a start -up capital of USD 3,650,826.00 in the first year of operation. With such capital back- up, it will start to earn an income of USD 877,832.00 in the first year; USD 947,024.00 in the second year; gradual increasing to USD 1,239,566.00 in the tenth year of business operations. In the 10th year of operations the Project will also have established huge increases in asset value.

0.2 Proposed Project

ALPHA TANGANYIKA FLAVOUR LIMITED is planning to invest in the natural food processing sub-sector in Tanzania. The company is intending to develop natural food processing plant at Sumbawanga District in Rukwa region and upgrading of the current Kigoma plant in order to meet EU fish export standards

ALPHA TANGANYIKA FLAVOUR LIMITED is set to initially establish a plant of 240 MT capacities per annum. The project, which is set to generate direct employment to over 200 people (direct and indirect). The company has purchased of 5-acres of land for the development of the project. It will also entail procurement and installation of plant and machinery; the total investment cost is estimated at USD 3.6 million including working capital to be invested in three-year period.

0.3 Purpose of the Study

This Feasibility Study aims to evaluate the viability of investing in a green-field Natura food processing plant in Sumbawanga District, Rukwa Region of Tanzania.

0.4 Our Product

ALPHA TANGANYIKA FLAVOUR LIMITED is going to operate a standard and licensed natural food processing plant whose products will not only be exported abroad but also sold throughout the Tanzania.

We are in the natural food processing business to make profits and also to give our customers value for their money. These are some of the products that we will be offering;

- Fresh Fish (raw) Starpersii
- Dried Fish Starpersii
- Fresh Fish (raw) Sardinnes
- Dried Fish Sardinnes
- Fish meals

Our Mission and Vision Statement

- Our vision is to establish standard fish processing Company whose products will be not only be sold abroad, but also throughout Tanzania, and in other parts of the East Africa.
- Our mission is to establish a standard and world class Fish Processing Plant that in our own capacity will favourably compete with leaders in the industry around the world.
- We want to build a Fish processing business that will be listed amongst the top 20 natural food brands in the Tanzania and East Africa

0.5 Investment Plan

The project is envisaged to be implemented will involve establishment of Fish processing plant which will use drilled water for production. The estimated to cost TZS 2,529million of which TZS 1,589 million for capital expenditure; and TZS 940 million will be earmarked for working capital which will largely be used for procurement of raw materials. The project investment plan for is as summarised below:

Investment Plan: Fish Processing Plant Amount in USD (000)

	INVESTMENTS			TOTAL
	Year-1	Year-2	Year-3	INVESTMENTS
Land & Land Development	3			3
Building & Civil Works	1,250	50	10	1,310
Plant & Machinery	450			450
Equipment and Tools				-
Utilities	75		7	82
Motor Vehicles	550	80		630
Office Furnitures & Equipments	150		25	175
Pre-Operating Costs	50			50
Working Capital	870	50	30	950
Total investment	3,398	180	72	3,650

0.6 Project Financing

The project is proposed to be financed through shareholders' equity and external loans financing. ALPHA TANGANYIKA FLAVOUR LTD will seek for long-term and short-term loans facilities. The company will, seek loans for the fish processing plant in line with the project implementation schedule as summarised below:

Financing Plan: Fish Processing Plant **Amount in USD (000)**

	FINANCING			TOTAL
	Year-1	Year-2	Year-3	FINANCING
ATFL	2,388	80	42	2,510
Directors Loans	-	-	-	-
Total Equity	2,388	80	42	2,510
External Financing				-
Long Term Loans	1,010	-	-	1,010
Short Term Loans	-	30	34	64
Total External Financing	1,010	30	34	1,074
Total Financing	3,398	110	76	3,584
Ratio:				
Shareholders' Contribution	70%	73%	55%	70%
External Financing	30%	27%	45%	30%

0.7 Project Rationally

The project aims to support government strategy for increased stock of manufacturing industries in the economy. The project will, thus, increase the country's Manufacturing Value Addition (MVA) and increase export values of the economy.

There is a significant market for fish processed food in Tanzania and abroad that stems both from the quality of fish and the growth of the middle class. Tanzania has 5 largest fish processing companies based on estimated revenues.

Activity & geographical breakdown: Just over a third (80%) of the leading companies are headquartered in the Mwanza region, the second most populous city.

0.8 Project Outputs

The project parameters in terms fish processing production are as summarised below:

Fish Process Production

		Year-1	Year-2	Year-3	Year-4	Year-5	Year-6	Year-7	Year-8	Year-9	Year-10
Plant Production Capacity	MT/Year	320	320	320	320	320	320	320	320	320	320
Capacity Utilisation	Percentage	20%	30%	50%	70%	80%	80%	80%	80%	80%	80%
Fish Processed Production	MT/Year	64	96	160	224	256	256	256	256	256	256

0.9 Profitability and Economic Viability

The analysis of the profitability of the overall project indicates that the project is a profitable undertaking with long-term returns to the investors. The overall gross margins are, conservatively, projected to average 22% and the net margins are projected to increase over time from 4% in the first year to 11% in the 10th year of the project.

The Payback Period is projected to be 6-years, and has a positive Net Present Value (NPV) and Internal Rate of Return (IRR) greater than the cost of funds. The company is assumed to plough back all the profits from operation, hence no dividends distribution during the loan tenure. The summary of the projected Profit and Loss Statements for the first 10-years of operation is summarised below:

Project Profitability	Amount in USD '000'									
	Projected									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue fish products	992	1,488	2,480	3,472	3,968	3,968	3,968	3,968	3,968	3,968
Revenue-others	8	9	9	10	11	11	13	14	16	16
Total	1,000	1,497	2,489	3,482	3,979	3,979	3,981	3,982	3,984	3,984
Less: Direct costs	398	562	890	1,217	1,382	1,383	1,385	1,387	1,388	1,390
Gross Profit	602	935	1,599	2,265	2,597	2,596	2,596	2,595	2,596	2,594
Less: Indirect costs	401	440	511	582	621	628	636	643	651	659
EBITDA	201	495	1,088	1,683	1,976	1,967	1,960	1,952	1,945	1,935
Less: Other costs										
Depreciation	443	443	443	443	443	443	443	443	443	443
Finance costs	182	162	141	121	101	81	61	40	20	10
Corporate taxes	0	0	151	336	430	433	437	441	444	445
After-Tax Profit/(Loss)	-424	-110	353	783	1,002	1,010	1,020	1,028	1,037	1,037
Gross Margin	60%	62%	64%	65%	65%	65%	65%	65%	65%	65%
EBITDA Margins	20%	33%	44%	48%	50%	49%	49%	49%	49%	49%
Net Margins	-42%	-7%	14%	22%	25%	25%	26%	26%	26%	26%

0.10 Proposed Loans

ALPHA TANGANYIKA FLAVOUR LTD is seeking for a total loan of USD 1.01 million for the Fish Processing plant project as follows:

- USD 140,000 is earmarked for capital expenditure including installation of machinery and plant and other facilities. And USD 870,000 will be set to finance the initial working capital requirements.
- The proposed loans will attract annual interest rate of 15% payable within 10-year period including 1-years of grace on principal.
- The repayment schedule for the long-term loan is as summarised below:

**Long-Term Loans Repayment Schedule
Fish Processing Plant**

	Amount in USD (000)									
	Year-1	Year-2	Year-3	Year-4	Year-5	Year-6	Year-7	Year-8	Year-9	Year-10
Opening Balance	-	1,010	898	786	673	561	449	337	224	112
Loan	1,010	-	-	-	-	-	-	-	-	-
Interest	182	162	141	121	101	81	61	40	20	10
Principal Repayment	-	112	112	112	112	112	112	112	112	112
Closing Balance	1,010	898	786	673	561	449	337	224	112	0

0.11 Conclusion

The project analysis demonstrates an economically feasible project as it adds value to the country outputs. It also shows that the investors and other stakeholders will have positive returns on investing on the project due to good profits from the operations.

ABOUT ALPHA TANGANYIKA FLAVOUR LTD

1.1 Introduction

Alpha Tanganyika Flavour Limited, ATFL, the promoting company of the Lake Tanganyika Fishery Project, is a Tanzanian, Kigoma- based, privately held company. ATFL was established in 2017 under a Companies Registration No. 136472.

ATFL carried out a systematic and comprehensive assessment of the African ethnic food market in the Diaspora. After establishing that this market was promising, the Founder of the company embarked on a mission to create and design a distribution system that would ensure readily available supply of nutritious and tasteful African ethnic foods to working men and women of African descent living in the Diaspora. This mission culminated in the establishment of Alpha Tanganyika Flavour Ltd. Company in East Africa. ATFL specialises in the collection, processing and exporting of natural food products including seafood.

The main products exported by Alpha Tanganyika Flavour Limited are fresh and dried *Lucioides Stappersii* (known as Migebuga in Kiswahili) and *Stolothrissa Tanganicae* or Sardine (known also as Dagaa in Kiswahili).

The current fish business contacts/collecting centres are Kirando, Kasanga, Kigoma, and, occasionally, other places around the Lake Tanganyika.

1.2 The Lake Tanganyika Fishery Project

Originally, ATFL was a small, part- time business, designed to meet the fishery product needs of the ever changing social world. Now it is scaling- up its operations to work on a bigger picture. In this respect ATFL wants to expand and modern its central factory at Kibirizi Rasini, Kigoma Region; with plans to establish branch offices at KASANGA (to serve Kipwa, Muzi, Samazi, Kala fish landing sites); KABWE (for Kabwe, Kalema and Ikola centres); and KIRANDO (for Ninde, Kipili and Kolongwe centres) around the Lake Tanganyika; and later on to other places around the country in the next few years.

ATFL's main and driving objective is to bring Africa to African peoples living in the Diaspora by availing to them delicious African fish products; presenting an opportunity to non-Africans to taste our fish varieties; as well as supplying fellow Africans living in the great Continent of Africa, those who currently cannot get access to these unique fishery products from Lake Tanganyika.

The most distinctive elements which make ATFL and its food products distinctively unique are the following;

- (i) First, ATFL sells memories: its products carry rich African historic culture. Lake Tanganyika is an African Great Lake. Recognised as the second oldest freshwater lakes in the world, the second largest, by volume, and the second deepest, and the world's longest freshwater lake. Lake Tanganyika is habitat to more than 1,500 plant and animal species, of which 40 % are endemic, meaning they cannot be found anywhere else on the earth. This richness makes it an important biodiversity hotspot. It is indeed, home to very unique fish varieties; and,
- (ii) Second, ATFL's products are very delicious, have a lot of nutrients and very popular among the African communities living in foreign continents. These fish products are very rarely found in other water bodies around the world.

Alpha Tanganyika Flavour Limited is expanding and modernising its factory for the production and marketing of its fishery products to be exported and distributed to different places around the world. ATFL main Project activities in its overall business strategy will be as detailed below;

- (i) Collaborating with the Ministry of Fisheries and Livestock to assist Fishers ameliorate and improve their fishing conditions, so as to increase productivity and improve their earnings;
- (ii) Buying and storing the fresh fish at its designated collection centres; and, latter, transporting the same to the processing factory;
- (iii) Processing the fish products; packing them in appropriate packing and packaging materials, ready for selling to various domestic and foreign markets; and,
- (iv) Through special distributors, ATFL will ensure its products are exported and delivered to respective final destinations. Already the Company has representation in the USA market; and is looking forward to conclude similar distribution arrangements in Canada, Democratic Republic of Congo and South Africa, Rwanda, Burundi, Uganda, Kenya, Mozambique, Malawi and Zimbabwe. Similar representations will be established in Europe, Australia and Canada.

1.2 Company Ownership

ALPHA TANGANYIKA FLAVOUR LTD is a corporate company, owned by four individual shareholders. All four individual shareholders are Tanzanian nationals

The authorised share capital of ALPHA TANGANYIKA FLAVOUR LTD is TZS. 50,000,000 divided into 2,500 ordinary shares of TZS. 20,000 each.

The subscribed share capital is TZS. 44,020,000 divided into 2,201 shares. The shares are distributed as follows among the shareholders:

Shareholders' name	Number of shares	% shareholding	Nationality
ALPHA YAMUNGU NONDO	850	34%	Canadian
MICHAEL REED	638	26%	American
KALALA NKONGOLO	638	26%	American
YUSTER DANIEL NYAKACHARA	75	3%	Tanzania
UNSUSCRIBED SHARES	299	11%	NA
Total	2,500	100%	

1.4 Company Business

ALPHA TANGANYIKA FLAVOUR LTD has established a fish processing production plant in Sumbawanga District, Rukwa Region. The company owns a 5 acre, building, cafeteria building and plant building.

Potential of the project arises out of the growing and unfulfilled demand of high quality and safe processed purefish inside and outside the country.

1.5 Profiles of the Shareholders

Individual Shareholders

- (i) Alpha Yamungu Nondo was born in Goma in Northern Province of the Democratic Republic of Congo. In 1994 He completed a Bachelor of Art in Educational Science at IPN in DR Congo. In 1997 He completed a Bachelor of Arts in Theology at UNISA in South Africa (Pretoria). In 2000 He completed a Certificate in Church Management at Westhill College an Affiliated College of the University of Birmingham in England. In 2002 he completed a Diploma in Pastoral Studies at African Ministry Network. In 2003 he completed a Certificate of Attendance at Global Mosaic International. In 2009 He completed a Bachelor in Ministerial Studies at Beleiver's Anointing Bible College in

Hamilton/ Ontario Canada. In 2012 Master's In Divinity at McMaster University in Hamilton, Ontario Canada. He is an ordained pastor, a church planter and has an entrepreneurial spirit. Currently He is a founder and Managing Director of Alpha Tanganyika Flavour Limited.

- (ii) Michael Reed was born in Kansas and has lived his entire life in the United States. He received a Ph. D in economics from Iowa State University in 1979. He spent 41 years at the University of Kentucky teaching, performing research, and mentoring graduate students and visiting scholars. He is Professor Emeritus of agriculture economics at the University of Kentucky and is still active in the profession.
- (iii) Nkongolo Kalala was born in Djoku-Mpunda in the Western Kasai Province of the Democratic Republic of Congo. At the age of 5, his parents moved to Tshilenge in Eastern Kasai Province where he grew up. Completed a Bachelor degree in Agricultural Economics at the University of Zaire in Yangambi Upper Congo in 1982. Worked at the Planning Office in the Ministry of Agricultural in Kinshasa before moving to the USA obtaining a Ph. D. in Agriculture Economics from the University of Kentucky in 1995. He is currently a Professor of Economics at Bluegrass Community and Technical College in Lexington, Kentucky.
- (iv) Yuster Kachala, She is an ordinary person skilled with an entrepreneurial spirit. She is among founder members of Alpha Tanganyika Flavour Limited.

THE PROJECT CONCEPT

2.1 Introduction

The proposed project involves investment in a green-field project which aims to increase Fish processed products with the view to generate positive returns to the investors and contribute to Tanzania's economy.

2.2 The Concept

- The project concept involves establishment of a new semi-automated Fish processing production plant and its aligned investments. The project entails investments in land

purchase, buildings and civil works, machinery and equipment and other support facilities for production of processed fish as the final products.

- At an estimated total investment cost of USD3.6million, ALPHA TANGANYIKA FLAVOUR LTD is set to establish a new Fish processing plant of 240 MT capacities per annum in Sumbawanga District in Rukwa Region.
- The project will be developed in a 5-acres land acquired from the residents in the area. The project investment plan is as summarised below:

Investment Plan: Fish Processing Plant Amount in USD (000)

	INVESTMENTS			TOTAL
	Year-1	Year-2	Year-3	INVESTMENTS
Land & Land Development	3			3
Building & Civil Works	1,250	50	10	1,310
Plant & Machinery	450			450
Equipment and Tools				-
Utilities	75		7	82
Motor Vehicles	550	80		630
Office Furnitures & Equipments	150		25	175
Pre-Operating Costs	50			50
Working Capital	870	50	30	950
Total Investment	3,398	180	72	3,650

- The project will be financed through equity and external financing. ALPHA TANGANYIKA FLAVOUR LTD will contribute USD2.5million (70%) in the form of equity, and the external finance will be USD1.1 million (30%) in the form of long-term and short-term loans.

INVESTMENT IN FISH PROCESSING PLANT

3.1 Introduction

- ALPHA TANGANYIKA FLAVOUR LTD will start its investment with fish processing plant. The plant will produce 240MT of processed fish annually. The plant will employ about 200-people direct and indirect.
- The projected of processed fish is as summarised below:

Fish Process Production

		Year-1	Year-2	Year-3	Year-4	Year-5	Year-6	Year-7	Year-8	Year-9	Year-10
Plant Production Capacity	MT/Year	320	320	320	320	320	320	320	320	320	320
Capacity Utilisation	Percentage	20%	30%	50%	70%	80%	80%	80%	80%	80%	80%
Fish Processed Production	MT/Year	64	96	160	224	256	256	256	256	256	256

3.2 Project Investments

- Fish Process Production will entail land acquisition, investment in buildings and civil works, machinery and equipment, motor vehicles, and other assets. The plant will use 5-acres of land for its establishment.
- The total investment cost is estimated at USD3.6 million; of which USD2.7 million will be for capital expenditure and USD0.9 million for working capital as summarised below:

Investment Plan: Fish Processing Plant		Amount in USD (000)		
	INVESTMENTS			TOTAL INVESTMENTS
	Year-1	Year-2	Year-3	
Land & Land Development	30			30
Factory acquisition	850			850
Total Land & Land Development	880	-	-	880
Building & Civil Works	373	50	10	433
Plant & Machinery	450	-	-	450
Equipment and Tools				-
Utilities	75		7	82
Motor Vehicles	550	80		630
Office Furnitures & Equipments	150		25	175
Total Physical Assets	2,478	130	42	2,650
Pre-Operating Costs				
Finance costs	30			30
Administrative costs	20			20
Total Pre-Operation Costs	50	-	-	50
Capital Expenditure	2,528	130	42	2,700
Working Capital	870	50	30	950
Total Investment	3,398	180	72	3,650

4. KEY SUCCESS FACTORS

Alpha Tanganyika Flavour Ltd believes the Key Success Factors for the fish processing and marketing project are to serve customers in its target markets better than other players. The competitive advantage and performance of the company will be determined by the following Key Success Factors (KSF);

4.1 Supply of Quality Fish and Fishery Products

The success of this project will partly depends on its ability to offer quality fish and fish products to its customers. As such, the project management will make sure that it provides high quality fish products which conform to international standards.

4.2 Investing in Modern Technology, Equipment and Tools

Fish collection, handling and processing business requires ultra-modern technologies. Thus, the Company will initiate the project by procuring/building the modern factory. Moreover, the project plans to buy modern supporting equipment to facilitate the project to run its operations.

4.3 Recruiting Skilled Workforce and Competent Management

The modern Fish Processing Factory requires modern and highly skilled workforce. Thus, the project will ensure that staff are competent enough to operate the factory machinery and equipment to the required standards. Moreover, it will make sure that it recruits competent supporting staff.

4.4 Maintaining a good Relationship with Key Stakeholders

The Company seeks to satisfy the expectations of various stakeholders such as customers, suppliers of various inputs, governmental Departments, financiers, and others. The success of this project will depend on how the Company maintains the healthy and long-term relationships with its key stakeholders.

5. LAKE TANGANYIKA FISHERIES

5.1 Set Up of Lake Tanganyika

Lake Tanganyika, with a surface area of approximately 32,600 km², is shared between Burundi (8%), Democratic Republic of Congo (45%), Tanzania (41%) and Zambia (6%), and it has an extensive catchment area of 223,000 km² that includes the Lake Kivu basin. With a length of 673 km, a total shoreline of 1,828 km and an average width of 50 km, the Lake is estimated to have a volume of 18,900 km³ containing almost 17% of the global available surface freshwater supply (Bootsma&Hecky, 2003).

Figure No. 1 shows the catchment basin of Lake Tanganyika water basin.

Figure 1: Lake Tanganyika and Its Catchment Basin



The Lake is of inestimable value for the social and economic development, particularly of the riparian communities and nations dependent on the provision of its ecosystem services and resources. The Lake is a source of clean water, fish, and as a marine mean of transport and for other economic purposes for an estimated population of more than 10 million people living in the Lake basin.

5.2 Fishery Potentials of Lake Tanganyika

Lake Tanganyika is known internationally for the spectacular variety of its endemic cichlid fish fauna. It is composed of a remarkable and genetically-diverse demersal community with a contrastingly simple pelagic community. The demersal community includes almost 300 fish species of which over two-thirds are endemic.

Traditional and artisanal fisheries have been practiced on Lake Tanganyika for a long time; while commercial fishing was introduced in the 1940s in the northern part of the Lake. When commercial fishing began, catches in the Lake comprised two main species of clupeids (*Stolothrissatanganicae* & *Limnothrissaamiodon*), and four species of Lates (*Latesstappersii*, *L. mariae*, *L. angustifrons* and *L. microlepis*). Today, catches comprise mainly two species of Clupeid and one species of Lates (*Latesstappersii*). On the other hand, the fishing pressure has increased, with an increase in the number and variety of fishing gears, methods and boats. According to a 2012 Lake Tanganyika Regional Fisheries Frame Survey Report, the fishery has more than 27,000 active fishing units providing an estimated 159,000 jobs out of which 95,000 are fishers. The annual fish production for Lake Tanganyika generally fluctuates between 165,000 and 200,000 metric tons/annual (Molsa et al., 1999). The annual estimated value of the fisheries is USD 700 million, approximately sh. 1.6 trillion (PRODAP Appraisal Report, 2004).

Table No. 2 provides fisheries statistics on Lake Tanganyika.

Table No. 2: Fisheries Statistics on Lake Tanganyika

No.	Item: Number, Tonnage, Value	Kigoma (MC & DC)	Mpanda DC	Nkasi DC	Sumbawanga DC	Total
1.	Landing Sites: No.	87	20	114	18	239
2.	Fishers: No.	10,573	2,483	10,733	2,823	26,612
3.	Fishing Vessels: No.	4,782	1,018	4,683	1,023	11,506
4.	Fish Weight: MT	14,898.10	3,916.30	28,998.40	10,604.42	58,417.22
5.	Value of Fish: Sh.	70,021,070	18,406,610	136,292,480	49,840,774	274,560,934
6.	Vessels Sailed: No:	-	518	-	-	2,988
7.	Vessels Paddled: No.	-	26	-	199	225

5.3 Lake Tanganyika Integrated Regional Development Programme

While fisheries resources are continuing to provide food, employment and income to the riparian nations, fishing communities are aware of the historical decline of fisheries biodiversity particularly the important commercial fish species and the environment. Consequently, the four riparian countries agreed to formulate and implement the Lake Tanganyika Integrated Regional Development Programme (PRODAP) funded by African Development Bank (AfDB), Nordic Development Fund (NDF) and the Global Environment Facility (GEF). This Programme focuses on activities that contribute to the sustainable protection of the productive potential of the Lake, food security and poverty alleviation in the entire Lake basin; the activities also give a pride of place to economic cooperation and regional integration (PRODAP Appraisal Report, 2004). PRODAP follows the principles outlined in the Code of Conduct for Responsible Fisheries (CCRF) and, more generally, those of Poverty Reduction Strategy Papers (PRSP) of respective

states, in particular the PRSP for Tanzania which aim at sustainable economic growth to reduce poverty.

Lake Tanganyika is a major fishery, providing 25- 40% of the animal protein in the diet of the people living in the region. Currently, 100,000 people are directly involved in the fisheries operating from almost 800 sites. The Lake is vital to 10 m/ people living in its greater basin.

6. INDUSTRY AND MARKET ANALYSIS

6.1 Competition Analysis

Artisanal fisheries are mainly exploited by small scale fisheries fishing in this case Lake Tanganyika, where Alpha Tanganyika Flavour Ltd intends to invest, is mainly exploited by small-scale fishermen who use technology of lower level. Since Alpha Tanganyika Flavour Ltd will use modern and appropriate technology in buying, collecting, preserving and transporting fresh fish from fishing areas to the factory on one hand and further handling, processing packing/packaging of fish ready for marketing it will have a greater competitive advantage compared to other operators. This will help Alpha Tanganyika Flavour Ltd to strategically

6.2 Market Share and Size

capture in the area where small-scale fishermen and traders cannot reach and afford.

Alpha Tanganyika Flavour Ltd intends to have a large market share in fisheries business and trade in Lake Tanganyika (Tanzania side). By using modern and appropriate technology, Alpha Tanganyika Flavour Ltd will have a great market share camped to other small-scale fishers and traders who are the majority. This will increase the quantity of fish to be collected and therefore will in turn increase the number of sales of fish and fishery products. The intention of dominating the fish business in Lake Tanganyika is not to out compete the small-scale farmers hundred per cent rather to increase the supply of fisheries products which are in high demand.

6.3 Market Segments

Alpha Tanganyika Flavour Ltd target market is mainly regional markets including D. R. Congo, Burundi, Rwanda, Kenya, Malawi, Mozambique and South Africa; and international markets like United States of America, Canada, Japan, European Union and Asia/Pacific. The domestic market also will be served although it is not the main intended segment for this project.

6.4 Target market segmentation strategy

Alpha Tanganyika Flavour Ltd will use different marketing mix strategies to satisfy each segment demands. The segments Alpha Tanganyika Flavour Ltd is targeting have different needs and wants, and therefore, satisfying them, we need to have a set of the different marketing mix. It will have mainly three main categories of market segments, i.e., Domestic, regional, and international market. Since these target market segments have different needs and wants, the strategy used will be differentiated strategy. A differentiated marketing strategy targets different market segments with specific marketing mixes designed specially to meet those segments' needs. Each mix includes a product, price, placement, and promotional program customized specifically for a particular segment.

7. SWOC ANALYSIS

SWOC analysis presents a comprehensive internal picture of the Alpha Tanganyika Flavour Ltd, particularly its strengths and weaknesses as well as an external picture of the company, mainly potential opportunities, and challenges. An analysis of the Alpha Tanganyika Flavour Ltd external environment helps the company to determine appropriate strategies for exploiting the opportunities and overcoming the challenges. In contrast, an internal appraisal feeds the company with strategic alternatives for capitalizing on the corporation's strengths and addressing its weaknesses. The SWOC analysis for the Alpha Tanganyika Flavour Ltd is presented below.

7.1 Strengths

The Company boasts strengths in the following aspects/areas;

- (i) Alpha Tanganyika Flavour Ltd possesses some basic infrastructure, including land, office building, and a godown. Some of the infrastructure can be used as collateral.
- (ii) The Organogram provides room for expansion;
- (iii) Alpha Tanganyika Flavour Ltd have experience, expertise and knowledge of fisheries industry.

7.2 Weaknesses

The Corporation possesses weaknesses in some areas as outlined below;

- (i) Limited investment capital;
- (ii) Inadequate fisheries infrastructure (i.e. building/shed, modern appropriate fish collecting and preservation facilities and processing facilities, etc.);
- (iii) Limited financial capacity.

7.3 Opportunities

The ATFL opportunities include;

- (i) The current Government initiatives to promote industrial and fishery sector in the country;
- (ii) Supportive business and investment Policy;
- (iii) Supportive National Fisheries Policy which promotes investment and utilization of fisheries resources;
- (iv) Increased demand for quality fish and fishery products in domestic, regional and international markets; and
- (v) The existence of local and foreign investors aspiring to venture in deep-sea fisheries resources.

7.4 Challenges

Challenges include;

- (i) Competition from similar institutions in the domestic, regional, and international countries; and

- (ii) Lack of sustainable financing and dependency might delay implementation of some of the initiatives.

8.SALES AND MARKETING PLAN

8.1 Selling Approaches/Strategies

Customer service is of the utmost importance. The sale strategy will be driven mainly by professionalism, top-notch customer service, honesty, and quality service delivery. Alpha Tanganyika Flavour Ltd will ensure that it build a loyal customer base. The company wants to drive sales via the output of our activities and referral from our satisfied customers – ‘word of mouth.’ Alpha Tanganyika Flavour Ltd are much aware of how happy and satisfied customers can drive our business to higher heights, especially in businesses we are operating. As noted above, we are targeting domestic, regional, and international markets. Thus, the selling strategy will differ in terms of the degree to which it connects to the consumers and the cost involved.

(iii)

The following are the proposed strategies that will be deployed. Direct selling, Alpha Tanganyika Flavour Ltd will use a direct selling strategy for the larger consumers of fish like hotels, restaurants, and fish retailer shops located in different parts of Tanzania. Since the corporation will be producing ice for its own use, it will also sell the ice to the small-scale fishers along the coastal area. Alpha Tanganyika Flavour Ltd will also sell fish and fishery products directly to the regional and international customers Sales via representatives, as the corporation activities grow, there will be a need for using sales representatives for all our domestic, regional, and international customers who will be beyond our direct reach. For the effective sales representations, they will be approved and certified to avoid the breaching of the company's brand reputation.

8.2 Unique Selling Proposition (USP)

Fishery products from inland waters expect to face competition from foreign countries that sell fish and fish products in the international market. Thus, the Company will serve its target markets with unique service to distinguish itself from other similar supplier of fish. To company will capitalize on the followings Unique Selling Propositions to out win competitors in the market:

8.3 Quality Fish Products

The Company will ensure that fishing in inland waters offers fish products that satisfy international market standards. The target is to be recognised as a high-quality (sanitary and safe) fish selling Company in all markets that it operates. ATFL will, thus, use the following tactics;

8.4 Superior Customer Service

Good customer service is the foundation of Company performance. It will invest in offering superior customer service to customers in domestic, regional, and international markets. ATFL will, therefore, use the following tactics;

8.5 On-time Delivery of Customers' Orders

To become a competitive Company goes hand to hand with service customers without delay. Alpha Tanganyika Flavour Ltd will embark of principle of zero delay in serving its customers;

8.6 Effective Utilization of Existing Appropriate Technology

Investment in appropriate fish handling and processing technology is mandatory to attain profitable fishery products. The company will invest in existing appropriate technology so as to be abreast of competitors in undertaking fishing activities professionally.

8.7 Sales Forecast

Alpha Tanganyika Flavour Ltd is expecting to generate sales from Lake Tanganyika waters. Annual revenue amount from these sources in the next ten years is presented in the cash flow statements of this project.

8.8 Pricing Strategy

Alpha Tanganyika Flavour Ltd understands that there are other players in the market of the fisheries products and services and that the market forces have already determined the prices of the fishery products and services. In addition to that, it has established that the demand of the fishery products and services is very big compared to the supply; and what is supplied does not meet the customer expectations. With that view, the project will deploy the differentiation strategy. A differentiation strategy seeks to provide fishery products and services that offer benefits that are different from those of competitors and that are widely valued by buyers. The aim is to achieve a competitive advantage by offering better products and services at the same price or enhancing margins by pricing slightly higher.

8.9 Promotion Strategy

We believe extensive promotional activities to be an ideal strategy for our company to succeed. At the introductory stage, customers may easily recognize us from the former company goodwill. However, that is not enough; we shall, therefore, spend considerably to bring more awareness about our fish and fishery products and services.

The following are promotional strategy and programs that will be used by our business:

8.9.1 Direct Mail

This will be used to keep customers updated for any changes in the Company's product, price, or promotions during different seasons of the year. This is proven a more functional and low-cost way of keeping customers updated.

8.9.2 Advertisements in Magazines

In this case, we will design the way to advertise by using different magazines as well as printing its own magazine that will portray different ways that the products can be used.

8.9.3 Word of Mouth

Serving customer at full potential is what the Alpha Tanganyika Flavour Ltd is aiming for. High quality of products and good customer service is what generates loyal customers who will eventually be willing to send a positive word of mouth. Use of social media with testimonies will be one of the potential outlets for spreading the positive word of mouth for the products.

8.9.4 Website

We will stay current with market trends by having; a webpage, Facebook page, Instagram page, and Twitter site and other social media-related platforms. This will enable information on different issues to be easily accessed.

8.9.5 Marketing Programmes

Alpha Tanganyika Flavour Ltd is planning to use different marketing programs that supplement other strategies. We will use marketing programs that aim to create and maintain a long-term relationship with customers and stakeholders. Moreover, these programs are key to retaining and attracting new customers. Alpha Tanganyika Flavour Ltd plans to establish marketing campaigns like participating in trade shows, sponsoring community-based event, etc. Also, the company will use publicity and public relations by participating in different social activities. All marketing programs are geared to send awareness and persuade customers and stakeholders to continue to support Alpha Tanganyika Flavour Ltd.

9. TECHNICAL ASPECTS

9.1 Location and Accessibility

The project is located in Sumbawanga Municipality, Rukwa. The project is situated about 5-kilometres from the center of municipal. The site is accessible through the Dar-es-salaam – Rukwa Highway via Mbeya or Mpanda via Tabora Town.

9.2 Land and Land Ownership

The land on which the factory will be developed has been acquired by the developers. The land area measures 5-acres is within Sumbawanga municipal.

9.3 Plant and Machinery

The project's main plant and machinery components comprise of Fish processing plant, cold rooms for storage and packaging machine.

9.4 Office Furniture and equipment

- The project will procure office equipment and office furniture for office use both in the office and water factory.
- The office furniture and equipment include office chairs, office tables, office cabinets, carpets and other office furniture; computers and computer accessories, computer software and other office equipment whereas in the factory will be shelves, hangers and computer

9.5 Motor Vehicles

- The project will procure motor vehicles for office use including senior management and for carrying other workers.
- The motor vehicles include Trucks and motorcycles for use by the staff and for factory use.

9.6 Utilities

- Water – the project will source water from underground by constructing boreholes, and install water tanks for water storage.
- Electricity –The power requirement for plant will be sourced from TANESCO electricity grid. The project will also procure one power generator for supply of power during power cuts.

9.7 Working Capital

- The requirement of working capital has been tabulated in Annex6.
- As shown, initially the project will require approximately USD870,000 for operating capital. The operating capital would need to be increased by about USD50,000 and USD 30,000 in the second and third year of operation respectively due to projected increase in production.

9.8 Raw Materials Availability

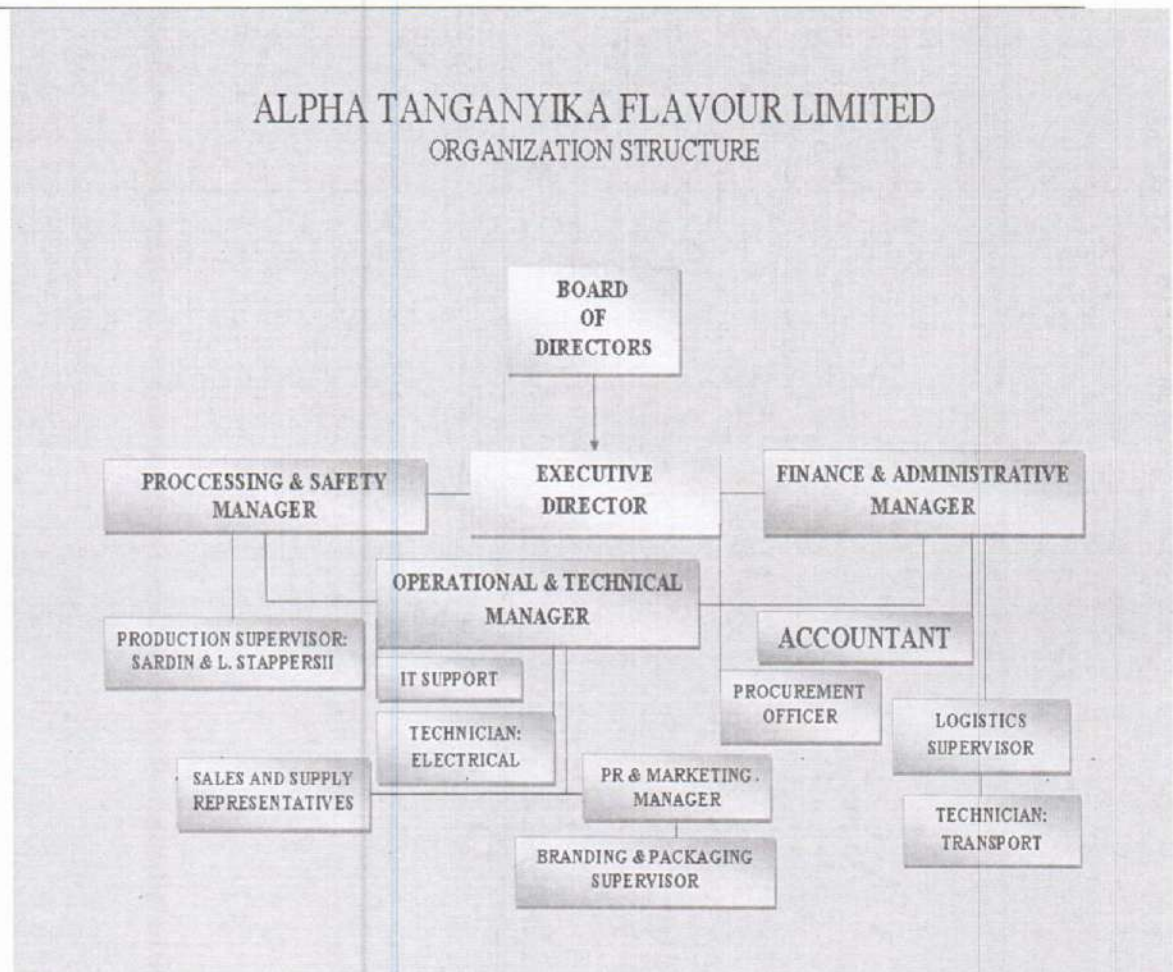
- The project will use the following raw materials in the production:
 - Chemiclas
 - Packaging
 - Labels and stickers
 - Wrapping plastics for packaging
 - Boxes for packaging

10. MANAGEMENT AND ORGANISATION

10.1 Organisation Structure

- The Company will be under the general management of the Board of Directors of ALPHA TANGANYIKA FLAVOUR LTD which is responsible for major policy and strategic decisions of the project. The Board is under the Chairmanship of Mr. Alpha Yamungu Nondo

- At the strategic level, the day-to-day management of the project is under the supervision of the Company Chief Executive Officer (CEO) who is being assisted by a team of professionals in treasury, finance, production and in other relevant fields to the project. The CEO is responsible for all projects undertaken by ALPHA TANGANYIKA FLAVOUR LTD including the granite aggregates production and marketing project.
- At the operational level, the company is under a qualified and highly experienced General Manager/personal assistance.



- The company General Manager oversees daily operational activities of the project and reports directly to the CEO of ALPHA TANGANYIKA FLAVOUR LTD. The General Manager is in-charge of production, procurement, finance, marketing and all other aspects of the project.

- The General Manager will be assisted by a competent team of managers in finance, human resources, production, marketing and procurement. The company employs experienced personnel in the respective fields of operation.
- The Production Manager will be assisted by Heads of departments.

10.2 Profile of Chief Executive Officer

- The CEO of the project will be Mr. Alpha Y. Nondo.
- Alpha Yamungu Nondo was born in Goma in Northern Province of the Democratic Republic of Congo. In 1994 He completed a Bachelor of Art in Educational Science at IPN in DR Congo. In 1997 He completed a Bachelor of Arts in Theology at UNISA in South Africa (Pretoria). In 2000 He completed a Certificate in Church Management at Westhill College an Affiliated College of the University of Birmingham in England. In 2002 he completed a Diploma in Pastoral Studies at African Ministry Network. In 2003 he completed a Certificate of Attendance at Global Mosaic International. In 2009 He completed a Bachelor in Ministerial Studies at Beleiver's Anointing Bible College in Hamilton/ Ontario Canada. In 2012 Master's In Divinity at McMaster University in Hamilton, Ontario Canada. He is an ordained pastor, a church planter and has an entrepreneurial spirit. Currently He is a founder and Managing Director of Alpha Tanganyika Flavour Limited
- The Chief Executive Officer has the ultimate responsibility for Company's policies and procedures and has the authority to make the final decisions in all matters governed by these policies. The Chief Executive Officer may delegate that responsibility to the Finance and Administrative Manager.

10.3 Manpower Complement and Cost

- The project is estimated to employ over 100 direct staff of whom 20-people will be employed in the factory as direct workers, supervisors, Administration Section and sales and marketing staff.
- The salaries and wages have been taken at the going market rates, and an additional 20% is provided to cover the benefits and pre-requisites that shall be given to all employees.

10.4 Manpower Training

- ALPHA TANGANYIKA FLAVOUR LTD will employ expatriates in key technical positions. Like other establishments for the ALPHA TANGANYIKA FLAVOUR LTD, the sales and marketing functions are undertaken by the ALPHA TANGANYIKA FLAVOUR LTD marketing directory.
- The management will undertake to identify the training needs of all the employees and adopt systematic and focused training programs and refresher courses.

RISKS AND UNCERTAINTIES

12.1 Performance Risk

The performance risk of the project relates to availability of raw materials especially material used to make fish process. Another performance risk is hygiene products. However, this risk has been taken care by following all the directives issued by regulatory bodies

12.2 Inflation risks

There is a potential risk that inflation might raise at higher rates than projected. This may increase the price of the final products hence reduce the demand for the product. While this risk usually prevails in Developing Countries like Tanzania, the government appears committed to continue maintaining the macroeconomic stability and bring inflation further down.

12.3 Political risks

The government may from time to time issue new directives which may impact on the project implementation and operations. However, this risk is strongly addressed by the government long-term commitment of involving private sector in policy decisions.

12.4 Managerial risks

Managerial risks - Management of Fish processing plant requires close supervision and expertise in production and marketing. The company will employ personnel with experience in the food processing production and marketing.

Additionally, ALPHA TANGANYIKA FLAVOUR LTD is part of the management team to drive the finance and marketing department.

FINANCIAL AND ECONOMIC EVALUATION

13.1 Introduction

- This section presents the financial plan.
- The main objective of the financial analysis is to examine both commercial profitability and economic viability of the proposed project.

13.2 Financial Goals

The immediate financial goals of the company are as follows:

- Finance the establishment of Fish processing plant to the tune of USD 3.6million through equity finance and external finance.

13.3 Financial Assumptions

(i) General Financial Assumptions

- The currency of accounting is TZS
- The exchange rate of TZS to USD is assumed at TZS 2,300 to 1 USD.
- Financial projections for the first 10-years of operation have been worked out.

(ii) Other Key Assumptions

• Income Assumptions

The financial analysis regarding income takes a conservative approach where revenue will be derived from various sources. Income for this project will be derived from selling of different fish species to the local and international markets. It is assumed that the income will be increasing by 4% per annum for the entire planning period of ten years. This assumption is reached with the expectation that the project will overcome industry challenges and exploit the available opportunities, hence, maintain stable operations.

• Expense Assumptions

In preparing projected financial statements, the plan was guided by the following assumptions regarding expenses:

Direct cost and operating overheads of the project will increase by not beyond 5% per annum.

Inflation rate is expected to remain at 5%

The project is liable to pay corporate tax at a rate of 30%

- **Balance Sheet Assumptions**

The preparation of the balance sheet for this projects has been guided by the following assumptions:

There will be an increase in fixed assets and no change in annual depreciation since it is charged on a straight-line method by considering asset life and salvage value.

Cash balances have been extracted from the projected statements of cash flows. The total cost of investment includes the cost of equipment and start -up cost.

- **Start-Up Financing (Cost)**

The start-up cost, as an initial investment to operationalize this Project, will be obtained from own sources and commercial loan. In the event ATFL finds an appropriate, willing party to jointly run the project, it would then be operated in partnership, with part of the start-up capital contributed by the partner.

- **Sensitivity Analysis**

A sensitivity analysis shows the effects on Net Profit when forecasted sales and prices are increased or decreased by various percentages. Since the estimated fish and fish products sales/prices can never be one hundred percent accurate, the sensitivity analysis shows how AFTL Project forecasted net income will change if original sales/prices forecast increase or decrease by 4.5%.

13.4 Capital Investment Plan

- Projected Investment costs and financing plan are presented in Annex 1
- The total capital costs are estimated at USD 3.6million which include the land and land development and other capital costs as well as working capital.
- The project physical assets and working capital are as summarised below:

Investment Plan: Fish Processing Plant		Amount in USD (000)			TOTAL INVESTMENTS
	INVESTMENTS				
	Year-1	Year-2	Year-3		
Land & Land Development	30			30	
Factory acquisition	850			850	
Total Land & Land Development	880	-	-	880	
Building & Civil Works	373	50	10	433	
Plant & Machinery	450	-	-	450	
Equipment and Tools				-	
Utilities	75		7	82	
Motor Vehicles	550	80		630	
Office Furnitures & Equipments	150		25	175	
Total Physical Assets	2,478	130	42	2,650	
Pre-Operating Costs					
Finance costs	30			30	
Administrative costs	20			20	
Total Pre-Operation Costs	50	-	-	50	
Capital Expenditure	2,528	130	42	2,700	
Working Capital	870	50	30	950	
Total Investment	3,398	180	72	3,650	

13.5 Financing Plan

- The capital costs worth USD 3.6million. USD2.6million will be financed by shareholders and external financing of USD 1.0million.
- The project proposed financing structure will be as follows:

Financing Plan: Fish Processing Plant		Amount in USD (000)			TOTAL FINANCING
	FINANCING				
	Year-1	Year-2	Year-3		
ATFL	2,434	80	42	2,556	
Directors Loans	-	-	-	-	
Total Equity	2,434	80	42	2,556	
External Financing					
Long Term Loans	1,010	-	-	1,010	
Short Term Loans	-	50	34	84	
Total External Financing	1,010	50	34	1,094	
Total Financing	3,444	130	76	3,650	
Ratio:					
Shareholders' Contribution	71%	62%	55%	70%	
External Financing	29%	38%	45%	30%	

13.6 Operating Assumptions

13.6.1 Production Assumptions

- The production will be starting the 2nd quarter of Year-1 with capacity utilisation of 60% increasing to 70% in Year-2 before stabilising at 90% in the subsequent years.
- The summary of fish processing production is presented below:

Fish Process Production

		Year-1	Year-2	Year-3	Year-4	Year-5	Year-6	Year-7	Year-8	Year-9	Year-10
Plant Production Capacity	MT/Year	320	320	320	320	320	320	320	320	320	320
Capacity Utilisation	Percentage	20%	30%	50%	70%	80%	80%	80%	80%	80%	80%
Fish Processed Production	MT/Year	64	96	160	224	256	256	256	256	256	256

13.6.2 Revenues Assumptions

- There is major source of revenues to the project: sale of processed fish products.
- At optimal production, the revenues are assumed to increase at 4%, annually.

13.6.3 Loan Repayment Schedule

- It is assumed that the project will be financed by long-term loans facilities which will finance capital costs and short-term loans facilities for the working capital facilities.
- The loans will be disbursed in four years period as summarised below

Long-Term Loans Repayment Schedule Fish Processing Plant

	Amount in USD (000)									
	Year-1	Year-2	Year-3	Year-4	Year-5	Year-6	Year-7	Year-8	Year-9	Year-10
Opening Balance	-	1,010	898	786	673	561	449	337	224	112
Loan	1,010	-	-	-	-	-	-	-	-	-
Interest	182	162	141	121	101	81	61	40	20	10
Principal Repayment	-	112	112	112	112	112	112	112	112	112
Closing Balance	1,010	898	786	673	561	449	337	224	112	0

13.7 Financial Results

- The financial results are presented in the Profit and Loss Statements and Cash-flow Statements and Balance Sheets.
- The company has been registered in 2017. Its has been in operation since 2018. Year 2018 was mainly used in investment and securing market in USA by sending samples. Year 2019 company records sales amounting USD 103,000 and its expecting sales to triple as the demand of our products is high.

The table below shows past performance and projected of Income statement and balance sheet

Statement of Comprehensive Income

Amount in USD '000'

	Historical/Audited		Projected									
	2018	2019	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue fish products	0	103	992	1,488	2,480	3,472	3,968	3,968	3,968	3,968	3,968	3,968
Revenue-others	0	0	8	9	9	10	11	11	13	14	16	16
Total	0	103	1,000	1,497	2,489	3,482	3,979	3,979	3,981	3,982	3,984	3,984
Less: Direct costs	10	66	398	562	890	1,217	1,382	1,383	1,385	1,387	1,388	1,390
Gross Profit	-10	37	602	935	1,599	2,265	2,597	2,596	2,596	2,595	2,596	2,594
Less: Indirect costs	9	17	401	440	511	582	621	628	636	643	651	659
EBITDA	-19	20	201	495	1,088	1,683	1,976	1,967	1,960	1,952	1,945	1,935
Less: Other costs												
Depreciation	5	5	443	443	443	443	443	443	443	443	443	443
Finance costs	0	12	182	162	141	121	101	81	61	40	20	10
Corporate taxes	0	1	0	0	151	336	430	433	437	441	444	445
After-Tax Profit/(Loss)	-24	2	-424	-110	353	783	1,002	1,010	1,020	1,028	1,037	1,037
Gross Margin	#DIV/0!	36%	60%	62%	64%	65%	65%	65%	65%	65%	65%	65%
EBITDA Margins	#DIV/0!	19%	20%	33%	44%	48%	50%	49%	49%	49%	49%	49%
Net Margins	#DIV/0!	2%	-42%	-7%	14%	22%	25%	25%	26%	26%	26%	26%

Statement of Financial Position

Amount in USD '000'

	Historical/Audited		Projected									
	2018	2019	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Assets												
Property, plant & equipment	31	26	2,828	2,515	2,114	1,671	2,468	2,273	3,804	3,393	4,463	4,123
Current assets												
Stocks	0	42	25	30	36	43	52	62	310	470	482	478
Trade and other receivables	1	1	18	425	460	529	288	346	145	150	180	216
Cash and cash equivalents	1	1	218	239	748	1,462	1,187	1,829	711	1,270	468	1,036
Total current assets	2	45	261	694	1,244	2,034	1,527	2,236	1,166	1,890	1,130	1,730
Total assets	33	71	3,089	3,209	3,358	3,705	3,995	4,509	4,970	5,283	5,593	5,853
Equity & Liabilities												
Equity												
Share capital	1	1	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400
Retained earnings	-23	-21	-445	-110	-92	573	761	1,383	1,430	2,011	2,467	2,795
Total equity	-22	-19	1,955	2,290	2,308	2,973	3,161	3,783	3,830	4,411	4,867	5,195
Non-current liabilities	35	20	1,010	898	786	673	561	448	337	224	112	0
Current liabilities												
Tax liabilities	0	0	2	2	3	3	3	4	4	4	5	6
Trade and other payables	19	70	122	19	262	56	270	274	799	642	608	652
Total current liabilities	19	70	124	21	265	59	273	278	803	646	613	658
Total equity & liabilities	33	71	3,089	3,209	3,358	3,705	3,995	4,510	4,970	5,282	5,592	5,852

(i) Projected Profitability

- The analysis of the profitability of the overall project indicates that the project is a profitable undertaking with long-term returns to the investors.
- The overall gross margins are projected to average 40% and the net margins are projected at 25% over the first 10-years of operation.

- o The summary of the projected Profit and Loss Statements for the first 10-years of operation is presented.

Project Profitability

Amount in USD '000'

	Projected									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue fish products	992	1,488	2,480	3,472	3,968	3,968	3,968	3,968	3,968	3,968
Revenue-others	8	9	9	10	11	11	13	14	16	16
Total	1,000	1,497	2,489	3,482	3,979	3,979	3,981	3,982	3,984	3,984
Less: Direct costs	398	562	890	1,217	1,382	1,383	1,385	1,387	1,388	1,390
Gross Profit	602	935	1,599	2,265	2,597	2,596	2,596	2,595	2,596	2,594
Less: Indirect costs	401	440	511	582	621	628	636	643	651	659
EBITDA	201	495	1,088	1,683	1,976	1,967	1,960	1,952	1,945	1,935
Less: Other costs										
Depreciation	443	443	443	443	443	443	443	443	443	443
Finance costs	182	162	141	121	101	81	61	40	20	10
Corporate taxes	0	0	151	336	430	433	437	441	444	445
After-Tax Profit/(Loss)	-424	-110	353	783	1,002	1,010	1,020	1,028	1,037	1,037
Gross Margin	60%	62%	64%	65%	65%	65%	65%	65%	65%	65%
EBITDA Margins	20%	33%	44%	48%	50%	49%	49%	49%	49%	49%
Net Margins	-42%	-7%	14%	22%	25%	25%	26%	26%	26%	26%

(ii) Projected cash flow Statements

- The sources of finance to the project include shareholders' equity, the company sales revenues and long-term loan finances.
- Funds applications include loan refinancing, working capital expenses, and project operating expenses, finance costs, loan repayment and corporate tax.
- The projected cash flow statements indicate that the company will have positive cash balance throughout the project life-time.
- The summary of the projected cash flows statements for the first 10-years is presented below:

Projected Cash Flows	Amount in USD '000'									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Cash Inflows										
Equity	2,434	80	42	-	-	-	-	-	-	-
Long-term loans	1,010	-	-	-	-	-	-	-	-	-
Short-term loans	-	50	34	-	50	-	50	-	50	-
Sales Revenues	1,000	1,497	2,489	3,482	3,979	3,979	3,981	3,982	3,984	3,984
Total Inflows	4,444	1,627	2,565	3,482	4,029	3,979	4,031	3,982	4,034	3,984
Cash Outflows										
Capital expenditures	3,245	130	42	-	1,240	-	1,800	-	1,400	-
Direct expenses	398	562	890	1,217	1,382	1,383	1,385	1,387	1,388	1,390
Indirect expenses	401	440	511	582	621	628	636	643	651	659
Interest on Short term loans	-	-	8	-	18	-	18	-	20	-
Interest on Long term loans	182	162	141	121	101	81	61	40	20	10
Principal on long term loan	-	112	112	112	112	112	112	112	112	112
Corporate taxes	-	-	151	336	430	433	437	441	444	445
Dividends	-	200	200	400	400	700	700	800	800	800
Total Outflows	4,226	1,606	2,055	2,768	4,304	3,338	5,149	3,423	4,836	3,416
Surplus/(Deficit)	218	21	510	714	- 275	641	- 1,118	559	- 802	568
Opening Cash Balance	-	218	239	748	1,462	1,187	1,829	711	1,270	468
Closing Balance/(Overdraft)	218	239	748	1,462	1,187	1,829	711	1,270	468	1,036

(iii) **Other Economic Benefits**

- Tax Income – the project will pay income taxes, property taxes, corporate taxes and other taxes to the government.
- Dividends – the shareholders will receive dividends from the project.
- Jobs Creation – the project will create more than 400 direct jobs and Over 1,000 indirect employments, mostly in the trading and transport sectors.
- Saving of foreign currency- the project will produce processed fish which will save the nation from imports as well as increase foreign currency by exportation of processed fish
- Industrial development - The project will add to the stock of industries to the economy. Tanzania is in a great need for industrial development, an important factor for the country's economic growth and development.

(iv) **General Comments**

The project financial and economic analysis suggests that the project is financially viable and economically feasible. The project will be in a position to meet its financial obligations from internally generated incomes. The project will be able to pay-back to the lenders and investors from incomes generated from sale of its finished products.

FINANCIAL REQUIREMENTS

20.1 Proposed Financing Structure

ALPHA TANGANYIKA FLAVOUR LTD is seeking for finance amounting to USD3.6million to finance capital investment and working capital costs for the fish processing plant and its associated investments.

20.2 Sources and Uses of Funds

- The project will source financing from external lenders to the tune of USD1.0million and shareholders' equity of USD 2.6billion
- The proposed financing structure for fish processing plant will be as follows:

Financing Plan: Food Processing Plant **Amount in USD (000)**

	FINANCING			TOTAL FINANCING
	Year-1	Year-2	Year-3	
ATFL	2,434	80	42	2,556
Directors Loans	-	-	-	-
Total Equity	2,434	80	42	2,556
External Financing				-
Long Term Loans	1,010	-	-	1,010
Short Term Loans	-	50	34	84
Total External Financing	1,010	50	34	1,094
Total Financing	3,444	130	76	3,650
Ratio:				
Shareholders' Contribution	71%	62%	55%	70%
External Financing	29%	38%	45%	30%

20.3 Proposed Terms and Conditions of the Medium-Term Loan

- The Long-Term Loans facilities are as indicated in the Project Repayment Schedules
- The following are the proposed Terms and Conditions for the long-term loans are as follows:

Loan currency	United States Of America Dollar (USD)
Loan Amount	1,010,000
Type of facility	LongTerm Loans
Mode of disbursement	Directdisbursement to the ATFL
Loan tenure	10-years
Grace Period	1-year
Interest rate	Floating rate of 15% p.a.

- The long-term loans repayment schedules are as summarised below:

**Long-Term Loans Repayment Schedule
Fish Processing Plant**

	Amount in USD (000)									
	Year-1	Year-2	Year-3	Year-4	Year-5	Year-6	Year-7	Year-8	Year-9	Year-10
Opening Balance	-	1,010	898	786	673	561	449	337	224	112
Loan	1,010	-	-	-	-	-	-	-	-	-
Interest	182	162	141	121	101	81	61	40	20	10
Principal Repayment	-	112	112	112	112	112	112	112	112	112
Closing Balance	1,010	898	786	673	561	449	337	224	112	0

20.4 Security of the loan

First ranking fixed mortgage over all assets of the project and a corporate guarantee of the company.

CONCLUSION AND RECOMMENDATION

Tanzania is well situated for fish processing production in East Africa. High growth potential exists in the industry.

Tanzania's economy is expected to grow at an estimated 6.0 % over the next five years, supported by the manufacturing, mining and tourism sectors. The improving performance of the economy has fueled strong growth in demand for food production and the prospects remain favorable, given the linear relationship between economic growth and food consumption.

Tanzania's efforts to develop the mortgage industry will likely result to increased housing construction. The expanding middle-class will have disposable income and improved access to credit to purchase property.

Improvement in energy supply, introduction of new sources of energy, and stabilization of energy prices is a special opportunity for agricultural products producers. Abundant sources of quality fish (lake Tanganyika & lake Victoria) will continue to provide a competitive advantage for local fish processors over competitors in the region.