

# KAIZIREGE ENGLISH MEDIUM BOARDING SCHOOL LIMITED

## PROGRESS REPORT FOR MAJOR EXPANSION OF BOARDING SCHOOL AT IJUNGANYONDO VILLAGE, BUKOBA MUNICIPALITY, KAGERA REGION, TANZANIA.



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## List of Abbreviations

CAPEX – Capital Expenditure  
COMESA- Common market for eastern and Southern Africa  
CSI - Corporate Social Investment  
EAC – East Africa community  
EIA – Environment Impact Assessment  
GDP – Growth Domestic Products  
KVA –Kilovolt Amperes  
MT – Metric Ton  
NBS – National Bureau of standard  
NEMC – National Environment Management Council  
OPEX – Operating Expenditure  
SADC –Southern Africa Development Community  
SKU- Standard keeping units  
SWOC - strengths, weaknesses, opportunities and threats.  
TANESCO – Tanzania Electric Supply Company  
TIC- Tanzania Investment Centre  
TZS – Tanzania Shilling  
TZS-Tanzania Shillings  
US – United State Dollar  
US\$ - United State Dollar  
VAT – Value Added tax

## EXECUTIVE SUMMARY

Kaizirege English Medium Boarding School Limited is a limited liability company, registered in Tanzania under certificate of incorporation No 56158 issued on the 05<sup>th</sup> July, 2016, previously the schools was under the “Kaizirege investment company Limited”. The project is located at Plot 1 block A, Ijunga Nyondo Village, Bukoba Rural District, P O Box 1054, Kagera Region, Tanzania. Currently, the company is anticipated to employ 155+ direct and 500+ indirect employment.

The project is being initiated by Mr. Eusto Kaizirege Ntagalinda and Ernest Kajwahule experienced businessman from Kagera region. Kaizirege English Medium Boarding School Limited mainly known as a learning-centered, comprehensive private school dedicated to student success and the intellectual and economic prosperity to community.

The school is planned to be developed in a double phase. Phase one involves developing enrollment capacity of 2005 pupils already at schools. This phase is already completed and the school is already running. The second phase aimed to enroll 5000 students in which promoters are currently planning to extend a well-furnished classes, dormitories multipurpose Hall, walkway, purchasing motor vehicle and machineries’ to smoothening project development.

The proposed Kaizirege English Medium Boarding School Limited project is estimated to cost a total of US\$ 4,400,108.70 this including, own equity of 75% as proceeds from capital contribution of the project. Total loan debt of 1,100,027.17US\$. The Current asset of US\$ 766,836 fixed assets 4,060,978US\$ and total liabilities of 6,416,671US\$. The project will be implemented within 10 years. It is assumed that the loan will attract an interest rate of 8% per annum with a grace period of 12 months (construction period) and 10-year loan repayment period. The proposed Kaizirege English Medium Boarding School Limited’s Secondary will increase the supply of internationally accepted standard secondary school facilities for Tanzanian students in Tanzania and nearby countries in eastern Africa.

The school is looking at providing direct employment to at least 155 permanent jobs on full implementation and operation of the project. The industry is divided into 3 Departments; Administration (13), academics (77), operation (65).

The development of a large and complex project such as Kaizirege English Medium Boarding school Limited is necessarily accompanied by multiple risks during all the phases of the project development, operation and maintenance. The right approach to manage the project in a manner which is fairly and adequately address the multiple risks in a comprehensive as well as systematic manner is to use the risk analysis and management methodology which identifies the risk issues and their instrumental cause.

On the basis of all the analysis done on this Business Plan on all aspects of assessment on both SWOC Analysis, market analysis, risk analysis and the financial analysis, the proposed investment options in the project as prescribed on this business plan have shown that the project is commercially viable. Nonetheless, Kaizirege English Medium Boarding school Limited through professional consultative manner, will continue to find ways of implementing cost effective options given

time and financial resources that will be made available. Financial analysis results show that major expansion and rehabilitation of the school will be financed using a combination of equity debt ratio (75:25), it gives an IRR of 18.18%. The payback period for the project is estimated at 5 years, which is within the range for this type of expansion and investment. Sensitivity analysis results also favor the project. Financial analysis for the project has shown feasible returns. Based on the investment scope and the assumptions taken in this Business Plan, the project will not face any difficulties during expansion stage.

## 1.0. INTRODUCTION

### 1.1. Background Information

The Government is at present reviewing the current Education Policy of Tanzania so as to come up one, which would consider recent technological and scientific findings and suit the level of social and economic progress, which the country is aiming at in the new 21<sup>st</sup> Century. Present Education Policy of Self Reliance has come of age and is considered out of date and unworkable with present political, social and economic changes, which the country is passing through.

For more than two decades now Tanzania's education system has been guided by the Policy of Ujamaa and Self Reliance in the sector policy blueprint of Education and Self Reliance. During this period Tanzania's education system was systematically and consciously geared to the building up of egalitarian society and achievement of basic educational needs.

This policy was characterized by its emphasis-oriented approach whereby its underpinnings were centered on the prevention of emergence of a class of privileged elite. As such this policy aimed at enhancing quality of the masses and contributes knowledge to bring about, passively, in upgrading skills and knowledge as a means of bringing about effective workers participation and increased productivity in the development process nationwide.

The strategy of this policy included mass adult literacy campaigns, increased number of schools especially primary school, the Universal Primary Education campaigns whereby a number of primary school leavers were recruited to teach in primary school, and increased number of Vocational Training Centers in the villages. For example, the number of primary school enrollment rose tremendously from 417,000 pupils recorded in 1961 to 3,540,000 pupils by 1981 twenty years after. There was also a success story recorded in campaigns against illiteracy where during same period illiteracy was reduced from 71% to about 21%

However, one common feature was clear with implementation of this policy; namely, little was done whatsoever to critically look at the quality of education which was being promoted under the auspices of *Ujamaa na Kujitegemea*.

This resulted in acute shortage of secondary education and as a solution the Government nationalized the majority of schools, with the exception of Missionary and Moslem schools which were considered as conducting purely religious studies as sources of Missionary and Moslem religious staff.

However, this could still not cope with the tempo because the number of primary school leavers had increased almost six fold whereas at the higher levels, expansion of facilities was almost negligible. Over time the supply of school materials especially text and exercise books, school desks was also decreasing at an increasing rate and it is these factors coupled with inadequacy of qualified teachers whose replacement had been done by UPE teachers who did little to reverse the trend. This resulted into great decline in the quality of education.

As a result of this, a number of primary school leavers had left school with low qualifying marks due to poor education. The situation was to be repeated at higher

levels whereby with increased number of seats at the then three universities only very few could qualify for enrollment at the last state of education – University studies. In the wake of these drawbacks in Tanzanian education system stems the urgent need to revamp the education system so as to bring about the kind of education which would prepare Tanzanians to enter the 21<sup>st</sup> Century with knowledgeable skills and technological findings which suit the coming new environment. It is with this background that one can consider establishment of elite-type schools such as the proposed international level standard school that this noble task of reforming the education system can be seen to be taken towards the right course.

## **1.2 Demand for International Level/Class School Education**

Recent Government economic and social reforms have of late increased the flow of international capital in terms of private investment and venture capital, donor funds from friendly countries, United Nations Organizations, etc. Likewise, these reforms have become an eye opener to Tanzanians in social affairs as can be witnessed in recent change in people's style of living.

One of the aspects, which have changed the social stigma of Tanzanians life style, is the desire among parents to offer their children with high quality education. This has led to increased number of pupils and students, which have been enrolled in local international primary and secondary schools. For example, and according to the Ministry of Education and Culture the number of pupils and students which were enrolled in local international school rose from 1,250 in 1991 to 1,5570 in 1993. This is equivalent to a 25.6% increase in growth of enrollment for only four years.

However, this change does not consider the number of Tanzanian pupils and students who are sent to international schools based in Kenya, Malawi, Uganda and abroad. Whereas on one side this phenomenon would indicate the desire among Tanzanian parent to train their offspring in international schools, on the other side this trend indicates that there is great demand for a better system of school education in Tanzania and that existing international schools in the country have not been able to cope up with demand and hence, some of these have to be sent abroad.

One common feature here is that with limited existing international schools, capacities cannot be overstretched beyond their limits without affecting quality of education offered. In addition, any attempt to flood these schools with the surplus demand may act against the internationally accepted standards, which among other things require a maximum number of pupils and students per given facility.

It is no doubt that once established the proposed English Medium School of international standards s will be in a position to accommodate the surplus number of pupils and students which have to otherwise be trained outside the country. Management of Crown Education Centre Limited envisages enrollment of pupils and students from other countries such as Burundi, Rwanda, DRC, Kenya, Uganda,

Zimbabwe, Malawi and other neighboring countries. This will enhance the status of the school as an internationally recognized school.

Kaizirege English Medium Boarding School Limited As a part of private sector initiatives institute, tap the opportunity and establish a modern English medium by offering totally unique education which bases on technical knowhow with reference to the present market competitions, students will attends intensive primary and secondary education according to Tanzanian curriculum as stipulated by Tanzania education act. Of 2016. The Institute has only boarding students for both gender.

### **1.3. The Institute overview**

The following study set out proposals for expansion and modernization of school facilities and increasing the current enrollment capacity from 505 to 1500 Pupils and student respectively. The school operating under the registered with the Ministry of Education under Certificate of Registration No. EX.17527 with reference no. PA.275/297/1245 for primary school and Registration No.S.4984 with reference No. PA.297/321/290 for secondary school respectively. The school has friendship with “Sister school scholarship” Opportunity education from “Muncle Northside Middle school” from United states of America (USA), the institute started in 2016 and fully registered in 17<sup>th</sup> January, 2018 as a English medium primary school.

The project is promoted by Mr. Eusto Kaizirege Ntangelinda and Ernest Kajwahula Tanzanian with experience in providing qualitative education facilities to young generation in Tanzania. The organization has a Board of Directors, constituted by shareholders and the company managing director as the Chief Executive Officer (CEO). The Board of the company will be responsible for policy guidance and control of the school affairs. There will be three departments constituted by Academic master, Discipline master and boarding master. All these department are responsible in the board in all technical issues regards development.

Kaizirege English Medium Boarding School Limited is Limited is a Tanzanian company registered in Tanzania with certificate of incorporation number 56158 issued on 05<sup>h</sup> July, 2016. The office of the school is located at Ijugando village, plot No 1, and block A, Bukoba Rural district, Kagera region. The permanent is P O Box 1054, Kagera Region. The proposed school area is approximately 17 acres.

The Business Plan report explores the viability of the proposed expansion and modernization project in an economy whose liberalization in recent years has witnessed private schools increasing in number and their pupils’ enrollment. In addition, the study will enable the sponsors to present the parameters and objectives of the proposed project to external/internal financiers such as development and commercial banks,

Kaizirege English Medium Boarding School Limited, is mainly known as a learning-centered, comprehensive private school dedicated to pupils and student success and the intellectual and economic prosperity of the diverse communities. The greatest obligation of the school is to provide the best possible education for Pupils/students, developing their intellect, equipping them with the appropriate knowledge and

skills and preparing them for lifetime learning so that they become what the society needs.

#### 1.4. School motto,

“Education for outstanding heights,”

#### 1.5. Mission Statement

Through offering quality education and installing sensible morals in young generation, the institute intends to have reasonable and self-sustaining citizens as its products.

#### 1.6. Vision of the school,

The institute has the following pillars;

- **Knowledge;** by pursuing knowledge, Pupils/students will know what should be done and what to be avoided,
- **Wisdom; Pupils/students** will have the ability to make good decision based on knowledge and experience acquired,
- **Virtue;** More importantly, the beneficiaries will be endowed with good qualities as honesty and loyalty to their Nation.

#### 1.7. Curriculum Development

The school runs the following curriculum / subjects:

- International Languages: English, Literature in English, and Kiswahili
- Basic and advance Mathematics
- Bam Mathematics,
- Geography
- History
- Biology
- Chemistry
- Physics
- Commerce
- Bookkeeping and accountancy
- Civics and General studies,
- Economics,
- Computer Applications
- Physical Education, Sports, Games and Music

## 2.0. PROJECT OVERVIEW

### 2.1. The Industry ownership and share distribution

Kaizirege English Medium Boarding School Limited is a limited liability company, registered in Tanzania under certificate of incorporation No 56158 issued on the 05<sup>th</sup> July, 2016, previously the schools was under the “Kaizirege investment company Limited”. The project is located at Plot 1 block A, Ijunga Nyondo Village, Bukoba Rural District, P O Box 1054, Kagera Region, Tanzania. Currently, the company is anticipated to employ 70+ direct and 500+ indirect in education provision chain which include suppliers, transporters, construction, etc.

The school has cool and conducive environment for learning the location has proven currently to be an excellent place for advancement of the school because the place is less concentrated and the institutes’ area is approximately 17 acres. The institutes’ area is large to the extent that expansion of the institution buildings is quite possible. The school is 2.5 kilometers from Bukoba to Muleba road.

The initial Authorized Share Capital of the company is TZS 10,000,000/= divided into 100/- ordinary shares of Tshs 100,000/- each and the company have the power to divide the original or any increased capital into several classes, and to attach thereto any preferential, deferred, qualified or other special rights privileges, restrictions or conditions. Unless the conditions of issues shall otherwise expressly declare, every issue of shares, whether preference or otherwise, or any such rights, privileges or conditions shall not be altered or modified except in accordance with the registered Articles or Association. The liability of the members is limited and the following names compromise the company ownership and principal shareholding as illustrated on

Table 2.1 below.

**Table 1: Company Ownership and Principal Shareholders**

S/No.	Shareholder’s Name	Address	Number of Shares
1	Mr. Eusto Kaizirege Ntangalinda (Business men)	P O Box 1054, KAGERA	50
2	Mr. Ernest Kajwahula (Business women)	P O Box 1054, KAGERA	50

The address for this company is;  
KAIZIREGE ENGLISH MEDIUM BOARDING SCHOOL LIMITED;  
P O Box 1054,  
IJUNGANYONDO VILLAGE,  
BUKOB A RURAL,  
KAGER A REGION,  
TANZANIA.

## 2.2. Project Description

### 2.2.1. The Project Concept

The idea to expand Kaizirege English medium school limited facilities to accommodate an English Medium Secondary School for providing primary and secondary school education from pre-primary to Form VI at International Level. This comes in the wake of increased private schools and at the time when many parents compete for best schools where they send their children for better education. This school attempts to fill the gap that exists between demand and supply of schools that provide quality education in the country in general, and Tanzania in particular.

The school have the following facilities:

- Pre-primary school P1 & P2
- Primary school standard 1-7
- Ordinary Level Classrooms: Form I – IV
- Advanced Level (High School) Classrooms: Form V – VI
- Science and Arts Laboratories (3 blocks)
- School Library

Other school facilities include the following:

- Multi-Purpose Hall (including kitchen) not fully equipped
- School Administration Block
- Stores for the School's Reading Material
- Boys & Girls Hostels/Dormitories
- Staff Houses,
- Stores,
- Staff houses,
- School Dispensary
- School Canteen
- Play Grounds including Basketball/Netball Pitch and Football Pitch

Other developments will include:

- Sinking a Long Bore Hole
- Fencing the whole school area
- External Drainage
- Parade Ground
- Car Parking Areas
- Construction of Guard House
- Landscaping and External Works

Academic growth depends on conducive teaching and learning environment which is well-constructed and fully furnished. This is a result for high need of middle and high education and high number of primary and secondary candidates who qualify

for technical institutions and which later takes them to high education. This situation has created the need for having well-constructed buildings Multipurpose hall, dormitories, classes, furniture's for both classes and dormitories, library, books, etc. The proposed final construction will provide the following: -

- i. Opportunities for comfortable learning facilities,
- ii. Appropriate environment for learning and studying.
- iii. The well-furnished buildings will increase the school income as the learning environment will be more attractive and will be Pupil & students friendly.

### **2.2.2. Description of the building and equipment which need to finalize the project,**

- a) Multipurpose has to be fully fledged with furniture's, the capacity for the hall is estimated to 500 to 750 personnel's per single entry.
- b) Fencing of the whole compounds 17 acres and equipped with electrical fencing wires,
- c) 1 dormitories under construction, needs well furnished with paints, tiles, sing board, wood doors, paint and need to be furnished with Aluminum windows the capacity for each class is 220 student per dormitories.
- d) Installation of security equipment, such as CCTV cameras, standby generators with UPS and solar system,
- e) Procurement of 10 schools with capacity 65, 2trucks tipper for minor constructions,
- f) Ambulance, others utility vehicles will also be procured for the project. This will include pickups, 4-WD station wagons to facilitate movement Armored vehicles will also be procured for transportation.
- g) Purchase of furniture, equipment, fittings and administration motor vehicles, and machines.
- h) Purchase of machines for routine maintenance such as motor graders, concrete mixer, 320D caterpillar excavator, grader compactor,

### **2.3. School Capacity**

The school is planned to be developed in a double phase. Phase one involves developing enrollment capacity of 2005 pupils already at schools. This phase is already completed and the school is already running. The second phase which the promoter is currently busy planning to establish envisages expanding school facilities to double enrollment capacity from the current 2005 to 5000 pupils within the next ten years. The last phase planned after the next 10 years will see the school facilities by rehabilitation and construction of classes, dormitories and administration block by vertical development plans, this will increase space for the compound.

This study however will deal with Phase Two only. The Third Phase will be dealt with after the next ten years.

## **2.4. Capacity**

Currently, the school has the capacity to enroll 2005 pupils/student per single entry, the available information of the project has 55 Pre-primary pupils, 450 Primary pupils, 1000 O-levels students and 500 students for A-levels. The school has 2 streams per class, each class accommodate 35-40 pupils/students. It will simultaneously plan to enroll 5000 pupils and students for next 5years to ten years

## **2.5. Selection of Pupils and Students**

International schools worldwide are normally governed and ruled by internationally set standards which are mutually exclusive from specific education systems of the host countries. This has indeed made it possible for these schools to maintain not only a high standard of education system which is often higher than that offered by host Governments but also these schools offer similar course study outlines so much so that a pupil/student transferred from one country of one continent would be able to comfortably follow studies offered in another country of a different continent. Likewise, Kaizirege English Medium Boarding School Limited is set to emulate this international etiquette in both the nursery, primary and secondary school level programs. In order to achieve this, school's management would take the following measures:

- Appoint an internationally accepted Pupils and Students Selection Committee (PSSC)
- Set Pupils/Students Selection Standards and Procedures which will guide PSSC in its interview and selection functions
- Adopt International School Administration and Management Manual and as amended from time to time with changing situations
- Recruit internationally qualified and professional teachers the majority of whom will have already acquired some experience in teaching at international schools in the country and abroad
- Liaise with United Nations Education and Science Organization, Ministry of Education, science and technology, similar international schools in Uganda, Kenya, South Africa, Malawi, Zimbabwe etc. and existing local international schools in the country in the bid of designing the proposed international schools' curriculum.

## **2.6. Study Objectives**

The objectives of this Feasibility Study Report are three fold. First is to determine the viability of the proposed project. Second is to enable Kaizirege English Medium Boarding School Limited funds in form of a long-term loan facility at the tune of US\$ 1,711,983.70 from a development and/or commercial bank in order to facilitate construction and furnishing of the school buildings complex, as well as procurement of other project capital and deemed capital goods. It is also expected to be a useful document when soliciting funds from various donors. Third is to facilitate the application for Tanzania Investment Centre (TIC) Certificate of Incentives to access tax reliefs on duties, VAT and other benefits and protections as statutorily provided for under Tanzania Investment Act (1997) for the Project.

## 2.7. Project Cost & Financing Pattern

The proposed Kaizirege English Medium Boarding School Limited project is estimated to cost a total of US\$ 4,400,108.70 this including, own equity of 75% as proceeds from capital contribution of the project. Total loan debt of 1,100,027.17US\$. The Current asset of US\$ 766,836 fixed assets 4,060,978US\$ and total liabilities of 6,416,671US\$. The project will be implemented within 10 years. It is assumed that the loan will attract an interest rate of 8% per annum with a grace period of 12 months (construction period) and 10-year loan repayment period. The proposed Kaizirege English Medium Boarding School Limited's Secondary will increase the supply of internationally accepted standard secondary school facilities for Tanzanian students in Tanzania and nearby countries in eastern Africa.

EQUITY + LOAN		
1	LOAN (25%)	1,100,027.17
2	EQUITY (75%)	3,300,081.52
	TOTAL FINANCING	4,400,108.70

## 2.8. Business Plan Objectives

The objectives of this study are two-fold. First is to determine the viability of the proposed project and serve as a business plan for the company's development program. Secondly, the business plan will act as a supporting document in the company's application for Tanzania Investment Centre (TIC) Certificate of Incentives so as to access exemptions on duties, VAT deferments and other benefits and protections as statutorily provided for under Tanzania Investment Act (1997).

The project promoters have commissioned a reputable engineering and project planning consulting firm to advice on detailed technical and economic evaluation of the project and in determining its viability. As the report will be used to raise debt financing for the project, it is tailored to meet standard requirements of financial institutions in the region.

## **2.9. Marketing and pricing analysis**

### **2.9.1. Target Market**

The proposed international school catchments area will be children of the following groups:

- Lake zone Region residents particularly from expatriates, government officials, successful businessmen
- Local and foreign businessmen
- Expatriate, International Organizations working in lake zone and western Regions and elsewhere in the Tanzania
- Government and parastatal officials, etc.

### **2.9.2. Marketing/Promotion Strategy**

Besides the apparent potential of the market, the sponsors of the project have charted out the following strategies to market their international school:

- Establishing contacts with international schools educationist which would organize for candidates who would however seek approval of the school's board
- Advertisements through TV, newspapers, radio and brochures

In view of the above situation it can be concluded that the sponsors of the project have made adequate preparations to ensure that the proposed project stands a good chance of success.

### **2.9.3. Source of Revenue**

The major source of income in school running is the tuition fees charged to pupils or students. For simplicity of computations, it is assumed that for this particular project, all the pupils in both secondary and high schools will be accommodated in the school dormitories/hostels, and therefore the fee charged include school tuition and full boarding.

### **2.9.4. Experiences from Other Similar Schools**

The majority of international schools charge fees in Tanzanian Shillings for residents whereas foreigners are required to meet fees in convertible currencies. Following are school fees rates which are applied by respective international schools which exist in the country:

- (i) International School of Tanganyika:  
Day Schools – Dar es Salaam:
  - (a) Nursery School US\$ 4,650 per head/Annum
  - (b) Primary School US\$ 6,845 per head/Annum
  - (c) Secondary School US\$ 8,790 per head Annum

- (ii) Government International School of Tanganyika Day Schools – Moshi
  - (a) Nursery School US\$ 1,650 per head/Annual
  - (b) Primary School US\$ 1,745 per head/Annual
  - (c) Secondary School US\$ 2,390 per head/Annum
- (iii) St. Constantine International Primary School, Arusha
  - (a) Primary School US\$ 1,930 per head/Annum
- (iv) St. Mary’s Schools in Dar es Salaam, Mwanza and elsewhere  
Primary School (day) charges over Tshs 1,500,000 per head/annum while the same exceeds TShs 2,500,000/= per head/annum for boarding schools.
- (v) The Agakhan Nursery School (day school) (Mwanza) charges about TShs 1,600,000/= per head/annum

M/s Kaizirege English Medium Boarding School Limited– Secondary School apply following rates for day school students:

CLASS LEVELS	NO. OF STUDENTS	FEE CHARGEABLE/ HEAD USD	REVENUE USD)
Pre Primary	55	760.87	41,848
Primary	450	913.04	410,870
O Level	1000	1,521.74	1,521,739
A Level	500	1,956.52	978,261
<b>TOTAL</b>	<b>2,005</b>	<b>5,152.2</b>	<b>2,952,717.4</b>

### **3.0. TECHNICAL CHARACTERISTIC OF THE PROJECT.**

#### **3.1. Project Site analysis**

Based on physical inspection of the proposed site, the availability of basic and essential industrial infrastructure such transport, water supply, effluent disposal, electric power supply, telecommunication system and security were all checked out and are ok for factory establishment. The realization of the project development requires successful completion of a number of necessary activities and facilities to enable a successful development of the project. The project location is already installed necessary utilities such as reliable supplies of energy, water, transportation, telecommunications services, waste disposal and other services are in place.

- The only challenge to the project is entry point whereas the earth road is not conducive for transportation during rainy season.
- Telephone network to all campus is not reliable.

#### **3.2. Buildings and related fixed cost**

The floor plan and elevation of buildings and other related structures will be rehabilitating to Kaizirege English Medium Boarding School Limited as rented by the shareholders. However, the total cost of Land acquisition and registration, factory buildings, Storage of raw materials and finished plastic and beverage products structure has been done by the owner, the estimated cost of the structure is estimated to 2,423,913,04US\$ as cost associate to rehabilitation of the structure, project fixed cost have been estimated at US\$ 4,060,978 which includes purchasing of machines, motor vehicles and structure rehabilitation.

The industry also set budget as working capital which involves purchase of raw materials and overhead cost of 1,363,861 US\$. The minor rehabilitations costs are inclusive of contingency and reflect prevailing cost of building materials and labour costs in the country. Mostly local building materials will be used in the construction of the same.

#### **3.3. Machinery and Equipment.**

Proper machinery selection is one of the key problems in the development of an industry. The machinery must suit the two-fold requirements of the developing countries, i.e. it should be up-to-date to allow for competitive production. In view of the foregoing, an effort has been made to choose from modern technological alternatives, a level that strikes a balance between fixed costs based on depreciation and variable costs based essentially on wages.

The requirements of various items of equipment have been worked out taking into consideration the production programs, average equipment utilization and normal productivity level of an average worker etc. While working out details of equipment required, it has been assumed that the plant will be working in a double shift of 16 hours a day, 25 days a month or a total of 300 days a year.

The projects machinery and equipment will be sourced from Europe and are estimated to cost 156,521.74US\$, this includes, complete set plastic production, beverage, laboratory equipment for testing quality, flight charge. These cost assumptions are C.I.F Dar es Salaam and include installation, commissioning, consultancy, port charges and transport to the project site. Calculated depreciation of machines and other working facilities is estimated to cost 150,941US\$. Others working facilities have already in place this includes weighing scales, mini laboratory equipment, communications, computers and other office equipment, standby power generator and miscellaneous machinery and equipment.

### **3.4. Motor Vehicles**

7 Scania marcopolo Buses purchased in the first of phase of the project at a price of 65,217.39US\$ each totaling to 913,043.48US\$, 3 min buses at price of 143,478.26, 3 tipper truck at price of 78,260.87, a semi-trailer worth 65,217.39US\$ and an excavator 320D caterpillar worth 108,695.65US\$. All these will smoothening school operation and some equipment will be used for routine maintenance of the compound. Total cost for all motor vehicles is estimated to 1,308,695.65US\$.

### **3.5. Furniture & Fittings and computers**

This is one of the important content of school project. This cost item includes the purchase of various office furniture: student desk and chairs, dormitory furnitures, tables, chairs cabinets, safes, telecommunication gadgets, firefighting equipment, air conditioners etc. A budget of 191,413.04US\$ will be allocated from general administration budget for furniture fittings and computer accessories. The total budget for furniture and fittings is small due to nature of industry as few or minor requirement of furniture and fittings.

### **3.6. Pre-Operational Expenses**

Under pre-operational expenses are considered costs like company formation, preliminary project studies, business plan preparation costs, licenses, permits and authorization, including processing of TIC Certificate of Incentives, and legal fees, travelling expenses, initial recruitment and training expenses, and interest accrued during project construction period. Budget allocated for this is 78,260.87US\$

### **3.7. Initial Working Capital**

This item will mainly cover initial imports of raw materials estimated to last for the first three months of operations. Otherwise, raw materials will generally be maintained at one month's stock and debtors at one month's sales volume constitute the biggest portion of current assets. Trade credits will be 15 days for the items listed. The initial working capital allocated budget is 260,869.57US\$.

### **3.8. Project Implementation**

Full implementation of the phase II project is planned to take place by early May, 2022. Machineries and motor vehicles will be imported immediately while construction/renovation works are in process.

### **3.9. Auxiliary Materials/ services**

Falling under this category lubricants, grease and other miscellaneous items.

**Utilities and service facilities that will need to be provided in this plant are as follows:**

- (i) Workshop
- (ii) Electric power
- (iii) Water supply
- (iv) Miscellaneous facilities {Canteen; First Aid Kit, Storage and transport and Office Facilities}

#### **(i) Workshop**

It is necessary to make provision for a small workshop in school premises so that certain maintenance operations could be carried out following sudden breakdowns and major routine matters.

The facility will comprise of necessary machines like small centre lathe, drilling machine, welding set, soldering and gas-cutting equipment including complete electrical kit to take care of necessary electrical maintenance as well as to replace worn-out parts and periodic oil and greases needs for the plant. Equipment provision has been restricted to the minimum.

#### **(ii) Electric Power and Generator**

The proposed site will be supplied with industrial production 3-phase standard power supply from Tanzania Electric Supply Company (TANESCO), the electricity is available through the Uganda National Grid Line and some are from Tanzania National Grid as alternative power supply, the school is already install a heavy duty 3 50KVA power generator automated generator that is connected to water sources and two are for school premises for standby power supply costing to 65,217.39US\$. The Kaizirege English Medium Boarding School Limited will install an online UPS system that secures clean and uninterrupted power free of surges, brownouts, fluctuations and other power problems.

#### **(iii) Water Supply**

The school has its own water source, the water is tapped and let to the land site and water collected in an overhead reservoir provided at the top of the building of

the plant. Adequate provision has been made in the project cost for the overhead tank and supply and laying of pipelines etc.

Apart from the needs of electric power, water is also required for the actual process and other social needs. The proposed site has close to BUWASA water network, the agency is major supplier of water to urban and peri urban area in the city. While depending on water supply from BUWASA, the main line is close to the proposed school.

### **3.10. Waste management for industry**

In order to create a sustainable society, it is necessary to develop effective utilization of all sorts of wastes. One of the major wastes from our living is fiber wastes. Fiber wastes are generally divided to nonindustrial (organic chemicals) and industrial wastes (inorganic Chemicals)

In his strategic management for a Kaizirege English Medium Boarding School Limited; the industry has to move from an understanding of improvement at all costs to an understanding of continuous and balanced improvement once established. In modern times, environmental protection is being implemented not because it is enforced law, but as an administrative philosophy.

Rapid degradation in environmental conditions has changed at attitude of industrial managers toward ecological environment and had them consider ecology a significant factor while taking decisions related to school management. Parameters responsible for environmental pollution include chemicals discharged into air, water and soil as well as energy pollution all these will take into consideration of the proposed project. Noise pollution caused by poorly planned settlement programs is also included in this plan. Furthermore, safety and health of those working in production will be also taken into account by installing modern machines free from noise pollution.



## **4.0. MANPOWER REQUIREMENT - SALARY PROJECTION**

### **4.1. Employment**

The school is looking at providing direct employment to at least 155 permanent jobs on full implementation and operation of the project. The industry is divided into 3 Departments; Administration (13), academics (77), operation (65).

### **4.2. Recruitment**

Recruitment of the 77 persons will be carried out by giving first preference to experienced teachers from private and government institutes in Tanzania, based on demonstration of skills and aptitude basis and their willingness to work for Kaizirege English Medium Boarding School Limited. Careful methodology is being worked out by a competent management consultant who will set the job descriptions. To ensure that the right calibre is recruited. Recruitment of expatriate personnel will be carried out in consultation with the relevant authorities in Government and the collaborating agencies.

### **4.3. Training and the use of Consultants**

The school plans to initially carry out on the job training for most of the technical staff to be dispatched to the project site by the suppliers of the project which will be specified under contractual agreement. In general the company will ensure that employees acquire new skills and procedures to increase their productivity fourfold. Educational materials will be subsidized or paid for to motivate the workers to develop themselves.

Whereas the project will endeavor to obtain the best talents to fill the permanent posts in the organization, it is intended where necessary, to continue with the policy of hiring out some specialized skills by way of consultants. Alternatively, those skills not required throughout the year will be left to consultants. These include legal counsels, systems and management consultants. To ensure efficient and scientific management, operational manuals will be prepared for the core functions of the company.

### **4.4. Organization and Management**

The project will be managed by qualified professionals given the vast experience that the promoters have acquired over years in running and managing similar businesses. The Board of Directors formulates policy and offer strategic business guidance to management and regularly monitor and evaluate performance of the company.

All the activities will be under the administrator under which the day to day leader/management of production line will be vested in the management team headed by a Administrator. The Administrator is to be assisted by qualified and experienced personnel.

Table 4.1. Proposed organization and manpower requirement for the project is as follows:

S/No.	DEPARTMENT	STRENGTH /NUMBERS	MONTHLY SALARY US\$	ANNUAL BUDGET US\$
A	<b>ADMINISRATION</b>			
	Managing Director	1	1,304	15,652
	Administrator	1	870	10,435
	Finance officer	1	565	6,783
	Accountant	2	326	7,826
	Secretary	4	152	7,304
	Office Attendants	4	130	6,261
	<b>SUB TOTAL</b>	<b>13</b>	<b>3,348</b>	<b>54,261</b>
B	<b>ACADEMIC</b>			
	Head Master	3	522	18,783
	Ass. Head masters	3	478	17,217
	Academic master	3	435	15,652
	head of department	2	435	10,435
	Teachers	66	304	241,043
	<b>SUB TOTAL</b>	<b>77</b>	<b>2,174</b>	<b>303,130</b>
	C	<b>OPERATION</b>		
Plumbing		1	217	2,609
Electrician		1	261	3,130
Welding		1	326	3,913
Electrician		1	217	2,609
Matron		2	391	9,391
Patrol		2	391	9,391
Guard		10	52	6,261
Drivers		17	174	35,478
Cleavers/Gardener		30	87	31,304
<b>SUB TOTAL</b>		<b>65</b>	<b>2,117</b>	<b>104,087</b>
<b>GRAND TOTAL</b>		<b>155</b>	<b>7,639</b>	<b>461,478</b>



## 5.0. RISK ANALYSIS

### 5.1. Risk Analysis

Risk is the probability that an event or action will adversely affect the organization. Risk assessment is the identification and analysis of risks associated with the achievement of operations, financial reporting and compliance goals and objectives. Risk management is a central part of the Kaizirege English Medium Boarding School Limited. The Industry's management will determine the level of operations, financial and compliance risk they are willing to assume. Risk assessment is one of the Company's management responsibilities.

### 5.2. Macroeconomic risk analysis

Since early 1986, the Government of Tanzania has launched a comprehensive economic policy and stabilization plan with the aim to enhance the amount of infrastructure construction and improve the lives of the poor. During this time the main economic indicators significantly improved. However, uneven development of various region in the country, lack of relevant infrastructure in transportation, telecommunications, networking, education and health facilities, electricity and water supplies have proven to be investment barriers. Overall, Tanzania has a weak economic foundation but the project can achieve a greater impact in attaining social and economic goals for the country.

### 5.3. Finance risk analysis

a) **Supply Risk:** The risk in Primary production relates to supply of raw material, transportation and price fluctuations. There is no assurance of enough supply of raw materials in the local market instead mostly of raw materials are imported.

b) **Processing Risks:** The technology, machines and equipment used in building are in rudimentary stages all of which contribute to reducing production efficiency. Also quality/food safety and standards consideration in the production environment is limited. School facilities operation know-how is very low as there are notarized labourers.

### 5.4. Other potential external risk

a) **Lack of Governance:** the governance mechanism in the value chain is underdeveloped, actors operate in an uncoordinated and unorganized fashion, and if rules exist they are often ignored;

b) **unclear and conflicting roles regulatory authorities:** Regulatory Agencies are responsible for quality control as well as enforcing.

c) **Industry associations:** Associations are weak at all levels of the value chain in education industry,

d) **Operating procedures:** Standard procedures are inadequately enforced, or not enforced at all, because of relaxed production and trade regulations; and

#### **5.4. Mitigating potential risk**

The development of a large and complex project such as Kaizirege English Medium Boarding School Limited is necessarily accompanied by multiple risks during all the phases of the project development, construction, operation and maintenance. The right approach to manage the project in a manner which is fairly and adequately address the multiple risks in a comprehensive as well as systematic manner is to use the risk analysis and management methodology which identifies the risk issues and their instrumental cause. In this regard, the risk is eliminated or effectively managed by the party best suited with capacity to handle or deal with the risk factors.

## 6.0. PROJECT SWOC ANALYSIS

The SWOC (Strengths, Weaknesses, Opportunities and Challenges) analysis provides a quantitative and qualitative review of internal strengths and weaknesses and their relationship with external challenges and opportunities. The results of the analysis provide a basis for determining the project future goals and for identifying strategies and initiatives that would be required to develop the project. The matrix below summarizes the project strengths, weaknesses, opportunities and threats.

**Table 6.1: SWOC Analysis – Kaizirege English medium boarding school Limited**

<b>SWOC ANALYSIS</b>	
<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>(a) Close proximity to tamac road 2.5km to Muleba road</li> <li>(b) Preferential operational and incentives scheme enshrined in the TIC law</li> <li>(c) Political will, the government’s legal and policy framework support development of the project</li> </ul>	<ul style="list-style-type: none"> <li>i) Earth road is very poor to the project</li> <li>ii) Inadequate network to all project area for internet and telephone call thus hindering effective and efficient service delivery.</li> </ul>
<b>Opportunities</b>	<b>Challenges</b>
<ul style="list-style-type: none"> <li>(a) Strategic location of the project</li> <li>(b) Existence of preferential markets, ie, parents willingness for better education</li> <li>(c) Political and macroeconomic stability of the country</li> <li>(d) Goodwill and support from the</li> <li>(e) Government and the parent ministry;</li> </ul>	<ul style="list-style-type: none"> <li>i) High cost of doing business due to inefficiencies in the infrastructure system e.g., roads and air;</li> <li>ii) Lack of project linkages between research institutions and investors;</li> <li>iii) Government activities not fully coordinated and lack of appreciation of the TIC programs by other arms of the Government</li> <li>iv) Regional competition from other countries investment and markets.</li> </ul>

## 7. ECONOMIC AND SOCIAL ASPECTS

The project is also likely to have a positive impact on the economy of Lake Zone regions and Tanzania as a whole by creating employment, and contributing to Government revenues through various taxes, which will be paid. In summary the following table will show impact investment index framework

### 7.1. Impact Investment Index Framework

Impact Investment Index		
Frame Work for KAIZIREGE ENGLISH MEDIUM BOARDING SCHOOL LIMITED		
Performance Area	Quantitative Indicator	Remarks
Investment Capital	Total investment capital, CAPEX and OPEX US\$ 4,400,108.7US\$	Substantial amount of capital invested into the domestic economy.
Export Earnings	Indicative Annual sales of 100% earnings of 2,952,717US\$ out of annual average collection	Increased foreign earnings.
Job requirements	Job creation after plant in operation 2020-2021. DIRECT TANZANIAN JOBS 155 local employed, and over 500+ indirect employment	<ul style="list-style-type: none"> <li>Reasonable number of direct job created to local Tanzanians with direct impact on poverty reduction through enhanced income generation; and</li> <li>Improving skills development for Industrial production</li> </ul>
Technology applied	High Tech Environmentally friendly machinery ie, solar system, generators, etc	<ul style="list-style-type: none"> <li>Enhancing technological transfer; and</li> <li>Applied technology which is free from environmental pollution,</li> </ul>
Other Implied Project Benefits		
<ul style="list-style-type: none"> <li>Increased sales to the Utility Companies providing services of electricity, water and sewerage, telecommunications;</li> <li>Increased business transacted by local banks and institutions providing financial services;</li> <li>Business opportunities for local entrepreneurs in market distribution channels,</li> <li>Business opportunities to contractors and sub-contractors during the minor construction phase;</li> <li>Increased regional intra-trade and international trade due to better infrastructure facility and links to markets;</li> </ul>		

- Increase of technology transfer & expertise to local employed staff,
- Capital spends in local economy over 4.Million S\$ and
- Contribution to GDP growth through increased economic activities

Based on the Impact Investment Index analysis, the company can develop projections that the project can deliver both value for money in the context of broad socioeconomic impact and return on investment while complying with governance requirements. In this regard therefore, Kaizirege English Medium Boarding School Limited will promote the education liberalization in the country, create employment and ultimately contribute substantially to the country's economic growth.

## 8.0. FINANCIAL MODELLING AND ANALYSIS

The Financial Modelling and analysis, is the main source of information for assessing the potential financial viability of the Kaizirege English Medium Boarding School Limited. The analysis is based on the assumptions that have been taken for the implementation of the site development, demand and the associated potential investment requirements for a 10 year time period. The purpose of establishing project is to speed up the country's economic development by being a catalyst education liberalization industrial set up and attracting new domestic entrepreneurs to a liberalized legal business framework.

### 8.1. Project investment inputs

CLASS LEVELS	NO. OF STUDENTS	FEE CHARGEABLE PER HEAD	REVENUE (TSHS)
Pre Primary	55	760.87	41,848
Primary	450	913.04	410,870
O Level	1000	1,521.74	1,521,739
A Level	500	1,956.52	978,261
<b>TOTAL</b>	<b>2,005</b>	<b>5,152.2</b>	<b>2,952,717.4</b>

### 8.2. Project Capital Investment Summary

INVESTMENT SUMMARY - KAIZIREGE ENGLISH MEDIUM BOARDING SCHOOL				
S/NO.	CAPITAL ITEM	No. OF UNITS	UNIT OF MEASURE	ESTIMATED COST USD
<b>A</b>	<b>LAND AND BUILDINGS</b>			
1	Land Acquisition	15	Acres	434,782.61
2	Administration Block	2	Block	32,608.70
3	Fencing + 3Gates	1	block	26,086.96
4	Class Rooms Includes toilets	65	Block	989,130.43
5	10 Dormitories @ 220 students includes toilets and bath	10	Block	434,782.61
6	Laboratory	4	Block	121,739.13
7	Staff houses	4	Block	86,956.52
8	Dinning/Multipurpose Hall/Kitchen	4	Hall/ Kitchen	273,913.04
9	Play Grounds	3	Pitch	4,347.83
10	Reserve tanks - CAPACITY 170ML	1	set	19,565.22

	<b>SUB TOTAL</b>			<b>2,423,913.04</b>
<b>B</b>	<b>MACHINERY EQUIPMENT</b>			
11	Water pump and accessories	1	set	32,608.70
11	Standby Generator	3	set	65,217.39
12	Office Equipment	Lump sum (computers, printer, photocopies, fax etc)		5,217.39
13	Miscellaneous Tools and Equipment			33,913.04
	<b>SUB TOTAL</b>			<b>136,956.52</b>
<b>C</b>	<b>MOTOR VEHICLES</b>			
14	Scania marcopolo	7	unit	913,043.48
15	Min Buses	3	unit	143,478.26
16	Tipper	3	unit	78,260.87
17	semi-trailers	1	unit	65,217.39
18	Excavator 320D Caterpillar	1	Unit	108,695.65
	<b>SUB TOTAL</b>			<b>1,308,695.65</b>
<b>C</b>	<b>FURNITURE</b>			
19	Students' Desks and Chairs (2005 sets @ TZS 50,000/=)	2005	set	43,586.96
20	Dormitory Furniture (Beds/wardrobes) 1000 sets	1000	set	95,652.17
21	Office Furniture			43,478.26
22	Library Assets			8,695.65
	<b>SUB TOTAL</b>			<b>191,413.04</b>
<b>D</b>	<b>INITIAL AND OPERATIONAL COST</b>			
23	Initial working capital	Lump Sum		260,869.57
24	Pre operational expenses	Lump Sum		78,260.87
	<b>SUB TOTAL</b>			<b>339,130.43</b>
	<b>TOTAL INVESTMENT</b>			<b>4,400,108.70</b>
	<b>EQUITY + LOAN</b>			
1	<b>LOAN (25%)</b>	<b>LUMP SUM</b>		<b>1,100,027.17</b>
2	<b>EQUITY (75%)</b>	<b>LUMP SUM</b>		<b>3,300,081.52</b>
	<b>TOTAL FINANCING</b>			<b>4,400,108.70</b>

## 8.3. Financial Analysis

### 8.3.1. Production, Revenue and project viability

- ❑ The estimated revenue gain in school fees annually 2,952,717US\$ in the first year of operation whereas pre-primary revenue is 41,848US\$, primary 410,870US\$, O levels 1,521,739US\$ and A levels 978,261US\$ excluding Value Added Tax.
- ❑ Net profit before tax is 1,368,857US\$, second year earning is 1,695,5770US\$, which show the profit is increasing,
- ❑ Net profit after tax is 766,836US\$, second year earning is 848,5941US\$, which show the profit is increasing,
- ❑ Gross sales contribution in the first year of production is 54% which increases tremendously in the second years up to 10 years.
- ❑ The expected sales increase annually is 5% while increase production cost is 3% which depends on inflation rate of the country, for Victoria Poly bags Limited,
- ❑ Total investment cost of the project is 4,400,108.7US\$ whereas the own equity is 75% and loan-able amount 25% project current assets for the first year is 65,684US\$, fixed asset 5,804,457US\$, Project liquidity is 1,588,817US\$
- ❑ The end balance of project in cash flow statement is positive and increases tremendous.
- ❑ Testing the project viability is positive whereas IRR is positive 18.16%, and payback period of project is within 5 years. The Discounted Cash flow yields an Internal Rate of Return (IRR) of which is well above the assumed cost of capital.
- ❑ The end balance of project in cash flow statement is positive and increases tremendous.
- ❑ Cash generated from operation and net cash from operational activities increases positively of project (see cash flow sheet)
- ❑ Return on Investment is anticipated to positive which is above normal bank interest rate, which show in case promoter will borrow a commercial loan the project will recover bank loan within project economic life - see balance sheet,
- ❑ Depreciation of fixed assets and amortization of the pre-operational expenses rates used are as follows: land 5%, Civil Works/ Structures/Buildings 5.00% on straight line basis, Plant Machinery & Technical Equipment 12.50% on straight line basis, Motor Vehicles. 20.00% on straight line basis. The business plan use 12.5% as depreciation factors. Depreciation is amounted to150,941US\$
- ❑ Salaries and Wages have been based on the prevailing scales in the industry. There is provision of 20% to cover company contribution to

NSSSF (10%) and other social welfare (10%). Included to the total amount (see Income statement)

- ❑ Corporate Tax is fixed at 30% of taxable profits. The project is able to pay tax hence increase government revenue via GDP by 473,074US\$
- ❑ The business plan has an assumption all capital investment will be recovered within 5 years for 10 year projected economic life,

## **8.4. Objective and Scope of Financial Model**

### **8.4.1. Objective**

The main objective of the financial modelling and analysis is to setup a financial model framework for potential generated revenues and operational & maintenance costs for the full operation of Kaizirege English Medium Boarding School Limited based on the assumptions taken for the Market Analysis, the plan for the facility development, unit production costs and other overhead and operational charges.

### **8.4.2. Scope**

The scope consists of a financial model that will be used to analyse the potential financial viability of the project based on the assumptions taken for the concept and scope of the integrated processing factory on the Market Analysis. The financial model has been developed in excel spread sheet and include information on costs, expenses and the subsequent sales revenue based on the average market prices and linked to the financial cash flow.

## ANNEX I – INCOME STATEMENT

(all numbers in USD)

<u>Revenue</u>	<u>0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>	<u>TOTAL</u>
<b>Revenue Generated from school fees</b>	-											
Pre Primary		41,848	43,940	46,137	48,444	48,444	50,866	50,866	53,410	53,410	56,080	493,445
Primary		410,870	431,413	452,984	475,633	475,633	499,415	499,415	524,385	524,385	550,605	4,844,736
O Level		1,521,739	1,597,826	1,677,717	1,761,603	1,761,603	1,849,683	1,849,683	1,942,168	1,942,168	2,039,276	17,943,467
A Level	-	978,261	1,027,174	1,078,533	1,132,459	1,132,459	1,189,082	1,189,082	1,248,536	1,248,536	1,310,963	11,535,086
<b>Total Operating Revenue</b>	-	<b>2,952,717</b>	<b>3,100,353</b>	<b>3,255,371</b>	<b>3,418,139</b>	<b>3,418,139</b>	<b>3,589,046</b>	<b>3,589,046</b>	<b>3,768,499</b>	<b>3,768,499</b>	<b>3,956,924</b>	<b>34,816,735</b>
<u>Expenses</u>	<u>0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>	<u>Total</u>
Salaries		461,478	475,323	489,582	504,270	504,270	519,398	519,398	534,980	534,980	551,029	5,094,707
Social Charges & Pension Payments		92,296	95,065	97,916	100,854	100,854	103,880	103,880	106,996	106,996	110,206	1,018,941
Consumable goods - raw materials		78,261	80,609	83,027	85,518	85,518	88,083	88,083	90,726	90,726	93,448	863,998
Medical cares		21,739	22,391	23,063	23,755	23,755	24,468	24,468	25,202	25,202	25,958	239,999
Fuel and lubricants for motor vehicles and repairs		217,391	223,913	235,109	246,864	246,864	259,207	259,207	272,168	272,168	285,776	2,518,667
machineries and equipment's service/repair		139,130	143,304	147,603	152,032	152,032	156,593	156,593	161,290	161,290	166,129	1,535,996
Stationaries. Examination fee and Uniforms		117,391	120,913	124,540	128,277	128,277	132,125	132,125	136,089	136,089	140,171	1,295,997

Insurance/licensing/healthy premium/other charges	18,783	19,346	19,926	20,524	20,524	21,140	21,140	21,774	21,774	22,427	207,359
Utilities - Electricity and water services	52,174	53,739	55,351	57,012	57,012	58,722	58,722	60,484	60,484	62,298	575,999
Other Costs	165,217	170,174	175,279	180,538	180,538	185,954	185,954	191,532	191,532	197,278	1,823,995
<b>Total Operating Costs</b>	<b>1,363,861</b>	<b>1,404,777</b>	<b>1,451,398</b>	<b>1,499,642</b>	<b>1,499,642</b>	<b>1,549,569</b>	<b>1,549,569</b>	<b>1,601,240</b>	<b>1,601,240</b>	<b>1,654,721</b>	<b>15,175,659</b>
<b>Operational Net Earnings before Depreciation, Interest &amp; Tax</b>	<b>1,588,857</b>	<b>1,695,577</b>	<b>1,803,973</b>	<b>1,918,497</b>	<b>1,918,497</b>	<b>2,039,478</b>	<b>2,039,478</b>	<b>2,167,259</b>	<b>2,167,259</b>	<b>2,302,203</b>	<b>19,641,075</b>
<i>%age Gross Contribution</i>	54	55	55	56	56	57	57	58	58	58	1
<b>Depreciation at 5% (mostly civil works)</b>	<b>150,941</b>	<b>148,363</b>	<b>157,848</b>	<b>167,868</b>	<b>167,868</b>	<b>178,454</b>	<b>178,454</b>	<b>189,635</b>	<b>189,635</b>	<b>201,443</b>	<b>1,767,697</b>
<b>Net Earnings before Tax &amp; Interest</b>	<b>1,437,915</b>	<b>1,547,214</b>	<b>1,646,125</b>	<b>1,750,629</b>	<b>1,750,629</b>	<b>1,861,023</b>	<b>1,861,023</b>	<b>1,977,623</b>	<b>1,977,623</b>	<b>2,100,760</b>	<b>17,873,378</b>
<b>Interest Paid (Bank Loan)</b>	<b>198,005</b>	<b>189,587</b>	<b>179,653</b>	<b>167,932</b>	<b>154,101</b>	<b>137,780</b>	<b>118,521</b>	<b>95,796</b>	<b>68,981</b>	<b>37,338</b>	<b>1,347,694</b>
<b>Tax (30%)</b>	<b>473,074</b>	<b>509,033</b>	<b>541,575</b>	<b>575,957</b>	<b>575,957</b>	<b>612,277</b>	<b>612,277</b>	<b>650,638</b>	<b>650,638</b>	<b>691,150</b>	<b>5,892,576</b>
<b>Net Earnings</b>	<b>766,836</b>	<b>848,594</b>	<b>924,896</b>	<b>1,006,740</b>	<b>1,020,571</b>	<b>1,110,967</b>	<b>1,130,225</b>	<b>1,231,189</b>	<b>1,258,005</b>	<b>1,372,272</b>	<b>10,670,295</b>

## ANNEX II CASH FLOW

(all numbers in USD)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
Cash receipts from Sales	2,952,717	3,100,353	3,255,371	3,418,139	3,418,139	3,589,046	3,589,046	3,768,499	3,768,499	3,956,924
Cash paid to suppliers and employees	(1,363,861)	(1,404,777)	(1,451,398)	(1,499,642)	(1,499,642)	(1,549,569)	(1,549,569)	(1,601,240)	(1,601,240)	(1,654,721)
Cash generated from operations	1,588,857	1,695,577	1,803,973	1,918,497	1,918,497	2,039,478	2,039,478	2,167,259	2,167,259	2,302,203
Dividends received*	0	0	0	0	0	0	0	0	0	0
Interest received	0	0	0	0	0	0	0	0	0	0
Interest paid	(198,005)	(189,587)	(179,653)	(167,932)	(154,101)	(137,780)	(137,780)	(118,521)	(95,796)	(95,796)
Tax paid	(473,074)	(509,033)	(541,575)	(575,957)	(575,957)	(612,277)	(612,277)	(650,638)	(650,638)	(691,150)
<b>Net cash flow from operating activities</b>	<b>917,778</b>	<b>996,957</b>	<b>1,082,744</b>	<b>1,174,608</b>	<b>1,188,439</b>	<b>1,289,421</b>	<b>1,289,421</b>	<b>1,398,099</b>	<b>1,420,824</b>	<b>1,515,257</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>										
Replacement of equipment	0	0	0	0	0	0	0	0	0	0
Proceeds** from sale of equipment	0	0	0	0	0	0	0	0	0	0
<b>Net cash flow from investing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>										
Proceeds from capital contributed	TOTAL FINANCING	0	0	0	0					0
Proceeds from loan	1,100,027	0	0	0	0					0
Payment of loan	(46,767)	(55,185)	(65,119)	(76,840)	(90,671)	(106,992)	(126,251)	(148,976)	(175,792)	(207,434)
<b>Net cash flow from financing activities</b>	<b>1,053,260</b>	<b>(55,185)</b>	<b>(65,119)</b>	<b>(76,840)</b>	<b>(90,671)</b>	<b>(106,992)</b>	<b>(126,251)</b>	<b>(148,976)</b>	<b>(175,792)</b>	<b>(207,434)</b>
<b>NET INCREASE/ DECREASE IN CASH</b>	<b>1,971,037</b>	<b>941,771</b>	<b>1,017,625</b>	<b>1,097,768</b>	<b>1,097,768</b>	<b>1,182,429</b>	<b>1,163,170</b>	<b>1,249,123</b>	<b>1,245,033</b>	<b>1,307,823</b>
Cash at the beginning of the period	766,836	848,594	924,896	1,006,740	1,020,571	1,110,967	1,130,225	1,231,189	1,258,005	1,372,272
Cash at the end of the period	<b>2,737,874</b>	<b>1,790,365</b>	<b>1,942,522</b>	<b>2,104,508</b>	<b>2,118,339</b>	<b>2,293,395</b>	<b>2,293,395</b>	<b>2,480,312</b>	<b>2,503,037</b>	<b>2,680,095</b>

## ANNEX III BALANCE SHEET

(all numbers in USD)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>ASSET</b>										
Current asset	766,836	848,594	924,896	1,006,740	1,020,571	1,110,967	1,130,225	1,231,189	1,258,005	1,372,272
Fixed asset	4,060,978	4,142,198	4,225,042	4,309,543	4,395,733	4,483,648	4,573,321	4,664,788	4,758,083	4,853,245
Liquidity	1,588,857	1,695,577	1,803,973	1,918,497	1,918,497	2,039,478	2,039,478	2,167,259	2,167,259	2,302,203
<b>TOTAL ASSET</b>	<b>6,416,671</b>	<b>6,686,368</b>	<b>6,953,911</b>	<b>7,234,779</b>	<b>7,334,802</b>	<b>7,634,092</b>	<b>7,743,024</b>	<b>8,063,235</b>	<b>8,183,347</b>	<b>8,527,720</b>
<b>NET ASSET MINUS DEPRECIATION</b>	<b>6,265,730</b>	<b>6,538,005</b>	<b>6,796,063</b>	<b>7,066,911</b>	<b>7,166,933</b>	<b>7,455,638</b>	<b>7,564,570</b>	<b>7,873,600</b>	<b>7,993,712</b>	<b>8,326,277</b>
<b>EQUITY &amp; LIABILITIES</b>										
<b>Equity</b>	255,883	268,122	279,537	291,594	298,990	312,257	320,734	335,525	345,434	362,174
<b>Reserves</b>										
<b>Total Own Equity</b>	<b>255,883</b>	<b>268,122</b>	<b>279,537</b>	<b>291,594</b>	<b>298,990</b>	<b>312,257</b>	<b>320,734</b>	<b>335,525</b>	<b>345,434</b>	<b>362,174</b>
<b>Provisions</b>	5,141,059	5,367,715	5,572,331	5,786,720	5,879,346	6,107,878	6,208,332	6,453,030	6,563,232	6,826,738
<b>Long term loan</b>	244,772	244,772	244,772	244,772	244,772	244,772	244,772	244,772	244,772	244,772
<b>Short term Liabilities</b>	624,015	657,396	699,423	743,825	743,825	790,731	790,731	840,273	840,273	892,593
<b>Total Equity &amp; Liabilities</b>	<b>6,265,730</b>	<b>6,538,005</b>	<b>6,796,063</b>	<b>7,066,911</b>	<b>7,166,933</b>	<b>7,455,638</b>	<b>7,564,570</b>	<b>7,873,600</b>	<b>7,993,712</b>	<b>8,326,277</b>
<b>NET FA/CL</b>	0.00	16.92	17.26	17.61	17.96	18.32	18.68	19.06	19.44	19.83
<b>CL/CA</b>	0.81	0.77	0.76	0.74	0.73	0.71	0.70	0.68	0.67	0.65
<b>DEBIT/CAPITAL RATIOS</b>	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96
<b>ROI</b>	299.7	316.5	330.9	345.3	341.3	355.8	352.4	366.9	364.2	378.9
<b>BREAK EVEN POINT</b>										
	2.56	2.44	2.34	2.25	2.29	2.20	2.24	2.15	2.20	2.11
<b>BREAK EVEN RATIO</b>										
	1.41	1.36	1.33	1.30	1.30	1.27	1.27	1.24	1.24	1.21

## ANNEX IV – LOAN PAYMENT SCHEDULE

Loan Data	All number in USD		Loan Summary		
Original Principal	1,100,027.17		Scheduled Payments		244,772.15
Loan Term (Years)	10.00		Scheduled number of payment		10.00
Annual Interest Rate	0.18		Actual number of payment		10.00
Payments per Year	1.00		Total Early Payment		-
Payment	244,772.15		Total Interest		1,347,694.35

  

Year	Payment	Interest	Cumulative Interest	Principal	Balance
-					1,100,027.17
1.00	244,772.15	198,004.89	198,004.89	46,767.26	1,053,259.91
2.00	244,772.15	189,586.78	387,591.68	55,185.37	998,074.55
3.00	244,772.15	179,653.42	567,245.09	65,118.73	932,955.81
4.00	244,772.15	167,932.05	735,177.14	76,840.11	856,115.71
5.00	244,772.15	154,100.83	889,277.97	90,671.33	765,444.38
6.00	244,772.15	137,779.99	1,027,057.96	106,992.16	658,452.22
7.00	244,772.15	118,521.40	1,145,579.35	126,250.75	532,201.46
8.00	244,772.15	95,796.26	1,241,375.62	148,975.89	383,225.58
9.00	244,772.15	68,980.60	1,310,356.22	175,791.55	207,434.03
10.00	244,772.15	37,338.12	1,347,694.35	207,434.03	(0.00)
		1,347,694.35			

## ANNEX V - INTERNAL RATE OF RETURN

(all numbers in USD)

	Initial Investment	-4,400,109
Year 1	Additional Annual Net Profit	766,836
Year 2	Additional Annual Net Profit	848,594
Year 3	Additional Annual Net Profit	924,896
Year 4	Additional Annual Net Profit	1,006,740
Year 5	Additional Annual Net Profit	1,020,571
Year 6	Additional Annual Net Profit	1,110,967
Year 7	Additional Annual Net Profit	1,130,225
Year 8	Additional Annual Net Profit	1,231,189
Year 9	Additional Annual Net Profit	1,258,005
Year 10	Additional Annual Net Profit	1,372,272
	<b>IRR (in 10 years)</b>	<b>18.16%</b>

The IRR above indicates that the expected return on the \$ 4,400,109 initial investment after 10 years is 18.16%.

## ANNEX VI – PAYBACK PERIOD

### Payback Period Analysis

	Year	Beginning Balance	Net Cash Flows	Ending Balance
Cost of investment	0.00	4,400,108.70	0.00	4,400,108.70
	1.00	4,400,108.70	766,836.18	3,633,272.52
	2.00	3,633,272.52	848,593.55	2,784,678.97
	3.00	2,784,678.97	924,896.50	1,859,782.47
	4.00	1,859,782.47	1,006,739.74	853,042.73
	5.00	853,042.73	1,020,570.96	167,528.23
	6.00	167,528.23	1,110,966.60	1,278,494.83
	7.00	1,278,494.83	1,130,225.19	2,408,720.01
	8.00	2,408,720.01	1,231,189.10	3,639,909.11
	9.00	3,639,909.11	1,258,004.76	4,897,913.87
	10.00	4,897,913.87	1,372,271.99	6,270,185.86

**Payback Period = 5.00 Years**

## **8.0. CONCLUDING REMARKS AND WAY FORWARD**

### **8.1. Evidence of project viability based on financial model and policy framework support**

On the basis of all the analysis done on this Business Plan on all aspects of assessment on both SWOC Analysis, market analysis, risk analysis and the financial analysis, the proposed investment options in the school project as prescribed on this business plan have shown that the project is commercially viable. Nonetheless, Kaizirege English Medium Boarding School Limited through professional consultative manner, will continue to find ways of implementing cost effective options given time and financial resources that will be made available. Financial analysis results show that when the construction of integrated school facility is financed 75 by shareholders it gives an IRR of about 18.16%. The computed IRR is well above Dollar market of the annual loan interest rate of (8.00%) which is technically interpreted that the project is financially viable. The payback period for the project is estimated at 5 years, which is within the range for this type of investment. Sensitivity analysis results also favor the project. Financial analysis for the project has shown feasible returns. Based on the investment scope and the assumptions taken in this Business Plan, the project will not face any difficulties during establishment, according to the projected cash flow be in a position to accomplish repayment of the loan and start generating profit.

### **8.2. Policy Framework Support**

The development of the Kaizirege English Medium Boarding School Limited is designed to take advantages of the current Tanzanian market-oriented reforms. The Project will be developed and established to accelerate the industrialization process. The vision 2025 emphasizes the importance of the allocation of public funds for strategic investments and private sector financing for development investments.

The 15 years Perspective Plan (2015-2025); Prioritize private investment in the context of Public Private Partnership. The First Five Years Development Plan (2020-2025) recognizes the fundamental role of the private sector in enabling the government to allocate its fund to strategic projects to facilitate a higher level of development. MKUKUTA II (2020-2025) identifies Public Private Partnership as a means of increasing the level of stakeholder participation and of easing the financial burden on the government. It should be noted that existing public resources are clearly insufficient to meet Tanzania's huge development needs. The increased use of private enterprises participation in development projects can help alleviate the financing gap. This approach is now applied by Kaizirege English Medium Boarding School Limited to ensure development of one among the ultra-integrated project to be developed in Bukoba rural district, Kagera Region. Private sector and investment have been recognized as the most significant potential source of additional funding required to facilitate development projects.

### **8.3. Conclusive Remarks and Way Forward**

The development of this integrated plant will be funded by private finances. The company acting through its various shareholders and structures will provide the initial risk capital amounting to 4,400.108.7 US\$, the whole amount will be raised from shareholders. The company will fund the development of the project minor rehabilitations of factory building, business offices, bulk storage facilities and purchasing machines as stated on this business plan. Before the Company engages into the development of this project as a private enterprise, it needs to accomplish the pre development activities to make way for the development of the designated project. The company has to accomplish the following;

#### **a) Apply for TIC certificate**

The company by using this Business Plan and other required supporting documents should apply for the TIC Certificate at Tanzania investment centre or Mwanza zonal Office. With this certificate, the company will be able to access tax reliefs which to a large extent will help to in reducing project costs, particularly in the purchasing of machineries and minor building of area of proposed industrial area.

#### **b) Conduct Environmental Impact Assessment.**

The company has to engage a consultant to conduct EIA in order to ensure that environmental and possibly other sustainability aspects are considered effectively in policy, plan and project development. The EIA Directive aims at introducing systematic assessment of the environmental effects of strategic land use related plans and programs. It typically applies to regional and local, development, waste and transport plans, within the country. EIA ensures that plans and programs take into consideration the environmental effects they cause.

#### **c) Major rehabilitation to suit school Industrial requirement**

The company should engage a firm to make major rehabilitation of existing structure that will suit education facilities requirements. The structure should include all vital service facilities described in this business plan. When possible, the process of design of the facility should be consultative insomuch that it should allow and incorporate ideas from experienced professionals from the industry.

#### **d) Mobilizing Funds**

As previously discussed on the Financial Analysis of this business plan, financing mechanism for the integrated plant should be scrutinized well before commencing the project implementation. There may be several options of financing the project development but the company will find the best option. The investment team should do consultation with relevant financial institutions (Banks and non-bank Financial Institutions), both within and outside the country. This exercise should be more effective if the team works closely with central government agencies, particularly TIC

and the Ministry of Industry & Trade and Ministry of Investment.