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**TANZANIA INVESTMENT CENTRE**

**DIRECTORATE OF INVESTMENT FACILITATION**



**EASTERN ZONE**

**REPORT OF THE PROJECT VISIT TO DOW ELEF INTERNATIONAL (T)  
LIMITED**

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## 1.0 INTRODUCTION

### 1.1 Project background

Dow Elef International Tanzania Limited is a registered private limited company incorporated on 21<sup>st</sup> October 2003 under the laws of United Republic of Tanzania and issued with certificate of incorporation No. 47261. The company's core business is road haulage and other transportation activities. The project holds a Certificate of Incentives (COI) No. 004062 issued on 21<sup>st</sup> December, 2017.

### 1.2 Company Information

#### Company's General Information obtained at the site

S/No.	Information	Description	Current Project Status		
			Shareholder	Nationality	Percentage
1.	Shareholder's Information	Current Shareholders names, nationality, and percentage of ownership	Emmanuel Lucas Kazimoto	Tanzanian	90%
			Salome Kazimoto	Tanzanian	5%
			Theresia Kazimoto	Tanzanian	5%
2.	Company Communication Information	Email address	<a href="mailto:info@dowelef.co.tz">info@dowelef.co.tz</a>		
		Mobile Number	+255 784999977		
		Land Line Telephone Number	NA		
		Physical Address (Plot No., Block No, Street, District and Region)	Plot 435, Block A; Mabalози Avenue, Mwalimu Nyerere Grounds (77), Dar es Salaam		
3.	Contact Person	Name	Emmanuel Kazimoto		
		Position	Group Chairman		
		Communication Details (Email,	+255 787999971		

		Mobile and telephone)	
4.	Incorporation	Certificate of Incorporation No.	47261
5.	TIN information	TIN Certificate No.	102-330-110
6.	Project Objective	Project Core Activity	Road Transportation project

## 2.0 ABOUT PROJECT VERIFICATION VISIT (PVV)

Dow Elef International (T) Ltd, submitted application requesting extension of implementation period for the Certificate of Incentives so that the company can complete the remaining activities. TIC management appointed three (4) officers to conduct PVV at the project site. The officers were;

- i. Julie Muro-TIC-EZ - ( Team Leader)
- ii. Navone Kisaka - NEMC
- iii. Steven Mkama - TBS
- iv. Leonard Mapunda - TRA

The purpose of the PVV was to verify project's execution progress and establish grounds which can enable TIC Management to arrive at an appropriate decision following the submitted request to extend COI's implementation period. No previous extension which has been granted to the project.

During visit, the team had discussion with the Mr. Emmanuel Kazimoto, Group Chairman and noted the following;

## 2.1 Project Performance

After incorporation and project registration with Tanzania Investment Center (TIC), the company started operations by acquiring trucks and trailers. The table below shows project performance:

S/N	INFORMATION	DESCRIPTION	STATUS	
1	Investment Finance	Local Equity	Amount (USD)	Source Country
			747,800	TANZANIA
2	Production Capacity	Project Capacity per Year	200,000 Tones	
3	Direct Employment	Foreign-Men	Nil	
		Foreign-Women	Nil	
		Local-Men	65	
		Local-Women	15	
4	Indirect employment	Estimated Total No.	Multiplier effect on the economy as a result of cargo transportation	
		Type/areas of Indirect Employment	Predominantly Dar es Salaam, Pwani, Arusha, Kilimanjaro, Morogoro, Southern Highlands regions with future development into all regions in Tanzania	

## 2.2 Findings

Since its inception the company attained significant achievement. After registration that took place on 2017, the company continued with operations. During PVV the following were observed:

i. Truck Acquisition

In effort to implement project, fourteen (14) road tractors and trailers have been procured.

ii. Main yard at plot 435, Block A, Kurasini (Kilwa Road), Temeke has been renovated and ready for use for both packing yard and service for all trucks

## 2.3 Planned activities and challenges

### 2.3.1 Planned Activities

In order to achieve its vision the company planned to development focus has been on expanding the project capacity and strengthening road haulage to connect the country with the rest of Eastern and Southern Africa nations. To achieve the planned activities the aim to:

- (i) Purchase more trucks and trailers to cater for the available demand which recently has shown a positive sign of growth
- (ii) Open offices in some more regions in order to support operations.

### 2.3.2 Challenges

Despite the minor success story, the company has gone through a very tough and cumbersome period. The time of struggle which caused by unfavorable investment environments as a result of Government reactions to investment. Law enforcers to apply techniques which halt business.

During consultative discussion, the investor pinpointed some unfavorable aspects which significantly disturbed implementation of the project. Among them being:

#### a) **Government Institutions Actions against Investments/Investors**

In the year 2018, Tanzania Revenue Authority decided to conduct tax audit for previous 5years which come up with tax liability. To collect the tax due resulted as an outcome of the 5years period audit, TRA issued Agency notices to Banks. Since then, the company has been receiving a series of Agency notices from TRA which led to Bank Account closures and all available balances being transferred to TRA. Agency Notices were also extended to the company debtors. This significantly affected the company's operating capacity as all amount of funds which were set for purchase of tucks as capital goods were transferred to TRA account. (*Evidence attached*)

#### b) **Emergency of Covid-19 pandemic**

The outbreak of Covid-19 in early 2020, has negatively affected investment

- (i) During such period, cargo volume went down tremendously as a result operations had to stop and trucks had to pack

- (ii) The area where the company's offices are located, were selected to be used by Covid-19 patients. Therefore the company has served with a very short notice to vacate the area to allow the buildings to be used as a quarantine area.

### 3.0 RECOMMENDATIONS

Project existence have significant impact to the economy in terms of employment, improved nation tax base. This project is also important for growth of other sectors of economy.





The team suggests a two (2) years extension for certificate of incentives be granted because the company requires more time to accomplish the remaining investment activity. It should be noted that the two years suggestion is based on the ground that, the company will remain with only five (5) months before the certificate expires if extension approval is granted for only one year; this will definitely not be enough to accomplish the investment plans.

During PVV, the team noted the following which form base for extension for the certificate of incentives:

- (i) The investor registered project with TIC on December, 2017 and on 2018 company procured 14 trucks and trailers
- (ii) In February 2021, the company has also made a deposit to the supplier of trailers for the supply of trailers
- (iii) That, the company is in negotiation with foreign supplier for the supply of truck
- (iv) That, the government closure of bank account and issuing of agency notices which resulted into cash transfer to the government severely halted investment (*see appendixes*)
- (v) A series of Agency notices affected the company as banks also lost confidence with the investor as a result the company lost its borrowing credibility.
- (vi) The company has pending balance on the list of approved deemed capital goods

#### 4.0 CONCLUSION

The investors appear to be serious with the project regardless the hurdles which distort investment plan. Creation of stable and predictable investment grounds is a cross-cutting obligation, which require participation of different players extending from private entities to ministries, government agencies and institution. TIC involvement towards measures and efforts to combat some of the existing challenges is inevitable as some of these challenges are beyond investor's capacity, but requires government participation to bring them to an end.

Julie Muro	-	TIC-EZ	 _____
Navone Kisaka	-	NEMC	 _____
Steven Mkama	-	TBS	 _____
Leonard Mapunda	-	TRA	 _____

Date: 27/7/2021



**DOW ELEF INTERNATIONAL (T) LTD**

**Progress Report for the Period  
2017 - 2020 Nov**

**Submitted to Tanzania Investment Centre  
April 2021**



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## **1.0 Planned Activities for the period**

### **Company Details & Registration:**

M/s DOW ELEF INTERNATIONAL (T) LTD was registered with the Registrar of Companies on 1st August of 2000 as a limited liability company. The Authorized share capital of the company is same as the paid-up share capital. The registration number of the company is 39751.

Since the core business or the object clause remains road haulage and all other transportations activities and carriage business, then during the period, the company planned to invest and undertake the following activities:

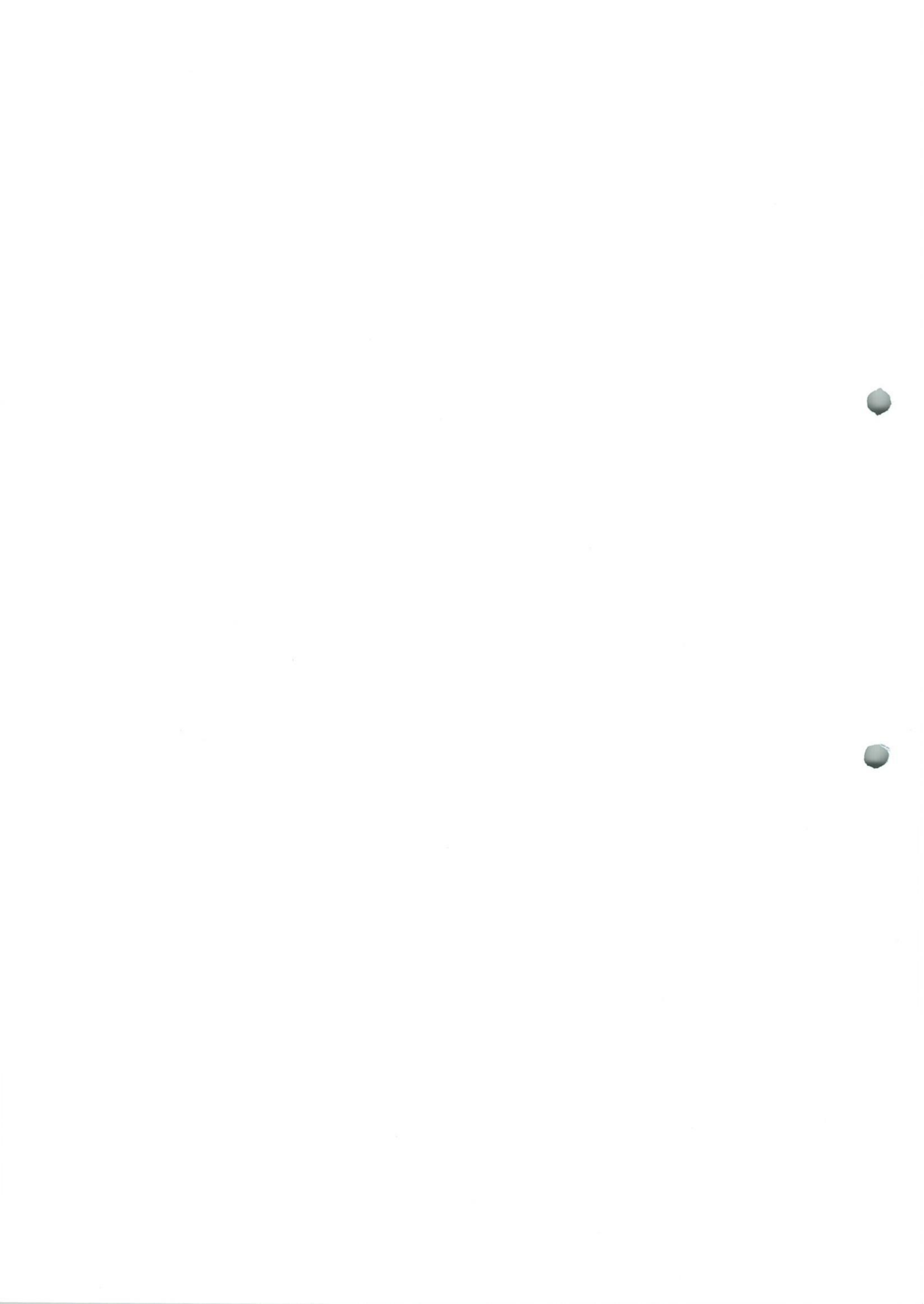
Proposed activities included:

- Building/Constructing sizeable yard for parking and services purposes.
- Purchasing of trucks hose and trailers and other supporting vehicles necessary for the implementation of the project
- Construct garage facilities and service bays for all utility vehicles.
- Procuring additional and necessary equipments in supporting the implementation.
- Commissioning service bays.
- Leasing other premises wherever need arise.
- To apply some additional funds from commercial banks in fulfilling the project missions.
- As part of the implementation, additional labour will be needed.

## **2. Achievements made towards Implementation**

During implementation, a number of planned activities were implemented as follows:

- 1.1. As part of the implementation and as per approved list of capital goods, total of fourteen (14) horses and trailers have been procured as per attached copies of registration cards and trucks and trailers pictures.
- 1.2. Also additional utility vehicles (pick ups) have been procured as per attached photos.
- 1.3. The construction of the garage facilities in many towns has been completed and in others is still underway and due to increased number of booking for the would be customers, then we are forced to increase the facilities hence need for extension is obvious.
- 1.4. Employment: During the period, the company provided cumulative employment to more than 160 Tanzanians.
- 1.5. Main yard at plot 435, ,Block A,Kurasini,Kilwa Rd Temeke area,Dsm, has been renovated and ready in use for both parking and services of all trucks and other supporting vehicles.



## 2.0 Company Details:

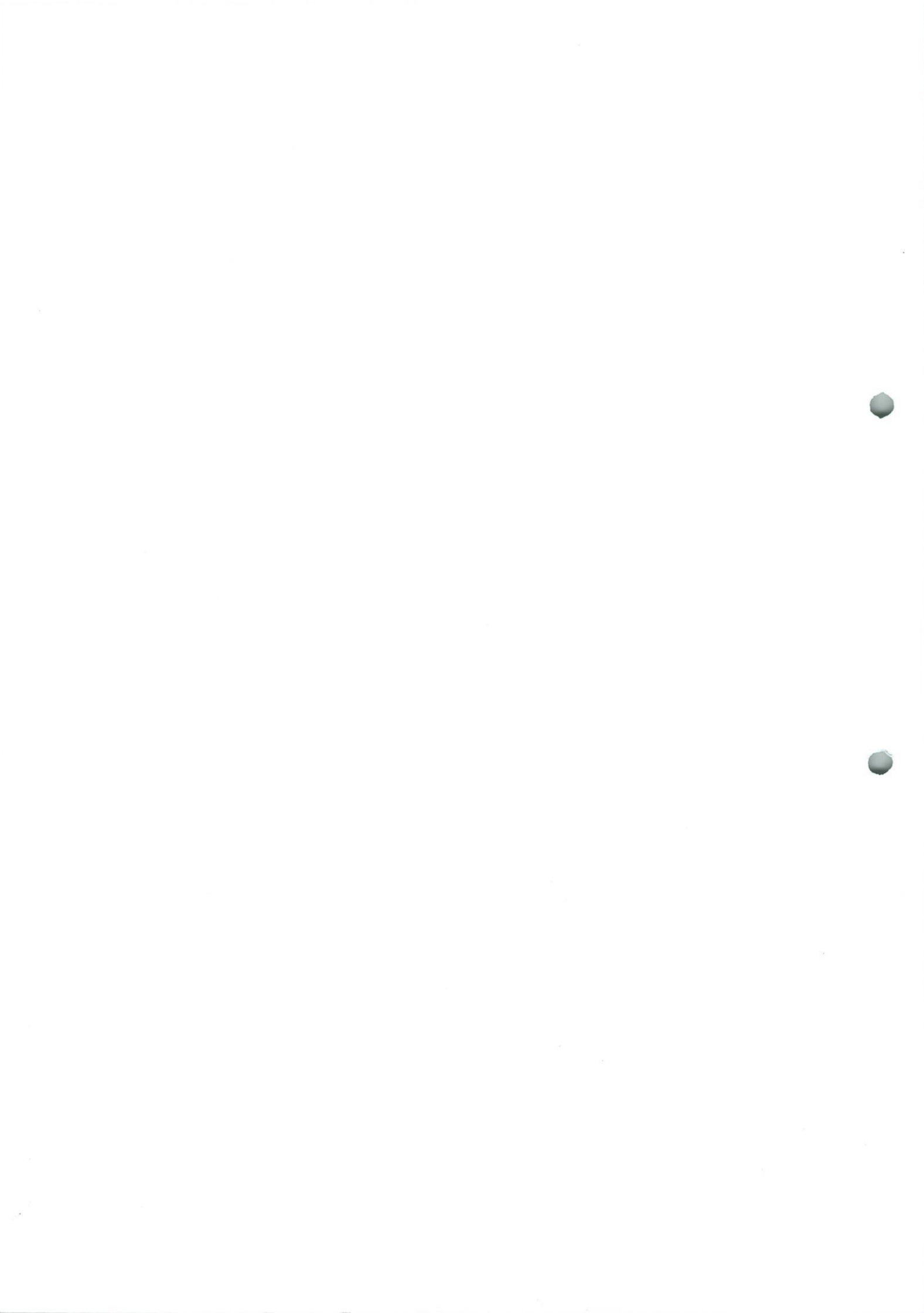
- Shareholders Informations : 1.Emmanuel L,Kazimoto ,Tanzanian 90%  
2.Salome Kszimoto ,Tanzanian 5%  
3 Theresia Kazimoto,Tanzanian 5%
- Company communications: Emails: [info@dowelef.co.tz](mailto:info@dowelef.co.tz)  
Mobiles:+255784999977  
Physical Address :Dsm region, plot 435,block A Mabalози  
avenue,Mwalimu Nyerere Grounds(77)
- Contact Person : Emmanuel Kazimoto  
Group Chairman, +255787999971
- Incorporation: : COI 39751
- TIN information : TIN 102-330-110
- Project Objective : Project core activity : Logistics/Road Haulage activities
- Capacity :Project capacity per year: 200,000 tones
- Direct employment :Foreigners N/A  
Local Men 65  
Local women 15
- Indirect Employment:

## 4.0 Project Financial Expenditure

During the implementation period, the company has incurred significant expenditure on the purchase of fleet of trucks and trailers and other supporting vehicles, and other equipments as summarized here below:

ITEM	US (\$)	TSHS
Trucks and trailers and others(pick ups)	692,800	1,134,488,000
Machineries and others	41,500	59,760,000
Office equipments	8,100	11,664,000
Computers	5,400	7,776,000
<b>Grand total (Exchange rate Tshs 1,640/\$)</b>	<b>747,800</b>	<b>1,226,392,000</b>

## 5.0 Project financing



The company activities have since been and still being financed by equity. And in the coming period, it is expected that the company activities will be financed by both equity and long term debt, in proportions of 55% and 45%, respectively

## 6.0 Problems and Solutions

In the implementation period at various stages, pile of problems affected both our projections of costs and contributed to some delays. The major problems encountered are:

### 4.1 Excise and import duties on imported capital/deemed capital goods.

We understood from the Income Tax Act of 1973 and as per VAT and Customs Tariffs Act, 1976 and VAT Act, 1997 and as Income Tax Act, 1973 that the companies would be exempted from excise and import duties on the above mentioned during the implementations period. However the Tanzania Revenue Authority (TRA) officers are delaying in honouring these exemptions and this has made project costs to go up significantly, deviating materially from initial estimates due to storages at the port.

### 4.2 Prolonged negotiations

**Negotiations with our suppliers take much longer time, resulting into unexpectedly high administration and finance costs of the project. A good example is just attached herewith proforma invoices to our suppliers HONGKONG DREAMTRUE GROUP CO. LIMITED, it take days/months, years to deliver Trailers, Tractors/Horse till it arrives at our destination port (Dar es Salaam) and at the end of the days as it goes through SWIFT messages etc, other factors involved here are like small translations on their side and so on, so all together resulting in frustrating the project missions, Therefore after several interventions via our Company Lawyers finally we have reached a strong solution and conclusions that there won't be any more delays, in other words business is back to normal.**

## 7.0 Future Plans (Planned activities for the Coming Period)

The development focus in 2020/21 will be on expanding the project capacity and strengthening of the ROAD haulage and other carriage activities to connect the country as a whole and surroundings, and the rest of East and Southern Africa regions

Together with local, regional and national government agencies and NGOs, DOW ELEF INTERNATIONAL has developed and adopted codes of conduct and operations practices that allow the company to execute upstream activity programs while protecting these vibrant working environments, creating a minimal footprint by employing the highest environmental standards in all aspects of operations.

The financial requirements for the extension period are projected as follows:

ITEM	US (\$)	TSHS
Project Vehicles	750,000	1,687,,500,000
Plant and Machinery	100,000	225,000,000
Office equipment	20,000	45,000,000



<b>Grand total (exchange rate 1 usd = tshs 2250)</b>	<b>370,000</b>	<b>1,957,500,000</b>
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### **8.0 Comments/Recommendations**

We humbly appreciate the TIC management tireless efforts in enabling both local and foreign investors enjoy the facility through different session of discussions and negotiations with Governments departments especially the Ministry of Finance and TRA all aiming at increasing the country GDP growth and as well as putting the country in WTO trade map.

