

# TAYBAT TANZANIA LIMITED

## BUSINESS PLAN FOR ESTABLISHMENT OF MIXED FARMING PROJECT FOR DATES, PALM, FISHING AND VANILLA



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## **PROJECT SUMMARY**

<b>1.1 APPLICANT</b>	TAYBAT TANZANIA LIMITED
<b>1.2 NATURE OF PROJECT</b>	MIXED FARMING (DATES, PALM, FISH AND VANILLA) PROJECT
<b>1.3 PROJECT SPONSOR</b>	TAYBAT TANZANIA LIMITED
<b>1.4 DATE OF INCORPORATION</b>	26TH OCTOBER 2021
<b>1.5 PROJECT LOCATION</b>	KIGONERA VILLAGE, UVINZA DISTRICT, KIGOMA REGION
<b>1.6 SIZE OF THE FARM</b>	120 ACRES
<b>1.7 OBJECTIVE</b>	APPLYING TIC CERTIFICATE

## **1.0 EXECUTIVE SUMMARY**

**TAYBAT TANZANIA LIMITED** is a private company limited by shares registered in Tanzania with certificate of changing name **No. 153482047** dated 26<sup>th</sup> October 2021, the main purpose is to engage in Establishment of mixed farming Project. Currently, the company has embarked on establishing a project aimed at cultivation of Dates, palm trees, fish and Vanilla at Kigonera Village, Uvinza District, Kigoma Region. This business plan has been prepared to establish the viability of the targeted products and guide the procurement, operational and marketing activities of the project. The plan establishes a strategic framework that provides a focus, direction and most importantly a common language that acts as a guide for all production, marketing/brand activities creating cohesive strategic alignment between the company mission, vision and goals.

Agriculture is the main stay of the country's economy and there is a growing demand of agricultural products as they provide basic necessity of life that every creature on earth depend on it for survival. There is even high demand for dates, fish and cooking oils in the country. This project wants to utilize this opportunity by establishing modern farms in Uvinza District where the project has been guaranteed by the Uvinza District Council to be given up to 120 acres of land with estimated production capacity of **725** tons per year. The planned activities will cater for the rising demand of Mixed Farming in the country and substantially contribute to the economy and employment creation in the country.

The company requires a total of **USD 911,000** that will be used to purchase agricultural machineries and equipment, land and buildings and raw materials at the beginning of the project. The financial analysis indicates the feasibility of the project as the company will be able to recover all the invested capital within first 4 years of operations and start making substantial profits from the 5th year on wards. The financing of the project is expected to be 100% equity financing. The project expects to employ at least 60 persons, majority being Tanzanians who shall be directly employed by the project, the project expects to create more than 200 indirect jobs through sales and commissioning agreements with local traders.

## **1.1 Vision, Mission and Core Values**

### **Vision**

Our vision is to emerge as the best practitioner in production, processing and distribution of Dates, Palm oil, fish and vanilla for the local, regional and foreign markets.

### **Mission**

Our mission is to provide professional commercial farming and processing through modern facilities and clean environment for production of high-quality palm cooking oil, Dates, vanilla and related products.

### **Core Values**

**Quality** – We strive to perform at an excellent level in everything we do. We are reliable. We are committed to producing and delivering products to the highest standard possible every time.

**Teamwork** - We work together collectively to achieve our common vision and goals.

**Honesty & Integrity** - We are truthful and our actions are consistent with our words. We are honest and direct in all of our communications.

**Respect & Dignity** - We demonstrate respect for and appropriate loyalty towards our customers, colleagues and suppliers.

**Innovation & Improvement** -We drive change and challenge the status quo to exceed our customers' expectation.

**Safety** – We are committed to the safety, wellbeing and security of the business, facilities, people whom we serve and our employees.

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## 1.2. Project Location

The project will be located at Kigonera Village, Uvinza District in Kigoma region, Tanzania involving 120 acres of land for the first phase and later the company may opt to increase the size of the land according to the needs. The area is accessible by road and has direct access to electricity and water necessary for the farms to operate. It is part of areas designated for investment by the Uvinza District Council.

## 1.3 The Project Sponsors

**TAYBAT TANZANIA LIMITED** will be sponsoring this project. The Company is jointly owned by two shareholders.

Name of shareholder	%of allotted Share	Nationality
Said Sulaiman Abdullah Al Sharji Email: x5mib78@gmail.com Tel: +255684149500	80	Oman
Hamed Said Sulaiman Al Sharji Email: x5mib78@gmail.com Tel: +255684149500	20	Oman

## 1.4 The Project Objectives

The focus of the projects is to produce and process palm oil for production of cooking oils, Cultivation of Dates for commercial purposes, Fish farming and Vanilla cultivation. The products are expected be sold within the domestic, regional and foreign markets. The products are expected to meet the rising demand in Dar es Salaam, other regions and nearby countries such as Burundi, DRC, Rwanda, Uganda and Kenya. We are also in business to make profits and at the same time to give our customers value for their money. We want to give people and businesses who patronize us the opportunity to be part of the success story of our business. Notably the business will focus on the following specific objectives;

- To ensure availability and reliability of high-quality of arboriculture;

- To employ at least 60 people and improve livelihood to the community through improved products and services;
- To generate sufficient income through sales to meet the needs of the owners and tax revenues to the government;
- To expand to a large scale of mixed farming with diversified products.

## 1.5 Objective of Study

The purpose of this study is to work out the project viability technically and financially.

## 1.6 The Project Rationale

The project is consistent with overall government economic policy and strategies on agricultural development, value addition and export markets. The project aims at contributing to the implementation of the country's strategic development framework as expressed in the Millennium Development Goals (MDGs), Tanzania Development Vision 2025, National Strategy for Growth and Reduction of Poverty (2005) popularly known by its Kiswahili acronym-MKUKUTA, Tanzania's Poverty Monitoring Master Plan and Kilimo kwanza initiatives.

The company has been guaranteed for land of 120 ha, the land is suitable for all crops including **horticultural** crops, livestock and fish farming, the land is suitable for mechanized farming and irrigation, to make project successful. The project will require the following infrastructure to mention few;

- Buildings
- Earth moving equipment
- Tractors
- Plough
- Harrow
- Planter
- Mowers

- Insecticide sprayer/duster
- Harvester
- Irrigation system
- Cold rooms
- Refrigerated trucks
- Packaging machines etc.

The project will increase the current crop production and increase exports.

### **1.7 Project Management and Manpower requirements**

For efficient planning, managing and running of project activities, the company will be under managing director assisted by Directors of Administration and Finance, Director of Farms, Production and Technology Development, Director of Business Development and Marketing. The project management will be answerable to board of directors who will be responsible for policy issues. TAYBAT TANZANIA LIMITED will create employments of **60** employees where it requires both skilled and unskilled.

### **1.8 Project description**

Proposal to establish mixed farm project will start with the cultivation of dates, palm oil and fish followed by vanilla, various vegetables, livestock keeping, value addition etc. At the beginning the project will involve 120 hectors of land where 50 hectares of dates, 50 hectare of palm oil, followed by other products. The project shall install modern equipment and facilities for processing, packaging and branding of Dates, palm cooking oil and Fish. The project will have the production capacity of 300 tons of Palm oil, 200 tons of dates and 225 tons of fish per year. It is expected that the project will be completed within five years' time and the company will apply to be exempted from paying import duty and VAT on Capital good and deemed capital good, the project will contribute significantly toward agriculture sector in Tanzania.

## **2.0 Business Environment**

The business may be affected by factors beyond owner's control, and these need to be taken into account before making any investment decision. The company has considered many opportunities and challenges that may arise out of the expected changes. Thus, analysis of business environment key factors is paramount to this plan in order to determine external factors and how they are likely to affect the project.

*Economically;* Tanzania is now experiencing economic growth whereby the purchasing power of people is increasing and people's interactions is increasing as trade grows in the East Africa and SADC regions. The country is highly improving business environment to encourage investors in various sectors where agriculture is one of the leading sectors which attracts the intention of the government in reducing post-harvest loss and improve livelihood of local farmers. The burning issue currently is the rate of inflation and continuous fall in domestic currency this would lead to increased cost of production as the price of fuels are rising. Issues like Common Market for the East Community are opening up business performance and later opportunities for exportation which necessitates expansion of production.

*Politically;* the political environment is conducive for the business operations. The current government regime is in support of industries. There have been adequate policies to support agricultural and industrial sectors as echoed in the National Development Vision 2025 (VISION 2025) which recognizes the leading role of the industrial sector in the process of transforming Tanzania's economy to a self-sustainable semi-industrial one by 2025. The Sustainable Industrial Development Policy 1996-2020 (SIDP) declared the government's decision to phase the public sector out of productive activities and allow the private sector to become the principal vehicle for economic growth.

*Social-Cultural:* The social aspect focuses on the forces within the society. Family, friends, colleagues, neighbors and the media are social factors. These factors can affect our attitudes, opinions and interests. So, it can impact sales of products and revenues earned. There is no doubt that the society is continually changing. The tastes and

preferences are a great example of this change for the Tanzanian culture. Most of Tanzanians currently are willing to pay a premium price for a product that satisfies their expectations. Demographically, the country is increasing in population where currently the country is estimated to have over 59 million people. The increase in population necessitates increase in products and services.

*Technological factors:* Technological factors are variables that are being used for evaluating available alternatives with respect to technological capabilities. Our company consider it as an important tool for improving operations and functions. Technological factors are one of various external environment factors that affect businesses greatly and are also an integral component of the **PESTLE analysis**. In the present scenario, utmost dependence on equipment, technological factors can have more effect on business operation and success globally than ever before. Furthermore, development of technology has also introduced digital marketing strategies through which companies are able to sell their products and services. Even the research and development R&D divisions in companies have changed its way of functioning and more advanced techniques in the development of products and services have been introduced only through technological advancements. *TAYBAT TANZANIA LIMITED* is constantly looking for development and updates within the technological environment. In this way, we do not only improve our operations but, we will also be well aware of business transformational phase. We will derive ground-breaking strategies to grow exponentially.

### **3.0 Industry Overview and Market Assessment**

Tanzania is located in East Africa and has a total area of 945,090 km<sup>2</sup>, of which 11.3% is arable land and is contained within a land boundary of 3,861 km and a 1,424-km coastline. The climate varies from tropical along the coast to temperate in highlands. Natural hazards include drought and flooding on the central plateau in the rainy season. The country's main geographic features are a coastal plain in the east, northern highlands along the border with Kenya, southern highlands near the Zambian border, and the semiarid central plains.

### **3.1. Dates Analysis**

According to data, Tanzania dates whole sales price it is estimated price in Tanzanian shilling is TZS 4,651.16 per kg. The average price for a tone is US\$ 2000 in Mwanza and Dar es Salaam. Dates is grown in three major Ecosystems rain-fed lowland, upland and irrigated area systems. In Tanzania dates is cultivated at minimum level of production particularly for domestic purpose therefore TAYBAT TZ LIMITED is intending to produce for commercial purpose.

Tanzania has large land resources suitable and abundant water resources (underground, rivers, and lakes) for irrigation. There is also clear political will of the government to enhance Dates production and productivity. There is currently a suitable policy environment, with tax exemption measures on the import of agricultural machinery and subsidies provided to farmers on agricultural inputs such as fertilizer and seed. The government is providing an enabling environment for the private sector to participate more strongly in agricultural production, processing, and marketing.

#### ***3.1.2 Production Season***

According to Date palm Research and Development Programme, the critical factor is to transplant the young tissue culture date palms or offshoots at that time of the year that will ensure a good survival rate and proper establishment before the beginning of a "hard" season.

In most of the date regions in the northern hemisphere, spring and autumn are preferred for the planting out of tissue culture-derived date plants or offshoots. Spring avoids the cold of winter and takes advantage of the warm weather that encourages rapid growth, while autumn gives the young shoot a longer time to establish itself before the heat of summer. Each of the two seasons, however, has its corresponding disadvantage; spring, the early approach of the great heat, and autumn, the early approach of the cold.

In the southern hemisphere the best time of establishment is during autumn (February/March) because of the following reasons:

- Winters are relatively frost free,
- Very high summer temperatures,
- Strong, dry winds during August-January, and
- Sand storms during the summer.

In areas without extreme dry, hot summers and with severe frost during winter it is recommended to plant during August/September or at a time safe from the occurrence of frost.

### **Image 1: Dates plantation**



#### ***3.1.3 Dates estimated Yields***

The project expects to hire about 50 hectares during first year of its implementation by buying 4,000 seedlings of dates. In the subsequent years, the project shall acquire land suitable for production of dates and other crops.

#### ***3.1.4 Dates production and Demand***

Dates is the major cash crops grown in some parts of Tanzania. Productivity and production are both low due to several factors among others are inadequate knowledge on principles and practices for producing crops. Sustainable and high yields can be obtained through properly planned agronomic practices in well managed production environment, particularly moisture and soil fertility, good land preparation, good seed, fertilizer application, weeding, and pest management.

Tanzania's Dates value chain is disaggregated and disorganized. Although this works against the interest of most farmers, there are some traders and processors in the middle who do well. The situation can be improved, as most of the elements for potential success are known and available, even if not yet well established in Tanzania. For example, appropriate dates varieties do exist, as do the necessary inputs, the agronomic technologies, the models for farmers' organizations, market information systems and potential markets. These now need to be organized, mobilized and applied in a manner that makes money for the Tanzanian farmer and the whole nation.

### ***3.1.5 Dates production Opportunity***

According to COAG 2020/2021 (Committee On Agriculture) There are some challenges related to the sustainable production of dates, including pest and disease control and access to high quality planting materials from trusted sources (offshoots and *in vitro* propagated plants). For example, the red palm weevil (*Rynchophorus ferrugineus*) is a highly invasive and destructive enemy of date palms. This pest was introduced to the Near East in the 1980s through the importation of ornamental palms and subsequently spread to parts of Africa, the Caucasus, the Mediterranean and the Balkans. There are other non-arthropod pests (i.e. other than insects or mites) potentially damaging date palms, including vertebrates (birds, rodents, bats) or invertebrates (snails and nematodes). Vertebrate pests can cause substantial damage to date fruits in the field and during storage. Rats for instance can cause up to 30 percent damage to the fruits (during storage and on the trees). Rats can also damage the roots of the trees, tender shoots and inflorescences. Frugivorous bats can also seriously damage date fruits. Many species of nematodes are usually found in the rhizosphere of date palm inflicting serious damage to the root system. Snails are potential pests of young date palm offshoots under conditions of high humidity.

Nevertheless, opportunities exist for the expansion of date palm cultivation areas, as well as undertake efforts to improve germplasm, develop income-generating activities, promote sustainable mechanization, etc. The crop can be an important source of income, particularly for youth and women involved in the agribusiness system existing within an

oasis that includes by-products of date palm. Moreover, as indicated above, date palms are highly tolerant to dry and hot climatic conditions that could also be induced and/or exacerbated by climate change in drylands. Cultivation of date palm through the application of sustainable crop, soil and water management techniques could thus support the development of resilient farming systems that are adapted to climate change.

## **3.2 Palm Oil Analysis and Production**

According to the Tanzania Investment Centre (TIC) and East Africa Trade and Investment Hub (EATIH) report of 2019, the main source of palm oil in Tanzania is Kigoma, where palm trees date back to 1920s. Kigoma region accounts for over 65% of palm oil produced in the country, the remaining 35% comes from Kyela district, Mbeya region.

During 2018/19 agricultural season, oil palm production was mainly recorded from five regions of mainland Tanzania. A total of 25,773 operators were engaged in oil palm production. The total area planted with oil palm was 9,742 ha of which 7,717 ha were harvested (79.2 percent of planted area).

Palm oil production in Kigoma region has faced several challenges for the last 100 years hence its demise. The problems include low productivity, lack of stable investment and weak market functions with private investors abandoning their farms due to unpredictable returns.

There are many (other than Kigoma, Mbeya and Pwani) suitable for oil palm production in Tanzania. Areas that have the potential to grow oil palm include: Tabora (Urambo & Kaliua), Katavi, Morogoro, Tanga, Lindi, Mtwara, Kagera and Mbeya (Kyela).

### ***3.2.1 Palm oil Demand***

In 2016, the global production of palm oil was estimated at 62.6 million Tons, 2.7 million Tons more than in 2015. The palm oil production value was estimated at US\$39.3 billion in 2016, an increase of US\$2.4 billion (or +7%) against the production figure recorded in the previous year<sup>10</sup>.

Between 1962 and 1982 global exports of palm oil increased from around half a million to 2.4 million Tons annually and in 2008 world production of palm oil and palm kernel oil amounted to 48 million Tons.

The global production of palm oil is expected to grow to around 73.5 million metric tons in the marketing year 2018/2019, up from approximately 70.5 million metric tons in 2017/2018. In that period, Indonesia and Malaysia were the leading exporters of palm oil worldwide.

According to FAO forecasts by 2020 the global demand for palm oil will double, and triple by 2050.

### ***3.2.2 Harvesting and Yields of Palm Oil***

Oil palm is a tropical tree crop which is mainly grown for its industrial production of vegetative oil. It is a typical crop of the rainy tropical lowlands. The tree requires a deep soil, a relatively stable high temperature and continuous moisture throughout the year. Soil fertility is less important than physical soil properties. Dry periods of more than 2-3 months do not specifically damage vegetative growth but affect seriously the production and quality of the fruit bunches. Oil palm yield is not only determined by vegetative growth and production, but also by the way and pests and diseases can be controlled or eradicated.

For optimal growth and production, the crop requires a high and year-round rainfall with little or no dry season and stable high temperatures; soils should be deep and well drained. The crop grows mainly in tropical lowlands below 400 m altitude, originally covered by a dense rainforest. Dry spells or temperatures below 18°C do not affect vegetative growth but reduce yield. Fertilizer demands are moderate compared to other industrial crops and are mainly for compensating the nutrients harvested in the fruit bunches. The crop is sensitive to many pests and diseases.

Oil palm is now the most important supplier of vegetable oil in the world. There are 3 oil palm varieties: Dura, Pisifera and Tenera, with the latter being mainly selected for economic production – whereby, in most plantations in Tanzania, the Dura variety occupies 85% of oil palm trees, Tenera (14%) and Pisifera (1%).

The oil palm seed is such that, the oil is concentrated in the fruit bunches, composed of a fresh fruit pulp, and in the fruit kernels. Oil content in the fruit pulp is about 50-60% or 20- 22% of bunch weight; oil content in the fruit kernels is 48-52% or 2-3% of bunch weight. Fresh fruit bunches once harvested must be treated in an oil mill within 24 hours to avoid that oil quality decreases.

### ***3.2.3 Planting***

In Kigoma, oil palm is planted at a spacing of 9 x 9 m – hence making about 50 oil palm plants per acre (143 trees per hectare – using the triangular planting style). For each acre of oil palm, which is harvested year-round, the annual production averages 7-8 litres of palm oil/year for one Dura plant, and 28 litres/year for one Tenera plant.



Image 2: The Kwitanga Prison's Oil Palm Plantation in Kigoma, Tanzania

### ***3.2.4 Palm Oil Market***

Tanzania is not yet in the list of palm oil producing countries in the world. However, experts have documented that Tanzania has the best oil palm parent stock, and such famous countries like Malaysia and Indonesia, sourced their first seeds from Kigoma, typically - the government is preparing conditions for entering the agrofuel business, mostly involving sugarcane, jatropha and oil palm.

In 2006, the Government of Tanzania created the National Biofuels Task Force to promote development of the sector. The goals of the taskforce include:

1. a) Designing biofuels policies and regulations suitable for Tanzanian conditions (e.g. mandate, obligation, tax breaks, enabling fuel standards)
2. b) Ensuring co-operation between Ministries involved in the development of biofuels policies
3. c) Acting as an information channel between Government and biofuels stakeholders
4. d) Designing financing options (e.g. capital allowances, tax breaks) and set-up incentives for  
  
(local and foreign) investors
5. e) Securing international funding for biofuel development, such as the EU Partnership

Dialogue Facility, the FAO International Bioenergy Programme, and the G8 Global Bioenergy Partnership.

According to a paper presented in 2009 in Nairobi by the Ministry of Agriculture, Food Security and Cooperatives (Tanzania Government Perspective on Biofuels), the 'Areas Earmarked for Biofuels Crops Production' include oil palm in Kigoma and in Ruvuma, near the border with Mozambique. However, various projects appear to show that oil palm plantations will be established in many locations throughout the country.

### **3.3 Fish Analysis and Production**

The fisheries sector is among the important economic sub sectors of the economy in Tanzania. The sector provides substantial employment, income, livelihood, foreign earnings and revenue to the country. The export levels indicate high production possibilities in the country.

The industry employs more than 4,000,000 people engaged in fisheries and fisheries related activities while more than 400,000 fisheries operators are directly employed in the sector. In 2009 the fisheries sector contributed 1.3% to GDP, the per capita fish consumption is 8.0 kilogram and about 30% of animal protein consumption in Tanzania is from fish. Tanzania is well endowed with abundant natural resources from aquatic resource base.

The total inland water area covers nearly 61,500 Km<sup>2</sup> or about 6.5 per cent of the total land area. The total water area is 62,000 Km<sup>2</sup> distribution of which is as follows; 35,088 Km<sup>2</sup> - Lake Victoria, 13,489 Km<sup>2</sup> -Lake Tanganyika, 5,760 Km<sup>2</sup> -Lake Nyasa, 3,000 Km<sup>2</sup> -Lake Rukwa, 1,000Km<sup>2</sup> -Lake Eyasi, and 1,000Km<sup>2</sup> other small water bodies. Most of these water bodies have substantial fisheries resources. On the marine side the country has a Territorial sea of about 64,000 Km<sup>2</sup> and a coastal line of 1,424 Km's. The Exclusive Economic Zone (EEZ) is up to 200 nautical miles covering an area of 223,000 Km<sup>2</sup> providing the country with additional marine area and fisheries resources.



**Image 3: showing Fishing Activities**

### ***3.3.1 Fish Demand***

Tanzania is rich in fisheries resources from marine, freshwater, rivers and wetland species. However, the sector faces a shortage of fish supply. According to the Ministry of Livestock and Fisheries Tanzania's fisheries production has been in the range of 325,000 to 380,000 tonnes per annum while the demand is over 700,000.

Tanzania is well endowed with abundant natural resources from aquatic resource base. The total inland water area covers nearly 61,500 km<sup>2</sup> or about 6.5 per cent of the total land area. The total water area is 62,000 km<sup>2</sup> distribution of which is as follows; 35,088 km<sup>2</sup> - Lake Victoria, 13,489 km<sup>2</sup> Lake Tanganyika, 5,760 km<sup>2</sup> Lake Nyasa, 3,000 km<sup>2</sup> Lake Rukwa, 1,000km<sup>2</sup> Lake Eyasi, and 1,000km<sup>2</sup> other small water bodies. Most of these water bodies have substantial fisheries resources. On the marine side the country has a Territorial sea of about 64,000 km<sup>2</sup> and a coastal line of 1,424 kms. The Exclusive Economic Zone (EEZ) is up to 200 nautical miles covering an area of 223,000 km<sup>2</sup> providing the country with additional marine area and fisheries resources.(National economic survey,2009)

### ***3.3.2 Fish Market***

Tanzania primarily produces wild fish along its coast and in Lake Victoria – the world's second largest freshwater lake. Fisheries are important to Tanzania's economy, providing employment, income, and foreign export revenue. The sector is responsible for over 4 million jobs (about 35% of the 14 million in rural employment) and contributes about 1.4% to the country's Gross Domestic Product (GDP) [7, 10, 11]. Although the fisheries sector grew by 5% in 2008, its growth declined to 2.7% in 2009 and has continued declining since. In 2013, it experienced the lowest growth rate compared to all other sectors of the Tanzanian economy (2.2%). The relationship between economic growth and nutritional status is strong: vitamin and mineral deficiencies have been linked to about \$390 million in annual revenue loss or 2.65% of the GDP.

## **4.0 TARGET MARKETS AND THEIR CHARACTERISTICS**

When it comes to selling of mixed farm product, there is indeed a wide range of available customers. In essence, our target market can't be restricted to just a group of people or organization, but all those who reside in our target market locations. In view of that, we have conducted our market research and we have ideas of what our target market are expecting from us. We are in business to engage in the production and wholesale distribution of palm oil, dates, vanilla, fish farming products the following groups of organizations;

- Local traders.
- Large organizations that buy in bulk for storage and distribution to their networks
- Manufacturers that make use of palm oil as part of their raw materials.
- Direct consumers.

### **4.1 Market Size**

Our feasibility field survey indicates that; the market is poised to keep on growing as population grows. Highest demand comes from local traders and the larger part will be for international market where the company has already established market in UAE. The production is expected to be done each month after harvesting starts.

### **4.2 SWOT ANALYSIS**

**TAYBAT TANZANIA LIMITED** has conducted a thorough SWOT analysis that will help us achieve our business goals and objectives. This is the summary of the SWOT analysis that was conducted. The analysis is carried out to assess the strength that the business can leverage on, and then assess its weaknesses that need to be improved. In this part also potential opportunities are identified and how the business can utilize these opportunities. Lastly, the business has identified potential threats and challenges that are likely to face the business and the workable mitigation plans.

**Strengths:** Part of what is going to count as positives *Taybat Tanzania Limited* is the vast experience and knowledge of our management team; we have people on board and the company intend to hire people who are highly experienced and who understand how to

grow business from the scratch to profitability. So also, our distribution network and of course our excellent customer service culture will definitely count as a strong strength for the business.

***Weakness:*** A major weakness that may count against us is the fact that we are still at infancy stage of agricultural production and manufacturing plants in the country; and we don't have the financial capacity to engage in the kind of publicity that we intend giving the business.

***Opportunities:*** Rising in population and regional trade arrangements opens up a huge opportunity to our business. We only need to position our business to take advantage of the existing market to create our own new market. We know that it is going to require hard work, but we are determined to achieve it.

***Challenges/Threats:*** We are quite aware that just like any other business, one of the major threats that we are likely going to face is economic downturn and unfavorable government policies. It is a fact that economic downturn affects purchasing power. Another threat that may likely confront us is the likelihood of other companies to establish similar businesses where we are. However, we understand on how to position ourselves in the market, at the same time making sure that our products meet the demand requirements.

### **4.3 Marketing, Distribution and Communication Strategy**

Various methods of marketing mix will be used to curb the existing and potential weaknesses and challenges/threats while utilizing the arising opportunities and leveraging on the key strengths of the company.

**Pricing:** The objectives of price strategy depend on a number of factors such as business economic and marketing objectives. Price setting can be based on cost or market based. With demand and competition orientation concepts, a fair price can be set which customers are willing to pay at the same time covers operational costs with some profit margin. Our products will be competitively priced in relation to the dictates of the market. Due to the introductory nature of our products we intend to implement a

penetration pricing strategy which will ensure that potential customers are not frightened away by our prices, up until our products are appreciated and fully operational. In this case our products will be priced a bit cheaper. However, this will dictate that our costs are prudently kept so as to ensure our financial goals come to fruition.

**Distribution:** TAYBAT TANZANIA LIMITED has arranged to start operations by looking at the most convenient market segment. The main targeted market is selling the products to identified wholesalers in all selected regions. This helps to save time and cost of establishing shops at the start. After production expansion, distribution shall be done through company vehicles distributed monthly and regular follow-up shall be made. While for other customer segments, online marketing shall be fully applied to contact potential customers and make orders online. However, the company shall mainly focus to engage agents for distribution (wholesaler) in strategic regions such as Dar es Salaam, Mwanza, Dodoma, Mbeya and Arusha.

**Promotion:** A word of mouth has been the major promotion strategy for the business. This strategy is cheap and the product can effectively describe itself as it is clean and self-sufficient. The company shall make use of the trade fair and exhibitions in the country that will help to promote the products. The company will also be printing t-shirts and fliers as a communication strategy and promotional tools. The official website/ blog will be launched and maintained by outsourcing IT technicians. This strategy will help to promote the company in foreign market.

#### **4.4 Monitoring and Evaluation**

The Management has full commitment to ensuring good quality of agricultural produces from TAYBAT TANZANIA LIMITED use of new technology in agriculture and value addition will be more emphasized. Thus, the management philosophy is through business process, management will strive to ensure compliance to standards and quality of produce.

## 5.0 Project Investment Cost

The project is still at the initial stages; require some investments in terms of fixed assets, labor and materials. The Project has already obtained required documentations to allow its implementations. Some preliminary costs such as land acquisition and grounds for farms has started. The details of the requirements are explained in table below. The estimated capital investment cost of the project is US\$ **911,000**

### TAYBAT TANZANIA LIMITED COST STRUCTURE

<b>PARTICULAR</b>	<b>US\$</b>
Land and Buildings	250,000.00
Machinery & Equipment	200,000.00
Motor Vehicles	200,000.00
Furniture & Fixtures	2,000.00
Pre exp	5,000.00
Others	4,000.00
Working Capital	250,000.00
<b>TOTAL</b>	<b>911,000.00</b>

For the project to be a reality a total investment amounting to US \$911,000 is needed

#### (i) Land and Building

The project has estimated land and buildings for the whole project to cost US\$ 250,000

#### (ii) Motor Vehicles

The project will need refrigerated trucks, and one pick up, one tractor, etc., these vehicles will be used to facilitate project business activities and been budgeted to cost US\$200,000

#### (iii)Machines and Equipment

This investment cost item has been estimated to cost US \$200,000. It will consist of machines and other agricultural equipment, etc.

**(iv)Initial Working Capital**

Assumptions for working capital requirements, it is estimated that it will cost US\$ 200,000

**(v) Furniture**

The company has estimated furniture to cost US\$ 2000

**(vi)Pre-production and other cost**

Pre-production expenses has been budgeted to cost US\$ 5000 and other cos US\$ 4000

**5.1 Financing Pattern**

The project will be financed by equity US\$911,000 and cash generated from business

**5.2 Project Operating Costs**

The estimated total operating cost is 490,400.00USD In order to realize its intended objective, the project will have to meet the following operating costs.

**Schedule 7.2: Operating cost**

Administrative Expenses	14,000.00
Seed	24,000.00
Machine running cost	24,000.00
Motor vehicle running expenses	12,000.00
Salaries and Wages	108,000.00
Donation	4,000.00
Depreciation	46,200.00
Marketing Costs	10,000.00
Interest	36,000.00
Maintenance & Repair	24,000.00
Utility costs	15,000.00
Insurance	100,000.00
Communication	5,400.00
Other cost	10,000.00
Pension Contribution	10,800.00
<b>Depreciation</b>	<b>47,000.00</b>
<b>TOTAL</b>	<b>490,400.00</b>

## **6.0 Financial Analysis**

### **6.1 Considerations and Assumptions:**

The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. The capital assets are exempted from custom duty and Value Added Tax. The straight-line method to depreciate the project's capital items has been applied.

Revenues have been conservatively estimated based on experience of the promoters and trends in the agriculture industry. The financial assumptions will also include issues on credit sales, payments of interest rates, taxes and other levies. From the beginning, we recognize that payment terms and hence collection days are critical, but not a factor we can influence easily. At least we are planning on the problem, and dealing with it. Interest rates, tax rates, and personnel burden are based on conservative assumptions. Some of the more important underlying assumptions are:

- We assume a strong economy, without major recession.
- We assume, of course, that there are no unforeseen changes in economic policy to make our service immediately obsolete or unwanted.
- We assume an inflation rate of 5% yearly.
- Maintenance costs 5% of Property Plant and Equipment

Corporate tax is 30% of Net Income

### **6.2 Sources of Funds**

The project financing shall come from owners' equity (100%). The owners have already committed some funds into the project for land acquisition and preliminary costs of the project.

### **6.3 Financial Statements**

#### **6.4 Projected Profit and Loss Statement**

The Income and Expenditure Statement shows the projected income for the 8 years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. US\$102,840.00 in first year to US\$ 2,351,187.45 in the 8year, for the details refer appendix (I)

## **6.5 Projected Cash Flows**

This is shown in the financial statements. The project cash rise from US\$437,160 in the first year to US\$3,130,040 in 8th, for the details refer appendix (II)

## **6.6 Projected Balance Sheet**

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Shareholder's equity increases from US\$911,000 in first year up to US\$ 3,399,307 in 8<sup>th</sup> year of project operation, **for the details refer appendix (I11)**

## **6.7 Projected payback period**

Total investment is US\$911,000 cash accumulation in year 4 is US\$ **1,138,662.84** which is more than the initial investment by US\$ **227,662**, the project payback Period is within 4years, **for the details refer appendix (IV)**

## **6.8 Projected Risks**

Since the project will be using irrigation scheme; no major risks have been identified for this kind of project so far. Unless a change in the country's political and economic stability and global changes affect agribusiness global market

## **6.9 Implementation**

Project implementation is expected to be relatively very short once TIC approval is received. Currently, the company is finalizing negotiations with machines and equipment suppliers

## **7.0 Economic Aspect of the Project**

### **7.1 National economic and social Benefits**

The economic and social impact of establishing the proposed project to Tanzania is expected to be positive. This positive impact is expected to be direct and indirect as explained below:

### **(i) Direct economic impact**

Direct positive economic impact is expected to come from three factors, namely,

- (a) Tax payments to the government
- (b) Foreign currency savings,
- (c) Employment opportunities generation; 60 direct jobs expected to be created.
- (d) Technology transfer.

### **(ii) Indirect economic (job creation)**

In addition to the direct employment opportunities that the proposed project is expected to generate, its operations are expected to boost operations of their distributors and suppliers of goods/services that the project will need to sustain its operations. With the increase in the activities of these suppliers, there is great likelihood that the increase will create additional employment opportunities in their businesses.

### **(iii) Corporate Social Responsibility**

The project is also expected to operate as a responsible corporate citizen by fulfilling some of its corporate responsibilities such as assisting some of the disadvantage communities by way of donations, starting from the communities living near the factory.

## **8.0 Conclusion & Recommendation**

### **8.1 Conclusion**

- (i) The project is profitable and contributes to government revenue by way of taxes.
- (ii) The project provides employment to 60 people.
- (iii) The project is an encouraging sign to prove that we have investors who have confidence with Tanzania and are ready to invest such large sums of investment despite the odds of the sector in question.

### **9.0 Recommendation**

After the foregoing economic and financial evaluation of the project, we strongly recommend that this project be implement and be given all the support required by all the concerned Government Ministries and Agencies, including the Tanzania Revenue

Authority, TRA and the Tanzania Investment Centre – (TIC). The project deserves this support because of its viability, since it is technical feasible, economically viable and socially acceptable.

## Appendix (I)

### TAYBAT TANZANIA LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT (US\$)

	1	2	3	4	5	6	7.00	8
Revenue	1,500,000.00	1,605,000.00	1,717,350.00	1,837,564.50	1,966,194.02	2,103,827.60	2,251,095.53	2,408,672.21
<b>Operating Expenses:</b>	900,000.00	963,000.00	1,030,410.00	1,102,538.70	1,179,716.41	1,262,296.56	1,350,657.32	1,445,203.33
<b>Profit before Depreciation &amp; Interest</b>	540,000.00	577,800.00	618,246.00	661,523.22	707,829.85	757,377.93	810,394.39	867,122.00
<b>Depreciation</b>	17,200.00	18,404.00	17,200.00	17,200.00	17,200.00	17,200.00	17,200.00	17,200.00
<b>Gross Profit</b>	342,800.00	366,796.00	394,964.00	423,815.48	454,686.56	487,718.62	523,062.93	560,881.33
Tax (30%)	102,840.00	110,038.80	118,489.20	127,144.64	136,405.97	146,315.59	156,918.88	168,264.40
<b>Profit After Tax</b>	239,960.00	256,757.20	276,474.80	296,670.84	318,280.59	341,403.04	366,144.05	392,616.93
Accumulated Profit	102,840.00	359,597.20	636,072.00	932,742.84	1,251,023.43	1,592,426.47	1,958,570.52	2,351,187.45

## Appendix (II)

### TAYBAT TANZANIA LIMITED PROJECTED CASH FLOW US\$

	0	1	2	3	4	5	6	7	8
<b>SOURCES:</b>									
Profit before interest and depreciation	0	540,000.00	577,800.00	618,246.00	661,523.22	707,829.85	757,377.93	810,394	867,122
Equity	911,000.00								0.00
<b>Total Sources</b>	<b>911,000.00</b>	<b>540,000.00</b>	<b>577,800.00</b>	<b>618,246.00</b>	<b>661,523.22</b>	<b>707,829.85</b>	<b>757,377.93</b>	<b>810,394</b>	867,122.
<b>Applications:</b>									0.00
Capital expenditure	652,000.00	-	-	-	-	-	-	-	0.00
working Capital & Others	259,000.00								0.00
Cash	0	437,160.00	467,761.20	499,756.80	534,378.58	571,423.88	611,062.34	653,475	698,857
Tax	-	102,840.00	110,038.80	118,489.20	127,144.64	136,405.97	146,315.59	156,918	168,264
<b>Sub total</b>	<b>911,000.00</b>	<b>540,000.00</b>	<b>577,800.00</b>	<b>618,246.00</b>	<b>661,523.22</b>	<b>707,829.85</b>	<b>757,377.93</b>	<b>810,394</b>	<b>867,122</b>
<b>Total applications</b>	<b>911,000.00</b>	<b>540,000.00</b>	<b>577,800.00</b>	<b>618,246.00</b>	<b>661,523.22</b>	<b>707,829.85</b>	<b>757,377.93</b>	<b>810,394</b>	<b>867,122</b>
Accumulated cash		437,160.00	904,921.20	1,404,678.00	1,939,056.58	2,510,480.46	<b>757,377.93</b>	<b>2,431,183</b>	3,130,040

## Appendix (III)

### TAYBAT TANZANIA LIMITED PROJECTED BALANCE SHEET (US\$)

	0	1	2	3	4	5	6	7	8
<b>Fixed Assets</b>	-								
Opening balance	-	<b>652,000.00</b>	<b>634,800.00</b>	<b>617,600.00</b>	<b>600,400.00</b>	<b>580,200.00</b>	<b>560,000.00</b>	539,800	519,600
<b>Total Long-term Assets</b>	-	<b>652,000.00</b>	<b>634,800.00</b>	<b>617,600.00</b>	<b>600,400.00</b>	<b>580,200.00</b>	<b>560,000.00</b>	<b>539,800</b>	<b>519,600</b>
<b>Less depreciation</b>	-	<b>17,200.00</b>	<b>17,200.00</b>	<b>17,200.00</b>	<b>17,200.00</b>	<b>17,200.00</b>	<b>17,200.00</b>	17,200	17,200
<b>Closing balance</b>	-	<b>634,800.00</b>	<b>617,600.00</b>	<b>600,400.00</b>	<b>583,200.00</b>	<b>563,000.00</b>	<b>542,800.00</b>	-	-
Working capital	259,000.00	259,000.00	259,000.00	259,000.00	259,000.00	259,000.00	259,000.00	259,000	259,000
Accumulated cash	-	437,160.00	904,921.20	1,404,678.00	1,939,056.58	2,510,480.46	757,377.93	2,431,183	3,130,040
<b>Total assets</b>	<b>259,000.00</b>	<b>1,330,960.00</b>	<b>1,781,521.20</b>	<b>2,264,078.00</b>	<b>2,781,256.58</b>	<b>3,332,480.46</b>	<b>1,559,177.93</b>	<b>2,690,183</b>	<b>3,389,040</b>
Financed by									
Equity	911,000.00	911,000.00	911,000.00	911,000.00	911,000.00	911,000.00	911,000.00	911,000	911,000
Accumulated profit	-	239,960.00	496,717.20	773,192.00	1,069,862.84	1,388,143.43	1,729,546.47	2,095,690	2,488,307
Total equity	911,000.00	1,150,960.00	1,407,717.20	1,684,192.00	1,980,862.84	2,299,143.43	2,640,546.47	3,006,690	3,399,307

## Appendix (IV)

### TAYBAT TANZANIA LIMITED PROJECTED PAYBACK PERIOD

<b>Year</b>	<b>Profit After Tax</b>	<b>Depreciation</b>	<b>Total Cash Flow</b>	<b>Accumulated Cash Flow</b>
1	<b>239,960.00</b>	<b>17,200</b>	<b>257,160</b>	257,160.00
2	256,757.20	<b>17,200</b>	<b>273,957</b>	531,117.20
3	<b>276,474.80</b>	<b>17,200</b>	<b>293,675</b>	824,792.00
4	<b>296,670.84</b>	<b>17,200</b>	<b>313,871</b>	1,138,662.84
5	318,280.59	<b>17,200</b>	<b>335,481</b>	1,474,143.43
6	341,403.04	17,200	<b>358,603</b>	1,832,746.47

## Appendix (V)

### TAYBAT TANZANIA LIMITED PROJECTED COST STRUCTURE

<b>PARTICULAR</b>	<b>US\$</b>
Land and Buildings	250,000.00
Machinery & Equipment	200,000.00
Motor Vehicles	200,000.00
Furniture & Fixtures	2,000.00
Pre exp	5,000.00
Others	4,000.00
Working Capital	250,000.00
<b>TOTAL</b>	<b>911,000.00</b>

