TANZANIA ROAD HAULAGE (1980) LIMITED

BUSINESS PLAN FOR DEVELOPMENT OF DRY PORT

Plot 37 Kurasini Industrial Area, Temeke, Dar Es Salaam

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1.0 INTRODUCTION

TANZANIA ROAD HAULAGE (1980) LIMITED is a company Incorporated in Tanzania with a certificate of change of name No. 7750 dated 21st June 1980. The board of directors of TANZANIA ROAD HAULAGE (1980) LIMITE are well-known business persons in Tanzania providing warehousing and logistical services locally as well as transit goods, especially bulk cargo services. The project intends to develop and operate **dry port** at **Plot 37 Kurasini Industrial Area, TEMEKE, DAR ES SALAAM.**

To achieve this, **TANZANIA ROAD HAULAGE (1980) LIMITED** is investing and seeking finances to develop the project that will competitively take advantages of the nature and location of the area.

TANZANIA ROAD HAULAGE (1980) LIMITED is a limited company, with principal offices located in Kurasini, Dar es Salaam. The management of **TANZANIA ROAD HAULAGE (1980) LIMITED** is highly experienced internationally and locally.

1.2 SERVICES

TANZANIA ROAD HAULAGE (1980) LIMITED is a company comprising of two shareholders. The company intends to promote customs clearance and maintenance of containers and other valued added services provided at dry port. The business plan lays down goals and the tasks of the company to ensure it follows and fulfills all conceived projects.

TANZANIA ROAD HAULAGE (1980) LIMITED intends to promote warehousing and logistical services locally as well as transit goods especially bulk cargo services at competitive rates at Kurasini Industrial Area. The project will employ the requisite market technology in accordance to the existing international standards. The project will operate

and develop dry port. The company's overall strategy will be based on a continuing improvement process of setting objectives, measuring results, providing feedback to facilitate further development and growth.

Basically, the critical purpose of the planned project is to operate and develop high and quality dry port at very affordable rates on Plot No. 37, Kurasini Industrial Area, Temeke, Dar es Salaam. The project will employ top contractors who possess the necessary experience in accordance with laws governing the construction industry in Tanzania.

1.3 MISSION

The mission of **TANZANIA ROAD HAULAGE (1980) LIMITED** is to provide quality services to businesses at competitive rates in Tanzania.

1.4 THE PROJECT PROMOTERS

The project is being promoted by **TANZANIA ROAD HAULAGE (1980) LIMITED**, a private company registered under the Companies Act 2002, the company is owned by two shareholders.

Shareholders names	% of ownership	Nationality
Anverali Rajabali Dharamsi	50	Tanzania
Zainab Anveral Rajabali Daramsi	50	Tanzania

1.5 LOCATION

The project is located at **Plot 37 Kurasini Industrial Area, TEMEKE, DAR ES SALAAM**. The premises have adequate space for the project, offices, parking yard. The location is ideally suited for the business operations center of the project because it is easily accessible, its infrastructure is highly developed and it is located within Dar es Salaam Port.

2.0 THE TARGET MARKET

The target market for the dry port includes businesses and/or institutions that import merchandise from abroad and sell with the country or keep in transit goods for surrounding land locked countries and exporters.

3.0 FINANCIAL CONSIDERATIONS

TANZANIA ROAD HAULAGE (1980) LIMITED expects to be profitable during its operations. Despite initial large outlays in cash to conduct the pre-construction including obtaining the required permit for the construction of the property, the company's cash flow is expected to be healthy. The investment will cost approximately USA $ 7, 480,000 s shown below:

TANZANIA ROAD HAULAGE (1980) LIMITED COST STRUCTURE

PARTICULAR	
Land and Buildings	1,500,000.00
Machinery & Equipment	2,000,000.00
Motor Vehicles	380,000.00
Furniture & Fixtures	50,000.00
Pre expenses	50,000.00
Others	20,000.00
Working Capital	1,000,000.00
TOTAL	7,480,000.00

4.0 THE DESCRIPTION OF THE PROPERTY

The design of the property takes into consideration good facilities and reliable utility services. The project has taken into account the necessary management required by customers. The Inland Container Depot (ICD) will also have security, cleanness services and other basic services required by customers.

4.1 THE DRY PORT CONCEPT

. Background of the Concept of Dry Port

An inland terminal serving a port was initially called a “dry port”.

The first studies concerning inland terminals date back to the early 1980s. In his work, Munford addresses the issue of increasing congestion in port gates. The expression “dry port” is initially used in order to describe a facility primarily directed at solving this problem, by re-distributing flows of goods arriving by sea. The United Nations Conference on Trade and Development—UNCTAD the following definition: “An inland terminal to which shipping companies issue their own bill of lading for import cargoes assuming full responsibility of cost and conditions and from which shipping companies issue their own bill of lading for export cargoes”.

However, there seems to be no exact or at least univocal definition for an inland terminal.

The latter is, in fact, part of a far wider category, comprising logistics facilities of various kinds and sizes, which are not necessarily a constituent or part of a port cluster: dry port, inland terminal, inland port, inland hub, inland logistics center and freight village. Historically, the first freight villages were established in France in the early 1960s . A freight

village has been defined as an area organized for carrying out all activities related to transport, logistics and distribution of goods, both at a domestic and international level, which are performed by various operators. Specifically, a freight village belongs to the category called "*interporto*" in Italy.

A common denominator for the above-mentioned facilities is that they provide a more or less ample and specialized variety of logistics services. In this regard, an "*interporto*" is maybe the organically most complex facility among them, just as is presumed by the more exhaustive definition of it provided by Italian law . In the following years, scientific literature used various methodologies in order to define inland structures. During the nineties of last century, for example, Beresford and Dubey used the expression "dry port" for defining tax warehouses. These authors described the aspects concerning incorporation, and even the services a "dry port" should provide, particularly customs services, but they did not further specify kinds of connections and relationships with ports.

Slack contributes by stressing the relevance of intermodal transport for the development of inland structures, which are entrusted with an inland transshipment task. He points out satellite terminals as the solution for port congestion and lists four logistics functions they may not ignore: modal transfer between two transport modalities; consolidating goods for transport preparation; stocking goods waiting for shipment; delivery to the recipient.

Jaržemskis and Vasiliauskas describe a dry port as "a port situated in the hinterland servicing an industrial/commercial region connected with one or several ports by rail and/or road transport and offering specialized

services between the dry port and the transmarine destinations. Normally the dry port is container and multimodal oriented and has all logistics facilities, which is needed for shipping and forwarding agents in a port".
The main reason for the above terminological differences is the way the facilities look in different geographic areas. The concept also varies as a result of scale, complexity and field of specialization and because of the position and role played within a transport network.

Inland facility classification thus comes to depend on several parameters . The most relevant among them is the one referring to the more or less developed co-modal prerogatives (mono modal road terminal, terminal for combined road-rail transport, terminal for combined road-inland waterway transport, terminal for both mentioned kinds of combined transport); second by importance is the parameter of logistics functions, i.e., the variety of more or less specialized services to goods which add up to transport (customs procedures, warehousing and manufacturing operations, up to retail or wholesale activities). Roso introduces further parameters for differentiation: closeness to the port hub (close, at medium distance, distant) and nature of the ownership (ports owned by railway operators, peripheral public administrations or public-private companies).
Nonetheless, the most common terms used for describing such facilities are: "inland terminal", "dry port" and "inland port". They are frequently used in order to generically define inland terminals where various handling and value implementation activities are offered.

The expression "dry port" is the one most commonly used, among those listed above, for a facility behind a port, frequently called "inland customs

warehouse" . The European Commission identifies as a "dry port" an inland terminal directly connected to the port by a railway transport service. Harrison et al. take into consideration the role played by dry ports in "serving" the region they are located in, by their intermodal terminals which are part of them, since they are a consolidation point for goods and a transshipment facility among the different available modalities.

Roso and Roso and Lumsden offer a definition of "dry port" which stresses its connection with the port: "an inland intermodal terminal directly connected to seaport(s) with high capacity transport mean(s), where customers can leave/pick up their standardized units as if directly to a seaport". The same concept was followed also by Rodrigue and Notteboom , Qiu et al., Crainic et al., Nguyen and Notteboom and Talley.

Dry ports can facilitate more feasible and efficient combinations of sea cargo flows and inland flows "especially with rail and truck combinations and through providing value-added services offerings at nodes" .

In the last decade many researchers identified success factors for dry ports related to specific cases; Black et al. summarized factors influencing the success of dry ports, for instance, railway connections , cooperation among actors of the transport system and development of value-added services .

According to Roso et al., dry ports contribute not only to improving access of a port to its hinterland, thanks to the operational link between the port and inland site based on partnership rather than competition , but even to the improvement of a more extended area, which is sometimes, as

Rodrigue and Notteboom observe, geographically discontinuous. In this respect, they mention that this “system” is not necessarily represented by a dyad port-dry port: it can be polycentric, i.e., made up of several dry ports, but with direct port-to-port connections.

The concept of “dry port” according to the United Nations Economic and Social Commission for Asia and the Pacific may be summarized as “a dry port provides services for the handling and temporary storage of containers, general and/or bulk cargoes entering or leaving the dry port by any mode of transport such as road, railways, inland waterways or airports. A dry port of international importance shall refer to a secure inland location for handling, temporary storage, inspection and customs clearance of freight moving in international trade”.
The same expression may also be used to witness that a certain inland terminal has reached a specific level in terms of services provided, as in the cases of particular customs procedures, or of the presence of third-party logistics services providers (3PL) and of other qualifying services .

Ths, this expression is not suitable for facilities which, on the contrary, do not show characteristics sufficiently interesting from this point of view.
Rodrigue et al. prefer “inland port” to “dry port”. The former is indeed considered suitable for indicating inland facilities of various kinds and dimensions, with a wide choice of logistics services, incorporated in the most various forms and situated close to important production areas. Such facilities can be found in the United States, where they cover areas normally larger than similar European facilities, with larger dimensions and storage capacity.

In Europe, the above expression refers to inland terminals connected to ports by a river; they are most common in Germany, the Netherlands and Belgium. Therefore, following this theory one encounters several obstacles to the use of the expression “inland port” combined with that of “inland terminal”, because in Europe many terminals located in the inland do not have access to a river and/or are not close to a productive area. Finally, they do not even have a throughput comparable to the American case.

Notwithstanding the above problems, all scholars mentioned up to now seem to agree on the expression “inland terminal”, considering it well defined at European level as inland facilities.

A terminal positioned in a port hinterland, however, needs to fulfil following criteria in order to be considered an inland terminal :

- Have a direct connection to the port/s, by road as well as by rail and/or river;
- Have a “corridor” with strong transport capacity available, or be positioned on it;
- Be equipped with suitable structures and machineries, compatible with the reference port/s;
- Play a collection and distribution role at local and regional level.

Inland terminals thus play a significant role in the transport chain, through the important function of “connecting” a port to its hinterland. This connection is undoubtedly advantageous for all operators involved in the transport chain.

Notteboom and Van Klink and Van den Berg stress the need for ports to develop their own hinterland and to enhance increase of goods transported in containers, thus contributing to development. The above-mentioned authors confirm the importance of “competition” among ports

for the sake of their better positioning on the market/s and on the main intermodal corridors. For this kind of competition, a good relationship to the hinterland is, of course, essential.

According to Van Klink and Van den Berg and Mc Calla the need to extend port activities and reduce transport costs to the hinterland, using intermodal means of transport, also involves the chance of expanding one's area of influence beyond the traditional reference market.

Van Klink and Van den Berg define a port hinterland as the most internal area the port serves at lower cost compared with other ports in the same region. As mentioned, according to Notteboom and Rodrigue the influence area of a port hinterland may even not be contiguous to the port itself. There are, in fact, situations where a certain territory, though closer to the port, is not part of its market, because it has better connections with more distant ports. This leads to the formation of more or less extended "islands", separate from the main area of the gravitational hinterland of the port. The same authors argue that dry ports and associated corridors are part of an evolutional phenomenon defined as "port regionalization", and expand the concept of "regionalization paradigm" considering the evolving role of intermediate hubs .

Van den Berg and De Langen think that the connectivity of a port to its hinterland should be a necessary focus for Port Authorities' strategies, as well as for terminal operators and shipping companies. In a subsequent study they encourage a comparison between the concept of "inland terminal" and door-to-door and port-to-port systems; they define the advantages from the point of view of shippers, logistics operators and

others involved, primarily as to the issue of repositioning empty containers, which has considerable impact on port operability. The relevance of connections to the hinterland is, therefore, a critical factor for the economic success of a port platform and for the competitiveness of the entire transport chain. Development of a dry port/port system absolutely requires cooperation by shipping companies and by all stakeholders of the distribution process, as partners in an intermodal service. The number of stakeholders increases while a sea port expands to its hinterland area .

Monios stresses the importance of the quality level of intermodal terminal management; he defines some models and compares them following the example of European, North American and Asian terminals. The so-defined models differ according to the kind of relationships between terminal operators and outside stakeholders (port and railway operators), as well as to the kind of relationships between terminal operators and logistics services providers at the terminals. Monios also argues that cooperation among all stakeholders in the distribution process is a necessary condition for transport network management in the connection system between intermodal terminals and ports. Beresford et al. affirm the need to implement the transport chain between a port and its hinterland, and this is confirmed by the fact that 60% of total transport costs are linked to those generated by container distribution from and to ports.

o a broader use as defined by Roso et al., 2009".

Noting that there are many and different ways to define an infrastructure as a "dry port", the authors agree in considering mainly four components: "concept", "classification", "function" and "technological processes".

Among them, they believe that the last two are prioritized characteristics, because “concept” and “classification” may be related to local regulation, as, for instance, in the case of “*interporti*”, the concept and classification of which, at least at the time when they were conceived, were not related to the concept of close relation with a port. Dry port is a concept and a classification adaptable also to later infrastructures, which change their positions in the original network, or even place themselves into a new network. On the other hand, as stated above, functions and technological processes change very quickly over time, and transformation of terrestrial shipping chains will increase the speed of this process

4.2 BENEFITS OF DRY PORTS

One of the benefits of having dry ports is their ability to relieve the issues of storage and customs space that frequently plagues seaports. Ports located along the ocean have a limited amount of space, which is far less than is sometimes necessary to handle the large quantities of goods coming in. They help reduce the competition of companies trying to get their goods stored temporarily before they embark onward to their destinations.

Another benefit is the ability of a dry port to speed up the movement of cargo between ships and inland transportation systems that distribute the goods. This helps maintain dry ports as central distribution hubs for a massive amount of goods, as the import and expert of goods becomes quicker.

Dry ports are specialized facilities that are designed to process standardized shipping containers used within international transport. The

use of these shipping containers makes it easy to move goods off of a ship and onto a tractor-trailer, train, or another ship. The transported goods only need to be unloaded once they arrive at their final processing destination.

Dry ports also act as a cost-effective distribution channel between seaports and high-capacity rail. The entire process becomes more efficient, thanks to this link existing within the supply chain. Collection of the containers is simple and fast, allowing for goods to reach their final destinations quicker, at a lower price.

There is even an environmental benefit to using dry ports. One study had found that when dry ports are used in the supply chain, CO2 emissions are roughly 25% lower than they normally would be. That is a significant reduction in pollution caused by the transportation of goods

4.3 MAJOR GLOBAL DRY PORTS

There are some massive inland ports located around the world. One of the biggest is contained in Duisburg, Germany. Over 3 million shipping containers and 130 million tons of goods comes into this dry port every year. The strategic location of this hub makes it one of the primary crossroads of the Silk Road.

One of the most advanced and developed dry ports in all of Asia can be found in Lat Krabang, Thailand. Just outside of Bangkok, it has the capacity to process half a million shipping containers, yet is on record of handling 1.7 million in 2008. With a high-speed rail connection to this port, goods can be quickly shipped to their final destination.

Wrapping Up

A dry port is simply an inland port that is linked to a seaport by a road or railway. There is no need to haul goods on a ship, making transportation and dissemination of goods faster. Dry ports help with the transfer of shipping containers from the ships they come in on, to the inland transportation network that helps get goods everyone uses, to their homes. The benefits of them are clear, which is why they are such an integral component of the entire global supply chain.

4.3.1 WATER SUPPLY

The project has provision for installing ground water storage tanks with adequate capacity. The ground reservoir tanks will be fed with water from the main water supply system. In addition to the built-up reservoir tank, the project will ensure 24/7 supply of water at periods of acute shortage of water.

4.3.2 STANDBY POWER SUPPLY

Consistent and reliable clean power supply is the centre peace for modern business development. To ensure that customers of **TANZANIA ROAD HAULAGE (1980) LIMITED** are adequately protected to reliable and clean power outages, the premises will be equipped with an electrical generator. Investment in standby electrical generator to serve the Inland Container Depot is envisaged and is an essential facility to serve customers during national grid power cuts, or erratic power supply or emergencies.

4.3.3 SAFETY AND SECURITY MEASURES

The Inland Container Depot will be installed with safety and security measures to protect it from incidences of fire and theft. Fire detecting and fighting measures will be given serious consideration in the Inland Container Depot and will include the following.

- Fire escape stairs;
- Fire detectors;
- Automatic sprinklers
- Hose reels;
- Hydrant valves dry risers, and
- Normal gas bottles.

However, it would be advisable for tenants to install their own portable fire extinguishers water type in the areas they occupy in order to attend any fire incidence. Issues of security in the Deport have been adequately addressed to ensure good site security. A professional firm in providing security services to the Deport and customers properties on a 24 hours basis will be hired.

The project knows the importance of addressing the security issues with greater emphasis to guarantee the customers with security of their properties.

4.4 CAR PARK

Car parking area for tenants and visitor has been given priority, an underground parking will be constructed and an area approximately 45% will be developed for the purpose.

4.5 AIR CONDITIONING

The building will be equipped with air conditioners.

4.6 FOLK LIFT, CRANE AND OTHERS

The company is planning to purchase various modern equipment which will be used to provide service efficiently to our clients

5.0 SECTOR ANALYSIS

5.1 Dar es Salaam and Central Coast Sea Ports

Dar es Salaam port is Tanzania's principal port with a rated capacity of 14.1 million (MT) dry cargo and 6.0 million (MT) bulk liquid cargo. The Port has a total quay length of about 2,600 metres with eleven deep-water berths. Dar es Salaam port handles about 95% of the Tanzania international trade. The port serves the landlocked countries of Zambia, Democratic Republic of Congo, Burundi, Rwanda, Malawi, Uganda and Zimbabwe. The port is strategically placed to serve as a convenient freight linkage not only to and from East and Central Africa countries but also to middle and Far East, Europe, Australia and America.

5.1.1 PORT FACILITIES:

Facilities available to support operations of Dar es salaam port are: -

- General cargo Berth (0-5) for break bulk, dry bulk and one RORO berth to handle vehicles.
- Container Terminal Berths (Berth 6-7) under Dar es Salaam Port and (Berth 8-11) leased to Tanzania International Container Terminal Services Ltd (TICTS).

- Grain Terminal facility (silos with storage capacity of 30,000 tons). Inland Container Deposits (ICDs) facilities with the capacity of 24,300 TEUs and CFs with the capacity of holding 6,000 vehicles at once.
- A 150,000 MT Single Point Mooring (SPM) – for handling refined and crude oil.
- Kurasini oil Jetty (KOJ) for handling refined products (tanker size 45,000MT for KOJ1 and 5,000 tons for KOJ2).

Generally, the intrinsic capacity of the port of Dar es salaam is to handle more than 18 million tons of cargo as follows: -

- General cargo 5.2 million tons.
- Container yard 6.8 million tons.
- Liquid bulk 6.0 million tons.

5.2 PORT FEATURES

The quay length of 2,600 meters, it is divided into:

- General Cargo Terminal

  This is a break-bulk section of a port with a quay of 797 meters comprising of 4 main berths, transit sheds with 64,463.5 of total floor sq. meters and open storage of 201,613.

- Container Terminal

  This terminal is operated by a private company, the Tanzania International Container Terminal Services (TICTS). TICTS manage the container handling activities at berth Number 8-11. The terminal has a total quay length of 734 meters. Back up facilities of container

terminal includes the container depot located about 2 kilometers away at kurasini (KICD) and Ubungo container Depot.

Dar es Salaam Port newly dedicated Container terminal has a total quay length of 542 meters.

- Grain Terminal

Dar es salaam Port has fully automated grain handling facility with silos with the capacity of 30,000 metric tons. Grains can be discharged and bagged along the quay at an average of more than 2,000 metric tons in 24 hours or transferred to silo using dump trucks. The grain terminal has concrete silos, fumigation, aeration and temperature control facilities.

- Oil Terminal

There are two oil terminal, the single point Mooring (SPM) and Kurasini Oil Jetty (KOJ). The SPM is an offshore tanker berth for handling exclusively crude and refined oil. It has capacity to accommodate tankers of up to 150,000 deadweight tons with fast discharge speed (flow rate of 2,500 cubic meters per hour for crude oil). SPM is connected to refineries in Dar es salaam and Ndola, Zambia through floating hoses and submarines pipes. KOJ is the tanker jetty for handling refined oil products with pumping capacity of 750 tons per hour. It can handle tankers up to 45,000 deadweights.

- Storage Areas

The port provides both open and covered storage; it has silos for grains at any time of need and maintains storage yards for containers, motors vehicles and general cargo.

- Marine crafts/navigation Aids

The port is served with berthing tugs, pilot boats mooring boats and surveillance / patrol boat. Moreover, there are navigation aids to facilitate movement of vessels in the port. These include; buoys, beacons, leading marks and light house.

- Container Handling Equipment

Port terminals operates with Ship to Shore Gantry cranes (SSGs), Rubber Tyred Gantry cranes (RTGs) and Rail Mounted Gentry Crane (RMG), Gottwalds, highway trucks , folk lift trucks, Highway trailers, Terminal tractors and Trailers.

- General Cargo Handling Equipment.

The major equipment for handling general cargo are portal cranes, forklifts, tractors, trailers, grabs, hoppers, Bigging units, dump trucks, weighbridges, and conveyor belts.

5.3 MAJOR PORT DEVELOPMENT PROJECTS

- Modernization of Dar es salaam Port

Tanzania Ports Authority (TPA) is implementing a number of major projects as outlined in the National Ports Master Plan (PMP). The study laid out long term strategy for Tanzanian Ports to create capacity for the expected

demand. One of such projects is the Dar es Salaam Maritime Gateway Project (DMGP).

DMGP will improve the effectiveness and efficiency by converting the port as world class port with optimized efficiency to accommodate the calling and reception of larger vessels.

Port modernization projects include but not limited to strengthening and deepening of berths 1-7 and RORO terminal, dredging of entrance channel, turning circle and harbour basin, strengthening and deepening 8-11, and construction of a new terminal jet.

- **Modernization of operations for handling dry bulk cargo**

Under the same project, TPA will modernize operations of handling dry bulk cargo by applying state of art conveyance technology.

- **The Development of Dry/ Floating dock facility.**

Modern operational dock facility for maintenance and repair of marine crafts will facilitate an optimal level of equipment availability of such crafts, hence enhance port operational efficiency

6.0 LICENSING AND REGULATION OF OPERATIONS OF DRY PORT

A licensee shall not perform operations other than those prescribed in the licence issued under these Regulations.

- receive and deliver cargo;

- transfer cargoes from port terminals to a dry port or from a dry port to the port terminal;
- provide customs clearance services as required by the provisions of the East African Community Customs Management Act;
- provide for temporary storage of cargo and containers pending delivery to consignees and port terminals;
- label, mark and number cargo;
- sort, pack and unpack cargo;
- perform anything that may be required by the East African Community Customs Management Act;
- carry out cargo handling within the designated area;
- weigh, measure and certify weight of cargoes handled in the facility;
- clean and fumigate containers;
- perform paper lining and or other service necessary to protect cargo in a container;
- stuff export cargo into containers for delivery to port terminals prior to loading on board ship;
- de-stuff import cargo from containers for delivery to the consignee; and
- perform any other function as the Corporation may determine;

6.1 RATE LEVELS AND TARIFFS

TANZANIA ROAD HAULAGE (1980) LIMITED will abide by the laws of supply-demand mechanisms as principles of the world market economy. Consequently, the rates to be charged to the customers will be in accordance to the facts of business economic principles. However, the

rates will be balanced to attract commercial incentives to both parties in the short-, medium- and long-term periods.

Rental Charges

Rental charges are normally determined by a combination of factors including the following: -

- Extent of shortage of warehouse space around the area (the supply-demand law)1
- The location of Inland Container Depot; and
- Quality and standard of facilities and services in the Inland Depot

According to our survey, most charges are pegged to the US dollar; this is done deliberately to avoid losses in value of sales due to frequent fluctuations and depreciation of the local currency.

In some cases, service charge for utilities and other services, e.g. electricity and water. However, sometimes it takes care of the costs of services in the common areas.

The decision to peg the charges to United States Dollar would give the TANZANIA ROAD HAULAGE (1980) LIMITED an edge against the fast depreciation of the Tanzania Shilling in future.

These are the most competitive rates compared to the existing market rates. In addition, these rates will be complimented with quality facilities and services to the existing market rates. In addition, these rates will be complimented with quality facilities and services to the Inland Container Depot. It is expected that, in line with the existing market situation, about

50% of the clients would pay in hard currency. The rest will pay in local currency pegged to the US dollar.

The average charge is estimated to be:

- Transport $65 per Cont.
- Verification charges 20' =$160 & 40' $280
- Grace period for Local Cont is 7 days
- 20' storage $20 after 14 days $ $40 per day
- 40' storage $40 after 14 days $80 per day

7.0 TIME TABLE FOR THE PROJECT

The project has started earlier and will need more than year before it starts. It is projected that more time will be required for site building after approval of relevant papers and loan

8.0 MANAGEMENT OF THE PROJECT

Building Management of the Project

To perform a professional job in the industry a company requires a team of skilled and well-motivated personnel. Under the implementation program **TANZANIA ROAD HAULAGE (1980) LIMITED** is planning to have skilled managers who will technically and professionally handle different activities of the project. The management expects to motivate them so that they may reach the goals set out by the management.

The local labour market has enough personnel with relevant skills and experience in the fields of marketing, operations and information

technology; however no effort will be spared in looking for requisite skills elsewhere including the international labour market.

Motivation and retention scheme: Continuity being a vital element in any efficient operation, focus will be given to minimize frequent manpower turn over. In order to achieve this, an attractive incentive package will be part of the new project. The objective is to attract the best qualified personnel to the company labour force and to retain them for a reasonable period of service in order to achieve continuity and harmony in the company's operations.

TANZANIA ROAD HAULAGE (1980) LIMITED will be responsible for the management of its warehousing Deport through a qualified and reputable Estate Management of its warehouse Deport through a qualified and reputable Estate Management Agent. The management of properties is an area which requires special skill to guarantee a good return to the investor. The role of the agent in managing the property would include the following:

- To look for clients
- To collect service charges
- To operate and maintain the property, and
- To give report of the clients through financial statements on the performance of the property.

Employee's salaries

Salaries – Selling, general and administrative expenses SG & A

Employment	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women	1	4	10	15
Men	1	10	20	31
TOTAL	2	12	30	46

9.0 FINANCIAL ANALYSIS RESULTS:

Financial Analysis

The projects financial projections depict the project to be viable based on the major Assumptions that Sales revenue will remain constant throughout project period, expenses estimated to be 70% of annual revenue per year and average storage capacity per year is 200 containers of 20ft and 200 containers of 40ft, as it is shown by some of the indicators below:

9.1 Projected Profit and Loss:

The project will make net profit from year three onwards when the company will start paying corporate tax in that particular year and the accumulated profit increases from US$ 1,617,560 in the 1st year to US$ 16,735,588 in 8th year.

9.2 Projected Cash flow:

The project will be able to generate enough cash to meet its obligations including financing any capital expenditure incurred during the project life, accumulated cash flows increase from US$ 2,038,560. in the 1st year to US$ 19,223,588 in 8th year.

9.3 Projected Balance Sheet.

The balance sheet indicates favorable state of affairs of the company throughout the projected period; it shown that the owners' equity grows from US$ 3,480,000 in the first year to US$ 20,215,588 in the 8th year.

8.4 Loan repayment:

The loan repayment is projected to be four years with an interest of 8%.

9.5 Payback Period:

Project investment cost is estimated to be US$ 7,480,000.00 while cash accumulated in 4th year is US$ 7,488,109 which is more than initial investment by US$ 8,109. this period is acceptable considering the fact that the project life is more than 25 years.

In summary the analysis demonstrates that the operations of each scheme are profitable with attractive profit margin on sales. The liquidity position is also sound and debt servicing is good on consolidated operations for all the schemes together.

10.0 DEVELOPMENT VALUE OF THE PROJECT

The project demonstrates to have a high economic development value on the economy through contribution of standard Inland Container Depot. The project will also have linkage effects to the construction industry particularly on use of local building materials and contribution of revenue to the Government. The project has

An opportunity to transform some informal businesses around the area and create spill-off economic and social impacts around Kurasini area.

11.0 ENVIRONMENTAL IMPACT ASSESSMENT.

The project is environmentally friendly; any disposal of liquid and sold waste will be handled with great care by the company to ensure that the surrounding areas are environmentally free form any toxic and non toxic wates.

The project does not pose any significant environmental threat to the surroundings.

12.0 ECONOMIC EVALUATION OF THE PROJECT:

We have evaluated the development value of the project to the economy covering its impact on stock of Inland Container Depot in Dar Es Salaam and Government revenue. The project has demonstrated its economic viability as follows:

12.1 Increases in Stock of Inland Container Depot:

The present stock of warehouse depot in Dar Es Salaam does not meet the growing demand for the facilities. This scheme is expected to contribute to the present stock in Inland Container Depot and reduce the supply gap. In addition, car-parking space will provide a facility that will reduce the parking problems faced by many customers. This will facilitate several firms, local and foreign to avail themselves of descent warehouse depot to set up their bases in the country smoothly and engage in direct

economic activities. This will be in line with the government policy of promoting private and foreign investment in the country.

Government Revenue:

The project will raise Government a substantial amount of money as revenue in the from of property taxes, corporate tax. Pay as You Earn (PAYE) and other indirect taxes. In addition, there will be other taxes resulting indirectly from the project and particularly for those contracted by the project for various services such as Consultants, Estate Management Agents etc

12.2 Backward and Forward Linkages

In addition, the project has multiplier effects on the economy in that; it uses a good proportion of the locally available construction materials. This will create a market for local industries products and services such as cement, contractors, furniture etc.

There will be casual and unskilled employment to be generated the project during implementation stage. The above considerations demonstrate adequately that the project is socially and economically attractive and deserves support.

12.3 Employment:

Companies and other institutions that will be clients in the warehouse will create employment opportunities to Tanzanian. We believe so because the nature of operations of anchor clients will definitely need cashiers, attendants and guards. Also it is expected that employment opportunities for fast food shops, secretarial bureau and telephone booths will also

need people in their operations and therefore create 46 employment opportunities.

12.4 Foreign Exchange Earnings:

It is expected that 60% of the clients will pay rents in foreign currency and therefore the complex will generate a substantial amount of foreign exchange. Foreign sales are expected to increase.

13.0 ECONOMIC BENEFITS OF THE PROJECT

The successful operation of the Project will contribute significant economic benefits to the Dar es Salaam city people and Tanzania as whole. In summary the benefits which will be realized are as follows: -

- Employment opportunities for about 46 permanent staff at full commercial operations.
- Provision of income to other services providers, thus contributing to the reduction of poverty. The income to be earned will help in improving standard of living of the workers and other people residing in the region.
- The direct income for the workers, combined with other social benefits that the Management of TANZANIA ROAD HAULAGE (1980) LIMITED will provide, will help in overall efforts of alleviation of poverty in the Region.
- Provision of a market for goods and services to be consumed by TANZANIA ROAD HAULAGE (1980) LIMITED.
- Expanding the tax base for the Treasury and local Government authorities and generation of substantial income to the Government. The Government earns considerable revenue from the manufacturing sector in terms tax collections.

- This project will facilitate the increase of foreign exchange earnings through services provision as some of the customers to be served will be feigners.

14.0 CONCLUSION AND RECOMMENDATIONS

Conclusion

The project as analyzed in this report is both economically and technically viable. The project has come at the right time to provide the much-needed quality products for Tanzania as a whole.

Recommendations

A fast implementation of this venture is therefore highly recommended especially given the fact that the Government is implementing a programme of boosting investment in the manufacturing sector as evidenced by the efforts made by the Ministry of Industry and Trade.

TANZANIA ROAD HAULAGE (1980) LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT

	1	2	3	4	5	6	7	8
Transportation charge	26,000	39,000.00	58,500.00	87,750.00	131,625.00	197,437.50	296,156.25	444,234.38
Verification charges	5,720,000	6,006,000.00	6,306,300.00	6,621,615.00	6,952,695.75	7,300,330.54	7,665,347.06	8,048,614.42
20' storage	2,880,000	3,024,000.00	3,175,200.00	3,333,960.00	3,500,658.00	3,675,690.90	3,859,475.45	4,052,449.22
40' storage	480,000.00	504,000.00	529,200.00	555,660.00	583,443.00	612,615.15	643,246	675,408
Total Revenue	9,106,000.00	9,573,000.00	10,069,200.00	10,598,985.00	11,168,421.75	11,786,074.09	12,464,224.67	13,220,706.21
Operating Expenses:	6,374,200	6,701,100	7,048,440	7,419,290	7,817,895	8,250,252	8,724,957	9,254,494
Gross Profit Before Interest and Depreciation	2,731,800	2,871,900	3,020,760	3,179,696	3,350,527	3,535,822	3,739,267	3,966,212
Interest	320,000	320,000	320,000	320,000	400,000	-	-	
Depreciation	101,000	101,000	101,000	101,000	101,000	101,000	101,000	101,000
Gross Profit	2,310,800	2,450,900	2,599,760	2,758,696	2,849,527	3,434,822	3,638,267	3,865,212
Tax (30%)	693,240	735,270	779,928	827,609	854,858	1,030,447	1,091,480	1,159,564
Profit After Tax	1,617,560	1,715,630	1,819,832	1,931,087	1,994,669	2,404,376	2,546,787	2,705,648
Accumulated Profit	1,617,560	3,333,190	5,153,022	7,084,109	9,078,777	11,483,153	14,029,940	16,735,588

TANZANIA ROAD HAULAGE (1980) LIMITED PROJECTED CASH FLOWS STATEMENTS

SOURCES:									
Profit before interest and depreciation	-	**2,731,800**	**2,871,900**	**3,020,760.00**	**3,179,696**	**3,350,527**	3,535,822	3,739,267	3,966,212
Equity	3,480,000								
Loan	4,000,000								
Total Sources	**7,480,000**	**2,731,800**	**2,871,900**	**3,020,760**	**3,179,696**	**3,350,527**	**3,535,822**	**3,739,267**	**3,966,212**
Applications:									
Capital expenditure	6,410,000		-	-	-	-			
working Capital &Others	1,070,000								
Cash	-	2,038,560	2,136,630	2,240,832	2,352,087	2,495,669	2,505,376	2,647,787	2,806,648
Tax	-	693,240	735,270	779,928	827,609	854,858	1,030,447	1,091,480	1,159,564
Sub total	**7,480,000**	**2,731,800**	**2,871,900**	**3,020,760**	**3,179,696**	**3,350,527**	**3,535,822**	**3,739,267**	**3,966,212**
Total applications	**7,480,000**	**2,731,800**	**2,871,900**	**3,020,760**	**3,179,696**	**3,350,527**	**3,535,822**	**3,739,267**	**3,966,212**
Accumulated cash		2,038,560	4,175,190	6,416,022	8,768,109	11,263,777	13,769,153	16,416,940	19,223,588

TANZANIA ROAD HAULAGE (1980) LIMITED PROJECTED BALANCE SHEET

Fixed Assets		1	2	3	4	5	6	7	8
Opening balance	-	**6,410,000**	**6,309,000**	**6,209,000**	**6,109,000**	**6,009,000**	5,909,000	5,809,000	5,708,000
Total Long-term Assets	**-**	**6,410,000**	**6,309,000**	**6,209,000**	**6,109,000**	**6,009,000**	**5,909,000**	**5,809,000**	**5,708,000**
Less depreciation	**-**	**101,000**	**101,000**	**101,000**	**101,000**	**101,000**	101,000	101,000	101,000
Closing balance	**-**	**6,309,000**	**6,208,000**	**6,108,000**	**6,008,000**	**5,908,000**	**5,808,000**	**5,708,000**	**5,607,000**
Working capital	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000
Accumulated cash	-	2,038,560	4,175,190	6,416,022	8,768,109	11,263,777	13,769,153	16,416,940	19,223,588
Total assets	**1,070,000**	**9,417,560**	**11,453,190**	**13,594,022**	**15,846,109**	**18,241,777**	**20,647,153**	**23,194,940**	**25,900,588**
Financed by									
Equity	3,480,000	3,480,000	3,480,000	3,480,000	3,480,000	3,480,000	3,480,000	3,480,000	3,480,000
Accumulated profit	-	1,617,560	3,333,190	5,153,022	7,084,109	9,078,777	11,483,153	14,029,940	16,735,588
Total equity	3,480,000	5,097,560	6,813,190	8,633,022	10,564,109	12,558,777	14,963,153	17,509,940	20,215,588
Bank Loan	4,000,000	3,000,000	2,000,000	1,000,000	-	-	-	-	-
Total debts	**4,000,000**	**2,000,000**	**2,000,000**	**1,000,000**	**-**	**-**	**-**	**-**	**-**
Total equity and debts	**7,480,000**	**7,097,560**	**8,813,190**	**9,633,022**	**10,564,109**	**12,558,777**	**14,963,153**	**17,509,940**	**20,215,588**

TANZANIA ROAD HAULAGE (1980) LIMITED PROJECTED LONG TERM LOAN REPAYMENT

Year	principle	Loan Interest (8%)	Total Amount Paid	Loan Balance
1	1,000,000	320,000	1,320,000	4,000,000
2	1,000,000	320,000	1,320,000	3,000,000
3	1,000,000	320,000	1,320,000	2,000,000
4	1,000,000	320,000	1,320,000	1,000,000

TANZANIA ROAD HAULAGE (1980) LIMITED PROJECTED PAYBACK PERIOD

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	1,617,560	101,000	1,718,560	1,718,560
2	1,715,630	101,000	1,816,630	3,535,190
3	1,819,832	101,000	1,920,832	5,456,022
4	1,931,087	101,000	2,032,087	7,488,109
5	1,994,669	101,000	2,095,669	9,583,777

TANZANIA ROAD HAULAGE (1980) LIMITED COST STRUCTURE

PARTICULAR	
Land and Buildings	1,500,000.00
Machinery & Equipment	2,000,000.00
Motor Vehicles	380,000.00
Furniture & Fixtures	50,000.00
Pre expenses	50,000.00
Others	20,000.00
Working Capital	1,000,000.00
TOTAL	7,480,000.00

TANZANIA ROAD HAULAGE (1980) LIMITED FIXED ASSETS US$

NAME OF ASSETS	1	2		4.00	5.00	6	7	8
Land And Buildings	1,500,000	1,460,000	1,420,000	1,380,000	1,340,000	1,300,000	1,260,000	1,220,000
Machinery, Tools & Equipment	2,000,000	3,960,000	3,920,000	3,880,000	3,840,000	3,800,000	3,760,000	3,720,000
Motor Vehicles	380,000	380,000	360,000	340,000	320,000	300,000	280,000	260,000
Furniture & Fixtures	50,000	9,000	8,000	7,000	6,000	5,000	4,000	3,000
Total	**6,410,000**	**5,809,000**	5,708,000	5,607,000	5,506,000	5,405,000	5,304,000	5,203,000
DEPRECIATION	**1**	**2**	**3**					
Land and buildings	40,000	40,000	40,000	40,000.00	40,000.00	40000	40000	40000
Machinery tools & Equipment	40,000	40,000	40,000	40,000.00	40,000.00	40000	40000	40000
Motor Vehicles	20,000	20,000	20,000	20,000.00	20,000.00	20000	20000	20000
Furniture & Fixtures	1,000	1,000	1,000	1,000.00	1,000.00	1000	1000	1000
ANNUAL DEPRECIATION	**101,000**	**101,000**	**101,000**	**101,000.00**	**101,000.00**	**101,000.00**	**101,000**	**101,000.00**

ABBREVIATION

1. ICD- Inland Container Depot
2. CFS-Container Freight Station
3. USA-United States of America
4. TPA-Tanzania Port Authority
5. DWT-Dead Weight Tonnage
6. TICTS-Tanzania International Container Terminal services
7. LTD-Limited
8. TEU-Twenty Foot Equivalent Unit
9. CFs
10. CO2-Carbon dioxide
11. MT-Metric Ton
12. SPM- Single Point Mooring
13. KOJ- Kurasini oil Jetty
14. SQ-Square
15. SSG-Ship to Shore Gantry
16. RTG-Rubber Tyred Gantry
17. RMG-Rail Mounted Gentry
18. PMP- National Ports Master Plan

19. DMGP-Dar es Salaam Maritime Gateway Project
20. KM-Kilometer
21. HR-Hour
22. EDI-Electronic Data Interchange
23. GDP-Gross Domestic Product
24. FT-feet
25. PAYE-Pay as You Earn