

PROPOSED BUSINESS PLAN FOR
THE ESTABLISHMENT OF
INDUSRIAL PARK- KIGAMBONI
DISTRICT, DAR ES SALAAM
REGION IN TANZANIA.



KILIMANJARO INDUSTRIAL PARK
AUGUST, 2023



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CHAPTER ONE

1.0. PROJECT BACKGROUND AND OWNERSHIP

Kilimanjaro industrial park Limited is a Tanzanian company registered in Tanzania with certificate of incorporation number 162734091 of 21st January, 2023. The office of the company is located in Dar es Salaam, Kigamboni Municipal. The objectives for which the company is established, among others is to establish, Boned Logistics Park and all other business activities which fall under Tanzania Investment center at Kigamboni for light and heavy industries. The project will be carried in Kigamboni, on an area of 300 acres at Kigamboni which is a private land property owned by the same company. The company has proved experience of designing and developing Real Estates and industrial park.

Given this experience, Kilimanjaro industrial park Company Limited is currently planning to establish and develop a private state of the art industrial park with international quality and sufficient infrastructure network, which will encompass industrial plots for lease, industrial sheds, residential houses, commercial and education centers, recreational facilities and administrative buildings. The proposed Industrial Park will be comprehensively planned by offering wide range of different housing options. The park will be a solid, workable community, with distinctive spaces and architecture. The Park will also offer attractive recreational spots supported by well distributed public facilities and efficient infrastructure including an airstrip.

The initial Authorized Share Capital of the company is Tshs 300,000,000,000/= divided to 300,000 Ordinary shares of Tshs 1,000,000/- each and the company have the power to divide the original or any increased capital into several classes, and to attach thereto any preferential, deferred, qualified or other special rights privileges, restrictions or conditions. Unless the conditions of issues shall

otherwise expressly declare, every issue of shares, whether preference or otherwise, or any such rights, privileges or conditions shall not be altered or modified except in accordance with the registered Articles or Association. The liability of the members is limited and the following names compromise the company ownership and principal shareholding as illustrated on Table 1 below.

Table 1: Company Ownership and Principal Shareholders

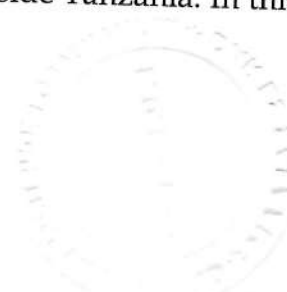
<i>S/No.</i>	<i>Shareholder's Name</i>	<i>Address</i>	<i>Number of Shares</i>
1.	Mohamed Ghalib Said	P.O.BOX 6244 DAR ES SALAAM	60,000
2.	Mohamed Ally Said	P.O.BOX 6244 DAR ES SALAAM	40,000

1.1. Project Location and Overview

1.1.1. Project location

The proposed Industrial Park is located at Kigamboni which is about 20 km from Kigamboni District Headquarters along Dar es Salaam-Mtwara highway (westward). The park is located in Kigamboni administrative ward (Kigamboni Division). The selected site is strategically located as it touches the Dar es Salaam-Mtwara highway and is about 40 km from the Dar es Salaam Sea Port. The proposed Industrial Park will operate under the Tanzania Investment centre scheme which applies One Stop Service Center (OSSC) model. This model provides all essential facilitation services to the investors locating within the Park.

The Kilimanjaro Industrial park Limited is matching grants opportunity for businesses in Tanzania that wish to develop or increase their ability to trade, support product quality improvement and the meeting of international standards to access potential industrial park within and outside Tanzania. In this



respect the company is planning to establish project of Industrial park in Tanzania that will support government initiatives endeavor to develop the industrial business as an engine of pro-poor economic growth.

1.1.2.Overview

The project involves development of an Industrial Park on an area of 300acres in Kigamboni under Tanzania investment Centre scheme. The project entails construction of basic onsite infrastructure including roads, telecommunication networks; water systems, electricity, sewerage systems and technical support facilities. Once the infrastructure is complete, parcels of land and industrial/commercial/residential buildings will be sub-leased to investors.

Activities envisaged in this Industrial Park will include but not limited to Industrial, Trading, ICT, Tourism Parks, Real Estates, Logistics Services, Financial Institutions and Dry Port. The Park will also set aside land for residential areas and other social activities. The overall Park development is an integrated development facility which will include affordable middle-income housing estates, industrial shed, warehouses, hotels, technological parks and commercial centers with integrated supportive wholesale and retail facilities.

1.2. The project concepts



The Kilimanjaro Industrial Park Limited is stretching its company's projects, an integrated system of specialized industries and support for industrial development industry, taking

advantage of huge potential land at Kigamboni district industrial park development in Tanzania. The project intends to set the ultra-modern industrial park that will attract local and foreign companies in investment in Tanzania.

1.3. Project Site Analysis

1.3.1. Topography and Soils

Most of the region's topography is within the Coastal belt, ranging from 0 -100 m above sea level, with sand, sandy loam and heavy clay soils. River basins are found in Rufiji, Ruvu and Wami rivers with loamy clay, silt and alluvial soils. These rivers, which discharge their waters into the Indian Ocean, are major source of water for human consumption, industries, livestock and irrigation. In many areas these river are wide, shallow and sandy which allows irrigation. Highland plateau ranges from 100 m and above, dominated by sandy loam and sandy clay soils.

1.3.2. Utilities and Other supporting Facilities

The realization of the Industrial Park development project requires successful completion of a number of necessary activities and facilities, some of which are already under implementation as work-in-progress to enable a successful development of the project. Manufacturers that locate in the Industrial Parks need reliable supplies of energy, water, transportation, telecommunications services, waste disposal and other services. Kilimanjaro industrial park in collaboration with Kigamboni District is making special arrangements with relevant authorities distributing power, water and natural gas; to ensure connectivity of such utilities to the project area. The following available utilities and facilities support the readiness of project development;

1.3.3. Availability of land

Owners of Kilimanjaro industrial park have enough land of more than 300 acres in Kigamboni district, privately owned, all surveyed with Title Deeds hence making the best expertise in supporting the development and expansion of an Ultra-Modern Industrial Park under TIC Scheme. There is no any payment for compensation and the resolution of all land issues including local population and settlement relocations were done during the process of acquiring the land. This unencumbered land, now privately owned by Kilimanjaro industrial park, can at any time if needed be used for the development of any form of Industrial park. This surveyed prime area is in the future earmarked for Hotels, Restaurants and Beach Tourism which can be developed as a complementary TIC project to the proposed Industrial Park.

1.3.4. Electricity Supply

Consultation with TANESCO has revealed that it is in the process of installing power substations in Kigamboni. The company's immediate future plans indicate that TANESCO will soon be connected to the newly developed power station located in Mbagala, Dar es Salaam. Recently, TANESCO has requested the Kigamboni District authorities to provide land for them to install a power station. The Kigamboni District has already set aside this site in Kigamboni. TANESCO is engaged in the installation of this power station.

1.3.5. Water Supply

The Dar es Salaam Water Supply and Sewerage Authority (DAWASA) is responsible for providing water supply services in Dar es Salaam and some parts of Coast regions (Bagamoyo, Kigamboni and Kibaha). Currently, the Upper Ruvu Plant has been expanded to increase its production capacity (from 82,000

m³/d to 196,000m³/d) which is expected to boost and cut down the water shortage in Dar es Salaam City and the designated areas of Coast region. The authority is required by the government to participate in the development of water utility when consulted by the neighboring LGA including Kigamboni. With expanding water demand in Dar es Salaam city and the adjoining areas such as Kigamboni, Bagamoyo, Kisarawe and Kibaha, DAWASA has been actively engaged in search of other sources of water.

Recently, DAWASA has handed over a 600m deep well to Kigamboni District which generates 6,825,600 liters per day. Hydrological studies reveal that Kigamboni has other potential groundwater reserves that can be exploited in future. It is estimated that 50,000,000 litres of water per day can be generated in Kigamboni in the near future. The authority has already bored a well at Kurungu village with the capacity to supply 6,800,000 liters per day. Furthermore, the District Council has several water pipe schemes which provide clean and safe water to the local communities.

1.3.6. Gas Supply

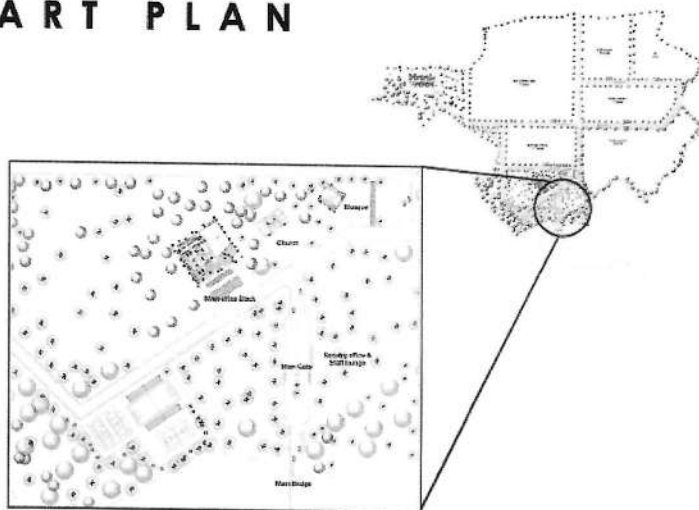
Tanzania Petroleum Development Corporation (TPDC) is a government parastatal charged with gas exploration and therefore supplier of natural gas in the country. It is a vital service provider and important participant in the proposed industrial park. The corporation has recently constructed a natural gas-conveying pipeline connecting the source in Mtwara and Dar es Salaam (consumption and sales point). The Kigamboni District Council is passed-by this pipeline. The pipeline is a potential source of power supply to complement power supplied by TANESCO which has usually been insufficient to support continuous industrial production mainly due to frequent blackouts.

Owing to its nearness to the pipeline, the proposed Industrial Park has great potential to host industries processing gas-derived products such as agro-

fertilisers, cosmetics, medicines tarmac, etc. The gas pipeline also passes close to the national electricity grid which makes it possible to manoeuvre power supply by not relying on hydropower supply which is sometimes erratic. It is estimated that over 50 MW can be generated from the current gas sources.

1.4. Project Land Use Plan

P A R T P L A N



Kilimanjaro industrial park plans are to develop the Industrial Park in phases based on demand for industrial and commercial areas. Phase I of the Industrial Park will involve construction of both basic onsite infrastructure on an area

of 300 acres and will provide serviced plots of different sizes to TIC and other attracted investor locally and international. Key infrastructure to be constructed will include Roads, Systems of power, water and sewerage as well as the construction of the Police post and an administrative building. Onsite common infrastructure on this Strategic investment status refers to facilities that will facilitate smooth operations of the processing factories which include but not limited to roads, power lines and substation, sewerage lines, septic tanks, fencing and lighting.

1.5. Development Plan for 300 acres

Developments of Industrial Parks are viewed as important machineries for industrialization process. By locating into Industrial Parks, investors can take advantage of developed infrastructures to maximize economies of scale. Conversely, the cost for developing a fully-fledged operational Industrial Park is substantially expensive in terms of construction of both on-site and offsite infrastructures. It is therefore economically effectively to develop Industrial parks on Phases to lessen risk of wasting initial capital disbursements in case of negative demand. This Plan therefore has taken 300 acres of land for plots coverage planned for development as Phase 1. The whole park of Phase 1 will have six major exit entrance gates facing the planned roads. Each functional area will have convenient exit entrance serving the outside community to avoid any traffic disturbances.

The developed plots coverage area will include industrial plots for both factory sheds and serviced industrial plots, residential plots, commercial centers, support service centers, warehouse and logistics centers, education institution facilities, religious institutions, hospital amenities and parking lots illustrated on percentage basis here below;

Table 1: Total land area available for Plots coverage

<i>SN</i>	<i>Function type</i>	<i>(%) Land distribution</i>	<i>Plot size 300</i>
1	Land acquisition	100.00%	300.00
2	Residential houses	12.00%	36.00
3	Infrastructure development	7.00%	21.00
4	construction of warehouses	15.00%	45.00
5	Industrial Park	30.00%	90.00
6	Office Buildings	8.00%	24.00
7	Parking Area	5.00%	15.00
8	Social services	10.00%	30.00
9	Green field reserve	5.00%	15.00
10	Fencing	5.00%	15.00

11	Petrol/Gas Station	1.70%	5.10
12	Zone fire system/Police/security	0.50%	1.50
13	solar panel	0.10%	0.30
14	Sewerage and water system	0.40%	1.20
15	Electricity	0.30%	0.90
Total		100.00%	300.00

Given the following standard dimensions for development requirements, an analysis of each planned land use facility can be derived.

Table2: Standard dimensions for development requirements

<i>S/n</i>	<i>Land area in acreage</i>	<i>Required standard dimension for development</i>
1.	2.5 acres	Can provide 1 serviced industrial plot
2.	2.5 acres	Can construct 5 residential affordable houses
3.	2.5 acres	Can construct 2 industrial sheds

CHAPTER TWO

2.0. BROAD SOCIO ECONOMIC IMPACT OF THE PROJECT

2.1. Project economic impact

In any investment project, one of the most cited questions from participatory stakeholders regarding Social/Community Development and Investment projects is: *“How will you measure your social impact/outcome/change of the development project?”* In the Business field, what still really matters most is *“What is the return on investment of your project?”* The challenge thus created is to determine the relationship between community and social impact and business value (or return on investment). Many public, private and community stakeholders have over the past few decades become disappointed about the potential social impact and value of Corporate Social Investment (CSI) projects. Kilimanjaro Industrial Park Company will apply the CSI perspective, social impact assessment as a tool that will be used to qualify and quantify the social, economic and environmental changes and outcomes that will occur over a period of time, within the development context, as the result of the Industrial Park investment. In order to address the impact assessment framework, the company will apply the Impact Investment Index (III), which will show through evaluation and assessment, the social impact of the project through a blend of indicators that are able to prove positive short, medium and long term impacts. This approach will require the company to adopt processes and incorporate metrics that equip all stakeholder groups, including public, private and community stakeholders with the right information, illustrating real and meaningful change and prove the value for money invested on the project.

Impact Investment Index Framework

<i>Impact Investment Index</i>			
Frame Work for Kilimanjaro Industrial Park Industrial Park			
Log frame	Evaluation Questions	Indicative Remarks	Indicative Measurements

Impact	<ul style="list-style-type: none"> ➤ What changes did the project bring about? ➤ Are the benefits likely to be maintained and extended over a long period? ➤ Were there any unplanned changes? 	Assessed across various impact dimensions: <ul style="list-style-type: none"> ➤ Social, economic and environmental impacts ➤ Direct and Indirect impacts 	IMPACT AND SUSTAINABILITY
Outcome	<ul style="list-style-type: none"> ➤ Were the project objectives achieved? ➤ Did the output lead to the intended outcomes? 	. To be measured to illustrate the effect of the inputs on all aspects of the project and stakeholders. <ul style="list-style-type: none"> ➤ Effect on poverty alleviation 	EFFECTIVENESS AND RELEVANCE
Outputs	<ul style="list-style-type: none"> ➤ Were outputs delivered economically? 	Short Term effect of the project.	
Activities	<ul style="list-style-type: none"> ➤ Were activities implemented on schedule and within budget? 	All forms of activities in relation to the development of the project.	EFFICIENCY
Inputs	<ul style="list-style-type: none"> ➤ Were funds available on time and in the right amount for the development of the project? 	Financial and Non fiscal inputs. <ul style="list-style-type: none"> ➤ Infrastructure development ➤ Utilities supply 	

Based on the Impact Investment Index analysis, the company can develop projections that the project can deliver both value for money in the context of broad socioeconomic impact and return on investment while complying with governance requirements. In this regard therefore, the Park will promote the industrialization process in the country, create employment, attract new technologies, encourage value addition to the local raw materials, promote tourism, expand foreign exchange earnings and ultimately contribute substantially to the country's economic growth. Other implied project benefits include but not limited to the following impact:-

- (a) Increased sales to the Utility Companies providing services of electricity, water and sewerage, telecommunications;

- (b) Increased business transacted by local banks and institutions providing financial services;
- (c) Business opportunities for local contractors and sub-contractors during the construction phase;
- (d) Increased regional intra-trade and international trade due to better infrastructure facility and links to markets; and
- (e) Contribution to GDP growth through increased economic activities

2.2. Project Benefits

- A minimum of USD 200 Million is expected as FDI from the park.
- Over TZS 1.5 Million will be contributed to the Government as tax, levies or duties
- The park will play a significant role in addressing unemployment in Tanzania. More than 50,000 direct jobs are expected to be created.
- Backward linkages via procurement of local raw materials and production inputs by park enterprises will grow local economy.
- Skills development and the transfer of new technology and innovation to Tanzania. The park will include a workshop to train on Europe and Asian technology.
- Multiplier effects to other economic sectors, such as financial sector, transport and logistics sector and substantial agricultural sector.
- In relation to the international gateway business approach, Tanzania can be regarded as an inland entry-port and logistics supply centre for East Africa and SADC countries due to its widely acclaimed peace and security and safety of life and property.
- Tanzania provides a conducive legal and regulatory framework, with incentives to motivate and attract the requisite investments needed to support Tanzania's industrialization process.

- therefore, considering the benefits of improved business transactions, efficiency in regional intra-trade and international trade, as well considering the economic development history and prevailing realities of trade; there is clear empirical evidence and of feasibility in establishing this project in Tanzania.

2.3. Legal and Policy Framework supporting the project

Industrialization is a long term undertaking which demands stable, attractive and competitive legal and policy framework to prevail over time. These are industrial development fundamentals which need to be in place before a country present itself as an investment destination of choice. The pursuit to build a sustainable industrial sector to drive the economy and achieve high growth rates required the adoption of policies which would provide the requisite enabling environment for sustainable industrialization to take place. The establishment and development of Special Economic Zones in Tanzania is one of the outcomes of major public reforms which were implemented between 1995 and 2005. Hence the establishment of Industrial Parks is accommodated within the Tanzania Investment Centre Act.

Tanzania Investment Centre (TIC) which operates under the Ministry of Industry, Trade and Investment is mandated to promote investments through 1997 and the Land Act of 1999. The Ministry of Industry, Trade and Investments further promotes manufacturing/industrial based investment in line with other Legal and Policy frameworks at National and Regional level. In the context of the industrial development domestic initiatives, the Ministry support implementation of Tanzania Vision 2025, the Third and final Five-Year National Development Plan 2021/22 - 2025/26 has a theme of realizing competitiveness and industrialization, the Sustainable Industrial Development Policy 1996-2020 and the Integrated Industrial Development Strategy of 2011-2025. All these are

Public Policy tools which the Ministry of Industry, Trade and Investment use to promote industrialization. The Legal and Policy framework which support development of the proposed Industrial Park at Kigamboni is illustrated on the matrix here below;

Policy and Legal framework

S/n	Existing Legal/Policy Framework	Rules and Regulations Section/Theme	Summary of the Section/ Theme/Objective
1.	The FYDP III 2021/22 - 2025/26	The Theme and Objectives of the Plan	The Theme of FYDP III is 'Nurturing Industrialization for Economic Transformation and Human Development' The objective No. 1 To build on achievements realized towards attainment of TDV 2025 to make Tanzania a semi-industrialized, middle-income country by 2025;
2.	Tanzania Development Vision 2025 TDV 2025	Aspiration of the Vision	The vision aspires to have Tanzania transformed into a middle income and semi industrialized Nation by 2025
3.	Sustainable Industrial Development Policy (SIDP 1996-2020)	Mission of the Policy	The SIDP Mission, part (b) ' To enhance sustainable development of the industrial sector"
4.	Integrated Industrial Development Strategy 2011-2025	Vision of the Strategy	To build an internationally competitive business environment through development of industrial clusters and infrastructure development to make the industrial sector a real engine of economic growth.

2.4. Project SWOC Analysis

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

SWOC Analysis

SWOC ANALYSIS	
Strengths	Weaknesses
<ul style="list-style-type: none"> (a) Close proximity with Dar es Salaam; the largest consumption market. (b) Proximity to the Dar es Salaam port which will serve as an import/export hub for industrial operators within the park (c) Preferential operational and incentives scheme enshrined in the TIC law (d) Proximity to the constructed pipeline hauling natural gas from Mtwara to Dar es Salaam. (e) Political will, the government's legal and policy framework support development of the project 	<ul style="list-style-type: none"> i) Inadequate ICT system in place thus hindering effective and efficient service delivery. ii) Weak collaboration/facilitative links with TRA, TPA, TANESCO, TPDC and other Government departments which may create bottlenecks in investor facilitation; iii) The infrastructure in Tanzania is inadequate. National blackouts are common phenomena, proving to be a major bottleneck for industrial development

Opportunities	Challenges
<ul style="list-style-type: none"> (a) Strategic location of Tanzania which is a hub for international business (b) Existence of preferential markets (c) e.g. EU, COMESA, EAC, USA; and Regional markets like EAC,SADC and COMESA (d) Political and macroeconomic stability of the country (e) Goodwill and support from the (f) Government and the parent ministry; 	<ul style="list-style-type: none"> i) High cost of doing business due to inefficiencies in the infrastructure system e.g. electricity, roads and air; ii) Lack of industrial linkages between research institutions and investors; iii) Government activities not fully coordinated and lack of appreciation of the TIC programmes by other arms of the Government iv) Regional competition from other countries investment and markets.

CHAPTER 3 - MARKET ANALYSIS

3.0 Prospects of Trade and Growth in Kigamboni

Kigamboni district has become one of the major locations that greatly attract investors. The availability of arable land, raw materials and substantial of gas energy reserves are a key recipe for attracting investment. Kilimanjaro Industrial Park has of recent been receiving many land demand inquiries from investors interested to set factories or other businesses in Kigamboni district. Significant inquiries have been received from Asian companies based companies present in the country looking for areas of investments. In the event the proposed Industrial Park is successfully developed in Kigamboni, it is likely that more Asian companies will relocate to Tanzania and more space will be required in Kigamboni.



Tanzania has enormous resources most of which remain untapped to-date. It has a lot of natural resources and raw materials for production. These resources will be major inputs to production activities in the

Industrial Park. The area around Kigamboni and nearby district like Coastal district and Tanzania in general is rich in natural resources and has abundant raw materials for production of various goods. The district's proximity to the commercial city of Dar es Salaam, coupled with a good communication network with the rest of the upcountry regions; by roads, marine transportation, telephone and other modes, makes it's a uniquely appropriate location for

expanding industries outside Dar es salaam city, which is already congested and therefore adding cost of doing business.

Kigamboni district is one of the five districts that form the Dar es Salaam Region. The district established in 2015 following the Decentralization Policy in Tanzania. Prior that time all area of Kigamboni Municipal Jurisdiction was under Temeke Municipal Council until 2015.

Kigamboni district covering an area of 577.86 km², or 57,786.8 hectares, and has a 65 km long coastline. It is one of Dar es Salaam City's biggest district.

The district is bordered to the north by Ilala District, to the east by the Indian Ocean, the west by Temeke District, and to the south by the Mkuranga District of Pwani Region.

3.1 Socio-economic profile

Kigamboni District comprise of nine Wards Kigamboni Ward, Tungi Ward, Vijibweni Ward, Kibada Ward, Mjimwema Ward, Somangila Ward, Kimbiji Ward, and Pemba Mnazi Ward. The district has a population of 317,902 (according to 2022 census).

Farming is the second-largest economic activity after tourism, commerce and trade, and it makes a substantial economic contribution to the Kigamboni district. Small-scale farmers run the industry, and the majority of them engage in subsistence farming to ensure their existence by relying mostly on rain-fed agriculture.

Based on the socioeconomic survey conducted by Ardhi University in October 2018 for the Kigamboni Master Plan, 71% of the citizens in Kigamboni who were interviewed had monthly incomes between TZS 50,000 and 200,000, 28% between TZS 50,000 and 100,000, 21% between TZS 100,000 and 200,000, and 22% between TZS 200,000 and 400,000. Only 15% of the residents who were interviewed have incomes over 400,000 TZS, and 14% have incomes below 50,000 TZS.

According to the findings of the socioeconomic study, 91% of the residents who were questioned had monthly incomes of less than TZS 600,000. Only 8% and 1% of people, respectively, had monthly incomes between TZS 600,000 and TZS 1,500,000. This indicates that the majority of households in are low income households because it is below the national average, which is 3.8% for the group earning more than TZS 1,500,000/-

Investment Opportunity Matrix, Kigamboni

S/No.	Sector	Investment Opportunities Available
1.	Agriculture	<p>i) There are 21,000 acres of arable land in the District. However, only 4,955.9 ha (23.6%) of the arable land was used to grow food and cash crops in 2016.</p> <p>ii) The maximum usage in the three years was 19,341.94 ha (92.1%) in 2017. But in 2018, cultivation fell to 10,166 ha (48.4%). Subsistence farming, which is typically practiced by peasants (small-holder farmers), is the predominant type of agriculture in the region</p>
2.	Livestock	<p>i) According to the information available, Pembamnazi, Somangila, and Kisarawe II wards are excelling at maintaining <u>livestock</u>. Individual families own most of the livestock that the Kigamboni district.</p> <p>i) The industry serves as an additional source of revenue. 15,766 <u>cattle</u>, 11,562 <u>goats</u>, 3,451 <u>sheep</u>, 1,296 pigs, and 189,503 poultry were present in 2019, 39,961 chickens (broilers and layers), 42,516 indigenous chickens, 19,925 cattle, 11,562 goats, 3,415 sheep, 1,296 pigs, and 3,415 sheep</p>
3.	Trade and	<p>i) A little more than 1.9% of the people who live in</p>

	industry	<p>Kigamboni district are formally employed in commerce, particularly in the unregulated market.</p> <p>ii) They can be found in a number of locations, including the Magogoni and Kigamboni Ferry areas, which have markets, bus stops, parking lots for boda bodas and bajajs, and streets where vendors sell their wares.</p> <p>iii) Also there is an oil refinery TIPER located in the district.</p>
4.	Tourism	<p>i) Kigomboni boasts 65 km of coastline, the largest in Dar es Salaam Region. In addition, the Municipality is home to a number of tourism hotspots, including a mangrove forest reserve and the islands of Kendwa, Makatube, Fungu Baraka, and Sinda Island. Also Kigamboni Zoo and holiday resorts along the shoreline.</p>
5.	Agro Processing	<p>i) All farm products possibly cultivated in Kigamboni can be processed in the factories of investors attracted to locate within the proposed Industrial Park</p> <p>ii) Agronomic soil analysis shows that the soils can support other crops such as cotton; an important crop needed for textile industries</p> <p>iii) Cassava cultivated in Kigamboni is an important raw material for starch processing. Starch is needed in other industries such as textiles, pharmaceuticals and hospitals.</p>

Source: Dar es Salaam Investment Profile, 2019

3.1.1 Other Investment opportunities within the Park

The operation of the Industrial Park creates an opportunity to invest and trade within the Park. Investors locating in the parks need reliable supplies of energy, water, transportation, telecommunications services, waste disposal and other services. These services could increase the capital cost but increase the financial return and shorten the payback period. This is an opportunity for Kilimanjaro Industrial Park to make business and profitable returns. Without these services the industrial park idea cannot be viable.

Investment Opportunity matrix, in the Park

<i>S/n</i>	<i>Type of Service</i>	<i>Potential for Demand/Business</i>
1.	Energy	Power generation through natural gas plant. Kilimanjaro Industrial Park could procure natural gas to generate power for industrial users can sell excess to other users through TANESCO national grid;
2.	Water Supply	Hydrological surveys conducted by the DAWASA have discovered a huge soft-water aquifer extending from Wami-Ruvu basin to the Indian Ocean (Kimbiji area). This aquifer, according to this survey, has tremendous amount of water that can serve Dar es Salaam and Coast regions for over 1000 years. The water source is also sufficient to support big production on the proposed industrial park.
3.	Waste Management	Due to industrial activities that are going to take place at the proposed industrial park, there is a risk of polluting the environment.

4.	Real Estate	<p>Kilimanjaro Industrial Company Ltd seeks to take control of expected growing quantities of waste from the industries and residential area and maintain a clean environment. The company will invest heavily on recycling market which will provide a competitive sink as an alternative to increasingly expensive land fill and incineration of other treatment option. There is major opportunity for the company to build on the recycling system to increase further the recycling rates to protect and develop people by reduce the quantity of waste being generated, reuse products that can be reused and recycle materials that can be extracted (3Rs)</p> <p>Recent developments in the construction industry and rapid urbanization have significantly increased demand for housing and space for other uses, which has made real estate one of the attractive investment sectors in the country. The growing number of foreign investors and foreigners' activities in the proposed industrial park will increase demand for prime office, residential and recreational properties.</p>
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Source: Business Plan

From the above market findings, the opportunity available to the proposed Industrial Park in Kigamboni is clearly significant. *It is apparent that a gap between supply and demand exists in the market and this gap is expanding as the market is*

changing and growing. The only way to fulfill this gap is to expand facilities and services that offer high quality of services to the internal and external prevailing and prospective investors and clients.

Experience drawn by owners of Kilimanjaro Industrial Park reveal that real estate sector in Tanzania is still small and underdeveloped. However, for the last three decades, construction has been the largest sector in the country's investment programmes accounting for about 50% of the total capital formation. It is estimated that the construction industry has been growing at an annual rate of over 10%. This is mainly due to growth in economic and administrative activities, urbanization, and changing consumers' taste in favour of modern residential and commercial accommodation. Similarly, although the housing shortage in Tanzania urban centers is mainly aggravated by rapid urbanization, the nature of demand for residential units has also been taking a different turn over the recent years. A new dimension which was insignificant in the past is now taking shape. Middle income group has been growing, which has sparked demand for decent housing. Currently, there is acute shortage of such housing. The middle class mainly comprises graduate employees and young businessmen, most of them qualifying for mortgage loans.

3.2 Market Size

Tanzania occupies a unique geographic location as a maritime nation situated halfway between the Horn of Africa towards the North and Cape of Good Hope to the South. The favorable geographic location of Tanzania and the hinterland terrain transportation are the two factors which favor the size of market as the gateway to the neighboring hinterland countries which are brought together under the integration of Regional markets of EAC, SADC and COMESA with Tanzania emerging as a natural trade confluence and regional hub.

Tanzania continues to remain an attractive destination for foreign direct investments (FDIs) with value of FDIs having reached US\$ 1.1 billion in 2022¹. The facilitating role of the Tanzania Investment Centre (TIC) as a One-Stop-Service-Centre for investors has been playing a pivotal role in this performance. The Tanzania Investment Centre (TIC), has just released its Monthly Investment Bulletin-March 2023 in which it indicates that a total of 37 projects worth USD 796.17 million were approved and registered by TIC in March 2023. These projects are expected to generate 7,714 new job opportunities in the country. In comparison, TIC registered 35 projects worth USD 361 million in March 2022 which were expected to generate 6,681 new jobs². Sustaining high level of FDIs does not only depend on investment potentials but also, rather largely on the presence of a conducive environment for doing business and investing, relative to competitor countries in the region.

Tanzania is, by its location, a traditional bridge, being the place of physical intersection of the transport corridors which link the markets of the Tripartite EAC, SADC and COMESA regional economic groupings. Tanzania is, therefore, an ideal location for market-seeking industries that target the emerging African market especially EAC, SADC and COMESA markets. Tanzania is pursuing greater openness and integration that fosters closer collaboration with the rest of the world with a view to tapping into regional and global markets. This coupled with improved cross-border trade and foreign direct investments would stir and catalyze the industrialization drive.

¹ The United Nations Conference on Trade and Development (UNCTAD) recently released its World Investment Report 2023

² <https://www.tanzaniainvest.com/economy/investment-bulletin-march-2023>

3.3 Marketing Strategies

3.3.1 Customer Focused Solution

Kilimanjaro Industrial Park Company will constantly search for ways to make improvements to their products and services and enhance relationships with suppliers and customers. The business world moves very quickly, in the spirit of this pace, the company will develop ongoing relationships with their key stakeholders that are serious and positive. The company will make meaningful contributions to the success of those customers. The best way to build these key relationships to best-practice level is on a base of trust and shared communication. Kilimanjaro Industrial Park Company will focus on customer's operations from a business process perspective. The company will always keep abreast in understanding and responding to the constantly changing needs of customers. The focus here is to understand the broader market and the entire value chain, and not just the customer.

The total market environment has a direct impact on our customer's business needs and prospects. This will include factors such as, new trends in society, new products offered in other industries, supplier trends and developments, the general economic and the political climate. The company will look at the broader perspective, and factor in how those changes may impact on their customers in the future. Kilimanjaro Industrial Park Company will survey customers frequently for ideas and opinions. This strategy goes further than determining customer satisfaction, it also take seriously their suggestions and ideas on how best the company can improve the offered services. While as many means of communication as possible should be used, the most effective way to achieve this is by face-to-face meetings.

3.3.2 Service delivery models

Kilimanjaro Industrial Park Company will use the Service Delivery Model to ensure that client's services are fully met to support their productivity in the park. Service delivery models describe the practical implementation of utility supply service provisions as part of a service delivery approach. They provide agreed legal and institutional frameworks for delivering a service, including commonly understood and accepted roles for actors involved in the development and provision of the water service, electricity and gas supply. The company will ensure that the type of physical infrastructure used to deliver water services, electricity and gas is available for the standard for levels of service to be provided. Service delivery models are thus an integral part of a service delivery approach. Supporting the further development and strengthening of service delivery models that provide reliable utility services, is a key area of focus for Kilimanjaro Industrial Park Company. The approach of a service delivery model will describe the service to be provided under the model, as well as the infrastructure and the management model needed to operate and maintain the infrastructure in order to provide the service. Utility services such as water, electricity and gas can be described in terms of levels of service with attributes such as quality, quantity, reliability and accessibility. The management model refers to the institutional arrangements for the service provider. These service providers are supported by authority and support functions that are required to ensure sustainable utility services within the industrial park. This model will have a combination input of both public sector utilities; private sector; and self-supply. Even more variations can be identified when considering differences in terms of combinations of management models, type of infrastructure and service levels.

3.3.3 Market Forecast and Targets

The development of Kilimanjaro Industrial Park is planned to attract the participation of National and International commercial entities because Tanzania has opportunities to invest, to do business and hence to create wealth and make profits. Many investors are interested to invest in Tanzania because the investment climate is conducive. Foreign investors in manufacturing sector require enough space backed by reliable infrastructure which Kilimanjaro Industrial Park can offer. The proposed industrial park will provide opportunities for equity participation in the various industrial and real estate investments, and further translate into business opportunities in the provision of utility services and other related commercial, technical, financial and legal services. Industrial development collaboration between local and foreign investors is one of the key drivers the company's market forecast.

The proposed Industrial Park has enough land to accommodate numerous factories. As a matter of fact, the business model of **Kilimanjaro** Industrial Park builds its business case on the target market of Asian Companies.

CHAPTER 4 - FINANCIAL MODEL, ANALYSIS AND PLANS

4.0. Introduction

The Financial Modelling and analysis, is the main source of information for assessing the potential financial viability of the Kilimanjaro Industrial Park. The analysis is based on the assumptions that have been taken for the implementation of the site development, demand and the associated potential investment requirements for a 10 year time period. The purpose of an Industrial Park is to speed up the country's economic development by being a catalyst for restructuring the existing industrial set up and attracting new, both foreign and domestic entrepreneurs to a liberalized legal business framework. A comprehensive analysis of lessons learned for special economic zones over the last decades concludes that the success of such zones is critically linked to the way in which they are located, developed and managed. Key elements of good practises leading to success are that an Industrial Park shall be flexible allowing for a range of industrial activities, be customer oriented, have simple procedures for obtaining investment and business permits, and be adequately funded to provide the necessary infrastructure. The availability of these factors is crucial for how attractive an Industrial Park is seen by the private sector and therefore also of the development speed. In short, the development of the Industrial Park, among other factors will depend on how it is perceived compared to other locations and schemes (including existing and planned development areas) inside or outside Tanzania with regard to a long number of parameters like location and accessibility, quality of offsite and onsite infrastructure, efficiency of One Stop Service Centre, availability and cost of utilities and the cost level in terms of charges compared to other Industrial Parks. The result of the financial analysis of the Industrial Park is based on assumptions and conditions that have been taken based on the market analysis. Furthermore, information has been obtained from interviews with relevant stakeholders as well as from sources

showing experience and lessons learnt from similar Industrial Park projects under SEZ program.

4.1. Objective and Scope of Financial Model

Objective

The main objective of the financial modelling and analysis is to setup a financial model framework for potential generated revenues and operational & maintenance costs for the full operation of the Kilimanjaro Industrial Park project based on the assumptions taken for the Market Analysis, the plan for the infrastructure development, unit costs and rental charges.

Proposed Land Use Plan and Rental Charges

Land Development Matrix for 300 Acres and Proposed Rental Charges							
Type of Facility	Area in Acres	No. of Plots/ Facilities	Sqm each	Total SqM	Business decision	Rates per	Facility in business
Land to be developed	300			1,213,800 sqm	N/A	-	
Industrial Plots	63	25	10,115	252,875 sqm	Leasing	\$7.00	servised plot
Affordable residential Houses	42	84	2,023	169,932 sqm	Selling	10%	margin on cost
Supporting services centre	10			40,460 sqm	N/A	-	-
Hotel development for lease	6			24,276 sqm	Leasing	\$7.00	servised land
Office Building	4			17,000 sqm	Leasing	\$10.00	Own Facility
Commercial Centre	14			56,644 sqm	Leasing	\$7.00	servised land
Warehouses and Logistics Centre	21			84,966 sqm	N/A	-	-
Warehouse Category 1		10	4,000	40,000 sqm	Leasing	\$6.00	Own Facility
Warehouse Category 2		4	10,000	40,000 sqm	Leasing	\$6.00	Own Facility
Other				4,866 sqm	N/A	-	-
Education Centre	14			56,644 sqm	Leasing	\$3.50	servised land
Medical Facilities	2			8,092 sqm	Leasing	\$3.50	servised land
Religion Institutions	1			4,046 sqm	Leasing	\$0.00	servised land
Packing areas	1			4,046 sqm	N/A	-	-
Factory/Industrial Shades	42	34	5,058	171,972 sqm	Leasing	\$6.00	Own Facility
Infrastructures development	60			242,760 sqm	N/A	-	-
Green Field reserve	30			121,380 sqm	N/A	-	-
Area for Fencing	300			1,213,800 sqm			

Scope

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

Lease charges in Dar es Salaam Market

Best Case Scenario

Dar es Salaam Market rates for Lease/Sales			
Type of Facility	Business decision	Rates per month	Facility in business
Industrial Plots	Leasing	\$7.00	servised plot
Affordable residential Houses	Selling	10%	margin on cost
Hotel development for lease	Leasing	\$7.00	servised land
Office Building	Leasing	\$10.00	Own Facility
Commercial Centre	Leasing	\$7.00	servised land
Warehouses and Logistics Centre	Leasing	\$6.00	Own Facility
Education Centre	Leasing	\$3.50	servised land
Medical Facilities	Leasing	\$3.50	servised land
Religion Institutions	Leasing	\$0.00	servised land
Factory/ Industrial Shades	Leasing	\$6.00	Own Facility



Rent Charges on Office Space in Commercial Buildings in Dar es Salaam

Name	Location/road	Average Rent (US\$/Sam)	Percent occupied
Mlimani City	Sam Nujoma road	35	95
Shoppers Plaza	Mwai Kibaki road	30	95
Uhuru heights	Ally Hassan Mwinyi road	35	90
Msasani Mall	Namanga area	30	59
Kibo Complex	Bagamoyo road	18	95
Oysterbay shopping centre	Ghana Road	32	75
Myfair Plaza	Mwai Kibaki road	30	95
Win Shopping Centre	Bagamoyo road	15	95
Makumbusho Complex Shopping Complex	Makumbusho	20	95
Dar Free Market	Ally Hassan Mwinyi road	25	85
Viva Towers	Ally Hassan Mwinyi road	35	90
Quality Centre	Nyerere road	30	95
	Average elsewhere	\$28	

4.2. Financial Model and Analysis

The financial Analysis has been done for the specific Kilimanjaro Industrial Park project in a user-friendly way. The Analysis enables the company to use the financial model to assess the outcomes of business scenarios on the project's profitability. The Analysis provides an overview of variable lease charges input which allows different levels of profitability given different scenarios on the market. This approach supports the company to work with the model by reviewing consequences of different changes in the variable lease charges. The Financial model can further produce reliable financial ratios and illustrate the consequences of the project risks through sensitivity testing. The financial analysis provides and reviews the results based on forecasts of the demand growth. Below are the content and key items describing the investment capital



based on main costing assumptions taken from the average/estimated unit cost of development on the specific market?

The Kilimanjaro industrial park plans to incur USD 200.02 Million to develop the industrial park. The investment will be used for construction of basic infrastructure (roads, electricity, water, sewage system, ICT and industrial sheds), commercial, office and residential buildings, industrial sheds etc. The company will also market and promote the park to attract investments into Tanzania.

COST ANALYSIS ON FACILITIES CONSTRUCTIONS					
SN	FUCTION TYPE	(%) LAND DISTRIBUTION	PLOT SIZE 300	CONSTRUCTION COST/MSQ CONV. ACREA	TOTAL COST
1	Land acquisition	100.00%	300.00	\$33,336.67	\$10,001,001.00
2	Residential houses	12.00%	36.00	\$10,489,461.12	\$45,314,472.04
3	Infrastructure development	7.00%	21.00	\$1,537,810.60	\$2,260,581.58
4	construction of warehouses	15.00%	45.00	\$764,858.43	\$5,162,794.40
5	Industrial Park	30.00%	90.00	\$3,047,293.11	\$82,276,913.97
6	Office Buildings	8.00%	24.00	\$1,996,887.53	\$3,834,024.06
7	Parking Area	5.00%	15.00	\$455,272.88	\$341,454.66
8	Social services	10.00%	30.00	\$1,396,170.15	\$4,188,510.45
9	Green fiel reserve	5.00%	15.00	\$6,070,305.00	\$4,552,728.75
10	Fencing	5.00%	15.00	\$1,517,576.25	\$1,138,182.19
11	Petrol/Gas Station	1.70%	5.10	\$526,295.44	\$45,629.81
12	Zone fire system/Police/security	0.50%	1.50	\$18,200.00	\$27,300.00
13	Motor Vehicles	0.00%	-		\$4,000,400.00
14	solar panel	0.10%	0.30	\$146,000.00	\$43,800.00
15	Sewerage and water system	0.40%	1.20	\$35,000.00	\$42,000.00
16	Electricity	0.30%	0.90	\$56,000.00	\$50,400.00
17	Working capital	0.00%			\$36,739,807.09
Total		100.00%	300.00		\$200,020,000.00

4.3 Results of Financial analysis and Revenue potentials

The Financial Model of this Business Plan based on demand forecast is a main source of information for the determination of the project profitability and payback period of the Kilimanjaro Industrial Park and its potential investment requirements for a 10 year time period. The demand forecasts in the market