

9/28/2023

ALAMA
AFRICA
LIMITED

BUSINESS PLAN FOR TIC REGISTRATION OF A TRANSPORTATION PROJECT



A Transportation Project in Arusha

A. EXECUTIVE SUMMARY

Alama Africa Limited is a company registered under the Laws of the United Republic of Tanzania on 13/10/2021 and granted Certificate of Incorporation No. 153777101. For tax purpose the company was registered and granted TIN 153-777-101. The company is wholly local and it has a wide range of activities that it can carry out but for this specific plan its focus is on cargo transportation. The company's authorized share capital is TShs. 1,000,000,000 divided into 1,000 shares of TShs. 1,000,000 each. The value of the share capital is equivalent to about USD 399,201.59.

The company has resolved to establish a project for road haulage of dry cargo within Tanzania Mainland. Currently operations are expected to start effectively within 2023. Planned investment capital for this project is **USD 4,656,500**. The investment capital is from local equity (20%) and a local loan (80%) with no foreign equity. At full capacity this project will employ a total of 249 people, 242 of whom are locals.

Through analyses conducted the promoters (shareholders) of the project have realized feasibility of this project. The market analysis conducted has revealed that the product will penetrate the markets and the company can establish its niche. The financial analysis has shown that the investment will pay-off as it has been predicted to make profits.

The objective of this business plan is to present the business idea so that the TIC can provide incentives and immunities to the project presented. The incentives will help this project to develop and since this is a financially, socially and fiscally rational project the management believes that it deserves the incentives. Socio-economically this project will contribute to cargo transportation for local Tanzanians, regionals and internationals, besides creating employment; it will also develop locals' skills in the sector.

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1.0 PREAMBLE

1.1 Company Details

Alama Africa Limited is a company registered under the Laws of the United Republic of Tanzania on 13/10/2021 and granted Certificate of Incorporation No. 153777101. For tax purpose the company was registered and granted TIN 153-777-101. The company has a wide range of activities that it can carry out but for this specific plan its focus is on cargo transportation.

Alama Africa Limited is a local company owned by Tanzanians by 100% in terms of issued share capital. The shareholding structure of the company is detailed under **Table 1** where key details are given. The company’s authorized share capital is TShs. 1,000,000,000 divided into 1,000 shares of TShs. 1,000,000 each. The value of the share capital is equivalent to about USD 399,201.59.

Table 1: Company Shareholding Details

a) Shares Taken

Shareholder	Nationality	Shares Taken	Shareholding
Mrisho Mashaka Gambo	Tanzanian	500	99.80%
Magreth Godwin Muro	Tanzanian	1	0.20%
TOTALS		501	100.00%

b) All Shares

Shareholder	Nationality	No. Shares	Shareholding
Mrisho Mashaka Gambo	Tanzanian	500	50.00%
Magreth Godwin Muro	Tanzanian	1	0.10%
Shares Yet to be Taken		499	49.90%
TOTALS		1,000	100.00%

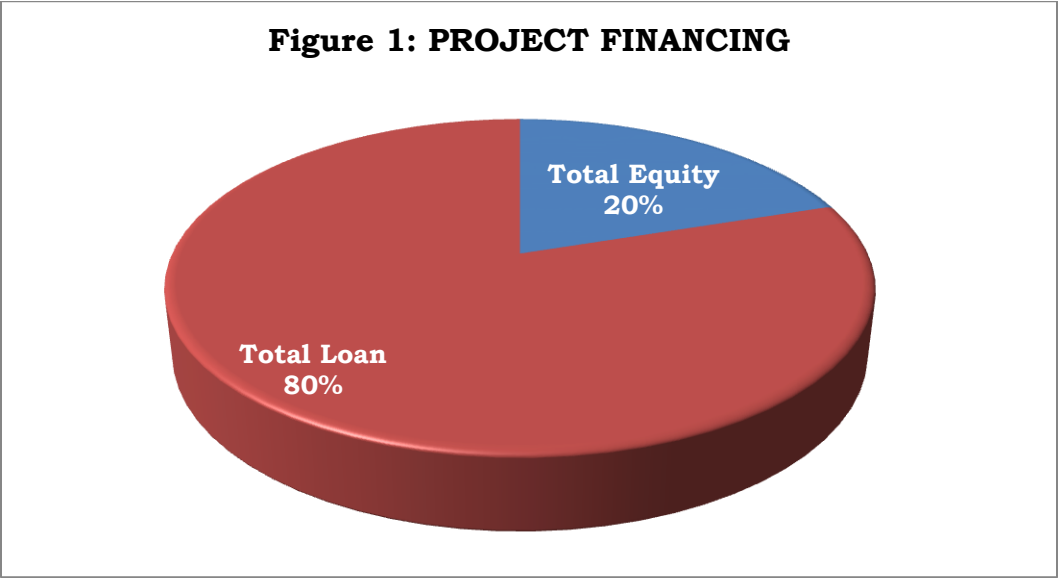
1.2 Company Location and Contacts

The company is located at Postal code 23114 Plot No. 447 Block C Njiro Road Arusha CBD – Engutoto ward.

Key contacts of the company are info@alamaafrica.co.tz alamaafricaltd@gmail.com +255 748 666 666 and P. O. Box 11777 Arusha.

2.0 THE PROJECT IN SUMMARY

This project aims to provide cargo transportation services within Tanzania Mainland. The Project is located in Arusha urban but will operate all over mainland Tanzania. This project, as shown in **figure 1** will be financed by equity (20%) and loan (80%).



2.1 Investment Plan

The total investment for this cargo transportation project is USD 4,656,500 as detailed under **table 2** below. Of this amount, as shown by columns under investment breakdown, fixed capital is projected to be USD 4,642,000 while working capital is USD 14,500. As per the columns under investment plan most

of the investment will be done during the first two years of operation and the figures will gradually go down as completion of the investment process keeps pace.

Table 2: Projected Investment Plan

INVESTMENT BREAKDOWN		INVESTMENT PLAN				
ITEMS	FINANCING IN USD	Y1	Y2	Y3	Y4	Y5
Land & Buildings	50,000	40,000	10,000	-	-	-
Plant	-	-	-	-	-	-
Vehicles	4,550,000	200,000	325,000	425,000	2,350,000	1,250,000
Furniture & Fittings	15,000	15,000				
Pre Expenses	12,000	12,000				
Others	15,000	15,000				
Working Capital	14,500	14,500				
TOTAL	4,656,500	296,500	335,000	425,000	2,350,000	1,250,000
FIXED CAPITAL	4,642,000					
WORKING CAPITAL	14,500					
CAPITAL ADDITIONS		296,500	335,000	425,000	2,350,000	1,250,000

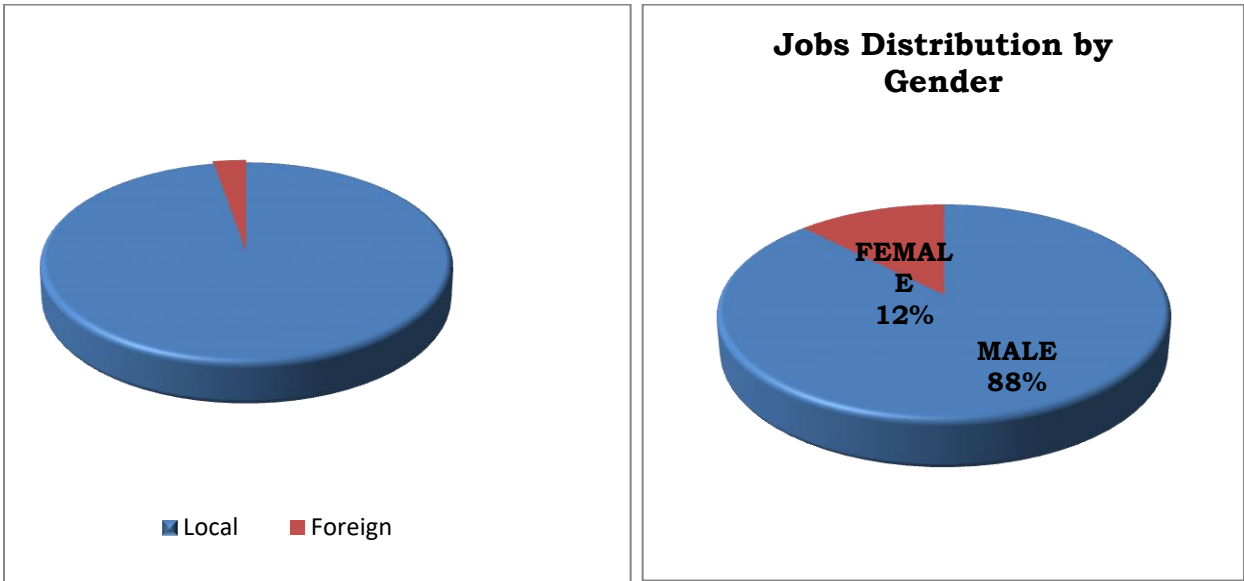
2.2 Manning Plan

At full capacity the project will directly employ a minimum of 249 people 242 of whom are locals and 7 foreigners. **Table 3** provides summarized details on the number of direct employees to be engaged in this project. **Annex 4** also gives a detailed distribution of the direct jobs. For direct jobs, at full capacity, the project will employ women and men at the respective ratio of 44:56 (**figure 2**). Besides the direct employment the project is expecting to produce at least 400 indirect jobs when at full capacity

Table 3: Employment Plan

CATEGORY	MALE	FEMALE	TOTAL
Local	212	30	242
Foreign	5	2	7
TOTAL	217	32	249

Figure 2: Jobs Distribution



2.3 Supplies Plan

The company will source its supplies of hoses from outside and trailers from within Tanzania. Its intended market is local Tanzanian and that of neighboring countries..



2.4 Production Plan

At full capacity the project is expected to be running a fleet of 100 lorries transporting an estimated cargo of 300,000 tons per annum with an annual turnover of USD 489,952. The capacity is projected to grow over the years of operation of the project as shown on **tables 4**.

Tables 4: Production and Sales Projections

a) Production

Details	Years				
	Y1	Y2	Y3	Y4	Y5
Cargo Transportation in MT	120,000	180,000	240,000	260,000	300,000
Price per MT	2	2	1.62	2	1.75
Total Production in USD	180,000	280,800	389,376	438,697	526,436

b) Sales

Details	Years				
	Y1	Y2	Y3	Y4	Y5
Annual Production in MT	120,000	180,000	240,000	260,000	300,000
Projected Annual Sales in MT	108,000	172,800	222,480	249,768.00	279,209
Price per MT					

	1.50	1.56	1.62	1.69	1.75
Projected Sales Revenue	162,000	269,568	360,952	421,433	489,952

2.5 Project Implementation Plan

Production is planned to commence within the year 2023 and full capacity to be attained by 2028. The project’s life is expected to be 5 years as shown on **figure 3**.

Figure 3: Implementation Schedule

No.	Activity	2023						2024	2025	2026	2027	2028
		Jul	Aug	Sep	Oct	Nov	Dec					
		1	Registrations - TIC									
2	Market Analysis											
3	Project Development											
4	Clients Hunting											
5	Promotion and Advertisement Campaigns											
6	Business Expansion Analyses											

3.0 MARKET ANALYSIS

This section reviews the market status for the cargo haulage sector in Tanzania. It covers the status-quo of the market, SWOC analysis, PESTEL analysis, market worthiness and market strategy for the planned product.

3.1 Status-Quo of the Market

Road transportation is as old as is the nation. The Tanzania Road Haulage Company was established back in 1980 some forty plus years back. The country having the seaport handling cargo to and fro the middle east and far east as well as her neighboring countries that are land locked provides a promising avenue for road transportation.

Our company looks forward to handle firstly local consignments and later on embark on transit cargo to and fro the landlocked countries of Uganda, Rwanda, Burundi, DRC, Malawi and Zambia.

3.2 SWOC Analysis

This sub-section covers the analysis of the overall transportation business in the country, and tries to position the project in the broad spectrum within Tanzanian, regional and global economy.

3.2.1 Strengths

Internally the promoters of the company owning the project have enough muscle to fund the project as their equity amounts to 20% of the total financing which is USD 558,780. The company also can be lent funds from a local commercial bank to the tune of USD 3,725,200. As such the company's liquidity in respect of the provision of the service is assured.

The company also has got staffs that are experienced in the transportation sector. The management engaged for the project is well acquainted with the general Tanzanian market and has developed insight into the subsector.

3.2.2 Weaknesses

The company is not a giant in the small industry within Tanzania. As such it might be lacking some levels of experience in the market. However, through consulting experts in the business arena it is expected to take off and pick its niche in the market.

3.2.3 Opportunities

There is assurance of availability of consumers of the transportation services within Tanzania and beyond the borders of the country. With the ongoing regional integrations in Africa much opportunity is provided as Africa keeps trading within itself more and more. As such the company has more opportunities.

In terms of power utilities Tanzania has relatively lower tariffs and has less power cuts. Tanzania is expecting to be exporting electricity which will be

generated from the Julius Nyerere Hydro Electric Power plant. So electricity is not an issue in running of the services to the road haulage project of ours.

In governance Tanzania is characterized by peace and tranquility for there has been no havoc in the country. This is strength as it provides our business with assurance that we will operate smoothly resting assured that the promoters' property is secured. With good investment act Promoters of the company are guaranteed of freedom from nationalization of their stake in the company.

3.2.4 Challenges

The procedures in the country are many and relatively complex. The company engages experienced business consultants to overcome this impediment.

There is some competition in the sector as Tanzania has some operators already. The company has taken this into account via the marketing strategy.

From the SWOC analysis conducted of the company and of the operating environment the promoters are confident that the project will be a success. Following the analysis we have developed a market strategy for our service.

3.3 PESTEL Analysis

The external environment of the project is analyzed as follows:-

Politically Tanzania is stable and predictable, conditions that are favorable for road haulage of dry products project.

Economically Tanzania is growing and so does her trade with the neighboring landlocked countries. Tanzania's location as the eastern Seagate to these nations promises a success for road haulage project.

Socially, Tanzania is stable, with people of varied background globally.

Technologically the country has developed in terms of energy, ICT and overall production and marketing technology.

Environmentally the project is user friendly as it does not degrade the environment. As such it is sustainable.

In the arena of Legal affairs, Tanzania is much more predictable when it comes to state-enterprise disputes. The country accepts suitable settlement of investment disputes.,

3.4 Marketing Strategy

As part of our marketing strategy, we will engage both penetrative (entry) and persistence (stay) strategies. The penetrative strategy will employ digital technology in conducting a social awareness teaser campaign. This will be done using social media, an excellent website and excellent services rendered. It will push the way for our product into the local, regional and international markets.

As for the persistence strategy, we look forward to develop a niche by extending our supplies from local, regional to international markets.

4.0 FINANCIAL ANALYSIS

This section covers project financing and financial projections. Project financing includes source of funding and financing of items in the project. Financial projections, on the other hand, cover sales projections, income projections, projected retained earnings and projected cash flow.

4.1 Project Financing

4.1.1 Sources of Funding

The project will be financed by equity (20%) amounting to **USD 931,300** and by a loan (80%) which will total to **USD 3,725,200** as shown on **Table 5**.

Table 5: Project Financing

Details	Amount	Percentage
Local		
Equity	558,780	12.00%
Loan	3,725,200	80.00%
Sub-total	4,283,980	92.00%
Foreign		
Equity	372,520	8.00%
Loan	-	0.00%
Sub-total	372,520	8.00%
GRAND TOTAL	4,656,500	
Total Equity	931,300	20.00%
Total Loan	3,725,200	80.00%

4.1.2 Financing of Project Items

The invested capital of USD 4,656,500 will fund various items in the project. These include land and buildings, vehicles and other items as shown on **Table 6** below.

Table 6: Financing of Items

ITEMS	FINANCING IN USD
Land & Buildings	50,000
Plant	-
Vehicles	4,550,000
Furniture & Fittings	15,000
Pre Expenses	12,000
Others	15,000
Working Capital	14,500
TOTAL	4,656,500
FIXED CAPITAL	4,642,000
WORKING CAPITAL	14,500

4.2 Financial Projections

4.2.1 Sales Projections

The company has projections of steadily growing sales over the first five years of operation of the project. From year 1 to year 5 the company expects to sell sales

amounting to USD 432,000; 578,448; 655,904; 752,784 and 811,531 respectively. The costs of sale are projected to be USD 45,000; 45,300; 45,630; 45,993 and 46,392 for the first respective five years of operation of the project. **Table 7** below gives the details, including those of projected gross profit for the first five years.

Table 7: Gross Profit Projections

a) Production Plan

Details	Years				
	Y1	Y2	Y3	Y4	Y5
Cargo Transportation in MT	320,000	380,000	440,000	460,000	500,000
Price per MT	2	2	1.62	2	1.75
Total Production in USD	480,000	592,800	713,856	776,156	877,394

b) Sales Projections

Details	Years				
	Y1	Y2	Y3	Y4	Y5
Annual Production in MT	320,000	380,000	440,000	460,000	500,000
Projected Annual Sales in MT	288,000	370,800	404,280	446,148.00	462,467
Price per MT	1.50	1.56	1.62	1.69	1.75
Projected Sales Revenue	432,000	578,448	655,904	752,784	811,531

c) Gross Profit Projections

Details	Years				
	Y1	Y2	Y3	Y4	Y5
Sales	432,000	578,448	655,904	752,784	811,531
Cost of Sales	45,000	45,300	45,630	45,993	46,392
Gross Profit/ (Loss)	387,000	533,148	610,274	706,791	765,139

The project promises to yield gross profit throughout the first five years of operation. In Year 1 the profit is expected to be the lowest as it is the year of investment – even in promotion campaigns - which implies much spending while the brand is relatively new in the market and thus sales are picking up the pace.

4.2.2 Income Projections

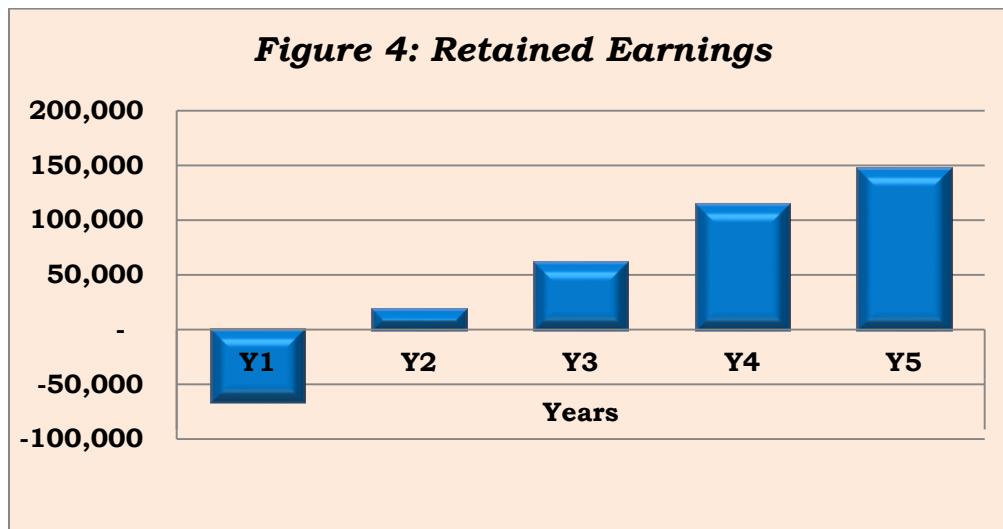
Through the first five years of operation the project is expected to be making profits. In year 1 the profits will be the lowest because of the heavy spending in investment in this year of operation. The projected profits are as shown on **Table 8** for the first respective five years.

Table 8: Projected Income Statement

Details	Years				
	Y1	Y2	Y3	Y4	Y5
Total Sales	432,000	578,448	655,904	752,784	811,531
Less: Cost of Sales	45,000	45,300	45,630	45,993	46,392
Gross Profit	387,000	533,148	610,274	706,791	765,139
Less: Operating Expenses	19,260	15,716	17,586	18,223	18,749
EBIT	367,740	517,432	592,688	688,568	746,389
Less: Loan Interest	484,276	484,276	484,276	484,276	484,276
EBT	- 116,536	33,156	108,412	204,292	262,113
Less :Taxes (30%)	- 34,961	9,947	32,524	61,288	78,634
Net Profit/(Loss)	- 81,575	23,209	75,889	143,004	183,479
Dividend (20%)	- 16,315	4,642	15,178	28,601	36,696
Retained Earnings	- 65,260	18,567	60,711	114,403	146,784

4.2.3 Projected Retained Earnings

Retained earnings projections show a positive trend for the project. This will give the company an edge in the market as it can re-adjust the price mix in order to keep more competitive. **Figure 3** gives the picture.



4.2.4 Projected Cash Flows

The project is a promising venture as projections show a positive cash flow as shown on **Table 9**. This is a muscle giving the company an edge in the market as cash flow implies liquidity which helps the project operate smoothly.

Table 9: Projected Cash Flow

Details	Years				
	Y1	Y2	Y3	Y4	Y5
Cash from Operations					
Profit Before Tax	200	33,156	108,412	204,292	262,113
Adjustment for Non-cash Items:					
Change in Working Capital:					
Receivables (-ve)	-45,000	-45,000	-43,000	-38,000	-17,000
Trade Payables and Accruals	10,000	13,000	15,000	19,000	23,000
Capital Additions					

	296,500	335,000	425,000	2,350,000	1,250,000
Total	261,500	303,000	397,000	2,331,000	1,256,000
	261,500	303,000	397,000	2,331,000	1,256,000
Tax Payments	-				
	34,961	9,947	32,524	61,288	78,634
Total Cash Inflow from Operating Activities	226,539	312,947	429,524	2,392,288	1,334,634
Cash from Investing Activities:					
	1,713,592	1,713,592	1,713,592	1,713,592	1,713,592
Land Rent and development of Property	-	-	-	-	-
Net Cash Outflow from Investing Activities	-	-	-		-
	1,487,053	1,400,645	1,284,068	678,696	378,958
Cash from Financing Activities:					
Dividends	-				
	16,315	4,642	15,178	28,601	36,696
Change in Cash and Cash Equivalents	-	-	-		-
	1,470,738	1,405,287	1,299,246	650,095	415,654
Opening Cash Balance	13,000	8,600	5,300	5,600	12,000
Closing Cash Balance	8,600	5,300	5,600	12,000	10,000

5.0 PROJECT RATIONALE

This project's rationale can be viewed in monetary, fiscal and socio-economic aspects. From the financial analysis conducted this project is worth a green light in the Tanzanian economy. Monetarily it will create income for supplier SMEs including farmers and gatherers, fiscally it will pay taxes (both Income Tax and VAT on sales), and socially it will contribute to social development as detailed under subsequent items.

5.1 Monetary Rationale

The project is expected to incur a total of **USD 317,849** on production and operating expenses through its first five years of operation. This money will go

to supplier SMEs, farmers, gatherers and other companies that will be supplying raw materials to the project. **Annex 1** gives the details.

5.2 Fiscal Rationale

Fiscally, should everything go as planned, the project projects to pay a total of **USD 793,565** as taxes to the government in its first five years of operation. Of this amount income tax is projected to be **USD 147,431** while VAT is projected to total to **USD 646,133**. The VAT projections are for the sales at the company's level only. The same applies for the income tax. **Annex 1** gives the details.

5.3 Socio-Economic Rationale

Socially the project will participate in various engagements as part of its CSR program. Over the first five years it is expected to incur a total amount of **USD 550** on CSR as shown on **Annex 1**. In addition, the project will directly employ a total of at least 242 locals and 7 foreigners. With 12% of the direct employees being women for this project this implies gender sensitivity. Other locals amounting to at least 400 will enjoy indirect employment via the project. The indirect jobs will be for those supplying services and others.

6.0 CONCLUSION

This project aims to provide transportation services in Tanzania. Although its office will be located in Arusha its operations will be rendered throughout Mainland Tanzania and beyond. The project is locally-owned by 100%. The planned capital for this project is USD 4,656,500 92% of which is local, and 8% is a foreign equity. The local loan will be secured from a local commercial bank.

From our visceral assessment of the business idea we have come up with this business plan with confidence of success. This project is highly likely to be a

success and it is rational in all aspects. If it gets a soft landing via the TIC the promoters of the project look forward to a successful project.

7.0 ANNEXES

Annex 1: Project Rationale

Details	Years					TOTALS
	Y1	Y2	Y3	Y4	Y5	
Total Production Cost	45,000	45,300	45,630	45,993	46,392	228,315
Total Operating Expenses	19,260	15,716	17,586	18,223	18,749	89,534
Income Tax	-	9,947	32,524	61,288	78,634	147,431
VAT on Sales	34,961	9,947	32,524	61,288	78,634	147,431
Provision for CSR	86,400	115,690	131,181	150,557	162,306	646,133
	-	37	121	229	294	550
TOTALS	115,569	186,690	227,041	276,289	306,375	1,111,964
SUMMARIES						
To the Government	51,439	125,636	163,704	211,844	240,940	793,565
To the Private Sector (SMEs)	64,260	61,016	63,216	64,216	65,142	317,849
To the Society (CSR)	-	37	121	229	294	550
	131	37	121	229	294	550
TOTALS	115,569	186,690	227,041	276,289	306,375	1,111,964

Annex 2: Projected Operating Expenses

Details	Years				
	Y1	Y2	Y3	Y4	Y5
Marketing Expenses	1,000	300	300	300	300
Bank Charges	300	300	300	300	300
Insurance	400	400	400	400	400
Office Expenses	1,400	1,400	1,400	1,400	1,400
Permits and Licences	3,500	200	200	1,200	200
Vehicle Expenses					

	2,900	2,900	2,900	2,900	2,900
Professionals Fees	3,000	1,800	3,000	1,800	3,000
Provision for Bad Debts	5,760	7,416	8,086	8,923	9,249
Depreciations					
Miscellaneous Expenses	1,000	1,000	1,000	1,000	1,000
TOTAL OPERATING EXPENSES	19,260	15,716	17,586	18,223	18,749

Annex 3: Loan Details

DETAILS	LOAN SECURED	INTEREST RATE	ANNUAL PRINCIPAL REPAYMENT	ANNUAL PAYBACK (PRINCIPAL + INTEREST)					TOTAL
				Y1	Y2	Y3	Y4	Y5	
Local Loan	3,725,200	0.13	745,040	1,229,316	1,229,316	1,229,316	1,229,316	1,229,316	6,146,580
Foreign Loan	-	0.14	-	-	-	-	-	-	-
TOTAL PRINCIPAL LOAN			745,040	1,229,316	1,229,316	1,229,316	1,229,316	1,229,316	6,146,580

ANNUAL INTEREST DETAILS

DETAILS	LOAN SECURED	INTEREST RATE	ANNUAL PRINCIPAL REPAYMENT	ANNUAL INTEREST PAYBACK					TOTAL
				Y1	Y2	Y3	Y4	Y5	
Local Loan	3,725,200	0.13	745,040	484,276	484,276	484,276	484,276	484,276	2,421,380
Foreign Loan	-	0.14	-	-	-	-	-	-	-
TOTAL INTEREST ON LOAN			745,040	484,276	484,276	484,276	484,276	484,276	2,421,380
TOTAL REPAYMENT				1,713,592	1,713,592	1,713,592	1,713,592	1,713,592	8,567,960

Annex 4: Detailed Job Information

CATEGORIES	LOCAL		FOREIGN		NUMBER
	Male	Female	Male	Female	
Senior Management Team:					
General Manager	1				1
Managers:					
Accounts		1			1
Marketing				1	1
Transport				1	1
Drivers	189	20			209
Mechanics	22	8	4		34
Marketng		1	1		2
TOTALS	212	30	5	2	249