

## TANZANIA INVESTMENT CENTRE

### DAR ES SALAAM

### PROGRESS REPORT

(Information required for the project's progress report after every six months or for amendment of Certificate of Incentives)

1. Panned activities for the period:

- a) Clearance of Heavy Forest (600 ha);
- b) Land preparation (850 ha);
- c) Sugarcane planting; new cane fields (850 ha);
- d) Construction of Farm Access roads – gravel standard (20 km);
- e) Construction of Earthfill Water Reservoir - 3.5 million cubic metres;
- f) Supply, Construction and Installation of Turnkey 2,500 TCD Sugar factory with Refinery

2. Achievements made on the project implementation to date:

(i.e., from the date the project was approved to the date of writing the report)

Describe the status of activities that have already been undertaken e.g. construction of buildings, acquisition of supplies, installation of equipment, etc.

- a) Clearance of Heavy Forest (562.52 ha);
- b) Land preparation (781.59 ha);
- c) Sugarcane planting; new cane fields (323.6 ha);
- d) Construction of Farm Access roads – gravel standard (9.2 km);
- e) Construction of Earthfill Water Reservoir - 3.5 million cubic metres; (75% complete by end of July 2023);
- f) Supply, Construction and Installation of Turnkey 2,500 TCD Sugar factory with Refinery (94.65% complete by end of July 2023);

3. Provide updated information on the following aspects:

S/No.	Information	Description	Current Project Status
1	Shareholder's Information	Current Shareholders names, nationality and percentage of ownership	

			<p><b>1. Board of Trustees of the National Social Security Fund – 96% Ownership</b></p> <p><b>2. The Prisons Corporation Sole – 4% Ownership</b></p>
2	Company communication Information	Email address Mobile Number Land Line Telephone Number Physical Address (Plot No. Block No. Street, District and Region)	<p><a href="mailto:info@mkulazi.co.tz">info@mkulazi.co.tz</a>  <b>+255 767 185 758</b>  <b>+255 233935278/2935281</b>  <b>Plot No. 471 Mbigiri Village and 472 Mabwegele Village – Kilosa at Morogoro Region</b></p>
3	Contact Person	Name Position Communication details (Email, Mobile and telephone)	<p><b>Mr. Japhet Tesha</b>  <b>Senior Legal Counsel</b>  <a href="mailto:Japhet.tesha@mkulazi.co.tz">Japhet.tesha@mkulazi.co.tz</a>  <b>+255 767 185 758</b></p>
4	Incorporation	Certificate of Incorporation Number	<b>129293</b>
5	TIN Information	TIN Certificate No.	<b>131-656-181</b>
6	Project Objective	Project Core Activity	<p>a) Commercial cultivation of different sugarcane varieties;</p> <p>b) Production of domestic and industrial sugar and portable alcohol / ethanol;</p> <p>c) Sale of quality sugar and its related downstream products such as ethanol, particle boards, pulp, etc.; and</p> <p>d) Power cogeneration.</p>
7	Capacity	Project capacity per year	<p>a) 50,000 MT Sugar per annum</p> <p>b) 15 MW power</p>
8	Direct Employment	Foreign Men Foreign Women Local Men Local Women	<p>92 NIL 641 396</p>

9	Indirect employment	Type/areas of Indirect employment	a) Agriculture (Miwa) b) Bodaboda c) Mama Ntilie d) Lodges/Hotels e) Renting Houses f) Shops etc
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#### 4. Project Financing Expenditure to date (TZS).

DESCRIPTION	Foreign (USD)	Local (TZS)	Total (TZS)
Land and Buildings	-	10,776,664,901.80	10,776,664,901.80
Capital Work in Progress	-	8,792,973,121.60	8,792,973,121.60
Mbigiri Factory (WIP)		134,565,146,739.63	134,565,146,739.63
Irrigation System (Capital Work in Progress)		45,958,464,286.03	45,958,464,286.03
Farm Implement	-	8,756,162,544.72	8,756,162,544.72
Cane root (Biological Asset)	-	10,972,921,335.26	10,972,921,335.26
Farm Road Improvement		6,698,337,828.35	6,698,337,828.35
Boreholes	-	227,070,000.00	227,070,001.00
Vehicles/Aircrafts/	-	2,819,115,352.60	2,819,115,352.60
Furniture	-	421,742,669.00	421,742,669.00
Computer hardware and Software		3,028,982,063.78	3,028,982,063.78
Workshop equipments and Road Signs		393,538,344.85	393,538,344.85
Office equipment	-	395,089,582.00	395,089,582.00
Insurance Cover	-	293,429,486.41	293,429,486.41
Pre-operational expenses	-	45,653,542,653.73	45,653,542,653.73
Working capital (Current Assets)	-	22,877,827,006.14	22,877,827,006.14
<b>Grand Total</b>	-	<b>302,631,007,915.90</b>	<b>302,631,007,916.90</b>

## 5. Project Financing.

Explain how the project is being financed e.g., equity, loans, sources of loans, conditions etc. see table below: -

	<b>Amount (TZS)</b>	<b>Source Country</b>
Local equity	<b>TZS. 312,980,175,132</b>	Tanzania
Local loans	-	-
Foreign equity	-	-
Foreign Loans	-	-
<b>Total Investment</b>	<b>TZS. 312,980,175,132</b>	Tanzania

## 6. Problems and Solutions:

Explain problems, which the management is encouraging in executing the project and the steps being taken to solve them

### **Challenges encountered and the steps being taken to solve them**

- a) Climatic changes and effects of weather conditions on irrigation and implementation of field activities;
- b) Poor farm access roads in Cane Growers areas;
- c) Frequent electric power cuts; and
- d) Lack of reliable voice communication network in the project area;

### **Steps undertaken to address the challenges:**

- a) Construction of Irrigation Water Reservoirs, water conveyance infrastructure and drainage work;
- b) TANROADS is implementing construction of 50 km of farm access roads gravel standard in Cane Grower areas in Kilosa District;
- c) Construction of Dedicated Powerline is being implemented under supervision of M/S TANESCO to enable stable power to and from the Sugar mill.
- d) Follow-up is being made on installation of infrastructure for improvement of Voice communication in the project area under the UCSAF Program.

## 7. Future Plans:

Explain future plans for the next coming six months and planned financial commitments

- a) Finalize construction of Earthfill Water Reservoir (3.5 million cubic metres)
- b) Hydrological study and drilling of two (2) boreholes for irrigation;
- c) Supply and installation of electric power line to Golden dam and pump house;
- d) Design and construction of water abstraction structure for 500 ha;
- e) Design and Construction of diversion weir and conveyance canal;

- f) Clearance of heavy forest (400 ha)
- g) Land cultivation (512 ha);
- h) Sugarcane Planting (512ha)
- i) Cane Supply to the factory
- j) Harvesting of matured cane (2,316 ha)
- k) Loading and transport of cane to meet factory demand of 2,500 TCD;
- l) Ratoon crop maintenance (2,316 ha)
- m) Construction of Farm Office, Factory Blocks and Cane Cutter houses;
- n) Provision of accommodation and management of cane cutters.

**7. Recommendations and any other comments.**

Recommended the Tanzania Investment Centre to extend the certificate of incentive number 001046 for one year up to 20<sup>th</sup> August 2024.