

LIVINGWAY (URT) LIMITED

BUSINESS PLAN

FOR

ESTABLISHMENT OF THE BEES FARMING AND HONEY PROCESSING

1.0 Executive Summary

LIVINGWAY (URT) LIMITED is a locally incorporated company and licensed bee farm and honey Production Company that is based at **Plot No.8,10 and 12 the area covering 2.72hactares, Mlogolo, Sikonge District, Tabora – United Republic of Tanzania**. LIVINGWAY (URT) LIMITED has done detailed market research and feasibility studies and the company was able to secure an agreement with the Tanzania Forest Service Agency (TFS) to use natural forests in the Western region for bee farming while plots No.8,10 and 12 the area covering 2.72hactares, Mlogolo, Sikonge District, will be used as a honey production Centre.

LIVINGWAY (URT) LIMITED bee farm is going to be a standard commercial bee farm hence will be involved in raising bees, packaging, and marketing honey, selling live bees, royal jelly, beeswax, propolis, pollen, venom, and other bee products on a commercial level both in the United Republic of Tanzania market and the global market.

LIVINGWAY (URT) LIMITED is in the bee farming and honey production line of business because LIVINGWAY (URT) LIMITED wants to leverage the vast opportunities available in the agriculture industry, to contribute our quota in growing the global economy, in national food production, and also to live bees, royal jelly, bees' wax, propolis, pollen, venom and other bee products from the United Republic of Tanzania to other countries and over and above to make a profit.

LIVINGWAY (URT) LIMITED is well positioned to become one of the leading commercial bee farms and honey production businesses in the United Republic of Tanzania, which is why we have been able to source the best hands and machines to run the company with.

LIVINGWAY (URT) LIMITED has put processes and strategies in place that will help us employ best practices when it comes to commercial bee farms and honey production processes as required by the regulating bodies in

the United Republic of Tanzania. At LIVINGWAY (URT) LIMITED, our customer's best interests will always come first, and everything we do will be guided by our values and professional ethics.

LIVINGWAY (URT) LIMITED will ensure that we hold ourselves accountable to the highest standards by meeting our client's needs precisely and completely. We will cultivate a working environment that provides a human, sustainable approach to earning a living and living in our world, for our partners, employees, and for our clients.

LIVINGWAY (URT) LIMITED is a privately registered commercial bee farm and honey production company that is owned by:

Name of shareholders	% of ownership	Nationality
Chris Meregini	50	Tanzania
Ernest P. Irungu	25	Tanzania
Judith Mhina	12.5	Tanzania
Eston M. Kasika	12.5	Tanzania

Before starting LIVINGWAY (URT) LIMITED, the shareholder worked in the industry for over 10 years and are well experienced and highly qualified to run this type of business.

2.0 Overview of Honeybee Products Production

Statistics for Honeybee Products Production (Global, Regional, and National) the global production of bee products especially honey and beeswax are increasing over the years due to increased demand for honey in particular. The increase in demand is attributed to two reasons; first worldwide increase in human population and second preferences of the majority of consumers towards natural and healthier products. The world demand for honey is expected to increase over the next four decades to

match the world's population which is forecasted to increase by 2 billion people and exceed 9 billion people by 2050¹. Also, the trend of consumers shifting towards organic and healthier products is expected to continue rising due to new variants and flavored honey-based food products such as baby products, yogurts, and drinks. Moreover; honey contains antioxidants, minerals, vitamins, and proteins making itself an appealing ingredient as compared to artificial sweeteners² the world's total honey production is estimated to be 1.3 million tons a year³ According to FAOSTAT (2019) in 2017, the larger honey producing countries are

- China
- Turkey,
- Russia,
- Mexico,
- USA,
- India,
- Iran,
- Ukraine and
- Ethiopia.

Developing countries produce about 47 percent of the total world's honey production. Tanzania is the 11th-largest producer

The World's largest producers of beeswax are:

- Ethiopia
- Argentina,
- Turkey,
- Korea Republic,
- Kenya, and
- Angola.

With a production of 1,843 tons per annum, Tanzania is the 7th largest beeswax producer. Table 4 shows the World's top twelve beeswax

producers. The position of Tanzania on sales of beeswax can however be debated because honey sold to neighboring countries is sold as unprocessed honey (crude honey)

There is limited information on the production of honey and beeswax in SADC countries. Having no data implies that many SADC member countries do not

Collect data on the production of honey, or that the contribution of the sector to the countries is yet to be recognized. According to FAO, Tanzania produced about 30,393 tons of honey in 2017 which made it the leading country in the SADC region followed by Angola, Madagascar, South Africa, Zambia, and Mozambique

2.1 Beekeeping Production Area in Tanzania

Tanzania is endowed with a favorable environment for the production of honey, beeswax, and other bee products. Tanzania has 48.1 million hectares that can be used for beekeeping. Out of these, 20.5 million hectares are unreserved forests and woodlands, while 13 million hectares of forest and woodland are forest reserves. Within the protected forest more than 70,917 hectares are forest plantations and 115,500 hectares are mangrove forests which are habitats and sources of fodder for honeybees. A larger proportion of these areas provide an opportunity to produce organic honey and beeswax as they are away from crop production thus away from sources of agricultural pollution. In fact, due to its organic nature, Tanzanian honey is in high demand in Germany, Holland, England, Belgium, and other countries in the world⁴ The main beekeeping and honey production regions are the Western zone (Tabora, Shinyanga, Rukwa and Kigoma), Southern Zone (Lindi, Mbeya, Iringa, and Ruvuma), Central Zone (Singida and Dodoma), Eastern Zone (Morogoro, Dar es Salaam, and Coast) and North Eastern Zone (Manyara, Arusha, Tanga, and Kilimanjaro).

Mpanda and Manyoni districts have the highest potential of honey production in Tanzania (8,000 tons each) but the actual production is 1,500 and 600 tons respectively which is below Sikonge which has the potential of 6000 tons but actually produces 2,000 tons per annum. The nine (9) districts that are categorized as high-producing districts if summed together have the potential of producing 52,000 tons of honey but produce only 7,800 per annum which is just 15% of their potential. The nine (9) districts whose production potential is categorized as a medium have an estimated annual production potential of 21,700 tons. In this group, the leading district is Kibondo district (4,000 tons) followed by Kigoma and Handeni districts with a production potential of 3,000 tons each. The top producers in this category are Kondoa district (300 tons) followed by Kiteto and Kibondo at 250 tons each. These produce only 6.5% of their potential. The nine districts categorized as having unexploited potential have the potential of producing 40,000 tons. However, the actual production in this category is only 180 tons. Lindi's potential compares to Mpanda and Manyoni. Whereas Mpanda and Masnyoni produce 1,500 tons and 600 tons respectively, Lindi produces only 50 tons. Songea's potential compares to Sikonge, and Urambo which produce 2000 tons and 1400 respectively but Songea produces only 50 tons. The potential of these 27 districts put together is approximately 113,700 tons per annum which is equivalent to 3 times the current actual production. These data though may not exactly represent the current situation, serves to show that despite the existing potential in different districts the actual production is still far below expectations. The proposition of establishment of processing industries thus needs to consider this as an important issue

2.2 Global Market (price, demand, type of products, level of processing)

The global market of natural honey reached USD 7,678 million in 2018 and is estimated that will generate around 10,336 million by 2025 at a compound annual growth rate of 4.8% between 2019 and 2025⁶. The use of honey in food and beverage is predicted to dominate the global market the reason being the increase of awareness of the health benefits of honey that is an energy source, immunity system builder, and a weight loss source compared to sugars and artificial sweeteners. Globally, China was the leading country holding up to 41.3% of the world market share in 2018 followed by Turkey at 6.9%, Russia at 5%, the Islamic Republic of Iran at 5%, and others at 41 percent⁷. The largest importers in 2018 were European at USD 1.2 billion which is 52.3 percent of the global total, North America at 23.8% and Asia at 20 percent. This suggests that up to 50 percent of Europe's consumption of honey needs is met through honey imports. In 2015 the amount of honey imported by Europe amounted to 339,000 tons in 2015. Germany is the largest honey importer accounting to over 26 percent of honey that was imported and this is 26 percent of the total volume of European imports in 2015⁸. Other major importers in Europe are the UK (12%), France (10%), Spain (8%), and Poland (7%) of total European consumption. The wholesale price in the world market between 2016 -2018 ranged from 2.3-3.9 USD/kg. The price of the honey depends on the certification of the origin. The market value of Organic honey which was at USD 500 million in 2017, is expected to increase up to USD 910 million by 2023⁹. Organic honey fetches higher market value compared to conventional honey.

2.3 Honey Quality Requirement at Global Market

Honey exported to the global market must meet market quality standards. For EU markets honey exported must comply with general food and safety regulations and honey quality standards and labeling.

2.4 General Food and Safety requirement

Legislation of the European Union prohibits honey imported from countries that have not established systems for chemical residue monitoring and can effectively prevent honey exports that are not in compliance with European Union requirements. Tanzania has that system in place and is one of the countries that are listed in the third country list which is a list of countries allowed to export honey to Europe¹⁰. In addition to this qualification, the EU requires honey-exporting countries to observe food safety standards provided by European Union Food Legislation. EU Legislation for honey also requires the existence of a traceability plan to allow backward and forward verification of information about the products throughout the entire supply chain and defining Hazard Analysis Critical Control Points (HACCP) which also performs hazard analysis. Tanzania has both a honey traceability system and HACCP inspectors that have been trained. Section 20 (1) of the Beekeeping (General) Regulation requires each dealer and all apiary products or bee products to be tested for compliance with the quality standards as per HACCP principles¹¹. There is also a requirement that each batch of honey is accompanied by a health certificate which in Tanzania is provided by the Ministry of Livestock and Fisheries in collaboration with Tanzania Forestry Services (TFS). That is to say, Tanzania has the capability to implement procedures based on Hazard Analysis Critical Control Point (HACCP) principles. The EU has also set Maximum Residue Levels (MRLs) for pesticides and antibiotics in honey which sets the highest levels of antibiotics and pesticides Regulation (EC) 470/2009, Regulation 396/2005¹². In addition, the adoption of the

procedures for quality and safety products as per the International Organization for Standardization (ISO): ISO 7001 and ISO 220000 is an advantage for increasing European market share. For any third country to be allowed to export honey to the EU it must also implement Critical Residue Monitoring Plan (CRMP). Tanzania meets all these requirements and thus can export honey to EU countries.

2.5 Honey quality standards and Labeling

Honey will be accepted in the EU only if it complies with the directive (EC) 110/2001 which set European requirements for honey quality standards and labeling. EC 110/2001 set standards for Fructose and glucose content, Sucrose content, and Moisture 10 CBI 2009. Honey and other Bee products market in the EU. CBI market survey 11 URT 2005. The Beekeeping general regulations. Government Printers. Dar es Salaam.

2.6 Tanzania Export of Honey and Beeswax

Tanzania is the 11th country in honey production second in Africa with a production share of 1.7%. Globally the top exporter of honey is New Zealand followed by China¹³. Tanzania ranks 71st in the export of honey though has a very high Revealed Comparative Advantage of 0.96. The amount of honey being exported from Tanzania is only 5% of total production. However, this does not cover the amount of honey sold to neighboring countries such as Kenya, Rwanda, Burundi, and Congo DR. European countries that import honey from Tanzania are Germany, the Netherlands, the UK, Belgium, and Norway. Others are China, Japan, the USA, Oman, and United Arab Emirates (Dubai). Africa's share of global annual imports is 19 percent, Morocco holds the largest share 8% and Tanzania's share is below 0.1 percent. Honey export from developing countries increased significantly between 2011 and 2015, amounting to 199,000 tons (€ 466 million). This represents 59 percent of total honey

exports directed to Europe. For beeswax, Tanzania ranked 9th globally with a beeswax production share of 2.8%. In Africa, the leading country is Ethiopia (8.3 percent), followed by Kenya (3.8) and Angola (3.5). In fact, between 2003 -2009 Tanzania beeswax received the second-best price of beeswax in the European market behind Australia¹⁴. Figure 2 presents data of honey and beeswax exported from Tanzania. The highest export of honey was reported in 2007/08 (620 tons) followed by 2018/19 when 611.4 tons were exported. From 2008/9 the trend of honey export has been declining likely due to increased domestic consumption. A similar trend is also exhibited by the export of beeswax. Generally, the amount of beeswax exported is above that of honey

3.0 Rationale for the Establishment of the Bee Product Processing Industries

In Tanzania, the main honey processing methods are pressing, straining, and in some instances boiling. Some of these technologies not only compromise the quality of honey but may affect safety too. Honey that fails quality standards and safety requirements cannot be exported to some markets like the European Union which have stringed legislation on food and food products. In addition, it has been established several times that businessmen in Tanzania secure markets of honey in Europe. However, beekeepers have always not been able to supply honey of the same quality also, they have not been able to collect the required amount because of inadequate established places where honey is processed in bulk with both quality and quantity ensured. The quality of products can also be affected by the type of processing equipment used. Honey is mainly used as food and thus must be processed and stored in food-grade facilities however such facilities are missing or limited in many honey-producing areas. In fact, data available suggest that about 90 percent of bee and honey bee product processing in Tanzania is done by traditional

beekeepers that mostly use less improved technology and facilities. The bottom line however is that products produced must after processing exhibit quality characteristics that meet the consumers' needs. On the other hand, under the globalized market are secured through competition. A system of quality control that can be enforced and assurance of products in bulk is mandatory. It includes, for example, compliance with sanitary standards, food safety standards, Good Manufacturing Practices (GMP), and the system of Hazard Analysis and Critical Control Points (HACCP). The integrity and safety of any food products are ensured through the identification and assessment of all units of operations throughout the process length which prevents potential contamination and adulteration that could expose consumers to health risks. It is difficult to use or enforce such a system in the current honey processing state in Tanzania. The involvement of stakeholders in the conservation and promotion of natural products is among the strategies to ensure sustainable development. Some interventions have been undertaken in the beekeeping sub-sector that range from improving production technology and micro-processing to marketing of products.

4.0 Our Products and Services

LIVINGWAY (URT) LIMITED is a standard commercial bee farm and honey Production Company that is committed to raising bees and producing honey and other related bee products for both the domestic and the global market.

We are in the commercial bee farms and production line of business to make profits and we are going to do all we can to achieve our business goals, aim, and objectives. These are the areas LIVINGWAY (URT) LIMITED will concentrate on in our commercial bee farms. If the need arises we will definitely add more bee products to our list;

- Bee production

- Beeswax production
- Queen bee production
- Honeybee production
- Propolis production
- Bee pollen collection
- Sale of live bees
- Sale of other bee-related products
- Pollination services

5.0 **Our Mission and Vision Statement**

- LIVINGWAY (URT) LIMITED's Vision is to become one of the leading commercial bee farms and honey production brands not just in the United Republic of Tanzania but also on the global stage.
- LIVINGWAY (URT) LIMITED is a registered commercial bee farm and honey Production Company that is committed to raising bees and producing honey for both the domestic and the global market.
- We want our live bees and honey to flood the nooks and crannies of the United Republic of Tanzania and other countries of the world.

5.1 **Our Business Structure**

LIVINGWAY (URT) LIMITED is a privately owned and managed commercial bee farms and honey production business that intends to start small in the Sikonge- Tabora region but hope to grow big in order to compete favorably with leading commercial bee farms and honey production companies in the industry both in the United Republic of Tanzania and on a global stage.

LIVINGWAY (URT) LIMITED is aware of the importance of building a solid business structure that can support the picture of the kind of world-class business we want to own. This is why we are committed to only hiring the best hands within our area of operations.

At LIVINGWAY (URT) LIMITED, we will ensure that we hire people that are qualified, hardworking, creative, result-driven, customer-centric, and ready to work to help us build a prosperous business that will benefit all the stakeholders (the owners, workforce, and customers).

As a matter of fact, a profit-sharing arrangement will be made available to all our senior management staff and it will be based on their performance for a period of five years or more as agreed by the board of trustees of the company. In view of the above, LIVINGWAY (URT) LIMITED has decided to hire qualified and competent hands to occupy the following positions;

- Chief Operating Officer
- General Farm Manager
- Human Resources and Admin Manager
- Accountant / Cashier
- Sales and Marketing Executive
- Field Employees
- Front Desk Officer

5.1.0. Job Roles and Responsibilities

5.1.1. Chief Executive Officer – CEO:

- Increases management's effectiveness by recruiting, selecting, orienting, training, coaching, counseling, and disciplining managers; communicating values, strategies, and objectives; assigning accountabilities; planning, monitoring, and appraising job results; developing incentives; developing a climate for offering information and opinions; providing educational opportunities.
- Responsible for providing direction for the business
- Creates, communicates, and implements the organization's vision, mission, and overall direction – i.e. leading the development and implementation of the overall organization's strategy.

- Responsible for signing checks and documents on behalf of the company
- Evaluates the success of the organization

5.1.2 General Farm Manager

- Responsible for the planning, management, and coordinating all farm activities across the various sections on behalf of the organization
- Supervises another section manager
- Ensures compliance during project executions
- Provides advice on the management of farming activities across all section
- Responsible for carrying out a risk assessment
- Using IT systems and software to keep track of people and the progress of the growth of bees
- Responsible for overseeing the accounting, costing, and sale of honey, selling live bees, royal jelly, bees' wax, propolis, pollen, venom, and other bee products
- Represents the organization's interest at various stakeholders meetings
- Ensures that farming goals' desired results are achieved, the most efficient resources (manpower, equipment, tools, chemicals et al) are utilized and different interests involved are satisfied. Responsible for preparing financial reports, budgets, and financial statements for the organization

5.1.3 Human Resources and Admin Manager

- Responsible for overseeing the smooth running of HR and administrative tasks for the organization
- Updates job knowledge by participating in educational opportunities; reading professional publications; maintaining personal networks; participating in professional organizations.
- Enhances department and organization reputation by accepting ownership for accomplishing new and different requests; exploring opportunities to add value to job accomplishments.
- Defines job positions for recruitment and managing interviewing process
- Carries out staff induction for new team members
- Responsible for training, evaluation and assessment of employees
- Oversees the smooth running of the daily office.

5.1.4 Accountant / Cashier:

- Responsible for preparing financial reports, budgets, and financial statements for the organization
- Provides management with financial analyses, development budgets, and accounting reports; analyzes financial feasibility for the most complex proposed projects; conducts market research to forecast trends and business conditions.
- Responsible for financial forecasting and risk analysis.
- Performs cash management, general ledger accounting, and financial reporting for one or more properties.
- Responsible for developing and managing financial systems and policies
- Responsible for administering payrolls
- Ensures compliance with taxation legislation
- Handles all financial transactions for LIVINGWAY (URT) LIMITED

- Serves as an internal auditor for LIVINGWAY (URT) LIMITED.

5.1.5 Sales and Marketing Manager

- Manages external research and coordinates all the internal sources of information to retain the organizations' best customers and attract new ones
- Models demographic information and analyze the volumes of transactional data generated by customer
- Identifies development opportunities; follows up on development leads and contacts; participates in the structuring and financing of projects; assures the completion of development projects.
- Writes winning proposal documents, negotiates fees and rates in line with organizations' policy
- Responsible for handling business research, market surveys, and feasibility studies for clients
- Responsible for supervising implementation, advocating for the customer's needs, and communicating with clients
- Develops, executes, and evaluates new plans for expanding increase sales
- Creates new markets cum businesses for the organization
- Empowers and motivates the sales team to meet and surpass agreed targets

5.1.6 Field Workers / Contract Staff

- Responsible for daily collection of live bees and honey
- Responsible for feeding bees as instructed by the supervisor
- Responsible for cleaning the bee hives and the entire environment
- Changes the water for the birds as instructed by the supervisor on a regular basis

- Handles poultry farm implements and machines (hatchery) as instructed by the section manager/supervisor
- Assists in handling the bees et al
- Carries out the task in line with the stated job description
- Assists in the transport of working tools and equipment from the bee farm and back to the designated store room
- Handles any other duties as assigned by the line manager

5.1.7 Front Desk / Customer Service Officer

- Welcomes clients and potential clients by greeting them in person, online, or on the telephone; answering or directing inquiries.
- Ensures that all contacts with clients (e-mail, walk-In center, SMS, or phone) provide the client with a personalized customer service experience of the highest level
- Through interaction with clients on the phone, uses every opportunity to build client's interest in the company's products and services
- Manages administrative duties assigned by the creative director in an effective and timely manner
- Consistently stays abreast of any new information on the organizations' products, promotional campaigns, etc. to ensure accurate and helpful information is supplied to clients when they make inquiries

Total of **70** people to be employed by LIVINGWAY (URT) LIMITED to implement the project

6.0 SWOT Analysis

LIVINGWAY (URT) LIMITED does not intend to launch out with trial and error hence the need to conduct a proper SWOT analysis.

We know that if we get it right from the onset, we would have succeeded in creating the foundation that will help us build a standard commercial bee farm and honey Production Company that will favorably compete with leading commercial bee farms and honey production companies in the United Republic of Tanzania and in the rest part of the world.

LIVINGWAY (URT) LIMITED engaged the services of a core professional in the area of business consulting and structuring to assist our organization in building a well-structured commercial bee farm and honey Production Company that can favorably compete in the highly competitive commercial bee farms and honey production industry in the United Republic of Tanzania and the world at large.

Part of what the team of business consultants did was to work with the management of our organization in conducting a SWOT analysis for LIVINGWAY (URT) LIMITED. Here is a summary of the result of the SWOT analysis that was conducted on behalf of LIVINGWAY (URT) LIMITED;

6.1 Strength:

LIVINGWAY (URT) LIMITED's strength as a commercial bee farm and honey production company is the fact that LIVINGWAY (URT) LIMITED has healthy relationships with loads of major players (agriculture merchants) in the industry; both suppliers of honey, live bees, royal jelly, bees' wax, propolis, pollen, venom, and other bee products within and outside of the United Republic of Tanzania.

LIVINGWAY (URT) LIMITED has some of the latest commercial bee farming tools and equipment that will help us raise bees and produce honey in commercial quantities with less stress. Aside from our relationship (network) and equipment, LIVINGWAY (URT) LIMITED can confidently boast that we have some of the most experienced hands in Tanzania on our payroll.

6.2 Weakness:

LIVINGWAY (URT) LIMITED weakness could be that we are new commercial bee farms and honey Production Company in Tanzania, and perhaps it might take us some time to attract big-time customers in the industry. We are aware of this and from our projection will overcome this weakness with time and turn it into a major advantage for the business.

6.3 Opportunities:

The opportunities that are available to us as a standard commercial bee farm and honey Production Company cannot be quantified; we know that there are loads of households and food manufacturing companies that can't do without a daily supply of honey. We are well-positioned to take advantage of this opportunity

6.4 Threat:

Some of the threats and challenges that we are likely going to face when we start our own commercial bee farm and honey production company are a global economic downturn that can impact negatively on household spending, bad weather cum natural disasters (*draughts, epidemics*), unfavorable government policies and the arrival of a competitor (*a commercial farm that engages in the rearing of bees and honey production*) within the same location.

There is hardly anything you can do as regards these threats and challenges other than to be optimistic that things will continue to work for your good.

7.0 MARKET ANALYSIS

7.1 Market Trends

The Bee farms and Honey Production industry has greatly benefited from campaigns advertising the health benefits of honey as a good sweetener as against sugar.

No doubt, the increased demand for honey, royal jelly, bees' wax, propolis, pollen, venom and other bee products from households and food-related businesses has rapidly improved revenue growth for the industry. In the face of this growth, the profit margin has suffered from rising feed costs and also regulations regarding safety concerns.

As a matter of fact, one of the new trends is that with the recent advancement in technology, bee farmers and honey production companies can successfully predict their output for a year or more.

7.2 Our Target Market

Naturally, the target market of those who are the end consumer of commercial bee farm produce and also those who benefit from the business value chain of the bee farming and honey production industry is all-encompassing; it is far-reaching.

Every household consumes produce from commercial bee farms be it honey, royal jelly, bees' wax, propolis, or other bee products.

In essence, a commercial bee farmer should be able to sell his or her produce to as many people and food manufacturing companies as possible. In view of that, we have positioned our business to attract consumers of honey and other related products not just in the United Republic of Tanzania alone but also in other parts of the world.

LIVINGWAY (URT) LIMITED has conducted market research and a survey and we will ensure that we meet and surpass the expectations we set for the business. Below is a list of the people and businesses to whom we will market our live bees and honey too;

- Households
- Individuals
- Food Manufacturing Companies
- Restaurants
- Fast food eateries
- Agriculture merchants

7.3 Our Competitive Advantage

It is easier to find entrepreneurs flocking towards an industry that is known to generate consistent income which is why there are more entrepreneurs starting commercial bee farms and honey production companies in the United Republic of Tanzania and of course in most parts of the world.

For example; Statistics have it that it is estimated that Tanzania has about 9.2 million honeybee colonies where the production potential of bee products is about 138,000 tons of honey and 9,200 tons of beeswax per annum (URT, 1998). This goes to show that there are appreciable numbers of farmers in the United Republic of Tanzania but that does not mean that there is stiffer competition in the industry.

As a matter of fact, entrepreneurs are encouraged by the government to embrace commercial farming cum bee farming and honey production business. This is so because part of the success of any nation is its ability to cultivate its own food and also export food to other nations of the world.

LIVINGWAY (URT) LIMITED is fully aware that there is competition when it comes to selling bee produce all over the globe, which is why we decided to carry out thorough market research so as to know how to take advantage of the available market in the United Republic of Tanzania and in other parts of the world.

LIVINGWAY (URT) LIMITED has done our homework and we have been able to highlight some factors that will give us a competitive advantage in the marketplace; some of the factors are effective and reliable bee farming and honey production processes that can help us sell our produce at competitive prices, good network, and excellent relationship management.

Another competitive advantage that we are bringing to the industry is the fact that we have healthy relationships with loads of major players (agriculture merchants) in the industry; both suppliers of honey, live bees, royal jelly, bees' wax, propolis, pollen, venom, and other bee products within and outside of the United Republic of Tanzania.

LIVINGWAY (URT) LIMITED has some of the latest commercial bee farming tools and equipment that will help us raise bees and produce honey in commercial quantities with less stress. Aside from our relationship (network) and equipment, we can confidently boast that we have some of the most experienced hands in Tanzania on our payroll.

Lastly, all our employees will be well taken care of, and their welfare package will be among the best within our category (startups commercial bee farms, and honey production companies in Tanzania) in the industry. It will enable them to be more than willing to build the business with us and help deliver our set goals and achieve all our business aims and objectives.

8.0 SALES AND MARKETING STRATEGY

8.1 Sources of Income

LIVINGWAY (URT) LIMITED is in the bee farms and honey production line of business for the purpose of maximizing profits hence we have decided to explore all the available opportunities within the industry to achieve our corporate goals and objectives. Below are the sources we intend to explore to generate income for LIVINGWAY (URT) LIMITED;

- Bee production
- Beeswax production
- Queen bee production
- Honeybee production
- Propolis production
- Bee pollen collection
- Sale of live bees
- Sale of other bee-related products
- Pollination services

8.2 Sales Forecast

From the survey conducted, we were able to discover that the sale generated by a commercial bee farm and honey production business depends on the size of the bee farm and of course the size of their marketing network.

We have perfected our sales and marketing strategies and we are set to hit the ground running we are quite optimistic that we will meet or even surpass our set sales target of generating enough income/profits from the year of operations and build the business from survival to sustainability with the shortest period of time.

We have been able to critically examine the bee farms and honey production line of business and we have analyzed our chances in the industry and we have been able to come up with the following sales forecast.

The sales projections are based on information gathered on the field and some workable assumptions as well with respect to the nature of commercial bee farms and honey production business that we run. Below are the projections that we were able to come up with for the first three years of running LIVINGWAY (URT) LIMITED;

8.3 **Marketing Strategy and Sales Strategy**

LIVINGWAY (URT) LIMITED is quite aware that the reason why some commercial bee farms and honey production companies hardly make good profits is their inability to sell off their live bees and honey when due.

Our sales and marketing team will be recruited based on their vast experience in the bee farming and honey production industry and they will be trained on a regular basis so as to be well-equipped to meet their targets and the overall business goal of LIVINGWAY (URT) LIMITED.

Over and above, we have perfected our sales and marketing strategies first by networking with agriculture merchants and businesses that rely on a daily supply of live bees and honey from bee farms and honey production companies who are likely to become our customers.

In summary, LIVINGWAY (URT) LIMITED will adopt the following strategies in marketing our commercial bee farm produce;

- Introduce our business by sending introductory letters alongside our brochure to stakeholders in the agriculture industry, food manufacturing companies, households, hotels, restaurants, and agriculture produce merchants et al.
- Advertise our business in agriculture and food-related magazines and websites
- List our commercial bee farms and honey production business on yellow pages ads
- Attend related agriculture and food expos, seminars, and business fairs et al
- Leverage the internet to promote our business
- Engage in direct marketing
- Encourage the use of Word of mouth marketing (referrals)

8.4 Publicity and Advertising Strategy

Any business that wants to grow beyond the corner of the street or the city they are operating from must be ready and willing to utilize every available means (conventional and non – conventional means) to advertise and promote the business.

LIVINGWAY (URT) LIMITED intends to grow our business which is why we have perfected plans to build our brand via every available means. We know that it is important to create strategies that will help us boost our brand awareness and to create a corporate identity for our commercial bee farm and honey production business.

Below are the platforms we will leverage to boost our commercial bee farm and honey production brand and to promote and advertise our business;

- Place adverts in community-based newspapers, radio stations, and TV stations.
- Encourage the use of word-of-mouth publicity from our loyal customers
- Leverage the internet and social media platforms like; YouTube, Instagram, Facebook, Twitter, LinkedIn, Snapchat, Badoo, Google+, and other platforms to promote our business.
- Ensure that we position our banners and billboards in strategic positions all around Dar es Salaam
- Distribute our fliers and handbills in target areas in and around our neighborhood
- Contact corporate organizations, households, landlord associations, and schools by calling them up and informing them of LIVINGWAY (URT) LIMITED and the bee farm produce we sell
- Advertise our business on our official website and employ strategies that will help us pull traffic to the site

- Brand all our official cars and trucks and ensure that all our staff members and management staff wear our branded shirts or cap at regular intervals.

9.0 TECHNOLOGIES AND COSTS FOR INDUSTRIES ESTABLISHMENT

9.1 Type of types of machinery

There are many different types of machinery that are available depending on the size and type of product that need to be produced. To have a sustainable production system, several factors should be considered before the purchase of the equipment. These factors include

- i. How robust is the equipment?
- ii. How simple is it to service, clean, and perform maintenance?
- iii. How easier it is to obtain spare parts?
- iv. How long will it take to get replacement parts?

Depending on the envisaged processing levels, some of the equipment are optional and some are essential for honey processing. The process requires extraction, filtration, evaporation, cooling, storage, filling, and packing. Table 20 provides a guide of equipment that may be necessary and optional for a fully-fledged honey product processing industry.

Type of Machinery Description Needs:

- Honey Extractor Machine to extract honey from honeycombs.
- Honey Pressing Machine Machine
- Honey Melting Machine
- Pre-heating Machine
- Thick/Fine Filtering Machine
- Concentrating Machine
- Conveying Machine
- Storage/Settling Tank Store honey
- Honey Filling Machine Filling and packaging machine

- Bottle Drying and Sterilizing Machine
- Honey Ripener
- Honey Refractometer
- Wax Extracting Tank Extract beeswax
- Stainless Steel Table
- Freezer For storage of propolis and pollen
- Propolis Extractor Tank
- Wax Sheet Production
- Bee wax foundation roller Making foundation sheet
- Pollen Dryer Pollen production
- Tweezers For initial cleaning of pollen
- Pallets

10.0 **SUSTAINABILITY AND EXPANSION STRATEGY**

Part of the plans we have in place to sustain LIVINGWAY (URT) LIMITED is to ensure that we continue to make available a wide range of products, deliver quality after-sales services, and improvise on how to do things faster and cheaper. We are not going to relent in providing a conducive environment for our workers and also the required training that will help them deliver excellent services at all times.

We are quite aware that our customers are key components to the growth and survival of our business hence we are going to continuously engage them to give us ideas on how to serve them better and the products they want to see in our store.

We will not waste time in adopting new technology, best practices and diversifying our services. LIVINGWAY (URT) LIMITED will make sure that the right foundation, structures, and processes are put in place to ensure that our staff welfare is well taken of.

Our company's corporate culture is designed to drive our business to greater heights and training and retraining of our workforce is at the top burner. We know that if that is put in place, we will be able to successfully hire and retain the best hands we can get in the industry; they will be more committed to helping us build the business of our dreams.

11.0 **LIVINGWAY (URT) LIMITED COST STRUCTURE US\$**

PARTICULAR	
Land and Buildings	2,000,000.00
Vehicles	2,000,000.00
Plant and Machinery	4,000,000.00
Furniture & Fittings	8,000.00
Others	1,000,000.00
Working Capital	2,000,000.00
TOTAL	11,008,000.00

For the project to be a reality a total investment amounting to US \$ **11,008,000** is needed

11.1 **FINANCING PATTERN**

The project will be financed by the equity of US\$ 2,080,000 and a loan US \$9,000,000

11.2 **PRODUCTION CAPACITY**

The company has estimated to produce **5,000,000kg** of processed and packed honey (**5,000tons**) per year sold at **US\$2.5 per Kg**

11.3 FINANCIAL ANALYSIS

11.3.1 Considerations and Assumptions:

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

11.3.2 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 5 years period. The position depicted is that the project earns profit throughout its life. Accumulated after-tax profits grow from. **US \$ 1,994,440** in the first year to **US \$ 23,269,691** in the 9 year

11.3.3 Projected Cash Flows

This is shown in the financial statements. The project has a positive end-of-year cash flow from the year1, i. e **US 2,895,240** of operation to the 9 years i.e. **US \$ 31,376,891**

11.3.4 Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements under the same heading. The shareholder's equity of increases from **US 2,080,000 in** the first year of operation to **US \$ 25,349,691** in the 9th year.

11.3.4 Payback Period

The project payback period is within five years, the initial investment cost is estimated to be **US\$ 11,008,000** while accumulated cash flows in 5th year are **US\$ 12,255,982**

11.3.5 Loan repayment

The loan is to be repaid within 9 years with the interest of 8% charged on an annual basis

14.0 ECONOMIC ASPECTS OF THE PROJECTS

Besides the financial/monetary returns to the owners, there are other benefits to be derived for the whole country viz.

(i) Employment Opportunities

Employment and poverty reduction are among the major concern of the Central and Local Government authorities. It is gratifying to note that the project is going to provide employment for **70** people. This is a significant contribution coming from investors.

(ii) Revenue to the Government

The Project is expected to pay a substantial annual amount in the form of corporation tax amounting and other taxes will be paid directly to the government during the project's 9 years covered under our project review.

(iii) Foreign Exchange Earning

Since the project's final products will be exported, the project will thus earn foreign currency for the United Republic of Tanzania.

15.0 CONCLUSION AND RECOMMENDATION

15.1 CONCLUSION

- (i) The project is profitable and contributes to government revenue by way of taxes.
- (ii) The project provides employment to 70 people all of whom are national Tanzanians.
- (iii) The project is an encouraging sign to prove that we have honey and related products value addition could be done in Tanzania.

16.0 **RECOMMENDATION**

After the foregoing economic and financial evaluation of the project, we strongly recommend that this project be implemented and be given all the support required by all the concerned Government Ministries and Agencies, including the Tanzania Revenue Authority (TRA) and the Tanzania Investment Centre – (TIC) The project deserves this support because of its viability, since it is technically feasible, economically viable and socially acceptable.

LIVINGWAY (URT) LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT (US\$)

-	1	2	3	4	5	6	7	8	9
Revenue	12,500,000.00	13,125,000.00	13,781,250.00	14,470,312.50	15,193,828.13	15,953,519.53	16,751,195.51	17,588,755.28	18,468,193.05
Cost of Goods Available for Sale	8,750,000.00	9,187,500.00	9,646,875.00	10,129,218.75	10,635,679.69	11,167,463.67	11,725,836.86	12,312,128.70	12,927,735.13
Gross Profit Before Interest and Depreciation	3,750,000	3,937,500	4,134,375	4,341,094	4,558,148	4,786,056	5,025,359	5,276,627	5,540,458
Interest	720,000	720,000	720,000	720,000	720,000	720,000	720,000	720,000	720,000
Depreciation	180,800	180,800	180,800	180,800	180,800	180,800	180,800	180,800	180,800
Operating Expenses	625,000	656,250	689,063	723,516	759,691	797,676	837,560	879,438	923,410
Gross Profit	2,849,200	3,036,700	3,233,575	3,440,294	3,657,348	3,885,256	4,124,559	4,375,827	4,639,658
Tax (30%)	854,760	911,010	970,073	1,032,088	1,097,205	1,165,577	1,237,368	1,312,748	1,391,897
Profit After Tax	1,994,440	2,125,690	2,263,503	2,408,206	2,560,144	2,719,679	2,887,191	3,063,079	3,247,761
Accumulated Profit	1,994,440	4,120,130	6,383,633	8,791,838	11,351,982	14,071,661	16,958,852	20,021,931	23,269,691

LIVINGWAY (URT) LIMITED PROJECTED CASH FLOWS (US\$)

SOURCES:	0	1	2	3	4	5	6	7	8	9
Profit before interest and depreciation	-	3,750,000	3,937,500	4,134,375	4,341,094	4,558,148	4,786,056	5,025,359	5,276,627	5,540,458
Equity	2,080,000									
Loan	9,000,000									
Total Sources	11,080,000	3,750,000	3,937,500	4,134,375	4,341,094	4,558,148	4,786,056	5,025,359	5,276,627	5,540,458
Applications:										
Capital expenditure	8,008,000		-	-	-	-				
working Capital & Others	3,000,000									
Cash	-	2,895,240	3,026,490	3,164,303	3,309,006	3,460,944	3,620,479	3,787,991	3,963,879	4,148,561
Tax	-	854,760.00	911,010.00	970,072.50	1,032,088.13	1,097,204.53	1,165,576.76	1,237,367.60	1,312,747.98	1,391,897.37
Sub total	11,008,000	3,750,000	3,937,500	4,134,375	4,341,094	4,558,148	4,786,056	5,025,359	5,276,627	5,540,458
Total applications	11,008,000	3,750,000	3,937,500	4,134,375	4,341,094	4,558,148	4,786,056	5,025,359	5,276,627	5,540,458
Accumulated cash		2,895,240	5,921,730	9,086,033	12,395,038	15,855,982	19,476,461	23,264,452	27,228,331	31,376,891

LIVINGWAY (URT) LIMITED PROJECTED BALANCE SHEET (US\$)

Fixed Assets	1	1	2	3	4	5	6	7	8	9
Opening balance	-	8,008,000	7,827,200	7,646,400	7,465,600	7,284,800	7,104,000	6,923,200	6,742,400	6,561,600
Additions	-									
Total Long-term Assets	-	8,008,000	7,827,200	7,646,400	7,465,600	7,284,800	7,104,000	6,923,200	6,742,400	6,561,600
Less depreciation	-	180,800	180,800	180,800	180,800	180,800	180,800	180,800	180,800	180,800
Closing balance	-	7,827,200	7,646,400	7,465,600	7,284,800	7,104,000	6,923,200	6,742,400	6,561,600	6,380,800
Working capital	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Accumulated cash	-	2,895,240	5,921,730	9,086,033	12,395,038	15,855,982	19,476,461	23,264,452	27,228,331	31,376,891
Total assets	3,000,000	13,722,440	16,568,130	19,551,633	22,679,838	25,959,982	29,399,661	33,006,852	36,789,931	40,757,691
Financed by										
Equity	2,080,000	2,080,000	2,080,000	2,080,000	2,080,000	2,080,000	2,080,000	2,080,000	2,080,000	2,080,000
Accumulated profit	-	1,994,440	4,120,130	6,383,633	8,791,838	11,351,982	14,071,661	16,958,852	20,021,931	23,269,691
Total equity	2,300,000	4,074,440	6,200,130	8,463,633	10,871,838	13,431,982	16,151,661	19,038,852	22,101,931	25,349,691
0	-	-	-	-	-	-				
Bank Loan	9,000,000	8,000,000	7,000,000	6,000,000	5,000,000	4,000,000	3,000,000	2,000,000	1,000,000	
Total debts	9,000,000	7,000,000	7,000,000	6,000,000	5,000,000	4,000,000				
Total equity and debts	11,300,000	11,074,440	13,200,130	14,463,633	15,871,838	17,431,982	16,151,661	19,038,852	22,101,931	25,349,691

LIVINGWAY (URT) LIMITED PROJECTED COST STRUCTURE US\$

PARTICULAR	
Land and Buildings	2,000,000.00
Vehicles	2,000,000.00
Plant and Machinery	4,000,000.00
Furniture & Fittings	8,000.00
Others	1,000,000.00
Working Capital	2,000,000.00
TOTAL	11,008,000.00

LIVINGWAY (URT) LIMITED PROJECTED FIXED ASSETS US\$

NAME OF ASSETS	1	2		4.	5	6	7	8	9
Land And Buildings	2,000,000	1,960,000	1,920,000	1,880,000	1,840,000	1,800,000	1,760,000	1,720,000	1,680,000
Machinery, Tools & Equipment	4,000,000	3,960,000	3,920,000	3,880,000	3,840,000	3,800,000	3,760,000	3,720,000	3,680,000
Motor Vehicles	2,000,000	1,900,000	1,800,000	1,700,000	1,600,000	1,500,000	1,400,000	1,300,000	1,200,000
Furniture & Fixtures	8,000	7,200	6,400	5,600	4,800	4,000	3,200	2,400	1,600
Total	8,008,000	7,827,200	7,646,400	7,465,600	7,284,800	7,104,000	6,923,200	6,742,400	6,561,600
DEPRECIATION	1	2	3	4	5	6	7	8	9
Land and buildings	40,000	40,000	40,000	40,000.00	40,000.00	40000	40000	40000	40000
Machinery Tools & Equipment	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Motor Vehicles	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Furniture & Fixtures	800	800	800	800.00	800.00	800	800	800	800
ANNUAL DEPRECIATION	180,800	180,800	180,800	180,800	180,800	180,800.00	180,800	180,800	180,800

LIVINGWAY (URT) LIMITED PROJECTED LONG-TERM LOAN REPAYMENT

Year	principle	Loan Interest (8%)	Total Amount Paid	Loan Balance
1	1,000,000	720,000	1,720,000	9,000,000
2	1,000,000	720,000	1,720,000	8,000,000
3	1,000,000	720,000	1,720,000	7,000,000
4	1,000,000	720,000	1,720,000	6,000,000
5	1,000,000	720,000	1,720,000	5,000,000
6	1,000,000	720,000	1,720,000	4,000,000
7	1,000,000	720,000	1,720,000	3,000,000
8	1,000,000	720,000	1,720,000	2,000,000
9	1,000,000	720,000	1,720,000	1,000,000

LIVINGWAY (URT) LIMITED PROJECTED PAYBACK PERIOD

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	1,994,440	180,800	2,175,240	2,175,240
2	2,125,690	180,800	2,306,490	4,481,730
3	2,263,503	180,800	2,444,303	6,926,033
4	2,408,206	180,800	2,589,006	9,515,038
5	2,560,144	180,800	2,740,944	12,255,982
6	2,719,679	180,800	2,900,479	15,156,461
7	3,063,079	180,800	3,243,879	18,400,340

