



**CONSTRUCTION AND OPERATION OF A FACTORY IN CHATO,
TANZANIA TO PRODUCE A RANGE OF BEVERAGES AND
CORRUGATED IRON SHEETS**

**FOR
SUBMISSION TO THE TANZANIA INVESTMENT CENTRE**



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LIST OF ABBREVIATIONS AND ACRONYMS

ALAF	Aluminium Africa Limited
BPH	Bottles Per Hour
BSD	Beverages Store Department
CBCL	Chato Beverages Company Limited
CEO	Chief Executive Officer
CSD	Carbonated Soft Drinks
DCF	Discounted Cash Flow
GMP	Good Manufacturing Practice
IP	Intellectual property
ISO	International Organization for Standards
M&E	Monitoring and Evaluation
MDG	Millennium Development Goals
PET	Polyethylene terephthalate
PPP	Public Private Partnership
R & D	Research and Development
RBM	Results Based Management
SADC	Southern African Development Community
SIBs	Social Impact Bonds
TBS	Tanzania Bureau of Standards
TIN	Tax identification Number
URT	United Republic of Tanzania
USD	United States Dollar

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The process of developing this business plan was prompted and guided by a participatory approach through consultations with key stakeholders through online platforms, observations and demands for beverages in Tanzania. The study was overseen by the shareholders of the Chato Beverages Company Limited. The work was carried out under the general direction of the Managing Director of the company.

The Company provided the necessary financial resources required to finance the development of the business plan, including the consultation process throughout the preparation and the publishing of the final draft.

EXECUTIVE SUMMARY

Modern economies all over the world have developed solely on the application of science and technology. By inference, to achieve high levels of development that the United Republic of Tanzania has planned to leap, deliberate efforts are required to investing in industry and technology. Chato Beverages Company Limited is a private company that is located in Chato district in Geita region, Tanzania. This is a relatively ambitious business in its expansion phase having been incorporated sometime back that wants to contribute albeit a niche towards this overarching goal. The Chato Township-based Company currently produces wine and spirits for both local and international consumers. The company's advantageous position enables sales of its products to the Congo, Rwanda, Burundi, and Uganda. By constructing a soft drink plant, the company hopes to broaden its commercial scope and satisfy the growing demand for its products in both local and international markets.

The company is on the brink of penetrating a lucrative market in a rapidly-growing economy. The current trend towards an increase in the number of entrepreneurs and competition amongst existing companies presents an opportunity for Chato Beverages Company Limited to penetrate the market. Our products will be positioned very carefully. They will be of extremely high quality to ensure customer satisfaction, supported by impeccable service to our customers. Our primary goal will be to establish and strengthen our license to trade, which will be bestowed by the authorities in which the company functions. As Chato Beverages Company Limited prospers and grows, these authorities will continue to benefit from both the value created by Chato Beverages Company Limited and its behavior as a corporate citizen.

Initial plans are to produce locally a range of beverages that include an alcohol drink which is popularly known as empire, soft drinks and bottled water . The products are revitalizing everyday drinks suitable for all occasions for every one in and outside the country. The alcohol drink, which is made from quality imported ethanol infused with delicious flavors, the soft drinks and bottled water will all be thirst quenchers with gentle but lively tastes according to customer preference. These products will be sold in cartons containing several bottles with an alcohol content of 9% for the alcohol drink. The products will be sold in Tanzania, other East African countries, Central African and SADC countries. The company aims at selling 70% of its products outside the country and the remaining 30% will be sold locally. The products shall be extensively distributed to urban and other viable areas where the market is appreciative of readily available, good quality drinks. To prosper there is need for Chato Beverages Company Limited to be flexible and responsive, to delight customers by providing them with what they want, when they want it and before the competition. From product concept to goods dispatch we intend to ensure that every policy and procedure, system and process must have the objective of improving the flexibility and response of the whole company. There is a need for interaction between all functional areas, particularly between marketing and importation, if the organization is to realize its full potential, with importation being employed as a strategic weapon.

Chato Beverages Company Limited's marketing strategy will be based mainly on ensuring customers know what need the products are able to fulfill, and making the right products and information available to the right target customer. Hence we intend

to implement a market penetration strategy that will ensure that the company is well known and respected in our respective industry. We will ensure that our products' prices take into consideration people's budgets, and that these people appreciate the products and know that they exist, including where to find them. However these prices will also take into consideration the cost of production and distribution so as to ensure that the company remains viable and operational. The marketing efforts will convey the sense of quality and satisfaction in every picture, every promotion, and every publication. Our promotional strategy will involve integrating advertising, events, personal selling, public relations and direct marketing. In the long term Internet marketing shall also be undertaken, details of which are provided in the marketing section of the plan.

Our target local markets will primarily constitute the farmers, corporate and working class who appreciate good quality hard drink, soft drinks and safe water. The farmers constitute a large portion of the market appreciative of good quality alcoholic drink. This segment will constitute those people, who put aside their farm implements after evening hours and/or on weekends to drink good alcoholic drink and soft drinks easily accessible in the urban and rural areas. The common bond will be the appreciation of a good-quality alcoholic drink and soft drinks able to fulfill their thirst and desire. Chato Beverages Company Limited is primarily targeting to attain sales of approximately **\$ 425,188,800** in the initial year with 70% of sales coming from the international market. Chato Beverages Company Limited will pride itself on its production ability, competitive prices, its high standards of quality and its adaptability to changes in the market and in the method of its practice.

It is important to recognize that we do not intend that our tangible resources alone will make us potent competitors but more so our intangibles, such as our ability to relate to consumers, management style, corporate culture and commitment. These elements will differentiate us from our competitors and contribute towards the development of a sustainable competitive advantage.

We intend to compensate our personnel well, so as to retain their invaluable expertise and to ensure job satisfaction and enrichment through delegation of authority. Our compensation will include health care, generous workers welfare, plus a minimum of four weeks' vacation. As an equal opportunity employer, we respect the diversity and human rights of our people, and strive to achieve optimal productivity, while realizing each employee's full potential. Awards will be given out to outstanding individuals, groups and sales agents for hard work and salesmanship so as to instill a sense of fun and promote the maintenance of high standards. By encouraging all employees close to our customers to think tactically about what Chato Beverages Company Limited service offerings should be, and by having enthusiastic, capable and empowered people interacting with our customers, we build the competitive advantage of being able to meet our customers' needs better than anyone else.

Chato Beverages Company Limited intends to provide the customer with more than just soft drinks. We intend to provide quality drinks that will not only be refreshing and pleasurable, but also encourage gatherings and sharing of fun. Our customers are assured of products that have been produced using the highest quality standards.

As we grow we want to grow right. Initially pursuing an import oriented development

and expansion, we intend to undertake vertical integration in the future so as to be in total control of our raw materials and goods dispatch. For example, we realizing that we have to be in constant touch with our stakeholders to ensure market knowledge at all times. This is the nature of the channels we deal with. Also, we intend to build our management team correctly. We need the right people, in the right place, at the right time to ensure optimum growth. We intend to develop our team so that our people can grow as the company grows- a mutually beneficial relationship. We shall strive to attain our primary goal, which is to develop and strengthen our license to trade, bestowed by the authorities in which we function. As Chato Beverages Company Limited prospers and grows, these authorities will continue to benefit from both the value created by its behavior as a corporate citizen.

Chato Beverages Company Limited (CBCL) thinks that these initiatives should be spearheaded and the government through the Tanzania Investment Centre and other relevant authorities should support the company by waving taxes on building materials, machinery and equipment, vehicles and raw materials through provision of incentives. Therefore, Chato Beverages Company Limited intends to be one of the pioneers in the local manufacturing of beverages with the goal of increasing availability of affordable, quality, safe and efficacious beverages and other health products in the country. This will initially be achieved through local production of the following end products to start with among others in future:

- 1) Alcohol drink under the brand name of empire.
- 2) A range of Soft Drinks. e.g. soda, juices and energy drinks
- 3) Distilled Bottled water
- 4) Corrugated Iron sheets

Chato Beverages Company Limited will serve as a catalyst for promoting local production of curtail beverages products that are currently imported from outside the country by increasing competitiveness of locally produced ones particularly those for supermarkets, Liquor stores, whole and retail stores that disproportionately affect the population in Tanzania.

It is increasingly becoming evident that no single country including well-resourced countries can efficiently and effectively regulate its own market alone in this globalized market. As such, Chato Beverages Company Limited as a private company registered and operating in Tanzania will be able to galvanize the machinery and technology required to manufacture the products from various countries, raw materials such as ethanol and building materials such as iron bars etc. and utilize the available local expertise and human resources at a scale that cannot be matched at national level.

The desired results will include increased number of beverages and other health edible products manufacturing facilities in the country and increased market share (value and volume) of locally manufactured beverages and products. Chato Beverages Company Limited will achieve these desired results through the following strategies: (1) Company policy, legal and regulatory alignment with national industrialization and agricultural policies and goals (2) capacity development – human, infrastructure, financial, technical, governance systems and (3) advocacy and knowledge management.

Chato Beverages Company Limited financing model will be based on diversified funding to ensure ownership and sustainability. The financial mechanisms are (1) equity contributions from Company shareholders (2) financial support from investors (3) revenue generation once the project takes off and (4) innovative financing mechanisms

including sale of the products that will be produced by the company. The total Investment for the project is **USD 186,551,737** which Chato Beverages Company Limited is seeking support from financial institutions and potential investors.

1. INTRODUCTION

1.1. Objectives

Chato Beverages Company Limited's business strategy will revolve around the need to provide quality alcoholic and soft drinks to our various target customers, in the process fully satisfying their needs. This shall be undertaken through the implementation of high-quality control standards and technological innovations, as well as the recruitment of a professional sales team, and good quality marketing materials designed to cater for various kinds of customers. This marketing materials shall be professionally done so as to be reflective of our intended image and reputation. We shall position ourselves as a quality distributor that strives to provide quench fulfillment, enjoyment, reliability and a good image. We intend to establish a good rapport with all the relevant stakeholders.

With time we intend to establish our presence on the World Wide Web, which will increase the knowledge of our products to the various market segments we shall be targeting. Web presence is a natural objective in reaching the appropriate potential customers. Well-done brochures, company profiles and business cards often have a triggering effect on clients contemplating on ordering our products. Hence this will undoubtedly generate increased sales of our products.

Our objectives will revolve around the following guiding principles:

- Provision of a great work environment, treating each other with respect and dignity.
- Apply high-quality standards of excellence to all business processes.
- Develop enthusiastically-satisfied customers all of the time.
- Contribute positively to our authorities and our environment.
- To continuously formalize and measure cross-functional working communication so as to ensure that the various departments work harmoniously towards attainment of company objectives.
- To instill a culture of continuous improvement in beating standards of customer satisfaction and efficiency.
- Fully commit to supporting growth and development in the economy.

Ultimately, we intend to create a stable business platform that will create prosperity for all those involved in the business venture at all levels, and to uplift unemployed Tanzanians who are prepared to participate in this venture.

1.2. Keys to Success

The keys to Chato Beverages Company Limited success will undoubtedly be effective market segmentation through identification of several niche markets and implementation strategies. Along these lines the company intends to implement advertising, personal selling and direct marketing strategies aimed at the target markets, our advertising marketing strategies will rotate around.

Hence our key success factors will include the following:

Excellence in Fulfilling the Promise: We intend to distribute products of uncompromised quality to our customers. This is so as to meet the needs and standards of our customers.

Effective and Efficient Distribution Network: The importance of such cannot be

overemphasized in our line of business. We intend to establish an excellent distribution network that will enable us to rapidly respond to customers' orders, and be available in the international markets and remote areas our competitors have not yet exploited.

Loyalty and Dedication: The loyalty and dedication of our employees shall be essential to the prosperity of the organization. We recognize that corporate commitment to success should lead to the survival and prosperity of the product, and ultimately the organization as a whole.

Marketing Know-how: In an increasingly competitive market there is need to aggressively market our business so as to be continuously at the top of our prospective and current client's minds.

Adherence to Stringent Values and Principles: Chato Beverages Company Limited needs to acknowledge the fact that the financial and strategic management of the business will ultimately determine its prosperity and success. Hence, we intend to adhere to stringent values and principles that will enable such to be achieved.

1.3. Mission

Chato Beverages Company Limited intends to create a pleasant, enjoyable and sociable environment through the provision of refreshing high-quality beverages. Hence, we intend to assist in the creation of a welcoming and relaxed ambiance reflective of people enjoying themselves. We are sensitive to the taste, look and feel of good alcohol, soft drinks and bottled water as well as affordable prices depending on the market. We intend to provide the best possible value to our customers who care about quality products at affordable prices, and we want every shilling spent on our products to be well spent. Hence our value proposition is to sell the benefit of refreshness and enjoyment to our various consumers at reasonable prices.

Internally we intend to create and nurture a healthy, creative, respectful and enjoyable office and plant environment, in which our employees are fairly compensated and encouraged to respect the customer and the quality of the product we produce. In addition, follow-up will be mandatory so as to ensure customer satisfaction and make any improvements as recommended by the customers in future. We seek a fair and responsible profit, enough to keep the company financially healthy for the short and long term, and to fairly compensate owners and investors for the money and risk.

We also intend to obtain ISO certification from the Tanzania Bureau of Standards (TBS) so that our products are internationally recognized and approved. This will assist in our penetrating the regional and international markets, intentions of which we have and focus on. However this will occur after we have established ourselves on the local market. The above is well summarized in our mission statement which goes as follows:

Our mission is to carefully attend to detail in the hygiene in all our beverages, and to uphold superb quality at all levels of production. To satisfy all our customers and stakeholders.

2. COMPANY SUMMARY

Chato Beverages Company limited is limited liability Company dealing with hard drinks and wine productions. The company was incorporated on the 25th October 2017 and issued with a certificate of incorporation Number 138847, TIN,138-728-870 and Business licenses B.L. NO.20000046247 and B.L. NO.20000046246 as an exporter etc.

The Directors of the company are: Stevini Mihili Mabenga who holds 450,000 ordinary shares and David Stivin Mabenga who holds 10 ordinary shares, all shareholders being citizens of the United Republic of Tanzania.

The authorized share Capital for the company is Tshs 15,000,000,000 divided into 1,000,000 share each with a nominal value of Tshs 15,000/=

The company is currently operating from rented premises located at Chato township area, Chato Geita, where the company is producing wine and whiskey for domestic and exports markets. Chato Beverages Company Limited in its expansion plan intends to focus on the production of a range of beverages and corrugated iron sheets. It will focus initially on providing and satisfying two kinds of markets:

Local Market (30% of o the production volume): This will constitute all those people in the middle and top classes, business men and women and the general public that appreciate good quality beverages and good quality roofing materials.

Export Market (70% of the production volume): This market will include other East African countries such as Rwanda, Burundi and Uganda, as it grows it will take on other related markets such as Central Africa and SADC countries. It will also look for additional leverage by establishing relationships and representations with appropriate strategic allies in those countries.

2.1. Company Locations and Facilities

At present the company offices are located in Chato Geita, other locations in future will largely depend on the dictates of the market and the obtaining of a lease. Our current facilities requirements will be Machinery and equipment, offices and workshop buildings, Transport equipment, office equipment and so on.

2.2. Company Values

Chato Beverages Company Limited is committed towards an open governance system whereby its activities are managed and undertaken ethically, transparently, and in the interests of all concerned stakeholders.

This is undertaken through implementation of the following company values:

- ✓ We conduct our business ethically and transparently, respecting all applicable laws.
- ✓ We are a responsible corporate citizen fulfilling our obligations as an integral member of society. Hence our business decisions shall give appropriate weight and consideration to social and environmental impacts.
- ✓ We provide products of uncompromising quality to meet the needs of our customers.
- ✓ We seek mutually beneficial and enduring relationships in all the commitments that we make, ensuring that they are straightforward and honest. Hence our communication shall be open and accurate, internally and externally.
- ✓ We optimize the creation of wealth to provide fair reward and recognition for the contributions of our stakeholders.
- ✓ Ultimately, we shall uphold all the above company values, promoting our employees and respective third parties engaged by us to do likewise.

Through promotion and implementation of the above stated company values we believe that we will be able to attain our corporate and stakeholders' goals and objectives for the benefit of all concerned, in particular the authorities in which we will operate.

3. CAPITAL INVESTMENT IN USD PREOPERATIONAL EXPENSES

Item Description

Cost

A. Preoperational Expenses

Feasibility Study	1,961
Project Logistics	28,000
Administrative cost	23,712
Creating distribution network and connecting customers	12,636
Commissioning and start of operations	44,600
TOTAL PRE-OPERATIONAL EXPENSES	110,909

LAND & BUILDINGS

B. Factory Buildings Construction	in TZS
BILL NR 1 PRELIMINARY	40,000,000
BILL NR 2 PRIME COST AND PROVISIONAL SUMS	-
BILL NR 3 MESURED WORKS	
Factory building	2,521,600,138
Processing Unit	4,291,159,851
Liquor Mini Store	286,246,645
Truck Service Yard	109,205,900
Workers Canteen	147,324,400
Managers House	182,470,300
EXTERNAL WORKS	
Boundary wall & Land scaping	1,889,196,900
Sub Total B	9,467,204,134
Add 18% VAT	1,704,096,744
TOTAL BOQ in TZS	11,171,300,878
IN USD	4,380,902
Corrugated Iron Sheets Production Workshop facility	52,941
Subtotal B	4,433,843
C. Consultancy - Human Resources - project personnel and consultants undertaking project activities	
i. Project development and management	15,400
ii. Consultant (architectural design)	15,000
ii. Consultant (structural engineering design)	12,600
Sub Total C	43,000

MACHINERY & EQUIPMENT

D. Acquisition of Fixed assets: machinery and equipment	
i. 360000BPH (350ml) CSD line	5,102,500
ii. Water & carbonated drink & juice production line 15000-18000BPH	2,537,650
iii. Blended Wine Production Line for Whiskey, Gin, Vodka, Alcohol Liquid	
Equipment Machine	4,000,000
iv. 720 Kw 900KVA Standby Generator	258,367
Workshop tools and equipment	
Crane (5 tons) for loading and unloading	34,176

Feeding conveyor	14,647
Feeding table	1,465
Corrugating machine	29,294
Correcting machine	21,971
Cutting (rimming) machine	14,647
Sub Total D	12,014,717

E. Purified Bottled Water Plant

1. Water Treatment	55,000
2. Bottle Blowing System	65,000
3. Ground water production system	50,000
4. Bottle Filling System/Automatic Wash-filling-capping 3-in-1 Water Filling Machine	105,000
5. Bottle Packing System/Packing and Wrapping	85,000
6. Conveyor System	15,000

E. Purified Bottled Water Plant	375,000
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MOTOR VEHICLES

F. Heavy and Light Vehicles & Equipment:

1. Howo tractors and trailers -42 units as per PI	2,094,000
2. Pick-up Double cabin, 4W.D. hard top x 15 @ usd 42,388.94	635,834
3. Double Cabin 4 W.D cars 10@\$ 52,000	520,000
4. Passengers Bus for workers 5 @200,000	1,000,000
5. Fork Lift 6 tons capacity x 7 @ usd 75,000	455,000
6. Fork Lift 30 tons capacity x 2 @ usd 225,000	450,000
7. Mini Buses 4 @ 50,000	200,000

Sub Total F	5,354,834
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FURNITURES& FITTINGS, OFFICE EQUIPMENT

G. Office Equipment

1. Computers desktop x 100 @ 1,200	120,000
2. Printer x 5 @ usd 600	3,000
3. Photocopier x 5 @ usd 2500	5,000
4. CCTV System	26,800
5. Wireless Intercomm connections 100 @ 120	120,000
6. Walkie Talkies system (1-2 km coverage), 100 @ 600	60,000

Sub Total G	334,800
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H. Office furniture & fittings

1. Executive chairs x 9 @ usd 250	2,250
2. Executive desks x 9 @ usd 750	6,750
3. Office chairs x 15 @ usd 150	2,250
4. Office desk x 15 @ usd 300	4,500
5. Reception desk & fittings	1,050
6. Guest chairs: 5 reception, 19 offices @ usd 200	4,800

7. Conference desk 12 people	1,400
8. Conference chairs 12 @ 200	2,400
9. Files cabinet 19 @ usd 350	6,650
10. Safe (vaults) x 11 @ usd 1,750	19,250
Sub Total H	51,300

WORKING CAPITAL

I. Working Capital

1. Purchase of raw materials during start of operations (Ethanol)	49,500,000
2. One-month requirements for Raw materials for iron sheet gauge 30 gauge, whose annual requirement is 1,000,000 tons	70,833,333
3. One-month requirements for Raw materials for iron sheet gauge 28 colored, whose annual requirement is 600,000 tons	41,000,000
4. Meeting initial operating expenses	2,500,000
Sub Total	163,833,333

TOTAL INVESTMENT 186,551,737

Total investment capital and expenses (including building costs, machinery and equipment expenses, vehicles, raw materials and furniture and fittings) come to approximately **\$186,551,737**.

4. PRODUCTS AND SERVICES

Chato Beverages Company Limited product will alcohol drink by the name of empire, juices, energy drinks and corrugated iron sheets. The products will be periodically taken for testing to the Tanzania Bureau of Standards (TBS) for quality checks so as to ensure that it conforms to required quality standards.

Chato Beverages Company Limited will market products of high quality and impeccable taste for the drinks with unique properties that will enable them to excel on the market. This is true for the corrugated iron sheets to be produced by the company.

4.1. Competitive Comparison

Our rivals are found in our primary product lines; however, they are mostly prominent in the local market when it comes to businesses that meet our demands. Therefore, our approach is to set ourselves apart from these other companies by concentrating more on the international market outside of the country. However, on a broader scale our competition comes in several forms:

1.The most significant competition is that of Tanzania Breweries Limited and Serengeti Breweries Limited, who arguably are the market leaders in the alcohol industry. Having been on the market for a relatively long period of time added to the fact that TBL is backed by South African Breweries' financial, technological and human resources acumen. They have a wide and established distribution network of hard and energy drinks and soda throughout the country that they utilize to their advantage.

2.Other distributors of beverages such as ours include importers of hard drinks, beer such as Heineken, Windhoek, etc, and local bars will also constitute our competitors. They often have access to the international, local and remote areas and knowledge of these areas.

3.On a larger scale distributors of other beverages including soft drinks and juices also constitute competition, Pepsi cola company Ltd, Coca-Cola company Ltd, Bakhresa Group

and MeTL Group are but a few of the big companies whose products are being marketed in supermarkets often advertised on an extensive basis. To this end our company will implement a strategy that will integrate the various promotional elements or tools such that our products are well known and appreciated on the market.

4. Regarding roofing materials, Chato Beverages Company Limited aims to be a strategic solution partner in the manufacturing of a broad variety of steel products at reasonable costs and required quality requirements for end user customers and building projects of all sizes. It will begin with the production of galvanized iron sheets ordinary and colored varieties. Consequently ALAF, Kamaka, Rhino Group and many others will be the competitors, however our location in the Lake Zone will make us stand up to stiff competitions from companies who are mostly based in Dar es Salaam.

4.2. Fulfillment

1. The key fulfillment and delivery of our products will be provided by the principals and values of the business. The real core value will be:

- a) Consistent High Product Quality Standards
- b) Reliability in partnership with customers
- c) Social Responsibility
- d) Ethical trading ,Financial transparency and accountability
- e) Eco-friendly services

We will turn to reliable agents and distributors who will assist in ensuring that the products are delivered timely and are of the highest quality. We will also rely on these stakeholders for relevant information on the market situation (trends, consumer tastes, feelings and comments amongst other things). In general unique features of our products among other will be the thickness for the juice, and consistency and art of presenting or serving our alcohol empire brand and distilled water in different forms to the consumers, by making the customers confident about the content and quality of our products including the corrugated iron sheets to be produced.

4.3. Mission

The mission of Chato Beverages Company Limited(in this case is to design, develop, manufacture and market new patented locally manufactured empire brand alcohol in Tanzania. To keep and maintain high soft drinks productions through quality and modern farming techniques managed by motivated staff and provide roofing materials for the homes in Tanzania. Each product shall be priced to appeal to the customer and both the local and international market.

4.4. Keys to Success

The keys to success for Chato Beverages Company Limited are as follows:

- a) Initial capitalization obtained from financial institutions/Investors.
- b) All patent applications filed.
- c) The ability to generate early revenue from non-regulated markets in Tanzania and outside the country.
- d) Getting low interest loans from commercial banks to fully fund product development and prototype manufacture.
- e) Recruiting top-notch CEO and project staff prior to market roll-out.
- f) Successful approval from the Government relevant authorities to market the beverages in the United Republic of Tanzania and outside the country.

- g) Successful implementation of sales and marketing plan locally and outside the country to realize sales of the beverages be able to obtain a minimum 10% market share in the first full year to generate a total of \$ 425,188,800 in revenue.
- h) Increased product development and continued market share gains to produce a \$ 673,215,600 revenue company by the fifth year of operation.

4.5. Project Objectives:

The main objectives of investing in the soft drinks production plant are;

- To enhance the keeping quality of soft drinks.
- To avoid the economic losses to farmers by procuring the fruits meant for producing juices in time from them.
- To process and produce various soft products as per market demand.
- To ensure that the project investments is done for sustainability.
- To increase and sustain its market share in this line of business in Lake zone and countrywide
- To ensure that the business liquidity position remains sound so as to be able to meet its financial obligations without any distress.
- To ensure that the business operates profitably and generates reasonable returns to its owners
- To provide quality products at affordable prices to the consumers.

4.6. SWOT Analysis

To be one of the leading beverages manufacturer company in Tanzania, Chato Beverages Company Limited has numerous strengths. The strengths of the company will help it to thrive in the market place by protecting the market share in existing markets of imported goods but also help in penetrating new markets. Below is a Strengths, weaknesses, Opportunities and Threats analysis of the company

Strengths	Weaknesses
<ul style="list-style-type: none"> • Successful track record of shareholders and Directors of the company of manufacturing beverages such as wines, juices and spirits at its current rented premises in Chato. • The company has a strong base of reliable suppliers of raw materials both locally and from outside the country thus enabling the company to overcome any supply chain bottlenecks. • The shareholders and Directors of the company have high successful business acumen to develop Market strategies for its products. • The company will use modern technology to manufacture quality beverages such as wines, juices and whiskey etc. that will enable the company to scale up and scale down based on the demand conditions in the market. • Strong dealer community – the Company 	<ul style="list-style-type: none"> • The company needs heavy investment in land as per BOQ and new technologies to set up the anticipated integrated beverages manufacturing plant, given the scale of production the company is planning to enter into, as such needs to source and put in a lot of money in technology to integrate the processes across the board to be at par with the vision of the company. • Financial muscle. The current situation of the company is not quite adequate to invest in the company’s brilliant ideas channel amid beverages imports and therefore needs to locate, identify and approach serious financial institutions, investors and seek government support to the Company’s strategies. • The marketing of the products leaves a lot to be desired. Even though the products are highly needed in the country the company’s unique selling

<p>is well placed to establish and build a strong sales agents & distributors network countrywide</p>	<p>proposition is not clearly defined yet which can lead to attacks in this segment from the same products importers and competitors.</p>
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> • High level of demand for beverages in Tanzania can open up new market for the CBCL's beverages thus providing a great opportunity for the Company to build new revenue streams and diversify into new product categories too. • Government willingness to decreasing the level of imported goods is an opportunity to the company - either to boost its profitability or pass on the benefits to the customers to gain market share. • The taxation policy on imported goods can significantly impact the way of doing business and can open new opportunity for established players such as CBCL to increase its profitability. • Stable free cash flow provides opportunities to invest in adjacent product segments. With more cash in bank the company can invest in new technologies as well as in new products segments. This should open a window of opportunity for CBCL beverages products in other product categories. • The Company's core competencies can be a success in integrated beverages manufacturing project in Chato, Geita 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> • No regular recognition of innovative products – Over the years the country has developed numerous local products but has not been able to breakthrough due to foreign goods dependence. • Rising level of importation from outside the country due to lower prices of imports especially from China can lead to serious pressure on profitability of CBCL products. • The availability of steady power to the manufacturing plant. • Rising raw materials costs can pose a threat to the CBCL's profitability. • New technologies developed by the competitor or market disruptor could be a serious threat to the industry in medium to long term future.

5. Products in Scope

Chato Beverages Company Limited will initially locally manufacture and market four products namely:

- a) Alcohol drink under the brand name of empire.
- b) A range of Soft Drinks. e.g. soda, juices and energy drinks
- c) Distilled Bottled water
- d) Corrugated Iron sheets

A detailed and technical description of the Chato Beverages Company Limited product lines is as follows:

5.1. Alcohol drink under the brand name of empire.

Empire has an absolutely amazing quality to price ratio and pleases customers with its cleanliness and freshness. Consumers of the product have it that it is hard to stop at just one Gin and tonic because of how simple it is to consume. The planned annual production of the empire alcohol by CBCL and the revenue generated is as shown below:

Number of litres produced per day	45,000
Number of working days	24
Monthly alcohol production in litres	1,080,000
Months available per annum	12
Full year Alcohol Production litres	12,960,000
Average price in usd	16
Annual Revenue from alcohol production in USD	203,294,118

Source of raw materials for the manufacture of empire alcohol brand will be imported from outside the country mostly likely from China and the annual requirement for the raw material is 45,000,000 litres which will each cost the company a\$ 1.1 and the locally made alcohol will be manufactured according to the Tanzania Bureau of Standards and ISO standard. The end products will be packed into the dispatch cartons ready for the consumers market in sizes of bottles preferred by the customers.

5.2. A range of Soft Drinks. e.g. soda, juices and energy drinks

It is predicted that Tanzania's soft drink industry will grow significantly during the medium term (2022–2026), with demand for carbonated drinks being the primary driver of this growth. Because of the availability and affordability of carbonated drinks in Tanzania, Coca-Cola and Pepsi have become widely available. Additionally, there is still a minimal demand for water and fruit and vegetable juices, which are mostly obtained and consumed through unofficial channels. Spending on food and non-alcoholic beverages will increase with a strong outlook for disposable income. The planned annual production of the juices, carbonated drinks and other soft drinks by CBCL and the annual revenue generated is as shown below:

Number of litres of soft drinks produced per day	408,000
Number of days in a month	24
Monthly soft drinks production in litres	9,792,000
Months available per annum	12
Full year soft drinks Production	117,504,000
Average price in USD per litre	0.24
Annual Revenue from soft drinks production in USD	27,648,000

5.3. Distilled Water:

CBCL will use a linear blow molding machine which is a high-speed automatic PET blower designed and developed with the most advanced bottle blowing technology at present, the advantages of which can be described as speedy, stable, simple, general purposed and environmental safety. It is mainly applicable in blow molding cold filling and mesothermal filling PET containers for drinking water, beverage, food, daily chemical products, etc. The machine yields abundantly with high efficiency. Equipped with preform auto loading system, the machine works fully automatically with consistent performance and high speed, without any operator's interference during the whole

processes. Accordingly, chance of contamination can be reduced manifestly, which assures the quality of products.

Clinical Advantages:

Bottled Water Regulation:

The Tanzania Food and Drug Administration (TFDA) regulates the safety of bottled water and bases its standards on the TBS standard TZS 574. If these standards are met, water is considered safe for most healthy individuals. The bottled water industry must also follow TFDA's good manufacturing practices for processing and bottling drinking water. These measures will be adhered to by the CBCL.

5.4. Corrugated iron sheets

The residents of Chato, in Geita and the Lake zone as a whole have been getting their roofing materials from Dar es Salaam, ALAF Company and by our company to start producing them locally in the Lake zone will be our biggest target customers. The residents will avail our services of installing roofs as well as roof ventilation and installing water shields. Moreover, they will require our services of repairing the damaged parts of their roofs due to wild climatic patterns. Our second biggest purchasers of our products will be the construction contractors. Roofing and ventilation are the service which is essential in every type of structure, so we are expected to get orders from the contractors as well. The planned annual production of the corrugated iron sheets by CBCL and the annual revenue generated is as shown below:

Corrugated Iron sheets manufacturing unit	
Number of tons produced per day	1,500
No of days in a year	300
Number of tons of iron sheet produced per annum	450,000
Price per ton	660
Income per Annum in USD	297,000,000

6. Market Analysis Summary

CBCL's target market is largely Government and the private organizations, hospitals, foreign market and the general public. The market in general has no geographical boundaries, but the company will target the upper-priced end of the marketplace.

Potential customers are as follows:

1. Government Schools and Hospitals
2. Private Supermarkets and wholesalers and retailers
3. Contractors both local and foreign
4. Foreign market
5. General Public

5.1 Market Segmentation

Chato Beverages Company Limited will focus its market offerings on the above customers. Major customer segments of course being the government hospitals market. These above customers segments, which show strong growth trends, spend substantial amounts on foreign currency towards the importation of beverages and corrugated iron products.

Potential Customers

Foreign market

Share

70%

Local

30%

5.2 Target Market Segment Strategy

CBCL will focus on foreign market and allocate 70% of the production volume and the remaining 30% will be local. These segments are more likely to have demanding requirements for easy-to-supply and procure capabilities, which are best suited for CBCL's positioning as the local beverages and corrugated iron sheets products manufacturer in the country. At the same time, these customer segments are less-price sensitive and are more likely to want quality high priced beverages and corrugated iron sheets products to equip their schools, universities, hospitals, health centers and dispensaries.

5.2.1 Market Needs

The United Republic of Tanzania (URT), comprising the Mainland and Zanzibar, embraces the achievement of high quality and sustainable human development for her citizens. This is engraved in the country's Constitution and in her long-term development visions. There is a strong nation-wide partnership and commitment to implementation, monitoring, tracking and reporting Sustainable Development Goals (SDGs), backed by a strong political will, collective ownership, integrated planning, and supportive legal frameworks.

All customer segments as elaborated above, although diverse in nature, seek ways to meet their needs. It is anticipated that Chato Beverages Company Limited will contribute to increased availability of affordable and acceptable (quality, safety, efficacious) beverages and corrugated iron sheet and reduced incidence of importation of such products in the country. Moreover, key milestones to achieve the desired results will include increased number of manufacturing facilities that are compliant with appropriate policies, legal and regulatory frameworks and increased market share (value and volume) of local manufacturers. Chato Beverages Company Limited will achieve these desired results through the following strategies:

- (1) Sourcing of foreign direct investment funding,
- (2) Alignment with policy, legal and regulatory reforms at national level,
- (3) Capacity development – human, infrastructure, financial, technical, governance systems and
- (4) Advocacy and promotion.

Within this context, the following factors are influential in Chato Beverages Company Limited success:

- 1) Political and policy leadership at Government level to support the local manufacturing of beverages efforts
- 2) Encouragement of buying locally manufactured goods.
- 3) Sustainable financing mechanisms for Chato Beverages Company Limited

The value addition of Chato Beverages Company Limited is based on the assumptions that Tanzanian Government through the Ministry of agriculture, Ministry of Industries and Trade and stakeholders will continue to provide the required support for local manufacturing of beverages products activities in the country with efficiency and effectiveness of regulation systems that will promote local manufacturing and increase access to affordable, and acceptable beverages and corrugated iron sheets products.

5.3 Industry Analysis

The requirement for beverages and products in Tanzania is enormous as a result of the compelling need by a significant number of schools, universities, dispensaries, and supermarkets owners to equip their beverages needs.

5.3.1 Competition and Buying Patterns

While there is strong direct competition for the beverages and corrugated iron products importers from outside the country but our company plans to manufacture quality products that accomplish similar outcomes as “competitors” in alcohol (empire brand), soft drinks, distilled water, corrugated iron sheets and Bottled drinking water.

5.4 Demographics

Tanzania has the largest population in East Africa around 66 million people now and the lowest population density; almost a third of the population is urban. Tanzania’s youthful population – about two-thirds of the population is under 25 – is growing rapidly because of the high total fertility rate of 4.8 children per woman. Progress in reducing the birth rate has stalled, sustaining the country’s nearly 3% annual growth. The maternal mortality rate has improved since 2000, yet it remains very high because of early and frequent pregnancies, inadequate maternal health services, and a lack of skilled birth attendants – problems that are worse among poor and rural women.

Tanzania has achieved high growth rates based on its vast natural resource wealth and tourism with GDP growth in 2009-17 averaging 6%-7% per year. The country has largely completed its transition to a market economy, though the government retains a presence in sectors such as telecommunications, banking, energy, and mining.

The economy depends on agriculture, which accounts for slightly less than one-quarter of GDP and employs about 65% of the work force, although gold production in recent years has increased to about 35% of exports. All land in Tanzania is owned by the government, which can lease land for up to 99 years. Proposed reforms to allow for land ownership, particularly foreign land ownership, remain unpopular.

The financial sector in Tanzania has expanded in recent years and foreign-owned banks account for about 45% of the banking industry’s total assets. Competition among foreign commercial banks has resulted in significant improvements in the efficiency and quality of financial services, though interest rates are still relatively high, reflecting high fraud risk. Banking reforms have helped increase private-sector growth and investment.

Under the Fifth and Sixth governments elected in 2015, Tanzania has developed an ambitious development agenda focused on creating a better business environment through improved infrastructure, access to financing, and agriculture progress, but implementing budgets remains challenging for the government. Recent policy moves initiated by the fifth phase government are aimed at protecting domestic industry and have caused concern among goods importers but a blessing to local investors like CBCL.

7. ENVIRONMENTAL SCAN

Tanzania can utilize to the maximum the World Trade Organization (WTO) Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) which is the most comprehensive multilateral agreement on intellectual property (IP). It plays a central role in facilitating trade in knowledge and creativity, in resolving trade disputes over IP, and in assuring WTO members the latitude to achieve their domestic policy objectives. It frames the IP system in terms of innovation, technology transfer and public welfare. The Agreement is a legal recognition of the significance of links between IP and trade and the need for a balanced IP system. Chato Beverages Company Limited will fully utilize the contents of this agreement that favor most the local manufacturing of beverages and corrugated iron sheets products in the country.

On one hand, Tanzania as a country has been on an unprecedented economic growth averaging around 5-7% in the last few years and this has increased the available financial resources including expenditure on agriculture, industry and health. It is therefore anticipated that Chato Beverages Company Limited will contribute to increased availability of locally manufactured affordable and acceptable (quality, safety, efficacious) beverages in the country, and reduce incidences of importation from outside the country.

7 CBCL's MAIN STRATEGIC ACTIVITIES

7.1 Operating Model

The proposed business model for Chato Beverages Company Limited is one that produces both a social value and revenue to ensure sustainability. The goal of this model is to ensure that the integration of the social and commercial value creation enables a virtuous cycle of revenue generation and reinvestment to build a sustainable model for the social cause. Therefore, there is need to have a balance of the social value activities and those that enable revenue generation.

Table 3: The proposed strategic themes, the target problems to be addressed, the value proposition and principal activities

Strategic Themes	Problem (s)	Value Proposition	Principal Activities
Country dependence on imported beverages and corrugated iron products	<ul style="list-style-type: none"> Inadequate local initiatives to beverages and products manufacturing 	Social and financial benefits	<ul style="list-style-type: none"> Seek for Funds from financial institutions and investors to establish an integrated beverages and corrugated iron manufacturing plant in Chato in Geita region, Tanzania.
Encourage local manufacture	<ul style="list-style-type: none"> Inadequate locally manufactured beverages and corrugated iron sheets products 	Social value	<ul style="list-style-type: none"> Galvanize local Technical capacity to manufacture beverages & other products
Advocacy and knowledge management	<ul style="list-style-type: none"> Low implementation rate of decisions to promote local initiatives to manufacture Priorities of policy and decision makers 	Social value	<ul style="list-style-type: none"> Advocacy to government and stakeholders for the policy, regulatory and legal reforms at national level. Developing sustainable financing models.

7.2 Mapping of Key Players in local manufacturing of beverages and products

Several players are involved in ensuring that beverages and other food products are manufactured locally in the country which are accessible, affordable and of acceptable quality, safety and efficacious. Key players include the Bakhresa Group, MeTL group and many others in Dar es Salaam. Chato Beverages Company Limited will use local experts

available in the country in this regard.

Another work of CBCL will be to leverage on creation of national sales and distribution agencies within the identified regions in the country that will help in the sale of the project's products in their areas. The key function of Chato Beverages Company Limited with respect to these national distribution and sales agents is to coordinate and facilitate their establishment at regional level and setting standards, norms and capacity building for them.

7.3 Competitive advantage

As a Company, Chato Beverages Company Limited plans to be able to mobilize technical support and expertise for manufacturing beverages and corrugated iron sheets products in the country, and resources at a scale that cannot be matched at national level. Direct output of this unique position is significant increase of locally manufactured goods in the beverages sector and reduction of imported ones.

7.4 Marketing strategy

The identified targets of the project as elaborated before include local supermarkets and institutions, the general public in the country and a 70% of the production volume to foreign market. Depending on the target group, the marketing strategies will include presentations, meetings, sensitization workshops, value proposition, electronic platforms, investment briefs and case studies. Internet marketing will be used to help improve the Company's online visibility, connect with new clients, and direct current customers to specific products we shall offer. The Company will build lasting relationships with the government through the ministry of industry and trade, ministry of agriculture and clientele in general via social media marketing as is today considered a staple in Internet marketing today, and so our company is no exception.

8 MANAGERIAL, TECHNICAL AND ADMINISTRATIVE REQUIREMENTS

8.1 Manpower Requirement

The head office annual manpower requirement of the project is 114 people and its cost has been estimated at USD **635,760**. The details of the manpower requirement at the head office are given below:

Table 4: Manpower Requirement and Remuneration for the head office in USD

Head Office Administration Expenses							
Managing Director	1	3,000	36,000	36,000	37,800	37,800	37,800
Chief Accountant	1	2,000	24,000	24,000	25,200	25,200	25,200
Chief Internal Auditor	1	1,500	18,000	18,000	18,900	18,900	18,900
Chief Security Officer	1	1,500	18,000	18,000	18,900	18,900	18,900
Head, Purchasing Unit	1	1,500	18,000	18,000	18,900	18,900	18,900
Store keeper	1	600	7,200	7,200	7,560	7,560	7,560
Cashier	1	300	3,600	3,600	3,780	3,780	3,780
Marketing Manager	1	1000	12,000	12,000	12,600	12,600	12,600
Secretary	1	350	4,200	4,200	4,410	4,410	4,410
Public	1	1000	12,000	12,000	12,600	12,600	12,600

Relations staff							
Office Attendants	1	300	3,600	3,600	3,780	3,780	3,780
Security Guards	2	350	8,400	8,400	8,820	8,820	8,820
Drivers	100	300	360,000	360,000	378,000	378,000	378,000
Mechanic	1	400	4,800	4,800	5,040	5,040	5,040
Add: 20% Social Benefits			105,960	105,960	111,258	111,258	111,258
Total Salaries & Wages	114		635,760	635,760	667,548	667,548	667,548

The alcohol empire brand manufacturing unit annual manpower requirement of the project is 39 people and its cost has been estimated at USD **16,000**. The details of the manpower requirement at the unit are given below:

Table 5: alcohol empire brand manpower requirement

Alcohol Unit General Manager	1	2,500	30,000	30,300	30,603	30,909	31,218
Technical Manager	1	2,000	24,000	24,240	24,482	24,727	24,974
Marketing Manager	1	1,300	15,600	15,756	15,914	16,073	16,233
Accountant	1	1,300	15,600	15,756	15,914	16,073	16,233
Quality Control Officer	6	1,300	93,600	94,536	95,481	96,436	97,401
Workshop Manager	1	1,300	15,600	15,756	15,914	16,073	16,233
Shift Supervisors	3	1,000	36,000	36,360	36,724	37,091	37,462
Alcohol production technicians	14	1,000	168,000	169,680	171,377	173,091	174,821
Cleaners	3	400	14,400	14,544	14,689	14,836	14,985
Secretary	1	500	6,000	6,060	6,121	6,182	6,244
Security Guards	3	400	14,400	14,544	14,689	14,836	14,985
Auxiliaries	4	400	19,200	19,392	19,586	19,782	19,980
Add 20% Social benefits		2,600	90,480	91,385	92,299	93,222	94,154
Total Payroll	39	16,000	542,880	548,309	553,792	559,330	564,923

The soft and carbonated drinks manufacturing unit annual manpower requirement of the project is 32 people and its cost has been estimated at USD **15,007**. The details of the manpower requirement at the unit are given below:

Table 6: soft drinks and related products manpower requirement

General Manager	1	2000	24,000	24,000	25,200	25,200	25,200
Technical Manager	1	1500	18,000	18,000	18,900	18,900	18,900
Marketing Manager	1	1000	12,000	12,000	12,600	12,600	12,600
Accountant	1	1001	12,012	12,012	12,613	12,613	12,613
Quality Control Officer	1	1002	12,024	12,024	12,625	12,625	12,625
Water pump operators	2	500	12,000	12,000	12,600	12,600	12,600
Manufacturing Chemist	1	1000	12,000	12,000	12,600	12,600	12,600
Analytical Chemist	1	1000	12,000	12,000	12,600	12,600	12,600

Workshop Manager	1	1001	12,012	12,012	12,613	12,613	12,613
Shift Supervisors	3	1002	36,072	36,072	37,876	37,876	37,876
Technicians	8	600	57,600	57,600	60,480	60,480	60,480
Cleaners	3	200	7,200	7,200	7,560	7,560	7,560
Auxiliaries -packing	4	200	9,600	9,600	10,080	10,080	10,080
Secretary	1	300	3,600	3,600	3,780	3,780	3,780
Security Guards	3	200	7,200	7,200	7,560	7,560	7,560
Add: 20% Social Benefits		2,501	49,464	49,464	51,937	51,937	51,937
Total Payroll	32	15,007	296,784	296,784	311,623	311,623	311,623

The distilled water manufacturing unit annual manpower requirement of the project is 40 people and its cost has been estimated at USD **20,401**. The details of the manpower requirement at the unit are given below:

Table 7: Distilled water manpower requirement

Technical Manager	1	2500	30,000	30,000	31,500	31,500	31,500
Marketing Manager	1	2000	24,000	24,000	25,200	25,200	25,200
Accountant	1	2000	24,000	24,000	25,200	25,200	25,200
Quality Control Chemist	1	1500	18,000	18,000	18,900	18,900	18,900
Storekeeper	1	1500	18,000	18,000	18,900	18,900	18,900
Purchasing officer	1	1200	14,400	14,400	15,120	15,120	15,120
Plant operators	15	600	108,000	108,000	113,400	113,400	113,400
Shift Supervisors	3	1500	54,000	54,000	56,700	56,700	56,700
Electricians	3	1200	43,200	43,200	45,360	45,360	45,360
Mechanics	3	1200	43,200	43,200	45,360	45,360	45,360
Cleaners	2	400	9,600	9,600	10,080	10,080	10,080
Secretary	1	500	6,000	6,000	6,300	6,300	6,300
Auxiliaries- packing	4	501	24,048	24,048	25,250	25,250	25,250
Security Guards	3	400	14,400	14,400	15,120	15,120	15,120
Add: 20% Social Benefits		3,400	86,170	86,170	90,478	90,478	90,478
Total Payroll	40	20,401	517,018	517,018	542,868	542,868	542,868

The corrugated iron sheets manufacturing unit annual manpower requirement of the project is 37 people and its cost has been estimated at USD **20,401**. The details of the manpower requirement at the unit are given below:

Table 10: corrugated iron sheets manpower requirement

Technical Manager	1	2500	30,000	30,000	31,500	31,500	31,500
Marketing Manager	1	2000	24,000	24,000	25,200	25,200	25,200
Accountant	1	2000	24,000	24,000	25,200	25,200	25,200
Quality Controller	1	1500	18,000	18,000	18,900	18,900	18,900
Storekeeper	1	1500	18,000	18,000	18,900	18,900	18,900
Purchasing officer	1	1200	14,400	14,400	15,120	15,120	15,120

Plant operators	15	600	108,000	108,000	113,400	113,400	113,400
Shift Supervisors	3	1500	54,000	54,000	56,700	56,700	56,700
Electricians	3	1200	43,200	43,200	45,360	45,360	45,360
Mechanics	3	1200	43,200	43,200	45,360	45,360	45,360
Cleaners	2	400	9,600	9,600	10,080	10,080	10,080
Secretary	1	500	6,000	6,000	6,300	6,300	6,300
Auxiliaries-packing	1	501	6,012	6,012	6,313	6,313	6,313
Security Guards	3	400	14,400	14,400	15,120	15,120	15,120
Add: 20% Social Benefits		3,400	82,562	82,562	86,691	86,691	86,691
Total Payroll	37	20,401	495,374	495,374	520,143	520,143	520,143

9 FINANCIAL PLAN

Frankly speaking Chato Beverages Company Limited is largely dependent on financial institutions and serious foreign investors' capital and contributions to finance the initial investment of **\$ 186,551,737** and operational costs in the first year as is shown in Appendix I. It is anticipated that the Company will be able to repay its annual installments and associated interests' commitments from the first year of operation for the next five years without any hassle given the company's ability to generate revenue from its activities and the country's demand for beverages and corrugated iron products. This integrated financial support model will produce both social value and revenue and will certainly position the company to tap into the growing sector of impact of the project investments in Tanzania which is expected to reach at least **\$ 789,836,035** within the next five years of operation.

9.1 Shareholder's Equity Contribution

The shareholders of the company in implementing this project will strive to contribute towards meeting the costs of the preoperational expenses including the preparation of this Business Plan as clearly elaborated in Appendix I of the financial model that amounts to **\$ 55,965,521** in order to show ownership commitment by the company towards the project. The remaining funds from the total capital investment will be repaid over a five-year period as a long-term loan at a proposed interest rate of not more than 8% per annum.

9.1.1 Financial Support from Investors

As stipulated before, the Company does not have the financial muscle to provide the initial capital investment and the first-year activities operational costs. It is expected that financial institutions capital will kick off the project and through using other funding mechanisms, the proportion of direct contribution from Investors could be reduced over time to ensure sustainability.

9.1.2 Revenue Generation from investment activities

The Company will start with almost 70% financing from financial institutions, but through demonstrated accumulated retained earnings potential revenue generation from Chato Beverages Company Limited activities is expected to generate significant revenue within the first five years of operation.

9.1.3 Innovative financing mechanism

Chato Beverages Company Limited in the course of implementing the project has to

develop innovative financial mechanisms to complement the direct support from financial institutions. Two options are discussed in this section, social impact bonds and endowment fund.

Social Impact Bonds (SIBs)

Social Impact Bonds (SIBs) a financing contract designed to drive commercially sustainable measurable outcomes and generating social and financial returns to investors. The SIBs have the potential to raise funds from capital markets based on commitments from the promoters. Using this innovative financing mechanism, the following benefits are envisaged:

- 1) The investor may earn an acceptable rate of capital return;
- 2) Chato Beverages Company Limited activities are financed using new, sustainable capital which enables scale-up of these interventions;
- 3) The Promoters enjoy a cost-saving
- 4) Financial risk is transferred to the private investor; therefore, promoters will only pay for the demonstrated results;

Therefore, the Social Impact Bond uniquely links the monetary return on the financial product with its social delivery.

Endowment Fund

Creation of an endowment fund that will ensure Chato Beverages Company Limited independence and sustainability is proposed as a second funding option. Similar models have been successfully employed in companies worldwide.

The hybrid financial model for Chato Beverages Company Limited is developed with a sustainability business model in mind. First, the hybrid model will enable the Company to carefully select innovative interventions that have the greatest measurable impact on agriculture and public health of Tanzanians.

9.2 Measurable outcomes

To convince investors to venture into raising capital from capital markets for financing the project, there is need to clearly identify measurable social outcomes for the proposed interventions that lead to the desired results of access to affordable, quality, safe and efficacious beverages and products for Tanzanians.

9.3 Resource mobilization strategy

Chato Beverages Company Limited will seek financial support from local and foreign financial investors who already have experience with several funding mechanisms and will be given an opportunity to invest for both social impact and financial return. With the advent of crowd funding, companies, individuals or foundations could be targeted as new funding options for social cause.

9.4 Funding Forecast requirements

The total cost of the project has been estimated at **USD 186,551,737 including** net working capital of **USD 163,833,333** for raw materials importation that include building materials for the infrastructure, alcohol and galvanized iron materials as will be needed by the company as summarized in section 3 under capital investment.

9.5 Financial Evaluation

The profitability analysis of the project has been carried out for five projected years of operation to assess the financial viability of the project. The financial projections that have been made include earning forecast, cost of goods sold, administrative and selling expenses, cash-flow statement, and financial ratios.

The consolidated statement showing the financial performance of the project is given below:

Table 12: Financial Evaluation

	Year 1	Year 2	Year 3	Year 4	Year 5
Total Revenue	425,188,800	496,053,600	566,918,400	637,783,200	673,215,600
Direct Expenses					
Salaries & Wages	1,944,936	1,944,936	2,042,183	2,042,183	2,042,183
Operating Expenses	231,871,684	270,498,913	309,126,679	347,753,908	367,067,523
Total Direct Expenses	233,816,620	272,443,849	311,168,862	349,796,091	369,109,705
Gross Operating Income	191,372,180	223,609,751	255,749,538	287,987,109	304,105,895
Administration Expenses	710,891	710,891	743,216	743,216	743,216
Gross Operating Profit	190,661,289	222,898,860	255,006,323	287,243,893	303,362,679
Finance & Capital Charges					
Depreciation	36,775,903	29,727,077	24,086,189	19,571,769	14,619,347
Loan Repayment	26,117,243	26,117,243	26,117,243	26,117,243	26,117,243
Loan Interest Repayment	14,924,139	12,834,759	10,745,380	8,656,001	6,566,621
Total Finance & Capital Charges	77,817,286	68,679,080	60,948,812	54,345,013	47,303,211
Profit before Tax	112,844,004	154,219,780	194,057,511	232,898,881	256,059,468
Corporate Taxation 30%	33,853,201	46,265,934	58,217,253	69,869,664	76,817,840
Profit after Tax	78,990,803	107,953,846	135,840,257	163,029,217	179,241,627

Transfer to Retained Earnings	78,990,803	186,944,649	401,775,708	830,740,376	1,677,693,163
Accumulated Retained Earnings	78,990,803	265,935,451	667,711,159	1,498,451,535	3,176,144,698

9.5.1 Break-even Analysis

The break-even analysis has been carried out on the basis of cost and sales data of first year of projected operation. The project is expected to reach break-even at 29.71% of the rated capacity.

9.5.2 Internal Rate of Return (IRR)

The internal rate of return has been computed following the Discounted Cash Flow (DCF) technique. The capital of the machinery is to be replaced in the 9th year. The Internal Rate of Return of the project is 62.62% which is much higher than the applied cost of capital of 8% in the economy implying that the project is viable.

10 SOCIO-ECONOMIC ASPECTS

10.1 Employment Generation

The project start up minimum personnel for project implementation will be 262 locals and a few experts who will provide initial training for local personnel.

10.2 Social Benefits

This is a socially attractive venture as the project aims at producing quality locally manufactured beverages that will minimize the current importation of these goods thus saving the country from foreign currency erosion.

10.3 Corporate tax

The Company will pay corporate tax to the government of Tanzania on an average of \$ **57,004,778.56** per annum by the end of the five years planning horizon.

11 CONCLUSION

11.1 Project

The project is a new agriculture, health and industrial-based venture. It is in a growing sector of the economy. The proposed beverages and corrugated iron sheets products will contribute to improving the agriculture, food security and health of the population of Tanzanians.

11.2 Management

The management of the organization comprises 2 (two) businessmen entrepreneurs. All the two shareholders and the CEO have vast experiences in running different business. The bulk of the qualified team will be sourced from the labour market both local and international.

11.3 Marketing

There is a large demand supply gap in the market. Most of the beverages and products in the country depend on imported ones from outside the country. The company going to be the pioneers of such an integrated beverages and products manufacturing company in the country. The demand for the beverages and products in the country has grown rapidly owing to the demand for beverages and increased agricultural produce in the country.

11.4 Technical

The technology and process involved in this type of industry is not very uncommon in this country and the required technical personnel will be available. Besides, the machinery suppliers will provide technical know-how, detailed project design, engineering services and project management services. The project will strictly comply with the rules and regulations of the Government in manufacturing its proposed beverages and corrugated iron sheets products.

11.5 Financial

From the financial point of view, the project seems to be very rewarding and viable. The IRR of the project comes to 62.62%. However, the success of the project will depend on the following:

- Qualified technical experts will be in place to take care of the production and quality aspects of the project's products.
- An established marketing and distribution agencies will be engaged to launch a vigorous marketing and distribution drive of the locally manufactured beverages and products throughout the country.

12 ROAD MAP FOR ACHIEVING OBJECTIVES 2023 - 2027

The Roadmap of activities for Chato Beverages Company Limited(management team to develop the appropriate business plan, legal framework and eventual implementation of the project in Tanzania is as follows:

Table 13: Road Map for establishment & operationalization of Chato Beverages Company Limited(integrated beverages and products project in Tanzania for the period 2022 - 2027

Phase	Activities	Year	Output indicators
1. Preparatory phase 2023	1.1 Development of the business plan including consultations	2023	Businessplan for Chato Beverages Company Limited integrated beverages and corrugated iron sheets products project in Tanzania completed
	1.2 Facilitating the communication of the Business plan to potential financial institutions and government departments	2023	Interested local and foreign Potential investors identified TIC and TRA assistance sought
	1.3 Groundwork for the financial institutions participation in the project	2023	Terms of reference for foreign investors participation
	1.4 Legal agreements on initial funding of the project	2023	Funding Models identified and finalized/Funds approval by financial institutions
2. Approval	2.1 Approval by relevant agencies and Government of the envisaged project	2023	Chato Beverages Company Limited approved by Government and

			relevant Authorities in Tanzania
3. Initial operationalization phase 2024	3.1 Importation of machinery and equipment for the project	2024	Installation of machinery and equipment for the project completed
	3.2 Recruitment of staff for various units	2024	Relevant staff of various units employed
4. Future perspective 2025 and beyond	4.1 Full implementation of activities under Chato Beverages Company Limited	Early 2025	Project fully established and full implementation of activities.

13 MONITORING AND EVALUATION FRAMEWORK

CBCL management team will work out a Project Log Frame that will form the main Monitoring & Evaluation (M & E) tool of the project, which is guided by the principles of Results Based Management (RBM) and by the CBCL’s Policies on Monitoring and Evaluation. The objectives of the monitoring and evaluation mechanism of the Business Plan are to:

- Ensure that the outputs and outcomes are being achieved as planned.
- Provide regular information to all stakeholders on progress that would, among others, inform the basis for any reviews.

13.1 Output monitoring

In line with the Logical Framework of the Business Plan, Chato Beverages Company Limited will put in place the following measures to ensure implementation of the planned activities and delivery of the outputs:

1. Set baselines and targets on access to affordable, quality, safe, efficacious beverages and corrugated iron sheets products manufacturing in Chato, geita in Tanzania;
2. Develop relevant M&E tools and templates (such as M&E plan at district, regional level & national level, standard progress report) that will guide the collection, analysis, dissemination and utilization of data on key indicators and targets;
3. Conduct periodic review meetings of relevant stakeholders to assess progress; and
4. Produce standard progress reports once a year. This will be specifically produced by the Chato Beverages Company Limited Board and submitted annually to the Government, financial institutions and made public.

13.2 Outcome and Impact evaluation

The Board will facilitate an external mid-term review, and an end-term evaluation after five years of operation of the business plan. In line with accounting standards, Chato Beverages Company Limited(will be required to produce audited financial reports annually. The external reviews will provide feedback on the efficiency, effectiveness and relevance of the Business plan in achieving the intended objectives. The report of findings and recommendations of the midterm review will be used to modify outputs as may be necessary. The outcome of the end-term evaluation will be used to design and inform future plans and strategies.

14 RISK MANAGEMENT

New business and financial model for Chato Beverages Company Limited – faces challenges for its project activities and is still largely dependent on financial institutions support. Advocacy is required and social marketing. However, this approach is not new for companies as most perform a social obligation but rely on commercial banks which the company is approaching for

support.

15 Implementation Schedule

It is expected that the project will be able to start its commercial operation by the 12th month after its formal approval and completing sequential activities as shown in the following implementation schedule.

Table 14: Implementation Schedule

Sr	Activities	Months											
		1	2	3	4	5	6	7	8	9	10	11	12
1	Land Acquisition	_____											
2	Clearing and Site Development			_____									
3	Civil Construction				_____								
4	Machinery Installation								_____				
5	Trial Run Operations										_____		
6	Formal Launching of various units											_____	