

JIETAI POULTRY TANZANIA LIMITED
PROPOSED BUSINESS PLAN
FOR
PROPOSAL FOR ESTABLISHING POULTRY
FARMING PROJECT - MKENGA VILLAGE
MKURANGA, COSTAL REGION, TANZANIA.

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List of Abbreviations

APEX - Capital Expenditure
COMESA- Common market for Eastern and Southern Africa
CSI - Corporate Social Investment
EAC - East Africa community
EIA - Environment Impact Assessment
GDP - Growth Domestic Products
KVA -Kilovolt Amperes
MT - Metric Ton
NBS - National Bureau of standard
NEMC - National Environment Management Council
OPEX - Operating Expenditure
SADC -Southern Africa Development Community
SWOC - strengths, weaknesses, opportunities and threats.
TANESCO - Tanzania Electric Supply Company
TIC- Tanzania Investment Centre
TZS - Tanzania Shilling
TZS-Tanzania Shillings
US - United State Dollar
US\$ - United State Dollar
VAT - Value Added tax

1.0. INTRODUCTION - LIVESTOCK OVERVIEW.

1.1. Livestock Sector Overview in Tanzania

Livestock production is one of the major agricultural activities in Tanzania. The sub sector contributes to national food supply, converts rangelands resources into products suitable for human consumption and is a source of cash incomes. It provides about 30 per cent of the Agricultural GDP. Out of the subsector's contribution to GDP, about 50 percent originates from beef production, 30 percent from Milk production and another 30 percent from poultry and small stock production.

Livestock production originates from a large resource base composed of the different livestock species, breeds and types whose ownership and distribution differ from region to region. Three livestock production systems are commonly distinguished in the rangeland areas; commercial ranching, pastoralism and agro-pastoralism.

Common sources of meat in this country include beef cattle, sheep and goats, poultry, pigs, game and non-conventional animals. Cattle produce most of the meat contributing 53% of total meat production whereas sheep and goats contribute about 22% and remainder is from pigs, poultry and non-conventional animals¹. Meat produced in the country is mainly for the domestic market although part of the annual off-take of cattle, sheep and goats are exported mainly to neighboring and the Middle East countries.

The livestock sector plays a key role in the livelihoods of many households in low-income countries where they contribute to informal household insurance and financing, soil fertility, and household nutrition. In Tanzania. Livestock provide the social, cultural, and economic backbone to many rural communities in low-income settings, particularly those in marginal, semi-arid and arid environments. Here, the mobility of cattle, sheep, goats, and camels allows livestock keepers to utilize grazing and browsing on common land over a potentially wide geographic area, optimizing production and reducing household vulnerability to the effects of local rainfall deficits.

In these environments, livestock can also provide the security to pursue potentially riskier livelihood activities relying on local rainfall, such as crop agriculture. Supporting livestock production among the rural poor can provide an important route toward sustainable development, equitable livelihoods, and household health and welfare. The livestock activities contribute 7.4% to the country's GDP. The annualized growth rate of the sector is low at 2.2%. The

1

http://scholar.mzumbe.ac.tz/bitstream/handle/11192/3154/MSc.MKT_Mbwille%2cLeyla_H_2013.pdf?sequence=1

growth for the large part reflects increase in livestock numbers rather than productivity gains.

1.2 Sector Based Market

Livestock production is a major agricultural activity in Tanzania. The sub-sector contributes to national food supply, converts rangeland resources into products suitable for human consumption, is a source of cash income, and an inflation-proof store of value. It contributes about 30 percent of Agricultural Gross Domestic Product (GDP) of which about 40 percent derives from beef production, 30 percent from milk and 30 percent from small ruminant and poultry production.

Livestock production is predicated on a large resource base comprising different species, breeds and types and whose ownership and distribution differ from region to region. Commercial ranching, pastoralism and agro-pastoralism are the commonly distinguished systems in the rangeland areas. The first of these systems is very minor (2 percent of the national cattle stock) and practiced mainly by the National Ranching Company (NARCO)² with 15 ranches covering 623 000 hectares (ha) with a stated stocking capacity of 155 300 head. Pastoralism – in which the main roles of livestock are subsistence, a store of wealth and a source of cash income – is concentrated in the northern plains and is practiced in traditional grazing areas where climate and soil conditions do not favor crop production. Agro-pastoralism comprises a range of combinations of crop cultivation with livestock keeping.

1.3. Value Chain Governance

According to FAO report 2015; In Tanzania the ‘red meat’ value chain includes live animals, meat, processed meat products and by-products from cattle, sheep and goats that are sold both locally and in the export market. Primary processed meat and meat products are derived after animals are slaughtered and include carcasses, red offal (liver, lungs, tail, heart and kidneys), hides, skins and other by-products such as blood, bones, horns, hooves, hair, wool, glands, intestines, stomachs and gut contents.

The red meat value chain is dominated by traders and butchers - few of them actually are of considerable sized and financially endowed with the access to credit - who are able to exercise market power vis-a-vis a larger number of small-scale livestock farmers and traditional herders. The public ranching company - NARCO and a number of emerging private commercial ranchers dominate the system of commercial ranching, although the production capacity and influence of these commercial producers on the value chain is limited. Feed lotting is emerging as a valuable input in the livestock production system and caters. Primarily for quality meat supply. Meat retailing is also dominated by individual businesses operating

² Bot Monthly report June 2020

in rich urban areas. In general, vertical integration of livestock farmers, meat processors and traders are limited

1.4. Poultry farm analysis

1.4.1. Poultry farming.

The Poultry Subsector in Tanzania consists of approximately 72 million chickens, emerging steadily both in indigenous and exotic chicken. With changing eating habits in urban areas and a growing economy the domestic market for exotic chicken and eggs is likely to keep expanding. With enough land to grow chicken feed, opportunities for expansion can be found at the commercialization of the sector. Tanzania has a poultry flock comprising approximately 72 million chickens. Approximately 40 million are indigenous breeds and 32 million are commercial poultry, which include 24 million for meat and 8 million for laying eggs. Of the 4.7 million agricultural households in Tanzania, 3.7 million households keep poultry. Indigenous chickens are mainly raised by rural dwellers and contribute almost 100% of the poultry meat consumed in the rural areas and 20% of eggs consumed urban areas.

Markets could be better organized; supply of quality feed and day-old chicks could be stabilized and veterinary costs remain high. Also, improvements could be made by developing processing industries and by improving the sector's distribution system and installing a third-part logistics cold chain for the movement of poultry and poultry products from the farms to consumers.

Until date, the potential of the poultry sector in Tanzania has remained untapped, which opens opportunities for investments to revamp the sector and related industries. The Tanzanian poultry sector is ripe for investment with opportunities ranging from input supply all the way across the value chain to retailing and exporting. The Poultry Quick Scan gives a clear overview on the current status of the Tanzanian poultry sector and suggests possible areas for interventions.

1.4.2. Potential for Increase in Output/Production and Productivity of Meat Animals

- Breeding of High-Quality Young Stock
- Improvement of Quality and Quantity of Animal Feeds
- Hygiene and Proper Care of Animal Stock
- Veterinary Care and Control of Livestock Diseases
- Paddocks and Access to Clean Drinking Water
- Establish and Strengthen Livestock Farmers Association
- Improving Access to Credit Facilities
- Increase and Improve Meat Processing Capacity (Slaughterhouse)
- Improve Efficiency of Livestock Marketing System

1.5. Rationale of JIETAI Poultry Tanzania Limited in integrated farming project?

JIETAI Poultry Tanzania Limited is matching grants opportunity for businesses in Tanzania that wish to develop or increase their ability to trade, support product quality improvement and the meeting of international standards to access potential markets within and outside Tanzania.

In this respect the sole proprietor and his family are planning to expand production capacity in fattening and poultry production of poultry (broiler and layers) to (200,000 and 500,000) respectively.

The project will support Government initiatives endeavor to develop the business sector as an engine of pro-poor economic growth, in line with Tanzania's National Strategy for Growth and Reduction of Poverty (MKUKUTA).

In an effort to strengthening the country economy, the Government of Tanzania cited integrated projects as one of the potential revenue and job creation sector, its important is not only to social economic development, but has positive significantly towards economic development.

Considering such level of market growth and demand driven variables with notably absence of modern commercial farming, JIETAI Poultry Tanzania Limited considering commercial poultry farm are alternatives of the synthetic polymer and help to enhance the shelf life of the food products while retaining their nutritional, biological and sensory quality.

1.6. Importance of poultry farming.

“What is the necessity of integrate these products?”. In beef poultry farms, techno-economic performance optimization is imperative for reaching profitability, whether in farrow-to-finish or fattening farms. The practical application of this goal requires a consideration of the desired final outputs, analysis of the current situation, customized dietary program and final validation the solutions implemented.

Poultry as a one of the fastest growing food industries in Tanzania. Poultry meat accounts for about 27% of the total meat consumed in the country and its consumption is growing at an average of 5% annually. Poultry industry in Tanzania is relatively a new agricultural industry.

The integration of these threes will enable the farmer in minimize risk of failure in one of production line, reduction in cost of production., an arrangement of recycling products/by-products of one component as input to another linked component., Increase in productivity per unit area., Increase in total income of farm and effective utilization of family labors around the year. The sole appropriate goal is to expand her production and meet the market demand for both products at competitive price to be used in different sector to contribute to the development

of Tanzania economy. The entire product range in farming should follow the Weight and Measurement Act and packed accordingly in different standard keeping units (SKU). The product should be stored as per batch number allocated to particular product.

2.0. Project Overview – The Current Situation and Future Forecast

2.1. The Analysis of current situation.

2.1.1. Project site analysis.

IETAI Poultry poultry farm will be located at in Mkenga Village Mkuranga, Costal Region, target markets is (niche market). immediate environment, household, restaurants hotels, event planners, the business is a limited liability company and the promoter of the business is JIE QI, the vision of the business is to become one of the biggest and successful poultry farms in Dar es Salaam and its environments. Based on physical inspection of the proposed site has the basic and essential industrial infrastructure such transport, water supply, electric power supply, telecommunication system and security for project expansion and establishment. The realization of the project development requires successful completion of a number of necessary activities and facilities to enable a successful development of the project.

The business of poultry farm involves some risks which are outbreak of disease, flood, inferior vaccine and fire outbreak. However, the intention is to reduce this risk by giving the birds right proportion of vaccine as well as standard and quality vaccine which will be purchase from a reliable supplier, we will locate our farm on a high land, we will maintain a safety precaution policy by making fire extinguisher available in the farm.

The establishment of the low production line include other assets associated with production of poultry farming, achieving these goals requires a good overview and a thorough understanding of the current farming systems in use. At this point, undertaking a practical audit of the farm will help to identify the areas for improvement from a technical and economic point of view.

In addition, performance modellings allowed by management tools are usually used in farrow to finish farms, and the teachings of market data (purchase price for calves or incubating of chicks, selling price of young bulls, the feeding program cost, purchasing etc.) will allow to determine profit margins.

share capital of the Company is Tanzania shillings 20,000,000/= (shillings Twenty million) divided into 1000 Ordinary shares of value of Tanzania shillings 20,000/= (Twenty thousand shillings) each, with power for the company from time to time to increase or reduce the said capital into several classes or otherwise and to attach

thereto respectively preferential, qualified or special rights, privileges and conditions

S/No	Name of shareholders	Address	Number of share
1	QI JIE (Australian)	P O Box 10343, Dar Es Salaam	700
2	JI ZHONGBIAO (Chinese)	P O Box 10343, Dar Es Salaam	150
3	YAN CUNZHONG (Chinese)	P O Box 10343, Dar Es Salaam	150

2.2. Business plan objective

The objectives of this study are two-fold. First is to determine the viability of the proposed project and serve as a business plan for the company's development program. Secondly, the business plan will act as a supporting document in the company's application for Tanzania Investment Centre (TIC) Certificate of Incentives so as to access exemptions on duties, VAT deferments and other benefits and protections as statutorily provided for under Tanzania Investment Act (1997).

The project promoters have commissioned a reputable engineering and project planning consulting firm to advice on detailed technical and economic evaluation of the project and in determining its viability. As the report will be used to raise debt financing for the project, it is tailored to meet standard requirements of financial institutions in the region.

2.3. Future forecast

The future perspective of the project is to commercialize the whole commercial production points, by raising capital from investors/friends/relatives, applying for a grant or soft bank loan, expansion of integrated farming business.

The prospective future is to rise three production line per batch of 2-3 months each year and 20,000 broiler chicken per batch in every 4 months per year. chicken lots, the Company is planning to find;

1. reliable source of clean water that can be used for both human and animal consumption, this includes boreholes or access water from the lake and construct reservoir in case of inadequate water source,
2. Construct feedlots for the poultry. A beef feedlot/pen is a confined yard area with watering and feeding facilities where poultry are completely hand or mechanically fed for the purpose of beef fattening.
3. Poultry housing must offer very easy access to food and water, freedom of movement,
4. Storage buildings for Poultry feeds
5. Machineries and equipment's related and poultry farm

2.4. Product: Demand and Market Analysis

2.4.1. Demand analysis

Internal demand for red meat is estimated at about 450 000 MT a year and is growing in line with the human annual population growth rate of 2.9 percent (or possibly exceeding it, as a result of better living standards and aspirations for a better quality of life). Some 99.9 percent of demand is met from local production. Imports are almost exclusively 'choice' beef cuts from Kenya, which flow into the

resident expatriate and tourist markets. Imports are estimated at 700 MT per year. Local production is dominated by small-scale farmers who cannot benefit from economies of scale and often make ‘emergency’ sales to fulfil immediate cash needs. Small traders buy at the point of production and move animals on to a primary or secondary market. Much of the (limited) processing of red meat is also carried out by small or at the best medium-sized - enterprises who have neither the technical nor financial capability to operate efficient and profitable businesses. Similarly, the final outlet (to the largely undiscerning consumer) is mostly through a small one-man butchery. As a consequence, horizontal and vertical linkages in the value chain are weak and uncompetitive

2.4.2. Market analysis

The market analysis conducted indicates that there are few commercial farms dealing with integrated farming in Coastal Region producing healthily fattening of poultry. The yield of beef has been increasing due to the adoption of beef fattening technology recently introduced in the country. The increases in beef meat production were influenced by increasing trends in poultry inventories and slaughtered poultry beef in central zone and Tanzania as a whole.

At present, JIETAI Poultry Tanzania Limited purchase day old chicks her own hatcheries. The proposed target market are families/households, restaurants, hotels, students, and event planners. The mission is to improve on the existing Poultry and Poultry product while ensuring affordability and availability as well as to create an excellent customer relationship.

2.5. Plant Capacity and Pricing Analysis

Capacity refers to an upper limit or ceiling on the load that operating unit cans handle. Capacity can be referred as the rate of a facility can produce according to their capability. It is usually expressed as volume of output per period of time. The company machine capacity will be produced in any organization, the capacity of the company can be measured by looking at how it combines and utilizes the capacity it has purchased to perform work. In this context the project capacity per quarter is 200,000 poultry beef, while for chicken rearing 200,000 per quarter, (assumed production will be for every three months). Apart from production of chicken meat, the project will produce eggs though it’s not a major objective of the project.

Table 2.1. Annual Production Phases and Sales Volume

<i>S/No.</i>	<i>ANNUAL PRODUCTION AND SALES VOLUME PRICE USD</i>					
A	Products	Daily	Monthly (Per 25 days)	Price Per Unit (USD)	Quartely Sales (USD)	Annual sales (4Qtr)
POULTRY BEEF AND EGG UNIT						

Chicken for beef	0	100,000.00	2.50	250,000.00	1,000,000.00
Chicken for egg production					
Eggs	20000	500,000.00	0.19	92,592.59	370,370.37
				342,592.59	1,370,370.37
SUB TOTAL					
GRAND TOTAL					1,370,370.37

2.6. Costing Analysis - Comparative Analysis

2.6.1. Poultry production and cost analysis

Performance in poultry depends on the effectiveness of production methods and techniques that are used. At presents recommended practices of housing, feeding, watering, vaccination and general husbandry that can be applied to boost production and productivity of the poultry enterprise. The concentrates of the farm based in production improved breeds and local chicken, production of improved breed need optimal conditions for the growth and development of the day-old chicks in the first three weeks of their lives.

2.7. Other fixed cost

2.7.1. Buildings and related fixed cost

The project will involve construction of feeder lots for poultry rearing as prescribed in this business plan, the feed lot will involve shed, walking away, expansion and rehabilitation of existing structure at Newland village, Mkenga Village Mkuranga, Costal Region. However, the total cost of Land acquisition and goat structure has been done by the owner, the estimated cost of the structure is estimated to 465,000USD.

2.7.2. Machinery and Equipment.

Proper machinery selection is one of the key problems in the development of an industry. The machinery must suit the two-fold requirements of the developing countries, i.e., it should be up-to-date to allow for competitive production. In view of the foregoing, an effort has been made to choose from modern technological alternatives, a level that strikes a balance between fixed costs based on depreciation and variable costs based essentially on wages.

The requirements of various items of equipment have been worked out taking into consideration the production programs, average equipment utilization and normal productivity level of an average worker etc. While working out details of equipment required, it has been assumed that the plant will be working in a single shift of 8 hours a day, 25 days a month or a total of 300 days a year.

The projects machinery and equipment will be purchased in Tanzania and some from China and are estimated to cost TZS 127,000USD this includes, complete set plastic production, beverage, laboratory equipment for testing quality, flight charge. These cost assumptions are C.I.F Dar es Salaam and include installation, commissioning, consultancy, port charges and transport to the project site. Calculated depreciation of machines and other working facilities is estimated to cost USD 69,002. Others working facilities have already in place this includes weighing scales, mini laboratory equipment, communications, computers and other office equipment, standby power generator and miscellaneous machinery and equipment.

2.7.3. Motor Vehicles

The farm own Pick up worth 38,000,000, Toyota Canter with a capacity of 3 ¼ MT will be purchased to smoothen farm operation. The total cost is estimated to 76,000,000TZS.

2.7.4. Furniture & Fittings and computers

This cost item includes the purchase of various office furniture: tables, chairs cabinets, safes, telecommunication gadgets, firefighting equipment, air conditioners etc. A budget of 2,000,000TZS will be allocated from general administration budget for furniture fittings and computer accessories. The total budget for furniture and fittings is small due to nature of industry as few or minor requirement of furniture and fittings.

2.7.5. Pre-Operational Expenses

Under pre-operational expenses are considered costs like project formation, preliminary project studies, business plan preparation costs, licenses, permits and authorization, including processing legal fees, initial recruitment and training expenses, and interest accrued during project construction period. Budget allocated for this is 9,000,000TZS

2.7.6. Initial Working Capital

This item will mainly cover initial purchasing of animals feeds raw materials estimated to last for the first three months of operations. Otherwise, purchasing of a day-old chick, maintained at one month's stock and debtors at one month's sales volume constitute the biggest portion of current assets. Trade credits will be 15 days for the items listed. The initial working capital allocated budget is 211,220USD.

2.7.7. Auxiliary Materials/ services

Falling under this category is farming business for bran, lubricants and other miscellaneous items.

Utilities and service facilities that will need to be provided in this plant are as follows:

- (i) Workshop
- (ii) Electric power
- (iii) Water supply
- (iv) Miscellaneous facilities {Canteen; First Aid Kit, Storage and transport and Office Facilities}

(i) Workshop

It is necessary to make provision for a small workshop in the plant premises so that certain maintenance operations could be carried out following sudden breakdowns and major routine matters.

The facility will comprise of necessary machines like small centre lathe, drilling machine, welding set, soldering and gas-cutting equipment including complete electrical kit to take care of necessary electrical maintenance as well as to replace worn-out parts and periodic oil and greases needs for the plant. Equipment provision has been restricted to the minimum.

2.7.8. Electric Power and Generator

The proposed site will be supplied with industrial production 2-phase standard power supply from Tanzania Electric Supply Company (TANESCO), the electricity is available through the National Grid Line in Mkenga Village Mkuranga, Costal Region, and if possible, the Farmer will request installation electric Transformer in case the available power supply is not enough to feed the farm.

(ii) Water Supply

Apart from the needs of electric power, water is also required for the actual process and other social needs. The proposed site has close to Mkenga Village Mkuranga, Costal Region Uban water supply and Authority "MORUWASA" water network, the agency is major supplier of water to urban and peri urban area in the region. The main line from this source will be tapped and let to the land site and water collected in an overhead reservoir provided at the top of the building of the project. Adequate provision has been made in the project cost for the overhead tank and supply and laying of pipelines etc.

(iii) Miscellaneous Facilities e.g. First Aid Kit, Storage and Transport, Office Facilities etc

- Provision has been made in the project costs for necessary facilities for external telephones and fire alarm system;
- Sickness and ill-health are recognized to be among the cause of absenteeism and low morale leading to decreased production, increased waste and bad employee-management relations. Therefore, necessary provision has been made for the canteen and first aid facilities in case of accidents, sudden sickness etc.
- Storage and transport needs of the project have been duly recognized and been attempted mostly manual. Regarding transport, 2 trucks for collection of feeds and distribution eggs and poultry meat will be purchased with a capacity over 3.25MT will be purchased
- Necessary provision for furniture and office equipment has been made in the Capital Cost estimates.
- Provision has also been made for the various types of weighing equipment in various sections for material-handling equipment etc.

2.7.9. Warehousing and distribution

JIETAI POULTRY TANZANIA LIMITED's warehousing service is ready to meet 24/7/365 with produced eggs, Milk, beef and raw materials purchased. The efficiency of on-site combined with handling equipment's is already accommodated all needs and reduce supply chain costs.

The industry will use quick dispatch for fast distribution of final products and packed by manual mean The Farm will take Extra care is therefore taken to make it hygienic so that the products do not get spoiled during storage.

2.7.10. Waste management for industry

In order to create a sustainable society, it is necessary to develop effective utilization of all sorts of wastes. One of the major wastes from our living is fiber wastes. Fiber wastes are generally divided to nonindustrial (organic chemicals) and industrial wastes (inorganic Chemicals)

In his strategic management for a farm; the farmer has to move from an understanding of improvement at all costs to an understanding of continuous and balanced improvement once established. In modern times, environmental protection is being implemented not because it is enforced law, but as an administrative philosophy.

Rapid degradation in environmental conditions has changed at attitude of industrial managers toward ecological environment and had them consider ecology a significant factor while taking decisions related to industrial management. Parameters responsible for environmental pollution include

chemicals discharged into air, water and soil as well as energy pollution all these will take into consideration of the proposed project.

2.8. Project Cost & Financing Pattern

The project costs, including fixed costs (machinery, equipment, building renovations, motor vehicles, office furniture and equipment and pre-operation expenses will be financed by shareholders own resources 20% and 80% will be financed by local commercial bank in Tanzania. Working capital requirements will be financed by grants or soft loan facility.

The proposed integrated project is estimated to cost 896,250USD which include purchasing of un-fatted cattle's, chicks, feed, vaccination and medicine. Others include cost of buildings structure, machines and equipment's, motor vehicles, initial capital investment, furniture's and fittings, Generators, Laboratory equipment's, other charges, working capital, etc. The project will be implemented within 5 years.

2.8.1. Project Capital Investment Summary

<i>INVESTMENT SUMMARY</i>	
FIXED ASSETS 'USD'	
LAND ACQUISITION	150,000.00
FENCE	20,000.00
HOUSE STRUCTURE	100,000.00
FEED SLOT FOR POULTRY SHADE STRUCTURE	20,000.00
POULTRY STRUCTURE - CAPACITY 100,000 CHICKEN	125,000.00
WATER RESERVOIRS AND PLUMBING COMPLETE SYSTEM	50,000.00
SUB TOTAL	465,000.00
OFFICE EQUIPMENT'S	
FURNITURE'S	2,000.00
SUB TOTAL	2,000.00
MACHINERIES AND EQUIPMENT'S	
MILLING - RICE HULLER SEPARATOR	35,000.00
POULTRY FEED PROCESSING PLANT - 1MT PER HOUR	29,000.00
FEEDS PROCESSING PLANT 5MT PER HOUR	48,000.00
HANDLING FACILITIES	15,000.00
SUB TOTAL	127,000.00
MOTOR VEHICLES	
TOYOTA CANTER 3.25MT	38,080.00
PICK UP	38,000.00
SUB TOTAL	76,080.00
OTHER COST	
CONTINUES - INSURANCE COST AGAINST DEATH, INJURIES, OR DAMAGE OF ANY PROPERTIES	5,950.00
SUB TOTAL	5,950.00

<i>SUB TOTAL FIXED ASSETS</i>	<i>676,030.00</i>
<i>PRE OPERATIONAL EXPENSES</i>	<i>9,000.00</i>
<i>INITIAL WORKING CAPITAL</i>	<i>211,220.00</i>
<i>SUB TOTAL CURRENT ASSETS</i>	<i>220,220.00</i>
<i>TOTAL INVESTMENT 'USD'</i>	<i>896,250.00</i>
<i>LOAN + EQUITY 'USD'</i>	
<i>LOAN (0%)</i>	
<i>EQUITY (100%)</i>	<i>896,250.00</i>
<i>TOTAL EQUITY</i>	<i>896,250.00</i>

2.9. Project Implementation

The project is fully in operational as soon as possible since stakeholder already stated poultry farm to two designated areas in Mkenga Village Mkuranga, Costal Region.. Machineries and motor vehicles will be purchased as related facilities while construction/renovation works are in process.

3.0. MANPOWER REQUIREMENT - SALARY PROJECTION

3.1. Employment

The whole process of production lines is looking at providing direct employment to at least 35 permanent jobs on full implementation and operation of the project. The project is divided into 3 Departments; Administration (4) Finance and Marketing (2) and operational (29) departments are already in place.

3.2. Recruitment

Recruitment of staff will be done upon needed especially for machine operation staffs, skills and aptitude basis and their willingness to work for JIETAI POULTRY TANZANIA LIMITED. Careful methodology is being worked out by a competent management consultant who will set the job descriptions. To ensure that the right calibre is recruited. Recruitment of expatriate personnel will be carried out in consultation with the relevant authorities in Government and the collaborating agencies.

3.3. Organization and Management

The project will be managed by qualified professionals given the vast experience that the promoters have acquired over years in running and managing similar businesses.

All the production line will be under the administrator under which the day-to-day leader/management of production line will be vested in the management team headed by administrator. The Administrator is to be assisted by qualified and experienced personnel.

Table 3.1. Proposed organization and manpower requirement for the plant is as follows:

<i>A.ADMINISTRATION DEPARTMENT</i>	<i>FULL TIME STAFF</i>	<i>MONTHLY SALARY FULL TIME STAFF</i>	<i>TOTAL ANNUAL SALARY</i>
DEPARTMENT	POSTS	AMOUNT(000) TZS	AMOUNT(000) TZS
Farm Manager	1	2,000	24,000
Farm foreman	2	1500	36,000
Extension officer	1	1300	15,600
SUB TOTAL	4	4800	75,600

B.FINANCE AND MARKETING DEPARTMENT	FULL TIME STAFF	MONTHLY SALARY FULL TIME STAFF	TOTAL ANNUAL SALARY
DEPARTMENT			
Marketing	1	750	9,000
Accountant	1	600	7,200
TOTAL	2	1350	16200
C. OPERATIONAL DEPARTMENT	FULL TIME STAFF	MONTHLY SALARY FULL TIME STAFF	TOTAL ANNUAL SALARY
DEPARTMENT			
Rearing Manager	1	1,200	14,400
Team leader	1	1,000	12,000
Genetic and reproductive expert	1	1,200	14,400
Farm equipment Operator	1	1,100	13,200
Maintenance technician	1	1,000	12,000
Grading expert	1	900	10,800
Livestock technician	1	1,100	13,200
Feed Milling expert	1	750	9,000
Vaccination crew	1	600	7,200
Rearing term	5	180	10,800
Supporting staff	15	150	27,000
TOTAL	29	9,180	144,000
GRAND TOTAL	35.00	15,330.00	235,800.00

4.0. FINANCIAL ANALYSIS

4.1. Production, Revenue and project viability

- ❑ The estimated revenue gain in selling Chicken beef, goats and Eggs 1,370,370USD sales excluding Value Added Tax.
- ❑ Net profit before tax is 651,460USD, second year earning is 698,962USD, which show the profit is increasing,
- ❑ Net profit after tax is 395,603USD, second year earning is 427,904USD, which show the profit is increasing,
- ❑ Gross sales contribution in the first year of production is 50% which increases tremendously in the second years up to 5 years
- ❑ The expected sales increase annually is 5% while increase production cost is 3% which depends on inflation rate of the country,
- ❑ Total investment cost of the project is 896,250,000TZS whereas the own equity is 100%
- ❑ The end balance of project in cash flow statement is positive and increases tremendous.
- ❑ Testing the project viability is positive whereas IRR is positive 20.% and payback period of project is within 3 years. The Discounted Cash flow yields an Internal Rate of Return (IRR) of which is well above the assumed cost of capital.
- ❑ The end balance of project in cash flow statement is positive and increases tremendous.
- ❑ Cash generated from operation and net cash from operational activities increases positively of project (see cash flow sheet)
- ❑ Return on Investment is anticipated to above 44% which is above normal bank interest rate, which show in case promoter will borrow a commercial loan the project will recover bank loan within project economic life - see balance sheet,
- ❑ Depreciation of fixed assets and amortization of the pre-operational expenses rates used are as follows: land 5%, Civil Works/ Structures/Buildings 5.00% on straight line basis, Plant Machinery & Technical Equipment 12.50% on straight line basis, Motor Vehicles. 20.00% on straight line basis. The business plan uses 12.5% as depreciation factors. Depreciation is amounted to 61,889USD and the value of assets increases as asset depreciate
- ❑ Salaries and Wages have been based on the prevailing scales in the industry. There is provision of 20% to cover project contribution to NSSF (10%) and other social welfare (10%). Included to the total amount (see Income statement)
- ❑ Corporate Tax is fixed at 30% of taxable profits. The project is able to pay tax hence increase government revenue via GDP, this is for products

- ❑ The business plan has an assumption all capital investment will be recovered within 3 years for 5 year projected economic life,

5.0. RISK ANALYSIS

5.1. Risk Analysis

Risk is the probability that an event or action will adversely affect the organization. Risk assessment is the identification and analysis of risks associated with the achievement of operations, financial reporting and compliance goals and objectives. Risk management is a central part of the projects. The industry's management will determine the level of operations, financial and compliance risk they are willing to assume. Risk assessment is one of the project's management responsibilities.

5.2. Macroeconomic risk analysis

Since early 1986, the Government of Tanzania has launched a comprehensive economic policy and stabilization plan with the aim to enhance the amount of infrastructure construction and improve the lives of the poor. During this time the main economic indicators significantly improved. However, uneven development of various region in the country, lack of relevant infrastructure in transportation, telecommunications, networking, health facilities, electricity and water supplies have proven to be investment barriers. Overall, Tanzania has a weak economic foundation but the project can achieve a greater impact in attaining social and economic goals for the country.

5.3. Financial risk analysis

- a) **Supply Risk:** The risk day old chicks, relates to supply of raw material, transportation and price fluctuations. There is no assurance of enough supply of raw materials in the local market instead mostly of raw materials are imported.
- b) **Processing Risks:** The technology, machines and equipment used in feed production are in rudimentary stages all of which contribute to reducing production efficiency. Also, quality/food safety and standards consideration in the production environment is limited.
- c) **Sales/market risk:** Placing value added products on the consumer markets bears risk of demand fluctuations and rejections through retailers. Furthermore, consumers are not aware fattening projects and safety criteria and are usually very price sensitive.

5.4. Other potential external risk

- a) **Lack of Governance:** the governance mechanism in the value chain is underdeveloped, actors operate in an uncoordinated and unorganized fashion, and if rules exist, they are often ignored;
- b) **Lack of market coordination:** No lead organization has a coordinating role in relation to markets and information such that producers and processors.
- c) **Unclear and conflicting roles regulatory authorities:** Regulatory Agencies are responsible for quality control as well as enforcing Ministries are regulatory role in issuing licensing etc
- d) **Industry associations:** Associations are weak at all levels of the chain;
- e) **Operating procedures:** Standard procedures are inadequately enforced, or not enforced at all, because of relaxed production and trade regulations; and
- f) **Integration:** there is little vertical integration of importers, mid chain actors and processors.

5.4. Mitigating potential risk

The development of a large and complex project such as JIETAI POULTRY TANZANIA LIMITED is necessarily accompanied by multiple risks during all the phases of the project development, operation and maintenance. The right approach to manage the project in a manner which is fairly and adequately address the multiple risks in a comprehensive as well as systematic manner is to use the risk analysis and management methodology which identifies the risk issues and their instrumental cause. In this regard, the risk is eliminated or effectively managed by the party best suited with capacity to handle or deal with the risk factors.

6.0. PROJECT SWOC ANALYSIS

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

Table 6.1: SWOC Analysis - JIETAI POULTRY TANZANIA LIMITED

SWOC ANALYSIS	
Strengths	Weaknesses
(a) Close proximity market and SME, (b) Preferential operational (c) Political will, the government's legal and policy framework support development of the project	i) Skilled labour to run project, ii) Inadequate electric power, iii) Lack of working tools and machinery, v) Weak collaboration/facilitative links with TRA, TANESCO and other Government departments which may create bottlenecks in investor facilitation;
Opportunities	Challenges
(a) Strategic location of Tanzania which is a hub for international business (b) Existence of preferential markets e.g., EU, COMESA, EAC, USA; and regional markets like EAC, SADC and COMESA (d) Political and macroeconomic stability of the country (e) Goodwill and support from the (f) Government and the parent ministry;	i) High cost of doing business due to inefficiencies in the infrastructure system e.g., electricity, roads and air; ii) Lack of industrial linkages between research institutions and investors; iii) Government activities not fully coordinated and lack of appreciation of the local investor's projects initiative. iv) Regional competition from other countries investment and markets.

7. ECONOMIC AND SOCIAL ASPECTS

The project is also likely to have a positive impact on the economy of Tanzania as a whole by creating employment, and contributing to Government revenues through various taxes, which will be paid. It also has potential for substantial exporting to foreign markets especially to neighboring countries in the Great Lakes Region. In summary the following table will show impact investment index framework

7.1. Impact Investment Index Framework

Impact Investment Index		
Frame Work for JIETAI Poultry Tanzania Limited		
Performance Area	Quantitative Indicator	Remarks
Investment Capital	Total investment capital, CAPEX and OPEX 896,250USD	Substantial amount of capital invested into the domestic economy.
Export Earnings	Indicative Annual sales of 100% earnings of 1,370,370 out of annual average collection	Increased foreign earnings.
Job requirements	Job creation after plant in operation 2024-2029. DIRECT TANZANIAN JOBS 35 local employed, and indirect employment 350+ in value chained products for SME (Small and Medium Enterprises) will be generated in Tanzania	<ul style="list-style-type: none"> • Reasonable number of direct jobs created to local Tanzanians with direct impact on poverty reduction through enhanced income generation; and • Improving skills development for Industrial production
Technology applied	High Tech Environmentally friendly machinery for imported machines	<ul style="list-style-type: none"> • Enhancing technological transfer; and

		<ul style="list-style-type: none"> • Applied technology which is free from environmental pollution,
Other Implied Project Benefits		
<ul style="list-style-type: none"> ▪ Increased sales to the Utility Companies providing services of electricity, water and sewerage, telecommunications; ▪ Increased business transacted by local banks and institutions providing financial services; ▪ Business opportunities for local entrepreneurs in market distribution channels, ▪ Business opportunities to contractors and sub-contractors during the minor construction phase; ▪ Increased regional intra-trade and international trade due to better infrastructure facility and links to markets; ▪ Increase of technology transfer & expertise to local employed staff, ▪ Capital spends in local economy over TZS 896,250,000 and ▪ Contribution to GDP growth through increased economic activities 		

Based on the Impact Investment Index analysis, the project can develop projections that the project can deliver both value for money in the context of broad socioeconomic impact and return on investment while complying with governance requirements. In this regard therefore, JIETAI Poultry Tanzania Limited will promote the industrialization process in the country, create employment, attract new technologies, expand foreign exchange earnings and ultimately contribute substantially to the country's economic growth.

8.0. FINANCIAL MODELLING AND ANALYSIS

The Financial Modelling and analysis, is the main source of information for assessing the potential financial viability of the JIETAI Poultry Tanzania Limited. The analysis is based on the assumptions that have been taken for the implementation of the site development, demand and the associated potential investment requirements for a 5-year time period. The purpose of establishing integrated farming is to speed up the country's economic development by being a catalyst for restructuring the existing local farming system project set up and attracting new, both foreign and domestic entrepreneurs to a liberalized legal business framework.

8.1. Objective and Scope of Financial Model

8.1.1. Objective

The main objective of the financial modelling and analysis is to setup a financial model framework for potential generated revenues and operational & maintenance costs for the full operation of JIETAI Poultry Tanzania Limited based on the assumptions taken for the Market Analysis, the plan for the facility development, unit production costs and other overhead and operational charges.

8.1.2. Scope

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

ANNEX I - INCOME STATEMENT

Income Statement Projections

(all numbers in 000)

Revenue

	<u>Year 0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	-	<u>TOTAL</u>
Revenue Generated from poultry	-							
POULTRY BEEF AND EGG UNIT		1,370,370	1,438,889	1,510,833	1,586,375	1,665,694		7,572,161
Total Operating Revenue	-	1,370,370	1,438,889	1,510,833	1,586,375	1,665,694		7,572,161

Expenses

	<u>Year 0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	-	<u>Total</u>
Salaries		235,800	242,874	250,160	257,665	257,665		1,244,164
Social Charges & Pension Payments		47,160	48,575	50,032	51,533	51,533		248,833
cost for purchasing a day old chick/feed/medicine (500,000)		300,000	309,000	318,270	327,818	327,818		1,582,906
cost for purchasing a day old chicks broiler 100,000		50,000	51,050	62,7132	38,245	38,245		184,672
Cost for purchasing un-fattened Goats (1,000)		15,000	15,000	15,000	15,000	15,000		
Medicine/vaccination		7,200	7,416	7,787	8,176	8,176		38,755
Feeds		42,000	43,260	44,558	45,895	45,895		221,607
Maintainace cost and clearness		21,600	22,248	22,915	23,603	23,603		113,969
Insurance/licensing/healthy premium/other charges		2,000	2,060	2,122	2,185	2,185		10,553
Utilities		7,200	7,416	7,638	7,868	7,868		37,990
Other Costs		5,950	6,129	6,312	6,502	6,502		31,394
Total Operating Costs		718,910	740,027	761,926	784,490	784,490		3,714,844
Operational Net Earnings before Depreciation, Interest & Tax		651,460	698,862	748,907	801,885	881,204		3,782,318
<i>%age Gross Contribution</i>		48	49	50	51	53		1
Depreciation at 5% (mostly civil works)		61,889	61,150	65,529	70,165	77,105		340,409
Net Earnings before Tax & Interest		589,572	637,711	683,378	731,720	804,098		3,441,909

Interest Paid (Bank Loan)		-	-	-	-	-	-
Tax (30%)		193,969	209,807	224,831	240,736	264,548	1,133,892
Net Earnings		395,603	427,904	458,546	490,984	539,550	2,312,587

ANNEX II CASH FLOW

(all numbers in 000)	Year 1	Year 2	Year 3	Year 4	Year 5
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>					
Cash receipts from Sales	1,370,370	1,438,889	1,510,833	1,586,375	1,665,694
Cash paid to suppliers and employees	(718,910)	(740,027)	(761,926)	(784,490)	(784,490)
Cash generated from operations	651,460	698,862	748,907	801,885	881,204
Dividends received*	0	0	0	0	0
Interest received	0	0	0	0	0
Interest paid	0	0	0	0	0
Tax paid	(193,969)	(209,807)	(224,831)	(240,736)	(264,548)
Net cash flow from operating activities	457,491	489,055	524,076	561,149	616,655
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>					
Replacement of equipment	0	0	0	0	0
Proceeds** from sale of equipment	0	0	0	0	0
Net cash flow from investing activities	0	0	0	0	0
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>					
Proceeds from capital contributed	896,250	0	0	0	0
Proceeds from loan	0	0	0	0	0
Payment of loan	0	0	0	0	0
Net cash flow from financing activities	896,250	0	0	0	0
<u>NET INCREASE/ DECREASE IN CASH</u>	1,353,741	489,055	524,076	561,149	616,655
Cash at the beginning of the period	395,603	427,904	458,546	490,984	539,550
Cash at the end of the period	1,749,344	916,959	982,622	1,052,133	1,156,205

ANNEX III BALANCE SHEET

Pro forma balance sheet					
(all numbers in USD)	Year 1	Year 2	Year 3	Year 4	Year 5
ASSET					
Current asset	395,603	427,904	458,546	490,984	539,550
Fixed asset	676,030	689,551	703,342	717,408	731,757
Liquidity	651,460	698,862	748,907	801,885	881,204
TOTAL ASSET	1,723,093	1,816,316	1,910,795	2,010,278	2,152,510
NET ASSET MINUS DEPRECIATION	1,661,204	1,755,166	1,845,265	1,940,113	2,075,405
EQUITY & LIABILITIES					
Equity	896,250	1,075,500	1,290,600	1,548,720	1,858,464
Reserves					
Total Own Equity	896,250	1,075,500	1,290,600	1,548,720	1,858,464
Provisions	509,096	408,709	264,305	80,492	(124,713)
Long term loan	0	0	0	0	0
Short term Liabilities	255,858	270,957	290,361	310,901	341,654
Total Equity & Liabilities	1,661,204	1,755,166	1,845,265	1,940,113	2,075,405
NET FA/CL	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
CL/CA	0.65	0.63	0.63	0.63	0.63
DEBIT/CAPITAL RATIOS	0.46	0.39	0.30	0.20	0.10
ROI	44.1	39.8	35.5	31.7	29.0
BREAK EVEN POINT	1.04	0.99	0.94	0.89	0.83
BREAK EVEN RATIO	1.50	1.45	1.41	1.37	1.28
EQUITY/TOTAL LIABILITIES	54	61	70	80	90

ANNEX IV - PAY BACK PERIOD ANALYSIS

Payback Period Analysis				
	Year	Beginning Balance	Net Cash Flows	Ending Balance
Cost of investment	0.00	896,250.00	0.00	896,250.00
	1.00	896,250.00	312,013.60	584,236.40
	2.00	584,236.40	365,024.20	219,212.21
	3.00	219,212.21	419,360.20	200,148.00
	4.00	200,148.00	479,443.94	679,591.94
	5.00	679,591.94	560,303.40	1,239,895.33

Payback Period =	3	Years
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ANNEX V - INTERNAL RATE OF RETURN

IRR for the Project

(all numbers in USD)

	Initial Investment	-896,250
Year 1	Additional Annual Net Profit	395,603
Year 2	Additional Annual Net Profit	427,904
Year 3	Additional Annual Net Profit	458,546
Year 4	Additional Annual Net Profit	490,984
Year 5	Additional Annual Net Profit	539,550
	IRR (in 5 years)	20.00%

The IRR above indicates that the expected return on the 896,250 initial investment after 5 years is 20.00%.

8.0. CONCLUDING REMARKS AND WAY FORWARD

8.1. Evidence of project viability based on financial model and policy framework support

On the basis of all the analysis done on this Business Plan on all aspects of assessment on both SWOC Analysis, market analysis, risk analysis and the financial analysis, the proposed investment options in the Poultry as prescribed on this business plan have shown that the project is commercially viable. Nonetheless, JIETAI POULTRY TANZANIA LIMITED through professional consultative manner, will continue to find ways of implementing cost effective options given time and financial resources that will be made available. Financial analysis results show that when the construction of integrated farm facility is financed 100% by shareholders. The computed IRR is well above Dollar market of the annual loan interest rate of (18.00%) which is technically interpreted that the project is financially viable. The payback period for the project is estimated at 3 years, which is within the range for this type of investment. Sensitivity analysis results also favor the project. Financial analysis for the project has shown feasible returns. Based on the investment scope and the assumptions taken in this Business Plan, the project will not face any difficulties during establishment, according to the projected cash flow be in a position to accomplish repayment of the loan and start generating profit.

8.2. Policy Framework Support

The development of the JIETAI POULTRY TANZANIA LIMITED is designed to take advantages of the current Tanzanian market-oriented reforms. The Project will be developed and established to accelerate the industrialization process. The vision 2025 emphasizes the importance of the allocation of public funds for strategic investments and private sector financing for development investments.

The 15 years Perspective Plan (2015-2025); Prioritize private investment in the context of Public Private Partnership. The First Five Years Development Plan (2020-2025) recognizes the fundamental role of the private sector in enabling the government to allocate its fund to strategic projects to facilitate a higher level of development. MKUKUTA II (2020-2025) identifies Public Private Partnership as a means of increasing the level of stakeholder participation and of easing the financial burden on the government. It should be noted that existing public resources are clearly insufficient to meet Tanzania's huge development needs. The increased use of private enterprises participation in development projects can help alleviate the financing gap. This approach is now applied by JIETAI POULTRY TANZANIA LIMITED to ensure development of one among the modern farm to be developed in Newland village, Coastal Region. Private sector and investment have been recognized as the most significant potential source of additional funding required to facilitate development projects.

8.3. Conclusive Remarks and Way Forward

The development of this integrated farming will be funded by commercial banks and his family finances. The company acting through its various shareholders and structures will provide the initial risk capital amounting to 896,250USD with own equity of 100%. The sole proprietor will fund the development of the project construction or minor rehabilitations of structure building, bulk storage facilities and purchasing machines as stated on this business plan. Before the Farm engages into the development of this project as a private enterprise, it needs to accomplish the pre development activities to make way for the development of the designated project.

8.3.1. Mobilizing Funds

As previously discussed on the Financial Analysis of this business plan, financing mechanism for the integrated project should be scrutinized well before commencing the project implementation. There may be several options of financing the project development but the company will find the best option. The investment team should do consultation with relevant financial institutions (Banks and non-bank Financial Institutions), both within and outside the country.