

**BUSINESS PLAN FOR KUHANZIBWA INVESTMENT
COMPANY LIMITED**



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Executive summary

Everyone knows that rice farming is an important sector of the economy of Tanzania. Due to urbanization, change in employment patterns, rapid population growth, change in diets of Tanzanians on account of income expansion, rice has become a staple food to the average Tanzanians leading to an increase in the demand – standing at an annual growth rate of about more than five percent. Annually, Tanzanians produce 4,528,000tonnes of rice, So there is a genuine demand, and genuine opportunities for entrepreneurs and businesses in Tanzania. Agriculture remains the backbone for sustained economic growth in Tanzania, providing direct employment to 62.3% of the population.¹ . Tanzania’s agriculture is also pivotal for food supply, exports and livelihoods that are necessary to transform the economy to a knowledge based middle-income economy

Considering the fact that Tanzania has a huge market for rice, youths have the chance to invest in the farming, processing, and sale of rice. One can equip business to cultivate and harvest rice, construct rice mills for milling and processing, or working within wholesale distribution. The avenues and opportunities are endless.

Company description

Kuhanzibwa Investment Company Limited is a recognized rice production, processing and grading Company to be located at Katoro in Tanzania. We have done our detailed market research and feasibility studies to the different areas of Tanzania and we were able to secure a well – situated and suitable farm land to start our commercial rice farming,processing and grading businesses. Our commercial rice farming business is a going to be standard commercial rice farm hence will be involved in both commercial rice cultivation and processing and packaging of rice. We will be involved in both organic commercial rice farming and non – organic commercial rice farming.

We have put plans in place that will help us launch a standard rice processing and packaging farm within the first five years. We will process and package rice and ensure that they are supplied to Tanzania markets and other countries markets.

We want to compete favorably in the market, which is why we've secured more than 2000 acres of farming land. We are looking forward to securing most of the farming equipment and machines and hired experienced farmers so as to be able to fit into the ideal picture of the 21st century commercial rice farming and rice processing and packaging workforce that we want to build.

We are in the commercial rice farming business because we want to leverage on the vast opportunities available in the commercial farming industry, to contribute our quota in growing the Tanzania economy, in national food production, raw materials production for industries, to export agriculture produce to other countries and over and above to make profit.

Kuhanzibwa Investment Company Limited is well positioned to become one of the leading commercial rice enterprise in the Tanzania, which is why we have been able to source for the best hands to work with. We have put process and strategies in place that will help us employ best practices when it comes to commercial rice farming and rice processing and packaging as necessary.

Objectives

- I. Enhance rice production and productivity through research and extension
- II. Increase total factor productivity and resilience of rice farms to climate change and market shocks arising out of global, regional and national emergencies
- III. Facilitate sustainable and market-driven production systems
- III. Improve policy and institutional environments for increasing the private sector investments in the rice

Review of the national rice sector

Rice value chain is underpinned by government's rice-specific policies that are aimed at improving self-sufficiency, increasing competitiveness as well as public and private investments. The strategic interventions and policies governing the rice sub-sector are designed to be consistent with national and regional strategies. The EAC Vision 2050 whose pillars include Agriculture, Food Security and Rural development aims to enhance agricultural productivity for food security and a transformed rural economy; As an African Union initiative, CAADP supports member states in increasing investment and productivity in the agricultural sector. The Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods, adopted in 2014 during the 23rd Ordinary Session of the African Unions Heads of State and Government, provides further impetus to the CAADP process and gives the direction for agriculture on the continent for the next 10 years. This essentially constitutes the agricultural component of the first 10 years' implementation plan of the African Union 2063 Agenda;

Agriculture is an economic priority in Tanzania therefore;

- Kilimo Kwanza is a national strategy intended to accelerate agricultural transformation;
- It is not a new strategy but rather a catalyst for the implementation of the Agricultural Sector Development Programme (ASDP), with some additional features;
- In contrast to the past, the private sector is expected to lead the implementation of 'kilimo kwanza';
- The strategy is formulated by the Tanzania National Business Council, a forum for public-private dialogue.

The Ten Pillars of Kilimo Kwanza

- Mobilize political will and the commitment of all Tanzanians to implement 'kilimo kwanza'; Finance Kilimo Kwanza including through a new Tanzanian Agricultural Development Bank.
- Emphasize good governance, better coordination, monitoring and evaluation.

- Prioritize what is produced and marketed, giving top priority to food crops.
- Improve land access and tenure security.
- Establish incentives to attract and retain private sector investment in agriculture.
- Establish industries for backward and forward linkages, and to provide added value.
- Utilise scientific, technological and human resources;
- Develop infrastructure;

Mobilize the government machinery and private sector and sensitize all Tanzanians for Kilimo Kwanza.

Agriculture has a central place in the United Nation's Sustainable Development Goals (SDGs) with focus on sustaining natural resources and overcoming hunger, malnutrition and food insecurity.

Product offering

Kuhanzibwa Investment Company Limited is a national class commercial farm that is committed to cultivating both organic and non – organic rice for the Tanzanians market and the global market (processed and packaged rice). We are in business to produce food and raw materials for people and industries in commercial quantities. We will also ensure that we operate a standard rice processing and packaging plant as part of our complimentary business.

We are in this line of business to make profits, and we will ensure that we do all that is allowed by the law of Tanzania to achieve our business goals and objectives. These are the areas we will concentrate on in our commercial rice farming business. If need arises we will definitely cultivate related crops;

- Cultivation of short-grain rice, medium-grain rice and long-grain rice (organic and non – organic)
- Standard rice processing plant (rice production and packaging)

Mission and vision statement

- Our Vision is to become one of the leading commercial rice farms and rice processing and packing brand not just in Tanzania but also on the global stage.
- Kuhanzibwa Investment Company limited is a commercial rice processing and grading company that is in business to deal with rice in commercial quantities both organic and non – organic and process and package rice for both Tanzania market and the international market.
- To increase the employment for tanzanians through the production of rice.

Investment costs and sources of finances

There are more than USD 50,000 invested by the company on farms, warehouses, other facilities and all machines over which are financed and owned by kuhanzibwa investment company limited and family along with a group of investors, shareholders and no bank loans. The farm is directed and managed by kuhanzibwa investment company limited , who has extensive knowledge in the field of rice farming and production. Other experienced agro-allied farmers were also hired.

Job Roles and Responsibilities

Chief Operating Officer:

- Responsible for signing checks and documents on behalf of the company
- Evaluates the success of the organization
- Increases management's effectiveness by recruiting, selecting, orienting, training, coaching, counseling, and disciplining managers; communicating values, strategies, and objectives; assigning accountabilities; planning, monitoring, and appraising job results; developing incentives; developing a climate for offering information and opinions; providing educational opportunities.
- Creates, communicates, and implements the organization's vision, mission, and overall direction –

i.e. leading the development and implementation of the overall organization's strategy.

General Farm Manager

- Ensures that farming goals desired result are achieved, the most efficient resources (manpower, equipment, tools and chemicals et al) are utilized and different interests involved are satisfied.
- Defines job positions for recruitment and managing interviewing process
- Responsible for training, evaluation and assessment of employees
- Oversees the smooth running of the daily farming activities across the various farming sections.

Administrator / Accountant

- Responsible for training, evaluation and assessment of employees
- Responsible for preparing financial reports, budgets, and financial statements for the organization
- Responsible for developing and managing financial systems and policies
- Handles all financial transactions for the company
- Serves as internal auditor for the company

Rice Cultivation Manager / Supervisor

- Responsible for managing the rice cultivation section of the commercial rice farm
- Supervises other workers within the department
- Works closely with the General Manager to achieve the organizations' goals and objectives

Rice Production Manager / Supervisor

- Responsible for managing the rice processing and packaging(rice production) section of the commercial rice farm
- Supervises other workers within the department
- Works closely with the General Manager to achieve the organizations' goals and objectives

Sales and Marketing Officer

- Identifies, prioritizes, and reaches out to new partners, and business opportunities et al
- Identifies development opportunities; follows up on development leads and contacts; participates in the structuring and financing of projects; assures the completion of relevant projects.
- Writes winning proposal documents, negotiate fees and rates in line with company policy
- Responsible for handling business research, market surveys and feasibility studies for clients

Field Workers / Contract Staff

- Responsible for preparing farm lands for rice cultivations
- Handles farm implements and machines as instructed by the section manager /supervisor
- Assists in transport working tools and equipment from the farm and back to the designated store room

Client Service Executive / Front Desk Officer

- Welcomes guests and clients to the farm by greeting them in person or on the telephone; answering or directing inquiries.
- Ensures that all contacts with clients (e-mail, walk-In center, SMS or phone) provides the client with a personalized customer service experience of the highest level
- Through interaction with clients on the phone, uses every opportunity to build client's interest in the company's products and services .

Sources of supply of input

Table that show different sources of supply of inputs

Core actors	Service suppliers
<ul style="list-style-type: none"> • Producers: traditional primary producers (who rainfed); improved smallholder production (who use inputs and limited irrigation); commercial producers (who use irrigation and include partly integrated enterprises and a few outgrowers) • Traders and agents • Wholesalers • Dry rice retailers (rural, urban, supermarkets) Rice product retailers (street vendors, cafes, shops, supermarkets) • Importers 	<ul style="list-style-type: none"> • Research • Training and Education Institutions • Extension service • Inputs (seeds, fertilizers, agrochemicals) • Transport • Financial services • Associations (producer, trader, processor, • Tanzania Edible Oil Seeds Association) • NGOs and International Aid Agencies • International Rice Research Institute (IRRI)

Marketing

Cooperatives aggregate paddy rice from member farmers and supply to registered rice millers, often under the contract farming arrangement. It is expected that the millers would in turn provide inputs under the contract farming arrangement. Negotiations take into consideration the calculated costs of production and prevailing market prices of white rice.

The Smallholder Market oriented Agriculture Project approach bridges the production and marketing, through strengthening the capacity of farmers in decision making on agriculture planning and farming activities based on the information collected by farmers themselves on demand, prices and seasonality, among other market information. The Market oriented Agriculture Project approach causes the change of farmers' mindset from "Grow and Sell" to "Grow to Sell" in which they regard farming as business.

Market Competitiveness

Facilities for drying, cleaning, sorting and milling shall be enhanced so as to improve the quality of locally produced rice. While challenges such as availability of adapted varieties to the Tanzania climatic conditions, do not necessarily permit large-scale adoption of long grain rice varieties, improvements in milling and grading practices can greatly improve the quality of local rice varieties, thus allowing more effective competition with imports and the expansion of exports to emerging markets such as the Uganda, South Sudan etc.

Our competitive advantage is the world-class marketing department established different farms in Katavi , Geita Region and Shinyanga etc. This department is manned by experts in marketing with years of experience in the agro-industry. With the vital contribution they will make, our rice farming business will be propelled into the big league within the shortest possible time.

Also, this rice farming business will have a highly motivated workforce that will be regularly given incentives to get the best from them. In addition to this, a work-friendly environment will be provided to enhance productivity.

Target market and sales projection

With the large market for rice both domestically and internationally, our target scope is considerably wide. Apart from those along the rice value chain we will be targeting domestic consumers that include households, eateries, hotels, schools and also export these to rice consuming countries across the world.

We have come up with a 3 year projected sales from research conducted. The results show promising growth for our sales. This uses current economic realities. It, however, discounts unforeseen factors such as sudden inflation and natural disasters

Export Markets

Exports accounted for only about 5 percent of rice production during the 2000s. Exports are principally to neighbouring countries (including Uganda, Rwanda, Kenya and Burundi) and occasionally to Malawi and Zambia. Tanzania official export figures are wildly at variance with official data from the importing countries. Informal trade is quite considerable, certainly under reported and takes place via 'panya' tracks that bypass customs posts. The export markets are in the main producing areas, and are very close to the neighbouring importing countries. Good quality Tanzanian rice is preferred in these markets (where it has a 15 percent price premium over other imported rice) but is only irregularly available as a result of export bans and high export tariffs imposed by the Tanzania authorities.

Table 2: Estimates of Tanzania milled rice exports (tonnes) to neighbouring countries, 2011

Country	Amount exported (tonnes)			Total exports
	Formal trade		Informal trade	
	Tanzania data	Importing country data		
Uganda	7 743	27 338	2 734	30 072
Rwanda	23 985	24 228	2 423	26 651
Kenya	2 622	10 475	1 048	11 523
Burundi	155	5 877	588	6 465
Democratic Republic of Congo	1 409	1 409	141	1 550
Total	35 914	69 327	6 933	76 260

Source: Stryker and Amin, 2012. Based on data collected by FEWS NET, RATIN and the Eastern Africa Grain Council

Long-term projections for the East African region are for a substantial and growing deficit in food. The rice deficit is expected to rise from 1.15 million tonnes in 2009 to 2.84 million tonnes in 2020, with a rising trend forecast to continue until beyond 2025. A critical factor in terms of exports, however, is the rate of rice production growth in Tanzania. Production in the decade from 2001 to 2011 grew at 6.99 percent per annum (see previously) but, because of a rapidly growing domestic demand, Tanzania will find it difficult to achieve and sustain an export surplus. If the rice sector were to achieve a 10 percent annual growth rate, there would be surplus available for export; a 5 percent annual growth rate would, conversely, result in increasing trade deficits.

Market potential

One of the common trends in the commercial rice farming line of business is that most competitors in the industry are no longer concentrating only on non – organic rice farming. They are now finding it easier to run both organic rice cultivation and non – organic rice cultivation. It is fact that despite that organic food are expensive, the sale for organic food is on the increase and it is indeed profitable.

In spite of the fact that commercial rice farming has been in existence since time immemorial, which does not in any way make the industry to be over saturated; commercial rice farmers are exploring new technology to continue to improve the cultivation processes and also rice processing and packaging processes; mechanized farming has indeed increased the tons of food produced by farmers. The fact that there is always a ready market for rice makes the business highly thriving and profitable, Lastly is a common trend to find standard commercial rice farmers run a rice processing and packaging plant alongside their farm and collection centers. It is a means of maximizing profits in the business. With this, it is easier for them to expand the scope of their market beyond Tanzania to other countries of the world. There is strong demand for rice across the country. The state of infrastructure supports production and trade within Tanzania.

Financial projections and costing

Kuhanzibwa Investment Company Limited would need a good amount of capital to ensure that employees are well taken care of, and that your farm is conducive enough for workers to be creative and productive. This means that the start-up is high depending on our goals, vision and aspirations for your business in Tanzania. The tools and equipment that will be used are nearly the same cost everywhere, and any difference in prices would be minimal and can be overlooked. Tanzania has high population pressure with growth rate of approximately 5.6%, and this will expand the market for rice. Also, the per capita consumption of rice is increasing in the past decade. Calculation based on the projected population growth and the growth rate of per capita rice consumption predicts that annual rice consumption of Tanzania will be higher than the current year of production.

As for the detailed cost analysis for starting a commercial rice farm; it might differ in other countries due to the value of their money. Below are some of the basic areas we will spend our start – up capital in setting up our commercial rice farm;

- The Total Fee for incorporating the Business in Tanzania.
- The total cost for payment of insurance policy covers (general liability, workers' compensation and property casualty) coverage at a total premium.
- The amount needed to acquire / lease a farm land.
- The amount required for preparing the farm land.
- The cost for acquiring the required working tools and equipment / machines / fencing et al.
- The amount required for purchase of the first set of rice seedlings et al.
- The amount required to set up a standard rice processing plant within the farm facilities.
- Operational cost for the first 3 months (salaries of employees, payments of bills et al).
- The amount required for payment of workers for a period of 3 months.
- Additional Expenditure (Business cards, Signage, Adverts and Promotions et al).

Equipment's.

These are some of the equipments that we would need to fully launch our commercial plantain farms and rice processing

- Tractors
- Soil cultivators
- Plough
- Planters
- Plastic mulch layer
- Transplanters
- Sprinkler system irrigation
- Mower
- Sickle
- Wheel Barrows
- Trucks and pickup cars
- Destoners
- Rice sorting machines
- Grading machines etc
- Busses for staffs etc

Basically, the nature of commercial rice farms does not require an office space; most people that run commercial farms operate directly from their farms. But we have decided to open the small offices in Katavi and Kahama; the places where administrative jobs will be carried out on behalf of the business.

Capacity of a project.

We have been able to generate about 20,000 tonnes of rice. The 250Ha of land, silos, and other heavy machinery will be bought with money from the kuhanzibwa investments company limited, money from investors and loans at the rate of 8.75% from the Bank that support Agriculture. Part of the start-up capital required will also be obtained through sale of shares.

Kuhanzibwa Investment Company Limited is the largest rice dealer in Katoro Region and has plans to launch an outgrower scheme. It has received strong financial backing from its parent company, the Majimwoto Investment Company Limited, which has invested large amounts of capital in the refurbishment and operation of the farm. Kuhanzibwa investment company limited prior to grow rice on 5 000 ha. It will achieve average yields of 3.5 t/ha from its own commercial production and 6 t/ha from its tenant farmers. The farm carries out its own seed research to improve yields and quality and uses fertilizers specific to individual situations. A modern processing facility produces a quality end product. Under these circumstances Kuhanzibwa Investment Company Limited aims to challenge Others and become the lowest cost producer in Tanzania with a rice brand suitable for both the domestic and export market.

Rainfed lowland rice is typically prone to drought, favours a medium depth, is subject to water logging and submergence under floods, and produces erratic yields. Rainfed lowland rice is grown on around 65 million hectares, equivalent to about 74 percent of the total national rice area. The main production areas are around Lake Victoria, and in the regions of Tabora, Shinyanga, Dodoma and Kigoma. Only one crop per year is possible and fields are flooded to a depth of as much as 50 cm during part of the season. Production is variable mainly because of the lack of technology but major challenges include water control (both drought and flood), weed management and low soil fertility. On the positive side, soils in the lowland ecosystems are generally less fragile and floodwater conditions promote the growth of nitrogen-fixing bacteria and blue-green algae that also produce nitrogen to sustain crop growth. Attainable yields are 4 to 6 tonnes per hectare, but actual yields in Tanzania are much lower. The quality of the paddy is low due to poor water management and delays in harvesting as farmers wait for their fields to dry out.

Upland rice is grown under dryland conditions in mixed farming areas without irrigation. It is grown on 17 million hectares, the equivalent of 20 percent of Tanzania's total rice area. Most upland rice is grown in the Usambaras, Uzungwas and Mahenge. The crop is affected by drought, low soil fertility and acidity, and the yield is reduced by a host of biotic stresses such as diseases, insect pests, weeds and birds. Yields are very low (usually less than one hectare per tonne) and the quality of the crop tends to be poor.

Technical feasibility

Rice farming is highly technically feasible. The needed machines and tools for rice production are readily available and our experts have hand on experience in the usage and maintenance of the equipment.

On the rice production, we have specialists in mechanization, farm management, crop production, weed science, market development, agricultural extension and accounting as part of our management team. The infrastructure in katavi local government area is adequate and suitable for the location of the farm/firm for efficient production, processing and marketing. Raw materials will be produced and sourced locally.

Government support and regulation

The project conforms with the economic diversification objective of the government. It also supports foreign exchange and import reduction conservation of government. It creates economic opportunities, market access, improved income for farmers and support food security objective of government. The project will benefit from government intervention fund in the agriculture sector. The project will also benefit from the favourable policy of zero duty for agricultural and equipment import. The project will contribute significantly to employment, output increase, stable price and stable exchange rate.

Conclusion;

Lastly the long grain varieties offer good marketing forecasts, but the short grain diversities are widely cultivated due to their improved resistance abiotic and biotic resistance in swamplands. Nevertheless, the demand for short grain is higher in the rural areas than in urban areas. Due to such mixed demand for both long grain and short grains; the millers demand short and long grain varieties from the farmers depending on the season. However, the domestic rice sector is unable to efficiently meet the dynamics in consumer preferences as a result of gaps in research regarding the genetic improvement of rice and low adaptation of varieties demanded by (market aromatic varieties) to some Tanzania ecologies

