

Annexure 2

EA FOODS LIMITED

PROJECT PROGRESS REPORT

SUBMITTED TO TANZANIA INVESTMENT CENTRE

AUGUST 2024

1. Introduction

EA Foods Limited is committed to enhancing the distribution network for farm produce across Tanzania. The company seeks to renew its incentives from the Tanzania Investment Center (TIC) to support its ongoing expansion plans. These plans involve constructing collection centers, enhancing food processing capabilities with a focus on potato, banana, grains, beans, rice, and cereals, and investing in key infrastructure, such as cold rooms and ripening chambers for perishable products. By streamlining the supply chain, this project aims to improve the efficiency of agricultural product distribution within Tanzania, and potentially expand into neighboring regions.

The potential benefits of this project to the economy and the Tanzanian people are significant:

- **Boosting Agricultural Sector:** The project will directly support local farmers by providing reliable and efficient channels to market their produce, reducing post-harvest losses through improved storage and processing facilities.
- **Job Creation:** It will create substantial direct and indirect employment opportunities across the country, with more than 250 jobs forecasted in farming, logistics, processing, and administrative sectors.
- **Food Security:** By improving the distribution and processing of staple crops like rice, beans, and cereals, the project will contribute to national food security, ensuring that key produce is available year-round and in good condition.
- **Technological Advancement:** The investment in modern storage and processing technology will enhance productivity and introduce advanced agricultural practices to rural areas, raising the overall standard of Tanzanian agriculture.
- **Economic Growth:** The project will stimulate regional economic activity through increased agricultural exports, local purchasing, and community engagement, contributing to GDP growth and improving the livelihoods of those involved in the supply chain.

1. Planned Activities for the period

- Project Inception & Feasibility Study (March 2024 – May 2024)
- Legal & Regulatory Compliance (November 2024)
- Planning & Infrastructure Development (November- December2024)
- Procurement & Setup (September - October 2024)
- Pilot Phase & Testing (Jan 2025 – March 2025)
- Official Launch & Full-Scale Operations (April 2025 – June 2025)

2. Achievements made on the project implementation to-date

- Completion of comprehensive market research and feasibility studies, focusing on supply chain bottlenecks and market opportunities for products such as rice, beans, cereals, potatoes, and bananas.
- Securing initial funding, including local equity and loans.
- Acquisition of land for collection centers, and commencement of infrastructure development for storage and processing units.
- Procurement of some of key equipment, such as conveyor belts and cold rooms for banana ripening.
- Securing contracts with suppliers for essential machinery and refrigerated trucks.

3. Corporate information

S/No.	Information	Description	Current Project Status
1.	Shareholder's Information	a.	
2.	Company Communication Information	EA Foods Limited	
		info@eafoods.com	
		+255 672 227777, +255 763 888899	
3.	Contact Person	Elia Timotheo Festo	
4.	Incorporation		
5.	TIN information	122 340 333	
6.	Project Objective	Streamline the supply chain by sourcing agricultural products directly from farmers and distributing them efficiently to the market.	
7.	Capacity	500,000 Bags of Potatoes and 350,000 Crates of Banana	
8.	Direct Employment	Local: <u>600</u> Foreign <u>5</u>	
9.	Indirect employment	Local: <u>250</u>	

4. Project Financial Expenditure to date (USD):

Expenditure Category	Local (TZS)	Total (USD)
Land and Buildings	2,000,000,000	
Plant and Machinery	5,000,000,000	
Vehicles	2,000,000,000	
Furniture	200,000,000	
Office Equipment	1,000,000,000	
Insurance Cover	500,000,000	
Pre-operational Expenses	2,500,000,000	
Working Capital Sub-total	10,000,000,000	
GRAND TOTAL	23,200,000,000	

5. Project Financing

	Amount (TZS)	
Local Equity	18 Billion	
Local Loans	12 Billion	
Foreign Equity	20 Billion	
Foreign Loans		
Total Investment	50 Billion	

6. Problems and Solution

a) **Problem:** Delays in Securing Funding

Issue: The project experienced delays in securing the necessary funding from local banks and investors, which impacted the timeline for infrastructure development and equipment procurement.

Solution: Engaged with multiple financial institutions to diversify funding sources, secured bridge financing to cover immediate needs, and adjusted the project timeline to accommodate the delay.

b) **Problem:** Land Acquisition Challenges

Issue: Difficulties in acquiring suitable land for storage facilities and distribution hubs due to local bureaucratic hurdles and title deed issues.

Solution: Worked closely with local authorities and legal experts to expedite the land acquisition process, and considered alternative sites to avoid further delays. **Obtained temporary lease agreements while finalizing ownership.**

c) **Problem:** Delays in Equipment Delivery

Issue: The procurement and delivery of essential equipment, such as refrigerated trucks and storage units, were delayed due to supply chain disruptions.

Solution: Established contracts with multiple suppliers to mitigate risks, expedited shipping processes where possible, and rented temporary equipment to maintain operational progress.

d) Problem: Increased Costs Due to Inflation

Issue: Rising costs of materials and services due to inflation impacted the project budget, requiring adjustments to the financial plan.

Solution: Re-negotiated contracts with suppliers to lock in prices, optimized operational processes to reduce costs, and secured additional funding to cover unforeseen expenses.

7. Future Plans

- **Expansion:** Extending operations beyond Tanzania, aiming for regional distribution.
- **Technology Investments:** Further investments in advanced processing and distribution technologies.
- **Diversification:** Adding new products like packaged cereals and value-added products such as flour and processed rice.
- **Community Engagement:** Strengthening relationships with local farmers and providing capacity-building initiatives in modern farming methodologies.
- **Logistics Enhancement:** Acquiring additional distribution trucks to scale up operations and improve efficiency.

8. Recommendations and any other comments

- Focus on strengthening internal financial planning and management to avoid future disruptions.
- Enhance staff training and development to improve operational efficiency.
- Explore new revenue streams, particularly in product processing and value addition.
- Regular monitoring and evaluation of project milestones to stay on track.
- Leverage technology to reduce costs and improve productivity.