



MAKETE DISTRICT COUNCIL



MAKETE WHEAT FACTORY PROJECT

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LIST OF ASSUMPTIONS

1. It is assumed that the implementation schedule for the project will be 12 Months starting from December 2024.
2. Inflation rate is assumed at 5%
3. Operating expenses will increase by 5% each year based on inflation rate from commencement of the project
4. Depreciation rate for Machines and equipment is assumed at rate of 10%
5. The factory will be able to buy at least 100% of the total amount of wheat produced in Makete District
6. Availability of Machine spare parts and on time maintenance
7. The plant will continue to provide education to farmers on farming issues

LIST OF ABBREVIATIONS

(CPB) = Bodi ya Nafaka na Mazao Mchanganyiko (Cereals and Other Produce Board)

MDC = Makete District Council.

TIB = Tanzania Investment Bank

DTII = Department of Trade Industry and Investment

DED = District Executive Director

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FOREWORD

This proposal is one of the valuable reference resources for Makete District Council and its stakeholders in regard to investment in farming products. It provides clear picture of one of the investment and operational options for farmers and income collection for Makete District Council and the community wellbeing. The preparation of this proposal followed as the result of feasibility study conducted in Makete District Council whereby 500 respondents accepted the project as well as a study tour to (CPB) Arusha where the team were encouraged in regard to the possibility of having wheat processing industry in Makete District.

EXECUTIVE SUMMARY

Background of Makete District is among developing Districts in Njombe region
Proposed project that is leading in wheat farming in southern highlands Districts of Tanzania. Makete's district production has been increasing every year for example in the year **2021/2022** it was **5,772.8** and **2022/2023** produced **21,056** tons respectively. The reasons for increased production are caused by Government efforts such as the Government efforts including distribution of **1000** tons of wheat seed to farmers, fertilizer subsidies that has increased the desire for wheat farmers to increase their farming efforts as well as Makete District conducive weather for wheat farming. Due to such efforts Makete District Council has decided establish a wheat flour production plant that will be processing the produced **21,000** tons per year and the production is expected to rise between **35,000-40,000 tons** next season of **2024/2025)**

Objectives of The objectives of the project are to increase number of reliable
Makete Wheat source of revenue to Makete District Council, to provide
production Plant convenient accessible market for wheat farmers in the District, to accommodate local demand of wheat flour consumption in the

country (Tanzania), to create more direct and indirect employment in wheat value chain and to save foreign currency used to import wheat flour from Russia and Ukraine approx. **225USD** per annum.

***Market Demand
analysis***

Market demand analysis for wheat in Tanzania indicates that it is high. The wheat consumption in the country is approximately to be over **700,000** tons per annum and the production is under **300,000 tons** per annum. Therefore, the market for wheat production is high and expected to grow as per population increase and government efforts to famers such as distribution of seed to famers. This proves the viability of the Makete wheat Factory to be put in place.

***Investment
Capital Outlay***

To undertake this project, the Makete DC needs investment capital outlay of about **TZS 2,064,000,000.00**. Based on the urgency of this project Makete District Council has decided to seek an assistance from TIB to secure a loan of **TZS 2,000,000,000.00** and **TZS 64,000,000.00** will be owners contribution from Makete District Council Own Source collection.

Financial projections and viability analysis The projection has assumed annual revenue growth rate of **5%**. Financial viability analysis has employed Discounted Payback Period (NDPBP) and NPV. The payback period of this project is 1.5. The computed NPV is **TZS 8,317,869,067.02** and **BCR (Benefit Cost Ratio) 1.17** respectively. Based on measures mentioned of financial viability have shown that the project is viable.

Conclusion and Recommendations The project will bring more benefits to the community living in the surrounding areas including Direct and indirect employment, Market for wheat farmers, training and farming skills and environmental infrastructure. Makete District Council is seeking to be financed about **2,064,000,000.00** from **TIB** to establish this project.

INTRODUCTION AND VALUE PROPOSITION

1.1 Project background

Makete District council is one of six councils of Njombe region. Its administrative seat is the town of Iwawa. It is located at extreme western end of Njombe Region, about 110 km from regional headquarters Njombe. It also adjacent to Northern shores of Lake Nyasa, separated by steep escarpment and stretches slowly into the lower and flatter land of Njombe District Council on eastern side.

The district council lies between **08°45'** and **09°40'** south of Equator and between **33°85'** and **34°30'** east of Greenwich, covering total of **5,800sq.km**. It shares border with Njombe District council in east, Mbarali District Council in the north, Mbeya District Council in the western side, Ludewa District Council and Lake Nyasa in the south.

Since its establishment on and its full functioning in **1980s**; the Council has undertaken several steps towards addressing constraints across the sectors and in developing a strategic plan to fulfil its key functions that include promoting social welfare and economic well-being of people in line to the national policy and plans for the rural development. Makete District Council therefore, develops strategic projects that aim to improve the incomes of people and the livelihood of the communities in the area of its operations as well as improving the Council's own sources collection.

With specific to the farming activities to cash crops in the district, Makete District Council is responsible for providing convenient, reliable, comfortable, accessible, and safe

environment for community members to conduct business including wheat production. Makete's district production has shown a rapid increase from **5,772.8 tons** in the year **2021/2022 to 21,056 tons in the year 2022/2023** and it is expected to increase continuously due Government efforts such as providing **1000 tonnes** of wheat seed.

The reasons for increase are caused by efforts Makete District council is making such as training farmers on farming and techniques of wheat production, the Government efforts through Ministry of agriculture including distribution of **1,000 tons** of wheat seed, fertilizer subsidies that has increased the desire for wheat farmers to increase their efforts.

This project proposal is for the establishment of Makete wheat flour production plant for it is one of the strategic projects identified by Makete District Council to fulfil its key functions that include promoting social welfare and economic well-being of people in line to the national policy and plans for the rural and urban development in the process of enhancing economic development.

1.1.1 Wheat production profile

Makete District is among developing districts that is leading in wheat farming in southern highland Districts. Generally, Tanzania as a country imports ton **800,000** of wheat flour from abroad which cost more than **225 USD** per annum equivalent to trillions **1.3** Tanzanian shillings. Wheat production in Makete Districts have been increasing every year for example in the year **2021/2022** the production was **5,772.8** and, in the year, **2022/2023** the production was **21,056** tones.

For that efforts to be realized to farmers and Makete community in general there is a need to establish a Wheat Factory (Makete DC Wheat Factory) that will be processing the produced **21,000** tons of Wheat per annum.

Wheat consumption in Tanzania is approximately to be more than **700,000** tons per year while the production is estimated to be less than **300,000** tons per year produced in **250,000** hectares; hence the domestic produced wheat flour is less than the local demand and the gap is fulfilled by importing from the abroad in countries such as Argentina (**\$56.1M**), Australia (**\$45.4M**), Poland (**\$35.6M**), Latvia (**\$31.6M**), and Russia (**\$23.1M**). Makete Wheat Factory will assist to reduce the amount of wheat flour imported from the above mentioned countries.

From a public policy point of view, progressively more of wheat production volume from farmers and insufficient provision of services to facilitate value chain of the product needed are vital issues. The solutions entail public sector coordination and significant investment which may not be coming from the private sector.

Therefore, Makete District Council has decided to establish Wheat Flour Factory to accommodate the process and reduce the domestic gap between production and consumption which will provide convenient accessible market for wheat farmers in the District, to accommodate local demand of wheat flour consumption in the country (Tanzania), to create more employment opportunity in wheat value chain, increase reliable own source collection and to save foreign currency used to import wheat flour approx. **225USD** per annum.

1.3 Location of the plant

Makete District council has set apart a total of **9.5 Acres** at **Mlangali- Mfumbi Ward**
PLOT NO: 4 BLOCK NO: B where the plant is proposed to be build. **(Appendix 1)**

1.4 Capital Structure

The estimated investment for the proposed intervention is **TZS 2,064,000,000.00** whereby **TZS 2,000,000,000.00. (96.8%)** of this investment is expected to be secured as loan from Tanzania Investment Bank **(TIB)** and **TSH: 64,000,000.00 (3.2%)** will be contribution from Makete District Council Own Source Collection.

2.0 DESIGN AND INVESTMENT INQUIRY

2.1 Design

The design of the plant to be set up has considered all key infrastructural needs.

Table 1: Summarizes the criteria considered for the design of the facilities

Criteria considered for the design of the wheat plant facilities

Criteria	Issues considered
Development Criteria	<ul style="list-style-type: none">▪ Development cost▪ Future compatibility with a possible extension of services▪ Construction complexity▪ access to other supporting infrastructures such as water supply and electricity
Operational Criteria	<ul style="list-style-type: none">▪ Availability of raw-materials▪ Transportation facilities▪ Storage facilities of the raw-materials▪ Constant supply of raw materials
Design Criteria	<ul style="list-style-type: none">▪ Accessibility of technical support▪ Integration of inlets and outlets of the construction▪ Customer comfortability and awareness
Access Criteria	<ul style="list-style-type: none">▪ Customer, farmers access▪ Ease to access transportation cost▪ Communication between farmers

The project has been designed and the drawings being proposed by engineers attached

Appendix 2: THE PROPOSED CONSTRUCTION OF MAKETE DC WHEAT FACTORY TO BE BUILT AT KIMANI VILLAGE, MLANGALI HAMLET, MFUMBI WARD, PLOT NO.3&4 MAKETE DISTRICT COUNCIL.

Each component of the project has been explained in details within the Bills of Quantities (BOQ) with a total of **THS: 690,374,743.60** attached as **Appendix 3.**

3.0 BUSINESS MODEL

3.1 Legal ownership

The Makete DC Wheat Factory will be owned by Makete District Council under Special Purpose Vehicle (SPV). A Special Purpose Vehicle (SPV) will be separate legal entity created by Makete District Council which shall have its own assets and liabilities, as well as its own legal status. During the implementation of this project, construction works will be contracted. Before launching the project for total operations there shall be already trained staff from Mkaete District Council who will be able to run the Factor under SPV. After construction and installation works all activities will be managed by contracted private supervisor who shall be obliged to address the development of the factory to Makete District Council weekly not only that but also provide technical expertise, overall management, monitor development and performance of the project during its lifetime.

(Appendix 7: Legal registration of Makete DC Company).

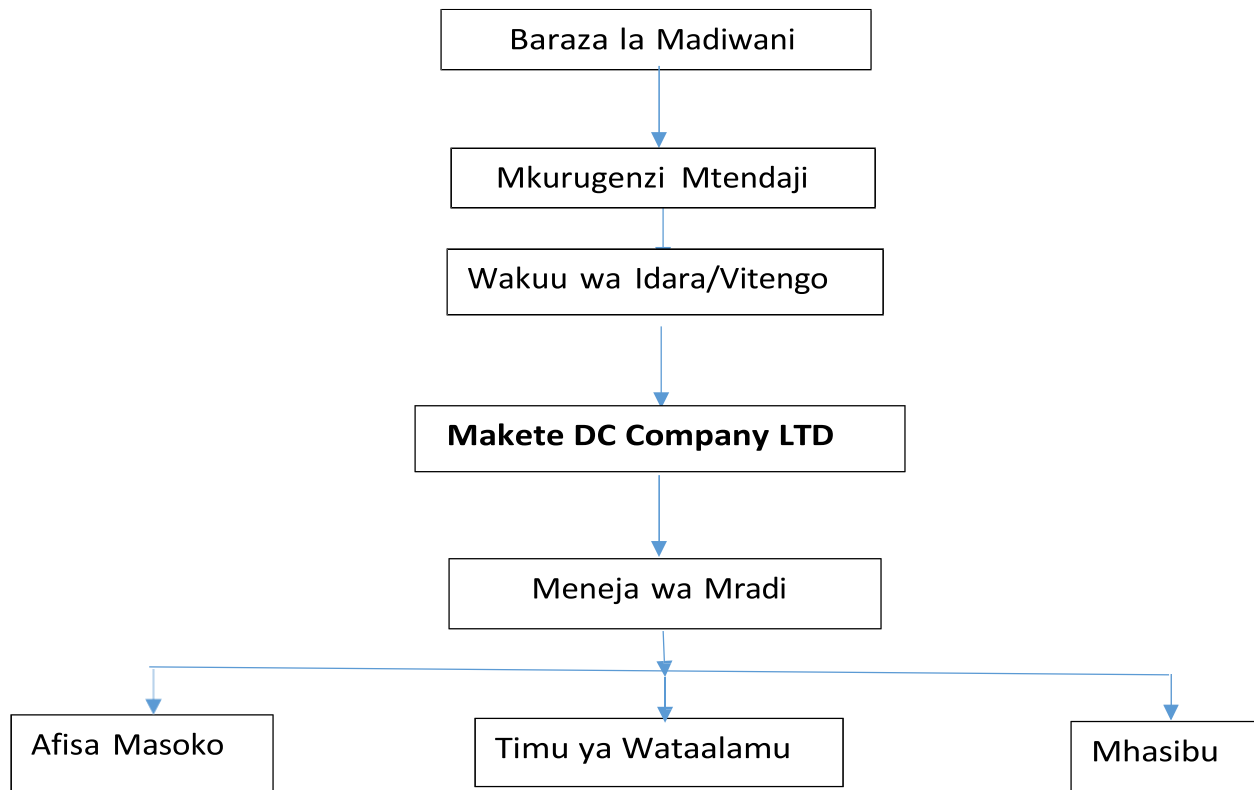
3.2 Management Structure

Since the management of the plant will be under the Makete District Council, with a formed SPV, a contracted manager project shall be established to oversee the performance of the factory operations. The contracted manager shall employ the required

staff to run day-to-day activities. The below organization structure of the proposed Makete DC Wheat Factory.

Figure 1: Organization structure of the proposed Makete DC wheat Factory

MAPENDEKEZO YA MUUNDO WA KAMPUNI YA USIMAMIZI WA MIRADI YA KIMKAKATI (SPV)



4.0 PROJECT IMPLEMENTATION PLAN

The implementation plan of the proposed Makete Dc Wheat Factory is as summarized in Table 5. **The plan has two (2)** objectives and various activities with responsible personnel, measurable outputs, indicators and timeframes. A summary of the implementation plan is also presented in **Table 5**.

Table 2: Implementation plan of the proposed Makete Wheat flour plant (July start month 2024/2025)

OBJECTIVE 1: Construction of the proposed Makete Wheat Factory					
Activities	Start date	Completion date	Indicators	Planned budget	Responsible person
1.1 To prepare proposal for Makete wheat Factory	2/2/2023	7/11/2024	Proposal prepared	12% of total cost	DED
1.2 To select location for mashine installation	12/8/2023	12/8/2023	Location selected	N/A	DED
1.3 To plan budget for construction of Makete Wheat Flour Factory.	2/2/2023	7/11/2024	Planned budget document	N/A	DED
1.4 To transport mashine from China to Dar es salaam	1/12/2024	30/12/2024	Mashine Transported and received to the destination	255,000.00 USD	LISHUI ZHONGFAN IMPORT AND EXPORT CO.,LTD
1.5 To transport mashine from Dar es salaam to Makete at - Kimani Village	1/12/2024	1/01/2025	Mashine Transported and received to the destination	To be decided upon transporting agency	DED
1.5.1 To construct factory Housing			Factory Housing Constructed	690,374,744.00	LISHUI ZHONGFAN IMPORT AND EXPORT CO.,LTD
1.6 To assemble mashine	1/01/2025	1/03/2025	Mashine assembled	To be decided upon transporting agency	LISHUI ZHONGFAN IMPORT AND EXPORT CO.,LTD
1.7 To install the assembled mashine	1/01/2025	1/03/2025	Mashine installed	To be decided upon installing agency	LISHUI ZHONGFAN IMPORT AND EXPORT CO.,LTD
1.8 To test installed Mashine			Installed mashine tested	To be decided upon installing agency	LISHUI ZHONGFAN IMPORT AND EXPORT CO.,LTD
1.9 To Commission the Factory			Factory Commissioned	N/A	DED and LISHUI ZHONGFAN IMPORT AND EXPORT CO.,LTD
Objective 2: To handle challenges after commissioning of Makete Wheat Factory					
2.1 To Identify problem areas on the facilities operation	1/03/2025	Continuously	Analyzed reports on identified issues presented	N/A	Project manager

Table 3: Summary of Implementation plan

S/n	Activity	T i m e l i n e 2024/2025											
		Year 0			Year 1			Year 2			Year 3		
OBJECTIVE 1: Construction of the proposed Makete Dc Wheat Factory													
1.	1.1 To prepare proposal for Makete wheat Factory												
2.	1.2 To select location for mashine installation												
3.	1.3 To plan budget for construction of Makete Wheat Flour Factory.												
4.	1.4 To transport mashine from China to Dar es salaam												
5.	1.5 To transport mashine from Dar es salaam to Makete at -Kimani Village												
6	1.5.1 To construct factory Housing												
7	1.6 To assemble mashine												
8	1.7 To install the assembled mashine												
9	1.8 To test installed Mashine												
10	1.9 To Commission the Factory												
Objective 2: To handle challenges after commissioning of Makete Wheat Factory													
1.	Identification of problem areas with key stakeholders (facilities users) on facilities operations.												

5.0 FINANCIAL ANALYSIS

The Project will be financed by two institutions Makete District Council **(3%)** and Tanzania Investment Bank **(97%)**. Makete Dc Wheat Factory projected the annual operating costs, revenues and Cash flow as indicated table **4 below**:

5.1 Estimated Investment Costs of the Project

Table 4: The estimated initial cost for investment.

MAKETE DC WHEAT FACTORY PROJECT ESTIMATED COST				
Na	Particular Items To be Financed	MAKETE DC CONTRIBUTION	TIB LOAN	TOTAL COST
1	Environmental Impact Assessment	9,768,840.00	-	9,768,840.00
2	Cost of Drawings	3,000,000.00	-	3,000,000.00
3	Project registration	1,000,000.00	-	1,000,000.00
4	Building	-	690,374,744.00	690,374,744.00
5	Mashine	-	900,000,000.00	900,000,000.00
6	installation cost	-	25,000,000.00	25,000,000.00
7	Electricity Connection	-	10,000,000.00	10,000,000.00
8	Electricity Installations	-	25,000,000.00	25,000,000.00
9	Furniture	-	20,000,000.00	20,000,000.00
10	Stationaries	-	10,000,000.00	10,000,000.00
11	Security 3 moths	-	3,000,000.00	3,000,000.00
12	OTHER costs	-	20,000,000.00	20,000,000.00
13	Designing and Supervision	-	171,714,358.40	171,714,358.40
14	Working Capital	50,231,160.00	124,910,897.60	175,142,057.60
	Total Project Cost	64,000,000.00	2,000,000,000.00	2,064,000,000.00
	Debit/Equity Ratio	3%	97%	100%

5.1 Operating costs after project commissioning

- i. Inflation rate is assumed at **5%**.
- ii. The project shall be registered with TIC for Tax relief
- iii. Operating expenses will increase by **5%** each year based on inflation rate from commencement of the project.
- iv. Depreciation rate for Machines and equipment is assumed at rate of **10%**.
- v. The plant will be able to buy at least 100% of the total amount of wheat produced in Makete District which is equivalent to **21,000** tonnes per annum

Table 5: Makete Wheat Factory Operating costs

Operational cost	YEAR 0	YEAR 1	YEAR 2	YEAR 3	YEAR 5	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Purchase of raw material	-	5,760,000,000.00	6,048,000,000.00	6,350,400,000.00	6,667,920,000.00	7,001,316,000.00	7,351,381,800.00	7,718,950,890.00	8,104,898,434.50	8,510,143,356.23	8,935,650,524.04
Transportation cost	-	200,000,000.00	210,000,000.00	220,500,000.00	231,525,000.00	243,101,250.00	255,256,312.50	268,019,128.13	281,420,084.53	295,491,088.76	310,265,643.20
Grading charges	-	135,000,000.00	141,750,000.00	148,837,500.0	156,279,375.00	164,093,343.75	172,298,010.94	180,912,911.48	189,958,557.06	199,456,484.91	209,429,309.16
Production charges(utility)	-	100,000,000.00	105,000,000.00	110,250,000.00	115,762,500.00	121,550,625.00	127,628,156.25	134,009,564.06	140,710,042.27	147,745,544.38	155,132,821.60
Packages	-	47,520,000.00	49,896,000.00	52,390,800.00	55,010,340.00	57,760,857.00	60,648,899.85	63,681,344.84	66,865,412.08	70,208,682.69	73,719,116.82
Distribution(Competition)	-	30,000,000.00	31,500,000.00	33,075,000.00	34,728,750.00	36,465,187.50	38,288,446.88	40,202,869.22	42,213,012.68	44,323,663.31	46,539,846.48
Marketing expenses	-	21,600,000.00	22,680,000.00	23,814,000.00	25,004,700.00	26,254,935.00	27,567,681.75	28,946,065.84	30,393,369.13	31,913,037.59	33,508,689.47
Depreciation (10%)	-	90,000,000.00	99,000,000.00	108,900,000.00	119,790,000.00	131,769,000.00	144,945,900.00	159,440,490.00	175,384,539.00	192,922,992.90	212,215,292.19
Total	1,888,857,942.40	6,384,120,000.00	6,707,826,000.00	7,048,167,300.00	7,406,020,665.00	7,782,311,198.25	8,178,015,208.16	8,594,163,263.57	9,031,843,451.25	9,492,204,850.76	9,976,461,242.94
REVENUE	YEAR 0	YEAR 1	YEAR 2 (5%)	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Sales of wheat flour	-	7,776,000,000.00	8,164,800,000.00	8,573,040,000.00	9,001,692,000.00	9,451,776,600.00	9,924,365,430.00	10,420,583,701.50	10,941,612,886.58	11,488,693,530.90	12,063,128,207.45
Profit	1,888,857,942.40	1,391,880,000.00	1,456,974,000.00	1,524,872,700.00	1,595,671,335.00	1,669,465,401.75	1,746,350,221.84	1,826,420,437.93	1,909,769,435.33	1,996,488,680.14	2,086,666,964.50

5.2 Projected Revenues

Table 6: Projected revenues from Makete Dc Wheat Factory facilities and services for 10 years.

Assuming that the selling price of the products from Makete Wheat Factory are the same as indicated below table 6. Sales are expected to rise from **TSH 7,776,000,000.00** for the first year to **TSH 9,976,461,242.94** at the tenth year generating a profit of **TSH 1,391,880,000.00** and **TSH 2,086,666,964.50** each year respectively.

REVENUE	YEAR 0	YEAR 1	YEAR 2 (5%)	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Project Costs	1,888,857,942.40	6,384,120,000.00	6,707,826,000.00	7,048,167,300.00	7,406,020,665.00	7,782,311,198.25	8,178,015,208.16	8,594,163,263.57	9,031,843,451.25	9,492,204,850.76	9,976,461,242.94
Sales of wheat flour	-	7,776,000,000.00	8,164,800,000.00	8,573,040,000.00	9,001,692,000.00	9,451,776,600.00	9,924,365,430.00	10,420,583,701.50	10,941,612,886.58	11,488,693,530.90	12,063,128,207.45
Profit	1,888,857,942.40	1,391,880,000.00	1,456,974,000.00	1,524,872,700.00	1,595,671,335.00	1,669,465,401.75	1,746,350,221.84	1,826,420,437.93	1,909,769,435.33	1,996,488,680.14	2,086,666,964.50

5.4 Key financial indicators

5.4.1 PAYBACK PERIOD

The calculated NPV is **TSH: 8,317,869,067.02** accumulative for 10 years which has been discounted from cash flow by **10%**. The Payback Period of this project is 1.5 (**18** months) as calculated from cash flow estimated in **table 7 below**:

Table 7: Accumulated project costs, Revenue and cash flow

YEAR	Revenue (A)	Cost (B)	Profit (A-B)	Discounting Factor(10%)	Net Present Value	PAYBACK PERIOD
0	-	1,888,857,942.40	-	1.00	1,888,857,942.40	
1	7,776,000,000.00	6,384,120,000.00	1,391,880,000.00	0.909	1,265,345,454.55	- 623,512,487.85
2	8,164,800,000.00	6,707,826,000.00	1,456,974,000.00	0.826	1,204,110,743.80	580,598,255.94711
3	8,573,040,000.00	7,048,167,300.00	1,524,872,700.00	0.751	1,145,659,429.00	1.5
4	9,001,692,000.00	7,406,020,665.00	1,595,671,335.00	0.683	1,089,864,992.15	
5	9,451,776,600.00	7,782,311,198.25	1,669,465,401.75	0.621	1,036,606,666.06	
6	9,924,365,430.00	8,178,015,208.16	1,746,350,221.84	0.564	985,769,172.97	
7	10,420,583,701.50	8,594,163,263.57	1,826,420,437.93	0.513	937,242,475.03	
8	10,941,612,886.58	9,031,843,451.25	1,909,769,435.33	0.467	890,921,536.08	
9	11,488,693,530.90	9,492,204,850.76	1,996,488,680.14	0.424	846,706,094.36	
10	12,063,128,207.45	9,976,461,242.94	2,086,666,964.50	0.386	804,500,445.44	
				NPV	8,317,869,067.02	

5.4.2 BENEFIT COST RATIO

The relationship between the relative costs and benefits of a proposed project as it is expressed in monetary terms indicates that it **is 1.17**. The Project has a BCR greater **than 1.0**, Therefore the project is expected to deliver a positive net present value to a firm and its investors.

Based on these financial indicators, it can therefore be concluded that the proposed Makete Wheat Factory will benefit the community and Makete District Council in general in terms of direct and indirect employment, income generation, market access to farmers and wheat Value chain.

5.4.3 MARKETING PLAN

The marketing plan details the strategy that a company will use to market its products to customers.

5.4.3.1 Target Customers

Every user of Wheat products irrespective of their age and background. However, Makete Wheat Factory under Special Purpose Vehicle shall put in place Marketing strategies that will meet the target customers of wheat products with a deep understanding of marketing objectives, consumer behavior, competitor landscape, and brand image.

5.4.3.2 Products and Makete place

Makete District council is in the process to put in place the project known as Makete DC wheat Factory to be built at Kimani Village Mlangali hamlet Mfumbi Ward **Plot no: 3& 4 Block A**. The factory is expected to process wheat flour (Unga wa ngano), and wheat bran (Pumba za ngano) the plant will have a Wheat Mill Complex with Capacity **36t/24h**. The Council will also sell the products through online and marketing approach by opening selling centres to different regions in the country. Makete DC wheat Factory is expected to increase living standards by providing better products and services. The Council will

also have its own farm to ensure constant supply of raw- materials to the factory.
(Appendix 4 feasibility study).

5.4.3.2 Sales Projections

Makete Wheat Factory is expected to sell **4,320,000 kg** per year which will generate revenue of **TSH: 7,776,000,000.00** from projection of **1,800** per kg.

6.0 RISK ANALYSIS AND MITIGATION

By analysing the below risks, the project preparation proves the capacities. The high cooperation of Makete District Council with other stakeholders around the project area has high value, it promises the sustainability and minimum risks that may arise. There are few risks identified that may have negative impact to the business. These risks are described here under and how to mitigate them.

Table 8: Potential project risks, their impact and mitigation plan

Risks	Potential impact	Assessment/Mitigation
Financial Risks	<p><u>Liquidity Risk:</u> Inability of Makete District Council to meet its financial obligations at time to the proposed project which may lead to losses or risks that affect the Council's reputation.</p> <p><u>Risk of currency fluctuation:</u> Currency risk is the risk of the fluctuation of the value of financial instrument, due to fluctuations in foreign currency exchange rates.</p> <p><u>Inflation risk:</u> It is the risk associated with the possibility that the inflation or the rise in the cost of living might lead to the decrease the real value of the investment.</p>	<p>The financial risks that may face the project are low, because 97% of total investment will be a grant from TIB and 3% will be a contribution of Makete District Council.</p> <p>There will be no risk of currency exchange, because the project will sales and purchase by local currency</p> <p>There will be no risk of inflation because pricing will be based on a periodic basis</p>
Business risk (sector risk)	<p><u>Strategic Risk:</u> It is the risk resulting from taking bad decisions by the company's management, or implementing the decisions in a wrong way, or not taking the decisions at the right time; which leads to losses</p>	<p>Strategic Risk, Legal and Regulatory Risks are considered Moderate because demission making on any activities of the project will follow the Council's approval procedures by official Authorities.</p> <p>Reputational risk is very</p>

	<p>or causes loss of alternative opportunities.</p> <p><u>Legal and Regulatory Risks:</u> These risks are reflected as a result of non-compliance with laws, guidelines and instructions Governing the work. Legal risks are caused by the company's break of the laws governing the work in the state in which the Company operates. While regulatory risks arise from the company's violation of laws and standards issued by the regulatory authorities.</p> <p><u>Reputation Risk:</u> Reputation risk arises from influential negative public views which result in great losses of customers or money. It includes the actions of the business's management or its employees which project a negative image of the business, its performance and its relationships with customers and other stakeholders.</p>	<p>high, as the project will deal with very sensitive public services issues. Makete District Council through the established management of the plant will work in collaboration with key stakeholders of the facilities surrounding facilities.</p>
Operational Risk	Operational risk involves losses resulting from the failure of internal operations.	Operational risks are very low, for the proposed project as will contract with specialized technical bodies to develop

	<p>It includes: Poor handling and operations Human Resources Risk Losses caused by employees or related to them (intentionally or unintentionally). It also includes acts that are intended as methods of cheating, abusing property or circumvent the law, regulations or business policy by officials or employees, as well as losses arising from then relationship with the customer, shareholders, regulators and any third party.</p>	<p>the required information systems, in order to manage operations.</p> <p>Training of project staff during project implementation and its life time will be done to minimize the risk.</p>
<p>State Risk</p>	<p>State Risk includes politicians' interference, civil unrest, wars, financial and monetary policies and high level of debts.</p>	<p>State Risk is considered to be minimal, due to security and Political stability in the project area and countrywide.</p>

7.0 PROJECT IMPACTS

7.1 Economic impact

7.1.1 Employment creation to the community

The proposed investment will create both direct and indirect employment opportunities in the area. Makete District Council will contract the plant manager who will be responsible to look for qualified personnel to run the plant commercially. The investment also will provide indirect employment through the businesses to be established at the plant utilizing the planned available facilities. The businesses will include shops, restaurants, toilet services, transport services opportunities (motorcycle, tri-cycle and Taxi) and other businesses which will need people for their operations as well as cash crops market for farmers.

7.1.2 Increased revenues collection of Makete District Council

The proposed project will increase significantly the revenues collection of Makete District Council. The financial analysis indicated that the wheat flour plant will generate an average annual net cash flow of **TZS 8,317,869,067.02** for the period of **10 years** which is about **21%** of the current Council's own sources collection.

7.2 Social impact

The project implementation and operation phases will involve a number of workers. Some workers will come from other places. This will result into social interactions and combination. For example, people around Kimani will be able to get consumable products guest houses around Iwawa Ward will be able to get increased customers, Bodaboda, buyers and sellers of the products surrounding the plant.

7.3 Environmental impact

The environmental impact assessment will be carried out as part of the project feasibility study. The overall assessment on Environmental and Social Impact for the project will be the base for decision in regard to EIA as to whether the implementation of the project has less negative environmental impacts or has positive. **(Appendix 8)**

8.0 MONITORING AND EVALUATION PLAN

Monitoring and evaluation of the plant facilities would be an essential feedback mechanism within the adaptive management framework to keep the plant facilities in a dynamic and responsive state towards the ever changing environmental business conditions. Monitoring and evaluation will provide the stakeholders with information on the progress and results of implementation of the plant. The evaluation process is intended to provide the feedback that triggers adjustments to actions, plans and budgets, to ensure that they are realistic and are being adhered to.

Also, the evaluation provides management direction for the established of the plant facilities in terms of goals, objectives, standards and guidelines, all of which are based on underlying working assumptions about policy and technology. Monitoring may include simple observation of the results of management activities, or more rigorous and systematic data collection, to provide a basis for periodic evaluation of the project.

Evaluation includes analysis of the information and data collected during the monitoring phase. A review and evaluation of monitoring results will be conducted annually and summarized in an annual report. Monitoring and evaluation, when properly done, should provide critical information for developing amendments to the roles and responsibilities linked to the management plan of the bus stand facilities.

8.1 Annual monitoring and evaluation program

The Makete District Council shall be responsible for receiving from the contracted manager who runs the plant the coordinating and prepared of annual monitoring and evaluation report. The annual monitoring and evaluation report should include recommendations for remedial action, if necessary; to make management activities consistent.

9. Monitoring and Evaluation Indicators

The feasibility study report for this project will provide directions on the monitoring and evaluation questions and indicators.

Table provide the monitoring and evaluation of the project based on the information collected during the feasibility study of the project.

Table 9: A monitoring and evaluation matrix for the Makete wheat flour Factory facilities

Monitoring question	Monitoring priority	Monitoring driver	Sampling unit	Sampling methods	Scale	Frequency
1. Project accomplishments						
1.1 To what extent have objectives of the project been met?	Planned project activities	Facilities utilization status, Quality of services offered	Facilities surrounding the plant	Surveys and quarterly Reports	No. of functioning facilities	Quarterly
2. Use of facility						
2.1 Targeted input of raw materials per day	Key issues	The wheat flour plant utility	Number of customers collecting materials per day	Surveys and quarterly Reports	New customers per season	Quarterly
2.1 Targeted large customers	Key issues	Businesses status at the plant	No. of traders surrounding facilities	Surveys and quarterly Reports	Business using plant facilities	Quarterly
3. Creation of real jobs & wealth						
3.1 New jobs created	Key issues	Poverty alleviation	No. of created jobs	Surveys	No. of employees due to facility	Quarterly

3.2 Revenues collected by Makete District Council	Key issues	Revenue collection status	Trend of revenues collection	quarterly Reports	Collection Net cash flow	Quarterly
4. Environmental impact						
4.1 Around the facilities	Key issues	Environmental protection	Cleanness & waste facilities	Inspection	Extent of environmental pollution	Annually

MAKETE DISTRICT COUNCIL MANAGEMENT TEAM

NAME	AGE	TITLE	EXPERIENCE(YEARS)	EDUCATION QUALIFICATION	TELEPHONE NUMBER
William Methew Makufwe	48	District Executive Director	9	Masters of Science in Planning and Management	07556-51840
Seben Burton Mwalutamwa	58	Head of Finance and Accounts	9	Post Graduate Diploma in Accounting	0754532379
Shalom Deusdedit Muzo	44	Ag- District Trade, Industry and Investment Officer	2	PHD -Development studies	0765107676
Humphrey Andason Mushi	48	Head of Administration (HRM)	11	Bachelor Degree of Public Administration	06729-90375
Protas Laurent Komba	53	Head of secondary Education	7	Master of Science in Agricultural Education and Extension	07676-80006
Jackline Thomas Mrosso	46	Community Development	2	B.A- Sociology	07473-83552
Lingobert Wema Kalisa	44	Head of Hearth Social Welfare and Nutrition Services	3	Degree in Medicine	07539-40877

Aniceth Aureus Ndunguru	44	Head of Agriculture, livestock and fisheries	7	Bachelor's Degree in Agriculture General	0756206755
Jacob Luteri Mgeta	55	Head of Internal Audit	7	Advanced Diploma in Accounting	0719516171
Sylvia Mbiliti Chawaka	58	Head of Pre-Primary and Primary Education	4	Masters of Education Management and Planning	0759788024
Aloyce P hillemon Mwalukisa	45	Ag.DPCO	5	Degree in Economics of Development	0753708824
Erick Bwown Mwangomango	30	Civil Engineer	3	Degree in Civil Engineering	0696584778
Upendo Jacob Mgya	45	Head of Waste Management and Sanitation	7	B.A- Environment Study	0784703388
Emily Maganga Lyotela	49	Head of Infrastructure, Rural and Urban Development	2	Master of Architecture	0788014965
Mathias Ezekiel Mbatu	46	Head of Procurement Unit	5 Month	Advanced Diploma in Procurement and Supply (CPSP)	07556-69250
Issa Juma Mganga	32	District Legal Officer	2	Master of Laws in Commercial Law	0615900376

10. CLOSING SUMMARY

This project proposal is for the establishment of Makete DC Wheat Factory as one of the strategic projects identified by Makete District Council to fulfil its key functions that include promoting social welfare and economic well-being of people in line to the national policy and plans for the rural and urban development.

Since its establishment its full functioning in 1980s; Makete Council has undertaken several steps towards addressing constraints across the sectors and in developing a strategic plan to fulfil its key functions that include promoting social welfare and economic well-being of people in line to the national policy and plans for the rural development. Makete District Council therefore, develops strategic projects that aim to improve the revenue of the Council, improve living standard of people and the livelihood of the communities in the area of its operations as well as improving the Council's own sources collection. With specific to the agricultural sector, Makete District Council is responsible for providing convenient, reliable, comfortable, accessible, and safe environment.

From a public policy point of view, the increased farming of wheat in Makete District and insufficient knowledge of value chain to it as well as the facilities are vital issues to community development. Therefore, Makete District Council have decided to establish a wheat flour factory that will process all the wheat from farmers to add value to a product. The plant will also contribute significantly to the Council's revenue collection through the established facilities and services at surrounding the firm.

The estimated investment for the project is **TZS TZS 2,64,000,000.00** Makete District Council is seeking for a Loan from TIB amounting to **TZS 2,000,000,000.00** equivalents to **95%** of the total investment whereas **TZS 64,000,000.00** is the contribution of Makete District Council to the project which is equivalent to **5 %** of the total investment.

In assessing the economic feasibility of the project it was revealed that the project is economically feasible with Net Present Value of TZS **TZS 8,317,869,067.02** payback period of **1.8** years and Benefit Cost Ratio of 1.7 which is greater than one and it is expected to contribute on average of **TZS TSH: 7,776,000,000.00** annually for the period of **10** years to Makete District Council's own sources collection which is about **21%** of the current Council's own sources collection.

The feasibility study of the project showed that the project is considered to be technically, environmentally and economically feasible. It can therefore be concluded that the implementation of the project is highly recommended since it has good returns and it will activate more economic activities in the project area which in turn will propel fast economic development for the communities and increase revenue collections to Makete District Council.