

BUSINESS PLAN

Procurement of Construction Equipment



Prepared By:

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RJ Mussa Construction Co. Ltd

Project Summary

Nature of Project	:	Expansion of Civil Construction Services
Project Concept	:	Importation of Construction Equipment <ul style="list-style-type: none">○ Dump Trucks○ Excavators○ Sprinkler Trucks○ Dynapac Roller○ Other construction equipment
Project Activity	:	Engineering services as – <ul style="list-style-type: none">○ Building Contractor &○ Civil Contractor
Project Location	:	Plot no. 300, Magereza Rd, Kisasa Dodoma Municipality Dodoma Region
Project Start Date	:	Year 2024
Employment Generation	:	38-employees
Project Implementer	:	RJ MUSSA CONSTRUCTION CO. LTD A Tanzania's Private Limited liability Company
Contact Address	:	RJ MUSSA Construction Co. Ltd Nyumba 300, Magereza Road P.O. Box 1545, DODOMA
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Introduction

1.1 Background

- The construction sector, which include housing, roads, bridges, water, health, and power infrastructure—is a key enabler for social and economic development worldwide.
- In Tanzania, the sector growth rate is well above the general economy and has maintained positive growth in response to the country’s investments in commercial and residential buildings and infrastructure projects.
- Despite the promising growth over recent decades, the sector encounters bottlenecks and challenges in the areas of access to land, construction permits, skills, and availability of materials and equipment that hinder the potential of the sector as a contributor for achieving the vision of reaching middle-income country status.
- This Business Plan has been prepared by RJ MUSSA CONSTRUCTION CO. LTD (shortly, “RJ MUSSA CONSTRUCTION”), a DODOMA-based construction company in the building construction. The company is planning to expand its operation in Civil Construction through procurement of construction equipment for the civil construction business.

1.2 The Project

- RJ MUSSA CONSTRUCTION, as a local construction company in the Building construction, is intending to expand its operation in Civil engineering works including infrastructure construction projects to a number of projects. The company intends to equip with modern and efficient construction equipment for use in its projects.

1.3 Plan Objective

- This business plan provides the road-map and assess financial, economic, market, managerial and technical viability of a proposed expansion in Civil Engineering Construction service business for RJ MUSSA CONSTRUCTION.
- The plan, also, aims to provide information to potential lenders and other stakeholders of interest to the project.

About RJ MUSSA Construction

2.1 Introduction

- RJ MUSSA CONSTRUCTION is a local registered investment company in Tanzania. The company was registered in May 2008 and has been involved in several building construction projects as well as civil works construction.

2.2 The Company Legal Status

- RJ MUSSA CONSTRUCTION is a private limited liability Company registered under Tanzania's Company Laws.
- The company business objectives are, among other things, to carry on the business of engineering works in buildings and civil works. The company has been granted with the following certification:
 - Certificate of incorporation no. 65701
 - Taxpayer Identification no. 106-788-626,
 - Value Added Tax (VAT) no. 40-006322-W
 - Business License for Building Contractor Class Two – B2/155/03/2023
 - Business License for Civil Works Contactor Class Three– C3/163/03/2023

2.3 The Company Ownership

- RJ MUSSA CONSTRUCTION is a corporate company owned by three shareholders. The authorized share capital of the company is TZS 100,000,000 divided into 1,000-shares of TZS 100,000 each.
- The paid-up share capital and the shareholders and their shares distribution is presented below:

Shareholders' Name	Nationality	Shares	% Shareholding
Mussa Regimius Mussa	Tanzania	98	98%
Enoce Hezron Wanjara	Tanzania	2	2%
Total		1,000	100.00%

- The shareholders have capacity to develop the project and their profiles are attached to this report.

Description of Construction Equipment

3.1 Introduction

- Construction projects require a wide range of heavy machinery and equipment to excavate, lift, move, and place materials efficiently.
- Choosing the right construction equipment is vital for civil engineering firms to execute projects safely, on budget, and on schedule.

3.2 Types of Construction Equipment

- There are several major categories of heavy construction equipment that perform specialized functions on job sites. Each has different capabilities to suit varying tasks as follows:

(a) Excavation and Loading Equipment

- These include excavators, backhoes, loaders, and bulldozers prepare the site by digging, lifting, and moving earth, rocks, and debris.
 - **Excavators** – Used to dig trenches, lift materials, and place pipes/utilities in holes. Different sizes for depth and reach needs.
 - **Backhoes** – Combination excavator and loader for digging, scooping, and backfilling trenches. Useful for utility and pipeline jobs.
 - **Bulldozers** – Heavily armored tractors that push and scrape large amounts of dirt or rubble. Essential for grading and leveling sites.
 - **Loaders** – Scoop/bucket on the front lifts and loads materials like dirt, gravel into dump trucks for removal.

(b) Material Handling Equipment

- These include cranes, conveyors, and forklifts move materials and structures efficiently around the construction site.
 - **Tower Cranes** – Fixed or mobile cranes with long booms used to lift, lower, and position items. Essential for lifting concrete, steel, large components.

- **Material Lifts** – Used to raise workers, tools, and materials to upper levels during construction and exterior work. Includes boom lifts and scissor lifts.
- **Conveyors** – Transport bulk materials like gravel, sand, wood chips from delivery to storage/placement. Speed up on-site material handling.
- **Forklifts** – Used to lift, stack, and move palletized materials and delivery items around the site. Help organize yard and storage.

(c) Compaction Equipment

- Rollers, compactors, and pavers help densify and finalize the ground and materials after grading.
 - **Rollers** – Flatten, pack down, and compact soil, gravel, asphalt, and concrete. Ride on top to smooth the surface. Used on roads, dam faces, landfills.
 - **Rammers** – Handheld pneumatic compactors that densify materials in tight spaces. Helpful for backfill, trenches, and foundations.
 - **Pavers** – Lay down asphalt and concrete evenly, then use attached screed to achieve proper leveling and thickness. It is used in speed road/runway builds.

(d) Heavy Construction Vehicles

- Dump trucks, tractor trailers, and **concrete mixers** transport loose materials around the site and from/to offsite locations.
 - **Dump Trucks** – Haul loose materials like dirt, gravel, demolition debris to/from earthwork areas, landfills, supply depots.
 - **Concrete Mixer Trucks** – Mix concrete en route to the site, ensuring it's workable upon arrival for pouring forms/foundations. Can pump directly.
 - **Tractor Trailers** – Carry heavy construction equipment, materials, and supplies to site from vendors/warehouses. Essential for delivery logistics.

PROJECT CONCEPT

4.1 Introduction

- The project involves the purchase of construction equipment which represents a major capital expenditure for any contractor or civil engineering firm like RJ MUSSA CONSTRUCTION.
- The company is intending to procure construction equipment for own-use in the construction projects. The company has considered the following when procuring the construction equipment:
 - Acquisition Costs – The purchase price, freight, preparation, taxes, and documentation fees. Buying used can help reduce initial outlay.
 - Operating Costs – Fuel consumption, maintenance, repairs. Varies by type of equipment and intensity of use.
 - Productivity – Output and performance to quantify production value recaptured from the equipment. Balance with operating costs.
 - Lifespan – Estimate total working years left for used equipment. New options offer longer viability.
 - Resale Value – Projected residual value at equipment retirement to offset replacements. Rapid technology changes can accelerate depreciation.
 - Finance Terms – If financing, compare rates/terms across lenders. 0% deals from manufacturers or short-term bank loans can ease capital burdens.

4.2 The Concept

- The project concept involves expansion into of RJ MUSSA CONSTRUCTION in the execution of Civil Construction works besides Building Engineering Construction projects. The project entails procurement of the following construction equipment:
 - (a) Excavator –
 - The project will import CAT Excavator type 310L from China which will be used in the construction works including to dig trenches, lift materials, and other assignments.
 - (b) Rollers –
 - The project will import DYNAPAC Roller from China. The equipment is required for various activities associated with soil compaction which include soil flattening, packing down, and compacting.
 - It will, also, be used in the graveling, asphalt, and concrete in the roads, dams and landfills construction works.

- (c) Dump Trucks –
 - The project will import from SHACMAN Dump Trucks from China which will be used in the construction works.
 - They will be used for transportation of loose materials like dirt, gravel, demolition debris to/from earthwork areas, landfills, supply depots.
 - It will, also, be used for transportation of construction materials at site such as stone aggregates, sand and other materials.
- (d) Sprinkler Truck –
 - The project will import from China Sprinkler Truck for use in the construction specifically for efficient washing operations.
 - the truck is suitable for washing operations in urban roads, highways, squares, and other places, as well as municipal and landscaping watering operations.
- (e) Pavers –
 - The project will import pavers from China for own-use in the infrastructure construction projects.
 - The pavers will be used in laying down asphalt and concrete. It will be used in the speed roads and runaway build-ups.
- (f) Backhoe
 - In addition to excavator, the project will import Backhoe Loader from China.
 - The equipment is a combination of excavator and loader for digging, scooping, and backfilling trenches.
 - Backhoe is useful for utility and pipeline jobs.
- (g) Forklifts
 - The project is planning to import forklifts of different carrying capacities for use in the construction projects. The forklifts will be used for to lift, stack and move palletised materials and delivery items.
- (h) Telehandler
 - The project will import Telehandler from China for use in the construction projects. Telehandlers offer the extended reach and superior lift capacity of a heavy-duty telescoping boom combined with a range of attachment options for leading versatility.

Project Investment Plan

5.1 Planned Investment

- As a construction company, RJ MUSSA CONSTRUCTION is planning to invest in construction equipment and other expenditure for the buildings and civil construction projects.
- The project will procure construction equipment and support office infrastructure for provision of construction services.

5.2 Investment Costs

- The project investment costs are associated with the purchase of assets and working capital for the proposed construction operations as summarised below:

RJ Mussa Construction Co. Ltd

Projected Investment Plan

	Amount in TZS '000'			USD Equivalents
	Additional Investment		Total	
	Year 1	Year 2		
Exchange Rate (USD/TZS)	2,750	2,750		
Land	-	-	-	-
Buildings & Civil Works	431,550	-	431,550	156,927
Construction Equipment	2,184,000	-	2,184,000	794,182
Motor Vehicles	642,600	-	642,600	233,673
Physical Facilities	3,258,150	-	3,258,150	1,184,782
Pre-Operating costs:				
Administrative Costs	51,975	-	51,975	18,900
Loan Interest (1st Year)	180,000	-		-
Other Finance Costs	15,600	-	15,600	5,673
Pre-operating Costs	247,575	-	247,575	90,027
Capital Expenditure	3,505,725	-	3,505,725	1,274,809
Initial Operating capital	411,134	583,647	994,782	361,739
Total Investment	3,916,859	583,647	4,500,507	1,636,548

Project Financing Plan

6.1 Planned Project Financing

- The shareholders are planning to finance the project through shareholders' equity and external financing. The shareholders' equity will be in the form of ordinary share capital.
- The external financing will be in the form of long-term financing. The shareholders will undertake to provide for the working capital funds.

6.2 Financing Structure

- The shareholders' equity will be earmarked to part-finance capital expenditure and finance the initial working capital. The long-term loan will be used to part-finance construction equipment.
- The project financing shows that the equity will account for 67% of the financing requirements as summarised below:

RJ Mussa Construction Co. Ltd				
Projected Financing Plan				
Amount in TZS '000'				
	Additional Financing			USD
	Year 1	Year 2	Total	Equivalents
Exchange Rate (USD/TZS)	2,750	2,750		
Equity Financing				
Share Capital	-	-	-	-
Shareholders' Funds (CAPEX)	2,005,725	-	2,005,725	729,355
Shareholders' Funds (Working Capital)	411,134	583,647	994,782	361,739
Equity Financing	2,416,859	583,647	3,000,507	1,091,093
External Financing				
Long-Term Loans	1,500,000	-	1,500,000	545,455
Short-Term Loan	-	-	-	-
Total external Financing	1,500,000	-	1,500,000	545,455
Total Financing	3,916,859	583,647	4,500,507	1,636,548
Exposure				
Equity financing	62%	100%	67%	
External Financing	38%	0%	33%	
Total	100%	100%	100%	

Tanzania's Business Environment

7.1 An Overview

- Tanzania is the largest country in East Africa in terms of land with 883,749km² (881,289km² mainland 2,460km² Zanzibar), plus lakes totalling to 59,100km³. The country has about 1,400km of coastline along the Indian Ocean.
- It is well situated geographically bordering Burundi, Kenya, Malawi, Mozambique, Rwanda, Uganda, Zambia and the Democratic Republic of Congo (DRC).
- Tanzania has a tropical type of climate. In the highlands, temperatures range between 100c and 200c.during cold and hot seasons respectively. The rest of the country has temperatures never falling lower than 200c. The hottest period spreads between November and February (250c - 310c) while the coldest period occurs between May and August (150c - 200c).



7.2 Socio-Economic Development

[a] Population

- Tanzania population has increased more than four times from 12.3 million people in 1967 to 57.6 million people in 2020. The average annual intercensal growth rate according to the 2012 Population and Housing Census is 2.7 percent.
- Below table provides a summary of the country's population trend from 1967 to 2020:

Year	1967	1978	1988	2002	2012	2020
Population	12.3	17.5	23.1	34.4	44.9	57.6

Source: National Economic Survey, 2020,

[b] Urbanisation

- Tanzania cities and towns are rapidly urbanizing. This urbanization is a manifest of rural-to-urban migration as well as natural population increase. The four largest cities are Dar-es-salaam, Mwanza, Arusha and Mbeya.
- In 2018, Tanzania's urban population was 33.8% which is an increase from 7.3% in 1969 to 33.8% in 2018 growing at an average annual rate of 3.19%.

Year	1967	1978	1988	2002	2012	2018
Urban						
Population	685,092	2,257,921	3,991,882	7,554,838	12,701,238	17,786,328
Growth Rate	-	11.50%	5.90%	4.70%	5.30%	
Dar-es-salaam						
Population	272,821	769,445	1,205,443	2,336,055	4,364,541	5,147,070
Growth rate	-	9.90%	4.60%	4.80%	6.50%	6.5%
Tanzania (Mainland)						
Population	11,975,757	17,036,499	22,507,047	33,461,849	43,625,354	52,619,314
Growth Rate	-	3.30%	2.80%	2.90%	2.70%	2.70%

[c] Macro-economic Performance

- Tanzania maintains an economy highly dependent on agriculture, contributing an estimated 30% to the country's Gross Domestic Product (GDP) and employing nearly 70% of the working population.
- The economy continued to expand steadily in the aspects of GDP, inflation rate and exchange rate. The real GDP grew by 7.1% in 2017, maintaining the high growth momentum of the past 5-years.
- In nominal terms, GDP increased to TZS 116.1 trillion from TZS 103.7 billion with per capita nominal income improving to TZS 2.27 million from TZS 2.13 million in 2016. During 2017/18, output growth was to a large extent driven by construction, transport and storage, and agriculture; altogether contributing almost half of the total growth.
- Real gross national disposable income (GNDI), which comprises compensation of employees, property income, current transfers, and operating surplus, grew by 6.3% in 2017 compared with 6.1% in the preceding year. Final consumption grew by 4.4% and accounted for 80.7% of the disposal income and 76.3% of nominal GDP.

Year	2013	2014	2015	2016	2017	2018
GDP Growth	7.3%	7.0%	7.0%	7.0%	7.1%	7.0%
Inflation Rate	7.9%	6.1%	5.6%	5.2%	5.3%	3.5%
Exchange Rate (TZS/USD)	1,598	1,653	1,985	2,177	2,229	2,242

Source: Annual Report 2017/18, Bank of Tanzania; Tanzania in Figures, NBS June 2019

Tanzania's Construction Sector

8.1 Introduction

- Tanzania is on the path from being a low-income to a middle-income country (MIC). Investment in fixed assets has grown strongly and has boosted economic growth. Between 2005 and 2016, the country experienced gross fixed capital formation (GFCF) rates in the range of 25 - 34 per cent of GDP.
- While all the activities that form the GFCF have experienced a sustained increase in value, construction is the sector that contributes the largest share.
- For instance, In the last decade, Tanzania has experienced relatively high economic growth, averaging 6 – 7 per cent a year. The construction sector has played a key role in this growth. Despite the deceleration of the economy in the industry has since seen growth rates above of those of the general economy.

8.2 Sector Contribution

- According to the data from the Bank of Tanzania, in 2021 Agriculture (agriculture, forestry, and fishing) accounted for 27% of the country's GDP, Industry and Construction for 31%, and Services for 42%.
- The main sectors of the Tanzanian economy in terms of their contribution to the GDP are Construction which accounts for 16%, Crops (14%), Manufacturing (9%), Wholesale and retail trade; repairs (9%), Transport (8%), Livestock (8%), and Mining and Quarrying (5%).

8.3 Government Policy

- The National Construction Industry Policy takes into account of the fact that the realization of the objectives and goals of the identified priority sectors such as education, health, water, agriculture, manufacturing, tourism, mining, energy, construction, land and good governance operates on the availability of reliable, strong and competitive local construction industry which is capable of delivering quality services to its stakeholders.
- The construction industry is a fundamental economic sector which permeates most of the other sectors as it transforms various resources into constructed physical economic

and social infrastructure necessary for socio-economic development. It embraces the process by which the physical infrastructure are planned, designed, procured, constructed or produced, altered, repaired, maintained, and demolished.

8.4 Sector Challenges

- Despite promising growth, a number of constraints have hindered the performance of the sector including the following:

	CHALLENGE	REMARKS
1	<ul style="list-style-type: none"> • Inadequate management skill 	<ul style="list-style-type: none"> • Most local contractors cannot adequately manage projects, but, foreign firm engage them as subcontractors and their performance is acceptable
2	<ul style="list-style-type: none"> • High equipment hire rates 	<ul style="list-style-type: none"> • Many companies hire equipment and/or plant but rates are very high for local contractors to afford.
3	<ul style="list-style-type: none"> • Stiff Competition 	<ul style="list-style-type: none"> • There are more than 8,000 registered contractors in Tanzania who struggle for few work opportunities.
4	<ul style="list-style-type: none"> • Low financial base 	<ul style="list-style-type: none"> • Local contractors cannot afford to tender for projects that require high levels of bid security and annual turnover because of their financial base.
5	<ul style="list-style-type: none"> • Lack of capital 	<ul style="list-style-type: none"> • Local contractors lack the capital to acquire the necessary equipment and facilities for the projects.
6	<ul style="list-style-type: none"> • Late Payment 	<ul style="list-style-type: none"> • Some clients do not honour interim payment certificate as per contract

Structure of Construction Industry in Tanzania

9.1 Key Legislation and Government Bodies

- Companies engaged in construction related activities are required to register with their professional registration boards before offering services to the public.
- The laws applicable to the registration of construction professionals are:–
 - The Contractors Registration Act, 1997 (the CRA),
 - The Engineers Registration Act, 1997 (the ERA),
- The relevant authorities for construction professionals are:–
 - The Ministry of Works (the MOW),
 - The National Construction Council (the NCC),
 - The Engineers Registration Board (the ERB),
 - The Contractors Registration Board (the CRB),
 - The Architects and Quantity Surveyors Registration Board (the AQRB).

9.2 Types of Contractors

- There are five types of contractors recognised in Tanzania, namely,
 - Building contractors,
 - Civil works contractors,
 - Mechanical contractors,
 - Electrical contractors and
 - Specialist contractors.
- All contractors and engineers in Tanzania must be registered with their relevant bodies; that is the CRB for contractors and the ERB for engineers.
- Registration of these bodies also applies to consulting firms. These bodies regulate the activities, the conduct, and the performance of contractors and engineers across the country, ensuring that work carried out is of a sufficient standard and is carried out by suitable persons, this in turn ensures quality and safety of the work performed.

9.3 Registration of Foreign Contractors and Engineers

- Registration of foreign contractors
 - Foreign contractors can choose to either set up permanent offices or to register as a temporary contractor to undertake a specific project.
 - There are no limits on the types of activities that a contractor who has set up a permanent office in Tanzania may undertake, provided the work is the type that the contractor is registered for.

9.4 Appointment of a contractor or engineer

- Any project company should ensure that a sub-contractor or engineer they engage is registered with the appropriate body before engaging them to work on the project. This applies across the spectrum of contractors and engineers, from those appointed for finite construction tasks to those responsible for all operations and maintenance of projects.
- Project companies can appoint contractors or engineers in one of two ways:
 - Companies can put their projects out to tender and any relevantly qualified firms or individuals can pitch for the work; or
 - Companies can find specific contractors or engineers that they may specifically wish to appoint on the registration boards' databases.
- As part of the tender process in a construction project, the project entity will issue a timely and adequate notice which has previously been approved by the appropriate tender board stipulating the requirements for interested contractors or engineers to bid.
- Once the notice has been made public the project entity is to issue tender documents to all prospective contractors or engineers. Prospective contractors or engineers must be legal entities with technical qualification and expertise required for the specific contract.
- The tender board would then assist with the evaluation of the submitted bids and select the successful tender. Once selected the tender board will then inform the prospective candidates of the time frame for the evaluation.
- Finally, the tender board will submit a recommendation to the Procurement Management Unit (PMU) who will approve the contract. The PMU notifies the relevant accounting officer regarding the successful bid and the latter notifies the successful contractor or engineer.

Service Description

10.1 Introduction

- Construction projects are often categorized based on their scale, the types of structures being built, and the purpose of the project (also called “end use” or “land use”). Broadly, there are six types of construction projects: residential, commercial, institutional, mixed-use, industrial, and heavy civil.
- Some contractors may structure their organizational chart to include different business units, with each focused on a different type of construction.
- RJ MUSSA CONSTRUCTION will seek to be both main contractor and sub-contractor as the company expands to encompass different skills levels.

10.2 Types of Projects

- In its undertaking, RJ MUSSA CONSTRUCTION will seek to be involved in the following types of construction projects:

(a) Residential Projects

- Residential construction describes structures built for habitation. This category can be broken down further into single-family and multi-family construction.
- Consider the construction of a duplex versus a condominium complex. While both are technically multi-family units, there is a significant difference in scale, cost, building materials, and engineering needs

(b) Commercial Projects

- Commercial construction is a broad category that can describe a wide variety of business facilities. These include offices, retail stores, shopping centers, hotels, and other facilities built for commercial use.
- Compared to residential construction, commercial projects are exponentially more complex. Commercial developers and designers must consider a vast array of needs – including function, safety, environment, energy efficiency, and accessibility, and other factors.

(c) Mixed-Use Projects

- Mixed-use construction projects combine multiple types of construction and land use within a single development or area. Mixed-use developments are designed to create more efficient and integrated communities by providing a variety of functions in close proximity to each other.
- They often include a mix of residential and commercial units, recreational facilities, green space, and public amenities to create convenient urban environments.

(d) Institutional Projects

- Institutional construction generally describes projects intended for public use, such as educational institutions, hospitals, government buildings, and other public service facilities. This type of project is a “public” version of a commercial project.
- While many institutional projects are public projects (i.e. owned by a public agency), they may also be privately developed, owned, and/or operated.

(e) Industrial Projects

- Industrial construction describes projects built for industrial use, such as manufacturing plants, warehouses, and power plants. Examples include factories, chemical processing facilities, and oil refineries. Industrial projects are often subject to heavier governmental regulation, particularly regarding environmental impact.

(f) Civil & Infrastructure Projects

- Heavy Civil Construction describes large-scale engineering projects typically associated with infrastructure or public works. Civil projects include transportation systems (e.g. highways, bridges and tunnels, railways, airports), utilities (e.g. water and sewage systems, communication and power distribution networks) and other large-scale public works projects.
- Contractors often start out subcontracting on smaller civil projects in order to build their resume – and relationships – before bidding on bigger government contracts.

Market Overview

11.1 Introduction

- The Tanzania Construction Market size is estimated at USD 5.62 billion in 2024, and is expected to reach USD 7.07 billion by 2029, growing at a CAGR of 4.67% during the forecast period (2024-2029).
- According to the Bank of Tanzania's (BoT) quarterly economic bulletin, commercial banks' lending to the private sector declined by 2.3% in March 2021, owing to the impact of the COVID-19 outbreak on the demand and supply of various products. Building and construction, trade, agriculture, manufacturing, mining, and quarrying were the economic activities that saw negative growth rates.
- Construction credit declined by 11.9%, while commerce and farm credit declined by 10.3% and 8.1%, respectively.

11.2 Sector Growth Trend

- In recent years, Tanzania's heavy investment in building infrastructure has raised its indebtedness, as more infrastructure projects are being built around the country.
- Fiscal spending in 2021 was USD 15.7 billion, with donors covering only 8% of the total. From 2021 to 2023, the government anticipates the economy to grow at a rate of 6.3%.
- Tanzania's government is working to develop its infrastructure, energy, and agriculture sectors to grow its economy and expand export opportunities.
- Tanzania's industrial construction has played a key role in boosting national self-sufficiency and enhancing the domestic market for agriculture, livestock, fishery, forestry, minerals, and precious raw materials.

11.3 Infrastructure Projects

- Tanzania is working on a USD 1.9 billion railway infrastructure across the country to improve the country's infrastructure and connect communities. Loans will fund the railway project, and the government has stated that it would neither raise nor impose taxes on citizens to fund it.

- The railway is part of a bigger 1,219-kilometer railway network, increasing Tanzanian trade with its neighbours. The railway line will connect Tanzania's Indian Ocean port of Makutupora with Tabora, a port city on the banks of Lake Victoria that Tanzania shares with Uganda and Kenya.
- The Barrick Gold Corporation pledged to invest USD 6 for each ounce of gold sold by its two mines in the nation to enhance access to drinkable water, education, and healthcare in the people nearby. At the same time, it has committed up to USD 70 million for investment in value-adding national initiatives, such as road infrastructure, training programs for those working in the mining industry, and facilities for scientific research at Tanzanian universities.
- The Tanzania Ports Authority (TPA) has constructed a facilitation center, and major financial institutions like CRDB Bank, have opened subsidiaries there. In a similar vein, the Tanzania Chamber of Commerce, Industry, and Agriculture (TCCIA) recently dispatched a trade and investment mission to Lubumbashi, the second-largest city in the Democratic Republic of the Congo, where they conducted site visits and business discussions to identify key areas of investments and trade.

11.4 Residential Housing Market

- A person's well-being can be significantly impacted by having access to inexpensive housing. The government established the Tanzania Mortgage Refinance Company (TMRC) to combat the issue and broaden the housing finance industry.
- The TMRC was supported by the creative Tanzania Housing Finance Project, which the IDA funded. This support allowed the TMRC to offer medium- and long-term liquidity to mortgage lenders, making it simpler for them to grant loans to families looking to buy new homes or make improvements to their current homes.
- Mortgage repayment terms were increased from five years to 25 years, interest rates were lowered from over 21% to 15% annually, and the home finance market's development made loans more accessible. According to estimates, Tanzania needs an additional 200,000 housing units per year, totaling 3 million units, according to Shelter Afrique, a pan-African finance institution.
- According to the TMRC, the value of mortgage loans increased by 1.24% during Q2 2022. However, the TMRC's continued availability of long-term capital in the form of refinancing

and pre-financing to enable PMLs to match their assets (mortgages) and liabilities remains a crucial factor in the expansion of the mortgage market in Tanzania.

- The Housing Microfinance Fund (HMFF), another program established under the Housing Finance Project (HFP), aims to offer long-term loans to low-income earners who currently lack access to housing finance for the construction of a home or for home modifications. Collaboration with Habitat for Humanity International to launch a program to expand mortgage loan outreach to the microfinance sector is one of TMRC's other continuing projects for the growth of the mortgage market.
- Despite this, 70% of Tanzanian housing is self-built, and many homes are constructed in stages utilizing savings, which has deteriorated the overall quality of houses. The NHC announced that, due to the public's poor purchasing power, it would increase the ratio of rental properties to for-sale homes from 30:70 to 80:20.
- The NHC intends to achieve this target by expanding its building material manufacturing capacity to facilitate quality construction in the self-build sector and lower the cost of crucial materials for its low-cost house construction.

11.5 Competition in the Construction Industry

- The Tanzania Construction Market is fragmented with domestic and international businesses. Advent Construction Ltd, Estim Construction, Becco Limited, Salem Construction Limited, and Mohammedi Builders Ltd are key competitors in the sector.
- The construction industry in Tanzania is characterized by a huge number of microentrepreneurs, most of whom work in the country's informal economy.
- The country's formal construction business comprises indigenous and indigenized corporations and several big foreign civil engineering and construction firms.

Technical Aspect

12.1 Location

- RJ MUSSA CONSTRUCTION's Head Offices are located within Dodoma City. The main offices are situated in Nyumba 300, Magereza Road, Kisasa suburb of Dodoma Municipality, Dodoma region. The Property is rented from one of the shareholders of the Company, M/S MUSSA REMIGIUS MUSSA.
- The company maintains a branch office in Mbeya.

12.2 Buildings and Civil Works

- The project will entail construction of workshop building which will be used for motor vehicles repairs and maintenance works and for storing spare parts.

12.3 Construction Equipment

- The company has existing construction equipment.
- The project will involve importation of the following construction equipment to be used in the construction works:
 - Excavator – CAT brand
 - DYNAPAC roller
 - Forklifts
 - Backhoe
 - Skid steer
 - Paver, and
 - Telehandler

12.4 Motor Vehicles

- The company is planning to procure its dumper trucks of various carrying capacities which will be used for surface-to-surface raw materials transportation services.
- The trucks will be procured from a company dealing with supply of heavy-duty equipment in China.
- The company will also procure office motor vehicles for supervisory works at the site.

12.5 Support Facilities

- Support facilities include office furniture and office equipment. The company will procure office furniture and fittings which include office tables, office chairs, office cabinets and other office furniture.
- The company will, also, procure office equipment including computers and computer software, printers, air conditioners and other office equipment.

12.6 Pre-Operating expenses

- Pre-operating costs include finance costs and non-finance costs.
- The finance costs include legal charges, valuation costs, and other finance costs.
- The non-finance costs include project staff training costs and other pre-operating costs.

12.7 Implementation Plan

- August 2024: Ordering of Motor vehicles
- November 2024: Delivery of motor vehicles
- December 2024: Service delivery

ORGANISATION AND MANAGEMENT

13.1 Introduction

- RJ MUSSA CONSTRUCTION is under the general management of the Board of Directors which is responsible for major policy and strategic decisions of the company.
- The Board is being represented by a team of qualified staff in different fields of operation.

13.2 Board of Directors

- The Board is comprised of five members comprising of shareholders and one non-shareholder. The non-shareholder is an individual with great experience on issues of management, relationships and construction projects.
- The non-shareholder bring-in invaluable insight on aspects of business.

13.3 Management Team

- The day-to-day management of the company will be under the General Manager who is being assisted by a team of supervisors and Unit Heads of the various departments of the company.

13.4 Staffing

- The company will have a contingent of 38-permanent staff including the top management, technical team, and support staff.
- The company will hire casual workers to be deployed in different projects.

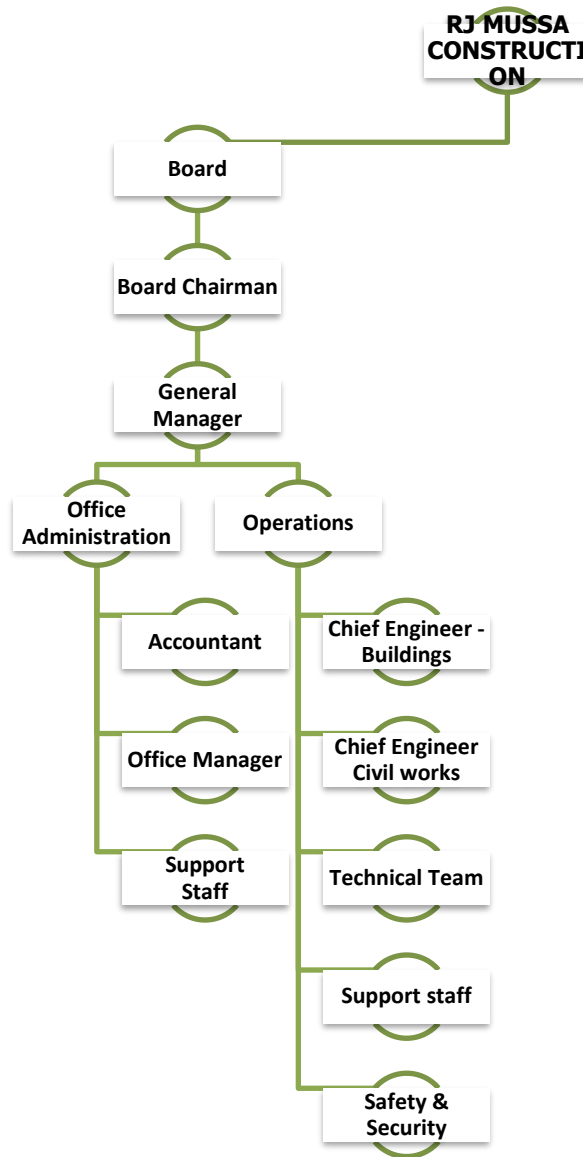
		Year-1	Year-2	Year-3	Year-4	Year-5	Year-6
Salaries & Staff Benefits							
No of Staff							
Management Staff	Number	8	8	8	8	8	8
Operations Staff	Number	24	24	24	24	24	24
Support Staff	Number	6	6	6	6	6	6
No of Staff	Number	38	38	38	38	38	38

13.5 Remuneration

- The company will offer competitive remuneration packages to its employees commensurate to the prevailing wage rates in the market.

13.6 Organization Chart

- RJ MUSSA CONSTRUCTION is set to have virtually a flat organization structure at the operation level where supervisors and managers of respective departments reporting direct to the General Manager.
- The organization chart of the company is as presented below:



Project Implementation

14.1 Introduction

- The project involves ordering and delivery of the construction equipment that will be imported from China. The other activities of the project will be done by the management and staff of the company.
- The construction equipment will be deployed in the various construction projects that the company would have been contracted.

14.2 Implementing Agency

- The project will be implemented by RJ MUSSA CONSTRUCTION. The management of the company will undertake to organize all the aspects of the project including the following:
 - Ordering and procurement of construction equipment and other facilities,
 - Undertake to supervise the construction of the buildings and civil works
 - Procurement of office equipment, furniture and fittings, utilities and motor vehicles.
 - Pre-operating expenses and initial working capital for the proposed project.
 - Provide working capital for the variable and fixed costs of the project.
 - Finance all cost over-runs resulting from the project.

14.3 Implementation Plan

- The company has already obtained the Proforma Invoices from suppliers of the construction equipment and the motor vehicles.
- The buildings and civil works will be done by in-house engineers and technicians
- Other facilities will be procured locally.

14.4 Operational Plan

- Upon procurement of the construction equipment and other assets, RJ MUSSA CONSTRUCTION will undertake to manage and operate the project.
- The shareholders of the company will provide strategic and policy directives to the project.

14.5 Project Schedule

The implementation plan of the proposed project is as below:

RJ Mussa Construction Co. Ltd						
Project Implementation Schedule						
		Implementation Period	Year 0	Year 1		
				1st Qtr	2nd Qtr	3rd Qtr
Stage 1	Preliminary Preparation					
	Company Registration		■			
	Identification and Procurement of Land		■			
	Identification of machinery suppliers		■			
	Feasibility Study Preparation		■			
Stage 2	Funds Mobilisation					
	Loan Application and Processing		■			
	Internal Resources Mobilisation		■			
	Loans Approval		■			
Stage 3	Procurement of Construction Equipment					
	Selection of Equipment Suppliers		■			
	Application for TIC Incentives	30 Days		■		
	Equipment Delivery on Site	60 Days		■		
Stage 4	Buildings & Civil Works					
	Buildings Design			■		
	Application for building permit			■		
	Construction works - Buildings & civil works			■		
Stage 5	Procurement of Other Facilities					
	Ordering of Other Assets			■		
	Delivery of Other Assets			■		
	Deployment of the Construction Equipment				■	

RISKS AND UNCERTAINTIES

15.1 Introduction

- Considering the low level of development in the region, investment in the eastern and southern Africa region faces a number of risks and uncertainties. Some of the major risk areas include political instability, economic mismanagement, increasing global competition; inadequate skilled labour coupled unfriendly labour laws.

15.2 Political Instability

- Political instability adversely affects growth by slowing productivity, growth, physical and human capital accumulation. Maintenance of peace and stability as currently prevailing in the region are key factors for development as no development can occur in the midst of chaos, anarchy and lawlessness. Regional governments are making their best to ensure presence of political stability in their countries.

15.3 Economic Mismanagement

- Prudent economic policies and management are vitally important not only for progress towards prosperity but also for more fundamental challenges of maintaining peace. Most governments in the region adhere to the region macro-economic indicators support strong, sustainable and shared growth as a means to building prosperity and reduce poverty. Good governance and democracy have become central to the region's quest for social, political and economic renewal.

15.4 Increasing Global Competitiveness

- Africa still remains the region with the lowest comparative ranking on the quality of its regulatory environment. Governments in the region are on course to survive on the global scene which requires competitive economies. Countries are solving entrepreneurs' challenges of improving the regulatory environment particularly with regards to cross border trading, starting a business and registering property. Integration initiatives in the region have helped to provide opportunities for regional trade.

15.5 Inadequate Skilled labour

- The region lacks mass of skilled people with the craft competencies to participate in development results in low labour costs and high economic growth. Governments in the region are investing in robust health and education systems which contribute worker productivity. Policies that retain skilled manpower in the region are being deployed to tame the brain drain from the region.

15.6 Local Currency Depreciation

- Most of the equipment and motor vehicles for the construction sector are being imported. The price of imports increases when the local currencies depreciate against the hard currency. The company will, in the long-run, procure adequate motor vehicle spare parts to cover for 6 to 12 months of production to avoid price fluctuation resulting from local currency depreciation. The company will, also, use its US Dollar proceeds for the importation of the spare parts.

15.7 Inflation risks

- There is a potential risk that inflation might raise at higher rates than projected. This may increase the price of the final products hence reduce the demand for the product. While this risk usually prevails in Developing Countries, the governments in the region appear committed to continue maintaining the macroeconomic stability and bring inflation further down.

15.8 Political risks

- The governments in the region may from time-to-time issue new directives which may affect on the project implementation and operations. However, this risk is strongly addressed by the regional integration initiatives including SADC, COMESA and EAC blocks. Further, most government in the region they now have long-term commitment of involving private sector in policy decisions.

15.9 Managerial risks

- Management of buildings and civil construction requires close supervision and marketing expertise. The company has employed personnel with experience in the management and equipment maintenance. Additionally, the Directors of RJ MUSSA CONSTRUCTION will be part of the management team to drive the projects.

Financial Aspects

16.1 Introduction

- This section presents the financial plan. The main objective of the financial analysis is to examine both commercial profitability and economic viability of the proposed project.
- The financial projections including the investment cost assumptions, the depreciation schedule, the Revenues Schedule, the Operating Costs schedule, the Profit and Loss Projections and the cash flows Projections of the proposed project are presented in the attached Annexes 1 to 13.

16.2 Financial Goals

The financial goals of the company are as follows:

- Secure investment funds for capital investment on motor vehicles, equipment and pre-operating expenses.
- Obtain initial working capital of around TZS 410 million for project operation costs.
- Finance operations of the project through retained earnings.

16.3 Financial Assumptions

16.3.1 General Financial Assumptions

- The currency of accounting is Tanzania Shillings (TZS)
- The exchange rate of TZS to USD is assumed at TZS 2,750 to USD.
- The project life time is assumed to be 10 years during which the project will periodically undertake replace the worn-out core assets.
- The proposed loan facility will attract annual interest rate of 12%.

16.3.2 Investment Assumptions

- The projected Investment costs and financing plan are presented in Annex 5.
- The project total investment cost is estimated at TZS 4.5 billion comprised of the construction equipment, motor vehicles, the support facilities and initial working capital as summarised below:

ANNEX 4				
RJ Mussa Construction Co. Ltd				
Projected Investment Plan				
Amount in TZS '000'				
	Additional Investment			USD
	Year 1	Year 2	Total	Equivalents
Exchange Rate (USD/TZS)	2,750	2,750		
Land	-	-	-	-
Buildings & Civil Works	431,550	-	-	-
Construction Equipment	2,184,000	-	2,184,000	794,182
Motor Vehicles	642,600	-	642,600	233,673
Physical Facilities	3,258,150	-	3,258,150	1,184,782
Pre-Operating costs:				
Administrative Costs	51,975	-	51,975	18,900
Loan Interest (1st Year)	180,000	-	-	-
Other Finance Costs	15,600	-	15,600	5,673
Pre-operating Costs	247,575	-	247,575	90,027
Capital Expenditure	3,505,725	-	3,505,725	1,274,809
Initial Operating capital	411,134	583,647	994,782	361,739
Total Investment	3,916,859	583,647	4,500,507	1,636,548

16.3.3 Financing Assumptions

- The proposed financing plan is presented in Annex 7
- The proposed project will be financed by the shareholders and external loan financing as summarized below:

ANNEX 6				
RJ Mussa Construction Co. Ltd				
Projected Financing Plan				
Amount in TZS '000'				
	Additional Financing			USD
	Year 1	Year 2	Total	Equivalents
Exchange Rate (USD/TZS)	2,750	2,750		
Equity Financing				
Share Capital	-	-	-	-
Shareholders' Funds (CAPEX)	2,005,725	-	2,005,725	729,355
Shareholders' Funds (Working Capital)	411,134	583,647	994,782	361,739
Equity Financing	2,416,859	583,647	3,000,507	1,091,093
External Financing				
Long-Term Loans	1,500,000	-	1,500,000	545,455
Short-Term Loan	-	-	-	-
Total external Financing	1,500,000	-	1,500,000	545,455
Total Financing	3,916,859	583,647	4,500,507	1,636,548
Exposure				
Equity financing	62%	100%	67%	
External Financing	38%	0%	33%	
Total	100%	100%	100%	

16.3.4 Revenues Assumptions

- The Revenues Assumptions are presented in Annexes 9 and 10.
- The company revenues will be generated from provision of construction services for the buildings and civil works as summarized below.

Projects		Year-1	Year-2	Year-3	Year-4	Year-5	Year-6
(i) Residential Construction Projects	TZS'000'	2,000,000	-	2,400,000	-	2,880,000	-
(ii) Commercial Construction Projects	TZS'000'	2,500,000	-	3,000,000	-	3,600,000	-
(iii) Mixed-Use Construction Projects	TZS'000'	-	2,500,000	-	2,750,000	-	3,300,000
(iv) Institutional Construction Projects	TZS'000'	-	3,500,000	-	3,850,000	-	4,620,000
(v) Industrial Construction Projects	TZS'000'	-	-	3,200,000	-	3,840,000	-
(vi) Civil & Infrastructure Projects	TZS'000'	-	-	3,500,000	-	4,200,000	-

16.3.5 Operating Cost Assumptions

- The projected operating costs include Direct and Indirect Operating Costs.
- The projected Direct Operating costs are presented in Annex 11
- The projected Indirect Operating Costs are presented in Annex 12.
- The salary and wages schedule is presented in Annex 9

16.3.6 Working Capital

- The Projected Working Capital Depreciation Schedules are presented in Annex 13.
- The working capital schedule shows the current assets and current liabilities of the project.

16.4 Financial Projections

- The financial projections of the project present the projected Balance Sheets, Profit and Loss Statements and Cash-flow Statements.

16.4.1 Projected Profitability

- The profitability of the project has been carried out and presented in Annex 1.
- The analysis of the profitability of the overall project indicates that the project is a profitable undertaking with short-term returns to the investors.
- The projected profitability is as presented below:

Annex 1

RJ Mussa Construction Co. Ltd

Projected Profit And Loss Statements

		Amount in TZS '000'					
		Year-1	Year-2	Year-3	Year-4	Year-5	Year-6
Project Revenues							
Residential Construction Projects		1,375,000	1,375,000	3,025,000	3,025,000	5,005,000	5,005,000
Commercial Construction Projects		1,718,750	1,718,750	3,781,250	3,781,250	6,256,250	6,256,250
Mixed-Use Construction Projects		-	1,564,063	1,564,063	3,284,531	3,284,531	5,349,094
Institutional Construction Projects		-	2,406,250	2,406,250	5,053,125	5,053,125	8,229,375
Industrial Construction Projects		-	-	2,200,000	2,200,000	4,840,000	4,840,000
Civil & Infrastructure Projects		-	-	2,406,250	2,406,250	5,293,750	5,293,750
Gross Revenues		3,093,750	7,064,063	15,382,813	19,750,156	29,732,656	34,973,469
Less: Provision for Bad Debts	4%	123,750	282,563	615,313	790,006	1,189,306	1,398,939
Net Incomes		2,970,000	6,781,500	14,767,500	18,960,150	28,543,350	33,574,530
Direct Operating expenses							
Materials costs		1,100,000	2,505,250	5,487,625	7,033,400	10,612,250	12,467,180
Labour Costs		295,625	668,594	1,483,969	1,894,234	2,872,684	3,365,003
Administration Costs		168,438	415,078	895,641	1,166,945	1,743,620	2,069,186
Statutory costs		171,875	386,031	822,594	1,058,166	1,582,041	1,864,727
Operating Costs		1,735,938	3,974,953	8,689,828	11,152,745	16,810,595	19,766,096
Gross Profits		1,234,063	2,806,547	6,077,672	7,807,405	11,732,755	13,808,434
Gross Profits Margins		42%	41%	41%	41%	41%	41%
Indirect Operating Costs							
Maintenance & Repairs		3,000	3,060	3,121	3,184	3,247	3,312
Statutory Expenses		3,602	7,564	15,875	20,235	30,211	35,446
Marketing Costs		46,406	105,961	230,742	296,252	445,990	524,602
Salaries & Staff Benefits		1,323,300	1,349,766	1,376,761	1,404,297	1,432,382	1,461,030
Administration Expenses		249,937	258,073	270,672	279,435	293,930	303,800
Indirect Operating Costs		1,626,245	1,724,424	1,897,172	2,003,403	2,205,760	2,328,190
EBITDA		392,182	1,082,123	4,180,500	5,804,002	9,526,994	11,480,244
EBITDA Margins		-13%	16%	28%	31%	33%	34%
Other Operating costs							
Depreciation		3,452	370,449	325,598	286,296	251,850	221,657
Amortisation		-	82,525	82,525	82,525	-	-
Total Depreciation + Amortisation		3,452	452,974	408,123	368,821	251,850	221,657
Earning Before Interest & Tax		-395,635	629,149	3,772,376	5,435,181	9,275,144	11,258,587
Interest Expenses							
Interest on Long-term Loans		-	186,295	142,532	93,275	37,837	-
Interest on Short-term Loans	10%	41,113	99,478	203,536	267,737	392,606	469,647
Interest Expenses		41,113	285,774	346,067	361,012	430,443	469,647
Profit Before Taxes		-436,748	343,375	3,426,309	5,074,169	8,844,701	10,788,940
Taxable Incomes		-436,748	343,375	3,426,309	8,500,478	17,345,179	28,134,119
Provision for Corporate Tax	30%	-	103,013	1,027,892.73	2,550,143.30	5,203,553.71	8,440,235.73
After Tax Profits		-436,748	240,363	2,398,416	2,524,025	3,641,148	2,348,704
Projected Dividends		-	-	-	-	-	-
Projected Retained Incomes		-436,748	240,363	2,398,416	2,524,025	3,641,148	2,348,704
Cumulative retained income		-436,748	-196,386	2,202,031	4,726,056	8,367,204	10,715,908

16.4.2 Projected cash flow Statements

- The projected sources and applications of funds and revenues are summarised in the attached Annex 2.
- The projected cash flow statements indicate that the company will have positive cash balances throughout the project lifetime of 10-years as summarised below:

Annex 2

RJ Mussa Construction Co. Ltd

Projected Cash Flow Statements

	Amount in TZS '000'					
	Year-1	Year-2	Year-3	Year-4	Year-5	Year-6
Cash Inflows						
Equity Financing						
Share Capital	-	-	-	-	-	-
Shareholders' Funds (CAPEX)	2,005,725	-	-	-	-	-
Shareholders' Funds (Working Capital)	411,134	583,647	-	-	-	-
Equity Financing	2,416,859	583,647	0	0	0	0
External Financing						
Long-Term Loans	1,500,000	-	-	-	-	-
Short-Term Loan	-	-	-	-	-	-
Total external Financing	1,500,000	-	-	-	-	-
Incomes from Operations						
Residential Construction Projects	1,375,000	1,375,000	3,025,000	3,025,000	5,005,000	5,005,000
Commercial Construction Projects	1,718,750	1,718,750	3,781,250	3,781,250	6,256,250	6,256,250
Mixed-Use Construction Projects	-	1,564,063	1,564,063	3,284,531	3,284,531	5,349,094
Institutional Construction Projects	-	2,406,250	2,406,250	5,053,125	5,053,125	8,229,375
Industrial Construction Projects	-	-	2,200,000	2,200,000	4,840,000	4,840,000
Civil & Infrastructure Projects	-	-	2,406,250	2,406,250	5,293,750	5,293,750
Gross Revenues	3,093,750	7,064,063	15,382,813	19,750,156	29,732,656	34,973,469
Less: Provision for Bad Debts	123,750	282,563	615,313	790,006	1,189,306	1,398,939
Incomes from Operations	2,970,000	6,781,500	14,767,500	18,960,150	28,543,350	33,574,530
Total Inflows	6,886,859	7,365,147	14,767,500	18,960,150	28,543,350	33,574,530
Cash Outflows						
Capital Expenditure						
Land	-	-	-	-	-	-
Buildings & Civil Works	431,550	-	-	-	-	-
Construction Equipment	2,184,000	-	-	-	-	-
Motor Vehicles	642,600	-	-	-	-	-
Pre-Operating costs:						
Administrative Costs	51,975	-	-	-	-	-
Loan Interest (1st Year)	-	-	-	-	-	-
Other Finance Costs	15,600	-	-	-	-	-
Capital Expenditure	3,325,725	-	-	-	-	-
Change in Operating Capital	411,134	583,647	1,040,574	642,012	1,248,688	770,415
Direct Operating expenses	1,735,938	3,974,953	8,689,828	11,152,745	16,810,595	19,766,096
Indirect Operating Costs	1,626,245	1,724,424	1,897,172	2,003,403	2,205,760	2,328,190
Loans Payments						
Principal Repayment	-	348,690	392,453	441,709	497,148	-
Interest Payments	41,113	285,774	346,067	361,012	430,443	469,647
Taxation	-	103,013	1,027,893	2,550,143	5,203,554	8,440,236
Dividends	-	-	-	-	-	-
Total Outflows	7,140,155	7,020,500	13,393,987	17,151,026	26,396,188	31,774,584
Surplus (Deficit)	-253,296	344,647	1,373,513	1,809,124	2,147,162	1,799,946
Opening Cash Balances	-	-253,296	91,351	1,464,864	3,273,989	5,421,150
Closing Cash Balances	-253,296	91,351	1,464,864	3,273,989	5,421,150	7,221,097

16.5 Balance Sheets

- The projected balance sheet is as presented in Annex 3.
- The projected balance sheet shows that the net physical assets are decreasing overtime due to depreciation. The total net assets increase overtime due to increased net current assets over time. The project is projected to have positive net current assets throughout the project life-time.

Annex 3						
RJ Mussa Construction Co. Ltd						
Projected Balance Sheets Statements						
Amount in TZS '000'						
	Year-1	Year-2	Year-3	Year-4	Year-5	Year-6
Fixed Assets						
Land	-	-	-	-	-	-
Buildings & Civil Works	431,550	428,098	410,974	394,535	378,753	363,603
Construction Equipment	2,184,000	2,184,000	1,911,000	1,672,125	1,463,109	1,280,221
Motor Vehicles	642,600	642,600	562,275	491,991	430,492	376,680
Pre-Operating costs:	247,575	247,575	165,050	82,525	-	-
Capital Expenditure	3,505,725	3,502,273	3,049,299	2,641,175	2,272,355	2,020,504
Less: Depreciation	3,452	370,449	325,598	286,296	251,850	221,657
Amortisation	-	82,525	82,525	82,525	-	-
Net Fixed assets	3,502,273	3,049,299	2,641,175	2,272,355	2,020,504	1,798,847
Current Assets:						
Cash Balances	-	91,351	1,464,864	3,273,989	5,421,150	7,221,097
Trade debtors	508,562	1,299,658	2,667,123	3,537,329	5,178,288	6,222,534
Advance Payments	90,411	240,521	485,648	650,770	944,922	1,143,067
Stocks	77,650	177,278	388,134	497,725	750,752	882,261
Other Current Assets	23,780	54,451	119,039	152,777	230,282	270,768
Total Current Assets	700,402	1,863,260	5,124,808	8,112,590	12,525,393	15,739,728
Current Liabilities:						
Trade creditors	90,411	275,132	588,575	791,768	1,167,901	1,411,732
Payables	10,972	26,217	57,135	73,905	111,007	131,131
Unearned Revenues	173,759	444,050	911,267	1,208,587	1,769,248	2,126,033
Other current Liabilities	14,127	31,729	67,610	86,973	130,031	153,265
Total Current Liabilities	289,268	777,127	1,624,588	2,161,233	3,178,187	3,822,161
Net Current Assets	411,134	1,086,133	3,500,220	5,951,356	9,347,206	11,917,567
Total Net Assets	3,913,407	4,135,432	6,141,395	8,223,711	11,367,711	13,716,415
Financed By:						
Equity Financing						
Share Capital	-	-	-	-	-	-
Shareholders' Funds (CAPEX)	2,005,725	2,005,725	2,005,725	2,005,725	2,005,725	2,005,725
Shareholders' Funds (Working Capital)	411,134	994,782	994,782	994,782	994,782	994,782
Retailed Earnings	-436,748	-196,386	2,202,031	4,726,056	8,367,204	10,715,908
Equity Financing	1,980,111	2,804,121	5,202,538	7,726,563	11,367,711	13,716,415
External Financing						
Long-Term Loans	1,680,000	1,331,310	938,857	497,148	-	-
Short-Term Loan	253,296	-	-	-	-	-
Total external Financing	1,933,296	1,331,310	938,857	497,148	-	-
Total Financing	3,913,407	4,135,432	6,141,395	8,223,711	11,367,711	13,716,415

16.6 Economic Benefits of the Project

- **Tax Income** – the company will pay income taxes, property taxes, corporate taxes and other taxes to the Tanzania government.
- **Jobs Creation** – the company will continue offer jobs to over 35 as permanent employees and over 350 people as casual workers.

FINANCIAL REQUIREMENTS

17.1 Sources And Uses of Funds

- RJ MUSSA CONSTRUCTION is seeking for a medium-term loan facility to the tune of TZS 1,500,000,000 from external financiers.
- The proposed loan facility will be utilized to finance procurement of construction equipment and motor vehicles.
- The sources and uses of funds are as follows:

17.2 Proposed Short-term Loan Facility

- The following are the proposed Terms and Conditions of the required loan to part finance the project;

Main loan conditions	
Loan Currency	Tanzania Shillings
Loan Amount	TZS 1,500,000,000
Type of facility	Medium-Term Loan
Mode of disbursement	Direct disbursement to the account of the Supplier of motor vehicles & equipment
Loan repayment	4-equal instalments payable after every 3-months on interest + principal
Loan tenure	6-Years including 12-months of grace
Interest rate	Fixed rate of 12% p.a.

17.3 Security of the loan

- A First ranking fixed debenture over landed property, and floating debenture over the company's movable assets.