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CAPWELL INDUSTRIES (TANZANIA) LIMITED

**BUSINESS PLAN/FEASIBILITY STUDY FOR THE PROPOSED AGRO-PROCESSING AND
GRAIN MILLING PROJECT IN DAKAWA AREA,
MVOMERO DISTRICT, MOROGORO REGION, TANZANIA**

NOVEMBER 2025

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1. INTRODUCTION

This Business Plan and Feasibility Study (the **Business Plan**) is submitted by Capwell Industries (Tanzania) Limited (**Capwell**) in support of its application for a certificate of incentives under the Tanzania Investment Act, Cap. 38, R.E. 2022. It has been prepared exclusively for the benefit and internal use of the Tanzania Investment and Special Economic Zones Authority (**TISEZA**) to whom it is directly addressed and delivered to assist in evaluating Capwell's application. This document contains confidential and proprietary information belonging to Capwell and its shareholders. Accordingly, neither this document nor any part thereof may be disclosed or used for any other purpose without the prior written consent of the company.

Capwell shareholders were pioneers in flour fortification in Kenya through Capwell Industries Limited, a leading regional food processing and packaging company established in Kenya. The company has since grown into one of East Africa's most recognized brands, producing maize meal, rice, pulses, wheat flour, and porridge products under several consumer labels.

The establishment of Capwell a strategic entry into the Tanzanian market, aligning with the Government of Tanzania's industrialization and value addition agenda. The company's core focus is to enhance agro-processing capacity, reduce post-harvest losses, and promote food security through sustainable processing and packaging of locally produced grains. Capwell anticipates employing approximately 120 people directly upon commencement of operations in the fourth quarter of 2026, following construction and equipment installation within Morogoro.

2. PROJECT OBJECTIVES, DESCRIPTION AND RATIONALE

2.1. Project Objective

The objective of this project is to rehabilitate and operationalize a modern agro-processing and rice fortification facility in Morogoro, Tanzania, within 12–18 months, to enhance local value addition, food security, and farmer livelihoods. The project seeks to:

- a) Replace obsolete milling equipment with a new 4–5 TPH modern rice mill equipped with fortification capability to produce affordable, nutritious, and high-quality rice;
- b) Repair and upgrade key supporting infrastructure, including the boiler, dryers, transformer, roads, offices, weighbridge, and security systems;
- c) Establish a reliable paddy drying and storage service for local farmers and expand into multi-crop value chains such as maize, pulses, lentils, millet, and spices;
- d) Strengthen farmer engagement through partnerships with cooperatives, farmer groups, and advisory agencies, ensuring sustainable supply, capacity-building, and long-term trust; and
- e) Support Tanzania's Vision 2025 and Agricultural Sector Development Programme Phase II (**ASDP II**) by promoting agro industrialization, reducing post-harvest losses, creating employment, and positioning Tanzania as a regional grain processing and export hub under the East Africa Community (**EAC**) trade framework.

2.2. Project location and description

2.2.1. Location: The project will be located at Dakawa area, in Mvomero District, Morogoro Region, Tanzania

2.2.2. Property & Site Overview: 14.48 ha Dakawa irrigation scheme site, with 5,000 sqm go-down, drying yard, tractor/trailer fleet, transformer and office block.

The rice milling facility located in Morogoro has remained non-operational for approximately eight (8) years and will require extensive rehabilitation prior to recommencement of operations.

A comprehensive restoration program shall include securing the entire property through the construction of boundary walls and fencing, complemented by the installation of a modern security system incorporating surveillance cameras and trained security personnel. The existing milling line is expected to require replacement with a new 4–5 tonne-per-hour rice mill, while the cleaning section should undergo a detailed technical assessment to determine its operational viability.

The go-downs need roof repairs and possible structural reinforcement. The steam boiler system shall be thoroughly inspected, pressure-tested, and certified to ensure it meets current safety and performance standards.

Infrastructural works shall include rehabilitation of the internal and access roads to facilitate smooth transport and logistics operations. The installation of a new weighbridge is essential for accurate weighing of paddy and finished rice.

On-site staff accommodation shall be constructed to support efficient mill operations, particularly for technical personnel. The administrative offices require full renovation and modernization to provide a conducive working environment. Electrical systems, including transformers, distribution lines, and internal wiring, must be inspected and tested to confirm operational integrity, with reconnection to the national grid as required. Additionally, auxiliary systems such as water supply, drainage, and fire protection should be reviewed and upgraded.

Once the rice milling facility has been fully restored and operationalized, the next phase of development will involve the installation of a pulses and spices cleaning plant to diversify production capabilities and enhance value addition within the complex. This will be followed by the establishment of a maize milling plant, as outlined in the CAPEX plan.

These subsequent phases are intended to transform the Morogoro site into a multi-product agro-processing hub, maximizing asset utilization and strengthening the company's presence across key grain and food categories in the region

- 2.2.3. Market Context:** The Dakawa irrigation scheme supports large-scale rice farming. There is a high demand for milling and storage facilities due to growing rice consumption in Tanzania and exports to regional markets. Capwell will capture value in storage, drying, and milling services.

2.3. Rationale for investing in Tanzania.

Capwell's decision to invest in Tanzania is driven by both strategic growth considerations and a commitment to contribute to Tanzania's socio-economic transformation through agro industrialization. Tanzania presents a rapidly expanding market, accelerating urbanization, and rising demand for affordable, nutritious, and high-quality staple foods. Establishing a modern agro-processing facility in Morogoro a key rice and grain-producing region positions Capwell as a catalyst for inclusive and sustainable agricultural development.

Tanzania's agricultural potential is significant but underutilized, with smallholder farmers facing post-harvest losses, limited access to modern milling, and price volatility. Increased investment and competition in local processing will create a stable market for farmers, reduce losses, and improve pricing. This will not only retain more value within the country but also enhance the competitiveness of Tanzania's agricultural sector and support rural incomes.

Beyond economic returns, the project will deliver strong developmental impact. Modern milling, drying, and storage infrastructure will reduce post-harvest losses, improve grain quality, and enhance market access for farmers. It will also introduce fortified, nutritionally enriched foods. The founders of Capwell were pioneers in flour fortification in Kenya, implementing it even before regulation required it, and are now fortifying rice voluntarily. They will apply the same high standards in Tanzania, supporting national priorities on food security, nutrition, and industrial growth. This directly aligns with Vision 2025 and ASDP II, which highlight agribusiness, agro-processing, and infrastructure as key to unlocking Tanzania's agricultural potential and driving inclusive economic development.

The establishment of this project further aligns with the government's drive to attract manufacturing investment under the now defunct Tanzania Investment Centre (TIC) framework and the TISEZA. Capwell's entry will bring in technology transfer, best practices in food safety and fortification, and capacity-building for local staff hereby improving sector standards and enhancing Tanzania's regional competitiveness.

From an employment and social impact perspective, the project is expected to create over 100 direct and approximately 400 indirect jobs within the first three years. It will also establish structured partnerships with farmer groups, cooperatives, and advisory organizations such as Mazao Hub and Sokoine University Graduate Entrepreneurs Cooperative (**SUGECO**) to provide training on crop diversification, climate-smart agriculture, and financial literacy. This will promote long-term farmer empowerment and inclusive growth.

Strategically, this investment shall strengthen Tanzania's position as a regional grain processing and trading hub. By developing Capwell's strong distribution network across East Africa, locally processed products from the Morogoro facility will access export markets such as Kenya, Rwanda, Uganda, and the Democratic Republic of Congo (**DRC**), boosting Tanzania's foreign exchange earnings and regional integration under the EAC trade framework.

2.4. Services to be provided

Capwell will process, package, and distribute rice, maize flour, wheat flour, and pulses. In addition, the company will provide contract milling and packaging services for farmer groups, cooperatives, and private traders. Over time, Capwell intends to introduce fortified flours and instant breakfast products tailored to the East African consumer market.

3. INVESTOR PROFILE

Capwell is a private limited company incorporated under the Companies Act, 2002 of the United Republic of Tanzania. The company's shareholding is structured with Rajan Dalichand Shah (Kenyan national) holding 50% and Chetan Dalichand Shah (Kenyan national) holding 50%.

In Kenya, the shareholders have successfully established and grown Capwell Industries- Kenya; a leading food manufacturer known for high-quality maize, rice, and wheat products. Under their leadership, the company has achieved wide market reach through major retail chains, institutional supply networks, and regional exports.

Capwell- Kenya has also earned recognition for its strong compliance culture, adhering to laws such as the Standards Act, Food, Drugs and Chemical Substances Act, Public Health Act, Environmental Management and Coordination Act (EMCA), Occupational Safety and Health Act, and the Data Protection Act. Continuous investment in modern milling technology and sustainable manufacturing practices has further strengthened its operations.

This proven track record in Kenya, combined with a robust customer and partnership network including Naivas Supermarkets, Quickmart, and Carrefour, among others, provides a solid foundation for replicating operational excellence, innovation, and compliance-driven growth in Tanzania.

4. MARKET ANALYSIS

4.1. Executive Summary of Market Opportunity

The market study validates a significant opportunity for establishing a modern, sustainable grain storage, drying, and milling facility in Tanzania. Key drivers include:

- 4.1.1. **Massive Supply Base with Critical Post-Harvest Losses:** Tanzania ranks among the top producers of maize, rice, pulses, and spices in Africa, yet post-harvest losses range from 30 to 40% due to inadequate drying, storage, and processing. Capwell's facility will address this pain point, offering both storage and value addition.
- 4.1.2. **Robust and Growing Demand:** Domestic demand for processed and fortified grains is rising with urbanization and population growth. Regionally, Tanzania is a key supplier to structurally deficit East African and Southern African markets, providing premium export opportunities.
- 4.1.3. **Competitive Gap:** The market is largely dominated by small-scale operators delivering inconsistent and low-quality output. A modern, certified, traceable facility offers a compelling competitive advantage, positioning Capwell as a market leader in quality and reliability.

- 4.1.4. **Strategic Alignment:** The project aligns with the Tanzanian government’s ASDP II and Vision 2025 objectives for agro-industrialization and food security, enhancing eligibility for support, incentives, and partnerships.

4.2. Market Feasibility Analysis

4.2.1. Supply: Abundant Raw Material with Critical Pain Points

Tanzania has a strong production base for grains and spices, offering ample raw materials for agro-processing. Key production volumes include:

Production Volumes:

- **Maize:** 6–7 million metric tons annually; central corridor (Morogoro, Iringa, Rukwa) is the key production zone.
- **Rice:** Over 3 million metric tons (milled); major hubs include Morogoro, Shinyanga, Mbeya, and Mwanza.
- **Pulses & Lentils:** Tanzania is a leading producer of pigeon peas, beans, cowpeas, and chickpeas (~2 million metric tons).
- **Spices:** Chilies, turmeric, ginger, and cardamom, mostly smallholder grown.

Post-Harvest Losses:

- **Current Losses:** 30–40% due to inadequate drying, poor storage (exposed silos, pests, moisture), and inefficient transport.
- **Farmer Impact:** Farmers sell immediately post-harvest at low prices. Capwell’s storage-as-a-service and aggregation hub will enable farmers to store produce, access better prices, and increase income.

4.2.2. Demand: Strong Domestic and Export Pull

Domestic Market: Urbanization in Tanzania currently stands at 35.2% and is growing at approximately 5.2% annually. This trend drives increasing demand for convenient, high-quality, and fortified food products such as maize flour, polished rice, and sorted pulses. Institutional buyers, including schools, universities, prisons, and food manufacturers, require consistent volumes, reliable quality, and standardized product specifications. Although the retail sector remains predominantly informal (~90%), the formal supermarket and retail segment is growing at over 15% annually, creating opportunities for branded and certified products.

Export Market:

- **Regional (EAC & Southern African Development Community (SADC):** Tanzania is well-positioned to supply deficit markets such as Kenya, Rwanda, Burundi, DRC, Uganda, and South Sudan with maize, rice, pulses.
- **International:** There is a growing demand in Europe, the Middle East, and Asia for traceable, sustainably sourced pulses and spices (e.g., pigeon peas to India).

4.2.3. Policy & Regulatory Environment

- a) **Government Support:** ASDP II encourages private agro-processing investment and post-harvest loss reduction. Capwell can leverage incentives and technical support.
- b) **Trade Policy:** Membership in the EAC and SADC facilitates tariff-free regional exports enhancing market access.
- c) **Standards Compliance:** Compliance with Tanzania Bureau of Standards (TBS) and obtaining international certifications such as ISO 22000 and HACCP will enable premium market positioning and consumer trust.

4.2.4. Target Market Segments & Revenue Streams

Capwell's business model will be diversified to mitigate risk and maximize revenue:

Market Segment	Product Offering	Value Proposition	Key Customers
Institutional Buyers	Bulk, milled grains meeting specific standards	Volume, consistency, reliability, competitive pricing	Schools & Institutions, manufacturers.
Export Market	High-quality milled grains, sorted & graded pulses, dried spices	Aflatoxin-free, traceable, sustainably sourced, certified	Regional traders, international commodity brokers.
Service-Based	Custom milling, drying, and storage for farmers / cooperatives	Reduced losses, increased farmer income (fee-for-service).	Local farmers, cooperatives
Domestic Retail	Branded, packaged maize flour, rice, pulses, spices	Quality, food safety, convenience, branding.	Supermarkets, retail shops, wholesalers.

4.2.5. Capwell's Competitive Advantages

Capwell is strategically positioned to lead the Tanzanian agro-processing market, leveraging the following advantages:

- Quality & Food Safety; Zero-tolerance for aflatoxin, impurities.
- Sustainability Story; Emphasis on reducing food waste, empowering smallholder farmers, and community impact.
- Farmer-Centric Model; Fair pricing, storage services, training ensures loyal supply and mitigates raw material volatility.
- Modern Technology; Efficient drying and milling reduce costs and improves product quality.
- Fortified products; enriched with essential micronutrients to combat micronutrient deficiencies among low-income and vulnerable populations.

4.2.6. Integration with Operations & Financial Planning

Capwell's operational and financial strategies are closely aligned to ensure sustainability and growth:

- Raw material sourcing strategies will focus on Dakawa and central corridor producers, reducing costs and post-harvest losses.
- Contract farming programs with Umoja wa Wakulima Wadogo Dakawa (UWAWAKUDA) and youth integration via SUGECO ensure quality, traceability, and community impact.
- Export and premium domestic markets will drive revenue diversification and higher margins.
- Financial projections (CapEx, OpEx, revenue streams) will incorporate volume forecasts, pricing strategies, and seasonality effects derived from this demand study.

5. OPERATIONS PLAN

5.1. Project Location & Capacity

The project will be located in Dakawa, Morogoro, strategically positioned near major raw material sources and with reliable access to water, electricity, and transport networks. The facility's initial capacity is planned as follows: rice milling at 100 tons per day (TPD) and pulses, lentils, and other grains for drying and storage at 10,000 metric tons (MT).

5.2. Planned Phased Offering

The project will be implemented in three phases. Phase 1 will focus on providing storage and drying services for rice and other grains. Phase 2 will introduce rice milling operations, utilizing a 4–5 TPH capacity mill equipped and ready for fortification. Phase 3 will expand operations into multi-crop agro-processing, including maize, pulses, lentils, millet, and spices.

5.3. Infrastructure and Equipment

The facility will be revitalized through significant upgrades and installation of modern equipment. This includes the replacement of the existing milling plant with a 4–5 TPH Buhler rice mill fitted with fortification capabilities to enhance nutrition. Supporting infrastructure will include a new weighbridge, assessment and repair of the boiler for dryers, rehabilitation of tractors, trailers, and mechanical equipment, and full restoration of go-downs, drying yards, offices, and security systems. Additionally, the transformer connection to the national grid will ensure stable power supply.

5.4. Raw Material Sourcing

Capwell will source its raw materials primarily from local farmers and cooperative Societies, ensuring direct impact on rural livelihoods. The company will train farmers and provide agricultural inputs to enhance quality, consistency, and yields, supporting Tanzania's agenda of agricultural transformation and local value addition.

5.5. Quality Assurance

The facility will fully comply with TBS requirements and international benchmarks such as HACCP and ISO 22000. Continuous quality audits and regular staff training will sustain adherence to global food safety and fortification standards.

5.6. Staffing and Human Resource Development

Local recruitment will be prioritized to maximize employment and skill transfer. Initially, the workforce will comprise operational, administrative, and technical staff, with structured training programs in place to build capacity, enhance expertise, and ensure operational efficiency.

5.7. Logistics and Distribution

The company will establish an integrated distribution network covering warehousing, transportation, distributor partnerships, retail chains, and regional export markets. Shelf-life management systems will be incorporated for sensitive fortified and ready-to-eat products, ensuring product quality across all markets.

5.8. Farmer Engagement and Value Chain Development

Capwell's approach places farmers at the centre of its operations. In collaboration with Mazao Hub and other agricultural advisory institutions, the company will support farmers through training on best practices, crop diversification, and post-harvest handling.

Farmers will benefit from offtake contracts, access to drying, storage, and milling services at fair rates, and consistent market access through Capwell's processing and distribution channels.

5.9. Management and Organization

Ownership and Legal Framework: Capwell shall operate under a derivative right of occupancy granted by TISEZA, providing security of tenure and alignment with national investment regulations.

Management and Governance: Operations will be guided by an experienced leadership team from Capwell Kenya, providing strategic oversight, technical expertise, and governance support, while local operational managers ensure contextual alignment and efficiency.

5.10. Staffing Structure

Capwell's staffing structure is designed to ensure efficient operations, effective farmer engagement, and robust administrative support. The operations team will include millers, dryer operators, warehouse staff, and security personnel to manage the core processing and storage functions. Field officers will be deployed to train and engage farmers, oversee value chain coordination, and ensure consistent supply of high-quality raw materials. Administrative and support staff will manage accounts, procurement, logistics, compliance, and other essential back-office functions, providing the foundation for smooth and compliant business operations.

5.11. Implementation Plan and Timeline

Capwell's project rollout is structured into clear, time-bound phases to ensure efficiency, accountability, and measurable progress:

Phase	Key Activities	Timeline
Planning & Feasibility	Market research, site visits, regulatory compliance, supplier sourcing, and permit acquisition	3–6 months
Capital Investment & Setup	Land acquisition, construction, equipment purchases and installation, recruitment, and quality system setup	6–12 months
Pilot Production / Launch	Trial runs, test marketing, and soft launch	12–18 months
Full Commercial Operations	Full-scale production, distribution, and marketing ramp-up	Months 12–24
Expansion & Scaling	New product lines, export markets, and value addition	Years 2–5

6. INVESTMENT AND CAPITAL EXPENDITURE

6.1. Project cost

The estimated total project cost covers land acquisition, factory construction, equipment procurement, and initial working capital. Key components of capital expenditure include:

- Land and site development: Acquisition of suitable land in Morogoro.
- Civil works and infrastructure: Construction of processing plant, warehouses, and administrative offices.
- Machinery and equipment: Modern milling, cleaning, drying, and packaging lines designed for energy efficiency and durability.
- Utilities: Power supply, water, waste treatment systems, and solar energy backup.
- Transport and logistics: Trucks, handling, and storage equipment.
- Working capital: To support initial operations, raw material procurement, and market entry.

A detailed cost breakdown is as per the below extract.

Phased CAPEX Plan – Tanzanian Rice Milling & Sourcing Hub

Phase	Scope of Work	Key Components	Estimated CAPEX (USD)	Timeline
Phase 1: Core Rice Milling Facility	Establish base rice milling operations	Site preparation, roads, Drainage	\$50,000	Year 1
		Land Acquisition.	\$445,155	
		Civil Construction (Warehouse repairs, office repairs, site fencing, weighbridge foundations, security)	\$150,000	
		Weighbridge	\$50,000	
		Utilities & Infrastructure - Boiler & Power System (Steam, generator, electrification, transformer)	\$250,000	
		Padding Intake, cleaning destoning repair/upgrade, scales	\$100,000	
		4-5TPH Paddy Mill (cleaning, husking, polishing, grading, bagging)	\$500,000	
		Packaging Equipment	\$70,000	
		Engineering & Project Mgt	\$35,000	
		Licences, permits & Approvals	\$50,000	
Contingencies (10%)	\$170,016			
			\$1,870,171	
Phase 2: Pulses, Lentils & Spices Processing	Develop the site into a sourcing & value-addition hub	Cleaning, grading, packaging line for pulses and Lentils	\$400,000	Year 2-3
		Spice Processing, Cleaning & Packing		
		Small Scale dedicated cleaning and handling areas		
		Packaging Equipment		
			\$400,000	
Phase 3: Expansion into Maize Milling	Diversify into maize processing	Additional infrastructure to house new Maize Mill	\$1,750,000	Year 4-5
		8-10 TPH Maize milling line, cleaning, degerming, milling & Packing		
		Additional Silo Storage for Maize		
			\$1,750,000	
Total			\$4,020,171	

6.2. Financing Plan

The project will be financed through a combination of:

- Shareholder equity by contributions from Capwell shareholders to provide initial capital; and
- Bank financing by obtaining loans from local banks or development finance institutions to support long-term growth.

Capwell is open to partnerships with financial institutions that support agro-industrial investments. Final financing terms will be determined based on lender requirements and project appraisal outcomes.

6.3. Financial projection for the next 5 years

The project is designed to be commercially sustainable and socially impactful. Key benefits include:

- Increased income for local farmers;
- Job creation and skills development; and
- Contribution to taxes, government revenue, and national GDP.

By year 5, Capwell anticipates achieving sustainable profitability driven by efficient operations, brand trust, and market linkages. Below is a detailed financial projection for the first 5 Years.

5 year Capwell Tz P & L projection						(Tz Sh "000")
Year	1	2	3	4	5	Total
Volume (MT)	5,400	7,776	26,404	37,986	46,140	123,706
Revenue	27,095,738	39,017,862	72,478,897	100,589,625	111,836,364	351,018,485
Total COGS	20,321,803	29,263,397	56,219,819	78,233,187	87,598,564	271,636,769
Total Gross Profit	6,773,934	9,754,466	16,259,079	22,356,438	24,237,800	79,381,716
GP %	25%	25%	22%	22%	22%	23%
Marketing	1,910,000	2,292,000	3,438,000	3,438,000	3,820,000	14,898,000
Opex	5,730,000	9,443,889	10,823,333	10,823,333	10,823,333	47,643,889
Depreciation	856,945	1,105,245	1,105,245	2,191,558	1,334,613	6,593,607
PBT	(1,723,011)	(3,086,669)	892,500	5,903,547	8,259,854	10,246,221

3. EMPLOYMENT GENERATION

The project will create significant employment during both construction and operational phases.

- a) **Construction phase:** During construction, the project will employ approximately 50–80 personnel, including engineers, builders, transporters, and local artisans. Priority will be given to local hiring to promote community engagement and capacity building.
- b) **Operational phase:** Once operational, the facility is expected to generate approximately 100–120 direct jobs and 350–450 indirect jobs across sourcing, logistics, distribution, and support functions. Key departments will include Production, Quality Assurance, Maintenance, Logistics, Sales, and administration.

Staffing Composition and Capacity Building:

- The Locals are expected to constitute around 80–85% of the workforce, with expatriates engaged primarily for specialized technical and managerial roles.
- Structured on-the-job training programs and skills development initiatives will ensure knowledge transfer and enhance operational efficiency.
- A succession planning framework will be implemented to develop future local leaders within the organization.

Expected employment Generation.

Role / Function	Year 1 — 2026 (single shift)	Year 2 - 2027 (two shifts)	Year 3 - 2028 (+ pulses & lentils)	Year 4 - 2029 (+ maize mill)
Mill intake, cleaning & drying staff	8	16	16	16
Mill supervision & mill operators	6	12	12	18
Boiler / dryer operators	2	4	4	6
Weighbridge operators	2	4	4	4
Security (24/7)	6	8	8	10
Head of Finance	1	1	1	1
Finance officers (other)	2	3	3	4
IT / Systems support	1	1	1	1
Maintenance (mechanic,	3	5	6	8
Local purchasing / procurement	1	1	2	2
Plant Manager	1	1	1	1
HR / Admin	1	1	1	1
Quality Assurance / Lab technician	2	3	3	4
HSE / Safety officer	1	1	1	1
Drivers (transport)	2	3	4	5
Storekeepers / Warehouse staff	4	6	8	10
Packers (bagging / packing lines)	4	8	12	16
Sales / Marketing / Logistics	1	2	3	4
Extension / Farmer liaison officers	2	3	4	4
Cleaners / General labour	4	6	8	10
Total headcount	54	89	102	126

4. SOURCE OF TECHNOLOGY

The Company will adopt modern, reliable, and energy-efficient processing technology from internationally recognized suppliers. Equipment will be selected based on:

- Durability and low maintenance requirements.
- Compatibility with local grain varieties.
- Potential for technology transfer and capacity building of local staff.

Technical service providers will support installation, commissioning, and staff training.

5. ENVIRONMENTAL CONSIDERATIONS

9.1. Compliance.

Capwell will conduct an Environmental Impact Assessment in accordance with the guidelines and requirements of the National Environment Management Council (NEMC). All project activities will adhere to national environmental regulations to ensure sustainable development and minimal ecological impact.

9.2. Baseline Environmental Conditions

The project site is located within the Dakawa irrigation scheme in Mvomero District, Morogoro Region. The land is predominantly used for agriculture, with rice as the main crop, supported by irrigation through the cooperative system. The site has a modified landscape characterized largely by farmland with minimal natural vegetation remaining. Local communities, primarily smallholder rice farmers, depend on agriculture and irrigation for their livelihoods. Existing infrastructure includes an idle milling facility, go-downs, a concreted drying yard, and road access, which requires repairs. The site has been largely inactive for approximately eight years, resulting in some deterioration of buildings and storage of existing equipment.

9.3. Potential Positive Impacts

The project is expected to generate significant positive impacts across economic, social, and environmental dimensions.

Economically, the revitalization of the idle facility will create over 100 direct jobs within the first three years, enhance market access for local farmers, and provide value addition through milling and storage, ultimately leading to higher farmer incomes.

Socially, the initiative will improve livelihoods by promoting crop diversification, including rice, pulses, maize, and green gram, while providing farmer training in climate-smart agriculture in collaboration with Mazao Hub and other advisory institutions. These efforts will strengthen food security and support regional trade. Environmentally, the project will reduce post-harvest losses through improved drying and storage infrastructure, while encouraging the adoption of alternative crops and sustainable soil fertility management practices, contributing to long-term ecological stewardship.

Environmentally, the project will reduce post-harvest losses through improved drying and storage infrastructure and encourage the adoption of alternative crops and sustainable soil fertility management practices, contributing to long-term ecological stewardship.

Potential Negative Impacts & Mitigation Measures		
Impact Area	Potential Issues	Mitigation Measures
Air Quality	Dust emissions from intake, drying, milling; boiler smoke if biomass/wood/husk used	- Install dust filters/extraction at mill. - Use rice husk/biomass efficiently in boiler with - PPE for staff.
Water Use & Effluent	Limited wastewater (mainly cleaning, domestic use); potential contamination if not managed	- Provide soak pits/septic tanks for domestic - Ensure drainage is controlled to avoid runoff into
Solid Waste	Husk, bran, sweepings from mill	- Reuse husk as boiler fuel or animal bedding. - Sell bran as animal feed.
Noise	Milling machines and dryers	- Provide hearing protection. - Restrict loud operations to daytime. - Install acoustic shielding where possible.
Soil & Land	Risk of soil compaction or minor contamination from oil leaks (tractors, machinery)	- Regular equipment maintenance. - Designated refueling/maintenance zones with
Energy Use	High demand from milling, drying, storage cooling (if added)	- Connect to grid; explore renewable/solar hybrid. - Energy-efficient motors and lighting.
Transport & Roads	Dust, noise, traffic from increased truck/tractor use; road degradation	- Repair access road and culverts. - Enforce speed limits. - Schedule deliveries to reduce congestion.
Occupational Health & Safety	Risk of accidents, fire, dust inhalation, boiler hazards	- Full HSE plan, fire-fighting equipment, training. - Provide PPE (helmets, boots, gloves, masks). - Routine medical checks.
Community Impacts	Potential conflicts on crop pricing, land use, or traffic	- Establish farmer liaison committee. - Transparent pricing and contracts. - Engage community in decision-making.

These initiatives ensure minimal ecological impact while supporting environmental stewardship.

6. SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY (CSR)

Capwell is committed to sustainability and social responsibility across multiple dimensions. In terms of nutrition, the company will produce fortified products to improve diets and reduce malnutrition. Environmentally, operations will prioritize efficient energy use, water recycling, waste management, and by-product utilization to minimize ecological impact.

From a community perspective, Capwell will promote contract farming, create local employment, and empower youth and women through partnerships with organizations such as SUGECO. Finally, food safety and consumer health will be maintained through strict adherence to hygiene and Nutrition Impact: Fortified products, improving diets, reducing malnutrition.

CSR performance and sustainability efforts will be monitored and reported through **quarterly CSR reports, third-party audits, stakeholder feedback, and internal review meetings** to ensure accountability and compliance with attendant regulations.

7. STRATEGIC PARTNERSHIPS

Capwell plans to establish strong partnerships to strengthen its operations, drive innovation, and support community development. The company will partner with UWAWAKUDA , a cooperative society that supports over 800 small-scale rice farmers managing approximately 2,000 hectares of irrigated land in Dakawa. This collaboration will be anchored on contract farming and purchase agreements to ensure reliable market access and stable income for farmers.

Capwell will also introduce quality grading, drying, and storage systems to enhance post-harvest management, reduce losses, and provide training on improved and sustainable farming practices. Support for fortified rice initiatives and joint CSR programs will further strengthen farmer livelihoods and promote inclusive growth within the community.

Capwell will also partner with SUGECO, a graduate entrepreneurship and agribusiness cooperative linked to Sokoine University. This partnership will focus on joint product development, including fortified porridge, beverages, and pulses-based snacks, youth engagement in contract farming and aggregation, as well as provision of training, extension services, and digital agriculture tools. The collaboration will also leverage SUGECO's incubation facilities for R&D and packaging innovation, with co-branding initiatives to highlight youth empowerment and innovation.

Together, these collaborations form a triangular partnership model: UWAWAKUDA will supply raw materials, SUGECO will provide innovation, youth engagement, and training, and Capwell will contribute processing expertise and technology for fortified food production, ensuring compliance with quality, safety, and nutritional standards. In addition, Capwell will align with Mazao Hub and other advisory bodies to offer offtake contracts for rice and secondary crops, provide drying, storage, and milling services on fair terms, and build a loyal, sustainable supply chain for its mill operations.

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8. CONCLUSION

Capwell represents a strategic investment in Tanzania's agro-industrial transformation. By revitalizing idle infrastructure in Dakawa, the project will create over 100 direct and 400 indirect jobs, enhance farmer incomes through contract farming, and strengthen food security via modern milling, drying, storage, and fortified grain production.

Through structured partnerships with UWAWAKUDA, SUGECO, and Mazao Hub, Capwell will foster innovation, youth and women empowerment, and capacity-building across the value chain. The initiative supports Tanzania's Vision 2025, ASDP II, and TISEZA priorities by promoting local value addition, technology transfer, industrial growth, and regional export competitiveness. With planned phased operations over 12–18 months, Capwell is poised to deliver measurable economic, social, and environmental impact, positioning Tanzania as a leading agro-processing hub in East Africa.