

MOFAT COMPANY LIMITED

**BUSINESS PLAN
FOR
BUSS RAPID TRANSIT PHASE II**

FIVE YEARS: 2025-2035

**Prepared by;
Mofat Company Limited**



December 10, 2024

CORPORATE INFORMATION

Date of Incorporation: 2018

VAT REG. Number: 40-030215-F

TIN Number: 136-950-134

Business Activity: The Company among other activities is dedicated to providing Transport by road.

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LIST OF ABBREVIATIONS

BRT	Bus Rapid Transport
MCT	Mofat Company Limited
PPP	Private Public Partnership
CEO	Chief Executive Officer
CFO	Chief Finance Officer
CFO	Cash Flows Generated from Operations
CHRO	Chief Human Resource Officer
COO	Chief Operating Officer
DART	Dar es Salaam Rapid Transit
DCC	Dar es Salaam City Council
DMT	Dar es Salaam Motor Transport Company
FY	Financial Year
GoT	Government of Tanzania
ISP	Interim Service Provision
LATRA	Land Transport Regulatory Authority Authority
PAYE	Pay As You earn
PBT	Profit Before Tax
PLC	Public Limited Company
SDL	Skills Development Levy
TSP	Transport Service Provision
TZS	Tanzania Shilling
UDA	Shiirika la Usafiri Dar es Salaam
UDART	UDA Rapid Transit PLC
VOC	Vehicle Operating Cost
WCF	Workers Compensation Fund

1.0 EXECUTIVE SUMMARY

Dar es Salaam is a city located in Tanzania and was formerly known as Mzizima. It was once the capital city until 1974, when Dodoma was named as the capital. However, today, Dar es Salaam remains the largest city in Tanzania in terms of population. In fact, its population is the largest in all of East Africa. The total population of Dar es Salaam is over 7.7 million as at the end of 2023.

Traffic congestion has been one of the major problems facing Dar es Salaam City and has been attributed to a number of factors such as:-

- a. Rapid population increase
- b. Inadequate and poor road infrastructure
- c. The city structure
- d. Rapid increase in number of cars and lack of a physical plan to control the city development.

Population Growth

The population of Dar es Salaam has grown significantly over the last decade, standing at 7.7million as at the end of the year 2023 and growing at an average rate of 5 % per annum.

If this growth persists, the population in the city will hit a record 11million in the year 2030 as indicated below:

Year	2024	2025	2026	2027	2028	2029	2030
Population	8,164,658	8,572,891	9,001,536	9,451,613	9,924,193	10,420,401	11,420,403

Dar es Salaam's 2024 population is now estimated at 8,161,231. In 1950, the population of Dar es Salaam was 83,844. Dar es Salaam has grown by 385,366 in the last year, which represents a 4.96% annual change. These estimates represent the urban agglomeration of Dar Es Salaam, which typically includes Dar Es Salaam's population in addition to adjacent suburban areas.

Temeke District

Temeke is one of the five districts which made up Dar es Salaam region, Temeke is bordered to the south by the Mkuranga District of the Pwani Region, to the North by the Indian Ocean and to the Northwest by the Ilala District and in the East is shared by Kigamboni District. National Tanzania Census states the population of the district as in 2022 is 1,346,674 and around 1, 413,334 in 2023 in the growth of 4.95% which the region enjoying.

The district covers an area of 150.4km (58.1 Sq mi) also it is the home to the University of Dar es Salaam's School of Education, the National Stadium, the largest stadium in the country, Port of Dar es Salaam the largest port in the country, and The Chamazi Stadium the largest privately owned stadium.

Temeke has 23 wards, which are:- Azimio, Changombe, Buza, Chamazi, Charambe, Keko, Kiburugwa, Kijichi, Kilakala, Kurasini, Makangarawe, Mbagala, Mbagala kuu, Mianzini, Miburani, Mtoni, Sandali, Tandika, Temeke, Tuangoma and Yombo Vituka.

The biggest challenge living in Temeke District is Public Transport as it in other districts, which mostly resulted by populations' growth and other factors as mentioned above. Movement within and outside the district is quite cumbersome issue.

- Public transport system in Temeke District is majorly through the "*dala dala*" is unreliable and crowded thus avoided by many.
- The working class who can afford prefer to use personal cars, further exacerbating the situation.
- If nothing is done to remedy this situation, the District will grind to a halt in the near future leading to massive economic losses and security challenges.

The government has tried to address the public transport challenge although it has been faced with a number of challenges. The lack of access to sustainable finance to

invest in the expansion and construction of new roads, and investment in mass public transport systems has been the biggest challenge.

The investment in the Bus Rapid Transport (BRT) is one of the intervention by government to address the challenge.

- The construction of Line 2 is done by 100% but the busses to run the phase but there is no even a single bus for the operation
- Line 1 that is in operation is currently congested and has inadequate number of buses to ferry all the passengers in the stations.
- The morning and evening busy hours are characterized by long queues and crowded stations, indicating the need to increase the buses on the line.
- It is not safe, because buses are very crowded and no comfort ability at all, which might result to spread of diseases
- Mostly people decided to use normal public transports and private transport due to the challenges they face on BRT

This is a clear testament that government alone cannot effectively address the public transport challenge in the city.

Mofat Company Limited is a privately owned company that provides top notch transportation, and logistics solutions to various categories of clients with and outside Tanzania since it's legally registrations in 2018. The company has steadily grown and diversified in various industries. With its headquarters in Dar es Salaam Tanzania.

MCT seeks to expand its business by engaging its self in helping the government solving the misery puzzle of transport in Dar es Salaam through BRT through PPP which despite of various efforts the government made but still in vein. MCT is willingly and ready to start the project with new technology which is **CNG Buses**.

MCT is inviting all partners to join on this journey towards greener and more sustainable future. Together we can shape a world where growth is synonymous with responsibility, and progress is built on a foundation of respect for nature and the aspirations of generations to come.

The project is expected to be financed through financier from outside the country, who is ready to provide **USD \$ 62,072,462.00 (United States Dollar Sixty Two Million Seventy Two Thousand Four Hundred Sixty Two)**. The buses will be purchased in phases as per the supplier requirement, MCT intends to purchase 755 buses which will be of 18 meters 200, Where by 200 18m buses will be received as the first batch. During the first year of operations MCT will receive first batch of buses 3 months after issuing of an LC to the manufacturer, the project intends to employ at least 900 people who shall work as drivers, assistants, and administrative officers. MCT is ready to provide the buses, Operate and Collect the fares as to provide the best solutions of Public Transport to the people of Dar es Salaam starting with Temeke District where line or Phase ii lies.

12.1 Company Vision, Mission, and Core Values

Our Vision: is to drive the export of high-quality goods and services from Tanzania, thereby strengthening our nation's position in the global market. We continuously strive to expand our business channels and enhance trade relations across borders.

Our Mission: Revolves around creating awareness and generating employment opportunities for Tanzanian citizens in diverse industrial sectors. By engaging with local talent and encouraging skill development, we contribute to the overall growth and prosperity of our nation

Our Belief: Is that, success depends entirely on our exceptional teamwork approach, while constantly striving to leave our clients with an everlasting positive customer experience.

Core Values: are committed to build strong relationships with partners based on the foundations of Quality, transparency and mutual respect. We believe in fostering sustainable trade practices that benefits both partners and exploring untapped sectors with immense growth potential. As we progress on our journey we welcome collaboration and partnership with like minded entities to further our mission of driving economic growth, creating jobs, and fostering sustainable trade practices for the betterment of Tanzania and the world.

Through our dedicated, competent, professional and motivated organization, modernized, and experienced personnel, we are committed to the following principles:

- We ensure total continual customer satisfaction and optimum returns.
- We are committed to listening and responding to the needs of the community
- We are by international standards and a system that is uncompromising quality, achieved by individuals and as a team.
- To inspire and connect with our community to put their best selves forward every day.

1.2 Project Objectives

The main objective of our project is to increase our operational capability for the provision of high-quality transport services in the country and neighboring countries in the near future. The project intends to provide high-quality yet affordable transport within Dar es Salaam through BRT system starting with Phase ii.

Specifically, the project aims to achieve the following objectives;

- To ensure availability and reliability of high-quality transport services throughout the year.
- Cut down the possibility of disease that spread easily in the crowded earlier by promoting and ensuring timely arrival of our buses
- Ensuring our means of transport are friendly to the environment and help to create a sustainable future.
- To employ at least 210 people and improve livelihood to the community and join hands with the government efforts in job creation.
- Influence the supplier to start plant or assembly here in Tanzania which will help more our country in terms of employments and GNP
- To improve the linkages among suppliers and consumers of various products across the EAC and SADC regions.
- Utilize the opportunity of our country's geographical location by serving the surrounding countries by sharing experiences.

1.3. Project components and costs

The project is expected to commence its activities soon after all the preliminary arrangements and permits are obtained.

Table 1.1 provides a summary of project requirements in Phase I.

Table 1.1: Project Requirements (Cost in US\$)

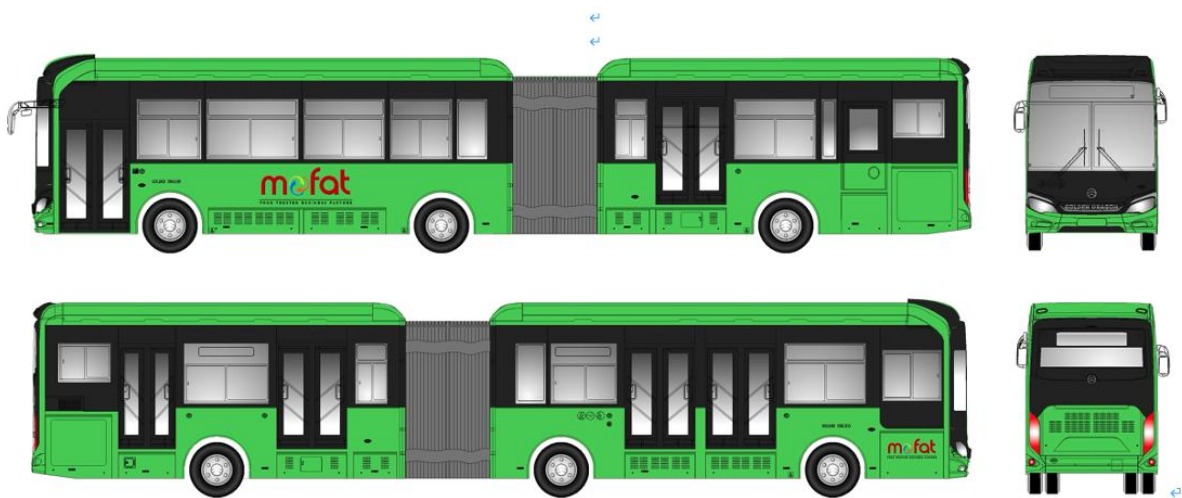
Descriptions	Quantity	Value per unit (USD)	Total value (USD)
CNG Buses			
18 Meters	200	290,000	58,000,000.00
Sub-total vehicles	200		58,000,000.00
Import duties (25%)	200		0.00
VAT (18%)	200		0.00
Insurance (8%)	200		5,600,000.00
Other costs (wharf age, registration & permits)	200	1,000	0.00
ITS \$ AFCS	29		2,200,000.00
Station Management	29		345,124.00
CNG Infrastructure	1		739,500.00
Depot Infrastructure	1		654,724.00
Total cost			67,539,352.00

The project requirement amounts to **USD \$ 67,539,352.00 (United States Dollar Sixty Seven Million Five Hundred Thirty Nine Thousand Three Hundred Fifty Two Only)** which covers the cost of importing buses at CIF value and the related costs and insurance.

Buses Specifications

MCT will deliver, collect and operate a new and modern bus fleet of Compressed Natural Gases (CNG) Buses which comprising of 18-metre only in the trunk and later on will deliver 550 12 metre buses as feeders to address the transportation need on the BRT lines.

GOLDEN DRAGON 18-METER CNG BRT



INDICATIVE TECHNICAL SPECIFICATIONS

GENERAL DATA	
General	Golden Dragon 18-meter BRT City Bus, rear mounted CNG engine, high floor with the same height as Dar BRT platform
Model Year	2024 or after
Overall Dimension:	Approx. 18000*2550*3750mm
Speed limit	55km/h or less
CNG Tank	Around 12 Tanks, each tank 120L with 1440L in total, capable of 350-400km for each refueling
Passenger Door	TWO passenger doors in left side, FOUR passenger doors in right side
Body Painting	E-coating technology, painted in green and Mofat logo as above indicated
CHASSIS SYSTEM	
Engine	CNG engine, Euro V, rear mounted, 6 cylinders direct line Rated power: arpprox.340HP (250Kw)/1900-2100rpm, Max torque: 1350-1500N.m/1200-1500rpm, Displacement: mini. 8.9L
Transmission	Germany brand Voith Automatic Gearbox
Retarder	Hydraulic Retarder, integrated in AT
Suspension	Air Suspension
Axles	Front 6.5T / Rear 13T / Supportive axle
Tire	295/80R22.5
Wheel Size	22.5 X 8.25
Steering	BOSCH Power steering
Brake System	WABCO/Knorr ABS and braking valves
BODY & INTERIOR	

Interior Design	Golden Dragon Articulated City bus interior design
Driver Seat & compartment	Premium adjustable driver seat with shock absorption, 3-point seatbelt Driver compartment on the right-hand side
Seat & Passenger Capacity	36 passenger seats + 5 folding seats, Standard city bus seats, edgeless design, capable of 165 Passengers including standing
Handrails in passenger cabin	Equipped in passenger cabin for standing passengers
Flooring	Premium anti-slipping, wear-resisting flooring
Windscreen	Front: left & right pieces Rear: sealed with tempered glass
Driver Window	Sliding window with tempered glass
Side windows	Half-sliding windows with tempered glasses
Front Windscreen Sun Visor	Equipped for driver side
Side windows Curtain	No side window curtain
Passenger door	Pneumatic control doors
Articulation	Equipped with premium Articulation
Entry & exit Step	THREE steps from ground; NO step from BRT platform
Luggage Compartment	None
Rear view Mirror (outside)	Power controlled
Fire Extinguisher in passenger cabin	Mini. 4 units
ELECTRICAL SYSTEM	
Video & audio System	AM/FM radio
Reversing & CCTV cameras	Equipped with reversing & CCTV cameras displaying in dashboard
Destination Line Display (outside)	Front & rear & right-side programmable LED display
Destination Line Display (inside)	Two, front & rear

Drop-off call	Equipped
Air Condition	Equipped, roof mounted, with cooling capacity of max.58000Kcal/h
ITS (Intelligent Transport System)	Not included

1.4 Implementation Plan

The envisaged project is expected to be implemented from March 2025 after all the preliminary requirements for the project are met including the purchase of buses. The project will use a conception approach for project financing. The implementation programme is well described in Table 1.2

Table 1.2: Implementation Schedule

DESCRIPTION		Batch 1 (255 Buses) for the Phase ii					
No.	Activities	Nov-Dec 2024	Jan-Feb 2025	Marc-May 2024	June-Aug 2024	Aug-Oct 2024	Nov 25-Dec 2035
1	Site preparations and mobilization of resources						
2	Visit to the Factory in China for Demo inspections						
3	Recruitments of Staff, advertisement and engagements						
4	Project roll out, vehicles placed on relevant routes						
5	Assessment of vehicles, replenishments and procurement of						

	new vehicles						
6	Project monitoring and evaluation						

Upon completion of site preparations for CNG Refuel Stations, procurement of vehicles and facilities, then the process of hiring and engaging qualified personnel shall follow. The project shall pay attention to expertise in the sector. Then the project roll-out shall take place and vehicles shall be placed to the designated route which will be Mbagala – Ferry, Mbagala – Gerezani and Mbagala – Ferry Via Fire as per established demand.

The project shall conduct periodical assessment of its vehicles and replace the obsolete ones through disposal and procurement of new vehicles. Project monitoring and evaluation shall be maintained throughout the duration of five years.as after a certain km some parts need to be replaced so this is very crucial task in the operation.

1.5. Project Benefits

The Implementation of this project will have economic and social benefits to the community and the country at large notably:

- The project will help the community access the best, safest yet affordable transport services in the country;
- The project will support industrialization process through establishment of assembly industry here in Tanzania.
- The project will reduce the time wasted in the Traffic and increase
- The project will increase employment opportunities;
- The project will increase social services to the community;
- The project will increase tax revenue to the government.

2.0 PROJECT DESCRIPTION

The project intends to utilize the prevailing opportunity of providing solutions towards the challenges the public facing in transportation which is population’s

growth one of the factors accelerating it. Where by most of the people depends on public transport (dala dala) to move from one place to another due to various reasons including economically. The project in year 1 of implementation shall purchases 255 CNG buses and building Mother stations at Mbagala Terminal.

2.1 Key Success Factors

Providing transportation services is our core competency. The project is designed to have modern, decent, well-managed buses with immaculately humanitarian services during service delivery. We will have fleet of buses and equipment that are operated by highly professional Operator from the Pakistan which has been in BRT operations in more than 20 years, The Fleet will be ready to pick up and drop off nearly any stations and set a time that will allow people to drop off or pick up without any risks.

2.2 Buses

We've always believed in giving the best transportation services. It's our goal to keep all our buses at the highest standards of quality, by buying modern buses and quality spare parts and hiring the best operator who will employ best system that will connect every tasks and mechanics team which the supplier will provide as our contract stipulates.

2.3 Our Staff

MCT is well known for its "safety-first" policy that guarantees safe handling and delivery of our clients' shipments of cargo. The project shall maintain its policy to hire staff who have years of experience in the public transport in other countries. The hired staff shall comprise both Tanzanians and foreigners, creating opportunity for hundreds of jobs, providing fair play in an excellent work environment. We will conduct periodical orientations and team building seminars so that our staff continue to be on the same page and properly trained to meet our objectives.

3.0 BUSINESS ENVIRONMENT AND SECTOR ANALYSIS

3.1 Business environment

Businesses may be affected by factors beyond owner's control, and these need to be taken into account before making any investment decision. The company has considered many opportunities and challenges that may arise out of the expected changes. Thus, analysis of business environment key factors is paramount to this plan in order to determine external factors and how they are likely to affect the project.

Economically; Tanzania is now experiencing economic growth whereby the purchasing power of people is increasing and people's interactions are increasing as trade grows in the East African Region, SADC, and AfCFTA. This has called for a lot of business opportunities in the regions. The burning issue currently is the rate of inflation and continuous fall in the domestic currency this would lead to increased cost of operations as the price of materials is rising.

Politically; Tanzania has enjoyed political stability since it gained its independence in 1961, which has allowed for a degree of continuity and coherence in the organisation of both the state and the private sector. The country retains a strong national unit with an engaged civil society and private sector. The government of Tanzania is in support of investments through several policies and strategies that aim at making the business environment more conducive.

Social-Cultural: The social aspect focuses on the forces within the society. Family, friends, colleagues, neighbours, and the media are social factors. These factors can affect our attitudes, opinions and interests. So, it can impact sales of products and revenues earned. There is no doubt that the society is continually changing. The tastes and preferences are a great example of this change for the Tanzanian culture. Most of Tanzanians currently are willing to pay a premium price for a product that satisfies their expectations. Demographically, the country is increasing in population where currently the country is estimated to have over 61 million people. The increase in population necessitates increase in demand of goods and services.

Technological factors: Technological factors are one of various external environment factors that affect businesses greatly and are also an integral component of the **environment analysis**. Our project considers technology as an integral part and important tool for improving operations and functions. In the present scenario, utmost dependence on equipment, technological factors can have more effect on business operation and success globally than ever before. Furthermore, development of technology has also introduced digital marketing strategies through which companies are able to sell their products and services.

Even the research and development (R&D) divisions in most companies have changed their ways of functioning and more advanced techniques in the development of products and services have been introduced only through technological advancements. We will ensure we keep up the pace of technology to suit the needs of our customers.

4.0 MARKET PLAN

The population of Dar es Salaam has grown significantly over the last decade, standing at 7.7million as at the end of the year 2023 and growing at an average rate of 5 % per annum.

Temeke is one of the five districts which made up Dar es Salaam region, Temeke is bordered to the south by the Mkuranga District of the Pwani Region, to the North by the Indian Ocean and to the Northwest by the Ilala District and in the East is shared by Kigamboni District. National Tanzania Census states the population of the district as in 2022 is 1,346,674 and around 1, 413,334 in 2023 in the growth of 4.95% which the region enjoying. Most of these people are young and energetic who needs transport to move from one place to another.

4.1 Marketing Strategies

4.1.1 SWOT Analysis

The SWOT analysis is conducted in order to assess our internal strengths and drawbacks that we need to improve. We have also analyzed external factors which

may provide opportunities or pose threats to our project. Finally, we have indicated how we can best utilize the available opportunities and mitigate potential threats and overcome our weaknesses.

Table 4.1: SWOT Analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Ability of the project implementers to solicit required funds for the project. • A conducive transport facilities and safe environment for all different categories of customers. • Excellence in service from highly skilled service Operators. • Affordable prices will give options for customers to prefer our services. • Implementations of new Electric technology of CNG in Africa will lead to sustainable future • Stability of USD Dollar which impacts the exchange rate as the loan is reducing. 	<ul style="list-style-type: none"> • Sourcing of required resources including finances may cause delay in starting operations on time. • Infrastructure of Compressed Natural Gases are very expensive which makes the market with less players • No appropriate data on the current and projected market share of the road transport. • Currency Exchange impact, as the loan is in Dollars while cash build up is in Tanzania Shillings • Time, we are out of time as 1st of January it was supposed to start the project.
OPPORTUNITIES	THREATS/CHALLENGES
<ul style="list-style-type: none"> • Growing demand of transport services due to increase in population and regional integration. • Government commitment to remove sideways transport and remain with BRT only. • Economic growth and rising in purchasing power of individuals provides opportunities for the project. 	<ul style="list-style-type: none"> • High expectations and catering for changing customer preferences. • Ensuring punctuality, safety, health and hygiene on board. • Requirement of sophisticated investment in systems and infrastructure for ease of operation may pause a challenge to our vehicles to travel long distance where infrastructure is not supportive.

From the SWOT analysis, we have been able to identify our strengths, weaknesses, opportunities and threats. The project will capitalize on the key strengths to provide

best services to customers. The available opportunities create a room for business expansion and the company sees that this prevailing opportunity cannot be left in vain. On the other hand, the company is facing some limitations in providing its services, thus marketing strategies are aimed at minimization of these constraints. The project shall make use of the marketing mix in making sure that high quality product is maintained in the market, our services reaches to high demand locations (place), reasonable price is charged to our clients and appropriate promotional tools are employed to increase awareness of our products and services.

Product: The modern vehicles will be an added advantage to compete in the market through determination to provide high quality products and services. A sufficient budget shall be allocated for repair and maintenance to ensure that all buses and facilities remain in a good quality all the time.

Pricing: Normally the Government sets the price for BRT fares, and there is a process for it is to be changed and it is over a certain period of time. Currently the fare is 750 per trip, but it will be 1,000 once we start as it has been approved already. But with demand and completions orientations concepts, a fair price can be set which customers are willing to pay at the same time covers operational cost with some profit margin.

In this regard, price setting shall be based on demand, quality of services which includes operations cost and reliability of that service. If the service is precision then no one will mind the fare.

Place: The project shall invest in modern and sophisticated charging facilities at Mbagala Terminal and ferry Terminal which must be able to charge a good number buses during off pick hours and night hours. At first will depend on Compressed Natural Gases by 100% then later on we will transfer to Electric as it the most cost efficiency of all, just expensive to purchase but easy to maintain as we focus on our way of going greener and make the environment sustainable.

Promotion: Media advertisements both digital and print media shall be widely employed by the project. We will engage in positive promotion of the project through developing appropriate marketing strategies. The project will make advertisement of the available services via a number of media such as local newspaper, leaflets, TV, radio, social media and Internet. Different procedures of promotion will be applied, such as providing price discounts to regular customers and providing seasonal tickets.

5.0 OPERATIONAL AND MANAGEMENT PLAN

5.1 Operational Plan

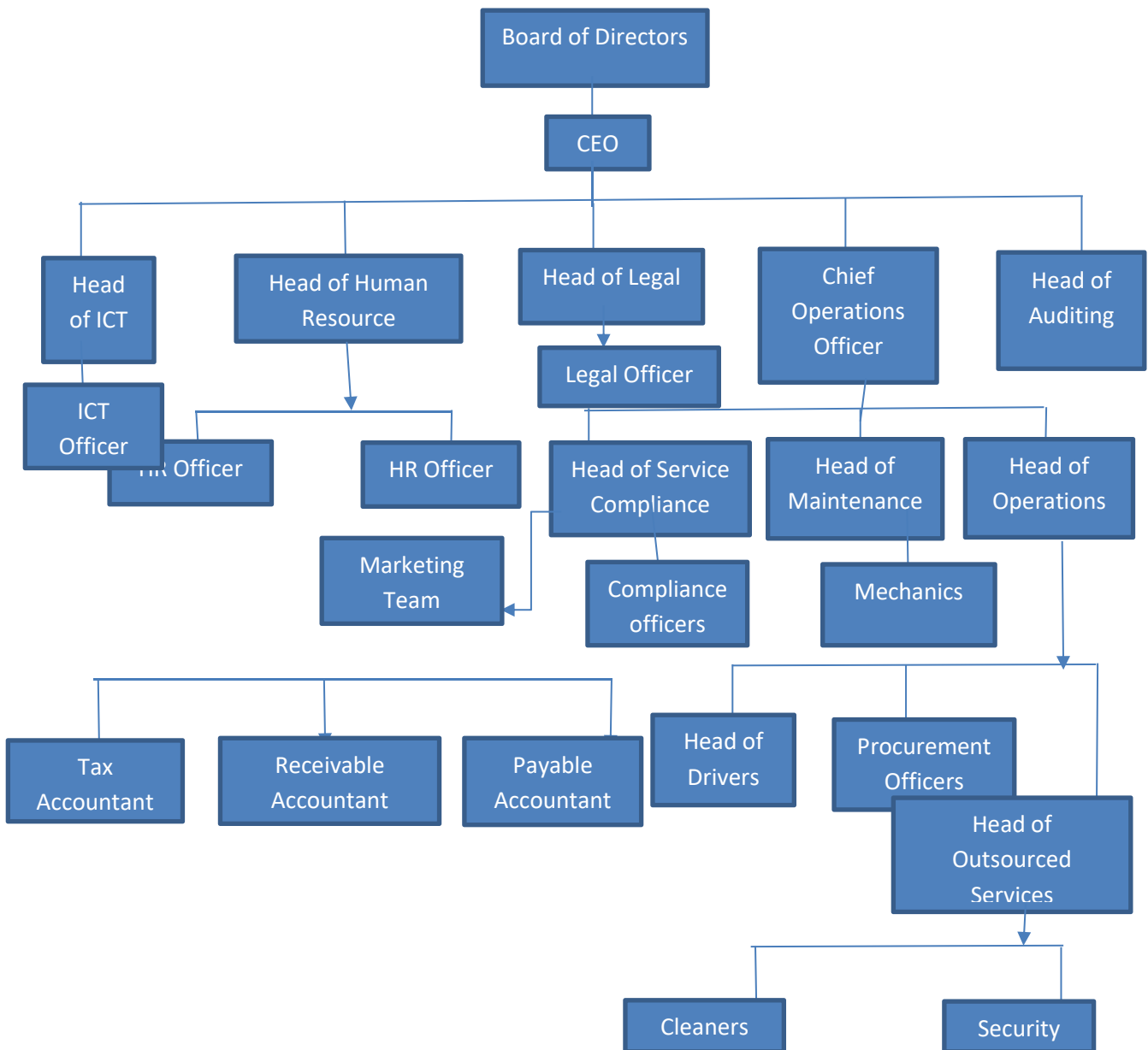
The operation is subject to government regulations and acquiring relevant permits and licenses before commencement of the business. All necessary licensing and permits shall be obtained prior to commencement of the project. And DART will help us acquire all the License and permits in place, and this is for the projects personnel and projects permits its self.

5.2 The Organization Structure

The project shall maintain the hierarchical mode of organization structure. The organization structure comprises of the Project Implementation Team led by the CEO and other supporting staff.

The Organization structure comprises of five main departments which shall report to the CEO; Finance, Legal, Human resources, ICT and Operations. Finance will be led by CFO, Human Resources will be led by HHR, ICT will be led by ICTM and Operations will be led by COO. Then each department will have a team as per their demand, some department like Finance and Operations will have huge number of employees since all the work is done here. Collections and Services are born and raised in these two departments.

Figure 5.1 Organization Chart



5.3 Management

The Chief Executive Officer (CEO) shall be responsible for the day-to-day running of the project and direct reports to the Board of Directors.

A. Chief of Operations (COO) shall be responsible for the day-to-day of implementations of operational activities of the project including the directives from CEO. And COO will report to the CEO

B. Sourcing materials, controlling timetable for the buses, managing the personnel under him, repairing and maintaining will be under Head of Maintenance.

C. Human Resources will be responsible for employments contracts and administrative issues respectively.

D. Head of Legal will be responsible for all the contracts and all other legal issues relating to the Company including the attendances of cases at the court.

E. The financial controller shall ensure monitoring resource allocation, especially funds, and making sure that the fund is used in a desired manner. During the first 12 years of operations, the project intends to employ at least 900 people who shall work as drivers, assistants, and administrative officers.

5.4 Revenue collection

The project will be generating Cash though fares, passengers will be paying for the tickets and it will be going directly to the Escrow Account which will be integrated with all the payment methods arranged. Cash build up start immediately the operations starts. We have projected to be collecting about to Tzs 556,920,000.00 **(Five Hundred Fifty Six Million Six Hundred Thousand Only)** per day. In 29 days will be collecting about 16,141,400,000.00 **(Sixteen Billion One Hundred Forty One Million Four Hundred Thousand Only)** per day on the base case scenario. Annually we will have 193,696,800,000.00 **(One Hundred Ninety Three Billion Six Hundred Ninety Six Million Eighty Hundred Thousand only)**. While on the worse case the projection is Tzs 13,560,780,100.00 and yet will leave a profit of about Tzs 1,196,537,900.00

Working 1- Revenue		
No. Passengers per Bus	No.	2,300.00
No. Buses	No.	255
Non Operational Buses	%	5%
Operational Buses	No.	242
No. Operating Days (Month)	Days	29
Fare	TZs	1,000.00
Revenue Per Month		16,141,400,000.00
Working 2 – Cash Build		
Capex (Buses,ITS,AFC's,CNG & St. Management)	Tzs	261,323,498,700.00
Equity	%	
Upfront Equity Contribution	10%	26,132,349,870.00
Loan Amount	Tzs	235,191,148,830.00
Interest rate	14%	16,463,380,418.00
Loan Period	Months	24
Effective Loan + Equity % at LC Expiry	%	60%
Cash Build During LC Expiry	Tzs	168,750,000,000.00
Loan Amount to be Build up in 24 Months	Tzs	101,250,000,000.00
Monthly Installment	TZs	4,218,750,000.00
Working 3 – Revenue Distributions		
Average Monthly Revenue		16,141,400,000.00
Less: Corridor Fee		1,769,000,000.00
Cash Build up		4,218,750,000.00
Net Revenue		10,153,650,000.00
Less: COGS & OPEX 62.8% of the Revenue		6,376,492,200.00
Net Profit		3,777,157,800.00

After paying the 60% of the LC amount, CRDB bank will open a bullet payment to Golden Dragon Bus, then 40% will be posted as post import loan between CRDB bank and Mofat Company Limited in local currency which will be repaid in 4 years' time. Each stake holder will decide to be paid either monthly, quarterly or bullet payment and Mofat Company Limited will authorize the fund manager to release the fund as agreed.

1. Loan Structure

CRDB bank will issue an LC to Xiamen Golden Dragon Bus limited in Xiamen, China, Agricultural Bank of China, Xiamen Branch of USD \$ 58,000,000.00 (Fifty Eight Million) which will be opened after two years from the issuance date as a Bullet Payment. CRDB loan will be 90% of the total LC amount and Mofat Company Limited will have to contribute a 10% as an Equity. Mofat has approached NBC bank for the Equity or 10% facility to cover up a 100% of the loan. They had also shown an appetite and gave the term sheet which is also attached with this document.

See the figure below:-

Activity/Project	Percentage	Amount in USD \$
Equity	58%	5,800,000.00
ITS & AFC's	22%	2,200,000.00
CNG Stations	13%	1,300,000.00
Stations Mgt	2%	200,000.00
Reserve by NBC Bank	5%	500,000.00
	100%	10,00,000.00

And the total LC amount will be as shown in the figure below:-

Name of the Bank	Percentage	Amount in USD \$
CRDB Bank	90%	52,200,000.00
NBC Bank	10%	5,800,000.00
	100%	58,000,000.00

So the Cash Build up will be of the total Loan amount which comprises what came from CRDB and NBC bank. NBC bank will be netted off in year 3, while CRDB bank Limited will go on for another 4 years after LC opening. And the Cash build up for each loan will be as shown in the figure below:-

Name of the bank	Cash Build Up Amount (Monthly) in TZS
CRDB Bank	3,468,750,000.00
NBC Bank	750,000,000.00
	4,218,750,000.00

Table 5.1: Description of Revenue

S/ N	Buses	Passengers	Fare	Trip	Collection per Trip	Collection Per Day
1	242	2,300	1,000	13	42,840,000.00	556,920,000.00

6.0 PROJECT MONITORING AND EVALUATION

The project will be monitored and evaluated on a regular basis to track progress and identify any potential problems. The monitoring process will collect data on key indicators, such as the number of buses added, the number of buses per route, and reduction in service on off pick hours. The evaluation process will collect data on the benefits of the project, such as improvement in transport services, the creation of jobs, and the improvement of economic activities of the Company.

The monitoring and evaluation plan will be tailored to the specific needs of the project. However, the following general principles will be followed:

- i) **Relevance:** The monitoring and evaluation plan will be relevant to the objectives of the project.
- ii) **Accuracy:** The monitoring and evaluation plan will be accurate and reliable.
- iii) **Timeliness:** The monitoring and evaluation plan will be timely and up-to-date.
- iv) **Transparency:** The monitoring and evaluation plan will be transparent and accessible to stakeholders.

7.0 RISK ASSESSMENT AND KEY ASSUMPTIONS

The project has the potential to significantly improve the efficiency of transport service in Dar es salaam and hence promote increase in economic activities and incomes of people. However, there are also a number of risks associated with the project.

Some of the key risks may include:

- i) **Exchange Rate:** The loans are in USD Dollars while the cash build up is in Shillings, tickets are purchased in Shillings. This will be the challenge when paying back the loan as huge amount of USD Dollars will be required at once.

It can be done monthly, quarterly or whatsoever but at the end of the day USD Dollars must be bought and the exchange rate is only mechanism to determine the amount of loan.

ii) Inflation: Due to inflation, the price of materials and other services is expected to rise in one way or another, this impacts even the transport cost. But the process of rising the fare in this partnership is done by the Government after a certain process being done and it is almost after a certain period of time, currently they have added BRT fares after two years which is risk to our business.

iii) Compressed Natural Gas: Tanzania has huge deposits of Natural Gases, the challenge part is the suppliers, we have very few players in the Gases Market. Most of them are dealing with Domestic Gas (LPG) which can not be used by vehicles. This is due to high cost of installation cost and low rate of return.

Despite the likelihood of these risks, the project's potential to make a significant contribution to economic development is inevitable. The Project is VIABLE which is potential opportunity to the Country, it could help to improve the movement of people and ultimately boost economic growth.

8.0 FINANCIAL PLAN

8.1 Sources of Funds

The project financing is expected to be through loan from Local Banks which are CRDB and NBC Bank. Amount of debt will be honored monthly from Escrow account through a cash build up, the financier will be getting installments monthly after all deductions being made.

8.2 Financial Assumptions

Several assumptions were made and considered in the preparation of this financial plan and projection. The assumptions are based on professional judgment, economic trends and current financial market environment. These are as noted below;

- (i) The focus market shall be the domestic market, which phase ii operates or services people of Temeke District, where by Mbagala as main line and we will have feeder routes.
- (ii) The annual sales are projected to grow by 5% per annum;
- (iii) Depreciation will be charged on the line straight-line method to allocate the cost of each value over its estimated useful life. The rates to be used for vehicles and equipment are as follows;

(a) Buildings	5%
(b) Furniture & Fittings	12.5%
(c) Equipment	12.5%
(d) Motor vehicles	25%

The financial assumptions will also include issues on credit sales, payments of interest rates, taxes, and other levies. From the beginning, we recognize that payment terms and hence collection days are critical, but not a factor we can influence easily. At least we are planning on the problem, and dealing with it.

Interest rates, tax rates, and personnel burden are based on conservative assumptions. Some of the more important underlying assumptions are:

- We assume a strong economy, without a major recession.
- We assume, of course, that there are no unforeseen changes in economic policy to make our service immediately obsolete or unwanted.
- We assume an inflation rate of 5% yearly.
- Maintenance costs 5% of Property Plant and Equipment
- Corporate tax is 30% of Net Income

8.3 Projected Financial Statement

The projected financial statements for 10 years indicate that the company shall be able to generate substantial amounts of profits as detailed below.

Table 8.1: Projected Income Statements for Twelve Years (Amount in '000'000 Tzs)

Description	YEAR 1	YEAR 1	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	YEAR 11	YEAR 12
Revenue	200,491	210,515	221,041	232,093	243,697	255,882	268,677	282,110	296,216	296,216	296,216	296,216
Less: Loan	50,625	53,156	55,813	58,604	61,535	64,611	67,842	71,234	74,796	74,796	74,796	74,796
Less: Opex (30%)	60,147	63,154	66,312	69,627	73,109	76,764	80,602	84,632	88,864	88,864	88,864	88,864
Operating Profit	89,719	94,205	98,915	103,861	109,054	114,506	120,232	126,243	132,555	132,555	132,555	132,555
<i>Less:</i>												
EBIT	1,230	1,291	1,355	1,423	1,494	1,569	1,647	1,730	1,816	1,816	1,816	1,816
Less :Charges												
Interest	6,280	6,594	6,594	6,923	7,269	7,633	8,015	8,415	8,836	8,836	8,836	8,836
EBT	820	861	9,041	9,492	9,967	10,047	10,989	11,538	12,115	12,115	12,115	12,115
<i>Corporate Tax (30%)</i>	<i>24,416</i>	<i>25,637</i>	<i>26,918</i>	<i>28,264</i>	<i>29,678</i>	<i>31,162</i>	<i>32,720</i>	<i>34,356</i>	<i>36,073</i>	<i>36,073</i>	<i>36,073</i>	<i>36,073</i>
EAT	56,973	59,822	62,813	65,953	69,251	72,714	76,349	80,167	84,175	84,175	84,175	84,175
<i>Dividends (30%)</i>	<i>17,091</i>	<i>17,946</i>	<i>17,945</i>	<i>18,842</i>	<i>19,784</i>	<i>20,774</i>	<i>21,812</i>	<i>22,904</i>	<i>24,048</i>	<i>24,048</i>	<i>24,048</i>	<i>24,048</i>
Retained Earn	39,988	41,987	44,086	46,290	48,605	51,035	53,587	56,595	59,079	59,079	59,079	59,079

9.0 ECONOMIC ASPECTS

9.1 National economic and social Benefits

The economic and social impact of establishing the proposed project to Tanzania is expected to be positive. This positive impact is expected to be direct and indirect as explained below:

a) Direct economic impact

Direct positive economic impact is expected to come from the following factors, namely,

- 1) Tax payments to the government increased, as new source of income to the Government
- 2) CNG reduces harmful emissions (Greenhouse Gas Emissions), commonly referred to as the green fuel because of its lead and sulphur free character.
- 3) Access to quality, reliable, and affordable transport services increased which will increase also the economies individually,
- 4) Employment opportunities generation; more than 900 direct jobs are expected to be created.
- 5) Technology and skills transfer from expertise hired from different parts of the globe.

b) Indirect economic impact

Direct positive economic impact is expected to come from the following factors, namely,

- 1) Latra will cancel all the Dala dala from Mbagala to Town Centre which is challenges to dala dala owners as what will they do with their dala dalas.
- 2) The project is expected to operate as a responsible corporate citizen by fulfilling some of its corporate responsibilities such as assisting some of the disadvantaged communities by way of donations, starting from the communities living near the project and participating in economic development activities of the country.

10.0 CONCLUSION

The fact that Financiers are willing to raise investment capital to finance the project, shows a strong commitment to making sure that the project is successfully implemented. The Project lies in areas that are very convenient for various economic activities that attract neighbouring countries and SADC regions.

MCT is willing to comply with all government requirements. The fact that there is a huge demand for transport services despite the presence of a number of other service providers, makes this ***project a viable idea***.