

**MRIMI INTERNATIONAL TANZANIA
LIMITED
P.O.BOX 1846
DODOMA**

**A BUSINESS PLAN FOR
REGISTRATION OF CARGO
TRANSPORTATION PROJECT WITH
TIC (TISEZA)**

**Prepared by:
MRIMI INTERNATIONAL TANZANIA LTD
DODOMA**

EXECUTIVE SUMMARY

1.1 Introduction

MRIMI INTERNATIONAL TANZANIA LIMITED is a privately owned company incorporated for purpose of carrying out cargo, cargo handling and other transport operations to provide both domestic and transit cargo haulage services.

1.2 The Project

The feasibility study report sets out a proposal for the project by purchasing fleet of trucks. The total number is going to be 50 trucks at full project implementation.

This project was established with following micro objectives:

- To carryout cargo transportation of all manner of goods, raw materials and other related cargo.
- To provide a proper cargo handling, warehousing and storage.
- Serving rural areas in general and important agricultural areas by efficient transportation services and supply of goods to rural areas.
- To transport transit cargo for neighboring landlocked countries East and Central Africa.
- To train local people on an equal opportunity level and provide competitive incentives.

The macro objectives of establishing the project is to support economic, social and administrative activities in the mentioned areas. Also, to increase the competitiveness of Tanzania goods in the export markets by offering competitive transport rates.

1.3 The Project Promoters

The project is being promoted by **MRIMI INTERNATIONAL TANZANIA LIMITED** based at an office in Dodoma Region.

The shareholders of the company are;

S/NO:	NAME AND ADDRESS OF SHAREHOLDER	NATIONALITY	SHAREHOLDING (%)
1.	PAUL MRIMI MUSSA	TANZANIAN	87
2.	MARY FAUSTINE MRINA	TANZANIAN	0.25
3.	SAMWEL STANLEY SIBORA	TANZANIAN	0.05

1.4 The Market

Recent reforms taking place in economy indicate that there is an increase in demand for domestic cargo handling and transportation as well as transit cargo including both dry and wet. The following are some of the factors that have contributed to such an increase in demand for these services in the country.

- I. Increased level of rehabilitation and expansion of urban and trunk roads by the Government and international assistance agencies which has subsequently resulted in increased kilometers of passable roads by small and heavy-duty vehicles.
- II. Rise in people's standard of living and change in people's consumption patterns.
- III. Increase general level of investments in industrial activities as the major cause of rising of users of industrial inputs;
- IV. Increased transit trade between Tanzania and its neighbors especially Uganda, Rwanda, Malawi, Burundi and the Democratic Republic of Congo. The factors have led to increased demand for transportation services for products in the country. Furthermore, these factors have created the motivation for increased inflow of investment capital by foreign and local private investors who now have decided to venture in the importation and industrial raw materials business.
- V. General improvement in the national economy, especially the balance of payments which has made it possible for the Government to achieve greater

capability to import critical products into the country;

The reforms, which are now being introduced in the sector, aim at influencing the inflow of and increased supply of both capital goods and other industrial products and their distribution in the country and beyond the national borders.

1.5 Project Cost and Financing Plan

Kanata Petroleum Limited plan to invest a total capital of USD 1,040,000. The following is the summary of the capital investment cost estimated.

Type of Asset	Amount of Investment in USD
Land and Buildings	28,000
Vehicles	880,000
Furniture and Fittings	10,500
Pre-Expenses	9,000
Others	12,500
Working Capital	100,000
TOTAL	1, 040,000

1.6 Financing.

The project's cost will be financed by shareholder's local equity contributions as well as shown below.

Equity	Loans
US\$ 240,000	US\$ 800,000

1.7 Employment opportunities

Gender	Locals	Foreigners
M	75	0
F	10	0
TOTAL	85	0

1.8 Social and Economic Aspects

The proposed project will result into the following social and economic impacts:

- 1.8.1 Increase the provision of high quality services in transportation of industrial products, construction materials and other cargo in the country.
- 1.8.2 Increased availability of quality distribution and marketing of products alongside competitive prices whereas, those products will result in increased and healthy competition among all trading and manufacturing companies
- 1.8.3 The proposed project will provide employment opportunities to approximately above 85 people.
- 1.8.4 The Government and its agencies will benefit from various taxes, fees and commissions that will be paid to the Treasury.

1.9 Conclusion and Recommendations

The Executive Summary highlights indicate the proposed project will be financially and economically viable. The project will greatly contribute in transportation of cargo to support Tanzania's growing economy. It is expected to contribute significantly to the social and economic progress by increasing the provision of reliable sales and distribution of the various products in the country. It is recommended that the project be accorded the required institutional and financial support to pave the way for its efficient implementation.

2.0 THE PROMOTERS

The promoters in this project is **MRIMI INTERNATIONAL TANZANIA LIMITED** with head office in Dodoma Tanzania with address of P. O. BOX 789- Dodoma. As explained earlier, the shareholders of the company are Tanzanians.

3.0 THE PROJECT

Mrimi International Tanzania Limited plans to acquire 50 trucks as main investment target to the proposed project of cargo transportation.

3.1 Description

In summary the project entails the following

- Purchase of 50 unit of trucks to be used in transportation of cargo from one point to another.
- Purchase of tools and equipment including generators, water bowsers, cranes, fork lift, trailers, tires, rims, welding machines, compressors, pump calibrator machine, various repair equipment and other machinery for the workshop.
- Civil works will include minor renovation of workshop and company's office.
- Importation of office equipment namely: telephones, copy machines and Personal computers at company's head office.

3.2 Location

The company's project operations will be at block number 17, Block B, Kikuyu South in Dodoma region.

3.3 Objectives and Cargo Haulage Targets

This project was established with following micro objectives:-

- To carryout cargo transportation of all manner of goods, raw materials and other related cargo.

- To provide a proper cargo handling, warehousing and storage.
- Serving rural areas in general and important agricultural areas by efficient transportation services and supply of goods to rural areas.
- To transport transit cargo for neighboring landlocked countries East and Central East namely: Rwanda, Burundi, Uganda, Malawi, Zambia, Democratic Republic of Congo, etc.
- To train local people on an equal opportunity level and provide competitive incentives.

The macro objectives of establishing the project is to support economic, social and administrative activities in the mentioned areas. Also, it aims to increase the competitiveness of Tanzania goods in the export markets and improve the building and construction industry by offering competitive transport rates.

3.4 Sales Revenue Forecast, Direct & Indirect Cost Estimates

The following schedule provides a summary of the forecasted revenues during the first five years of project implementation and its costs.

REVENUE AND COSTS PROJECTIONS FOR FIRST 5 YEARS

	YEA 1 (USD)	YEA 2 (USD)	YEA 3 (USD)	YEA 4 (USD)	YEA 5 (USD)
Sales Revenue	5,760,000	6,163,200	6,594,624	7,056,248	7,550,185
Cost of Sales	1,152,000	1,232,640	1,318,925	1,411,250	1,510,037
Gross Profit	4,608,000	4,930,560	5,275,699	5,644,998	6,040,148
OPERATING COSTS:					
Overhead Cost:	345,600	4,930,560	5,275,699	400,075	420,079
Motor Vehicle					641,787
running expenses	528,000	362,880	381,024	611,226	
Salaries and wages	696,000	554,400	582,120	805,707	845,992
Depreciation	1,286,400	730,800	767,340	1,286,400	1,286,400
Marketing Costs	144,000	1,286,400	1,286,400	166,698	175,033
Utility costs	120,000	151,200	158,760	138,915	145,861
Insurance	279,625	126,000	132,300	323,701	339,886
Communication	12,000	293,606	308,287	13,892	15,586
Total Expenses	3,411,625	12,600	13,230	3,746,614	3,870,624
Profit before Tax	1,196,375	3,517,886	3,629,461	1,898,385	2,169,524

3.5 Environmental Aspects

Generally, Tanzania has environmental regulations governing the operation of garages and workshops. Nevertheless each operator takes basic precautions to ensure that during operations and in case of an accidental spillage or fire, damage to environment is limited to the minimum possible level.

3.6 Constraints and Government Policy

3.6.1 Constraints

The road transport in Tanzania is heavily dependent on imported vehicles and related inputs. The road transport sector is however facing the following challenges:

- Shortage of adequate transportation equipment;
- Poor infrastructure facilities particularly trunk roads;
- Shortage of adequate transport services to land-locked neighboring countries which would like to use our port facilities for enhancement of their international trade;
- Poor maintenance of roads and transport equipment;
- Lack of proper co-ordination between the transport sector and other sectors of the economy.

3.6.2 Government Policy on Transportation

The government has put a greater emphasis on the transport and communication sector so as to improve upon them and consequently lead to economic development. The following are therefore the national transport policies among others:

- To improve the standard of trunk road network by maintaining the existing roads so as to ensure satisfactory level of service and to expand the feeder roads in order to cover a wider area of agricultural production. Rehabilitation and maintenance of existing railway network is also given greater attention;
- To give assistance to the private sector to enable the provision of proper transport services both in the country and neighboring states. Hence, the private transport sector expected to provide over 70% of total road

services.

From the brief outline mentioned above, the transport policy in all its intent geared towards improving and encouraging all modes of transport whether private or public and run on strictly business principles in order to promote efficiency and raise the quality of the service rendered.

4. TRENDS IN TRANSPORTATION SECTOR IN TANZANIA

4.1 Background

In Tanzania most of the country's total passenger and goods transport demand is met by the road transport sector. While rail and steamer services also play an important role in inter-regional transport, interregional transport is almost wholly catered for road transport. Road transport is a key link between sea and lake ports, railheads, regions, district and villages where the majority of the population lives and also the neighboring countries.

5.3 Transport

Road Transport

During 2016, the government continued to improve trunk, regional and rural transport which contributed immensely to the growth of other socio-economic sectors. About 70 percent of all cargo in the country is transported via roads, of which 64 percent is destined to neighboring countries, while 90 percent of passengers use road transport.

6.0 CAPITAL INVESTMENT AND FINANCING PLAN

6.1 Investment Plan

The company plans to build a fleet of 50 units of trucks while the total amount to be invested is USD 1,040,000. The main financing sources are shareholders' equity and local loan from CRDB. Total amount of USD 880,000 will be used to procure vehicles, furniture and fittings will cost USD 10,500, building/office will cost USD 28,000, pre expenses will cost USD 9,000 while working capital is USD 100,000 and USD 12,500 is expected to be used on other issues. This investment breakdown is expressed on the table below;

Type of Asset	Amount of Investment in USD
Land and Buildings	28,000
Plant and Machinery	0
Vehicles	880,000
Furniture and Fittings	10,500
Pre-Expenses	9,000
Others	12,500
Working Capital	100,000
TOTAL	1,040,000

6.2 Financing Plan

It is estimated that a total of US \$ 1,040,000 will be required to acquire the various assets as shown in the table above.

The bulk of the capital cost will be raised by the company itself through equity contribution. The other major source of funding will be internally generated revenue from operations, which will be reinvested back.

Equity USD	Loans USD
240,000	800,000

7.0 MARKET AND MARKETING ASPECTS.

7.1 A General Overview

There is a wide market for transportation of domestic as well as transit cargo. Likewise, the market for transportation of fuel, as well as building and construction materials is huge, especially for the rural road contractors and builders in general. Hence, it is expected that the sponsors would not face many marketing and operational problems in managing the proposed project.

The ports of Dar es Salaam, Tanga and Mtwara have undergone major rehabilitation, modernization where it is not as only to be able to compete with South Africa ports in handling the East, Central and Southern African

import and export trade but also, as a strategy for meeting the national demands for cargo handling that have grown steadily following project of agricultural, mining and industrial activities especially in East and Central Africa. These factors would provide the proposed freight haulage project the necessary condition for its soft establishment and expansion of its future operations. **MRIMI INTERNATIONAL TANZANIA LIMITED** will work to achieve the projected sales for both domestic and transit business in the neighboring countries of Kenya, Uganda, Rwanda, Burundi, Eastern parts of the Democratic Republic of Congo, and Zambia.

8.0 MANAGEMENT AND ORGANIZATION POLICY

8.1 Management

The company policy is to have adequate work force to manage its operations efficiently. **MRIMI INTERNATIONAL TANZANIA LIMITED** believes in keeping on board only the very essential manpower strength, to develop them into highly motivated and sincere company team for the best and efficient operations of the company.

The company has a team qualified and experienced functional managers in the areas of Transport Operations, Workshop Operations and Finance & Administration. Other senior and middle level staffs are available for the operations of the company. The personnel for the project phase will also be qualified, well-seasoned and possessing considerable industrial experience.

8.2 Management Policy

The day to day operations are managed by the Managing Director, assisted by Managers in areas of Finance and Administration and Transport operations. The manager for Transport Operations is the overall in charge of the fleet and Workshop Operations. An Accounts Assistant is available to assist in Accounting, Procurement and Finance functions. The Marketing Unit is responsible for both the countrywide and regional wide sales and marketing for the service. The job responsibilities include market planning and development, sales promotion and sales co-ordination. The company's fleet poll is therefore professionally managed.

9.0 SWOT Analysis

A proper SWOT analysis is necessary in order to position the business to maximize our strength, advantage on the opportunities that will be available to us, mitigate our risks and be equipped to confront our threats. In order to achieve this; **Mrimi International Tanzania Limited** employed the service of an expert Human Resource and Business Analyst with preference in the transportation logistics industry to help the company to conduct a detailed SWOT analysis and to help us create a business model that will help us achieve our business goals and objectives. Here below is a summary from the result of the SWOT analysis that conducted on behalf of **Mrimi International Tanzania Limited**.

9.1 Strength

Company's strength as a Transportation Logistics Company is in the fact that has healthy relationships with loads of major players (Transporters) within and outside of the country and Headquartered in Dar es Salaam, Tanzania—a key trade and logistics hub in East Africa. **Mrimi International Tanzania Limited** has some of the trucks with high capacity that can bring large amount of cargo at the shortest period and satisfy customer demands. Employs over 30 professionals with expertise in logistics, trade, and commodity markets.

9.2 Weakness

Our weakness could be that upon receiving the incentive from TIC we could expand too fast and exceed the demand of our customers and suppliers, and perhaps the fact that we decided to diversify our Transportation logistics activities could count against us initially. However, we are aware of this and from our projections; we will overcome this weakness with time and turn it to a major advantage for the business.

9.3 Opportunities

The opportunities that are available to us cannot be quantified; we know that there are loads of individuals who needs transportation logistics services in Tanzania. The government policies of empowering local companies will enable us achieve this goal.

9.4 Threats

Some of the threats and challenges that we are likely going to face when we start operation effectively are global economic downturn that can affect negatively on government spending on projects and environment effects. To mitigate the impacts of such threats the

Company will put in place strategies such as collaborating with private investors and strengthening relations with local suppliers with few trucks to support us during crisis.

10. CONCLUSION AND RECOMMENDATIONS

The foregoing discussion highlights on the social, economic and financial dimensions, w h i c h the envisaged project is set to generate in this country. The brief financial analysis indicates that the project will be financially viable. Therefore, it is strongly recommended that the sponsors, **Mrimi International Tanzania Limited** be available with the required institutional assistance so as to enable them expand the cargo transportation project.