

BUSSINESS PLAN

FOR

MANUFACTURING OF PARTICAL BOARDS AND OTHER WOOD PRODUCTS.

Prepared by:

**UAMI CHANZO WOOD INDUSTRIES COMPANY LIMITED
P.O.BOX 209
IRINGA, TANZANIA**

1. Executive Summary

Company & Project concept

UAMI CHANZO WOOD INDUSTRIES COMPANY LIMITED is limited Company incorporated in Tanzania under the Company act of 2002. The Company was incorporated 21ST March, 2024 and bears Certificate of Incorporation 173236719. Company implements project in Wood Industry.

UAMI CHANZO WOOD INDUSTRY COMPANY LIMITED will be located in Iringa region, Mufindi District, Kinyanambo ward, PLOT 2-3, Block A .

BUSSINESS plan capacity will be about 5000 metric tones. Our goals and objectives are straightforward and seek to ensure we run a professional, profitable and ethical company, building relationships with customers, suppliers and investors.

Company Goals and Objectives:

In Summary UAMI CHANZO WOOD INDUSTRIES COMPANY LIMITED aims to;

Company Goals:

- 1. Market Leadership:**
Become a top-three supplier of particle boards and wood-based panels in Tanzania within the next 5 years.
- 2. Product Expansion:**
Develop and launch at least three new value-added wood products (e.g., laminated boards, MDF, veneer panels) within the next 3 years.
- 3. Sustainability:**
Source 80% of raw materials from certified sustainable forestry and recycled wood by 2027.
- 4. Export Growth:**
Establish export partnerships and begin shipping products to at least three neighboring countries (e.g., Kenya, Uganda, Rwanda) by 2026.
- 5. Operational Efficiency:**
Achieve 15% cost reduction in production through automation and lean manufacturing practices by 2025.

Short-Term Objectives (0–2 Years):

- Complete installation and commissioning of modern production lines.
- Secure supply agreements with local timber sources and sawmills.
- Build brand awareness through trade shows, local promotions, and dealer networks.
- Attain relevant quality certifications (e.g., ISO, TBS compliance).
- Train and upskill workers on quality control and machine operations.

Medium-Term Objectives (3–5 Years):

- Increase production capacity by 30% to meet growing demand.
- Launch a product showroom and customer service center.
- Implement a digital inventory and order management system.
- Partner with regional construction companies and furniture manufacturers.
- Invest in a biomass or solar energy system to reduce energy costs.

Purpose of Business Plan

This document is prepared to serve the purpose as a Pre-feasibility study report for UAMI CHANZO WOOD INDUSTRIES COMPANY LIMITED for investment in Wood Industry/sector In Iringa Region. But also, the Pre-feasibility study report shall be submitted to TIC for an award of Certificate of Incentives. The implementation of this project will comprise the following activities: -

Specifically, this business plan aims to:

1. **Define the Business Concept:**
Clearly explain the company's mission, products, and target market within the wood processing industry.
2. **Guide Internal Planning and Management:**
Serve as a strategic tool for management to allocate resources efficiently, make informed decisions, and monitor business performance over time.
3. **Attract Investors and Financial Support:**
Present a compelling case to potential investors, banks, and other financial institutions by demonstrating the viability and profitability of the business.
4. **Establish Business Goals and Strategies:**
Outline short-term and long-term goals, along with the strategies for achieving them, including marketing, production, and operational plans.
5. **Evaluate Market Opportunities and Risks:**
Provide detailed market research to identify opportunities, understand customer needs, and assess competitive risks within the industry.
6. **Support Regulatory and Licensing Requirements:**
Assist in fulfilling requirements for business registration, permits, and compliance with environmental and industrial standards.

The project promoter, the project will be managed and operated by UAMI CHANZO WOOD INDUSTRIES COMPANY LIMITED which is owned by Chinese nationals from China with the following share distribution.

NAME OF SHAREHOLDERS	NATIONALITY	SHARES%
ZHANG ZHIJUN	CHINESE	60
LI TAO	CHINESE	40

COMPANY DIRECTORS

1. ZHANG ZHIJUN
2. JIN CHENGRAN

COMPANY SECRETARY

1. FANG QINGYUN

Company Legality, the legal certificates and documents such as Memorandum and Articles of Association, Certificate of Incorporation, Tax Identification Number. Justify that UAMI CHANZO WOOD INDUSTRIES COMPANY LIMITED is operating within the ambit of the law of the Land.

Investment Structure, the project is estimated to cost \$600,000, the money covers building structures but also allocated fund include investment in, building structure, Machineries and Equipment, furniture and fittings, pre-expenses and working Capital. The equity contributed by the shareholders is \$600,000 equivalent to 100%. However, a financial policy of the Company state that the profits generated will be re-invested

Forecasted financial Information, Financial information of COMPANY LIMITED is projected within five years. The company projected profit and loss account show a respectable turnover (for refence you shall see on the last page.

Purpose of Project

This document is prepared to serve the purpose as a feasibility study for UAMI CHANZO WOOD INDUSTRIES COMPANY LIMITED for establishment of the wood Industry Company. The implementation of the project will comprise of the following: -

- Procurements and installation Machineries and Equipment for this project.
- Equipping the project with all necessary modern furniture and facilities
- Procurement semi-processed raw materials
- Employing more than 50 people.

2.3 Summary of the Expected Results

At the end, the project is expected to achieve the following: -

- Import modern machine in warehouses to accommodate manufacturing process and introduce new technology in Tanzania
- Increase 50 direct employment opportunities.
- Increase tax contributed to the government
- Generate foreign currency.

3. BUSINESS DESCRIPTION

UAMI CHANZO WOOD INDUSTRIES COMPANY LIMITED is limited Company incorporated in Tanzania under the Company act of 2002. The Company was incorporated 21st March, 2024 and bears Certificate of Incorporate # 173236719. Company implements project which is under Manufacturing sector.

3.1.1. Legal Status

Legal certificates and documents such as Memorandum and Article of Association, certificate of incorporation, business license, Tax Identification Number, and value added Tax certificates Justify that UAMI CHANZO WOOD INDUSTRIES COMPANY LIMITED is operating within the ambit of the law of the Land.

3.1.2. Mission and Vision

The company vision is to be one of the leading companies in Manufacturing Industry (Primary and Secondary sector).

The current mission of the company is to penetrate the markets within Primary and Secondary sector, particularly wood in Tanzania. The company can achieve this through

- Establishing sustainable business relationship all business sectors in Tanzania.
- Proper and reasonable remuneration of the personnel
- Continuing networking with our esteemed clients.

3.1.3. Operations

The project will be managed and operated by UAMI CHANZO WOOD INDUSTRIES COMPANY LIMITED. The Company is finalizing acquisition of operation permits and Tax exemption clearance for machineries and equipment to start the implementation of the project. Management will establish sound operating guidelines to conduct the day-to-day operations of this project.

3.1.4. Project Location

The project shall be implemented at constructed warehouses, administration block which will be spacious to accommodate project of this nature. The project shall be located in IRINGA-TANZANIA

3.1.5. Postal Address

UAMI CHANZO WOOD INDUSTRIES COMPANY LIMITED
P. O. BOX 209
IRINGA, TANZANIA

4. Core Activities of the company

UAMI CHANZO WOOD INDUSTRIES COMPANY LIMITED will be dealing with establishing and operating the following facilities;

4.1.1. Landscaping of the Area for Investment

In the first phase of the implementation of this project, the Company shall lease a warehouse, import machines, spare parts and equipment.

4.1.2. Installation of Machines.

In this stage the company shall install machines and equipment imported from China.

4.2. Technical requirements of the project

The project implementation shall require some of technical facilities among others include: -

- Installation of Machinery.

5. WOOD INDUSTRY

5.1 WOOD INDUSTRY IN TANZANIA

The wood industry in Tanzania is a significant sector, particularly for sawmilling and related wood-based products. It's dominated by sawmills producing sawn wood for both domestic use and export, along with smaller-scale wood-based panel industries like plywood, particleboard, and fiberboard. While there's no pulp and paper industry in Tanzania, a small corrugated box plant exists in Dar es Salaam, and there are plans for a larger pulp and paper complex in the future.

The wood and furniture industry in Tanzania plays a pivotal role in the nation's economy, contributing significantly to employment, industrial output, and the livelihoods of many Tanzanians.

In 2015, the forest sector contributed approximately 4.26% to Tanzania's Gross Value Added, equating to about USD 1.7 billion. This underscores its importance in the national economic landscape.

The industry employed around **8,000 individuals** in 2016, representing **6%** of total manufacturing employment. This figure has grown 2.5 times since 2008, indicating a positive trend in job creation within the sector.

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5:2 IMPORTANCE OF THE WOOD INDUSTRY IN TANZANIA

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5.3 WOOD INDUSTRY IN TANZANIA

The wood industry is a key part of Tanzania's economy, contributing significantly to national income and employment. It spans forestry, logging, timber processing, and furniture manufacturing. Tanzania has around 48.1 million hectares of forests and woodlands, offering abundant raw materials. The Southern Highlands region is the main hub for plantation forestry and wood processing. The industry contributes about 4.26% to the country's Gross Value Added (GVA).

It generated approximately USD 1.7 billion in economic output as of recent estimates. Over 8,000 people are formally employed in the wood and furniture sectors. Many more work informally in rural logging, sawmilling, carpentry, and furniture-making. The sector is dominated by small and medium-sized enterprises (SMEs). Most SMEs operate with outdated equipment and limited access to finance. Urban centers like Dar es Salaam host major furniture production clusters such as Keko and Buguruni-Malapa.

Tanzania banned raw log exports in 2006 to promote local processing and value addition. Despite this, the country still faces a trade deficit in wood products due to limited export of finished goods. The furniture market alone is projected to reach USD 606 million in 2025. There is growing domestic demand for furniture driven by urbanization and infrastructure development. Environmental concerns persist, especially due to overuse of wood for fuel and charcoal production. Around 65 million m³ of wood is consumed annually for energy, contributing to deforestation.

Sustainable forestry practices and plantation investments are being encouraged to reduce pressure on natural forests. The sector has strong potential for growth through modernization, skills development, and export-oriented production. With supportive policies and sustainable practices, Tanzania's wood industry can become a major driver of inclusive economic growth.

5.4 PROJECT JUSTIFICATION

The proposed project is under management of UAMI CHANZO WOOD INDUSTRIES COMPANY LIMITED is in line with Tanzania Government efforts in accordance to support investment. This has also been noted of recent drive of attracting investors in Tanzania in order to maximize annual earnings from investment and also compete effectively with regional competitors. This also has been complemented by following measures

The government is making a critical review of all existing laws and regulations, taxation and policies with ultimate aim of improving and creating conducive environment for private sector Investment.

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5:5 SOCIAL AND ECONOMIC IMPACT OF THE PROJECT

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

- Improvement of the wood and furniture industry in Tanzania
- Increased competitiveness among the wood and Furniture industry in Tanzania
- The project will provide employment for more than 50 people
- The Government and other agencies will benefit from various taxes, fees and commissions that will be paid to the Treasury etc. by this Company.

6. OPPORTUNITY DRIVERS

1.1 Uniqueness location of the project

Iringa Region is uniquely positioned as a leading hub for the wood industry in Tanzania due to its abundant forest resources, especially in areas like Mafinga and Mufindi. The region is home to extensive plantations of fast-growing species such as pine and eucalyptus, which are ideal for timber and wood processing. Iringa also benefits from a favorable highland climate and fertile soil, supporting sustainable forestry. With well-established wood processing industries, skilled labor, and reliable transport infrastructure, the region efficiently connects production with national and international markets. Government support and forest management policies further enhance Iringa's competitiveness in the wood industry.

1.2 Government Policy

The Tanzanian government has implemented several policies and initiatives to promote the development of the wood and furniture industry, aiming to enhance economic growth, job creation, and sustainable resource management.

8. Marketing Information

8.1. Marketing Strategy

8.1.1. Overview

The success of UAMI CHANZO WOOD INDUSTRIES COMPANY LIMITED will be achieved by providing high tech products, providing friendly service and employing an aggressive marketing plan to build customer traffic. Today's market requires more than just products and services to make a UAMI CHANZO WOOD INDUSTRIES COMPANY LIMITED successful. UAMI CHANZO WOOD INDUSTRIES COMPANY LIMITED will constantly strive to enthusiastically win more customers by being proactive rather than reactive in our marketing efforts.

Management will endeavor to create and maintain a positive, appealing image for the customers. This image will be consistently portrayed throughout all marketing channels and sales promotions.

9. Management & Administration

9.1. Management

The management team of UAMI CHANZO WOOD INDUSTRIES COMPANY LIMITED planned to be constituted by the following management team: -

9.1.1. Board of Directors

UAMI CHANZO WOOD INDUSTRIES COMPANY LIMITED be managed by the board of Directors which is the apex body for strategic decision making of the project. Directors of the Company are the ones who having shares in UAMI CHANZO WOOD INDUSTRIES COMPANY LIMITED, The Company which shall manage this project.

9.1.2. General Manager

Immediate after Board of Director they shall be a General Manager who will be responsible to take care of mater pertaining operation and managing daily activities of the project as was other staffs' welfares and report them to the board of directors.

9.1.3. Production Manager

Production Manager will be employed who expected to have an extensive background in the Poultry processing industry. As the production Manager will be directly responsible for all processing functions including processing of poultry and related products.

Under production manager there shall be reasonable number of technical staffs who will be involved in daily processing within this project.

9.1.4. Accountant/cash

An accountant will be employed who expected to have good experience in accounting system as well as he will be responsible in managing cash of UAMI CHANZO WOOD INDUSTRIES COMPANY LIMITED but also keeping books of accounts properly.

9.1.5. Management Agreements

Management Agreements will be executed between UAMI CHANZO WOOD INDUSTRIES COMPANY LIMITED and other team managers. The purpose of these agreements is to define the expectations of both parties, establish an incentive structure, and define the grounds under which the agreement may be terminated.

9.1.6. Confidentiality Agreements

UAMI CHANZO WOOD INDUSTRIES COMPANY LIMITED will enforce that all employees sign a confidentiality agreement. Confidentiality agreements with our employees and partners will protect our products, operating systems, policies and procedures. Having confidentiality agreement in place is essential to protect the company's trade secrets, and show our employees that we take our business seriously.

10. Conclusion

- Revenue will be contributed to the Government through various taxes.
- The project will offer continuous direct employment to almost 50 people and create other indirect employment to other people.
- The company looks technically feasible and financially viable. It is therefore recommended that the project be supported.

**UAMI CHANZO WOOD INDUSTRIES
COMPANY LIMITED**

INVESTMENT COST PLAN

<i>COST INVESTMENT STRUCTURE</i>	\$
Current assets	
Working capital	110,000
Opening inventory	90,000
Other	10,000
Property and equipment U	
Land	110,000
Building	105,000
Equipment	20,000
Furniture and fixtures	20,000
Plant/Machines	100,000
Motor Vehicles	15,000
Other _____	20,000
Total assets	600,000

UAMI CHANZO WOOD INDUSTRIES COMPANY LIMITED
FINANCIAL PROJECTION SUMMARY FROM 2025 TO 2029
PROJECTED STATEMENT OF FINANCIAL POSITION FOR 5 YEARS FROM 2025 - 2029

DETAILS	2025	2026	2027	2028	2029
CURRENCY	USD	USD	USD	USD	USD
ASSETS					
NON-CURRENT ASSETS					
PPE	84,000	85,000	86,000	89,000	90,000
TOTAL NON-CURRENT ASSET	84,000	85,000	86,000	89,000	90,000
CURRENT ASSET					
Inventory	330,460	350,989	356,000	299,690	370,000
Trade Receivables	50,000	54,000	54,000	106,800	57,500
Working Capital	130,000	130,000	130,000	130,000	130,000
Cash and Cash Equivalent	20,000	25,600	25,800	26,900	27,000
TOTAL CURRENT ASSET	530,460	560,589	565,800	563,390	584,500
TOTAL ASSETS	614,460	645,589	651,800	652,390	674,500
EQUITY AND LIABILITIES					
EQUITY					
Share Capital	280,000	280,000	280,000	280,000	280,000
Retained Earnings	90,909	91,455	92,100	93,000	126,800
TOTAL EQUITY	370,909	371,455	372,100	373,000	406,800
LIABILITIES					
Trade Payables	130,551	145,589	148,260	146,900	133,900
Other Payables	113,000	128,545	131,440	132,490	133,800
TOTAL LIABILITIES	243,551	274,134	279,700	279,390	267,700
TOTAL EQUITY AND LIABILITIES	614,460	645,589	651,800	652,390	674,500

FROM 2025 TO 2029

PROJECTED STATEMENT OF PROFIT/(LOSS) AND OTHER COMPREHENSIVE INCOME FOR 5 YEARS

DETAILS	2025	2026	2027	2028	2029
CURRENCY	USD	USD	USD	USD	USD
SALES	640,000	880,000	898,000	986,000	900,000
TOTAL INFLOW	640,000	880,000	898,000	986,700	900,000
COST OF SALES					
Opening Inventory	0	330,260	350,689	356,000	299,990
Add: Production Cost	498,000	498,000	499,000	496,000	495,000
Less: Closing Inventory	-330,260	-350,689	-356,000	-299,990	-370,000
	167,740	477,571	493,689	552,010	424,990
GROSS PROFIT	472,260	402,429	404,311	434,690	475,010
OPERATING EXPENSES					
Administration Expenses	150,200	90,400	90,500	90,600	100,000
Sales and Distribution Expenses	100,100	92,300	90,200	90,300	102,000
Finance Cost	100,100	92,300	90,400	90,500	90,900
Depreciation Expense	8,000	8,000	8,000	8,000	8,000
-	0	0	0	0	0
TOTAL OPERATING EXPENSES	358,400	283,000	279,100	279,400	300,900
PROFIT FOR THE YEAR	113,860	119,429	125,211	155,290	174,110

