

**HARON COMMODITY COMPANY LIMITED**

**BUSINESS PLAN**

**FOR**

**DEVELOPMENT OF AFRIGLOBE INDUSTRIAL PARK (KIBAHA,  
NEAR SOGA SGR STATION)**

**FIVE YEARS: 2025-2030**

**Prepared by;**

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**JANUARY, 2025**

## CORPORATE INFORMATION

**Date of Incorporation** : 25<sup>th</sup> November,2024

### Company Registration

**Number** : 179979969

**Project Activity** : To develop and operate an Industrial Park in Coast region in Kibaha Municipality.

### Shareholders:

Name	Address	Number of shares
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## LIST OF ABBREVIATIONS

AfCFTA	-	African Continental Free Trade Area
CEO	-	Chief Executive Officer
EAC	-	East African Community
SADC	-	Southern African Development Community
SWOT/SWOC-		Strengths, Weaknesses, Opportunities and Threats/Challenges
US\$/USD	-	United Stated Dollar

## 1.0 EXECUTIVE SUMMARY

**Haron Commodity Company Limited** is a company registered in Tanzania vide registration number 179979969. The company embarks on development and operation of a modern industrial park to be located in Kibaha Municipality in Coast region, Tanzania.

The envisaged “AfriGlobe Industrial Park” is strategically located in Kibaha, Tanzania, approximately 6 km from the Dar Es Salaam - Morogoro - Iringa Road, with easy access to the Soga SGR station. The park will cover 55 acres and will be developed in multiple phases, starting with 10,000 sqm of industrial space in Phase I. The goal is to offer affordable, flexible, and sustainable leasing solutions to local and international businesses across various sectors. The park, with a vision of “Unite. Empower. Succeed.” will focus on promoting business and industrial growth, enhancing regional logistics, and contributing to Tanzania’s economic development. The phased construction strategy will rely on rental income from Phase I to fund the later stages, ensuring sustainability.

The developers are planning to develop a contemporary mixed-use Industrial Park with storage facilities, cold rooms, Agro-processing, value addition, manufacturing, logistics, agency/representation offices, administration offices, Livestock processing; vegetable and fruits processing; markets as well as warehouses for traders.

The company is owned and managed by experienced persons in the real estate sector. The project is expected to be financed both through owners’ equity and external financing through bank loans, where the total project requirement amounts to **US\$ 18,775,000 (United States Dollar Eighteen Million, Seven Hundred Seventy Five Thousand)** During the first year of operations, the project intends to employ at least 40 locals and 5 foreigners, making a total of 45 direct employment with possibility of generating more than 200 indirect jobs through various parks activities and support services.

## 1.1 Company Vision, Mission and Core Values

**Our Vision:** Our vision is to emerge as the best developer and operators of Industrial Park Services in the country.

**Our Mission:** Our mission is to provide value addition to locally manufactured goods through Industrial Parks that will enhance production, processing and distribution of products for the local and foreign markets.

**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:** 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 serve;
- We are by international standards and a system that is uncompromised 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 develop and operate an industrial park in Kibaha area in Coast Region to address the growing demands for readymade facilities for industrial solutions in Tanzania. The project also embarks on development of facilities and a modern industrial park to meet the growing needs of investors within the regions and surrounding areas.

Specifically, the project aims to achieve the following objectives;

- Short-term: Establish Phase I with 10,000 sqm of industrial space, attract initial tenants, and reach 60% occupancy by Year 2.

- Medium-term: Expand infrastructure to 30,000 sqm by Year 3, reaching 80% occupancy.
- Long-term: Develop the entire park, with green infrastructure and full occupancy by Year 5, making it a leading industrial hub in Tanzania.

### 1.3 Project Location

The area is located in Kibaha District, in Coast region, Tanzania. The locality is along the Morogoro road about 44 kilometers (27 miles) from Dar es salaam city centre. The area is having access to basic infrastructure including water, electricity and road networks. The area is also accessible by walking, cycling, taxi, automobile, and public transit. It is along the Dar es salaam–Morogoro road, approximately 6km from the main road. The area links well with other regions including Morogoro, Lindi and Tanga.

### 1.4 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 all three Phases.

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

Type of Investment	Description	Qty	Unit Price (\$ 000)	Value (\$ 000)
Land	Acres	55	73	4,000
Site Clearance	bush clearing, levelling	55	4	193
Fencing	The whole park	55	6	303
<b>Sub-total</b>				<b>4,495</b>
<b>Buildings</b>				
Warehouses (2000 SQM)	Food items and merchandize	5	200	1,000
Manufacturing zone (Phase 1)	processing units	10	250	2,500
Office spaces	Various sizes into one-5 Storey building	1	500	500
Administration bloc	Office	1	100	100
Car Parking Yard	Along the parks	3	10	30
Health care clinic	For residents	1	25	25
Manufacturing zone (Phase 2)	Expansion of processing units	10	250	2,500

Type of Investment	Description	Qty	Unit Price (\$ 000)	Value (\$ 000)
Manufacturing zone (Phase 3&4)	Expansion of processing units	20	250	5,000
<b>Sub-total</b>				<b>11,655</b>
<b>Infrastructures</b>				
Garden, Pavements, street Roads	At the car park, inter-connections, junctions, etc.	1	100	100
Paved Roads & drynage system	Across the park (2 km)	4	150	600
Concrete Roads	Inside the park (1 km)	2	150	300
Water systems	Water tanks, sewerage systems, etc.	1	100	100
Electrical systems	Electrical Installation	1	50	50
Power station	Heavy duty Generators	2	200	400
Solar Power back up system	Full set	1	100	100
Wifi Installation	The whole park	1	50	50
<b>Sub-total</b>				<b>1,700</b>
Furniture & Fittings (several pcs)	Office Use	1	20	20
Cold storage Containers	For renting	50	10	500
Motor vehicles	For office use	3	55	165
Working Capital	Salaries, operational expenses	24	10	240
<b>Sub-total</b>				<b>925</b>
<b>Total Cost</b>				<b>18,775</b>

The project requirement amounts to **US\$ 18,775,000 (United States Dollar Eighteen Million, Seven Hundred Seventy-Five Thousand)** which covers the cost of land, buildings, plant and equipment and working capital required at the commencement of the project.

#### 1.4 Implementation Plan

The envisaged project is expected to be implemented from 1<sup>st</sup> April, 2025 beginning with preliminary activities including site preparations, construction and acquiring relevant permits and other requirements of the project.

The utilization of 55 acres plot shall be as follows;

1. Manufacturing zone, warehouses and office buildings shall occupy about 30 acres;
2. Car Park and cold storage containers yard shall occupy 15 acres;
3. The roads and other structures shall occupy about 10 acres.

### **Time Frame for Each Phase**

#### **Phase I:** Land Acquisition and Initial Construction (Year 1 - Year 2)

Land Acquisition & Site Preparation: 6 months (Year 1, First Quarter). Construction of 5 Units (10,000 sqm): 12 months (Year 1 - Year 2).

Marketing and Leasing: Ongoing (Year 1 - Year 2). Target Occupancy: 60% by the end of Year 2.

#### **Phase II:** Expansion of Infrastructure and Additional Units (Year 2 - Year 3)

Construction of Additional 10,000 sqm: 12 months (Year 2 - Year 3). Target Occupancy: 70% by the end of Year 3.

#### **Phase III:** Specialized Zones and Logistics Hub (Year 3 - Year 4)

Development of Specialized Zones and Logistics Center: 12 months (Year 3 - Year 4). Target Occupancy: 80% by the end of Year 4.

#### **Phase IV:** Green Development and Sustainability (Year 4 - Year 5)

Green Infrastructure and Expansion (20,000 sqm): 12 months (Year 4 - Year 5). Target Occupancy: 95% by the end of Year 5.

The implementation programme is well described in the Table 1.2

**Table 1.2: Implementation Schedule**

No.	DESCRIPTION Activities	PHASE I		PHASE II		PHASE III & IV
		Apr- Oct 2025	Nov- Dec, 2025	Jan- Dec 2026	Jan- Dec,2027	Jan 2028- Dec 2030
1	Permits acquisition, Site preparations, Planning and mobilization of resources.					
2	Purchase of materials, equipment, staff engagements					
3	Construction of buildings and structures for the Project					
4	Finalize installation and facilities for Phase 1, Industrial Park launched.					
5	Project Expansion for more facilities in Phase 2.					
6	Finalize project expansion and activities for Phase 3; Specialized Zones and Logistics Hub					
7	Green Development and Sustainability; Green Infrastructure and Expansion.					

Upon completion of site preparations, construction, and installation of the Plant, machinery and equipment, and other facilities, the process of hiring and engaging qualified personnel shall follow. The project shall pay attention to expertise in the sector. The project shall conduct a periodical assessment of its structures, machinery and equipment and replace obsolete ones through disposal and procurement of new equipment. Project monitoring and evaluation shall be maintained throughout the duration of five years.

## **1.5. Project Benefits**

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

- Opportunities to provide a long-term solution to industrial processing facilities to cater for the growing demand in Tanzania;
- Greater certainty for the tenants considering expansion of their businesses, relocation, lease renewal, that the industrial park will continue to be the most sort after location for industrial and office activity;
- Redevelopment opportunities for sites in areas near the project to allow future major business development;
- A clear direction for a range of services and future development initiatives to secure greater access and functionality of the industrial park;
- There will be opportunities for job creation in the industrial park.

## **2.0 PROJECT DESCRIPTION**

The Project shall embark in the following core services;

Development of a multi-specialty center, aimed at developing the industrial processing facilities, which have the material and technical base, the necessary infrastructure, special equipment and legal conditions. The Industrial Park shall be designed for companies engaged in the production, processing and marketing of different products including food and beverages products, building equipment, home equipment, metal manufacturing, plastics, packaging materials, etc, and the provision of essential services in the industry.

The most important problem to be solved with the help of this project is the creation of a suitable infrastructure to attract investors; arrangement of logistics, promoting the production, introduction of new technologies in the manufacturing sector and the creation of a competitive environment. The project shall embark on provision of water supply, electric power supply, logistics, consulting, telecommunications, necessary infrastructure and other services.

## **2.1 Key Success Factors**

Provision of high-quality products to meet the local and foreign markets demands is our core competency. The project is designed to have modern, decent, well-managed facilities with immaculately humanitarian services during service delivery. We will ensure we have enough materials and equipment's that are operated by highly professional persons, who are ready to produce high quality products of nearly any requirement.

## **2.2 Our Staff**

The organization has a pool of qualified and experienced personnel to run various projects, also hiring of qualified personnel shall be done on competitive basis. The hired staff shall comprise both Tanzanians and foreigners, creating opportunity for hundreds of jobs, providing fair pay 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.

## **2.3 Modern Facilities, Machinery and Equipment**

The project will ensure that appropriate machinery and equipment are installed and modern technology in place for the modern industrial park.



**Image 1: Sample of the Planned Industrial Park**

### 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 is increasing as trade grows in the East African Region, SADC and AfCFTA. This has called for a lot of business opportunities in the regions.

*Politically;* Tanzania has enjoyed political stability since it gained her 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 strong national unit with an engaged civil society and private sector. The government of Tanzania is in support of investments through a number of policies and strategies that aims 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 MARKETING PLAN**

There is a growing population in the country, where current statistics shows that the population trend grows by 3% annually with a current population of 61 million in 2022.<sup>1</sup> Dar es Salaam being the largest commercial city has been one of the fastest growing cities in terms of population with more than 6 million people. The pace of regional integration within EAC and SADC blocs with recent ratification of AfCFTA paves way for more trade in the region. Our motive is to cater for this need, especially through providing high-quality industrial park services to enhance production of various goods and services that will be sold locally and at international markets.

##### **4.1 Marketing Strategies**

**Target Market:** The project shall focus on industries such as manufacturing, warehousing, logistics, food processing, textiles, and technology-driven enterprises.

**Value Proposition:** The park's prime location close to the Soga SGR station and the Dar-Morogoro-Iringa Road, combined with flexible leasing options, will attract both local and international tenants.

**Branding & Promotion:** The marketing campaign will include digital marketing, industry-specific events, B2B outreach, and partnerships with business chambers. Partnerships: We will collaborate with the Tanzanian government, financial institutions, and trade associations to offer business incentives and financial support. We shall use local real estate leasing agencies to cooperate in leasing.

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<sup>1</sup> National Bureau of Statistics, 2022: Population and Housing Census

## **4.2 Enterprise Settlement Plans**

### **Flexible Leasing Options**

*Short-Term Leases:* Offering one to three-year lease agreements for companies seeking flexible terms.

*Long-Term Leases:* For companies looking to establish a strong presence, offering 5 to 10-year leases with favorable rates.

*Build-to-Suit:* Tailored facilities will be developed based on tenants' specific needs.

*Joint development and cooperation:* Tenants can be allowed to invest in and build the required factory area according to the overall construction requirements and standards of the park, and cooperate through an agreed and flexible joint development cooperation method.

*Incentives for Early Settlers:* Provide early tenants with preferential leasing prices, market support and assistance with the business registration process. Provide early tenants with priority leasing rights and priority selection of professional areas once the professional areas of the development are completed.

### **Business Development Services**

*Training and Mentorship:* Offering a suite of services to help businesses grow, including mentorship, networking events, and skills development.

*Logistics and Supply Chain Assistance:* Facilitating access to reliable transportation, distribution networks, and key suppliers.

*Operational Support:* On-site support for businesses, such as maintenance services, legal advice, and administrative assistance.

*Industrial supporting:* Introduce enterprises in the supporting industry and encourage enterprises in different industries in the park to establish a win-win cooperation ecosystem.

*Sales network cooperation:* Provide support and cooperation in sales channels and networks for relevant enterprises in the park.

### **Tenant Onboarding Process**

*Seamless Onboarding:* Simplified leasing processes with assistance from dedicated staff to help businesses settle in quickly and efficiently.

*Tenant Collaboration:* A strong emphasis on building a collaborative business environment where tenants can network, share resources, and access support.

#### 4.4 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"> <li>• Ability of the project implementers to solicit required funds for the project.</li> <li>• Modern equipment and facilities and safe environment for sustainable industrial production.</li> <li>• Excellence in service from highly skilled management and staff.</li> <li>• Affordable prices will give options for customers to prefer our facilities.</li> </ul>	<ul style="list-style-type: none"> <li>• Obtaining the required resources including finances may cause delay in starting operations on time.</li> <li>• No appropriate data on the current and projected market demand.</li> </ul>
OPPORTUNITIES	THREATS/CHALLENGES
<ul style="list-style-type: none"> <li>• Growing demand of modern Industrial Parks and related services due to increase in population and regional integration.</li> <li>• Government commitment to support industries.</li> <li>• Economic growth and rising in purchasing power of individuals provides opportunities for the project.</li> </ul>	<ul style="list-style-type: none"> <li>• High expectations of customers and changing customer preferences.</li> <li>• Ensuring punctuality, safety and reliability of our facilities.</li> <li>• Competition in the sector.</li> </ul>

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.

The project shall make use of the marketing mix in making sure that high quality product is maintained in the market, our services reach 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 facilities shall 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 buildings, machineries and equipment and facilities remain in a good quality all the time so as to maintain products of high quality. The brand name “AfriGlobe Industrial Park” shall be used to sell companies products throughout the project.

**Pricing:** The objectives of price strategy depend on a number of factors such as business economic and marketing objectives. Price setting can be based on cost or market based. With demand and completions orientation concepts, a fair price will be set which customers are willing to pay at the same time covers operational costs with some profit margin. In this regard, price setting shall be based on demand, and competition but also cost of operation.

**Place:** The project shall invest in modern and sophisticated technology and facilities and conducive environment. The project has arranged to start operations by looking at the most convenient market segment.

**Promotion:** Branding and 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.

## 4.2 Revenue collection

Revenue collections will be done on cash basis and bank transfers. Where there is a written agreement, the company will also provide services on credit basis to familiar customers. For the first year of the project, the average revenue is estimated to be **USD 1,750,000**. The description of revenue projections is shown in the Table 4.1.

**Table 4.1: Description of Revenue Projections**

S/N	Revenue Source	Qty	Amount per month (USD)	Amount per year (USD)
1	Manufacturing	10	48,333	580,000
2	Warehouses	10	61,000	732,000
3	Logistics services	40	36,500	438,000
	<b>Total</b>	<b>18</b>	<b>187,500</b>	<b>1,750,000</b>

## 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.

Operational Activities shall include the following;

**Maintenance and Repairs:** Regular maintenance to ensure high standards across the park, with an efficient maintenance response system.

**Security Services:** 24/7 surveillance, access control, and emergency response teams.

**Waste and Environmental Management:** The project aims at Implementing green practices such as waste recycling, energy-efficient solutions, and water conservation.

**Business Support Services:** Providing essential services like reception, shuttle transport, and shared meeting spaces.

**Tenant Engagement:** The project shall maintain Community Building through conducting regular tenant meetings, events, and a tenant forum to encourage engagement and cooperation among businesses within the park.

**Support Services:** Tenants will have access to a dedicated customer service team to address operational issues quickly and efficiently.

## 5.2 Park Management & Operations Plans

Management Structure shall include the following;

**Project Development Team:** A skilled team will be responsible for overseeing construction, ensuring quality and adherence to timelines.

**Operations Team:** A dedicated operations team will manage the day-to-day functioning of the park, including: Park Manager: Overall oversight of operations.

**Facilities Maintenance:** Ensuring the upkeep of infrastructure, including roads, utilities, and common areas.

**Security Team:** They shall maintain 24/7 surveillance and access control.

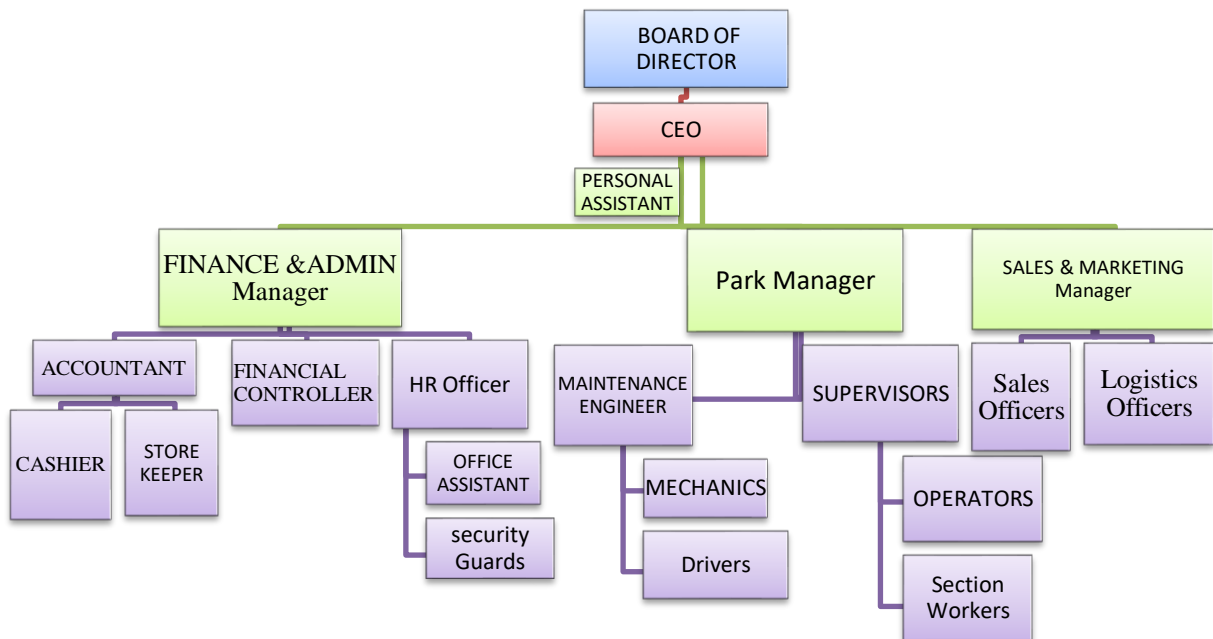
**Customer Service Team:** They shall be responsible for providing assistance to tenants with daily operational needs.

### 5.2.1 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 three main departments which shall report to the CEO; Finance and Admin Department which shall include the Finance and Administrative Manager, Accountants, Cashiers, revenue collectors and store keepers; HR Officers, Administrative Officers and Office Assistants as well as watchmen/security guards and drivers. Marketing and Sales Department shall include the Director of Sales and Marketing, Marketing Manager; Sales Officers and Logistic Officers. The Operations Department shall include the Park Manager, Technical and maintenance Officer, Mechanics, Machine Operators, Drivers and section workers; The figure 5.1 describes the organization structure and the reporting lines for each category.

**Figure 5.1 Organization Chart**



## 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 facilities occupied, the number of facilities not in use, and reduction in service delivery time and costs. The evaluation process will collect data on the benefits of the project, such as improvement in the park 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 industrial activities in Coast and nearby regions mainly 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:

*Construction Delays:* Potential delays due to unforeseen circumstances.

*Market Demand Fluctuations:* Lower-than-expected tenant demand.

*Economic Conditions:* Changes in the national or global economic environment affecting leasing.

### **Mitigation Strategies**

*Strong Partnerships:* Work with financial institutions to ensure funding is secured and timelines are met.

*Market Adaptability:* Offer flexible leasing terms and incentivize early tenants to secure interest.

*Regular Market Research:* Continually assess market trends and adjust marketing efforts accordingly.

Despite likelihood of the identified risks, the project has potentials to make significant contribution to the economic development are inevitable. If the project is successful, it could help to improve the development of the sector and ensuring availability of high-quality products in the country and ultimately boost economic growth.

## 8.0 FINANCIAL PLAN

### 8.1 Sources of Funds

The project financing is expected to be through both owners' equity and debt financing through both internal and external sources of financing. The amount of revenue shall be clearly allocated to the parties as per profit calculations of the project. The project financing shall be in the following mode;

**Table 8:1 Project Financing**

S/N	Type of Financing	Source	Amount (\$)
1	Equity	Local	9,387,500
2	Loan	Foreign & Local	9,387,500
<b>TOTAL</b>			<b>18,775,000</b>

### 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 both domestic market and foreign markets including EAC, SADC, ACFTA and beyond the African Continent.
- (ii) Investment shall be progressively made throughout the project;
- (iii) The annual sales are projected to grow by 10% per annum; while operating expenses will rise at the rate of 5%. The revenue is expected to double in year 3 after having installed the additional facilities.
- (iv) Depreciation will be charged on 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 10%
  - (c) Equipment 10%
  - (d) Motor vehicles 20%

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 major recession.
- We assume, 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 Statements

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

**Table 8.2: Projected Income Statements for Five Years**

Description	YEAR 1 (US\$)	YEAR 2 (US\$)	YEAR 3 (US\$)	YEAR 4 (US\$)	YEAR 5 (US\$)
Revenue	1,750,000	2,050,000	3,970,117	4,351,418	4,601,905
Less: Cost of sales	957,043	1,004,895	1,609,790	2,110,280	2,215,794
<b>Operating Profit</b>	<b>792,957</b>	<b>1,045,105</b>	<b>2,360,327</b>	<b>2,241,138</b>	<b>2,386,111</b>
<i>Less: Op. expenses</i>	<i>642,067</i>	<i>674,170</i>	<i>1,348,341</i>	<i>1,415,758</i>	<i>1,486,546</i>
Earnings Before Interest and Tax	150,890	370,935	1,011,986	1,325,380	1,899,565
Less: Charges					
Interest	450,000	660,000	495,000	663,000	952,050
<b>Earnings/(Loss) Before Tax</b>	<b>-299,110</b>	<b>-289,065</b>	<b>516,986</b>	<b>662,380</b>	<b>947,515</b>
<i>Corporate Tax (30%)</i>	<i>0</i>	<i>0</i>	<i>155,096</i>	<i>198,714</i>	<i>284,255</i>
<b>Earnings After Tax (Loss)</b>	<b>-299,110</b>	<b>-289,065</b>	<b>361,890</b>	<b>463,666</b>	<b>663,261</b>
<i>Dividends (30%)</i>	<i>0</i>	<i>0</i>	<i>46,529</i>	<i>59,614</i>	<i>85,276</i>
<b>Retained Earnings</b>	<b>0</b>	<b>0</b>	<b>315,361</b>	<b>404,052</b>	<b>577,984</b>

**Table 8.3 Projected Balance Sheet for Five Years**

DESCRIPTIONS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
	US\$	US\$	US\$	US\$	US\$
NON-CURRENT ASSETS					
Land & Buildings	7,038,550	9,413,550	11,788,550	14,163,550	15,980,500
Machinery & Equipment	382,500	765,000	1,147,500	1,530,000	1,144,174
Motor vehicles	44,000	132,000	99,000	66,000	33,000
<b>Total Non-Current Assets</b>	<b>7,465,050</b>	<b>10,310,550</b>	<b>13,035,050</b>	<b>15,759,550</b>	<b>17,157,674</b>
Stocks	44,150	45,000	19,284	22,500	53,100
Debtors & Prepayments	55,693	56,825	11,500	15,400	16,700
Cash and Bank balance	2,139,288	1,266,379	1,574,543	194,495	1,324,886
<b>Total Current Assets</b>	<b>2,239,131</b>	<b>1,368,204</b>	<b>1,605,327</b>	<b>232,395</b>	<b>1,394,686</b>
<b>TOTAL ASSETS</b>	<b>9,704,181</b>	<b>11,678,754</b>	<b>14,640,377</b>	<b>15,991,945</b>	<b>18,552,360</b>
Equity	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Additional capital	2,000,000	1,666,184	2,462,026	4,044,937	6,232,786
Retained Earnings	-	-	1,118,276	840,331	1,070,728
<b>Total Equity</b>	<b>6,000,000</b>	<b>5,666,184</b>	<b>7,580,302</b>	<b>8,885,268</b>	<b>11,303,514</b>
Bank loan	3,000,000	4,400,000	3,300,000	4,420,000	6,347,000
<b>Total Non-Current Liability</b>	<b>3,000,000</b>	<b>4,400,000</b>	<b>5,300,000</b>	<b>5,500,000</b>	<b>6,347,000</b>
Trade Creditors and Accruals	685,306	1,590,364	1,649,336	1,508,177	783,746
Taxation	18,875	22,206	110,739	98,500	118,100
<b>Total Current Liabilities</b>	<b>704,181</b>	<b>1,612,570</b>	<b>1,760,075</b>	<b>1,606,677</b>	<b>901,846</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>9,704,181</b>	<b>11,678,754</b>	<b>14,640,377</b>	<b>15,991,945</b>	<b>18,552,360</b>

**Table 8:4 Projected Cash Flow for Five Years**

DESCRIPTIONS	Year 1	Year 2	Year 3	Year 4	Year 5
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
<b>Cash from operations:</b>					
Profits before tax	150,890	370,935	1,011,986	1,325,380	1,899,565
<b>Adjustments for non-cash items:</b>					
Depreciations	560,750	448,600	736,600	1,248,500	648,100
<b>Change in Working Capital:</b>					
Receivables	-55,693	-56,825	-11,500	-15,400	-16,700
Trade payables & Accruals	685,306	1,590,364	1,649,336	1,508,177	783,746
<b>Total</b>	<b>1,341,253</b>	<b>2,353,074</b>	<b>3,386,422</b>	<b>4,066,657</b>	<b>3,314,711</b>
Tax payments	0	0	-303,596	-397,614	-239,270
<b>Total Cash Inflow from Operating Activities</b>	<b>1,341,253</b>	<b>2,353,074</b>	<b>3,082,826</b>	<b>3,669,043</b>	<b>3,075,441</b>
<b>Cash from investing activities:</b>					
Purchase of assets	-	-	-	-	-829,163
Other purchases	4,466,965	1,553,983	1,033,062	3,270,433	-465,398
<b>Net Cash Outflow from Investing Activities</b>	<b>3,125,712</b>	<b>799,091</b>	<b>1,981,421</b>	<b>296,442</b>	<b>1,780,880</b>
<b>Cash from financing activities:</b>					
Dividends	0	0	-64,257	-130,490	-167,489
Loan Repayments	-1,735,000	-1,672,000	-1,609,000	-1,546,000	-483,000
<b>Net Cash Outflow from Financing Activities</b>	<b>-4,860,712</b>	<b>-872,909</b>	<b>308,164</b>	<b>-1,380,048</b>	<b>1,130,391</b>
<i>Beginning Cash Balance</i>	<i>7,000,000</i>	<i>2,139,288</i>	<i>1,266,379</i>	<i>1,574,543</i>	<i>194,495</i>
<b>Ending Cash Balance</b>	<b>2,139,288</b>	<b>1,266,379</b>	<b>1,574,543</b>	<b>194,495</b>	<b>1,324,886</b>

#### 8.4 Profitability Analysis

**Break-even Point:** Expected by Year 3.

**Full Occupancy ROI:** Projected strong returns by Year 5. As of the 5th year, the park has developed a total of 40,000 sqm, and there are still 180,000 sqm to be developed (excluding the public open space & green area required for park construction).

## **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,
- 2) Access to quality, reliable and affordable products increased,
- 3) Employment opportunities generation; more than 45 direct jobs and more than 200 indirect jobs expected to be created.
- 4) Technology and skills transfer from expertise hired from different parts of the globe.

#### **b) Indirect economic impact**

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 participation in economic development activities of the country.

## **10.0 CONCLUSION**

AfriGlobe Industrial Park is set to become a key driver of industrial development in Tanzania, offering sustainable and affordable spaces for businesses. The project will generate significant economic impact, create jobs, and foster an entrepreneurial ecosystem in the region. With a clear phased development plan, effective park management, and strategic marketing, AfriGlobe will be a leading industrial park in East Africa. The fact that owners are willing to raise investment capital to finance the project, it shows a strong commitment in making sure that the project is successfully implemented.