KALI DAIRY AND GENERAL TRADING LIMITED

KIHANGA VILLAGE, ISMANI DIVISION
P.O. BOX 108 MATEMBO VILLAGE, ISMANI, IRINGA REGION

PROJECT TITLE

INTEGRATED DAIRY FARMING AND MILK PROCESSING PROJECT

Submitted To:

TANZANIA INVESTMENT CENTRE (TIC)

FOR TAX INCENTIVE CONSIDERATION UNDER THE TANZANIA INVESTMENT ACT

Prepared By:

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BUSINESS PLAN FOR DAIRY FARMING INVESTMENT IN NDULI, IRINGA, TANZANIA

1. **Executive Summary** This business plan presents an investment opportunity in dairy farming and milk processing in Nduli, Iringa, Tanzania. The project aims to establish a large-scale dairy farm with 800 milk cows, supported by modern processing facilities to produce and sell various dairy products. The business is a locally owned company with 51% Tanzanian shareholding, making it eligible for investment incentives under the Tanzania Investment Center (TIC).

The project will contribute significantly to food security, job creation, and import substitution while aligning with the government's efforts to promote agribusiness. To ensure competitive production, we seek TIC tax incentives, including import duty exemptions, corporate tax holidays, and VAT exemptions on equipment and machinery.

2. BUSINESS DESCRIPTION COMPANY PROFILE:

- Name: KALI DAIRY AND GENERAL TRADING LIMITED
- Legal Structure: Limited Liability Company
- Ownership: 51% Tanzanian, 49% Foreign Investors
- Location: MATEMBO VILAGE ISMANI, Iringa, Tanzania

3. VISION AND MISSION STATEMENT

Vision Statement: To be a leading dairy producer in Tanzania, delivering high-quality dairy products while promoting sustainable and innovative farming practices.

Mission Statement: To provide nutritious and high-quality dairy products to consumers through sustainable and efficient dairy farming and processing, while supporting local communities and environmental conservation.

4. BUSINESS OBJECTIVES:

- To produce and process high-quality milk and dairy products for the local and regional markets.
- To create employment and build capacity in modern dairy farming.
- To integrate and empower local smallholder farmers throughout-grower schemes.
- To contribute to food security and import substitution by reducing the dependence on imported dairy products.
- To operate as an environmentally responsible and sustainable agribusiness.

5. PRODUCTS & SERVICES:

5.1. Products

- **Fresh Pasteurized Milk**

  The farm will produce high-quality fresh milk that will be processed and packaged for both retail and wholesale distribution.
- **Fermented Milk (Mtindi/Yoghurt)**

  The project will produce both flavored and plain yoghurt in various sizes and various fruit-flavored, plain, and probiotic yoghurt with the target market of Youth, urban households, schools, and health-conscious consumers.
- **Butter:** Fresh butter will be churned from cream separated during milk processing that will be used for home consumption, restaurants, and bakeries.
- **4. Cheese:** The farm will introduce basic cheese varieties such as cheddar, mozzarella, and soft cheeses, depending on market demand with supermarkets, restaurants, and specialty stores and target markets
- **Cream:** Dairy cream will be extracted and sold for culinary and bakery use.
- **Milk Powder (Future Expansion):** In the long term, the farm may invest in milk drying equipment to produce milk powder for broader markets. Purpose: Export potential and long shelf life.
- **Animal Manure / Organic Fertilizer:** Solid and liquid cow waste will be converted into organic manure to be used for internal pasture management and sale to nearby farmers.

- **Calves and Breeding Heifers:** High-quality calves and heifers will be reared **and** sold to local farmers to improve their herds.

5.2. Services (Future Tense)

- **Milk Collection & Aggregation Services:** The project will establish a milk collection center that will aggregate raw milk from nearby smallholder farmers with benefit of Enhancing community engagement and increased milk volumes.
- **Extension Services for Farmers:** The farm will provide training and advisory services on best practices in dairy farming. The goal is to improve raw milk quality and build long-term relationships with suppliers.
- **Pasture & Silage Supply:** Surplus silage and fodder will be sold to nearby farms, especially during the dry season.
- **Veterinary Services:** In-house veterinary services will be extended to neighboring smallholder farmer to offer vaccination, deworming, and animal health checks.

6. MARKET ANALYSIS INDUSTRY OVERVIEW:

6.1. Production Landscape

- **Cattle Population & Milk Output**: Tanzania boasts approximately 33.9 million cattle, ranking it among Africa's top four in cattle population. Despite this, milk production reached 3.6 billion liters in 2023, a notable increase from 2.2 billion liters in 2020/21.
- **Breed Composition**: The majority (about 99%) of cattle are indigenous breeds, which are disease-resistant but yield less than 3.5 liters of milk per day. Only a small fraction are improved dairy breeds.
- **Production Systems**: Dairy farming is predominantly small-scale and subsistence-based, with most milk consumed by producers' households or sold informally. Formal dairy farming, involving improved breeds and commercial practices, is limited but growing.

6.2. Market Structure & Processing

- **Informal Market Dominance**: Approximately 90% of milk is sold unprocessed through informal channels, leading to quality control issues and reduced profitability.
- **Processing Capacity**: Only about 2.7% of milk is processed into products like yogurt and cheese. Processors often operate below capacity due to inconsistent supply and competition from informal sellers.
- **Infrastructure Developments**: Initiatives like the new milk processing plant in Isimani Iringa District aim to enhance processing capabilities and provide reliable markets for farmers.

6.3. Economic Contribution & Challenges

- **GDP Contribution**: The dairy sector contributes about 1.5% to Tanzania's GDP, which is lower compared to neighboring countries like Kenya and Uganda, where dairy contributes around 6%.
- **Profitability Issues**: High costs of feed, veterinary services, and low milk prices (often below TSh 1,200 per liter) make dairy farming less profitable, especially for smallholders.

6.4. Policy & Institutional Framework

- **Regulatory Bodies**: The Tanzania Dairy Board (TDB) oversees the sector, aiming to regulate and promote dairy activities. However, overlapping mandates among various authorities can create bureaucratic hurdles for farmers and processors.

6.5. Government Initiatives: Efforts include introducing improved dairy breeds, enhancing veterinary services, and launching programs like the School Milk Feeding Program to boost consumption and support the industry.

6.6. Opportunities for Growth

6.6.1. **Breed Improvement**: Expanding the use of high-yield crossbreeds can significantly increase milk production. Breed improvement in dairy farming refers to the process of enhancing the genetic quality of dairy cattle to increase productivity—primarily milk yield, but also disease resistance, adaptability to climate, and reproductive efficiency.

In Tanzania, most dairy cattle are indigenous breeds like the Tanzania Shorthorn Zebu (TSZ), which are hardy and adapted to local conditions but produce very low amounts of milk (1–3 liters/day on average).

High-yield crossbreeds are cattle developed by crossbreeding local (indigenous) cows with exotic dairy breeds like:

- **Friesian/Holstein** – high milk producers (up to 30 liters/day in optimal conditions)
- **Jersey** – known for high butterfat content in milk
- **Ayrshire** – good for both milk yield and quality

The resulting **crossbred cows** combine the **high milk yield traits** of exotic breeds with the **resilience and adaptability** of indigenous breeds. In Tanzania, breeds like Friesian-Zebu or Jersey-Zebu crosses are common in improved dairy systems.

a) **Higher Daily Milk Yields**:
   - Indigenous cow: 1–3 liters/day
   - Crossbreed: 10–20 liters/day (depending on feed, health, and management)

b) **Improved Lactation Periods**:
   - Crossbreeds tend to lactate for longer periods, giving farmers more consistent income from milk sales.

c) **Better Feed Conversion**:
   - They convert feed into milk more efficiently, meaning more output from the same inputs.

d) **Early Maturity and Reproduction**:
   - Crossbreeds reach reproductive maturity earlier and have shorter calving intervals.

6.6.2. **Market Formalization**: Encouraging the sale of pasteurized milk through formal channels can improve quality and profitability.

6.6.3. **Regional Trade**: Leveraging regional trade agreements can open new markets for Tanzanian dairy products.
6.6.4. **Youth and Women Engagement**: Targeted programs can attract youth and women into dairy farming, promoting inclusivity and innovation.

7. COMPETITIVE ANALYSIS:

The dairy industry in Tanzania has a few large-scale players but is still dominated by smallholder farmers. Key competitors include:

- **Tanga Fresh**: One of the largest dairy companies in Tanzania, specializing in fresh and UHT milk, yogurt, and other dairy products. They have a strong market presence and an established distribution network.
- **ASAS Dairies Ltd**: Based in Iringa, ASAS is a significant competitor in the Southern Highlands, producing fresh milk, pasteurized milk, and other dairy products.
- **Milkcom Ltd**: A growing dairy company focusing on processed dairy products and supplying both local and regional markets.
- **Shambani Milk**: A mid-sized dairy company producing various milk products, including flavored milk and yogurt.

Our competitive edge will be modern technology, efficiency in production, and superior quality control, allowing us to compete effectively in the market.

8. REGULATORY COMPLIANCE:

The business will abide with all regulatory regulations including but not limited to;

8.1. Tanzania Dairy Board (TDB)

- It is the main regulator for the dairy sector that oversees licensing, standards, promotion, and market development

8.2. Tanzania Bureau of Standards (TBS)

- Sets and enforces standards for milk and milk products (quality, hygiene, packaging)

8.3. Veterinary Council of Tanzania & Ministry of Livestock and Fisheries

This is board that regulates animal health and breeding services and oversees vaccination, artificial insemination (AI), and movement of animals

8.4. Tanzania Food and Drugs Authority (TFDA) / TMDA

The process is underway to register with TMDA to ensures public health and food safety compliance (especially in processing and packaging)

8.5. Tax & Business Compliance

- The business has already registered with TRA (Tanzania Revenue Authority)
- Pay applicable taxes (income tax, VAT if threshold is reached)
- Maintain basic financial records

8.6. Environmental & Land Use Compliance

- Land laws and environmental laws have been followed with Village Land Act
- Environmental Impact Assessment (EIA) may be needed for large farms have been made.

Summary of the adopted Required regulatory compliance

Document/License	Issued By	Purpose
Dairy Business License	Tanzania Dairy Board	Legal authority to operate in dairy
Milk Processing Certificate	TDB / TBS	Compliance with milk safety and hygiene
Animal Movement Permit	Ministry of Livestock	Transport cattle safely and legally
Tax Identification Number (TIN)	TRA	Tax registration
Environmental Clearance (if needed)	NEMC	For large-scale farms or processors

9. INVESTMENT PLAN & FINANCIAL PROJECTIONS

9.1. Capital Expenditure (CAPEX):

- Land Development & Infrastructure: TZS [Amount]
- Purchase of 800 High-Yield Cows: TZS [Amount]
- Machinery & Equipment: TZS [Amount]

Investment Plan & Financial Projections in five years: 2023 - 2028	**AMOUNT TZS**
1.1. Capital Expenditure (CAPEX):	
• Land Development & Infrastructure:	228,000,000
• Purchase of High-Yield Cows: TZS (Five Years)	1,471,750,000
• Machinery & Equipment in five years :	1,060,000,000
• Working Capital,	795,000,000
• Total Investment: TZS [Total Amount]	**3,554,750,000**
1.2. Revenue Projections (First 5 Years):	
• Year 1: TZS	352,800,000
• Year 2: TZS	945,000,000
• Year 3: TZS	1,449,000,000
• Year 4: TZS	1,751,400,000.00
	4,498,200,000

9.2. Profitability Analysis:

- Break-even point expected within 4.5 years.
- Long-term growth through increased production and product diversification.

9.3. Funding Requirements:

- The funding of the projected has been contributed by the shareholders of the company. What is required now is only to seeking TIC incentives to lower initial capital costs.
- There is a potential for financing from local banks and development funds.

10. JOB CREATION & ECONOMIC IMPACT DIRECT EMPLOYMENT:

10.1. Direct Jobs: The project will create employment opportunities as follows:

SN	Role	Number of Staff	Monthly Salary (TZS)	Total Monthly Cost (TZS)	Annual Salary Cost (TZS)
1	Farm Manager	1	2,000,000.00	2,000,000.00	24,000,000.00
2	Assistant Farm Manager	1	1,500,000.00	1,500,000.00	18,000,000.00
3	Veterinarians & AHT	2.5	1,200,000.00	3,000,000.00	36,000,000.00
4	AI Technician	1	1,000,000.00	1,000,000.00	12,000,000.00
5	Herdsmen	12.5	450,000.00	5,625,000.00	67,500,000.00
6	Calf Caretakers	4	400,000.00	1,600,000.00	19,200,000.00
7	Livestock Record Keepers	2	600,000.00	1,200,000.00	14,400,000.00
8	Feed & Pasture Workers	7.5	450,000.00	3,375,000.00	40,500,000.00
9	Security Guards	3.5	350,000.00	1,225,000.00	14,700,000.00
10	Processing Plant Manager	1	2,000,000.00	2,000,000.00	24,000,000.00
11	Dairy Technicians	5	800,000.00	4,000,000.00	48,000,000.00
12	Quality Control Officers	2.5	900,000.00	2,250,000.00	27,000,000.00
13	Machine Operators	5	700,000.00	3,500,000.00	42,000,000.00
14	Cold Storage Workers	4	500,000.00	2,000,000.00	24,000,000.00
15	Sales & Marketing Team	5	900,000.00	4,500,000.00	54,000,000.00
16	Distribution Drivers & Load	5	600,000.00	3,000,000.00	36,000,000.00
17	Admin & Finance Staff	4	1,200,000.00	4,800,000.00	57,600,000.00
18	Customer Service Officers	2.5	600,000.00	1,500,000.00	18,000,000.00
19	Maintenance Technicians	3.5	800,000.00	2,800,000.00	33,600,000.00
20	General Farm Workers	7.5	400,000.00	3,000,000.00	36,000,000.00
				53,875,000.00	**646,500,000.00**

10.2. Indirect Jobs: The Project will also have indirect Employment between 95 -130 jobs in the area of;

Feed suppliers & transporters, Veterinary supplies & equipment retailers, Packaging & distribution partners, Water & utility service providers, Local shops & food vendors around your farm/factory and mobile money. Others will be Cleaning, waste handling, and general service workers, Building & machine maintenance companies, Logistics & storage companies (cold chain, Farmers supplying animal feed and Logistics and transport services.

10.3. Impact on Local Agriculture:

When the project is at the final stage the following will be the impact to local farmers;

10.3.1. Increased Market Access

The project will provide local dairy farmers with a reliable and structured market for their milk. Farmers will be able to sell their produce consistently, reducing post-harvest losses and ensuring fair, timely payments.

Expected Impact: Farmers will enjoy stable income and reduced market uncertainty, supporting long-term growth and sustainability.

10.3.2. Improved Livelihoods & Income

With better pricing and regular demand from the processing facility, local farmers' incomes will increase. This will enable them to invest more in healthcare, education, and better living standards.

Expected Impact: The project will contribute to improved quality of life and poverty reduction within the community.

10.3.3. Skills Transfer & Capacity Building

The project will offer ongoing training and extension services to farmers. These will cover areas such as: -Modern dairy husbandry, Animal health and feeding, Hygiene and milk quality control, and Sustainable fodder and pasture management

Expected Impact: Farmers will improve their productivity, efficiency, and milk quality.

10.3.4. Supply Chain Development

Local farmers will be engaged in growing fodder crops (like Napier grass and maize for silage), supplying raw materials, and offering auxiliary services such as transportation and manure management.

Expected Impact: New rural at Ismani enterprises will emerge, creating indirect employment and strengthening the local value chain.

10.3.5. **By observing the model farm, many smallholder farmers will be inspired** to adopt better practices — including zero-grazing systems, improved animal genetics (via AI), and eco-friendly waste management systems.

Expected Impact: Local farming will become more productive, sustainable, and climate-resilient.

10.3.6. Estimated Outreach

The project will engage approximately 50 to 100 local farmers as suppliers within the first two years. Through direct and indirect economic ripple effects, it will benefit over 500 community members, supporting rural development at scale.

11. TECHNOLOGY & OPERATIONS PLAN FARM SETUP:

The following are the technological and operational plan setup for the farm

11.1. Farm Infrastructure

- The farm will construct concrete structures with proper drainage, ventilation, feeding troughs, and bedding areas to ensure hygiene and comfort for all 800 cows.
- Separate housing units will be built for calves and pregnant cows to enhance calf survival rates and ensure safe calving processes.
- The farm will install a bio-digester or channel system to manage waste efficiently and generate biogas for farm use.

11.2. Milking Technology

- An automated system will be set up to streamline the milking process, reduce contamination, and record milk output for each cow.
- Bulk milk coolers (BMCs) will be installed to immediately chill milk, preserving quality before it reaches the processing unit.

11.3. Feeding & Nutrition Systems

- The farm will utilize mechanized feed mixers to ensure consistency in feed preparation and reduce wastage.
- Silage pits or bags will be created to store nutritious feed for dry seasons, ensuring year-round feeding efficiency.

11.4. Animal Health & Breeding

- A fully-equipped vet unit will be established, including diagnostic tools, medicine storage, and AI services for genetic improvement.
- All cows will be tagged using RFID or ear tags, and their health, breeding, and productivity will be tracked digitally.

11.5. Water Supply & Irrigation

- Automated systems will be installed to provide constant access to clean drinking water for the cows.
- Efficient drip or sprinkler irrigation systems will be deployed to support pasture and fodder crop production.
- Rain water will be harvested to provide water through the seasons of the year

11.6. Power Supply

The farm will invest in solar power systems, backed up by grid electricity or generators, to support sustainable energy needs.

11.7. Record Keeping & Farm Management Software

The project will adopt digital platforms like Afimilk, FarmWizard, or similar to manage records on production, health, feeding, and financials.

11.8. Processing & Packaging

- The farm will set up a dairy processing line with equipment for pasteurizing, homogenizing, and packaging milk and value-added products like yogurt and butter.
- Cold storage units will be installed to preserve both raw and finished dairy products before distribution.

11.9. Logistics & Transport

The farm will acquire vehicles equipped for safe milk transport to various markets and outlets.

11.10. Quality Control & Lab

A small laboratory will be established to test milk for quality indicators such as fat content, bacterial load, and cleanliness, ensuring regulatory compliance.

12. SUSTAINABILITY & ENVIRONMENTAL CONSIDERATIONS WASTE MANAGEMENT:

To ensure long-term sustainability and environmental responsibility, the dairy farm will adopt comprehensive waste management systems focused on reducing pollution, promoting recycling, and enhancing soil and energy efficiency.

12.1. Manure Management

- The farm will implement a bio-digester system to convert cow manure into biogas, which will be used as an alternative energy source for cooking, heating water, and powering certain farm operations.
- Digestate, a by-product of biogas production, will be used as organic fertilizer to enrich the soil for fodder production and crop farming.

12.2. Zero Waste Policy

- The project will embrace a zero-waste philosophy, particularly during the processing phase, by using every part of the milk and animal by-products.
- Wastewater from cleaning and milking operations will be filtered and reused for irrigation or cleaning non-sensitive areas.

12.3. Solid Waste Handling

- Non-biodegradable waste such as packaging materials will be sorted and recycled or sold to certified recycling companies.
- General waste will be segregated at source (organic, plastic, glass, etc.) to reduce landfill impact.

12.4. Odour & Pest Control

- Proper waste storage systems will be installed and maintained to minimize bad odour and pest attraction.
- Waste handling areas will be kept covered and sanitized regularly.

12.5. Training & Monitoring

- Staff will be trained on eco-friendly practices, including safe disposal and recycling techniques.
- A **Waste Management Officer** will be appointed to oversee implementation and continuous improvement of waste reduction strategies.

12.6. Collaboration with Environmental Bodies

The farm will work closely with local environmental authorities such as NEMC (National Environment Management Council) and TBS (Tanzania Bureau of Standards) to ensure regulatory compliance and adoption of best practices.

12.7. Corporate Social Responsibility:

Support for smallholder dairy farmers through training and milk collection partnerships.

13. REQUEST FOR TIC TAX INCENTIVES RATIONALE:

Basing on the analysis of the project above and in order to reduce the investments costs the following is applied and requested from Tanzania Investment Center (TIC;

13.1. Import Duty and VAT Exemptions on Capital Goods

We request exemption on:

- Dairy processing machinery and equipment
- Milk cooling tanks and pasteurizers
- Milking machines and systems
- Biogas digesters and energy systems
- Cold storage facilities and refrigeration units
- Water treatment and irrigation systems
- Farm and processing plant construction materials
- Transport trucks for milk distribution

13.2. Import Duty and VAT Exemptions on Agricultural Inputs

We request exemption on:

- Livestock feed, supplements, and minerals
- Artificial insemination (AI) equipment and semen
- Veterinary drugs and vaccines
- Pasture seeds and fertilizer
- Laboratory and testing kits for milk quality control

13.3. Exemption from Withholding Tax on Dividends

We will reinvested profits or equity capital from foreign or local partners. We request therefore Exemptions on Withholding Tax on Dividends

13.4. Reduced Corporate Tax Rate / Tax Holiday

We apply for a corporate income tax holiday for 5–10 years because our project is qualifies as a strategic investment (high job creation, export potential, technology transfer).

13.5. Exemption from Property Tax for Agricultural Land

We request a waiver on property tax for farmland used in livestock and fodder production.

13.6. Stamp Duty Waiver

We request stamp duty waiver on land transfer and loan agreements used to finance the investment.

13.7. Work Permits for Key Foreign Experts

We request a fast-tracked or subsidized work permit process for key foreign personnel such as veterinary specialists, dairy technologists, or project engineers (if needed temporarily) who will be employed to support the project.

Legal Basis:

- Compliance with TIC investment promotion policies.
- Alignment with Tanzania's Vision 2025 industrialization agenda.

14. RATIONALE FOR TIC INCENTIVE APPLICATION – DAIRY FARM INVESTMENT PROJECT

The dairy farm project, with a total investment of over TZS 3.5 billion, is strategically aligned with Tanzania's development priorities. The following rationale supports the application for tax incentives from the Tanzania Investment Centre (TIC).

14.1. High Job Creation Potential

The project is expected to create between 60–90 direct jobs and 100–200 indirect jobs. These positions will span operations, logistics, administration, and community-based services. It contributes to national efforts in reducing unemployment, especially among youth and women.

14.2. Enhancement of Food Security

By increasing local milk production and processing capacity, the project will help reduce dependency on imported dairy products. It supports the availability of nutritious, locally produced milk and dairy, enhancing national food and nutrition security.

14.3. Support to Smallholder Farmers

The project will integrate smallholder farmers through milk supply partnerships, training, input support, and veterinary services. This inclusive approach will raise rural incomes and build resilient supply chains.

14.4. Technology Transfer and Capacity Building

By incorporating modern dairy farming, milking, and milk processing technologies, the project will facilitate skills transfer to local staff. It will also contribute to national capacity building in agribusiness management.

14.5. Environmental Sustainability

The farm will implement sustainable practices such as biogas energy generation, proper manure disposal, and eco-friendly waste management systems. This aligns with the green economy objectives and supports environmental protection efforts.

14.6. Import Substitution and Export Potential

The processing of dairy products locally will substitute imports and potentially open regional export opportunities in the EAC and SADC markets. This supports Tanzania's vision of industrialization and export-led growth.

14.7. Strategic Investment Scale

With an investment exceeding TZS 3.5 billion, the project qualifies as a large-scale, strategic investment under TIC criteria. This justifies the request for fiscal incentives such as VAT and import duty exemptions, corporate tax holidays, and support for expatriate expertise.

15. RISK ANALYSIS & MITIGATION MARKET RISKS:

The following risks are analyzed, and mitigations discussed for the projected.

15.1. Price Volatility of Milk and Dairy Products

Price risk: The project may face fluctuations in market prices for fresh milk, yoghurt, butter, and other dairy products due to seasonal changes, supply-demand imbalances, or competitive pressures.

Mitigation:

- The company will establish forward supply contracts with reliable institutional buyers such as schools and hospitals.
- It will diversify its product range to include high-margin items like cheese and ghee.
- Investments will be made in branding and value addition to maintain premium pricing.
- A cold chain system will be developed to reduce perishability and enhance market leverage.

15.2. Increased Competition

Risk: The dairy sector will attract more players, leading to reduced market share and intensified price competition.

- Mitigation:
    - The business will build customer loyalty by ensuring high quality and reliable service.
    - It will target niche markets such as organic and fermented dairy products.
    - Strategic partnerships will be formed with farmer cooperatives and retail chains.
    - Differentiation will be achieved through traceability and a unique "farm-to-table" branding approach.

15.3. Dependence on Local Market Only

Risk: Overreliance on the Iringa market will make the project vulnerable to local economic disruptions or saturation.

- Mitigation:

- The company will expand into other regional markets like Dodoma, Mbeya, and Dar es Salaam.
- Plans will be made to position the company for exports within the East African Community (EAC).
- Digital marketing platforms and delivery systems will be leveraged to broaden the customer base.

15.4. Low Consumer Purchasing Power

Risk: Economic constraints will limit regular consumption of dairy products by local communities.

Mitigation:

- The business will offer smaller, affordable packaging options.
- Loyalty programs will be introduced for regular and bulk customers.
- Value packs for institutions and families will be designed to ensure affordability and accessibility.

15.5. Seasonal Demand Fluctuations

Risk: Demand for dairy products will vary throughout the year, peaking during school terms and holidays while dropping in off-seasons.

Mitigation:

- The company will use production planning to align supply with seasonal demand patterns.
- Longer-shelf-life products such as ghee and UHT milk will be stored and sold during low-demand periods.
- Promotional campaigns and discounts will be introduced to stimulate off-season demand.

16. CONCLUSION

The proposed dairy farm investment project represents a transformative opportunity to strengthen Tanzania's dairy sector through modern, sustainable, and inclusive agribusiness practices. With a robust operational plan, significant job creation potential, and a commitment to environmental sustainability, the project is well

positioned to contribute to national food security, reduce reliance on imports, and uplift local communities through improved livelihoods and market linkages.

By integrating advanced technologies, building a strong local workforce, and empowering smallholder farmers, the project will serve as a model for dairy value chain development in the region. It also aligns with Tanzania's industrialization agenda and the goals of the Tanzania Investment Centre (TIC) by promoting strategic investment, rural development, and economic empowerment.

Given the scale, innovation, and national relevance of this investment, TIC incentives will be critical to enabling the project's success. The requested incentives, such as VAT and duty exemptions on imported equipment, corporate tax holidays, and facilitation of regulatory approvals and land access, will provide the necessary support to ensure smooth implementation and operational efficiency. These incentives will also enhance the project's long-term sustainability and amplify its socio-economic impact.

With the right support and enabling environment, this dairy farm will not only be a commercially viable enterprise but also a catalyst for long-term social and economic transformation in Iringa and beyond.