
Business Plan

Expansion of
Road Transport & Logistics
Services for Transit Cargo

Presented by:

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NAMOL LIMITED

Project Information

Nature of Project	:	Road Cargo Transport & Logistics Services
Project Concept	:	Expansion into Transit Cargo Road Transport
Project Activity	:	Domestic and Transit Cargo Transport Services
Products/Services	:	Transport & Logistics Services <ul style="list-style-type: none">✓ Domestic Cargo Transport✓ Transit Cargo Transport✓ Container Cargo Handling✓ Bulk Cargo Handling
Target Market	:	Tanzania and Neighbouring Countries
Trucks Procured	:	Trucks & Trailers comprised of: <ul style="list-style-type: none">(i) Trucks and Trailers(ii) Cargo Handling Equipment
Project Location	:	Dar-es-salaam, Tanzania
Project Start Date	:	April, 2025
Project Implementer	:	NAMOL LTD
Legal Status	:	Tanzania's Private Limited Liability Company
Contact Address	:	NAMOL LTD, P.O. Box 21189, Dar-es-salaam, TANZANIA
Contact Person	:	NAGIB MOHAMMED ALLY DIRECTOR

Basic Data Sheet

NAMOL Limited Cargo Transport Project

Basic Project Assumptions

1 Company Business

- (a) Road Transport Services for Transit Cargo
- (b) Road Transport Services for Domestic Cargo

2 Company Fleet

<u>FY2014-FY2017 Investment</u>	<u>No. of Units</u>
Horse Lorries	90
Flatbed Trailers	30
Skeleton Trailers	30
Tanker Trailers	30
Water Bozer	5
Side Loader	5
Forklifts	4
Compressors	2
Cranes	3
Mobile Workshop Trucks	5
4*4 Pick Ups (Escort Vehicles)	4
Proposed Investment	
Howo Trucks	50
Mobile Workshop Trucks	2
Forklifts	2

3 Project Concept

Purchase of 50 FAW Trucks, all imported from China

4 Motor Vehicles & Cargo Handling Equipment

Unit Purchase Price			
Howo Trucks	35,000	USD/Unit	
Mobile Workshop Trucks	18,500	USD/Unit	
Forklifts	85,000	USD/Unit	
Purchase Cost (CFR Dar-es-salaam)	1,957,000	USD	
Statutory & Logistics costs	845,562	USD	
Pre-Operating Expenses	45,397	USD	
Total Import Costs	2,847,959	USD	

5 Total Project Costs

Motor Vehicles & Cargo Handling Equipme	2,847,959	USD
Other Physical Assets	140,717	USD
Working Capital	1,823,251	USD
Total Project Costs	4,811,927	USD

6 Promoters' Contribution

Purchase Price (CFR Dar-es-salaam)	200,091	USD
Statutory & Logistics costs	845,562	USD
Pre-Operating Expenses	124,841	USD
Working capital	1,823,251	USD
Promoters' Contribution	2,993,745	USD

7 Terms of Loans Repayment

Medium-term loan	1,818,182	USD
Loan Tenure		4 Years
Loan Interest rate		5.0% Annually
Mode of Payment		Quarterly

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Background

1.1 Introduction

- This Business Plan has been prepared by NAMOL LIMITED ("**NAMOL LTD**"), a Dar-es-salaam-based cargo transport services company. The company plans to expand its business through purchase 50-trucks for cargo transport business of heavy and light cargo. The company is planning to expand into transit cargo transport services for the for goods from and destined to neighbouring countries.
- The plan follows the growth of domestic and global trade relative to output in the last few decades which is largely driven by the emergence and growth of Global Value Chains (GVCs).
- Trade liberalization and technology-led declines in transportation and communication costs facilitated the fragmentation of production beyond national borders. For instance, the value of world exports in 2005 was over USD 10.3 trillion, 1/3 of which originated in developing countries and 1/3 of which was sold in these countries. In 2021, the global trade value of goods exported throughout the world amounted to about USD 22.3 trillion.
- Additional to the cargo transport business, the company intends to engage in the provision of other cargo logistics services such as containers clearing and forwarding services, bulk cargo clearing, air-shipment services and other services.
- The cargo logistics services aim to capture the opportunity resulting from goods crossing the borders of Tanzania as well as the presence of major ports. The cargo logistics services in Tanzania involves working hand-in-hand with institutions such as Clearing and Forwarding Agents, Tanzania Harbours Authority (THA), Tanzania Airport Authority (TAA), Customs Inspection company (TISCAN) and Shipping agencies to mention few.

1.2 Aim of the study

- This business plan aims to provide the road-map and assess financial, economic, market, managerial and technical viability of a proposed procurement of motor vehicles comprising of heavy-duty trucks for the **NAMOL LTD**'s transit cargo transport business.
- The Plan is, also, intended for submission to Tanzania Investment Centre (TIC) and potential lenders and other stakeholders for the support of the project.

Executive Summary

2.1 Introduction

- **NAMOL LTD** is a locally registered transport company. The company is set to implement its long-term objective of becoming part in facilitating transit trade as well as agricultural crops collection, linking local producers to markets, reducing transactions costs, and increasing earning for local produce.
- Currently, the company's main business activity is local transport of goods and is envisioning to provide reliable and high-quality transit cargo transportation services and the associated logistical services for transit goods as well.
- The need for the company's services follows the fact that road transport facilitates the flow of goods and people linking people in different locations within and outside the country. Road transport is the dominant mode of transport in Tanzania comprising about 70% of freight and 90% of passenger movement.
- Further, the logistics companies in the international trade act as intermediaries in transactions between shippers/airlines and suppliers of logistics services, and are required by customs to represent the owner in the procedures for clearing cargo over international borders.

2.2 Proposed Project

- **NAMOL LTD** is investing in road cargo transport business by procuring 50 cargo trucks, 2-mobile workshop trucks and 2-forklifts through equity financing and medium-term loan facility.
- The additional total cost of the proposed investment is estimated at USD 4.8 million as summarized below.

Investment Plan		Existing	Additional	Total
Land, Buildings & Civil Works	USD	90,812	54,545	145,357
Equipment & Tools	USD	-	228,152	228,152
Motor vehicles	USD	2,084,261	2,398,280	4,482,541
Office Furniture & equipment	USD	2,342	6,727	9,070
Insurance Cover	USD	117,135	176,130	293,265
Pre-operating costs	USD	-	124,841	124,841
Capital Expenditure	USD	2,294,551	2,988,676	5,283,226
Working capital	USD	1,282,240	1,823,251	3,105,490
Total Investment	USD	3,576,790	4,811,927	8,388,717

- The project will also provide garage equipment for maintenance and repair of the motor vehicles. The Civil work will involve yard improvement to accommodate the trucks.
- Other investment facilities include office equipment and furniture. The project will incur pre-operating expenses, and initial working capital to finance operating costs for the transport and logistics services provision.

2.3 Project Rationally

- The growth of global value chains has led to the rise of “supply-chain trade” which involves multidimensional cross-border flows of goods, investment, services, know-how, and people. In many countries, including Tanzania, the efficiency and economy of port clearing are hindered by cumbersome, bureaucratic, or obsolete regulations and infrastructure and by the poor systems and procedures used by customs and port authority.
- The proposed trucks will be used to facilitate easy cargo transport for the transit cargo as well as domestic cargo.

2.4 Project Financing

- The project is proposed to be financed through shareholders equity and external loans. The financing structure will be as follows:

Financing Plan		Existing	Additional	Total
Equity Financing				
Local Equity	USD	1,502,374	2,993,745	4,496,119
Foreign Equity	USD	-	-	-
External Financing				
Local Loan	USD	2,074,416	1,818,182	3,892,598
Foreign Loan	USD	-	-	-
Total Financing	USD	3,576,790	4,811,927	8,388,717
Exposure				
Equity Financing	%	42%	62%	54%
External Financing	%	58%	38%	46%

2.5 Conclusion

- The project analysis demonstrates a feasible project as it adds value to the country’s transport and logistics sector. It also shows that the promoters and other stakeholders will have positive returns in investing on the project.
- The project requires external finance to help facilitate procurement of the trucks and trailers.

About NAMOL LTD

3.1 Introduction

- NAMOL LTD is a local private limited liability company by shares under Tanzania Company Act no. 12 of 2002. The company business objectives are, among others, to carry on the business of cargo transport services.
- The company is registered with the Tanzania's Business Regulatory and Licensing Authority (BRELA).
- The company is registered with the following certifications:
 - Certificate of Incorporation No. 104595 issued in December 2013
 - Taxpayers Identification Number (TIN): 122-804-720 issued on 31/12/2013
 - Renewable Business Licenses for transport of goods by road.
- The company is in the process for obtaining cargo transport license.

3.2 Company Ownership

- The company's authorised share capital is TZS 1,000,000,000 divided into 10,000 shares of TZS 100,000 each. The company is owned by three Tanzanian nationals whose shares are distributed as follows:

Shareholders' name	Number of shares	% Shareholding
Nagib Mohamed Ally	7,000	70%
Hafidh Mohamed Gulamkader	2,000	20%
Shahdad Lahdad Shahdad	1,000	10%
Total	10,000	100%

3.3 Local Transport Business

- Presently, NAMOL LTD is a medium-size cargo transport service company. The shareholders of NAMOL LTD started cargo transport activities in 2010 before the business was formalised and registered as a company in 2013.
- The company's main business has been transporting of goods using trucks and trailers. The company provides local traders, farmers, industrial producers, importers and exporters and others with transport services for the goods to the target destinations including the domestic markets.

- The company engages in the transportation of various goods including the following:
 - Agricultural crops including - Grains – maize and sorghum; Pulses – yellow gram, beans, pigeon peas, green moong, soyabeans; Oil seeds – sunflower seeds and sesame seeds; Other crops – raw cashew nuts, coffee, tea, etc.
 - Industrials goods – including households’ consumable goods like soap, cooking oil, sugar, maize flour, wheat flour, textiles goods, electronics, furniture etc.
 - Agricultural inputs – including fertilizer, pesticides, farm implements etc.
 - Industrial raw materials and other goods.
 - Construction and building materials and other many sorts of goods.

3.4 Expansion in Transit Business

- With the proposed fleet of 50-light trucks and trailers, **NAMOL LTD** is planning to provide cargo transport services to a range of customers to transport goods to and from the neighbouring countries.
- NAMOL LTD will engage in transit cargo business to neighbouring countries of Rwanda, Burundi, the Democratic Republic of Congo (DRC), Malawi and Zambia.
- The company will, also, continue to transport goods destined in other regions of Tanzania including Mwanza, Shinyanga and Kagera; Mbeya, Iringa and Ruvuma; and Kilimanjaro, Arusha, Manyara regions and other regions in the country.
- In the logistics services, **NAMOL LTD**, will in future, involve in the provision of the following range of services:
 - Customs handling and clearing
 - Project cargo handling
 - Break bulk handling
 - Transportation services

3.5 Business Performance

- NAMOL LTD is a growing medium-size company. The company has recorded good financial performance over the past 5-years.

PROJECT CONCEPT

4.1 Introduction

- **NAMOL LTD** is intending to procure brand new FAW brand trucks from CHINA for provision of cargo transport services. The company seeks financial support from external sources to establish the project.

4.2 The Concept

The project concept is twofold:

1) Trucks and Trailers Purchase

- The project involves the procurement of 50 trucks for cargo transport, mobile workshop trucks and forklifts as summarized below:

Additional Motor Vehicles & Equipment	Units	USD/Unit	TZS '000'	Equiv. USD
Purchase Cost (CFR Dar-es-salaam)				
Motor Vehicles				
Howo Trucks	50	35,000	4,812,500	1,750,000
Mobile Workshop Trucks	2	18,500	101,750	37,000
Motor Vehicles			4,914,250	1,787,000
Cargo Handling Equipment				
Forklifts	2	85,000	467,500	170,000
Cargo Handling Equipment			467,500	170,000
Purchase Cost (CFR Dar-es-salaam)			5,381,750	1,957,000
Statutory & Logistics costs				
Import Duty	10.0%		538,175	195,700
Custom Processing Fee & RDL	2.1%		113,017	41,097
Value Added Tax (VAT)	18.0%		1,085,930	394,883
Insurance	9.0%		484,358	176,130
Clearing & Forwarding	1.0%		53,818	19,570
Branding/servicing & Minor repairs	100	350	35,000	12,727
Freight Charges	100	-	-	-
Other costs	100	150	15,000	5,455
Statutory & Logistics costs			2,325,296	845,562
Purchases Costs			7,707,046	2,802,562
Motor Vehicles		91%	7,037,553	2,559,110
Cargo Handling Equipment		9%	669,493	243,452
Pre-Operating Expenses				
Loan Arrangement fee	1.50%		69,363	25,223
Legal fee	0.90%		41,618	15,134
Valuation fee	0.10%		4,624	1,682
Consultancy fee	0.15%		6,936	2,522
Administrative costs			10,000	3,636
Pre-Operating Expenses			132,542	48,197
Additional Costs (Motor Vehicles & Equipment)			7,839,588	2,850,759

- Additional to trucks purchase, the project will also involve investment in support facilities such as trucks yard, office supplies and pre-operating costs.

2) Initial Working Capital

- The company will invest in working capital to the tune of USD 1.8 million that will be earmarked to finance initial operating costs. The working capital is expected to be increased over time as the business grows.

TIC Certificate of Incentives

5.1 Introduction

- Tanzania Investment centre (TIC) is the first point of contact for investors seeking for investment incentives in Tanzania. The institution provides certificate of Incentives to potential investors.
- Certificate of Incentives enables investors to benefit from fiscal and non-fiscal investment incentives. The Fiscal incentives include import duty and VAT exemption on project capital/deemed capital goods (example machineries and equipment).
- The non-fiscal incentives include permission to hire up to 10 foreign employees without restrictions (immigration quota); guaranteed transfer of net profits or dividends of the investment, payment in respect of foreign loans, remittance of proceeds net of all taxes and other obligations, royalty fees and other charges, payment of emolument and other benefits to foreign personnel.
- Special incentives are provided to strategic investors with projects of over US\$ 20 million (for Tanzanians owned project) and US\$ 50 million (foreign owned projects) that offer specific/great impact to the society or economy.

5.2 Certificate of Incentives to NAMOL LTD

- In the year 2014, NAMOL LTD sought and was granted **certificate of Incentives no. 071160** to invest in a new transport business.
- The Certificate of Incentives was registered on 9th September 2014 and the expiry date of the Certificate was in September 2017. The company procured motor vehicles including trucks and trailers for cargo transport business.
- The company has since been involved in domestic transport services of various goods mainly destined within the boundaries of Tanzania.

5.3 Project Expansion

- NAMOL LTD is presently intending to expand its transport business to cover the transit business.
- With this expansion program, the company is seeking for Certificate of Incentives to facilitate its business expansion.

PRESENT STATUS OF THE COMPANY

6.1 Introduction

- The proposed project aims to strategically position the company in the competitive environment in the supply chain business for goods destined within the country and the East and Central African region.
- **NAMOL LTD** has the vision of becoming the leading cargo transport and logistics services provider in Eastern and Central African region offering the market with affordable and high-quality services.

6.2 Statutory requirements

- **NAMOL LTD** is fully incorporated under the Tanzania's company laws and registered with the government and has investment license and other statutory documents from the relevant authorities.

6.3 Infrastructure Development

- **NAMOL LTD** has suitable site for the expansion project including offices and trucks holding yard and accordingly has entered into lease agreements with respective land owner.
- The company has further identified the supplier of heavy-duty trucks and workshop equipment. Garage equipment will be sourced locally in Tanzania.
- Other company facilities including buildings and civil works, office furniture and fittings and office equipment, and other support facilities are being worked on.

6.4 Financial Arrangements

- **NAMOL LTD** is sourcing financing from potential lenders in the form of medium-term loan.
- The company has identified potential local lending financial institutions to part-finance the project.

TANZANIA'S TRANSPORT SECTOR

7.1 Introduction

- The project falls under the Transport and Storage sector in Tanzania. The sector plays a major role in the Tanzania's economy. It contributed 7.1 percent to the country's Gross Domestic Product (GDP) in 2021 compared to 7.4 percent in 2020.
- The slowdown in growth in 2021 was due to handling of some cargo by neighboring countries after the removal of travel and logistic restrictions that were imposed to contain the spread of COVID-19.

7.2 Transport System

- The transport sector in Tanzania is very competitive. The sector comprises of roadway, railway, waterway and airway networks as follows:
 - As of December 2021, the country' road network was 180,791.7-km, of which 36,361.9-Km were under the Tanzania National Roads Agency (TANROADS) and 144,429.8-Km were under Tanzania Rural and Urban Roads Agency (TARURA).
 - **The road network carries over 80% of passenger traffic and over 75% freight traffic in the country.**
 - A Railway sub-system of 3,685 km of trunk lines. 2,715 km of these are operated by the Tanzania Railways Corporation (TRC) while the Tanzania–Zambia Railway Authority (TAZARA) operates 970km of the 1750km Dar es Salaam–Ndola rail line within Tanzania.
 - A maritime transport sub-sector, with major sea ports in Dar es Salaam, Tanga and Mtwara managed by the Tanzania Harbours Authority (THA) and inland water transport with ports on Lakes Victoria, Tanganyika and Nyasa managed by Marine Services Company Ltd. In Zanzibar, there are major seaports at Malindi and Mkoani which are managed by the Zanzibar Port Corporation.
 - Air transport sub-system with three international Airports in Dar es Salaam, Kilimanjaro, and Mwanza, and over 60 domestic airports and airstrips as well as a national airline, which has a strategic investor. There are a number of small domestic airlines.

7.3 Clearing & Forwarding

- The movement of goods into and out of Tanzania is controlled by the Customs administration. Entry or exit has to be through authorized points and routes. Goods crossing the borders should pass through Customs clearance formalities.
- Clearing and forwarding processes involve the facilitation of other institutions such as Clearing and Forwarding Agents, Tanzania Harbours Authority (THA), Tanzania Airport Authority (TAA), Customs Inspection company (TISCAN) and Shipping agencies to mention few.
- Customs administration does enforce other government laws such as certification, verification and testing of quality or standard of imported goods, which are administered by different government institutions depending on the type of imported goods. These institutions include; - The Tanzania Food and Drugs Authority, Tanzania Bureau of Standard (TBS), Tanzania Radiation Commission, Ministry of agriculture for phytosanitary services and Tanzania Pesticides Research Institute (TPRI) to mention the least.

7.4 The Policy Framework

- The role of government is to deal with policy formulation, strategic planning and monitoring. This has been realized by transforming a number of government departments in the Transport Sector into semi-autonomous agencies.
- The agencies include the TANROADS, TARURA, the Tanzania Civil Aviation Authority (TCAA), Tanzania Shipping Agency Corporation (TASAC), Land Transport regulatory Authority (LATRA) the Tanzania Airports Authority (TAA), the Tanzania Meteorological Agency (TMA), and the Tanzania Government Flight Agency (TGFA).
- The regulatory functions have been delegated to appropriate agencies, which are the TCAA, TASAC, and LATRA. A road fund has also been set up since 1999 to provide reliable funding for the sustained maintenance of the road network.
- The private sector has been encouraged to participate in the management of strategic transport infrastructure especially ports, airports and railways in the country.

LOGISTICS SERVICES in EAST AFRICA

8.1 Introduction

- It is now a global trend that many governments are pre-occupied by the need to acquire as big a part of international value-added as possible along global value chains (GVCs). This is a basic development challenge and is not only about the percentage share of value-added on any given supply chain. It is also about the quality of participation in terms of the capacity and opportunity to diversify into other activities. Tanzania, for example, plans to invest in a Multi-billion USD Bagamoyo Port, partly, to capture the international trade.
- The GVC has evolved to become a regional activity. East Africa, which comprises of Tanzania, Kenya, Uganda, Rwanda and Burundi, forms one the region in the GVC.

8.2 Clearing & Forward in East Africa

- The international trade logistics industry in East Africa is characterized by vertical segmentation, in which large firms that supply logistics services take the largest clients, and the small logistics firms are limited to dealing with small clients.
- Small logistics firms oftentimes limit their participation to arranging transport, and individual agents, called "suitcase" forwarders, sometimes only handle a few shipments per year on an informal basis. On the other hand, larger logistics firms offer a variety of logistics services which can include warehousing, consolidation, packaging, goods inspection, and import/export advisory services. They can also offer multimodal services in which they consolidate loans and act as the shipper of record with a house bill of lading, in the process forming partnerships with overseas service providers
- Logistics firms in the EAC can be divided into three general types based on size, and each category tends to have its own set of services, offers, clients, and requirements for C&F agents. The three types of logistics firms are explained in more detail below:

8.2.1 Large Foreign & Domestic Firms

These firms offer clearing and forwarding services to larger importers and exporters, and can handle more than 5,000 containers per year. Large firms account for a relatively small percentage of C&F agents, but process a volume of cargo that accounts for 60% to 80% of duties collected.

Most large firms operating in the EAC are well-known multinational freight forwarders that offer efficient document processing and relatively transparent procedures. They provide complete international forwarding services to their clients including warehousing and transport. Many large firms have been granted Authorized Economic Operator status with customs.

8.2.2 Small Domestic Firms

These firms offer services to medium-sized importers and exporters, and can handle several hundred containers per year. Small firms provide clearing and forwarding services for domestic and international cargoes in conjunction with overseas partners, and can also provide warehousing and trucking services through subcontractors.

The market for small Clearing and Forwarding firms is limited, though, since their clients are usually mid-sized domestic and international companies. These firms compete on service delivery and are increasingly forge partnerships with world renown Clearing and Forwarding companies.

8.2.3 Individual Agents

Individuals can provide clearance services to small shippers, and typically handle one shipment per week or less. Still, individuals comprise the majority of C&F agents in the EAC, and although the shipments are small, they process a significant portion of customs declarations.

Many individual C&F agents are former customs officers and others who previously worked in the logistics industry. Beyond clearing services, individual agents that engage in forwarding are usually limited to arranging for trucking services. Many individual C&F agents lack substantial professional skills but can offer influence and other benefits to customs officials in order for duties and taxes to be reduced.

PRODUCTS AND SERVICES

9.1 Cargo Transport

- NAMOL LTD will provide trucks and trailers for cargo transportation in the domestic market and to the neighbouring countries. The company endeavour to transport heavy and light cargo to all regions of the country with its base in Dar-es-salaam.
- In the transit cargo, the company will serve all the neighbouring countries including Kenya, Uganda, Rwanda Burundi, Democratic Republic of Congo (DRC), Zambia and Malawi. The company will transport wide range of goods including agricultural crops, industrial goods, mineral resources and other types of goods.

9.2 Logistics Services

- Two years following the establishment of the cargo transport business, NAMOL LTD has plans to seek license from the Tanzania Customs Service to provide Clearing and Forwarding services in Tanzania.
- The company will undertake clearing and consolidation of shipping, road, rail and air cargo with speed and efficiency. The company maintains strong professional affiliation with the concerned cargo service regulatory agencies and ground handling companies.
- As a logistics company agent, the project will undertake the following activities:
 - Customs clearing and handling
 - Project cargo handling
 - Break-bulk handling

(a) Customs Clearing and Handling

- Clearing and forwarding as a function coordinates the complexity of financial, transport, and other service activities.
- Freight forwarding agents negotiate inland and ocean rates besides offering valuable ideas on optimal and the most cost-effective shipping alternatives.

(b) Project Cargo Handling

- Project Cargo is a term used to broadly describe the national or international transportation of large, heavy, high value or critical pieces of equipment. This includes shipments made of various components which need disassembly for shipment and reassembly after delivery.
- NAMOL LTD will offer customized solutions to clients' project logistics that require multiple cargo handling, technical and engineered solutions including total turnkey transfers of plant and machinery, managing multimodal movement of over-dimensional and heavy lift equipment in the field of oil and gas, construction, energy, maritime, mining and heavy machinery industries.
- NAMOL LTD services will include selection of equipment to loading, securing, unloading activities; determination of jurisdictional weight and size restrictions; relocation of utilities and obstacles, and management of the entire operation. The company has developed excellent long-standing mutually respectful relations with regulatory and advisory agencies governing project cargo.

(c) Break bulk Cargo handling

- Break bulk cargo refers to non-containerized general cargo stored in boxes, bales, pallets or other units to be loaded onto or discharged from ships or other forms of transportation. Examples include iron, steel, machinery, linerboard and wood-pulp.
- NAMOL LTD will offer specialized break bulk cargo handling services. The company will develop technical expertise in handling heavy shipment equipment, shipment chartering, consultancy and other broking services.
- The company will position itself to provide break bulk cargo handling services which include the following:
 - Supervision of cargo loading / discharging
 - Competitive break bulk rates
 - Continuous cargo management throughout transportation
 - Stevedoring teams with specialised heavy/oversized cargo experience
 - Hazardous cargo handling
 - Special permits and customs clearance

MARKET OVERVIEW

10.1 Global Trade

- According to UNCTAD, overall, the value of global trade reached a record level of USD 28.5 trillion in 2021 which is an increase of 25% on 2020 and 13% higher compared to 2019, before the COVID-19 pandemic struck.
- While most global trade growth took hold during the first half of 2021, progress continued in the year's second half. After a relatively slow third quarter, trade growth picked up again in the fourth quarter, when trade in goods increased by almost USD 200 billion, achieving a new record of USD 5.8 trillion.
- Meanwhile, trade in services rose by USD 50 billion to reach USD 1.6 trillion, just above pre-pandemic levels.

10.2 Intra-Regional Trade Potential

- NAMOL LTD intends to capitalise on the growing trade relationships among the East African Community (EAC) countries and the Southern Africa Development Co-operation (SADC) countries which together present the window of opportunity to the company.
- Countries in East Africa are members of three important regional economic communities:
 - ✓ the Common Market for Eastern and Southern Africa (COMESA),
 - ✓ the Intergovernmental Authority on Development (IGAD), and
 - ✓ the EAC.
- Tanzania is member of SADC. Despite these regional initiatives, intra-regional trade in East Africa is far below its potential — less than 12% for all countries. Informal cross-border trade is estimated to be as high as 50% of formal trade in the region.
- Currently, about 60% of the EAC's total imports originate from Asia with China and India taking up half of the total imports. Despite the depth of the economic crisis precipitated by the COVID-19 pandemic, since May 2020 intra-regional trade in East Africa has shown significant resilience.

- For instance, in the agricultural crops, maize grain was the main commodity traded in the region between January and March (first quarter of 2021) followed by sorghum and rice.
- In the second quarter of 2021 (April-to-June), approximately 220,000 MT of maize was traded within the Eastern Africa region.
- Approximately 119,000 MT of sorghum was traded in the region in the second quarter of 2021. Uganda and Tanzania accounted for 84 and 13 percent of the exports, respectively.
- An estimated 102,000 MT of locally produced rice and some international re-exports from Somalia were traded in the region in the second quarter of 2021. Uganda, Tanzania, and Somalia represented 45, 37 and 17% of total exports, while South Sudan, Uganda, Ethiopia, and Kenya accounted for 45, 20, 15 and 14 percent of the total imports, respectively. The increased regional trade was attributed to exports from Uganda and re-exports of Tanzanian rice from Uganda to South Sudan following availability of hard currency and seasonal restocking and pre-positioning of supplies by traders and humanitarian agencies.
- Around 59,000 MT of dry beans were traded in Eastern Africa in the second quarter of 2021. Uganda and Tanzania accounted for 82 and 14 percent of the exports respectively. During the period, Kenya and South Sudan represented 69 and 29 percent of the total imports respectively.
- The intra-trade provides huge potential for the cargo transport business within the eastern and southern Africa region.

**Informal Cross-Border Trade in Eastern Africa
The 2nd Quarter of 2021**

Selected Traded Crops	Percentage
1 White Maize Grain	19%
2 Sorghum	18%
3 Rice	14%
4 Maize Flour	12%
5 Wheat Flour	11%
6 Sugar	10%
7 Dry Beans	9%
8 Wheat Grain	7%
	100%

DEMAND AND SUPPLY

11.1 Introduction

- The demand for cargo transport as well as logistics services are a derived demand for trading business. The demand for transport and logistics services is largely influenced by the level of economic activities in an economy which determines international movement of goods for a given country.
- Tanzania operates five modes of transport systems consisting of road, rail, maritime, air and oil pipeline. The maritime and road transport systems in addition to supporting national economic development, acts as vital transit networks for the neighbouring landlocked countries of Malawi, Zambia, Uganda, Rwanda, Burundi and the Democratic Republic of Congo (DRC).

11.2 Target Market

- NAMOL LTD target markets four major categories of customers:
 - Corporate companies producing industrial goods and minerals which require transport and logistical services for in-door delivery to the sales agents/wholesalers/retailers and for the export market.
 - Importers and distributors of goods which require transport and logistical services to their target customers.
 - Local traders for agricultural crops requiring transport services to transport the crops to warehouses and markets.
 - Transit goods imported through the Dar-es-salaam and destined to neighbouring land-locked countries.
- The first target client of the Transport Project is crops trading business of the NAMOL LTD and the companies have long-relationship with NAMOL LTD in the crops trading business.
- NAMOL LTD targets to provide transport services to transit cargo to serve the countries of DRC, Zambia, Malawi, Mozambique, Uganda, Rwanda and Burundi. The company will establish good networks in these countries.
- NAMOL LTD will, in the next 2-years, be involved in logistics services to the cargo destined to different regions within Tanzania such as Morogoro, Kilimanjaro, Tanga, Mwanza, Mara, Kagera, Iringa, Mbeya, Tunduma, and Sumbawanga and other regions.

- These goods range from maize, wheat, sugar, vegetable cooking oil, various types of building materials, timber to computer and computer accessories, and other consignments.

11.3 Domestic Market

(a) An Overview

- In the domestic market, the demand for transport and logistics service are largely influenced by the level of economic activities which have influence on the growth in the local and international trade.
- With the growing population of 61.8 million people, Tanzania's overall economic development has continued to improve. The country's economic growth has been stable above 4%, driven by agriculture, construction, mining, manufacturing and the services sector including trading.
- Tanzania is the second largest economy in the East African Community (EAC), following Kenya. Agriculture accounts for 26% of Gross Domestic Product (GDP), 50% to 80% of the employed workforce and 85% of exports. Manufacturing accounts for 7.8% of GDP and services for about 50%.

Tanzania: Sector Contribution to Gross Domestic Product (GDP)							
	Percentage						
Sectors	Year	2016	2017	2018	2019	2020	2021
Agriculture		27.4	28.8	27.9	26.6	26.4	26.1
Agriculture Crops		15.2	16.6	16.3	14.8	15.1	14.6
Livestock, Fishing & Forestry		12.2	12.2	11.6	11.8	11.3	11.5
Mining & Quarrying		4.9	4.4	5.1	5.2	6.6	7.2
Manufacturing		7.8	7.7	8.1	8.5	8.3	7.8
Construction		11.3	12.2	13.1	14.2	14.1	13.8
Trading		9.1	9.1	9.1	8.8	8.6	8.7
Transport & Storage		7.0	6.7	6.5	6.9	7.4	7.1
Accommodation & Food Services		1.4	1.3	1.3	1.3	1.0	1.1
Others		31.1	29.8	28.9	28.5	27.6	28.2
GDP at Market Prices		100.0	100.0	100.0	100.0	100.0	100.0

Source: The Economic Survey, 2021, Ministry of Finance & Planning, Tanzania

(b) Agriculture Crops Transport Needs

- The project targets to transport agricultural crops. Tanzania's agricultural sector produces cassava, maize, sorghum, cocoa and rice in significant quantities. The country generates 7% of Africa's annual maize output. Meanwhile, coffee, cotton, tea, cashew and tobacco crops represent important sources of export earnings for the country.

- Most of the food crops produced are consumed domestically through local marketing and distribution systems.
- Agriculture makes up 28.2% of Tanzania's economy and employs roughly 70% of the country's workforce. The sector has experienced steady growth over the past decade.
- With about 70% of the population living in rural areas, agriculture offers an important source of livelihood. Food production in 2017/18 was estimated at 16.9 million tonnes, which was higher than 15.9 million tonnes in 2016/17. Cereals were 9.54 million tonnes, while non-cereals amounted to 7.35 million tonnes.

Tanzania: Food Production							
Quantity in Millions of Tonnes							
Year		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Cereals	Production	7,613.2	9,828.5	8,899.0	9,457.1	9,388.8	9,537.9
	Requirements	7,656.7	8,148.6	8,190.8	8,355.8	8,457.8	8,627.3
	Gap/Surplus	(43.5)	1,679.9	708.2	1,101.3	931.0	910.6
Non-Cereals	Production	6,770.6	6,186.7	6,609.8	6,715.7	6,512.1	7,354.1
	Requirements	4,492.4	4,619.3	4,755.5	4,803.6	4,842.5	4,942.0
	Gap/Surplus	2,278.2	1,567.4	1,854.3	1,912.1	1,669.6	2,412.1
Total Food	Production	14,383.8	16,015.2	15,508.8	16,172.8	15,900.9	16,892.0
	Requirements	12,149.1	12,767.9	12,946.3	13,159.4	13,300.3	13,569.3
	Gap/Surplus	2,234.7	3,247.3	2,562.5	3,013.4	2,600.6	3,322.7

Source: Annual Report, 2017/18, Bank of Tanzania

(C) Wood-Based Industries

- The project will transport wood-based products. Currently, the major conversion from forest-based industries in Tanzania is focused on the production of sawn timber, poles, fibreboards, chipboards, plywood, pulp and paper manufacturing.
- For instance, in 2018/2019, Tanzania had about 630 primary wood-based industries that included: 609-sawmills, 9-wood based panels industries, 9-pole treatment, 2-wattle extracts, and 1-sandalwood oil and spent dust.

Distribution of Forestry Industry in Tanzania - 2018								
Industry Type	Total	%	Distribution of Forestry Industries in Zones					
			Northern Zone	Southern Highlands	Western Zone	Eastern Zone	Lake Zone	Southern Zone
Saw Mills	609	96.67	269	143	74	26	83	14
Wood-Based Panels	9	1.43	3	5	-	1	-	-
Poles Treatment	9	1.43	2	7	-	-	-	-
Wattle Extracts	2	0.32	1	1	-	-	-	-
Sandalwood Oil & Spent Dust	1	0.16	1	-	-	-	-	-
Total	630	100	276	156	74	27	83	14

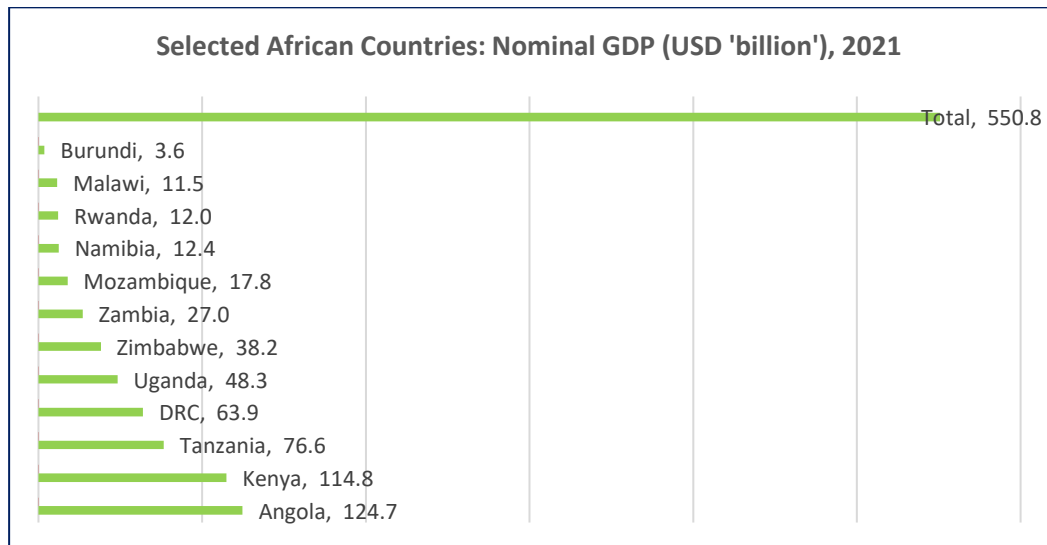
- Wood-based products are transported within and outside the country through road transport using trucks. Most of the wood-based products originate from Iringa, Njombe and Mbeya regions.

11.4 Regional Market

- The growth in the East and Central Africa regional market for transport and logistics services may be determined by the growth in the economy, the population, the cargo transit business within the region and other factors as highlighted herein below.

(a) Gross Domestic Products (GDP)

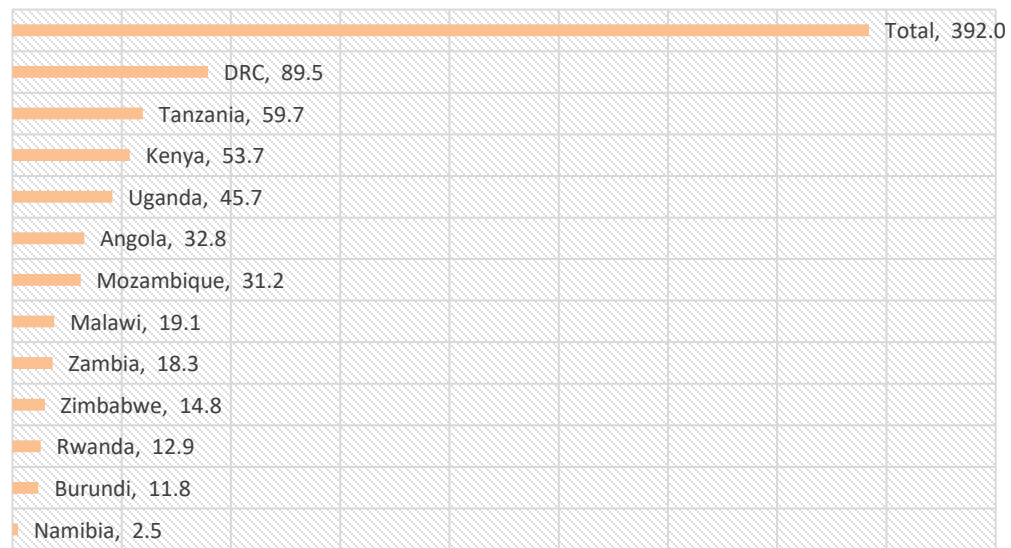
- Africa has emerged as one of the fastest growing regions of the world. Most of the Southern African countries experienced economic growth of between 3% and 7%.
- The below graph presents the Nominal GDP for some of the selected African countries in the southern and eastern African region.



(b) Population.

- Africa, and especially Sub-Saharan Africa, has experienced an unprecedented rate of urban growth, outpacing other regions. The six countries of Tanzania, Zambia, Malawi, DRC, Rwanda and Burundi have a combined population of about 211.3 million people (in year 2020).
- The populations in urban areas for most African countries are currently are estimated at about 40% of total population and expected to increase annually. The below graph depicts population distribution for some eastern and southern African countries.

Selected African Countries: Population (in million), 2020



(c) Agriculture Sector:

- Agriculture constitutes the mainstay of most African economies. It is the largest contributor to the gross domestic product. About two thirds of manufacturing value-added is based on agricultural raw materials. The sector is the main source of employment (supports 70-80% of rural employment).
- Most governments across the African region are making policies to make agriculture a major foreign exchange earner. Countries of India, Brazil and China are investing in food production in the region. Total agriculture investments in Africa, measured as gross capital formation (GCF) increased from US\$20 billion to US\$35 billion during the last three decades.
- In southern Africa, food staple production is the dominant agricultural activity. More than 50% of agricultural land is allocated to cereals, while maize alone accounts for more than 40% of the total harvested area. Regional schemes to foster cooperation among southern African countries, such as COMESA, SADC, and ECA, have placed great importance on integration in the region’s development strategy. Removal of tariffs is an important issue in the region such as elimination of tariffs on imports of dairy products, cereals, textiles, fruits, vegetables and processed food.

(d) Manufacturing Sector Development

- The manufacturing sector provides a locus for stimulating the growth of other activities, such as services, and achieving specific outcomes, such as employment creation and economic empowerment. This platform of manufacturing presents an opportunity to significantly accelerate the country's growth and development.
- The Southern African economy is easily identifiable with lop-sidedness in terms of the structure of its economy, size and patterns of production, consumption and trade. Southern African states have embraced export processing zones (EPZ) as a strategy to attract foreign investment. Also known as special economic zones, industrial development zones or free trade zones, the EPZ aims to attract export-oriented manufacturing investment by setting aside enclaves where investors receive a wide range of incentives and developed infrastructure.

(e) Mining Sector

- **Zambia –**

- Zambia's Mining Industry is one of the major clients of the company. Zambia is internationally recognised as a major producer of copper and cobalt. Zambia is ranked as the world's seventh largest producer of copper, generating 3.3% of the western world's production, and world's second largest producer of cobalt (19.7%). It also has significant quantities of selenium (+-16.7t) and silver (+- 8t) together with minor gold and platinum group NAMOL which are produced as important by-products of the copper mining and processing.
- More than 300 gold occurrences have been reported throughout the country. The privatization of Zambia Consolidated Copper Mines (ZCCM) has activated the industry. With a total mineral resource of at least two billion tonnes on the Copperbelt alone, there is no doubt that copper and cobalt production will continue with the upward trend.

- **Democratic Republic of Congo (DRC)**

- DRC is one of the richest mining countries in Africa. The copper, cobalt and diamond mining industries have the potential to be the largest on the continent, while the gold mining industry also has excellent potential.

- In 2019, mine production of cobalt in the DRC totaled 100,000MT, accounting for 70% of global production. The DRC was the third largest producer of industrial diamonds in 2019, contributing about 21% of global production.
- The country boasts some of the highest quality copper reserves globally, with some of the mines estimated to contain grades above 3%, significantly higher than the global average of 0.6 - 0.8%.
- In 2019, the DRC produced 1.43 million tons of copper, up 19% over 2018. With operating costs that are lower than traditional gold producing countries, DRC's gold mining sector experiences renewed interest from mining companies.
- The Katanga province is part of the Central African Copperbelt, which extends from Angola through the DRC into Zambia. Reserve estimates from the Copperbelt total 55.5 Mt of copper and 3.6 Mt of cobalt.

(f) Tanzania Ports: Cargo Performance

- In 2021, Tanzania Ports Authority (TPA) handled 18.8 million tons of cargo compared to 17.0 million tons handled in 2020, equivalent to an increase of 10.6%. during the same year, a total of 722,808 Twenty Foot Equivalent Units (TEUs) containers were handled in Dar es Salaam, Mtwara and Tanga ports compared to 717,301 TEUs handled in 2020, equivalent to an increase of 0.8%.
- In addition, Tanzania International Container Terminal Services (TICTS) handled 606,169 containers in 2021 compared to 601,654 containers handled in 2020.
- Dar-es-salaam Port
 - Dar-es-salaam Port handles about 95% of the Tanzania international trade. The port is the principal port with a rated capacity of 4.1 million (dwt) dry cargo and 6.0 million (dwt) bulk liquid cargo. The port has a total quay length of about 2,000 meters with eleven deep-water berths.
 - The port serves the landlocked countries of Malawi, Zambia, DRC, Burundi, Rwanda and Uganda. The port is strategically placed to serve as a convenient freight linkage not only to and from East and Central Africa countries but also to middle and Far East, Asia, Europe, Australia and America.
 - Owing to expected increase in trade volumes, TPA had plans to improve performance of its main port, Dar es Salaam, and increase annual cargo traffic from 13.5 million tonnes in 2013 to 18 million tonnes come 2015 (30% growth)

(g) Transit Trade Volumes

- Tanzania is the natural gateway to one of the fastest growing regions in the world with increasing trade volumes. In 2021, transit cargo handled at Dar es Salaam port increased by 20.2 percent to 6,421,598 tons compared to 5,340,287 tons handled in 2020. This was attributed to initiatives by TPA to widen the market base especially in Zambia and DRC.

- The container transit trade flows have witnessed the highest growth, increasing at a compounded annual growth rate of 19%.

Tanzania: Transit Cargo (in Tons)						
Country	2017	2018	2019	2020	2021	Growth
Zambia	2,021.2	1,504.0	1,763.0	1,159.1	1,507.7	30%
DRC	1,176.7	1,779.6	1,914.1	1,840.6	2,357.9	28%
Burundi	415.9	379.7	453.2	476.8	507.0	6%
Rwanda	1,061.2	911.8	1,238.6	1,239.2	1,366.3	10%
Malawi	276.0	311.2	336.7	407.4	471.3	16%
Uganda	271.9	188.6	140.9	153.9	138.8	-10%
Others	85.4	98.5	25.3	63.2	72.5	15%
Total	5,308.3	5,173.4	5,871.8	5,340.2	6,421.5	20%

- Transit traffic growth is mainly driven by economic growth, growth in agriculture, forestry and fisheries, energy, mining and development of rail and road infrastructure.
- Transit trade is growing at a rate of 15% compared to the 10% growth in the total traffic of Dar-es-salaam port. The transit goods are projected to grow by four times to 14.6 million tons in 2028 up from 3.6 million tons in 2011, of which containerized cargo will grow from 130,000 TEUs to 735,000 TEUs in the same period.
- In terms of the transit trade by country, Zambia is the dominant trade partner for transit trade from Dar es Salaam port, with a share of around 50% of the total transit traffic at Dar es Salaam. Zambian traffic is driven by crude oil trade via the TAZAMA pipeline to Zambia's Ndola.
- In consideration of future transit trade, the country wise projections for containers show that Zambia and DRC will continue to be the key destinations, which can be attributed to the growth of these economies and improved connectivity to these regions. On the whole container traffic is expected to grow at an average rate of 11.4% per year.

MARKETING STRATEGY

12.1 Introduction

- The transport project already has customer base to serve, which is the NAMOL LTD's agricultural crops trading business.
- The company main strategy will be that of ensuring reliable and timely cargo delivery services. The business will build goodwill over the years to the extent that most of the major customers will be retained.
- The proposed initial working capital funds is earmarked to increase efficiency in serving the corporate companies involved in importation business destined for within the country and to the neighbouring countries of Zambia, Malawi, DRC, Rwanda and Burundi and other countries.

12.2 Market Objectives

- NAMOL LTD main market objectives are to provide efficient and reliable cargo transport and logistics services to meet customers' expectations. The company, also, has the objectives of generating returns to its shareholders and increase the market share.
- The specific marketing objectives of NAMOL LTD include the following:
 - Profitability: achieve a 15% return on capital employed.
 - Promotional: increase awareness of the company and products in the local and international market.
 - Growth: continue to invest in:
 - Human resources, and
 - Infrastructure, which include warehouses, motor vehicles, loading and unloading equipment and other facilities for the clearing and forwarding business.

12.3 Specific Strategies

- NAMOL LTD focuses on the following strategic issues when marketing its cargo clearing and forwarding business:

(i) Product/Service Range

- NAMOL LTD will provide the market with a wide range of services including the following:
 - Work with and act on behalf or as representative of importers or exporters (manufacturers, or suppliers) by arranging and facilitating any kind of importation/exportation by providing necessary information and services.
 - Carrying on the business of clearing and forwarding agency for local and transit cargo including cargo handling, documentations, pre-shipment and shipment arrangements, cargo logistic, tallying and consolidation services.
 - Act as custom Agent in collection of tax on behalf of Commissioner for Customs & Excise, in service to ensure that customers get and pay fair tax charges as per and according to the applied tariffs and customs prevailing laws.
 - Carry on the business and act as commission Agents by facilitating and promoting exports and imports by providing transport, warehouses and shipping services. The company owns and manages customs bonded warehouses and a fleet of trucks for cargo transport.
 - Offering professional services on ocean freight, road/inland freight and air freight.

(ii) Promotion

- Effective communication with the target market is essential for the success of the services and business.
- NAMOL LTD will use combination of personal selling, advertising, sales promotion and public relations.

(iii) Market Penetration

- NAMOL LTD markets will include the local, regional and international markets. The company will serve the local importers and exporters of various goods including industrial goods and agricultural goods.

- In the export market, the company will explore transit goods to neighbouring countries of Zambia, Malawi, Rwanda, Burundi and the DRC.

(iv) Market share Versus Profitability

- With the increase of both domestic and global competition, NAMOL LTD must reconcile two conflicting NAMOL in marketing strategy – namely profitability and market share. Greater market share involves higher marketing costs and lower profitability.
- Therefore, ability to juggle these concepts can become the best strategy to obtain the best results in the market. Cost leadership is a strategy that NAMOL LTD will adopt through investment in physical facilities such as warehouses and trucks which help to provide reasonable service package to customers instead of hiring out these services.

12.4 Competitive Edge

- NAMOL LTD main businesses will include cargo clearing and handling and cargo transportation.
- The company's competitive advantages include:
 - The project will be managed by personnel with vast knowledge and long experience in the transport business,
 - The project will have strong liquidity position to finance business operations,
 - The shareholders of company have built good relationship with customers and suppliers.

12.5 Prices and Pricing

- The prices of NAMOL LTD will vary according to the type of services offered and the volume of business.
- The company's pricing strategy is that of meet-the-competition pricing.
- Some of the indicative service charges for services offered are as follows:

TECHNICAL ASPECT

13.1 Location

- Operating Offices
 - The corporate offices of NAMOL LTD are in a rented building located along SAMORA AVENUE, at the HARBOUR VIEW TOWERS, ILALA Municipality in Dar-es-salaam.
 - The offices are on Plot no. 2317/108 and 2318/108, Samora Avenue in the Central Business District (CBD) of Dar-es-salaam city.

- Branch Offices
 - The company will, in future, establish representative offices in the following countries: Zambia, Rwanda, Burundi, DR-Congo, Uganda and Malawi as well as Zimbabwe, Botswana and South Sudan.

13.2 Equipment And Tools

- The company will invest in the cargo handling equipment including forklifts and other facilities.
- The company will use computerized software systems that provide link with customers and authorities on the movement of goods and other information related to the clearing and forwarding activities.
- NAMOL LTD will procure workshop equipment and operate a garage for repair and maintenance of its motor vehicles. This project will, also, purchase mobile workshop equipment and tools.

13.3 Motor Vehicles

- Presently, the company does not own cargo transport motor vehicles, and these will be the first commercial vehicles for cargo transport.
- The company is planning to procure its first fleet of 50-trucks with 30MT carrying capacity each which will be used for heavy and light cargo transport.
- The company is intending to procure the following trucks and trailers:

Additional Motor Vehicles & Equipment			
	Units	USD/Unit	TZS '000'
Purchase Cost (CFR Dar-es-salaam)			
Motor Vehicles			
Howo Trucks	50	35,000	4,812,500
Mobile Workshop Trucks	2	18,500	101,750
Motor Vehicles			4,914,250
Cargo Handling Equipment			
Forklifts	2	85,000	467,500
Cargo Handling Equipment			467,500
Purchase Cost (CFR Dar-es-salaam)			5,381,750
Statutory & Logistics costs			
Import Duty	10.0%		538,175
Custom Processing Fee & RDL	2.1%		113,017
Value Added Tax (VAT)	18.0%		1,085,930
Insurance	9.0%		484,358
Clearing & Forwarding	1.0%		53,818
Branding/servicing & Minor repairs	100	350	35,000
Freight Charges	100	-	-
Other costs	100	150	15,000
Statutory & Logistics costs			2,325,296
Purchases Costs			7,222,689
Motor Vehicles		91%	6,595,271
Cargo Handling Equipment		9%	627,418
Pre-Operating Expenses			
Loan Arrangement fee	1.50%		65,004
Legal fee	0.90%		39,003
Valuation fee	0.10%		4,334
Consultancy fee	0.15%		6,500
Administrative costs			10,000
Pre-Operating Expenses			124,841

13.4 Office Furniture and Fittings

- The company will procure office furniture and fittings which include office tables, office chairs, office cabinets and other office furniture.
- The office furniture and fittings are for the Dar-es-salaam offices, and branch offices.

13.5 Office Equipment

- The company will procure office equipment including computers and computer software, printers, air conditioners and other office equipment.
- The office equipment will be for the Dar-es-salaam office.

13.6 Pre-Operating expenses

- Pre-operating costs include finance costs and non-finance costs.
- The finance costs include loan arrangement fees, legal charges, valuation costs, and other finance costs.
- The non-finance costs include project staff training costs, initial marketing costs and other pre-operating costs.

13.7 Implementation Plan

- Project implementation is subject to availability of the funds for the purchase of the motor vehicles. Upon disbursement of the proposed medium-term loan facility, the company will undertake the following:
 - Immediate placement of purchase order of the trucks and trailers.
 - Within 3-month – deliver the trucks and trailers in Dar-es-salaam, ready for starting the cargo transport business.

13.8 Service Delivery

- NAMOL LTD, will in future, invest in the provision of cargo logistics services that will ensure imported cargo are efficiently cleared from Dar es Salaam Port in Tanzania, the shipper (Importer or cargo owner needs to submit the following documents (as a minimum) to the Clearing and Forwarding Agent:
 - Commercial Invoice; Packing List; Certificate of Origin; Phytosanitary certificate; Certificate of Conformity; and Other official documents.
- Government agencies at the port ensure that laws on customs requirements, declaration, documentation, certification, verification, testing of quality or standards and clearance of goods are enforced.
- The Tanzania Single Administrative Document (TANSAD) is lodged at the receiving counter at the port by licensed C&F Agent except for personal effects, which can be cleared by self.
- Clearance processes will involve the facilitation of Agencies and other institutions such as:
 - Clearing and Forwarding Agents
 - Ministry of Livestock Development and Fisheries (Animal Health)
 - Ministry of Agriculture Food security and Cooperatives (Plant Health)
 - Ministry of Home Affairs (Immigration Service, Tanzania Police Force)
 - Department of Forestry; Revenue Authority; Bureau of Standards; and Ports Authorities
 - Security agencies

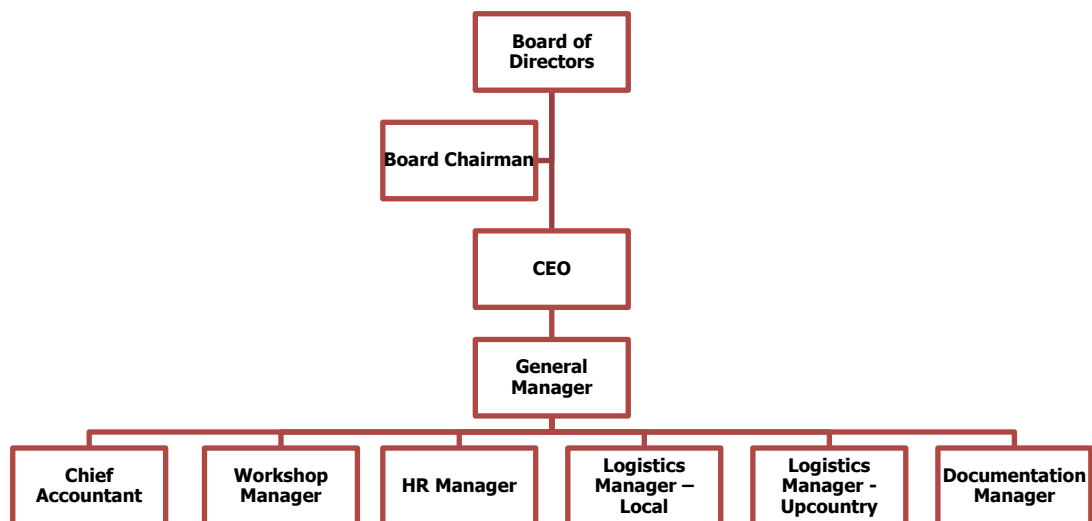
ORGANISATION AND MANAGEMENT

14.1 Introduction

- The project will be under the general management of the Board of Directors of NAMOL LTD. The Board is responsible for major policy and strategic decisions of the project.
- At the strategic level, the day-to-day management of the project will be under the supervision of the CEO (Chief Executive Officer) of NAMOL LTD who will be assisted by a team of professionals in logistics, finance, Human Resource and in other relevant fields to the project.
- At the operational level, the project will be under a qualified and highly experienced General Manager.

14.2 Company Management

- NAMOL LTD's Chief Executive Officer (CEO) is in charge of all matters of the transport project and other projects of the company.
- The CEO will be assisted by the General Manager of the transport company who oversees the transport activities. The General Manager will be assisted by a team of six managers in different functional departments.
- The company's Organisation Chart is presented below:



14.3 Staffing

The company will employ a total of 110-permanent staff. The permanent staff are in the following positions:

- ✓ Management section..... 4
 - ✓ Administration section9
 - ✓ Drivers and co-drivers87
 - ✓ Mechanics6
 - ✓ Support staff4
-
- In addition to the staff in the Dar-es-salaam Office, the company will in future establish representative offices in other parts of the country and the nearby countries to facilitate the company activities. These branch offices will include:
 - Zambia Representative office
 - Malawi Representative office
 - DRC Representative office
 - Rwanda Representative Office
 - Burundi Representative office
 - And in-country Representative offices

RISKS AND UNCERTAINTIES

15.1 Introduction

Considering the low level of development in the region, service provision in the Eastern and Southern Africa region faces a number of risks and uncertainties. Some of the major risk areas include political instability, economic mismanagement, increasing global competition; inadequate skilled labour coupled unfriendly labour laws,

15.2 Political Instability

Political instability adversely affects growth by slowing productivity, trading, physical and human capital accumulation. Maintenance of peace and stability as currently prevailing in the region are key factors for development as no development can occur in the midst of chaos, anarchy and lawlessness. Regional governments are making their best to ensure presence of political stability in their countries.

15.3 Economic Mismanagement

Prudent economic policies and management are vitally important not only for progress towards prosperity but also for more fundamental challenges of global trade. Most governments in the region adhere to the region macro-economic indicators, support strong, sustainable and shared growth as a means to building prosperity and reduce poverty. Good governance and democracy have become central to the region's quest for social, political and economic renewal and growth of international trade.

15.4 Increasing Global Competitiveness

Africa still remains the region with the lowest comparative ranking on the quality of its regulatory environment. Governments in the region are on course to survive on the global scene which requires competitive economies. Countries are solving entrepreneurs' challenges of improving the regulatory environment particularly with regards to cross border trading, starting a business and registering property. Integration initiatives in the region have helped to provide opportunities for regional trade.

15.5 Inadequate Skilled labour

The region lacks mass of skilled people with the craft competencies to participate in development which results in high labour costs and low economic growth. Governments in the region are investing in robust health and education systems which contribute workers' productivity. Policies that retain skilled manpower in the region are being deployed to tame the brain drain from the region.

15.6 Inflation risks

There is a potential risk that inflation might raise at higher rates than projected. This may increase the price of the imported products hence reduce the demand for the imports. While this risk usually prevails in Developing Countries, the governments in the region appear committed to continue maintaining the macroeconomic stability and bring inflation further down.

15.7 Political risks

The governments in the region may from time to time issue new directives which may affect on the project implementation and operations. However, this risk is strongly addressed by the regional integration initiatives including SADC, COMESA and EAC blocks. Further, most governments in the region they now have long-term commitment of involving private sector in policy decisions.

15.8 Managerial risks

Management of customs clearing and forwarding requires close supervision and marketing expertise. The Company has employed personnel with experience in the international trade, clearing and forwarding, as well as marketing. Additionally, the shareholders of NAMOL LTD will be part of the management team to drive the marketing department.

FINANCIAL ASPECTS

16.1 Introduction

- This section presents the financial plan. The main objective of the financial analysis is to examine commercial profitability and economic viability of the proposed project.
- The financial projections including the investment cost assumptions, the depreciation schedule, the Revenues Schedule, the Operating Costs schedule, the Profit and Loss Projections and the cash flows Projections of the proposed project are presented in the attached Annexes 1 to 10.

16.2 Financial Goals

The financial goals of the company are as follows:

- Secure investment funds for capital investment on motor vehicles
- Obtain equity from the shareholders to part-finance 20% of the Invoice value of the trucks and trailers, and finance other project investment costs.
- Obtain working capital of USD 1.8 million to finance working capital requirements.

16.3 Financial Assumptions

16.3.1 General Financial Assumptions

- The currency of accounting is Tanzania Shillings (TZS)
- The exchange rate of TZS to USD is assumed at TZS 2,750 to USD.
- The project life time is assumed to be four years during which the project will periodically undertake to replace the worn-out core assets.
- The proposed loan facility will attract annual interest rate of 5%, and payable in four instalments annually.

16.3.2 Investment Assumptions

- The projected Investment Plan and the detailed Investment Plan are presented in Annex 1 and Annex 2, respectively.
- The total additional investment cost is estimated at TZS 132 billion (equivalent to USD 4.8 million) comprised of the capital expenditure of TZS 8.2 billion and working capital of TZS 5.0 billion as follows:

ANNEX 1				
NAMOL Limited				
Investment Plan				
Amount In TZS '000'				
	Additional Investments		Total	USD
Year	Year-1	Year-2	Investments	Equivalents
Exchange Rate (USD/TZS)	2,750	2,750		
Land, Buildings & Civil Works	150,000	-	150,000	54,545
Equipment & Tools	627,418	-	627,418	228,152
Motor vehicles	6,595,271	-	6,595,271	2,398,280
Insurance Cover	484,358	-	484,358	176,130
Office Furniture & equipment	18,500	-	18,500	6,727
Pre-operating costs	343,312	-	343,312	124,841
Capital Expenditure	8,218,858	-	8,218,858	2,988,676
Working capital	5,013,940	-	5,013,940	1,823,251
Total Investment	13,232,798	-	13,232,798	4,811,927

16.3.3 Financing Assumptions

- The proposed financing plan is presented in Annex 3
- The proposed investment will be financed by the shareholders and external financing as summarized below:

ANNEX 3				
NAMOL Limited				
Financing Plan				
Amount In TZS '000'				
	Additional Financing		Total	USD
Year	Year-1	Year-2		
Exchange Rate (USD/TZS)	2,750			
Equity Financing				
Share Capital	-	-	-	-
Directors' Funds (CAPEX)	3,218,858	-	3,218,858	1,170,494
Directors' Funds (W/Capital)	5,013,940	-	5,013,940	1,823,251
Retained Earnings	-	-	-	-
Equity Financing	8,232,798	-	8,232,798	2,993,745
External Financing				
Long-Term Loans				
Long-term loan 3	5,000,000	-	5,000,000	1,818,182
Long-Term Loans	5,000,000	-	5,000,000	1,818,182
Short-term Loans				
Bank Overdraft Loans	-	-	-	-
Creditors & Other Payables	-	-	-	-
Short-term Loans	-	-	-	-
External Financing	5,000,000	-	5,000,000	1,818,182
Total Financing	13,232,798	-	13,232,798	4,811,927
Exposure				
Equity Financing	62%	-	62%	
External Financing	38%	-	38%	
	100.0%	-	100.0%	

16.3.4 Revenues Assumptions

- The Revenues Assumptions are presented in Annex 5 and 6.
- The company will generate revenues from a single source, that is cargo transport services.
- The logistics services have not been considered in this project. However, in the next 3-years, the company will engage in the provision of the following transport logistics services:

- (i) Container handling services
- (ii) Bulk cargo handling services
- (iii) Air shipments services

- The following are the main revenue assumptions:

(i) Trucks Routes - Annex 5 (i)

- The project has assumed the two main routes: transit routes and domestic routes.
- The company is projecting to use 20 trucks and trailers of the transit routes; and 30 trucks and trailers for the local routes.

Routes		Year-1	Year-2	Year-3	Year-4	Year-5
Transit Routes	Trucks	20	20	20	20	20
Local Routes	Trucks	30	30	30	30	30
Total Trucks	Trucks	50	50	50	50	50

- The project has assumed the transit routes will involve five countries: Rwanda, Burundi, Zambia, Malawi and DRC.
- The local routes will involve the eastern region (Dar-es-salaam, Pwani, Tanga, Lindi and Mtwara; and Up-country routes to different zones.

(ii) Trucks Trips – Annex 5 (ii)

- Transit Trips –
 - ✓ The distance between Dar-es-salaam and the proposed destination determines the number of trips to be covered per truck in a given time (month/year).
 - ✓ In each country, the project has assumed designated cities where the company will establish Representative Office.

- Local Routes –
 - ✓ The local routes have considered Up-country routes and the eastern region routes.
 - ✓ The project has assumed the average distance and number of trips per truck in a month or year.

- Total Routes -
 - ✓ The project has projected increase in trips annually due to increased capacity utilization of the trucks following assumed increased in customer base over-time.
 - ✓ The projected trips are as summarized below:

Trips		Year-1	Year-2	Year-3	Year-4	Year-5
Transit Cargo						
Rwanda	Trips/Year	20	21	22	23	23
Burundi	Trips/Year	20	21	22	23	23
Zambia	Trips/Year	53	55	57	59	61
Malawi	Trips/Year	41	42	44	45	47
DRC	Trips/Year	12	12	13	13	14
Transit Cargo	Trips/Year	147	152	157	162	167
Local Routes						
Up Country Routes	Trips/Year	255	264	273	282	291
Eastern Regions Routes	Trips/Year	204	211.2	218.4	225.6	232.8
Local Routes	Trips/Year	459	475.2	491.4	507.6	523.8

(iii) Transport Rates – Annex 5 (iii)

- The project has assumed two types of transport rates: Going Rates and Return Rates. The rates have considered the distance covered from dar-es-salaam for each route.
- The Going Rates have assumed all trucks will start their trips from dr-es-salaam and return to Dar-es-salaam.
- The project has assumed higher rates for the Going Trips and less for Return Trips.

(iv) Project Revenues

- The project revenues have been worked out in Annex 6 (i) and (ii)
- Annex 6 (i) presents the Going Trips and Annex 6 (ii) presents the Return trips.

- The Going Trips are projected to account for 63% of the Gross revenues and 37% will come from Return Trips.
- The Transit business is projected to generate 76% of the Gross Revenues and 24% will be generated by Local business.
- The project revenues are as summarized below:

Projected Revenues		Year-1	Year-2	Year-3	Year-4	Year-5
Going Trips						
Transit Routes	TZS 'million'	9,587	10,758	11,373	12,008	12,665
Local Routes	TZS 'million'	1,598	1,793	1,895	2,001	2,110
Going Trips	TZS 'million'	11,185	12,550	13,268	14,009	14,775
% of Total Revenues	%	63%	63%	63%	63%	63%
Return Trips						
Transit Routes	TZS 'million'	3,941	4,422	4,675	4,937	5,206
Local Routes	TZS 'million'	2,591	2,908	3,074	3,246	3,423
Return Trips	TZS 'million'	6,533	7,330	7,749	8,182	8,630
% of Total Revenues	%	37%	37%	37%	37%	37%
Gross Revenues	TZS 'million'	17,718	19,881	21,017	22,192	23,405
% of Total Revenues						
Transit Routes	%	76%	76%	76%	76%	76%
Local Routes	%	24%	24%	24%	24%	24%

- Other revenues assumptions are as indicated in the projections.

16.3.5 Operating Cost Assumptions

- The project operating costs have considered the Direct Operating costs and Indirect Operating costs.
- The projected Direct Operating cost assumptions are presented in Annexes 7 (i), (ii), (iii), (iv), and (v).
- The projected Indirect Operating cost assumptions are presented in Annex 8 and the salaries and staff benefits assumptions are presented in Annex 9.
- The projected operating costs account for 70% of the projected revenues.

(a) Direct Operating Costs

- The direct operating costs include fuel costs, drivers' allowances, maintenance and repairs of the motor vehicles, tyre and spares and other costs. The direct operating costs accounts for about 61% of the project revenues.
- The projected direct operating costs of the project is as follows:

- **Distance Travelled – Annex 7 (i)**

- The distance travelled per each trip and all the trips for the Going Trips and Return Trips have been worked out to determine the fuel consumption and other related costs.
- The projected distance for the Return trips for both Transit Routes and Local Routes have been presented.

- **Fuel Costs – Annex 7 (ii)**

- The projected fuel costs have been worked out and have considered the following factors:
 - Distance travelled
 - The type of cargo – light and heavy cargo
 - The type of route – transit and local routes
 - The pump fuel prices
- The fuel prices are assumed to account for 44% of the projected revenues of the project.

- **Drivers' Allowances – Annex 7 (iii)**

- The projected Drivers' allowances have been worked out and have considered the following factors:
 - The number of days per trip
 - The type of route – transit and local routes
 - The living costs when outside work station
- The project has also projected the Co-Drivers allowances.
- The Drivers' allowances are assumed to account for 5% of the projected revenues of the project.

- **Transit Costs – Annex 7 (iv)**

- The projected Transit Costs for trucks crossing the country borders have been worked out.
- The project has considered the current transit costs per each respective border/country where the trucks are assumed to deliver the cargo. The

transit costs differ between country due to differences in statutory requirements and module operandi for each country.

- The projected Transit Costs are assumed to account for 3% of the projected revenues.

- **Other Direct Operating Costs – Annex 7 (v)**

- The other direct operating costs include maintenance and repair costs of the trucks and trailers, loading and off-loading costs, transit permits, demurage costs and incidental costs.
- The maintenance costs have incorporated regular trucks services and tires replacement costs.
- The other direct operating costs are projected to account for up to 10% of the projected revenues.

- **Total Direct Operating Costs**

- The projected Direct Operating Costs account for up to 61% of the projected revenues as summarized below:

		Amount In TZS '000'				
		Year-1	Year-2	Year-3	Year-4	Year-5
Direct Operating Costs						
Fuel & Lubricants Costs	TZS	7,859,514	8,818,374	9,321,823	9,841,883	10,379,016
Drivers' Allowances	TZS	836,130	938,138	991,697	1,047,023	1,104,166
Transit Expenses	TZS	719,134	791,048	819,813	848,578	877,344
Other Direct Operating Costs	TZS	1,460,355	1,638,519	1,732,063	1,828,694	1,928,497
Direct Operating Costs	TZS	10,875,133	12,186,078	12,865,396	13,566,179	14,289,023
% of Revenues	%	61%	61%	61%	61%	61%

(b) Indirect Operating Costs

- The indirect operating costs include staff costs, statutory expenses, office expenses, maintenance and repairs, marketing costs, administration expenses and other costs.
- The projected indirect operating costs accounts for about 12% of the projected revenues.
- The projected indirect operating costs of the project is as follows:

		Amount In TZS '000'				
		Year-1	Year-2	Year-3	Year-4	Year-5
Motor Vehicles						
Trucks	No.	92	92	92	92	92
Trailers	No.	92	92	92	92	92
Office Cars	No.	3	3	3	3	3
No. of working month						
	Months	12	12	12	12	12
		TZS/Month				
Salaries & Staff Benefits						
Salaries & Wages	TZS	669,524	444,548	453,264	461,981	470,697
Staff Benefits	TZS	100,429	66,682	67,990	69,297	70,605
Salaries & Staff Benefits	TZS	769,953	511,230	521,254	531,278	541,302
Administration expenses						
Administrative expenses	TZS	23,829	23,829	23,829	23,829	23,829
Printing & Stationeries	TZS	21,446	21,446	21,446	21,446	21,446
Telephone charges	TZS	16,204	16,204	16,204	16,204	16,204
Electricity & water	TZS	33,361	33,361	33,361	33,361	33,361
Gabbage Collection& maintenance	TZS	477	477	477	477	477
Parking Fees	TZS	13,344	13,344	13,344	13,344	13,344
Office Cars service	TZS	28,595	28,595	28,595	28,595	28,595
Office Cars running costs	TZS	47,658	47,658	47,658	47,658	47,658
Insurance						
Trucks	TZS	657,680	657,680	657,680	657,680	657,680
Trailers	TZS	43,845	43,845	43,845	43,845	43,845
Office Cars	TZS	4,289	4,289	4,289	4,289	4,289
		-				
Other Maintenance & repair	TZS	4,766	4,766	4,766	4,766	4,766
City Levy	TZS	715	715	715	715	715
Marketing Expenses	TZS	59,573	59,573	59,573	59,573	59,573
Professional fees	TZS	23,829	23,829	23,829	23,829	23,829
Other fixed costs	TZS	4,766	4,766	4,766	4,766	4,766
Sub-total	TZS	984,376	984,376	984,376	984,376	984,376
Add: Annual Increase	%	-	2%	2%	2%	2%
	TZS	-	19,688	39,375	59,063	78,750
Administration expenses	TZS	984,376	1,004,064	1,023,751	1,043,439	1,063,126
Indirect Operating Costs	TZS	1,754,329	1,515,293	1,545,005	1,574,717	1,604,428
% of Revenues	%	10%	8%	7%	7%	7%
Operating Costs						
Direct Operating Costs	TZS	10,875,133	12,186,078	12,865,396	13,566,179	14,289,023
Indirect Operating Costs	TZS	1,754,329	1,515,293	1,545,005	1,574,717	1,604,428
Operating Costs	TZS	12,629,462	13,701,372	14,410,401	15,140,895	15,893,451
% of Revenues	%	71%	69%	69%	68%	68%

16.3.6 Working Capital

- The Projected Working Capital Schedules are presented in Annex 10.
- The working capital schedule shows the current assets and current liabilities of the project.

	Existing	Amount In TZS '000'				
		Year-1	Year-2	Year-3	Year-4	Year-5
Current Assets:						
Trade debtors	852,898	1,550,282	1,565,785	1,581,442	1,597,257	1,613,229
Prepayments	1,693,656	2,114,609	2,135,755	2,157,113	2,178,684	2,200,471
Stocks	-	261,422	264,036	266,677	269,344	272,037
Other Current assets	979,606	658,414	664,998	671,648	678,364	685,148
Total current assets	3,526,159	4,584,727	4,630,574	4,676,880	4,723,649	4,770,885
Current Liabilities:						
Trade creditors	931,464	845,844	854,302	862,845	871,474	880,188
Payables	146,792	90,532	91,437	92,352	93,275	94,208
Accrued incomes	1,500	34,451	34,795	35,143	35,495	35,850
Other current liabilities	3,000,000	4,115	4,156	4,198	4,240	4,282
Total Current liabilities	4,079,756	974,941	984,691	994,538	1,004,483	1,014,528
Net Working Capital	(553,597)	3,609,785	3,645,883	3,682,342	3,719,165	3,756,357
Change in Net Working Capital	(553,597)	19,733	36,098	36,459	36,823	37,192

16.4 Financial Projections

- The financial projections of the project present the projected Balance Sheets, Profit and Loss Statements and Cash-flow Statements.

16.4.1 Projected Profitability

- The profitability of the project has been carried out and presented in APPENDEX 1
- The analysis of the profitability of the overall project indicates that the project is a profitable undertaking. The project will register Net Profits starting the first year of operation.
- The overall gross margins are projected to average 63 percent; EBITDA Margins of 38%; and the net margins are projected to fluctuate from 11% to 18% over the projected period.
- Corporate tax rate of 30% has been considered, and Zero dividends to shareholders has been assumed. The projected profitability is as presented below:

Profit & Loss Statements		Year-1	Year-2	Year-3	Year-4	Year-5
Revenues						
Transit Routes	TZS 'million'	13,529	15,180	16,048	16,945	17,871
Local Routes	TZS 'million'	4,189	4,700	4,969	5,247	5,534
Less: Loss Provision & Discounts	TZS 'million'	(354)	(398)	(420)	(444)	(468)
Net Revenues	TZS 'million'	17,363	19,483	20,597	21,748	22,937
Direct Operating Costs						
Fuel & Lubricants Costs	TZS 'million'	7,860	8,818	9,322	9,842	10,379
Drivers' Allowances	TZS 'million'	836	938	992	1,047	1,104
Transit Expenses	TZS 'million'	719	791	820	849	877
Other Direct Operating Costs	TZS 'million'	1,460	1,639	1,732	1,829	1,928
Direct Operating costs	TZS 'million'	10,875	12,186	12,865	13,566	14,289
Gross Profits	TZS 'million'	6,488	7,297	7,732	8,182	8,648
Indirect Operating Costs						
Salaries & Staff Benefits	TZS 'million'	770	511	521	531	541
Administrative expenses	TZS 'million'	984	1,004	1,024	1,043	1,063
Indirect Operating Costs	TZS 'million'	1,754	1,515	1,545	1,575	1,604
EBITDA	TZS 'million'	4,734	5,782	6,187	6,607	7,043
Other Costs						
Depreciation & Amortization	TZS 'million'	1,543	1,843	1,572	1,340	1,144
Finance Costs	TZS 'million'	352	306	234	162	91
Corporation Tax	TZS 'million'	852	1,090	1,314	1,531	1,743
Net Profits	TZS 'million'	1,987	2,543	3,066	3,573	4,066
Gross Margins	%	37%	37%	38%	38%	38%
EBITDA Margins	%	27%	30%	30%	30%	31%
Net Margins	%	11%	13%	15%	16%	18%

16.4.2 Projected cash flow Statements

- The projected sources and applications of funds and revenues are summarised in the attached APPENDIX 2.
- The sources of finance to the project include shareholders' equity, external loan facilities and the company sales revenues.
- Funds application includes capital expenditure, working capital considerations, project operating expenses and other expenses.
- The project is projected to register positive cash flows after the initial injection of working capital facility from the shareholders amounting to TZS 5.0 billion in the first months of the project.
- The projected cashflow statement is presented below:

Cash Flows Statements		Year-1	Year-2	Year-3	Year-4	Year-5
Cash Inflows						
Equity Financing	TZS 'million'	3,219	-	-	-	-
External Financing	TZS 'million'	-	-	-	-	-
Net Revenues	TZS 'million'	17,363	19,483	20,597	21,748	22,937
Cash Inflows	TZS 'million'	20,582	19,483	20,597	21,748	22,937
Cash Outflows						
Capital Expenditure	TZS 'million'	7,735	-	19	-	19
Change in Net Working Capital	TZS 'million'	4,163	36	36	37	37
Direct Operating costs	TZS 'million'	10,875	12,186	12,865	13,566	14,289
Indirect Operating costs	TZS 'million'	1,754	1,515	1,545	1,575	1,604
Finance Costs	TZS 'million'	352	306	234	162	91
Loans Principal Payment	TZS 'million'	406	406	406	406	-
Taxation	TZS 'million'	852	1,090	1,314	1,531	1,743
Cash Outflows	TZS 'million'	26,137	15,539	16,420	17,278	17,782
Surplus (Deficit)	TZS 'million'	(5,555)	3,944	4,177	4,470	5,154
Opening Balance	TZS 'million'	0	(5,555)	(1,612)	2,566	7,036
Closing Balance	TZS 'million'	(5,555)	(1,612)	2,566	7,036	12,190

16.4.3 Balance Sheets

- The projected balance sheet is presented in Annex 8.
- The projected balance sheet shows that the net physical assets are decreasing overtime due to depreciation. The total net assets increase overtime due to increased net current assets over time.
- The project is projected to have positive net current assets throughout the project life-time.
- The projected Balance sheet statements is as presented below:

16.5 Economic Benefits of the Project

- **Tax Income** – the company will pay income taxes, property taxes, corporate taxes and other taxes to the Tanzania government.
- **Jobs Creation** – the company will offer jobs to over 110 people.

FINANCIAL REQUIREMENTS

17.1 Introduction

- The proposed project will be financed through equity and loan from external lenders such as commercial banks.
- NAMOL LTD will pay 20% advance payment and the balance of the purchase price will be financed through a 4-year medium-term loan facility.

17.2 Medium-term Loan Facility

- NAMOL LTD is seeking a medium-term loan facility to the tune of TZS 5.0 billion which is 80% of the Invoice Value from external financiers. The proposed loans facility will be utilised to part-finance procurement of brand new 50 trucks.
- Additionally, the project will seek directors' loan to finance initial working capital of the project once the trucks are put into use.

17.3 Proposed Borrowing Rate

- The banks' lending rates in Tanzania are driven by the movement of inflation, lenders' operating costs and the level of non-performing loans. Other drivers include the minimum statutory requirement ratio (SMR) issued by the Central Bank, and more importantly is the lenders' cost of funds as reflected in deposit interest rates and/or the fund's line of credit.
- A survey done by this Business Plan on the lending rates from three local commercial banks (CRDB Bank Plc, NBC Bank and NMB Bank) provides that the current average lending rates on Tanzania shilling loans range between 10% and 16%.
- The project has, therefore, for conservative purposes, indicatively, used 15% interest rate in the projections. The project will undertake to negotiate with the potential lender on the effective interest rate which include the following:
 - Interest rate on the borrowed funds
 - Appraisal fee
 - Commitment fee
 - Default and Penalty rates

17.4 Proposed Terms And Conditions

- Assumptions for the proposed medium-term loan facility are depicted in the projected cashflow statements presented in Annex 11.
- The proposed project requires two sets of loans facilities from potential lender to part-finance purchase of trucks and trailers as well as initial operating capital financing.
- The following are the proposed Terms and Conditions of the required loan to part finance the project:

Main loan conditions	
Loan Currency	Tanzania Shillings (TZS)
Loan Amount	TZS 5,000,000,000
Type of facility	Medium-Term Loan
Loan Tenure	4-Years (48-months)
Grace Period	6-months
Mode of disbursement	Direct disbursement to the account of the Supplier of motor vehicles
Loan repayment	4-equal instalments payable after every 6-months on interest + principal
Interest rate	Fixed rate of 5% p.a.

17.5 Security of the loan

- The company will offer the trucks and trailers as security to secure the proposed loan facility.

CONCLUSION AND RECOMMENDATIONS

- World trade and production networks are not new. Firms have been producing items with components sourced from around the globe for centuries. Businesses have continuously sought out new markets for their products. What have changed, however, are the speed, scale, depth and breadth of global interactions.
- Increasingly, new players in the logistics services sector have become active in what have come to be called global value chains or global supply chains. This process of organization has brought entirely new issues to the table for consideration.
- This plan follows the trends in international production, trade and investments which are increasingly organised within so-called global value chains which call for efficient logistics companies offering reliable and fast clearing and forwarding services across different countries. As trade flows have generally grown faster than income since the Second World War, countries' openness and their exposures to external developments have increased.
- NAMOL LTD 's proposed investment becomes rational owing to the growing level of competition and customer demands in the sub-sector.
- The assessment of the viability of the proposed project demonstrates the project is a medium-term investment and a profitable venture.
- In view of our observations, it is recommended to the promoters to undertake the project, and find an external partner to participate in the co-financing of the project.

Financial Projections

NAMOL Limited

**Purchase of
Trucks & Cargo Handling Equipment**

Dar-es-salaam

March. 2025

ANNEX 1**NAMOL Limited****Investment Plan**

	Amount In TZS '000'			USD Equivalents
	Additional Investments		Total Investments	
	Year	Year-1	Year-2	
Exchange Rate (USD/TZS)	2,750	2,750		
Land, Buildings & Civil Works	150,000	-	150,000	54,545
Equipment & Tools	627,418	-	627,418	228,152
Motor vehicles	6,595,271	-	6,595,271	2,398,280
Insurance Cover	484,358	-	484,358	176,130
Office Furniture & equipment	18,500	-	18,500	6,727
Pre-operating costs	343,312	-	343,312	124,841
Capital Expenditure	8,218,858	-	8,218,858	2,988,676
Working capital	5,013,940	-	5,013,940	1,823,251
Total Investment	13,232,798	-	13,232,798	4,811,927

ANNEX 3
NAMOL Limited
Financing Plan

Amount In TZS '000'				
	Additional Financing		Total	USD
Year	Year-1	Year-2		
Exchange Rate (USD/TZS)	2,750			
Equity Financing				
Share Capital	-	-	-	-
Directors' Funds (CAPEX)	3,218,858	-	3,218,858	1,170,494
Directors' Funds (W/Capital)	5,013,940	-	5,013,940	1,823,251
Retained Earnings	-	-	-	-
Equity Financing	8,232,798	-	8,232,798	2,993,745
External Financing				
Long-Term Loans				
Long-term loan 3	5,000,000	-	5,000,000	1,818,182
Long-Term Loans	5,000,000	-	5,000,000	1,818,182
Short-term Loans				
Bank Overdraft Loans	-	-	-	-
Creditors & Other Payables	-	-	-	-
Short-term Loans	-	-	-	-
External Financing	5,000,000	-	5,000,000	1,818,182
Total Financing	13,232,798	-	13,232,798	4,811,927
Exposure				
Equity Financing	62%	-	62%	
External Financing	38%	-	38%	
	100.0%	-	100.0%	

APPENDIX 1**NAMOL Limited****Projected Profit And Loss Statements**

Amount In TZS '000'

	Amount In TZS '000'					
	FY2023	Year-1	Year-2	Year-3	Year-4	Year-5
Total revenues	10,584,756	17,363,155	19,483,052	20,597,040	21,747,914	22,936,708
Revenues Growth	-	64%	12%	6%	6%	5%
Direct Operating costs	7,580,523	10,875,133	12,186,078	12,865,396	13,566,179	14,289,023
Gross Profit	3,004,233	6,488,022	7,296,973	7,731,643	8,181,736	8,647,685
Gross Margins	28%	37%	37%	38%	38%	38%
Indirect Operating costs	925,701	1,754,329	1,515,293	1,545,005	1,574,717	1,604,428
EBITDA	2,078,532	4,733,693	5,781,680	6,186,638	6,607,019	7,043,257
EBITDA Margins	20%	27%	30%	30%	30%	31%
Depreciation & Amortization	1,961,019	1,542,671	1,842,985	1,572,337	1,339,740	1,144,076
Profit Before Int. & Tax	117,512	3,191,022	3,938,695	4,614,301	5,267,279	5,899,181
Finance Costs	92,714	352,050	305,843	234,117	162,393	90,673
Profit Before Tax	24,798	2,838,972	3,632,852	4,380,184	5,104,886	5,808,508
Corporation Tax	7,439	851,692	1,089,856	1,314,055	1,531,466	1,742,553
Profit/(loss) after tax	17,359	1,987,281	2,542,996	3,066,129	3,573,420	4,065,956
Net Margin	0.16%	11%	13%	15%	16%	18%
Dividends	-	-	-	-	-	-
Retained Income	17,359	1,987,281	2,542,996	3,066,129	3,573,420	4,065,956
Cumulative Retained Income	-	1,987,281	4,530,277	7,596,406	11,169,826	15,235,782

APPENDIX 2
NAMOL Limited
Projected Cash Flow Statements

	Amount In TZS '000'				
	Year-1	Year-2	Year-3	Year-4	Year-5
Cash Inflows					
Equity Financing					
Share Capital	-	-	-	-	-
Directors' Funds (CAPEX)	3,218,858	-	-	-	-
Directors' Funds (W/Capital)	-	-	-	-	-
Retained Earnings	-	-	-	-	-
External Financing					
Bank Overdraft Loans	-	-	-	-	-
Creditors & Other Payables	-	-	-	-	-
Total Non-operating incomes	13,232,798	0	0	0	0
Revenues					
Transit Routes	13,528,588	15,180,315	16,048,284	16,944,994	17,871,249
Local Routes	4,188,918	4,700,350	4,969,103	5,246,755	5,533,556
Sub-total	17,717,505	19,880,665	21,017,387	22,191,749	23,404,804
Less: Loss Provision & Discounts	(354,350)	(397,613)	(420,348)	(443,835)	(468,096)
Net Revenues	17,363,155	19,483,052	20,597,040	21,747,914	22,936,708
Cash Inflows	30,595,953	19,483,052	20,597,040	21,747,914	22,936,708
Cash Outflows					
Capital Expenditure					
Land, Buildings & Civil Works	150,000	-	-	-	-
Equipment & Tools	627,418	-	-	-	-
Office Furniture & equipment	18,500	-	18,500	-	18,500
Motor vehicles	6,595,271	-	-	-	-
Insurance Cover	-	-	-	-	-
Pre-operating costs	343,312	-	-	-	-
Capital Expenditure	8,218,858	-	18,500	-	18,500
Change in Net Working Capital	4,163,382	36,098	36,459	36,823	37,192
Operating Expenses					
Direct Operating costs	10,875,133	12,186,078	12,865,396	13,566,179	14,289,023
Indirect Operating costs	1,754,329	1,515,293	1,545,005	1,574,717	1,604,428
Finance Costs					
Long-term loan 1	30,164	25,550	17,034	8,517	0
Long-term loan 2	41,772	2,949	1,966	983	-0
Long-term loan 3	250,000	250,000	187,500	125,000	62,500
Bank Overdraft Loans	30,114	27,344	27,618	27,894	28,173
Loans Principal Payment					
Long-term loan 1	170,336	170,336	170,336	170,336	-
Long-term loan 2	235,886	235,886	235,886	235,886	-
Long-term loan 3	-	1,250,000	1,250,000	1,250,000	1,250,000
Taxation	851,691.66	1,089,855.63	1,314,055.21	1,531,465.76	1,742,552.50
Dividend Payment	-	-	-	-	-
Cash Outflows	26,621,666	16,789,391	17,669,755	18,527,800	19,032,368
Surplus (Deficit)	3,974,287	2,693,661	2,927,285	3,220,114	3,904,340
Opening Balance	0	3,974,287	6,667,948	9,595,233	12,815,348
Closing Balance	3,974,287	6,667,948	9,595,233	12,815,348	16,719,688

APPENDIX 3
NAMOL Limited
Projected Balance Sheets

	Existing	Year-1	Year-2	Year-3	Year-4	Year-5
Amount In TZS '000'						
Fixed Assets						
Land, Buildings & Civil Works	249,733	399,733	384,034	368,672	353,925	339,768
Equipment & Tools	-	627,418	553,332	484,165	423,644	370,689
Office Furniture & equipment	7,413	24,941	21,996	37,747	33,028	47,400
Motor vehicles	7,691,766	12,811,346	11,704,717	9,949,010	8,456,658	7,188,160
Pre-operating costs	-	343,312	-	-	-	-
Gross Fixed Assets	7,948,911	14,206,750	12,664,079	10,839,594	9,267,257	7,946,017
Less: Depreciation & Amortization	1,961,019	1,542,671	1,842,985	1,572,337	1,339,740	1,144,076
Net Fixed Assets	5,987,892	12,664,079	10,821,094	9,267,257	7,927,517	6,801,941
Current Assets:						
Cash Balances	-	3,974,287	6,667,948	9,595,233	12,815,348	16,719,688
Trade debtors	852,898	1,550,282	1,565,785	1,581,442	1,597,257	1,613,229
Prepayments	1,693,656	2,114,609	2,135,755	2,157,113	2,178,684	2,200,471
Stocks	-	261,422	264,036	266,677	269,344	272,037
Other Current assets	979,606	658,414	664,998	671,648	678,364	685,148
Total Current Assets	3,526,159	8,559,014	11,298,522	14,272,113	17,538,996	21,490,573
Current Liabilities:						
Trade creditors	931,464	845,844	854,302	862,845	871,474	880,188
Payables	146,792	90,532	91,437	92,352	93,275	94,208
Accrued incomes	1,500	34,451	34,795	35,143	35,495	35,850
Other current liabilities	3,000,000	4,115	4,156	4,198	4,240	4,282
Total Current Liabilities	4,079,756	974,941	984,691	994,538	1,004,483	1,014,528
Net Current Assets	(553,597)	7,584,072	10,313,832	13,277,576	16,534,513	20,476,045
Total Net Assets	5,434,295	20,248,152	21,134,926	22,544,832	24,462,030	27,277,986
Financed By:						
Equity						
Share Capital	76,543	76,543	76,543	76,543	76,543	76,543
Directors' Funds (CAPEX)	4,000,000	7,218,858	7,218,858	7,218,858	7,218,858	7,218,858
Directors' Funds (W/Capital)	0	5,013,940	5,013,940	5,013,940	5,013,940	5,013,940
Retained Earnings	(267,137)	(267,137)	(267,137)	(267,137)	(267,137)	(267,137)
Accumulated Profits	0	1,987,281	4,530,277	7,596,406	11,169,826	15,235,782
Total Equity	3,809,406	14,029,485	16,572,481	19,638,610	23,212,030	27,277,986
External Financing						
Long-term loan 1	681,344	511,008	340,672	170,336	-	-
Long-term loan 2	943,545	707,659	471,772	235,886	0	0
Long-term loan 3	0	5,000,000	3,750,000	2,500,000	1,250,000	-
Bank Overdraft Loans	0	-	-	-	-	-
External Financing	1,624,889	6,218,667	4,562,445	2,906,222	1,250,000	0
Total Financing	5,434,295	20,248,152	21,134,926	22,544,832	24,462,030	27,277,986

APPENDIX 4**NAMOL Limited****Projected Internal Rates of Return**

	Amount In TZS '000'									
Year:	Year-1	Year-2	Year-3	Year-4	Year-5	Year-6	Year-7	Year-8	Year-9	Year-10
Cash InFlows:										
Profit After Tax	1,987,281	2,542,996	3,066,129	3,573,420	4,065,956	4,341,566	4,556,957	4,761,993	4,955,494	5,142,854
Depreciation	132,822	1,842,985	1,572,337	1,339,740	1,144,076	975,266	833,867	711,223	609,100	519,873
Salvage Value										6,379,224
Total InFlow	2,120,103	4,385,981	4,638,466	4,913,160	5,210,032	5,316,832	5,390,824	5,473,216	5,564,594	12,041,951
Cash OutFlows:										
Capital Costs	14,206,750	-	18,500	-	18,500	-	18,500	-	18,500	-
Net change in Operating Capital	5,013,940	36,098	36,459	36,823	37,192	37,564	37,939	38,319	38,702	39,089
Total OutFlow	19,220,690	36,098	54,959	36,823	55,692	37,564	56,439	38,319	57,202	39,089
Net InFlow/(OutFlow)	(17,100,587)	4,349,884	4,583,507	4,876,337	5,154,340	5,279,268	5,334,384	5,434,897	5,507,392	12,002,863
Economic Parameters										
Cost of Loan Funds	5%	Percentage								
Net Present Value (NPV)	TZS 21,996,841	TZS '000'								
Internal Rate of Return (IRR)	26%	Percentage								
Normal Payback Period	5	Years								
Payback Period										
Capital Investments	-14,206,750	0	-18,500	0	-18,500	0	-18,500	0	-18,500	0
Undiscounted Net Flow	-14,121,456	3,938,695	4,595,801	5,267,279	5,880,681	6,230,691	6,520,177	6,831,873	7,090,093	7,376,545
Cumulative Undiscounted Net Flow	-14,121,456	-10,182,761	-5,586,960	-319,681	5,561,000	11,791,691	18,311,868	25,143,742	32,233,835	39,610,380
Normal Payback Period	5	Years								