

## **1.0. EXECUTIVE SUMMARY**

### **1.1 Factory Industry Overview:**

Industrialization in Tanzania is the most target sector and governmental emphasis to the growth of national economy. It is undeniable fact that manufacturing sector plays key role in growth of any economy and it is from this sector developing countries can catch-up with the rest of the world. While other countries are struggling in upgrading the level of their industrialization to accommodate the concept of sustainability by going for more advanced technology hence increase productivity, others are still on the ground struggling to take off and catch-up with industrialized world, Tanzania being one of them. In spite of various strategies proposed and implemented, the sector contribution has remained low, and currently statistics shows a decline.

From analysis, it is evidently that manufacturing sector remain to be significant for the growth of Tanzania's economy despite her small GDP share relative to other sector like agriculture and service. The stagnant contribution share of sector is linked with; implementation lags on ambitious uncoordinated plans, slow transforming economic structure which is dominated by agriculture, and competition from low priced manufactured import from Asian economies. Thus, the best way to go is for a country to centrally coordinate all development policies to ensure connectivity and progressive monitoring of policies' implementations, and attention should be paid on emphasis for more investment from local citizen.

### **Paddy and Rice agri-business industry overview**

Paddy/rice is one commodity that is grown, processed and consumed in all parts of the world and those that are in the business of are known to generate sales year in year out if the business is well managed.

The Paddy Processing mill is made up of businesses that process raw paddy to rice as final user product to the market where are sold directly in milling plants as primary market, general public markets and export market.

This industry acquires its raw material from paddy growers. Milling plants buy raw paddy from farmers as out growers. This raw material is processed into a range of rice products for export and local market sell and consumer use.

### ***A recent report released as Latest Update from Ministry of agriculture and global market analysis.***

Tanzania is one of the major rice-producing countries in sub-Saharan Africa. Paddy production plays a crucial role in the country's agriculture sector, contributing significantly to food security, rural livelihoods, and economic development. Over the years, rice has become an increasingly important crop due to rising domestic demand and export potential. Tanzania total production as of 2023 approximately 2.5 million metric tons of rice annually, making it the second-largest producer of rice in East Africa, after Madagascar. The majority of rice production in Tanzania is rain-fed, though there are also significant irrigated areas. Key rice-producing regions in Tanzania include:

- **Mbeya:** One of the leading regions in rice production, known for its high yields and quality.
- **Morogoro:** Another significant producer, particularly in the Kilombero Valley, which is known for aromatic rice varieties.
- **Shinyanga:** A major contributor to national production, with large areas under rice cultivation.
- **Tabora:** Important for both rain-fed and irrigated rice production.
- **Mwanza:** Contributes significantly, especially from smallholder farms.

Rice farming in Tanzania is primarily done by smallholder farmers, who often use traditional farming practices. However, there is a growing adoption of improved techniques, such as the System of Rice Intensification (SRI), which enhances yields and water efficiency. Rice is a staple food in Tanzania, with per capita consumption ranging from 25 to 30 kg per year. The demand for rice is growing rapidly, driven by population growth, urbanization, and changing dietary preferences. Tanzanians prefer locally produced rice due to its quality and freshness, although imported rice is also available in the market.

### **Signific ally:**

Rice packaging sacks (Materials) goes in hand with the availability of paddy in milling plants from farmers where the business of opening new project of manufacturing rice packaging materials is long term extension plan after a long-time operation of milling plant for processing paddy to rice.

In other way new project is cost replacement as cost saving advantage and also securing new business line by selling spare capacity productions to external market in local market around processing area.

## 1.2 The company:

The entity is a private limited liability company registered as MASANGWA TRADING COMPANY LIMITED. The company incorporated on the 18<sup>th</sup> June 2013 under the Companies, Act 2002 of the United Republic of Tanzania, with the following Certifications; Certificate of Incorporation No. 100145, Taxpayer Identification number (TIN) 128-374-477 with its Head Office being in Nyamhongolo, Ilemela municipal council, Mwanza Region. The business therefore operates legally.

The company is owned by two shareholders namely EMMANUEL NEGELWA MASANGWA, MICHAEL PHILEMON MASANGWA and PHILEMON EMMANUEL PHILEMON, all the shareholders are business oriented with long experience in business averaging for more than 10 years.

## 1.3 The Project Proposal: Rice packaging sacks (Materials)

Masangwa Trading company Limited proposes to construct a new rice packaging manufacturing factory as extension in current existing rice milling plant in Nyamhongolo, Ilemela municipal council in Mwanza region. The Rice packaging manufacturing factory machines and Equipment's are to be procured through an external dealer GUANGDONG JUNYOU STEEL STRUCTURE CO LTD manufacturer from China. The proposed machines are capable of having the highest production and of superior quality since have high standard and efficient operation including high technology of manufacturing which is the most efficient technology to increase standard output level. The project is intended to augment the availability of packaging sacks in the market and reduce the importation rate by increase production level within the country given the government emphasis to increase production and the fact that the existing factories cannot satisfy the existing demand which is still large gape covered by imported packaging sacks from outside the country.

The capital investment costs of the project amount to Tshs. 4,584,002,560/= which are proposed to be financed through equity financing Tshs. 3,514,000,640/= and Bank borrowing of Tshs 1,070,001,920/= where in total project cost Tshs 1,570,924,825/= for capital investments acquisition of machinery and pre-fabricated steel structure to factory and construction and Tshs 2,813,077,735/= for working capital finance as operation fund and procurement of manufacturing raw materials for both packaging manufacturing factory and milling plant and 200,000,000/= as contingency to cover uncertainties. The project loan of Tshs 1,070,001,920/= is proposed to be repaid over 5 years including 1 year grace period at agreed interest.

### TOTAL PROJECT UTILIZATION DESCRIPTION

Description	Amount (Tshs)
Machinery cost up to installation	797,971,225/=
Construction and related structures	772,953,600/=
Working capital	2,813,077,735/=
Contingency	200,000,000/=
TOTAL	4,584,002,560/=

## PROJECT CAPITAL STRUCTURE

EQUITY	3,514,000,640/=
BANK LOAN	1,070,001,920/=
TOTAL	4,584.002,560=

### 1.4 Rationale of the Proposal:

The proposal by **Masangwa Trading Company Limited** is aimed at increasing the availability of packaging sacks in the market and reduce the importation rate by increase production level within the country. It is also aimed at filling the gap presently experienced by demand and supply over the 10 years manufacturing industry as a supportive product in paddy and rice value chain from farmers to milling plant and packaged to the market to satisfy end user because speaking of selling product packaging is one of most important products to complete the product packages.

Also, for internal use it aims at reducing procurement cost by taking cost saving advantage from self-producing sacks and increase profit margin level to the main business in milling plant but also advantage to explore more profit from engaging new business line by selling spare capacity productions to other millers around the area most specific lake and west zone areas.

### 1.5 Purpose of the Study:

This document has been prepared to serve the following purposes;

- To facilitate the application for Certificate of Incentives from Tanzania Investment Centre (TIC) so as to have access to exemptions of duties, VAT deferments and other benefits and protections as statutory provided for under Tanzania Investment Act (1997) for the Project.
- To determine the viability of the proposed project and serve as a business plan for the company's development program.
- To utilize the document for possible mobilization of financial credits from local Banks/ Financial Institutions for either term loan financing or overdraft Facility to support smooth implementation of the proposed project.

### 1.6 The Rice mill plant and new Rice packaging manufacturing factory:

#### 1.6.1 Location:

The mill plant and new to be situated rice packaging manufacturing factory are located at Nyamhongolo street, Nyamhongolo ward in Ilemela municipal council, Mwanza region. The company has adequate land covering to accommodate the project with expansion plan on acquiring more acres at surrounding area with time goes on. The location is ideal since it is within industrial area identified by the regional city. The road leading to the factory is also accessible throughout the year makes easy for raw material delivering and products to the market.

#### 1.6.2 Plant Capacity:

The proposed factory is of modern and technological machines consisting of required equipment's and machines which has capacity to produce 8.8 million sacks per year worst case scenario and produced is intended only for self-supply and local market with spare production capacity

### 1.6.3 Electricity and water:

The electricity for the project site is provided by TANESCO through the National Power System. However, a high voltage standby generator will be used during power outbreak has also been provided for.

Water will be supplied through MWAUWASA water system.

### 1.6.4 Buildings:

Buildings under consideration for the project will include;

- Factory Buildings including structures for plants and machineries
- Storage ware house
- Residential Houses & other support buildings

### 1.6.5 Project Investment and Financing:

The capital investment costs of the project amount to Tshs. 4,584,002,560/= which are proposed to be financed through equity financing Tshs. 3,514,000,640/= and Bank borrowing of Tshs 1,070,001,920/= where in total project cost Tshs 1,570,924,825/= for capital investments acquisition of machinery and pre-fabricated steel structure to factory and construction and Tshs 2,813,077,735/= for working capital finance as operation fund and procurement of manufacturing raw materials for both packaging manufacturing factory and milling plant and 200,000,000/= as contingency to cover uncertainties. The project loan of Tshs 1,070,001,920/= is proposed to be repaid over 5 years including 1 year grace period at agreed interest.

### 1.7 Management:

The project after its full construction will be managed by Masangwa Trading Company Limited. The company Directors will ensure that qualified and experienced personnel are engaged in the management of the entire sections of the factory. The Managing Directors of the Company are local investors with vast experience in business management.

#### 1.7.1 Ownership and Management

##### Ownership

Masangwa Trading Company Limited is a company limited by shares of the members. The authorized share capital is TZS 5,000,000/= being 1,000 ordinary shares of TZS 5,000/= each. It is owned by two experienced business personnel listed here under;

<i>S/N</i>	<i>Name</i>	<i>Shareholding</i>	<i>Nationality</i>
1.	EMMANUEL NEGELWA MASANGWA	<b>600</b>	Tanzanian
2.	MICHAEL PHILEMON MASANGWA	<b>250</b>	Tanzanian
3	PHILEMON EMMANUEL PHILEMON	<b>150</b>	Not Utilized
	TOTAL	<b>1,000</b>	

### 1.7.2. Management Structure/Executive team

The company has simple and highly effective non-bureaucratic organization structure to promote team work and communication as well as operational efficiency but all being managed by the board of director.

#### Board of Directors

The company is under the board of directors which is the supreme decision making and strategic body in the company. The shareholders are non-executive member. It is comprised of the following key personnel:

#### Overall Board Chairperson – MASANGWA NEGELWA MASANGWA

He is principal shareholders and non-executive member; he is driving force behind the growth of the business from humble beginnings to now boast all the operation stage to the victory of company current status. He has also attended several courses relating to business strategy and change management both locally and in regional countries. Is a steady but assertive leader who leads from the front and does not shy away from making difficult decisions when necessary. His enormous business experience and enterprising mind has been handful in guiding the company from one stage of growth to another.

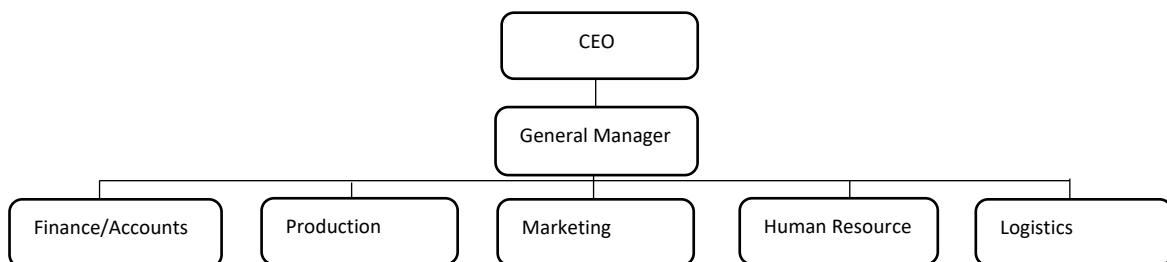
#### Board Secretary MICHAEL PHILEMON MASANGWA.

He is principal shareholders and non-executive member. He has vast experience in operating commercial business as he takes parts in day to day organizing and planning all company affairs future progress. His presence in the Board brings a wide range of experience of commercial transaction in company's business. He has been on the board of the company for incorporation and her value is immense.

The following presents a simplified organization structure to present important positions and their inter-relationships including decision making and reporting hierarchy: -

### ORGANIZATIONS AND MANAGEMENT PLAN

#### Organizational Structure



#### Abbreviations

C.E.O – Chief Executive Officer

The organizational structure above is quite flat in nature. At the top of the structure is the **General Manager** who reports to the **Chief Executive Officer** on trends, new products, demands, costs, company designs, profits and investments etc. Departmental manager reports to the General Manager. Lastly, the technical staff reports to Departmental Managers.

**The logistics department** is responsible to ensure that vehicles are maintained and available for transportation of raw materials and finished goods. They have to monitor movements ensuring punctuality. In addition, they also have to ensure that the vehicle is in good condition, any fault has been repaired and that the vehicles have adequate fuel. Subsequently, they also to select and allocate drivers for each trip. The managers will be responsible for driver training.

**The production department** mainly deals with transforming raw materials into finished goods. They are also responsible for maintenance of machineries and equipment in order to ensure fewer breakdowns. Decision about purchasing raw materials i.e. paddy for milling and material for packaging manufacturing factory will be based on analysis of availability, projected production of the commodity on which the decision to purchase raw materials will be based. This is mainly that the right quantity is available at the right time.

**The Finance and Accounts department** control the inflow and outflow of money in the firm. They are the blood supply of the company and will be required to prepare budgets and allocate funds where necessary. They have to ensure payments to suppliers are made on time and that customers have made payments on a timely basis. It is their duty to ensure that customers make their payments on time within the credit periods and deduct any discounts or charge a penalty as per the contract. They also calculate the profit and loss of the company and investigate any losses made by the company.

**The marketing department** is responsible for acquiring new customers and retaining old customers. They also have to create awareness and increase the demand for the product among consumers. Research and Development and market surveys are also conducted by the marketing department.

**The Human resource department** is the key to the firm as this is a manufacturing business and they are the ones who will ensure adequate employees are available in order for the company to operate. It is vitally important that these employees are recruited, selected, trained, developed, and motivated well; this is the responsibility of the Human Resource department. They will also be responsible for ensuring salaries and any other benefits are paid. Quarterly, performance evaluation is carried out to ensure that employees are working efficiently.

**The General Manager** has to ensure that all departments are running properly. The general manager is responsible for setting company procedures, ensuring implementation, ensuring schedules and budgets are met, motivation, hiring & firing, strategic forecasting & planning, setting objectives and analyses trends in the market place. After analyzing the trends and data collected; a proposal is then created for the C.E.O to decide whether to accept or reject.

**The C.E.O** of the company is responsible for making the major decisions of the company i.e. profitability, creating contracts for strategic alliances, acquisitions or takeovers, launching a new product or service, entering a new market and speaking in public.

The organization has a free culture; this means that employee suggestions and comments are taken into consideration by management; this is mainly to avoid bureaucracy. In other words, employees in the department can walk into the General Manager's office and freely suggest ideas. The openness of the organization increases effectiveness of communication.

### **1.8 Factory Production Plan:**

The plant will be into commercial operations from 2026 immediately after installation and production test more specific will start with 2026/2027 production season. The company' plans to produce and market her products for more profit maximization also to be part of contributing in filling market gape for packaging material around identified business zone for lake and west zone initially. The plant is planned to go into commercial operations starting this season (2026/2027) rice season where strategically will secure raw material availability to feed production plant.

### **1.9 Market Aspect:**

#### **1.9.1 The Market for processed rice packaging manufacturing factory:**

Domestic market is the only market where every company venture with, since initial plan is cost saving advantage in order to reduce ordering cost by self-supplying to the milling plant and increase profit margin to the main business of milling plant but also to enjoy engagement to the other millers and introduce new line of business to cover the market gap as producer.

#### **1.9.2 The Target Market:**

Currently, the production in the country does not meet the local demand, thus creating a shortfall that can be filled through additional factories.

#### **1.9.3 Market Entry and Growth Strategy**

The company employs the following strategies to enter into the market

- Emphasizing quality services and reliable to reduce customers price sensitivity.
- Simple advertisement and promotional strategy were also employed.
- Customer satisfactions were taken as a core value of the Company together with selling of goods of high qualities
- Standard and reliable products to the market

### **1.10 FINANCIAL EVALUATION:**

This section sets out proposed expansion plan, financing needs, financial forecasts for 2025-2030 and the proposed security for applied facility.

#### **1.10.1 Factory Description**

The company factory is situated in Nyamhongolo industrial area available at Ilemela municipal in Mwanza region where it has already had a Rice milling plant operating over years.

The production platform has been numbered to the production level of 8.8 million sacks unit production capacity per year under worst case scenario at year 1 where production level to grow at 25% every year to reach fully machinery capacity at year 5

#### **Factory capacity**

The farm will have the following production capacities: -

ITEM	CAPACITY
1-YEAR	8,800,000/= unit sacks

### Factory capacity

The factory will have the following production capacities: -

ITEM	CAPACITY
1 Year production	8,800,000-unit sacks
1 kg of bundle	160nunit sacks
1 kg of bundle	Tshs 13,500 selling price (Replacement cost for internal arrangement)

### 1.10.2 Finance required for the sugar factory project

The amount of facility required will be Tshs 8,118,415,000/= which makes the amount of facility in request and that will include construction of factory buildings, acquiring of sugar mill machines, installation, contingency and operation working capital both purchasing of out grower sugarcane and operation activities. The Company wishes to apply for a credit facility in the form of a project loan totaling Tshs 8,118,415,000/= to be repaid within period of 5 years paid under seasonal production modality.

### 1.10.3 Facility requested.

The company is applying for a 5-year project financing facility of **Tshs 1,070,001,920/=** to open rice packaging manufacturing factory as described in the business plan.

### 1.10.4 Financial Forecast.

#### 4.3.1 Projected Statement of Comprehensive Income for five years (See table investment analysis attached bellow)

The following is the company's projection of financial performance (Statement of Comprehensive Income) for the whole investment. Revenues/Sales are expected to be growing by an average of 25% averagely from year one.

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Unit production in sacks	8,800,000	11,000,000	13,750,000	17,187,500	21,148,875
Unit in Kg (1kg by 160 sacks)	55,000	68,750	85,938	107,422	132,180
Selling price assumed to be constant current market value per 1 kg	13,500	13,500	13,500	13,500	13,500
Sales	742,500,000	928,125,000	1,160,163,000	1,450,197,000	1,784,430,000

Profit Margin (25%)	185,625,000	232,031,250	290,040,750	362,549,250	446,107,500
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#### 4.3.2 Projected Statement of financial position for five years

Most of the balance sheet items will keep on increasing as the business continues to operate on its normal operating cycle for investment. Currently the non-current assets of the company are Structures, Machinery & Equipment's and Motor Vehicles; Depreciation rates will continue to be at 20% and 25% respectively annually though since is non cash item is not taken into consideration. Net worth of the business will be growing with an average growth of 30% to 40%.

#### 4.3.3 Liquidity

Projected liquidity position of the company is quite healthy such that it will be able to repay the bank facility being applied for within a period of five years and break even in 3 years while at the same time meeting all its other financial obligations of operating the business

#### 4.3.4 Consideration and assumptions

The following assumptions hold for the financial projections presented in the attachments;

##### Inflows

- Production Capacity utilization will be 8,800,000-unit sacks in year 1 but will increase by 25% year to 21,148,875-unit sacks at year 5 due to demand increase internal the company and outside market.
- For 100% utilization input to processing mill will be 21,148,875 of unit sack per year.
- For every 1 kg of bulk sack will contain 160-unit sacks
- Selling price for every 1 kg will be assumed to be current market price Tshs 13,500
- Selling price assumed to be constant over years to avoid misleading figures
- Profit margin researched to be 25% net profit overall cost.
- Revenue is assumed to be growing by an average rate of 25% due to production capacity utilization and increase in production level as indicated in projected investment analysis based on statistics
- Inflation is dropping slightly and is assumed to remain the same at reasonable rate over the loan duration
- Legal and regulatory framework remain stable over the loan tenor
- Exchange rate will remain fairly stable at the current rate of TZS2560/USD

##### Finance costs

- Interest Rate on loan is 9% annually

NB: Other costs are included in projections

### **1.11 SECURITY COVER:**

The proposed loan facilities from local banks have been assumed to be secured by company Mortgage over landed properties of the company including all machinery and equipment at the project site.

### **1.12 CONCLUSION AND RECOMMENDATIONS:**

Based on considerations and assumptions given above, it is concluded that the proposal by **Masangwa Trading Company limited** to operate new Rice packaging manufacturing factory as expansion of existing Rice milling plant at Nyamhongolo industrial area available at Ilemela municipal council in Mwanza region is technically feasible and commercially viable. It is therefore recommended for the project promoters to proceed and invest in the proposed milling factory at company Site in Nyamhongolo street available at Ilemela municipal in Mwanza region.

## **2.0. TECHNICAL ANALYSIS:**

### **2.1 Location:**

The project is to be located at Nyamhongolo industrial area at Ilemela municipal council in Mwanza region. This is a strategic location, which is easily accessible by road for transportation of facilitation materials and its products. The location is also connected to the national Power Grid System.

### **2.2 Building and Civil Works:**

Building under consideration for the project will include;

- Factory Buildings including structures for plants and machineries
- Storage ware houses
- Residential Houses
- Other supporting buildings

### **2.3 Plant Capacity & Technology:**

The proposed factory is of modern and technological machines consisting of required equipment's and machines which has capacity to produce 8.8 million sacks per year worst case scenario and produced is intended only for self-supply and local market with spare production capacity

### **2.4 Capital Costs:**

The project total capital costs are estimated as Tshs. 4,584,002,560/= . The capital costs outlay is summarized as below:

#### **TOTAL PROJECT UTILIZATION DESCRIPTION**

Description	Amount (Tshs)
Machinery cost up to installation	797,971,225/=
Construction and related structures	772,953,600/=
Working capital	2,813,077,735/=
Contingency	200,000,000/=
<b>TOTAL</b>	<b>4,584,002,560/=</b>

## 2.5 Source of Financing

The project sponsor would contribute equity funds to the tune of Tshs. 5 billion and the balance of Tshs. 8.118 billion would be loan finance from local Banks as per summary given under:

1	Equity	Tshs	3,514,000,640/=
2	Bank loan-Project loan	Tshs	1,070,001,920/=
	<b>Sub Total</b>		<b>4,584,002,560/=</b>

## 2.6 Implementation Schedule:

The project is expected to be implemented immediately from the date of fund approval. Implementation involves;

- Construction of Machinery building
- Construction of stores/ warehouse
- Procurement and installation of machinery and equipment
- Electrical installations
- Trial runs
- Commercial operations.

## 2.7 Environmental Aspects:

The most pertinent environmental and health considerations in this project include dust emission and employee's exposure to noise and fire. The project sponsors have addressed these possible hazards adequately in the project plan. Factory workers will be provided with breathing masks and early plugs. Fire extinguishers and hydrants will also be in place.

## 3.0 MARKETS AND MARKETING:

### 3.1 Business Strategic Framework

#### Vision

To become a leading seller business nationwide.

#### Mission

The Masangwa Trading Company Limited aims to forge long term relationships with our community of customers and suppliers through simplicity, excellence and quality products and by products with respects and gratitude towards our customer base.

#### Goal

- a) To have a sustainable working capital base that will enable the business to flourish.
- b) Increase annual sales turnover
- c) Increase gross profitability
- d) Increase market share

#### Core values

- a) Consistent High Product Quality Standards
- b) Reliability in partnership with customers
- c) Social responsibility
- d) Financial transparency and accountability
- e) Eco-friendly services

## **Business Objectives**

Based on the projected revenues from this business plan and the projected annual growth, the business will grow fast to become among leaders in the industry in Tanzania.

The following are the objectives of MASANGWA TRADING COMPANY LIMITED which prompted the management to plan application of loan in order to have them achieved

1. To work diligently and create value to rice milling industries through continuously improving the services including timely delivery of orders.
2. Generate sufficient profits to improve the shareholders' wealth and sustainability of the business to be able to compete well in the market and be able to reap the advantages of growing demand in Tanzania by increasing investments.
3. Maintain or improve the profit margins by minimizing operating costs per unit without compromising quality.
4. To keep providing employment to skilled Tanzanian youth through remaining in the market for a foreseeable future and planned expansions.

## **Business Strategies**

The management of MASANGWA TRADING COMPANY LIMITED has clear strategies that will ensure the planned goals are going to be achieved as articulated above.

### **3.2. Business Situational Analysis**

#### **3.2.1 Analysis of Strengths, Weaknesses, Opportunities and Threats**

##### **. Strengths(S)**

- a) Good administration and leadership
- b) Good customers reputation
- c) Knowledge of the local market
- d) Favourable access to distribution networks
- e) Cost advantages from customary know-how
- f) Established customer base and contacts

##### **4.3.3. Weakness (W)**

- a) Inadequate business capital that hinders the business capability to place larger orders and enjoy economies of scale.
- b) Competitor activity in a price sensitive market
- c) Concocted reputation among some of the customers and competitions.
- d) Price fluctuation.

##### **4.3.4. (A) Internal Factor Analysis Summary (IFAS)**

From the analysis of the strengths and weaknesses above, it can be observed the business strengths weigh more as compared to its weaknesses. Therefore we conclude that the business is viable. I.e.  $S > W$

#### **4.3.5. Opportunities:**

- a) Country's political stability which creates a conducive environment for investment and operations of the business.
- b) Availability and accessibility of funds from financial institutions.
- c) A good infrastructure system that facilitates operation of business.
- d) The business location favours easy purchases and supply of the goods.
- e) An unfulfilled customer demands.
- f) Improved technology

#### **4.3.6 Threats**

- a) Presence of competitors in the market with the same goods and services and others with close substitutes.
- b) Unpredictable change in weather and climate conditions which distort demand and supply trends.

#### **External Factor Analysis Summary (EFAS)**

From the analysis above we have observed that the opportunities of the business are more as compared to its Threats. Therefore, we conclude that the business is viable. I.e. O>T

#### **3.2.2 Political, Environmental, Social and Technical Analysis**

- **Political**

The business does not face any serious political threat as the country is in peace and the company is paying all of the required taxes on time hence the company has a good relationship with the tax and city authorities.

- **Environment**

The business has no negative impact on the environment and has better procedures for waste disposal.

- **Social**

The business offers employment to the surrounding community and facilitates the availability of services through payment of Tax to the government via Tanzania Revenue Authority (TRA).

- **Technical**

Technically the business is well equipped with modern facilities like, Telephone, etc. to facilitate business transactions.

### **4.0 PROFILE OF THE TARGET MARKETS**

#### **4.1 Market Segments**

The business operates into one market segment which is domestic market. The opening of the new Rice packaging material factory is for expansion of the business through improving and maximizing production that will enhance and manages to operate and maintain filling gap for both domestic and industrial.

#### **4.2 The Business differential advantages over others**

- a) Commitments to customers
- b) Team working spirit
- c) Quality product and services

#### **4.3 Market analysis**

- a) The market is of moderate competitions.

#### **4.4 Entry strategy**

The company employs the following strategies to enter into the market

- a) Emphasizing quality services and reliable to reduce customers price sensitivity.
- b) Simple advertisement and promotional strategy will also be employed.
- c) Customer satisfactions will be taken as a core value of the business together with selling of high-quality products.

#### **4.5 Competitive Analysis**

The business intention is to become the leading seller of packaged rice and packaging material (sacks) to the local market. The market is surely one of the most competitive within the Lake Zone. The currently existing competitors of the company are;

- a) Company with similar and close substitute services
- b) Retailers with the same line of business
- c) Other agent
- d) A hawker who tends to sell the products at lower prices.

### **5.0 ORGANIZATION AND MANAGEMENT:**

#### **5.1 Company Organization Structure:**

The company has simple and highly effective non-bureaucratic organization structure to promote team work and communication as well as operational efficiency but all being managed by the board of directors.

#### **Board of Directors**

The company is under the board of directors which is the supreme decision making and strategic body in the company. The shareholders are non-executive members. It is comprised of the following key personnel:

#### **Overall Board Chairperson – MASANGWA NEGELWA MASANGWA**

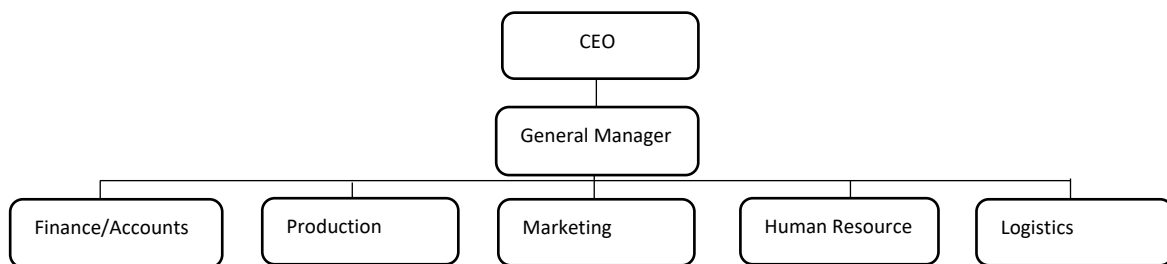
He is principal shareholder and non-executive member; he is driving force behind the growth of the business from humble beginnings to now boast all the operation stage to the victory of company current status. He has also attended several courses relating to business strategy and change management both locally and in regional countries. Is a steady but assertive leader who leads from the front and does not shy away from making difficult decisions when necessary. His enormous business experience and enterprising mind has been helpful in guiding the company from one stage of growth to another.

#### **Board Secretary MICHAEL PHILEMON MASANGWA.**

He is principal shareholders and non-executive member. He has vast experience in operating commercial business as he takes parts in day to day organizing and planning all company affairs future progress. His presence in the Board brings a wide range of experience of commercial transaction in company's business. He has been on the board of the company for incorporation and her value is immense.

The following presents a simplified organization structure to present important positions and their inter-relationships including decision making and reporting hierarchy: -

**ORGANIZATIONS AND MANAGEMENT PLAN**  
**Organizational Structure**



**Abbreviations**

C.E.O – Chief Executive Officer

The organizational structure above is quite flat in nature. At the top of the structure is the General Manager who reports to the Chief Executive Officer on trends, new products, demands, costs, company designs, profits and investments etc. Departmental manager reports to the General Manager. Lastly, the technical staff reports to Departmental Managers.

The logistics department is responsible to ensure that vehicles are maintained and available for transportation of raw materials and finished goods. They have to monitor movements ensuring punctuality. In addition, they also have to ensure that the vehicle is in good condition, any fault has been repaired and that the vehicles have adequate fuel. Subsequently, they also to select and allocate drivers for each trip. The managers will be responsible for driver training.

The production department mainly deals with transforming raw materials into finished goods. They are also responsible for maintenance of machineries and equipment in order to ensure fewer breakdowns. Decision about purchasing raw materials i.e. cane will be based on analysis of availability, projected production of the commodity on which the decision to purchase raw materials will be based. This is mainly that the right quantity is available at the right time.

The Finance and Accounts department control the inflow and outflow of money in the firm. They are the blood supply of the company and will be required to prepare budgets and allocate funds where necessary. They have to ensure payments to suppliers are made on time and that customers have made payments on a timely basis. It is their duty to ensure that customers make their payments on time within the credit periods and deduct any discounts or charge a penalty as per the contract. They also calculate the profit and loss of the company and investigate any losses made by the company.

The marketing department is responsible for acquiring new customers and retaining old customers. They also have to create awareness and increase the demand for the product among consumers. Research and Development and market surveys are also conducted by the marketing department.

The Human resource department is the key to the firm as this is a manufacturing business and they are the ones who will ensure adequate employees are available in order for the company to operate. It is vitally important that these employees are recruited, selected, trained, developed, and motivated well; this is the responsibility of the Human Resource department. They will also be responsible for ensuring salaries and any other benefits are paid. Quarterly, performance evaluation is carried out to ensure that employees are working efficiently.

The General Manager has to ensure that all departments are running properly. The general manager is responsible for setting company procedures, ensuring implementation, ensuring schedules and budgets are met, motivation, hiring & firing, strategic forecasting & planning, setting objectives and analyses trends in the market place. After analyzing the trends and data collected; a proposal is then created for the C.E.O to decide whether to accept or reject.

The C.E.O of the company is responsible for making the major decisions of the company i.e. profitability, creating contracts for strategic alliances, acquisitions or takeovers, launching a new product or service, entering a new market and speaking in public.

The organization has a free culture; this means that employee suggestions and comments are taken into consideration by management; this is mainly to avoid bureaucracy. In other words, employees in the department can walk into the General Manager's office and freely suggest ideas. The openness of the organization increases effectiveness of communication.

## **6.0 FINANCIAL EVALUATION:**

The project after full implementation and commencement of commercial operation is a going concern. It has therefore been assumed that it will continue to operate profitably and successfully for subsequent years. The business is projected to run smoothly and generate adequate profits to be able to meet its financial commitment without problems. The financial evaluation carried out on this report indicates that the project proposal is technically feasible, financially attractive and economically sound. The results are summarized below;

### **6.1 Project Investments and Financing:**

The capital investment costs of the project amount to Tshs. 4,584,002,560/= which are proposed to be financed through equity financing Tshs. 3,514,000,640/= and Bank borrowing of Tshs 1,070,001,920/= where in total project cost Tshs 1,570,924,825/= for capital investments acquisition of machinery and pre-fabricated steel structure to factory and construction and Tshs 2,813,077,735/= for working capital finance as operation fund and procurement of manufacturing raw materials for both packaging manufacturing factory and milling plant and 200,000,000/= as contingency to cover uncertainties. The project

loan of Tshs 1,070,001,920/= is proposed to be repaid over 5 years including 1 year grace period at agreed interest.

### **6.3 Projected Income Statement:**

Based on assumptions and considerations used in the evaluation of the project, the company's projection of financial performance (Statement of Comprehensive Income) for the whole investment. Revenues/Sales are expected to be growing by an average of 25% averagely from year one while 25% as profit margin.

### **6.4 Projected Balance Sheet:**

These projections indicate that, the company's liabilities would be adequately Covered by net fixed assets throughout the period under review.

### **6.5 Financial Rate of Return (IRR):**

The project's internal rate of return works at over 37.36% which is a key factor in project viability assessment. Assuming the cost of capital of 9% to 10% per annum, this is yet another confirmation that the project is commercially viable.

### **6.6 Pay Back Period:**

The project payback period works out to be within repayment period after year 3. This confirms to the investors that the project would be able to recoup their investments over short period of time.

## **7.0 ECONOMIC JUSTIFICATION**

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The company has not gone into this decision blindly as proper market research has been conducted. Clearly, there is guaranteed demand for rice packaging materials as addition value chain to milling plants in rice packaging requirement.

The shareholders are already established business people and have demonstrated great management skills in growing the existing and in diversified businesses. They are heeding the government's call to help industrialize the country which promotes self-employment spirit, local entrepreneurs, income-generation, financial deepening, and provides employment to local people as well. Shareholders are investing a lot of money in buildings, storage facilities, infrastructure, plants and machinery which demonstrates their commitment.

By establishing new business line, the company is playing its part in providing employment opportunities for a lot of Tanzanians and making a contribution towards employment creation and poverty reduction. The income accruing to the employees helps to uplift family's welfare in poverty alleviation. Expansion of the business means that there are more employment opportunities opening up for the local populace.

Therefore, getting financial support to implement factory activities, opening rice packaging manufacturing factory will help the company kick off this new business line and add to the company's turnover, profitability and net worth.

### **7.1 Corporate Social Responsibility (CSR)**

Positive impact from the establishment of this new business is as follows: -

- Offering employment opportunities to the local population during preparing, managing and operating factory, construction after completion, to work in the rice packaging manufacturing factory.
- Uplift the living standards of the local population.
- Ensure that the roads, electricity, water, security and water infrastructures around the factory areas are brought up to standard.
- They plan to give back to the community a portion of their net profit towards projects like water boreholes to communities, school desks and chairs for local schools, health facilities to communities and security by establishing a strong-armed security guard office.

## 7.2 Government Regulation

- The Ministry of Industry and Trade is the agency responsible for overall policy setting, co-ordination, monitoring, evaluation and regulating business and industrialized standards. The promotion of hygiene and sanitation is in the hands of the Ministry of Health and Social Welfare. Decentralization in the Tanzanian industrialized sector has transferred responsibilities for service provision to Local Government Authorities (LGAs). LGAs comprise 132 municipals, district and town councils: they are responsible for the procurement, financing, management and monitoring of service providers in their administrative area.
- **Environmental regulation.** Screening of possible environmental impacts on proposed project sites is carried out by the National Environment Management Council (NEMC) as part of the Environmental and Social Management Framework. NEMC is responsible for setting standards and issuing permits for the discharge of effluents into the environment, including into water resources.

## 8.0 SECURITY PROPOSED

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The company will offer the following securities for the applied facility:

- Project structures and infrastructures in the factory
- Machinery and equipment's to be acquired

## 9.0 CONCLUSION

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The detailed discussion in the previous sections reveals that, this business is financially viable and economically justifiable. The need to go into Rice packaging manufacturing factory is in line with demand supply gap for self-supply in company rice milling plant and other external millers,

Management analysis also shows that the key staff is well experienced in the commercial and manufacturing industry with integrity and goodwill in the market.

Socio-economic analysis depicts that the company will play big role in improving people's living standards, modernizing the community, impacting new skills and technology transfer.

The current and future economic, social and financial conditions in the country are expected to support the growth of this company and become a powerful actor in the industry. Investments in this project are certainly most likely going to pay back and returns are prospectively high.

**Based on considerations and assumptions used in the evaluation of this project, it is concluded that the proposal by Masangwa Trading Company Limited to invest in the construction of the New Rice packaging manufacturing factory in company rice milling plant at Nyamhongolo industrial area, Ilemela municipal council in Mwanza region.**