

BUSINESS PLAN

FEDA GROUP OF COMPANIES LIMITED

Dar Es Salaam-Tanzania

Project Title: Establishment of a Modern Land Transportation and Logistics Company for Local Distribution and Regional Transit Cargo Services

Investment: \$ 550,000 (Joint Venture)

Prepared For: Tanzania Investment and Special Economic Zones Authority (TSEZA)



Executive Summary

FADA Group of Companies Limited, an established Tanzania trading and freight-forwarding company with proven cashflow (over USD 1 million equivalent in 6-month bank transactions across CRDB & NMB accounts), proposes to expand into land transportation services.

The project will establish a fleet-based trucking company offering local and transit transportation across East Africa region and we expecting to invest USD 550,000 where by USD 50,000 will be used as working capital while USD 200,000 and USD 300,000 will be utilized as local and foreign equity respectively.

FADA expecting to acquire and operate 15 trucks for the first year of investment whereby 28 direct jobs will be created (22 Tanzanians & 2 expertise) and the company is expecting to generate USD 1.85 million revenue.

Introduction

Background and History

FADA Group of Companies Limited, located in Dar es Salaam, is a private limited liability company registered under the Companies Act Cap. 212 through the Business Registrations and Licensing Agency (BRELA). The company is a joint venture owned by both Tanzanian and foreign investors, with a shareholding structure comprising 52% held by Tanzanian nationals and 48% by foreign investors.

Since its incorporation, the company has been engaged in general supplier of goods building a foundation for growth and regional expansion. In line with its strategic vision, FADA Group plans to expand its operations into the transportation of cargo across the East African region. This expansion aims to capitalize on the growing demand for efficient and reliable logistics services, facilitating trade and connectivity within the region.

Project Location

The project will be based in Dar es Salaam, Tanzania's largest city and primary port hub. Dar es Salaam's strategic coastal location – serving landlocked neighbors such as the DRC, Zambia, Rwanda, Burundi, Malawi, and Uganda – offers immense logistics potential. The planned facility will be near the Port of Dar and major road corridors, enabling efficient cargo handling and onward distribution. Access to highways linking to Dodoma, Mwanza, and routes to Zambia will position FADA to serve both domestic markets and transit trade.

Project Objective

FADA Logistics aims to establish a modern freight transport and warehousing service that reduces supply-chain bottlenecks and meets rising cargo demand in Tanzania and the region. Specific objectives include:

- i. Provide reliable, modern, and compliant road transport services to reduce reliance on informal trucking.
- ii. Support Dar es Salaam Port efficiency by offering seamless last-mile and transit haulage.
- iii. Create employment and skills transfer

- iv. Generate foreign exchange through transit cargo (target 65% of volume from landlocked countries).

Sector Performance

Tanzania’s transport sector has grown strongly in recent years. As noted by PwC Tanzania, transport and storage accounted for 7.8% of GDP in 2023. In FY2024 the transport sector generated USD 2.615 billion in foreign exchange, this underscores logistics’ economic significance

Port throughput at Dar es Salaam is expanding rapidly. The Tanzania Ports Authority reports Dar port handled a record 27.7 million tons in 2024/25 up from 18 million tons in 2021/22 reflecting ~15% annual growth. These gains were driven by deepening and new terminals which raised capacity to 27.7 Mt. Average container ship time in port has fallen from 10 days to about 3 days, lowering logistics delays. Dar Port now processes over 95% of Tanzania’s sea cargo. Overall, these improvements highlight the sector’s strong performance and potential for private logistics firms to capitalize on growing cargo volumes.

Despite progress, challenges remain: fuel costs, taxes and border delays cited as a “low-hanging fruit” to further boost performance. FADA will position itself to work alongside these reforms, leveraging the improving environment.



Dar es Salaam Port

Market Analysis

Regional and domestic demand for logistics services is on the rise. East African trade is growing: Trade between EAC countries climbed by 12% in 2022. The African Continental Free Trade Area is expected to further accelerate intra-African commerce – UNECA reports could boost intra-African trade by over 50%, creating a market of 1.3 billion people. This “unified market” will drive cross-border freight needs through Tanzanian corridors.

In Tanzania, the manufacturing, agribusiness, and mining sectors are key freight origins. Growth in agriculture exports (horticulture, cashews) is expanding demand for cold-chain logistics. The Market Data Forecast analysis notes Africa’s freight logistics market is projected to grow ~6–7% annually, driven by urbanization, e-commerce, and corridor investments. In East Africa specifically, investments like the Tanzaniana highway expansion and the \$1.4 bn TAZARA rail renewal will strengthen Dar’s status as a regional hub.

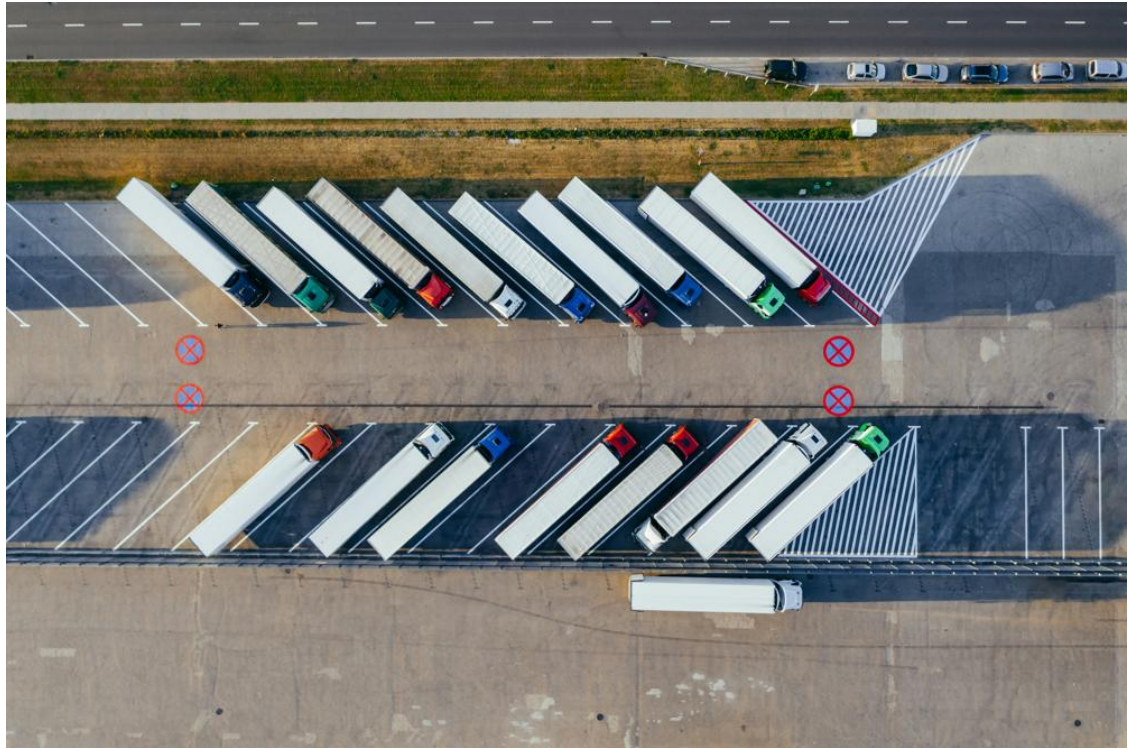
Competition in Tanzania includes both local players (SARF Logistics, S.A. GSM logistics, Tulonge Africa, Raphael Logistics, and etc.) and multinationals (DHL, Bolloré, Kuehne & Nagel). FADA will differentiate by focusing on reliability, transparent pricing, and digital tracking. Given that over 80% of freight in East Africa moves by road, we plan a fleet optimized for road haulage. The market opportunity is enhanced by inefficiencies: African logistics costs are reportedly up to 30% of shipment value (double the global average). By investing in technology and streamlined processes, FADA can capture share by reducing such inefficiencies.

Project Description

FEDA Logistics will operate a combined transport-and-warehousing facility. We will construct a 1,000 sqm covered warehouse near Dar es Salaam Port. The warehouse will accommodate bulk and palletized cargo, with racking and cold-storage zones. Annually, the facility can handle on the order of 50,000–100,000 tons of goods (including import consolidation and export staging). FADA will adopt modern materials-handling equipment and inventory management software. This infrastructure will enable integrated services: container de-stuffing, short-term storage, and onward distribution to Tanzania and neighboring markets.



The transport fleet is central to our capacity. We plan an initial fleet of **15 heavy trucks** (each 28 tons capacity). Each truck is expected to make 6 round-trips per month to/from regional destinations. At full utilization, this yields roughly 100,000–130,000 tons moved per year. The vehicles will be equipped with GPS telematics for route optimization and real-time tracking. All truck drivers will be professionally licensed and trained in safety procedures. Maintenance workshops and fuel stations will minimize downtime.



Employment Creation

The project will create approximately **28 new jobs** in Year 1, expanding to 100 jobs by Year 5. Initial staffing includes 15 truck drivers, 5 loaders, 3 warehouse operators, 2 sales/logistics coordinators, 2 office administrators, 1 accountant, and facility staff. All skilled positions (drivers, operators) will be filled by qualified Tanzanians with specialized training provided on modern logistics systems. We will pursue gender inclusion by recruiting women into office, inventory, and dispatch roles; aiming for 30% female participation in warehousing and administrative staff. Any foreign hires will total no more than 5–10% and will focus on technology transfer.

Technology and Skills Transfer

We will implement a Transport Management System and use mobile apps for e-tracking. For customs and border processing, FADA will fully utilize Tanzania's TANCIS digital customs platform to streamline clearance. An online booking tool and schedule shipments via smartphone. Internal training will transfer skills in ICT and logistics to local staff. Over time, we expect to build local capacity in multimodal logistics planning and digital freight management.

Annual Capacity

Based on fleet and warehouse capacity, year-one throughput is estimated at ~120,000 tons, growing to ~600,000+ tons by Year 5 as fleet and client base expand. This equates to handling the equivalent of ~8572 TEUs per year at project maturity.

Project Investment Costing

The total project investment is **USD 550,000**, allocated roughly as follows (estimates):

S/NO	Item	Amount (USD)
1	Warehouse	40,000/=
2	Vehicles	350,000/=
3	Equipment and Machinery	40,000/=
4	Pre-expenses	10,000
4	Furniture and Fixture	10,000/=
5	Working Capital	50,000/=
6	Others	50,000/=

This breakdown keeps fixed assets around 80% of capital, with working capital covering the first quarter of operations. Detailed quotes will be obtained locally, but these estimates align with regional benchmarks for fleet and construction costs.

Project Financing Pattern

The project will be financed through equity both local and foreign. Equity is 100% Tanzanian and Chinese under FEDA's control. No grants or foreign/local loans are assumed. All funding will be in USD (to match equipment import pricing), with bank accounts at local branches of commercial banks. Repayment will begin in Year 2

Project Implementation Schedule

A phased timeline over 12 months is planned:

- **Months 1–2:** Secure company registration, and permits. Finalize warehouse design and vehicle procurement contracts.
- **Months 3–5:** Construct warehouse foundations, install utilities (power, water). Recruit core management and logistics staff. Begin truck procurement.
- **Months 6–8:** Complete warehouse building, install racking and equipment. Receive and commission trucks. Set up IT systems (TMS, communications). Initiate employee training programs.
- **Months 9–10:** Run test operations. Finalize contracts with major clients. Begin marketing and sales.
- **Month 11–12:** Official commercial launch. Ramp up service to full capacity. Begin full-scale operations and invoicing.

Key milestones include obtaining the transport license (by Month 1), warehouse completion (Month 8), and fleet operational (Month 8–9). The schedule anticipates a 3-month buffer for delays in construction, registration and import.

Project Financial Projections for 5 Years

The financial model assumes modest growth from startup levels to sustainable operations. Summarized projections are:

Year	Revenue	Expenses	Net Profit	Job Created
Year 1	1,850,000	1,420,000	430,000	28
Year 2	2,750,000	1,850,000	900,000	42
Year 3	3,600,000	2,250,000	1,350,000	55
Year 4	5,100,000	3,150,000	1,950,000	70
Year 5	6,900,000	4,540,000	2,360,000	90

Overall, the business achieves break-even by Year 2, by Year 2 the accumulated cash flow equals the initial equity of \$550k, implying a payback period of ~2 years. Annual cash flows turn positive in Year 2 and rise thereafter. The internal rate of return (IRR) on equity is projected in the high teens, assuming 20–25% revenue CAGR as the sector grows.

These projections rely on capturing a fraction of the growing freight market. They conservatively assume only 60% annual growth through Year 5. We also model moderate operating expenses (fuel, maintenance, labor), in line with industry norms. For prudence, no assumptions were made about inflation or currency gains.

Conclusion

In summary, FADA Logistics will leverage Tanzania's expanding trade and renewed logistics infrastructure to build a competitive transport service. With USD 550k in committed capital, the company will create dozens of jobs and facilitate faster, lower-cost freight movement in East Africa. The strategic use of and alignment with national logistics reforms positions FADA for success. Robust growth in cargo volumes and supportive market trends suggest strong demand. Our financial model shows project viability and attractive payback, making the business plan sound and achievable.

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