

LAND SURVEY PROJECT
DODMA CITY
2021

LAND NETWORK LIMITED



Prepared by:

**Hakha Business Accounting
Consultants**

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PROJECT DESCRIPTION

PROJECT TITLE:	IHUMWA, NALA AND MTUMBA LAND SURVEY
OBJECTIVE OF INVESTMENT:	PROVISION OF SERVICED PLOTS IN DODOMA CITY
PROJECT BENEFICIARIES:	INDIVIDUALS, PUBLIC AND PRIVATE ORGANIZATIONS AND THE WHOLE SOCIETY OF DODOMA CITY
DATE OF IMPLEMENTATION:	2021 - 2025
AREAS OF IMPLEMENTATION:	IHUMWA, NALA AND MTUMBA AREAS IN DODOMA CITY
BUDGET REQUIREMENT:	USD 1,500,000.00

INTRODUCTION

The Tanzanians population living in urban areas is increasing at increasing rate as the overall population rises. Most of old cities and towns suffer from problems of overcrowding and poor infrastructure, housing and sanitation. One solution to real and perceived problems of large cities is the construction of small new urban areas, to redistribute population and activities from main city, creating a new form of urban society. Clearing a large site in an old city may be practically difficult or meet opposition. Creating an entirely new settlement on already clear rural land is more straightforward. Land use planners need accurate information from professional surveyors for long term plans.

Virtually every site development, building or infrastructure improvement project requires the well planned and surveyed land.

Close collaboration with Dodoma City Council, our company has purchased a land approximately 3000 acres. The land has been planned and surveyed to cater for various economic development need which included but not limited to Residential, Commercial, Industrial and Institution.

Capital City Dodoma

The process of the government to shift the headquarter from Dar Es Salaam to Dodoma region makes it necessary to conduct comprehensive land survey for the new city plan. Tanzania declared its intention of shifting the national capital from Dar es Salaam to Dodoma in 1973. This declaration and the establishment of large institutions in Dodoma fuelled its expansion from small town of about 45,000 people in 1973 to 410,956 people in 2012. The recent serious move of the government offices to Dodoma increased demand for land for various urban functions.

BACKGROUND/SITUATION ANALYSIS

Dodoma was declared new national capital of Tanzania in 1973. Following this decision, a master plan for the city was prepared in 1974 and was approved in 1976. This master plan was reviewed in 1988 and another revision was done in 2015.

After declaration of the capital, the population of Dodoma started to grow rapidly. While Dodoma's population was as small as 9,414 people in 1948, this population increased to 203,183 people in 1988 and further to 410,956 people in 2012. The population growth has been accompanied with increased demand for land for various urban functions.

The recent government action of shifting offices to Dodoma Capital City from Dar es Salam created new demands for the newly designated capital functions. The expansion of Dodoma city is rapid that creating challenges on how land can be acquired planned and availed for the development of the capital functions.

CURRENT STATUS OF THE LAND SURVEY PROJECT

Land Network has purchased more than 3000 acres and the following plot were surveyed. A total of 10,652 pots of various sizes were produced. Provision of roads to the whole project area and link those roads to main existing road to ensure that the project areas are accessible all seasons.

Table 1.0: Estimated plots to be produced

TOTAL NUMBER OF PLOTS WITH RESPECT TO LOCATION			
SN	LOCATION	BLOCK NUMBER	QUANTITY
1	NALA		6513
2	VIKONJE		250
3	MTUMBA		672
4	IHUMWA		2805
5	IHUMWA CHILWANA-INDUSTRIAL PLOTS		412
	Total		10652

PROJECT OBJECTIVES

Land Network Limited is the private limited company dealing with land planning and survey. The company is currently undertaking land survey project so as to subsidize what the government can offer in terms of land provision which is well planned to avoid unplanned settlement.

The total project area is 3000 acres whereby 30% of the land i.e. 900 acres is provided for roads and public utilities and 70% equal to 2100 acres are saleable land. In corroboration with the Dodoma City Council land planning projects seek to enhance quality of life in human settlements and close the gap between increased demand and supply of land for capital functions. Below are some of objectives of land planning project:

- Create better society.
- To improve conditions for the indigenous by diffusing social and economic benefits across all groups.
- Clearing a path to a new future i.e. economic and social development by rejecting the past.
- Create environmentally-friendly city; city growth has enormous impacts on environment. The city planning will support environmentally friendly forms of transport and sustainable building and conserve environmental assets. More efficient and economical city where legal and governmental systems can deliver the vital elements for environmental sustainability.
- Building sustainable economic growth; town growth is a major cause and consequence of economic growth and opportunity. By adopting a livelihood focus, the town planning can help to tackle urban poverty and rural-urban migration.

Additionally, the project has direct specific objectives as follows;

- i. To facilitate planned economic development,
- ii. To allow for easy and efficient provision of social services such as central sewers, storm water drainage system, clean water supply, electrical supply, hazards management such as fire etc, and make the city attractive
- iii. To boost economic development and enhance employment through easy access to land
- iv. To increase government revenue through statutory payment as result of land ownership such as land rent, premium, stamp duty, etc
- v. Attract population in Dodoma city which is catalyst for development

DESIRED IMPACT AND OUTCOME OF THE PROJECT

This project means being proactive, focused on sustainable and making the connections between people, economic opportunity and environment. The ethical basis of the planning is explicitly pro-poor and supportive of social, environmental and economic sustainability.

A supply of land in safe and accessible locations to meet the needs of all sectors of society is fundamental to achieving efficient and equitable settlements. This is the major reason for this land planning project. Therefore, the land usage planning is important for management of the likely challenges.

INVESTMENT COST

The purchase of around 3000 acres which covers all our project area has cost Land Network Limited about Tshs 3Billion. This figure does not include operation and administrative expenses, marketing and other associated costs.

For purchase of Motor grader, Bulldozer and Louder it is estimated that, Land Network is going to use around US\$ 400,000.00.

Therefore, total investment cost is estimated at USD 1,600,000.00

SOURCES OF FINANCE

Land Network shall use its own source of fund and borrowed from financial institution, the gearing ratio is controlled at 1;4.

Own fund includes purchase in credit which shall enable the company to pay landowners in instalments moderated by signed sales contracts.

JOB CREATION

The project has immense impact in the economy, employment shall be created directly and indirectly, current figures stands as follows;

- i. direct employment shall be approximately 19 people interms of people who will be directly employed by the company and
- ii. 300 casual labour and
- iii. Estimated 10,000 indirectly employed especially those who will be working to facilitate by supply of various items such as fuel, food, and other working tools to the project.

Further, the project itself shall have huge impact to the city of Dodoma and country in large. All commercial and institutional buildings which shall be developed in the area shall create employment. This is from construction stage to use, that to say the project has multiplier impact in job creation.

DESIRED IMPACT AND OUTCOME OF THE PROJECT

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The planned project at Nala, Ihumwa and Mtumba total area is 3000 acres which will result to saleable land/plots of 2,100 acres in total equal to 8,500,800 square meters.

The land survey project is estimated to produce 10,652 plots which will be categorized as high density, medium, low density and light industry plots.

The details of project results described on the table below:

Table 2:0 Land in terms of number of plots per location

TOTAL NUMBER OF PLOTS WITH RESPECT TO LOCATION		
SN	LOCATION	QUANTITY
1	NALA	6513
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MARKETING PLAN

Land Network Limited has Private Partnership Agreement with Dodoma City Council to sell all plots produced. In profit sharing ratio, Land Network Limited is entitled 80% and Dodoma City Council is entitled 20% of the profit.

This PPP agreement have paved way for Land Network Limited to market the plots to Public Sector and private sector through official introduction from Dodoma City Council as a regulatory authority. This plan is working and we are entering short and long term contract for beneficiaries (employees) to purchase the plots at affordable prices in installments.

Land Network Limited is offering now up to 36 months of payment at the minimal monthly installment of Tshs 80,000 only. This strategy has assisted many to purchase plot and afford to pay in full within the prescribed time frame. For industrial plots, the buyer pays 20 – 30 percent down payment and the balance is evenly distributed for 12 to 24 months. For industrial we offer free Title deed preparation, this is incentive to our customers and facilitation to invest in Dodoma.

Our target customer is general public which includes but not limited to public and private employees, religious institutions and private companies (local and foreign).

RISK MANAGEMENT PLAN

Managing risks on the project is the process that including risk assessment and mitigation strategy for those risks. It involves both identification of potential risk and the evaluation of the potential impact of the risk. A risk mitigation plan is designed to eliminate or minimize the impact of the risk events occurrences that have a negative impact to the project.

Risk Identification

The process involves using checklist of potential risks and evaluating the likelihood that those events might happen on the project. The past experience of the project team, project experience within the company and experts in the industry are valuable resources for identifying potential risk on a project. Sources of potential risks includes financial, political, weather, environmental, costs, technical and so on.

Financial Risks

The project will be funded by project promoters and secured by the project assets and paid entirely from project cash flow. The financing is typically secured by all of the project assets, including the revenue-producing contracts. The project has no assets other than the project itself; therefore, capital contribution commitments by the owners of the project are necessary to ensure that the project is financially sound.

Major source of the project revenue is the proceeds from sales of plots. Therefore, market assurance of the plots is very important for security of financiers.

Political Risks

Planning implementation, socio-economic and investment aspiration, bureaucratic procedures in planning and approval of land use plans, political acceptability and interference, continuous land subdivision after plans preparation are some identified critical analysis framework challenges for its adoptability in settlements. However, strengthening local grass-roots role in land management and the same adopting flexible standard based on existing situation with some limitations regarding sanitation, health, environment and fire risks considerations should be sought.

PROJECT WORK PLAN

Town planning is involving negotiation where and how development happens. It is about planning with all sectors of the community with a stake in the place – not only governments, but also private sector organizations, voluntary agencies and civil society. The planning fosters voluntary collaboration amongst all these actors. This planning project is seeking new and better ways of making town development more participatory, because demand driven planning is more dynamic and more effective; public pressure is the engine of performance. In order to plan with partners, planning must be made accountable to the public, with all activities open to public scrutiny through oversight by mechanisms such as public hearings, integrity pacts and so on.

The planning project recognizes diversity and promotes equity. Plans will be driven by the objectives and priorities as expressed by all groups in the area. Planning is about finding ways to reconcile the priorities of diverse groups, now and in the future. Particular attention needs to be given to those whose voice has often not been heard in conventional public policy-making e.g. the old, children, those with disabilities, women, ethnic minorities, the homeless, those with low incomes, etc. all have an equal right to the area and a right to be consulted, especially about developments that will affect them.

Land acquisition shall be undertaken by using to main approach;

1. Private purchase; where by land shall be purchased from land owners directly after agreeing on purchase price.
2. Land acquisition regulated by land acquisition act of 1967 through Dodoma City Council, the following process shall be undertaken in this case;-

- i. Valuation**

The valuation of developed land will be conducted by professionals to establish the market value to be compensated to affected people in the site areas.

ii. Compensation

The person who will be required to surrender his/her land for the project will be compensated with surveyed plot and money as per valuation report.

After land acquisition is completed, then the following activities shall follow;-

Survey

After compensation, the target areas of 6,072,000 square meters will be surveyed to make a total of 10,652 plots that will include high density plots, medium density plots, low density plots and light industry plots. The area of 1,821,600 square meters will be provided for public utilities.

Project Duration

The project is expected to be completed within three years i.e. 36 months. Survey activities will be divided into three phases of one year each. Below work plan detailed the whole project activities.

		WORK PLAN FOR LAND PROJECT											
S/N	Item	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
1	Preparation of project take off												
2	Pre survey, Plan and data taking- Preparing Master Plan Before Cadastre Survey												
3	Compulsory Acquisition (valuation Costs)												
4	Compensation to Effected parties (land owners)												
5	Actual Survey of land [Cadastre Survey] (survey costs)												
6	Resettlement to all affected parties												
7	Getting of approval for cadastre survey												
8	Advertisement and Preparation of Sale of Plots												
9	Advertisement continue												
10	Sale of Plots												

FINANCIAL PLANNING

Project Budget

Ihumwa and Mtumba land survey project is expected to cost a total of TZS 3.5 billion. The project costs including meeting, valuation, survey, compensation and other incidental costs.

Budget Requirement

Acquisition Cost Details

Total area(acreas)		1500
Land rate(Tshs/acres		1,500,000.00
allowances as per law		500,000.00
Total rate (Tshs/acres)		2,000,000.00

Total amount expected for compensation

Total area(acres) 1500
 Multiply by: total rate/acre 2,000,000.00

Total compensation sum (TZS)	3,000,000,000.00
Survey and incidental costs TZS	500,000,000.00
Total project cost TZS	3,500,000,000.00

Revenue Forecast

The project revenue expected from sale of surveyed plots is TZS 35.25 billion. Total plots of different sizes estimated to be surveyed are 4,000 plots that will include 1,500 high density plots, 1,500 medium density plots, 900 low density plots and 100 plots for industrial uses.

Price Set:

- High density plots will be sold for TZS 5,000 per square meter

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- Medium density plots will be sold for TZS 5,000 per square meter
- Low density plots will be sold at TZS 5,000 per square meter
- Light Industries plots will be sold at TZS 15,000 per square meter.

Category of plots	Average plot size	Estimated	Average rate per sq.m	average rate per plot	Revenues per Plot Category
		Plots			
High density plots	400	1500	5,000	2,000,000	3,000,000,000
Medium Plots	600	1500	5,000	3,000,000	4,500,000,000
Low density plots	1500	900	5,000	7,500,000	6,750,000,000
Light industry	14000	100	15,000	210,000,000	21,000,000,000
Total					35,250,000,000

REVENUE COLLECTION FOR 5 YEARS FROM SALE OF PLOTS

Total Revenue Per Year	1 st	2 nd	3 rd	4 th	5 th	Revenue for 5 Years
	15%	10%	6%	6%	5%	
	5,287.50	3,525.00	2,115.00	2,115.00	1,762.50	14,805.00

Assumption;

1. First year of sale 15% of total expected revenue
2. Second year 10%, third and fourth year 6%, and fifth year 5%

3. It is estimated that after that the revenues shall be stable at 5% until the end of our project

FINANCIAL RESULTS AND CASH FLOW FOR FIVE YEARS

The following projections prepared based on bellow assumptions:

- Phase one of the project expected to be completed in one year.
- Compensation and survey work will be completed in four months' time.
- After survey, it is estimated that surveyed plots will be sold in six to eight months as per work plan.
- Project management cost is TZS 300 million (as per budget) and evenly spread in 18 months of the project life.
- Advertising cost is TZS 100 million.
- Interest is charged at 22% per year on outstanding loan and payable monthly.
- Tax is 30% on net income.
- 40% of sales will be collected on spot in the month of sale, 40% in the following month and 20% in the second following month of sale.
- Funds from financier TZS 1,000,000,000 will be received as follows; TZS 500,000,000 in August 2021 and TZS 500,000,000 in October 2022 as shown in the projection.
- The financier will provide six months grace period before starting repayment. Thus, loan principal together with accrued interests will be paid in six months from February 2022 to July 22
- The city council will receive profit share of 12-20% of net profit.

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PROJECTED FINANCIAL RESULTS FOR FIVE YEARS FROM 2021 TO 2025 (AMOUNT IN THOUSAND TZS)						
	2021	2022	2023	2024	2025	Total in 5 yrs
INCOME						
Sale of plots	5,287,500	3,525,000	2,115,000	2,115,000	1,762,500	14,805,000
Total project income	5,287,500	3,525,000	2,115,000	2,115,000	1,762,500	14,805,000
DIRECT COST						
Compensation	1,000,000	400,000	160,000	64,000	25,600	1,649,600
Total direct costs	1,000,000	400,000	160,000	64,000	25,600	1,649,600
Gross income	4,287,500	3,125,000	1,955,000	2,051,000	1,736,900	13,155,400
INDIRECT PROJECT EXPENSES						
Project management	300,000	294,000	288,120	282,358	276,710	1,441,188
Advertising and selling expenses	100,000	40,000	16,000	6,400	2,560	164,960
Financing costs	220,000	132,000	79,200	47,520	28,512	507,232
Total operating expenses	620,000	466,000	383,320	336,278	307,782	2,113,380
Net income before tax	3,667,500	2,659,000	1,571,680	1,714,722	1,429,118	11,042,020
Taxation	1,100,250	797,700	471,504	514,417	428,735	3,312,606
Net income after tax	5,866,000	1,861,300	1,100,176	1,200,306	1,000,382	11,028,164
City council share of profit 12%	703,920	223,356	132,021	144,037	120,046	1,323,380
Retained profit c/f	5,162,080	1,637,944	968,155	1,056,269	880,336	9,704,784

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CASH FLOW PROJECTION FOR FIVE YEARS FROM 2021 TO 2025						
	2021	2022	2023	2024	2025	Total
Cash Inflow						
Cash sales	5,287,500	3,525,000	2,115,000	2,115,000	1,762,500	14,805,000
Bank term loan	1,000,000	-	0	-	-	1,000,000
Total cash inflow	6,287,500	3,525,000	2,115,000	2,115,000	1,762,500	15,805,000
Cash Outflow						
Direct costs of the project	1,000,000	400,000	160,000	64,000	25,600	1,649,600
Project management	300,000	294,000	288,120	282,358	276,710	1,441,188
Advertising and selling expenses	100,000	40,000	16,000	6,400	2,560	164,960
Financing costs	220,000	132,000	79,200	47,520	28,512	507,232
Sub Total - operating expenses	1,620,000	866,000	543,320	400,278	333,382	3,762,980
Loan principal payment	-	-	-	-	-	0
Tax payment	1,100,250	797,700	471,504	514,417	428,735	3,312,606
City council share of profit 12%	703,920	223,356	132,021	144,037	120,046	1,323,380
Sub total	1,804,170	1,021,056	603,525	658,453	548,781	4,635,986
Total Cash pay out	3,424,170	1,887,056	1,146,845	1,058,731	882,164	8,398,966
Net Cash Flow	2,863,330	1,637,944	968,155	1,056,269	880,336	7,406,034
Opening Balance	-	2,863,330	4,501,274	5,469,429	6,525,698	-
Cash position at the end	2,863,330	4,501,274	5,469,429	6,525,698	7,406,034	7,406,034

CONCLUSION

This town planning project is a basis of achieving development that will improve the long-term social and ecological health of Dodoma Capital City. The sustainable town's features include; efficient land use, efficient resource use, less pollution, restoration of natural systems, good housing and living environment, a healthy social ecology, sustainable economy, community participation and involvement and preservation of local culture and wisdom. All these features will be taken into account on the planning project so that to attain the intended objectives.

The project work plan, budget and financing arrangements have been prudently forecasted that ensure the project optimum performance.