

BUSINESS PLAN

THE SERENGETI SMART CITY PROJECT

(SESCI22)

‘Project Investment in Tanzania’

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Presented by:

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1.0 EXECUTIVE SUMMARY

1.1 **Background**

Most countries in Africa and other parts of the world are promoting tourism and some are resorting to developing smart cities.

Serengeti smart city is a sustainable and innovative city that uses ICT and other means to improve quality of life, efficiency of urban operation and services, and competitiveness, while ensuring that it meets the needs of the present and future generations with respect to economic, social, environmental as well as cultural aspects.

Serengeti Development Company Limited (SDCL) has prepared this Business Plan with a purpose to evaluate the viability of establishing a smart city in Serengeti district of Mara, Tanzania.

1.2 **Proposed project**

SDCL will develop a smart city, which will serve as a place for traditional networks and services in Tanzania that makes efficient use of digital solutions for benefits of citizens and businesses, and will be nationally linked with most tourism attraction sites.

A smart city is based on ICT and various physical devices connected to the Internet of Things (IoT) networks that optimizes city operations, services and connect to citizens.

1.3 **Investment plan**

The project investment will include procurement of land and its development for the establishment of smart city. The project will also entail construction of buildings and civil works to accommodate infrastructures for tourism that are countrywide linked.

The total project costs are estimated at 598 BUSD, which comprises of capital expenditure of 5 BUSD and initial working capital of 593 BUSD largely for buildings and civil works.

1.4 Project financing

The project capital expenditure will be financed through equity financing to the tune of 598 BUSD on buildings and civil works, machinery and equipment, and other tourism infrastructure.

The project will further require an initial working capital in the form of owners' equity short-term investment plan to facilitate for master plan and designs development. Full blown investment will follow thereafter the plan and design are approved by the parties.

1.5 Proposed equity

The project proposes three phases of equity financing, where short term owners' equity will be in the first phase of the project, which amounts to 5 BUSD. The proposed medium and long-term equity financing facility will be in two phases, where phase two amounts to 20 BUSD and phase III amounts to 573 BUSD and all financing will be payable within Thirty years of investing to exclude the initial five years of design and planning. The equity financing has a growth assumption of 2.0 – 5.0% that can serve as an annual interest expense on equity and dividend shares.

1.6 Project location

The project headquarters will be in Serengeti district of Mara region in Tanzania, which is in the North-west of Serengeti National Park (SENAPA) about 300km from Mwanza and 400Km from Arusha city centers. The project base site measures up to 240 square kilometers, with possible extension to 760 square kilometers for farming and grazing, as it expands to national wide levels.

1.7 Project output

SDCL will develop a smart city that conform to international standards. In intent to keep pace with the global innovations, SDCL will make round-the-clock efforts to get the latest technologies for real time city operations, safety and security. The following infrastructures, buildings and services will be in place:

- i. Two hub airports and 22 feeder airports in Tanzania*
- ii. Water supply, sewerage and rain water drainage systems.*
- iii. A Convention and Conference Center for conferencing tourisms*
- iv. Thirty four 5-stars hotels in Serengeti and nearby cities for tourism*
- v. Apartments and residential villas for rental and sales in Serengeti, nearby cities and Zanzibar*
- vi. Solid and liquid waste management, power generation, hydrogen gas production from organic wastes, manure and recycled goods productions*
- vii. Social utilities: Bus terminal, city market and shopping malls*
- viii. Agriculture: expanded urban farming for food supply in Serengeti District, and possible future expansion to include Mwanza, Simiyu, Geita and Zanzibar land in Bagamoyo. The project will also include a comprehensive approach to blue economy in Zanzibar, Lindi, Mwanza, Kigoma, Ruvuma and Mara region.*
- ix. A super specialized hospital, two district hospitals for medical tourism, health centers and dispensaries.*
- x. Schools (nursery, primary, secondary, VTC) and sports academy*
- xi. Mwl. Nyerere University of Agriculture & Technology with technical Colleges*
- xii. Sports stadia & indoor arenas for sports tourisms and off-season sports camping; to include sports open fields*
- xiii. Roads and railways networks for sustainable tourism investments, with considerations for tunnels within Serengeti National Parks, a bridge between Unguja and Pemba; and a bridge between Kilwa Masoko and Mafia for beach and aquarium tourism services*
- xiv. General investments: District administration blocks, enhanced security systems through traffic robots, IT-CCTV and Facial detection for safety and security services. Digitalization of citizen information mechanism to include digital vehicles check-in and check-out registries at entry and exit points to ensure security and safety of citizens*

1.8 Market outlook

There is a very high demand for tourism services in Tanzania, especially in the SENAPA largely influenced by the level of economic and leisure activities. It ranges from wildlife expeditions, aquarium luxuries and

The growing demand for tour and expedition following the Royal Tour Initiatives has seen the number of tourists raising from 500 per day to 1,500 tourists registered at SENAPA. The growing tourism industry in Tanzania is sustainable. Most tourists who visited Serengeti National Park, also visited Zanzibar.

The project main target markets are companies and individual business people engaged in the tourism industry as well as travelers including local and foreigners.

1.9 Organization and implementation

The smart city establishment will be complete based on a turn-key project where the infrastructures and buildings will be commissioned to the project owners for operationalization.

The initial construction of the project will take 60-months and this period is regarded as a grace period, where there is minimal implementation and productivity. Full operations is assumed to commence in sixth year of the project.

Upon completion of the implementation works, the project will be under the management of the consortium members.

1.10 Projected profitability

The analysis of the profitability for the overall project indicates that the project is a profitable undertaking with short-term returns on investments. Since the project creates a massive connectivity on tourism industry, the return on investment is supported by a large number of tourists visiting Serengeti.

The overall gross margins are projected to average 14% and the net margins are projected at 9% over the first 15-years of operations.

1.11 **Projected cash-flows**

The projected cash flow statements indicate that the company will have negative cash balances in the first year of operations, which will be financed by the proposed long-term facilities of 598 BUSD.

In the subsequent years the project will register positive cash flows through to the 10th year, which demonstrates the ability of the project to meet its financial obligations.

1.12 **Conclusion and recommendations**

The proposed project will generate value addition to the tourism, agriculture, environmental, energy and transport sectors.

The analysis suggests that the project is financially and economically viable and technically feasible. The project will be able to meet its financial obligations from sales revenues.

2.0 SECTION ONE: THE BUSINESS

Serengeti Development Company Limited (SDCL) aims to develop a smart city, which will serve as a place for traditional networks and services in Tanzania and make more efficient use of digital solutions for the benefits of its citizens and available businesses.

This smart city will go beyond the use of digital technologies for better resources utilization and less emissions to protect the environment. It is in our understanding that the concept of a smart city are based on ICT and various physical devices connected to the Internet of Things (IoT) networks to optimize the efficiency of the city operations and services and connect to citizens.

Serengeti smart city is a sustainable and innovative city that uses ICT and other means to improve quality of life, efficiency of urban operation and services, and competitiveness, while ensuring that it meets the needs of the present and future generations with respect to economic, social, environmental as well as cultural aspects.

2.1 Project promoter's legal status

SDCL is a private limited liability company under Tanzania's Company Laws. The company is registered with the objectives of, among other things, involving in the tourism industry investments. SDCL has received the following certifications:

- A Certificate of Incorporation no. 152-267-495
- Taxpayers Identification no. 152-267-495

The company will in due course process for other statutory documents such as industrial license, Environmental and Social Impact Assessment (ESIA) certificate, OSHA and others.

2.2 Description of the business

The proposed project entails establishment of a SMART CITY in Serengeti Township within the Serengeti district council of Mara region in Tanzania. The project aims to promote tourism in the areas of Wildlife, Sports, Medical, meeting and conferences, Cultural, Agriculture, and Education. That, the project will have three major components: *Infrastructure, Communications and Economic Development*.

The project components will be supported by the crucial building blocks of smart city, which are extended to connected and well maintained infrastructure such as buildings, roads, electricity, water supply and sewerages. The second crucial building block of smart city in communications such as televisual, urban mobility, IT connectivity and digitalization. While, the third component which is economic development has two major crucial blocks, these are **social services** that include agriculture, health, education, hospitality, conferences and recreations (arts and sports), and **security services** such as Artificial Intelligence, robots, CCTV and image detection systems.

The project will invest Five hundred and Ninety Eight Billion US Dollars (598 BUSD) over a period of fifteen years. Such investments will include public and commercial services. The Serengeti smart city will be developed in three phases.

There are many benefits of the smart city to the citizens of Tanzania, such as Public safety and security, reduced environmental footprint, and Operational efficiency. All these will increase productivity and create jobs for the citizens.

2.3 Products/services

Serengeti smart city will have a number of projects divided into infrastructure, communication and economic development. Such products and or services shall target on promoting tourism in Tanzania, making the Western corridor of Serengeti National Park

(SENAPA) the hub of tourism in Southern Sahara Africa (SSA). SESCOI22 will provide infrastructure and communication services for the people centered development in SSA, mostly Tanzania.

In making an impact to the community and citizens of Tanzania, SESCOI22 aims to offer the following products and or services:

A: INFRASTRUCTURE

- i. **Airports:** in promoting tourism and development in Tanzania, the airports will pivot for productivity in the area. SESCOI22 targets to develop two major airports of D-categories (3000 meters) with full brown terminal buildings with major cargo storages. The two hubs will include Serengeti International Airport, which will act as a hub of tourism in Tanzania. While the second hub airport will be the Mwanza and this will be main for Trade and Administration.

Upgrading 12 other airports to foster communication and travels within and without Tanzania. The D-categories runways (2000 – 3000 meters) with regular terminal buildings and cargo storages will be in: Zanzibar, Pemba, Iringa, Tabora, Kahama, Kigoma, Kagera, Songea, Mtwara, Geita, Kilimanjaro and Mbeya. The Eight airports will be instrumental in promoting connectivity for tourism in Zanzibar and the main national parks (Luaha, Gombe, Mahale, Nyerere, Selous, Burigi, Lubondo and Ihefu).

Upgrading 10 other airports for foster communication and travels within and without Tanzania. The C-categories runways (1500 – 2000 meters long) with regular terminal buildings will be: Arusha, Tanga, Lindi, Singida, Liwale, Katavi, Sumbawanga, Njombe, Manyara and Mafia.

- ii. **Roads:** SESCOI22 project targets to connect Serengeti with nearby cities that can enhance movements of the people to Serengeti.

Mwanza to Serengeti (285km) highways with six lanes enhanced by exit and entry lanes, exchange bridges to ease traffics. Mwanza is a zonal hub for administration, trade and businesses.

Musoma to Serengeti (150km) highways with four lanes enhanced by exit and entry lanes, exchange bridges to ease traffics. Musoma is a regional city for administration and businesses.

Sirari, Tarime to Serengeti (130km) highways with four lanes enhanced by exit and entry lanes, exchange bridges to ease traffics. Sirari is a boarder point between Kenya and Tanzania where a good number of tourists enrout through this point. Tarime is a district town for administration and businesses, where Sirari is part of it.

Serengeti district road networks (1,250km), this is a blend of main, feeder and street roads. Construction will start after completion of master plan and design of the smart city. Also, the Zanzibar road networks (500km), containing a blend of main, feeder and street roads will be constructed and maintained.

- iii. **Railways:** SESCOI22 project will connect Serengeti in a national network of SGR with an introduction of High Speed Railway Network (HSRN) that will bring an alternative route to the touristic city of Serengeti.

Mwanza – Bariadi – Serengeti SGR (540 km with 250km/hr) to connect the central railway line with Serengeti smart city.

Ruvu - Tanga – Moshi – Arusha SGR (1450 km with 250km/hr) to connect Serengeti with the northern corridor and the Indian Ocean.

Dodoma – Babati - Arusha HSRN (1200 km with 450km/hr) connecting Arusha with the capital city of Dodoma.

Babati – Bariadi - Mwanza HSRN (1820 km with 450km/hr) connecting Mwanza with the capital city of Dodoma.

Dodoma – Iringa – Njombe - Songea HSRN (1860 km with 450km/hr) connecting the Southern corridor with the capital

Bus terminals: for quick and easy transport of tourists and other business people, SESCOI22 considers that apart from Serengeti, the neighboring cities of Bariadi, Bunda, Butiama, Magu, Musoma and Tarime as feeder points hence will need the services.

- iv. **Shopping malls:** smart city with smart people requires proper places for shopping in: 2 malls in Serengeti, the grand mall (mall of Africa) in Mwanza with duty free services, one mall in each of the following areas Musoma, Bunda, Butiama and Tarime.
- v. **Local retail markets:** local retail markets for domestic glossaries shopping in Serengeti, Mwanza, Musoma, Bunda, Butiama and Tarime.
- vi. **Water supply and sewerage systems:** SESCOI22 project will construct a water mine from Lake Victoria and pump them to Serengeti and nearby townships. The water source is about 150 km away from Serengeti. The water project will include the mine, transmission, reservoirs and distributions. Due to weather conditions of Serengeti, water supply systems will include both cold and warm water.

Apart from clean and safe water supply, SESCOI22 will put in place a network of rain water drainage and sewerage systems with water recycling plants, biogas and manure production, and power generation.

- vii. **Power plants:** the SESCOI22 will require robust power for infrastructure, communications and economic development activities. Solar farms, wind and gas power projects are initiated. Power distribution and digital billing systems are in

place. It is critical to have reliable power supply for the sustainability of the smart city.

- viii. **Solid and liquid waste management systems:** garbage collection, processing and recycling is critical for manufacturing of manure, industrial goods and power generation. Apart from keeping the city clean, it will also protect nature and environment in both Serengeti and Zanzibar.
- ix. **Pharmaceutical and medical equipment industries:** it is critical for medical supply and has a large market in SSA. The projects will be in Serengeti, Mwanza and Tanga.
- x. **Food processing industries:** urban farming together with commercial farms around Serengeti will be promoted to meet food, vegetables and fruits supply for the city. Extension agricultural and animal husbandry are critical in Zanzibar and the regions of Mara, Simiyu, Mwanza and Shinyanga with food and farm products processing industries.
- xi. **Garage and equipment maintenance facilities:** for cars and machine repairs. This will include a metal and plastic tool factory for cars, machines and all types of equipment.
- xii. **Referral laboratories:** essential for quality assurance and control. The laboratory will be important in securing standards and ensuring safety.

B: COMMUNICATIONS

- xiii. **Trains:** engine and coaches for all classes to ensure that services are available in 24 hours of the day. The coaches will also include tourists, luxurious and regular ones. Also there will be cargo van that will serve the ports of Dar es Salaam and Tanga.

- xiv. **Aircrafts:** SESCOI22 will operate local and regional airlines where each airport will have a dedicated aircraft to ensure that there are no delays and flight cancellations.
- xv. **Buses and vans:** SESCOI22 will operate local and regional bus services where 24 hours services to Serengeti smart city will be provided. Each region within the Lake Zone will have dedicated coaches serving to Serengeti, such as Kagera, Geita, Kigoma, Tabora, Shinyanga, Simiyu, Singida, Dodoma, Mwanza, Manyara and Arusha.
- xvi. Installation of free street 5G WiFi, CCTV and Facial identification for security and safety.
- xvii. **Traffic and gate robots:** all roads will have robots/traffic rights to control and organize traffics. All entrances being tolled or free entries will have digital data managements for opening and closing of entries, to include billing systems.
- xviii. **Telemedicine facilities:** for improved expertise in medical services provisions.

C: ECONOMIC DEVELOPMENT

- xix. **City master plan and design:** the city master plan and design will cover an area of 240 square kilometers. The master plan will attract diversity such as Tanzania tribal heritage taste, Asian (Jewish, Japanese, Chinese and Indian) taste, European taste and General African (Arabic, Southern and Western Africa) taste.
- xx. **Hospitals and health centers:** SESCOI22 project will construct a hospital that will provide services to the citizens, experts and tourists within and out of Serengeti smart city. The hospital will bring in international taste and will be part of the medical tourism industry. The design is desired to have over 35,000 square meters distributed in 11 floor. Where:

- a. Ground floor will contain the OPD, emergency room, machines, laundry and cold rooms.
- b. 1st floor will have the administration, restaurant, and imaging facilities.
- c. 2nd - 6th floor will contain wards, mini-laboratories, treatment rooms, operating theatre and ICU.
- d. 7th - 8th floor will have a conference facility, auditorium, and seminar and lecture rooms.
- e. 9th floor will be for VIP and presidential suite services.
- f. 10th floor will serve for ICT, saver rooms, data management and control rooms.

Also, in support to the hospital, SESCOI22 project will construct three health centers in Serengeti district that will serve as primary health facilities to cover maternal and child health, emergency and ambulance services, diagnostic imaging and laboratory services. The facilities will also cater for medical extension services to include vaccination and other preventive measures.

In line with all these medical care, SESCOI22 will provide hospice services (end of life care) and corona services.

- xxi. **Stadia, arenas and Golf courses:** the facilities under this category will be purely commercial and for profit. The stadia will be built in Serengeti (60,000pax), Musoma (40,000pax), Mwanza (75,000pax), Bariadi (30,000pax), Pemba (30,000pax) and Geita (50,000pax).

Arenas will be constructed in Serengeti (10,000pax), Mwanza (15,000pax), Zanzibar (10,000pax) and Geita (10,000pax).

The Golf course will be constructed in Serengeti, Mwanza, Musoma, Bariadi, Pemba, Unguja and Geita.

- xxii. **Administration blocks:** the government need to ensure security hence the block of ministerial administration

(BOMA) needs to be of high quality in Serengeti and Musoma for robust law reinforcements. This will comprise of the Commissioners' office and residency, state house lodge, leader's club and lounge.

Other structures will include the immigration offices in Serengeti, Musoma, Mwanza, Bariadi and Bunda. Within the same places as above, the construction of revenue authority offices, police stations, competent courts of law, firefighting stations and prisons.

For organizations and city cleanliness, the Mayor's office will be constructed and equipped for proper services provision.

xxiii. Hotels and apartments: the government of Tanzania targets to receive six million tourists annually by 2025 where over 70% of them will visit Serengeti national park, the World's heritage. SESCO22 project will construct 20 five stars hotels with 300 bed capacity in Serengeti. Also, will construct 14 five stars hotels in Mwanza-5, Musoma-2, Tarime, Bariadi-2, Bunda, Butiama and Geita-2.

Improving accommodation in Serengeti by constructing 100,000 residential villas and apartment; and also 10,000 real estate housing scheme in Zanzibar (Dr. Hussein Mwinyi Smart City) that has executive houses and villas.

Construction of residential 100,000 real estate housings in Musoma (10,000), Mwanza (45,000), Tarime (2,500), Bunda (2,500), Butiama (5,000), Bariadi (10,000), Buchosa (5,000) and Geita (20,000). The estates will contain social services such as dispensaries, schools, supermarkets and play grounds for games and sports.

xxiv. Meetings and Conference facilities: the Serengeti International Convention Center (SICC) will have full options for conferencing services such as plenary session halls, meeting rooms, board rooms, offices and much more. There

facility is designed for conference tourism that it will be connected to other tourism facilities.

xxv. **Museums and archives:** near the conference center (SICC) will be the tourism museums that is designed to global standards with tourism information center.

xxvi. **Tourism resort villages:** surrounding the Serengeti national park, there will be 15 tourism resort villages with decent lodges, restaurants and clubs. The villages will be for luxury and leisure where one place in Tarime, six in Serengeti, two in Bunda, one in Busega, one in Bariadi, one in Ilitima, one in Karatu and two in Zanzibar.

xxvii. **Fruits garden tourism facilities:** at the heart of the Serengeti smart city, there will be a fruit garden made to imitate the Adam's paradise made by God. The garden will surround the Manchira dam to attract most tourists who will like to enjoy natural organic fruits in a luxurious garden. Serengeti's weather is conducive such that one can plant a variety of fruits that can be harvested throughout the year.

xxviii. **Fish farming and irrigation schemes:** the district has 17,000 hectares of land that can be used for farming and irrigation scheme. The Machira dam will be used for fish farming and small scale yacht services. The Mara River will also be utilized for fish farming, irrigation scheme and yacht activities for the tourists.

A large aquaculture farm will be constructed and maintained as a total package within the deep sea and the land of Zanzibar. This will include the fish cages, harbor, industries and air transportation.

xxix. **University and technical colleges:** the Kisangura campus in Serengeti for the Mwalimu Julius K. Nyerere University of Agriculture and Technology (MNUAT) will be constructed. Also, support to the Tabora campus will be provided. The government of Tanzania has already accepted construction of

that campus and has set aside 100 acres of land for the project. The university will serve as a skill development center, research facility and education center.

Alongside with the university, a Technical collage for Full Technician Certificate (FTC) and diplomas will be constructed aiming at providing skilled human resources for smart city.

xxx. **Schools, vocational training centers and academia:** a total of 150 primary level education (nursery and standard one through form six) will be constructed to accommodate all children of school going age in Serengeti.

Construction of vocational training colleges (VETA) in each division of Serengeti to the Trade Test Technicians.

Construction of Sports Academies in Serengeti (2 units), and one in each of the following places Musoma, Mwanza, Bariadi, Geita, and Buchosa.

xxxi. **Public open recreation areas:** will be constructed in Serengeti, Tarime, Musoma, Bunda, Bariadi, Magu, Mwanza and Buchosa.

2.4 Market analysis

Serengeti smart city will be a digital city for better resources utilization and less emissions to protect the Serengeti ecosystems. Connected to the Internet of Things (IoT) networks that will optimize city operations and services for the benefits of citizens.

Serengeti smart city will invest in both **Public Services** and **Commercial for Profit** investments. The public infrastructures will handled to the relevant government institutions for operationalization while the commercial for profit investments will be managed in Joint-Venture between partners.

Public services are key enabler of global economic activity and play an essential role in providing all types of services and commodities.

Economic growth is closely associated with good governance and timely service provisions, to include assured safety and security.

The products and services falling into investing in public wellness are critical in promoting human movements and trade within Serengeti smart city. The main product for the SESCO22 is the Airport Services that will be constructed in Serengeti District to support tourism.

The demands: during the high season for tourism in Serengeti that happens mainly between March and November of each year, Serengeti receives over 1,500 tourists per day and leave alone those who visited other places in Tanzania. The popular means of transport to Serengeti are roads and air. On a daily bases during this season, Serengeti has over 150 flights landing in the seven available airstrips within the National Park.

There is a high demand of air transportation for people who visit Serengeti. It is in record that 60% of tourists who visited Serengeti National Park by car, returned by air. That communication demands are quite high.

Once the airport is complete in Serengeti, it will increase people's movements and hence demands for accommodation, utilities, safety, security and traffics. The need for breathing points is critical, hence support to nearby cities is inevitable.

Growth in the tourism industry in Tanzania following the Royal Tour has created markets for other products and services, which include the demand for creating a robust network of Tanzania's National Parks, Game Reserves and other attractive areas for tourism.

The rapid growth of the middle class in the country poses a challenge on communication with increased demands for robust infrastructures. Hence, there is growing market for all kinds of communications ranging from travelling to digital concerns. Public infrastructures for communications are not good enough to meet

this growing demand for road, railways, air and water transportation; leave along the increased digital services demands.

SESCI22 project desires to create a trade hub in Mwanza where duty free whole sale shops will serve the East and Central African market. This hub will increase the trade volume in cities around Lake Victoria (the Lake Zone) hence more demand for public services such as transportation, water, sewerage, electricity, food and much more.

The current population around Serengeti national park is over 40% of Tanzania population (approx. 62m people). This is a very big market if is well harnessed.

The SESCO22 project is confident that with the current production activities around Serengeti National Park and Lake Victoria through Agriculture, Mining, Fishing and manufacturing sector, the demand for public infrastructure and communications is critical. Investing in public infrastructures will stimulate economic growth of Serengeti and nearby cities, and also will increase the trade volumes in all aspects related to tourisms, trades and manufacturing industries.

The supply: Airports, roads and railways are links in the supply chain of goods, commodities and services in the tourism industry.

The tourism industry has developed into new business concepts in which multimodal tourism services that were untapped are now increasing in bringing in tourists in Tanzania, such areas include but not limited to sports, medical, conferencing, leisure, education and game expeditions.

According to tourism data of Tanzania, by the year 2022 about two million tourists visited Tanzania. It is planned that by 2025, Tanzania will receive Six Million tourists of which 70% are estimated to visit Serengeti. The smart city targets to increase the number of tourists per year to Thirty Million by the year 2050.

2.5 Competition

The trade liberalization that was introduced in Tanzania in the early 1990's increased the number of players in the Tourism Industry, Real Estates, Transportation, Medical and Sports to mention a few.

Kenya posed as an East Africa's tourism power house and demonstrated that is the main destination of tourists travelling to East and Central Africa as is supported by Kenya Airlines.

Easy entry to Kenya with adequate facilities for tourism has not only attracted people to visit Kenya but also has attracted people who visit Tanzania to travel through Kenya. The Nation has been using Tanzania's tourism features like Mount Kilimanjaro and the Serengeti Wildebeests migrations to attract tourists to visit Kenya. This has worked for them, Tanzania need to turn around the practice.

Competition is also expected from other countries, which have heavily invested in tourism such as South Africa, Mauritius and Egypt.

Tanzania being the home of Mount Kilimanjaro, with over 300,000 square Kilometers of lands reserved for wildlife and forestry remains to be competitive in the tourism industry.

2.6 TOWS (Threats, Opportunities, Weaknesses and Strengths)

The project is analyzed from the outside aspects, coming into the inner aspects of the owners to meet the potentiality of successful productivity and hence a sound return on investment.

2.6.1 Threats

Political interferences is cited as one of the threats to the project, and is mitigated by active engagement of the government of the United Republic of Tanzania.

Inadequate community engagement and support due to large land acquisitions for the project, and SESCOI22 will engage social workers to address this threat prior to launching of the project and throughout the project life.

Natural calamities, such as diseases like COVID-19

Security and hackers

Larger technological gaps open up between smart cities and other cities.

2.6.2 Opportunities

Reliable, available and accessible funding for the project.

High political will for the SESCOI22 project.

Large land for the project is available in Serengeti district with reasonable costs and procedures on acquisition.

High demand of tourists to visit the Serengeti National Park.

Higher prospects for the company growth with expanded investment within and out of Tanzania.

Improved safety and security that attracts more investments

2.6.3 Weaknesses

Serengeti Development Co. Limited is quite a young company with very limited capital investments.

Smart cities have minimal privacy that some people may not like the ideas due to their personal issues.

Requires significant capital investment in technology and has high dependence on technology service companies.

Real estate becomes more expensive, as it is more difficult to build and execute.

Difficult to release the business case for implementation

2.6.4 Strengths

An ability to borrow with availability and accessibility of equitable funding for borrowing.

Availability of team that is experienced, ready, willing and able to work and make SESCOI22 project a success.

Smart cities have less crime, improved infrastructure, more job opportunities and safer communication.

2.7 Market plan

In general, SESCOI22 project will play a big role in rebranding Tanzania by active engagements of the Public and Private sectors that will put in place expanded infrastructures for productivity.

A smart sustainable digital city with multiple innovative uses ICT and other means to improve quality of life, efficiency of urban operation and services, and competitiveness, while ensuring that security and safety of all citizen is guaranteed.

As a pricing strategy, the smart city will be a place where citizens appreciate value for money with attractive and competitive prices, products and services.

SESCOI22 project will indulge to invest in new technologies to support tourism, production and service provision.

Engaging firms that are experienced in the tourism industry to work together with SESCOI22 project in promoting tourism in

Tanzania and production of goods, commodities and services for ensured market supply.

Promotion and advertisements will be branded to differentiate Tanzania with other touristic destinations without offending our competitors. Tanzania will be branded to meet the world classes of tourists using globally well-known firms in tourism industries.

2.8 Location

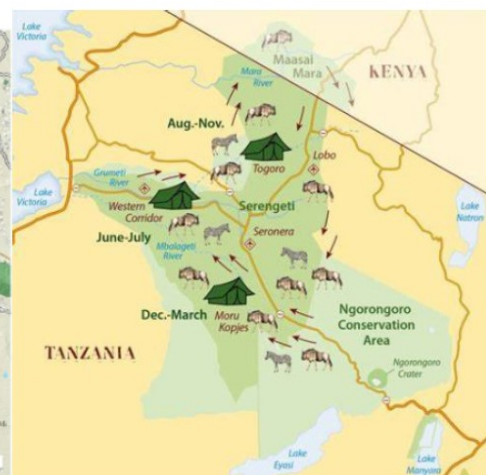
SESCI22 project headquarters is located at Bomani Street 31603 in Serengeti Township within Mara region of Tanzania. However, the main smart city will be in Serengeti with other project in districts of Mara region (Bunda, Butiama, Musoma and Tarime).

Serengeti Township (formerly known as Mugumu) is found within Latitude: -1 51'0.00”S and Longitude; 34042'0.00”E in the Mara Region of the United Republic of Tanzania;

Serengeti as a district has an area of 10,373 Km² where Serengeti National Park (the World’s heritage) is 7,000Km², Grumeti and Ikorongo game reserves 993.4Km² and IKONA-WMA 242.3Km² while the remaining area is for human settlements where the main activities are trade, grazing, agriculture and mining.

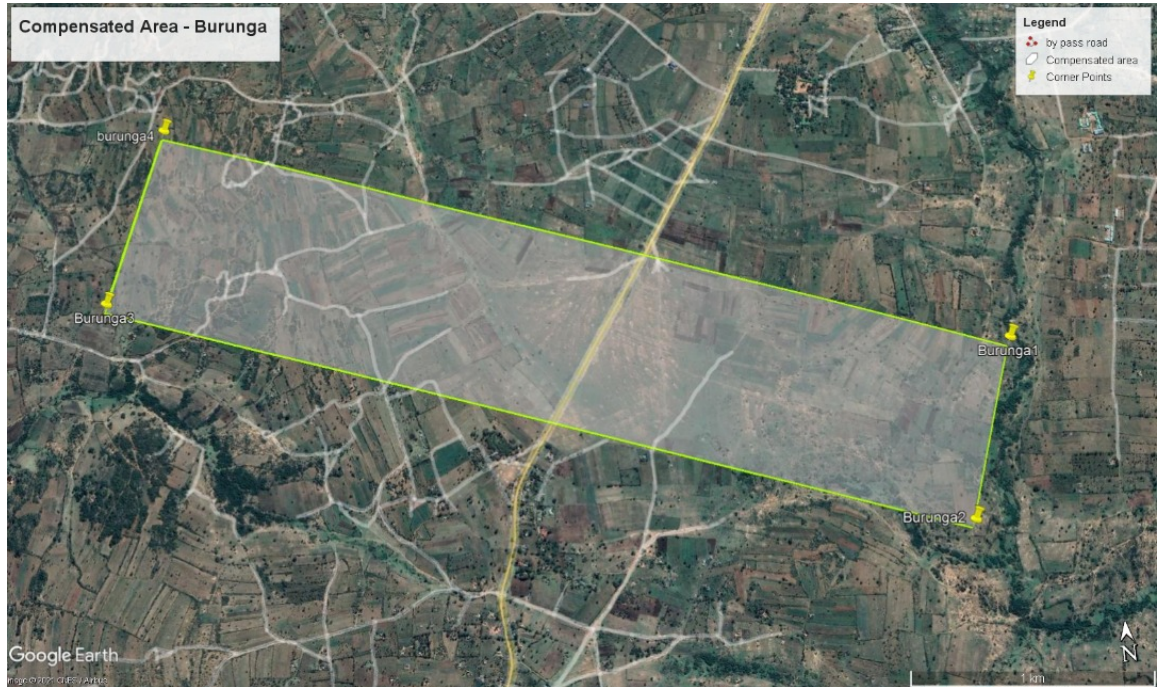


Serengeti District location & ecosystems



Serengeti Wildebeests Migration

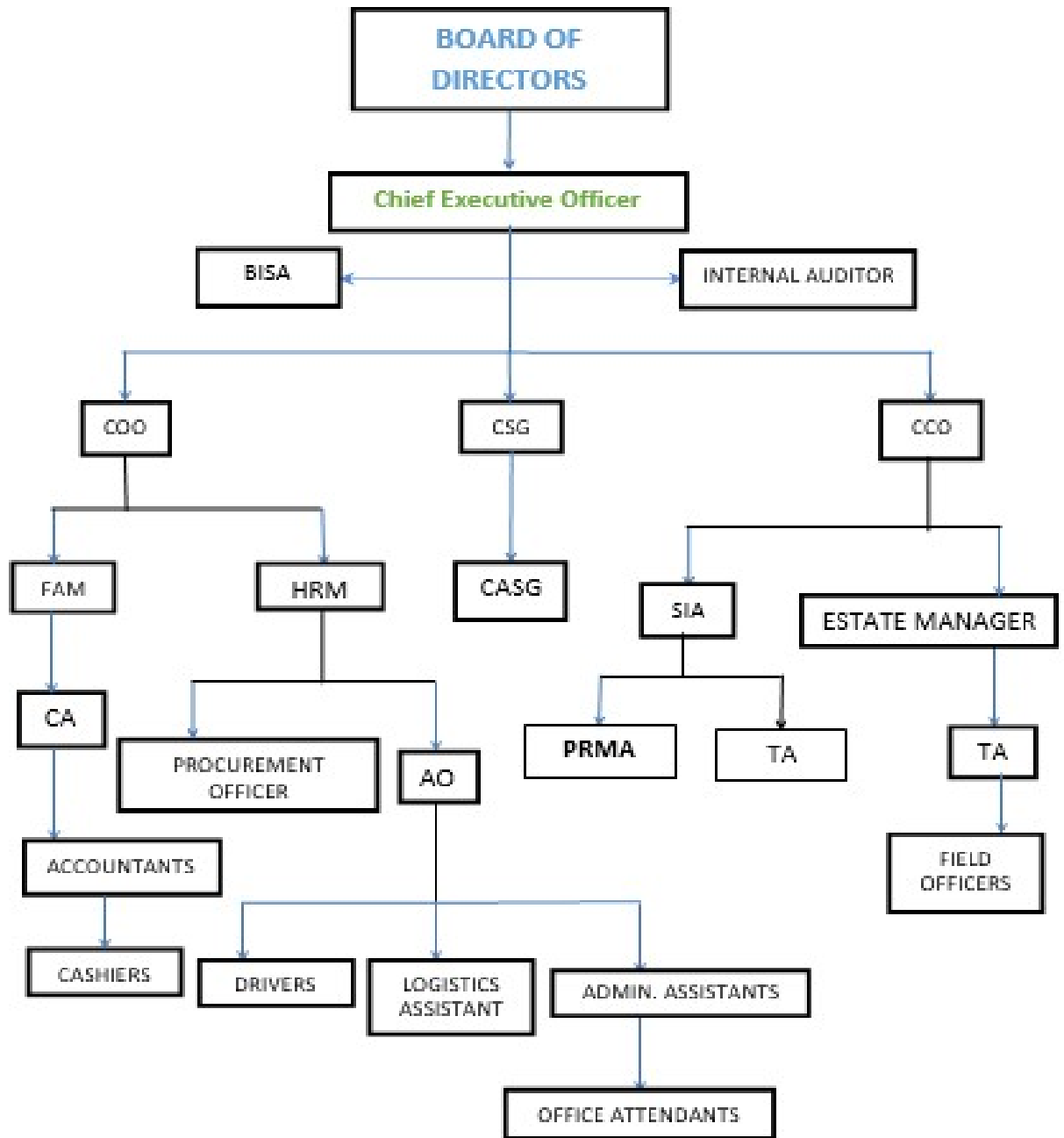
Location plan for the airport in Serengeti



2.9 Management and operations

The project will be under the general management of Serengeti Development Company Limited through the Board of Directors, which is a blend of shareholders and other non-shareholders.

The daily management will be under the Chief Executive Officer (CEO) who will be in-charge of all matters as assisted by the Chief Commercial Officer (CCO) responsible for all investments, partnership, strategic information, public relations and marketing. The Chief Operating Officer (COO) responsible for all Finance, Human Resources and Administration. While the Company Solicitor General (CSG) will be responsible for all legal matters.



Serengeti Development Company Limited Staff Members as of December 31, 2022

DEPARTMENT	POSITION	NUMBER OF STAFF
Board of Directors	Board Chairman MR. KIVUMA H. MSANGI	1
	Secretary to the Board of Directors ADV. VERONICA C. LUKANDA	1
	Board Members MR. VICTOR LUTONESHA MR. WILFRED MWITA MR. MARCO B. MALUKA MR. ELIAS D. NYANTITO MR. WAMBURA SUNDAY MR. SIMEON WARYUBA	6
	Chief Executive Officer MR. GEORGE Z. KIHAMBA	1
	Chief Operating Officer MR. JARED N. ORWAKA	1
	Chief Commercial Officer DR. VINCENT B. MASHINJI	1
	Company Solicitor General ADV. VERONICA C. LUKANDA	1
	Human Resource Manager/Secretary to CMT MR. GASPER R. IRINGO	1
	Internal Auditor MR. JAMES TUNIGA	1
	Business Intelligence and Security Advisor TBD	1
Company Management Team (CMT)		

2.10 Remuneration

The project will pay salaries and wages to the staff at competitive rates with all other benefits as stipulated in the laws of Tanzania, such as lunch at workplace, transport and other fringe benefits.

2.11 Manpower training on project management

Serengeti Development Company Limited will mostly hire experienced workers so that they can easily adopt the system and good practices involved in efficient running of smart cities. Identification of training needs is critical with installation of contemporary digital systems that training is made relevant.

2.12 Implementation and Operation Plan

2.12.1 Implementing consortium

The project will be implemented by a consortium of three companies, the Serengeti Development Company Limited (SDCL) with 30% (SDCL 15% and GoT 15%) equity share, Tanscar Attorneys and Leed & Associates 19% shares on equity; and Abernathy Private Fund Advisor 51% shares on equity to all profitable projects. The Abernathy shares will be liquidated **within** a 40 years period and be transferred as follows: SDCL 35%, GoT 35% Tanscar Attorneys and Leed & Associates 30%.

The public projects and services will remain to be a grant as part of Corporate Social Responsibility (CSR) to the United Republic of Tanzania. Such projects will include but not limited to public schools, dispensaries, water supply, partly roads and railways.

2.12.2 Implementation plan

The project SESCOI22, is in agreement with Tanscar Attorneys and Leed & Associates to work together and raise funds to the height of 598 BUSD in 15 years.

The constructions and all civil works are subject to signing of contract agreements with respective contractors and other building consultants.

Initial constructions and civil works is estimated to take 15 years, followed by the ongoing development of the smart city for another 35 years. The aim is to make Serengeti a city that will serve as Tourism headquarters for the Southern Sahara Africa.

Implementation of the project will be in line with disbursement of funds from the external financiers.

2.12.3 Operation plan

Upon completion of the implementation, SDCL will undertake to assign reputable companies to run the operations of the project. SDCL will focus on continuous quality improvement and customers' satisfactions however, operations will be coordinated centrally to ensure that profits are leveraged to meet equity shares distribution to the consortium.

2.12.4 Risks and uncertainties

Delays in project implementation: a number of factors may be involved to include statutory documentations, funds mobilization and disbursements. There is high levels of commitments among the consortium members to address this risk.

Counterfeits: products that are produced and sold with the intent to deceptively represent its origin, authenticity or effectiveness. Counterfeit products are a dangerous source of unfair competition and financial harm for both the innovative and generic industries.

SDCL will invest considerable resources to ensure a safe supply chain for genuine goods and commodities. Additionally, the Tanzania government through Tanzania Bureau of Standards and other organs, has consistently enforced policies to address counterfeiting problems.

Inflation: a potential risk that inflation might increase at higher rates than projected. This may increase the price of the final products hence reduce the demand for the products. While this risk usually prevails in Developing Countries like Tanzania, the government appears to be committed to continue maintaining the macroeconomic stability and bring inflation further down.

Political risks: the government may from time to time issue new directives, which may negatively impact on the project implementation and operations. This risk is strongly addressed by the fact that the Tanzania government has maintained long-term commitment of involving the private sector in policy decisions.

Managerial risks: management of Serengeti Smart City requires close supervision and expertise in implementation and its operations. SDCL employs staff with varsity experience and results oriented.

3.0 SECTION TWO: FINANCIAL DATA

3.1 Financial Plan

3.1.1 Financial goals.

Mainly we examine both commercial profitability and economic viability of the proposed project. Our goals include but not limited to financing the investment costs through equity financing and external financing. SDCL shall obtain funding from lending institutions and possible grants.

3.1.2 Investment plan

Projected Investment and capital costs are estimated at 598 BUSD, which include the existing properties like land and others.

Projects, Costs and Description	USD
1. Construction and management of 2 hub airports and 22 feeder airports in Tanzania	47,000,000,000
2. Water supply, sewerage and rain water drainage	44,450,000,000
3. Serengeti International Convention and Conference Center for conferencing tourisms and other uses	3,341,800,000
4. Construction of 20 five stars hotels in Serengeti and 14 five stars hotels in nearby cities to support tourism	23,806,402,000
5. Construction of apartments and residential villas for rental and sales in Serengeti and nearby cities	104,600,000,000
6. Solid and liquid waste management, power generation, hydrogen gas production, manure and recycled goods productions	22,050,000,000
7. Construction of social utilities: Bus stand terminal, local city market and shopping malls	13,667,000,000
8. Agriculture: expanded urban farming for food supply	10,030,000,000
9. Construction of Health facilities for medical tourism, specialized services and regular service provision	13,185,371,000
10. Construction of schools, academy and VTC	8,591,995,454
11. Construction of Mwl. Julius K. Nyerere University of Agriculture and Technology and Technical Colleges	4,481,288,000
12. Construction of sports stadia and arenas for sports tourisms and off-season clubs' camping	16,349,100,000
13. Construction of roads and railways to improve communication for sustainable tourism investments	258,079,998,800
14. General investments: administration, security, traffic robots, IT-CCTV and Facial detection for enhance safety and security services	38,895,000,000
 TOTAL AMOUNT	 598,727,955,254

Funding the Project

Owner Equity	126,414,920
Investor's funds and Other Equities	598,727,955,254
Subtotal	598,854,370,174

Fixed Assets Listing

Office set-up and safety	750,000
Land (998 acres)	998,000,000
Subtotal	998,830,000

Financial Projections Overview

at year 15

Total Revenues	892,315,412,535
Costs of Sales	3,396,123,347
Gross Margin	888,919,289,188
Total Expenses	880,324,473,084
Income before Taxes	8,594,816,104
Corporate Taxes 30%	2,578,444,831
Net Income	6,016,371,273

Financial Projections Assumptions

1. This transaction is proposed as an assets purchase. Owner equity represents US\$ 126,414,920 plus another 40% increase in Owner's Equity.
2. The projections are for assessing the ability of the creditors to pay back the invested funds. That is to say, a reflection of goods and services in trade.
3. Projected expenses in the Operating Statements are based on projected financial expenses calculated as a percentage (%) of Revenues. Some items such as tools are shown as fixed costs.

3.2 Projected financial statements

3.2.1 Income statement for Serengeti Smart City

ITEM	5 YEARS (US\$)	10 YEARS (US\$)	15 YEARS (US\$)
Revenues			
Sales	4,967,049,800	19,036,365,091	892,315,412,535
Costs of Sale	1,600,000	2,325,930,935	3,396,123,347
Gross Margin	4,965,449,800	16,710,434,726	888,919,289,188
Expenses			
Airport	1,557,632,498	2,112,977,997	78,910,181,564
Water supply and drainages	214,040,420	394,890,212	71,827,056,097
Conference facilities	351,750,887	2,061,195,392	33,778,624,605
Hotels	804,685,827	1,021,099,687	60,276,532,429
Apartments and villas	691,794,792	2,046,000,692	131,570,255,322
Solid waste management, power generation and recycling	456,079,750	294,666,895	58,893,453,094
Bus stand terminal, local market and shopping malls	67,675,800	510,160,003	22,801,855,889
Agriculture and food production and Blue economy strategy	38,797,250	337,917,672	14,979,692,298
Health facilities	302,851,950	694,412,161	13,252,669,700
Schools, academies and VTC	192,550,062	300,700,350	12,544,155,506
University and technical colleges	157,387,000	286,470,709	15,686,604,273
Sports stadia and arenas	346,499,150	549,503,817	22,184,215,672
Roads and railways	78,482,200	1,598,160,373	274,152,365,194
General investments: smart administration, safety and security	5,544,645	418,803,583	69,466,811,441
Total Expenditures	5,265,772,231	12,626,959,543	880,324,473,084
Profit / Loss before Tax	-298,722,431	6,409,405,548	8,594,816,104
Corporate Tax (30%)	0	1,922,821,664	2,578,444,831
Net Profit / Loss	-298,722,431	4,486,583,884	6,016,371,273

3.2.2 Cash flow statement for Serengeti Smart City

ITEM	5 YEARS	10 YEARS	15 YEARS
Cash Inflow			
Profit / Loss from preceding years	-298,722,431	6,409,405,548	8,594,816,104
Sales receipts	4,967,049,800	19,036,365,091	32,531,619,735
Understated/Overstated balances	-32,950,200	-3,489,761,079	0
Equity Issued by Owners	126,414,920	0	0
Cash inflow at end of period	4,761,792,089	21,956,009,560	41,126,435,839
Cash Outflow			
Pre-operating costs	946,930,820	0	0
Payments for operations	895,985,800	4,429,928,276	3,467,236,215
Construction payments	1,159,410,000	0	0
Purchase of new fixed assets	1,757,820,000	111,393,333	0
Depreciation on properties	0	5,569,667	87,891,000
Contractual (consultancy & technical supervisions)	475,525,431	16,098,821,110	16,210,210,000
Corporate tax (30%)	0	1,922,821,664	2,578,444,831
Cash outflow at end of period	5,323,563,051	22,568,534,050	22,255,891,046
Net Cash Inflow / Outflow	-561,770,962	-612,524,490	18,870,544,793

3.2.3 Balance sheet for Serengeti Smart City

ITEM	5 YEARS	10 YEARS	15 YEARS
Assets			
cash	6,409,405,548	8,594,816,104	14,492,536,999
Current assets	4,967,049,800	19,036,365,091	2,531,619,735
Fixed assets	1,757,820,000	111,393,333	0
Total Assets	13,134,275,348	27,742,574,528	17,024,156,734
Equity and Liabilities			
Owner's equity cash	126,414,290		
Payment for operations, insurance and salaries	6,842,916,620	5,429,928,276	3,467,236,215
Payments for cars, equipment and other utilities	5,280,172,231	14,123,127,141	7,629,615,002
Depreciation on properties	0	5,569,667	87,891,000
Contractual e.g. Legal & others	475,525,431	16,098,821,110	3,348,210,000
Corporate tax (30%)	0	1,922,821,664	2,578,444,831
Retained earnings (RE)	321,355,776	162,306,670	650,686
Total Liabilities	13,134,275,348	27,742,574,528	17,024,156,734

3.3 Break-even analysis

Break-even point in sales (BEP) = [(Fixed costs (Fc) + Depreciation) x (1 – Tax Rate)] / [(Sales revenue – Variable costs) x (1 – Tax Rate)]. Note that the Tax Rate is the same value in all aspects.

Therefore, Break-even point in revenues (BEP) = (Fc + Depreciation) / (revenue – variable costs)

Year One (2022)

BEP IN REVENUES BEP = 1,757,820,000 / (250 – 48)

BEP = 1,757,820,000 / 202 BEP = 870,208

BEP is estimated at approximately US\$870,208.00 / year in revenues. Meaning that the project must maintain its revenues at US\$870,208/year in order to ensure the possibility of covering both fixed and variable costs at all times.

3.4 Return on investment (ROI)

ROI = Net Income less Dividend divided to the sum of Debt and Equity.

Note that during the debt repayment period, owners will not receive dividends.

ROI = Net Income / Debt + Equity

At years One ROI = -298,722,431 / (126,414,920 + 5,000,000,000) = 5.8%

At 5th year ROI = 4,486,583,884 / (126,414,920 + 5,000,000,000) = 87.5%

By the fifth year, the project will be viable with ROI above 40%.

3.5 Conclusion and Recommendation

World tourism trade and production networks are not new. Firms have products 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 due to digital revolution.

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. An alternative mode of transport is critical that improved railways and airways transportation cannot be overemphasized.


This plan follows the trends in international tourism trade and investments, which are increasingly organized within so-called global value chains that call for efficient services in the tourism industry.

SDCL proposed investment becomes rational owing to the growing level of competition and customer demands in the Tourism sector for goods and the people.

The assessment for project viability demonstrates that the project is a long-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.

4.0 SECTION THREE: SUPPORTING DOCUMENTS

4.1 Business License


 TFN. 226
 (Rev. 2/96)

JAMHURI YA MUUNGANO WA TANZANIA

LESENI YA BIASHARA

B 4173484

(Imetolewa chini ya Sheria ya Leseni za Biashara Na. 25 ya Mwaka 1972 marekebisho ya mwaka 1980 na masharti yaliyo nyuma)

*Futa isiyotakiwa.

1. Ofisi iliyotolewa **SERENGETI DC**

2. Nambari ya Ushuru wa Mapato **152-267-495**

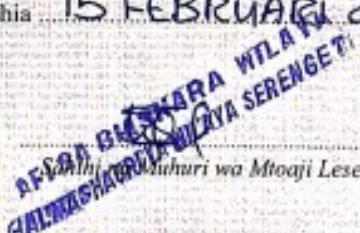
3. Leseni imetolewa kwa **SERENGETI DEVELOPMENT CO LTD**
 kuendesha biashara ya **GENERAL SUPPLIES**
 katika Wilaya/Kanda* ya **SERENGETI Mtaa CHAMOTO**

4. Ni ya Shina/Tawi*
 Ada Sh. **202,000/-** Nambari ya Stakabadhi **29709**
 ya tarehe **17-02-2023**

5. Mpya/Inaendeleza* Muda wa Leseni Na. **B.3580337**
 ya tarehe **08-07-2021**

(ii) Muda wa Leseni hii utaishia **15 FEBRUARI 2024**

Tarehe **17-02-2023**


 Mtaaji wa Mtoaji Leseni

GP-Dsm

4.2 Tax Clearance

2/17/2023 Report



TANZANIA REVENUE AUTHORITY
ISO 9001: 2015 CERTIFIED

TAX CLEARANCE CERTIFICATE

(Issued Under Regulation 103 of Tax Administration (General) Regulations, 2016)

Licencing Authority; TIN : 101-056-228 TANZANIA COMMERCIAL BANK PUBLIC LIMITED COMPANY KUITONYAMA-MILLENIUM TOWER 9300 DAR ES SALAAM	Tax Certificate Number: <div style="border: 1px solid black; padding: 2px; display: inline-block;">221-0153-8454</div> Issuing Office: Mara Telephone: 028 2622551 Date of Issue: 17 February 2023 Expiry Date: 31 December 2023
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Taxpayer Name	SERENGETI DEVELOPMENT COMPANY LIMITED		
Trading Name			
Taxpayer Identification Number	152-267-495	Vat Registration Number	
Company Registration Number			

Business Premises located at: Plot Number 136; Block Number D; Street BOMANI

This is to certify that the above registered Taxpayer has complied with tax laws and has been granted Tax Clearance Certificate with respect to the following business(es):

1	Remediation activities and other waste management services
2	Construction of buildings
3	Real estate activities on a fee or contract basis



HERBERT M.T. KABEMELA
COMMISSIONER FOR DOMESTIC REVENUE
17 February 2023



Disclaimer :

- This certificate is issued free of charge

<https://efilebo.tz.go.tz/TaxCertificatePrint/PrintCertificate?cerNo=101539454&cerType=TCC>
10

4.3 Certificate of Incorporation

	TANZANIA	C.I  BUSINESS REGISTRATIONS AND LICENSING AGENCY
Certificate of Incorporation of a Company Section 15 No: 152267495 I HEREBY CERTIFY THAT SERENGETI DEVELOPMENT COMPANY LIMITED is this day incorporated under the Companies Act, 2002 and that the Company is Limited. GIVEN under my hand at Dar es Salaam this 14 th day of JUNE TWO THOUSAND AND TWENTY ONE.		
	 PRINC ASST. REGISTRAR OF COMPANIES	