

**TANZANIA INVESTMENT CENTRE
DIRECTORATE OF INVESTMENT FACILITATION**



EASTERN ZONE

**REPORT ON PROJECT VERIFICATION VISIT TO FLINTSTONE ENGINEERING
CONDUCTED ON 17TH MAY, 2023**



MAY, 2023

PROJECT'S PROFILE

S/N	ITEM	DESCRIPTION		
1.	Company Name	Flintstone Engineering		
2.	Project Location	Plot No.2002 Salasala-Goba, Dar es Salaam & the office location is on 10 th floor of City Link Building found		
	Project Core Activities	Construction of Residential/Commercial building for rent		
4.	Address & Mobile Number	Sky City Mall, University Road P.O. Box 20823 Dar es Salaam Phone No. 0742572783		
5.	Investor Contact			
6.	Shareholders	Name	Nationality	% Share
		Tsedeke Y. Woldu	Ethiopia	95
		Mogess T.	Ethiopia	1.25
		Mesfin T. Woubneh	Ethiopia	1.25
		Biruk S. Atlaw	Ethiopia	1.25
		Tadesse G. Merid	Ethiopia	1.25
7	Business Plan details	Total investment	9.4m	
		Jobs projected	25	
		Unique value	Increasing classic accommodation	
		Investment duration	2019-2022	
8	Validation period of	June 2019 – May 2022		
9	Report author (s)	Fidelis Obanga (TIC), Mwanamkuu Matimbwi (TRA/TIC) and Navone Kisaka (NEMC/TIC)		

1.0. INTRODUCTION/BACKGROUND

Flintstone Engineering is a company incorporated in Ethiopia having branch office in Tanzania issued with Compliance Certificate No.102734 dated 26th September 2013. The company registered a project to TIC for construction of residential/commercial building and was issued with Certificate of Incentives (Col) No.022350 issued on 12th June 2019 thus having implementation period June 2019-May 2022 operative up to June 2022.

2.0. PROJECT LOCATION

The project site is on Plot No.2002 Salasala-Goba, Dar es Salaam covering an area of 6613SQM. It can be accessed through Ardhi University, 8km via Mokongo-Goba road where the project site is 500m from Makongo-Goba junction.

3.0 OBJECTIVE OF THE VISIT

The main objective of the project verification visit (PVV) was to verify the project development status which would justify the reasons for Certificate of Incentive extension application. As elaborated above, implementation period for the Col issued to the investor ended June, 2022. Thus, the investor applied for extension of the Col to provide room for enjoyment of fiscal incentives while implementing the project since due to challenges the investor faced (see section 7.0 below), the project could not be implemented in the period specified in the Col that ended its life in June 2022.

4.0 PVV METHODOLOGY/ MODUS OPERANDI

The followings were specific objectives for the visit;

- i. To conduct discussion and gather information from the applicant regarding Certificate of Incentive extension application.
 - ii. To take copies of relevant document /photos as evidence for Certificate of Incentive extension application.
 - iii. To conduct tour/ visit in the site to verify progress of construction activities
- Findings of the team will facilitate the management to make decision whether the Company qualifies for extension of Certificate of Incentives or not.

5.0 ON-FIELD OBSERVATIONS AND FINDINGS

Team of officers from TIC learnt the following during PVV;

- i. Project construction has not yet started, currently, the investor has already bought the land and the process to acquire Derivative Right is on progress. Geo-technical survey is progress to be sure of soil characteristics and its stability to accommodate the project buildings;
- ii. Before registering this project with TIC, the investor had worked in Tanzania since 2013 as a construction company partnering with local construction company like Pioneer Builders Limited to deliver NHC projects successful where in Kigamboni Mwongozo affordable housing scheme (with 214units) and Residential apartments in Mtwara were built;
- iii. It is from these partnership projects the company spotted available investment opportunities and different incentives that are offered thus decided to choose Tanzania as the best destination to establish their project;
- iv. The company has established its office in Mlimani City which is a strategic area to reach Goba for ease access and supervision of project activities;
- v. Currently the investor is in process of selection a registered environmental expert to conduct Environmental and Social Impact Assessment (ESIA) for the project;
- vi. The investor planned to implement the project in between 2019-2022 however due to the reasons elaborated in section 7.0 below the project could not be implemented timely.

6.0. LEVEL OF INVESTMENT

Item as per business plan projection	Investment amount indicated in business plan USD \$	Estimated actual investment (based on your observation)	Estimation justification	Percentage allocation
Total Building Construction cost	6,553,563.00	N/A		
Land	903,784.00	400,000	Price of purchased land (Plot No.2002, Title Deed No.86914, Sqm 6,613) at Salasala, Kinondoni Municipal from Mr. Roman Fredrick Metta on 31 st May 2019	44.26
Infrastructure cost / Installations	983,034.45	N/A		
Project management	424,551.63	80,000	Acquisition licenses and permits, salaries etc	18.84
Start-up expenses	537,892.00	10,000	Cost of rented office and project advertisement	1.86
Total/Average	9,402,825.08	490,000		5.21

7.0 CHALLENGES AND KEY RISKS

The team held discussion with representative of the investor Mr. Tesfaye Worku (project director). Discussion with Tesfaye revealed the following as reasons that have delayed implementation of the project within expected duration specified in the Col No.022350: -

- i. In 2019 when the project had already been registered with TIC, the company was required by TRA to provide Tax Clearance for the previous projects performed in partnership with Pioneer Builders Limited. The process of acquiring the certificate took time and adversely impacted project implementation schedule;
- ii. The land where the project is going to be implemented belonged to Professor Felician Komu. It was un-surveyed land thus before investing to the land the area had to be surveyed with land use compatible with the intended development thus time was required to accomplish the exercise;
- iii. Planning consent to plan the area took four months. This was followed by land survey which ultimately came out with 5 plots all together measuring 13,190SQM. Surveying the area took so much time yet, the investor wanted the whole land parcel to be in single plot thus the process of amalgamating the 5plots was initiated which again took 18monthths to accomplish.
- iv. The land was surveyed under the name of previous owner i.e Prof. Komu now the disposition process from Prof. Komu to Flintstone Engineering is on progress. All these processes of having planning consent, surveying the land, amalgamating the 5 plots into 1 plot and the disposition process have significantly contributed to delays in implementing the project.

Key risks and rating:

Risk Category	Rating (examples)
Investor-related Risk	Moderate
Implementing environment Risk	
- Capacity	Moderate
- Governance/Policy	Moderate
Project Risk	
- Design	Moderate
- Social and Environmental	ESIA study to be conducted where

	analysis and ranking of impacts will be done
- Financial	Moderate
- Delivery Monitoring and Sustainability	Moderate
Overall Implementation Risk	Moderate

Explain risk rating

- Investors are not Tanzanians and it appears to require funding from Tanzania through loans and equity totaling USD 8.0 Million, and in order to access a loan, investor should invest at least 60% of the total capital.
- Using their own sources of fund, already bought land and finalizing all permit related procedures before construction, based on this assessment the risk rating in this investment is moderate because main construction activity has not yet started.

8.0 INVESTORS FUTURE PLAN & ASSUMPTIONS

Implementation Support Plan

Time	Focus	Needs
Year 1-2	Planned to finalize permits and approvals <ul style="list-style-type: none"> •Office establishment and set-up •Local manpower recruiting and training •Design approval •Derivative right •Launching Flintstone Bongo •Ground breaking of construction 	<ul style="list-style-type: none"> • TIC's and TRAs approval of import list • Approval of expatriate work permits
Year 1-2	o Marketing	
Year 2-3	o Implementing phase 2	
Year 1-3	o Marketing	

Assumptions:

- Investor is expected to continue sourcing finance using local banks, as stated on their Business plan.

9.0 CONCLUSION

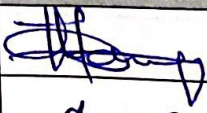

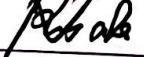
Based on discussion with company representative, the documents presented and considering the findings of the team it can be concluded that reasons provided by the investor for not completing the project within expected time can be considered genuine and logical. Project implementation is of paramount importance because it will improve availability of accommodation facilities in the city taking into consideration that Dar es Salaam is the big city that accommodates large population.

10.0 RECOMMENDATIONS

In view of the findings observed during the project visit, the team recommends consideration to be given to the investor by granting one-year extension of the Col due the following reasons: -

- This is the first extension the investor is applying after being granted Col with three (3) years implementation period that ended June, 2022;
- Investors never applied and enjoyed any Fiscal Incentive such as Import Duty/VAT Exemptions;
- Implementation of the Company's main objective which is to construct residential/commercial buildings for rent is in line with the issued Col No.022350;
- The Certificate will facilitate establishment and nurturing of the project.

We therefore submit.

S/n	Name	Position	Date	Signature
1.	Fidelis Obanga	PIO -TIC	19/05/2023	
2.	Mwanamkuu Matimbwi	LO-TRA/TIC	19/05/2023	
3.	Navone P. Kisaka	SEMO-NEMC/TIC	19/05/2023	

11. ANNEXES



TIC officials from left is Mwanamkuu Matimbwi, Navone Kisaka and Fidelis Obanga discussing with Mr. Tesfaye Worku Director of Flintstone Engineering on his office at Sky City Mall Building along University Road, Dar Es Salaam on 17th May 2023