PUBLIC PRIVATE PATNERSHIP
BETWEEN TOSH LOGISTIC COMPANY (TOSH)
AND

DAR ES SALAAM DEVELOPMENT CORPORATION

FEASIBILITY STUDY FOR DDC KARIAKOO PROJECT INTO ONE STOP SHOP BUSINESS COMPLEX

2023

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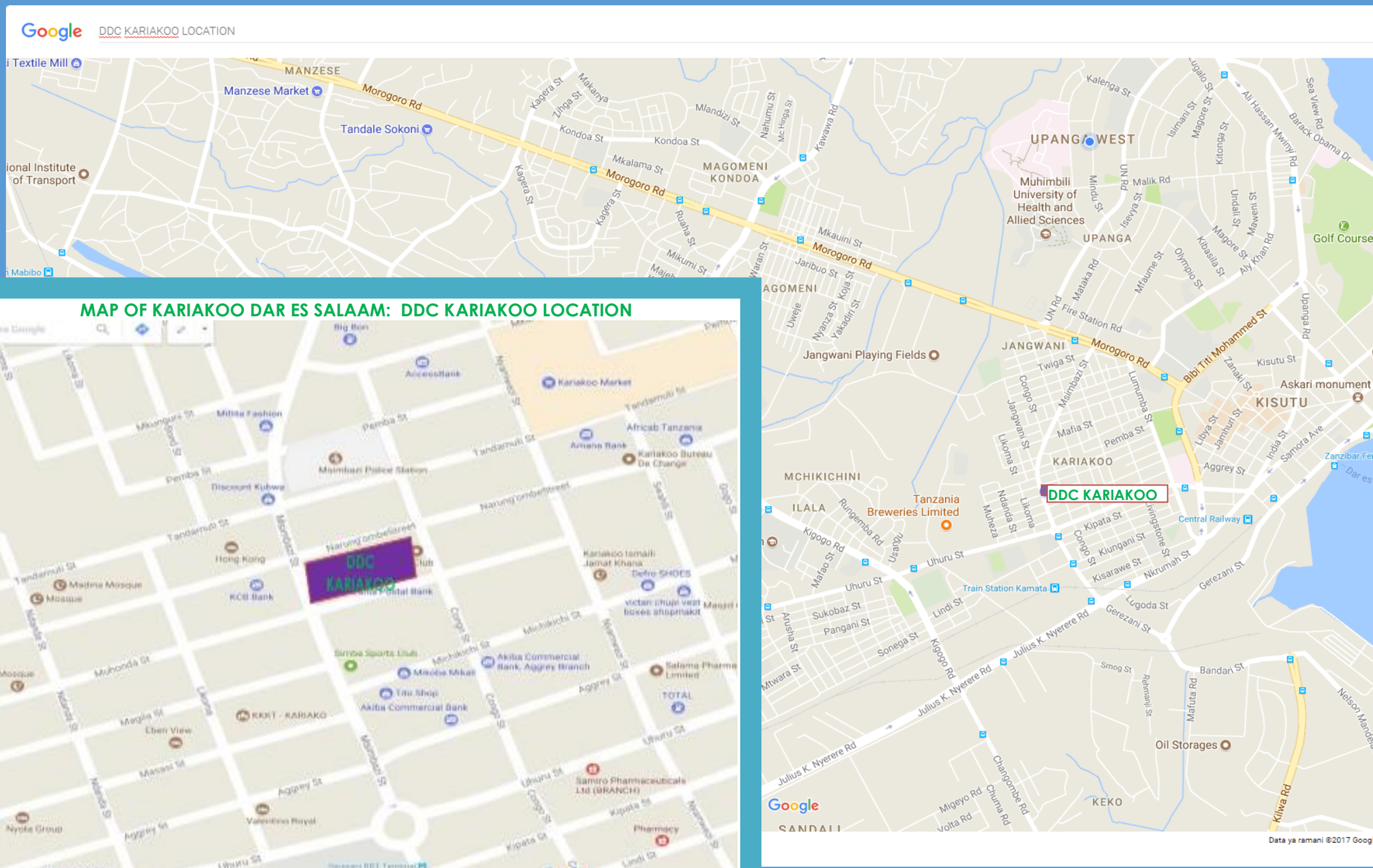
ABBREVIATIONS

ATM	Automatic Teller Machine
BRT	Bus Rapid Transport
CCTV	Closed Circuit Television
CDB	Central Business District
DAWASCO	Dar es Salaam Water Supply Company
DCC	Dar es Salaam City Council
DDC	Dar es Salaam Development Corporation
EIA	Environmental Impact Assessment
ICT	Information Communication Technology
IDA	International Development Agency
IFC	International Finance Corporation
IRR	Internal Rate of Return
LAPF	Local Authorities Pension Fund
NEMC	National Environmental Management Council
NPV	Net Present Value
NSSF	National Social Security Fund
OPIC	Overseas Private Investment Corporation
PMA	Project Management Agent
PPF	Parastatal Pension Fund
PPP	Public Private Partnership
PSPF	Public Service Pension Fund
TANESCO	Tanzania Electricity Supply Company
TIB	Tanzania Investment Bank
TRA	Tanzania Revenue Authority

MAP OF DAR ES SALAAM: GEOGRAPHICAL LOCATION OF DDC KARIAKOO



MAP OF KARIAKOO DAR ES SALAAM: DDC KARIAKOO LOCATION

EXECUTIVE SUMMARY

DDC Kariakoo one stop business complex project is a largest commercial building in Kariakoo covering area of Square feet 42,260 with stature of 8 floor including basement underground. This last ever business complex in Kariakoo is designed to capture strategic market of Kariakoo area in the center of Dar es Salaam economic hub of the Nation and SADEC. The complex will cover junction of key market streets of Narung'ombe, Kongo, Mhonda and Msimbazi roads in Kariakoo. This tower is structured to accommodate 496 shop rooms, shop malls and bank hall around and in grid ways entrances in the basement to third floor taping market in these streets. The wing towards Msimbazi Street and Dar es Salaam Bus Rapid Transport (BRT) famous as Mwendo Kasi is deliberated for high profile institutions like Banks. The building also is designed to capture emerging elastic market demand in Kariakoo area for stores/warehouses, social halls, restaurants and indigenous offices.

Tosh will provide resettlement fund to DDC amounting to 2 billion per annum and immediately before operation starting Tosh will pay to DDC rent of TZS 2.5 billion increasing by 15% after 5 years interval. Tosh will be full responsible for cost of construction and operation while DDC will enjoy rent payable and after PPP time the building will be owned full by DDC. In this view, the project is under the framework of DDC strategic plan that emphasize on maximizing utilization of idle resources and expand Corporation fund portfolio. The investment financing is under the framework of national public-private partnership policy targeting to benefit both private and public sectors through working together thereby gain from comparative advantage and cover budget deficit facing public sectors. The venture operation model is built in Build, Operate and transfer (BOT) PPP paradigm system where Tosh will construct the building, operate it for 25 years and then transfer ownership to DDC.

The projected cash flow is promising for DDC and Tosh to undertake the investment as feasibility study revealed the investment is capable of generating per annum revenue amounting to TZS 7,368,360,000 and operation cost TZS 2,684,529,500. The structure design and location has made possible the venture to recoup investment cost including pre-

construction cost amounting to 37,254,975,460 within 8 years before credit interest and opportunity cost. The payback period after credit interest and opportunity cost of investment is 20 years Therefore 5 years from year 20 to 25 years is a real profitable time for investor. After 25 years of PPP the salvage value of the investment is TZS 36,704,975,460 that will be handled over to DDC as asset. The one stop business complex generates significant IRR (14%) above investment opportunity cost rate of 12% and positive NPV (TZS 4,987,210,687) huge enough to prove beyond reasonable doubt the is financially and economic viable.

CHAPTER ONE

BACKGROUND

1.1 Dar es Salaam Development Corporation Background

Dar es Salaam Development Corporation (DDC) the contracting authority is a Government Corporation established in 1971 and incorporated under the District Development Corporation Act of 1973 [1]. DDC is governed by Board of Directors whose chairperson is appointed by the president of united republic of Tanzania[2]. DDC vision, mission, core functions and strategic objectives are as followings.

(i) Vision

The DDC vision is to be a center of excellence in business for profit maximization.

(ii) Mission

The DDC mission is to undertake commercial investment through innovation and proper utilization of available resources for profit maximization.

(iii) Mandate and Core functions

The mandate and core functions of DDC are to provide business services related to mercantile, commercial, financial, industrial and trading sectors to enhance the value of or render more profitable to the Corporation and general public in Dar es salaam City.

(iv) DDC Strategic Objective

the DDC strategic objectives are to enhance and improve corporate's business centers and financial base, mechanisms for stakeholders' collaboration and revenue collection, contract management and internal control, financial and accounting management systems enhanced, procurement and supply chain management enhanced, good governance, administrative and supportive services, and improve emergency and disaster management ICT infrastructure

[1] Dar es Salaam Development Corporation Policy and standing order
[2] District Development Corporation Act of 1973 amended in1978

1.2 Project Contexts

The project is commercial building hence fall under the commercial and construction sector. Commercial and construction sectors contribute 1.5 trillion TZS to Tanzania Gross Domestic Product[3]. Therefore, the project will add value to commercial building sector by creating largest modern one stop business complex in Kariakoo Dar es salaam which is the economic hub and the Tanzania national gateway for international business through the Dar es Salaam Harbour and Airport. Adding largest modern commercial building in Dar es Salaam also has multiplayer effect in the nation economy taking into account that Dar es salaam is the most populated region in Tanzania occupied by more than 5.38 million inhabitants and the national economic skeleton playing an important role of supply goods from and to periphery upcountry regions and neighbour landlocked countries.

1.3 Tosh Logistic Company Background

Tosh Logistic and Transport (Tosh) Company, the Private Part is Tanzanian multifunctional company mainly involving in logistic and building construction projects. Tosh Company has long experience over ten (10) years in construction of business complex projects. Tosh is proud to be the first company to employ technology of constructing basement towers at Kariakoo to provide accommodation of business of shops. Tosh has branded itself as the leading company in constructing business towers in Kariakoo through partnership model of operation where Tosh enter into mutual agreement with owners of plot to redevelop the plot and construct business towers. Up to now Tosh has constructed a number of business towers in Kariakoo through partnership model. Tosh through its Logistic and transport business is connected with large number of international vendors who own factories at abroad and supply goods in Dar es Salaam hence create large demand of shop malls. Tosh is proud for its long experience in business at Kariakoo and its technology from abroad that made it possible to design business towers that bring maximum satisfaction to vendors both international and local.

[3] Bank of Tanzania in its report of 2021/2022

1.4 Challenges and Needs For the project Public -Private Partnership

DDC Kariakoo buildings were built in 1970s of which today are relative old and operates at diminishing returns state return despite being located at prime area and the heart of strategic business centre in Dar es Salaam City. Furthermore the main building has developed fractures and unfortunately some of structural members elements (Beams and columns) were removed hence for safety purpose there is need to undertake immediately action by constructing and renovating the building. The social hall building is covered with asbestos which nowadays have been rejected due to its hazardless to people. Furthermore the halls built for purpose of selling Chibuku Beer that were produced under Dar es Salaam City Council industry but nowadays the business has collapsed therefore the hall function less usefully while occupy large space which when used for shops business will generate large revenue. Under such circumstance in order to make the area economic valuable there is need of constructing modern storey building of not less than 8 floors that will offer multiple business based on current market demand and needs.

Despite that need, DDC do luck sufficiency fund to finance large investment projects that required large capital like that of modern building withy 8 floor covering large area like that of DDC Kariakoo. Furthermore DDC have no collaterals that allow to get large loan from financial intuition enough to finance that project therefore only remain option to finance the project is through PPP approach.

It at this meant time when DDC need PPP, Tosh upon searching renting premises for customers from abroad to open whole sell shops came across DDC Kariakoo area which is underutilized with old structures. Upon this, Tosh brought idea for constructing first ever one stop business complex covering whole area of four streets of Msimbazi, Narung'ombe, Mhonda and Kongo beneath varieties of business products and shops.

The internal demand pulling factors for Tosh and DDC to undertake this investment are to gain comparative advantage where DDC will get extra rent and expanding sources of revenue and Tosh will gain profit from capital invested. This partnership investment will utilize this idle resources and modernizing the Corporation buildings to be economic productive and raise fund portfolio to meet corporation financial obligations. The business

complex will be the largest one stop business complex in Kariakoo the economic hub of Dar es Salaam city and SADEC landlocked countries.

In broad perspective the project intends to accord government development strategy and policies which emphasise on creating Dar es Salaam economic hub of nation. The project also supports government initiatives through creating job opportunities to small and medium business enterprises by providing them with shop rooms and spaces for operating their business.

1.5 Problem Statement

DDC Kariakoo is located at prime area and the heart of strategic business centre in Dar es Salaam City. The main building has developed fractures and some of structural members elements (Beams and columns) were removed hence need to undertake immediately action by constructing and renovating the building. The social hall building is covered with asbestos which are hazardous and its original function of selling Chibuku Beer is no longer exist. Generally the area currently is running rudimentary business that generates negligible profit margin despite being located at strategic business centre and the heart of Dar es Salaam City.

On the other side DDC lucks sufficiency fund to finance large investment projects that required large capital like that of modern building withy 8 floor covering large area like that of DDC Kariakoo. Furthermore DDC have no collaterals that allow to get large loan from financial intuition enough to finance that project therefore only remain option to finance the project is through PPP approach. Hence the best option is to enter into PPP with private investor submitted.

1.6 International Experience on PPP

DDC has not yet entered into PPP with international organization but locally has long experience in PPP model where has constructed one storey commercial building with private part called Jambo Freight in 2008. The model used is Build Operate and transfer of which now the contract is over and DDC own 100% percent the building. Based on experience learned and benefit gain from PPP in BOT model that's why DDC is desirable to enter into PPP with Tosh which is local investor in BOT model.

CHAPTER TWO

PROJECT DESCRPTION

2.1 Project Scope

The DDC Kariakoo one stop business complex project will be the largest commercial building in Kariakoo intended to offer one stop multiple business. The business complex will have 8 floors underground basement floor beneath the full size of the Plot covering area of square feet 42,260 of whole Block within the four streets of Mhonda, Kongo, Narung'ombe and Msimbazi. This commercial one stop business complex will offer multiple business including whole and retail shops, malls, stores, office and social halls. The business that will be in this complex will involve vendors from Dar es salaam, upcountry regions and neighbor countries The international vendors also will use the business complex to sell their industrial commodities hence contribute in accelerating the national strategy of making Dar es salaam the economic hub in SADEC countries. In this view the project business scope will cover both vendors from abroad and within the country.

2.2 Geographical location

The proposed DDC Kariakoo one stop business complex project is located at Kariakoo Area, Ilala Municipal on Plot Number 19, Block 8, in the Central Business District (CBD) of Dar es Salaam City. This is potential strategic market area that is connected by city feeder roads and main roads like Morogoro road and Kilwa road that connect Dar es Salaam and central, northern, western and southern parts of Tanzania. Kariakoo also is accessible from upcountry regions and neighbour countries through Dar es salaam Airport and Harbour.

The project plot is situated at the junction of four busy business streets in Kariakoo. Towards west and in front view wing is Msimbazi and BRT road while Kongo street is bounding the plot in the eastern side. In the southern part the plot is bounded with Mhonda street and in the northern part the plot is bounded by Narung'ombe street. Kongo and Mhonda streets are most famous street for clothes business occupied by merger whole sale and retail clothes shops. Narung'ombe Street is famous for shoes related business where customers from upcountry regions collect bulk of shoes products. Alongside Msimbazi and BRT road (Mwendokasi) is dominated by bank services and ornaments shops.

Generally, the location of the project plot is potential for undertaking real estate investment targeting to offer the existing retail and wholesale shops, bar and restaurants, office spaces, banking service and varieties of commercial business. The map of the project plot area is presented in figure 1 below to draw a quick picture of location and boundaries.

Figure 1. Map of Kariakoo: DDC Kariakoo Project Location

Source: Google Map in Feasibility Study for DDC Kariakoo 2023

Figure 1 above indicates where DDC Kariakoo is a block located between four streets. The four streets named Msimbazi, Narung'ombe, Congo and Mhonda are surrounding the plot area. The area is adjacent to Msimbazi Police station therefore it is safe for cash business trade including bank and shops as visualized in the map.

2.3 Objectives and Outputs

The proposed project is expected to have a number of objectives and outputs not only to DDC but also to other stakeholders. The objectives and outputs anticipated are:-

(i) Revenue Generation to DDC

To expand source of revenue and raise fund portfolio of Corporation necessary for the Corporation to excel and meet financial obligation required to promote social and economic growth of the region. The envisaged additional income from the project will

enable DDC to make further investments and development of the Corporation for the benefit of DDC board and management in particular and the country at large.

(ii) Fund Contribution to City Council

To intensify capacity of DDC and increase amount of fund contribution that goes to DCC as dividend thereof finance public projects and services like bus terminal services, education, water, health and waste collection.

(iii) To utilize idle and useless resources

The project is undertaken to utilize idle and useless resources with the view of making the corporate resources economic productive and challenge other investors to fetch from us ultimately realizing our objective of promoting economic development of the region.

(iv) Employment Creation

The project will generate employment both during construction and at an operational stage. The project will create job opportunities to small and medium business enterprises by providing them with shop rooms and places for operating their business. The project also provides places and social halls for organizing entertainment functions thereby enhance employment opportunity related to entertainment sectors.

(v)Addition to Commercial Housing Stock

The project will lead to provision and availability of more quality commercial buildings in Dar es Salaam and to improve the use value environment of the city and region by redeveloping the area and constructing modern buildings that reflects the status of environment of centre of the city.

(vi) Revenue to Government

The project will generate revenue to the government in form of various taxes. Withholding taxes on rent, city levies and corporate taxes will be directly generated from the project as shown in the financial analysis of this study. While payroll taxes, value added taxes on management fees and other forms taxes will indirectly be

generated for the same project. In short, the project will widen tax base of the government.

(vii) Promote contribution of Private Sectors

The project intends to promote contribution of Private Sectors in undertaking public projects through PPP approach and accord government effort of creating conducive environment for people to realize their development by accessing quality and adequate social services.

(viii)Linkages and boosting development of other industrial Sectors

The construction of such multipurpose complex tower will boost development of other industrial sectors like cement, iron and steel, paint and wood industries through consuming and increasing markets demand for building materials such as cement, iron and steel, paints, wood products and domestic appliances. This additional demand for these materials from other sectors will increase market for those sectors hence has positive multiplier effect to the economy.

2.3 Service Delivery

The one stop business complex will offer rental space and shop rooms to vendors for whole sale and retail business. The complex also will offer store spaces for vendors to offload and on loads commodity stocks before put to the shops rooms. There will be office space, social halls and restaurants/bars service in building complex. The building also will offer space to rent for Banks and financial institutions to bring financial service close to users of the building

2.4 Project Beneficiaries and stakeholders

The key stakeholders and beneficiaries are Dar es Salaam Development Corporation, Dar es Salaam City Council (DCC), Dar es Salaam Regional Commissioner Office, Government, Small and Medium Business Enterprisers, The General Public, Private Sector, Ardhi university, Ministry of Local government and Regional Administration Ministry, and Regulatory agencies like NEMC, PPRA and PPP center

2.5 Project Needs for Public -Private Partnership

DDC Kariakoo buildings were built in 1970s of which today are relative old and operates at diminishing returns state return despite being located at prime area and the heart of strategic business centre in Dar es Salaam City. The main building has developed fractures and some of structural members elements (Beams and columns) were removed hence need to undertake immediately action by constructing and renovating the building. The social hall building is covered with asbestos which are hazardous and its original function of selling Chibuku beer is no longer in use. Generally the area currently is running rudimentary business that generates negligible profit margin despite being located at strategic business centre and the heart of Dar es Salaam City.

2.6 Project Needs For the project Public -Private Partnership

PPP approach is best in undertaking this large one stop business complex building due to the following reasons:-

(i) DDC lucks sufficiency fund to finance large investment projects

The construction of that large modern ones top business complex building having 8 floors covering large area like that of DDC Kariakoo require big capital above TZS 36 billion of which DDC do not have.

(ii) DDC have no collaterals suitable for large loan

DDC collaterals are relative less value than requirements of financial institutions in offering large loans.

(iii) Risk transfer and apportion

Taking into account size of project and risk for DDC full finance it is better to apportion the risk by entering into PPP with investors.

Therefore, based on the above reasons PPP approach is the best to undertake this investment. The best PPP model is BOT which government has no risk so long the private part has full responsibility of financing construction of building, operating the project and at agreed time of 25 years transfer the building to DDC

2.7 Project Administration and Institutional Capacity in PPP

DDC locally has long experience in PPP model where has constructed one storey commercial building with private part called Jambo Freight in 2008 in BOT model. However taking into account the size of project, DDC has appointed Ardhi University the government entity specialized in land and building construction to be consultant that guide on project preparation, structuring, implementation, monitoring and evaluation of on the side of DDC. DDC based on the past experience selected the Build, Operate and Transfer (BOT) model of PPP in order government to have zero risk and after 25 years of PPP contract DDC a hundred percent own that one stop business complex building and enjoy full financial profit generated in the venture. The BOT entered also inquire Private part to provide dividend rent amounting to 2.5 billion to DDC per annum increasing at 15% after 5 years interval.

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CHAPTER THREE

TECHNICAL ASSESSMENT

Technically designing of this one stop business complex is feasible and geotechnical investigation conducted reveal the construction of storey building of that nature is possible. To suit with geotechnical investigation the architectural and structural drawings take into account the result of geotechnical investigation. The technical design undertaken to generate outputs intended as following:-

3. 1 Project Structure Design

The one stop Business complex structure is describing the building size and wings horizons arrangement in respect to business services targeted.

3.1.1 The Project Tower Size

The business complex tower project will have 6 storey and underground basement floor. The tower will beneath the full size of the Plot and provide a gross floors area of square feet 42,260**.**

3.1.2 The Tower Wings

The building will have two view wings. One wing will be the front view towards Msimbazi Street and another wing will be back view. The front view wing is designed and will be decorated with shining material and mirrors to attract attention of office to let for Banks and high profile organizations. Each floor is designed to provide specific business service based in market and customers preferences.

3.1.3 Services Available

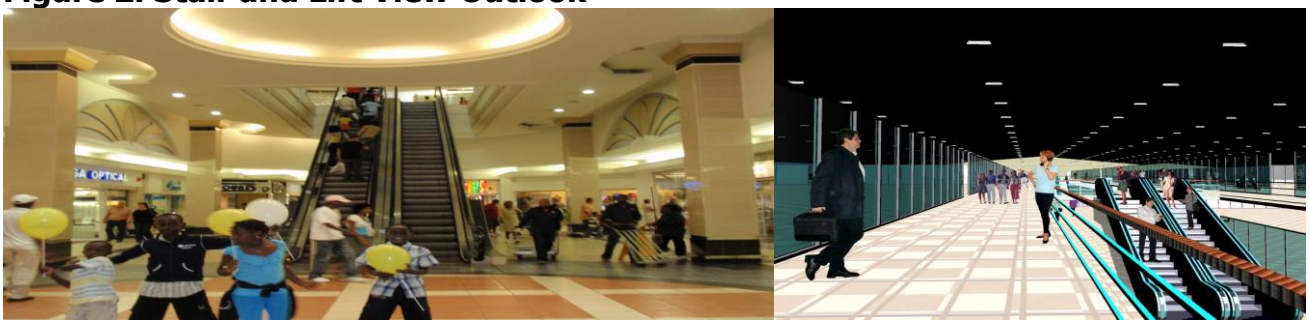
- **Electricity Power from TANESCO and Modern Backup Standby Generator**
  The building will be saved with electricity power from TANESCO grid service. However the tower also will be connected with modern standard generator to ensure electricity power is available all hours in case of any emergence from TANESCO electricity
- **Water Service from DAWASCO and Water Well**
  The building will be connected with DAWASCO water service which is the reliable source of water in Dar es Salaam. There will be also Independent Water Well and Ample Water

Tanks to keep water and provide water service in case of any emergence when DAWASCO water is not available.

- **High Speed Lift and Stairs**

  Two high speed Lifts and large stairs will be available at the main entrance in Msimbazi and Kongo streets for easy movement of customers to access the upper floors. On the other side the stair will be connected from underground floor to third floor to smooth movement of customer to access shops service in those floors.

Figure 2. Stair and Lift View Outlook



Source: Feasibility Study DDC Kariakoo 2023

- **Automatic Fire Protection**

  The building will be fixed with advanced fire machine that automatic detects fire and gives alert.

- **CCTV Cameras**

  Floor entrance will be installed with a closed circuit television (CCTV) cameras and timer management software in entry and exit points**.**

- **Large Screen TV For Directions**

  Large screens showing directions of businesses offered in each floor will be fixed in each main entrance

- **Road accessibility**

  The project is accessible through four streets of Mhonda, Narung'ombe, Kongo and Msimbazi. The access through Bus Rapid Transport (BRT) is available as the Kariakoo Msimbazi bus station is opposite the site.

3.2 The Project Business Components Design

The tower is structured to accommodate variety of businesses like retail and wholesale shops, malls space, banking halls, stores and godowns, office space, restaurants/bar car and entailment social hall.

A. Shopping Business Component

Shopping including whole and retail sales shops will be the major project component in the tower covering four floors from basement to third floor. Basement, ground and first floors each accommodate 120 shops while second floor and third floor are designated for mall shops each floor accommodating 18 mall spaces. In each floor there will be a big entrance veranda of 5 meter wide from Msimbazi to Kongo street so as to allow movement and access to shops located alongside the main entrance door and veranda. There will be grid pathways entrances from Narung'ombe to Mhonda Street to allow movement and access of shops located alongside the grid pathways. The upper shop floors will be circulated with walking balcony towards all streets side and connected by lift and stair to smooth movement and access of customers to the upper floors.

Figure 3. Mall Shops Components Outlook

Source: Feasibility Study DDC Kariakoo 2023

B. Stores and Godowns Business Component

The store and godowns business component is located in fourth and part of fifth floors. The size of store/godown is same with mall space hence each floor will provide 18 store/godown space to allow alternative use for malls depending on demand level. This business component is located immediately above shops floors for easy off and on loading cargos to the stores.

Figure 4. Stores and Godowns Component Outlook

Source: Feasibility Study DDC Kariakoo 2023

C. Office and conference halls component Outlook

These business segments is designated in part of fifth floor cover in the wings towards Msimbazi. It is expected 9 out of 18 spaces in fifth floor will be for office and or conference hall.

Figure 5. Office and Conference Hall Component outlook

Source: Feasibility Study DDC Kariakoo 2023

D. Restaurant and Bar service component Outlook

Restaurant and bar service are designed to be located at sixth floor accommodating mixing with social hall services. Bar and restaurant service is anticipated to cover 5 spaces out of 10 spaces in the sixth floor.

Figure 6. Restaurant and Bar Component Outlook

Source: Feasibility Study DDC Kariakoo 2023

E. Social Halls Business component

These entertainment business services is designed to be logged out with restaurant and bar service component in the sixth floor. The social hall service is anticipated to occupy 5 spaces out of 10 in the sixth floor. The social halls will have other multiple entertainment service like night club and casino services, cinema hall, live music hall, huge TV-screen and children indoor games will be available in this entertainment floor.

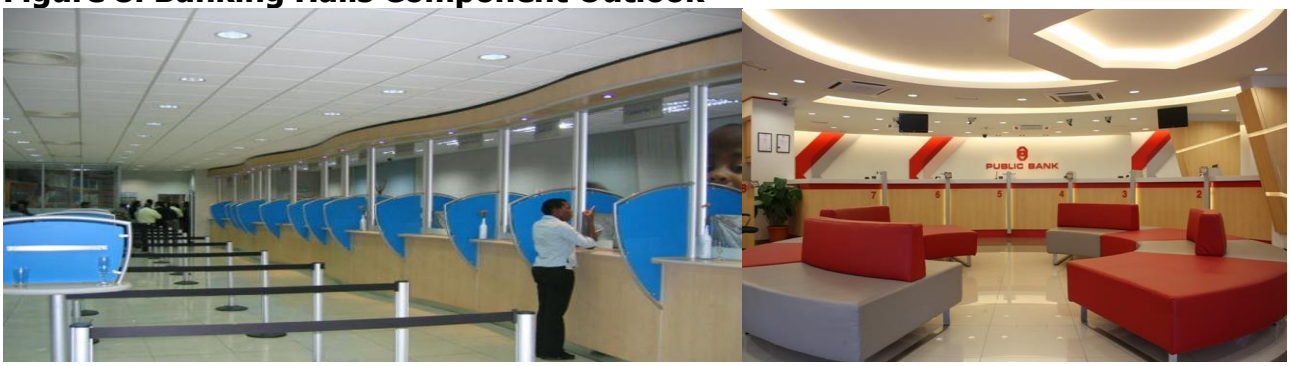
Figure 7. Social Hall Component Outlook

Source: Feasibility Study DDC Kariakoo 2023

F. Banking Hall Services

The banking Halls Services will be available in the second floor towards Msimbazi and Mwendokasi Street. There will be small rooms alongside banking halls to accommodate Automatic Teller Machine (ATM) services.

Figure 8. Banking Halls Component Outlook



Source: Feasibility Study DDC Kariakoo 2023

3.3 Summary of the Project Business Components

The project is structured to offer shopping business, store and godowns business service, office and conference halls, restaurant/bar service and social hall service and banking service composition. The summary of the project structure and business components is presented in the table 1 below.

Table 1. Structure and Business Composition Design

S/N	Business Component	Building Floors
1	Shopping business service	Basement, ground, first,
2	Shopping Mall	Second and third
3	Store and godowns business service	Fourth and part of fifth floor
4	Office and conference hall	Part of Fifth floor
5	Social hall, restaurant and bar service	Sixth floor
6	Banking Service	Part of Front Wing -second floor

Source: Feasibility Study for DDC Kariakoo 2023

Table 1 above indicates that shopping and mall component is the biggest business composition in the tower occupying 5 floors followed by store/godown component that occupy nearly 2 floors. Social hall and restaurant/bar occupy one floor while banking service is adjoined in the second floor and office space is adjoined in fifth floor.

Generally technical design of the project is feasible to construct that first ever one stop business complex in Kariakoo offering multiple business components as presented above. The architectural design is attached in annex v

CHAPTER FOUR

ECONOMIC ASSESSMENT

The project will have multiplayer effect to the economy of the national and community at large. The overview of economic effect of the project area are:-

4.1 Commercial Building Sector background

The project is commercial building hence fall under the commercial and construction sector. Commercial and construction sectors contribute 1.5 trillion TZS to Tanzania Gross Domestic Product[4]. Commercial and construction sector is sensitive to inflation that affect construction raw materials hence delay in the construction might have adverse effect on cost of investment thereby alter viability of the project.

4.2 Commercial Building Sector Assessment

The commercial and construction sector is among sectors that growing steadily in Tanzania attracting many investors to enter to the business. The project will add stock to the commercial building sector by creating largest modern one stop business complex in Kariakoo Dar es salaam which is the economic hub and the Tanzania national gateway for international business through the Dar es Salaam Harbour and Airport.

4.3 Project Demand

The market survey conducted in selected commercial building shows that there is large market demand for business components.

4.3.1 Overall Market Demand Size for the Business Components in the Area

Kariakoo is the heart of Market in Dar es salaam City and Tanzania where vendors from neighbour countries and upcountry regions meet and trade. The interaction of business in this area is attributed by several factors one Dar es Salaam being the Tanzania national gateway for international business through the Dar es Salaam Harbour and Airport which facilitate importation of commodities from abroad. The Dar es Salaam city also is the national economic skeleton playing an important role of supplying goods from and to periphery upcountry regions and neighbour landlocked countries. About 5.38 million people

[4] Bank of Tanzania in its report of 2021/2022

live in Dar es Salaam as indication of market size in Dar es Salaam and Kariakoo area[5]. The region also is the Tanzania national diplomatic centre where most of diplomatic headquarters offices are situated adding patentability of market demand size in Kariakoo.

The increasing inflow of population and customers from neighbour countries like Burundi, Congo, Rwanda, Zambia and Sherisheri people who use Kariakoo market and import goods from manufacturer countries like Dubai, Thailand, India, China, Japan, England, Italy and others make Kariakoo exceptional place for business. Kariakoo area is regarded as highest money circulation and business place in Dar es Salaam and Tanzania.

4.3.2 Market Demand by streets in Kariakoo

The market survey conducted in commercial buildings in some streets of Kariakoo reveal there is high market demand for commercial building offering the business of shop rooms, business space, store, office, restaurant, social halls and space for banks where occupancy rate range from 80% to 100%. The occupancy rate and demand for a place for doing business in Kariakoo area is almost a hundred percent with empirical evidence from Kariakoo business buildings as shown in Table 2 below.

Table 2. General Occupancy Rates for Shops/Store/Banks/Restaurants and office Commercial Buildings in Kariakoo

S/N	Name	Location Street	Uses	Occupancy Rate %
1	Raha tower	Kongo	Offices, shops, apartment	99%
2	Ushirika tower	Lumumba/Kipata	Offices, bank, offices	99/%
3	Summit tower	Lumumba/Uhuru	bank branch and shops	80/%
4	West lake	Livingstone/Mahiwa	Shopping, stores, apartment	100/%
5	DDC Kariakoo	Mhonda/msimbazi	Shops. Banks, Restaurant/bar and office	100%
6	Tosh Travel and tower Ltd	Sikukuu/Kariakoo	Shops, stores and apartment	90/%
7	Discount centre	Udoe/Swahili	Shops, stores and apartment	100/%
8	China (Mobile) plaza	Uhuru/Muheza	Mobile Shops and offices	80/%
9	Greenleaf Tower	Lumumba/Mkunguni	Bank, stores	88/%

Source: Feasibility Study DDC Kariakoo Survey 2023

[5] Tanzania population and house census 2022

4.4. Economic Benefits

The project has economic benefit to the community and nation at large like:-

(i) Support Employment Creation and income generation

The project will create employment and generating income to the community both during construction and at an operational stage. The job opportunities mainly will be for small and medium business enterprises who will get shop rooms and spaces for operating their business

(ii) Provide Entertainment service

The project also provides places and social halls for organizing entertainment functions thereby enhance welfare of people

(iii) Widening Tax Bases and render public service

The project will generate revenue to the government in form of various taxes that in return used in development of public service like transport, health and education infrastructure which create welfare environment for people.

4.5 Economic Cost

The projection of cost has two outlooks one being the cost for investment building construction and the other is estimate for operation cost for 25 years viability time after the building is completed and operations kick off[6].

4.5.1 Investment Cost

The investment cost for the construction of this one stop business complex covering the whole block within four streets with height of six storey and basement floor is TZS **36,704,975,460.** The investment cost includes measured work, general condition and preliminaries, prime cost to statutory authority and external work[7]. The element and composition of the investment cost is entailed in the BOQ which is part and parcel of the feasibility study therefore more information about cost can be referred to the BOQ document. Pre-construction and consultant work cost entail TZS **550,000,000** hence total investment cost is TZS **37,254,975,460**

[6] The viability time is a maximum time for Bank or other strategic investor in PPP model to operate the project and recover the loan or capital invested and which after such period has to transfer the project to DDC.

[7] Specification and further detail of investment cost aspect can be viewed in the Bill of Quantity (BOQ) as part of feasibility Study and consultant undertaking

4.5.2 Operation Cost

Operation cost includes management and administration expenses, maintenance and repair, insurance and utility expenses. The general rule of thumb in rental property investment appraisal consider a range of operation cost between 35% and 45% of revenue. This study found the total operation cost including government Taxes to be TZS **2,684,529,500** per annum [8] which is about 37% of revenue. The detail of operation cost components is hereunder described.

i. Management and administration Cost

Tosh will maintain a management and administration team to overlook the operations of business complex like sourcing suitable and reliable tenants, obtaining references and conducting credit checks on potential tenants, preparing the tenancy agreement, organising and managing the collection of the tenant's deposit, collecting the rent from tenants, providing tenants with notice at the end of the tenancy, re-letting the property as quickly as possible and evictions. The management and administration cost entail personnel expenses related to the project, consultant services and administration cost like motor vehicle fuel and the stationaries cost. This cost is assumed to be equal to charge of property management agent rated from 6% to 10% of revenue. This study consider management cost to be 8% of revenue which is TZS 587,587,200.

ii. Maintenance and repair expenses

The maintenance and repair expenses of machine like lift, air conditions, generator and electrical installations, as well as maintenance of business complex building including painting colour and cleanness is part of operation expenses. Normally, as a rule of thumb for maintenance and repair, expenses should range from 1% to 2% of the building value depending in size and age of building. This study assumes 1.5% building value yielding TZS 55,500,000 as average throughout 25 years

iii. Insurance expenses

The business complex building shall be insured to secure the property include machine like lift and generator. These costs include the annual insurance premium paid for the property. The house insurance cost form 0.2% to 0.6% of total value of house and this study assume 0.4% yielding TZS 146,819,901

[8] Total operation cost is detailed in cost and revenue analysis annex attached at end of this paper

iv. Utilities expenses

Utilities expenses like sewage service, garbage collection, water bills and electricity charge for air condition and lift are operating expenses that will be incurred. Take note that utility expenses relate to tenants or occupants are not part of operation cost. The general rule of thumb is that utility cost should be between 5% to 10% of revenue. This study consider utility of 5% of revenue yield TZS 367,242,000 so long tenants will bear their utility cost.

v. Taxes and levy Payable to the government

This cost component include tax payable to the government include withholding tax and corporate tax as well as leavy charge to local government. Total tax and government levy charge is TZS 1,527,380,399.26 per annum[9].

Table 3. Projected Operation Cost and Tax payable to government Per Annum

S/N	Element	Cost in TZS
1	Management and administration Cost	587,587,200
2	Maintenance and repair expenses	55,500,000
3	Insurance expenses	146,819,901
4	Utilities expenses	367,242,000
5	Taxes and Levy payable to the government	1,527,380,399
	TOTAL	**2,684,529,500**

Source: Feasibility Study DDC Kariakoo 2023

4.5.3 Total Project Cost

The total project cost entails the investment cost and operation cost of the project at first year of operation. This overall cost is presented in table 4 below.

Table 4. Total Projected Cost of the Investment as end of Year1

S/N	Element	Cost in TZS
1	Investment Cost	**37,254,975,460**
2	Annual Operating cost	**2,684,529,500**
	TOTAL	**39,939,504,960**

Source: Feasibility Study DDC Kariakoo 2023

4.6 Project Performance

The project performance describe revenue generated and economic return as well as cost benefit analysis of the building business segments in all floors from basement to six floor.

[9] Tax analysis is computed in cost and revenue annex attached at the end of this report

4.6.1 Revenue from traditional Shops Size Business Segment

This is the major component of the project taking three floors from basement to 1st floor. Basement has 122 shops while 1st and 2nd floor each provides 120 shops. Based in market survey an average rent for traditional shop in Kariakoo streets in basement floor is TZS 1,000,000 per month with occupancy rate of 98% while rent in ground floor for shops facing streets is TZS 2,000,000 with occupancy rate of 100% and inside shops rent is TZS 1,500,000 with occupancy rate of 98%. Shop's rent in first floor per month in average is TZS 1.000,000 with occupancy rate of 98% based in market survey[10]. In this case total revenue anticipated to be generated from traditional shops business components per month is TZS 440,060,000 and per annum is TZS 5,280,720,000. More details is in ANNEX I attached with this report.

4.6.2 Revenue from Mall Shops and Bank Space Business Segment

This business segment occupies 2 floors the second and third floor. The size of mall shops or Bank space is nearly equal to 6 traditional shops and each floor will provide 18 mall shops and/or bank space. Based in market survey a room size of traditional shop in second floor is TZS 500,000 per month with occupancy rate 96% and in third floor is 400,000 per month with occupancy rate of 95%. Thus one storage/godown space or office space is TZS 54,000,000 in the second floor and TZS 43,200,000 in third floor per month. Hence the amount of revenue anticipated from mall shop business segment is TZS 92,880,000 per month and per annum is TZS 1,114,560,000

4.6.3 Revenue from Storage/godown and Office Halls

Storage/godown and office space will occupy 2 floors the fourth and fifth floor. The size of mall shop or Bank space is nearly 6 traditional shops and each floor will provide 18 storage/godown space and/or office space. Based in market survey a room size of traditional shop in second floor is TZS 350,000 per month and in third floor is 300,000 per month which means one storage/godown space or office space is TZS 37,800,000 in the fourth floor with occupancy rate 95% and TZS 1,800,000 in fifth floor with occupancy rate 95%. Hence the amount of revenue anticipated from storage/godown and/office business segment is TZS 66,690,000 per month and per annum is TZS 800,280,000.

[10] Market survey under this feasibility study gives detail information on the rents charges for traditional shops in Kariakoo streets

4.6.5 Revenue from Restaurants, Bar and Social Halls

There will be 10 rentable space for restaurant/bar and/or social hall at the terrace floor. The average rent per month for space of restaurant/bar or social hall in sixth floor at terrace is TZS 1,500,000 with occupancy rate of 96%. Hence the overall total projected revenue from this component per month is TZS 14,400,000 and per annum 172,800,000.

Table 5. Projected Investment Revenue

S/N	Business Component	Number	Annual Revenue
1	Traditional Shops at basement, ground and 1st floor	362	5,280,720,000
2	Mall shops and/or Bank space at 2nd and third floor	36	1,114,560,000
3	Storage and Godowns and/or office at 4th and 5th floor	36	800,280,000
4	Restaurant/ Bar and social hall at sixth floor in terrace	10	172,800,000
	TOTAL		7,368,360,000

Source: Feasibility Study DDC Kariakoo 2023

The investment project revenue for first year of operation is TZS 7,368,360,000 before tax and assumed to raise by 15% after each 5 years interval.

Table 5. Project Performance for 25 Years of PPP

YEAR	REVENUE	COST	NET INCOME
0	-	37,254,975,460	-37,254,975,460
1	7,368,360,000	2,684,529,500	4,683,830,500
2	7,368,360,000	2,684,529,500	4,683,830,500
3	7,368,360,000	2,684,529,500	4,683,830,500
4	7,368,360,000	2,684,529,500	4,683,830,500
5	7,368,360,000	2,684,529,500	4,683,830,500
6	8,473,614,000	3,087,208,925	5,386,405,075
7	8,473,614,000	3,087,208,925	5,386,405,075
8	8,473,614,000	3,087,208,925	5,386,405,075
9	8,473,614,000	3,087,208,925	5,386,405,075
10	8,473,614,000	3,087,208,925	5,386,405,075
11	9,578,868,000	3,489,888,350	6,088,979,650
12	9,578,868,000	3,489,888,350	6,088,979,650
13	9,578,868,000	3,489,888,350	6,088,979,650
14	9,578,868,000	3,489,888,350	6,088,979,650
15	9,578,868,000	3,489,888,350	6,088,979,650
16	10,684,122,000	3,892,567,775	6,791,554,225
17	10,684,122,000	3,892,567,775	6,791,554,225
18	10,684,122,000	3,892,567,775	6,791,554,225
19	10,684,122,000	3,892,567,775	6,791,554,225
20	10,684,122,000	3,892,567,775	6,791,554,225
21	11,789,376,000	4,295,247,200	7,494,128,800
22	11,789,376,000	4,295,247,200	7,494,128,800
23	11,789,376,000	4,295,247,200	7,494,128,800
24	11,789,376,000	4,295,247,200	7,494,128,800
25	11,789,376,000	4,295,247,200	7,494,128,800
TOTAL	**239,471,700,000**	**124,502,184,210**	**114,969,515,790**

The project performance shows the project has acceptable performance by generating large revenue than cost hence yield benefit-cost ration greater than one which by general rule of thumb conclude the project is economic viable. The project also reveal a large economic rate of return as without the project the area generates only around TZS 1.8 billion while with project the area generate around TZS 7,368,360,000 with other economic benefits to the community and nation at large.

CHAPTER FIVE

COMMERCIAL ANALYSIS

5.1 Project Structure

The project is structured in a manner that the private part, Tosh will be the financier of the project hence will assume all financial management of the project employ its financial management system and staff with outstanding experience in managing rent collections and financial management. Tosh also will be responsible for paying dividend rent to DDC effectively from the starting date of operation. Tosh will use its fund source to finance the construction of the project building and structures. The anticipated source of fund include:-

(i) Own Source of fund Model

Under this strategy Tosh will use its bank reserve and own source to finance the project. Own source of fund is certain but also the fund can be used as security in getting extra fund from financial institutions.

(ii) Loan from Financial Institution and Banks

Certainly Tosh will use loan from financial institution to finance the project. The Project financing financial institutions available from Banks within Tanzania, and abroad financial Institution s like East African Development Bank, African Development Bank, World Bank International Finance Corporation (IFC) and the overseas Private Investment Corporation (OPIC). Other banks that provide project financing in Tanzania are International Bank for Reconstruction and Development (IBRD) which makes long-term loans at market-related rates primarily to developing nations and international Development Agency (IDA) that provide soft loan window of the World Bank is investing in Tanzania's real estate and construction sector.

(iii)Corporate Finance

This may be secured against all or any of the assets of the Corporation, by way of fixed and, or floating charges. Under this arrangement, a developer asks for a loan through mortgage transactions. Tosh qualify for Corporate (Mortgage) Finance, since have assets

worth more than 66% of the Project Costs. These assets are legally registered.[11] It is normal for only $^2/_3$ of the value of the completed scheme to be advanced by the lender to the borrower. In addition, interest charges may well exceed project income for some considerable time making it impossible to service the debt.

5.1.2 Business Operation Strategy

The strategies to be taken under the competitive market environment include quality strategy, supporting service strategy, price strategy and advertisement strategy. The strategy will support Tosh marketing objective of attracting new tenants to overcome competitors' buildings

Quality Strategy

The quality strategy in designing one stop business complex will attract tenants to rent the building. The strategy will bring potential customers to rent for long term lease hence maintain occupancy rate at high percentage

Supporting Services Strategy

- **Lifts Services:** Most tenants prefer provision of a range of lifts or elevators that stop in specifically designed alternative floors instead of stopping on every floor
- **Power Back-up:** Electricity supply is currently not guaranteed and therefore it calls for provision of alternative power supply during power cuts. Commercial buildings have to provide backup and adequate power source that is able to run office equipment and lift.
- **Public Conveniences:** These include wash rooms that are provided with adequate water and proper drainage at all times. Other facilities include pantry and stores for the offices and the maintenance caretaker. It is important that the building should be equipped with adequate water storage tanks and if possible have its own source of water.
- **Security Facilities:** Effective security facilities are no longer a luxury but a necessity to may high profiled businesses, multilateral organizations and multinational companies. This should be facilitated through installation of secure doors and windows and other structural considerations that will ascertain the security

[11] In Tanzania, mortgage is a disposition, which under the Land Act, 1999 under Section 112(1) is defined as an interest in a right of occupancy or lease securing the payment of money or money's worth or the fulfilment of a condition and includes a sub-mortgage and the instrument creating a mortgage

of the building. The Property Management firm will have to ensure that well trained and reputable security firms are contracted to provide the manpower and security gadgets for this purpose. The structure and architecture of the building should so be designed as to allow for adequate lighting from natural sources, while ensuring that the building is properly lit at night. Provision of smoke detectors, adequate fire-fighting equipment and fire escape outlets are equally important features that should be taken into account when constructing commercial buildings.

- **External Ambiance:** Increasingly, businesses are placing considerable premium on their corporate image. The location and the surroundings of Re-Development of DDC Kariakoo have to be well planned and responsive to environmental considerations.

Price Strategy

Tosh will apply multiple approaches to win market and outset other firms through setting competitive price to win the market competition as a fundamental parameter that determine customer choice in renting. The price model examines the interdependence between rivals' decisions in terms of pricing decisions. The assumptions of the model are firms in the market produce homogenous goods, products are perfect substitutes, firms set prices simultaneously and each firm has the same constant marginal cost.

Therefore strategic price model involving fixing rent charges below the prevailing market price particularly at the time when building is opened to attract attention of customers. After the building being familiar and upon critical market analysis at that time the price can be raised to be at equilibrium market demand.

Advertising Strategy

Tosh management will ensure the services offered in the building complex are advertised to promote the building and call attention of customers from all corners to ensure a hundred percent occupancy rate.

5.2 Proposed PPP Model

The PPP model under this project is Building, operating and transfer where the Private Part (TOSH) will finance the project at all stages from preparation of feasibility to the construction and operation.

5.2.1 PPP Model during Construction Phase

The management of construction of the project building will be done in partnership between DDC and Tosh Logistic. Tosh will have the overall responsibility of constructing the building through authorized construction company and engineers. DDC team will have responsibility of checking and supervising the construction process. Tosh will manage the construction to ensure the building meet all standard set in project drawings and Bill of Quantity while DDC will have responsibility of verifying and supervising the construction at all stages.

5.2.2 PPP Model during Operation Phase

Operation phase is categorized into to stage the general operation management and paying dividend to DDC inform of rent

5.2.3 General PPP operation management

Tosh will have full management responsibility of project during operation phase to ensure revenue are collected. Typically Tosh stand as owner of the property and collect rents from the tenants who are renting it and are often responsible for:-

- Advertising the project property and business component offered in the tower to potential tenants
- Sourcing suitable and reliable tenants for the property
- Accompanying potential tenants to view the property
- Obtaining references and conducting credit checks on potential tenants
- Providing information on the latest safety regulations
- Preparing the tenancy agreement
- Organising and managing the collection of the tenant's deposit
- Preparing the inventory and conducting a state of repair assessment on the property
- Checking in the tenant and agreeing the inventory
- Collecting the rent from the tenant

- Managing and arranging any necessary repairs
- Inspecting the property periodically and feeding back any comments to DDC
- Providing tenants with notice at the end of the tenancy
- Re-letting the property as quickly as possible and minimising any down-time
- Dealing with legal aspects of the tenancy and property, including evictions, non-payment, harassment or problems with squatters

5.2.4 PPP Model for Paying Dividend to DDC inform of rent

Under this approach Tosh will have responsibility of ensuring dividend inform of rent amounting to TZS 2,500,000 is paid to DDC each year. The dividend rent is assumed to increase by 15% after each 5 years interval and normally will be issued at initial month of particular year.

5.2.5 PPP Model after transferring the building to DDC

After Tosh operate the building for 25 years, then immediately after last month Tosh will hand over the building to DDC and tenants will be liable to pay full rent to DDC in accordance with standards of amount of rent acceptable for DDC. At this time DDC will enjoy full rent revenue but also will own asset with total value of equally to TZS 36,704,975,460 investment cost injected by Tosh company.

5.3 Risk Identification and allocation

The PPP model to be employed is BOT where private part will be responsible for financing the project and build, operate and transfer the project to DDC in that case the contracting authority risk is zero. The risk allocation among the PPP parts is presented in the table 7 below.

Table 7: Risk allocation

SN	Risk stage	Financier	DDC Risk %	Tosh Risk %	DDC gain	Tosh gain
1	Preparation stage include feasibility	Tosh	0	100	0	0
2	Construction	Tosh	0	100	Resettlement fund 2 billion per annum	0
3	Operation stage	Tosh	0	100	2.5 billion per annum	1,859,956,398

5.4 The Output and Service to be delivered

The services anticipated from the tower accommodate variety of businesses like retail and wholesale shops, malls space, banking halls, stores and godowns, office space, restaurants/bar car and entailment social hall. The number and size of each service is shown in technical design section.

5.5 Project Revenue

The revenue of project will be from renting of output and services to be delivered which in total per annum all business component yield revenue amounting to TZS 7,368,360,000

5.6 Payment Mechanism

Payment mechanism of this investment will be through tenants who will rent in the business complex. Tenants will pay rental charges to Tosh that has responsibility of paying dividend rent to DDC.

5.7 Asset/Facilities handover

Tosh will be responsible for construction of the business complex building, operating business for 25 years and there after transfer the building and facilities to DDC

5.8 Market Sounding

The market for business segments that will be offered include shops and commercial spaces, bank halls, stores/godowns, company/international offices, bar and restaurant's, social and conference halls are shown below:-

5.8.1 The Demand for Shops and Commercial space

The project location is considered as the place with highest market demand for shops particularly shops for clothes, shoes and ornaments. Three streets of the project area are the center for shops business where Kongo and Mhonda Streets are dominant for clothes business. Narung'ombe streets are famous for Shoes related business where customers from upcountry regions collect bulk of shoes products.

In general, Kariakoo is center for shops business where both retail and wholesale business take place. The occupancy rate for shops in Kariakoo is a hundred percent drawing a picture when undertaking investment aiming in supply shops service its demand is apparent a hundred percent. Table 3 shows rents for shops and retail space in Kariakoo Dar es

Salaam along the traditional retail trade streets like Narung'ombe, Uhuru, Kongo, Msimbazi, Swahili, Mchikichi, Aggrey, Livingstone, Mkunguni and Sikukuu streets.

Table 8. Rents for Traditional Retail Shops at Kariakoo Ranging from 10M^2 to 20M^2

S/N	Street Name	Monthly Rents Per Room in TZS	
		From	To
1	Narung'ombe street	1,000,000	2,500,000
2	Uhuru street	1,000,000	2,000,000
3	Kongo street	1,000,000	2,500,000
4	Msimbazi Street	1,000,000	2,000,000
5	Swahili Street	500,000	1500,000
6	Mchikichi Street	500,000	1,500,000
7	Aggrey Street	450,000	1,200,000
8	Livingstone Street	450,000	1200,000
9	Mkunguni Street	400,000	1,200,000
10	Sikukuu Street	400,000	1,200,000

Source: Feasibility Study DDC Kariakoo Survey 2023

Table 8 above indicates that a traditional shop room normally is rented per room not per meter square. The general range of rent per shop per month is TZS 400,000 to 2,500,000 depending with street location and whether it is inside or outside shops room

5.8.2. The Demand for Banks Hall and International/Company Office

The demand for banking services and office to let is feasible alongside Msimbazi and BRT road (Mwendokasi). Tenants for high quality space can be divided into five groups as follows:-

(a)Local institutions like commercial banks, insurance companies, and international airlines are potential anchor tenants of the proposed office space.

(b) International organisations including foreign firms and United Nations institutions.

(c)Local and foreign retail firms and individual companies dealing with fast moving consumer goods, household, industrial and general merchandise.

(d)Consulting firms and professional service oriented firms. This group tends to locate itself outside the CBD and only a handful of consulting firms are to be found in the CBD office space.

(e)Mall shops and Supermarket rooms

5.8.4 The Demand for Storage and Godowns Services

The demand for storage and godown is high in Kariakoo area particularly within most busy

business streets like Narung'ombe, Kongo and Mhonda streets where the project is situated. The survey revealed almost 95% occupancy rate for buildings with stores in those busy streets as presented in table 9 below.

Table 9. Demand for Storage and Godowns

S/N	Name	Location	Uses	Occupancy Rate for store %
1	DDC Kariakoo	Msimbazi/Mhonda street	Shops, store, office restaurant/bar	95%
2	West lake	Livingstone/Mahiwa street	Shopping, stores	95/%
3	Tosh Travel and tower Ltd	Sikukuu/Kariakoo street	Shops, stores	90/%
4	Nyamigogo Motorcycle parts	Swahili/sikukuu street	shops, stores	95/%
6	Discount centre	Udoe/Swahili street	Shops, steres	90/%
7	SK Marabeja House	Uhuru/Muheza street	Shops, stores	95/%
8	Nikon House	Uhuru/kongo street	Shops, stores	100/%
9	Zaadiha House	Uhuru street	Shops stores	95/%
10	Greenleaf Tower	Lumumba/Mkunguni street	Bank, stores	90/%

Source: Feasibility Study DDC Kariakoo Survey 2023

5.8.5 The Demand for Social and Conference Halls

There is high demand for event social halls in Kariakoo like Dance Music halls, Function Halls and Conference halls. The main events for which the function halls are hired include:

- Weddings
- Concerts and live band performances
- Meetings, conferences and public addresses

5.9 Expected Market Readiness

There are investors other than Tosh who are ready to enter into PPP approach of investment with DDC but they prefer other models not BOT. Those investors want 50% division of income in permanent contract. DDC consider those model not profitable in future generation unlike BOT model that in future the Corporation will get supper profit

CHAPTER SIX

FINANCIAL OVERVIEW

The financial analysis and management describes estimated cost of project, projected revenue, appraisal and sensitivity analysis, financial management and funding strategy.

6.1 Project Cost

6.1.1 Investment Cost

The investment cost for the construction of this one stop business complex covering the whole block within four streets with height of six storey and basement floor is TZS **36,704,975,460.** The investment cost includes measured work, general condition and preliminaries, prime cost to statutory authority and external work[12]. The element and composition of the investment cost is entailed in the BOQ which is part and parcel of the feasibility study therefore more information about cost can be referred to the BOQ document. Pre-construction and consultant work cost entail TZS **550,000,000** hence total investment cost is TZS **37,254,975,460**

6.1.2 Operation Cost

Operation cost includes management and administration expenses, maintenance and repair, insurance and utility expenses. The general rule of thumb in rental property investment appraisal consider a range of operation cost between 35% and 45% of revenue. This study found the total operation cost including government Taxes to be TZS **2,684,529,500** per annum [13] which is about 37% of revenue. The detail of operation cost components is hereunder described.

6.1.3 Total Project Cost

The total project cost entails the investment cost and operation cost of the project at first year of operation. This overall cost is presented in table 10 below.

Table 10. Total Projected Cost of the Investment as end of Year1.

S/N	Element	Cost in TZS
1	Investment Cost	**37,254,975,460**
2	Annual Operating cost	**2,684,529,500**
	TOTAL	**39,939,504,960**

Source: Feasibility Study DDC Kariakoo 2023

[12] Specification and further detail of investment cost aspect can be viewed in the Bill of Quantity (BOQ) as part of feasibility Study and consultant undertaking

[13] Total operation cost is detailed in cost and revenue analysis annex attached at end of this paper

6.2 Project Revenue Analysis

The revenue is estimated based in business segments in all floors from basement to six floor in the terrace roof. The investment project revenue for first year of operation is TZS 7,368,360,000 before tax and assumed to raise by 15% after each 5 years interval. Specifically business segment revenue presented here below.

6.2.1 Revenue from traditional Shops size Business Segment

This is the major component of the project taking three floors from basement to 1st floor. Total revenue anticipated to be generated from traditional shops business components per month is TZS 440,060,000 and per annum is TZS 5,280,720,000. More details is in ANNEX I attached with this report.

6.2.2 Revenue from Mall Shops and Bank Space Business Segment

This business segment occupies 2 floors the second and third floor. The size of mall shops or Bank space is nearly equal to 6 traditional shops and each floor will provide 18 mall shops and/or bank space. The amount of revenue anticipated from mall shop business segment is TZS 92,880,000 per month and per annum is TZS 1,114,560,000

6.2.3 Revenue from Storage/godown and Office Halls

Storage/godown and office space will occupy 2 floors the fourth and fifth floor. The size of mall shop or Bank space is nearly 6 traditional shops and each floor will provide 18 storage/godown space and/or office space. The amount of revenue anticipated from storage/godown and/office business segment is TZS 66,690,000 per month and per annum is TZS 800,280,000.

6.2.4 Revenue from Restaurants, Bar and Social Halls

There will be 10 rentable space for restaurant/bar and/or social hall at the terrace floor. The average rent per month for space of restaurant/bar or social hall in sixth floor at terrace is TZS 1,500,000 with occupancy rate of 96%. Hence the overall total projected revenue from this component per month is TZS 14,400,000 and per annum 172,800,000.

6.3 Financial Viability

The financial viability of the project was determined using parameters in investment cash flow and net present value, internal rate of return, payback period and sensitivity analysis. The IRR was used to gauge return of project on fund invested taking into account

opportunity cost, Net Present Value used to determine profitability of project taking into account future value of money; payback period approach was used to determine the breakeven point and period for the project to recoup. Payback period after interest rate and dividend in form of rent payable to DDC and salvage value under the BOT model.

6.3.1 Investment Cash Flow and Net Present Value (NPV)

The analysis shows that the investment will generates a non-discounted revenue amounting to TZS 66,453,223,429 and incur discounted cost amounting to TZS 61,466,012,742 within 25 years viability period. Therefore, the investment has strong cash flow with positive NPV amounting to TZS 4,987,210,687 within 25 years viability time. Hence based on NPV parameter, this investment is viable to undertake. The detailed discounted cash flow at 12% discounting rate is presented in table 11 below[14].

[14] The investment opportunity cost when the capital is deposited in fixed account generate 12% interest rate per annum

Table 6. Projected Investment Cash Flow and Net Present Value

Period	Discounted Cash Inflow	Discounted Cash Outflow
Year before Operation	0	37,254,975,460
Year 1	6,578,892,857	2,396,901,339
Year 2	5,874,011,480	2,140,090,482
Year 3	5,244,653,107	1,910,795,073
Year 4	4,682,725,988	1,706,067,029
Year 5	4,181,005,347	1,523,274,133
Year 6	4,292,996,561	1,564,076,119
Year 7	3,833,032,644	1,396,496,535
Year 8	3,422,350,575	1,246,871,906
Year 9	3,055,670,156	1,113,278,488
Year 10	2,728,276,925	993,998,650
Year 11	2,753,695,654	1,003,259,507
Year 12	2,458,656,834	895,767,417
Year 13	2,195,229,316	799,792,336
Year 14	1,960,026,175	714,100,300
Year 15	1,750,023,371	637,589,554
Year 16	1,742,811,736	634,962,124
Year 17	1,556,081,907	566,930,468
Year 18	1,389,358,846	506,187,918
Year 19	1,240,498,969	451,953,498
Year 20	1,107,588,365	403,529,909
Year 21	1,091,220,064	397,566,413
Year 22	974,303,629	354,970,012
Year 23	869,913,954	316,937,510
Year 24	776,708,888	282,979,920
Year 25	693,490,079	252,660,643
TOTAL	**66,453,223,429**	**61,466,012,742**
	NPV = 4,987,210,687	

Source: Feasibility Study DDC Kariakoo 2023

6.3.2 Internal Rate of Return (IRR)

The project generates internal rate of return of 14% which is above the opportunity cost rate of 12%. Therefore, IRR parameter has proved that the investment is worthwhile to undertake. The rate is higher than bank fixed deposit rates.

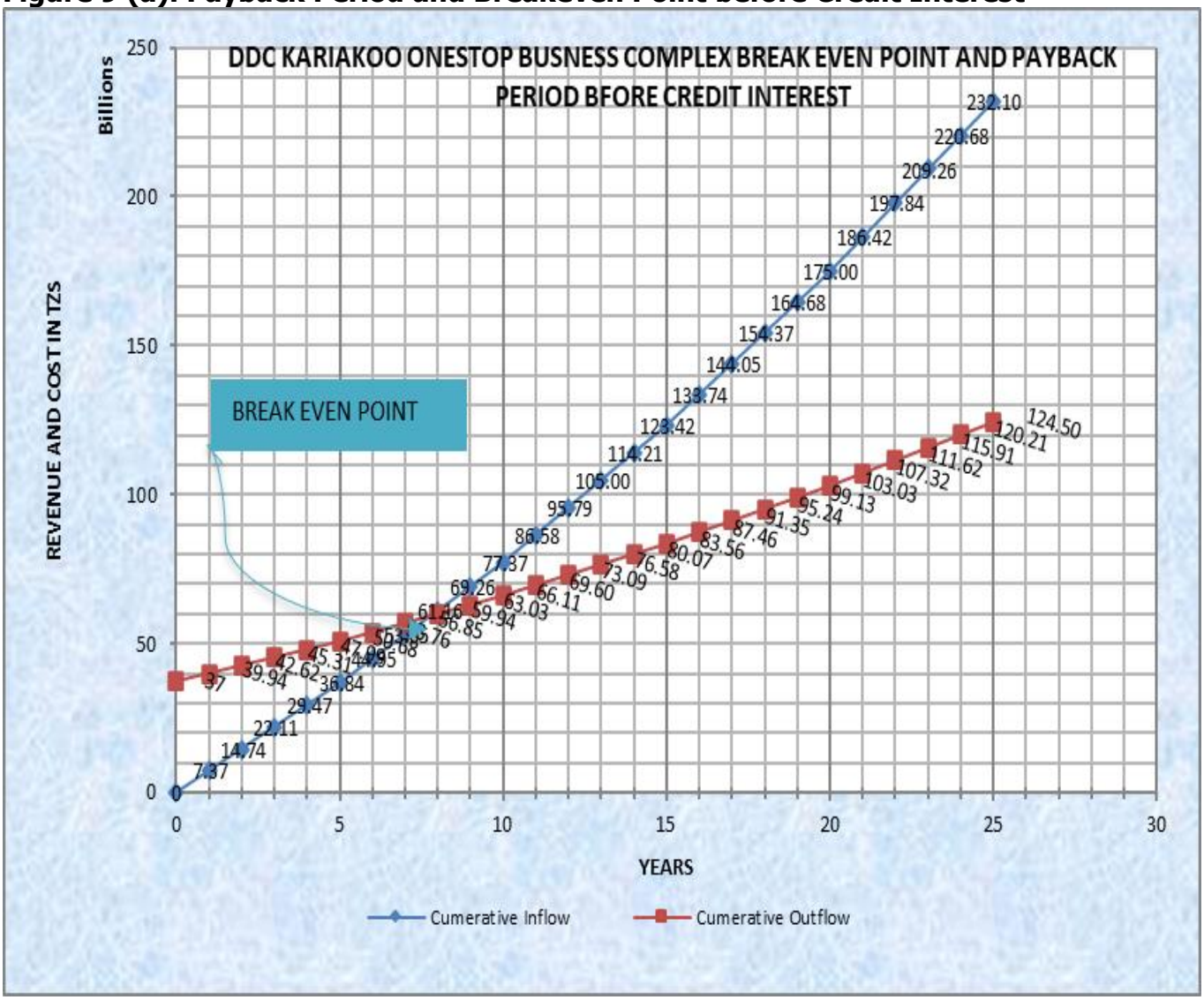
6.3.3 Payback Period and Breakeven Point

The payback period analysis is done before credit, after credit and after investment opportunity cost to get pictorial view the time to recoup investment before and after credit interest analysis

6.3.3.1 Payback Period before Credit Interest

Before credit analysis, the project recoup its initial investment outlay around 8 years which by general rule of thumb is a quicker payback period for long term investment. The project payback period may be regarded roughly as the reciprocal for the internal rate of return when the annual cash inflow is constant and the life of the project is fairly long. The project up to the breakeven point at 8th year will generate total cumulative revenue around TZS 62 billion while cumulative expense is around TZS 60 billion. The pictorial of the breakeven point and payback period is shown in figure 10 below.

Figure 9 (a). Payback Period and Breakeven Point before Credit Interest

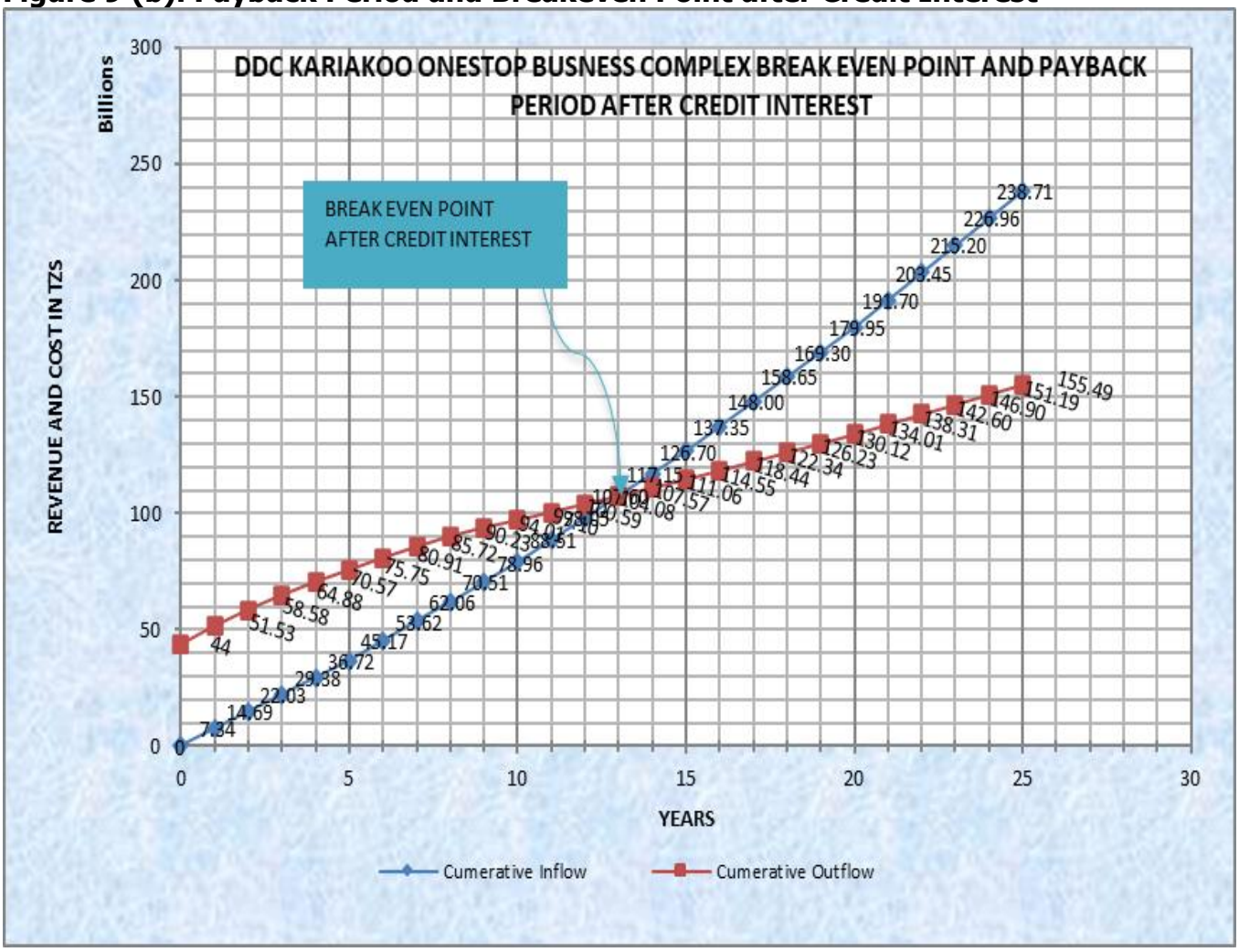


Source: Feasibility Study for DDC Kariakoo 2023

6.3.3.2 Payback Period after Credit Interest

The credit interest is considered 17% of borrowing investment capital and in this study the credit interest is assumed to be a computed through reduced method for a period of ten years. Hence the credit rate will be TZS 8,521,516,811.84 per annum for year before operation and will prevail for a period of 10 years. The credit interest is assumed at reducing rate method of which after consideration of credit interest the payback period of project has shifted to the 13th year. That means the investor will start to enjoy profit in year 14 of operation up to year 25 of PPP period when the building will be transferred to DDC.

Figure 9 (b). Payback Period and Breakeven Point after Credit Interest

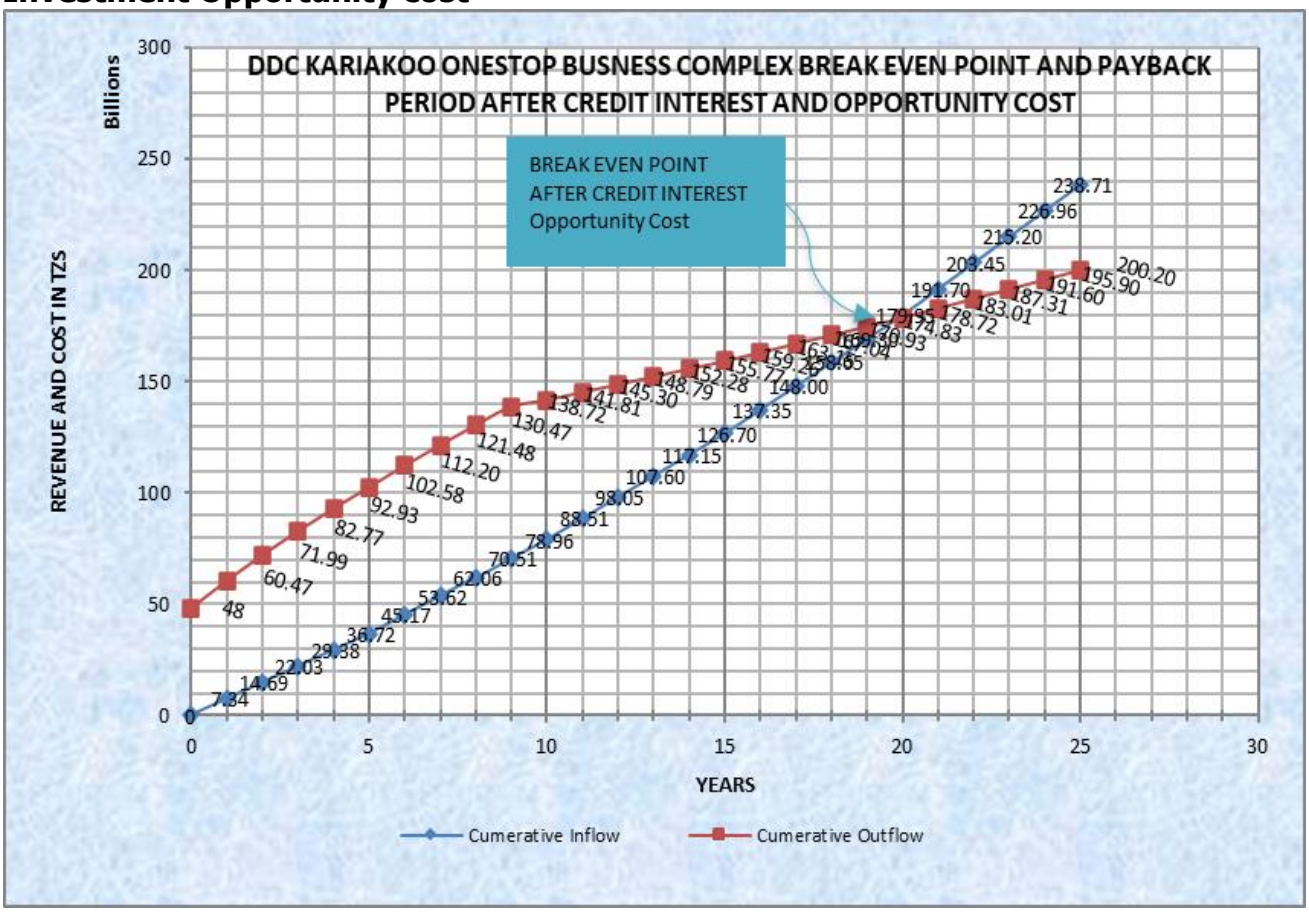


Source: Feasibility Study DDC Kariakoo 2023

6.3.3.3 Payback Period after Credit Interest and Investment Opportunity cost

The opportunity cost of the investment is the alternative profit sacrificed by Tosh after choosing to invest her money in this project. This study considers profit sacrificed as opportunity cost equal to interest rate offered in fixed bank account which is assumed to be 12% at constant rate method for a period of 10 years equally to repay credit time. The payback period after investment opportunity cost and credit interest is 20 years of PPP project operation. Therefore for 25 years of PPP operation it is only 4 years which the Investor will benefit by committing her capital fund in this investment rather than putting here fund into bank fixed account which has zero risk. On the other side DDC will benefit only from dividend rental but also own the building valued at TZS 36,704,975,460 after PPP time.

Figure 9 (c). Payback Period and Breakeven Point after Credit Interest and Investment Opportunity cost



Source: Feasibility Study DDC Kariakoo 2023

6.3.4 Appraisal for Payback Period, Dividend rent to DDC and Salvage value

6.3.4.1 Payback Appraisal

Payback period after credit and opportunity cost is 20 years which means the actual net profit for investor is last five year of PPP operation period.

6.3.4.2 Dividend in form of Rent Payable to DDC

During PPP operation time Tosh will provide dividend in form of rent payable to DDC applicable immediately after starting operation of project. The dividend rent per annum is TZS 2.5 billion increasing by 15% after each 5 years interval subject to raise in rental rate of the same amount. The incremental dividend rent is computed from the base year of starting operation.

6.3.4.3 Salvage Value

Salvage value which is assumed equal to construction cost TZS **36,704,975,460** under BOT form of PPP is distributed equally for the agreed 25 years of contractual time. In that case during transfer the building to DDC the investment salvage value is TZS 36,704,975,460.

6.4 Sensitivity and Risk Analysis

The sensitivity and risk analysis has been conducted for five cases based in variety of assumptions. The sensitivity result is presented in table 12 below.

Table 12. Sensitivity and Risk Analysis

S/N	Assumption	Risk Likelihood	Risk Impact Measurement			Risk Severity Level	Risk Description
			IRR	NPV	Payback Year		
1	Change in policy and economic situation force Occupancy rate Fall by 5% hence affect revenue	Low	13%	1,664,549,516	9	High	Project still viable but reduce NPV and IRR while push far payback period
2	Withholding and Statutory tax raise Operating costs by 5%	Low	13%	3,776,658,823	8	Low	Project still viable but reduce NPV and IRR while payback period remain the same
3	Inflation raise in construction material push Investment costs to raise by 5%	High	13%	3,124,461,914	8	Low	Project still viable but reduce NPV and IRR while payback period remain same
4	Rent rate is increased at small margin of 10% after each 5 years within viability period (ten years)	Moderate	13%	2,099,827,047	8	High	Project still viable but reduce NPV and IRR while payback period remain the same
5	No change (Cost and revenue is ceteris paribus)	0	14%	4,987,210,687	8	-	Project is Viable

Source: Feasibility Study for DDC Kariakoo 2023

The sensitivity analysis in table 12 above reflects the uncertainty situation and risk that can affect the project. These risks reflect also alternative situation or structure that might affect cost or revenue of the project like design building which doesn't focus in customers' interest. The most risk and situation that needs close monitoring and eye mark is an action that affects rent collection as has huge impact in project viability results indicators. Further

altering on rent collection put a project in the risk of being not viable under standard appraisal.

6.5 PPP Project Affordability

The project is affordable to the government as no cost will be required. The rental charge are affordable so long are derived from the market. Further analysis shows that both parts will gain from this PPP investment. DDC will get settlement fund amounting to TZS 3 billion for 18 months of construction thereafter DDC will get dividend rent amounting to TZS 2.5 billion increasing by 15% after 5 years interval. DDC all will gain from salvage value of building that is equally distributed in all 25 years of trading. Tosh in other side will enjoy net financial profit amounting TZS 1,859,956,398 in year 1 of operation increasing by 15% after 5 years interval. However Tosh before operation will incur cost to cover settlement fund and preparation of documents amounting to TZS 200 million include support DDC consultation amounting to TZS 350 million. The detail of parts gain from trade is presented in ANNEX VIII

6.6 Value for Money and Affordability

The Private sector will full finance the project and brought the BOQ of which is below engineering estimate. To ensure project is built in agreed standard DDC will use government institution specialized in building construction to monitor execution of the project and value for money. There is nearly zero risk for consulting authority so long the investor will assumed full responsibility of building and operating while provide fixed dividend rent amounting to TZS 2,500,000,000 per year increasing after 5 years interval.

6.7 Overall Financial Appraisal

The project generates strong financial cash flow with acceptable IRR and NPV which break even earlier than the viability period of 25 years. The summary of key viability indicators is presented in table 13 below.

Table 13. Key Financial Viability Indicators

Appraisal Parameter	Feasibility Result	International Rule of Thumb
NPV in TZS at 12 discounting rate for 25 years	4,987,210,687	Acceptable- positive
IRR at 12% discounting Rate	14%	Acceptable -above opportunity Cost
Payback Period before credit/opportunity cost(in years)	8	Acceptable -below 25 years viability period
Payback period after credit before opportunity cost (in years)	13	Acceptable within 25 years viability period
Payback Period after credit interest and opportunity cost	20	Acceptable within 25 years viability period
Gain from investment (in years)	4	Acceptable below quarter time of trading period

Source: Feasibility Study for DDC Kariakoo 2023

CHAPTER SEVEN

ENVIRONMENTAL AND SOCIAL ASSESSMENT

7.1 Community Engagement Plan

The community is fully engaged in environmental impact assessment and mitigation measure. The project will adhere to all requirement for community engagement in the project. DDC role is to meet with stakeholders at community level to give awareness and call for their involvement in the project. Tosh in the other side has responsibility of involving the community to participate in all stages of project from construction to operation stage.

7.2 The Environmental Impact Assessment

The environmental Impact Assessment **(EIA)** and mitigation is considered during and after construction of this multipurpose commercial tower in according to general standard of National Environmental Management Council (NEMC). The project being building business, the environmental issues are those related to the construction activities as opposed to manufacturing projects whose environment concerns are more related to the processes and operational modalities.

7.2.1 Environmental Issues during Construction

The initial EIA has revealed possible environmental hazards that could be brought by project and set mitigation measures to curb the situation.

(i) Air Pollution

Dust arising from the construction activities at site may cause air pollution due to dust emanated to the air. In this view therefore watering of soil every day is required to reduce dust emission as per standard of NEMC. Use of mascot is contained to the lowest level possible and that all the workers at the site are equipped with the necessary protective gears such as masks and helmets etc.

(ii) Noise and Vibrations

Noise and vibrations are likely to occur at the site. Mostly this will be felt by the neighbourhoods. Again, the appointed Contractor will take into consideration this problem through use of environmentally sound technology and personal protective gears and devices to reduce effects of exposure to meet NEMC standard.

(iii) Safety of Workers and the Public

Whereas all the workers on site will at all-time use protective gear, the contractor will also be obliged to use protective sheerings to minimize fallouts of solid particles from the building. Clear warning signs shall also be erected at the construction site to alert the general public of possible hazards could cause accidents and injuries as according to NEMC standard.

7.2.2 Environmental Issues after Construction

(i) Surface and Ground Water Pollution

All liquid waste generated from the building will be discharged through the existing systems as applicable elsewhere in the neighbourhood. Otherwise the surface or ground water pollution is expected to arise against NEMC standard.

(ii) Garbage Generation

The garbage generated from the building will be disposed through the use of existing system as applied by the Ilala Municipal Council and NEMC.

(iii) Increased Consumption of Utilities

The building will inevitably increase the consumption of utilities namely water and electricity. Measures to minimize the use of these utilities should be incorporated into the building architecture such as providing for more open spaces that have direct access to natural lighting. The use of solar panels should likewise be considered. Other alternative measures will include the installation of environmentally friendly standby diesel generators and construction of underground water tanks to store rain water for use in the building.

(iv) Noise Levels

The generators to be earmarked for this project should be installed in a sound proof room at the basement of the building. This measure should lead to minimization of noise that can be a nuisance to the tenants, neighbours and visitors. The smoke emissions from the generators should likewise be minimized so as to reduce the level of pollution.

7.3 Social Assessment

The project components general is acceptable to the community and provide basic social services like clothes shops and legal counsel offices which are the demand of the community. Social halls provide entertainment to the community through music and marriage ritual functions which are daily demand of the people in the City. The project will create direct employments to the community hence create mutual benefit to the people in the region.

7.4 General observation

In general project has many social benefits and relative low environmental impact that can be controlled easily hence it is viable to undertake it based in environmental and social aspects

CHAPTER EIGHT

LEGAL ASSESSMENT

8.1 Legal Environment.

The PPP project is under the framework of Tanzania PPP policy, Act and regulations of 2020 that describe PPP project undertaking. The project also abide with urban and city development policies and laws which require construction of storey buildings. The proposed commercial buildings would therefore suit to the land use as the property lies in the zone for commercial purpose under Group "A" or "B" in the Town and Country Planning Regulations of 1960. Equally the project has conducted geotechnical investigation examined through Dar es salaam Institute of Technology as requirement of construction rules that allow construction of building of up to 6 storeys[15].

8.2 Project Readiness

DDC as contracting authority is ready to undertake the project in PPP approach in particular BOT model. The private part Tosh also is ready to undertake the project in PPP approach through BOT model as stipulated in PPP act and laws. The requirement of soli test and registration of project to NENC has already fulfilled.

8.3 Conclusion for this chapter

Legal aspect support implementation of project in PPP approach and proponents are ready to undertake the project in PPP approach in particular BOT model which make the project viable to undertake based in this aspect

[15] The soil test examined under this feasibility study reveal a soil composition which is statistically significant for constructing building above 6 storey using building raft foundation with bearing capacity of 100Kn/m^2 at a depth of 2m.

CHAPTER NINE

INSTITUTIONAL ASSESSMENT

9.1 Stakeholders

The key stakeholders and beneficiaries are Dar es Salaam Development Corporation, Dar es Salaam City Council (DCC), Dar es Salaam Regional Commissioner Office, Government, Small and Medium Business Enterprisers, The General Public, Private Sector, Ardhi university, Ministry of Local government and Regional Administration Ministry, and Regulatory agencies like NEMC, PPRA and PPP center

9.2 Stakeholders role and responsibility

(i) Dar es Salaam Development Corporation

This statutory Corporation is the owner of the project and thus it is the principal beneficiary. The project will boost DDC fund portfolio and increase revenue collection

(ii) Dar es Salaam City Council (DCC)

This apex entity which own DDC share by 100% will benefit through dividend contribution from DDC and the project. DCC has representatives in DDC Board of Directors that has approval mandate. The DCC is ready to offer building Parmit

(iii) Dar es Salaam Regional Commissioner Office

DDC is a regional Corporation of Dar es Salaam hence Regional Commissioner Office is important stakeholder who provide directives and facilitation of the Corporation undertakings

(iv) Government

The Corporation is a statutory public entity established for objective of promoting economic growth and provision of entertainment service to people in Dar es Salaam city. Government will increase tax collection from business enterprises who will operate and run business ventures in the tower.

(v) Small and Medium Business Enterprisers

The multiple numbers of business enterprises will benefit direct by leasing business rooms and places for opening and running businesses. Therefore, the project will boost income and welfare of small and medium enterprises.

(vi) The General Public

The project will bring close services of shops related products and entertainment to the Dar es Salaam City inhabitant about 5.38 Million[16]. The project will be a contacting center for Venders and Vendors from upcountry regions in Tanzania thus bring close business service to all Tanzanians as one way of increasing incomes and welfare to the general public of Tanzania.

(vii) Private Sector

The project will benefit the Private Sector under the PPP model approach by trading with Government Entity thereby both parties enjoying Business Comparative Advantages.

(viii) Ardhi university

This is consultant on behalf of DDC to review and approve technical documents submitted by private part. Ardhi University has overall responsibility of ensuring the project is constructed in accordance to standard specified in the project technical document

(ix) Ministry of Local government and Regional Administration Ministry

This mother ministry has responsibility of authorizing undertaking of the project and provide necessary advice towards PPP approach.

(x) Regulatory agencies like NEMC, PPRA and PPP center

These organization has responsibility of registering the project and approve it for undertaking with focus on general public interest

[16] Tanzania population and housing census of 2022

9.3 Stakeholder Readiness

All stakeholders have high desire to see the Corporation is undertakings are improving and they are ready to carry their responsibilities DDC as contracting authority readiness is presented SWOC analysis table below.

Table 14. SWOC Analysis

Sn	Item	Option	Recommendation
A	**Strength analysis**		
	Ownership of land plots in strategic business areas	To develop or redevelop modern productive investment ventures	Build moder productive investment venture
	Existence of a Board of directors with vast experience	Provision of directives and authorization of investment undertaking	DDC Board provide directives and authorization of investment undertaking
	Existence of internal policies and regulations	Undertaking investment ventures in line with existing policies	Undertaking investment ventures in line with existing policies
	High integrity among staff	Utilizing DDC staff fully in achieving Corporation strategic objectives	Utilizing DDC staff fully in achieving Corporation strategic objectives
	Existence of management with variety of professionals	Managing implementation of projects	Managing implementation of projects
B	**Weakness**		
	Inadequate fund to finance large investment projects	• Loan if have collateral • PPP if in line with national act/policy • Grant if registered under treasure	Use PPP model for large investment with cost amount around TZS 37 billion so long DDC lack sufficient collaterals and is not registered at treasure
	Outdated building structures that generate low revenue	• Constructing modern buildings that meets current demand • Renovate the building	Constructing modern buildings that meets current demand in strategic business areas
C	**Opportunities**		
	• Existence of National policies and DDC act or law that allow DDC to perform business	Develop valuable projects under the framework of policies and act	Develop valuable projects under the framework of policies and act

	• Existence of a large market share	Construct large buildings that offer services matching with market demand	Construct large buildings that offer services matching with market demand
	• Strategic investors who are ready to partner with DDC	Cooperate with Private sector inform of PPP to develop project	Cooperate with Private sector inform of PPP to develop project
D	**Challenges**		
	• Low responsiveness of some tenants in paying rents	Use Private Part to operate business and transfer risk	Use Private Part to operate business and transfer risk
	• Existence of new modern building that offer the same rental services	Build large one stop complex to win competition	Build large one stop complex to win competition

CHAPTER TEN

CONCLUSION AND NEXT STEP

10.1 Conclusion

Technically the proposal design and management of the project is acceptable for undertaking the project. Construction of this one stop business complex in Kariakoo will reflect Dar es Salaam a true economic hub of nation for SADEC countries. This first ever building in Dar es Salaam will accommodates multipurpose business taping market demand of customer from SADEC zone. The PPP model is feasible as Tosh will full finance the project leaving zero risk to the government. The long experience of Tosh in managing operation of project of rent nature of revenue assure the green result for project operation and customers management and assure dividend payment inform of rent to DDC.

The market demand for the intended business components shops rooms, storage, office room, social halls, restaurants and bank halls in Kariakoo area is stable with nearly a hundred percent occupancy rate which is justifiable for undertaking the investment. The market for the investment business components is sustainable taking into account population inflow and general money circulation of Kariakoo area. Likewise the market strategies in place which intend to offer competitive price, designing quality structure focusing to the customer preference, and use of advertisement to promote the investment ensure sustainability revenue from rent.

Legally and administratively the project is acceptable and support government initiatives of creating Dar es Salaam economic hub in SADEC zone and creating employments and expand government tax collection base. Socially and legally the project is acceptable and promotes economic growth of people by creating opportunities for surrounding community to get rooms and place for operating business to earn income. This modern building bring use and non-use value for urban environment including bequest value and recreational services.

Economically and financially the project is acceptable and has strong cash flow that generates positive NPV within viability period of 25 years. The financial risk associating with the investment is low and still with risks the project generate positive NPV and acceptable IRR with payback period within the viability period.

To windup the project is worthwhile to undertake and will be the important source of revenue of the DDC and Tosh will get excess profit. The general appraising rule of thumb for this investment has revealed the venture is viable technically, politically, socially, market and financially. The information generated in this study indicates undertaking of this investment will generate revenue which is statistical significant for the project to be viable and acceptable based in international standard for appraising project considering future value for money[17]. Therefore the study recommends for Tosh and DDC to enter into PPP to invest in the project as a means of both organizations to gain from the trade.

10.2 Procurement Plan

The project fulfils the criteria set for unsolicited procurement method so long the project has no risk to the government and has unique attribute using technology of underground basement construction to cover large area over the four streets. The relevance of unsolicited PPP is presented in table 15 below

Table 15: Relevant Of Unsolicited PPP and Risk Apportion

Sn	Relevance criteria for unsolicited PPP	Responses to the relevance criteria
1	aligns with Government strategic objectives;	The project is aligned with government strategic objectives
2	does not burden the Government e.g. with government guarantees;	No burden to government so long the Investor finance full the project from feasibility to construction stage
3	has "unique" attributes" justifying a non-competitive procurement;	The project is unique and it is the only one stop business complex in Kariakoo intending to offer multiple services that will employ technology from abroad to construct large basement ground covering four streets

[17] International standard of project appraisal is a global standard and guidance development by World Bank International Finance Corporation (IFC) for professionals to manage complexity of performing a robust investment appraisal for public and private sectors.

4	is of significant size/scope;	The project is the largest business complex in Kariakoo with an area of square feet 42,260 covering four streets. The structure also will have eight floors including basement that make it a largest building in Kariakoo
5	demonstrates value for money, affordability, and significant risk transfer;	The PPP model is BOT and private part will finance construction and will be responsible for business operation, DDC will receive fixed amount of dividend rent therefore private part will bear 100% risk
6	has wide socio-economic benefits; and	The project has wide socio-economic benefits such as creation of employment, revenue generation to DDC, widen tax base to government, promote contribution to private sectors, boosting development of other industrial sectors, increase capacity of DDC to provide dividend to Dar es salaam city council, improve environment and commercial housing stock
7	proponent will cover the costs of the feasibility study	Proponent will cover both feasibility study cost and construction cost