



Strategic Plan

2015/16 - 2024/25

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ACRONYMS

BOT	-	Bank of Tanzania
BOQ	-	Bill of Quantities
CAGR	-	Compounded Annual Growth Rate
CBD	-	Central Business District
EIU	-	Economic Intelligence Unit
EMT	-	Extended Management Team
ERP	-	Enterprise Resource Planning
FY	-	Financial Year (ending June 30)
GDP	-	Gross Domestic Product
LGA	-	Local Government Authority
MNCs	-	Multinational Corporations
NHC	-	National Housing Corporation
PPF	-	Parastatal Pensions Fund
PPP	-	Private Public Partnership
PSPF	-	Public Service Pensions Fund
RM	-	Regional Manager
ROB	-	Registrar of Buildings
SO	-	Strategic Objective
TBA	-	Tanzania Buildings Agency
TANESCO	-	Tanzania Electricity Supply Company Limited
MLHSD	-	Ministry of Lands, Housing and Human Settlements Development

CHAIRPERSON'S STATEMENT

On behalf of the Board of Directors of the National Housing Corporation (NHC), it is my pleasure to present the Corporation's Strategic Plan for 2015/16 to 2024/25 which contains an integrated set of choices that the Corporation has made in order to achieve the vision of being "a leading Real Estate Development and Management firm in Africa".

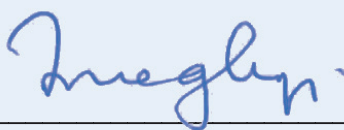
NHC's mission is a road map which is based on its mandate provided in the Act of Parliament No. 2 of 1990 as amended in 2005. The mission from which the vision emanates also hosts the goals and strategies meant for driving NHC's growth. NHC's mission therefore, is "to provide and facilitate the provision of quality housing and other buildings for use by the general public".

The ten years Strategic Plan is aimed at achieving the following six strategic goals namely: To become a leading real estate developer, to become an efficient real estate manager, to strengthen operational capacity and control mechanism, to optimally deploy human resources base, to enhance conducive legal environment that supports the business of the Corporation, and to boost the Corporate image.

In consideration of the Corporation's past performance; current growth of the real estate sector; shareholder's strengths and expectations, vision and mission, the Management set feasible strategies and modest targets for the strategic period. The Corporation is challenged to continue in implementation of the ten years strategic plan 2015/16 – 2024/25 through construction of 12,000 affordable units, 13,500 middle income units, 2,700 high end units and 1,800 commercial units by 2025.

The realization of the corporate strategies and targets will require commitment and team work spirit of the Board of Directors, Management and staff. Equally, various NHC stakeholders have a major role to play in terms of contributing necessary resources and the right business guidance.

I would like to take this opportunity to thank my fellow Board Members, the Management, Staff and all the stakeholders, without whom we would not have achieved our goals during the implementation of the previous strategic plan. It is my sincere hope that all of us will continue to support the Corporation in its endeavour to attain its goals and objectives.



Zakia Hamdani Meghji
BOARD OF DIRECTOR - NHC

FOREWORD

National Housing Corporation (NHC) was reconstituted through the Act of Parliament No. 2 of 1990, in order to carry out the role of providing and facilitating the provision of housing and other buildings in Tanzania. This Act was amended through Written Laws (Misc. Amendments) Act No. 2 of 2005 to enable the Corporation conduct its business on sound commercial principles.

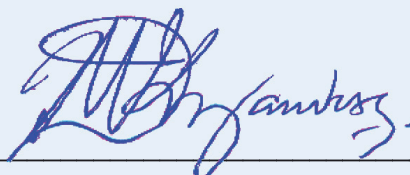
During the Strategic Plan period 2010/11 to 2014/15, NHC managed to turn around itself from lukeworm performer to be one of the top three profitable ventures in the country. The Corporation embarked on preparation and construction of 15,191 affordable, middle and high-end housing units of which 1,339 units were completed, 3,963 housing units are under different stages of construction and 9,889 housing units are upcoming. It has also increased its monthly rent collections from TZS. 3 billion in 2010 to TZS. 8.13 billion by June, 2015. NHC significantly increased its nationwide coverage by constructing affordable houses in almost all regions of Mainland Tanzania. The Corporation was able to reorganize its structure; develop performance measurement systems (Balanced Scorecard); reduce the number of court cases from 220 in 2010 to 57 by June, 2015; improve procurement processes by scoring 74% down from 37% in 2010 and obtain clean certificates for its accounts since 2010/11. Besides, NHC's corporate image improved from 36% in 2010 to 76% by June, 2015.

The Corporation developed the present 10 year strategic plan for 2015/16 to 2024/25. The key goal is to deliver 30,000 housing and commercial units in this period. This strategic plan was motivated by the following factors:

- i. The Corporation's recent high performance as reflected by the achievements on the six (6) strategic goals.
- ii. Management and leadership eagerness to transform the Corporation into one of top ten performing institutions in Tanzania.
- iii. The growing demand for quality residential and commercial properties that outstrips supply due to steadily growing economic growth.

The strategic plan articulates the vision, mission, core values, goals and objectives of NHC. It also provides the Strategies to be implemented in order to enable the Corporation attain its strategic goals during the next 10 years. Through the goals and objectives provided in this plan, NHC endeavors to transform itself into a leading real estate firm in Africa. In order to realize this objective, the Corporation will continue to strengthen its operational systems, enhance leadership and restructure processes in order to improve efficiency and effectiveness in the delivery systems. The present plan was developed through a participatory and consultative approach. This approach involved the Extended Management Team, which is constituted by Directors, Line Managers and Regional Managers.

The NHC Management is accountable for the objectives set in the plan. I believe that through commitment, team work and professionalism, NHC will be able to realize its goals and achieve the set targets.



Nehemia Kyando Mchechu
Director General – NHC

EXECUTIVE SUMMARY

1. INTRODUCTION

The National Housing Corporation (NHC) was established through Act of Parliament No. 45 of 1962 and charged with the responsibility of redressing the problem of urban housing poverty. It was later reconstituted through Act of Parliament No. 2 of 1990 in order to carry out the functions of providing and facilitating the provision of housing and other buildings in Tanzania for the members of the public. In 2005, the NHC Act No. 2 of 1990 and the Land Act No. 4 of 1999 were amended through written laws (Miscellaneous Amendment Act No.2) in order to enable the NHC operate on sound commercial principles. Since its establishment NHC has acquired and disposed properties on an ongoing basis and currently has 2,483 buildings and 18,121 units located in 20 regions of Mainland Tanzania. Most of NHC properties (42% of commercial units and 70% of residential units) are located in Dar-es-Salaam and especially in Upanga. As at end of Financial Year (FY) 2015 the value of NHC properties stood at TZS 3.3 trillion.

The current mandate of NHC includes the following responsibilities:-

- Construction of houses for sale and rent and the balancing of the real estate portfolios so as to move from predominantly real estate management business and put more efforts on real estate development.
- Promotion of home ownership by taking advantage of the Mortgage Financing (Special Provisions) Act and the Unit Titles Act both of 2008.
- Construction of affordable houses for low income groups countrywide.
- Taking advantage of its assets (properties that are strategically located) so as to operate commercially and alleviate housing problems.
- Partner with private investors (under PPP arrangement) in undertaking large scale investment projects while ensuring that public interests are safeguarded.

Following the elapsing of the strategic plan for the period of 2010/11 – 2014/15, the NHC's Management has developed the present Strategic Plan that will guide its corporate undertakings for the period of 2015/16 to 2024/25. This plan articulates a set of strategies that are expected to enable NHC's Management to build on the foundation of the past five (5) years in the endeavor to further address the housing challenges facing the nation. Specifically, the plan provides the key guidelines as following:-

- NHC's goals and aspirations that clearly articulate the direction of the Corporation for the next ten years.
- "Where to play" the choices that set out clear focus related to customer segments and geographies/markets that NHC will focus on.
- "How to win" choices that articulate the specific strategies that NHC will pursue in order to win in chosen segments and geographies/markets.
- Required capabilities that involve critical resources, processes, systems and measures that NHC requires in order to effectively deliver its chosen strategies.

2. SITUATIONAL ANALYSIS

The environment in which NHC operates has generated ideas on the direction it needs to take for the next ten years. The analysis of the internal and external environment of NHC has uncovered a number of strengths and opportunities that must be leveraged, weaknesses that need to be addressed and risks that must be mitigated in order to succeed in implementing the set strategies.

3. INTERNAL - KEY ACHIEVEMENTS OF NHC

As part of steps undertaken to attain NHC's vision, NHC developed a strategic plan for the 2010/2011 to 2014/15 period. Under this plan, the Corporation was able to achieve a good number of set strategic objectives. The Management faced a number of challenges that inhibited the full achievement of the plan's strategic objectives. Nevertheless, overall NHC made significant progress and learnt some important lessons that were key in the course of developing the present plan. The table below summarizes NHC's current state while the following section contains a detailed analysis of NHC's current internal environment and key achievements to date.

Table 1: Summary of NHC Achievements up to June, 2015

S/N	GOAL	STRATEGIC OBJECTIVES	ACHIEVEMENTS	CHALLENGES AND LESSON LEARNED
I	To become a leading real estate developer	Develop a minimum of 15,000 houses for sale and lease by June 2015.	The Corporation embarked on preparation and construction of 15,191 affordable, middle and high-end housing units of which 1,339 units were completed, 3,963 housing units are under different stages of construction and 9,889 housing units are upcoming.	During the period under review, NHC encountered delays in delivery by contractors and procurement process due to inadequate robust internal project Management capability.
			Special Partnership with Pension Funds such as NSSF, PSPF, PPF and local Investors are going well.	Given the volume of units needed to be delivered, it is imperative for NHC to outsource construction and facility management services in order to deliver projects on time.
			Engagements with different Investors is going well and is at different stages	
			4,643 acres of land were acquired across the country and currently are in the process of being surveyed (50% located in Dar es salaam).	Surveying land before construction or completion of houses is critical in order to avoid future land disputes.
		To play a role of a master developer by June 2015	Five master plans for about 26,770 units are in place.	
		To mobilize TZS 1.5 trillion investment fund.	Launched aggressive marketing and advertisement of NHC products through print media, radio, TV and social media.	Efforts to streamline internal processes and procedures need to continue in order to further improve turnaround time of key activities.
			TZS 299 billion of investment funds mobilized from local and foreign investors.	Advanced planning of projects is needed to allow ample time for executing procurement and other key processes.
			Waiver for NHC to get approval from MoF prior to borrowing already in place.	
			We have facilitated Financing for our Customers by signing a MoU with 16 Banks plus an insurance firm for customers Guarantee	Awareness programmes may also focus on influencing a home buying culture – e.g. instead of one aiming at buying a big house the first time, he/ she can start by buying a small house which can later be sold at a higher value and generate additional funds for buying a bigger house.
			Education and public awareness programs are ongoing to provide knowledge to people on opportunities and importance of Real Estate Sector	
		To develop a strategic relationship with local government authorities, utility agencies and other strategic stakeholders.	Strategic relationships have been developed with local government authorities and other strategic stakeholders	

S/N	GOAL	STRATEGIC OBJECTIVES	ACHIEVEMENTS	CHALLENGES AND LESSON LEARNED
2	To become an efficient real estate manager	Become the most reputable real estate manager in the country.	Increased focus on periodic and preventive maintenance of properties – customers are usually requested to formally indicate their satisfaction of services provided and raised issues not addressed.	There were delays in implementing a housing allocation system. However, plans were underway to deploy an Enterprise Resource Planning (ERP) System that will include housing allocation and other critical modules.
			Undertaken mapping of all NHC houses and rescued some of lost properties.	
			Managed to get some titles on missing properties, although a lot needs to be done .	
			Improved relationship with tenants by establishing Tenants Relationship Management unit.	
			Reduced tenants complaints by 70% in June, 2015.	
			Established Call Center to solve various tenants' problems.	
		To ensure fair value for NHC assets by July of every year.	Updated NHC assets every year.	Turnaround time in attending maintenance and repair problems is long. Increased use of outsourced services will be beneficial. Close control on maintenance and repair costs is critical to avoid escalation of costs. This is more important when works are outsourced.
		To improve housing allocation system by September 2010.	Introduced a new system for house allocation	
			Sub-Letting issues have been dealt squarely aimed at protecting the corporate image and also improving the cash flow.	
		To ensure that property maintenance undertaken is adequate and reflects value for money.	Focused on cost control and reduced maintenance and repairs cost from TZS 10 billion in 2010 to TZS 4.8 billion in 2015.	
			Has been upgrading our estates and uplifting the face of some of our houses	
		To increase the rate of return on investment.	Decreased receivable period from 64 days in 2010 to 32 days in 2015 by increasing focus on rent collection	
			Turn around rental income from TZS 3.0 billion in 2010 to TZS 8.13 per month in June, 2015	

S/N	GOAL	STRATEGIC OBJECTIVES	ACHIEVEMENTS	CHALLENGES AND LESSON LEARNED
3	To strengthen operational efficiency and control mechanisms	To enhance operational efficiency and compliance by June 2015.	Increased focus on compliance to set rules and procedures such as, procurement, financial management/controls. These measures are key to increasing awareness of risks and staff responsibilities in ensuring risks are well managed.	<p>Compliance to set policies and internal control mechanisms is imperative. Therefore, ensuring Project Managers plan well and early for their projects is critical.</p> <p>There is a need to have a better or detailed view of construction costs in order to effectively manage/ control costs.</p> <p>There is a need to improve project management capability/ processes to ensure that projects are delivered on schedule and within budget.</p>
			Improved Procurement process in compliance with laws and regulations	
			Introduction of IT, Forensic (fraud), Financial, and Technical Audit for enforcing compliance	
			Networking of all NHC regions and directorates to make sure that all employees receive and share all Corporation information on time.	
			Customer engagement processes are in place e.g. periodic (weekly, etc.) visits to customers and inspection of facilities.	
			Developed various policies used in different directorates and units	
			Implementation of Quality Improvement Systems is on progress, which is expected to improve efficiency - will lead to ISO registration.	
			There is increased use of electronic communication channels e.g., all staff have email address, NHC's website is up-to-date and effectively in use as a communication channel.	
		To establish a risk management system.	A risk management policy is in place following the Board of Directors' approval.	
			Risk Management System has been established where risk framework has been developed and emerging new risks are identified.	
			The internal audit team was able to conduct annual operational audits using IDEA (a computer assisted auditing software) which identified key risk areas and worked with different internal teams to redress such risks.	

S/N	GOAL	STRATEGIC OBJECTIVES	ACHIEVEMENTS	CHALLENGES AND LESSON LEARNED
4	To optimally deploy human resources base	To enhance effective human resource utilization by Dec 2011	To enhance utilization of staff, rent collection training was provided to office attendants who assisted rent collection roles.	<p>Some departments including Legal Service Unit were understaffed.</p> <p>Aligning staff roles and their competencies needs to be a continuous process in order to enhance job satisfaction and career progression.</p> <p>A robust reward system that is linked to performance is critical to improve staff productivity and morale.</p> <p>There is a need to continue enhancing project management capability.</p>
			Developed and implemented a performance management and reward system which focused on ensuring that staffs are aware of their contributions to the delivery of NHC's strategic plan and the associated reward for meeting expectations.	
			The recruitment of the Management team was successful done together with the staff realignment at the second level.	
			Recruited new staff to fill vacant positions in the organisation.	
			We have embraced Performance Management Culture and BSC for improving employees performance	
		Continually enhance human resource development and capacity building	Invested in training of staff, spending approximately TZS 1 billion annually.	
			We are impacting positively the Cultural Change on the life style through its Communication Approach	
			Capacities building to staff have improved.	
		To enhance staff health care services and welfare	Improved staff remuneration and benefits	
			Improved health services	

S/N	GOAL	STRATEGIC OBJECTIVES	ACHIEVEMENTS	CHALLENGES AND LESSON LEARNED
5	To review and improve all contracts and legal environment	Streamlining all contracts binding the Corporation by February 2011	A contract management system was developed.	Amendment of the NHC Act was not completed due to long processes and procedures. It is expected that the amendments will be finalized in the next 1 – 2 years. It will be important to recruit more lawyers to fill vacant positions in the Legal Service Unit.
			Contract were looked upon and all unfavourable contracts were reviewed.	
			Templates for leases, SLAs and bank contracts were developed to ensure that legal aspects in all business relationships are well covered.	
			Digitalized contract management system.	
			Prepared template contracts for: Design and Build Revenue Sharing Model (RSM) Design, Build and Finance.	
		To minimize disputes and reduce backlog of court cases by June 2011	Backlog of court cases was reduced from 220 in 2010/11 to 57 by June, 2015.	
			Mitigated litigation exposure.	
			Reduced litigation costs.	
			Addressed significantly the root causes of cases.	
			Saved NHC properties from confiscation e.g. Plot No 39 Chuma Road, Boko housing Estate etc.	
			Undertook strategic litigation to pave way for some projects roll out e.g. Ubungo Housing Estate, Sanawari etc.	
			Reduced the use of external lawyers that tended to increase operating costs. In the court cases that external lawyers were engaged, Service Level Agreements (SLAs) were drawn to ensure high quality delivery.	
			Renegotiated and nullified non beneficial contracts; Reviewed 186 Joint Ventures, 46 others and terminated 64 e.g. Valhala, NHC house.	
			Developed templates to suit the corporation's use that maximizes financial gain. e.g. leases, service contracts, bank contracts construction contracts based on FIDIC etc.	
6	To boost the corporate image	To restore NHC public image by June 2011	Achieved a customer satisfaction index of 76% by June, 2015.	There is strong positive correlation between internal operating efficiency and the public perception of the Corporation. Therefore, delivering quality products and services, value for money is critical for improving the public image. CSR activities should be strategic rather than ad hoc. The new CSR policy aims at achieving this objective.
			Introduced TV and radion program – Maisha ni Nyumba.	
		To develop Corporate Social Responsibility (CSR) by June 2011	CSR budget increased from TZS 44 million in 2011 to TZS 338 million in 2015.	
			Developed a CSR policy that will guide CSR activities going forward and create focus on longer term impact.	

Table 2: External - Demand side dynamics

FINANCING	POPULATION
<ul style="list-style-type: none"> Like other African countries, Tanzania remains a cash based society. The mortgage market across East Africa is underdeveloped and interest rates tend to be high the fact that limits people's ability to buy homes. Those who are able to buy homes often do so through cash purchases. Otherwise, most Tanzanians build their houses incrementally over longer periods. In many parts of the continent including Tanzania, rent rates are high and mostly do not commensurate with quality of properties. 	<ul style="list-style-type: none"> There has been a steady growth of middle class across Africa, including Tanzania. Prime beneficiaries of this trend include retail and consumer businesses. Growth of the middle class and resulting increased demand for consumer goods has attracted international fast moving consumer goods (FMCG) and retail players into the continent – raising demand for formal retail infrastructure such as shopping malls. The development of retail space is not happening fast enough and remains a key constraint to retailers' African growth plans. This has created an opportunity for institutional investors, including pension funds, which previously did not invest in this asset category (group).
BUSINESS ENVIRONMENT	IMPLICATIONS
<ul style="list-style-type: none"> Multinational Corporations (MNCs) are increasingly looking for growth opportunities in Africa setting up local operations on the continent. Business activities emanating from the burgeoning oil and gas industry are exerting a demand pressure in the real estate market in resource rich countries such as Nigeria and Angola. Likewise, discovery of gas in Mtwara and Lindi are exerting a demand pressure on the existing properties. Office users are demanding less space per worker as they reconfigure for more collaboration. Retailers are looking for urban formats that will be able to serve city dwellers more efficiently. 	<p>Given these trends, NHC will undertake the following initiatives:</p> <ul style="list-style-type: none"> Develop innovative ways to influence the high lending rates such as group lending, setting up a financial institution and taking to the media to influence policy on lending rates. Plan for house designs and locations that will attract the growing middle class. Middle class tend to reside in urban areas and prefer homes with modern amenities. The rising middle class will increase demand for middle income housing and bigger houses. Anticipate and plan for the growing demand for commercial space (office, shops, warehouse, etc.) especially in resource rich areas such as Mtwara and Lindi Municipalities. NHC will need to build high quality office spaces to meet the high standards of international businesses expected to invest in the country.

Table 3: External market dynamics-Supply side

FINANCING	CONSTRUCTION COSTS
<ul style="list-style-type: none"> • In East Africa, industry players predominantly utilize debt to finance construction, and as such their cost structures are highly susceptible to interest rate fluctuations. In Tanzania, the current lending interest rates are very high averaging at 14% per annum. • Lack of cheaper financing alternatives to bank loans factors in the costs and consequently the prices of properties. • Developers often need to put down around 50% in cash (remainder could be in form of loans) thus limiting access to finance though this has not been the case for NHC. • South Africa is among the few African countries where developers can finance 100% costs of development through loans. 	<ul style="list-style-type: none"> • There is lack of specialist construction material producers on the continent which necessitates industry players to rely on imports which in turn contributes to high construction costs. • High cost of land in prime areas and lack of requisite infrastructure in rural and urban outskirts also contribute to the high cost of property development. • Cost of acquisition of land is high as most of the land in Tanzania is not surveyed. • Supporting sectors such as cement and steel manufacturing are dominated by few players to the extent that the construction sector players are price takers.
INFRASTRUCTURE	IMPLICATIONS
<ul style="list-style-type: none"> • Much of Africa faces infrastructural and services challenges ranging from poor transportation systems to low supply of quality water and electricity. These infrastructural challenges constrain industry growth. • East African governments, both unilaterally and as a block, are undertaking various infrastructural projects with the aim of boosting economic activities. • In Tanzania, more than 7 cement factories are currently under construction, this presents the potential for a future increase in supply of cement in the market at relatively lower prices. • Dangote Cement, one of the plants under construction, is expected to produce 1.5 million metric tons per annum of cement at completion. 	<ul style="list-style-type: none"> • Given these trends NHC will consider the following initiatives: • Exploring other sources of financing to replace or augment bank loans. Alternatives to be explored will include offshore sources of funds or issuance of securities e.g., corporate bonds and asset backed securities, among others. • Joint ventures with key players on the supply chain that may help lowering the cost of funds (i.e. partnerships with pension funds) and consequently property development cost (partnerships with contractors, material suppliers and other stakeholders).

4. NHC'S STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT)

From the external and internal environment, the below table summarizes what NHC considers to be the current strengths, weaknesses, opportunities and threats of the Corporation.

Internal Environment	<p><u>STRENGTHS</u></p> <ul style="list-style-type: none"> • Properties located in prime areas • Competent and committed leadership. • Improved public image and staff satisfaction. • Strong political support. • National coverage. • Credit worthiness 	<p><u>WEAKNESSES</u></p> <ul style="list-style-type: none"> • Poor turn-around time due to weaknesses in operational process (e.g. procurement and maintenance) • Inadequate internal controls. • Limited capacity in regional offices. • poor succession planning.
External Environment	<p><u>OPPORTUNITIES</u></p> <ul style="list-style-type: none"> • High demand for houses (Housing demand growing at 200,000 annually). • Growing demand Contributing to the growing demand for commercial properties. • Increased FDts presenting opportunities for strategic partnerships with financiers and developers. • Increased innovation in the financial services sector. 	<p><u>THREATS</u></p> <ul style="list-style-type: none"> • High interest rates making mortgage products expensive. • Increased competition. • Micro-economic instability. • Rental defaults by government institutions. • Lack of housing policy to stimulate the real estate sector. • Sub standard construction materials. • Inflation - leading to high construction and operating costs

4.1 Overview of NHC strategy

The vision of NHC is “To be a leading real estate development and management firm in Africa” and the mission is “To provide and facilitate the provision of quality housing and other buildings for use by the general public.” In performing its duties NHC is guided by the following six core values:-

- Integrity
- Transparency
- Efficiency
- Team work
- Professionalism
- Innovativeness.

4.2 Strategic goals

NHC’s strategy aims at achieving a number of strategic goals that will enable it reach its vision. These strategic goals are as follows:

GOAL 1: To become a leading real estate developer.

GOAL 2: To become an efficient real estate manager.

GOAL 3: To strengthen operational efficiency and control mechanism.

GOAL 4 To attract, retain and deploy competent staff using solid policies and development opportunities.

GOAL 5: To enhance conducive legal environment that supports the business of the Corporation.

GOAL 6: To boost the corporate image.

4.3 “Where to Play” choices

In the next 10 years NHC will focus on the low, middle and high income segments of the property market. Geographically, NHC will expand to new regions and districts to have presence in all regions and districts. Nevertheless, NHC will focus on eight key regions that include Dar-es-salaam, Arusha, Mbeya, Morogoro, Mtwara, Mwanza, Dodoma and Lindi. NHC has chosen these regions on the basis of a number of reasons. These reasons include high population levels particularly for Dar-es-salaam, Mbeya and Mwanza; high growth of economic activities in Dar-es-salaam, Arusha, Mwanza, Dodoma and Mbeya; and the potential for growth in economic activities following the discovery of natural gas in Mtwara and Lindi.

4.4 “How to win” choices

NHC has made a set of strategic choices that will enable it to attain the set goals. The strategic objectives and strategies to attain each of the six (6) goals are summarized in the table below. One of the key strategic objectives that will determine the success of NHC is the development of 30,000 units by 2025. For NHC to win, it will have to improve its delivery capability by investing in the leadership skills of Regional Managers (RMs) and project management capacity of the project staff through training and adoption of Enterprise Resource Planning (ERP) system.

Regional Managers (RMs) play a key role in the delivery of the planned projects in their respective Regions and in ensuring that houses built for sale are sold and that rentals are leased and managed effectively. RMs are also responsible for managing the performance of the NHC business at the regional level, thus playing a role similar to that of the Director General within their jurisdiction. For this reason, it is critical to develop the skills of these Managers through a leadership academy in order to equip them with the necessary leadership and technical skills required to drive the delivery of planned housing units and managing the business effectively and profitably. Apart from RMs, project staff also plays a key role to ensuring that planned projects are delivered timely. In implementation of the previous strategic plan, NHC lagged behind in the delivery of planned housing units due to inadequate project management skills. Part of key components of project management skills is to plan ahead and thoroughly. Such planning enables on-time deployment of human resources (contractors and consultants), financial resources and building materials. The introduction of an ERP system will enhance NHC’s project management capability by easing the planning role, track costs and increase visibility of projects progress across departments and regions.

Access to mortgage financing is one of the critical issues in the country. NHC has no control over provision of mortgages and the associated high lending rates. However, NHC will strive to set up a housing bank for the purpose of enabling house buyers to access affordable loans. More research on implementation of this initiative will be needed to enable NHC have an understanding of the mechanism and risk of setting up such a bank.

NHC in its current structure will have limits on implementation of this strategy. For example, the facility management role will be crucial as NHC develops more housing estates in order to ensure that these estates and environs are well maintained so that new customers are wooed in. NHC will consider restructuring the Department of Facility Management. As businesses expand, NHC will also consider restructuring other directorates into subsidiaries for enhanced management of its businesses.

Table 4: Overview of NHC Strategic Plan 2015/16-2024/25

GOAL	STRATEGIC OBJECTIVES	STRATEGIES
To become a leading real estate developer	<ul style="list-style-type: none"> Develop a minimum of 30,000 units for sale and lease by 2025. Increase asset value from TZS 3.3 trillion in FY15 to TZS 7 trillion by 2025. Increase revenue from sales and lease of properties from TZS 64.7 billion in FY13 to TZS 500 billion by 2025 (CAGR of 22%). Become the leading master plan developer. 	<ul style="list-style-type: none"> Construct 12,000 affordable housing units, 13,500 middle income housing units 2,700 high end units and 1,800 commercial units by 2025. Diversify product and tailor-made products to suite customer needs. Target new geographical locations in Tanzania in order to have presence in all regions. Increase focus on product innovation and product leadership. Increase the asset base by retaining 20% of newly developed units. Revaluation of all assets by the end of every financial year. Redevelop/rehabilitate dilapidated buildings in prime areas. Develop and construct quality units which are delivered on time and are competitively priced. Undertake aggressive and innovative marketing to improve product awareness. Timely sell all units developed for sale (80% of developed units). Build sales goals into staff incentives by January 2016. Create different user financing approach to enhance product penetration. Enhance alternative sales channels. Acquire land, enhance its value and strategically select high value segments that will give leverage. Plan and facilitate development of satellite cities in various regions.
To become an efficient real estate manager	<ul style="list-style-type: none"> Use technology to drive efficiency. Conduct maintenance of properties periodically. 	<ul style="list-style-type: none"> Increase proactive pursuit of partnerships. Introduce an electronic repair and maintenance system. Introduce an electronic housing allocation system. Increase emphasis on preventative maintenance.
To strengthen operational efficiency and control mechanisms	<ul style="list-style-type: none"> Improve operational efficiency. 	<ul style="list-style-type: none"> Outsource construction and marketing services. Streamline procurement processes. Adopt Enterprise Resource Planning (ERP) system. Manage operational costs. Improve efficiency in collection of revenue from rental units and sold houses.
To optimally deploy human resource base	<ul style="list-style-type: none"> Attract, develop and retain competent staff; 	<ul style="list-style-type: none"> Recruit staff to fill vacant positions. Establish NHC Leadership Academy. Instill a performance based culture among NHC staff.

GOAL	STRATEGIC OBJECTIVES	STRATEGIES
To enhance conducive legal environment that supports the business of the corporation	<ul style="list-style-type: none"> • Improve the legal environment and governance within NHC. 	<ul style="list-style-type: none"> • Facilitate and improve contracts management process. • Identify and address root causes of litigation. • Identify legal and regulatory risks and develop mitigation measures. • Advise and develop best legal structures for development and management of satellite cities and other projects. • Facilitate the registration of units under the unit titles scheme. • Improve and adopt Corporate Governance best practices. • Facilitate the improvement of the regulatory environment in which NHC operates.
To boost the corporate image	<ul style="list-style-type: none"> • Improve the public perception of NHC. 	<ul style="list-style-type: none"> • Improve brand strength and goodwill. • Enhance customer service and improve customer satisfaction. • Implement focused CSR initiatives – focusing more on results and impact.

PART ONE

1 INTRODUCTION

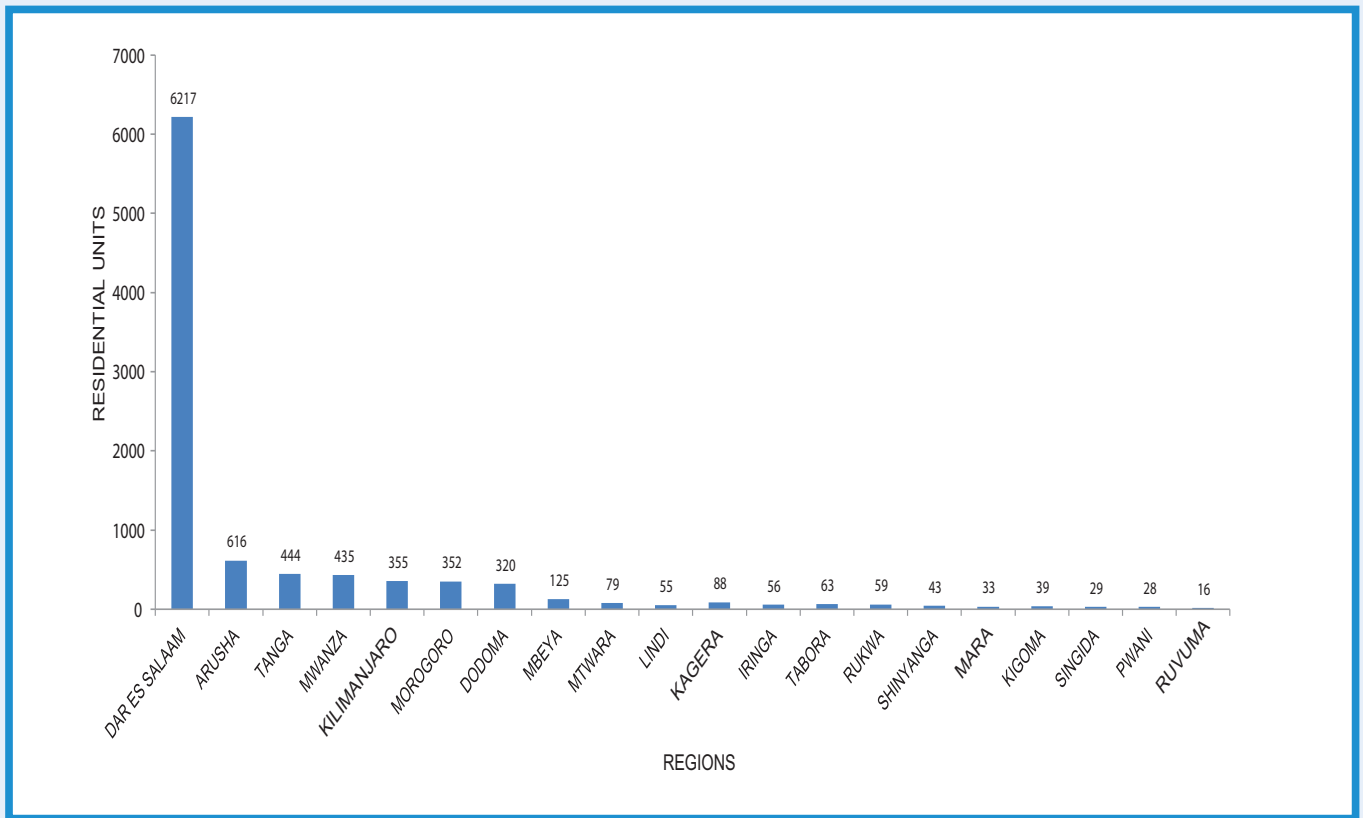
The National Housing Corporation (NHC) was established through Act of Parliament No. 45 of 1962 for the purpose addressing the shortage of housing that beset the urban areas and especially the indigenous citizens. The Corporation was reconstituted through Act of Parliament No. 2 of 1990 in order to carry out the functions i.e. of providing and facilitating the provision of housing and other buildings in Tanzania for public. This reconstitution aimed at addressing the declining trend of the old NHC and the Registrar of Buildings (ROB) by pulling together the available resources from the two parastatals so that it could refocus on the problem of acute shortage of housing and commercial properties in the urban areas. The NHC Act No. 2 of 1990 and the Land Act No. 4 of 1999 were later on amended through Miscellaneous Amendments Act No 2 of 2005 in order to enable the NHC to operate on sound commercial principles.

The reconstituted NHC inherited 26,705 rental units of residential and commercial properties. However, this stock has since declined following the handover of 5,665 units of old urban quarters and houses which were constructed by NHC in district and sub-district headquarters to Local Governments in 1990. Thereafter, the Government gave NHC permission to sell-off non-performing, low and medium cost residential units effective March 31, 1993. Under this arrangement a total of 5,001 units were sold. Besides, 686 properties were transferred under various arrangements from NHC to other entities including the Government. The number of buildings and units has been changing from time to time following the construction of new buildings and selling of units under different schemes. The current stock of rental properties stands at 2,483 buildings containing 18,121 units. Out of the total units under NHC ownership, 7,161 are commercial units, 9,452 are residential units and 1508 are ex-owners. Dar-es-salaam which is constituted by four regions namely, Upanga, Ilala, Temeka and Kinondoni has about 2,623 (42%) commercial units and 6,446 (70%) residential units. The rest of the units are located in other 19 regions as illustrated in Figure 1 below.

Going forward as a public institution, NHC is expected to fulfill the following:

- Balance the real estate portfolios so as to move from predominant real estate management business and put more efforts on real estate development.
- Promote home ownership by taking advantage of the Mortgage Financing (Special Provisions) Act and the Unit Titles Act both laws enacted in 2008
- Build affordable houses for the low income group countrywide.
- Take advantage of its wealth (properties that are strategically located) so as to operate commercially and alleviate housing problems.
- Partner with private investors (under PPP arrangements) in undertaking large scale investment projects

Figure 1: Distribution of NHC residential units in 20 regions



PART TWO

2. SITUATIONAL ANALYSIS

The analysis of the environment in which NHC operates has generated ideas on the direction the Corporation will be taking in the next 10 years. The analysis of the internal and external environment of NHC uncovered a number of strengths and opportunities that must be leveraged, weaknesses that need to be addressed, and risks that must be mitigated in order to succeed in implementing the identified strategies.

2.1 Internal environment analysis

The internal environment analysis focuses on the performance of NHC in the past four years against a number of strategic goals and objectives that were set at the beginning of the period. The previous NHC's strategy focused on six (6) main goals as highlighted in Table 1 below.

Table 5: Summary of NHC strategy 2010/11 - 2014/15

#	GOAL	STRATEGIC OBJECTIVES
1	To become a leading real estate developer	<ul style="list-style-type: none"> To develop a minimum of 15,000 houses for sale and lease by June, 2015. To play a role of a master developer by June, 2015. To mobilize TZS1.5 trillion investment fund. To embark on intensive marketing of houses constructed for sale by December, 2010. To develop a strategic relationship with local government authorities, utility agencies and other strategic stakeholders.
2	To become an efficient real estate manager	<ul style="list-style-type: none"> To become the most reputable real estate manager in the country. To ensure fair value for NHC assets by July of every year. To improve housing allocation system by September, 2010. To ensure that property maintenance undertaken is adequate and reflects value for money. To increase the rate of return on investment.
3	To strengthen operational efficiency and control mechanisms	<ul style="list-style-type: none"> To enhance operational efficiency and compliance by June, 2015. To establish risk management system.
4	To optimally deploy human resources base	<ul style="list-style-type: none"> To enhance effective human resource utilization by December, 2011; and To continually enhance human resource development and capacity building.
5	To review and improve all contracts and legal environment	<ul style="list-style-type: none"> To streamlining all contracts binding the Corporation by February 2011. To propose and fast track necessary amendments of NHC Act No. 2 of 1990 by June 2011. To prepare regulations under NHC Act and put in place guidelines and procedures by September 2011. To minimize disputes and reduce backlog of court cases by June 2011.
6	To boost the corporate image	<ul style="list-style-type: none"> To restore NHC public image by June 2011. To develop and implement CSR policy by June 2011.

Assessment of the performance against these goals and objectives has revealed that NHC has made remarkable achievements towards achieving its vision and mission. The management of NHC with the support of the Board of Directors, employees and external stakeholders has worked tirelessly to ensure that the strategies are implemented. Whereas the achievements are evident and the majority of stakeholders are satisfied with what NHC has delivered, a number of challenges still remain. In the next ten (10) years, NHC will build on key achievements to date and continue to work towards addressing existing challenges and take advantage of emerging opportunities. Section 3.1.1 – 3.1.6 below further describe the key performance areas to date and the lessons learnt which will be leveraged in the future.

2.1.1 GOAL 1: To become a leading real estate developer

2.1.1.1 Strategic Objectives:

Construction of 15,000 houses for sale/lease and playing the role of Master Developer by 2015

Up to June, 2015, NHC completed construction of 1,339 units. This is below the target set at beginning of the strategic period of completing 3,000 units per annum. Challenges such as delays by contractors/ consultants to deliver property units, limited availability of skilled labor and long procurement process lead time have contributed to the shortfall of houses that were expected to be delivered. However, NHC considers the past 5 years as the foundation period under which a lot of groundwork was needed to be done in order to position NHC to better deliver in the next 10 years. Table 4 shows that the Corporation embarked on preparation and construction of 15,191 affordable, middle and high-end housing units of which 1,339 units were completed, 3,963 housing units are under different stages of construction and 9,889 housing units are upcoming.

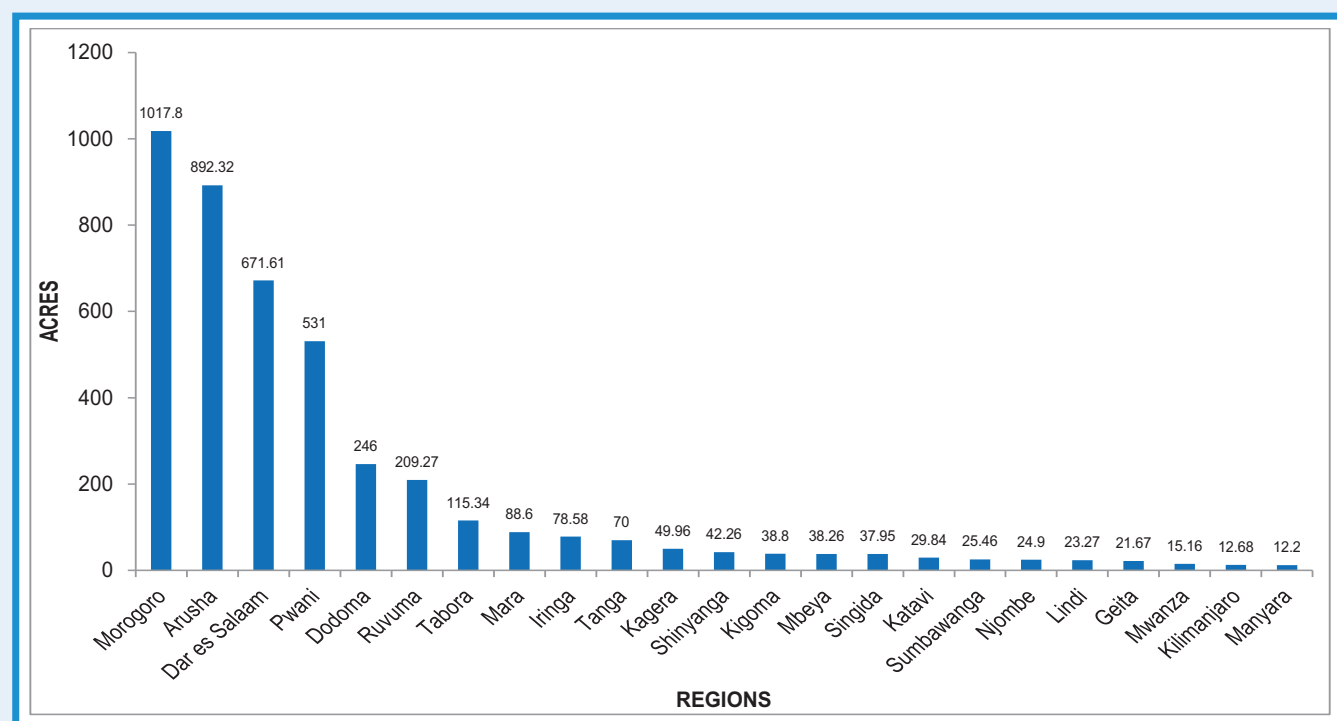
Table 6: Status of construction projects

STATUS OF PROJECTS AS OF MARCH, 2016 <i>(projects are classified by their construction stages)</i>										TOTAL IN EACH CATEGORY		
PROJECTS	COMPLETED PROJECTS			ONGOING PROJECTS			UPCOMING PROJECTS					
	No. of projects	Gross Floor Area	No. of housing units	No. of projects	Gross Floor Area	No. of housing units	No. of projects	Gross Floor Area	No. of housing units	No. of projects	Gross Floor Area	No. of housing units
Affordable Housing	13	0	488	12	0	423	46	0	1,991	71	0	2,902
Residential Buildings	7	0	680	4	0	882	11	0	821	22	0	2,383
Commercial and Office Buildings	3	17,110	171	6	26,027	260	11	72,960	730	20	116,097	1,161
Mixed Use Buildings	0	0	0	5	220,576	2,398	12	623,109	6,347	17	843,685	8,745
SUB-TOTAL 1	23	17,110	1,339	27	246,603	3,963	80	696,069	9,889	130	959,782	5,191
SUB-TOTAL 2	23 projects making a total of 1,339 housing units and 17,110 sq.m GFA			27 projects making a total of 3,963 housing units and 246,603 sq.m GFA			80 projects making a total of 9,889 housing units and 696,069 sq.m GFA					
TOTAL PROJECTS	130 projects, 959,782.4 sq. m GFA; 15,191 housing units											

Note: Commercial and office space GFA has been converted into housing units i.e. 100 sq.m GFA = 1 housing unit).

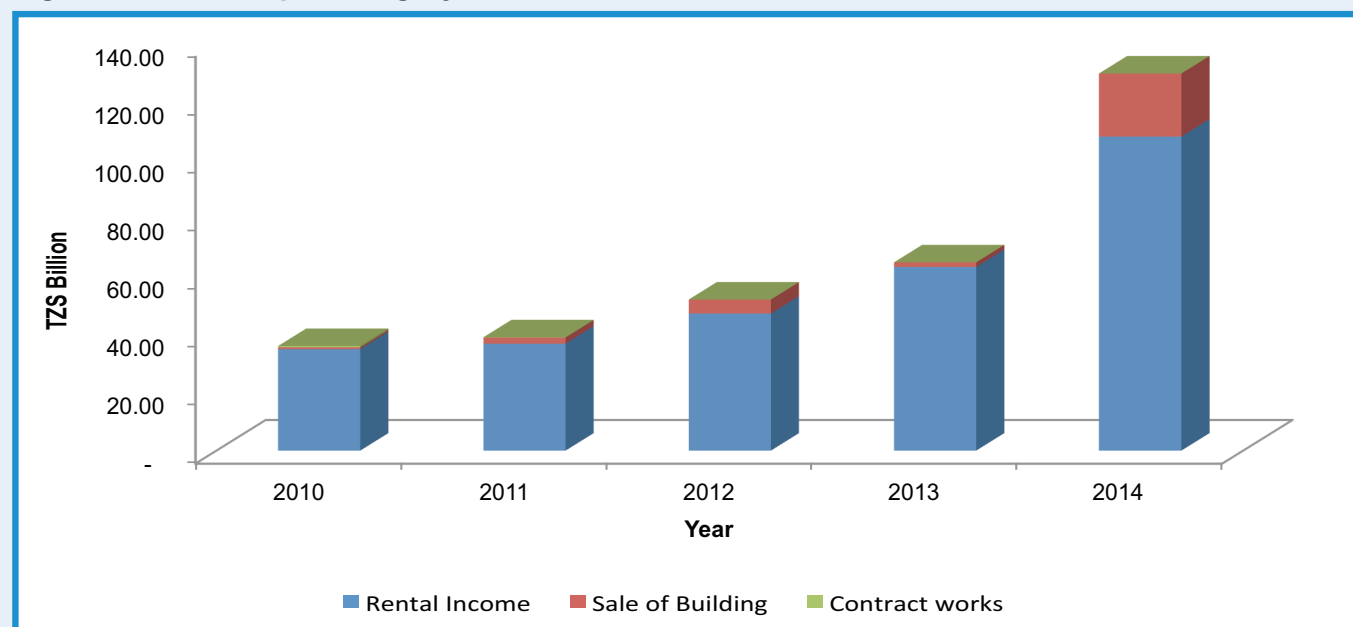
Inline with the objective of being the leading real estate developer, NHC has already developed master plans for 26,770 units. Furthermore, NHC has acquired a total of 4,643 acres of land in different parts of the country which are either already being acquired or being surveyed. Out of the total plots acquired, 50% are located in Dar-es-Salaam. Figure 2 shows land acquired by NHC in different regions.

Figure 2: Land acquired by NHC (2010-2015)



The current portfolio of rental units and houses sold have generated TZS 129.7 billion of revenue, of which 83% constitute rental income and 16% is revenue from sale of properties (Figure 3 below). Rental revenue grew by 22% CAGR between 2010 and 2015 due to upward adjustments of rental rates and improved collections. Revenue from sale of properties increase by 40% CAGR during the same period.

Figure 3: Revenue per category in TZS Billion



During the period under review, NHC increased rent from 60% to 85% of market rates. Going forward, the Corporation will continue to ensure that rental rates are in line with rates prevailing in the market by making sure that houses/ units are well maintained while seeking opportunities to strengthen these rates.

Based on experience of implementing this strategy during the review period, the following are the key lessons that will be useful in the future.

- Delivering construction projects on time, within budget and at the highest quality requires robust capacity and skills to manage delays such as obtaining building permit and projects delivery. Given the volume of units needed to be delivered, outsourcing some of the construction works seems feasible and NHC has started to use this approach. In addition, NHC will continue to build its internal project management capability in order to effectively manage and deliver projects on time;
- Surveying land is critical in order to avoid land disputes that may arise in future.
- Efforts to streamline internal processes and procedures will continue in order to further improve turnaround time of key activities. In addition, timely procurement must be aided by advanced planning of projects to allow ample time to procure while complying with set rules and guidelines.

2.1.1.2 Mobilize TZS 1.5 trillion investment fund by 2015

Up to June, 2015, TZS 234.914 billion has been mobilized from local and foreign investors which represent 16% of planned funds to be mobilized. Although funds raised are below target, NHC has made significant progress in other fundraising options including establishing a Real Estate Investment Trust (REIT). Currently, NHC is at the final stage of establishing the REIT.

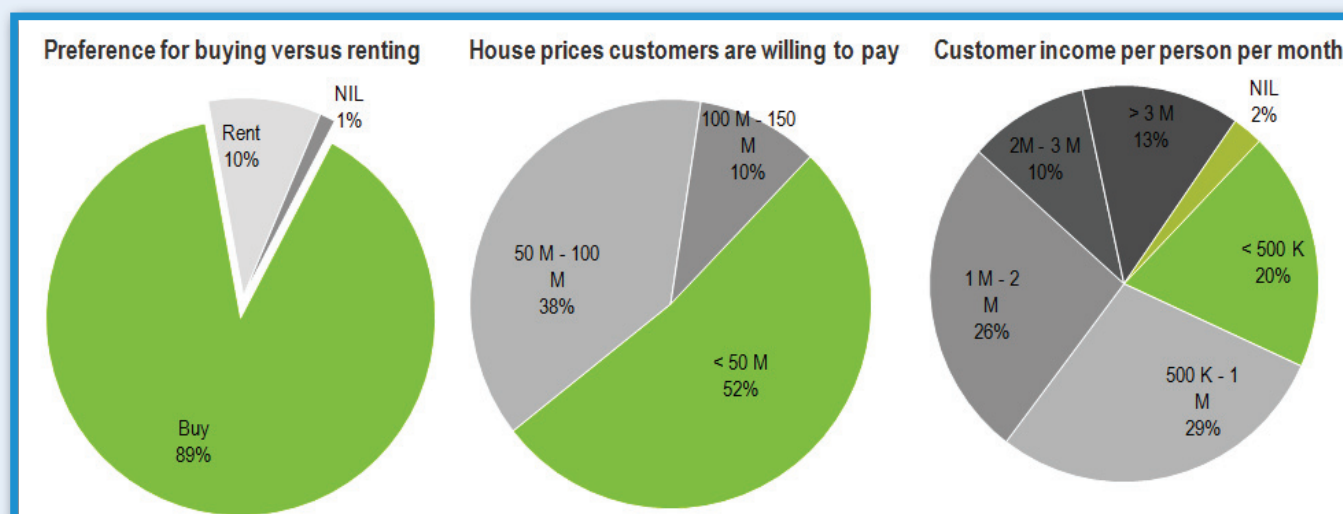
Embark on intensive marketing of houses constructed for sale

NHC employed an aggressive marketing/awareness campaign which included introduction of a TV and Radio programme (“Maisha ni Nyumba/My Home My Life”) in 2011 to create awareness of NHC housing projects. NHC also utilizes other channels such as direct sales force, print media, social media and NHC’s website. This aggressive marketing strategy has significantly contributed to the growth of sales revenue over the past 5 years.

In February 2014, NHC conducted a market demand and affordability study with the objective of determining effective demand for houses and the ability of customers to purchase NHC houses. More than 2,500 questionnaires were used as a main instrument to collect data and information from employees of 100 organizations and companies in Dar es Salaam. A total of 830 questionnaires were collected from respondents.

Results of the study presented in figure 4 above showed that the majority of respondents from Dar es Salaam indicated that they preferred to buy rather than rent NHC houses. However, affordability was indicated as a key decision making factor. Most respondents were only willing to pay a maximum of TZS.50 million for a house of 3 to 4 bedrooms.

Figure 4: Customer preferences, willingness to pay and income per month



In addition, 82% of respondents indicated that, when buying a house they would prefer to use mortgage financing. At the same time, 84% of the respondents indicated that Dar es Salaam (specifically Kinondoni district) as the most preferred location. Other preferred regions are Arusha, Morogoro and Mwanza.

Currently, the majority of NHC's rental properties are located in Ilala District. However, a number of on-going construction projects are being implemented in Kinondoni District including the 700 units at Kawe and 60 units at Victoria.

The foregoing analysis indicates that, while aggressive marketing and sales initiatives are critical to selling houses, it is equally important to ensure that houses are located in areas that command preference of potential buyers. In addition, access to affordable financing is key in increasing house sales. As such, NHC should continue influencing more banks to offer mortgage products while working with different local and foreign partners as well as the Government to come up with alternative and affordable housing finance mechanisms.

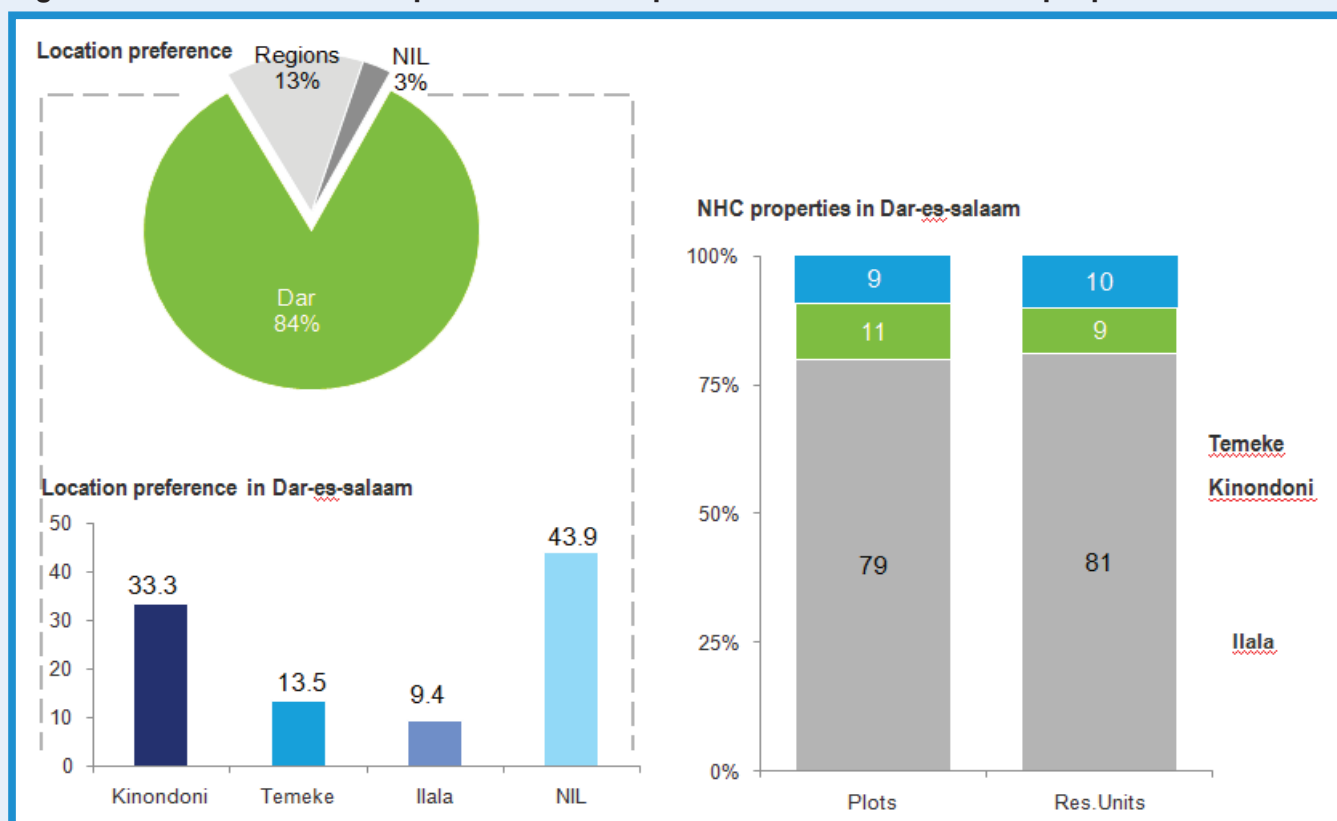
Further, awareness programmes may also focus on promoting home buying culture. For example, instead of one aiming to buy a big house the first time, he/she can start by buying a small house which could later be sold at a higher value and generate additional funds for buying a bigger house.

2.1.1.3 Develop a strategic relationship with local government authorities, utility agencies and other strategic stakeholders

NHC has entered into partnership arrangements with Temeke, Katavi, Monduli and Mvomero District Councils as well as Tanzania Institute of Education (TIE) in respect of providing land to NHC for the purpose of constructing properties. The NHC has also entered into partnerships with 16 commercial banks for the purpose of providing mortgages to NHC customers. NHC also uses joint venture partnerships and third party contractors to deliver planned housing projects.

Strategic partners are critical and NHC will continue to explore more partnerships in the next strategy period. Of paramount importance are partnerships with utility and infrastructure providers (e.g. water, electricity, roads) in ensuring that projects areas are serviced before housing projects are completed.

Figure 5: Customer location preferences compared with location of NHC properties



Source: NHC – Audited Financial

2.1.2 GOAL 2: To become an efficient real estate manager

Strategic Objectives:

2.1.2.1 Become the most reputable real estate manager in the country

Customers' perception

In June 2014, NHC carried out a customer satisfaction survey in order to gauge customers' satisfaction with services provided, specifically in the areas of maintenance and customer service. Overall 67% of customers were found to be satisfied with NHC services in most areas while improvement areas have also been identified. Since this kind of survey wasn't previously conducted, it is difficult to follow the level of improvements over time. Most customers feel that it is easy to get access to NHC's staff who behaves in a professional manner. However, maintenance services, solving problems and the duration it takes to solve problems are areas that still need further improvements.

Significant work has been done in improving communications and engagement with customers. For example, the introduction of specialized departments for Tenants Relationship and Facilities Management significantly reduced tenants' complaints. However, more needs to be done to ensure that processes are versatile and decisions are made quickly.

In addition, experience has shown that as the rental property portfolio increases, managing/maintaining quality houses becomes more challenging. In the long run, NHC must consider alternative ways of building the property maintenance capability. This could be through outsourcing facility management professional firms in order to improve maintenance turnaround time.

Cost management

Maintenance costs declined to TZS 4.6 billion in 2013 (10% of total operating costs) compared to TZS10 billion in 2010 which was over 30% of the total cost. In 2010, maintenance and repair costs were high because all works were outsourced without proper control of the works delivered by suppliers which in turn resulted into reworks and the eventual higher costs. The management of NHC decided to undertake the maintenance and repair work internally and outsourced only when necessary. This enabled the management to control costs and ensure the value for money. Maintenance and repair costs increased in 2012 because of major repairs on old houses that were undertaken.

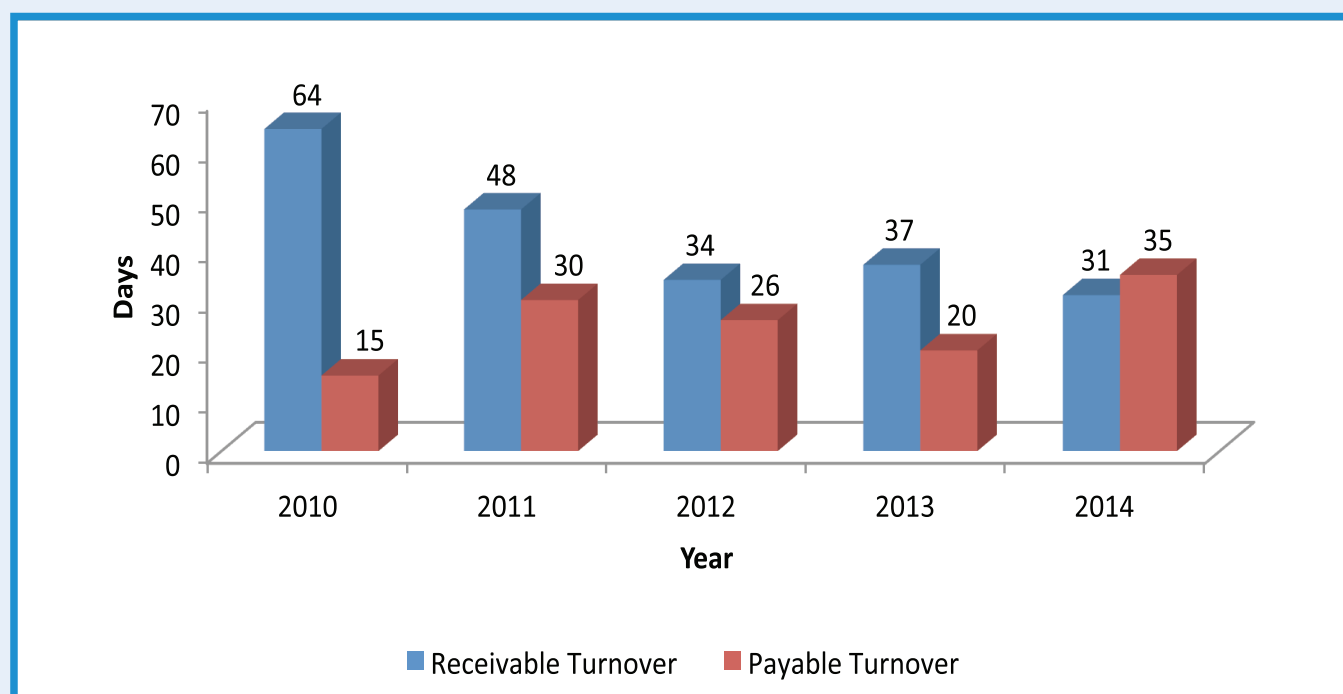
Although undertaking the maintenance and repair works internally gives the Corporation control over the quality and costs, outsourcing more of this function in future will be necessary as more rental houses are delivered and new tenants are moving in. However, NHC will have already built capability to manage outsourced works and ensure that the right service level agreements (SLAs) are in place.

Working Capital Management

Robust working capital management ensures that NHC has sufficient cash flows in order to meet its short-term obligations and operating expenses. Critical aspects of working capital management at NHC relates mainly to timely rental collections and payments to suppliers/service providers.

During the period under review, NHC improved its receivable turnover (i.e. number of days it takes to collect rent and other payments from customers) from 64 days in 2010 to 32 days in 2015 (see Figure 6). The Corporation employed aggressive strategies for collecting rental arrears which included canceling contracts of defaulting tenants. Currently, all rent charges except for government tenants, are paid at least a month in advance. The main collection challenge facing the Corporation currently, relates to collection of rental arrears from government tenants.

Figure 6: Receivable and payable turnover (Days)



Source: NHC – Audited Financial

During the period under review, NHC increased its number of payable turnover days (in average) from 15 days in 2010 to 30 days in 2011 because of the new accounting system adoption, from Iscalar to Votebook Financial Management Information System. In 2012-2013, there was improvement, since employees became competent in a new adopted system until 2014 when Document Managed System was introduced.

On the other hand, payable turnover have been increasing over time from 140 days (approx. 5 months) in 2010 to 276 days (approx. 1 year) in 2013. The payables used for the present analysis relate only to those incurred as administrative expenses. The analysis of payables excludes construction deposit that form part of the selling price once houses/units are completed, rental advance which relate to prepayment of rent, and accruals relating to property tax and other items which suppliers/government have not invoiced NHC. While it is critical to negotiate better credit terms, delaying creditors' payments is likely to have a negative impact on the relationship with service providers/suppliers.

To ensure fair value for NHC assets by July of every year

On annual basis, NHC performed fair value valuation of its property portfolio to determine the amount that could be realized in case it was to sell its assets at a particular point in time. During the period under review, NHC has consistently recorded gains from fair value adjustments of existing properties.

In 2013, the total asset value was TZS 3 trillion from TZS 2.1 trillion recorded in the previous year. This increase is attributable to the following factors:

- Increase in fair value of investment properties of TZS 871 billion.
- Additions to investment properties of TZS 15 billion.
- Increase in the carrying amount of property, plant and equipment of TZS 9.8 billion.
- Profit before tax, other than fair value increase of TZS 9.2billion.

To improve housing allocation system by September, 2010

The policy has been developed and currently execution is done manually, the automated system will be used after the implementation of ERP. NHC is currently in the process of finalizing procurement of a Consultant to support implementation of an Enterprise Resource Planning (ERP) system that will have various modules including a housing allocation module.

To ensure that property maintenance undertaken is adequate and reflects value for money

Up to June, 2015, NHC has created emphasis on ensuring that maintenance of houses and commercial properties is done periodically. The introduction of the Tenants Relationship and Facilities Management Departments is an evidence of efforts made to improve relationship with tenants and ensure problems and complaints are addressed.

Besides the above efforts, after each maintenance work, tenants are required to complete and sign a form to indicate whether or not they are satisfied with the works. This feedback mechanism helps the NHC team to track the level of satisfaction of the maintenance works and whether such works reflects value for money and address issues raised by tenants.

Feedback from customers has shown that NHC needs to do more in ensuring quality maintenance and repair works. Limited availability of skilled labour to perform maintenance works and substandard materials in the market are some of the challenges that NHC faces. Going forward, NHC will continue to devise solutions for addressing these challenges as well as looking at outsourcing options in order to boost the Corporation's execution capability.

2.1.3 GOAL 3: To strengthen operational efficiency and control mechanism

Improvements have been realized in this area by putting in place systems, processes and procedures as well as improving the human resource base needed to execute activities/projects as indicated below:

- A risk management policy was developed and approved by the Board of Directors and it is since in use;
- Customer engagement processes are now in place and are conducted on periodical basis, e.g., weekly, and monthly visits to customers and inspection of facilities;
- There is increased use of electronic communication channels, e.g., all staff have email addresses,
- NHC's website is up-to-date and being used effectively as a communication channel;
- There is increased focus on compliance to set rules and procedures such as procurement, financial management/ controls etc. which has enhanced awareness of risks and the staff assuming the responsibility in ensuring that risks are well managed; and
- During the period, the internal audit team conducted annual operational audits using IDEA (a computer assisted auditing software), that assists in identifying key risk areas and worked with different internal teams to address such risks.

The above efforts have contributed to increased visibility of NHC's activities among stakeholders.

However, NHC is cognizant of the fact that more efforts need to be done in order to improve the operational efficiency. Some of the key lessons learnt that will be leveraged in the future are as follows:

- Compliance with set policies and internal control mechanisms is paramount imperative. Therefore, ensuring Project Managers plan ahead and well for their projects is critical in order to aid smooth execution of other critical processes such as procurement.
- There is a need to have a better and detailed view of construction costs in order to effectively manage and control costs.
- There is a need to improve project management capability and processes to ensure projects are delivered on schedule and within budget.

2.1.4 GOAL 4: Optimally deploy human resource base

This goal is aimed at enhancing human resource (HR) base utilization/deployment and focusing on building capacity of employees. During the period under review, NHC undertook a number of measures to enhance human resource capacity and the effectiveness of its staff as follows:

- Invested in training of staff, spending approximately TZS 1 billion annually on short and long term training programmes geared towards enhancing professional competencies.

- In the efforts to enhance the utilization of staff, rent collection training was provided to some of the office attendants who were deployed to rent collection roles within the Corporation.
- At the beginning of the previous strategic period, NHC had human resource gaps that needed to be filled in order to boost the team's capacity. Consequently, a number of staff were recruited to fill vacant positions and brought on board skills that were lacking such as project management, sales and marketing. As provided in figure 8, the current profile of NHC staff indicates that 35% of staff has employment tenure of about 3 years. Implicitly, substantial efforts were devoted in the recruitment that was aimed at filling the gaps. The recruitment strategy included recruiting experienced staff from the labour market and partnering with universities to bring in fresh graduates.
- Put in place and implemented a performance management and reward system which focused on ensuring that staff are well aware of their contribution towards delivering NHC's strategies and the reward associated with meeting performance expectations. This has significantly increased staff productivity and morale and in turn improved the performance of the Corporation. Currently, NHC is still in the process of improving the reward system to ensure that remuneration and benefits are well aligned to job profiles, staff experience as well as performance.

The employee satisfaction survey carried out in June, 2014 shows that the efforts made to implement this goal were successful to a greater extent. Most staff are satisfied with NHC's focus and their involvement in the process of delivering on the strategies while recognizing their contribution. These efforts will continue in the next 10 years to develop leaders at all levels who are committed to transform the organization. NHC's management will also continue to do more to address areas that scored low on the survey. These areas include, salaries and benefits; training; and career development.

2.1.5 GOAL 5: To review and improve all contracts and legal environment

The focus of this goal was to streamline all contracts binding the Corporation; propose and fast track necessary amendments to the NHC Act No. 2 of 1990 prepare regulations/guidelines/procedures aligned to the amended Act in order to enable NHC to operate on more sound commercial principles; and minimize disputes and reduce backlog of court cases.

During the period under review, NHC was able to make remarkable achievements and learnt some lessons in this area that will help the Corporation in future. NHC has reduced the use of external lawyers which was increasing operating expenses. In cases that need external lawyers' involvement, NHC enters into Service Level Agreements (SLAs) with such lawyers to ensure that they deliver high quality works and meet NHC's expectations.

As part of streamlining processes, the legal team also developed templates for leases, SLAs and bank contracts to ensure all legal aspects are well covered and NHC proactively manages risk. In addition, a contract management system has been put in place to help the team to effectively manage and expedite the contracting process.

Finally, the legal team also managed to reduce the backlog of court cases from about 220 during 2010/2011 to 57 in June, 2015. A number of these cases have also been resolved outside the court through negotiations with key parties. The key lesson learnt from the experience of the past five years is that most cases can be prevented by ensuring robust relationship management with stakeholders before they materialize. Going forward, the management of NHC

will continue to focus on ensuring that contracts are robust, contract management is proactive and there is focus on managing relationships to avoid court disputes with stakeholders.

The challenges faced in implementing this goal include long processes for getting amendments to the NHC Act approval. As a result, finalizing amendments to the NHC Act and development of related regulations and guidelines will be carried over to the subsequent strategy period. However, this is expected to be finalized within the first two (years) of the new strategy period.

In addition, the legal team is currently understaffed due to increase workload as a result of increased number of construction projects as well as the increase in the number of tenants. In view of this increase in the workload, the capacity of the legal team will need to be improved by filling vacant positions.

2.1.6 GOAL 6: To boost the corporate image

The overall objective of this goal was to restore the public image of NHC which was low at the start of the foregoing strategic plan and invest in Corporate Social Responsibility (CSR) activities as a way of giving back to the community in which it operates.

In its bid to improve the public image, NHC used the media (print, radio, TV and social media). The aim was to promote its products, services and activities as well as raise awareness about home ownership amongst the Tanzanian population. Notable is the “Maisha ni Nyumba/My Home My life” – a TV programme which aims at reaching out various NHC’s stakeholders, clients and the general public through exclusive interviews, feature articles/clips and news related to the housing sector in Tanzania and the world at large. This programme is an innovative idea that has been very successful and has played a significant role in improving the public image of NHC.

In addition to using media, NHC has made a lot of efforts to build relationships with stakeholders including the government, private sector and the community. Through this engagement strategy, NHC has gained significant support from the Government in implementing its strategy, formed a number of partnerships with local and foreign organizations including commercial banks in Tanzania.

The customer satisfaction survey conducted in June, 2014 showed that 67% of NHC external stakeholders think positively about NHC in an array of aspects of service provision. Although the baseline was not determined at the beginning of the period, NHC sees an index of over 60% as a significant achievement and a strong foundation for the future. Going forward, efforts to improve the public image will continue with a strong focus on improving efficiency in service provision as the two aspects show a strong positive correlation.

Further to improving the public image, the Corporation undertook various corporate social responsibility (CSR) activities in all regions of Mainland Tanzania ranging from youth development and training to health care support for institutions and individuals and community initiatives. In 2013, NHC spent TZS 338 million on CSR activities compared to TZS 254 million in 2012 and TZS 44 million in 2011. Investing in CSR activities will continue to be NHC’s focus area. However, it will be guided by the developed CSR policy that aims at assuring CSR activities are more strategic and have a longer term impact especially to youth.

2.2 External environment

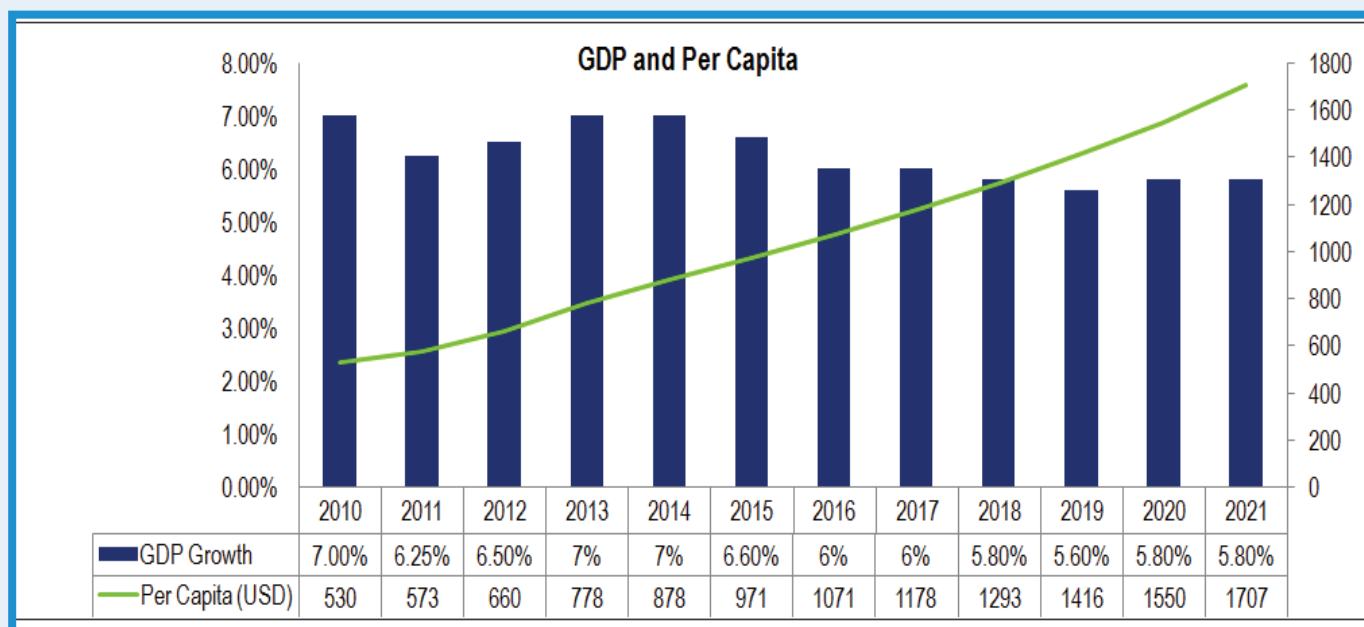
The analysis of the external environment focuses on factors such as economic trends; political/policy and legal environment; population and customer trends; and the industry/competitive environment. These factors, their implications and resulting opportunities and threats are presented in the following sub - sections.

2.2.1 Economic Growth

As illustrated in Figure 11, Tanzania's economy has been growing at an average rate of 6.6% since 2010 and is projected to grow at the rate of 6% between 2013 and 2021. The Economist Intelligence Unit (EIU) projects that economic growth in 2015 will be underpinned by rising investment in the natural gas sector and a loose fiscal stance ahead of the presidential and parliamentary elections. As a result, real GDP is expected to accelerate to 7.3% in 2015.

The pace of expansion will moderate to 6.9% in 2016, as NHC assumes the government will tighten fiscal policy after the 2015 election. This will then pick up to an average of 7.1% in the final years of the forecast period — helped by a further spurt of investment in the energy sector. Per capita GDP is also expected to continue growing signifying as the economic growth will be much more broad-based going forward.

Figure 7: Growth Domestic Product and Per Capita Income



Source: Bank of Tanzania, Tanzania Bureau of Statistics, Economic Intelligence Unit

The EIU forecasts that the construction sector will be growing at a rate higher than that of the economy by 2015, when it is expected to grow by 11% compared to 7.3% growth of GDP. The construction sector is expected to grow as investment is made in the gas sector and related infrastructure, including the possible US\$14 billion liquefied natural gas processing plant. Other economic sectors that are expected to achieve high growth include transportation, power and urban property development. Growth in the mining and quarrying sector is expected to be held back by projected relatively weak gold prices.

More and more multinational corporations (MNCs) are looking for growth opportunities in Africa and are setting up local operations on the continent. Business activity emanating from the burgeoning oil and gas industry resulted in high demand for real estate in resource rich countries such as Nigeria and Angola.

With the discovery of oil and gas in Tanzania, and in East Africa, coupled with increasing economic growth and growth in the manufacturing sector, the same is likely to occur in Tanzania.

As more offices are set up with the influx of MNCs and the general improvement in economic growth, the type of offices that office users are demanding is evolving. Office users are demanding less space per worker as they reconfigure for more collaboration. The economic growth has also boosted the rise of retail trade as consumers have more disposable income. Retailers are looking for urban formats that will be able to serve city dwellers more efficiently.

Despite the high economic growth, much of Africa still faces infrastructural challenges ranging from poor transportation systems to low supply of quality water and electricity. These infrastructural challenges constrain industry growth. East African governments, both unilaterally and as a block, are undertaking various infrastructural projects with the aim of boosting economic activities. In Tanzania, more than ever (7) factories of cement are currently under construction. This presents the potential for increase in supply of cement in the market at relatively lower prices. Dangote Cement, a newly constructed factory, is projected to produce 1.5 million metric tonnes per annum of cement.

Implications

- Economic growth arising from oil and gas, and manufacturing sectors present an opportunity for NHC to grow customer base both for both commercial and residential real estate as businesses.. For the residential space, potential high employment rates resulting from this burgeoning could lead to increased disposable income (and/or ability to borrow) which could enable more people to buy homes. The economic growth and increase in GDP per capita will improve people's purchasing power. This could potentially fuel growth in other sectors including housing, retail and consumer goods, amongst others. NHC could potentially benefit from the resulting increase in demand for housing as well as commercial/retail real estate as growth in economic activities leads to expansion of existing players, entry of new players as well as increase in disposable income.

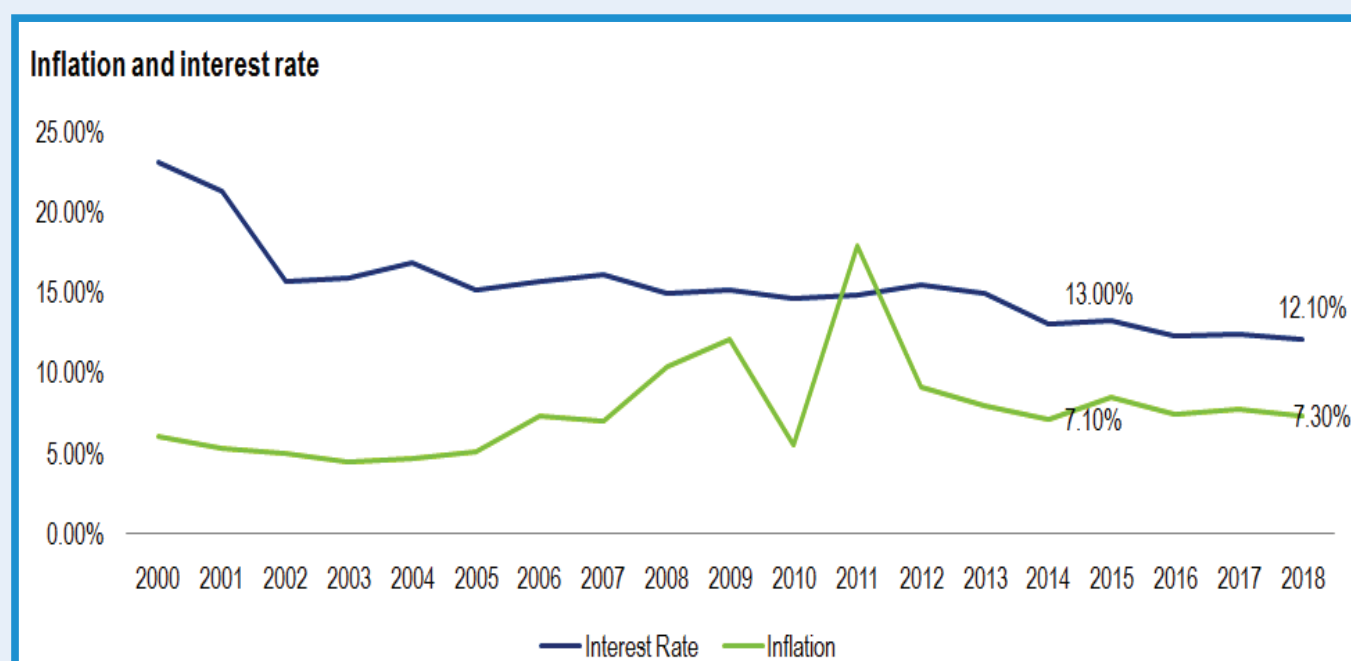
2.2.2 Inflation and interest rate

2.2.2.1 Inflation

Inflationary pressures continue to ease and as inflation is projected to drop to 6.2% by the end of 2014 (compared to 16% and 8% at the end of 2012 and 2013 respectively) as illustrated in Figure 8 below. However, the prevailing inflation rates still remain above the BoT's medium-term target of 5%. The EIU expects average inflation to accelerate to 8.5% in 2015. On the back of an expansionary fiscal stance ahead of the election, coupled with a weaker Tanzanian shilling, will push up the price of imported goods.

However following the election the EIU expects that inflation will return to the 7% range, between 2016 and 2018. This is expected to result of tight fiscal policy and the introduction of the BoT's planned inflation targeting regime which will start to bolster the effectiveness of monetary policy. The lack of specialist construction materials on the continent necessitates industry players to rely on imports. Due to the high inflation and the subsequent weakened shilling, the high price of imported goods will contribute to high construction costs.

Figure 8: Annual average Inflation and Interest Rates



Source: Tanzania Bureau of Statistics

Implications

- Similar to other businesses in the country, NHC's cost structure is susceptible to the inflationary pressure. This calls for more efficient management of operations such as identifying alternative affordable ways of sourcing materials/supplies.
- Lobbying efforts to obtain tax exemptions for some imported supplies, such as construction material for affordable housing, could potentially help NHC manage its cost base especially during periods of high inflation.

2.2.2.2 Interest Rates

BoT is expected to maintain a cautious monetary stance in order to limit inflation. While money-targeting policy increases volatility in short-term interest rates, the commercial lending rates have been less sensitive to changes in monetary policy and as such have remained relatively stable in recent years.

Current lending interest rates are very high averaging 14% p.a. As a real estate player, NHC is negatively affected by high interest rates on two fronts: First, high lending rates increase financing cost of projects which in turn increases the cost of constructed units. Second, high interest rates have an inverse effect on demand for housing as potential buyers are discouraged from obtaining mortgages (and other housing loan products) there are necessary to finance the purchase.

Notwithstanding the relatively high lending rates, the mortgage industry in Tanzania has continued to grow steadily. It recorded an annual growth rate of 46% in 2013. As of 31 December 2013, 19 lenders were offering mortgage products with outstanding mortgage standing at about TZS 156 billion (See Figure 14), which represents 0.36% of GDP. The average mortgage size for the industry was approximately TZS 62 million. Mortgage debt advanced by Tanzania Mortgage Refinance Company (TMRC) to primary mortgage lenders accounted for 11% of the market's

outstanding mortgage debt.

Mortgage debt advanced by top three (3) lenders account for 67% of the total outstanding mortgage debt. With the longest presence in the mortgage market, Azania Bank was a market leader commanding 24% of market share, closely followed by Stanbic Bank with about 21% of the mortgage market share

BoT expects more lenders to enter the market. However, high interest rates and lack of affordable housing remain the major constraints on market growth.

In East Africa, industry players predominantly utilize debt to finance construction due to a lack of cheaper financing alternatives to bank loans. As such, their cost structures are highly susceptible to interest rate fluctuations.

On the demand side, Tanzania still remains a cash based society and as such those able to buy homes, often do so in the form of cash purchases. This is further exacerbated by the underdeveloped mortgage market and the high lending rates.

Implications

- Exploring other sources of financing to replace or augment bank loans. For example NHC could look for offshore sources of funds or issue securities such as corporate bonds, asset backed securities, among others.
- The prevailing high lending rates for mortgage loans would potentially erode NHC's customer base. As such, NHC should strive to develop innovative ways to influence the high lending rates such as group lending, setting up a financial institution and taking to the media to influence policy on lending rates

2.2.2.3 Socio-economic factors

Population - size, growth, composition and distribution – is one of the critical factors influencing demand for products and services. In the real estate sector, understanding trends in population growth and distribution is critical to gauging future demand and planning for appropriate supply. According to the Tanzania Bureau of Statistics (TBS), the country's population has grown at a rate of 2.7% per annum between 2002 and 2012. At this rate, Tanzania's population is projected to reach 70.1 million in 2025.

The high rate of population growth is driven by persistently high birth rate, reduced mortality, and low international net migration. With the lack of active family planning policies, the high rate of population growth is expected to continue. The discovery of oil and gas has also led to an increase in the expatriate community in Tanzania, However, the increase is not significant enough for the country as a whole as the expatriate community associated with oil and gas are in Dar es Salaam and will unlikely stay in the country in the long run.

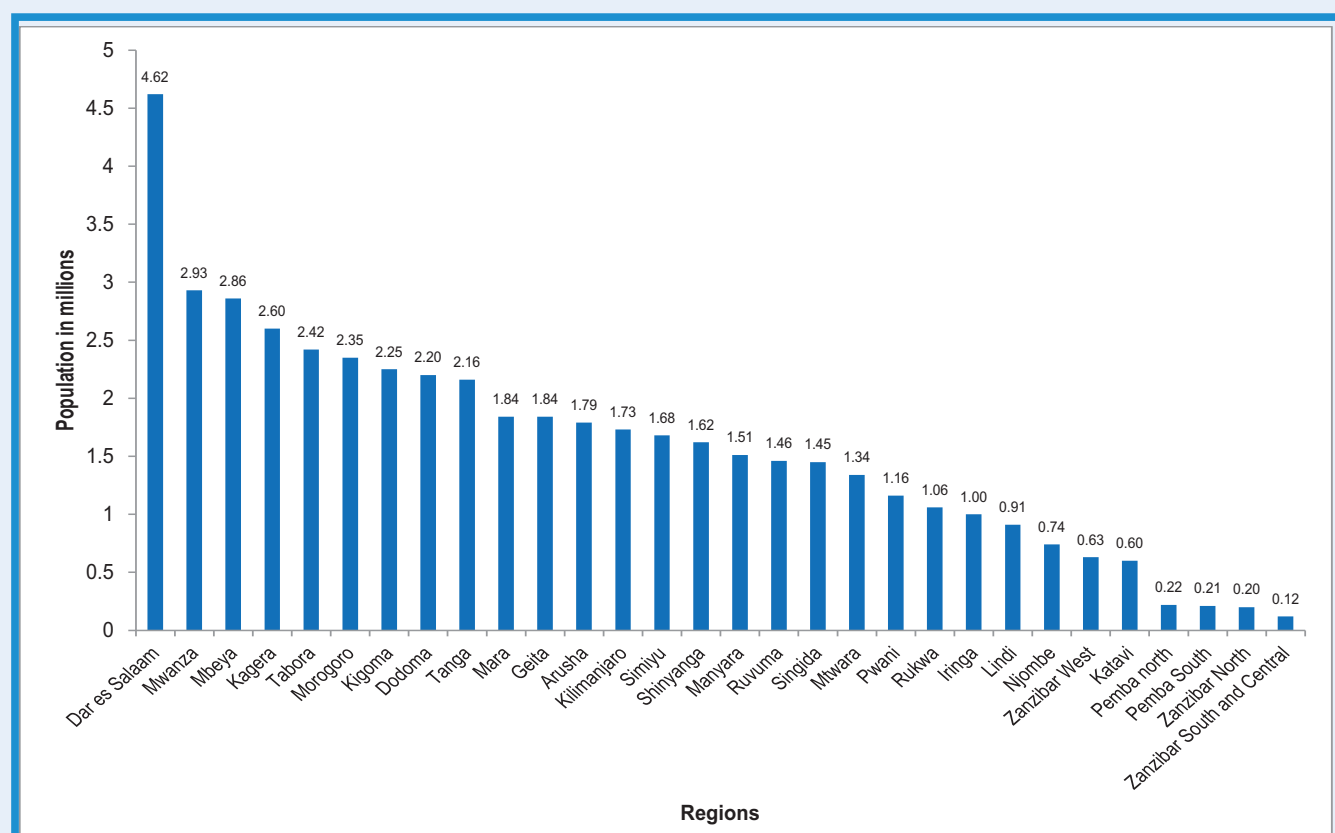
According to the 2012 National Census, the majority of Tanzanians reside in rural areas, with urban population accounting for only 29.6% of the total population. The Population Division of United Nations'

Department of Economic and Social Affairs estimates that by 2050, 53.9% of Tanzanians will reside in urban areas. Dar es Salaam, the largest city in Tanzania has an annual population growth rate of 4.39%, making it the third fastest growing city in Africa. The annual growth rate of population in Dar es Salaam is expected to reach 8 percent and over 9 percent in 2020 and 2025 respectively (UN World Population Prospects 2010). One of the leading contributing

factors to the population increase in Dar es Salaam is the migration of people from the countryside in pursuit of better economic and living conditions. The United Nations has projected that Tanzania will be the world's fifth most populous country in the world by 2100. With this growth projection, Dar es Salaam is also expected to be one of the megacities of the world. In addition to Dar es Salaam the other highly populated regions in Tanzania include Mwanza, Mbeya, Kagera, Tabora, Morogoro, Kigoma, Dodoma and Tanga.

Although the population figures are important for NHC in gauging the level of potential demand for housing, the percentage of the population that lives in urban areas, sheds light to the percentage of population that would drive potential demand in those regions. This is because some regions may have a higher population but a larger percentage of this population is scattered in rural areas. This percentage of the population will not necessarily be accessible to NHC as it is composed of people who live in villages and away from the urban parts of the regions. Additionally, the purchasing power in the regions will be concentrated around urban areas where business activities are booming. As indicated in Figure 9, Dar es Salaam, Mwanza, Mbeya, Arusha, and Pwani are the top five regions in terms of percentage of population living in urban areas.

Figure 9: Population by region 2012 census



Source: Tanzania Bureau of Statistics

Workforce statistics also provide a general picture on the purchasing power within Tanzania's population. Overall, Tanzania's workforce is predominantly engaged in agriculture that accounting for about 80% of national workforce. In the formal sector, 74% of the workforce is engaged in private businesses. These breakdowns have implications on mortgage loans and demand for housing.

It is important to note that the population growth is occurring in an environment under which there is a substantial housing deficit in excess of three million of adequate housing. The housing deficit is more pronounced in urban areas.

In addition to the housing deficit, the government is also concerned about providing sustainable infrastructure to serve the growing population. The growing population is exerting pressure on social infrastructure which is currently limited. Much of Tanzania still faces infrastructural challenges ranging from poor transportation systems to low supply of quality water and electricity. Working in collaboration with development partners, a number of infrastructure projects are underway to close the infrastructure gap which is one of the highest in the East African region. For example, China has entered into US\$1.2 billion loan agreement with the Tanzanian Government for the construction of a 532 kilometer pipeline from the south of the country to Dar es Salaam. In addition, there is 300-megawatt power plant, which includes a 1,100km power transmission line worth US\$684 million which also being constructed by China. Such infrastructural investments will help address the infrastructural challenges faced by housing developers such as road networks and electricity. Growth of investments in the oil and gas sector will likely increase migration into Mtwara and Lindi is the proposed site for the construction of the LNG plant. Construction of the LNG plant will increase economic activities in Lindi and will likely

Implications

- Unless there are policies to curb birth rate, growing population and increased urbanization coupled with the housing deficit will potentially lead to increased demand for housing. Therefore, there is an opportunity for NHC to respond with innovative solutions to housing/property demand.
- Segmentation will become critical to NHC as decisions on where NHC builds normal housing and where NHC builds satellite cities will be deliberated. Analysis of rising population growth alone does not necessitate an increase in demand for housing if this population cannot afford housing. NHC will need to segment the landscape and analyze the best geographical focus for normal housing and satellite cities. NHC will also have to analyze the purchasing power of consumers in each of the geographical focus areas to be able to innovate housing products that will best cater for each of the regions.
- The existing infrastructural gaps are a major challenge to real estate developers such as NHC as they translate into high construction costs especially in areas that lack electricity, clean water and sanitation and good road systems. Therefore, the real estate sector stands to benefit if the proposed infrastructure investments are realized.
- High concentration of the workforce in the informal sector means that the majority of Tanzanians would not qualify for mortgage finance.
- NHC, in partnership with mortgage lenders, could devise creative solutions to incorporate income generated from informal sector in the assessment of credit worthiness. Besides this proposal, mortgages could be backed by property being bought and NHC could guarantee the bank that it would repossess houses in the event of default and pay off outstanding loans result in an increase in migration into Lindi. This will in turn spur demand for housing in the region, particularly in areas close to the LNG plant.

2.2.2.4 Political and regulatory environment

Stable political and robust regulatory environments are some of the key ingredients to attracting investment in an economy. For the real estate sector stable political and legal environment also ensures the safeguarding of assets and rights of ownership. Generally, Tanzania has enjoyed a stable political environment since independence. Tanzania is currently experiencing an on-going political transformation.

On the regulatory front, the formulation of the housing policy is expected to stimulate growth in the housing sector. The policy is expected to address issues such as land acquisition, access to formal housing finance, access to quality and affordable building materials, access of infrastructure, as well as set policy regarding rental and social/subsidized housing.

Implications

- There is an opportunity for NHC to leverage market dominance and government affiliation to play a pivotal role in shaping the housing policy in collaboration with the Ministry of Lands, Housing and Human Settlements Development (MHHSD).
- Change in the political regime could potentially impact on the management composition of NHC. Given this reality it is imperative for NHC to have clear succession plans and smooth management.

2.2.2.5 Competitor analysis

Understanding the competitive environment is critical to determining how best NHC can position itself to outperform competitors. In doing so, it is important to understand who the competitors are and the intensity of competition in the chosen market.

The Tanzanian's real estate market is still young and is characterized by few institutional players. The key players include NHC, NSSF, LAPF, PPF, PSPF and most recently TBA and WHC. Private developers are also beginning to take a key role in the real estate market. NHC has an advantage of market dominance given factors such as significant properties in prime location and land bank over 19 regions around the country, these players still pose some implications for NHC.

Table 7: Key players in the Tanzania estate market

COMPETITOR	COMPARATIVE ADVANTAGE	COMPARATIVE DISADVANTAGE	IMPLICATIONS TO NHC
Pension funds	Financial comparative advantage as Pension Funds have access to cheaper financing	<p>Pension Funds are limited by regulation on how much of their capital can be spent on real estate. In Tanzania, the maximum set by the Social Security Regulatory Authority (SSRA) is currently 30% of total capital. For example, for FY 2013, PPF's total fund size was TZS 1490.1 billion. According to the allowed limit, only TZS 447.03 billion could be invested in real estate. In practice however, PPF only invested 7% of the total capital in real estate due to internal investment policies.</p> <p>However, as Pension Funds grow, this figure will also grow.</p> <p>Pension Funds can invest in real estate but the amount they can invest is limited by regulation and thus unless they are growing at a very fast rate, the scale of projects will be limited. As a result, pension funds can compete with NHC only to the extent that regulation allows pension funds to invest in real estate.</p>	<p>Due to the financial comparative advantage, Pension Funds represent an excellent opportunity for partnerships. Partnership could be defined as NHC providing plots and Pension Funds providing part of the construction costs.</p> <p>For example, NHC currently has a 50-50 partnership with PPF for the IPS building.</p>
TBA	<ul style="list-style-type: none"> TBA receives financial support from the government in the form of grants. TBA has strong government backing to ensure they provide affordable housing to civil servants. Although NHC is also backed by the government, the government does not provide financial support to NHC. 	TBA is not a real competitor of NHC as TBA mainly focuses on housing for civil servants.	As TBA is not a real competitor, it represents an excellent opportunity for future partnerships when NHC wants to target civil servants.
Private developers e.g., Cosmos Group, Haadi Group, JV Developers, and Greystone to name a few.	Private developers have access to more sources of funding. These sources include parent companies (if they are part of a group) private equity and bank loans.	<p>Unlike NHC that has significant land banks, private developers do not have an advantage for easy access to land.</p> <p>Currently, the private developers in Tanzania have focused on commercial and high-end residential buildings in upscale neighborhoods of Dar es Salaam. Due to the nature of the small size of these projects, they are unlikely to benefit from scale as NHC does and thus will have more expensive units.</p>	Currently private developers are not significant competitors of NHC. However, if private developers introduce a different business model in future, the market could be disrupted. NHC should be able to prepare for any competition that will come to disrupt the market. Given the huge deficit of housing in Tanzania, there is still a lot of room for private developers to come in. This is highlighted by the recent boom of privately developed residences in Dar es Salaam's upscale neighborhoods.

Given the current shortage of housing, competition among the sector players is relatively low compared to other countries in the region such as Kenya. In the short to medium term, demand for housing is expected to continue to exceed supply thus competition should be expected to remain at current levels.

In the long run - with changes that may occur driven by the housing policy, economic growth as well as continued investments in the real estate sector – the competitive environment will likely intensify. The industry has already started to attract new, foreign private developers from South Africa and other countries entering into the office real estate spaces in Dar es Salaam.

Implications

- Private developers and pension funds present the highest potential in terms of future competition for NHC. Currently, NHC scale economies of scale and access to land bank comparative advantage over private developers and pension funds.
- Tanzania's housing market will potentially grow in the future, NHC must begin to prepare for a stiffer competitive environment by continuing to strengthen the corporate brand – through mainly service, product quality, differentiation and innovation.
- In anticipation of potential future stiff competition, NHC could embark on turning current competitors into partners in the delivering of products and services. For example, some of the players such as the Pension Funds (PPF and PSPF) have the financial muscles that NHC can leverage on by entering into partnership to finance housing development project.

2.3 Situational analysis update

The development of NHC Strategic Plan for 2015/16 to 2024/25 period started in January, 2013 and was completed in December, 2014. The information used in situation analysis upon which the plan is anchored, was for the period running from July, 2010 to November, 2014. Some of the information for the December, 2014 to June, 2015 period, that experienced substantial progress in the course of implementing the foregoing plan, was not included in the analysis. Consequent to this shortfall and for the benefit of decision making, it become necessary to include in the plan the information on the missed period through these update as highlighted below.

Property development projects: The Corporation embarked on preparation and construction of 15,191 affordable, middle and high-end housing units of which 1,339 units were completed, 3,963 housing units are under different stages of construction and 9,889 housing units are upcoming.

Housing sales revenue: Between June, 2012 and June, 2015, NHC was able to realize from houses constructed for sales a total of TZS. 77.19 billion out of the expected TZS.141.31 billion equivalent to 54.6%. About 30% of this revenue came from house buyers who accessed mortgage.

Rental Revenue: Following the upward adjustment of rent rates and increased rent collection efforts, NHC was able to increase the monthly rental revenue from TZS.3.0 billion in June, 2010 to TZS. 8.13 billion by June, 2015.

Funds mobilization: Until the end of June, 2015, NHC was able to mobilize a total of TZS.299 billion from local and foreign financial institutions. This amount is equivalent to 19.9% of the target of TZS.1.5 trillion. These funds were invested in property development projects.

Property repair and maintenance: During the period of the foregoing plan, NHC endeavored to undertake repair and maintenance of its properties by adhering to the principle of value for money. In this regard, the annual maintenance costs declined from average of TZS.10.0 billion spent during 2010/11 to TZS.4.8 billion in 2014/15. While the amount spent on property maintenance declined, the quality of maintenance works increased.

Customer satisfaction: Consequent to the improved delivery systems, the level of customer satisfaction on NHC undertakings also progressively improved. Actually, the level of satisfaction increased from 67% attained in 2014 to 76% attained by the end of June, 2015.

Assets value: During the past five (5) years, NHC was able to consistently record gains on fair value of its assets/properties. For example, the property value increased from TZS. 2.1 trillion as at the end of June, 2014 to TZS.3.3 trillion by the end of June, 2015. The increase in assets value is attributed to increased investment in property development and adjustments through revaluation of existing properties.

Court cases: NHC was able to considerably reduce the backlog of court cases from 220 cases that existed during the 2010/11 period to 57 cases by the end of June 2015. These achievements are attributed to number of strategies that included engagement of external lawyers to pursue complex cases and settling other cases out of court.

Corporate social responsibility (CSR): During the foregoing plan of 2010/11-2014/15 period, NHC pursued a CSR policy which was geared towards economically empowering youth and providing social oriented assistance to communities. During 2013/14 and 2014/15, NHC spent TZS 338 million for CSR activities but mainly on providing to youth interlocking brick making machines and seed capital in all districts of Tanzania Mainland.

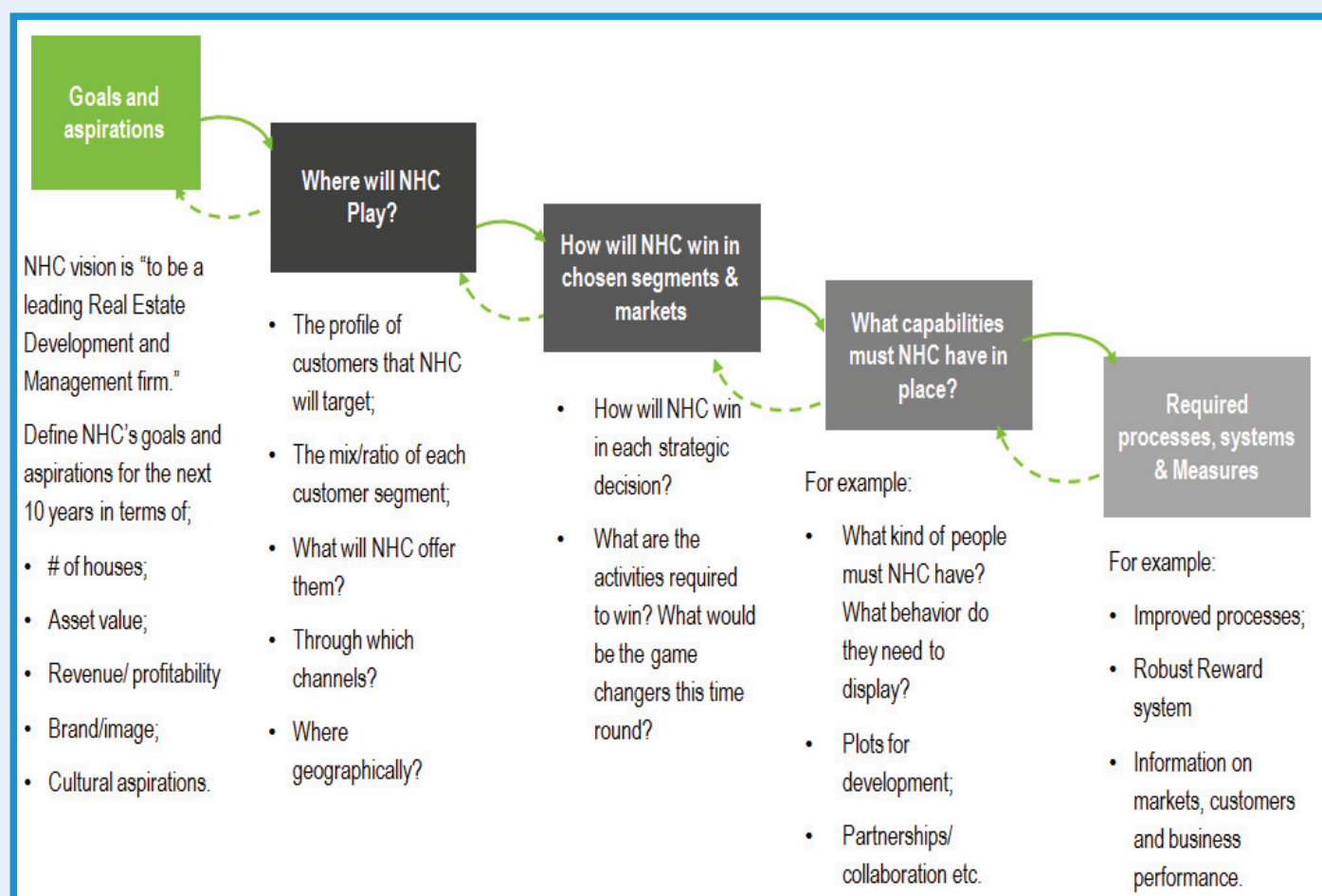
PART THREE

3. STRATEGIC PLAN

3.1 Overview of the strategy

This strategy contains an integrated set of choices that NHC has made in order to achieve the vision of being “a leading Real Estate Development and Management firm in Africa”. As indicated in Figure 10 below, the strategy articulates NHC’s goals and aspirations; discusses direction NHC in terms of customer segments/markets and how it can create more value for the selected customer segments (Where to Play); describes how NHC plans to succeed in achieving set goals and aspirations in chosen customer segments/markets (How to Win); and outlines capabilities as well as systems, processes and measures required by NHC in order to successfully deliver on the strategy. The developed strategies are presented in Figure 10 below under “How to Win” section and in the capabilities, processes, systems and measures required. The organizational structure for implementation of the strategic plan is presented in Appendix 1.

Figure 10: Overview of NHC strategy (2015/16-2024/25)



3.2 NHC goals and aspirations

NHC goals and aspirations include vision, mission, core-values and strategic goals.

Vision

“To be a leading Real Estate Development and Management firm in Africa”

In support of this vision, NHC aims at becoming the leading developer in Africa in terms of performance standards when benchmarked with other leading developers in Africa.

NHC Mission

NHC’s mission is a road map which is based on its mandate provided in the Act of Parliament No. 2 of 1990 as amended in 2005. The mission from which the vision emanates also hosts the goals and strategies meant for driving NHC’s growth. NHC’s mission therefore, is “to provide and facilitate the provision of quality housing and other buildings for use by the general public”.

Core values

The core values of NHC are Integrity, Transparency, Efficiency, Team work, Professionalism and Innovativeness. These core values reflect NHC ideas and principles and hence serve as guidelines for the Corporation as well as its officials in the conduct of their responsibilities.

Table 8 : Core Values

NO.	CORE VALUES	DESCRIPTION
1.	Integrity	NHC will always strive to be credible and consistent in its actions.
2.	Transparency	NHC endeavors to convey correct, timely and complete information about its services and products.
3.	Efficiency	NHC will always satisfy our customers by delivering services skillfully and timely.
4.	Team work	NHC will always work together to achieve its corporate goals.
5.	Professionalism	NHC will always adhere to ethics and uphold quality and standards in performing its duties.
6.	Innovativeness	NHC will always develop new methods and ideas that will bring positive changes in the organization.

Strategic goals

This strategic plan has six (6) goals which are based on the market outlook, NHC’s effectiveness in implementing the previous 2010/11 – 2014/15 strategic plan, its current performance and findings from the SWOT analysis. These goals are:

- GOAL 1: To become a leading real estate developer;
- GOAL 2: To become an efficient real estate manager;
- GOAL 3: To strengthen operational efficiency and control mechanisms

- GOAL 4: To optimally deploy human resource base.
- GOAL 5: To enhance conducive legal environment that supports the business of the corporation, and
- GOAL 6: To boost the Corporate image.

The strategic goals are inter-dependent and supportive of each other. For instance, if NHC optimally deploys human resources, it will support the goal of becoming an efficient real estate manager and the goal of becoming a leading real estate developer. Similarly, the goal of boosting the Corporation's image supports goal number one, while strengthening operational efficiency and control mechanism (goal number three) supports goals 2.

3.3 Detailed description of “Where to Play” choices

3.3.1 Target stakeholders and related value propositions

NHC will target three (3) customer segments which are the low, middle and high income groups. Customers earning an average TZS 1 million or below per month, fall under low income group whereas those earning on average between TZS 1 million and TZS 4 million fall under middle income group. Those earning on average more than TZS 4 million per month are under the high income group. NHC will also target the commercial real estate segment which falls under the middle and high income groups. All customers fall in one of the three grounds, thus by targeting the three income groups NHC will be serving all Tanzanians by providing segment specific products and services.

In addition, NHC will focus on corporate customers and the Government that need houses in big volumes and are demonstrating higher affordability of properties compared to individual buyers. Corporate and Government clients require houses for their employees and office buildings for their businesses. By focusing on the two key customer groups, NHC can benefit from the economies of scale of providing large number of units to a single customer.

The value propositions that NHC is offering customers include:

- Competitive prices: NHC will strive to provide its customers with competitive prices and this will be attained by effectively managing construction and operations costs, and by providing differentiated products which will give NHC an edge in the real estate market.
- Properties located in prime areas: NHC has more properties in prime areas and the CBDs than any other real estate developer and/or manager. This value proposition is more applicable to the middle and high income segment because properties in the prime areas are normally more expensive than those in the outskirts of the city or in rural areas.
- Variety of choices in terms of design and geographic location: NHC is the only housing developer and manager with the widest coverage in the country. The long-term objectives to have properties in each region and each district. This will provide customers with options that they may not find elsewhere in the market. NHC house designs include bungalows, apartments and town houses, and the sizes of the houses range from small houses of two bedrooms to large houses of three to four bedrooms.

NHC will need to develop segment specific value propositions by using the information obtained from the market and demand studies conducted prior to commencement of the project in particular areas. These value propositions need to be clearly communicated to the customers and the general public as NHC markets itself and its products.

3.3.2 Geographical focus

Currently, NHC has houses and buildings in 20 regions and aims at expanding to new regions and districts so as to have presence in all regions and districts as directed by the Government. Strategically, however NHC will focus on eight (8) key regions (Dar-es-salaam, Arusha, Mbeya, Morogoro, Mtwara, Lindi, Mwanza and Dodoma) which are leading in terms of economic activities and/or size of population and/or potential housing demand growth in the near future. Dar-es-salaam, being the commercial city of Tanzania is leading in terms of GDP per capita. For NHC, this means that more people will be able to afford houses and thus demand for NHC houses expected to be higher. Dar es Salaam is also the most populous region in Tanzania with a population of about 4.6 million (2014 estimate) and is leading in terms of number of economic activities. As such, the city also leads in term of demand for housing as well as retail and office spaces. NHC needs to acquire more land in Dar es Salaam.

Arusha is also among the top leaders in terms of GDP per capita which is indicative of the retail higher level of potential customers who will be able to afford NHC houses. Arusha is also among the most populous regions in Tanzania with a high percentage of the population residing in urban areas. Dodoma is considered mainly for political reasons as development will only happen if the government moves to Dodoma. Nevertheless, NHC has already acquired more than 260 hectares in this municipality.

Mbeya is the centre of the southern regions. It has a significant GDP per capita and the percentage of population in urban areas is also high. NHC has already acquired 283 hectares of land opposite Songwe airport. Morogoro is close to Dar es Salaam and is also one of the highest populated regions in the country. The region has significant by higher GDP per capita due to its economic activities in vibrancy. Mwanza has moderate population levels and considerable level of economic activities. NHC has started discussions with the regional authorities to acquire about 300 hectares in Mwanza.

On the other hand, Mtwara has a moderate population size of about 1.3 million (2014 estimate). However, the discovery of natural gas in the region is already spurring economic activities in this region and the consequential high population growth. Key oil and gas players such as BG and STATOIL have started their operations in Mtwara which has created employment opportunities for the locals.

In addition, supportive industries such as the hospitality sector and the retail sector are also fast growing and there is improvement in infrastructure development to create a supporting environment for production of the natural gas. All this is likely to draw more people and businesses to Mtwara and thus increase the demand for housing/accommodation, retail space and office space. NHC will capitalise on this growth trend by making Mtwara one of the key regions for investment. Increase in demand for housing in Mtwara will likely be a long term trend because currently most expatriates and Tanzanians working in Mtwara will not necessarily live in Mtwara as they can travel to and forth. However, in the long run, examples from other countries such as Trinidad and Tobago show that places like Mtwara do evolve over time. Point Fortin used to be the smallest borough in Trinidad and Tobago due to the discovery of oil and gas and construction of the LNG plant boosted its economy and increased migration into the borough. Lindi is the proposed site for the construction of the LNG plant. Construction of the LNG plant will increase economic activities in this area and will likely result in an increase in migration. This will in turn spur demand for

housing in the region, particularly in areas close to the LNG plant. NHC expects these eight (8) key regions to be the key drivers of its business in the next 10 years.

NHC has made a set of strategic choices which will enable the Corporation to achieve set goals and aspirations. For each of these strategic goals, NHC has outlined key strategic objectives and their respective strategies to be undertaken to achieve the set goals. Nevertheless, it is important to note that although NHC has grouped the strategic objectives for each goal, these objectives are not mutually exclusive as some objectives support other objectives. The Corporate Balanced Scorecard that guide forward achievement of Goals and Objectives are as indicated in Appendix 2.

3.4 GOAL 1: To become a leading real estate developer

3.4.1 SO 1: Develop a minimum of 30,000 units for sale and lease by 2025

Currently, the deficit of housing is growing at about 200,000 units per year and with the increasing population this deficit is likely to increase further, other things remaining equal. Besides, there has been an increase in the demand for commercial units particularly retail and office spaces. This increase is attributed to increased economic activities in the country as reflected by the increase in GDP. In order to address the housing and commercial units demand, NHC aims at developing 30,000 units in the next 10 years period. At least 80% these units will be sold and 20% will be leased. In its previous strategic plan, NHC had aimed at constructing 15,000 units in five years. However, the Corporation was able to complete only 1,339 units by June, 2015. Some of the key reasons for not reaching the target include slow procurement process and inadequate project management capabilities. Besides, a lot of time was spent on preparatory works for future developments such that as of October, 2014 about 29,000 units were at the design stage and land was acquired in several regions including but not limited to Mwanza, Mbeya and Mtwara. Given the preparations made so far and the streamlining of procurement processes NHC believes that it can construct on average 3,000 units per year. Table 7 illustrates below:

Table 9: Projection of property construction for the period of 2015/16 - 2024/25

Year	Base	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Units completed	1,339	1,623	1,786	1,964	2,161	2,377	2,615	2,876	3,164	3,480	3,828	4,211	30,084

Construct 12,000 affordable units, 13,500 middle income units and 2,700 high end units, and 1,800 commercial units by 2025

Out of the 30,000 units to be constructed, 12,000 units will be affordable housing units for the low income group, 13,500 units will cater for middle income group, 2,700 units will cater for high income housing and 1,800 will be commercial units. The majority of Tanzanians can only afford housing units which cost a maximum of TZS 50 million. Therefore, provision of affordable housing is necessary to improving the living conditions of the population in both, urban and rural areas.

For NHC to be able to provide affordable housing there are some key external factors that need to be in place. Access to cheaper materials will be key for NHC to be able to implement this objective successfully as the construction costs in the country are high given the dependence on imported materials.

NHC will also capitalise on the growing number of the middle income group by allocating most of its units towards this group and a smaller proportion of units will be allocated to the high income group.

Middle and high income units will fetch higher prices and higher profit margins. In this way, earnings from sale or lease of units from these categories will cross subsidise the low margins of the affordable housing.

Key activities:

- Conduct affordability studies in each district or region prior to development of housing and commercial units to ascertain the demand. These studies will be used as the basis for the actual number of affordable, middle and high end units to be constructed in a particular district or region.
- Secure commitment from Local Government on the provision of land and infrastructure (such as road, power, utilities etc. for the implementations of affordable housing projects.
- Obtain funding from financial institutions to finance the development of the planned units.
- Engage with the Government to obtain tax exemptions on construction materials for affordable housing and/or provide incentives to potential local suppliers to sustainably provide materials at lower costs.
- Facilitate the production of construction materials locally especially for materials used in construction of affordable housing.

Also NHC will need to develop capability in the provision of affordable housing. For NHC to be able to provide affordable housing there are some key external factors that need to be in place. Access to cheaper materials will be key for NHC to be able to implement this strategy successfully because construction costs in the country are high given the dependence on imported materials. Another crucial element will be for NHC to lobby for government subsidies in construction of affordable housing and VAT exemptions for sale of houses and purchase of raw materials. Additionally, NHC will lobby for the government to provide subsidised plots for construction. Because provision of utilities and infrastructure such as roads, electricity and water is a responsibility of the government, NHC will only be able to minimize costs and provide affordable housing if these services are able to be delivered effectively by the government.

Diversify product and tailor-made products to customer needs

Customers differ in their needs and choices of properties. In order to meet the varying needs of the customers, NHC will diversify designs and sizes of properties as well as number of rooms in housing units offered. NHC will also offer customers the options of either furnished or un-furnished units as well as finished or semi-finished houses. The type of properties to be developed in a particular area will depend on the demand in that area. Prior to development of housing or commercial units, NHC will conduct a market and demand studies to determine the effective demand which will guide the offered selection of various products.

Key activities:

- Conduct customer research at least once every two years to determine customer needs, taste and preferences of real estate properties.
- Construct tailor-made houses, retail and office space designed according to the needs of the customers.
- Introduce new products to meet the needs of customers that are currently not met by existing NHC products.

Target new geographies in Tanzania to have presence in all regions

NHC has the responsibility of providing houses to Tanzanians across the country. Currently, NHC has properties in 20 regions, however, the Government expects NHC to build houses in all regions. Therefore, NHC will aim at expanding its footprint by targeting seven (7) additional regions in which it has no properties. New geographies that NHC is currently constructing/developing the properties include Katavi and Rukwa regions.

Key activities:

- Conduct feasibility studies for the new geographies where NHC plans to build houses for the purpose of getting information on location attributes and the desired number of houses.
- Engage with the Local Government Authorities to provide land to NHC for development at affordable rates at lower than the market rate.

Increase focus on product innovation and product leadership

Innovative products are key to remaining competitive in the market and meeting the changing demand consequent to the dynamics of lifestyle. For instance, currently some customers do not prefer semi-detached houses. There are complaints also that affordable houses are too small. In addressing customer needs, NHC will increase focus on product innovation by researching on the trends and new products exist in the real estate market in order to determine future products. Such innovations will ensure that NHC remains ahead of its competitors in terms of product leadership.

Key activities:

- Conduct research and develop new innovative products taking into account key risks.
- Benchmark NHC products against peers in the regions to ensure that it maintains product leadership.

3.4.2 SO 2: Increase asset value from TZS 3.3 trillion in 2013 to TZS 7.0 trillion by 2025

Being a real estate manager and developer, NHC's value is derived from the value of properties it owns and manages. In order to be sustainable in this business, NHC has to increase the value of its assets to TZS 7.0 trillion by adding new assets (housing units and commercial properties) and proper maintenance of existing assets to ensure that they have a fair value or prevent their value from depreciating. Three (3) key strategies have been identified for implementing this strategic objective.

Increase the asset base by retaining 20% of newly developed units

NHC will retain 20% of all newly developed units which will add on the stock of assets that it owns that will subsequently increase value of assets.

Key activities:

- For each project, identify beforehand properties that NHC can retain for lease.
- Ensure that properties retained for lease are of good quality that will require low level of maintenance.
- Units that are initially meant for sale but are unable to get buyers, are temporarily leased or sold through tenant purchase scheme as it will be attained by the demand.

Revaluation of all assets by the end of every financial year

In order to ensure the fair value of assets, NHC will conduct revaluation of assets so that current values of assets are reflected in books of accounts for every financial year.

Key activities:

- Conduct valuation of properties each year end.
- Once every three years procure the services of a valuation firm to do physical valuation of properties.
- Reconcile submitted draft valuation reports with property register.
- Countercheck the fairness of values and those of consultant
- Incorporate new values in books of accounts by end of each financial year.

Redevelop/rehabilitate dilapidated buildings in prime areas

The values of some of NHC properties located in prime areas are no longer consonant with the values of lands and thus need re-development or rehabilitation. NHC will determine the feasibility of redeveloping/ rehabilitating dilapidated properties in prime areas to assess if more value will be generated from the exercise. Through feasibility studies, NHC will be able to identify properties that require replacement and those requiring rehabilitation.

Key activities:

- Identify dilapidated buildings in CBDs of major urban areas that need to be redeveloped. For example, the proposed Valhalla redevelopment project in Masaki is based on this approach.
- Revise the prices or rent rates to reflect the new value of the redeveloped or rehabilitated buildings.

3.4.3 SO 3: Increase revenue from sale and lease of properties from TZS 64.7 billion in 2013 to TZS 500 billion by 2025.

For sustainability and ability to finance some of the developments from internally generated funds, NHC will strive to increase revenue to TZS 500 billion by 2025. To achieve this target NHC will ensure that the units developed are of good quality and are competitively priced so that they are attractive to buyers. NHC will thus aggressively market the units and improve product awareness to the general public. Importantly, NHC will aim at selling all units that are developed for sale. The below six (6) key strategies will be employed to achieve this objective.

Develop and construct quality units which are timely delivered and competitively priced

NHC will ensure that developed units are of high quality and reflect value for money. Given that the NHC pricing strategy of houses for sale is cost plus a margin, timely delivery will be key in ensuring that such houses are competitively priced. Equally, competitive price will be attained through product differentiation. The said competitiveness will be attained through deployment of unique skills and resources to evolve appealing designs as well as better utilisation of land.

The Corporation will review market prices regularly and adjust product prices so as to ensure that products are optimally and competitively priced.

Key activities:

- Use quality building materials in construction of houses.
- Use of quality fixtures and fittings to furnish the houses and quality finishing products.
- Enhance project management capabilities and establish efficient project delivery mechanism as a key competitive edge.
- Shorten time-to-market cycle for houses for sale.
- Review market prices at least once every two years.
- Update rental and housing prices at least once in two years to reflect changes in the market.
- Improve understanding of customer price sensitivity.
- Increase emphasis on differentiated pricing across customer segments.

Aggressive and innovative marketing to improve product awareness

Marketing is crucial in creating awareness of NHC products and services, increasing visibility in the market and sales opportunities. NHC will use various channels including TV, radio, social media and website, events and one-on-one direct marketing to key real estate stakeholders such as banks and real estate agents who can influence customers' demand for its houses. In marketing its products, NHC will ensure that the public understands the range of products on offer and the value it gets by buying or leasing NHC properties. NHC will also inform the public on available financing options, e.g., mortgage financing provided by partner banks.

Key activities:

- Develop and implement a comprehensive marketing plan for all NHC products and services.
- Improve sales and marketing skills of staff through trainings.
- Increase focus on most effective sales and advertising channels.
- Participate in trade fairs and exhibitions especially those that are aimed at real estate players.
- Roll-out an aggressive online marketing campaign in social Medias such as Facebook to target the online community, which is mostly composed of the youth (18 years – 35 years) who are current and future NHC customers.
- Create awareness of NHC products internally so that all staff can market NHC products in their professional and personal engagements with potential customers.

Timely sale of all units developed for sale (80% of developed units)

NHC will use both direct and indirect channels to sell the 21,000 units expected to be constructed for sale. In this regard, NHC will use its Regional Managers, Real Estate Agents, Loan Officer within partner banks and online channels. Emphasis will be placed on pre-sales of 75% of all units expected to be sold prior to the completion.

Key activities:

- Identify units for sale in each project.
- Conduct pre-sale activities of housing units with increased focus on high-value/high-potential customers.
- Liaise with financial institutions, such as banks and pension funds in order to negotiate affordable interest rates on mortgages taken by house buyers
- Improve total customer experience starting with interest point, purchasing, fulfillment, usage, support, services, etc.
- Improve understanding of customer needs to make the sale process easier.
- Shorten order-to-delivery cycle time to allow customers purchasing houses within the planned time frame.

Build sales goals into staff incentives by January 2016

Apart from normal salaries, NHC will provide incentives for sales staff to be remunerated in accordance with targets and achievements.

Key activities:

- As part of setting performance management goals include a goal on sales.
- Track performance of sales staff against set sales goals.
- Review and revise reward system to incorporate incentives on attaining set sales targets.
- Reward staffs who have attained the set sales goals.

Create financing approach to enhance product penetration

Lack of access to mortgage financing and high mortgage interest rates limit most of the people's ability to purchase houses. As of June, 2015, only 30% of the value of all house sales was through mortgages, the remainder was through cash purchase. This calls for alternative financing approaches to enable individuals to purchase homes. NHC will use multiple financing approaches including tenant purchase scheme, for its customers depending on their needs in order to enhance product penetration.

Key activities:

- Engage with customers to assess their financing needs.
- Research on financing approaches to be used to NHC customers.
- Advise customers on financing approaches suitable for their incomes and affordability.
- For customers that are eligible for mortgages, link them to partner banks and assist in the obtaining mortgage.

Enhance alternative sales channel

Currently, NHC sells its houses directly by using NHC staff. As NHC expands its operations and build more units across the country there is a need to use indirect sales channels such as real estate agents, loan officers and online sales channels.

Key activities:

- Analyse the effectiveness of the current direct sales channels and take measures to enhance it.
- Develop a communication and coordination framework for the various sales channels.
- Closely monitor sales done through both direct and indirect sales channels.
- Increase focus on channels that yield best results in sales.
- Put in place a revenue control system to ensure that funds collected through indirect channels are deposited in the NHC account.

3.4.4 SO 4: Become the leading master plan developer in Tanzania by 2020

Apart from being a provider of real estate properties, NHC also plays the role of facilitating the provision of housing and other buildings. Under this role, NHC seeks to become a leading master developer. NHC has already started playing this role following the completion the master plans for the proposed Kawe, Dar-s es-salaam and Usa River, Arusha satellite town projects. NHC will sell some of the projects to other developers and retain some for development. It will also strive to ensure that other developers comply with development regulations and standards.

Acquire land, enhance value and strategically select high value segment that will give leverage

NHC will continue to acquire, plan, service and develop pieces of land through partnership with the LGAs and utility providers. This will enable NHC access infrastructure and utilities such as water and electricity in areas planned for housing development schemes.

Key activities:

- Identify areas for acquisition of unencumbered land for development.
- Obtain title deeds for acquired land.
- Engage utility providers i.e. TANESCO and DAWASCO in advance to enable them align their development plans with NHC's proposed projects.
- Service the acquired land.

Plan and facilitate development of satellite cities in various regions

NHC will continue to plan for and facilitate development of satellite cities especially in six key regions indicated earlier. Facilitating development of satellite cities will enable NHC to indirectly deliver housing and buildings in mass volumes.

Key activities:

- Dedicate a team of professionals that focuses on master planning.
- Design satellite cities.
- Partner with contractors and private developers to develop the planned satellite cities.
- Monitor the contractors and other developers to ensure that satellite cities are constructed as per designs, plans and desired quality.

3.4.5 SO 5: Form strategic partnerships with 70% of selected key stakeholders by 2019

NHC will enhance its execution capabilities by partnering with key real estate stakeholders e.g. suppliers of building materials, pension funds for the purpose of accessing affordable investment funds as well as entering into joint venture partners.

Increase proactive pursuit of partnerships

Under this strategy, NHC will look for partnerships that are beneficial to its cause and that fill in for capacity gaps. Key partnerships to be pursued include those with Local governments for provision and planning of land as well as development of housing projects. Other possible partners include financial institutions; local and international investors; and utility/infrastructure providers.

Key activities:

- Identify areas that NHC can partner with various stakeholders.
- Meet with potential partners to discuss possible areas of partnerships.
- Develop a partnership proposal and discuss the proposal with the potential partners.
- Enter into agreements with select interested partners that will complement NHC in provision of its products and services.
- Monitor and evaluate the performance of joint venture partners and contractors involved in the development and/or management of NHC properties.

3.5 GOAL 2: To become an efficient real estate manager

3.5.1 SO 6: Use technology to improve efficiency by 20% in 2020

Technology allows for faster processing of data, easier retrieval of information, and in some cases automation reduces or replaces physical employees. When people perform tasks manually, it becomes time consuming and such tasks are prone to human errors. Using technology for repetitive operations helps to reduce or eliminate mistakes, and the time it takes to complete tasks.

Introduce an electronic repair and maintenance system

Monitoring of repair and maintenance of rental properties is critical to plan for future maintenance. Currently, NHC does not have a system to monitor repairs and maintenance undertaken.

Key activities:

- Identify requirements for electronic programme for repair and maintenance.
- Procure the electronic programme for repair and maintenance.
- Customise the electronic programme to NHC needs.
- Train users on how to use the electronic programme

Introduce an electronic housing allocation system

Currently, housing allocation is done manually which is deemed inefficient and has an element of subjectivity such that customers do not believe that houses allocation is done fairly. NHC will streamline the current system by making it more transparent and efficient by using an electronic housing allocation system. This will ensure that the prospective tenants are treated equally and enquiries are timely responded to.

Prior to introducing a new housing allocation system NHC will need to clearly understand the strengths and weakness of the current allocation system. That is, NHC will first review the current system by engaging with key internal and external stakeholders who use the system. NHC will devise an electronic allocation system that will be able to fill in the gaps of the current system, improve efficiency and transparency of the housing allocation system.

Key activities:

- Review the current processes involved in housing allocation, identify, process gaps and recommend improved housing allocation processes. The review of the allocation process will entail the following:
- Interview key NHC staff who are involved in allocating houses for sale and houses for rent.
- Interview/survey a sample of customers to get their feedback on the current housing allocation system and their thoughts on how to improve and make it more efficient and transparent.
- Conducting a process walkthrough to have a thorough understanding of the current housing allocation system.
- Map the current housing allocation processes.
- Streamline housing allocation system and map the improved housing allocation system.
- Identify requirements for the electronic housing allocation system.
- Procure an electronic housing allocation system.
- Customise the system to NHC needs.
- Enter existing housing application data into the system.
- Rollout use of the system by December, 2016.

- Communicate the new housing allocation processes/system to NHC staff and customers.
- Monitor the implementation/use of the new housing allocation system and assess its effectiveness. If necessary take measures to further improve the system.

The future plan is to integrate real estate management system which will include tenants and lease management, property register, maintenance system, rental income management, space availability and house allocation system.

3.5.2 SO 7: Conduct 80% maintenance of properties each year

The quality of NHC houses and buildings reflects its assets value which is one of the key drivers of the corporate image. NHC will therefore endeavor to undertake both routine and planned maintenance of its properties in order maintains the high value of these assets. The following two (2) key strategies will be employed under this objective.

Increase emphasis on preventive maintenance

NHC will encourage the conducting of preventive maintenance to keep houses up to standard and be able to fetch appropriate rental prices that reflect the prevailing market conditions.

Key activities:

- Inspect house/building conditions on quarterly basis.
- Update the building inspection template by June 2016.
- Update building conditions in the property database system in the category of good, bad and worse.
- Prepare schedule of works and bill of quantities (BOQs) starting with worse condition buildings.
- Work out cost estimates for maintenance works.
- Establish work execution mode and assign executors.
- Monitoring and supervision of the work

Ensure that maintenance undertaken is adequate and reflects value for money

To ensure that houses and buildings are of good quality, NHC will conduct periodic maintenance of its properties and ensure that value for money is attained.

Key activities:

- Review NHC's maintenance policy and programme at least once in every 5 year and update it accordingly.
- Increase awareness and encourage compliance to the maintenance policy and programme.

- Conduct spot checks to ensure that the maintenance policy and programme is adhered to.
- Ensure use of genuine and durable building materials which require low maintenance.
- Carryout regular preventative maintenance on houses and commercial properties managed by NHC.
- Devise an effective monitoring and evaluation mechanism to manage maintenance works.
- Track and record maintenance undertaken and maintenance costs incurred to assess whether value for money is attained.
- Provide staff with better tools to schedule, track and deliver proper property maintenance.
- Improve staff skills for those involved in property maintenance works.
- Outsource key maintenance tasks for commercial properties.

3.6 GOAL 3: To strengthen operational efficiency and control mechanism

3.6.1 SO 8: Improve operational efficiency by 20% in 2020

Operational efficiency is critical for efficient services delivery to customers and attaining set targets of construction and sale of houses. NHC will employ the following strategies to improve the corporate operational efficiency.

Outsource construction and marketing services

For the purpose of meeting the needs of customers and improve customer satisfaction, NHC will seek alternative ways of delivering services. These ways will include, among others, outsourcing some functions such as construction and marketing services. Outsourcing of specialized construction firms will enable NHC to attain more efficiently the target of constructing 30,000 units by 2025. Besides, marketing services for both sale and rental properties will also be outsourced through engagement of real estate marketing agency.

Key activities:

- Identify construction projects to be contracted to construction firms.
- Procure the services of construction firms so as to execute such projects in timely and cost effective manner.
- Monitor the services provided by the contractors to ensure that they adhere to construction standards and building regulations.
- Identify the type of marketing services that NHC is likely to outsource.
- Procure the services of marketing agent to market NHC products and services.
- Monitor and evaluate the services provided by the marketing agents.

Streamline procurement processes

Currently, one of the main reasons for delays in delivery of construction projects is not able delays in the procurement processes. In order to expedite the delivery of projects, it will be important for NHC to streamline the procurement processes and addresses the current bottlenecks.

Key activities:

- Procure the services of a consultant to review current procurement processes in order to propose more efficient procurement processes.
- Continue to train the procurement team on the new procurement processes.
- Communicate the new processes to the entire organisation and especially the beneficiaries of the procurement services.

Introduce an Enterprise Resource Planning (ERP) system

Currently, NHC processes are running on both manual and electronic systems that are not integrated. For instance, sales records and reporting as well as procurement processes are done manually while financial recording and reporting are automated through Vote Book Financial Management Information System. Introduction of an ERP system will allow for the automation of sales reporting, procurement processes and other key processes that are currently done manually. The system will also allow for smooth integration of information of various functions.

Key activities:

- Procure and implement an appropriate ERP system that will integrate all functions including among others finance, procurement, HR, construction and sales.
- Customise the ERP system to meet NHC's needs.
- Train staff on the use of the new ERP system.

Manage operational costs

Part of being a leader in real estate management involves effective management of operational costs in order to improve the operating margin. NHC will manage operational costs by putting in place control mechanisms as well as improving internal processes to eliminate inefficient processes that have cost implications. This will enable NHC's business remain efficient and profitable.

Key activities:

- Introduce a system of tracking operational costs and mapping them to cost centres in order to determine essential versus non-essential costs. This system will enable NHC's management make decisions on elimination of operational costs that are not creating value to the business.
- Introduce mechanisms of controlling administrative expenses such as printing, communication and travel expenses.
- Invest in design and construction technology to improve efficiency and lower costs of projects.
- Review key internal processes and procedures and examine possible areas for improvement that will lead to cost cuts.
- Encourage procuring of materials and services in bulk wherever possible in order to reduce administrative and operational expenses incurred during the procurement process.
- Put in place a mechanism for rewarding staff for participating in the efforts to reduce operational expenses.

Improve efficiency in collection of revenue from rental units and houses sold

On average, it takes NHC about 32 days to collect rent from its customers. This is a bit higher than the required 30 days. More needs to be done to improve collection of rental revenue. In particular, NHC has high outstanding debts from the Government which threaten its sustainability. It will therefore be imperative for NHC to put in place processes geared towards improving efficiency in collection of revenue.

Key activities

- Closely monitor unpaid and overdue debts.
- Commence follow-ups of debts prior they are overdue.
- Aggressively follow-up debts by using various methods such as regular email/phone reminders, personal visits, use of debt collectors and escalating such issues to parent Ministries.
- Develop and maintain good relationship with customers, especially Government agencies, so that they are motivated to pay NHC debts at the earliest.
- Prioritise debt collection by starting with debtors who have high debts and those who are likely to pay.

3.7 GOAL 4: To optimally deploy human resource base

3.7.1 SO 9: Attract, develop and retain 95% of the top 20% high performers by 2020

In order to have people with the right skills and competencies, NHC needs to attract the right people to apply for vacant position. The Corporation's public image and culture influence and attract such kind of people and talents. Besides, such staff will require continuous training and skills development in order to ensure that they are imparted with the right skills and competencies that are in line with their assignments. NHC will therefore continually identify competent staff through performance reviews and take necessary measures such as rewarding them accordingly so as to retain them. Three (3) key strategies will be employed to deliver this objective.

Recruit staff to fill in key vacant positions

Some of the Departments do not have adequate numbers of staff to effectively carry out departmental responsibilities. Specifically, Sales and Legal Departments are currently understaffed. In recruiting new staff these two Departments should be given priority.

Key activities:

- Identify staffing needs of each Department and determine staffing and skill gaps.
- Develop a recruitment plan based on the results of the assessment of staffing and skills needs.
- Recruit more sales and legal staff, and other staff to fill vacant positions in other departments as needs arise.
- Take into consideration NHC's skills needs during recruitment processes so as to recruit staff with required skills.
- Conduct job description review for Regional Manager Positions and update the roles accordingly.

Establish NHC Leadership Academy

People are the most important resources at NHC. They drive key processes within the Corporation and are responsible for making key decisions that influence the performance of the Corporation. NHC will therefore, put emphasis on developing the skills of people so that they are better equipped to carry out assigned tasks. NHC will run a Leadership Academy internally or in partnership with other stakeholders in the market for the development of the next set of leaders that are capable of taking the Corporation to the next level. The academy will focus on identifying talents, skills assessment, focused skills development programmes (both training and practical/on job training programmes), coaching and mentoring.

The key activities under this strategy include the following:

- Determine the training needs of NHC staff especially for the Regional Managers who will be required to indicate areas where they need development to enhance the performance of their jobs.
- Train Regional Managers on property management, business management with emphasis on financial skills and on NHC business units and operations to enable them have a full understanding of the business.
- Enhance project management skills for project staff.

- Develop and implement a leadership training programmes for Directors and Regional Managers.
- Rotate staff among regional offices to encourage them to learn on best practices from experiences of other offices.

Embed a performance based culture in NHC staff

Having a performance based culture is critical to driving the performance of staff and consequently the performance of the Corporation.

Key activities:

- Communicating the core values to staff and encourage staff to live by these values.
- Set performance targets for all staff and assess their performance bi-annually.
- Based on the results of the performance reviews, where necessary realign staff roles to skills sets to enhance staff performance;
- Develop an ownership mentality among staff to empower them with the freedom to decide, act and make right choices.
- Effectively engage employees in day to day activities and projects.
- Communicate NHC's performance results with the staff to increase staff sense of ownership to the performance of the Corporation. This will also be done within Departments and Units.
- Reward and celebrate when staff attain set individual goals and when the Corporation attains its goals.

Retain Competent Staff

Key activities:

- Conduct talent mapping.
- Identify 40% of key performers.
- Develop strategies to retain key performers.

Attract and develop staff

Key activities:

- Review staff benefits and remuneration package
- Improve staff training and development based on the training gaps
- Improve reward systems for excellent performer

3.8 Goal 5: To enhance conducive Legal Environment that supports the business of the Corporation

Since 2010, NHC has taken considerable steps to improve the Corporation's legal situation. These improvements enabled the NHC to reduce legal disputes from 220 in 2010/2011 to 57 by the end of June, 2015. The strategic objectives and key activities that will be pursued by the Corporation in further improvements of the legal and regulatory frames are as follows:

3.8.1 SO 10: Facilitate and improve contracts management processes by 99% in 2020

In order to successfully improve the way contracts are managed, NHC needs to improve the contract management process.

Key activities:

- Formulate and administer contracts review checklist and approval process.
- Procure and administer contract management system (software) capable of developing and handling contracts from initiation, drafting, signing, implementation, up to closure while tracking the deliverables.
- Undertake safe custody of all contracts, leases, deeds and other legal instruments in a chronological order in both manual and digital forms.
- Conduct negotiations as and when requested or instructed.
- Prepare, review and modify contracts, leases and other legal instruments that support various business activities.
- Review and provide legal advice on tender documents and other legal matters.

3.8.2 SO 11: Identify all key legal and regulatory risks and develop mitigation measures by 2017

In order to efficaciously reduce the occurrence of legal and regulatory risks at the same time develop measures to curb risks, NHC will need to identify risks and plan mitigation measures.

Key activities:

- Prepare policies and process flow that identify legal and regulatory risks.
- Train internal departments all staff on how to get involved in identifying legal risks through the developed policies and process flows.
- Liaise with relevant departments to ensure that where legal risks have been identified, such risk are formally reported, appropriate courses of action are taken and the action is documented.
- Undertake training and education to all staff on types of risks that can affect the Corporation as well as on how to identify and mitigate them.
- Continuously monitor compliance with statutory obligations and advise management accordingly.
- Encourage a stronger working relationship between Legal Unit and other units and departments, and encourage each department to understand the other department's business.

3.8.3 SO 12: Facilitate the improvement of regulatory environment in which NHC operates effectively by June 2018

The operations of NHC are guided by the NHC Act No.2 of 1990 as amended through written laws (Miscellaneous Act No.2 of 2005) and its regulations, and the Human Settlements Development Policy.

NHC Act needs to be updated to reflect the Corporation current operating environment. Similarly, there is a need for a more up to date Housing Policy that addresses the challenges facing the housing sector in Tanzania.

Key activities

- Review and analyze laws and policies affecting the activities of the Corporation.
- Review and draft contracts, agreements and internal policies regulations and ensure that they are in compliance with all statutory or legal requirements.
- Monitor and lobby against developments of laws that may affect the activities of the Corporation.
- Finalize with the amendment of NHC Act and develop its regulations.
- Undertake various programs internally and externally to increase knowledge and public awareness on the new laws and regulatory environment to enhance compliance.
- Provide timely and accurate legal advice as and when required by internal customers.
- Prepare submissions, articles and reports for submission to the Corporation's internal customers and or presentation at conferences and public forums.
- Prepare and administer Internal Customer Feedback Form for purposes of evaluating the customer satisfaction level.

3.8.4 SO 13: Improve and adopt Corporate Governance best practices by 2018

The Board of Directors is one of the key organs for the National Housing to succeed in the implementation of its activities. The mandated and responsibilities of Boards and executives play a key role in promote good business practices, good decision-making and opportunities for investors to ensure the integrity of their investment. Developing good businesses and a good business environment, both companies and policy-makers are very interested in ensuring that good corporate governance is adopted widely and is effectively institutionalized throughout the NHC.

Key activities

- Prepare and facilitate efficient conduct of Board and Board Committee meetings.
- Support the Board in its day to day businesses in line with the worldwide best practices and other contemporary dynamics.
- Enhance corporate governance practices compliance.

- Take keep in safe custody Board minutes and other records.
- Facilitate and coordinate Board members recruitment, orientation, training, professional conduct, evaluation and exit.
- Develop and improve Board reports formats and other Board documentations.
- Provide the necessary working tools and access to various sites.

3.8.5 SO 14: Advice and develop best legal structures for development and management of all satellite cities and other projects by 2017

The development of the legal framework and structure for management of Satellite cities and projects is one of the key challenges which are facing NHC. The NHC will need to develop the legal and regulatory capability of managing satellite and adopt best practices from around the globe.

Key activities:

- Research and provide legal opinions/advice on best and appropriate projects/programme structures.
- Advice and/or facilitate the procurement of advice and development of building control guidelines/ codes, rules and regulations and respective enforcement mechanism.
- Advice and/or facilitate procurement of advice on the best and appropriate facility management and maintenance strategies and development and registration of such rules, by-laws and constitution.
- Facilitate the incorporation and registration of corporate bodies (e.g. SPV's,).
- Regularize and report the existence of SPV's to the relevant authorities
- Negotiate, prepare, review and modify contractual instruments relevant to the structuring of a particular project.
- Prepare process flow and checklist for undertaking detailed due diligence investigations of strategic partners.
- Liaise with relevant government departments, private and community sector bodies and experts and advice the Corporation on the best and appropriate ownership and titling structure/method.
- Facilitate, in collaboration with the other stakeholders, educational campaign on city facility management.
- Facilitate the registration of such corporate bodies in relation to unit owners associations and assist in the setting up of the initial meetings of such associations.
- Undertake registration of transfer of properties/plots/units in the name of new owners.

3.8.6 SO 15: Oversee all litigation for and against the Corporation by 2017

In order to efficiently and effectively manage litigation matters for and against NHC, the Corporation needs to oversee cases filed by and against the Corporation.

Key activities:

- Identify anticipated root causes of litigation that may result from the current and future projects and various activities.
- Track and monitor the root causes of disputes to ascertain whether measures taken to address root causes of disputes are successful.
- Procure and administer court cases management software.
- Undertake the mapping of the outstanding litigations and advice management accordingly.
- Represent the Corporation in court and manage cases filed by and against the Corporation.
- Identify and retrieve important and potentially relevant witnesses and documents and electronic information.
- Reduce the number of court cases.
- Liaise with and manage external lawyers.
- Monitor and track time undertaken to resolve legal disputes.
- Encourage use of arbitration rather than going to court as a way of resolving legal disputes for mitigation of lengthy time taken to resolve disputes.
- Prepare monthly reports and statistics
- Keep records of court files, pleadings, settlement deeds and other relevant documents.

3.8.7 SO 16: Advise and facilitate the registration of all units under the Unit Titles Scheme effectively from 2016

Registration of unit titles for units within an apartment complex in Tanzania is still not smooth as the existing system took 15 years toward registration of stand-alone buildings. As such, NHC will facilitate the registration of units under the Unit Titles scheme.

Key activities

- Raising awareness with external and internal stakeholders involved in the process of unit title scheme which among others include customers, MLHSD, local authorities and Regional offices.
- Facilitate, in collaboration with the other stakeholders, educational campaign or such other appropriate means,

informing the developers, buyers, owners, occupants, real estate and letting agents on matters pertaining to creation of unit titles and facility management of units developed under Unit Title arrangement.

- Preparation of associations and constitution documents and to facilitate registration with the MLHSD.
- Facilitation the registration of unit titles.
- Facilitation of registration of unit plans with the MLHSD.
- Facilitation of the procurement of obtaining consent under transfer of units from local governments.
- Facilitation of the process of obtaining capital gains tax clearance certificates from TRA.
- Keeping records and statistics of the entire unit title process flow.

3.8.8 SO 17: Advise the Board and Management on all legal and regulatory matters effectively from 2016

In order to operate an effective Board, NHC will need to support its Board of Directors to carry out duties as per the enabling legislation.

Key activities

- Provision of advice on industrial related matters.
- Provision of advice on banking and financial institutions documentations.
- Advising the management on estate and tenant/landlord issues.
- Advice the management and the Board on all legal and regulatory affairs as they arise from time to time.

3.8.9 SO 18: Provide support on all general administrative issues starting from 2016

In order to take control and exercise leadership, NHC will need to initiate actions, give directions and take responsibility on matters affecting its operations.

Key activities:

- Attend to internal and external Auditors.
- Oversee and attend meetings and other strategic issues.
- Organize stakeholders' symposium, meetings and other networking initiatives.
- Undertake the promotion and sales of NHC's various products and services.

- Provide continuous leadership, supervision, training and development of departmental staff by building an effective and motivated team.
- Liaise with the HR Department in conducting performance appraisals and ensure competency and training gaps are addressed.

3.9 GOAL 6: To boost the corporate image

3.9.1 SO 19: Improve the public perception of NHC by 30% in 2020

Corporate image or reputation describes the manner under which an organization, its activities and products or services are perceived by outsiders. These outsiders include NHC's critical stakeholders who include customers, financial institutions, Government, general public and NHC employees. The perception of these principal stakeholders on NHC will influence their willingness to either provide or withhold support. If customers develop a negative perception on NHC or its products, the Corporation's sales and profits will undoubtedly decline. For NHC to be successful, it will need to create and maintain an image that attracts customers and other principal stakeholders. A positive corporate image is important in ensuring that NHC becomes the leading real estate developer and manager.

Improve brand strength and goodwill

Brand awareness is an important first step in building brand strength and goodwill. Improving NHC brand strength entails creating brand meaning and what that brand stands for in the minds of customers and the general public. To create and improve brand goodwill, it is important that NHC brand has strong, favorable and unique brand associations. Particular, NHC needs to ensure that its brand is associated with its core values, quality of products and services and overall performance in the real estate market.

Key activities:

- Create a persuasive marketing campaign to build and maintain the Corporation's brand and image using various channels such as television, radio, events and social media.
- Enhance NHC's website to be more visually appealing and more informative to the general public.
- Increase employees' awareness of the importance of maintaining the Corporation's a positive public image.
- Ensure NHC buildings are well maintained and reflect a positive image of the Corporation.
- Deliver projects on time especially projects involving pre-sales in order to improve credibility of NHC.
- Participate in various trade shows.

Enhance customer service and improve customer satisfaction

The way NHC serves its customers and addresses their needs can either improve or undermine its image. Even before interacting with the Corporation, customers develop an idea of the quality of customer service it provides

through reviews and opinions from other customers. In order to become successful in the real estate business, NHC must enhance the customer service by addressing customer needs and queries, and strive to improve customer satisfaction.

Key activities:

- Continuously engage with customers and maintain good relationship through direct and indirect channels e.g., one-on-one engagements of person or via email, and engagement with multiple customers at once through website, mass emails, radio, TV, NHC events and trade shows.
- Introduce a system of tracking customer complaints and closing issues.
- Develop a customer satisfaction index to measure the level of customer satisfaction.
- Carry out a customer satisfaction survey once in two years.
- Address issues identified in the customer satisfaction survey.

Implement focused CSR initiatives – focusing more on results/ impact

NHC will continue to implement corporate social responsibility (CSR) initiatives. In this endeavour, NHC will be guided by an approach that focuses on results and impact to communities. NHC already has started implementing CRS initiatives focusing on results through which it provides brick making machines to groups of youths. This initiative is implemented in collaboration with the National Housing Building and Research Agency (NHBRA) and Vocational Education and Training Authority (VETA). So far, NHC has provided 660 brick making machines to the youth groups identified by their respective LGAs. Besides, each District Council was given TZS 500,000 as a start-up capital. NHC will also continue with other initiatives in the areas of health and education as needs arise.

Key activities:

- Identify a CSR initiative that will have results/impact to the beneficiaries and surrounding communities.
- Identify stakeholders to partner with in carrying out identified CSR initiatives.
- Monitor and evaluate the CSR initiatives.
- Adjust the initiatives depending on the monitoring and evaluation results.

PART FOUR

4. RISK MANAGEMENT

4.1 Key risks and risk profile

There are nine (9) key risks that NHC will need to mitigate. Table 8 below highlights on the nature of the identified risks based on probability of happening and impact of each risk once it happens. Table 9 overleaf provides details of the risks and identified mitigation actions.

Table 10 : Key risks profile

1-Low		Probability				
		2-Low/Medium	3-Medium	4-Medium/High	5-High	
Impact	5-High	Risk of housing Prices going down		Risk of not being able to sell Houses	Delivery risk	
	4-Medium/High		Credit risk to NHC	Emergence of new entrants	Third party risk	
	3-Medium		Political Risk	Risk of high mortgage default rates		
	2-Low/Medium					
	1-Low					

Legend:

Risk Severity
Low
Medium
High

Table 11: Risk Analysis

#	Risk	Description	Mitigation actions
	Risk of housing prices going down	<p>Tanzania is currently experiencing a high growth in the construction sector and housing prices have been on the rise thus encouraging developers to continue new development. However, there is a disjuncture between the prices of houses and the average annual income among majority of Tanzanians. In the long run, if construction growth doesn't match with the demand for housing, a housing bubble and falling house prices are likely.</p> <p>Nevertheless, for countries like Tanzania, the likelihood of this happening in the next 10 years is low. If housing prices were to go down, it would occur in isolated cases in specific areas of the city. For example, the supply of city center apartments could go up and thus their prices could go down as supply outstrips demand.</p>	Continuously ensure commercial viability of projects is thoroughly assessed before approving new projects.
	Risk of high mortgage default rates	Lending rates in Tanzania have been very high. As a result, home-buyers that purchase houses on mortgage could fail to repay the banks thus resulting in a credit crunch particularly for mortgages. So far, only 30% of houses that NHC has sold are on mortgage. If banks tighten lending to home-buyers, NHC will likely experience a decrease in the percentage of houses sold on mortgage. This will indirectly affect NHC's ability to sell houses. Unless lending rates are reduced, the likelihood of this happening is high and the impact to NHC will be significant.	<ul style="list-style-type: none"> • Explore cheaper sources of funding such as mutual funds and other institutional investors. • Partner with banks on risk sharing schemes e.g., assuring banks that NHC can repossess houses in case of default – thereby reducing risk to the bank which could result in lower lending rates for NHC customers.
	Credit risk to NHC	Because lending rates have been very high in Tanzania, most people cannot afford to get a mortgage. As a result, some NHC customers have often requested to pay NHC in small cash installments for the houses that they purchase. This method amounts to a credit risk to NHC because these customers may default. Although cash based sales are still a small proportion, the impact of this risk could be bigger if these sales gain scale.	<ul style="list-style-type: none"> • Limit exposure to credit risk by engaging banks to issue more mortgages. • Acquire a mortgage bank that will offer mortgage loans to, among others, buyers of NHC houses.
	Risk of not being able to sell houses	If customers deem houses as unaffordable and not to expectations, they are likely to remain empty and thus result into huge losses to NHC. Again, if there are not enough economic activities within and around satellite cities, most customers will be unwilling to buy houses in such areas. The examples of Angola and Rwanda highlight the likelihood of this situation.	<ul style="list-style-type: none"> • Focus on strategic sourcing/partnerships with suppliers/acquisitions of suppliers in order to contain costs. • Engage the government to influence policies that will lead to affordable lending terms by banks.
	Political risk	With the elections coming up in October 2015, the new Government could have different priorities regarding the direction that NHC will have to take and the mix of housing that NHC will provide. The impact that this situation will exert on NHC, cannot presently be established as it depends on the new priorities that the new government will set.	Proactively engage the new government to gain support for the existing strategy.

#	Risk	Description	Mitigation actions
	Delivery risk	Given the nature of complexity of housing projects, NHC might not be able to deliver houses on scheduled time. The likelihood of this happening is high and the impact on NHC is likely to be significant. In case this happens, it will be highly detrimental to the image and credibility of NHC especially if customers have already paid and expectations have already been set. In the long run, few will want to buy NHC houses.	<ul style="list-style-type: none"> • Explore partnerships with other developers for the purpose of building capacity. • Outsource construction activities. • Build internal capacity by setting up a strong project management team.
	Third party risk	NHC is currently outsourcing contractors to construct houses. Outsourcing introduces counter party risk as NHC projects quality and completion times depend on the ability of the contractors. For example, if the contractors end up building houses that are not conforming to standard, NHC's image and credibility will likely suffer. The likelihood and impact of counter party risk is significant and will have a higher impact if NHC outsources more of its activities.	<ul style="list-style-type: none"> • Ensure existence of SLAs with third partners. • Focus on managing relationships with suppliers. • Have strong project managers internally that can closely monitor contracts/SLAs with third parties.
	Emergence of new entrants / competitors	<p>Institutional investors such as pension funds constitute the biggest competitors and have the ability to continue expanding into areas where NHC plays due to their financial muscles.</p> <p>There are also a number of new foreign private developers from South Africa and other countries entering into the office spaces market in Dar es Salaam.</p>	<ul style="list-style-type: none"> • Explore partnerships with some of these competitors in areas where NHC has a competitive advantage. For example Pension Funds' leverage is based on access to substantive funds and property investments. NHC may provide services to these Funds. Such service may include property management and/or construction of properties. • Joint ventures with private players e.g., leasing of land may also be explored.
	Sub-standard construction materials	There have been instances of contractors using sub-standard construction materials to the detrimental of the quality of the products.	<ul style="list-style-type: none"> • NHC will continue conduct thorough due diligence on contractors before engaging them. • By playing an active role in the shaping of the housing policy, NHC may be able to influence provisions/ requirements relating to issues such as quality of materials.

PART FIVE

5. STRATEGY IMPLEMENTATION PLAN

5.1 Cascading of strategy and setting performance targets

For effective implementation of the new strategic plan NHC's top Management will cascade and communicate the strategy to the EMT who will then cascade the strategy to their respective Departments/Regions/Units. During the exercise of cascading the strategy, the strategy will be clearly define and performance targets set at Departmental/Regional, Unit and individual levels. Setting performance targets at the said three levels will ensure that Departments/Regions/Units and individual staff understand what is expected of them.

This strategic plan document contains performance targets at corporate level as well as strategies and activities to be undertaken to attain the corporate targets. The Director General who is the owner of the corporate strategy will ensure that the strategy is cascaded to each Director and Regional Manager. The Directors and Regional Managers will be owners of the targets and activities set at this level, and will ensure that the same is cascaded to the Line Managers and Heads of Units. Line Managers and Heads of Units will engage their teams at individual levels to define individual targets which are linked to Departmental/Regional targets. Individual targets will be articulated in the individual performance framework.

5.2 Strategic leadership

Strategic leadership plays an important role in bridging the gap between strategy and execution of the strategy. For successful implementation of the strategy NHC's EMT will be committed to lead and support the implementation efforts by ensuring that change are well managed from the top; decisions and actions are well coordinated; and actions and decisions of the Management are consistent with NHC's strategic goals, objectives and values. In particular, the EMT under the leadership of the Director General will be responsible for the following roles:

- Introduction of the changes needed for the Corporation's growth and development.
- Development of leadership abilities of Directors and Regional Managers.
- Motivation of their staff to perform well and attain set targets.
- Development and maintenance of relations with external stakeholders that are key to the implementation of the new strategic plan.
- Ensuring that the management meetings are also focused on strategic discussions – encouraging interactive communication and maintain leadership's commitment to the strategy.
- Emphasizing continuous improvement in processes and employees learning.

5.3 Establishment of NHC subsidiaries

During the foregoing strategic period of 2010/11-2014/15, NHC achieved notable growth in both its operations and investments. Apparently, this growth is posing challenges in terms of effectiveness and efficiency of its operational system. It is increasingly being realised that NHC will need to restructure some of its operations into independent or semi-autonomous subsidiaries in order to cope with the unfolding challenges. The proposed structure is expected to enable NHC divest its businesses and thus enhance efficiency in its delivery systems. These subsidiary entities will operate outside NHC's mainstream businesses.

The proposed subsidiary entities are as follows:

- i. **Construction Unit:** This unit which is presently known as the Directorate of Property Development (DPD), will be responsible for bidding and executing NHC projects. The Unit will also be able to tender for other external construction projects. The unit will be supported by NHC though it will have latitude of independence in its business operations.
- ii. **Satellite Cities:** This unit will be responsible for supervising the implementation of satellite towns undertaken by NHC. The unit will also perform its responsibilities independently. Among other roles, the unit will be responsible for initiation and execution of satellite town projects.
- iii. **Housing Financing Unit:** This will be establishment as a housing bank. The proposed bank will be responsible for providing investment funds to NHC projects and mortgages to buyers of NHC houses.
- iv. **Strategic Investment Unit:** This unit will be responsible for mobilizing investment funds from both local and international financial markets. This role will also involve buying and selling shares, investing in various business ventures in various strategic investments such industries related to production of materials.
- v. **Finance Investment:** This unit will be responsible for investing in the production materials that will be used by NHC for its projects. These materials will include, among others, electrical products, concrete articles, tiles and roofing materials.
- vi. **Facility Management Unit:** This Unit will be responsible for managing NHC's rental estates and estates constituting sold out properties. The unit will also have a mandate to manage other estates outside NHC.

NHC have started working on the establishment of the above subsidiaries. This involve extensive and intensive research on the operations and risks of the proposed corporate structure.

5.4 Monitoring and evaluation

The important part of implementing the strategy is monitoring and evaluation which are key in aligning efforts with expected results of the strategic plan. Besides, monitoring and evaluation will enable NHC to take stock of achievements, challenges and subsequently the course of actions for improvements. Monitoring of the strategic plan will allow for corrective actions to be undertaken in the course of implementation to ensure that NHC is on track in attaining set goals.

NHC will also use monitoring as part of a control process to encourage improved performance at the corporate, EMT and individual staff levels which are highlighted above. Knowing that everyone's performance at all levels is measured and monitored against set targets, it will stimulate employees to enhance their performance.

Monitoring and evaluation of the strategic plan for the said levels will be conducted in the following context:

- Corporation level: The overall performance of NHC will be evaluated semi-annual by using inputs obtained through monitoring and evaluation activities at Directorate/Regional level.
- Departmental/Regional level: The performance of Departments and Regional offices will be monitored and evaluated on a monthly basis. Each Department/Region will assess its performance against set goals. The results of the performance review will be presented and discussed during Departmental/Regional meetings.
- Individual level: The performance of individuals in respect of implementing activities and meeting individual goals and targets that are linked to the strategic plan will be monitored bi-annually.

Individuals will sit with their Managers and/or Supervisors to assess to what extent they have attained set goals as well as the level of support needed to ensure that they achieve their individual goals that also supports the strategic plan.

NHC will use the balanced scorecard approach to monitor and evaluate annual corporate and Departmental/Regional targets. A formal way of evaluating and monitoring the outcomes of the strategy will be applied to track the planned strategic objectives, strategies and activities. The monitoring framework will be used for monitoring the corporation-wide performance (the Corporate Balanced Scorecard).

PART SIX

6. CONCLUSION

The present strategic plan provides an integrated framework which is designed to strengthen the coordination of NHC's real estate activities in a coherent manner in order to clearly articulate the following aspects:

- NHC's goals and aspirations.
- Where NHC should play.
- How will NHC win in chosen segments and markets?
- What capabilities NHC must have in place in order to win in chosen segments and markets?
- Required processes, systems and measures.

It is important that NHC remains alert and continually monitor and evaluate developments projected in this strategic plan. To achieve this objective, the implementation of this strategic plan will be monitored and evaluated from time to time. NHC shall carry out annual reviews to measure successes and identify shortcomings. This review will provide feedback for the corporation in strengthening its performance. The key performance indicators (KPI) illustrated in the implementation plan are to be used as basis for measuring the effectiveness of each strategic objective.

The implementation of this strategic plan will be monitored and evaluated annually both at corporate, regional, and individual levels. The Management will assess the progress of implementation of the plan yearly and propose necessary adjustments.

At the end of the fifth year of the plan, a more intensive review will be undertaken so as to measure the general performance and make adjustments/updates to cover the remaining five years.

IMPLEMENTATION PLAN

GOAL 1: To become a leading real estate developer

STRATEGIC OBJECTIVES	STRATEGIES	ACTIVITIES
Develop a minimum of 30,000 units for sale and lease by 2025	Construct 12,000 affordable units, 13,500 middle income units and 2,700 high end units and 1,800 commercial units by 2025	Conduct affordability studies in each district or region prior to development of housing and commercial units to ascertain the demand. These studies will be used as the basis for the actual number of affordable, middle and high end units to be constructed in a particular district or region.
		Secure commitment from Local Government on the provision of land and infrastructure (such as road, power, utilities etc. for the implementations of affordable housing projects.
		Obtain funding from financial institutions to finance the development of the planned units.
		Engage with the Government to obtain tax exemptions on construction materials for affordable housing and/or provide incentives to potential local suppliers to sustainably provide materials at lower costs.
		Facilitate the production of construction materials locally especially for materials used in construction of affordable housing.
	Diversify product and tailor-made products to customer needs.	Conduct customer research at least once every two years to determine customer needs, taste and preferences of real estate properties.
		Construct tailor-made houses, retail and office space designed according to the needs of the customers.
		Introduce new products to meet the needs of customers that are currently not met by existing NHC products.
	Target new geographies in Tanzania to have presence in all regions.	Conduct feasibility studies for the new geographies where NHC plans to build houses for the purpose of getting information on location attributes and the desired number of houses.
		Engage with the Local Government Authorities to provide land to NHC for development at affordable rates at lower than the market rate.
	Increase focus on product innovation and product leadership.	Conduct research and develop new innovative products taking into account key risks.

STRATEGIC OBJECTIVES	STRATEGIES	ACTIVITIES
		Benchmark NHC products against peers in the regions to ensure that it maintains product leadership.
Increase asset value from TZS 3.3 trillion in 2015 to TZS 7.0 trillion by 2025	Increase the asset base by retaining 20% of newly developed units	For each project, identify beforehand properties that NHC can retain for lease.
		Ensure that properties retained for lease are of good quality that will require low level of maintenance.
		Units that are initially meant for sale but are unable to get buyers, are temporarily leased or sold through tenant purchase scheme as it will be attained by the demand.
	Revaluation of all assets by the end of every financial year	Conduct valuation of properties each year end.
		Once every three years procure the services of a valuation firm to do physical valuation of properties.
		Reconcile submitted draft valuation reports with property register.
		Countercheck the fairness of values and those of consultant
		Incorporate new values in books of accounts by end of each financial year.
	Redevelop/rehabilitate dilapidated buildings in prime areas	Identify dilapidated buildings in CBDs of major urban areas that need to be redeveloped. For example, the proposed Valhalla redevelopment project in Masaki is based on this approach.
		Revise the prices or rent rates to reflect the new value of the redeveloped or rehabilitated buildings
Increase revenue from sale and lease of properties from TZS 64.7 billion in 2013 to TZS 500 billion by 2025	Develop and construct quality units which are timely delivered and competitively priced	Use quality building materials in construction of houses.
		Use of quality fixtures and fittings to furnish the houses and quality finishing products.
		Enhance project management capabilities and establish efficient project delivery mechanism as a key competitive edge.
		Shorten time-to-market cycle for houses for sale.
		Review market prices at least once every two years.
		Update rental and housing prices at least once in two years to reflect changes in the market.
		Improve understanding of customer price sensitivity.
		Increase emphasis on differentiated pricing across customer segments.

STRATEGIC OBJECTIVES	STRATEGIES	ACTIVITIES
Increase revenue from sale and lease of properties from TZS 64.7 billion in 2013 to TZS 500 billion by 2025	Aggressive and innovative marketing to improve product awareness	Develop and implement a comprehensive marketing plan for all NHC products and services.
		Improve sales and marketing skills of staff through trainings.
		Increase focus on most effective sales and advertising channels.
		Participate in trade fairs and exhibitions especially those that are aimed at real estate players.
		Roll-out an aggressive online marketing campaign in social Medias such as Facebook to target the online community, which is mostly composed of the youth (18 years – 35 years) who are current and future NHC customers.
		Create awareness of NHC products internally so that all staff can market NHC products in their professional and personal engagements with potential customers.
	Timely sale of all units developed for sale (80% of developed units)	Identify units for sale in each project
		Conduct pre-sale activities of housing units with increased focus on high-value/high-potential customers.
		Liaise with financial institutions, such as banks and pension funds in order to negotiate affordable interest rates on mortgages taken by house buyers.
		Improve total customer experience starting with interest point, purchasing, fulfillment, usage, support, services, etc.
		Improve understanding of customer needs to make the sale process easier.
		Shorten order-to-delivery cycle time to allow customers purchasing houses within the planned time frame.
	Build sales goals into staff incentives by January 2016	As part of setting performance management goals include a goal on sales.
		Track performance of sales staff against set sales goals.
		Review and revise reward system to incorporate incentives on attaining set sales targets.
		Reward staffs who have attained the set sales goals.
	Create financing approach to enhance product penetration	Engage with customers to assess their financing needs.

STRATEGIC OBJECTIVES	STRATEGIES	ACTIVITIES
Increase revenue from sale and lease of properties from TZS 64.7 billion in 2013 to TZS 500 billion by 2025		Research on financing approaches to be used to NHC customers.
		Advise customers on financing approaches suitable for their incomes and affordability.
		For customers that are eligible for mortgages, link them to partner banks and assist in the obtaining mortgage.
	Enhance alternative sales channel	Analyse the effectiveness of the current direct sales channels and take measures to enhance it.
		Develop a communication and coordination framework for the various sales channels.
		Closely monitor sales done through both direct and indirect sales channels.
		Increase focus on channels that yield best results in sales.
Become the leading master plan developer	Acquire land, enhance value and strategically select high value segment that will give leverage	Put in place a revenue control system to ensure that funds collected through indirect channels are deposited in the NHC account.
		Identify areas for acquisition of unencumbered land for development.
		Obtain title deeds for acquired land.
		Engage utility providers i.e. TANESCO and DAWASCO in advance to enable them align their development plans with NHC's proposed projects.
	Plan and facilitate development of satellite cities in various regions	Service the acquired land.
		Dedicate a team of professionals that focuses on master planning.
		Design satellite cities.
Form strategic partnerships with key stakeholders	Increase proactive pursuit of partnerships	Partner with contractors and private developers to develop the planned satellite cities.
		Monitor the contractors and other developers to ensure that satellite cities are constructed as per designs, plans and desired quality.
		Identify areas that NHC can partner with various stakeholders.
		Meet with potential partners to discuss possible areas of partnerships.
		Develop a partnership proposal and discuss the proposal with the potential partners.
		Enter into agreements with select interested partners that will complement NHC in provision of its products and services.
		Monitor and evaluate the performance of joint venture partners and contractors involved in the development and/or management of NHC properties.

GOAL 2: To become an efficient real estate manager

STRATEGIC OBJECTIVES	STRATEGIES	ACTIVITIES
Use technology to drive efficiency	Introduce an electronic repair and maintenance system	Identify requirements for electronic programme for repair and maintenance.
		Procure the electronic programme for repair and maintenance.
		Customise the electronic programme to NHC needs.
		Train users on how to use the electronic programme.
	Introduce an electronic housing allocation system	Review the current processes involved in housing allocation, identify, process gaps and recommend improved housing allocation processes.
		Interview key NHC staff who are involved in allocating houses for sale and houses for rent.
		Interview/survey a sample of customers to get their feedback on the current housing allocation system and their thoughts on how to improve and make it more efficient and transparent.
		Conducting a process walkthrough to have a thorough understanding of the current housing allocation system.
		Map the current housing allocation processes.
		Streamline housing allocation system and map the improved housing allocation system.
		Identify requirements for the electronic housing allocation system.
		Procure an electronic housing allocation system.
		Customise the system to NHC needs.
		Enter existing housing application data into the system.
		Rollout use of the system by January 2016.
		Communicate the new housing allocation processes/system to NHC staff and customers.
		Monitor the implementation/use of the new housing allocation system and assess its effectiveness. If necessary take measures to further improve the system.

STRATEGIC OBJECTIVES	STRATEGIES	ACTIVITIES
Conduct maintenance of properties periodically	Increase emphasis on preventive maintenance	Inspect house/building conditions on quarterly basis.
		Update the building inspection template by June 2015.
		Update building conditions in the property database system in the category of good, bad and worse.
		Prepare schedule of works and bill of quantities (BOQs) starting with worse condition buildings.
		Work out cost estimates for maintenance works.
		Establish work execution mode and assign executors.
		Monitoring and supervision of the work.
	Ensure that maintenance undertaken is adequate and reflects value for money	Review NHC's maintenance policy and programme at least once in every 5 year and update it accordingly.
		Increase awareness and encourage compliance to the maintenance policy and programme.
		Conduct spot checks to ensure that the maintenance policy and programme is adhered to.
		Ensure use of genuine and durable building materials which require low maintenance.
		Carry out regular preventative maintenance on houses and commercial properties managed by NHC.
		Devise an effective monitoring and evaluation mechanism to manage maintenance works.
		Track and record maintenance undertaken and maintenance costs incurred to assess whether value for money is attained.
		Provide staff with better tools to schedule, track and deliver proper property maintenance.
		Improve staff skills for those involved in property maintenance works.
		Outsource key maintenance tasks for commercial properties.

GOAL 3: To strengthen operational efficiency and control mechanism

STRATEGIC OBJECTIVES	STRATEGIES	ACTIVITIES
Improve operational efficiency	Outsource construction and marketing services	Identify construction projects to be contracted to construction firms.
		Procure the services of construction firms so as to execute such projects in timely and cost effective manner.
		Monitor the services provided by the contractors to ensure that they adhere to construction standards and building regulations.
		Identify the type of marketing services that NHC is likely to outsource.
		Procure the services of marketing agent to market NHC products and services.
		Monitor and evaluate the services provided by the marketing agents.
	Streamline procurement processes	Procure the services of a consultant to review current procurement processes in order to propose more efficient procurement processes.
		Continue to train the procurement team on the new procurement processes.
		Communicate the new processes to the entire organisation and especially the beneficiaries of the procurement services.
	Introduce an Enterprise Resource Planning (ERP) system	Procure and implement an appropriate ERP system that will integrate all functions including among others finance, procurement, HR, construction and sales.
		Customise the ERP system to meet NHC's needs.
		Train staff on the use of the new ERP system.
	Manage operational costs	Introduce a system of tracking operational costs and mapping them to cost centres in order to determine essential versus non-essential costs. This system will enable NHC's management make decisions on elimination of operational costs that are not creating value to the business.
		Introduce mechanisms of controlling administrative expenses such as printing, communication and travel expenses.

STRATEGIC OBJECTIVES	STRATEGIES	ACTIVITIES
Improve operational efficiency		Invest in design and construction technology to improve efficiency and lower costs of projects.
		Review key internal processes and procedures and examine possible areas for improvement that will lead to cost cuts.
		Encourage procuring of materials and services in bulk wherever possible in order to reduce administrative and operational expenses incurred during the procurement process.
		Put in place a mechanism for rewarding staff for participating in the efforts to reduce operational expenses.
	Improve efficiency in collection of revenue from rental units and houses sold	Closely monitor unpaid and overdue debts.
		Commence follow-ups of debts prior they are overdue.
		Aggressively follow-up debts by using various methods such as regular email/phone reminders, personal visits, use of debt collectors and escalating such issues to parent Ministries.
		Develop and maintain good relationship with customers, especially Government agencies, so that they are motivated to pay NHC debts at the earliest.
		Prioritise debt collection by starting with debtors who have high debts and those who are likely to pay.

GOAL 4: To optimally deploy human resource base

STRATEGIC OBJECTIVES	STRATEGIES	ACTIVITIES
Attract, develop and retain competent staff	Recruit staff to fill in key vacant positions	Identify staffing needs of each Department and determine staffing and skill gaps.
		Develop a recruitment plan based on the results of the assessment of staffing and skills needs.
		Recruit more sales and legal staff, and other staff to fill vacant positions in other departments as needs arise.
		Take into consideration NHC's skills needs during recruitment processes so as to recruit staff with required skills.
		Conduct job description review for Regional Manager positions and update the roles accordingly.
Attract, develop and retain competent staff	Retain competence staff	Conduct talent mapping
		Identify 40% key performers
		Develop strategy to retain key performers
		Implement and monitor the developed retention strategy
	Attract and develop staff	Review staff benefits and remuneration package
		Improve staff training and development based on the training gaps
		Improve reward systems for excellent performer
		Review training and development policy, and reward and performance policy

STRATEGIC OBJECTIVES	STRATEGIES	ACTIVITIES
Attract, develop and retain competent staff	Establish NHC Leadership Academy	Determine the training needs of NHC staff especially for the Regional Managers who will be required to indicate areas where they need development to enhance the performance of their jobs.
		Train Regional Managers on property management, business management with emphasis on financial skills and on NHC business units and operations to enable them have a full understanding of the business.
		Enhance project management skills for project staff.
		Develop and implement a leadership training programmes for Directors and Regional Managers.
		Rotate staff among regional offices to encourage them to learn on best practices from experiences of other offices.
	Embed a performance based culture in NHC staff	Communicating the core values to staff and encourage staff to live by these values.
		Set performance targets for all staff and assess their performance bi-annually.
		Based on the results of the performance reviews, where necessary realign staff roles to skills sets to enhance staff performance.
		Develop an ownership mentality among staff to empower them with the freedom to decide, act and make right choices.
		Effectively engage employees in day to day activities and projects.
		Communicate NHC's performance results with the staff to increase staff sense of ownership to the performance of the Corporation. This will also be done within Departments and Units.
		Reward and celebrate when staff attain set individual goals and when the Corporation attains its goals.

GAOL 5: To enhance conducive legal environment that supports the business of the corporation

STRATEGIC OBJECTIVES	ACTIVITIES
Facilitate and improve contracts management process	Formulate and administer contracts review checklist and approval process.
	Procure and administer contract management system (software) capable of developing and handling contracts from initiation, drafting, signing, implementation, up to closure while tracking the deliverables.
	Undertake safe custody of all contracts, leases, deeds and other legal instruments in a chronological order in both manual and digital forms.
	Conduct negotiations as and when requested or instructed.
	Prepare, review and modify contracts, leases and other legal instruments that support various business activities.
	Review and provide legal advice on tender documents and other legal matters.
Identify legal and regulatory risks and develop management measures	Prepare policies and process flow that identify legal and regulatory risks.
	Train internal departments all staff on how to get involved in identifying legal risks through the developed policies and process flows.
	Liaise with relevant departments to ensure that where legal risks have been identified, such risk are formally reported, appropriate courses of action are taken and the action is documented.
	Undertake training and education to all staff on types of risks that can affect the Corporation as well as on how to identify and mitigate them.
	Continuously monitor compliance with statutory obligations and advise management accordingly.
	Encourage a stronger working relationship between Legal Unit and other units and departments.
Facilitate the improvement of regulatory environment in which NHC operates	Review and analyze laws and policies affecting the activities of the Corporation
	Review and draft contracts, agreements and internal policies regulations and ensure that they are in compliance with all statutory or legal requirements.
	Monitor and lobby against developments of laws that may affect the activities of the Corporation.
	Finalize with the amendment of NHC Act and develop its regulations.

STRATEGIC OBJECTIVES	ACTIVITIES
Facilitate the improvement of regulatory environment in which NHC operates	Undertake various programs internally and externally to increase knowledge and public awareness on the new laws and regulatory environment to enhance compliance.
	Provide timely and accurate legal advice as and when required by internal customers.
	Prepare submissions, articles and reports for submission to the Corporation's internal customers and or presentation at conferences and public forums.
	Prepare and administer Internal Customer Feedback Form for purposes of evaluating the customer satisfaction level.
Improve and adopt corporate governance best practices	Prepare and facilitate efficient conduct of Board and Board Committee meetings
	Support the Board in its day to day businesses in line with the worldwide best practices and other contemporary dynamics.
	Enhance corporate governance practices compliance.
	Take and keep in safe custody Board minutes and other records.
	Facilitate and coordinate Board members recruitment, orientation, training, professional conduct, evaluation and exit.
	Develop and improve Board reports formats and other Board documentations.
	Provide the necessary working tools and access to various sites.
	Procure and administer Board or similar system.
Advice and develop best legal structures for development and management of satellite cities and other projects	Research and provide legal opinions/advice on best and appropriate projects/programme structures.
	Advice and/or facilitate the procurement of advice and development of building control guidelines/ codes, rules and regulations and respective enforcement mechanism.
	Advice and/or facilitate procurement of advice on the best and appropriate facility management and maintenance strategies and development and registration of such rules, by-laws and constitution.
	Facilitate the incorporation and registration of corporate bodies (e.g. SPV's).
	Regularize and report the existence of SPV's to the relevant authorities.
	Negotiate, prepare, review and modify contractual instruments relevant to the structuring of a particular project.
	Prepare process flow and checklist for undertaking detailed due diligence investigations of strategic partners.

STRATEGIC OBJECTIVES	ACTIVITIES
Advice and develop best legal structures for development and management of satellite cities and other projects	Liaise with relevant government departments, private and community sector bodies and experts and advice the Corporation on the best and appropriate ownership and titling structure/method.
	Facilitate, in collaboration with the other stakeholders, educational campaign on city facility management.
	Facilitate the registration of such corporate bodies in relation to unit owners associations and assist in the setting up of the initial meetings of such associations.
	Undertake registration of transfer of properties/plots/units in the name of new owners.
Oversee litigation for and against the Corporation	Identify anticipated root causes of litigation that may result from the current and future projects and various activities.
	Track and monitor the root causes of disputes to ascertain whether measures taken to address root causes of disputes are successful.
	Procure and administer court cases management software.
	Undertake the mapping of the outstanding litigations and advice management accordingly.
	Represent the Corporation in court and manage cases filed by and against the Corporation.
	Identify and retrieve important and potentially relevant witnesses and documents and electronic information.
	Reduce the number of court cases.
	Liaise with and manage external lawyers.
	Monitor and track time undertaken to resolve legal disputes.
	Encourage use of arbitration rather than going to court as a way of resolving legal disputes for mitigation of lengthily time taken to resolve disputes.
	Prepare monthly reports and statistics.
	Keep records of court files, pleadings, settlement deeds and other relevant documents.
Advise and facilitate the registration of units under the unit titles scheme	Raising awareness with external and internal stakeholders involved in the process of unit title scheme which among others include customers, MLHSD, local authorities and Regional offices.
	Facilitate, in collaboration with the other stakeholders, educational campaign or such other appropriate means, informing the developers, buyers, owners, occupants, real estate and letting agents on matters pertaining to creation of unit titles and facility management of units developed under Unit Title arrangement.

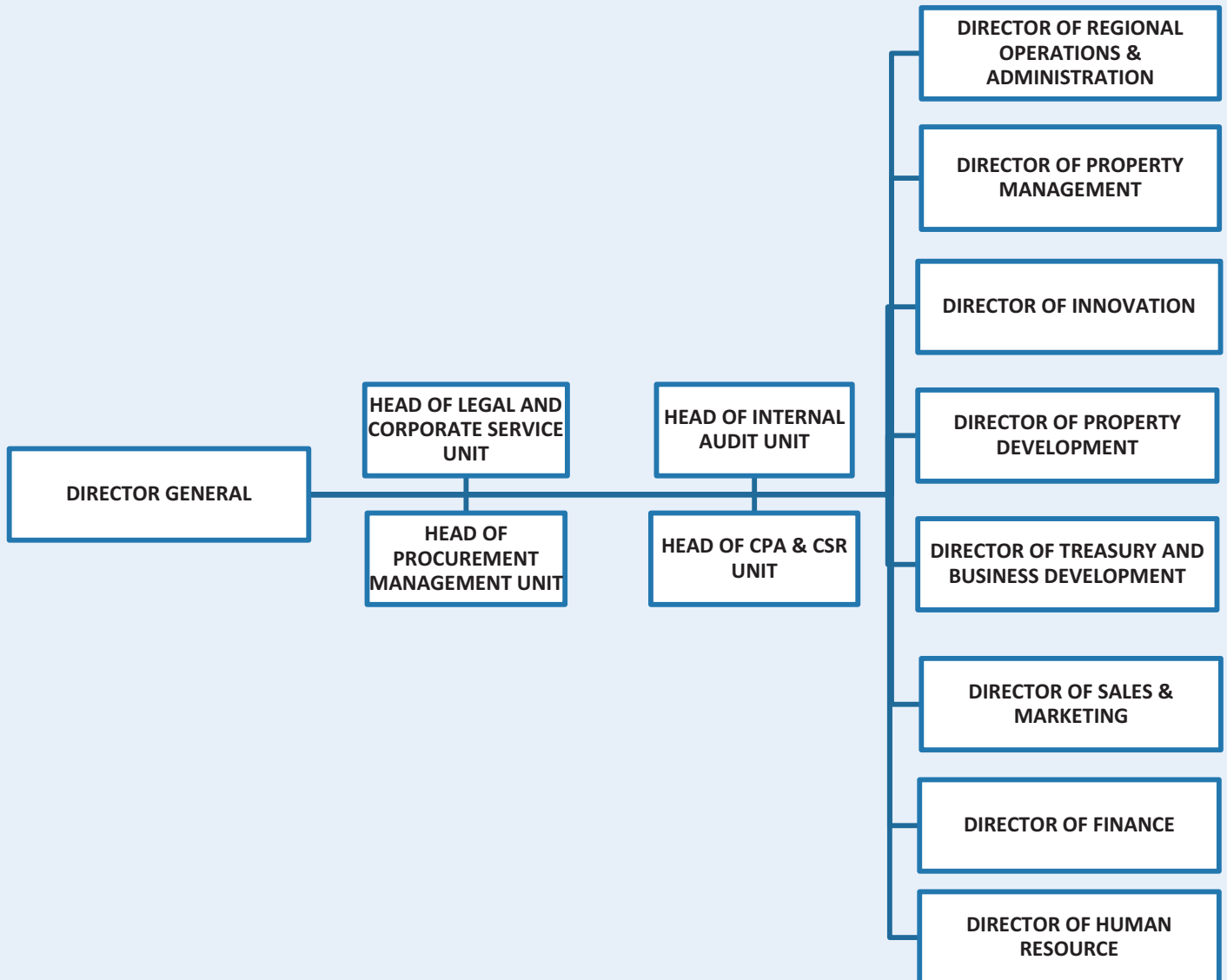
STRATEGIC OBJECTIVES	ACTIVITIES
Advise the Board and Management on all legal and regulatory matters	Preparation of associations and constitution documents and to facilitate registration with the MLHSD.
	Facilitation the registration of unit titles.
	Facilitation of registration of unit plans with the MLHSD.
	Facilitation of the procurement of obtaining consent under transfer of units from local governments.
	Facilitation of the process of obtaining capital gains tax clearance certificates from TRA.
	Keeping records and statistics of the entire unit title process flow.
	Provision of advice on industrial related matters.
	Provision of advice on banking and financial institutions documentations.
	Advising the management on estate and tenant/landlord issues.
	Advice the management and the Board on all legal and regulatory affairs as they arise from time to time.
Provide support on general administrative issues	Attend to internal and external Auditors.
	Oversee and attend meetings and other strategic issues.
	Organize stakeholders' symposium, meetings and other networking initiatives.
	Undertake the promotion and sales of NHC's various products and services.
	Provide continuous leadership, supervision, training and development of departmental staff by building an effective and motivated team.
	Liaise with the HR Department in conducting performance appraisals and ensure competency and training gaps are addressed.

GOAL6: To boost the corporate image

STRATEGIC OBJECTIVES	STRATEGIES	ACTIVITIES
Improve the public perception of NHC	Improve brand strength and goodwill	Create a persuasive marketing campaign to build and maintain the Corporation's brand and image using various channels such as television, radio, events and social media.
		Enhance NHC's website to be more visually appealing and more informative to the general public.
		Increase employees' awareness of the importance of maintaining the Corporation's positive public image.
		Ensure NHC buildings are well maintained and reflect a positive image of the Corporation.
		Deliver projects on time especially projects involving pre-sales in order to improve credibility of NHC.
		Participate in various trade shows.
	Enhance customer service and improve customer satisfaction	Continuously engage with customers and maintain good relationship through direct and indirect channels e.g., one-on-one engagements of person or via email, and engagement with multiple customers at once through website, mass emails, radio, TV, NHC events and trade shows.
		Introduce a system of tracking customer complaints and closing issues.
		Develop a customer satisfaction index to measure the level of customer satisfaction.
		Carry out a customer satisfaction survey once in two years.
		Address issues identified in the customer satisfaction survey.
	Implement focused CSR initiatives – focusing more on results/ impact	Identify a CSR initiative that will have results/impact to the beneficiaries and surrounding communities.
		Identify stakeholders to partner with in carrying out identified CSR initiatives.
		Monitor and evaluate the CSR initiatives.
		Adjust the initiatives depending on the monitoring and evaluation results.

APPENDICES

Appendix One: National Housing Corporation Organization Structure



Appendix Two: Strategic Plan for 2015 – 2025: Corporate Balanced Scorecard / Indicators

Financial Perspective

Strategic Objective	Key strategies	Key Performance Indicator (KPI)	Baseline	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
1. Grow revenue from sale and lease of properties from TZS 64.7 billion in FY13 to TZS 700 billion by 2025	1.1 Develop and construct quality units which are timely delivered and competitively priced (DTBD, DSM)	Total annual revenue	64.7 billion	100.3 billion	130.4 billion	160 billion	200 billion	240 billion	300 billion	380 billion	460 billion	540 billion	620 billion	700 billion
	1.2 Aggressive and innovative marketing approach to improve product awareness (DSM)	80% of all developed units sold prior to completion	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
	1.3 Enhance alternative sales channels (DBD)													
	1.4 Acquire new tenants and retain/grow existing tenants (Continuously rationalize tenant mix and adjust rental rates) (DTDB, DSM)													
	1.5 Continue efforts to strengthen rental rates (DPM)													
2. Increase asset value from TZS 3 trillion in FY13 to TZS 5 trillion by 2025	1.6 Creating financing approach to enhance product penetration (DG, DTBD, DSM)													
	2.1 Increase the asset base by retaining 20% of newly developed units (DG, DI, DBD)	Total housing stock	401	352	103	134	174	226	343	464	628	851	1153	1564
	1.2 Revaluation of all assets by the end of every financial year (DPM, DTBD)	Total asset value of retained portfolio (TZS trillion)	3	3.36	3.72	4.08	4.44	4.8	5.16	5.52	5.88	6.24	6.6	7
	1.3 Redevelop/rehabilitate buildings in prime areas to enhance value (DPM)	Rental yield of retained portfolio												
		To remain within +/- 50 – 150 BPS of Industry yield												

Notes to the Annual Revenue figures

- Projections of the annual revenues are based on rough estimates of new development revenue calculated from sale of projected new units. In essence the number should include existing rental, new development rental, and new development revenue when a detailed financial model is developed. Because the estimates for new development revenues were calculated with the assumption that 100% of all developed units are sold, these numbers were inflated (with annual revenue for 2025 at 1.3 trillion). As such, the estimates provided here have taken into account a provision of roughly 50% to account for the fact that not all houses will be sold exactly after they are developed. These figures are thus conservative rough estimates and should not be used to cascade the scorecard until a proper financial model is developed.

Customer Perspective

Strategic Objective	Key strategies	Key Performance Indicator (KPI)	Baseline	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
3. Develop a minimum of 30,000 units for sale and lease by 2025	3.1 Construct 12,000 affordable units, 13,500 middle income units and 2,700 high end units and 1,800 commercial units by 2025 (DI, DTBD, PMU) 3.2 Target new geographies in Tanzania to have presence in all Regions and Districts (DI, DTBD, DPM)	Total number of new affordable housing units	x	694	902	1173	1525	1982	2676	3612	4877	6584	8888	11999*
		Total number of new middle income housing units completed	x	762	991	1288	1674	2176	2938	3966	5355	7229	9759	13174*
		Total number of new mid-to-high end housing units completed	x	86	120	169	236	330	479	695	1007	1460	2118	3071*
		Total of new number of commercial units completed	x	216	259	311	373	448	560	700	875	1094	1367	1709*
4. Become the leading master plan developer	4.1 Acquire land, enhance value and strategically select a high value segment that will give leverage (DPM, DI) 4.2 Plan and facilitate development of satellite cities in various regions (DI, DPDM)	Number of satellite cities planned/signed	3	3	4	5	6	6	7	8	8	9	10	10
		% of satellite cities planned on acquired land	30%	40%	45%	50%	55%	60%	65%	70%	75%	80%	90%	100%
		% of satellite cities planned with infrastructure and utilities implemented	20%	25%	35%	40%	45%	50%	55%	60%	65%	70%	80%	90%
		% of satellite cities in implementation/ investment stage	10%	20%	30%	35%	40%	45%	50%	55%	60%	65%	70%	80%
5. Form strategic partnerships with key stakeholders	5.1 Increase proactive pursuit of partnerships (DG, DI, DTBD, DPM)	% of LGAs in partnership with NHC	10%	16.82%	23.64%	30.46%	37.28%	44.1%	50.92%	57.74%	64.56%	71.38%	78.2%	85%
		Total funds raised through partnerships with private investors in Billion TZS	0	1.5	100	125	150	175	200	250	300	350	400	450
		% of serviced plots	10%	16.82%	23.64%	30.46%	37.28%	44.1%	50.92%	57.74%	64.56%	71.38%	78.2%	85%

Strategic Objective	Key strategies	Key Performance Indicator (KPI)	Baseline	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
6. Conduct maintenance of properties of properties periodically	6.1 Increase emphasis on preventative maintenance (DPM)	% of units that have undergone preventive maintenance	50%	55%	55%	60%	60%	65%	70%	70%	70%	70%	70%	70%
	6.2 Ensure that maintenance undertaken is adequate and reflects value for money (DPM)	Customer Satisfaction Index	67%	>70%	>75%	>75%	>80%	>80%	80%	80%	85%	85%	85%	85%
7. Improve public perception of NHC	7.1 Improve brand strength and goodwill (Public Relations)	Employee Satisfaction Index	73%	>75%	>75%	>80%	>80%	>85%	>85%	>88%	>88%	>88%	>88%	>88%
	7.2 Enhance customer service and improve customer satisfaction (All Directors)	Stakeholder Satisfaction Index	N/A	>70%	>75%	>75%	>80%	>80%	80%	80%	85%	85%	85%	85%
		Customer Satisfaction Index	67%	>70%	>75%	>75%	>80%	>80%	80%	80%	85%	85%	85%	85%
	7.3 Implement focused CSR initiatives – focusing more on results/impact	Beneficiary satisfaction survey measure (%)	65%	66.82%	68.64%	70.46%	72.28%	74.1%	75.92%	77.74%	79.56%	81.38%	83.2%	85%

Notes to the new units figures

- Projections of the new housing units were based on a rough estimate of 35% for affordable, middle, and mid-to-high (high) income units. This is because Tanzania's stable economic growth and rapid urbanization has created a housing deficit and a subsequent rise in housing development with up to 200,000 units per year. As such, a high growth figure for development is warranted and is in line with the goal of achieving 12,000 affordable units, 13,500 middle income units and 2,700 mid-to-high (high) income units.
- Projections for commercial units are grown at a more conservative rate of 15% because the demand for commercial units will not be as high as the demand for residential units.

Internal Processes Perspective

Strategic Objective	Key strategies	Key Performance Indicator (KPI)	Baseline	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
8. Use technology to drive efficiency	8.1 Introduce an electronic repair and maintenance system	Electronic repair and maintenance system in place			✓									
	8.2 Introduce an electronic housing allocation system	Electronic housing allocation system in place				✓								
9. Improve operational efficiency	9.1 Outsource construction and marketing services	ERP system in place			✓									
	9.2 Streamline procurement processes													
	9.3 Introduce an Enterprise Resource Planning (ERP) system	Cost to income ratio	72%	75%	75%	75%	70%	<70%	<70%	<70%	<70%	<70%	<70%	<70%
	9.4 Manage operational costs													
	9.5 Improve efficiency in collection of revenue from rental units and units sold	Receivable days	32	30	30	30	30	30	30	30	30	30	30	30
10. Facilitate and improve contracts management process by 99% in 2020	10.1 Facilitate contracts management process	% of contracts managed correctly	70%	80%	90%	95%	100%	100%	100%	100%	100%	100%	100%	100%
	10.2 Improve contracts development process	% of contracts developed on time based on the specifications	85%	90%	95%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	10.3 Develop contracts management tools	% of tools developed to manage contracts	50%	60%	70%	80%	90%	100%	-	-	-	-	-	-
11. Identify key legal and regulatory risks and develop mitigation measures by 2017	11.1 Identify legal and regulatory risks	% of key legal and regulatory risk identified	80%	85%	95%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	11.2 Develop risk management tools	% of risk management tools developed	80%	85%	95%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Strategic Objective	Key strategies	Key Performance Indicator (KPI)	Baseline	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
12. Facilitate the improvement of regulatory environment in which NHC operates effectively from June, 2018	12.1 Improve the regulatory environment within which NHC operates	% of satisfaction with NHC regulatory environment	60%	65%	70%	75%	80%	85%	85%	85%	90%	95%	95%	95%
	13.1 Improve Corporate Governance practices	% of improvement in Corporate Governance practice	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
13. Improve and adopt corporate governance best practices by 2018	13.2 Adopt Corporate Governance best practices	% of best practice available in the industry that has been adopted	60%	70%	80%	85%	85%	90%	90%	90%	90%	95%	95%	95%
	14.1 Advice on legal structures for development and management of satellite cities and other projects	% of projects with legal management structures	30%	50%	70%	80%	85%	90%	90%	90%	90%	95%	95%	95%
14. Advice and develop best legal structures for development and management of satellite cities and other projects by 2017	15.1 Identify root causes of litigation	% of the root causes litigation documented	90%	95%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	15.2 Address effective litigation against the Corporation	% of legal cases decided in favour of the Corporation	70%	60%	57%	50%	45%	40%	35%	35%	30%	25%	25%	20%

Strategic Objective	Key strategies	Key Performance Indicator (KPI)	Baseline	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
16. Advise and facilitate the registration of all units under the unit titles scheme effectively from 2016	16.1 Advise on the registration of unit under the unit titles scheme.	% of advice requested that have been provided	90%	95%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	16.2 Facilitate the registration of units under the unit titles scheme.	% of units that have registered unit titles	30%	40%	70%	100%	100%	100%	100%	100%	100%	100%	100%	100%
17. Advise the Board and Management on all legal and regulatory matters effectively from 2016	17.1 Improve functioning of the Board through timely advice on legal and regulatory matters	% of satisfaction with the support provided to the Board	70%	75%	80%	85%	90%	90%	95%	95%	100%	100%	100%	100%
18. Provide support on all general administrative issues starting from 2016	18.1 Improve general administration issues of the Corporation	% of satisfied customers	70%	75%	80%	85%	90%	90%	95%	95%	95%	95%	95%	95%

Learning and Growth Perspective

Strategic Objective	Key strategies	Key Performance Indicator (KPI)	Baseline	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
19. Attract, develop and retain competent staff	19.1 Establish NHC Leadership Academy	Leadership pipeline established		✓										
		Annual talent assessments			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
		Existence and implementation of a succession plan			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
		Existence of a well functional leadership development programme			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	19.2 Instill a performance based culture among NHC staff	% of staff that far exceed performance expectations	0.2	0.36	0.5	0.7	0.9	1	1.1	1.2	1.44	1.6	1.8	1.9
		% of staff that exceed performance expectations	3.9	6.5	6.7	6.8	7	7.2	7.4	7.6	7.7	7.9	8.1	8.3
		% of staff that meet performance expectations	95.7	91..24	91	90.9	90.7	90.6	90.5	90.2	89.96	89.6	89.4	89.3
		% of staff that perform below expectations	0.2	1.9	1.8	1.6	1.4	1.2	1	1	0.9	0.9	0.7	0.5
		% of staff that perform far below expectations	0	0	0	0	0	0	0	0	0	0	0	0
		% of required vacancies filled on time	80%	85%	90%	100%	100%	100%	100%	100%	100%	100%	100%	100%
		% of top 20 higher performer competent staff that have been retained	70%	80%	90%	90%	90%	95%	95%	95%	100%	100%	100%	100%
	19.3 Recruit to fill key vacant positions	% of staff with developed and documented career path	10%	30%	50%	60%	70%	80%	80%	90%	90%	95%	95%	100%
	19.4 Retain competent staff													
	19.5 Attract and develop staff													
20. .	20.1 Attract and develop staff	% of staff with developed and documented career path	10%	30%	50%	60%	70%	80%	80%	90%	90%	95%	95%	100%