



## Tanzania

A Leader among Africa's Emerging Markets

October 2016

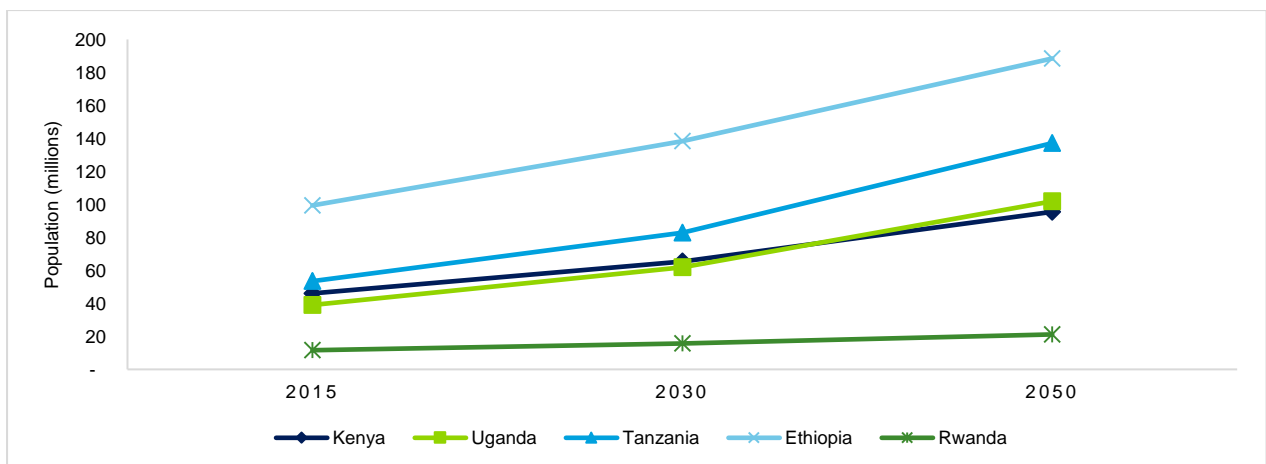
# Brief overview

The United Republic of Tanzania (Tanzania) has recorded an annual average growth rate of more than 6% over the past decade and is on course to maintain a robust growth rate of over 6.5% going forward. Despite global economic and financial uncertainties, the economy has been able to achieve these consistent growth rates coupled with a low inflation rate, driven by activity in sectors such as mining, energy, construction and manufacturing.

Improving public sector efficiency and a crackdown on corruption has been the focus of the new administration under the leadership of President John Magufuli, elected in 2015. The government intends to stimulate inclusive growth and reduce poverty levels by running a leaner administration, promoting tax compliance, building Private-Public Partnerships (PPPs) and attracting investment into industrial sector development.

Underpinned by favourable demographics and supported by a government that is showing signs of principled leadership with intentions to invest in education, skills transfers and infrastructure to drive growth, Tanzania is well-positioned to continue on its current rapid growth path. Its young and culturally-diverse population of more than 50 million makes it eastern Africa's second most-populous nation after Ethiopia; expected to reach almost 83 million by 2030. Greater emphasis on upscaling urban hard and soft infrastructure and creating employment opportunities in light of a rapidly-growing urban population will be integral in supporting its national development vision, the Tanzania Development Vision (TDV) that looks to transform the economy into a middle-income and semi-industrialised state by 2025.

## Total population by country (millions), 2015, 2030 & 2050



Source: United Nations Department of Economic and Social Affairs, Population Division, 2015

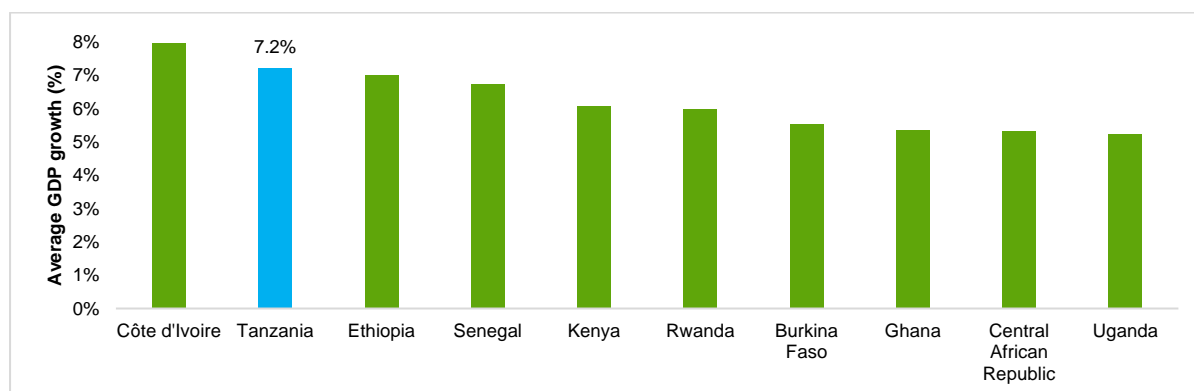
Its reputation for peace and relative political stability, together with its natural gas finds and related developments, have made this East African nation an attractive destination for investment, which also spans the manufacturing and tourism sectors. In order to make headway in this booming economy, firms need to engage with key stakeholders in the country and understand the nuances related to recent policy developments and the current and future tangible opportunities that will emerge as a result of government reforms underway.



# Tanzania shines amongst Africa's growth stars

The majority of emerging and frontier markets, both globally and across the African continent, have struggled with various headwinds, particularly the aftermath of the global financial crisis and a lower commodity price environment over the last few years. According to the International Monetary Fund's (IMF) October 2016 *World Economic Outlook* the average real growth rate of gross domestic product (GDP) for sub-Saharan Africa (SSA) is expected to moderate to 1.4% in 2016 and recover to 2.9% in 2017. For the first time in 15 years and since the onset of the commodity price boom, SSA's annual regional growth rate is expected to dip below world growth (3.1%).

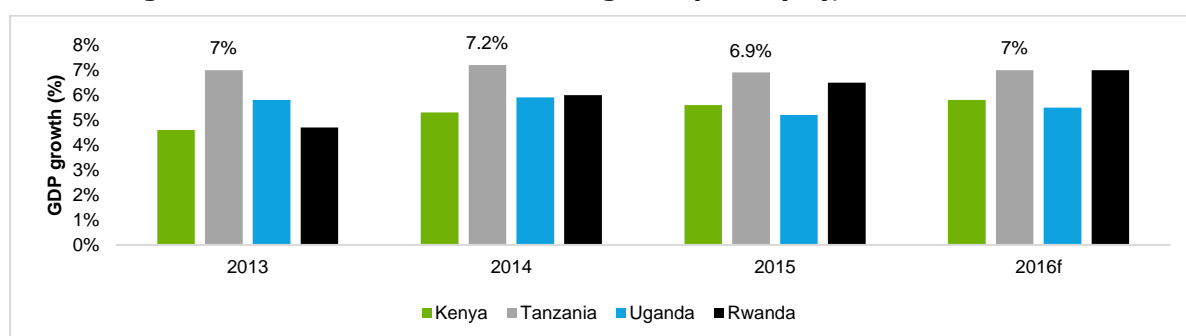
## Average real GDP growth of SSA's 10 fastest-growing economies (%), 2016f-2017f



Source: IMF, 2016

Tanzania remains a growth star both in the continent and in the East African region. Having averaged more than 6.4% GDP growth over the past decade and a half, the country is expected to expand at an average pace of 7.2% in 2016 and 2017 – making it the second-fastest growing economy in SSA, and the fastest in East Africa.

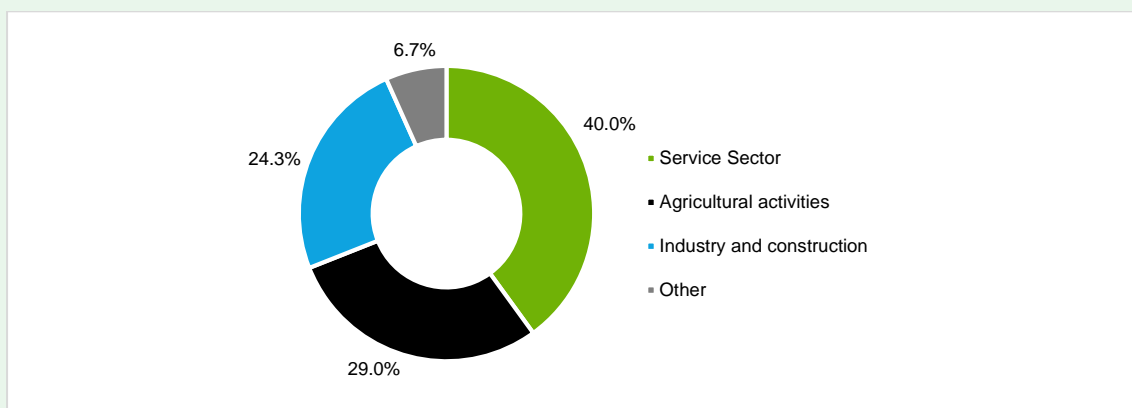
## Real GDP growth rate of Tanzania and its regional peers (%), 2013-2016f



Source: World Bank, 2016

Tanzania's current 7% growth rate – expected to decline to a still robust 6.5% through to 2021 as per forecasts of the IMF – has primarily been driven by the mining, manufacturing, energy as well as construction sectors. Growth is expected to be boosted by government's ongoing efforts to tackle corruption, strengthen the management of public resources as well as the construction of infrastructure as part of the country's industrialisation plan.

### Tanzania's composition of GDP (%), 2015



Source: Tanzania Investment Centre, 2016

With more than 70% of its population employed in **agriculture**, the sector contributes nearly 30% to GDP. Six key cash crops (tobacco, cashew nuts, coffee, tea, cloves and cotton) generate about 9% (US\$850m) of the country's foreign exchange earnings. The sector has however grown below 4% in recent years, and underperforms given its weather dependence, low mechanisation, and basic infrastructure constraints. Other sectors have overtaken agriculture's contribution to forex earnings, including tourism (US\$2bn), manufacturing (US\$1.5bn), gold (US\$1.2bn) and logistics and transit trade (US\$1.1bn).

**Mining and quarrying** has continued to play an important role. Although Tanzania is Africa's fourth-largest gold producer, recent growth in mining activity has been attributed to the increase in production of diamond, tanzanite, salt and natural gas production.

Linked to natural gas, the **energy sector** is a key growth industry with several power plants and cross-border fuel pipelines slated for construction in 2016 to 2020, as well as the commissioning of a natural gas plant by 2025. An international consortium of investors plan to develop a US\$15bn liquefied natural gas (LNG) export scheme. While project progress has remained slow to date, large amounts of capital investments in exploration have been made by International Oil Companies (IOCs). Oil price permitting, Tanzania's estimated 57 trillion cubic feet of natural gas reserves could prove transformative for the country, reducing its reliance on imports for diesel-fired plants, as well as hydropower. Power generation at the Kinyerezi Power Plant triggered the demand

and production of considerable natural gas in the first quarter of 2016. An increased and stable power supply has and is expected to improve productivity and thus contribute to uphold economic growth in the medium to long run.

During the first half of 2016, growth has been driven especially by the **tourism** and **manufacturing** sectors – the country's two largest foreign revenue earning industries. In order to attract further investment into manufacturing – supported by private investment – the government is working to expand port infrastructure and establish several Special Economic Zones (SEZs). According to the Economist Intelligence Unit N.A. Incorporation, resource-based manufacturing is forecast to register firm growth, aided by investments in a more reliable power supply, the availability of domestic gas and Tanzania's growing integration into regional markets.

The **construction sector** is expected to expand on account of a number of mega-infrastructure projects, including rail, pipeline as well as other transport projects such as road, bridge and port expansion projects. The latter includes ongoing investment to expand capacity, improve services and consolidate trade relations. Furthermore, Chinese and Omani investors are planning a US\$11bn port and industrial zone in Bagamoyo for instance.

The national budget and the second national five-year development plan (FYDP II) (2016/17- 2020/21), published in June 2016, both promote the theme of economic transformation and reflect the government's

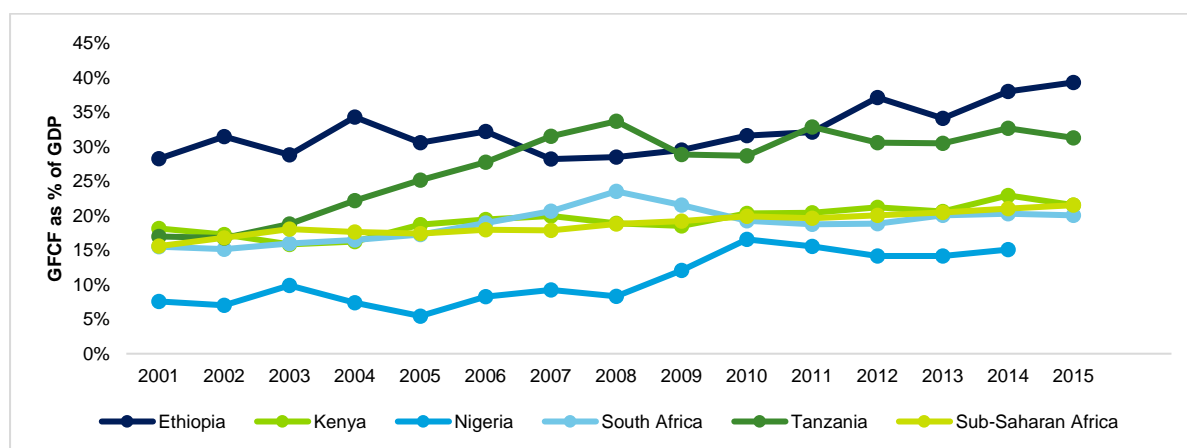
focus on infrastructure and human development – in line with the broader goals of the TDV 2025.

The budget also emphasises developing infrastructure for small-scale industries, industrial clusters and facilitating the availability of simple and affordable industrial technology. Increased industrial production is thus anticipated through investing in new equipment and technologies in industries such as textiles, livestock products, tobacco, sugar cane and agro-processing including rubber products.

The revamp also entails continued infrastructure investments, with the World Bank

in early October 2016 granting the country a US\$1.6bn loan for infrastructure projects, manufacturing development and business environment improvements. This, amongst other infrastructure financing support based on good foreign (donor) relations of the country, is likely to assist to sustain Tanzania's share of gross fixed capital formation (GFCF) to GDP at around 30%, placing the country ahead of its regional neighbours, and lagging only Ethiopia. Investments in land improvements, equipment purchases, the construction of roads and railways, as well as social, commercial and industrial buildings could assist to create the enabling environment for economic transformation of the country.

### Select economies by gross fixed capital formation (as % of GDP), 2001-2015



Source: World Bank, 2016

### Fiscal framework

At 4.2% of GDP, the fiscal deficit is forecast to remain relatively flat in 2016/17 with plans to finance the gap through a combination of domestic and external debt. Public debt stock is forecast to average 37.5% as a share of GDP over the 2016-20 period. Development expenditure which is 40% of the total projected expenditure will be funded by borrowings, which is however expected to put pressure on interest rates and squeeze the amount of credit available to the private sector.

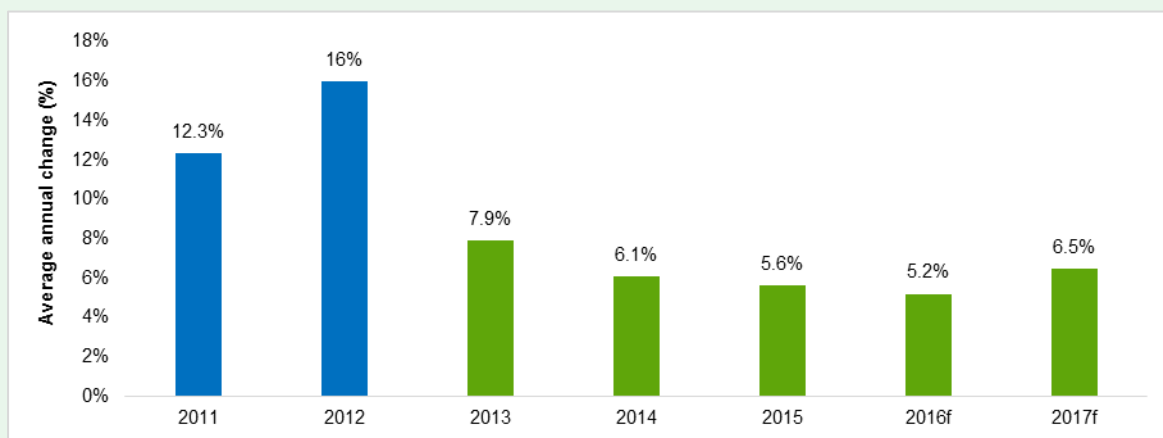
In an effort to drive the agenda of economic development, trimming wastage and preserving fiscal sustainability, the Government of Tanzania, together with regulators, has shifted towards investing more in capital projects and improving the tax compliance system as a means of collecting revenue. The launch of the local government revenue collection information system (LGRSIS) in 2014 in Arusha has increased tax revenues by 71% between 2014 and 2015 for instance. This is achieved through the use of satellite data and a geographic information system (GIS) to identify and register taxpayers.

### Price stability

Tanzania's average annual inflation rate is forecast to decline in 2016 as currency depreciation effects are largely offset by low global prices for oil and food. With food being the largest component of Tanzania's consumer price index this poses risks to the steady decline in the inflation rate given that any weather-related shocks to domestic food production will push inflation above given projections. A year-on-year average inflation rate of 6.5% is forecast for 2017.

Given the economy's import dependence, currency volatility poses clear inflationary risks. With this in mind, however, the Bank of Tanzania (BoT) has since May 2015 raised the statutory minimum reserve ratio to reduce the pressure on the Tanzanian shilling. This policy stance is set to be relaxed following a reduction in the inflation rate to the BoT's medium-term target of 5%.

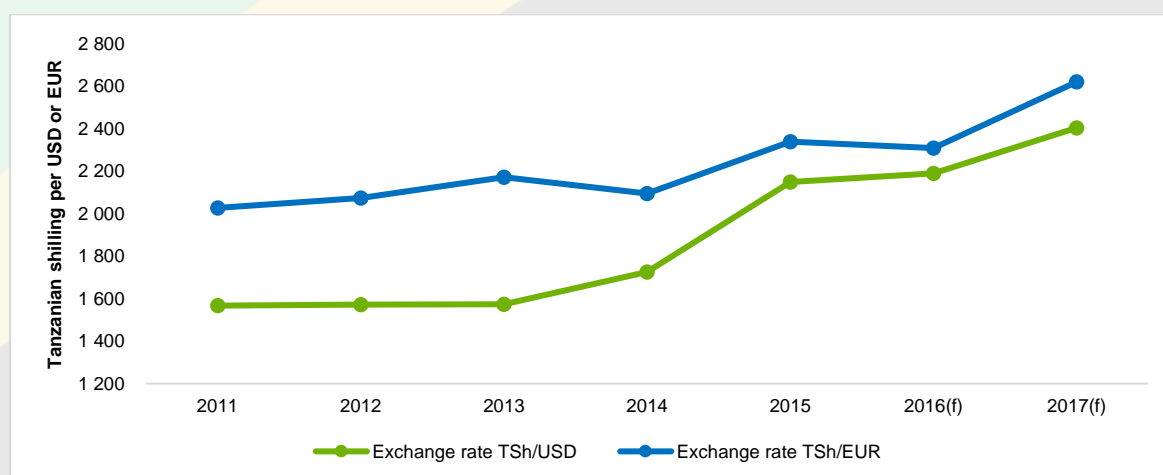
#### Change in consumer prices (average %), 2011-2017f



Source: Economist Intelligence Unit N.A. Incorporation, 2016

The Tanzanian shilling is forecast to weaken compared to major currencies such as the US dollar and the euro. The forecast steady incremental depreciation of the shilling will, however, offset the effects of its sizable current account deficit (see next section) and support manufactured exports.

#### Tanzanian shilling versus major world currencies, 2011-2017f



Source: Economist Intelligence Unit N.A. Incorporation, 2016





# Regional and foreign relations

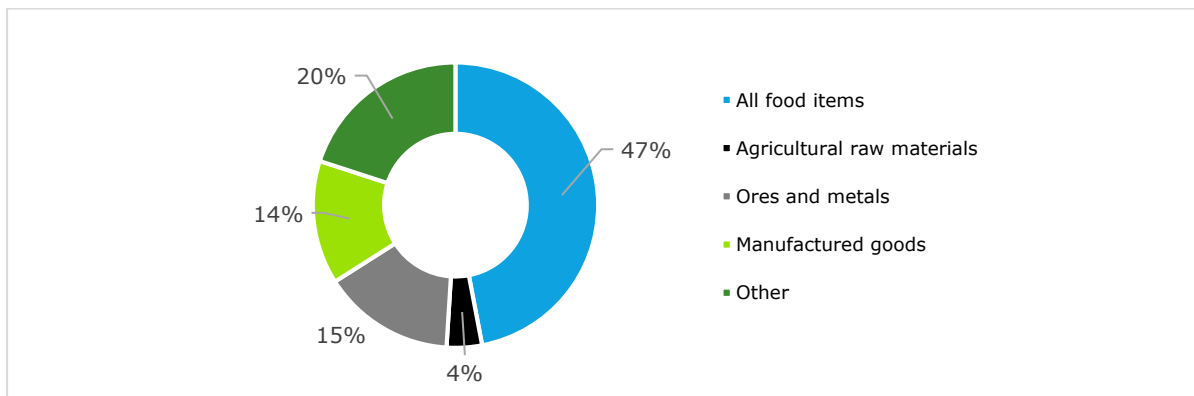
## Trade relations

Tanzania is a member of regional trading blocs of the Southern African Development Community (SADC) and the East African Community (EAC) and has ratified and continues to implement protocols and agreements of these regional bodies. It is also a beneficiary of the African Growth and Opportunity Act (AGOA). The latter economic partnership offers duty and quota free access to the United States (US).

Furthermore, Tanzania has been influential in the region with regards to extending the deal signing deadline of the African, Caribbean and Pacific-European Union (ACP-EU) Economic Partnership Agreement (EPA). The EPA covers trade in goods and development cooperation. One of the major concerns has been the impact the agreement will have on local industry and its capacity to compete.

While Tanzania remains a net importer of food, petroleum, construction materials and machinery, its major exports are agricultural commodities such as tobacco, coffee, cotton, cashew nuts, tea and cloves. All food items together with agricultural raw materials constitute over half of the country's total exports with ores and metals, as well as manufactured goods contributing 15% and 14% of total exports respectively.

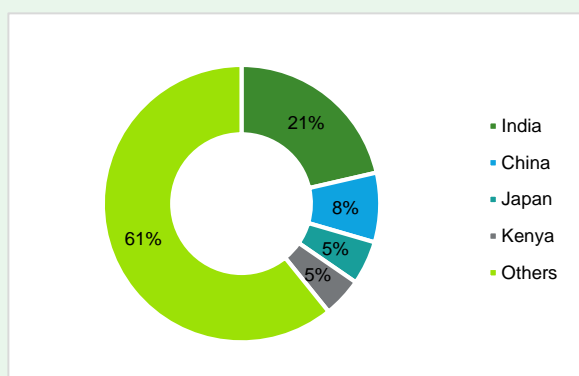
### Tanzania export structure by product group (% of total exports), 2015



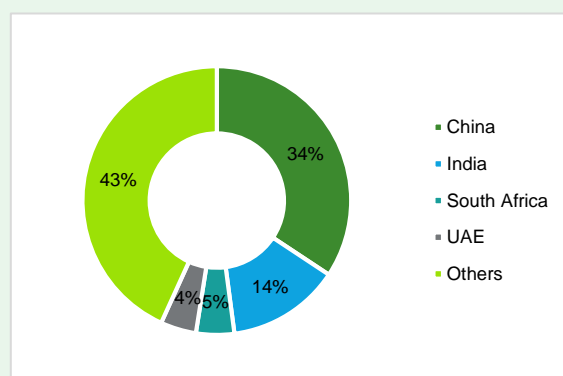
Source: UNCTAD, 2016

China and India constitute the two largest trade partners of Tanzania, making up both a significant market for Tanzania's exports (India and China together account for 29% of the country's exports in 2015), as well as a key source of imports (China alone was the source of one third of imports in 2015). Other top export destinations include Japan and Kenya, while key import sources comprise South Africa and the United Arab Emirates (UAE).

**Main destination of exports (% share of total), 2015**



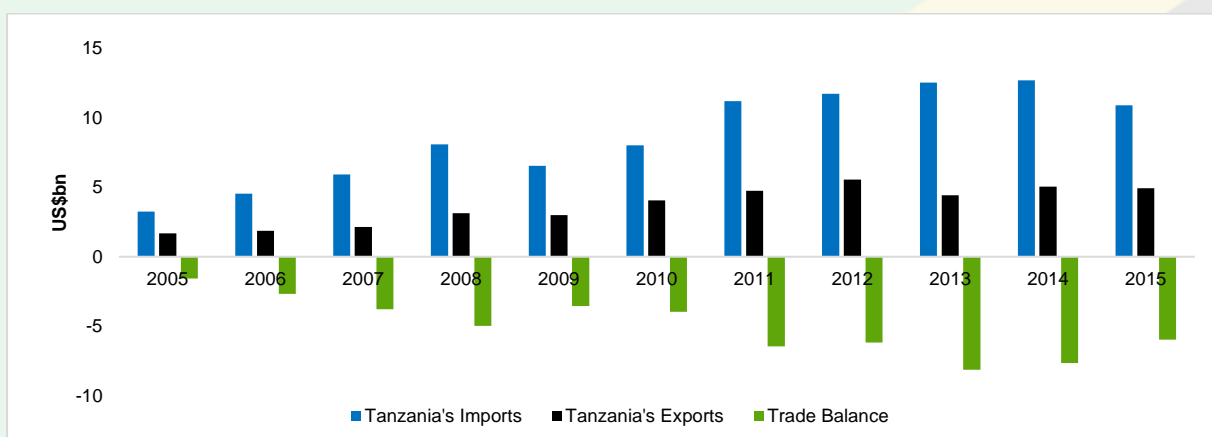
**Main origins of imports (% share of total), 2015**



Source: Economist Intelligence Unit N.A. Incorporation, 2016

The country's total merchandise trade with the world increased in recent years to peak at almost US\$18bn in 2014, but dropping to US\$15.8bn on account of dampened imports in 2015. This saw the trade deficit contract marginally to 9.1% as a share of GDP that year. Looking ahead, the trade deficit is expected to expand marginally, reaching 9.3% of GDP in 2020, according to the Economist Intelligence Unit N.A. Incorporation. Import growth is likely to remain subdued in 2016, helped by low oil prices before picking up in 2017-18 as domestic demand accelerates and investments in the construction and energy industries attract imports.

**Tanzania's merchandise trade with the world (US\$bn), 2005-2015**



Source: UNCTAD, 2016

Export growth is however expected to continue in the medium term, stimulated by manufactured goods and a steady growth in agricultural exports as risk mitigation and productivity measures are rolled out. This will also be supported by rising re-exports as the ports industry expands. This also has spillovers into the traded services sector, with the surplus on the services balance expected to expand steadily, driven too by a growing port services sector and a steady performance in tourism – Tanzania's largest single foreign-exchange earner.

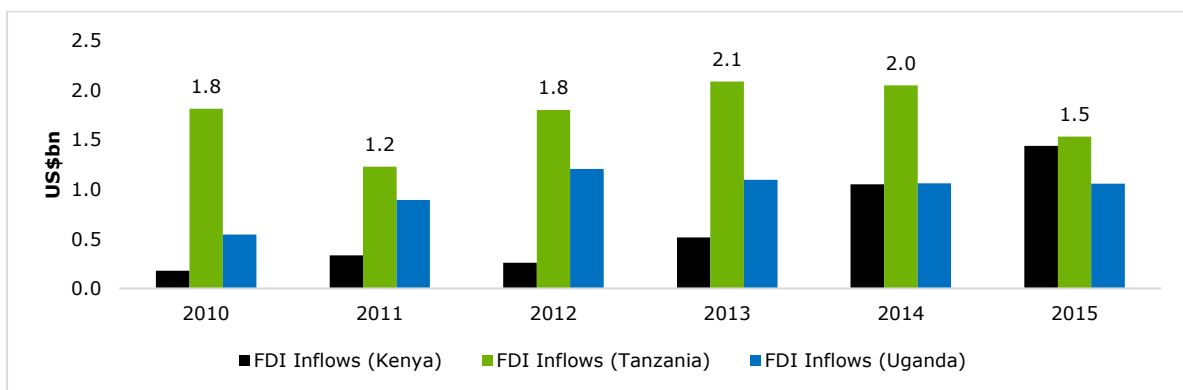
Beyond its trade relations with the above-indicated partners, Tanzania is actively looking at facilitating cross-border activities in its own region. For example, this includes Tanzania's active participation in regional integration and cooperation projects such as the Ethiopia-Kenya Power Interconnector and the Zambia-Tanzania-Kenya Power Interconnector, which will link the Southern Africa Power Pool (SAPP) and the East African Power Pool (EAPP) and create a larger regional electricity market.



### Foreign Direct Investment (FDI)

Tanzania has attracted a greater share of FDI inflows in recent years than its regional peers. According to fDi Intelligence, Tanzania's FDI projects increased by 25% with a total of 20 FDI projects recorded in 2015. Also, Tanzania is currently ranked 10<sup>th</sup> in Africa by number of FDI projects, sharing this position with Uganda. The natural gas findings on the southern coast of Tanzania have greatly influenced FDI inflows over the past few years. The majority of multinational companies have entered the Tanzanian market with a focus on developing energy resources. Capital investment in cement production has also been one of the major inflows to Tanzania over the past three years. Currently, investments into Tanzania account for over 30% of country GDP and this ratio is expected to increase following the Government of Tanzania's announcement of the TDV 2025 and the FYDP II, with key drivers of FDI hinging on oil and gas, as well as infrastructure developments.

#### FDI Inflows to Kenya, Tanzania and Uganda (US\$bn), 2010-2015



Source: UNCTAD, 2016

To attract investment and facilitate exports, the Government of Tanzania is encouraging local and international investments through its PPP policy. The policy covers all areas of investment including foreign investment, with an emphasis on infrastructure development (construction of roads, rails, ports, airports), power generation and transmission, and agriculture. In addition, the government has established trade development instruments, focusing on export promotion and facilitation. This includes the establishment of SEZs, and the use of Export Processing Zones (EPZs). The Export Processing Zone Authority lists some of the incentives as per the table below.



## Tanzania EPZ incentives

Category	Type of incentive
Fiscal Incentives	<ul style="list-style-type: none"> <li>• Exemption from payment of:                             <ul style="list-style-type: none"> <li>- Corporate tax for an initial period of 10 years; thereafter a rate of tax specified in the Income Tax Act (currently the standard corporate tax rate is 30%);</li> <li>- Withholding tax on rent, dividends and interest for the initial 10 years;</li> <li>- All taxes/levies imposed by local government authorities on goods produced in an EPZ for 10 years (excluding those products sold into the local economy);</li> <li>- Exemption from stamp duty on documents relating to activities in an EPZ.</li> </ul> </li> <li>• Remission of customs duty, VAT and any other taxes (including excise taxes):                             <ul style="list-style-type: none"> <li>- Charged on raw materials/goods of capital nature related to production in an EPZ;</li> <li>- Payable in respect of importation of one admin vehicle and up to two buses for employee transportation.</li> </ul> </li> <li>• Exemption from VAT on utility and wharfage charges.</li> </ul>

*NOTE: produce sold in the "Customs Territory" of Tanzania will be treated as an import into Tanzania for tax purposes, i.e. import duty, VAT and excise on imports as applicable will be levied.*

Non-Fiscal Incentives	<ul style="list-style-type: none"> <li>• Unconditional transferability through any authorised dealer bank in freely convertible currency of:                             <ul style="list-style-type: none"> <li>- Net profits and dividends attributable to the investment;</li> <li>- Payments in respect of loan servicing where foreign loans have been obtained;</li> <li>- Royalties, fees and charges in respect of any technology transfer agreement;</li> <li>- Remittance of proceeds (net of all taxes / obligations) in the event of sale/ liquidation of the business enterprise, or any interest attributable to the investment;</li> <li>- Payments of emoluments and other benefits to foreign personnel employed in Tanzania in connection with the business enterprise.</li> </ul> </li> <li>• Exemption from pre-shipment/ destination inspection requirements.</li> <li>• On-site customs inspection of goods in an EPZ.</li> <li>• Provision of business visas at point of entry to key technical, management and training staff for a maximum of two months, thereafter requirements to obtain a residence permit (according to the immigration laws) apply.</li> <li>• Entitlement of initial automatic immigrant quota of up to five persons during start-up period, thereafter application for additional person to be decided upon after consultation.</li> <li>• Treatment of goods destined for an EPZ as "transit cargo".</li> </ul>
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*Source: Adapted from Tanzania Investment Centre, 2015*



# Gearing up for business environment reforms

Tanzania has been working to improve its business environment, but further improvements are required. This is as the country lags its regional peers in a number of global business environment rankings.

Tanzania ranked 132<sup>nd</sup> out of 190 countries in the latest 2017 World Bank's *Doing Business* rankings – a 12 position improvement from its 2016 ranking of 144<sup>th</sup>.

Similarly, the World Economic Forum's (WEF) *Global Competitiveness Report* ranks Tanzania in 116<sup>th</sup> position, placing it behind Uganda, Ethiopia, Kenya and Rwanda, despite gradual progress in Tanzania's ranking since 2013, given improvements in its macroeconomic environment, in infrastructure, education and institutions.

According to the WEF, the five most problematic factors for doing business in Tanzania include access to financing, tax rates, inadequate supply of infrastructure, corruption and inefficient government bureaucracy.

The Heritage Foundation's *Index of Economic Freedom* ranks Tanzania at 110<sup>th</sup> position globally and 17<sup>th</sup> in the sub-Saharan region with notable successes being fiscal and investment freedom. The concerns raised include the rule of law in the country and the regulatory efficiency.

While the jury is still out on this, the Magufuli government has, in its first few months in office, shown its intent to root-out corruption in many public sector offices.

One example of reform in the above-mentioned 2016 World Bank ranking is that Tanzania is

amongst the economies that have shown most progress in adopting electronic tax filing and payment systems. For instance, the implementation of the LGRCIS in 2014, which has increased tax revenues by 71% between 2014 and 2015, is one example of the measured progress and reforms.

Tanzania has also been appraised for improvements in soft infrastructure for trade by introducing systems allowing the electronic submission and processing of trade-related (export/import) documents.

Government's implementation of the Tanzania Customs Integrated System (TANCIS) is one of the flagship programmes which links several agencies and thus eliminates the need for traders to visit the numerous trade-related offices in person.

In addition to these two indicator improvements, the country ranks high for enforcing contracts, getting electricity and resolving insolvency but is ranked poorly for trading across borders, getting credit, registering property, starting a business and dealing with construction permits.

While there has been some progress, the licensing process when starting a business is costly and the labour legislation is not yet efficient enough to support a vibrant labour market. For instance, in March 2015, parliament's preference for hiring local labour was made official when it passed a law instituting tougher regulations for businesses that look to hire foreign workers.

In order to boost investor confidence, Tanzania is looking to better the investment climate by improving governance and encouraging domestic savings to foster investment from domestic sources. To facilitate foreign investment, the government of Tanzania has resolved to allow 100% foreign ownership of companies listed on the domestic stock exchange. In addition, Tanzania offers tax and other incentives that are designed to encourage investment projects. The country's income tax laws further allow 50% capital allowances in the first year of use for plant and machinery used in the manufacturing processes and fixed in a factory, fish farming or providing services to tourists and fixed in a hotel.

The Tanzania Investment Centre (TIC) issues certificates of incentives to qualifying businesses. The Tanzania Investment Act provides that holders of the certificate shall be entitled to the tax benefits under the provisions of the respective tax legislation. Hence, the certificate issued by the Centre to qualifying businesses confirms the tax benefits which are provided by the Income Tax Act, VAT Act and the EAC Customs Management Act.

The most tangible benefit of holding a certificate is an entitlement to an initial immigration quota of five persons during the set up period and provided support on immigration and investment related issues to the certificate holders.





## Summary of available incentives

Incentives available to investors holding a TIC certificate	Tax incentives, which are available and common to all taxpayers including holders of a TIC certificate
<ul style="list-style-type: none"> <li>• An initial immigration quota of five persons during the set-up period.</li> </ul>	<ul style="list-style-type: none"> <li>• No customs duty on importation of capital goods.</li> </ul>
<ul style="list-style-type: none"> <li>• Guarantee against expropriation.</li> </ul>	<ul style="list-style-type: none"> <li>• VAT deferral on capital goods imported by a VAT registered person.</li> </ul>
<ul style="list-style-type: none"> <li>• Fiscal stability for a five-year period i.e. protection against adverse changes in tax legislation.</li> </ul>	<ul style="list-style-type: none"> <li>• Claim of capital allowances in the corporate income tax return including 50% initial allowance on plant and machinery used in manufacturing and tourism and 100% allowance for plant and machinery used in agriculture.</li> </ul>
<ul style="list-style-type: none"> <li>• The right to transfer outside the country 100% of foreign exchange earned, profits and capital.</li> </ul>	<ul style="list-style-type: none"> <li>• Carry forward of tax losses to a maximum of four years (beyond which AMT applies);</li> <li>• A reduced income tax rate (currently 25%) for newly listed companies with the Dar es-Salaam Stock Exchange, where at least 30% of its equity ownership is issued to the public.</li> </ul>

Source: Tanzania Investment Centre, 2016

Notwithstanding, the above, the Tanzania Investment Act envisages the possibility of additional tax benefits being granted to investments holding the certificate in respect of special strategic investments (minimum capital of US\$300m). Therefore, an investor may seek additional tax incentives, other than those provided for in the legislation. The additional benefits may be provided on application to the Minister for Trade and Industry, who makes decision after consultation with the Minister for Finance and other relevant government authorities. The investor is required to make an application to the TIC to be classified as a strategic or major investor where a Government Notice (GN) will be published to that effect. After a GN is issued, the investor will be required to sign a performance contract.

It is anticipated that these reforms and incentives, as well as the focus on more inclusive private sector participation in the development of the economy will continue to improve and shape a better operating environment for local and foreign businesses.



IPE TANGO

TUNAUZA:  
VOCHA AINA ZOTI  
Voda Pia Tunachiji  
Celltel na kupigisha  
TIGO simu  
Zartel

T 324 AEC

# Investment opportunities

Given Tanzania's strategic location, its focus on building international partnerships and attracting investment, and willingness to reform and create an enabling environment of business across diversified sectors such as manufacturing, but also agriculture, mining, energy, construction and tourism, the following opportunities present themselves to investors.

## Agriculture and Agro-processing Opportunities

As demand for food increases in the country, the Tanzanian government has embarked on encouraging investment in the sector to not only increase output, but also improve agricultural and agro-processing techniques and technologies. For instance, the Southern Agricultural Growth Corridor (SAGCOT) is a public-private initiative that was established to drive growth and productivity in the southern highlands of Tanzania. Six cluster developments have been identified in this region and the objective is to foster inclusive, commercially successful agribusiness that will benefit small-scale farmers and improve food security.

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| <b>Sugarcane cultivation</b> | <ul style="list-style-type: none"> <li>• The current sugar supply gap is approximately 300,000 tonnes, expected to increase;</li> <li>• An additional 400,000 tonnes sugar supply gap is observed in the EAC common market region, progressing at &gt;10% p.a., presenting an import substitution opportunity within a common market protected by a 30% external tariff;</li> <li>• A booming global ethanol market favouring African producers and the local power market offer a strong market for other sugarcane products and by-products.</li> </ul> |
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| <b>Fisheries</b> | <ul style="list-style-type: none"> <li>• Fish processing, value addition in fish and other fishery products;</li> <li>• Ecotourism;</li> <li>• Manufacturing of fishing gear and accessories;</li> <li>• Construction of Dry Docking Facility: Currently, there is no such a facility in Tanzania and as a result, dry docking for most of the fishing and merchant ships operating in the Tanzanian waters are done in Mombasa, Kenya. The need for such a facility in the country therefore, offers a great opportunity for investment;</li> <li>• Other areas of investment include prawn/shrimp farming, mud-crab farming, pearl culture, finfish culture, seaweed farming, hatchery for fingerlings production, fishing and culture of ornamental fish, fish feeds production and live food production.</li> </ul> |
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| <b>Forestry</b> | <ul style="list-style-type: none"> <li>• Investment in pulp and saw log growing and processing through PPP arrangements;</li> <li>• Investment is needed in terms of transportation network as well as in bringing in new and efficient technology.</li> </ul> |
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| <b>Fruit/vegetable processing</b> | <ul style="list-style-type: none"> <li>• Processing and canning factories in regions with high potential for production of fruits and vegetables;</li> <li>• Open fruit and vegetable plantations for domestic and export markets. Potential areas for horticultural crops are Arusha, Kilimanjaro, Tanga, Morogoro, Dar es Salaam, Dodoma, Iringa, Mbeya, Mwanza and Kagera.</li> </ul> |
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| <b>Cashew nut processing</b> | <ul style="list-style-type: none"> <li>• The Cashew Nut Board of Tanzania (CBT) and the Cashew Nut Industry Development Trust Fund (CIDF) have set aside about US\$6m to boost local processing capacity. Opportunities exist for private investors to enter partnerships and joint ventures to boost local processing of cashew nut production.</li> </ul> |
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Source: Adapted from Tanzania Investment Centre, 2015

## Tourism Opportunities

The tourism sector is one of Tanzania's fastest-growing sectors which employs over 10% of the total workforce. Mount Kilimanjaro, Lake Manyara National Park, Tarangire National Park, the Ngorongoro Conservative Area and the Serengeti national Park are key tourist destinations and a number of opportunities to develop accommodation and facilities for tourists remain.

- Joint venture opportunities in Kilwa, Zanzibar, Mafia, Dar es Salaam, Mwanza, Arusha, Iringa, Kilimanjaro, Selous, Katavi, Saadani, Serengeti, Babati and Bukoba to provide new accommodation, entertainment facilities, camping, lodges and guesthouses of international standards.
- Historical buildings that can be leased to private operators exist in towns such as Bagamoyo, Pangani, Tabora and Kilwa. Such locations which range from historical, cultural and archaeological sites to unspoiled beaches offer investment opportunities that cannot be matched anywhere in eastern and central Africa.
- Opportunities for man-made tourist attractions like theme parks and gambling resorts are still untapped. Others include establishing amusement parks, deep-sea fishing and sea and lake cruising.
- Investment is required for additional hotel capacity in existing tourist locations and new investment in untapped areas.
- An increasing number of tourists also provide excellent opportunities in the tour operators and agencies business.

Source: Adapted from Tanzania Investment Centre, 2015

## Manufacturing Opportunities

The manufacturing sector in Tanzania is at an infant stage with few exploited areas. Current activities in the sector include the manufacturing of simple consumer goods like food, beverages, textiles, tobacco, wood products, rubber products, iron, steel and fabricated metal products. By aligning with the goals of Tanzania's TDV, businesses may find it easier to enter the Tanzanian market.

The major players in the manufacturing sector at present include Tanga (Holcim), Mbeya (Lafarge) Cement, Portland (Heidelberg) Cement, Tanzania Breweries Ltd (SABMiller), Tanzania Cigarette Company (JTI) and Kilombero Sugar Company (Illovo).

### Textile and apparel

- Opportunities exist in establishing fully integrated textile mills as well as plants for cotton ginning, cutting, making, and trimming.

### Leather

- The leather sector offers huge investment opportunities for manufacturing. Tanzania produces about 2.6 million pieces of raw hides and skins annually. Just 10% are processed locally and a large portion is exported in raw form.
- Opportunities in this area include putting up modern tanneries and leather finishing production units.

Source: Adapted from Tanzania Investment Centre, 2015

## Energy Opportunities

Gas discoveries at Songosongo, Mnazi Bay and Mkurunga in the coast region has resulted in a number of IOCs undertaking exploration activities for oil and gas in the country. There are currently 22 companies in operation including global players such as BG Group, Statoil, Petrobas and Ophir Energy. The National Oil Company, Tanzania Petroleum Development Corporation (TPDC) is inviting oil and gas companies and other specialised investors to participate in the exploration of hydrocarbons in the country. According to the Tanzania Investment Centre, companies may apply for tendered out blocks and the successful companies will be invited to negotiate a Production Sharing Agreement (PSA). The current open acreage includes a deep offshore sedimentary basin comprising seven blocks, each with a size of 3,000 sq. km.

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## Energy

- Generation, transportation and distribution of energy from various sources;
- Power infrastructure development, rehabilitation and expansion;
- Extraction of biofuels – ethanol from sugar; biodiesel from palm oil and jatropha;
- Construction of petroleum pipeline and petroleum products offloading terminals;
- Development of upcountry storage and distribution facilities;
- Geothermal exploration and development;
- Rural electrification;
- Development of new and renewable energy resources; and
- Promotion of energy efficiency and conservation initiatives.

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Source: Adapted from Tanzania Investment Centre, 2015

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## ICT and Telecommunications Opportunities

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### ICT

- E-Business;
- Provision of media services;
- Supply of digitisation equipment;
- Software development;
- Business process outsourcing;
- Rural communication (internet villages);
- Data storage area networks;
- Hardware assembling;
- Call centres;
- Integrated solution planning;
- Financing of the National ICT Infrastructure Backbone;
- Multimedia development;
- Establishment of ICT village hubs; and
- Hardware assembly and repairs.

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### Telecommunications

- Provision and operation of Private Network Links employing cables, radio communications, or satellite, within Tanzania;
- Provision and operation of Public Mobile Communications (Cellular Mobile telephony, Paging, and Trunked Radio);
- Provision and operation of Community Telecommunication (Rural and Urban);
- Provision and operation of Value Added Network/Data Services (Internet, Voice Mail, Electronic Mail services);
- Sales and installation of Terminal equipment;
- Repair and maintenance of telecommunications facilities; and
- Cabling (e.g. Telephone-external and internal wiring for residential, office etc.).

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Source: Adapted from Tanzania Investment Centre, 2015

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## Real Estate Opportunities

It is projected that half of Tanzania's population will have moved to urban centres in the next 20 years. Beyond urban planning needs and service delivery requirements in the country's rapidly expanding urban centres, more will need to be done in terms of offering housing loans and constructing homes to meet ever-growing housing needs.

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### Real Estate

- Development and management of housing estates;
- Erection and management of residential apartments;
- Development and management of office buildings;
- Building and management of conference and banquet facilities;
- Creation and management of shopping malls;
- Setting up and managing movie theatres and entertainment facilities;
- Development and management of hotels;
- Establishment and management of mixed use real estate properties; and
- Provision of home financing.

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Source: Adapted from Tanzania Investment Centre, 2015

## Insurance Services Opportunities

The Tanzania Investment Centre highlights that there is a large population of individuals, groups, and institutions, not covered by any insurance plan. This untapped segment may offer a significant potential market if appropriate strategies are carried out to reach them. The insurance sector in Tanzania thus offers assurance, reinsurance, and reinsurance business opportunities.

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<b>Insurance services</b>	<p>Areas of investment available in the business of providing insurance services include:</p> <ul style="list-style-type: none"> <li>• Accident;</li> <li>• Sickness;</li> <li>• Land vehicles;</li> <li>• Railway rolling;</li> <li>• Aircraft;</li> <li>• Ships;</li> <li>• Goods in transit;</li> <li>• Fire and natural forces;</li> <li>• Damage of property;</li> <li>• Motor vehicle liability;</li> <li>• Aircraft liability;</li> <li>• Liability for ships;</li> <li>• General liability;</li> <li>• Credit;</li> <li>• Suretyship;</li> <li>• Miscellaneous;</li> <li>• Legal expenses;</li> <li>• Assistance;</li> <li>• Life insurance;</li> <li>• Pension; and</li> <li>• Permanent health.</li> </ul>
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*Source: Adapted from Tanzania Investment Centre, 2015*

## Transport Opportunities

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<b>Road transportation</b>	<ul style="list-style-type: none"> <li>• Building road-related infrastructure through Build Operate and Transfer (BOT) schemes;</li> <li>• Partnership among private operators to create medium-size commercial fleet operators;</li> <li>• Establishment of the commuter city bus transportation companies; and</li> <li>• Provision of infrastructure facilities in major cities like Dar es Salaam. These facilities may include Parking, Bus Bays and Shelters.</li> </ul>
<b>Rail transportation</b>	<ul style="list-style-type: none"> <li>• Expand railway network through various schemes including BOOT and the Build Own Operate Transfer (BOOT) schemes. Possible areas for expansion are IsakaKigali, Arusha – Musoma, Uvinza – Kasulu – Magamo (Burundi), and Mbamba Bay – Mtwara;</li> <li>• Own locomotives and rolling stock for own account usage;</li> <li>• Develop Inland Container Depots (ICD) and International Container Operations (ICO) at Mwanza, Kigoma, Tabora, Morogoro, Arusha, Tanga, Shiyanga, Dodoma and Mpanda; and</li> <li>• The construction of a railway line to link TAZARA railway and the mining sites of Mchuchuma coal and Liganga iron fields so as to export via Dar es Salaam port or Mtwara port. This project is under the Mtwara Development Corridor.</li> </ul>
<b>Maritime transport</b>	<ul style="list-style-type: none"> <li>• Supplying of provisions to ships such as fresh water, brokers and slop chest for ships;</li> <li>• Providing ships docking facility (Synchro Lift/engraved dock). Possible areas for investing are Tanga, Dar es Salaam, Mtwara ports; Mwanza on Lake Victoria, Kigoma and Kasanga ports on Lake Tanganyika, and Itungi on Lake Nyasa;</li> <li>• Private operator's participation in providing marine services over Lake Victoria, Tanganyika and Nyasa;</li> <li>• Provide dry docking service to ports; and</li> <li>• Build a car freight station and freight village which will offer an opportunity for consolidating cargo handling activities in the port, rail and road in a designated area.</li> </ul>

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**Air Transport**

- Establish a new airline to compete with existing service providers;
- Building of hotels at an Airport-Mwalimu Nyerere International Airport, Mwanza and Arusha;
- Building warehousing facilities including cold storages at Mwalimu Nyerere International Airport, Mwanza and Kigoma;
- Building a shopping complex at Mwalimu Nyerere International Airport and Mwanza Airport;
- Building of hanger facilities at Mwalimu Nyerere International Airport, Mwanza and Arusha Airports;
- Extension of Terminal Building at Mwalimu Nyerere International Airport;
- Development of EPZ at Mwalimu Nyerere International Airport, KIA, Mtwara, Kigoma and Mwanza Airports;
- Construction of first and business class lounges at Mwalimu Nyerere International Airport; and
- Lease of the entire lake Manyara, Shinyanga and Moshi Airports for development of aviation related activities.

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Source: Adapted from Tanzania Investment Centre, 2015



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