



NATIONAL INVESTMENT REPORT 2023

President's Office, Planning and Investment
SEPTEMBER, 2024



INVEST IN TANZANIA



**'YOUR BEST
INVESTMENT
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AFRICA'**



THE UNITED REPUBLIC OF TANZANIA
PRESIDENT'S OFFICE, PLANNING AND INVESTMENT



THE NATIONAL INVESTMENT REPORT 2023

SEPTEMBER, 2024

PRESIDENT'S OFFICE, PLANNING AND INVESTMENT

THE NATIONAL INVESTMENT REPORT 2023

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H.E. DR. SAMIA SULUHU HASSAN,
The President of the United Republic of Tanzania.

“ Tanzania is a peaceful and politically stable country. The country upholds tenets of democracy and the rule of law, attributes that can assure investment sustainability and profitability. Cognizant of this fact, my leadership philosophy is anchored on 4R's, namely **Reconciliation, Resilience, Reforms and Rebuilding**. Through these 4Rs we aim at creating a modern, competitive, vibrant and inclusive economy that provides opportunities for all. In view of this philosophy, we have put in place a conducive investment climate, where investors from all over the world are invited to invest for mutual benefits. ”

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ABBREVIATIONS & ACRONYMS

AfCFTA	African Continental Free Trade Area
AGOA	African Growth and Opportunity Act
ATCL	Air Tanzania Corporation Limited
BEE	Business Enabling Environment
BOT	Bank of Tanzania
BRELA	Business Registration and Licensing Authority
CGS	Credit Guarantee Schemes
CNG	Compressed Natural Gas
CTI	Confederation of Tanzania Industries
DDI	Domestic Direct Investment
DRC	Democratic Republic of the Congo
EAC	East African Community
EACOPP	East African Crude Oil Pipeline Project
ECGS	Export Credit Guarantee Scheme
EPZA	Export Processing Zone Authority
EWURA	Energy and Water Utilities Regulatory Authority
FCC	Fair Competition Commission
FDIs	Foreign Direct Investments
FYDPs	Five-Year Development Plans
ICSID	International Centre for Settlement of Investment Disputes
ITA	International Trade Administration
LGAs	Local Government Authorities
LPG	Liquefied Petroleum Gas
LATRA	Land Transport Regulatory Authority
MDAs	Ministries, Departments and Agencies
MOEST	Ministry of Education, Science and Technology
MOUs	Memorandum of Understandings
MW	Megawatts
NDC	National Development Corporation
NDV	National Development Vision
NEPF	National Environment Policy Framework
NICTBB	National ICT Broadband Backbone



NNGI	National Natural Gas Infrastructure
OTR	Office of Treasury Registrar
PC	Planning Commission
PPD	Public-Private Dialogue
PPP	Public-Private Partnership
PO	President's Office
POPI	President's Office, Planning and Investment
PURA	Petroleum Upstream Regulatory Authority
REA	Rural Electricity Agency
RMB	Rand Merchant Bank
SADC	Southern African Development Community
SEZ	Special Economic Zones
SGR	Standard Gauge Railway
SMEs	Small and Medium Enterprises
TANESCO	Tanzania Electric Supply Company Limited
TASAC	Tanzania Shipping Agencies Corporation
TCCIA	Tanzania Chamber of Commerce Industry and Agriculture
TEIW	Tanzania Electronic Investment Window
TIC	Tanzania Investment Centre
TIN	Tax Payer Identification Number
TMA	TradeMark Africa
TMDA	Tanzania Medical and Drugs Authority
TNBC	Tanzania National Business Council
TPDC	Tanzania Petroleum Development Corporation
TSA	Tanzania Startups Association
TTCL	Tanzania Telecommunications Company Limited
TZS	Tanzanian Shilling
URT	United Republic of Tanzania
USA	United States of America
WB	World Bank
WIPO	World Intellectual Property Organisation
WTO	World Trade Organisation

The Government of the United Republic of Tanzania recognizes investment promotion as a cornerstone of economic development. Under the leadership of H.E. President Dr. Samia Suluhu Hassan, significant policy and legal reforms have been initiated to enhance the investment climate for both domestic and international investors. Notably, in 2022, a new investment Act was enacted, introducing a range of incentives designed to attract investors to Tanzania. Furthermore, in 2023, the President established the President's Office - Planning and Investment, which is dedicated to facilitating investment opportunities in the country.



I am pleased to announce the release of the inaugural National Investment Report for 2023. This report offers a thorough overview of the investment climate in Tanzania, highlighting current trends and developments. Unlike previous reports, this edition is comprehensive, incorporating data from all key institutions involved in managing investments, including the Tanzania Mining Commission, Export Processing Zones Authority (EPZA), Tanzania Medical and Drugs Authority (TMDA), Energy and Water Utilities Regulatory Authority (EWURA), Tanzania National Electric Supply Company (TANESCO), Bank of Tanzania (BoT), and the Business Registration Licensing Authority (BRELA). As a result, the report provides an in-depth analysis of investment trends across the nation.

Looking ahead, the President's Office for Planning and Investment, in collaboration with various stakeholders—including ministries, government agencies, development partners, public institutions, and the private sector—commits to producing the National Investment Report annually. This report will serve as an essential tool for evaluating investment statistics and trends, benefiting both investors and the nation as a whole.

Prof. Kitila Alexander Mkumbo (MP),
Minister of State,
President's Office, Planning and Investment

The National Investment Report for 2023 has been prepared by the President's Office, Planning and Investment under the guidance of the Minister, Hon. Prof Kitila Alexander Mkumbo (MP); Permanent Secretary, Dr. Tausi Mbaga Kida; and the Team of Experts from the Office. This is the first of its kind report to be produced by the Office, since its establishment in July 2023.

The report was developed by the technical team composed of the following; Mr. Aristides Mbwasi (Director of Private Investment-POP); Mr. Fadhili Chilumba (Assistant Director of Private Investment -POPI); Ms. Moureen Guveti (Statistician- POPI); Mr. Innocent Kahwa (Principal Investment Officer- TIC); Philip Mboya (Senior Economist- BOT); Mr. Faraja Mgwabati (Lead Consultant); Mr. Nebart Mwapwele

(Co-Consultant); Mr. Edward Nkomola (Senior Communication Officer – POPI); Mr. Richard Mtitu (Statistician- POPI), Nathanael R. Bakari (ICT Officer- POPI); Ms. Anna Mwakalobo (IT Officer- POPI); Ms. Agness Malebeto (Economist- POPI); Ms. Salma J. Kauga (Planning Officer-EPZA); Mr. Fredy Mwanzi (Economist-Mining Commission); Mr. Mgune M. Mgune (Principal Economist-Ministry of Energy); Ms. Bertha Leslie (Senior Finance Management Officer-TPDC); Ms. Marcela Antony (Investment Officer-TIC); Masoud M. Mwinjuma (Trade Officer- POPI).

This report was reviewed and validated by Government Ministries, Institutions, and private sector institutions particularly: The President's Office Planning and Investment, President's Office Regional Administration and Local Government (PO-RALG, TAMISEMI), Ministry of Finance & Planning, Ministry of Works, Ministry of Transport, Ministry of Agriculture, Ministry of Livestock & Fisheries, Ministry of Energy, Ministry of Industry and Trade, Ministry of Information, Communication and Information Technology, Ministry of Minerals, Ministry of Foreign Affairs and East African Cooperation, Ministry of Tourism and Natural Resources, Ministry of Health, Planning Commission, Mining Commission, BOT, EPZA, TIC, TRA, REA, NBS, TANESCO, TANROADS, NDC, PURA, TPDC, EWURA, TPSF, TCCIA, TSA, CMSA, PPP Centre, TNBC and BRELA.

On behalf of the President's Office, Planning and Investment, I would like to acknowledge and express our appreciation for the support of our long-term partner, TradeMark Africa, who facilitated the entire process of preparing this report. I also wish to thank all stakeholders who, in one way or another, participated in the preparation of this report. The Office, consider this report as a valuable document for informing various stakeholders about the current status and the direction in terms of identifying opportunities, promoting and facilitating investment in the country.

We wish you a fruitful reading and we welcome your valuable feedback.



Dr. Tausi Mbaga Kida
Permanent Secretary,
President's Office, Planning and Investment



Attracting and facilitating both Foreign Direct Investments (FDIs) and Domestic Investments (DIs), link the country's economy to global value chains and facilitate economic growth. Investments create jobs and increase exports, supply chain spillovers, new technologies, and advanced business practices for the country. Productive public and private sectors' investment is an important component in developing countries' economic growth strategies. While the benefits of investments are well recognized, they do not materialize without conducive policies and legal, regulatory, and institutional frameworks. With this in mind, the President's Office, Planning and Investment, in collaboration with TradeMark Africa (TMA), prepared this first comprehensive National Investment Report for 2023.

The main objective of this report is to present key findings of investment performance in the country for the year 2023 and an overview of some basic investment information. The specific objectives are the following;

- i. *To assess the magnitude and direction of both domestic and foreign investments in Tanzania for the year 2023;*
- ii. *To assess the investment climate in the country including the business environment, policies, laws, regulations, strategies, and support measures taken to facilitate local and foreign direct investments;*
- iii. *To analyze global investment trends and the prospects of foreign direct investments (FDIs) in Tanzania, as well as to examine domestic direct investments;*
- iv. *To examine macro-economic trends in the country and how they affect investments; and*
- v. *To assess measures taken to facilitate local and foreign direct investments in the country.*

The study for this report utilized both secondary and primary data sourced from relevant government institutions and international organizations. The methodology employed was purposive, involving selected institutions dealing with investment matters during the reporting period. Primary data was gathered through structured questionnaires administered to relevant ministries, institutions, agencies, and the private sector.

The report involved conducting a study to document registered investment projects in Tanzania Mainland covering the period from January to December, 2023. The Technical Team applied appropriate mechanisms to ensure engagement of relevant stakeholders for the study, including 25 public institutions responsible for investments and four (4) private sector associations. The activities for data collection and report writing were tailored to align with the goals and objectives of the President's Office, Planning, and Investment.

This report provides pertinent information to policymakers, statistical institutions, investment promotion and facilitation institutions, academic institutions, researchers, investors, the private sector, and the general public regarding the flow of FDIs and domestic investments in the country. It also outlines the measures being taken to attract and facilitate investments. The report also is a valuable tool in driving the investment promotion agenda, national planning, policy-making, and monitoring and evaluation of projects.

The National Investment Report 2023 shows remarkable improvements in both the formulation and implementation of various policies, legal and regulatory frameworks, and measures to facilitate investments in the country. These frameworks have led to an improvement in investment performance during the period under review.

The report reveals that Tanzania's economy continued to perform well in the year 2023, with the country's real GDP rising to TZS 148.3 trillion¹ (\$64.48 billion), up from TZS 141.2 trillion (\$61.39 billion) in 2022. Amidst the impacts of



the COVID-19 outbreak and the Russia-Ukraine war, which affected the entire global economy, Tanzania's economy has been resilient, growing by 5.1% in 2023 compared to 4.7% in 2022. Inflationary pressures continued to be moderate, averaging 3.8 percent in 2023 and remaining within the annual target of 5.4 percent. A markedly diversified economy, characterized by robust private consumption, substantial public spending, strong investment growth, and an upturn in exports, underpinned the positive outlook.

The report also reveals that Tanzania continued to excel in investment climate during the year 2023. Various international organizations including the World Bank, International Monetary Fund, World Intellectual Property Organisation (WIPO), Transparency International, Moody's Investors Service, and Fitch Credit Ratings, rank Tanzania among the best performers in terms of attracting and facilitating investments, as well as creditworthiness and being among the top 10 FDI recipient countries in Africa.

The report further points out that the country registered a total of 9,678 investment projects worth \$8,658 million in 2023, compared to 8,401 projects worth \$5,658.47 million in the preceding year, equivalent to a 53% increase. This notable increase in both domestic and foreign investments is a result of efforts made by the 6th phase Government under the leadership of the President of the United Republic of Tanzania, Her Excellency Dr. Samia Suluhu Hassan. Under her stewardship, the country has benefited from significant strides in business reforms, including strengthening the business environment, country branding, private sector engagement, the establishment of a dedicated Office responsible for Planning and Investment, and development of key economic infrastructure.

1. Speech by the Minister of State, President's Office, Planning and Investment, Hon. Prof. Kitila Alexander Mkumbo (MP), presenting to the Parliament, the Status of the Economy for the year 2023 and the National Development Plan for the year 2024/25 on 12th June, 2024.

Notably, there has been a rising trend of investments in industrial parks, which is a positive departure from traditional standalone facilities/ industries to integrated structures that facilitate easy access to the infrastructure necessary for industries to operate. Likewise, due to the growth in the transport and logistics industry, there has been a growing demand, which attracted large investments in motor vehicle assembly plants, mainly from China. These investments have been a pillar in creating employment and transfer of technology.

Furthermore, the report highlights a notable increase in the number of startups which rose to 843 in 2023, up from 673 in 2022, equivalent to a 25.26% increase. This surge can be attributed to proactive Government interventions and policy reforms aimed at bolstering innovative endeavours. Additionally, there's a growing trend among the youth toward embracing a culture of self-employment, further fueling this entrepreneurial growth.

This report also summarizes enormous investment opportunities in various sectors. The opportunities available include those from agriculture, manufacturing, mining, energy, oil and gas, construction, education, health services and tourism. It also highlights the impact of trade missions made by national leaders led by the President of the United Republic of Tanzania, H.E. Dr. Samia Suluhu Hassan. In her efforts to open up the country to the global economy through trade missions, tremendous achievements have been realized and some of them have been echoed in this report.

SECTION ONE: INTRODUCTION

1.1 Background

One of the key aspirations of the Tanzania Development Vision 2025 was to have a country that has created a strong, diversified, resilient and competitive economy that can effectively cope with the challenges of development and can also easily and confidently adapt to the changing market and technological conditions in the regional and global economy. Other aspirations include; high-quality livelihood, sustained peace, stability and unity, good governance, and a well-educated and learning society.

As the implementation of the Development Vision comes to an end in 2025, it is worth noting that most of the aspirations have been significantly achieved. Evidently, Tanzania's economy is much more developed, competitive and diversified than in the year 2000 when Vision 2025 started. Tanzania's GDP in 2023 stands at \$64.48 billion, up from \$14 billion in 2000 (NBS, 2023).

The country has, in recent years, been consistently ranked by global competent authorities as one of the top countries with the fastest-growing economies and best investment destinations in Africa. The same can be echoed by the improved standard of living, as more people have access to social services now than before. Peace and tranquility have been Tanzania's identity and household names across the globe. Likewise, significant progress has been made in education and good governance¹.

Investments play a crucial role in facilitating economic growth and national development at large. As the Tanzania National Investment Report 2023 is presented, it is important to note that most of these achievements were made possible through proper implementation of the vision 2025 along with strategic priorities set out in the respective Five-Year Development Plans (FYDPs). The Vision reiterates the ambition to build a competitive economy, and meaningful participation of the country into the global economy. Towards implementation of the Vision, Tanzania has implemented numerous reforms geared towards attracting private investments to the country. These reforms which cut across sectors, include those in legal and regulatory reforms, institutional reforms, public infrastructure and technological advancements as enablers of investment climate.

This report highlights the flow of investments in the country and the intervention measures implemented by the Government. Among other benefits, it provides a baseline information for policymakers and provides inputs for the preparation of the Tanzania Development Vision 2050 (TDV 2050).

2. National Panel Survey - Tanzania: Data on living standards (2008/09 to 2020/21)





Prof. Kitila Alexander Mkumbo (MP), Minister of State, President's Office, Planning and Investment

1.2 Definition of investment

According to the Tanzania Investment Act 2022, **Investment** means “*the creation or acquisition of new business assets and includes the expansion, restructuring or rehabilitation of an existing business enterprise*”². In this context, investment involves the creation or acquisition of assets that can add value through the production of goods or services. In simple terms, an investment is an asset or an item acquired to generate income distinct from classical trading of goods and services. In this case, business activities of buying and selling goods (trading) are not regarded as investments.

1.3 Organization of the Report

Preliminary information and executive summary are set at the beginning of this report. The rest of the report is organized as follows; Section One covers the introduction and background information. Section Two presents an overview of investment climate and economic performance through selected macro-economic indicators. Section Three presents key investment drivers including supportive infrastructure and national

endowments. Section Four presents legal and institutional frameworks guiding investments in the country. Section Five presents investment trends at global and regional levels. Section Six presents the performance of the investment in the country for the year 2023 in comparison to the year 2022. Section Seven provides an overview of the startup ecosystem in Tanzania. Section Eight presents investment opportunities from various sectors in Tanzania. Section Nine presents investment incentives offered by the Government of Tanzania to facilitate investments in the country. Section Ten, presents selected investment projects for the year 2023. Section Eleven, presents National Leaders' Investment Promotion Drive. Section Twelve, presents a summary, conclusions and the areas of focus for the next years. Lastly, the annex section contains Mining Investment opportunities, policies, laws, regulations, strategies and contacts of institutions that were consulted for the report.

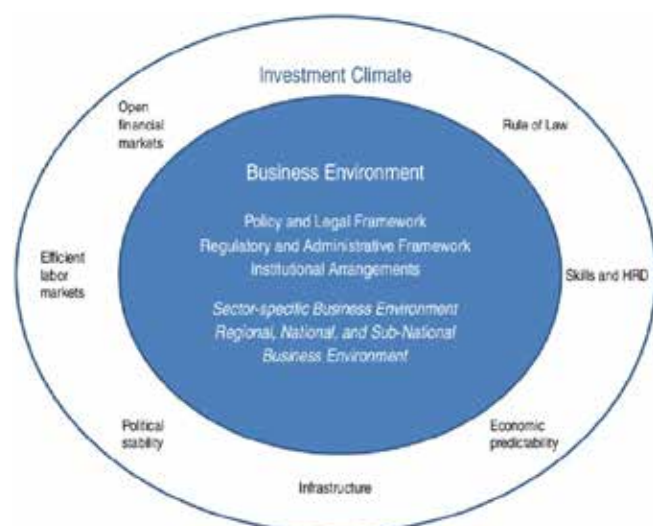
3. Tanzania Investment Act 2022, Chapter 38, Supplement No. 21, 13 June, 2023

SECTION Two: OVERVIEW OF INVESTMENT CLIMATE

2.1 Introduction

This section presents the investment climate in Tanzania and pertinent issues encompassing investments in the country including; economic trends, legal and institutional framework, political environment, infrastructure for investment and business environment. The figure 2.1 illustrates the cycles of investment climate and business environment.

Figure 2.1: Investment Climate and Business Environment



2.2 Tanzania Economic Trend at Glance

Amidst the impact of the COVID-19 pandemic and the Russia-Ukraine war, which affected the entire global economy, Tanzania's economy has been resilient. In 2023, the economy grew by 5.1% from the growth rate of 4.7% the previous year. The growth was highly attributed to prudent macro-economic policies. Inflation also averaged 3.8 percent, slightly dropping from 4 percent in the preceding year. This was mainly due to disinflation in

the prices of food and non-alcoholic beverages, as a result of favourable weather that led to improved food production and higher food reserves compared to the same period in 2022.

Nevertheless, inflation remained within the country's target and regional benchmarks, partly attributed to the prudent implementation of monetary and fiscal policies. Furthermore, the value of imports declined from \$15,654.45 million in 2022 to \$15,117.49 million in 2023, signifying an improvement in domestic production and a reduction in overreliance on imported products. Similarly, the value of exports rose to \$7,273.71 million in 2023 from \$6,824.85 million exported the previous year. The growth was due to increased promotion and stimulation of investments in the country backed up by the deliberate efforts of the President of the United Republic of Tanzania, H.E. Dr. Samia Suluhu Hassan, through several engagements, including trade and diplomatic missions that have opened up the country and provided a link to global markets.

In addition, the government has demonstrated commitment to narrowing the fiscal deficit through enhanced tax revenue collection and restrained spending. The fiscal deficit fell from 4.6% of GDP to 3.0%, aligning well with the fiscal consolidation target of 3% for FY2023/24. Tanzania has also narrowed its current account deficit to 3.9% in 2023, helped by an increase in tourism receipts. On a positive note, GDP is projected to grow by 5.6% in 2024, with the long-run potential of around 6%, supported by an improving business environment and ongoing structural reforms (BOT, 2023). The performance of Tanzania's economy has been indicated in Table 2.1. Through selected macro-economic indicators for the year 2022 and 2023. The data concerned is for Tanzania Mainland.

Table 2.1: Selected Marco-Economic Indicators

Output and Prices	2022	2023
Population (Tanzania Mainland)	59,851,347	61,718,700
GDP at Current Market Prices (\$ million)	73,804	78,719
GDP Per capita (\$ million)	1,233.12	1,275.45
Real GDP growth (%)	4.7	5.1
Inflation rate	4.3	3.8
Imports (\$million)	15,654.45	15,117.49
Exports (\$million)	6,824.85	7,273.71

Source: NBS, 2023

2.2.1 Tanzania's Real GDP Growth in Relation to EAC

Tanzania's real GDP growth declined to 3.4% in 2019, down from 7% in 2018. The declines were similarly recorded in other EAC Partner States during the period. The decline was highly contributed by the outbreak of COVID-19. A markedly diversified economy, characterized by robust private consumption, substantial public spending, strong investment growth, and an upturn in exports underpinned the positive outlook, leading to a gradual increase to 4.8% in 2020; 4.9% in 2021; 4.7% in 2022 and 5.1% in 2023. With current Government efforts to improve the investment climate that include, prudent fiscal management and implementation of reforms to improve the business environment, the economy is projected to reach the growth of 6.2% in the year 2024. Table 2.2 presents the real GDP growth for Tanzania in relation to selected EAC countries since 2018 to 2023 and projections for 2024.

Table 2.2: Real GDP Growth in EAC Selected Countries

Country						Projections	
	2018	2019	2020	2021	2022	2023	2024
Burundi	1.6	-0.7	0.3	3.1	1.8	3.3	6.0
Kenya	6.3	5.2	-0.3	7.5	5.4	5.3	5.4
Rwanda	8.6	2.4	-3.4	10.9	6.8	6.2	7.5
Tanzania	7.0	3.4	4.8	4.9	4.7	5.1	6.2
Uganda	6.0	2.1	-1.3	6.0	4.9	5.7	5.7
EAC average	5.9	2.5	0.0	6.5	4.7	5.1	6.2

Source: BOT, 2023

2.2.2 Tanzania's Real GDP Growth in Relation to SADC

As for the global economy which was affected by the impact of COVID-19, the economic activities in the SADC region were also constrained in by the global pandemic from 2019 and years after. SADC region registered an estimated average negative growth rate of 4.5% in 2020 compared to a positive growth of 1.2% in 2019 and a 10-year average of 2.9%. Tanzania was among few countries that registered a growth during the year 2020 where the country recorded a real GDP growth of 4.8%. From the year 2021 and subsequent years, the real GDP resumed to a positive growth in all SADC countries. Tanzania continued to hit the growth rate above the SADC average rates in the respective years. Table 2.3 indicates the real GDP growth in SADC partner states.

Table 2.3: Real GDP Growth in SADC

Country	Projections						
	2018	2019	2020	2021	2022	2023	2024
Angola	-2.0	-0.7	-5.6	1.1	2.8	3.5	3.7
Botswana	4.5	3.0	-8.7	11.8	6.4	3.7	4.3
DRC	5.8	4.4	1.7	6.2	6.6	6.3	6.5
Eswatini	2.4	2.6	-1.6	7.9	0.5	2.8	2.5
Lesotho	-1.0	-2.0	-3.9	2.1	2.1	2.2	2.3
Madagascar	3.2	4.4	-7.1	5.7	4.2	4.2	4.8
Malawi	3.2	5.4	0.9	4.6	0.8	2.4	3.2
Mauritius	3.8	2.9	-14.6	3.5	8.3	4.6	4.1
Mozambique	3.4	2.3	-1.2	2.3	4.1	5.0	8.2
Namibia	1.1	-0.8	-8.0	2.7	3.8	2.8	2.6
Seychelles	1.3	3.1	-7.7	7.9	8.8	3.9	3.9
South Africa	0.8	0.3	-6.3	4.9	2.0	0.1	1.8
Tanzania	7.0	3.4	4.8	4.9	4.7	5.1	6.2
Zambia	4.0	1.4	-2.8	4.6	3.4	4.0	4.1
Zimbabwe	3.5	-6.1	-7.8	8.5	3.0	2.5	2.6
SADC average	2.7	1.8	-4.5	5.3	4.1	3.6	4.0

Source: BOT, 2023

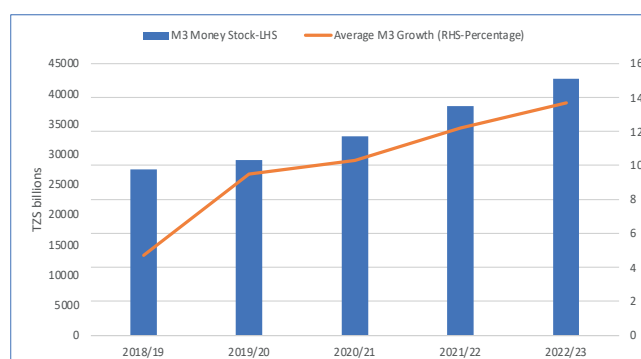
2.2.3 Monetary Policy Performance

The thrust of the monetary policy stance for 2022/23 was to strike a balance between containing inflationary pressures whilst supporting growth and financial stability to attain broad macroeconomic objectives. The policy stance was motivated by the need to contain the headwinds from the effects of global shocks portrayed in high import prices, decline in foreign reserves, shortage of foreign exchange, and rising borrowing costs in the international financial markets.

The monetary policy was successful in maintaining adequate liquidity in banks, consistent with the requirements by different economic activities. The conduct of monetary policy, supported by fiscal policy measures and improved business environment, contributed to the high growth of credit to the private sector, without causing undue inflationary pressures to the economy.

Annual growth of monetary aggregates was broadly in line with the targets. Extended broad money supply (M3) grew at an average of 13.7 percent in 2022/23 from 12.2 percent in 2021/22, slightly above the target of 10.3 percent (Fig.2.2). This outturn was attributable to recovery of economic activities manifested in the growth of credit to the private sector that recorded an average growth of 22.2 percent, compared with 9.9 percent in 2021/22 (Fig. 2.3).

Figure 2.2 Money Supply



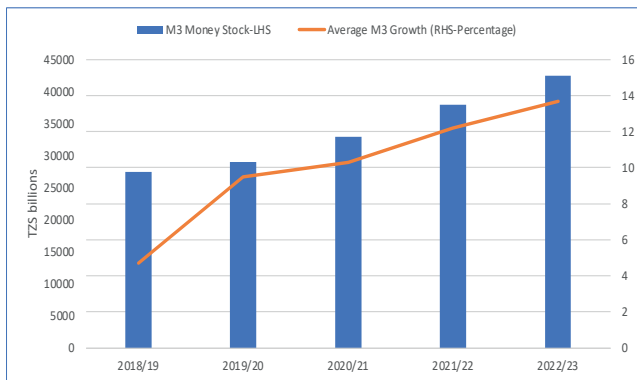
Source: BOT, 2023

Note: RHS denotes right-hand side; and LHS, left-hand scale

2.2.4 Credit Extension

Credit is crucial for investment opportunities. The Bank of Tanzania reports that credit composition by economic activities was largely positive on agriculture. In terms of credit composition by economic activities, agriculture sustained the fastest growth, averaging 44.5 percent in 2022/2023. This was largely accredited to loans extended to banks and financial institutions through the TZS 1 trillion loan facility that was initiated by the Bank of Tanzania in July 2021, coupled with other policy incentives to improve productivity in agriculture. Personal loans continued to account for the largest share of the outstanding credit, followed by credit for trade, manufacturing and agricultural activities.

Figure 2.3: Credit to Private Sector



Source: BOT, 2023

2.3 Tanzania Investment Ranking in Africa

Tanzania continued to excel in investment climate performance during the year 2023. Reports from various international Organizations including the World Bank, International Monetary Fund, World Intellectual Property Organisation (WIPO), Transparency International, Moody's Investors Service, and Fitch Credit Ratings ranked Tanzania among the best performers for attracting and facilitating investments as well as creditworthiness (TIC, 2023).

The survey conducted by Global consulting and professional services firm-KPMG in its Doing Deals in Sub-Saharan Africa report 2023, perceived Tanzania as a country with a positive investment climate and growth opportunities, making it one of the top choices for prospective investors in sub-Saharan Africa. Tanzania was ranked third among the top 10 countries for future investments in sub-Saharan Africa, with a 15% share of investment attractiveness in the continent (KPMG, 2023).

Moody's Investors Service and Fitch Credit Ratings and Research also rated Tanzania with a favorable credit rating. Tanzania's Government resolve to improve the business climate and constructive engagements with the international community have had positive outcomes on the country's credit rating with Moody's Investors Service rated Tanzania a B2+ while Fitch also affirmed Tanzania at 'B+', which implies a stable outlook. Tanzania's rating reflects its relatively strong macroeconomic performance with high real GDP growth, low inflation, and a moderate level of debt, underpinned by increased reform momentum (Moody's, 2024).

According to the South African Rand Merchant Bank

(RMB) report, 2023, Tanzania has been on a rapid path of development over the past few years. In 2022, the country was among the top 10 investment-attractive countries in Africa. This growth was attributed to consistent public investment from the government in key secondary and tertiary sectors, ranging from the energy sector to advancements in the telecommunications and finance sectors.

The 15th edition of the Global Innovation Index, released in 2023 by the World Intellectual Property Organization (WIPO), ranked Tanzania as the 11th most innovative country in Africa. Tanzania joined Morocco, Tunisia, Kenya, and Zimbabwe as the only African countries that performed above expectations in the lower-middle income category (WIPO, 2023).

According to Nomad Capitalist (2023), Tanzania was among the top 10 countries with the best investment opportunities in Africa. The government's investment in the energy, telecommunications, and finance sectors has helped keep the economy afloat. But, as one of Africa's emerging markets, institutional investors keep a favorable outlook for African investments. Investment opportunities in mining, tourism, and telecommunications are among the attractive sectors for investment in Tanzania.

The World Bank report (2023) on the 30 largest African economies ranked Tanzania as the third fastest-growing economy in the continent, with a growth rate of 5.1% in 2023. Other findings from the Africa Development Bank report titled "From Millions to Billions: Financing the Development of African Cities" ranked Tanzania among the Top 10 fastest growing economies in Africa in 2023. Tanzania, a cornerstone in East Africa, secured the fifth spot with a GDP growth of 5.2%. The report recognized the country's diverse economy that contributes significantly to the region's economic prowess.

The International Monetary Fund (IMF) report 2023, projects Tanzania to be the largest economy in East Africa within 10 years. The report also indicated that Tanzania's economy is expected to grow to \$136 billion economy in 2028. At the same time in good governance, Tanzania ranks second in EAC in the latest graft survey, by Transparency International's Corruption Perception Index. Overall, Tanzania's economic growth trajectory remains solid and shows a positive outlook in the foreseeable future.

SECTION THREE:

TANZANIA

INVESTMENT DRIVERS

3.1 Introduction

Tanzania is recognized as one of Africa's premier investment destinations, owing to a multitude of factors. These include ample and arable land for investment, a strategically advantageous geographical location, vast market potential, stable fiscal and monetary policies, access to skilled yet cost-effective labour, transparent investment regulations, export credit guarantees, robust public-private partnerships, sustained peace, political stability and security, as well as ongoing infrastructure development initiatives. This section presents some of the drivers of investment in Tanzania.

(i) Strategic Geographical Location

The United Republic of Tanzania is located in Eastern Africa. It is bordered by Kenya and Uganda to the North, Rwanda, Burundi, and the Democratic Republic of the Congo to the West; Zambia, Malawi, and Mozambique to the South; and the Indian Ocean to the East. The country is strategically located along the Indian Ocean, with a port in Dar es Salaam serving as a crucial import-export route for neighbouring landlocked countries. Tanzania boasts other major ports along the Indian Ocean and freshwater inland ports around Lakes Victoria, Tanganyika, and Nyasa. Tanzania provides access to six land-linked countries: Uganda, Burundi, Rwanda, Zambia, Malawi, and the eastern part of the DRC, making it the most efficient passage for their goods. Additionally, Tanzania's central location relative to major global markets and ocean access facilitates trade links with Asia, positioning it as a key transit point for goods. Thus, its strategic location is an imperative comparative advantage to investors compared to other African countries.



Figure 3.1: Tanzania's Location in the World Map

(ii) Land for investment

Tanzania is endowed with abundant land for investment located in all parts of the country. The government through Regional Administrative Offices has developed Regional Investment Guidelines whereby information on available land for investment is included. Equally, Tanzania Investment Centre through the Tanzania Investment Act, 2022 is also mandated to provide land for investment including issuing derivative rights to foreign investors. By 2023, TIC issued a total of 656 derivatives rights to foreign investors. The Centre also registers land parcels for investment from various Local Government Authorities (LGAs), State-owned enterprises, and private individuals. By 2023 a total of 331 land parcels with a total size of 147,553.29 hectares were registered. Additionally, Tanzania is endowed with 44 million hectares of arable land with an estimated 29.4 million hectares suitable for irrigation.



(iii) **Market Access**

Tanzania offers a huge market opportunity with a population of 61,741,120 as per National Population and Housing Census, 2022. Tanzania is among the rapidly growing economies in Africa. The country has high levels of domestic investment spending, making the market an important target destination for local and foreign products and services. In addition, Tanzania is part of two distinct market areas: The Southern Africa Development Community (SADC) with a population of 366 million, and the East African Community (EAC), with about 304 million consumers. Tanzania applies agreements signed under the WTO multilateral trading system. Also, unilateral trade arrangements that accord preferential treatment to some export products from Tanzania like the African Growth and Opportunity Act (AGOA) allow qualifying products from Tanzania to access the American market at duty-free of 6000 items and quota-free. The African Continental Free Trade Area (AfCFTA) with a population of 1.39 billion where Tanzania has ratified the Treaty, offers a huge market for Tanzanian investors. Tanzania is also under Bilateral, Trade and Investment Agreements with various countries including China, EU, Germany, and India.

(iv) **Investment and Export-Credit Guarantees**

The Tanzania Investment Act, 2022 provides guarantees against nationalization and expropriation of investor's assets. Tanzania is also a signatory of several multilateral and bilateral agreements on the protection and promotion of foreign investments. Among other international agreements and membership, Tanzania has also signed and ratified a number of international investment treaties, including the Multilateral Investment Guarantee Agency (MIGA) and the International Centre for Settlement of Investment Disputes (ICSID). Tanzania is also a member of the African Insurance Guarantee Scheme.

In addition, the Bank of Tanzania (BOT), on behalf of the Government, administers two Credit Guarantee Schemes (CGS) namely the Export Credit Guarantee Scheme (ECGS) and the Small and Medium Enterprises Credit Guarantee Scheme (SME-CGS). The objective of the Export Credit

Guarantee Scheme (ECGS) is to support borrowers with viable export-oriented projects but lacking adequate collateral to secure credit facilities from financial institutions by issuing credit guarantees.

(v) **Availability of Skilled Labour**

According to the Tanzania Population Census, 2022, the country has a total population of 61,741,120. The percentage of work force aged between 15 and 64 years has increased from 52.2 in 2012 to 53.4 percent in the 2022. In view to ensure the availability of skilled human capital, the government has undertaken various efforts, including establishment of Technical and Vocational Education Training Centres, Innovation Centres, Technical Colleges aimed at producing artisans, skilled technicians, and professionals to be engaged in various investment projects. Among the notable achievements include an increased enrolment of students in vocational Training Institutions. For example, the number of students enrolling in vocational education increased from 117,067 in 2015/16 to 172,264 in 2022/23.

(vi) **Private Sector Engagement**

The presence of autonomous private sector organizations contributes to socio-economic growth by increasing the productive capacity of the economy, creating jobs, and introducing technologies. To fully engage the private sector in national development issues, the Government established the Tanzania National Business Council (TNBC) aimed at providing a forum between the public and private sector actors through Public and Private Dialogues (PPDs) under the leadership of the President of the United Republic of Tanzania who serves as the Chairperson for the Council. The forum has been effective in coordinating business councils at district, region and national levels with a view to reaching a consensus and mutual understanding of strategic issues relating to the efficient management of resources and promotion of socio-economic development in Tanzania (TNBC, 2023). To further attract private sector capital needed in developing infrastructure for investment, the Public Private Partnership (PPP) Act, 2010 was amended in 2023 to facilitate investments in PPP projects.



The government has also engaged the private sector through their various associations, such as the Tanzania Private Sector Foundation (TPSF), the Tanzania Chamber of Commerce, Industries and Agriculture (TCCIA), the Confederation of Tanzania Industries (CTI), the Foundation for Civil Society (FCS) and the Agriculture Non-State Actors Foundation (ANSAF), to mention a few. These efforts therefore, demonstrates government's appetite to investment through PPP arrangements in the country.

(vii) Political Environment

Tanzania is free of ideological confrontations and ethnic problems. It is a centre of economic and political stability in Sub-Saharan Africa. The multi-party democracy adopted in 1992 has not disturbed the peaceful political climate of the country. The political scene is characterized by parliamentary democracy and public consensus on key social and economic priorities. Tanzania has strong institutions that promote peace and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive

institutions at all levels. In addition to the above, there has been an outstanding constant drive from the President of the United Republic of Tanzania, Her Excellence, Dr. Samia Suluhu Hassan who launched the historical documentary called 'The Royal Tour', filmed in Tanzania in 2021 where she played as the main character of the documentary, which among other things promoted Tanzania as one of the safe investment destinations in the world.

(viii) Comparative Electricity Rates

Tanzania has the most competitive electricity rates among the East African Community's (EAC). As shown in the data from TANESCO, Tanzania leads in all 5 categories of level and quantities of electricity supplied. The tariff rates presented in the table 3.1, indicate that overall tariff rates for Tanzania mainland is low compared to other EAC partner states. This makes the country more competitive in terms of cost of electricity which is paramount to lower the cost of doing business and hence improve the business environment in the country. Table 3.1 indicates various electricity tariffs as reported by selected EAC Partner States, (ERE, 2022).

Table 3.1: Tariff Comparison in East Africa as Per June, 2022

CONSUMER CATEGORY	TANZANIA MAINLAND	ZANZIBAR	KENYA	UGANDA	RWANDA	BURUNDI
	US¢/kWh	US¢/kWh	US¢/kWh	US¢/kWh	US¢/kWh	US¢/kWh
D1	4.35	6.79	13.62	6.88	9.70	4.7
T1	15.33	12.24	18.69	20.87	23.10	23.8
T2	12.79	10.57	18.48	15.98	14.60	17.3
T3MV	8.54	9.0	14.96	12.09	11.20	18.20
T3HV	6.65	9.0	13.78	9.77	10.20	12.40
Street Light	-	-	11.35	10.18	20.6	-

Source: EREA, 2022

Key:

- US¢/kWh: refers to the tariff per unit as measured per kilowatts hour.
- D 1: Low Usage Tariff for Domestic customers who on average consume less than 75 kWh per month. Under this category, power is supplied at a low voltage, single phase (230V).
- T1: General Usage Tariff for customers including residential, small commercial and light industrial use, public lighting and billboards. Power is supplied at low voltage single phase (230V) as well as three phases (400V).
- T2: Applicable to general use customers where power is metered at 400V and average consumption is more than 7,500 kWh per meter reading period and demand does not exceed 500kVA per meter reading period.
- T3-MV: Applicable customers connected to medium voltage,
- T3 - HV: Applicable to customers connected to High Voltage.



(xiii) Strategic/Flagship Development Projects

Tanzania's government has embarked on the construction of massive infrastructure to support the development of investments projects in key sectors such as works, transport, energy, water, Agriculture, and ICT. The current developments

aim at facilitating affordable access to utility, data, and transportation services for investors and general public. Infrastructure projects play a significant role as enablers of the investment climate in the country. Some of these major projects are summarized in this section:



The Prime Minister of the United Republic of Tanzania, Hon. Kassim Majaliwa (MP)-first right, officially ushering in trial runs for the electric train on a new Standard Gauge Railway (SGR) from Dar es Salaam to Dodoma on 21st April 2024

a. Standard Gauge Railway

In 2023, the Government continued with the construction of a 2,809 km Standard Gauge Railway (SGR) estimated to cost \$7 billion. The construction of SGR which started in 2017, is expected to stimulate the economy and cut transport costs for investors as well as easy public transport. Tanzania SGR Railway network is said to be the 5th longest in the World after China, Spain, Japan, and France.

Tanzania's SGR uses electric locomotives which has the capacity to transport passengers and cargo shipments at 160 kilometres per hour. The SGR will link Tanzania, from the port of Dar es Salaam on the Indian Ocean to the port of Mwanza on the shore of Lake Victoria in northern Tanzania, and from there to neighbouring countries of Rwanda, Burundi, Uganda and the Democratic Republic of the Congo (DRC).

b. Julius Nyerere Hydro-power Project (JNHPP)

The construction of the \$3 billion JNHPP with an installed capacity of 2,115 megawatts is another mega project wholly implemented by the government of Tanzania. Upon completion, the project is expected to increase the availability and reliability of electricity for both industries and domestic use. The dam, which is the fourth largest in Africa, and ninth in the world, is located across the Rufiji River, in Morogoro and Coast regions, southwest of Dar es Salaam. The project is built to generate power, help control floods, attract tourism, and provide environmental and ecological water supply. In December 2023, the project was completed by 96.28 percent and power generation of 235 MW was expected to be connected to the National Grid in February 2024. The completion of this project will help curb power shortages and undoubtedly make the country power sufficient which will catalyze and stimulate investment of all kinds in the land (TANESCO, 2023).



A bird's eye view of Julius Nyerere Dam across the Rufiji River with a capacity of generating 2,115 MW. The hydropower project is expected to improve power supply and stimulate investments in the country.

c. Rural Electrification

Rural Electrification has helped majority of citizens in rural areas to access electricity. This program has helped Tanzania to achieve one of the fastest access electricity expansion rates in Sub-Saharan Africa over the past decade. The program has provided more than 4.5 million people with access to electricity, exceeding the program's initial target of 2.5 million citizens and adding new connections for more than 1,600 healthcare facilities and nearly 6,000 education facilities (WB, 2022).

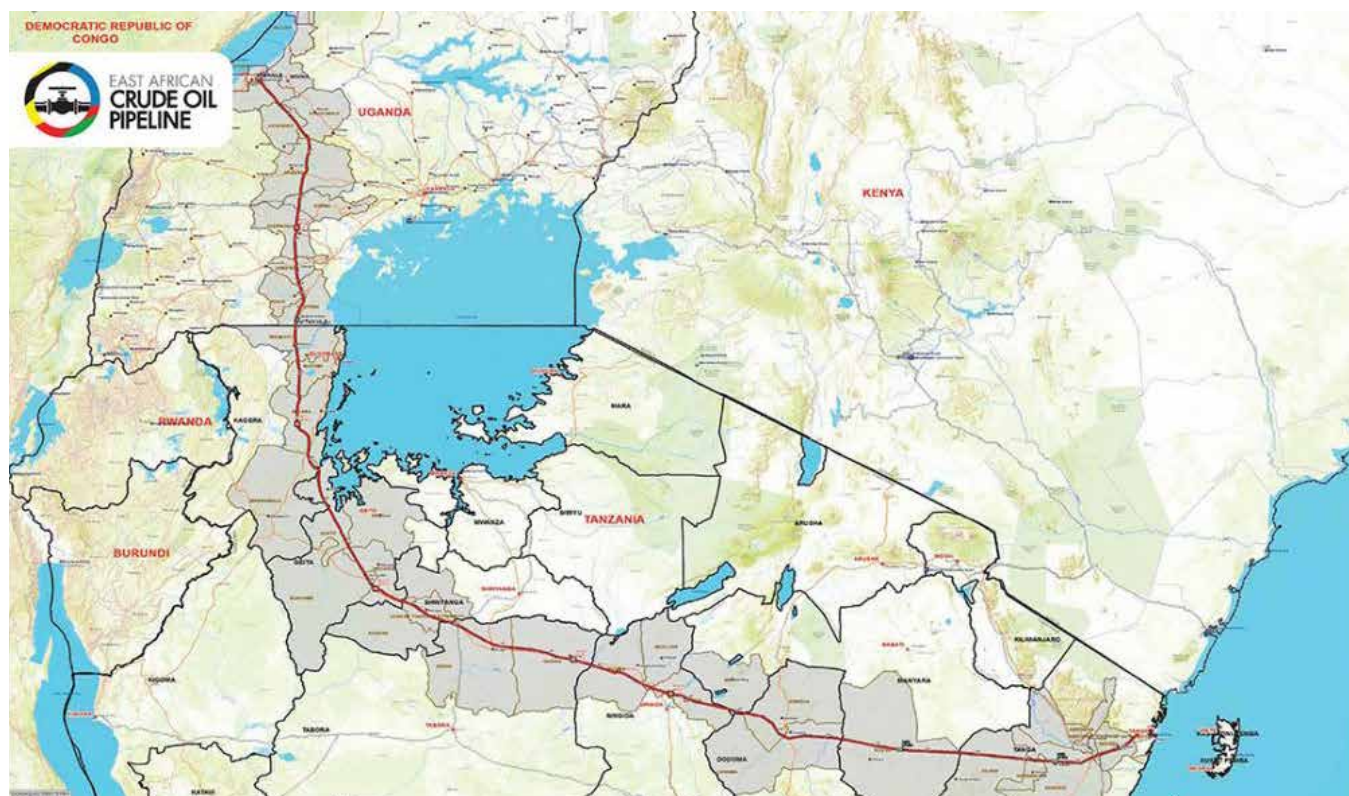


One of REA electricity distribution lines in a rural village connected with the electricity in Tanzania.

According to Rural Energy Agency (REA), a total of 11,720 villages out of 12,318 have been connected with electricity. Further achievement includes the installment of 3,686 transformers out of 4,071, which has, among others, enabled the connection of 54,626 customers as well as 63,509 institutions that offer community services such as education, water pumps, health facilities, business centers, and religious institutions. REA is expecting to connect the remaining 481 villages by end of 2024.

d. The East African Crude Oil Pipeline (EACOP)

The East African Crude Oil Pipeline Project (EACOP) is a pipeline that will transport oil produced from Hoima in Uganda to the port of Tanga in Tanzania in a span of 1,433 kilometers where Tanga Port will be a gateway to the world market. About 80 percent (1,149 km) of the pipeline crosses eight regions and 24 districts of Tanzania, while 20 percent (296 km) crosses eight districts and 20 sub-counties in Uganda. This project is expected to benefit the communities of both host Governments of Tanzania and Uganda in job creation, local content, and tax revenues (EACOP, 2023).



The pipeline starts near Hoima, close to Lake Albert, and crosses the Uganda – Tanzania border between Masaka and Bukoba, past Lake Victoria, following its western border, traversing Tanzania, passing close to Kahama, Singida, Kondo, into Tanga.



The Deputy Prime Minister and Minister of Energy Hon. Doto Biteko (second left) witnessing the installation of pipe heating systems in the Crude Oil Pipeline (EACOP) project at the factory located in the Sojo area of Nzega District in Tabora Region on 26 March, 2024.

The East Africa Crude Oil Pipeline Route

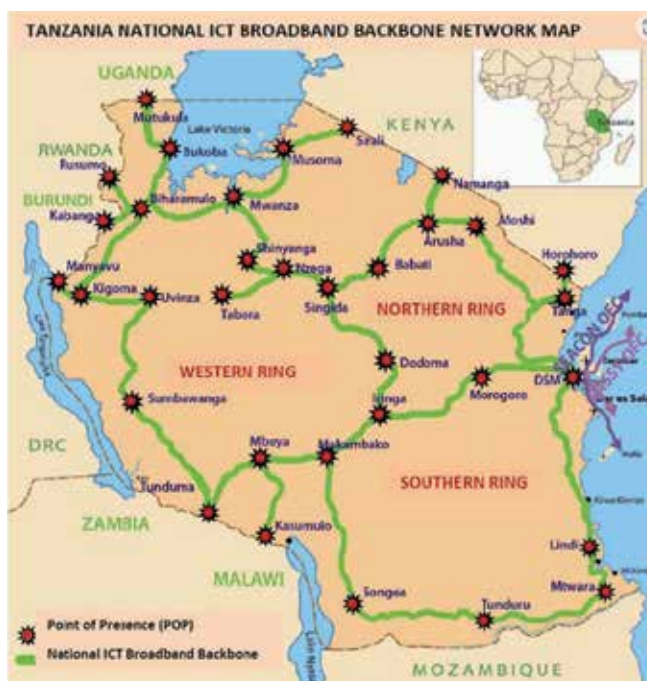
The development of new infrastructure through an inward investment of about \$4 billion across both Tanzania and Uganda, will attract several benefits such as increasing government revenues through tax, improve logistics, skills, technology transfer, and enhancement of the trade corridor between Uganda and Tanzania. The project will also improve the livelihoods of communities along the pipeline. As of December 2023, the government of Tanzania had committed \$289.78 million, which

is about 78.2 percent of her equity contribution to the EACOP Company Limited. Generally, the implementation of this project has reached 27.1 percent (URT, 2023).

e. Information and Communication Technology

Tanzania has continued to expand its network of the National Fibre Optic Cable Network dubbed the National ICT Broadband Backbone (NICTBB) to achieve its ICT vision of providing reliable and affordable data communication services to all parts of the country and neighboring countries for investors and general public use. The Backbone is managed and operated by the Tanzania Telecommunications Company Ltd (TTCL) on behalf of the government, through the Ministry for Information, Communications and Information Technology (TTCL, 2023).

The infrastructure has greatly contributed to the enhancement of the usage of ICT applications for sustainable socio-economic development including the implementation of e-government, e-learning, e-health, e-commerce, etc., in Tanzania and beyond. The project has managed to connect all 31 Regions in Tanzania's mainland and Zanzibar.



NICTBB coverage in Tanzania. Source: <http://www.nictbb.co.tz>

Additionally, Tanzania has built an interoperable payment system known as Tanzania Instant Payments System (TIPS) which has a number of potential benefits offered by interoperability of financial services including ease of payment, fast, cost effective and secure means of payments. TIPS is an interoperable digital payment platform operated by the Bank of Tanzania, which allows the transfer of payments between different Digital Financial Service Providers (DFSPs), both banks and non-banks such as e-money issuers on real-time basis. With TIPS, Tanzania has increased financial inclusion by improving access and usage of financial services in Tanzania through promoting the interoperability of digital financial services amongst all Payment Service Providers in the country, thereby facilitating the ease of doing business.

f. Access to Telecommunication Services

The Government of Tanzania has taken initiatives to ensure that communication ((ICT, Postal and Broadcasting), as a universal right, is accessible to its entire population which form a significant driver to investment. One of the initiatives was the establishment the Universal Communications Service Access Fund (UCSAF) Fund to facilitate access to communication services. While it is the responsibility of private entities to provide

communication services, the Government realized that not all areas in the country could be economically viable for provision of communication services, the Fund came to existence to ensure that even remote areas which are economically disadvantaged have access to communication services.

g. Development of the Aviation Sector

The aviation sector made a number of remarkable achievements during the year 2023. One of these achievements was the acquisition of first-ever cargo plane, Boeing 767-300 for Air Tanzania Limited (ATCL). The plane has improved transport services to Tanzanians especially to exporters and importers of perishable goods, mainly agricultural, fisheries, and livestock products. The government plans to procure more cargo and passenger planes in the near future (ATCL, 2023).

In addition, the government continued with the revitalization of the National Carrier with procurement of the additional five (5) new passenger airplanes to make a total of 16. The arrival of these planes will help ATCL to expand the domestic and international travel network and supplement private airlines' services thus stimulate the growth of other economic sectors such as tourism, trade, and agriculture (URT, 2023).

In 2023, there were more than 20 airlines (local and foreign) operating at major airports such as Dar es Salaam Julius Nyerere International Airport (JNIA), Tanzania's largest and busiest airport, Kilimanjaro International Airport (KIA) and the Zanzibar International Airport. The following are the list of airlines that operated in Tanzania in 2023: AB Aviation, Air Seychelles, Astral Aviation, EgyptAir, Emirates, Ethiopian Airlines, Etihad Airways, EWA Air, Fly Dubai, Kenya Airways, KLM Royal Dutch Airlines, LAM - Linhas Aéreas de Moçambique, Malawian Airlines, Martinair, Oman Air, Qatar Airways, RwandAir Ltd, South African Airways, Swiss International Air Lines, and Turkish Airlines.

According to the TCAA report, 2023, aircraft movements increased by 53.1% from **157,802** in 2021 to **241,602** in 2022. The number of passengers increased to **5,966,590** from **4,212,650** passengers recorded in the previous year, which is an increase of 41.6%. Furthermore, cargo handled increased by 19.9% - from **29,376.00** tonnes in

2021 to **35,234.55** tonnes in 2022. The increase in aircraft movements, number of passengers, and cargo handled is due to the Government initiatives of improvement of airports and airlines (TCAA, 2023). The above aviation data are illustrated in the following table and figure:

Table 3.2: Number of Aircraft, Passengers and Cargo Movements

Category	Aircraft Movements		Number of Passengers		Cargo (Tonnes)	
	2021	2022	2021	2022	2021	2022
International	27,026	39,309	1,504,080	2,405,085	25,340.00	30,116.31
Domestic	130,776	202,293	2,708,570	3,561,505	4,036.00	5,118.24
Total	157,802	241,602	4,212,650	5,966,590	29,376.00	35,234.55

Source: TCAA, 2023



Air Tanzania's local and international fleet routes



h. **Midstream and downstream natural gas Infrastructure**

Processing, Transportation and Distribution Infrastructures of Natural gas is taking shape in Tanzania. The First discovery of natural gas was made in 1974, and commercialization of natural gas in Tanzania started in 2004 from Songo Songo gas field where natural gas was processed at Songo Songo and transported to Dar es Salaam mainly for power generation and small portion for utilization in industries and households. Due to dramatic increase in demand

of natural gas, the infrastructure that were put in place to commercialize the Songo Songo gas field became full in five years' time. Hence, in 2013, the Government through TPDC initiated a project to construct major natural gas infrastructures to match up with the projected demand of gas which was then commissioned in 2015. The project comprised of two natural gas processing plants; one at Madimba – Mtwara with a design capacity of 210 million standard cubic feet per day (mmscfd) and another at Songo Songo – Lindi with a design capacity of 140 mmscfd.

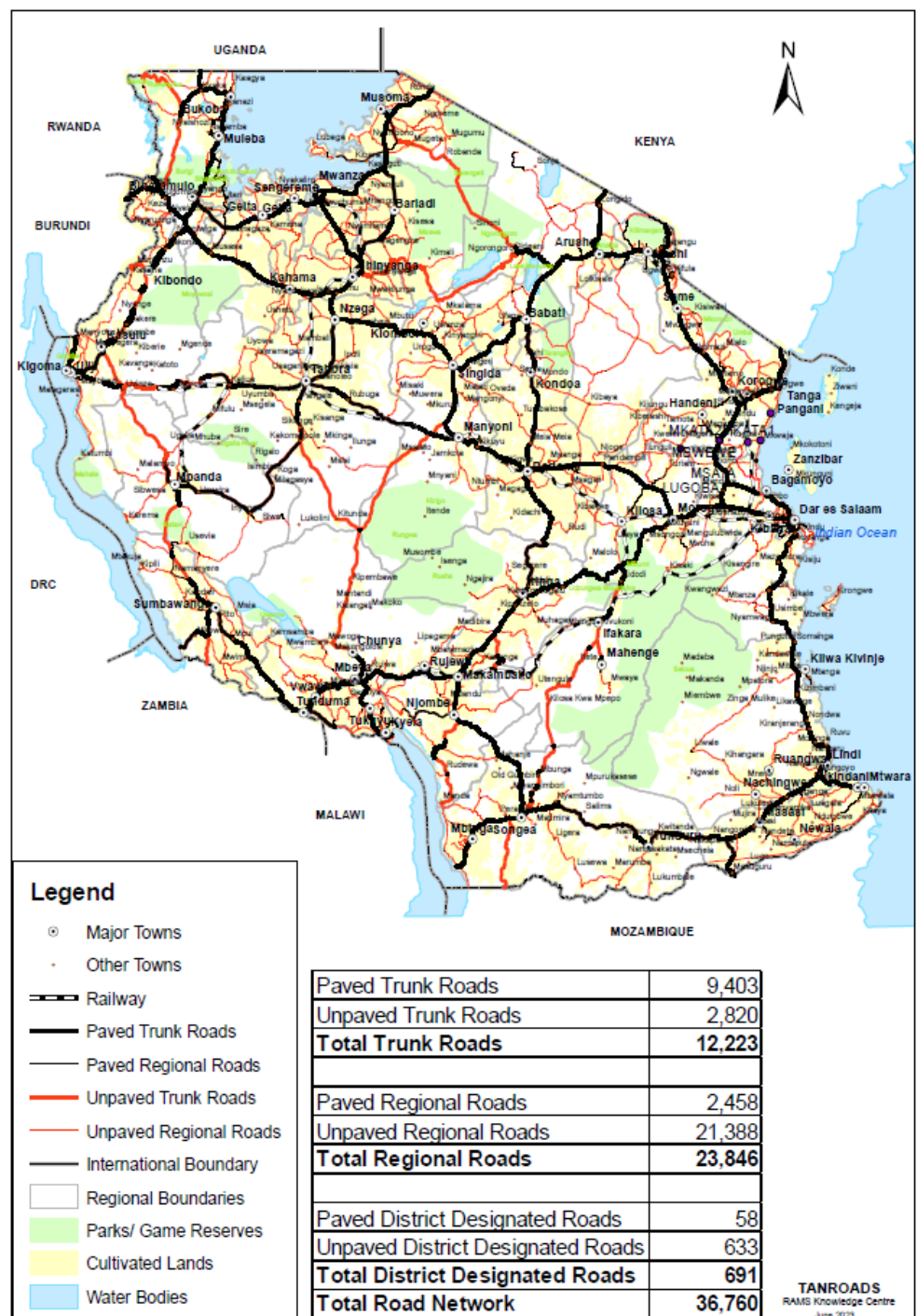
The project also comprises of a high-pressure transmission pipeline with a 551 km of which 477 km is 36-inch diameter from Mtwara to Kinyerezi, 29 km is 24-inch diameter of marine pipeline from Songo Songo to Somanga Fungu, 18km is 16-inch diameter from Mnazi Bay to Madimba Processing plant and 27 km are 16-inch pipeline extending from Kinyerezi to Tegeta - Dar es Salaam. The transmission pipeline has a design capacity of 784 mmscfd but it can deliver up to 1,002 mmscfd

with additional provision of compression facilities. Thus, the capacity of installed infrastructures is; processing plants (470mmscfd), 810km transmission pipeline (959 mmscfd) and distribution pipeline more than 160km. The availability of natural gas infrastructure provides an alternative cost-effective source of power to investors in Tanzania which ensures production optimization.

i. National Road Network

Tanzanian road management falls under the authority of the Ministry of Transport, through Tanzania National Roads Agency (TANROADS) for national roads. Road transport is the most widely used in Tanzania, carrying over 90% of the passengers and 75% of the freight traffic in the country. The total road networks in Tanzania include 181,189.77 of roads, of which TANROADS is managing a total of 36,760 km, comprises 12,223 km of Trunk roads, 23,846 km of regional roads and 691 km of designated District roads. The remaining 144,429.77 km is rural, urban and feeder roads under the responsibility of President's Office, Regional Administration and Local Government (PO-RALG) managed by Tanzania Rural and Urban Roads Agency (TARURA). Most of the Trunk roads are paved making it easier to transport goods from one side of the country to another.

TRUNK AND REGIONAL ROADS NETWORK





A section of Liganga Iron ore deposit showing a mountain of iron ore in Ludewa District in Southern Tanzania

j. **Availability of Coal and Iron Ore**

The Government through the National Development Corporation (NDC) is implementing the Mchuchuma (coal) and Liganga (Iron ore) integrated Project located at Ludewa District, Njombe Region. This project is one of the strategic projects intended to stimulate the development of the country's industrial economy by establishing primary industries and other industries that are reliant on iron as a raw material. The Mchuchuma Liganga project is among the National flagship projects outlined in the Third Five-Year National Development Plan (FYDPIII) 2021/2022 – 2025/2026. Implementation of this project is expected to curb the current 24 billion bill for importation of raw materials for steel industries. The exploration revealed that in Liganga there is about 126 million tonnes of iron ore reserves and in Mchuchuma there is 428 million tonnes of coal reserves.

The Project will be implemented as an Integrated Projects of Liganga and Mchuchuma, involving the following Project components: i) 3.0 million tonnes/

annum Coal Mine at Mchuchuma, ii) 600 MW Coal Fired Power Station at Mchuchuma, iii) 2.9 million tonnes/annum Iron Ore Mine at Liganga, iv) 1.0 million tonnes/annum Steel Plant at Liganga, v) Construct 220 kV Power Transmission Line from Mchuchuma to Liganga. The project has mining licenses that were obtained in 2014.

2.5. Business Environment

The business environment in Tanzania encompasses several aspects, including; the ease of business registration; goods clearance through the ports; tax issues; labour issues; fixed property registration; access to finance; infrastructure; agriculture; and tourism. In order to ensure that the private sector operates in a conducive and predictable regulatory atmosphere with a proactive role of promoting fair competition, the Government has established a Blueprint for regulatory reform to improve the investment and business environment. In 2023, greater achievements were recorded in these areas, making the business environment more friendly and conducive for investments.

2.5.1 Blue Print Implementation

The Blueprint for Regulatory Reforms to Improve the Business Environment is a document that provides the Government's main framework for enabling a holistic review of business-enabling environment (BEE) in order to improve the business climate in Tanzania. It presents key challenges affecting the business environment in Tanzania along with a set of recommendations for reform to put in place a friendlier business environment. The document was published in 2018 by the Ministry of Industry and Trade.

The implementation of Blue Print over the recent years has helped the government to address some legal and regulatory challenges facing the business environment. Some of the key highlights of the blue print include tremendous improvement in service delivery at government institutions that provide services to investors by migrating from manual to digital registrations. The digital transformations are part of reforms undertaken by the government which is also in line with the Government Electronic Payment Gateway (GEPG) where investors now make all their payments using online system-generated control numbers. The summary of key reforms implemented are highlighted as per Blue Print reforms areas:

i. Review of Policies, Laws and Regulations

As part of reforms in legal and regulatory environment, the Government undertook the following initiatives: amendment of Tanzania Investment Act to ensure implementation of incentives given to investors; abolishment of more than 232 fees and fines that were affecting the business environment in the country; amendment of 40 Laws and Regulations; introduction of a section in the Local Government Act to introduce one stop offices to facilitate business; removal of overlap in LATRA and TBS Acts on setting standards on surface and marine transports so that the responsibility remains under TBS and enforcement remains to LATRA; amendment of the Tourism Act to empower the Director of Tourism to issue licenses; removal of the power of developing standards by the Tanzania Fertilizer Regulatory Authority by shifting the responsibilities

to the Tanzania Bureau of Standards to remove overlaps in standard development; and amend Section 60 of Fair Competition Act to remove the penalty provisions in the Fair Competition Act, 2003 which were not practical.

ii. Institutional Reforms

The government through Blueprint, undertook the following institutional reforms: establishment of the Departments for Industry, Trade, and Investment in the Local Government Authorities (LGAs) which facilitate the business for domestic and international investors; removal of overlaps on setting standard between Tanzania Cotton Boards (TCB) and TBS; removal of the overlap between TBS and TASAC on standard development for product and services offered by TASAC, the role of standard is under TBS; removal of overlap between Tanzania Medical and Drugs Authority (TMDA) and TBS on standard development, all standard matters remain under the Bureau of Standards; removal of overlap in TMDA and Department of Veterinary Services (DVS) on setting standards and implementing on Abattoir; the role will remain in the DVS Department; and overlap of Milk and Milk product enforcement matters are handled by two Department TMDA and Tanzania Milk Board (TMB), recent reform handled all matter to TBS.

iii. Digitalization of Business Registration Systems

The government established the Tanzania Investors Electronic Single Window (TIESW) at the Tanzania Investment Centre (TIC) to facilitate online project registration for investors and consolidate services from various institutions under one roof. At TIC, investors can now register projects and obtain their certificate of incentives within a maximum of three days, compared to over seven days in the past. Consequently, the number of investment projects registered at the Centre increased from 293 in 2022 to 520 in 2023.

Similarly, BRELA introduced the online registration system in 2018 for companies and the business license application system in 2019.





Group photo of the Permanent Secretary of President's Office, Planning and Investment Dr. Tausi Kida and Head of European Union (EU) Relations Mr. Cedric Merel, after the General Committee Meeting of the "Business Environment Growth Innovation (BEGIN)" project held on January 22, 2024 in Dar es Salaam.

The introduction of these new systems witnessed the increase in the number of companies, business names, and licenses issued. Since online registration started in 2018/19, number of registered companies increased from 6,774 to 9,754 and business names from 11,591 to 20,513 in 2020/2021; the number of companies registered and licenses issued continued to increase from 163 industrial licenses in 2022 to 283 industrial licenses in 2023. The number of business licenses increased to 16,333 in the financial year 2022/23.

2.5.2 Reforms of State-Owned Enterprises

In line with the 4Rs philosophy of H. E. Dr. Samia Suluhu Hassan that aim to driving economic reforms and building a robust institutional framework supportive of investments, the Government of Tanzania has proposed the merging and streamlining of several public institutions. The ongoing reforms have led to the establishment of new institutions and policies to guide and foster positive institutional change. In 2023 as part of continued reforms, the government proposed merging of public institutions and ceased the operations of four others so as to enhance efficiency and strengthen public institutions and enhance their contribution to the country's

economy.

The proposed institutions to be merged include: The National Identification Authority (NIDA) and the Registration Insolvency and Trusteeship Agency (RITA); Tanzania Tea Board and the Tanzania Small Holders Tea Development Agency (TSHDA); Tanzania Meat Board and Milk Board; Centre for Agricultural Mechanization and Rural Technology (CAMARTEC) and Tanzania Engineering and Manufacturing Design Organization (TEMDO) and Small Industries Development Organization (SIDO). In similar moves, the government proposed the abolishment of the Tanzania Food and Nutrition Centre (TFNC), Kibaha Education Centre (KEC); and Cereal and Other Produce Regulatory Authority (COPRA).

To sustain a robust institutional framework supportive of investments, continuous reform in the performance and operations of public organizations is essential. The government will persist in enhancing systems for measuring and evaluating the performance of public organizations and institutions, aiming to increase their efficiency.

SECTION FOUR:

LEGAL & INSTITUTIONAL FRAMEWORKS

4.1 Introduction

This section presents the institutional and legal frameworks guiding investments in Tanzania. The section elaborates key institutions and appropriate laws, rules and regulations applied during the process of registering and management of investments in the country.

4.2 Policy and Legal Framework

The policy and legal framework for Investment in Tanzania encompasses broad issues related to policies, laws and regulations. The legal environment in Tanzania went through reforms aiming at streamlining and integrating to avoid diversity across sectors. The investment legal framework is now at its third generation, the first being NIPPA 1990, which was repealed by the Tanzania Investment Act, No. 26 of 1997, which was subsequently repealed and replaced by the Tanzania Investment Act (TIA), 2022. The legal framework also encompasses Export Processing Zones Act, CAP; the Special Economic Zone Act, CAP; and sector specific laws governing investment issues at sectoral level. In the year 2023, the Government undertaken various legal reforms governing investment endeavours in the country as follows:

i. National Investment Policy

Since the mid-1990s, Tanzania has worked to enhance its investment attractiveness to domestic and foreign investors by undertaking a policy shift from a state-controlled economy towards a market-oriented economy. This shift involved, among other things, the privatization of state-owned enterprises and the formulation of various policies and legislation, in particular the National Investment Promotion Policy (NIPP), 1996. Based on its

multi-sectoral nature, among 57 Sectoral Policies governed under 18 different Ministries, 34 policies have provisions related to investment matters. In 2023, the Government finalised the evaluation of the National Investment Policy, 1996 which has been necessitated among other by various factors such as changes in national plans and priorities, various economic and socio-economic development in the country, the need to conduct an assessment of achievements accrued in the course of implementation of the Policy, identification of existing gaps, challenges encountered and recognizing policy areas, new emerging issues crucial for improving Tanzania's investment competitiveness and taking on board various development in the global and regional investment frameworks. This milestone will enable the Government to develop a newly National Investment Policy.

ii. The Main Laws Governing Investment in the Country

The Tanzania Investment Act, of 2022 is the main Act that governs investment matters in the country. The new Act, which was assented to by President Samia Suluhu Hassan in December 2022, was an amendment to the Investment Act of 1997 that had been in use for more than two decades. The amendment of the Act was followed by the formulation and the adoption of the Investment Regulations 2023. Some of the benefits of the new laws include, allowing investors to appeal when the requests they lodge to access various services such as incentives are denied; has opened up for international arbitration which earlier was only bonded for local arbitration; and removal of contradiction on incentives between finance act and investment act; and Strengthening Institutions for investment across sectors. Other benefits



include reducing the minimum investment capital for locally owned businesses to enjoy the benefits and protection of the Act from \$100,000 to \$50,000 investment threshold and mandating the Tanzania Investment Centre to create an integrated electronic system to be accessed by all essential Government regulatory bodies responsible for issuing various permits, consents, approvals, and licenses relevant to investment, providing for an additional function of the Centre to deal with investor-related disputes. Additionally, investors in Export Processing zones are guided by the Export Processing Zones Act, Chapter 373 (Principal Legislation), Revised Edition of 201 and Special Economic Zones Act, Chapter 420 (Principal Legislation), Revised Edition 2012. The PPP Act Cap 103 as amended in 2023 is the main instrument for PPP projects. The Act was amended in 2023 to make it more attractive to private investors.

iii. Sector Specific Investment Policies & laws

a. The Energy Sector

The energy sector is regulated by the National Energy Policy, 2015, and a number of acts but chiefly the Petroleum Act, 2015, and the Electricity Act, 2008. The Policy guides the sustainable development and utilization of energy resources to ensure optimal benefits to Tanzanians and contribute towards the transformation of the national economy. The Policy necessitated the establishment of the Petroleum Act which provides for regulating upstream, midstream, and downstream petroleum activities; establishing the Petroleum Upstream Regulatory Authority (PURA); providing for the National Oil Company (TPDC); securing the accountability of petroleum entities; and providing for other related matters. In connection with the Policy, there is also the Electricity Act, of 2008 which provides rules for the generation, transmission, distribution, and use of electric energy in Tanzania. The Act also assigns duties, among others, to the Energy and Water Utilities Regulatory Authority (EWURA).

The Policy further provides for the provision of adequate, reliable, and affordable modern energy services to Tanzanians. It focuses on electricity generation, transmission, distribution,

interconnection, power trading, rural electrification, renewable energy, and energy sufficiency, among others, as addressed by the Electricity Act, and petroleum and gas upstream, midstream, and downstream activities as addressed by the Petroleum Act. To combat rural poverty and allow for an even distribution of investment projects across the country, the Policy advocates accelerating rural electrification to foster socioeconomic transformations. The Ministry of Energy is responsible for overall leadership, oversight guidance, and policy directions in implementing the National Energy Policy, the Petroleum Act, and the Electricity Act, and all Acts spearheading the energy sector's growth. The Ministry also facilitates the improvement of the investment environment to promote and support private sector participation in the energy sector for accelerated socio-economic transformation of the country.

b. Financial Sector

The Banking Sector Development Policy and Micro-finance Policy are the main policies governing investment in the financial sector. Several Acts also exist which include the Bank of Tanzania Act (Cap. 197), the Banking and Financial Institutions Act (Cap. 342), the Foreign Exchange Act (Cap. 271), and the Microfinance Act (Cap. 407). In 2023 the government reviewed at least eight regulations to improve the investment climate in financial sector.

c. Mining Sector

The Mining sector is governed by the mining policy of 2009, the Mining Act, Cap 123, Explosives Act 45, Natural Wealth and Resources Permanent Sovereignty Act, 2017, and its various regulations. During the period, the government instituted various legal reforms and non-legal interventions which included the reduction of Royalty and inspection fees for minerals sold from the refinery, Exemption of Value Added Tax for minerals sold in the Mineral and Gem houses, reduction of Royalty for coals sold within Tanzania, and reduction of inspection fee for salt preparation of Corporate Social Responsibility Regulations.



The Minister of State, President's Office, Planning and Investment, Hon. Prof. Kitila Mkumbo (MP)-third from right, in a group photo with the Permanent Secretary in the President's Office, Planning and Investment, Dr. Tausi Mbaga Kida (third from left); TIC Executive Director, Mr. Gilead Teri (left); Treasury Registrar, Mr. Nehemiah Mchechu (second left); Executive Secretary for the Planning Commission, Mr. Lawrence Mafuru (second right); and EPZA Director General, Mr. Charles Itembe (right).

3.1 Institutional Framework for Investment

The institutional set-up of Tanzania's investment ecosystem is structured to ensure smooth coordination, promotion and facilitation of investment endeavours in the country. The President's Office, Planning and Investment which is at the central is primarily vested with the role of coordination, promotion and facilitation of investment in the country, however, all Government Ministries, Departments, and Agencies (MDAs), Local Government Authorities (LGAs), private sector, development partners, non-state actors, among others, are significant players. The responsibilities of the institutions are elaborated as follows: -

(i) President's Office-Planning and Investment

The President's Office, Planning and Investment, is a newly established Ministry responsible for the formulation, implementation, and monitoring of policies related to planning and investments in the country. The Office coordinates four institutions

which are: The Planning Commission (PC); Office of the Treasury Registrar (OTR); Tanzania Investment Centre (TIC); and Export Processing Zone Authority (EPZA).

(ii) Sectoral Ministries

Generally, Sectoral Ministries are responsible for investment policy issues related to relevant sectors. Some Ministries such as those responsible for Agriculture, Health, and Tourism are also involved in the issuance of Licenses and permits. Government Institutions under respective Ministry's (agencies and Authorities) are responsible for the registration of projects, registration of the business, and issuance of Licenses and permits.

Investments in the mining sector are approved by the Ministry of Minerals and its Agencies including the Mining Commission. Investments in the energy sector (electricity, oil, and gas) are implemented through the Ministry of Energy and its agencies. Investors seeking partnerships with the government, especially for infrastructure projects, are approved through the Public and Private Partnership (PPP) Centre

under the Ministry of Finance. Additionally, Investors seeking to venture into PPP Projects in primary industries (Industries that produce tools or equipment for industries or other sectors) can join hand with the National Development Corporation (NDC).

(iii) **President's Office, Regional and Local Government Authority (PO-RALG)**

PO-RALG is one of the Government Ministries that facilitates investments in the country. In pursuing the investment facilitation role, the Ministry is responsible for the duty to formulate and review their policies in favour of developing investment initiatives of both local and foreign investors; formulate by-laws that are pro-investment initiatives of Tanzanians; implement investment initiatives in line with the Policy; facilitate the implementation of the National Investment Policy by promoting investment advocacy to local people, collection of revenues, human resource development, identification of potential areas for investment, and facilitation of land acquisition processes by assigning land for investment according to the master plan of the Ministry responsible for land; mobilize resources (financial, human and facilities/equipment) for local investment promotional development programs; and monitor implementation of the development of investment initiatives.

(iv) **Government Institutions and Agencies**

Several government institutions and agencies are mandated to facilitate investment in Tanzania to ensure maximum facilitation from various sectors.

1. **Tanzania Investment Centre (TIC)**

TIC is the first port of call for potential investors where various investment opportunities available in the country can be accessed. It is the primary agency of the Government responsible for coordinating, encouraging, promoting, and facilitating investment. As a one-stop facilitation Centre, it hosts 14 Government institutions under one roof. Project registration at TIC is done through the online portal. Project registration at TIC is done through the online portal (<https://onestopshop.tic.go.tz>); and website: www.tic.go.tz whereby all requirement for projects registration have been highlighted.

TIC hosts a one stop facilitation service Centre that brings together 14 government investment facilitation institutions under one roof so as to minimize time spent in obtaining services from these institutions.

ONE-STOP FACILITATION SERVICE



2. **Export Processing Zone Authority (EPZA)**

The Authority is required by law to establish and regulate appropriate industrial and commercial parks to facilitate the establishment of EPZ and SEZ investments. The EPZA is mandated to acquire land in its name and lease or issue derivative rights to investors or erecting thereon industrial and commercial buildings and leasing such buildings to investors. The Authority provides basic infrastructure for purposes of operations in the Export Processing Zones or Special Economic Zones. The establishment of privately owned industrial and/or commercial parks as well as several Public-Private Partnerships (PPP) with EPZA, are some examples of infrastructure options. Application for registration of projects under EPZA is done through the submission of documents at the EPZA offices. To access requirements investors should visit the authority's website and go to this link: <https://www.epza.go.tz/pages/license-and-procedure>. For the application of license, an applicant can visit the portal: www.bfportal.epza.go.tz.

3. **Business Registration and Licensing Agency (BRELA)**

The Business Registrations and Licensing Agency (BRELA) is an Executive Agency under the Ministry of Industry and Trade responsible for business registration and issuance of Business licenses and



William Benjamin Mkapa SEZ is located at Mabibo External in Dar es Salaam.

Industrial Licenses. Services provided by BRELA include registration of companies, registration of Business Names, registration of Trade and Service Marks, granting of patents, and insurance of Business License Class A and Industrial Licenses. All investors are required by law to register their companies with BRELA.

Company registration and Business name registrations are done through the BRELA website portal: <https://ors.brela.go.tz/ors/start> and Business license Class 'A' (for business activities of a national and International nature) can be applied through <https://business.go.tz/starting-a-new-business>. Business license class 'B' which is administered by Local government Authorities can be applied through <https://tausi.tamisemi.go.tz/#/welcome>.

4. Tanzania Revenue Authority (TRA)

The Tanzania Revenue Authority (TRA) was established by Act of Parliament No. 11 of 1995. It is a government institution responsible for administering various taxes of the Central Government. Taxes and charges administered and collected by the Authority are Income Taxes that include, Corporate Tax, Individuals, Pay As You Earn (PAYE), Skills Development Levy (SDL), other Withholding Taxes, Value Added Tax (VAT), Import Duty, Excise Duty, Stamp Duty, Airport Service Charge, Port Service Charge, Motor Vehicle Registration, and Transfer Tax, Property Rate, Fuel Levy, Petroleum Levy, Tourism Development Levy, Railway Development Levy, and Motor Vehicle Driving License Fee. Tax registration and payment are compulsory for every investor (company).

Both the company and Shareholders/Directors are

required to obtain Taxpayer Identification Numbers to enable them to pay taxes. Most Tax registration, tax payments, and tax returns filing are done through the TRA Website's portal <https://taxpayerportal.tra.go.tz>.

5. Public Private Partnership Centre

The Public-Private Partnership Centre (PPP Centre) was established in 2023 through the Public Private Partnership Act, CAP 103; responsible for promotion and co-ordination of all matters relating to public private partnership projects in the country.

The Centre is mandated to provide technical analysis of projects submitted by government institutions (Solicited) and those from the Private sector (unsolicited) to establish whether they are in line with PPP legal frameworks. In addition, the Centre's responsibilities include coordination and support of investors to swiftly access the information of the pipeline projects, guarantees, viability gap funding, obtain streamlined information, and access facilitation services.

6. Mining Commission

The Mining Commission is an Institution under the Ministry of Minerals established through the written laws (Miscellaneous Amendments) Act, No. 7 of 2017. Among its functions is to regulate mining activities such as exploration, mining, processing, mineral trading, and issuance of different mineral rights and permits by the Mining Act, Cap.123, and its regulations thereto.

The mineral rights issued by the Mining Commission are Prospecting Licenses (PL), Special Mining Licenses (SML- Issued by the Commission upon approval of the Cabinet) Mining Licence (ML), and Primary Mining Licence (PML). Other licenses include a Processing Licence (PCL), Smelting Licence (SL), Refinery Licence (RFL), and licenses for dealing with minerals (Broker's and Dealer's Licenses), Licence can be issued to individuals, companies, or cooperate as per the Mining Act, Cap.123 and its Regulations.

For comprehensive information about the mining industry, opportunities, and procedures for the application of various mining and mineral licenses visit the Commission website: <https://www.tumemadini.go.tz>.

7. Energy and Water Utilities Regulatory Authority (EWURA)

The Energy and Water Utilities Regulatory Authority (EWURA) is an autonomous multi-sectoral regulatory authority established by the EWURA Act, CAP 414 of the laws of Tanzania and its amendments. The Authority is responsible for technical and economic regulation of the electricity, petroleum, natural gas, and water sectors in Tanzania. The functions of EWURA include among others, licensing, tariff review, monitoring performance and standards with regards to quality, safety, health, and environment. EWURA is also responsible for promoting effective competition and economic efficiency, protecting the interests of consumers, and promoting the availability of regulated services to all consumers including low-income, rural, and disadvantaged consumers in the regulated sectors.

Investors wishing to undertake mid and downstream petroleum activities in Tanzania Mainland should apply and obtain EWURA licence. Licences issued by EWURA include: The Petroleum Wholesale Licence; The Petroleum Storage Licence; The Petroleum Retail Licence; The Petroleum Consumer Installation Licence; The Petroleum LPG Wholesale Licence; The Petroleum LPG Distribution Licence; The Petroleum Lubricant Blending Licence; The Petroleum Lubricant Wholesale Licence; The Petroleum Lubricant Distribution Licence; The Petroleum Bulk Importation Coordination Licence; The Petroleum Marine loading and Offloading Operation Licence; The Petroleum Refinery Operations Licence; The Petroleum Waste Oil Recycling Operations Licence; The Petroleum Pipeline Operations Licence; The Petroleum Bitumen Wholesale Licence; and The Petroleum Petcoke Wholesale Licence. Applicants for various EWURA Licenses and other services can visit the Authority's website under the online services section: <https://www.ewura.go.tz/online-services>.

8. Capital Markets and Securities Authority (CMSA)

The Capital Markets and Securities Authority (CMSA) was established in 1995 by the Capital Markets and Securities Act, Chapter 79 R.E. 2002. The CMS Act is supplemented by 19 Regulations and Guidelines governing various aspects of capital markets. The establishment of CMSA followed comprehensive financial sector reforms in the early 1990s that were aimed at developing capital markets in Tanzania. The Authority is responsible for: promotion and development



A trading session at DSE

of efficient and sustainable capital markets and securities business in Tanzania while ensuring fair and equitable dealings; formulate principles for the guidance of the industry, protection of investors' interests and integrity of the securities market against any abuses; licensing and regulating stock exchanges, dealers, brokers and their representatives and investment advisors; and advises the Government on policies and all matters relating to the securities industry.

Institutions regulated by CMSA include Dar es Salaam Stock Exchange (DSE), UTT – Asset Management and Investor Services (AMIS) and Tanzania Mercantile Exchange (TMX) where trading of shares, securities and commodities are conducted. Specifically, DSE has 28 listed companies of which 22 are local companies and 6 are cross-listed companies. On the bonds market, there are several Treasury bonds with maturities ranging from 2 to 25 years and corporate bonds listed at the DSE.

9. Fair Competition Commission (FCC)

The Fair Competition Commission is an independent government body established under the Fair Competition Act (FCA) No. 8 of 2003, to promote and protect effective competition in trade and commerce and to protect consumers from unfair and misleading market conduct. The FCC makes necessary interventions to ensure that there is a fair competition in the market. It also intervenes to prevent significant market dominance, price fixing and extortion of monopoly rent to the detriment of the consumer, market instability.

The ultimate goal of the FCA, 2003 is to increase efficiency in the production, distribution and supply of goods and services in the economy. FCC, among other functions, is mandated to control mergers and acquisitions that have the effects of appreciably preventing, restraining and distorting competition in relevant markets.

SECTION FIVE:

GLOBAL INVESTMENT TRENDS & PROSPECTS TO AFRICA

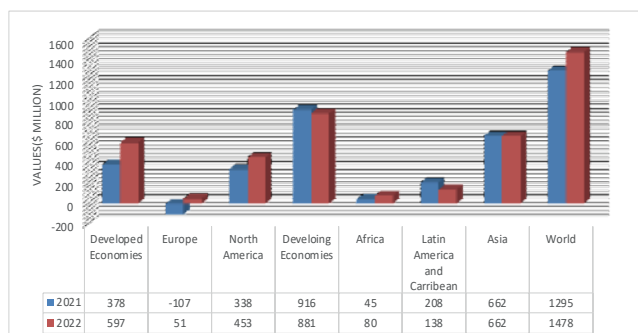
5.1 Introduction

This part presents investment trends at global and regional levels. It also shows key trends of inflows to Africa by sub-regions and selected economies including North Africa, West Africa, East Africa, Central Africa and Southern Africa.

5.2 Global FDI

The UNCTAD World Investment Report 2023 noted a slight fall in global investments by 12% in 2022 to \$1.3 trillion, after a strong rebound in 2021. The decline in global investments was attributed mainly by global crises as a result of the war in Ukraine, high food and energy prices, and soaring public debt. The decline was felt mostly in developed economies, where FDI fell by 37% equivalent to \$378 billion. But flows to developing countries grew by 4% – albeit unevenly, with a few large emerging countries attracting most of the investment while flows to the least developed countries declined. On a positive note, the report highlights that Greenfield investment project announcements were up by 15% in 2022, growing in most regions and sectors. Figure 5.2 indicates global investment trends for 2021 and 2022.

Figure 5.2: Global Investments Trends: Comparative figures for 2021 and 2022



Source: UNCTAD, 2023

5.3 FDIs Flow to Africa

Foreign direct investments (FDIs) flow to Africa declined to \$45 billion in 2022 from the record set of \$80 billion in 2021. They accounted for 3.5 percent of global FDI. The number of Greenfield project announcements rose by 39 percent to 766. Six of the top 15 Greenfield investment mega projects (those worth more than \$10 billion) announced in 2022 were in Africa (UNCTAD, 2023).

In North Africa, Egypt experienced FDI inflows more than double to \$11 billion as a result of increased cross-border merger and acquisition (M&A) sales. Announced Greenfield projects more than doubled in number to 161. International project finance deals rose in value by two thirds to \$24 billion. Flows to Morocco decreased slightly, by 6 per cent to \$2.1 billion. In West Africa, Nigeria saw FDI flows turn negative to -\$187 million as a result of equity divestments. Announced Greenfield projects, however, rose by 24 per cent to \$2 billion. Flows to Senegal remained flat at \$2.6 billion. FDI flows to Ghana fell by 39 per cent to \$1.5 billion (UNCTAD, 2023).

In Central Africa, FDI in the Democratic Republic of the Congo remained constant at \$1.8 billion, with investment sustained by flows to offshore oil fields and mining. In Southern Africa, flows returned to the five-year average of 2015–2019 after the anomalous peak in 2021 caused by a large corporate reconfiguration in South Africa. FDI in South Africa was \$9 billion – well below the 2021 level but double the average of the last decade. In Mozambique, FDI fell by 61 percent to \$1.97 billion from \$5.1 billion received a year before, mainly due to negative intracompany loans (UNCTAD, 2023).



In East Africa, FDI rose by 3% from \$ 8.43 billion in 2021 to \$8.73 billion in 2022. Flows to Ethiopia decreased by 14% to \$3.7 billion; however, the country remained the second-largest FDI recipient on the continent. FDI to Uganda grew by 39% to

\$1.5 billion on investment in extractive industries; in Kenya, FDIs grew by 64% from \$0. 46 in 2021 to \$ 0.76 in 2022. FDI to Tanzania increased by 8% to \$1.11 billion in 2022 from \$1.03 billion the year before (UNCTAD, 2023).

Table 5.3: FDI inflows to Africa by sub-regions and selected economies

Sub-region/selected economy	2020 (\$million)	2021 (\$million)	2022 (\$million)	Growth rate,2021–2022(%)
Africa	39,195	79,583	44,929	-44
North Africa	9,800	9,509	15,038	58
Algeria	1,143	870	89	-90
Egypt	5,852	5,122	11,400	123
Morocco	1,419	2,266	2,141	-6
Tunisia	652	660	713	8
Other Africa	29,395	70,074	29,891	-57
West Africa	8,857	12,947	8,454	-35
Ghana	1,333	2,414	1,473	-39
Nigeria	2,385	3,313	-187	-106
Senegal	1,846	2,588	2,586	0
Central Africa	9,338	6,488	6,006	-7
Congo	4,016	532	532	0
Congo, Democratic Republic of the	1,647	1,870	1,846	-1
Gabon	1,717	1,529	1,105	-28
East Africa	6,329	8,433	8,726	3
Ethiopia	2,381	4,259	3,670	-14
Kenya	717	463	759	64
Uganda	874	1,100	1,526	39
United Republic of Tanzania	944	1,033	1,111	8
Southern Africa	4,871	42,206	6,704	-84
Mozambique	3,035	5,102	1,975	-61
South Africa	3,062	40,948	9,051	-78

Source: UNCTAD, WIR, 2023

SECTION SIX:

TANZANIA INVESTMENT PERFORMANCE FOR 2023

6.1 Introduction

This part presents a comprehensive finding on the performance of the investment in the country for the year 2023. Data on investment trends and flows in Tanzania have been systematically gathered from various stakeholders, including Government Ministries, Departments, and Agencies (MDAs), Local Government Authorities (LGAs), the private sector, development partners, and non-state actors. These entities operate with distinct jurisdictions and mandates. However, the government established institutions responsible for investment coordination in the country. These entities have consistently maintained investment databases, facilitating the aggregation of pertinent information for the production of comprehensive investment reports.

As a result, the National Investment Report for the year 2023 drew upon data from key entities such as the Tanzania Investment Centre (TIC), Export Processing Zones Authority (EPZA), Mining Commission, Tanzania Medicines and Medical Devices Authority (TMDA), Energy and Water Utilities Regulatory Authority (EWURA), Tanzania Electric Supply Company Limited (TANESCO), Bank of Tanzania (BOT), and Business Registrations and Licensing Agency (BRELA). The main variables captured include the number of projects registered, employment creation, the value of projects registered, and FDI inflows in the country.

6.2 Profiles of Investments registered

According to the data obtained from various institutions, covering the period from January 2023 to December 2023, Tanzania registered a total of

9,678 projects, from various sectors, which is an increase of 15.20% compared to **8,401** projects registered in 2022. The registered projects in 2023 were valued at **\$8,658 million**, an increase of **53%** from **\$ 5,658.47 million** invested the previous year. These projects were expected to generate **195,803** direct jobs, equivalent to an increase of 154.82% from **76,841** jobs expected in 2022.

Among the registered projects, **TIC** registered **520** projects in 2023 compared to **293** in the year, 2022. This is equivalent to an increase in number of expected jobs from **40,889** in 2022 to **136,515** in 2023. The tremendous increase was attributed to the new Tanzania Investment Act, 2022, which has reduced the minimum investment capital for local investors from \$100,000 to \$50,000, online facilitation through Tanzania Electronic Investment Window (TeIW), and enhancement of One Stop Facilitation Centre, eligibility for registration of expansion and rehabilitation and enhanced promotion strategies within and outside the country. Similarly, the significant increase in jobs was driven by investments in labor-intensive areas such as agriculture and industrial parks. Notable performances were recorded in the manufacturing sector with 208 registered projects, transportation with 111 registered projects, tourism with 58 registered projects, commercial building with 57 registered projects, and agriculture with 48 registered projects. These were the top five attractive sectors in 2023.

The ownership of projects registered in 2023 increased for both foreign, joint venture (JV), and local. Foreign ownership of the registered projects increased to 214, compared to 112



projects recorded in the same period in 2022. In terms of JV ownership, it increased to 130 projects in 2023 from 82 projects in the same period last year. Meanwhile, local ownership of the projects has increased to 159 from the 99 projects marked in the corresponding year. The domestic investors have an investment interest of 55% of total registered projects in the year 2023. The projects are primarily concentrated in Dar es Salaam, which attracted 213 projects equal to 40.5%, followed by the Coast Region 89 projects (17%), Mwanza 23 projects (4.4%) %, Dar es Salaam, Coast, and Mwanza were most preferred due to proximity to market, availability of power, developed infrastructure, availability of labour, etc.

The mineral sector recorded high figures of projects and number of jobs expected during the two years under review compared to other sectors that is 7,887 projects in 2022 and 8,800 projects in 2023. The expected jobs increased to 16,462 in 2023 as compared to 14,308 in 2022. This was contributed by 7,503 and 8,310 Primary Mining Licenses (PMLs) issued in 2022 and 2023 respectively. Similarly, Mining Licenses and Special Mining Licenses were 490 in 2023 while in 2022 the commission issued 384 licenses. This increase was attributed to the amendments of the Mining Act, 2010 in 2017, which led to improved management and facilitation of the mining activities.

The report further reveals that, 20 projects (7 Developers and 13 Operators) were registered by **EPZA** in 2023 compared to 33 projects (18 Developers and 15 Operators) registered in 2022, a decrease by 73.33%. However, the number of jobs created by both developers and operators increased from 4,029 jobs in 2022 to 16,507 jobs in 2023. The surging number of employments was caused by nature of new registered projects which were more labor intensive.

Medical Devices and Pharmaceuticals are among the strategic industries targeted by the Government. In 2023, medical devices attracted 19 projects compared to 11 projects registered in 2022, which is an increase by 72%. Pharmaceutical industries attracted 1 project in 2023 equivalent to

a decrease of 50%, from 2 projects registered in 2022.

Natural gas attracted 13 projects in 2023, compared with 4 projects in 2022. There was an increase of over 200% signifying an increase in usage and awareness of natural gas which is less expensive than other fossil fuels, the most environmentally friendly fossil fuel because it burns cleaner and affordable.

The energy sector attracted 6 renewable energy projects from private investors in 2023 compared to 1 project in 2022. This increase was a result of the government's efforts in promoting the renewable energy sub-sector. Renewable energy sources such as solar, wind, geothermal, and hydro-power are sustainable forms of energy, as they have low environmental impact, are widely available, and are naturally replenishable.

The Bank of Tanzania in 2023 registered 12 financial services compared with 3 projects in 2022. This increase was due to financial sector reforms implemented during the period. The increase in financial services contributes to the increase of financial inclusion in the country. In 2023, BRELA licensed 283 industries compared with 163 industries licensed in 2022, equivalent to 74% increase. The licensed industries were expected to generate 25,469 jobs compared to 17,615 jobs in 2022, equivalent to 70% increase. The increase was attributed to improved business environment in the country, improved online services.

The increase in value of investments signifies an increase in production, jobs creation and export of products and services which improves the balance of payments in the country. However, projects under EPZA (both developers and operators), financial services (excluding VICOBA and money transfer agents), telecommunication, human resources, and manufacturing sectors declined as compared to values recorded in 2022. Table 6.1 describes number, expected jobs and value of projects registered by sector through TIC, EPZA, EWURA, TMDA, BRELA, TANESCO, Mining Commission, and BOT.

Table 6.1 Profiles of Investment Projects Registered in 2022 and 2023

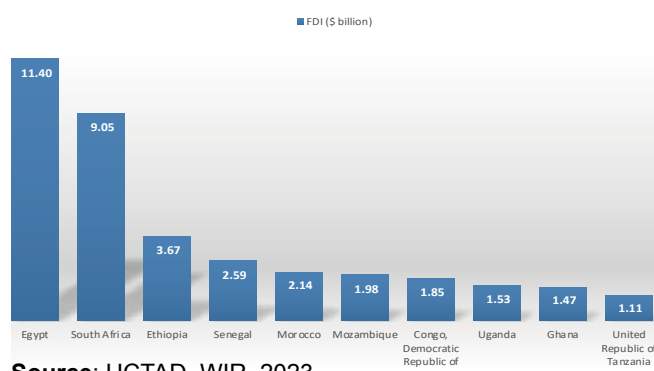
Reporting Entity	Sector/Category	Number of Projects			Expected Jobs			Capital Invested (\$million)		
		2022	2023	% change	2022	2023	%change	2022	2023	% change
TIC	Agriculture	29	48	65.52%	3,199	30,718	860%	78	793	916.67%
	Commercial Building	14	57	307.14%	772	3,596	366%	184	1,054	472.83%
	Economic Infrastructure	3	7	133.33%	233	50,319	21496%	22	249	1031.82%
	Energy	1	3	200.00%	3	118	3833%	10	58	480.00%
	Human Resources	9	6	-33.33%	1,038	443	-57%	46	7	-84.78%
	Services	13	20	53.85%	1,271	1,832	44%	29	283	875.86%
	Telecommunication	2	2	0.00%	85	43	-49%	177	29	-83.62%
	Tourism	23	58	152.17%	1,109	4,103	270%	66	189	186.36%
	Manufacturing	141	208	47.52%	23,341	26,563	14%	3,277	1,689	-48%
	Transportation	58	111	91.38%	9,838	18,780	91%	648	1,323	104.17%
	Sub-total	293	520	77%	40,889	136,515	234%	4,537	5,674	25%
Mining Commission	Mineral Sector	7,887	8,800	11.58%	14,308	16,462	15%	261.64	356.38	36.21%
EPZA	EPZA project (Developers)	18	6	-66.67%	1,013	11,773	1062%	42.94	13.22	-69.21%
	EPZA Project (Operators)	15	14	-6.67%	3016	4734	57%	85.27	24.41	-71.37%
	Sub-total	33	20	-39.39%	4,029	16,507	310%	128	38	-71%
TMDA	Medical Devices	11	19	72.73%	-	-	-	-	-	-
	Pharmaceuticals	2	1	-50.00%	-	-	-	-	-	-
	Sub-total	13	20	54%	-	-	-	-	-	-
EWURA	Electricity	4	4	0.00%	-	-	-	-	-	-
	Natural Gas	4	13	225.00%	-	-	-	-	-	-
	Sub-total	8	17	113%	-	-	-	-	-	-
TANESCO	Private Projects	1	6	500.00%	-	850	-	90	1615.8	1695.33%
BOT	Financial service	3	12	900%	-	-	-	7.29	2.33	-68.04%
BRELA	Industries	163	283	74%	17,615	25,469	45%	634.33	971.86	53.21%
GLAND TOTAL		8,401	9,678	15.20%	76,841	195,803	669%	5,658.47	8,658.00	53%

Source: TIC, EPZA, EWURA, BOT, TANESCO, TMDA, BRELA and Mining Commission.

6.3 FDIs Inflows to Tanzania

According to World Investment Report by UCTAD, (2023) which presented FDIs for 2022, Tanzania was among the top 10 investment attractive countries in Africa. Tanzania has been on a rapid path of development over the past few years. This growth is attributed to consistent public investment from the government in key secondary and tertiary sectors, ranging from the energy sector to advancements in the telecommunications and finance sectors. Figure 6.1 indicates the top 10 FDI reception countries in Africa.

Figure 6.1: Top 10 FDI Recipient Countries in Africa for 2022 (\$ billion)



Source: UCTAD, WIR, 2023

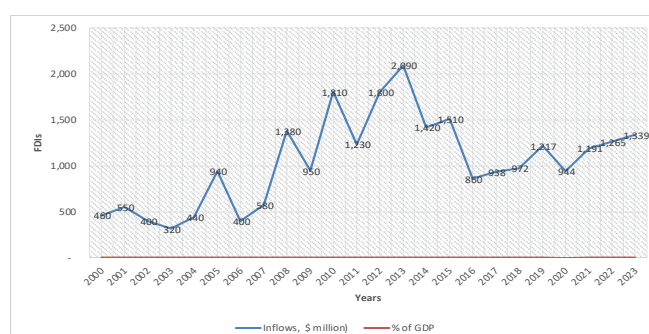




The Dar es Salaam Port has 11 berths with a holding capacity of 20 million tonnes of cargo per annum.

The trend of FDI flowing into Tanzania showed positive growth over the past two decades. However, the outbreak of COVID-19 in 2019, combined with the conflict in Ukraine, resulted in a slight decline in the FDI stock in subsequent years. Figure 6.2 illustrates the data on FDI flows to the country since 2000. While net FDI inflows to Tanzania are quite volatile and have been on a downward trend over the past few years, there are signs of partial recovery in investment activity, including an increase in the share of FDI to GDP from 1.1% in 2020 to 1.7% in 2023.

Figure 6.2: Tanzania Foreign Direct Investment from 2000 to 2023



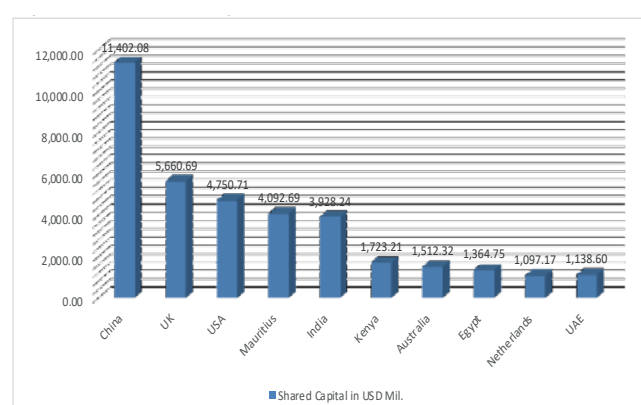
Source: UNCTAD; BOT, (2023)

6.3.1 Top ten leading FDIs countries from 1997 to 2023

TIC continued to encourage and to facilitate foreign direct investments (FDIs). Investment stocks registered from 1997 to 2023 shows

that, China is leading in stock by investing \$11,402.08m (31.09%) of the total stock followed by the UK \$5,660.69m (15.44%), United States of America \$4,750.71 (12.96%), Mauritius \$4,092.69 (11.16%), India \$3,928.24 (10.71%), and other \$6,836.05 (18.64%). Over the 27 years, FDI has played a great role in the transfer of appropriate technology, and human capital development as well as increased tax revenues to the government through corporate tax. The taxes have been crucial for Tanzania's economic development as the revenue collected is used for public expenditure especially infrastructure and social services. FDIs have also contributed to boosting industrial production, improving human capital, and enhancing cooperation on R&D.

Figure 6.3: Top Ten Leading FDIs Countries from 1997 to 2023



Source: TIC, (2023)



SECTION SEVEN:

DEVELOPMENT OF THE START-UP ECO-SYSTEM

7.1 Introduction

This section provides an overview of Startups ecosystem in Tanzania by highlighting its potential, status and current interventions to boost the sector.

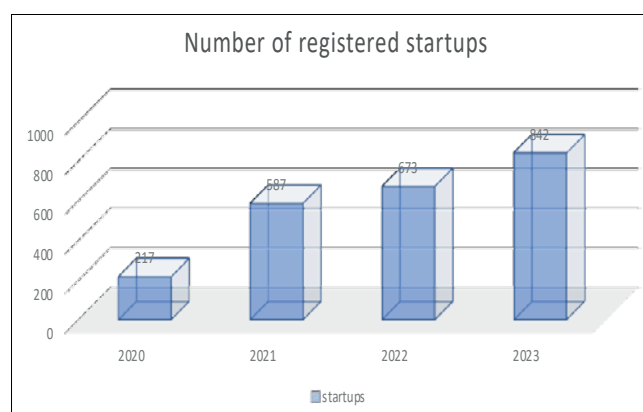
7.2 Overview of Startups in Tanzania

Tanzania Startup Association (TSA) defines Startup as “an early-stage business that embodies innovation, inherent destructiveness, and the potential for significant scalability”. Similarly, McGowan, (2022) broadly defines a startup as a company or a business formation typically in the early stages of its development, usually founded by 1-3 entrepreneurs who aim to capitalize on a perceived market demand by developing a viable product, service, or platform. In the first stage of operations, often financed by its founders or family, friends, crowdfunding, or venture capitalists.

In Tanzania, the startup ecosystem is growing at a considerable pace, anchored by an improved business environment, where stakeholders such as the Government, Tanzania Startup Association (TSA), academic institutions, donors, and investors work hand in hand to support the system. Tanzania is currently undergoing a digital transformation, evident in the increasing number of individuals connected to communication and internet services. With one of the world’s fastest-growing young populations, Tanzania has over 50% of its population under 18 years old and more than 70% under 30 years old. The youth, armed with innovative ideas and unique business models, are addressing social, economic, and

environmental concerns, playing a crucial role in alleviating unemployment challenges (TSA, 2023).

Figure 7.1: Number of Registered Startups in Tanzania



Source: TSA, 2023

The figure 7.1 shows an increase in number of known startups in Tanzania as captured by the Tanzania Startup Ecosystem Status Report 2023. The data shows that there has been an increase in the number of known startups by 25.26%, from 673 in 2022 to 843, in 2023, which suggests a dynamic and growing startup ecosystem, with youth increasingly adopting a self-employment culture. Dar es Salaam maintains its position as the predominant business hub, with 56.47% of known startups followed by other big cities of Mbeya (8.24%), Dodoma (7.06%), Arusha (7.06%), Morogoro (5.88%), and Mwanza (3.35%). AgriTech remains the leading sub-sector at 20%, followed by ICT/Professional services and EduTech following closely at 17.7% and

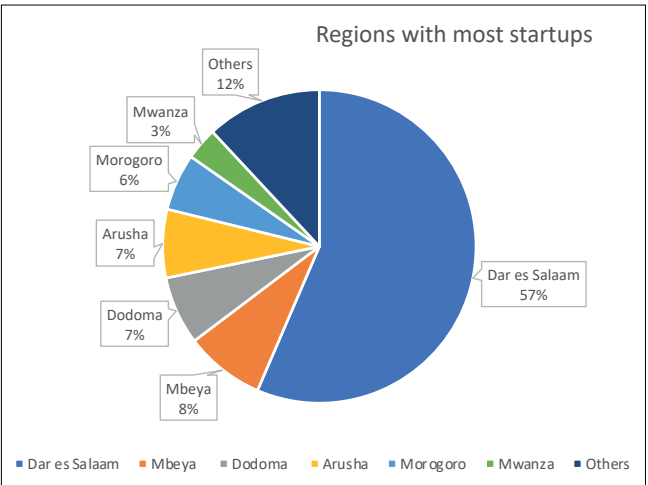


12.94%, respectively. According to the report, the notable change in the top sectors between the two years suggests a dynamic and evolving startup ecosystem, due to dynamics and increased investor interest.

7.2.1 Regional Distribution of Startups in Tanzania

In 2023, Dar es Salaam remained to be the top startup hub in Tanzania, hosting 57% of all startups. Mbeya secured a second place with an average of 8%; Arusha and Dodoma secured a third place with an average of 7%, while Morogoro registered 6% and Mwanza 3%. The remaining 12% of startups are based in different cities nationwide. Figure 7.2 indicates regional distribution of Startups in Tanzania.

Figure 7.2: Regional Distribution of Startups in Tanzania



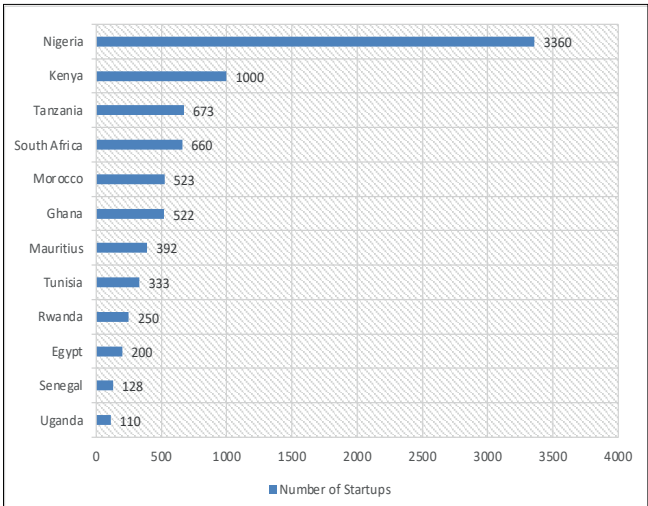
Source: TSA, 2023

7.3 Registered Startups in Africa.

Tanzania is performing well in terms of number of startups in Africa when compared to other countries in the region. According to statistics presented by Statista Research Department in June 30, 2024, the number of startups in Nigeria was estimated to have exceeded 3,360 in 2022, the highest number in Africa. Followed by Kenya, Tanzania and South Africa counted approximately 1,000, 673 and over 660 startups in the same year, respectively. Other key African markets for startups were Ghana,

Morocco, Mauritius, Tunisia, Rwanda, Egypt, Senegal and Uganda who recorded less than 600 during the period. The figure 7.3 indicates the number of registered startups in Africa for the year 2022.

Figure 7.3: Comparative Figures for Registered Startups in Africa in 2022

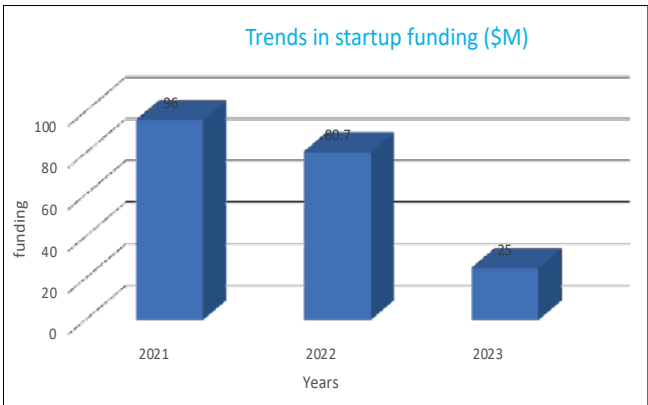


Source: Statista Research Department, 2024.

7.4 Funding for Startups in Tanzania

In 2023, Tanzania startups secured a comparatively lower funding of only \$25 million indicating a fluctuating trend in the funding landscape, attributed to many factors including limited number of projects with bankable write-ups. As shown in the figure 7.4, there has been a decline in funding for startups from \$96 million in 2021 to \$80.7 million in 2022 and finally to 25 million in 2023.

Figure 7.4: Trends in Startups funding (\$M)



Source: TSA, 2023



7.4.1 Sources of funding for Startups

Tanzania's financial market had 107 active capital providers, fitting into 12 categories. The diversity of capital providers benefits startups by providing multiple avenues for accessing funds. According to the data, all explicit funding to startups stood at \$25 million. The leading investors include DEG (Germany), GIIG Africa Fund, RaliCap, Seedstars, Hustle Fund, Microtraction, Ventures Platform, Launch Africa, MAGIC Fund, ACASIA Ventures, Asia Africa Investment and Consulting, Adaverse, EMURGO, Angel Investors. Also, Milken Institute Centre for Strategic Philanthropy, Motsepe Foundation, 100x Impact Accelerator, Africa50, AfricInvest, Ohara Pharmaceuticals, Sanofi Global Health Unit Impact Fund, Pontem Ventures, Warioba Ventures, Villgro Africa, Axian Group, Angel Investors, Auto24, Catalyst Fund, Catalyst Fund, EDFI AgriFI, GSMA Innovation Fund.

UNDP in collaboration with the government of Tanzania is implementing the Funguo Innovation Programme (also simply referred to as FUNGUO) funded by the European Union as part of the "Business Environment, Growth and Innovation" (BEGIN) Programme. Other funders include UNDP itself and the UK Government through the Africa Technology and Innovation Partnerships (ATIP). The programme aims to increase the number of successfully scaled innovative startup companies. It does so by addressing the challenges and gaps in the innovation ecosystem that hinder the scaling of innovative impact ventures, while fostering an environment that supports innovation for development and empowers innovators, entrepreneurs, and enablers. UNDP Tanzania leads the programme implementation in partnership with UNCDF, and works in close collaboration with COSTECH, ICT Commission among and other partners.



The FUNGUO Innovation Programme unveiled the second cohort of 17 invitees, following its successful conclusion of the Second Call for Funding Applications. The call, valued at TZS 1.2 billion, was launched in mid-June, targeting Tanzanian impact-driven startups and innovative SMEs with growth potential. This second call brings FUNGUO's total catalytic funding commitment to TZS 3.8 billion, fully funded by the EU.

7.5 Government support

As part of the efforts to support the Startups, the government is preparing the Tanzania Startup Policy, Tanzania Startup Act, and Regulations that among others will establish guidance and clear specific sector incentives to further support and nurture the growth of startups in the country.

Likewise, the Ministry of Education, Science, and Technology in collaboration with COSTECH allocated a total of TZS 401,813,188 to support enterprises with early-stage Innovation that were obtained from innovation competition popularly known as *Mashindano ya Kitaifa ya Sayansi, Teknolojia na Ubunifu* (MAKISATU) in the financial year 2022/23.



The Tanzania Startup Association (TSA) Board and Management met with Her Excellency, President Samia Suluhu Hassan of the United Republic of Tanzania on 20th December 2023.

Moreover, in the 2022/23 financial year, through the Local Government Empowerment Loans municipalities approved TZS 76.02 billion from 10 percent of local income for lending to groups of Women, Youth, and People with Disabilities. Until February 2023, a total of TZS 53.01 billion were collected, which is ten percent of unsecured income, of which TZS 37.59 billion were sent to the loan accounts of Women, Youth, and People with Disabilities (TSA, 2023).

Thus, due to these funds, Municipals/Councils have been able to lend TZS 31.9 billion out of the TZS 50.68 billion that were expected to be lent for that period of which TZS 15.76 billion have been given to 3,308 women's groups, TZS 12.55 billion have been given to 1,880 youth groups and TZS 3.58 billion have been given to 939 groups of Persons with Disabilities.

The government has continued to empower young people to become self-employed, participate in development activities, and contribute to the National GDP. In 2022/2023, the Prime Minister's Office Labour, Youth, Employment and Persons with Disability through the Youth Development Fund provided loans worth TZS 1.88 billion for facilitating 85 youth projects in the agricultural sector, industries, and businesses in council 28. Other efforts by the government, include the provision of training for entrepreneurship, management, formalization, and business development for 2,497 young people in the region.

In addition, the government has improved the guidelines for granting loans through the Youth Development Fund.

On a positive note, jobs created by startups increased to 112,119, from 89,509 marking a substantial 20.17% increase, underscoring the vital role played in addressing employment challenges. The findings also show that male-owned startups have undergone a substantial decline from 76.60% in 2022 to 37.65% in 2023, indicating a noteworthy shift towards more diverse ownership structures. However, the co-owned startup category has seen a substantial increase from 6.30% in 2022 to 50.59% in 2023, indicating a significant shift towards collaborative business ownership.

The number of known entrepreneurs and Innovation Support Organizations (EISOs) has consistently risen over the years. In 2023, the number surged to 149 EISOs, from 122 in 2022 reflecting an 18.86% increase. This underscores a heightened interest and dedication to fostering entrepreneurship and innovation. The TSA report underscores the significant role played by colleges and University institutions in supporting the eco-system. The findings reveal that 75% of the surveyed academic institutions have instituted an innovation cluster, hub, or centre focused on supporting and fostering innovators at the grassroots level.

SECTION EIGHT:

INVESTMENT OPPORTUNITIES IN TANZANIA

8.1 Introduction

This part presents investment opportunities from various sectors in Tanzania. The opportunities available include agriculture, manufacturing, mining, oil and gas, construction, education, health, services, Information and Communication Technology (ICT) and tourism.

8.2 Agricultural Sector

Tanzania is blessed with 44 million hectares of arable land, out of which an estimated 29.4 million hectares are suitable for irrigation. These vast hectares present abundant opportunities for agricultural production. To maximize the existing agricultural potential, the government formulated the Agricultural Sector Development Programme II (ASDP II). This programme aims to transform the agricultural sector (crops, livestock, and fisheries), by enhancing productivity, increasing commercialization, and boosting incomes for smallholder farmers. The objectives are to improve livelihoods, enhance food and nutrition security, and increase the sector's contribution to the GDP. The programme's strategy is to transform gradually subsistence smallholders into sustainable commercial farmers by enhancing and activating sector drivers and supporting smallholder farmers to increase productivity within sustainable production systems. This programme also fosters sustainable market linkages for competitive surplus commercialization and value chain development. The programme led to opening up of investment opportunities in agriculture in areas such as fertilizer production, pest control herbicides, post-harvest loss reduction, irrigation infrastructure, and agriculture mechanization.



During the year 2022, Tanzania imported 900,000 metric tonnes of wheat valued at \$33,365,381; the local production amounted to 62,000 metric tonnes; and the current domestic demand is 1,000,000 metric tonnes. The imports on sugar were valued at \$179,003,384 from the following categories; table sugar (101,000 MT), and industrial sugar (240,000MT). The current production capacity of sugar is 380,000MT leading to a gap of 101,000 MT which is imported. The report further highlights that, about 500,000 metric tonnes of edible oils are demanded annually costing about \$139,123,378. The current domestic supply capacity of edible oils is 180,000 metric tonnes leading to a gap of 320,000 metric tonnes per year. The highlighted gaps in domestic supply capacities from these products indicates presence of huge opportunities to invest in production of these commodities in the country.

8.3 Manufacturing Sector

The manufacturing sector offers a number of opportunities, some of these opportunities include the following:



8.3.1 Fruit/Vegetable Processing

Tanzania is richly endowed with a large variety of fruits and vegetables. Less than 10% of fruits and vegetables produced are processed. There is room for large-scale production of a range of tropical as well as temperate fruits and vegetables. The following are possible areas for investment: (i) Processing and canning factories in regions with high potential for production of fruits and vegetables; (ii) 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, Njombe, Mbeya, Mwanza, and Kagera.



8.3.2 Cashew nut processing

Tanzania is Africa's third largest cashew nut grower after Nigeria and Ivory Coast, and the world's eighth biggest producer. According to the Ministry of Agriculture, Tanzania produced 234,000 tonnes of cashew nuts valued at \$226.9 million in 2022. Currently, around 90% of cashew nuts harvested in the country are exported in raw form. The country is actively seeking to export processed cashew nuts. The total installed cashew nut processing capacity for large firms in Tanzania is around 140,000 tonnes per annum equivalent to 45%. However, most processing facilities operate below capacity due to factors such as the use of inappropriate technology and insufficient funds for the purchase of raw cashew nuts. Opportunities exist for private investors to enter into partnerships

and joint ventures to boost the local processing of cashew nuts.



8.3.3 Textile and apparel

According to the Economic Survey (2022), cotton production in Tanzania was 48,900 tonnes per year valued at \$103.4 million. During the 2021/2022, the operating ginning companies in Tanzania were 38. Tanzania's cotton-planting season begins in October and ends in January, while harvesting takes place from June to December. Opportunities exist in its entire value chain such as establishing full-integrated textile mills as well as plants for cotton ginning, cutting, trimming, making of garments and establishments of cotton farming.



8.3.4 Edible oil sub-sector

Tanzania is endowed with a vast variety of edible oilseeds. The major oilseeds produced are sunflower, palm, sesame, groundnuts, and coconuts. The major producing regions are Singida, Dodoma, Manyara, Arusha, Tabora, Iringa, Njombe, Rukwa, Mbeya, Morogoro, Ruvuma, Kigoma, Katavi, Coast Region, Mtwara, Lindi, Shinyanga, Simiyu and Mwanza. Among the oilseeds produced, sunflower is the leading crop whereby its production is estimated to be 3.1 million tonnes per annum, but the country has the potential to increase production to 10 million tonnes per annum. The Government recognizes the importance of this sub-sector as a viable solution to eradicate the dependence on imported edible oils. The data shows that local production

is around 28.6% of the total demand of 500,000 tonnes. The emphasis is also put on palm oil seeds and the government has put in place strategies to promote palm seeds production.

The Government has also been making several efforts to enhance productivity, including investments in the production of improved seed varieties through research and promoting private enterprises for trading and producing high-quality certified oilseeds. Currently, there are 27 large and medium-scale processing mills, along with approximately 850 small-scale mills in operation.

8.4 Livestock and Fishing Sector

Tanzania is one of the top 3 countries with the highest number of livestock in Africa. There are huge opportunities for investment in the leather industry due to the favorable environment including the availability of raw materials. For instance, during the financial year 2019/2020 there were about 16,746,589.36 kilograms of hides and skin which guarantees availability of raw materials for leather industries. Tanzania currently produces about 9.7 million pieces of raw hides and skins annually, whereas just 10% is 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.



8.4.1 Animal Feeds Production

Tanzania has vast opportunities in the manufacturing of animal feeds, due to abundant raw materials derived from by-products of edible oils such as sunflower and cotton seeds. Currently, these materials are exported to neighboring countries due to limited processing capacity within the country. Additionally, Tanzania is a leading producer of cereals, particularly maize, with production reaching approximately 6.417 million tonnes in 2022.

The production capacity of oil seeds in 2022 was 1,507,565 metric tonnes which include cotton seeds, sunflower, groundnuts, palms oils seeds and sesame that can be used for manufacturing of animal feeds. There is a vast land for growing leguminous crops for animal feeds. Also, there is a remarkable supply gap of Agro-processed foods especially milk and meat which calls for investment in processing industries of livestock products.

There are 504 Primary Livestock Markets, 15 secondary livestock markets, and 11 Border Markets. The livestock markets guarantee processors of livestock products with a reliable supply of raw materials. Also, Tanzania already exports meat to the Middle East and neighboring countries.

8.4.2 Fishing and Fish Processing

Investment opportunities exist in the fishing and fish processing sub-sector for local and foreign markets. Potential investors are invited to undertake fishing activities using both long-line and purse seine fishing vessels. In that regard, investors are expected to invest in modern purse seiners and longlines with relevant facilities, equipment, and technology. The Indian Ocean provides several opportunities including Tanzanian Exclusive Economic Zone (EEZ); however, only four (4) tuna species and one (1) tuna-like species are considered of major commercial importance. These include skipjack (*Katsuwonus pelamis*), yellowfin (*Thunnus albacares*), bigeye (*Thunnus obesus*), and albacore (*Thunnus alalunga*) while the tuna-like species is swordfish (*Xiphias gladius*).

Investment opportunities exist in undertaking commercial fishing in Territorial Waters to satisfy domestic market and provide raw materials to fish-processing factories. Currently, commercial fishery in the Territorial Waters consists of prawns, octopus, and lobster. The artisanal fishery focuses on a variety of fish, but most commonly finfish, crustaceans, and cephalopods. In this regard, commercial fishing operations in Territorial Waters will be finfish, prawn, octopus, and lobsters as will be determined by market demand and availability of stocks. Other opportunities include the establishment of fish processing factories, aquaculture projects, and fish feed production.



African Elephants at Kilimanjaro National Park in Tanzania. The park is located near Africa's highest Mountain, Mount Kilimanjaro.

8.5 Tourism Sector

8.5.1 Tourist Attractions

Tanzania is known for hosting among the best tourist attractions in the world. The tourism industry is one of the most highly developed in Africa. The country has set aside 40.5% of its land as protected areas, which include national parks, game reserves, a conservation area, forest reserves, marine parks and reserves, game reserves and game open areas. There are 22 National parks, 24 Game reserves, 27 Controlled conservation areas, and marine parks.

The most tourist's attractions include, the plains of Serengeti National Park, Ngorongoro Conservation Crater, Arusha National Park, Mikumi National Park, Lake Manyara, Tarangire National Park, Selous Game Reserve, Nyerere National Park, Ruaha National Park, Gombe Stream National Park and Katavi National Park. Tanzania is home to the famous 'Roof of Africa', Mount Kilimanjaro one of the top climbing destinations in the world, and Africa's highest mountain as well as world's highest free-standing mountain. On the offshore, lies the tropical islands of Zanzibar and Mafia, with marine parks home to whales, sharks and coral reefs.

In addition, Tanzania has six World Heritage Sites. Only three countries in Africa have more, of these areas: - Tunisia (8), Algeria, and Ethiopia (7). The sites in Tanzania comprise two cultural and four natural sites. On 6 January 2012, The New York Times newspaper awarded Tanzania the 7th

position among 45 top destinations to visit.

The enormous opportunities available in this sector are highlighted here under:

a) Provision of Accommodation and Tourist Services

There are 293 registered and licensed tourist class hotels, offering 25,045 rooms and 44,091 beds in Tanzania. Given the number of tourist arrivals amounting to over 1.8 million per annum, there is a huge gap for accommodation services in this sector. Dar es Salaam leads in accommodation facility investments with the large Five Star hotels which have a combined room capacity of 1,092. There are other several hotels of international standards but they are still not adequate to meet the growing demand.

b) Tour Operators and Agencies

An increasing number of tourists also provides excellent opportunities in the tour operators and agencies business as well as investment in man-made tourist attractions like theme parks and gambling resorts. Other areas that provide excellent investment opportunities include, beach tourism, historical sites, developing amusement parks, deep-sea fishing, leisure parks, ground golf courses, conference tourism, air/ground transport, wildlife farming, tour operations, trophy hunting, sea and lake cruising.



8.6 Information and Communication Technology Sector

Tanzania has made remarkable progress in deploying Information and Communication Technology (ICT). Tanzania offers plenty of investment opportunities, including E-Business, Provision of media services, Supply of digitization 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, the establishment of ICT village hubs and hardware assembly and repairs.

In the telecommunications sector, Tanzania offers numerous investment opportunities such as 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 trucked radio. Other opportunities include the provision and operation of Community Telecommunication (Rural and Urban), provision and operation of Value-Added Network/Data Services (Internet, Voice, Mail, and Electronic Mail Services); sales and installation of terminal equipment, repair and maintenance of telecommunications facilities, cabling (e.g. telephone-external and internal wiring for residential, office, etc.), and E-waste management (e-waste refurbishes, recycling industries, and Incineration plants).

8.7 Construction Sector

The construction sector is an important catalyst for economic growth, as it provides linkages with other primary sectors of the economy such as agriculture, transport, energy, tourism, and mining. Following

the reforms undertaken in the construction and transport sectors, the Government of Tanzania has created a conducive environment for private sectors to participate in the construction and development of infrastructure.



The prevailing opportunities in this sector include; civil construction including roads, bridges, ferries, and engineering design. There are also opportunities to conduct various studies in the sector-related infrastructure through Build Operate and Transfer.

8.8. Mineral Sector

This sector presents plenty of investment opportunities in the extraction and trading of strategic minerals such as Nickel, Graphite, Copper, Gold, Uranium, Coal, Rare Earth Elements (REE), Tin, Lithium, and Cobalt which are used in making products that are needed to develop clean energy technology such as batteries for electric cars, solar electricity, and equipment for generating wind power and other uses that produces clean air.





Soda Ash extraction at Engaruka area in Monduli, Arusha.

8.8.1 Engaruka Soda Ash Project

The Government through the National Development Corporation (NDC) is implementing Engaruka Soda Ash Project, located in Monduli District, Arusha Region. This project is one of the strategic projects intended to stimulate the development of the country's industrial economy by establishing primary industries and other industries that are reliant on soda ash as a raw material. The project is among the National flagship projects outlined in the Third Five-Year National Development Plan (FYDPIII) 2021/2022 – 2025/2026.

The project will involve setting up a soda ash extraction plant at Engaruka (of minimum capacity of 0.5 million tonnes of soda ash per annum) and construction of associated infrastructure for the project. The study results show that there is enough underground source of soda ash in form of brine to be exploited. The exploration results estimated 3,294,704,894 m³ of brines in the basin which is being replenished at the rate of 17,693,640 m³ per annum. Full feasibility study began in July 2019 and was completed in May 2021. The project has obtained the environmental certificate.

The project will involve pumping of liquid sodium carbonate (brine) from ground aquifers to the processing plant for producing soda ash. Soda ash is used for the manufacture of glass, soaps and detergents, in metallurgy to de-calcify or removal

of sulphur, to improve alkalinity, and manufacture of other chemicals. The soda ash is targeted to satisfy the local requirements and the balance will be exported.

The Government through NDC is in the preparation of paying compensation (of TZS 14,484,305,404/=) to project affected people (PAP) expected to be conducted in June 2024. Compensation is an important step to be conducted in order to give way for procurement of investors and project implementation.

The global soda ash market is projected to reach **559 million tonnes by 2028**, presenting a lucrative opportunity for Tanzania to not only meet its own needs but also tap into a booming international market.

Other opportunities in mining sector include the establishment of mineral value-addition industries; and new areas in mineral exploration. Over 18 million tonnes of graphite reserves (estimated to be the 5th largest reserve in the world) are present in mostly in Lindi, Morogoro and Tanga Regions. An estimated 1.52 million tonnes of nickel deposits have been discovered in Kagera region and about 138 billion cubic feet of helium is present at Lake Rukwa Basin. This is said to be the second largest helium deposit in the world.



8.9. Oil and Gas Sub-Sector

Tanzania has a total area of 945,000 km² of which 534,000 km² (56%) is covered with sedimentary basins that are lucrative for oil and gas exploration. The Government is looking for strategic partners to invest in exploration blocks and natural gas distribution projects. Tanzania has abundant natural gas reserves estimated at over 57 trillion cubic feet with at least 49.5 trillion cubic feet of those reserves far offshore in the Indian Ocean.

Tanzania is also endowed with precious metals including Tanzanite, the gemstone solely found in Tanzania. Over 18 million tonnes of graphite reserves (estimated to be the 5th largest reserve in the world) are present mostly in Lindi, Morogoro, and Tanga Regions. An estimated 1.52 million tonnes of nickel deposits have been discovered in the Kagera region and about 138 billion cubic feet of helium is present at Lake Rukwa Basin. This is said to be the second largest helium deposit in the world.

The government has put in place key policies to guide the sustainable utilization of these resources, including the National Environment Policy Framework (NEPF) and the National Energy Policy. The government has also completed the construction of a 542-kilometre natural gas pipeline from Mnazi Bay and Songo Island in southern Tanzania to Dar es Salaam with a capacity to transport about 784 million standard cubic feet of gas per day and a potential to generate up to 3,900 megawatts of power. The pipeline has supported the expansion of gas-powered electricity generation plants, including the Kinyerezi-I and II, which have substituted emergency power plants and eliminated power outages.

Opportunities in Upstream include: LNG Project and Exploration blocks (Eyasi Wembere, West Songo, Lake Tanganyika North, Mnazi Bay North and Block 4/1B). Exploration activities in these blocks is at different stages and covered with sparse 2D seismic data, 3D seismic in some parts, Airborne Gravity Gradiometry (AGG) and Full Tensor Gradiometry (FTG).

Opportunities in Downstream include: Natural gas distribution projects, Manufacturing and supply of natural gas equipment and Natural gas value addition projects which include, gas to power project, petrochemical projects and fertilizer projects.



8.10 Forestry Sector

Currently, there are 16 government-managed forest plantations in Tanzania, classified as forest reserves under the Control of the Tanzania Forest Services Agency (TFS) encompassing a total of 83,000 ha. The Government has planned for the expansion of an additional 50,000 ha. There are also numerous Small-scale woodlots and medium-sized plantations owned by small-holders, communities, districts, tea companies, faith-based organizations, schools, etc. This accounts for between 120,000 – 150,000 ha in aggregate. The opportunities available in this sector include industrial establishments required to utilize forests to produce timber, chipboard, plywood, fibreboard, furniture, poles, etc. There are also opportunities in the transportation network as well as in bringing in new Eco-Tourism and efficient technology.



8.11 Beekeeping Sub-Sector

With large forest areas in the country, Tanzania can meet the production of about 138,000 tonnes of honey and 9,200 tonnes of wax per year. Despite this, production has reached 34,000 tonnes of honey which is equal to 24.6% of the production capacity, and only 625 tonnes of wax. To encourage the production of bee products. The government has identified areas for establishing 23 reserves (444,382.71 ha) for bees. Among these reserves, 26 (with a size of 74,323.78 ha) will be under Village Governments, and 20 reserves (69,613 ha.) will be under the Central Government. There is potential for investing in industries such as the manufacturing of beeswax candles, shoe polishes, wood polishes, lubricants, and pharmaceutical products. Honey packing plants and other industries, which use honey to make honey beer, wine, and confectioneries also qualify for investment.

8.12 Health Sector

The Ministry of Health in collaboration with other Ministries, Government Departments and Institutions, Agencies, and Development Stakeholders is implementing various interventions aimed at improving the delivery of health services as well as creating a conducive environment for investment in the sector. Investment opportunities include the following: the establishment of hospitals and other health units, and modern testing facilities; training of medical personnel in specialized medical care; the manufacture of drugs, hospital equipment, and furniture, and the provision of family planning facilities and services.

The opportunities are also available in the medicament, for instance, the importation in this

sector reached \$364,985,529 in 2022. Similarly, medical device importation accounts for between 84-94% of the national demand per year. This signifies the presence of a huge investment opportunity in the pharmaceuticals and medical devices sub-sectors. Most imported dosages are: Tablets, Capsules, Cream, Syrup, Powder injection and Injections.



The local demand is available from the Government through MSD as well as directly to private health facilities. The price preference is 15% granted to local manufacturers in public tenders. There is also a huge market in EAC and SADC regions.



8.13 Transport Sector

8.13.1 Air Transport

There are plenty of opportunities to invest in air transport for both passengers and cargo within Tanzania, East and Central Africa as well as global routes. The number of international arrivals in Tanzania reached 1,808,205 passengers in 2023 with projections to increase to 5,000,000 by 2025. Domestic arrivals in 2023 reached 188,632 passengers. This indicates a huge opportunity available in the air transport sector.



.8.13.2 Maritime Transport

Both sea and inland waterways ports in Tanzania are managed and operated by the Tanzania Ports Authority (TPA). The port of Dar es Salaam is one of the key entry points into the East, Central, and Southern African regions with an annual throughput of 20 million tonnes of cargo per year. It is also an important outlet for neighbouring

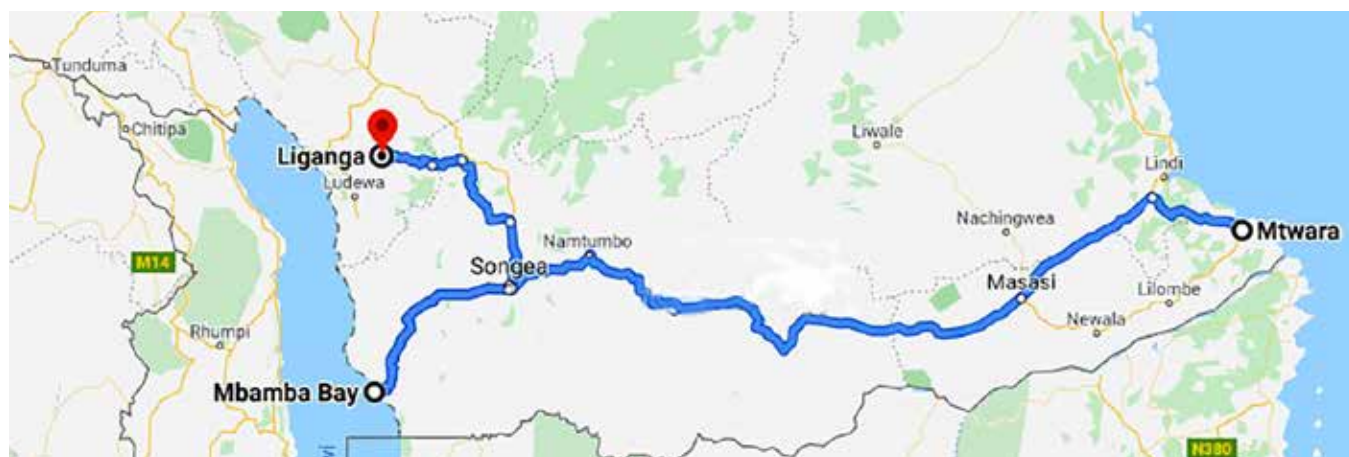
landlocked countries. The opportunities in the marine sector under PPP arrangements include; the development of dry cargo ports, the development of container terminal gates and cruise ship terminals for recreation. Also, there are opportunities in investments on tanker vessels in the lakes and general cargo vessels in Lake Victoria.



8.13.2 Railway Transport

There are several investment opportunities in the railway transport sector under PPP arrangements. These include; the construction of the railway between Mtwara-Songea-Mbamba Bay to Mchuchuma and Liganga mines (1,000km), which will link to the existing TAZARA network at Makambako, stretching from Dar es Salaam to

Kapiri Mposhi in Zambia. Uvinza-Musongati-Gitega (282km); Kaliua-Mpanda (317km); Isaka-Rusumo-Kigali (495km); Tanga-Moshi-Arusha (1,028km); and urban commuter railways (Dar es Salaam and Dodoma cities). Interested investors can contact the Tanzania Railways Corporation Limited (TRC) through <https://www.trc.co.tz/contactus>.



A map showing a route from Liganga Iron Ore to Mtwara Port. Currently Transporters use this route (by trucks) to transport Coal from Coal-rich areas of Ludewa and Mbinga Districts.

8.13.3 Investment Opportunities in Regions

The government in collaboration with development partners has developed Regional Investment Guides for 25 regions to provide investors with information about investment opportunities, procedures, contacts and social economic statistics. The guides cover the following regions; Simiyu, Kilimanjaro,

Mwanza, Mara, Kigoma, Geita, Manyara, Dodoma, Coast, Lindi, Mtwara, Ruvuma, Kagera, Tabora, Shinyanga, Singida, Arusha, Mbeya, Iringa, Njombe, Rukwa, Songwe, Katavi, Tanga, and Dar-es-salaam. For more information visit <https://www.esrf.or.tz/regional-investment-guides/>

SECTION NINE:

INVESTMENT INCENTIVES AND BENEFITS

9.1 Introduction.

This section presents investments incentives offered by the Government of Tanzania to facilitate investments in the country.

9.2 Types of Incentives

Tanzania offers a well-balanced and competitive package of fiscal and non-fiscal incentives in comparison with other African countries. The country strives to provide a competitive fiscal and non-regime on investment. The following are some of the key incentives categorized under fiscal and non-fiscal incentives.

9.2.1 Fiscal Incentives

Fiscal incentives include the following;

- i. **Exemption of import duty by 75% under the Tanzania Investment Act, 2022.** The import duty exemption granted to deemed capital goods shall be restricted to 75% whereby the investor shall pay 25% of the import duty due.
- ii. **Benefits for strategic or special strategic investments under the Tanzania Investment Act, 2022.** Upon grant of strategic investment status or special strategic investment to a project, an investor will be entitled to additional specific incentives. A strategic investment is the project with capital from \$20m for Tanzanian-owned projects and \$50m for foreign-owned projects. Special Strategic investments are projects with capital from \$300m.

- iii. **Double tax and bilateral investment treaties.** Tanzania currently has a total of 10 double tax treaties signed with other nations, and 11 Bilateral Investment Treaties (BITs) are in force. To enter into treaties, countries have to request and enter into negotiations with the Government of Tanzania.

- iv. **Tax incentives granted for Investments outside Freeport and Free Economic Zones.** During the construction stage of an approved foreign enterprise or approved domestic enterprise, the enterprise shall be exempted from:

- a) Customs and import duties and other similar taxes on machinery, equipment, spare parts, raw materials, vehicles, and other goods necessary and exclusively required by that enterprise for construction.
- b) Raw materials for trial operations of an approved enterprise or approved domestic enterprise may be exempted from import duties provided that the quantity of such raw materials does not exceed eighteen months' supply for one shift production operation.
- c) Provision of 5 years (income) tax holiday.



- v. **Tax incentives that are provided under the Value Added Tax Act, of 1997.** Zero Rated Exports and Exempt Supplies. To encourage the export of locally produced goods from Tanzania all exports are zero-rated under the VAT law. Goods are regarded as exported out of the country if they are made available at an address outside Tanzania.
- vi. **VAT Refunds.** VAT refunds are made either within 30 days or 6 months from the due date depending on the type of taxpayer. Regular repayment traders like exporters can claim their VAT refunds within 30 days. An authorized auditor must certify a VAT claim. It is important to note that, for a VAT-registered trader to be able to deduct or claim the input tax, he must have fiscalised receipts or customs receipts.
- vii. **VAT Exemption and special relief.** Under the VAT law, there are certain goods and services which are exempted from VAT. Such goods or services are food crops and livestock supplies, equipment used for storage, transportation, and distribution of natural gas, health supplies, and hospital equipment, education services, financial and insurance services, transportation of persons, sale or lease of an interest in land and tourist services such as guide services, game driving, water safaris, animal or bird watching, park fees and tourist charter services. Aircraft, aircraft engines, parts, and maintenance are also VAT-exempt supplies. Under the VAT law, some persons and organizations are entitled to relief from VAT within the limits and conditions subject to procedures laid down. Some persons such as importers of capital goods enjoy 45% VAT relief. Some goods are given special VAT relief at the rate of 100%.
- viii. **Tax incentives that are granted under the EAC Customs Management Act, 2004, EAC Customs Union.** Tanzania is a member of the East African Customs Union which involves 8 countries. The movement

of goods among these countries is duty-free. This is an attractive incentive to producers of goods in the region as long as they meet the Rules of Origin Criteria which were established and agreed upon by member states.

- ix. **Import Duty Drawbacks**
Import duty charged on imported inputs used for producing goods for export and goods sold to foreign institutions like the United Nations in Tanzania is refunded. This scheme aims to maximize production and minimize the cost of production for local industries and enable them to compete in the world market.
- x. **Corporate tax rate.**
The income tax rate for resident and non-resident companies is 30% (No discrimination). There is a reduced rate of 25% which is charged for three years to newly listed companies with the Dar es Salaam Stock Exchange, with at least 35% of equity shares issued to the public.
- xi. **100% Capital allowance in agriculture.**
Investors in agriculture enjoy 100% capital allowance on expenditure incurred on plant and machinery, including windmills, electric generators, and distribution equipment used solely in Agriculture.
- xii. **50% Initial capital allowance.**
The 50% allowance is granted on the expenditure of plant and machinery that is used in manufacturing and installed in the factory or providing services to tourists and fixed in a hotel. Other rates for capital allowances range from 37.5% for items like computers and earth moving equipment to 5% for buildings dams, water reservoirs, etc.
- xiii. **Withholding tax exemption**
The law provides an exemption of withholding tax chargeable by foreign banks

on interest payable to strategic investors as defined by the Tanzania Investment Act. This is one of the measures devised to encourage investment in the country.

xiv. Tax Credit

The income tax law provides for a tax credit in case the tax was paid abroad on the same income, which was assessed concerning the resident person (Individual or entity).

xv. 100% Deduction in mining operations.

Investments in mining operations get special treatment in the Tanzanian tax system. The whole expenditure incurred for the year (both capital and revenue expenditure) is deducted when calculating taxable income.

xvi. Income Tax exemption under the Export Processing Zone (EPZ) as per the Income Tax Act, 2004

This category includes the following incentives;

- a) Income derived from investment or business conducted within the Export Processing Zone and Special Economic Zone, during the initial period of ten years.
- b) Payment of withholding tax in respect of foreign loan granted to an investor licensed under the Export Processing Zone and Special Economic Zone during the initial period of ten years.
- c) Payment of withholding tax on dividends arising from investment in the Export Processing Zone and Special Economic Zone during an initial period of ten years.
- d) Payment of withholding tax on rent payable by an investor licensed under the Export Processing Zone and Special Economic Zone during an initial period of ten years.

9.2.1.1 Incentives offered in Special Economic Zones

Investments in Special Economic Zones attracts incentives based on the category or type of investment made. These include the following;

i. Export Processing Zone (EPZ)

Under the Export Processing Zones Act, all goods processed and manufactured in the areas designated as EPZ are exempted from import duty on raw materials.

ii. Manufacturing under Bond

All factories registered to manufacture goods under bond for export purposes are exempted from import duty and other taxes on inputs used to manufacture those goods.

Investors investing in Free Zones under two categories explained above are granted the following tax incentives:

- a) Exemption from any tax on all goods destined for re-export.
- b) Exemption from local taxes on all goods produced in Free port for export
- c) Exemption from payment of corporate tax for the first 20 years.
- d) No limit to the duration that goods may be stored in Free Port Zones.
- e) 100% retention of all profits.
- f) 100% foreign ownership allowed.
- g) Free repatriation of profit.
- h) 20% of turnover is allowed for sale at the local market and is subject to the payment of all taxes.

9.2.2 Non-Fiscal Incentives

Non tax incentives include the following;

i. Guarantee against amendment or modification of benefits

To create a predictable investment climate, a



business enterprise that has been conferred benefits under the Tanzania Investment Act 2022 is entitled to enjoy benefits for five years from the date of issuance, such benefits shall not be amended or modified to the detriment of the investor.

ii. Investment guarantees, transfer of capital, profits and dividends

A business enterprise registered with TIC shall be guaranteed unconditional transferability through any authorized dealer bank in freely convertible currency.

iii. Guarantee against nationalization or expropriation

A business enterprise shall not be nationalized or expropriated by the Government; and whether wholly owned or in part, the capital of any business enterprise shall not be compelled by law to cede his interest in the capital to any other person.

iv. Immigrant quota

Business enterprises granted a certificate of incentives are entitled to an immigrant quota of 10 expatriates by the relevant laws and TIC will co-ordinate and facilitate the grant of the work/residence permits.

v. Obtaining credit from domestic sources by foreign investors

A foreign business is entitled to obtain credit from domestic banks and financial institutions up to the limit established by the Bank of Tanzania in consultation with TIC.

vi. Settlement of disputes

Where a dispute arises between an investor and TIC or the Government in respect of a business enterprise, all efforts shall be made to settle the dispute through negotiations for an amicable settlement, a dispute between an investor and the Centre or the Government in respect of a business enterprise which is not settled through negotiations may be submitted to arbitration by any of the following methods as may be mutually agreed by the parties: -

- (a) By arbitration laws of Tanzania;
- (b) By the rules of procedure for arbitration of the International Centre for the Settlement of Investment Disputes; or
- (c) Within the framework of any bilateral or multilateral agreement on investment protection agreed to by the Government of the United Republic and the government of the country where the investor originates.

SECTION TEN:

SELECTED INVESTMENT PROJECTS FOR 2023

10.1 Introduction

This section presents success stories and learning cases as obtained from major investments made during the period under review.

10.2 Kasulu Sugar Project

A multi-million green field sugar plantation and processing project, being implemented in the Kasulu district, the project includes sugar plantations, sugar processing factories, and allied industries. Once completed the project is estimated to cost US \$ 320 million and is registered as a “Special strategic investor status” by the Tanzania Investment Centre. The sugar project is expected to create 700 permanent jobs, 3000 casual labor,

and 5000 indirect jobs with an annual production capacity of 340,000 metric tonnes of sugar.

Furthermore, local benefits of the project include a significant increase in foreign exchange generation due to the export of products or services of US\$ 125,000,000 per year and foreign exchange substitution due to replacing importation of US\$ 255,000,000 per year, contribution to Government revenue in terms of direct tax amounting to TZS100-120 billion per year, in-direct taxes, levies and estimated to be TZS.120-140 billion per year, this what makes this project unique and proud of Kasulu as it is going to be the largest sugar project in East Africa.



A section of Kasulu sugarcane plantations in Kasulu District in Kigoma Region



Shifaa Hospital project is located at Msese Street off Kinondoni Road in Dar es Salaam

10.3 Shifaa Hospital Project

The Shifaa project, developed by the Shifaa Pan African Hospitals Limited promises a state-of-the-art facility upon completion. The project is valued at \$45 million and it will feature 250 beds, seven operating theatres, and 40 advanced ICU rooms. This development is anticipated to generate substantial employment opportunities, offering 2,800 direct jobs and over 4,000 indirect jobs. Shifaa Hospital which is located at Msese Street in Kinondoni District at the heart of Dar es Salaam, is designed to redefine healthcare in Tanzania. The goal is to establish a multi-specialty hospital that adheres to international standards, focusing on compassionate care and clinical excellence. The owners are adamant that, the hospital will be a robust, purpose-built establishment equipped with modern technology, meeting both Tanzanian and global benchmarks.

The hospital will boast spacious waiting areas, ample parking, effective HVAC systems, comfortable seating, and a team of friendly, skilled staff. Cutting-edge medical technology will be a hallmark of Shifaa Hospital, offering comprehensive services from state-of-the-art operating theatres with HEPA filters and Laminar flow for infection control, to a full suite of diagnostic imaging including CT scan, MRI, and more. Shifaa's commitment extends beyond infrastructure to the quality of care. Shifaa Hospital will employ a team of highly qualified, trained, and experienced professionals. Additionally, a 150-seat auditorium is constructed for continuous medical education, ensuring staff remains at the forefront of medical advancements. Shifaa Hospital management extends gratitude

to the Government of Tanzania and TIC for their unwavering support for their commitment to transforming healthcare in Tanzania and setting new standards in patient care.

10.4 Sapphire Float Glass

Tanzania Sapphire Float Glass Factory is one of the largest cutting-edge glass production facilities in East and Central Africa. Located in Mkuranga District, in the Coast Region, the project promises to solve the challenges of availability of glass products in Tanzania and neighbouring countries. The project which is implemented by the Sapphire Float Glass (Tanzania) Company Limited was inaugurated by H.E. Dr. Samia Suluhu Hassan, the President of United Republic of Tanzania in September 2023.

The company, which is investing \$310 million in this project through Foreign Direct Investment (FDI) promises over 1,655 direct employments and additional 6,000 indirect jobs. Because of its investment capital (above \$300 million), the project qualifies as the Special Strategic Investor Status. The company plans to produce 700 tonnes of float glass, toughened glass, and mirrors daily in its first production line, while the second line targets an output of 500 tonnes per day. This substantial production capacity is expected to not only meet but exceed the demand for glass in Tanzania and other East African countries under the EAC Common Market. The investors' ambitions are to extend far beyond basic glass production. The company plans to diversify its offerings, venturing into the production of glass bottles, cups, car glass, and other relevant items, thereby bolstering its economic footprint.



The President of the United Republic of Tanzania, H.E. Dr. Samia Suluhu Hassan, (Centre) accompanied by government Ministers and other leaders as she cut the ribbon to inaugurate the Sapphire Float Glass Factory in Mkiu, Mkuranga, Coast Region, on September 20, 2023. Others in the picture are investors and company executives.

The project brings in a host of economic advantages, including a considerable reduction in Tanzania's import expenditure for glass products, a substantial increase in foreign exchange earnings, and a significant expansion of exports to neighbouring countries.

During the official launching of the industry in 2023, H.E Dr. Samia Suluhu Hassan the President of United Republic of Tanzania emphasized the transformative role played by such investments in the country's economic growth, job creation, and overall enhancement of Tanzanians' quality of life. She extended a warm invitation to companies, both established and new, from China and other nations to explore business opportunities and investments in Tanzania. *"These initiatives, established or invested in by Chinese companies, including the Sapphire Float Glass (Tanzania) Company Limited serve as a vivid example of projects that form a vital foundation for our country's economic growth, job creation, and the improvement of Tanzanians' quality of life. I take this opportunity to invite all companies investing in Tanzania to consider our country as the prime destination for investment on the African continent. Furthermore, I extend a warm welcome to new companies from China and other nations to explore business opportunities and investments in Tanzania,"* The President said.

10.5. GF Vehicles Assemblers

The GF Vehicle Assemblers is Automotive Manufacturing Situated in Kibaha District in the Coast Region. The GF Vehicle Assemblers plant stands as the country's first modern assembly factory. It is strategically located along Morogoro Road at the National Development Corporation (NDC) Industrial Park, offering complete knocked-down (CKD) assembly services to vehicle distributors across Tanzania, SADC, COMESA, and EAC markets. This ground-breaking initiative represents a departure from reliance on imports and a shift towards local production, positioning Tanzania as a regional hub for automotive manufacturing. The project investment value is estimated to be \$8 million and it has directly employed 169 Tanzanians, with a capacity of production capacity of 3,000 units annually.

The second phase of GF Vehicle Assemblers' expansion plan will double production from 3,000 vehicles to 6,000 in the next three years. GF Vehicle Assemblers is committed to advancing the motor vehicle sector in Tanzania by engineering and producing mobility solutions tailored to meet local needs. Through ongoing research and development, the company aims to leverage local talent and resources to drive innovation and manufacture vehicles that truly reflect the demands



The Prime Minister of the United Republic of Tanzania, Hon. Kassim Majaliwa (MP)-Second right, during his visit to the GF Vehicle Assembling Plant in 2023.

of the Tanzanian market. A state-of-the-art training school is also being constructed to enhance skills and facilitate knowledge transfer.

GF Vehicle Assemblers' commitment to excellence has been recognized through the National Quality Award (Large Industries) in December 2022, organized by the Tanzania Bureau of Standards. This prestigious accolade acknowledges the dedication of the entire staff and management, highlighting the company's continuous pursuit

of improvement and adherence to international quality standards. Shaping the Future of Tanzania's Automotive Sector GF Vehicle Assemblers' pioneering efforts have positioned Tanzania for a future where locally assembled vehicles contribute significantly to the nation's economy. With a relentless focus on quality, technological advancements, and skill development, GF Vehicle Assemblers is leading the way in shaping Tanzania's automotive industry and securing a prominent place in the global market.



GF Trucks employees celebrating after reaching the production of 1000 trucks in 2023.



The Minister of State, President's Office, Planning and Investment Hon. Prof Kitila Mkumbo (MP), with members of the Parliamentary Committee on Governance, Constitutional and Legal Affairs when they visited the Modern Industrial Park in 2023.

10.6 Modern Industrial Park

The park is being developed by KAMAKA Company Limited; a private local company. The park is situated 71.5km from Tanzania's Commercial city of Dar es Salaam at Mlandizi, Coast Region. It occupies a total area of 4.3 million square meters (1,077 acres) with 206 plots each with its own title deed. With sizes ranging from 0.85 acres up to 27 acres. The serviced plots are available for industrial parks operators on sale at competitive prices compared with other parks in East Africa Region. The park, which has been demarcated into different clusters, will create more than 43,000 direct jobs and not less than 200,000 indirect jobs from heavy industries, light industries, commercial as well as social facilities, and public areas, once in full operation. It is also anticipated that the gross revenue for the Government will be close to 103 billion annually.

The park complements these efforts among others to truly see major industrial shifts in the Country. The Industrial Park will house world-class social amenities and modern infrastructure providing investors with golden opportunities. Some of the amenities include a police station, hospital, power substation, sewerage and water treatment facilities, and a recreational area. There

will also be a commercial area with offices, banks, restaurants, and shopping outlets, the waste management area will allow industries to dispose of their industrial waste in an equal manner through a built sewerage system. Furthermore, a plan is underway to make sure that one-stop facilitation services are provided at the park by Government institutions. Progress made on the development of Industrial Parks: The Park has installed 54mW of electricity with an additional dedicated allowance should more needs arise; water facilities as well as ongoing discussions with Tanzania Petroleum Development Company for a CNG gas station.

As of September 2023, about 95% of the Industrial park's phase one out of three was completed, which comprised of a one-stop shop administration block housing to enable investors to access services from within the park; a police post, a fire station as well as dispensary blocks were done. The constructions works were going on including the installation of an optical fibre network, rapid bus terminal, standard gauge railway, and a container terminal, to mention a few. Local and foreign investors are invited to invest in the park. We remain delighted to be of service as you explore this first-ever and one of the largest parks in East Africa and be ready to be part of this journey.



Minister of State, President's Office, Planning and Investment Hon. Prof. Kitila Mkumbo (MP), left, is shown around the SINOTAN Industrial Park by his hosts when he visited the Park in August 2023.

10.7 Sino Tan Industrial Park

SINOTAN Industrial Park is also set to become one of the largest industrial parks in East and Central Africa, accommodating approximately 200 factories on 1,000 acres of land. The Industrial Park is located in the Kwala area, Kibaha District, Coast Region. The Park is developed by SINOTAN Kibaha Industrial Park Co. Ltd. All the industrial plots in the Park have unit titles, ranging in size from about 4 hectares to 12 hectares. It is expected that enterprises in the Park will drive direct investments of about \$3 billion, which can create an annual output value of \$6 billion.

Until recently, 71 MoUs have been signed with companies to establish factories. The Park has two phases, and each phase is divided into seven industrial zones namely Agro and Food Processing, Pharmaceutical and Chemical Processing, Shoes

and Clothing Processing, Building Material Processing and Export Processing. Upon the completion of the project is expected to create 100,000 direct jobs and indirect jobs of between 300,000 and 500, 000.

The following activities are expected to be carried out: building of concrete roads, creating a one-stop service, constructing an administration block, fire station, police station, and accommodation for technicians during the construction of the factories. Additionally, there will be the main gate, an ICT-powered security system and industrial sheds. The Park will work with the government to establish necessary infrastructure such as roads, rail, and fibre-optic connectivity, as well as connect utilities such as water and electricity. The plan is to have 100 factories in the park by 2025.



SINOTAN Industrial Park in the Kwala area, Kibaha District in Coast region. The Park is expected to accommodate 200 industries with 100,000 direct jobs.



Singida gold mine in Ikungi District, Singida Region.

10.8 Singida Gold Mine

The Singida Gold Mine is a medium-sized mine, located in Ikungi District, Singida region. The total project capital expenditure amounts to \$42 million, with a commitment to developing and promoting local labour force. Since it started in 2023, it has directly employed 474 employees and contractors, all of whom are Tanzanian nationals. Seven open pits are planned to be mined according to the current Life of Mine Plan, which is slated to extend until the end of 2029 based on existing reserves.

The processing plant is designed to treat 365ktpa of fresh ore from the mine with a planned average

production of 32 oz per annum of Doré over the life of the mine. Singida also has considerable upside potential given its location within a greenstone deposit, meaning it is well suited to further exploration growth. Only 26% of current resources are included in the existing life of mine plan and 90% of contained gold within reserves are less than 150 metres from the surface, highlighting the potential for reserve expansion at depth.

NATIONAL LEADERS' INVESTMENT PROMOTION DRIVE



SECTION ELEVEN:

NATIONAL LEADERS' INVESTMENT PROMOTION DRIVE

11.1 Introduction

This part presents a summary of key investment missions conducted by national leaders abroad and how the participants both from the public and private sectors benefited from these missions.

During the year 2023, the President of the United Republic of Tanzania, H.E. Dr. Samia Suluhu Hassan, and other national leaders continued with high-profile strategic investment promotion drives to various destinations across the globe. Most of these impactful investment promotion campaigns were held during the State visits to partner countries. During these missions, the President, apart from being accompanied by government senior officials made sure that there was a strong participation of private sector representatives.

Some of these missions included the President participation in the 36th African Union Summit held in Addis Ababa, Ethiopia from 17th to 19th February 2023; a State visit to the South African Republic from 15th to 16th March 2023; a State Visit to India from 08th to 11th October 2023; and the President's participation to Doha International Horticulture Expo 2023, held in Qatar on 2nd October, 2023. Other missions included the visit by the State Minister, President's Office, Planning and Investment to China in September, 2023, and to South Africa and Berlin in Germany in October, 2023.

The 36th African Union Summit held in Addis Ababa, Ethiopia from 17th to 19th February 2023

The State House statement (2023) indicated that, the President of the United Republic of Tanzania, H.E. Dr. Samia Suluhu Hassan was among the African Heads of States who attended the two-day 36th ordinary Session of the AU Assembly held in Addis Ababa, Ethiopia from 18th to 19th February 2023. The theme for the AU summit was *The Year of AfCFTA: Acceleration of the African Continental Free Trade Area Implementation*. During this summit, the President presented an introductory speech to introduce herself to the 36th African Union (AU) Summit, and assured the summit of Tanzania's commitment to maintain the principles of foreign policy set by the founders of our nation. In addition, she reiterated the 6th Phase Government Commitment to upholding rule of law, inclusive governance and political tolerance.

The President also submitted the instruments for ratification of the AfCFTA agreement to the African Union Commission (AUC) in January 2022, making Tanzania to be among the first seven African countries to trade under *Guided Trade Initiatives* which allows participating countries to trade under lowered tariffs arrangements aimed at accessing the larger market and ultimately the integrated African market of over 1.3 billion people. Ratifying the AfCFTA agreement showed the readiness of Tanzania to access the continental market which fosters the free movement of goods, services and people across borders and help meet the continent's enormous economic potential.





The President of the United Republic of Tanzania, H.E. Dr. Samia Suluhu Hassan, making a statement during the 36th AU Summit meeting in Addis Ababa in February 2023.

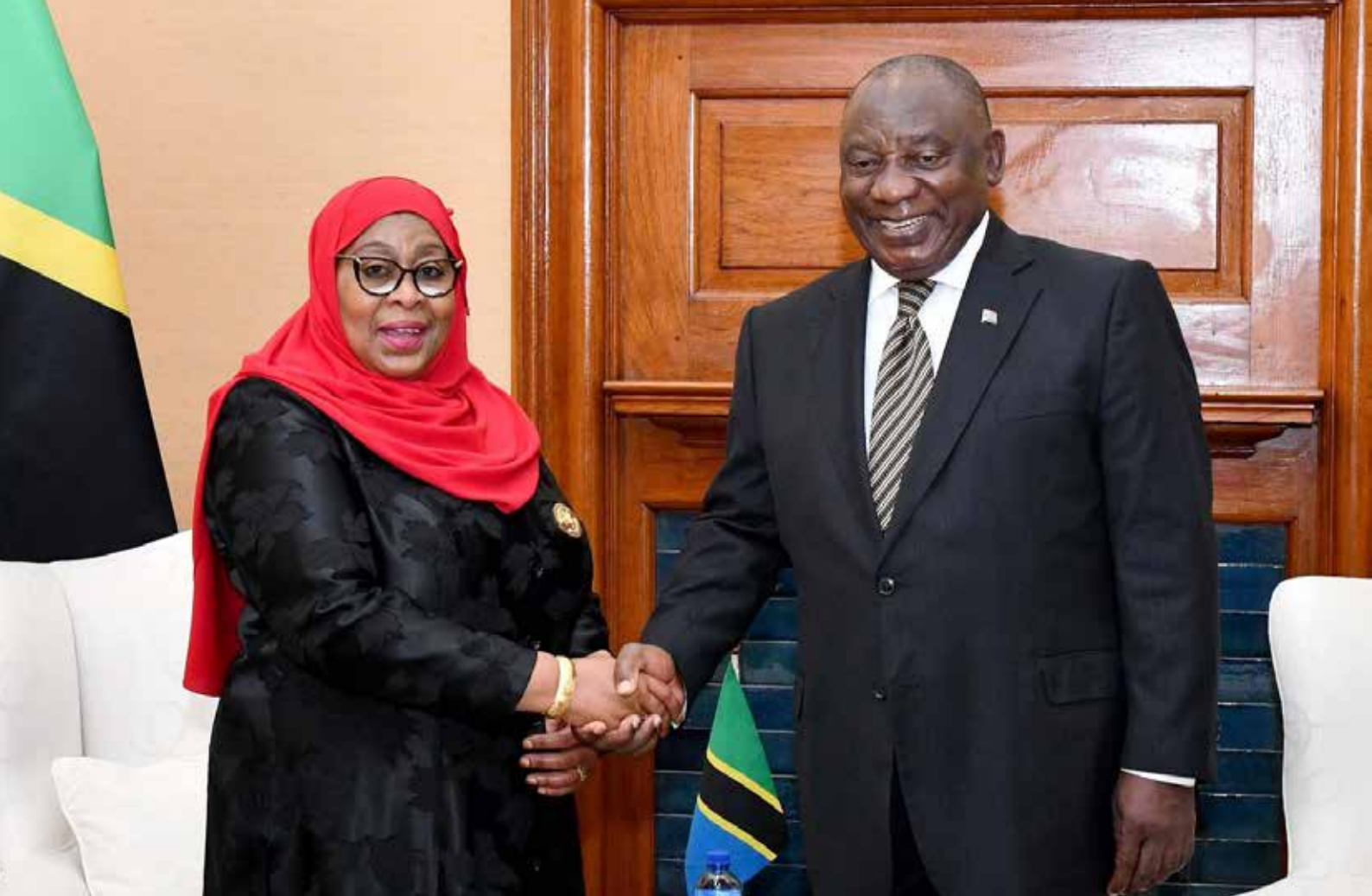
In addition to participating in the summit, the President Dr. Samia Suluhu Hassan met with various leaders and heads of institutions, including the Prime Minister of Ethiopia Hon. Dr. Abiy Ahmed, the President of Republic of Zambia, Hon. Hakainde Hichilema; the Chairman of the Board of Management of the Ethiopian Airlines Group, Mr. Girma Wake; and the Vice President of the World Bank in charge of the Eastern and Southern Africa region, Mrs. Victoria Kwakwa. All these engagements and meetings have helped to link the nation with various traders globally as a result, the country has benefited from the surge of investments, increased exports, jobs and more private sector participation into the global economy.

State visit to the South African Republic from 15th to 16th March 2023

At the invitation of the President of the Republic of South Africa, H.E. Cyril Matamela Ramaphosa, on 15th to 16th March, 2023, the President of the United Republic of Tanzania, H.E. Dr. Samia Suluhu Hassan, paid a State Visit to Pretoria,

the Republic of South Africa where she was accompanied by Ministers of Foreign Affairs and East African Cooperation; Defence and National Service; Trade Industry and Investment; Home Affairs; Culture, Arts and Sports; and Information, Communication, and ICT.

The State Visit was held conjointly with the Second Session of the Bi-National Commission which was Co-chaired by the two Presidents. During the official talks, both Heads of State expressed satisfaction at the strong bilateral relations existing between the two countries, hinging upon the long standing historical, political, economic, and cultural ties. In this regard, the two Leaders asserted to enhance the bonds of friendship and solidarity that exist between the two countries and committed to continue building these relations for the mutual benefit of the people of both countries. Her Excellency, Dr Samia Suluhu Hassan extended an invitation to His Excellency President Cyril Matamela Ramaphosa, to the 3rd Session of the South Africa – Tanzania Bi-National Commission which will be convened in 2025 in Tanzania, at a date to be mutually agreed upon.



Tanzania President Dr. Samia Suluhu Hassan (Left) poses for a souvenir photo with the South African President Cyril Ramaphosa (right) in March 2023 on her first state visit to South Africa.

As a result of this trade mission, fifteen (15) sectoral Agreements/MOUs had been signed between the two countries. The two Leaders witnessed the signing of other Memorandum of Understanding on Political and Diplomatic Consultations, and Memorandum of Understanding on cooperation between the Diplomatic Academies of the two countries.

The Presidents also exchanged views on the Agreement on the African Continental Free Trade Area (AfCFTA) and the Tripartite Free Trade Area (TFTA) between the South African Development Community (SADC), the Common Market for East and Southern Africa (COMESA) and the East African Community (EAC) and how these instruments when ratified could bring economic benefits. The two Heads of States participated in a Business Forum held under the theme; *Forging a New Deal between South Africa and Tanzania Towards High Levels of Trade and Investments*. The Forum brought together Businesspersons and representatives from the Private Sector to discuss trade and investment opportunities in the two countries. The two sides, inter alia, emphasized the importance of expanding

trade and investment activities in order to drive bilateral strategic engagement forward and the need to address any barriers to trade.

State Visit to India from 08th to 11th October 2023

At the invitation of the President of the Republic of India, Smt. Droupadi Murmu, the President of the United Republic of Tanzania, H.E. Dr. Samia Suluhu Hassan, undertook a State Visit to the Republic of India from 8-10 October 2023. The President Dr. Samia Suluhu Hassan was accompanied by a high-level delegation including the Ministers, Senior Government Officials as well as members of the Tanzania Business Community.

The President Dr. Samia Suluhu Hassan and the Prime Minister Narendra Modi held official bilateral talks and exchanged views on bilateral, regional and international issues of mutual interest. The two leaders commended the existing close, cordial and cooperative relations and noted that India and Tanzania are time-tested partners bound by a long history of shared values and ideals spanning many years.



The President of United Republic of Tanzania Hon. Dr. Samia Suluhu Hassan (Centre) with the President of India Hon. Droupadi Murmu (left) and the Prime Minister of India Hon. Narendra Modi immediately after arriving at the Palace of India (Rashtrapati Bhawan) New Delhi on October 9, 2023.

On 10th October, the President, H.E. Dr. Samia Suluhu Hassan participated and delivered the keynote address to the Indian and Tanzanian business communities during the India-Tanzania Business and Investment Forum. She also held one-on-one meetings (G2B) with key Indian Business Leaders. With a view to further strengthen the bilateral relations and expanding cooperation across various sectors, the two leaders announced the elevation of Indo-Tanzania relationship to the level of 'Strategic Partnership'. Both sides noted that the strategic partnership will help the two countries to jointly work on issues like Maritime Security, Defence Cooperation, Development Partnership, Trade and Investment among others.

The two countries expressed commitment to increasing bilateral trade volumes and towards this end, directed the respective Officials to explore new areas of trade. It was further agreed that both sides should harmonise trade volume data and take initiatives to further enhance bilateral trade volumes by organizing visits of

business delegations, business exhibitions and interaction with business communities.

India is among the top five investment sources for Tanzania whereby up to December, 2023 a total of 630 investment projects worth \$3.74 billion have been registered and thus creating 60,000 new jobs. Both sides welcomed recent trends of renewed interest among Indian businesspersons for investment in Tanzania. Both sides agreed to explore the possibility of setting up of an Industrial Park in Tanzania.

The two leaders expressed desire to expand bilateral trade using Local currencies. They noted that Reserve Bank of India (Indian Central Bank) has cleared the way for trade using local currencies i.e. Indian Rupee (INR) & Tanzanian Shilling by allowing the authorized banks in India to open Special Rupee Vostro Accounts (SRVA) of correspondent banks of Tanzania and that transact using this mechanism have already affected.



President H.E. Dr. Samia Suluhu Hassan in discussion with Indian Prime Minister, H.E. Narendra Modi during her four-day State visit to India in October 2023.



Private sector participants during Tanzania-India Business Forum held in India in October 2023

In addition, the President, Dr. Samia Suluhu Hassan appreciated how the Indian scholarship and capacity building program has tremendously contributed to Tanzania's Human Resource development. India offers 450 Indian Technical and Economic Cooperation (ITEC) scholarships for capacity building and 70 Indian Council for Cultural Relations (ICCR) scholarships for long

term programmes in 2023-24. During the visit, India announced the decision to increase the number of long-term scholarships (ICCR) from 70 to 85 for the year 2023-24. As part of its commitment to the Global South, India also announced 1000 additional ITEC slots for Tanzania to be used over a 5-year period in new and emergent fields like Smart Ports, Space, Biotechnology, Artificial Intelligence, Aviation Management, etc.

The Tanzanian side welcomed Indian support for establishing a Vocational Training Centre (VTC) in Pemba, Zanzibar and designing courses based on the demands of the local market. The Indian side offered to set up vocational training institutions on the lines of Vocational Skilling Centres of India to provide training and skill enhancement to the Tanzanian youth.

Participation in Doha International Horticultural Expo 2023

The President of the United Republic of Tanzania, H.E. Dr. Samia Suluhu Hassan, participated in the opening of the International Conference on the cultivation of vegetables and fruits held in



The President of the United Republic of Tanzania, H. E. Samia Suluhu Hassan together with other world leaders participated in the Opening of the International Conference on Vegetable and Fruit Agriculture (Doha International Horticultural Expo 2023) in Qatar on October 2, 2023.

Doha International Horticultural Expo in Qatar. The Expo gathered investors, traders, and institutions from over 80 countries worldwide. This visit is part of President Samia Suluhu's ongoing efforts to open up Tanzania to economic diplomacy, fostering opportunities for local producers and attracting more foreign investors. Along with other matters, the President was also to see how modern technology is being used for cultivation of fruits and vegetables.

This is a significant opportunity for Tanzanian fruit and vegetable farmers, as it offers substantial prospects for accessing new markets for their produce. President Samia Suluhu's initiatives in the fruit and vegetable sector have already yielded substantial benefits to access international markets.

All these trade missions have brought in a big impact to the Tanzanian economy through increased investment projects and number of new jobs during the period. The summary of state visits and direct benefits accrued from these trade missions between 2021 and 2023 are summarized in Table 11.1

Table 11.1: Summary of State Trade Missions from the Year 2021 to 2023

No	Country	Projects	Expected Jobs	Value (Usd Million)
	Kenya	59	4104	200.290
	Ivory Coast	2	13	18.70
	India	134	9823	371.670
	Oman	9	691	60.040
	China	309	30896	3,875.570
	Indonesia	1	1	0.001
	South Africa	14	858	40.482
	Zambia	5	264	14.974
	Uganda	8	211	10.318
	Rwanda	6	457	87.457
	France	6	548	23.830
	Belgium	1	13	1.970
	UAE	24	2363	379.880
	United States	49	2836	77.610
	Netherlands	13	1457	37.308
	Total	642	54535	5,200.106

Source: TIC, 2023.

SECTION TWELVE:

CONCLUSION AND RECOMMENDATIONS

12.1 Summary

The Tanzania National Investment Report 2023 provides details on data from a wide range of institutions responsible for promoting, facilitating and management of investment in Tanzania. These include TIC, EPZA, the Mining Commission, TMDA, EWURA, BOT, TANESCO and BRELA. For the year 2023, a total of 9,678 projects with the value of \$8.7 billion were registered equivalent to an increase of 15% compared to 2022. During the year under review, it was anticipated that a total of 195,803 direct employment opportunities would be generated. The report highlights that the majority of investment projects were registered by the Mining Commission (8,800), TIC (526) and BRELA (283).

In a bid to improve the investment climate in the country, the government implemented various reforms during the year 2023. Some of these reforms led to establishment of the new Office under the President's Office, responsible with planning and investment. The ongoing reforms also led to creation of the PPP Centre which facilitates investment partnerships between the government and private investors.

Similarly, the ongoing reforms lead to establishment of new institutions, streamlining institutions which had similar mandates, implementation of the Blueprint document by making reforms to policies, laws and regulations to guide and foster positive institutional change and making the business environment more friendly and conducive for investments. Most of the Government institutions have migrated to online service delivery which has facilitated business processes and procedures for registration and issuance of licenses and permits. The ongoing reforms and government interventions have led to an increase in both foreign direct investments and domestic investments during the period under review.

12.2 Conclusion

The National Investment Report for 2023 provides a comprehensive picture of investment data at different levels in the country as collected from various government and private institutions. It is evident that, several legislations exist in the field of investment in Tanzania, which provides legal mandates to various institutions with respect to promotion, facilitating and management of investment data in the country. Consequently, gathering comprehensive data pertaining to investment affairs in Tanzania from various institutions, has been a challenge due to different methodologies and approaches applied by different institutions. This report, therefore, serves as a tool for bridging the gap in data collection and present a comprehensive picture of investment data in the country.

12.3 Major focus areas for the year 2024

Following the findings of this report, a lot have been achieved in terms of promoting, attracting and facilitating investments in the country. However, investment issues are dynamic, which call a need for attention for specific focus areas as we embark on the year 2024 so as to keep up the pace towards a robust investment climate. The proposed measures include the following:

a) Streamlining of institution responsible for investment

While it is ideal and inevitably appropriate that various institutions will continue managing investments in Tanzania, there is a need to streamline one institution through which all investments will be registered. Additionally, all institutions managing investments should be caused to submit reports to the national institution responsible for investment promotion.



b) Development of National Investment Database System

The government will expedite finalization of the development of the National Investment Database System as a mechanism for capturing and management of investment data from various institutions to facilitate easy access, quality and reliability of data.

c) Review of incentive packages

Revisit the incentives packages offered to investors to make them more strategic beyond merely value, focusing on most productive sectors such as agriculture, manufacturing and extractive sectors. Also reduce the registration criteria for locals so as to attract more Tanzanians to register their project with TIC and EPZA as well as other institutions.

d) Maintaining a strong and stable macro-economic environment

In light of the recent financial upheavals triggered by the Russia-Ukraine conflict and the ongoing impact of the COVID-19 pandemic, it is imperative for the country to foster a resilient and stable macroeconomic environment. This necessitates the steadfast implementation of prudent fiscal and monetary policies. Moreover, there's an urgent need to bolster self-sufficiency by ramping up domestic production of goods. This strategic approach will improve export base and reduce dependency on imported products.

e) Diversification of the economy built on sectors with far reaching economic impact

The country should continue with promotion of investments in sectors and value chains such as agriculture, tourism and the manufacturing sector which have high potential to create more jobs and improve the livelihood of the majority. The emphasis should also be given on the extractive sector where Tanzania is endowed with vast opportunities on strategic minerals with high demand in the world. More investments in these sectors would help to speed up creation of employment and improve the living standards of the citizens.

f) Maintaining a strong investment climate and business environment

The government through sectoral miniseries

and other agencies should continue harnessing a favourable investment climate and conducive business environment as an essential tool for attracting more foreign direct investment (FDI), domestic investments and for the development of small and medium-size enterprises (SMEs).

g) Enforcement of the law and protection of private rights

Effective rule of law reduces corruption, combats poverty and disease, and protects people from injustices. Moreover, it provides predictability, stability, and transparency in legal systems, which are crucial for attracting foreign investors. The country should continue with her motives to respect the rule of law and continue to enforce various laws for protection of private properties and rights.

h) Human Capital Development

Having a better educated work pool and skilled labour force is better for the community and for the country's development. The country should continue to increase budgetary allocation in education and training, specifically on areas that are linked with productivity; science and technology; and investment affairs at various levels of tertiary education. This will improve the quality of human resources and prepare the nation to take part in the global development.

i) Strengthen PPP frameworks

Strengthen collaborative partnerships with various stakeholders to attract resources to bridge the gap in funding of development projects through PPP frameworks to ensure that these projects are aligned with the government's development strategies and, generate the greatest economic returns for society as a whole.

j) Strengthening of Business Startups Ecosystem

Improve the Business startups Ecosystem through increased incubators, accelerators and mentorships programs that would help to sharpen the performance of Startups in the country and link them to the resources such as funding and modern technologies.

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