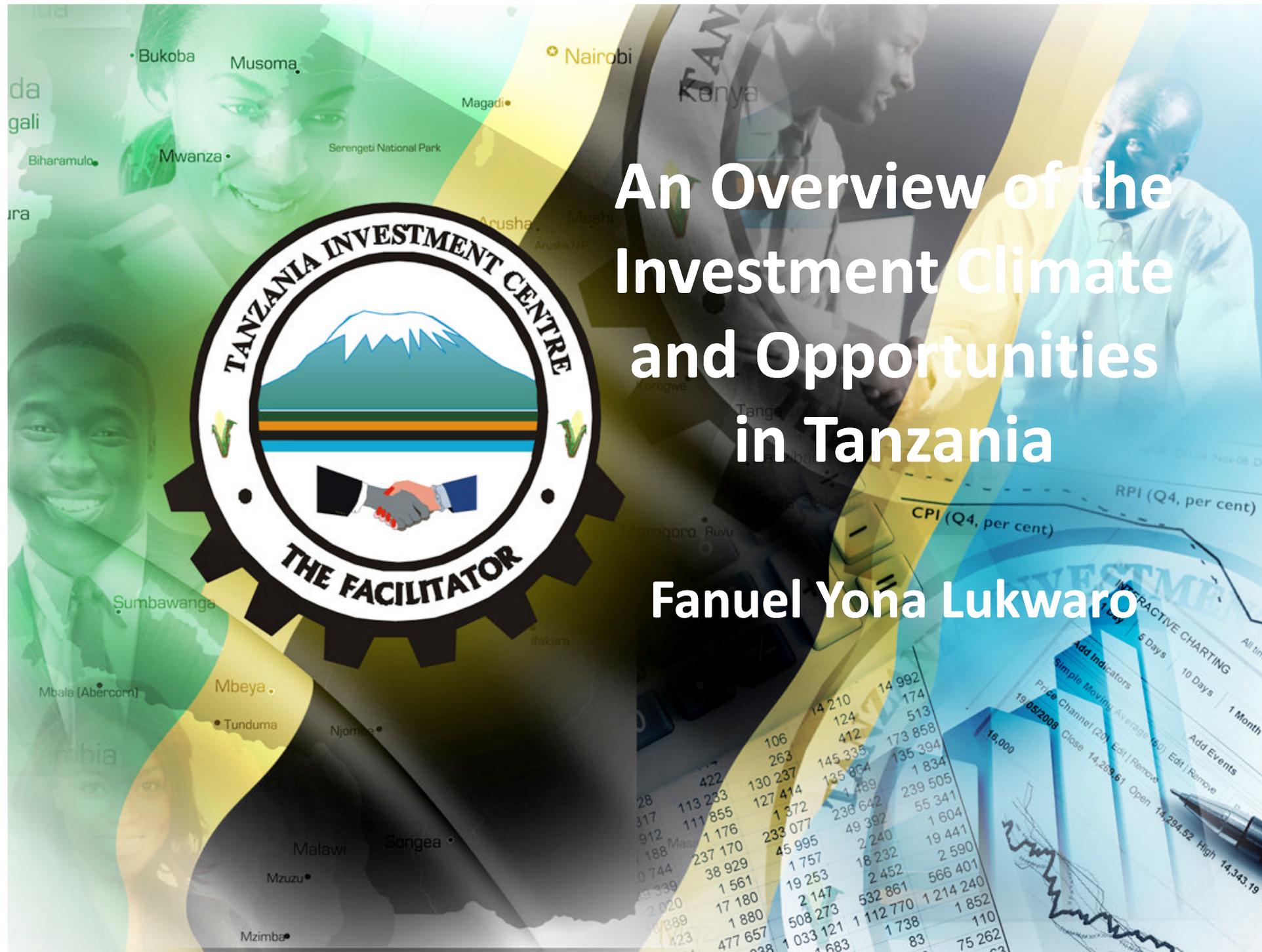


# An Overview of the Investment Climate and Opportunities in Tanzania

Fanuel Yona Lukwaro





# AGENDA

- ❁ **Tanzania Economy**
- ❁ **Why Tanzania**
- ❁ **Investment Facilitation Services**
- ❁ **Institutions which support investment**
- ❁ **Investment Incentives**
- ❁ **Trend of Investments**
- ❁ **Investment Opportunities**
- ❁ **Conclusion**

# TANZANIA'S ECONOMIC OVERVIEW



## Population:

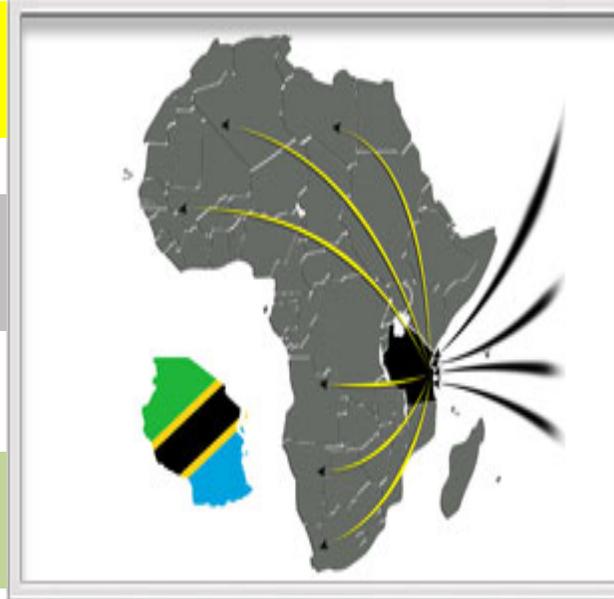
44.9 Million (2012.)

## Population Growth Rate

2.7 %(2012 )

## GDP Per Capita

\$ 652 (2012)



**Annual Average Real GDP Growth Rate 7.0%**  
(2003 - 2012)

**Annual Average Inflation Rate 8.6 %**  
(2003 -2012)

**Agriculture Employs 80% of the Workforce**

## Main imports:

Capital goods (i.e.. machinery and equipment),vehicles, petroleum products, agricultural inputs, raw materials and other consumer goods

## Main exports:

Agricultural products,(such as cashew nuts, tea ,coffee, cotton),cut flowers & vegetable, minerals, fish and manufactured goods.

# WHY TANZANIA?



# MARKET ACCESS



Tanzania enjoys Preferential Market Access with;

Negotiated **EPA – European Union**

**AGOA (USA)**  
Africa Growth and Opportunity Act  
Over 6,000 items

**China**  
Over 4,000 Items



**Japan, Canada etc**

**EAST AFRICA**

About 130M  
People

**SADC**  
300m People



## 1. Peace & Political Stability

Tanzania is politically stable, we have enjoyed political stability since independence in 1961, it is free from tribal or religious confrontation. We have elected National assembly and elected President who serve for the maximum of two Presidential term.

## 2. Strategic Location of Tanzania

Tanzania's strategic geographical location and easy connectivity business locations worldwide is a motivating factor to investors. Has 3 major ports (Tanga, DSM and Mtwara – providing service to neighboring landlocked countries)

## 3. Attractive Investment Fiscal Regime

Tanzania has Stable and Predictable Fiscal Investment Regime - providing a **Soft Landing** to all investors. It recognizes that investors need to recover their **Investment Costs** first before paying corporation tax



## 4. Free Repatriation of Funds

Transfer of funds is allowed through any authorized bank in convertible currency of net profits, repayment of foreign loans, royalties, fees charges in respect of foreign technology, remittance of proceeds and payment of emoluments, etc

## 5. Investment guarantee

Investors in Tanzania are guaranteed against nationalization and expropriation. Tanzania is a signatory of several multilateral and bilateral agreements on protection and promotion of investment. Among other international agreements and membership, Tanzania is a member of Multilateral Investment Guarantee Agency (MIGA) and Africa Trade Insurance Agency (ATIA)

## 6. Settlement of Disputes

Tanzania is a member of International Center for Settlement of Investment Disputes, A dispute which is not settled through negotiations may be submitted to arbitration in accordance with the rules of procedure for arbitration of the International Center for Settlement of Investment Disputes



## 7. **Access to credit from domestic sources**

Foreign investor may, in relation to the business enterprises which he operates obtain credit from domestic bank and financial institutions up to the limit established by the bank of Tanzania.

## 8. **Availability of enormous investment opportunities**

We have enormous investment opportunities in all sectors of the economy. Once the investors land in Tanzania, they will be able to expand and venture into new business.

## 9. **Predictability of the investment climate**

The investment Act, protects investors against any changes in the investment legislation to the detriment of investors already enjoying the investment incentives.

## 10. **Strong representation of the investors**

We have created specific institutions to support investments in the country such as TPSF, and TNBC, where investors concerns are discussed, compiled and submitted to the Government for consideration.

# INVESTMENT FACILITATION SERVICES

Senior Government officials from the following Ministries/Government Departments have been stationed at TIC to assist investors to obtain various licenses and permits they need in order to start business.

1  
2

- Registrar of Companies
- Immigration

3  
4

- Business Licensing
- Land

5  
6

- Labour
- Tanzania Revenue Authority

# OUR COMMITMENT TO INVESTORS



## Application

## Maximum Time taken

✿ Company Registration	3days
✿ Industrial License	1 day
✿ Business licensing	1 days
✿ Certificate of incentives	7days
✿ Resident Permit Class 'A'	14days
✿ Resident Permit Class 'B'	14days
✿ Special Pass	1 day

# OUR COMMITMENT TO INVESTORS



## Application

## Maximum Time taken

- |   |             |
|---|-------------|
| • Meeting with TIC staff  | Immediately |
| • Arranging appointments  | 24hours     |
| • Preparation and confirmation of itinerary for Potential investors | 3days       |

# NATIONAL INVESTMENT STEERING COMMITTEE (NISC)



- ❑ In an effort to improve the business environment and foster economic growth through increased investment the Government formed a National Investment Steering Committee chaired by the Hon. Prime Minister.
- ❑ Other members of the committee are Minister of Finance, Minister of Industry and Trade, Minister of Agriculture, Minister of Lands, Minister for Investment and Empowerment, Attorney General, Governor of the Bank of Tanzania and the Executive Director TIC (Secretary).
- ❑ This committee is entrusted with the role of investment policy formulation and solving problems of investors on a fast track basis.

# NATIONAL BUSINESS COUNCIL



- The Government has established the National Business Council to enhance Govt./Private sector “smart partnership”.
- The Business Council is chaired by the President and the Executive Director of Tanzania Private Sector Foundation is the secretary.
- The business council through Investors round table discussion advise the Government areas that need improvement



# INCENTIVES UNDER THE TIA, 1997

## A) Tax incentives

### ✿ **Projects capital goods**

- i) Import duty – 0%
- ii) Value added tax – 0%

### ✿ **Deemed capital goods**

- i) Import duty – Exempted by 75%
- ii) Value added tax – Reduced to 10%

### ✿ **Capital allowance**

- i) Agriculture – 100%
- ii) Mining - 100%
- iii) Manufacturing – 50%
- iv) Fish farming - 50%

# INCENTIVES UNDER THE TIA, 1997



## A) Tax incentives (continue)

v) Tourist services – 50%

vi) Hotels - 50%

**Others** - Depreciation allowance ranging from 37.5% to 5% depending on the class of the depreciable asset.

## B) Non Tax incentives

- ✿ Automatic immigration quota of up to 5 expatriates at the initial stage of the projects
- ✿ Unconditional transferability through any authorized dealer bank in freely convertible currency of ; net profit, loan payment (servicing a foreign loan) royalties , fees and charges in respect of any technology transfer agreement, payment of emoluments and other benefits to foreign personnel.

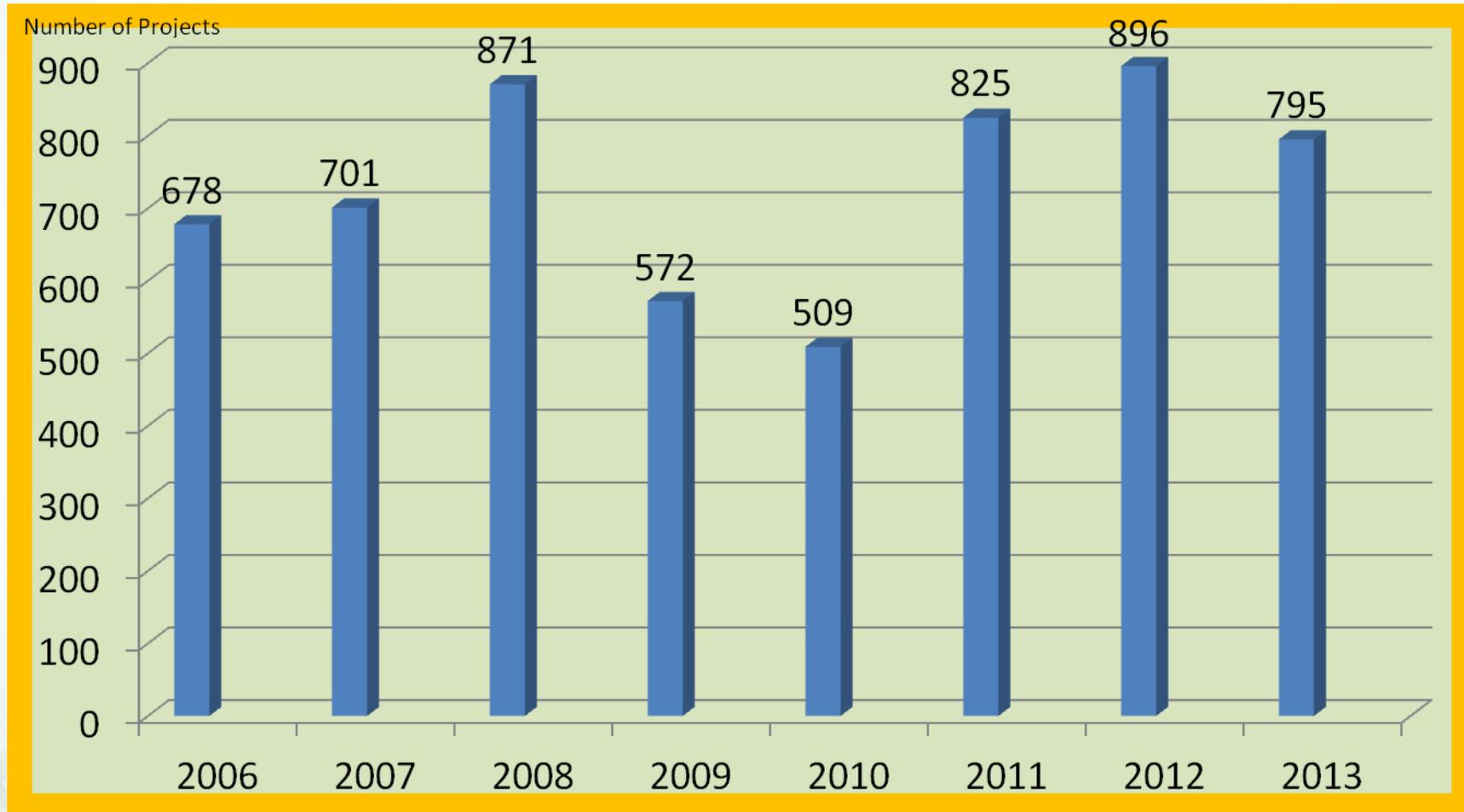
## C) Strategic investor status

In addition to existing investment incentives a potential investor may apply for a strategic investor status to seek additional investment incentives



# TREND OF REGISTERED INVESTMENT

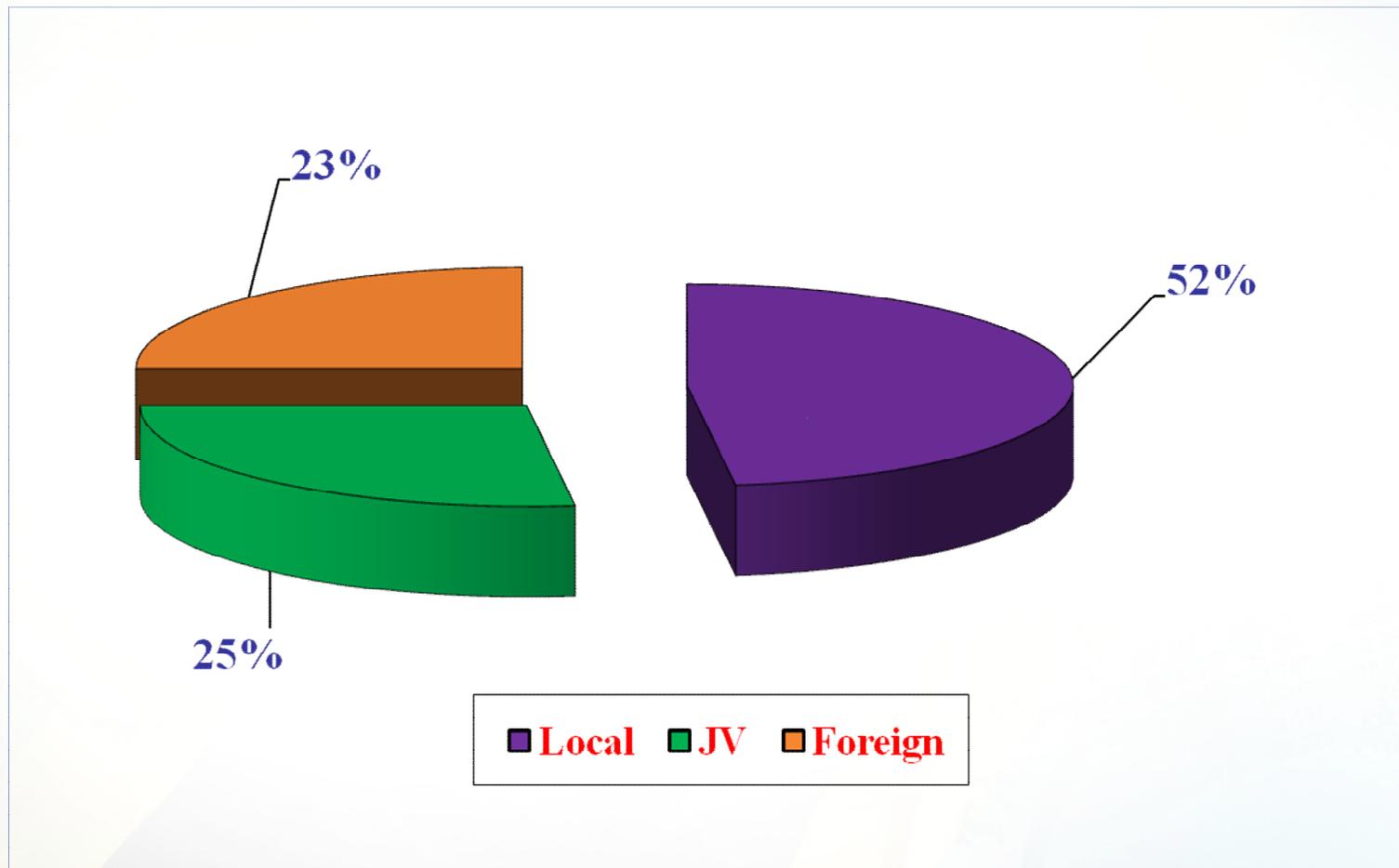
# TREND OF PROJECTS REGISTERED BY TIC FROM 2006 TO 2013



Source: Tanzania Investment Centre

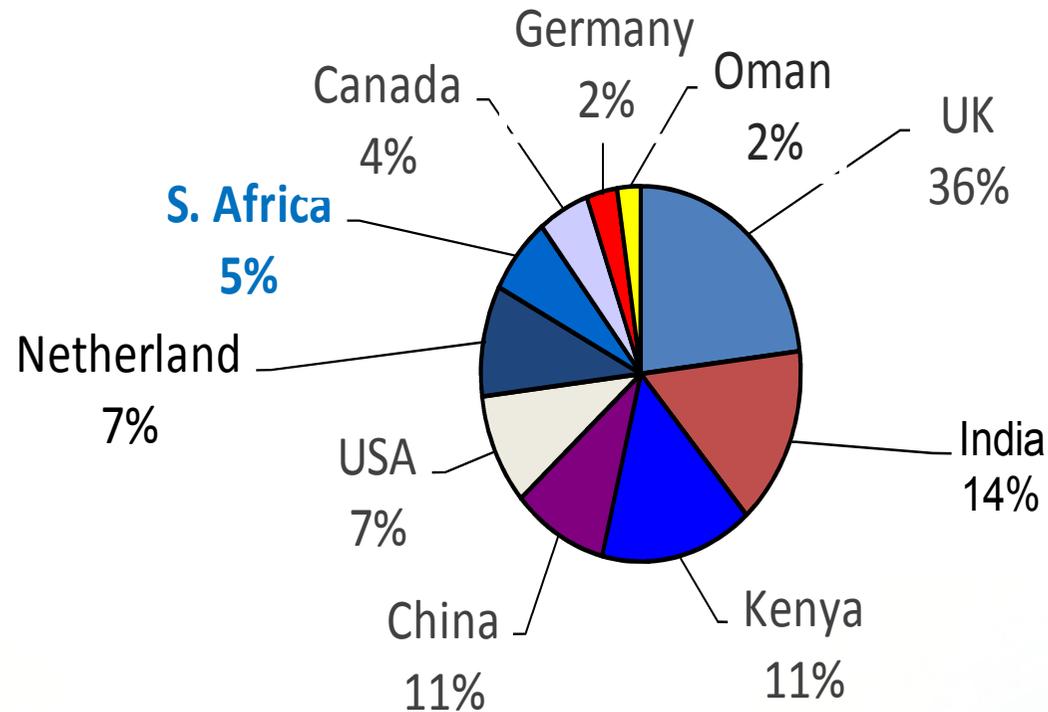
Years

# OWNERSHIP OF PROJECTS REGISTERED BY TIC 2005 - 2012



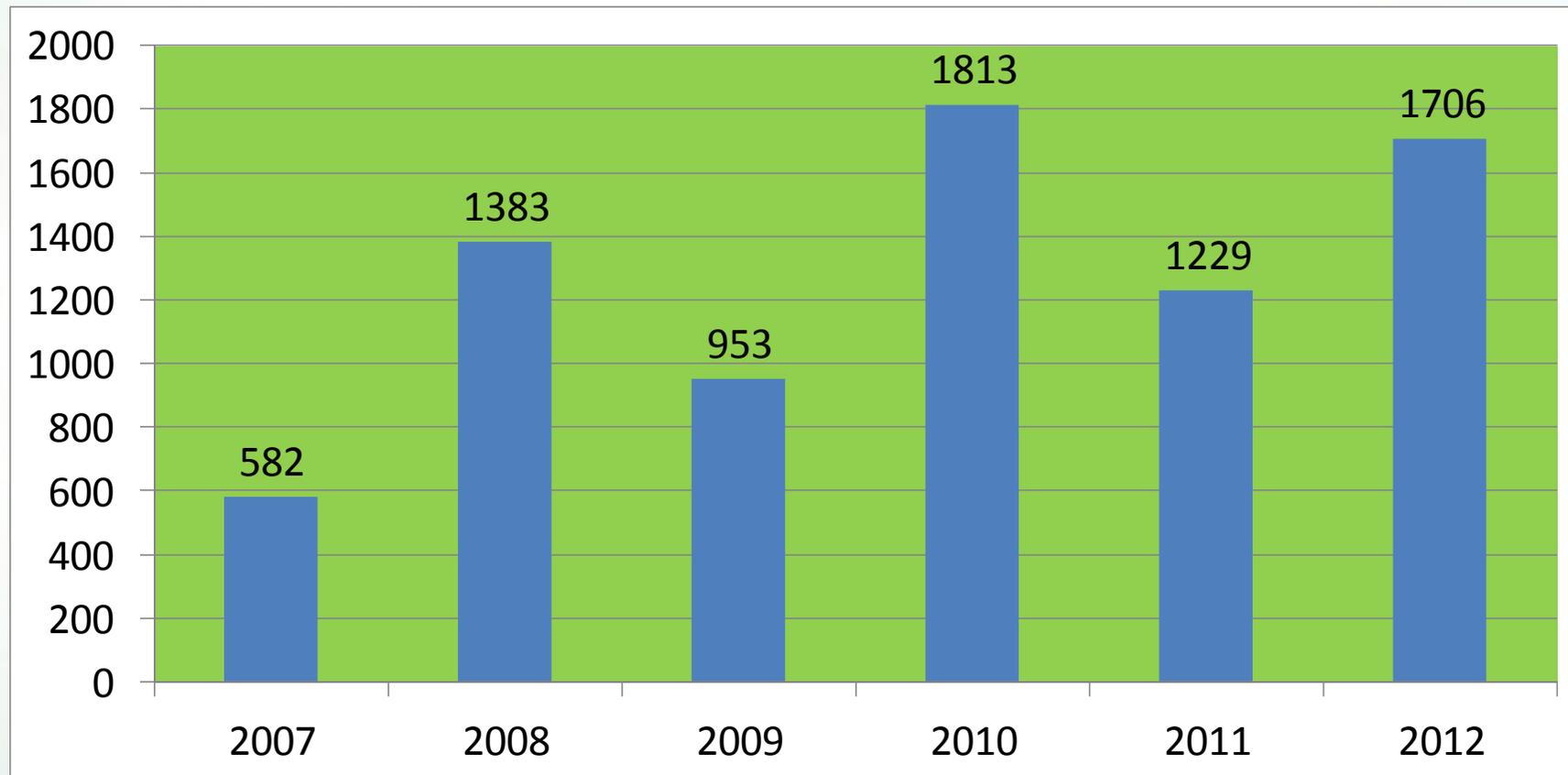
Source; Tanzania Investment Centre, 2012

# TOP TEN (10) LEADING COUNTRIES WITH REGISTERED INVESTMENTS IN TANZANIA (By value of Million US\$) FROM 2006 - 2012



Source: TIC Database (2012)

# FDI INFLOWS TO TANZANIA FROM 2007 – 2012 (US\$ Mill)



Source: UNCTAD - World Investment Report – 2013

# JAPANESE-OWNED INVESTMENT PROJECTS REGISTERED BY TIC BY 2014



## 1. Yuasa Battery (E.A) Limited

(Manufacture of Batteries).

- 20 jobs
- value: US\$ 1.21 million

## 2. Kajima Corporation

(Improvement of Infrastructure to facilitate links to SADC Countries)

- 14 jobs
- Value: US\$ 2.82 million

# JAPANESE-OWNED INVESTMENT PROJECTS REGISTERED BY TIC BY 2014 (cont.)



## **3. Japan Tanzania Tours Ltd (tourist activities)**

Jobs: 7 Value: US\$ 0.35 million

## **4. Amijak Ltd (plant & equipment hire services)**

Jobs: 34 Value: US\$ 22.60 million

## **5. Japan Tanzania Tours Ltd (classic tourist tented camps)**

Jobs: 21 Value: US\$ 1.20 million

## **6. Jan Japan Tanzania Ltd (manufacture of trailers and auto parts)**

Jobs: 42 Value: US\$ 3.60 million

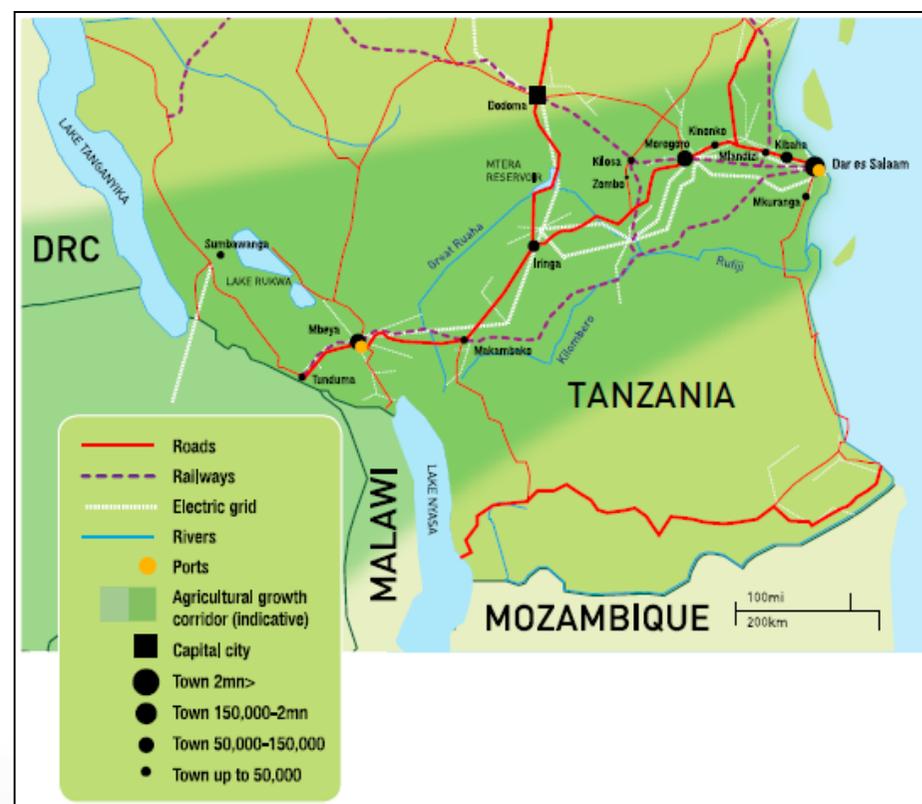


# INVESTMENT OPPORTUNITIES (Agriculture & Agribusiness)

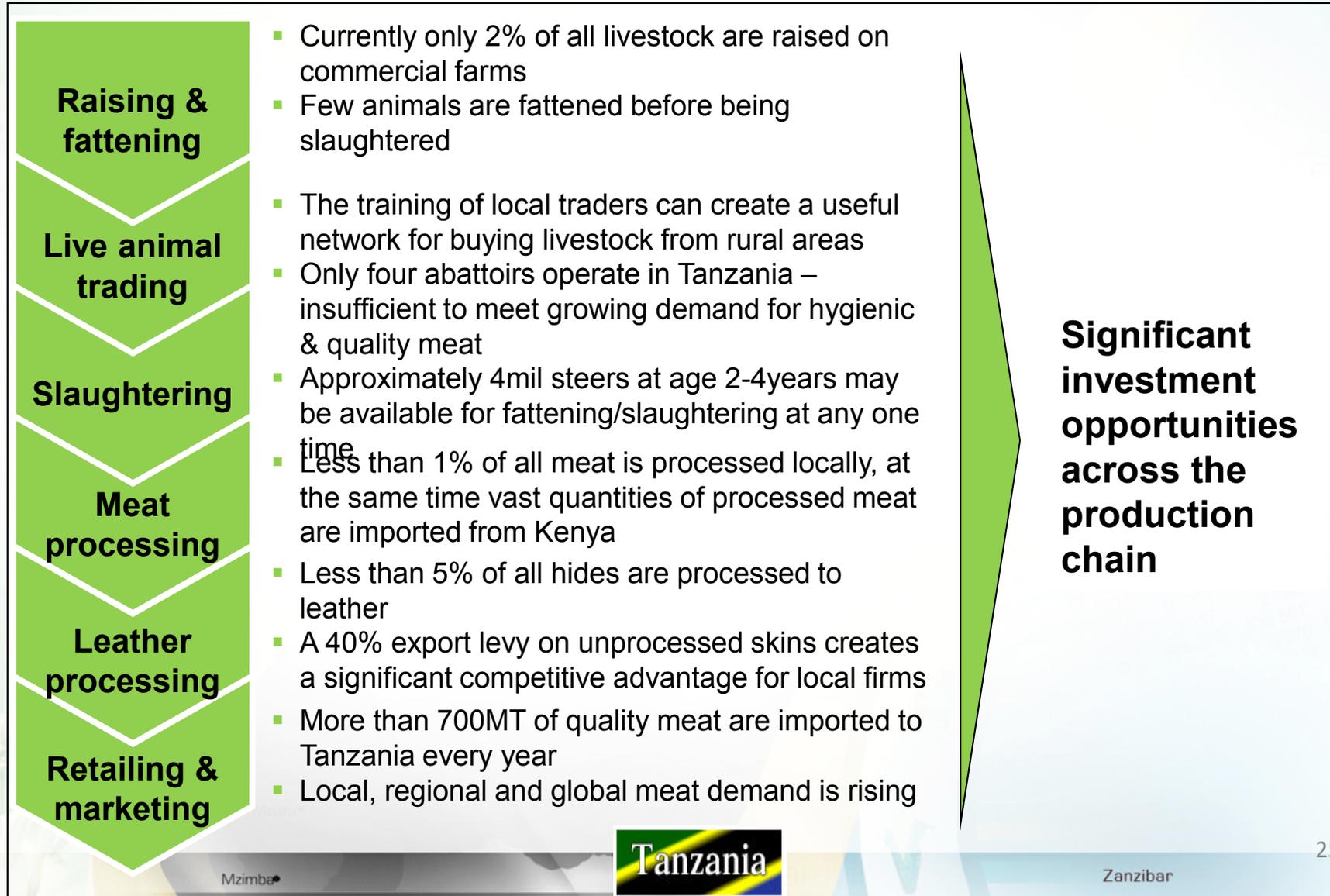
# GOVERNMENT AND THE INTERNATIONAL COMMUNITY HAVE JOINED FORCES TO PROMOTE SAGCOT



- The Southern Agricultural Growth Corridor of Tanzania (SAGCOT) is an international **public private partnership** which aims to transform the area's agricultural productivity
- It was launched at the **World Economic Forum** on Africa in May 2010
- Members of the partnership represent government, global business, the Tanzanian private sector, farmers, foundations and donor institutions
- By catalysing large volumes of responsible **private investment**, the initiative aims to deliver rapid and sustainable agricultural growth
- Investors in SAGCOT will benefit as public, private and donor organisations focus their investments, infrastructure developments and outgrower training on the corridor



# SIGNIFICANT GROWTH AND INVESTMENT OPPORTUNITIES EXIST ACROSS THE LIVESTOCK PRODUCTION CHAIN





# INFRASTRUCTURE

## A) Hard infrastructure

- Energy
- Ports development/rehabilitation
- Railway construction/rehabilitation
- Airport construction/rehabilitation
- Roads construction



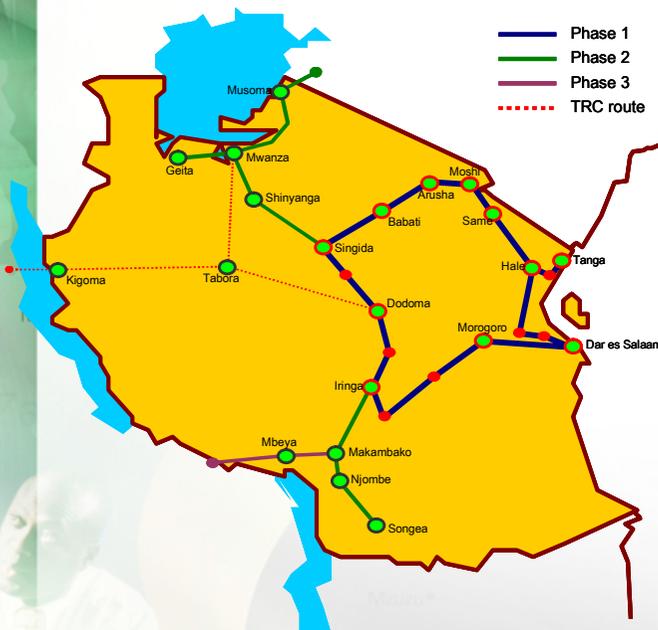
## B) Soft Infrastructures:

- Investing in modern state-of-the-art ICT Infrastructures; (Cyber cities, Data centres, Telecoms Companies, etc.)

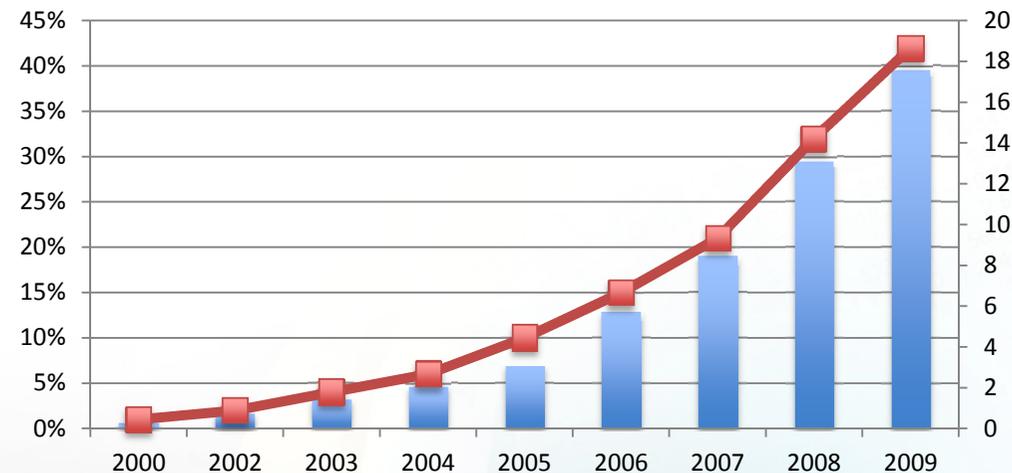
The NICTBB has created new Investment opportunities



As at end of 2009, Tanzania Teledensity stands at 42%



Subscriptions Teledensity





# MANUFACTURING

- Targeting industries that use locally available raw materials such as;
  - i) Textiles
  - ii) Fertiliser
  - iii) Cement
  - iv) Coal
  - v) Iron and steel
- Mineral processing
- Establishing EPZ and SEZ



# HUMAN CAPITAL & SKILLS DEVELOPMENT

- Projects which can be attracted in this sector are such as establishing;-
  - i) Universities (emphasis is on Science, engineering, technological, architect, medical ,dental and veterinary courses).
  - ii) Technical Colleges,
  - iii) Vocational Training Centres
  - iii) Specialized Hospitals,
  - iv) Research centres, etc

# TOURISM



- Tanzania has 15 world known National Parks including Ngorongoro, Serengeti, mount Kilimanjaro, 33 game reserves and 43 game controlled areas.
- Opportunities exists in establishing the following projects;-
  - Hotels
  - Convention centres
  - Tourist local transport
  - Beach development projects
  - Amusement Parks
  - Restaurants
  - Sports tourism such as golf course
  - Medical tourism – Specialized hospitals



# FINANCIAL SERVICES



Investment opportunities exist in establishing the following financial institutions;-

- Microfinance banks
- Non bank Microfinance Institutions
- Agricultural banks
- Commercial banks





# WATER RESOURCE DEVELOPMENT

- Water for household use in rural and urban centres
- Water for irrigation schemes
- Industrial
- Animal use



# INVESTMENT PROJECTS IN SELECTED SECTORS

# PUBLIC PRIVATE PARTNERSHIP ACT, NO. 19, 2010



The objectives of PPP Act is to promote private sector *participation* in the provision of public services through public-private partnership projects in terms of

- ❖ investment capital,
- ❖ managerial skills and
- ❖ technology.

Such projects will includes major projects of **infrastructure**, **agriculture**, **energy**, service sector, transportation etc

# OIL AND GAS EXPLORATION



TPDC has a number of on shore and off shore exploration opportunities that are available for investment. The exploration opportunities are earmarked on **the 4th Tanzania Deep Offshore and North Lake Tanganyika Licensing Round 2013**. The opportunities include the following;-

- i) The Deep Offshore Sedimentary Basins **Comprising of Seven (7) Deep-Sea Blocks** (Each of Average Size of 3000sq. Km Blk4/2A, Blk4/3A, Blk4/3B, Blk4/4A, Blk4/4B, Blk4/5A, Blk4/5B) Located Between 2000m to 3000m of Water Depths From  $40^{\circ} 30'E$  To  $41^{\circ} 40'E$  and  $7^{\circ} 30'S$  to  $9^{\circ} 00's$
- ii) North Lake Tanganyika Block Located Offshore In The Western Arm Of The East African Rift System. A Different exploration Apprise Off shore Block share Good Coverage of Modern Regional 2D Seismic data which Can Be Viewed at ION GX Technology of Houston, Texas and Westerngeco of UK.

# THE NATURAL GAS DISTRIBUTION PROJECT IN DAR ES SALAAM.



- The main objective of the project is to construct a gas distribution network in Dar es Salaam City for distribution of natural gas to institutions, households and CNG refueling stations for vehicles.
- A feasibility study for this project was finalized in 2007 by a Chinese Consultant, Ms Ultimate Petroleum Technology.
- The study aims to construct three (3) CNG mother stations, 12 CNG refueling stations and pipeline network to distribute natural gas to about 8,000 vehicles and 30,000 households. The total investment cost for the entire project was estimated to be US\$ 35 million (currently estimated to be US\$ 55 million).
- Due to the scope of the project, TPDC decided to implement the project in phases starting with a pilot project in 2008/9 whose objective was to promote the use of natural gas in markets other than power generation and as a fuel for industries.



## INVESTMENT OPORTUNITIES IN LAKE ZONE

- Marine Transport in Lake Victoria to connect Kenya, Uganda and Tanzania Ports and Islands
- Marine Transport in Lake Tanganyika to connect Tanzania Ports with Eastern DRC and Zambia
- Ship/Boat Building in Lake Victoria and Lake Tanganyika
- Commercial Buildings, Conferencing Facilities and Residential Estates

# INVESTMENT OPPORTUNITIES IN LAKE ZONE (Cont.)



- Development of Industrial Sites
- Development of Cement Factories
- Spinning Mills and Textile Industries using locally available cotton
- Generation of solar power for connecting to the National Grid
- Cattle Ranching in joint venture with NARCO. Land up to 30,000ha available for the purpose

# CONCLUSION



Welcome to invest in Tanzania.  
Tanzania Investment Centre will take you step by step to conform with the legal and regulatory requirement, until your investment project is fully established as per your plans.

# THANK YOU FOR YOUR ATTENTION

## Contacts

Executive Director  
Tanzania Investment Centre  
P.O.Box 938  
Dar es Salaam  
Tel: +255 22 2116328-32  
Fax: +255 22 2118253  
Email: [information@tic.co.tz](mailto:information@tic.co.tz)  
Website: [www.tic.co.tz](http://www.tic.co.tz)