

# Tanzania

Opportunities for Trade and Investment



U.S. Chamber of Commerce





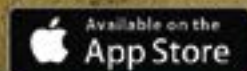
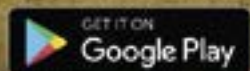
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# Samia Suluhu Hassan

## President of the United Republic of Tanzania

**“I must say that I’m excited about the prospects of promoting further trade and investment ties of mutual — for mutual benefits. And in — cognizant of that, we need to create an — an ease of doing business. And my government, in close collaboration with the private sector, has put in place better conditions and favorable environment for the private sector to thrive.”**

President Samia Suluhu Hassan, before her meeting with Vice President Kamala Harris  
Washington D.C. (USA), APRIL 15, 2022

Verbatim



## Dr. Hussein Ali Mwinyi President of Zanzibar and Chairman of Revolutionary Council



Zanzibar became the People's Republic of Zanzibar and Pemba in January 1964 after a revolt ousted the island's eleventh monarch, H.M. Sultan Jamshid bin Abdallah Al Said. By April 1964, Zanzibar had united with Tanganyika to form the United Republic of Tanzania.

Since becoming part of Tanzania, Zanzibar has benefited from a certain political autonomy. The Rais wa Zanzibar (President of Zanzibar) is the head of the Revolutionary Government of Zanzibar, which is a semi-autonomous government within Tanzania. Presidential terms last five years, and candidates may be re-elected only once. The President is elected by a plurality vote and appoints the members of the Zanzibar Cabinet with the approval of the House of Representatives.

In October 2020, Dr. Hussein Ali Mwinyi from the Chama Cha Mapinduzi (CCM) party became the eighth head of the autonomous Republic of Zanzibar, and holder of the

third highest office within the United Republic of Tanzania. Dr. Mwinyi, who was born in 1966, previously served as member of parliament for the Kwahani constituency, a position to which he was first elected in 2005, while also holding a federal portfolio as Minister of Defense and National Service of Tanzania. He is a son of the island's third President, Ali Hassan Mwinyi, who served between 1984 and 1985.

The Office of the Presidency and the Chairman of the Revolutionary Council play a central role in overseeing development programs and activities aimed at reducing and ultimately alleviating poverty among Zanzibaris, and at strengthening good governance and human rights. Dr. Mwinyi has also been active in fighting political corruption. Under his administration, 289 cases have been prosecuted by the Zanzibar Anti-corruption and Economic Crimes Authority (ZAECA), saving hundreds of millions of dollars in government funds from being embezzled or laundered.

In terms of development, he established Zanzibar's first Ministry of Blue Economy and Fisheries and is working to strengthen economic links with China. The President of Zanzibar is also involved in fighting for women's rights. After being the first African state leader to join the United Nations HeForShe alliance, he was named the HeForShe 2021 Champion by UN Women Tanzania.

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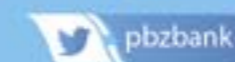
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FOREWORD  
Organizational chart



Jamhuri ya Muungano wa Tanzania  
United Republic of Tanzania



**Samia Suluhu Hassan**  
President of the United Republic of Tanzania  
Rais wa Jamhuri ya Muungano wa Tanzania



**Hussein Ali Mwinyi**  
President of The Revolutionary  
Government of Zanzibar  
Rais wa Zanzibar na Mwenyekiti wa  
Baraza la Mapinduzi



**Philip Isdor Mpango**  
Vice-President of the United  
Republic of Tanzania



**Othman Masoud  
Othman**  
The First Vice President of  
Revolutionary Government of Zanzibar



**Hemed Suleiman  
Abdulla**  
The Second Vice President of  
Revolutionary Government of Zanzibar



**Kassim Majaliwa  
Majaliwa**  
Prime Minister of the United Republic of Tanzania  
Waziri Mkuu wa Jamhuri ya Muungano wa Tanzania



# Interview with Her Excellency Dr. Elsie Sia Kanza

## Ambassador of the United Republic of Tanzania to the United States of America

If the relations between Tanzania and the United States are tremendous, they can be deepened. The representative of Tanzania in the United States draws up an inventory of the situation.

### What is the state of cooperation between Tanzania and the United States?

The state of cooperation between Tanzania and the United States of America is excellent and keeps on getting better day by day, and on this particular note, I am honored that H.E. Dr. Samia Suluhu Hassan, President of the United Republic of Tanzania, has trusted me with the task of further promoting the invaluable relations we have with the United States of America for over 60 years now.

Throughout all these years, the United States of America have been Tanzania's dependable partners in our efforts to achieve the country's socio-economic development

and prosperity of our people. Tanzania and the United States of America have been working together in various sectors including health, infrastructure, ICT, education, agriculture, business and investment, gender equality and women empowerment, to name but a few. The future of our cooperation is indeed exciting; the best is yet to come!

### President Samia Suluhu Hassan is expected at the U.S.-Africa Summit. What do you anticipate from this event?

I am anticipating a successful Summit. Africa including Tanzania, has always been yearning for a strong partnership with the United States of America, gladly the USA also

want the same. So, these two parties have decided to meet and discuss various issues of mutual interest to both sides, in the form of the U.S.-Africa Summit. I commend H.E. Joseph R. Biden, Jr., President of the United States of America for convening this important Summit as it will help to revitalize relations between United States and Africa based on the principles of mutual respect and shared interests and values.

President Dr. Samia will also attend the Summit for the same purpose of bolstering the long-standing relations between Tanzania and the United States of America. This entails engaging in the much-needed conversation with the American



Government, Congress members and business leaders among others in matters of mutual interests for the betterment of peoples of both countries.

### How can the United States support President Samia's political and economic vision?

The United States is already supporting President Dr. Samia's political and economic vision, and we are very grateful for that. Since President Dr. Samia became the President in March 2021, given an amazing work that she is doing to transform the country economically, politically and socially, the United States' support to Tanzania has increased tremendously. This new phase of relations was also reiterated when H.E. Kamala Harris, Vice President of the United States of America, hosted H.E. President Samia in the White House in April 2022. An example of the most recent demonstration of support

that the U.S. government is extending to the Government of Tanzania is the reinstatement of Tanzania to the Feed the Future Initiative, the move which will support President Samia's ambitious and vital plan to transform the agriculture sector in the country.

Therefore, we are optimistic that the Government of the United States of America will continue to support President Samia's vision which is to bring socio-economic development to Tanzania and prosperity of all Tanzanians, without leaving any group behind.

### Africa and Tanzania are courted by many powers. How can the USA distinguish itself and occupy a more important place in economic exchanges with your country?

I wouldn't say Africa is being courted. We are all seeking partnerships which are beneficial for our countries and peoples. And it is true that

Tanzania and other African countries have stronger economic cooperation with countries of Asia, Europe and Middle East compared to the United States of America.

Time is now to strengthen economic ties between Africa and the United States of America, given the economic potential of Africa and the fact that the United States of America are the world's largest economy. Being the world's largest economy, the U.S. has to distinguish itself and occupy one of the top positions in economic

exchanges with Tanzania and the African Continent in its entirety. For instance, the U.S. has to offer more scholarships to our youth given the fact that Tanzania is a very youthful country with up to 60% of its population under 35 years old. The U.S. should invest more in agriculture, health, ICT sectors and infrastructure development. On this note, I would like to commend the establishment of the Partnership for Global Infrastructure and Investment (PGII) by the U.S. and other G7 leaders for I know Africa will also benefit from the PGII. The U.S. has to put favorable terms of trade with Africa so that we can trade more; and we need more investments from the U.S. In brief, we need more cooperation and partnership from both the U.S. Government and businesses, and it is my hope that this Summit will accelerate this conversation and realize the U.S.- Tanzania relations that we want.



# Interview with Donald J. Wright

## United States Ambassador to the United Republic of Tanzania

Ambassador Donald J. Wright was sworn in as the United States Ambassador to the United Republic of Tanzania on April 2, 2020. Ambassador Wright shared his thoughts on the Tanzanian economy and opportunities for American firms with the U.S. Chamber of Commerce. His interview is found below:

**Tanzania and the U.S. maintain privileged diplomatic relations. How can you consolidate this cooperation?**

We must continue the strong dialogue we have developed with the Hassan Administration. In April, when the President visited with Vice President Harris at the White House, we were able to address concerns and areas for greater cooperation. The President returns to the U.S. for December's African

Leaders Summit and the U.S.-Africa Business Forum. We expect our inter-governmental dialogue to continue. I am also focused on increasing U.S. private sector involvement in the Tanzanian economy to deepen and expand the long-term US-Tanzania partnership and advance shared priorities. To do this, we need more U.S. firms to be active in Tanzania. I appeal to American companies to look to Tanzania as a country

ripe for stronger trade and investment relationships.

**American companies have know-how and expertise in many sectors. In your opinion, what are the most promising sectors in which American companies can find an interest?**

That is difficult to answer, because there is so much potential in Tanzania. The traditional and renewable energy and mining sectors are driving



the economy and U.S. firms have significant experience in these areas, while bringing strong environmentally friendly credentials to the table. Aerospace is essential to Tanzania's tourism sector and many of the aircraft flying in Tanzania are American made. But let us not forget the digital and fintech sectors. The use of mobile money is growing exponentially, and the government is pursuing a total digitalization of their

public sector supported by the World Bank.

My team at the Embassy is ready to work with any U.S. firm in virtually any sector to provide guidance and insights to help them be successful in Tanzania. We know that American companies offer capital and proven solutions at the highest standards, and they demonstrate a commitment to free and fair-trade practices from which Tanzania can benefit.

**What is the state of cooperation between the USA and Tanzania, and how do you perceive the country's economic and social progress?**

The cooperation between the United States and the United Republic of Tanzania is strong. As Tanzania's largest bilateral donor, we work closely with the Tanzanian government to support health, education, environment, entrepreneurship, and many other initiatives to position Tanzania for long-term growth. We are on a path together to strengthen economic integration and prosperity through inclusive and sustainable economic growth, trade, and investment. Promoting inclusive and sustainable economic growth is a core U.S. Government priority in Tanzania.

Although we would like to see greater progress in certain areas, especially pertaining to making the investment climate more business friendly, leveling the playing field, and reducing bureaucratic hurdles, overall we feel Tanzania is on the right track. We are seeing greater inclusion by women and girls in education and the workforce and an openness to foreign trade and investment. This makes us bullish on the future of Tanzania's economy. My colleagues at the Embassy can help U.S. firms navigate this challenging but rewarding market and I encourage you to reach out to us.

Interview





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Scott Eisner,  
President of the U.S.-Africa  
Business Center and  
Senior Vice President,  
U.S. Chamber of Commerce

## Editorial Scott Eisner

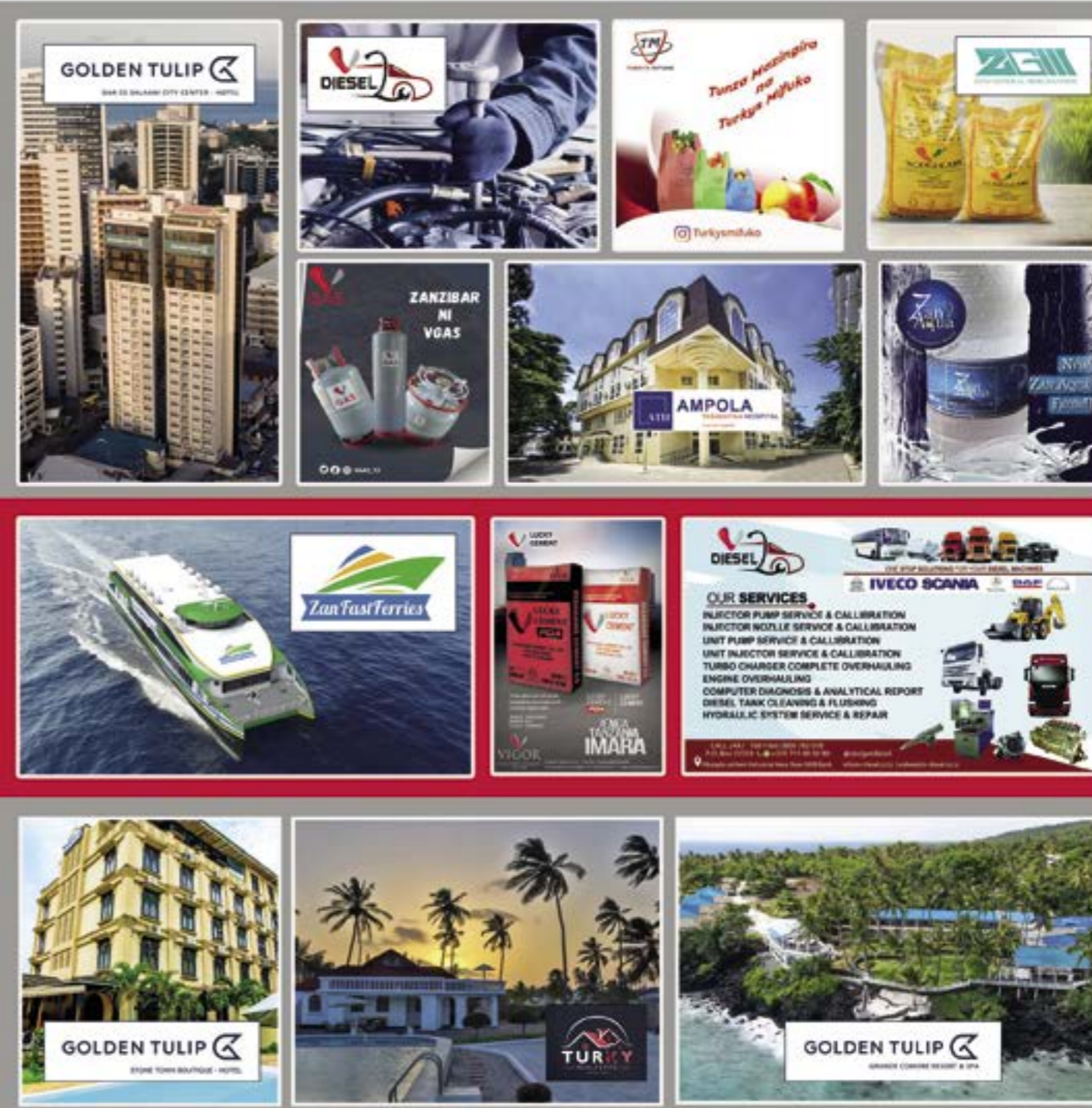
### Tanzania – one of East Africa’s fastest-growing investment destinations

With over \$5.6 billion in projected consumer and business expenditures on the continent by 2025 and a population of 1.2 billion, expected to double by 2050, we firmly believe that Africa is the future of the global economy. Tanzania has been and will continue to be a regional leader in attracting investments into various sectors. Prospects abound in agriculture, tourism, natural resources, ICT, and infrastructure, providing tangible investment opportunities in the country’s 31 regions across the mainland and the islands of Zanzibar, Pemba, and Mafia. The country’s efforts to make the required reforms to improve the regulatory environment and increase investor confidence and the ease of doing business are all indicative of a nation ready to attract foreign direct investment. This economic guide provides insights into numerous sectors for which Tanzania is well known. The Chamber of Commerce of the United States is the world’s largest business organization. Our members range from the small businesses and chambers of commerce across the country that support their communities, to the leading industry associations and global corporations that innovate and solve the world’s challenges, to the emerging and fast-growing industries that are shaping the future. For all the people across the businesses we represent, the U.S. Chamber of Commerce is a trusted advocate, partner, and network, helping them improve society and people’s lives. The Chamber’s U.S.-Africa Business Center (USAfBC) is a leader of the U.S. private sector’s commitment to Africa to advance policies that attract more significant investment and support trade with our partners throughout the continent. Since 2009, the Chamber has led the U.S. business community in a new period of unprecedented engagement with Africa’s regional economic communities, the established African private sector, and small and medium-sized enterprises (SMEs). We work closely with Tanzania’s public and private sectors to expand the commercial relationship between our two nations. In April 2022, the Chamber signed a Memorandum of Understanding with the Tanzania Trade Development Agency to solidify the organization’s commitment to expand trade and investment and build business linkages between the U.S. and Tanzania, one of the world’s fastest-growing economies. We hope that the comprehensive nature of this guide will offer helpful information to individuals and companies keen on investing in one of Africa’s fastest-growing yet largely untapped investment destinations — Tanzania.

Editorial



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The Tanzania Ports Authority (TPA) was established by the Ports Act. No. 17 of 2004 as landlord port authority.

It operates a system of ports serving the Tanzania hinterland and the landlocked countries of Malawi, Zambia, Democratic Republic of Congo (DRC), Burundi, Rwanda and Uganda. TPA currently performs the role of both landlord and their hinterlands, entering into contracts for

the purpose of delegating the powers of the Authority (Through Licensing and concessioning ports services). TPA administers a diverse system of Tanzania's mainland sea and inland waterways (lake ports). The major sea ports are Dar es Salaam, Tanga and Mtwara while smaller sea ports are

Kilwa, Mafia, Pangani and Bagamoyo. The lake ports under TPA mandate are on Lake Victoria which includes Mwanza North and South Ports, Nansio, Kemono Bay, Bukoba and Musoma, on lake Tanganyika. Kigoma and Ksanga and on Lake Nyasa: Itungi Port, Kiwira, Manda Liuli and Mbamba Ray.



**For any inquiries, please contact:  
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# Economic Guide: Tanzania



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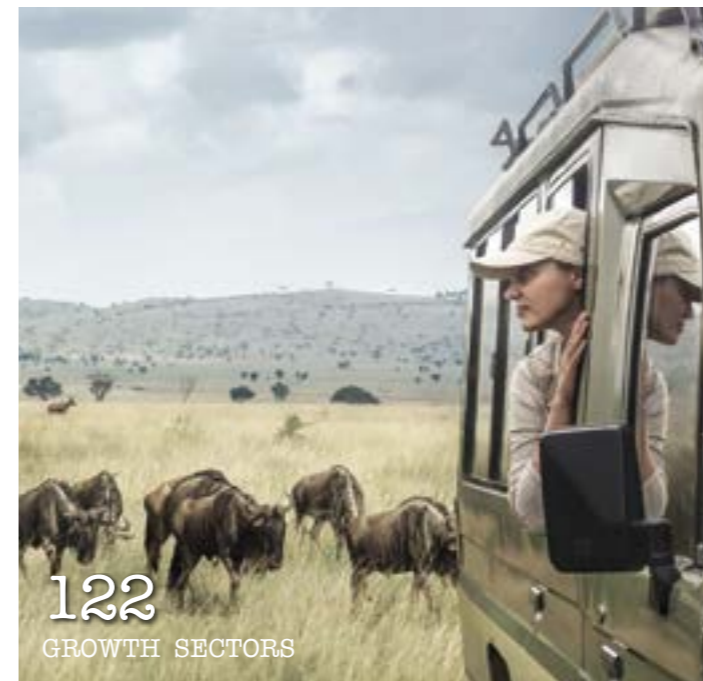


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Contents



# Tanzania

## An Emerging Player on the Regional and World Stages

The United Republic of Tanzania, as defined by its current borders, is a relatively young country. It is the result of the merger, in 1964, of Tanganyika and the Zanzibar archipelago, after the regions obtained their independence from the United Kingdom in 1961 and 1963 respectively. The new state's name tells this story: it is a contraction of "Tanganyika" and "Zanzibar".

The country's political stability, combined with its geostrategic location at the crossroads of the major socio-economic blocks of East Africa, Central Africa and Southern Africa, as well as its access to Asia via the Indian Ocean, make it a key player both politically and economically.

### Strong Commitment to Regional Integration

In terms of regional integration, Tanzania owes its continental prestige to the unconditional support offered by its successive presidents for African nations' aspirations of freedom and self-determination. In addition, Dodoma has always been an advocate of Pan-Africanism. Tanzania is a founding member of the East African Community



(EAC), and the organization's headquarters is located in Arusha, in northern Tanzania. The country is also a member of the Southern African Development Community (SADC) and has signed the Tripartite Free Trade Area agreement, which also includes the member states of the Common Market for

Eastern and Southern Africa (COMESA). The nation is one of the main troop contributors to the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO), having committed more than 1,200 men, primarily to the rapid intervention force.



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### Proactive Economic Policy

Government policy focuses on several priorities: tackling corruption, improving social justice, and supporting the country's economy and development. The new President of the Republic, Samia Suluhu Hassan, who has been in post since March 2021, says that above all, she wants to ease social tensions, which have deteriorated against the background of the current crisis. Consequently, some taxes have been abolished and subsidies have been granted for some products, such as fuel and fertilizer. The President is also keen to see a swift improvement in the business climate, and is seeking a re-definition of tax rules. The

main paths toward economic growth in the nation are industrialization, to enable Tanzania to make the most of its natural resources, and infrastructure, to allow it to exploit value chains to best effect.

### Significant Natural Resources

After all, Tanzania has a rich subsoil. First, there is gold (the second largest reserves on the continent, according to estimates) and there are diamonds, the country's historical mineral resources, which have been mined and exported for decades. Still largely under-exploited, however, are deposits of precious and semi-precious stones (amethysts, aquamarines, emeralds, rubies, sapphires, tourmalines and

tanzanite, a gem found only in this region), iron, nickel, tin, copper, cobalt, steel, and more. The country's energy resource potential is highly diversified, including coal, uranium, natural gas and oil. With gas reserves amounting to some 55 billion cubic meters, the country could become a major exporter. As for oil, if drilling goes ahead at Lake Albert in Uganda, Tanzania could end up home to the world's longest heated pipeline (1,445 kilometers) to export its output.

### Economy on an Upward Trend

Sitting at the crossroads between the African, Arab and Indian worlds, the island of Zanzibar dominated the region's economy for several

centuries, and the country is keen to reconnect with this past success. Following years of procrastination on economic policy, the country took a liberal turn in the mid-1980s, in a bid to attract investors. It paid off quickly: all sectors of the economy benefited from foreign investment to the extent that Tanzania became a lower-middle income country in 2020, five years ahead of the target set by the President. And it is set to continue on this path. According to the African Development Bank, gross domestic product (GDP) is projected to grow by 5 percent in 2022 and 5.6 percent in 2023, approaching the 6.5 percent growth that the country averaged prior to the crises caused by COVID and the war in Ukraine.

### Focus on Infrastructure

Today, Tanzania's growth is due in large part to the construction of major infrastructure. This policy dates from the 2000s, and the Vision 2025 development strategy, which has resulted in projects being completed significantly quicker, with positive repercussions for the economy. This is happening across all sectors, from transport to energy and telecommunications. In the case of the latter, the liberalization of the sector in 2001 and the introduction of a coherent regulatory framework have enabled a steady increase in teledensity. In the energy sector, the exploitation and liquefaction of offshore natural gas reserves is set to begin in 2023 as part of an agreement with

British company Shell and Norwegian company Equinor. Another major project is the Rift Valley Energy wind farm, with a capacity of 2.4 MW. Tanzania's transport links are vital to the entire region, since its geographical position makes it a transit country for landlocked nations. The railroad that is set to link Tanzania to Rwanda and Uganda, and on to Burundi and the Democratic Republic of the Congo, should continue to make progress. Several other projects to extend links to neighboring territories are under review. In terms of sea links, Zanzibar, which was, for centuries, the most important port anywhere on Africa's Indian Ocean coast, has a well-established tradition. These two modes of transport are therefore a priority.



# Tanzania

## In Short

### COUNTRY

**Name:** United Republic of Tanzania

**Political regime:** Federal republic

**Independence (from the United Kingdom):** December 9, 1961 (December 10, 1963 for Zanzibar)

**National holiday:** April 26 (union of Tanganyika and Zanzibar, April 26, 1964)

**National anthem:** Mungu ibariki Afrika ("God Bless Africa")

**Motto:** Uhuru na Umoja ("Freedom and Unity")

**Capital:** Dodoma

**Major cities:** Dar es Salaam, Arusha, Zanzibar, Mwanza, Tanga, Tabora, Mbeya

**Subdivisions:** 26 regions, 127 districts

**Official languages (de facto):** Swahili, English

**Other widely spoken language:** Arabic (especially on Zanzibar)

### GEOGRAPHY

**Area:** 947,300 km<sup>2</sup>

**Climate:** The country's interior, with its high plateaus (at an altitude of more than 1,500 meters), enjoys a temperate tropical climate, while the coast and the Zanzibar archipelago have a humid tropical climate. The dry season

runs from May through November, and December through February are the hottest months. The rainy season is from March until early May, when temperatures can sometimes be cool in the evenings.

**Relief:** From the Indian Ocean to the top of Kilimanjaro, the highest mountain in Africa (at a peak of 5,892 meters), Tanzania has a highly varied topography. It is crossed by the Grand Rift, which runs through the entire western part of the country, and is home to some large lakes.

The center comprises a vast, high plateau. The seaboard is made up of a coastal plain.

**Shared borders:** Kenya, Mozambique, Malawi, Democratic Republic of the Congo, Burundi, Uganda, Zambia, Rwanda. Access to the Indian Ocean.

### POPULATION

**Number of inhabitants:** 62,092,761 (2021)

**Demographic growth:** 3.13% per year

**Average density:** 66 inhabitants/km<sup>2</sup>

**Human development index (HDI):** 0.529 (2019)

**Environmental performance index (EPI):** 50.83 (2018)

**Life expectancy at birth:**

66.7 years (2021)

**Urban population:** 37%

**General fertility rate:**

4.91 children/woman (2021)

**Birth rate:** 36‰ (2021)

**Literacy:** 87.31% (2015)

**Unemployment:** 9.3% (2021)

### ECONOMY

**Currency:** Tanzanian shilling (TZS)

**GDP:** \$62.4 billion (2020)

**GDP per capita:** \$1,077 (2020)

**GDP growth:** 4.5%

**Trade balance:**

-\$1,471.40 million

**Competitiveness index:**

48.19 points (2019)

Sources: *diplomatie.gouv.fr*, *populationdata.net*, *fr.wikipedia.org*.



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The future Plan  
is to create a strong renewable  
energy industry in Tanzania that  
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## Economic Context

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26

With the economy having posted an annual growth rate of almost 7 percent for two decades, the World Bank elevated Tanzania from low to lower-middle income status in July 2021. However, the country also experienced a number of ups and downs between 2015 and 2020, which were partly responsible for a slowdown in gross domestic product (GDP) output.



## Business Climate

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30

Tanzania's rankings in the World Bank's annual Doing Business reports – which are respected by investors across the world – have been unsatisfactory for a number of years but there is light at the end of the tunnel. The country's new administration is outlining strategies to speed up the pace of reforms and regain investor confidence to spur investment, create jobs, and accelerate economic growth.

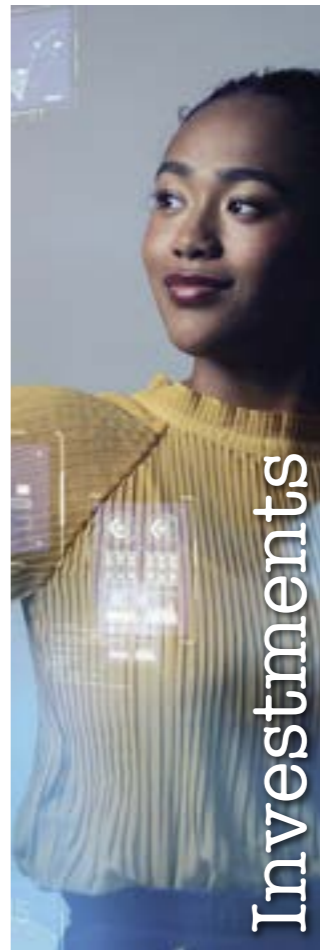


## Finance

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Though it has experienced some ups and downs during the past few years, Tanzania's finance sector is now stable and well capitalized, with sufficient liquidity to fund existing and future productive undertakings in the economy. The notable improvements seen in the performance of all commercial banks in recent years offer hope that the sector has what it takes to propel the economy to new levels.



## Investments

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In 2016, the Tanzania Investment Centre (TIC) set itself a target of attracting \$5 billion in foreign direct investment (FDI) by 2020. However, the United Nations Conference on Trade and Development (UNCTAD) said in its 2020 World Investment Report that Tanzania's FDI dropped to just \$864 million in 2016 from \$1.5 billion in 2015. It cited several factors for the unfortunate trend.



## Foreign Trade

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68

From the handling of the COVID-19 pandemic to trips to various countries within East Africa and beyond, President Samia Suluhu Hassan has left no stone unturned in pursuing her economic diplomacy agenda. In return, these trips have resulted in a number of mouthwatering agreements that, once implemented, will effectively position Tanzania as a force to be reckoned with in attracting foreign direct investment.

# Economy



# Economic Context

## President Samia's Economic Reforms

With the economy having posted an annual growth rate of almost 7 percent for two decades, the World Bank elevated Tanzania from low to lower-middle income status in July 2021. However, the country also experienced a number of ups and downs between 2015 and 2020, which were partly responsible for a slowdown in gross domestic product (GDP) output.

Tanzania's economy has been one of the fastest growing in Africa, with an annual growth rate of almost 7 percent over two decades. This led the World Bank to elevate the country from low to lower-middle income status in July 2021. Thanks to this sustained growth, propelled by reasonable levels of foreign direct investment (FDI), Tanzania managed to cut its national poverty rate from 34.4 percent in 2007 to 26.4 percent in 2018, while the extreme poverty rate fell from 12 percent to 8 percent. However, decisions taken by the government between 2015 and 2019 had some far-reaching ramifications for the country's economy. Interventionist

policies saw Tanzania feature prominently in the international business press, but for all the wrong reasons. The issues began with a 2017 dispute between the government and Acacia Mining, an operation majority-owned by Canadian firm Barrick Gold, over what was described as "the need for the country to earn more from its natural resources." Authorities slapped the company with a demand for \$190 billion in unpaid taxes. In July 2017, the government also introduced radical changes to the Mining Act 2010, in an effort to give the state "permanent sovereignty" over its natural resources and to renegotiate terms in mining contracts. The export of mineral concentrates was banned and the

government gave itself a 16 percent stake in the equity (non-dilutable free-carried interest shares) of all existing and future mining projects. These and other measures that followed, including regulations that were introduced in January 2018, sent a message to international investors that Tanzania was pursuing unpredictable policies on investments. The government became increasingly intolerant to criticism. In 2019, the International Monetary Fund (IMF) was blocked from releasing a report that found fault with the government's management of the economy. In the report, the IMF criticized the government for its unpredictable and interventionist policies that were

Economic Context

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worsening the investment climate. The IMF warned that the policies could lead to meager growth, projecting that actual GDP growth could be between 4 and 5 percent, below the government's own projection of 7 percent.

As the COVID-19 pandemic began to affect the entire world, Tanzania went its own way, with the government playing down the threat and refusing to put in place measures that had been widely adopted across the globe, such as mask-wearing and lockdowns. As a result, official figures from Tanzania's National Bureau of Statistics show that GDP, which rose by 7.0 percent in 2019, grew by 4.8 and 4.9 percent in 2020 and 2021, respectively.

### A Reformist President

That was the situation that awaited President Samia Suluhu Hassan when she ascended to the presidency on March 19, 2021, following

the death in office of her predecessor, John Magufuli, on March 17, 2021.

The new administration quickly embarked on reforms to restore investor confidence. President Hassan immediately announced that the government would adopt all relevant measures to prevent the spread of the COVID-19 virus, including the adoption of vaccinations.

On April 22, 2021, when she addressed the parliament for the first time since assuming the presidency, Ms. Hassan made it very clear that it was time for Tanzania to introduce the reforms that would win back investors' confidence. She said that her administration would focus on conducting economic diplomacy, incentivizing strategic projects, fighting corruption, and removing red tape surrounding the issue of work permits and the approval of investment projects, among other things, in an effort to boost investment and spur economic growth.

In fact, it took her administration just a few weeks to announce some encouraging measures regarding work permits. Within the same month of April 2021, the government simplified the issue of work permits for foreign nationals by introducing an online system which helped to cut waiting times from 33 days to less than a week. President Hassan's administration amended the Companies Act Cap 212 and the Non-Citizens (Employment Regulation) Act Cap 346, through the Written Laws (Miscellaneous Amendments) (No. 2) and (No. 4) Act 2021. Among other things, this extended the time limit for applicants willing to work in Tanzania from five years to eight years. President Hassan told the parliament that her administration would make changes to policies, laws, and regulations governing investment, with a view to removing issues that were preventing investors from coming to Tanzania. She

categorically stated that investors had been complaining about Tanzania's unpredictable taxation procedures and bureaucracy, and insisted that things would change under her authority as the country's sixth president.

President Hassan told the parliament in April 2021 that under her administration, the tax revenue mechanism would be focused on compliance rather than the use of force.

### Walking the Talk

Just a year and nine months after coming to power, President Hassan has set various economic fundamentals on the right path.

She promised to end red tape for investors and, true to her word, in June 2022 her administration signed an initial host government agreement (HGA) for the country's \$30 billion liquid natural gas (LNG) project, and directed that all the remaining issues should be completed by December 2022. In comparison, little progress was made on the HGA talks for almost ten years under previous administrations.

### Productive Sectors

The government has raised the budget for agriculture from a measly 294 billion Tanzanian shillings in 2021/22 to 954 billion Tanzanian shillings, in line with President Hassan's determination to raise productivity through irrigation. The aim is to achieve growth of higher than 10 percent in the agricultural sector by 2030.

In addition to ensuring food security and supply, the government is also seeking to increase the value of agricultural exports from \$1.2 billion to more than \$5 billion by 2030.

In fact, it took President Hassan just five months to announce a package worth 1 trillion Tanzanian shillings to boost lending to agriculture and the associated value chain. The package, managed by the Central Bank, is available to commercial banks for lending to the productive sector at an interest rate not exceeding 10 percent.

President Hassan's administration has maintained the tempo on mega infrastructure projects initiated during her time as Vice President. These include the multi-billion-dollar Standard Gauge Railway (SGR), the 2,115-megawatt Julius Nyerere Hydropower Plant, and the multi-trillion-shilling Air Tanzania Company Limited (ATCL) revival project. By maintaining these projects and ensuring that they receive even more funds to expedite delivery, President Hassan has not only demonstrated her transformative approach, but has also helped to boost liquidity in the economy.

In line with Tanzania's third Five-Year Development Plan, which runs from 2021/22 to 2025/26 – the government's priorities for 2022/23 have been directed toward boosting the productive sectors, including agriculture, livestock farming, fisheries, energy, investment, and trade.

As of April 2022, there were a total of 33.9 million cattle, 25.6 million goats, 8.8 million sheep, 92.8 million chickens, and 3.2 million pigs in Tanzania. This ranks the country among the top three in Africa in terms of livestock population. In the past, few efforts were made to utilize this resource to the advantage of the economy. The current government has, however, decided to transform the sector by raising the budget for the Ministry of Livestock and Fisheries by a staggering 100 billion Tanzanian shillings, from 168.3 billion in 2021/22 to 268.3 billion in the current fiscal year. Some of these funds will be used to build a fishing port, procure two fishing vessels to foster the country's blue economy aspirations, purchase fish aggregating devices (FADs), and procure and distribute 250 modern fiber-type boats for fishing cooperatives.

With proper management and its resolve to work with both small-scale and multinational investors, the contribution of the mining sector to Tanzania's GDP has increased from 6.7 percent in 2020 to 7.2 percent in 2021. The sector grew by 9.6 percent in 2021, compared to 6.7 percent in 2020, thanks to an increase in investment in large, medium, and small-scale mining operations. The government's goal is to raise the mining sector's contribution to GDP to 10 percent by 2025, as outlined in the country's Development Vision 2025.





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# Business Climate

## Reforming the Business Environment to Spur Investment

Tanzania's rankings in the World Bank's annual Doing Business reports – which are respected by investors across the world – have been unsatisfactory for a number of years but there is light at the end of the tunnel. The country's new administration is outlining strategies to speed up the pace of reforms and regain investor confidence to spur investment, create jobs, and accelerate economic growth.

Tanzania achieved its best Doing Business ranking in 2016, when it reached number 132 on the list. The country subsequently slipped to number 137, 144, and 141 in 2017, 2018, and 2019, respectively, ranking it largely below regional peers like Kenya, Rwanda, and Uganda, which had initiated a number of reforms during the period. Tanzania's unsatisfactory ranking during this time was primarily associated with a number of complications surrounding doing business in the country, following the irregular changes and unpredictable policies and regulations introduced by the government in

this area. Obstacles to doing business included a lack of access to finance, corruption, high tax rates, and inefficient government bureaucracy. Members of the business community felt that the pace of reforms was slow.

With what *African Business* described as a “*combative approach to international business*,” aggressive domestic policies, and an unusual response to coronavirus, the country was attracting negative press internationally. As a result, official figures show that the value of foreign direct investment (FDI) fell by 43 percent between 2015 and 2019.

All of this explains why members of the business community – both locally and internationally – may have taken a new interest in Tanzania when President Samia Suluhu Hassan said, just weeks after ascending to the presidency, that the time had come to make significant improvements to the business environment. Speaking during a ministerial swearing-in ceremony in April 2021, the President told the Tanzania Revenue Authority (TRA) to raise tax collections but not in a way that would “*strangle businesses*.” She noted: “*Finance Minister, you have been given a target of raising tax revenue*

Business Climate





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to 2 trillion Tanzanian shillings, but this should be achieved by expanding the tax base.”

President Hassan also expressed her disapproval at the approach adopted by the tax authorities to tax collection: “You are killing businesses. Using force is not the best approach to tax collection...I am not happy with the tendency to ‘milk some taxpayers dry’ or going as far as to seize their work tools and confiscate their bank accounts.” She said that this approach to tax collection was the reason why some businesspeople had opted to close their businesses and move to other neighboring countries. This was in apparent reference to official figures presented to the parliament in June 2017, which showed that some

7,277 businesses in Kariakoo in Dar es Salaam and across the country had closed.

When it was time for the President to deliver her maiden speech to the parliament later in April 2021, she set out a raft of measures that her administration would take to stimulate economic growth and regain investor confidence. President Hassan said that her administration would make changes to policies, laws, and regulations governing investment, with a view to removing provisions that were preventing investors from coming to Tanzania.

### Reforms

Similarly, when the first budget for the sixth phase administration, under President Hassan, was presented to

the parliament in June 2021, it was full of measures that were deliberately designed to improve the business environment.

The government exempted interest derived from government bonds from income tax. It also avoided the temptation of adjusting excise duty on non-petroleum products like beer, soft drinks, water, wines, and spirits, except for spirits and local beer manufactured using locally grown malt barley, and came up with a number of import duty incentives to promote local production.

For instance, to promote the growth of the local leather industry, the government granted a duty remission rate of 0 percent rather than 25 percent and 10 percent

on raw materials for leather processing. The government also proposed a reduction in the fees for electrical inspection, electrical insulation testing, and general inspection, charged by the Occupational Safety and Health Authority (OSHA), from 590,000 to 150,000 Tanzanian shillings. In an effort to raise financial inclusion, the government is also scraping VAT on all smartphones, tablets, and modems.

### Maintaining the Tempo

It was based on the need to improve the business climate that the Minister of Finance and Planning, Dr. Mwigulu Nchemba, said during the presentation of the 2022/23 budget in June this year that the government was focused on ensuring that all businesses – small, medium, and large – could operate in a conducive environment. The key announcement was that the government intended to maintain the tempo on its efforts to improve the business environment and open up more opportunities for the private sector. The Minister announced that a one-stop shop would be set up to provide a single port of call for all business services.

To streamline the process of officially setting up a business, the government said it would ensure that business registration could be completed within a day provided that all requirements were met by applicants.



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As for the wider private sector’s role in the economy, the government said that it was relying on implementation of the Blueprint for Regulatory Reforms to Improve the Business Environment to facilitate the private sector’s contribution to economic growth.

### Amending Laws

Dr. Nchemba told the parliament in June this year that in an effort to improve the business environment and investment climate, the government was introducing the 2022/23 Finance Act to amend various laws in 18 areas.

The issues addressed include changes to the different fees charged on the livestock, fisheries, and agricultural sectors, with a view to attracting investment. In the agricultural sector, the government has abolished some fees in an effort to provide relief to farmers dealing with irrigation schemes, while the 2017 Fertilizer Regulations have also been amended to increase the export permit application fee for manufactured fertilizer. This is a deliberate move to promote domestic production and use of fertilizer.

Various fees and levies charged by the Tanzania Atomic Energy Commission have also been reduced. Meanwhile, the Minister of Investment, Industry, and Trade, Dr. Ashatu Kijaji, said in November 2022 that the government was in the final





### Annual TNBC Meetings

President Hassan has chaired meetings of the Tanzania National Business Council (TNBC) each June for the last two years in a row. This year's event was the thirteenth meeting of the TNBC since it was established by the government in 2001. The meetings bring members of the business community and senior government officials together to consider obstacles to doing business smoothly in the country.



stages of establishing a single window that will provide prompt services to investors in a renewed attempt to improve the investment climate. The one-stop window will ensure that investors receive their licenses within one to three days. This investment single window will be different from other one-stop shops in the sense that it will involve some senior decision makers, who will be in a position to solve some issues instantly.

Dubbed the Tanzania Electronic Investment Window (TeIW), the system aims to link together all of the electronic systems that are already providing one-stop services at the Tanzania Investment Centre (TIC). These include 12 institutions: the TIC, the National Identification Authority (NIDA), the TRA, the Business Registrations and Licensing Agency (BRELA), the Labor Department, the Immigration Department, the Tanzania Bureau of Standards

(TBS), the Tanzania Medicines and Medical Devices Authority (TMDA), the National Environment Management Council (NEMC), the Tanzania Electricity Supply Company (Tanesco), and the OSHA. Official government data show that since the Blueprint for Regulatory Reforms to Improve the Business Environment was implemented, the government has managed to remove 230 fees that were frustrating businesses and investors in various sectors.



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## STATE MINING CORPORATION STAMICO

A wholly owned Government enterprise

### VISION

A Gateway to Mineral Driven Economy.

### MISSION

To participate strategically in exploitation of mineral resources through investment in the entire mineral value chain for social economic development.

### MOTTO

Together we Create Public Value.

### VALUE

Teamwork, Integrity, Accountability, Community, Safety and Health, Result Driven.

After a thorough consideration of the strength and potential of the Nation Growth Economy through Mining Sector it was again recommended to continue having STAMICO from 1990 to 2010 without any direct or indirect fund from the Government. Hence, STAMICO concentrate on high demanding of drilling activities and exploration activities so that to generate its economy and income.

STAMICO was re-established in 2015 through the Public Corporations (Establishment) (Amendment) Order, 2015 with the aim of increasing the contribution of the mineral sector to the national economy and creating employment opportunities to Tanzanians.

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# Interview with Latifa M. Khamis

## Director General Tanzania Trade Development Authority (TanTrade)



Tanzania Trade Development Authority (TanTrade) was established by Parliament Act No. 4 of 2009 and commenced on September 3, 2010. It is a statutory organ vested with regulatory, executive, advisory and consultative power of developing and promoting both internal and external trade in Tanzania.

**At the end of August 2021, the President of the United Republic of Tanzania appointed you as the director general of TanTrade, what are the leading measures you have taken since taking office to contribute to the economic development of Tanzania as well as encourage investors to set up in your country?**

First of all I would like to thank Madam President (Samia Suluhu Hassan) for trusting me to lead one of the greatest institutions in Tanzania.

About the leading measures I have taken to contribute to the economic development of the country was to change the organization culture and integrated my techniques to make staff aggressive and proactive in delivering services to the business community and investors.

Also I have taken measures to improve communications. The world is changing; we have to go with the ongoing changes in technology and adapt it.

So for providing a bridge between business community within the country and outside we introduced business interactions through organizing Zoom meetings. Through these meetings, we came to

realize that there is an information gap between business people/investors. Therefore, we designed a Trade Portal and TanTrade Mobile App to provide information to the business community/investors.

About the portal: The Ministry of Industry and Trade, through National Trade Facilitation Committee (NTFC) has developed the Tanzania Trade Portal for trade information.

It is a web-based platform, implemented by TanTrade in partnership with United Nations Conference on Trade and Development (UNCTAD) and Trade Mark East Africa (TMEA), on which the Government has published

trade regulatory information from all trade-related government institutions, Ministries and Agencies. This portal can be accessed through (Tanzania.trade.go.tz).

We have also developed TanTrade Mobile App which provides agricultural product prices. If you are a farmer somewhere and you want to know what the price is in the market you can get that in the Mobile App. All this provides information to traders who want to import or export.

Currently we have ongoing project for developing the integrated trade management information system (ITMIS) which connects all institutions responsible for trade facilitation. For instance, if a trader or investor requests to know about the tax requirements, we can get the request through ITMIS and then we reach out to Tanzania Revenue Authority (TRA) to respond, a process which will be speeded up by ITMIS. ITMIS will bring TRA, TanTrade, Our Embassies and other trade facilitation institutions together to quickly respond to traders' requisitions.

**Which are the main investment opportunities in Tanzania and what are the sectors that you would encourage investors to invest in?**

My priority about the investment opportunities in Tanzania is in the agriculture sector. We need investors who can invest in large scale commercial farming and add

value to the agricultural products. I would encourage investors to set up industries for value addition of agricultural products. It is among the priorities and a promising sector in the country.

Another area for investment is on green energy, even though the government is processing the hydroelectric power from Mwalimu Nyerere Dam, we still need more and the doors are open for investments.

We have done research and realized that we need to invest in the packaging industries to meet the packaging needs of small and medium sized enterprises. Current investors have mainly focused in large scale therefore SMEs are forced to import packaging materials because the local price is too high for them to afford. So small and medium scale packaging industries are among the opportunities for investment in Tanzania.

**Tanzania is a country with significant agricultural potential, and the authorities encourage developing "Made in Tanzania". Can you tell us about your strategy?**

Promoting "Made in Tanzania" is among the core functions of TanTrade as trade promotion organization. We are dealing with both domestic trade and export, thus we have the responsibility of promoting Tanzania's products. We have the programs of 'made in Tanzania' to sensitize consumers to buy our products. We have a platform

called Tanzania Industrial Exhibition which normally takes place on December 3<sup>rd</sup> to 9<sup>th</sup>, aimed at promoting made in Tanzania. We also have the Dar es Salaam International Trade Fair (DITF) which takes place from 28<sup>th</sup> June to 13<sup>th</sup> July every year where we have a special pavilion set for made in Tanzania. All these platforms enable foreign investors/traders to come and grab opportunities.

**Your country has cooperated with the USA's Chamber of Commerce and you have signed a Memorandum of Understanding (MoU) to strengthen your cooperation, what does this collaboration consist of?**

This collaboration consists of strengthening trade and investment ties between our countries. We agreed to share trade and investment information including opportunities for the private sector, to co-host various events regarding trade and investment such as business missions, forums, exhibitions, seminars and conferences and discuss each party's policy, advocacy and see how we can advise our government to ensure that we trade between each other.

Another one is an exchange program and study tours in different areas of need and to promote opportunities for companies to identify new markets for counterpart products. For instance, recently a consignment of Tanzania cashew nuts was exported to the US.

TanTrade



# Finance

## Sound Finance Sector Propelling Economic Growth

Though it has experienced some ups and downs during the past few years, Tanzania's finance sector is now stable and well capitalized, with sufficient liquidity to fund existing and future productive undertakings in the economy. The notable improvements seen in the performance of all commercial banks in recent years offer hope that the sector has what it takes to propel the economy to new levels.

Despite experiencing some ups and downs a few years ago, the finance sector in Tanzania remains stable and well capitalized, with sufficient liquidity to fund existing and future productive undertakings in the economy. Banks, insurance firms, and mobile money platforms have demonstrated notable improvements that have effectively expanded financial inclusion and played a key role in growing the economy for a number of years now. According to the Bank of Tanzania's annual report for the financial year 2020/21, there were a total of 59 banking institutions in the country as at the end of June 2021. That figure includes 46 banking (deposit-taking) institutions and 13 non-banking institutions. The

banking institutions comprised 34 commercial banks, five regional and community banks, five microfinance institutions, and two development banks.

### So Far So Good

According to parameters such as asset size, customer deposits, profitability trends, levels of non-performing loans, and loans and advances, the banking sector is stable and continues to support economic growth, propelling the country to lower-middle-income status in June 2020.

### Assets and Customer Deposits

In its overview of 42 licensed institutions – comprising 34 commercial banks, two development finance banks, and six regional and community banks – EY said in 2021 that

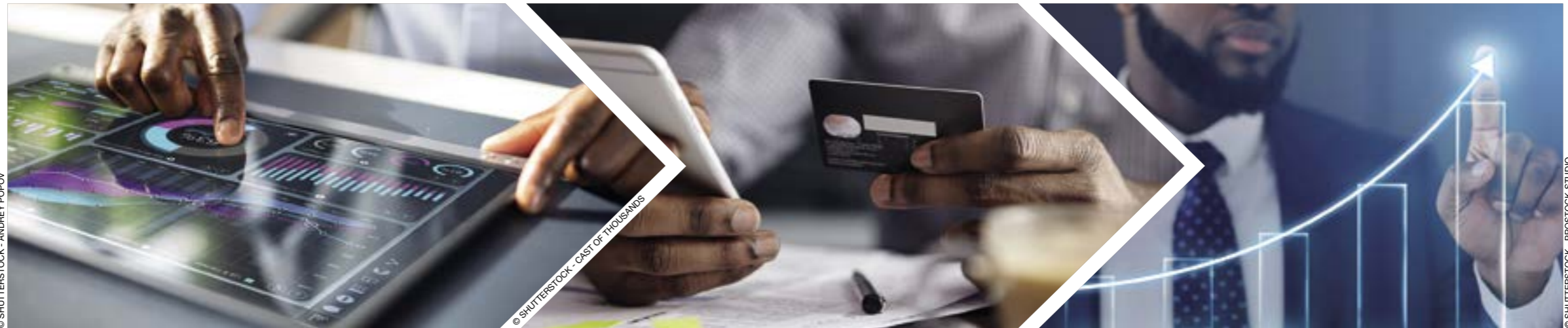
the banking sector had experienced remarkable growth in terms of total assets; indeed, the highest growth achieved since 2015 was recorded that year. Total assets grew by 14.6 percent to 39.2 trillion Tanzanian shillings, compared with 34.2 trillion shillings recorded in 2020. EY also noted that lenders' operating income increased by 58.8 percent to 1.1 trillion shillings, the strongest showing for a decade. According to the firm's calculations, total banking customer deposits – which accounted for about 83.4 percent of total liabilities – increased by 17.1 percent to 27.5 trillion shillings. This growth was partly the result of enhanced deposit mobilization strategies introduced by banks and of expansion in the agency banking business.

Finance



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### Credit to the Private Sector

Loans, advances, and overdrafts increased by 13.0 percent from 18.4 trillion shillings as of December 31, 2020, to 20.8 trillion shillings on December 31, 2021, accounting for about 53.0 percent of total assets, according to EY's calculations. Meanwhile, the latest data from the Bank of Tanzania show that credit extended to the private sector and central government by the banking system increased by 33.7 percent in the year ending September 2022, compared with a 6.8 percent increase recorded over the corresponding period in 2021. Much of the increase, the Bank says, was due to private sector lending, which grew 22 percent, compared with 4.5 percent. In its monthly economic review for October 2022, the Bank of Tanzania notes that the strong appetite for bank lending was partly a reflection of the availability of business opportunities, despite some global challenges emanating

from the war in Ukraine. According to the Bank, almost all major sectors of the economy registered satisfactory performance in growth of credit, with agriculture outpacing other industries.

Personal loans, which are primarily used by small and medium-sized enterprises, continued to account for the largest share of loans extended by banks to the private sector during the year ending September 2022, accounting for 38.6 percent. This was followed by loans made available for trade, manufacturing, and agricultural activities.

The rise in lending to the private sector is largely being driven by improved liquidity in the economy, with Bank of Tanzania figures showing that extended broad money (M3) grew by 15.5 percent in 2021. The cautious monetary policy approach adopted by the Bank of Tanzania in its June 2022 monetary policy statement, which seeks to strike a balance between growth and

inflation, was partly responsible for the increased money supply and rise in lending to the private sector. M3 grew by 13.6 percent during the year ending September 2022, compared with 12.7 percent in September 2021.

Conversely, there was a decline in lending to hotels and restaurants due to non-performing loans being written off to comply with regulatory requirements.

### Declining Lending Interest Rates

In recent years, there has been an encouraging trend of falling lending interest rates as the Bank of Tanzania has taken measures to ensure that loans do actually have an impact on borrowers and propel economic growth. As a result, official Bank of Tanzania data show that the loan interest rates charged by banks decreased marginally to an average of 16.07 percent in September 2022, compared with 16.55 percent

in September 2021. Similarly, the lending rate for prime borrowers also fell to 13.92 percent, from 14.07 percent during a similar period last year, while the interest rate spread narrowed, following a slight increase in the interest rate on deposits to 7.54 percent in September 2022 from 7.49 percent in the preceding month and 6.60 percent during the corresponding period in 2021.

### Rising Profitability

With improved liquidity in commercial banks, the banking sector's profits before tax rose by 48 percent to cross the 1 trillion-shilling threshold in 2021.

### Fewer Non-Performing Loans

There has been a general improvement in the quality of banking sector assets, which is clearly reflected by the fall in the ratio of non-performing loans to total gross loans, which dropped to 6.7 percent at the end of December

2021, compared with a figure of 7.5 percent reported in the corresponding period in 2020. Although the sector's non-performing loan ratio remained above the Bank of Tanzania's benchmark ratio of 5.0 percent, there has been a notable improvement in major banks and most of them have non-performing loan rates that are in line with regulatory requirements. In an effort to increase the sector's capital adequacy, profitability, and liquidity, and create room for more lending to the private sector, the Bank of Tanzania undertook several measures in 2021 which will have an impact beyond 2022. These measures include:

1. In November 2021, the Bank of Tanzania released a public notice listing measures to address the high levels of non-performing loans. The circular directed banks to determine which employees were directly responsible for agreeing non-performing loans without

following procedures. They were instructed to identify where employees had acted fraudulently or with integrity, and to take legal action. The Bank of Tanzania would then blacklist these employees. The circular also targeted civil servants with high non-performing loans.

2. In January 2021, the Bank of Tanzania directed banks to achieve a cost-to-income ratio threshold of 55 percent by December 2022. In the same circular, banks with either a cost-to-income ratio of above 55 percent or a non-performing loan ratio of above 5 percent were prohibited from paying dividends and bonuses.
3. The Bank of Tanzania also reduced the statutory minimum reserve requirement for banks that extend credit to the agricultural sector at an interest rate not exceeding 10 percent per annum and limited the interest rate paid on mobile money trust accounts.



4. It introduced a special loan amounting to 1.0 trillion shillings to banks and other financial institutions for on-lending to the private sector.
5. The Bank of Tanzania also relaxed its agent banking rules, removing the requirement for business experience of at least 18 months in order to become a banking agent.
6. Finally, the Bank reduced the risk weighting of lenders in an effort to provide banks with more opportunities to lend to the productive sector.

### Rising Insurance Sector Assets

The insurance sector has also been doing well over the past two years or so, withstanding the impact of COVID-19. The Tanzania Insurance Regulatory Authority (TIRA) said in its latest report (published in October 2022) that investment assets in the sector rose from 872 billion shillings in 2020 to 940 billion shillings in 2021.

The insurance market performance report also shows that in 2019, investments in the sector stood at just 751 billion shillings. The report noted that the government's security had increased significantly: by 16.9 per cent from 273 billion shillings in 2020 to 319 billion shillings in 2021. The sector wrote a gross premium amounting to 912 billion shillings for the year ended December 31, 2021, representing an increase of 11 percent

from 824 billion shillings written in 2020. The report also indicated that total assets for the insurance sector have increased by 8.4 per cent. The introduction of banc-assurance services almost two years ago is expected to stimulate public awareness of insurance products and propel further growth in the sector going forward.

### Mobile Money Fueling Financial Inclusion

With a well-regulated liberal regulatory framework that allows banks and non-banks to offer financial services, Tanzania has been scoring consistently high in the Mobile Money Regulatory Index, a tool introduced in 2018. In fact, mobile money has become a key element of



the country's financial inclusion strategy.

According to the FinScope Tanzania 2017 survey, Tanzania has made remarkable progress in expanding opportunities for people to access and use financial services. Uptake of formal financial services reached 65 percent in 2017, compared with 57.7 percent in 2013. Accessibility, measured by the proportion of the population living within five kilometers of financial services provision, has grown from 45 percent to 86 percent nationally and 78 percent for those living in rural areas.

Figures from the Tanzania Communications Regulatory Authority (TCRA) show that transactions totaling 10.35 trillion shillings were carried out via mobile money in January 2022. This figure then rose to 12.722 trillion shillings in September 2022. A total of 366,178,409 transactions were conducted in September 2022. The number of active sim cards used in mobile money transactions rose from 37.4 million accounts to 39.6 million accounts. The number of transactions has been increasing for the past three years, rising from 3.0 billion in 2019 to 3.7 billion in 2021. The value of transactions has increased accordingly, TCRA figures show, from 101.87 trillion shillings in 2019 to 137.217 trillion shillings in 2021. Subscriber numbers have been increasing at an average rate of 17 percent per year, according to the TCRA.

## Key Macroeconomic Indicators

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
<b>GDP AND PRICES</b> (annual percentage change, unless otherwise indicated)	Est.	Proj.	Proj.	Proj.	Proj.	Proj.
Real GDP	4.4	4.6	5.3	5.7	5.9	6.0
GDP deflator	117.2	121.7	126.5	131.5	136.8	142.3
Consumer price index (end of period)	3.2	3.4	3.5	3.5	3.5	3.5
<b>EXTERNAL SECTOR B</b>						
Exports of goods FOB (at current prices)	-4.1	11.0	-7.6	12.3	10.3	10.6
Imports of goods FOB (at current prices)	6.4	5.5	-7.8	7.7	9.3	9.2
Exports volume	-2.1	10.3	1.1	16.2	11.9	9.8
Imports volume	2.3	6.8	2.7	8.7	8.4	8.0
Terms of trade	-10.4	-0.8	1.9	-2.5	-2.2	0.3
<b>INVESTMENT AND SAVINGS (PERCENT OF GDP UNLESS OTHERWISE INDICATED)</b>						
Investment	38.4	38.7	40.4	40.5	40.4	40.2
Government	13.6	13.9	14.1	14.0	13.6	13.0
Non-government	24.8	24.8	26.4	26.5	26.8	27.2
Domestic savings	36.5	34.3	35.9	36.4	36.6	36.5
<b>CENTRAL GOVERNMENT FINANCE (PERCENT OF GDP, UNLESS OTHERWISE INDICATED)</b>						
Revenue and grants	13.8	14.0	14.7	14.9	15.0	14.9
Expenditures	16.7	17.9	17.7	17.8	17.9	17.5
Overall balance including grants (payment order basis)	-3.9	-3.9	-2.9	-2.9	-2.9	2.6
<b>BALANCE OF PAYMENTS</b>						
Exports of goods and services	13.2	13.5	13.6	13.9	14.2	14.5
Imports of goods and services	-14.6	-17.2	-15.9	-16.0	-16.0	-16.1
Current account balance	-1.9	-4.5	-3.3	-3.1	-2.8	-2.7
Global current account balance (excl. current transfers)	-2.0	-4.6	-3.4	-3.2	-2.9	-2.7
Gross international reserves (in billions of U.S. dollars)	5.2	5.5	6.2	6.7	7.4	8.0
Gross official reserves (in months of next year's imports)	5.1	5.4	5.5	5.6	5.7	5.7
<b>PUBLIC DEBT (PERCENT OF GDP, UNLESS OTHERWISE INDICATED)</b>						
Gross nominal debt	40.4	40.9	40.3	39.6	38.8	37.7
of which : external debt	28.2	28.1	27.5	26.1	24.8	23.5
<b>MEMORANDUM ITEMS</b>						
Calendar year real GDP growth (percent)	4.0	5.2	5.5	5.9	5.9	6.0
Trillions of Tanzanian shillings	154	168	184	202	222	245
Millions of U.S. dollars	66.838	72.011	77.556	83.444	89.869	96.853
GDP per capita (in U.S. dollars)	1,135	1,187	1,242	1,298	1,357	1,420
Population (million)	58.9	60.6	62.4	64.3	66.2	68.2

Sources: Tanzanian authorities, and IMF staff estimates and projections.



# Interview with Dr Nchemba Madelu

## Minister of Finance and Planning



The Minister of Finance and Planning takes stock of the financial situation of Tanzania. Having successfully overcome the pandemic crisis and amended its regulatory framework, the country is set for including the foreign private sector in its economic development.

### How is the financial situation of Tanzania today? How did your country overcome the global pandemic crisis?

So far it is fairly good, despite the pandemic. The inflation rate was fairly stable, around 3.3, 3.5. Of course, some of the response measures to the pandemic were inflationary; inflation went up to 4%, which is the recent

position. We are on the target set in the East Africa Community. We have successfully implemented our monetary policy. We slightly allowed expansion when implementing response measures, by pouring in the economy 1.3 trillion in ECF facilities from IMF, which was distributed among sectors badly touched by the pandemic. We have managed to contain the pandemic through public awareness and vaccination.

In the financial aspect, credit of the private sector has

increased from 3.1% in 2020 to 10% now. The strong growth of that credit was mostly attributed to sustained accommodating monetary policy to improve the business environment and restore economic activities. As to food reserves, we are faring well – actually, we had the highest on record in the mid of the pandemic – some 6.3 million. It has dropped a bit due to the Ukraine/Russia crisis. With the fuel increasing, transportation increased, and the cost of production increasing,

consumer goods increased. We import certain commodities and that affected our reserve. However, we are still around 4.6, above the EAC target of 4.5.

### What are the main financial challenges for the country's economic potential?

They are mainly related to increasing prices and the cost of production. We have some monetary policy challenges because inflation affects other macroeconomic variables and increasing costs of production may lead to shortages. We have managed to undertake some policy measures through the Central Bank. We relaxed some of the measures so that we created space to the commercial banks lending to productive sectors – like agriculture. We thought we had to form a window where interest rate would be under 10%. That was done administratively. So interest rates slightly declined.

### What are the main objectives of the first 5-year development plan, the FYDP?

We formed it from the main long-term vision, Tanzania Development 2025. We divided it in 5-year plans, and we divided the 5-year plans again in 1-year plans, implemented by aligning them with the government budget. We now we are in the third one. For the first one, the theme was unleashing Tanzania's latent growth potential. The second one

was nurturing industrialization for economic transformation and human development, and the theme for the third one which we are implementing now is realizing competitiveness and industrialization for human development. The key objective is to achieve the Vision 2025 and capacity building in the area of sciences, technology, manufacturing, etc. to enable Tanzanians to benefit from the opportunities available in the country.

### What funding does your country mobilize for developing projects?

We benefit a lot from all of the multilateral and bilateral sources of funding. With the World Bank, with the IMF, African Development Bank of which we are also shareholders, Trading Development Bank and other financial institutions which work together with the private sector.

### And the US through the MCC?

We benefitted from MCC1 and we have projects in various sectors. We had to stop for evaluation because we no longer met some of the criteria. We believe now we have met those MCC criteria again and we hope in the near future to be in a position to continue either with the same projects or projects in other sectors.

### What kind of message do you want to deliver to the

### American members of the US Chamber of Commerce interested by Tanzania?

The key one is that under the strong leadership of HE Samia Suluhu Hassan, the country has a new vision of partnership. We have amended some provisions to create the right environment to attract investments and facilitate the environment for the government to partner with the private sector. So for the US Chamber, they are all welcome. And it takes few days in dealing with administrative matters. The public sector will only concentrate on those sectors in which the private sector cannot participate - police, security and other specific services which are only provided by the government. But productive activities can be performed by the private sector in partnership with the government.

### What about stability and peace in the country?

Peace and security, political stability - in those aspects, Her Excellency has succeeded in bringing the Tanzanians together, and we have also enacted some provisions to deal with investment protection. Investors have access to a huge segment of the market for their products. Tanzania is a member of the African Continental Free Trade Area, with a population of over 300 million.

### Can you secure, guarantee the investment?

Certainly, we have put it in our laws. And we also have a range of incentives, from special status to all levels.



# Interview with Prof. Florens Luoga

## Governor of the Bank of Tanzania (BoT)



If Tanzania's economic activity was not badly affected by the pandemic, it was in great part due to the sensible policies conducted by its Central Bank. Policies recognized internationally and likely to reassure any potential investor to come and take advantage of the numerous and diverse opportunities offered by the country.

**What is Tanzania's financial and monetary situation today, and what are your initiatives to support the country's economy and make Tanzania even more attractive to international investors?**

Tanzania has adequate currency reserves. This is important to enable the country meet its foreign payment obligations and for its loanability status.

In terms of income, it is a low middle income country. And the Bank is pursuing monetary policies aimed at further supporting the economy. We have lowered interest rates from 17% to 9% and this opens up opportunities for investors.

We want to make sure that the people in rural areas can effectively access financial services

through digital media. It is very important because more than 90% of the population are involved in the micro, small and medium industries. Tanzania has not suffered much during Covid 19. The Bank made sure that it did not affect much economic activities and our growth remained steady. Now we are around 4.5%.

**How does BoT support Madam President's vision of opening up the country?**

The policy of opening up the economy was adopted long ago. But what Her Excellency Madam Samia Suluhu Hassan is doing is to improve the business environment.

Tanzania has a lot of diverse opportunities. Its geographical

location is an asset. We are surrounded by landlocked countries, with the exception of Kenya; and Madagascar, Seychelles, Comoros can be directly serviced from Tanzania. Investors to Tanzania not only look at the local market with 61 million but also the combined markets of East Africa and the SADC region.

**The country has its own currency. Is not it a brake on subregional integration with your neighbors?**

Having your own currency is not by itself a problem. You need to use your currency to protect yourself. Our shilling is very strong. But within East Africa we are moving towards a single currency, and



the establishment of the East African Central Bank. Already we don't have problems with the convertibility of currencies because we have the East African payment system. We are also moving towards convertibility with SADC countries.

**Two years ago, BoT urged commercial banks to introduce new financial products into the market to support economic growth and meet rising demand. Now what is your strategy and how could the new banking equation support growth?**

The banking sector is very critical in supporting economic growth because it provides finance to the private sector. So that's why we make sure that all the banks are very stable. They must have capacity to finance and financing must be accessible. One of the most

effective ways we make sure that the banks efficiently support growth of the private sector is competition between the banks. We also monitor the extent of private lending.

The banking sector today is getting more vibrant. The more stable it is and the more you attract financial institutions to collaborate with our banks.

**Crypto currency has succeeded over the years in establishing itself in the global economy. What about Tanzania?**

We have not outlawed crypto. But we educate the public on its hazards. Protection has become very difficult. At the moment our concern is the introduction of a central bank digital currency as a response to the attraction to crypto. When we have a single currency in East Africa, we should be heading towards an East Africa digital currency.

**Your Central Bank won the Central Bank of the Year for Africa for 2021, awarded by the Bankers' magazine, a subsidiary of the Financial Times, for your efforts to boost the country's economy amid the Covid 19 pandemic. How did you perceive this prestigious award and what were your main measures to mitigate the negative effect of Covid on Tanzania's financial sector?**

It's good for our Central Bank to be recognized for its efforts. There is appreciation of the effectiveness of our policies and strategies in times of crisis. During the pandemic, the Central Bank advised the

government that we should not put economic activities to a standstill. For a simple reason: most of the population is in rural areas and was not exposed to fast transmission of the virus. Other countries took measures to suspend repayment to the banks. We did not because we wanted the banks to remain liquid and profitable when the pandemic subsides. But we said that all businesses adversely affected can enter into arrangements for loan restructuring with the banks. Our objective number one was that economic activity must continue where it is feasible.

**We are going to publish during the US Africa summit in December. Tanzania will be in the frontline with the special edition. It is important for the American authorities and the powerful members of the US Chamber of Commerce. So, a few words to American investors wishing to invest in Tanzania?**

Tanzania needs exposure. In the past everything was controlled by the State. We opened up to market economy in 1985, but that remained in the minds of many people. Fortunately, we managed to have dialogue with potential investors. Today, most of them are happy with the environment. The country is safe, there is peace, you can enjoy a lot of facilities. The economy is stable due to its diversity.

We have opened our current account, you can maintain your forex accounts in the banks in Tanzania and we are opening the capital account.

Bank of Tanzania



# Interview with Dr. Muhsin Salim Masoud

## Managing Director The People's Bank of Zanzibar Limited

PBZ is the oldest bank in Tanzania, established in June 1966. The bank is 100% owned by the Revolutionary Government of Zanzibar and is the only bank in Tanzania with its headquarters based and incorporated in Zanzibar. Its Managing director gives us more details



### What are the specificities of your bank?

The Bank's Moto is "People's Bank, People's Choice", reflecting the bank's devotion to customer's satisfaction as key to operational success, consistent to the bank's vision to be 'A leader in the provision of valued financial services to customers and other stakeholders' and the bank's mission which is "To provide innovative financial service

solutions that are responsive to customer needs at competitive costs".

As per the 2022 - 3<sup>rd</sup> quarter financial reports, out of 44 banks in Tanzania, the bank ranked 6<sup>th</sup> in terms of profitability, 10<sup>th</sup> in terms of assets and the leading bank in terms of market share in Tanzania islands (Zanzibar) holding 50% of the market.

The bank offers a wide range of financial services to individuals, Small and Medium Enterprises (SMEs), and corporations and is revolutionized in terms of technology and services delivery where all its services can easily be accessed through multiple channels including Internet Banking, Mobile Banking and

APP, Agency Banking and ATMs equipped with VISA network.

### What presence does your bank have within the broader Tanzanian banking/financial services sector?

The Bank has a total of 28 Branches and Service Centres, 72% of them spread throughout Unguja and Pemba (Zanzibar) with the remaining 28% scattered across Tanzania mainland, strategically located in the Capital City of Tanzania - Dodoma, Commercial City - Dar es Salaam and in Mtwara. PBZ Currently holding 50% market share in Zanzibar (Tanzanian Islands) and still compete with bigger

banks for more presence in Tanzania Mainland. The bank is at present looking forward to opening more branches in other regions.

The bank also operates one Subsidiary (Mufindi Community Bank - MUCOBA), a local community bank based in Iringa, Tanzania.

Besides Internet Banking and Mobile App as alternative delivery channels, the bank has a total of more than 775 Agents and a network of over 300 ATMs equipped with Visa services scattered throughout all Regions of Tanzania.

### How do you support companies and households?

With commitment to becoming reliable partner and customer's choice, the bank offers a wide range of Islamic and conventional financial solutions supporting households and companies. The bank has specialized in provision of personal loan through which most of the Government and private sector employees have tremendously benefited as the bank offers the best rate in the Tanzanian market.

At very competitive rates, the bank offers all traditional banking products and services to businesses and companies including, international trade solutions (e.g. letters of Credits, Bank Guarantees etc.), Fund Transfers (local and international), and Commercial loans to companies and businesses meeting the bank's criteria for the same.

How would you characterize

### the Tanzanian economy? What is your perception of the rate of economic development in Tanzania?

According to the Bank of Tanzania (BOT) and the International Monetary Fund (IMF), Tanzanian economy is noted among the fastest growing economies in Africa and the world with an average real GDP growth rate of 6.3%.

Following the determination of the Government of the United Republic of Tanzania to improve GDP growth rate to at least 8% yearly, tremendous economic impacts resulting from direct strategic moves stimulating different sectors of the economy has been witnessed e.g flooding of the country with tourists resulting from Inauguration of the Royal Tour by her excellence, President of the United Republic of Tanzania, Mama Samia Suluhu Hassan.

Further, with the remarkable efforts of the Zanzibar President and Chairman of the Revolutionary Council, Dr. Hussein Ali Mwinyi through his "Blue Economy" philosophy, Zanzibar is yet anticipated to keep on witnessing tremendous results and economic growth.

The banking sector being at the center of it all, is anticipated to be flourishing with the economy as it plays such a vital role in financing and supporting all other sectors of the economy.

We understand your bank has embarked in a new initiative related to the opening of a specialized Islamic



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bank department. Can you provide more details? Are you considering inviting foreign investors - especially American- to participate in this venture ?

Structurally, the bank currently has a department specialized in Islamic bank branded as "PBZ IKHLAS". Currently, the bank through this department is leading in the Tanzanian industry as number one Islamic bank in terms of Asset and profitability.

Under the current structure, PBZ IKHLAS has 8 branches and service centers falling under one umbrella as a division under Director of Islamic Banking monitored and regulated by independent Sharia Advisory Committee.

Currently, the bank is working on its strategic goal to turn this department into full independent subsidiary Bank by year 2025. To realize this, the bank welcomes proposals from all investors (domestic and foreign).

PBZ





# Interview with Dr. Ally H. Laay

## CRDB Bank Board Chairman

Attracting foreign investment requires the presence of solid financial institutions. CRDB, Tanzania's leading Bank, is well geared to accompany foreign investors in their venture. It enjoys the support of the government and has access to both local and foreign finance, whatever the size of the project.

### Tell us a little about your bank.

CRDB Bank is among Tanzania's oldest banking institutions, having started as a cooperative rural development bank in the 1980s. The financial reforms of the 1990s saw it transform into a commercial bank focused on providing integrated financial services to customers within Tanzania. For the past two and a half decades, the bank has grown to become the country's leading enabler of commerce and a model bank in the region. We are listed on the Dar es Salaam Stock Exchange and have a presence in Burundi and, more recently, the Democratic Republic of Congo (DRC).

### What is the position of CRDB within the Tanzanian financial sector?

CRDB Bank is the market leader and a key orchestrator of financial development in Tanzania. With a balance

sheet of more than TZS 10 trillion, CRDB's financial capability is unmatched in the country and gives it an edge over other players. We also have robust offerings for all segments of the population and, more importantly, the bottom of the pyramid. We have pioneered many firsts and are currently leading the way in driving financial inclusion through investment in a wide distribution network comprising more than 264 branches, 20 mobile bank units, 22,000 agents and a dynamic digital banking platform, SimBanking. We are also the first local bank to establish subsidiaries in Burundi and DRC to better support cross-border business activities.

### How is CRDB taking part in Tanzania's opening to the outside world?

As a market leader, CRDB endeavours to play an active role

in influencing policies in financial investments. We closely engage with the industry regulator, Bank of Tanzania (BOT) and contribute to the advancement of policy frameworks that support growth. As the country's largest commercial bank, our CEO chairs the Bankers' Association and therefore provides leadership for the sector as a whole.

### What is our main clientele?

Our customers are businesses – all businesses, corporate customers, small and medium-sized customers, employees, and individuals, most of them in the industry. Also, small and medium retail customers contribute around 21% of our portfolio.

### How would you define the business climate in Tanzania?

As a growing economy, Tanzania has had its fair share of economic challenges, but it is making incremental



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mining and tourism sectors. The government has invested considerable resources in infrastructure projects, which are aimed at unlocking the economic potential of the country. This, therefore, offers great opportunities for investment.

### Are you able to entice American investors to invest?

America is the world's leading economy, and we'll like to do business with the Americans. They have money to invest, so we have to attract them. That's why our president went there.

### Is the banking legislation flexible enough to allow companies to repatriate profits?

Yes, that is part of our policy.

### How can your bank specifically accompany foreign investors?

Five years ago, we consulted Moody's, and we were the first bank to be rated, and we were rated B+. In terms of financing big projects, we don't do it ourselves because sometimes we have limited capital. One of the examples is DRC. We are opening a subsidiary in DRC. CRDB is contributing 55% of the equity, 22.5 is coming from Norfund, and 22.5% is coming from IFU from Denmark. And we are getting a lot from IFC, the World Bank, African Development Bank, German companies, and financial institutions. We have access to both local and foreign finance.

progress. I am pleased that the current regime is doing what's necessary to strengthen the economy. One of the key areas where we have witnessed tremendous change is the country's foreign policy, and we can say that Tanzania is now more receptive to foreign investors. We are hopeful that we will keep seeing improvements in the coming years as the private sector continues to engage with the government. Generally, there is a positive sentiment about the country, and I believe this will go a long way in attracting FDIs in the next few years.

### What are the main sectors for investing?

Tanzania is a young economy, and this means that the opportunities for investment are massive. But in the current setup, agriculture remains the most vibrant, followed by construction, infrastructure

### What kind of message do you want to deliver to investors?

The first one: Tanzania is a safe country, the people are very warm, and it has got unlimited opportunities. The country is peaceful and very stable. The economy is good, and the policies are supportive. So I invite everybody to come. And it's better to come now than later.

### What about land?

You can find land. The land belongs to the government; they lease it to you for 99 years. The price of the land is fairly low because prices are controlled by the government, and there are regional commissions to make sure to put land available for investors. You can get all the information you need on the subject at the Tanzania Investment Centre (TIC).

### What happens if there is a change of government? Can that land be at risk?

Tanzania is a stable democracy, and we expect that there will be continuity, irrespective of which regime takes office. The country has been building strong institutions over the past years, and with each regime, we witness a new level of maturity in our democracy. Also, being a member of the East African Community, Tanzania has a responsibility to maintain peace and ensure a stable climate for business under the integration ambitions. So, I don't foresee a change in government posing such a major risk in the coming years.







# Interview with Abdalmajid Mussa Nsekela

## Group CEO, CRDB Bank Plc

For the third consecutive year, CRDB Bank has been awarded the title of best bank in Tanzania. Its CEO presents his vision of the sector and his main objectives for the future.



### What is your vision of the banking sector today?

The banking sector in Tanzania and East Africa is growing rapidly, which means more opportunities for players and a better experience for our customers. My vision is to see the banking sector rise to the needs of the consumer, who is also evolving rapidly. As captain of the country's largest commercial bank, I have the mantle to drive innovation in the industry to ensure that the sector responds to the changing needs in the market. I also provide leadership to the industry in terms of growth opportunities, consumer protection and championing the interest of investors in the sector.

### How do you support the vision of development advocated by the President?

The fact that CRDB Bank is the largest commercial bank in Tanzania puts it at the centre of the country's development. We see ourselves as enablers of the growth of our customers and country. With the largest balance sheet and a robust distribution network, CRDB Bank is the biggest partner for the Tanzanian government within the private sector. We have been at the forefront of supporting the government agenda, primarily through providing guarantees and financing public sector value chains. We are the first local bank to finance the country's largest infrastructure projects in energy, transport, and general infrastructure.

### And how do you position CRDB with foreign development?

We have built our business around the idea of enabling investments and growth. CRDB Bank's philosophy is encapsulated in its mission to provide competitive and innovative financial solutions while delivering a sustainable contribution to society. This makes us the most reliable financial partner any investor can have. We also have the biggest human resource pool, with more than 1,000 professionals ready to provide the necessary counsel and guidance for any investor. More importantly, we have immense local

knowledge and experience in the region, which adds to our crown as the go-to financial partner.

### How do you guarantee a secure foreign investment?

Our experience in this market, coupled with the vast network of internationally acclaimed partners, makes us the best avenue for foreign investments. Add to that the market experience and the expansive network; CRDB Bank provides an unmatched strength in Tanzania. We are also a green champion and are accredited by the United Nations Green Climate Fund (GCF). We have modelled all investment opportunities around the UN sustainability goals and are guided by a robust ESG framework.

### What kind of message do you want to deliver to American investors, and how do you want to support them?

Tanzania is open for business. Going by the government's relentless efforts to create enablers for investment, I would say that Tanzania offers the greatest opportunities owing to its vast lands, good agricultural climate, vibrant population, and, more importantly, its geopolitical value in East Africa.

### What are the specificities of your bank, how many agencies, and what is your presence in the country?

As intimated earlier, we are the biggest bank in the country. We have more than

264 branches and 500 ATMs spread across the country. Our branch network is supported by more than 22,000 agents. In addition to these, we are a pacesetter in digital banking specialized platforms and solutions, serving more than 1 million customers every month. We are also the first Tanzanian bank to venture outside the country into Burundi. We have also finalized plans to commence operations in the Democratic Republic of Congo (DRC).

### How would you characterize the economy in Tanzania? The business climate, the environment?

Resilient is the word. Tanzania presents unique opportunities in East Africa in the agriculture sector, mining, construction, and trade sectors. Since taking office in 2021, President Samia Suluhu's administration has been steadfast in creating an enabling environment for business, and I am happy to note that there's been considerable success. Generally speaking, the environment is accommodating and the climate supportive.

### You are the chairman of the Tanzania Bankers Association. What is the primary goal of this association?

TBA is the umbrella body for the banking sector in Tanzania. The primary purpose is to champion a better environment for the growth of the industry and the preservation of consumer rights.





# Interview with Dr. Elirehema Doriye

## Managing Director of National Insurance Corporation of Tanzania Limited



National Insurance Corporation of Tanzania Limited prides itself on being a government-owned private company. A status well suited to cater for the insurance needs of private foreign investors, added to the company's deep knowledge of the local environment.

**NIC is an insurance company which is 100% owned by the government. What is your positioning on the insurance market and who are your main customers?**

We are currently the n° 1 company in terms of market share. We have been growing for the past 4 - 5 years. Currently we have about 18% market share. We expect that by the end of the year it will be about

20%. The previous year it was about 14.8%. So generally we are growing and we see a lot of opportunities to grow.

In terms of our customers, corporate business forms about 70 to 75% of our Growth Written Premium, and 20/25% is retail business. Our major corporate business is also mixed. We have about 55 to 60% government or public companies, and 40 to 45% private businesses. So, we have experience in terms of handling big customers with different needs, and we feel proud that we can address their changing needs and their demands.

**A few words about the story of NIC and its positioning today on the market.**

The company was established in 1963, because pre-independence insurance industry was very discriminative. For the locals it was very difficult to get insurance services because their lives and their properties were seen as substandard. And in insurance you cannot insure anything that is substandard. So it was established to address that discrimination. Also, a lot of companies were working from Nairobi. So, a lot of capital flight was observed. In the

beginning, the government owned 51% and three other shareholders owned 49%. After the Arusha Declaration in 1967 whereby there was nationalization, it became 100% government owned.

From 1967 to 1996, it was the only insurance company operating on the market, it was a monopoly. In 1996, when the market was liberalized, private companies were allowed to operate in the country. In 1999, NIC was marked for privatization. In 2008, the government decided that they should not continue with the privatization as NIC is a strategic company.

**It's quite rare that a national company find itself as the leader of the sector. How do you explain that?**

Basically, because the company's mentality and set up are more of a private business. We pride ourselves on being a private-led government institution. We operate in an environment where efficiency is key, and so are investment in technology, customer experience, speed of service. That gives us an edge, in terms of the quality of service that we offer.

**What sort of insurance products do you offer to cover your customers?**

We have a full suite of insurance services and insurance products. General insurance, fire, accident, aviation, engineering, agriculture, liability, oil and gas etc., and life insurance in terms of group life and individual life. So we

are more like a one-stop-shop for all services that a customer requires. We are capable of offering that because we are well capitalized, and we have a lot of experience in the kinds of risks that customers take that are basically originating from the local environment in Tanzania.

**How can you support investors, guarantee American investors and members of the US Chamber of Commerce in their development projects?**

We are very privileged to be trusted by a lot of investors, because we understand the local environment and the needs of investors. Tanzania is the right destination for investors. With the African Continental Free Trade Area, the market is huge. We help provide transit guarantees, especially when they transport products that they produced in Tanzania, to assist their move across Africa. We also provide insurance services to meet their needs and requirements in the Tanzania context. Because we are on the ground. So we try to match their needs with the local context. Our understanding of the country helps us to support investors to acclimatize to the environment and insurance requirements in Tanzania, and also provide them with a full suite of in-house insurance services.

**How do you intervene to secure foreign investments?**

We intervene in a number of ways. We provide guarantee to the investment brought

and insure that investors are comfortable to put their money in Tanzania. We provide mechanisms in which we can secure the investment through a number of guarantees, financial guarantees. Also, in collaboration with TIC, we help investors to understand the Tanzania market from the insurance point of view. With the current regime, a lot of things have been eased to allow FDI's to flow, a lot of reforms are ongoing in terms of tax, of regulation etc. To get permits also the process has been simplified.

**What is your main wish for the coming year to accompany the president in her vision to open up Tanzania?**

We are very appreciative of the efforts made by the president. She is putting a lot of commitment to impulse development. As for us, we position ourselves as strategic advisers to the government on insurance and risk management issues. By modernizing the way we work, the technology we are using, the quality of service that we are offering, as a company we benefit from the president's efforts, we have an opportunity to seek partnerships with other insurance companies in big economies like the US. So we see ourselves in the next 5 years taking advantage of the country and Africa opening up to free trade. So we hope to have partners who can join us, join our ambitions and also the government's ambition to improve the insurance sector, and the financial sector in general.

NIC



# Interview with Theobaldi Sabi

## NBC Bank Managing Director



The questions and answers of the managing director Mr Theobald Sabi for the edition of the Economic US Guide Chamber of Commerce Invest in Tanzania published on the occasion of the US AFRICA Summit organized in Washington on December 13, 2022.

### What are the specificities of your Bank?

The National Bank of Commerce (NBC) is the longest-serving financial institution in Tanzania, with over five decades of empowering and including Tanzanians in the formal financial sector. We are a fully-fledged commercial bank that offers banking solutions to all customer segments with customized banking solutions. NBC Bank is the third largest bank in the country, with an extensive footprint of a countrywide branch network. The Bank also has a set of comprehensive alternative banking channels, including agencies (NBC Wakala) and

digital and mobile banking platforms. NBC Bank has three shareholders: The Government of the United Republic of Tanzania (30%), Absa Group Limited of South Africa (55%), and the International Finance Corporation (15%). The shareholding structure continues to ensure that NBC remains a dependable and one of the leading financial service providers in Tanzania. We leverage our Global and Local status, as we are exceptionally placed to service our target markets. We have extensive expertise, a broad and diverse workforce, and the right match of local/ regional and global networks.

We are part and parcel of the history of the Tanzania Banking sector. NBC Bank has evolved in the same way the country has evolved.

### What presence does your Bank have within the Tanzanian banking/financial services sector? And how does your bank support companies and households?

We are the third-largest Bank in the country with a formidable balance sheet. The size of our balance sheet allows us to support strategic financing projects for both the public and private sectors. We are amongst the country's top lenders with tailor-made credit, investment, and financial advisory solutions.



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We pay keen interest in agriculture and the Agri-value chain as it employs most Tanzanians. Apart from our vast consumer loans portfolio, the bank also extends sizeable credit and tailor-made banking solutions for business banking and corporate clientele. For this year, by October 2022, the Bank had issued credit facilities amounting to TZS 1.5 trillion to support various economic sectors. NBC Bank also takes pride in financing strategic government infrastructure development projects that will ease the production and movement of goods and services. Through our country-wide chain of NBC Business

Clubs, we are proud to push the national financial inclusion agenda through capacity-building forums and tailor-made financial management drills to SMEs and business clubs. As a local bank, we are proud to be the main sponsors of Tanzania's most sought-after soccer league, now known as the NBC Premier League. The NBC Premier League has evolved to become a reliable economic empowerment platform by providing thousands of direct employments and millions of others on the football, merchandise, transport, and hospitality value chain. This is besides the increased government revenues.

**How would you define the business climate in Tanzania?** Ours is an economy that is bouncing back from the pandemic test. With an average real GDP growth rate of 6.3% over the past decade (2010-2019), Tanzania is among the fastest-growing economies in Africa and the world. As a lower-middle-class nation with a population of 61.7 million people (Census:2022), an area of 947,000 square kilometers, a solid macroeconomic foundation, sound fiscal policies, rich natural resources, stable political landscape, ongoing strategic infrastructural development projects, and favorable geographic position that places Tanzania as a sea gateway to the neighboring countries, it is safe to say that Tanzania business environment is stable.

### What following projects will continue your development in the country or Africa?

Our mission is to be the most preferred Bank in the country. To arrive at that destination, we will keep improving our service offering by integrating the best digital banking solutions in the market. We will keep extending our footprints, digitally and traditionally in some cases, to create conveniences and include the masses in the formal financial sector. As a customer-centric bank, we always strive to meet and exceed our customers' expectations. We look at our innovation prowess, customer centricity, and investments in the digital banking space as areas that will give us the cutting edge.

NBC Bank



# Investments

## Rising Investment Points to a Bright Future

In 2016, the Tanzania Investment Centre (TIC) set itself a target of attracting \$5 billion in foreign direct investment (FDI) by 2020. However, the United Nations Conference on Trade and Development (UNCTAD) said in its 2020 World Investment Report that Tanzania's FDI dropped to just \$864 million in 2016 from \$1.5 billion in 2015. It cited several factors for the unfortunate trend.

There has been some marginal improvement since then, with FDI reaching \$938 million in 2017 and \$1.1 billion in 2019. A number of factors have been blamed for the continued poor performance, including the global COVID-19 pandemic as well as other international and domestic factors, such as investors' concerns over governance and regulatory issues. But the story has been changing since last year, thanks to the government's renewed efforts on various domestic factors that have been impeding the flow of investment. The outcomes of the government's initiatives have outweighed the impact of COVID-19 and the war in Ukraine as far as attracting investment is concerned. Official data from the TIC show that the

country registered 294 projects, valued at 18.75 trillion Tanzanian shillings, between April 2021 and March 2022, i.e. during the one year in office of President Samia Suluhu Hassan. Ms. Hassan ascended to the presidency on March 19, 2021, following the death in office of her predecessor, John Magufuli, on March 17, 2021. Dr. Ashatu Kijaji, the Minister of Investment, Industry, and Trade, has said that the 18.75 trillion in spending represents a record value registered in a single year in the history of independent Tanzania. She believes that the milestone has been achieved through the government's tireless efforts to improve the business and investment climate: "President Hassan has earned praise and trust from investors who are now confident

and more than willing to come and invest in the country...It is an open secret that the President has managed to effectively tackle the hurdles that investors face in their businesses," she commented in April 2022. Indeed, President Hassan's administration has been able to address hurdles ranging from red tape, an unfriendly taxation system, the complex process required to issue work permits to foreigners, and other unnecessary trade barriers. Further analysis reveals that the number of investment projects registered during the first quarter of 2022 was 67 percent higher than during a similar period last year. Figures from the TIC, as released by its Executive Director, Dr. Madugu Kazi, show that a total of 85 projects were registered during

Investments





the first quarter of 2022, up from 51 registered during the first quarter of last year. Similarly, the value of registered projects rose to \$787.4 million between January and March 2022, compared with \$450.56 million during a similar period last year.

**Numbers Don't Lie**  
Tanzania took part in Expo 2020 Dubai, held earlier this year (2022), where the country's public and private institutions signed a total of 37 memorandums of understanding on projects worth \$8 billion (18.4 trillion Tanzanian shillings) with their United Arab Emirates counterparts. Similarly, Egypt-based Elsewedy Development Limited has acquired over 2.2 million square meters of land at Kigamboni in Dar es Salaam, where it will roll out a \$3 billion investment in an integrated industrial park. Once fully

complete, the area – which will be known as Egyptian Industrial City - will attract over 100 investors and create 50,000 direct jobs.

The first phase of the project is currently under way and is expected to be completed in two years. During this particular phase, the projects scheduled for construction include factories for clothing, food, electronic equipment, fertilizers, and raw materials to feed the country's manufacturing industries.

The former Permanent Secretary at the Ministry of Investment, Industry, and Trade, Professor Godius Kahyarara (who has since been moved to the position of Regional Administrative Secretary for Geita) has said that the second phase of the project will start immediately after the first one is complete, and that it would cover an area of 1.8 million square meters. Elsewedy happens to

be a familiar name in Tanzania because it is part of the consortium that is currently developing the 2,115-megawatt Julius Nyerere Hydropower Plant on the Rufiji River.

Data from the TIC show that the country is also currently courting six joint projects with major strategic investors that could potentially result in investment of \$1.1 billion and create 28,710 direct jobs. The projects will also save the country up to \$1 billion on what it would otherwise need to spend to import the products. They include: a fertilizer production project by Intracom Limited; Bagamoyo Sugar Limited; Kagera Sugar Limited; Mtibwa Sugar Estate for sugarcane cultivation and sugar production; Knauf Gypsum Limited for the production of gypsum board and gypsum powder, and Taifa Gas Limited for the processing of cooking gas.

## Marketing Campaign and Enhanced Coordination

While President Hassan has been at the forefront of promoting Tanzania's investment opportunities wherever she goes (see the article on bilateral trade), there have also been a number of other domestic and international engagements seeking to raise the value of investments in the country.

According to the TIC, in line with the government's directives, it has been providing services via its One Stop Facilitation Centre, even as it continues to develop its Tanzania Electronic Investment Window (TeIW). The One Stop Facilitation Centre is currently home to 12 government institutions working to facilitate investment. In addition to the TIC, these include: the Ministry of Labor, the Ministry of Lands, the National Identification Authority, the Tanzania Revenue Authority, the Immigration Department, the National Environmental Management Council, the Business Registration and Licensing Agency, the Tanzania Bureau of Standards, the Tanzania Medicines and Medical Devices Authority, the Occupational Safety and Health Authority, and the Tanzania Electric Supply Company.

It is also expected that the TeIW will bring new impetus to the government's goal of making investment a hassle-free exercise. The window is expected to simplify how government agencies

and departments accept investors' applications and how they deliver permits, licenses, and registration services.

Set to be implemented in three phases, the TeIW will be a repository for all of the important information required by stakeholders in the investment process. During the initial phase, it will involve the TIC, the Tanzania Revenue Authority, the Business Registration and Licensing Agency, the Ministry of Labor, the Immigration Department, the National Identification Authority, and the Ministry of Lands.

In its investment promotion efforts, the TIC has worked with consular offices, business institutions, and the private sector to deliver its promotional messages to China, Japan, Nigeria, India, Qatar, Germany, Canada, Pakistan, Italy, Algeria, Sweden, and Vietnam. It also gives presentations at various conferences attended by the trade and investment missions of members of the business community from a range of countries who visit Tanzania and during visits by Tanzania's leaders to other countries.



## Positive Outlook

The government's pro-business approach has not gone unnoticed. In October, 2022 Moody's Investors Service changed Tanzania's outlook from stable to positive, a development that sends a positive message to investors across the world. "The outlook change to positive reflects Moody's view that political risks have lessened under the government's new approach to promoting economic development and engagement with the international community," said Moody's in its latest update to Tanzania's rating, published in October.

It goes without saying that investors across the world make use of ratings such as those issued by Moody's when making their investment decisions, and in particular when determining why they should invest their money in any given economy. Moody's noted that the government's efforts to improve the business and investment climate and attract FDI, especially in the mining and hydrocarbon industries, open up opportunities for higher potential growth and a more internationally competitive economy. "Tanzania's re-engagement with the IMF also has the potential to support higher government revenue generation capacity and unlock greater concessional financing from development partners, supporting debt affordability and increased social spending," added Moody's.



# Interview with Hon. Dr Ashatu K. Kijaji

## Minister for Investment, Industry and Trade



The Ministry for Investment, Industry and Trade (MIIT) plays a significant role in Tanzania's development strategy. The minister in charge explains us the measures put in place to attract the investors in the country.

### Why invest in Tanzania?

Tanzania is a peaceful, democratic and politically stable country. We uphold the tenets of good governance, respect of human rights and the rule of law. Our Government upholds an investment regime that is fair, transparent, and equally applied across all prospective investors, irrespective of their nationality. Tanzania is endowed with a variety of natural resources, not forgetting the population which is above 50% economic active. Over and above, investing in Tanzania also guarantees access to a market of more than 450 million people in Eastern and Southern Africa. Tanzania is a gateway to six landlocked countries in Eastern and Central Africa.

### What initiatives has Tanzania put in place to attract investors?

Doors are wide open for any capital flows, and as I speak Tanzania is today one of the most attractive places for investment in Africa.

Since our new president Mama Samia Suluhu Hassan took office in March 2021, she repeatedly assured the need of an investment facilitative government, and measures have already started, especially on issuance of work permits to investors and other necessities for investors to invest in Tanzania.

To-date, potential investors consider Tanzania as their most favored investment destination in Africa. It is due to the variety of investment

incentives Tanzania offers at an international standard. The major ones include: Exemption on Project Capital Goods (Zero Import Duty on capital goods and Zero Import Duty on raw materials); Tax Relief on Deemed Capital Goods at Import Duty exempted by 75%; Manufacturing of pharmaceuticals, textile or leather products have Reduced Corporate Tax to 20% for the first 5 consecutive years; Capital Allowance Agriculture by 100%, Mining by 20% (first 5 years), Hotels by 50%, Fish farming by 50%, and Tourist services by 50%; Depreciation Allowance 37.5% - 5% depending on the class of the depreciable asset; Assembly of motor vehicles, tractors, fishing boats



or outboard engine: Reduced Corporate Tax to 10% for the First 5 consecutive years. Tanzania's legal and tax regime strikes a good balance between revenue generation and appropriate reward to investors, and is acknowledged as competitive. Investment incentives are provided under tax laws and additional benefits are provided through the Tanzania Investment Act, the EPZ Act and SEZ Act. Officials of various Government agencies have permanent workstations at TIC facilities so that they can provide investors with the needed services to facilitate investors' ambition to trade in Tanzania.

### What measures have been taken to improve the business climate?

The Government continues to implement the Blueprint for Regulatory Reform to Improve Business Environment. Since its implementation a total of 232 fees, penalties and

levies were abolished or reduced. This November, 2022, the Parliament of Tanzania passed the Bill for Tanzania Investment Act 2022 which will among other things provide for necessary measures to improve business environment, investment promotion and facilitation, investment protection and other matters. Specifically, we have strengthened the mandate of our Investment Promotion Agency, the Tanzania Investment Centre (TIC), to coordinate all matters of investment promotion, facilitation and monitoring to act as an effective One Stop Centre for investors.

### What have you done to strengthen the industrial sector and make it competitive?

The efforts by the Government of the United Republic of Tanzania basically emanated from the aspirations from the Tanzania Development Vision 2025 (TDV 2025), which was launched in the year 2000, it is clearly stipulated that Tanzania become a semi-industrialized middle-income country. The areas of intervention in expediting industrial development include increasing the availability of energy to include electrical power and natural gas which are the main drivers of the perceived economic growth; improving infrastructures to include transportation, water and communication, enacting the Export Processing Zones Act (2002) that enabled establishment of the Export Processing

Zones Authority (EPZA) in February 2006; establishing Special Economic Zones (SEZs) and Export Processing Zones (EPZs); integration into regional and international economic blocks such as the East Africa Community (EAC) and the Southern African Development Community (SADC); establishment of industrial clusters; improving human skills, ensuring availability of industrial raw materials; establishing dedicated industrial investment promotion centers like the Tanzania Investment Centre (TIC); and improving the investment environment for easing industrial establishments.

### What is the country's trade policy today?

The current National Trade Policy was formulated in 2003. The National Trade Policy 2022 focuses on the need to take concrete measures toward export-led growth as part of transforming the country's economy into a competitive export powerhouse in Eastern Africa, targeting regional and global markets. This is supposed to be coupled with increased domestic integration and wider participation in the global economy, as indicated in Tanzania's Development Vision 2025. The National Trade Policy paves the way in the development of the National Export Strategy 2022 that captures key sectors that are likely to provide a strong basis to enhanced export trade.



# Interview with Mudrick Ramadhan Soraga Zanzibar investment minister



Zanzibar – an island nation off the coast of Africa. The first sector of investment that comes to mind is tourism. But whereas the country still offers numerous opportunities in that area, other unexploited sectors are also promising. The government is offering generous incentives to develop them, and has been busy creating an investor-friendly environment.



## What initiatives have you put forth to attract investors and what measures have been taken to improve the business climate?

First of all, Zanzibar is an island. We are pretty small, so we are not endowed with as many resources as our sisters on the mainland. We intend to make foreign investment a key driver of our economy. One of our key attractions for FDIs is tourism. We suffered from the effects of Covid-19. And to attract investors to the sector we have carried out legal regulatory reforms. We also improved airport services. We have a new terminal which can handle more than 1.2 million passengers per year and 5 planes simultaneously.

We have also improved our one-stop service facilities so that we can make quick decisions on granting licenses and permits without delay. Now, instead of three months, it takes 24 h for investors to get all the permits providing that they have completed all the necessary paperwork.

We are investing a lot for digitalizing our systems. We also try to raise awareness on investment in Zanzibar by engaging with stakeholders. As a government, you don't necessarily see everything. But investors who are already operating in the country know where the gaps are and advise the government. We really listen and also act on the advice given.

We have also finalized our investment guidelines. We are compiling an investment mapping to get a better picture of the investment climate on the island. We also try to expand opportunities. We have 56 small islands and prospective investors can come and bid for these islands where they'll get a lease of 49 to 99 years. We have also earmarked our sister island Pemba as strategic investment where any investor who invests from 10 million USD gets numerous tax and non-tax incentives. There is land lease exemption for the first 5 years. Capital gain tax is exempted, you are allowed to hold 100% of your business and you can repatriate profits. You are exempted from corporate tax for the first 5 years and you pay 50% afterwards.

Apart from tourism, we want to venture out to other areas: oil and gas exploration, ports development, logistics and marine transport as well as ICT, in order to broaden up our economic base. We saw the effect of covid on tourism. Now we have to diversify, explore other sectors, such as the blue economy. Zanzibar has huge potential in fisheries, marine culture, aquaculture, deep-sea fishing, seaweed farming. On digital economy, we have launched an initiative called Silicon Zanzibar. It is a program aimed at establishing a pan-African Tech movement. In Silicon Valley, a

lot of talent originates from the continent. So we decided to provide home-grown solutions. And we have the right talents to do that. Next month we expect to have almost 25 Tech CEOs for a meeting. The whole framework for ICT for an island nation like Zanzibar is based on providing services - financial services, logistical services, investing in capital markets, stock exchanges, offshore banking etc. We have a huge potential in that area and incentives to attract big companies.

## About tourism, what category of tourism and why investing in Zanzibar?

We are sitting on a gold mine in terms of opportunities. First of all, the 56 small islands I mentioned. They are unexploited, uninhabited. White sandy beaches, crystal clear blue water, unimpacted green vegetation. They can provide a unique tourism experience. But also Pemba. It has a very unique eco-environment and we focus on wellbeing tourism for high-end clientele in very low volume to minimize the carbon footprint, operated in a sustainable way by also giving back into the community.

## Why?

One reason is our history and culture. Our doors have been open since the 17<sup>th</sup> century to different cultures and nationalities, from the Arabs to the Portuguese, the Germans, the English. Our people are

welcoming, we also have natural beauty.

The other reason is tax incentives. We want job opportunities to be created, and we hope for a spillover effect on the economy. But most importantly, it is our history of peace and stability. Tanzania and Zanzibar have been relatively stable from independence until now. What most investors are looking for is security.

Now for the rule of law. It is prevalent. We have a very strong judicial system, the executive, the judiciary, the legislature do their function. We are also part of the Multilateral Investment Guarantee Agency (MIGA) which guarantees protection to investors.

## What is Zanzibar's policy on exports?

We have been a trade hub for centuries and also a transshipment hub. But our comparative advantage has declined and only now we are trying to get back into the game. We are making huge strides in reinvesting in our two major commercial crops, seaweed and cloves. For the next 5 years we are looking to plant up to 3 million new clove plants. That should significantly improve our export capacity. In the seaweed industry we are also developing our own factories to add value. With that investment we should be able to put Zanzibar back on the map very soon in terms of exports of cloves and seaweed.



# Interview with John Mathew Mnali

## Director of the Tanzania Investment Centre



Economic growth goes hand in hand with foreign investment, and there are a number of good reasons for investing in Tanzania. The country is making every effort to make life easy for foreign investors. Their first contact point should be the Tanzania Investment Centre (TIC), as explained by its Executive Director, John Mathew Mnali.



### What is TIC?

Tanzania Investment Centre is a government institution which has three roles. The first is to promote the various opportunities for investment in Tanzania around the world so that we can attract potential investors.

The second role is to assist investors in obtaining various permits, approvals and licenses to establish a business without any problem. And the third role is to advise the government on all matters related to the investment climate in Tanzania.

The Tanzania Investment Centre is the first place of contact for all investment issues.

It assists potential investors in applying for permits, approvals, and licenses. They can do this easily through our one-stop Investment Facilitation Centre. The government has stationed under one roof government officials from different key government departments and ministries to provide licenses and approvals to potential investors and apply for licenses and approvals that are not available from the one-stop Investment Facilitation Centre.

### Why invest in Tanzania?

Tanzania is among the few countries that have enjoyed peace and political stability

for several years. So, it is a safe place for investing. Tanzania is a member of the Multilateral Investment Guarantee Agency, which provides guarantees against commercial risks, and the African Trade Insurance Agency, which protects against commercial and non-commercial risks.

Tanzania is a member of the East African Community, and our investors have easy access to the markets of the member countries. It is also a member of the Southern Africa Development Community, including 16 countries; investors also gain access to the African Continental Free Trade Area, a market area that will reach over 1.2 billion people.

Under the African Growth and Opportunity Act, we have preferential trade arrangements with other countries, for example, the United States, whereby investors can produce and sell more than 6,000 products duty-free and quota-free to the US market. We have similar agreements with the European Union.

The government has created the Tanzanian National Business Council, half of its members being from the public sector and a half from the private sector. It is a platform where the private sector meets the public sector and discusses issues affecting investment and business in general. The chairman of the council is the president herself. The council's role is to solve more quickly any problem affecting investors.

### How do you accompany the President's vision for the development of Tanzania?

Our role is to attract investors and accommodate them. According to the investor's interest, we orient him to the right institution, such as the Export Processing Zones Authority...

Tanzania has a lot of mineral resources – diamonds, gemstones, graphite, gold, tanzanite...

We have very good arable land in different climatic conditions. You can grow apples, avocados, coconut, cotton, pyrethrum, a wide range of tropical fruits...

There is a high tourism potential; we have more than 16 national parks and other attractions. Those interested in investing in tourism can combine beach tourism, game viewing, and other activities. Since our President has launched a Royal Tour program, the number of visitors has increased, but not the existing facilities. We need more investment in tourist accommodation.

We offer several incentives to potential investors. We have packages based on the type of investment. Here we focus only on those who are registered on the TIC.

We have three categories of investor status. In the Normal Investment Category, the minimum capital required is 500,000 USD for foreign-owned companies and 100,000 USD for locally-owned companies. In the second category, Strategic

Investor Status, the minimum capital needed for foreign-owned companies is 50 million USD, and for local ones, 20 million USD. The Special Strategic Investor Status requires a minimum capital of 300 million USD for foreign and local companies. We have common incentives for all statuses - exemption from import duties for all project capital goods. But those with Strategic Investor Status can request additional incentive packages from the government through the Investment Steering Committee, chaired by the Prime Minister.

### Are there priority sectors?

We want to create an economy driven by the investment sector. Our priority has been adding value to our existing raw materials – crops, mining, forestry, fisheries, livestock...

### What about land tenure?

It is based on the leasehold system. The land belongs to the State. Regarding titles, the locals are issued a Certificate of Right of Occupancy. Foreign investors will get a Derivative title on land belonging to the TIC or the Export Processing Zones Authorities...

### What are your long-term goals?

We focus on value-adding but also need investment in pharmaceuticals and other medical products... And investors are welcome to explore other areas.

TIC





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# Foreign Trade

## How Bilateral Exchanges Are Shaping the Economic Diplomacy Agenda

From the handling of the COVID-19 pandemic to trips to various countries within East Africa and beyond, President Samia Suluhu Hassan has left no stone unturned in pursuing her economic diplomacy agenda. In return, these trips have resulted in a number of mouthwatering agreements that, once implemented, will effectively position Tanzania as a force to be reckoned with in attracting foreign direct investment.

It all started with a simple change in the country's approach to the COVID-19 pandemic, sending a message to investors, development partners, and the international community that Tanzania was embarking on a transformative journey in the handling of the economy and international relations. Previously, the country emerged as one of the key COVID-19 deniers during the reign of former President John Magufuli.

In an attempt to sway the public over to his argument, the late Magufuli, who died in office on March 17, 2021, repeatedly said that Tanzania was not affected by the pandemic and alleged that there were some plots to harm Tanzanians while expressing doubt about the safety of



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masks and vaccines. But after assuming the Presidency on March 19, 2021, President Samia Suluhu Hassan categorically stated that the country would have to reevaluate its stance on COVID-19. She announced in June 2021 that a total of \$470 million would be

required to roll out the vaccination program.

### Improved Relations with the IMF

With such a welcoming position, it did not take long before the Executive Board of the International Monetary Fund

Foreign Trade





(IMF) approved, in September 2021, a total interest-free loan of \$567.25 million, under its Rapid Credit Facility and Rapid Financing Instrument, to meet Tanzania’s balance of payment needs emanating from the COVID-19 pandemic. This signaled a serious shift from the confrontational relationship between Tanzania and the IMF prior to President Hassan coming to power. It is worth remembering that in April 2019, Tanzania was criticized by the IMF for unpredictable economic policies and unrealistic statistics in a report that the President Magufuli administration blocked from publication.

Having improved the relationship, in May 2022 President Hassan appealed to the IMF for its continued cooperation in supporting Tanzania’s productive sectors that were affected by COVID-19. During a meeting at Chamwino State House in Dodoma, she urged IMF Director General Kristalina Georvieva to agree that the IMF would continue to support Tanzania in implementing its flagship projects, including the Standard Gauge Railway (SGR) and the 2,115-megawatt Julius Nyerere Hydropower Plant.



In July 2022, the IMF’s Executive Board approved a \$1.04 billion, 40-month extended credit facility loan arrangement for Tanzania, with an immediate disbursement of about \$151.7 million. The IMF said in a statement that the financing package would assist Tanzania’s economic recovery, address spillovers from Russia’s invasion of Ukraine, help preserve the country’s macroeconomic stability, and support structural reforms.

In September 2021, President Hassan held bilateral meetings with the World Bank Group President David Malpass in New York (USA), where they discussed Tanzania’s efforts to mitigate the impacts of COVID-19, accelerate the vaccination program, improve the country’s business environment, and introduce reforms to facilitate private sector-led growth. In May 2022, the World Bank announced that Tanzania would receive a loan worth \$550 million (1.27 trillion Tanzanian shillings) from the World Bank International Development Association to unlock the country’s critical road and airport bottlenecks.

### EACOP and a Maize Export Boom

During her first 100 days in office, President Hassan visited three countries within the region and the outcomes were well publicized. She went to Uganda for talks with her Ugandan counterpart, Yoweri Museveni, a visit during which the host government agreement for the tripartite East African Crude Oil Pipeline (EACOP) project was signed. The importance of the project for both Tanzania and Uganda in terms of creating jobs and meeting energy requirements cannot be overemphasized. Earlier in 2022, the final investment decision agreement for the 1,443-kilometer EACOP from Kabaale, Hoima District in Uganda, to the Chongoleani Peninsula in Tanga, Tanzania, was reached.

President Hassan came to power at a time when relations between Tanzania and Kenya had turned sour, and the Kenyan authorities had banned maize imports from Tanzania. Accompanied by a delegation comprising members of the Tanzanian business community, President Hassan made a two-day state visit to Kenya in May 2021, which was focused on improving trade relations between the two countries. Following President Hassan’s visit, during which she struck a bilateral deal with her Kenyan counterpart Uhuru Kenyatta to abolish Nairobi’s restrictions on Tanzanian maize, data released by Kenya’s Ministry of Agriculture in August 2021 showed that Tanzania’s maize exports to Kenya experienced a more than sixfold increase. Exports reached a monthly record of 118,329 bags in May compared with 16,137 bags in

April. Kenya’s ban had cited a high level of aflatoxin beyond the required minimum of ten parts per billion.

### Europe’s Sign of Approval

President Hassan visited the European Commission headquarters in Brussels (Belgium) in February 2022. During a meeting with President Ursula von der Leyen, it was revealed that Tanzania will receive 425 million euro (about 1.15 trillion Tanzanian shillings) over a period of three years to fund projects related to strengthening digitization, promoting gender equality, and developing green cities. Ms. von der Leyen informed President Hassan that Tanzania was one of the African countries that will benefit from the new EU–Africa: Global Gateway Investment Package, which features more than 150 billion euro to support Africa’s strong,





inclusive, green, and digital recovery and transformation.

On her return from the trip to Belgium and France, President Hassan said in Dar es Salaam that apart from the 425 million euro, Tanzania would also secure a 178 million euro (464.1 billion shilling) concessional loan for the bus rapid transit project from France. She noted that an agreement for the refurbishment of Terminal 2 facilities at the Julius Nyerere International Airport in Dar es Salaam had been signed in France.

In addition to securing funds to develop airport facilities at Kigoma, Shinyanga, and Pemba, and for environmental projects in some urban centers, Tanzania is also set to receive 450 million euro in COVID-19 relief funds from the European Union.

### Bullish European Investors

In March 2022, the Head of the European Union Delegation to Tanzania, Manfredo Fanti, revealed that investors in the 27-member European bloc were happy with the initiatives that the East African nation was taking to improve its business climate, saying the move would foster foreign direct investment inflows.

In its Investment in Tanzania Report 2022, jointly prepared with the European Business Group (EUBG), the European Union cited cumbersome administrative procedures, unfriendly labor laws, a harsh taxation system, red tape in acquiring land for

investment, and uncertainty surrounding work and residence permits as the factors behind a drop in its investment from 2015, with foreign direct investment inflows falling by a third. But with recent improvements, the report said in March 2022 that investors were cautiously optimistic that statements by the President would be translated into tangible actions over the short- to mid-term.

The report suggested that the European Union's exports to Tanzania were valued at 856 million euro (about 2.1 trillion shillings) last year, while imports stood at 456 million euro (about 1.1 trillion shillings). Some 100 companies from the European Union have invested in the country, creating an estimated 151,000 jobs.

In May 2022, the French Ambassador to Tanzania, Nabil Hajlaoui, said the French public and private commitment for Tanzania over the next five years would amount to a total of up to \$4.2 billion (about 9.7 trillion shillings) in investment. During that period, a delegation of 40 French companies was in Tanzania, seeking deals in sectors ranging from transport, energy, water treatment, and agro-food to health.

### UAE, Egypt to Inject \$10 Billion

In February 2022, President Hassan met with Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the United Arab Emirates (UAE)

and Ruler of Dubai, during Expo 2020 Dubai (which took place in 2022 after being postponed due to the pandemic). President Hassan also met with Sheikh Mohamed bin Zayed, the Crown Prince of Abu Dhabi. Following these meetings, the governments and private companies from the two countries signed 36 memoranda of understanding covering total investments of more than \$7.49 billion and creating an estimated 200,000 new jobs over a four-year period, benefiting the energy, agriculture, tourism, infrastructure, and transport technology sectors, among others.

Following her late 2021 visit to Egypt, President Hassan secured an investment of \$3 billion (about 6.9 trillion shillings) from Egypt-based Elsewedy Development Limited. The Egyptian firm is currently building an integrated industrial park at Kigamboni in Dar es Salaam as part of the arrangement.

### Trip to US Generates \$1 Billion in Investment

A meeting between President Hassan and US Vice President Kamala Harris on Friday, April 15 saw the two leaders pledging strong ties between the two nations. During the tour, various US companies pledged almost \$1 billion in investment in Tanzania.

Equally important projects were secured during the President's visit to Oman, and most recently, to China.

# Tanzania's longest serving Bank



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# Interview with Ms. Nengai David King

## Executive Director American Chamber of Commerce Tanzania



AmCham is committed to Tanzania on investment and competitiveness issues. Its efforts are aimed at ensuring a growth-oriented business and investment climate in Tanzania, as explains its executive director.

**How long has Amcham Tanzania opened a representation in Tanzania and how many members do you have and in which business sectors?**

The Association was founded in 2005 and was originally known as the "American Businesses Association". It was formally established in 19<sup>th</sup> of August 2010 as the American Chamber of Commerce in Tanzania (AMCHAMTZ), an affiliate of the U.S. Chamber of Commerce. AMCHAMTZ exists to promote commercial,



economic, and cultural ties between the United States of America and Tanzania. AMCHAMTZ membership stands at 73 firms representing diverse sectors (manufacturing, tourism and hospitality, mining, business



advisory, energy, logistics, agriculture and legal). The President of AMCHAMTZ is Geoffrey Mchangila, CEO of Citibank Tanzania while administratively it is headed by the Executive Director Ms. Nengai David King.

**What is your perception of the business climate in Tanzania and what are the main difficulties that your members may encounter?**  
We are grateful that since

the Sixth Phase Government under President Hassan came to power, she has promoted and allowed a legal framework that allows for smooth operations of businesses. Furthermore, the current regime continues to encourage and create an investor friendly environment for purposes of promoting trade and investment. This is evident in the adoption and implementation of the blueprint that sets the stage for a

raft of amendments to laws and regulations governing the conduct of business in the country, adoption of the new Tanzania Investment Act 2022, which has seen some radical changes that would ignite the growth of FDI in Tanzania. Investors are cautiously optimistic that these presidential statements will be translated into tangible actions over the short to mid-term.

**President Biden will host African leaders in the coming days as part of the Africa-US summit. As a representative of the American Chamber of Commerce in Tanzania what are your expectations of this event?**

We are interested in learning how to make our trade and investment relationship more robust and mutually.

- Cementing on USG programs like AGOA and Prosper Africa which aims to connect U.S. and Africa to commercial opportunities by providing market access of mutual interest, benefiting traders, exporters, and businesses.
- Commitment on green funding, learn more on USG programs available to support energy transition in Africa in terms of investment opportunities, Joint Venture, or Venture Capitalist.
- Further support on African businesses through skill & technology transfer and expertise to participate in a global economy.

AmCham





Roads

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84

From the commercial capital Dar es Salaam along the coast of the Indian Ocean to Tunduma, a key border post linking Tanzania with the neighboring countries of Zambia and the Democratic Republic of the Congo (DRC), it is at least possible to drive along a continuously paved (tarmac) road.



Railways

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92

Tanzania's railway system has two separate networks with a total track length of 3,676 kilometers. The networks are run by two distinct organizations.



Ports

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98

Tanzania's geographical position makes it a strategic gateway for many countries which use its seaports to export and import a variety of consumer goods and raw materials.



Aiports

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104

The government is accelerating efforts to expand and build new airports in an attempt to improve the air transport sector, which is key to promoting tourism and making it easier to get around.



Urban Planning

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110

Tanzania has one of the fastest rates of urbanization in Sub-Saharan Africa, and has been using a variety of tools to guide its urban growth and development.



Water and Sanitation

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118

When President Samia Suluhu Hassan came into power in early 2021, her major concern with regard to the water sector was project mismanagement and pollution of water sources.

Infrastructure





#### PROJECT DESCRIPTION

Project involves Development of eight storey building (G+7) four-star airport hotel with a total number of 250 rooms for accommodation (categorized; standard rooms (86), Executive (50) and VIP (14) which will have a variety of complimentary facilities and services. Ground floor will have bars and restaurants, meeting/conference rooms, banking services (ATM), hotel offices and retail shops at the ground floor. The first to seventh floor will comprise of VIP rooms, executive rooms, standard rooms, spa, casino, movie theatre, gym, swimming pool and break out lounge.

#### KEY PROJECT

To Develop a Four-Star Airport Hotel at Julius Nyerere International Airport (JNIA) which will provide customers with international standard accommodation facilities services.

#### OBJECTIVES AND EXPECTED RESULTS

- A Four-star Hotel at the Airport
- Revenues and Income
- Employment opportunities



#### DEVELOPMENT OF A FOUR-STAR AIRPORT HOTEL AT JULIUS NYERERE INTERNATIONAL AIRPORT (JNIA)

##### Project Name

Development of a Four-Star Airport Hotel at Julius Nyerere International Airport (JNIA)

##### Mode of Financing

Public Private Partnership (PPP)

##### Project readiness

Feasibility study available and tendering documents in place

##### Project Location

Julius Nyerere International Airport (JNIA) Terminal Building II - Dar es Salaam, Tanzania

##### Estimated Project Cost

US \$35 million

##### Implementing Authority

Tanzania Airports Authority

##### Contact Person

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# Infrastructure

## A laser focus on sustained development to open up the economy

Infrastructure development is one area in which the government has sustained its efforts over recent decades, as Tanzania moves to open up its economy through new opportunities.

Covering issues ranging from transport to energy and water, some projects are receiving a substantial share of the government budget in an attempt to power an industrialization drive, which also affects neighboring countries. Tanzania is an important transit point for goods being transported to and from the neighboring countries of Rwanda, Burundi, Zambia, the Democratic Republic of the Congo (DRC), Malawi, and Uganda. These countries use Tanzanian roads and railroads to reach the port of Dar es Salaam, which is the main exit and entry point for goods. Infrastructure is also a key component of industrialization, which has been one of the major policy goals since the country achieved independence in 1961. This

agenda benefited from a significant push in recent times under former President John Magufuli, who made it one of his key priorities. President Samia Suluhu Hassan has continued along this path, promising to complete all major projects that were left by her predecessor.

The expansion of roads, ports, and airports; efforts to increase electricity generation; and the creation of irrigation schemes are all designed to support the industrialization drive. The ultimate goal is to grow the manufacturing sector's contribution to the economy from 8 percent of gross domestic product (GDP) in 2021 to at least 40 percent of GDP in 2025, as stipulated in the country's Development Vision 2025.

The ongoing construction of the 2,561-kilometer Standard

Gauge Railway (SGR) from Dar es Salaam to Mwanza, Kigoma, and Katavi will connect Dar es Salaam Port with the neighboring countries of Rwanda, Burundi, and the DRC. The railroad is one of the major infrastructure projects expected to improve transportation through the central corridor. The \$14 billion project, which is being implemented in phases, is a government initiative to develop a modern rail system and enable more goods and people to be transported.

The Tanzanian railway system has a total track length of 3,676 kilometers across two separate networks, run by two separate organizations. These are the Tanzania-Zambia Railway Authority (TAZARA), which maintains and operates a 975-kilometer network that includes the line from Dar es Salaam to Kapiri Mposhi in Zambia, and the Tanzania Railways Corporation (TRC), which maintains and operates a network spanning more than 2,706 kilometers, including

Infrastructure





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Tanzania's rail links to Kenya and Uganda. The central line stretches to Kigoma, on the western border with Burundi and the DRC. Road development efforts have included the building of bridges on major highways, as well as the addition of extra lanes and upgrades to the tarmac. Dar es Salaam, as the commercial hub, has recently seen the building of flyovers at major junctions, and more are planned for the near future to help reduce congestion in this growing city of 5.4 million people. In July this year, President Hassan hosted regional leaders at the launch of a 42-kilometer bypass in Arusha, one of the infrastructure projects being implemented as part of the regional cooperation initiative. The bypass skirts the western and southern fringes of the city, and is one of the

projects initiated by the East African Community (EAC). In Dodoma – the country's newest city and its national capital – the government is also building a 110-kilometer outer ring road with support from the African Development Bank. This project is a direct response to the need for improved logistics services to cope with the expected population boom and economic growth in the political capital.

### Financing gathers pace

To accelerate development, the government has been investing heavily in rehabilitating and expanding existing infrastructure, and in building new infrastructure facilities. For the current financial year, the government has allocated the Ministry of Works, Transport, and Communications a budget of 3.9 trillion Tanzanian shillings (about \$1.7 billion). This will largely be used to finance the expansion of transport infrastructure – roads, railroads, and airports. Tanzania's energy infrastructure is also a key element of the development agenda being driven by the government, which is engaged in a project worth 6.5 trillion Tanzanian shillings that will generate 2,115 megawatts of electricity at the Julius Nyerere Hydropower Plant. Upon completion, the plant will make Tanzania an energy-sufficient country, delivering

a reliable power supply to power industries and other businesses. According to the National Bureau of Statistics, a total of 1,733.4 megawatts of electricity were generated in 2021, up from 1,605.8 megawatts in 2020. The government's financing efforts are being supported by development partners and international financial institutions, which have been extending grants and concessional loans to help develop and upgrade the infrastructure network. In May this year, the World Bank approved a loan of \$550 million (about 1.27 trillion Tanzanian shillings) to unblock the country's critical road and airport bottlenecks. The current government has promised to continue improving infrastructure to facilitate economic growth, transportation, and deep-sea fishing. In addition to hard infrastructure, the government is also rolling out high-speed Internet across the country through the National Information and Communications Technology (ICT) Broadband Backbone. This is intended to enhance the use of ICT applications for sustainable socioeconomic development, including the implementation of e-government, e-learning, e-health, e-commerce, and much more. In her inaugural speech to the parliament last year, President Hassan said that the government aimed to increase broadband usage from 45 percent to 80 percent by 2025.







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# Roads

## Connecting the country and beyond

From the commercial capital Dar es Salaam along the coast of the Indian Ocean to Tunduma, a key border post linking Tanzania with the neighboring countries of Zambia and the Democratic Republic of the Congo (DRC), it is at least possible to drive along a continuously paved (tarmac) road.

All major cities in Tanzania are linked by roads, which the government has been building more of in recent decades. If any of the country's infrastructure can be described as developed, it is the outstanding roads. Highways and bridges are eliminating the obstacles to moving across the nation.

By 2021, Tanzania's road network spanned 180,791.7 kilometers, according to the Ministry of Works, Transport, and Communications, the agency responsible for developing transport infrastructure. The network includes 12,215.58 kilometers of trunk roads – basically the key highways that connect the major cities and stretch beyond the country's borders. These paved roads have a water-resistant surface designed to withstand traffic wear. The materials used include bituminous surface dressing, asphalt, and concrete.



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There are also regional, urban, district, and feeder roads, linking up the entire country and facilitating the transportation of people, goods, and even agricultural produce and other raw materials to the markets. Roads are the most widely used form of transport in Tanzania, carrying over 90 percent of passengers and 75 percent of the freight traffic in the country.

### A Government Priority

According to Tanzania's Development Vision 2025, investing in infrastructure, and particularly in the development of the road network, is the government's top priority. Between 2015 and 2020, the government built a total of 3,537 kilometers of paved roads, along with 12 major bridges to connect cities and neighboring countries.

Roads





The current government, under President Samia Suluhu Hassan, has also resolved to accelerate the development of the road network in an attempt to open up the economy. Speaking during the inauguration of the parliament last year, President Hassan named roads as one of her priorities. *“To stimulate the economy and production, including in the agricultural, industrial, mining, and tourism sectors, we will accelerate efforts to strengthen our transportation infrastructure, which is absolutely crucial to economic development,”* she said, adding that new roads would be built and others would be rehabilitated.

In its election manifesto, the ruling Chama Cha Mapinduzi (CCM) party promised to ensure that the government starts construction of 6,006 kilometers of new road between 2020 and 2025. In the last financial year, the government completed the construction of a total of 216.26 kilometers of trunk road and 34.8 kilometers of regional roads to bitumen standards. A further 307.41 kilometers of regional roads were rehabilitated to a gravel standard. *“The government will continue to emphasize the construction of roads as a means of opening up economic opportunities and*

*connecting Tanzania with neighboring countries. We are using an engineering, procurement, construction, and financing approach,”* said the Minister of Finance, Dr. Mwigulu Nchemba, during the budget presentation this June. The Minister highlighted five roads covering a distance of 1,724 kilometers and the Tanzanite Bridge in Dar es Salaam, which he said all qualified to operate on the basis of road tolls.

**Reducing Congestion in Cities**  
Traveling through major cities can often be a challenge due to traffic congestion on

some roads leading to densely populated areas. The problem is especially acute in Dar es Salaam. However, the government is taking measures to reduce congestion in these cities by widening roads, improving feeder roads, and building flyovers on key highways. In Dar es Salaam, a city which, according to researchers at the University of Toronto Global Cities Institute, is on track to join Lagos (Nigeria) and Kinshasa (DRC) as one of the world’s three most populated cities by 2100, the government is implementing different road projects to ease traffic.

As the country’s largest city with a population that, according to the latest census results from August, has increased to 5.4 million people from 4.4 million in 2012, Dar es Salaam has already had some success with its dedicated bus rapid transit (BRT) routes. Together with widened roads, these routes have helped to reduce dense congestion. The BRT project became operational in 2016 and is currently in its second phase. Third and fourth phases are also planned. The Dar es Salaam Metropolitan Development Project, financed by the World Bank to the tune of \$300 million, remains

ongoing until next year, and will continue to improve feeder roads and open up the city. In addition to the BRT system, flyovers have become Tanzania’s newest infrastructure obsession in an attempt to address traffic jams and ease congestion. Following construction of the Mfugale Flyover on Julius Nyerere Road, at the junction which crosses the roads to the main airport and the port of Dar es Salaam, another interchange in the district of Ubungu was officially opened in 2020. In March this year, another landmark bridge (the Tanzanite Bridge) was officially opened



on the beach coastline in Oyster Bay to ease traffic congestion into and out of the city center.

Two further flyovers are being built in the Uhasibu and Chang'ombe areas, with more planned for major junctions in Morocco, Tabata, Mwenge, and Magomeni.

Similarly, the government is finalizing the continuation of the eight-lane expansion of the Kimara-Kibaha Road (19.2 kilometers), a project that will reduce congestion along the Morogoro Road which provides links to neighboring countries.

### Dodoma, Tanzania's Newest City

In Dodoma, which is Tanzania's newest city, the government has started to build the 110 kilometers of the Outer Ring Road with support from the African Development Bank. The project is a direct response to the need for improved logistics services to cope with the expected population boom and economic growth in the political capital. Dodoma is also a transit point for buses and lorries traveling to and from the neighboring countries of Rwanda, Burundi, and Uganda through the

central corridor, and the Great North Road, running from South Africa's Cape Town to Cairo in Egypt, passes through the city.

### Arusha

President Hassan hosted regional leaders in Arusha this July to launch a 42-kilometer bypass, one of the infrastructure projects being implemented as part of the regional cooperation initiative. The bypass, which skirts western and southern fringes of the city, is a project initiated by the East African Community (EAC).



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Now that the Arusha Bypass has been opened, the focus has switched to the 110-kilometer Arusha-Holili highway, which will be financed by Japan through its international cooperation agency (JICA). Speaking at the opening of the bypass, the Minister of Works, Transport, and Communications, Professor Makame Mbarawa, said that JICA has promised to finance the upgrading of the road to a dual carriageway.

The Arusha-Holili section is part of the 240-kilometer regional highway that extends to Voi in Kenya, and tentative estimates suggest that the upgrades will come in at a total cost of \$400 million. The project has facilitated regional trade by reducing the transit time for goods at the Holili border post from one day to less than two hours.

Road projects implemented as part of the EAC's initiatives

in Tanzania include the 400-kilometer stretch linking the coastal cities of Tanzania and Kenya. The proposed Bagamoyo-Tanga-Mombasa-Malindi highway will cost EUR 375 million, secured from the African Development Bank and the European Union. Other road projects led by the initiative are being implemented in the north-west of the country to link Tanzania with Uganda, Rwanda, and Burundi.

### More Bridges

Alongside the Tanzanite Bridge, the Julius Nyerere Bridge is another key bridge in the Indian Ocean, playing a vital role in simplifying transport to and from the Kigamboni industrial area. The government has also completed construction of the major Kiyegeya (Morogoro Region) and Ruhuhu (Ruvuma Region) bridges, while work

continues on the J.P. Magufuli (Kigongo to Busisi, in Lake Victoria, Mwanza Region), Kitengule to Kagera (Kagera Region) and Wami (Coastal Region) bridges.

### Simplified Border Transit

The roads connecting Tanzania with neighboring countries lead to one-stop border posts. These are posts with a coordinated and integrated approach that helps to facilitate trade, get people moving, and improve security. The posts also deliver shorter clearance times for travelers and transporters, and reduce logistics costs.

The system enables goods, people, and vehicles to stop in a single facility where they undergo the necessary checks in accordance with applicable regional and national laws to exit one state and enter the adjoining one





# Interview with Hon. Prof. Makame M. Mbarawa Minister for Works and Transport



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The main mission of the ministry is “to manage and facilitate development of Transport and Meteorological Infrastructure and Services through sound policies, legislation and standards for sustainable socioeconomic development”. He gives us details about it.

## What are the main axes of your roadmap?

We are strengthening legal and regulatory framework. The Ministry has National Transport Policy (2003) and the National Construction Policy (2003). The process of reviewing the two policies and some of the institutional Acts is underway.

The country is interconnected regionally and internationally. Recently, the Ministry

has conducted bilateral meetings with some neighbouring countries aiming at strengthening Transport Infrastructures and facilities.

The Government has zero tolerance on corruption. The legal and regulatory framework is put in place to ensure that all the key stakeholders in transport and other sectors abide by the guiding laws and regulations.

Apart from the role of ensuring that the transport sector facilitates growth of economic sectors, Tanzania has the role of serving six landlocked countries. The government is therefore

improving the infrastructure. To achieve that aspiration, the government through the Ministry is doing various interventions to improve infrastructure including roads construction and rehabilitation that link Tanzania and neighbouring countries including (trunk roads and regional roads) Dar – Chalinze, Mbeya-Tunduma.

The Ministry strives to attain reliable and affordable transport services in all modes of Transport which are Road, Railway, Maritime and Air Transport. To realize that, the Ministry of Works and Transport continues to

implement the National Transport Policy which advocates efficient and cost-effective domestic and international transport services to all segments of the population and sectors of the national economy with maximum safety and minimum environmental degradation.

## How have the infrastructures evolved in recent years? What are the major marker projects?

Under the leadership of Her Excellency, President Samia Suluhu Hassan, the government is implementing key projects in the Transport Sector. Through such interventions, it has opened up many parts of our country and neighbouring countries. The development projects include those from railway, marine and air transport. These include : Performance in marine transport for both sea and inland waters for cargo freight has been increasing from 16,859,430 tons (2019) to 17,863,466 tons (2021). In the efforts to improve performance of the ports, the government through the DMGP has taken deliberate efforts to improve the infrastructure including deepening the berths and widening the entrance channels at DSM port. Berth 1-7 and RORO berth has been modernized, and acquisition of modern cargo handling facilities Furthermore, the Government is constructing a Standard Gauge Railway (SGR) which

will connect the Port of Dar es Salaam with neighbouring countries such as Burundi, DR Congo and Rwanda to facilitate movement of goods and people. Construction of SGR is in progress, whereby Phase One from DSM to Mwanza 1219kms is in different stages of implementation.

Moreover, the government has taken deliberate efforts to revamp ATCL, up to November, 2022 the Company has acquired 11 new aircraft which are flying in 15 Domestic destinations and 10 International destinations. Also, the government is in the process to acquire 5 new aircraft for ATCL to expand its operation in International Market. In addition, the government has also started to construct a new international airport at Msalato Dodoma that will serve as the hub to the region. The Government is in different stages of rehabilitation the marine vessels including MV Mwanza Hapa Kazi Tu; MV Umoja; MT Sangara and construction of 4 Ships which its procurement is underway.

Major investments in road infrastructure have significantly improved transport and travel within the country and across borders. Recently completed road projects that aim at decongestion of traffic in Dar es Salaam have made a big difference in time used on the road and allowed for multi-modal transport systems to work more efficiently.

The Government has also embarked in major strategic infrastructure investments including Construction of Kigongo – Busisi bridge (3.2 km) which will be the longest bridge in East Africa and the sixth-longest in Africa; and construction of New Wami bridge which serves the Northern corridor.

## What message would you like to convey to potential investors?

This is the high time for investors all over the World to come and invest in Tanzania because of her geographical strategic location to access the market in fast growing countries in Asia and Middle East and that of the landlocked Countries.

Despite the achievements made in recent years, there is still need for resource mobilization from various stakeholders. The financing is needed to improve transport infrastructure. Currently, the Government has decided to start financing infrastructure projects using a model known as Engineering, Procurement, Construction and Financing (EPC+F).

This is a project financing mechanism in which the EPC contractor also arranges financing for the project, through tie-ups with financing institutions. A total of eight (8) road projects have been identified for implementation using this model. Procurement process for contractors for these projects is underway.



# Railways

## Upgrading to Modern Infrastructure

Tanzania's railway system has two separate networks with a total track length of 3,676 kilometers. The networks are run by two distinct organizations.

The Tanzania–Zambia Railway Authority (TAZARA) maintains and operates a network spanning 1,860 kilometers and including the line from Dar es Salaam in Tanzania to Kapiri Mposhi in Zambia. The Tanzania Railways Corporation (TRC) maintains and operates a network of over 2,706 kilometers, including a route that links to Kenya and Uganda. The central line stretches from the commercial capital Dar es Salaam to Kigoma on the western border with Burundi and the Democratic Republic of the Congo (DRC). The 2,561-kilometer Standard Gauge Railway (SGR) from Dar es Salaam to Mwanza, Kigoma, and Katavi, construction of which is ongoing, will connect the Dar es Salaam port with the neighboring countries of Rwanda, Burundi, and the DRC. This modern railroad is one of the major infrastructure projects

expected to upgrade transportation through the central corridor. The \$14 billion project, which is being implemented in phases, is a bid by the government to develop a modern rail system and improve the transportation of goods and people from the commercial capital Dar es Salaam to other regions and ultimately link with neighboring landlocked countries.

### Standard Gauge Railway

The government is currently expanding the country's rail network by constructing the SGR, a modern rail system comprising a network spanning 1,219 kilometers and being developed in five phases. This line connects the port of Dar es Salaam in the east with central and western areas of the country. It terminates at Kigoma on Lake Tanganyika in the west.

The stretch from Dar es Salaam to Morogoro (300 kilometers) is now almost complete, and the government has signed a contract with a South Korean company to procure railcars for the modern passenger trains. Construction of the second section, from Morogoro to Makutupora (422 kilometers) was estimated to have reached 85.02 percent completion in April this year. The government has also signed a contract for the third stretch, from Makutupora to Tabora (368 kilometers), worth 4.4



Railways



trillion Tanzanian shillings. In July, it signed a contract for construction of the Tabora to Isaka section (168 kilometers), worth \$900 million, and it has initiated the process of procuring a contractor for the Tabora to Kigoma section (514 kilometers), worth \$2.1 billion, and the stretch which runs from Uvinza in Tanzania to Kindu in the DRC.

The building of this modern rail system is an important new driver for the economy, delivering high added value in terms of growth and employment. The SGR project will allow the use of both diesel and electric-powered locomotives, with the capacity to accommodate passenger trains traveling at 160 kilometers per hour. On completion, the SGR will increase freight services: it will be possible to carry up to 10,000 tons of cargo per trip, which is about 500 cargo trucks.

**TAZARA Line**

TAZARA is a bi-national railway linking the Southern Africa regional transport network to the East African seaport of Dar es Salaam, offering both freight and passenger transportation services between and within Tanzania and Zambia. The TAZARA system was built between 1970 and 1975 to link the port of Dar es Salaam with the town of Kapiri Mposhi in Zambia’s Central Province. China funded the project, mainly to provide an alternative route from Zambia to Dar es Salaam for copper exports. In the 1990s,



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the economic performance of the railway began to decline and continued to deteriorate over the years.

Tanzanian President Samia Suluhu Hassan and Zambian President Hakainde Hichilema recently agreed to upgrade the old railway to an SGR through a partnership with the private sector and development partners. The decision was made during Hichilema’s official one-day visit to Tanzania on August 2, 2022.

From July 2021 to April 2022, TAZARA transported a total of 180,597 metric tons of cargo, compared to 173,490 metric tons in the same period the previous year. The increase was facilitated by the rehabilitation of train engines and rail infrastructure in some notorious places. Passenger numbers fell slightly, to 2.03 million compared with 2.15 million previously.

**Central Corridor**

The central line operated by the TRC continues to serve the neighboring countries of Burundi, Rwanda, Uganda, and the DRC through Kigoma. In the period from July 2021 to April 2022, the TRC transported 337,617 metric tons of cargo, compared with 257,747 metric tons in the same period in 2020/21. In terms of passengers, 345,246 long-distance passengers were transported compared with 391,612 passengers in the same period in 2020/21. This decline can be explained by the decrease in train journeys from four trips per week to two trips per



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week as a result of the damage to eight railcars during a passenger train accident that occurred in January 2021.

**Commuter Services**

Both the TRC and TAZARA provide commuter services in Dar es Salaam. From July 2021 to April 2022, some 2.57 million passengers were served between Kamata and Ubungo and Kamata and Pugu stations, compared with 2.31 million passengers transported in the same period in 2020/21. TAZARA provides passenger transport services between Dar es Salaam and Mwakanga in the Coast region. From July 2021 to April 2022, some 1.53 million passengers were served between these two stations, compared with 1.62 million passengers during the same period in the previous year. This drop in passenger numbers was

caused by a lack of passenger railcars.

Despite some challenges, the rail transport network has made a significant contribution to reducing the hassles of traveling to some densely populated areas of Dar es Salaam which the rail infrastructure passes through.

**Private Operators**

TAZARA allows private operators to use its infrastructure for transportation services. It has entered into an agreement with Calabash Freight of Zambia to use the railroad and pay what it calls an open access fee. From July 2021 to April 2022, Calabash Freight transported a total of 88,597 metric tons of cargo, compared with 222,904 metric tons in the same period the previous year, through the port of Dar es Salaam to or from Zambia and the DRC.

The volume of cargo transported by the company fell by 60.3 percent due to the closure of the Chambeshi Bridge in Zambia from October 2021, as well as the soil erosion that occurred between Fuga and Kisaki stations (211 kilometers) in Tanzania, resulting in the line being closed for two months.

The government is now planning to review the laws governing the TRC to allow the involvement of private operators in the central railway line. *“We want to see the private sector owning its own rolling stock and operating it along the TRC and TAZARA lines,”* said the Minister for Works, Transport and Communications, Professor Makame Mbarawa, at a conference to discuss the transport sector this month. *“Without the involvement of the private sector, we can’t achieve our objectives as far as the performance of the railways is concerned.”*

Railways



# Interview with Mr Masanja Kadogosa Tanzania Railways Corporation (TRC) Director General

As the gateway to East and Central Africa, Tanzania has a major role to play in terms of transport and logistics. To achieve this goal, Tanzania Railways Corporation is undergoing major transformations, as explained by the Director General.

**Tanzania Railways Corporation is a state owned corporation established with the core mandate of providing an efficient and effective way of transport service, managing and developing rail infrastructure, and ensuring rail infrastructure safety and security in the country. How can you describe TRC today?** As said TRC is a state-owned institution, and is an old institution being around more than one hundred years old. Before is used to be two institutions, Reli Asset Holding Company (RAHCO) which was mainly for infrastructure owner, and Tanzania Railways Limited (TRL) mainly as operator which was private owned. In 2017, Tanzania Government

decided merged the two to form Tanzania Railways Corporation (TRC). How would I you describe TRC today? Today TRC is undergoing deep transformation. To reclaim its glory of 60's and 70's, whereby it played a major role in Tanzania economy. Naturally Tanzania is HUB, and gateway to East Africa countries and SADC; if you are building the economy, to make it more sustainable, but also attractive to investors, you need much more efficient transport and logistic, in terms of cutting costs, but also to move mass commodities. The government's vision for the country is to become an industrialized country by 2025, but also to transform



agricultural activities into a agri-business. That means that you need a very strong and reliable transport and logistics system. And TRC is the main player in transport and logistic, currently the government is investing a lot of money to make sure that we have a more reliable and efficient railway system

**But TRC already has a network?** Yes, we are in more than 16 regions almost everywhere in the country.

**What are your main strengths?** Our network is one of our main strengths, but also currently the government is investing a lot of money to build a new standard gauge railway, which will we connect Uganda, DRC, Rwanda, Burundi. That kind of investment is to ensure that in future we are the main player in the region both East Africa and SADC.

**Who are your primary customers?** They are local, but also the neighboring countries for transit cargoes.

**What are the main challenges faced by the company today? And what is your strategy to overcome them?** I would say, climate change, especially for the old railway, floods etc. But obviously, investing in railway infrastructure needs a lot of money. That's also a challenge, to make sure that we have enough money and other resources for project implementations. Her excellency, Samia Suluhu Hassan, the President of united Republic of Tanzani has been in for front in mobilize resources.

**What kind of message do you want to deliver to American investors?** My message to American investors is that by investing in Tanzania, they are investing in DRC, Congo, Rwanda etc. because we are the gateway to all these

countries. These areas represent almost 25% of the continent's population of 1.4 billion people. So a considerable potential in terms of market. With development of new standard gauge railway you assured to reach both East Africa market and SADC market within a short time at a reasonable costs. Those are the opportunities of investment for American investors, and warmly welcomed to invest in Tanzania the land of Kilimanjaro, Serengeti and Zanzibar.

**Do you believe that demand for railway transport will continue to grow in Tanzania and the region?** Yes, it will continue to grow, the demand is huge. The port of Das es Salaam connects with almost 7 land-locked countries. And one of our strategies is that is to make sure all our ports are well connect to railway with the latest technology. But also we will open up operations to the private sector, this will definitely improve the efficiency of our operations and attract more users of railway.

**What are your main goals for the long term growth of TRC?** Our main goal is to be the main players in logistics in Tanzania, East Africa - the gateway to SADC. And there is no other country in Africa which is putting this kind of investment in railway infrastructure.



**How does TRC address the issue of environment and pollution?**

We are putting electrified railway. It is much more environment-friendly than diesel. But also in our construction, our project has to satisfy the issue of Environment Social Impact Assessment. Make sure we taking care the environment and social part, make sure people are not affect negatively by the project. But also Tanzania has a lot national parks and the railway is passing through some of them, so we have to consider proper fencing, to protect the animals. So really all measures are taken to make the construction work is environment-friendly.

**What is your wish for the coming year for investment opportunities in TRC?** Our best wish for the American business community is: welcome to the land of Kilimanjaro, Zanzibar and Serengeti. Opportunities are almost everywhere, and TRC as logistic corporation is ready to facilitate the trading both in East Africa and SADC.





# Ports

## The Gateway to Global Trade

Tanzania's geographical position makes it a strategic gateway for many countries which use its seaports to export and import a variety of consumer goods and raw materials.

The East African nation, which sits on the Indian Ocean, serves the neighboring countries of Rwanda, Uganda, Burundi, the Democratic Republic of the Congo (DRC), Zambia, and Malawi through the port of Dar es Salaam.

Tanzania is home to hundreds of formal and informal ports on the bodies of water located within its borders: the Indian Ocean lies to the east, Lake Victoria on the north-west border with Kenya and Uganda, Lake Tanganyika on the western border with Burundi, the DRC, and Zambia, and Lake Malawi (Nyasa) on the south-west border with Malawi. According to the Tanzania Ports Authority (TPA), the country has 89 ports which are managed by the TPA and over 600 informal ports.

Among these are Tanzania's three main ports operating on the Indian Ocean: Dar es Salaam, Mtwara, and Tanga ports. The government is

pushing to build a special economic zone in Bagamoyo that will also include a new, modern port designed to address problems with congestion at Dar es Salaam.

### Drive for Efficiency

The TPA's primary remit includes developing the ports, advertising port services, and attracting private sector involvement to help expand and operate the ports.

Under the Ports Act 2004, it was intended that all ports would be operated by the private sector, with the TPA serving as administrator, but the Authority continues to be the main port operator under present circumstances. However, President Samia Suluhu Hassan, who has been in office since 2021, has recently made it clear that she plans to introduce reforms to speed up performance at the ports, which she believes have the potential to make a greater contribution to the economy.

Disappointed with revenue leakage and bureaucratic delays in decision-making, President Hassan sacked the TPA Board in July. *"The port of Dar es Salaam has great potential to connect African countries with their Asian counterparts and their fast-growing economies. Those entrusted with managing our ports should now work with utmost speed. I am not satisfied with the current pace,"* she said, adding that the country's competitors were working at a very high speed, contributing to the fast growth of their port-related businesses. *"I don't want to see investors facing unnecessary bureaucracy and political statements. Let me be clear: people should start working hard at the ports,"* she noted, emphasizing that those entrusted with various duties at the ports should be in no doubt as to what she was asking of them.

### Dar es Salaam Port

The port of Dar es Salaam is one of the largest in East Africa, and is engaged in ongoing expansion projects to attract more business from neighboring countries. In 2021, the port handled 17 million metric tons of cargo, up from the 14 million metric tons recorded in 2017. This







was thanks to expanded capacity, an improved business environment, and the recovery from COVID-19. The port aims to increase its cargo-handling capacity to 30 million metric tons by 2030. In an attempt to improve performance, the government has been investing in expansion plans to cope with increasing cargo levels and to accommodate larger ships. Construction of the first dedicated roll-on/roll-off (RoRo) infrastructure ramp and terminal at the port began in 2018 and was completed and entered into service in March 2021, enabling the port to start welcoming Post-Panamax vessels, with the first arriving in August last year. Motor vehicles are now driven off the ships and straight onto the adjacent spacious terminal, with a handling capacity of 3,000 vehicles at a time, or over 200,000 per year.

The new terminal is part of the \$421 million Dar es Salaam Maritime Gateway Project (DSMGP), which got under way in 2017 and aims to improve the effectiveness and efficiency of the Dar es Salaam port for the benefit of public and private stakeholders by strengthening both the physical infrastructure at the port and the TPA's institutional capacity. Financed by the government of Tanzania jointly with the World Bank and the UK Foreign, Commonwealth, and Development Office, the DSMGP has supported the reconstruction and deepening of existing berths 1–7 to 14.5 meters, so the port can now comfortably host large vessels. Previously, it was limited to an average 8-meter draft. Preparations are also under way to upgrade and deepen berths 8–11.

The port improvement project enabled the Dar es Salaam port to host the largest ship in its history, containing 4,397 vehicles, in May 2022. The project is also currently supporting the widening and deepening to 15.5 meters of the entrance channel and turning basin in the port to the end of berth 11. In addition, the project will improve the rail platform and linkages within the port.

### Reducing Congestion

As the level of activity at the port has risen, the government of Tanzania is also taking measures to reduce congestion. The Kwala dry port, which is currently under construction, is expected to begin operations in 2023 to ease bottlenecks at the Dar es Salaam port. The 36-billion-shilling project in Kibaha District in the Coast Region – about 40 kilometers

from the Dar es Salaam port – include a 15.5-kilometer tarmac road connecting Morogoro Highway at Vigwaza with the Kwala dry port.

### Tanga Port

Located on the northern coast of the Indian Ocean, close to the border with Kenya, the port of Tanga is the longest serving port in East Africa, according to the TPA. It is a lighterage port, with two shallow water berths and an upgraded capacity of 1.2 million metric tons per annum, mainly serving the northern regions of Kilimanjaro, Arusha, Manyara, the Lake Zone, and the neighboring countries of Rwanda, Burundi, and northern Uganda.

Some of the country's northern regions are rich in coffee, horticulture, and tanzanite mining, and are at the heart of Tanzania's wildlife safari opportunities on the northern tourism circuit. Tanzania imports fuel for these regions via the port of Tanga, meaning that they enjoy different prices compared to other regions which use the ports of Dar es Salaam and Mtwara. A 354-kilometer highway links Tanga to its sister port of Dar es Salaam in the south. Although Tanga is a small port, the government has recently stepped up its efforts to expand and modernize the facility, ahead of an oil pipeline which will use the port. The government is currently increasing the depth of the berths from 4 to 13 meters

and installing navigation equipment. Under the current budget, the government has said that it will go ahead with implementation of the second phase of the port improvement project.

A contract for the improvement project was signed in July 2020 between TPA and the China Harbour Engineering Company. Implementation started in September 2020 at a cost of 256.8 billion Tanzanian shillings. The works that will be carried out include increasing the depth of the gate used for both entry and turning of ships, and improving berths 1 and 2. According to the government, the project was 40 percent complete by April 2022.

Preparations are also under way to construct a berth to receive oil from Uganda via the East African Crude Oil Pipeline (EACOP) that is being built from Hoima in Uganda to Chongoleani in Tanga.

### Mtwara Port

The port of Mtwara is located on the southern coast near the border with Mozambique, in Mtwara Region, which is rich in natural gas and cashew nut farming. The port also provides a link to the coal mining industry in the southern regions. Recently, the government expanded the port's capacity, and it has gone from handling about 400,000 metric tons per year to about 1 million metric tons, thanks to the construction of a new berth.

In the financial year which ended on June 30, 2022, the port handled 592,365 metric tons. This was the result of increased coal exports that boosted the volume of business coming through the port of Mtwara. The coal was exported to various parts of the world including the Netherlands, Senegal, Ghana, Egypt, and India.

### Planned Port in Bagamoyo

The government is currently looking for investors who will invest in the Bagamoyo Special Economic Zone, and particularly in the three core projects: a modern seaport, a special logistics park, and a portside industrial city.

The \$10 billion project seeks to transform Tanzania into a trade and logistics hub for the region. The government wants to create capacity ahead of increasing demand, and has been working to dispel fears that the project could adversely affect existing ports. The planned port is particularly important due as it will be able to accommodate larger ships that cannot be handled by the Dar es Salaam port.

In developing the country's ports, the government is focused on trying to emulate how such facilities have supported economic growth and helped to reduce consumer prices in Singapore and Jebel Ali (United Arab Emirates).



# Interview with Plasduce M. Mbossa

## Director General, Tanzania Ports Authority (TPA)



The TPA is the state national authority in charge of the development, use and management of the country's Ports and their hinterlands. Mr. Mbossa explains to us the existing strategies developed to ensure the expansion of the ports.

### Could you give us an overview of TPA's history and legacy?

TPA traces its institutional history to the commencement of railway construction from Tanga Port in 1893 and Dar es Salaam Port in 1905. It later evolved to become the East African Railways and Harbours Corporation from 1947 to 1967 before becoming the then East African Harbours Corporation (1967-1977). The disintegration of the first EAC gave birth to Tanzania Harbours Authority, until 2005. Tanzania Ports Authority (TPA) was established by the Ports Act Number 17 of the year 2004 because of

the then economic reforms in the country. Officially, TPA's operations started in the year 2006 as a Landlord and Operator taking noble functions of promoting the use, improvement and development of Ports and their hinterlands; and entering into contracts for the purpose of delegating the powers of the Authority.

### What is the importance of the port of Dar es Salaam in Tanzania's economy?

DSM Port is the major port handling over 90% of the Tanzania seaborne trade. The port serves eight landlocked countries. The Port contributes to the national income

growth through national customs and excise duties with economic multiplier effects to public and private stakeholders through jobs creation and other value addition activities. The Port facilitates domestic and international trade, and the Port also provides value adding services to Economic Processing Zones (EPZ).

### What are the main functions of the Tanzania Ports Authority (TPA)? What services do you offer?

TPA's major responsibilities as presented in the Act are to develop, manage and promote the port sector in Tanzania. The major role of

TPA as per Ports Act No. 17 of 2004 is to enhance the advantages of the geographical position of Tanzania's maritime resources by fulfilling the following functions:

- Promoting effective management and operations of sea and inland waterways ports;
- Securing the provision of, or to provide services in relation to loading and unloading of cargo and passengers services;
- Developing, promoting and managing port infrastructure and superstructure;
- Maintaining port safety and security; and entering into contractual obligations with private entities for provision of port services

### How does the port of Dar es Salaam compare to its main East Africa competitors?

Dar es Salaam Port competes for cargo with Ports in the East and West Coast of Africa. Competing Ports are also well connected to the hinterland, though Dar es Salaam Port has comparative advantage to lucrative markets in the

East and Central Africa due to its proximity and availability of support services of inland waterways and railways as well as roads connections. With its longest coastline of about 1,043 kms, Tanzanian Ports have an upper hand to compete with other neighboring Ports and this is where Dar es Salaam Port becomes more relevant, once the ongoing investments to its infrastructure, ICT solutions, equipment and human capital will be achieved.

### How is the Port evolving in terms of infrastructure to adapt to demand and face up to competition?

Works are ongoing to strengthen and deepen the entrance channel and berths at Dar es Salaam Port from the current 11/10 metres to 15.5/14.5 metres, to enable the Port to accommodate bigger vessels. Dar es Salaam Port has since been handling second generation ships, which can accommodate up to 2,500 Twenty Equivalent Units (TEUs) of containers since its quay side, turning basin and the entrance channel were shallow and narrow. The Port now has the capacity of handling Post Panamax ships that can accommodate up to 8,000 TEUs, once the remaining works at the entrance channel will soon be done. To the maritime traffic the above initiative will see Dar es Salaam Port's cargo handling capacity increase from the current 16 million Dead Weight Tons (DWTs) to approximately 25 million DWTs.

### What are TPA's objectives for the next five years to increase freight and develop new services?

Port infrastructure is the major determinant of the port capacity and quality services delivery. Development of the state-of-the-art port terminals with modern infrastructure and superstructure is vital for increasing and strengthening capacity of ports to handle the anticipated huge volumes of cargo.

TPA takes cognizance of the importance of marketing in a competitive business environment. Port industry like other industries is characterized by stiff competition, which necessitates deployment of robust efforts to survive in the market. Strong marketing campaigns together with quality services delivery are inevitable to ensure TPA Ports remain relevant in the industry. Human and financial resources are the key factors for the success of any organization. TPA intends to take deliberate efforts to ensure it has an effective and efficient workforce and financial capability to deliver its mandates. Deployment and investment in human capital shall be based on the Needs Assessment aligned to TPA future roadmap. Ports are essential nodes in the transport chain, much more than just handling ships. By linking maritime transport with all other transport modes, modern Ports are prone to environmental pollution and vulnerable to negative impact of climate change.

TPA





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The government is accelerating efforts to expand and build new airports in an attempt to improve the air transport sector, which is key to promoting tourism and making it easier to get around.

# Airports

## Modernization Reshaping Air Transport

For 2022–23, the government has allocated 86.1 billion Tanzanian shillings for airport infrastructure projects. This includes 54.96 billion shillings to be sourced domestically and 31.15 billion shillings to be financed by development partners.

The East African nation has a total of 435 airfields. The government owns 194 airports located in different regions, with the rest operated by the private sector, including mining companies and tour operators. Fifty-eight of these airports and airstrips are maintained and

operated by the government through the Tanzania Airports Authority (TAA). Airport construction, upgrading, and rehabilitation is carried out by the Tanzania National Roads Agency (TANROADS), which is also responsible for trunk and regional roads.

From the mainland to the Zanzibar archipelago in the Indian Ocean, there are three main international airports: Julius Nyerere in Dar es Salaam, Kilimanjaro in the northern region of Kilimanjaro, and Abeid Amani Karume in Zanzibar. These handle both domestic and international flights operated by some of world’s largest airlines – Emirates, Ethiopian Airlines, Qatar Airways, Turkish Airlines, Lufthansa, and others – linking the country to the rest of the world.

There are also a number of other airports categorized as Group II. The Group II airports operate as domestic facilities and as entry and exit points for international flights. They include Songwe in the southern region of Mbeya; Mwanza in the northwest region of Mwanza; Mtwara in the south-east region of Mtwara, Arusha in the north; Dodoma in the central part of the country, and Kigoma which is located in the west.

### Air Transport Performance

Aviation was one of the sectors hardest hit by the COVID-19 pandemic, which led to the introduction of restrictions and the banning of flights. According to the National Bureau of Statistics, a total of 21 international airlines canceled 632 flights scheduled to arrive in Tanzania from March 20, 2020. This caused a slowdown in some areas of the

economy, especially trade and services such as the transportation of food, beverages, and entertainment. Aviation revenue also declined, with approximately 60 percent being derived from international flights and 40 percent from domestic flights. The number of flights fell to 121,255 in 2020, compared with 292,105 in 2019, while the number of air passengers declined from 5.49 million passengers in 2019 to 2.77 million in 2020. However, in line with the ongoing recovery from the pandemic, with many countries lifting their travel restrictions, flights increased by 26.4 percent to 153,322 in 2021, while the number of passengers increased by 38.0 percent to reach 3.83 million in 2021. Meanwhile, the amount of cargo transported through local airports increased by 22.8 percent from 24,452 metric tons in 2020 to 30,029 metric tons in 2021.

By April this year, Tanzania had signed Bilateral Air Services Agreements (BASAs) with 78 countries around the world to improve air transport and attract more airlines to increase local competition.

### Julius Nyerere

Julius Nyerere International Airport (IATA: JNIA), located in Dar es Salaam, is the largest and busiest airport in Tanzania, accounting for about 70 percent of air passengers, of which it handled some 1.9 million in the financial year ending this June. The airport has three terminals for chartered, domestic, and international flights, serving destinations in Africa, Asia, Europe, and the Middle East. The airport’s third terminal was officially opened in 2019. The new terminal, which cost \$314 million, has increased the airport’s capacity to 8 million passengers annually. JNIA also accounts for about 80 percent of the country’s cargo capacity.

### More Airport Expansion

In addition to the Msalato Airport currently under construction, the government is implementing other airport infrastructure projects in different regions. It has completed expansion of the runway and aircraft control system at Dodoma Airport, as well as architecture and preparations to build a passenger terminal at Mwanza Airport, which is set to be upgraded to international status. The ongoing expansion will increase capacity at Mwanza Airport from 400,000 passengers annually to 1.5 million.

Other airports currently undergoing construction and renovation include Songea, Mtwara, Iringa, Songwe, and Musoma. Similarly, the government plans to continue with the construction and expansion of Shinyanga, Kigoma, Tabora, and Sumbawanga airports, at a cost of €50 million.

Airports





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### Kilimanjaro

Kilimanjaro International Airport (IATA: KIA), which serves travelers visiting Tanzania’s northern safari country, is the second busiest airport in Tanzania. It is the main gateway for tourism in Tanzania, including for visitors to Africa’s highest point, Mount Kilimanjaro. The airport is owned by the government and operated by a public company called Kilimanjaro Airports Development Company (KADCO). The company has a mandate to manage and operate the airport, and has been entrusted with the mission of developing modern infrastructure and facilities, and providing outstanding airport services to aviation stakeholders to support socio-economic development. Kilimanjaro International Airport has earned the nickname “Gateway to Africa’s wildlife heritage” because it brings tourists from all over the world to visit the natural

attractions of the northern circuit. The airport is used by both domestic and international airlines. It connects the northern tourism circuit with Europe, the Middle East, the United States, the Far East, and a large part of Africa. Covering an area of 110 square kilometers, the airport is an airy space, and plays host to logistics companies and hotels. In July this year, Oman Airports signed a memorandum of understanding with KADCO to develop a VIP passenger terminal at Kilimanjaro. This will allow Tanzania to benefit from Oman Airports’ experience in airport management and VIP services. The memorandum stipulates that Oman Airports will develop a general terminal for VIPs and a hangar facility at Kilimanjaro International Airport, as well as a five-star hotel for passengers and a business complex/shopping mall in the airport. The

memorandum also includes scope for the development of other facilities that may be mutually agreed by the parties. “This partnership will serve to develop the facilities referred to in the text of the memorandum of understanding to ensure the provision of high-quality services as part of efforts to raise revenue for both the Tanzanian government, which owns the airport, and Oman Airports,” said a press statement.

### Abeid Amani Karume

Abeid Amani Karume International Airport (IATA: ZNZ) is the main airport in the Zanzibar archipelago, located on Unguja Island. The airport serves travelers visiting Tanzania’s most renowned beach destination. It is operated by the Zanzibar Airports Authority (ZAA). Situated approximately five kilometers south of Zanzibar City, the capital of Zanzibar, it offers flights to East Africa, Europe, and the Middle East. Zanzibar is linked to the Tanzanian mainland by both air and sea services. Traveling by fast boat, the journey time is approximately one and a half hours, while the flight time is less than 30 minutes.

### Planned Airport in Msalato

The government is moving ahead with improvements to airport infrastructure in various parts of the country. The latest development is the planned Msalato International Airport, which will be built

in the Msalato area, some 12 kilometers from the center of capital city Dodoma. The estimated cost of the project is \$329.47 million and it is being co-financed by the African Development Bank Group (67.3 percent), the Africa Growing Together Fund, (15.2 percent), and the Tanzanian government (17.5 percent).

In October this year, President Samia Suluhu Hassan laid the foundation stone for Msalato International Airport, officially marking construction work on the airport, which began in 2020. The project will include a runway, main passenger aircraft parking apron, control tower, passenger terminal and office

buildings, car parking lots, shops, supermarkets, and banking facilities. In 2019, the African Development Bank approved a \$272.12-million loan to Tanzania for the construction of the airport, which is expected to handle at least 50,000 aircraft and 1 million passengers per year.

### Air Transport – Licensed Airlines

1. AIR TANZANIA is the country’s largest airline, operating both domestic and international flights. The state-run company’s fleet includes Airbus, Boeing (including a Dreamliner), and Bombardier aircraft.
2. PRECISION AIR is Tanzania’s largest private airline and has the second largest market share. It provides scheduled flights within Tanzania and adjacent states.
3. ADVENTURES ALOFT operates hot air balloons providing commercial services within Tanzania.
4. AIR EXCEL operates a Cessna fleet for commercial services within Tanzania and adjacent states.
5. ARUSHA MEDIVAC provides commercial passenger and cargo services within Tanzania and adjacent states.
6. AS SALAAM AIR provides commercial services within Tanzania.
7. AURIC AIR SERVICES provides commercial services within East Africa and on other designated routes.
8. AZAM AVIATION operates commercial flights within Tanzania and adjacent states.
9. COASTAL TRAVELS operates commercial scheduled and chartered services within Tanzania and adjacent states.
10. CROPCAIR AVIATION conducts agricultural aerial works within Tanzania and adjacent states.
11. EVERETT AVIATION operates commercial services within Tanzania and adjacent states.
12. FLIGHT LINK provides commercial services within Tanzania and adjacent states.
13. FLY SAFARI AIRLINK operates domestic chartered and scheduled services.
14. FLY ZANZIBAR provides commercial air transport services within Tanzania.
15. GRUMETI AIR provides commercial services within Tanzania and adjacent states.
16. JAMBO AVIATION provides commercial air transport services within Tanzania and adjacent states.
17. MIRACLE EXPERIENCE operates commercial services within Tanzania.
18. MISSION AVIATION FELLOWSHIP (MAF) operates commercial services within Tanzania.
19. MY FLY AVIATION operates commercial services within Tanzania.
20. PELICAN AVIATION AND TOURS provides commercial services within Tanzania.
21. REGIONAL AIR SERVICES provides commercial services within Tanzania and adjacent states.
22. SAFARI PLUS provides commercial services within Tanzania and adjacent states.
23. SERENGETI BALLOON SAFARIS provides commercial services within Tanzania.
24. SHINE AVIATION operates commercial services within Tanzania.
25. TANZANAIR operates commercial services within Tanzania and adjacent states.
26. TANZANIA GOVERNMENT FLIGHT AGENCY provides commercial services within Tanzania and adjacent states.
27. TROPICAL AIR (Z) provides commercial services within Tanzania and adjacent states.
28. ZANTAS AIR provides commercial air services within Tanzania.



# Interview with Mussa Ibrahim Mbura

## Director General of the Tanzania Airports Authority (TAA)



Tanzania is opening up to the outside world. Airlinks are more than ever essential. The country's airports, both international and domestic, require to be raised to international standards and provided with state-of-the-art equipment. A golden investment opportunity...

### **So it means you are looking for investors who can capitalize in that area?**

Apart from that, if an investor wants to develop Arusha airport, for example, we will need a world class Code room facility among other requirements. For it to do business 24-hours, we'll need to improve the infrastructure package so that it include AGL systems, terminal buildings and other associated facilities, including fire buildings and equipment for security. Some of them need fencing to improve security whenever a trader plans to export.

But the biggest opportunity is Julius Nyerere International Airport (JNIA) being the

biggest airport here. It lacks two important things, a hotel and a Convention Center.

### **Is there a space/plan for that?**

Yes, we have already allocated land for that, and an estimated budget of about USD 70 Million. I really wish to build a five star hotel with up to 300 rooms and a convention center where people can hold meetings without having to go into town for such activities. These are the main priority areas I will always push.

Now various airlines are coming in... but more would come if we provide facilities to support their businesses, as it lowers their costs. When

for instance Emirates Airline comes here, the crew is forced to find accommodation in town. This can sometimes be very expensive.

Airlines look at the destinations where they can cut operational costs. So if I have an airport hotel, most of the airlines would be attracted to come and TAA would make profit.

### **How do you reach out to international airlines to come to Tanzania?**

First of all about 19 international airlines are operating in JNIA. To encourage more airlines, we have an incentive package. You know when airlines want to start a new route there's a lot of fees and charges before they start operating. So we waive some of the charges for the airline to start its route first, and then maybe we can discuss later after the business has picked up. We have such an incentive package in our airport (JNIA) to offer to the new airlines.

### **Have you seen the impact of these incentives?**

Yes, we have seen the impact. Most of the airlines are very attracted to Dar es Salaam and other local airports but at the beginning they were not sure whether the route would pay back. So we give them an incentive package for a period of six months or one year depending on the negotiations. We have also begun processes to make our airlines fly direct to the US (New York) following a Memorandum of Understanding (MoU) signed

back in May during the state visit of madam President (Samia Suluhu Hassan) to the US. We are now filling documents with the driving airline being Air Tanzania. The US counterparts will come, look at our security level and other assessments after which they would tell us what to improve.

### **Where do you get your security personnel at the airport? Do you hire other private companies for that?**

The security of our airport is entirely under the government. We train our people on all matters of security in our airports and provide all required equipment.

### **Where do the Americans in Tanzania pass through when coming or going back to the US?**

Most of them pass through Dubai, Doha or Nairobi... Air France have already started the process to transfer their office from Nairobi to Dar es Salaam. In July we signed a new MoU with France which we believe can convince Air France to come to Tanzania.

### **In the area set for investments at JNIA, have you thought about having a logistics park?**

Maybe we can blend it in that convention center. We can have a logistics park somewhere because it's very important. We have three terminals at JNIA. In June next year we will be starting major rehabilitation and our intention is to make Terminal two a hub for Air Tanzania.

### **When you think of Zanzibar which is basically the real tourism ideal...have you ever explored the possibility of lowering costs for airlines coming, as there are people who tend to move South in winter?**

There's a lot of efforts in Zanzibar to lower the cost of airlines coming directly with tourists. But only chartered flights are given certain packages, not scheduled flights.

### **What is the capacity of JNIA?**

Before Covid-19, with a new terminal (terminal three) open in 2019, we reached a capacity of almost 2.1 million per year. But after Covid-19, it went down and we almost closed it because terminal two is for domestic use and was more operational than terminal three. In 2020 we closed for some time. Now we're getting back to full capacity and recovery by last month had gone up to 62 percent above what we used to get before Covid-19.

### **How many airports are operating in Tanzania as of now?**

By now in Tanzania mainland, 59 airports, but I'm in charge of 58. One airport, Kilimanjaro International Airport, is operated by another company, owned by the government, whereas Zanzibar has one airport which is operated by Zanzibar Airport Authority (ZAA). However, as a government, our goal is to have an airport in every region and we have achieved that. Actually some regions have up to two or three airports depending on the population.





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# Urban Planning

## Rapid Urbanization Requires Planning

Tanzania has one of the fastest rates of urbanization in Sub-Saharan Africa, and has been using a variety of tools to guide its urban growth and development.

The increase in the country's urban population and expansion of its urban areas is powered partly by overall population growth and, of course, migration from rural to urban communities. The urbanization rate is estimated to be about 5 percent, and the urban population was expected to grow

from 19.96 million in 2018 to 35.5 million by 2030, and 76.5 million by 2050. The World Bank estimates that 36 percent of Tanzania's population was living in urban areas by 2021.

With the global human population believed to have reached 8 billion by mid-November 2022, the United Nations

projects that more than half of all population growth by 2050 will come from just eight countries: the Democratic Republic of the Congo (DRC), Egypt, Ethiopia, India, Nigeria, Pakistan, the Philippines, and Tanzania.

In Tanzania, the local population has been increasing at an annual rate of 3.2 percent. The national census carried out in August 2022 showed that the population had jumped by more than 37 percent in a decade to 61.7 million (compared with 44.9 million in 2012).

These population trends make Tanzania the largest nation in East Africa, and about 44 percent of the population is under 15.

Unveiling the census results in October 2022, President Samia Suluhu Hassan warned of the challenges posed by an expanding population, if development failed to keep up with the increase. *"A population of this size might not be a big deal for a huge country like ours, but it is a burden when it comes to allocating resources and delivering social services,"* the President said during an event held in the capital city of Dodoma. *"We need development strategies to serve all these people. We need to start working on projects and introducing the necessary reforms to our policies, in line with the current numbers,"* she continued, pointing out that the country's population was projected to reach 151.2 million by 2050.

### Planning Approaches

In Tanzania, planning is a statutory function practiced in accordance with the law. The relevant legislation includes the Urban Planning Act and the Land Use Planning Act. The main guiding policy in this area is the National Human Settlements Development Policy 2000, which covers legal responsibility for preparing general and detailed plans in advance of development. Master plans were held up as the ideal planning approach for shaping and

managing the growth of cities from early colonial times, and this approach remained dominant through the 1990s. Foreign firms were hired to prepare the master plans for the former capital city of Dar es Salaam. Between 1970 and the mid-1990s, the Ministry of Lands helped to prepare master plans for 15 regional towns and about half of the interim land use plans for district town headquarters.

Criticisms of the master planning approach include the fact that such plans are viewed as a prerogative of the Ministry of Lands, with little involvement from government departments, the private sector or the popular sector (community-based organizations and non-governmental organizations), who are also responsible for implementing these plans. Master plans have also been criticized for being mainly concerned with a desired end state rather than the process of achieving it. In line with the transition to a market-led economy and multi-party democracy, in the early 1990s the country shifted from a master planning approach to a *"sustainable development approach,"* working in cooperation with the World Bank and UN-Habitat. This led to the adoption of strategic urban development plans (SUDPs) for Dar es Salaam and a number of secondary cities. The pilot project was conducted in Dar es Salaam in the mid-1990s under the Sustainable Dar es Salaam Project (SDP). Other cities which have used this approach include Mwanza,

Moshi, Iringa, Mbeya, Morogoro, Tanga, and Arusha. Between 1998 and 2006, the Ministry of Lands worked with the relevant local authorities to draft SUDPs for Shinyanga, Karatu, Makambako, Songea, Vwawa, Tunduma, Kibaha, and Lushoto. The mid-2000s therefore saw a return to an interest in master plans, leading to the development of a new master plan for Dar es Salaam, designed to guide the city's rapid growth. It also included a plan for the construction of a new city, Kigamboni.

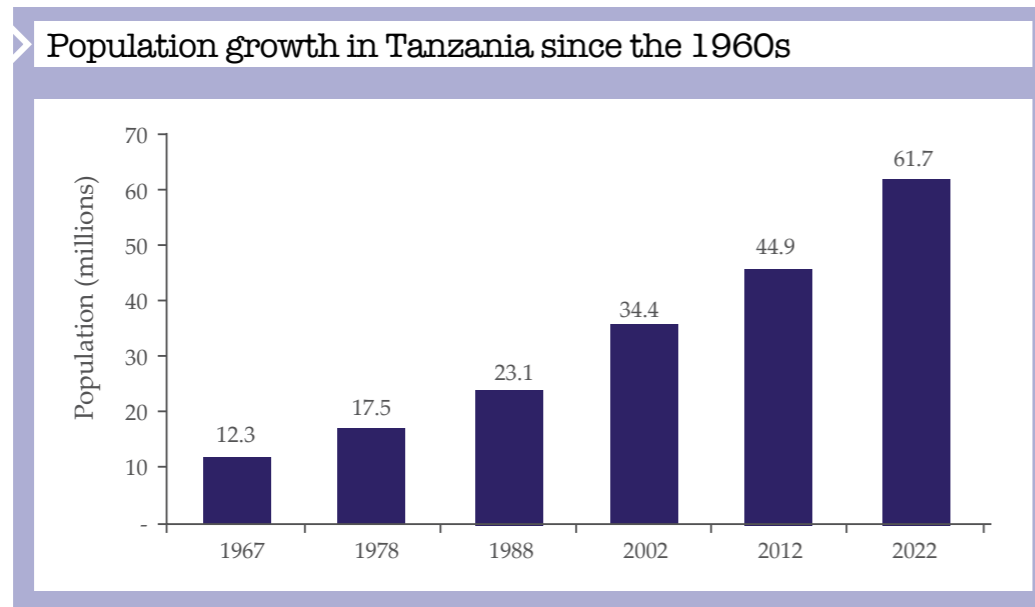
In 2007, the government introduced guidelines to help the Ministry of Lands, practicing urban planners, and other stakeholders to plan, approve, implement, and monitor development in their respective jurisdictions. These guidelines were formulated to harmonize the best qualities and practices emerging from master plans and SUDPs in terms of the preparation process, timeframes, contents, implementation, monitoring, and review.

### Rapid Urbanization

The rising population is associated with high urbanization rates. For example, in 1975 only 10 percent of the total population lived in urban areas. By 1990, this had increased to 20.80 percent, and by 2000 it was 28.20 percent, according to estimates by UN-Habitat, which also predicted that by 2030, 55.40 percent of the total population will be living in urban areas. Dar es Salaam has experienced the highest level of

Urban Planning





urbanization, and is effectively a metropolitan area (100 percent). Urban-West in Zanzibar is the next most urbanized region (84.5 percent), followed by Mwanza (33.3 percent), Mbeya (33.2 percent), Arusha (33.0 percent), Pwani (32.8 percent), and Morogoro (28.7 percent). Other regions with urbanization levels above 20 percent include Kilimanjaro, Mtwara, Ruvuma, Rukwa, Njombe, and Kusini Pemba.

### Growing Cities

Dar es Salaam remains the country's biggest commercial city and is projected to have a population of over 10 million residents by 2030. This will make it officially a megacity. It is currently home to around 5.4 million residents, according to the latest census figures, an increase from 4.4 million in 2012. The city, which lies on Tanzania's Indian Ocean coast and grew from a fishing village,

is one of the fastest-growing metropolises in Africa, with a growth rate of 6.5 percent. Along with Kinshasa (DRC), Dar es Salaam is on track to join Lagos as one of the world's three most-populated cities by 2100, according to researchers at the University of Toronto Global Cities Institute.

To cope with the challenges that may arise as its population increases, Dar es Salaam has already had some success with its dedicated Bus Rapid Transit routes, which widened roads to reduce dense congestion. The Bus Rapid Transit project began operating in 2016 and is gradually replacing minibuses. It is currently in its second phase, with third and fourth phases planned. The government is also implementing several projects to improve the city's infrastructure and service delivery. These include the construction of flyovers along key roads to cut

traffic congestion, including two launched during the presidency of the late John Magufuli. The Dar es Salaam Metropolitan Development Project to improve transport infrastructure, financed by the World Bank to the tune of \$300 million, is still ongoing and scheduled for completion in 2023.

In early October, the World Bank approved \$200 million for the Msimbazi River Basin project, which aims to reduce flood hazards and protect people, property, and infrastructure in the Msimbazi Valley, a vast green space in the center of Dar es Salaam. Other regions with rising populations include Mwanza (3.7 million), Tabora (3.4 million), Morogoro (3.2 million), and Dodoma (3.1 million). In Zanzibar, the semi-autonomous archipelago, the population increased from 1.3 million people in 2012 to 1.9 million in 2022, an increase of 600,000.

### Surveying

Tanzania has 25,744 urban plans containing 7 million surveyed plots; 89,512 surveyed maps with 2.8 million plots; 2.4 ownership documents; and an estimated 1 million urban areas which have not yet been surveyed. To declare an area as urban, it must have a health center, primary and secondary schools, a market, at least 20 retail shops, and a population of at least 10,000 people. In the last financial year, it was proposed that 117 areas be upgraded to urban, with 190 others recommended for formalization.

### Housing Supply

Despite this rapid urbanization, Tanzania is still facing a deficit of modern housing units. The shortfall is estimated at 3 million, with demand for affordable housing increasing by 200,000 units per annum. This provides an opportunity for housing developers, who may be able to tap the potential offered by the growing population and the rise of middle class sustained by strong economic growth.

The housing development sector is growing as mortgage finance becomes more available. In 2009, there were just three banks offering mortgages. By June 2022, there were 33 mortgage lenders in the market, with an outstanding mortgage debt of 509.99 billion Tanzanian shillings. The average mortgage interest rate has also fallen from 22 percent to 15 percent, according to the country's central bank.



The state-run National Housing Corporation is currently the major developer, with projects across various regions of the country. Its net assets were valued at 3.3 trillion shillings in 2021.

The Watumishi Housing Company, which recently changed its name to Watumishi Housing Investments (WHI), is another developer and is owned by pension funds. Its primary objective is to build affordable houses that can be sold to public servants and members of pension funds. The pension funds also have their own public housing schemes.

### Links Between Migration and Urbanization

The rapid growth of urban areas is closely linked to the phenomenon of rural-urban migration, which complements the natural population change as a result of births and deaths, coupled with the reclassification of rural areas into urban areas.

According to the 2012 census, the highest contribution by migration was observed in Dar es Salaam City (52.8 percent), which is largely a metropolitan area. The other regions where migration played a significant role, exceeding 30 percent, include Arusha (38.1 percent), Coast (36.3 percent), Shinyanga (39.8 percent), Geita (39.9 percent), and Zanzibar's Urban-West (33.9 percent). Generally, migration contributed more than 10 percent of population increases in most regions, except in Kigoma.





## CONNECTING LIVES AND BUILDING HAPPINESS IN TANZANIA

Having the total alignment length of 965 kilometres, Yapi Merkezi Construction Company is breaking ground with one of their largest contract railway projects to date, and they are ensuring that they build up Tanzania's transportation sector and communities along the way. Over its 57 years of history, the company has successfully completed many other globally iconic projects such as Canakkale 1915 Bridge, the world's longest span suspension bridge having an impressive span of 2.02 km; the Eurasia Tunnel, the deepest underwater tunnel for cars having a maximum depth of 106 m below sea level, and

the various highspeed railway lines up to the speed reaching 300 km/h. With his father founding the company fifty-seven years ago, Erdem Arioglu was born into the company and has worked in every department, all the way to proudly assuming one of the highest positions of the company. He holds a Bachelor's degree (Istanbul Technical University) and master's degree in Civil Engineering (UC Berkeley, USA) with an emphasis in construction management.

Now as the Vice Chairman, Arioglu handles all of the execution and operations in Africa, as well as other parts

of the world. Under his strategic management in Project Development, Yapi Merkezi began international ventures that led them to Africa. "In Tanzania, we heard about His Excellency President Magufuli's vision and we showed interest to the tender of the turnkey railway line. The administration, having evaluated our experience, accepted us. They gave us the contract for the first phase and the official project start date was May 2017." Then came the second, third and fourth lots all being awarded to Yapi Merkezi having a total main alignment length of an impressive 965 kilometres. "I don't think any other company has done,

a railway project of this size as a single company without any partners," he says.

This project is not only exceptional in size, but also different from all other railways in Sub-Saharan and East Africa. With the capability of reaching a speed of 160 kilometres per hour for passenger trains, the line is faster than any other that has been built in the region in the past. In addition to its high speed for passenger trains, the line is also designed as a heavy haul freight line with an axle load of 35 tonnes, which is currently greater than any line in Tanzania and the region thus far.

This iconic project of railway line is also fully electrified and equipped with the European Railway Transportation Management System (ERTMS) level-2 signalling system, which is the safety standard of Europe. This system allows for remote control of trains from a central hub in order to ensure ongoing

safety. Another distinguishing quality of the line is that it is continuously welded, with no space between the rails. This guarantees that operation and maintenance costs are low and the travel experience is more comfortable for the passengers. Arioglu explains, "Railways that have spaces between the connections of the rail often wear down more quickly and require more maintenance, more often." These properties make the line cheaper to operate and Arioglu tells us that "all of these characteristics are much better than anything that has been built in this part of Africa."

While extending 965 kilometres is impressive in itself, the versatile terrain of Tanzania can present construction challenges on a project of this size, but Yapi Merkezi has tactics that guarantee on-time project delivery: "Dynamic Planning." Arioglu credits his father with implementing innovative solutions

to ensure success. "My father, who is the founding partner of the company, is a very good structure and design engineer who established a very strong engineering culture in the company. When we have a project, we identify the construction technologies and techniques that are most suitable for achieving the timing of the project. Then we implement those techniques. If there are any inefficiencies over the time of the project, we try to keep the deadline fixed and try to find alternative solutions within the project timeline. We must complete the project within the agreed timeframe by changing and adapting construction methodologies. This has been the strength of the company. It is the strength that makes us different from other companies." As a result, Yapi Merkezi is fully prepared to create ground improvements in regions that receive more rainfall, build tunnels through mountains, or construct bridges







to cross rivers. "In fifty-seven years of our company's history, we have no uncompleted projects." In order to make the turnkey railway endeavour a successful one, Yapi Merkezi does not simply do mere construction in Tanzania, but they believe their dedication to the Project must be felt. "Personally, I spend most of my time in Africa, meeting and helping the clients so that decision making is quicker. We provide efficient solutions towards the needs of our clients. As a private company, we only survive by satisfying our clients. We can only do this through listening, understanding, quickly intervening when there is a problem, and providing a solution which satisfies all involved parties."

In addition to being dedicated with on-site management of this turnkey railway project, the company is committed to the people of Tanzania, as well. To say that Yapi Merkezi is devoted to making a difference in local communities would be an understatement. Once the railway project began, their first focus was providing jobs to Tanzanians. "We are training thousands of Tanzanians on the job at the site within our organisation. Currently out of the 17,000 employees of Yapi Merkezi, over 15,000 are Tanzanians." Yapi Merkezi does not simply employ locals from Tanzania, the company wishes to improve the productivity of Tanzanians by training selected local employees at its facilities and projects in Tur-

key. They also offer on-the-job training for construction activities. "One type of training that we do," Mr. Arioglu says, "is for railway operation companies, but these other trainees are being trained for construction activities, like how to lay tracks, excavate a tunnel, construct a bridge, or pour concrete. They are mainly high-level engineering students, university graduates. We are proud that we are helping TRC [Tanzanian Railway Corporation]."

Yapi Merkezi wants to see TRC reach autonomy with this ground-breaking railway Project during operation phase. "Railways are living organisms," he says, "Constructing is not enough. You have to maintain and make sure you comply with the developing

industry. As a contractor, we are trying to help TRC for its future, how they can make the best of their railway line, how to adapt to their future needs. As of today, we are teaching them how to construct this kind of a railway line, including its components, track-works, electrification, etc., so that they can, on their own, continue connecting and making connections without using any outside companies. We are doing everything to realise capacity building and provide efficient knowledge transfer so that it stays on and the people are developed through the project, inside the project and that our effect is not transitory. We are trying to ensure that the knowledge remains in the country."

In addition, the impact that Yapi Merkezi has had on local villages in Tanzania is admirable. Maintaining its commitment to corporate social responsibility, Yapi Merkezi has focused on small communities to ensure that their

railways connect lives and improve them. Our service to communities range from the Donation of a water wells, to the renovation of primary schools, to the construction of clinics, police stations, mosques and churches to food and clothing donations in multiple villages as well as rehabilitating roads between villages and emergency relief support after accidents, floods and natural disasters. The company has also launched many educational programs reaching thousands of people; training students and locals in safety, traffic, public health and environmental awareness.

All of these efforts are in line with President Her Excellency Mama Samia's vision: "Tanzania Imara, Kazi lendelee" which translates to "Develop Tanzania and the Work Continues". "I trust Her Excellency President Mama Samia very much. We think that Tanzania is a country that deserves all the best and I believe what Her

Excellency is trying to do is to secure fast track development of Tanzania," says Arioglu. "We are very proud to take part in the construction of this special, high standard railway line in Tanzania. We are very honoured that they selected us to implement one of their most important, iconic projects."

Not only does Arioglu believe in the vision of President Mama Samia, he also believes in the people that make up Yapi Merkezi, saying, "All the people inside the company sleep and wake with enthusiasm in relation to railways. We have a motto that I really love. It was created by my father: 'to build happiness is our happiness'. We are connecting people. We are touching the lives of normal, common people who use our systems every day." This means more than 3.5 million people daily, quite frankly a huge number, which Arioglu is proud of.





# Water and Sanitation

## Beating Climate Impact to Accelerate Access

When President Samia Suluhu Hassan came into power in early 2021, her major concern with regard to the water sector was project mismanagement and pollution of water sources.

The President resolved to introduce reforms in a bid to accelerate the supply of reliable water for domestic and other economic uses. *“We have had some great success in the last five years, but we still face water challenges,”* she said, adding that this was caused by unsatisfactory project management and the misuse of public funds allocated for projects to supply clean, safe water. *“Over the next five years, much emphasis will be placed on strengthening water project management. I intend to make major changes to the regional water engineers, who are not working as they should be. Our goal is to ensure that 95 percent of people in urban areas and 85 percent in rural areas have access to clean, safe*

*water by 2025,”* the President explained.

According to statistics produced in April, 74.5 percent of people in rural areas and 86.5 percent of people in urban areas currently have access to clean, safe water. The government estimates available water resources in the country at 126 billion cubic meters per year, with the largest share – 105 billion cubic meters – found on the surface and 21 billion cubic meters found underground.

The Ministry of Water notes that demand for water for various uses was estimated at approximately 47 billion cubic meters per year in April 2022, equivalent to 37.37 percent of all available water resources. Demand is expected

to increase to an average of 80 billion cubic meters per year by 2035.

Available water resources amount to about 2,250 cubic meters per person per year, putting Tanzania above the water shortage line. Globally, countries where water availability is lower than 1,700 cubic meters per person per year are considered to experience shortages, or to be *“water stressed.”*

### Water Sources

Water is obtained from different sources, such as rivers, lakes, wetlands, dams, springs, and streams. The presence of lakes and rivers which flow throughout the year assures the potential availability of water,





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although the situation becomes volatile during periods of severe drought. Groundwater is generally accessible at reasonable drilling depths and robust pumping is in place across most parts of the country. As a result, most of the urban population generally has access to a public water supply.

The total number of water sources reached 2,091 in April this year, with sources identified in various areas. This includes 535 sources identified in the last financial year.

The government has promised to continue to invest in maintaining water sources, building infrastructure to increase access to water, adopting climate change adaptation measures, and improving the efficiency of water use to help ensure that the country avoids water shortages.

In the last financial year, a total of 303 rural water projects and 40 urban-based water

projects were completed in different parts of the country, boosting the number of people with access to water from 72.3 percent in rural areas and 86 percent in urban areas in 2020–21 to 74.5 percent and 86.5 percent respectively in 2021–22.

Efforts to improve water resources management are ongoing, with a focus on identifying, demarcating, and conserving water sources, as well as preparing water conservation plans for all water intake in the country.

### Reforms Pay Off

The government embarked on a major reform process in the sector in 2002, when the National Water Policy was updated. At that time, the central government reported that only 42 percent of rural households had access to improved water and that 30 percent of all water systems in the country were inoperative.

An ambitious National Water Sector Development Strategy that promotes integrated water resources management and the development of urban and rural water supplies was adopted in 2006. Decentralization has meant that responsibility for water and sanitation service provision has shifted to local government authorities and is carried out by urban utilities and about 100 district utilities, as well as by community-owned water supply organizations in rural areas.

These reforms have been backed by a significant increase in the budget, starting in 2006 when the water sector was deemed a priority sector of the National Strategy for Growth and Reduction of Poverty, commonly known by its Swahili acronym MKUKUTA. The government has increased funding for the water sector, which was previously heavily dependent on external donors. For example, in the current financial year, 61 percent of the budget (657.899 billion Tanzanian shillings) is being financed through domestic resources.

The government also recently procured water equipment worth 30 billion shillings to beef up water infrastructure development efforts. This includes 25 sets of drilling rigs, which will be distributed to all regions except Dar es Salaam, as well as five sets of dam construction machinery, to be deployed to each region, and four sets of groundwater research equipment.

In addition, the government has signed contracts for water supply projects in 28 towns, financed with a \$500-million loan from India's Exim Bank. Of this amount, \$35 million will be used for water projects in Zanzibar.

### Water Quality

One of the roles of the government is to ensure that the water supply conforms to the required health standards. Using its 17 laboratories located in various regions, the government monitors and carries out research on water quality. The results indicate that water quality varies from one area to another, depending on the nature of the rocks, human activities, local geography, and climate change factors. Salt is found in the water in coastal regions, fluoride in northern regions, and iron and manganese in southern regions. Microbial parasites and mud have been identified in some other parts of the country. However, generally speaking, water quality in the country is satisfactory and these water sources can be developed for various uses. The Ministry of Water regularly reviews and monitors the water used in various economic activities to ensure that it meets acceptable quality standards for its intended use. For instance, in the last financial year alone, a total of 366 samples were collected and quality checks were conducted for different uses including industrial, construction, irrigation, and research

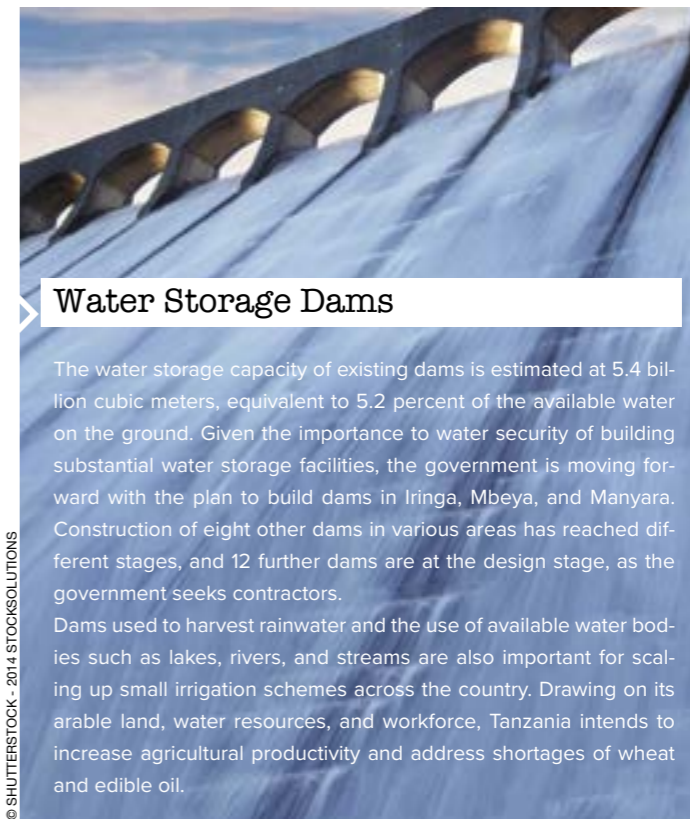
activities. The results showed that 98.2 percent of the samples met the standards for the intended use, while 1.8 percent of the samples did not meet the standards due to the presence of a large amount of salt in the water.

### Sanitation Projects

The government continues to improve sanitation services in cities, district capitals, and small towns to protect the health of the people and the environment. To upgrade sewage disposal services in urban areas, the government is building, expanding, and repairing the sewage infrastructure in various urban areas and connecting people

to the sewage network, which increased from 954.8 kilometers in 2020–21 to 1,385.8 kilometers in April 2022.

The current budget includes provision for planned sanitation projects in 10 cities and 15 small towns. Other environmental and sanitation projects continue to be implemented in the cities of Babati, Dodoma, Mbeya, Iringa, and Dar es Salaam. About 25 percent of people in rural areas use improved sanitation facilities, while access reaches up to 40 percent in urban areas. Tanzania observes the guidelines and laws governing the disposal of wastewater to protect the health of the country's population.



### Water Storage Dams

The water storage capacity of existing dams is estimated at 5.4 billion cubic meters, equivalent to 5.2 percent of the available water on the ground. Given the importance to water security of building substantial water storage facilities, the government is moving forward with the plan to build dams in Iringa, Mbeya, and Manyara. Construction of eight other dams in various areas has reached different stages, and 12 further dams are at the design stage, as the government seeks contractors.

Dams used to harvest rainwater and the use of available water bodies such as lakes, rivers, and streams are also important for scaling up small irrigation schemes across the country. Drawing on its arable land, water resources, and workforce, Tanzania intends to increase agricultural productivity and address shortages of wheat and edible oil.

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Mining

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124

Mining is currently the top foreign exchange earner in Tanzania. There are a handful of major mining concerns, several medium-sized companies, and a cluster of small-scale outfits.



Energy

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136

Tanzania is rich in energy resources that produce electricity using a variety of sources. Unlike the petroleum products which are all imported, the country generates power using these resources, which include hydropower, natural gas, biomass, solar and potentials for coal, uranium, wind, geothermal, tidal, and waves.



Industry

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148

The manufacturing sector in Tanzania is still relatively small but it makes a significant contribution to the country's overall gross domestic product (GDP). Over the past decade, the sector has averaged a 4 percent annual growth rate and accounted for an average of 8 percent of GDP.

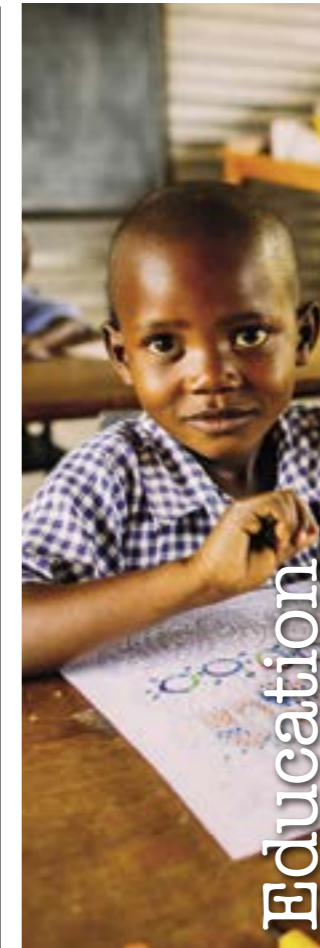


Agriculture

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154

The Tanzanian government is taking steps to complete its agricultural revolution. The budget allocated to this area has increased from 7.43 billion Tanzanian shillings in 2020–2021 to 11.6 billion shillings for 2022–2023. Agricultural research in Tanzania is particularly useful in developing improved crops and new farming opportunities.



Education

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166

Tanzania, like many other sub-Saharan countries, was caught off-guard by the COVID-19 pandemic, which exposed a deep digital divide in an already suffering education sector. However, the crisis also brought opportunities to further integrate technology into the system.



Tourism

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190

Tanzania is endowed with a variety of natural resources, offering world-class tourist attractions. Tourism is a major source of revenue for the country, and its contribution to socio-economic development is vital in terms of employment. It is a key sector for investors.

Growth Sectors





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# Mining

## Reforms Encourage Partnership with Private Sector

Mining is currently the top foreign exchange earner in Tanzania. There are a handful of major mining concerns, several medium-sized companies, and a cluster of small-scale outfits.

The government plans to increase the mining sector's contribution to the economy to at least 10 percent by 2025, according to the country's Development Vision. The mining sector accounted for 7.2 percent of gross domestic product (GDP) in 2021, an increase from 4.8 percent in 2018. In 2021, mining accounted for 45.9 percent of the value of exports, generating \$3.1 billion. For a period of almost five years, mining was the leading foreign exchange earner. The government also collected 1.58 trillion Tanzanian shillings in taxes from the sector in 2021, up from 1.34 trillion shillings in 2020.

The sector is the fifth largest economic sector in the country. It grew by 9.6 percent in 2021, compared with 6.7 percent growth recorded in 2020. This trend was attributed to an increase in investment in large, medium, and small-scale mining.

### Mineral Deposits

Tanzania is endowed with a variety of mineral deposits offering high economic potential in an area estimated at over 800,000 square kilometers. The geological terrain is varied. Key mineral deposits include metals (gold, iron ore, nickel, copper, cobalt, silver), industrial minerals (diamonds, tanzanite gemstones, which are not found anywhere in the world other than Tanzania, ruby, garnet, limestone, soda ash, gypsum, salt, phosphate, gravel, sand, dimension stone, and lately graphite), and fuel minerals (coal, uranium).

There are 14 large-scale mining licenses, 38 medium mining licenses, and 403 mining exploration licenses, according to the Mining Commission. These licenses are all held by 66 mining companies recognized by the Commission. The companies with large-scale mining licenses include Twiga Minerals Corporation,

which is a joint venture between Barrick Gold (84 percent) and the government of Tanzania (16 percent). These licenses are mainly for gold mining in the Lake Victoria gold fields. Tanzania China International Mineral Resources Limited (TCIMRL) is another joint venture between the government (20 percent) and China's Sichuan Hongda Group (80 percent). This venture has a large-scale mining license for an iron and steel project being implemented alongside a Mchuchuma coal project.

Other large-scale licenses are held by Williamson Diamond, in which the government has a 25 percent shareholding, with the rest belonging to the UK-based Petra Diamond Ltd; Dangote Cement, owned by Nigerian tycoon Aliko Dangote; and Geita Gold Mining Limited, a subsidiary of AngloGold Ashanti.





### Regulatory Reforms

In an attempt to improve the performance of the mining sector and, of course, ensure reasonable benefit is derived from the available minerals, the government has introduced some regulatory reforms in recent years.

Currently, the mining sector is governed by the Mining Act of 2010, which was amended in 2017. Two other natural resource-related laws that also apply to the mining sector were enacted in 2017. The reforms, which cover both the fiscal and regulatory regimes, aimed to ensure that Tanzania gets more benefits from its vast mineral resources.

Local content rules are among several separate mining regulations issued by the Ministry of Minerals to drive the new regulatory regime. Like many other African countries with vast natural wealth, Tanzania has a local content policy, designed to create jobs and business opportunities for its citizens in the extractive industry. These policies were also developed as a way of ensuring additional economic benefits for local communities from foreign investment by multinationals. In addition to partnering with locals, foreign firms are also required to maintain a bank account with a Tanzanian bank and transact business through banks in the country.

Under the amended Mining Act, the government has the right to hold 16 percent free carried interest in every mining project. In other words, the government wants to participate in the mining sector through partnerships with investors by forming joint venture companies.

The Mining Act provides a clear process relating to prospecting for minerals; mining, processing, and dealing in minerals; granting, renewing, and terminating mineral rights; paying royalties, fees, and other charges, and handling other relevant matters. The Mining Commission, operating under the aegis of the Ministry of Minerals, is responsible for issuing licenses,

regulating and monitoring the mining industry and mining operations, ensuring orderly exploration and exploitation of mineral resources, and other functions.

The State Mining Corporation (STAMICO) is a government parastatal responsible for developing mineral resources on behalf of the government. STAMICO offers services to the mining industry, such as contract drilling, resource assessment, and extension services for small-scale miners.

### Gold

Gold exploration and mining have been focused primarily on the greenstone belts around Lake Victoria, where several large deposits have

already been discovered and are being developed. Gold production has increased by more than 700 percent over the past 25 years, rising from 5 to 40–50 metric tons per year. Output was 43.5 metric tons in 2017 and had increased to 59.6 metric tons in 2021.

### Iron Ore

Iron reserves in Tanzania are located mainly in Liganga, the Uluguru Mountains, Mbabala near Lake Tanganyika, Karema, Manyoro Gondite, and Itewe. The Liganga iron ore mine holds the biggest iron resources in Tanzania, with proven reserves of 126 million metric tons. TCIMRL has invested \$1.8 billion at Liganga to build an iron ore mine and

an iron and steel plant that produces 1 million metric tons of iron and steel products, vanadium pentoxide, and titanium dioxide per year. Iron production increased from 28,431 metric tons in 2020 to 78,190 tons in 2021.

### Nickel

Nickel exploration is taking place at the Kabanga and Kapalagulu deposits in north-western Tanzania. The Kabanga deposit is acknowledged to be one of the world's largest and richest undeveloped nickel sulfide deposits currently known. It is of unmatched scale and grade, with a mineral resource of some 2 million metric tons of contained nickel equivalent.





The Kapalagulu intrusion presents nickel mineralization of both laterite (nickel associated with cobalt) and sulfide (nickel associated with copper and platinum-group elements), the two main types of nickel deposit currently exploited at a global scale.

### Diamonds

Diamonds are found mainly in the Williamson Diamond Mine, which is located south of the town of Mwanza. Petra Diamonds, through its subsidiary Williamson Diamonds Limited, holds 75 percent of the ownership rights over the mine, while the remaining 25 percent are owned by the government of Tanzania. According to Petra Diamonds, the Williamson

mine contains large diamond resources amounting to approximately 38.1 million carats. In 2019, diamond production hit 416,750 carats, its highest level in 40 years.

### Tanzanite

Tanzanite is found at only one location in the world, the Mererani Hills of Manyara Region in northern Tanzania. Tanzanite production is volatile but increased from 118,773 carats in 2020 to 120,458 carats in 2021.

### Coal

Coal reserves in Tanzania are estimated at 1.9 billion metric tons, 25 percent of which are proven. The coalfields with the highest potential are Ketawaka-Mchuchuma

in the Ruhuhu Basin, the Ngaka fields in south-western Tanzania and the Songwe Kiwira fields. Coal production increased from 246 metric tons in 2014 to 563,053 metric tons in 2017, and subsequently to 976,319 metric tons in 2021.

### Uranium

Tanzania has discovered huge deposits of uranium, mainly in Namtumbo (Mkuju), Bahi, Galapo, Minjingu, Mbulu, Simanjiro, Lake Natron, Manyoni, Songea, Tunduru, Madaba, and Nachingwea. One of the major uranium development projects is the Mkuju River Project, with estimated reserves of 182.1 million metric tons. The project is operated

by Mantra Tanzania, a subsidiary of Russia's Uranium One Group. In 2017, Mantra suspended further development of the project due to low uranium prices.

### Graphite

The largest graphite deposits are located in the central and south-eastern regions. Active graphite projects include Bunyu, Chilalo, Epanko, Nachu, and Lindi Jumbo. Production stages have not yet been reached. Tanzania's graphite reserves are being explored and developed by Australia-based graphite developers, namely Black Rock Mining, EcoGraf, Evolution Energy Minerals, Magnis Resources, Volt Resources, and Walkabout Resources.

## Opportunities in the Mining Sector

1. Mineral exploration.
2. Mining operations.
3. Establishment of value-added gemstone activities. The 2009 Mineral Policy encourages value-added cutting and polishing, jewelry-making, and stone carving. Such activities have been on the increase in Tanzania and provide investment opportunities. Notable developments in this area include the growth of gemstone cutting centers, copper smelter plants, and rock cutting and polishing facilities (dimension stone).
4. Establishment of mineral beneficiation activities.
5. Provision of mining services. The mining industry is a major consumer of goods and services; hence the development of mining services matches the growth of the mining industry. In the past two decades, mining support services have been expanding progressively to cater to the industry's needs. These services include drilling, catering, consulting, equipment supply, tools, and mining consumables. With the prospect of more mines coming on stream, the demand for such services will increase.
6. Supply of equipment and materials, e.g., explosives, grinding media, mill liners, etc., as part of joint ventures with Tanzanian entrepreneurs.



# Interview with Dr. Doto Biteko Minister of Minerals

Tanzania is endowed with a wide range of mineralization. Its abundant resources suggest significant development potential, as stated by the Minister of Minerals.



## What are the main mineral and mining resources of Tanzania?

The geological mapping works show proven evidence of myriad types of mineral occurrences in Tanzania, including precious metals, base metals, diverse types of gemstones, fossil fuels, rare earth elements, uranium, platinum

group metals and industrial minerals. Current mining products include gold, coal, copper, diamonds, nickel, uranium, Iron, Platinum Group Metals, Industrial Minerals such as limestone, soda ash, gypsum, salt, phosphate and diverse types of gemstones including emerald, sapphire,

ruby, beryl, tourmaline, garnet and a unique gemstone found in Tanzania, that is Tanzanite.

## How important is the mining sector for the country's development?

Notable strides have been made in growth of the mining sector over the last five

years, thanks to robust policy and legal reforms. The sector, which contributed 4.4 percent to the Gross Domestic Product in 2017, has grown in significance to account for 7.2 percent of Gross Domestic Product in 2021. Regulated operations of the small and artisanal miners, improvement in business environment in mining sector which has increased domestic and foreign direct investments in the sector are among the reasons for increased prosperity of the sector. In 2021, for example, the Mining Commission, the institution responsible for the administration of mining policies and legislations, received 14,993 applications for various mining licences, equivalent to 34.3 percent growth, compared to applications processed during a similar period the previous year. This has generally been the trend over a long period. Given the vast mineral potential existing in Tanzania, we envision, in the medium term and through the implementation of interventions earmarked in the National Five-Year Development Plan 2021/22–2025/26, the mining sector to contribute at least 10 percent to the nation's GDP by 2025.

## What is the development potential of the sector today?

The mineral sector growth potential is very high because despite vast and rich existing potential for mining operations in the United Republic of Tanzania, the mining output

hitherto is mainly dominated by a few minerals, with gold accounting for approximately 90 percent of the sector's output. The global refocusing of energy sources from fossil energy to green energy on environment concerns places Tanzania strategically advantaged, as it boasts a plentiful of critical and strategic mineral deposits, including cobalt, graphite, helium, nickel, niobium, rare earth elements, tantalum, tin, titanium and uranium.

## What are the main challenges facing the mining sector today, particularly in terms of infrastructure?

Reliable and quality infrastructure is a prerequisite for supporting and stimulating economic activities. The quality of infrastructural facilities at mining sites, such as roads, electricity, ports and railway may lower investment costs, attract investment and thus accelerate commissioning of new mining projects and increase return to investment. The country has walked a long journey towards modernising its infrastructure, including at mining sites. However, there are still a number of current and potential mining sites where the quality of road, rail and energy infrastructure remain wanting. To address this challenge, amidst financial resources constraint, we prioritize supplying requisite infrastructure to economic growth points of which the mining sector is one.

## How have the mining regulations evolved in recent years?

In recent years, Tanzania has implemented far-reaching policy and legislative reforms in the mining sector to ensure that investments undertaken in the country are beneficial to both the country and investors. The reforms undertaken have emphasized integration of the mineral sector with the rest of the economy; establish a fiscal regime which ensures benefits to the country and international competitiveness; support mineral beneficiation and marketing; underpin development of small scale miners, and promote public participation in mining activities. They also provide for state participation in the mineral exploitation through 16 percent of free carried interest.

Going forward and under the stewardship of Her Excellence Samia Suluhu Hassan, the President of the United Republic of Tanzania, the Government of Tanzania targets implementing reforms that make Tanzania an attractive investment destination by ensuring stability and predictability in the regulatory environment. Within the framework of the wider agenda of transparency, good governance and accountability in managing her mining sector, Tanzania is a member of Tanzania Extractive Industries Transparency Initiative. Tanzania also participates in a number of global and regional initiatives for natural resources governance compliance. As such, it is very safe to invest in Tanzania.





# Interview with Mark Bristow

## President and CEO, Barrick Gold Corporation



Mining giant Barrick operates two mines in Tanzania. Its President and CEO believes in the future of Africa. He outlines the main strategic lines of Barrick Gold Corporation on the continent.

**What has been your strategy since you became its president and CEO? Can you tell us about the history of Barrick in Africa and its strong development over the past years?**

My strategy at Barrick is the one I developed for Randgold Resources, which is based on sustainability and designed to create long-term value for all stakeholders. I was determined to show that it was possible to build

and operate world-class gold mines in Africa and our success in doing this transformed Randgold from an exploration business into one of the world's most profitable gold companies. When Randgold merged with Barrick three years ago that company's only operation in Africa was the Lumwana copper mine in Zambia. Today it's Africa's biggest gold miner and Kibali in the Democratic Republic of Congo is the continent's largest gold mine. Along with the Loulo-Gounkoto complex in Mali – another Randgold discovery and development – Africa now hosts two of Barrick's six global Tier One assets, which we define as mines capable of producing at least 500,000 ounces annually for more than 10 years at the lower end of the cost range.

As part of the merger we inherited two defunct gold mines in Tanzania, North Mara and Bulyanhulu. Barrick had a shareholding in them but wasn't involved in their operation, and the operators had made a complete mess of it, among other things by getting into a deadlocked dispute with the government. I'm a great believer in the importance of a social licence to operate. By this I mean that in addition to playing by each jurisdiction's regulatory rules, a mining company also has to earn the consent and respect of its host countries and communities by going well beyond what is legally required of it. Barrick's commitment to being a valued corporate citizen and neighbour is expressed in our partnership philosophy, which means we work together amicably with the

people whose lives are affected by our operations and fairly share with them the economic benefits we create. This approach has worked very well for us worldwide, especially in Africa. In Tanzania we settled the dispute with the government through a groundbreaking joint venture called Twiga Minerals, which oversees a 50/50 economic benefit split between Barrick and the state. We fixed a major environmental problem at North Mara, improved relations with the communities and then started rebuilding the mines as world-class operations.

**How do you work with local population and what do you do to develop local skills?**

One of the perceived risks that deter potential investors in Africa is that mines are typically located in remote, pre-industrial regions where the infrastructure is at best rudimentary and, more important, where there is a dearth of applicable skills. The traditional solution has been to use expatriates as managers and skilled workers, but



we chose another and much better way. In line with our partnership philosophy, we give priority to host country employment, so we recruit and then upskill host country nationals, often drawn from neighbouring communities. So successful has this policy been that the management teams and workforces at all our African mines now consist virtually exclusively of host country citizens. As for our community support initiatives, we invest substantially in quality-of-life issues such as healthcare, education, housing and food security. We also create legacy projects designed to provide a source of sustainable economic activity after the mines' eventual closure. All these programs and projects are identified and overseen by each mine's community development committee, which gives the people they benefit real ownership.

**What are your prospects for development for Barrick in Tanzania and on the Continent in general?**

When we re-opened the two mines two years ago, we also completely reinvented them. Today they collectively contribute 500,000 ounces annually to our group production and just under a third of our African revenues, which currently account for almost 40% of Barrick's revenues. We have already replaced their depleted reserves through brownfields exploration and we're now in the process of growing them by finding

additional resources around the mines. We're also looking to expand our presence in Tanzania by hunting further afield for world-class discoveries in what is a highly prospective country. Elsewhere in Africa, we continue to expand our asset bases in the Democratic Republic of Congo and Mali, and we have a big exploration project in eastern Senegal.

**What messages could you deliver to the American business community knowing that Barrick a very important investor on the Continent?**

I believe there is a very strong commercial as well as a moral case to be made for investing in Africa. The global investment community has traditionally been strongly disposed to stick to what are perceived as safe havens, but particularly where mining is concerned, there's a big downside to this safety-first approach. The comfort zones are running low on opportunities while the developing countries are rich in unexploited mineral and other resources. Besides, as was made very clear at the recent Cop 27 summit, if we are to create a sustainable world for future generations, there is an urgent need to uplift the developing and underdeveloped countries. And this can best be achieved through private sector investment rather than government involvement and aid programs. Barrick has shown the way: it's time for others to follow.

Barrick Gold Corporation



# Interview with Dr Venance Mwasse CEO of STAMICO



STAMICO, a state-owned corporation, describes itself as “a gateway to a mineral driven economy”. Its CEO, Dr Venance Mwasse, tells us about its involvement in the entire mineral value chain, and its achievements so far to create public value.



## What are the main stages of your development in Tanzania?

After my 1st degree graduation I worked with CRDB Bank PLC before moving to Tanzania Revenue Authority (TRA) where I worked for almost 10 years under different capacities. Then I joined the mining sector in 2009 as Manager for Financial Audit

and Tax review before secondment to the State-owned mining, STAMIGOLD, as Mining General Manager. After the successful turn around of the mine I was appointed Director Mineral Audit and Trade in the Mining Commission in Jan. 2019 before my appointment as Managing Director - State Mining Corporation in Oct. 2019 until now.

## Please introduce us to STAMICO?

STAMICO is a State-owned Mining Corporation established in 1972 to invest in the entire spectrum of mining value chain activities on behalf of the public. Its mandate also includes a transformation role for the Small Scale Mining subsector in Tanzania as Guardian. We discharge

our roles through 3 major forms namely: own projects, joint venture arrangements and also by using subsidiary companies

## How much do you contribute to the State in terms of income and dividends?

STAMICO's principal motive is to maximize public value from the sector through employment creation, sector linkage to other economic sectors, gateway for FDI, potentials for tax base and ultimately contributing to the Government coffers by way of dividend from residual results. STAMICO serves as a key reference point for the Government during policy/laws reforms in a sense that it makes it balanced by considering both public motive - public case maximization and



private motive - shareholders return maximization so as to make the sector in a buoyant state without bias.

## Over the past few years, what type of partnerships have you established in the provision of services and in mining contracts?

As above introduced STAMICO is involved in the entire mineral value chain, ranging from exploration and prospecting, mining, processing and minerals beneficiation. Recently we managed to capture a large market share in the drilling services in the country through huge investments in brand new high-tech drilling machines, culminated by a highly motivated drilling crew. All these initiatives have been a trigger for STAMICO to secure 3 high-value drilling contracts in major mining companies who have always appreciated our quality deliverables. We are determined to increase the market share in this business

and also extend it to cross borders through increasing our fleet and stimulating more creativity and motivation within our drilling crew.

## You are one of the great architects of the transformation of STAMICO. Can you tell us what were the main steps since your arrival to make STAMICO efficient and reliable?

I was appointed to act in this position in Oct, 2019 and later, in August, 2022 confirmed to the position. Understanding that STAMICO is a government arm mandated to invest and create public value from the sector, I felt indebted to make it happen. Under my administration, I always believe in team work spirit and creativity as key pillars of good performance. Investment in people morale, enhancing accountability and transparency and key stakeholders engagements added hugely in the achievement of STAMICO today. This year STAMICO

marked and celebrated its 50 Years Anniversary with commendable achievements such as: Overall Winner in International Trade Fair for 2 consecutive years. Through joint venture: setting up a world class state-of-the-art gold refinery for the first time in the history of Tanzania, huge investment in the drilling business with 3 high-value contracts secured, and transformative solution to the small scale mining subsector through simple mineral processing technology-demonstration centers, link up to financial institutions and also tailor-made drilling rigs. Through creativity and remarkable initiatives, STAMICO has managed to come up with alternative energy for cooking - the Rafiki Briquettes - as a reliable solution to avoid deforestation. As a result of all the above, I was awarded Best CEO of the Year in the Government Parastatals category by the KPMG assessment.

STAMICO



# Energy

## Diversity in Sources with Renewable Potential

Tanzania is rich in energy resources that produce electricity using a variety of sources. Unlike the petroleum products which are all imported, the country generates power using these resources, which include hydropower, natural gas, biomass, solar and potential for coal, uranium, wind, geothermal, tidal, and waves.

**T**he Tanzania Electricity Company Ltd (TANESCO) supervises the electricity industry from generation to transmission and distribution. The parastatal organization is currently a monopoly in both the distribution and transmission segments, while the private sector is involved in generating and selling the electricity to the state-run agency.

On oil importation, the government oversees the process through the Bulk Procurement Agency. Under the procurement system, suppliers of petroleum products are obtained from international competitive bidding processes, with tenders being floated to prequalified suppliers only, participation in tenders is not open to the general public. Suppliers are both international and local entities which participate in tenders for the

supply of petroleum products. The prices of petroleum products are governed by the rules of supply and demand but the law requires the Energy and Water Utilities Regulatory Authority (Ewura) to publish cap prices for both wholesale and retail every month, as the products are imported through a bulk procurement system. Oil marketing companies are free to sell their products at a price that gives them a competitive advantage, provided that this price does not exceed the price cap computed through the approved formula for the relevant product.

### Electricity Generation

Electricity generation capacity is nearly 1,695 megawatts through hydropower, natural gas, solar, heavy oil and other means. Natural gas and hydropower are the

major sources, accounting for 62 percent and 33 percent respectively.

With the ongoing projects, both hydropower and natural gas are expected to increase generation of electricity to the national grid.

In attempt to increase the availability, reliability and quality of grid-based power supply within the country, the government plans to increase electricity generation to at least 10,000 megawatts by 2025. The plan is also to have a 40/60 renewable/conventional power generation mix by 2025. Eventually, the government would like to have a cost-effective generation mix portfolio by taking advantage offered by opportunities of available energy sources.

Despite the current dominance of natural gas and hydropower, Tanzania has other largely untapped sources of renewable energy which could be

Energy





unlocked by investors. The government welcomes prospective investors to generate electricity through wind, hydro-power, solar and geothermal.

The government estimates that Tanzania has the potential to generate 15.1 gigawatts of electricity through renewable sources, with several projects waiting for investment.

Some of the potential hydro-power projects include the Kikonge Multipurpose project in the southern region of Ruvuma, which can generate 300 megawatts and supplies water for irrigation, fisheries and tourism. Other potential hydropower projects are Ruhudji worth 358 megawatts and Rumakali worth 222 megawatts. Both are located in the southern region of Njombe.

The potential wind projects include the Singida Wind Project, which has the capability to generate 200 megawatts in the central region of

Singida, and the Makambako Wind Project which can potentially generate 100 megawatts in the southern region of Njombe.

On the other hand, the potential solar power projects include Same Solar which is estimated to generate 100 megawatts in the northern region of Kilimanjaro, Dodoma Solar worth 60 megawatts in the capital city, and the Manyoni Solar project which can generate 100 megawatts in the central region of Singida.

All these are waiting for potential investors, who will be warmly welcomed by the government, which is now hungry for renewable energy to reduce the impact of climate change.

### Master Plans

The government normally prepares the Power System Master Plan (PSMP) which provides investment

roadmaps and plans for the development of generation and transmission power projects based on the available and forecasted demand. The plans to be executed have been categorized into different time frames, including short-term plans (up to five years), medium-term plans (up to ten years) and long-term plans (above ten years). The current Power System Master Plan was updated in 2020 to accommodate the future plans for the next 25 years.

Traditionally, TANESCO procures investment projects through public investment (donor participation and government budget support); Independent Power Projects (IPP); Public Private Partnership (PPP); and Engineering, Procurement and Construction (EPC) plus Financing (through Export Credit Agencies). Either modality is engaged through solicited procurement (national or international competitive bids) or unsolicited/single source procurement.

The master plan projects that peak demand for electricity will increase from 1,120 megawatts in 2019 to 2,677 megawatts in 2025 and subsequently reach 4,878 megawatts in 2030 and 17,611 megawatts in 2044. Furthermore, the rate of electrification (connection) is projected to grow from 30.1 percent in 2020 to 50 percent in 2025 and 96.1 percent in 2044. In order to meet the forecasted demand, the country requires a total installed generation capacity of 3,971.4

megawatts in the short term, 12,255.7 megawatts in the medium and 20,200.6 megawatts in the long term. The Plan indicates a power generation mix which varies over the planning period and by 2044 the generation mix will consist of 5,690.4 megawatts (28.15 percent) of hydro; 6,700 megawatts (33.18 percent) of natural gas; 5,300 megawatts (26.24 percent) of coal; 800 megawatts (3.96 percent) of wind; 715 megawatts (3.54 percent) of solar; and 995 megawatts (4.93 percent) of geothermal power generation.

The plan indicates that the Julius Nyerere Hydropower Plant which is scheduled to generate 2,115 megawatts, will be in operation by 2022, bringing total installed capacity to 3,810.9 megawatts from which 2,001.9 megawatts is surplus capacity. The surplus capacity may be traded with the neighboring countries, enabling Tanzania to be a power hub.

In order to evacuate the generated power to the load centers, the government plans to expand transmission by building new lines and upgrading the available infrastructure. The planned lengths of power transmission projects include 3,150.20 kilometers of 400kV, 1,833.70 kilometers of 220kV and 920.80 kilometers of 132 kV in the short term.

In the medium term, the government plans 2,444.45km of 400 kV, 650.70km of 220 kV and 192.00km of 132 kV. In the long term, the government

## Petroleum Imports

Tanzania is a net importer of petroleum products. In 2021, the country imported 3.8 billion liters of refined petroleum products.

The Dar es Salaam port is the main entry point of the petroleum products and other regions are served through the ports of Tanga and Mtwara.

Petroleum products supply in Tanzania has been conducted through a Bulk Procurement System (BPS) since 2011. Under the BPS, purchases of petroleum products are made from a pool of imports obtained from suppliers selected through a competitive bidding process. The BPS covers the following grades of petroleum products: Automotive Gas Oil (AGO), Unleaded Motor Spirit Premium (MSP), Jet A-1, and Illuminating Kerosene (IK).

plans to have 610.00km of 400 kV, 1,180.30km of 220kV and 155.20km of 132kV.

### re Hydropower Project

The Julius Nyerere Hydropower dam is an ambitious energy project and one of its kind across East Africa, with the capacity to generate 2,115 megawatts. The project cost \$2.6 billion and is currently the most significant contract handled by Egyptian companies in Africa. Project implementation was estimated at 75 percent in November 2022.

Actual construction of the project, which is a priority for government financing, started in December 2018 as part of the government's wider energy mix goal which also partly seeks to bring down electricity costs.

The project – which is of strategic importance to Tanzania's economic development – was initially meant to be completed in June 2022, but was delayed due to a number of challenges,

including disruptions in delivery of some vital construction materials due to the global COVID-19 pandemic.

The project, which is fully funded by the government, will also enable Tanzania to export electricity to neighboring countries.

### East African Crude Oil Pipeline (EACOP)

The EACOP runs 1,443km from Kabaale, Hoima district in Uganda, where oil was discovered, to the Chongoleani Peninsula near Tanga Port in Tanzania. About 80 percent of the pipeline is in Tanzania. It is a buried, thermally insulated 24" pipeline along with six pumping stations (two in Uganda and four in Tanzania) ending at Tanga with a terminal and jetty, where crude oil will be loaded onto tankers.

The two countries are also planning to build another pipeline along the EACOP to transport natural gas from Tanzania to Uganda.





# Interview with Hon. January Yusuf Makamba Minister of Energy



Bringing electricity to every corner of Tanzania, exploiting the country's natural gas resources whilst protecting the environment, developing green energy – to meet these challenges, and support the national development strategy, the Ministry of Energy hopes to have the collaboration of private investors.

**Your ministry oversees the development of the energy sector. What are the leading measures taken by this institution to electrify the whole territory?**

The level of electrification and connectivity is very low and there is a massive opportunity here to expand. We have a semi-autonomous institution, the Rural Energy Agency,

whose objective is to identify areas where electricity has not reached. We also have to continue to increase our generation capacity, and also transmission lines and distribution lines. So we have a complete package for electrifying the parts of the country that are not electrified, called Villages and Hamlets Electrification Program. About 2.8 billion dollars are needed to achieve this and we have a resource mobilization strategy to raise that amount of money.

**The country's strategic development plan (Vision 2025) aims to bring Tanzania to the status of a middle-income**

**country. The government needs a reliable, sustainable, affordable electricity supply to achieve and guarantee this status. What is your strategy for carrying out this plan?**

We have to continue to generate more power, cheaply and mostly with renewables. And we have natural resources for almost every type of fuel. At the moment, we generate only 1.7 gigawatts. Given the size of the country and population, this is really low. This is a big investment opportunity. The rule of thumb here is 1 000 megawatts for 1 million people so, with 61 million people, we should have 61 000 megawatts.

The basic is transmission and distribution. We have not built sufficient infrastructure to evacuate power where people need it. So, improving the transmission and distribution network would support our national development.

With those basics you need resources. We continue to pursue different avenues for resource mobilization. Reforms were undertaken to enable the state-owned Tanzania Electric Supply Company (TANESCO) to raise external resources and allow the private sector to participate in funding and in infrastructure transmission and distribution of power. We are members of the South Africa Power Pool including 17 interconnected countries, so investors coming here will have access to the regional market.

**Your country has sizeable natural gas fields, you are working on a project to build a terminal to produce and export liquefied natural gas? Can you tell us more about this project and your ambitions?**

We have found a sizeable amount of natural gas in deep sea and the time has come to be able to export it. We have been in discussion for a long time and now we have reached the stage when we can confidently say that the 30 billion dollars project will happen. It is the largest investment in the country's history. This project will provide many opportunities in terms of local content, entrepreneurs, skills.

We intend to export 15 million metric tons per annum which is very sizeable, and contribution to GDP and foreign exchange will be immense. All the gas will not be exported, some will be for domestic consumption, which will make electricity cheaper. For investors there will be many opportunities in service providing. And there is more opportunity for exploration. About 22 other blocks are up for exploration.

**The 80 MW Regional Rusumo Falls Hydroelectric project, located at the Rusomo border between Rwanda and Tanzania, is expected to benefit over a million people in East Africa when completed. This project will boost economic activities, private sector development, and investments in infrastructure. Can you explain your vision and strategy?**

This project has been a dream of three countries, Tanzania, Rwanda and Burundi, since the sixties. It is about 95% completed. Each country will get 27 MW, we have built interconnections so that we'll be able to trail electricity even beyond the generation plant that we do together.

It will also help us to balance the grid because most generation in Tanzania happens in the eastern part of the country and this is in the west.

**What measures has your government taken to develop your energy sector, particularly the oil sector, while**

**preserving the environment and having a responsible ecological policy?**

Tanzania has a rich biodiversity which we want to preserve. It is valuable in terms of the economy. It is extremely difficult for poor countries to pursue development whilst preserving the environment but we are taking measures. The technology deployed in our oil and gas projects will be one with minimum carbon footprint. Tanzania gas has very unique chemistry, in the sense that it has the least CO<sub>2</sub> content. There is commitment from our partners to develop the project in a way that it is clean. So we are aware of our responsibility.

**With strong population growth, Tanzania, the 6<sup>th</sup> most populated country in sub-Saharan Africa, confirms its transition to industrialization that respects the environment. What are your initiatives to enable Tanzania to support green energy?**

We have an environment policy which calls for decarbonized electricity generation, an electricity generation mix which includes renewables. Recently in Sharm El Sheikh our President held a high level side event with 8 other presidents and the president of the World Bank to put on the table investment contracts of about 18 billion dollars for renewables in Southern Africa. Our renewable projects include wind power. We have identified a few sites suitable to generate wind power.



# Interview with Maharage Chande Tanesco CEO



Generating, transmitting and distributing enough power to achieve the industrialization of Tanzania is a task that Tanzania Electric Supply Company Limited would be pleased to share with private investors, as stated by its CEO, Mr. Maharage Chande.



**Tanzania Electric Supply Company Limited is a parastatal organization incorporated on 26 November 1931, which owns most of the electricity generating, transmitting and distributing facilities in Tanzania Mainland. Considering the vital role you play in Tanzania's national economic fabric, what impact does your company have in concrete terms – contribution to the country's GDP, and generation of employment?**

Tanesco is generating, transmitting and distributing power. At the moment, the government of Tanzania focuses on industrialization; for the past 50, 60 years Tanesco's focus has been on connecting people. Currently we have about 78,4% access to electricity in the country. Now we have moved to ramping up transmission and generation, to align with

the industrialization agenda. That is our current objective, and we have big projects to try and achieve it, we are about 77% completion of our biggest dam that will generate about 2115 MW of power to contribute to this ambition. We have a project for generating 2000 MW from renewable energy sources, with a company called Masdar, a UAE company from Abu Dhabi. And we have many other projects that will certainly contribute to economic growth. So I will not try to number our contribution to GDP, but I'll emphasize that electricity is the backbone of our growth.

**Can we say today that electricity is for everyone?**

At the moment, more than 78,4% of people have access to electricity, but the electricity is not enough for the growth of the country. We

cannot yet power some big industries and that is why we have projects in the pipeline to improve the situation.

**As part of your mission, you aim to become a leading regional provider of quality, affordable electrical power. How close are you to achieving this objective? What are the main challenges that external factors such as the increase in oil price and the disruption of the value chain present to your company?**

Climate change is real. Everyone in the world is pursuing efforts to limit the temperature increase to 1.5 C above pre-industrial levels and that is the big challenge especially in the developing countries. We can no longer exploit fully our resources like gas and coal as everybody else has done for years and that's definitely a challenge for funding our projects, because everyone is pushing projects with renewables. And with variable renewable energies (VRN), you cannot smelt iron ore, you cannot run a cement factory. So climate change is bringing new variables in the challenging complexity of funding projects that would bridge our generation deficit. Another challenge is covid, the slowdown of logistics led to commodity price increases, as is the case with aluminum and copper which are key ingredients on our national infrastructures.

Shipping prices have also gone up, so not only the cost

of the project, but also the time it takes to complete it. So I say logistics, metal prices, timing are big challenges to the electricity sector.

**How does your company compare with similar companies within Tanzania and beyond?**

Tanesco today is about 1 billion dollars revenue company, 12,000 staff strong across the country. Going by the current rate of generation projects we will be leading in the East Africa region in the near future. So I think we are doing well in that regard but we have a long journey to go. But we cannot travel the journey alone, we need the private sector to work with us, we need investors to come, so we are open to partnerships.

**The vision of Madam President is to open the country to development. How do you support this vision with Tanesco?**

We fully support the President's efforts to bring investors and open the country and I think this is an opportune time because engaging with investors is much easier today than it was 20 years ago. So we have published all the plans that we have for the next ten years and we are willing to share them with investors.

The terms that we have put on the table are easy for investors to understand and decide whether a project is viable or not and whether

to invest on that particular project or not. Our current business environment provides a fantastic opportunity for investors who want to partner with us.

**The President will be in Washington for the US-Africa Summit. What is your message to American investors looking for opportunities to invest in Tanzania? Are there opportunities to invest in your industry?**

When Madam President took the helm, she said "Tanzania is ready to fly and please come fly with us". And that for me is so powerful. We have opportunities in generation and transmission, we have competent people who can engage with investors, and we can give a quick yes or no on a project so that there is no time wasted.

So my message to investors is this: give us a call, we tell you what is in the pipeline, we tell you what are the terms that we can negotiate and, come fly with us.

**What is your wish for Tanesco for next year?**

Tanesco is a multigeneration organization, the strategies are long term, it's a marathon, not a sprint. So my biggest wish is to ensure that I build more competent people to take this organization forth. You can wish for projects, you can wish for money, but if you don't have skills, competence and the right people, it remains a wish.

Tanesco



# Hydrocarbons

## Emerging Potential to Boost Economy

Large natural gas reserves discovered onshore and offshore are expected to be among the most significant factors in transforming Tanzania's economy. Ranging from exploration, development, production and even distribution to consumers, hydrocarbon resources offer a variety of investment opportunities along the value chain.

Tanzania has a total area of 945,000 square kilometers, of which 534,000 square kilometers (56 percent) are covered with sedimentary basins that are lucrative for oil and gas exploration.

To date, the government, working in partnership with oil and gas companies, has discovered a total of 57.54 trillion cubic feet (TCF) of natural gas from different blocks. That includes 10.41 TCF from onshore wells and 47.13 TCF discovered offshore. The natural gas is currently used mainly for electricity generation, industrial consumption, domestic use and, in small amounts, for fuel in gas-powered vehicles. About 60 percent of the country's electricity is currently generated through natural gas, with the rest coming from other

sources such as hydropower plants, oil, solar, and biomass. In 2012, Tanzania and three Chinese companies agreed to construct a 542-kilometer pipeline from the gas-rich region of Mtwara to the commercial capital, Dar es Salaam, where natural gas is connected to gas-fired power plants, two compressed natural gas (CNG) stations, and over 50 factories.

No oil discoveries have yet been made, but exploration activities are ongoing. It is estimated that some 139,085.265 line kilometers of 2D and 32,094.222 square kilometers of 3D seismic have been acquired offshore, onshore, and in interior rift basins. More than 90 wells have been drilled, providing vital geological information about the subsurface with potential for hydrocarbon discoveries.

### Regulatory Environment

The industry is regulated by different legislative acts, all guided by the Petroleum Policy of 2015. The Petroleum Act 2015, which provides clarification around the administration of petroleum activities in Tanzania, is the key law governing the industry. It gives the Minister for Energy the power to enter into petroleum agreements on behalf of the government. It also provides for the regulation of upstream, midstream, and downstream petroleum activities, the establishment of the Petroleum Upstream Regulatory Authority (PURA), the national oil company to secure the accountability of petroleum entities, and other related matters. There are also the Petroleum (Local Content) Regulations of 2017, which

Hydrocarbons

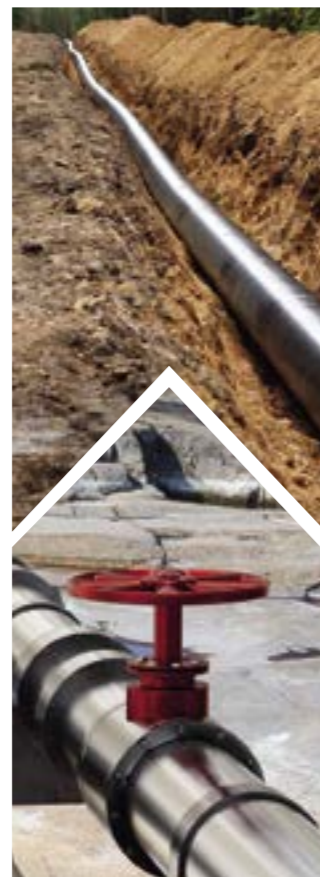




govern local content matters related to upstream, midstream, and downstream activities on the Tanzanian mainland. Tanzania also uses model production sharing agreements (PSAs), developed in 2013, to sign contracts with companies. So far, the government has signed contracts with 11 companies which have licenses in the oil and gas industry. However, these PSAs are currently under review to ensure that they reflect the current situation in the country and accommodate the global trends that are shaping the hydrocarbon industry.

### Regulatory Institutions

The PURA was established under the Petroleum Act 2015 to regulate and monitor upstream operations and liquefied natural gas (LNG) activities in mainland Tanzania, and to provide advisory services to the government. The Tanzania Petroleum Development Corporation (TPDC) is the national oil company. It was established to undertake the commercial aspects of upstream, midstream, and downstream petroleum operations and manage the participating interests of the government in the petroleum and natural gas agreements. The TPDC has exclusive rights over the natural gas midstream and downstream value chain. It also has the power to grant authority to any other person to undertake regulated activities, particularly those to which TPDC has exclusive rights.



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The Energy and Water Utilities Regulatory Authority (EWURA) is an autonomous, multi-sectoral regulatory authority responsible for technical and economic regulation of the electricity, petroleum, natural gas, and water sectors. The agency regulates domestic prices in those sectors.

### LNG Project

This project is being implemented following significant deep-sea gas discoveries made in the offshore basins, in blocks 1, 2, and 4. These discoveries were made by Equinor in block 2 and Shell in blocks 1 and 4. The gas developers have completed the

drilling of appraisal wells and are now ready to engage in commercial, technical, legal, and regulatory discussions with the government on how to monetize the gas discovered using LNG through a land-based project.

Attention is now focused on the planned LNG export project, which is expected to unlock the potential of the emerging sector, leading to the transformation of Tanzania's fast-growing economy. Negotiations are still ongoing on the \$30 billion LNG export terminal to be built in the southern coastal town of Lindi. The government is in talks with companies such as Equinor, Shell, ExxonMobil, and Pavilion Energy. Initial agreements were signed in June 2022 and other key agreements will be signed in December 2022 to pave the way for the project. Prolonged negotiations have delayed the project by years, but have recently gained urgency as European countries look for LNG projects that can replace energy supplies from Russia in the long term. The accords to be signed include the final Host Government Agreement, which spells out the terms of the project, the project law, and the benefit-sharing agreement. A final investment decision could be reached in 2025, allowing exports to start before 2030. The renewed efforts to move ahead with the project came as African countries, including Mozambique and Nigeria, seek to ramp up production

of gas while the world is trying to limit the use of fossil fuels that cause global warming. According to Tanzania's Minister of Energy January Makamba, the gas chemistry has a carbon dioxide content among the lowest in the world. The TPDC has hired a UK law firm, Baker Botts, as a transaction advisor to the government's negotiating team and the TPDC regarding the development of an LNG project in the country.

### Available Investment Projects

There are several blocks at different stages of exploration. The blocks are covered with sparse 2D seismic data – 3D seismic in some parts – airborne gravity gradiometry and full tensor gradiometry. The TPDC is looking for strategic partners to invest in Eyasi Wembere, West Songo Songo, Mnazi Bay North, and blocks 4/1B&C.

The Eyasi Wembere block is an inland basin located in north-eastern Tanzania, along the eastern arm of the East African Rift System. This block offers potential for oil exploration. It has thick sediments of up to five kilometers, which the TPDC views as sufficient for hydrocarbon exploration. The Mnazi Bay North block is located on the south-eastern coast, near the border with Mozambique. The block borders the Mnazi Bay gas field to the south and block 1 to the east. The block covers a total area of 254 square kilometers straddling land and offshore

areas. It is a geologically strategic block, as it lies within the Ruvuma Basin, where major gas discoveries have been made. The block is also near to existing natural gas processing and transportation infrastructure, including the Madimba gas processing plant and the Mtwara-Dar es Salaam gas pipeline, making it more economical and attractive for hydrocarbon exploration. Blocks 4/1B & 1C are located in the offshore part of southern Tanzania at a water depth of 2–2.5 kilometers, bordered to the east by Comoro, to the far West by gas discovery block 1 and to the south by Mozambique. Blocks 4/1B and 4/1C cover areas of 3,586.91 and 4,538.98 square kilometers respectively. The blocks are located within a basin where gas discoveries have been made. The West Songosongo (WSS) block is located in the coastal basin of Tanzania. It covers

an area of 505.63 square kilometers, partly onshore and mostly in shallow water up to 35 meters deep. It is adjacent to the Songo Songo producing gas field. Natural gas distribution projects offer another opportunity for private investors who may invest in building, owning, and operating CNG and mini-LNG stations. There is also the chance to invest in CNG conversion workshops, and manufacturing gas equipment is another opportunity. Since most of the gas equipment used in Tanzania is imported, investors could set up factories producing pipelines, gas meters, various fittings, pressure reduction stations, and the spare parts required by natural gas processing plants. Tanzania also plans to build a pipeline that will transport natural gas to Uganda, along the East African Crude Oil Pipeline (EACOP).

### Oil Prospecting

In 2016, Uganda chose Tanzania over Kenya for the construction of its oil pipeline to the Indian Ocean, the East African Crude Oil Pipeline (EACOP). The decision was taken due to cost and safety concerns. The EACOP will transport crude oil from Uganda's oil fields to Tanga, Tanzania, a port on the Indian Ocean. The Uganda–Tanzania pipeline will be 1,443 kilometers long with the capacity to carry 200,000 barrels per day. The total cost of the project is \$3.55 billion. Oil discoveries in Uganda's Lake Albert region have led many oil exploration companies to begin looking at the possibility that there could be oil in Tanzania's Lake Rukwa basin via Lake Tanganyika in the western branch of the Rift Valley. Although no oil has yet been discovered, one of the wells drilled in 1984 encountered an oil source rock, and surface oil seeps have been observed both in the coastal basin and in the western Rift Valley.





# Industrial and Manufacturing Sector

## Looking for Investment

The manufacturing sector in Tanzania is still relatively small but it makes a significant contribution to the country's overall gross domestic product (GDP). Over the past decade, the sector has averaged a 4 percent annual growth rate and accounted for an average of 8 percent of GDP.

**M**ost of the country's manufacturing activities are centered on simple consumer products such as foods, beverages, tobacco, textiles, chemicals, plastic, wood, and steel and allied products.

The development agenda that the country has pursued in recent years has brought industrial development back as a policy priority. Policy-makers have focused on leading the economy's transformation from low productivity and low growth to high productivity and dynamic growth through structural change and sustained increases in income. Currently, the ability of the domestic economy to add value is limited by a dependence on

imported intermediate goods, signifying a lack of the inter-industry linkages that are vital to promoting a domestic manufacturing base and creating employment. Various technological, financial, policy, and administrative constraints remain unresolved, and these act as a check on faster industrial growth and transformation. But this situation also opens up an opportunity for more investment to supply services and technologies to fill this gap.

### Leading Subsectors

With Tanzania's economy heavily dependent on agriculture, food processing is the leading manufacturing subsector. The agri-business

sector has great potential, as the country enjoys an abundance of land and water resources and a favorable climate. However, crop yields are still low and affected by inadequate storage facilities, poor or non-existent transport infrastructure, weak value chains, and limited access to affordable financial services. This could offer an opportunity for investors to supply products and services to address these challenges. Tanzania's textile industry has evolved tremendously since independence: once owned by the government, the factories are now in private hands. Textiles and garments remain a compelling opportunity, with output and

Industry





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exports rising (including to the demanding US and EU markets) despite the number of active firms falling to 9 from 12 in 2016. Industrial firms in the sector are involved in dyeing, spinning, weaving, and printing kanga and kitenge, bedsheets, garments, knitted woven blankets, and socks.

The textile industry in the country does face some challenges, one being competition from international markets. The trade liberalization policy has allowed for an influx of clothes from other countries that produce superior quality and at an affordable price. Another serious challenge is the use of old machines and equipment, and the inability to access timely new technology. Obsolete machinery requires constant, costly maintenance, and repairs

adversely impact the competitiveness of manufactured goods. Investment in science and technology would be a remedy that would help to revive the sector. Experts note that allocating more funds to specialized manufacturing programs in colleges should be a priority.

### Tanzania Vision 2025

Tanzania aims to become a semi-industrialized country by 2025, which would require the contribution of manufacturing to the national economy to reach a minimum of 40 percent of GDP. To achieve this, the country aims to transform its economy from being dominated by natural resource exploitation activities and extractive industries (agriculture, tourism, and mining) to one featuring a

broad and diverse base of manufacturing, processing, and packaging industries that will lead both the productive and the export trade sector.

Foreign direct investment (FDI) is expected to provide the capital for the desired industrial development. FDI inflows to Tanzania reached \$4.144 billion in the period March–November 2021. This is 300 percent higher than the \$1.013 billion in FDI attracted in 2020. However, the funds were mostly directed toward non-manufacturing sectors such as mining, the oil and gas industry, and the primary agricultural products sector (coffee, cashew nuts, and tobacco). The primary investors to Tanzania are China, India, Kenya, the United Kingdom, Mauritius, Oman, the United Arab Emirates, Canada, the United States, the Netherlands,

South Africa, and Germany. Investors are drawn to Tanzania's commitment to implement sound macro-economic policies, efficient privatization program, and abundant natural resources.

However, low levels of industrial development, environmental concerns, a lack of transparency, and poor compliance with legislation are barriers to investment. The World Bank emphasizes that implementing a government policy to improve the business environment and, subsequently, increase FDI inflows is crucial to sustaining the country's economic growth.

As a result, the World Bank's Doing Business 2019 report ranked Tanzania 144<sup>th</sup> out of 190 countries for ease of doing business. However, in 2019, the African Development Bank approved a \$55 million facility to strengthen the implementation of reforms to enhance Tanzania's economic

competitiveness and private-sector involvement in the country's growth.

The Bank's support financed the second phase of the Good Governance and Private Sector Development Program (GGPSDP) that closed the 2019/20 financing gap and has since made key government agencies more effective.

### Tanzanian Government's Priority

Late President John Magufuli's speech during the inauguration of the new parliament at the end of 2015 made industrialization a key government priority, and his successor, President Samia Suluhu Hassan, has directed substantial efforts toward this goal.

Factories producing mass consumer goods, such as clothes, textiles, and food products, have all received incentives. Other priority industries that are being promoted by the

government for investment in value-added production include cashew processing, dairy products, and meat processing and packaging.

The government is also focusing on developing electricity generation, which is a necessary step for achieving industrialization. In 2019, Geoffrey Mwambe, Executive Director of the Tanzania Investment Center (TIC), claimed that during the first four years of Magufuli's administration, manufacturing accounted for 53 percent of all projects during the period, amounting to a total of \$15.75 billion. The total number of projects was 1,174, creating 159,833 direct jobs.

### Looking Ahead

There is a sense of optimism among investors, driven largely by President Hassan's commitment to fostering a more conducive business environment. This is expected to give a new impetus to FDI. However, the inflow of investment will largely depend on the ability of the current administration to create favorable conditions to attract and maintain investment. Investors and potential investors alike are cautiously hopeful that President Hassan's statements will be translated into tangible actions over the short to medium term. The existence of an independent and transparent judiciary framework, an aligned legislative framework, and a level playing field for international investors are important components of any conducive business environment.

### Oil Prospecting

In 2016, Uganda chose Tanzania over Kenya for the construction of its oil pipeline to the Indian Ocean, the East African Crude Oil Pipeline (EACOP). The decision was taken due to cost and safety concerns. The EACOP will transport crude oil from Uganda's oil fields to Tanga, Tanzania, a port on the Indian Ocean. The Uganda–Tanzania pipeline will be 1,443 kilometers long with the capacity to carry 200,000 barrels per day. The total cost of the project is \$3.55 billion.

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# Interview with Hon. Toufiq Salim Turkey

## Executive Chairman of VIGOR Group

“To be a pioneer in offering top-notch products and services to the general public at rates they can afford, wherever we do business.” Such is the mission of VIGOR Group, a mission which is successfully fulfilled in a number of sectors, and where American excellence would be an additional asset.



© DR

### Could you introduce your group and tell us what your main activities are?

VIGOR Group started in the early 80's as a local tailoring mart by my brothers Murtadha, late Yunus and our late father Mr Hassan Turkey and I. Under our leadership, the group evolved as one of the leading conglomerates in Tanzania, with headquarters in Zanzibar. The group has progressively spread across the Isles of Zanzibar, mainland Tanzania and Union of Comoros. VIGOR Group has been successful in setting a strong foothold in diverse sectors such as the Services sector (Healthcare, Hospitality, Automobile & Real estate), Manufacturing (Bottling,

Packaging, Cement & Oil and Gas), Merchandising (FMCG & Construction), Logistics (Shipping & Port Services), Energy (Renewable Energy) and has become a household name among its customers.

### What perception do you have as a business leader of the type of economic dynamics that is set up by the President?

Our goal is to sustainably use the ocean resources we have for our country's economic growth. Tanzania has enormous water resources: lakes Victoria, Tanganyika, Nyasa and Rukwa account for about 37% of the national area; with a coastline 1,424 km long and hundreds of islands in the Zanzibar archipelago, the blue economy has naturally become a top priority for both the mainland and Zanzibar. H.E. Samia Suhulu Hassan identified the blue economy as a priority in her first State of the Nation address, and H.E. Hussain Mwinyi established a Ministry of Blue Economy.

Not only will these efforts enable Tanzania to develop sustainable use of its marine, lake and coastal resources, but the country can become a leader in a blue economy strategy in the coming years.

### What do you see as space for foreign investment, particularly U.S. investment, in the island projects of the Tanzanian economy?

I understood after all the geopolitics of the world that the Americans are the best buyers and the best investors of everything. I talked about fishing, hospitality, logistics, so in each of these sectors there are opportunities. What the Americans bring is the excellence of services and that's why they are the first country in the world because it's not only having a product but having the best product at the best price. Our private investors in Africa are Chinese, British, French, so by bringing America on board, we can impress anyone and that is all we need.



## Some strong brands

VIGOR Group has developed some strong brands in various fields from Services, Manufacturing, Merchandising, and Logistics to Energy.

### Tasakhtaa Hospital

This modern, multi-speciality hospital, established in 2015, is situated in the old tourist's magnet Stone Town of Zanzibar. This modern infrastructure and facilities matches international standards, and is the leading hospital on this island.

### Golden Tulip Hotels

The hospitality division of Turkey's group, under the brand and franchise agreement with Golden Tulip Hotels, counts Golden Tulip - City Center - Dar Es Salaam, Golden Tulip Boutique - Zanzibar, and Golden Tulip - Grande Comore - Moroni Resort & Spa.

### Turky's Real Estate (TRE)

“WE CALL IT HOME” is a brand owned by Turkey's Real Estate that provides fully furnished luxury apartments, independent villas and also

helps for commercial development in Tanzania.

### V Diesel

Habib Euro Diesel (V-diesel) is an affiliate company of Al Shahid Diesel System, operating in Tanzania under the umbrella of VIGOR group, providing all types of Diesel system solutions and Engineering services.

### Kisarawe Cement Company (KCC)

KCC, cement division of Turkey's group of companies, is located at Kazimzumbwi, Kisarawa district, Tanzania, and is one of the 4 fully integrated cement production plants in the country.

### TP Company

Turky's Petroleum (TP) is focusing since 2012 on supplying LPG (Liquefied Petroleum Gas) bunker fuels, Petroleum products. TP Gas offers an integrated supply, storage and distribution model, providing a full range of products and services to domestic and industrial customers.

### Turky's Mifuko Company

The packaging Bags factory is located at Kwambani area. The Industry investment has engaged production of biodegradable packaging bags that

are effective to reduce the use of all types of plastic bags.

### Zainab Bottlers Company

Zainab Bottlers Co. Ltd., officially opened on 14<sup>th</sup> Feb 2004, with a vision to manufacturing and delivering affordable, quality beverages to the Zanzabarians, revolutionizing the local market with great tasting products.

### ZENJ Merchandise

Zenj General Merchandise is one of the largest importers and stockiest of Food Products, Construction Material in Zanzibar. It has the clear objective of providing Zanzibaris with high quality products at cost effective price.

### Port Services & shipping

Vigor Financial Service SARL set up the installation of container scanner at the port of Moroni and undertakes its daily operations on behalf of Customs Department.

### Hybrid PV- BESS

Project PV-BESS System Energy Plant is located in Anjouan. The project is into the installation of Hybrid PV-BESS System which will consist of 5.048 MW.

Vigor



# Agriculture

## New and Profitable Opportunities

The Tanzanian government is taking steps to complete its agricultural revolution. The budget allocated to this area has increased from 7.43 billion Tanzanian shillings in 2020–2021 to 11.6 billion shillings for 2022–2023. Agricultural research in Tanzania is particularly useful in developing improved crops and new farming opportunities.

While Tanzania's economy has steadily grown over the past decade, poverty and malnutrition remain high. Over 34 percent of children aged under 5 years have experienced stunted growth and nearly 45 percent of women of reproductive age are anemic. To end hunger, achieve food security, and improve nutrition, it is vital to promote sustainable agriculture, which employs about 67 percent of the employed population.

Tanzania's agricultural sector, which contributes nearly one-third of the country's gross domestic product (GDP) and employs 75 percent of the population, has the potential to increase incomes and improve livelihoods. The introduction of a free market economy in 1985 has had a positive effect

on the sector, through the introduction of semi-mechanized methods and new technologies, especially in such subsectors as cut flowers and agro-processing. The growth of other subsectors, including agricultural equipment, farm implements, and agricultural inputs, is still characterized by a dependence on imports. Investment in mechanized and intensive agriculture has not borne fruit, due to a failure to implement the land law reforms that are expected to go hand in hand with an open economy.

Tanzania has 44 million hectares of arable land, with an estimated 29.4 million hectares suitable for irrigation. With ample rainfall and generous rivers fed by the high hinterland plateaus, Tanzania has among the best irrigation

potential in the subregion. It is estimated that fresh water covers 54,337 square kilometers, or about 6.1 percent of the country's total surface area. Tanzania is focusing on agriculture as a means to achieve economic growth. Its plans incorporate private-sector involvement, including the Southern Agricultural Growth Corridor of Tanzania initiative, a public-private partnership to increase agricultural business investments in the country's southern corridor. Private-sector investment and policy initiatives are improving the business enabling environment to promote agricultural growth. Research activities conducted in partnership with local institutions are also helping to build the capacity necessary for long-term agricultural development.

Agriculture



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### Increasing Production and Storage

In 2021, the production of major food crops increased by 2.6 percent to 18,665,217 metric tons compared to 18,196,733 metric tons produced in 2020. Of the total crops produced, 10,874,425 metric tons were cereals. Food output increased due to adequate rainfall in most production areas, improved extension services, the use of appropriate agricultural inputs and technology, and better post-harvest handling. In 2021, the country's food requirements were 14,835,101 metric tons, including 9,448,770 metric tons of cereals and 5,386,331 metric tons of non-cereal products. This compares to a requirement of 14,404,171 metric tons in 2020. Given such needs relative to production, food production in 2021 was 3,830,116 metric tons more than the requirement; 1,425,655 metric tons of this surplus were cereals and 2,404,461 metric tons were non-cereal products.

Based on this performance, the food self-sufficiency ratio was 126 percent in 2021, the same as in 2020.

In 2021, the Cereals and Other Products Board of Tanzania (CPB) rehabilitated three warehouses: Kiteto-Manyara with a storage capacity of 1,000 metric tons, Mbugani-Dodoma (30,000 metric tons), and Isaka-Shinyanga (5,000 metric tons). In addition, the Board rehabilitated the Gangilonga silo in Iringa, which has a storage capacity of 17,500 metric tons, and the Unga Limited silo in Arusha, with a storage capacity of 38,100 metric tons. On the other hand, the National Food Reserve Agency (NFRA) constructed a warehouse with a storage capacity of 15,000 metric tons and silos with storage capacity of 25,000 metric tons in Manyara region. Moreover, the NFRA constructed two warehouses in Rukwa and Katavi, each with a storage capacity of 5,000 metric tons. The construction of warehouses

and silos increased the agency's storage capacity by 19.9 percent to 301,000 metric tons in 2021 from 251,000 metric tons in 2020.

### Sugarcane: Strong Potential

Tanzania has among the highest average cane yields in the world, at 120 metric tons per hectare due to good soils and climate. According to the Sugar Board of Tanzania (SBT), in 2020/21 demand for both domestic and industrial sugar in Tanzania was 655,000 metric tons: 490,000 for domestic sugar consumption and 165,000 tons for industrial use. During the same calendar year, data from the SBT show that the five major sugar producers produced 367,719 metric tons, leaving a deficit of 287,281 metric tons. Production at the Mkulazi II sugar project started in September 2022. This state-of-the-art project located at the Mbigiri Estate in the Kilosa district in Morogoro has the

capacity to produce 50,000 metric tons of industrial and domestic sugar per year. Coming in at \$148 million dollars, the project was commissioned by the Mkulazi Holding Company, which is owned by the National Social Security Fund (96 percent) and Prisons Corporation Sole (4 percent). Seventy percent of the factory's raw sugarcane will come from the estates, with the rest purchased from farmers as part of a program to make sure local people are not left behind economically. The government has signed a performance contract with six strategic investors to boost employment. Three of them operate in the sugar industry. Kagera Sugar, which produces sugar in the Kagera region, has been granted special strategic incentives after injecting \$410 million in an ambitious expansion plan. The company plans to expand sugarcane cultivation and sugar production, in a bid to reduce imports from outside the country. Following the expansion, the company will be able to produce 300,000 metric tons of sugar per annum and employ 10,000 people directly, while indirectly supporting a further 50,000 jobs. Bagamoyo Sugar is a new, \$193.75-million strategic investment project to be implemented in the Coast region. The investment involves sugarcane cultivation and sugar production, with a capacity of 70,000 metric tons of sugar per annum. It will create 1,500 direct jobs and 10,000, indirect jobs. The sugar produced will further reduce



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### Climate: A Challenge for Agriculture

Like much of the rest of Africa, the East Africa region is highly vulnerable to climate change due to the sensitivity of the region's livelihoods and economic sectors. Across the region, there has been a temperature rise of about 1.2 °C since the 1960s, with highest rise of 1.3 °C recorded in Tanzania. The Mtera Dam in Tanzania also reached its lowest water level between 1997 and 2005, resulting in a 17 percent drop in hydropower generation, necessitating power load shedding with adverse effects on industrial production. Climate change poses significant risks of prolonged drought and unpredictable weather, threatening the livelihoods of subsistence farmers. Limited access to productive and financial resources, weak infrastructure, inadequate extension services, and poor policies reduce incentives to develop the agricultural sector. Private-sector investment in agriculture is constrained by limited access to long-term capital, low levels of capacity and business skills, and policies which discourage the growth of agri-business. Rapid population growth and agricultural expansion pose a threat to Tanzania's natural resources that, when managed effectively, support livelihoods and agriculture.



the need for imports. The third of these performance contracts concerns Mtibwa Sugar Estates. The owners want to expand their investment by injecting \$150 million, which will bring the total investment to \$305 million. The planned expansion project will create 12,500 jobs and will reduce sugar imports significantly.

### Edible Oil: Reducing Imports

Tanzania spends more than \$150,000 annually on importing edible oil. A lack of modern mechanical extraction equipment and no effective way to increase agricultural productivity has left Tanzania reliant on imported edible oil. Tanzania has sunflower, cotton, groundnuts, soya beans, and palm, all of which, with increased production and productivity, could be used to anchor a competitive edible oil industry in the country and to supply the regional market. Kigoma, Mbeya, and Pwani are the main palm oil producing regions in Tanzania, with Kigoma producing about 61.4 percent, Mbeya 35.7 percent, and Pwani 0.9 percent of total output (data for the 2017/18 agricultural season). In Kigoma, there are over 30,000 smallholder subsistence palm oil farmers. Development of the palm oil value chain thus offers great potential in terms of both import substitution and poverty alleviation. At the same time, other goals such as environmental conservation, improved nutrition, and gender equality and

women's empowerment may be achieved through sustainable development of the palm oil value chain. Tanzania believes that it has the capacity to produce enough of the required edible oil and has therefore undertaken measures to boost production. In the 2018/19 financial year, the country increased the tariffs on crude palm oil to 25 percent to promote local production of oil seeds. The country also increased the duty on semi-refined and refined or double-refined edible oils,



including sunflower oil, palm oil, groundnut oil, olive oil, and maize corn oil, from 25 percent to 35 percent. Forecasts suggest an increase in demand from 570,000 metric tons to 700,000 metric tons of edible oil by 2030, and Tanzania guarantees market growth for investors for the foreseeable future.

### Avocados: A Green Gold Mine

Experts report that, worldwide, oil palm, coconut, and avocado are the leading edible-oil-producing value chains per unit area. Tanzania has been known as a major supplier of agricultural exports such as tea, coffee, tobacco, sisal, and flowers, but recently a new product has been getting all of the attention: the avocado (*Persea americana*).

Avocados thrive in subtropical climates and in areas suitable for coffee and tea, making Tanzania an ideal location for the crop. The Hass avocado is one of the improved high-yield varieties of avocado, and it matures and produces fruits within three years. The other improved high-yield varieties in Tanzania are the Fuerte (or Puebla) and Pinkerton avocados.

A new avocado investment project was recently registered at the Tanzania Investment Center (TIC) by Avoafrica Tanzania, which will process and package avocados for export to the global market. In 2014, the quantity of avocados produced in Tanzania was estimated at just 2,500

metric tons per annum. By 2021, however, the Ministry of Agriculture estimated that production of the cash crop had surpassed 40,000 metric tons. The Ministry expects to see growth of 20 percent every year to reach 143,000 metric tons of avocados annually by 2026.

The avocado industry is among the fastest-growing subsectors in the country's horticultural industry, as a result of growing demand in the international market, with the commodity mainly being exported to Europe.

In addition to the European market, there has been an increase in demand for the produce in Asia, specifically China, to which Tanzania is set to expand its market. According to data from China Customs, Beijing imports an average of 32,100 metric tons of avocados, valued at \$105 million per annum. However, given the stringent phytosanitary issues that restrict imports of local avocados into the multi-million-dollar Chinese market, Tanzanian producers have never been able to access this lucrative option. In a bid to unlock the market, the Tanzania Horticultural Association (TAHA) has partnered with various government bodies as it seeks to comply with the standards and conditions required for locally produced avocados to be granted access to the Chinese market.

### Cotton Value Chain

Tanzania offers plentiful investment opportunities in the cotton production value

## Opportunities for Investment in Agriculture

- Large-scale commercial farming of crops such as sugarcane, rice, wheat, coffee, tea, sunflowers, pulses, flowers, cotton, sisal, grapes, avocados, sesame, and maize.
- Huge potential for sugarcane farming and sugar production. Sugarcane farming and sugar production are supported with vast water sources, good climatic conditions, and fantastic market potential.
- Huge potential for investment in agro-industries and agro-processing.
- Development of outgrowers to complement the sources of raw materials for industry as appropriate.
- Expansion and improvement of irrigation systems; improvement of research and development in crop cultivation.

chain, which are worthy of investors' consideration.

The government has devised various strategies to create a conducive environment that will attract private investment into the cotton subsector, from seed production to manufacturing of the final products and processing of by-products. One of these plans is the Cotton to Clothing Strategy 2016–2020, aimed at increasing cotton production to 1 million metric tons by 2023, improving domestic cotton processing, and facilitating inflows of investment into textiles and garment manufacturing. Currently, only about 30 percent of cotton lint produced in the country is processed locally, while the other 70 percent is exported. Since 2020/21 a new seed multiplication model has been introduced to enhance the availability, affordability, and accessibility of good quality cotton seeds to growers. This has been done under the auspices of the Tanzanian Cotton

Board (TCB), with the involvement of the Agricultural Seed Agency (ASA).

The Ministry of Agriculture has decided to allocate government seed farms to business in a bid to boost production. The aim is to move from subsistence in government-led production to commercial production to cater for domestic and external needs. Those with an interest in investing in seed production can approach the TIC for full information about government seed farms and investment in seed production. Tanzania has the best environment for cotton farming in Eastern, Central, and Southern Africa. Economically, cotton is one of the most important cash crops in Tanzania in terms of farmers' income and general job creation. In addition to its contribution to foreign exchange earnings, it is estimated that about 30–40 percent of the country's total population earn their living directly or indirectly from cotton-related activities.



# Fisheries and Livestock

## Outstanding Natural Resources

Tanzania is a great farming and fishing nation. Nevertheless, production has undergone very little in the way of transformation in the country, which continues to import the products its population needs. There are great investment opportunities in this area.

### Fisheries

Tanzania has a total surface area of 945,037 square kilometers. Freshwater cover is estimated at 54,337 square kilometers, which is about 6.1 percent of the country's total surface area. The country has a territorial sea of 64,000 square kilometers, an Exclusive Economic Zone (EEZ) covering an area of about 223,000 square kilometers, and a coastline stretching for about 1,424 kilometers along the Indian Ocean, as well as other inland water bodies (major and minor lakes, rivers, dams, ponds, and wetlands) covering about 5,000 square kilometers. The country shares three major inland lakes: Lake Victoria (shared with Kenya and

Uganda), Lake Tanganyika (shared with Burundi, the Democratic Republic of the Congo, and Zambia) and Lake Nyasa (shared with Malawi and Mozambique). Tanzania is one of the largest fishing nations in Africa, according to the Food and Agriculture Organization of the United Nations (FAO); it is ranked in the top ten countries in terms of total capture fisheries production. Annual fish production is about 341,065 metric tons. In addition, the sector contributed about 1.4 percent to the country's gross domestic product (National Statistics Bureau, 2010) and 10 percent to national foreign exchange earnings. The sector employs more than 177,527 full-time fishers and a further

4 million or so more people earn their livelihoods from the fisheries sector (Fisheries Statistics, 2011). Between 2005 and 2010, fish and fishery product exports from Tanzania earned the country \$195.2 million per annum.

### Inland and Marine Resources

Fisheries in Tanzania are dominated by inland fisheries, which contribute a minimum of 85 percent of national fish production, derived mainly from Lake Victoria and, to a lesser extent, Lake Tanganyika. Marine fisheries contribute 10–15 percent of national fish production, and aquaculture (excluding seaweed) is negligible. According to official data



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from the Ministry of Livestock and Fisheries Development, current fish production is approximately 340,000 MT per year, excluding catches of tuna and tuna-like species by Distant Water Fleet Nations (DWFN) in the EEZ. Other inland fisheries of commercial importance are dams such as Mtera and Nyumba

ya Mungu, and riverine systems, with the major rivers being the Pangani, Wami, Ruvu, Rufiji, and Ruvuma, all emptying into the Indian Ocean. Tanzania's marine fishery waters comprise coastal waters that extend over a 1,240-kilometer shoreline, including major islands such as Unguja, Pemba, and



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### Fishing Investment Opportunities

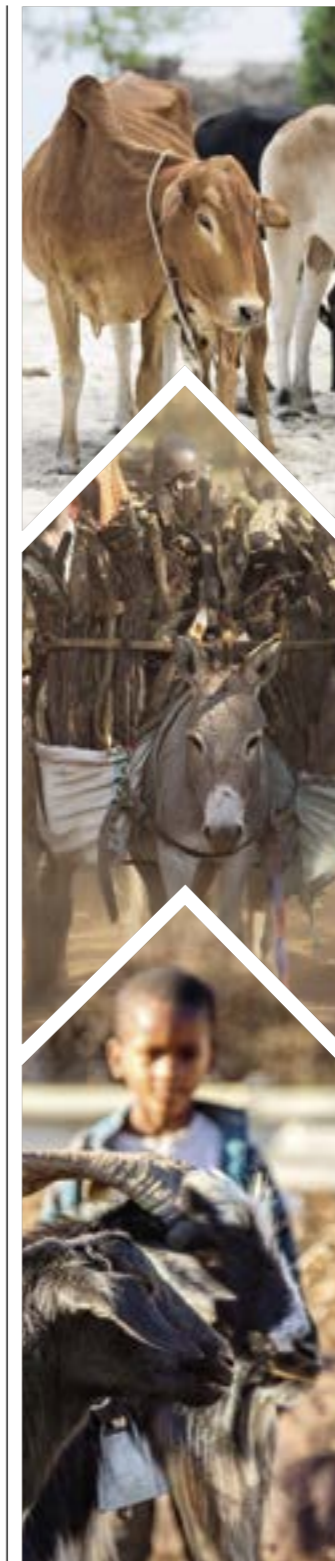
- Establishment of fishing port and fishing in the EEZ.
- Establishment of fish processing plants and modern fishing boat building yards.
- Establishment of dry docking and eco-tourism facilities.
- Around 3,000 hectares suitable for shrimp farming on Mafia Island.
- Establishment of commercial fish cage culture in both marine and freshwater areas.
- Cultured species including: mud crabs, oysters, grouper, and scallops.
- Freshwater species including: tilapia, African catfish, rainbow trout, and freshwater prawns.
- Production of formulated fish feeds and live fish food (e.g. earthworms).
- Deep-sea fishing, fish processing.
- Value-added activities in fish and other fisheries products, cold chain, manufacturing of fishing gear, and accessories.
- Other areas include prawn/shrimp farming, mud-crab farming, pearl culture, seaweed farming, hatchery for fingerlings production.
- Fishing and culture of ornamental fish, fish feed production and live fish food production.

Mafia, and offshore waters. The coast generally has a steep, narrow continental shelf covering a total surface area of about 17,900 square kilometers. The coastal zone is generally composed of rocky islets, sandy beaches, lagoons, mangroves, and coral reefs. The coastline is affected by the monsoon regime, with two typical seasons: the south-east monsoon from May to early September, and the north-east monsoon from November to March. Coastal waters are also influenced by the north-flowing East African Coastal Current. The surface area of Tanzania's EEZ is 242,000 square kilometers. While it is estimated that the total catch of tuna and tuna-like species by foreign industrial fleets in the Tanzania EEZ is about 20,000 MT per year, domestic marine fish production has been more or less stable in Tanzania over the last 10 years, with production averaging 50,000 MT per year, adding together data from both the mainland and Zanzibar. Landings are dominated by demersal reef and reef-associated species, and pelagic fishery species caught mainly in the inshore waters.

### Aquaculture

Aquaculture was introduced in Tanzania in the early 1950s, with experiments involving tilapia in pond culture. These days, the sector includes tilapia, trout, and catfish (in fresh water), and a small marine aquaculture (mariculture) sector producing milkfish and

prawns. There is also a small seaweed farming and harvesting sector exploiting red algae used for carrageenan production. Although seaweed production is modest, this activity occupies large numbers of harvesters (mostly women). Aquaculture production is static at about 4,000 metric tons per year, three quarters of which is tilapia. The sector generates considerable employment, with an estimated 15,000–20,000 people engaged in the seaweed sector, 14,100 engaged in freshwater fish farming, and 3,000 in the marine sector. They can be found along the entire coastline, from Tanga to Mtwara, and in Mafia and Zanzibar. However, there are some larger, vertically integrated production units with cage farming in Lake Victoria, and some larger ponds for shrimp production in coastal areas. Caged tilapia production has been introduced in the Bunda district and in some parts of the lake in Mwanza and Bukoba. There is one major joint venture between a Danish company and a Tanzanian company, and several of the training institutions, such as the Fisheries Education and Training Agency (FETA), also operate farms. These producers have developed their own feed supply and hatchery facilities. There are nine tilapia hatcheries in operation (three of them being government owned and operated), with production reaching slightly over 5 million fingerlings, compared



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with demand estimated by the Department of Fisheries Development to be over 30 million fingerlings country-wide. There is an apparent lack of good quality fry, and the excess demand over supply results in lower quality and higher levels of mortality, undermining productivity. Feed supply is another constraint. There is one main fish feed producer and supplier based in Dar es Salaam. The government supports the distribution of affordable fish feed by subsidizing 85 percent of the commercial selling price to fish farmers. The company also supplies juvenile tilapia for grow-out. There are a few commercial operators with vertically integrated facilities. The government has strongly supported investment in aquaculture training, with degree programs at the Sokoine University of Agriculture and the University of Dar es Salaam, and skills training at the Mbegani Fisheries Development Center and FETA. Unlike Uganda and Kenya, cage culture in Lake Victoria has not taken off at commercial levels. Tanzania's aquaculture production equates to about 0.2 percent of fish supplies for human consumption in the country. In Kenya, aquaculture contributes 1.4 percent and in Uganda the figure is 6.5 percent. Egypt, with considerably poorer production conditions than any of these countries, generates 80 percent of its fish supplies from aquaculture.





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### Leather Industry Development

Hides and skins are by-products from ruminants and there is potential to produce 3.6 million hides and 12.8 million skins. The tanning industry in the country has total installed capacity equivalent to 104 million square feet per year, which can utilize 86 percent of hides and 61 percent of skins.

The leather sector, however, remains weak and most of the exports are in the form of traditional products, such as raw and wet-blue hides. Owing to the inadequate quantity and quality of raw hides and skins, tanneries are operating well below installed capacity. However, the expanding domestic and international markets point to immense investment potential for this sector. Efforts need to be made to increase the domestic supply of raw materials by, among other things, increasing capability and scaling up small ventures to provide secondary markets for large firms, and supporting local entrepreneurs.

Clearly, Tanzania has considerable potential for increasing the contribution of aquaculture, given the extensive lake and river water resources, ideal temperatures, and availability of raw materials for feed. Until now, despite the best efforts of the Department of Fisheries Development and considerable investment, the government has struggled to

establish the right policy environment for private-sector investment in aquaculture to take off.

#### Livestock

Tanzania has outstanding natural resources for livestock development, including resilient livestock breeds, extensive rangelands, and diverse natural vegetation. Of the 88.6 million

hectares of land resources in the country, 60 million hectares are deemed suitable for grazing. The main livestock types are cattle, goats, sheep, pigs, chickens, and donkeys. Based on the 2016/17 Livestock Sector Analysis (LSA) baseline, Tanzania has about 30.7 million cattle, 19.1 million goats, 5.6 million sheep, and 580,238 donkeys. Other livestock include 2 million pigs, 40.3 million local chickens, and 15.6 million improved chickens.

According to the LSA, Tanzania accounts for about 1.4 percent of the global cattle population and 11 percent of the African cattle population. Goat meat and mutton currently account for 14 percent and 4 percent of all red meat respectively. Improving productivity in these subsectors is thus unlikely to significantly close the projected meat consumption/demand gap as beef accounts for 82 percent of red meat production in Tanzania.

The national herd is dominated by indigenous cattle, which are currently displaying low productivity, but have much potential if feed, health, and breed improvements can be made. The main breeds of beef cattle in the country include Tanzania Shorthorn Zebu, characterized by a small size mature body weight (200–350 kilograms); longhorn cattle such as the Ankole, which is characterized by a large mature body weight (500–730 kilograms); and the Boran which has a large body weight (500–800 kilograms). Tanzania has the second largest livestock population in

Africa but less than 1 percent of all meat is processed locally, while vast quantities of processed meat are imported. Local meat demand is projected to increase by 166 percent from 290 million metric tons to 480 million metric tons in 2030. Tanzania must adapt.

#### Need for Transformation

The country has many other outstanding natural resources to support livestock development, including extensive rangelands, diverse natural vegetation, and its diversely resilient low-production livestock breeds. Despite these resources, the livestock sector is performing below its potential. In recent years, therefore, the government has prioritized the transformation of the agricultural sector. This approach was adopted in the 2007 Agricultural Sector Development Program (ASDP) and its successor, the 2016 ASDP II. The country's agricultural development plan is designed to help meet the objectives set out in a number of existing strategies and policies in the country. Despite accounting for 11 percent of the African cattle population, livestock-related activities contribute only 7.4 percent to Tanzania's gross domestic product, and growth of the livestock sector, at 2.6 percent, is low. This growth largely reflects increases in livestock numbers rather than productivity gains. The absence of a roadmap to develop the livestock sector has persistently hindered the successful implementation

of previous investment plans for the sector.

In March 2019, the Minister for Livestock and Fisheries presented the Tanzania Livestock Master Plan (TLMP) to address all of the challenges facing the sector and hence achieve the Tanzania Development Vision 2025. One of this vision's goals is that *"by 2025, there should be a livestock sector, which to a large extent shall be commercially run, modern, and sustainable, using improved and highly productive livestock to ensure food security and improved income for households and the nation while conserving the environment."*

The TLMP sets out livestock sector investment interventions on improved genetics, feed, and water resources, health services, and huge investment

in industry and factories. It promotes private-sector investment and an improved business environment, and hence complementary policy support which could help meet the sector-wide ASDP II targets by improving productivity and total production in the key livestock value chains.

Trade in meat has increased significantly, with more and more countries seeking to close their supply gap through imports. Major meat exporters, especially in South America, face logistical challenges in supplying new growth areas in Africa, the Middle East, and Asia. Tanzania, with its geography linking East and Southern Africa and interior nations to the coast, is well placed to be a major player in regional livestock market investments.

### Livestock Investment Opportunities

- Establishment of joint venture projects with the National Ranching Company (NARCO) and other privately owned ranches to modernize the existing ranches.
- Establishment of new ranches (cattle, sheep, and goats) and farms (poultry and piggery).
- Livestock fattening.
- Establishment of modern slaughtering facilities and processing plants.
- Establishment of breeding farms for grand and parent stock.
- Establishment of animal feed processing plants to supply feed to local small, medium and large-scale producers.
- Establishment of commercial layer and broiler farms.
- Establishment of broiler processing plants and a hub/market for small and medium-scale poultry production.
- Establishment of tanneries; production of footwear and leather goods.
- Establishment of dairy farms and facilities for milk processing.
- Investment in livestock farming, focusing on beef, dairy, chicken, hides, and skins as prioritized products.



# Education

## Funding Constraints and Demand for Remote Learning

Tanzania, like many other sub-Saharan countries, was caught off-guard by the COVID-19 pandemic, which exposed a deep digital divide in an already suffering education sector. However, the crisis also brought opportunities to further integrate technology into the system.

After becoming independent in 1961, Tanzania declared war on the three social enemies of ignorance, poverty, and disease. The path to success in the fight against ignorance was based on focusing special attention on the education sector. Various education-related reforms have therefore been implemented to address the challenges undermining the education sector. The majority of the reforms have expressed the government's commitment to ensuring that all school-age children have access to basic education. A fee-free education policy, launched in 2015 for both primary and secondary education, proved to be a significant turning point for the country's education sector. This year, President Samia Suluhu Hassan has already directed that education should be free up to the advanced secondary

education stage (Form Five and Six). This step has been hailed by many as a key milestone. The importance attached to the education sector manifests itself in various national development frameworks. In the early 2000s, the Poverty Reduction Strategy identified education as a priority social sector. Later, during implementation of the successor National Strategy for Growth and Poverty Reduction, the emphasis was placed on improving quality of life and social wellbeing. The strategy included education, health, and water as its three outcome areas. The third and most recent National Five-Year Development Plan (FYDP III) for the period 2021–2026 also pays special attention to the education sector as a key means of enhancing the quality of the country's workforce and realizing the

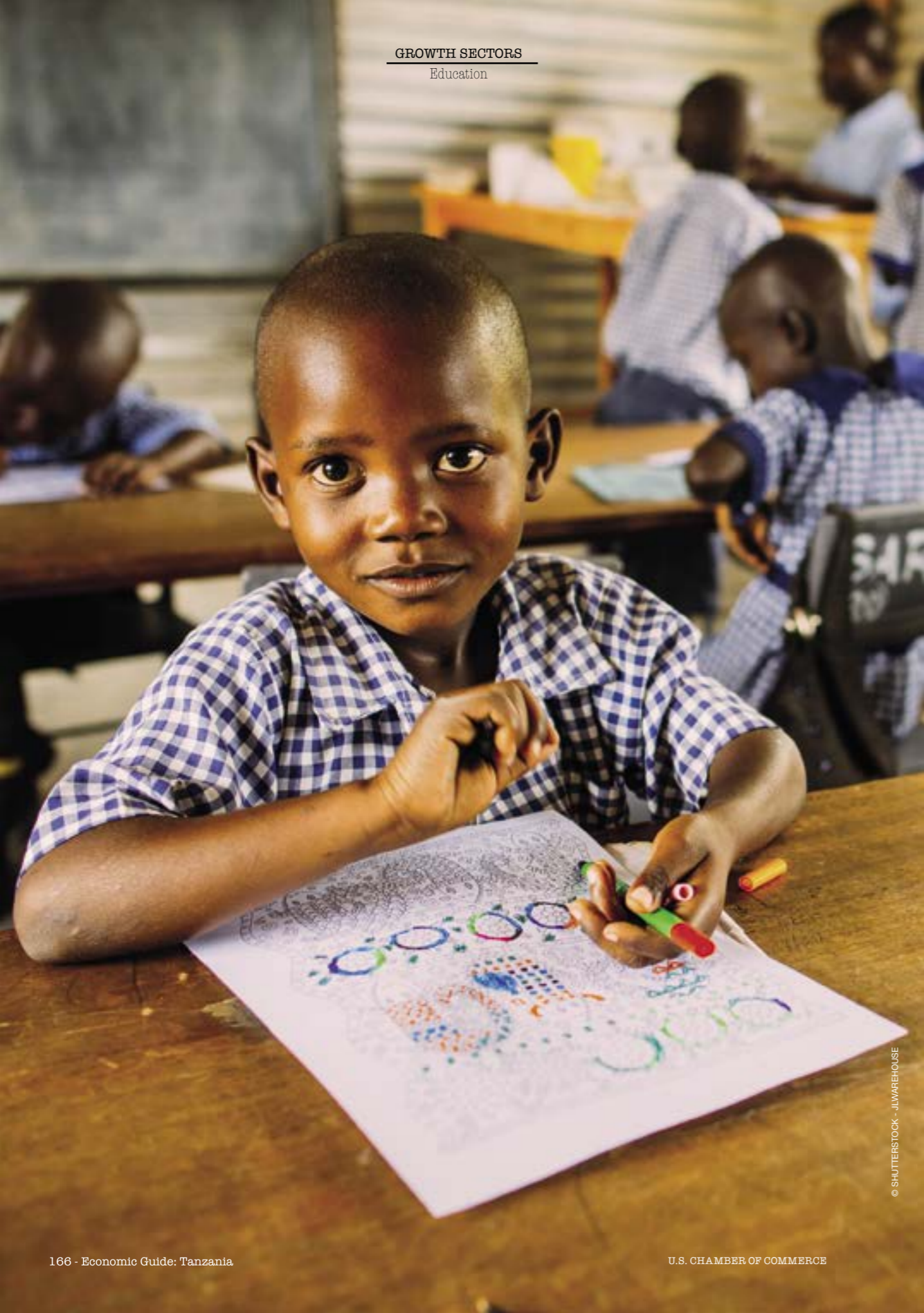
National Development Vision 2025, which aims to transform Tanzania into a middle-income country, with an economy driven by industry, by 2025. Since the policy was developed, the education sector has seen enormous change, with mass enrollment of students in primary schools as well as a reduced dropout rate at the secondary level.

### Funding Challenge

The influx of students following the introduction of the free education policy has also presented a challenge. Student numbers have grown much faster than school infrastructure, resulting in a skewed teacher-to-pupil ratio in classrooms and inadequate resources.

While it is a great thing that more and more children have access to schooling, the country is being forced to develop adequate infrastructure, as

Education



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classrooms are currently scarce and toilets are numbered. The shortage of classrooms means that, almost every year, the Tanzanian government has to admit secondary schools in groups. In 2022, however, all 907,803 students who passed last year's primary school examinations were able to enter secondary education starting in January, thanks to additional classrooms built using some of the COVID-19 relief money borrowed from the International Monetary Fund (IMF). Last year, the IMF lent the Tanzanian government \$567 million in emergency support to meet the health and social costs of the pandemic. Part of this was channeled toward building 15,000 classrooms in secondary schools. Nevertheless, calls remain for the government to improve primary education as well, which is still largely in a dire state, especially in the villages. For Tanzania to be able to meet its commitments on education, generous investment is required right across the sector,

as there are still budgetary constraints. Inadequate funding of the country's education system has led to Tanzania's failure to meet commitments made both domestically and internationally. The international framework demands investment equal to at least 20 percent of the national budget or 5–6 percent of gross domestic product (GDP) in the education sector annually. Likewise, Education Sector Development Plans (ESDP) II and III emphasized increasing student enrollments, human resources, and infrastructure development. However, the education budget allocated in Tanzania over the last five years has been significantly below the stipulations set out in the international framework and the ESDP. According to HakiElimu, a local education watchdog, the Ministry of Education, Science, and Technology's budget of 5.635 trillion Tanzanian shillings for the 2022–23 fiscal year is too small to cater for the needs of the sector. The

organization has analyzed the institutions and amounts channeled to fund the country's education as follows: Regional Administrative Secretaries – 4.042 trillion shillings (71.7 percent); the Ministry – 1.493 trillion shillings (26.5 percent); the President's Office, Regional Administration and Local Government – 82.3 billion shillings (1.5 percent); the Teachers Service Commission – 15 billion shillings (0.26 percent); and the United Nations Educational, Scientific and Cultural Organization (UNESCO) – 2.7 billion shillings (0.04 percent). *"When compared to the 41.1 trillion national budget for 2022–23, the amount allocated to the education sector is equivalent to 13.7 percent,"* said HakiElimu policy analyst program manager Mr. Makumba Mwemezi.

### Digital Divide

Following the closure of schools on March 17, 2020, a few days after the announcement of the first COVID-19 case in the country, the Tanzania Institute of Education, in collaboration with other stakeholders, was tasked with preparing lessons to be aired on television and radio. Both audio and video lessons were recorded in line with primary and secondary school syllabuses. Community and national radio networks were utilized to maximize reach, including to remote areas. Individual schools, particularly private schools and some public schools located in towns and cities, used messaging applications, such

as WhatsApp, and communication platforms, such as Zoom, to engage students in remote learning. However, a lack of access to electricity, Internet connectivity, computers, smartphones, and data among some families inhibited many students' ability to engage in remote learning. This period highlighted that the country's education sector was heavily exposed.

Some schools provided students with printed notes and notebook packages so that they could continue learning from home, however some parents could not afford to purchase printed notes and Internet bundles for downloading learning materials. The immediate response to remote and distance learning revealed the deep digital divide between rural and urban areas, as well as between students from poor and well-to-do families in the country, not to mention those with disabilities.

In 2019, 65.5 percent of the total population of Tanzania lived in rural areas, according to the World Bank 2020 survey. Many of those students living in rural areas were not able to participate in remote learning due to limited Internet connectivity, a lack of access to needed devices, and the limited availability of some parents to closely monitor their children's learning.

### Initiatives

The government recently embarked on the distribution of information and communications technology (ICT)



equipment to schools, teacher training colleges, and quality administrators. This is a real step forward that makes the

whole process of digitalizing the education sector a realistic prospect.

The current minister responsible for this area, Professor Adolf Mkenda, says that the intention is to start a technological revolution in educational institutions and bring them into line with the country's current digital aspirations, as well as to build resilience to crises such as COVID-19. However, experts believe that this ambition may still encounter setbacks, as it requires huge investment. They note that if the private sector does not intervene and bolster the government's efforts to change the situation which sidelined most learners during the COVID-19 period, education in Tanzania education will continue to be at stake. *"The government under President Samia Suluhu Hassan has set itself the goal of bringing about a revolution in this important sector. We're inviting more partners who can help us in this endeavor,"* said Professor Mkenda during the launch of ICT equipment distribution to selected schools.

### Lagging Behind

Inadequate funding in Tanzania's education sector has led to the country's failure to meet commitments made domestically and internationally. The international framework demands investment of at least 20 percent of the national budget or 5–6 percent of GDP in the education sector annually.

The education budget allocated in Tanzania over the last five years has been significantly below the stipulations set out in the international framework, and yet the country needs to venture into remote learning if it is to ensure that it provides a quality education for all.





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# Health

## Tanzania Striving to Become a Medical Hub

The increasing global health security threats of epidemics, pandemics, and antimicrobial resistance threaten the integrity of the region's health systems, travel, trade, and overall wellbeing. Amid these challenges, Tanzania is seeking to become a medical hub.

Tanzania's health policy requires that the government gives priority to quality health services that reach all its citizens. The country recognizes the importance of good health as an important resource for development and is making significant health gains toward achieving the goal of universal health coverage. Children now stand a better chance of surviving beyond their fifth birthday. The performance of the health system has improved over time. However, ensuring access to available, affordable quality health services remains a challenge.

### Medical Hub

Having inherited some notable achievements in health-care provision over the past 60 years, President Samia Suluhu Hassan has set her sights on making Tanzania a

medical tourist destination of choice, tapping into what is believed to be a \$72 billion-a-year global medical tourism market.

To realize this dream, in July 2021 Dr. Dorothy Gwajima, then Minister for Health, Community Development, Gender, Elders, and Children, unveiled a medical tourism promotion team, chaired by veteran cardiologist Professor Mohamed Janabi. The government's venture started with the Jakaya Kikwete Cardiac Institute (JKCI) because it already receives patients from Comoros, Zambia, the Democratic Republic of the Congo, Burundi, Rwanda, Uganda, and Kenya.

### Infrastructure

The initiative has resulted in huge investments being made in the health sector, thus enhancing the availability not

only of routine health services but also of more specialized care.

In the five years from 2015 to 2020, for example, the government spent 3.01 trillion Tanzanian shillings on financing health services, with major funding devoted to the construction of 198 new dispensaries and the repair of 487 health centers. Maintenance work was undertaken at 69 district hospitals and 10 regional referral hospitals. The country's quest to increase investment in healthcare aims to provide a high level of quality and more accessible services to the population. Investment in specialized services has reduced the number of patients seeking medical treatment abroad at exorbitant costs by over 95 percent, declining from between 200 and 300 patients annually to less than 60.

Health





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Tanzania is now seeking global accreditation for its top-notch health facilities through the establishment of hospital and healthcare accreditation boards that will help hospitals to earn trust from people both within and outside the country who are looking for healthcare services of a high standard.

Maintaining high-quality, reliable health services will require joint efforts on the part of both public and private sector investors that will ultimately benefit the entire population.

### Investment

Whether medical tourism is feasible or not depends on how Tanzania invests in developing human skills in the medical field, telemedicine, the digital economy, transport infrastructure,

accommodation facilities, affordable health services, and customer care, among other things. President Hassan is aware that a favorable investment climate and a conducive business environment are vital if the country is to facilitate the establishment of medical facilities, pharmaceutical companies, and medical equipment manufacturing firms, as well as investment in research and development. Following the adoption of the Arusha Declaration in 1967, Tanzania went ahead and banned private, for-profit healthcare providers through the Private Hospitals (Regulation) Act of 1977. This act was repealed in the 1980s and the government has been reassuring investors that no similar legislation will be reintroduced.

At this point, however, Tanzania's medical tourism ambitions are realistic. The government has already partially reversed the export of medical tourists to India and other countries. In a report covering 60 years of Tanzania's health sector that she presented to the media on November 8, 2021, Dr. Gwajima noted that in 2020–21, only two patients were referred to hospitals outside the country, compared with 554 in 2015–16. It is clear that this number started to decline in 2016 when the government's efforts to buy more specialized diagnostic machines and equipment gathered pace. In 2018 the number of patients traveling outside the country for treatment had fallen to 350, according to the Ministry of Health.

### Specialized Services

In her report, Dr. Gwajima outlined several achievements made by the country in specialized medical services, which will help it to become a medical services hub for the region. The report highlights investments in specialized public medical facilities.

Established in 2015, the JKCI offers specialized cardiology and cardiovascular diagnosis and treatment. The institute recently completed installation of the Cathlab and Carto 3 system, purchased at a cost of 4.6 billion Tanzanian shillings. *"This is a good step toward our goal of making Tanzania a hub for medical delivery and expertise in*



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*Africa. It also promotes our desire to become a medical tourism hub,"* said President Samia Suluhu Hassan at the launch of the advanced equipment at JKCI in 2021.

About 6,500 patients have already been diagnosed and treated using the system, which requires only small incisions rather than open-heart surgery. About 2,436 patients have received cardiovascular treatment through the system. The Muhimbili National Hospital is offering specialized medical services for renal transplant, with 64 patients having been treated so far. Muhimbili also performs cochlear implants for children and adults.

The Ocean Road Cancer Institute (ORCI) employs a medical linear accelerator (LINAC) and CT simulators, which have enabled chemotherapy treatment to be delivered in a much more efficient way using 3D technology. The government has also allocated 14.5 billion Tanzanian shillings for the construction of a

building to house a cyclotron and PET-CT scanner to facilitate specialized screening and diagnosis that cannot be conducted anywhere else in east and central Africa.

The Muhimbili Orthopaedic Institute has installed a machine (Angio Suite) that has made it possible to conduct brain surgeries using minimally invasive techniques without opening up the skull. The Bugando Medical Center offers specialized treatments such as renal dialysis, and recently installed brachytherapy equipment. The hospital also has CT scanners and has installed a 2.4-billion-shilling MRI machine.

The Kilimanjaro Christian Medical Centre (KCMC) is equipped with modern diagnostic machines such as an MRI scanner, CT scanner (128-slice). An oncology department is in the process of being established to reduce referrals from the northern zone to ORCI.

The Benjamin Mkapa Hospital in Dodoma currently performs

renal transplants (23 patients have already received new kidneys) and offers kidney stone removal without open surgery.

The Mbeya Referral Hospital offers laparoscopic surgeries that enable operations using small holes. It also offers hemodialysis services. The hospital's laboratories are of a high grade and can test for diseases such as ebola. It has also established an intravenous fluids production center.

### Ongoing Project

To strengthen Tanzania's role as a medical hub, the government is installing software in hospitals as well as enhancing performance metrics through scorecards to overhaul service delivery and the professionalism of healthcare workers in the country.

The government is also constructing seven regional referral hospitals for the new regions (Njombe, Songwe, Simiyu, Geita, Manyara, Katavi and Mara-Kwangwa), expanding some of the old hospitals, and establishing new departments and services. It is currently installing medical oxygen production plants in seven regional referral hospitals (Geita, Manyara, Dodoma, Dar es Salaam-Amana, Mtwara, Ruvuma-Songea, and Mbeya).

However, health experts have been critical, noting that the expansion of hospitals will still require the government to seek more partnerships with various investors to equip the new health centers.

### More Investment Needed

Despite these achievements, the country continues to face complex and emerging public health challenges. Many people are still contracting infectious diseases, while the burden of non-communicable diseases such as cervical cancer is increasing.

Some of the areas where the country is experiencing difficulties, according to reports, include enhancing the skills and knowledge of healthcare workers, including in life-saving skills, and ensuring the availability of essential medicines, equipment, and supplies, including family planning commodities. There is also a shortage of partners who can support the functioning of comprehensive emergency obstetric care services, including cesarean sections.



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# Interview with Hosea Kashimba

## Director General of the Public Service Social Security Fund



Since its establishment in 2018, the Public Service Social Security Fund (PSSSF) vision has been “to be an outstanding provider of social security service in Tanzania”. Its Director General has been emphasizing on technology in order to improve services, and consolidated all investments.

retirees and survivors bank accounts on every 25<sup>th</sup> day of the month in line with our service charter.

Basically we are very glad that we are going on a right track as far as payment of monthly pensions is concerned. Retirees are receiving their dues on time and we have improved so much by minimizing the time used to verify a pensioner as we have moved from paper work to biometric verification which saves time for both retirees and the Fund as well.

**In current times when inflation is a continuous challenge, what are the main difficulties faced by your institution to preserve the value of the pension fund?**

There have been no real difficulties faced by the Fund to preserve the value of the pension fund in relation to the inflation rate. Nonetheless, the Fund works tirelessly on this part, since before investing the funds in any venture, analysis is done, in line with the investment regulator’s guidelines and the Fund’s investment policy to ensure real return of the investment is at least 2.5 percent.

Hence, if I have to mention about the difficulties, then generally it could be the allocation of the investment fund to ensure that real return of 2.5 percent is realized. Just to be precise, the Fund manages these difficulties of allocating investment funds through its investment strategy



where diversification has been made to ensure a well-diversified investment portfolio from fixed income investments to real estate and infrastructure investments.

The fruits of this diversification are ripened, where the net asset available for benefits has been increasing, currently it stands at TZS 7.44 trillion, an increase of about 27.62% from the asset at the year of margining, 2018 (TZS 5.83 trillion).

**In connection with investment as a pension fund, what is your investment strategy?**

The investment strategy of the Fund is made of six sets of principles which are safety (invest in areas with guaranteed absolute security of the invested resources), yield (ensure resources are directed to high yielding investments), liquidity (portion some of the resources into investment outlets

that are sufficiently convertible to cash in order to meet short-term financial obligations), diversification (for maximizing returns and minimizing risk), social-economic utility (investment in areas with direct contribution to the social economic needs of the people without looking at an entirely yield factor), and viability (investment in areas that fulfil commercial, financial and economic viability consideration.)

**What are the main objectives and critical sectors you invest in?**

Objectives include but are not limited to:

- Safeguarding and protecting the interest of the members of the scheme;
- Ensuring that there is sufficient fund and liquidity therein to meet maturing obligations. Hence return must be realized;
- Maintaining the value of money of the members at the time of maturing obligations;
- Contributing to the social economic development.

Sectors where the Fund invest in include financial sector (government securities 63.15%), real estate sector (14.91%), infrastructure (4.45%), social economic utility (3.11%) and others including industrial sector (14.38%).

**How does the PSSSF support the President’s vision of securing safety and social and economic development for the people of Tanzania?**

We are working on ensuring that we attain our vision of being an outstanding provider

of social security services in Tanzania, through which we will be able to attain a number of Government’s initiatives. In such course we largely impact all areas that are related to social wellbeing. Our operations go beyond benefit payment, through our investments we impact positively directly and indirectly, the lives of small and large scale farmers, livestock keepers, builders, contractors and so forth.

In our strategic plan we have put forth key objectives which aim at enhancing customers’ satisfaction; enhancing financial stability; fighting corruption; institutionalizing compliance; enhancing human capital efficiency and so forth.

For instance, through investment initiative, the Fund participates in investments through the capital market.

**Do you see opportunities for American investors to participate in some of the fund’s investment initiatives?**

I can see clearly that there are opportunities for American investors to participate in some of the Fund’s investment initiatives. These opportunities, in particular, lie in the Fund’s investment in the industrial sector and other new earmarked investments in energy, agriculture and infrastructure. In considering the PPP method, the Fund believes that American investors can join hands and team up with the Fund in investment areas of energy, both fossil and renewable energy, natural gas, infrastructure as well as agriculture.





# AN OUTLOOK OF NSSF TANZANIA AND ITS ROLE IN THE COUNTRY'S ECONOMIC DEVELOPMENT

Interview with Masha Mshomba, Director General of Tanzania's National Social Security Fund (NSSF) highlighting key operational issues and the significant role that the Fund plays in the provision of social security benefits and economic development of the country.



**Masha J. Mshomba**  
Director General NSSF

## Tell us about the contribution of the Fund in the Country's economic development?

The Fund plays great role in country's economic development by protecting its members through the provision of social security benefits at different points in time to compensate them for the loss of income caused by life cycle contingencies. The Fund also protect its members by giving access to health and other social services including health, education, skills, and nutrition which greatly contributes to an increase in individuals' employability and productivity in the country.

At the Fund, we offer both long-term and short-term benefits.

As part of long-term benefits, we have old age, invalidity and survivors benefits while maternity, unemployment, funeral grants and medical care benefits are part of our short-term benefits. Through the provision of these benefits, NSSF contributes to the national poverty reduction to its members which in the long run tend to boost their purchasing power, household consumption and eventually increases income levels in the country.

## What are the core functions of NSSF in relation to membership coverage and the current performance?

According to its establishing law, NSSF has been accorded powers to register members from private and informal sector, collecting contribution from members, investing of the collected contributions and payment of benefits to members as per the given rules and procedures.

The Fund's performance has been tremendously good for the past 5 years whereby net assets have increased from TZS 3.11 trillion in June 2017 to TZS 6.22 trillion in June 2022, the number of registered members has increased from 455,375 in June 2017 to 1,039,183 members in June 2022, investment portfolio has grown from TZS 2.33 trillion in June 2017 to TZS 5.34 trillion in June 2022 and contribution collection has increased from TZS 736.40 billion per annum in June 2017 to TZS 1,433.94 billion per annum in June 2022.

The registered performance is a result of strengthening of our public awareness

campaigns through various medias to ensure our members are aware of what social security stands for and its importance to them and to the country which has significantly led to increasing compliance level.

Our future outlook is still promising and we are in line with our 5-year Strategic Plan which comes to an end on 30th June 2025. According to this Plan, NSSF intends to attain net assets value of TZS 9.5 trillion by 30th June 2025.

Nevertheless, looking at our current performance trend, it looks certain that we're going to achieve more than that which is a result of significant improvement in contributions collections, investment earnings, cost containment and quality services. We also foresee that by 30th June 2025, we will have more than two million members, which is double the number of members we currently have.

## We are in Digital era. How has NSSF positioned itself in terms of digitising its operations?

The Fund has embarked on automation of its business processes whereby most of its operations have been digitized. The automation of the core activities of the Fund has improved our efficiency in servicing members hence increased members' satisfaction. Functions such as payment of contributions, registration of members and benefit processing have been automated.

We have also developed employers and member portals in which our employers and members can carry out some

functions and get various information relating to themselves. Through the employer's portal, for example, an employer can remit contributions straight into the Fund's accounts.

## Investment is one of the core functions of the Fund. How and why the Fund implements this task?

In performing this key function, the Fund is guided by, among other things, its establishing Act, the Investment Guidelines as issued by the Regulator of the Social Security Sector and the Fund's Investment Policy. The Fund engages in investment activity in order to preserve the value for the collected contributions and be able to pay meaningful benefits to its members at their retirement.

The Fund has developed a well-diversified investment portfolio consisting of Government securities, equities, corporate bonds, loans, real estate, collective investment schemes, infrastructures and placement with banks. One of the key notable infrastructure investment that the Fund has already implemented is the prominent Nyerere (Kigamboni) Bridge which became operational in 2016.

The Fund has also invested in real estate with contemporary houses located at Kijichi, Dungu, and Toangoma areas in Dar es Salaam which are currently on sale.

On the hand, Mshomba expounded that as a part of its investment in real estate, the Fund has developed hotel structures called Mzizima Tower located in Dar es Salaam, the country's commercial capital, and the proposed Mwanza Tourist Hotel located along Lake Victoria in Mwanza City. The two structures are expected to be complete in 2023 and the Fund is intending to give interested investors the opportunity to run hotel facility within those buildings\*.

## What can you tell us about your informal sector and what is generally the future of NSSF going forward?

I would like to take this opportunity to inform our stakeholders that we have a lot of positive expectations about growth of coverage in the informal sector. We have taken bold steps to redesign our informal sector scheme and the Regulator of the social security sector has recently given approval for the redesigned scheme. We understand that we have a big task to ensure that our people are aware of the scheme and that they understand the importance of social security in addressing the life cycle contingencies. The Fund has taken initiatives to design tailor made benefit packages that meet the needs of the Informal Sector which will motivate them to join the Fund. The plan is to embark on strategic marketing campaign throughout the country by making best use of the media, exhibitions and other means for the program to sell through and reach as many people as possible. The use of digital technology in registration and contribution payments is also important in simplifying the process and ensure good coverage.

As for future prospects of the Fund, I would like to assure our members that the Fund has a very bright future. Ever since H.E Samia Suluhu Hassan took leadership of the country, we have witnessed a lot of foreign investors coming into the country as a result of significant improvement in the business environment. This positive environment has also contributed positively to the Fund in terms of adding more members, increased contributions and widened investment opportunities. Concurrent with improvement in business environment, automation of our business processes has also been a key in the offering quality services, improved compliance and improved controls in our business operations which is also assures our members that their money is safe.



Toangoma



Dungu



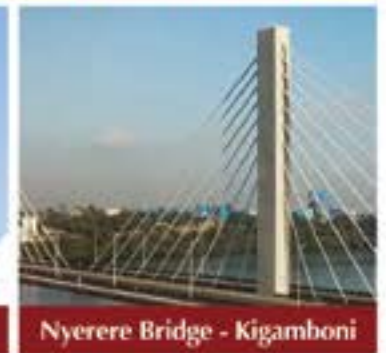
Kijichi



Mwanza Tourist Hotel



Mzizima Towers



Nyerere Bridge - Kigamboni



# Digital Technology

## Forward-Looking Vision

Tanzania has transitioned from a nationalist ideology with an anti-technology orientation to become one of the African champions of digital transformation. This position is strengthened by the government's ambitious goal to connect 80 percent of the population to the Internet by 2025.

Departing from the utopian socialist policies of the 1960s, the Tanzanian digital sector has enjoyed spectacular growth since the early 2000s. The Internet penetration rate in Tanzania has more than doubled in the last decade, reaching almost 50 percent in 2020. That same year, 89 percent of the population used a voice telecom service. These figures show how far the country has come since the promulgation of the Prohibition Order on Electronic Computers and Television Sets in 1974 by the country's first president, Julius Nyerere. In his view, the presence of television would widen the gap between the rich

and the poor. The country recently underwent a mentality shift, while retaining something of Nyerere's determination to reduce the social and economic gap, and decided to embrace technology instead of being against it. Tanzania's current government understands that the digital economy generates value, creates employment, and presents opportunities to reduce poverty.

The first oil shock of 1973 dimmed the country's economic prospects enormously. Since then, the Tanzanian government has improved the infrastructure and the quality of digital services throughout the entire country

to democratize digital access, increase the use of digital technology in all sectors, and boost the country's economy. This effort started with the national electricity company, the Tanzania Electric Supply Company (TANESCO), which is responsible for 98 percent of the electricity produced in the country, and enjoys 11–13 percent annual growth. However, the lack of trained professionals has produced a challenging situation, and the government has been trying to invest more in education, notably through creating the Moshi Institute of Technology, modeled after the Massachusetts Institute of Technology (MIT) in the United States.



Digital Technology



### Progress Recorded Since Early 2000s

This progress can primarily be attributed to the conjunction of two factors:

- The liberalization of the telecommunication sector, enabling the arrival of new players, and therefore new investment, through the Tanzania Investment Center, a government one-stop shop.
- The establishment of a coherent regulatory framework.

However, the Tanzanian telecommunications landscape remains extremely unbalanced, with the bulk of the infrastructure and investment still concentrated in the economic capital and handled mostly by the private sector, even though the law mandates universal access for rural areas (80 percent of the population). In 2005, the country changed its licensing system, which was established in the late 1990s, from a vertical system to a horizontal approach. This reform, the first of its kind in Africa, has made it possible to increase foreign direct investment, and should eventually promote the rapid arrival of telephone services and the Internet on all existing media. Tanzania was the first African country to adapt to the phenomenon of technology convergence.

### Zanzibar Drives Digital Adoption

Thanks to the beauty of its coast, which comprises a string of paradise-like islands with clear turquoise-blue water and idyllic beaches, Zanzibar is a stunning escape for digital nomads, mostly from the north of the country, who are looking for a refreshing yet exotic environment. Despite its attractiveness, Zanzibar still has scope to enhance its offering by providing decent Wi-Fi access, the lack of which is still a major negative in its bid to sell itself as an ideal remote working place. Nevertheless, as a result of the increased competition, service prices have fallen. The lack of infrastructure in a country with a low population density greatly favors the development of mobile telephony – 97 percent of the

population has access to a mobile network. Smartphone usage is growing at a relatively fast compound annual growth rate of 19 percent and will reach more than 30 million (70 percent) mobile subscriptions by the end of 2024. This means that the use of smartphones in Tanzania will exceed that of cell phones.



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This growth in smartphones is primarily due to the increased roll-out of 3G and 4G networks by mobile operators. Tanzanian telecommunications operators will soon be able to carry out trials of the fifth generation (5G) mobile network in the country. The country's digital transformation continued with the July 2021 launch of the E-Port Systems project, intended for electronic transformation. The digitization of the port is in line with the development vision for 2050 that the government of Zanzibar initiated in 2020.

According to Khalid Mohamed Salum, the Minister of Public Works, Transport and Communications, *"the advent of this system will greatly help in delivering goods without using paperwork, and payments will be made online. The project will increase operational capacity, reduce operating costs, and improve the maritime skills of Zanzibaris."*

According to statistics from the Tanzanian telecommunications regulator, Internet penetration was 50 percent in December 2021. The government will need to add another 30 percent in the next three years to meet its target, providing as many people as possible with access to quality connectivity, capable of supporting new uses, particularly online administration. In addition, since last June the country has benefited from China's support for the development of the information and communications technology sector and the digital economy.

### Digital Technology Strengthens Financial and Banking System

Bank and mobile money transfer fees have been lifted since October 2022. Furthermore, a new instant digital loan service has been launched to put an end to delays and difficulties in granting bank loans to nearly 60 percent of the population.

The Tanzania Tax Authority also continues to modernize its Electronic Fiscal Device Management System (EFDMS), which allows taxpayers to send electronic invoices.

Tanzania is one of the leading African countries in terms of starting the transformation of statistical operations. The country conducted a digital census in 2022 that was completed in record time, the fastest in the history of censuses in Africa.

Supporting the digitalization of the administration system in Tanzania will also reduce corruption, thanks to improved traceability, enhance the country's credibility, and create trust among investors.

Tanzania, with its young population (the average age is 18 years), can help to drive the wider continent's digital transformation. For these young people, mobile access is sometimes more important than access to elementary resources, demonstrating the reversal of Maslow's pyramid. The country has progressed rapidly in this digital transformation thanks to strong political will and fast implementation.



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### 2022: Tanzania's Digital Year

Tanzania continues to make progress on its ambitious digital transformation project, with support from the World Bank totaling \$292 million for infrastructure projects in Zanzibar, in addition to the \$4.9 billion already approved by the World Bank to help push mega projects in the country.

Innovation Week Tanzania 2022 marked an important milestone for the European Union (EU) in building a stronger partnership with Tanzania in the digital sector, with the aim of contributing €35 million to the digital transformation. The EU has launched the Digital4Tanzania: e-Governance Support Program project. The Ministry of Information, Communication, and Information Technology, EU Member States, and the UN Capital Development Fund (UNCDF) will jointly implement the project from 2022 to 2026.



# Interview with Hon. Nape Moses Nnauye



## Minister of Information, Communication and Information Technology



In an increasingly connected world, the ICT sector is at the forefront of development. The Ministry of Communication and ICT is making every effort to digitalize the country at a fast pace, and extend connectivity to every corner of Tanzania. There is room for private investors to contribute to that effort.

### **The telecom sector is very dynamic in Tanzania. What is your contribution to Tanzania's economy?**

It is a very important ministry. We are trying to build a digital economy. Our ministry is enabling other sectors to perform with connectivity. We connect all other sectors, we provide solutions to agriculture, health services, education, trying to help in financial inclusion, infrastructure.... As

an example: in a population of 61 million, about 37 million here is using mobile money for lack of banks in the rural areas.

Most business here now is done through internet. By providing connectivity, we bring the world to Tanzania and take Tanzania to the world.

### **How do your telecom operations contribute to modernizing infrastructures in the country – 5G, fiber...?**

Most of the mobile operations are run by private

companies. We have a state-owned company, Tanzania Telecommunications, but it has only 2% market share. We set the legal framework in the country to allow the private sector to participate in the digital transformation. So, mobile operators work with the government, trying to help in the construction of the fiber network especially to the cities, they construct and they hand over to the government, but they are given the right of way to use the fiber networks. We launched 5G with one of the

private companies, Vodafone, which has the largest market share in mobile operations. We sell the spectrum to them and we allow them to use it in 5G operations.

### **Is all the country covered by the telecom network?**

Mobile operators like to invest where the most users are. We have a challenge with rural areas. This is one of the area that would call for more investors. We have American investors, companies dealing with the towers - they are really helping, and we have established the Universal Communication Access Fund to subsidize those willing to go to the villages so that we can connect everybody. Internet connectivity now is a human right. More than 50% of the population are using mobile money so you need to provide them the internet.

### **How do you support the vision of development advocated by the President?**

We are supporting the vision of Madam President by making sure that we are helping in facilitating financial inclusion. Madam President is working very hard to improve health facilities in the country. We are connecting some of the major hospitals to develop telemedicine. But here again we have a challenge of tracking these medicines through internet, making sure that they reach the required destinations. So we are providing technological solutions to ease and facilitate government services.

### **How do you see the evolution of the telecom sector in coming years?**

If you look at the statistics, we are at the top of the East Africa region; we are really going very fast. I see the telecom sector as providing most of the solutions and making life easier to us, and I see it as one of the leading industries in the country and I'm hoping that it will contribute even more to the economy, to employment, to most of the other sectors. We are leading the enablers sector.

### **What significant reforms is your ministry undertaking to make your sector more attractive?**

We try to make sure we are going with the speed of the change. We are reviewing our laws and regulations to create a conducive environment for the operators to continue operating.

### **Do you think there is room for another operator?**

There is room but the experience shows that in a market like this you don't need many operators. But we won't restrict it because more competition may bring better services, so yes, there is room. But also there is another possibility: you can operate from here to neighboring countries. We have access to the marine cable fiber, and we are connected to 8 countries, 6 of them landlocked.

### **Tanzania is going to the US-Africa Leaders Summit in December. What message**

### **do you want to deliver to investors? How will you accompany investors in your industry?**

My most important message to investors and especially those who intend to invest in ICT: there are lots of opportunities to come and invest in this country, because we are still backward in technological solutions in several other sectors. Another good reason is our geographical and geopolitical position in East Africa, with a population of about 400 million. We have political stability, nice policies for the private sector, it is safe. One of the opportunities is in affordable smart devices. If an investor assembles some of these locally, there is a market.

### **Do you try to open the country to the regional market?**

Air links are not easy. There are some efforts. Tanzania used to be a hub, all these airlines were coming to us. Some years ago, the market started shaking. Then with covid-19 everybody stayed at home. We are trying to strengthen our national airline so that we can start going outside, because we see the market. It's a challenge and an opportunity. But here we have airports in all regions. So, we try to connect the country first, and then the country with other countries.

For a good 5 years we were locking ourselves. But now Madam President is trying to reopen the country, we are changing some of the ways we were dealing with the private sector. Investors are welcome.

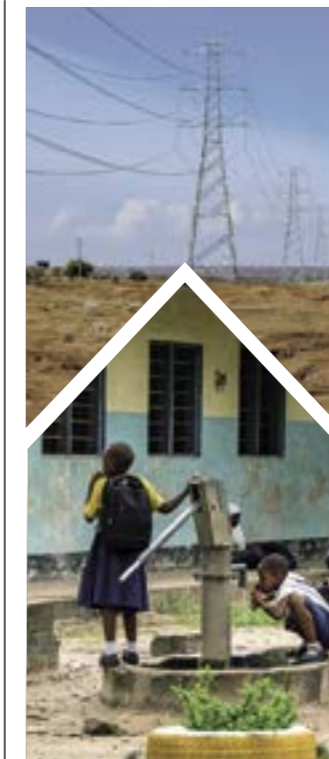


# Sustainable Development

## How Can Tanzania Adapt to Climate Challenges?

Tanzania shares a border with eight other countries and has a coastline on the Indian Ocean stretching for more than 1,400 kilometers. Home to six of the twenty-five globally recognized biodiversity hotspots and with access to strategic mineral resources (gold, natural gas, and coal), it enjoys exceptional natural wealth.

**S**ustainable development policy, which encompasses a range of issues including climate, biodiversity, access to education, and infrastructure, first and foremost requires political stability. Since Tanzania gained its independence in 1961, there have been six presidents, including Julius Nyerere from 1962 to 1985, with power transferring from one to the next without any major difficulties. The election of John Pombe Magufuli as head of state in October 2015 confirmed the changeover of presidential power and the rule of the Chama Cha Mapinduzi party. The general elections that year (both presidential and legislative) also saw an improvement in the performance of



the opposition, particularly in the major cities. This opens up a path toward better capitalization in Tanzania, and stronger development of the country's human capital. The latter is vital since, despite some progress in education, particularly at the primary level, qualification levels remain relatively poor: just 32 percent of students reach middle school and less than 5 percent enter higher education.

### Eliminating Gaps in Access to Basic Infrastructure Remains a Challenge

The significant lack of basic infrastructure is a major factor which is holding back the country's economic, social – and therefore sustainable – development.

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Sustainable Development



Compared to other East African Community (EAC) nations, Tanzania is seriously lagging behind when it comes to key infrastructure. Just 53 percent of the population has access to an improved water source, compared with 67 percent in the region as a whole, and a mere 25 percent of Tanzanians are connected to a sewage system. Although the situation is improving, the level of service is far from

satisfactory, as illustrated by the poor water quality, which is responsible for more than 50 percent of illnesses (cholera, dysentery, and diarrhea). In addition, despite some 100,000 new connections being installed each year, only 25 percent of the population has access to electricity, and this figure falls to 7 percent in rural areas, according to figures from the World Bank. While demand for energy is

growing by between 10 and 15 percent annually, and despite substantial resources including hydro, solar, gas, coal, and geothermal power, the country lags particularly far behind in electricity generation and relies on imports to meet 20 percent of its needs. Efforts are being made by the new government, but the management of public water and electricity companies is still characterized by significant arrears with suppliers and long-standing debts owed to the authorities and other public entities. Continued investment in basic infrastructure and improved performance thus remain key challenges for the country's sustainable development policy.

### Preserving and Promoting Biodiversity

Protected areas cover around 28 percent of Tanzania's territory, and the country has a rich wealth of flora and fauna. It has, however, seen significant erosion of its biodiversity as a result of the fragmentation of its natural habitats, pressure from agriculture and livestock farming, and illegal trafficking in wildlife. According to the International Union for Conservation of Nature (IUCN), Tanzania is in sixth position in terms of the number of listed species, lying behind China and ahead of Madagascar. The wealth of its biodiversity is the country's primary draw for tourists, and explains why it is visited

by a little over 1 million people every year.

Averaging growth of 12 percent over the last decade, the tourism sector accounts directly for 3.5 percent of gross domestic product, and for a further 10 percent indirectly, employing nearly 500,000 people. Activity is focused primarily in the Serengeti National Park, Ngorongoro Crater, Mount Kilimanjaro, and the marine conservation areas in Zanzibar. It is closely associated with biodiversity. Tackling poaching and managing extensive livestock farming have therefore become priorities in a bid to safeguard and enhance biodiversity.

### What Progress Is Tanzania Making on Sustainable Development Policy?

Faced with all of these challenges, Tanzania maintains a national climate strategy and, in 2021, developed and submitted its second nationally determined contribution (NDC) under the United Nations Framework Convention on Climate Change (UNFCCC). This NDC is based on the country's National Climate Change Strategy 2021, the Zanzibar Climate Change Strategy 2014 and other national climate change development processes. Tanzania has also developed, adopted, and implemented a range of other policies, laws, strategies, plans, and programs

### US Investment in Tanzania

USAID has committed an average of \$150 million per year in the form of grants to Tanzania over the last three years. The Country Development Cooperation Strategy (CDCS) 2015–2019 stipulated a focus on health and governance. US assistance has nonetheless been marked by the cancellation of a second Millennium Challenge Corporation compact worth \$470 million in 2015.

The Department for International Development (DFID) has committed an average of \$200 million per year in grants over the last three years. Between 2016 and 2019, these commitments were maintained at an average level of \$210 million, focused on governance and security, education, and health.

to tackle climate change. These include the National Environmental Policy (1997 and 2022); the National Forestry Policy (1998); the Tanzania National Communications to the UNFCCC (2003 and 2015); the National Environmental Management Act (2004); the Natural Gas Policy (2013); the National Transport Master Plan (2013); the Zanzibar Environmental Policy (2013); the National REDD+ Strategy and Action Plan (2013); the Zanzibar Environmental Policy (2014); the Renewable Energy Strategy (2014); the National Environmental Action Plan (2014); the Natural Gas Act (2015); the National Environmental Action Plan (2015); the National Forestry Policy (2015); and the National Climate-Smart Agriculture Program (2015–2025). Tanzania's contribution to greenhouse gas emissions is extremely low; however, the country remains committed to climate change mitigation and adaptation strategies. In this sense, the National

Environmental Policy for 2021 reflects the country's determination to achieve net zero carbon emissions by 2050. The strategies and policies exist, but are lacking in detail, and limited data have been shared on the progress made toward targets and goals. The government's second NDC (submitted to the UNFCCC in 2021) highlights an overall mitigation goal that is consistent with reducing national greenhouse gas emissions by 30–35% compared with the *status quo* by 2030, and indicates a determination to achieve net zero emissions by 2050. Tanzania is today in a position where it can “reshuffle the deck” and implement an ambitious sustainable development policy, given the numerous bilateral donors contributing to the country's development, primarily in the form of donations (United States, European Union, Japan [JICA], France [AFD], African Development Bank, and World Bank).



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### Sustainable Development Policy Helps to Mitigate Climate Change Impact on Agriculture and Energy

Tanzania is expected to see temperatures increase by 0.5 °C by 2025, and 4 °C by 2100, with the most significant rises set to occur in the south-west of the country. This is likely to lead to more droughts, with a particularly heavy impact on agricultural production (food crops, export crops), tourism (protected areas) and sources of energy, notably hydroelectricity. Average precipitation is likely to see a gradual decrease, especially in the north-east, falling to -12 percent in 2100. Challenges that the country must meet if it is to pursue sustainable development include making use of surface water resources and allocating them for different purposes, including drinking water, irrigation, hydroelectric power, and protected areas, as well as securing agricultural production. Tanzania could face additional costs amounting to around 1–2 percent of gross domestic product (GDP) by 2030 as a result of climate change.





# Tourism

## A Major Lever for Economic Development

Tanzania is endowed with a variety of natural resources, offering world-class tourist attractions. Tourism is a major source of revenue for the country, and its contribution to socio-economic development is vital in terms of employment. It is a key sector for investors.

The mere mention of a trip to Tanzania immediately conjures up images of animals roaming free, landscapes of African savannah, vast stretches of land interrupted only by natural parks or lakes of sumptuous beauty, such as Tanganyika or Victoria.

### Natural Jewel

Tanzania is home to some 20 percent of Africa's large mammal species, which are found across its reserves, conservation areas, marine parks, and 17 national parks, spread over an area of more than 42,000 square kilometers and making up approximately 38 percent of the country's territory. Tanzania's wildlife resources are described as "*without parallel in Africa*" and "*prime game viewing country*". Serengeti National Park, the country's second largest national park, covering a total

of 14,763 square kilometers (5,700 square miles), is located in northern Tanzania and is famous for its extensive migratory herds of wildebeests and zebra, while also having a reputation as one of the great natural wonders of the world. The Ngorongoro Conservation Area, established in 1959, is a UNESCO World Heritage Site and inhabited by the Maasai people. The Ngorongoro Crater is the largest intact caldera in the world. And Mount Kilimanjaro, reaching a peak some 5,895 meters above sea level, is a must-see for tourists visiting Tanzania.

Since the colonial era, wildlife conservation in Tanzania has been the prerogative of the government. In recent years, the Tanzania National Parks Authority (TANAPA) has initiated corrective actions to involve the local community in conservation efforts, with the

### Facts & Figures

- Average length of stay: 10–11 days
- Average expenditure per tourist: \$355 (package tours) and \$247 (non-package tours)
- 22 national parks
- 1 conservation area
- 2 game reserves
- 44 game controlled areas
- 4 Ramsar/wetland sites
- 33 wildlife management areas
- 6 nature reserves
- Tourism icons: Mount Kilimanjaro – 5,895 meters high – is the highest free-standing mountain in the world and the highest peak in Africa. Ngorongoro Crater is a World Heritage Site, Serengeti National Park with its animal migrations was the leading national park in Africa in 2019, 2020, and 2021.

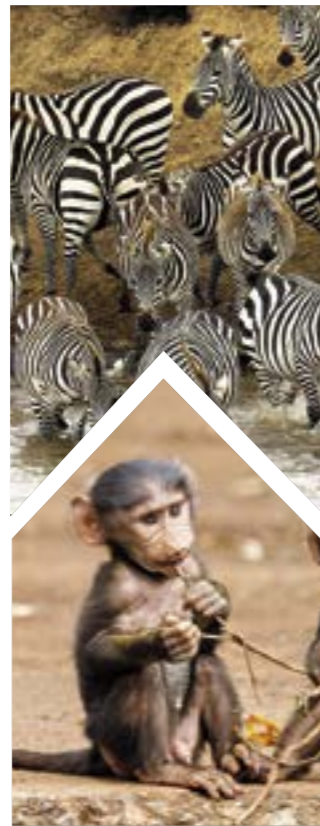
Tourism





aim of contributing to local economies by way of equitable benefits-sharing.

In 2021, the Government continued to control poaching and trespassing in reserved areas: a total of 583,694 patrols were conducted compared with 540,553 in 2020. Of those, 297,856 patrols were conducted by TANAPA, 37,568 by the Ngorongoro Conservation Area Authority (NCAA), 23,490 by the Tanzania Wildlife Authority (TAWA), and 24,780 patrols by the National Anti-Poaching Task Force. As a result of these patrols, 7,264 wildlife and forestry poaching suspects were arrested. In addition, the patrols facilitated the seizure of various items and government trophies, including 90 elephant tusks and 1,518 other pieces of wildlife animal.



Other highly recommended attractions include the islands of Zanzibar and Pemba, located off Tanzania's east coast. Zanzibar is well known for its spice trade, pristine beaches, island lifestyle, and coral reefs. It is a destination which has exploded in popularity, becoming one of the most famous island areas in all of Africa, if not the world. Driven by an aggressive marketing campaign in the 1980s, Zanzibar has seen tourism become a major part of its economy, accounting for 15 percent of gross domestic product (GDP) today. The main island of Zanzibar is still mostly undeveloped. It is only about 100 kilometers from the northern tip to the southern edge, and roughly 40 kilometers across. The island's main hub, Zanzibar City, lies

on the western side of the island. The center of the island is mostly undeveloped tropical forest. The eastern side and northern tip are populated with many white sandy beaches, and surrounded by a coral reef. Many luxury hotels and resorts also populate this area of the island.

### A Fast-Developing Sector

Protecting wildlife is essential because of the importance it represents for the country. Tourism offers long-term potential to create good jobs in Tanzania, generate foreign exchange income, provide revenue to support the preservation and maintenance of natural and cultural heritage, and expand the tax base to finance development expenditure and poverty-reduction

efforts. The latest World Bank Tanzania Economic Update, *Transforming Tourism: Toward a Sustainable, Resilient, and Inclusive Sector* highlights tourism as central to the country's economy, livelihoods, and poverty reduction, particularly for women, who make up 72 percent of all workers in the tourism sector.

In 2019, earnings from tourism increased by 7.9 percent compared with 2018, to \$2,604.5 million, following an increase in international visitor numbers to 1,527,230, from 1,505,702 reported in 2018. This achievement was partly the result of the government's continued efforts to promote the country's tourist attractions and the increase in demand for leisure and vacations globally. In 2021, Tanzania earned

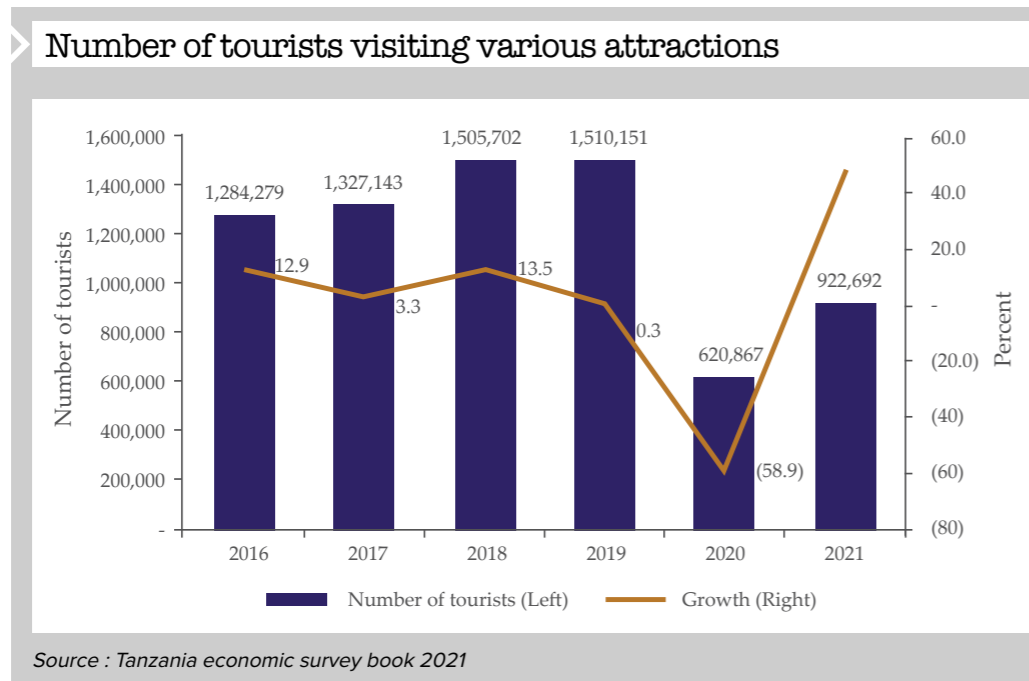
the title of "Africa's Leading Destination." The natural attractions fall into two main categories: wildlife and

### Online Visa

The government officially launched an "e-Immigration" service in November 2018 for foreign nationals wishing to visit or live in Tanzania. This involves an online application, which is reviewed and cleared after 48 hours. If the application is successful, a document containing a bar code (Visa Grant Notice) to be presented at the point of entry is sent to the applicant. The initiative is aimed at enhancing efficiency in visa processing.

[eservices.immigration.go.tz](https://eservices.immigration.go.tz)

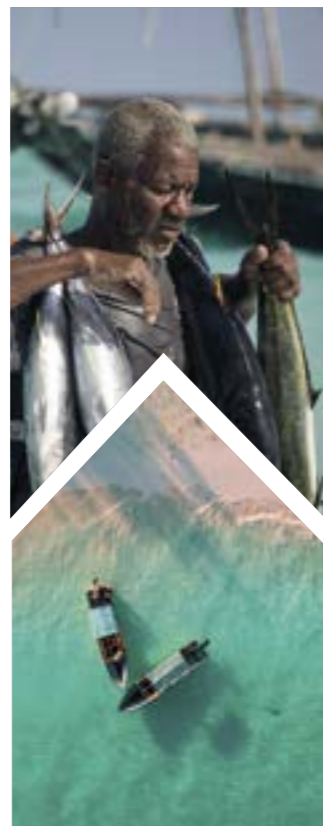




beach. Tanzania’s tourism sector generated \$1.4 billion in revenue in 2021, compared with \$1 billion in 2020, when it was hard hit by the COVID-19 pandemic and its impact on international travel (tourism revenue in 2019 was \$2.6 billion).

#### Recovery

The sector’s contribution to GDP fell from 10.7 percent in 2019 to 5.3 percent in 2020, when the world was first hit by COVID-19 and many countries imposed travel restrictions. As a result of the pandemic, tourism receipts shrank from 4 percent of GDP in 2019 to 1 percent in 2021. Data from the Tanzania National Bureau of Statistics show that the number of international tourist arrivals rebounded to 922,692 in 2021, up from 620,867 in



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2020. This represents an increase of 48.6 percent, signaling a recovery in tourism activities, but is still well below the pre-COVID-19 level of 1,510,151 visitors in 2019. As the tourism sector transitions gradually into recovery mode along with the rest of the world, the authorities have been urged to look toward its future resilience by addressing longstanding challenges that could help position Tanzania on a higher and more inclusive growth trajectory. Areas of focus include destination planning and management, product and market diversification, more inclusive local value chains, an improved business and investment climate, and new business models for investment that are built on partnership and shared value creation.



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**Rotana**  
Dar Es Salaam

### Stay exceptional in Tanzania Welcome to Johari Rotana

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In 2021, the government continued to promote local and international tourist attractions through: the designated tourism channel, Tanzania Safari Channel; the engagement of famous people, volunteer ambassadors, and Tanzania's ambassadors in the campaign; and participation in Expo 2020 Dubai. In addition, through the Tanzania Tourist Board (TTB), the government has continued to raise public awareness about tourism through concerts, sports events, and various exhibitions including the Sabasaba Trade Fair, Serengeti Marathon, Rock-City Marathon, East African Trade Fair, Bunda Women's Marathon, East African Community Jua Kali/Nguvu Kazi Exhibition, Serengeti Cultural Festival, Kili-Summit Exhibition, Bagamoyo Festival, and Sauti za Busara Festival. The TTB also organized the first East African Regional Tourism Expo, which was held in the Arusha region in 2021.

As a result, a total of 742,133 tourists visited Tanzania from January through July 2022. This represents an increase of 285,867 tourists, a rise of 62.7 percent compared with the 456,266 tourists who entered the country during the same period in 2021.

In 2022, the number of tourist arrivals is expected to increase to levels higher than those recorded before the COVID-19 pandemic. This is thanks to the government's efforts to promote tourist attractions such as national parks, beaches, Mount Kilimanjaro, and game



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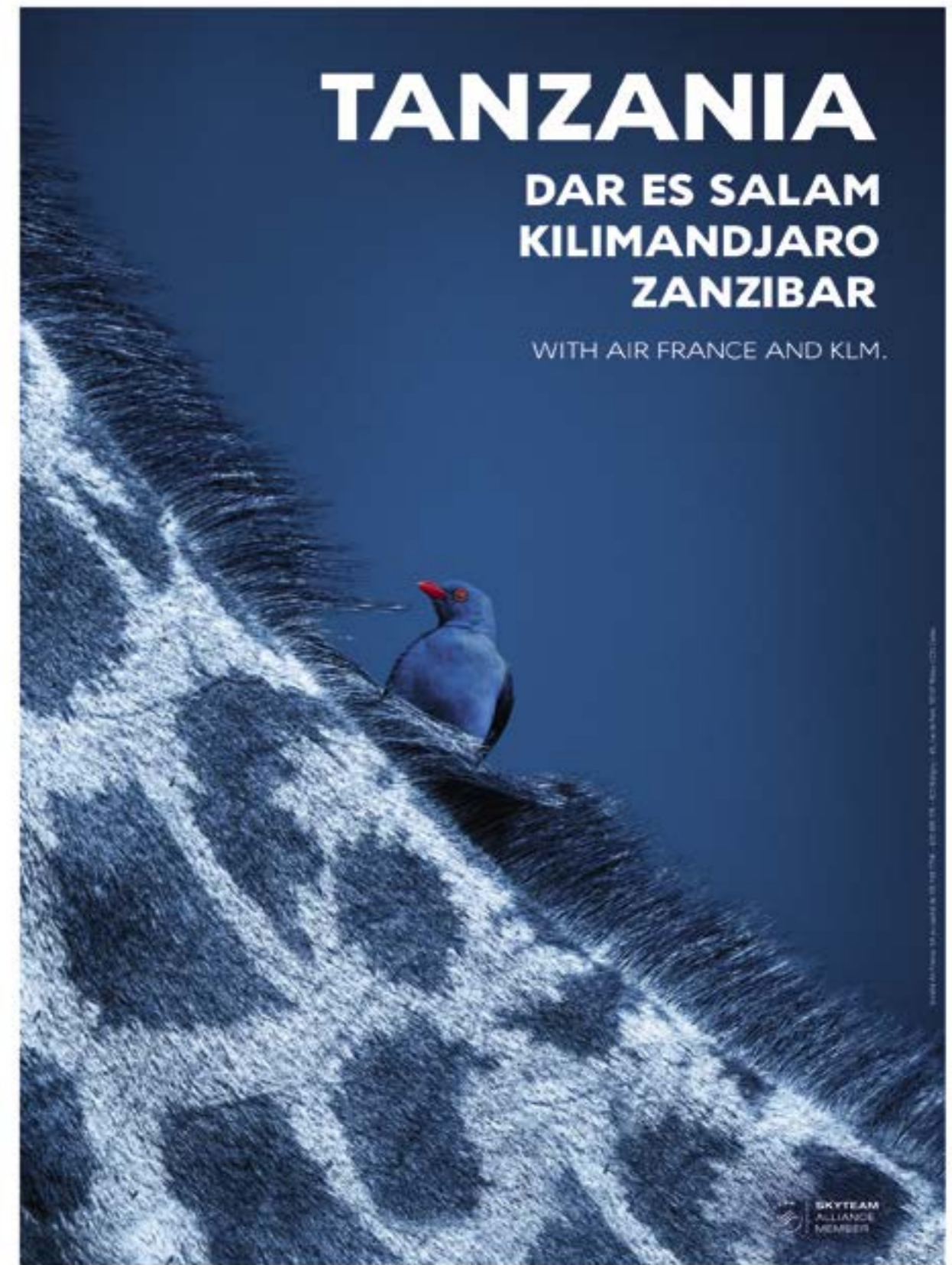
### Investing in Tourism What Are the Opportunities?

According to the Tanzania Investment Center (TIC), tourism is a fast-growing sector that offers plenty of investment opportunities in a number of areas, including:

- Construction of tourist hotels in towns, game parks, and along the 850-mile coastline of mainland Tanzania and the shores of Zanzibar
- Establishment of leisure parks
- Construction of golf courses
- Investment in conference tourism facilities
- Provision of air/ground transport
- Tour operations and trophy hunting
- Sea and lake cruising
- Development of eco-tourism facilities
- Beach tourism, cultural and historical sites

reserves. As part of this campaign, in April 2022 Tanzania's President Samia Suluhu Hassan unveiled a documentary, *The Royal Tour*, while promoting foreign direct investment during her official visit to the United States. Filmed throughout Tanzania in 2021, it features Emmy

Award-winning journalist Peter Greenberg traveling to Tanzania with President Hassan. She is his ultimate guide for a week, showcasing Tanzania's history, culture, environment, food, and music, as well as telling the stories of Tanzania's hidden jewels.





# Interview with Dr Pindi H. Chana

## Minister of Natural Resources and Tourism



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The entire world knows about Mount Kilimanjaro and the wildebeest annual migration. But tourism in Tanzania has much more to offer than just photographic safaris. The country has a wealth of tourist attractions and of natural resources in need of protection. Developing tourism and protecting the environment require dedication and investment.

### **What are the main responsibilities and objectives of your ministry?**

We are dealing with natural resources and tourism. Our main responsibility is to strengthen conservation and sustainable management of natural resources. We have a lot of natural resources. We have wildlife, we have to protect the environment, and also enhance the development and utilization of forest plantations and woodlands. Bees and honey, that is also under

our ministry. It gives employment for youth. Wildlife needs to be protected. We have to stop poaching, but also enhance sustainable utilization and consumption of wildlife and woodland.

We must also develop sustainable tourism. Not only natural resources, but also culture and heritage resources, cultural traditions like those of the Masai tribe. And the Swahili language. So we have culture tourism. We have gastronomic tourism.

Our ministry must also develop its capacities to deliver services. Nowadays we have to

move from manual to digital. We must also enhance the internalization of the national anti-corruption strategy. Everything must be transparent.

### **You want to develop tourism, but what about mass tourism?**

We want many tourists to come to Tanzania. We have the target of 5 million by 2025 with a 6 billion USD income. So we really need many visitors.

### **Tanzania's natural resources are a gem. What is the share**

### **of tourism in the national economy and employment?**

The tourism sector is now contributing around 17.2% of GDP and in foreign exchange about 25%. That was before covid 19. As for employment, tourism employs almost 1.6 million people directly and indirectly.

After the pandemic we went a bit down, because during covid most of these tourist places were closed and people were evacuated by their country. But now we are managing to live with covid 19, and we are moving forward.

### **How did you overcome the covid 19 crisis?**

We had different strategies. Since we were informed of the outbreak of covid in March 2020, the government took different measures, general and specific. The ministry conducted a rapid assessment of the impact of the coronavirus in the tourism sector, and in view of its magnitude, it proposed immediate measures to rescue the sector. It was combined with a comprehensive covid 19 recovery and sustainability plan for the tourism sector valid up to 2024-25. In May 2020, the ministry, in collaboration with other ministries and with tourism stakeholders, developed national standard operating procedures to be able to reopen the destination during covid 19. A special budget was voted. Our ministry received 9.2 million Tsh which helped us to carry out renovation and

infrastructure work, such as helipads and airstrips in the parks. The private sector and development partners cooperated with the government in the warfare against covid 19 by providing ideas, money, protecting gear, safety training programs, and emphasizing the importance for employees to abide by government directives.

We still had domestic tourism, but it was slow, even with waivers of park fees. But now covid is behind. The ministry took measures aimed at ensuring security of accommodation, issued safety SOPs for the national parks, plus a covid 19 protocol. Promotional videos specific to heritage sites were distributed to various outlets by UNESCO, to show to the world what was done to prevent the transmission of the disease.

### **Nowadays, what are the main tourist attractions, what are you doing to diversify the sector?**

We have many areas of attraction: wildlife tourism, beach tourism, cultural tourism. Wildlife remains the dominant product (80% come for wildlife safaris), with 22 national parks, the highest mountain in Africa... We have Zanzibar Stone Town, Mafia island, Swahili culture.

We have diversified to cruise ships, coast and marine beach tourism and also Convention and Exhibition tourism - meetings like recently that of the

World Tourism Organization (WTO). When you host these meetings you might have 1,000 participants, and after the meeting they want to go and see all the attractions. The ministry has developed viable frameworks of diversification in the tourism sector, geographically and productwise, to develop sustainable tourism in Tanzania.

### **For members of the US Chamber of Commerce, what are the investment opportunities in tourism? What support does your ministry provide to investors and for which projects? What is your message?**

We have many areas of investment. At the last WTO meeting we launched a book describing all investment areas. We collaborate with the Tanzania Investment Centre and with the Zanzibar Investment Promotion Authorities. We need people to invest in lodges and camps, especially in the southern parks. We need more five-star beds, ecolodges, permanent tented camps, 4-star airport hotels, lodges with 80 beds. Tanzania is thinking to develop new incentive and development mechanisms to expand the tourism value chain and supply of tourism services, and also tour operators incentives.

More information can be found on the MNRT portal which acts as a one-stop center for all license applications.



# Travel Arrangements and Formalities

## Administrative Formalities

### Passport

A passport valid for at least 6 months following the date of arrival in Tanzania is mandatory.

### Visa

A visa is required to visit Tanzania. Travelers who have not been able to apply for a visa before departure can obtain one at the international airports in Dar es Salaam, Zanzibar, and Kilimanjaro, or at the ports in Dar es Salaam, Zanzibar, and Kigoma.

Please note that holding a visa does not guarantee entry to the country. The immigration official at the point of entry may shorten the validity period of a visa issued online. It is therefore important to check the note made by the official on the visa and strictly comply with the duration of stay granted. Immigration officials may also refuse to validate a visa if they believe that this is necessary.

Any foreign national who intends to live in Tanzania for the purposes of investment, business, employment or any other legal activity must apply for a residence permit or

a laissez-passer travel document (valid for a maximum of 2 years).

## Health

### Vaccinations

Required:

- COVID: A vaccination certificate with QR code must be shown to prove that the holder has received a full course of vaccination (using a vaccine recognized by the European Union, Sputnik or Sinovac) or a negative PCR test certificate with a QR code dated within the last 72 hours (an antigen test may be required on arrival). Failing this, a PCR test will be required on arrival, at a cost of around \$100, and travelers will need to isolate while awaiting their results. Children aged 5 years and under are exempt, as are passengers in transit and aircrews. Travelers are also required to complete an online health form 24 hours before their arrival in the country, in return for which they will receive an individual confirmation code to be presented as part of the health checks at the border.

- Yellow fever: In theory, yellow fever vaccination is only required for individuals traveling from a country where the disease is endemic, or those have spent more than 12 hours in transit through such a country. However, in practice, it is often required indiscriminately, so it is advisable to get vaccinated.

Recommended:

- Diphtheria-tetanus-poliomyelitis (DTP)
- Measles-mumps-rubella (MMR)
- Tuberculosis

Depending on duration and location of stay:

- Typhoid
- Hepatitis A
- Hepatitis B
- Bacterial meningitis A + C + Y + W135
- Rabies

### Health Risks

- **Ebola:** An Ebola virus epidemic has been ongoing in Uganda, around 320 kilometers from the Tanzanian border city, since September 2022. Travelers coming from Uganda must comply with a strict quarantine according to the arrangements set out



in Tanzanian legislation. Be particularly vigilant if traveling in the north of the country. In all cases, stay up-to-date with the latest situation via the websites of your embassy in Tanzania and the World Health Organization.

- **Malaria:**\* Very common, particularly in the Dar es Salaam region. Before traveling, speak to your doctor or a health center specializing in travel medicine. If you develop a fever, medical advice must be sought

so that anti-malaria treatment can be given quickly if required.

- **Dengue:**\* Very common, particularly in the Dar es Salaam region. Treatment focuses on symptoms, and is based on paracetamol (acetaminophen). Aspirin and anti-inflammatories must be avoided.
- **Cholera, typhoid fever, leptospirosis, AIDS:** Circulating in the country. Be vigilant and take appropriate hygiene measures.

\* To protect yourself from diseases caused by mosquito bites (malaria, dengue, chikungunya), use insect repellents on skin and clothes, wear light-colored clothes that cover your skin, and sleep under mosquito nets.

#### Recommendations

It is vital to take out an assistance or insurance policy to cover any healthcare expenses or medical repatriation costs, otherwise travelers risk not obtaining access to care, even in an emergency. In an emergency, it is recommended to seek a transfer to Dar es Salaam, or evacuation by air to Kenya or South Africa. Never take medicines purchased on the street (due to a risk of counterfeits).

#### Safety

There is a threat of terrorism in several of Tanzania's neighboring states, and at the south-eastern border with Mozambique. Due to the porosity of the borders, travelers are recommended to be extremely vigilant, particularly in locations frequented by foreign nationals (hotels, bars, restaurants, nightclubs, shopping centers, places of worship, etc.) throughout the country, and especially in Dar es Salaam.

Since the risk of attacks remains high, it is advisable to stay away from gatherings and to be cautious when traveling.

Travelers are advised to avoid the area of Loliondo, to the north-west of Kilimanjaro



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and Arusha, due to clashes between the Maasai communities and government forces. Due to a renewed outbreak of bag snatching, in some cases violent, it is recommended to be particularly vigilant in tourist areas and near beaches, especially on the island of Zanzibar.

#### Everyday Life

##### Money

The unit of currency is the Tanzanian shilling (TZS). Cash can be withdrawn from ATMs, but these are few in number and do not accept all bank cards. Travelers are therefore recommended to withdraw cash from a bureau de change or a bank. Luxury hotels also offer this service. Some hotels, restaurants, and supermarkets in large cities accept credit cards.

The American dollar is relatively widely accepted, with the exception of notes issued before 2006.

##### Electricity

The current is 220/230 V, 50 Hz. Sockets have three pins, two flat horizontal pins and one vertical pin (British system). Travelers may therefore need an adapter.

Power outages occur quite frequently.

##### Travel

- **Road:** The major routes within the road network are good, but secondary routes are often tracks. Accidents are frequent, and it is better to avoid traveling at night. Drivers will require an international driver's license if staying for less than 3 months. After 3 months, a Tanzanian license is required.

- **Rail:** There are two rail companies. TAZARA is fairly reliable, while the Tanzania Railways Corporation suffers from a lack of maintenance.

- **Sea:** Catamarans provide a regular and efficient shuttle service between Dar es Salaam and Stonetown (the main city on the island of Zanzibar). However, it is best to avoid the ferries, which are often overloaded, as well as other maritime and lake services, which are not terribly safe.

- **Air:** There are numerous domestic flights. Timetables can, however, be somewhat unpredictable, and smaller airlines do not systematically carry out maintenance procedures. Seek advice from travel agencies.

Source: [www.diplomatie.gouv.fr](http://www.diplomatie.gouv.fr)



# Acronyms

AfDB	African Development Bank	MW	Megawatt
CCM	Chama Cha Mapinduzi	PPP	Public-private partnership
CNG	Compressed natural gas	SADC	Southern African Development Community
COMESA	Common Market for Eastern and Southern Africa	SGR	Standard Gauge Railway
DRC	Democratic Republic of the Congo	TAA	Tanzania Airports Authority
EAC	East African Community	TANASCO	Tanzania Electric Supply Company
EACOP	East African Crude Oil Pipeline	TAZARA	Tanzania-Zambia Railway Authority
ECF	Extended Credit Facility	TeIW	Tanzania Electronic Investment Window
EU	European Union	TIC	Tanzania Investment Centre
FDI	Foreign direct investment	TRC	Tanzania Railways Corporation
FYDP	Future Years Defense Program	TZS	Tanzanian shilling
GDP	Gross domestic product	UNESCO	United Nations Educational, Scientific and Cultural Organization
ICT	Information and communication technology	UN	United Nations
IMF	International Monetary Fund	US	United States
IUCN	International Union for Conservation of Nature	USAID	United States Agency for International Development
JNIA	Julius Nyerere International Airport	USD	United States dollar
LNG	Liquefied natural gas	VAT	Value-added tax
MCC	Millennium Challenge Corporation	ZAA	Zanzibar Airports Authority
MONUSCO	United Nations Organization Stabilization Mission in the Democratic Republic of the Congo		

# l'essentiel

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Published by - Édité par



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75008 Paris - France  
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**Publisher**

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**Photo credits**

AFP - Shutterstock

**Printed in France**

Gibert Clarey Imprimeurs  
55 rue Charles-Coulomb  
37170 Chambray-lès-Tours

**Issue number - ISBN**

979-10-97553-07-04

**Legal deposit**

January 2023





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\* A Tier One Gold Asset is an asset with a reserve potential to deliver a minimum 10-year life, annual production of at least 500,000 ounces of gold and total cash costs per ounce over the mine life that are in the lower half of the industry cost curve.