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The Investor

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Handshake
that made 'a Tanzanian moment'

BLUEPRINT
Miracles of reforms

AVOCADO
From tropical fruit to green gold

CASHEWS
Milions of opportunities

The Investor is a quarterly magazine published by the Tanzania Investment Centre (TIC) distributed in 3,000 copies throughout the country and abroad.

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Contents

Page 7: Handshake that defined a Tanzanian moment

Page 14: The miracles of blueprint reforms

Page 16: Opportunities aplenty in cashew value addition

Page 22: Meet Tanzania's own queen of poultry

Page 26: Reclaiming past glory of livestock industry

Page 34: Tanzania named best wildlife destination in the world

Page 37: Why it is an opportune time to harmonise Investment laws

Page 38: The avocado Midas touch

Page 41: How Dar fairs in global performance indicators

EXECUTIVE DIRECTOR'S Message

GEOFFREY IDELPHONCE MWAMBE

UNLIKE missed calls, missed opportunities can never be dialed back. And I wouldn't have missed this opportunity for the world to welcome you, our reader, to the maiden edition of *'The Investor'*.

This is an opportunity for TIC to quench investors' and other stakeholders' thirst for information on investment opportunities and investment climate in general.

It includes information on investment procedures, incentives, regulations and generally what it takes for one to be able to invest in Tanzania.

The past three years have been challenging yet fruitful in matters of investment in the country because we have witnessed massive reforms and improvements in legal frameworks, policies, regulations and processes that have all led to increased investments and revenues to the Government.

The first issue features an in-depth analysis of the fruits of the reforms and importance of the momentous agreement between the Government of Tanzania and Barrick Gold Corporation of Canada and what it means to the country and her people.

The Investor has come at an opportune time, a time to take stock of the country's achievements and communicate to the world on the vast investment opportunities that the country has to offer in various sectors.

There are unlimited investment and business opportunities in Agriculture, Manufacturing, Mining, Health, Education, Transport, Fishing, Aquaculture, Livestock, Economic infrastructure (including energy), ICT, Tourism and Services sectors.

The Investor also comes at a time when the Fifth Phase Government has resolved to transform the country into an Industrial Economy, prompting the need for informed reforms to attract investors in the industry sector.

Cashew is among the priority areas that the Government has purposely decided that should be promoted and attract more investment to create value addition.

In July last year, the Tanzania Investment Centre (TIC) hosted investment promotion forum in Mtwara Region that attracted local and foreign investors and ultimately generated interest from over 40 prospective investors. In this issue we outline potential areas for investment in the cashew sub-sector.

This edition has so much to offer as it features articles on the investor of the month, information on how the one stop shop that provides facilitation services at the Centre operates and why, with ongoing reforms, the future looks bright for Tanzania in areas of investment.

As the Government and the Centre guarantee our readers and stakeholders of commitment to ensure that Tanzania becomes the best investment destination on the continent, we also welcome partnerships in different forms in supporting future editions of the magazine.

The Investor is designed to float your boat, it is the first issue but read assuredly it certainly is not the last. We are here to stay. Enjoy your reading.

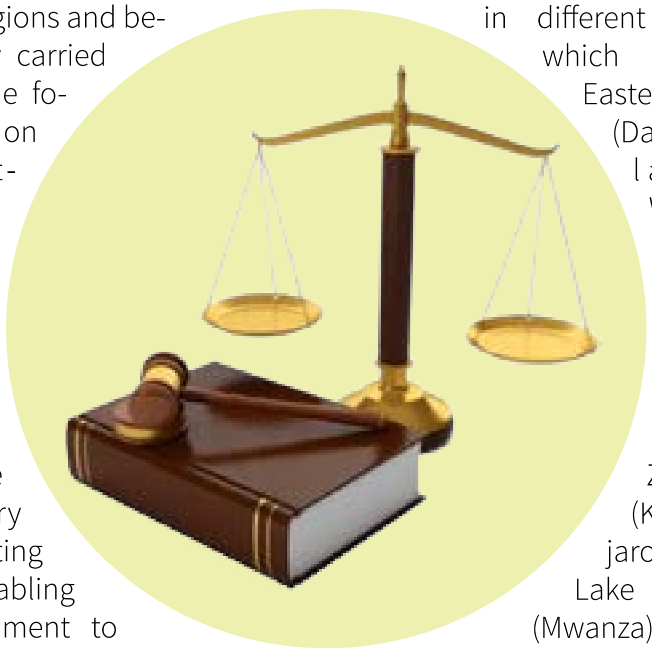
Thank you.

Come to TIC for investment advice, investors counseled

INVESTORS in the country have been counseled to consult with Tanzania Investment Centre (TIC) offices countrywide whenever they need to address various legal challenges they face.

The plea was made by TIC Senior Legal Officer, Alex Stephen Mnyani during the commemoration of the Legal Week in Dar es Salaam early February.

The occasion was held in various regions and befittingly carried a theme focusing on investment and business and the role of the judiciary in creating an enabling environment to attract investments to the country.



He said that this year's theme is a clear sign that the Judiciary in collaboration with other stakeholders is keen to ensure that existing legislation are respected with the view of creating an enabling environment for local and foreign investments and for doing business in general.

"That would in turn help achieve the government's vision of transforming the country into a semi-industrialized middle-income economy in 2025. It should be noted that an industrialized economy is built on the strength of investments," he said.

TIC offices are spread out in different zones which include Eastern Zone (Dar es Salaam), Western Zone (Kigoma), Northern Zone (Kilimanjaro) and Lake Zone (Mwanza) and partook in the exhibition to sensitize the public on issues pertaining to investments and how investors are obliged to undertake their ventures by abiding to existing laws and regulations.

On that backbone, TIC also reminded all stakeholders that it offers legal counseling services to investors including on issues involving conflicts between investors and the government, investors and surrounding communities and/or between different investors.

Along the same line, TIC also called on all regulatory bodies in the country to revisit laws to help spur and attract investments, bearing in mind that legislation and investments are inextricably linked.

He said that legislation that are deemed to be of disadvantage to investments and business growth need to be reviewed to work to the advantage of the country.

It is also imperative that public awareness campaigns and education on different legislation and regulations concerning investment should be imparted to stakeholders to help them implement their projects with relative ease.

By LATIFFA KIGODA

A group of investors during a forum organised by TIC.

Minister for Foreign Affairs and East Africa Cooperation, Prof. Palamagamba John Kabudi, shakes hands with Barrick Gold Corporation Chairman Prof. John Thornton as they exchange signed framework agreements between the Tanzanian Government and Barrick Gold.

A TANZANIAN MOMENT:

Handshake that made a difference

FRIDAY, January 24, would have been just another day bar for an ostensibly innocuous handshake that would come to epitomize a "Tanzanian moment".

So, what's in a handshake? Plenty of positive energy, sign of a new beginning, the start of success or, in some misfortune, failure; or just simply a gesture symbolizing two parties on equal footing.

Let's take a trip down memory lane for a little refresher on famous handshakes.

The last time former US President Bill Clinton and late Cuban leader Fidel Castro were in the same room, in October 1995 at a United Nations reception in New York, they were caught in an awkward moment. They actually shook hands!

It was awkward in the sense that it was the first time Castro, who had been in power for over 35 years then, had ever shaken hands with a sitting American president, and considering that Cuban-American relations is always a sensitive political issue, the gesture was momentous.

Closer to home, at the wake of March 2018, Kenyan President Uhuru Muigai Kenyatta and opposition leader Raila Amolo Odinga did a famous "handshake" in the spirit of "building bridges" towards attainment of peace and unity.

> We don't need to fight with investors but rather engage in discussions and negotiations while cooperating with them in a win-win situation, this spirit should continue and be sustained

President Dr John Pombe Magufuli looks on as the agreements are being inked.

It was a public declaration to cease hostilities and find a common ground in the interest of moving the country forward after a long period of politically motivated skirmishes.

And then came the handshake in Dar es Salaam at the end of January this year. It was a Tanzanian moment in the sense that something unprecedented happened that would shape the future of investment in the country and, perhaps, the continent.

It was the climax of protracted negotiations that ultimately re-wrote the course of history after the government of Tanzania signed an iconic mining agreement with Barrick Gold Corporation that for the first time begot a win-win situation.

The agreement has not only re-defined the current and future outlook of mining operations in the country but also serves as a precedence and sets the tone for other African countries to learn from.

After the signing of the agreement at State House in Dar es Salaam, President John Pombe Magufuli, architect of the reforms that led to the agreement, assured Barrick Gold Corporation and other investors from around the world that Tanzania was the best investment destination.

"We don't need to fight with investors but rather engage in discussions and negotiations while cooperating with them in a win-win situation, this spirit should continue and be sustained," he said.

Among other things, the agreement ratifies the creation of Twiga Minerals Corporation, the management company jointly owned by the government and Barrick that will oversee the management of Barrick's local operations.

For sustainable development, the president also reminded the company to protect the environment and also work closely with mining zones surrounding communities by supporting them to improve their welfare in education, health, water and other areas.

This comes at a time when the country's gold export had risen by 45.5 per cent in 2019 to US$2.2 billion, compliments to increased output and higher prices at the world market as government efforts to curb smuggling from small-scale miners pay off.

Twiga Minerals Corporation is now owned 84 per cent by Barrick and 16 per cent by the government. The deal provides for a 50/50 sharing in the economic benefits generated by the mining operations after the recoupment of capital investments.

Tanzania Investment Centre (TIC) Executive Director, Geoffrey Idelphonce Mwambe was part of the government's negotiating team and admits that the negotiations took long for various reasons to ensure that all parties are on the same page.

"We cannot go into the details of the agreement but there were issues of contention such as under declaration of revenues and payment of taxes, inflated costs of mining operations and more," he said.

He clarified that the 16 percent non-carried interest stake owned by the government is non-negotiable in all mining operations but economic benefits sharing would differ from one mining company to another.

Mwambe noted that from now onwards all Mineral

The two parties display the signed framework agreements.

Development Agreements (MDAs) would be in line with three amended mining laws namely: Mining written Laws (Miscellaneous Amendment) Act, 2017, the Natural Wealth and Resources (Permanent Sovereignty) Act, 2017 and the Natural Wealth and Resources (review and renegotiation of unconscionable terms) Act, 2017

"The new framework provides a level playing field between the government and investors in the mining sector," said Mwambe, adding that negotiations with other major mining companies are ongoing in the same spirit with the aim to review existing agreements to achieve a win-win situation.

During the signing ceremony, Barrick Gold President and Chief Executive Officer, Mark Bristow said the joint venture, which will give the government full visibility of and participation in operating decisions made for and by the North Mara, Bulyanhulu and Buzwagi mines, was a pioneering move which would take Barrick's policy of partnership with its host countries to a new level.

"Many people were pessimistic, saying that your criticism will keep away investors, what has happened is a challenge to the mining industry and all of us to embark on something where we win together or lose together," he said of President Magufuli's stance to revisit the miner's agreement with the government.

Following the agreement, Barrick and the government will work together to implement a number of issues.

In particular, Barrick will partner with the University of Dar es Salaam and commit up to US$10 million in funding over a 10-year period for training and skills development in the mining industry, and will also commit up to US$40 million to upgrade the road between Bulyanhulu and Mwanza as well as constructing a housing compound and related infrastructure.

"Since taking over the operatorship, we have been engaging with local communities to restore the mines' social license to operate and we are cooperating closely with the authorities to address the environmental issues at North Mara. In addition, we are working on a local supplier strategy as well as a community development plan to create sustainable economic opportunities for the people around our mines," Bristow said.

Bristow said that there was a strong focus on rationalizing and optimizing mine plans. Following the successful transition to owner mining at North Mara, this has already delivered a reduction in costs and an increase in free cash flow.

A similar result is expected at Bulyanhulu, where an integrated study aimed at optimizing the complete ore-body should kick-start the resumption of mining operations there later this year.

Early last month Bristow was quoted on https://www.miningmx.com/ declaring himself satisfied with the agreement signed in January and rejected the allegation that his group had given away too much to reach the settlement which included the payment of US$ 300 million to settle tax claims by the Tanzanian government.

He concurred that Tanzania "had a legitimate beef" in its dispute with Barrick Gold subsidiary Acacia Mining and the solution now reached".

"The agreement would make Africa a very different place in ten years' time if this formula could be migrated across Africa. I would like to believe this is a foundation on which to go forward in Africa generally because it really does recognize the importance of partnership," he said.

"Let's set aside the $300m fine. That's for past whatever and the Tanzanian government never threatened nationalisation. What it was after was a fair deal and John's (Barrick chairman, John Thornton) involvement back in 2017 very clearly captured that.

"Fundamentally, Acacia was

Agreements being signed.

an irresponsibly-run business and it was not properly managed. It was a small company with a head office in London and another head office in South Africa. Management was through ex-patriates living in Dar es Salaam and Arusha and not even on the mine sites.

"A true measure of partners is 50/50 after the recoupment of capital expenditure although this can be a few per cent either side. The beef in Tanzania was that these mines had been run since the 1990's but they had not paid tax. That's tantamount to 100% the other way (from nationalisation). Everybody is getting the benefit except the host country treasury."

Gold bars.

Bristow added that: "This is now a true partnership in that when you win, you win together and when you lose, you both lose. This effectively splits the pie as a national asset and one thing a gold company will never lie about is the gold it produces so you can see the revenue."

Bristow also emphasised the benefits of having Tanzanian government representatives sitting on the boards of mining companies where they could see for themselves exactly what was going on.

"Previously they have never had the right to see the budget. Now they have the right, for example, to seek the background on a capital request. That's a legitimate request from a board member to which we say – 'sure'."

KILASA MTAMBALIKE and Sources

FAQs

Frequently Asked Questions

1.0 What is Tanzania Investment Centre (TIC)?

The Tanzania Investment Centre (TIC) was established in 1997 by the Tanzania Investment Act to be the Primary Agency of the Government to coordinate, encourage, promote and facilitate investment in Tanzania and to advise the Government on on all investment related matters. It facilitates both foreign and local investors. The threshold for investment capital for foreign required must be at least US$500,000 for projects which are wholly owned by foreign investors or joint venture and US$100,000 for projects which are wholly owned by local Tanzanian.

1.1 How does TIC facilitate investors?

Tanzania has introduced numerous structural and legal reforms to ensure easiness in starting and doing business /investment in the Country. These efforts have been commended by both the World Bank and the IMF. Investors are assisted to process the required authorizations permits and licenses through One Stop Facilitation Centre inside the TIC building. The investment facilitation services currently provided includes; company incorporation, work permit class A&B, tax payer identification number, product standard certificate, Tanzania foods and drugs authority business permit, environment certificate, occupation, health, safety compliance certificate, land derivative right, industrial and business license and residence permit class A&B. Furthermore, stationed senior officers from National Identification Authority (NIDA), has joined the Centre to strengthen investment facilitation services to investors through One Stop Facilitation Centre.

2.0 Why invest in Tanzania?

The following are among the major reasons that explain why potential investors should consider Tanzania as their investment destination:

2.1 Economic Stability with High Growth Potential:

Tanzania is experiencing sustained economic growth, with an average Gross Domestic Product ("GDP") growth rate of around 7% per annum. This is a result of economic reforms and sound economic policies that were introduced since the second half of the 1990's.

2.2 Rich Natural Resources

Tanzania is endowed with a variety of natural resources including a 1,424-kilometre coastline, enormous arable land, world class tourist attractions, minerals, oil and gas. Available arable land, conducive weather and ground along with surface water provide opportunities in agro-production and agro-processing, livestock farming as well as fish processing and livestock products including meat, milk and leather.

2.3 Strategies Location

The country's geography is greatly beneficial. Tanzania is connected directly to the Indian Ocean giving it trade links to Asia and sits in between the ocean and 6 landlocked countries (Uganda, DRC, Rwanda, Burundi, Zambia and Malawi) that rely on Tanzania for passage of goods. The country has 3 deep water ports (Dar es Salaam, Tanga and Mtwara) that are servicing the neighboring countries. Furthermore, its membership to the SADC Free Trade Area and EAC Common Market, with developed rail and road networks, makes Tanzania a natural transportation gateway for East and Central Africa

2.4 Peace and Political Stability

Tanzania is one of the most peaceful and politically stable countries in Africa. Since its independence in 1961, the country has never experienced a civil war or any major internal strife.

2.5 Market access

Over and above, investing in Tanzania also guarantees access to a market of more than 450 million people in Eastern and Southern Africa in which Tanzania enjoys preferential trade arrangements, by virtue of being a member of EAC and SADC. Tanzania Exports over 6,000 items under the AGOA, and is a Trade partner with China (where over 4,000 items can be exported), Canada, and Japan. In addition, Tanzania is a gateway to six landlocked countries in Eastern and Central Africa. It provides natural access to the Democratic Republic of Congo, Rwanda, Burundi, Zambia, Malawi and Uganda. Investing in Tanzania therefore provides the advantage and opportunity to access local, regional and international markets.

2.6 Infrastructure Services

To support these policies, we have in place basic infrastructure services such as water, power, roads, rail, air transport, and telecommunication are available at varying degrees. Currently, one is assured of electricity and more generation is on the way with current construction of Nyerere Hydro-Electric Dam with capacity to produce more than 2,000MW. Access to electricity is in rural Tanzania is over 75 percent. Most key economic centres are connected with good roads and more are being constructed. Telecommunication is adequately available throughout the country. Air transport to the country and within the country is satisfactory.

BUSINESS ENVIRONMENT

Blueprint reforms pull off miracles

2017/18

MINISTRY OF AGRICULTURE

EXPECTED COLLECTION
TZS 18.5 bn

ACTUAL COLLECTION
▲ TZS 33.8 bn

EQUIVALENT TO
182%

OCCUPATIONAL SAFETY AND HEALTH AUTHORITY (OSHA)

2016 REVENUE COLLECTION
TZS 11 bn

2019 REVENUE COLLECTION
▲ TZS 21 bn

EQUIVALENT TO
91%

IT has worked like a wonder drug, well, sort of, all things considered.

Implementation of the blueprint recommendations on creating an enabling business environment to attract investments has had miraculous results.

Contrary to mistaken beliefs, the easing of bureaucratic processes and reduction of fees/charges by some government institutions has actually increased revenues and customers to a record level.

According to a status report prepared by the Tanzania National Business Council (TNBC) under Business Environment Working Group, on the implementation of blueprint recommendations on business regulatory reforms, Ministry of Agriculture and Food Security as well as Occupational Safety and Health Authority (OSHA) were among the top performers.

"Before reforms in 2016/17 the Ministry of Agriculture expected to collect TZS 4 billion and actual revenue collection was 3.3 billion, which was equivalent to 83 percent.

In 2017/18 after reforms, the Ministry expected to collect TZS 18.5 billion and the actual collection was TZS 33.8 billion, which was equivalent to 182 percent of the expected revenue collection," says the report

The report, noted that OSHA managed to increase its revenue collection from TZS11 billion in 2016 to TZS21 billion in 2019. In addition, the registered workplaces (customers) increased from 3,354 in 2017 to 16,457 in 2018/19, which was 491 percent increase.

Fees and charges removed by OSHA included workplace registration fee that was previously charged between TZS 50,000 and TZS 1,800,000, workplace registration form fee of TZS 2,000. It also covered removal of fine related to compliance with fire-fighting equipment of TZS 500,000, which interfered with procedures overseen by the Fire and Rescue Force.

Other fees slashed by OSHA are Occupational Health and Safety (OSH) Act Compliance License fee which was previously charged at TZS 200,000 per annum and OSH consultation fee of TZS 450,000 per hour for one expert.

The study covered five regulatory bodies namely Tanzania Bureau of Standards (TBS), OSHA, Tanzania Medicines and Medical Devices Authority (TMDA), Business Registration and Licensing Agency (BRELA) and National Environmental Management Council (NEMC).

According to Tanzania Investment Centre (TIC) Director of Investment Promotion, John Mnali, the blueprint was a long time coming.

"It was long overdue as a roadmap for improvement of investment and businesses climate, it will ultimately stimulate investments and address the challenges and shortcoming in the country's business environment," he said.

Minister of State, Prime Minister's Office (Investment) Hon. Angellah Jasmine Kairuki (MP).

In total, the report revealed that the Government had abolished fees of 167 business licenses, permits and registration certificates and reduced the fees of 9 business licenses, permits and registration certificates that makes a total of 176.

In another progress, regulatory bodies such as OSHA, TBS and NEMC amended their regulations for the sake of reducing fees and charges. For instance, NEMC reviewed the Environmental Management (Fee and Charges) Regulations of 2008 2016 and 2018 to reduce fees and charges.

"There are some regulatory bodies such as NEMC, OSHA, former Tanzania Minerals Audit Agency (TMAA) and Workers Compensation Fund (WCF) decided to conduct joint inspections in the mining industry," noted the report.

The report further shows that there is significant improvement in terms of time spent to obtain business licenses, permits and registration certificates.

Some of the regulatory bodies such as BRELA and TMDA adopted the use of ICT to promote e-business registration and licensing while others such as Tanzania Investment Centre (TIC), TBS, OSHA and NEMC have already developed their own information systems.

TNBC in collaborations with other stakeholders charted out the blueprint that called for the public and private sectors to cooperate in creating enabling business environment that will attract domestic and foreign investments to the country.

The Blueprint document was made legally binding by Parliament in July 2019 to smoothen its implementations.

It calls on local and foreign investors to eye Tanzania as a hub for investment following the government's reforms to address delays in issuing business licenses and permits and multiple regulatory bodies that discourage investors.

The Blueprint among others, recommended 34 business permits and licenses out of 380 to be removed.

FARAJA MGWABATI

Opportunities aplenty in cashew value addition

SAID Kasigere (45) is a happy man, and for all the right reasons.

He is a cashew nuts farmer from Nagaga Village, Masasi District in Mtwara region, and his income has significantly improved since 2016, compliments to the springing up of cashew processing factories in his area.

"Before then, it never occurred to me that the crop would change my life. But the coming of the processing industries in our villages and improved government regulations greatly helped increase our income and stabilize prices. We no longer need middlemen," says Mr Kasigere.

Mr Kasigere says he used to get TZS 300,000 per season but since 2016 he is earning not less than TZS 2 million, which has helped him modernize his house and afford to take his three children to private schools, paying up to TZS 1,600,000 per annum in fees per child.

Kasigere is just one of millions of cashew farmers in Tanzania whose lives depend entirely on the cash crop.

According to Tanzania Investment Centre (TIC) report titled 'Investment Opportunities in Production and Processing of cashewnuts', in 2017/18 the country produced 315,000 metric tons of raw cashews.

The cashews or nick-named 'green gold' is predominantly cultivated in three regions of Mtwara (194,748 tons), Lindi (76,000 tons) and Coast (20,000 tons), which account for 90 per cent of cashews in the country.

TANZANIA IS THE
THIRD LARGEST
PRODUCER OF CASHEWS
IN THE WORLD

2017 -2018
CASHEWS EXPORT FETCHED
TZS 1.3 Trillion

Other regions with minimal quantities include Morogoro, Tanga and Ruvuma.

Tanzania is the third largest producer of cashews in the world after India and Ivory Coast according to the World Bank.

During the same period cashews export fetched the country TZS 1.3 trillion, which is more than the combined earnings from exports of tobacco, tea, coffee, cotton, cloves and sisal.

As of the ongoing season, from October 31, 2019 to January 26 this year, Cashewnut Board of Tanzania (CBT) had auctioned 228,598 tons worth TZS 578 billion.

CBT Acting Managing Director, Francis Alfred, told The Investor that the auctions are still

Besides being among the top 10-world producer, Tanzania is considered as the producer of the best quality cashews in the world.

ongoing and are expected to trade 290,000 tons this season.

Most of these cashews (87 per cent) are exported unprocessed to Vietnam and India as the major buyers. Only 13 per cent (42,073 tons) of the cashews were processed lo≠cally in 2017/2018, which provides for an opportunity for investors to venture into this lucrative business.

"We would like to welcome serious investors in farming but most importantly in value addition so that we can reduce export of raw cashews. If we can manage to process even 50 per cent that would be a great milestone," said Mr Geoffrey Idelphonce Mwambe, the Executive Director of Tanzania Investment Centre (TIC).

Mr Mwambe noted that TIC was ready to facilitate investors through its one stop facilitation centre, which brings together various government institutions, thereby easing project registration processes and implementation.

In July 2019, TIC hosted a series of investment promotion fora in Mtwara focusing on the cashew sub-sector. According to Mwambe, the fora yielded positive results as it generated interest from over 40 prospective investors.

Acting CBT DG, Francis Alfred, also commended TIC for the initiative of organizing the forums, saying that they were beneficial in many ways, especially in the area of attracting investment in the linkages of value chain in the agro-processing industry.

With regard to country's capacity to process cashews, data also shows that in 2019 Tanzania had 28 cashew processing industries; six of them were not working, requiring capital injection through joint ventures.

Most of these industries are small scale processing between 25 and 6,000 tons of cashews per annum, hence the need for large scale investment.

Said Kasigere of Nagaga village Masasi district in Mtwara posing outside his new house.

Cashew nuts are produced by more than 666,200 operators (individual farmers and organizations), creating millions of direct and in-direct jobs, from farm to the factories and the entire value chain.

The presence of cashews processing industries not only guarantees the country of more foreign exchange from kernels, it also provides sustainable market and stable income to farmers like Kasigere.

The four cashew most producing regions of Lindi, Ruvuma, Mtwara and Pwani have allocated land of 538,993 hectares for farming and industrial development by investors.

Current investment needs for cashews include production of raw cashew nuts, cashew processing machineries (for kernel into various products, cashew apple and cashew shell liquid).

Others needs are manufacturing cashew processing machines in partnership with Small Industries Development Organization (SIDO) to promote local capacity and technology transfer.

Figures indicate that in Lindi Region there are 8 processing plants, whereas three (3) are not working and five (5) are operational. In Ruvuma there is only one (1) cashew nut processing plant that's operational.

In Mtwara Region 10 cashew processing factories are operational and three are not working. And in Coast Region there are six (6) cashew nut processing plants that are operational.

Against such a backdrop, enormous opportunities to

Cashew processing factories are labour intensive providing sustainable employment to many, especially women.

further invest into cashew farming and processing in the country abound. Mechanisation would help companies to improve quality, reduce costs, maximize profits and more efficiently use human resources.

If Tanzania's producers can boost mechanization and improve productivity, the sky is the limit. As consumers demand healthier snacking options, the European and North American market for cashew nuts is anticipated to continue to grow.

Since 2013, shipments of shelled cashew nuts into Europe have risen by an annual average of 21 per cent in value and 12 per cent in quantity, amounting to €1.6bn ($1.8bn) and 180,000 tons respectively, according to the Centre for the Promotion of Imports from Developing Countries.

In the past five years, European imports of cashew nuts from developing countries more than doubled from €534m in 2013 to €1.34bn in 2018.

The country's production is growing at 450 per cent, with significant opportunities for investors along the value chain.

Like any other industry, cashew industry is open to foreign direct investment (FDI) and partnerships between local and foreign companies. This move will add value to the crop in the country.

Cashew processing, for example is a capital and technology intensive business that is often beyond most local investors, so foreign investment should complement domestic investors in the industry.

Tanzania's cashew industry is witnessing concerted efforts by government and all stakeholders to increase production and processing in the country.

With 80 per cent of available cashew land under cultivation, there are still vast, unexploited avenues to match the production of Ivory Coast, which produces over 750,000 metric tons and is the largest producer in Africa and the world.

Taking advantage of the government's renewed interest in cashew, coupled with the state's resolve to achieve its industrialization agenda; it does make sense to invest in the sub-sector.

If current efforts are sustained and strategies properly implemented, within a few years Tanzania might just as well become the world's largest producer of cashew with vast opportunities for job creation and foreign exchange earnings.

BY THE INVESTOR REPORTER

DID YOU KNOW?

China is the leading country in terms of investments registered at Tanzania Investment Centre (TIC) based on value ($5,962 million) with 723 projects between 1996 and 2018. UK is the leading country in terms of number of projects (936) registered at TIC valued at $5,540 million during the same period. UK is also the leading country in terms of number of jobs created (274,401) against 87,126 created by projects with Chinese interest.

By investing in Tanzania, you get access to East African Community and Southern African Development Community markets with a combined population of 522 million, according to 2018 data.

Three Tanzanian cities of Dar es Salaam, Mwanza and Songea are among the world's 15 fastest growing cities, according World Economic Forum (WEF) report.

Tanzania is a global leader in both production and consumption of Sesame seeds with 21 percent (consumption) and 22 percent (production), according to data published by IndexBox.

Tanzania is the 3rd country in Africa with the largest cattle inventory after Ethiopia and Sudan. According to Food and Agriculture Organization (FAO), global cattle inventory in Tanzania is 11th in the world with 24,531,673 cattle.

Access to electricity in rural Tanzania is above 75 percent with more than 9,000 villages out of 12,268 s connected to the national grid.

Tanzania imports 85 percent of its pharmaceuticals, providing enormous opportunities to invest in the sector for both medicines and medical devices.

Poultry is her forte

It all started with a bold decision and a small purse in the form of early retirement benefits, a decade plus later, Elizabeth Christopher Swai is a leading investor in Tanzania's poultry industry.

Make no mistake, however, she was born an entrepreneur. She started dabbling in small ventures at the tender age of 14, while still a primary school pupil in Njombe Region.

Growing up, Elizabeth ventured in a variety of small businesses namely gardening, baking, vitenge sales and backyard broiler keeping.

"I started business when I was very young. I had my own vegetable garden when I was only 14 years old which I attended to after school and during weekends. I used to sell vegetables to expatriates in our neighbourhood who used to work in tea and timber plantations," recalls Elizabeth

Now at 52, she owns and runs a multi-billion organic poultry business, creating jobs to thousands of farmers across the country. She has also won numerous global awards in recognition of her efforts.

After 15 years of her career with UN Agencies (UNHCR and WFP), she voluntarily resigned from her lucrative job to venture into business on a full-time basis in 2006, using her retirement benefits.

> I started business when I was very young. I had my own vegetable garden when I was only 14 years old which I attended to after school and during weekends. I used to sell vegetables to expatriates in our neighbourhood who used to work in tea and timber plantations

She founded AKM Glitters Company Limited which deals with integrated poultry business, managing three Kuroiler breeder farms, a hatchery and a feed mill in Dar es Salaam and Coast Region.

AKM Glitters Company is registered at Tanzania Investment Centre (TIC) and issued with certificate of incentives, and, according to her, is the largest in East Africa and the only one in Tanzania producing authenticated Kuroiler chicks to-date.

Valued at $5.5million (TZS 12.6 billion), AKM Glitters has constantly invested resources and energy to expanding and diversifying the business in order to satisfy the poultry value chain.

Currently the company delivers services in 25 regions through working directly with 400 agents and 300,360

Elizabeth Christopher Swai

Elizabeth Christopher Swai posing with trays of eggs at her chicken farm before they are sent to the hatchery.

farmers by using its unique franchising model. It has also employed 120 staff out of which 40 are degree holders comprising of doctors and veterinary officers.

According to Elizabeth, the poultry industry in Tanzania, especially in rural areas, is unstructured but lucrative for investors and country's economy as it creates jobs throughout its value chain.

"We need to structure the poultry industry so that we can reach more people in the rural while addressing employment, nutrition and economic gap. AKM Glitters is a growing company and is now receiving international request to assist in structuring poultry business.

In 2019 AKM Glitters was requested by UNDP in Comoros to carry out an assessment in the Isles after Cyclone Kenneth. The discussion to implement the project in Comoros is on-going." she says

She notes that poultry is a capital-intensive business requiring a lot of investments in various stages of its value chain, which are; feed mill operations, parent stock farms, hatchery, abattoir, meat processing and packaging plant, logistic cold chain and extension services (training).

In addition to investing in the seven-value-chain stages, there are other opportunities in venturing in farm inputs and disease management system.

"For the poultry industry to strive, the government may have to consider incentives to investors including tax waivers for a period of five up to 10 years," says Elizabeth.

Currently, AKM Glitters Company has invested in three areas of the value chain which include breeder farms (in Bagamoyo and Mwabepande) with a combined capacity of 24,000 poultry.

Also, the company has a modern hatchery facility worth $800,000 in Mbezi Beach with capacity to hatch 106,000 eggs per week. It also operates a feed mill at Mwabepande with the capacity to produce 90 tons per day.

At a time when the government is pushing for more investment in animal feed mills, the company's factory couldn't have come at a more opportune time.

Early this month, Minister of State in the Prime Minister's Office (Investment), Angellah Jasmine Kairuki called for investors to venture in animal feed mills, saying that there are many opportunities in the sector.

"There is great demand of animal feeds, this is an area that presents a lot of opportunities for investors," the Minister told a meeting of Businessmen and Government Leaders in Mwanza.

Minister Kairuki also visited AKM Glitters company in February where she discussed promised that the Government would address various challenges that were facing the company.

The company has started expansion of the feed mill at the cost of TZS 3 billion which will have the capacity to produce 200 tons per day upon completion at Mwabepande and they are finalizing parent stock farm with the capacity of rearing 6,000 chickens at Mkuranga.

According to her, the company invests on parent stock importation from Kegg Farms India. Kuroiler parent stocks are very expensive but worth it.

Kuroiler is a dual-purpose hybrid chicken well adapted to local management under village conditions by smallholder farmers, under this management the hybrid chicken(s) produce 200 - 260 eggs during a 12-month egg-laying period and gains weight faster compared to local or indigenous chicken(s).

Hens begin laying from 5-6 months. The cocks weigh at least 2.50 Kg at around three months, at which a smallholder farmer can sell for meat.

Plans are afoot to setup additional hatcheries in Tanzania mainland and Zanzibar to decentralize the production of Kuroiler F1 day-old chicks.

The company's integrated poultry business strategy also includes the production of high quality and affordable chicken feeds for use on its parent stock farms and also for sale to to Brooding Units and smallholder chicken farmers and other commercial markets across the country.

Access by smallholder farmers to affordable quality feed will ensure improved feed conversion for increased productivity. The business target is to produce and sell at least 500,000 metric tons per year of affordable quality chicken feeds.

Furthermore, the company employs young graduates, fresh from colleges and universities in various disciplines and invests in training to groom future cadre of poultry professionals.

AKM Glitters has also adopted the Brooder Unit model to promote profitable enterprises along the chicken value chain. The Brooder Units operate as independent micro, small and medium enterprises (MSME's) and are a pivotal link with the targeted rural smallholder chicken farmers.

Elizabeth Christopher Swai posing with two Chinese engineers who were installing plant equipment for the new feed mill.

For this reason, the Brooder Unit Enterprise hubs are located close to the smallholder chicken farmers as much as possible either at the village, ward or district levels depending on the population of smallholder farm households.

With the Brooder Unit model, AKM Glitters significantly reduces high mortality (losses) of chicks in the first 4- weeks by ensuring that the chicks are brooded, reared and appropriately vaccinated before being sold to smallholder chicken farmers or farmer groups. Brooder Unit Enterprises also serve as distribution hubs for production inputs such as chicken feeds and other farm inputs.

With the ongoing investment in the expansion of farm, hatchery, and feed mill infrastructure, AKM Glitters has set the objective to produce and distribute at least 10,000,000 dual purpose Kuroiler chicken within four years through 1,500 brooder unit's enterprises to at least 1,250,000 smallholder farming households.

"Smallholder chicken farming households are expected to achieve a fourfold increase in egg and meat production and increased household incomes from the sale of chicken and eggs as well as improved household nutrition especially the children," she said.

Elizabeth is a founder member of African Agribusiness Academy, Africa Women in Agribusiness, a member of Professional Poultry Association, Feed Mill Association and an Interim Chair of Tanzania Poultry Breeders Association, Executive Board Member Tanzania Business Council – Livestock Sector.

Throughout the course of her entrepreneurial career, she has partnered and received funding from reputable organisations and institutions such Bill and Melinda Gates Foundation, Rural Livelihood Development Company, Swiss Contact, credit facility from CRDB, CBA, Akiba and DCB Bank. AKM Glitters also is a partner of SAGCOTand many more.

FARAJA MGWABATI

A worker at the farm holding two matured Kuroiler chicken.

Case to reclaim past glory of livestock industry

EVEN in its derelict state, it is hard to miss the sight of the Tanganyika Packers factory from either side of the road (Kawe or Mwai Kibaki).

It no longer serves its intended purpose, its vast open fields now attracting large congregations for political purposes or religious worship instead of herds of cattle.

The structure, however, as dilapidated as it remains, is still imposing just as is the history of the abattoir itself.

At its peak it processed some 200,000 livestock annually before it ultimately caved in circa 1993 after years of decline in slow motion.

If what's left of the factory could talk, it would probably be in poignant intonations. Of all the reasons attributed to the collapse of Tanganyika Packers Limited (TPL), shortage of livestock was never one of them.

Today, Tanzania is Africa's third largest cattle country after Ethiopia and North Sudan, accounting for about 1.4 per cent of the global cattle population and 11 per cent of African cattle population but lacks factories of the caliber of Tanganyika Packers.

According to a Tanzania Investment Centre (TIC) report on investment opportunities in the livestock value chain, the sector and its many linkages along the chain have quantities of opportunities to offer.

According to Economic Survey 2018, the livestock sector had significant contribution to the economy (whereas the sector growth was 2.0 per cent - contributing 7.61 per cent to GDP), so all is not lost after all.

However, the report particularly laments the state of ranches belonging to the National Ranching Company (NARCO), all of which are operating below capacity in terms of livestock population.

For example, figures from the findings show that Kongwa Ranch is only 7 per cent operational, Mkata Ranch is not in operation, Ngerengere Livestock Multiplication Unit (LMU) at 2 per cent and West Kilimanjaro Ranch operates at 1 per cent.

The report squarely imputes blame on mismanagement and carelessness to the poor performance, noting that there have been no practical significant signs of innovation to improve the ranches and LMUs.

On the upside, these findings also bring to the fore the fact that NARCO's ranches and LMU's remain as important resources to attract further investment in the red meat value chain.

For starters, the company (NARCO) owns a total of 519,453 hectares of land. Of these hectares of land, it operates a total of eight ranches in seven regions of mainland Tanzania.

In its current state, Kongwa in Dodoma has 38,000 livestock but has the full capacity of handling 100,000 animals; Mzeri in Tanga tends to 21,236 livestock but has the capacity of 60,000 and Ruvu in Coast Region keeps 43,000 animals but with the capacity of 120,000.

Other ranches are no exception to the noted trend as all ranches in the country are operating below their respective carrying capacities.

Yet the figures alone speak volumes and it is only right that the data should be used to recognize opportunity to fill in the deficit and, in the process, create jobs and wealth and

make the country competitive, again.

Therefore, investment plans should focus on increasing livestock population in each of the ranches in order to attain their maximum carrying capacities.

These should include purchase of quality breeder animals, purchase of immature animals for feedlotting, infrastructure development and purchase and/or improvement of water facility.

To attract investment and tap into the potential of the red meat value chain, the TIC report counsels that the organization structure of the ranching system in the entire country be overhauled.

"Instead of having animal scientists and veterinary doctors running the ranches, people with demonstrated business acumen, entrepreneurial spirit and with good project management skills should be employed to run these ranches who should also be given annual performance goals/ objectives – against which they will be held accountable (rewarded or demoted)," the report recommends.

But ranch operations are just a tip of the iceberg when it comes to the livestock sector and its value chain.

TZ LIVESTOCK POPULATION	
107	MILLION ANIMALS
88%	ARE KEPT IN SMALLHOLDER TRADITIONAL SYSTEMS

A healthy looking kid.

Tanzania's livestock population is estimated at 107 million animals, of which an estimated 88 per cent are kept in smallholder traditional systems but the animals have overreaching impact to the environment, households and the economy.

Livestock contributes to crop and vegetable production by providing draft power for cultivation and organic manure.

It is also a source of income for a large segment of the country's population, provides high value protein in the nation's diet, contributes to food security and was once — and could be again — a major earner of foreign exchange.

Products from livestock in the red meat value chain include meat, milk, and skins and hides which are important raw materials for other commodities such as shoes and other leather products.

In spite of these facts, the value chain has faced, and continues to face, a series of challenges that have had a negative impact on its performance.

The TIC report sheds lights on the fact that opportunities in local, regional and international markets are largely under exploited or not exploited at all.

For the country not to continue losing market share to its competitors, needed are investments to revive industries in key areas of the sector's value chain such as production and processing of dairy products, tanneries and so forth.

Besides urging for joint ventures with National Ranching Company (NARCO) and other privately-owned ranches to modernize the existing ranches, more investments are needed in the establishment of new ranches (cattle, sheep, goats) and farms and feed-lot/ fattening programs.

Investments are also encouraged in the production of hay, compounded animal feeds and vaccines.

The dairy industry also has a great potential for investment through production, processing and marketing of milk and milk products. Currently, there are about 600,000 dairy cattle and 22 milk processing plants with the capacity of 700,000 liters of milk per day but capacity utilization is only 30 per cent.

Herd of cattle awaiting shipment.

Annual milk production is estimated at 1.65 billion liters, of which 70 per cent comes from the traditional sector, while the remaining 30 per cent comes from the commercial sector.

The report identifies potential areas of investment in the dairy value chain as establishment of dairy farms in order to increase milk production, establishment of milk collection centers, construction of milk processing plants and manufacturing of dairy equipment and packaging materials.

According to the report, on the average, 70 – 120 cattle are slaughtered daily in Municipal and City abattoirs – apart from those slaughtered in rural areas.

This number confirms the availability of large quantities of livestock by-products (blood, bones, horns, hooves, hair, wool, glands, intestines, stomachs, feathers and gut contents) produced daily to attract investment.

Currently, Tanzania lacks industries for processing these by-products. In this regard, investors are encouraged to venture in this area. These by-products have various uses which are of economic importance.

Experts have asserted that the uses range from liquid blood being a source of pharmaceuticals as albumin for the glue, textile and dye industries and dried blood as blood flour, blood meal for animal feed and as fertilizer.

Bones are used as animal feed, fertilizer, gelatin and glue, manufacture of combs, buttons cutlery handlers, glue, gelatin, tallow and ornaments. Further hooves and horns also are used as meal, fertilizer, gelatin and glue, manufacture of combs, buttons, hairpins and articles of tourists' attraction including souvenirs.

Hair and wool are used in the manufacture of brushes, yarn, fabrics and fibers; glands and organs for pharmaceuticals; intestines for making sausage casings, musical instruments/ strings and surgical ligatures; stomachs, other offal, condemned meat for making tallow for soap and glycerin, lubricants, grease and waxes. While gut contents, manure are used to make compost, biogas as fuel for heating and lighting.

With the third largest population of livestock in Africa, Tanzania also has at her reach resources that provide the base for a significant hides and skins production industry with estimated production potential of about 92 million sq. ft per annum.

The availability of hides and skins as raw materials provides advantageous position for the country for investment setup in the tanning sub-sector and subsequent leather products manufacturing sub-sectors.

Continues on page 32

HOW TO...

Obtain certificate of incentives from TIC

Tanzania Investment Centre (TIC) is the first point of call for potential investors. It is the primary agency of the Government responsible for coordinating, encouraging, promoting and facilitating investments. To qualify for and obtain TIC Certificate of Incentives minimum fixed investment cost for new, and expansion projects should be at least US$ 100,000 for projects which are wholly owned by Tanzanian Citizens and US$ 500,000 for projects which are wholly owned by foreign investors or if a joint venture.

TIC provides services through One Stop Facilitation Centre, whereby more than 10 Government Institutions are stationed to serve investors under one roof instead of visiting various government agencies. At the end of the registration process investor is issued with a Certificate of Incentives.

The procedure to apply for Certificate of incentive is as follows:

STEPS

1. Obtain and fill application form
2. Notarize filled application form with a lawyer
3. Obtain control number at TIC Account Department
4. Pay for Certificate of Incentives' fee
5. Submit application for certificate of incentives
6. Obtain Certificate of Incentives
7. Apply for fiscal incentives from Tanzania Revenue Authority (TRA)

REQUIREMENTS:

Submission should be in hard and soft copies and the soft copies should be in PDF format.

1. TIC Project Registration form (must be filled and certified before submission)
2. Project's Business Plan/Feasibility Study. Business plan should state clearly the project objective, information regarding the investor (profile), details of investment costs (foreign and local expected capital expenditure), how the proposed investment will be financed, specific sources(s) of finance for the project, terms and conditions of the loan if applicable, sources of technology if applicable, project financial and economic analysis, market study, project capacity, production process if applicable, environmental impact assessment, expected employment generation, proposed implementation schedule, etc.
3. Certified Copy of Audited Accounts for the past three years (This applies to the existing projects).
4. Certified Copy of Certificate of incorporation
5. Evidence of financial capital (stamped Bank Statement)
6. Certified Copy of Tenancy agreement (if you are renting premise/office/land) or
7. Certified Copy of Title deed (if you own the premise/office/land)
8. Company Board Resolution to register project (original)
9. Certified copy of Memorandum and Articles of association
10. Copy of TIC payment receipt as proof of payment of $1,100
11. Tax Payer Identification Number (TIN)
12. Covering letter (should provide an expression of interest to invest and list all the documents attached in the application)

COST:

Cost of Certificate of Incentive is $1,100. Payments can be made through Standard Chartered Bank or NMB Bank PLC after obtaining control number at TIC Accounts Department.

TIME FRAME

If all submitted documents meet TIC requirements, you can obtain your Certificate of Incentives between 5 and 10 working days depending on the nature of business.

Premier Majaliwa Kassim Majaliwa gives thumbs up to Neema Kitala, an officer with BRELA based at TIC, after being briefed on the company registration processes under One Stop Investment Facilitation Centre in 2019. He is flanked by TIC Board members, Ilala District Commissioner Sophia Mjema (second left) and TIC Executive Director Geoffrey Idelphonce Mwambe (left).

The glory days of livestock industry

from page 29

Generally, having an abundant resource base, Tanzania has immense investment opportunities for the establishment of leather and footwear products manufacturing enterprises which will further attract investments into tanneries and, therefore, absorb locally available raw materials.

Tanzania has seven operating tanneries – all of which are privately owned and are tanning to semi-processed leather (pickled and wet blue) for export and small quantities of finished leather for domestic consumption.

At full capacity utilization, the seven tanneries can process a meager 39 per cent of the existing production potential.

The mother of all recommendations was on meat processing and packaging. The government has initiatives to establish abattoirs in Arusha, Dodoma, Morogoro and Sumbawanga.

The envisaged capacity of each of these abattoirs range from 150 to 200 animals per day, and therefore, unable to meet the demand of processed meat for both domestic and export markets.

Estimated domestic demand for meat is 449,673 tons/year, while there is also an increasing demand for the export markets to UAE, Kuwait and Oman.

In this respect, investment in the abattoirs and meat processing plants exist in joint ventures with existing abattoirs; purchase of semi-finished abattoirs and construction and operation of new abattoirs and processing plants.

The mere thought of establishing abattoirs and meat processing plants conjures memories of Tanganyika Packers Ltd, prompting one to be overcome with acute nostalgia for the factory's glory days.

And here is the story of the factory as borrowed from Labour History Journal.

Sheep in an enclosure.

Between 1947 and 1975, Tanganyika Packers Ltd was Tanzania's only export-oriented slaughterhouse and beef-canning factory and a branch of UK-based Liebig's Extract of Meat Corporation (Lemco)

Before it was nationalized in 1974, it was a profitable parastatal, employing some 1,200 workers, anchoring a working-class community, and providing an outlet for indigenous Tanzanian cattle from open rangelands.

While nationalization aimed to capture the full value of TPL profits and expand exports into the European Economic Community, it instead severed TPL from the world market when Lemco withdrew its marketing license.

Worker layoffs followed, and TPL became primarily a domestic supplier of military rations, creating precarious working conditions, until the factory was shuttered in 1993.

Fast forward a score plus years later, the fifth phase government's industrialization agenda has drawn special attention to attracting investment in various sectors, one of the priority areas being livestock and its value chain.

Over the years there have been investments in tanneries, abattoirs and meat processing plants but none has yet to attain the stature of TPL, and with the available resources and a conducive investment climate, the time is right for the country to return to the glory days of Tanganyika Packers.

So there.

By KILASA MTAMBALIKE and Sources

Tanzania scoops Best International Wildlife Destination Award

TANZANIA deservedly cemented its status as among the world's best tourism destinations after scooping the Best International Wildlife Destination award at the Outlook Travelers Awards (OLTA) held in India in February 2020.

The country beat its wildlife tourism rivals South Africa and Kenya in a high-profile Gala attended by the Tanzania High Commissioner to India, Mr Baraka Haran Luvanda at the Roseate House Aero-city in New Dellhi.

"We believe that through this award and the Outlook Traveler Magazine's work, more people will be able to know about destination Tanzania and what it has to offer to a wide spectrum of clientele as one of Africa's leading travel destination," said Mr Luvanda.

The High Commissioner told the delegates gathered at the high-profile event that Tanzania will not be carried away with the feat; instead take a lead role in marketing its tourism destinations as well strategizing on tapping from emerging markets from the traditional ones.

Best International Wildlife Destination award is one category out of 25 administered by organizers, OLTA, who described their event as 'taking a 360-degree view' of the tourism sector and the way it has been growing in particular year.

About 12 categories out of 25 were decided by a Jury. They include Best State for tourism, Best city for tourism, Best new tourism initiative, Best national park, Best birding destination and Best adventure tourism destination. Others are Best adventure tour operator, Best luxury tour operator, Best outbound tour operator, Best luxury hill resort, Best luxury beach resort and Best heritage hotel.

About 13 categories including the one Tanzania won, out of 25, were decided by votes from around the world. The categories include Best Hill Destination, Best beach destination, Best drive, Best wellness and spirituality destination, Best international destination, and Best international wildlife destination.

Others are Best international wedding destination, Best international island destination, Best international adventure destination, Best international airlines, Best festival, Best travel blogger and Best travel insurance.

Data from Tanzania National Parks show that Tanzania attracted 1,196,284 tourists (both foreign and local) in the national parks during the 2018/19, with foreign tourists reaching 731,351 and locals reaching 464,933.

Apart from having the Africa's tallest Mountain (Kilimanjaro) Tanzania boast with 22 National parks including the famous Serengeti and several game reserves.

Serengeti National Park, the country's second largest national park area is located in northern Tanzania and is famous for its extensive migratory herds of wildebeests and zebra while also having the reputation as one of the great natural wonders of the world.

Ruaha National Park is the largest National Park in Tanzania with a healthy population of wild Dogs, Leopard, Lions, Cheetah, Buffalo, and Elephant, not to mention all the other species, of which there are plenty.

The Ngorongoro Conservation Area, established in 1959, is a UNESCO World Heritage Site and inhabited by the Maasai people, livestock and wild animals. The Crater is the largest intact caldera in the world.

In general, the country has over 20 percent of the species of Africa's large mammal population, found across its reserves, conservation areas, marine parks, and national parks, spread over an area of more than 42,000 square kilometers and forming approximately 38 percent of the country's territory.

Some of the services offered by Tanzania wildlife includes Balloon safaris, Beach holidays, Birding safaris, Boating, Canoeing and Kayaking, Budget safaris, Camping safaris, Conference tourism, Cultural tourism, Cycling & Mountain biking, Diving and Snorkeling, Sport fishing, Horse and Camel riding, Luxury travels, Hunting, Mountain climbing, Night

Continues on page 37

Lions are among Tanzania's Big Five that attract tourists.

It makes sense to harmonise investment laws

THE only constant in life is change, the wise have said.

To accommodate industrial development, it is sensible that the government has resolved to table in Parliament new bills that will harmonise key laws and regulations related to investments to improve the investment climate and build investors' confidence.

Championed by the Minister of State in the Prime Minister's Office (Investment), Angellah Jasmine Kairuki, the laws are designed to address scepticism by a cross section of private stakeholders who have occasionally argued their efficiencies are curtailed by presence of numerous and uncoordinated regulations.

According to Minister Kairuki, these laws intend to address stakeholders' concerns but without removing the government's oversight and she has given assurances that the bills would be tabled this year because of their urgency.

Among other things, the laws will address weaknesses in the current legislation in order to fast track implementation of blueprint recommendations for regulatory reforms in Tanzania.

According to the minister, the government will table in the National Assembly for the first time the Business Facilitation Act 2019 and a bill to amend the Tanzania Investment Act of 1997.

The reforms aim to reduce days of registering projects and to incorporate mining, oil and gas operations in the country with the Tanzania Investment Centre (TIC) for purposes of record keeping and/or statistics.

Minister of State in the Prime Minister's Office (Investment), Hon. Angellah Jasmine Kairuki (MP).

While TIC was statutory established in 1997 as the primary public agency to coordinate, promote, encourage and facilitate investment, the centre, however, does not have the mandate to register investors in the mining and oil and gas sectors.

Once the new laws are enacted, TIC would in the least be able to keep records in terms of numbers and size of investments on the oil and gas and mining sectors.

According to Tanzania Investment Centre (TIC) Legal Affairs Manager, Mr Godfrey Xavery Kilolo, the current investment procedures and regulations are a product of the extant National Investment Policy 1996 which led to the enactment of Tanzania Investment Act 1997.

"In principle the Act stipulates that the act shall not be amended by any other law except itself, the idea being to protect the investment act against any other law in the land," he noted.

He noted that while section 19 and 20 of the Investment Act gives powers to TIC to offer tax waivers and other incentives to investors, the Public Finance Act would remove the same incentives in annual fiscal budgets.

"It is important to have the new laws in place because they will help put all government institutions on the same page with regards to issues pertaining to investments," he said.

The current law has been amended 12 times thus far but the benefits of the new laws would be far-reaching in countless of ways once enacted and would assure stakeholders of a smooth investment terrain.

While the process of tabling the bill is ongoing, TIC has in principle agreed with the Immigration and Labour Departments to improve the current system of issuing licenses and permits to foreign investors.

In a meeting held in Dodoma in early February 2020 between TIC Executive Director Geoffrey Idelphonce Mwambe and the Commissioner for Labour, it was agreed that the former system of issuing licenses and permits needs to be reformed for the benefit of investors, the public and the nation.

Mwambe said that areas that the two parties agreed to work on included legal challenges, especially contradictory laws to The Tanzania Investment Act, 1997 such as the 'The Non-Citizen (Employment Regulation) Act, 2015' and 'The Immigration Act, 1995' and other laws on issuance of business licenses and work permits.

Among the issues of concern were the entitlement to an initial automatic immigration quota of up to five persons as stipulated by the Investment Policy of 1996.

The policy states that investors are assured the right to employ expatriate personnel required for the enterprise development and for the use of technology and skills that are not available locally, particularly if such personnel will facilitate the adoption and acquisition of skills by local personnel.

According to the policy, TIC has the mandate to ensure that investors have the final say on what they desire and the engagement of expatriate personnel without any condition.

Mwambe said that it was agreed that section 24 of the Investment Act of 1997 and section 19 of The Non-Citizen (Employment Regulation) 2015 will effectively be implemented by granting expatriate quota of up to five persons as per the investment policy.

"We agreed that TIC will assess requests for immigrant quota and forward recommendations to the Labour Commissioner so that permits should be issued within 14 working days," Mwambe said.

On that backbone, he has appealed to the public to encourage investors to follow proper procedures and receive expedited services from the centre.

By INVESTOR REPORTER

Tanzania scoops Award

from page 35

game drives, Paragliding and Canopy walkways.

Apart from wildlife tourism attractions, the country is also endowed with other tourism attractions ranging from long beautiful beaches, cultural tourism and historical sites that are scattered across the country.

There are also opportunities for investment in the wildlife according to TANAPA which, include Balloon safaris, Canopy walkways, Cable car safaris, Horse Riding, Caravanning, Trail Walk Assistance, Rescue Operation Services, Restaurants, coffee shops, curio shops, Fuel supply, Water sports, Boat, Cruises tours and River rafting.

By INVESTOR REPORTER

Tanzania High Commissioner to India, Mr Baraka Haran Luvanda (right) receiving the Award.

MIDAS TOUCH:

Turning tropical fruit into green gold

It is a no-brainer that Tanzania is, by and large, an agrarian economy. Traditional leading exports was an exclusive club of crops such as cashew nuts, tea, coffee, tobacco, sisal and flowers, but that list may be about to lengthen.

According to a report commissioned by Tanzania Investment Centre (TIC), of late there has been a new produce that is gaining a great deal of attention from both farmers and exporters: the avocado.

It is reported that production of the fruit has increased from 4.9 tons in 2012, to some 2,600 tons later in 2015, equal to an increase of a whopping 428 per cent. At the moment, however, according to Tanzania Horticultural Association (TAHA), the country produces about 7,000 tons of the fruit annually.

The trend increasingly turns the crop into Tanzania's green gold in the process. During 2018, avocados earned the country some US$8.6 million.

As per the report, commercial production/export of avocados is dominated by Rungwe Avocado Company Ltd and Africado Ltd, which is based in Siha District, Kilimanjaro region. The two companies jointly produce more than 5,000 tons per year.

"The avocado industry is among the fastest growing sub sectors in the horticultural industry in the country presented by growing demand in the international market with the commodity's main export market being in European countries," the report notes.

The benefits of the fruit spread wide and far, beginning with its nutritional value to financial gains along its value chain, presenting countless investment opportunities.

> *"The avocado industry is among the fastest growing sub sectors in the horticultural industry in the country presented by growing demand in the international market with the commodity's main export market being in European countries,"*

To understand the existing opportunities, one must understand the uses and benefits of avocados and the fact that the fruit thrives in subtropical climates and in areas suitable for coffee and tea, making Tanzania an ideal location for its growth.

The TIC report availed to The Investor indicates that experts have established that oil palm, coconut and avocado as being the leading edible oil producing value chains per unit area worldwide.

Tanzania`s edible oil sub-sector stands at TSHS 676.2 billion (US$294 million) but the sub-sector is highly in need of investors to fill the supply gap that currently stands at 320,000 tons to slash the import bill that amounted to TSHS 191.3 billion (US$83.19 million) in 2018.

The country`s annual demand for edible oil is 570,000 tons (50,000 m3 per year) and annual supply is 180,000 tons (or 40,000 m3 per year) leaving the country with no choice but to import the remaining 320,000 tons.

The demand forecast shows an increase from 570,000 tons to 700,000 tons of edible oil by 2030; and, Tanzania guarantees the market growth for investors in the foreseeable future, hence, an investment opportunity avails itself in tapping avocado's potential in filling the edible oils' gap.

Furthermore, avocado has many culinary uses and has become increasingly popular around the world, particularly in the US where per capita consumption has increased from 2 pounds to 7 over the last year.

"This fruit is high in potassium and vitamins K, B6, B5, B9, and E. It also has a high monounsaturated fat content, which makes it a good substitute for vegetarians or people without access to meat and dairy products," the report reads.

Unlike in Tanzania, avocados are not typically eaten raw in other countries. Rather, avocados are used as supplementary ingredients in many dishes, condiments, sauces and beverages.

Noted for their smooth texture, avocados have a distinct and subtle flavor used in savory and sweet dishes around the globe. These pear-shaped berries have a high fat content and are popular in vegetarian recipes as a meat-substitute in sandwiches and salads.

Among continents, North American countries generated the strongest international sales for avocados during 2018 with shipments valued at US$2.6 billion or 44.9 per cent of the worldwide total.

In second place were European exporters at 25.8 per cent while 20.7 per cent of globally shipped avocados originated from Latin America excluding Mexico but including the Caribbean. Smaller percentages came from Africa (5.3 per cent), Asia (1.8 per cent) and Oceania (1.4 per cent) dominated by New Zealand and Australia.

Worthy of note is the fact that there has been an increase in demand of the produce in Asia, specifically China, which Tanzania is set to expand its market into.

According to data from China Customs, Beijing imports an average of 32,100 tons of avocados valued at US$105 million per annum.

Numbers never lie, the wise have always asserted and while Tanzanian avocados are billed

Mr Erasto Ngole, alias Mr Avocado, is among avocado farmers in Njombe region whose businesses have flourished.

as among the best in the world, production of the crop is still minimal.

That coupled with growth in world supply has created fierce competition despite an increase in demand. To be able to compete in the global export market, Tanzania must make the most of the deficit by encouraging investment in the value chain of avocado cultivation.

The investments should spur increased production and lead to compliance to international standards, food safety standards and social standards.

Among the areas still wanting in creating value addition is quality packaging. It should be noted that currently packaging materials have to be sourced from neighbouring Kenya for lack of the same in the country.

Investing into facilities that process avocados is also paramount for the sub-sector to grow and become even more meaningful to growers and exporters, and eventually the government in terms of foreign exchange earnings.

Areas worthy of note for investing in are sorting, cleaning, grading, packaging, and production of assorted salads (foodstuffs), cooking oil, cosmetics and soap products.

On a larger scale, investments are encouraged in large plantations for purposes of producing larger volumes of fruits for export (to capture Asian, European and American markets), without excluding other African countries that do not produce avocados.

The report notes that such plantations can be in the Southern Highlands of Tanzania (Mbeya, Iringa, Njombe, Ruvuma, Rukwa and Katavi), Northern Zone (Arusha, Kilimanjaro and Tanga), Lake Zone (Kagera and Mara) and Morogoro region.

There is also need to investing in manufacturing or supply of inputs required in the entire avocado value chain which includes seeds, pesticides, fungicides, fertilizers, farming equipment/implements (tractors, trailers, harvesting machines).

Emphasis is also put on training of skilled human resources and experts who would be internationally accredited to conduct audits from farms to processing factories.

This is an open opportunity to interested crop/horticulture scientists from higher learning institutions as well as Vocational Education Centers of Tanzania.

In Arthurian legend, the best knights assumed their seats in an exclusive round table. In Tanzanian crop legend, the avocado seems to want to assume its rightful place as a knight of the round table of notable export produce.

All factors considered, why should it not be a leading export commodity?

By KILASA MTAMBALIKE

How Tanzania fairs in global indicators

LATEST rankings by international watchdogs on Tanzania's economic performance indicators have had a sobering effect.

The indicators evaluate the nation's performance in foreign direct investment, corruption perception index, doing business climate, economic growth, economic competitiveness and best investment destination.

The mentioned indicators show that the country is performing fairly well but the findings also serve as a writing on the wall that Tanzania can do better.

Among the reputable institution that released the rankings include the World Bank (WB) Doing Business Report, World Economic Forum (WEF) Competitiveness Report, and Transparency International (TI) Corruption Perception Index (CPI).

Others are Rand Merchant Bank (RMB) Report on Investment Destination and African Development Bank (AfDB) Economic Outlook Report.

Transparency International Corruption Perception Index

Tanzania continued to improve its ranking by climbing three positions from 99 recorded in 2018 to 96 in 2019 according to the report released in January 2020.

The CPI ranks 180 countries and territories by their perceived levels of public sector corruption, according to experts and business people.

When President John Magufuli took the office in 2015, the country stood at 117 position in the index ranking, ever since the trend has been on upward to 116 (2016), 103 (2017), 99 (2018) and 96 (2019).

Tanzania scored 37 points out of 100 in 2019 against 36 in 2018 and has been ranked number 13 in the list of least corrupt countries in Africa and second in the East African Community below Rwanda.

The CPI scores and ranks countries/territories based on how corrupt a country's public sector is perceived to be by experts and business executives. It is a composite index, a combination of 13 surveys and assessments of corruption, collected by a variety of reputable institutions.

The CPI is the most widely used indicator of corruption worldwide.

Since 2015 waging war on corruption has been one of the top priorities of the fifth-phase-government. One of the bold moves made by the administration was the establishment of the Economic, Corruption and Organised Crime Court, Division of the High Court of Tanzania in 2016.

According to the data, since the establishment of the court, the number of economic and corruption cases filed before the court between 2017 and 2018 amounted to 384, including 41 new cases and 346 bail and other related applications.

World Bank Doing Business Report

Tanzania climbed three positions to141 in 2019 in the ease of doing business World Bank annual ratings up from 144 in 2018 out of 190 economies in the world. The country average position for the past 10 years (2009 to 2019) has been 135.

The country reached an all-time low of 145 position in 2013 and a record high when it climbed to number 125 in 2010.

"This is a positive trend which we need to sustain. If we can manage to climb the ladder and reach a double-figure like in corruption index that would be a huge achievement. It's possible we can do it," says TIC Executive Director Mr Geoffrey Mwambe

Doing Business report captures several important dimensions of the regulatory environment as it applies to local firms. It provides quantitative indicators on regulation for starting a business, dealing with construction permits, getting electricity, registering property and getting credit.

Other indicators measured include protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency.

World Economic Forum Competitiveness Report

In global competitiveness Index Tanzania dropped one position from 116 out of 141 countries in the 2018 to 117 in 2019. However, it scored 48.2 points

Improved infrastructure such as railways and roads are requisite for reducing cost of doing business.

out of 100, which is much higher compared to 2015/2016 when the country was ranked at120 position.

Covering 141 economies, the Global Competitiveness Index 4.0 measures national competitiveness—defined as the set of institutions, policies and factors that determine the level of productivity.

The GCI 4.0 is the product of an aggregation of 103 individual indicators, derived from a combination of data from international organizations as well as from the World Economic Forum's Executive Opinion Survey.

Indicators are organized into 12 'pillars': Institutions; Infrastructure; ICT adoption; Macroeconomic stability; Health; Skills; Product market; Labour market; Financial system; Market size; Business dynamism; and Innovation capability.

According to the WEF report, the most problematic factors for doing business on the continent are, in order:

1. Access to financing
2. Corruption
3 Tax rates
4. Inefficient government bureaucracy
5. Inadequate supply of infrastructure

African Development Bank (AfDB) Economic Outlook Report

There was a slight drop in the real GDP growth in 2019, which was estimated at 6.8 per cent from 7 per cent in 2018, but the report gave Tanzania a positive outlook.

"A markedly diversified economy, characterized by robust private consumption, substantial public spending, strong investment growth, and an upturn in exports underpinned the positive outlook. Tourism, mining, services, construction, agriculture, and manufacturing are notable sectors," the report reads.

The report also projects that growth to be broadly stable at 6.4 per cent in 2020 and 6.6 per cent in 2021, subject to favorable weather, prudent fiscal management, mitigation of financial sector vulnerabilities, and implementation of reforms to improve the business environment.

The assessment drives home the point that there is need for continued informed reforms and emphasis on implementation of the reforms for improved investment and business climate.

The report adds that sustained political stability, strategic geographical location, diversified economy with abundant natural resources, and strong record of economic governance point to a positive medium-term outlook that will see progress toward long-term development goals.

"The current administration's ambitious development agenda focuses on creating a better business environment through improved infrastructure, access to financing, and education progress. It seeks to capitalize on previously under-exploited strengths and opportunities.

The government prioritizes efforts improving public administration, and managing public resources for improved social outcomes all geared to restoring public confidence in the state as it implements the Tanzania National Vision 2025," the report notes.

According to the report, early signs of slow but steady structural transformation in key sectors include the continued shift of labor from agriculture to services, and even to industry.

Employment in agriculture declined from 71.4 per cent of total employment in 2008 to 66.3 per cent in 2018, while employment in industry increased to 7.1 per cent from 5.7 per cent and employment in services to 26.6 per cent from 22.9 per cent, adds the report.

However, the report identifies key challenges in the medium and long term as including low total factor productivity growth, a substantial infrastructure deficit, considerable poverty, and a skill mismatch in the labor market.

Rand Merchant Bank Investment Attractiveness Rankings

Surprisingly, Tanzania dropped by eight positions in a span of one year in 2019 RMB investment attractiveness rankings. The country slipped to number 15 from number seven in 2018.

In east Africa, Tanzania slipped to number four after being overtaken by Uganda at number three. Kenya remained at number one and Rwanda at number two. In overall rankings Kenya and Rwanda were at number four and five, respectively.

Tanzania joined other prominent countries such as South Africa, Ethiopia to have moved downward. "A deterioration in the ease of doing business has contributed to their relative under-performance, and South Africa is also enduring a cyclical downturn," the report noted

Tanzania's fall from grace shuffled the top ten investment destinations, with Tunisia returning to the fold at number ten while Ivory Coast and Ghana edge close to the top five.

The report noted however that the East African region's economies represents the strongest growth rates over the forecast period. The ramping up of manufacturing is the key reason for this impetus.

"It doesn't hurt either that the region has made recent discoveries of oil and gas — the consequent boost in FDI, focused specifically on infrastructure, supports the region's forecast growth path," says the report

Guinea, Mozambique and Djibouti recorded the strongest gains, with notable advancements in certain aspects of their operating environments.

North Africa remains dominant, with Morocco displacing South Africa in the rankings, placing second to Egypt.

"Aspects like simplifying the process of registering a business, improving electronic submissions and processing of export documents, as well as increasing the efficiency of the customs service have helped Morocco move into second place," reads the report

Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA) President, Paul Koyi, and Chairman of Swedish East African Chamber of Commerce, Jan Furuvald, display signed agreements during the EAC Business and Investment Forum 2020 held in Dar es Salaam in mid-March. Looking on is Tanzanian Ambassador to Sweden, Dr. Wilbrood Peter Slaa (right) and Anders Sjoberg, Ambassador of Sweden to Tanzania.

TIC Executive Director, Mr Geoffrey Idelphonce Mwambe holds talks with American Ambassador to Tanzania, Inmi Petterson who paid a courtesy call at TIC offices in the spirit of building relations on issues related to investments.

Tanzania Investment Centre (TIC) Executive Director, Mr Geoffrey Idelphonce Mwambe listens attentively to a Kagera Sugar employee during his visit in late 2019. Left is Kagera Regional Commissioner, Brig. General Marco Elisha Gaguti.

Minister of State in the Prime Minister's Office (Investment), Angellah Jasmine Kairuki, admires a soft drink bottle during a tour of SBC Tanzania Limited factory to learn more about their challenges.

Permanent Secretary in the Prime Minister's Office (Policy, Coordination and Investment), Dorothy Mwaluko (second right) poses for a souvenir photo with TIC staff during an impromptu visit at the centre's Northern Zone offices. Others are Zonal Secretary, Olga Komeka (right), Zonal Manager Daudi Riganda (second left) Zonal Officer Gasper Tembo (left).

TIC staff marked Women's Day in style on March 8, 2020 by donating assorted items to patients at Amana and Muhimbili hospitals in Dar es Salaam.

Understanding Tanzania Investment Centre (TIC)

The Centre

Tanzania Investment Centre (TIC) was established in 1997 by the Tanzania Investment Act to be the Primary Agency of the Government to coordinate, encourage, promote and facilitate investment in Tanzania and to advise the Government on all investment related matters. It facilitates both foreign and local investors. The threshold for investment capital must be at least US$100,000 for projects which are wholly owned by local Tanzanian and US$500,000 for projects which are wholly owned by foreign investors or joint venture.

One Stop Facilitation Centre

TIC hosts more than 10 Government Institutions at its One Stop Facilitation Centre whereby investors who qualify to register their project and obtain Certificate of Incentives get all services under one roof. Currently available institutions which provides their services to Investors at TIC include: Business Registration and Licensing Agency (BRELA), Tanzania Revenue Authority (TRA), National Identification Development Authority (NIDA), Immigration Department, Labour Department, Occupational Health and Safety Agency (OSHA), National Environmental Management Council (NEMC), Tanzania Bureau of Standards (TBS) Tanzania Medicines and Medical Devices Authority (TMDA), Ministry of Lands, Housing and Human Settlements Development.

Zonal Offices

Tanzania Investment Centre has established seven zonal offices in order to assist Investors who are based in nearby regions to access TIC services without necessarily travelling to Dar es Salaam. The zonal offices are:

Kilimanjaro (Northern Zone)- covering Tanga, Kilimanjaro, Arusha, Manyara Regions

Mwanza (Lake Zone)- covering Mwanza, Geita, Kagera, Shinyanga, Simiyu and Mara Regions

Dodoma (Central Zone)- covering Dodoma, Morogoro and Singida Regions

Mbeya (Southern Highland Zone)-covering Mbeya, Songwe, Iringa, and Njombe Regions

Kigoma (Western Zone)- covering Kigoma, Tabora, Katavi and Rukwa Regions

Mtwara (Southern Zone)- covering Lindi, Mtwara and Ruvuma Regions

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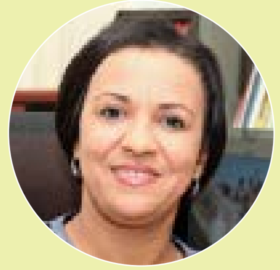

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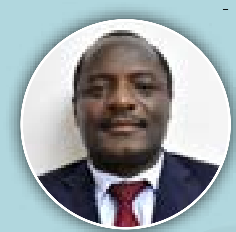
Paschal L. Maganga
Director
Administration and Finance



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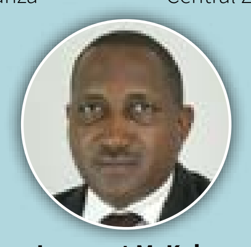

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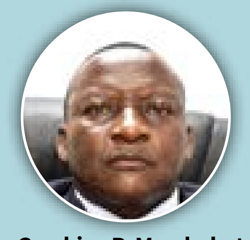


Gwakisa P. Mwakabeta
Principal Supplies Officer
(Head of PMU)

Elimbora A. Muro
Senior Internal Auditor

Supporting Tanzania's industrialisation agenda through the SGR Railway Project

On the 13th of February this year, Standard Chartered Bank signed a facility agreement for a US$1.46 billion term loan financing to fund the construction of the Standard Gauge Railway (SGR) Rail Project from Dar es Salaam to Makutupora in Manyoni District, which is approximately 550 kilometres long.

The Bank acted as Global Coordinator, Bookrunner and Mandated Lead Arranger on the facility agreement that is the largest foreign currency financing raised by the Ministry of Finance to date. The biggest component of financing comes from the Export Credit Agency Covered Facilities from the Export Credit Agencies of Denmark and Sweden.

"With SGR it is estimated that freight service charges will decrease by 40% as the railway will be able to haul up to 10,000 tons of freight (equivalent to 500 lorries) per trip".

Hon. Phillip Mpango (MP) Minister of Finance and Planning and Standard Chartered Bank CEO, Mr. Sanjay Rughani (right) during the February 2020 sign-off ceremony.

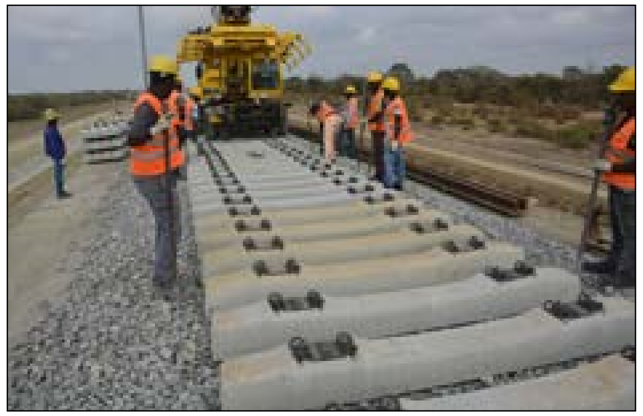
Additionally, the Bank assembled its own local and international financing experts to work with the Government of Tanzania on the complex deal and making sure the project got the funding required for the current phase. Other stakeholders included the Tanzania Railway Corporation (TRC), the Development Bank of South Africa (DBSA), the Trade and Development Bank (TDB) the African Export-Import Bank (Afrexim),

According to the Ministry of Finance, the SGR Rail Project continues to make a significant contribution to the economic growth of the country and Standard Chartered is privileged to be a key participant.

So far, the project has created over 8,000 direct employment opportunities and it's expected that the number will continue to grow as a result of the new agreement.

TRC Director General Masanja Kadogosa (4R) and Yapi Merkezi representatives at a previously held SGR ribbon cutting ceremony.

Additionally, the railway will provide a safe and reliable means for efficiently transporting people and cargo to and from the existing Dar es Salaam port where current congestion challenges are expected be addressed.



It is estimated that freight service charges will decrease by 40% as the railway will be able to haul up to 10,000 tons of freight (equivalent to 500 lorries) per trip. It will also connect Tanzania to Burundi, Rwanda and The Democratic Republic of Congo (DRC) thereby playing a key role in enhancing regional trade.

"Standard Chartered Bank is well positioned to facilitate this type of deal given our position as a local bank with international presence in the country. We look forward to future participation in such scalable projects," observed the Bank's Head of Commercial Banking, Mr. James Meitaron.

Fostering Investments for Industrial Development

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