

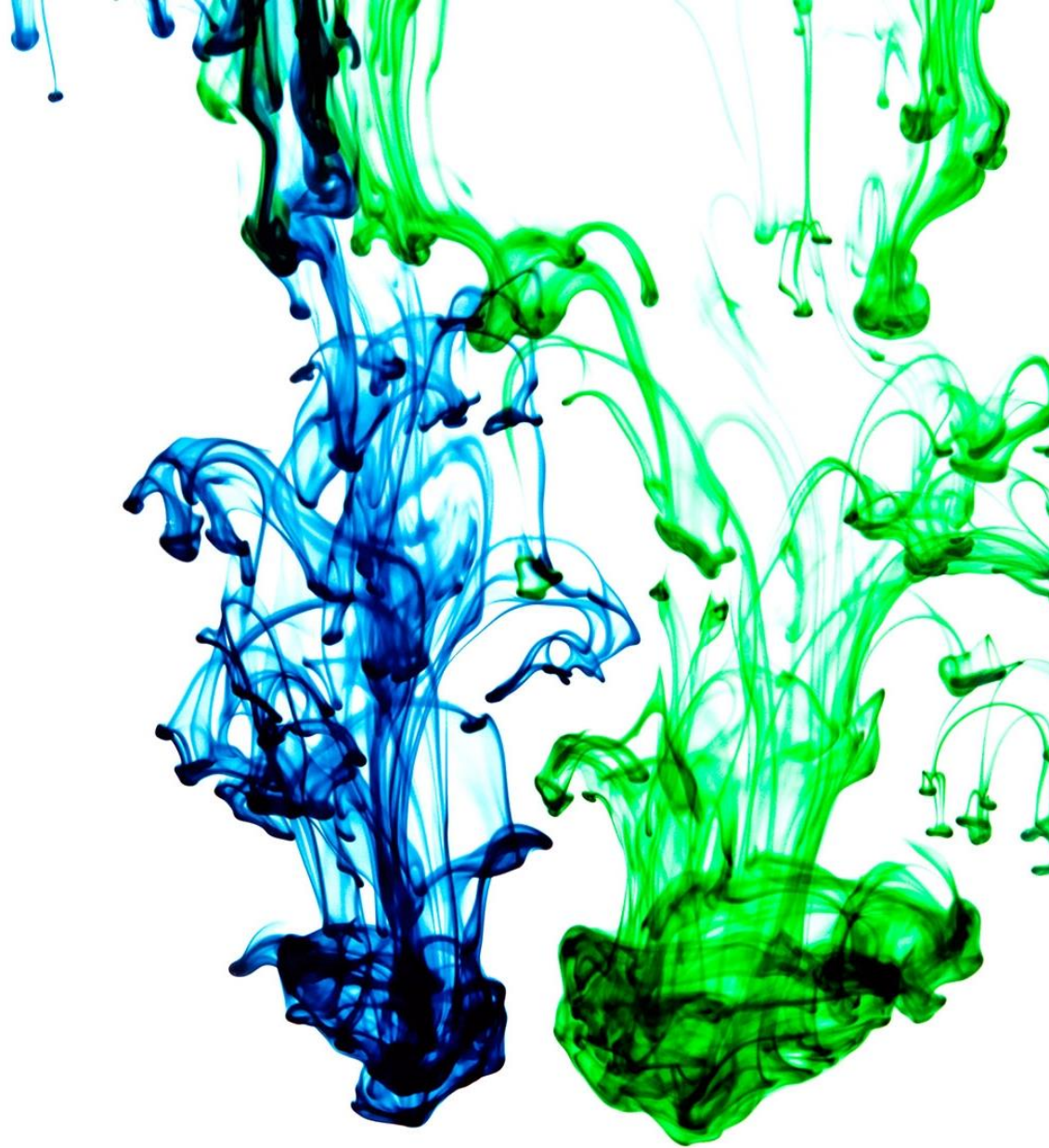
WHY INVEST IN TANZANIA

An Overview of Investment Climate, Opportunities, Trends & Services Provided by Tanzania Investment Centre



Agenda

- ❑ Introduction
- ❑ Why Invest in Tanzania
- ❑ Economic Overview
- ❑ Investment Opportunities
- ❑ Investment Incentives
- ❑ Investment Trends





Introduction

Introduction to TIC

Coordinating, promoting and facilitating



Tanzania Investment Centre (TIC) is the primary agency of the Government responsible for coordinating, encouraging, promoting and facilitating investments

Functions of TIC

- Creating and maintaining a positive climate for private sector investment;
- Providing advice to the Government on investment related matters;
- Stimulating local and foreign investments;
- Facilitating foreign and local investors;
- Stimulating and supporting the growth of Entrepreneurship and SMEs in Tanzania;
- Providing and disseminating up-to-date information on investment opportunities and incentive available to investors;
- Monitoring the Tanzania business environment and growth of Foreign Direct Investment (FDI) in the Country.

Vision

To become a world class Investment Promotion Agency promoting Tanzania as Africa's premier investment destination .

Mission:

To contribute to the sustainable economic development of Tanzania through attraction of new investment and maximizing its impact on the economy.

Types of Investment TIC Supports

- Foreign Owned Investments Minimum Capital > **US\$ 500,000**
- Locally owned investments minimum capital > **US\$ 100,000**
- Industries/Sectors not included: **Mining, Oil and Gas**



TIC One Stop Center Services

Our commitment to investors

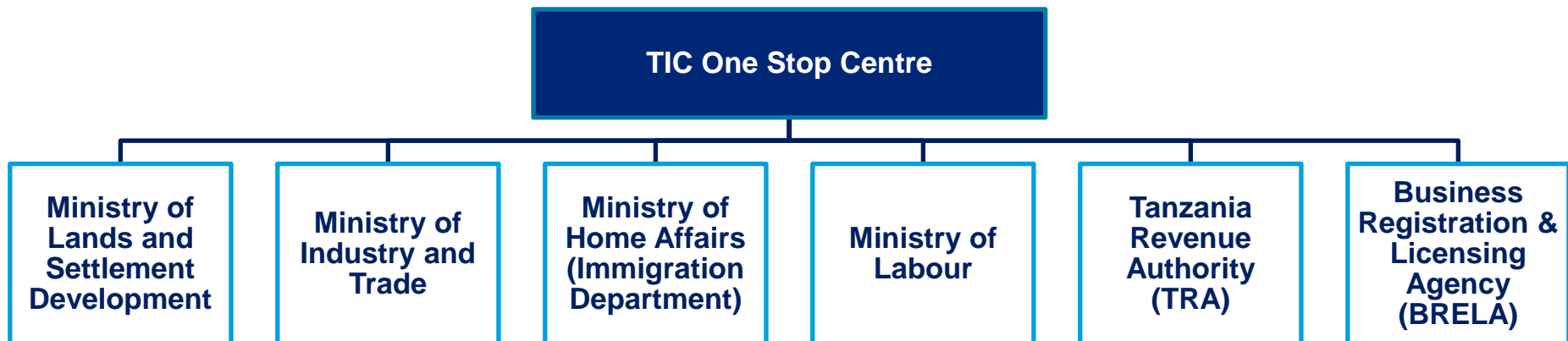


Our Services

1.	Assists investors to obtain all permits, licenses and visas
2.	Grants land derivative rights to investors
3.	Assists investors to navigate administrative and regulatory hurdles
4.	Provides an 'aftercare' service to TIC registered investors

Our Commitment to Investors

Meeting with TIC staff	Immediately
Arranging appointments	24 hours
Preparation and confirmation of itinerary for potential investors	3 days





Why Invest in Tanzania?

Why Invest in Tanzania?

Peaceful country with vast potential and conducive environment to support investment



1.

Peace and political stability

- Tanzania is a peaceful & politically stable country with no history of civil wars, ethnical conflicts or internal uprising
- This political stability is crucial as it provides protection to investors

2.

Economic stability with high growth potential

- Member of the World Bank's "7% Club", a group of countries forecasted to achieve real GDP growth of 7% or more for the next decade.
- On of the 10 most attractive investment countries for corporate (RMB Investment Survey 2014).
- Largest country by population (44.9 million) and land mass in East Africa
- Young and vibrant population growing at 5% per annum

3.

Rich Natural Resources

- Boasts in the presence of precious minerals and stones e.g. Tanzanite and gold, tourist attractions, natural gas and vast arable land

4.

Investment Incentives & Guarantees

- Attractive fiscal incentives for investment
- Guarantees against nationalization & expropriation
- A total of 23 Bilateral Investment Treaties signed with different countries.

5.

Strategic geographic location and access to markets

- Gateway To Six (6) Land-locked Countries (Uganda, Rwanda, Burundi, DR Congo, Zambia & Malawi)
- Presence of 3 Major Ports (Dar es Salaam, Tanga & Mtwara)
- Member of EAC, SADC and IOR-ARC
- Exports goods under the AGOA
- Trade partners with China, Japan, and Canada



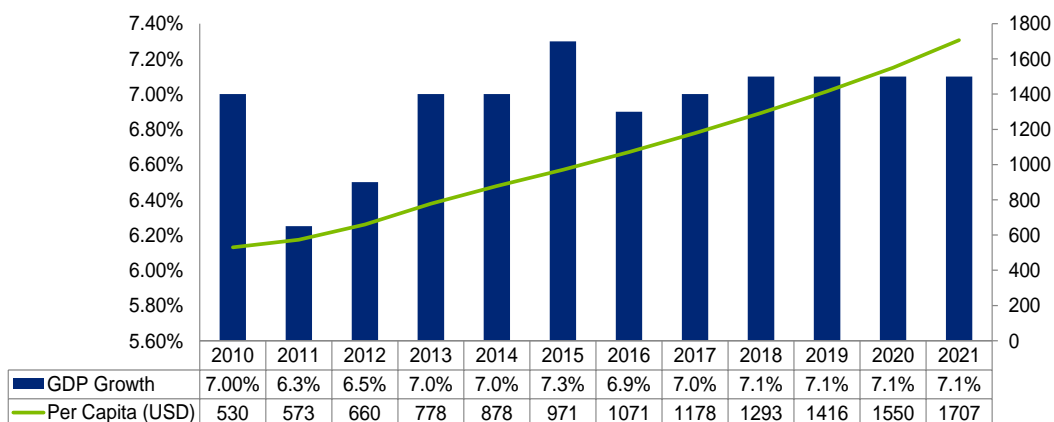
Economic Overview



Economic Overview

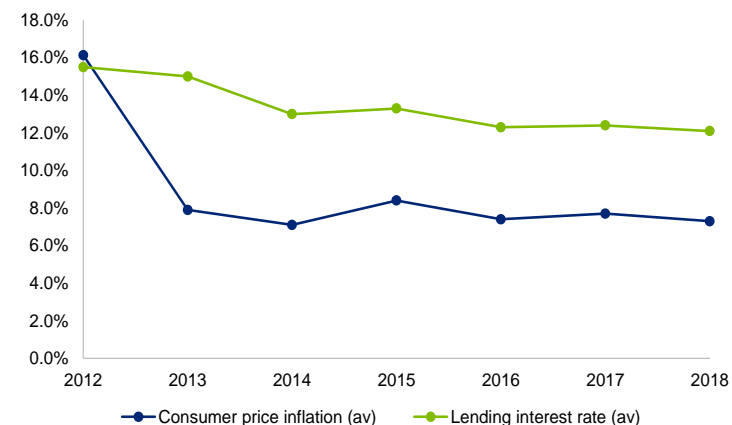
GDP growth 7% (av) per year – fastest in the region

GDP and Per Capita Income



Source: Bank of Tanzania, Tanzania Bureau of Statistics, Economic Intelligence Unit

Annual Average Inflation and Interest Rates



Source: Tanzania National Bureau of Statistics

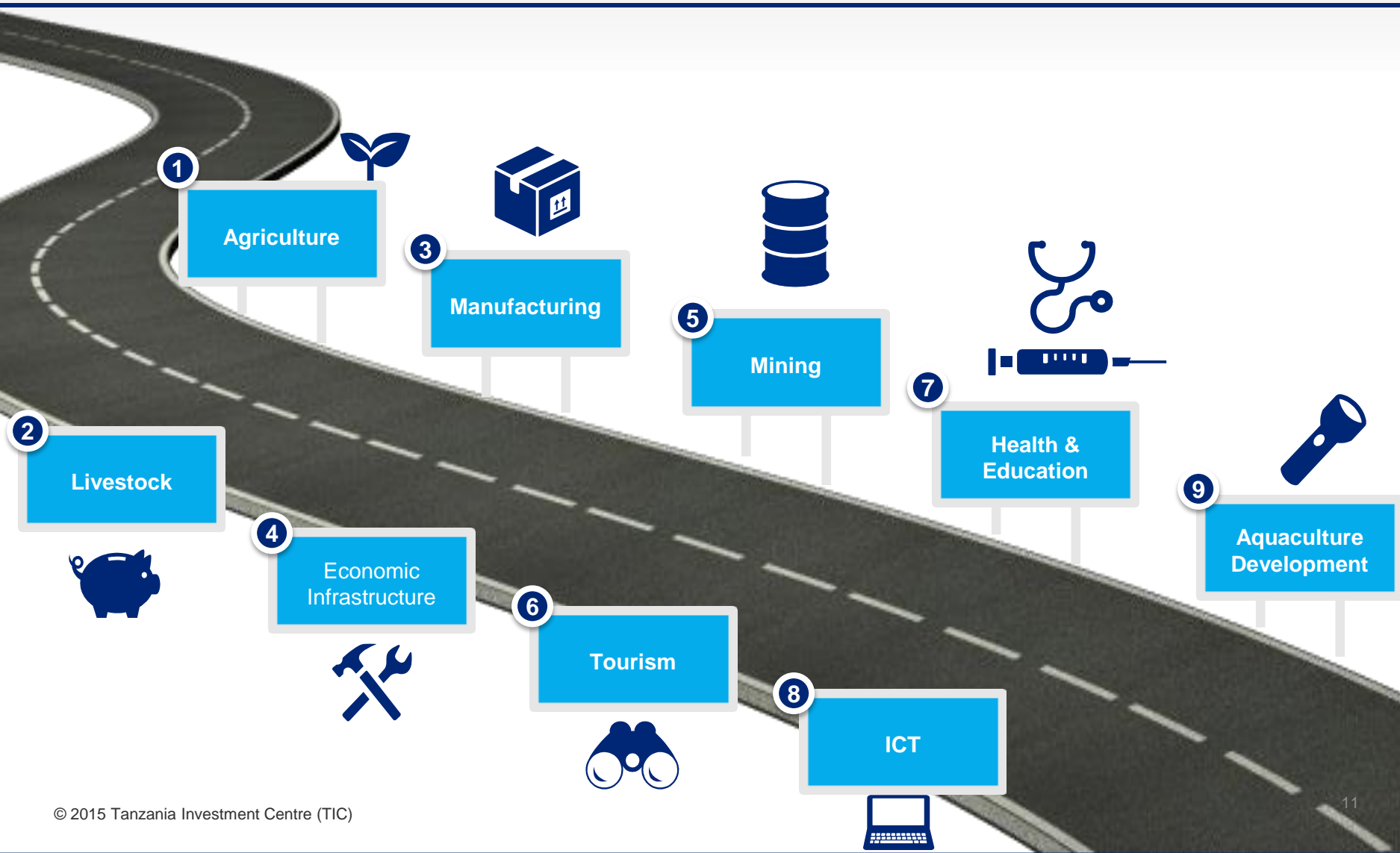
- The country recorded a 7.0% GDP growth rate in 2014, fastest in the region. Projected growth for the year 2015 is 7.3% according to (NBS)
- Inflationary pressures continue to ease as inflation was dropped to 5.3% in June 2015 (compared to 16% and 8% at the end of 2012 and 2013 respectively)
- The fastest growing sub-activities in 2014 included construction (14.1%), transport and storage (12.5); financial services and insurance (10.8%); and trade and retail (10.0%). Mining (9.4%); power generation (9.3%).



Investment Opportunities

Investment Opportunities in Tanzania

An overview



1 Agriculture



Commercialization of Agriculture Sector in Tanzania

- 3 Year topline targets: 2012/2013-2015/2016 under BRN and SAGCOT
- ❖ Put 350,000 hectares of land under commercial farming and increase production of sugar by 150,000 MT
- ❖ Expand 330,000 hectares of irrigated land under small holders and increase production of rice by 290,000 MT
- ❖ Improve maize marketing through 275 Collective Warehouse Based Marketing Schemes (COWABAMA) and increase maize production by 100,000 MT

OPPORTUNITY

- Cultivation of major cash crops including Coffee, Cotton, Tea, Tobacco & Cashew and food crops such as Maize, Rice, Pulses & Wheat.
- Processing and marketing of cash as well as food crops mentioned above.

Attractiveness of Agricultural Investments in Tanzania

- **Available arable land** – Tanzania has 44m ha, of which only 10.8m ha are currently under cultivation (24%)
- **Irrigation potential** – Some 29.4m ha suitable for irrigation. Many lakes, rivers and underground water sources for irrigation
- **Conducive climate** – Predominately tropical with bimodal and unimodal rainfall pattern. Temperatures range from 10c to 35c.

Key Achievements Under Commercial Farming

- A total of 83,601 hectares of previously underutilized land has been converted into commercial farm land.
- Two land title deeds secured – Mkulazi farm with 63,227ha and Bagamoyo farm measuring 20,374 ha.

Southern Agricultural Growth Corridor of Tanzania

- Government of Tanzania has come together with the private sector and donor community to develop sustainable, profitable agribusiness across the high-potential Southern region of Tanzania
- SAGCOT partners include major actors from all relevant stakeholder groups



1 Agriculture

Opportunity at Mkulazi Farm



- Tanzania Investment Centre is envisaging development of an agriculture hub at Mkulazi.
- This is among flagship projects earmarked for implementation during the current five year national development plan.
- Mkulazi farm is located in Morogoro Region in Tanzania. The farm is about 60 km from the main tarmac road Dar es Salaam – Morogoro, which is accessible through secondary (gravel) roads, with 3 possible access routes.
- The 63,000 Hectares site is situated alongside the TAZARA railway line linking Tanzania with the Zambia, approximately 100 km from Dar es Salaam.
- With ideal agro climatic conditions, competitive yields and cost factors. Mkulazi is well positioned to serve the growing local, regional and global demand-supply gap for food crops



PROJECT ECONOMIC VIABILITY

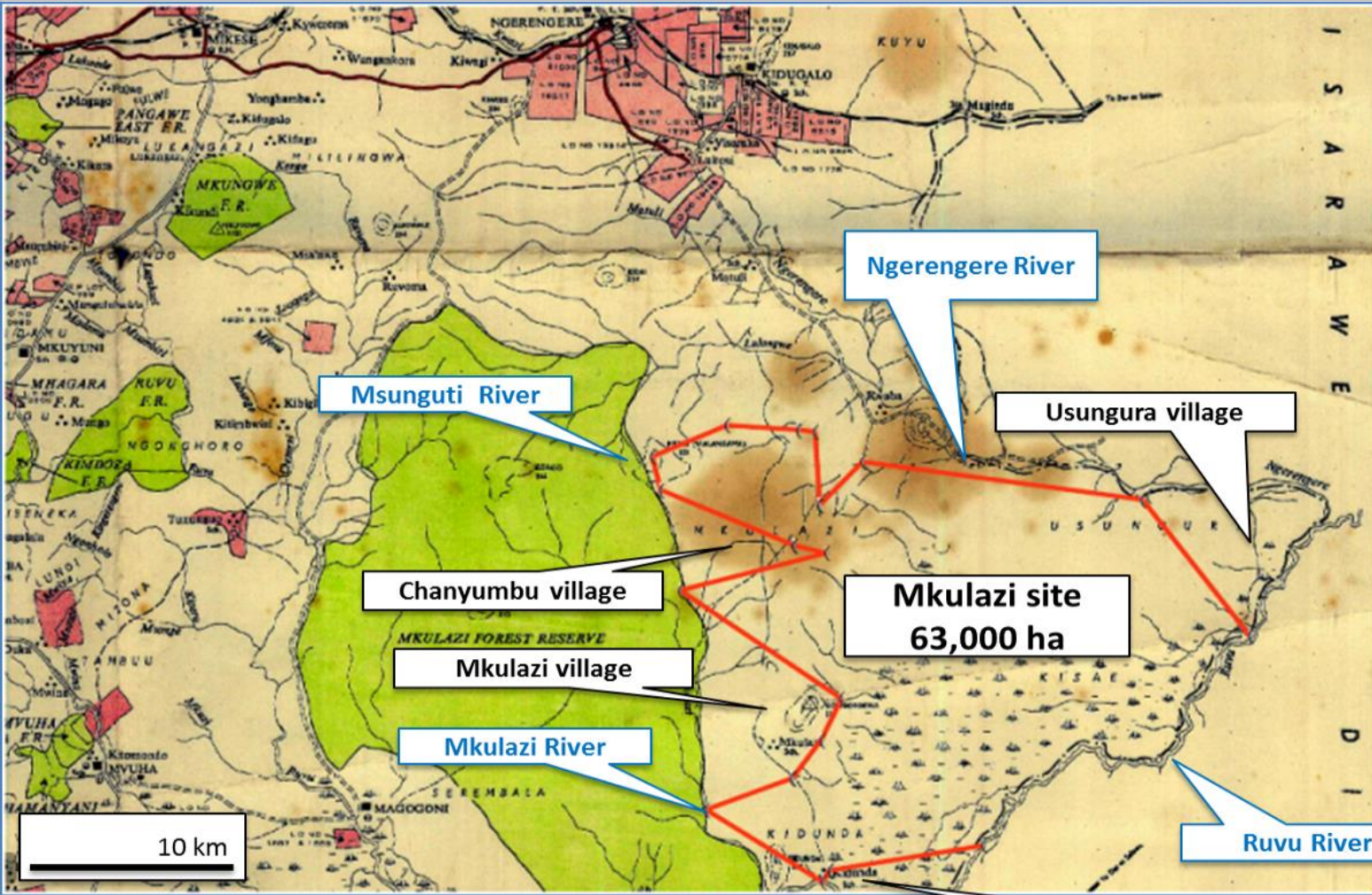
- The current sugar and rice market opportunities in Tanzania, EAC region, SADC region and global market provide competitive advantage for investors who invest and produce in Tanzania.
- The current sugar demand in Tanzania is 590,000 MT while only 304,000 MT is produced locally. This implies that Tanzania is importing an average of 286,000MT of Sugar.
- Sugar deficit in 2013/2014 for EAC, SADC and COMESA blocks was 1.034 million MT. Mkulazi farm investments will access competitive financial drivers, ample access to skills and inputs and successful precedents.
- Mkulazi investment will also enjoy SAGCOT partnerships which is a Joint initiative led by the Government of Tanzania, private companies and international donors

70/ % of total land for agriculture

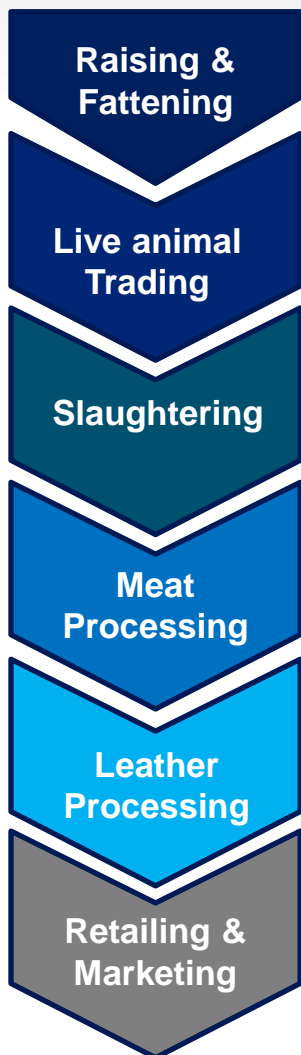
30/ % of total land for other use such as heavy & light industries



Agriculture: Mkulazi Site Map

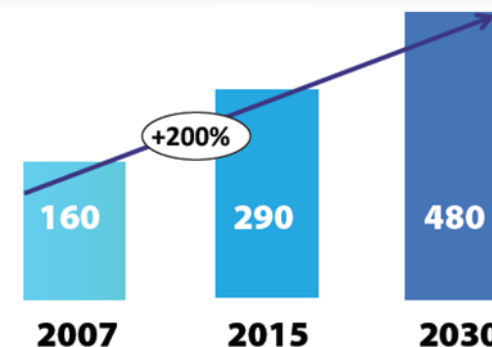


The site is located around approximate central coordinates -7,10 S / 38,35 E



- Currently only 2% of all livestock are raised on commercial farms.
- Only 4 abattoirs operate in Tanzania – insufficient to meet growing demand for hygienic & quality meat
- Less than 1% of all meat is processed locally, at the same time vast quantities of processed meat are imported from Kenya
- Less than 5% of all hides are processed to leather
- A 40% export levy on unprocessed skins creates a significant competitive advantage for local firms
- More than 700MT of quality meat are imported to Tanzania every year
- Local, regional and global meat demand is rising

Demand for Local Meat (Tons)



There will be a +200% increase in local meat demand in the next 15 years



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- Starting from a per capita consumption of 12kg p.a., Tanzania's demand for meat is expected to triple by 2030
- Partner with National Ranching Company (NARCO) ranches to produce various types of livestock including beef and dairy cattle,
- processing of meat, milk, hides and skins.
- Other areas include; compounded animal feeds and premix production, pasture production and livestock pharmaceuticals production.

3 Manufacturing



The 5th Phase Government Focuses on:

- Establishment of Agro based industries and those for fisheries and livestock products processing.
- Setting up of industries for production of mass consumption products such as clothes and edibles
- Formation of industries which create massive job opportunities for the people.

OPPORTUNITY

- Huge potential for direct exports to USA (AGOA) and EU (EBA). There is opportunity for export after value addition to China and India.
- Cashewnuts and coffee have high export potential.
- Other potential manufacturing industries in Agro Processing , Dairy Products, Textiles, Clothing , Leather Products, Chemicals, fertiliser, Cement, Iron and Steel.
- Membership to SADC and EAC provides access to 300 million potential customers

Examples of Locally Manufactured Goods in Tanzania





Facts and Figures

- **Road:** Tanzania had a road network estimated at 86,472 km as of 2011; with 82.5% of those roads unpaved. More than 11,000 km of tarmac roads under construction in the country .
- **Air:** The country uses three international airports as well as 5 major domestic airports. Major ports include Dar es Salaam, Tanga and Mtwara; as well as several lake ports.
- **Rail:** The railway system has a track length of around 3,685 km, including the TRL and TAZARA lines.
- **Energy:** Tanzania's energy demand is expected to grow by between 5% and 8.5% each year for the next 5 years

Forecasted Energy Demand (Unconstrained)



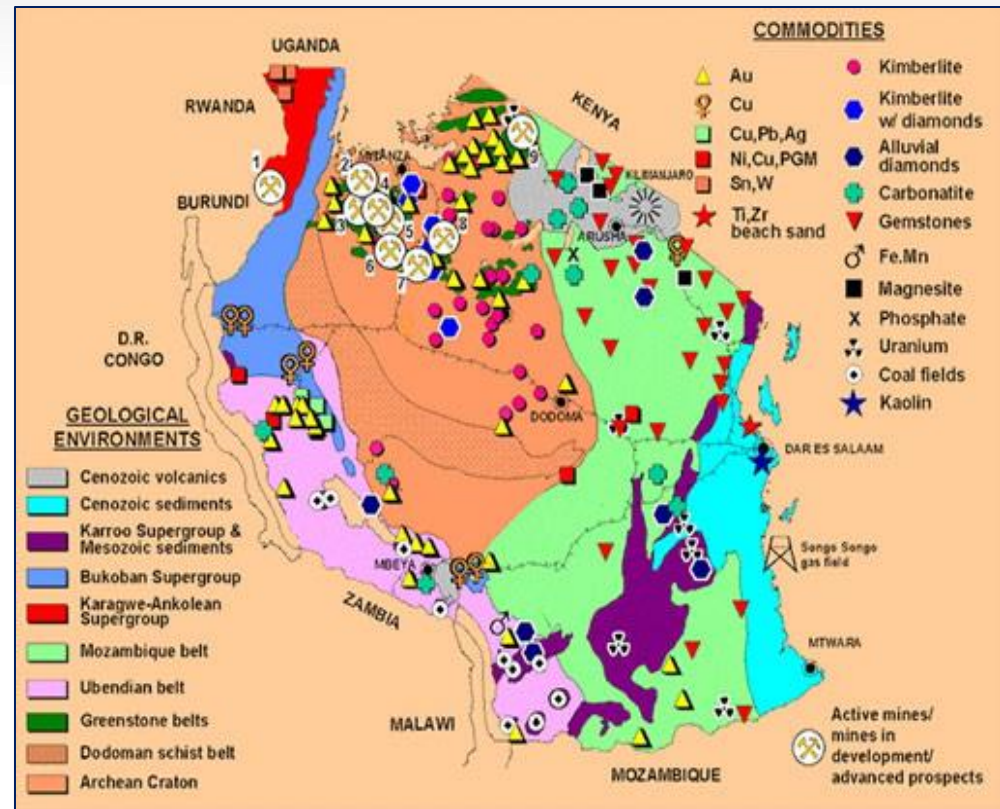
OPPORTUNITY

- Huge untapped opportunity in the power generation sector.
- Large road construction works as well as PPP opportunities.
- Investment opportunities in developing inland container depots ; development of extended railway lines as well as sea and lake ports.



Facts and Figures

- Tanzania's mining industry was envisaged to double in value to \$1.28bn from \$0.64bn between 2010 and 2015 [study by Business Monitor International].
- Tanzania's gold production currently stands at ~40 tons a year.
- Basemetals found in a belt running from Kagera through Kigoma to Mbeya, Ruvuma and Mtwara regions.
- Gemstones are found in eastern and western belts running from Kenya border in the northern part to Mozambique in the south and Mbeya and Rukwa regions. They include apatite and tanzanite which is 1000 rarer than diamonds.
- The Centre registers downstream oil and gas investment projects such as oil and gas transportation and storage facilities.



OPPORTUNITY

- Tanzania is estimated to have over 56 Trillion Cubic Feet (TCF) of recoverable natural gas.
- Gemstone carving and cutting, polishing and jewellery making are also important investment areas.



Facts and Figures

32 / Game Reserves

25 / % of Total area to wildlife parks and game reserves

16 / National Parks

3 / Key tourists circuit comprising:
 (1) Northern circuit = Serengeti National Park
 (2) Southern circuit = Selous Game Reserve
 (3) Beach Tourism providing some of the finest unpolluted beaches in Africa

OPPORTUNITY

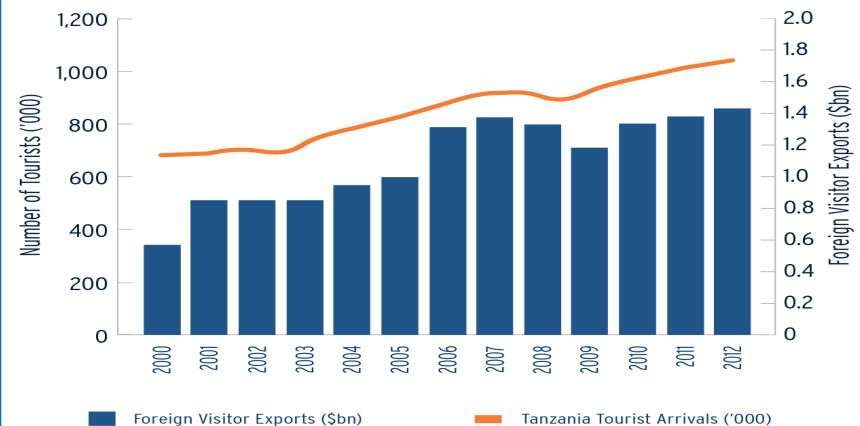
- Construction of hotels & lodges, Recreational facilities like amusement parks, deep-sea fishing, sea and lake cruising.
- Other opportunities for conference and eco-tourism, tour operators & transport services

UNESCO World Heritage Sites in Tanzania



- Norongoro Conservation Area
- Ruins of Kilwa Kisiwani and Ruins of Songo Mnara
- Serengeti National Park
- Selous Game Reserve
- Mount Kilimanjaro
- Stone Town of Zanzibar
- Kondoa Rock-Art Sites

Figure 1: MORE TOURISTS, MORE FOREIGN EXCHANGE



Source: Tanzania Economic Update, January 2015.

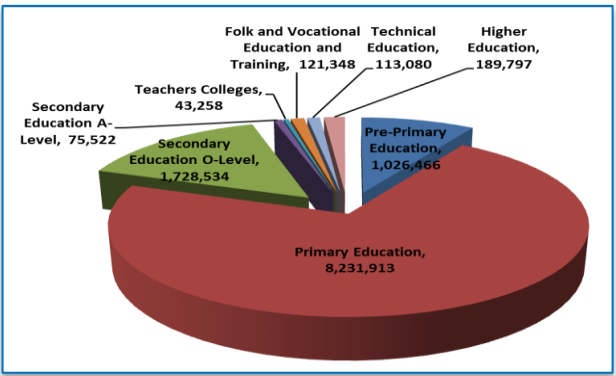
BROOKINGS

7 Health and Education



Education

- Low Teacher to Pupil Ratio: 1 teacher for 13.6 pupils in USA, 1 teacher for 16.8 pupils in China, 1 teacher for 18.7 pupils in UK , 1 teacher for 33.5 pupils in South Africa and 1 teacher for 50.8 pupils in Tanzania.
- In 2013, only 1% and 1.6% of total number of students were receiving technical and higher education respectively

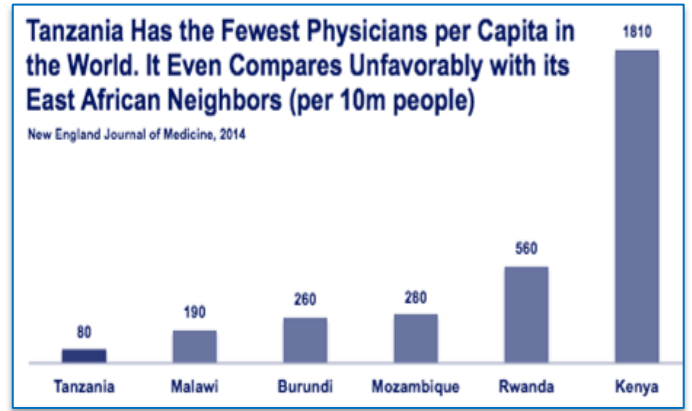


OPPORTUNITY

- Over 5,000 students going abroad/annum for studies, while many patients from Africa go to India for treatment. There potential to emerge as Centre for Excellence in East Africa.
- Opportunities for establishment of Universities, Technical Colleges, Specialised Hospitals and Research Centres

Health

- Low Physician to Patient Ratio: 27.7 physicians for 10,000 patients in UK, 24.2 physicians for 10,000 patients in USA, 14.6 physicians for 10,000 patients in China, 7.6 physicians for 10,000 patients in South Africa and 0.1 physicians in for 10,000 patients Tanzania.
- In 2014 New England Journal of Medicine reported that Tanzania had the lowest number of physicians per capita.

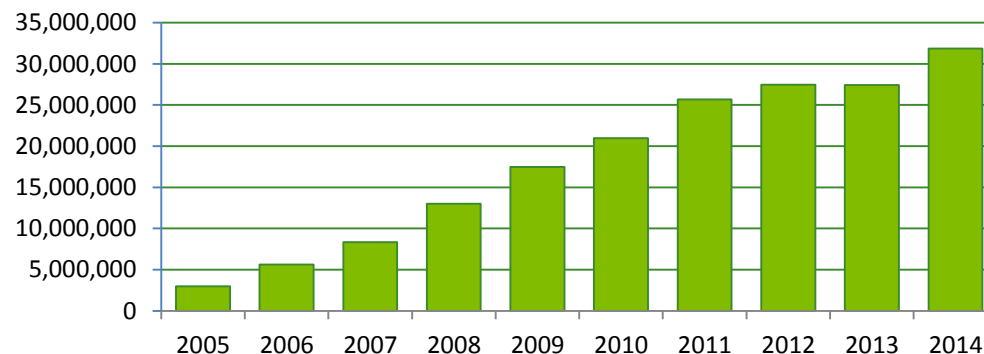




- There has been a rapid growth and transformation of the communications market in Tanzania in the last 10 years.
- The ICT market has grown both in terms of subscribers, variety of services and the expansion of the coverage area
- There were approximately 31,862,656 mobile subscribers in the market in 2014, compared to 2,963,737 in 2005.
- Penetration stood at 67% in December 2014 from 10% in 2005
- There were 151,274 fixed line subscribers in 2014, not increasing from 154,420 in 2005.
- Internet service subscribers have increased to about 11,000,000 by December 2014 from 3,563,732 in 2005.



Mobile Subscribers in Tanzania



Service Providers in Tanzania



OPPORTUNITY

- An increasing appetite for subscribers to use the internet.
- Provision of mobile services especially in rural area as penetration is higher in urban areas.



Facts and Figures

- Tanzania has a total surface area of 945,037 sq. km. The area of freshwater cover is estimated at 54,337 sq. km., which is about 6.1 percent of the total country's surface area
- The country has Territorial Sea of 64,000 sq. km., an Exclusive Economic Zone (EEZ) covering an area of about 223,000 sq. km and 1,424 km coastline along the Indian Ocean.
- The Government encourages the private sector to participate in aquaculture development.
- It is committed to maintaining and developing an appropriate legal and administrative framework for development of aquaculture.

OPPORTUNITY

- Around 3000 hectares suitable for shrimp farming in Mafia Island
- **Cultured species** including: Mud crabs, Oysters, Grouper and Scallops for mariculture
- **Fresh water species** including : Tilapias, African Catfish , Rainbow Trout and Freshwater prawns
- Production of formulated fish feeds and live fish food production (eg. Earthworms)

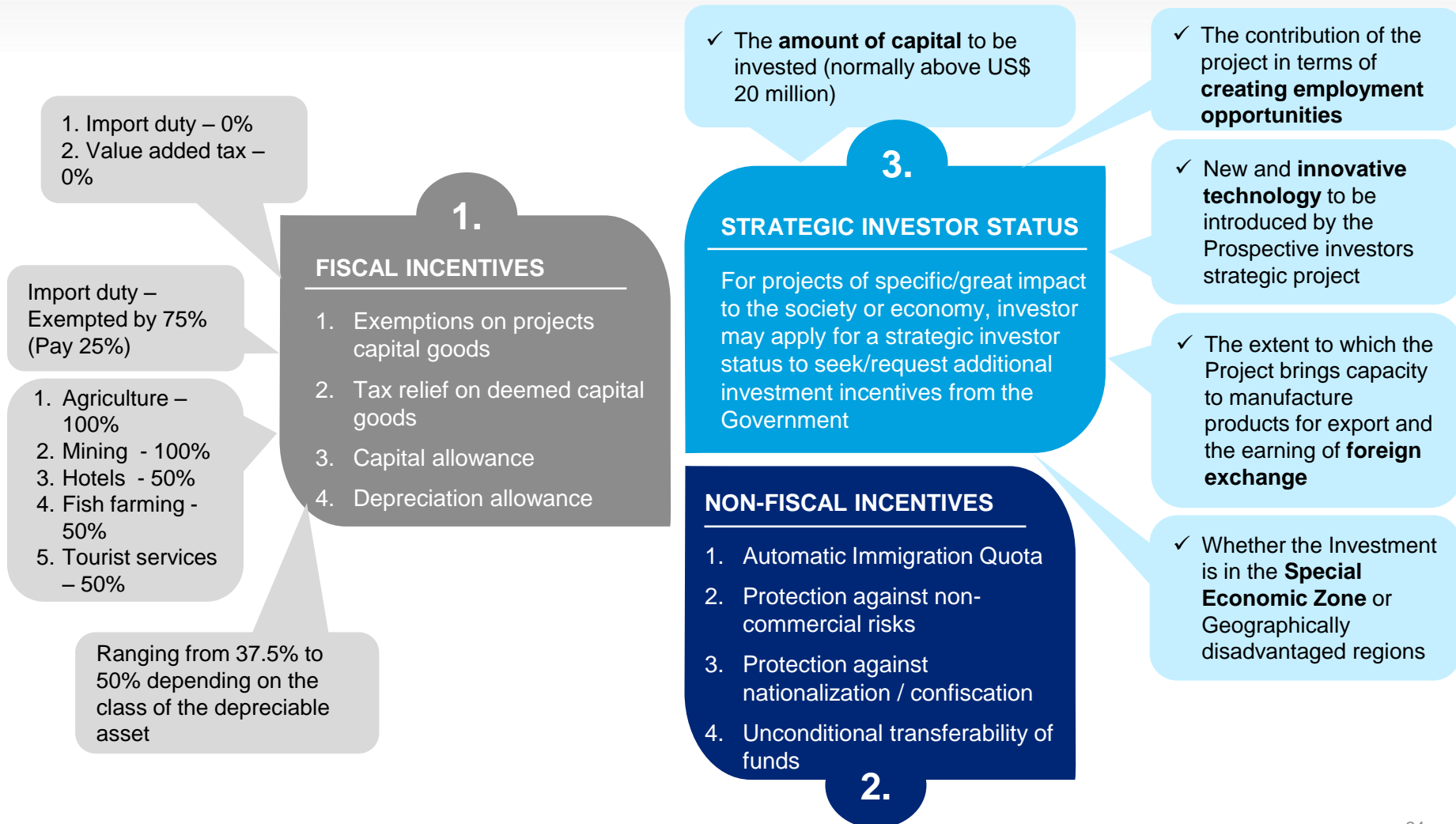




Investment Incentives

Investment Incentives

Fiscal & Non-Fiscal Incentives, and the Strategic Investor Status





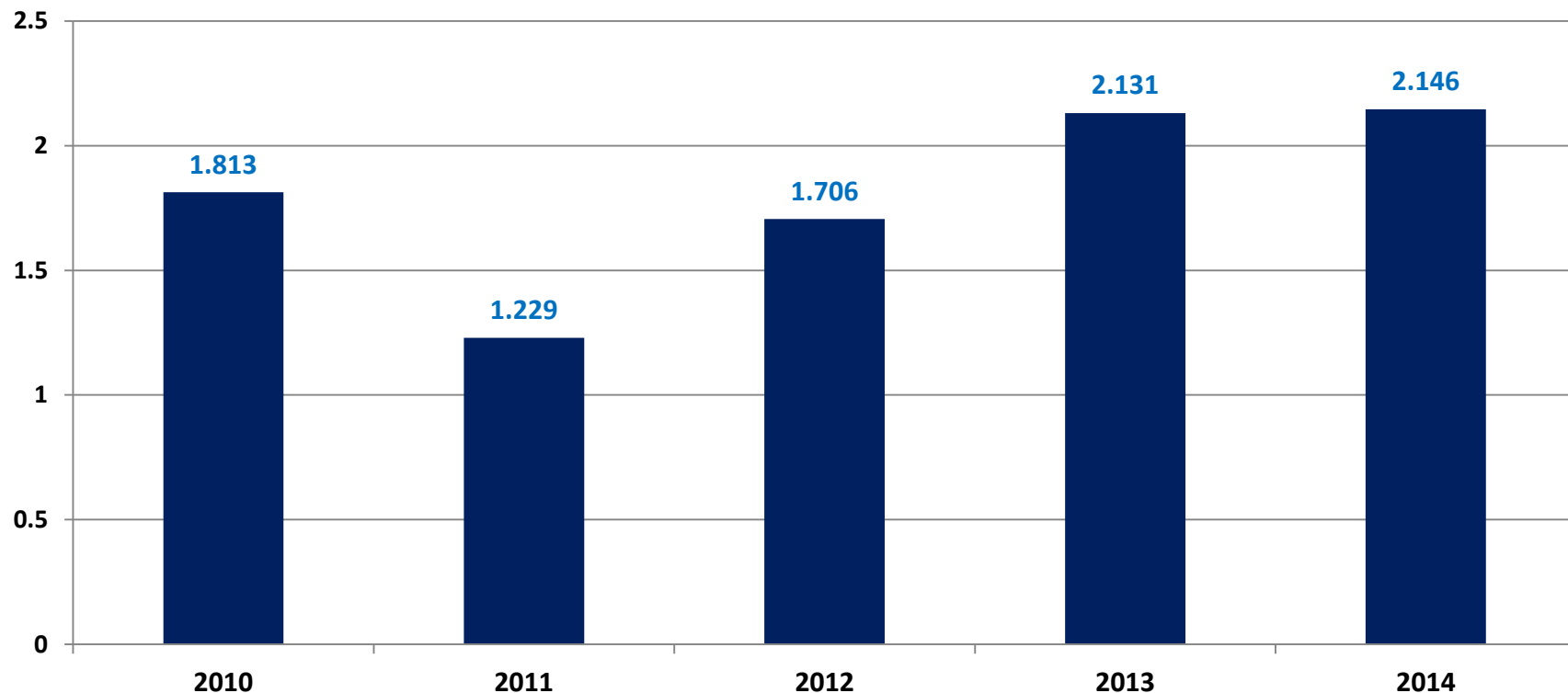
Investment Trends

FDI Flows into Tanzania (2010 – 2014)



ACCORDING TO WORLD INVESTMENT REPORT 2015 TANZANIA LEADS THE EAC REGION IN INVESTMENT INFLOWS RECEIVING \$ 2.146 BILLION IN FDI IN 2014 .UGANDA REGISTERED \$1.147 BILLION , KENYA RECEIVED \$989 MILLION IN FDI WHILE RWANDA AND BURUNDI CAME FOURTH AND FIFTH WITH FDI's TO THE TUNE OF \$268 MILLION AND \$32 MILLION RESPECTIVELY.

FDI Flows (in US\$ Billions)

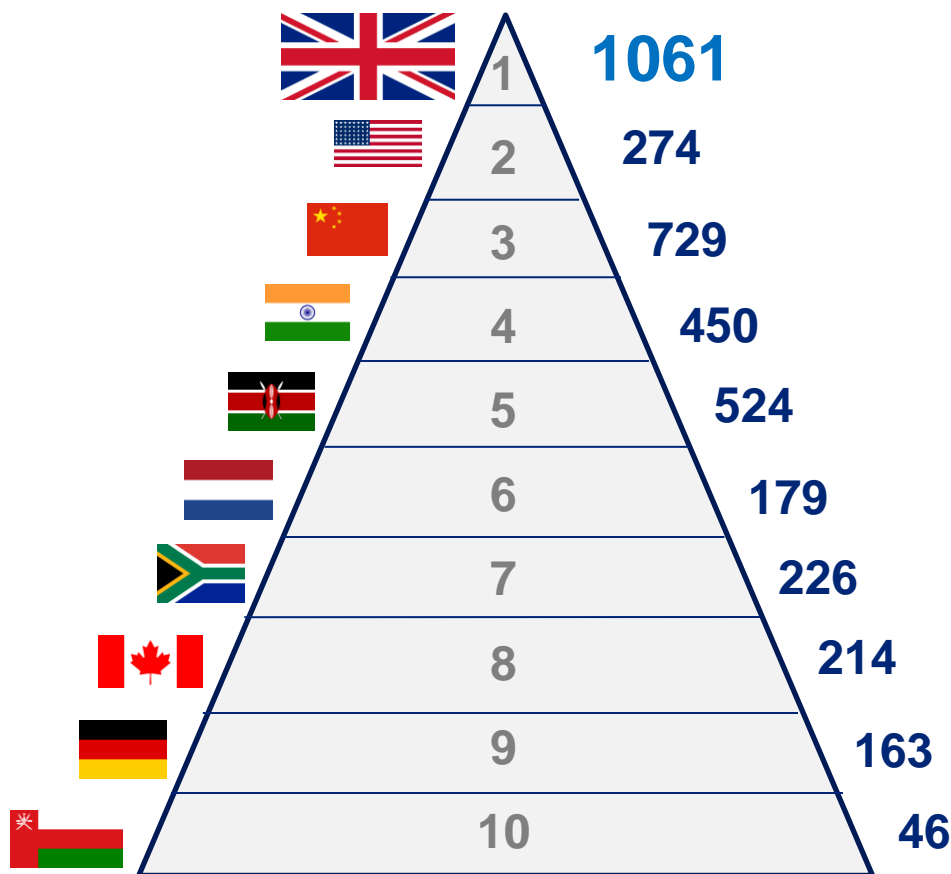


Source: UNCTAD - World Investment Report – 2015

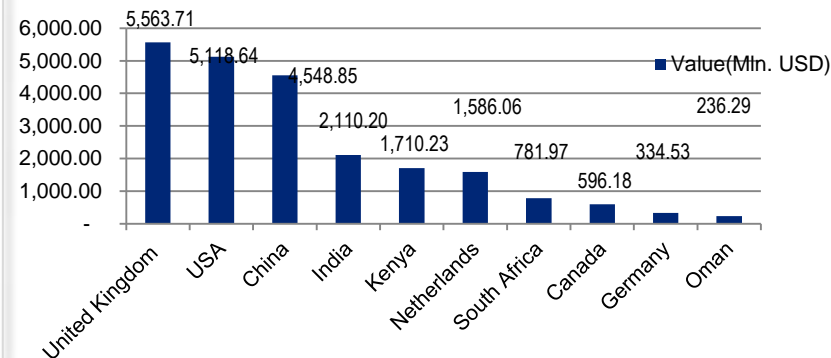


Top 10 Countries With Registered Investments In Tanzania-Value of Investment From January 1990-December 2015

Number of Investment Projects



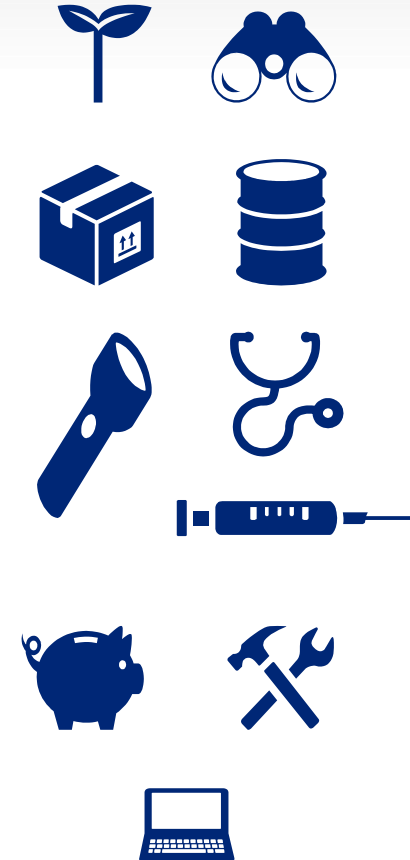
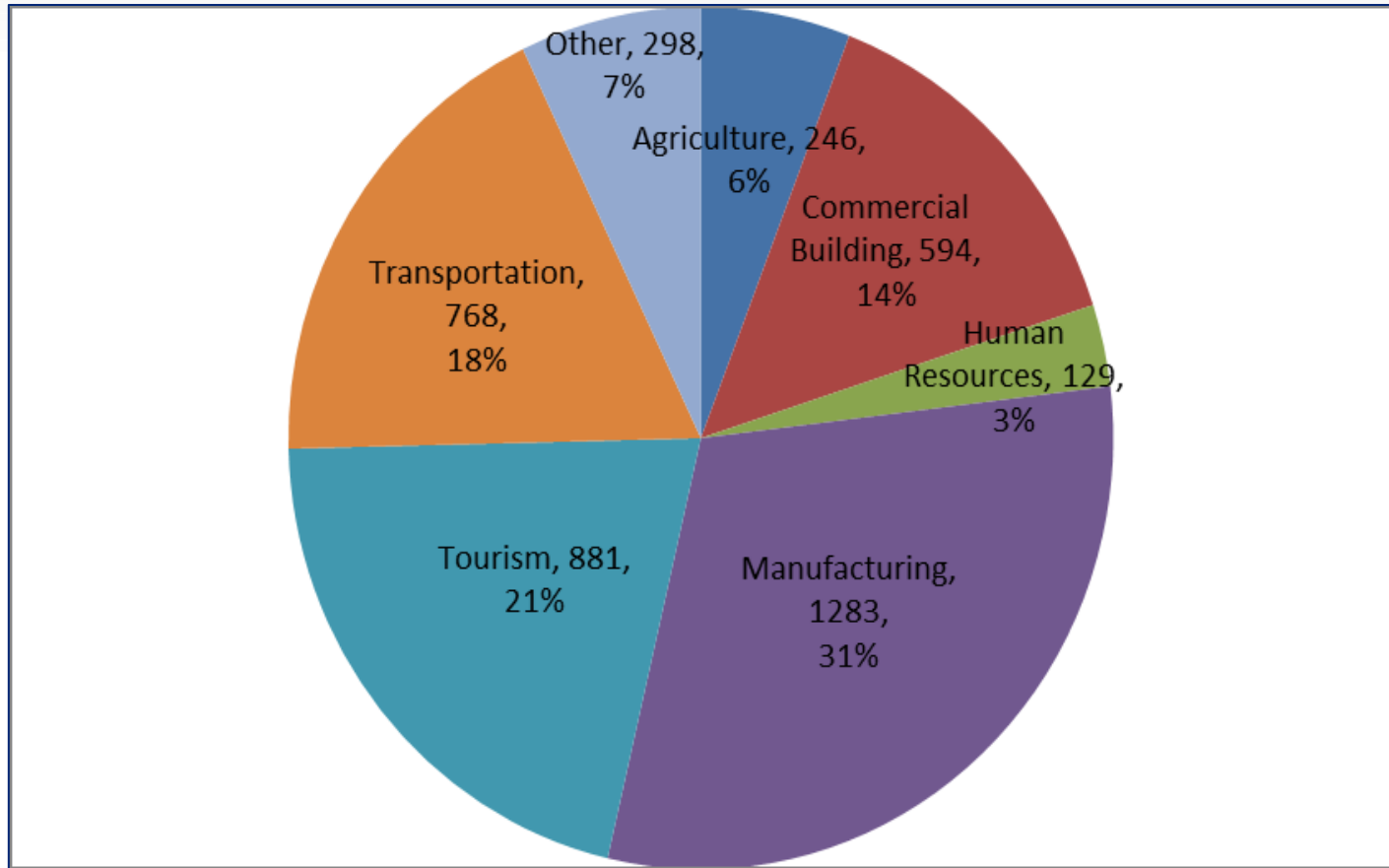
Investment Value (US\$ Millions)



Number of Jobs Created

Rank	Country	Jobs Created
1	United Kingdom (UK)	287,692
2	United States of America (USA)	55,746
3	China	106,544
4	India	56,679
5	Kenya	56,260
6	Netherlands	16,073
7	South Africa	21,269
8	Canada	26,214
9	Germany	16,168
10	Oman	1,920

Number of Projects Registered in Priority Sectors : Jan. 2010 – Dec. 2015



Award For a Strategic Investment Project



- A strategic investment project registered by the centre was recently voted the Best Investment Project 2014 in East, Central and West Africa region.
- In this project Viettel Tanzania Limited is committing \$736 million dollars as investment capital to provide third-generation (3G) mobile phone network.
- It intends to provide access to at least 4,000 villages (40% of all villages in Tanzania)
- The award was granted during the 5th Annual Investment Meeting (AIM) held in Dubai .
- This award demonstrates that the service and commitment afforded to investors through our agency is of global standard.



Thank you for your attention!



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