



INVESTMENT GUIDE TO TANZANIA

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A
GATEWAY
TO INVEST
IN
TANZANIA

Produced By:



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WHY INVEST IN TANZANIA?

- >> Peace & Political Stability
- >> Strategic Location
- >> Attractive Investment Regime
- >> Investment Incentives
- >> Investment Guarantees
- >> Plenty of Natural Resources
- >> High Growth Potential
- >> Memberships of
Bilateral Trade Agreements
- >> Public Private Partnerships
- >> Export Processing
and Special Economic Zones
- >> Magnificent Business
and Leisure Destinations

PRIORITY AREAS OF INVESTMENT

1.

AGRICULTURAL & LIVESTOCK DEVELOPMENT

Agriculture Sector, with annual growth rate of 6%, accounts for nearly half of national GDP contribution, 70% of rural household income, and absorbs 80% of the entire workforce. Lately, the government introduced a special agricultural revolution initiative, namely “Kilimo Kwanza”, with the aim of commercialising agriculture and improving cultivation methods of peasant farmers to supplement agribusiness and assure the country of self-sufficiency in food supplies. Agricultural and livestock development is the leading economic sector in Tanzania and remains critical for achieving sustained growth, poverty reduction, and rural development.

Coffee beans Several reforms have been undertaken in this sector, such as review of land laws to allow for long term leases for foreign companies and redefining the role of government and the private sector that allow for the latter to participate in production, processing, and marketing, while the former retain regulatory and public support functions. Tanzania has enormous water resources potential. Water for irrigation can be obtained in flood basins of rivers and lakes as well as from underground sources. Potential irrigable farmland in Tanzania is approximately 29 million hectares, out of which only 280,000 hectares are under irrigation farming. This provides for high agricultural investment opportunities. In addition to the following specific investment opportunities available, this sector offers varying business avenues, such as importing modern-and-efficient farming equipment, for instance tractors and power tillers; providing training of modern farming, for example, how to use appropriate irrigation technology, etc.

1.1. Southern Agricultural Growth Corridor of Tanzania (SAGCOT)

Agriculture is the basis of Tanzania's economy. It is the major source of employment, a significant export earner and an important component of the national GDP. Yields are low, but with improved access to finance, infrastructure, modern farming inputs and know-how, Tanzania's smallholder farmers could achieve much higher yields, allowing them to sell into regional and international markets.

Launched at WEF Africa in 2010, SAGCOT is a public-private partnership that aims to boost agricultural productivity in Tanzania and the wider region, and thereby achieve the country's agricultural strategy. SAGCOT will promote “clusters” of profitable agricultural farming and services businesses, with major benefits for smallholder farmers and local communities. By catalyzing large volumes of responsible private investment, the initiative aims to deliver rapid and sustainable agricultural growth and thereby tackle food security, poverty reduction and reduced vulnerability to climate change.

Key features of SAGCOT include:

- SAGCOT Partnership established with members from government, global business,

the Tanzanian private sector, farmers, foundations and donor institutions.

- Executive Committee co-chaired by the Minister of Agriculture of Tanzania; and the Executive Vice President (North and Central Africa) of Unilever.
- SAGCOT Centre established as a formal secretariat to advance the initiative.
- An Investment Blueprint outlines the initiative and opportunities.
- A Catalytic Fund will soon be in place

Investment Opportunities

The Investment Blueprint highlights 15 ‘early win’ investment opportunities where rapid progress could be made. These include:

- Mbozi seed farm. A 3,000 hectare nucleus seed estate plus irrigated outgrower scheme for maize, soya, sunflower, sesame and pulses.
- Ruvu cattle ranch. Redevelopment of a 40,000 hectare government-owned ranch, with the introduction of fattening and slaughter facilities for local breeders.
- Smallholder commercialization and agro-dealer program. Providing extension services, inputs, weather insurance and market access to large numbers of smallholder farmers.
- Sao Hill agri-centre. Irrigated vegetable production linked to an agriculture processing centre (including a biomass plant) with storage and processing facilities.

Additionally, SAGCOT has prepared concrete opportunities for promotion to investors:

- Sugar: Opportunity to develop modern sugar operations drawing on Tanzania's natural advantages for sugarcane cultivation, and supply the large domestic and regional sugar markets.
- Rice: Opportunity to take advantage of the growing gap in rice supply by investing in rice production to serve the rapidly growing market in Tanzania and the region.
- Livestock: Opportunities to benefit from exponential growth in demand for livestock products across the region.

- Horticulture: Opportunities to establish modern vegetables, fruits, flowers, spices and horticultural seed business operations for domestic, regional and international markets.

1.2. Sugarcane Cultivation

Aim:

To develop modern sugar operations drawing on Tanzania's natural advantages for sugarcane cultivation, and supply the large domestic and regional sugar markets.

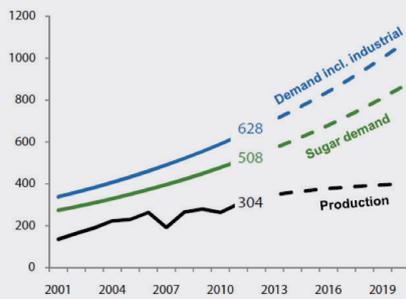
Current situation:

- All 4 existing sugar estates and mills have been rehabilitated by local and international investors and production has increased very fast since privatization in the early 2000's, growing from 135,000 tons in 2001 to 300,000 tons sugar in 2011
- As current estates reach peak production and expansion potential, the government has put a high priority on attracting investors to develop new greenfield sugar projects
- Attesting of the attractiveness of the sector in Tanzania, global sugar industry players already present in Tanzania, Illovo and Tereos, are eager to explore these new opportunities

Market Opportunity:

- With rapidly growing population and rising incomes, the Tanzanian sugar market growth is estimated at 6% p.a.
- The current sugar supply gap is approximately 300,000 tons, expected to increase sharply as current estates are limited in their expansion
- An additional 400,000 tons sugar supply gap is observed in the EAC common market
- region, progressing at >10% p.a., presenting a significant import substitution opportunity within a common market protected by a 30% external tariff
- Booming global ethanol market favouring African producers and the local power market offer strong market opportunities for other sugarcane products and by-products

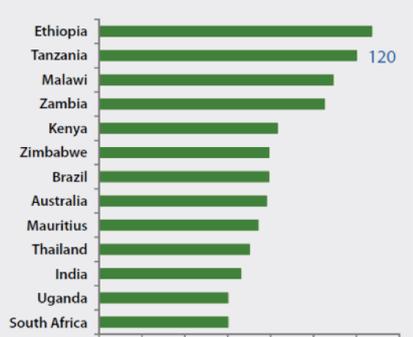
300,000 ton sugar production deficit in Tanzania (metric tons)



Tanzania's Competitive Advantage:

- With ideal soils and climate for sugar cane production, Tanzania boasts among the highest average cane yields in the World, at 120 tons/ha
- With ample rainfall and generous rivers fed by the high hinterland plateaus, Tanzania has among the best irrigation potential in the sub-region
- Soil and topography in target sugar zones are ideal for industrial sugarcane cultivation, and the government is preparing new sites for greenfield sugar projects
- Under the Southern Agricultural Growth Corridor of Tanzania (SAGCOT), numerous donors (World Bank, USAID, DFID, etc.) are investing in infrastructure and institutional capacity that will benefit investors

Average sugarcane yields - 2010 (tons/ha)



1.3. Rice Crop Growing

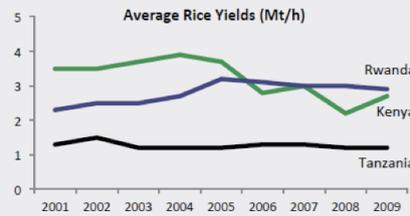
Aim:

To take advantage of the growing gap in rice supply by investing in rice production to serve the rapidly growing market in Tanzania and the region.

Current Situation:

- Around 90% of Tanzania's rice production is done by small-scale farmers, on an average farm size of 1.3 ha
- Current rice yields are low, creating opportunity for investors ready to introduce latest techniques and inputs
- Rice prices in Tanzania are consistently higher than the global rice price

Low yields create opportunity for modern farms



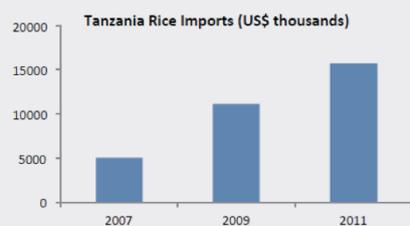
High local market prices



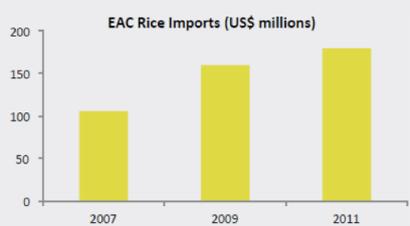
Market Opportunity:

- Tanzania has one of the fastest growing urban populations in East Africa, rising 4.7% per year; the growing middle class prefer rice over other staples: local rice production cannot keep up with demand, driving imports
- Producers in Tanzania also have duty-free access to the rest of the EAC, SADC and COMESA, where demand and imports are also rising

+40% annual growth in rice imports by Tanzania



+20 annual growth in rice imports by EAC



Tanzania's Competitive Advantage

- Tanzania offers ideal conditions for rice cultivation, with tropical temperatures, rich and fertile soil, plenty of sunshine and rainfall, and a number of large river systems ideal for irrigated rice projects
- Key factor costs (labour, land, power) are very competitive - generally lower than in alternate locations

- Several specific sites for large-scale irrigated rice schemes have already been earmarked, and the government and donors are ready to help fund outgrower irrigation systems, training and input supplies
- One major nucleus-outgrower rice venture is already cultivating more than 10,000 hectares, with some outgrowers achieving yields of 8T/ha, proving the success of the model

1.4. Livestock Sector

Aim:

To position Tanzania such that it can benefit from the exponential growth in demand for livestock products across the region.

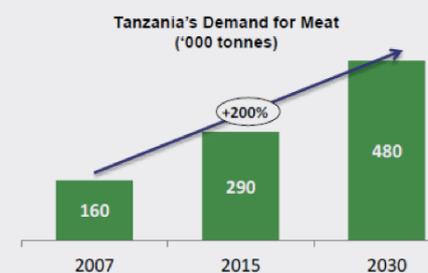
Current Situation:

- Tanzania's livestock population has been increasing by 5% per annum; its 21.3 million large cattle population make it the biggest in Southern Africa
- However 97% of all animals are kept by smallholders who are often faced with poor productivity and yields

Market Opportunity:

- Increased population sizes, urbanization and income levels across Africa are boosting demand for meat
- Starting from a per capita consumption of 12kg pa, Tanzania's demand for meat is expected to triple by 2030
- Current increases in livestock supply will not be able to meet future demand and large scale investments are needed to provide technical skills and capital to run ranches, feedlots, abattoirs, meat processors and tanneries

200% increase local demand for meat



Tanzania's Competitive Advantage:

- Tanzania already exports meat to the middle east & neighboring countries, with significant growth potential
- The National Ranching Company (NARCO) has made 100,000ha of prime ranch land available for investors and supports investments in feedlots, abattoirs, meat processors, rendering plants and tanneries
- The climatic conditions for livestock operations in Tanzania are ideal, with high rainfalls providing the mostly flat grasslands with the necessary water to keep livestock at a stocking rate of 1 animal per 3 hectare or better



- Investors are supported and incentivized through tax holidays, duty free imports of capital assets, favorable loans from the Tanzania Investment Bank (TIB) and administrative support from the Tanzanian Investment Centre

1.5. Horticulture Sector

Aim:

To establishing modern vegetables, fruits, flowers, spices and horticultural seed business operations for domestic, regional and international markets

Current Situation:

- The horticultural industry in Tanzania is the fastest growing industry within the agricultural sector recording an annual average growth of 9 - 12 per cent in the past five years. Contribution of the investments in horticultural businesses to total agricultural investments has averaged 17 per cent since 2007
- The sub-sector has been earmarked as one of the potential areas for fast growth in the Tanzania Agriculture and Food Security Investment Plan (TAFSIP) and Southern Agricultural Growth Corridor of Tanzania (SAGCOT)
- A number of investors are already engaged in the production and marketing

of horticultural crops mainly for export markets. The crops include vegetables (such as green beans and baby corns), flowers (e.g. roses and cuttings) and fruits (e.g. avocado, mangoes, pineapples and berries)

Banana tree Market Opportunity:

- There is huge demand for quality horticultural products in both local and export markets. Tanzania's horticultural exports have increased significantly.
- Domestically, there is still inconsistent supply of quality products making the country import fruits, vegetables and spices such as tomatoes, onions, garlic and leeks, fresh apples, grapes, pears and quinces and strawberries accounts
- There is an increased processing of fruits into juice which has led to an increased demand of the produce in the country. This has contributed to the reduction in supply to the market of some fresh fruits such as mangoes making the prices fairly
- Consistent and attractive.

Tanzania's Competitive Advantage:

- Land availability, wide range of climatic conditions supporting production of a variety of horticultural crops, access to markets through preferential and other regional/multilateral schemes and peace and stability of the country are among the factors that make Tanzania an important investment destination for horticulture
- Cool climate, altitudes of 800m to 200m, low humidity and average rainfall greater than 700mm make production of crops such as flower, cuttings, vegetable/flower seeds, avocados, strawberries, raspberries and spices (cardamom) possible in the SAGCOT area and the northern zone.
- Strategic positioning of the country: Good links to ports and airports: DSM and Tanga ports, Julius Nyerere International Airport in DSM, Songwe International Airport in Mbeya, KIA and Nairobi provides guarantee for sea freighting and airlifting of horticultural products destined for international markets.

2. NATURAL RESOURCES

In terms of sector classification, Natural Resources in Tanzania refer to forestry & beekeeping, wildlife, and fisheries. The country has vast untapped natural resources that provide a base for investment in factories, industries and training. The terrestrial area is the grassland savannah rich in wildlife, with equatorial rainforests, miombo woodlands and plateau with amazing natural scenery and beauty. The area houses archaeological sites such as the Olduvai Gorge, Konda Rock Arts and other historical sites. The coastal strip and water support a combination of natural systems including coral reefs, estuarine, sea grass beds and extensive mangrove stands. Similar to other sectors, private investments are highly encouraged in the natural resources sector, of which the government plays the role as policy maker, promoter and regulator. This sector presents enormous investment opportunities, some of which are outlined hereafter.

2.1. Fisheries

Tanzania is one of the largest fishing nations in Africa, according to FAO; it is ranked in the top 10 countries in terms of total capture fisheries production.

The annual fish production is about 341,065 tons. In addition, the sector contributed about 1.4 percent to the GDP (National Statistics Bureau; 2010) and 10 percent to the national foreign exchange earnings. The sector employs more than 177,527 full time fishermen and about other 4 million people earn their livelihoods from the fisheries sector (Fisheries Statistics, 2011). For the years 2005 - 2010, fish and fishery products exports from Tanzania earned the

Zambia) and Lake Nyasa (shared with Malawi and Mozambique).

Investment Opportunities:

The main investment opportunities existing in the fisheries industry are in the following areas: fishing, fish processing, value addition in fish and other fisheries products; cold chain, boat building, construction of a fish harbour, construction of dry docking facility, ecotourism, manufacturing of fishing gear and accessories. Other areas include; prawn/shrimp farming, mud-crab farming, pearl culture, finfish culture, seaweed farming, hatchery for fingerlings production, fishing and culture of ornamental fish, fish feeds production and live food production.

Fishing in the Exclusive Economic Zone (EEZ)

Fishing in the EEZ targets mainly tuna and tuna-like species which include; Yellow fin, Big eye, Albacore and Skip jack. Other species include; Marlin, Sharks and Swordfish. Although fish potential for this area have not yet been estimated, the existing catch on the fishery and willingness from long liners and purse seiners buying license from Tanzanian jurisdiction, indicates a potential for investment in this fishery. Fishing in the EEZ is under the jurisdiction of the Deep Sea Fishing Authority (DSFA). Tanzania is within the western Indian Ocean zone which has high productivity and

there is strong seasonal migration of tuna with peaks between July and November.

Value Addition in Fish and other Fishery Products

As at December 2011 there were 9 fish processing plants operating around Lake Victoria on the Tanzanian side of the lake. These plants fillet Nile perch mainly for export market. Through this process, good amount of fish by-products such as fish maws, skins, off cuts, chips, frames, chests and silage are realized. Most of these byproducts are semi processed through salting, sun drying and dry smoking. Investment opportunity exist in the purchase of semi processed fish products from fish processing plants and further process them to produce various value added marketable products such as fish meal and cakes for domestic and export markets.

Most of the fish packaging materials are imported from outside the country as such investment opportunities exist in manufacturing of fish packaging materials. Other avenues for investment include marketing and distribution of value added fishery products, establishment of fish canning facilities and improvement of fish processing technology.

Construction of Fishing Harbour

Currently, fishing in the EEZ is dominated by foreign fleets (in 2008 35 foreign fleets were given license) which fish and take the produce without off-loading or undergoing production and export certification in the country. Construction of a fishing harbour will therefore, provide for



country US\$ 195.2 million per annum.

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 a Territorial Sea of 64,000 sq. km., an Exclusive Economic Zone (EEZ) covering an area of about 223,000 sq. km. and a stretch of a coastline of about 1,424 km long all in the Indian Ocean, and other inland water bodies (major and minor lakes, rivers, dams, ponds and wetlands), covering about 5,000 sq. km.

The country shares three major inland lakes: Lake Victoria (shared with Kenya and Uganda), Lake Tanganyika (shared with Burundi, DRC and

Tanzania's Water Bodies Distribution

Water body	Total area (sq. km)	Tanzania territorial claim (%)	Fishery potential (tons)
Lake Victoria	68,000	35,088 (51%)	2,072,360
Lake Tanganyika	32,900	13,489 (41%)	295,000
Lake Nyasa	30,800	5,760 (20%)	168,000
Marine (Territorial sea)	64,000	64,000 (100%)	100,000
EEZ	223,000	223,000 (100%)	N/A
Other (minor water bodies)	5,000	5,000 (100%)	30,000

Source: Ministry of Livestock & Fisheries Development (MLFD, 2010)

the EEZ fishing vessels to anchor onshore which will enable the government and the would-be investors to obtain data/information on the catch and appropriate revenues from the fishing vessels in the EEZ.

Construction of Dry Docking Facility

The dry docking facility will serve the fishing vessels as well as merchant ships. Currently, there is no such a facility in Tanzania and as a result, dry docking for most of the fishing and merchant ships operating in the Tanzanian waters are done in Mombasa, Kenya. The need for such a facility in the country therefore, offers a great opportunity for investment.

In summary there are ample potential investment and trade opportunities in the fisheries industry in Tanzania. The Government has taken initiatives in facilitating investment undertakings in various sectors of the economy. Conducive investment policies and regulatory frameworks are in place. The investment policy encourages private investors to proactively get engaged individually, through joint ventures and through Public-Private Partnership (PPP).

2.2. Forestry

Forests and woodlands in Tanzania are estimated to cover about 35.5 million hectares, and constitute about 38% of the total area of the country. Of this, 13.5 ha are gazetted as national forests or local government forests and the remaining 25.5 million ha are on village or general land. Tanzania has 600 government forest reserves, covering about 13% of the total land area. The reserved area includes 1.6 million ha that are managed as catchment forests and 80,000 ha of government plantations.

In addition, there are 80,000 ha of private forest plantations. Most of the forest is savannah and intermediate woodland (dominated by brachy-

stegia and isoberlinia species). The principal species of wood in Tanzania are valuable tropical woods, such as cedar, African rosewood, podocarpus and mahogany. There are also plantation forests covering an area of 250,000 - 300,000 ha. consisting of Pinus, Cupressus or Eucalyptus and Wattle. Investment opportunities available in forest industry include:

Establishment of plantation forests

The Government is actively promoting private sector and community involvement in management of governmental industrial plantation. It is seeking to encourage companies and individuals to invest in pulp and saw log growing and processing through mutually Public Private Partnership (PPP) arrangements.

Currently, there are 16 government-managed plantations in Tanzania, classified as forest reserves under the control of Forestry & Beekeeping Division (FBD) of the Ministry of Natural Resources and Tourism (MNRT) encompassing a total of 83,000 ha. Future plans are for a 50,000 ha. expansion.

The major private industrial plantations include TANWAT, Green Resources Limited and Kilombero Valley Teak Company accounting in aggregate for 30,000 ha. there are also numerous small-scale woodlots and medium-sized plantations owned by small-holders, communities, districts, tea companies, faith-based organizations, schools etc. This accounts for between 120,000 - 150,000 ha in aggregate.

Investment Opportunities

There are multiple commercial opportunities in forestry sector. New large-scale investors such as New Forests Company and Oji Paper have entered the sector and are at initial phases of their large planting programs. Both are



acquiring large areas of lands, in magnitude of 30,000 to 40,000 ha each to combine their own large plantation program with the adjacent communities in form of outgrower schemes.

Industrial establishments are needed to utilize forests to produce timber, chipboards, plywood, fiberboard, furniture, poles etc. Investment is needed in terms of transportation network as well as in bringing in new and efficient technology. The state of the privatized industries is insufficient as they still operate using outdated technology. It is currently estimated that only 30 - 40% of the raw material contributes towards the final product and the rest is wasted.

2.3. Beekeeping

Tanzania has a large potential for the establishment and management of bee reserves. Beekeeping plays a major role in socio - economic development and environmental conservation. It is a source of food (honey pollen and brood); raw materials for various industries, medicine and income for beekeepers. The sector's contribution to the GDP is 1%. It is a source of employment, provides income to the people, a source of recreation, ecotourism and foreign exchange earner. The estimated potential of bee products is about 138,000 tons of honey and 9,200 tons of beeswax per annum from an estimated potential of 9.2 million honeybee colonies. Reports show that only 4,860 tons of honey and 324 tons beeswax are produced annually, about 3.5 percent of the production potentials of bee products are tapped.

Traditional beekeepers are the main producers of these products. Other non-wood products include tanwin, gum Arabic, wattle and medicinal plants. The bee-keeping segment offers numerous areas of investments, such as:

Establishment of bee apiaries

Honeybees are natural components of the ecosystem; they freely go across in public (unreserved) lands, forest reserves, game reserves and national parks. Cultivated plants such as sunflower, legumes, citrus trees, sisal, coffee, bananas, and maize, are also suitable for beekeeping. Apiaries can therefore, be established across a wide range of ecosystems.

Production of beekeeping equipment

Opportunities exist for manufacturing and supply of equipment used in bee-keeping such as e.g. bee hives, protective gears, honey presses, honey extractors etc.

Establishment of Bee products Based Industries

There is potential for investing in industries such as in manufacturing of bees wax candles, shoe polishes, wood polishes, lubricants and pharmaceutical products. Honey packing plants and other industries, which use honey to make honey beer, wine, and confectioneries also qualifies for investment.

List of Fish Processing Establishments in Tanzania

Plant	Established (tons/day)	Installed capacity (tons/day)	Avg. production
Vicfish Ltd - Mwanza	1992	107	25
Tanperch Ltd - Mwanza	1992	120	20
Mara Fish Packers Ltd	1992	50	-
Tanzania Fish Processors Ltd	1993	120	20
Mwanza Fishing Industry	1994	50	25
Omega Fish Ltd - Mwanza	1997	70	25
Nile Perch Fisheries Ltd - Mwanza	1992	90	30
Chain Food International Ltd - Mwanza	1999	15	-
Prime Catch (Exporter) Ltd - Mara	2000	100	20
Musoma Fish Processors Ltd - Mara	2001	40	20
Kagera Fish Company Ltd	2003	18	-
Vicfish Ltd (BKB) - Kagera	2005	60	18
Tanzania Fisheries Development Company - Mwanza	2008	80	25
Sea Product Ltd - Tanga	1998	50	< 1
Bahari Food Ltd - DSM	2005	10	< 1
Tanpesca Mafia Ltd.	2003	50	2
Royal African Lobster Tropical Ltd - DSM	2003	52	1
Alphakrust Ltd	2003	10	2
Shamez Enterprises Ltd	1998	3	-
Asmara Trading Company	2000	5	-
Siza Cold Storage	2001	3	-
Fruits De La Mer Ltd	1996	10	-

Source: Ministry of Livestock & Fisheries Development (MLFD, 2010)



Tanzania has many tourist attractions. More than 44 per cent of the country's land area is covered with game reserves and national parks. There are 16 national parks, 29 game reserves, 40 controlled conservation areas and marine parks. Tanzania is also home to the famous 'Roof of Africa', Mount Kilimanjaro. On 6 January 2012, The New York Times newspaper awarded Tanzania the 7th position among 45 top destinations to visit.

The tourist industry currently supports 27,000 jobs and generates 25% of Tanzania's foreign exchange. Tanzania received over 800,000 tourists in 2011.

Tanzania has six World Heritage Sites. Only three countries in Africa have more: Tunisia (8) and Algeria and Ethiopia (7) and only Morocco has as many sites as Tanzania. The sites in Tanzania comprise two cultural and four natural sites:

1. Ngorongoro Conservation Area
2. Ruins of Kilwa Kisiwani & Ruins of Songo Mnara
3. Serengeti National Park
4. Selous Game Reserve
5. Kilimanjaro National Park
6. Stone Town of Zanzibar.

Tanzania's most well-known tourist attractions are located in north of the country and include Mount Kilimanjaro, Africa's highest mountain. Serengeti National Park is world famous and has spectacular seasonal migrations of animals. The Ngorongoro Reserve is an extinct volcanic caldera with excellent game viewing from the crater rim. The reserve has large herds of wildebeest and zebra, and lions and the endangered black rhinoceros. Tourism is also focused on the coast, especially the islands of Zanzibar, Pemba and Mafia. Game fishing and diving are the main attractions in these islands. There is also a wide variety of destinations for cultural tourism such as Maasai boma and Bushmen settlements. All these present high value investment opportunities.

Provision of Accommodation and Tourist Services

The development of Tanzania as a multi centre tourism destination offers considerable potential growth prospect and provides ideal opportunities for investment. New accommodation, entertainment facilities, camping, lodges and guesthouses of international standards are needed in Tanzania. Joint venture opportunities

are available in Kilwa, Zanzibar, Mafia, Dar es Salaam, Mwanza, Arusha, Iringa, Kilimanjaro, Selous, Katavi, Saadani, Serengeti, Babati and Bukoba.

Locations ranging from historical, cultural and archaeological sites to unspoiled beaches offer investment opportunities that cannot be matched anywhere in eastern and central Africa. Historical buildings that can be leased to private operators exist in towns such as Bagamoyo, Pangani, Tabora and Kilwa.

Opportunities for man-made tourist attractions like theme parks and gambling resorts are still untapped. Others include establishing amusement parks, deep-sea fishing and sea and lake cruising.

Need for more hotel rooms

There are 174 registered and licensed tourist class hotels, offering 11,568 rooms in Tanzania. Dar es Salaam leads in accommodation facility investments, the large hotels of international standards, including Serena Hotel, Southern Sun, Hyatt Kilimanjaro Hotel, Double Tree Hotel, Sea Cliff Hotel and White Sands Hotel. These have a combined room capacity of about 1,500.

The Hyatt Regency, a five star hotel with 180 rooms and suites, a casino and a ballroom for up to 400 guests.

The northern tourist city of Arusha has been developed with 91 hotel investments, including the leading Impala Chain, which manages Impala Hotel, Naura Springs, and the prestigious Ngurdoto Mountain Lodge on the middle of Mount Kilimanjaro and Mount Meru.

The Kilimanjaro region, famous for Mount Kilimanjaro and home of Tanzania's Arabica coffee, has been developed with 38 high-class tourist hotels and lodges, including Kilemakaryo Mountain Lodge, Mountain Inn (Shah Tours), and Nakara Hotels.

The rest of Tanzania, excluding Zanzibar, remains with little or negligible hotel investments. Investment is required for additional hotel capacity in existing tourist locations and new investment in untapped areas.

Tour Operators and Agencies

An increasing number of tourists also provide excellent opportunities in the tour operators and agencies business as well as investment in manmade tourist attractions like theme parks and gambling resorts. Other areas, which provide excellent investment opportunities, include beach tourism, historical sites, developing amusement parks, deep-sea fishing and sea and lake cruising.



Tourism trends in Tanzania

	2007	2008	2009	2010
Arrivals	719,000	770,000	714,000	782,000
International tourists in hotels	674,000	724,000	665,000	719,000
Earnings in \$ millions	1,198	1,315	1,159	1,254
Avg. number of days stay	12	12	11	11
Avg. expenditure per tourist per day	217	235	241	282

Source: National Bureau of Statistics



4. MANUFACTURING

The manufacturing sector is at its infancy stage with few exploited areas whereby unprocessed agricultural commodities have dominated major exports.

The manufacturing sector has shown steady growth over the years, registering 4% annual growth rate and a small contribution of 8% to the GDP. The sector employs around 140,000 workers mainly in the urban areas, making 48% of monthly paid employees. The sector contributes to the Tanzania economy through revenue collection of import and export sales, corporate tax, and income tax, contributing about 20% foreign exchange to the government, third after agriculture, and tourism.

The activities consist of manufacturing simple consumer goods like food, beverages, textiles, tobacco, wood products, rubber products, iron, steel, and fabricated metal products. This sector offers a wide range of opportunities to both potential local and foreign investors. Even though the Government puts emphasis on few manufacturing areas, which are textile, leather, and food processing, there are plenty of manufacturing area that offer attractive returns on investments.

Investors are advised to acquaint themselves with “ Sustainable Industrial Development Policy” that envisages industrialization of Tanzania during the first quarter of 21st century to become a semi industrialized country to the tune of contributing 40% of GDP. The potential for investment in this sector is great. Major players of this industry include Tanga (Holcim), Mbeya (Lafarge), and Portland (Heidelberg) cement companies, Tanzania Breweries Ltd (SABMiller), Tanzania Cigarette Company (JTI) and Kilombero Sugar Company (Illovo), etc.

Some areas of investments involve:

- **Fruit/Vegetable Processing:** Tanzania is richly endowed with a large variety of fruits and vegetables. Less than 10% of fruits and vegetables produced are processed. There is room for large scale production of a range of tropical as well as temperate fruits and vegetables. The following are possible areas for investment: (1) Processing and canning factories in regions with high potential for production of fruits and vegetables (2) Open fruit and vegetables plantations for domestic and export markets. Potential areas for horticultural crops are Arusha, Kilimanjaro, Tanga, Morogoro, Dar es Salaam, Dodoma, Iringa, Mbeya, Mwanza and Kagera.
- **Cashew nut processing:** Tanzania is Africa's largest cashew nut grower after Nigeria and Ivory Coast, and the world's eighth biggest producer. Tanzania exported about 158,000 tons of cashew nuts in the 2011/2012 season. However, although 90% of the crop was harvested in the country, less than 10% was processed locally. The country is actively seeking to export processed cashew nuts. The total installed cashew nut processing capacities for the large firms in Tanzania in 2012 was about 94,000 tons per season. The Cashew nut Board of Tanzania (CBT) and the Cashew nut Industry Development Trust Fund (CIDF) has set aside TZS 10 billion ((US\$ 6 million) to boost local processing capacity. Opportunities exist for private investors to enter partnerships and joint ventures to boost local processing of cashew nut production.
- **Textile and apparel:** Tanzania is Africa's fourth largest producer of cotton; in 2012 it produced 354,000 tons and had 1.4 million ha. of plantings. The country ranks behind Mali, Burkina Faso and Egypt as Africa's largest grower of cotton, according to the Food and Agricultural Organization (FAO). Tanzania has more than 40 ginning companies, including S.M. Holdings Ltd., Alliance Gineries Ltd., Birchard Oil Mill Ltd., Afrisian Ginning Ltd. and Gaki Investment Co. Tanzania's cotton-planting season begins in October and ends in January, while harvesting takes place from June to December. Opportunities exist in establishing full-integrated textile mills as well as plants for cotton ginning, cutting, making, and trimming.

- **Leather:** Leather sector offers huge investment opportunities for manufacturing. Tanzania produces about 2.6 million pieces of raw hides and skins annually, whereas just 10% are processed locally and a large portion is exported in raw form. Opportunities in this area include putting up modern tanneries and leather finishing production units.

4.1. Export Processing and Special Economic Zones (EPZ)

EPZ and SEZ provide for a wide range of investment operations within the zones or within the stand alone industrial park, investors in this category are provided with operators' license and start their business immediately without any need of having another license. An investor might choose to invest but not limited to the following sectors:

1. Agriculture and agricultural products.
2. Metal products, machinery and transport equipment.
3. Electronics and electrical appliances.
4. Chemical, paper and plastics.
5. Light industries.
6. Mining, ceramics and gemstones.

Qualification to invest in SEZ:

Any investor can qualify to invest under Special Economic Zone Scheme provided he fulfills only these simple criteria.

- The investment must be new.
- Annual export turnover should not be less than US\$ 5 million for foreign investors and US\$ 1 million for local investors.
- Adequate environmental protection systems.
- Utilization of modern production process and new machinery.
- Investments must only be located in SEZ industrial parks.

Eligibility criteria for SEZ user licensing:

- New investment
- Minimum capital of US\$ 500,000 and US\$ 100,000 for foreign and local investors respectively
- The investment must be located in the Special Economic Zone



Eligibility criteria for SEZ Export user licensing:

- New investment
- At least 80% of goods produced/ processed should be exported
- Minimum annual export turnover of US\$ 500,000 and US\$ 100,000 for foreign and local investors respectively

The EPZ policy places emphasis on products that use local materials, such as textiles and garments, leather goods, agro-processing, and the lapidary industry. The EPZ activities are regulated by the Export Processing Zones Act no.11 of 2002. The Special Economic Zones Act 2006 outlines areas, such as industrial parks, export processing zones, free trade zones, free ports, tourist parks, science and technological parks, etc; as areas that may be regarded as special economic zones. The special economic zones also invite light industry in specific regions, such as Dar es Salaam, Tanga, Kigoma, and Mtwara. The Exemptions under EPZ and SEZ are available under their respective laws.

Multiple incentives for SEZ investors:

1. Exemption from payment of taxes and duties for machinery, equipment, heavy duty vehicles, building and construction materials and any other goods of capital nature to be used for purposes of development of SEZ infrastructure;
2. Exemption from payment of corporate tax for an initial period of ten years and thereafter a corporate tax shall be charged at the rate specified in the Income Tax Act;
3. Exemption from payment of withholding tax on rent, dividends and interest for the first ten years;
4. Exemption from payment of property tax for the first ten years;

5. OIL AND GAS EXPLORATION AND PRODUCTION

There have been several gas discoveries on the coastal shore of the Indian Ocean at Songosongo, Mnazi bay and Mkuranga in Coast Region. These discoveries are catalysts of natural gas developments in Tanzania. Currently there are 22 Oil Companies undertaking exploration activities for oil and gas in the country. These companies include: BG Group, Statoil, Petrobas and Ophir Energy. Tanzania is becoming a regional hub after flurry of discoveries, it is said to be blessed with over 41.7 trillion cubic feet of gas reserves at the latest estimates.

There are still numerous deep-sea blocks that are yet to be explored. Tanzania Petroleum Development Corporation (TPDC), the National Oil Company is inviting oil and gas companies and other specialized investors to participate in the exploration of hydrocarbons in Tanzania. Companies may apply for tendered out blocks for available blocks, successful companies will be invited to negotiate a Production Sharing Agreement (PSA).

Currently, an open acreage includes the deep offshore sedimentary basin comprising of 7 blocks, each with average size of 3,000 sq. km, that are located between 2,000 meters to 3,000 meters of water depths from 20° 30'E to 41° 40'E and 7° 30' to 9° 00S and North lake Tanganyika block located offshore on the western arm of the East African Rift System. The Deep offshore blocks have a good coverage of modern regional 2D seismic data, which can be viewed at the ION GX Technology of Huston, Texas and WesternGeco of UK. Lake Tanganyika is the world's longest (650 km) and second-deepest (1,500 meters). It is covered by sparse 2D seismic data, which were collected in the year 1980s during the African lakes drilling Project.

For those interested in open acreage onshore or who wish to buy deep-sea data, they may contact:

Permanent Secretary Ministry of Energy and Minerals, P.O. Box 2000, Tel: +255 22 117153/9
Fax: +255 22 116719, E-mail: mem@mem.go.tz

Managing Director Tanzania Petroleum, Development Corporation, P.O. Box 2774, Tel: +255 222200103/4
Fax: +255 222200113, E-mail:tpdcmd@raha.com

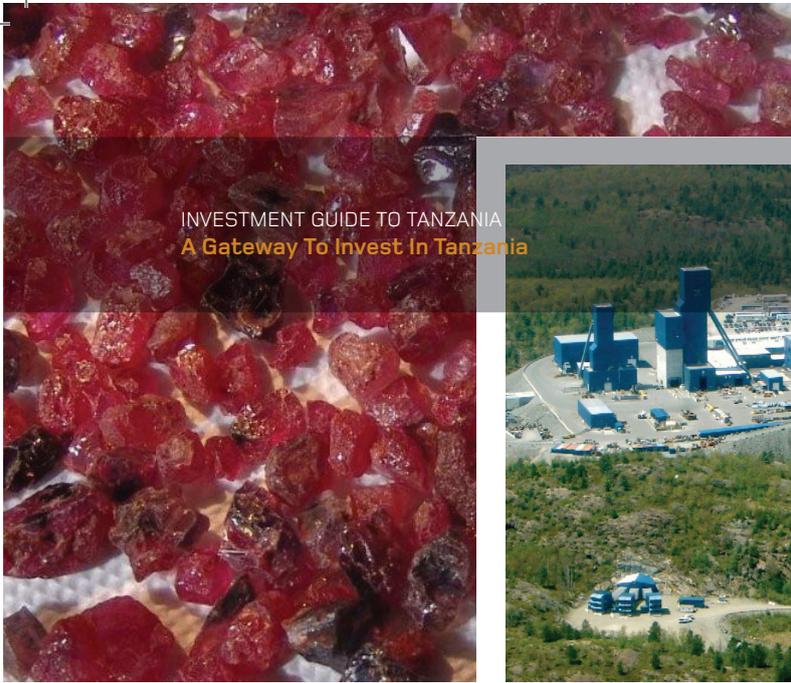
6. MINING

The Tanzania Mining industry is highly important due to that it accounts for a significant share of the country's export revenues. The Government's plan is to have this sector contribute 10% of GDP by 2025. Besides a few major companies, such as African Barick Gold, AngloGold Ashanti, Williamson Diamonds Limited (WDL), etc.,

this sector contains several medium scale companies and a cluster of small-scale mining companies. Key mineral deposits include coal, copper, diamonds, gold, nickel, silver, uranium, and Tanzanite gemstone, which is found nowhere in the world other than Tanzania. Even though the current discoveries of huge deposits of gas may change the equation, the Government had a long view that coal should become one of the fastest growing areas in Tanzania, mainly because the country planned to deploy coal-fired power to offset the shortage of energy.

This sector presents plenty of investment opportunities, such as:

- Establishment of gold refinery activities
- Establishment of value added activities:
- Gemstone cutting and polishing (lapidary);
- Rock and mineral carvings;
- Jewelry manufacturing utilizing gold and gemstones;
- Mineral processing industry - e.g. smelters (amount of Cu - Concentrates)
- New areas in mineral exploration:
- Industrial minerals beneficiation for local consumption & export - e.g. lime production, soda ash, kaolin, gypsum, coal, iron ore, dimension stones etc.



- Base metals including platinum group metal (PGMs)
- Service industry:
- Supply equipment & materials e.g. explosives, grinding media, mill liners etc. under JVs with Tanzanian entrepreneurs
- Drilling

6.1. Reasons to Invest in Tanzania Mining Sector

1. Over 800,000 sq. km of varied geological terrains with potential mineral resources
- Ongoing exploration works, which resulted in discovery of resources in excess of 45 million ounces of gold, 1.5 million tons of nickel and 50 million carats of Tanzanite
- An Achaean shield environment with a number of classical Canadian-and-Australian-type greenstone gold lode deposits, many capped by tropically weathered enrichment zones
- An extensive Proterozoic terrain containing lode and near-surface gold deposit types, now attracting exploration attention in South America, West Africa and elsewhere
- Potential for epithermal gold deposits in the faulted younger rocks on the coastal plain
- A world-class diamondiferous kimberlite at Mwadui and more than 200 other kimberlites, many of which are yet to be thoroughly evaluated
- Scores of occurrences of high-value coloured gemstones, such as emerald, ruby, tsavorite, sapphire, tanzanite, and alexandrite
- A wealth of other opportunities in minerals, particularly industrial minerals including coal, iron, tin, graphite, evaporates, kaolin, lime stones, dimension stones, phosphates and gypsum
- More than a dozen carbonatites, dimension stones, few of which have been thoroughly explored
2. Recent history of production decisions by well-financed, international companies
3. A history of precious and base metals mining, with opportunities for revival in a new economic era
4. Ample inventory of unexplored mineral ground
5. A comprehensive, systematically archived database on geoscientific information and mineral resources
6. Minimal competition at present from large multinational mining companies
7. Technical staff trained in various disciplines associated with mining
8. Well established supporting services to the mining sector

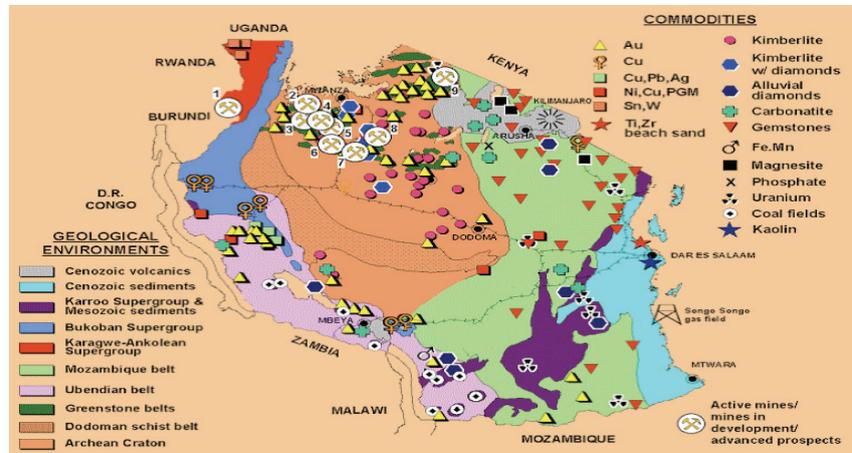
6.2. Mineral Endowments

Tanzania has over 800,000 sq. km of various geological terrains with potential mineral resources:

- Gold in Archaean greenstone belts - south and east of Lake Victoria
- Gold and base metals in Proterozoic rocks in southwestern, southern and eastern parts of the country
- Kimberlite pipes in central and southern portion of the Archaean craton and in proterozoic south and east of the Craton
- Gemstones such as tanzanite, ruby, sapphire, spinel, tourmaline, topaz, scapolite, aquamarine, emeralds,

- Good investment climate through policy, legal, institutional reform;
- Attractive fiscal package;
- Social and political stability;
- Accessible geological data and information; and
- Transparent process of granting mineral rights
- For more information regarding this sector, please refer to the publication known as “opportunities for mineral resource development” prepared by and available at the Ministry of Energy and Minerals.

Mineral Deposits Map



amethyst, garnets (tsavorite, rhodolite, hessonite, almandine, pyrope, etc.) in Proterozoic rocks east, west and south of the Archaean Craton

- Nickel, copper and cobalt associated with ultramafic rocks Western part of the country
- Tin and tungsten in Proterozoic rocks North western part of the country
- Iron ore in Proterozoic rocks southern part of the country
- Coal in Karoo System southern part of the country
- Evaporates such as gypsum, salts in the rift valley and along the coastal belt
- Industrial minerals such as limestone, kaolin, diatomite, phosphates, graphite in different parts of the country.

6.3. Competitive advantages of the Mining Sector:

- Considerable unexploited mineral potentials;



There has been a sustained effort on the part of Government to create essential transport infrastructure and services to improve access to jobs, education and health facilities and also to facilitate domestic and international trade as well as strengthen regional integration and attract foreign investment

Transport services grew by 6.0% in 2009 compared to 6.9% in 2008, based on latest figures available. However, the subsector's contribution to GDP grew from 4.2% in 2008 to 5.2% in 2009.

8.1. Investment Opportunities Available in Roads

- Building road related infrastructure through Build Operate and Transfer
- Partnership among private operators to create medium-size commercial fleet operators
- Establishment of the commuter city bus transportation companies
- Provision of infrastructure facilities in major cities like Dar es Salaam. These facilities may include Parking, Bus Bays and Shelters
- In an endeavor to promote PPPs in infrastructure investment, Tanzania is about to enact a legislation which will provide the necessary legislative framework for toll roads, which covers the following areas:
 - Grant of concession to the private sector and the right to levy and collect user charges
 - Specification of highway functions that need to be exercised by the concessionaire
 - Toll setting and revision mechanism

8. TRANSPORTATION

8.2. Investment Opportunities Available in Railways

The railways system has a total track length of 3,676 km, which are operated by two railway systems: the Tanzania Railway Limited (TRL)-2,706km and Tanzania-Zambia Railway Authority (TAZARA)-970 km. The two systems interface at Kidatu and at Dar es Salaam port. Together, the railways serve 14 of the 21 regions of Mainland Tanzania. They also serve neighbouring countries of Zambia, DRC, Burundi, Rwanda, Uganda and Malawi.

The system requires investment, particularly the TRL network, to upgrade the network and improve operations in order to meet demand and to compete against road transportation. Tanzania Railways Limited carried a total of 237,000 tons of cargo in 2009 and a total of 285,000 passengers were transported in 2009.

- Develop inland container depots and inter-modal container operations
- Specialized railway maintenance and construction
- Expand railway network through various

schemes including Build Operate and Transfer (BOT), Build Own Operate Transfer (BOOT) etc.

- Possible areas for expansion are Isaka-Kigali, Arusha - Musoma, Uvinza - Kasulu - Magamo (Burundi), and Mbamba Bay - Mtwara
- Own Locomotives and rolling stock for on account usage
- Develop Inland Container Depots (ICD) and International Container Operations (ICO) at Mwanza, Kigoma, Tabora, Morogoro, Arusha, Tanga, Shiyanga, Dodoma and Mpanda
- The major area for investment includes, the construction of a railway line to link TAZARA railway and the mining sites of Mchuchuma coal and Liganga iron fields so as to export mines via Dar es Salaam port or Mtwara port. This project is under the Mtwara Development Corridor

8.3. Investment Opportunities Available in Maritime Transport

Both sea and inland waterways ports in Tanzania are managed and operated by the Tanzania Ports Authority (TPA). The port of Dar es Salaam is one of the key entry points into the East Africa region with an annual throughput of 7 million tons handling about 93% of Tanzania's port traffic.

Maritime transport vessel in Dar es Salaam

It is also an important outlet for neighboring land-locked countries. In 2009 it had a rated capacity of 4.1 million (dead weight tonnage) dry cargo and 6.0 million (dead weight tonnage) bulk liquid cargo. Cargo volumes handled at the port have expanded by 15% per year since 2004.

- Supplying of provisions to ships such as fresh water, brokers and slop chest for ships
- Providing ships docking facility - Synchro Lift/engraved Dock. Possible areas for investing are Tanga, Dar es Salaam, Mtwara ports; and Mwanza on Lake Victoria, Kigoma and Kasanga ports on Lake Tanganyika and Itungi on Lake Nyasa
- Private operator's participation in providing marine services over Lake Victoria, Tanganyika and Nyasa
- Provide dry docking service to ports
- Build a car freight station and freight village which will offer an opportunity for consolidating cargo handling activities in the port, rail and road in a designated area

7. REAL ESTATE

It is projected that half of Tanzania's 45 million population will have moved to urban centres in the next 20 years, more has to be done in terms of offering more housing loans and constructing homes to meet the ever-growing housing needs.

As evidence, the major urban areas, namely Dar es Salaam, Mwanza, Tanga, Arusha and Mbeya, continue to experience a rapid population growth, as do dozens of smaller towns and townships. For over three decades, the urban population has been growing faster than the supply of decent living homes for the urban dwellers.

Accommodation in Dar es Salaam and other cosmopolitan areas is in acute shortage due to, among other reasons, the rapid growth of economic projects, which have attracted a huge population of persons (international and local) with the need of residence. Investors may form a synergy with National Housing Corporation (NHC) or Tanzania Building Agency (TBA), or other private firms and provide commercial building solutions for residential and commercial purposes. Some specific opportunities in this sector include:

- Development and management of housing estates
- Erection and management of residential apartments
- Development and management of office buildings
- Building and management of conference and banquet facilities
- Creation and management of shopping malls
- Setting up and managing movie theatres and entertainment facilities
- Development and management of hotels
- Establishment and management of mixed use real estate properties
- Provision of home financing, etc.

8.4. Investment Opportunities Available in Air Transport

There are 126 airports in Tanzania including airstrips serving domestic and international traffic. 62 of the airports and airstrips are owned and managed by the government. Tanzania has 4 international airports located in Dar es Salaam (JNIA), Zanzibar (ZIA), Kilimanjaro (KIA), and Mwanza (MWZ).

The government through the Tanzania Airports Authority (TAA) and Tanzania Civil Aviation Authority (TCAA) has implemented a number of development projects which are designed to further modernize the airports, particularly: JNIA, KIA and ZIA.

In 2009 there were 63 aviation industry providers and about 1 million international travelers.

- Establish a new airline to compete with existing service providers
- Building of hotels at an Airport-Mwalimu Nyerere International Airport, Mwanza and Arusha;
- Building Warehousing facilities including cold storages at Mwalimu Nyerere International Airport, Mwanza and Kigoma
- Building a shopping complex at Mwalimu Nyerere International Airport and Mwanza Airport

- Building of hanger facilities at Mwalimu Nyerere International Airport, Mwanza and Arusha Airports
- Extension of Terminal Building at Mwalimu Nyerere International Airport
- Development of EPZ at Mwalimu Nyerere International Airport, KIA, Mtwara, Kigoma and Mwanza Airports
- Construction of first and business class lounges at Mwalimu Nyerere International Airport
- Lease of the entire lake Manyara, Shinyanga and Moshi Airports for development of aviation related activities

Please refer to the next exhibit for more details regarding key airline operators and market share.



9. SERVICES

Tanzania's service sector has increased in the last few years relative to other sectors. Tourism, real estate and business services helped the broader service sector grow to an estimated 43.8 percent of Tanzania's GDP in 2007. A worth noting point is how important the Public Private Partnership concept in terms of bridging the gap between the need and supply of high quality services that require substantial amount of initial capital investment. Some of these services include transport and communications, which

are essential public utilities, but which, in a developing economy, are too expensive for the Government alone or the private sector to execute, but which, due to the essential nature require close coordination between public and private partnership.

Similarly, utilities like electricity and water are essential services which the public needs, but which also, in developing economies, may be too expensive for either the Government or the private sector to individually execute. These services therefore require some sort of concerted efforts between the government and partners in the form of Public-Private Partnership (PPP). The Services Sector is thus one vast area where PPP Partnerships seem to offer appropriate solutions in implementation for the public good, and where investments can be planned and accomplished in coordination between the Government and the private sector.

Exhibit 3: Airline Operators Market Share

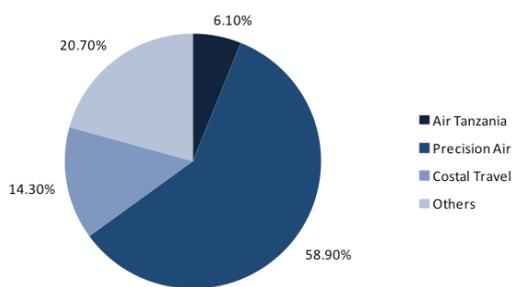


Exhibit 2: Tanzania Trunk Road Map



10. INFORMATION & COMMUNICATION TECHNOLOGY

Tanzania has made remarkable progress in deploying Information and Communication Technology ICT. This progress has been well received by the citizens and service providers who are striving to address unmet demand and competition in newly opened markets. Development of science, technology and innovation capabilities are critical in bolstering the country's competitiveness. The goals and targets discussed in Vision 2025 that are especially relevant to competitiveness are promotion of science and technology; education; and promotion of ICTs. The fact unquestionable by many is that productivity growth is driven by the adoption of technology.

ICT will play a crucial role in the transformation process from a resource-based to a skill-based

11. FINANCIAL INSTITUTIONS

The banking system in Tanzania (which dominates the financial system) is liquid and resilient to most of the shocks. Despite some indications of progress resulting from the reforms, the system falls short of what is needed to support economic growth. This results in high interest rates on loans, currently 12% to 20%, while the interest rates on deposits are at 2%.

The banking sector in Tanzania has been booming, growing in assets and in profits. Because of this, new merchant banks, commercial banks, bureau de change, insurance companies, a stock exchange and related financial units, have entered the market. There are four categories of banks, oriented towards different markets and clientele operating in Tanzania: local private banks, regional banks, international banks and multinational banks. Overall, the outlook for the banking industry in Tanzania is very positive and there are appealing opportunities for newcomers to the sector.

Tanzania's higher-than-average economic growth rate is fuelling the emergence of an educated middle class that aspires to achieve a more affluent lifestyle in which traditional depository, credit, insurance, and investment products play an important role. The expansion of this middle class is expanding national demand for financial services from established providers and could represent a new opportunity for financial services companies looking for growth.

Currently, there is a positive trend in lending to SMEs that is producing greater confidence in their growth potential among financial institutions and, more generally, in the economy as well, which is generating a positive spiral. In addition, the government is also introducing new laws that are expected to enhance lending activities.

and technology-based economy in order to transform the country's production structure. The ICT sector in Tanzania offers plenty of investment opportunities. Some of the opportunities include:

- E-Business
- Provision of media services
- Supply of digitization equipment
- Software development
- Business process outsourcing
- Rural communication (internet villages)
- Data storage area networks
- Hardware assembling
- Call centres
- Integrated solution planning
- Financing of the National ICT Infrastructure Backbone
- Multimedia development
- Establishment of ICT village hubs
- Hardware assembly and repairs, etc.

12. TELE-COMMUNICATION

The Communication Act of 1993 paved the way for advancement of the telecommunication sector, while the National Telecommunication Policy (NTP) of 1997 provided the framework for further reforms and private-sector engagement in the sector. A milestone in telecom sector was achieved by the establishment of the Tanzania Communications Regulatory Authority (TCRA) in 2003, as an independent agency for the regulating and licensing of postal, broadcast, and communication, industries. The TCRA is mandated to promote competition and economic efficiency, protect consumer interests, grant licenses and enforce license conditions, regulate tariffs, and monitor performance. Please refer to the next exhibit regarding subscribers of voice telecommunication in Tanzania.

Communication activities continue to grow at a rate of 20% annually due to increase in mobile phone activities. Major providers of mobile services include Vodacom, Airtel, Tigo, TTCL, and Zantel. Tanzania is now connected to the fiber optic cable to global networks through India and Europe. This development has resulted in increased investments by internet service providers (ISP). As indicated by TCRA, the number of internet users was 4.9 million (2010 estimates), which implied that only 20% percent of people in Tanzania had access to internet services. During the same year 2010, the tele-density of telecommunication sector grew by 50% percent. Please refer to figure below for more information regarding subscribers of fixed networks in Tanzania.

The TCRA has also approved a Converged Licensing Framework (CLF), which allows operators to offer any type of services with the technology of their choice with one single license. The licenses are technology-neutral and service-neutral. Following such convergence in licensing, Tanzania's telecommunication sector has become more appealing to both Foreign Direct Investment (FDI) and domestic capital, and is becoming one of the country's fastest growing sectors. Telecommunication market potential indicated positive signs, such as penetration rate of 61% percent; 24,345,279,292 minutes of national traffic; 201,827,164 minutes of traffic to international; and 253,811,569 minutes of

traffic from international. This sector offers numerous investment opportunities, such as:

- Provision and operation of Private Network Links employing cables, radio communications, or satellite, within Tanzania
- Provision and operation of Public Mobile Communications (Cellular Mobile telephony, Paging, and Trunked Radio)
- Provision and operation of Community Telecommunication (Rural and Urban)
- Provision and operation of Value Added Network/Data Services (Internet, Voice Mail, Electronic Mail services)
- Sales and installation of Terminal Equipment
- Repair and maintenance of telecommunications facilities, and
- Cabling (e.g. Telephone-external and internal wiring for residential, office etc.).

Exhibit 11: Subscribers of Voice Telecommunications in Tanzania

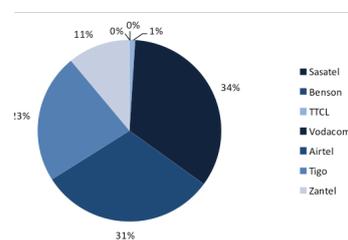
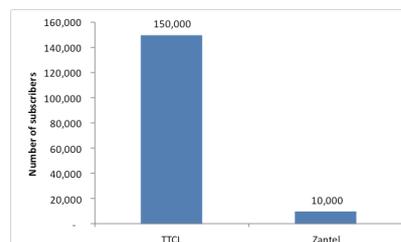


Exhibit 5: Subscribers of Fixed Networks in Tanzania



Source: Tanzania Communication Regulatory Authority (TRCA)

13. ENERGY

Tanzania is endowed with diverse energy sources including biomass, natural gas, hydro, coal, geothermal, solar and wind power and uranium, much of which is untapped. Commercial energy sources i.e., petroleum and electricity, account for about 8% and 1.2%, respectively, of the primary energy used. Coal, solar and wind account for less than 1%.

Electricity lines

Tanzania has per capita electricity consumption of 46/KWh per annum, which is growing at the rate of 11 - 13 per cent. Hence the government is encouraging investment to expand generating capacity, distribution system and developing indigenous sources of energy.

At present, 21% of the population with about 7.4 percent in the rural areas has access to electricity. Considerable scope exists for accelerating the production of electricity to meet the growing demand especially in the rural areas through off-grid solutions.

The Tanzania power sector is dominated by a single vertically integrated national utility, Tanzania Electricity Supply Company Ltd (TANESCO). The total grid installed generation capacity of both TANESCO's power plants and private producers is currently at 1,438.24 MW,

whereby 561 MW is generated from TANESCO owned hydro power stations and thermal 658 MW. National electricity connectivity is about 14%. The contribution of non-hydro renewable energy for power generation is less than 5%. The following investment opportunities exist in the energy sector:

- Generation, transportation and distribution of energy from various sources
- Power infrastructure development, rehabilitation and expansion
- Extraction of biofuels - Ethanol from sugar; Biodiesel from palm oil and jatropha
- Construction of Petroleum pipeline and Petroleum products offloading terminals development of upcountry storage and

Broadcasting sector constitutes few players who own multiple TV stations and or radio channels. IPP Media, for instance, owns three TV channels, namely ITV, EATV, and Capital. Africa Media Group owns four TV channels, known as DTV, Channel 10, CTN and C2C, whereas Tanzania Broadcasting Corporation owns two TV channels, TBC1 and

distribution facilities

- Geothermal exploration and development
- Rural Electrification
- Development of new and renewable energy resources, and
- Promotion of energy efficiency and conservation initiatives

Tanzania is a participating member to Southern African Power Pool and Eastern Africa Power Pool. Tanzania plans to join various regional interconnectors to countries like Zambia, Mozambique, Kenya, Ethiopia, Uganda, and Rwanda. These interconnectors provide opportunities for power trading in the region.

Wood-fuel accounts for up to 90% of total national energy consumption, with about 2% from electricity and 8% from petroleum products. Whereas Tanzania has plentiful natural gas, coal, hydropower, solar and biomass resource potential; it has one of the world's lowest levels of electricity consumption per capita. Considerable scope exists for accelerating electrification to meet the growing demand, especially in the rural areas through off-grid solutions.

TBC2. Most current information available from TCRA indicated that, there are now 29 television stations and 47 radio stations nationwide. With regards to radio broadcasting, FM radio stations dominate the airwaves, most of them focusing on musical entertainment. As of December 2012, TCRA managed to perform a digital broadcast switch, which entails the end of analogue broadcast as most broadcasting is now digital, the fact that improved the signal quality and increased the coverage area.

Given the amount of broadcasting players in addition to the nature of products, this sector offers an attractive environment for further investments. Some specific areas of investment are mentioned in the next bullet paragraph. Radio broadcast media also presents lucrative areas of investing, thanks to TCRA's digital switchover initiative. The broadcasting sector [both TV and radio] presents plenty of investment opportunities, such as:

- Establishment of television production companies
- Creating mainstream television programs for international market
- Provision of local content television channels for local market
- Management of the programs data stream
- Service of program guide
- Channel capacity and reconfiguration management
- Transmission path redundancy and fail-safe systems
- News systems [for gathering and processing news]
- Digital audio equipment (for production and processing)
- Archiving (for the storage of audio and text)
- Automation (for scheduling and control), etc.

14. BROADCASTING

15 EDUCATION SECTOR

The demand for investment in educational services is also enormous. The government endures the most of providing education to most of schooling population. Lately, the private sector has been involved to a certain extent, but the fact remains that, the capacity of educational institutions—from elementary to college levels—can hardly accommodate just a proportion of the huge supply of prospective students. Despite the achievements made in this sector, in order to meet the demand for skilled labor by 2015/16, institutions of higher education need at least 80,000 skilled graduates each year, which implies almost two times of the current enrollment.

In addition, Vocational Training schools shall need to produce approximately 635,000 compared to current 116,000. These educational goals are in line with the Government's objective to have 26,000 physical scientists; 88,000 architects and engineers; 22,000 life scientists; 64,000 medical, dental, and veterinary scientists; 30,000 economists; 63,000 accountants; etc. So as to cope with globalization and local skill needs in knowledge based economy, the education sector plays a huge role hence opportunities to establish "centres of excellence" in the hospitality industry, agriculture, trade, manufacturing, financial services, engineering and information technology, to produce high skilled man power.

In summary, investment opportunities in the education sector may be explained by referring to the government objectives [as laid down in 2011-16 development plan], which involves:

- Improve availability of skilled labour
- Train diploma and grade A teachers in Teachers' colleges
- Improve learning and teaching environment for Folk Development Centres/Colleges
- Provision of scholarships for targeted skills (development of natural gas, uranium, iron and steel and petroleum)
- Improve and increase the number of training centres and programmes as suggested in the strategic interventions and/or activities/projects of each of the core priority sector
- Improve accessibility and equity at all levels of education
- Improve quality at all levels of education
- Increase student enrollment in science and engineering, education, agriculture and health profession.

17. INSURANCE SERVICES

Both present and future market environment offers enormous opportunities for growth of the insurance industry. Data obtained from the Insurance Supervisory Department (ISD) indicated that, insurance market size (with respect to premiums) increased by 33.6% to TZS 154 billion in 2007. The projected average annual growth rate was 15% for subsequent five years. According to the ISD, there was a growing demand for insurance. The growing demand was due to several factors, such as regained public confidence in insurance services and government's efforts to create wealth.

Regulatory environment creates great opportunity for success to industry, for example, section 111 of insurance act of 1996 and insurance regulation 33 that requires all insurances for locally based risks must be placed within Tanzanian insurers in order to boost the market. An increasing number of individuals and institutions who need insurance services is a clear indicator of the potential insurance market. Currently, there is a huge population of individuals, groups, and institutions, which is not

covered by any insurance plan. This untapped segment may offer a significant potential market if appropriate strategies are carried out to reach them. Insurance sector in Tanzania offers plenty of assurance, reinsurance, and reinsurance, business opportunities. To be specific, some areas of investment available in the business of providing insurance services include:

- Accident
- Sickness
- Land vehicles
- Railway rolling
- Aircraft
- Ships
- Goods in transit
- Fire and natural forces
- Damage of property
- Motor vehicle liability
- Aircraft liability
- Liability for ships
- General liability
- Credit
- Suretyship
- Miscellaneous
- Legal expenses
- Assistance
- Life insurance
- Pension
- Permanent health

16. HEALTH SECTOR

Tanzania Government in association with several stakeholders has continued to pursue improvements on availability along with the standards of health services. Reproductive and child health services are among key priority areas with an intention to reduce maternal and child mortality rate. As of 2010, there were 6,321 health facilities in the country with a total number of 45,241 beds. The health care continues to show some improvements, in particular by looking at health indicators. The achievements in health care were mostly due to some specific Government interventions.

Besides the achievements made, there are still some areas that need further improvements, such as the number of health care facilities and skilled health care workforce. As evidence, only 35% of required skilled health care personnel were active in rural areas (2009 estimates). For those who wish to invest or give a hand into the health care sector, there are numerous opportunities, especially as demonstrated in Tanzania's Five Year Development Plan (2011-2016) with emphasis on improving health services and strengthen the management of health care system.

By the end of 2016, the government intends to reduce the burden of Malaria by 80%, increase and strengthen services for the care and treatment of those with HIV/AIDS down to 800,000, reduce prevalence and death rates associated with tuberculosis by 50%, increase the percentage of deliveries attended by skilled health care workers from 46% in 2004 to 80%. Obviously, these government objectives infer opportunities in establishing more private health centres and dispensaries, additional medical training facilities, modern diagnosis and health service equipment, extra ambulances and other life-saving items, plus other amenities that will enhance government capacity in its objective to improve the accessibility and quality of health services. Some specific investment areas involve:

- Creating mechanisms and methods for care and rehabilitative treatment services at all levels
- Providing resources to facilitate the construction and rehabilitation of health facilities at all levels
- Offering housing and other incentives for public health workers
- Providing training for health personnel (medical doctors, nurses and paramedical graduates, laboratory technicians)
- Offering health tools and equipment at all levels
- Establishing pharmaceuticals and offering drugs for curative and preventive measures
- Providing health information systems to facilitate efficient health planning and programs



18. SECURITY SERVICES

There are few security firms operating in Tanzania relative to the market potential. Factors such as rapid gains in economic activity, rising personal incomes, foreign direct investment activities, and the increasing belief that public safety forces are overburdened or unable to provide sufficient protection, are positive signs in this sector. High increase of banks imply more opportunity to provide cash-in-transit security, high speed construction of office facilities indicates more room for security

providers, and the influx of more firms engaged in exploration and extraction of gas, oil, and other minerals, is a clear indicator of promising security services market.

The demand for security services in Tanzania is increasing due to the drivers of demand for security services, such as urbanization, real and perceived risks of crime and terrorism, belief that public safety measures are not efficient, and most importantly, the growth of the middle class, with assets to protect

and the means to pay for supplementary services. The intensity of security service use (measured against indicators such as GDP and urban population) in Tanzania is relatively low, indicating significant growth potential now and towards the unforeseen future. Furthermore, increasing regulation and a trend toward greater professionalism improves public trust in security service businesses, thereby driving the market size.



19. CONSTRUCTION INDUSTRY



With Tanzanians' intent to improve roads, the demand for constructing roads is very high. Good trunk roads are needed not only to connect regions but also the demand is increasing in also connecting district headquarters.

New skyscraper construction in Dar es Salaam The demand therefore is huge in investment in road construction even if to facilitate transport of produce from rural to district markets, and to facilitate economic activities. While the Government reserves a substantial amount of its budget for road construction each year, there is also a room for those construction companies that source funds in special arrangements from their native countries. Civil construction is also booming for both commercial and residential buildings to accommodate for the high demand of office premises as well as residential

houses. Some specific investment areas in the construction sector involve to:

- Construct tarmac and non-tarmac roads to connect districts, regions, and other nations
- Build housing estates
- Construct residential apartments
- Build office buildings
- Construct conference and banquet facilities
- Build shopping malls
- Construct movie theatres and entertainment facilities
- Build hotels
- Construct mixed use real estate properties
- Offer construction support services, such as financing and provision of construction materials.



20. WATER AND SANITATION

Water is one of the country's most important natural resources. Tanzania is not only endowed with some of the world's largest lakes, it is also covered with a myriad of rivers and basins. Many of the country's sectors rely on water as a major input of production, but two sectors stand out as being particularly reliant on water: the agriculture and the energy sectors. As revealed by the government budget speech, just about 1 percent of the 29 million hectares available for cultivation in the country are irrigated. Increasing the water supply to those fields through irrigation would positively affect the growth rate of the sector and the productivity in crop production as a whole. In addition, around 59 percent of the country's electricity is produced by hydro-energy, making it by far the first source of energy production. A close monitoring of the dams and plants and the water flow reaching those facilities will be crucial in order to stabilize the electricity supply in the coming years.

Provision of safe water and good quality sanitation facilities is of primary importance to ensure the well-being of the people. At present, the share of population with access to safe drinking water stands at 57.8 % in rural areas and 86 % in urban areas. Based on the World Bank WDI data, Tanzania has a long way to go with regard to its performance in the provision of safe water services. Particularly, in parts of the Central Region, women and children still commute long distances every day to fetch water. Around 11 percent of the rural population has no access to sanitation facilities, compared to 1.5 percent in the urban areas.

Knowing the need to significantly increase investments in water supply and resources infrastructure in the nation, the Government set numerous operational objectives designed to improve water and sanitation sector, such as expansion of irrigation land, ensure reliable water supply to key production sectors and services (agriculture and industry), stabilization of hydro power generation, ensure reliable water sources for domestic use as one of the indirect production factors towards economic development. Specific opportunities in this sector, based on Government intervention initiatives, are prevalent in terms of:

- Strengthen water resources management to cater for social-economic activities (irrigation, hydropower generation, industrial, domestic use and for ecosystem)
- Scale-up rural water supply services
- Improve water supply services in Dar es Salaam
- Enhance water supply services in district and small towns
- Increase water supply services in regional centres
- Improve sanitation facilities in urban and rural areas
- Advance water pollution control and monitoring

21. INTEGRATED WASTE MANAGEMENT

The avenue of providing solutions for solid waste management in the country presents enormous opportunities, especially in Dar es Salaam and other major cities like Mwanza and Arusha. Dar es Salaam city produces a substantial amount of metric tonnes of solid waste per day. Management of this waste through recycling will reduce environmental pollution and offer employment opportunities through commercial ventures. Investors are highly welcome to invest in solid waste management. Recycling of waste can be undertaken through various forms, such as Public Private Partnerships (PPPs) or a private sector initiative, and may be extended to other cities and towns in the country. Specific areas of investment interests include:

- Waste disaggregation
- Sanitary landfills
- Recycling
- Sewerage systems maintenance
- Cleaning of the polluted rivers and other areas
- Modern waste management equipment, such as self-loading trucks, mixers, sorters etc.
- Establishment and maintenance of public parks along the selected river banks

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