



THE UNITED REPUBLIC OF TANZANIA

Project Funding Opportunities in Tanzania





Foreword



Hon. Saada Mkuya Salum

Minister For Finance

In 2013, the Big Results Now (“BRN”) programme was launched as one of the key steps in driving the Tanzania Development Vision 2025 (“TDV 2025”). The BRN programme focuses on targeted priority projects that will have a large multiplier effect and enhance the achievement of TDV 2025.

Targeted projects under the BRN programme provide exciting opportunities for investors looking to capitalise on Tanzania’s economy which is projected to grow at 7.2% in 2014 and 7.7% per annum in the medium term. Investments could take the form of loans, grants, equity interests or Public Private Partnerships (“PPP”) arrangements.

The current capital requirement for all BRN projects is estimated at approximately USD 10 Billion – this includes projects across the Transportation, Energy, Agriculture, Education and Water sectors. In this Project Funding Information Memorandum, you will find selected Transportation, Energy and Agriculture projects which could potentially provide good returns for investors.

There are many reasons to invest in Tanzania, including its strategic location within the East African region and its politically stable environment. Furthermore, its natural resources and high potential for growth encourage participation with the Government as partners in national priority projects. The BRN programme provides further confidence that these projects will be implemented in a timely manner.

It is my hope that this will open a fresh and promising chapter on the partnership between interested parties and the Government of Tanzania. With this I bid you *Karibu Sana* or Welcome to Tanzania and look forward to partnering with you in the near future.

Your Sincerely,

Saada Mkuya Salum (MP)
MINISTER FOR FINANCE

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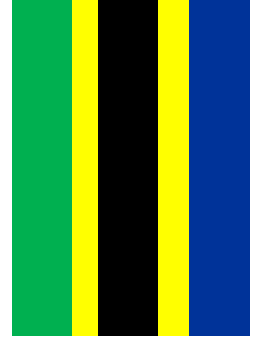
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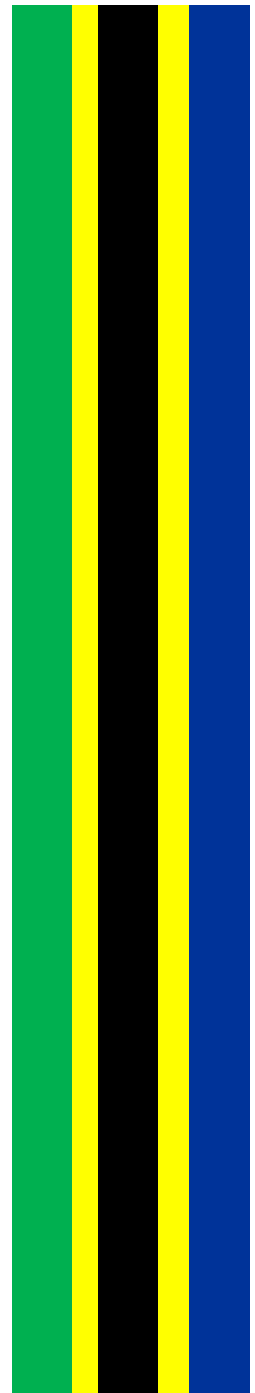
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Section A **General Overview of Tanzania**



A2. Top 5 Reasons to Invest in Tanzania

Tanzania enjoys an abundance of natural wealth, which offers tremendous investment opportunities for investors. These include an excellent geographical location; arable land; mineral deposits and raw materials supply, a sizeable domestic and sub regional market; abundant and inexpensive labour; warm friendly people; a suitable market policy orientation and world renowned tourist attractions (the Serengeti, Kilimanjaro, Ngorongoro, and the islands of Zanzibar);

The following are among the major reasons one should invest in Tanzania:

1. Economic Stability with High Growth Potential

Tanzania is experiencing sustained economic growth, with Gross Domestic Product (“GDP”) consistently growing at an average of 7% per annum for the last ten years. This is a result of economic reforms and sound economic policies that were introduced since the second half of the 1990’s.

The trade-to-GDP ratio has increased from 13.5% in 2000 to more than 30% in 2011, the highest rate among the EAC countries. Tanzania’s merchandise exports multiplied by a factor of three over this period. The largest export contributors continue to be primary commodities, particularly gold, coffee, tea, cashew nuts and cotton. At the same time, the volume of manufactured exports has surged in recent years, with the lion’s share of these exports going to markets within the region. Meanwhile, tourism is Tanzania’s main foreign exchange earner.

Inflation has continued to decline, averaging 8.2%, over the period of 2002 - 2012 within the EAC and SADC regions, and hit a low of 6.3% in 2013. This decline has contributed to the stabilisation of the real exchange rate, which has positive implications for exporters. The Government aims to attain a real GDP growth of 7.3% based on the projected GDP growth of 7.2% for 2014 and 7.4% for 2015, while maintaining inflation at the single digit level.

2. Rich Natural Resources

Tanzania is endowed with a variety of natural resources including a 1,424 kilometre coastline, large arable land, world class tourist attractions, minerals, and oil and gas.

Arable land, conducive weather and ground and surface water provide opportunities in agro-processing, livestock, leather production and agro production.

Tanzania is also a country rich with minerals. Precious gemstones and industrial minerals such as coal, iron, nickel, ore, gold and silver are abundant in Tanzania.

The large natural gas reserves that were recently discovered could be the most significant transformative factor on the economy. Currently, the exploration and extraction of the gas reserves are very much in the infancy stage, with a huge potential upside in the near future.



A2. Top 5 Reasons to Invest in Tanzania (cont'd)

3. Business Environment

Tanzania has simplified bureaucracy and undertaken economic liberalization measures which have been commended by both the World Bank and the IMF. Its business-supportive legislation is continually being improved.

Tanzania's legal and tax regime strikes a good balance between revenue generation and appropriate reward to investors, and is acknowledged as competitive. Protection of private property is guaranteed by the Constitution and international treaties. Investment incentives are provided under tax laws and additional benefits are provided through the Tanzania Investment Act, the EPZ Act and SEZ Act.

Investors in Tanzania are guaranteed against nationalization and expropriation. Tanzania is a signatory of several multilateral and bilateral agreements on the protection and promotion of investments, e.g. the Multilateral Investment Guarantee Agency ("MIGA") and Africa Trade Insurance Agency ("ATIA"). Tanzania also benefits as a member of various regional trading blocs and bilateral cooperation agreements including the African Growth and Opportunity Act ("AGOA") legislation, of which 6,500 products enjoy duty and quota free access to the U.S.A. market.

Whilst having undertaken numerous initiatives to ensure competitiveness, the government is currently focused on improving 6 areas of the business environment in Tanzania, these are (1) Realigning business regulations and streamlining institutions; (2) Enhancing access to land and security of tenure; (3) Reviewing taxation, business levies and fees; (4) Curbing corruption; (5) Reviewing labour laws and improving competitive skillsets; and (6) Improving contract enforcement, law and order

4. Location, Location, Location!

Tanzania is accessible through the Indian Ocean, which gives it trade links to Asia, and sits in between 6 landlocked countries (Uganda, the Democratic Republic of Congo ("DRC"), Rwanda, Burundi, Zambia and Malawi) that rely on Tanzania as the most efficient point for passage of goods. The country has 3 deep water ports (Dar es Salaam, Tanga and Mtwara) that service these neighbouring countries. Furthermore, Tanzania is a natural and effective transportation gateway into Eastern, Southern and Central Africa due to its membership in the SADC Free Trade Area and EAC Common Market as well as its rail and road networks.

Apart from being a point for passage of goods, Tanzania's internal production capabilities, driven by rich natural resources, e.g. large arable land banks and mineral deposits make it a natural hub for economic activity in the East African Region.

5. Peace & Political Stability

Tanzania is one of the most peaceful and politically stable countries in Africa. Since its independence in 1961, the country has never experienced a civil war or any major internal strife. Tanzanians continue to live in peace and with a sense of a common national identity without ethnic division. Since independence in 1961 under the leadership of nationalist Julius Nyerere, Tanzania has witnessed four transfers of leadership through free and fair elections.

Since 1992, Presidential terms are limited to two terms (each term is 5 years). Current revisions to the constitution will further strengthen and consolidate democracy and the rule of law, improve the government bodies' effectiveness and tackle vices in society such as corruption.

A3. Tanzanian Economic Environment

Given its strategic location, political and economic stability, abundance of natural resources and an improving business environment, Tanzania presents a uniquely attractive investment destination. The following are key features of the economic environment in Tanzania:

Growth and Diversity

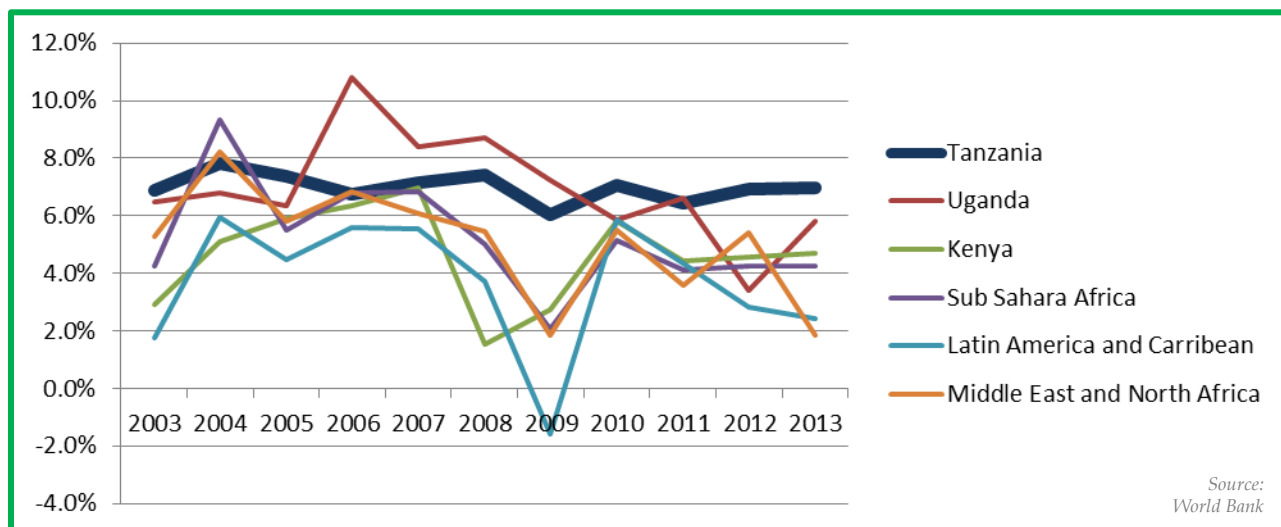


Figure-2: GDP Growth Rates of Tanzania compared to East African Peers and Global Growth Regions

Tanzania’s GDP has been growing at a **steady** rate of around 7% per annum and has outperformed regional peers as well as global growth regions over the 10-year period of 2004-2013 (Figure-2). Both the IMF and the World Bank expect Tanzania to continue this growth for the next decade.

The economy is projected to sustain a strong growth momentum of 7.2% in 2014 and 7.4% in 2015, backed by on-going investments in infrastructure. Infrastructure investments are focused especially in roads, railways and related investments in power generation, which will further boost industrial production and provision of services. Good performance in financial intermediation was partly aided by recent innovations in the financial sector; while relatively stable power supply increased production.

The structure of Tanzania’s economy has changed gradually over the last decade with the growth in services, manufacturing and construction sectors providing diversification to an agriculture biased economy.

The **agricultural** sector (comprising agriculture, hunting, forestry and fishing) grew by 4.3% in 2013, with a total contribution of 24.5% to GDP growth and employs 62.1% of the workforce. Within agriculture, main products are maize, cassava, rice, millet, sorghum and coffee. The growth rate in agriculture averaged 4.7% over the period 2000-2010 and presents more upside. While 12.25% of Tanzanian land is arable, only 1.79% is planted with permanent crops.

The **mining** sector grew by 6.9% in 2013, with a total contribution of 2.3% to GDP growth. Most of Tanzania's mineral export revenue comes from gold. It also exports sizable quantities of precious and semiprecious gemstones including diamonds and tanzanite. Other minerals exploited in Tanzania include soda ash, salt, coal, nickel, tin, phosphates, gypsum, kaolin, limestone, and graphite. Commercial production of natural gas from the Songo Songo Island in the Indian Ocean off the Rufiji Delta commenced in 2004 and is transported by pipeline to Dar es Salaam.

A3. Tanzanian Economic Environment (cont'd)

The **manufacturing** sector grew by 7.7% in 2013, with a total contribution of 10.9% to GDP growth. The activities consist of manufacturing simple consumer goods like food, beverages, textiles, tobacco, wood products, rubber products, iron, steel, cement and fabricated metal products. This sector offers a wide range of opportunities to both potential local and foreign investors.

The **electricity and gas** sector grew by 6.0% in 2012 and 4.4% in 2013 compared to 1.5 percent in 2011. This growth was attributed to Government efforts to address the challenge of ensuring availability of reliable power whereas a big chunk of the increase emanated from increased electricity generation particularly from thermal and gas sources.

The **water supply** sector has grown at 4% in 2011, 5.4% in 2012 and 4.9% in 2013. The growth is attributed to implementation of water projects including borehole drilling and expansion of upper and lower Ruvu plants.

The **services** sector (comprising trade and repairs, hotels and restaurants, transport, communications, financial intermediation, real estate and business services and public administration) grew by 8.3% in 2013, with a total contribution of 44.3% to GDP growth. This was attributed to increases in the number and spending of tourists following effective implementation of tourism promotion strategies and improvement in tourism services and facilities. The vast majority of tourists visit Zanzibar or the "northern circuit" of Serengeti National Park, the Ngorongoro Crater, and Mount Kilimanjaro. Apart from tourism, the telecommunications, construction and real estate industries in Tanzania are also booming.

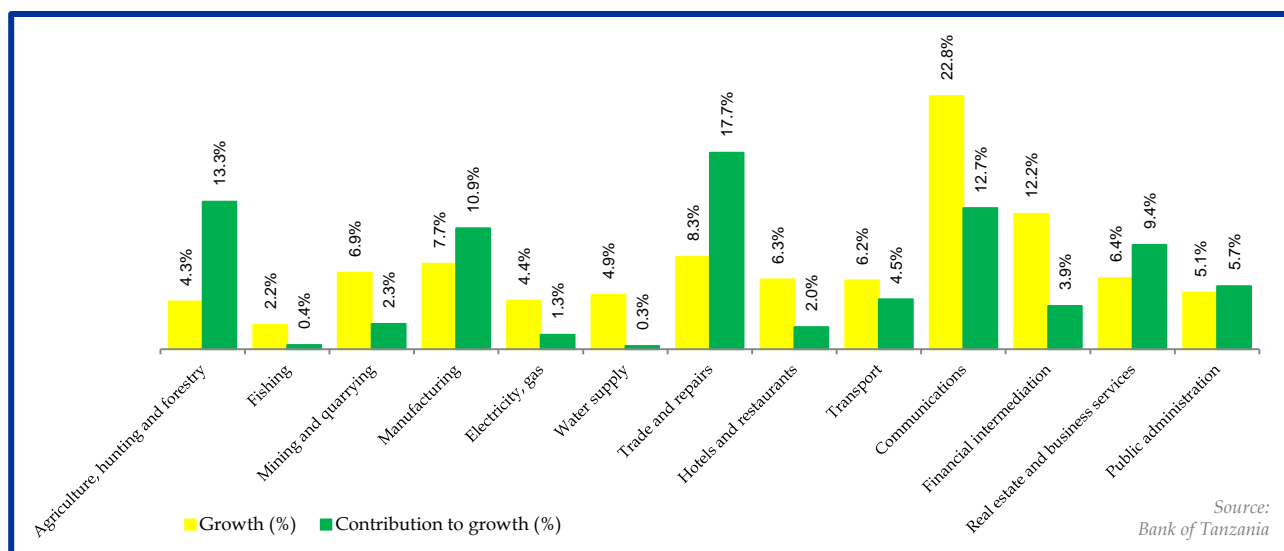


Figure-3: Comparison of Sectoral Growth Rates and Overall Contribution to National Growth.

Credit rating

The Sovereign Risk Report published recently by the Economist Intelligent Unit places Tanzania's risk score in the middle of the 'B' rating band. At the end of April 2014, external debt stock increased by 19.7% to USD 13.938 billion from the level recorded in the corresponding period of 2013, out of which 84.8% was public debt. The increase was on account of new disbursements and accumulation of interest. Disbursements amounted to USD 2.083 billion, out of which USD 2,015 billion was received by the Government. External debt payments during the year amounted to USD 257.4 million, out of which USD 119.2 million was principal repayments and USD 138.2 million were interest and other charges.

A3. Tanzanian Economic Environment (cont'd)

Based on the Debt Sustainability Analysis, which was conducted in September 2013 using end June 2013 data, the present value of external debt was 19.5% of GDP - well below the international threshold of 50%, keeping Tanzania's debt at a sustainable level. Domestic debt increased by 19.3% to USD 3.973 billion during the year ending April 2014 compared to TZS 3.391 billion recorded in the corresponding period of 2013. The increase was mainly on account of issuance of Government securities for budget financing.

Improved risk ratings have seen the market capitalization at the Dar Es Salaam Stock Exchange soaring to record levels in recent years, with a Cumulative Annual Growth Rate (CAGR) of 29% and 51% for equities and bonds, respectively. The market capitalisation of the Tanzania stock exchange stood at approximately USD 12.7 billion as at April 2014.

Foreign Direct Investment and Private Investments

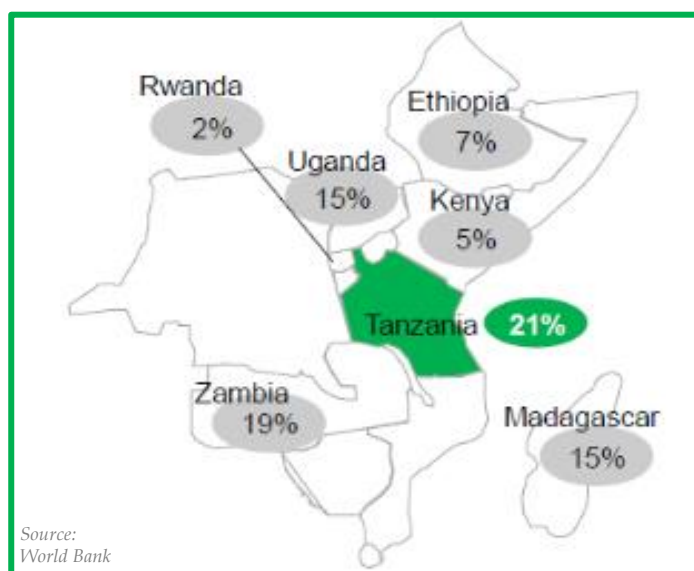


Figure-4: Average % share of FDI in the East African Region between 2007 - 2012

Tanzania is the leading investment destination in East Africa, with 21% of all foreign direct investments in the region flowing into the country (between 2007 and 2012).

It has sustained year-on-year growth of foreign investments of 24% compared to an average of 17% for other countries in the East African region.

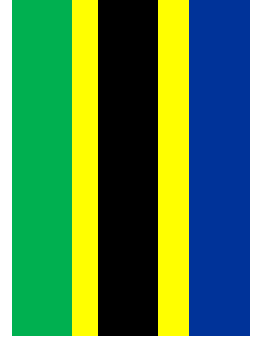
South Africa, the United Kingdom and Canada accounted for an average of 71.5% of the total annual FDI inflows to Tanzania between 2008 and 2011. Leading sectors for FDI include tourism, real estate, transportation, agriculture and manufacturing.

Tanzania embraces a strong and cooperative relationship between the government, the private sector and development partners, and that makes it exceptionally conducive to attracting investment. Tanzania's total investments flows have steadily grown since 2004, with a positive ratio of private vis-à-vis public investments. Direct domestic investments have greatly increased from 2004 to 2012, and the total annual ratio of private investment stands at 75.3% compared to public investment of 24.7%.

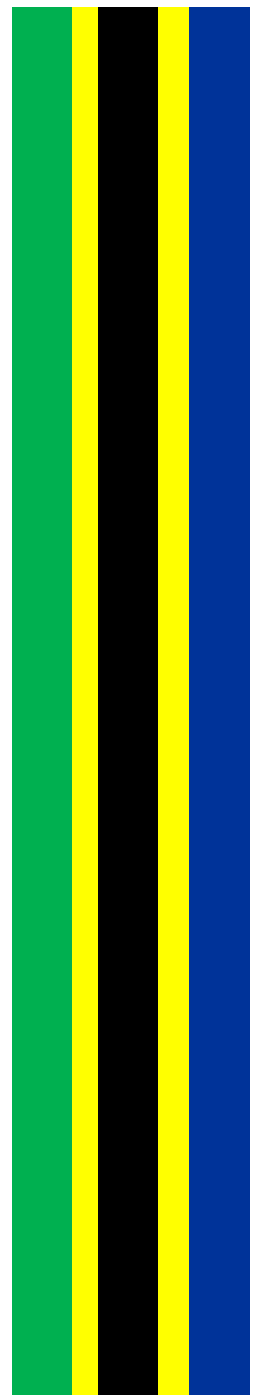
Population

Tanzania's population is estimated at 44.9 million in 2012, and it has been steadily increasing. The population is expected to grow at 2.7% annually and to reach 46.2 million in 2013. Tanzania also has a very young population with 42.5% of the population below the age of 14, whereas 53.5% of the population are between the age of 15 to 64.

The size of Tanzania's labour force is estimated to be 52% of the population, which is in excess of 23.36 million; with an overall participation rate of 63.3%. Unemployment has decreased from 4.3% in 2006 to 2.8% in 2012; while youth unemployment (people aged 15-24) has decreased from 14.9% in 2006 to 4% in 2011.



Section B
**Priority Sectors and
Project Highlights**



B1. Transport & Logistics

B1a. Sector Overview

Tanzania is an important gateway for six landlocked countries of Southern and Central Africa namely Malawi, Zambia, DRC, Burundi, Rwanda and Uganda. This is due to the country being bordered by sea with a coast line of over 1,424 km long with sea ports of Dar es Salaam, Tanga and Mtwara. There are also inland ports at Mwanza and Musoma (Lake Victoria), Kigoma and Kasanga (Lake Tanganyika), and Mbamba Bay (Lake Nyasa). In serving as a transit country, Tanzania implements the international convention that requires countries bordering the sea to allow land locked countries to import and export goods through their sea ports.

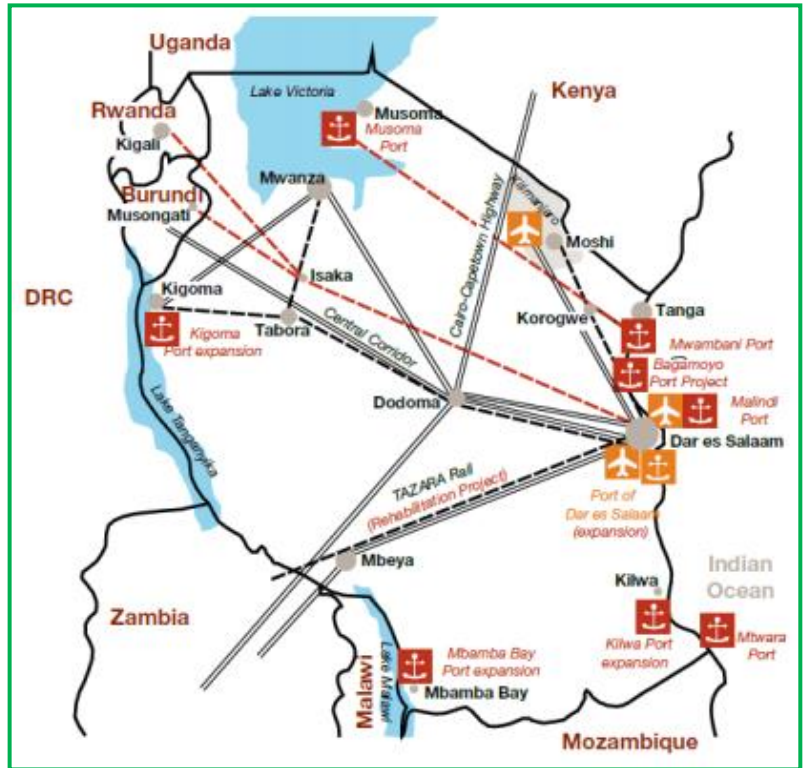


Figure-5: Transport infrastructure in Tanzania

Tanzania's infrastructure quality differs largely between the four major modes of transport. It is well served by air, especially domestic flights. Nevertheless, international connections into Tanzania is also relatively good. Roads are also sufficient for the purposes of trade, but rural connectivity require improvement. Rail requires significant investment to adequately serve domestic and neighbouring markets and connect these with ports and international markets. Tanzania port of Dar es Salaam is also a major entry point into the East African region, serving six other landlocked countries.

Although transport infrastructure in Tanzania has received significant investment in recent years, there is still a large investment gap if capacity is to meet the needs of growing economic activity in the country and in neighbouring countries. In addition to concessionary loans from multilateral financial institutions, the Government is promoting private equity participation and PPP arrangements as alternative financing modalities.

Roads : In recent years the Tanzanian government has invested heavily to upgrade and resurface the road network, both in urban areas and throughout the country. Tanzania had 86,472 km of roads as of 2011, with 82.5% of those roads unpaved.

Air : Tanzania's main airport is in Dar es Salaam. Other international airports are in Kilimanjaro, Zanzibar and Mwanza. In addition, there are 6 other airports with paved runways and 156 airports with unpaved runways. In 2013, 1.4 million people travelled by air in Tanzania.

B1. Transport & Logistics

Regulatory & Key Institutions

The **Tanzania National Roads Agency (“TANROADS”)** is an Executive Agency under the Ministry of Works, established under section 3(1) of the Executive Agencies Act (Cap 245) and came into operation in July, 2000. The Agency is responsible for the development and maintenance of the trunk and regional road network in Tanzania Mainland.



Tanzania Ports Authority (“TPA”) is a parastatal public corporation acting under the aegis of the Ministry of Transport, that has the responsibility "to manage and operate" the seaports and lake ports in Tanzania. It is a member of the Port Management Association of Eastern and Southern Africa.



Surface and Marine Transport Regulatory Authority (“SUMATRA”) is a multi-sectoral regulatory agency which was established by an Act of Parliament (No. 9) of 2001 to regulate Rail, Road and Maritime transport services. Its mission is to regulate the surface and marine transport sub-sectors for efficient, safe and environmentally friendly transportation services.



The **Central Corridor Agency Transit Transport Facilitation Agency (“TTFA”)** is a 5 countries (Uganda, Rwanda, Burundi, Democratic Republic of the Congo and Tanzania) joint set-up that seeks to facilitate and promote a secure, reliable, and cost effective transport along the corridor. In order to further its mission, the agency has to ensure the sustainability of the Central Corridor, competitiveness and predictability of the services along the corridor.



The **Tanzania Railways Corporation (“TRC”)** is a state-owned enterprise that runs one of Tanzania’s two main railway networks. When the East African Railways and Harbours Corporation was dissolved in 1977 and its assets divided between Kenya, Tanzania and Uganda, TRC was formed to take over its operations in Tanzania. In 1997 the inland shipping division became a separate company.



Reli Assets Holding Company (“RAHCO”) was incorporated in the United Republic of Tanzania under the Company’s Ordinance, in line with section 5 of the Railway Act No. 4 of 2002. Powers were conferred on RAHCO to develop, manage and maintain rail infrastructure and to provide rail transport services through joint ventures, concessions and the like. RAHCO, being empowered by section 12 of the Railway Act, 2002 delegated its powers to provide rail transport service to Tanzania Railways Limited (TRL).



Way Forward

Institutional reforms are planned to consolidate and strengthen the transport sector in Tanzania. Recently the Ministry of Transport has been focusing more on improving port operations and management to ensure the services are provided within time and in the most efficient ways. The Government has been looking on different alternatives to revive the central railway system. This effort aims to connect the borders of the landlocked countries to the port of Dar es Salaam.

B1. Transport & Logistics

B1b. List of Potential Transport & Logistics Projects

Following is a non-exhaustive list of potential projects within the Transport & Logistics sector:

Name of Project	Description	Sponsor	Location	Estimated Value (USD)
Rail: Procurement of Locomotives	Procurement of 63 high horsepower locomotives	Tanzania Rail Limited	Tanzania	\$ 206M
Rail: Procurement of Goods Wagons	Procurement of 2,234 goods wagons	Tanzania Rail Limited	Tanzania	\$ 171M
Rail: Rehabilitation of Goods Wagons	Rehabilitate 275 existing goods wagons	Tanzania Rail Limited	Tanzania	\$ 5.5M
*Ports: Development of Kisarawe Cargo Freight Station (KCFS)	The TPA intends to develop an Inland Cargo Depot ("ICD") to relieve congestion at the Dar es Salaam Port. The ICD is expected to complement the capacity of the Dar es Salaam Port which is projected to be 1.7 million TEU in 2017 (currently capacity is 310,000 TEU)	Tanzania Ports Authority	Kisarawe-Coast Region	\$ 120M
*Ports: Upgrading of Dar es Salaam Port Berths 1-7 and roll-on/roll-off (RoRo) Berth, Dredging of Port Entrance Channel	Dar es Salaam Port has 11 deep water berths. The objective of this project is to increase water depth for berths number 1-7 from the current depth of less than 10 meters to at least 12 meters.	Tanzania Ports Authority	Dar es Salaam	\$ 500M
Ports: Modernization of dry bulk handling operations	The Tanzanian Ports Authority intends to modernise the operations of the Dar es Salaam port to include silo upgrades, introduction of Conveyor Linkages and High Speed Grabs.	Tanzania Ports Authority	Dar es Salaam	\$ 25M
Ports: Port community System – Single window system.	The Tanzanian Ports Authority intends to modernise the handling of documents at the Dar es Salaam Port by introducing a single platform to allow multiple users to exchange information	Tanzania Ports Authority	Dar es Salaam	\$ 6.9M
Ports: Expansion and Modernization of Kigoma Port	The objective of this project is to increase the capacity of the port of Kigoma to cater for the expected increase in traffic as stipulated in the twenty years Ports Master Plan (2008-2028). The Kigoma port is major a link point between Dar es Salaam port in which imports and exports for landlocked countries of the DRC and Burundi pass through	Tanzania Ports Authority	Kigoma	\$ 300M

Table-1: Transport & Logistics potential projects

*Further information provided

B1. Transport & Logistics

Name of Project	Description	Sponsor	Location	Estimated Value (USD)
Ports: Modernization of Mwanza South Port	Presently most cargo handled in Mwanza South port is transported as general cargo in rail wagons. Plans to initiate container traffic on Lake Victoria have been launched in the past (refer above) but have not been successful so far. However, container operations could improve efficiency and flexibility of cargo transport on the lake. It is therefore assumed that in 2028 part of the cargo will be containerized. Rail wagon transport is expected to continue to main destinations. Also general cargo handling is assumed to remain, especially for local cargo.	Tanzania Ports Authority	Mwanza	\$ 400M
*Ports: Development of New Container Terminal Berths 13-14	The objective is to develop a modern terminal with two berths (13&14) to match the increasing traffic. The terminal will include a quay of minimum 750 metres length, minimum 13 metres channel depth and dredging of the port entrance to allow post-Panamax ships to enter	Tanzania Ports Authority	Dar es Salaam	\$ 400M
*Road: Construction of Dar es Salaam-Chalinze-Morogoro Express Way	The existing road is a dual carriageway which is congested by traffic, becoming a constraint to trade between Tanzania and neighbouring countries. A study in 2011 by ICT of India recommended that this road is economically and financially viable for the construction of a tolled expressway under PPP arrangement. The traffic volume based on 2010 on this road ranges between 10,000 and 20,000 average annual daily traffic ("AADT").	TANROADS	Dar es Salaam, Chalinze, Morogoro	\$ 519M
*Road: Construction of Arusha - Moshi - Himo Junction Dual Carriageway (105km)	This road links two tourist and economically important towns of Arusha and Moshi, links the two towns to tourist attractions such as the Serengeti, Ngorongoro, Arusha and Kilimanjaro National Parks, links the rest of Tanzania to a neighbouring country of Kenya, links the two towns to Dar es Salaam port and Tanga port. The existing road is a two lane road. The study in 2011 by ICT of India also recommended that this road is economically and financially viable for construction to a dual carriageway under PPP arrangement. The traffic volume based on year 2010 on this road ranges between 5,000 - 7,500 AADT.	TANROADS	Arusha, Moshi regions	\$ 363M

Table-1: Transport & Logistics potential projects (cont'd)

*Further information provided

B1. Transport & Logistics

Name of Project	Description	Sponsor	Location	Estimated Value (USD)
Road: Upgrading Kidahwe (Kigoma)-Ilunde-Malagarasi-Kaliua (188km)	This road is part of the Tabora-Urambo-Kaliua-Malagarasi-Kigoma road. The road links Kigoma port with Tabora Municipality and passes through areas of high economic value in sectors such as agriculture, tourism, forestry, and fishing. At present, the road is a gravel road. Except for the Ilunde-Mlagarasi-Kaliua sections, the rest are still under construction. The construction of Malagarasi Bridge is almost complete.	TANROADS	Kigoma, Tabora regions	\$ 150M
Road: Upgrading to Bitumen Standard for the Manyoni-Itigi-Tabora Road (245km)	This road links Tabora with the Central Corridor at Mkiwa in Manyoni District. It passes through Itigi just close to the main railway station. The road is of gravel standard which is inaccessible during the rain seasons. The main function of road is transportation of cotton from Tabora to Dar es Salaam and Tanga ports for export.	TANROADS	Singida, Tabora regions	\$ 57M

Table-1: Transport & Logistics potential projects (cont'd)

*Further information provided

B1. Transport & Logistics

B1c. Fact Sheets for Selected Projects

Port: Development of Kisarawe Cargo Freight Station (“KCFS”)

Background

Dar es Salaam container terminal is currently handling in excess of 400,000 TEU per annum (compared against the rated port capacity of 310,000 TEUs per annum). The projection is to handle 1.7 million TEUs by 2018 and approximately 5 million TEUs by 2028 in the high case scenario as detailed in the Port Master Plan 2009. Currently, the available spaces in the ICDs inside and outside the port but within the Dar Es Salaam City can only store a maximum of 20,000 TEUs at one time.

There is also a drastic increase in motor vehicle imports, which contributes to the port congestion. Between year 2006 and 2011, imported motor vehicles has been growing at 24.9% per annum. The available spaces inside and outside the port (but still within the Dar Es Salaam City) can only store a maximum of 8,000 units at a time. In the Port Master Plan, the projection of 81,000 units to be processed by year 2013 was surpassed in year 2011.

Most of the Dar es Salaam port cargo traffic (above 95%) is being cleared to the storage centres outside the port by roads using trucks. As a result, a significant number of trucks are deployed daily in the narrow roads around the city causing serious traffic jam.

The need for a large ICD for container and vehicle units was conceived in late 2007 to relieve the congestion in DSM Port and traffic jam in the City. The ICD is also intended to provide synergy not only with Dar es Salaam port but also with the envisaged new port of Mwambani Tanga and Mbegani Bagamoyo by connection of roads and railway lines.



Figure-7: Kisarawe-Coast Region

B1. Transport & Logistics

Port: Development of Kisarawe Cargo Freight Station ("KCFS") (cont'd)

Case for Change

The development of KCFS is expected to increase cargo handling capacity of the Dar es Salaam port. Completion of the project is expected to reduce congestion at the city centre. KCFS is also expected to link the new port of Mbegani–Bagamoyo. For this reason the proposed KCFS is intended to connect Dar es Salaam port as well as the proposed Mbegani port through the transportation network such as railway lines and roads. Upon completion, the port will enable the authority to better serve the increasing traffic for Tanzania and neighbouring countries of DRC, Burundi, Rwanda, Malawi and Zambia.

Project Description

The project entails provision of a Dry Port on the outskirts of Dar es Salaam City to serve as an extension of the port of Dar es Salaam for container and vehicle cargo traffic destined to or originating from the upcountry and the transit (landlocked) markets. The objective of this project is to provide several facilities: rail shuttle transport linkage; re-alignment of existing container yards at Dar es Salaam port; new dry port terminal, new trunk road access, new railway line (RAHCO and TAZARA) spur lines, freight station, customs and clearing and forwarding buildings, truck parking and associated facilities.

Project Implementation Schedule

Estimated to be 3 years

Estimated Project Value

Estimated at USD 120 million.

Financing Approach/Structure

Tanzania is open to proposals on the financing approach/structure including equity, debt considerations and PPPs or a combination of these.

Contracting Authority

Tanzania Ports Authority

B1. Transport & Logistics

B1c. Fact Sheets for Selected Projects

Port: Upgrading of Dar es Salaam Port Berths 1-7 and Roll-on/Roll-off ("RoRo") Berth, Dredging of Port Entrance Channel

Background

Dar es Salaam Port has 11 deep water berths with charted depths ranging from 9 to 12 m. It is envisioned that the upgrade would increase the efficiency of cargo unloading as well as enhance cost effective trade at commercial and subsistence levels.

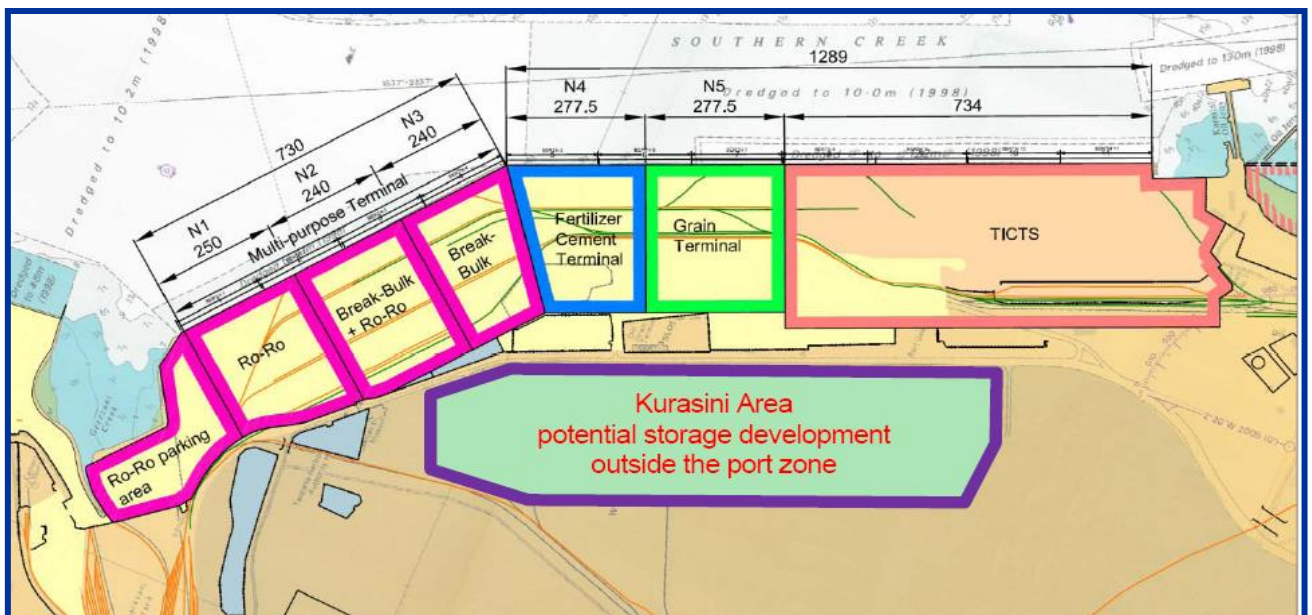


Figure-8: Dar es Salaam Port Berths 1-7



Figure-9: Development of RoRo Berth

B1. Transport & Logistics

Port: Upgrading of Dar es Salaam Port Berths 1-7 and Roll-on/Roll-off (“RoRo”) Berth, Dredging of Port Entrance Channel (cont’d)

Case for Change

The project intends to provide state-of-the-art port facilities which will facilitate world class maritime service with an increased capacity to handle bigger vessel. Also, the development of the roll-on/roll-off (“RoRo”) berth is to handle car carriers and increase more port traffic.

Project Description

The project is to increase water depth for berths number 1-7 from the current depth of less than 10 meters to at least 12 meters. Dredging and strengthening of quay 1 to 7 is required to accommodate larger vessels that require deep water depth.

Project Technical Profile

Upgrading of Dar es Salaam Port Berths 1-7

- a. Increase water depth for berths number 1-7 from the current depth of less than 10 meters to at least 12 meters.
- b. Dredging and strengthening of quay 1 to 7 is required to accommodate the larger vessel that require deep water depth.

RoRo Berth

- a. Develop a new berth to handle car carriers.

Estimated Project Value

Estimated at USD 100 million.

Financing Approach/Structure

Tanzania is open to proposals on the financing approach/structure including equity, debt considerations and PPPs or a combination of these.

Contracting Authority

Tanzania Ports Authority

B1. Transport & Logistics

B1c. Fact Sheets for Selected Projects

Port: Development of New Container Terminal Berths 13-14

Background

Dar es Salaam port is the country's principal port with an annual throughput of about 13 million tons, handling about 95% of Tanzania's port traffic. The major terminals and their respective intrinsic capacity is as follows:

- General Cargo terminal, 3.1 million tons per annum.
- Oil Terminals (single point mooring ["SPM"] and Kurasini Oil Jetty ["KOJ"]), 6.0 million tons per annum.
- Container Terminal, 310,000 twenty-foot equivalent unit ("TEU's") per annum.

Dar es Salaam Container Terminal was originally constructed on berths 8-11 and designed to handle 371,000 TEU per annum. This volume was reached in a year. Under the current growth rate container traffic will reach 1.7 million TEUs by 2018 and approximately 5 million TEUs by 2028 in the high case scenario.



Figure-10: Dar es Salaam Port

Case for Change

There is a need to develop a modern terminal to match the increasing traffic and facilitate freight costs for both imports and exports. The new port will also enhance cost effective farming and trading at commercial and subsistence levels.

B1. Transport & Logistics

Port: Development of New Container Terminal Berths 13-14 (cont'd)

Project Description

1. Development of New Container Terminal Berths 13-14

The construction of two new berths (berths 13 and 14) on a green-field site owned by the TPA on the western shore of Dar es Salaam harbour, south of the existing Kurasini Oil Jetty ("KOJ")

2. Dredging of Port Entrance Channel

The dredging of the existing Dar es Salaam port entrance channel to match post Panamax ship size.

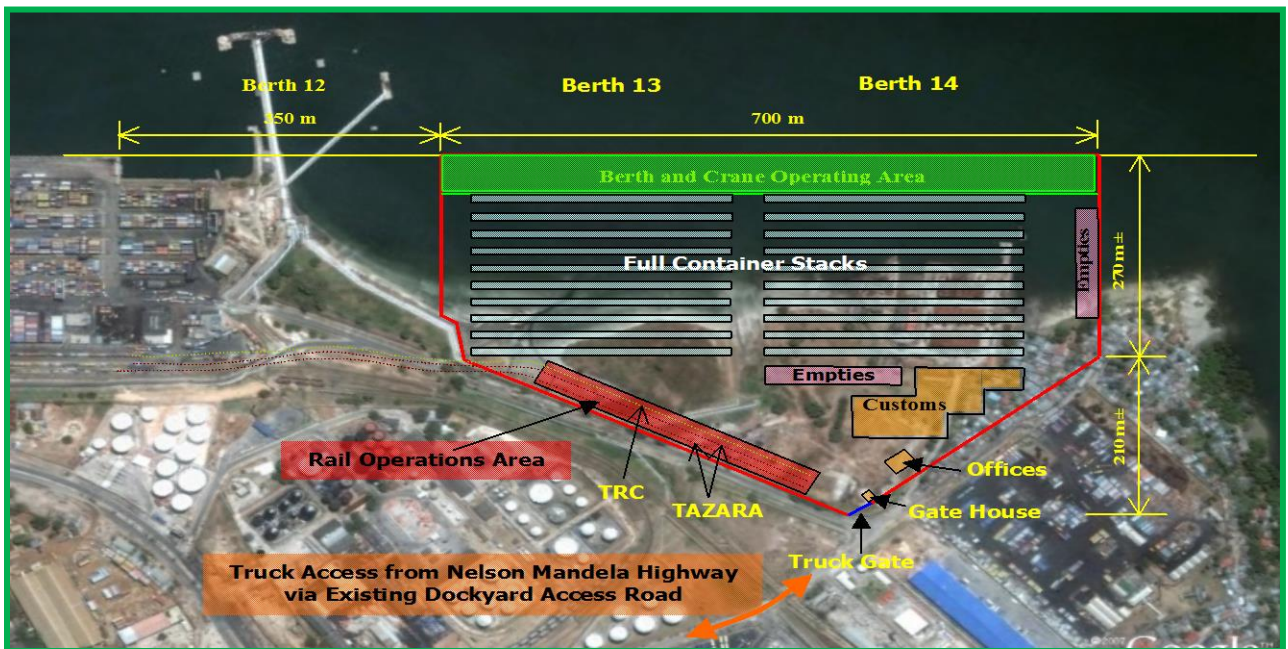


Figure -11: Location of Berths 13 and 14

Project Technical Profile

Development of New Container Terminal Berths 13-14

Features of the new terminal will include;

- A quay of 750 metres (allowing for two berths for ships up to 320 metres' length or three berths for the smaller feeders ships of 150 metres length)
- A minimum water depth alongside of 13 metres to cater for full draft Panamax vessels.
- Provision of up to four ships to shore gantry cranes for minimizing vessel turn-around time during loading and discharging operations.
- A yard area of approximately 10,000 squares metres designed for operation using rubber-tyred gantry ("RTG's"), rail-mounted gantry ("RMG's") or other space efficient stacking equipment.
- The terminal will have detached annex which will operate as an integrated Container Freight Station (including facilities for stuffing export and stripping import containers);
- Direct linkages to in-country road and railway network through construction of additional terminal roads and rail spurs.

Dredging of Port Entrance Channel

- A minimum water depth alongside of 13 metres to cater for full draft Panamax vessels.

B1. Transport & Logistics

Port: Development of New Container Terminal Berths 13-14 (cont'd)

Project Implementation Schedule

Construction work is estimated to take three years.

Estimated Project Value

Estimated at USD 400 million

Financing Approach/Structure

Tanzania is open to proposals on the financing approach/structure including equity, debt considerations and PPPs or a combination of these.

Contracting Authority

Tanzania Ports Authority

B1. Transport & Logistics

B1c. Fact Sheets for Selected Projects

Road: Construction of Dar es Salaam-Chalinze-Morogoro Express Way (190km)

Background

The existing road is single carriageway which is congested by traffic and hence becomes a constraint to trade between Tanzania and neighbouring countries as it causes a delay in travel and high vehicle operating costs. The study which was carried out in 2011 by ICT of India to establish toll roads in Tanzania recommended that this road is economically and financially viable for construction to expressway under PPP arrangement. The traffic volume based on 2010 on this road ranges between 10,000 and 20,000 AADT and is currently growing.

Case for Change

The main function of this road is transportation of cargo and passengers from Dar es Salaam to the upcountry and neighbouring countries of Kenya, Uganda, Malawi and the above mentioned landlocked countries.

Project Description

Construction of a road that links Dar es Salaam port with neighbouring landlocked countries of Rwanda, Burundi, DRC and Zambia through TANZAM Highway and Central Corridor.

Project Implementation Schedule

From 2014/2015 to 2018/2019

Estimated Project Value

It is estimated that USD 519 million is required for this project.

Estimated Cash Flow/Return

The economic analysis results indicate an IRR ranging between 19% and 23% for the 6-lane expressway on Dar es Salaam (Ubungo-Mlandizi, 55km) and 4-lane expressway for Mlandizi-Chalinze (45km) respectively.

Financing Approach/Structure

Tanzania is open to proposals on the financing approach/structure including equity, debt considerations and PPPs or a combination of these.

Contracting Authority

TANROADS

B1. Transport & Logistics

B1c. Fact Sheets for Selected Projects

Road: Construction of Arusha - Moshi - Himo Junction Dual Carriageway (105km)

Background

The existing road is a two lane road. A study in 2011 by Intercontinental Consultants and Technocrats (ICT) of India, found that this particular road is economically and financially viable for the construction to a dual carriageway under PPP arrangement. The traffic volume based on year 2010 for this road ranges between 5,000 - 7,500 AADT.

The project is proposed to be developed on a new alignment as a dual carriageway expressway of 105 km, one of the first PPP toll road projects being undertaken in the toll road sector in Tanzania. The Project is proposed to be developed through the design-build-finance-operate-transfer (DBFOT) model with an adequate concession period for investors to achieve attractive returns. This road will link the two tourist and economically important towns of Arusha and Moshi to the tourist attractions sites of Serengeti, Ngorongoro, Arusha and Kilimanjaro National Parks. This road will also link the rest of Tanzania to neighbouring country Kenya, and the two towns to Dar es Salaam port and Tanga port.

Case for Change

The road will facilitate transportation of cargo from Arusha and Moshi to the border posts, Dar es Salaam and Tanga ports, facilitating the movement of tourists to nearby national parks and enhance inter-regional and regional economic integration. It is a critical link in the government's long-term expressway development programme. It will also serve to operationalise the government's PPP programme and establish a benchmark for future PPPs in the infrastructure sector of Tanzania.

Project Description

The project is to be developed on a new alignment as a dual carriageway expressway of 105 km.

Project Implementation Schedule

Within five years.

Estimated Project Value

It is estimated that USD 363 million is required for this project.

Estimated Cash Flow/Return

The economic analysis indicate an IRR ranging between 18% and 25% for the 4 Lane Highway between Arusha and Himo Junction, 105 km.

Financing Approach/Structure

Tanzania is open to proposals on the financing approach/structure including equity, debt considerations and PPPs or a combination of these.

Contracting Authority

TANROADS

B2. Energy

B2a. Sector Overview

Tanzania has abundant and diverse indigenous energy resources which are yet to be fully exploited. The sources include wood fuel and other biomass fuels, hydropower, natural gas, coal, uranium, wind, geothermal and solar. However, Tanzania's energy supply depends mainly on biomass. Since 76% of the population are not connected to the electricity grid, the overwhelming majority of households use wood and charcoal for cooking. As a total, biomass makes up close to 90% of the total primary energy consumption in Tanzania. Unfortunately, this leads to the deforestation of 100,000 hectare per year, of which only about a quarter is reforested. Other energy sources are petroleum, which makes up 7.8% of total primary energy consumption, natural gas (2.4%), hydropower (1.2%) and coal/peat (0.3%).^[3] About 6.6% of energy needs to be imported, primarily from Uganda (8 MW) and Zambia (5 MW).

Electricity makes up only 0.6% of total energy consumption. In 2008, 4,414 GWh of electricity were generated in Tanzania, of which 2,655 GWh from hydropower, 1,600 GWh from natural gas, 119 GWh from coal and 40 GWh from petroleum. Total installed capacity amounted to 1,219 MW, of which 561 MW was hydropower and 658 MW thermal power.

Out of Tanzania's 44.9 million inhabitants in 2014, only 17% of urban and 7% of rural areas are electrified, which means that less than 10% have access to grid-based electricity or other forms of commercial electricity.

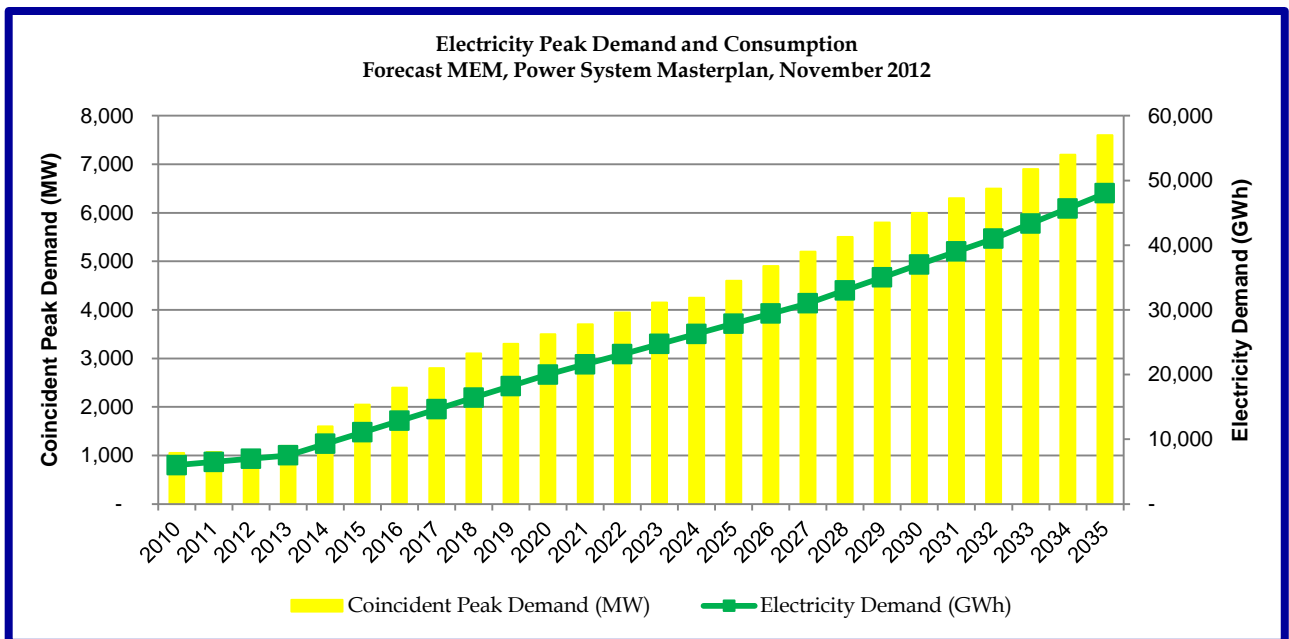


Figure-12: Electricity peak demand and consumption

Since it is heavily dependent on hydropower, Tanzania's energy provision cannot be ascertained in times of drought. This was clearly visible in the years 2010/2011, where recurring droughts effectively reduced power capacity from 900 MWh to 420 MWh, forcing the country to endure a programme of load shedding coupled with unplanned outages. Due to suppressed sales, the countries' utility company TANESCO financial situation became increasingly parlous (on top of economic losses for non productivity to the country as a whole).

B2. Energy

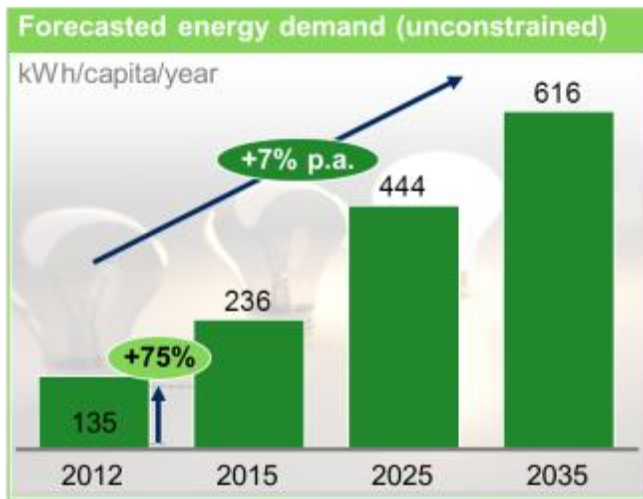


Figure-13: Forecasted energy demand

Whilst the national electricity connectivity is about 24%, consuming 97kWh/capita/year, it is expected that electricity demand will triple by 2020. In 2013/14, TANESCO connected 187,188 customers to the grid.

Tanzania also participates in the East Africa Community Energy Committee whose major objective is, among others, to prepare the East Africa Power Master Plan and the proposed Zambia-Tanzania-Kenya interconnector. There are also plans to set an Eastern Africa Power Pool (EAPP) whose objective is to establish a framework for power exchanges between utilities of the member states.

As evidence of the commitment of the private sector towards reducing Tanzania's power deficit, Symbion Power Tanzania and General Electric have signed an agreement to develop a 600 MW gas powered plant in the southern region of Mtwara.

Regulatory and Key Institutions

Tanzania Electric Supply Company ("TANESCO") is a parastatal organization under the Ministry of Energy and Minerals. The Company generates, transmits, distributes and sells electricity to mainland Tanzania. It also sells bulk power to the Zanzibar Electricity Corporation (ZECO) which in turn sells it to the public in the islands of Unguja and Pemba. TANESCO owns most of the electricity generating, transmitting and distributing facilities in Tanzania.



The **Energy and Water Utilities Regulatory Authority ("EWURA")** is an autonomous multi-sectoral regulatory authority established by the Energy and Water Utilities Regulatory Authority Act, Cap 414.



It is responsible for technical and economic regulation of the electricity, petroleum, natural gas and water sectors in Tanzania pursuant to Cap 414 and sector legislation. The functions of EWURA include among others, licensing, tariff review, monitoring performance and standards with regards to quality, safety, health and environment. EWURA is also responsible for promoting effective competition and economic efficiency, protecting the interests of consumers and promoting the availability of regulated services to all consumers including low income, rural and disadvantaged consumers in the regulated sectors.

B2. Energy

Regulatory and Key Institutions (cont'd)

Rural Energy Agency (“REA”) is an autonomous body under the Ministry of Energy and Minerals of the United Republic of Tanzania. Its main role is to promote and facilitate improved access to modern energy services in rural areas of Mainland Tanzania. REA became operational in October 2007. Its vision is the transformation of rural livelihoods through provision of modern energy services via promoting and facilitating the availability and access to modern energy services in rural Mainland Tanzania.



Tanzania Petroleum Development Corporation (“TPDC”) is the Tanzanian state corporation through which the Ministry of Energy and Minerals implements its petroleum exploration and development policies. TPDC is organised into directorates, namely: Exploration; Production and Technical services; Finance and Administration; Marketing and Investment. The Tanzania Petroleum Development Corporation was established under the Public Corporations Act No.17 through the Government Notice No.140 of 30th May 1969. The Corporation began operations in 1973. TPDC is a wholly owned Government parastatal, with all the shares held by the Government.



Way forward

Given the significant potential gap in demand, supply and distribution, a three pronged approach has been identified to address Tanzania’s energy needs, this covers:

1. Deliver more energy from existing assets and phase out EPPs
 - Ensure on-time completion of the Mtwara-Lindi-Dar pipeline
 - Reduce technical and non-technical losses
 - Introduce targeted demand management to reduce evening peak load
 - Reduce EPP costs and reliance by optimising dispatch and fuel procurement
2. Deliver generation, transmission & distribution projects by focusing on execution
 - Prioritise projects based on ability to complete in 3 years
 - Utilise alternative funding models to reduce the Government of Tanzania’s burden to finance projects
 - Streamline critical processes to minimise timelines and risk of delay
3. Realise Energy sector aspirations by making the sector financially viable, implementing the ESI Reform Strategy and Roadmap 2014 - 2025.

B2. Energy

B2b. List of Potential Energy Projects

Following is a non-exhaustive list of potential projects within the Energy sector:

Name of Project	Description	Sponsor	Location	Estimated Value (USD)
*Kinyerezi 1 Extension	The project involves installation of additional 185 MW to Kinyerezi 1 (150 MW) dual fuel plant.	MEM	Kinyerezi	\$ 183M
*Kinyerezi 2	The project is a gas-to-electricity combined cycle power plant with the total capacity of 240 MW. The project is construed of 6 gas turbines(GT) and 2 steam turbines(ST) that is two blocks of 3 GT to 1 ST.	MEM	Kinyerezi	\$ 344M
*Kinyerezi 3	The proposed project is a natural gas based Simple Cycle Power Plant (SCPP) of nominal gross site capacity between 318 - 320 MW. The plant will be designed for base load operation and also the capability to operate under cyclic load variation mode will be built in the plant. The plant design life will be about 25 years.	MEM	Kinyerezi	\$ 368M
Kinyerezi 4	The project calls for the development of a 330MW, gas fired power plant. The plant will be designed for base load operation. The capability to operate under cyclic load variation mode will be built into the plant. The plant design life will be about 25 years.	MEM	Kinyerezi	\$ 410M

Table-2: Energy potential projects

*Further information provided

B2. Power & Energy

B2c. Fact Sheets for Selected Projects

Kinyerezi 1 Extension (185 MW)

Background

Initially the project was designed to generate 150MW on dual fuel (gas and Jet A1) inclusive of 220 kV and 132 kV substation and grid interconnection.

Case for Change

Bearing the lengthy process in realizing Kinyerezi III, IV and Kilwa Energy projects and the need to achieve the BRN targets, the government has decided to extend the Kinyerezi I project with an additional 185 MW capacity.

Project Description

The extension will include an additional 4 turbines with chiller. The supplier is expected to include all plants and auxiliary equipment necessary to connect the generating plant to the existing system including using natural gas, connected with all necessary facilities to battery limit identified by TANESCO.

Fuel Supply

The natural gas supply for the plant shall be the responsibility of TANESCO. The fuel supply system is designed in accordance with standards and procedures used in ISO, EN and also adopted to TBS standard employed in Tanzania.

Project Technical Profile

Grid Connection

The power plant will be connected to the grid on the 220 kV level and the 132 kV level constructed under Kinyerezi I (150MW) power plant.

Project Implementation Schedule

Overall time estimated for supply, installation, testing and commissioning of the generating sets is thirteen (13) months from the effective date of the contract.

Estimated Project Value

The estimated project cost is USD 183 million

B2. Power & Energy

Kinjerezi 1 Extension (185 MW) (cont'd)

Financing Approach/Structure

Tanzania is open to proposals on the financing approach/structure including equity, debt considerations and PPPs or a combination of these.

Contracting Authority

TANESCO

B2. Power & Energy

B2c. Fact Sheets for Selected Projects

Kinyerezi 2: Procurement Of 240 Mw Combined Cycle Power Plant At Kinyerezi

Background

Tanzania Electric Supply Company Limited (TANESCO) is a parastatal organization that was established in 1964 and is wholly owned by The Government of Tanzania. TANESCO reports to the Ministry of Energy and Minerals and its operations are regulated by the Energy and Water Utilities Authority (EWURA).

The Company's core business is generation, transmission, distribution and sale of electricity to the Tanzania Mainland and bulk power supply to the island of Zanzibar. Distribution of electricity in Zanzibar and Pemba is the responsibility of the Zanzibar Electricity Supply Corporation ("ZECO").

Over the recent years, TANESCO has witnessed a sharp and now an ever increasing demand of electric power due to growing socio-economic conditions in the country. As of May 2010, the maximum power demand stood at 780 MW while the projected growth of 10% per annum brought power demand to approximately 1005MW this year.

Following the proven gas reserves from the Songo Songo field, augmented by new gas discoveries at Mkuranga and Mnazi bay gas fields, the Government of the United Republic of Tanzania through TANESCO has decided to expand additional generation capacity by constructing a natural gas fired by 240MW combined cycle power plant at Kinyerezi in the outskirts of Dar es Salaam about 15 km south of Ubungo Gas Fired Power Plant along the Songo Songo Gas pipeline.

Case for Change

To develop a power plant to generate 240 MW to augment the electric power demand for domestic and industrial use as depicted in the national drivers of the power demand and that would enhance readily availability of power in Dar es Salaam and national grid whenever Kidatu-Mtera hydro system fails due to any reasons.

Project Description

The proposed power plant shall consist of two (2) blocks of combined cycle power plant (CCPP) with total capacity 240 MW.

Project Implementation Schedule

From the Effective Date of Contract, this project will take 31 months for construction and commissioning.

Estimated Project Value

The affirmed EPC contract price is USD 345 million.

B2. Power & Energy

B2c. Fact Sheets for Selected Projects

Kinyerezi 2: Procurement Of 240 Mw Combined Cycle Power Plant At Kinyerezi (cont'd)

Fuel Supply

To curb the ever increasing electricity demand and reducing dependency on hydro plants, TANESCO has embark on the natural gas amongst others as source of energy for electricity generation. This is highly attributed by the discoveries of natural gas reserves, relatively lower investment and operation costs and relatively shorter development(construction) time.

The natural gas supply for the plant shall be the responsibility of TANESCO. The fuel supply system is designed in accordance with standards and procedures used in ISO, EN and also adopted to TBS standard employed in Tanzania.

Project Technical Profile

Each power plant block shall consist of 3 gas turbines, 3 heat recovery steam generators, one steam turbine and other associated auxiliaries. Additional items in the scope include:

- a. Gas pressure reduction system,
- b. 220 kV Substation upgrade for 500 MW power evacuation,
- c. Workshop and storage building,
- d. Water treatment building, water tank of size 1800 m³ as well as a rainwater reservoir for greenbelt watering to address environmental concerns involving noise level reduction,
- e. Access Road,
- f. Training for 20 staff,
- g. A black start unit and is able to run on island mode (the plant can generate without depending on the grid).

Financing Approach/Structure

Tanzania is open to proposals on the financing approach/structure including equity, debt considerations and PPPs or a combination of these.

Contracting Authority

Tanzania Electrical Supply Company Limited (TANESCO)

B2. Power & Energy

B2c. Fact Sheets for Selected Projects

Kinyerezi 3: 300 Mw Gas Turbine Power Plant At Kinyerezi

Background

Over the recent years, TANESCO has witnessed a sharp and ever increasing demand of electric power due to growing socio-economic conditions in the country. **As of July 2014, the maximum power demand stood at 905 MW with** the projected growth of 10-15% per annum.

Following the proven gas reserves from the Songo Songo field, augmented by new gas discoveries at Mkuranga and Mnazi bay gas fields, TANESCO intends to use these reserves among other for the generation of electricity. Tanzania's present **installed generation capacity is approximately 1468MW**. 38.2% of this is hydro and the rest is thermal.

Case for Change

There is a need for a power plant capable of generating 300 MW to augment the electric power demand for domestic and industrial use. In the national drivers of the power demand, this would enhance readily availability of power supply to the national grid.

Project Description

The proposed power plant will include 8 sets of PG6581B gas turbine generating units and auxiliaries with total capacity of 300 MW gross capacity, and will have provision for the extension of combined cycle units in the future.

Estimated Project Value

The estimated cost is USD 368 million.

Financing Approach/Structure

Tanzania is open to proposals on the financing approach/structure including equity, debt considerations and PPPs or a combination of these.

Contracting Authority

TANESCO

B2. Power & Energy

Kinyerezi 3: 300 Mw Gas Turbine Power Plant At Kinyerezi (cont'd)

Project Technical Profile

Areas	Description
Thermal Mechanical	<ul style="list-style-type: none"> • 8 units of single cycle power unit – GE Model PG6581B gas turbine generating unit and auxiliaries.
Off-base Unit Mechanical Auxiliaries	<ul style="list-style-type: none"> • Inlet Air System • Exhaust System • Fuel Gas System • Fuel Oil System • Atomizing Air System • Hydraulic System • Lubrication Oil System • Compressor Cleaning System
Mechanical System	<ul style="list-style-type: none"> • Natural Gas System • Distillate Fuel Oil System • GT Auxiliaries Cooling Water System • Compressed Air System • Nitrogen System
General	<ul style="list-style-type: none"> • Layout of GTG and Ancillary Equipment • Overhaul Facilities • Surface Preparation and Painting Systems • 220kV Outdoor Switchgear • Generator • Transformers & NSPB & Cable • Auxiliary Power System • Other systems (e.g. Control, Lighting, Protection, Cabling)

Table-3: Technical profile of Kinyerezi 3

B3. Agriculture

B3a. Sector Overview



In the past decade, Tanzania's agricultural sector grew at an annual rate of 4.2%. Today, approximately 75% of Tanzanians are employed by the agriculture sector, which accounts for a quarter of the nation's GDP.



The majority staples that are produced by Tanzania include maize, sorghum, millet, rice, wheat, pulses (mainly beans), cassava, potatoes, bananas and plantains with the bulk of the country's export

crops being composed of coffee, cotton, cashew nut, tobacco, sisal, pyrethrum, tea, cloves, horticultural crops, oil seeds, spices and flowers.

Smallholder farmers in Tanzania, who are the dominant leaders in the sector as a whole, support average farm sizes of between 0.2 hectares and 2.0 hectares and cultivate 14.0 million hectares annually, of which 85% is food crops. Commercial farming consist of only 1.5 million hectares while total arable land is 44.0 million hectares.

Today, women are the primary source of the agricultural labour force in the country. However as a result of the application of poor technology and a dependence on unreliable and often unreliable weather conditions, both the labour force and land productivity of the sector have begun to act as a limitation to the sector.

The significance of the agricultural sector in terms of potential economic growth and poverty reduction in the country has been recognized by Government, which has also recognized the role that outside factors including infrastructure, rural financial services, land ownership and good governance have played and continue to play in the development of the sector.

The Government has prioritized several tasks in a continued effort to strengthen the sector including the pursuit of macroeconomic policies in order to stimulate investment in agriculture by small holders and large-scale commercial farmers; the creation of an enabling environment and the provision of proactive support to private operators, farmers organizations, NGOs and CBOs who supply inputs and credit to small farmers thus ensuring a strong regulatory mechanism; the concentration of budgetary allocations in agriculture research and extension; the provision of special support to investments in agricultural processing, particularly in fruits and vegetables, while, at the same time, granting top priority to the implementation of new land Act.

B3. Agriculture

B3a. Sector Overview (Cont'd)

The agriculture sector has been largely influenced by past and current macro-economic reforms, which have helped to open up the sector to private investment in production and processing as well as input importation and distribution. Today, farmers are allowed to sell their crops both to cooperatives and to private traders and, as a result of increased competition, normal producer prices for food and export crops have also increased, making it easier for farmers to sell their products at a faster pace

Currently, the private sector has absorbed much of the responsibility for the production and processing functions, while the Government has maintained its position in the facilitation of regulatory and public support functions.

Because the sector relies heavily on rainfall, adequate irrigation methods are crucial to the stabilization of agricultural production in the country, a result of which will be improved food security, increased productivity and incomes for farmers, and an increase in the production of higher valued crops such as vegetables and flowers.

The potential for attaining sustainable irrigation development exists in the availability of the country's natural water resources via its network of rivers and lakes as well as the availability of 1 million hectares of irrigatable land at 1.0 million, only 450,000 of which are cultivated under irrigation.

Regulatory & Key Institutions

Agricultural Sector Lead Ministries ("ASLM")

The Ministry of Agriculture, Food Security and Cooperatives ("MAFC"), the body responsible for policy and legislation, coordinates more than 5 ASLM's under the Agriculture Sector Development Programme. The Prime Minister's Office Regional Administration and Local Government ("PMO-RALG") is tasked with administering Local Government Administrations ("LGA's") for the implementation of District Agriculture Development Plans.

Cereal and other Produce Board ("CPB") of Tanzania

The Tanzanian CPB was established by the Cereals and Other Produce Act Number 19 of 2009. CPB has been established to carry out commercial activities and such other activities as are necessary, advantageous or proper for the development of the cereals and other produce industry.

Way Forward

A National Irrigation Policy and an Agriculture Policy have also been put in place in order to help develop the country's irrigation system, which will act as a potential source of revenue in the form of a user charge once it has been regulated.

In addition to its firm connection to the farming sector, the Tanzania agriculture sector is also linked to the non-farming sector through its associations with agro-processing, and consumption and export as well as through the provision of raw materials to various industries and by acting as a market for manufactured goods in the country.

General opportunities for investment in the sector include the establishment of farm machinery and equipment plants; the operation of tractor hire centers; the establishment of ox training centers; the establishment of training institutes; the establishment of research centers; the development of human and animal power technologies; the operation of agriculture mechanization centers; the provision and/or training of extension experts; the employment of agriculture researchers; and the establishment of agricultural information centers

B3. Agriculture

B2b. List of Potential Agriculture Projects

Following is a non-exhaustive list of potential projects within the Agriculture sector:

Name of Project	Description	Sponsor	Location	Estimated Value (USD)
*Integrated Grain Storage	The rehabilitation of existing storage silos and the construction of new storage facilities and infrastructure throughout Tanzania to address the shortage of grain storage infrastructure	Cereals and other Produce Board ("CPB")	Across Tanzania	\$ 200M
*Commercial Farms	Rejuvenate commercial farming industry in Tanzania through Government identified deals for sugarcane and paddy farming. Commercial producers work hand-in-hand with outgrowers in the surrounding communities	Tanzania Investment Center ("TIC")	Across Tanzania	\$ 9.1 M (includes \$ 1.1M GoT preparatory investment)

Table-4: Agriculture potential projects

**Further information provided*

B3. Agriculture

B3c. Fact Sheets for Selected Projects

Integrated Grain Storage

Background

The Ministry of Agriculture Food Security and Cooperatives (“MAFC”) through its agency the Cereals and Other Produce Board (“CPB”) is committed to improving food storage infrastructure with the view among other things to attain the Big Results Now (“BRN”) and other agriculture initiatives in the United Republic of Tanzania, discussed below. As a relatively new agency in the MAFC, the CPB, unlike the National Food Reserve Agency (“NFRA”), has been tasked with a commercial mandate to promote and grow the production, trading and processing of cereal grains in Tanzania. Its activities will ultimately provide direct support to the newly forming Tanzanian Commodities Exchange which is expected to be operational shortly.

The Integrated Grain Storage (IGS) Project seeks to address the shortage of grain storage infrastructure in Tanzania, and steer Tanzanian agriculture towards commercialization and development by providing turnkey solutions that include an attractive funding package.

Case for Change

There is a need to address the shortage of grain storage infrastructure in Tanzania, and steer Tanzanian agriculture towards commercialization and development.



Figure-14: Illustration of Rehabilitated Grain Storage Silos



Figure-15: Illustration of New Grain Storage Silos

B3. Agriculture

Integrated Grain Storage (cont'd)

Project Description

The rehabilitation of existing storage silos and the construction of new storage facilities and infrastructure throughout Tanzania as below:

CPB Aggregated Storage	Rehabilitate (MT)	New Warehouses (MT)	Silos (MT)	Total (MT)	Zone
Mwanza	15,000	10,000	25,906	50,906	Lake
Mpanda	-	10,000	-	10,000	Western
Iringa	17,000	-	-	17,000	S-Highlands
Songea	-	20,000	25,906	45,906	S-Highlands
Makambako	-	10,000	25,906	35,906	S-Highlands
Tunduma	-	10,000	-	10,000	S-Highlands
Sumbawanga	-	-	25,906	25,906	S-Highlands
Kasanga	-	-	25,906	25,906	S-Highlands
Dodoma	30,000	20,000	25,906	75,906	Central
Namanga	-	-	25,906	25,906	Central
Kiteto	-	10,000	25,906	35,906	Northern
Himo	-	10,000	25,906	35,906	Northern
Total Development	62,000	100,000	233,154	395,154	

Table-5: Rehabilitation and construction of storage infrastructure

Project Technical Profile

- Flat-bottom storage bins with diameter ranges of 4.6 to 32 metres, with single bin capacities of up to 24,250 m³;
- Diameter-based roof options that help balance performance with price. The resulting bin roof peak capacities range up to 11,300 kg depending on bin diameter;
- All-galvanized steel sidewall stiffener which is one of the strongest available;
- Sidewall body sheets are made of top quality prime steel from 8 through 20 gauge-galvanized steel with a minimum tensile strength of up to 65,000 psi (448 Mpa). On taller models, two sidewall panels laminated together for greater strength;
- Identification codes are marked on each body sheet that shows manufacturing date, part number, and steel gauge facilitating better installation and ease of long-term maintenance and repair;
- Sidewalls are assembled using high-strength Grade 8.2 bin seal bolts with special JS-500™ coating to provide superior weather-resistance;
- Optional Grade 8.2 polypropylene-encapsulated-head bolts provide enhanced corrosion resistance; and
- A special bin anchor system securely fastens the bin to the foundation and is designed to withstand winds up to 145 kph.

B3. Agriculture

Integrated Grain Storage (cont'd)

Project Implementation Schedule

Construction work is estimated to take five years.

Financing Approach/Structure

Tanzania is open to proposals on the financing approach/structure including equity, debt considerations and PPPs or a combination of these.

Estimated Project Value

An initial costing for the above project aggregates to an amount of USD 200 million, (exclusive of VAT, import or other duties and withholding and other taxes).

Estimated Project Cash Flow/Returns

- Project indicative cash flow model based on single revenue stream, in spite of multiple revenue streams – conservative base assumption
- Operating expenses set at 20% of revenue – Conservative assumption
- Average project EBIT of USD 20 million
- Annual cash flow positive after year 4 of operating (year 6 of the project with a 2 year build period)
- Cumulative cash flow positive in year 8 of operations (year 10 of project)
- Project IRR of 18%

Contracting Authority

Cereals and Other Produce Board (CPB)

B3. Agriculture

B3c. Fact Sheets for Selected Projects

Commercial Farming

Background

A commercial farm comprises of the nucleus farm (operated by an investor) and surrounding smallholder farmers known as outgrowers. Co-existence of the nucleus farm and outgrowers is hinged on the symbiotic relationship between the two where the nucleus farm helps smallholder farmers in acquiring technologies, provision of inputs and serve as a ready market for small holder produce; on the other hand small holder farmers provides the nucleus farm with required inputs (crops) over and above what the nucleus farms can produce to meet is processing and/or marketing capacity.

Delivering the 25 commercial farms will increase production and exports of sugar and rice. The import substitution strategy is geared to reduce imports of these commodities, save foreign exchange, create jobs and contribute to poverty reduction.



Figure-16: Commercial Farming in Tanzania

B3. Agriculture

Commercial Farming (cont'd)

Case for Change

Commercial scale farming, with its greater productivity, would boost national income and better improve food security within the country.

Project Description

Government of Tanzania will make ready land complete with facilities for access, irrigation and power for the purpose of Commercial scale farming for sugar and rice. The surrounding communities will be fellow travelers, sensitized to the need to mutually participate and benefit from the large scale farming endeavors.

 Pilot sites

District	Site No	Site	Crop	Land size of nucleus farm	Land size of smallholder
A	1	Bagamoyo	Sugarcane	7,800	3,000
B	2	Kitengule	Sugarcane	16,000	2,000
C	3	Kasulu	Sugarcane	20,000	2,000
D	4	Kumsenga/Kibwie	Sugarcane	20,000	5,000
E	5	Kiberege	Sugarcane	20,000	10,000
	6	Kihansi,	Paddy	5,200	8,000
	7	Mpanga-Ngalimila	Paddy	5,128	16,203
	8	Ruipa	Sugarcane	13,000	6,500
	9	Kisegese	Paddy	10,000	15,188
F	10	Manda	Sugarcane	20,000	5,000
G	11	Kisaki	Sugarcane	20,000	10,000
	12	Mkulazi	Sugarcane	63,000	25,000
	13	Mvuha	Sugarcane	20,000	10,000
H	14	Mahurungu	Sugarcane	3,000	2,000
I	15	Ikongo	Sugarcane	12,000	3,000
J	16	Pangani	Sugarcane	3,200	1,200
K	17	Lukulilo	Paddy	8,000	4,000
	18	Mkongo	Sugarcane	22,000	7,000
	19	Muhoro	Sugarcane	20,000	16,000
	20	Rufiji Delta	Paddy	5,000	13,500
	21	Tawi/Utunge	Sugarcane	20,000	5,000
L	22	Itete	Paddy	10,000	30,000
	23	Kilosa kwa mpepo	Paddy	5,000	18,000
	24	Misegese	Paddy	5,000	15,000
	25	Ngohelanga	Paddy	6,000	15,000

Figure-17: Overview of commercial scale farms

B3. Agriculture

Commercial Farming (cont'd)

Project Implementation Schedule

The following diagram summarises the implementation schedule:

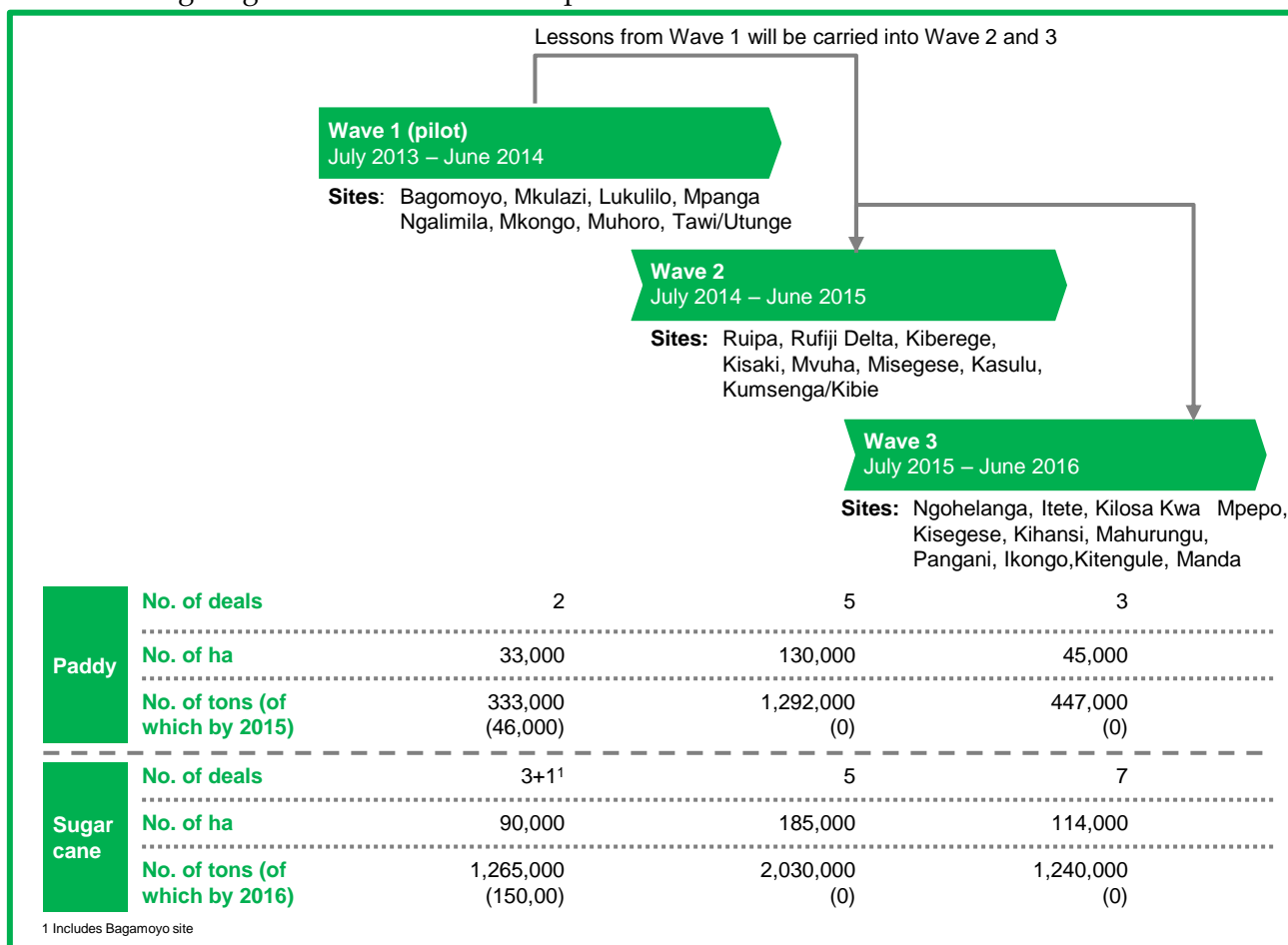


Figure-18: Implementation schedule of commercial farming project

Procurement Approach/Structure

This project is envisaged to be executed via Public Private Partnerships (“PPPs”) based on the following structure:

Government Contribution	Private Sector Contribution
<ul style="list-style-type: none"> Land free of encumbrance¹ Local community engagement (e.g., Village Land Use Plans) Basic infrastructure: feeder road, power Water rights Irrigation infrastructure for outgrowers 	<ul style="list-style-type: none"> Management expertise On-farm capital expenditure: land preparation, irrigation, storage, etc. Act as hub for providing services² and market access for surrounding outgrower farmers

Table-6: Project structure of commercial farming project

¹ Options for payment of land include payment of up-front Land Premium or ‘Land-for-Equity’ concept, the latter of which is being pioneered in Tanzania by the Bagomoyo EcoEnergy project

² These services may be provided with philanthropic support, such as is the case with extension services provided to outgrower farmers at Kilombero Plantation Limited

B3. Agriculture

Commercial Farming (cont'd)

Estimated Project Value

The following table provides an overview of estimated project value for each of the 25 farms and current status (August 2014)

Project	Estimated Private Funding (USD)	Estimated Public Funding (USD)	Status
Bagamoyo	485,854	11,153	Investor identified
Mkulazi	1,882,577	185,886	Tender documents issued
Lukulilo	150,606	14,871	Investor identified
Mpanga-Ngalimila	96,539	60,238	Investor needed
Mkongo	414,167	26,024	Investor identified
Muhoro	376,515	59,484	Investor identified
Tawi/Utunge	376,515	18,589	Investor identified
Rufiji Delta	94,129	50,189	Investor needed
Kiberege	376,515	37,177	Investor needed
Kisaki	376,515	37,177	Investor needed
Mvuha	376,515	37,177	Investor needed
Misegese	94,129	55,766	Investor needed
Kasulu	376,515	7,435	Investor needed
Kumsengwa	376,515	18,589	Investor needed
Ngohelanga	112,954	55,766	Investor needed
Itete	188,258	111,531	Investor needed
Kilosa Kwa Mpepo	94,129	66,919	Investor needed
Kisegese	188,258	56,465	Investor needed
Kihansi	97,894	29,742	Investor needed
Mahurungu	56,478	7,435	Investor needed
Pangani	60,242	4,461	Investor needed
Ikongo	225,909	11,153	Investor needed
Kitengule	301,212	7,435	Investor needed
Manda	376,515	18,589	Investor needed

Table-7: Estimated project value for commercial farming project

Contracting Authority

Tanzania Investment Center

B4. Real Estate

B4a. Sector Overview



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

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 both locals and foreigners to the main commercial city. At present, the population of Dar es Salaam is increasing at a rate of 4% per annum, making it the 3rd fastest growing city in Africa.

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

Despite demand growth, the housing sector currently contributes less than 1.0% to the Tanzanian annual GDP. The current housing deficit of approximately 3 million units (with a annual growth in demand of 200,000 units) offers a big growth opportunity for the national economy. The National Housing Corporation ("NHC") targets to increase the housing sector contribution to national GDP to 4% in the next 5 years. This in turn is expected to trigger the following economic growth drivers:

- Creation of about 200,000 direct and 500,000 indirect employment opportunities for unskilled, semi-skilled and skilled labor;
- A minimum of direct tax increase of TZS 120 billion (USD \$72.9m) in form of VAT, property tax, land rent, and corporation tax;
- Growth of the financial sector through increased liquidity, growing profits and even lending at lower interest rate as well as growth of the insurance industry;
- Creation of ready market for utility and infrastructure providers; and
- The growth of housing sector by an average rate of 30% to 50% per annum over the next 20 years - provided that a structured housing finance system is in place.

B4. Real Estate

B4a. Sector Overview (Cont'd)

Mortgage

The mortgage market in Tanzania is still in its infancy stage but has been growing steadily, recording a 46% annual growth in 2013. Driven by a growing middle class, the total number of mortgage loans has also grown rapidly, from 1,889 at the beginning of 2013 to 2,784 by end of December 2013, being an increase of 47%. More banks are entering the mortgage market with 19 Lenders offering mortgage amounting to 0.36% of Gross Domestic Product.

Construction policy of 2003

Policy is to develop an internationally competitive industry that can undertake most of the construction projects in Tanzania and export its services and products more, especially in the real estate sector. Goals of the policy:

- To develop an internationally competitive industry that will be able to undertake most of the construction projects in Tanzania.
- To ensure value for money to industry clients as well as environmental responsibility in the implementation of Construction projects

Regulatory & Key Institutions

National Housing Corporation (“NHC”)

The NHC, is a public Corporation established under the National Housing Corporation Act, 1962 whose registered office is at Plot Number 1 Ufukoni Street, Postal Office Box Number 2977, Dar Es Salaam. NHC is 100% owned by the government of Tanzania. The corporation was reconstituted through Act No. 2 of 1990, to carry out the role of providing and facilitating the provision of housing and other buildings to Tanzanians. This act was amended through written laws (Misc. Amendments) Act No. 2 of 2005 to enable the corporation conduct its business on sound commercial principles.

In line with the above amendments NHC is expected to focus on among others the listed below functions:

- To balance the real estate portfolios so as to move from predominant real estate management business and put more efforts on real estate development
- To promote home ownership by taking advantage of the Mortgage Financing (Special Provisions) Act and the Unit Titles Act of 2008 which have been recently enacted.
- To build affordable houses for the low income group countrywide
- To take advantage of its wealth (properties that are strategically located) so as to operate commercially and alleviate housing problems
- To partner with private investors (under PPP arrangements) in undertaking large scale investment projects while ensuring that public interests are safeguarded.

Contractors Registration Board (“CRB”)

The Contractors Registration Board is a Government Regulatory Board under the Ministry of Works established by Act of Parliament No 17 of 1997 with the objective to register and regulates all types of Contractors and to promote the development of their capacities for the purpose of protecting consumers of construction services in Tanzania.

B4. Real Estate

B4a. Sector Overview (Cont'd)

Regulatory & Key Institutions (cont'd)

Architects and Quantity Surveyors Registration Board (“AQRB”)

Architects and Quantity Surveyors Registration Board is the leading institution in protecting the public, promoting professionalism and excellence in the construction industry, and responsible for the creation and maintenance of high standards for its professional members.

AQRB ensures that the services provided by architects and quantity surveyors serve the needs of the people and their environment. This is achieved through the:

- Monitoring, regulating and safeguarding of professional conduct;
- Protecting the health, safety and welfare of public through the regulation of practice;
- Promoting awareness to both the public and professionals;
- Collaborating with regulatory organs and stakeholders.

Engineer Registration Board (“ERB”)

Engineers Registration Board is a statutory body established under the Engineers Registration Act, No. 15 of 1997. The Board has been given the responsibility of monitoring and regulating engineering activities and the conduct of the engineers and engineering consulting firms in Tanzania. through registration of engineers and engineering consulting firms. Under the law, it is illegal for an engineer or an engineering firm (including building engineers) to practice the profession if not registered with the Board.

National Construction Council (“NCC”),

National Construction Council (NCC) is a Government institution established through Act of Parliament No. 20 of 1979 and became operational in 1981. Its establishment was prompted by the need to promote the development of the local construction industry whose performance was poor at that time. In order to achieve this, NCC provide the strategic leadership for growth, development and expansion of the construction industry in Tanzania with emphasis on the development of the local capacity for socio-economic development.

Way Forward

The key agency tasked to facilitate the construction industry in Tanzania is NHC. The corporation is to identify, analyze, manage and maintain construction risks at acceptable levels. This is in line with the corporation’s efforts toward achieving the overall objective of the housing provision to the general public.

For the real estate sector in Tanzania, the key deliverables are to ensure that:

- Housing provision is maximized by reducing risks through identifying potential opportunities, assessing, collecting and accounting of rental revenue and sale of houses.
- Resources are effectively and efficiently deployed.

B4. Real Estate

B4b. List of Potential Real Estate Projects

Following is a non-exhaustive list of potential real estate projects:

Name of Project	Description	Sponsor	Location	Estimated Value (USD)
*Uptown Kawe Satellite City	Kawe Satellite City Project comprises of an area covering 241 acres (97.53 Ha). It is expected to be one of the most attractive and highly developed satellite centers in Dar es salaam by virtue of being the only remaining largest undeveloped standing piece of land within 10km from the Dar es Salaam Central Business District (CBD).	NHC	Dar Es Salaam	\$2.2 billion
*USA River Satellite City	With a total land area of 293 acres (118.65 Ha), the USA River Satellite City is inspired by nature. The world famous David Jones golf course is a close neighbor to the USA River Satellite City project.	NHC	Arusha	\$1.0 billion
*Safari City	The proposed Safari City project site comprises of an area covering 621 acres (251.31 Ha). It is meant to be a strategic development, with diverse and flexible layout ideal for those interested in a mixed development offering.	NHC	Arusha	\$1.0 billion
Salama Creek	Salama Creek Project is located at Kigamboni, Dar es Salaam, with an area of 199 acres (80.58 Ha)	NHC	Kigamboni	\$1.0 billion
Morroco Square Project	Morocco Square is located in an area of medium to high-end residential, commercial, and mixed-development space with various social and economical activities.	NHC	Dar Es Salaam	\$1.0 billion

Table-8: Potential real estate projects

*Further information provided

B4. Real Estate

B4b. List of Potential NHC Projects

Uptown Kawe Satellite City

Project Description

Kawe Uptown Satellite City Project is located at Kawe Ward in Kinondoni municipality. The proposed project comprises an area covering 241 acres (97.53 Ha). The project is going to be one of the most attractive and highly developed satellite centers in Dar es Salaam by virtue of being the largest undeveloped standing piece of land within 10km from the Dar es Salaam Central Business District ("CBD"). The proposed Kawe Satellite City will comprise of the following facilities:

- Residential Houses, Luxury Villas, Town Houses and Apartments
- Commercial offices and retail spaces
- Hotels and Leisure and shopping
- Medical centre
- Education institutions
- Convention and Conference
- Diplomatic Mission
- Development Organizations
- Ample car parks
- Administrative and Government Offices



Figure-19: A bird's eye view impression of the proposed Uptown Kawe Satellite City which consists of a 700m stretch of white sand beach linked to the Indian Ocean

B4. Real Estate

Up Town Kawe Satellite City (cont'd)

Project Mix

Residential Villa	81 units
Residential Town houses	260 units
Residential/Mix use Apartments	4,385 units
Affordable Housing	2,000 units

Gross Floor Area

Offices & Retail Gross Area:	1,033,440 sqm
Leisure, Hospitality & Social facilities:	235,620 sqm
Total Built-up Area (Gross Floor Area)	2,180,620 sqm

Projected Population:

Residents	33,630
Staff	22,060
Visitors	42,440

Estimated Overall Development Duration

The Up Town Kawe Satellite City project is estimated to take 5 to 10 years to complete.

Estimated Project Value

The Up Town Kawe Satellite City project is estimated to be worth USD 2.2 billion with a potential return on investment in the range of 20% - 30%.

Financing Approach/Structure

Tanzania is open to proposals on the financing approach/structure including equity, debt considerations and PPPs or a combination of these.



B4. Real Estate

B4b. List of Potential Real Estate Projects

USA River Satellite City

Project Description

USA River Satellite City is a proposed development with a total land area of 293.Acres (118 Ha). It is located between the northern Tanzanian cities of Moshi and Arusha. Travel time from Arusha City Center is 20 minutes and 15 minutes from Kilimanjaro International Airport. The design of this project is inspired by the greatest architect of all - mother nature. The project development neighbors the world famous David Jones 18 hole golf course in the Dolly Estate Kili Polo Club. The USA River Satellite City comprises of the following facilities:

- Residential (Villas, Town Houses and Apartments),
- Commercial/Retail Space/Malls
- Mixed use development
- Institutional
- Public/Community Utilities
- Open space, park, river buffer
- Medical
- Hospitality
- Water bodies and Transportation



Figure-20: A bird's eye view impression of the proposed USA River Satellite City

Kea Features of the proposed development include:

- 93% of Existing Trees Preserved.
- 80% of Existing Coffee Plantation Preserved.
- 30% of Building Coverage on Total Land Area

B4. Real Estate

USA River Satellite City (cont'd)

Project Mix and Gross Floor Area

Residential Villas	196 units
Residential/Furnished Apartments	3,632 units
Offices & Retail Gross Area:	180,353 sqm
Leisure, Hospitality & Social facilities:	159,032 sqm
Total Built-up Area (Gross Floor Area):	864,260 sqm

Projected Population:

Residents	19,140
Staff	12,000
Visitors	23,660

Estimated Overall Development Duration

The USA River Satellite City project is estimated to take 5 to 10 years to complete.

Estimated Project Value

The USA River Satellite City project is estimated to be worth USD 1.0 billion with a potential return on investment in the range of 20% - 30%.

Financing Approach/Structure

Tanzania is open to proposals on the financing approach/structure including equity, debt considerations and PPPs or a combination of these.



B4. Real Estate

B4b. List of Potential Real Estate Projects

Safari City

Project Description

The proposed Safari City project site comprises of an area covering 621 acres (251 Ha). This development project is located in the northern Tanzania city of Arusha, approximately 20 minutes from the Arusha city centre and 15 minutes from the Kilimanjaro International Airport. Safari City is meant to be a strategic development as it proposes diverse and flexible layout offering alternatives for different purchasing groups. Safari City offers among others the following:

- Affordable housing,
- Mid-rise housing,
- Town houses,
- Duplex villas,
- High income housing,
- Commercial buildings,
- Light industry,
- Public utilities like hospital, education areas and play grounds
- Administrative and Government offices

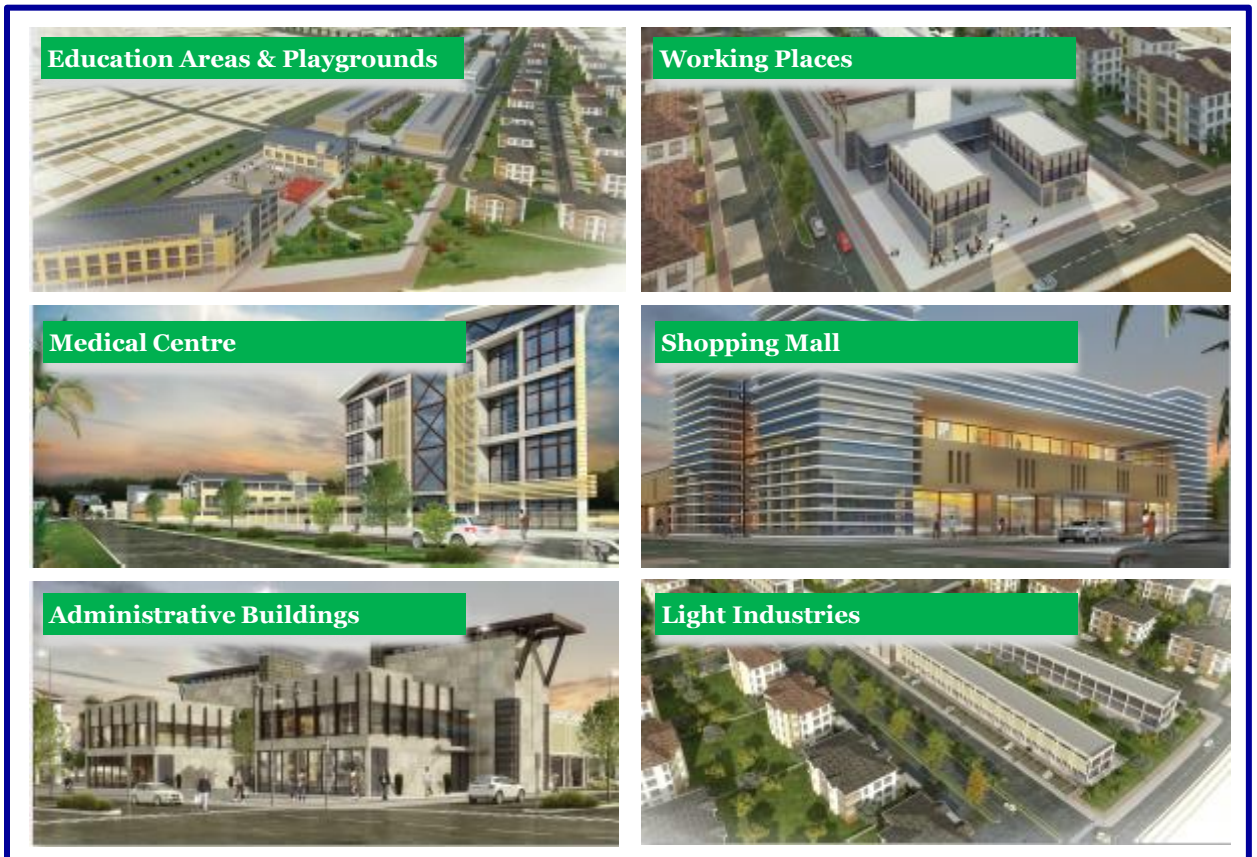


Figure-21: Artist's impression of facilities within the Safari City Development

B4. Real Estate

Safari City (cont'd)

Project Mix and Gross Floor Area

High income housing	281 units
Duplex villa	249 units
Town houses	629 units
Mid rise housing	2,780 units
Affordable housing	519 units

Commercial Gross Area:	128,911 sqm
Light Industry:	20,601 sqm

Total Developable Area: 1,624,987 sqm

Estimated Overall Development Duration

The USA River Satellite City project is estimated to take 5 to 10 years to complete.

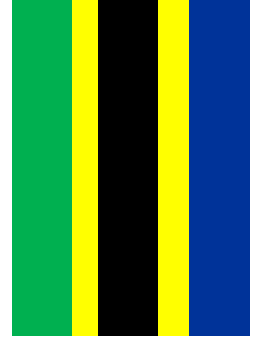
Estimated Project Value

The Safari City project is estimated to be worth USD 1.0 billion with a potential return on investment in the range of 20% - 30%.

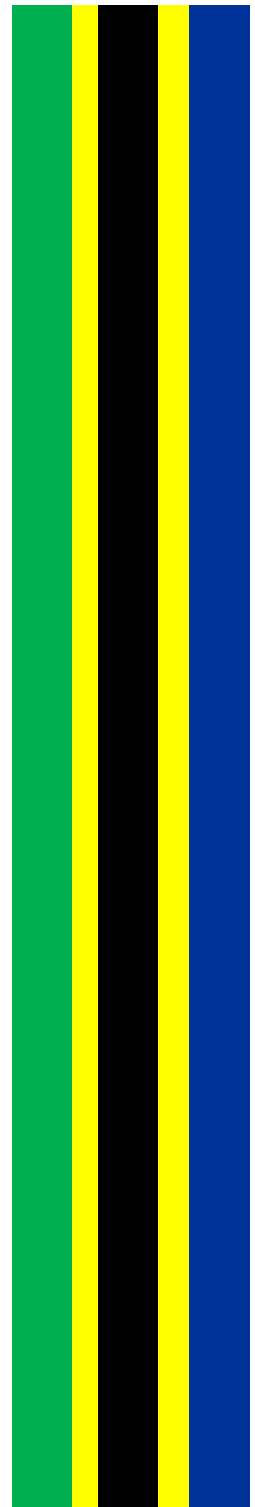
Financing Approach/Structure

Tanzania is open to proposals on the financing approach/structure including equity, debt considerations and PPPs or a combination of these.





Section C **Enabling Bodies**



C1. President's Delivery Bureau



Tanzania's Development Vision 2025, envisages that by 2025 Tanzania will have transformed into a middle income country, characterised by better livelihood (GNI/capita > USD 1,500); peace and stability; good governance; a well-educated society; a competitive economy with sustainable growth & shared benefits; and a diversified semi-industrialized economy.

TDV 2025 is underlined by a Long Term Perspective Plan ("LTPP") 2011-2025 which is divided into three Five Year Development Plans ("FYDP"). The first FYDP spans the period 2011/12 to 2015/16 and focuses on addressing growth constraints by improving infrastructure bottlenecks, agro-processing productivity, human capital skills profile, business environment and institutional reforms.

In ensuring achievement of the LTPP and the FYDPs, the Tanzanian government introduced the **Big Results Now ("BRN")** initiative based on Malaysian's Big Fast Results ("BFR") approach. 7 sectors have been prioritised and defined as Tanzanian National Key Results Areas (NKRAs). These are:

- | | | | |
|-----------------|---------------------------|--------------------------|----------|
| (1) Agriculture | (2) Transport | (3) Energy | 4) Water |
| (5) Education | (6) Resource Mobilisation | (7) Business Environment | |

Additionally, a new NKRA which focuses on Health is currently being initiated.

The **President's Delivery Bureau ("PDB")** is established as an independent unit within the President's Office, responsible to oversee the BRN Programme in its entirety. It is tasked to closely monitor implementation progress of NKRA initiatives to ensure that it maintains on track in achieving its KPIs via the utilisation of specific reporting, monitoring and evaluation tools in a disciplined and methodical manner.



Mr. Omari Issa

Chief Executive Officer
PDB

Other key tasks under the purview of the PDB are:

- Secretariat to the Transformation Delivery Council, as chaired by the President
- Administrator of the Ministerial Scorecard and President's Performance Dialogue
– an annual performance assessment exercise for the lead NKRA Ministers
- Work in close cooperation with the MDUs within NKRA Ministries in monitoring NKRA implementation progress and provide support in problem solving on a weekly basis

C2. Prime Minister's Office



Dr. Mary Nagu

Minister of State
Prime Minister's Office
(Investment and Empowerment)

The Prime Minister's Office ("PMO's") role is to coordinate and monitor the provision of effective Government services across all sectors to build a competitive economy for sustainable development.

It's roles includes oversight over Investment and Empowerment, which in turn aims to coordinate and provide guidance on private sector development and investments through multiple agencies such as the Private Sector Development and Investment Department, Tanzania Investment Centre and the PPP Coordination Unit (or the Tanzania PPP Centre upon amendment of the Public Private Partnership Act and Regulations).

Functions of the Minister of State (Investment and Empowerment) include:

- To prepare policy and legal frameworks and strategies for private sector development and investment and monitor the implementation;
- To undertake research on private sector development and investments;
- To oversee the implementation and review of the national investment policy;
- To develop the investment environment in the country so as to attract foreign investors;
- To establish a strategic interface between public and private sector investment in order to actualize the identified growth potentials;
- To analyse information about investment opportunities and sources of investment capital;
- To advise the Government on measures to enhance investment climate in the country for both local and foreign investors;
- To prepare guidelines and strategies for both foreign and local investment; and
- To promote investment within the productive and economic services sectors.

C3. Ministry of Transport



**Hon. Dr. Harrison
G. Mwakyembe**
Minister of Transport

The Ministry of Transport (“MoT”) is charged with the responsibility for development of the Transport and Meteorology and to ensure that the services provided in these sectors are efficient and meet the needs of the population.

Since then the Ministry has focused on ensuring availability of adequate transport infrastructure, maintaining and safeguarding the environment against irresponsible infrastructure development as well as integrating all modes of transport in achieving a coherent vision for economic development.

Operational agencies for the Transport sector are Tanzania Airports Authority (“TAA”), Tanzania Meteorological Agency (“TMA”), Tanzania Government Flight Agency (“TGFA”), Reli Assets Holding Company (“RAHCO”) and TPA (“Tanzania Ports Authority”). Reforms have also resulted into the establishment of transport regulatory authorities that include Surface and Marine Transport Regulatory Authority (“SUMATRA”) and the Tanzania Civil Aviation Authority (“TCAA”).

With a view of attaining national strategic goals, the Government of Tanzania has prepared a Ten Year Transport Sector Investment Programme (“TSIP”) as a roadmap towards achieving the goals. The TSIP is planned to be implemented in two phases of 5 years each from the financial year 2007/08 to 2016/17. The programme resource requirement for the Phase One of the TSIP is USD 6,192.52 million for implementing various development projects, maintenance of existing facilities, institutional support and cross cutting issues.

The reforms include increasing Private Sector Participation in the Transport Sector through management contracts and/or outright sale of parastatals. Furthermore a strategy for the operations of TAZARA as well as the other revenue units of TPA and those of the Marine Services Company Limited (“MSCL”) is being finalized. In the ongoing privatization of public operational entities, the Government has already managed to transfer various entities to the private sector in the form of PPP.

C4. Ministry of Works



Hon. Dr. John Magufuli

Minister of Works

The Ministry of Works (“MoW”) is charged with the responsibility to facilitate provision of economic, safe, environmentally friendly and reliable construction industry, Electrical and Mechanical Services, Government buildings that meet the needs of the public through the development and implementation of appropriate sector policies, strategies and standards.

MoW is affiliated with a few agencies that provide assistance to projects under its portfolio, which are the Tanzania Building Authority (“TBA”), TANROADS, and Tanzania Electrical, Mechanical and Services Agency (“TEMESA”). Also, the Roads Fund Board was established to disburse funds from the Fund to TANROADS, local authorities and other agencies. Thus far, it has shown positive impact as road maintenance has been improved.

As stipulated in the Government Instrument; the roles and functions of the Ministry of Works are:

- Formulation of policies, plans and strategies towards development, upgrading and Management of the Construction Sector covering short, medium and long term.
- Setting standards and Monitoring of quality compliance in Construction, Rehabilitation and Maintenance of Roads, Ferries, Bridges, and Government Buildings.
- Monitoring & Supervision of Construction, Rehabilitation and Maintenance of Roads, Ferries, Bridges, and Government Buildings.
- Supervision and Monitoring of preliminary and detailed designs of Trunk and Regional Roads.
- Plants, Ferries, Refrigeration and Air-conditioning systems, and electronic equipment.
- Monitoring, supervision and coordination of various activities of Agencies/Parastatals, Boards and Institutions which are under the Ministry of Works.
- Sourcing of internal and external funds for financing of various projects under the Ministry.
- Supervision of axle load control and transport safety.

C5. Ministry of Energy and Minerals



**Hon. Prof Sospeter
Muhongo**

**Minister of Energy
and Minerals**

The Ministry of Energy and Minerals (“MEM”) is responsible for facilitating the development of the energy and mineral sectors.

For the energy sector, the energy balance is dominated by biomass-based fuels particularly fuel-wood (charcoal and firewood), which are the main source of energy to both urban and rural areas. Biomass-based fuel accounts for more than 90% of primary energy supply. Commercial energy sources i.e., petroleum and electricity, account for about 8% and 1.2%, respectively, of the primary energy used.

The Ministry responsible for energy provides policy guidance to various institutions including TANESCO, TPDC, REA, and EWURA, private companies, Development Partners and financiers.

Tanzania continues to rely on imported petroleum products. Electricity generation is mainly hydro-based, while thermal plants provide electricity for peak loads. Development of natural gas for electricity is ongoing. The dissemination of renewable energy technologies have been limited to the promotion of improved stoves, improved charcoal production techniques, solar, biogas and windmills and to a lesser extent photovoltaics. Initiatives to increase utilisation of coal for electricity generation are being explored.

The National Energy Policy of 2003 recognizes that improved energy supply in the rural areas through public and private sector participation, will contribute significantly to the improvement of the welfare of the rural population and to the attainment of sustainable economic growth.

In accordance with the concepts of the market economy and in order to promote effective competition, economic efficiency, consumer interests and financial viability of suppliers the Energy and Water Utilities Regulatory Authority Act 2001 (“EWURA”) was established. Among the main functions of EWURA are issuing, renewing and cancelling licenses; establishing standards for goods and services; and regulating rates and charges.

C6. Ministry of Agriculture, Food Security & Cooperatives



Hon. Christopher Chiza

Minister of Agriculture,
Food Security &
Cooperatives

The Ministry of Agriculture, Food Security and Cooperatives is mandated to deliver quality agricultural and cooperative services, provide a conducive environment to stakeholders, build the capacity of local Government Authorities, and facilitate the private sector to contribute effectively to sustainable agricultural production, productivity, and cooperative development.

It plans to achieve this by collaborating with the private sector, local government and other service providers to provide relevant technical service in research, extension, irrigation, plant protection, crop promotion, land use, mechanization, agricultural inputs, information services and cooperative development.

The Agricultural and Food Security Investment Plan (“TAFSIP”) was developed to address the core national problems of poverty and food shortages in rural areas and promote agricultural growth and nutrition security. It is a sector-wide plan for coordinating and harmonising the resources needed to accelerate implementation of existing initiatives and to launch new initiatives which address national, regional and sectoral development priorities.

Development of the TAFSIP is a product of a broad based collaborative process involving key stakeholders; including national and sectoral institutions from public and private sector, development partners, members of academia, civil society organisations, Regional Economic Communities (“RECs”), African Union Commission (“AUC”), NEPAD- CAADP Pillar Institutions and the National CAADP Task Force comprising representatives of all relevant stakeholders, ReSAKSS/IFPRI and other regional and international bodies. It addresses the core national problems of poverty and food insecurity in rural areas and on how to promote agricultural growth and food and nutrition security in Tanzania under the framework of the CAADP.

C7. Ministry of Lands, Housing and Settlements Development



Hon. Prof Anna Tibaijuka

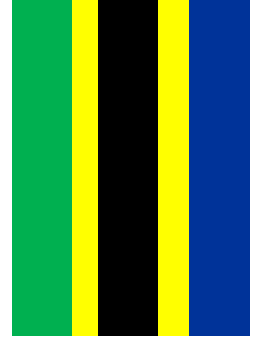
Minister of Lands,
Housing and
Settlements Development

Historically, the ministry of lands was established as a department of Lands and later changed into a full ministry which changed its name according to the functions within that specific period. The current name is Ministry of Lands, Housing and Human Settlements Development which encompass core sector Departments which are: Land Administration, Survey and Mapping, Physical Planning and Housing. Core sector units are Registration of Titles, Property Valuation, and District Land and Housing Tribunal.

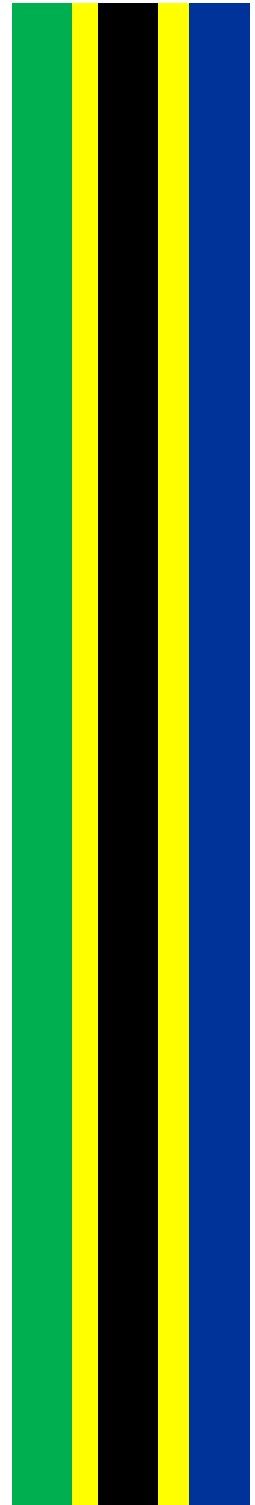
The mandate of the ministry is to facilitate an effective management of land and human settlements development services for the betterment of social and economic well - being of the Tanzanian society. In that regard the ministry is vested with a specific vision and mission.

Functions of the ministry include improving land delivery services, multipurpose survey information systems and creating an enabling environment for human settlements development. The range of services provided by the ministry can be summarized as follows: Land Development Services Land and Housing dispute Settlement Services Valuation services Land related legal services Hydrographic services Cadastral surveying services Mapping and printing services Human settlements development services Personnel and administration services Research on low cost building materials and building technologies Advisor to government and the public on matters pertaining to human settlements development

Apart from that the Ministry has various Supporting Departments and Units which increase the efficiency of work in the ministry like Administration and Human Resources Management, Finance and Accounts, Internal Audit, Legal Services, Policy and Planning, Information Communication and Technology (ICT), Information-Education and Communication and Procurement Management. The ministry has an agency dealing with Housing and Building materials research, a commission dealing with Land Use Planning and also the National Housing Corporation.



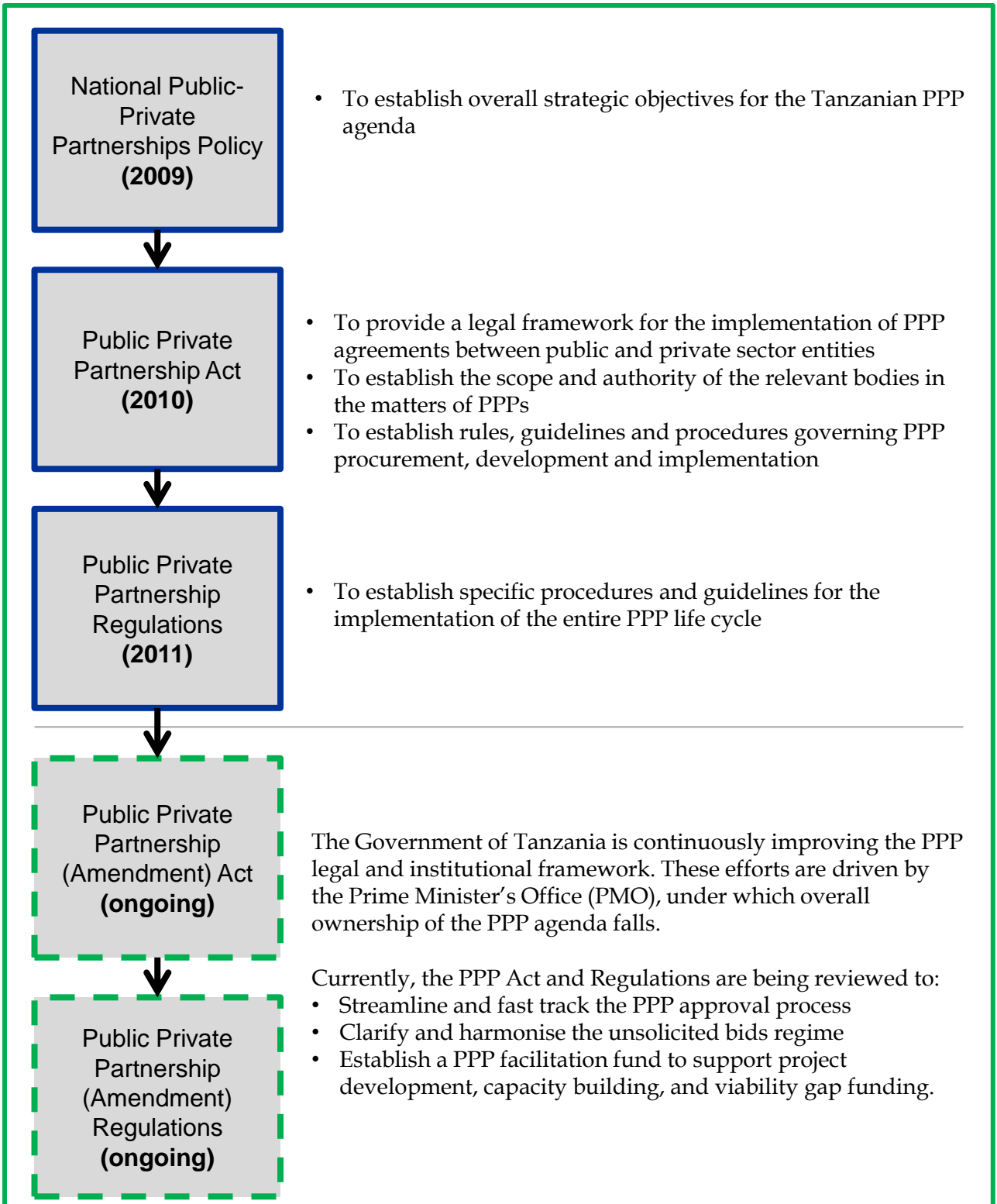
Section D
Annexes



Annex 1. PPPs in Tanzania

The Government of Tanzania, via meaningful dialogue with the private sector, has undertaken a series of steps to refine the PPP policy and legal framework in order to improve the attractiveness and competitiveness of the PPP program.

The following is a summary of the evolution of **PPP regulatory frameworks** in Tanzania:



Annex 1. PPPs in Tanzania (cont'd)

Following is a summary of the PPPs process adopted in Tanzania:

Inception	<ul style="list-style-type: none">• Identify and prioritise infrastructure service needs and a set of potential projects.
Planning	<ul style="list-style-type: none">• Appointing a PPP Project Officer and preparation of a project plan.
Pre-Feasibility	<ul style="list-style-type: none">• Conduct and evaluate pre-feasibility study• Assess and recommend PPPs model.
Feasibility Study	<ul style="list-style-type: none">• Conduct and evaluate feasibility study• Approval to initiate PPPs process.
Pre-bid Market Analysis	<ul style="list-style-type: none">• Test market on options for PPPs projects.
Market Sounding	<ul style="list-style-type: none">• Promotion of PPPs projects (both to bidders and financiers)
Pre-qualification	<ul style="list-style-type: none">• Prepare Expression of Interest (“EOI”) document• Evaluate and select pre qualified bidders
Tendering	<ul style="list-style-type: none">• Prepare and issue invitation to tender (“RFP”) for selected pre qualified bidders.
Bid Clarification	<ul style="list-style-type: none">• Conduct tender clarification meetings with pre qualified bidders.
Bid Evaluation	<ul style="list-style-type: none">• Evaluate and select preferred bidder from RFP based on Technical and Financial Assessment.
Bid Negotiation	<ul style="list-style-type: none">• Bid negotiation (subject to procurement methodology).
Award	<ul style="list-style-type: none">• Approve contract (following vetting from AG) and sign contract.
Monitoring and Evaluation	<ul style="list-style-type: none">• Manage construction phase deliverables and PPPs contract (payments, output specifications, etc.).

Annex 2. Investment Incentives

EAC Customs Management Act, 2004

EAC Customs Union

Tanzania is a member of East African Customs Union which involves 5 countries of Kenya, Uganda, Tanzania, Rwanda and Burundi. Movement of goods among these countries is duty free. This is an attractive incentive to producers of goods in the region as long as they meet the Rules of Origin Criteria which were established and agreed upon by member states.

Import Duty Drawbacks

Import duty charged on imported inputs used for producing goods for export and goods sold to foreign institutions like United Nations in Tanzania, is refunded. The aim of this scheme is to maximize production and minimize the cost of production for local industries and enable them to compete in the world market

Export Processing Zone ("EPZ")

Under the Export Processing Zones Act, all goods processed and manufactured in the areas designated as EPZ are exempted from import duty on raw materials.

Manufacturing under Bond

All factories registered to manufacture goods under bond for export purpose are exempted from import duty and other taxes on inputs used to manufacture those goods.

Income Tax 2004

Corporate tax rate

The income tax rate for resident and non-resident companies is 30%. (No discrimination). There is a reduced rate of 25% which is charged for three years to newly listed companies with Dar es Salaam Stock Exchange, with at least 35% of equity share issued to the public.

100% capital allowance in agriculture

Investors in agriculture enjoy 100% capital allowance on expenditure incurred on plant and machinery, including windmills, electric generators and distribution equipment used solely in Agriculture.

50% Initial capital allowance

The 50% allowance is granted on expenditure of plant and machinery that is used in manufacturing and installed in the factory or providing services to tourists and fixed in a hotel. Other rates for capital allowances range from 37.5% for items like computers and earthmoving equipment to 5% for buildings dams, water reservoir etc.

Withholding tax exemption

The law provides exemption of withholding tax chargeable by foreign banks on interests payable to strategic investors as defined by Tanzania Investment Act. This is one of the measures devised to encourage investment in the country.

Tax Credit

The income tax law provides for tax credit in case the tax was paid abroad on the same income, which was assessed in respect to resident person (Individual or entity).

Annex 2. Investment Incentives (cont'd)

Income Tax 2004 (cont'd)

100% deduction in mining operations

The investments in mining operations get special treatment in Tanzanian tax system. The whole expenditure incurred for the year (both capital and revenue expenditure) is deducted when calculating taxable income.

Income Tax exemption under Export Processing Zone ("EPZ")

As per Income tax Act, 2004 the following amounts are exempted from income tax:-

- Income derived from investment or business conducted within the Export Processing Zone and Special Economic Zone, during the initial period of ten years.
- Payment of withholding tax in respect of foreign loan granted to an investor licensed under in the Export Processing Zone and Special Economic Zone during the initial period of ten years.
- Payment of withholding tax on dividend arising from investment in the Export Processing Zone and Special Economic Zone during initial period of ten years.
- Payment of withholding tax on rent payable by an investor licensed under the Export Processing Zone and Special Economic Zone during initial period of ten years.

Tanzania Investment Act, 1997

Tanzania Investment Centre ("TIC") Investment Incentives Offered to Investors

- a) **The Tanzania Investment Centre ("TIC")** grants Certificates of Incentives under authority conferred upon it by Part III, Section 17 (1-8) of Tanzania Investment Act, 1997. Enterprises engaging or intending to engage in Mining and Petroleum Sectors shall follow the approval process contained in their respective laws (Mining Act 1998 & Petroleum Act 1980). However, the Centre upon request shall assist all investors to obtain such permits and authorization required by other laws to set up and operate investment in Tanzania.
- b) **INVESTMENT OPPORTUNITIES AVAILABLE IN TANZANIA MAINLAND**
Investment opportunities available in Tanzania Mainland are categorized into the following sectors: Agriculture & Livestock, Tourism, Manufacturing, Commercial Building, Transportation, Broadcasting and Telecommunication, Natural Resources, Financial Institutions, Energy, Human Resources Development, Economic/Infrastructure.
- c) **MINIMUM INVESTMENT**
To qualify for and obtain TIC Certificate of Incentives minimum fixed investment cost for **New, Rehabilitation and Expansion Projects** should be at least US\$ 100,000 for projects which are wholly owned by Tanzanian Citizen(s) and US\$ 300,000 for projects which are wholly owned by foreign investors or if a joint venture.

Annex 2. Investment Incentives (cont'd)

Tanzania Investment Act, 1997 (cont'd)

Tanzania Investment Centre ("TIC") Investment Incentives Offered to Investors (cont'd)

d) THE INCENTIVES GUARANTEES AVAILABLE TO HOLDERS OF TIC CERTIFICATES OF INCENTIVES ARE:

- i. The recognition of private property and protection against any non-commercial risks. Tanzania is an active member of the World Bank Foreign Investment Insurance wing, MIGA (Multilateral Investment Guarantees Agency). Likewise Tanzania is a member of The International Centre for Settlement of Investment Disputes (ICSID) also a body affiliated to the World Bank.
- ii. Zero percent (0%) Import Duty on project capital goods, computers and computer accessories, raw materials and replacement parts for agriculture, animal husbandry and fishing, human and livestock pharmaceuticals and medicaments, motor vehicle in Completely Knocked Down (CKD) form and inputs for manufacturing pharmaceutical products.
- iii. Ten percent (10%) - Import Duty for Semi-processed/semi finished goods).
- iv. Twenty five percent (25%) - Import Duty for final consumer goods.
- v. VAT on taxable goods and services is eighteen percent (18%).
Note: Destination Inspection on commercial imports with FOB value of US\$5,000 and above is mandatory.
- vi. Introduction of pay and refund scheme for excise duty paid on fuel purchased by eligible companies
- vii. 100% capital expenditure to Mining & Agricultural sectors.
- viii. The Income Tax Laws allows 50% Capital allowances in the first year of use for Plant and Machinery used in manufacturing processes and fixed in a factory, fish farming; or providing services to tourists and in a hotel Thereafter, wear and tear rates apply to the remainder as below:

Applicable Rates For Depreciation Allowances Of Depreciable Assets

Class Depreciable assets

	Rates
1* Computers and data handling equipment together with peripheral devices, automobiles, buses and minibuses with a sitting capacity of less than 30 passengers, goods vehicles with a seating capacity of less than 7 tones, construction and earth moving equipment.	37.5%
2* Buses with a seating capacity of 30 or more passengers, heavy general purpose or specialized trucks, trailers and trailer mounted containers, railroad cars, locomotives and equipment, vessels, barges, tags, and similar water transportation equipment, aircraft, other self propelling vehicles, plants and machinery (including wind mills, electric generators, and distribution equipment) used in manufacturing or mining operations, specialized public utility plant and equipment, and machinery or other irrigation installations and equipment.	25%
3* Office furniture, fixtures and equipment, any asset not included in another class.	12.5%

Annex 2. Investment Incentives (cont'd)

Tanzania Investment Act, 1997 (cont'd)

Tanzania Investment Centre ("TIC") Investment Incentives Offered to Investors (cont'd)

Applicable Rates For Depreciation Allowances Of Depreciable Assets (cont'd)

Class Depreciable assets

	Rates
4** Natural resource exploration and production rights and assets in respect of natural resources prospecting, exploration and development expenditure	20%
5** Buildings, structures, dams, water reservoirs, fences, and similar works of a permanent nature used in agriculture, livestock farming or fishing farming.	20%
6** Buildings, structures, and similar works of permanent nature other than those mentioned in class 5.	5%
7** Intangible assets other than those in class 4. (Over useful life of the asset)	
8** Plant and machinery (including windmills, electric generators and distribution equipment) used in agriculture.	100%

Note 1: * Pools of depreciable assets calculated basing on diminishing value method

Note 2: ** Pools of assets calculated basing on straight line method.

- ix. Import Duty and VAT exemption on Deemed Capital Goods. These are like Building materials, Utility Vehicles, Equipment etc.
New Law: Duty Exemption = 75%
VAT Exemption = 45%
- x. VAT special relief on project capital Goods (Capital Goods by Generic Description). These are like Plant, Machinery, Forklifts, Crane, Reach Stacker, Boilers, Furnace, transformer, incubator, grader, excavator, caterpillar, bull dozer, angle dozer, lift/escalator, crushers etc.
- xi. Import Duty drawback on raw materials used to produce goods for exports and deemed exports. Deemed exports cover locally produced or manufactured goods, which are sold to foreign agencies or entities operating in Tanzania, which are exempt from payment of import duties.
- xii. Zero-rated VAT on exports
- xiii. VAT Exemption on Pesticides, Fertilizers, health supplies, livestock, unprocessed agricultural products, agricultural implements, Books and Newspapers, Educational services, Financial services, petroleum products, Aircrafts, aircrafts engines, aircrafts parts, computers, wind generators and liquid elevators, photovoltaic and solar thermal. Heat insulated milk cooling tanks and aluminium jerry cans used for storage and collection of milk in diary industry. Farm services of land preparation, cultivation, planting and harvesting.
- xiv. Straight line depreciation allowance on capital goods
- xv. Losses are carried forward. However Companies with perpetual unrelieved losses for 3 consecutive years are charged 0.3% of annual turnover

Annex 2. Investment Incentives (cont'd)

Tanzania Investment Act, 1997 (cont'd)

Tanzania Investment Centre ("TIC") Investment Incentives Offered to Investors (cont'd)

- xvi. Corporate Tax - 30% and Newly listed company to DSE with at least 30% of its shares issued to the public for three consecutive years from date of listing - 25%
- xvii. Withholding Tax on: dividends (10%) and (10%) on loan interest, on Rental Income (10%).
- xviii. The right to transfer outside the country 100% of foreign exchange earned, profits and capital
- xix. The ease of obtaining other permits such as Residence/Work Permits, industrial license, trading license etc.
- xx. Automatic permit of employing 5 foreign nationals on the project holding Certificates of Incentives

e) SPECIAL INCENTIVES OFFERED IN MINING

	Import Duty	VAT
All Capital Goods	0%	0%
Fuel	0%	0%
Corporate Tax	30%	
Capital Allowance	100%	

Royalty 4% is charged on Gold and other Metallic minerals, 5% on diamond, Uranium and Gemstone, 1% on Gem (cut and Polished) and 3% for other minerals (i.e Coal, Industrial minerals and Building materials).

Annex 2. Investment Incentives (cont'd)

Value Added Tax ACT 1997

Zero Rated Exports and Exempt Supplies

In order to encourage export of locally produced goods from Tanzania all exports are zero rated under the VAT law. Goods are regarded as exported out of the country if they are made available at an address outside Tanzania.

VAT Refunds

VAT refunds are made either within 30 days or 6 months from the due date depending on the type of taxpayer. Regular repayment traders like exporters can claim their VAT refunds within 30 days. An authorized auditor must certify a VAT claim. It is important to note that, for a VAT registered trader to be able to deduct or claim the input tax, he must be in possession of fiscalised receipts or customs receipts.

VAT Exemption and special relief

Under the VAT law, there are certain goods and services which are exempted from VAT. Such goods or services are like food crops and livestock supplies, equipment used for storage, transportation, and distribution of natural gas, health supplies and hospital equipment, education services, financial and insurance services, transportation of persons, sale or lease of an interest in land and tourist services such as guide services, game driving, water safaris, animal or bird watching, park fees and tourist charter services. Aircrafts, aircraft engines, parts and maintenance are also VAT exempt supplies.

Under the VAT law, some persons and organizations are entitled to relief from VAT within the limits and conditions subject to procedures laid down. Some persons such as importers of capital goods enjoy 45% VAT relief. Some goods are given special VAT relief at the rate of 100%.

Zanzibar Promotion and Protection Act 2004

Investors investing in Free Economic Zones are granted the following tax incentives:-

- 10 year Corporate Tax Holiday and 25% tax rate for the subsequent ten years.
- 10 year withholding tax holiday on dividends to non residents.
- Duty and VAT Exemption on raw materials, machinery, equipment and other inputs.
- Stamp Duty Exemption
- 100% investment deduction on capital expenditure within 20 years.
- Exemption from Tax on dividend for ten years.
- Duty and Tax free Import of goods from domestic area permissible.
- Duty Free import of raw materials for construction of factory buildings.
- Duty free export of goods produced.
- Exemption of income Tax on interest on borrowed capital.
- Exemption from payment of all taxes and levies imposed by local government authorities for goods and services produced in Free Economic Zones.
- On site custom inspection of goods in lieu of off-port inspection.

Annex 2. Investment Incentives (cont'd)

Zanzibar Promotion and Protection Act 2004 (cont'd)

Investors investing in Free Zones are granted the following tax incentives:

- Exemption from any tax on all goods destined for re-export.
- Exemption from local taxes on all goods produced in Freeport for export
- Exemption from payment of corporate tax for the first 20 years.
- No limit to the durations that goods may be stored to Freeport Zones.
- 100% retention of all profits.
- 100% foreign ownership allowed.
- Free repatriation of profit.
- NB: 20% of turnover is allowed for sale at the local market and is subject to the payment of all taxes.

Tax incentives granted for Investments outside Freeport and Free Economic Zones

- During the construction stage of an approved enterprise or approved domestic enterprise, the enterprise shall be exempted from customs and import duties and other similar taxes on machinery, equipment, spare parts, raw materials, vehicle and other goods necessary and exclusively required by that enterprise for construction.
- Raw materials for trial operations of an approved enterprise or approved domestic enterprise may be exempted from import duties provided that the quantity of such raw materials does not exceed eighteen month's supply for one shift production operation.
- 5 years tax holiday

Annex 3. Foreign Investment Policy

The Government of Tanzania is taking measures to improve the investment climate and promote foreign as well as domestic investments in order to attain high economic growth through exploitation of the available investment opportunities. In 2010 for instance, the government adopted a roadmap aimed at improving the country's investment climate where responsible ministries, departments and agencies in collaboration with the private sector undertook to address impediments relating to the cost of doing business.

The government has also continued with efforts to engage in regional integration initiatives with the objective of expanding markets for goods and services and increasing access to regional resources. It is currently, implementing both East African Community Customs Union (EAC-CU) and Common Market (EAC- CM) Protocols. With the EAC -CU, all the cross-border tariffs have been removed and this is expected to boost intra-EAC regional trade. In July 2010 EAC adopted the Common Market Protocol with a view to deepening cooperation and facilitating movement of goods, services, labour, people and capital. These initiatives provide potentially large market area where goods and services can be easily traded.

Tanzania is also a member of the Southern Africa Development Community (SADC) which is in the process of implementing a customs union. SADC provides easy access to goods and services produced in the country. The two regional blocs provide a market of over 400 million people in 2011 (EAC and SADC, 2012).

List of Abbreviations

Abbreviation	Term
AADT	Average Annual Daily Traffic
ADAS	Advanced African Solutions
AGOA	African Growth and Opportunity Act
ASLM	Agriculture Sector Line Ministries
ATIA	Africa Trade Insurance Agency
AUC	African Union Commission
BFR	Big Fast Results
BRN	Big Results Now
BRT	Bus Rapid Transit
CAADP	Comprehensive African Agriculture Development Programme
CAGR	Cumulative Annual Growth Rate
CAPEX	Capital Expenditure
CBO	Community Based Organisation
CPB	Cereal and other Produce Board
CM	Common Market
DBFOT	Design-Build-Finance-Operate-Transfer
DFiD	Department for International Development
DRC	Democratic Republic of the Congo
DSE	Dar es Salaam Stock Exchange
DWT	Dry Weight Tonnage
EAC	East African Community
EAPP	East African Power Pool
EBIT	Earnings Before Interest and Tax
EIPC	Electricity Infrastructure Procurement Coordinator
EIRR	Economic Internal Rate of Return
EOI	Expression of Interest
EPZ	Export Processing Zones

List of Abbreviations (cont'd)

Abbreviation	Term
EWURA	Energy and Water Utilities Regulator Authority 2001
FDI	Foreign Direct Investment
FESA	Foreign Enterprise Support Agreement
FIRR	Financial Internal Rate of Return
FYDP	Five Year Development Plan
GDP	Gross Domestic Product
GE	General Electric
GoT	Government of Tanzania
GTG	Gas Turbine Generator
GwH	Gigawatt-Hours
HFO	Heavy Fuel Oil
ICD	Inland Container Depot
ICSID	International Centre for Settlement of Investment Disputes
ICT	Intercontinental Consultants and Technocrats (of India)
IFPRI	International Food Policy Research Institute
IMF	International Monetary Fund
IMO	Independent Market Operator
IRR	Internal Rate of Return
ISO	Independent System Operator
KCFS	Kisarawe Cargo Freight Station
KGL	Knotsgrove Grains Limited
KOJ	Kurasini Oil Jetty
Kph	Kilometers per hour
KPI	Key Performance Indicators
LIBOR	London Inter-Bank Offered Rates
LTPP	Long Term Prospective Plans

List of Abbreviations (cont'd)

Abbreviation	Term
MAFC	Ministry of Agriculture, Food Security and Cooperatives
MDU	Ministerial Delivery Unit
MEM	Ministry of Energy and Minerals
MIGA	Multilateral Investment Guarantee Agency
MoT	Ministry of Transport
MoW	Ministry of Works
MPa	Megapascals
MSCL	Marine Services Company Limited
MwH	Megawatt-Hours
NEPAD	New Partnership for Africa's Development
NFRA	National Food Reserve Agency
NKRA	National Key Results Area
NGO	Non-Governmental Organisation
OPIC	Overseas Private Investment Corporation
PAD	Pre-Arrival Declaration
PDB	Presidents Delivery Bureau
PMO	Prime Minister's Office
PPP	Public Private Partnership
Psi	Pounds-force-per-square-inch
RAHCO	Reli Assets Holding Company
RALG	Regional Administration and Local Government
REA	Rural Energy Agency
REC	Regional Economic Communities
ReSAKSS	Regional Strategic Analysis and Knowledge Support System
RFP	Request For Proposal
RMG	Rail Mounted Gantry crane
RoRo	Roll-on/Roll-off

List of Abbreviations (cont'd)

Abbreviation`	Term
RTG	Rubber Tyred Gantry crane
SADC	South African Development Community
SCPP	Simple Cycle Power Plant
SEZ	Special Economic Zones
SPM	Single Point Mooring
SUMATRA	Surface and Marine Transport Regulatory Authority
TA	Transaction Advisor
TAA	Tanzania Airports Authority
TAFSIP	Tanzania Agricultural and Food Security Investment Plan
TANESCO	Tanzania Electrical Supply Company Limited
TANROADS	Tanzania National Roads Agency
TANZAM/ TAZARA	Tanzania-Zambia Railway Authority
TBA	Tanzania Building Agency
TDV	Tanzania Development Vision
TEMESA	Tanzania Electrical, Mechanical and Services Agency
TEU	Twenty-foot Equivalent Unit
TGFA	Tanzania Government Flight Agency
TIC	Tanzanian Investment Centre
TMA	Tanzania Meteorological Agency
TMEA	Trademark East Africa
TPA	Tanzania Ports Authority
TPDC	Tanzania Petroleum Development Corporation
TRC	Tanzania Railways Corporation
TRL	Tanzania Railways Limited
TSIP	Transport Sector Investment Programme
TTFA	Transit Transport Facilitation Agency

List of Abbreviations (cont'd)

Abbreviation`	Term
TZS	Tanzanian Shilling
UN	United Nations
USD	United States Dollar
VAT	Value Added Tax
WTO	World Trade Organisation
ZECO	Zanzibar Electricity Corporation

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Exchange Rate

Where relevant, the following exchange rate has been used:

USD 1 = TZS 1,646.5842 - based on Bank of Tanzania as at 31 July 2014



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