Tanzania Investment Centre

Investment Opportunities

Tanzania Investors Guide

Tanzania Investment Centre
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Major cash crops: Coffee, cotton, tea, tobacco and cashew nuts

Major food crops: Maize, rice, pulses and wheat

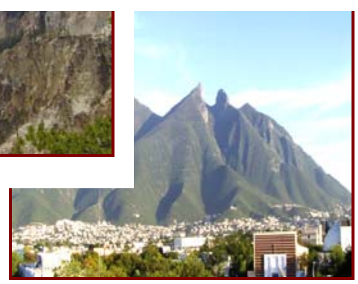
The Agricultural Sector

Profile

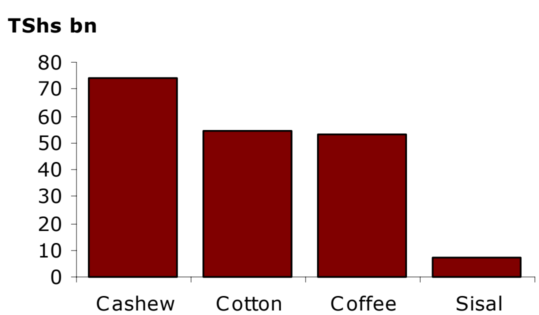
The agriculture sector remains the largest sector in the economy in Tanzania providing about half of total GDP, as well as the livelihood of two thirds of the population.

Agriculture is the leading economic sector in Tanzania, providing a livelihood to 80% of the population subsisting on less than two hectares. It is the primary source of food and raw materials accounting for not quite half of the GDP and a leading export sector. It remains critical for achieving sustained growth, poverty reduction and rural development. Smallholder farmers responsible for 90% of all farm produce underutilize arable land, as production systems remain archaic in tillage, storage and processing.

The climate is tropical with bimodal rainfall in some parts of the country and unimodal characteristics in others, each providing ample production opportunities in the year. Bimodal pattern of rainfall is characterized by short and long rains in regions around Lake Victoria Basin, North- Eastern Highlands and North Eastern Coastal areas. Short rains occur during September to December, with total rainfall ranging between 200 and 500mm while long rains range between 300 and 600mm from March to May. Unimodal areas receive rains from November to April, ranging between 500 and 1000mm and cover the rest of the country.



Major agriculture exports 2005



Land Use (in mn hectares)

Total usable land	94.5
Arable land	44.0
o/w Land under cultivation	10.2
Area suitable for irrigation	29.4
High development potential	2.3
Medium development potential	4.8

The country is endowed with about 94.5mn hectares of land suitable for both crop and livestock production. Out of this land, about 10.2mn hectares is under cultivation while 26mn is under livestock keeping. Currently, 58.3 million hectares of land is available for development. About 3.1mn hectares in 21 regions have been surveyed in readiness for various uses.

Land Use (in mn hectares)

Land under medium & large scale farming	1.5
Range land	50.0
o/w Under livestock	26.0

The national capacity for the production of agricultural inputs is very low.

Consequently almost all agricultural inputs are imported from the regional and international markets. Agricultural machinery, farm implements, fertilizers, insecticides and fungicides are all imported. Although agricultural inputs do not attract import duties, there are significant opportunities of producing the same in the country. Investment opportunities are available in the production, processing, marketing and service provision for all agricultural crops. Each Crop demonstrates varying opportunities along its value chain system.

Agricultural-FDI

The flow of FDI in agriculture stands at only 5% of the total when compared with other sectors. Several reforms have been undertaken including liberalizing and granting the private sector permission to compete in the processing and marketing of cash crops; land laws have been revised to allow for long-term leases of up to 99 years for foreign companies. Global companies involved in large-scale farming operations currently include Brooke Bond (tea) from the United Kindgom, Ilovo (sugar) from South Africa and Africa Plantations (coffee) from Zimbabwe. Other programmes to promote the agriculture sector include the Agricultural Sector Development Programme (ASDP); the Integrated Road Projects (IRP) to open up transport networks including rural roads in key agricultural areas.

Irrigation Land

With numerous rivers and lakes, Tanzania has enormous water resource potential. Water for irrigation can be accessed in the flood basins of rivers and in numerous lakes and, to some extent, underground water sources.

In view of existing water, land and socio-economic considerations, the irrigation potential in the country is estimated to be 29.4 million hectares with varying degree of irrigability. Out of this potential 2.3 million hectares are of high potential, 4.8 million hectares of medium potential and 22.3 million hectares of low potential.

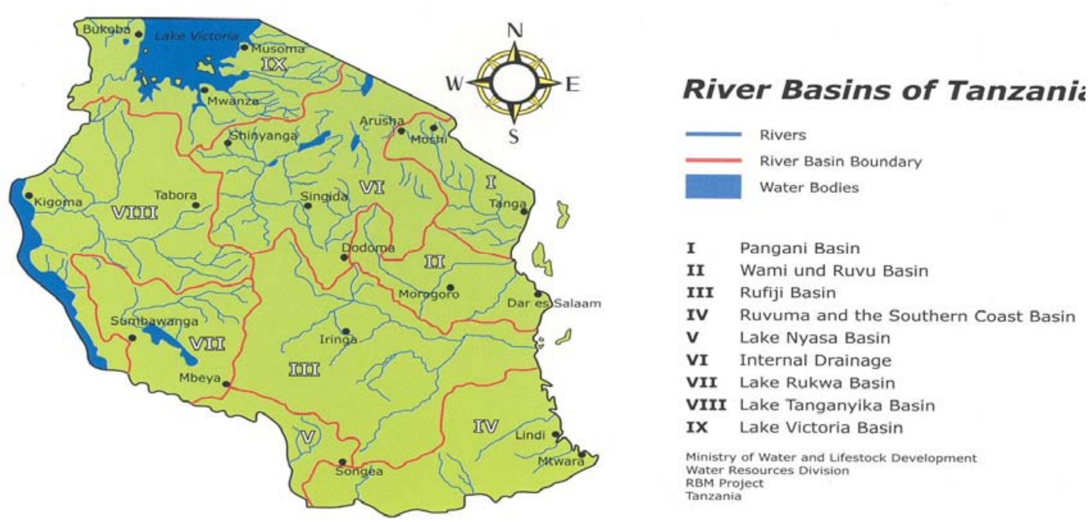
River Basins:

Rufiji ……………………………Coast
- Kilombero ……………………Morogoro
- Great Ruaha …Morogoro, Dodoma, Iringa, Mbeya
Wami Basin ……………………Morogoro, Coast
Malagarasi ……………………Kigoma, Tabora
Pangani ………………………Kilimanjaro, Tanga
Ruvuma ………………………Ruvuma, Mtwara
Kagera …………………………Kagera
Mara ……………………………Mara
Ruvu ……………………………Morogoro, Coast

Lake Basins

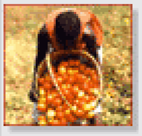
Lake Victoria…… Kagera, Mwanza, Shinyanga and Mara
Lake Tanganyika……………Kigoma, Rukwa
Lake Nyasa…………………Iringa, Mbeya, Ruvuma
Manyara………………………Manyara, Arusha
Eyasi …………………………Manyara, Shinyang
Natron…………………………Arusha

River Basins



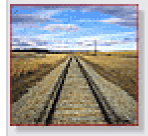
Opportunities

Coffee



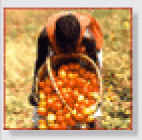
- Acquisition of existing coffee farms in coffee growing areas such as Kilimanjaro, Arusha, Tanga Kagera Ruvuma, Mbeya, Iringa & Rukwa.
- Opening up new large-scale coffee estates in Ruvuma, Mbeya, Iringa, Kigoma, Mara, Ukerewe & Manyara with emphasis on organic coffee.
- Establishment of coffee processing plants especially pulperies.
- Manufacture and package final products - ground coffee and instant coffee.
- Production of final brands of coffee especially decaffeinated coffee & blends.

Cotton



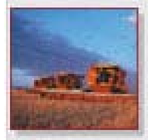
- Potential for establishing large-scale cotton production farms, particularly in Morogoro, Coast, Singida, Tanga, Iringa, Mwanza, Shinyanga, Kigoma, Singida, Mara and Tabora.
- Production and distribution of inputs-fertilizers, seeds, insecticides & herbicides, machinery & equipments.
- Establishing textile & garments industries as well as cotton ginning, spinning & weaving.
- Edible oil milling, refining, deodorisation.

Spices



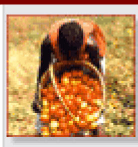
- Establishment of spice production, processing and marketing infrastructure in the coastal and high altitude areas of Tanga, Coast, Mtwara, Lindi, Morogoro, Mbeya, Kilimanjaro, Kagera and Kigoma
- Production of farm inputs, fertilizers and pesticides.

Tea



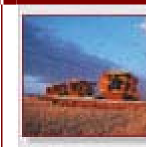
- Opening up of new plantations in Mbeya, Iringa, Kagera, Mara and Tanga regions
- Establishment of tea processing facilities
- Development of requisite machinery and equipment.

Sisal



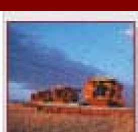
- Expansion of acreage & establishing new large-scale sisal plantations in Dodoma, Shinyanga, Singida, Kigoma, Tanga, Coast and Morogoro regions.
- Joint venture participation in the privatized sisal estates.
- Sisal spinning and weaving, production of alcohol, particle boards, biogas and electricity, citric acid, pharmaceuticals, animal feeds, organic fertilizer, handicrafts (various items like bags, dart boards, rugs, doormats, tablemats, curtains), sisal mattresses and padding for fortune and car seats, Sisal polishing cloth, buffing cloth is a preferred material for polishing metals in industrial settings; sisal composites in automotive, boat furniture, and in establishment of pulp factories.

Tobacco



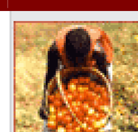
- Establishing tobacco nuclear farms
- Establishing new large scale farming in Chunya (Mbeya), Ileje (Mbeya), Manyoni (Singida), Kahama (Shinyanga) Mpanda (Rukwa) Urambo (Tabora), Iringa, and Ruvuma.
- Establishing fuel efficient central curing barns and furnaces.
- Establishing commercial forest plantations for the supply of fuel wood to the tobacco industry is essential. This could be achieved on a joint venture with the existing tobacco buying companies and NGOs, among others, in Mbeya, Singida, Shinyanga Tabora and Rukwa.
- Construction of processing factories; production of fertilizers, insecticides and Sprayers.

Pyrethrum



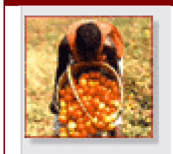
- Establishment of large scale farms in high altitude areas of Iringa, Mbeya, Arusha and Kilimanjaro.
- Establishment of pyrethrum crude extracts refineries

Cashew nuts



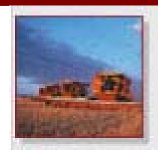
Currently 90% is exported as raw cashew nuts and therefore good opportunities exist to establish cashew-processing industries and marketing.

Maize



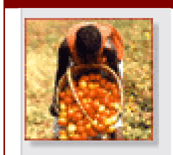
- Large scale production of maize in high potential areas of Manyara, Kigoma, Kagera, Rukwa, Mbeya, Iringa, Morogoro, Ruvuma, Tanga, Kilimanjaro and Arusha.
- Maize flour milling, packing as well as animal feed production.

Rice



- Areas for rice production include Mbeya, Rukwa, Tabora, Mwanza, Shinyanga and Kigoma, Coast, Morogoro, Tanga and Kilimanjaro.
- Rice hulling, packing and marketing. Privatization of NAFCO rice plantations in Ruvu and Dakawa

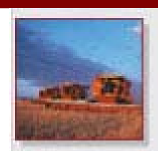
Sugarcane production



- Tanzania is about 75% self sufficient in sugar consumption. There are excellent opportunities in the establishment of new sugarcane estates in Coast, Ruvuma, Kagera, Mara, Mbeya, Kilimanjaro and Kigoma regions and in sugar production factories.

- Production of industrial alcohol and molasses for animal feed

Horticultural products

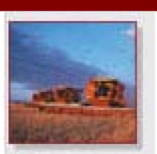


- Fruits, vegetables and flowers offer a huge opportunity for off season supply in temperate and other markets. Exports are made out of Tanzania to major horticulture outlets in Europe and the Middle East. Less than 10% of fruits and vegetables are processed and from 40-60% of the annual crop spoils for lack of processing capacity.

Major product destination:

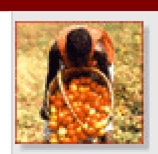
- Flowers and vegetables: EU & Gulf states
- Fruits: Gulf States
- Spices: Gulf States, Japan, North America

Other crops



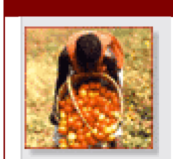
- Production and processing:
- Millet: Dodoma, Arusha, Singida, Shinyanga, Mwanza
- Sorghum: Dodoma, Morogoro, Mwanza, Tanga, Shinyanga
- Irish Potatoes: Kilimanjaro, Arusha, Kagera, Mbeya, Morogoro
- Chickpeas: Mwanza, Shinyanga, Mara
- Pigeon Peas: Arusha, Morogoro, Dodoma
- Palm oil: Kigoma, Morogoro, Rukwa and Mbeya
- Soya beans, cassava, sorghum, millets and various legumes can be produced in large quantities for food and for domestic and export markets.

Special areas



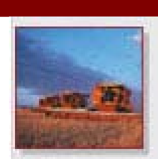
- Large-scale farms under divestiture/privatization process include: The farms include Hanang wheat complex, Dakawa rice farms, Dakawa oilseeds, Kapunga rice farms, Mbozi maize farm, Bagamoyo farms, Ruvu rice farms, Mbarali rice farms, Namtumbo maize farms, Madibira rice project and the seed farms (Msimba, Dabaga, Arusha, Mwele and Kilangali).

Wheat



- Investment in large-scale production of wheat in Arusha, Manyara, Iringa, Mbeya, Kigoma, Rukwa and Kilimanjaro.
- Venture participation in existing Hanang wheat farms – about 28,000 hectares in Manyara region
- Wheat milling, flour packing and marketing.

Bananas



- Investment opportunities for banana production in Kagera, Kilimanjaro, Morogoro and Mbeya.
- Banana wine processing & packing
- Introduction of new varieties like Williams, Lacatan, Pazz, Chinese Cavendish and Grandmine.

Livestock Sector
Profile

Beef industry
The current national stock is 15mn, 98% of which is the indigenous Zebu and only 2% are commercial stocks. Ranching accounts for only 1% of total beef produced coupled with the absence of beef processing plant in the country.

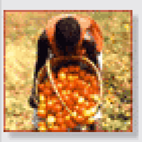
Dairy farming
While the country is a net importer of milk and related products, the dairy sector is fast growing. Estimates show that by 2010 there will be a deficit of about 170 million litres if there is no intervention. About 80% of domestic milk output is produced by the indigenous short horn Zebu. Its milk yield is very low – less than 400 litres per lactation of 180 days.

Poultry industry
The per capita consumption of poultry meat and eggs is 1 kg and 17 eggs respectively. This consumption level is very low by any standards and the quality leaves a lot for improvement. The country has 3 small poultry processing plants each with a capacity to process less than 3,000 birds per day. Furthermore, the country has a hatching capacity of 30 million eggs per year at current un-utilization of 50%.

Piggery, Goats and Sheep
The pig industry is very under-developed with a total pig population of less than 500,000 with most production in the hands of small producers keeping less than 20 pigs. The existing goats and sheep for the time being are indigenous breeds characterized by small size production and low productivity.

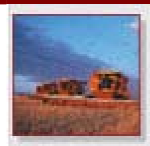
Opportunities

Beef industry



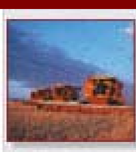
- Tanzania has 50mn hectares suitable for livestock, however, only 26mn are being grazed.
- 15 large scale livestock farms are under a divestiture programme with an area of 633,051 hectares. The ranches include Ruvu, Mkata, Dakawa, Mzeri, Kongwa, Usangu, Kalambo, West Kilimanjaro, Manyara Uvinza, Missenyi, Kitengule, Kigoma and Mabale/Kikulula ranches.
- Livestock multiplication farms also under divestiture include: Kibaha, Sao Hill, Itufiro, Ibaga, Hanga, Nkundi, Mabuki, and Mivumoni.

Dairy farming



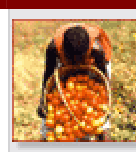
- The current 8 Government livestock farms and 3 other dairy Parastatal farms are under divestiture. Dairy farms at Kitulo, Ngerengere, Malonje and Iwambi are also under divestiture.
- Vast opportunities to establish milk processing plants. Currently, the country has milk plants with a capacity to process 500,000 litres of milk per day with current utilization estimated at 30%.
- Privatization of ranches under National Ranching Company (NARCO) (Need verification if ranches/farms listed in this section are also owned by NARCO)

Poultry industry



- Establishing modern poultry breading farms and hatcheries;
- Establishment of commercial poultry production farms.
- Broiler processing plants;
- Commercial production of ducks, geese, turkeys, guinea fowl etc.
- Production of chicken feed, feeding facilities and pharmaceuticals.

Piggery, Goats and Sheep



- The prolificacy of pigs offers a good opportunity to respond to the increasing demand for white meat. There is no significant pig processing facility in the country.
- Commercial goat and sheep production for meat and milk is non-existent in spite of increasing demand for mutton.
- The investment opportunities exist in exporting hides and skins and establishment of new tanneries

Major Minerals: Gold, diamonds, nickel, cobalt, copper and base metal, gemstones (apatite, niobium, tanzanite), iron ore and coal.

Mining Sector

Profile

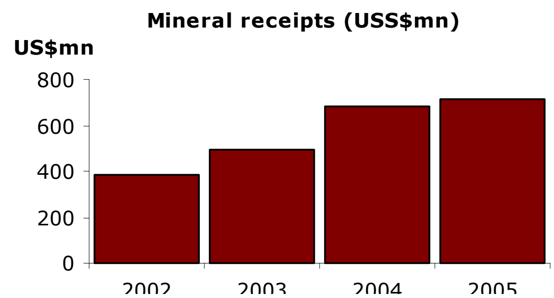
Tanzania's mineral policy aims to attract, protect and facilitate the private sector in mineral exploration, mining and marketing

Economic reforms undertaken since mid 1980s have opened investments in the mining sector to both local and foreign. The outcome has been remarkable in terms of investment in the sector, with 82 mining licenses and over 1,500 prospecting licenses issued in the last five years.

Tanzania has a wide variety of minerals including diamonds, gold, base metals, gemstones and industrial minerals. It is the continent's second largest gold producer after South Africa. Mining is the fastest-growing sector in Tanzania in ter its share of exports.

The value of mineral exports increased from $14 million in 1996 to $711 million in 2005, underscoring the sector's current position as one of the fastest growing sector

guarantees investors security of tenure, repatriation of capital and profits and ensures a transparent regulatory and administrative system in the acquisition of mineral rights.



The government's ban on trading in and the export of raw and uncut gemstones is meant to set the stage for the growth of a lapidary industry in which the country could attract and develop the requisite skills, which are currently lacking.

A number of international firms have already invested in the mining sector in Tanzania and attest to the enormous potential of the sector. AngloGold has invested in the Geita goldfields, while Barrick operates the Tulawaka and Bulyanhulu gold mines. De Beers of South Africa owns and operates the Williamson diamond mines.

Petroleum and Gas

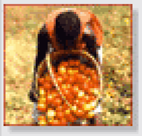
Exploration and exploitation of all mineral resources in the country including coal and petroleum is the responsibility of the Ministry of Energy and Minerals. With petroleum exploration and development being governed by the Petroleum (Exploration and Production) Act 1981, the Energy and Water Regulatory Authority (EWURA) is responsible for regulating gas and petroleum transmission by pipeline.

A total of 35 explorations and wells development have been drilled, majority of them in the coastal basin, a few at Songo Songo in the coastal basin and 2 in the interior Rift Valley – Rukwa Basin.

Golden Pride (Resolute)	Nzega	Gold
Geita Gold Mine	Geita	Gold
Kahama Gold	Kahama	Gold
North Mara Mine	Tarime	Gold
Buhemba Gold Mine	Musoma	Gold
Tulawaka Gold Mine	Biharamulo	Gold
Merelani	Arusha	Tanzanite
Williamson Diamonds	Shinyanga	Diamond
Kabanga Nickel Project		Nickel

Opportunities

Minerals



Each mineral has opportunities in one or more of the following stages in the value chain:-

- Mineral exploration and mining through the acquisition of open land or participation in joint venture with current right holders.
- Value adding ventures particularly in gemstones and jewellery manufacturing (e.g. lapidary, cutting, polishing, etc)
- Supply of mining services such as drilling, airborne geophysical surveys; laboratory service, or refining.
- Supply and/or hiring of equipment for large and small scale miners as well as contract mining.

Petroleum and Gas

- Excellent opportunities for oil and gas exploration and exploitation in the sedimentary basins.
- The existence of oil seeps at Tundau, Kilwa Masoko, along River Luhoi, Mafia and Makarawe, bitumen at Msimbati, Yumi, Okuza and Lathan islands in the Indian ocean.
- Open acreage for negotiations for a production sharing agreement (PSA) include the Rufiji Basin, inland rift basin of Lakes Rukwa and Tanganyika and the Ruhuhu's Karoo Basin.
- The Oozing out of natural gas at Nyuruko (Msimbati), Luhoi River and along Lake Tanganyika need to be investigated and harnessed.

Mineral Resource Availability Matrix

Geological formation	Mineral crop	Areas of perceived and potential activity
Achaean Greenstone belts	Gold	Mwanza, Shinyanga, Tabora and Mara regions
Kimberlitic pipes	Diamonds	Shinyanga
The Karoo System	Coal	Southern highlands
Evaporates	Kaolin, Salt	Coastal Belt
Ultramafic & granite in proterozoic rocks	Nickel, copper cobalt, tin and tungsten	Kagera
Carbonatites associated with rift valley	Soda ash, phosphates, graphite	Lake Natron, L. Manyara and L. Eyasi areas of Arusha and Manyara (Merelani).
Rock Minerals	Meerschaum, Kaolin, diatomite, bentonite, clays mica, limestone, gypsum marble, salt, phosphates, graphite, soda ash	Coastal Belt, Arusha, Kigoma
Proterozoic rocks	Gold, iron ore, base metals and Gemstones (ruby, tanzanite, garnets, tourmaline, sapphires, spinel, topaz, scapolite, emeralds and Chrysoprase	South Western, Southern and Eastern parts of the country (Ruvuma, Simanjiro, Rukwa, Arusha, Morogoro, Tanga, Tabora)

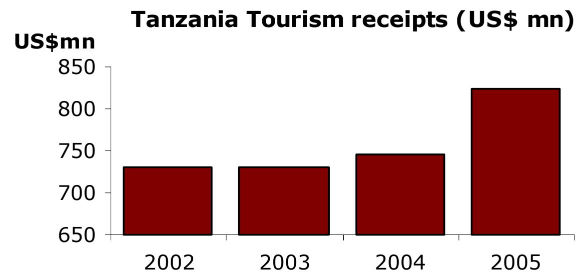
Major national parks and game reserves: Serengeti, Arusha, Tarangire, Lake Manyara, Kilimanjaro, Ngorongoro, Selous Game Reserve, Mikumi, Udzungwa mountains, Ruaha and Katavi.

Tourism Sector

Profile

Tanzania is the only country in the world to allocate more than 25% of its total area to wildlife parks and game reserves.

There are 12 national parks, 17 game reserves, 50 game-controlled areas, a conservation area, two marine parks and two marine reserves. The country's tourist market is divided into two major circuits: the "Northern Circuit" which comprises the world's most dramatic National Parks of the Serengeti, Tarangire, Lake Manyara, and Arusha National Parks. The spectacular Kilimanjaro National Park, along with the Ngorongoro Crater, which is considered as the eighth wonder of the world, are among the most eye catching and breathtaking geographical attractions in the world.



The Southern tourism circuit" embraces the well-known Selous game reserve – the largest in Africa – Mikumi, Udzungwa Mountains, Ruaha and Katavi national parks. Other attractions include Lake Victoria (the source of the Nile) Lake Nyasa and Lake Tanganyika, which provide other opportunities for beach resorts, water sports and game fishing. Although Tanzania attracts significantly lower numbers of tourists than Kenya, it has much larger tourism receipts. In part, this is because Tanzania is more expensive (e.g., higher hotel rates), but it is also because tourist activities differ in the two countries. In Kenya, a substantial part of the tourists visit takes the form of a beach holiday, which is relatively cheap, while in Tanzania it is mostly safari tourism, which is more expensive.

Tanzania's Indian Ocean shore line has 804 km of some of the finest unpolluted beaches in Africa. The white sands and un-spoilt beaches provide a serene atmosphere for relaxation and sunbathing. Situated offshore, are Zanzibar and Pemba – the exotic 'Spice Islands' famous for their history, deep-sea game fishing and beaches. These islands are easily reached by a 20-minute flight, by hydrofoil or by boat from Dar es Salaam.

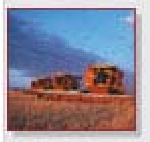
Along the Indian Ocean islands are the remains of ancient settlements. At Olduvai Gorge, in the interior Rift Valley, is the site of the discoveries of the traces of early humanity. Gombe Stream National Park is home to the world's best-documented research on primates (chimpanzees and baboons), pioneered by Jane Goodall in the 1960s.

To the tourist, Tanzania also offers interesting culture and crafts, notably the Maasai culture and art and the Makonde sculptures and carvings done in ebony. Tanzanians are a very friendly people with a long tradition of generous hospitality and a wealth of folklore.

The ancient trading port of the Sultans of Oman, Zanzibar is a unique tourist attraction in the south of the equator. Carved doors and balconies decorate houses made of coral stones. The inland of the island offers the most luxuriant tropical vegetation, giant trees, ferns and various endemic species. Changuu island offers the only sanctuary for its hundred-year old tortoises and the marine reserve in Chumbe for its protected coral reefs. The Zanzibar Channel is famous for scuba diving, providing opportunities for water sports

Opportunities

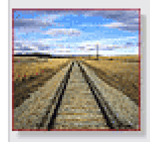
Accomodation, hotels & lodges etc



- Investment opportunities for accommodation, entertainment facilities, camping lodges and guesthouses of international standards. Joint venture opportunities are available in Kilwa, Zanzibar, Mafia, Dar es Salaam, Mwanza, Arusha, Iringa, Kilimanjaro, Selous, Katavi, Saadani, Babati and Bukoba.

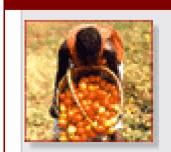
- Investment opportunities in hotels development and/or campsites in some of the cultural heritage sites exist. Historical buildings exist in towns such as Bagamoyo, Pangani, Tabora and Kilwa, which can be leased to private operators.

Tour operators, transport etc



- Opportunities such as tour operators and agencies business as well as investment in man-made tourist attractions like theme parks and gambling resorts. Other include beach tourism, historical sites, developing amusement parks, deep-sea fishing and sea and lake cruising.
- Importation of aircraft and spare parts has been made easier through a review of some taxes thus making domestic air transport operators' undertaking simpler.
- Opportunities in water transport services i.e. fast ferries along the coastal belt strip and the inland waterways. With the southern coastal opening up, the fast ferryboats will play an important role in moving passengers from Dar es Saalam to Zanzibar, Pemba, Mafia, Kilwa and Mtwara.

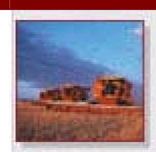
Conference and eco tourism tourism



- Conference tourism is a new phenomenon in Tanzania. Much needed investment in conference centres of international standards, to cater for this very lucrative of the tourism industry.

- Opportunities in eco-tourism with excellent investment and development potential exist in the Eastern Arc Mountains from the North Pare ranges, to the Usambara ranges, Uluguru and Udzungwa mountains.

Training services



- The industry is beset by lack of trained manpower. Through the French government assistance, a tourism training institution is being constructed in Dar es Salaam. However, there is still room to establish private institutions that will offer quality training to all categories of personnel currently involved or new entrants in the industry ranging from hotel and catering staff to tour and travel agents, tour and mountain guides, drives to rangers.

Economic infrastructure

Profile

1.1. Energy

Energy sector is is dominated by biomass-based fuels mostly for domestic purposes while Petroleum and Electricity account respectively for about 8% and 1.2%; coal, solar and wind account for about 0.8% of the energy used. Other abundant, but untapped indigenous energy resources include hydropower, coal, natural gas, uranium, solar, wind and geothermal energy.

1.2. Roads and air transport

Tanzania has a road network totalling 85,000 km. The network consists of trunk (10,300 km), regional (24,700 km), urban (2,450 km) and community (27,550 km) roads. Only 5% of the road network is bituminised. Air transport in Tanzania use three international airports of Dar es Salaam, Kilimanjaro and Zanzibar as well as 5 major domestic airports and about 60 smaller aerodromes and airstrips. There is a growing demand for air transport due to higher standard tourist traffic and transportation of commodities.

Water and railway transport

Maritime transport is supported by major ports of Dar es Salaam, Tanga and Mtwara, while the inland water transport covers the ports of lakes Victoria, Tanganyika and Nyasa. The railway system has a track length of 3,685 km out of which 2,715 km linking Dar es Salaam with the central and northern regions is operated by TRC and 1860 km linking Dar es Salaam and Zambia is under TAZARA.

ICT

Tanzania's teledensity is low, currently standing at 1.2 while the number of mobile phone subscribers stands at 81 per 10,000 inhabitants. The Public Switched Telephone Network (PSTN), using fibre optic, microwave and satellite-based links, is now over 95% digital. However, the coverage of the network infrastructure is limited to urban areas.

Opportunities

Energy and ICT

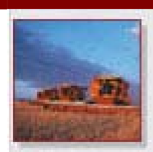
Energy

- Per capita electricity consumption is growing at the rate of 11–13%. Oppo - rtunities exist in the area developing indigenous sources of energy.
- Restructuring of TANESCO will involve unbundling of the company into generation and transmission, providing further investment opportunities.
- Generating electricity from coal and natural gas, solar, wind and geothermal. Coal reserves are estimated at about 1,200mn tons of which 304mn are proven. Natural gas is estimated at 45bn m^3 of proven reserve
- Hydroelectric energy has a potential capacity of 4700 MWh, only 10% has been developed so far.
- Tanzania has 1200m tons of bio potential which could provide energy for paper mills, cement factories, agriculture and household consumption.

ICT

- Supply of plant and equipment, mobile operators and expansion of line exchange capacity
- Supply of hand sets, subscriber facilities and repair services
- Development and production of hardware and software.
- Establishing systems to support internal information flows.
- Infrastructure Development.

Roads, air, railway



Roads:

- Building roads and road related infrastructure through BOT or BOOT
- Establishing commercial fleet operators & commuter city buses.
- Provision of parking, bus bays and shelters for major cities.

Air Sub-Sector:

- Managing 21 domestic airports with significant traffic.
- Building EPZ, hotels & warehousing, hanger facilities & cold storage in different airports.
- Extending terminal buildings, bunkerage & slop chests, docking facilities at air, lake and seaports.
- Providing water transport services to the 3 lake ports.

Railway Sub-Sector

- Develop inland container depots and inter-modal container operations at several railheads.
- Specialized railway maintenance and construction through BOT and BOOT. Possible areas for expansion are Isaka – Kigali, Arusha – Musoma, Uvinza – Kasulu – Magamo (Burundi), and Mbamba Bay – Mtwara.
- Concession of TAZARA services and own locomotives&rolling stocks.
- Construction of a railway line to link TAZARA and the mining sites of Mchuchuma coal&Liganga iron fields

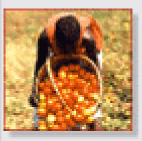
Manufacturing Sector
Profile

Participation in the regional and multilateral trade arrangements has increased the country's market access

Tanzanian manufacturing development reflect three periods of industrial development in post-independence Tanzania, namely: a period of expansion, 1974-1980; a period of collapse 1981-1985; and a period of adjustment, privatisation and re-structuring, 1991-2000s. There is anincreasing evidence that the Tanzanian manufacturing sector is recovering. In 2005, for example, the manufacturing sector grew by 9.0 percent compared to 8.6 percent in 2004. The contribution of the sector to real GDP grew by 9.0 percent in 2005 compared to 8.8 percent in 2004. The increase in growth was mainly attributed to increased production in areas such as cement, beverages, corrugated iron sheets, steel products, cigarette, plastic products and textile. The value of **exports of manufactured goods** increased by 41.8 percent to US$ 156.1mn in 2005 from US$ 110.1mn in 2004. The manufactured goods exported included plastics, metals and apparels and mainly went to neighbouring countries of Rwanda, Burundi and Democratic Republic of Congo.

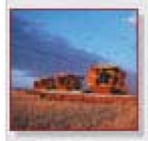
Opportunities

Chemical industry



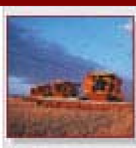
- Manufacturing of phosphorous fertilizers using phosphates from Arusha
- Manufacturing of agrochemicals utilizing kaolin available at Kisarawe.
- Manufacturing of basic industrial chemicals & chemicals from pyrethrum.
- Manufacturing of medical and pharmaceutical incl. veterinary drugs.
- R&D in pharmaceuticals.
- Manufacturing of perfumes, detergents, soaps and other cosmetics.
- Manufacturing of tyres and tubes.
- Manufacturing of cigarettes & tobacco, paints & petroleum products.

Textiles, clothing and leather products



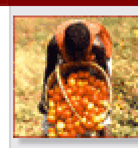
- Opportunities in spinning, weaving, textiles; knitting, manufacture of garments, carpets, rugs, cordage, rope and twines.
- Tanning of leather; manufacturing of leather products.
- Cotton ginning and production of yarn, grey cloth and fabrics.
- Establishment of modern tanneries & leather production units
- Opportunities on Cut, Make and Trim (CMT) units for export.
- Manufacturing of textiles, bed sheets etc under EPZ programme.

Metal and non-metallic products



- Manufacturing of earthenware, glass products, bricks, tiles, cement, concrete & gypsum.
- Manufacturing of cement, plaster products, tiles and marble tiles.
- Opportunities to produce slabs, bars, sheets, plates, strips, tubes, pipes, rods
- Fabricated metals, machinery & equipments incl. hardwares, furniture & fixtures, doors, metal staircases and window frames, electrical transformers, electrical devices & switchboard apparatus; radios and transport equipment e.g. bicycles, animal & carts.
- Opportunities in jewellery articles, furniture, measuring & controlling equipment.

Food, beverage, paper and paper products



- Opportunities in dairy products, canning and preserving of fruits and vegetables, canning fish and similar foods, manufacture of animal and vegetable oils, grain milling, baking, sugar and confectionery as well as prepared animal feeds. Blending of spirits; manufacture of wines, cider and beer, spirits, soft drinks, carbonated waters and the bottling of natural spring and minerals waters.
- Manufacturing of pulp, packing materials, stationeries and other paper products, paper, fibreboards from locally produced materials.

Natural Resources
Profile

Forestry
Tanzania has about 33.5mn hectares of woodlands 39% of which have been gazetted as forest reserves. Over 80,000 hectares are under managed plantation forestry and about 1.6mn hectares are under water catchments management.

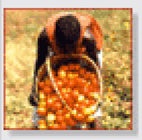
Beekeeping industry
Tanzania exports beeswax and honey albeit under great underutilisation of potential. Its honey is purely organic and is ranked among the best in the world, enjoying high demand in the urban domestic market and an ever-expanding and reliable export markets in Europe, Japan and the Middle-East.

The value of Tanzania's forests is increasing with the current expansion in tourism

Fisheries
Tanzania has well equipped fisheries research and training institutions capable of technical support to the sector. There is a large pool of manpower both skilled and unskilled to support fishery projects.

Opportunities

Forestry extracts and beekeeping



Resins
Iringa, Mwanza, Ruvuma, Coast, Morogoro, Kagera, Lindi: Over 2000mt could be harvested from existing pine trees. *Available infrastructure:* Good road & railway networks & export routes.

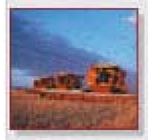
Gum Arabic
Singida, Shinyanga, Manyara, Arusha, Tabora: Can be extracted from existing acacia trees in particular acacia Senegal: *Available infrastructure:* Good road and railway networks. Skilled labour in Shinyanga, Tabora & Arusha.

Vegetable Tannin
Iringa, Mbeya, Kilimanjaro, Arusha, Manyara and Tanga: Extractable from wattle trees: *Available infrastructure:* Good road & railway networks, suitable land and skills for the establishment of black wattle plantations.

Bee-keeping

- Manufacturing of beekeeping equipments and opening-up of large-scale apiaries in high potential areas;
- Establishing large-scale beeswax processing plants & packaging factories;
- Wholesale exports of honey and beeswax as well as retailing bee products in the domestic market and in the African Sub-Region.
- Regions which can produce honey above 3,000t per year include Tabora, Rukwa, Shinyanga, Kigoma, Lindi, Iringa, Ruvuma, Mbeya, Kagera, Manyara, Tanga, Singida, Dodoma, Coast
- Regions which can produce beewax above 500t per year Tabora, Rukwa, Shinyanga, Kigoma, Lindi, Iringa,

Fisheries



- Manufacture of inputs e.g. fishing crafts and gear, equipment, feeds and pond-related supplies.
- Supply of refrigerated trucks & provision of refrigeration & cold storage facilities.
- Fish processing, canning and packaging for export. Provision of technical support to the sector.
- Construction of fish-ponds and water reservoirs & related drainage systems.

Locations for pond fisheries

- **Coast, Morogoro, DSM**
Infrastructure: Rivers, streams, diverse aquaculture in Morogoro.

- **Arusha Manyara, Kili & Tanga**
Infrastructure: Nyumba ya Mungu dam, River Pangani and small rivers

- **Iringa, Mbeya, Ruvuma, Mtra**
Infrastructure: Great Ruaha River, good road and railway networks, export markets in Zambia, Zimbabwe, Malawi & Mozambique.

- **Tabora, Kigoma, Rukwa**
Infrastructure: Lake Rukwa & Malagarasi valley to potentially large export markets in Zambia, DRC, Rwanda and Burundi.

- **Mwanza, Mara, Shinyanga, Kagera**
Infrastructure: Direct access to the EU and to regional markets.

- **Singida, Dodoma**
Infrastructure: Many water reservoirs. Railway networks to

Banking and Insurance Services

Profile

Banking and insurance industry have been one of the fastest growing industries mainly as a result of liberalization.

Banking Services

The country's financial system is governed by the Banking and Financial Institution Act of 1991 which defines the legal framework for banking operations. For the period up to June 2000 the number of commercial banks registered in the country had risen to 17 and increased rapidly to 31 in 2005. Several venture capital entities have been established offering substantial equity injection to business establishments.

Insurance Services

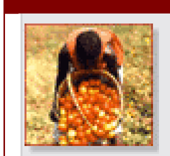
The liberalised insurance industry is regulated by the Insurance Act of 1996. The supervisory role of the insurance industry rests with the Insurance Supervisory Department, a semi-autonomous government executive agency operating under the Ministry of Finance. There are now 14 actively operating insurance companies, 1 reinsurance company and 37 insurance brokers in Tanzania. Most of these insurance companies are based in Dar es Salaam. However, some of them have established branches in other cities notably Mwanza, Arusha, Tanga, Mbeya and Moshi.

Capital markets

Capital markets in Tanzania are regulated by the Capital Markets and Securities Act of 1994 and the Rules made by the DSE Council. The Dar es Salaam Stock Exchange (DSE) was incorporated in 1996 and became operational in April, 1998. There are currently 8 securities being traded at DSE, while six corporate bonds exist in the market. Companies fulfilling the necessary participation conditions may benefit from Collective Investment Schemes, Unit Trust and Open Ended Investment Companies (OEICs)

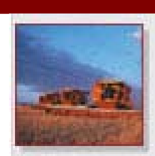
Opportunities

Financial, Banking and Insurance



- Opportunities exist in establishing commercial banks and other financial institutions. Banks which undertake additional activities such as brokerage, investment consultations, asset valuation & sales and bank assurance are welcome.
- Tanzanian insurance market has a huge potential for growth especially regarding property and life insurance.
- There are investment opportunities in the establishment of lease finance, specialized banks in real estate, industrial and agricultural finance and micro finance companies.

Capital markets



- Establishment of unit trusts and mutual funds to facilitate pooling of savings from small investors for investment in large projects.
- Investment opportunities in the establishment of venture capital funds.

Education and Health Sectors
Profile

The reforms in social services aimed at encouraging the private sector to complement public social services

The health sector

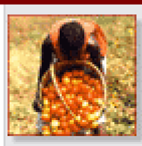
After a series of major economic and social changes, the Government adopted a different approach to the role of private sector. New policies were developed that looked favorably on the role of the private sector. The importance of the private sector in health care delivery was further recognized with an amendment to the Private Hospitals (Regulatory) Act, 1977 which resulted into the establishment of the Private Hospitals (Regulation) (Amendment) Act, 1991. following this act, individual qualified medical practitioners and dentists could now manage private – hospitals, with the approval of the Ministry of Health.

The education sector

The government role is now changing from that of a key player to that of a facilitator in the provision of education and training. This new role of the government provides a more conducive environment for the private sector to increase its investment in education. Private investment in education will establish a more learning environment that will allow imparting both knowledge and technology to the youth and the whole society. Recently, Tanzania has seen an increasing number of private in primary and secondary and training institutions evidencing that fact that after liberalisation the education sector is one of the attractive areas for private investment.

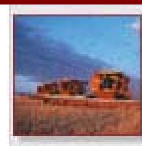
Opportunities

Education Sector



- Establishment of education and training institutions and related facilities
- Expanding, upgrading and rehabilitating the existing schools and related facilities at primary, secondary and tertiary levels
- Providing and expanding industrial, vocational and technical training facilities;
- Encouraging the use of information technology and other modern advances in the Information and communication Technology.

Health Sector



- Building new and modern hospitals, health centres and dispensaries.
- Manufacturing and distribution of drugs, medical and hospital equipment and training facilities
- Modern hospital management and establishment of health insurance services
- Training facilities for doctors, health officers and nurses.