18 — *Tanzania's long-term focus is to foster homegrown skill, while also raising its game in infrastructure.*

45 — *The real potential in Tanzania's natural resources is in its massive unexplored offshore reserves of natural gas.*

80 — *Agriculture accounts for 30% of Tanzania's GDP, and the sector has experienced above-average output in recent years.*

TANZANIA 2018

the business year

"**Upcoming IPO listings will open up the DSE** to the world by bringing in more players and making it a more active and dynamic stock exchange."

Sunil Colaso
Managing Director, Airtel Tanzania

p **61**

"**From the public sector,** we need to see continued emphasis on private-public engagement."

Kalpesh Mehta
Chairman, British Business Group (BBG)

p **23**

"**With Tanzania becoming more technologically driven,** it is no surprise that many Tanzanians are choosing to shop online."

Femi Olaiya
Managing Director-Tanzania, DHL Express

p **66**

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Tanzania National Business Council (TNBC)

The United Republic of Tanzania Ministry of Foreign Affairs and East African Cooperation

British Business Group - BBG

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The Business Year is published by The Business Year International, Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands. Printed by Apa Uniprint, Hadımköy Mahallesi 434 Street No:6, 34555, Arnavutköy, İstanbul, Türkiye. The Business Year is a registered trademark of The Business Year International,

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Tanzania has posted growth rates well above the Sub-Saharan average over the last five years, yet its plans to reach middle-income status by 2025 will rely heavily on how it manages its newly discovered hydrocarbon wealth.

Year in Review

According to the 2016-2017 Global Competitiveness Report of the World Economic Forum, Tanzania ranks as the 116th most competitive nation in the world out of 138 nations ranked. It also languishes at 132nd among 190 countries in the World Bank's Ease of Doing Business annual study. Yet despite challenges, the Tanzanian economy has grown at an average of 7% over the past five years, putting the nation among the world's swiftest-growing 20 economies, exceeding the Sub-Saharan average growth rate of 4.4%. The IMF also forecasts 7.1% growth for 2017. Other indicators worthy of shouting from the rooftops include inflation, which fell from low double digits in 2011 to single-digit territory by 2016 (as of June 2017, it stood at 5.4%) and FDI inflows, which for 2015 stood at 4.3% of GDP, reflecting the discovery of 45 trillion cubic feet of natural gas.

Notably, in July 2017, President John Magufuli signed off fresh mining legislation, granting the state a minimum 16% stake in related projects. In 1Q2017, Tanzania's GDP contribution from mining stood at TZS486 billion (USD216 million), having averaged TZS293 billion from 2005 to 2017. Yet the new laws, combined with the stepping down of Minister of Energy and Minerals Sospeter Muhongo in May 2017 over transparency issues, have left private players unsure of what lies ahead. New legislation also includes provisions to mandate oil and gas mining companies to be listed on the Dar es Salaam Stock Exchange, as well as limit the ability to export raw materials, in a move interpreted as a safeguard to ensure the downstream development of the nascent hydrocarbons industry.

Furthermore, the new laws offer provisions that can be used to renegotiate or revoke old hydrocarbons and mining exploration and production contracts. They have been designed to ensure the government maximizes the tax returns on these sectors. One of the clauses declares that when the government sees fit to renegotiate an agreement and the other party refuses to address the "unconscionable" terms or no conclusion can be reached, the contracts may be revoked. It is still unclear how these provisions may affect the development of the USD30-billion LNG plant being championed by Statoil, BG (owned by Royal Dutch Shell), Ophir, ExxonMobil, and the national oil company Tanzania Petroleum Development Corporation (TPDC).

Despite consternation over legislation, however, a Uganda-Tanzania oil pipeline agreement and developments in the new LNG facility project, seen as the best way to utilize gas reserves, bode well for a sector in need of breakthrough.

After years of debate, the Ugandan government scrapped its plans to drive a crude oil export pipeline through Kenya and chose Tanzania as the desired route for the development. This was considered a concrete victory for Tanzanian diplomacy and its energy industry. It will be the longest heated pipeline in the world, stretching 1,400km from Uganda's oil reserves in Hoima to the Tanga export terminal on the Tanzanian coast. The USD4-billion project will finally offer a solution to Uganda's estimated 6.5 billion barrels of landlocked heavy crude oil.

As for the much-discussed LNG plant, the TPDC has acquired 2,000ha of land in Lindi for the plant's site, although a final investment decision is not expected for some time. According to the central bank, GDP could be lifted by 9% just during the construction phase of the project, and the IMF had earlier estimated (before new legislation on royalties) that tax revenue coming from the exploration of the gas reserves through an LNG facility could grow by USD3 billion to USD6 billion, meaning a rise in tax revenue between 40-90% according to year-end results in 2016 of USD6.6 billion.

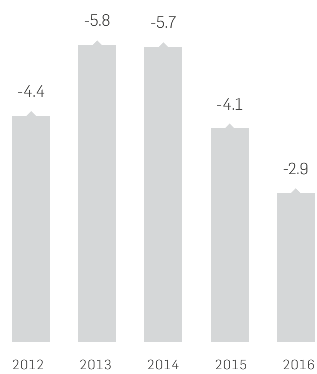
Behind the most significant developments in Tanzania of late is President Magufuli, whose presidency has been nothing if not colorful. But he has not only been shaking things up on the domestic front; Tanzania's foreign affairs over the past two years have been almost inseparable from developments stemming from the president's office. Whether it was increased trade and transport ties with China and Turkey, the opening of the first Israeli visa processing center in the country, or major energy infrastructure projects with neighboring Uganda, the country has maintained relations with all its major allies and strengthened them with several new ones.

Relations with its neighbor, Kenya, have been less buoyant. Back in March, Magufuli came under attack from his counterparts in Nairobi for assuring a group of Kenyan doctors during the height of the 100-day doctors' strike that they could be given employment in Tanzania. This only iced the already frosty ties between the two giants. Ambitious in form if not yet in content, the two are the backbone of the East African Community (EAC), a body founded in 2000 with the goal—in theory—of moving gradually toward a single market and currency. ✖

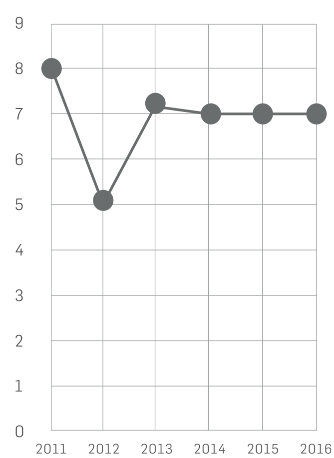
GDP PER CAPITA
USD879.19

INFLATION
5.17%

TRADE BALANCE (IN BILLIONS)
SOURCE: WORLD BANK, FOCUS ECONOMICS



GDP GROWTH (%)
SOURCE: TBY RESEARCH



THE BUSINESS YEAR IN TANZANIA

From a new president to increasing tourism exposure and capital markets momentum, it has been a standout year for Tanzania.

NOVEMBER 2016

November marks **one year since President Magufuli took office,** bringing with him austerity measures and a take-no-prisoners anti-corruption campaign. He is nominated for Forbes Africa Person of the Year 2016, but loses out to Thuli Madonsela of South Africa.

DECEMBER 2016

3.6 million-year-old footprints are discovered in Laetoli by a team of Italian and Tanzanian researchers. This is one in a series of significant findings in the area that reveal valuable insight into the daily habits of our predecessors.

JANUARY 2017

The World Bank agrees to fund a USD305-million expansion project at Dar es Salaam port, aimed at reducing inefficiencies and increasing its business competitiveness. Hopes are pinned on the port to become the **regional entry-point of choice,** serving landlocked nations to the south and west.

FEBRUARY 2017

President Magufuli sets a deadline for all government ministries to move to **Dodoma, Tanzania's new administrative and official capital,** by the end of the month. By February 28, 16 of the 19 ministries have already relocated, along with around 200 staff members.

MAY 2017

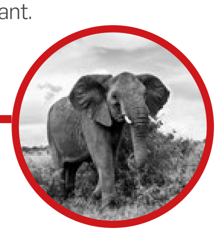
The presidents of various countries in East Africa meet in Dar es Salaam for the 18th East African Community (EAC) Heads of State Summit. Top of the agenda for the high-level discussion is the **Economic Partnership Agreement with the EU.**

JUNE 2017

Finance Minister Philip Mpango announces the **draft 2017-2018 government budget.** 40% of the total TZS33 trillion is earmarked for mega-infrastructure projects, such as the Standard Gauge Railway and the Lindi LNG plant.

JUNE 2017

Former footballer **David Beckham goes on a family holiday to the Serengeti national park.** His safari photos win him 1.4 million views on Instagram. He is one of a growing number of key influencers to visit the region.



JULY 2017

The 41st Dar es Salaam International Trade Fair (DITF) takes place on the first week of July. The theme is "Promotion of Trade for Industrial Development," with the focus on how to support small and medium businesses to become a key driver of industrial growth.

AUGUST 2017

Vodacom announces that its **record-breaking IPO** is fully subscribed, with successful sales of 560 million shares. The telecoms giant was forced to list on the Dar es Salaam Stock Exchange following an amendment to the Communications Act in 2016.

SEPTEMBER 2017

Tanzanian's National Assembly ratifies the Inter-Governmental Agreement (IGA) for the **Uganda-Tanzania crude oil pipeline.** Uganda's parliament gave the go-ahead in mid-August. Construction is due to start in early 2018.

Diplomacy REVIEW

President Magufuli's aversion to foreign travel has not prevented the country from forging stronger ties with China, South Africa, Turkey, Ethiopia, Israel, and Morocco in the course of the past year.

SALAAM AT HOME, DAR IN THE WORLD

The subject of much acclaim and ample controversy, John Magufuli's presidency has been nothing if not colorful. But he has not only been shaking things up on the domestic front; Tanzania's foreign affairs over the past two years have been almost inseparable from developments stemming from the president's office. With the exception of minor glitches—most notably a recent controversy surrounding the repatriation of Burundian refugees—the country has made a nearly uninterrupted series of diplomatic gains under Magufuli's leadership in the past year.

Whether it was increased trade and transport ties with China and Turkey, the opening of the first Israeli visa processing center in the country, or major energy infrastructure projects with neighboring Uganda, the country has maintained relations with all its major allies and strengthened them with several new ones.

Image: Reuters

Relations closer to home—particularly with Nairobi and Burundi—might have benefitted from more goodwill, though transport and energy links with the DRC and Uganda have never shown more promise.

In material terms, perhaps the most significant news came in May 2017, when it was announced that Tanzania and Uganda had signed a USD3.55-billion deal to build the world's longest electrically heated pipeline to transport Ugandan crude to the rest of the world via the Indian Ocean. A major political-economic and diplomatic coup, it was previously thought the pipeline would go through neighboring Kenya instead. While a joint venture with China's CNOOC, Britain's Tullow Oil, and France's Total, the latter has said it will foot much of the bill for the pipeline. Only discovered in 2006, Uganda is thought to have reserves of 6.5 billion barrels. Once completed, the pipeline will begin in Uganda's landlocked western region and extend 1,445km to the Tanzanian Indian Ocean port of Tanga.

Relations with its most prominent neighbor, Kenya, have been less buoyant. Back in March, Magufuli came under attack from his counterparts in Nairobi for assuring a delegation of Kenyan doctors during the height of the 100-day Kenyan doctors' strike that they would duly be given employment in Tanzania should they relocate. Whether or not in jest, this only iced the already frosty ties between the two giants of the East African seaboard.

Ambitious in form if not yet in content, the two are the backbone of the East African Community (EAC), a body founded in 2000 with the goal—in theory—of moving gradually toward a single market and currency. But Tanzania has shown resistance to moving ahead with the currency union—at least in part because of fears that Kenya's dominant currency, the Kenyan shilling, would ultimately triumph. What's more, in October 2016 it pulled out of a common visa plan for the entire community, in which a USD100 tourist-visa gains visitors admittance to every participating member—which now only consists of Kenya, Uganda, and Rwanda.

As if part of a broader pattern, this came merely months after Tanzania declined to sign an Economic Partnership Agreement between the EAC and the European Union that would have greatly opened up the community to trade with Europe—and vice versa. Yet, as Tanzania's Minister for Trade, Industries and Investment, Charles Mwijage, said at the time: "Internationally, we trade with Britain, China, India, and South Africa. When you don't have Britain in a deal with Europe, what do you have?" Not surprisingly, fears also abounded that Tanzania would be flooded by superior, cheaper EU goods, whilst Tanzanian raw materials critical to domestic industry and industrialization would flow from the country en masse to serve much higher EU demand. Though Kenya, Rwanda, and Burundi were on board to pass the agreement, Uganda followed Tanzania in abstaining at the last minute. Under the terms of the World Trade Organization, nations aligned within a trade bloc cannot individually enter into other trade agreements.

Throughout the summer, President Magufuli also loomed large over the controversial national elections in Kenya. A highly contested political contest, the personal friendship between Magufuli and Kenyan presidential hopeful Raila Odinga, leader of the National Super Alliance (NASA), became a carrying-card of legitimacy for the latter. In late

> As for the more traditional powers, the UK, the US, and China, things could almost not be better. While the UK remains the country's largest trading partner, China inched from sixth in 2011 to second in 2016; how much longer London can hold the boat is any sailor's guess. This brings up the biggest surprise of the diplomatic season: Tanzania's burgeoning ties with Turkey.

Tanzania is a bold player in the regional East African community

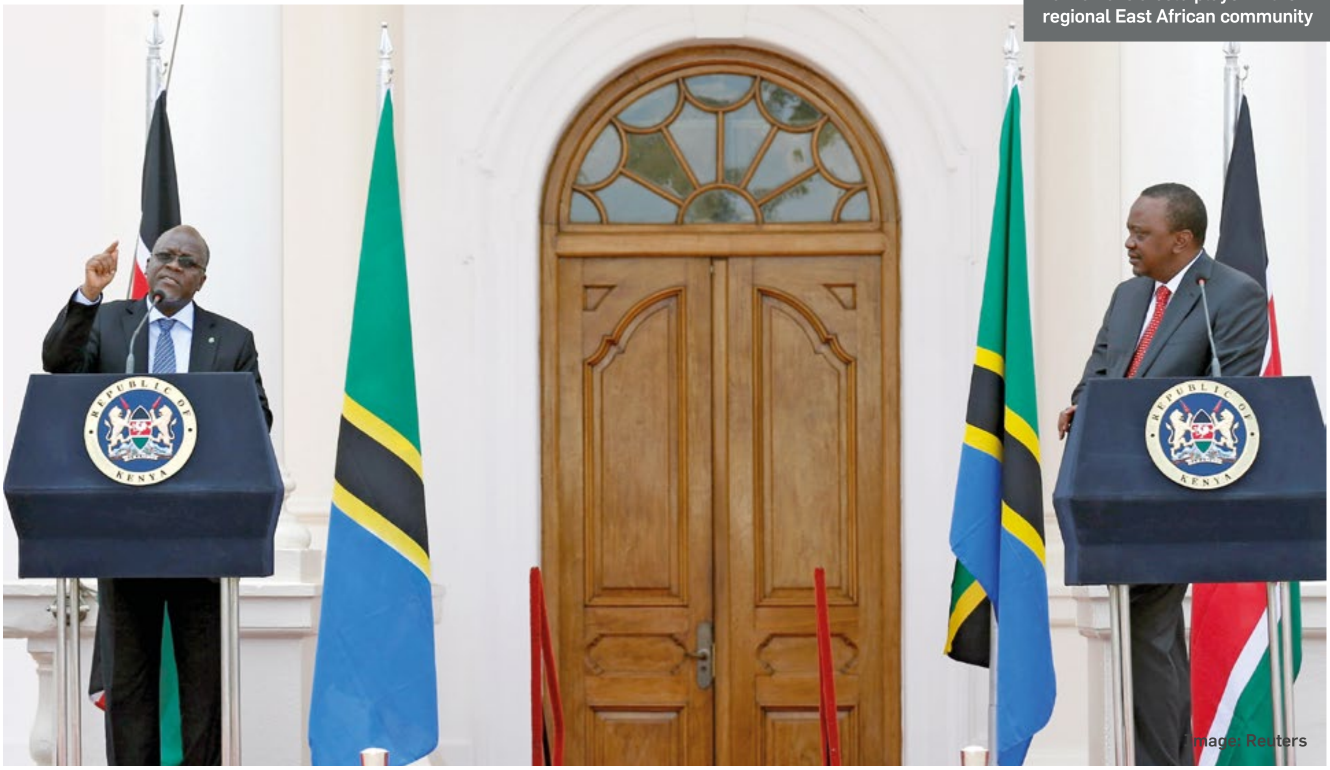


Image: Reuters

July, barely two weeks before the election, Odinga promised a far more open and flexible national border with Tanzania if and when he won the election. “Magufuli is my friend; I will speak to him and ensure that this border is opened,” he promised.

He was referring to a series of border incidents that have also contributed to the general malaise hanging over the two countries. Tanzanian authorities on the other side of the Namanga crossing had recently been arresting, jailing, or deporting an untold score of Kenyans without work permits. This provoked protests and even riots on the Kenyan side of the border, not to mention Kenyan authorities retaliating against expat and migrant Tanzanians in and around Namanga. Odinga claimed his personal friendship with Magufuli alone would put an end to the frigid fracas damaging ties between East Africa’s two most important players.

As tensions have come to a boiling point in neighboring Burundi since the spring of 2016 over whether or not President Pierre Nkurunziza can successfully extend his term limit, the number of Burundian refugees who have crossed over into Tanzania has mushroomed to 240,000. Though Tanzania had been granting citizenship to a select number of them through naturalization, Magufuli told his Minister of Home Affairs in July to halt that process. “It’s not that I am expelling Burundian refugees. I am just advising them to voluntarily return home,” the president reassured activists on both sides of the border. “I urge Burundians to remain in their country; I have been assured the place is now calm.”

Nairobi and Bujumbura aside, relations are much better with other regional and global powers. For starters, the country received various large and well-endowed delegations from South Africa and Morocco in spring 2017 that reiterated Tanzania’s weight in the African Union (AU). For the latter, this was part of its decades-long bid to gain re-entry into the AU after withdrawing in the 1980s to protest Western Sahara’s membership in that body.

For Johannesburg, President Jacob Zuma traveled to Dar es Salaam in May to launch the South Africa-Tanzania Bi-National Commission, an agreement first signed in 2011. With more than 150 South African firms working in Tanzania, the commission will cover not only commercial matters, but a litany of cultural, environmental, and governance-related themes as well. From biodiversity conservation and management to transportation, security, hospitality, financial services, retail, and infrastructure development, it will be the most comprehensive agreement between the longtime allies since independence.

Though a historic ally of the Palestinian people, Tanzania also welcomed the opening of the country’s first Israeli visa processing center in late 2016, while announcing the opening of the first Tanzanian embassy in Tel Aviv. As Israeli adventurers head to Tanzania en masse, hopes are that the Jewish state’s healthy appetite for East Africa will serve as a cultural and diplomatic conduit for far more westerners to spread their wings in the shade of Kilimanjaro.

As for the more traditional powers, the UK, the US, and China, things could almost not be better. While the UK remains the country’s largest trading partner, China inched from sixth in 2011 to second in 2016; how much longer London can hold the boat is any sailor’s guess.

This brings up the biggest surprise of the diplomatic season: Tanzania’s burgeoning ties with Turkey. Though Ankara has shown displeasure at what it sees as the residual influence in Tanzania of Fetullah Gülen-related organizations, the Islamist movement now banned in Turkey, this did not prevent a joint Turkish-Portuguese venture from winning the contract to build what will soon be East Africa’s fastest train line. To stretch from the DRC in the west to Tanzania’s Indian Ocean coast in the east, the train will transit through Rwanda and Burundi en route, thus connecting four of East Africa’s most critical nations with the sea—and one another. Turkish firm Yapı Merkezi and Portuguese firm Mota-Engil were awarded the contracts to build the Dar es-Salaam-Morogoro juncture of the journey, whose foundations have already been laid. If this progress, speed, and efficiency are as forthcoming on other fronts, the country will find itself a magnet for much more than economic or conflict-related migrants. ✖

Image: Reuters

With the exception of minor glitches, Tanzania has made a nearly uninterrupted series of diplomatic gains under Magufuli's leadership in the past year.

INTERVIEW

CIVILIAN *contribution*

TBY talks to ***HE John Pombe Magufuli***, President of Tanzania, on ensuring that citizens benefit equally from growth, Tanzania's relations with foreign nations, and boosting infrastructure links.

BIO

HE John Pombe Magufuli was elected President of Tanzania in 2015. After working as a teacher of chemistry and mathematics at Serengema Secondary School between 1982 and 1983, he began a career in politics. He has previously served as Tanzania's Deputy Minister of Works from 1995-2000, Minister of Works from 2000-2006, Minister of Lands and Human Settlement from 2006-2008, Minister of Livestock and Fisheries from 2008-2010, and Minister of Works for a second time from 2010-2015.

How do you ensure Tanzania's economic growth benefits all citizens?

Tanzania's economy remains one of the fastest growing on the continent, with 7.2% growth recorded in 2016. An increase in monthly revenue collection, from TZS850 billion to TZS1.3 trillion, has meant that our government has been able to build non-core spending and increase development budgets from 26 to 40%. In 2016, our country adopted the Second National Five-Year Development Plan (2016/17-2020/21). The main role of this program is to transform Tanzania into a middle-income economy by 2025 through increased development and industrialization. In the midst of all of this activity, we maintain the view that civilians are the development engines worldwide. No development project has ever been successful without the integrated involvement of workers, from agricultural activities—fishing, livestock—to tourism; construction of economic infrastructure, peacekeeping and security; the provision of social services; and the evolution of science and technology. For this reason, on behalf of the government, I wish to commend all Tanzanian employees. The government recognizes the great contribution to national development that its citizens provide. We promise to continue to address the challenges faced by our people to improve the working and living environments, and ensure all citizens benefit from the fruits of their labor. In this vein, we will continue with procedures to establish solid and robust social security frameworks, such as our newly developed system of employment insurance.

How do you describe the recent development of diplomatic relations, both domestically and internationally?

In 2017, we celebrate 53 years of union with Zanzibar. The union has enabled us to achieve great success in the economic, political, and social sectors. Together, we have improved infrastructure in several fields, including in aviation, maritime, railway, and electrical projects. What is more, our country is internationally respected and participates meaningfully on regional, continental, and global levels. We enjoyed visits from several international leaders, including the presidents of South Africa and of several East African Community (EAC) member states. The Vice President, the Prime Minister, and myself have also taken part in several visits abroad, increasing the Republic of Tanzania's international presence. We signed several cooperative agreements in various areas and have made progress in opening several embassies abroad in countries that had previously gone unrepresented. In line with strengthening our relationship with foreign nations, we have continued to contribute positively to the various international institutions of which we are members. In 2016, we received the honor of being elected as Chairman of both the EAC and the South African Development Community (SADC) Organ for Politics, Defense and Security. Through these institutions, we have played instrumental roles in peacekeeping missions in Burundi, the Democratic Republic of Congo (DRC), Lesotho, and South Sudan. In addition, we will continue to implement various initiatives that have been passed at the regional and international level.

IN NUMBERS

7.2%
growth in 2016

What steps have been taken in the past few months to strengthen transport infrastructure in the country?

During the 2015 election campaign, one of the key promises of my government was to boost transport links through improved infrastructure. The fifth phase government is determined to reduce, if not completely eliminate, traffic in Dar es Salaam. To this end, we are driving forth an agenda of alternative automotive infrastructure in the city, spearheaded by the Dar Rapid Transit System, which has been working well now for several months. In addition, we plan to implement other transport infrastructure projects, including the construction of a 7-km bridge from Aga Khan to Coco Beach, and several highways in Mwenge, Morocco, Magomeni, and Tabata. Elsewhere, we are preparing for the construction of the Dar es Salaam Outer Ring Road, due to stretch 35km around the city. For this, we have earmarked TSZ38 billion from the new budget. In line with the construction of road infrastructure, we also have ambitious plans to improve rail transport services in Dar es Salaam, vital to alleviating the congestion problems we face. ✖

TBY talks to ***HE Pierre Nkurunziza***, President of Burundi, on widening the scope of trade with Tanzania, working on greater areas of cooperation, and the significance of EAC integration.

STRENGTHEN *and diversify*

Given that an average 80% of all Burundian trade transits through the port of Dar es Salaam, what plans have been laid down to ensure a healthy and balanced trade between your country and Tanzania?

It is true that most Burundian trade effectively transits through the port of Dar es Salaam. This is not only due to the geographical location of Burundi—a landlocked country—but also reflects the close relations and cooperation existing between the United Republic of Tanzania and the Republic of Burundi. Both countries understand the importance of this relationship, and constantly endeavor to widen and deepen it. In the framework of the implementation of the East African Community (EAC) Single Customs Territory, Burundi has tasked its revenue authority officers with ensuring that cargo heading to Burundi that transits through Dar es Salaam is swiftly shipped either by road up to Bujumbura through the Kobero-Kabanga One-Stop Border, or by train up to the port of Kigoma and thereafter to Burundian ports (Nyanza Lac, Rumonge, Bujumbura) via Lake Tanganyika. There are further plans to make the Isaka-Musongati-Bujumbura railway line operational in the near future. Burundi has conducted conclusive studies pertaining to safety on Lake Tanganyika, which gives ample room for both Tanzania and Burundi to take the lead in developing the Lake Tanganyika basin to enable the free movement of goods, people, services, and capital in the area to flourish, and through this uplift the standards of living in our region. To this end, Burundi has developed plans to diversify its export capabilities, and Burundian companies such as BRARUDI have started exporting their products to Tanzania.

What makes Burundi in particular an attractive market for businesses in Tanzania and vice versa?

The United Republic of Tanzania and the Republic of Burundi have long-standing historical and cultural ties on which to premise multifaceted trading arrangements. Burundians and Tanzanians are close neighbors, both geographically and spiritually, and over the years both our peoples have developed a common understanding, as well as sharing the same vision and destiny. This shared cultural and social knowledge is critical for successful businesses.

What will be the focus of Burundian-Tanzanian relations going forward?

The focus of these is to strengthen and further diversify our areas of cooperation. Everything calls upon the United Republic of Tanzania and the Republic of Burundi to effectively implement the EAC integration agenda, which we strongly support as a complement of what we are doing internally to raise the standards of living of East African citizens in general and the people of Tanzania and Burundi in particular. We would like to see the United Republic of Tanzania and the Republic of Burundi take the lead in promoting Kiswahili and French through university-level cultural exchanges between teachers and students, as well as other professionals.

What can be achieved, in real terms, for member states, through streamlined cooperation in the EAC?

The EAC partner states have agreed on the scope of their cooperation in the framework of the EAC integration agenda in terms of political, diplomatic and judicial affairs, infrastructure, economic, social, and productive sectors. In these sectors, there is a wide range of projects and programs, which, as partner states, we need to see implemented. In concrete terms, the EAC is now operating under a single customs territory, enabling the passage of goods with reduced transport costs and travel times. What is more, since partner states now operate in the EAC single market, there is now access to 160 million consumers. Moreover, the partner states have agreed to fast-track the implementation of projects and programs so as to achieve 17 sustainable development goals. Poised both as a single customs territory and a common market that aspires to higher stages of integration—the monetary union in 2024 and ultimately the federation of East Africa—the EAC is also set to pool its higher education resources, creating better mobility for university staff and students within the region. ✖

BIO

HE Pierre Nkurunziza was born in Bujumbura, Burundi in 1963. An educator and former leader of a Hutu rebel group, he became president of Burundi in 2005. He was re-elected in 2010 for a second term, and in 2015 for a third. In November 2006, Nkurunziza successfully ushered Burundi into the East African Community economic bloc, and in April 2007 aided in the reformation of the Economic Community of the Great Lakes Countries.

GUEST SPEAKER

MUTUALLY *beneficial*

TBY talks to ***Hon. Patricia Scotland,*** Secretary General of the Commonwealth of Nations, on the advantages of being a member of the Commonwealth, the need to celebrate diversity, and Tanzania's war against corruption.

IN NUMBERS

Commonwealth ties boost trade between member countries by

19%

What are the mutual benefits of Tanzania's involvement in the Commonwealth of Nations?
There are many ways the 52 member nations of the Commonwealth benefit across trade, law, the environment, and society in general. The historical ties and shared legal structures of Commonwealth members make it, on average, 19% cheaper for member countries to trade with each other. We pledged to work in closer partnership with the African Development Bank Group on areas such as climate change, natural disasters, equality and gender, rule of law, good governance, and youth unemployment. We agreed to develop and implement an outcomes-focused MoU on joint programs that will lead to real and tangible differences to the lives of Commonwealth citizens. In 2015, we deployed a Commonwealth Observer Group, headed by Dr. Goodluck Ebele Jonathan, former president of Nigeria, to observe the Tanzanian electoral process, and make recommendations for continuing to implement improvements in the delivery of free and fair elections. In addition, the Commonwealth Secretariat provides technical support to member countries with the aim of achieving the Sustainable Development Goals (SDGs) and fair and equitable development for all. This includes assistance on trade, climate change, rule of law, and governance, among others.

How do you strike a balance between encouraging English for ease of doing business and championing national languages for nationwide civic inclusivity?
We celebrate diversity across the Commonwealth, and, as a key part of this, a rich variety of languages and dialects should be embraced. However, we should not forget that English is the most widely spoken language across the Commonwealth, and this is reflected in the many model laws, publications, and reports that the Secretariat publishes. A common language can only help the Commonwealth become more inclusive for the common good and enable countries to share best practices. The common language spoken across the Commonwealth also contributes to the "Commonwealth advantage," which is the benefit that results from similarities in language, law, and institutions when trade occurs between member countries.

Given that the Commonwealth of Nations is actively involved in advising its members on stable and fair trade deals, what is your assessment of the ongoing discussions regarding the EAC-EU EPA?
The Commonwealth is built on the twin pillars of democracy and development. Trade is an important area, in which we constantly work with our members to advance their development. We do this through supporting them to have the appropriate policy and legal frameworks, such as national trade policies and export strategies; supporting them on trade facilitation; and concluding trade agreements with partners. What is most important is that Tanzania and its partners in East Africa are able to come to a consensus on what is best for them as countries and as a region. The EAC is an important regional integration entity that makes advances in several areas. The region has always shown itself able to rise to challenges, and, because of this, will be able to forge consensus and come to a position that takes into account the concerns of all its members.

Compared to other member states, how do you evaluate the progress made so far by the Tanzanian government to reduce bureaucracy and crack down on corruption?
The Secretariat's public sector governance work assists in the strengthening of anti-corruption agencies of developing member countries in the Commonwealth in order to tackle the problem more effectively and help achieve SDG 16. The annual Heads of Anti-Corruption Agencies' meeting acts as a focal point for peer review of country anti-corruption reports, and shared transferable experiences and lessons. In this, Tanzania is a founding member; it also has a comprehensive body of laws, regulations, and oversight agencies designed to prevent, investigate, and sanction corrupt practices. The legislation deals with corrupt activities at all levels. Since assuming office in November, President Magufuli has been rebuilding trust with Western organizations by cracking down on corruption. ✖

BIO

The Hon. Patricia Scotland was appointed as the first female and sixth Commonwealth Secretary-General in 2015. She assumed office on April 1, 2016. Born in Dominica, she moved to the UK as a child, and later trained as a lawyer. In 1991, she was the first black woman and the youngest woman, at 35, to be appointed a Queen's Counsel. She joined the House of Lords in 1997 as Baroness Scotland of Asthal, serving later as a minister in the Foreign Office, Home Office, and Lord Chancellor's Department. In 2007, she was appointed Attorney General, and became the first woman to hold the post since its creation in 1315.

FREE ACCESS

Late in the diplomatic agreement game, Tanzania and other East African states are scrutinizing the true economic development benefits of the European Union-East African Community Economic Partnership Agreement (EU-EAC EPA).

THE EU-EAC EPA has been in the works for over three years. Back in October 2014, negotiations were finalized, in September 2015 the "legal scrubbing" process took place, and it appeared as if things were progressing nicely.

However, objections from several of the EAC member states, notably Burundi and Tanzania, threw a spanner in the works in late 2016. Since then, the final signing of the contract has been postponed three times, and EU sanctions on Burundi—one of the signatories—have further complicated matters, leaving the fate of the accord hanging in the balance.

The EU-EAC EPA was designed to boost trade and development cooperation between the two regional groups. It gives the EAC duty-free, quota-free access to the EU market for exports, and imposes a ban on trade restrictions, helping East African states work toward desired eradication of non-tariff barriers. However, and this is where the African states have raised concerns, the EPA brings about a slow opening of the EAC to EU imports. In what is described as an "asymmetric liberalization" of trade between the two blocs, the EAC is expected to enable free passage of 82.6% of all goods coming from Europe over a period of 15 years.

On the one hand, opening up to the EU market will give East Africa access to 510 million consumers. Trade between the EU and EAC was valued at USD7.34 billion in 2015, with EAC exports representing USD2.88 billion of this amount. In addition, since Europe is a major donor, financer of projects, and supplier of development cooperation to East Africa, facilitating linkages between the two areas is expected to bring other benefits to the EAC.

On the other hand, there are fears that East Africa will be flooded with EU imports, something that could jeopardize domestic and African industries that are in their infancy. The Tanzanian administration in particular has highlighted that the EU-EAC EPA goes against everything championed in the country's Five-Year Development Plan, geared around stimulating local production and driving economic growth through industrialization.

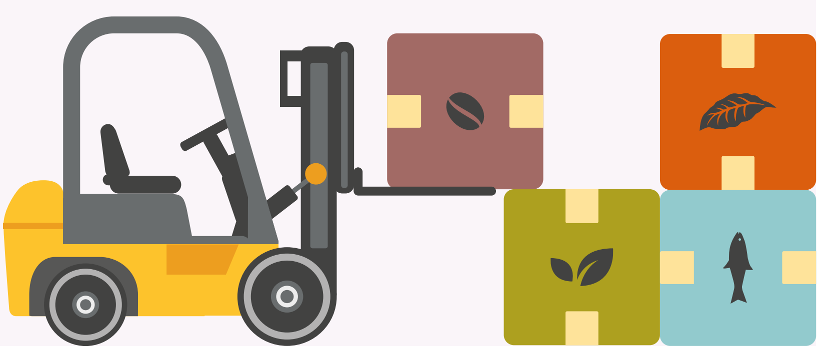
Of particular concern is the EU's Raw Materials Initiative (RMI), which gives European markets easier access to primary and secondary East African products, and could lead to a drain of such items from the region, threatening possibilities for in-country value addition.

On another note, all the countries in the EAC, barring Kenya, already have free access to EU goods under the Anything But Arms agreement, owing to their respective statuses as least developed countries (LDCs). Tanzania, Burundi, South Sudan, and Rwanda are not expected to graduate from LDC status for the next 10 years at least, meaning there is little need to worry about alternative trade deals for another decade.

Adding insult to injury, early in 2017 the UN warned the EAC against the EPA. The UN Economic Commission for Africa (UNECA) claimed that in strengthening trade deals with the EU, the EAC risked losing other valuable trade partners. Welfare, industrial output, and GDP would also suffer, it said. Losses through taxes on goods destined for the EU would cost the EAC USD1.15 billion.

As if to prove this point, figures show that 91% of current EAC trade with the EU is made up of primary commodities such as tea, coffee, fish, and tobacco. Just 6% of trade is made up of manufactured goods. Conversely, 50% of trade between the EAC and the rest of Africa comes in the form of value-added products.

It does not help that the East African states also have their own agendas to consider. With already heightened tension between some members of the community, there is concern that further discord could reduce mutual trust in the EAC. And as the months roll on, it looks like the EU will have to hold its horses. ✖



GUEST SPEAKER

TBY talks to ***Libérat Mfumukeko***, Secretary-General of the East African Community (EAC), on Tanzania's importance to the EAC, the major achievements of regional integration, and obstacles ahead of a monetary union.

GREATER THAN *the sum of its parts*

What are the mutual benefits of Tanzania's membership in the EAC?
The United Republic of Tanzania is one of the founding partner states of the EAC. Tanzania is also the home to a number of pioneer African nationalists and Pan-Africanists, foremost among whom is the late Mwalimu Julius Nyerere. Pan-Africanism is important in this context, because the EAC and other regional economic communities in Africa are all part of the African Union's overarching plan to form an African economic community by the year 2063. Tanzania, the second-largest economy in the region, has also played a crucial role in promoting political liberation and stability not just in East Africa but Africa as a whole. The EAC is, therefore, richer with Tanzania as a partner state.

What has been the impact, in real terms, thus far of the EAC's economic integration process, gaining momentum now for well over a decade?
In April 2016, the community attained international recognition as the fastest-growing regional economic community in Africa. This acclaim is a result of the major achievements in terms of the integration that the EAC has attained in the recent past. For example, the EAC is now implementing a single customs territory, which means goods are cleared only once at the entry point. This has resulted in the drastic reduction of the period taken to clear goods from over 20 days to three to four days on the central corridor; from 21 days to four days between Mombasa and Kampala; and from 18 days to six days to Kigali on the northern corridor. Also, of the 15 borders earmarked to operate as one-stop border posts, 11 have now been completed. Similarly, we are now in a common market, with free movement of people, goods, and capital. Laws have already been enacted in our partner states to ensure that citizens enjoy these freedoms, moving and trading freely.

What obstacles do you foresee along the way to achieving a monetary union between EAC member states?
A high degree of economic convergence is important for individual countries planning to form a monetary union. This aspect is also important for the stability of the monetary union once formed. The loss of national monetary and exchange rate policies by individual partner states after the formation of a monetary union, and the likely constraints on national fiscal policy in the single currency area underline the importance of starting from a position in which such a loss of national discretion in macroeconomic policy can easily be borne and will not outweigh the benefit of introducing a single currency. The major challenge on the road to a monetary union is the fact that the economies of the EAC partner states are too divergent to guarantee a stable monetary union. The macroeconomic numbers for countries like South Sudan and Burundi, for example, are extremely different compared to that of Kenya. In order to promote economic convergence, EAC partner states have agreed on a set of four primary convergence criteria that must be attained and maintained for at least three years before joining the monetary union: a ceiling on headline inflation of 8%, reserve cover of 4.5 months of import, ceiling on the overall deficit of 3% of GDP, including grants, and a ceiling on gross public debt of 50% of GDP in net present value terms. Another challenge is the slow progress that is being made in establishing the key institutions to support the monetary union. For example, according to the East African Monetary Union (EAMU) roadmap, the East African Monetary Institute was supposed to be established by December 2015. However, this was not possible, partly due to the lengthy process of decision making of the community as stipulated in the EAC Treaty and also because some sectoral councils do not meet as frequently as required. The secretariat is doing its best to ensure adherence to the calendar of meetings. ✖

Consensus on EU-EAC EPA expected to be reached in Brussels this year at EU HQ

EAC's priorities this year lie in health, education, and agriculture

BIO

Libérat Mfumukeko is a Burundian diplomat and civil servant. He was appointed to the position of Secretary-General of the EAC by the EAC Heads of State on March 2, 2016 for a five-year term.

INTERVIEW

regional INTEGRATION

TBY talks to ***Dr. Augustine Mahiga***, Minister of Foreign Affairs and East African Cooperation, on economic policy, working on economic integration in the EAC, and ensuring security in the region.

Tanzania is opening its doors to business communities across the world

What are the objectives of the ministry's strategic economic policy?

The ministry has adopted economic diplomacy in recent years to respond to the reality of the international economy. As well as reaching out to other governments for economic development, it has become vital to reach out to the business community for direct investment, dealing not just with other governments and government agencies, but also with economic institutions like the IMF and emerging economic actors and individuals. It is an approach geared to deal with these new realities, committing resources to enhance our economic standing and increase our access to opportunities in the international arena. In particular, such diplomacy has to be directed toward two areas. The first is to ensure that we reshape our economic performance domestically along these lines, promoting a competitive economy and embracing the private sector. The second is to publicize the fact that Tanzania is ready to engage with its own private sector as partners to enable the private sector from overseas to come and work on collaborative projects. This includes making room for PPPs.

What must be done to ensure that economic integration in the EAC acts in favor of the interests of each and every Tanzanian citizen?

Bilateral, national-oriented development cannot be complete without regional integration. East Africa has gone through painful experiences: political differences, fractures in our community, conflict, and ideological clashes. The common services—railways, harbors, the postal system, telecoms, and even the monetary system—that we inherited after liberalization broke down, and we wound up establishing national services. All these are behind us now, fortunately. However, we still need to find a new way of harmonizing, which proves to be difficult. We need these national services to be synchronized in terms of regulatory provisions. That being said, the lynchpin of the new common market is economic trade and investment. We started with the customs union and are now advanced in the common market, heading toward a monetary union. There may be hurdles along the way—as we see with the EU Economic Partnership Agreement (EPA), for instance—but we hope the benefits of economic integration will incrementally become more evident. We may have to readdress the way in which our communities interact to counter any possible imbalances, and it may not take the form of the federation we know. At the recent EAC summit, we discussed fundamental issues such as non-tariff barriers and the aspects of infrastructure that should be coordinated. There are the northern, central, and southern corridors to consider in terms of issues related to energy and resource sharing. It is also too early to tell how the outside world will respond to this proposal for increased integration. Regarding the EPA, we have yet to iron out the difficulties, and it is still clear that some of the agreements are favorable to Kenya as a much more advanced economy and do not necessarily benefit other nations to the same extent. However, we remain open to discussions, and while the timing is not right yet, this will be a vital moment for the EAC to define a new approach to cooperation with Europe.

What policies is the ministry implementing to ensure that safety and security are a key priority in Tanzania and the region?

Tanzania takes its humanitarian responsibilities seriously. We have received refugees from nearby states like Rwanda since 1959, before independence, throughout the liberation movement, and during the Great Lakes crisis. We still receive and host refugees as part of our international obligation. We have an important role that we must continue to play in conflict resolution and promoting peace and stability in the region. The role we have particularly in maintaining and facilitating the resolution of conflict is an extension of our own independence and stability. That is why we swore a dedicated commitment to the UN to operate peacekeeping operations in Sudan, the DRC, and Jordan. ✖

BIO

Dr. Augustine Mahiga is a Tanzanian diplomat who has been Minister of Foreign Affairs and East African Cooperation since 2015. He previously served as the Permanent Representative of Tanzania to the United Nations from 2003-2010 and as the UN Special Representative and Head of the United Nations Political Office for Somalia from 2010-2013. In December 2015, he was nominated as a Member of Parliament by President John Magufuli and thereafter appointed to the Cabinet as Minister of Foreign Affairs and East African Cooperation.

Economy
REVIEW

Tanzania's long-term focus is to foster homegrown skill, while also raising its game in infrastructure through the slow and steady implementation of the Five-Year Development Plan.

COMING INTO FOCUS

According to the 2016-2017 Global Competitiveness Report of the World Economic Forum, Tanzania is the 116th most competitive nation in the world. It also languishes at 132nd among 190 countries in the World Bank's Ease of Doing Business annual study. As Toufiq. S Turky, CEO of Turkys Group, said to TBY, "…while taxation tariffs in Tanzania are fairly similar to other countries within the East African Region, the interpretation of legislation has differed from that of, say, Kenya, (where) the actions of the Kenya Revenue Authority have pushed the country to 80th in the world in terms of ease of doing business, while Tanzania lags behind at 132nd."

THE FUND

In June 2017, the IMF completed its sixth review of Tanzania's economic performance under the Policy Support Instrument (PSI) program, a scheme to determine the most pragmatic direction for economic policy. Back in January, the IMF had warned the government not to fail in its commitment to capital investment—budget permitting—in economy-driving infrastructure supportive of economic growth. Macroeconomic performance is deemed strong, and the medium-term outlook favorable, where the "2017/18 budget reaffirms the authorities' objective of scaling up public investment, while preserving fiscal sustainability." For its commitment to enhancing the business environment conducive to foreign investment, the IMF has approved a six-month extension of the PSI arrangement. In a TBY interview, the IMF's Resident Representative Bhaswar Mukhopadhyay explained how one dilemma faced by Tanzania, namely an FX inflow shortage, was a burden faced throughout East Africa. "The government," he notes, "has worked to mitigate a noticeable decline in inflows causing a slowdown in the growth of monetary aggregates by re-

Image: Zenobillis

The government's 2025 Vision anticipates Tanzania attaining middle-income status by that year, which would require a GNI per capita of USD1,045-12,736 by The World Bank's reckoning.

PEACOCK HOTELS

PEACOCK HOTEL DAR ES SALAAM

…..The Authentic Tanzanian Hospitality.

Peacock Hotel City Center & Peacock All Suites is a 131 bed Hotel centrally located within the City of Dar es Salaam and is only fifteen minutes drive from the Cities largest convention center, the Julius Nyerere Convention Centre, fifteen minutes fromthe habour where access to Zanzibar Island through the Ferry and speed boats is and 25 minutes drive from the Julius Nyerere International Airport. Dar es Salaam is a cosmopolitan urban town and at present is the Capital City of the United Republic of Tanzania. This City is a business hub for the East African community making it the perfect location for conferences, business meetings and social events.

Enjoy the bright city views from our City Centre tower or upgrade to our welcoming Guest Suites or Executive Rooms on the All suites Tower. All rooms come with comfortable beds and soundproofed windows. These contemporary suites offer spacious living rooms, working and dining areas, special bathrooms and bedrooms. Keep in touch with the world as the free internet allows you access, enjoy a meal at the dining table or relax in this unique environment.
Peacock Hotel also provides personal services like Massage, Salon & laundry. Indoor parking, outdoor Wi-Fi access and swimming pool for Residents.
We wish to introduce this “Authentic Tanzanian Hospitality” to the World with a guarantee of great expectations. It’s indeed happiness & comfort within the city.

For your ease of reference, visit our website on www.peacock-hotel.com ducing the statutory minimum reserve requirements at the banks."

FDI

Notably, in July of 2017, President Magufuli signed off fresh mining legislation granting the state a minimum 16% stake in related projects, boosting royalties and enabling the government to renegotiate natural resource contracts. Tanzania's GDP contribution from mining actually fell to TZS486,728 million in 1Q2017 from TZS509,033 million QoQ, having averaged at TZS293,667.04 million from 2005 to 2017. Available data for 2015 puts total FDI net inflows as a percentage of GDP at 4.3%, largely reflecting the discovery of 45 trillion cubic feet of natural gas reserves. The leading five sources of FDI were South Africa, the UK, Kenya, Canada, and China. Another interested party is Oman, and Mohamed Al-Tooqi, Country Manager for Tanzania of the State General Reserve Fund (SGRF) of Oman, explained how the nation was 20% invested in Tanzania's strategic Bagamoyo Port. The port, a special economic zone, is a litmus test of national commitment to "a business-oriented development strategy (to) tap into the country's potential resources (and) spearhead industrialization." Corporate tax in Tanzania is 30%.

MACRO OVERVIEW

The government's 2025 Vision anticipates Tanzania attaining middle-income status by that year, which would require a GNI per capita of USD1,045-12,736 by the World Bank's reckoning. Annual GDP has averaged 7% over the past five years, ranking the nation among the world's swiftest-growing 20 economies, exceeding the Sub-Saharan Africa average growth rate of 4.4% during the period. The IMF forecasts 7.1% growth for 2017 (World Bank Sub-Sahara average estimate is 5.1%). Inflation, essentially food driven, at low double digits in 2011, was brought to manageable single-digit territory in 2016 as per the goals of the central bank, the Bank of Tanzania. As of June 2017 it had climbed 5.4% YoY, down from 6.1% in May.

A DEBT OWED...

Central bank data puts the domestic debt stock at TZS11,353.8 billion at end-May 2017, up TZS223.7 billion MoM and TZS1,434 billion from May 2016. The proportion of long-term debt grew, confirming the government's medium-term policy of stretching the overall maturity profile to facilitate debt service. Government debt equated to 39% of the GDP in 2016. The ratio had averaged at 34.9% from 2001 to 2016, having seen a high of 50.2% in 2001 and low of 21.5% in 2008. Meanwhile, external debt for May 2017 stood at USD17,907.2 million, up MoM from USD17,802.6 million.

BUYING & SELLING

Tanzania's current account virtually halved YoY to a deficit of USD1,508.9 million for the year ending in May 2017. And while export earnings fell, a slimmer import bill enabled this improvement. The month of May saw a trade deficit of USD132.8 million.

EXPORTS

Exports rose to USD608.2 million in May from USD583.5 million in April 2017, having averaged USD550.21 million from 2006 to 2017, peaking at USD956.5 million in December 2015 and troughing at USD228.7 million in March 2006. For 2016 the top-five export commodity groups were pearls, precious stones, metals, and coins on USD1.72 billion; tobacco and manufactured tobacco substitutes on USD370.41 million; edible fruits and nuts on USD359.16 million; ores, slag, and ash on USD323.43 million; and coffee, tea, and spices on USD208.97 million. The GDP contribution from agriculture grew to TZS2,929 million in 1Q2017 from TZS2,268 million QoQ.

GOVERNMENT RESOURCES FOR THE QUARTER ENDING MARCH (BN TZS)

SOURCE: MINISTRY OF FINANCE AND PLANNING

	TAXES ON IMPORTS	INCOME TAXES	TAXES ON LOCAL GOODS AND SERVICES	OTHER TAXES	NON- TAX REVENUE GRANT
MARCH 2016	1,222.5	1,187.3	536.4	234	86.7
MARCH 2017	1,247.2	1,175.8	801.7	290.8	70.8

EDWIN RUTAGERUKA

Acting Director General, Tanzania Trade Development Authority (TanTrade)

What potential for investment does Tanzania's product mix offer?

There are a few products that spring to mind when we talk about Tanzania's abundant natural resources. We have long backed the burgeoning honey trade, with annual capacity estimated at 240,000 tons and current production levels hovering at 145,000 tons per annum. Furthermore, Tanzania is famous for its spices. Then, there are other products such as sunflower and sesame seeds, currently being exported in their raw forms. We have commercial products such as our large array of indigenous baskets—iringa, kitenge, bahari, and bakuli—with potential in domestic and international markets.

How does TanTrade forge linkages between domestic products and external suppliers?

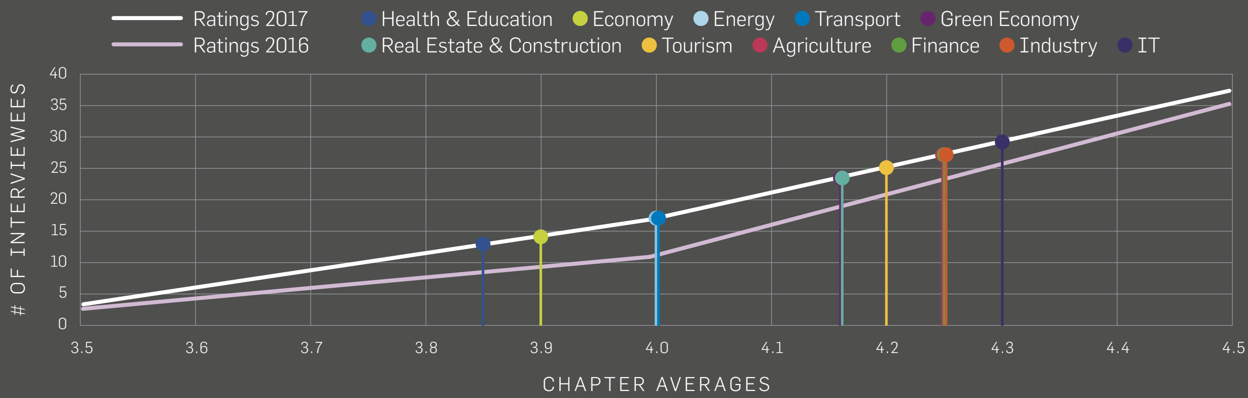
TanTrade is a unique public sector organization, under the Ministry of Industry, Trade and Development, mandated to boost local and global trade. One of the main ways in which we link production to market is through trade fairs. The spacious Mwalimu JK Nyerere trade fair grounds, which also accommodate the headquarters of TanTrade, comprise some 160,000sqm of exhibition space. We invite more than 30 countries to showcase their wares, including many from Africa, the Middle East, Southeast Asia, and the US.

TBY ANALYTICS TANZANIA 2018

TBY Analytics reviews all the interviews conducted for ***The Business Year: Tanzania 2018*** and examines trends and sentiment among the country's business leaders.

BUSINESS CONFIDENCE INDEX

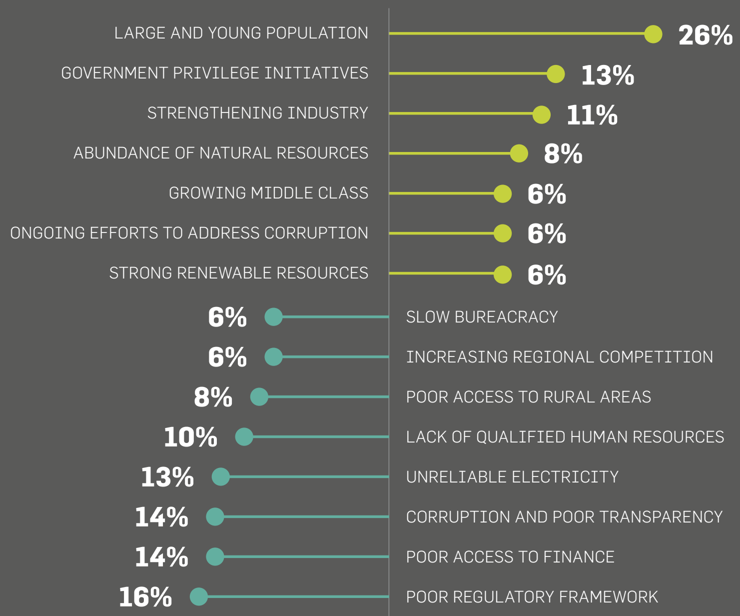
Through interviews with business leaders across Tanzania's economy, TBY Analytics has reviewed business confidence among our interviewees for the year ahead from 1 (very negative, expecting large losses) to 5 (very positive, expecting high growth). **The average business confidence rating was 4.09.**



Our analysis found little variation from the previous year's review of business confidence. This year, finance was more confident, as was IT, with interviewees in the economy chapter and the health and education sectors showing less confidence on average than in the previous year.

ADVANTAGES AND CHALLENGES

Our interviewees often discuss the **advantages and challenges** of doing business in Tanzania. These were their most frequently mentioned, by % of interviewee:



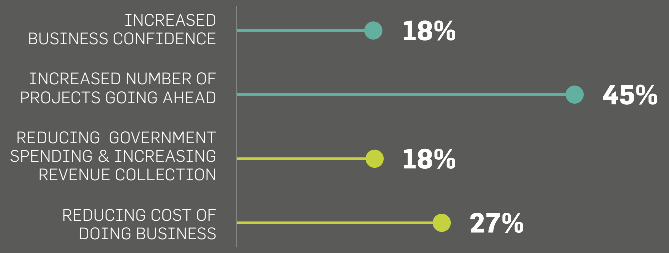
In Tanzania we have the benefits of a large and growing population, as well as vast natural resources. However, at the end of the day, success in business comes down to one's drive. There are challenges that face entrepreneurs daily and these are mostly the same challenges facing entrepreneurs everywhere in the world.

Fauzia Malik

Founding Member & President of Entrepreneurs Organization (EO) Tanzania

ANTI-CORRUPTION DRIVE

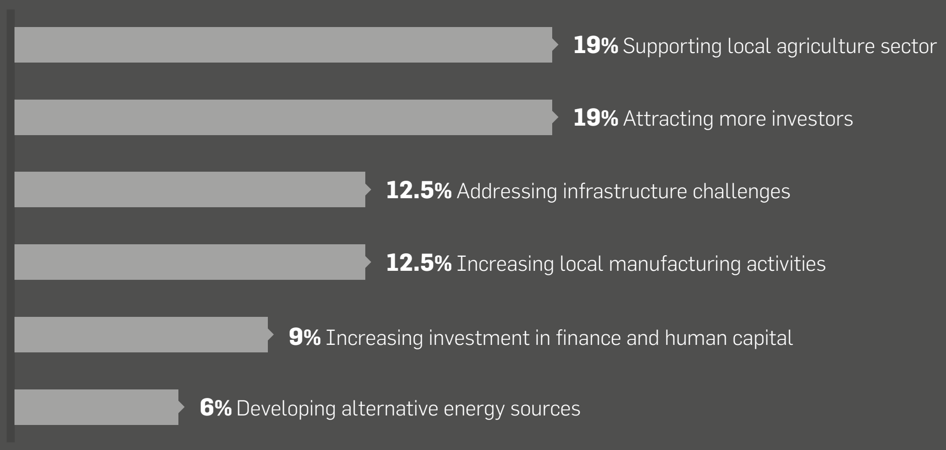
60% of interviewees in the economy chapter mentioned how the government's anti-corruption drive has impacted Tanzania's business environment. These were some of their most frequently discussed benefits:



A number of interviewees noted that ***the strong anti-corruption stance is strengthening Tanzania's attraction for overseas investors.*** *Others noted that they have seen recalibration and adjustments made to companies' operational strategies, which has generally resulted in a reduction of overheads.*

INDUSTRIALIZATION DRIVE

51% of the interviewees told TBY how the government's development plan and industrialization drive has impacted sectors in Tanzania. The graph below indicates the most commonly mentioned impacts:



SOME OF THE OTHER NOTED IMPACTS:

Improving reliability of power supply and generation, facilitating and accelerating construction of projects, improving insurance penetration, more support for oil and gas and FMCG, and easing of processes and procedures for companies.

EXPORT AND OPERATING MARKETS

38% of interviewees told us that they are exporting to and/or operating in overseas markets. The most commonly mentioned export and operating markets were:

THE TOP 9:


50%
KENYA


42%
RWANDA


33%
BURUNDI


25%
INDIA


25%
ZAMBIA


17%
UK


17%
CHINA


17%
MOZAMBIQUE


17%
UGANDA

OTHER MARKETS:

Nigeria
South Sudan
Vietnam
US
Japan
Germany
Singapore
DRC
Oman
Namibia
Comoros

> *In the past, we exported in large quantities to Germany and the UK. However, we are working on market diversification and the focus has now shifted to Asia, both in imports and exports. We seek to bridge the gap, since the trading balance still slides in favor of our traditional trading partners.*
>
> **Edwin Rutageruka**
> Acting Director General of Tanzania Trade Development Authority (TanTrade)

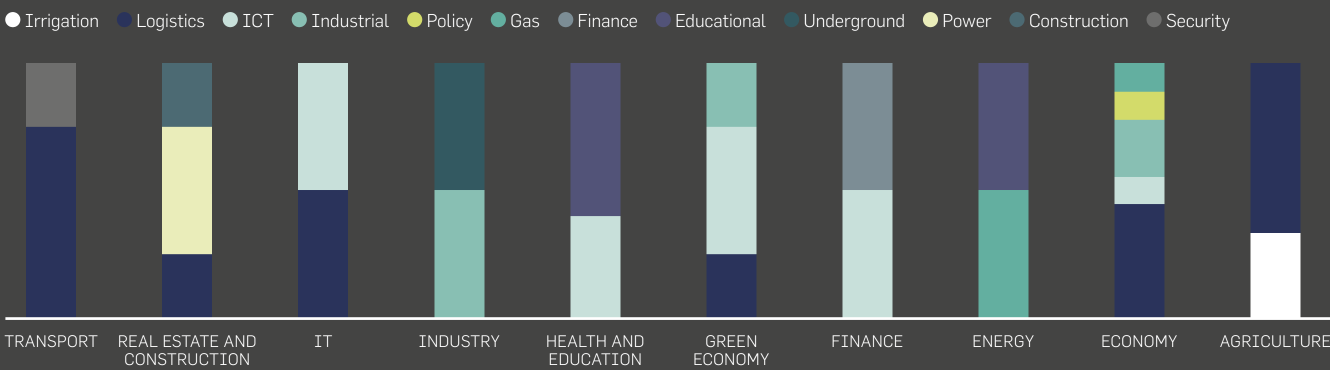
GROWTH POTENTIAL

38% of the interviewees discussed which sectors they think have long-term growth potential in the Tanzanian economy. The graph below demonstrates the most commonly mentioned sectors:

> *In terms of growth in the economy as a whole, I see potential in agriculture, tourism, financial services, and various areas of manufacturing. In line with this, MeTL is working on various agri projects, with a view to value adding where possible. We are persistent in our attempts to enter the financial services market, in particular banking.*
>
> **Mohammed Dewji,** President of MeTL Group

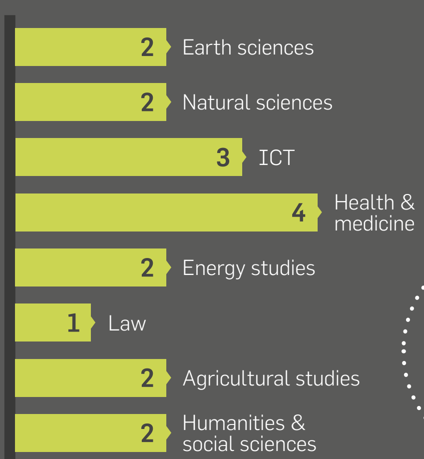
INFRASTRUCTURE IN NEED

52% of our interviewees mentioned the infrastructural challenges they face. The below graph illustrates the type of infrastructure required in certain sectors:



EDUCATION

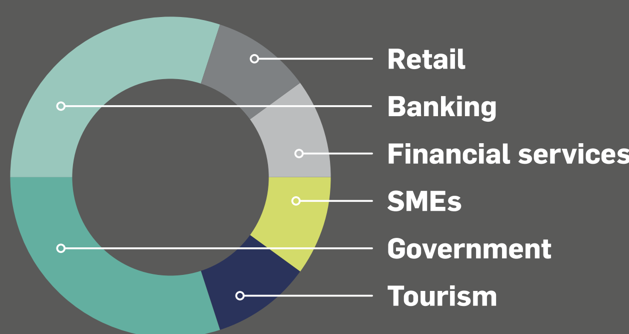
Our interviewees in the education chapter told us which subjects they are introducing to the curriculum:



75% of interviewees are expanding their facilities

IT

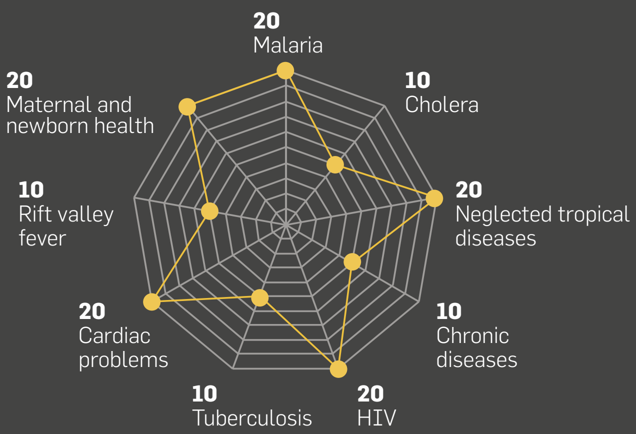
Our interviewees in the IT chapter revealed which sectors have the biggest demand for IT solutions:



60% of the interviewees in the IT sector are working to improve connectivity in rural areas.

HEALTH

According to our interviewees in the health sector, these are the biggest problems facing Tanzania's healthcare industry:



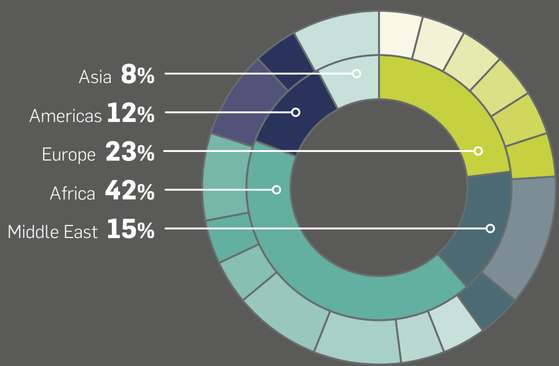
And our interviewees noted a few methods for combating neglected tropical diseases, such as:

- *Working with the neglected tropical diseases (NTD) program to measure the disease burden and monitor the impact after implementation of various interventions*
- *Distributing free medicine to interrupt transmission*
- *Implementing mass treatment, water, hygiene and sanitation (WASH) activities and other interventions*

TOURISM

Our interviewees in the tourism chapter mentioned from which markets they are looking to attract visitors:

China • UK • Czech Republic • Germany • Poland • Belarus • Russia • US • UAE • Brazil • South Africa • Burundi • Rwanda • Uganda • Kenya • Ghana • Nigeria • Israel



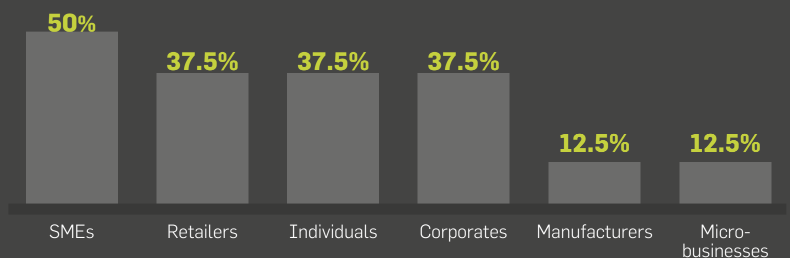
Tanzania has so much to offer as a tourist destination. Efforts are being made to build and improve the existing tourism infrastructure in Tanzania especially in the southern and western regions. This will open up many opportunities both for investors and more tourists to come to Tanzania.

Devota Mdachi
Managing Director of Tanzania Tourist Board (TTB)

TYPES OF TOURISM RECEIVING INVESTMENT FROM INTERVIEWEES: **MICE** 12% **Nature/Wildlife** 47% **Beach** 20% **Historical** 7% **Sports** 7% **Luxury** 7%

FINANCE

TARGET CLIENTS:
(85% of interviewees)



50%
of interviewees in the finance chapter told us **they are supporting/investing in SMEs**.

37.5%
of them said they have **problems with access to finance** because of illiquidity in the market and **banks' reluctance to lend.**

For 2016 the top-five export commodity groups were pearls, precious stones, metals, and coins; tobacco and manufactured tobacco substitutes; edible fruits and nuts; ores, slag, and ash; and coffee, tea, and spices.

IMPORTS

In May 2017 imports rose to USD741 million from USD672 million MoM. The print averaged at USD833.75 million from 2006 to 2017, peaking at USD1,399.3 million in December 2011 and troughing at USD89.3 million in March 2006. For 2016 the leading five categories were mineral fuels, oils, and distillation products on USD1.43 billion; machinery, reactors, and boilers on USD936.23 million; vehicles other than railway/tramway on USD757.14 million; electrical and electronic equipment on USD616.26 million; and plastics on USD405.78 million.

SWEET DIVERSITY

Edwin Rutageruka, Acting Director General of the Tanzania Trade Development Authority (TanTrade), pointed out certain products that call for commercial processing. "Tanzania is the second-largest country in Africa in terms of livestock population, with 25 million cows (to name just one item)." Meanwhile, the annual capacity of honey is estimated at 240,000 tons, and when Zanzibar's products are included the spice trade becomes a viable money-spinner.

THE LION'S SHARE

Tanzania, on the Indian Ocean, offers more than safaris. And tourism, with 1,284,279 visitors in 2016 up 12.9% YoY, generated revenues of USD2 billion in 2016, up from USD1.9 billion in 2015. The Ministry of Natural Resources and Tourism's program for 2017/2018 earmarks a budget of TZS148.6 billion, with TZS51.8 billion going to development projects. PWC research puts compounded growth in available rooms at 2% annually, estimating available rooms climbing from 7,700 in 2016 to 8,500 in 2021, while guest nights rise from 1.6 million to 1.8 million. Moreover, the average daily rate of hotels (ADR) is forecast climbing from USD140 to USD174, with total room revenue appreciating by a compounded annual 6.9%, to USD371 million in 2021.

AND FOR 2017?

Focus Economics foresees slight economic deceleration on slack private-sector credit growth; the latter a domino effect of the banking sector's higher non-performing loans. Meanwhile, the external sector is being buttressed by rising tourism and gold exports. GDP seems set to grow 6.3% this year, rising to 6.6% in 2018. The IMF's Bhaswar Mukhopadhyay expects sustained execution of policy set in the previous budget "to continue (building) infrastructure, reallocating spending toward development needs, and improving revenue collection domestically."

Tanzania is finding its focus economically to better benefit from the FDI it seeks to attract. Its longer-term job now is to foster home-grown skills, while also raising its game in key infrastructure. ✖

FAUZIA MALIK

Founding Member & President, Entrepreneurs Organization (EO) Tanzania

What are the defining features of EO in Tanzania?

EO is a global organization with over 12,000 members across the world. In Tanzania, we launched our chapter in 2015 and had just 16 members. Since then, we have doubled in size and have been singled out as the fastest-growing EO chapter at our annual global summit. The key driver behind this is that we offer learning, which is scarce in Tanzania. EO, through our Chapter Board of eight members, arranges learning events with speakers from all over the world, providing training and tools for entrepreneurs to grow their ventures.

INTERVIEW

wealth of RICHES

TBY talks to ***Geoffrey Mwambe***, Executive Director of Tanzania Investment Centre (TIC), on opportunities in Tanzania, ensuring policy and regulatory stability, and its key priorities moving forward.

Plans to completely integrate BRELA, TIC, and TRA

Which strategic investment opportunities in Tanzania has the TIC been championing over the past year?
Tanzania is going through a transitional period, and, as such, TIC has spotted areas where we can make reforms, increasing incentives and overall investment figures, and is taking the necessary measures to do so. The priority areas to attract investment, singled out in the government's Five-Year Development Plan 2016-2020/2021, are in manufacturing, particularly in agricultural processing, textiles, cotton, and leather products, as well as building materials, following the recent rise of the construction sector. We have the resources and raw materials, so it is just a question of the value addition. Finally, we have strong links with neighboring countries and TIC recognizes the importance of maintaining this and forging new ties to establish channels of commerce and enable us to come together as a region and create one robust market.

How are you specifically tackling the issue of land legislation, which has proved difficult for foreign investors to navigate in the past?
Just recently, TIC held an extensive and intensive discussion with the Commissioner for Lands. Our aim is to enhance the powers of the land officers stationed at TIC, which provides all the necessary land processing services under One Stop facilitation Centre within TIC. We are also establishing a joint land-auditing program to identify parcels of land not in use; therefore, we can make it available for investors. The idea is to have this available land formalized and ready for use, so that when an investor expresses an interest, we are able to accommodate within a matter of days. Moreover, we have plans to put in place a "landbank" fund that will help raise finances for conducting land surveys and compensating locals who own land that has been earmarked for investment.

What is being done at an institutional level to ensure policy and regulatory stability?
The TIC works hard to connect various governmental ministry departments and agencies with investors in order to ensure that everyone is on the same page, and that transparency reigns supreme in all business transactions. TIC is interested in being an advisor in the investment policy in the country. We have been providing advice straight to the government to address all matters related to business environment. TIC also monitors and garners the necessary data from the business community, and we make this data readily available so that it can better inform policy decisions. We work with key stakeholders, such as the Tanzania National Electric Supply Company (TANESCO) and the National Environment Management Council (NEMC) to ensure that they too are on board with all procedural changes. Finally, we recently established the National Investment Facilitation Committee, a meeting place for CEOs and commissioners of all institutions to sit down and discuss how best to streamline business procedure in the country, registration, issuance of approvals and permits, and so on. TIC is also establishing a National Investment Promotion Committee for undertaking a coordinated promotional effort.

What is your outlook and your major areas of focus for the year ahead?
We have tried to reform internally and also associate the reforms with the institutions that are participating in the One Stop Facilitation Centre. We need to research, promote, and make investors confident to come and stay in the country. We are planning to launch our online investment window called Tanzania Investment Window (TIW) to radically reduce application forms in a friendlier manner. We have decided to increase our presence at the zonal level in upcountry regions so that we can collaborate with district councils and local authorities in addressing investor challenges and acquire land for investment. Therefore, we have decided to strengthen our regional offices around the country in all the main zones, as well as open three more branches to create an environment where an investor's sole focus can be on its core objective of productivity. ✖

BIO

Geoffrey Mwambe was appointed to his current position of Executive Director of TIC in 2017. He also serves as a Board Member at the Bank of Tanzania and at Tanzania Telecommunication Company PESA Ltd. He holds a BA and an MA in economics from the University of Dar es Salaam.

INTERVIEW

ALL SIGNS *point to yes*

TBY talks to ***Kalpesh Mehta***, Chairman of British Business Group (BBG), on the diverse make-up of BBG's members, pushing for greater innovation, and reaping the gains of reforms to Tanzania's business environment.

What do changes to the membership mix at the BBG say about recent developments in Tanzania's business environment?
The BBG has developed a strong presence in Tanzania over the past decade, with: a coastal chapter based in Dar es Salaam and a northern one in Arusha. In the latter our membership comprises companies dealing mainly in the tourism, agriculture, manufacturing, transport, and mining sectors, while more multinationals are based in Dar es Salaam, and these make up the majority of our coastal chapter membership. In total, we have around 250 members. In general, we see more turnaround in the coastal chapter, with expats coming in and leaving. There is less movement in the northern chapter and many of our members are familiar faces in the business community. Our members learn about changes to the business environment through our planned events such as breakfast meetings or special events. Every year in May we host a trade fair for our members to promote their businesses and do business with BBG members. We also host "hot topics" from which our members can benefit. As a result of our successful and informative activities for our members, we have seen membership growing.

What factors have recently impacted the business environment?
One major challenge affecting members is the illiquidity of the market. This has impacted us all over the past one to two years: we see fewer new entrants while more established businesses witness diminishing growth or in some cases are forced to restructure to survive. In particular, we have seen customer-facing companies most impacted, including in the telecommunications, FMCG, services, and tourism sectors. This last sector has also been impacted following the introduction of additional taxes. Having said that, we have also seen positive responses to this situation from local industries, since imports have reduced and in-house manufacturers have seen a resulting uptake in sales.

What approaches should be employed to facilitate business growth?
From a private-sector point of view, it is important for businesses to push innovation. Consumers are not going anywhere; they are just changing their patterns, habits, and where they spend their money. They will continue to purchase things. Thinking innovatively in the market, trying to predict customers' actions, and staying ahead of the game; these are the secrets to success in the face of adversity. Many businesses in Tanzania are heading down this route, seeking to do things differently. Making products more accessible at lower costs helps us drive the top line. From the public sector, we need to see continued emphasis on private-public engagement. We need to create an environment that breeds openness and trust, which will provide a welcome predictability to the business world. If new regulations come into play, then these should be publicized at an early stage in order for companies to be prepared.

How do you view the recent announcement that around 47% of the current budget will be dedicated to infrastructure projects?
If the government succeeds in sourcing financing for all its infrastructure projects, it could create an enormous boost for the economy. Infrastructure is a pillar for growth in any economy. If we can access funds and deliver those projects, then such development will definitely take Tanzania to a different level. The confidence has to be in securing access to funds to be able to execute these projects.

What is your outlook for the growth of Tanzania's economy?
The BBG remains optimistic, because it is clear that the intent of the reforms to Tanzania's business environment is positive. Furthermore, the bottom line that Tanzania is ripe for investment still holds true. All the resources and the population—which is growing every year—are there. There is potentially a healthy middle class that can contribute more to the economy. All the ingredients for success are there; it is matter of having the right policies to enable the country to grow to its potential. ✖

BIO

Kalpesh Mehta is Chairman of BBG and a seasoned finance professional with over 20 years of international experience in the oil and gas, telecoms, and FMCG industry. He holds BA in economics from the University of Manchester and a fellowship from UK ICAEW.

INTERVIEW

two to TANGO

TBY talks to ***Raymond P. Mbilinyi,*** Executive Secretary of Tanzania National Business Council (TNBC), on its work to support the private sector in the country, tackling challenges in the economy, and clamping down on corruption.

What is the principal mission of the council, and how does it work to achieve this?
The TNBC was established by presidential decree in 2001 and was first formed in 2002 as a way of bringing together the government and private sector to discuss how best to support the private sector in the country. When we moved from a central economy to a market-led economy, it was decided that the private sector would be the engine of the economy and the government the facilitator. When his Excellency President John Pombe Magufuli came to power in 2015, as the Chairman of the Council he appointed the third council, which was inaugurated in April, that met for the 10th TNBC meeting. The council has 40 members: 18 from the private sector, representing sub sectors such as tourism, agriculture, and others; the labor union; government ministries; the governor of the Bank of Tanzania; and prominent members from academia. The purpose of the council first and foremost is to brainstorm how best to improve the business environment and competitiveness of this country, lowering the costs of doing business, enabling the growth of medium and small businesses, as well as larger companies, and ultimately attracting more foreign and domestic investment. A foreign investor will always ask a domestic investor about business in Tanzania; therefore, it is important to improve conditions for those companies that are already here.

IN NUMBERS

Seeks to increase contribution from tourism, currently at

17.5%

of GDP

What was on the agenda at the 10th TNBC meeting?
We had three main agenda points: Tanzania's business environment, private sector participation in industrialization, and strengthening the links between agriculture and industrialization. On the former, we tackled several different challenges that active businesses currently face, including a lack of access to land and underdeveloped human capital. On the latter two issues, we looked closely at how to fill in the gaps in our agricultural production, through irrigation projects, greater availability of fertilizer, improved small scale and commercial farmer linkages, and the best possible methods of value addition in agriculture. Elsewhere, we also discussed opportunities in tourism, currently contributing 17.5% to the GDP, with the potential to contribute much more. Currently, we welcome 2 million tourists on average each year; however, by reducing the costs for tourists entering the country—through more competitive rates for transportation and accommodation—we could double or even quadruple that number. On this front, we explored the various ways to fast track the improvements planned for Air Tanzania.

What was the response from the public sector regarding progress made to these ends?
Prime Minster Hon Kassim Majaliwa directed Tanzania Port Authority to have 24 hours operations to increase efficiency and reduce congestion at the port. The various ministers present at the council meeting reported on the respective progress made. At the moment, the Ministry of Land is working to expedite titling procedures, both for investment and housing. The Ministry of Agriculture revealed plans for the bulk procurement of fertilizer to minimize costs while the Ministry of Local Government explained how it will link small traders with the appropriate infrastructure, designating spaces for marketeering complete with all the necessary facilities.

What about the private sector?
It takes two to tango, and the private sector also has a role to play. When we talk about economic corruption, often there is a preconception that the fault lies mostly with the public sector. However, it behooves the private sector as well to tackle corruption in Tanzania. Private businesses have benefited from the fifth government's tackling of corruption, bureaucracy, and the cost of doing business. At the end of the meeting, the chairman requested that TNBC prepare the matrix relating to the various concerns raised by the private sector that came under discussion, as well as allocate chief responsibilities and confirm the timeframe for completion. The 10th TNBC meeting was a great success as it reaffirmed the commitment of the fifth government phase of private-sector development in Tanzania. ✖

BIO

Raymond P. Mbilinyi is the Executive Secretary of TNBC. He is a professional engineer, with a BSc in engineering, a certified project manager, and a professional marketer with an MBA in marketing and over 18 years of professional experience in Africa. He has gained extensive experience in both public and private organizations, and for international organizations such as the World Bank, UNIDO, and BP. He also served as Vice-President of the World Investment Promotion Agencies Association (WAIPA) until December 2012. Currently, he is a Board Member of Tanzania Industries Licensing Board (BRELA), Victoria Microfinance Co., and the Tanzania Private Sector Foundation (TPSF).