

TANZANIA

East Africa's bastion of stability and reform

The East African Community (EAC) provides a host of interesting investment opportunities in sub-Saharan Africa. It has withstood the global financial crisis well, with EAC economies showing buoyancy and maintaining growth, albeit at reduced rates, and regional integration is progressing. Tanzania boasts East Africa's second-biggest economy, after Kenya, and provides an ideal foothold in the region. "When you invest in Tanzania, you will have access to a large market which includes the EAC as well as the SADC (Southern African Development Community)," says President Jakaya Kikwete.

Under his leadership, the country has become a bastion of economic reform and political stability. After entering office

UNMARRED BY INTERNAL STRIFE THAT HAS BLIGHTED MANY AFRICAN STATES, TANZANIA BOASTS EAST AFRICA'S SECOND-BIGGEST ECONOMY AND PROVIDES AN IDEAL FOOTHOLD IN THE REGION

THE GOVERNMENT'S BUDGETARY PRIORITIES INCLUDE EDUCATION, INFRASTRUCTURE, HEALTHCARE, AGRICULTURE AND THE WATER SECTOR

in 2005, the President implemented numerous reforms aimed at fighting corruption, improving social development and expanding democracy. Having secured re-election last October, President Kikwete and his Chama Cha Mapinduzi (CCM) party have another strong mandate to lead the nation.

The country prides itself on its peaceful heritage. "We have to

engage ourselves in peacekeeping, because we are surrounded by hot spots," says Minister of Foreign Affairs Bernard Membe. "There are civil wars and crises fought in Africa and we thought it was high time to train and involve our soldiers in peacekeeping missions."

Over the past two decades Tanzania has transformed from a centrally planned to a market-oriented economy. The successful implementation of trade liberalization measures has increased foreign interest. The net inflow of foreign direct investment (FDI) rocketed from \$5.84 million in 1989 to \$414,545 million in 2009. Gross domestic product (GDP) also rose, from \$8.638 billion in 1999 to \$21.623 billion in 2009.

The International Monetary Fund (IMF) economic outlook report for sub-Saharan Africa states Tanzania's economic prospects are promising. Last October, the IMF congratulated both the Bank of Tanzania (BoT) and the government for their practical monetary and fiscal policies. "The financial sector is very sound and all key indicators of the banks are adequately capitalized; they have more than enough liquidity," says Prof. Benno Ndulu, governor of BoT.

Real GDP growth has averaged 6.5% per year over the past decade, and the forecast is for strong growth. The Economist Intelligence Unit expects GDP to increase to 7.1% this year and 7.5% in 2012 as investment, trade and tourism pick up.

Opportunities for investment permeate sectors such as agriculture, energy, mineral and gold mining, financial services, infrastructure, ICT and tourism.

Covering an area of 365,754 square miles, Tanzania is the largest country in the region. Agriculture is the mainstay of the economy. The U.S. government recently announced it would contribute \$2 million to



President Obama's first meeting with an African head of state was with Tanzania's President Jakaya Kikwete in the Oval Office at the White House on May 21, 2009

establish the Southern Agricultural Growth Corridor of Tanzania (SAGCOT) project as part of a new global framework, entitled *A New Vision for Agriculture*. "If you can succeed in turning Africa's agriculture around, you will have made a real difference to the fight against poverty," says President Kikwete. "We have products we want to market, and we are interested in

foreign investment, as well as technology and skills."

Recently, the government and the UN endorsed a four-year, \$773-million development plan that will run from 2011 to 2015 and focus on a raft of social and economic improvements.

Road building and energy projects are set to give a boost to the construction industry, and the economy will also benefit from

increased gold exports. Also, according to the Minister for Industries and Trade, Dr. Cyril Chami, Indian companies have shown interest in investing some \$250 million in Tanzania's manufacturing sector. "If Tanzania was as strong economically as it is politically, we would be attending G20 meetings," says Dr. Chami. "In a few years Tanzania will be a giant in the continent."

Setting the standard in Tanzania



CHARLES EKELEGE, Director of TBS



Since 1976, the Tanzania Bureau of Standards (TBS) has set national standards and supervised their implementation in all sectors of the economy, for both domestically produced and imported goods. TBS is also active in harmonizing standards throughout the EAC and SADC.

Those products that meet the standards receive the TBS mark, which is respected as a symbol of quality and sought out by consumers.

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Special zones help increase industrialization and offer incentives to investors

The future of Tanzania is intertwined with its new economic zones. These, in turn, benefit from the country's political stability that raises investor confidence

TRADITIONALLY, Tanzania has virtually bled natural resources; its main exports have been in the form of raw, unprocessed materials with minimal value addition. President Kikwete's Mini-Tiger Plan 2020 dictates increasing industrialization, which will in turn generate thousands of jobs, attract the transfer of new technologies, and greater wealth in the form of higher export earnings and increased foreign direct investment.

The key enabler of this industrialization process is the Export Processing Zone Authority (EPZA), an autonomous government agency responsible for coordinating two major investment promotional schemes: the Export Processing Zones (EPZs) and the Special Economic Zones (SEZs). These two schemes are in the process of merging into one general scheme that has been dubbed the Economic Development Zones (EDZs).

The objective of the EPZs is

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Tanzania is the ideal gateway to East, Southern and Central Africa

to attract and promote investment for export-led industrialization and the processing of local raw materials, including leather, textiles and garments, lapidary, wood, and fish. One of the basic conditions for participation in an EPZ is that at least 80% of the produced goods must be exported, while the remainder may be offloaded in the local market. On the other hand, the SEZs encompass many more sectors than just manufacturing. Moreover, SEZs impose no limitations on domestic sales.

In the new EDZ plan, there will be three major components, explains Dr. Adelhelm Meru, director general of EPZA. "The first component is the Township EDZs, which are large in-

dustrial complexes in the form of satellite towns. Township EDZs will include economic and social activities and will be supported by logistical infrastructure including ports and airports.

"The second component will be Specialized EDZs. These will include free zones, industrial parks, ICT parks or sector specific zones like agriculture EDZs, tourism EDZs etc. The last component will be Export Orientated EDZs, which will be more or less similar to the present EPZs and will involve investments aimed at manufacturing for export," says Dr. Meru.

There are several advantages and incentives for members of these schemes. Investors enjoy a 10-year exemption from cor-

porate tax and withholding tax on rent, dividends and interest; remission of all taxes on raw materials and capital goods; exemption from taxes and levies imposed by local government authorities on products produced in EPZs; and exemption from VAT on utility and wharfage charges.

Beyond fiscal incentives, another benefit of exporting from Tanzania lies in the country's preferential agreements with huge markets, including AGOA in the U.S., the European Business Association (EBA), the East African Community (EAC), and the Southern African Development Community (SADC), among other bilateral agreements. Indeed, Tanzania is the only country in East Africa that is also a member of the SADC.

Despite their underdevel-

oped infrastructure (a problem EPZA is addressing through PPPs and private-sector operator licenses), Tanzania's EPZs have performed much better than anticipated. For example, in the first three years, 8,000 jobs rather than the expected 6,000 were created, and 62 companies registered, compared to the 45 that the World Bank had deemed a realistic target. Export volume during the third year reached \$225 million, \$75 million higher than predicted.

Because the economic zones' infrastructures beg for improvement, investment opportunities go beyond just manufacturing and into on-site infrastructure development as well as the provision of utility services, says Dr. Meru.

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Agriculture, the green revolution

Initiatives are underway to strengthen the sector, which employs around 80% of the workforce, boosting production and improving market access for farmers

Given Tanzania's 44 million hectares of fertile arable land, it should come as no surprise that the country's economic mainstay is agriculture. Coffee, tea, cashews, sisal, cloves and flowers are Tanzania's main cash crops and account for the vast majority of export earnings (in

2009, the agricultural sector accounted for over 25% of GDP). However, despite high volumes of production, though, poor roads, unreliable cash flow to farmers and poor pricing have meant that in recent years large amounts of produce never make it to market.

While Tanzania's government has raised its budget allocation to 7% for the sector, firms from around the world agreed at this year's World Economic Forum in Davos to chip in on projects to develop agriculture and lift more people out of poverty. In the meantime, President

Kikwete continues to lead his strategy of Kilimo Kwanza, or Agriculture First, that he launched in 2009. Aimed at catalyzing an agricultural revolution, the strategy is increasing production and productivity by implementing modern practices, technology

and inputs among the country's small-scale farmers, who make up the vast majority of the sector. Increased mechanization in many cases must be coupled with training, technical assistance, and of course, maintenance. The U.S. is doing its part to

help Tanzanian farmers through the Millennium Challenge Corporation, by funding decent roads leading into areas with agricultural potential. Other U.S. initiatives are helping improve access to credit, food processing capacity and productivity.

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Richly endowed with fertile soils, reliable rainfalls, and unique ecosystems, the land of Kilimanjaro aims to be Africa's top coffee producer and has space for new, larger estates



Along with Colombia and Kenya, Tanzania is one of only three

countries that produce the world's most expensive variety of Arabia coffee, Colombian Mild, and is looking to capitalize on predictions by the International Coffee Organization (ICO) that the coffee market will grow by almost 6 million bags by 2020, boosted by the Chinese increasingly acquiring a taste for the finely roasted bean and consumption in India set to double.

There are around 450,000 smallholder farmers involved in coffee production in Tanzania all year round. "We estimate that 200,000 hectares of land are under cultivation. But the potential land suitable for growing coffee is well above 500,000 hectares. This is an



ADOLPH KUMBURU, Director General of the TCB

opportunity we want to capitalize on," says Adolph Kumburu, director general of the Tanzania Coffee Board (TCB), which in 2009 identified six extra regions with land suitable for growing coffee. "We want to open up room for big businesses at the production level. Currently only 10% of producers are big estates."

Established in 1993, the TCB oversees the nation's coffee industry and has been working hard to raise Tanzanian brands' profile internationally.

"There is a lack of technology investment in the sector that could award us Full Colombian Mild – the best type of coffee on the world market. It always pays a premium on the New York commodity market, which we have been losing out on for a long time because we cannot make the product as required by the market," says Mr. Kumburu.

The government's Kilimo Kwanza development efforts and the focus on introducing irrigation and mechanized farming will also add a great deal of support to the coffee sector.

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BIDCO

From the soil to the pan

Deeply rooted in the soil of East Africa, Bidco is creating a fully integrated edible oil business in Tanzania and beyond



When Bidco Oil moved into Tanzania in 2001, it initiated a new era for both the 40-year old company and for the country.

Bidco's presence and investment in Tanzania – the first foreign country into which the Kenya-based company ventured – has helped the country to become less dependent on imports, while encouraging small-scale oil palm farmers to increase production and improve quality as it is from these farmers that the company buys up raw materials. Bidco, on the other hand, has benefited from direct access to one of Africa's fastest growing markets.

The company, who now employs 600 people locally, chose Tanzania as its first foreign investment on the road to covering the continent for



HEMAL SHAH, CEO of BIDCO

a number of reasons. "We saw it as a model project for our group. Tanzania has political stability and its economy has been growing steadily. We saw the potential for growth within the Tanzanian market itself," explains Hemal Shah, CEO of Bidco. "We thought that it would be good to have a commercial production in-

vestment here, so that we could integrate backwards into agriculture over a period and achieve our 'Soil to Pan' vision."

Nine years ago, Bidco had 10-15% of the market share for soap and some 5-8% for edible oil. Today and \$20 million invested later, those figures stand at 55% and 45%, respectively, and the company commands a strong foothold in Zambia and Congo.

Bidco Oil is today the largest manufacturer of vegetable oils, fats, margarine, soaps and protein concentrates in East and Central Africa. Additionally, it offers the widest range of quality edible oil and hygiene products in the market.

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A competitive and fair ICT sector

TCRA is the independent entity that promotes and regulates the country's communications industries while attracting investment to maintain the sector's strong growth

Modern communications have changed the way people do business, stay in touch, access information, and even spend their free time. Tanzania is no exception to the rule, and resources such as the internet and cellular phones are making a significant impact on everyday life in this large country with underdeveloped transportation infrastructure. From rural farmers to students and entrepreneurs in cities and towns, ICT is proving to be a playing field leveler when it comes to the rest of the world.

Overseeing and spurring the phenomenal growth of Tanzania's communications industries is the Tanzania Communications Regulatory Authority (TCRA). As a kind of referee, the TCRA safeguards fair competition while protecting the consumer by ensuring good quality services. The telecoms sector made the transition from a monopoly to a fully liberalized market approximately a decade ago, and since 2003 the TCRA has been issuing licenses, establishing standards, monitoring performance, and carrying out systematic studies on the sector.

Professor John S. Nkoma has served as the director general of the TCRA since its founding eight years ago, and has been witness to the tremendous evolution in the ICT sector.

"I joined this authority at a very exciting time, and I



About 1,475 Mbps of Tanzania's internet and data capacity is from satellite

have seen all this growth in terms of the number of companies, applications and fiber-optic networks for example," he says.

Cellular phone and internet services are among the fastest-growing industries. According to the TCRA's September 2010 survey, there are 31 operators offering fixed wireless internet access and 10 operators providing mobile wireless access. The number of internet users has risen greatly over the past few years, with just 2.97 million in 2007 versus 4.86 million as of April last year. Even more impressive is the increase in telephone subscribers: in 2007 there were around 8.49

million. By June 2010, there were nearly 20 million.

Of Tanzania's total 3,459 Mbps of internet and data capacity, 43% is from satellite while the remainder is fiber-optic bandwidth. The latter, however, is under-utilized.

Thanks to the TCRA's success at establishing a regulatory licensing framework, Tanzania was one of the first African countries to get a 3G network. In addition, these licenses, intended to attract large and small-scale investors alike, are granted for the long term. "It provides credibility, stability and at least investors are certain that the rules will not change midway," explains Prof. Nkoma.

Comfort in city, beach and wild

Tanzania's natural beauty has long attracted visitors. Today, tourists can enjoy everything the country has to offer plus the luxury of top-notch accommodation

Home to the Serengeti, the Ngorongoro Crater, the Selous Game Reserve, Lake Manyara, Zanzibar and Mt. Kilimanjaro, Tanzania is a wondrous and wild country that holds fascination for those who dream of peering back in time to glimpse life as it was thousands of years ago.

Fortunately, Tanzania's tourism sector is developed to the point where visitors can experience nature at its best without sacrificing creature comforts and modern conveniences.

In the cities, towns and beaches, there is no lack of world-class hotels and resorts, while lodges, cottages and tents cater to all budgets, offering romantic accommodations at beaches and in the wilds of the African plains.



Tanzania boasts myriad luxurious hotels, resorts and safari camps

An ideal Tanzanian homebase

Enjoy the wonders of Africa and experience Swiss service at the Mövenpick Royal Palm Hotel in Dar es Salaam, Tanzania

Tanzania is a unique destination that has yet to be discovered by many, but the elegant surroundings of the Mövenpick Royal Palm Hotel together with the gracious, professional service will be a memorable part of your experience. This is the perfect destination for cultural and historical tourism, beach holidays and wildlife safaris, while for the business traveler, Dar es Salaam is the country's burgeoning commercial capital. The Mövenpick Royal Palm

Hotel offers you East African culture and tradition combined with international standards and Swiss quality. It is the ideal base from which to discover some of the world's most impressive natural scenery and wildlife, located right in the heart of Tanzania.

Dar es Salaam is the major business city in Tanzania and being the largest conference hotel in town, the Mövenpick offers 1,200 m² of variable conference, meeting and event

space, serviced by an experienced team of event management specialists.

With an exotic setting of extensive tropical gardens, the Mövenpick Royal Palm Hotel is an oasis of relaxation and wellness. Guests have free access to the swimming pool, the fitness center and sauna.

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Business pleasure

One million tourists expected by 2012

Tanzania's Permanent Secretary at the Ministry of Natural Resources and Tourism talks about how the government is promoting Tanzania's unique diversity to develop a sustainably managed use of its resources

In your words, what is the mission of the Ministry of Natural Resources and Tourism?

We are striving to conserve and regulate the utilization of cultural and natural resources and develop low-volume, high-yield tourism for the benefit of present and future generations.

The tourism sector has grown nearly tenfold in the last decade, recently reaching a record 770,376 visitors. What are your targets now?

Our efforts on promoting tourism have certainly paid off. By 2012, we expect one million visitors; but our focus is not only on the numbers; we want high quality tourists who respect nature and conservation. We link

conservation and tourism to each other.

We will continue marketing Tanzania, however. The attractions we have are far better than those of other neighboring countries but they should be better known. We want to promote these attractions around the world, as well as promote our people. Our people are very friendly, and we are proud of this asset.

What specific places and types of tourism would you like to promote?

So far the focus has just been on the north, because we have the Serengeti, Ngorongoro and Mt. Kilimanjaro and Lake Man'ara there. But we also have marvelous national parks in the south and a variety of animals and nat-



DR. LADISLAUS KOMBA,
Permanent Secretary at the
Ministry of Natural
Resources and Tourism

ural beauties that have not been destroyed or exploited. We want people to discover the southern circuit; we have Selous, Ruaha, Gombe, Mikumi and other beautiful parks there.

In addition, we have other attractions, such as culture and historical heritage. We also have eco-tourism areas, such as the Eastern Arc Mountains. Beach tourism should be developed too, especially since we have beautiful places like Zanzibar or Mafia. We take advantage of conference tourism too – in May 2010 we held the World Economic Forum, which was a huge attraction.

How would you like to see more private sector involvement?

Developing and promoting tourism is not a one-man show, it requires concerted efforts with other sectors. In this regard, we work closely with the private sector whose role is to put up accommodation facilities for tourists.

Hilton, for example, is a major investor here. Good performance of the Hilton here will be a sign for other hotel names, and they will follow suit. Tourism is linked to investment, so I am happy that Hilton opened Doubletree branches here, and I am looking forward to having more investors in Tanzania.

We also collaborate with the infrastructure, water, energy sectors and the aviation authority to see to it that tourist attractions are accessible.

There are great investment opportunities available here. We have more tourist attractions than just Kilimanjaro, Serengeti and Zanzibar. We have friendly people here, a great culture, safety and security and lots of other good things to offer. I would like to welcome more and more tourists and investors to come to Tanzania.

TAA

Airports open to investors

Tanzania has reached a stage where the private sector can play a key role in airports development

Covering an area more than twice the size of California, Tanzania, with its many opportunities for tourism and business development, requires a widespread and complementary transport network to better realize its potential.

The Tanzania Airports Authority (TAA) owns, develops and manages the 58 government airports on the mainland. Prosper Tesha, director general of TAA, welcomes more private sector involvement in upgrading airport infrastructure and proposes PPPs as the best way for investors to see returns more quickly while implementing the best in quality and service.

"Other than terminals and other facilities, the basic infrastructures that are needed in airports are the airside infrastructures such as the pavements, including the runways, taxiways and aprons, etc.; these are the most expensive yet most needed facilities," he says. Airports offering top investment opportunities include JNIA, KIA, Mwanza, Arusha and Mtwara.



info@airports.go.tz
www.tanzania-airports.aero

NCAA

Ngorongoro Conservation Area, UNESCO World Heritage Site

Providing protection status for wildlife whilst allowing human habitation generates sufficient revenue to support both conservation and local communities

Around 2.5 million years ago on the eastern border of the Serengeti National Park, the Ngorongoro volcano experienced a spectacular eruption, collapsing inward and creating the largest unbroken and unflooded caldera in the world, measuring up to 12 miles across and covering 102 square miles.

A magnificent haven of rich biodiversity and breathtaking beauty, the Ngorongoro crater

floor is home to an impressive array of wildlife. Conservation efforts here make Ngorongoro particularly stand out from the herd. "This is the only place you find human beings and wildlife living together in harmony," says Bernard Murunya, chief conservator of Ngorongoro Conservation Area Authority (NCAA). Also, half of the NCAA's revenues goes to support local people.



Every year, herds of wildebeest sweep majestically across the Tanzanian Serengeti and into Kenya's Masai Mara

Quality, diversity and rarity in tourism

A unique combination of scenic diversity, culture, good climate, peaceful environment and hospitable people make Tanzania one of the best tourism destinations in the world

Finding snow just three degrees south of the equator takes many American and European tourists by surprise. The snow-capped peak of Mount Kilimanjaro is a towering must-see for visitors to Tanzania and is the country's second most popular attraction.

At 5,895 meters above sea level, Kilimanjaro is the highest mountain in Africa and the fourth highest of the Seven Summits. Several routes guide climbers up to one of the most beautiful places on earth, each one passing through rainforest, moorland and glaciers. The dormant volcano is not a technical climb and therefore eliminates the need for climbing ropes and mountain climbing experience.

"A lot of tourists come to see Kilimanjaro and challenge their health by climbing the mountain. One of the routes takes about five days to climb – three days to go up and two days to come back down," says Amant Charles Macha, director of marketing at the Tanzania Tourist Board (TTB). "Tourists like to say that they have climbed Mount Kilimanjaro, seen the wildlife and seen the people."

Tanzania's number one tourist draw is the Serengeti National Park, touted as one of the New Seven Wonders of the World. People travel from all corners of the globe to experience its biodiversity and witness the magnificent spectacle of the annual



AMANT CHARLES MACHA,
Director of Marketing of the TTB

migration of wildebeest across the vast plains.

"Tanzania's tourism is unique in the sense that it is one of the biggest countries in eastern Africa. There are particular attractions in the country, ranging from unique scenery, mountains, beaches, rivers and the Great Lakes," says Mr. Macha, adding that the Selous Game Reserve, Ngorongoro Crater and Ruaha National Park are also unmissable.

"I would say that another outstanding point for this country is that it has remained peaceful and stable since independence in 1961. Tanzanians are very friendly and hospitable people."

The Northern Circuit of

Serengeti, Kilimanjaro and Ngorongoro are the top trio attractions. However a wide variety of parks also lie in the south, some of which are close to Dar es Salaam, allowing tourists to combine city tourism or even business trips with a visit to unique sites such as the Mikumi National Park or Bagamoyo.

Tourist numbers continue to rise and have recently reached a record 770,376. Visitors come from all around the globe, but mostly from the U.S., the U.K., Italy, France, Germany and Scandinavia. By targeting and attracting a more affluent audience, as opposed to the budget, mass-tourism market, the sector has remained buoyant. "With

the financial crisis, our amount of tourists has not been affected as much as other countries," says Mr. Macha. "The mid and high-end income groups would postpone buying furniture but still travel, as it was within their culture. That is how we maintained our numbers."

Currently around 253,000 people are directly employed by the tourism sector. Mr. Macha adds, "Tourism is not only a source of foreign exchange, but it also stimulates other areas of the economy. Among others, the money received from tourism is channeled by the government into developing social welfare, which includes education, health and infrastructure."

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HERITAGE & CULTURE

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Olduvai Gorge, Masai culture, Bagamoyo heritage... Tanzania will captivate the most discerning of travelers

Although an imperfect analogy, we could say that Tanzania is to mankind as Big Bang is to the universe: it all started here.

Tanzania has enough beauty and natural wealth to attract half the world to its shores, yet perhaps its greatest asset is its history and heritage. Take, for example, this past May's discovery of the *Asilisaurus kongwe*, a smallish dinosaur-like creature estimated to have roamed the earth a whopping 10 million years before the oldest known dinosaur. Now that's certainly not splitting hairs.

Another vital breakthrough to modern man's understanding of history happened in the early 1900s when a German ento-

mologist literally stumbled upon an anthropologist's dream world. When Wilhelm Kattwinkel regained consciousness after a rather nasty fall from a rocky ledge in Tanzania's Great Rift Valley, he found himself in the Oldupai Gorge.

Widely considered the "Cradle of Mankind", the Oldupai Gorge is a 30-mile-long steep-sided ravine that contains layer upon layer of fossils, bones and ancient artifacts. Some stone tools, made from local basalt and quartz, are believed to date back more than 2 million years. Bones from the same layer as these tools belong to the first ever discovered specimens of *Homo habilis*, the oldest known species of the genus *Homo*.

Also in the Great Rift Valley, we find Konda rock art sites, a UNESCO World Heritage Site. Overhanging slabs of sedimentary rock served as a canvas for

people some 2,000 years ago to immortalize their lifestyle. In UNESCO's words, these depictions provide "unique testimony to the changing socioeconomic base of the area from hunter-gatherer to agro-pastoralist, and the beliefs and ideas associated with the different societies."

Tanzania's other World Heritage Cultural Sites are the Stone Town of Zanzibar (a virtually intact coastal trading town that gathers elements of Africa, Arabia, India and Europe from over a millennia) and Kilwa Kisiwani & Songo Mnara (islands of significant importance on trade routes of the 11th and 12th centuries that hold ruins rapidly being reclaimed by Mother Nature).

More ruins can be seen in Bagamoyo, once the principle trading post of Africa's east coast and capital of German East Africa. A Catholic mission built here in the

1870s housed children rescued from slavery, a cruel trade that persisted through the late 19th century and which had one of its main stops along the route to Zanzibar in Bagamoyo. The Central Slave and Ivory Trade Route is, in fact, on UNESCO's Tentative List for World Heritage Sites, and for Tanzania today represents a long struggle for freedom.

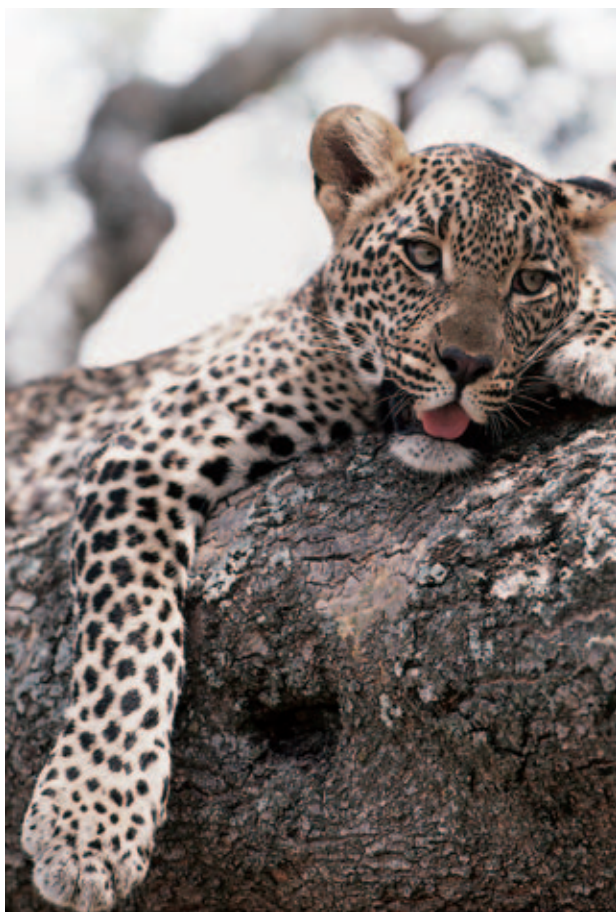
Tanzania lives and breathes its heritage, which can be seen among the famous Maasai, but even more so among the Hadza people who have preserved their traditions and lifestyle for so long. However, Tanzania's population consists of more than 120 ethnic groups. The Tanzania Tourist Board has established cultural tourism villages where visitors can both observe and take part in daily village life. This set-up financially benefits villagers, as there are no tour operators or other middlemen.



For a uniquely exotic holiday or investment destination, Tanzania offers excellent opportunities thanks to its beauty and stability. Those who visit leave with fond memories and the desire to return

Tanzania has it all for investors

Tanzania is the ideal tourism investment opportunity because of its unspoiled and safe environment, hospitable people, vast land and diverse attractions



Famous for its wildlife, Serengeti is Tanzania's oldest and most popular national park

Travel and tourism in Tanzania is the country's largest foreign exchange earner and provides employment for thousands of Tanzanians. The industry touches all parts of the economy and in 2008 it generated \$1,27 billion in revenue for Tanzania. Also, the travel and tourism sector directly and indirectly provides employment for some 624,000 people. According to the World Travel and Tourism Council's Economic Impact 2010 report, over the next 10 years the sector is expected to achieve annualized real growth of 5.8% and will be responsible for 776,000 jobs in 2020.

From pro-business policymaking to the development of key infrastructure and efforts to promote the country internationally, the government is throwing its full support behind the travel and tourism sector. Through the Tanzania Tourism Board (TTB), it is actively raising the nation's global profile as an attractive tourism destination through various media campaigns and trade-fair publicity promotions around the world.

Investors potentially stand to make solid returns in the sector, thanks to the steady and fast-paced growth of tourism, the country's focus on attracting

high-end tourists, and incentives on offer. Opportunities to get involved include the hospitality sector. Some of the newest players on the Tanzanian hotel scene include Doubletree by Hilton, Holiday Inn, Kempinski AG, and Serena Hotels. Their presence already added greatly to the country's increasing global appeal as a holiday destination.

Tourism-related transport infrastructure, such as cruise terminals and marine infrastructure could be built. Cruise ships and ferries could be run on Lake Tanganyika, Lake Victoria or at Dar es Salaam. Also, an existing railway line between Dar es Salaam, Tanga and Moshi could be rehabilitated and used to create a luxury tourist line passing through numerous attractions along the way, such as the Saadani Na-

tional Park. An extension to Mombasa could even be envisaged based on the existing infrastructure.

Tanzania would also like to position itself as a hub for MICE tourism – meetings, incentives, conferences and events – and as such it needs to develop its facilities. Large convention centers, with a seating capacity of 5,000 to 10,000 people, would greatly boost the country's position in that respect. Also, sport facilities present interesting opportunities as Tanzania promoted itself alongside the FIFA 2010 World Cup, with much hospitality infrastructure being refurbished and upgraded to meet international standards.

For more information on tourism-related investment opportunities, please contact: md@tanzaniatouristboard.go.tz

TOP 5 TOURISM INVESTMENT OPPORTUNITIES

- Construction and management of hotels, resorts and lodges
- Tour operations, training institutions
- Tourism-related transport services
- Convention and sports facilities
- Theme park construction and management

NATIONAL PARKS

World champion in conservation with 30% of land set aside

From just one park in 1951, today TANAPA manages 15 parks. Among these we find the Serengeti National Park and the Kilimanjaro National Park

Sometimes, a country's natural resources are best exploited when left untouched. This is the case of Tanzania, where 15 national parks occupy 5-6% of the total territory and are a major tourist magnet. Add to this an additional 24-25% of land dedicated to other reserves, and you have a country with nearly one-third of its surface under protection from extractive industries, construction, etc.

"All the parks play a vital role in the tourism sector in Tanzania," explains Edward Kishe, acting director general of TANAPA (Tanzania National Parks). "The revenue generated is used for the management of the parks as well as for reinvestment in infrastructure and equipment. The parks are contributing a lot to the country's economy. The running of the parks is completely dependent on tourist revenue."

TANAPA dates back to 1951 when the Serengeti was the country's sole national park and encompassed the Ngorongoro Crater as well. In 1959, these two were separated in order to accommodate the interests of the Maasai community in the Ngorongoro region.

The story of the parks themselves is sadly tainted, yet TANAPA today works to make up for past transgressions. "When the parks were established they were taken from people against their will," explains Mr. Kishe. "For a



EDWARD KISHE, Acting Director General of TANAPA

long time there was an antagonistic relationship between local communities and parks authorities. The turning point was when it came to light that the barrel of a gun was not a solution to minimize poaching.

"It was decided to involve the local communities living adjacent to national parks. TANAPA has an Outreach Program where local communities are given conservation education, but at the same time some funds generated from tourism are channeled to help the communities in various projects in a sort of benefit sharing mechanism."

TANAPA helps the communities initiate income generating programs and projects and works to ensure that the gains are also felt at the household level.

Described by international development organizations as one of the most efficient and productive bureaucratic entities in Africa, TANAPA has also been called "one of the most efficient conservation organizations in Africa" by Dr. Markus Borner, head of the Frankfurt Zoological Society's Africa program.

The highest concentration of national parks can be found in northern Tanzania offering a variety of landscapes and wildlife: Arusha, Mt. Kilimanjaro, Mkomazi, Tarangire, the Serengeti and Lake Manyara. In the northeast we find Rubondo Island and Saadani, a spectacular spot where the forest meets the beach and elephants can be spotted walking in the sand.

Heading west we encounter Ruaha (the largest park in the country, at 7,722 square miles) and the Udzungwa Mountains. Further west are Gombe Stream – a chimpanzee habitat – and the Mahale Mountains. Tourists in the south can visit the Kitulo Plateau and Katavi, and not far from the capital of Dar es Salaam, the Mikumi National Park, home to herds of zebra, wildebeest, impala and buffalo.

TANZANIA
Your gateway into the marvels of Tanzania's 15 wonders

TANZANIA BOASTS THE LARGEST AND MOST DIVERSE RANGE OF NATIONAL PARKS AND GAME RESERVES IN THE WORLD. ITS UNIQUE BIODIVERSITY AND MOSAIC OF SPECTACULAR AND PROTECTED LANDSCAPES ALL MAKE THE TANZANIA EXPERIENCE A WONDER IN ITSELF. AND BY CHOOSING TO VISIT TANZANIA, YOU ARE SUPPORTING A NATION'S EXTRAORDINARY INVESTMENT IN PRESERVING ONE OF THE WORLD'S BASTIONS OF ENVIRONMENTAL CONSERVATION.

www.tanzaniaparks.com



Energy, trade and industry get a boost

Abundant and diverse resources, along with the government's efforts to facilitate business and investment, have strengthened Tanzania's trade and industry

Tanzania's burgeoning economy, registering an average of 6.5% growth annually over the past decade according to the World Bank, depends heavily on agriculture, which accounts for more than a quarter of its GDP, 85% of exports, and provides employment for around 80% of the work force. Nevertheless, trade and industry activity in Tanzania is also vital to the nation's advancement, touching on virtually all sectors of the economy, from manufacturing and oil refining to agriculture and mining.

As Tanzania strives to become a middle-income nation by 2025, it will have to go through the natural stage of basic industrialization, adding value to its goods before exporting them and substituting imports for exports. In

order to accelerate this process, Tanzania wants to attract investors who will not only contribute capital, but also enable the transfer of the knowledge and technology necessary to develop the country's own capacities. Therefore, the government has strived to provide a welcoming, attractive and stable environment for investors who are interested in examining private-sector opportunities here, taking advantage of the many resources available and contributing to Tanzania's socio-economic development.

Good transport connections and a reliable energy supply are fundamental to boost industry and encourage trade. Major infrastructure projects are currently underway, thereby sending a



Dar es Salaam is the nation's commercial capital and an important seaport for landlocked neighboring countries

strong message of confidence to the international community. Also, the government has created a national grid reinforcement strategy, through its electricity generation agency TANESCO, to provide greater access to cost-efficient electricity essential for private-sector development.

"We have a short, medium and long-term plan," says William Ngeleja, Minister for Energy and Mineral Resources. "Last year we completed the Power System Master Plan, which is a 25-year guideline for investment in the power sector."

In December, the European Investment Bank (EIB) announced a \$135 million loan to co-finance a new 414-mile high-voltage transmission line being built to improve power distribution to developing mining and industrial activities in the north from power generating sources in the south.

ALAF LIMITED

Expansion through innovation in steel roofing products

ALAF continues to push the industrial sector through innovation and identifying opportunities

Last year marked the golden jubilee of the country's leading manufacturer and supplier of a wide range of steel roofing products to Tanzania's construction industry. Established in 1960, Aluminium Africa Limited – ALAF – pioneered steel roofing products here and was the first company to set up a totally integrated state-of-the-art production facility.

Based in Dar es Salaam and Arusha, ALAF operates through its four divisions – Steelco, Galco, Pipeco and Aluco. In 2009, ALAF became the first company in Tanzania to issue an unsecured bond listed on the Dar



SHARAD N. SALGAR,
Chief Executive of ALAF Ltd

es Salaam Stock Exchange (DSE). "We have neither guaranteed nor offered any security on bonds and we have raised Tsh 15 billion (\$10.5 million) on the DSE," says Sharad N. Salgar, chief executive of ALAF Ltd.

In 1997 ALAF produced

and sold approximately 15,000 tons of steel and aluminum. In 2009 this figure had risen to 51,500 tons, of which only 7% to 8% was exported. However, in December 2009 ALAF invested \$35 million in a new galvalume line, called Zinal. Using technology provided by Bluescope U.S.A., a long lasting combination of zinc and aluminum is coated onto the steel instead of a traditional zinc layer. ALAF is only the second company in Africa to adopt this process. The move has added 70,000 tons to ALAF's capacity and new opportunities beckon in neighboring landlocked countries.



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TOL GASES LTD

Greater capacity and breadth

TOL is an active partner in the development of Tanzania's industrial and medical capacity

Under revived management, Tanzania's TOL Gases is making an about face and is on the brink of becoming one of the country's more successful companies.

Established in 1950 as East African Oxygen Ltd. and later partially nationalized, TOL Gases is once again privately owned; this time, by a group of Tanzanians in association with the Swedfund. According to Juma Matawalo, the former managing director, the company is determined to raise production, increase market share, diversify, and turn itself into a profitable enterprise.

"I wanted to be remembered as the first managing director to enable the company to pay dividends to the shareholders," says Mr. Matawalo. He adds



TOL Gases has three production sites located in Dar es Salaam

that TOL aims "to capture and expand the company's market share of around 54% to around 70-80%, increase revenues, decrease costs and earn more profits."

Because the company relies heavily on investment, TOL Gases constantly seeks new ways of attracting capital. Indeed, it was the first company listed on the Dar es Salaam

Stock Exchange back in 1998. And, since 2005, it has spent Sh3.2bn (USD2.2m) on upgrading and expanding production and distribution infrastructure.

TOL Gases is Tanzania's leading producer and distributor of industrial and medical gases, as well as welding and healthcare equipment. In terms of expansion, TOL Gases is beginning to export oxygen to Kenya now and will soon enter Burundi. According to Mr. Matawalo, however, the company needs to expand its production capacity to meet the growing local and regional demand in CO₂. He has also identified the need to modernize the usage of gases in hospitals as a way to increase sales.



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LIGHT MATTERS

Established in 1964 under the Ministry of Energy and Minerals, TANESCO is responsible for electricity generation, transmission, distribution and sales to the Tanzanian mainland, and bulk power supply to Zanzibar Island. Today, TANESCO generates 98% of the nation's electricity supply. With numerous rehabilitation and new power generation projects underway, **TANESCO is the partner of choice in Tanzania.**



Generation, Transmission, Distribution
www.tanESCO.co.tz

TANESCO to strengthen nation's electricity backbone

The government is looking to increase generation, expand transmission and reinforce the distribution of electricity

Grid connection is notoriously below par throughout Africa, according to the World Bank, and Tanzania has one of the lowest electrification levels in the world. Progress in any country cannot be achieved without a reliable electricity supply. Energy shortages, especially in rural areas, therefore pose a major impediment to Tanzania's socio-economic development.

Currently, only 14% of Tanzanians have access to electricity, of whom 12% live in urban areas.

"We need to expand and get more people on the grid," says Stephen Mabada, general manager of generation at TANESCO, the Tanzania Electric Supply Company, which has plans to attract at least 100,000 new customers every year. "The market is there and the resources are there; it is just a matter of exploiting them, getting the power, and distributing and transmitting it nationwide."

Under the auspices of the Ministry of Energy and Minerals, TANESCO's activities are broadly divided into three main areas: electricity generation, transmission and marketing.

TANESCO generates, transmits, distributes and sells electricity across mainland Tanzania. It also sells bulk power to the Zanzibar Electricity Corporation (ZECO), which in turn makes it available to the public on the islands of Unguja and Pemba.

The government's aim is to have at least 75% of the population connected to the national power network by 2025. "Considering the size of our country – Tanzania is bigger than Rwanda, Burundi, Uganda and Kenya combined – we still have a lot of

work to do here in generation, transmission and distribution," Mr. Mabada says.

Tanzania's rapid demographic growth and its burgeoning economy in recent years have placed additional pressure on the parastatal organization to increase generation capacity, improve infrastructure, and diversify sources of energy.

Last year, Minister of Energy and Mineral Resources William



'THE MARKET IS THERE AND THE RESOURCES ARE THERE; IT IS JUST A CASE OF EXPLOITING THEM, GETTING THE POWER AND DISTRIBUTING IT NATIONWIDE'

Ngeleja revealed government plans to undertake five power generation projects with the capacity to produce 1,200MW.

In 2011 alone, TANESCO is set to make internal investments totaling Tsh125 billion (\$83 million).

"We have many sources of generation here in Tanzania, including coal, hydro, wind, solar

and waves. We cannot develop all of these resources by ourselves. Much investment is needed and we do not have the diversity of technology needed," says Mr. Mabada. "You cannot have experts in all of these fields. So we need assistance from independent power producers [IPPs] and they are all welcome. Our country has vast potential. Whatever you want to do here is possible."

TANESCO is no stranger to working with foreign companies; some of its plants contain machinery manufactured by General Electric, for example.

"We attend various conferences and meetings around the world to discuss issues with internationally-renowned power companies," says Mr. Mabada.

On the transmission side, Tanzania needs high-voltage lines to carry the generated power across the country. "Right now our highest transmission voltage is only 220 kilovolts (kV), which is not enough voltage to transmit the right amount of power over such large distances. So now we are looking at introducing 400 kV transmission lines, the first going from Iringa all the way up to Shinyanga," says Mr. Mabada. This new line will carry hydropower generated in the highlands of the south to help meet energy needs in the increasingly industrial north, and forms part of the Tanzania Backbone Interconnector Project that aims to reinforce Tanzania's energy supply and distribution.

Regional integration and energy sharing is also a vital step forward in securing electricity supply. "We also need to create interconnections with our neighbors. In the future we want to be able to buy power from or sell power to our neighbors when we have a deficit or surplus," says Mr. Mabada.