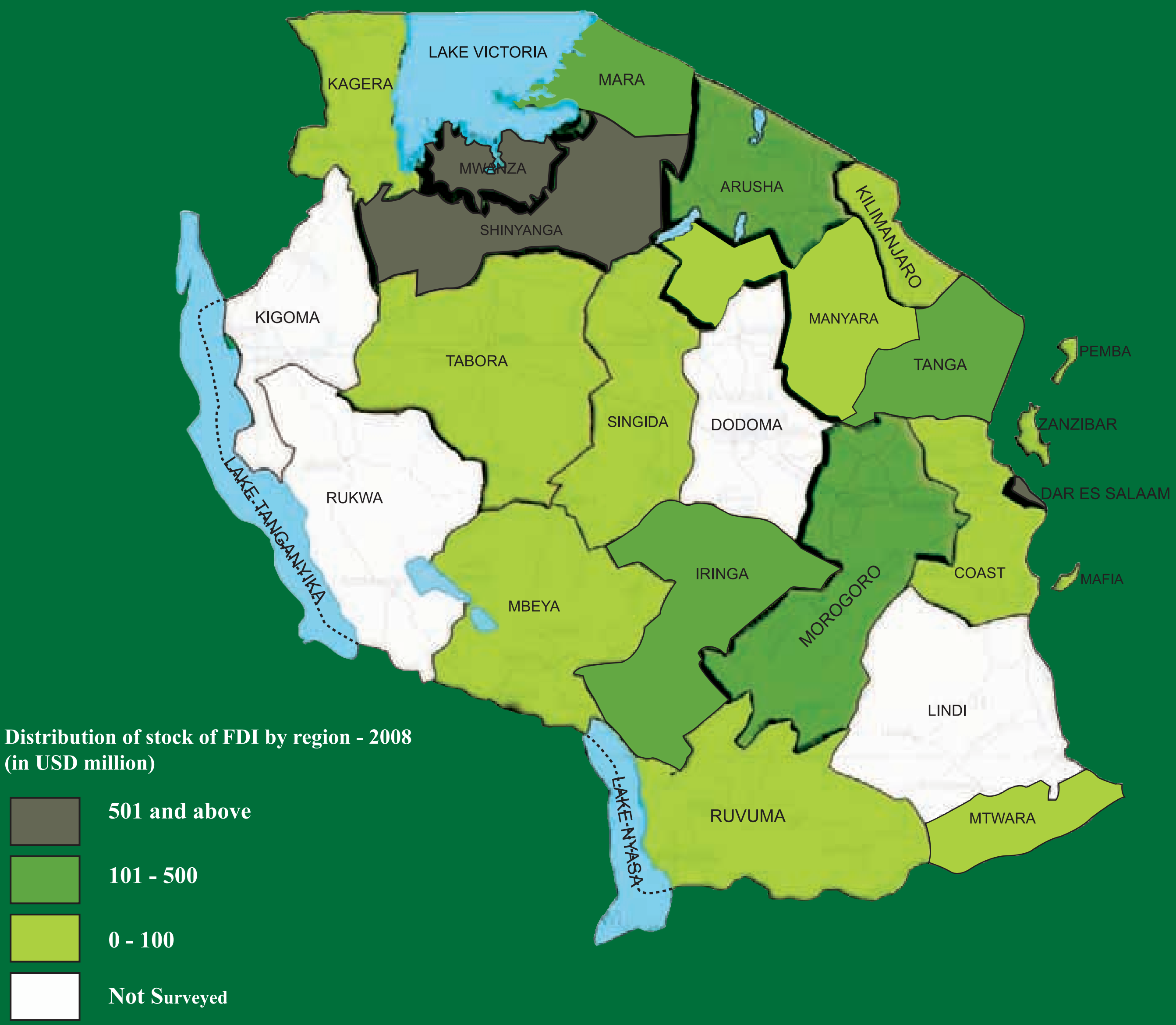
TANZANIA INVESTMENT REPORT

Report on Foreign Private Investment in Tanzania



2009

ABBREVIATIONS AND ACRONYMS

BEST	Business Environment Strengthening for Tanzania
BOP	Balance of Payments
BOT	Bank of Tanzania
BPM5	Balance of Payments Manual, 5th Edition - IMF
BRELA	Business Registration and Licensing Agency
BV	Book Value
DDI	Domestic Direct Investment
DFI	Development Finance International
DRC	Democratic Republic of Congo
DSE	Dar es Salaam Stock Exchange
EAC	East African Community
EADB	East African Development Bank
EIB	European Investment Bank
EPZ	Export Processing Zone
EU	European Union
FDEI	Foreign Direct Equity Investment
FDI	Foreign Direct Investment
FPC	Foreign Private Capital
FPI	Foreign Private Investment
FPEI	Foreign Portfolio Equity Investment
GDDS	General Data Dissemination Standards
GDP	Gross Domestic Product
IFC	International Finance Corporation
IIP	International Investment Position
IMF	International Monetary Fund
LDCs	Least Developed Countries
MEFMI	Macroeconomic and Financial Management Institute
MEM	Ministry of Energy and Minerals
MV	Market Value
NBS	National Bureau of Statistics
OCGS	Office of the Chief Government Statistician - Zanzibar
OECD	Organization for Economic Co-operation and Development
PSED	Private Sector External Debt
PSRC	Parastatal Sector Reform Commission
SADC	Southern African Development Community
SEZ	Special Economic Zones
TIC	Tanzania Investment Centre
TIR01	Tanzania Investment Report of 2001
TIR04	Tanzania Investment Report of 2004
TRA	Tanzania Revenue Authority
TZS	Tanzanian Shilling
UK	United Kingdom
UNCTAD	United Nations Conference on Trade and Development
URT	United Republic of Tanzania
USA	United States of America
USD	United States Dollar
WAIPA	World Association of Investment Promotion Agencies
WIR	World Investment Report
ZIPA	Zanzibar Investment Promotion Authority
ZTC	Zanzibar Tourism Commission

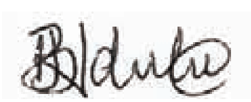
PREFACE

Tanzania Investment Report, 2009 (TIR09) is the fourth in the series of survey reports on Foreign liabilities in Tanzania. It is produced jointly by the Bank of Tanzania (BOT), Tanzania Investment Centre (TIC), National Bureau of Statistics (NBS), Zanzibar Investment Promotion Authority (ZIPA) and the Office of Chief Government Statistician (OCGS). This report is an outcome of sample surveys carried out in the Tanzania Mainland to confirm and update statistics on foreign liabilities for the period of 2005 through 2008 and census carried out in Zanzibar in the same period.

The main objective of the surveys on foreign liabilities is to continue monitoring Foreign Private Investment (FPI) inflows in order to assess their impact on the Tanzanian economy. The report provides useful information for the compilation of Balance of Payments (BOP) and International Investment Position (IIP). The information also assists in designing effective investment promotion and facilitation strategies, as well as macroeconomic policy reviews and formulation. The report presents the sources, magnitude, composition, and direction of FPI flows into the country. Furthermore, the analysis in this report is built upon the foundation laid down by the three previous reports. At the end of the report, statistical tables are appended for further analysis.

It is my expectation that this report will continue to be a useful source of information to an extensive array of stakeholders including policy makers, private sector, development partners, research institutions, academia and the general public. In this regard, I am optimistic that findings in this report will be useful for making more informed decisions.

I wish to convey my appreciation to the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) and Development Finance International (DFI) of the United Kingdom for their continued technical support. Lastly, I would like to appeal to all stakeholders to maintain the good co-operation and continue providing maximum support in future surveys for the benefit of our economy.



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GOVERNOR, BANK OF TANZANIA
CHAIRMAN, EXECUTIVE COMMITTEE (PCF PROJECT)
2009

ACKNOWLEDGEMENT

The Steering Committee of the Private Capital Flows (PCF) project wishes to convey heartfelt thanks and appreciation to all those, who in one way or another, contributed to the successful completion of the 2009 PCF Survey.

Sincere appreciation is extended to the Governor, Bank of Tanzania, Prof. Benno J. Ndulu, Executive Director, Tanzania Investment Centre, Emmanuel Ole Naiko, the Director General, National Bureau of Statistics, Dr. Albina A. Chuwa, the Executive Director, Zanzibar Investment Promotion Authority, Salum K. Nassoro and the Chief Government Statistician, Mohamed H. Rajab for overseeing and implementing the PCF project.

Special thanks should also be extended to private companies across sectors for the co-operation provided to researchers during data collection.

The Tanzania Investment Report of 2009 (TIR09) was jointly prepared under the overall supervision of PCF project Steering Committee led by Dr. Joseph L. Masawe (Director Economic Research and Policy – BOT), John J. Kyaruzi (Director of Research and Information System – TIC), Raymond P. Mbilinyi (Director of Investment Promotion – TIC), Sange M. Mbaruku (the then Director of Economic Statistics – NBS) and Morice Oyuke (the current –Director of Economic Statistics – NBS). The technical team was led by Shaft S. Mrutu (the then Deputy Director, Department of Trade, Finance and Investment Policies - BOT). Gwantwa Mwakibolwa (Manager International Economics and Trade – BOT) and the current Head of the technical team. Other members of the team are Zabadiah L. Kiwelu, Neema W. Moshy, Emiliana P. Rweyemamu, Phillip G. Mboya, Geoffrey I. Mwambe, Bahati A. Kasyombe, Joyce M. Saidimu, Festo Mlele, Dr. Charles Masenya and Villela W. Kejo (BOT). Others are Siegfried M. Kuwite and Njoki J. Tibenda (TIC); Valerian G. Tesha, and Fred E. Matola (NBS). The PCF software was reviewed by Frank S. Shayo (BOT).

In Zanzibar, the overall supervision of the project was undertaken by the Zanzibar Investment Promotion Authority (ZIPA). The Technical Team was led by Said M. Chiguma (the then Deputy Director – Economics Department, BOT – Zanzibar), Nicodemus Mboje (Manager Economics, BOT- Zanzibar), Badru M. Masoud, Evarist A. Mgangaluma, Lyimo Mwimo, (BOT-Zanzibar); Aziz B. Ali, Nasriya M. Nassor, Nana R. Mwanjisi, Bihindi N. Khatib, Naimu A. Said, Othman M. Suleiman (ZIPA); and Amour Hamil, Maulid S. Kombo, and Fahima M. Issa (OCGS).

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EXECUTIVE SUMMARY

Rationale

Tanzania has for the past three decades been undertaking several measures to attract Foreign Private Investments (FPI). Major policy and structural reforms carried out since the mid 1980s played a significant role in improving the business and investment environment in the country. These efforts have ultimately resulted into an increase in flow of FPI particularly in the form of Foreign Direct Investment (FDI).

The increase in FDI flows has given the need to monitor them with a view to ascertaining their magnitude, type, composition and size. Accordingly, beginning 2000, FPI monitoring exercise was initiated by conducting the first survey that culminated into producing the first investment report namely Tanzania Investment Report of 2001 (TIR01). In 2003 and 2006, other surveys were carried out and reports titled Tanzania Investment Report, TIR04 and TIR06, were produced in 2004 and 2006, respectively. The current report is the forth in the series containing results of a sample and census surveys that were respectively carried out in Mainland Tanzania and Zanzibar, in 2007 and 2009. The report confirms and updates FPI data for the period 2005-2008

Objectives, sampling procedures and response rate

Objectives

The main objective of conducting the study is to continue monitoring FPI in Tanzania and consolidate on the gains and lessons obtained from previous surveys. The specific objectives of the current survey are our fold, namely to:

i. Collect and analyze data on FPI for 2005-2008 in order to develop a basis for development of investment promotion strategies, macroeconomic policy framework, Balance of Payments sustainability and establish International Investment Position (IIP);
ii. Enhance public-private sector dialogue through capturing private sector perceptions on Tanzania's investment climate;
iii. Recommend appropriate investment policies and strategies aimed at improving the country's investment climate; and to
iv. Review the Private Capital Flows (PCF) database for capturing and processing FPI data.

Sampling procedures and interview technique

In Tanzania Mainland, a sample size of 293 and 338 companies was drawn from a population of 664 companies in 2007 and 2009 representing 44.1 and 50.1 percent of the population, respectively. The sampled companies involved those with investments worth USD 1.0 million and above, which provides more than 90.0 percent of total value of FPI in Mainland Tanzania. The selected companies covered all sectors of the economy and were located in 12 out of 21 regions in the Mainland. In Zanzibar, complete censuses were conducted to cover local companies as well as those with foreign liabilities. Response rates of 86.3 percent and 86.4 percent were achieved for the sample and census surveys conducted in 2007 in Mainland Tanzania and Zanzibar, respectively. In 2009, the response rates of 91.6 and 89.5 percent were achieved in Mainland Tanzania and Zanzibar, respectively. Good response rate resulted from good planning, face-to-face interviewing technique employed and excellent cooperation extended by the investors.

Main findings

Stock of Foreign Private Investments (FPI) Continues to grow but with declining inflows…

The stock of FPI in Tanzania continued to depict a consistent growth trend during the past four years. Between 2005 and 2008, the stock of FPI grew by 32.3 percent to USD 6,572.8 million in 2008, representing an annual growth of 8.8 percent. In 2007, the stock of FPI recorded a sharp increase as it grew at 22.4 percent as compared to only 6.7 percent in 2009. The surge is due to high growth of stock of investments in the manufacturing, finance, and transport sectors. FDI has continued to dominate accounting for more than 90.0 percent of total FPI during the period under review. Foreign portfolio equity investment (FPEI) continued to record a negligible share of FPI partly on account of the restrictions on capital and financial account as well as underdevelopment of the capital and securities market. The stock of Other Investments (OI) has consistently exhibited a downward trend during the period between 2005 and 2008. Its share of total FPI has declined by 3.8 percent to 4.6 percent in 2008.

The flow of foreign private investments (FPI) decreased from USD 1,145.9 million to USD 713.5 million between 2005 and 2008. The decrease is partly due to the fall in the FDI inflows from USD 935.5 million in 2005 to USD 400.1 million in 2008 following low investments recorded under direct equity, retained earnings and loans from related companies. However, between 2005 and 2006, there was a notable decline in FPI flows by almost 50.0 percent owing to negative retained earnings reported by most companies, drastic fall in loans from related companies and volatility of short-term loans.

While FDI stocks continued to grow, the flows depict a mixed trend ....…

The stock of FDI increased persistently from USD 4,438.7 million in 2005 to USD 6,239.9 million in 2008, representing an increase of 40.6 percent during the period. However, the flow of FDI depicted a mixed growth pattern. The flows declined from USD 935.5 million in 2005 to USD 403.0 million in 2006 before rising to USD 581.6 million in 2007. The increase in 2007 emanated from new investments in the transport and communication, particularly telecommunications subsector. In addition, other inflows went to the Wholesale and retail trade particularly tourism related activities and Finance and insurance sectors. The flows of FDI declined to about USD 400.0 million in 2008 partly due to global financial crisis that affected global investment profitability leading to a swap in financing of investments from loans obtained from affiliates to loans obtained from non affiliates.

.......sectoral distribution has largely remained the same…...................

The structure of sectoral distribution of FDI stock has largely remained unchanged during the period under review. Only four sectors, namely mining, manufacturing, wholesale and retail trade, and finance each attracted more than 10.0 percent of the total stock of FDI. The four sectors combined accounted for 78.3 percent of the total stock of FDI in 2008. Mining sector continued to dominate the stock of FDI during the review period as it accounted for 27.0 percent of total stock of FDI in 2008. The robust of the mining sector is attributed to attractive investment incentive packages offered and the general trend of the trans-national corporations (TNCs) towards natural resource-based investments, particularly in the developing economies.

……….and at the same time the source countries have remained unchanged.

South Africa, Canada and UK remained the leading source countries of FDI in Tanzania. In 2008, the top ten countries constituted 77.7 percent of the total stock of FDI with South Africa, Canada and UK accounting for 53.0 percent. While most investments from South Africa went into manufacturing, finance and tourism activities, those from Canada went into the mining activities. UK, the former colonial power, had more investments in the manufacturing, finance and related activities.

Direct equity is the main source of financing FDI ………………

The main source of financing FDI in Tanzania is shareholder's direct equity which is above 60 percent. In absolute terms, equity financing of FDI increased from USD 3,102.5 million in 2005 to USD 4,357.6 million in 2008. The second major source of financing is long-term inter-company loans which, in 2008 contributed 28.9 percent of the total FDI stock. Short-term inter-company loans combined with suppliers' credit from related companies contributed 1.3 percent of total stock of FDI in 2008. Higher equity financing of FDI indicates high confidence investors have in Tanzanian economy.

……….while regional distribution of FDI has largely remained unchanged.

Regional distribution of FDI remained unchanged and is largely driven by endowment of natural resources, market accessibility, and state of infrastructure. Dar es Salaam continued to constitute the largest share of FDI stock with 58.0 percent in 2008 followed by Shinyanga and Mwanza with 12.3 percent and 9.7 percent, respectively. The three regions represent about 80 percent of the total stock during the review period.

The dominance of Dar es Salaam is attributed to better-developed infrastructure, proximity to the port, commercial city status and headquarters to most companies. Mining (especially gold and diamond) and other business activities such as fishing and fish processing in Lake Victoria are the reasons for large share of investments in Shinyanga and Mwanza regions.

FDI stock for Zanzibar has also depicted an increasing trend………...........

The stock of FDI for Zanzibar increased significantly during the period 2005-0806 to reach USD 267.4 million in 2008, accounting for 4.3 percent of total FDI stock for Tanzania. The regions of Urban West and North Unguja have continued to register increased investments and have retained their positions in the top ten leading regions in Tanzania and the two are the leading regions in Zanzibar. Tabora, South Pemba, North Pemba, Ruvuma, Singida and Mtwara continued to register low flows of FDI on account of limited natural resources and the state of infrastructure. However, the on-going country-wide infrastructure development will likely make these regions more attractive. In addition, the initiatives to develop the Mtwara Corridor and the Lake Nyasa Basin are expected to open the Southern regions of Tanzania to more foreign investments.

While Portfolio Investment growth is almost negligible…………….......................

Portfolio investment growth is almost negligible partly due to policy restrictions that are still maintained in the capital account. The small amount of portfolio investment reported accounts for minority share holdings of less than 10 percent in the surveyed companies. Further relaxation in the capital account is expected to stimulate more investments of portfolio in nature.

...............the stock of Other Investments declined.

The survey results show that between 2005 and 2008, the stock of Other Investments (loans from unrelated parties) declined by 25.9 percent to US$ 301.8 million largely due to high loan repayments particularly from the mining sector.

CHAPTER ONE

OVERVIEW OF TRENDS AND PROSPECTS ON FOREIGN PRIVATE INVESTMENT

1.1 Introduction

This chapter provides background information on monitoring foreign private investment in Tanzania. It also provides in broad perspective the trends and prospects of foreign private investment flows globally as well as in Africa. Furthermore, the chapter discusses the impact of global financial crisis in Tanzania, macroeconomic developments and prevailing investment climate.

In recent years, emerging and developing countries have used Foreign Private Investment (FPI) as one of the major sources of financing of investments to complement the low level of domestic savings. The importance of these flows in investment activities has necessitated the need for recipient countries to monitor such flows and determine their nature. For the past two decades, Tanzania has been conceiving various efforts to attract FPI.

Monitoring of FPI through surveys started in 1999 when a pilot survey was conducted covering 100 companies with foreign liabilities. To-date, five survey cycles have been conducted. This report is the fourth containing results for the second and third sample surveys conducted in year 2007 and 2009, respectively. The sample survey conducted in 2007 aimed at confirming data on FPI for the year 2005 and updating that of 2006 whereas the sample survey conducted in 2009 aimed at confirming FPI data for 2006 and updating FPI data for 2007 and 2008.

1.2 Global Trends

The World Investment Report 2009 (WIR09) reveals that turmoil in the financial markets and the worldwide economic downturn progressively affected global FDI in 2008 and early 2009. After a consistent growth in FDI activities in the period 2003-2007, global FDI inflows fell by 14.0 percent in 2008 to USD 1,697.0 billion, from a record high of USD 1,979.0 billion in 2007. The impact of the global financial crisis on FDI flows differed across developed, developing and the transition economies. In developed countries, where the financial crisis originated, FDI inflows fell by 29.0 percent in 2008, whereas in developing countries and the transition economies they continued to increase as their financial systems were less closely interlinked with the hard-hit banking systems of the United States of America and Europe.

1.3 Africa Trends

The WIR10 indicate that FDI inflows into **Africa** rose to USD 87.6 billion in 2008 from USD 69.2 billion in 2007 despite the global financial and economic crisis. Most of these flows were directed to countries rich in natural resources. Developed countries on the other hand, remained the leading sources of FDI in Africa, although the share of developing countries especially from Asia has been increasing overtime.

In **North Africa** comprised of Algeria, Egypt, the Libyan Arab Jamahiriya, Morocco, Sudan and Tunisia, host countries sustained efforts at policy reforms, including privatization and intensified search for natural-resource reserves by Transnational Corporations (TNCs) at least in the first half of 2008. However, FDI in the sub-region sustained the level of USD24.0 billion in 2008 which was slightly lower than that of 2007 by USD 0.8 billion.

In **West Africa** comprised of Benin, Burkina Faso, Cape Verde, Cote- d'Ivore, Gambia, Ghana Guinea Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone and Togo, FDI increased significantly to USD 26.0 billion in 2008 from USD 16.0 billion in 2007. This was mainly the result of an increase in new projects in Nigeria's oil industry, and investments in project upgrades especially in the mining industry, by existing TNCs in Burkina Faso, Mali and Nigeria. Large cross-border Mergers' and Acquisitions (M&As) also took place in some other countries of the region.

In **Central Africa** comprised of Burundi, Cameroon, Central African Republic, Chad, Congo, the Democratic Republic of the Congo, Equatorial Guinea, Gabon, Rwanda and Sao Tome and Principe, FDI inflows into the sub-region remained almost the same at USD 6.0 billion in 2007 and 2008. With 7.0 percent of FDI inflows into Africa, the sub-region ranked fourth among FDI recipient in 2008. Congo was the leading destination with USD 2.6 billion. It was followed by Equatorial Guinea with USD 1.3 billion

In **Southern Africa** comprised of Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland, Zambia and Zimbabwe, FDI inflows increased significantly to USD 27.0 billion in 2008, compared with USD 19.0 realised in 2007. South Africa accounted for 31.0 percent of the inflows to Africa making it the leading recipient in 2008. As in the past, cross-border M&As were a very important component of these inflows. FDI in South Africa surged, partly as a result of further payments by the state-run industrial and commercial bank of China of USD 5.6 billion for 20.0 percent stake in Standard Bank. This represents South Africa's biggest FDI deal since independence, beating the tie-up between Barclays and Amalgamated Banks of South Africa (ABBSA) in 2005.

In **East Africa** comprised of Comoro, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Uganda and Tanzania, FDI inflows in 2008 amounted to USD 4.0 billion almost the same as in 2007. This represents 5.0 percent of total inflows into Africa, making it the lowest recipient among African sub-regions. However, FDI inflows in 2008 increased in Comoro, Djibouti, Madagascar, Mauritius, Seychelles, Uganda and Tanzania. Madagascar, Uganda and Tanzania received large inflows of FDI, particularly through cross-border M&As. These were mainly in expansion projects relating to several natural resource exploration ventures that were already on going and mostly before the onset of the global financial crisis and deteriorating economic prospects.

1.4 Tanzania Trends

Table 1.1 shows that while the flow of FDI in Africa maintained a consistent growth trend between 2005 and 2008 that of Tanzania depicted a mixed growth pattern. Inflows of FDI to Tanzania declined from USD 0.9 billion in 2005 to USD 0.4 billion in 2006 before rising to USD 0.6 billion in 2007. The flows of FDI eventually went down to about USD 0.4 billion in 2008 partly due to

Table 1.1 FDI inflows (in billions of USD), 2005 – 2008 ***Values in USD million***

Description	2005	2006	2007	2008
Global	916.0	1,306.0	2,099.9	1,770.8
Africa	31.0	36.1	63.1	72.2
Tanzania	0.9	0.4	0.6	0.4

Source: World Investment Report (various) and PCF Survey

global financial crisis that affected global investment profitability leading to a swap in financing preference from loans from related to unrelated parties.

1.4.1 Potential Areas for Investment in Tanzania

FDI is expected to flow into the country at an increasing rate due to enhanced strategies in promoting investments that are being pursued by the Government. Also, improved regulatory environment, and availability of abundant unexploited natural resources will partly contribute toward increased inflows into the country. Among the potential areas of investment include:

Agriculture: Agriculture sector plays an important role in the development of the Tanzanian economy. However, out of the available 44.0 million hectares of land suitable for crop production only 10.8 million of hectares are under cultivation. Also, there is about 60.0 million hectares of land suitable for livestock keeping. With the new focus and emphasis on "KILIMO KWANZA" (Agriculture First), the Government supports efforts to transform agriculture from small-scale farming to large commercial farming. According to TIC, there are diverse potential areas to invest including agro-processing, horticulture, floriculture, aquaculture, and sugarcane for ethanol, palm oil, jatropha, pyrethrum, artemisia and organic cotton.

Minerals activities: Potential investors can invest in mineral exploration and extraction projects, mineral refinery, processing, smelting, cutting and polishing, especially of base metals and gemstone (including gold, tanzanite, and hydrocarbons).

Tourism is one of the priority areas for investment, particularly in hotels, beach development, shopping malls, historical sites, and reliable transportation of tourists from one point to another. Special sites for investment include the Ngorongoro, Serengeti, Mount Kilimanjaro and Zanzibar. Moreover, Tanzania is a country with more than 100 tribes; this offers an opportunity for cultural tourism.

Manufacturing: Potential investors are invited to invest in manufacturing related activities such as steel mills, fish processing and packaging for exports, Export Processing Zones (EPZs) , and Special Economic Zones (SEZs) and processing and packaging of natural resources (e.g. gas, fruits, cereals) etc.

Infrastructure: In order to involve the private sector in infrastructure development, the Government has put in place a Public Private Partnership (PPP) Policy to enable public private partnership in investments in infrastructure sector. Details for areas earmarked for investments under this arrangement may be obtained from the TIC.

Information and Communication Technology (ICT): This is another area that is potential for investment. Foreign and domestic Investors are invited to invest in this area that keeps on changing due to new innovations that are happening worldwide.

Wholesale and retail trade: In order to reduce and ultimately eradicate poverty in the country, investors are invited to invest in wholesale and retail trade related activities that will utilize locally available tradable items. This may involve opening of big and ultra modern supermarkets that will sell domestically produced products such as carrots, tomatoes, oranges, cucumber etc. The opening of supermarkets by investors will create linkages between investors and indigenous who will be the main suppliers.

1.5 Impact of Global Financial Crisis in Tanzania

The global financial and economic crisis which started in the second half of 2008 had a dampening effect in many areas especially on foreign direct investment. The effects were minimal especially in the first round due, to among others, indirect link to international financial markets and low level of development of domestic financial markets. However, the second round effects were more severe in some sectors compared to others. For example, the agricultural sector (in particular agricultural exports) was mostly affected due to fall in commodity prices in the world market. Other sectors that were mostly affected include tourism, energy, manufacturing and mining. A number of tourists cancelled their trips, and some foreign investors pulled off or postponed plans for new investments particularly in energy, mining and manufacturing due to difficulties in soliciting funds internationally to finance such projects.

1.5.1 Government Policy Responses

In an effort to mitigate the adverse impact of the crisis, the Government of Tanzania adopted a two year rescue plan in 2009 for implementation during 2009/10 – 2010/11. The rescue plan has been designed to ensure sustained credit flow, particularly to export related activities which have been hardest hit and provide valuable protection to rural livelihoods. It also aims at protecting employment and income levels of the population, ensuring food sufficiency and protecting key investments and social service programs. The basic premise of the rescue plan derives from the fact that the global financial crisis is a reversible situation and therefore the immediate challenge is to survive the storm and live to carry on the development effort after it has calmed down. The plan includes loss compensation and guarantees for loan rescheduling of the affected sectors, guarantees for exporters and Small and Medium-sized Enterprises (SMEs) and the expanded fertilizer subsidy program.

Under loss compensation scheme, the government undertakes to compensate cooperative unions, crop marketing boards and private traders who incurred losses only due to adverse price changes in the world market for cotton, coffee, cloves in 2008/09 crop season following the Global Financial Crisis (GFC). This policy measure aim at ensuring that cooperative unions, crop marketing boards and private traders continue to purchase traditional export commodities from farmers at higher prices in the next season.

Loan rescheduling scheme involves rescheduling of loans of troubled borrowers with a government guarantee. The troubled borrowers considered under this scheme are only those whose business or production have been affected by the crisis and thus are unable to service their debts. The main objective of this policy measure is to ensure commercial banks continue extending credit to borrowers who have been affected by the crisis so that they carry on with their economic activities.

In its efforts to ensure increase in the amount of loans to the private sectors to stimulate production and exports, the Tanzanian government has strengthened existing credit guarantee schemes by enhancing funds in the Export Credit Guarantee Scheme (ECGS) and the Small and Medium-sized Enterprise Guarantee Scheme (SMEGS).

Other measures taken to mitigate the adverse impact of the GFC include relaxation of monetary and fiscal policies. The central bank has relaxed the monetary policy stance beginning the last quarter of 2008/09 in order to mitigate the downward impact of the GFC on money and credit. Annual growth rates of monetary aggregates have been revised upwards. The Bank of Tanzania (BOT) aims at attaining an annual growth of broad money supply (M2) and extended broad money supply (M3) of not more than 20.0 percent each by end June 2010. Furthermore, interest rates on the

Bank Lombard and Discount windows have been reviewed with a view to making them more active instruments of monetary policy and to enhance flexibility in provision of liquidity to the economy. This measure resulted into a decline of the Lombard rate and discount rate to 4.13 percent and 6.95 percent, respectively in July 2009 from 7.35 percent and 10.31 percent in June 2009. Both rates have remained low, at average of 3.7 percent for Lombard and 4.6 percent for discount rate, in the first half of 2009/10. All these policy measures aim at providing ample liquidity to dampen possible slowdown in credit growth and economic activity following the global economic recession and subsequent weak demand for Tanzania's exports.

To create fiscal space, the Bank of Tanzania has financed part of the Government's planned net domestic borrowing equivalent to 1.6 percent of GDP in 2009/10. This was done while ensuring that the Bank's primary objective of ensuring price stability is not compromised.

1.5.2 Other Policy Measures

Tanzania has also intensified surveillance of the domestic and international capital and financial markets through an early warning system which has been set to monitor, on daily basis, selected performance indicators of financial sector to spot signs of weakness. It has also intensified the oversight of the banking system and broadened collection of information on the performance of banks. Tanzania has established a financial stability unit and introduced a regular financial stability report which complement the BOT's supervisory role and give deeper understanding of the developments across the entire financial sector.

1.5.3 Lessons Learnt from the Crisis

The lessons learnt from the global financial and economic crisis include that:

i. No country or region stands alone in today's global economy as countries depend on each other;

ii. The policies and institutions of yesterday may not continue to be effective in tomorrow's world. This implies that, despite the existence of effective and efficient institutions the crisis happened. Therefore, governments should be alert in regularly reviewing policy, laws and regulations with a view to accommodating changes in the business environment; and

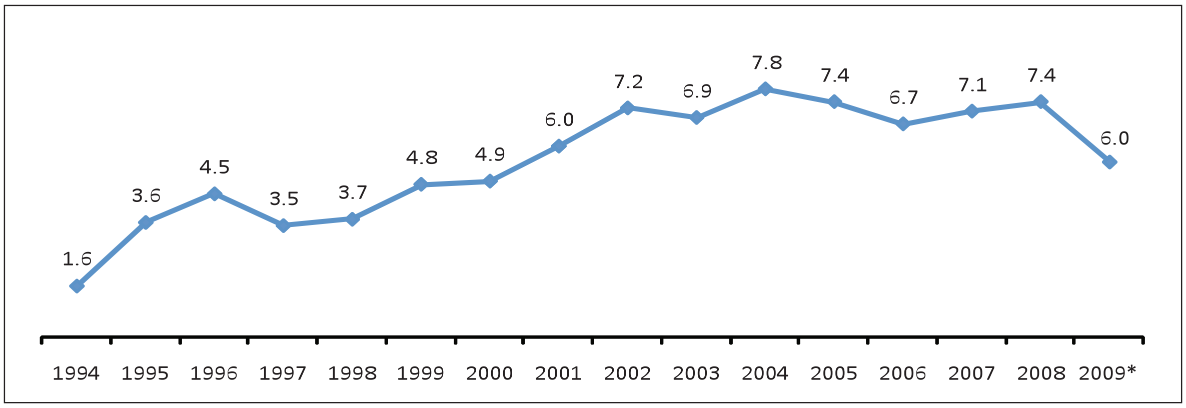
iii. Global growth depends on collaborative policy effort across countries and regions to stabilise and contain the crisis. The rescue plans that were instituted by governments across the world including Tanzania enabled to minimize the impact of the crisis.

1.6 Tanzania's Macroeconomic Developments

1.6.1 Economic Developments

Tanzania is one of the leading economies in Africa in terms of growth and investment attraction. The country sustained a strong economic growth over the past decade of around 7 percent, with real GDP growing at 7.4 percent in 2008 and estimated at 5.5 percent in 2009, despite the adverse impact of the global economic and financial crisis in the last quarter of the year. The achievement is a reflection of major reforms undertaken since the mid-1980s, ranging from trade and exchange rate liberalization; restructuring and privatisation of most of the formally state owned companies; increased competition in the financial sector by allowing foreign banks to operate side-by-side with local banks as well as prudent fiscal and monetary policies **(Chart 1 and Table 1.2)**.

Chart 1: Tanzania Real GDP Growth (percent), 1994 - 2009



Source: The National Bureau of Statistics:

1.6.2 Inflation Developments

For the past ten years (2000-2009), average inflation averaged 6.7 percent, mainly on account of an improvement in supplies of basic foodstuffs, and a slowdown in price increases of key items in the non-food sub-group such as education, clothing and footwear, health and communications. However, in the recent past, the economy experienced an inflationary pressure mainly due to food shortages in neighbouring countries and some parts of Tanzania as well as from a rebound in the world oil prices. As a result, the annual average inflation rate for 2009 was 12.1 percent, compared to 10.3 percent and 7.0 percent recorded in 2008 and 2007 respectively.

1.6.3 Monetary and Fiscal Policies

Government economic policy stance has been on pursuing prudent monetary and fiscal policies that would be consistent with growth objectives. The objective of price stability has been the major focus of the monetary policy. This was achieved by reducing inflation to single digit level since 1999, save for the double digit inflation recorded since September 2008 on account of the rise in food and world market prices of oil. The overriding objective is to keep inflation under 6.0 percent. Full aware of the pass-through of the global economic and financial crisis on liquidity in the banking sector and the subsequent need to accommodate banks for liquidity requirements, the Bank of Tanzania relaxed its monetary policy stance beginning February 2009 so as to allow more liquidity to the market players. Going forward, the monetary and fiscal policies will continue to be prudently implemented to ensure low and stable inflation, as well as to facilitate the flow of credit to the private sector.

1.6.4 Financial Sector Stability

The financial sector in Tanzania continues to strengthen. Indicators suggest considerable stability of the financial sector when compared with the international standards. At the end of September 2009 the ratio of non-performing loans to gross loans was around 6.4 percent, which was below the international acceptance level of 10.0 percent, and relatively low compared with that of Kenya (9.0 percent). The liquid asset to total asset ratio was 49.0 percent. Contributing to this stability is the substantial improvement in the regulatory and supervisory framework to incorporate changes brought by new legislation and market developments, as well as the challenges posed by dynamics in the world financial sector.

As a reflection of the continued financial sector stability, banks lending rates have declined over time. This situation has helped reduce the spread between banks' lending - and deposits rate, thus reducing the cost of funds. The major reasons for this development is the increased competition in the banking industry following huge investment inflows in the industry that has led to increase in the number of banks, financial products and improved services. In addition, reforms in the financial sector, review of land law to bring about more flexibility on the collateralization requirements of land, and establishment of commercial court to speed up resolution of commercial disputes have contributed towards ensuring market determined interest rates and improved clients' confidence in the banking business. As a reflection of these policy measures the bank lending rate declined to an average of 15.0 percent in 2009 from 23.1percent recorded 2000.

Meanwhile, the exchange rate of the Tanzanian shilling is freely determined in the foreign exchange market. The Bank of Tanzania participates in the foreign exchange market in the manner that promotes stability of the market-determined exchange rates, and maintenance of adequate levels of foreign reserves, without compromising price stability.

1.6.5 External Sector Developments

The structure of the Tanzanian exports has evolved over time, diversifying from being a predominately traditional oriented towards non-traditional exports such as minerals, manufactured and horticultural products. Strengthened investment in the mining sector and stepped up production in this sector, particularly gold attributed to economic growth in the country. The volume of gold exports recorded significant growth between 2000 and 2009 of about 37.0 percent, and it accounted for an average of 18.3 percent of export value of goods and services. As a result, export of goods and services as ratio of GDP grew steadily from 13.0 percent in 1999 to about 23.0 percent in 2009, an annual average of 20.0 percent **(Table 1.2)**. These developments have led to, among other things, accumulation of gross official reserves amounting to USD 3,551.3 million in December 2009, sufficient to cover about 5.7 months of import of goods and services.

1.7 Investment Climate and Promotional Efforts

The government of Tanzania has continued with efforts to improve investment climate and promote both foreign and domestic investments with the view to consolidating macroeconomic gains in the recent few years. Efforts are also made to expand market and enhance regional integration within EAC and SADC regions and continue to participate in both bilateral

Table 1.2: Selected Macroeconomic Indicators in Tanzania, 2000 - 2009

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Population (Mill)	31.9	32.9	33.6	34.2	35.3	36.2	37.5	38.3	39.3	40.7
GDP growth (%)	4.9	6.0	7.2	6.9	7.8	7.4	6.7	7.1	7.4	6.0
GDP per Capita (USD)	318.0	315.0	322.0	340.0	364.0	391.0	381.0	440.0	525.0	526.0
Inflation Rate (% pa)	5.9	5.1	4.6	5.3	4.7	5.0	7.2	7.0	10.3	12.2
Exports/GDP (%)	13.4	17.0	17.6	18.6	20.4	20.9	24.1	24.4	24.5	22.6
Imports/GDP (%)	-20.2	-21.3	-19.9	-22.8	-27.0	-29.7	-35.7	-37.3	-39.3	-33.3
CAB/GDP (%)	-6.6	-3.8	0.7	-1.0	-2.9	-6.1	-8.0	-9.4	-12.3	-7.9
CAB/GDP* (%)	-8.7	-6.0	-3.2	-5.4	-7.4	-9.5	-11.9	-13.1	-15.2	-10.8
Exchange Rate (pa) (TZS per USD)	803.3	877.3	967.1	1,038.9	1,089.1	1,129.2	1,253.9	1,244.1	1,196.3	1,320.3
Gross Official Reserves (USD Million)	974.7	1,171.7	1,561.7	2,017.6	2,306.7	2,049.5	2,136.9	2,724.3	2,872.6	3,551.3
Months of Imports	5.7	6.4	8.7	9.1	8.0	5.8	5.0	5.2	4.3	5.7

Source: Bank of Tanzania, National Bureau of Statistics:
NB: "pa" means period average, * CAB excluding official grants

and multilateral cooperation negotiations.

The country has continued to offer a well-balanced and competitive package of fiscal incentives to investors in comparison with other African countries. Tanzania is a signatory to Double Taxation Treaty (DTT) with several countries in Europe and Africa aiming at providing competitive fiscal regime on trade. Furthermore, investments in the country are guaranteed against nationalization and expropriation. This is backed by the signing of several multilateral and bilateral agreements on protection and promotion of foreign investment. As at the end of 2009, Tanzania had signed bilateral investment agreements particularly the DTT with the Governments of Denmark, India, Italy, Norway, Sweden, Kenya, Uganda, Zambia and Finland. Among other international agreements and memberships, Tanzania is a member of Multilateral Investment Guarantee Agency (MIGA) and International Centre for Settlement of Investment Disputes (ICSID).

The Tanzania Investment Centre (TIC) through targeted investment promotion approach is undertaking deliberate efforts on investment promotion both internally and externally by targeting specific countries, companies and Chief Executive Officers in selected sectors of the economy. Furthermore, promotional efforts are done through international media such as CNN, investment fora and visits of business missions abroad and in the country. The Tanzania National Business Council (TNBC) is the lead dialogue institution in assuring the government interacts with diverse stakeholder representatives from the private sector in order to discuss ways to improve Tanzania's business competitiveness. The forum under the chairmanship of the President of the United Republic of Tanzania has been successful in organizing regular roundtable meetings for Chief Executive Officers of enterprises representing local and international organisations. This is in line with strengthening private sector participation in the economic development activities. During 2009, TNBC held two Investor's Round Table (IRT) meetings, which attracted both domestic and international investors. It also managed to establish Regional Business Councils (RBCs) in all 21 regions of the Mainland Tanzania.

The Government through Business Environment Strengthening for Tanzania (BEST) program implemented series of reforms that led to improved regulatory environment for business and improvements in the quality of services provided by the government to the private sector. The reforms include, the enactment of new legislation pertaining to business registration, property rights and labour laws. Tanzanian government continues with macroeconomic reforms aimed at improving enabling environment towards market-led economy, among other issues, it has embarked in implementing the Second Generation Financial Sector Reform (SGFSR) after adopting the Financial Sector Reform Implementation Action Plan (FSIAP). In line with implementation of SGFSR, the Government initiated five consultancy assignments which are related to finance leasing, pension sector, mortgage finance, establishment of a credit information data bank and regulatory framework for the credit information bureau.

1.8 Structure of the Report

This report is organised in four chapters. The first chapter presented an overview of trends and prospects on foreign private capital. It is followed by chapter two on the methodology used in carrying out the survey. The third chapter provides an analysis of foreign investments into the country for the period 2005 to 2008. Finally, chapter fourth presents the main findings of the survey and its related policy implications.

CHAPTER TWO

METHODOLOGY

2.1 Introduction

This chapter covers the methodology used in conducting two sample surveys on Foreign Private Investment in Tanzania during 2007 and 2009. Broadly, it entails the organization of the project, which comprises institutional set-up, sensitisation, training and project funding. It also covers investors' register, scope of the survey, determination of sample frame, questionnaire design, survey implementation, data collection and response rates. In addition, it provides procedures for data processing that include data editing, validation, up rating and time series check. Lastly, it gives an assessment of data quality in accordance with the international standards. It is worth noting however that the same methodology has been used since the conduct of the first survey of monitoring private capital flows in the country.

2.2 Organization of the project

2.2.1 Collaborating Institutions

Five institutions were jointly involved in conducting the foreign private investment surveys. The Bank of Tanzania Head Office (BOT-HQ), Tanzania Investment Centre (TIC) and National Bureau of Statistics (NBS) conducted surveys in Tanzania Mainland. In Zanzibar, the Bank of Tanzania (Zanzibar Branch), Zanzibar Investment Promotion Authority (ZIPA) and Office of Chief Government Statistician (OCGS) were involved.

2.2.2 Sensitisation and Awareness Campaign

During and prior to the surveys implementation, the media was used to sensitise and create public awareness to facilitate the surveys. Copies of the previous report were distributed to the respondents as a way of providing feedback. The two approaches were expected to improve response rate and data quality.

2.2.3 Training and Technical Assistance

An in-house training was conducted by local experts for fifteen researchers to review the survey instruments and agree on logistics that were necessary for performing the exercise. Since most of the researchers were engaged in previous surveys, local experts organised a two days short training. Two institutions, Development Finance International (DFI), a UK consulting firm, and the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) based in Zimbabwe provided technical assistance.

2.2.4 Project Funding

The surveys for both Tanzania Mainland and Zanzibar were fully funded by the Governments of Tanzania through contributions from the collaborating institutions. In Tanzania Mainland, the collaborating institutions namely; the Bank of Tanzania (BOT), Tanzania Investment Centre and the National Bureau of Statistics contributes funds towards implementation of project activities at the proportions of 60:30:10, respectively. In Zanzibar, BOT contributes 30 percent and the rest (70 percent) is contributed by Zanzibar Investment Promotion Authority in collaboration with the Office of Chief Government Statistician.

2.3 Survey methods and techniques

2.3.1 Compilation of Investors' Register

The investors' register that entails a comprehensive list of investments with foreign liabilities, in terms of equities and loans is electronically stored in the Private Capital Flows System (PCFS) housed at the Bank of Tanzania. The register incorporates information that include name of investor/company, sector (main activity), postal and physical addresses, name of contact persons, telephone and fax numbers, email address and value of investment (equity plus loan).

The investors' registers for both Tanzania Mainland and Zanzibar are normally updated to serve as sampling frame as well as to facilitate data collection. The updating process involves addition of new and rehabilitated or expanded companies. It also involves removal of companies that have been closed, liquidated, under receivership and adjusted those that have merged/amalgamated or changed business names.

The major sources of information for updating the register are; the Business Registration and Licensing Authority (BRELA), Tanzania Investment Centre (TIC), and Ministry of Energy and Minerals (MEM) for Tanzania Mainland. In Zanzibar, the sources are; Zanzibar Investment Promotion Authority (ZIPA), Zanzibar Commission for Tourism (ZCT), Office of Chief Government Statistician (OCGS) and the Office of Registrar of Companies. In general, the register is used as a basis for sample selection and identification of the location of the companies.

2.3.2 Scope of the Survey

The surveys in Tanzania Mainland targeted a sample of companies with a threshold of foreign liabilities worth USD 0.7 million and above. All sectors as defined by UN International Standard Industrial Classifications of all Economic activities (ISIC Rev.3) were covered. Some regions were automatically left out since they did not meet the set criteria. In Zanzibar a census was carried out to cover all companies that were identified to have foreign liabilities. A population that contains list of companies as registered in the Private Capital Flows System (PCFS) database that is also maintained at the Bank of Tanzania had a total of 835 companies with foreign liabilities. This is regularly updated as mentioned above. The population is at the same time a sample frame that was used in selecting the companies to be involved in the two sample surveys. The said sample frame was the basis on which a sample of 239 and 400 companies were selected for the sample surveys of 2007 and 2009, respectively. The sampling technique used was a combination of stratified and purposive methods. It is worth noting that resource constraints including funds influenced the decision on the choice of the sample size although the selected companies entailed the big investment that represents over 90 percent of the total investment value.

The cut-off of USD 0.7 million resulted into a sample size of 400 companies, representing 48 percent of the population and over 95 percent of total value of foreign investments in Tanzania Mainland. The sample captured companies across all sectors covering 17 out of 21 regions.

Tanzania Zanzibar conducted census that covered a total of 380 companies. The economy and geographical size of Zanzibar permitted total coverage of all enterprises with foreign liabilities.

2.3.3 Questionnaire design

The experience gained since 1999 from conducting the foreign private investment surveys in Tanzania has been useful for the design of the questionnaire. It consisted of two broad parts, A and B. Part A sought general information about the company such as contacts, industrial classification and main activities. Part B captured information on equity and non-equity as well as net income, dividends, retained earnings and other international transactions.

The questionnaire for Zanzibar was similar to that of Tanzania Mainland except that more information was sought on perceptions. Under the perception section respondents were required to evaluate the effects of various factors with respect to their investments. The factors include: economic, financial, utility, labour, political and governance.

2.3.4 Survey Implementation

In order to monitor and evaluate survey activities smoothly, the survey in Tanzania Mainland was implemented in two phases. Phase one involved Dar es Salaam region and phase two covered up-country regions. The up-country regions that were surveyed are Mwanza, Shinyanga, Mara, Kagera, Pwani, Tanga, Morogoro, Iringa, Mbeya, Kilimanjaro, Arusha, Manyara, Lindi and Mtwara. In Zanzibar, the survey was carried out in all the five regions of Unguja and Pemba.

2.3.5 Data collection

The data collection exercise was conducted for a period of two months. Researchers were drawn from the collaborating institutions to undertake the exercise. Fieldwork started in Dar es Salaam region where about 55.0 percent of surveyed companies are located. Thereafter it was extended to cover the remaining regions.

A face-to-face interview technique was employed in order to explain technical terms as used in the questionnaire with a view to improving the response rate. Researchers were responsible for reviewing all collected questionnaires for quality and consistency checks before data entry and processing.

2.3.6 Response Rates

Table 2.1.1 provides summary of companies that were surveyed in Tanzania (Mainland and Zanzibar) and their response rates. **Table 2.1.1** reveals that out of 780 companies that were surveyed in 2009, 749 were located and served with questionnaires of which 678 were successfully interviewed representing an overall response rate of 90.5 percent. In comparison, the 2007 survey covered 648 companies, out of which 549 responded representing an overall response rate of 86.3 percent.

Some companies could not be located due to various reasons such as relocation, closure, liquidation; mergers and acquisition, receivership, change of names and new companies yet to start business.

2.4 Data Processing

Data processing was carried out concurrently with the fieldwork. Completed questionnaires were returned to the central processing centre at the Bank of Tanzania where data was edited and entered into the database.

Table 2.1 Survey response rate
Table 2.1.1 Survey response rate for the 2009 survey cycle

Area	Sampled companies for the survey	Questionnaires sent out to companies	Questionnaires returned	Response rate (%)
Mainland	400	369	338	91.6
Zanzibar	380	380	340	89.5
Total	**780**	**749**	**678**	**90.5**

Source: Survey Data, 2009

Table 2.1.2 Survey response rate for the 2007 survey cycle

Area	Sampled companies for the survey	Questionnaires sent out to companies	Questionnaires returned	Response rate (%)
Mainland	400	340	293	86.3
Zanzibar	308	308	266	86.4
Total	**731**	**648**	**549**	**86.3**

Source: Survey Data, 2009

2.4.1 Data Validation and Checking

In order to maintain consistency, completed questionnaires were subjected to a thorough screening process to identify missing values or reported values that were inconsistent. Data validation and consistency check within and across survey cycles was done to ensure data quality.

2.4.2 Data Up-rating and Time Series Generation

In order to estimate for the population, data up-rating and down-rating exercise was done using similar methodology adopted in the previous surveys. However, it was deemed necessary to revise the entire PCF database for the period 2001 – 2008 due to change in sectoral growth rates following the change of the base year to 2001 from 1992. Additional information from non-survey sources was used to supplement those obtained from the survey.

2.5 Adherence to International Standards

2.5.1 Analytical Methods

The survey was conducted in accordance with the acceptable international best practices. Economic activities were classified based on ISIC Rev.3 with a slight modification to meet country specific requirements. Data compilation procedures followed closely the IMF's Balance of Payments Manual, 5th Edition (BPM5). In addition, data was classified according to financing type, maturity structure, source country, sectoral and regional distribution in order to enrich analysis.

2.5.2 Timeliness

The survey results were released about 12 months after completion of fieldwork. The focus has been to meet timeliness criteria for data dissemination as guided by IMF's framework in the General Data Dissemination System (GDDS), which is between six to nine months after fieldwork. Noteworthy, the fieldwork for the two surveys was completed in September and the output tables were produced in December 2009.

In the discussion that follows manufacturing, agriculture, and construction sectors are as defined in ISIC Rev.3. Communication covers; transport, storage and communications. Wholesale and retail trade includes wholesale, retail trade, catering and accommodation services. The finance sector entails financing, insurance, real estate and business services. Finally, community and social services include community, social and personal services.

2.5.3 Synopsis of the Chapter

This chapter has presented the methodology used in conducting the sample surveys of foreign private investment in Tanzania during 2007 and 2009. The chapter reveals that the survey was conducted in accordance with the international best practices as provided in the International Monetary Fund Balance of Payments Manual, 5th edition (IMF BPM5). Response rate of 90.5 percent was attained for the 2009 survey circle compared to 86.3 percent in 2007 cycle following a significant improvement in cooperation from the respondents. The next chapter provides analysis of foreign private investment in Tanzania during the period under review.

CHAPTER THREE

ANALYSIS OF FOREIGN PRIVATE INVESTMENTS, 2001 - 2005

3.1 Introduction

This chapter presents and analyses results from the survey of Foreign Private Investments (FPI) in Tanzania for the period between 2005 and 2008. The analysis focuses on the main components of FPI, namely Foreign Direct Investment (FDI), Foreign Portfolio Equity Investment (FPEI) and Other Investments (OI) as classified under BOP Manual 5.

The chapter examines the amount of FPI attracted to Tanzania during the period under review as well as detailed analytical findings in terms of its distribution by sector, region, source country and source of financing of the investments. The World Investment Report of 2010 reports higher values for both stock and flows of FDI for Tanzania for 2007 and 2008 largely on account of estimation discrepancies. The report shows however that inflows to LDCs have generally continued to decrease due to limited market size, weak business environment, high level of perceived risk and low competitiveness compared to other economies.

3.2 Stock of Foreign Private Investments (FPI)

The stock of foreign private investments in Tanzania depicts a consistent growth trend during the past four years. Between 2005 and 2008, the stock of FPI grew by 32.3 percent to USD 6,572.8 million, representing an annual growth of 8.8 percent **(Table 3.1 and Figure 3.1)**.
In 2007, the stock of FPI grew at 22.4 percent compared to only 6.7 percent in the previous year. The surge is due to high growth of stock of investments in the manufacturing; finance and communication sectors.

Figure 3.1: Stock of FPI, 2005 - 2008

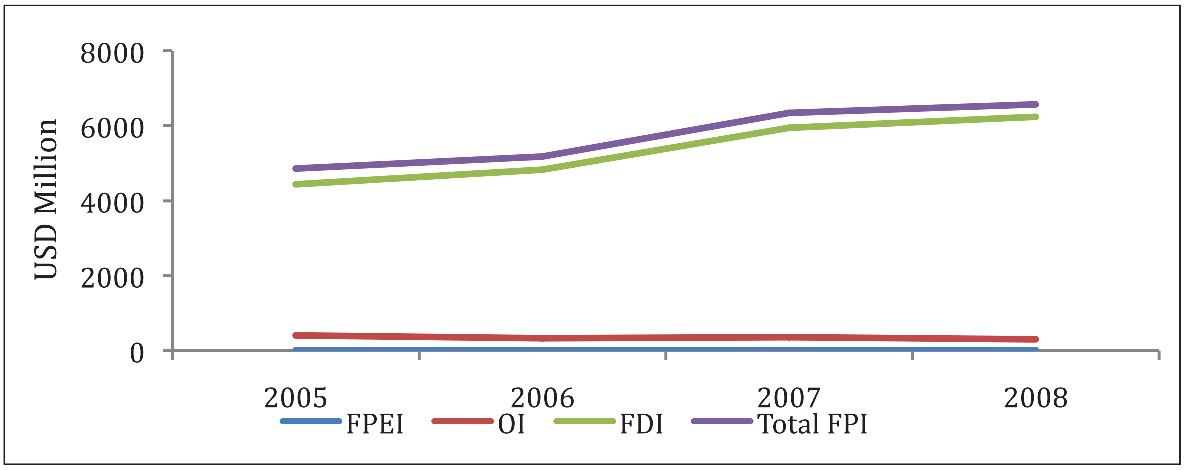


Table 3.1: Stock of FPI, 2001 – 2005 *Values in USD million*

Type of FPI	2005	2006	2007	2008P
1. Foreign Direct Investment (FDI)	**4,438.7**	**4,827.1**	**5,950.0**	**6,239.9**
Direct Equity Investment	3,102.5	3,170.5	4,100.4	4,357.6
Long-Term Inter-Company Loans	1,200.8	1,482.3	1,770.1	1,804.0
Short-Term Inter-Company Loans	107.0	141.8	19.3	21.1
Supplier Credits from Related Companies	28.5	32.6	60.3	57.4
2. Foreign Portfolio Equity Investment (FPEI)	**13.6**	**25.0**	**30.9**	**31.0**
Portfolio Equity Investment	13.6	25.0	30.9	31.0
3. Other Investment (OI)	**407.2**	**331.5**	**361.1**	**301.8**
Long-Term Loans from Unrelated Companies	364.4	256.7	311.8	229.2
Short-Term Loans from Unrelated Companies	24.0	38.8	29.5	67.6
Supplier Credits from Unrelated Companies	18.8	36.1	19.8	5.0
Total Foreign Private Investments (=1+2+3)	**4,859.6**	**5,183.6**	**6,341.9**	**6,572.8**
Growth Rates Of FPI (%)	**2.46**	**6.67**	**22.35**	**3.64**

Source: PCF surveys *P = Provisional*

Akin to the previous reports, FDI has continued to dominate other types of FPI. As shown in **Table 3.2**, the stock of FDI accounted for more than 90 percent of total FPI during the period under review. On the other hand, foreign portfolio equity investment (FPEI) continued to record a negligible share of FPI partly on account of the restrictions on capital and financial account transactions in Tanzania as well as underdevelopment of the capital and securities market in the country.

The stock of Other Investments (OI) has consistently exhibited a downward trend during the period between 2005 and 2008 **(Table 3.2)**. Its share of total FPI has declined by 3.79 percent to 4.59 percent in 2008. The table shows further that long-term loans from unrelated companies constitute the largest share of the total stock of OI.

Table 3.2: Percentage Distribution of Stock of FPI by Type of Financing, 2005 – 2008

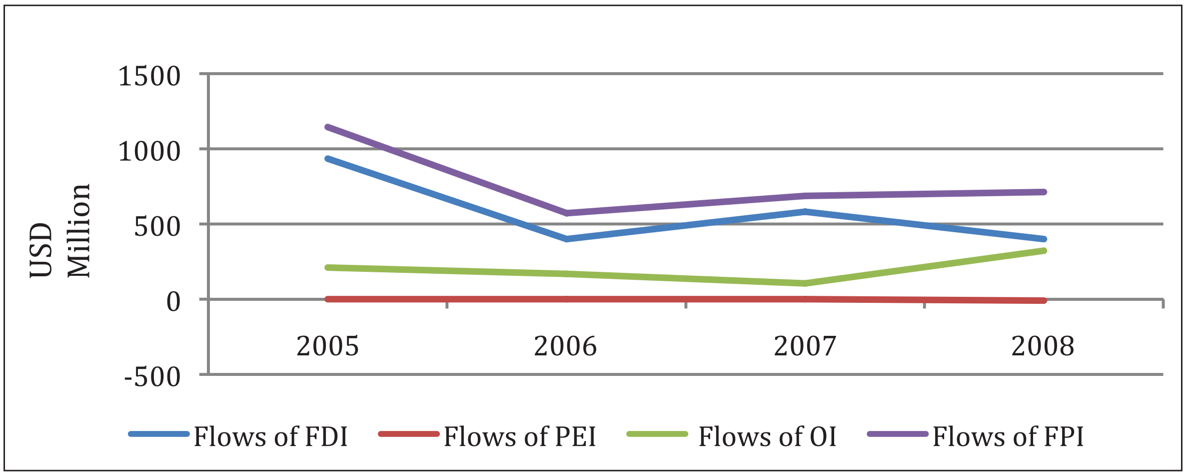
Type of FPI	2005	2006	2007	2008p
1. Foreign Direct Investment (FDI)	**91.4**	**93.1**	**93.8**	**94.9**
Direct Equity Investment	63.8	61.2	64.7	66.3
Long-Term Inter-Company Loans	24.7	28.6	27.9	27.5
Short-Term Inter-Company Loans	2.2	2.7	0.3	0.3
Supplier Credits from Related Companies	0.6	0.6	1.0	0.8
2. Foreign Portfolio Equity Investment (FPEI)	**0.3**	**0.5**	**0.5**	**0.5**
Portfolio Equity Investment	0.3	0.5	0.5	0.5
3. Other Investment (OI)	**8.4**	**6.4**	**5.7**	**4.6**
Long-Term Loans from Unrelated Companies	7.5	5.0	5.0	3.5
Short-Term Loans from Unrelated Companies	0.5	0.6	0.5	1.0
Supplier Credits from Unrelated Companies	0.4	0.7	0.3	0.1
Total Foreign Private Investments (=1+2+3)	**100.0**	**100.0**	**100.0**	**100.0**

Source: PCF surveys *P = Provisional*

3.3 *Flow of Foreign Private Investments (FPI)*

The flow of FPI decreased sharply from USD 1,145.9 million recorded in 2005 to USD 572.4 million in 2006 although they started to pick up in 2007 and 2008. The decrease in this category is associated with low investments recorded under direct equity, retained earnings and loans from related companies. The three components form the major part of FDI inflows which fell by more than fifty percent between 2005 and 2008. It is worth noting that a fall in FDI inflows has a negative impact on the total flows of FPI due to its immense influence on the behaviour of FPI inflows to Tanzania as indicated in Table 3.3 and It can be observed from Figure 3.3 that loans from affiliates have, for years, been a major source of financing FPI in Tanzania particularly between 1999 – 2007. However, in 2008, this financing preference shifted to loans from non-affiliates. The shift in financing preferences partly explains the decrease in inflows of FDI in 2008. According to the IMF Balance of Payments Manual 5th Edition (BPM5), loans from unrelated parties are not part of FDI. The decrease may also be associated with the Global Financial Crisis which is believed to have started showing its effects in the middle of 2007.

Figure 3.2: Flows of FPI, 205 - 2008



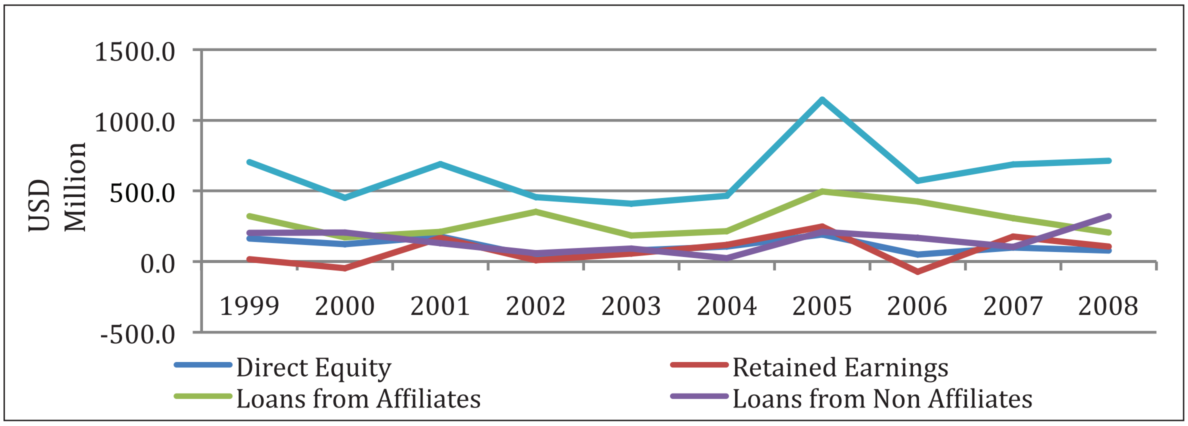
Source: PCF surveys *P = Provisional*

Table 3.3: Flow of Foreign Private Investments (FPI), 2005 – 2008 *Values in USD Million*

	2005	% of FPI for 2005	2006	% of FPI for 2006	2007	% of FPI for 2007	2008p	% of FPI for 2008p
1. Total FDI Flows	**935.5**	**81.6**	**403.0**	**70.4**	**581.6**	**84.6**	**400.1**	**56.1**
Direct Equity Issued to Non-Residents	190.7	16.6	50.3	8.8	98.4	14.3	87.8	12.3
Retained Earnings Attributable to Direct Investment	248.1	21.7	-71.8	-12.5	176.4	25.7	106.2	14.9
Long-Term Shareholder and Intercompany Loans	285.8	24.9	404.0	70.6	263.8	38.4	172.7	24.2
Short-Term Shareholder and Intercompany Loans	199.8	17.4	12.1	2.1	10.4	1.5	5.1	0.7
Suppliers Credits from Related Companies	11.2	1.0	8.4	1.5	32.5	4.7	28.4	4.0
2. Total Flows of Portfolio Investments	**0.1**	**0.0**	**0.4**	**0.1**	**0.3**	**0.0**	**-9.0**	**-1.3**
Portfolio Equity Issued to Non-Residents	0.1	0.0	0.4	0.1	0.3	0.0	-9.0	-1.3
3. Total Flows of Other Investments	**210.3**	**18.4**	**169.0**	**29.5**	**105.4**	**15.3**	**322.4**	**45.2**
Long Term Borrowing with Unrelated Companies	184.5	16.1	87.2	15.2	95.9	14.0	259.7	36.4
Supplier Credits from Unrelated Companies	7.8	0.7	27.7	4.8	2.3	0.3	62.5	8.6
Other Short Term Loans from Unrelated Companies	18.0	1.6	54.1	9.5	7.2	1.1	0.2	0.0
Total Flows of Foreign Private Investments (=1+2+3)	**1,145.9**	**100.0**	**572.4**	**100.0**	**687.2**	**100.0**	**713.5**	**100.0**

Source: PCF surveys *P = Provisional*

Figure 3.3: Financing of FPI, 1999 - 2008



Source: PCF surveys *P = Provisional*

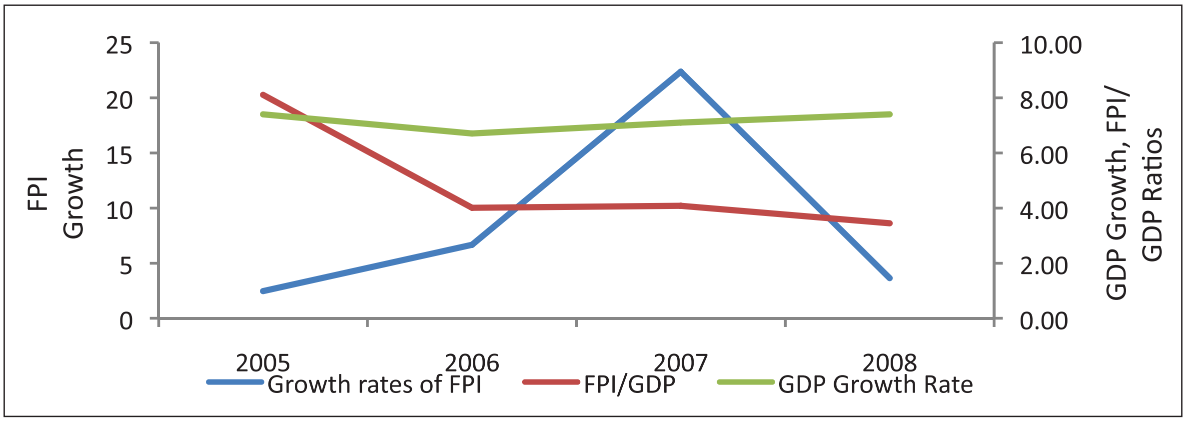
The ratio of foreign private investment flows to GDP maintained a downward trend during the period under review despite the increase in FPI inflows recorded in 2007 and 2008 **(Figure 3.4)**. The declining trend may not be a result of decrease in FPI flows as such but rather due to the fact that GDP consistently grew at a faster rate as compared to FPI. However, between 2005 and 2006, there was a notable decline in FPI flows by almost 50.0 percent owing to; negative retained earnings reported by most companies, drastic fall in loans from related companies and volatility of short-term loans observed.

3.4 Foreign Direct Investments (FDI)

This section provides more detailed analysis and discussion on FDI since it constitutes the largest share of FPI in Tanzania in terms of both flows and stocks.

The stock of FDI increased persistently from USD 4,438.7 million in 2005 to USD 6,239.9 million in 2008, representing an increase of 40.6 percent during the period **(Figure 3.5).** The increase in the stock of FDI is a result of the prevailing attractive investment climate including sustained

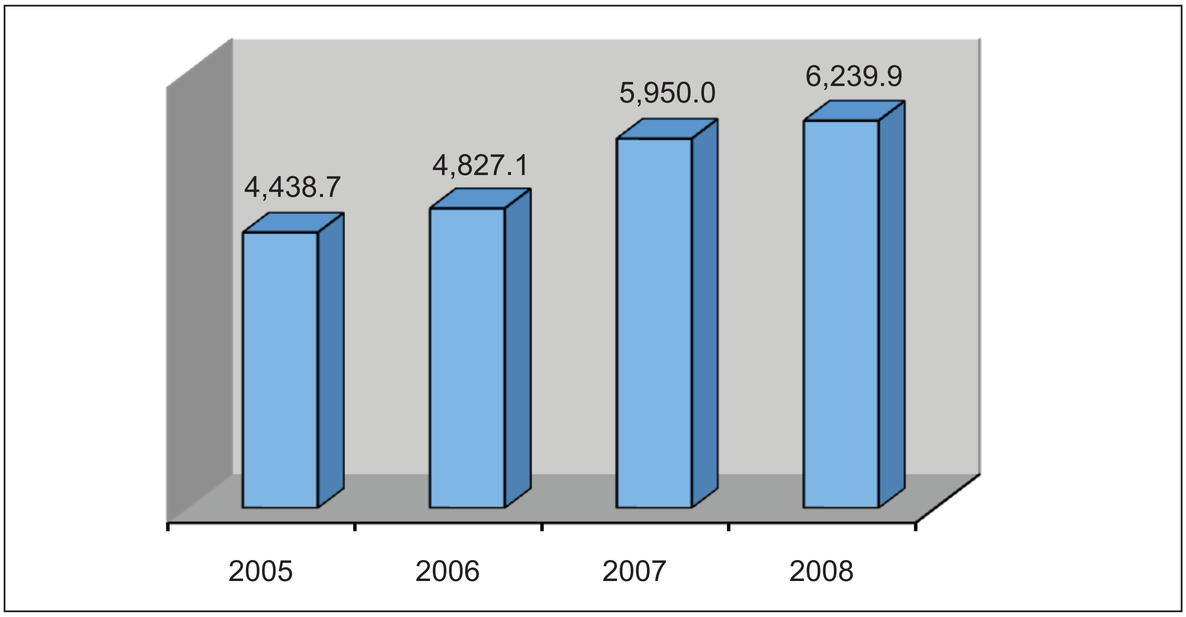
Figure 3.4: Growth of FPI Flows, GDP, and FPI/GDP Ratios (%), 2005 – 2008



macroeconomic environment as well as political stability, enhanced promotional campaigns and improved regulatory frameworks.

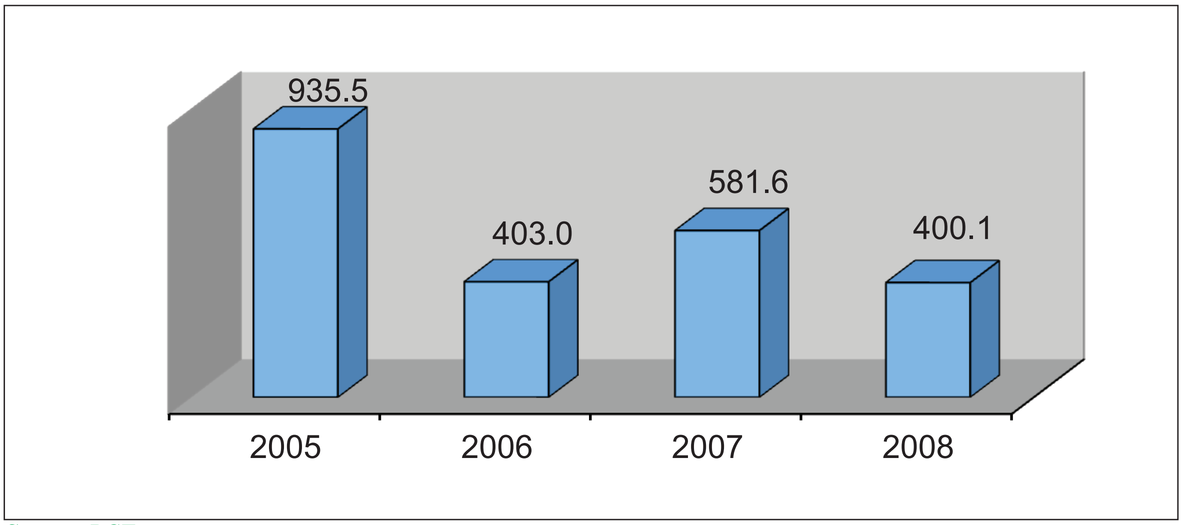
The flow of FDI into Tanzania has depicted a mixed growth pattern. **Figure 3.6** shows that inflows of FDI declined significantly in 2007 emanated from new investments in the Transport and communication (particularly telecommunications). In addition, other inflows went to the wholesale and retail trade (particularly tourism related activities) and finance sectors. The flows of FDI declined to about USD 400.0 million in 2008 partly

Figure 3.5: Stock of FDI (USD million), 2005 – 2008



Source: PCF surveys

Figure 3.6: FDI flows (USD million), 2005 – 2008



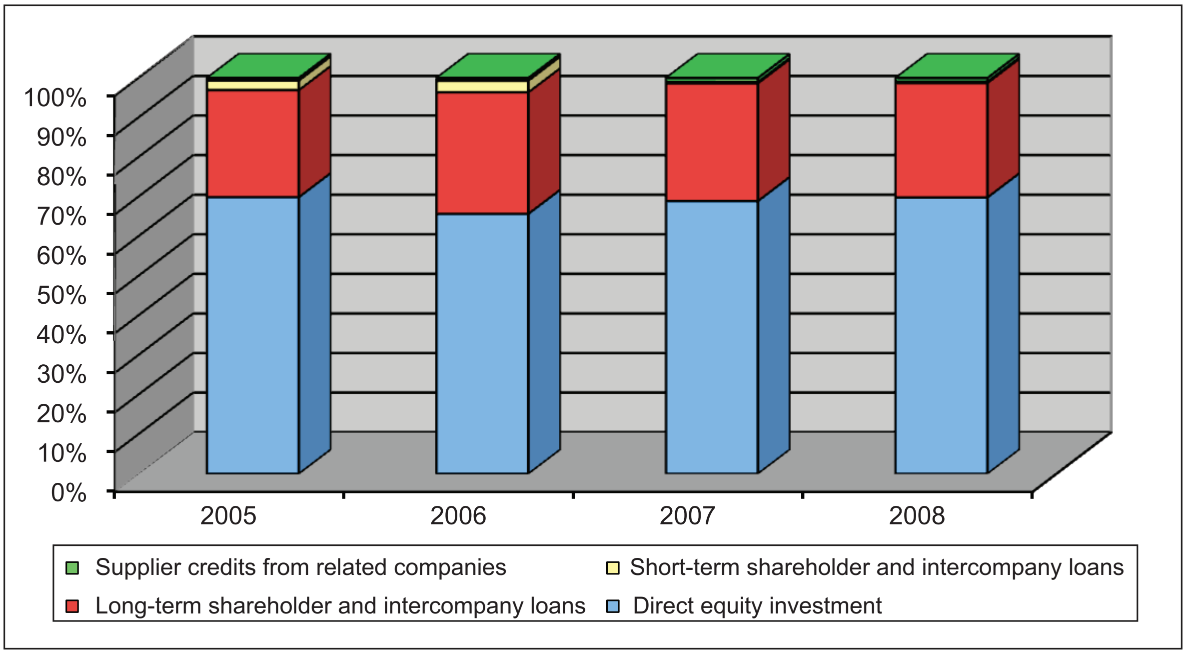
Source: PCF surveys

from USD 935.5 million in 2005 to USD 403.0 million in 2006 before rising to USD 581.6 million in 2007. The increase due to global financial crisis that affected global investment profitability leading to a swap in financing preference from loans from related to unrelated parties.

3.4.1 FDI by type of Financing

It is observed (in **Figure 3.7)** the main source of financing the stock of FDI in Tanzania is shareholder's direct equity. The second major source of financing is long-term inter-company loans which, in 2008, contributed 28.9 percent of the total FDI stock. Short-term inter-company loans combined with suppliers' credit

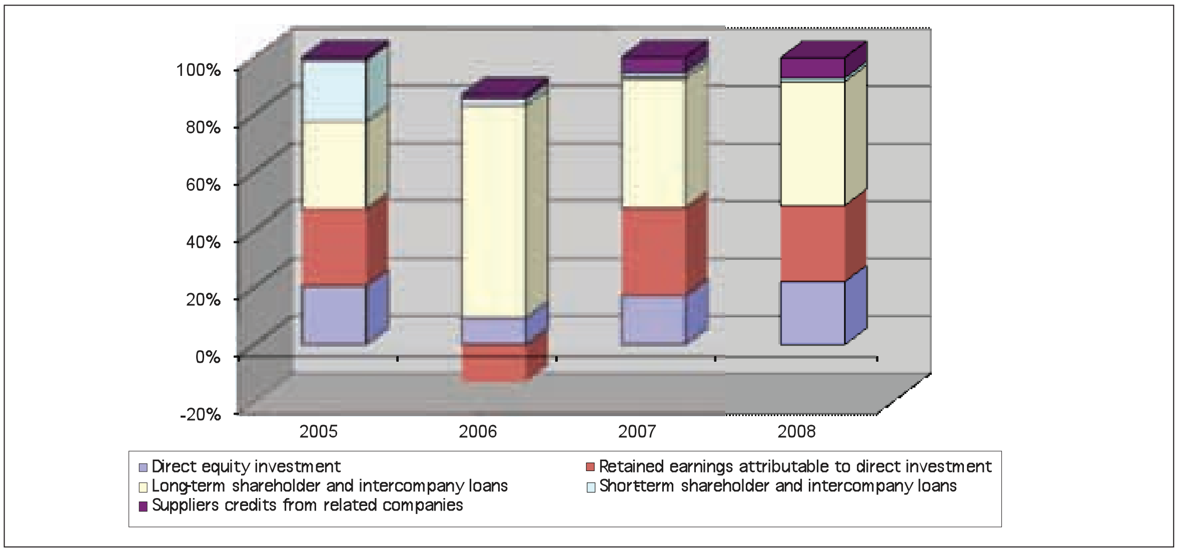
Figure 3.7: Stock of FDI by type of financing (%), 2005 – 2008



Source: PCF surveys

The share of direct equity investments to total stock of FDI was 69.9 percent in 2005. It declined slightly to 65.7 percent in 2006 before increasing to about 70.0 percent in 2008. In absolute terms, it increased from USD 3,102.5 million in 2005 to USD 4,357.6 million in 2008. from related companies accounted for 1.3 percent of total stock of FDI in 2008. Higher direct equity component of FDI stock relative to the debt types of financing indicates high confidence investors have in Tanzania's investment climate.

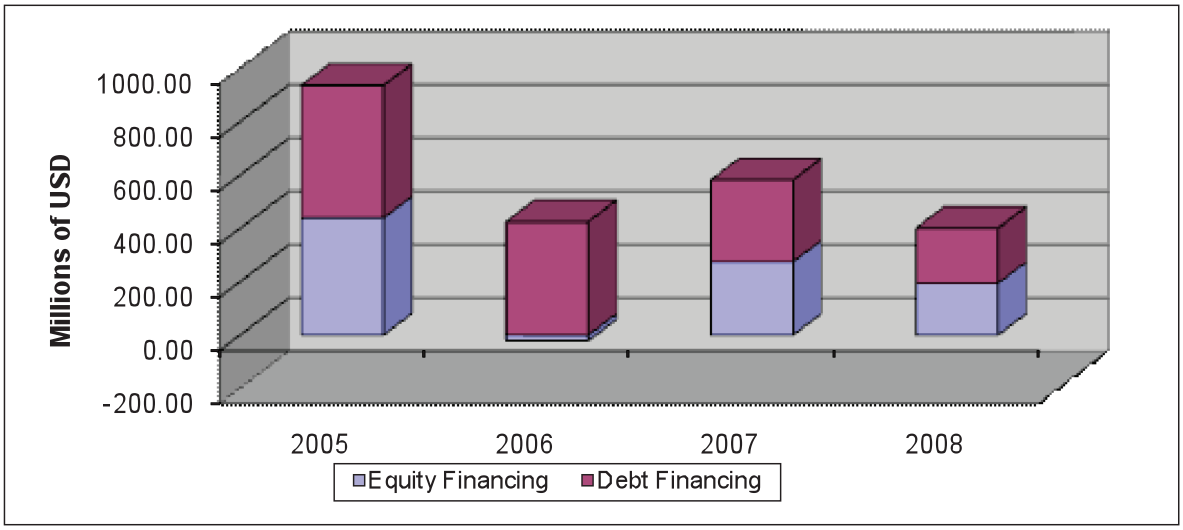
Figure 3.8 a: Flows of FDI by type of financing (%), 2005 – 2008



Source: PCF surveys

As depicted in Figure 3.8a FDI flows are largely financed through long-term loans from related parties which accounted for an average of 48.5percent of total FDI flows between 2005 and 2008. On the other hand, short-term loans accounted for 13.3 percent of total FDI flows. This brings a total of 61.8 percent of FDI flows that are financed through loans. The financing of FDI flows through equity accounted for only 38.2 percent during the period under review **(Figure 3.8b)**.

Figure 3.8b: Financing pattern of FDI flows, 2005 - 2008



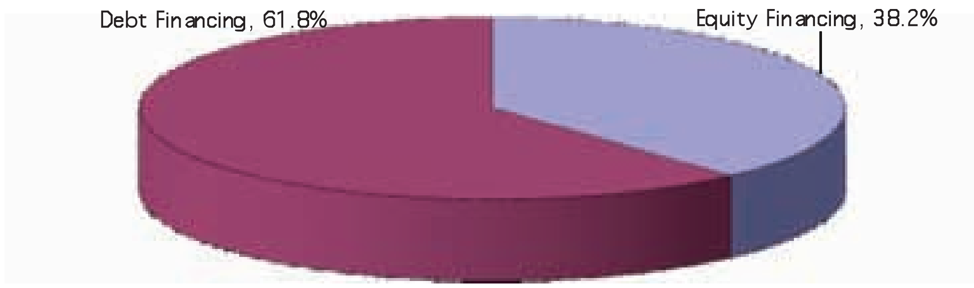
Source: PCF surveys

In a nutshell, 61.8 percent of FDI flows is financed through loans as compared to 38.2 percent of equity during the period between 2005 and 2008 **(Figure 3.9)**. The debt-equity ratio stands at 1.6:1, implying that in every unit of investment financed through equity there is 1.6 units of debt financing. Although the loans are prominent in financing FDI, the equity investments are preferable to loans as financing through equity is more sustainable. Unlike the equity, financing through loans increases debt burden of the Tanzanian economy.

3.4.2 Sectoral Distribution of FDI

Table 3.4 (a & b) and **Figure 3.10** show that the sectoral distribution of FDI stock has remained largely unchanged during the period under review. The survey results indicate that only four sectors, namely mining; manufacturing; wholesale and retail trade; and finance each attracted more than 10.0 percent of the total stock of FDI. The four sectors combined accounted for 78.3 percent of stock of FDI in 2008. The other sectors had a total share of 21.7. Mining sector continued to dominate the stock of FDI during the review period as it accounted for 27.0 percent of total stock of FDI in 2008. The performance of the mining sector is partly attributed to attractive investment incentive packages offered and the general trend of the trans-national corporations (TNCs) towards natural resource-based investments, particularly in the developing economies.

Figure 3.9: Average Flows of FDI by type of financing, 2005 – 2008



Source: PCF surveys

Table 3.4a: Stock of FDI by sector (USD Million), 2005 - 2008

Sector	2005	2006	2007	2008p
Mining	1,318.9	1,542.7	1,636.6	1,683.9
Manufacturing	977.7	867.6	1,353.2	1,432.3
Wholesale and retail trade	759.3	796.2	866.5	954.0
Finance	478.2	507.8	752.3	815.8
Communication	373.6	364.1	493.3	521.3
Utilities	225.5	342.5	396.7	424.6
Construction	160.4	222.9	278.1	237.1
Agriculture	137.4	159.8	138.0	140.7
Community and social services	7.6	23.6	35.5	30.3
Total	**4,438.7**	**4,827.1**	**5,950.0**	**6,239.9**

Source: PCF surveys *P = Provisional*

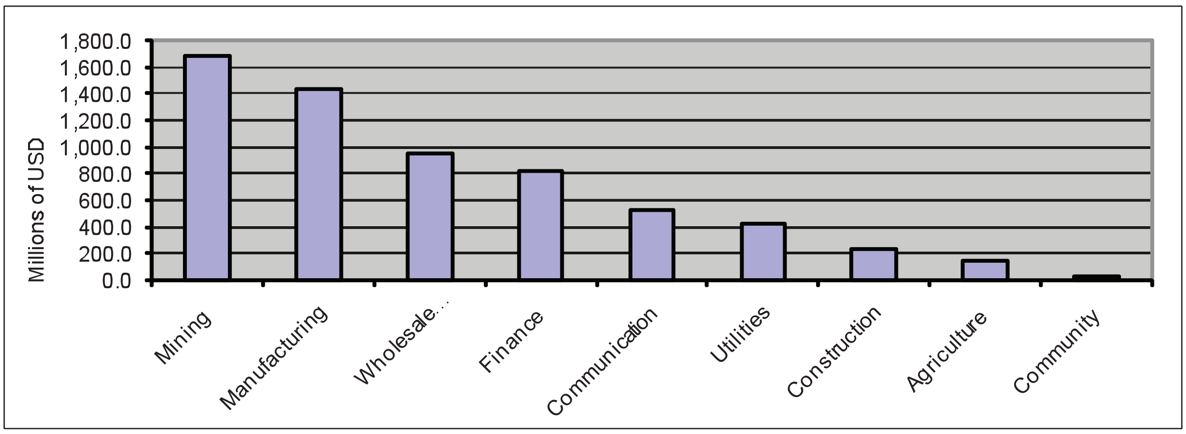
The agriculture sector which contributed an average of about 27 percent of GDP and supporting 80 percent of the population continued to attract low levels of FDI **(Table 3.4b)**. This is due to underdeveloped infrastructure in the rural areas, restrictive land policy, inadequate land bank facility and less attractive incentive package in the agriculture and related activities. The challenge, however, is for the Government to address the impediments hindering FDI inflows to agricultural and related activities given its potential towards poverty reduction.

Table 3.5b: Stock of FDI by Sector (in Percentage), 2005 - 2008

Sector	2005	2006	2007	2008p
Mining and Quarrying	29.7	32.0	27.5	27.0
Manufacturing	22.0	18.0	22.7	23.0
Wholesale & Retail trade	17.1	16.5	14.6	15.3
Finance &Insurance	10.8	10.5	12.6	13.1
Transport & Communication	8.4	7.5	8.3	8.4
Utilities	5.1	7.1	6.7	6.8
Construction	3.6	4.6	4.7	3.8
Agriculture	3.1	3.3	2.3	2.3
Community & social	0.2	0.5	0.6	0.5
Total	**100.0**	**100.0**	**100.0**	**100.0**

Source: PCF surveys *P = Provisional*

Figure 3.10: Stock of FDI by Sector, 2008



Source: PCF surveys

In the case of FDI flows, the distribution across sectors follows a different pattern from that of stock. The leading sector was manufacturing which received an average of USD 170.1 million representing 29.3 percent of total FDI inflows between 2005 and 2008. Large inflows of FDI into the sector resulted from high profits that were reinvested during the period under review. Data from BOT Annual report (2008/9) shows that the share of manufacturing exports to total exports increased from 9.3 percent in 2005 to 24.7 percent in 2008. Performance of the sector is partly associated with attractive incentive packages under Export Processing Zone (EPZ). The second prominent sector is wholesale and retail trade which accounted for an average of 22.3 percent of total FDI inflows between 2005 and 2008. The developments in the sector were attributed to an increase in tourism related activities, investments in modern supermarkets and oil companies.

Table 3.5a: Sectoral Distribution of FDI Flows (USD Million), 2005 – 2008

Sector	2005	2006	2007	2008	Average
Manufacturing	380.34	89.75	110.25	100.06	170.10
Wholesale and retail trade	179.38	86.58	150.94	99.94	129.21
Financing	68.50	97.05	146.78	156.36	117.17
Mining	130.55	170.65	57.03	2.88	90.28
Utilities	105.37	71.82	47.74	-33.18	47.94
Construction	-5.00	22.06	33.46	-4.38	11.54
Community and social services	-0.77	28.85	-0.35	3.47	7.80
Agriculture	10.09	-4.39	6.80	3.80	4.08
Communication	67.06	-159.34	28.89	71.14	1.94
Total	**935.52**	**403.04**	**581.55**	**400.09**	**580.05**

Source: PCF surveys *P = Provisional*

Although the mining sector has accumulated the largest stock of FDI, it has not been receiving significant inflows in the recent years. In 2008 for instance, the sector received only 0.7 percent of total flows of FDI compared to 14.0 percent recorded in 2005 **(Tables 3.5a & 3.5b)**. However, the sector recorded the highest share in 2006 mainly due to the injection of capital in new investments, ongoing exploration activities and expansion of existing mining activities. The poor performance of the communication sector is largely due to huge losses recorded in 2006. Utilities sector recorded lowest flows of FDI in 2008 as a result of huge losses reported by most companies operating in the sector.

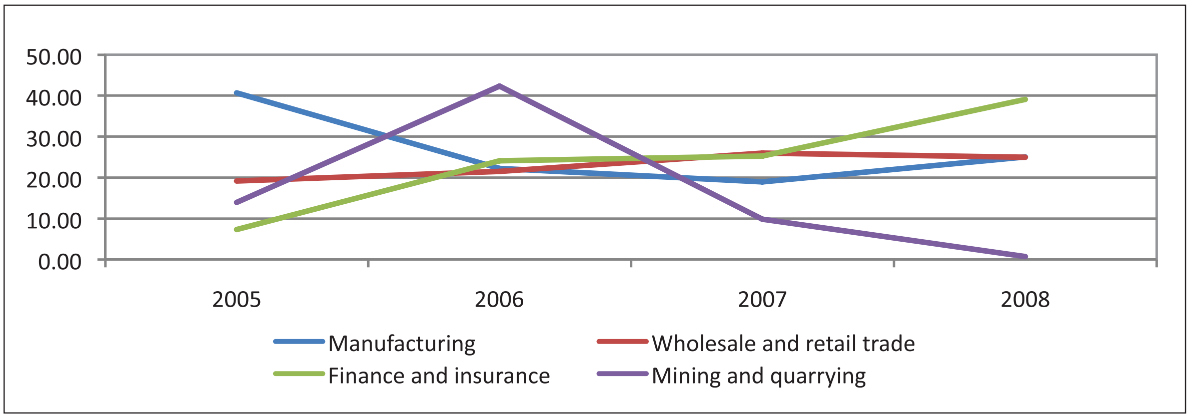
Table 3.5b: Flow of FDI by sector in percentage, 2005 – 2008

Sector	2005	2006	2007	2008	Average
Manufacturing	380.34	89.75	110.25	100.06	170.10
Wholesale and retail trade	179.38	86.58	150.94	99.94	129.21
Financing	68.50	97.05	146.78	156.36	117.17
Mining	130.55	170.65	57.03	2.88	90.28
Utilities	105.37	71.82	47.74	-33.18	47.94
Construction	-5.00	22.06	33.46	-4.38	11.54
Community and social services	-0.77	28.85	-0.35	3.47	7.80
Agriculture	10.09	-4.39	6.80	3.80	4.08
Communication	67.06	-159.34	28.89	71.14	1.94
Total	**935.52**	**403.04**	**581.55**	**400.09**	**580.05**

Source: PCF surveys *P = Provisional*

Figure 3.9 shows the major recipient sectors of FDI inflows of at least 10 percent during the period between 2005 and 2008. The share of wholesale and retail trade, and Finance sectors to total FDI flows were, on average, the largest and consistently increasing. The share of Manufacturing declined in 2006 but started to increase from 2007 onwards. The mining sector showed a downward trend implying the sector has been recording losses and less new inflows compared to previous years **(Figure 3.11)**.

Figure 3.11: Sector Performance of FDI Flows (%), 2005 - 2008



Source: PCF surveys

3.4.3 Regional Distribution of FDI

Generally, the geographical distribution of FDI has largely been influenced by endowment of natural resources, market accessibility, and state of infrastructure. The regional distribution of FDI stock **(Table 3.6)** has remained unchanged between 2005 and 2008. The distribution of FDI stock across regions indicates highest concentration in Dar es Salaam, Shinyanga and Mwanza which recorded a total stock of FDI of USD 3,466.28 million in 2005 and USD 4,992.22 million in 2008.

Dar es Salaam region continued to constitute the largest share of FDI stock with 58.0 percent in 2008 followed by Shinyanga and Mwanza regions with 12.3 percent and 9.7 percent, respectively.

The stock of FDI in the three regions represents about 80 percent of the total stock during the review period. The dominance of Dar es Salaam region is attributed to better-developed infrastructure, proximity to the port and the fact that it is the largest commercial city of the country and the headquarters to most companies. The significant FDI stock in Shinyanga and Mwanza is due to heavy investments in mining (gold and diamond) and other business activities such as fishing and fish processing in Lake Victoria.

It is important to note, however, that investment activities in some regions are financed through loans from unrelated sources rather than direct equity. It is for this reason that such regions may not feature as FDI recipients.

Table 3.6: Distribution of Stock of FDI By Region (USD Million), 2005 – 2008

Region	2005	% for 2005	2006	% for 2006	2007	% for 2007	2008p	% for 2008
Dar es Salaam	2,243.8	50.6	2,477.0	51.3	3,396.1	57.1	3,618.7	58.0
Shinyanga	661.2	14.9	752.5	15.6	775.2	13.0	765.5	12.3
Mwanza	561.3	12.7	636.7	13.2	620.7	10.4	608.0	9.7
Arusha	268.3	6.0	266.0	5.5	332.6	5.6	355.4	5.7
Morogoro	147.1	3.3	162.7	3.4	186.6	3.1	189.1	3.0
North Unguja	92.1	2.1	89.8	1.9	119.1	2.0	132.9	2.1
Tanga	53.0	1.2	66.1	1.4	6.4	1.6	113.2	1.8
Iringa	46.1	1.0	81.9	1.7	101.5	1.7	106.7	1.7
Urban West	130.2	2.9	85.6	1.8	90.2	1.5	105.0	1.7
Kagera	56.8	1.3	57.8	1.2	81.6	1.4	81.6	1.3
Kilimanjaro	67.5	1.5	67.4	1.4	69.8	1.2	63.4	1.0
South Unguja	26.4	0.6	22.8	0.5	24.3	0.4	26.7	0.4
Mbeya	24.7	0.6	11.9	0.3	14.1	0.2	25.7	0.4
Manyara	13.9	0.3	15.6	0.3	17.5	0.3	19.5	0.3
Mara	31.2	0.7	21.7	0.5	13.8	0.2	16.9	0.3
Pwani	9.7	0.2	5.6	0.1	4.5	0.1	4.6	0.1
Tabora	2.5	0.1	2.3	0.1	2.6	0.0	2.4	0.0
South Pemba	1.3	0.0	1.9	0.0	1.7	0.0	2.2	0.0
North Pemba	1.1	0.0	1.2	0.0	1.4	0.0	2.1	0.0
Ruvuma	0.4	0.0	0.4	0.0	0.4	0.0	0.3	0.0
Singida	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0
Mtwara	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**4,438.7**	**100.0**	**4,827.1**	**100.0**	**5,950.0**	**100.0**	**6,239.9**	**100.0**

Source: PCF surveys *P = Provisional*

On FDI flows, the distribution across regions exhibits a pattern similar to that of stock during the period between 2005 and 2008 **(Table 3.7)**. Dar es Salaam region recorded the largest share of FDI flows with 77.6 percent of the total FDI inflows recorded in 2008. Mwanza attracted about 7.4 percent of FDI flows while North Unguja recorded 6.3 percent following a boom in the tourism industry.

Table 3.7: Regional Distribution of FDI Flows (USD Million), 2005 – 2008

Region	2005	2006	2007	2008p	Average	% of Average
Dar es Salaam	691.3	355.1	418.4	334.5	449.9	77.6
Mwanza	89.8	91.0	-4.0	-4.8	43.0	7.4
North Unguja	29.9	20.2	69.3	26.6	36.5	6.3
Kagera	55.5	1.2	-0.3	0.0	14.1	2.4
Urban West	4.2	20.6	14.0	12.8	12.9	2.2
Tanga	6.4	12.2	14.4	10.0	10.7	1.9
Shinyanga	-15.2	49.0	22.9	-18.6	9.6	1.7
Morogoro	8.0	14.1	2.6	10.8	8.9	1.5
Iringa	3.4	10.0	7.7	12.5	8.4	1.5
Kilimanjaro	24.8	3.7	1.4	-0.7	7.3	1.3
South Unguja	5.5	4.0	2.9	1.2	3.4	0.6
Mbeya	1.6	1.1	4.5	6.4	3.4	0.6
Manyara	1.2	1.3	1.5	1.5	1.4	0.2
North Pemba	0.0	0.1	0.1	1.2	0.3	0.1
Mara	-2.1	-0.1	2.9	0.3	0.2	0.0
Pwani	0.2	0.2	0.2	0.2	0.2	0.0
South Pemba	0.0	0.1	0.0	0.4	0.1	0.0
Kigoma	0.0	0.0	0.0	0.0	0.0	0.0
Tabora	0.0	0.0	0.0	0.0	0.0	0.0
Mtwara	0.0	0.0	0.0	0.0	0.0	0.0
Ruvuma	-0.1	0.0	0.0	0.0	-0.1	0.0
Arusha	31.4	-180.7	23.1	5.7	-30.1	-5.2
Total	**935.5**	**403.0**	**581.6**	**400.1**	**580.1**	**100.0**

Source: PCF surveys *P = Provisional*

Table 3.7 shows that regions with less natural resource endowments, poor state of infrastructure and unreliable provision of utilities attracted low levels of FDI inflows. Such regions include Mtwara, Singida, Tabora, Ruvuma, Kigoma and North and South Pemba. However, the on-going countrywide infrastructure development program especially on roads and communication infrastructures provides huge potential for attracting new investments in such regions.

In terms of zones, the Eastern zone has dominated the distribution of FDI flows as it recorded 61.1 percent of total stock of FDI in 2008. The dominance of the Eastern zone is due to better infrastructure and easy access to markets particularly in Dar es Salaam. The Lake zone is the second as it recorded 23.6 percent as a result of endowment of natural resources such as minerals and fish and fish products that attracted large FDI inflows mostly in Shinyanga and Mwanza in 2008. The Central zone had the smallest share with 0.04 percent of total FDI stock in 2008 mainly due to inadequate power and water supply, poor state of infrastructure and limited access to markets **(Table 3.8)**.

Table 3.8: Zonal Distribution of FDI Stock in Tanzania, 2005 – 2008

	2005	2006	2007	2008p	% of 2008
Eastern Zone (USD million)	**2,400.6**	**2,645.3**	**3,587.1**	**3,812.4**	**61.1**
Dar es Salaam (%)	93.5	93.6	94.7	94.9	94.9
Morogoro (%)	6.1	6.2	5.2	5.0	5.0
Pwani (%)	0.4	0.2	0.1	0.1	0.1
Central Zone (USD million)	**2.6**	**2.4**	**2.7**	**2.5**	**0.0**
Tabora (%)	95.4	95.4	95.4	95.4	95.4
Singida (%)	4.6	4.6	4.6	4.6	4.6
Southern Zone (USD million)	**71.2**	**94.2**	**116.0**	**132.7**	**2.1**
Mtwara (%)	0.1	0.0	0.0	0.0	0.0
Ruvuma (%)	0.6	0.4	0.3	0.2	0.2
Mbeya (%)	34.7	12.7	12.1	19.4	19.4
Iringa (%)	64.7	86.9	87.5	80.4	80.4
Northern Zone (USD million)	**402.6**	**415.2**	**516.3**	**551.5**	**8.8**
Arusha (%)	66.6	64.1	64.4	64.4	64.4
Tanga (%)	13.2	15.9	18.7	20.5	20.5
Kilimanjaro (%)	16.8	16.2	13.5	11.5	11.5
Manyara (%)	3.4	3.8	3.4	3.5	3.5
Lake Zone (USD million)	**1,310.5**	**1,468.7**	**1,491.3**	**1,471.9**	**23.6**
Mara (%)	2.4	1.5	0.9	1.2	1.2
Shinyanga (%)	50.5	51.2	52.0	52.0	52.0
Mwanza (%)	42.8	43.4	41.6	41.3	41.3
Kagera (%)	4.3	3.9	5.5	5.5	5.5
Zanzibar Zone (USD million)	**251.2**	**201.3**	**236.7**	**268.9**	**4.3**
South Pemba (%)	0.5	1.0	0.7	0.8	0.8
North Pemba (%)	0.5	0.6	0.6	0.8	0.8
Urban West (%)	51.8	42.5	38.1	39.1	39.1
South Unguja (%)	10.5	11.3	10.3	9.9	9.9
North Unguja (%)	36.7	44.6	50.3	49.4	49.4
Total	**4,438.7**	**4,827.1**	**5,950.0**	**6,239.9**	**100.0**

Source: PCF surveys *P = Provisional*

The initiatives that Tanzania conceived including development of Mtwara corridor and Lake Nyasa Basin are likely to stimulate FDI flows particularly into the central and southern zones.

Figure 3.12: Distribution of Stock of FDI by Zones (USD Million), 2005 – 2008

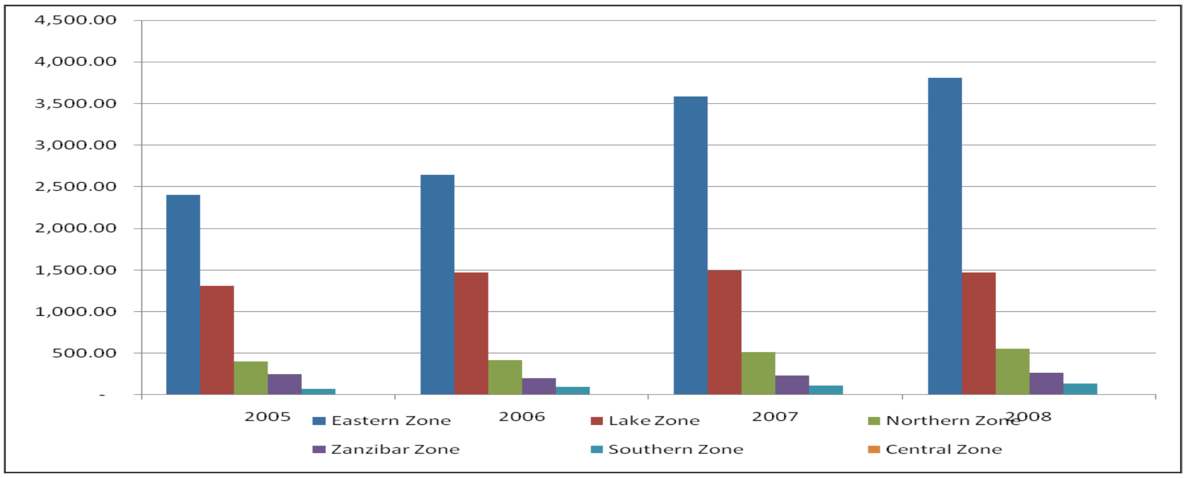
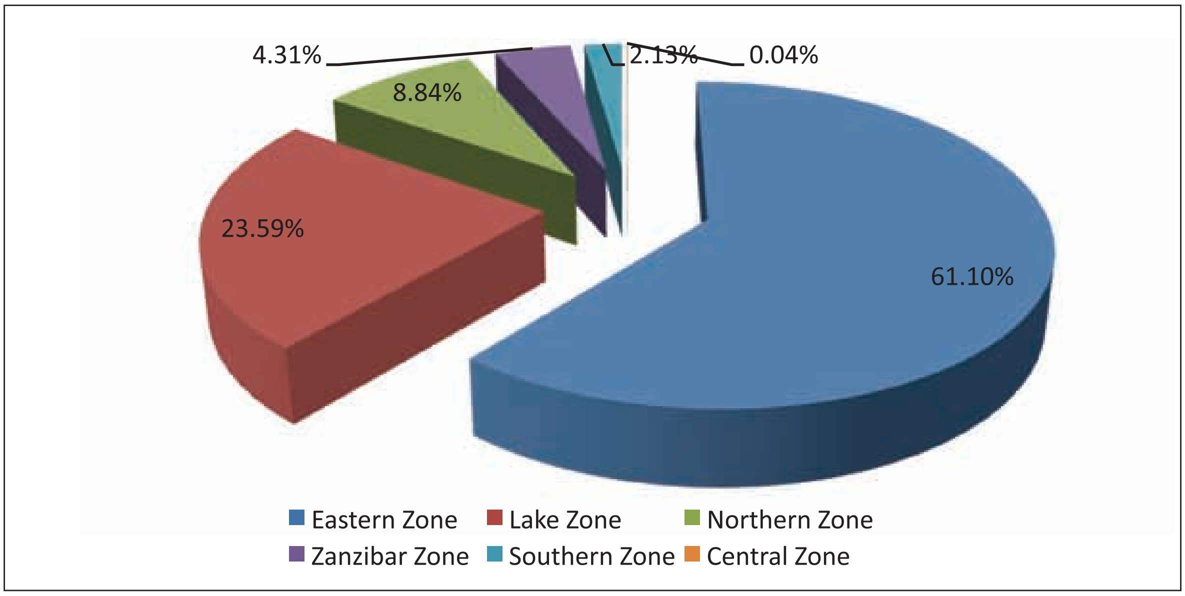


Figure 3.13: Zonal Distribution of FDI Flows (%), 2005-2008



3.4.4 FDI by Source Country

The source countries of FDI are quite diversified across continents and regional economic blocks. Despite the diversity, it is observed that only few countries account for the large share of FDI. **Table 3.9 and Figure 3.9** show that the top ten countries make 77.7 percent of the total stock of FDI in which the first three namely South Africa, Canada and UK attracted 53.0 percent in 2008. This kind of concentration may expose the country into risks in case one of the three countries faces an economic downturn. While most investments from South Africa went into manufacturing, finance and tourism activities, those from Canada went into the mining activities. Investments from UK were channelled to the manufacturing, finance and related activities.

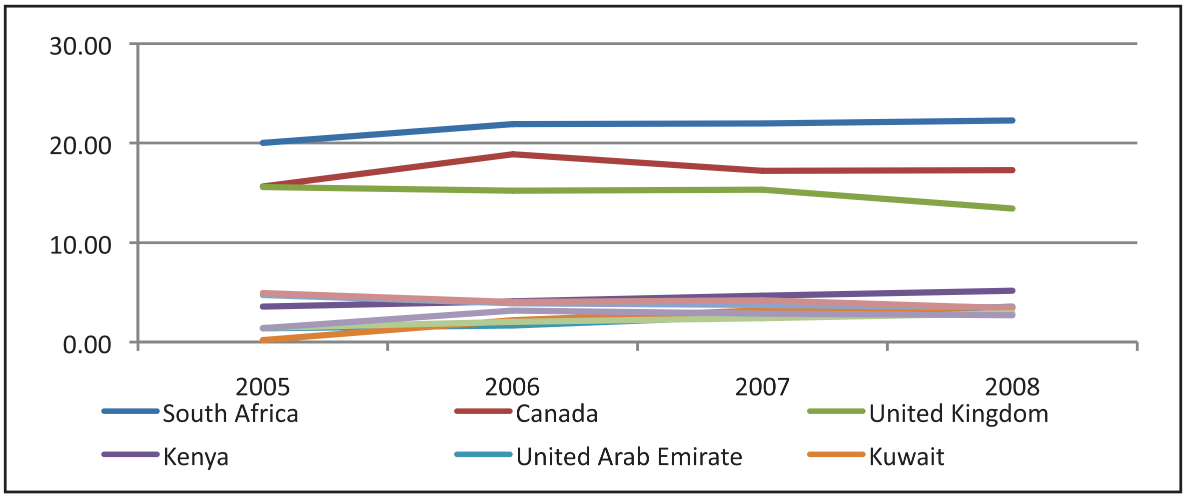
Table 3.9: Stock of FDI from top ten source countries (USD Million), 2005 – 2008

	Country	2005	% for 2005	2006	% for 2006	2007	% for 2007	2008p	% for 2008
1	South Africa	888.5	20.0	1057.7	21.9	1307.0	22.0	1389.7	22.3
2	Canada	694.2	15.6	911.3	18.9	1024.3	17.2	1078.5	17.3
3	United Kingdom	692.0	15.6	734.7	15.2	910.9	15.3	837.5	13.4
4	Kenya	158.4	3.6	197.2	4.1	276.8	4.7	321.2	5.2
5	United Arab Emirates	61.6	1.4	80.2	1.7	156.9	2.6	222.9	3.6
6	Kuwait	9.0	0.2	106.7	2.2	189.9	3.2	220.3	3.5
7	USA	210.0	4.7	187.9	3.9	221.3	3.7	217.5	3.5
8	Mauritius	219.3	4.9	194.4	4.0	250.6	4.2	212.2	3.4
9	Norway	63.4	1.4	98.8	2.1	142.5	2.4	181.6	2.9
10	Switzerland	62.2	1.4	152.5	3.2	170.1	2.9	168.2	2.7
	Others	1380.2	31.1	1105.9	22.9	1299.5	21.8	1390.3	22.3
	Total	**4438.7**	**100.0**	**4827.1**	**100.0**	**5950.0**	**100.0**	**6239.9**	**100.0**

Source: PCF surveys *P = Provisional*

Table 3.9 further indicates that only three African countries, namely South Africa, Mauritius and Kenya were among the top ten countries which chose Tanzania as their preferred destination for investments during the period under review.

Figure 3.14: Shares of stock of FDI from top ten source countries (%), 2005 – 2008



As illustrated in **Table 3.10**, the top ten source countries of FDI flows into Tanzania contribute to about USD 545.6 million, representing over 94.1 percent of the total FDI inflows between 2005 and 2008. The table also indicates that FDI flows from the top ten source countries declined from USD 979.2 million in 2005 to USD 321.4 million in 2008 following drastic fall in the inflows from UK, Canada, Mauritius, South Africa and US. Four countries, namely UK, Canada, Mauritius and South Africa are the leading sources of FDI flows each with an average of 10 percent and above of the total inflows. The countries contributed an average of 68.0 percent of the total FDI inflows during the review period. It is worth noting that Kuwait is becoming an important source of FDI for Tanzania following an increase in their investments into agriculture and livestock activities. In 2008, the country attracted FDI inflows worth USD 47.3 million from Kuwait compared to USD 0.1 million recorded in 2005.

Table 3.10: FDI flows from top ten source countries (USD Million), 2005 – 2008

	Country	2005	2006	2007	2008p	2005-2008 Average	% of Average
1	United Kingdom	359.5	58.9	50.7	55.5	131.1	22.6
2	Canada	90.3	117.0	91.1	68.5	91.7	15.8
3	Mauritius	279.0	16.2	45.3	20.1	90.2	15.5
4	South Africa	178.6	100.9	39.4	6.4	81.3	14.0
5	Kuwait	0.1	26.4	50.2	47.3	31.0	5.4
6	United Arab Emirates	2.0	29.5	63.7	27.0	30.6	5.3
7	Norway	17.6	23.1	25.2	30.7	24.1	4.2
8	Kenya	24.0	17.3	24.8	25.0	22.8	3.9
9	USA	26.6	23.3	29.9	10.7	22.6	3.9
10	Australia	1.6	32.2	16.9	30.3	20.3	3.5
	Total	**979.2**	**444.7**	**437.2**	**321.4**	**545.6**	**94.1**

Source: PCF surveys *P = Provisional*

Table 3.11: Sectoral distribution of FDI stock from selected countries (USD Million and %), 2008

	Canada		South Africa		United Kingdom		USA		Kenya	
Sector	**Value**	**% Share**	**Value**	**% Share**	**Value**	**% Share**	**Value**	**% Share**	**Value**	**% Share**
Mining	828.1	86.1	911.3	68.9	39.9	6.4	11.3	4.8	0.0	0.0
Manufacturing	18.8	2.0	82.0	6.2	123.9	20.0	98.6	41.6	78.2	45.9
Communication	1.1	0.1	1.7	0.1	9.9	1.6	4.4	1.9	8.4	4.9
Wholesale and retail trade	0.2	0.0	226.7	17.1	212.2	34.2	38.1	16.1	28.7	16.9
Finance	3.1	0.3	92.2	7.0	98.8	15.9	49.8	21.0	42.9	25.2
Utilities	106.7	11.1	0.0	0.0	95.9	15.5	0.0	0.0	0.0	0.0
Agriculture	3.6	0.4	0.6	0.0	8.6	1.4	34.9	14.7	5.6	3.3
Construction	0.0	0.0	8.5	0.6	30.7	4.9	0.0	0.0	6.3	3.7
Community and social services	0.0	0.0	0.0	0.0	0.8	0.1	0.0	0.0	0.2	0.1
Total	**961.6**	**100.0**	**1,325.8**	**100.0**	**620.7**	**100.0**	**237.1**	**100.0**	**170.3**	**100.0**

Source: PCF surveys

Survey results reveal that the Organization for Economic Co-operation and Development (OECD) countries had the largest share of FDI stock with about 52.0 percent of the total stock followed by the Southern African Development Community (SADC) with 27.0 percent and the East African Community (EAC) with 5.6 percent in 2008. The dominance of the OECD group is due to large FDI stock originated from Canada with 17.3 percent, UK with 13.4 percent and US with 3.5 percent. South Africa, Mauritius and Botswana had the largest share among SADC countries with Kenya dominating in the EAC region. The rest of the countries recorded about 15.0 percent of the total FDI stock **(Table 3.12)**.

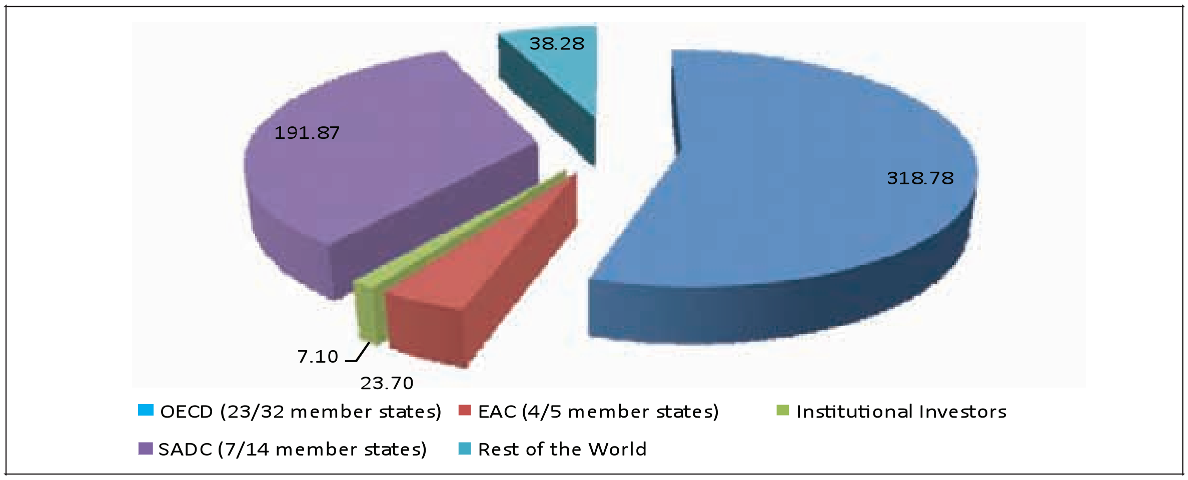
Table 3.12: FDI Stock by Groupings (USD Million), 2005 - 2008

	2005	**2006**	**2007**	**2008**	**% for 2008**
OECD	2547.4	2675.7	3193.7	3243.8	52.0
SADC	1123.8	1287.0	1618.4	1686.7	27.0
EAC	162.4	201.7	280.2	349.9	5.6
Institutional Investors	12.0	9.3	9.0	22.5	0.4
Rest of the World	593.2	653.4	848.8	937.1	15.0
Total	**4438.7**	**4827.1**	**5950.0**	**6239.9**	**100.0**

Source: PCF surveys

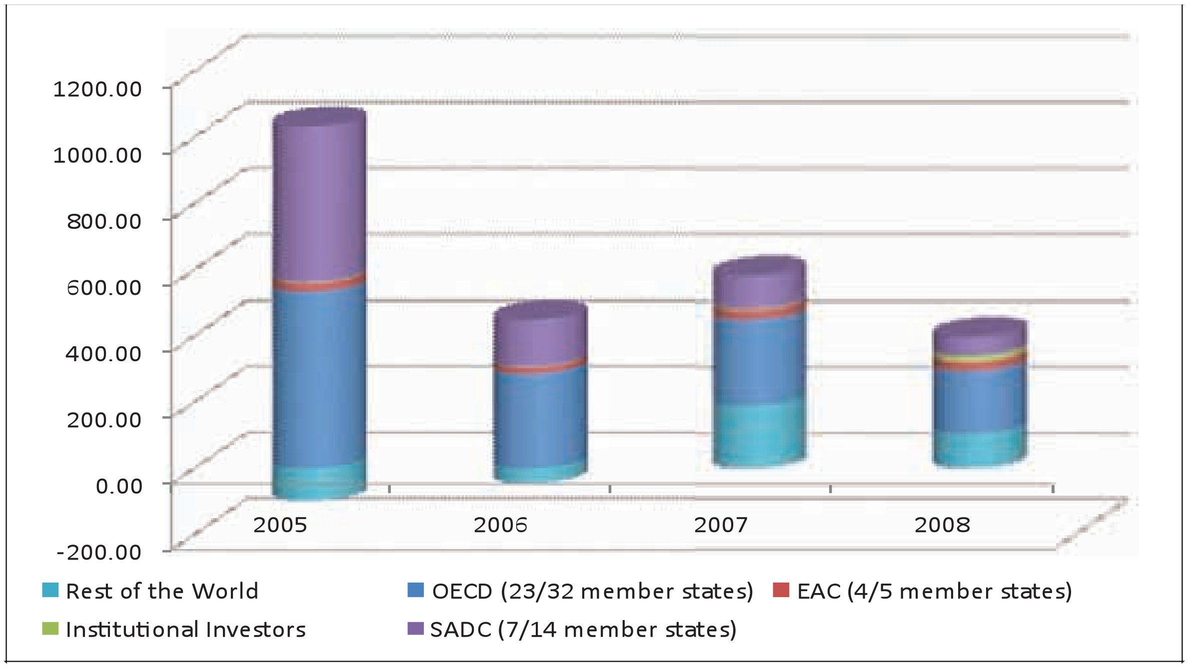
On average, OECD as a bloc remained the dominant source of FDI flows between 2005 and 2008 with USD 318.8 million, representing about 55.0 percent of the total FDI flows. The share of SADC countries in the total FDI flows during the period was 33.1 percent (equivalent to USD 191.9 million). The prominence of OECD is mainly contributed by UK, Canada and Norway while Mauritius, South Africa and Botswana had the largest share of FDI flows in the SADC region. Institutional investors had 7.1 percent share of the total FDI flows largely influenced by FDI from International Financial Corporation (IFC), European Union (EU) and CDC **(Figures 15a, 15b and Table 3.11)**.

Figure 3.15a: Average FDI Flows by Groupings, 2005 - 2008 (USD Million)



Source: PCF surveys

Figure 3.15b: FDI Flows by Groupings, 2005- 2008 (USD Million)



Source: PCF surveys

FDI flows from OECD declined consistently from USD 534.4 million in 2005 to USD 192.4 million in 2007 before increasing to USD 318.8 million in 2008. However, its share to total FDI flows (about 55.0 percent) remained large (Table 3.12). The table indicates further that FDI flows from SADC member countries decreased to USD 191.9 million in 2008 down from USD 470.3 million in 2005. The OECD share constitutes FDI from only twenty-three (23) out of thirty-three (32) member countries, SADC contributed by only seven (7) out of fourteen (14) member countries while the EAC share is from only three (3) member states that is Kenya, Uganda and Rwanda. This implies that no FDI flows from the other member countries of the regional blocs were recorded during the period under review.

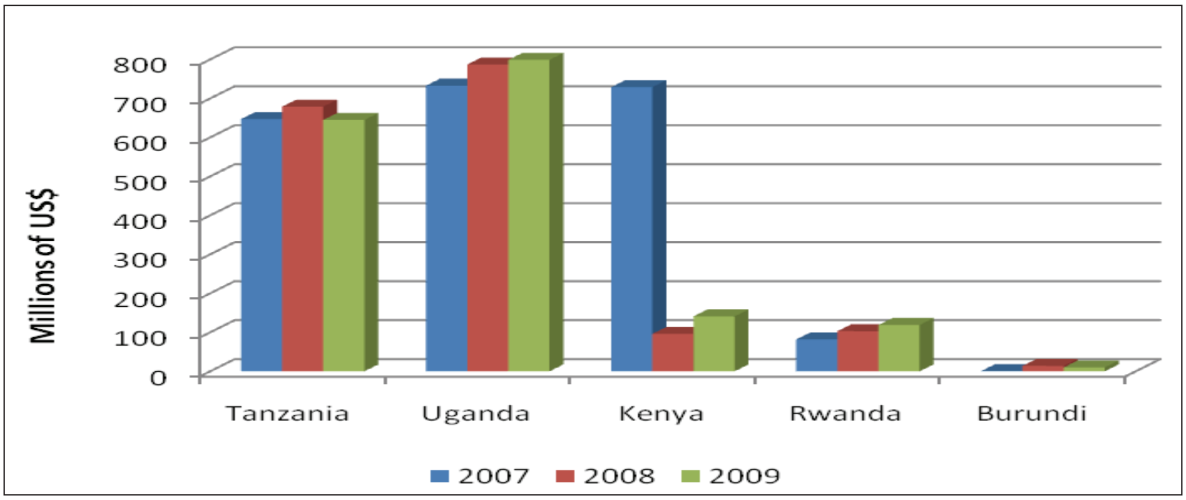
Table 3.13: FDI Flows by Groupings (USD Million), 2005 - 2008

Grouping	2005	2006	2007	2008	Average	% of Average
United Kingdom	359.5	58.9	50.7	55.5	131.1	22.6
Canada	90.3	117.0	91.1	68.5	91.7	15.8
Norway	17.6	23.1	25.2	30.7	24.1	4.2
Other OECD	67.0	87.4	95.1	37.7	71.8	12.4
Total OECD (23/32 countries)	534.4	286.4	262.0	192.4	318.8	55.0
Kenya	24.0	17.3	24.8	25.0	22.8	3.9
Uganda	0.7	0.5	2.0	0.6	0.9	0.2
Rwanda	0.0	0.0	0.0	0.0	0.0	0.0
Total EAC	24.6	17.7	26.8	25.7	23.7	4.1
IFC	0.0	0.0	0.0	14.9	3.7	0.6
EU	0.0	2.5	3.5	4.7	2.7	0.5
CDC	3.3	0.0	0.0	0.0	0.8	0.1
ADB	0.0	0.0	0.6	-0.5	0.0	0.0
PTA Bank	0.0	0.0	0.0	0.0	0.0	0.0
EADB	0.0	-0.5	0.0	0.0	-0.1	0.0
Total Institutional Investors	3.3	2.0	4.1	19.0	7.1	1.2
Mauritius	279.0	16.2	45.3	20.1	90.2	15.5
South Africa	178.6	100.9	39.4	6.4	81.3	14.0
Botswana	3.7	24.9	10.3	29.6	17.1	3.0
Other SADC	9.0	0.1	2.9	1.2	3.3	0.6
Total SADC (7/14 countries)	**470.3**	**142.0**	**97.9**	**57.4**	**191.9**	**33.1**

Source: PCF surveys

Table 3.13 indicates further that FDI flows from OECD decreased from USD 262.0 million in 2007 to USD 192.4 million in 2008. FDI flows from SADC had also declined to USD 57.4 million in 2008 from USD 97.9 million in 2007. The decline in the FDI flows from OECD and SADC regions could be as a result of the global economic and financial crisis that hit most economies where FDI originates. A comparison of Tanzania's FDI performance with other countries in East Africa during 2007 - 2009 is depicted in **Figure 3.15c**. During this period, Uganda performed comparatively better than the rest of East African countries in terms of net inflows followed by Tanzania.

Figure 3.15c: FDI flows to EAC countries, 2007 - 2009



Source: World Investment Report, 2010

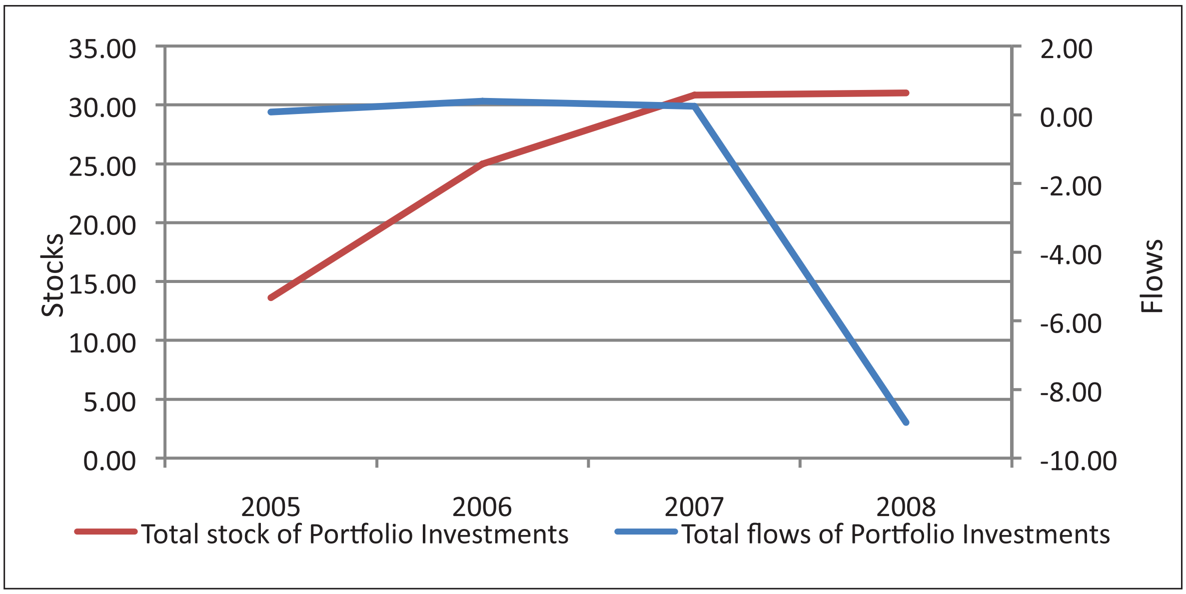
3.5 Foreign Portfolio Equity Investment (FPEI)

Over the last four years, the amount of FPEI accumulated reached USD 31.0 million in 2008, representing less than 1.0 percent of the foreign private investments (FPI). The low levels of FPEI recorded during the period under review may partly be due to the restrictions in the capital and financial transactions as well as underdevelopment of the domestic capital, money and securities markets in the country. However, the recent commitment made by Tanzania to undertake further liberalization of the capital account under the framework of the East African Community (EAC) is expected to encourage more foreign equity investment of portfolio nature to the country.

The existing restrictions in the capital and financial account transactions related to inflows include:

i. participation of foreign investors in the stock market is limited to 60 percent of the issued shares in the primary or secondary markets;
ii. sale or issue of securities abroad by residents is subject to approval by the Capital Markets and Securities Authority;
iii. foreign investors are not allowed to participate in Government securities market;
iv. sale or issue of debt securities abroad by residents is not allowed;
v. foreign investors are not allowed to purchase or sell money market instruments in the domestic market; and
vi. residents are not allowed to purchase or sell money market instruments abroad.

Figure 3.16: Foreign portfolio equity investment (USD Million), 2005 – 2008



Source: PCF surveys

The inflows of foreign portfolio equity investment (FPEI) remained negligible as compared with FDI and Other investments. In 2005, the country attracted FPEI amounting USD 0.08 million and increased to USD 0.4 million in the following year. It is depicted in **Figure 3.16** that FPEI inflows declined to USD 0.3 million in 2007 and further to USD -9.0 million in 2008, which can be associated with the global economic and financial crisis that started in the second half of 2007. The crisis affected negatively the performance in capital, money and securities markets following a fall in global company profitability as well as contraction in consumers and investors demand. However, it is important to note that FDIs are more preferred to FPEIs due to their long-lasting nature. Usually, FPEIs are considered volatile with possible quick reversals in case of an economic shock.

Table 3.14 indicates that the top three sectors, namely manufacturing, finance and construction accumulated the highest level of FPEI during the period under review. In 2008 alone, the three sectors accumulated over 95 percent of the total FPEI in the country. This might imply that the sectors are prone to reversals in the event of an economic shock because of the volatile nature of FPEI. Nevertheless, most FPEIs were not traded through capital or money markets but rather represent equity of less than 10 percent of the total equity in each of the surveyed companies.

Table 3.14: Stock of foreign portfolio equity investment (USD Million), 2005 – 2008

Sector	2005	2006	2007	2008p	% of 2008
Manufacturing	4.7	16.4	18.3	18.7	60.4
Financing	6.4	6.4	9.9	9.6	31.0
Construction	0.2	1.3	1.5	1.4	4.5
Wholesale and retail trade	1.4	0.5	0.7	0.8	2.6
Agriculture	0.9	0.3	0.3	0.2	0.8
Communication	0.1	0.1	0.1	0.1	0.4
Mining	0.0	0.1	0.1	0.1	0.3
Community and social services	0.0	0.0	0.0	0.0	0.0
Utilities	0.0	0.0	0.0	0.0	0.0
Total FPEI Stock	**13.6**	**25.0**	**30.9**	**31.0**	**100.0**

Source: PCF surveys *P = Provisional*

3.6 Other Foreign Private Investments (OFPI)

Other Foreign Private Investments (OFPI) form a significant component of Foreign Private Investments (FPI) in Tanzania and constitute long-term and short-term borrowings from unrelated companies. As shown in Table 3.61, OFPI constitute 4.6 percent of the total stock of FPI in 2008. On the other hand, equity and long-term loans from related companies represented 66.8 percent and 28.6 percent of the total stock of FPI respectively. Financing of investments through equity and long term loans from related companies is normally associated with the level of confidence investors have in the host economy.

Table 3.61 shows that the stock of OFPI declined by 25.9 percent to USD 301.8 million in 2008 from the amount recorded in 2005. However, flows of OFPI more than doubled as they rose from USD 105.4 million in 2007 to USD 322.4 million in 2008. The trend of the flows of OFPI is not reflected in the stock position due to increase in principal repayments relative to disbursements and valuation changes.

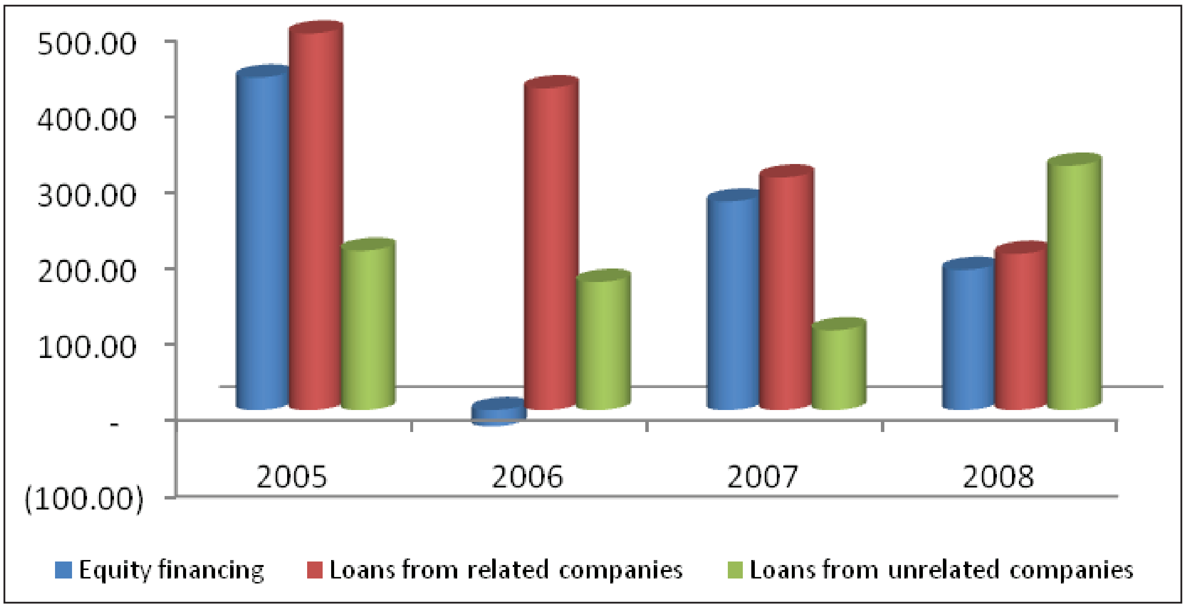
The table shows further that the share of OFPI in total FPI flows rose from 18.4 percent in 2005 to 45.2 percent in 2008. Inter-company loans were more prominent than those from unrelated parties except for 2008. In some cases, investors prefer inter-company loans to minimise risks associated with implementation of new investments although, in the long run, in some cases, investors tend to swap such loans to equity as they gain confidence with the performance of the new investments.

Table 3.15: Stock and flows of equity and loans (USD Million), 2005 – 2008

	Flows				Stock			
	2005	2006	2007	2008	2005	2006	2007	2008P
Equity	438.8	-21.1	275.1	185.1	3116.1	3195.5	4131.2	4388.6
Loans from related companies	496.8	424.5	306.7	206.1	1336.2	1656.6	1849.6	1882.4
Loans from unrelated companies	210.3	169.0	105.4	322.4	407.2	331.5	361.1	301.8
Total	**1145.9**	**572.4**	**687.2**	**713.5**	**4859.6**	**5183.6**	**6341.9**	**6572.8**

Source: PCF surveys *P = Provisional*

Figure 3.17: Flows of equity and loans (USD Million), 2005 – 2008



Source: PCF surveys

Sectoral Composition of Other Foreign Private Investments

The amount of foreign borrowing from unrelated parties (OFPI) varies across sectors with communication accumulating the largest share (33.0 percent) of the total stock followed by manufacturing with 30.6 percent. Other sectors that have accumulated more than 10.0 percent of total stock of FPEI are utilities and wholesale and retail trade. The four sectors constitute 87.3 percent of the total stock of FPEI in 2008.

Table 3.16: Sectoral composition of other Investments (USD Mill), 2005 – 2008

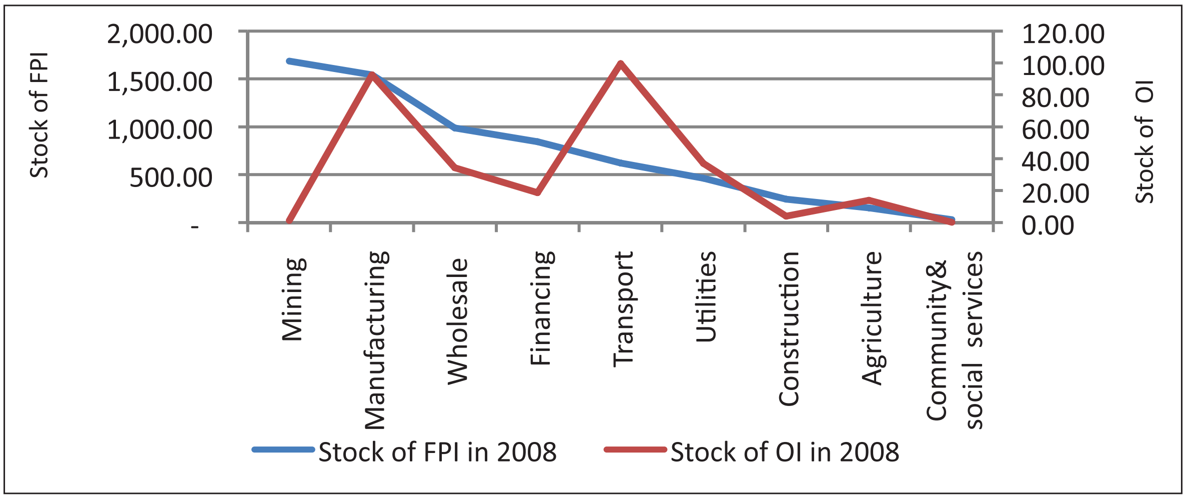
STOCK OF LOANS FROM UNRELATED PARTIES					
					in Percentage
	2005	2006	2007	2008	2008
Communication	41.2	86.9	150.0	99.5	33.0
Manufacturing	83.3	65.3	59.1	92.5	30.6
Utilities	97.5	71.2	59.3	37.1	12.3
Wholesale and retail trade	24.7	58.1	25.1	34.5	11.4
Financing	20.6	28.1	21.4	18.7	6.2
Agriculture	24.3	4.6	13.6	14.0	4.6
Construction	21.3	14.8	16.9	4.1	1.4
Mining	94.3	4.3	13.4	1.4	0.5
Community and social services	0.7	0.3	2.3	0.2	0.1
Total	**407.7**	**333.5**	**361.1**	**301.8**	**100.0**

FLOW OF LOANS FROM UNRELATED PARTIES						
						Percentage Average
	2005	2006	2007	2008	Average	
Communication	17.8	59.8	87.6	225.9	97.8	48.5
Wholesale and retail trade	38.5	68.2	3.3	37.2	36.8	18.2
Manufacturing	44.6	29.0	4.8	44.8	30.8	15.3
Mining	93.2	1.1	0.0	0.2	23.6	11.7
Community and social services	0.0	0.0	8.2	13.0	5.3	2.6
Agriculture	1.8	6.4	0.6	1.2	2.5	1.3
Financing	5.9	2.0	1.0	0.0	2.2	1.1
Construction	4.9	2.4	0.0	0.0	1.8	0.9
Utilities	3.7	0.0	0.0	0.0	0.9	0.5
Total	**210.3**	**169.0**	**105.4**	**322.4**	**201.8**	**100.0**

Source: PCF surveys

Although the mining sector had accumulated the largest stock of FPI by 2008 (25.6 percent), it is not among the top recipient of loans from unrelated parties. This implies that financing preference for most investors in the sector is equity and inter-company loans. The results shows further that the stock of OFPI in the mining sector fell sharply to USD 1.4 million in 2008 from USD 94.3 million in 2005. One can therefore argue that investors in the sector have not been contracting new loans from unrelated parties and the existing ones are being repaid. The community and social services, and agriculture sectors which are the least attractive for FPI have also accumulated lowest levels of loans from unrelated parties.

Figure 3.18: Stocks of FPI and OI (USD Mill.), 2008



Source: PCF surveys

In terms of flows, the sectors that recorded more than 10.0 percent of OFPI inflows are Transport and communication, wholesale and retail trade, manufacturing and mining. The four sectors accounted for an average of 93.7 percent of total flows of OFPI between 2005 and 2008.

Regional Composition of Stock of Other Foreign Private Investments

Table 3.17 provides a list of top ten recipient regions of stock of OFPI and FDI. It can be observed from the table that the regional distribution of the stock of OFPI is divergent from that of FDI. For instance, while Arusha is the second largest recipient of OFPI, it ranks fourth in terms of FDI. Thus, caution has to be exercised in analysing regional composition of investments as some regions may have attracted OFPI that do not form part of FDI which might give the wrong impression that the region is less attractive to foreign investment.

Table 3.17: Comparison of Regional Composition of stock of FDI and OFPI (USD Million), 2008

Top ten Regions	Stock of OFPI in 2008	Top ten Regions	Stock of FDI in 2008
Dar es Salaam	260.4	Dar es Salaam	3,618.7
Arusha	18.8	Shinyanga	765.5
Urban West	9.4	Mwanza	608.0
Mwanza	4.5	Arusha	355.4
Tanga	4.4	Morogoro	189.1
South Unguja	2.6	North Unguja	132.9
Mara	0.8	Tanga	113.2
Iringa	0.8	Iringa	106.7
Kilimanjaro	0.2	Urban West	105.01
North Unguja	0.1	Kagera	81.6

Source: PCF surveys

Composition of Other Foreign Private Investments by Source Country

Loans from unrelated parties are mostly sourced from the same countries appearing in the top ten list from which Tanzania's foreign private investments are sourced from. The top ten countries account for 86.4 percent of the total stock of OFPI in 2008. **Table 3.18** shows that the leading country is Kuwait for both stock and flows of this type of loans.

Table 3.18: Stock and flows of OI by source country, 2005 – 2008

Stock of OI from top ten source countries					Flows of OI from top ten source countries				
	2005	2006	2007	2008P		2005	2006	2007	2008P
Kuwait	0.0	50.1	119.2	71.2	Kuwait	0.0	50.4	72.2	70.7
India	33.5	25.8	24.3	58.3	Sweden	0.0	5.0	15.1	157.7
Hong Kong	97.2	71.9	60.1	37.8	Canada	93.0	1.2	2.1	3.3
United Kingdom	45.9	32.7	20.5	21.4	Mauritius	17.6	56.3	0.0	23.0
Sweden	0.5	3.7	9.4	16.0	India	17.7	5.3	1.4	36.2
South Africa	24.6	10.6	15.0	13.4	United Arab Emirates	0.1	0.1	8.2	19.8
Canada	104.8	12.9	12.4	12.9	United Kingdom	4.9	14.4	0.0	1.2
Austria	0.0	3.8	10.0	10.6	Kenya	5.3	6.3	1.1	7.4
United Arab Emirates	1.5	1.6	3.8	10.0	British Virgin Island	16.6	0.0	0.0	0.0
Mauritius	0.0	39.9	5.6	9.1	South Africa	6.0	3.5	2.9	0.0
Others	99.7	80.7	80.8	41.1	Others	49.1	26.5	2.5	3.1
Total	**407.7**	**333.5**	**361.1**	**301.8**	**Total**	**210.3**	**169.0**	**105.4**	**322.4**

Source: PCF surveys *P = Provisional*

Interest Payments

It can be noted from **Table 3.19** that interest payments on both long and short term loans fell by 25.8 percent to USD 51.8 million in 2008 from USD 69.7 million in 2005. This trend is largely consistent with stock of loans from unrelated parties which fell from USD 407.2 million in 2005 to 301.8 million in 2008. It is worth noting that in some cases, loans from related companies are of special arrangements including interest free.

The mining sector made most of the interest payments which can be associated with the large stock of debt it has accumulated during the period under review. The stock of loans in the sector has also been declining over time consistent with the decline in interest payments. Transport and communication sector which has accumulated largest stock of loans from unrelated parties ranks second in terms of interest payments **(Table 319)**.

Table 3.19: Interest payments on long term and short term loans (USD Million), 2005 – 2008

	Interest Payments on Long term loans				Interest Payments on Short term loans			
	2005	2006	2007	2008	2005	2006	2007	2008
Mining	17.6	22.1	15.6	15.2	2.9	0.1	0.1	0.1
Communication	4.2	3.2	10.4	23.8	0.1	0.0	0.5	0.3
Utilities	29.3	8.4	1.1	0.5	1.5	0.0	0.0	0.0
Wholesale and retail trade	3.5	4.8	3.9	8.5	0.2	2.4	5.8	0.2
Agriculture	0.2	13.8	0.9	1.0	0.0	0.0	0.0	0.0
Manufacturing	8.1	2.7	2.8	1.4	0.1	0.0	0.0	0.3
Financing	1.3	0.6	0.7	0.6	0.6	0.0	0.0	0.0
Construction	0.2	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Total	**64.3**	**55.6**	**35.4**	**51.0**	**5.4**	**2.6**	**6.4**	**0.8**

Source: PCF surveys

Dividend Payments

Between 2005 and 2008, most dividend payments were made from two sectors namely manufacturing and finance. The two sectors constituted an annual average of 87.6 percent of total dividends paid. On the contrary, the mining sector which accumulated the largest stock of FPI in terms of equity and loans, made lower dividend payments compared to the two sectors. This results from heavy losses reported by most companies operating in the sector **(Table 3.20)**. Also, agriculture and construction sectors recorded lowest dividend payments due to huge losses reported.

Figure 3.20: Dividend payments (Million), 2005 – 2008

	2005	2006	2007	2008P	Average	% of average
Manufacturing	32.8	42.7	60.8	51.0	46.8	64.0
Finance	7.1	16.6	36.2	9.3	17.3	23.6
Mining	0.8	1.1	6.0	10.1	4.5	6.2
Wholesale and retail trade	1.8	5.1	2.1	2.5	2.9	3.9
Communication	0.0	0.7	1.5	4.1	1.6	2.1
Community and social services	0.0	0.2	0.0	0.0	0.1	0.1
Agriculture	0.1	0.9	-1.3	0.5	0.0	0.1
Construction	0.0	0.0	0.1	0.1	0.0	0.0
Total	**42.6**	**67.4**	**105.3**	**77.5**	**73.2**	**100.0**

Source: PCF surveys *P = Provisional*

CHAPTER FOUR

MAIN FINDINGS AND POLICY IMPLICATIONS

4.0 Introduction

The objective of this chapter is to provide main findings of the survey and ensuing policy recommendations deriving therefrom. It also identifies areas that need intervention in order to improve further the country's investment climate and attract more foreign private investments.

4.1 Foreign Private Investments Continue to Grow.

The stock of foreign private investments (FPI) depicts a consistent growth trend during the past four years. Between 2005 and 2008, the stock of FPI grew by 32.25 percent to USD 6,572.78 million, representing an annual growth of 8.78 percent. The growth in FPI has largely been driven by FDI, which accounted for 94.9 percent of the total FPI indicating that Tanzania has successfully been able to attract and retain substantial amount of FDI. The stock of FDI rose from USD 4,438.73million in 2005 to USD 6,239.94 million in 2008. However, the flow of FDI has not shown consistent growth pattern. The general direction of the stock of FDI has been an increasing trend. The attraction of FDI into Tanzania has largely been driven by conducive macroeconomic environment as well as political stability obtaining in Tanzania.

Foreign portfolio equity investment (FPEI) continued to record a negligible share of FPI. Over the last four years, the amount of FPEI accumulated reached USD 31.0 million in 2008, representing less than 1.0 percent of the foreign private investments (FPI). The small share of FPEI is partly due to restrictions on capital and financial account transactions in Tanzania as well as underdevelopment of the capital and securities market in the country. It is expected that once the capital account is fully liberalized, investments of portfolio in nature are likely to increase as Tanzanians will be allowed to invest abroad and foreign participation in capital markets will be enhanced.

4.2 The Mining Sector Continues to be Most Attractive to FDI

The current results indicate that the structure of sectoral distribution of FDI is not significantly different from the previous survey as mining continued to dominate other sectors. During the review period, the sector accounted for 27.0 percent of total stock of FDI. However flows of FDI in the sector have been declining implying that the sector has been recording losses and less new inflows compared to previous years. The other prominent sectors are manufacturing; wholesale and retail trade; and finance. The four sectors combined accounted for 78.3 percent of stock of FDI in 2008. Also, the same sectors received an average of 87.4 percent of FDI inflows between 2005 and 2008. The agriculture sector which contributes an average of about 27.0 percent of GDP and supporting 80 percent of the population continued to attract low levels of FDI due to underdeveloped infrastructure in the rural areas, restrictive land policy, inadequate land bank facility, and less attractive incentive package. If the agriculture sector is to attract significant FDI flows there has to be deliberate government efforts to support it including:

i. Establishing the Land Bank through identifying potential areas of land for investment and making them readily available for investment after obtaining necessary ownership documents from the local authorities.

This will enable investors to invest directly in the earmarked land instead of undergoing land ownership processes; and

ii. Providing attractive investment environment by improving infrastructure such as roads, water, power and related incentive packages.

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4.3 Market Accessibility, State of Infrastructure and Endowment of Natural Resources

Continue to Determine Regional Distribution of FDI

Regional distribution of FDI remained unchanged and is largely driven by endowment of natural resources, market accessibility, and state of infrastructure. Dar es Salaam continued to constitute the largest share of FDI stock with 58.0 percent in 2008 followed by Shinyanga and Mwanza with 12.3 percent and 9.7 percent, respectively. The three regions represent about 80.0 percent of the total stock during the review period.

The dominance of Dar es Salaam region with respect to attraction of FDI is attributed to better-developed infrastructure, proximity to the port, commercial city status and headquarters to most companies. Mining (gold and diamond) and other business activities such as fishing and fish processing in Lake Victoria are the reasons for large share of investments in Shinyanga and Mwanza regions.

The regions that attracted low levels of FDI are Mtwara, Singida, Tabora, Ruvuma, Kigoma, North Pemba and South Pemba. Most of these regions are characterized by poor state of infrastructure, low endowments of natural resources, unreliable water, electricity and other social amenities. There is a need for government to address these obstacles by improving the state of infrastructure through construction of tarmac roads, supplying reliable water and electricity, among others, in order to improve investment climate in these regions. The on-going countrywide infrastructure development program especially on roads and communication infrastructures provides huge potential for attracting new investments in such regions. Furthermore, the regional investor forums conducted by TIC in Mwanza, Mtwara, Ruvuma, Kilimanjaro and Rukwa regions are expected to be an eye-opener for local and foreign investors on the potential opportunities available in these regions. However such forums have not been effective enough in attracting FDI since foreign investors are normally not invited. Currently they are more geared to raising domestic investments.

4.4 Europe and North America are the Dominant Source of FDI

Survey results show that FDI in Tanzania originate mainly from three countries namely South Africa, Canada and UK. The three countries accounted for 53.0 percent of the total stock of FDI in 2008. The list of top ten sources of FDI indicates that countries from Europe and North America are the dominant source of FDI in Tanzania. This kind of concentration exposes the country into risks in case of an economic downturn. It is important for the government to intensify the promotional efforts into other regions such as Asia and Africa in order to minimize such risks. Countries from the regional blocks such as SADC and EAC need to be given priority in order to effectively tap the benefits of regional integration. Promotional efforts have to be intensified toward countries like China which has shown great interest in intensifying economic and trade cooperation with Africa in a mutual cooperation under win-win principle. Available statistics show that trade volume between China and Africa increased from 10.6USD billion in 2000 to 91USD billion in 2009.

4.5 *Most Dividends have been Paid from Manufacturing and Finance Sectors*

Survey result show that the most rewarding sectors are manufacturing and finance which on aggregate, constituted an annual average of 87.59 percent of total dividends paid between 2005 and 2008. One would expect most dividends to be paid from the companies operating in the mining sector which has accumulated largest stock of FPI. It should however be noted that mining activities entail huge investments which require long period before dividends can be paid. However, information on profitability of most companies particularly those operating in the sector is limited as the ones supplied to researchers during survey are sometimes contradictory to those found in their websites. It is important that investors are sensitized to increase transparency of the profitability of their investments as such information is essential for policy making as well as for designing promotional strategies.

The government could also consider a variety of options of raising revenue contributions by FDI related companies and also increase transparency in the operation of mining activities in the country. This requirement has to be applicable to new investments and existing companies intending to expand. This could be done by designing strategies to encourage investors in the mining sector to exercise their corporate social responsibility by investing in areas like infrastructure domestication of supplies that would lead to more revenue as well as employment creation.

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APPENDICES

APPENDIX 1: GLOSSARY OF KEY CONCEPTS

The following terminologies are important for a better understanding of the report:

Balance of Payments (BOP) is an accounting statement designed to provide, for a specific period, a systematic record of an economy's transactions with the rest of the world. BOP refers to transactions between residents and non-residents for a period of one year. The BOP is a statistical statement that brings together inflows and outflows of transactions classified under appropriate components, in two accounts – the current account and capital and financial accounts. BOP data, therefore, are concerned with transactions between residents and non-residents and not with the currency of transaction. Typically, a transaction in foreign currency between two residents of any country would not be considered a BOP transaction.

Book values Value of an asset as recorded in the books of account of an organization, usually the historical cost of the asset reduced by the amounts written off for depreciation. If the asset has ever been revalued, the book value will be the amount of the revaluation less amounts subsequently written off for depreciation. Except at the time of purchase of the asset, the book value will rarely be the same as the market value of the asset.

Country of origin (of investment) is associated with the residence of the shareholders where main decisions on the operations of a company are made.

Debt equity ratio is total debt divided by equity and it measures the extent to which investments are financed by either loan and/or equity.

Direct investment (foreign direct investment) is defined as international investment by a resident entity in one economy ("direct investor") in an enterprise resident in another economy ("direct investment enterprise"), made with the objective of obtaining a lasting interest in the direct investment enterprise. The lasting interest implies the existence of a long-term relationship between the direct investor and the direct investment enterprise and a significant degree of influence by the direct investor on the management of the enterprise. Direct investment involves both the initial transaction between the two entities and all subsequent capital transactions between them and among affiliated enterprises, both incorporated and unincorporated.

Direct investor is an individual, incorporated or unincorporated private or public enterprise, a government, or a group of related enterprises (incorporated or unincorporated) or individuals, that have a direct investment enterprise (that is, a subsidiary, associate or branch) operating in an economy other than the economy of residence of the direct investor.

Direct investment enterprise is an incorporated enterprise in which a direct investor owns 10 per cent or more of the ordinary shares or voting power, or an unincorporated enterprise in which a direct investor has equivalent ownership. Direct investment enterprises comprise:

- Subsidiaries (enterprises in which a non-resident investor owns more than 50 per cent).
- Associates (enterprises in which a non-resident investor owns between 10 and 50 per cent).
- Branches (unincorporated enterprises wholly or jointly owned by a non-resident investor) that are either directly or indirectly owned by the direct investor.

Dividends are income on equity.

Equity means shares in companies, and equivalent ownership interest in unincorporated enterprises. Foreign Direct Equity Investment denotes ownership of 10% or more of the ordinary shares, voting power, or equivalent in an enterprise, by someone resident in another economy.

Estimated market value is used for valuing transactions. This is the amount of money that a willing buyer pays to acquire something from a willing seller, when such an exchange is one between independent parties and on the basis of commercial considerations only. This is the best measure of economic value. The actual price at which transactions are recorded in the books of the transactors will be the market price – or a close approximation thereof. However, these transactions may be between related companies – which could impact on the "commercial consideration" of market values. Related companies in different countries may charge transfer prices to each other (different to what they would have charged independent parties) so as to shift profits between enterprises and countries, and minimize taxes. Market values are usually difficult to estimate.

The preferred techniques of calculating market values (particular to equity) include stock exchange valuations of listed companies, auditor's estimates of market values, a recent purchase or sale between directors of the company, director's estimate, financial manager's estimate, and accountant's estimate.

FDI flow is a movement of private investments between two countries in a specified period.

- ***FDI inflow*** is an increase in international indebtedness (liabilities) to a country's private sector during a specified period of time, usually one year.
- ***FDI outflow*** is an increase in country's investment (assets) abroad usually one year. This also implies investments abroad by a domestic enterprise.

Financial instruments are instruments/ special documents that are used to facilitate financial transactions e.g. treasury bills, bonds, debentures, stocks etc.

Foreign direct equity investment (FDEI) denotes ownership of 10 percent or more of the ordinary shares, voting power, or equivalent in an enterprise, by someone resident in another economy.

Foreign direct investment (FDI) is defined as a case where a resident entity in one economy (creditor) acquires lasting interest in an enterprise in another economy (recipient) with significant degree of influence. Usually FDI is in the form of ownership of means of production like factories or equity share including equity purchase, reinvested earnings and inter-company loans and debt transactions. FDI in the census form is obtained by summing up: new equity investment Q5 plus reinvested earnings in Q6 plus the sum of {shareholder and intra-company loan (long term) + shareholder and intra-company borrowing (short-term) + supplier's credit from related company (short term)} in Q8.

Foreign portfolio equity investment (FPEI) is defined as a case where a shareholder owns less than 10 percent of equities in an enterprise. They also include purely financial assets, such as investments in bonds, money market instruments and financial derivatives other than the items included in the definition of foreign direct investment.

International standard industrial classification (ISIC) is a standardized way of disaggregating economic activities for international data comparison purposes.

For the current census, this has been modified with further disaggregation to better cover activities in Tanzania but keeping consistent with international norms.

Net asset value is the difference between assets and liabilities.

Non-equity means all other financial instruments including loans, trade credit and supplier credit (for goods and services), bonds, debentures, notes, money market instruments, shareholder and inter-company loans, arrears of debt or interest, and deposits.

Private Sector External Debts (PSED) are loans contracted by the domestic private sector and it covers long and short-term loans from related and unrelated companies; and suppliers' credit from related and unrelated companies.

Other Investments are borrowings mainly long and short term loans from unrelated companies.

Reinvested (or retained) earnings are the direct investors' shares of the earnings (after tax on earnings) that are not distributed as dividends.

Related companies are subsidiaries (where a non-resident owns more than 50 percent of the shares), associates (where a non-resident owns 50 percent or less) or branches (where unincorporated enterprises is wholly owned by non-residents).

Resident is any individual, enterprise, or other organisation ordinarily residing in Tanzania. In other words, its centre of economic activity is in Tanzania. All other entities are regarded as non-residents. For statistical purposes, an individual who lives in Tanzania for more than a year is considered a resident, regardless of the individual's citizenship or nationality. An enterprise incorporated in Tanzania is considered a resident of Tanzania irrespective of the domicile of the owners of the enterprise. A branch of a foreign company operating in Tanzania for more than a year is treated as a resident company.

Return on investment is calculated by dividing net profit/loss by the total foreign equity. The rate is used to show money gained or lost relative to the amount of equity invested.

Shareholder and inter-company borrowing is the borrowing or lending of funds (among related companies) between the direct investor (non-resident) and the direct investment enterprise (resident). These transactions can create or dissolve investment as well as maintain, expand or contract it.

Stock refers to assets and liabilities position at a point in time (e.g. end of year position).

Suppliers' credits are claims from the direct extension of credit by suppliers of goods and services to buyers and are liabilities of buyers of goods and services. In addition, this concept include advance payments for work in progress, or to be undertaken, associated with such transactions. Most of them are of short-term nature.

Unrelated companies are companies that do not have financial relationship with borrowing company (non-FDI companies).

APPENDIX 2

UP-RATING GUIDE AND PROCEDURES

GUIDE USED IN EDITING, CHECKING, UPRATING AND DATA TIME SERIES EXERCISE

1. Book Value

Book value figures for the year 2002 through 2005 were calculated using authorised and issued share capital at historical cost, plus share premium reserves, accumulated retained earnings and revaluation reserves as reported in the financial statements.

2. Retained earnings

Retained earnings were calculated assuming that RE will grow in line with sectoral GDP growth ratios. The following formulas were applied:

a) Working RE forward (e.g. from C1 or C2 to C3)

$$RE_t = RE_{t-1}(1+\frac{r_t}{100})$$

b) Reworking RE backwards (e.g. from C3 or C2 to C3)

This was done in four scenarios as follows:

- ❑ Positive RE with a positive sectoral growth rate (r)

$$RE_{t-1} = \frac{RE_t}{(1+\frac{r_t}{100})}$$

such that the t-1 level will be smaller,

- ❑ Positive RE with a negative sectoral growth rate (r)

$$RE_{t-1} = \frac{RE_t}{(1-\frac{r_t}{100})}$$

such that the t-1 level will be higher,

- ❑ Negative RE with a positive sectoral growth rate (r)

$$RE_{t-1} = RE_t * (1+\frac{r_t}{100})$$

such that the t-1 level will be higher,

- ❑ Negative RE with a negative sectoral growth rate (r)

$$RE_{t-1} = RE_t * (1-\frac{r_t}{100})$$

, such that the t-1 level will be smaller.

3. Private Sector External Debt (PSED)

If stocks, disbursements and principal repayments were all reported, consistency were checked by looking at the following equation, FOR EXAMPLE:

Stock $_{t-1}$+ disbursement $_t$-principal repayments $_t$= Stock $_t$

Arrears were considered in the formula, stock (principal outstanding in year t-1, principal arrears t-1 and interest arrears t-1 and outstanding penalties t-1). For transactions included were arrears paid (principal and interest paid in year t) and arrears created (principal and interest in t). Any discrepancies were considered to be due to valuation changes.

Inter-company borrowing (LT and ST) and all involving affiliates, if only stocks are indicated for year *t* and *t-1*, first reflect disbursements in *t-1*, assume that there are no valuation changes, and take the difference in stocks as repayments (if *stock t>stock t-1*) and as new disbursements (if *stock t<stock t-1*) etc.

What was reported in the table was accepted for Interest.

In the uprating exercise, the loan section was uprated using the following scenarios:

- ❑ Reworking loans backwards

  Financial statements were used to determine if the loan were reported in previous years. In situations where there was no financial statement, the reported stock was regarded as disbursement in that particular year.

- ❑ Working loans forward

  Companies that had no repayments and or disbursement in the reference period, the reported stock were carried forward. In cases where there were repayments or disbursements in the reference period, the reported

- Where the MV/BV ratio was considered an outlier or where the MV/BV ratio of a particular company for 2001 was zero (0), sector average MV/BV ratio was applied from 2001 through 2005 according to the following table:

Sector	No Companies with outliers	Maximum Accepted MV/BV ratio	Applied average ratio
Agriculture	3	10	1.4
Community social and personal	1	5	1.[illegible]
Construction	1	5	1.1
Finance and Insurance	1	5	1.4
Manufacturing	3	10	1.9
Mining and quarrying	0	6	1.4
Transport storage and com	0	5	1.4
Utility	0	6	3.3
Wholesale and retail	5	5	1.6
Other sectors	0	1.7	1.[illegible]
TOTAL	14		

- To get the MVs for 2000 and 2001 for the companies that are in C1 only with C2 estimates, the following was done:

-$MV_{2000} = BV_{2000} \times MV/BV_{2001} + (\text{Total Short \& Long term loans})_{2000}$

-$MV_{2001} = BV_{2001} \times MV/BV_{2001} + (\text{Total Short \& Long term loans})_{2001}$

APPENDIX 3

STATISTICAL TABLES

Table 1: Stock of FPI in Tanzania (USD Million), 1999 - 2008

Type of FPI stock	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. **Foreign Direct Investment (FDI)**	1,992.2	2,676.6	2,867.3	2,939.4	3,590.3	3,954.2	4,438.7	4,827.1	5,950.0	6,239.9
Direct equity investment	1,250.8	1,759.3	1,880.7	2,029.1	2,335.7	2,582.5	3,102.5	3,170.5	4,100.4	4,357.6
Long term loans from related parties	634.9	741.3	823.9	840.3	806.8	879.6	1,200.8	1,482.3	1,770.1	1,804.0
Short term loans from related parties	54.6	92.3	64.4	52.1	423.8	463.3	107.0	141.8	19.3	21.1
Supplier credits from related parties	51.9	83.7	98.2	17.8	24.0	28.9	28.5	32.6	60.3	57.4
2. **Portfolio equity investment (PEI)**	17.4	38.5	39.5	30.2	37.6	44.4	13.6	25.0	30.8	31.0
Portfolio equity investment	17.4	38.5	39.5	30.2	37.6	44.4	13.6	25.0	30.8	31.0
3. **Other investment (OI)**	485.6	572.4	499.8	834.3	793.4	744.2	407.2	331.5	361.1	301.8
Long term loans from unrelated parties	292.8	476.6	397.0	802.2	759.2	715.4	364.4	256.7	311.8	229.2
Short term loans from unrelated parties	59.3	23.0	26.5	21.5	18.8	11.2	24.0	38.8	29.5	67.6
Suppliers' credit from unrelated parties	133.5	72.8	76.2	10.7	15.4	17.7	18.8	36.1	19.8	5.0
Foreign Private Investment	2,495.2	3,287.6	3,406.6	3,803.9	4,421.4	4,742.8	4,859.6	5,183.6	6,341.9	6,572.8
Growth rates of FPI Stock		31.8	3.6	11.7	16.2	7.3	2.5	6.7	22.3	3.6

Source: PCF surveys

Table 2: Flow of FPI in Tanzania (USD Million), 1999 - 2008

Type of FPI stock	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
FDI flows	502.3	247.2	549.3	395.6	318.4	442.5	935.5	403	581.6	400.1
Direct Equity investment	164.2	123	170.2	34.6	77.4	109.3	190.6	50.3	98.4	87.8
Retained earnings attributable to non-residents	15.9	-47.5	168.5	8.6	56.1	117.5	248.1	-71.8	176.4	106.2
Long term loans from related parties	232.5	58.3	89.5	288.4	97.8	133.2	285.8	404	263.8	172.7
Short term loans from related parties	36.9	57.1	40.2	59.3	76	52.6	199.8	12.1	10.4	5.1
Suppliers credits from related parties	52.7	56.3	80.9	4.6	11.2	30.1	11.2	8.4	32.5	28.4
Portfolio equity investment (PEI)	0.1	0	8.2	0.3	0	-1.8	0.1	0.4	0.2	-9
Portfolio equity investment	0.1	0	8.2	0.3	0	-1.8	0.1	0.4	0.2	-9
Other investment (OI)	202.3	204.8	131.3	59.5	91.5	24.4	210.3	169.0	105.4	322.36
Long term loans from unrelated parties	113.3	153.2	74.7	29.3	58.8	15	184.5	87.2	95.9	259.7
Short term loans from unrelated parties	26.3	46.9	22.1	25.2	27.2	1.2	7.8	27.7	2.3	62.5
Suppliers' credit from unrelated parties	62.7	4.7	34.5	5	5.5	8.2	18	54.1	7.2	0.2
Total Foreign Private Investment Flows	**704.6**	**452.0**	**688.8**	**455.4**	**402.0**	**465.08**	**1,145.9**	**572.4**	**687.2**	**713.49**

Source: PCF surveys

Table 3: Stock of FDI by Sector in Tanzania (USD Million), 1999 - 2008

Sectors	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**Percentage**
Mining	277.88	374.10	508.32	782.22	1,122.77	1,235.88	1,318.94	1,542.68	1,636.57	1,683.87	26.99
Manufacturing	562.71	831.77	789.94	658.11	841.04	1007.20	977.66	867.57	1353.17	1432.29	22.95
Wholesale and retail trade	449.65	615.01	487.38	442.25	454.93	572.30	759.33	796.17	866.47	954.02	15.29
Finance	314.30	268.56	263.17	275.79	312.35	350.56	478.19	507.81	752.31	815.81	13.07
Communication	40.00	149.96	327.97	318.41	327.33	379.18	373.63	364.08	493.26	521.30	8.35
Utilities	35.30	36.04	127.50	209.37	242.64	151.07	225.54	342.47	396.70	424.57	6.80
Construction	128.53	186.10	198.01	115.17	144.31	132.28	160.39	222.86	278.09	237.09	3.80
Agriculture	174.41	208.61	158.57	131.31	137.92	118.48	137.45	159.80	137.96	140.71	2.25
Community and social services	9.37	6.47	6.43	6.75	7.04	7.25	7.59	23.65	35.47	30.29	0.49
Total	**1992.16**	**2676.61**	**2867.29**	**2939.38**	**3590.33**	**3954.21**	**4438.73**	**4827.07**	**5950.01**	**6239.94**	**100.00**

Source: PCF surveys

TABLE 4: Stock of FDI by Sector in Zanzibar (USD Million), 2000 - 2008

Sector	2000	2001	2002	2003	2004	2005	2006	2007	2008
Wholesale and retail trade	92.8	92.2	84.5	86.8	123.4	144.9	158.5	190.9	217.4
Communication	18.9	18.6	19.8	20.1	19.6	28.2	20.8	27.7	28.9
Manufacturing	7.6	16.2	4.6	5.1	5.2	4.9	9.7	10.3	11.5
Financing	3.7	3.7	3.3	51.6	57.2	71.0	7.8	3.8	4.4
Agriculture	0.3	0.1	0.5	0.5	0.6	0.6	1.0	1.7	2.7
Construction	0.4	0.5	0.2	0.2	0.2	1.5	2.9	1.0	2.4
Community and social services	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.1
	123.9	**131.5**	**112.8**	**164.1**	**206.2**	**251.1**	**200.8**	**235.5**	**267.4**

Source: PCF surveys

TABLE 5: Stock of FDI by Country in Zanzibar (USD Million), 2000-2008

Country	2000	2001	2002	2003	2004	2005	2006	2007	2008
United Arab Emirate	9.6	13.5	10.2	9.5	8.3	14.7	13.8	60.4	64.4
United Kingdom	36.1	36.1	27.9	30.6	33.3	28.7	43.9	41.7	44.0
Italy	41.9	41.1	32.5	26.2	37.5	36.7	26.9	31.5	34.1
Kuwait	0.0	0.0	2.0	5.5	10.3	5.8	4.8	21.1	29.8
Kenya	0.5	0.6	2.3	2.7	5.1	11.1	11.0	17.1	21.2
South Africa	10.7	10.1	4.5	5.0	5.6	9.5	12.0	13.1	14.1
Switzerland	12.7	18.2	3.1	2.6	3.1	4.0	3.9	9.1	9.9
Ireland	0.0	0.0	0.0	0.0	0.0	0.0	4.9	6.3	6.8
Sweden	1.4	1.4	1.0	0.7	0.7	0.7	1.0	2.6	5.6
Oman	1.8	2.3	2.8	3.4	3.5	3.2	3.1	4.1	4.4
Netherlands	0.1	0.1	0.0	0.0	0.5	1.7	3.4	3.6	4.1
USA	2.1	2.1	0.6	0.4	0.5	0.4	4.3	3.6	3.4
Belgium	0.3	0.3	0.4	0.4	0.3	0.3	0.4	3.1	3.1
India	0.0	0.0	0.0	0.0	0.0	0.0	0.1	1.0	2.4
Germany	1.5	1.3	2.9	2.6	3.6	4.7	3.1	2.2	2.0
Yugoslavia	0.0	0.0	0.0	0.0	0.0	0.1	0.3	0.4	2.0
Spain	-0.1	-0.1	14.5	18.2	22.3	25.5	3.7	2.0	2.0
Denmark	0.5	0.5	0.4	0.3	0.3	0.3	1.2	1.8	1.9
France	0.0	0.0	0.7	0.7	0.7	0.7	0.7	1.1	1.4
Nertherlands Antilles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3	1.2
Singapore	0.0	0.0	0.0	0.0	0.0	0.0	0.2	1.1	1.1
Norway	0.3	0.3	0.3	0.3	0.5	0.4	1.8	0.5	1.0
Australia	0.1	0.1	0.2	0.2	0.2	0.2	0.5	0.8	1.0
Uganda	0.0	0.0	0.0	0.0	0.1	0.6	0.9	0.9	0.9
Pakistan	0.0	0.0	0.0	0.0	0.0	0.5	0.4	0.8	0.9
Israel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.7
Lativian	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.7
Greece	0.4	0.4	0.7	0.6	0.6	0.6	0.5	0.6	0.5
Rwanda	0.4	0.4	0.7	0.6	0.6	0.5	0.5	0.6	0.5
Finland	0.0	0.0	0.9	0.9	1.4	1.5	1.4	0.4	0.5
Japan	0.4	0.4	0.3	0.4	0.6	0.8	0.6	0.4	0.4
Croatia	0.0	0.0	0.0	0.0	0.0	0.1	0.3	0.3	0.4
Poland	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3
Austria	0.1	0.1	0.0	0.0	0.0	0.0	0.1	0.2	0.2
Canada	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Ethiopia	0.4	0.5	0.2	0.2	0.2	0.2	0.2	0.2	0.2
China	0.0	0.0	0.1	0.1	0.1	1.4	2.8	0.1	0.0
Cayman Islands	0.0	0.0	0.0	48.2	53.9	62.7	0.0	0.0	0.0
Saint Lucia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lebanon	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0	0.0
Bahamas	4.1	3.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bahrain	3.3	3.3	3.3	3.3	3.3	0.0	0.0	0.0	0.0
British Virgin Island	0.0	0.0	0.0	0.4	8.7	26.8	42.2	0.0	0.0
Cyprus	0.0	0.0	0.0	0.0	0.0	0.3	0.5	0.0	0.0
EU	0.1	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign-Not Specified	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IFC	-0.3	-0.3	0.0	0.0	0.0	0.0	4.2	0.0	0.0
Mauritius	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Palestine	0.0	0.0	0.0	0.0	0.0	0.4	0.4	0.0	0.0
Panama	0.0	0.0	0.0	0.0	0.2	0.2	0.0	0.0	0.0
Tanzania	-4.9	-6.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ukrainian SSR	0.0	0.0	0.0	0.0	0.0	5.6	0.0	0.0	0.0
Zambia	0.4	0.3	0.4	0.1	0.1	0.2	0.2	0.0	0.0
Total	**123.9**	**131.5**	**112.8**	**164.1**	**206.2**	**251.1**	**200.8**	**235.5**	**267.4**

Source: PCF surveys

TABLE 6: Flow of FDI by Region in Zanzibar (USD Million), 2000-2008

REGIONS	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
North Unguja	36.2	41.4	37.4	42.2	75.0	92.1	89.8	119.1	132.9
Urban West	51.9	57.6	46.3	95.2	105.2	130.2	85.6	89.8	104.4
South Unguja	34.8	31.0	27.8	24.5	23.5	26.3	22.2	23.5	25.8
South Pemba	0.1	0.1	0.1	1.1	1.2	1.3	1.9	1.7	2.2
North Pemba	1.0	1.4	1.2	1.2	1.2	1.1	1.2	1.4	2.1
Total	**123.9**	**131.5**	**112.8**	**164.1**	**206.2**	**251.1**	**200.8**	**235.5**	**267.4**

Source: PCF surveys

TABLE 7: Flow of FDI by Sector in Tanzania (USD Million), 1999 - 2008

Sector	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Manufacturing	100.18	64.21	318.74	71.13	77.72	68.46	380.34	89.75	110.25	100.06
Mining	261.13	6.58	21.17	254.29	135.33	135.81	130.55	170.65	57.03	2.88
Wholesale and retail trade	20.86	18.20	10.64	14.44	39.02	72.46	179.38	86.58	150.94	99.94
Financing	48.88	21.82	30.02	22.87	26.16	63.87	68.50	97.05	146.78	156.36
Utilities	0.00	-0.47	81.67	20.58	20.72	18.47	105.37	71.82	47.74	-33.18
Communication	22.54	99.56	71.40	5.49	4.05	70.55	67.06	-159.34	28.89	71.14
Construction	27.48	10.97	26.45	7.43	4.60	3.94	-5.00	22.06	33.46	-4.38
Agriculture	18.25	25.88	-10.71	-0.05	11.04	9.53	10.09	-4.39	6.80	3.80
Community and social services	2.96	0.45	-0.11	-0.60	-0.23	-0.56	-0.77	28.85	-0.35	3.47
Total	**502.27**	**247.19**	**549.27**	**395.57**	**318.40**	**442.54**	**935.52**	**403.04**	**581.55**	**400.09**

Source: PCF surveys

TABLE 8: Flow of FDI by Region in Tanzania (USD Million), 1999 - 2008

Region	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Dar es Salaam	338.34	159.52	497.51	112.35	133.27	250.44	691.33	355.11	418.44	334.52
Mwanza	21.32	5.58	34.00	28.24	84.16	104.69	89.78	90.97	-4.00	-4.79
Shinyanga	81.58	-1.67	-5.13	215.33	40.65	28.26	-15.16	49.00	22.93	-18.57
North Unguja	0.00	1.31	-4.12	3.65	13.46	22.77	29.94	20.20	69.31	26.59
Morogoro	10.39	26.73	17.57	30.18	4.78	12.34	7.96	14.11	2.64	10.84
Kilimanjaro	13.88	40.35	9.65	-2.52	15.33	9.22	24.75	3.71	1.38	-0.68
Urban West	0.02	6.53	4.71	2.21	11.29	10.27	4.16	20.64	14.04	12.80
Kagera	0.18	0.06	-0.02	-0.01	-0.01	-0.01	55.47	1.18	-0.30	0.01
Tanga	3.40	5.16	-0.76	2.32	0.61	1.86	6.36	12.18	14.39	9.95
Iringa	1.89	2.39	-1.49	-0.87	0.20	-0.08	3.39	10.01	7.65	12.50
South Unguja	0.00	-0.53	-0.90	2.37	2.43	1.54	5.51	3.99	2.88	1.20
Mbeya	0.34	0.63	-0.18	1.77	0.96	1.37	1.57	1.09	4.49	6.37
Manyara	0.00	2.78	0.63	0.73	0.86	1.00	1.16	1.34	1.48	1.52
Mara	11.86	-0.79	-1.34	-0.20	-1.12	-1.17	-2.13	-0.07	2.93	0.25
South Pemba	0.00	0.00	0.00	0.00	0.97	0.09	0.01	0.08	0.01	0.43
North Pemba	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01	0.06	0.05	1.23
Pwani	0.21	-0.40	-0.37	0.09	0.13	0.13	0.17	0.22	0.21	0.24
Kigoma	0.00	0.32	-0.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tabora	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mtwara	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ruvuma	0.00	-0.22	-0.86	-0.10	-0.10	-0.11	-0.12	-0.04	-0.04	-0.03
Arusha	18.89	-0.56	0.54	-0.01	10.52	-0.05	31.39	-180.74	23.07	5.73
Total	**502.27**	**247.19**	**549.27**	**395.57**	**318.40**	**442.54**	**935.52**	**403.04**	**581.55**	**400.09**

Source: PCF surveys

Table 9: Stock of FDI for Tanzania by Region (USD Million), 1999 - 2008

Region	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Percentage
Dar es Salaam	1,130.72	1,485.23	1,738.14	1,661.35	1,870.93	1,976.69	2,243.78	2,476.97	3,396.06	3,618.74	57.99
Shinyanga	85.72	173.93	151.00	465.33	693.76	657.60	661.21	752.45	775.22	765.51	12.27
Mwanza	240.59	207.34	344.72	260.90	362.44	514.99	561.29	636.70	620.68	607.96	9.74
Arusha	185.24	160.15	152.84	141.90	154.05	215.32	268.25	266.03	332.58	355.36	5.69
Morogoro	153.83	214.71	174.54	129.34	161.76	188.67	147.13	162.70	186.57	189.05	3.03
North Unguja	0.00	36.16	41.39	37.36	42.18	75.04	92.07	89.76	119.09	132.87	2.13
Tanga	43.90	31.86	28.19	16.25	15.02	15.64	53.02	66.13	96.36	113.19	1.81
Iringa	88.45	67.48	51.42	49.26	52.35	53.89	46.07	81.90	101.48	106.65	1.71
Urban West	0.00	51.89	57.64	46.26	95.20	105.25	130.24	85.64	90.20	105.01	1.68
Kagera	0.15	0.05	0.08	2.15	1.96	1.99	56.77	57.84	81.58	81.56	1.31
Kilimanjaro	43.00	151.75	37.68	35.40	51.37	55.72	67.48	67.40	69.82	63.44	1.02
South Unguja	0.00	34.84	31.00	27.80	24.58	23.58	26.44	22.80	24.30	26.67	0.43
Mbeya	9.38	17.02	13.24	17.61	18.09	22.84	24.71	11.91	14.07	25.70	0.41
Manyara	0.00	6.00	10.58	9.98	11.09	12.37	13.87	15.59	17.50	19.46	0.31
Mara	4.51	27.42	24.79	25.45	21.93	20.57	31.24	21.73	13.82	16.90	0.27
Pwani	2.98	5.16	4.56	7.92	7.91	8.20	9.67	5.59	4.47	4.62	0.07
Tabora	3.28	3.57	3.13	2.96	2.72	2.78	2.48	2.29	2.56	2.42	0.04
South Pemba	0.00	0.06	0.08	0.13	1.07	1.25	1.33	1.94	1.74	2.24	0.04
North Pemba	0.00	1.00	1.41	1.20	1.23	1.18	1.14	1.18	1.38	2.12	0.03
Ruvuma	0.40	0.64	0.56	0.64	0.53	0.48	0.39	0.36	0.36	0.31	0.01
Singida	0.00	0.35	0.30	0.14	0.13	0.13	0.12	0.11	0.12	0.12	0.00
Mtwara	0.00	0.00	0.00	0.05	0.04	0.05	0.04	0.04	0.04	0.03	0.00
Total	**1,992.16**	**2,676.61**	**2,867.29**	**2,939.38**	**3,590.33**	**3,954.21**	**4,438.73**	**4,827.07**	**5,950.01**	**6,239.94**	**100.00**

Source: PCF surveys

TABLE 10: Regional Distribution of Stock of FDI in Tanzania (USD Million), 1999-2008

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	% of 2008
Eastern Zone (USD million)	1287.53	1705.11	1917.24	1798.60	2040.60	2173.56	2400.57	2645.26	3587.09	3812.40	61.10
Dar es Salaam (%)	87.82	87.10	90.66	92.37	91.69	90.94	93.47	93.64	94.67	94.92	94.92
Morogoro (%)	11.95	12.59	9.10	7.19	7.93	8.68	6.13	6.15	5.20	4.96	4.96
Pwani (%)	0.23	0.30	0.24	0.44	0.39	0.38	0.40	0.21	0.12	0.12	0.12
Central Zone (USD million)	3.28	3.91	3.43	3.11	2.85	2.91	2.60	2.40	2.68	2.53	0.04
Tabora (%)	100.00	91.16	91.16	95.42	95.42	95.42	95.42	95.42	95.42	95.42	95.42
Singida (%)	0.00	8.84	8.84	4.58	4.58	4.58	4.58	4.58	4.58	4.58	4.58
Southern Zone (USD million)	98.23	85.14	65.22	67.56	71.01	77.26	71.21	94.21	115.96	132.70	2.13
Mtwara (%)	0.00	0.00	0.00	0.07	0.06	0.06	0.06	0.04	0.03	0.03	0.03
Ruvuma (%)	0.40	0.75	0.86	0.94	0.74	0.62	0.55	0.38	0.31	0.24	0.24
Mbeya (%)	9.55	19.99	20.30	26.07	25.47	29.56	34.70	12.65	12.14	19.37	19.37
Iringa (%)	90.05	79.26	78.84	72.91	73.73	69.75	64.70	86.93	87.52	80.37	80.37
Northern Zone (USD million)	272.14	349.76	229.29	203.52	231.53	299.05	402.62	415.15	516.26	551.45	8.84
Arusha (%)	68.07	45.79	66.66	69.72	66.54	72.00	66.62	64.08	64.42	64.44	64.44
Tanga (%)	16.13	9.11	12.30	7.98	6.49	5.23	13.17	15.93	18.66	20.53	20.53
Kilimanjaro (%)	15.80	43.39	16.43	17.39	22.19	18.63	16.76	16.24	13.52	11.50	11.50
Manyara (%)	0.00	1.72	4.62	4.90	4.79	4.14	3.44	3.76	3.39	3.53	3.53
Lake Zone (USD million)	330.97	408.74	520.59	753.83	1080.09	1195.14	1310.50	1468.73	1491.30	1471.94	23.59
Mara (%)	1.36	6.71	4.76	3.38	2.03	1.72	2.38	1.48	0.93	1.15	1.15
Shinyanga (%)	25.90	42.55	29.01	61.73	64.23	55.02	50.45	51.23	51.98	52.01	52.01
Mwanza (%)	72.69	50.73	66.22	34.61	33.56	43.09	42.83	43.35	41.62	41.30	41.30
Kagera (%)	0.04	0.01	0.02	0.29	0.18	0.17	4.33	3.94	5.47	5.54	5.54
Zanzibar Zone (USD million)	0.00	123.95	131.51	112.75	164.26	206.30	251.22	201.32	236.72	268.92	4.31
South Pemba (%)	0.00	0.04	0.06	0.12	0.65	0.61	0.53	0.96	0.74	0.83	0.83
North Pemba (%)	0.00	0.81	1.07	1.07	0.75	0.57	0.45	0.59	0.58	0.79	0.79
Urban West (%)	0.00	41.87	43.83	41.03	57.96	51.02	51.84	42.54	38.11	39.05	39.05
South Unguja (%)	0.00	28.11	23.57	24.65	14.96	11.43	10.52	11.33	10.27	9.92	9.92
North Unguja (%)	0.00	29.18	31.47	33.14	25.68	36.38	36.65	44.59	50.31	49.41	49.41
Total	**1,992.16**	**2,676.61**	**2,867.29**	**2,939.38**	**3,590.33**	**3,954.21**	**4,438.73**	**4,827.07**	**5,950.01**	**6,239.94**	**100.00**

Source: PCF surveys

TABLE 11: Flow of FDI by Source Country in Tanzania (USD Million), 1999-2008

Country	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Percentage
United Kingdom	34.94	44.17	39.85	31.97	43.97	41.38	359.48	58.86	50.69	55.47	22.6
Canada	57.60	-1.03	-3.75	229.65	58.78	41.42	90.29	117.04	91.05	68.48	15.8
Mauritius	23.68	11.58	6.23	2.89	27.42	15.43	279.01	16.17	45.29	20.12	15.5
South Africa	29.49	118.54	167.41	63.92	91.46	153.94	178.55	100.88	39.41	6.41	14.0
Kuwait	0.00	0.16	0.42	-0.22	3.86	0.03	0.10	26.43	50.19	47.31	5.3
United Arab Emirates	0.39	3.25	15.27	1.43	11.24	2.21	2.00	29.50	63.71	26.99	5.3
Norway	4.71	-1.12	7.86	7.89	4.69	7.76	17.60	23.08	25.16	30.68	4.2
Kenya	26.00	-45.11	-35.23	7.45	17.93	20.08	23.96	17.29	24.83	25.03	3.9
USA	24.96	18.59	23.43	35.36	4.88	4.05	26.55	23.29	29.90	10.65	3.9
Australia	47.21	5.06	-2.06	14.02	10.59	2.67	1.62	32.18	16.94	30.26	3.5
Singapore	0.01	0.05	0.03	0.00	0.00	0.00	74.21	0.09	1.31	0.08	3.3
Botswana	0.00	0.00	0.00	1.91	0.79	2.67	3.74	24.85	10.27	29.60	3.0
Switzerland	16.58	20.59	20.05	0.53	7.88	2.95	18.63	13.70	16.60	7.09	2.4
British Virgin Island	0.00	0.00	0.00	-1.31	-1.52	13.61	16.89	22.32	7.00	3.92	2.2
Malaysia	4.94	0.48	2.10	-4.54	-3.11	15.52	31.04	2.24	1.89	0.11	1.5
Sweden	1.60	0.95	8.38	3.64	5.40	8.12	1.18	4.15	6.45	15.20	1.2
Bermuda	5.14	-0.05	61.79	-1.33	0.08	2.62	10.81	5.83	4.92	0.11	0.9
Luxembourg	5.87	-1.51	2.15	1.11	2.09	-1.82	4.91	8.52	7.18	0.18	0.9
India	0.59	1.30	1.88	-0.49	-0.20	7.93	0.42	3.17	14.57	1.45	0.8
China	-24.67	0.65	0.23	9.44	10.20	5.69	10.14	8.68	0.73	-0.33	0.8
Italy	4.29	3.43	-1.80	4.35	6.80	8.86	4.97	5.14	3.39	3.92	0.8
British Indian Ocean Territory	0.00	0.00	0.00	0.00	4.54	15.99	15.66	0.00	0.00	0.00	0.7
Denmark	4.56	-2.67	-0.85	-0.04	12.93	7.13	14.07	0.73	0.09	0.14	0.6
IFC	1.30	-0.29	0.22	-0.01	-0.35	0.00	0.00	0.00	0.00	14.86	0.6
Spain	0.00	0.01	0.01	6.33	7.26	7.95	10.27	0.59	0.84	0.15	0.5
EU	0.01	0.50	2.58	0.00	0.00	0.00	0.00	2.53	3.54	4.66	0.5
France	15.20	5.09	4.48	-0.87	3.21	0.33	0.36	1.27	-0.82	7.00	0.3
Belgium	2.46	-0.57	-0.11	0.20	0.45	0.01	2.53	0.99	3.33	0.24	0.3
Zambia	-0.02	0.42	1.30	0.27	-0.03	-0.01	5.74	0.08	0.00	0.05	0.3
Pakistan	4.37	0.30	-0.18	-0.05	0.67	0.07	0.44	2.25	1.44	1.19	0.2
Ireland	0.09	0.06	0.39	0.00	0.00	0.00	0.30	4.11	0.00	0.00	0.2
Egypt	1.63	-0.25	-0.17	-0.40	-0.32	6.17	0.06	1.77	1.82	0.71	0.2
Bahamas	0.02	0.01	-0.09	0.00	0.00	0.00	0.00	7.16	-1.48	-1.37	0.2
Oman	0.00	0.01	1.26	0.29	0.76	0.32	3.35	0.43	-0.01	-0.01	0.2
Uganda	0.11	0.38	0.07	0.16	-0.03	0.52	0.67	0.45	1.95	0.63	0.2
Iran	0.00	0.03	0.01	0.00	0.00	0.00	0.20	3.40	0.00	0.00	0.2
Liechtenstein	0.04	-0.54	0.39	0.00	0.00	0.00	0.35	0.93	1.00	1.20	0.2
Mozambique	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.50	0.91	0.1
CDC	0.00	0.00	0.00	0.32	0.32	0.00	3.28	0.00	0.00	0.00	0.1
Swaziland	8.02	1.25	2.76	0.00	0.00	0.00	3.00	0.00	0.00	0.00	0.1
Netherlands Antilles	0.00	-0.10	0.05	0.00	0.00	0.00	0.00	0.56	2.21	0.00	0.1
Channel Islands	0.16	-50.80	-48.42	2.43	0.36	0.72	0.24	-0.36	2.73	-0.16	0.1
Greece	0.92	0.46	0.28	0.02	0.61	0.64	0.39	0.62	0.55	0.17	0.1
Panama	-0.61	-3.16	251.20	0.94	-0.92	-0.08	2.25	-0.59	0.00	0.00	0.1
Cyprus	0.02	0.05	0.55	0.00	0.00	0.00	0.08	0.01	0.84	0.66	0.1
Isle of Man	-3.15	3.19	1.61	0.23	0.31	0.17	-0.40	1.25	0.08	0.10	0.0
Taiwan	0.01	0.00	8.90	0.00	0.00	0.00	0.91	0.00	0.00	0.00	0.0
Croatia	1.34	1.43	1.44	1.51	0.66	0.49	0.54	0.00	0.10	0.07	0.0
Seychelles	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.37	0.25	0.0
Israel	0.01	0.10	0.61	0.02	0.02	0.03	0.02	0.00	0.00	0.55	0.0
Palestine	0.00	0.00	0.00	0.00	0.00	0.00	0.45	0.00	0.00	0.00	0.0
Yemen	0.08	0.20	0.59	0.04	0.02	0.26	-0.36	-0.05	0.05	0.73	0.0
Malawi	1.33	0.11	-0.01	0.00	0.00	0.00	0.24	0.00	0.00	0.00	0.0
Yugoslavia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.12	0.25	0.09	0.0
Hong Kong	0.09	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.05	0.07	0.0
Brazil	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.10	0.0
Somalia	0.01	-0.09	-0.02	-0.05	-0.02	0.08	0.08	0.00	0.00	0.00	0.0
Latvian	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.06	0.0
ADB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.60	-0.54	0.0
Saudi Arabia	5.69	-0.38	-0.02	-0.08	0.15	0.13	0.02	0.03	-0.05	0.05	0.0
Madagascar	0.00	0.00	0.02	0.00	0.00	0.00	0.00	-0.01	0.02	0.02	0.0
New Zealand	0.00	0.03	0.03	0.00	0.00	0.00	0.03	0.00	0.00	0.00	0.0
Poland	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.0
Ethiopia	0.00	0.00	0.00	0.00	0.00	0.00	0.02	-0.01	0.00	0.00	0.0
Indonesia	0.00	0.00	0.00	-0.18	-0.18	0.00	0.00	0.00	0.00	0.00	0.0
Ghana	134.24	-0.72	23.46	23.13	78.51	0.00	0.00	0.00	0.00	0.00	0.0
PTA Bank	0.00	0.00	0.00	0.00	10.38	0.00	0.00	0.00	0.00	0.00	0.0
Barbados	0.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Gibraltar	0.06	0.12	0.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Guinea	0.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Thailand	0.01	0.03	0.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0

Table 11 continues........... (2)

Qatar	0.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Sierra Leone	0.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Virgin Islands (U.S)	0.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Dominican Rep.	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Sri Lanka	0.00	-0.03	0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Bangladesh	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.0
Bosnia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Sudan	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Macedonia	0.00	-0.02	-0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Rwanda	0.00	-0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Zimbabwe	0.36	-0.26	-2.95	0.00	0.00	0.49	0.00	0.00	0.00	0.00	0.0
Russia	0.57	-2.96	-2.62	-2.95	-3.03	0.00	0.00	0.00	0.00	0.00	0.0
Libya	0.00	0.00	0.00	0.03	-0.03	-0.03	-0.13	-0.01	0.00	0.00	0.0
EADB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.52	0.00	0.00	0.0
Korea	0.55	0.67	0.64	-0.13	0.00	0.45	0.05	0.00	-0.12	-0.86	0.0
Cayman Islands	0.00	0.00	0.00	0.00	4.73	14.63	-1.19	0.00	0.00	0.13	0.0
Finland	0.00	-0.01	-0.02	0.00	0.00	0.00	-0.20	0.22	1.47	-3.16	-0.1
Cote D'Ivoire	2.17	1.31	1.46	0.33	0.00	0.45	0.16	0.13	0.00	-2.84	-0.1
Austria	0.00	-2.69	-0.74	2.12	10.38	9.63	3.44	-5.03	-1.14	-0.73	-0.1
Nigeria	0.00	0.00	0.00	0.51	0.19	-0.06	0.00	0.25	-0.13	-4.22	-0.2
Japan	0.55	22.35	0.89	-0.15	1.32	-2.33	-15.23	-5.24	21.43	-8.46	-0.3
Netherlands	15.68	42.74	-29.09	-9.76	1.85	10.74	-19.38	2.52	4.15	4.15	-0.4
Germany	10.61	2.29	-7.58	1.22	1.87	3.76	12.51	-0.34	-15.18	-28.20	-1.3
Lebanon	6.35	0.04	0.95	0.00	0.00	0.00	0.12	-54.66	0.18	0.20	-2.3
Foreign-Not Specified	23.44	49.60	21.58	-37.54	-121.44	8.77	-265.53	-105.75	37.39	28.76	-13.2
TOTAL	**502.27**	**247.19**	**549.27**	**395.57**	**318.40**	**442.54**	**935.52**	**403.04**	**581.55**	**400.09**	**100.0**

Source: PCF surveys

Table 12: Stock of FDI for Tanzania by Source Country, 1999 - 2008

Country	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Percentage
South Africa	98.73	346.59	415.66	487.55	608.49	979.49	888.49	1057.68	1306.99	1389.68	22.27
Canada	39.04	342.64	371.87	475.79	694.84	666.57	694.16	911.29	1024.30	1078.51	17.28
United Kingdom	522.71	510.37	471.16	479.29	526.02	433.99	691.95	734.69	910.90	837.52	13.42
Kenya	55.44	132.13	115.40	87.71	162.60	190.97	158.39	197.20	276.84	321.20	5.15
United Arab Emirates	6.95	18.47	17.68	19.41	27.84	27.23	61.63	80.18	156.88	222.86	3.57
Kuwait	5.97	2.73	2.61	4.91	8.67	14.30	9.01	106.68	189.93	220.28	3.53
USA	281.99	-1.82	-64.28	163.12	154.87	149.11	209.99	187.87	221.34	217.53	3.49
Mauritius	106.43	173.26	179.59	119.62	177.72	220.40	219.28	194.37	250.61	212.22	3.40
Norway	20.73	26.76	21.53	26.53	53.13	53.72	63.43	98.75	142.54	181.64	2.91
Switzerland	72.84	159.30	146.87	53.20	45.66	47.85	62.19	152.48	170.13	168.18	2.70
Australia	56.37	53.13	50.95	77.69	80.92	75.64	38.89	78.24	86.27	135.48	2.17
Netherlands	97.74	155.92	201.93	205.34	198.94	247.57	225.62	84.97	95.61	100.48	1.61
Germany	8.99	27.48	47.99	91.66	91.10	61.67	59.72	127.00	124.24	93.90	1.50
Italy	63.87	134.15	133.01	89.04	80.41	91.31	92.34	79.13	86.18	89.53	1.43
Denmark	56.81	59.59	59.93	50.56	54.45	50.07	51.64	55.93	72.96	83.16	1.33
Botswana	0.00	0.00	0.00	3.62	2.29	3.96	8.46	33.32	53.36	77.32	1.24
Taiwan	0.45	0.00	8.53	20.49	27.94	38.61	44.18	47.05	63.26	73.33	1.18
India	3.31	8.47	9.35	17.01	17.36	27.81	28.27	35.52	73.38	65.75	1.05
Cyprus	0.27	1.21	1.58	1.51	1.53	1.62	1.57	43.09	60.45	65.06	1.04
France	36.62	27.27	34.79	20.05	20.60	24.35	51.09	40.96	46.15	56.02	0.90
Luxembourg	24.61	53.63	51.28	34.64	30.17	28.23	56.27	41.22	59.10	55.95	0.90
Sweden	15.93	25.99	29.94	18.84	21.07	19.27	18.87	18.89	34.15	51.90	0.83
China	25.65	30.91	27.54	45.95	50.86	44.21	61.65	52.67	49.85	46.35	0.74
British Virgin Island	4.13	0.00	0.00	7.58	9.05	54.70	122.95	71.45	39.86	45.47	0.73
Bermuda	3.75	0.39	68.55	11.34	27.70	33.12	45.93	60.19	43.50	43.43	0.70
Japan	3.95	99.46	86.86	13.14	17.64	4.17	126.85	32.21	63.44	35.98	0.58
Uganda	0.88	-0.47	-0.27	3.30	3.11	3.47	3.26	4.02	2.76	28.19	0.45
Malaysia	10.96	69.30	69.85	37.06	32.19	59.44	37.47	37.54	32.16	24.04	0.39
Egypt	11.47	2.49	3.88	2.37	2.43	12.64	12.19	15.24	19.95	20.24	0.32
Austria	8.56	5.22	3.60	5.81	16.11	27.33	36.96	0.08	18.02	17.62	0.28
IFC	4.61	5.18	2.05	6.89	6.14	8.09	4.11	5.09	0.00	14.97	0.24
Ireland	0.82	4.68	5.07	5.37	6.13	7.43	4.80	9.24	10.99	11.70	0.19
Liechtenstein	4.30	2.97	2.32	4.69	5.09	6.07	7.05	7.13	11.30	11.54	0.18
Bahamas	2.78	9.46	8.47	3.26	3.25	3.29	3.26	15.31	11.62	11.21	0.18
Nigeria	0.00	0.00	0.00	9.14	8.61	7.10	0.00	3.97	4.26	11.06	0.18
Channel Islands	7.35	7.37	7.93	21.82	3.65	5.30	4.80	5.27	6.54	9.34	0.15
Pakistan	4.06	7.28	7.26	7.89	8.15	7.56	7.88	8.37	9.58	8.90	0.14
Croatia	0.00	0.74	3.81	6.93	7.82	9.46	9.72	6.38	7.97	8.47	0.14
Isle of Man	9.41	3.41	3.02	8.83	8.13	8.44	7.19	4.34	9.41	8.38	0.13
Lebanon	4.00	7.89	6.56	6.95	6.70	7.20	6.29	7.48	6.83	7.65	0.12
Belgium	3.58	4.17	3.61	3.70	2.99	2.82	3.70	3.80	6.02	7.24	0.12
Greece	2.03	3.13	3.56	1.26	1.15	1.60	1.82	4.67	5.39	5.36	0.09
Cote D'Ivoire	1.88	4.85	6.51	6.84	7.32	8.50	4.86	4.68	5.13	5.30	0.08
Iran	0.00	0.16	0.30	0.22	0.23	0.25	0.46	4.72	4.74	4.76	0.08
Oman	0.17	6.00	5.19	3.03	3.55	3.69	3.56	3.41	4.43	4.69	0.08
Singapore	6.84	4.08	3.64	0.39	3.28	3.41	17.26	2.89	4.91	4.27	0.07
Mozambique	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.75	3.54	0.06
Finland	3.09	2.98	2.28	2.73	2.34	2.52	5.22	3.96	4.14	3.11	0.05
Saudi Arabia	-1.69	6.23	6.00	6.88	6.83	7.51	6.02	2.64	2.95	2.90	0.05
Foreign-Not Specified	48.42	13.72	16.80	10.37	10.26	4.40	12.25	19.82	20.58	2.79	0.04
Somalia	1.31	0.35	0.31	1.74	1.55	1.87	2.29	2.10	2.50	2.62	0.04
EADB	0.00	1.14	1.00	0.16	0.55	0.49	2.82	2.22	4.94	2.58	0.04
EU	0.00	-127.87	4.71	0.00	0.00	0.00	0.00	1.18	2.12	2.41	0.04
Yugoslavia	0.00	0.00	0.00	0.00	0.00	0.00	0.09	0.32	0.70	2.31	0.04
Spain	0.00	-0.06	0.03	14.66	18.34	22.51	25.69	3.88	2.20	2.23	0.04
Hong Kong	0.05	-0.03	0.01	0.01	0.01	0.01	0.00	1.88	2.16	2.14	0.03
Seychelles	1.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.95	2.01	0.03
Korea	67.19	135.15	106.83	2.36	1.93	1.97	16.33	0.00	1.34	1.98	0.03
Malawi	8.80	7.56	6.62	9.11	8.35	8.50	0.74	1.24	1.58	1.71	0.03
Israel	0.08	0.27	0.81	0.35	0.41	0.50	0.56	0.63	1.32	1.68	0.03
Qatar	0.00	0.26	0.26	0.63	0.77	0.91	1.07	1.24	1.43	1.64	0.03
Yemen	4.51	4.11	4.37	4.45	4.30	4.57	2.94	1.10	1.35	1.46	0.02
Netherlands Antilles	-0.04	1.02	0.62	0.00	0.00	0.00	0.00	1.98	2.85	1.28	0.02
EIB	0.00	3.66	3.66	7.46	4.09	1.36	0.56	0.51	1.19	1.16	0.02
Latvian	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.07	0.84	0.01
ADB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.70	0.78	0.01
Christmas Island	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.76	0.01
Russia	0.44	35.75	34.64	1.01	1.03	1.13	1.17	1.22	0.61	0.61	0.01
Sri Lanka	0.36	0.34	0.32	0.53	0.53	0.58	0.56	0.50	0.59	0.60	0.01
PTA Bank	-1.15	0.00	0.00	0.00	10.13	10.31	0.00	0.31	0.00	0.54	0.01
Rwanda	0.00	0.41	0.36	0.65	0.60	0.61	0.55	0.50	0.56	0.53	0.01

Table 12 continues........... (2)

Brazil	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.45	0.48	0.49	0.01
Thailand	1.02	1.17	1.25	0.79	0.75	0.81	0.76	0.73	0.86	0.45	0.01
Poland	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.31	0.31	0.01
Guinea	0.00	0.32	0.28	0.25	0.23	0.24	0.21	0.20	0.22	0.21	0.00
Zambia	1.49	3.89	4.02	2.91	2.85	3.39	3.87	0.33	0.14	0.19	0.00
Ethiopia	0.00	0.40	0.48	0.16	0.17	0.17	0.20	0.18	0.17	0.16	0.00
Sierra Leone	0.00	0.12	0.27	0.10	0.09	0.09	0.08	0.08	0.08	0.08	0.00
Madagascar	0.00	0.00	0.00	0.01	0.02	0.03	0.04	0.03	0.04	0.05	0.00
Cayman Islands	0.00	0.03	0.70	0.00	48.25	65.78	62.69	0.00	0.05	0.05	0.00
Senegal	0.00	0.00	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.00
Sudan	0.06	0.20	0.18	0.04	0.04	0.04	0.03	0.03	0.04	0.03	0.00
Saint Lucia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00
Bosnia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ghana	156.61	118.65	125.79	90.52	128.08	19.15	0.00	0.00	0.00	0.00	0.00
Anguilla	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bahrain	0.00	3.30	3.27	3.30	3.30	3.30	0.00	0.00	0.00	0.00	0.00
Bangladesh	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00
Barbados	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
British Indian Ocean Territory	0.00	0.00	0.00	0.00	0.06	0.84	0.00	0.00	0.00	0.00	0.00
Burundi	0.00	0.00	0.00	0.69	0.42	0.21	0.19	0.00	0.00	0.00	0.00
CDC	0.00	0.00	0.00	0.00	0.00	0.00	4.50	0.00	0.00	0.00	0.00
Dominica	0.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gibraltar	0.13	0.10	0.10	0.20	0.20	0.22	0.21	0.00	0.00	0.00	0.00
IDA	-3.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Indonesia	0.11	2.02	1.48	0.00	0.00	0.00	0.72	0.00	0.00	0.00	0.00
Virgin Islands (British)	0.00	-2.23	-1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Jamaica	0.00	0.00	0.00	0.00	0.00	3.50	0.00	0.00	0.00	0.00	0.00
Lao Peoples Democratic Republic	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.74	0.00	0.00
Libya	0.66	0.75	0.71	0.54	0.38	0.28	0.71	0.66	0.00	0.00	0.00
Macedonia	0.45	0.32	0.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
New Zealand	-0.03	0.00	0.00	0.06	0.08	0.12	0.13	0.00	0.00	0.00	0.00
Palestine	0.00	0.00	0.00	0.00	0.00	0.00	0.44	0.42	0.00	0.00	0.00
Panama	3.53	0.56	5.43	2.31	2.27	2.46	6.59	0.00	0.00	0.00	0.00
Swaziland	0.21	0.12	0.00	0.00	0.00	0.00	2.89	0.00	0.00	0.00	0.00
Tanzania	-4.83	-74.90	-102.58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Togo	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Turkey	0.00	-0.12	-0.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ukrainian SSR	0.00	0.00	0.00	0.00	0.00	0.00	5.60	0.00	0.00	0.00	0.00
Virgin Islands (U.S)	4.29	0.00	0.00	3.03	3.03	0.00	0.00	0.00	0.00	0.00	0.00
Zimbabwe	1.44	0.95	0.36	0.00	0.18	0.72	0.47	0.00	0.00	0.00	0.00
Total	**1,992.16**	**2,676.61**	**2,867.29**	**2,939.38**	**3,590.33**	**3,954.21**	**4,438.73**	**4,827.07**	**5,950.01**	**6,239.94**	**100.00**

Source: PCF surveys

Table 13: FDI Flows by Groupings (USD Million), 1999-2008

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Average	% of Av-erage
United Kingdom	34.94	44.17	39.85	31.97	43.97	41.38	359.48	58.86	50.69	55.47	131.13	22.61
Canada	57.60	-1.03	-3.75	229.65	58.78	41.42	90.29	117.04	91.05	68.48	91.71	15.81
Norway	4.71	-1.12	7.86	7.89	4.69	7.76	17.60	23.08	25.16	30.68	24.13	4.16
Other OECD	151.10	114.88	18.48	57.95	77.54	63.14	67.00	87.43	95.07	37.74	71.81	12.38
Total OECD	248.35	156.90	62.43	327.46	184.98	153.70	534.37	286.41	261.97	192.37	318.78	54.96
Kenya	26.00	-45.11	-35.23	7.45	17.93	20.08	23.96	17.29	24.83	25.03	22.78	3.93
Uganda	0.11	0.38	0.07	0.16	-0.03	0.52	0.67	0.45	1.95	0.63	0.93	0.16
Rwanda	0.00	-0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total EAC	26.11	-44.78	-35.16	7.61	17.90	20.60	24.63	17.73	26.79	25.65	23.70	4.09
IFC	1.30	-0.29	0.22	-0.01	-0.35	0.00	0.00	0.00	0.00	14.86	3.72	0.64
EU	0.01	0.50	2.58	0.00	0.00	0.00	0.00	2.53	3.54	4.66	2.68	0.46
CDC	0.00	0.00	0.00	0.32	0.32	0.00	3.28	0.00	0.00	0.00	0.82	0.14
ADB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.60	-0.54	0.01	0.00
PTA Bank	0.00	0.00	0.00	0.00	10.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EADB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.52	0.00	0.00	-0.13	-0.02
Total Institutional Investors	1.31	0.21	2.80	0.31	10.35	0.00	3.28	2.01	4.14	18.98	7.10	1.22
Mauritius	23.68	11.58	6.23	2.89	27.42	15.43	279.01	16.17	45.29	20.12	90.15	15.54
South Africa	29.49	118.54	167.41	63.92	91.46	153.94	178.55	100.88	39.41	6.41	81.31	14.02
Botswana	0.00	0.00	0.00	1.91	0.79	2.67	3.74	24.85	10.27	29.60	17.11	2.95
Other SADC	9.70	1.52	1.13	0.27	-0.03	0.48	8.98	0.07	2.89	1.23	3.29	0.57
Total SADC (7/14 states)	**62.87**	**131.63**	**174.77**	**68.99**	**119.64**	**172.52**	**470.28**	**141.98**	**97.86**	**57.36**	**191.87**	**33.08**

Source: PCF surveys

Table 14: Flow of FDI by Source Country in Zanzibar (USD Million), 2000 - 2008

COUNTRY	2000	2001	2002	2003	2004	2005	2006	2007	2008	Average
United Arab Emirate	0.60	-0.40	-0.20	2.18	2.35	2.34	4.13	49.92	-1.58	6.59
British Virgin Island	0.00	0.00	0.00	0.42	7.77	19.78	17.58	-0.04	0.00	5.06
Kuwait	0.00	0.00	-0.22	3.86	0.03	0.10	0.00	13.46	23.35	4.51
United Kingdom	2.75	1.28	-0.02	4.38	3.88	1.57	9.80	4.64	6.76	3.90
Spain	0.00	0.00	6.33	7.26	7.95	10.27	0.59	0.84	0.15	3.71
Italy	0.25	-3.27	4.47	4.96	8.83	4.10	3.50	3.15	3.24	3.25
South Africa	2.75	0.33	0.37	0.64	0.38	1.97	1.38	1.26	2.44	1.28
Cayman Islands	0.00	0.00	0.00	4.73	2.63	-1.19	0.00	0.00	0.13	0.70
Switzerland	0.58	1.05	0.33	-0.16	0.00	0.72	0.03	4.18	-0.43	0.70
Kenya	0.09	0.09	0.16	0.44	2.71	0.79	0.25	0.14	0.23	0.54
Ireland	0.00	0.00	0.00	0.00	0.00	0.00	4.11	0.00	0.00	0.46
Sweden	-0.08	0.04	0.58	0.29	0.05	0.04	-0.15	1.53	1.23	0.39
USA	1.09	1.02	-0.25	-0.76	-0.40	0.03	0.87	1.09	0.48	0.35
Netherlands	0.03	0.01	0.00	0.00	0.27	0.69	1.43	0.19	0.51	0.35
Oman	0.08	0.36	0.29	0.76	0.32	0.33	0.42	-0.01	-0.01	0.28
Germany	-0.13	-0.06	0.65	0.70	0.68	0.34	0.03	0.25	-0.01	0.27
Belgium	0.00	-0.02	0.03	0.00	-0.01	0.00	0.15	1.55	0.04	0.19
Uganda	0.00	0.00	0.00	0.00	0.46	0.52	0.40	0.00	0.00	0.15
Denmark	0.07	0.03	0.03	0.00	0.01	0.14	0.73	0.00	0.04	0.12
France	0.00	0.00	0.36	0.00	0.00	0.00	0.00	-0.02	0.36	0.08
Australia	-0.02	-0.01	-0.02	0.01	0.02	0.00	0.18	0.22	0.28	0.07
Singapore	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.60	0.00	0.07
Norway	0.00	0.00	0.00	0.00	0.17	0.01	0.01	0.00	0.41	0.07
Israel	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.55	0.06
Palestine	0.00	0.00	0.00	0.00	0.00	0.45	0.00	0.00	0.00	0.05
Zambia	-0.04	0.02	0.27	-0.03	-0.01	0.08	0.08	0.00	0.00	0.04
Lebanon	0.00	0.00	0.00	0.00	0.00	0.00	0.30	0.00	0.00	0.03
Japan	0.03	0.03	0.00	0.02	0.05	0.08	0.04	0.00	0.03	0.03
Finland	0.00	0.00	0.00	0.00	0.00	0.00	0.26	0.00	0.00	0.03
CROATIA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.10	0.07	0.02
Nertherlands Antilles	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.14	0.00	0.02
Pakistan	0.00	0.00	0.00	0.00	0.00	0.04	0.05	0.00	0.00	0.01
China	0.00	0.00	0.07	0.00	0.00	-0.01	0.00	0.00	0.00	0.01
Lativian	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.01
Austria	0.03	0.01	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.01
Yugoslavia	0.00	0.00	0.00	0.00	0.00	0.00	-0.12	0.10	0.06	0.00
Canada	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.00
Poland	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00
Ethiopia	0.00	0.00	0.00	0.00	0.00	0.02	-0.01	0.00	0.00	0.00
Mauritius	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cyprus	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bahamas	0.00	-0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Greece	-0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rwanda	-0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
India	0.00	0.00	0.00	0.00	0.00	0.00	0.01	-0.31	-0.62	-0.10
Foreign not specified	-0.70	-0.80	-4.98	-1.63	-3.48	-3.61	-1.12	3.19	4.14	-1.00
	7.31	**-0.31**	**8.23**	**28.06**	**34.66**	**39.61**	**44.99**	**86.20**	**41.98**	**32.30**

Source: PCF surveys

Table 14: Flow of FDI by Sector in Zanzibar (USD Million), 2000 - 2006

SECTORS	2000	2001	2002	2003	2004	2005	2006	2007	2008
Agriculture	4.1	1.5	16.8	24.7	30.9	42.9	36.6	83.3	43.4
Community and social services	0.0	0.0	0.0	4.4	0.1	0.3	0.0	0.0	0.0
Construction	1.6	0.0	0.1	0.5	0.1	0.1	1.1	0.8	0.2
Financing	0.5	1.3	0.1	0.5	0.1	0.0	0.1	1.2	0.2
Manufacturing	0.0	0.0	0.1	0.0	0.2	0.0	0.2	0.5	0.9
Communication	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Wholesale and retail trade	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**6.2**	**2.8**	**17.1**	**30.1**	**31.3**	**43.3**	**38.0**	**85.7**	**44.7**

Source: PCF surveys

APPENDIX 4

QUESTIONNAIRE FOR ZANZIBAR

Zanzibar Investment Promotion Authority
P. O. Box 2286 - Zanzibar
Tel: 255 24-2233026
255 24-2237858
Fax: 255 24-2232737
E-mail: zipa@zanzinet.com
zipaznz@zanzinet.com
Website· www.zanzibarinvest.org

Bank of Tanzania
Zanzibar branch
P.O. Box 568 - Zanzibar
Tel: 255 24-2230803
: 255 24-2232362
Fax:255 24-223 0415
E-mail: info@hq.bot-tz.org
Website: www.bot-tz.org

Office of Chief Government Statistician
P. O. Box 2321 - Zanzibar
Tel: 255 24-2231869
Fax: 255 24-2231742
E-mail: zanstat@zanlink.com

QUESTIONNAIRE FOR THE SURVEY OF COMPANIES WITH LOCAL AND FOREIGN ASSETS AND LIABILITIES

QUESTIONNAIRE TYPE: PCFZ/1/2007

COMPANY REFERENCE NUMBER: ……………………………….. ***(For internal use only)***

RESEARCH OFFICER……………………

PART A: GENERAL INFORMATION

ALL RESPONDENTS SHOULD COMPLETE THIS PART

Company name: …………………………………………………………………………………		
Previous name of the Company (if any): ………………………………………………....		
Date completed: ……………….............................. *(dd /mm/ yyyy)*		
Name and position of person completing this questionnaire: Name: …………………………………………… Position: ……………………………………………		
Company Address: P.O. Box ……………………………………………….. Tel: ………………… Fax: ………………… E-mail: …………………… Website: ……………………		
District:	*Area:*	*Street/Plot:*
Please give details of an alternative person to be contacted in case we need further clarifications: Name: ……………………………………….. ……… Position: …………………………………….. Tel: ………………... Fax: …………………. Mob: …………………… E-mail: ……………………….		
Date of Establishment: …………………………………	Date of Commencing Operations: ………………………..	

Does your company have any subsidiary[1] within Tanzania? Yes No

If yes, are you supplying unconsolidated information for individual companies within the group?

Yes No

NB: If possible, please supply information for each company in your group individually (i.e., unconsolidated information).

[1] A company whose more than 50% of voting right is controlled by another company is usually referred to as subsidiary company.

QUESTIONNAIRE FOR THE SURVEY OF COMPANIES WITH LOCAL AND FOREIGN ASSETS AND LIABILITIES
2005 - 2006

Acknowledgement of Receipt of Questionnaire

Instructions:
This page should be filled-in by the person who is receiving the questionnaire on behalf of the entity, enterprise or company at the time of delivery of this questionnaire by the enumerator. After it is signed, the enumerator should retain the original copy of this page.

I, ______________________________ of ______________________________, (enter name of recipient) (enter name of entity/company/enterprise) acknowledge receipt of the Private Capital Flows (PCF) survey questionnaire, 2006.	
Title:	
Signature:	
Date:	
Research officer	
Thank you for receiving the questionnaire.	

Note: The due date for return of the completed questionnaire is ***two weeks after receipt of the questionnaire***. If you are experiencing problems meeting the due date, please call us as soon as possible before the deadline, on one of the numbers indicated on the next page.

PLEASE READ THIS FIRST

Purpose of survey

This questionnaire collects information on assets and liabilities of your enterprise (or group) in Zanzibar. This information will be used by the Bank of Tanzania (BOT), Zanzibar Investment Promotion Authority (ZIPA), Office of the Chief Government Statistician (OCGS) and the Government in balance of payments compilation, investment promotion and national policy formulation.

Focus

You are required to complete this questionnaire from the point of view of your transactions as an investor with local or foreign assets and/or liabilities in Zanzibar regardless of your nationality.

Collection Authority

Completion of this questionnaire is compulsory under section 31 of the ***Zanzibar Investment Promotion Authority*** (ZIPA) Act No. 11 of 2004; section 47 sub-sections (1), (2) and (4), Act No 9 of 1999 of ***Office of Chief Government Statistician (OCGS)*** and section 49 of ***Bank of Tanzania (BOT)*** Act of 1995. Failure to comply could result in legal and/or administrative action against non-compliance.

Confidentiality

Information will be used only for statistical purposes, and be published in aggregated form. Data relating to individual organizations will not be made available to anyone outside the BOT, ZIPA or OCGS. Government officials failing to comply with confidentiality clause face severe penalties including summary dismissal. This is in accordance with the Acts that established BOT, ZIPA and OCGS.

Estimates

Where possible, please use figures from your accounts. Un-audited data are perfectly acceptable for this purpose. In cases where data is not readily available from your accounts, please provide careful estimates. We would rather have your best estimate than nothing.

Inapplicable questions

Please do not leave blank spaces even where the question does not apply to you as we do not need to follow up with you. Please, enter "N/A" in the appropriate box, or at the start of the question.

Due Date

Please complete this questionnaire and return the original to either research officer in contact with you (name on the first page) or ZIPA. Please keep the 'Respondent Copy' of the questionnaire for your own records.

Help Available

This questionnaire contains technical terms. If you have problems in completing this questionnaire, please contact BOT, ZIPA or OCGS through:

Zanzibar Investment Promotion authority
Mr. Rashid A. Salim
Ms. Mashavu K. Omar
Zanzibar Investment Promotion Authority
P. O. Box 2286 ZANZIBAR
Tel: 255 24-2233026 : 255 24-2237353
Fax: 255 24-2232737
E - mail: zipa@zanzinet.com
: zipaznz@zanzinet.com
Website:www.zanzibarinvest.org

Bank of Tanzania
Mr. Said M. Chiguma
Zanzibar Branch
P.O. Box 568 ZANZIBAR
Tel: 255 24-2230803 : 255 24-2232362
Fax: 255 24-223 0415
255 24-2232140
E-mail: info@hq.bot-tz.org
Website: www.bot-tz.org

Office of Chief Government Statistician
Amour Hamil
P.O. Box 2321
ZANZIBAR
Tel: 255 24-2231869
Fax: 255 24-2231742
E-mail:zanstat@ zanlink.com

THANK YOU IN ADVANCE FOR YOUR COOPERATION

1. INDUSTRIAL CLASSIFICATION

Please tick the main area(s) of economic activity of your company and its subsidiaries in Zanzibar based on total investments. Wherever possible, companies are requested to complete and submit a separate questionnaire for each individual company within a group.

Industrial Classification	**Tick relevant activity**	**Estimated percentage share contribution to company's total investments**
1. Agriculture, hunting, forestry and fishing		
1.1 Agriculture		
1.2 Livestock		
1.3 Fishing		
2. Mining and quarrying		
2.1 Quarrying		
3. Manufacturing		
3.1 Edible oil		
3.2 Grain milling		
3.3 Cotton and Textile		
3.4 Beverages		
3.5 Metal and metal products		
3.6 Soaps		
3.7 Publishing and Printing		
3.8 Rubber and Plastic products		
3.9 Furniture and fittings		
3.10 Other (Specify)		
4. Utilities		
5. Construction		
5.1 Building and construction		
5.2 Others (specify)		
6. Wholesale & retail trade, catering & accommodation services		
6.1 Wholesale and retail trade		
6.2 Hotels **,**		
6.3 *Tour operators*		
6.4 *Restaurants*		
6.5 *Other related services*		
7. Transport, storage & communication		
7.1 Sea transport		
7.2 Air transport		
7.3 Data communication		
7.4 Telecommunication		
7.5 Storage		
8. Financing, insurance, real estate, & business services		
8.1 Bank and non-banks		
8.2 Micro-finance		
8.3 Insurance		
8.4 Real estate and property services		
8.5 Other business services		
9. Community, social and personal services		

9.1 Education		
9.2 Health		
9.3 Other (Specify)		
10. Activities not covered above (specify)		

1.2 COMPANY'S MAIN ACTIVITY IN DETAIL:

____
____
____

2. SUBSIDIARIES

2(a) Please list any subsidiaries (or sub-subsidiaries) your enterprise has in Tanzania:

S/No	Name of subsidiary	Sector	Main Activity (product)
1			
2			
3			
4			

PART B: INVESTMENT IN YOUR ENTERPRISE DURING 2005 - 2006

Exchange Rates (TZS/USD), 2004, 2005 – 2006

	2004	2005	2006
End of period	**1,042.96**	**1165.51**	**1,261.64**
Annual average	**1,089.69**	**1127.26**	**1,254.17**

Please report all values in TZS or USD, and in units

Please TICK one currency you will use in completing this part, and refer to the table of exchange rates provided to assist with your calculations:

TZS **USD**

(E.g. please report TEN MILLION IN UNITS AS 10,000,000 and not 10 or 10m)

3. EQUITY INVESTMENT IN YOUR ENTERPRISE

3 (a) Please enter aggregate data by country, for resident and non-resident entities each owning 10% or more **of the equity and enter N/A where the question is not applicable.**

NB: 1. if there are more than three source countries, fill the two major source countries and aggregate the rest and fill as others under number 3.

2. Source country refers to the immediate country from which the investment funds came from.

3. The market value of your equity share of your enterprise is what you would sell your equity shares for to a willing buyer based on commercial considerations alone

TABLE 1A: DIRECT EQUITY INVESTMENT - 2005

2005		Shares held in your entity by Resident and Non-Residents (each holding 10% or more)				
1.	**Source country of shareholder/Multilateral Organization**	**1**	**2**	**3**	**4. Tanzania**	**Total**
2.	New equity received during 2005					
3.	Equity reduction during 2005					
4.	**Book value of equity shares as at 31st December 2005 of which:**					
5.	*O/w Paid-up Capital:*					
6.	*Accumulated Retained Earnings:*					
7.	*Revaluation Reserves*					
8.	*Share Premium*					
9.	Estimated market value of equity share as at 31st December 2005					
10.	Percentage shareholding					

TABLE 1B: DIRECT EQUITY INVESTMENT - 2006

2006		Shares held in your entity by Resident and Non-Residents (each holding 10% or more)				
1.	**Source country of shareholder/Multilateral Organization**	**1**	**2**	**3**	**4. Tanzania**	**Total**
2.	New equity received during 2006					
3.	Equity reduction during 2006					
4.	**Book value of equity shares as at 31st December 2006 of which:**					
5.	*O/w Paid-up Capital:*					
6.	*Accumulated Retained Earnings:*					
7.	*Revaluation Reserves*					
8.	*Share Premium*					
9.	Estimated market value of equity shares as at 31st December 2006					
10.	Percentage shareholding					

3 (b) Please enter aggregate data by country, for residents and non-resident entities each owning less than 10% of the equity and enter N/A where the question is not applicable.

TABLE 2A: PORTFOLIO EQUITY INVESTMENT - 2005

2005		Shares held in your entity by Resident and Non-Residents (each holding less than 10%)				
5.	**Source country of shareholder/Multilateral Organization**	**1**	**2**	**3**	**4. Tanzania**	**Total**
6.	New equity received during 2005					
7.	Equity reduction during 2005					
8.	**Book value of equity shares as at 31st December 2005 of which:**					
5.	*O/w Paid-up Capital:*					
6.	*Accumulated Retained Earnings:*					
7.	*Revaluation Reserves*					
8.	*Share Premium*					
9.	Estimated market value of equity shares as at 31st December 2005					
10.	Percentage shareholding					

TABLE 2B: PORTFOLIO EQUITY INVESTMENT - 2006

2006		Shares held in your entity by Resident and Non-Residents (each holding less than 10%)				
1.	**Source country of shareholder/Multilateral Organization**	**1**	**2**	**3**	**4. Tanzania**	**Total**
2.	New equity received during 2006					
3.	Equity reduction during 2006					
4.	**Book value of equity shares as at 31st December 2006 of which:**					
5.	*O/w Paid-up Capital:*					
6.	*Accumulated Retained Earnings:*					
7.	*Revaluation Reserves*					
8.	*Share Premium*					
9.	Estimated market value of equity shares as at 31st December 2006					
10.	Percentage shareholding					

4. INCOME ON EQUITY FOR YOUR COMPANY

Please estimate income on equity for your enterprise in Tanzania, by working through the following table:

Type of Income	During 2005	During 2006
4.1. Net Profit/loss (after taxes)		
4.2. Dividends paid to non-resident investors each with shareholdings of 10% or more		
4.3. Dividends paid to non-resident investors each with shareholding of less than 10%		
4.4. Dividends paid to residents shareholders		
4.5. Total retained earnings (4.5 = 4.1 – 4.2 – 4.3 – 4.4)		

5. LOANS FOR YOUR ENTERPRISE

Please complete **Tables 3** through **5** if you have any active loans (**Domestic** or **Foreign**).

NB: 1. If there are more than three source countries, fill the two major source countries and aggregate the rest and fill as *Others* ***under number 3.***

2. Source country refers to the immediate country from which the investment funds came from.

TABLE 3A: TOTAL STOCK OF LOANS AS AT 31st December, 2005

Source country/ Multilateral Organization	**Loan Type** A. Shareholder & Inter-company loan B. Suppliers' credit from related companies C. Suppliers' credit from Unrelated companies D. Other loans from	**Original Maturity** L. Long term S. Short term (Write L or S)	5.1 Opening Balance at 1 Jan. 2005	5.2 Loan received during 2005	5.3 Principal repayments during 2005	5.4 Interest payments during 2005	5.5 Closing Balance as at 31 Dec. 2005

TABLE 3B: TOTAL STOCK OF LOANS AS AT 31st December, 2006

Source country/ Multilateral Organization	**Loan Type** A. Shareholder & Inter-company loan B. Suppliers' credit from related companies C. Suppliers' credit from Unrelated companies D. Other loans from unrelated	**Original Maturity** L. Long term S. Short term	5.6 Opening Balance at 1 Jan. 2006	5.7 Loan received during 2006	5.8 Principal repayments during 2006	5.9 Interest payments during 2006	5.10 Closing Balance as at 31 Dec. 2006

TABLE 4: OTHER PAYMENTS (Commissions, Royalties, Penalties, etc) DURING THE YEAR:

Source country/ Multilateral Organization	**Loan Type** A. Shareholder & Inter- company loan B Suppliers' credit from related companies C. Suppliers' credit from Unrelated companies D. Other loans from unrelated companies	**Original Maturity** L. Long term S. Short term (Write L or S)	5.11 Total other payments during 2005	5.12 Total other payments during 2006

TABLE 5: ARREARS OF FOREIGN BORROWING:

Maturity	**DURING 2005**			**DURING 2006**		
	Principal	**Interest**	**Other**	**Principal**	**Interest**	**Other**
Long-term						
Short-term						

6. INTERNATIONAL TRANSACTIONS IN SERVICES AND INCOME

(a). Please indicate in the table below how much your enterprise paid for services provided by non-residents

Type of service	Amount paid during	
	2005	2006
Royalties and license fees		
Salaries and Wages		
Consultancy and technical services		
Insurance claims/premium		
Other services (please specify)		
Total		

(b). Please indicate in the table below how much your enterprise received for services it rendered to non-residents

Type of service	Amount received during	
	2005	2006
Royalties and license fees		
Salaries and Wages		
Consultancy and technical services		
Insurance claims/premium		
Other services (please specify)		
Total		

PART C: LINKAGES TO THE DOMESTIC ECONOMY

7. EMPLOYMENT

(a) Please indicate in the table below the number of employees in your company based on the following categorization:

					Tanzanians							
Foreign Nationals					**Zanzibaris**				**Tanzania Mainland**			
	2005		2006		2005		2006		2005		2006	
	M	F	M	F	M	F	M	F	M	F	M	F
Management												
Professionals												
Skilled												
Unskilled												
Total												

**Professionals refer to employees with specialized formal training at the level of at least first degree or its equivalent*

(b) Please list activities that create indirect employment at your project.

____
____
____
____
____

(c) Please estimate the number of employment created ______________________________.

8. CORPORATE SOCIAL RESPONSIBILITIES

a) In the table below, indicate the amount your company donated on the listed activities to the local community.

S/N	Social Activity	Amount Spent	
		2005	2006
1	Education		
2	Health and welfare		
3	Safety and Security		
4	Arts and Culture		
5	Sports Development		
6	Environment		
7	Water		
8	Road		
9	Religious		
10	Other (Specify)		
	Total Amount Spent		

b) Please provide brief description of the activities done:

____
____
____

c) What factors influence your decision to engage in the activities indicated in (b) above?

____

____

9. SOURCING OF RAW MATERIALS AND MARKET FOR FINAL PRODUCTS

a). Where applicable, please approximate the proportion of your raw materials (inputs of goods and services) sourced from Tanzania as a share of the total _______________________%

b). If you are not sourcing 100% of raw materials domestically, what are the reasons?

	REASON	Assign numbers from 1-5 in order of importance
1	Limited Access	
2	Availability	
3	Poor Quality	
4	High Price	
5	Other (please specify)	

c). Where applicable, what measures can be taken to encourage you to source more of your raw materials (inputs of goods and services) domestically? __________________________________

____

d). Please approximate the proportion of your total output by type:

TYPE	PERCENT
i. Final products/services	
ii. Intermediate (Semi finished) products	
TOTAL	**100%**

e). Please approximate the proportion of your total output by type intended for domestic and foreign markets

TYPE	Local (%)	Foreign (%)	TOTAL
i. Final products			100%
ii. Intermediate (Semi finished) products			100%

APPENDIX 5

QUESTIONNAIRE FOR TANZANIA MAINLAND

Confidential

National Bureau of Statistics
P. O. Box 796
DAR ES SALAAM
Tel: (255)-22-2122722-3
(255)-22-2132552
Fax: (255)-22-2130852
Website: www.nbs.go.tz

Bank of Tanzania
P. O. BOX 2939
DAR ES SALAAM
Tel: (255)-22- 2110946-52, Tel:
(255)-22-2110977-79
Fax: (255-22) 22112573/2113325
Website: www.bot-tz.org

Tanzania Investment Centre
P. O. Box 938
DAR ES SALAAM
(255)-22-2116328-32
(255)-22-234200
Fax: (255-22) 2118253
Website: www.tic.co.tz

QUESTIONNAIRE FOR THE SURVEY OF COMPANIES WITH LOCAL AND FOREIGN ASSETS AND LIABILITIES

QUESTIONNAIRE TYPE: PCF/1/2009

COMPANY REFERENCE NUMBER: ………………………….……. ***(For internal use only)***

DUE DATE FOR RETURN: ____/_____/_______ RESEARCH

OFFICER…………………………………….

dd / mm / yyyy

PART A: GENERAL INFORMATION

ALL RESPONDENTS SHOULD COMPLETE THIS PART

Company name: ………………………………………………………………………………………	
Previous name of the Company (if any): ………………………………………………………………...	
Date completed: ……………………............................ *(dd /mm/ yyyy)*	
Name and position of person completing this questionnaire: Name: …………………………………………… Position: ………………………………………………	
Company Address: P.O. Box …………………………………………………. Tel: ………………… Fax: ………………… E-mail: ……………………… Website: ……………………..	
District:	*ot:*
Please give details of an alternative person to be contacted in case we need further clarifications: Name: ………………………………………... ……… Position: …………………………………….. Tel: ……………………. Fax: …………………..Mob: …………………… E-mail: …………………….........	
Date of Establishment: ………………………………………………………..	Date of Commencing Operations: …………………………………………………

Does your company have any subsidiaries[1] within Tanzania? Yes ☐ No ☐

If yes, are you supplying unconsolidated information for individual companies within the group?

Yes ☐ No ☐

NB: If possible, please supply information for each company in your group individually (i.e., unconsolidated information).

[2]A company whose more than 50% of voting right is controlled by another company is usually referred to as subsidiary company.

QUESTIONNAIRE FOR THE SURVEY OF COMPANIES WITH FOREIGN LIABILITIES, 2006 - 2008

Acknowledgement of Receipt of Questionnaire

Instructions:
This page should be filled-in by the person who is receiving the questionnaire on behalf of the entity, enterprise or company at the time of delivery of this questionnaire by the enumerator. After it is signed, the enumerator should retain the original copy of this page.

I, ____________________________________ of ______________________________
(enter name of recipient) (enter name of entity/company/enterprise)
acknowledge receipt of the Balance of Payments 2009 survey questionnaire.

Title:	
Signature:	
Date:	
Enumerator's Name:	

Thank you for receiving the questionnaire.

PLEASE READ THIS FIRST

Purpose of survey

This questionnaire collects information on liabilities of your enterprise (or group) in Tanzania. This information will be used by the Government Institutions such as Tanzania Investment Centre (TIC), National Bureau of Statistics (NBS) and the Bank of Tanzania (BOT) in Balance of Payments compilation, investment promotion and national policy formulation.

Focus

You are required to complete this questionnaire from the point of view of your transactions as an investor with foreign liabilities in Tanzania regardless of your nationality. Please supply copies of your audited financial statements for 2006, 2007 and 2008.

Estimates

Where possible, please use figures from your accounts. Unaudited financial statements are perfectly acceptable for this purpose. We would rather have your best estimate than nothing.

Inapplicable questions

Please do not leave blank spaces even where a question does not apply to you as we do not need to follow up with you. Please, enter "N/A" in the appropriate box, or at the start of the question.

Due Date

Please complete this questionnaire and return the original to either research officer in contact with you (name on the first page) or to BOT or TIC and keep the 'Respondent Copy' of the questionnaire for your own records.

Collection Authority and Confidentiality

Completion of this questionnaire is compulsory under section 6(b) of the Tanzania Investment Act No. 26 of 1997, section 47 sub-sections (1), (2) and (4) part II of the Statistics Act of 2002 of the National Bureau of Statistics and section 49 of Bank of Tanzania Act of 2006. Failure to comply could result in legal and/or administrative action.

Information will be used only for statistical purposes, and be published in aggregated form. Data relating to individual organizations will not be made available to anyone outside the BOT, TIC or NBS. Government officials failing to comply with confidentiality clause face severe penalties including summary dismissal. This is in accordance with the acts establishing BOT, TIC and NBS.

Help Available

This questionnaire contains technical terms. If you have problems in completing this questionnaire please contact BOT, TIC or NBS through:

V. Tesha (0741 415146)
S. Simba (0744 992506)
National Bureau of Statistics
Tel: (255)-22-2122722-3
(255)-22- 2132552
Fax: (255)-22-2112352/2135601

Z. Kiwelu (0744 293570)
P. Mboya (0744 527528)
Bank of Tanzania
Tel: (255)-22- 2110946-52,
(255)-22-2110977-79
Fax: (255)-22 22112573/2113325

S. Kuwite (0748 285333)
N. Tibenda (0741 568030)
Tanzania Investment Centre
Tel: (255)-22-2116328-32
(255)-22-234200
Fax: (255)-22 2118253

THANK YOU IN ADVANCE FOR YOUR COOPERATION

1. INDUSTRIAL CLASSIFICATION

Please tick the main area(s) of economic activity of your company and its subsidiaries in Tanzania based on total investments. Wherever possible,companies are requested to fill and submit a separate questionnaire for each individual company within a group.

Industrial Classification	**Tick relevant activity**	**Estimated percentage contribution to company's total investment**
1. Agriculture, hunting, forestry and fishing		
1.1 Agriculture		
1.1.1 Floriculture		
1.1.2 Fruits and vegetables		
1.1.3 Cereal and other crops		
1.1.4 Livestock		
1.2 Hunting and trapping		
1.3 Forestry		
1.4 Fishing		
2. Mining and quarrying		
2.1 Mining		
2.2 Exploration		
2.3 Quarrying		
3. Manufacturing		
3.1 Agro-industry		
3.1.1 Edible oil		
3.1.2 Grain milling		
3.1.3 Tobacco and tobacco products		
3.1.4 Cotton and Textile		
3.1.5 Coffee and Coffee products		
3.1.6 Tea and Tea products		
3.1.7 Sisal and sisal products		
3.1.8 Cashew nuts and Cashew nuts products		
3.1.9 Other Agro industry (Specify)		
3.2 Food and beverages		
3.2.1 Fish and Meat processing		
3.2.2 Beverages		
3.2.3 Other food products		
3.3 Machinery and equipment		
3.3.1 Metal and metal products		
3.3.2 Other Machinery and equipment (Specify)		
3.4 Chemicals and petroleum		
3.4.1 Pharmaceuticals		
3.4.2 Paints		
3.4.3 Soaps		
3.4.4 Other chemical and petroleum products (Specify)		
3.5 Other manufacturing		
3.5.1 Leather and footwear		
3.5.2 Paper and paper products		
3.5.3 Publishing and Printing		
3.5.4 Rubber and Plastic products		
3.5.5 Furniture and fittings		
3.5.6 Other (Specify)		
4. Utilities		
4.1 Electricity		
4.2 Gas		
4.3 Water		
5. Construction		
5.1 Buildings		
5.2 Roads & Bridges		

6.2 Wholesale and retail trade		
6.3 Restaurants, bars and canteens		
6.5 Hotels, camping sites, mountain climbing and tour operators		
7. Transport, storage & communication		
7.1 Land transport		
7.2 Water transport		
7.3 Air transport		
7.4 Pipelines		
7.5 Storage		
7.6 Posts and courier services		
7.7 Data communication		
7.8 Telecommunication		
7.9 Travelling agencies		
8. Financing, insurance, real estate, & business services		
8.1 Bank and Non-Banks		
8.2 Micro-finance		
8.3 Insurance		
8.4 Real estate and Property services		
8.5 Computer and related services (hardware/software consultancy)		
8.6 Other business services		
9. Community, social and personal services		
9.1. Security and safety services		
9.2 Education		
9.3 Health		
9.4 Media		
9.5 Other (Specify)		
10. Activities not covered above (specify)		

1.2 COMPANY'S MAIN ACTIVITY IN DETAIL:

____
____

2. SUBSIDIARIES

2(a) Please list any subsidiaries (or sub-subsidiaries) your enterprise has in Tanzania:

S/N	Name of subsidiary	Sector	Main activity (Product)
1			
2			
3			

PART B: INVESTMENT IN YOUR ENTERPRISE DURING 2006 - 2008

Please report all values in TZS or USD, and in units

Please TICK one currency you will use in completing this part, and refer to the table of exchange rates in the last page to assist with your calculations:

TZS **USD**

(e.g. please report TEN MILLION IN UNITS AS 10,000,000 and not 10 or 10m)

3. FOREIGN EQUITY INVESTMENT IN YOUR ENTERPRISE

3 (a) Please enter aggregate data by country, for resident and non-resident entities each owning 10% or more **of the equity and enter N/A where the question is not applicable.**

NB: 1. If there are more than three source countries, fill the two major source countries and aggregate the rest and fill as Others under number 3.

2. Source country refers to the immediate country from which the investment funds came from.

3. The market value of your equity share of your enterprise is what you would sell your equity shares for to a willing buyer based on commercial considerations alone

TABLE 1: FOREIGN DIRECT EQUITY INVESTMENT

2006		Shares held in your entity by Resident and Non-Residents (each holding 10% or more)				
9.	**Source country of shareholder/Multilateral Organisation**	**1**	**2**	**3**	**4. Tanzania**	**Total**
10.	New equity received during 2006					
11.	Equity reduction during 2006					
12.	**Book value of equity shares as at 31st December 2006 of which:**					
5.	*O/w Paid-up Capital:*					
6.	*Accumulated Retained Earnings:*					
7.	*Revaluation Reserves*					
8.	*Share Premium*					
9.	Estimated market value of equity share as at 31st December 2006					
10.	Percentage shareholding					

2007		Shares held in your entity by Resident and Non-Residents (each holding 10% or more)				
1.	**Source country of shareholder/Multilateral Organisation**	**1**	**2**	**3**	**4. Tanzania**	**Total**
2.	New equity received during 2007					
3.	Equity reduction during 2007					
4.	**Book value of equity shares as at 31st December 2007 of which:**					
5.	*O/w Paid-up Capital:*					
6.	*Accumulated Retained Earnings:*					
7.	*Revaluation Reserves*					
8.	*Share Premium*					
9.	Estimated market value of equity shares as at 31st December 2007					
10.	Percentage shareholding					

	2008	Shares held in your entity by Resident and Non-Residents (each holding 10% or more)				
1.	**Source country of shareholder/Multilateral Organisation**	**1**	**2**	**3**	**4. Tanzania**	**Total**
2.	New equity received during 2008					
3.	Equity reduction during 2008					
4.	**Book value of equity shares as at 31st December 2008 of which:**					
5.	*O/w Paid-up Capital:*					
6.	*Accumulated Retained Earnings:*					
7.	*Revaluation Reserves*					
8.	*Share Premium*					
9.	Estimated market value of equity shares as at 31st December 2008					
10.	Percentage shareholding					

3 (b) Please enter aggregate data by country, for residents and non-resident entities each owning less than 10% of the equity and enter N/A where the question is not applicable.

TABLE 2: FOREIGN PORTFOLIO EQUITY INVESTMENT

	2006	Shares held in your entity by Resident and Non-Residents (each holding less than 10%)				
13.	**Source country of shareholder/Multilateral Organisation**	**1**	**2**	**3**	**4. Tanzania**	**Total**
14.	New equity received during 2006					
15.	Equity reduction during 2006					
16.	**Book value of equity shares as at 31st December 2006 of which:**					
5.	*O/w Paid-up Capital:*					
6.	*Accumulated Retained Earnings:*					
7.	*Revaluation Reserves*					
8.	*Share Premium*					
9.	Estimated market value of equity shares as at 31st December 2006					
10.	Percentage shareholding					

	2007	Shares held in your entity by Resident and Non-Residents (each holding less than 10%)				
1.	**Source country of shareholder/Multilateral Organisation**	**1**	**2**	**3**	**4. Tanzania**	**Total**
2.	New equity received during 2007					
3.	Equity reduction during 2007					
4.	**Book value of equity shares as at 31st December 2007 of which:**					
5.	*O/w Paid-up Capital:*					
6.	*Accumulated Retained Earnings:*					
7.	*Revaluation Reserves*					
8.	*Share Premium*					
9.	Estimated market value of equity shares as at 31st December 2007					
10.	Percentage shareholding					

2008		Shares held in your entity by Resident and Non-Residents (each holding less than 10%)				
1.	**Source country of shareholder/Multilateral Organisation**	**1**	**2**	**3**	**4. Tanzania**	**Total**
2.	New equity received during 2008					
3.	Equity reduction during 2008					
4.	**Book value of equity shares as at 31st December 2008 of which:**					
5.	*O/w Paid-up Capital:*					
6.	*Accumulated Retained Earnings:*					
7.	*Revaluation Reserves*					
8.	*Share Premium*					
9.	Estimated market value of equity shares as at 31st December 2008					
10.	Percentage shareholding					

4. INCOME ON EQUITY FOR YOUR COMPANY

Please estimate income on equity for your enterprise in Tanzania, by working through the following table:

Type of Income	During 2006	During 2007	During 2008
4.1. Net Profit/loss (after taxes)			
4.2. Dividends paid to non-resident investors each with shareholdings of 10% or more			
4.3. Dividends paid to non-resident investors each with shareholding of less than 10%			
4.4. Dividends paid to residents shareholders			
4.2. Dividends declared to non-resident investors each with shareholdings of 10% or more			
4.3. Dividends declared to non-resident investors each with shareholding of less than 10%			
4.4. Dividends declared to residents shareholders			
4.5. Total retained earnings (4.5 = 4.1 – 4.2 – 4.3 – 4.4)			

5. LOANS FOR YOUR ENTERPRISE

Please complete **Tables 3** through **5** if you have any active loans (**Domestic** or **Foreign**).
NB: Source country refers to the immediate country from which the investment funds came from.

TABLE 3: TOTAL STOCK OF LOANS AS AT:

Source country/ Multilateral Organization	**Loan Type** E. Shareholder & Inter- company loan F. Suppliers' credit from related companies G. Suppliers' credit from Unrelated companies H. Other loans from unrelated companies (Write A, B, C or D)	**Original Maturity** L. Long term S. Short term (Write L or S)	5.1 Opening Balance at **1 Jan. 2006**	5.2 Loan received **during 2006**	5.3 Principal repayments **during 2006**	5.4 Interest payments **during 2006**	5.5 Closing Balance as at **31 Dec. 2006**

Source country/ Multilateral Organization	**Loan Type** A Shareholder & Inter- company loan B Suppliers' credit from related companies C Suppliers' credit from Unrelated companies D Other loans from unrelated companies (Write A, B, C or D)	**Original Maturity** L. Long term S. Short term (Write L or S)	5.6 Opening Balance at **1 Jan. 2007**	5.7 Loan received **during 2007**	5.8 Principal repayments **during 2007**	5.9 Interest payments **during 2007**	5.10 Closing Balance as at **31 Dec. 2007**

Source country/ Multilateral Organization	**Loan Type** A Shareholder & Inter- company loan B Suppliers' credit from related companies C Suppliers' credit from Unrelated companies D Other loans from unrelated companies (Write A, B, C or D)	**Original Maturity** L. Long term S. Short term (Write L or S)	5.11 Opening Balance at **1 Jan. 2008**	5.12 Loan received **during 2008**	5.13 Principal repayments **during 2008**	5.14 Interest payments **during 2008**	5.15 Closing Balance as at **31 Dec. 2008**

TABLE 4: OTHER PAYMENTS (Commissions, Royalties, Penalties, etc) DURING THE YEAR:

Source country/ Multilateral Organization	**Loan Type** A Shareholder & Inter- company loan B Suppliers' credit from related companies C Suppliers' credit from Unrelated companies D Other loans from unrelated companies (Write A, B, C or D)	**Original Maturity** L. Long term S. Short term (Write L or S)	5.16 Total other payments during **2006**	5.17 Total other payments during **2007**	5.18 Total other payments during **2008**

TABLE 5: ARREARS OF FOREIGN BORROWING:

Maturity	DURING 2006			DURING 2007			DURING 2008		
	Principa l	Interest	Principal	Principa l	Interest	Principal	Principa l	Interest	Principa l
Long-term									
Short-term									

5. INTERNATIONAL TRANSACTIONS IN SERVICES AND INCOME

(a). Please indicate in the table below how much your enterprise paid for services provided by non-residents

Type of service	Amount paid during		
	2006	2007	2008
Royalties and license fees			
Salaries and Wages			
Consultancy and technical services			
Insurance claims/premium			
Other services (please specify)			
Total			

(b). Please indicate in the table below how much your enterprise received for services it rendered to non-residents

Type of service	Amount received during		
	2006	2007	2008
Royalties and license fees			
Salaries and Wages			
Consultancy and technical services			
Insurance claims/premium			
Other services (please specify)			
Total			

Exchange Rates (TZS/USD), 2006 – 2008

	2006	2007	2008
End of period	1,261.6	1,132.1	1,206.3
Annual average	1,253.9	1,244.1	1,197.1

The Heritage of Tanzania with Mt. Kilimanjaro

FOR MORE INFORMATION, PLEASE VISIT OUR WEBSITES:

TIC	BOT	NBS
www.tic.co.tz	**www.bot-tz.org**	**www.nbs.go.tz**