

PENRESA FOCUS ON TANZANIA

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Tanzania

# Building Prosperity



Inside this issue, exclusive interviews with

H.E. John Pombe Magufuli  
Gov. Prof. Florens Luoga  
Hon. Medard Kalemani  
Hon. Hamisi Kigwangalla



TAZARA Station (Dar es Salaam)



Nyerere Bridge (Dar es Salaam)



The Kilimanjaro Hyatt Regency (Dar es Salaam)



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# Building Prosperity

Since 2015, the Magufuli administration has set an ambitious industrialisation agenda in pursuit of the goals articulated in its Vision 2025. Based on the principles of sustainable development, Tanzania has been busy ramping up policies to boost their manufacturing, agriculture, tourism, transport and energy sectors, without compromising the needs of future generations.



**E**ast Africa, along with the Horn of Africa, has emerged as the fastest growing FDI destination on the continent. Of the \$3 billion that goes towards the East African Community (EAC) trading bloc, Tanzania is the leading nation registering FDI projects worth US\$1.2 billion. Tanzania's economy is forecast to grow 7.3% in 2019, from an estimated 7.2% last year, helped by public infrastructure investments and favourable weather. President Dr John Pombe Joseph Magufuli has emphasised the need for foreign investments in the state to drive economic development while implementing Tanzania's 2025 Vision to become a middle-income nation through industrialisation.

"Our strategy of developing industries is by motivating and attracting investors to invest in different areas of our country," states President Magufuli. "The infrastructure for such investment is already in place

and within no time we will improve them further." As part of the country's push for sustainable energy independence, Tanzania has moved away from importing fossil fuels to focus on using their own domestic natural gas reserves, and therefore massively accelerates domestic economic output and capabilities.

The growing improvement in roads and railways across East Africa opens opportunities for logistics in a country where urbanisation stands at about 30%, and many farms operate at a significant distance from the ports in Dar es Salaam. "Tanzania is bordered with seven countries and most of our neighbours are landlocked. If they want access to the world, it is only through Tanzania. So that gives a huge opportunity for an investor who wants them to grow into the port southern region in the east African community," ►►





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This report is dedicated to the memory of the late great Dr. Reginald A. Mengi. (1944-2019)

This report could not be possible without the introduction of High Commissioner Ms. Asha-Rose Migiro of the Tanzania High Commission in London and without the guidance of Dr. Hassan Abbasi.

This report is sponsored and produced by PENRESA and did not involve the reporting and editing staff of any third party.

#### THIS REPORT WAS POSSIBLE THANKS TO:



►► states Mr Gift Shoko, Chief Executive Officer of Commercial Bank of Africa-Tanzania (CBA). The modernisation of the DSM port, construction of the Standard Gauge Railway and rehabilitation of existing metre gauge rail will complete the logistic chain from the port of DSM as the major port of export to the neighbouring land linked states.

With 15 million young Tanzanians entering the work force within the next 15 years, the nation's new US\$120 million Education and Skills for Production Jobs Program (ESPJ) will be directed at training 30,000 youths in tourism, agriculture, agribusiness and agro-processing, transport and logistics, construction, communications and energy. Developing its future human capital is essential as Tanzania aims to develop a broad and diverse base of manufacturing, processing and packaging industries to fuel their economic growth.

#### AGRICULTURE

Agriculture is crucial as it is the country's economic mainstay, a source of livelihood to most of the population and main export earner. The government has put in place several reforms to improve agro-processing, which adds much more value to the economy. "We need to make sure that our industries get raw materials within the country, so that they produce within the country, they add value to the agriculture before exporting. Exportation of value-added products have a much higher value than just raw commodities. Thus, agro-processing is our first priority," states former Minister of Industry, Trade and Investment, Mr Joseph Kakunda.

#### MINING

In an effort to maximise its abundant mineral resources, Tanzania has set new reforms regarding the mining sector. Under new regulations, Tanzania will now make it compulsory for foreign-owned mining groups to offer shares to the government and local companies. The new rules also require

indigenous Tanzanian companies to have at least 5% equity participation in a mining company in addition to a 16% government free carried interest under the Mining Act. "There will be no nationalisation, there will be no expropriation. Looking at this act, so long as the government has 16% undiluted share, which means mining concerns will now be a joint venture," states Hon. Prof. Palamagamba Kabudi, who was the Minister of Constitution and lead government negotiator with Barrick. "That in itself is a big guarantee to any investor because once you invest together with the government, you have the goodwill of the government."

#### TOURISM

Tanzania is an unforgettable destination, thanks to the land of the Kilimanjaro, the Serengeti, the Ngorongoro Crater and the beautiful Zanzibar beach sceneries. As the only country in the world that has allocated more than 25% of its total area for wildlife and other resources' conservation, Tanzania offers adventure, excitement and splendor in all forms.

In an attempt to revive the airline market in Tanzania, the government has purchased eight new aircraft making Air Tanzania the first African carrier to take delivery of the Airbus A220 aircraft, the newest addition to the Airbus family of commercial aircraft. "With the addition of the A220 in our fleet we are confident that we will expand our footprint in the growing African markets and beyond, as we unlock additional routes and regain our position as a key player in the African air transport market," said Air Tanzania's Managing Director Ladislaus Matindi. Currently serving international markets of Uganda, Burundi, Comoro Island, Zambia and Zimbabwe, Air Tanzania is now expanding to Europe and going after the lucrative Indian and Guangzhou, China markets.

As the country aims to transform itself to middle-income status, they must continue to transform from its natural resource exploitation activities towards a more diverse based economy. "I personally feel that this is the time to drive opportunity because the vision of the government is the right idea," states Mr Subhash Patel of the Motisun Group. "There is no economy in the world that can thrive without industrialisation and we are just beginning the industrialisation drive."



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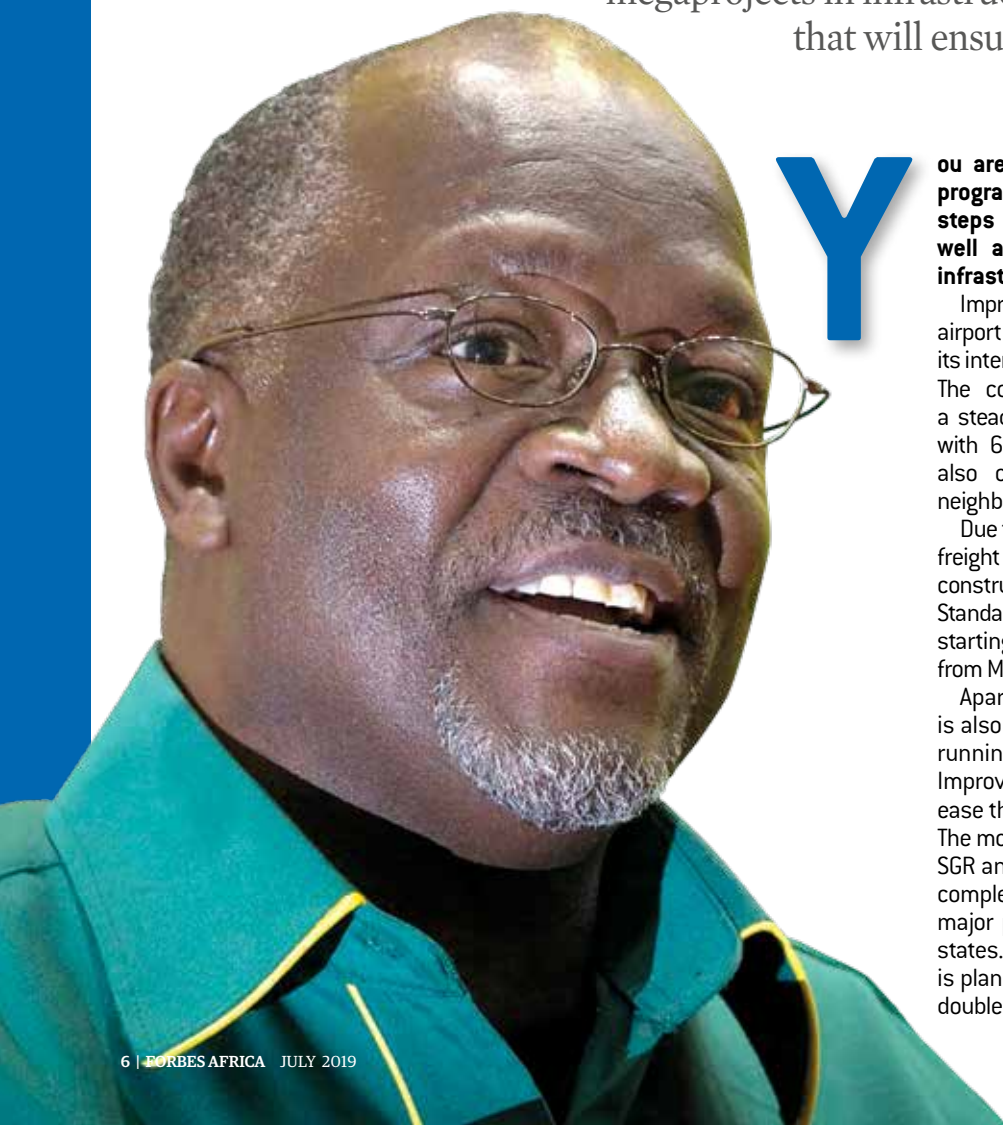
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H.E. Dr John Pombe Joseph Magufuli

President of Tanzania / Interview

# Visionary Leadership For A Prosperous And Progressive Tanzania

Under Vision 2025, Tanzania is indeed geared to attain middle-income status through its industrialisation agenda. Penresa had the chance to speak to His Excellency John Pombe Joseph Magufuli to discuss the nation's ongoing ambitious megaprojects in infrastructure development and power that will ensure socio-economic prosperity.



**Y**ou are known as the “Bulldozer” for steering the program to build good roads in Tanzania. What steps have been taken in the past few months as well as looking forward to strengthen transport infrastructure in the country?

Improving the nation's roads, ports, railways and airport infrastructure is critical for the country to improve its internal and external trade and commercial activities. The country's transport system has demonstrated a steady growth from 4.4% in 2012 to 16.6% in 2017 with 6.0% contribution to National GDP in 2017. We also continue to support import and export for neighbouring countries.

Due to the increasing demand for long distance heavy freight haulage in the region, Tanzania has embarked on construction of Africa's current biggest rail projects, the Standard Gauge Railway (SGR) along the Central Corridor starting from Dar es Salaam to Morogoro (300km) and from Morogoro – Makutupora (422km).

Apart from construction of the SGR, the Government is also rehabilitating the existing metre gauge railway running from Dar es Salaam to Kigoma and Mwanza. Improvements of the two parallel railway systems will ease the off-take of cargo at the port of Dar es Salaam. The modernisation of the DSM port, construction of the SGR and rehabilitation of existing metre gauge rail will complete the logistic chain from the port of DSM as the major port of export to the neighbouring land-linked states. The Port of Dar es Salaam after modernisation is planned to handle up to 28 million tonnes, which is double the current capacity.



# H.E. Dr John Pombe Joseph Magufuli

The construction of terminal three at Julius Nyerere International Airport (JNIA) was completed in May 2019, increasing planned capacity to 6.5 million passengers annually, more than twice the existing capacity. In an attempt to revive the airline market in Tanzania, the Government has purchased eight new aircraft for the revamped Air Tanzania, all through our own funds.

As road transport is the most widely used mode of transport in Tanzania, carrying over 90% of the passengers and 75% of the freight traffic in the country, the sector's further development goes hand-in-glove with improvements in the energy sector as Tanzania strives to become a middle-income country.

**With millions of young Tanzanians entering the workforce within the next 15 years, the future is bright and brimming with talent. How does your administration plan to develop its future human capital through education?**

Our efforts, plans and initiatives to develop our human capital is guided by, among others, the Development Vision of 2025 (DV 2025) and Chama Cha Mapinduzi (CCM), the ruling party, Election Manifesto 2015.

The Tanzanian's Education Vision states "a well-educated, knowledgeable and skilled Tanzanian is able to competently and competitively cope with political, social, cultural, economic and technological development challenges at national and international levels".

Thus, developing our human capital is amongst the priorities in our government. We believe a good education foundation for our kids is an asset for future higher education. From 2015, we introduced and started to provide free basic primary and secondary education. Each month, the government spends more than 23 billion Tanzanian shilling for that endeavour. As a result of this, student's enrolment in primary schools increased to 35.2% while from one enrollment for secondary level has increased by 20.1%. We are increasingly focused on increasing enrollment of students in the universities to study in prioritised fields and continue to strengthen the vocational training institutions.

**Tanzania has moved away from importing fossil fuels to focus on using its own domestic natural gas reserves, allowing it to save \$4 billion between 2015 and 2017, and therefore massively accelerate domestic economic output and capabilities. What are some of your current megaprojects that fit under your push for sustainable energy independence?**

Since coming into power, my government has prioritised the energy sector as one of the key components for the implementation of Vision 2025 and our economic development. Accessibility, affordability and reliability of energy in our day to day life is crucial in my government's agenda.

As such, we have invested in a number of megaprojects, which we believe will push and guarantee us on the sustainability of energy in the country. Some of the ongoing and upcoming megaprojects that fit for sustainable energy independence include: Kinyerezi II (240 MW) Natural Gas combined cycle Plant, the 2115MW Rufiji Hydropowerplant, the 400kv transmission line [Backbone Transmission Investment Project - BTIP]; construction of 220kv transmission line from Mkambako to Songea; and 6,349 rural electrification projects. With these projects we are sure of availability and sustainable energy that will drive our economic and social development.

**"The road transport sector's further development goes hand-in-glove with improvements in the energy sector as Tanzania strives to become a middle-income country."**

**"I am pioneering the undertaking of major reforms to create more favourable investment environment to ensure that private sector drives our future growth."**

**Having been in power since 2015, what are some of your biggest achievements and what is your objective to continue growing the country for 2019?**

Besides what has already been mentioned, we have achieved a lot since coming into power. I am proud to say we have registered achievements in the area of provision of social services, health, education, water and electricity. We reduced government bureaucracy and strengthened ethics within the government. We have fought corruption in all levels, we have expanded infrastructure and improved business environment, just to mention a few.

The economy has been growing rapidly at the average rate of 7% over the past decade. Moreover, we remain dedicated to continue to contain the inflation rate to a single digit. In order to continue this trajectory, we strive to improve the business environment, for investors in those sectors which contribute most to the economy while promoting the development of SMEs and labour intensive technologies.

**For the readers of Forbes Africa and the discerning investor, why is now the best time to invest in Tanzania?**

For the discerning investors, I would like to assure them once again that, Tanzania has always been a good investment destination in Africa. Today I can proudly and confidently say, Tanzania is the best investment destination in Africa because of political and economic stability, availability of natural resources, access to the market, investment incentives plus a well-established Commercial Division of the High Court and Arbitration framework.

As a country, our vision is clear. My administration is determined to make sure that Tanzania achieves its development aspiration of being a middle income country by 2025 as stated in the National Development Vision. I insist to my government officials and the people that our Vision can be achieved with close collaboration of the public and private sector. As you have seen, I am pioneering the undertaking of major reforms to create more favourable investment environment to ensure that private sector drives our future growth. TUNATEKELEZA!

# Minister Round Table

An in-depth perspective of strategy in Tanzania's major sectors

## Taking Care Of Tanzania's New Opportunities

**Tanzania's ministers are boosting the country's semi-industrialisation drive by investing in new facilities and collaborating with the private sector in key areas.**



**Mr Kakunda,**  
former Minister  
of Industry & Trade

Penresa interviewed Tanzania's prominent ministers, Mr Joseph Kakunda, former Minister of Industry & Trade, Hon. Medard Kalemani, Minister of Energy, and Hon. Hamisi Kigwangalla, Minister of Natural Resources and Tourism and Natural Resources, about their mandates, goals and aspirations for the country.

### What are your plans to ensure sectorial economic growth?

**Mr Kakunda:** We have fixed three major priorities, the first being agro-processing. Since 65% of Tanzanians engage in agriculture, this will target paying back to the farmers. Second, labour-intensive industries, to create employment: the cashew nut industry, for example. Third, manufacturing industries for items used in homes and for construction.

**Hon. Kalemani:** The national target for the energy sector is to make sure that we reach 5,000 MW by 2020 and at least 10,000 by 2025. Construction on the 2,115 MW Rufiji Hydro Power Plant Project has just begun and this will greatly help us meet our target. We aim at improving our economy through a semi-industrialised system: the engine for that is energy, electricity. The current available power in the national grid is 1,600 MW. Our demand by 2025 is going to be at least 2,000 MW.

**Hon. Kigwangalla:** We are trying to reposition Tanzania in the views of world travellers, revamping the national flagship carrier, ATCL, to target the most important markets. We are putting in place infrastructure for tourism and we are reaching out to new markets. We also have a new slogan: 'Tanzania, unforgettable'.

### What are the specific investment opportunities of your sector?

**Mr Kakunda:** We are committed to close our domestic sugar demand deficit and produce more sugar, so that we have excess to export. We are making agreements with the current plants

to make sure that they expand, and the trend is telling us that we are going to achieve that by 2020. The government will invest in industrial sugar production, starting with our plant in Morogoro.

**Hon. Kalemani:** We're making plans to build a LNG plant which is going to have a huge economic impact, because there will also be industrial parks around it. We have acquired the area and we are negotiating with key operators. We aim to complete negotiations by the end of this year. This project is a huge investment [\$35b] which will create a lot of employment.

**Hon. Kigwangalla:** We plan to build three "tourist cities", one in the Saadani National Park and two in the proximities of our national parks. There we are going to build facilities that incorporate business and leisure tourism, with a convention centre that will be able to house meetings of up to 3,000 participants, linked with luxury hotels and sport courts.

### Why invest in Tanzania now?

**Mr Kakunda:** We have abundant peace and tranquility, one of the fundamental inputs in the success equation. Our public sector has increasingly become well disciplined and incentivised to effectively deliver the requisite public goods and service for facilitating trade and industrial development.

**Hon. Kalemani:** Tanzania has the potential and the resources: hydro, natural gas, solar, geothermal, wind, coal, etc. It is high time to develop now and to tap all our resources to revamp and transform the economy.

**Hon. Kigwangalla:** With a new network of roads, airports and trains, plus a proper telecommunication and fibre network, we are interconnected which means great value for tourists.



**Hon. Medard  
Kalemani,**  
Minister of Energy



**Hon. Hamisi  
Kigwangalla,**  
Minister of Natural  
Resources and Tourism



## Tanzanian Industries

Pillars of a growing economy

# Adding Value To Tanzanian Industries

**T**anzania's path towards becoming a middle-income country by 2025 relies on the development of its industries, as well as its capacity to attract new investors and companies, providing them with all the tools necessary to operate and flourish, thus unlocking the full potential of the country. The industrialisation agenda brought forward by the government has already started to pay off: large industrial establishments have almost redoubled since 2008, and in 2016 the growth of value-added activities has clocked at 7.7% per year, one of the highest rates in the Eastern African Community. On top of that, the appeal of the Tanzanian manufacturing sector skyrocketed in 2017/18, attracting investments for US\$2.55 billion, marking an astounding 311% improvement over the US\$620 million invested in 2016.

The blossoming of a strong manufacturing sector is crucial, as it allows raw materials to remain and be manufactured within the country, creating jobs and opportunities and helping the country to reduce trade deficits in various pivotal sectors: "We are now self-sufficient in terms of cement and iron", says Mr Joseph Kakunda, Tanzania's former Minister of Industry & Trade. "We have recorded an increase of 12% in exports from US\$397 million to about US\$445 million, and that is steadily increasing. Ensuring that local industries have access to raw materials and are able to manufacture value-added products within the country is instrumental to national progress."

One of the government's concerns is making sure that companies investing in Tanzania are willing to engage in CSR initiatives that help develop and empower communities in the country. Neelkanth Lime Ltd commits to forming strong bonds with the villages that surround their plants: "We build schools, and we are having electricity put into the schools around us," explains Kumar Pujara, Neelkanth's Director. "Through the villages' recommendations, we hire the labour force in our factory."

The National Development Corporation (NDC) has also established crucial partnerships to improve the healthcare sector, collaborating with important private stakeholders such as Shelys Pharmaceuticals: "We have embarked on something called Continuous Medical Education" says Sanjay Advani, Shelys' CEO. "We have a field force trained on products and diseases. They visit doctors to explain the products we have, how they work, what kind of treatment is to be given."

A paramount step in the government's agenda was the approval of the business environment blueprint, which is to set the stage for a raft of amendments to laws and regulations governing the conduct of business, in an effort to make Tanzania more attractive to prospective investors. "Tanzania is today very friendly to investors," claims Mr Kakunda, former Minister of Industry & Trade. "The business licensing authority now is going online, allowing you to register a company here in Europe, while we also have the Tanzanian Investment Centre, which provides various incentives to new investors."

The industrial and manufacturing sectors are getting increasingly attractive by the year, which delivers value to investors and creates a better quality of life for Tanzanians.

## NEELKANTH Group

Producing high quality products while sustaining local communities

# Adding Value To The Industrialisation Of Tanzania

**Neelkanth Group, one of the fastest growing business conglomerates in the continent, is on a mission to create opportunities that support Tanzania's Vision 2025.**

Over two decades of continued localisation has helped establish a thriving ecosystem that has led to the development of allied and associated businesses and industries.

Its flagship company, Neelkanth Lime Ltd., was established in Tanga, Tanzania, in 2007, in response to an increasing demand in Africa for the versatility of lime products in mining, gold, glass, sugar, water, steel, agriculture and construction industries. With a plant capacity of 15,000 tonnes of lime per month (180, 000 tpa), Neelkanth has leased some of the best mines in the region to provide consistent raw material supply. In 2012, the Neelkanth Lime Ndola state-of-the-art processing plant came into being, home to the best quality of lime and its location in the copper-belt province of Zambia has made it the first choice of lime for Zambia's mining companies. From an initial capacity of 6,000 tonnes per month, it has grown to 20,000 tonnes per month, bringing its total installed capacity per annum up to 420,000 tonnes; producing, exporting and supplying different kinds of lime, such as: quick lime, hydrated lime, rock lime and agricultural lime.

Its products are available through dealership networks across the country, however, it is also the preferred supplier to multinational companies in the whole SADC region, exporting quick and hydrated lime to Kenya, Zambia and Uganda. "We export to Kenya because they use lime in construction while Uganda's sugar industry needs lime to neutralise the acid used in washing sugar cane," explains Managing Director of Neelkanth Group, Kumar Pujara. "Indeed, we are currently the biggest player in the lime industry in the whole region, in east and central Africa."



In alignment with Tanzania's industrialisation plan, Neelkanth Salt Ltd has also stepped up its salt production, be it crushed, refined, or double refined free flowing salt adequately iodised. However, Neelkanth's decision to invest in processed iodised salt came about as a result of its feasibility study confirming Tanzania's potential to produce high quality raw salt to meet Tanzania's demands, international standards and address Tanzania's iodine deficiency disorders. Indeed, Neelkanth currently produces approx 200 metric tonnes a day of processed iodised salt at its ultra modern salt farm. "We had a two-pronged strategy: one was that we start making salt here at our farm and the other was to carry out the value addition here," states Pujara. "Instead of buying refined salt from Kenya, we decided to refine it here and this has had a huge all-round impact on the country. As a result, in only two years, we have acquired 65% market share in refined salt and become a strong brand and household name in Tanzania. While technology has improved salt iodisation procedures and quality, we are, however, doing serious value addition, balancing use of optimum technology in order to preserve the employment market."

**Neelkanth is playing a crucial role in the industrialisation of Tanzania, providing quality products and adding value through a deep consideration for the environment and the communities it inhabits.**

Indeed, Neelkanth's commitment to ethical practice in Tanzania is impressive, intent on providing employment to local communities and improving quality of life through food and education. Neelkanth is keen on building up a good and healthy relationship with local communities. "We started buying all the mango trees from neighbouring villages and informed the villagers that they aren't allowed to cut down the mango trees, but mangoes they find, are theirs to keep," explains Pujara. "We also recently built a school and we are installing electricity in all the schools around us, while the village chief appoints our labour force for us."

Neelkanth is playing a crucial role in the industrialisation of Tanzania, providing quality products, while focusing on economic and social value addition and balancing the nation's needs and demands through a deep respect and consideration for the environment and the communities it inhabits.



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# Motisun's Long-Term Vision For A Better Future

Acclaimed as the fastest growing business group in Africa since it was founded 30 years ago, Motisun Group has established a reputation in its diversified manufacturing companies and its commitment to long term investment in building infrastructure.

Subhash Patel is not only Chairman and MD of Motisun, he is also the chairman of Confederation of Tanzania's Industry CTI, the Director in the Tanzania Private Sector Foundation and a permanent member of the Tanzania National Business Council. He sat down with Penpresa to discuss Motisun's significant supporting role in achieving Vision 2025, and beyond.

## What have Motisun's most relevant milestones been?

The private sector initiative started in 1998 in Tanzania by the second phase government and we were the first private group to capture the investment opportunity. In 1994, we started the first integrated steel mill in the country, the MM Integrated Steel Mill, and we have since established the beverage industry, Sayona, as well as entering the plastic industry, starting up a paint factory, and going on to expand the steel mill by adding coal.

In this fifth phase government, led by President John Magufuli, the expansion of steel has gone further with the first TMG steel plant, a hot rolling mill, and we have also gone into the colour coating line. We are also in the process of putting up eight to nine more units, such as small steel projects, like the PUFF Panel project and a new pipe mill, which will be finished by next year. We will then consolidate our efforts to see the way forward.

Last year, we started the production of Sayona Fruits in the coastal region; we buy fresh fruits, do the ripening and pulping and convert this into liquids in bottles or aseptic packaging. This is the second plant of its kind in the country and the first fruit park in Africa in which you get everything from packaging to fruit buying to ripening to processing and to making the product all in one area. This is the group's biggest achievement as a single investment so far.

We have just started with liquid drinks but we are already moving into jams, pickles, tin fruits, sauces, checking the value addition chain from the vegetables grown or the fruits converted into a liquid, while preventing them from rotting before they go to the market. We put fruit in a storage facility with no chemicals or additives because the aseptic technology allows us to put the fruit in aseptic bags and steel drums for two years without any preservation or refrigeration, thus providing food security.

## You are one of Tanzania's largest employers of labour achieving the figure of 10,000 employees. How else do you foster economic growth and development?

Since we began doing business here, we have established a presence in relation to social benefit and responsibility. In the Dar es Salaam region, where most of the factories are, we have contributed 400 million shillings to roofing for the Dar es-Salam schools. We have also made donations to other areas where we are present, such as in the coastal regions. We try to give and do whatever we can to work toward providing education, health and water.

## How does the nation's strategic location benefit your current operations and what are your plans for expansion?

There is opportunity in Tanzania so we plan to invest in infrastructure projects. You can't create any infrastructure project overnight, it takes about two decades, like the Standard Gauge Railway. It's not an overnight process, likewise in industrialisation; we have invested in factories for over 25 years and we keep updating technology and enhancing growth so that the generations to come can benefit from it, and their future will be brighter than ours because of it.



**“We have invested in factories for over 25 years and we keep updating technology and enhancing growth so that the generations to come can benefit from it.”**



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Dr Sanjay Advani

CEO of Shelys Pharmaceuticals

# Making Pharmaceutical Footprints Across Sub-Saharan Africa

Providing quality and cost effective generic and branded products in Tanzania since 1956, Shelys Pharmaceuticals, one of the largest pharmaceutical companies in East Africa, persistently pursues its mission for expansion.

CEO of Shelys Pharmaceuticals, Dr Sanjay Advani, talks to Penresa about the extensive opportunities currently in Tanzania's pharmaceutical industry and Shelys's mission to expand its pharmaceutical capacity in order to meet the Tanzania and Regional demand of its brands.

## What is Shelys Pharmaceuticals background in Tanzania?

Shelys Pharmaceutical Limited is 100% owned by Aspen Group from South Africa which was established from humble beginnings with 160 years of heritage. Aspen has since grown into a leading speciality and branded multinational pharmaceutical company and distributes products to more than 150 countries worldwide. In 2008, Aspen Group acquired 60% of the share capital of Shelys Africa, which included Shelys Pharmaceuticals Limited in Tanzania, Beta Healthcare International Limited in Kenya and Beta Healthcare Uganda Limited. This alliance provided the foundation for Aspen's expansion into the East and Central African markets. In 2012, Aspen Group acquired 100% share holding of Shelys Pharmaceutical, Beta Healthcare in Kenya and Beta Healthcare in Uganda. Since then, Aspen has invested in Shelys Pharmaceuticals in terms of providing modern equipment, upgradation of the facility, technology transfers, introduction of new molecules and expansion of their new product pipeline portfolio. As a result, Shelys Pharmaceuticals grew, making it what it is today: the largest pharmaceutical company, not only in Tanzania, but also in the region with the help of its sister companies, Beta Healthcare International in Kenya and Beta Healthcare Uganda Limited. Products catered by these companies are now available in almost 22 countries in Sub-Saharan Africa. Aspen further increased its footprint in West Africa by opening Aspen Pharmacare Nigeria Limited in 2012 and acquiring Kama Industries Limited in Ghana in 2015, thus extending further its impressive footprints in Sub-Saharan Africa.

Shelys Pharmaceuticals is proud to be an approved manufacturing site by many regulatory bodies in Sub Saharan Africa, such as:



**“Currently, we are only catering to Tanzania’s requirements but our next move is to go further, to bring in more equipment in which we can expand and cater to the region.”**

- Tanzania Food and Drug Authority (TFDA) Tanzania
- Pharmacy & Poisons Board (PPB), Kenya
- Food Medicines & Healthcare Administration & Control Authority of Ethiopia (FMHACA)
- Pharmacy, Medicines & Poisons Board (PMPB), Malawi
- Zambia Medicines Regulatory Authority (ZAMRA), Zambia
- Ministry of Health, D.R. Congo
- Department of Pharmacy, Medicines & Laboratory (Ministry of Health) Ivory Coast
- National Agency for Food and Drug Administration and Control (NAFDAC), Nigeria

## What exactly does Tanzania mean to the operation of the group?

Tanzania is a focused market for us in Sub-Saharan Africa and our goal is to expand in Tanzania with introduction of more number of brands in various therapeutic categories and also expand in the region with the brands manufactured at our Tanzania facility.

## How do you perceive the impact of the 2025 Vision upon Shelys in the pharma sector?

Shelys is the largest pharmaceutical company in Tanzania and in the East Africa region. Currently in Tanzania, there are five manufacturing facilities manufacturing pharmaceutical products. The population of Tanzania is almost equal to the population of Kenya, but Kenya has 38 pharmaceutical manufacturing facilities. This goes to show that there are great opportunities ripe for the healthcare industry in Tanzania.

## How has your company been capitalising on strategic partnerships?

We provide technical guidance to all our suppliers as prime responsibility to enrich our quality systems. We engage with our distributors to ensure good distribution practices in terms of storage, handling, transit and distribution of our pharmaceutical products. We conduct periodic surveys and risk assessments in the fields on product use results. Shelys Pharmaceuticals Limited also acknowledges





SHE (Safety, Health & Environment) management as a fundamental responsibility of everyone in the organisation and strives to promote a SHE culture. Adequate resources and facilities are made available to identify and manage SHE risks and support the development and implementation of world best practice systems based on the requirements of ISO 14001 and OHSAS 18001.

We manufacture many brands in our Shelys facility. Some of our leading brands are: Sheladol Diclopar, Azuma, Hemovit, Coldril, Pedzinc, SAVE. At Shelys, we manufacture tablets, capsules, syrups, powders and ointments. We have embarked on Continuous Medical Education, where we provide doctors with product information (for example: what it is, how it works and dosage forms).

#### What does Shelys do to develop local communities?

We carry out a number of CSR activities and believe in giving back to the society. Our Human Resources Team has a yearly budget for CSR with role function in health and social community caring. CSR activities include providing health care and social support to individuals in the society who are orphans, physically and mentally challenged children, deaf and blind children and advocating against diseases such as people living with HIV and albinism.

#### Why is NOW the best time to invest in healthcare in Tanzania?

Running a pharmaceutical business requires expertise that can be provided initially by countries where this industry thrives. So, even if one is setting up a small pharmaceutical manufacturing facility, one may need to bring expatriates to assist and direct day-to-day manufacturing activities and ensure cGMP compliance. For the expatriates to be able to join the companies and work, an ease of doing business needs to be present and Tanzania offers this. It is very safe to work in Tanzania, the people are accommodating and immigration laws are friendly toward investments.

#### What lies in Shelys Pharmaceuticals's future?

Shelys facility sits on approximately 15 acres of land and is one of the largest plants in East Africa. Currently, we are mainly catering for Tanzania's requirements and exporting products to nearby countries, but our next focus is to invest further in state of the art equipment, which will help to increase our batch sizes and the number of products available for the market demand in Tanzania and for the region. We have already initiated work towards this goal, and this can be seen through our investments that we have made in getting our facility approved by various Regulatory Authorities, not only in East Africa but also in French West Africa, Nigeria and other countries. New and modern equipment is being imported to achieve our well-defined goal towards expansion.



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Prof. Florens Luoga

Governor of the Bank of Tanzania

# Setting Up Tanzania's Safety Net For Financial Sector Growth

Through Prof. Luoga's vision and implementation of new measures, the Bank of Tanzania is changing the face of Tanzania's financial sector while positively enhancing growth in private sector credit and working to reduce high risk loans.



**"We would like to see the banking sector really play the role of midwife to the economy."**

Prior to becoming the Bank of Tanzania's governor in January 2018, Prof. Florens Luoga was a professor of tax law, deputy vice-chancellor at Dar es Salaam's university and Chairman of the Board of Directors of the Tanzania Revenue Authority. Penresa spoke to him about his role in securing Tanzania's socio-economic growth.

## **What is the Bank of Tanzania doing to enable and assist SME growth?**

The Bank is expanding the dimension of access and effective use of financial products, as well as the quality of its financial products. MSMEs are a crucial component for this because the majority of Tanzanians do not interact with banks. Indeed, one of the Bank of Tanzania's drives is to increase financial inclusion. During the first phase of the implementation of our financial inclusion framework (2013 to 2016), our drive was to increase the reach of financial service providers. We have 52 banks but most of them are based in Dar es Salaam, we aim to extend our reach over the next five years; not necessarily through physical branches but through a network of agents and digitalisation. We want to link up with micro-financing institutions which will provide the means to assist the agricultural sector. This is the reason why it is important for the Bank of Tanzania to involve other stakeholders into promoting financial education and the Financial Literacy Campaign. We have come up with the National Financial Education framework which runs from 2016 to 2020 which aims at minimising risks and promoting reciprocal confidence between the use of financial access and the providers of financial products.

## **How is the Bank of Tanzania collaborating with TRA to increase revenue collection?**

The Bank of Tanzania is a very important stakeholder in the growth of revenue collection. We are taking measures, not only as an advisor, to create business environments and banking sector environments which boost economic activity

through high-capacity taxpayers. We would like to see the banking sector really play the role of midwife to the economy. The role of the banking sector plays to businesses and the private sector because it mobilises the deposits and makes it available to investors and ensures growth in private sector activities.

## **The growth of credit to the private sector increased from 0.8% in 2017 to 4.8% in September 2018. What does this signify for the sector at the moment?**

There are a lot of things that need to be addressed in order to improve lending to the private sector. We have taken measures to support bank liquidity and provide impetus to the banks to loan and implement good banking practices. Lending is always a risky business but the Bank of Tanzania has taken measures, along with the government, to minimise risk. The Bank of Tanzania has made it a requirement to use the credit reference bureau to enable banks to acquire information about their borrowers.

Recently we have launched the NDU Business Borrowing/Lending Information and we monitor the banks to make sure that they are capable of lending and recovering the loans.

## **For the readers of Forbes Africa and the discerning investor, why is NOW the best time to invest in Tanzania?**

There are many reasons why this is the best time to invest in Tanzania. One very critical thing is enhancing the country's attractiveness to investors through good leadership and commitment. President Magufuli has put enormous effort in fostering foreign investment and enhancing domestic investment. One of the things that is being implemented now is the change in the business environment and improving tax administration in order to support it with quality assessments and expedited tax dispute resolution assessments. The President is also taking measures to streamline regulatory agencies.



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# Branching Out To Create The Bank Of The Future

Addressing the demand for digital innovation while financing the nation's biggest projects, CRDB Bank continues to be Tanzania's leading commercial bank in profitability, customer experience and cost containment.

As a business entity, we invest time and resources in understanding the needs of our customers, which gives us an edge in the marketplace. Our corporate banking provides financial solutions to large corporations focusing on customer-centred solutions that present a full range of financing options including overdraft facilities, deposit taking, long and short terms loans, contract financing for constructions, asset financing, utility infrastructure and mining, general business and agricultural-based project financing.

**East Africa is the number one hotspot in Africa for FDI's at the moment, with Tanzania as the second largest economy within the community. For investors coming in, why should they select CRDB Bank as a partner of choice?**

CRDB Bank is Tanzania's leading financial services provider, with presence in the Republic of Burundi. As a partner, CRDB Bank brings to the table a wide array of world-class products and services products that suit both the foreign and local investors.

**What is CRDB Bank doing to enable and assist the growth of SMEs for the development of the economy?**

Today, more than ever, SMEs in Tanzania are more dependent on external funding than larger corporates. CRDB Bank is responding to demands by considering availability and affordability. We have developed products with flexible collateral requirements and affordable interests to reduce the cost of funds for entrepreneurs. We believe that this will boost productivity and create jobs for the many young people who are jobless.

Since 2012, we have been lending money to MSMEs using non-traditional securities to accommodate those who do not qualify under traditional arrangement. To date, CRDB Bank has financed over 10,000 SMEs with loans given out a total of over TZS 2.5 trillion in the last 10 years. Taking into consideration the uniqueness of this segment,

we have also introduced a special account "Bidii Account" designed for SMEs. Through this account we are able to help entrepreneurs manage their cash flow and streamline payroll and payments.

Our focus on digital transformation has also considered integrating SMEs with digital payment solutions such as QR codes, SimBanking/SimAccounts and POS terminals, using our Visa and Mastercard-enabled Tembocards. This initiative empowers SMEs to accept payments through these platforms directly to their accounts, thus contributing to the government's efforts to build a cashless society. We also provide training and capacity building forums across the entire market.

**How is CRDB Bank supporting Fintech start ups and driving integration within the sector?**

In line with the financial inclusion framework of the United Republic of Tanzania, we have developed a digitalisation strategy roadmap, which is aimed at ensuring all Tanzanians and residents have proximity to affordable superior financial services. As an active stakeholder, we have partnered with a number of fintech start ups, mobile money operators and aggregators in order to drive service interoperability.

This initiative has ensured that Tanzanians are able to send and receive electronic value of money (e-value) from the bank to their respective Mobile Money Wallets and vice versa. This technological development has enabled people who previously had no access to financial services to enjoy banking at one's fingertips. We believe that with its successful implementation more people who live in the hinterlands and rural areas don't need to travel long distances in order to have access to financial services since this is now at their disposal.

We have also partnered with aggregators to drive provisioning of financial services through the government's electronic gateway (GePG) service platform. With this partnership, residents can pay utilities such as electricity bills, water bills and tax, among others, with ease.



**“As a business entity, we invest time and resources in understanding the needs of our customers, which gives us an edge in the marketplace.”**



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## CBA Group

Mobilising savings and building bridges to boost the nation's economy

# Adding Value To Ensure Enhanced Banking Products

**Founded in 1962, the Commercial Bank of Africa-Tanzania Group (CBA) is the largest privately owned bank in East Africa, with subsidiaries in Kenya, Rwanda, Tanzania, Uganda and Ivory Coast.**

Licensed by the Commercial Bank of Africa-Tanzania, CBA Tanzania is a world-class financial services provider that caters to the banking demands of large corporations, institutions, diplomatic missions, NGOs and high net-worth private clients with a wide range of custom-made and innovative services and products.

A pioneer in Tanzania's banking sector, CBA was the first to market full digital banking channels through its M-Pesa and M-Pawa platforms in its commitment to making banking products accessible through the use of digital platforms. The biggest contributor to Tanzania's economy in its Financial Inclusion Agenda, CBA developed its M-Pawa platform in partnership with Vodacom in 2014. In creating a digital bank enabling people to make savings and access loans through a mobile platform provided CBA with leverage to service the mass market. "Anything found in a conventional bank, you can find on the M-Pawa platform," explains Gift Shoko, CEO of CBA Tanzania. "Thousands of people access small loans per day, it takes less than a minute. With 8.3 million people banking this way, we are currently the only bank with a client base from that platform. Our target by the end of the year will be close to 10 million customers in the M-Pawa platform." In November 2018, CBA and Vodacom conducted a campaign to connect more bank users who face difficulties accessing loans the traditional way, to access them via phone.

CBA's commitment to individual requirements and growth of corporate,



**"In Tanzania in particular we are known as one of the first few banks to offer a bond and guaranteed facility for the construction sector when the economy opened up."**

**Gift Shoko  
CEO of CBA**

institutional and SME clients has been key to boosting the nation's economy. "We are assisting the SME sector from two fronts," states Shoko. "In early 2018 we launched a specialised unit that we call 'Business Banking' which focuses primarily on the SME sector." CBA has set up a programme of engagement with its SMEs, providing education and hosting events on finance, technology and regulations in order to ensure they

are compliance governing. "It's not all about providing money to SMEs, we want to add value to them to help their businesses to grow. The culture of banking, the culture of saving is in SMEs," declares Shoko. The second front lies in the provision of digital delivery for the SME sector and assisting the informal sector in order to allow it to graduate into SMEs.

Due to the bank's focus on facilitating trade with corporations and in terms of guarantees and asset financing, CBA is one of the biggest banks supporting construction in Tanzania. "In Tanzania in particular we are known as one of the first few banks to offer a bond and guaranteed facility for the construction sector when the economy opened up," claims Shoko. "We came up with a product that provided an end-to-end solution to the contractor, starting with the banking process, where we offer and secure big bonds. Then we look at the performance guarantees, advancement guarantees, and financing. We have funded a number of bridges, including the Kyaka Bridge." CBA is committed to developing financial services in all sectors.

Due to its unique and proactive approach to its customers, as well as its forward-thinking and pioneering banking methods, CBA is propelling innovation within Tanzania's banking sector and providing growth to the nation. Shoko claims: "We believe that CBA will be one of the top five banks in the next five to ten years because our plans are in line with Tanzania's economic potential."



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## Insuring A Stronger Tanzania Through Technological Rehabilitation

**NIC's implementation of technology in the insurance sector ensures jobs, secures local industry, and works to create an autonomous Tanzania.**

At fifty-six years old, National Insurance Corporation is the oldest insurance company in the industry. Not only that, it is the only insurance entity that is present in all administrative regions of Tanzania and the sole insurance company to be classified as composite insurance, allowing NIC to offer multiple types of insurance depending on individual need, ranging from general to life insurance. CEO Sam Kamanga has a vision for the future to ensure NIC evolves in the industry while helping its customers: blending technology with insurance. "We are the only insurance company present in all the administrative regions of the country. The industry has changed a lot in time, and you want stability as an investor. So, with stability I can assure you that NIC is going to be the partner of many who come here."

Kamanga is an IT engineer who studied in Germany, obtaining a postgraduate degree in 1985. He started his professional career in the United States at Metropolitan Health Plan, a Minneapolis, MN based HMO medical insurance company that mostly dealt with migrants. In 2008, he returned to Tanzania and secured a job with NIC as head of the IT department and began to blend his IT education and work experience to benefit the company. "Taking my experiences from Germany and the US, I started a programme of rehabilitation of the NIC. Most of the business processes [back then] were manual, so we started implementing automation and transforming slowly into an IT-oriented company." Assuming the position of CEO in 2016, Kamanga sought to improve NIC with its customers in mind. "I started a campaign to introduce more technology into our products. We



**"One of the major milestones was to bring more technology into the business, to re-engineer our business processes and to employ more young people who would go with the current technological changes."**

**Sam Kamanga,  
CEO of NIC**

are coming up with more products to suit the different groups of customers and giving the organisation a new look."

Not only does utilising technology make NIC easier to access and more appealing for its client base, the effort to computerise the corporation also creates jobs. "Technology does not run by itself. It needs people," Kamanga says. Tanzania has many resources, including a young and capable workforce that is eager to

work with technology. NIC realised the need to shift from the manual mentality of the past to the future of automation. "One of the major milestones was to bring more technology into the business, to re-engineer our business processes and to employ more young people who would go with the current technological changes. Young Tanzanians are becoming more and more creative. We could get some of the [young] employees on board to make sure that they are the champions of these changes." The result is a corporation that adapts to a transforming world while working with the consumers in mind.

NIC is making these efforts in dedication to President Magufuli's 2025 Vision. NIC has plans to continue toward the future while creating a stronger Tanzania. They have plans to launch agricultural insurance products later this year that give a special focus to improving the livelihood of local farmers and the agricultural sector. "We believe that the country needs focus on areas where the industries can start at small scale using local available materials, because that reduces the dependency from outside," states Kamanga. NIC wants to help create an autonomous future for Tanzania. "We are trying to come up with products which are going to be suited for Tanzanians in a middle-class nation in 2025. We believe that the government is on the right path and we are working to achieve that goal if we concentrate on the industry that is dependent on local farms as its source for raw material. The goal is to achieve the middle-income plan. The people are ready, are educated, creative and ready to take the country to the next level."



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# Theobald Sabi

Managing Director of National Bank of Commerce

## Driving Digitalisation In Tanzania's Banking Sector

As one of Tanzania's oldest serving banks with over fifty years of experience, NBC is on a mission to develop financial inclusion through the promotion of agency banking and digital technology.



**“Our cost efficiency drive and our operating model, is predicated on using technology to reach our customers.”**



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Penresa sat down with the Managing Director of Tanzania's National Bank of Commerce, Theobald Sabi, to discuss the bank's focus in providing quality and reliable services to Tanzanians through digitalisation.

### **What are the bank's main priorities and objectives in improving services whilst increasing profits and gaining market share?**

Currently, there is opportunity in Tanzania to grow through inclusion. As a bank, we aim to expand our client base digitally, which will reduce our customer acquisition and operating costs whilst continuing to support the government's agenda of industrialisation. Having said that, NBC has a long history in Tanzania as a commercial bank, which positions us strongly to support Tanzania's Trade activities internationally but also regionally. Our ambition is to be the number one bank in our chosen markets: trade, payments, local banks, manufacturing and government employees.

### **What is your bank doing to increase financial inclusion?**

We have a number of programmes, partly driven by our corporate social responsibility, but more so as part of our core business practices. Our Business Clinics Programme works with small and medium enterprises supporting them through training and exposure to growth opportunities. We do work with our partners to deliver training on diverse matters including tax and accessing foreign markets.

We also have a programme, that we call Wajibika (which is Swahili for 'taking initiative'), which is delivered through an online platform. This programme focuses on the youth, we have so far trained over 6,000 students in financial literacy and entrepreneurial skills. We also have a specific product targeted towards small groups, for people who come together to start businesses. All activities aim at providing solutions for various demands and more importantly bring banking closer to the people.

### **How are you leveraging on digital technology to streamline processes and increase efficiency to grow your customer base?**

We continually review our processes to align to modern day practices but also to employ technology in the delivery of services to our customers.

We have a number of digital service provision channels available to our customers, ranging from Automated Teller Machines (ATMs) that accept deposits, Mobile Banking, Agency and Internet Banking, to name a few.

We have recently launched an offsite account opening capability which enables us to open accounts remotely.

Our cost efficiency drive and operating model is predicated on using technology to reach our customers. Our customers who choose to initiate transactions in our branch counters are able to do this without having to deal with paper i.e. we are paperless.

### **Why should investors select NBC as a partner of choice?**

We were Tanzania's first bank and have over 50 years of experience serving both retail and corporate customers in Tanzania. This deep knowledge of the operating environment enables us to serve our customer needs effectively. NBC is well capitalised and we offer the full suite of commercial banking services. We take pride in our heritage and shareholders, Absa Group Limited, The government of the United Republic of Tanzania and the International Finance Corporation (IFC).

Our branch network and electronic and alternative service channels allow both retail and corporate customers to be serviced conveniently. We are a major solutions provider to corporates and institutional clients for collection and payment services. NBC has an elaborate trade finance proposition catering to local and cross border requirements.



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# Kenrick Cockerill

CEO of Stanbic Bank Tanzania

## Promoting Sustainable Prosperity To Drive National Growth

Universal financial services provider, Stanbic Bank Tanzania, has repositioned itself in the financial market through a thorough focus and concern for the well-being of the communities it serves.



**“We like to bank entire communities and not just individual clients, which enables us to offer more seamless transactability across all the players in the ecosystems and value chains that we are supporting.”**



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Penresa spoke to Kenrick Cockerill about Stanbic Bank Tanzania's recent launch of Uhuru Banking and Biashara Direct, which has resulted in an innovative, tailor-made, digitalised and simplified way of banking, indicative of the bank's commitment to stimulate national progress.

**What are your expectations for the Uhuru Banking and Biashara Direct initiatives and how do you think it will impact your market share?**

We are confident that our Uhuru Banking and Biashara Direct offerings will enable us to double our customer base over the next two to three years. Such is the power of technology.

**Can you tell us a bit more about Uhuru Banking works?**

Our personal markets customers told us that they want speed, convenience and affordability. Our response to those demands is Uhuru Banking. It is a very simple digital platform that enables our customers to transact 24/7 at a very affordable price. It enables us to onboard and serve customers where we have no physical presence, on mobile devices, laptops etc. We already have card-based solutions enabled and, of course, e-commerce, as well as pay-as-you-go solutions. With Uhuru Banking the added benefit is that there are no monthly management fees.

**What is Stanbic Bank doing to increase financial inclusion and literacy?**

Biashara Direct (for SMEs) and Uhuru Banking (for individuals) will enable us to broaden our customer reach to bank the previously unbanked and thus support the financial inclusion agenda. Furthermore, we participate in bi-weekly media publications aimed at promoting financial literacy. We also provide financial planning and awareness training for the employees of the organisations we serve.

**How does sustainability factor into your success?**

We recognise that our sustainability and success are inextricably linked to the prosperity and well-being of the societies in which we operate. Our Corporate Social Investment is underpinned by two main focus areas: health and education. We believe a healthy nation is a productive nation and that education is the cornerstone for future growth and prosperity.

**How are you supporting local fintech start-ups and driving innovation to grow the sector?**

Tanzania has embraced technology and the uptake of participants in the financial services sector via mobile devices has been spectacular. That said, we understand that we can't go it alone, so an integral part of our digitalisation strategy is to partner with Fintechs, to assist us in delivering exceptional customer experiences.

**What is Stanbic's role in the growth of credit to the private sector?**

As a key financial intermediary we play an important role in looking after our customers' money in the form of deposits and savings and deploying this liquidity to effectively lubricate the growth of the economy in the form of lending.

**For investors coming in, why should they select Stanbic Bank as partner of choice?**

We are the largest bank on the continent in terms of assets, with representation in twenty countries across the continent. We are a trusted advisor with unmatched expertise and cross-border capabilities in all the key sectors: agriculture, power and infrastructure, oil and gas, consumer, telecoms, public sector, etc. We have an ecosystem approach to our clients, which means we like to bank entire communities and not just individual clients, which enables us to offer more seamless transactability across all the players in the ecosystems and value chains that we are supporting.





When you  
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Stanbic Bank Tanzania believes in the economic potential of Tanzania's transformation.

This is why we have directly provided and helped raise over TZS 300bn in financing for Tanzanian companies and institutions across the agricultural, consumer, industrial, natural resources and government sectors. Together with our partners, we're moving Tanzania forward.

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# A Brighter Future through Broader ICT Access

**Established in 2003, the Tanzania Communications Regulatory Authority (TCRA) is tasked with overseeing the Communications and Broadcasting sectors, as well as regulating all electronic communications and postal services and managing the national frequency spectrum.**

TCRA aims to guarantee a level playing field for all Communication Service Providers and protect consumer interests to improve ICT services in the country and thus ensure access to reliable, affordable and secure communication services for Tanzanians and foreign investors alike.

"Communications have been fully liberalised in the United Republic of Tanzania", says Director General Eng. James M. Kilaba. "This has increased the number of privately owned companies being licensed in the country. TCRA and all key stakeholders have been engaged with the government on a number of issues such as amendments of legislations and regulations that govern the sector. We adopted a Converged Licensing Framework (CLF), which is technology and service neutral and has resulted in a considerable spread of the latest technologies and provision of many Value Added Services to end-users in the country. Sharing of infrastructure, for instance, allows operators to collaborate with the Universal Communications Services Access Fund (UCSAF) in the deployment of communication towers in rural and underserved areas."



ICT are vital assets to foster social and economic development in emerging countries, and TCRA is committed to improve ITC infrastructures throughout the country and promote private participation and investment in infrastructure development. A National ICT Broadband Backbone of 7,560 km cable has been built, and the government is working to expand mobile network coverage in rural areas and improve access to 4G/LTE networks: "To this end, in 2018, TCRA assigned a spectrum in 700MHz band through auction, with service obligation that population coverage should be 60% by 2021 and 90% by 2024", claims Eng. Kilaba. "This will increase broadband penetration in Tanzania and accelerate e-application and e-services in the country."

Secure and reliable ICT services are essential in the financial sector, and TCRA has taken decisive steps to improve financial inclusion and guarantee access to financial products and services for individuals and businesses alike. Working within the broader National Financial Inclusion Framework, TCRA has also tackled the increasing risk of cyber frauds by enhancing customer identification mechanisms: "TCRA has introduced a new SIM card registration system called 'Biometric SIM card Registration system'", Eng. Kilaba says. "The system has enhanced security features including customer fingerprints and data or information verification with the National Identification Authority (NIDA) database." A new physical address and postcode assignment system has been launched by TCRA and is now handled by Local Government Authorities, with TCRA providing key expertise. Furthermore, in 2013 TCRA established a Tanzania Computer Emergency Response Team (TZCERT): "TZCERT has the responsibility of coordinating response to cyber security incidents at a national level and cooperate with regional and International entities involved with the management of cyber security incidents", explains Eng. Kilaba.



**"Neutral and investor friendly policies and regulations have enabled the communication sector to grow; 94% of the population is now covered by mobile networks."**

**Eng. James M. Kilaba,  
Director General, TCRA**

With about 15 million young Tanzanians poised to enter the job market within the next 15 years, TCRA is well aware of the vital importance of scouting and supporting young talent, funding training programmes, raising awareness among young people about opportunities in the ICT and communications sector, and allowing emerging companies and start-ups to showcase their talent.



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## ZANTEL

How Zantel is contributing to create a stronger Tanzania

### Placing Opportunity In The Palm Of Your Hand

Having doubled its national coverage in the last year, Zantel's focus on effective, convenient services works to solidify the telecom sector and assure economic growth.

Brian Karokola, Chief Executive Officer at Zantel, is proud of Zantel's recent achievements. With the help of its submarine cable systems and a recent network modernisation project, Zantel has extended its services to twenty-two regions in Tanzania at the best speed and quality, doubling its coverage to 85% over the course of last year.

Zantel has also developed the mobile money service EzyPesa, which allows customers to send and receive money or make payments via their mobile phones, even to and from customers of other mobile service providers. Zantel has partnered with all major banks in Tanzania, eliminating mobile payment obstacles that Tanzanians have battled in the past. EzyPesa also support SMEs by streamlining the relationships between merchant and customer, allowing them to quickly and directly process payments. Zantel did not stop there. "We have also implemented our electronic payment gateways with the government," says Karokola. We are the only company allowing our consumers to pay government taxes from the Zanzibar Revenue Board and most importantly purchase electric units in Zanzibar through TUKUZA systems.

"That does not only provide convenience and ease of payments for our customers, but also contributes to and encourages our customers to pay their taxes, which also raises more value on the economy of the country."

As for the future, Karokola believes that the Tanzanian telecom market needs consolidation. A merger between Zantel and Tigo will remedy that. "By combining Zantel and Tigo operations in Tanzania, we aim to ensure a more balanced competitive environment that will benefit the country, support progress in the telecom sector, and bring together the strengths of the companies to better serve customers both in the mainland and Zanzibar." The merger will enable Zantel to further focus on superior quality and innovation. As both companies are coming together with the goal of improving the development of Tanzania, the result will only lead to success.



Brian Karokola,  
Chief Executive Officer,  
at Zantel



## Simon Karikari

Managing Director of Tigo

### Merging Strengths For A More Inclusive Future

With over 10 million subscribers, Tigo intends to merge with its sister company Zantel to further improve services offered to their expanding customer base.

#### Tell us about Tigo's plan for an IPO and your expectations?

We are in the process of finalising the IPO as required by law to list 25% of Tigo Tanzania. We are equally excited because the listing will give the opportunity to local Tanzanians to get ownership of this business. This will ultimately create more local ownership.



Simon Karikari,  
Managing Director,  
at TIGO



#### How is Tigo working to enable financial inclusion through its platforms?

Our mobile money operations, Tigo Pesa, started nine years ago as a mainly remittance business. Over the last year, the business has evolved into a fully-fledged financial service platform with multiple products ranging from micro loans, saving products and insurance just to mention a few. Additionally, wherever you go, you can pay with mobile money and also connect with the Government Payment Gateway (GePG) to pay for all services with mobile money.

#### In the second half of last year Tigo put out the launching of its 4G+ network. What other competitive advantages would you highlight?

We pride ourselves in being committed to Tanzania as a country. We have been here for 25 years and our determination is for long term growth and potential of this country. We continue to invest in the latest technology such as 4G+ because we believe data is the future. The demand for data has been strongly increasing and this has been made possible because low cost smartphones are available in our market and we are also able to provide relevant content to our customers. Our innovation and unending determination of delivering digital lifestyle solutions making it easier for our customers to go about with their daily business is what makes us stand out. That is why our customers find it convenient to use our products such as Tigo Pesa and the Tigo Pesa App that is linked to 50 banks to make their daily transactions. They continue to choose us as their reliable service provider because we make it digitally quick and easy for them to accomplish what they want from wherever they are.



Building up a beneficial business climate via its dependable infrastructure

## Providing The Support To Shape Tanzania's Future

**Improving and constructing national infrastructure to enhance trade, facilitate industrialisation and spur economic growth.**

Tanzania's financial budget has always prioritised the development of major infrastructural projects since President Magufuli's appointment in 2015. Recently, the Minister of Finance announced the government's intent in allocating 12.9% of its 2019 national budget (US\$2.1 billion) to a series of important infrastructure projects that aim at providing Tanzania with new trade routes and opportunities. These infrastructure projects are made possible through transparent application of taxpayers' money.

An important example of this is the US\$14.2 billion construction of Tanzania's Standard Gauge Railway (SGR), stretching 2,561 kilometres connecting Dar es Salaam port to its land-locked neighbours. Phase one is currently over 50% completed, linking Dar es Salaam to Morogoro while future phases will join the three remaining sections: Isaka-Mwanza (248 km), Tabora-Isaka (133 km) and Makutupora-Tabora (294 km). "This project has a multitude of specialty characteristics that differentiate it from other railways in the Africa," declares Erdem Arioglu, Vice Chairman of Yapi Merkezi.

In prioritising Tanzania's need for reliable road transport in the East African Community (EAC) bloc, the construction of US\$751.2 million transnational Kenya-Tanzania Highway will boost trade and business opportunities and ease traffic from the Mombasa and Tanga

ports. Seventy per cent funded by the African Development Bank (AfDB), construction is set to begin this year and will also include the rehabilitation of the 216km Malindi-Lunga Lungu Road.

"The multimillion Dar es Salaam Maritime Gateway Project-DMGP project will support the financing of crucial investments in the Port with the aim of improving its effectiveness and efficiency for the benefit of the public and private stakeholders," explains Eng. Deuseddit C.V Kakoko, Director General of Tanzania Ports Authority (TPA). Tanzania is also investing in building a new Oil Terminal at the Tanga Port to support the oil pipeline transporting crude oil produced in Uganda. "It is very important to look beyond 2023/2024," affirms Jared H.Zerbe, CEO of Tanzania International Container Terminal Services Ltd. (TICTS) "The port needs to unlock additional capacity for the horizon of 2030, there needs to be further infrastructure planning and additional investment to keep up with the demand."

With other infrastructural projects to be implemented according to this year's budget, including the construction of Terminal Three at Julius Nyerere International Airport, Tanzania is speedily, albeit carefully and securely, building up its future and consolidating its past, opening itself up to possibilities and innovation and grounding its rapid growth.

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Eng. Deusdedit C.V. Kakoko

Director General of Tanzania Ports Authority

# Expanding Tanzania's Horizons In Port Operations

Aiming to improve the effectiveness, efficiency and safety of the Port of Dar es Salaam, the Gateway Project will be carried out through two components.



**“We would like to have investors in areas where we can combine port investment with industrial parks.”**



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The Tanzania Ports Authority (TPA) operates a diverse system of Tanzania's ocean and lake ports with the aim of broadening and promoting regional maritime trade and keeping national economic growth afloat through the marriage of industry and ports.

Penresa sat down with Eng. Deusdedit C. V. Kakoko to discuss the TPA's projects which aim at securing Tanzania in becoming the world's first port of call.

## **How is TPA currently improving and boosting performance at the Dar es Salaam, Mtwara and Tanga ports?**

The multimillion-dollar Dar es Salaam Maritime Gateway Project-DMGP will be supported through the financing of crucial investments in the Port of Dar es Salaam with the aim of improving its effectiveness, efficiency and sales for the benefit of the public and private stakeholders.

Long term projections suggest that cargo volumes at the Port could grow from its current 14 million tonnes to 38 million tonnes in 2030. The port serves the hinterland Uganda, Rwanda, Burundi, DRC, Zambia and Malawi as well as South Sudan, Northern & Western Mozambique, Zimbabwe and Comoro.

At the Mtwara Port, the construction of quayside, paved yard and dredging works for the new berth (300-metres long) is underway whereby the detail design and pile testing has been completed, followed by actual construction works. This new berth will greatly enhance the Port's capacity to accommodate large vessels to dock and to serve Dangote's 3.0MT cement plant in Mtwara, the Liganga iron ore and the Mchuchuma coal mining projects as well as increase the Port's overall cargo capacity. The Port is also an integral part of the Mtwara Development Corridor and has a Special Economic Zone attached to it. It is foreseen that the Port will serve Malawi and Zambia to a larger extent in the future.

The new Oil Terminal at Tanga Port for the Uganda Crude Oil Export 1,145 km pipeline project for refined products is at a stage of procurement process and will provide a significant opportunity to create a permanent infrastructure that will contribute to the national economy and improve capacity ahead of future demand.

## **How will the Tanga City modern jetty that TPA is currently developing improve access to petroleum products within East Africa while reducing costs?**

Technically, this jetty will increase the competitive edge of Tanga Port in the region as the leading oil transporter. We expect that during the construction stage the country and local communities will benefit from the heightened economic activities. This modern jetty, plus other ongoing 500m quayside port development projects aiming at improving services will significantly improve fuel products imports and enhance fuel distribution efficiency while reducing logistics costs along the central corridor. The facility will also boost transportation of petroleum products mainly to Uganda, Rwanda, Burundi and the Democratic Republic of Congo through central corridor.

## **What incentives are you currently offering to attract foreign customers and companies?**

The Authority remains committed to supporting local and transit countries for their imports and exports of merchandise through our ports by providing good services 24/7 to our esteemed customers. We believe in partnering with port stakeholders and remain committed to advocating the role of being economic drivers as a source of economic development in the countries using our ports. These partnerships with our customers, port stakeholders, government and development partners strengthen our reputation as a trusted and respected partner of choice.

## **For the readers of Forbes Africa and the discerning investor, why is NOW the best time to invest in Tanzania and to do trade in your port?**

Improved efficiency and enhanced capacity at the Port of Dar es Salaam and other upcountry Ports hold the key to positioning our ports as the regional industrial hub. With the acquisition of modern equipment, IT solutions and implementation of ports infrastructure, superstructure and expansion of operational areas projects, we are significantly contributing towards improving service delivery and increasing productivity for our ports as a logistic centre in the regional competitive environment.



# THE DAR ES SALAAM MARITIME GATEWAY PROJECT

Aiming to improve the effectiveness, efficiency and safety of the Port of Dar es Salaam, the Gateway Project will be carried out through two components.

The first component involves:

- Deepening and strengthening of existing Berths 1 to 7 to 14.5 m below Chart Datum (CD), and constructing a new multipurpose berth at Gerezani Creek
- Deepening and widening the entrance channel and turning basin in the port to the end of Berth 11 to 15.5 m below CD
- Improving the rail linkages and platform in the port; and
- Deepening and strengthening of existing Berths 8-11, to 14.5m below CD.

The second component is divided into two sub-components and comprises:

- The Institutional Strengthening of Tanzania Ports Authority (TPA) and Technical Assistance to support the restructuring of TPA
- Enhancing TPA's capacity to act as a landlord, manager and developer of the ports in Tanzania and capacity building TPA staff, including support in implementing the Environmental and Social Strengthening Plan (ESSP) and ISO 14001 Certificate.





## ASAS

An 83-year-old company that keeps finding ways to evolve

# Proudly Tanzanian, Open To The World

**Established in 1936 in Iringa, Tanzania, as a transport company, ASAS is one of the oldest and biggest groups still operating in the country.**

Generation after generation, ASAS has gradually expanded across different sectors such as dairy, real estate and fuel distribution, always retaining its commitment to quality and customer satisfaction as two of their core values, regardless of the sector.

The company's trucking and haulage services cover countries across East and Central Africa, delivering cargo and fuel to DRC, Zambia, Malawi, Rwanda, Burundi and many others. "We offer competitive pricing to our customers, along with the efficiency that comes from being in the business for over 80 years", says Faraj Abri, ASAS' Director and grandson to the founder of the company. "We have fine-tuned our *modus operandi* in such a manner that has allowed us to be in the position that we are in today. Nevertheless, we continue to look for new ways to improve and it is understood and groomed within the family for the upcoming generations to think that way. They have to continue bringing new things to the table from the new knowledge and environments that they have grown up with."

The continued need to offer the best possible service to their clientele and keep their leading market position drives ASAS' constant internal innovation. "As a company, we are constantly looking at ways to improve our operations to ensure continued safety to maintain a healthy working environment for our people and mitigate any adverse environmental hazards that could arise during the course of our activities", explains Abri. "We continuously aim to be a world class competitor, hence the imperative need to constantly look at the way we



**"One does not grow  
to the size that we are  
without commitment,  
integrity and  
responsibility.  
Our company  
philosophy is  
Excellence in all we do."**

**Faraj Abri,  
Director of ASAS**

do business. We want to provide our clients with improved service delivery while ensuring safety and healthy working environments for our people. We strive to prove that we can be world class in everything we do in our local context."

As part of its desire to stay true to its deep Tanzanian roots, ASAS engages in a number of CSR initiatives to empower communities served by the company. "ASAS Dairies takes the

lead in interacting with the general public in relation to our corporate social responsibility: we work on a daily basis with our employees, partners, suppliers and farmers for a more sustainable approach to the production of high-quality milk, to help build stronger local communities and be responsive to customers' health and wellness needs", says Abri. "In this respect, we try as best as we can to minimise our environmental footprint. Over the years, we have engaged with schools and worked with farmers to ensure that we have an efficient supply chain for the production and sale of milk, and we provide free milk to bring people to the understanding the health and wellness benefits of milk."

As head of a well-established and proudly Tanzanian company that also operates in other EAC countries, Faraj Abri is absolutely certain that Tanzania can find ways to benefit from its unique geographical position and become the leading logistic hub of Eastern and Southern Africa if it keeps investing in intensive infrastructure projects and further liberalisation of the transport sector: "Projects such as the Standard Gauge Railway (SGR), the expansion of the national paved road network, port improvements and increased capacity in selected airports could help lower transport costs and improve economic activity from a reduction of production and operational costs, lower cost of consumer goods and increased transit of goods passing through Tanzania to landlocked countries such as Zambia, Malawi, Rwanda, Burundi and feeding into eastern DRC. Trade facilitation procedures would help go a long way in making the country more competitive."

**ASAS**  
GROUP OF COMPANIES

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# Bringing A 50-Year Legacy Into The Future

**The major investor and accredited Best Foreign Contractor, CRJE (East Africa) Limited, in 2019 celebrates the fiftieth anniversary of its participation in the construction of the TAZARA railway, back in 1969, which marked the first ever operation of the company in Tanzania.**

Today, CRJE is a major player in the country and is active in sectors such as real estate development, engineering, road, railway and bridge construction, equipment installation and many more.

Relationships between East African countries and Chinese enterprises such as CRJE have become increasingly common in recent years, tapping into a stream of potential new opportunities. Over the past five decades, CRJE's efforts to explore and deepen its relationship with Tanzanian environment have managed to bridge two worlds, China and East Africa, that used to seem miles away from each other: "It's our job to interact with the friendly local people", says Hu Bo, CRJE's Chairman, who has been working in Tanzania since 2000. "Through this kind of face-to-face communication, we had people of China and Tanzania meet each other, know each other better. We are also working on showing how good and high-quality our products are and how we can assist Tanzania to grow in quality and speed. With communication, people understand each other."

CRJE has become a synonym of quality, tying its name to impressive projects such as the Kilimanjaro Hyatt Regency hotel in Dar es Salaam, the Four Seasons Safari Lodge in Serengeti, voted as one of the Top 10 safari lodge in the world, or the 680-metre-long Nyerere bridge across the shores of the Kurasini torrent. "We evolved from regular contractor



**"We are seeing how much potential Tanzania has. The business environment is going to improve greatly, and investors wishing to invest in Africa cannot miss Tanzania."**

**Hu Bo, Chairman of CRJE (East Africa) Limited**

to leading player", claims Hu Bo, and while the company has now expanded its operations to other countries in the region, Tanzania remains CRJE's main focus: "Tanzania is our head office. Our home. This country has assisted us to form many systems suitable for this market. We have trained a lot of professionals from this market. We love this country and

we want to maintain our head office here for many years to come." CRJE's attachment to Tanzania is sincere and tangible, as demonstrated by its various CSR activities: "We need to improve the rate of local employment. So far, we have created around 3,000 jobs in Tanzania, and we are also working with other local partners to transfer our knowledge and skills to them."

Speaking of the future, CRJE certainly has a lot on its hands, and has no plans to halt its expansion: in 2017, the company signed a deal with the Kinondoni Municipal Council to build a SH5.56 billion processing plant that will turn solid waste into organic fertilisers for agricultural use. This project fits into CRJE's broader commitment to environmental awareness: his investment Johari Rotana Hotel in Dar es Salaam, for instance, has been equipped with a water waste treatment plant that treats water before release into the environment and becoming a pioneering example. The company is also working on a solid waste collection project over \$10m in Zanzibar.

Hu Bo has no doubt about the company's desire to play a key role to help Tanzania becoming a middle-income country by 2025: "Tanzania wants to be industrialised in the near future, so we are anticipating that: we are building a business park of 100 ha. in Dar es Salaam", explains Hu Bo. "We're taking care of all infrastructure: if necessary, we can provide every investor with the land, the factory and the utilities they need, so that they can bring their people and their machines and start production."



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## TICTS

An Improved Gateway to New Opportunities

# Enhancing Capacity To Foster Growth And Investments

Located in Dar es Salaam, Hutchison Ports Tanzania-Tanzania International Container Terminal Services Ltd (TICTS) is a Member of Hutchison Ports, the port and related service division of CK Hutchison Holdings Limited (CK Hutchison).

It has a network of port operations in 51 ports, spanning 26 countries throughout Asia, the Middle East, Africa, Europe, the Americas and Australasia. Hutchison Ports Tanzania-TICTS operates the only specialised container terminal in Tanzania's largest seaport of Dar es Salaam.

The Port of Dar es Salaam container handling operations was transformed in the year 2000 due to the government of Tanzania's decision to privatise the port's then only container terminal. Since the arrival of Hutchison Ports as a majority shareholder in 2001, port containerised volumes have grown exponentially from annual throughput of 109,000 TEUS in 2001 to 592,000 TEUS in 2018. A number of factors have contributed towards the growth but the key one is Dar es Salaam port's strategic position and geographical advantage as gateway to about six land-linked countries of Zambia, DR Congo, Malawi, Rwanda, Burundi and Uganda. The economic growth of Tanzania, and of the countries using the port over the years, has positively contributed to increased volumes being handled.

Since the beginning of the concession, the company has also invested more than US\$130 million in procuring new cargo handling equipments and Terminal Operating System as well as upgrading terminal yards, enhanced security systems and staff training etc., all aiming at increasing operational performance and efficiency. As of 2012, a number of projects have been undertaken to improve TICTS and Port Performance by reorganising the Terminal Yard, including adding new infrastructure that has increased the annual capacity from 400,000 TEUS to 600,000 TEUS.



**"If you provide efficient operations, you are transparent, you keep costs low, increase business and have the majority of the cargoes coming through. We are a strategic asset for the country."**

**Jared. H. Zerbe,  
CEO of TICTS**

There has been also significant improvement in Vessel Turnaround Times from 3.46 days in 2014, to less than 1.7 days in 2018, signifying increased efficiency in handling vessels while working at the port. In spite of occasional challenging international and regional business environments encountered over the years, the port has still managed to handle increased volumes.

Chief Executive Officer, Jared Zerbe, states: "The assistance and cooperation received from the government of Tanzania, Tanzania Ports Authority (TPA) and our customers using the port have been the source of growth for TICTS". TICTS CEO also added that he is confident that the Dar es Salaam Port has an even greater potential for growth as more than 45% of cargo are transit. DR Congo and Zambia are the two biggest land-linked country destinations for the port's cargo. The port's capacity can be increased when the transit cargoes are removed to another storage facility outside of the port. Tanzania in a period of six months will be able to handle an additional 200,000 TEUS at a 30% increase. If the port of Dar es Salaam had to have more capacity, TICTS will be able to handle 1,000,000 TEUS by 2022.



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# Yapi Merkezi Construction Company

Devoted to making a difference

## Connecting Lives And Building Happiness In Tanzania

At 535 kilometres, Yapi Merkezi Construction Company is breaking ground with one of their largest contract railway projects to date, and they are ensuring that they build Tanzania's transportation sector and communities along the way.

With his father founding the company fifty-four years ago, Erdem Arioglu was born into the company and has worked in every department, while going to high school in Istanbul, from serving tea and making photocopies as a young boy, from document translation to later working in project development and finance, all the way to proudly assuming one of the highest positions of the company. He holds a Bachelor's degree [Istanbul Technical University] and master's degree in Civil Engineering [UC Berkeley, USA] with an emphasis in construction management.

Now as the Vice Chairman, Arioglu handles all of the execution and operations in Africa, as well as other parts of the world. Under his strategic management in Project Development, Yapi Merkezi began international ventures that led them to Africa. "In Tanzania, we heard about His Excellency President Magufuli's vision and we showed interest to the tender of the turnkey railway line. The administration, having evaluated our experience, accepted us. They gave us the contract for the first phase and the official project start date was May 2017." This project is the largest contract that Yapi Merkezi has ever undertaken, consisting of two lots awarded to Yapi Merkezi a railway line stretching an impressive 535 kilometres. "I don't think any other company has done, a railway project of this size as a single company without a partner," he says.

This project is not only exceptional in size, but also different from all other railways in Sub-Saharan and East Africa. With the capability of reaching a speed of 160 kilometres per hour for passenger trains, the line is faster than any other that has been built in the region in the past. In addition to its high speed for passenger trains, the line is also designed as a heavy haul freight line with an axle load of 35 tonnes, which is currently greater than any line in Tanzania and the region thus far.



**"We are training thousands of Tanzanians on the job site. Currently out of the 10,000 employees of Yapi Merkezi, over 8,500 are Tanzanians."**  
**Erdem Arioglu,**  
**Vice Chairman,**  
**Yapi Merkezi**

This iconic project of railway line is also fully electrified and equipped with the European Railway Transportation Management System (ERTMS) level-2 signalling system, which is the safety standard of Europe. This system allows for remote control of trains from a central hub in order to ensure ongoing safety. Another distinguishing quality of the line is that it is continuously welded, with no space between the rails. This guarantees that operation and maintenance costs are low and the travel experience is more comfortable for the passengers. Arioglu explains, "Railways that have spaces between the connections of the rail often wear down more quickly and require more maintenance, more often." These properties make the line cheaper to operate and Arioglu tells us that "all of these characteristics are much better than anything that has been built in this part of Africa."

While extending 535 kilometres is impressive in itself, the versatile terrain of Tanzania can present construction challenges on a project of this size, but Yapi Merkezi has tactics that guarantees on-time project delivery: "Dynamic Planning." Arioglu credits his father with implementing innovative solutions to ensure success. "My father, who is the founding partner of the company, is a very good structure and design engineer who established a very strong engineering culture in the company. When we have a project, we identify the construction technologies and techniques that are most suitable for achieving the timing of the project. Then we implement those techniques. If there are any inefficiencies over the time of the

project, we try to keep the deadline fixed and try to find alternative solutions within the project timeline. We must complete the project within the agreed timeframe by changing and adapting construction methodologies. This has been the strength of the company. It is the strength that makes us



different from other companies.” As a result, Yapi Merkezi is fully prepared to create ground improvements in regions that receive more rainfall, build tunnels through mountains, or construct bridges to cross rivers. “In fifty-four years of our company’s history, we have no uncompleted projects.”

In order to make the turnkey railway endeavour a successful one, Yapi Merkezi does not simply do mere construction in Tanzania, but they believe their dedication to the Project must be felt. “Personally, I spend most of my time in Africa, meeting and helping the clients so that decision making is quicker. We provide efficient solutions towards the needs of our clients. As a private company, we only survive by satisfying our clients. We can only do this through listening, understanding, quickly intervening when there is a problem, and providing a solution which satisfies the client.”

In addition to being dedicated with on-site management of this turnkey railway project, the company is committed to the people of Tanzania, as well. To say that Yapi Merkezi is devoted to making a difference in local communities would be an understatement. Once the railway project began, their first focus was providing jobs to Tanzanians. “We are training thousands of Tanzanians on the job at the site within our organisation. Currently out of the 10,000 employees of Yapi Merkezi, over 8,500 are Tanzanians.” Yapi Merkezi does not simply employ locals from Tanzania, the company wishes to improve the productivity of Tanzanians by training selected local employees at its facilities and projects in Turkey. They also offer on-the-job training for construction activities. “One type of training that we do,” Mr. Arioglu says, “is for railway operation companies, but these other trainees are being trained for construction activities, like how to lay tracks, excavate a tunnel, construct a bridge, or pour concrete. They are mainly high-level engineering students, university graduates. We are proud that we are helping TRC [Tanzanian Railway Corporation].”

Yapi Merkezi wants to see TRC reach autonomy with this groundbreaking railway project. “Railways are living organisms,” he says, “Constructing is not enough. You have to maintain and make sure you comply with the developing industry. As a contractor, we are trying to help TRC for its future, how they can make the best of their railway line, how to adapt to their future needs. As of today, we are teaching

them how to construct this kind of a railway line, including its components, track-works, electrification, etc., so that they can, on their own, continue connecting and making connections without using any outside companies. We are doing everything to realise capacity building and provide efficient knowledge transfer so that it stays on and the people are developed through the project, inside the project and that our effect is not transitory. We are trying to ensure that the knowledge remains in the country.”

In addition, the impact that Yapi Merkezi has had on local villages in Tanzania is admirable. Maintaining its commitment to corporate social responsibility, Yapi Merkezi has focused on small communities to ensure that their railways connect lives and improve them. Our service to communities range from the donation of a water well in Dar es Salaam to the renovation of primary schools, to the construction of clinics, police stations, mosques and churches to food and clothing donations in multiple villages. We have donated fifty beds to Fadhillah orphanage, offered aid to the Association of Visually Impaired People of Tanzania and rehabilitated roads between villages. The company has also launched many educational programs reaching thousands of people; training students and locals in safety, traffic, public health and environmental awareness.

All of these efforts are in line with President Magufuli’s 2025 vision. “I trust His Excellency President Magufuli very much. We think that Tanzania is a country that deserves all the best and I believe what His Excellency is trying to do is to secure fast track development of Tanzania,” says Arioglu. “We are very proud to take part in the construction of this special, high standard railway line in Tanzania. We are very honoured that they selected us to implement one of their most important, iconic projects.”

Not only does Arioglu believe in the vision of President Magufuli, he also believes in the people that make up Yapi Merkezi, saying, “All the people inside the company sleep and wake with enthusiasm in relation to railways. We have a motto that I really love. It was created by my father: ‘to build happiness is our happiness’. We are connecting people. We are touching the lives of normal, common people who use our systems every day.” This means more than 3.5 million people daily, quite frankly a huge number, which Arioglu is proud of.



# Energy

Energising the nation's potential

## Tanzania Is Finding Ways To Power Its Ambitions

**Moving away from fossil fuels to provide the country with the energy supply it needs to unlock its potential.**

Tanzania has signed a record contract with Egypt to build a new 2,115 MW hydroelectric power station on the Rufiji Hydro Project site across the Rufiji river. The US\$2.8 billion power station, set to become the largest in East Africa, is seen by the government as a key asset in its broader agenda to transform Tanzania into a middle-income country by 2025.

"The national target for the energy sector is to make sure that we reach 5,000 MW by 2020, and at least 10,000 by 2025," says Hon. Medard Kalemani, the Tanzanian Minister of Energy. "We aim at improving our economy through a semi-industrialised system. The engine for that is electricity. The current available power in the national grid is 1,600 MW. Our demand by 2025 is to be at least 2,000 MW."

The new dam, scheduled for inauguration in 2022, will provide the country with a source of clean, affordable and reliable energy, which will contribute to increase access to electricity for Tanzanian citizens (the government hopes to connect at least 85% of the population to

the national grid by 2025) and satisfy the future energy needs of a semi-industrialised country. The government is working closely with the private sector to further the electrification of rural villages, after two Tanzanian rural electrification projects, Rift Valley Energy (RVE) and Ensol Tanzania, won several international awards for their contribution to the improvement of the overall quality of life in remote communities.

Tanzania has been progressively moving away from importing fossil fuel, increasing the country's reliance on alternative sources, such as LPG. "Bringing cleaner energy into the market is essential", claims Sophonie Babo, Managing Director of Oryx Energies, the LPG market leader company in Tanzania. "The way we have been packaging our gas and the security we transport it with allows us to reach very long distances and reach rural areas with no electricity nor liquid fuel."

The Tanzanian government is also committed to putting its remarkable domestic natural gas reserves to good use, negotiating with key private sector operators for the construction of an LNG plant with the aim of finding the ideal energy mix for the country. "You really want an energy mix that is as environmentally friendly as it can be: reliable, affordable, and able to be distributed across the broadest possible network to ensure that the majority benefit from it", says Andrew Hanna, Managing Director of PanAfrican Energy. "Tanzania is blessed with a wealth of natural resources that can be used for energy generation. There is quite a lot of sunshine, as well as huge hydro power potential, wave power potential, and 57 trillion cubic feet of natural gas."

# It's a Family Affair







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**PanAfrican Energy Tanzania Ltd (PAET) is the first and largest natural gas producer in Tanzania, extracting, processing and supplying natural gas from the Songo Songo field for power generation via several power plants, and to 39 local industrial customers in Dar es Salaam, ranging from textile mills to breweries, from glass bottle producers to cement factories, and from hotels to prisons.**

As the leading integrated energy company in Tanzania, PAET operates the Songo Songo natural gas field, including onshore and offshore wells, and a 110MMscf/d processing plant. Gas is delivered to Dar es Salaam via a 225 kilometre pipeline where it is distributed throughout the city via the company's 50 km downstream distribution network. In delivering gas PAET works hand-in-hand with the Tanzania Petroleum Development Corporation (TPDC) and the government of Tanzania to provide an essential component of an affordable and reliable current and future energy mix in Tanzania.

The gas produced by PAET currently generates approximately 40% of all power produced from all sources in Tanzania, and approximately 60% of all power produced from gas only, making the company the primary gas supplier in the country. After undertaking a highly successful multi-million-dollar field development campaign in 2015 and 2016, PAET is now poised to supply significantly increased volumes of gas to meet the imminent upsurge in power demand in the country," stated Andrew Hanna, Managing Director of PAET. "The company fulfills a vital role within a fascinating, strategically critical project that has delivered enormous benefits to Tanzania over the past 15 years. It has taken a huge commitment from all parties involved and can be looked upon as a considerable success", he said.

In late December 2018, PanAfrican Energy Tanzania Ltd signed a short-term sales agreement with Tanzania Petroleum Development Corporation (TPDC) and the Tanzania Electric Supply Company (TANESCO) to supply an additional 35 million standard cubic feet per day (MMscf/d) of gas to TANESCO. This has enabled TANESCO to meet Tanzania's immediate increase in power demand. On signing the agreement, first gas flowed through TPDC's Songo Songo Island based National Natural Gas

## Tanzania's Pioneering Power Project



**"We are proud to be the primary gas supplier in the country, producing gas from the Songo Songo field that generates around 40% of all power generated in Tanzania."**

**Andrew Hanna, Managing Director  
of PanAfrican Energy Tanzania Ltd.**

Infrastructure on the 24th December 2018. "All parties recognised the need for gas in supporting power stability in the country and we worked together to deliver a pragmatic solution at a critical time," stated Hanna.

PAET is constantly looking to the future to ensure it can meet demand when it emerges. The company is currently installing a refrigeration system within the processing facility that it operates on behalf of Songas, and which will be fully operational by mid-2019. It is part of a wider 2-stage project that anticipates the eventual installation of compression, and which will restore production levels which have declined following 15 years of continuous production.

PAET is a company committed to supporting and protecting the environment it works within. Alongside its other operations and in a bid to provide a cleaner alternative fuel, PAET constructed a Compressed Natural Gas (CNG) distribution facility in Tanzania through which it currently supplies Uber vehicles, buses, domestic cars and a hotel.

Enhancing employment and capacity to ensure a sustainable future for citizens has also been a fundamental aspect of its operations. "Local content is that the heart of everything we do. We place Tanzanians, Tanzanian industries and Tanzanian suppliers first. We invest in Tanzanians collectively and as individuals. We provide first class training within Tanzania and abroad, exposing our staff to wider industry practice to accelerate their learning, and the development of the sector for the nation."

The annual growth in Tanzania's energy demand is currently averaging 7-9% and electrical demand is forecast to increase and peak over the next decade. This is PanAfrican Energy's chance to provide the cleaner energy Tanzania needs, while simultaneously powering the nation's industrial and economic development.



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## Sophonie Babo

Managing Director of Oryx Oil Company Limited

# Shifting The Focus To A Cleaner, Cheaper And More Reliable Future

A market leader in the energy sector of Tanzania, Oryx Energies continues to invest in storage and distribution facilities, causing a major shift to liquified petroleum gas and contributing to protecting the environment.



**“We currently operate three entities under the Oryx Energies brand, focusing on LPG, fuels and lubricants and are leading the market in almost all those segments.”**



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With a background in engineering and a career spanning 15 years in the oil and gas industry in Africa, Managing Director to Oryx Energies, Sophonie Babo is set on aligning Oryx Energies mission with the nation's industrial plan.

### What is the importance of the Tanzanian market to Oryx's global operations?

Tanzania is one of our largest businesses across Africa. We currently operate three entities under the Oryx brand, focusing on LPG, fuels and lubricants and are leading the market in almost all those segments. More than 20% of the workforce of the Group is employed here. The country, by its strategic location, represents a natural gate to the hinterland countries (Zambia, DRC, Rwanda, Uganda, Burundi and Malawi) where we do have some activities either directly or indirectly. Tanzania represents for us a link between the East African Community and the Southern African Development Community.

### How does your work complement President Magufuli's Vision 2025 of becoming a middle-income nation through industrialisation?

Oryx Energies has eight Liquid Petroleum Gas (LPG) facilities scattered across the country. The company currently blends close to 50% of the lubricants consumed in the Tanzanian market in addition to supplying close to 15% of the fuel needs through a network of close to 50 stations. In short, as a leading company, we contribute to bringing the necessary energy resources to the industrialisation process. On the other hand, our business model by itself empowers the Tanzanian middle class through a franchisee model where thousands of people work indirectly under our brand. We are aware that development needs to take place in rural areas as well as cities and we believe we further complement the government's vision by addressing the energy needs in cities and remote areas through our LPG, fuels and lubricants offer.

### What is Oryx's role in driving the national economic development?

Energy is very critical for the development of a country and bringing diversified, cleaner and affordable energy into the market through LPG and the Oryx ISOPURE Advanced Technology Lubricants is essential. Oryx as a leading energy company will continue to play an important role as we strive to attend the energy needs of the nation. Looking at the future, we do believe in Tanzania with a firm wish to further develop our activities while adapting our business model, so as to integrate the challenges of global warming and the changing competitive landscape this may bring to our business environment.

### What are some of the organisation's biggest milestones throughout the years?

We are a leading company in the market for LPG, lubricants and fuels. As a group, this means we are strongly present in the energy sector of Tanzania. The LPG introduction into the Tanzanian market in 2001, the upgrade of our Kurasini blending plant to produce close to 50% of national lubricant demand, the empowerment of a middle class and the continuous direct employment of hundreds of people, along with the Group's effort in conjunction with other oil marketing companies to assist with the government's Bulk Procurement System, constitute amongst others, the key milestones we have set over time.

### How does the shift from fuel to natural gas facilitate the nation's industrialisation plan?

Oryx does sell LPG and liquid fuels but not LNG yet. LNG is extracted in Tanzania and may be more affordable. So from that angle, and with the importance energy represents in a country's development initiatives, it is clear that as the country's natural resources develop, more affordable energy resources will be made available to companies and citizens which will ultimately contribute to companies developing themselves in a more environmentally friendly manner.

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A TRIBUTE TO DR REGINALD MENGİ (1944-2019)

# I Can, I Will, I Must

A businessman, industrialist and selfless philanthropist, Dr Mengi was a man with amazing brilliance. He was simply an extraordinary statesman and a patriot who embodied so much that is best within Tanzania. It goes without saying, Dr Mengi's legacy will extend far beyond the businesses he built, the millions of people he inspired, the lives he changed and the culture he defined. Despite all his accomplishments, it feels like he was just getting started. Tanzania has lost a rare gem.

Making his way out of poverty in Tanzania by winning a scholarship to an accounting college in Glasgow, Scotland, Mengi was one of the most revered figures in East African business circles. Born in 1944 in Kilimanjaro to extremely impoverished parents, he rose above arduous circumstances and overcame early adversity to become one of Tanzania's most accomplished and wealthiest businessmen.

He was the founder of the IPP Group, a Tanzanian conglomerate that bottles Coca-Cola and manufactures the bestselling 'Kilimanjaro' water brand in the country. His group is also involved in mining, real estate and manufacturing of consumer goods. Mengi was perhaps best known for owning one of the largest and most influential media companies

in Africa. His media group, IPP media, owned several newspapers, television and radio stations in Tanzania. In all, the IPP group employs more than 5,000 people, and was one of the largest corporate taxpayers in Tanzania.

Last July, Mengi published his autobiography, "I Can, I Must, I Will – The Spirit of Success," to regional acclaim. During the official unveiling of the book, President John Magufuli had acknowledged Mengi as one of Tanzania's most illustrious capitalists and humanitarians. "One of the things that Mengi has showed us with his life is that it is possible to rise above one's circumstances if one is willing to pay the price. There is no shortcut to success. Mengi's story is a wake up call to young Africans to work hard and persevere despite of the odds."

Dr. Mengi was also one of Tanzania's most prominent philanthropists. Every year, he gave away millions of dollars to Tanzanian educational, medical and religious institutions. Mengi also founded the Rodney Mutie Foundation, a charity that paid for dozens of Tanzanian children with complicated heart ailments to travel for surgeries in India and the United States.

Even in old age, Mengi was still building new businesses. Last November, his IPP Group entered into a partnership with the Youngsan Glonet Corporation of South Korea to establish a vehicle assembly plant in Dar es Salaam. In the same month, he also partnered with Touchmate, a computer products manufacturing company based in Dubai, to establish a smartphone manufacturing plant in Tanzania. IPP was also establishing the first Stem Cell Research and Therapy center in Tanzania, just before he died. Dr. Mengi passed away on May 2, 2019.

We should remember him for many things; we should remember him for his development contributions to the nation and vision of his book. He wrote his book at an opportune time when Africa is casting a new vision that is guided largely by the power of entrepreneurship. If the majority of us can follow Dr. Mengi's footprints, we can all build a brighter future for our nations and people.

May God rest Dr. Reginald Mengi's soul in eternal peace and may his spirit continue to inspire others that they can, they must and they will succeed.

**"You can change your life if you truly believe you can be what you want to be."**





# A Blueprint For The Future


**With a young and growing population, Tanzania's new business blueprint is in line with the country's efforts to market itself as an investment hub in the busiest investment region within the African continent.**

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ith Vision 2025 as the guiding light, the current administration of President Magufuli has determined to curb corruption and work diligently towards improving the livelihood of Tanzanians. "Combating corruption and greater fiscal discipline, we believe will pave the way for sustainable future growth," states Kenrick Cockerill, Managing Director, Stanbic Bank Tanzania. "We have a young and vibrant population that will be the growth engine for the future." Thanks to the invaluable contribution of taxpayers money, the major strategic initiatives to improve infrastructures, facilitate transportation and improve the public service system have generated a new trend and provided strong impetus to the socio-economic development of Tanzania. Among these initiatives is shifting the capital to Dodoma, the long-cherished wish proposed by the first President of Tanzania, Julius Nyerere, in 1973. This long-standing move is significant for the central government to maintain closer ties with regions and promote common development.

Over the past year, Tanzania has introduced a blueprint for pro-business regulatory reform which raises hope that the investment climate will be improved further to meet the requirements of the country's industrialisation requirements. The blueprint will see to the government initiating amendments to various laws, including legislations on value-added tax (VAT), immigration, labour, social security and environmental managements, as well as indicative prices for imports. "We are welcoming investors to come in and build investments. This is a key for the long-term and allow us comply with the 2025 Vision in collaboration with other companies," states Engr. Kapuulya Musomba, of Tanzania Petroleum Development Corporation (TPDC). In this, Tanzania seeks to market itself as an investment destination of first choice where the ease of doing business will be effective and efficient.

For both local and foreign operators within the country, now is better than ever to work and invest within the nation. "Basically, as a person who has been doing business here in this country, there have been a lot of small changes and that has resulted in doing business in an easier way," states Sanjay Advani, Managing Director, Shelys Pharmaceuticals. The revitalisation of Air Tanzania has resulted in increased traffic from tourists and investors as well as expansion of routes connecting Tanzania to the world. "Moreover, we need more airlines here to have more competition which will make the service viable, reliable and affordable," states Hamza Johari, Director General, Tanzania Civil Aviation Authority (TCAA).

According to the International Monetary Fund (IMF), East Africa is the region of the continent with the highest forecasted GDP growth for the period 2018-2023, with an average of more than 6%, and Tanzania as the second largest economy. "We are all seeing this huge improvement," states Theobald Sabi, Managing Director, NBC. "Considering the geopolitical position of Tanzania, you will have access to the SADC region and to the East African region. On the basis of that, we think this is really the time to come and invest in Tanzania." 



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