

FPC Country Profile: Tanzania

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Cooperating Partners

Tanzania is a member of MEFMI. The National Taskforce (NTF) is led by Central Bank (BOT) on the Mainland, and Zanzibar Investment Promotion Authority (ZIPA) on Zanzibar. Members include the Tanzania Investment Centre (TIC), National Bureau of Statistics (NBS), and Office of the Chief Government Statistician Zanzibar (OCGS). Agencies consulted on the Mainland include the Business Registration and Licensing Authority, Parastatal Sector Reform Commission, Ministry of Energy and Minerals, Company Registrar, Economic and Social Research Foundation, National Business Council, and Investor Round Table; and on Zanzibar the National Chamber of Commerce, Industry and Agriculture; Association of Tourism Investors, Association of Tour Operators, Free Zones Authority, and Tourism Commission. Mainland and Zanzibar Governments cover local costs, and Seco, DFID and Danida have covered international costs. Tanzania is participating in the IMF General Data Dissemination System and Coordinated Direct Investment Survey.

Background

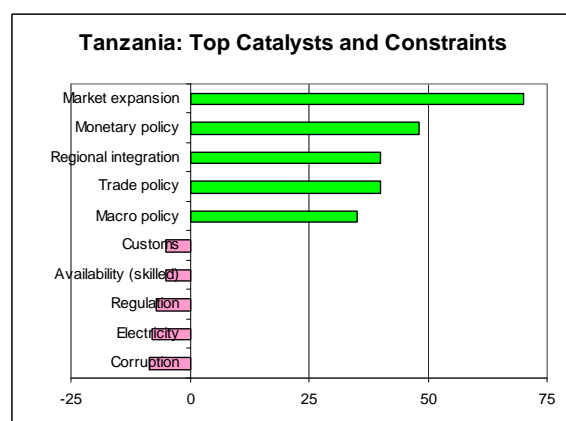
Tanzania has updated its enterprise questionnaire to request data to enable compiling an IIP in line with IMF BPM6 and CDIS. It has analytical breakdowns by instrument, source, sector and region, and questions on investor perception, outlook and corporate responsibility.

Foreign Investment Indicators

Instrument	2005	2006		2007		2008	
	Stock	Flows	Stock	Flows	Stock	Flows	Stock
Liabilities (US\$ m)	4,860	339	5,184	617	6,342	341	6,573
FDI	4,439	403	4,827	582	5,950	400	6,240
Portfolio	14	11	25	6	31	0	31
Other	407	(75)	332	29	361	(59)	302
Indices							
Liabilities to GDP (%)	34	2	36	4	38	2	32
FDI to GDP (%)	31	3	34	3	36	2	30
FDI Performance Index (2006-8) ¹	-	-	-	-	-	0.9	-

Source: NTF (liabilities); IMF WEO (GDP); UNCTAD FDI Stat (World FDI)

FDI was the most important means of finance, with inflows to GDP performing close to the global average (0.9) during 2006-8. Half the FDI stock in 2008 was split evenly between mining and manufacturing. And half was held by investors resident in South Africa, Canada, and the UK. The chart shows the top catalysts and constraints to investment decisions.



¹ FDI Performance Index = (National/World FDI Inflows) / (National/World GDP). <1 denotes low performance.

CBP Support and Achievements

Cycle (Survey)	Support and Achievements
Cycle 1 Apr 00 – Dec 01	<ul style="list-style-type: none"> Missions included Opening Awareness and Training (OAT) to launch the exercise, Follow Up Mission (FUM) to review and assist progress, and Closing Dissemination Workshop (CDW) to present data and analysis Achievements included formation of the NTF, new methodology, enumerator manual, a census of FDI enterprises, an investor register, software transfer, and publication of <i>Tanzania Investment Report (TIR) 2001</i> covering 1998-9
Cycle 2 Oct 02 – Nov 05	<ul style="list-style-type: none"> Missions included Demand Assessment to help launch the parallel exercise on Zanzibar, two FUMs, and a CDW on Mainland and Zanzibar Achievements included widening to domestic enterprises, enhanced methodology and software, publication of <i>TIR 2004</i> covering 2000-1; establishment of Zanzibar NTF and launch of parallel exercise; publication of <i>Zanzibar Investment Report (ZIR) 2004</i> covering 2000-1; and dissemination of summary findings
Cycle 3 Jan 06 – Dec 07	<ul style="list-style-type: none"> Missions included two FUMs to review and assist progress Achievements included production of <i>TIR 2006</i> and <i>ZIR 2006</i> covering data for 2001-5
Cycle 4 Dec 07 – Jun 09	<ul style="list-style-type: none"> A FUM assessed institutional coordination, reviewed data and analytical reports, time series and timeliness issues, and policy action plans Draft <i>TIR 2007</i> and <i>ZIR 2007</i> covering data for 2005-6 could not be published due to administrative reasons
Cycle 5 Jun – Dec 09	<ul style="list-style-type: none"> No missions were conducted during Cycle 5 Draft <i>TIR 2009</i> and <i>ZIR 2009</i> covering data for 2005-2008 are close to final, pending approval
Cycle 6 Dec 09 – Ongoing	<ul style="list-style-type: none"> No missions were conducted during Cycle 6 Achievements included updating methodology to meet BPM6 and CDIS. Completion is expected in December 2010, with improved timeliness

Country Progress and Intended Results (Scale of 1-5)

Logical Framework Performance Indicators		Base (Apr 07)	Current (Sept 09)	Target (Sept 09)	Progress
LTR	High level of management	3.3	3.9	4.5	53%
MTR 2.1	Meeting GDDS	3.6	4.1	4.8	38%
MTR 2.2	Policy Action Plan	1.0	2.6	3.5	54%
MTR 2.3	Legal and institutional framework	4.1	4.4	4.8	47%
MTR 3.1	Increased awareness of achievements	2.6	3.9	4.5	68%
STR 3.1	Enhanced knowledge and skills	3.0	4.0	5.0	50%

Tanzania attained a very high level of capacity overall (3.9) although progress was limited (53%) owing to ambitious targets combined with slow progress in some areas. Strengths include meeting GDDS, institutional framework, increased awareness, and skills. Priorities include timely dissemination and take-up of data and analysis, and policy action plan.

Further Reading

*Country Reports and Summaries*²

- FPC CBP (2008) “Tanzania: Mining Sector Leads FDI Stock”, *SFD* #36, p15
- FPC CBP (2006) “Tanzania: Strong Linkages to Domestic Economy”, *SFD* #26, p11, 14

² FPC CBP and NTF reports: www.development-finance.org/en/services/research-a-analysis/publications-and-technical-briefings/private-capital-publications/country-analysis-and-policy.html

- NTF *Tanzania Investment Report 2006* (Cycle 3)
- NTF *Tanzania Investment Report 2004* (Cycle 2)
- NTF *Tanzania Investment Report 2001* (Cycle 1)
- NTF(Z) *Zanzibar Investment Report 2006* (Cycle 2)
- NTF(Z) *Zanzibar Investment Report 2004* (Cycle 1)
- TIC (2008) *Report on the Study of Growth and Impact on Investment in Tanzania* ³
- TIC (2005) “Integrity Environment and Investment Promotion”⁴

Other

- AAPAM (2005) “Institutional Reforms to Attract FDI...”⁵
- AERC (2008) “Scoping Studies on China-Africa Economic Relations: Case of Tanzania”⁶
- Afribiz (2010) “Business, Economic, Investment and Trade Resources”⁷
- All Africa (2005) “Investors Give Thumbs Up to Tanzania”⁸
- CCSE (2010) “Gold Mining Investment Incentives in Tanzania”⁹
- DMA (2008) *Investing in Tanzania*¹⁰
- East African (2005) “Investors Give Thumbs Up”¹¹
- GDP Network (2009) “New report on Tanzania clarifies incentives to attract more foreign investors”¹²
- H. Ngowi (2009) “Economic development and change in Tanzania...”¹³

³ TIC (2008) [www.tic.co.tz/TICWebSite.nsf/0/bf3f28cbdb22217743257666004235e4/\\$FILE/TIC%20Growth-Impact.pdf](http://www.tic.co.tz/TICWebSite.nsf/0/bf3f28cbdb22217743257666004235e4/$FILE/TIC%20Growth-Impact.pdf)

⁴ TIC (2005) www.oecd.org/dataoecd/11/37/34571058.pdf

⁵ AAPAM <http://unpan1.un.org/intradoc/groups/public/documents/aapam/unpan025714.pdf>

⁶ AERC www.aercafrica.org/documents/asian_drivers_working_papers/Tanzania-China.pdf

⁷ Afribiz www.afribiz.info/?p=49

⁸ All Africa <http://allafrica.com/stories/200512300298.html>

⁹ CCSE www.ccsenet.org/journal/index.php/ijbm/article/viewFile/5047/4193

¹⁰ DMA www.developingmarkets.com/dma/wp-content/uploads/2009/01/tir08_rep-4-web1.pdf

¹¹ East African www.afrika.no/Detailed/11130.html

¹² GDP Network <http://gdpnetwork.com/new-report-on-tanzania-clarifies-incentives-to-attract-more-foreign-investors.html>

¹³ Ngowi www.academicjournals.org/ajpsir/PDF/Pdf2009/May/Ngowi.pdf