

# **BASELINE REPORT A SURVEY OF SPECIAL ECONOMIC ZONES**



**President Office, Planning and Investment, Tanzania**

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## **ABBREVIATIONS AND ACRONYMS**

|                |  |
|----------------|--|
| <b>AfCFTA</b>  | Africa Continental Free Trade Area                             |
| <b>AU</b>      | African Union  |
| <b>DAWASA</b>  | Dar es Salaam Water Supply and Sanitation Authority            |
| <b>EAC</b>     | East African Community   |
| <b>EACCMR</b>  | The East African Community Customs Management Regulations      |
| <b>EPZ</b>     | Export Processing Zone   |
| <b>EPZA</b>    | Export Processing Zone Authority                               |
| <b>FDI</b>     | Foreign Direct Investment                                      |
| <b>FGD's</b>   | Focus Group Discussions  |
| <b>GDP</b>     | Gross Domestic Product   |
| <b>IP</b>      | Intellectual Property  |
| <b>KII's</b>   | Key Informant Interviews                                       |
| <b>KPIs</b>    | Key Performance Indicators                                     |
| <b>kVA</b>     | Kilo-volt-amperes  |
| <b>LED</b>     | Light-emitting diode   |
| <b>LGAs</b>    | Local Government Authority                                     |
| <b>MIT</b>     | Ministry of Industry and Trade                                 |
| <b>MLHHSD</b>  | Ministry of Lands, Housing and Human Settlements Development   |
| <b>POPI</b>    | President Office- Planning and Investment                      |
| <b>PO-RALG</b> | President Office- Regional Administration and Local Government |
| <b>PPP</b>     | Public Private Partnership                                     |
| <b>SEZs</b>    | Special Economic Zones   |
| <b>TANESCO</b> | Tanzania Electric Supply Company Limited                       |
| <b>TIC</b>     | Tanzania Investment Centre                                     |
| <b>ToC</b>     | Theory of Change   |
| <b>ToR</b>     | Terms of References  |
| <b>TPDC</b>    | Tanzania Petroleum Development Corporation                     |

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## Executive Summary

This report presents the findings and recommendations of a baseline study of Special Economic Zones (SEZs) for the Government of United Republic of Tanzania. The study was conducted between April to May 2024. The survey assessed the performance of SEZs for the purpose of establishing baseline information regarding their level of development and performance, type of sectors, availability of supportive infrastructure, legal and regulatory framework governing SEZ among others. It covered two regions, namely Dar es Salaam and Coastal.

## Objective of the Survey

This survey examined twelve specific objectives covering all aspects of Tanzania's SEZs to assess their effectiveness and identify opportunities for improvement. The survey covered a wide range of topics including SEZ locations, types, specializations, development stages, occupancy rates, challenges faced by businesses, incentive schemes, government contributions, private-public partnerships, sectoral cooperation, pricing of land and utilities, regulations, and the current development stage of each SEZ. This data will be used to develop recommendations for attracting more investment and fostering economic growth through Tanzania's SEZs.

## Methodology

This study used a mixed-method approach combining surveys, interviews, focus groups, and document reviews to collect data. Quantitative data came from surveys, while qualitative data came from interviews, focus groups, and document reviews of government documents and reports. The researchers looked at SEZ locations, types, specializations, development stages, land acquisition, plot prices, incentive schemes, and governing laws to assess factors affecting SEZ performance. The study targeted SEZ developers, operators, regulators, and public utility companies. They used purposive sampling for interviews and focus groups, and cluster sampling for selecting SEZs in Dar-es-Salaam and Coast regions. An online survey was sent to SEZ developers and operators across the country. A total of 69 respondents participated in the study, covering 22 companies operating in the government and Private owned SEZ.

## Key Findings

### (i) Type and Development SEZ

- ***Distribution of SEZs:*** The study found that a significant number of Tanzania's Special Economic Zones (SEZs) are located in Dar es Salaam and the Coastal Region compared to other regions. This concentration suggests a potential focus on development in these areas. EPZA having 26 declared public and privately owned SEZs throughout the country, indicating a wider national distribution beyond the two coastal regions.



- **Public vs. Private Development:** The findings show a mix of public and private entities involved in SEZ development. The Tanzania Export Processing Zones Authority (EPZA) is managing thirteen (13) of the listed public zones, while one (1) is owned and managed by NSSF and three (3) are managed by Local Government Authorities.
- **The development of SEZs in Tanzania varies considerably:** Some zones like Benjamini William Mkapa boast well-developed infrastructure, including reliable power grids, transportation networks, and efficient administrative processes. In contrast, others be in earlier stages of development, lacking some of these crucial elements. Understanding this disparity is essential for prioritizing investments and ensuring all SEZs.
- *TIC has registered 31 industrial parks owned by private companies, together making a total of 57 countrywide. There is ongoing development to declare more other SEZs in Tanga, Dodoma and Ruvuma.* Yet, EPZA have registered 90 standalone SEZ owned private entities, whereas 89 SEZs have EPZ licenses and 1 bear SEZ user license.

#### (ii) **Need for One-Stop Services in SEZs**

- The Tanzania Export Processing Zones Authority (EPZA) and the Tanzania Investment Centre (TIC) established one-stop service centers to simplify the investor experience.
- These centers offer a range of services under one roof, including guidance on establishing businesses in SEZs, assistance with securing land or factory space, and aftercare services.
- An additional strategy gaining traction is the physical co-location of officers from various investment support agencies.
- This eliminates the need for investors to visit multiple locations, further enhancing convenience and efficiency.
- However, implementing this strategy presents challenges like securing physical space within each SEZ and ensuring consistent staffing from various agencies.

#### (iii) **Marketing and Promotion of SEZ in Tanzania: Current Strategies and Opportunities for Improvement**

- **Countrywide Strategy Needed:** The study identified a gap in the form of a missing countrywide marketing and promotion strategy for Tanzania's SEZs. Developing a comprehensive national strategy could significantly enhance the visibility and appeal of these zones to a wider audience

- **Sectors targeted promotion:** Research suggests that sectors targeted by specific investment promotion campaigns receive significantly more foreign direct investment (FDI) compared to those without targeted efforts. This highlights the positive impact of strategic marketing in attracting investment.
- **Marketing Matters for Success:** The absence of effective marketing and investment promotion activities can hinder attracting high-quality investments to SEZs. Even well-developed zones with strong infrastructure, legal frameworks, and investor services may struggle without a strong promotional strategy.

#### (iv) Occupancy Rate and Challenges in Tanzania's SEZs

##### **Government-Owned SEZ**

- **High Occupancy with Complete Infrastructure:** Government-owned SEZs with fully developed infrastructure, including roads, electricity, and water supply, tend to have high occupancy rates. A prime example is the Benjamin William Mkapa SEZ, which boasts 100% occupancy likely due to its well-established infrastructure.
- **Lower Occupancy in Developing SEZs:** Conversely, government-owned SEZs under development and lacking complete infrastructure, such as Bagamoyo SEZ, Manyara SEZ, and Mara SEZ, experience lower occupancy rates. Investors are understandably hesitant to locate in zones where essential infrastructure is not yet fully operational.

##### **Private-Owned SEZs**

- **Low Occupancy with High Costs:** Private-owned SEZs with complete infrastructure face challenges with occupancy. High rental fees or purchase costs associated with these facilities, driven by the owners' need for return on investment, may deter some businesses. These contrasting trends highlight the importance of infrastructure development and pricing strategies in attracting and retaining businesses within Tanzania's SEZs.

#### (v) Incentive Schemes in Tanzania's SEZs

##### **Fiscal Incentives**

- **Uncertainty and Complexity:** Investors face uncertainty about the specific tax exemptions available and the process for claiming them. Navigating separate tax laws alongside the SEZ Act can be complex and time-consuming to investors in the SEZ scheme.
- **Potential Delays:** The disconnect between the SEZ Act and the tax regime can lead to delays in obtaining tax benefits. This can negatively impact investment decisions, as businesses may prioritize locations with a more streamlined process.

- **Limited Applicability:** If promised tax benefits are not part of the EAC Customs Management Act, they may only apply to domestic Tanzanian operations within the SEZ. This reduces the attractiveness of the zone for businesses targeting a broader East African market.
- **Impact on Investor Decisions:** these challenges can act as a significant deterrent for businesses considering establishing operations within Tanzanian SEZs. Uncertainties and potential delays in accessing tax benefits can outweigh the potential advantages offered by the zone.
- **Harmonization:** Aligning the tax benefits outlined in the SEZ Act with the EAC Customs Management Framework to streamline access for investors targeting the regional market.
- **Clear Communication:** Providing clear and comprehensive information to investors regarding the tax benefits available within SEZs and the process for claiming them.

### Non-Fiscal Incentives and Streamlined Procedures

- Both EPZA and TIC recognizes the importance of a smooth investor experience. To this end, they've established a one-stop facilitation center that offers a range of non-fiscal incentives. This center functions as a central hub, eliminating the need for investors to navigate multiple agencies and saving them valuable time and resources. The center provides a comprehensive suite of services to support potential and existing SEZ investors. Facilitation services includes; -
- **Business Setup Assistance:** The centers simplify the initial stages of business establishment within a Tanzanian SEZ and industrial parks. This includes offering detailed guidance on SEZ regulations, assisting with securing factory space or serviced land (considering both existing industrial parks and alternative locations), and streamlining company registration.
- **Ongoing Investor Support:** The center's commitment extends beyond initial setup. It offers ongoing assistance to investors in navigating critical areas such as:-
  - **Workforce Management:** The center assists with navigating visa and work permit applications, ensuring a smooth process for attracting and retaining skilled personnel.
  - **Customs Control:** Onsite hosting of necessary customs personnel including customs documentation and inspection on site.
  - **Investment:** Unrestricted investment by foreigners with broad range of investment activities and promotion.

- **Logistics and Trade Support:** The center simplifies import and export operations by providing logistical support for clearing and forwarding merchandise through Tanzanian ports.

(vi) **Government Investment in Tanzania's SEZs**

- **National development plans prioritize industrialization in Tanzania:** In National Five-Year Development Phase III (FYDP III), SEZs are viewed as a key driver of industrial growth.
- **Government plans for SEZs:** include land allocation and essential infrastructure development (roads, electricity, water) to address investor needs.
- **Limited government investment:** Insufficient funding for land acquisition and infrastructure development in most SEZs.
- **Budget constraints for EPZA:** The Export Processing Zones Authority lacks resources to develop SEZs.

(vii) **Examining Public-Private Collaboration in Developing Tanzania's SEZs**

- **Legal Framework for PPPs:** Tanzania has established a Public-Private Partnership Act to facilitate collaboration between government and private entities in SEZ development.
- **Global Trend of PPP Models:** Three main PPP models exist for SEZ development: foreign-led, government-foreign developer partnerships, and government-to-government partnerships.
- **Although Tanzania currently lacks SEZs operating under Public-Private Partnerships (PPPs), the government demonstrates strong interest in this model.** Between 2013 and 2020, discussions with China Merchants Ports Holding (CMPorts) and the Reserve Fund for the Sultanate of Oman (SGRF) regarding Bagamoyo SEZ's PPP development proved unsuccessful. Now, the government actively promotes the zone to attract other private sector developers for a PPP venture.

(viii) **Building Bridges Between SEZs and Key Sectors in Tanzania**

- **SEZs go beyond manufacturing:** While traditionally viewed as industrial hubs, SEZs can foster connections between various sectors like agriculture, mining, and tourism. This collaboration can lead to mutual growth and a more robust economy.
- **Tanzania's economic shift:** Agriculture's contribution to GDP has decreased significantly, while service and industry sectors are growing. However, agriculture remains crucial for employment, food security, and raw materials.

- **SEZs for sector linkages:** SEZs can create upward linkages by providing a market for agricultural and mineral products within the zone. Additionally, backward linkages can be established by housing facilities producing agricultural inputs or tourism supplies within the SEZ.
- **Missed opportunities for collaboration:** The report highlights a lack of strong collaboration between different sectors within Tanzanian SEZs. Initiatives exist (e.g., apprenticeship programs), but their impact seems limited. This hinders the full potential of SEZs for economic development.
- **Reasons for limited linkages:** Several factors contribute to the limited collaboration: focus on attracting foreign investors over local businesses, inadequate infrastructure for value chains beyond the SEZ zone, and a gap in knowledge sharing and capacity building for local businesses to integrate into SEZ-driven activities.

(ix) **Land Acquisition and Industrial Plot Pricing in Tanzania's SEZs**

- **EPZA Land Acquisition:** The official procedure involves collaboration between multiple government agencies. Local authorities identify suitable land, conduct valuations, and compensate landowners. EPZA then secures the land title. This process can be slow due to surveying and development delays.
- **Private Investor Acquisition within EPZA:** Investors apply to EPZA for land within existing zones. If approved, a lease agreement is signed for up to 33 years.
- **Private Standalone SEZs:** Private entities acquire land directly (purchase or lease) from local authorities or other private entities. They then submit ownership proof and project proposals to EPZA for registration under the SEZ scheme.
- **Limited Master Plans:** 28 councils out of 184 available in the mainland Tanzania had land use Master Plans by the end of year 2023. Master plans, which streamline land use and development, are only available in some cities and municipalities.
- **Village Land Act Applies:** In areas lacking master plans, and not under general land, land acquisition falls under village land governed by Act No. 5 (1999).
- **Lengthy Approval Process:** Acquiring village land requires navigating a lengthy bureaucratic process involving approval from the village assembly up to the national level, with final authorization by the President.
- **Land Use Plan Requirement:** Granting permission for land use further hinges on the existence of a land use plan for the specific village land, adding another layer of complexity.

- **Benefits for Local Investors:** Wholly local or majority local ownership allows investors to keep land ownership and enjoy all SEZ benefits.
- **Benefits for Foreign Investors:** EPZA takes ownership of the land and issue a derivative right for investment, a SEZ license and investor enjoy all SEZ benefits.

**Rise of Private SEZs: The growing trend of private SEZs emerging due to:**

- Delays and challenges in obtaining serviced land within EPZA zones.
- Availability of suitable sized land with existing infrastructure near private zones.
- The existence of private SEZs presents both opportunities and challenges

**Opportunities**

- Faster SEZ development and broader implementation of the SEZ strategy.
- Potential for accelerated economic growth and job creation.

**Challenges**

- Ensuring essential infrastructure development for geographically dispersed private zones.
- **Scattered SEZs:** Private land acquisition arrangements lead to geographically dispersed SEZs. This makes it expensive for the government to provide essential infrastructure (on-site and off-site) in a timely manner, hindering the effectiveness of the SEZ policy.
- Mobilizing resources for on-site and off-site infrastructure (transportation, utilities, waste management) across these zones.
- Pricing of land under private zones are relatively high compared to land near zones, so enticing investor to purchase land and encourage standalone SEZ.
- Moderation of land size offered to investors and adhere to performance audit against the contract based on the license granted.

(x) **Utility Costs and Reliability in Tanzania's SEZs**

- **Unreliable and Costly Utilities:** A lack of standardized pricing, complex electricity tariffs, and unreliable power supply (with rationing and quality fluctuations) create challenges for SEZ businesses. These issues increase costs due to the need for backup generators.
- **Disadvantageous Water Pricing:** Flat rate pricing structures (like DAWASA's in Dar es Salaam) for water don't consider the higher consumption needs of industrial users within SEZs.

- SEZs face a two-tiered tariff system for electricity, with both service charges and per-unit costs. These tariffs can be further complicated by the "**Maximum Demand Rule**" based on kVA (kilovolt-ampere). This rule can lead to additional charges for businesses, even during periods of low power consumption.

#### (xi) **A Review of Regulatory Frameworks in Tanzania's SEZs**

- **Historical Context:** The rise of SEZs in Tanzania (early 2000s) coincided with global trends in trade liberalization and the establishment of the Export Processing Zone Authority to promote exports and economic growth.
- **East African Community (EAC) Integration:** Tanzania's SEZs are linked to the EAC framework. The EAC's focus on a common market and customs union allows Partner States to trade and negotiate as a single entity, including on SEZ matters.
- **EAC SEZ Policy and AfCFTA:** The EAC has adopted an SEZ policy with regulations under development. Additionally, the EAC's participation in the African Continental Free Trade Area (AfCFTA) offers opportunities for SEZs, with Ministerial guidance established for goods originating from these zones.
- **Domestic Law and Incentives:** Under Tanzanian domestic law, developers and operators of SEZs under the Export Processing Zone (EPZ) scheme enjoy fiscal incentives outlined in various legal documents. These SEZs also benefit from non-fiscal incentives like one-stop centers.
- **Disadvantage for Non-EPZ SEZs:** SEZ schemes other than EPZs currently lack access to the listed fiscal incentives because they are not yet recognized under EAC protocols. This inconsistency between domestic law and the EAC Customs Management Act discourages investors in non-EPZ SEZs, who cannot secure these benefits during project development.

### **Conclusion and Recommendations**

#### (i) **On SEZs development**

- **Challenges in SEZs:** Bureaucracy, lack of skilled workers, and unreliable utilities hinder SEZs. Investment in streamlining regulations, training, and infrastructure can make them more attractive.
- **Underinvestment in SEZs:** Poor infrastructure, limited utilities, and lack of skilled labor make SEZs unattractive. Increased public or private investment is needed to create a better environment for businesses.
- **Disjointed Regulatory Bodies:** Inconsistent regulations, slow processing times, and lack of communication between regulatory bodies create hurdles for businesses. Collaboration is key to streamlining the process.

(ii) **On a need for One-Stop Services in SEZs**

- **Improve One-Stop Shops:** Expand services offered at EPZA and TIC centers, including tax breaks, visas, and permits. Streamline internal procedures to speed up investor approvals.
- **Automate Processes:** Invest in online applications and approvals across agencies. This eliminates physical visits and speeds up turnaround times, similar to the Tanzania Ports Authority's system.
- **Promote Investor Support:** Raise awareness of EPZA and TIC services through targeted outreach programs and information campaigns. Offer workshops to educate investors on streamlined procedures and available support.

(iii) **On the marketing and promotion of SEZ in Tanzania**

- **National Marketing Strategy:** Develop a unified plan to attract investors. This plan should target specific sectors, use clear messaging, and avoid conflicting promotions between agencies.
- **Targeted Promotion:** Focus marketing efforts on priority sectors aligned with Tanzania's development goals. Develop targeted campaigns to attract investors in those specific areas.
- **Highlight Investor Support:** Promote the comprehensive support services available in SEZs, including business registration, licensing, and tax incentives. Showcase the ease of doing business to attract investors.

(iv) **On occupancy rate and challenges in Tanzania's SEZs**

- *Prioritize Infrastructure Development in Government-Owned SEZs*
  - Allocate resources to expedite infrastructure development (roads, electricity, water) in government-owned SEZs currently experiencing low occupancy rates.
  - Consider public-private partnerships (PPPs) to leverage private sector expertise and financing for infrastructure projects within SEZs.
- *Review Pricing Strategies in Private SEZs*
  - Encourage private SEZ developers to adopt competitive rental fees and land sale prices to attract and retain businesses.
  - Explore incentive programs to offset initial investment costs for private developers, potentially lowering occupancy costs for tenants.



- *Targeted Marketing and Investor Outreach*
    - Develop targeted marketing campaigns highlighting the specific advantages of each SEZ, emphasizing available infrastructure and competitive pricing structures.
    - Proactively engage with potential investors, addressing their concerns and showcasing the long-term benefits of operating within Tanzanian SEZs.
  - *Streamline Regulatory Processes*
    - Review and simplify regulatory procedures for business registration, licensing, and permitting within SEZs to create a more efficient and investor-friendly environment.
  - *Establish a Performance Monitoring Framework*
    - Implement a system to track occupancy rates, investment levels, and job creation within SEZs. Regularly analyze this data to identify areas for improvement and inform future policy decisions related to SEZ development.
  - *Streamlining national regulations*
    - Streamline national regulations within the EAC regulatory framework to reduce ambiguities associated with the EPZ and SEZ.
- (v) **On incentive Schemes in Tanzania's SEZs**
- **Harmonize:** Align SEZ Act tax benefits with EAC Customs Management Act for regional market access.
  - **Improve Communication:** Provide clear information on available tax benefits and claiming procedures.
- (vi) **On Government Investment in Tanzania's SEZs**
- **Increase government SEZ investment:** Allocate more resources for land acquisition and infrastructure development.
  - **Explore alternative funding options:** Consider public-private partnerships or innovative financing mechanisms.
  - **Prioritize EPZA budget allocation:** Ensure EPZA has enough funds for operations and development initiatives.
- (vii) **On Public-Private Collaboration in Developing Tanzania's SEZs**
- **Promote PPPs as a Viable Option:** Encourage private sector participation in SEZ development through targeted policies and incentives.

- **Streamline PPP Approval Processes:** Simplify procedures and regulations for establishing PPPs in SEZs, reducing bureaucratic hurdles for investors.
- **Develop PPP Expertise:** Build government capacity to effectively negotiate and manage PPP agreements in SEZ development.
- **Diversify Partnership Options:** Explore partnerships with various private sector entities (domestic and foreign) beyond traditional models.

(viii) **On building bridges between SEZs and key sectors in Tanzania**

- **Prioritize Local Business Integration:** Develop programs to connect local businesses in agriculture, mining, and tourism with SEZ opportunities. This could involve matchmaking events, supplier development initiatives, and preferential procurement policies for SEZs to source from local players.
- **Invest in Value Chain Infrastructure:** Expand SEZ infrastructure development beyond internal logistics. Build transportation links and supporting infrastructure (storage facilities, processing plants) to improve connectivity between SEZs and surrounding areas, ensuring smooth movement of raw materials and finished goods.
- **Bridge the Local Business Support Gap:** Implement knowledge sharing and capacity building programs. Offer training workshops and technical assistance specifically designed to equip local businesses, especially small-scale farmers, with the skills and resources needed to participate in SEZ value chains.
- **Support local comparative advantage sector:** Support and incentive SEZ that integrate into local production economy especially in sectors of comparative advantage.

(ix) **On Land Acquisition and Industrial Plot Pricing in Tanzania's SEZs**

- **Target Incentives for Strategic Private SEZ Development:** Offer incentives (tax breaks, subsidies) to private developers who locate SEZs in designated areas with existing or planned infrastructure. This promotes cost-effective integration.
- **Moderate Land Size & Implement Performance Audits:** Limit the amount of land offered to private SEZ developers. Conduct performance audits based on licenses granted to ensure efficient land use and adherence to development goals.

- **SEZ Master Plan Development and Adherence: Implementing a well-developed SEZ Master Plan can promote**
  - **Industrial Clustering:** Grouping similar industries together fosters collaboration and knowledge sharing.
  - **Value Chain Development:** Locating complementary industries within the SEZ creates a supportive ecosystem.
  - **Spillover Effects:** Benefits like job creation and technology transfer extend beyond the SEZ boundaries.
  - **Cost-Effective Infrastructure Development:** Concentrated development allows for efficient and lower-cost infrastructure provision (utilities, waste management, transportation).
  - **Zoning:** Designating specific areas within the SEZ for different purposes optimizes infrastructure usage and reduces costs (e.g., shared waste treatment facilities).

(x) **On Utility Costs and Reliability in Tanzania's SEZs**

- **Standardize Utility Pricing:** Implement consistent pricing structures across regions, especially for water, to ensure fairness and predictability for SEZ businesses.
- **Simplify Electricity Tariffs:** Review and revise the current two-tiered system with service charges and kVA-based maximum demand rules to create a more transparent and cost-effective pricing model for SEZs.
- **Invest in Power Reliability:** Prioritize infrastructure improvements and generation capacity expansion to ensure a reliable and consistent electricity supply within SEZs.
- **Explore Renewable Energy:** Tap into Tanzania's potential for solar, wind, and geothermal energy to create a more sustainable and efficient energy mix for SEZs.
- **Public-Private Partnerships:** Encourage private sector investment in renewable energy development through public-private partnerships to leverage expertise and resources.

(xi) **On Regulatory Frameworks in Tanzania's SEZs**

- **Streamlining Regulations:** Review and streamline regulations within Tanzania's SEZs to improve transparency, consistency, and efficiency for businesses.

- **Harmonize Domestic Law and EAC Protocols:** Ensure consistency between Tanzanian domestic law and the EAC framework to eliminate disincentives for non-EPZ SEZs and create a more level playing field for all investors.
- **Finalize EAC SEZ Regulations:** Expedite the finalization and implementation of the EAC SEZ Regulations to establish a clear legal framework for SEZs within the East African Community.
- **Promote Non-EPZ SEZs:** Increase awareness and promote the benefits of non-EPZ SEZs alongside efforts to harmonize regulations and provide greater access to incentives.

## 1. INTRODUCTION

The report presents the findings of the baseline study to assess and gather baseline information on the performance of special economic zones (SEZs) in the mainland Tanzania. The survey was coordinated and supervised by the Presidents' Office, Planning and Investment in collaboration with other Ministries, Department and Agencies. These includes Presidents' Office, Regional Administration and Local Government Authority, Ministry of Land, Ministry of Finance, Ministry of Industry. Other agencies and authorities are Export Processing Zone Authority (EPZA), Tanzania Investment Centre (TIC) and Tanzania Revenue Authority. The study was supported and funded by TradeMark Africa (TMA) through its Tanzania Office through facilitation of individual consultant to guide the process of study design, data collection and report writing.

### 1.1. *Background of Study*

Special Economic Zones (SEZs) in Tanzania is referred as a geographical area that has more liberal economic laws than the country's typical laws used as an economic development tool to promote rapid economic growth by using fiscal and business incentives to attract investments and technology. It covers a wide range of economic activities which include: (i) export processing zones; (ii) free ports; (iii) free trade zones; (iv) industrial parks; (v) regional headquarters; (vi) science and technology parks; (vii) agricultural free zones; (viii) tourism development zones; and (ix) business incubation centres.

The Government established the Export Processing Zones Authority (EPZA) in February 2006. The decision was implemented through the amendment of legislation No. 11 of 2002 passed by the Parliament of the United Republic of Tanzania to manage the implementation of the Export Processing Zone (EPZ) program. Along with that responsibility, in 2008, the Government added to EPZA the responsibility of managing the implementation of the Special Economic Zone (SEZ) program. On that basis, EPZA manages the implementation of Export Processing Zone (EPZ) and Special Economic Zone (SEZ) programs. In addition to the EPZA, the Tanzania Investment Centre (TIC) coordinates investment in its totality and facilitates investments in different sectors and at different locations including registration of industrial parks. The EPZA registers investors who intend to invest in special zones only, that is, EPZs and SEZs.

After sixteen years of successful implementation of the SEZs policy, the government of Tanzania, through President Office, Planning and Investment wishes to undertake an assessment to determine its impact, scalability and lessons learnt for informed policy decisions. I confirm that I am committed researchers to conduct this study, and that I have the necessary qualifications and will set aside sufficient time to engage in this important assignment. The task will be performed in a collaborative approach, whereas a consultant will lead a team of technical staff from the President Office, Planning and Investment and other implementing government ministries and agencies to conduct this important study.

*The ToC states that: A geographically defined area within a country that benefits from a more liberal economic regime. This includes simplified regulations, tax breaks, and improved infrastructure to attract foreign direct investment (FDI) and boost domestic economic activity. Key Elements: Deliberate Policy; Government establishes SEZs with specific economic goals (e.g., export-oriented growth, technology transfer), Business-Friendly Environment: Streamlined regulations, reduced bureaucracy, and simplified procedures for business operations; Infrastructure Development: Improved transportation, logistics, communication, and utilities within the SEZ; and Investment Incentives: Tax breaks, duty-free imports, and other financial benefits to attract businesses.*

The key assumption is that SEZ operate within a Stable political and economic environment, skilled workforce available or trainable to meet the needs of businesses within the SEZ, availability of soft and hard supportive infrastructure, efficient and transparent management of the SEZ and a Strong linkage between the SEZ and the broader national economy. All together provides a necessary support to attract targeted investments, boost exports and foreign exchange, stimulate domestic production and linkages, job creation and skill development, infrastructure development. Ultimately, create a diversified and export-oriented economy in Tanzania, leading to increased national income, poverty reduction, and improved livelihoods. Thus, the objective of the study is to provide both quantitative and qualitative lessons resulting from the baseline survey to inform the progress of the policy implementation and recommendations for improvement and develop learning products consisting of reports (baseline and industrial parks development guideline).

## 1.2. **Contextual framework and analytical understanding of SEZs**

Special Economic Zone (s) are geographically defined area within a country that benefits from a more liberal economic regime. This includes simplified regulations, tax breaks, and improved infrastructure to attract foreign direct investment (FDI) and boost domestic economic activity. Key Elements includes a deliberate policy that a government establishes with specific economic goals (e.g., export-oriented growth, technology transfer). This approach entails providing a business-friendly environment through streamlined regulations, reduced bureaucracy, and simplified procedures for business operations. Moreover, ensure improved transportation, logistics, communication, and utilities within the SEZ and provision of investment Incentives such as tax breaks, duty-free imports, and other financial benefits to attract businesses. The goal is to achieve sustainable economic development through increased trade, investment, and job creation.

Among the intermediate outcomes is that they attract foreign direct investment, SEZs entice foreign companies to set up operations, bringing capital, technology, and expertise, boost exports when businesses within the zone can produce goods at a lower cost, increasing exports and foreign exchange earnings, stimulate domestic investment attracting domestic companies to invest and participate in the zone's activities, promote technology transfer where foreign companies introduce advanced technologies that can be adopted by domestic businesses. SEZs also create demand for skilled labor, fostering training opportunities and workforce development. Additionally, Development

within the zone leads to improved infrastructure that benefits the surrounding areas. Understanding their impact requires a robust monitoring and evaluation to track investment levels (domestic and foreign) within the SEZ, monitor job creation and changes in average wages within the zone, analyze the growth of exports and foreign exchange earnings, proper evaluation of the effectiveness of skills development programs and assess the impact of SEZ infrastructure on surrounding areas. By monitoring these factors, policymakers can assess the effectiveness of SEZs in achieving their intended goals and make adjustments as needed.

The importance of Special Economic Zones (SEZs) has gained attention in both developing and developed countries, an expansion which is partially rooted in development policy theory and structural transformation framework (Zeng, 2016; Rodríguez-Pose, Bartalucci, Frick, Santos-Paulino, & Bolwijn, 2022). Special Economic Zones (SEZs) are typically established with four main goals is attract foreign investment, most SEZs, from traditional Export Processing Zones to large-scale ones, aim to draw in foreign capital, create jobs and function primarily as job creation zones, even if they haven't led to broader economic changes (Zeng, 2015; Farole, 2011; & Bost, 2019). In addition, SEZs can be used to boost exports by reducing barriers for export-oriented businesses, SEZs can help countries diversify and increase their exports. China, South Korea, Mauritius, and Taiwan are examples of countries using SEZs for this purpose. Moreover, SEZs can be used to experiment new policies, serve as testing grounds for new policies, like those implemented in China's large-scale zones, before they are applied nationwide (Frick & Rodríguez-Pose, 2019).

Internationally, the period around 1970s and 1980s marked significant changes for industrial policy development. Many of the zones established in the 1970s and 1980s in East Asia's "tiger economies" were critical in facilitating their industrial development and upgrading processes. Similarly, the later adoption of the model by China, which launched SEZs on a scale not seen previously, provided a platform for attracting FDI and not only supported the development of China's export-oriented manufacturing sector, but also served as a catalyst for sweeping economic reforms that later were extended throughout the country (Balassa, 1988; Lall, 1997 & World Bank, 2011).

Globally, the effectiveness of SEZs in achieving their goals has been inconsistent. Some zones have seen investments in infrastructure go to waste, with businesses primarily using tax breaks without generating significant jobs or exports. While traditional Export Processing Zones might create jobs and attract investment initially, they often struggle to maintain success as labor costs rise or trade advantages diminish (World Bank, 2011).

Since its independence in 1961, attracting and mobilizing private sector investment, both domestic and foreign, has always been reflected in most government's major policies, strategies, and plans of the Government of Tanzania. The aim is to spur growth, productivity, employment and economic development of the country. The Government established the Export Processing Zones Authority (EPZA) in February

2006. The decision was implemented through the amendment of legislation No. 11 of 2002 passed by the Parliament of the United Republic of Tanzania to manage the implementation of the Export Processing Zone (EPZ) program. Along with that responsibility, in 2008, the Government added to EPZA the responsibility of managing the implementation of the Special Economic Zone (SEZ) program. On that basis, EPZA manages the implementation of Export Processing Zone (EPZ) and Special Economic Zone (SEZ) programs. In addition to the EPZA, the Tanzania Investment Centre (TIC) coordinates investment in its totality and facilitates investments in different sectors and at different locations including registration of industrial parks. The EPZA registers investors who intend to invest in special zones only, that is, EPZs and SEZs.

### 1.3. ***Purpose of the Baseline Study***

The purpose of this baseline study was to assess the extent to which SEZ program and its resultant industrial parks have contributed towards attracting investment, what worked, what did not work and why? Moreover, provide evidence to inform policy dialogues, future programming and integrated system to monitor ongoing SEZ and industrial parks implementation. Additionally, base line study provides an insight and learnings to determine if and how the SEZ impacting the implementation of the industrial and investment policy to inform future programming and policy guidance.

### 1.4. ***Objectives of the Baseline Study***

The objectives of this study are:-

- (i.) ***Examining Available SEZs:*** This objective involves a comprehensive assessment of all existing SEZs in Tanzania. It analyzed their locations, types, specialization areas (if any), and current stage of development (operational, under development, planned);
- (ii.) ***One-Stop Services:*** The survey assessed the current availability and identify the need for one-stop services within SEZs. Aimed to streamline administrative processes for investors, making it easier and faster to set up and operate businesses within the SEZs;
- (iii.) ***Marketing and Promotion:*** The objective aimed to understand the current marketing and promotional strategies for each SEZ and identify areas for improvement. Exploring the possibility of joint initiatives by all SEZs or specific strategies tailored to each zone's unique strengths;
- (iv.) ***Occupancy Rates and Challenges:*** Understanding the occupancy rates of current SEZs and also delve into the challenges faced by SEZ operators and businesses, such as supportive infrastructure limitations, bureaucratic hurdles, or talent shortages;
- (v.) ***Incentive Schemes:*** This objective analyzes the existing incentive schemes offered by SEZs and recommending potential improvements. These incentives included offering tax breaks, simplified regulations, or other benefits;



- (vi.) **Government Contributions:** The survey assessed the extent and nature of government contributions to SEZs program, including land allocation, equity participation, subsidies, and other incentives. The aim was to provide insights into the level of government commitment to this development strategy;
- (vii.) **Private-Public Partnerships:** The survey analyzes the role of private-public partnerships (PPPs) in developing and managing SEZs. It examined the initiatives such as entrepreneurship programs, linkage programs that connect SEZ businesses with local suppliers, and other forms of collaboration;
- (viii.) **Sectoral Cooperation:** The survey aimed to identify the level of collaboration between SEZs and various sectors like education, research, technology, agriculture, and mining. This collaboration can provide resources, training, and opportunities for innovation within the SEZs;
- (ix.) **Pricing of Industrial Plots:** This objective aimed at understanding the cost of acquiring land (industrial plots) within each SEZ for potential investors. This information allowed for informed decision-making when comparing different investment locations;
- (x.) **Cost of Utilities:** The survey assessed the cost and reliability of essential utilities within each SEZ, such as electricity, gas, access roads, telecommunication facilities, water, and waste disposal. This information aimed to assess estimate business operational costs;
- (xi.) **Understanding Regulations:** The survey analyzes the current legal and regulatory framework governing SEZs, identifying any discrepancies or complexities that may hinder investment. This helped in proposing potential regulatory reforms for improved efficiency and transparency; and
- (xii.) **Development Stages:** Finally, the survey classify all SEZs based on their current stage of development, whether they are planned, established, under development, or fully operational. The aim was to provide a clear picture of the overall progress of Tanzania's SEZs and identify areas requiring further focus.

By gathering information on above specific objectives, the baseline survey provided valuable insights into the effectiveness of Tanzania's SEZs and pave the way for improvements that attract further investment and contribute to economic growth.

#### 1.5. **Organization of Report**

This report is organized into two main parts. The first part (Sections 1 & 2) establishes the groundwork. Section 1 dives into the study's introduction and background, including the context, analysis of SEZs, and the baseline study's purpose and objectives. Section 2 then details the methodology used, covering the study area, population, sampling approach, data collection and analysis methods, ethical considerations, quality assurance, the survey team's structure, and any limitations encountered during the research.

The second part of the report (Sections 3-6) presents the results and additional information. Section 3 delves into the study's findings based on the twelve objectives outlined in the Terms of Reference (TOR). Section 4 presents global experience on SEZ development and highlight key lessons. Section 5 summarizes the conclusions and offers recommendations based on those findings. Section 6 provides a summarized list of references used throughout the report. Finally, Section 7 includes all relevant appendices, such as data collection tools (interview guides, questionnaires), list of consulted stakeholders and a matrix table detailing available SEZs and their development levels.

## 2. METHODOLOGY

Study used a mixed approach and an action-research approach.<sup>1</sup> The baseline study analyzed a set of data collected from a variety of sources. Quantitative data were collected through surveys and qualitative data were gathered through desk review, interviews and focus group discussions. Specifically, qualitative data were gathered through secondary data from official government documents, key informant interviews with SEZ regulator, SEZ operators, SEZ developers and focus group discussions with public utility companies .

Approach to this study was developed in such a way that it fit with the Theory of Change (ToC)<sup>2</sup> in relation to the specific objectives provided in the TOR to establish the effectiveness of Tanzania's SEZs and pave the way for improvements that attract further investment and contribute to economic growth. Secondary data were collected through a review of documents and an analysis of information related to the specific objective to examine the policies, strategies, and plans SEZ development. The consultants and the team assessed various issues SEZ locations, types, specialization areas, and current stage of development (operational, under development, planned), land acquisition, plot price, incentive schemes, laws and regulation governing SEZ development to establish what factors might affect the performance of the SEZ and why.

An in-depth systematic review of the policies, strategies, and guidelines was carried out; it covered three key things. The consultants and reviewed relevant studies and reports from government and non-governmental organizations. Literature review also involved identifying SEZ success stories and lessons based on programs and initiatives taken at national, regional, and international levels.

### 2.1 *Study Areas and Population*

The consultants and the team of government experts interacted with SEZ developers, operators, regulator and staff from public supporting companies. The study covers two regions namely Dar-es-Salaam and Coast. Additionally, other SEZs located outside Dar-es-Salaam and Coast were covered through online self-administered survey using kobo toolbox targeting operators and developers of SEZ across the country. A total of 69 respondents, covering 24 SEZ developers , 24 SEZ operators, 2 SEZ business services providers, 7 employees from SEZ regulators, 12 employees from public utility companies participated in the study.

### 2.2 *Sampling Strategy*

Non-probability sampling techniques were employed in this study. For the Key Informants Interview and focus group discussions, purposeful sampling techniques were used to select the respondents based on criteria, such as an individual's knowledge and experience on SEZ development and operation in Tanzania.

<sup>1</sup> *Action research* is an approach which allows the researcher and researched to work collaboratively to come up with findings based on self-reflection and a desire to improve the situation. In that case, the approach helps to understanding SEZ situation and practices.

<sup>2</sup> What is theory of change? Centre for theory of change homepage, <https://www.theoryofchange.org/what-is-theory-of-change/>, visited 3 September 2021.

Cluster sampling was used to select 13 SEZs from Dar-es-Salaam and Coastal region. These two regions were selected because they represent majority of active SEZs available in the main land Tanzania (See appendix 1). This technique was important to this study because it helped to ensure that a large portion of the SEZ characteristics represented. A Self-administered survey questionnaire covering all SEZs were provided and a total 26 respondents. This approach enabled the study to ensure greater precision and accuracy of the findings.

On the basis of the assumption, a sample of 69 respondents was drawn and took part in the baseline study. One of the advantages of this strategy enabled a study to use smaller groups of people to make inferences about larger groups that would be prohibitively expensive to study.”<sup>3</sup> In addition, purposeful sampling techniques were used to ensure greater representation of the population and gain a deeper understanding of the performance of SEZ in Tanzania. The distribution of respondents is shown in Table 1 below.

**Table 1: Distribution of Sample and Respondents**

| Type of Respondents   | Sample size                                       | Methods | Key Issues to be Captured   |
|---|---|---------|---|
| <b>At National Level</b>  |   |         |   |
| EPZA (4) & TIC (3)  | 7 Participants in Total                           | KII     | <ul style="list-style-type: none"> <li>▪ Experience on SEZ development, key achievements, possibilities for improvements</li> <li>▪ Structure and implementation of SEZ Program</li> <li>▪ Perspectives on SEZ implementation, strategies and guidelines</li> <li>▪ Coordination among key Sectoral Ministries in SEZ implementation</li> <li>▪ Financing of SEZ implementation</li> <li>▪ Challenges</li> <li>• Area for improvements</li> </ul>   |
| <b>At Local Level</b>   |   |         |   |
| <b>Local government officials</b><br>Land Officer (2), trade officer (2), Representatives from TANESCO (2), Representative from TARURA (2), Representative from DAWASA (2), Presentative from TPDC (2), | 2 per each Organization =12 participants in Total | FGD's   | <ul style="list-style-type: none"> <li>• Knowledge, attitudes and understanding of SEZ concepts</li> <li>• Coordination of different actors in provision of supportive infrastructure in SEZ services</li> <li>▪ Demand for supportive infrastructures in SEZ services</li> <li>• Experiences in SEZ service provision</li> <li>▪ Community efforts in supporting SEZ services</li> <li>▪ Challenges</li> <li>• Improvement needed in the provision of supportive infrastructures in SEZ</li> </ul> |

<sup>3</sup> Refer to Holton, E. F., & Burnett, M. F. (2005:71). The basics of quantitative research. *Research in organizations: Foundations and methods of inquiry*, 29-44.

| Type of Respondents       | Sample size                           | Methods        | Key Issues to be Captured  |
|---------------------------|---------------------------------------|----------------|--|
| <b>At Local Level</b>     |                                       |                |  |
| SEZ owner<br>SEZ operator | Participants in each SEZ, 24<br>Total | KII            | <ul style="list-style-type: none"> <li>• Knowledge, attitudes and understanding of SEZ concepts</li> <li>• Coordination of different actors in provision of supportive infrastructure in SEZ services <ul style="list-style-type: none"> <li>▪ Demand for supportive infrastructures in SEZ services</li> </ul> </li> <li>• Experiences in SEZ service provision <ul style="list-style-type: none"> <li>▪ Challenges</li> <li>▪ Improvement needed in the provision of supportive infrastructures in SEZ - Utilities</li> </ul> </li> <li>• Plot and rental price</li> </ul> |
| Survey questionnaire      | 26<br>Respondents<br>in Total         | Questionnaires | <ul style="list-style-type: none"> <li>• Knowledge, attitudes and understanding of SEZ</li> <li>• Prevailing SEZ practices</li> <li>• Local mechanisms to support SEZ services</li> <li>• Access to SEZ services</li> <li>• Demand for SEZ services</li> <li>• Key challenges</li> </ul>   |
| <b>TOTAL</b>              | <b>69</b>                             |                |  |

### 2.3 **Data Collection Methods**

The data collection methods included a survey, key informant interviews (KIIs), focus group discussions (FGDs), and desk review of secondary data. The study involved a total of 69 respondents. Data collection was done from 16<sup>th</sup> to 20<sup>th</sup> April, 2024. FGDs data were collected during stakeholder engagement meeting that took place on 13th May, 2024.

**Qualitative information:** The consultant and the team of government technical officers conducted interviews and focus group discussions with the SEZ regulator, SEZ developers and SEZ operators, public utility companies for water, gas, electricity, sewage, railway, road and telecommunication. Semi-structured questions were asked during interviews and focus group discussions to allow the interviewees and participants to freely discuss issues and express their ideas about SEZ.

**Document review:** The consultants reviewed and analyzed various policy documents obtained from the government. These documents include but are not limited to Special Economic Zones Act-Revised Edition of 2012, EAC Custom Management Act, 2004, National Investment Promotion Policy – 1996 Tanzania Investment Act – 2022, The Land Act – 1999, Village Land Act – 1999, EAC Treaty, EAC Customs Union Protocol, EAC Customs Management Act, 2004, EACCMR, 2010, AfCFTA Trade in Goods Protocol, AfCFTA SEZ Regulation, Special Economic Zone Act, EPZA Act. In addition, the team reviewed academic articles and other grey reports on SEZ performance reports from EPZA, from governmental and non-governmental

sources. The information obtained was triangulated with data from the field to determine the differences and similarities between them in an effort to understand the performance of SEZs as well as the socio-economic context against the objectives of the study.

**Key Informant Interviews:** The interviews were conducted face to face in Dar es Salaam and Coastal region to cover all thirteen (13) SEZs. A total of 31 interviews were conducted (see Table 2 below). All the participants in the focus group discussions were given codes to hide their identities. Males and females were coded M and F, respectively.

**Table 2: Distribution of Key Informants**

| Informant Type                 | Gender |        |
|--------------------------------|--------|--------|
|                                | Male   | Female |
| <b>Key Informant (KI)</b>      |        |        |
| Regulatory Authority from EPZA | 3      |        |
| Representative from TIC        | 4      |        |
| SEZ Developers                 | 13     | 1      |
| SEZ Operators                  | 10     |        |
| <b>Total</b>                   | 30     | 1      |
| <b>Grand Total</b>             | 31     |        |

**Focus Group Discussions:** Like other baseline studies, this study conducted focus group discussions with respondents from public utility organization from Dar es Salaam Water and Sewerage Authority (DAWASA), The Tanzania Electric Supply Company Limited (TANESCO), Tanzania Rural and Urban Roads Agency (TARURA), Tanzania Telecommunication Corporations (formerly known as Tanzania Telecommunications Company Limited TTCL), Tanzania Petroleum Development Corporation (TPDC) and Tanzania Railways Corporation (TRC) to gain more insight on the plans and perception on joint plans for service provision with SEZ. The focus group discussions enabled the consultants and team to determine perception and attitudes of public utility companies toward SEZ development without asking them direct questions. They observed their interaction with their peers on utility service provisions and how they perceived Special Economic Zones in their strategic service provision plans. Table 3 show the distribution of the participants in the focus group discussions.

**Table 3: Distribution of FGD Participants**

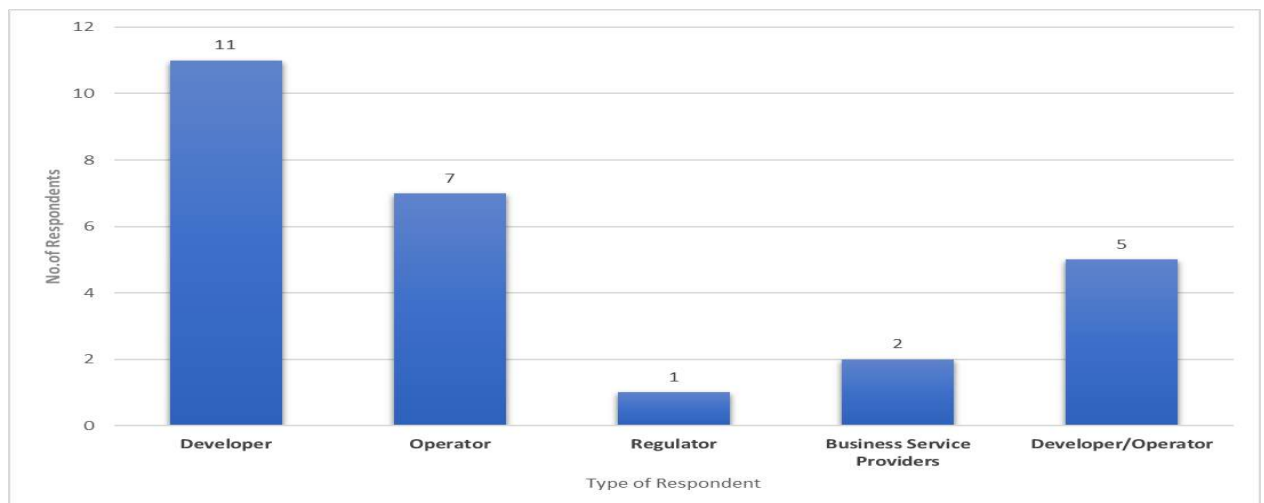
| Participant                     | Gender |        |
|---------------------------------|--------|--------|
|                                 | Male   | Female |
| <b>Focus Group Participants</b> |        |        |
| DAWASA                          |        |        |
| TANESCO                         |        |        |
| TARURA                          |        |        |
| TTCL                            |        |        |
| TPDC                            |        |        |
| TRC                             |        |        |
| <b>Total</b>                    | 12     |        |

**Quantitative data:** Quantitative data was collected using a self-administered survey questionnaire. The questionnaire was intended to capture information related to but not limited to land acquisitions processes and its related costs, licensing, permits, promotion strategies, incentives, contracts, plot and utility pricing, perception of and feelings about related services and availability of on-site and off-site infrastructure. Furthermore, the survey enabled the consultant and team to validate several SEZs performance indicators, as well as to look at how indicators reflected the context of the SEZs in Mainland Tanzania compared to global experiences.

**Questionnaire:** The questionnaire included both structured and semi-structured, cover 328 questions so as to obtain information to the specific baseline objectives indicators. A series of questions was asked to capture regulator, operators and developers perception and practices related to SEZs. The instrument was developed after a careful review of related literature. Some of the questions were matched with those used in previous studies on assessing SEZs performance both nationally and internationally for the purpose of making comparisons. The questionnaire was internally and externally pre-tested with ten participants drawn from among all category of respondents (SEZ regulator, developers, operators, Developer/Operator, business service providers at Benjamini William Mkapa Special Economic Zone to check feasibility, timeliness, consistency and accuracy of the questions. In addition, the team and consultant collaboratively reviewed all the questions for consistence and quality check.

The study used an online and face-to-face survey to obtain a holistic picture of the SEZs in the Mainland Tanzania. Online self-administered survey was done to target all SEZs other than those available in Dar-es-Salaam and Coastal Region. This allows the study to provide a comprehensive and holistic picture and informed recommendations covering all SEZs in Tanzania. Figure 1 provides a summary of respondents.

**Figure 1: Survey Category Respondents**



Source: Survey data, 2024

## 2.4 **Data Analysis**

Data were downloaded from Kobo toolbox and exported to Microsoft Excel, which was used to clean it to ensure consistency and validity of the responses. Thereafter, the data were exported from Microsoft Excel to SPSS Version 20 for further analysis, which started with descriptive exploratory statistics to determine data summary, identify pattern for further analysis. Due to the nature of the questions and the answers provided, table summaries, charts and figures were used to convey key messages from the aggregated responses (Babbie, 2010, 2020).

**Triangulation of data and pattern analysis:** The consultants and the team triangulated qualitative and quantitative data, and information from different sources, including the national sectoral policies and acts governing SEZ. A pattern analysis of the data was the first and most important step in testing the results. The data collected from the FGDs and KIIs were audio-recorded, transcribed. The transcripts were coded; key themes were identified in the transcripts and analyzed.

## 2.5 **Ethical Considerations and Quality Assurance**

The research team observed certain ethical considerations before undertaking the study. This enabled the research team to collect data smoothly. The team obtained the consent of the participants before the survey, and the KII and FGD sessions. During data collection, the respondents were allowed to answer or not to answer any questions, or to withdraw from the study any time. The research team also promised to maintain confidentiality of the information. The research team were trained in how to collect data and in the importance of maintaining confidentiality of information before they went to the field.

Recognizing that even a qualified team can encounter errors, the consultants prioritized data quality throughout the research process. Quantitative data underwent rigorous checks for completeness and adherence to study protocols. Questionnaires were meticulously reviewed for omissions or inconsistencies during collection and analysis. Daily monitoring ensured all questions were addressed and emerging issues identified for further exploration. To minimize information loss, all key informant interviews were recorded and transcribed, while technical and stakeholder meetings were comprehensively documented. Furthermore, this report has also benefited from guidance and peer review by inputs from NAME ORGANIZATION two experienced independent reviewers for editorial and quality check before it was launched.

## 2.6 **Survey Team and Organization**

The research team comprised two main groups: a lead researcher (1) and research assistant (1) and sixteen (14) technical experts from Presidents' Office, Planning and Investment (6), Presidents' Office, Regional Administration and Local Government Authority (1), Ministry of Finance (1), Ministry of Land (1), Ministry of Industry (1), Export Processing Zone Authority (1), Tanzania Revenue Authority (1) and Tanzania Investment Centre (1). The training of team was based on in-depth information about principles of interviewing, research ethics and confidentiality, our sampling methodology,



protocols and procedures, and use of mobile devices. The team had an opportunity to review the questionnaire and later use it.

## 2.7 **Limitations**

There were certain limitations during the data collection process:

**Limitations in data collection:** The research focused on SEZs in Dar-es-Salaam and Coast regions. Including data from additional regions in future studies could provide a more comprehensive national perspective. Despite limitations, the research team employed a combination of methods including focus groups, key informant interviews, and online surveys to gather insights from relevant stakeholders (government bodies, developers, operators) in the chosen regions.

- Future research efforts could benefit from expanding field visits to encompass SEZs in other regions. To reduce the impact of limited regional coverage, the consultant and the team used online survey link, using the Kobo Toolbox and stakeholder engagement meeting inviting participation of key stakeholders from other regions and increases the response rate. Although these limitations hindered data collection to some extent, their effects on the findings are insignificant.

### 3. FINDINGS

This section delves into the key findings of the SEZ survey study. The analysis addresses the twelve specific objectives outlined in the Terms of Reference (TOR), offering insights into various aspects of the SEZs.

#### 3.1 *Tanzania's SEZs: Location, Type, and Development*

This subsection focuses on establishing a baseline understanding of Tanzania's Special Economic Zones (SEZs). We'll explore their geographical distribution across the country, delve into the different types of SEZs established, and assess their current development status. This information provides a crucial foundation for understanding the overall landscape of SEZs in Tanzania.

***Distribution and Types:*** The study identified SEZs located in various regions across Tanzania. These zones cater to different industries, with some specializing in manufacturing and light assembly, while others focus on activities like tourism, agriculture, and trade. This diversification highlights the government's strategic approach to attracting investment in various sectors.

Currently, the country has 26 Special Economic Zones which have been officially declared by EPZA. Out of the 26 SEZs, Seventeen 17 are public owned full-fledged SEZs; thirteen (13) owned by EPZA, three are under Local Government Authority. SEZs under EPZA includes Benjamin William Mkapa SEZ, Bagamoyo SEZ, Kwala SEZ, Manyara SEZ, Mara SEZ (Bunda), Mtwara Sea Port Zone, Shinyanga (TPL) SEZ, Mbeya (TPL) SEZ, Mkata Sawmill SEZ, Nachingwea (Cashewnut) SEZ, Nachingwea (Mafuta Ilulu) SEZ, Mwanza Tannery SEZ and Chang'ombe National Steel SEZ. SEZs under Local Government Authority are Nyaishimbi SEZ (Kahama), Buzwagi SEZ (Kahama) and Kigoma SEZ. SEZ owned by Public Institution other EPZA and LGAs, namely Hifadhi SEZ.

Furthermore, there nine (9) private owned SEZs, these are Star City (Star Infrastructure Development (T) Limited) -Morogoro; Vigor Special Economic Zone-Coast region; Magnis Technologies (T) Limited (Nachu SEZ)- Ruangwa, Ming Xin Company Limited- Mlandizi Coast region, Kamal Industrial Estate-Bagamoyo, Kilwa Business Park- Kilwa, Mkinga SEZ-Tanga, Kigamboni SEZ- Kigamboni and Kilimanjaro SEZ-Kigamboni. Furthermore, TIC has registered 31 industrial parks owned by private companies. Together making a total of 57 countrywide. There are ongoing development to declare more other SEZs in Tanga, Dodoma and Ruvuma. Nevertheless, there are 90 standalone SEZ registered by private entities, whereas 89 SEZs have EPZ licenses and 1 bear SEZ user license.

***Development Status:*** The development of SEZs in Tanzania varies considerably. Some zones like Benjamin William Mkapa boast well-developed infrastructure, including reliable power grids, transportation networks, and efficient administrative processes. In contrast, others be in earlier stages of development, lacking some of these crucial elements. Understanding this disparity is essential for prioritizing

investments and ensuring all SEZs reach their full potential. Appendix 1 and 2 provides a detailed information of all SEZs registered by EPZA and TIC.

### ***Absence of Robust Monitoring and Evaluation***

Currently, there isn't a well-established system for tracking the performance of SEZs against set Key Performance Indicators (KPIs). Without a strong monitoring framework, it's difficult to gauge progress and identify areas where interventions are needed. Moreover, the absence of a centralized electronic database for SEZ information makes data collection and analysis cumbersome. This hinders transparency and makes it challenging for Tanzanian authorities to obtain a clear picture of whether KPIs are being met across the various zones.

These limitations pose a major obstacle for Tanzanian authorities in effectively judging the success of SEZs. Implementing a robust monitoring and evaluation system alongside an electronic database are crucial steps to bridge this gap and ensure the SEZs are achieving their intended objectives.

### **Key Findings:**

- ***Distribution of SEZs:*** The study found that a significant number of Tanzania's Special Economic Zones (SEZs) are located in Dar es Salaam and the Coastal Region compared to other regions. This concentration suggests a potential focus on development in these areas. EPZA having 26 declared public and privately owned SEZs throughout the country, indicating a wider national distribution beyond the two coastal regions.
- ***Public vs. Private Development:*** The findings show a mix of public and private entities involved in SEZ development. The Tanzania Export Processing Zones Authority (EPZA) is managing thirteen (13) of the listed public zones, while one (1) is owned and managed by NSSF and three (3) are managed by Local Government Authorities.

On the other hand, the Private developers are responsible for several others, including the Kamal Industrial Estate, Mkinga SEZ, Kilwa Business Park, Ruangwa SEZ, Kilimanjaro (IP) SEZ, Ming Xin SEZ, Star City SEZ, Vigor SEZ & Kigamboni Industrial Park. This approach could contribute to a diversity of approaches and development models in the SEZs, but also presents a challenge for regulatory bodies in making sure that private SEZs and Industrial parks aligned and function towards the aspired national industrial development goal against purely private motives.

- ***Industrial Park Registration:*** 31 industrial parks registered under the Tanzania Investment Centre (TIC). While they present an opportunity for exploring potential development model for SEZs in the country, it also suggests a potential overlap, competition or close relationship between the two types of zones administered by TIC and EPZA. It is also important to note that many of these industrial parks are reportedly foreign-owned, highlighting the involvement of international investment in Tanzania's development efforts.

- **Infrastructure Needs:** Lack of supportive infrastructure, particularly for privately owned SEZs. The study also found that there is insufficient infrastructure development in some zones. Additionally, the limitations noted regarding clustering or zoning, value chain development, and spillover effects due to weak infrastructure and lack of coordination between SEZ operators. These findings highlight the importance of prioritizing infrastructure development and creating a more integrated approach to SEZ planning and management across the country.
- **Monitoring and Evaluation system:** The lack of a robust monitoring and evaluation system with a centralized electronic database hinders the Tanzanian authorities' ability to assess if the SEZs are meeting their Key Performance Indicators (KPIs).

### Implications:

- **Challenges and Opportunities:** The baseline study also revealed some key challenges faced by SEZs in Tanzania. These include bureaucratic hurdles, limited access to skilled labor, or unreliable utilities. However, the study also identified significant opportunities. Streamlining regulations, strengthen planning, fostering training programs, and improving infrastructure can significantly enhance the attractiveness of these zones for domestic and foreign investors.
- **Inadequate Investment in SEZs:** Underinvestment in SEZs cripple their ability to attract businesses and foster economic activity. This might manifest as inadequate infrastructure, limited access to utilities, or a lack of skilled labor within the zone. As a result, companies may be hesitant to invest due to high initial costs or operational hurdles. To address this challenge, increased public or private investment is crucial to create a more attractive and functional environment for businesses within SEZs.
- **Coordination and Collaboration Amongst Regulatory Bodies:** Disjointed efforts between regulatory bodies create a bureaucratic maze for businesses operating in SEZs. Inconsistent regulations, overlapping approvals, or slow processing times significantly hinder investment and slow down business growth. Strengthening communication and collaboration between regulatory bodies is vital to streamline the process and create a more efficient operating environment within SEZs.
- **Low Awareness of SEZ Opportunities:** Limited public awareness about the benefits and incentives offered by SEZs can hinder their effectiveness. Without understanding the advantages, businesses may overlook these zones as potential locations for their operations. Targeted outreach programs, information dissemination campaigns, and success stories could significantly raise awareness and attract more investment to SEZs.

- **Clear Policy/Guidelines on Local Content:** Uncertain local content requirements create confusion and discourage investment. Businesses may be hesitant to establish operations if they are unsure about the level of local sourcing or employment mandated within the SEZ. Developing clear and well-defined local content policies can promote transparency and encourage investment while fostering the development of domestic industries and skills.
- **Comprehensive Monitoring and Evaluation system:** Implementing a comprehensive monitoring and evaluation system with a centralized electronic database for SEZ information is crucial for transparently tracking progress, identifying areas for improvement, and ensuring the SEZs achieve their intended goals.

### 3.2 **Enhancing Investor Experience: Assessing the Need for One-Stop Services in SEZs**

This subsection delves into the question of investor experience within Tanzania's SEZs. The baseline study examines the current procedures for business registration, licensing, and obtaining permits within the zones. The analysis will assess the potential benefits of implementing a "one-stop shop" approach to streamline these processes and enhance investor experience.

#### **Conceptual Framework of One Stop Facilitation Centre**

Industrial parks and SEZs host a wide range of stakeholders. Efficient and coordinated operation of the industrial parks is often a challenge in this context, due to the diversity of these actors and their interests, and their different levels of involvement in the industrial park. An industrial park one-stop shop with proper decision-making power is a good solution for providing a single point of contact to facilitate the various stakeholders' requirements, particularly for regulatory compliance. It improves administrative efficiency in obtaining necessary services and government approvals, as well as simplifying the associated procedures. If the park operator is a private entity, it usually unable to provide these services, beyond a "front office" facilitation function. The types of services provided by one-stop shops, and the type of institutions represented, vary depending on national laws and the characteristics of each industrial park.

Around the world, the following services may be provided by an industrial park's one-stop shop centre; Business registration and licensing, Investment incentives information, Employment permits, Planning and construction, Social security registration and account management, Tax and custom services, Port or airport cargo clearances, Access to publicly-funded innovation and start-up promotion services, Quality control services (e.g. lab testing), Utilities (electricity, telecom, water and gas) account management, Environmental approvals, Legalisation and notarization, Tourism information services, Land administration, Access to banking services (provided by commercial banks located on-site or in separate premises) and access to housing within the park.

### **Tanzania experience on One Stop Facilitation Centre**

The Tanzania Export Processing Zones Authority (EPZA) recognizes the importance of a smooth investor experience. To this end, they've established a one-stop service center offering a comprehensive range of support services under one roof. This centralized approach eliminates the need for investors to navigate multiple agencies, saving them valuable time and resources.

The center provides a wealth of resources for potential and existing SEZ investors. This includes detailed guidance and information on establishing a business within a Tanzanian SEZ. Additionally, the center assists with securing factory space or serviced land, whether within existing industrial parks or alternative locations that may better suit an investor's specific needs. The process of company registration is also streamlined through the center's support.

Beyond the initial setup phase, the one-stop service center offers ongoing assistance to investors. This includes facilitating access to valuable tax incentives, navigating visa and work permit applications, and even providing logistical support for clearing and forwarding merchandise through Tanzanian ports. The center also connects investors with key public and private organizations relevant to their operations, fostering valuable networking opportunities.

### **Centralized Regulation for Consistency**

It's important to note that Tanzanian law mandates all SEZs to be declared, licensed, and have their development plans approved by EPZA. This centralized approach ensures consistent regulatory practices across all zones, providing greater predictability and transparency for investors. Furthermore, EPZA issues licenses to SEZ users, allowing them to conduct authorized activities beyond just export-oriented manufacturing or processing. This broader scope allows for a more diverse range of businesses to benefit from the advantages offered by Tanzania's SEZs.

### **Streamlined Support for SEZ Investors in Tanzania**

Building on the comprehensive one-stop service center offered by the Tanzania Export Processing Zones Authority (EPZA), it's worth noting a similar initiative undertaken by the Tanzania Investment Centre (TIC). Recognizing the importance of investor experience, the TIC has established the Tanzania Electronic Investment Window (TEIW) - another one-stop service center aimed at streamlining business registration and approval processes. Similar to the EPZA's center, the TEIW connects investors with relevant authorities such as the National Identification Authority (NIDA), the Business Registration and Licensing Authority (BRELA), Immigration services, land, and the Labour Office and other. This centralized approach allows investors to navigate various administrative hurdles efficiently under one roof.

While both the EPZA and TIC offer one-stop service centers, there's an additional strategy gaining traction: the physical co-location of officers from various investment support agencies. This approach eliminates the need for investors to visit multiple

locations, further enhancing convenience and efficiency. However, implementing this strategy does present some challenges. Securing physical space within each SEZ and ensuring consistent staffing from various agencies could be resource-intensive.

The most promising solution for streamlined and efficient service delivery lies in automation and integration. Examples the Tanzania Ports Authority's (TPA) Electronic Single Window for port clearance demonstrate the effectiveness of digital solutions. By automating processes and integrating systems across different agencies, investors could access services and approvals remotely, regardless of location. This approach offers significant potential for enhancing accessibility and efficiency within Tanzania's SEZs. Both the EPZA and TIC play crucial roles in facilitating investment within Tanzania's SEZs. While their one-stop service centers offer valuable support, further exploration of automation and integrated systems could unlock even greater efficiency for investors.

### Key Findings:

- **One-stop service centers:** The Tanzania Export Processing Zones Authority (EPZA) and the Tanzania Investment Centre (TIC) have established one-stop service centers to simplify the investor experience. These centers act as central hubs, offering a range of services under one roof. This includes guidance on establishing businesses in SEZs, assistance with securing land or factory space, and facilitating company registration.
- **Challenges remain:** Despite the convenience of one-stop centers, navigating multiple government agencies and obtaining various permits can still be a hurdle for investors. The process may involve interacting with different authorities, each with potentially complex procedures and timelines. Simplifying and streamlining these interactions across different agencies could significantly enhance investor experience.
- **Co-location of support agencies:** An alternative approach gaining traction is the physical co-location of officers from various investment support agencies directly within SEZs. This eliminates the need for investors to visit multiple locations for approvals or assistance. However, implementing this strategy presents logistical challenges. Securing dedicated space within each SEZ and ensuring consistent staffing from various agencies could be resource-intensive.
- **Automation and integration:** Digital solutions offer the most promising path towards streamlined and efficient service delivery. Examples like the Tanzania Ports Authority's Electronic Single Window for port clearance demonstrate the effectiveness of automation. By automating processes and integrating systems across different agencies, investors could access services and approvals electronically, regardless of location. This approach could significantly enhance accessibility and expedite the overall investment process within Tanzania's SEZs

## Implications:

- **Strengthen existing one-stop shops:** To maximize their effectiveness, existing one-stop service centers offered by EPZA and TIC should undergo continuous improvement. This could involve ensuring a comprehensive range of services are available under one roof, including support with tax incentives, visas, and work permits. Additionally, streamlining internal operations and procedures within these centers can further enhance efficiency and reduce processing times for investors.
- **Explore automation and integration:** Investing in digital solutions for approvals and processes holds significant potential. By automating tasks and integrating systems across different government agencies, investors could submit applications and receive approvals electronically. This would eliminate the need for physical visits and expedite turnaround times. Tanzania's Ports Authority's Electronic Single Window for port clearance serves as a successful example of how automation can streamline processes.
- **Promote awareness of available support:** Many investors may not be fully aware of the extensive support services offered by EPZA and TIC. Implementing targeted outreach programs and information campaigns can raise awareness about the benefits of SEZs and the resources available to facilitate business establishment within these zones. This could include clear communication channels, online resources, and workshops to educate potential investors on the streamlined procedures and support mechanisms offered.

### 3.3 **Promoting Tanzania's SEZs: An Assessment of Current Strategies and Opportunities for Improvement**

This subsection dives deeper into Tanzania's strategies for promoting its Special Economic Zones (SEZs). We'll assess the effectiveness of current approaches and identify opportunities for improvement. The analysis will explore how effectively Tanzania is attracting domestic and foreign investment to these zones, and suggest potential strategies to enhance their visibility and appeal to a wider audience.

#### **National marketing and promotion strategy for SEZ**

The baseline study revealed that the current SEZ marketing and promotion efforts lack a unified national strategy. Individual companies managing SEZs have their own strategies. For government-owned SEZs, the Export Processing Zones Authority (EPZA) collaborates with private companies for promotion and works with the Tanzania Investment Centre (TIC). While EPZA doesn't have a separate marketing strategy, it's included in their current three-year strategic plan. Large planned SEZs, like Bagamoyo, have specific marketing strategies within their feasibility studies. Despite the lack of a national strategy, some marketing activities are undertaken. These include targeted marketing efforts, roadshows, participation in national and international trade forums, media advertising, and the creation of promotional materials like brochures.



### **Limited infrastructure and inconsistency SEZ policy**

The findings from key informants suggests several challenges hinder effective marketing and promotion. Limited availability of serviced land within SEZs, unreliable utilities like power and water, inconsistent policy implementation, overlapping responsibilities between EPZA and TIC, and poor infrastructure (electricity, roads, and water) all create obstacles to attracting investment within SEZs.

### **Empirical evidence**

Research suggests that sectors targeted by specific investment promotion campaigns receive significantly more foreign direct investment (FDI) compared to those without targeted efforts. This highlights the positive impact of strategic marketing in attracting investment in SEZs (UNIDO 2019). The absence of effective marketing and investment promotion activities can hinder attracting high-quality investments to SEZs. Even well-developed zones with strong infrastructure, legal frameworks, and investor services may struggle without a strong promotional strategy (UNIDO 2019).

The baseline study identified a gap in the form of a missing countrywide marketing and promotion strategy for Tanzania's SEZs. Developing a comprehensive national strategy could significantly enhance the visibility and appeal of these zones to a wider audience. The findings emphasize the importance of establishing a clear and effective marketing strategy. This strategy should focus on promoting the comprehensive package of tailored investor support services offered by the SEZ program, showcasing the valuable assistance available to businesses considering establishing operations within these zones.

### **Key Findings:**

- **Targeted Promotion is Effective:** Research suggests that sectors targeted by specific investment promotion campaigns receive significantly more foreign direct investment (FDI) compared to those without targeted efforts. This highlights the positive impact of strategic marketing in attracting investment.
- **Marketing Matters for Success:** The absence of effective marketing and investment promotion activities can hinder attracting high-quality investments to SEZs. Even well-developed zones with strong infrastructure, legal frameworks, and investor services may struggle without a strong promotional strategy.
- **Countrywide Strategy Needed:** The study identified a gap in the form of a missing countrywide marketing and promotion strategy for Tanzania's SEZs. Developing a comprehensive national strategy could significantly enhance the visibility and appeal of these zones to a wider audience.
- **Highlighting Investor Support:** The findings emphasize the importance of establishing a clear and effective marketing strategy. This strategy should focus on promoting the comprehensive package of tailored investor support services offered by the SEZ program, showcasing the valuable assistance available to businesses considering establishing operations within these zones.

### Implications:

- **Develop a National Marketing and Promotion Strategy:** A unified national strategy is crucial to attract investment. This strategy should clearly define target sectors, key messages, and promotional channels. It should also ensure consistency and avoid duplication of efforts between different entities promoting SEZs.
- **Targeted Sector and/or Zone Promotion:** Research suggests the effectiveness of targeted promotion campaigns. The national strategy should identify priority sectors/zone for investment, aligning them with Tanzania's overall development goals. Targeted campaigns can then be developed to attract investors in these specific sectors.
- **Highlight Investor Support Services:** Marketing materials should emphasize the comprehensive package of investor support services offered by the SEZ program. This includes assistance with business registration, licensing, access to utilities, tax incentives, and other relevant services. Showcasing the ease of doing business within SEZs can be a significant advantage in attracting investment.
- **Improve Coordination and Collaboration:** Streamlining communication and collaboration between EPZA, TIC, and individual SEZ management companies is essential. A centralized approach can ensure consistency in messaging and avoid confusion for potential investors.
- **Address Underlying Challenges:** Marketing efforts can only be truly effective if underlying challenges within SEZs are addressed. Limited serviced land, unreliable utilities, and poor infrastructure all create hurdles for investors. Addressing these issues through policy reforms and infrastructure development will enhance the overall attractiveness of Tanzania's SEZs.

### 3.4 **Beyond Location: A Look at Occupancy Rates and Challenges in Tanzania's SEZs**

This subsection shifts our focus to occupancy rates within Tanzania's Special Economic Zones (SEZs). We have analyzed the current state of occupancy and identify the key challenges that may be hindering businesses from establishing operations within these zones. Understanding these occupancy rates and challenges is essential for developing strategies to improve the overall attractiveness and utilization of Tanzania's SEZs.

Occupancy rates within Tanzania's Special Economic Zones (SEZs) vary considerably. A key factor influencing investor decisions appears to be the availability of pre-built infrastructure. Many investors favor SEZs with ready-made industrial buildings, reliable utilities, and well-developed transportation networks (roads and railways). It's important to note that most SEZs in Tanzania are still under development and lack complete infrastructure package. The Benjamin William Mkapa SEZ stands out as a notable exception, boasting a 100% occupancy rate likely due to its well-developed infrastructure. Understanding these preferences and occupancy variations will be crucial for informing future SEZ development strategies.

### Government-Owned SEZs

Government-owned SEZs with fully developed infrastructure, including reliable roads, electricity, and water supply, tend to have high occupancy rates. A prime example is the Benjamin William Mkapa SEZ, boasting 100% occupancy likely due to its well-established infrastructure and affordable rental price. However, government-owned SEZs still under development, such as Bagamoyo SEZ, Manyara SEZ, and Mara SEZ, experience lower occupancy rates. Investors are understandably cautious about locating in zones where essential infrastructure is not yet fully operational. Investors are understandably cautious about locating in zones where essential infrastructures are yet developed due to fear of increasing production costs.

The survey revealed that while basic infrastructure exists within the Benjamin William Mkapa SEZ, it falls short of optimal functionality. There is a pressing need for investment in maintenance and upgrades to ensure smooth operations and attract potential businesses. The current road network requires minor renovations and rebuilds to address existing issues. This could involve improvements to the road surface, addressing drainage problems, and enhancing signage. Further, replacing outdated streetlights with energy-efficient LED fixtures is crucial. This will enhance nighttime visibility, improve safety, and potentially reduce energy consumption within the SEZ.

### Private-Owned SEZs

Private-owned SEZs with complete infrastructure can also face occupancy challenges. High rental fees or purchase costs associated with these facilities, driven by the owners' need for return on investment, may deter some businesses. Examples include Kamal Industrial Park and Global Industrial Park.

These contrasting trends highlight the importance of a two-pronged approach for attracting and retaining businesses within Tanzania's SEZs. Firstly, ensuring adequate infrastructure development in government-owned zones is crucial. Secondly, encouraging private zone developers to adopt competitive pricing strategies can help address occupancy challenges within their SEZs.

### Key Findings:

#### Government-Owned SEZ

- **High Occupancy with Complete Infrastructure:** Government-owned SEZs with fully developed infrastructure, including roads, electricity, and water supply, tend to have high occupancy rates. A prime example is the Benjamin William Mkapa SEZ, which boasts 100% occupancy likely due to its well-established infrastructure.
- **Lower Occupancy in Developing SEZs:** Conversely, government-owned SEZs under development and lacking complete infrastructure, such as Bagamoyo SEZ, Manyara SEZ, and Mara SEZ, experience lower occupancy rates. Investors are understandably hesitant to locate in zones where essential infrastructure is not yet fully operational.

### **Private-Owned SEZs**

- **Low Occupancy with High Costs:** Private-owned SEZs with complete infrastructure face challenges with occupancy. High rental fees or purchase costs associated with these facilities, driven by the owners' need for return on investment, may deter some businesses. These contrasting trends highlight the importance of infrastructure development and pricing strategies in attracting and retaining businesses within Tanzania's SEZs.

### **Regional Competition**

- **Competition from Other Locations:** Private Industrial parks face competition from other industrial zones, business parks, or manufacturing clusters in the EAC region. If competing locations offer better incentives, infrastructure, or logistical advantages lead to lower occupancy rates for Tanzania's SEZs.

### **Implications:**

#### ***Prioritize Infrastructure Development in Government-Owned SEZs***

- Allocate resources to expedite infrastructure development (roads, electricity, water) in government-owned SEZs currently experiencing low occupancy rates.
- Consider public-private partnerships (PPPs) to leverage private sector expertise and financing for infrastructure projects within SEZs.

#### ***Review Pricing Strategies in Private SEZs***

- Encourage private SEZ developers to adopt competitive rental fees and land sale prices to attract and retain businesses.
- Explore incentive programs to offset initial investment costs for private developers, potentially lowering occupancy costs for tenants.

#### ***Targeted Marketing and Investor Outreach***

- Develop targeted marketing campaigns highlighting the specific advantages of each SEZ, emphasizing available infrastructure and competitive pricing structures.
- Proactively engage with potential investors, addressing their concerns and showcasing the long-term benefits of operating within Tanzanian SEZs.

#### ***Streamline Regulatory Processes***

- Review and simplify regulatory procedures for business registration, licensing, and permitting within SEZs to create a more efficient and investor-friendly environment.

#### ***Establish a Performance Monitoring Framework***

- Implement a system to track occupancy rates, investment levels, and job creation within SEZs. Regularly analyze this data to identify areas for improvement and inform future policy decisions related to SEZ development.

### ***Streamlining national regulations***

- Streamlining national regulations within the EAC regulatory framework to reduce ambiguities associated with the EPZ and SEZ

### 3.5 ***Attracting Investment: An Analysis of Incentive Schemes in Tanzania's SEZs***

Investment incentives play a crucial role in attracting businesses to establish operations within Special Economic Zones (SEZs). These incentives can take various forms, offering financial benefits, streamlined regulations, or other advantages to entice investors. In this section, we have provide an analysis of the current incentive schemes offered to Tanzania's SEZ schemes, assess their effectiveness in attracting investment, and identify potential areas for improvement.

In Tanzania, the SEZ are regulated by various laws including; the East African Community Customs Management Act, 2004, Regulation 16 of Annex VII of the EAC Protocol on the Establishment of East African Community Customs Union (Export processing Zones Regulations), East African Community Customs Management Regulations, 2010, EPZ Act and the SEZ Act and their Regulations respectively through the Export Processing Zones Authority (EPZA). Also includes other Fiscal laws such as Income Tax Act, Value Added Tax Act, Stamp Duty Act, Excise (Tariff and Management) Act just to mention few. The EPZA is an autonomous Government Agency under the Presidents' Office, Planning and Investment mandated for licensing, promotion and supervision of SEZ schemes in the country.

EPZA was established by Act of Parliament (EPZ Act, 2006) with a view to creating an industrial sector which focuses on International Competitiveness for Export-led Growth. However, in 2006 its mandate was expanded to oversee the SEZ Act and in that regard, EPZA is now mandated to initiate, plan, develop and manage the operations of Export Processing Zones ("EPZ") and Special Economic Zones ("SEZ").

Part VI of the Tanzanian SEZ Act outlines a range of potential benefits for SEZ developers and operators. However, a closer look reveals a potential barrier for investors, particularly concerning tax-related exemptions. Subsection 38 of the SEZ Act clarifies that all tax exemptions are ultimately governed by separate tax laws. This separation creates a challenge for investors, especially when the promised tax benefits are not explicitly included within the East African Community (EAC) Customs Management Framework.

- ***Uncertainty and Complexity:*** Investors face uncertainty about the specific tax exemptions available and the process for claiming them. Navigating separate tax laws alongside the SEZ Act can be complex and time-consuming to investors in the SEZ scheme.
- ***Potential Delays:*** The disconnect between the SEZ Act and the tax regime can lead to delays in obtaining tax benefits. This can negatively impact investment decisions, as businesses may prioritize locations with a more streamlined process.

- **Limited Applicability:** If promised tax benefits are not part of the EAC Customs Management Act, they may only apply to domestic Tanzanian operations within the SEZ. This reduces the attractiveness of the zone for businesses targeting a broader East African market.
- **Impact on Investor Decisions;** these challenges can act as a significant deterrent for businesses considering establishing operations within Tanzanian SEZs. Uncertainties and potential delays in accessing tax benefits can outweigh the potential advantages offered by the zone.
- **Harmonization:** Aligning the tax benefits outlined in the SEZ Act with the EAC Customs Management Framework to streamline access for investors targeting the regional market.
- **Clear Communication:** Providing clear and comprehensive information to investors regarding the tax benefits available within SEZs and the process for claiming them.

Also under TIC Act, the authority conferred upon it by Part III, Section 20-24 of Tanzania Investment Act, 2022 offers a package of tax incentives to the Industrial Park investors. The holders of certificate of incentives are entitled to various investment incentives as stipulated in the Investment Act, 2022.

### **Non-Fiscal Incentives and Streamlined Procedures**

Both EPZA and TIC recognizes the importance of a smooth investor experience. To this end, they've established a one-stop facilitation center that offers a range of non-fiscal incentives .This center functions as a central hub, eliminating the need for investors to navigate multiple agencies and saving them valuable time and resources. The center provides a comprehensive suite of services to support potential and existing SEZ investors (refer to Section 3.2 for one stop facilitation services). Facilitation services includes;-

- **Business Setup Assistance:** The centers simplifies the initial stages of business establishment within a Tanzanian SEZ and industrial parks. This includes offering detailed guidance on SEZ regulations, assisting with securing factory space or serviced land (considering both existing industrial parks and alternative locations), and streamlining company registration.
- **Ongoing Investor Support:** The center's commitment extends beyond initial setup. It offers ongoing assistance to investors in navigating critical areas such as:
- **Workforce Management:** The center assists with navigating visa and work permit applications, ensuring a smooth process for attracting and retaining skilled personnel.
- **Customs Control:** Onsite hosting of necessary customs personnel including customs documentation and inspection on site.

- **Investment:** Unrestricted investment by foreigners with broad range of investment activities and promotion.
- **Logistics and Trade Support:** The center simplifies import and export operations by providing logistical support for clearing and forwarding merchandise through Tanzanian ports.
- **Networking Opportunities:** The center fosters valuable partnerships and business growth by connecting investors with key public and private organizations relevant to their industry and operations.
- **Foreign Exchange:** *Liberalized foreign exchange regime where repatriation of profits is allowed.*

#### Key Findings:

- **Current System:** The SEZ Act offers a range of non- fiscal incentives for developers and operators, but tax exemptions are governed by separate fiscal laws.
- **Challenge for Investors:** This separation creates uncertainty, delays, and limited applicability for tax benefits, especially those outside the EAC framework.
- **Impact:** These challenges can deter investment in Tanzanian SEZs.

#### Implications:

- **Harmonize:** Align SEZ Act tax benefits with EAC Customs Management Act for regional market access.
- **Improve Communication:** Provide clear information on available tax benefits and claiming procedures.

### 3.6 **Beyond Policy: A Look at Government Investment in Tanzania's SEZs**

The establishment of a well-defined legal framework is a critical first step for Special Economic Zones (SEZs) development. However, government investment is another crucial pillar for fostering a thriving SEZ ecosystem. This section leverages the findings of the baseline study to analyze government investment in Tanzania's SEZs. We'll explore the current level of investment, how these resources are allocated, and assess their impact on SEZ development. By gaining a deeper understanding of these factors, we can identify strategic investment opportunities that will further enhance the attractiveness and effectiveness of Tanzania's SEZs.

The Benjamin William Mkapa Special Economic Zone (BWM SEZ) is strategically located in Mabibo External, Ubungo District, Dar es Salaam Region, Tanzania. It is conveniently situated adjacent to the EPZ Authority offices, facilitating seamless administrative interactions. The zone encompasses an area of 25 hectares (equivalent to 62 acres) and is entirely owned by the government.

The establishment of the BWM SEZ stemmed from a comprehensive feasibility study conducted in collaboration with the Japanese government through the Japan International Cooperation Agency (JICA). This initiative was initiated at the behest of the President of the United Republic of Tanzania (Phase III), seeking expert guidance on industrial development strategies. The meticulous study meticulously crafted a nationwide industrial development plan, aptly named "Tanzania Mini-Tiger 2020." This plan drew inspiration from the successful industrialization trajectories of Asian nations that had effectively leveraged SEZs to propel their economic growth. A pivotal recommendation emanating from this study was the establishment of a pilot SEZ to serve as a tangible demonstration of the SEZ model's viability. Consequently, the government embarked on the development of the BWM SEZ, positioning it as a "proof of concept" project.

The development of the BWM-SEZ commenced in 2005 with the laying of essential infrastructure, including roads, clean water and wastewater systems, electricity, and telecommunications. The construction of this critical infrastructure was completed in 2010 at a total cost of US\$29.862 million, equivalent to [1] Tanzanian Shillings 36.4 billion. The entire funding for the development of the BWM-SEZ was provided by the Tanzanian government. To date, this zone remains the only one fully developed and completed by the government.

Furthermore, the government has continued to invest in SEZ policy, through acquisition of land and payment of compensation to newly declared SEZs, supporting EPZA recurrent and development budget. The development and management of SEZ schemes is one of the basic responsibilities of the Export Processing Zones Authority in accordance with the Law. In carrying out this responsibility, the Authority acquires land areas by paying compensation, undertakes pre-development activities including feasibility study, Strategic Environmental Impact Assessment-SEIA, preparation of a Masterplan, preparation of a detailed design of the onsite Infrastructure, and finally, development/construction of the basic onsite infrastructure that includes the roads network, water and sewage systems and electricity such that the areas are ready for investment and become serviced land (EPZA, 2023). Table 4 show the a summary of investors application received, new investors, amount of capital invested, number of employment generated and export value from 2018-2023.

**Table 4: EPZ/SEZ licensed Investors 2018/19-2022/23 (Up to March 2023)**

| DESCRIPTION                     | 2018/2019 | 2019/2020 | 2020/2021 | 2021/2022 | 2022 To March 23 |
|---------------------------------|-----------|-----------|-----------|-----------|------------------|
| Applications                    | 25        | 10        | 22        | 33        | 28               |
| New Investments                 | 11        | 5         | 17        | 23        | 6                |
| Capital Invested (US\$ Million) | 180.06    | 59.86     | 89.3      | 75.64     | 16.6             |
| Employment                      | 620       | 415       | 4919      | 4883      | 1,297            |
| Export (US \$Million)           | 17        | 75        | 96.41     | 118.34    | 10.5             |

Source: EPZA, 2024



## Unlocking Potential: How Budget Shortfalls Hinder SEZ Alignment with National Goals

Despite the proven potential and attractiveness of SEZs and its benefits, several designated areas, including Bagamoyo SEZ, Kigoma SEZ, Tanga SEZ, Ruvuma SEZ, Manyara SEZ, Mara SEZ, Mtwara SEZ, Nala SEZ, and Singida SEZ, remain in the land acquisition phase with minimal supportive infrastructure. This process necessitates the allocation of substantial compensation.

This delay in land acquisition hinders the effectiveness of the Export Processing Zones Authority (EPZA) in developing these designated SEZs. While Table 5 demonstrates a gap between planned and actual development budget allocations, even recurrent budget allocation suffers. A significant portion of the EPZA's recurrent budget relies on revenue generated through license fees and land leases. Unfortunately, these sources prove inadequate to sustain day-to-day operations when SEZs are still in the land acquisition phase and cannot yet attract a substantial number of businesses.

**Table 5: Trend of development budget from 2016/17 to 2022/23 (In billion TShs)**

| Financial Year | Requested Amount (A) | Approved Amount (B) | Deficit against request (A-B) | Amount Disbursed (C) | Deficit against approved (C-B) | % (C-B)     |
|----------------|----------------------|---------------------|-------------------------------|----------------------|--------------------------------|-------------|
| 2016/2017      | 242.46               | 0.95                | -241.51                       | 0.88                 | -0.07                          | -7%         |
| 2017/2018      | 44.03                | 28.47               | -15.56                        | 1.69                 | -26.78                         | -94%        |
| 2018/2019      | 42.54                | 26                  | -16.54                        | 5.6                  | -20.4                          | -78%        |
| 2019/2020      | 39.78                | 16.37               | -23.41                        | 1.12                 | -15.25                         | -93%        |
| 2020/2021      | 39.86                | 9.6                 | -30.26                        | 0.86                 | -0.87                          | -91%        |
| 2021/2022      | 19.04                | 9.14                | -9.9                          | 1.08                 | -8.06                          | -88%        |
| 2022/2023      | 22.4                 | 3.52                | -18.87                        | 1.32                 | -2.2                           | -63%        |
| <b>TOTAL</b>   | <b>450.11</b>        | <b>94.05</b>        | <b>-356.05</b>                | <b>12.55</b>         | <b>-73.63</b>                  | <b>-78%</b> |

Source: EPZA, 2024

### Driving Industrial Growth Through SEZs in Tanzania

Tanzania's national development plans prioritize industrialization, and the concept of Special Economic Zones (SEZs) aligns perfectly with this objective. Three key documents showcase how these zones are positioned to propel industrial growth through concrete actions.

**CCM Election Manifesto 2020-2025;** This manifesto takes a strategic approach to SEZ development. It calls for actively allocating and acquiring land for SEZs/Export Processing Zones (EPZs). Significantly, it emphasizes the development of critical infrastructure within these zones, including roads, electricity, and water lines (page 57). By prioritizing infrastructure creation, the manifesto directly addresses a major hurdle for industrial investors, making SEZs more attractive and ready for immediate business operations.

President Dr. Samia Suluhu Hassan's Inaugural Speech.....

*"In addition, we intend to designate industrial zones based on the crops that are grown in those areas. Furthermore, another approach to accelerate industrialization in the country is to designate and develop special economic zones, with a focus on border areas or areas with strong transportation infrastructure, such as railways, ports, and roads that connect us to neighboring countries. And in this regard, the issue of Industrial Parks is of great importance in stimulating the construction of industries and also enabling our country to better benefit from business opportunities, including through various protocols such as the EAC, SADC, and the African Free Trade Area....".*

This reinforced the government's commitment to industrialization. It's possible that President Samia Suluhu Hassan actively championed SEZs as a crucial tool to achieve this goal. Publicly advocating for SEZs in this way sends a strong signal of the government's ongoing support for this development strategy.

**National Five-Year Development Plans:** Tanzania is currently implementing its Third National Five-Year Development Plan (2021/22-2025/26). The baseline study revealed the concrete steps the government is taking to leverage SEZs as a springboard for propelling industrialization.

*"...The Government will continue to strengthen the infrastructure in designated Special Economic (SEZ) and Export Processing Zones (EPZ). Further, the Government intends to establish new EPZ and SEZs in Singida (Manyoni), Pwani, Kigoma, Tanga, Manyara, Mara, and Ruvuma. The private sector will be encouraged to invest in these zones".... (Ref: Page 130-131 of the National Five-Year Development Plan 2021/2022-Flagship Project 16: Development of SEZs/EPZs).*

Land allocation, infrastructure development, and potentially further initiatives outlined in the national development plans Tanzania demonstrates its active use of SEZs to unlock its industrial potential and achieve its national development goals.

### Key Findings:

- **National development plans prioritize industrialization in Tanzania;** SEZs are viewed as a key driver of industrial growth.
- **Government plans for SEZs;** include land allocation and essential infrastructure development (roads, electricity, water) to address investor needs.
- **Limited government investment.** Insufficient funding for land acquisition and infrastructure development in most SEZs.
- **Budget constraints for EPZA:** The Export Processing Zones Authority lacks resources to develop SEZs.

### Implications:

- **Increase government SEZ investment:** Allocate more resources for land acquisition and infrastructure development.
- **Explore alternative funding options:** Consider public-private partnerships or innovative financing mechanisms.
- **Prioritize EPZA budget allocation:** Ensure EPZA has enough funds for operations and development initiatives.

### 3.7 **Beyond Investment: Examining Public-Private Collaboration in Developing Tanzania's SEZs**

Despite the fact government investment is crucial for laying the groundwork, it's not the only factor determining the success of Tanzania's SEZs. This subsection delves beyond just financial resources and explores the concept of public-private collaboration (PPC). We examined how effective partnerships between the public sector and private entities can play a transformative role in propelling SEZ development and achieving Tanzania's industrialization goals.

Recognizing the importance of collaboration, Tanzania has established a legal framework to facilitate Public-Private Partnerships (PPPs). The Public-Private Partnership Act, 2018 (as amended in 2023) and its accompanying public-private partnerships regulations, 2020 provide a clear path for government and private entities to work together. This approach acknowledges the valuable role the private sector, both domestic and foreign, can play in financing, developing, and operating SEZs, fostering a more efficient and successful development model.

#### **PPP Scheme in SEZ Development: Global Experience**

Reflecting a global trend in Public-Private Partnerships (PPPs) for SEZ development, there are three main models: 1) foreign-led development where foreign companies directly invest in or partner with local businesses (as private Foreign Direct Investments) to establish and manage SEZs, 2) partnerships between the government and foreign developers where both share investment and development responsibilities, and 3) government-to-government partnerships for joint SEZ development and management.

#### **SEZ developed by foreign developers or through joint ventures with local companies as private FDIs**

In this partnership, a foreign developer enters a Joint Venture with a public or private local company. In most cases, the foreign developer becomes the manager of the zone or a partner in the management company. Examples of such partnership are Amata City Bien Hao, developed by Amata (Thailand) in Viet Nam (1994) through a joint venture with Viet Nam's State-owned enterprise Sonadez and Pearl River SEZ developed by New South (China) in Kenya (2017) through a joint venture with African Economic Zone (1000 acres).

### **SEZ developed through public-private partnerships with foreign developers**

These are Special Economic Zones developed through a joint venture between private companies and Governments. Examples of such partnership are Savan-Seno SEs Democratic Republic (2003), developed through a joint venture between Malaysian private companies and the Government; Free Industrial developed by Hualing Group (China) in Georgia (2015), based on a memorandum of understanding with the Ministry of Economy and Sustainable Development of Georgia; and Lekki FTA developed by Chinese consortiums in Nigeria (2006) through a joint venture with the Lagos State Government.

### **Zones developed as government-government partnership projects**

Government-to-government partnership SEZs have become popular in recent years. They are underpinned by a bilateral agreement to jointly develop SEZs, setting up the cooperation framework, the division of responsibilities, and the development and management mechanism of the zones. Government partnership zones can be built and managed by host-economy developers, home-country developers, joint ventures, or third-country developers, to benefit from their capital or expertise in development. Examples of such partnerships are Suzhou Industrial Park developed by China and Singapore; Batamindo Industrial Park developed by Singapore and Indonesia; Sihanoukville SEZ developed by China and Cambodia and Sittwe SEZ developed by India and Myanmar

Government partnership zones are being established at the initiative of both the host country and the partners. A mixture of development assistance, economic cooperation and strategic considerations is encouraging the development of partnership zones initiated by investor home-country governments. Major ODA donors and multilateral development institutions have included development of SEZs as part of development assistance. The World Bank, along with the U.S. Agency for International Development and the European Investment Bank, supported the establishment of the Gaza Industrial Estate in 1999 to increase employment and GDP, for example. Japan added industrial park development to its menu of industrial development assistance in the early 2000s and through the Japan International Cooperation Agency helped build SEZs in the Middle East and Africa.

Although Tanzania currently lacks SEZs operating under Public-Private Partnerships (PPPs), the government demonstrates strong interest in this model. Between 2013 and 2020, discussions with China Merchants Ports Holding (CMPorts) and the Reserve Fund for the Sultanate of Oman (SGRF) regarding Bagamoyo SEZ's PPP development proved unsuccessful. Now, the government actively promotes the zone to attract other private sector developers for a PPP venture.

### **Key Findings:**

- **Limited Reliance on Sole Government Investment:** Government funding is crucial for SEZ development, but not the only factor for success.
- **Importance of Public-Private Collaboration (PPC):** Effective partnerships between public and private sectors can significantly contribute to SEZ development.

- **Legal Framework for PPPs:** Tanzania has established a Public-Private Partnership Act to facilitate collaboration between government and private entities in SEZ development.
- **Global Trend of PPP Models:** Three main PPP models exist for SEZ development: foreign-led, government-foreign developer partnerships, and government-to-government partnerships.

#### **Policy Implications:**

- **Promote PPPs as a Viable Option:** Encourage private sector participation in SEZ development through targeted policies and incentives.
- **Streamline PPP Approval Processes:** Simplify procedures and regulations for establishing PPPs in SEZs, reducing bureaucratic hurdles for investors.
- **Develop PPP Expertise:** Build government capacity to effectively negotiate and manage PPP agreements in SEZ development.
- **Diversify Partnership Options:** Explore partnerships with various private sector entities (domestic and foreign) beyond traditional models

### **3.8 Beyond Manufacturing: Building Bridges Between SEZs and Key Sectors in Tanzania**

Despite the fact Special Economic Zones (SEZs) are often viewed as catalysts for industrial development, their potential extends far beyond manufacturing. This subsection delves into the crucial connections between SEZs and other key sectors in Tanzania's economy. We'll explore how SEZs can act as bridges, fostering collaboration and mutual growth between industries. By strategically integrating these sectors, Tanzania can unlock the full potential of SEZs and create a more robust and diversified economic landscape.

Manufacturing sector enable the restructuring of existing sectors and allow enterprises to become more efficient, diversify the economy into new industrial sectors, integrate enterprises into global value chains, as well as to lead to gains in technology, know-how and production methods. As such, industrial policy is a cross-disciplinary and seeks to ensure coordinated action in many different policy areas with linked objectives, including through investment, trade, fiscal, financial, R&D and innovation, education, labour, agriculture, infrastructure, transportation, energy and environmental policy measure.

#### **Tanzania's Economic Diversification: A Two-Sided Story**

Tanzania's economy has undergone a significant shift over the past five decades. The contribution of agriculture to GDP has steadily declined, dropping from around 50% in the 1970s to roughly 26-28% today. This trend reflects a growing emphasis on industry and services. Despite this diversification, agriculture remains a vital sector for Tanzania's socio-economic development. It employs a large portion of the population, ensures food security, supplies raw materials for industries, and generates a significant share of GDP and foreign exchange earnings. Additionally, as agriculture's direct contribution to GDP shrinks, its role in upstream value chains is expanding, creating new job opportunities. On the overall,

agriculture productivity in Tanzania is still very far from the frontiers of high productivity. Most agriculture production is undertaken by small holder farmers operating about 2 hectares applying very little external inputs.

### **Conceptual framework**

Special Economic Zones (SEZs) can play a crucial role in strengthening linkages between agriculture, mining, and tourism sectors in Tanzania, fostering a more integrated and productive economy through upward and backward linkage of various key sectors that Tanzania has comparative advantage. These sector may include but not limited to agriculture, mining and tourism.

#### **Upward Linkages (SEZs as a Market for Raw Materials)**

**Agriculture:** SEZs can create a guaranteed market for high-quality agricultural products by establishing agro-processing facilities within the zone. This incentivizes farmers to invest in improved practices and technology, leading to increased productivity and income. **Mining:** SEZs can create demand for minerals used in manufacturing processes located within the zone. This provides a reliable market for mining companies, encouraging investments in exploration and responsible mining practices.

#### **Backward Linkages (SEZs Providing Inputs to Other Sectors)**

**Agriculture:** SEZs can house facilities that produce agricultural inputs like fertilizers, pesticides, and improved seeds. This provides farmers with easier access to these resources, reducing costs and improving agricultural efficiency. **Tourism:** SEZs can manufacture supplies and equipment needed by the tourism industry, such as textiles for uniforms, furniture for hotels, and souvenirs. This creates a local source for these products, potentially reducing costs and promoting local businesses.

**Infrastructure Development:** SEZs can act as catalysts for infrastructure development in surrounding areas, improving access to markets and resources for agricultural producers, miners, and tourism businesses. **Technology Transfer:** SEZs can attract companies with advanced technologies, facilitating knowledge and skills transfer to local farmers, miners, and tourism service providers.

**Skilled Workforce Development:** Training centers within SEZs can equip the workforce with skills needed for jobs in agro-processing, mining support services, and tourism-related manufacturing. While Tanzania's agricultural sector is dominated by small-scale farmers, SEZs can still create positive spillover effects. Improved infrastructure and access to technology can benefit these farmers by lowering input costs and facilitating integration into value chains.

#### **Limited Sector Linkages within Tanzania's SEZs: Missed Opportunities**

A key finding suggests a concerning lack of robust collaborative efforts and linkages between various sectors within Tanzania's Special Economic Zones (SEZs). This presents a missed opportunity to unlock the full potential of SEZs in driving economic growth and diversification.

The report highlights several initiatives aimed at fostering collaboration, but their impact seems limited. Examples include the review of the SEZs master plan between EPZA and Ardhi University, EPZA and Economic and Social Research Foundation (ESRF) feasibility study. Collaboration between EPZA and various stakeholders, TARURA, DAWASA, TANESCO, and Port Authority. While collaboration across these agencies is crucial for infrastructure development within SEZs, the focus seems primarily on foundational aspects.

Initiatives like the Prime Minister's Office- Labour - SEZ Apprenticeship program and the MoU between EPZA and Financial Sector Deepening (FSD) Africa point towards efforts to unlock and support sustainable financing solutions for implementing various industrial infrastructure development projects including Special Economic Zone infrastructure compliant with sustainable development with green technology, skills development and technical expertise for product development while the focus on capital mobilization. However, the broader picture of sector linkages remains unclear. The mention of a potential off-taker relationship between MAHASHREE and an agro-processing company in Morogoro offers a glimpse of what could be achieved, but such examples appear to be isolated incidents rather than a systemic approach.

### **Limited Linkages: Why is Collaboration Lagging**

Several factors hindering robust sector linkages within Tanzania's SEZs. The focus heavily skewed towards attracting large foreign investors to establish manufacturing units within the zones. This approach unintentionally neglect fostering connections with local businesses, particularly those in agriculture, mining, tourism and other sectors. Additionally, while infrastructure development receives attention within SEZs, the focus is restricted to internal logistics and utilities. Building infrastructure that facilitates seamless connections between SEZs and surrounding areas is crucial. This will enable a smooth flow of raw materials from agricultural producers and miners to SEZ-based processors, and finished goods back to local markets and ports for export.

Furthermore, there is a gap in knowledge sharing and capacity building initiatives. Equipping local businesses, especially small-scale farmers, with the skills and resources necessary to integrate into SEZ-driven value chains is critical. This involve training programs on adopting improved agricultural practices, adhering to quality standards, and navigating the logistics of supplying to SEZ-based processors. Moreover, absence of national-wide zoning/cluster based region's comparative advantage Zones hinders sector linkages.

### **Key Findings:**

- ***SEZs go beyond manufacturing:*** While traditionally viewed as industrial hubs, SEZs can foster connections between various sectors like agriculture, mining, and tourism. This collaboration can lead to mutual growth and a more robust economy.
- ***Tanzania's economic shift:*** Agriculture's contribution to GDP has decreased significantly, while service and industry sectors are growing. However, agriculture remains crucial for employment, food security, and raw materials.

- **SEZs for sector linkages:** SEZs can create upward linkages by providing a market for agricultural and mineral products within the zone. Additionally, backward linkages can be established by housing facilities producing agricultural inputs or tourism supplies within the SEZ.
- **Missed opportunities for collaboration:** The report highlights a lack of strong collaboration between different sectors within Tanzanian SEZs. Initiatives exist (e.g., apprenticeship programs), but their impact seems limited. This hinders the full potential of SEZs for economic development.
- **Reasons for limited linkages:** Several factors contribute to the limited collaboration: focus on attracting foreign investors over local businesses, inadequate infrastructure for value chains beyond the SEZ zone, and a gap in knowledge sharing and capacity building for local businesses to integrate into SEZ-driven activities

#### Implications:

- **Focus on attracting foreign investment:** The primary focus on attracting large foreign investors to establish manufacturing units within the SEZs. This lead to a neglect of fostering connections with local businesses, particularly those in agriculture, mining, and tourism.
- **Inadequate infrastructure for value chains:** While infrastructure development within SEZs receives attention, the focus is limited to internal logistics and utilities. Building infrastructure that facilitates seamless connections between SEZs and surrounding areas, enabling smooth flow of raw materials and finished goods is lacking.
- **Limited knowledge sharing and capacity building:** There is a gap in knowledge sharing and capacity building initiatives aimed at equipping local businesses, particularly small-scale farmers, with the skills and resources necessary to integrate into SEZ-driven value chains.
- **Absence of national zoning/clusters based SEZs on region's comparative advantage;** hinders sector linkages.

### 3.9 **Land Acquisition Costs: Understanding Industrial Plot Pricing in Tanzania's SEZs**

Investment incentives are a critical factor in attracting businesses to Special Economic Zones (SEZs), although another crucial consideration is land cost. This subsection explores into the findings of an SEZ survey, specifically focusing on industrial plot pricing in Tanzania. We explored how land acquisition procedures and costs impact SEZ development and identify potential strategies for ensuring affordability and accessibility for a wider range of investors. By understanding these dynamics, Tanzania can optimize land use within SEZs and create a more attractive environment for businesses of all sizes.

According to the Tanzania National Land Policy statement Paragraph 4.2.8 (ii), it has been explicitly stated that, investors will be granted land that they be able to develop and that the indigenous interest will be safeguarded. In that context, the areas for investment in the country under the programme of Special Economic Zones (SEZ) are acquired by EPZA on



behalf of the Government in regards to Section 3 of Export and Processing Zone Act. The acquisition of land is one of basic requirement of EPZA as per section 13(2) (a) of EPZ Act read together with section 14 (2) of Special Economic Zone Act.

Moreover, Section 29 of EPZ Act of 2002 Cap. 323, as amended 2012 highlight procedures to be adhered to in the process of identifying and acquiring land. This section has directed EPZA to adhere to the Constitution of the Republic of Tanzania and the Land Acquisition Act of 1967. Prior to Land acquisition, valuation has to be carried out according to Section 3(1)(g) of the Land Act No. 4 of 1999 and section 3(1)(h) of the Village Land Act No.5 of 1999 with regulations of 2001. In addition, Section 8 (1)-(4) of SEZ Act provides a procedure for establishment of special Economic Zones, land occupancy by a person other than EPZA, and section 9 (1-3) on land under occupancy by a person other than the Authority specifically private entities.

**In accordance with the relevant legal provisions, the Export Processing Zones Authority (EPZA) follows these procedures for land acquisition:**

***Step 1: Land Request and Identification***

- The Ministry responsible for Industry or the EPZA itself writes to the Regional Governments requesting them to set aside areas of not less than 2000 hectares for investment under the EPZ and SEZ systems.
- Regional Governments, in collaboration with the relevant Local Government Authorities, recommend areas they consider suitable for investment under the EPZ and SEZ systems.

***Step 2: Land Valuation and Compensation***

- Once an area is identified, the relevant Local Government Authority is responsible for land acquisition procedures, including demarcation of the area, valuation, and ultimately participation in the payment of compensation in the respective area. In some cases, the Authority has been using experts from the Office of the Chief Valuer of the Government.
- Compensation payment schedules approved by the Chief Valuer of the Government are used by the EPZA to request funds from the Treasury. Additionally, the Government approves and allocates compensation funds in the annual budget.
- Compensation payments are made by the Government through the EPZA as funds become available from the Treasury.

***Step 3: Land Survey and Title Registration***

- After the completion of compensation payments, the area is surveyed (cadastral survey) and the survey map is approved by the Director for Surveys and Mapping.
- Procedures for land ownership by the EPZA are carried out (Land Title Deed).

**Notes:**

- The process involves collaboration between multiple government agencies, including the EPZA, Regional Governments, Local Government Authorities, the Ministry responsible for Industry, the Office of the Chief Valuer of the Government, and the Department of Surveys and Mapping.
- Compensation payments are made from government funds allocated in the annual budget.
- Land ownership is transferred to the EPZA once the land acquisition process is complete

**Box 1:** Land acquisition process for SEZ in Tanzania

**In accordance with the relevant legal provisions, private investors who want to invest within EPZ or SEZ scheme using land owned by Export Processing Zones Authority (EPZA) follows these procedures for land acquisition:**

- (i) Investor both local or foreign writes to the EPZA requesting land for investment purpose indicating a place and size of land requested under the EPZ or SEZ scheme. The letter must be accompanied with relevant project proposal/business plan for that matter.
- (ii) Once the request received by EPZA, they internally consider the application using key performance indicators (KPI), specifically on employment level, export, investment capital and expected export value depending the project proposal.
- (iii) Once it is approved, the applicant (both local or foreign) will sign a lease agreement of a period not more than 33 years for the time.

**Box 2:** Land Acquisition Process for Private Investor applying land owned by EZPA

**In accordance with the relevant legal provisions, Private Standalone EPZ/SEZ adapt the following procedures for land acquisition:**

- (i) Private entities liaise with relevant local government authority or private entities to secure land for investment purpose, they may either buy or lease for specified period of time based on party's agreements.
- (ii) Once they acquire land (either buy or lease), they submit proof of ownership and project proposal to EPZA indicating the intention for registering under SEZ or EPZ scheme.
- (iii) Once EPZA internal scrutinization is done and approved, and if the investment is considered as local (wholly owned by local or a joint venture where majority shareholders are local, 51%:49%) EPZA will issue an appropriate licence (developer licence as appropriate) and investor enjoy all benefits listed in the EPZ or SEZ Act.
- (iv) If the investment is considered foreign, the ownership of land shall be transferred to EPZA. Foreign investor will be issued a derivative right for investment and licence under the requested scheme and investor enjoy all benefits listed in the EPZ or SEZ Act.

**Notes:**

The process involves collaboration between multiple government agencies, including the Attorney General Office and Minister responsible for EPZ/SEZ to declare and land area is officially gazetted

**Box 3: Land Acquisition Process for Private Standalone SEZ/EPZ**

**The Rise of Private SEZs: A Response to Delays and Infrastructure Challenges**

The report highlights a significant trend that the emergence of standalone or privately owned SEZs and EPZs. This phenomenon can be attributed, in part, to delays and challenges associated with obtaining serviced land within zones managed by the Export Processing Zones Authority (EPZA). Obtaining plots within EPZA-owned SEZs is known for being a relatively streamlined and cost-effective process compared to other land acquisition methods for SEZ and EPZ investments. However, the report suggests that the process within EPZA zones might be hampered by slow development and surveying procedures for EPZA owned land. This can lead to significant delays for investors eager to begin operations.

Furthermore, the findings indicate that readily available land of suitable size, often accompanied by existing supportive infrastructure near the area, is a major factor driving the growth of private SEZs. These readily available plots with existing infrastructure offer a clear advantage for investors, allowing them to bypass the potentially time-consuming procedures and potential delays associated with EPZA-managed zones. This accessibility and existing infrastructure create a more attractive environment for investors seeking to establish operations swiftly and efficiently.

In essence, the rise of private SEZs reflects a response to the limitations of the current system within EPZA zones. The findings reveals that most private registered SEZ charge relatively high price for plot compared to EPZA plots. The lease price is 1:7 US dollar for EPZA and private owned SEZ respectively. Investors seeking a faster and smoother path to establishing their operations are opting for readily available land in privately managed SEZs, often accompanied by the benefit of onsite infrastructure such as road, electricity and water. This trend underscores the need for EPZA to address these challenges and potentially streamline their land developments.

The existence of private standalone SEZs or EPZs presents a unique opportunity and challenge for the government's SEZ policy. On the one hand, these private zones offer a chance to accelerate the implementation of the SEZ strategy by expanding the number of operational zones. This can potentially lead to faster economic growth and job creation. However, the government also faces the challenge of mobilizing essential infrastructure for these zones. Unlike government-managed SEZs where infrastructure development can be centralized, geographically dispersed private zones make it more complex to ensure they have the necessary on-site and off-site infrastructure, such as transportation networks, utilities, and waste management systems. Effective coordination and strategic planning between the government and private SEZ developers will be crucial to ensure these zones are well-integrated and function smoothly within the broader SEZ landscape.

While implementing a well-developed SEZ Master Plan can unlock significant benefits like industrial clustering, value chain development, and cost-effective infrastructure, the challenge lies in widespread absence of such plans. Many regions and councils, besides Dar es Salaam, Bagamoyo and Kibaha, lack Land Use Master Plans, making it difficult to strategically develop SEZs that promote collaboration, efficient resource allocation, and positive spillover effects across the economy.

Currently, master plans are only in place for cities, municipalities, and some town councils. 28 councils out of 184 available in the mainland Tanzania had land use Master Plans by the end of year 2023. This means land acquisition in areas without general planning schemes may fall under village land governed by Act No. 5 (1999). However, this act necessitates a change of land category, requiring approval from the village assembly all the way up to the national level, with final approval granted by Her Excellency, the President of United Republic of Tanzania. Furthermore, granting permission is contingent upon the village land having a land use plan, which also requires its own process.

- ***EPZA Land Acquisition:*** The official procedure involves collaboration between multiple government agencies. Local authorities identify suitable land, conduct valuations, and compensate landowners. EPZA then secures the land title. This process can be slow due to surveying and development delays.
- ***Private Investor Acquisition within EPZA:*** Investors apply to EPZA for land within existing zones. If approved, a lease agreement is signed for up to 33 years.

- **Private Standalone SEZs:** Private entities acquire land directly (purchase or lease) from local authorities or other private entities. They then submit ownership proof and project proposals to EPZA for registration under the SEZ scheme.
- **Limited Master Plans:** 28 councils out of 184 available in the mainland Tanzania had land use Master Plans by the end of year 2023. Master plans, which streamline land use and development, are only available in some cities and municipalities.
- **Village Land Act Applies:** In areas lacking master plans, and not under general land, land acquisition falls under village land governed by Act No. 5 (1999).
- **Lengthy Approval Process:** Acquiring village land requires navigating a lengthy bureaucratic process involving approval from the village assembly up to the national level, with final authorization by the President.
- **Land Use Plan Requirement:** Granting permission for land use further hinges on the existence of a land use plan for the specific village land, adding another layer of complexity.
- **Benefits for Local Investors:** Wholly local or majority local ownership allows investors to keep land ownership and enjoy all SEZ benefits.
- **Benefits for Foreign Investors:** EPZA takes ownership of the land and issue a derivative right for investment, a SEZ license and investor enjoy all SEZ benefits.
- **Rise of Private SEZs;** The growing trend of private SEZs emerging due to: Delays and challenges in obtaining serviced land within EPZA zones.

## Policy Implications

### ***The existence of private SEZs presents both opportunities and challenges*** **Opportunities**

- Faster SEZ development and broader implementation of the SEZ strategy.
- Potential for accelerated economic growth and job creation.

### **Challenges**

- Ensuring essential infrastructure development for geographically dispersed private zones.
- **Scattered SEZs:** Private land acquisition arrangements lead to geographically dispersed SEZs. This makes it expensive for the government to provide essential infrastructure (on-site and off-site) in a timely manner, hindering the effectiveness of the SEZ policy.
- Mobilizing resources for on-site and off-site infrastructure (transportation, utilities, waste management) across these zones.
- Pricing of land under private zones are relatively high compared to land near zones, so enticing investor to purchase land and encourage standalone SEZ.

- Moderation of land size offered to investors and adhere to performance audit against the contract based on the license granted

### **Lessons:**

#### **Coordination and Planning**

- Effective coordination and strategic planning between the government and private SEZ developers are crucial for successful integration of these zones into the broader SEZ landscape.
- The government may need to explore ways to incentivize private SEZ development in strategically designated locations to optimize infrastructure investment.

#### **SEZ Master Plan Development and Adherence: Implementing a well-developed SEZ Master Plan can promote**

- **Industrial Clustering:** Grouping similar industries together fosters collaboration and knowledge sharing.
- **Value Chain Development:** Locating complementary industries within the SEZ creates a supportive ecosystem.
- **Spillover Effects:** Benefits like job creation and technology transfer extend beyond the SEZ boundaries.
- **Cost-Effective Infrastructure Development:** Concentrated development allows for efficient and lower-cost infrastructure provision (utilities, waste management, transportation).
- **Zoning:** Designating specific areas within the SEZ for different purposes optimizes infrastructure usage and reduces costs (e.g., shared waste treatment facilities).

#### 3.10 **Beyond Infrastructure: A Look at Utility Costs and Reliability in Tanzania's SEZs**

Ensuring a reliable and cost-effective supply of utilities like electricity, water, telecommunications and waste management services is crucial for the smooth operation of any industrial zone. Acquiring a serviced plot with access to utility connections is easier in the industrial park than it is outside the industrial park. This subsection delves into the findings of an SEZ survey, specifically focusing on utility costs and reliability within Tanzania's Special Economic Zones (SEZs). We'll explore how these factors impact SEZ development and identify potential strategies for ensuring a competitive utility landscape that attracts and sustains businesses. By understanding these challenges, Tanzania can create a more attractive environment for investors seeking reliable and affordable utilities within their SEZs.

The findings suggest that, one key issue is the lack of standardized pricing. Water tariffs vary by region, with some providers like DAWASA in Dar es Salaam charging a flat rate for both residential and industrial users. This can be disadvantageous for SEZ businesses, which typically have higher water consumption needs.

Electricity presents another set of complexities. SEZs face a two-tiered tariff system for electricity, with both service charges and per-unit costs. These tariffs can be further complicated by the "Maximum Demand Rule" based on kVA (kilovolt-ampere). This rule can lead to additional charges for businesses, even during periods of low power consumption.

These complexities are compounded by underlying challenges within the Tanzanian utility sector. SEZs grapple with issues like unreliable power supply, frequent rationing, and fluctuations in power quality. These un-reliabilities necessitate investment in backup generators for businesses, adding significant costs to their operations. Overall, the current utility landscape in Tanzania's SEZs presents a barrier to attracting and retaining businesses seeking a reliable and cost-effective environment.

Despite the forementioned challenges, Tanzania boasts a diverse and promising energy mix for powering its Special Economic Zones (SEZs). Hydropower currently reigns supreme, with state-owned TANESCO overseeing its generation, transmission, and distribution. This dominance is set to receive a significant boost with the nearing completion of the colossal Rufiji Hydro Dam, generating over 2,000 MW and solidifying Tanzania's path towards energy independence.

Beyond hydropower, Tanzania possesses vast potential in natural gas and renewable sources like solar, wind, and geothermal. The country is leveraging its natural gas reserves with a robust pipeline running from Mtwara to Kinyerezi, and even harbours ambitions for an LNG project with international energy companies. Renewable energy development is also gaining momentum, attracting private investment through public-private partnerships. This multi-pronged approach to energy generation positions Tanzania to create a sustainable and reliable energy landscape that can power the growth of its SEZs.

- ***Unreliable and Costly Utilities:*** A lack of standardized pricing, complex electricity tariffs, and unreliable power supply (with rationing and quality fluctuations) create challenges for SEZ businesses. These issues increase costs due to the need for backup generators.
- ***Disadvantageous Water Pricing:*** Flat rate pricing structures (like DAWASA's in Dar es Salaam) for water don't consider the higher consumption needs of industrial users within SEZs.

#### **Policy implication:**

- ***Standardize Utility Pricing:*** Implement consistent pricing structures across regions, especially for water, to ensure fairness and predictability for SEZ businesses.
- ***Simplify Electricity Tariffs:*** Review and revise the current two-tiered system with service charges and kVA-based maximum demand rules to create a more transparent and cost-effective pricing model for SEZs.
- ***Invest in Power Reliability:*** Prioritize infrastructure improvements and generation capacity expansion to ensure a reliable and consistent electricity supply within SEZs.

- **Explore Renewable Energy:** Tap into Tanzania's potential for solar, wind, and geothermal energy to create a more sustainable and efficient energy mix for SEZs.
- **Public-Private Partnerships:** Encourage private sector investment in renewable energy development through public-private partnerships to leverage expertise and resources

### 3.11 ***Navigating the Maze: A Review of Regulatory Frameworks in Tanzania's SEZs***

A clear and efficient regulatory framework is vital for any Special Economic Zone (SEZ) to thrive. This subsection of the SEZ survey findings delves into the complexities of navigating the regulatory environment within Tanzania's SEZs. We'll explore the perspectives of SEZ businesses on the current regulatory framework, including its transparency, consistency, and effectiveness in facilitating business operations. By understanding these challenges, policymakers can identify areas for improvement and streamline regulations to create a more business-friendly environment that fosters investment and growth within Tanzania's SEZs.

The rapid growth of SEZs and their success in contributing to export-led growth is due in part to an unprecedented era of globalization of trade and investment that took place during the 1980s and 1990s, with the rise of global production networks (GPNs). In Tanzania, SEZ was introduced in early 2000 as a response of the market liberalization policy where trade and investment opening through Foreign Direct Investment took shape. The move was enhanced with the establishment of Export Processing Zone Authority, to spearhead the export processing zone to promote exports through manufacturing to support the economy in job creation and foreign exchange earnings.

Special Economic Zones (SEZs) in Tanzania find their roots in the East African Community (EAC) Treaty. Tanzania, along with Kenya and Uganda, are original members of the EAC with a long history, marked by a revival in 2000. The EAC's focus on regional economic cooperation is hailed as one of the most advanced Custom Unions, achieved through its Common External Tariff agreement on trade. This culminated in the EAC Customs Protocol in 2005, paving the way for the enactment of the East African Community Customs Management Act. This act allows for the operationalization of customs under a common framework amongst the partner states. Furthermore, the EAC Customs Union Protocol enables EAC Partner States to trade and negotiate as a single market with the rest of the world, including on SEZ matters.

The East African Community (EAC) SEZ Policy has been adopted, and its accompanying regulations are currently in advanced stages of consultation for approval among Partner States. The EAC SEZ scheme, as outlined in Draft Regulation 10, encompasses various programs. Furthermore, the EAC negotiated as a regional block representing its Partner States within the African Continental Free Trade Area (AfCFTA). The approval of the EAC's tariff offer on trade in goods paved the way for official trading by EAC Partner States within AfCFTA in 2023. The AfCFTA Council of Ministers approved Ministerial guidance on the treatment of goods under SEZs. This guidance considers rules of origin to apply to goods originating from SEZs, granting them origin status according to the Rules of Origin



stipulated in Annex 2 of the AfCFTA's Trade in Goods Protocol.

In Tanzania, under domestic laws, both developers and operators of Special Economic Zones (SEZs) under the Export Processing Zone (EPZ) scheme enjoy fiscal incentives. These incentives are outlined in various legal and regulatory documents, including: Tax Laws, The East African Community Customs Management Act (EACCMA), 2004, The East African Community Customs Management Regulations (EACCMR), 2010, The East African Community SEZ Policy, Draft Regulations for the East African Community Customs Management Act 2004, The Value Added Tax Act, 2014 and The Income Tax Act. SEZs in Tanzania also benefit from non-fiscal incentives, such as a one-stop center to streamline administrative processes.

However, SEZ schemes other than the Export Processing Zone (EPZ) currently do not enjoy the fiscal incentives listed above. This is because these schemes are not yet recognized under the East African Community (EAC) protocols. This inconsistency between domestic law and the EAC Customs Management Act creates disincentives for investors. Under current domestic laws, investors in non-EPZ SEZs cannot secure the listed fiscal benefits during the project preparation stage.

### Key Findings:

- **Crucial Role of Regulations:** A clear and efficient regulatory framework is essential for SEZs to function smoothly and attract investment.
- **Historical Context:** The rise of SEZs in Tanzania (early 2000s) coincided with global trends in trade liberalization and the establishment of the Export Processing Zone Authority to promote exports and economic growth.
- **East African Community (EAC) Integration:** Tanzania's SEZs are linked to the EAC framework. The EAC's focus on a common market and customs union allows Partner States to trade and negotiate as a single entity, including on SEZ matters.
- **EAC SEZ Policy and AfCFTA:** The EAC has adopted an SEZ policy with regulations under development. Additionally, the EAC's participation in the African Continental Free Trade Area (AfCFTA) offers opportunities for SEZs, with Ministerial guidance established for goods originating from these zones.
- **Domestic Law and Incentives:** Under Tanzanian domestic law, developers and operators of SEZs under the Export Processing Zone (EPZ) scheme enjoy fiscal incentives outlined in various legal documents. These SEZs also benefit from non-fiscal incentives like one-stop centers
- **Disadvantage for Non-EPZ SEZs:** SEZ schemes other than EPZs currently lack access to the listed fiscal incentives because they are not yet recognized under EAC protocols. This inconsistency between domestic law and the EAC Customs Management Act discourages investors in non-EPZ SEZs, who cannot secure these benefits during project planning.

### **Policy implications:**

- **Streamlining Regulations:** Review and streamline regulations within Tanzania's SEZs to improve transparency, consistency, and efficiency for businesses.
- **Harmonize Domestic Law and EAC Protocols:** Ensure consistency between Tanzanian domestic law and the EAC framework to eliminate disincentives for non-EPZ SEZs and create a more level playing field for all investors.
- **Finalize EAC SEZ Regulations:** Expedite the finalization and implementation of the EAC SEZ Regulations to establish a clear legal framework for SEZs within the East African Community.
- **Promote Non-EPZ SEZs:** Increase awareness and promote the benefits of non-EPZ SEZs alongside efforts to harmonize regulations and provide greater access to incentives

### 3.12 **Mapping Progress: A Look at the Development Stages of Tanzania's SEZs**

Understanding the current development stages of Tanzania's Special Economic Zones (SEZs) is crucial for assessing their potential and pinpointing areas for improvement. Providing a clear picture of various stages of SEZ development in Tanzania and their current state is important for informed decisions making. To offer a comprehensive understanding, a detailed tables are appended to this report. These tables provide a granular breakdown of Tanzania's SEZs, categorized by their development stage. By reviewing the tables, valuable insights into the current landscape of SEZs in Tanzania explains/ reflects the underlying status of growth and practices of SEZ. Equally, Location, Type, and Development stages of SEZs in Tanzania are intrinsically linked to the regulatory environment. This subsection on development stages complements the information presented earlier section 3.1 which offer more holistic perspective on Tanzania's SEZs.

### **Key Findings:**

#### **Development of Public SEZ**

- The public owned SEZ are 17 in total. Out of it three [3] were at operational stage. The full developed SEZ include Benjamin William Mkapa, NSSF Zone and Mtwara Free port Zone. Again, two [2] SEZs were concurrently at the stage of acquisition and development. Ten (10) were at planning stage and two (2) were at refurbishment stage.

#### **Development of private SEZ**

- The study showed that there were 9 private SEZs, out of one (1) SEZ was operational and eight [8] were at planning and development stage.

#### **Industrial parks**

- The TIC has registered thirty-one (31) industrial parks for different sectors.

### **Policy Implications:**

- The government should consider reviewing policies and laws guiding development of SEZ in Tanzania.

**Policy Implications:**

- In terms of funding, the government should provide unrestricted rules for sourcing of funds to develop the SEZ.
- Adequate funding needs to be provided to stimulate the development of SEZ

## 4. LOOKING BEYOND BORDERS: GLOBAL SEZ PRACTICES FOR TANZANIA'S INSPIRATION

Tanzania's Special Economic Zones (SEZs) hold immense potential for driving economic growth and attracting foreign investment. However, to maximize their effectiveness, it's crucial to learn from the successes and shortcomings of SEZs around the world. This subsection delves into global experiences in SEZ development, highlighting best practices and valuable lessons that Tanzania can adapt to its specific context. By examining how other countries have addressed challenges and leveraged opportunities within their SEZs, Tanzania can identify strategies to enhance its own SEZ program. We'll explore successful models from various regions, focusing on aspects particularly relevant to Tanzania's development goals and economic landscape.

### Dedicated Industrial Park Legislation

Because they are governed as often as not by a patchwork of national laws and policies, not all industrial park programmes have dedicated or specific enabling legislation. When they do, some of the areas' industrial park legislation may cover includes the following;

- (i) Efficient industrial park location selection for production and trade;
- (ii) Improving transportation and communication facilities and connections between industrial parks and markets;
- (iii) Improvement of physical infrastructure and brownfield superstructure in industrial parks, including through planning and development control frameworks;
- (iv) Rights with respect to the establishment, use and operation of infrastructure facilities within industrial parks;
- (v) Investor qualifications and plot allocation;
- (vi) Investment incentives;
- (vii) Cluster support programmes within industrial parks;
- (viii) Environmental (i.e., pollution and energy) obligations of industrial park developers, operators and users;
- (ix) Enhancing co-operation among enterprises in industrial parks, as well as between industrial parks and research centres; and
- (x) Designation and organization of the industrial park governance framework and responsible institutions, including the operation, management and supervision organs, along with their duties and powers, and administrative support mechanisms such as 'one-stop shops'.

**Viet Nam:** The enactment of Viet Nam's Law on Investment in 2005 contributed considerably to the rapid development of the nation's industrial and economic processing zones. Under the Law, investors in these zones enjoy preferential taxes, including as regards the country's enterprise tax, import tax and land use tax. According to the Ministry of Planning and Investment (MPI), Viet Nam now has 326 industrial and economic zones, offering 94,900 ha of serviced industrial land. On May 22, 2018, the Vietnamese government issued Decree No.82/2018/ND-CP ("Decree 82") to regulate the management

of industrial and economic zones. The Decree provides a framework for the planning, establishment and operation of the zones, as well as for investment therein. Under the Decree, the MPI assumes primary responsibility for, and collaborates with relevant central and municipal government institutions, in securing the Prime Minister's approval for the planning and development of industrial parks.

**Ethiopia:** Ethiopia's Growth and Transformation Plan (GTP I and GTP II) identifies industrial parks as one means for the country's industrialization and promotes the establishment of industrial parks for the following priority national sectors: ***textiles and garments, leather and leather products, sugar, cement, metals and engineering, chemicals, pharmaceuticals and agro-processing***. Ethiopia plans to increase the number of operational industrial parks from the current five to about 30 by 2025, as part of its efforts to make the country an industrial hub over the same period. To support this program, the Industrial Park Proclamation No. 886/2015 was adopted to provide a framework for the establishment, development, administration and supervision of industrial parks. Under the Proclamation, industrial parks must be designated by the Investment Board but can, in principle, be developed by the federal or regional governments, through PPPs with the IPDC, or by private developers. Additional investment laws, including the Investment Proclamation 769/2012, provide a wide-ranging incentives package for investments in priority sectors with high export potential. The government has also restructured three important institutions to drive investment and competitiveness. These include the Ethiopian Investment Board (EIB) that serves as a policy and strategy formulation and oversight body; the Ethiopian Investment Commission (EIC) responsible for attracting and regulating foreign investors; and the IPDC, responsible for the planning, development and operation of public industrial parks, including pre-built and fully-serviced factory shells.

### **One Stop Facilitation Centre**

One-stop shop to offer a seamlessly-integrated administrative services package to investors. Whether such enabling legislation is adopted or such one stop shops are established through sub-statutory and administrative means, such as inter-agency memoranda of understanding and service-level agreements and their usefulness and importance to investors are certain. Industrial parks host a wide range of stakeholders. Efficient and coordinated operation of the industrial park is often a challenge in this context, due to the diversity of these actors and their interests, and their different levels of involvement in the industrial park. An industrial park one-stop shop with proper decision-making power is a good solution for providing a single point of contact to facilitate the various stakeholders' requirements, particularly for regulatory compliance. It improves administrative efficiency in obtaining necessary services and government approvals, as well as simplifying the associated procedures. If the park operator is a private entity, it would usually be unable to provide these services, beyond a "front office" facilitation function. The types of services provided by one-stop shops, and the type of institutions represented, vary depending on national laws and the characteristics of each industrial park.

Around the world, the following services may be provided by an industrial park's one-stop shop include but not limited to business registration and licensing, Investment incentives information, Employment permits, Planning and construction, Social security registration and account management, Tax and custom services, Port or airport cargo clearances, Access to publicly-funded innovation and start-up promotion services, Quality control services (e.g. lab testing), Utilities (electricity, telecom, water and gas) account management, Environmental approvals, Legalization and notarization, Tourism information services, Land administration, Access to banking services (provided by commercial banks located on-site or in separate premises) and access to housing.

***Thilawa Special Economic Zone in Myanmar***, for instance, is equipped with a one-stop shop to ensure quick and easy tenant registration and business compliance environments. It is staffed by representatives of various ministries, who are fully-authorized to grant the necessary approvals and registration services to investors. Some of the institutions represented in the Thilawa SEZ one-stop shop include

- Commerce and Consumer Department, Ministry of Commerce;
- Department of Customs, Ministry of Finance;
- Department of Revenue, Ministry of Finance;
- Department of Immigration and National Registration, Ministry of Immigration and Population;
- Labour Department, Ministry of Labour;
- Department of Human Settlement and Housing Development, Ministry of Construction;
- General Administration Department (GAD), Yangon Southern District;
- Myanmar Port Authority;
- Directorate of Investment and Companies Administration (DICA)

**Box 4:** Thilawa Special Economic Zone in Myanmar,

***Suzhou Industrial Park (SIP)'s one-stop shop in China***, occupies 5,000 square meters, with 61 counters and nearly 100 employees. The SIP one-stop shop accepts and processes 85% of applications on the spot, 10% in under two working days, and 5% in under seven working days. In addition to online and offline inquiry services, it also has an online platform for the evaluation and approval of import and export applications. Its future plans include building a corporate database, promoting information-sharing platforms, and further improving the quality of online services

**Box 5:** Suzhou Industrial Park (SIP)'s one-stop shop in China

**Suzhou Industrial Park (SIP)**, whose development started in 1994, is located in Suzhou City, Jiangsu Province in China. After 25 years of development, it has now been transformed into a high-tech and eco-friendly industrial zone consisting of thousands of enterprises and innovative start-ups focused on information and communication technologies, medical equipment manufacturing, cloud computing and artificial intelligence, etc. Quality control facilities, especially testing and inspection services, have

been constantly developed and provided within the park as one-stop services, to support quality assurance, R&D, innovation, and business linkage within the park, as well to the local and international markets.

SIP established a testing laboratory, the so-called Suzhou IP Converged Communications Open Laboratory. It was accredited in 2011 by the China National Accreditation Service for Conformity Assessment (CNAS), the laboratory accreditation authority in China<sup>86</sup>. The laboratory was authorized to provide testing services for electronics and electronic products under various high and low temperature, moisture, and vibration conditions. Moreover, the laboratory is allowed to use the CNAS logo and issue internationally-recognized test reports. The Laboratory also offers comprehensive public services in product testing, industrial consulting, and staff training in the fields of R&D, production, integration, and application

**Box 6: Quality Control Services in Industrial Parks in China**

**Integrated Agro-Industrial Parks (IAIPs)** are a geographical cluster of independent firms grouped together to gain economies of scale and positive externalities by sharing infrastructure roads, power, communication, storage, packaging, by-product utilization, effluent treatment, logistics and transport, laboratory facilities, etc. The programme has been under development by the Ethiopian Government with support from UNIDO and the Food and Agricultural Organization (FAO), to accelerate the agro-industry sector in Ethiopia. The IAIPs in Ethiopia will develop and establish specialized quarantine facilities, quality control labs, quality certification centres, etc. in order to provide quality assurance and quality control over various agricultural products.

**Box 7: Quality Control Services in Industrial Parks in Ethiopia**

**Key Lessons Tanzania Can Learn to Improve its SEZs**

- **Review SEZ Legislation and issue guideline:** Outlining procedures for zone location, infrastructure development, investor qualifications, investment incentives, and governance frameworks. This can streamline processes and improve efficiency.
- **One-Stop Shop Facilitation:** Establish a one-stop shop with representatives from various government agencies to simplify business registration, licensing, permit

acquisition, and other administrative tasks for investors. This can save time and reduce bureaucratic hurdles.

- **Successful Models:** Learn from successful examples like Vietnam and Ethiopia. Vietnam's Investment Law offers tax breaks for SEZ investors, while Ethiopia has a well-defined plan for industrial park development with dedicated institutions for investment promotion and zone management.
- **Quality Control Services:** Integrate quality control services like testing labs within SEZs. This can support quality assurance, research & development, and business linkages for enterprises operating in the zone.
- **Focus on Priority Sectors:** Identify and prioritize sectors aligned with Tanzania's development goals (e.g., agriculture, manufacturing, leather) and tailor SEZ development and incentives to attract investment in those areas



## 5. CONCLUSION AND RECOMMENDATIONS

The baseline study sought to establish the relevant information and performance of SEZs in Tanzania in relation to the level SEZ locations, types, specializations, development stages, occupancy rates, challenges faced by businesses, incentive schemes, government contributions, private-public partnerships, sectoral cooperation, pricing of land and utilities, regulations, and the current development stage of each SEZ. The purpose was to provide evidence that will be used to develop recommendations for attracting more investment and fostering economic growth through Tanzania's SEZs.

### Recommendations

Following the findings of the study, the following recommendations are made to government of Tanzania.

- (i) **Improve Data Collection and Analysis:** Upgrade information systems to track performance data. This will allow for better evaluation of SEZ effectiveness and inform future policy decisions.
- (ii) **Promote Research and Knowledge Sharing:** Support research initiatives within SEZs to generate evidence for policy development and improvements.
- (iii) **Develop Clear Codes and Automate Services:** Establish clear codes of conduct and guidelines for SEZ regulators, developers, and operators. Integrate and automate one-stop services within and outside the SEZs to reduce bureaucratic delays.
- (iv) **Measure Socioeconomic Impact:** Create a database with clear criteria to accurately measure the social and economic impacts of SEZs. This will allow for online tracking of progress by relevant government agencies and development partners.
- (v) **Leverage Existing Structures:** Design SEZ development activities around existing government mechanisms for industrial park formation. This will streamline stakeholder engagement, secure government buy-in, and promote sustainable SEZ performance.

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## 7. APPENDICES

## Appendix 1

## A DETAILED INFORMATION OF ALL SEZS REGISTERED BY EPZA

| No.                                       | Name of the Industrial Park   | Promoter/ Developer | Registered /Approved Date | Sector     | Sub Sector             | Activity        | Jobs | Capital (USD million) | Region    | District     | Majority Share | Size -Area (Ha) | % of Developed Area | Occupancy Rate | Number of Factory Spaces | Land Title availability | Stage of Development           |
|---|-------------------------------|---------------------|---------------------------|------------|------------------------|-----------------|------|-----------------------|-----------|--------------|----------------|-----------------|---------------------|----------------|--------------------------|-------------------------|--------------------------------|
| (A) Government Own Special economic Zones |                               |                     |                           |            |                        |                 |      |                       |           |              |                |                 |                     |                |                          |                         |                                |
| 1   | Benjamin Mkapa SEZ            | EPZA                | 2010                      | Industrial | Mixed                  | Development of  | 9459 | 29                    | DSM       | Ubungo       | EPZA           | 25              | 100%                | 100%           | 25                       | Yes                     | operational Stage              |
| 2   | Bagamoyo SEZ                  | EPZA                | 2013                      | Mixed      | Mixed                  | Development of  | 611  | 12                    | Pwani     | Bagamoyo     | EPZA           | 9800            | 1%                  | 9%             | 142                      | N/A                     | Acquisition/ Development stage |
| 3   | Manyara SEZ                   | EPZA                | 2017                      | Industrial | Mixed                  | Development of  | N/A  | N/A                   | Manyara   | Simanjiro    | EPZA           | 406.3           | N/A                 | N/A            | N/A                      | N/A                     | Planning Stage                 |
| 4   | Mara SEZ                      | EPZA                | 2017                      | Industrial | Mixed                  | Development of  | N/A  | N/A                   | Mara      | Bunda        | EPZA           | 1269            | N/A                 | N/A            | N/A                      | N/A                     | Planning Stage                 |
| 5   | Kwala SEZ                     | EPZA                | 2023                      | Industrial | Mixed                  | Development of  | N/A  | N/A                   | Coast     | Bagamoyo     | EPZA           | 40.5            | N/A                 | N/A            | N/A                      | N/A                     | Planning Stage                 |
| 6   | Mtwara FPZ                    | EPZA                | 2012                      | Free Port  | Oil & Gas Services     | Development of  | 60   | 1                     | Mtwara    | Mtwara       | EPZA           | 10              | 100%                | 86%            | 7                        | Yes (TPA)               | Operational                    |
| 7   | Nachingwea Cashewnut          | EPZA                | 2023                      | Industrial | Agro Processing        | Development of  | N/A  | N/A                   | Lindi     | Nachingwea   | EPZA           | 4.035           | 100%                | 100%           | 1                        | Yes                     | Refurbishment                  |
| 8   | Mafuta Ilulu (Nachingwea)     | EPZA                | 2023                      | Industrial | Agro Processing        | Development of  | N/A  | N/A                   | Lindi     | Nachingwea   | EPZA           | 3.91            | 100%                | 100%           | 1                        | Yes                     | Refurbishment                  |
| 9   | Mkata Sawmill                 | EPZA                | 2023                      | Industrial | Meat & agro Processing | Development of  | N/A  | N/A                   | Tanga     | Handeni      | EPZA           | 14.63           | N/A                 | N/A            | N/A                      | Yes                     | Planning Stage                 |
| 10  | TPL Shinyanga                 | EPZA                | 2023                      | Industrial | Agro Processing        | Development of  | N/A  | N/A                   | Shinyanga | Shinyanga    | EPZA           | 477.5           | 33%                 | N/A            | N/A                      | Yes                     | Planning Stage                 |
| 11  | TPL Mbeya                     | EPZA                | 2023                      | Industrial | Agro Processing        | Development of  | N/A  | N/A                   | Mbeya     | Mbalizi      | EPZA           | 102             | N/A                 | N/A            | N/A                      | N/A                     | Planning Stage                 |
| 12  | Mwanza Tannery                | EPZA                | 2023                      | Industrial | Mining                 | Development of  | N/A  | N/A                   | Mwanza    | Ilemela      | EPZA           | 1.96            | N/A                 | N/A            | N/A                      | Yes                     | Planning Stage                 |
| 13  | National Steel                | EPZA                | 2023                      | Industrial | Mixed                  | Development of  | N/A  | N/A                   | DSM       | Ilala        | EPZA           | 3.4             | N/A                 | N/A            | N/A                      | N/A                     | Planning Stage                 |
| 14  | Kigoma SEZ                    | RAS=Kigoma          | 2013                      | Industrial | Mixed                  | Development of  | 301  | N/A                   | Kigoma    | Kigoma-Ujiji | KISEZ          | 691             | 10%                 | 50%            | 310                      | Yes                     | Development stage              |
| 15  | Nyashimbi (Kahama)            | Kahama T.C          | 2022                      | Mixed      | Mixed                  | Development of  | N/A  | N/A                   | Shinyanga | Kahama       | Kahama T. C    | 809.71          | N/A                 | N/A            | N/A                      | N/A                     | Planning stage                 |
| 16  | Buzwagi SEZ                   | Kahama T.C          | 2024                      | Industrial | Mixed                  | SEZ Development | N/A  | N/A                   | Shinyanga | Kahama       | Kahama T.C     | 1333.5          | 30%                 | N/A            | N/A                      | N/A                     | Planning stage                 |
| 17  | Hifadhi EPZ (Industrial Park) | NSSF                | 19.10.2004                | Industrial | Mixed                  | Development of  | 315  | 1                     | DSM       | Ubungo       | NSSF           | 4.8             | 100%                |                |                          | Yes                     | Operational Stage              |

| No.                          | Name of the Industrial Park | Promoter/ Developer                     | Registered /Approved Date | Sector          | Sub Sector         | Activity                             | Jobs  | Capital (USD million) | Region   | District  | Majority Share         | Size -Area (Ha) | % of Developed Area | Occupancy Rate | Number of Factory Spaces | Land Title availability | Stage of Development |
|------------------------------|-----------------------------|---|---------------------------|-----------------|--------------------|--------------------------------------|-------|-----------------------|----------|-----------|------------------------|-----------------|---------------------|----------------|--------------------------|-------------------------|----------------------|
| <b>(B) Private Owned SEZ</b> |                             |   |                           |                 |                    |                                      |       |                       |          |           |                        |                 |                     |                |                          |                         |                      |
| 1                            | Kamal Industrial Estate     | Kamal Industrial Estate (EPZ) Co. Ltd   | 23.07.2009                | EPZ             | Industrial         | Development of Industrial Park       | 75    | 6                     | Pwani    | Bagamoyo  | Foreign (India/Dub ai) | 111.6           | 100%                | 100%           | 1                        | Yes                     | Development Stage    |
| 2                            | Mkinga SEZ                  | Signon logistics (E.A) Limited          | 11/9/2015                 | Industrial      | Mixed              | Development of Special Economic Zone | 5000  | 10                    | Tanga    | Mkinga    | Tanzanian              | 20              | N/A                 | N/A            | N/A                      | Yes                     | Development stage    |
| 3                            | Kilwa Business Park         | Signon logistics (E.A) Limited          | 11/9/2017                 | Industrial      | Mixed              | Development of Special Economic Zone | 100   | 10                    | Lindi    | Kilwa     | Tanzania               | 8.06            | N/A                 | N/A            | N/A                      | Yes                     | Development stage    |
| 4                            | Ruangwa SEZ                 | Magnis Technologies (T) Ltd             | 19/05/2017                | Mining          | Mineral Processing | Graphite mineral                     | 700   | 270                   | Lindi    | Ruangwa   | Australia              | 82              | 0%                  | 0%             | 1                        | Yes (Under process)     | Development          |
| 5                            | Star City SEZ               | Star Infrastructure Development (T) Ltd | 10/9/2015                 | Mixed           | Mixed              | Development of Special Economic Zone | 3000  | 10                    | Morogoro | Morogoro  | Tanzania               | 2,125           | N/A                 | N/A            | N/A                      | Yes                     | Development          |
| 6                            | Kigamboni SEZ               | Kigamboni SEZ Co. Ltd                   | 09.11.2017                | Industrial      | Textile            | Textile                              | 4500  | 8                     | DSM      | Kigamboni | Tanzania               | 20Ha            | N/A                 | N/A            | N/A                      |                         | Development          |
| 7                            | Vigor SEZ                   | Coast                                   | 15/02/2018                | Industrial      | Mixed              | Development of SEZ Infrastructure    | 1500  | 9                     | Pwani    | Kisarawe  | Tanzanian              | 203 Ha          | 100%                | 100%           | 1                        | Yes                     | Development          |
| 8                            | Kilimanjaro (IP) SEZ        | Kilimanjaro (IP) SEZ                    | 2024                      | Industrial Park | Mixed              | Developer                            | 153   | 118                   | DSM      | Kigamboni | Tanzanian              | 92.7            | N/A                 | N/A            | N/A                      |                         |                      |
| 9                            | Ming Xing                   | Ming Xin Company Ltd                    | 11/9/2017                 | Industrial      | Mixed              | Development of Special Economic Zone | 12360 | 27                    | Pwani    | Kibaha    | China                  | 120             | N/A                 | N/A            | N/A                      | Yes                     | Development          |

| No.                                     | Name of the Industrial Park                                    | Promoter/ Developer                      | Registered /Approved Date | Sector | Sub Sector        | Activity                                 | Jobs  | Capital (USD million) | Region | District | Majority Share                  | Size -Area (Ha) | % of Developed Area | Occupancy Rate | Number of Factory Spaces | Land Title availability | Stage of Development     |
|---|--|--|---------------------------|--------|-------------------|--|-------|-----------------------|--------|----------|---------------------------------|-----------------|---------------------|----------------|--------------------------|-------------------------|--------------------------|
| <b>(C) Operators Located in BWM-SEZ</b> |  |  |                           |        |                   |  |       |                       |        |          |                                 |                 |                     |                |                          |                         |                          |
| 1                                       | Somani Agro Export Limited                                     | Somani Agro Export Limited               | 30/01/2014                | EPZ    | Agro Processing   | Processing cereal for export             | 13    | 1                     | DSM    | Ubungo   | Tanzania                        | 0.5             | 100%                | 100%           | 1                        | Yes (lease)             | Operational Stage        |
| 2                                       | I Steel Limited  | I Steel Limited                          | 16/08/2017                | SEZ    | Metal Fabrication | Manufacture prefabricated steel products | 170   | 6                     | DSM    | Ubungo   | Canada                          | 0.9             | 100%                | 100%           | 1                        | Yes (lease)             | Opearational Stage       |
| 3                                       | Tanzania Tooku Garments (T) Ltd                                | Tanzania Tooku Garments (T) Ltd          | 12/6/2012                 | EPZ    | Garments          | Manufacture Garments & Kids clothes)     | 4500  | 500                   | DSM    | Ubungo   | China                           | 6.1             | 100%                | 100%           | 7                        | Yes (Lease)             | operation                |
| 4                                       | Karibu Kilimo Ltd+B38:R41                                      | Karibu Kilimo Ltd                        | 03/19/2023                | EPZ    | Agroproce ssing   | Processing Agro products                 | 146   | 3                     | DSM    | Ubungo   | Tanzania                        | 1.1             | 100%                | 100%           | 2                        | Yes (Lease)             | Refurbishment /Operation |
| 5                                       | Yihai Kerry-Hyseas International Limited                       | Yihai Kerry-Hyseas International Limited | 07.04.2013                | EPZ    | Agroproce ssing   | Processing Pulse & Sesame                | 14    | 1                     | DSM    | Ubungo   | China                           | 0.6             | 100%                | 100%           | 1                        | Yes, (Lease Agreement)  | operation                |
| 6                                       | Queensway (T) EPZ Limited                                      | Queensway (T) EPZ Limited                | 10/12/2013                | EPZ    | Industrial Shed   | developer                                | N/A   | 2                     | DSM    | Ubungo   | UK/UAE                          | 0.3             | 100%                | 100%           | 1                        | Yes, (Lease Agreement)  | Development              |
| 7                                       | Prevented Ocean Plastics                                       | Prevented Ocean Plastics                 | Jul-25                    | EPZ    | Plastic recycling | Making compressed Plastics for export    | 52    | 1                     | DSM    | Ubungo   | Foreign (Turkey)                | 0.2             | 10%                 | 0%             | 1                        | Yes, (Lease Agreement)  | Development              |
| 8                                       | Turia Garments Ltd (New)/(LENA Holdings & Investments (T) Ltd) | Turia Garments Ltd (New)                 | 4/27/2012                 | EPZ    | Textile           | Garments                                 | 3000  | 1                     | DSM    | Ubungo   | British, Virgin, Island 7 China | 1.279           | 100%                | 100%           | 1                        | Yes, (Lease Agreement)  | Refurbishment            |
| 9                                       | Afriport Apparel Ltd (New)/(Paper kraft International Ltd0     | Afriport Apparel Ltd (New)               | 28/07/2011                | EPZ    | Textile           | garments                                 | 1,206 | 9                     | DSM    | Ubungo   | Ireland                         | 1.557           | 100%                | 100%           | 1                        | Yes, (Lease Agreement)  | Refurbishment            |
| 10                                      | Asmara Ltd (New)/(Quality Pulse Exporter Ltd)                  | Asmara Ltd (New)                         | 12/22/2010                | EPZ    | Agroproce ssing   | Processing Pulse                         | 100   | 2                     | DSM    | Ubungo   | Tanzania & India                | 0.7             | 100%                | 100%           | 1                        | Yes, (Lease Agreement)  | Under Refurbishment      |
| 11                                      | Rajani Agro Export Ltd   | Rajani Agro Export Ltd                   | 21.06.2022                | EPZ    | Agroproce ssing   | Processing Pulse                         | 100   | 2                     | DSM    | Ubungo   | Tanzania/India                  | 0.87            | 100%                | 100%           | 1                        | Yes, (Lease Agreement)  | Operation                |
| 12                                      | Harvest Africa Tanzania Ltd                                    | Harvest Africa Tanzania Ltd              | 21/08/2017                | EPZ    | Agroproce ssing   | Packaging of Coffee                      | 12    | 2                     | DSM    | Ubungo   | Tanzania                        | 0.2             | 100%                | 100%           | 1                        | Yes, (Lease Agreement)  | Operation                |



| No         | Name of the Industrial Park           | Promoter/ Developer                   | Registered /Approved Date | Sector | Sub Sector      | Activity                         | Jobs | Capital (USD million) | Region | District | Majority Share        | Size -Area (Ha) | % of Developed Area | Occupancy Rate | Number of Factory Spaces | Land Title availability | Stage of Development                    |
|------------|---------------------------------------|---------------------------------------|---------------------------|--------|-----------------|----------------------------------|------|-----------------------|--------|----------|-----------------------|-----------------|---------------------|----------------|--------------------------|-------------------------|---|
| <b>(D)</b> |                                       |                                       |                           |        |                 |                                  |      |                       |        |          |                       |                 |                     |                |                          |                         |   |
| 1          | African Dragon Enterprises Ltd        | African Dragon Enterprises Ltd        | 2/3/2017                  | EPZ    | Metal           | Color-coated steel coils         | 50   | 5                     | Pwani  | Bagamoyo | China                 | 1.92            | 100%                | 100%           | 1                        | Lease Agreement         | Operation                               |
| 2          | Huateng Metallurgical Company Limited | Huateng Metallurgical Company Limited | 27/03/2022                | EPZ    | Manufacturing   | Steel and Iron rods              | 135  | 5                     | Pwani  | Bagamoyo | China                 | 2.06            | 80%                 | 0%             | 1                        | Lease agreement         | Delayed Development                     |
| 3          | Siparcoci International Limited       | Siparcoci International Limited       | 27/12/2021                | EPZ    | Cosmetics       | Manufacture of Perfumes          | 70   | 5                     | Pwani  | Bagamoyo | Senegal               | 3.04            | 100%                | 100%           | 1                        | Lease agreement         | Operation                               |
| 4          | Tanzindia Engineering Limited         | Tanzindia Engineering Limited         | 1/4/2022                  | SEZ    | Manufacturing   | Manufacture of machines products | 68   | 5                     | Pwani  | Bagamoyo | India                 | 2.44            | 20%                 | 100%           | 1                        | Lease agreement         | Development                             |
| 5          | Phiss Tannery Limited                 | Phiss Tannery Limited                 | 10/24/2017                | EPZ    | Leather         | Leather Processing               | 50   | 1                     | Pwani  | Bagamoyo | China                 | 6.4             | 50%                 | 25%            | 1                        | Lease agreement         | Development /Operation                  |
| 6          | Ramky Tanzania Limited                | Ramky Tanzania Limited                | 16/09/2013                | SEZ    | Medical         | Biomedical incinerator           | 50   | 2                     | Pwani  | Bagamoyo | India                 | 1.33            | 100%                | 100%           | 1                        | Lease agreement         | Operation (Processing Permits from GOT) |
| 7          | Tanfroz Limited                       | Tanfroz Limited                       | 29/09/2014                | EPZ    | Food processing | Meat Factory                     | 60   | 1                     | Pwani  | Bagamoyo | Tanzania/ Netherlands | 2.03            | 100%                | 100%           | 1                        | Lease Agreement         | Operation/Trials                        |
| 8          | Zheng Long Technology Co. Ltd         | Zheng Long Technology Co. Ltd         | 15/09/2017                | EPZ    | Manufacturing   | Recycling of batteries           | 128  | 2                     | Pwani  | Bagamoyo | China                 | 1.11            | 100%                | 100%           | 1                        | Lease Agreement         | Operation                               |



| No  | Name of the Industrial Park                  | Promoter/ Developer                   | Registered /Approved Date | Sector | Sub Sector      | Activity                  | Jobs | Capital (USD million) | Region | District | Majority Share   | Size -Area (Ha) | % of Developed Area | Occupancy Rate | Number of Factory Spaces | Land Title availability | Stage of Development |
|---|--|---------------------------------------|---------------------------|--------|-----------------|---------------------------|------|-----------------------|--------|----------|------------------|-----------------|---------------------|----------------|--------------------------|-------------------------|----------------------|
| <b>(E) Operators Located in Hifadhi (EPZ) Industrial Park</b> |  |                                       |                           |        |                 |                           |      |                       |        |          |                  |                 |                     |                |                          |                         |                      |
| 1   | One Belt Electrical Technology Group Limited | NSSF                                  | 10/2/2020                 | EPZ    | Manufacturing   | Electrical Equipments     | 120  | 5                     | DSM    | Ubungo   | China            | 0.19            | 100%                | 100%           | 1                        | Lease Agreement         | Operation            |
| 2   | Abi Agro Products Limited                    | NSSF                                  | 10/9/2020                 | EPZ    | Agro processing | Sesame and pulses         | 120  | 5                     | DSM    | Ubungo   | Tanzania         | 0.025           | 100%                | 100%           | 1                        | Lease Agreement         | Operation            |
| 3   | Al Sultan Establishment Ltd                  | NSSF                                  | 6/4/2021                  | EPZ    | Agro processing | Processing of spices      | 50   | 2                     | DSM    | Ubungo   | Tanzania & Yemen | 0.03            | 100%                | 100%           | 1                        | Lease Agreement (Unit)  | Operation            |
| <b>(F) Operators Located in Kamal (EPZ) Industrial Park</b>   |  |                                       |                           |        |                 |                           |      |                       |        |          |                  |                 |                     |                |                          |                         |                      |
| 1   | Kamal Acetylene Limited                      | Kamal Industrial Estate (EPZ) Co. Ltd | 11/26/2010                | EPZ    | Gas             | Manufacture Acetylene gas | 2    | 0                     | Pwani  | Bagamoyo | India            | 0.32            | 100%                | 100%           | 1                        | Yes, (Lease Agreement)  | Operation            |
| 2   | Kamal Agro Limited                           | Kamal Industrial Estate (EPZ) Co. Ltd | 11/9/2010                 | EPZ    | Agroprocessing  | Processing cashewnuts     | 2000 | 6                     | Pwani  | Bagamoyo | India            | 4.8             | 100%                | 100%           | 1                        | Yes, (Lease Agreement)  | Closed Operations    |
| 3   | Kamal Refinery Limited                       | Kamal Industrial Estate (EPZ) Co. Ltd | 6/5/2010                  | EPZ    | Oil             | Recycling of used oil     | 34   | 300                   | Pwani  | Bagamoyo | India            | 2               | 100%                | 0%             | 1                        | Yes, (Lease Agreement)  | Development          |

| No  | Name of the Industrial Park          | Promoter/ Developer                  | Registered /Approved Date | Sector   | Sub Sector       | Activity  | Jobs | Capital (USD million) | Region | District     | Majority Share                | Size -Area (Ha) | % of Developed Area | Occupancy Rate | Number of Factory Spaces | Land Title availability | Stage of Development   |
|---|--------------------------------------|--------------------------------------|---------------------------|----------|------------------|---|------|-----------------------|--------|--------------|-------------------------------|-----------------|---------------------|----------------|--------------------------|-------------------------|--|
| <b>(G) Operators Located in Mtwara Free Port Zone</b> |                                      |                                      |                           |          |                  |   |      |                       |        |              |                               |                 |                     |                |                          |                         |  |
| 1   | Bahari Oilfield Services FPZ Limited | Bahari Oilfield Services FPZ Limited | 21/09/2016                | FPZ      | Oil & Gas        | Offer Services to Oil & Gas Exploration Companies | 43   | 4.3 478               | Mtwara | Mtwara       | Tanzania/ Singapore/ Malaysia | 1.72            | 100%                | 100%           | 1                        | Yes, (Lease Agreement)  | Operation  |
| 2   | Petroleum Equipments & Supplies FPZ  | Petroleum Equipments & Supplies FPZ  | 13/06/2014                | FPZ      | Oil & Gas        | Offer Services to Oil & Gas Exploration Companies | 12   | 8.5 785               | Mtwara | Mtwara       | India                         | 3.47            | 100%                | 100%           | 1                        | Yes, (Lease Agreement)  | Stopped Operations due to temporary suspension of Oil & Gas Exploration Activities |
| 3   | Alistair Free Ports Ltd              | Alistair Free Ports Ltd              | 16/12/2015                | FPZ      | Oil & Gas        | Offer Services to Oil & Gas Exploration Companies | 25   | 1                     | Mtwara | Mtwara       | Tanzania/ USA                 | 1.41            | 100%                | 100%           | 1                        | Yes, (Lease Agreement)  | Stopped Operations due to temporary suspension of Oil & Gas Exploration Activities |
| 4   | Magnis Technologies (T) Ltd          | Magnis Technologies (T) Ltd          | 5/19/2017                 | EPZ      | Mining           | Processing & Packaging Graphite for Export        | N/A  | N/A                   | Mtwara | Mtwara       | Australia                     | 3.02            | 0%                  | 0%             | 1                        | Yes, (Lease Agreement)  | Yet to Start Development   |
| <b>(H) Operators Located in Kigoma SEZ</b>            |                                      |                                      |                           |          |                  |   |      |                       |        |              |                               |                 |                     |                |                          |                         |  |
| 1   | Jepsi Organic Oil (T) Limited        | Jepsi Organic Oil (T) Limited        | 9/6/2022                  | SEZ User | Processing       | Processing Palm Oil, Soap & Animal feeds          | 50   | 0                     | Kigoma | Kigoma-Ujiji | Poland                        | 1.39            | N/A                 | N/A            | 1                        | Yes                     | Development  |
| 2   | Next Gen Solawazi Limited            | Next Gen Solawazi Limited            | 6/2/2022                  | SEZ User | Renewable Energy | Slora Power Generation                            | 60   | 9                     | Kigoma | Kigoma-Ujiji | British & U.S.A               | 10.0 45         | 100%                | 100%           | 1                        | Yes                     | Operation  |
| 3   | SGC Investments Limited              | SGC Investments Limited              | 21/04/2018                | SEZ User | Agro processing  | Processing Palm Oils, Maize and Rice              | 57   | 9                     | Kigoma | Kigoma-Ujiji | Tanzania                      | 2.8             | 100%                | 100%           | 1                        | Yes                     | Development  |
| 4   | Third Man Limited                    | Third Man Limited                    | 13/03/2019                | EPZ      | Forestry         | Production of Honey & Wax                         | 134  | 11                    | Kigoma | Kigoma-Ujiji | China & Austraria             | 4.2             | 100%                | 100%           | 1                        | Yes                     | Operation  |

| No                                   | Name of the Industrial Park        | Promoter/ Developer                | Registered /Approved Date | Sector   | Sub Sector     | Activity                                  | Jobs  | Capital (USD million) | Region      | District | Majority Share                                   | Size -Area (Ha) | % of Developed Area | Occupancy Rate | Number of Factory Spaces | Land Title availability | Stage of Development |
|--------------------------------------|------------------------------------|------------------------------------|---------------------------|----------|----------------|---|-------|-----------------------|-------------|----------|--|-----------------|---------------------|----------------|--------------------------|-------------------------|----------------------|
| <b>Stand Alone EPZ/SEZ Operators</b> |                                    |                                    |                           |          |                |   |       |                       |             |          |  |                 |                     |                |                          |                         |                      |
| 1                                    | Dekker Christen Tanzania Limited   | Dekker Christen Tanzania Limited   | 1/18/2011                 | EPZ      | Agriculture    | Horticulture (flower cuttings)            | 1,084 | 13                    | Arusha      | Arumeru  | Netherlands/ Tanzania                            | 50              | 100%                | 100%           | 1                        | Yes                     | Operation            |
| 2                                    | Eliya Food Overseas Limited        | Eliya Food Overseas Limited        | 21/08/2020                | EPZ      | Processing     | Meat Factory                              | 70    | 2                     | Arusha      | Longido  | Tanzania/ Oman                                   | 8Ha             | 100%                | 100%           | 1                        | Yes                     | Operation            |
| 3                                    | Fides Tanzania Limited             | Fides Tanzania Limited             | 24/10/2017                | EPZ      | Horticulture   | Floriculture (flower)                     | 252   | 2                     | Arusha      | Arusha   | Netherlands                                      | 10              | 100%                | 100%           | 1                        | Yes                     | Operation            |
| 4                                    | Hortanzia Limited                  | Hortanzia Limited                  | 23/09/2014                | EPZ      | Horticulture   | Horticulture (flowers & green beans)      | 241   | 1                     | Arusha      | Arumeru  | Netherlands/Tanzania                             | 93              | 100%                | 100%           | 1                        | Yes                     | Operation            |
| 5                                    | Keys East Africa Limited           | Keys East Africa Limited           | 29/06/2022                | SEZ User | Horticulture   | Maize & cooking oil                       | 50    | 1                     | Arusha      | Longido  | USA/Kenya  | 8.1             | N/A                 | N/A            | 1                        | Yes                     | Development          |
| 6                                    | Mimea Estates Limited              | Mimea Estates Limited              | 29/06/2022                | EPZ      | Horticulture   | Seed production, vegetables & cooking oil | 200   | 1                     | Arusha      | Arumeru  | Netherlands                                      | 19.6            | ####<br>#           | ####           | 1                        | Yes                     | Development          |
| 7                                    | Rijk Zwaan Q-Sem Limited           | Rijk Zwaan Q-Sem Limited           | 2/11/2018                 | EPZ      | Horticulture   | Vegitable & fruits Seeds production       | 407   | 13                    | Arusha      | Arumeru  | Netherlands/Tanzania                             | 28              | 100%                | 100%           | 1                        | Yes                     | Operation            |
| 8                                    | Red Earth Limited                  | Red Earth Limited                  | 5/26/2021                 | EPZ      | Textile        | Fabrics and garments                      | 1900  | 9                     | Arusha      | Arusha   | Kenya/Britain                                    | 2.6             | 100%                | 100%           | 1                        | Yes                     | Operation            |
| 9                                    | Africado Limited                   | Africado Limited                   | 14/01/2013                | EPZ      | Horticulture   | Fresh Avocado                             | 350   | 5                     | Kilimanjaro | Siha     | Mauritius/ British/USA                           | 500             | 100%                | 100%           | 1                        | Yes                     | Operation            |
| 10                                   | African Vegetables Limited         | African Vegetables Limited         | 7/8/2020                  | EPZ      | Horticulture   | Horticulture products                     | 250   | 1                     | Kilimanjaro | Hai      | Netherlands                                      | 122.8           | 100%                | 100%           | 1                        | Yes                     | Operation            |
| 11                                   | Afridamia Limited                  | Afridamia Limited                  | 29/06/2022                | EPZ      | Horticulture   | Macadamia nuts                            | 242   | 7                     | Kilimanjaro | Siha     | Mauritius, British, Australia, Norway & Tanzania | 700             | 100                 | 100%           | 1                        | Yes                     | Development          |
| 12                                   | Bahati Boma Company Limited        | Bahati Boma Company Limited        | 24/07/2015                | EPZ      | Horticulture   | Decorations items                         | 70    | 0                     | Kilimanjaro | Hai      | Germany  | 0.0062          | 100%                | 100%           | 1                        | Yes                     | Operation            |
| 13                                   | Blue Nile Essentials Ltd           | Blue Nile Essentials Ltd           | Jan-24                    | EPZ      | Processing     | Essential oil production                  | 115   | 1                     | Manyara     | Babati   | India  | 0.423           | 100%                | 100%           | 1                        | Yes                     | Operation            |
| 14                                   | Elven Agri Company Limited         | Elven Agri Company Limited         | 5/22/2017                 | EPZ      | Processing     | Dried fruits                              | 50    | 8                     | Pwani       | Bagamoyo | Tanzania   | 4.6628          | 100%                | 100%           | 1                        | Yes                     | Operation            |
| 15                                   | Futan Mining International Limited | Futan Mining International Limited | 7/6/2022                  | EPZ      | Manufacturing  | Aluminium products                        | 200   | 10                    | Pwani       | Kibaha   | China  | 0.898           | 100%                | 100%           | 1                        | Yes                     | Development          |
| 16                                   | Future Agro Pro Limited            | Future Agro Pro Limited            | 6/4/2022                  | EPZ      | Agroprocessing | Cashew nuts & pulses                      | 60    | 1                     | Pwani       | Kibaha   | India  | 7               | 100%                | 100%           | 1                        | Yes                     | Development          |

|    |  |  |            |     |                   |  |      |     |                |          |                          |       |      |      |   |     |             |
|----|--|--|------------|-----|-------------------|--|------|-----|----------------|----------|--------------------------|-------|------|------|---|-----|-------------|
| 17 | Afrikan Pharmaceuticals Limited                  | Afrikan Pharmaceuticals Limited                  | 3/10/2016  | EPZ | Pharmaceutical    | Pharmaceutical products  | 70   | 1   | Pwani          | Mkurunga | Tanzania                 | 0.7   | 100% | 100% | 1 | Yes | Development |
| 18 | Tan Choice Limited                               | Tan Choice Limited                               | 4/24/2020  | EPZ | Processing        | Meat   | 471  | 9   | Pwani          | Kibaha   | USA/Tanzania             | 14.70 | 100% | 100  | 1 | Yes | Operation   |
| 19 | Gravita Tanzania Limited                         | Gravita Tanzania Limited                         | 11/9/2017  | EPZ | Manufacturing     | Lead and Aluminium products  | 140  | 9   | Pwani          | Kibaha   | China                    | 2.6   | 100% | 100  | 1 | Yes | Operation   |
| 20 | Octavian Mshiu Trust Limited                     | Octavian Mshiu Trust Limited                     | 25/05/2022 | EPZ | Real Estate       | Industrial Park Development  | 30   | 5   | Pwani          | Kibaha   | Tanzania                 | 83.56 | 100% | 100% | 1 | Yes | Development |
| 21 | Tanso Investment Limited                         | Tanso Investment Limited                         | 7/6/2022   | EPZ | Mineral           | Mineral processing   | 250  | 1   | Pwani          | Kibaha   | Tanzania                 | 2     | 100% | 100% | 1 | Yes | Operation   |
| 22 | H and J Fibre (T) Company Limited                | H and J Fibre (T) Company Limited                | 20/08/2019 | EPZ | Plastic recycling | Plastic Bottles & Polythene Fabrics  | 2019 | 15  | Pwani          | Kibaha   | China                    | 6.808 | 100% | 100% | 1 | Yes | Operation   |
| 23 | Hester Biosciences Africa Limited                | Hester Biosciences Africa Limited                | 10/10/2020 | EPZ | Pharmaceutical    | Animal vaccines  | 153  | 18  | Pwani          | Kibaha   | India                    | 3.614 | 100% | 100% | 1 | Yes | Operation   |
| 24 | Wande Printing Packaging Limited                 | Wande Printing Packaging Limited                 | 19/08/2011 | EPZ | Manufacturing     | Packaging material   | 30   | 2   | Coast Region   | Kibaha   | Tanzania                 | 0.523 | 100% | 100% | 1 | Yes | Operation   |
| 25 | Mzufini Tanzania Limited                         | Mzufini Tanzania Limited                         | 20/08/2018 | EPZ | chemical          | Chemical (Chloro Alkali, chlorine gas, Caustic Soda and Sodium Hypochlorite) | 500  | 113 | Pwani          | Kibaha   | Dubai&UAE/Tanzania       | 4.6   | 25%  | 100% | 1 | Yes | Development |
| 26 | Akofa East Africa Limited                        | Akofa East Africa Limited                        | 6/4/2022   | EPZ | Agroprocessing    | Cashew nut   | 502  | 8   | Pwani          | Mkurunga | Tanzania                 | 1.912 | 100% | 100% | 1 | Yes | Operation   |
| 27 | Solar Nitro Chemicals Limited                    | Solar Nitro Chemicals Limited                    | 12/11/2021 | EPZ | Manufacturing     | Salt   | 58   | 8   | Coast Region   | Kisarawe | Mauritius, U.A.E & India | 53.52 | 100% | 100% | 1 | Yes | Operation   |
| 28 | Polytex Africa Limited                           | Polytex Africa Limited                           | 25.03.2014 | EPZ | Textile           | Textile Processing   | 500  | 15  | Pwani          | Mkurunga | Tanzania                 | 2.08  | 100% | 100% | 1 | Yes | Development |
| 29 | Nuts Depots and Plus Company Limited             | Nuts Depots and Plus Company Limited             | 22.05.2017 | EPZ | Real Estate       | Development of Industrial Park   | 500  | 4   | Coastal Region | Mkurunga | Canada & Tanzania        | 0.4   | 100% | 100% | 1 | Yes | Development |
| 30 | Tanzania Huafeng Agriculture Development Limited | Tanzania Huafeng Agriculture Development Limited | 24.09.2021 | EPZ | Manufacturing     | Production of bags   | 250  | 6   | Pwani          | Mkurunga | China                    | 7.8   | 100% | 100% | 1 | Yes | Development |
| 31 | Tembo Mfalme Limited                             | Tembo Mfalme Limited                             | 22/03/2019 | EPZ | Manufacturing     | Bottles & packaging stripes  | 200  | 2   | Pwani          | Mkurunga | India & Tanzania         | 1.24  | 100% | 100% | 1 | Yes | Operation   |
| 40 | Tan-Ko Mirae Green Ltd                           | Tan-Ko Mirae Green Ltd                           | 11/2/2022  | EPZ | Agroprocessing    | Cashewnut  | 36   | 3   | Pwani          | Mkurunga | Korea                    | 2.4   | 100% | 100% | 1 | Yes | Development |
| 32 | Metachem International                           | Metachem International                           | Oct-23     | EPZ | Minerals          | mineral processing   | 211  | 1   | Pwani          | Mkurunga | India                    | 0.55  | 100% | 100% | 1 | Yes | Operation   |

|    |   |   |            |     |                 |  |     |   |       |           |                    |           |           |      |   |             |             |  |
|----|---|---|------------|-----|-----------------|--|-----|---|-------|-----------|--------------------|-----------|-----------|------|---|-------------|-------------|--|
|    | Ltd   | Ltd   |            |     |                 |  |     |   |       |           |                    |           |           |      |   |             |             |  |
| 33 | China Henan International Cooperation Limited | China Henan International Cooperation Limited | 31/01/2013 | EPZ | Manufacturing   | Explosives   | 27  | 3 | Pwani | Bagamoyo  | China              | 0.979     | ####<br># | 100% | 1 | Yes         | Development |  |
| 34 | Fuzzy International General Trading Limited   | Fuzzy International General Trading Limited   | 21/11/2019 | EPZ | Agroprocessing  | Cashew nuts  | 286 | 1 | Pwani | Mkuranga  | India              | 1.4       | 100%      | 100% | 1 | Yes         | Operation   |  |
| 35 | Hong Fei Investment Limited                   | Hong Fei Investment Limited                   | 18.05.2021 | EPZ | Industrial      | Industrial Park Development                        | 500 | 3 | Pwani | Mkuranga  | China              | 0.753Ha   | 100%      | 100% | 1 | Yes         | Development |  |
| 45 | TT Investment Limited                         | TT Investment Limited                         | 15/10/2014 | EPZ | Processing      | Meat   | 25  | 1 | Pwani | N/A       | China              | N/A       | N/A       | N/A  | 1 | Yes         | Development |  |
| 36 | Metallord Multi Industries Ltd                | Metallord Multi Industries Ltd                | Oct-23     | EPZ | Manufacturing   | Iron sheets, nails, cables fence and plastic pipes | 61  | 2 | DSM   | Temeke    | India              | 3,792Sq m | 100%      | 100% | 1 | Yes         | Development |  |
| 37 | Lucky Umbrella Co. Ltd                        | Lucky Umbrella Co. Ltd                        | Oct-23     | EPZ | Agroprocessing  | Sesame, cassava, beans and soya                    | 40  | 1 | DSM   | Kigamboni | Tanzania           | 1.02      | 100%      | 100% | 1 | Yes         | Development |  |
| 38 | ZhongLian Biotechnology Limited               | ZhongLian Biotechnology Limited               | 17.05.2021 | EPZ | Processing      | Production of Powder using                         | 70  | 1 | DSM   | Kinondoni | China              | 0.3       | 100%      | 100% | 1 | Yes         | Development |  |
| 39 | Neways Tanzania Limited                       | Neways Tanzania Limited                       | 29/06/2022 | EPZ | Agroprocessing  | Cooking oil  | 55  | 1 | DSM   | Kigamboni | Tanzania           | 0.4       | 100%      | 100% | 1 | Yes         | Development |  |
| 40 | Green Bridge Commodities Limited              | Green Bridge Commodities Limited              | 21/02/2022 | EPZ | Agroprocessing  | Pulses   | 90  | 3 | DSM   | Temeke    | Tanzania/India     | 0.41      | 100%      | 100% | 1 | Yes         | Operation   |  |
| 41 | Kriishi Green Limited                         | Kriishi Green Limited                         | 1/29/2021  | EPZ | Agroprocessing  | Pulses   | 120 | 5 | DSM   | Ilala     | Tanzania           | 0.25      | 100%      | 100% | 1 | Yes (Lease) | Development |  |
| 42 | NB Industries Limited                         | NB Industries Limited                         | 16/02/2022 | EPZ | Manufacturing   | Packaging materials                                | 30  | 5 | DSM   | Ilala     | India              | 0.45      | 100%      | 100% | 1 | Yes (Lease) | Operation   |  |
| 43 | Diamond Foods Limited                         | Diamond Foods Limited                         | 26.07.2022 | EPZ | Food processing | Dry foods (snarks)                                 | 40  | 1 | DSM   | Ilala     | India              | 0.08      | 100%      | 100% | 1 | Yes (Lease) | Operation   |  |
| 44 | Apeck Export Group Limited                    | Apeck Export Group Limited                    | 11/2/2022  | EPZ | Agroprocessing  | Pulses   | 180 | 3 | DSM   | Ubungo    | Tanzania           | 0.2107    | 100%      | 100% | 1 | Yes         | Development |  |
| 45 | Green World Metals Ltd                        | Green World Metals Ltd                        | Oct-23     | EPZ | Manufacturing   | Lead ingots  | 185 | 4 | DSM   | Ilala     | Tanzania           | 1         | 100%      | 100% | 1 | Yes (Lease) | Operation   |  |
| 46 | Gaia Eco Solutions (T) Limited                | Gaia Eco Solutions (T) Limited                | 26/09/2011 | EPZ | Agroprocessing  | Batteries  | 100 | 3 | DSM   | Ilala     | Tanzania           | 1.343Ha   | 100%      | 100% | 1 | Yes (Lease) | Operation   |  |
| 47 | Apex PET Plastic Limited                      | Apex PET Plastic Limited                      | 20/10/2016 | EPZ | Manufacturing   | Plastics products                                  | 80  | 4 | DSM   | Temeke    | Tanzania           | 0.6778    | N/A       | N/A  | 1 | Yes (Title) | Planning    |  |
| 48 | Balaji Tanzania Limited                       | Balaji Tanzania Limited                       | 14/09/2008 | EPZ | Manufacturing   | Candles  | 65  | 1 | DSM   | Ubungo    | India              | 0.03Ha    | 100%      | 100% | 1 | Yes (Lease) | Operation   |  |
| 49 | Honey Care Africa (Tz)                        | Honey Care Africa (Tz)                        | 15/01/2008 | EPZ | Pxnci bee beey  | Honey and bee wax                                  | 46  | 1 | DSM   | Ilala     | Tanzania & British | 0.05Ha    | 100%      | 100% | 1 | Yes (Lease) | Operation   |  |

|    |   |   |            |     |                    |                                     |      |    |        |               |                         |         |      |      |          |             |             |
|----|---|---|------------|-----|--------------------|-------------------------------------|------|----|--------|---------------|-------------------------|---------|------|------|----------|-------------|-------------|
|    | Company Limited                           | Company Limited                           |            |     |                    |                                     |      |    |        |               |                         |         |      |      |          |             |             |
| 50 | LV DI International Enterprises Limited   | LV DI International Enterprises Limited   | 28/06/2021 | EPZ | Agro-processing    | Plastic bottles                     | 105  | 1  | DSM    | Temeke        | China                   | 0.8     | 100% | 100% | 1        | Yes (Lease) | Operation   |
| 51 | Power Recyclers Limited                   | Power Recyclers Limited                   | 23/03/2018 | EPZ | Food processing    | Plumpy nut and nutritious food      | 105  | 1  | DSM    | Ilala         | Tanzania/Lebanon        | 1.99    | 100% | 100% | 1        | Yes (Lease) | Operation   |
| 52 | Rifty Valley Tea Solutions Limited        | Rifty Valley Tea Solutions Limited        | 13.08.2015 | EPZ | Agro-processing    | Tea                                 | 24   | 2  | DSM    | Ilala         | Mauritius and Tanzania  | 0.24    | 100% | 100% | 1        | Yes (Lease) | Operation   |
| 53 | SB Plastics Limited                       | SB Plastics Limited                       | 21/05/2013 | EPZ | Plastic recycling  | Plastic bottles                     | 100  | 2  | DSM    | Temeke        | Tanzania and India      | 0.526   | 100% | 100% | 1        | Yes (Lease) | Operation   |
| 54 | Spincast Engineering Ltd                  | Spincast Engineering Ltd                  | 12/05/2017 | EPZ | Manufacturing      | Assembly automotive parts and spear | 102  | 1  | DSM    | Ilala         | Tanzania                | 0.2     | 100% | 100% | 1        | Yes (Lease) | Operation   |
| 55 | Tanfor Investment Limited                 | Tanfor Investment Limited                 | 22/12/2018 | EPZ | Plastic recycling  | Plastic Materials                   | 105  | 4  | DSM    | Ubungu        | Tanzania                | 0.25    | 100% | 100% | 1        | Yes (Lease) | Operation   |
| 56 | Xin LI Packaging Material Company Limited | Xin LI Packaging Material Company Limited | 06.10.2021 | EPZ | Manufacturing      | Pet Straps                          | 26   | 12 | DSM    | Ilala         | China                   | 0.3     | 100% | 100% | 1        | Yes (Lease) | Operation   |
| 57 | East Africa zhenyuan Group Company Ltd    | East Africa zhenyuan Group Company Ltd    | 27/07/2022 | EPZ | Forestry           | Wood & timber                       | 1000 | 10 | Iringa | Mufindi       | China                   | 16.7    | 100% | 100% | 1        | Yes         | Operation   |
| 58 | Kibidula Farm Limited                     | Kibidula Farm Limited                     | 14/06/2022 | EPZ | Horticulture       | Avocado                             | 500  | 3  | Iringa | Mufindi       | Tanzania/USA            | 800     | 100% | 100% | 1        | Yes         | Operation   |
| 59 | Briquette Energy Solutions Tanzania Ltd   | Briquette Energy Solutions Tanzania Ltd   | Aug-23     | EPZ | Forestry           | Charcoal briquettes                 | 113  | 1  | Iringa | Mufindi       | British                 | 3.146Ha | 100% | 100% | 3.146 Ha | Yes         | Development |
| 60 | MKS Global Trading Ltd                    | MKS Global Trading Ltd                    | Oct-23     | EPZ | Mineral Processing | Copper ingots                       | 80   | 1  | Iringa | Iringa        | England                 | 0.159Ha | 100% | 100% | 1        | Yes         | Operation   |
| 61 | King Charcoal Africa Ltd                  | King Charcoal Africa Ltd                  | Jan-24     | EPZ | Forestry           | Charcoal briquettes                 | 240  | 8  | Iringa | Mufindi       | Tanzania                | 19.09Ha | 100% | 100% | 1        | Yes         | Development |
| 62 | Olivado Tanzania Limited                  | Olivado Tanzania Limited                  | 27.12.2019 | EPZ | Horticulture       | Avocado                             | 208  | 2  | Njombe | Wanging'o mbe | Kenya                   | 12.03   | 100% | 100% | 1        | Yes         | Operation   |
| 63 | EI-Fatel Enterprises Company Limited      | EI-Fatel Enterprises Company Limited      | 07.08.2022 | EPZ | Forestry           | Wood Products                       | 74   | 0  | Ruvuma | Songea        | Tanzania                | 2Ha     | 100% | 100% | 1        | Yes         | Operation   |
| 64 | Rungwe Avocado (Korongu 3)                | Rungwe Avocado (Korongu 3)                | 15/02/2018 | EPZ | Horticulture       | Avocado                             | 25   | 1  | Mbeya  | Rungwe        | Tanzania/British        | 2.8     | 100% | 100% | 1        | Yes         | Development |
| 65 | T. Masasi Agro Industry Limited           | T. Masasi Agro Industry Limited           | 16/07/2020 | EPZ | Agroprocessing     | Cashew nuts, groundnuts and apple   | 167  | 24 | Lindi  | Lindi         | Tanzania/German/Somalia | 7.76    | N/A  | N/A  | 1        | Yes         | Development |
| 66 | Unicarb                                   | Unicarb                                   | 11/26/2020 | EPZ | Mining             | Graphite &                          | 43   | 2  | Lindi  | Ruangwa       | Tanzania                | 12H     | 100% | 100% | 1        | Yes         | Development |

|    |  |  |            |     |                     |                                      |      |     |           |            |                                   |            |      |      |   |     |             |
|----|--|--|------------|-----|---------------------|--------------------------------------|------|-----|-----------|------------|-----------------------------------|------------|------|------|---|-----|-------------|
|    | Industrial Minerals Limited                | Industrial Minerals Limited                |            |     |                     | copper                               |      |     |           |            | & India                           | a          |      |      |   |     |             |
| 67 | Jabari Investment Limited                  | Jabari Investment Limited                  | 11.06.2021 | EPZ | Agro-processing     | Cashew nuts                          | 438  | 2   | Mtwara    | Tandahimba | Tanzania & Sweden                 | 8Ha        | 100% | 100% | 1 | Yes | Development |
| 68 | Coastal Nuts Tanzania Limited              | Coastal Nuts Tanzania Limited              | 24.09.2021 | EPZ | Agroprocessing      | Cashew nuts                          | 400  | 3   | Mtwara    | Mtwara     | Tanzania/Uganda/Mauritius/Ireland | 0.45 Ha    | 100% | 100% | 1 | Yes | Development |
| 69 | A.J. Quality Timber Exporters Limited      | A.J. Quality Timber Exporters Limited      | 9/11/2017  | EPZ | Forestry            | Timber products                      | 70   | 5   | Morogoro  | Ulanga     | Tanzania & India                  | 2.4 Hact   | 100% | 100% | 1 | Yes | Operation   |
| 70 | Kokoa Kamili Limited                       | Kokoa Kamili Limited                       | 15/11/2013 | EPZ | Agroprocessing      | Cocoa                                | 47   | 1   | Morogoro  | Ifakara    | USA/India                         | 2.7 Acres  | 100% | 100% | 1 | Yes | Operation   |
| 71 | Mahashree Agro Processing Limited          | Mahashree Agro Processing Limited          | 5/8/2019   | EPZ | Agroprocessing      | cereals (pulse)                      | 50   | 2   | Morogoro  | Morogoro   | India/Australia                   | 8.76 Ha    | 100% | 100% | 1 | Yes | Development |
| 72 | Mambo Coffee Company Limited               | Mambo Coffee Company Limited               | 31/10/2016 | EPZ | Agroprocessing      | Coffee                               | 50   | 2   | Morogoro  | Morogoro   | Tanzania                          | 0.972      | 100% | 100% | 1 | Yes | Operation   |
| 73 | Mazava Fabrics and Production E.A. Limited | Mazava Fabrics and Production E.A. Limited | 4/9/2012   | EPZ | Garments            | Sports-wear garments                 | 1556 | 4   | Morogoro  | Morogoro   | Mauritius/Philippines             | 0.075      | 100% | 100% | 1 | Yes | Operation   |
| 74 | Milama Processing Company Limited          | Milama Processing Company Limited          | 29/09/2014 | EPZ | Horticulture        | Horticulture (fruits and vegetables) | 317  | 2   | Morogoro  | Mvomero    | South Africa & Tanzania           |            | 100% | 100% | 1 | Yes | Operation   |
| 75 | Nguru Hills Ranch Limited                  | Nguru Hills Ranch Limited                  | 14/03/2018 | EPZ | Ranch               | Meat processing for export           | 350  | 6,2 | Morogoro  | Mvumero    | Britain/Tanzania                  | 2450 .85Ha | 100% | 100% | 1 | Yes | Development |
| 76 | Tanite Minerals Limited                    | Tanite Minerals Limited                    | 2022       | EPZ | Minerals Processing | Graphite                             | 55   | 1   | Morogoro  | Morogoro   | U.A.E,India & Tanzania            | 0.0007     | 100% | 100% | 1 | Yes | Development |
| 77 | Teak Resources Tanzania Limited            | Teak Resources Tanzania Limited            | 14/06/2022 | EPZ | Forestry            | Timber products                      | 65   | 1   | Morogoro  | Ulanga     | British & Tanzania                | 2 Ha       | 100% | 100% | 1 | Yes | Operation   |
| 78 | Teak Tanzania Limited                      | Teak Tanzania Limited                      | 20/11/2017 | EPZ | Forestry            | Timber products                      | 45   | 2   | Morogoro  | Ulanga     | British, Tanzania & India         | 4.4 Ha     | 100% | 100% | 1 | Yes | Operation   |
| 79 | Mwanza Precious Metal Refinery Limited     | Mwanza Precious Metal Refinery Limited     | 30/04/2021 | EPZ | Minerals            | Mineral Refinery                     | 34   | 13  | Mwanza    | Ilemela    | Tanzania & Singapore              | 0.61       | 100% | 100% | 1 | Yes | Operation   |
| 80 | GG Refinery Limited                        | GG Refinery Limited                        | 5/8/2021   | EPZ | Minerals            | Mineral Refinery                     | 100  | 12  | Geita     | Geita      | Tanzania/USA                      | 4.37       | 100% | 100% | 1 | Yes | Operation   |
| 81 | Fang Hua Investment Company Limited        | Fang Hua Investment Company Limited        | 19/06/2017 | EPZ | Processing          | Meat                                 | 135  | 2   | Shinyanga | Shinyanga  | China                             | 16Ha       | 100% | 100% | 1 | Yes | Operation   |
| 82 | Jielong Holdings (T)                       | Jielong Holdings (T)                       | 27/09/2013 | EPZ | Agroprocessing      | Cotton seeds oil and de-             | 344  | 2   | Shinyanga | Shinyanga  | China                             | 14         | 100% | 100% | 1 | yes | Operational |

|    |  |  |            |     |                    |                       |     |    |           |           |                          |          |      |      |   |     |             |  |
|----|--|--|------------|-----|--------------------|-----------------------|-----|----|-----------|-----------|--------------------------|----------|------|------|---|-----|-------------|--|
|    | Company Limited                                    | Company Limited                                    |            |     |                    | oiled cakes           |     |    |           |           |                          |          |      |      |   |     |             |  |
| 83 | JOC Textile (T) Limited - Dahong Textile(Tanzania) | JOC Textile (T) Limited - Dahong Textile(Tanzania) | 2/12/2013  | EPZ | Textile            | Cotton yarn           | 250 | 25 | Shinyanga | Shinyanga | China                    | 14.9     | 100% | 100% | 1 | yes | Operational |  |
| 84 | Stellar HMS Ltd                                    | Stellar HMS Ltd                                    | Sep-23     | EPZ | Mineral Processing | Gold processing       | 20  | 1  | Shinyanga | Shinyanga | Tanzania & India         | 0.007Ha  | 100% | 100% | 1 | yes | Development |  |
| 85 | Peponi Minerals Ltd                                | Peponi Minerals Ltd                                | 29/06/2022 | EPZ | Mineral Processing | Mineral               | 54  | 3  | Singida   | Iramba    | Tanzania                 | 3.28     | 100% | 100% | 1 | yes | Development |  |
| 86 | Farmgrow Cashews Tanzania Ltd                      | Farmgrow Cashews Tanzania Ltd                      | Oct-23     | EPZ | Agroprocessing     | Cashew Nut processing | 210 | 8  | Singida   | Manyoni   | Mauritius/India          | 16       | 100% | 100% | 1 | Yes | Operation   |  |
| 87 | Grand Botanicals Limited                           | Grand Botanicals Limited                           | 12/4/2018  | EPZ | Forestry           | Honey                 | 7   | 1  | Tabora    | Tabora    | Tanzania                 | 0.6437Ha | 100% | 100% | 1 | Yes | Operation   |  |
| 88 | African Flame Logistic Co. Limited                 | African Flame Logistic Co. Limited                 | 28/04/2022 | EPZ | Forestry           | Carbonated charcoal   | 91  | 1  | Tanga     | Tanga     | Tanzania & Egypt         | 5.578 Ha | 100% | 100% | 1 | Yes | Operation   |  |
| 89 | Pics (esa) Tanzania Limited                        | Pics (esa) Tanzania Limited                        | 17.05.2021 | EPZ | Manufacturing      | Packaging materials   | 320 | 7  | Tanga     | Tanga     | Mauritius/Kenya/Tanzania | 3.96     | 50%  | 0    | 1 | Yes | Development |  |
| 90 | Sayona Chemical Limited                            | Sayona Chemical Limited                            | 11/2/2022  | EPZ | Minerals           | Stone pavements       | 300 | 6  | Tanga     | Tanga     | Tanzania                 | 11.685   | 41%  | 100% | 1 | Yes | Operation   |  |



## INDUSTRIAL PARKS REGISTERED BY TIC.

| S/No. | Project Profiles Company Name                       | Approved Date | Size (Ha.) | Majority Shares | Place/Location | Stage of Development |
|-------|---|---------------|------------|-----------------|----------------|----------------------|
| 1     | Herocean Enterprises (T) Ltd                        | 8/31/2023     |            |                 |                |                      |
| 2     | Firmness Real Estate Limited                        | 7/19/2023     |            |                 |                |                      |
| 3     | Elland Road Limited                                 | 6/16/2023     |            |                 |                |                      |
| 4     | Chyna Enterprises and Trading Company Limited       | 4/11/2023     |            |                 |                |                      |
| 5     | ZTM Limited   | 1/30/2023     |            |                 |                |                      |
| 6     | GS Hilltop Limited                                  | 7/27/2023     |            |                 |                |                      |
| 7     | Wen Xing Plastic Cement Investment Company Limited  | 1/26/2023     |            |                 |                |                      |
| 8     | Mac Group Limited                                   | 8/6/2022      |            |                 |                |                      |
| 9     | Alpha Raiser Company Limited                        | 12/7/2022     |            |                 |                |                      |
| 10    | Nyanza Road Works Limited                           | 6/8/2022      |            |                 |                |                      |
| 11    | ZCJB International Company Limited                  | 3/21/2022     |            |                 |                |                      |
| 12    | Elsewedy Development Tanzania Limited               | 12/5/2021     |            |                 |                |                      |
| 13    | Tian Tang Group Tanzania Limited                    | 10/7/2021     |            |                 |                |                      |
| 14    | Dolphin Tours And Safaris Ltd.                      | 9/17/2021     |            |                 |                |                      |
| 15    | Sino Tan Kibaha Industrial Park Ltd                 | 7/30/2021     |            |                 |                |                      |
| 16    | Jiahe Development Co Limited                        | 7/12/2021     |            |                 |                |                      |
| 17    | Kamaka Co. Limited                                  | 6/21/2021     |            |                 |                |                      |
| 18    | Mawematatu Company (T) Limited                      | 6/16/2021     |            |                 |                |                      |
| 19    | Majestic Holdings Limited                           | 5/7/2021      |            |                 |                |                      |
| 20    | Kiluwa Free Processing Zone                         | 12/5/2018     |            |                 |                |                      |
| 21    | Lilai Investment Company Limited                    | 1/17/2020     |            |                 |                |                      |
| 22    | Lucky Space Investment Limited                      | 9/11/2019     |            |                 |                |                      |
| 23    | Young Investment Company Ltd                        | 8/22/2019     |            |                 |                |                      |
| 24    | T-Better Industrial Park Limited                    | 10/29/2014    |            |                 |                |                      |
| 25    | Wu Zhou Investment Company Limited                  | 11/20/2013    |            |                 |                |                      |
| 26    | Regional Marketing and Sales Limited                | 9/28/2003     |            |                 |                |                      |
| 27    | Karibu Ink & Chemicals Limited                      |               |            |                 |                |                      |
| 28    | Tanga Economic Corridor Ltd.                        |               |            |                 |                |                      |
| 29    | Sun Shine Group Limited                             |               |            |                 |                |                      |
| 30    | China Sichuan International Cooperation Co. Limited |               |            |                 |                |                      |
| 31    | Beijing New Building Materials (T) Limited          |               |            |                 |                |                      |

**LIST OF STAKEHOLDER'S CONSULTED**

| <b>S/N</b> | <b>Name</b> | <b>Phone No.</b> | <b>Email</b> |
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