Tanzania - Best Business Opportunities, Identification and Selection of right Project, Thrust areas for Investment, Industry Startup and Entrepreneurship

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Tanzania is the largest of the East African countries and one of the poorest countries in the world, but also one of Africa's premier tourist destinations. With attractions like Mount Kilimanjaro, the Great Lakes, Ngorongoro, Serengeti National Park, and the islands of Pemba and Zanzibar, to name only some. Tanzania's population of 47.4 million (2014) is highly diverse, composed of numerous ethnic, linguistic,
and religious groups. Tanzania is a presidential constitutional republic, and since 1996, its official capital has been Dodoma, where the President's Office, the National Assembly, and some government ministries are located. Dar es Salaam, the former capital, retains most government offices and is the country's largest city, principal port, and leading commercial center. Tanzania is a least developing country with many untapped natural resources. The economy is relatively diversified and a number of opportunities remain untapped in many sectors thus offer a wide range of opportunities to potential investors. Manufacturing sector is at its infancy stage with few exploited areas while
Trade sector has been marked with negative trade balances and major exports have been dominated by unprocessed agricultural commodities. Tanzania is in the bottom ten percent of the world's economies in terms of per capita income. The economy depends heavily on agriculture that accounts for more than 40% of GDP and provides 85% of exports and employs 80% of the workforce. The recent reforms in banking have helped increase private-sector growth and investment. Continued donor assistance and solid macroeconomic policies supported real GDP growth of 7.1% in 2008. Tanzania is an emerging economy with a very high growth potential. Whilst the economy is relatively diversified, a number of opportunities remain untapped in many sectors.
These investment opportunities have been divided into two categories: the Lead Sectors and the Priority sectors. The Lead Sectors include: Agriculture and Agro-based Industries; Mining; Petroleum and Gas; Tourism, and Infrastructure. The Priority Sectors include: Energy, Manufacturing, Chemical Industries, Natural Resources (Fishing & Forestry), Construction and Real Estate Development, Management Consultancy, Human Resource Development (Hospitals, Health Centers, and Educational Facilities), Radio and Television Broadcasting and Export Oriented Projects.

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Geography and Climate

Tanzania is the 13th largest country in Africa and the 31st largest in the world, ranked between the larger Egypt and smaller Nigeria. It borders Kenya and Uganda to the north; Rwanda, Burundi, and the Democratic Republic of the Congo to the west; and Zambia, Malawi, and Mozambique to the south. In the northeast of Tanzania is a mountainous region that includes Mt. Meru (14,979 ft/4,566 m) and Mount Kilimanjaro (19,340 ft. /5,895 m), the latter of which is the highest point in Africa and possibly the most breathtaking mountain imaginable.
The climate of Tanzania varies according the geographic zones, but in a nutshell it is universally hot and humid at the coast, with the heat and humid increasing between November and March. Rainfall peaks in April and May, with a second surge between Nov and Dec. Tanzania has a tropical climate but has regional variations due to topography.[3] In the highlands, temperatures range between 10 and 20 °C (50 and 68 °F) during cold and hot seasons respectively. The rest of the country has temperatures rarely falling lower than 20 °C (68 °F). The hottest period extends between November and February (25-31 °C or 77.0-87.8 °F)
while the coldest period occurs between May and August (15-20 °C or 59-68 °F). The climate of Tanzania varies quite a bit, considering that its environment includes both the highest and the lowest points on the continent. While the narrow lowland coastal region is consistently hot and humid, the central regions of Tanzania are sufficiently elevated so as to offer much cooler temperatures.
Economy

The United Republic of Tanzania is the second largest economy in the East African Community and the twelfth largest in Africa. The country is largely dependent on agriculture for employment, accounting for about half of the employed workforce. Tanzania has an area of 945,090sq.km and a population of 27.5 million, of whom 26.7 million live on the mainland and 0.76 million live in Zanzibar. A large part of Tanzania is covered by woodlands, bush lands and wooded grassland. Arable land occupies some 40 million hectares of which 6 million is under cultivation. The East African nation of
Tanzania has an estimated population of 47.4 million as of 2014. With the support of the International Monetary Fund (IMF), the World Bank Group (WBG), and other development partners, Tanzania has been able to make important economic and structural reforms and sustain its economic growth rates over the last decade. Productive economic growth in recent years has helped to promote prosperity, but widespread poverty still plagues an economy that lacks fundamental aspects of economic freedom. A greater commitment to structural and institutional reforms is needed to create an efficient entrepreneurial environment and open markets. Tanzania is a natural trade hub. It is well placed in terms of its geographical location in facilitating trade in the East African Community countries and the land locked countries. Tanzania can take advantage of its position as a resource base.
Land & Natural Resources

The main natural resources in Tanzania are land, rivers, lakes, the ocean, and forests/woodlands. Natural resources are used for crops cultivation, grazing (for livestock), wildlife, wood (as an energy source and for building materials), fishing and minerals' mining. Tanzania has plenty of uncultivated arable land for agricultural investment. The main forms of Land Tenure in Tanzania today are: Right of Occupancy - a title to the use and occupation of land; Customary or Traditional Land Tenure; and Communal Land Tenure.

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In practice, most agricultural land is held under either customary or communal systems and most of agricultural land is not surveyed. Few users have documents showing their legal rights and duties or even boundaries. Tanzania enjoys an abundance of natural wealth which offers tremendous investment opportunities. It has abundant tourist attractions that are mostly underutilized. It's climatic and soil conditions give it comparative advantage in farming of a variety of crops. It has mineral wealth largely still unexploited.
Abundant trainable and inexpensive skilled labour force. Tanzania is rich in natural resources such as gas, minerals and uranium. There are also several joint forestry and environmental projects by Finnish and Tanzanian non-governmental organizations. These projects receive direct funding from the Finnish foreign ministry. Small-scale projects carried out by Tanzanian NGOs can also be funded through the Finnish embassy's local cooperation fund. Another set of resources is offered by Tanzania's mineral potential. Yet other opportunities may be found in agriculture, for which soil and climate are most favourable in many parts of the country.
Agricultural Development

The Tanzanian economy is heavily based on agriculture, which accounts for 24.5% of gross domestic product, provides 85% of exports, and accounts for half of the employed workforce. The agricultural sector grew 4.3% in 2012, less than half of the Millennium Development Goal target of 10.8%. 16.4% of the land is arable, with 2.4% of the land planted with permanent crops. Agriculture sector is the leading sector of the economy of Tanzania and accounts for over half of the GDP and export earnings.
The primary objective of Agricultural sector Development strategy (ASDS) is to create an enabling and conductive environment for improving profitability of the sector as the basis for improved farm incomes and rural poverty reduction in medium and long term. The geographical coverage of the Agricultural Sector Development Programme (ASDP) will be maintained, i.e. 132 rural districts of the mainland where about 90 per cent of the poor - defined as those living on less than a dollar a day - live. Some 80 per cent of the country's rural poor are engaged in agricultural activities. All funding for agricultural development (both external and domestic) has been brought together under a single sector programme and expenditure framework, owned and led by the Government, with development partners progressively aligning and harmonizing their procedures with country systems.
FOCUS SECTORS FOR INVESTMENT

Manufacturing Sector

Manufacturing sector into six zones; the Northern zone, the Lake Zone, the Southern zone, the Western zone, the Central zone and the Coastal zone. The Manufacturing sector contributes marginally to the GDP compared to agriculture. Manufacturing contributes 8.8% of GDP (of mainland Tanzania in 2008).
The government has privatised state-owned industries and encouraged foreign direct investment through incentives such as access to land and the right to transfer 100% of foreign exchange and profit outside the country. In 2005 manufacturing received 22% of foreign direct investment (FDI). Light Manufacturing in Tanzania argues that for Tanzania to remain one of the fastest growing economies in Sub-Saharan Africa, it has to make progress in the structural transformation that can lift workers from low-productivity agriculture and the informal sector to higher productivity activities. Manufacturing, which has been the main vehicle throughout the world to achieve this transformation, has remained stunted in Tanzania.
Mining is one of Tanzania's fastest growing sectors. It makes up at least half of the country's foreign exchange earnings each year. These measures have all assisted in attracting exploration capital to the country. Tanzania's mining industry has experienced a boom in mineral exploration and mining activities. Six large gold mines are responsible for much of the country's production.
Largely because of these six firms, Tanzanian gold production has increased dramatically in recent years. Tanzania is fast becoming one of Africa's leading gold-producing regions. After three decades of relative economic uncertainty, in 1997 the Tanzanian government re-opened its doors to foreign investors, which helped lay the way for economic rejuvenation. The diverse natural mineral resources in Tanzania include gold, iron ore, nickel, copper, cobalt, silver, diamond, tanzanite, ruby, garnet, limestone, soda ash, gypsum, salt, phosphate, coal, uranium, gravel, sand and dimension stones. The mining industry of Tanzania provides jobs for over one million people in Tanzania,
the majority being employed in artisanal mining operations. The mining industry makes a significant contribution to the Tanzanian economy, mainly through the extraction of copper, gold, and silver, along with some industrial minerals and gemstones such as diamonds. International mining companies dominate the industry in the extraction of gold and diamonds, with additional small scale mining operations scattered across the country.
Tourism and Travel

Tanzania is a country with many tourist attractions. Approximately 38 percent of Tanzania's land area is set aside in protected areas for conservation. Tourism in areas such as construction of hotel accommodations; entertainment facilities; camping; lodges and guesthouses of international standard; participation in development of beach tourism, historical sites; amusement parks;
deep sea fishing and sea and lake cruising, theme parks and gambling resorts. Tanzania's most well known tourist attractions are located in the northern part of the country and include Mount Kilimanjaro, Africa's highest mountain. Travel and tourism contributed 12.7 percent of Tanzania's gross domestic product and employed 11.0 percent of the country's labour force (1,189,300 jobs) in 2013. The sector is growing rapidly, rising from US $1.74 billion in 2004 to US $4.48 billion in 2013. In 2012, 1,043,000 tourists arrived at Tanzania's borders compared to 590,000 in 2005.
The Tanzania Tourist Board promotes tourism internationally; the Tourism Confederation of Tanzania is the umbrella organisation representing the travel and tourism industry. The focus of marketing is on North America, Europe and Africa. The Tourist Board hopes to make tourism the sector which contributes the most to GDP by 2025 and infrastructure is developing.
Transport Infrastructure

The Tanzania transport sector plays a crucial role in the growth of the Tanzanian economy; it facilitates domestic and international trade, contributes to national integration, and provides access to jobs, health, education and other essential facilities. Improving transport infrastructure, consisting of roads, railways, airports and waterways, is a high government priority. Most transport in Tanzania is by road; road transport constitutes over 75% of the country's freight traffic and 80% of its passenger traffic.
Tanzania has two railway companies: TAZARA, which provides service between Dar es Salaam and Kapiri Mposhi (in a copper-mining district in Zambia), and Tanzania Railways Limited, which connects Dar es Salaam with central and northern Tanzania. In the past five years, the transport sector in Tanzania has helped to integrate market-strengthening competition, increased access to farming techniques, promoted trade, tourism, and foreign investment, and has also contributed to the government revenue.

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The growth and performance of the Tanzania transport sector have continued to improve both because of government efforts and because of private sector investment in road rehabilitation, the expansion of telecommunications services, the modernization of port services, and the improvement in marine, railway and air transport services.
Agriculture and Fisheries

Agriculture, forestry and fisheries contribute nearly half (45%) of GDP (of mainland Tanzania in 2007), with a coastline stretching over 1,424 km, a water area of 276,920 km² and access to three large lakes. The presence of favourable climatic conditions provide opportunities in commercial farming of various cash crops such as coffee, cotton, tobacco, sisal, cashew nuts, sugar and pyrethrum.

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Fishery products are exported to regional markets such as the Congo, South Africa and the Sudan. Endowed with one of the largest freshwater lakes in the world, Tanzania has substantial fish resources of 730,000 metric tons per year. As much of Tanzania's fisheries industry is dominated by small, artisanal fishing, the largest companies are those involved in fish processing.
Aquaculture is a growing sector with much potential for investment. Shrimps, seaweed and tilapia are the most commonly farmed marine produce. Freshwater fish farming is also a growing sector employing around 14,000 people (2013). An estimated 3000 people are involved in seaweed farming which, in the early 2000s, was becoming one of the most popular cash crops in the islands of Tanga and Zanzibar.
POTENTIAL SECTORS

Agriculture and Agro processing:

Horticulture
Large-scale commercial farming
Livestock and poultry industry
Food processing
Agro-processing
Aquaculture, marine and freshwater

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