

UNITED REPUBLIC OF TANZANIA

PRIME MINISTER'S OFFICE

REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT



KIGOMA SPECIAL ECONOMIC ZONE BRONCHURE
(KiSEZ)



Prepared by:

Kigoma Special Economic Zone Co. Ltd.

P. O. Box 125,

KIGOMA.

Fax: 028 2802330

Tel: 028 2803202/3

WEBSITE: www.kisez.go.tz

Email: info@kisez.go.tz

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MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS



On behalf of the Board of Directors, the Kigoma Special Economic Zone Co. Ltd. and the People of Kigoma Region, I wish to thank you for setting aside your time to view this profile. Your decision is a clear manifestation of your readiness to join hands with us and work together to create “endless” opportunities for investments to you all as well as wealth creation and prosperity for our people.

Kigoma Special Economic Zone (KiSEZ) is intended to become prime mover and growth node for the inland regions surrounding Lake Tanganyika. In that regard since 2008, the Government of Tanzania acting through Kigoma Regional Authorities, has been committing substantial resources in the annual fiscal budget to fund the initial concept studies and techno economic indicative studies to establish the economic viability and environmental sustainability of the Kigoma Special Economic Zone.

Kigoma Region is an attractive and welcoming investment destination, given that, the KiSEZ Development Programme has now reached the critical stage which requires both rapid planning and delivery. In order to maintain and continue building the confidence and momentum of investments initiated through the various Government interventions to date, which has been further collaborated by private finance initiatives for investments with the tourism industry leading the way, it is the wish of the Government to avail opportunities for private sector participation right from this early development stage.

We are looking forward to work together and collaborate to ensure the development of KiSEZ achieves the primary public objective of bringing **PROSPERITY WITH SOCIAL SUSTAINABILITY** for our people (*which is the primary motivation of KiSEZ, from the Government development perspective*); and at the same time ensure that KiSEZ economic projects are **COMMERCIALY SUSTAINABLE WITH ACCEPTABLE RATES OF RETURN** (*which serves the primary motivation of the private sector to make profits*). It is my hope that, the foundation for building a strong and sustainable PPP for KiSEZ Development and in the future will be laid.

I trust that these insights will assist us in meeting new challenges as they emerge these commitments would ultimately lead us to ultimate success.

Lt. Col. (Rtd) Issa S. Machibya,
Regional Commissioner Kigoma Region.
Chairman of Board of Directors.
KISEZ COMPANY LIMITED.

A WORD OF THE CHIEF EXECUTIVE OFFICER

Special Economic Zones is the Emerging Agenda for 2011-15 to Drive Tanzania to a Higher Development Stage. Due to the fact that Kigoma Region which is endowed with abundant natural Resources and Investment opportunities, we hope it **to become Africa's food basket:** This entails scaling-up use of modern farm practices & animal husbandry; use of high-yield seeds, fertilizers and agro-inputs ,and artificial insemination; mechanization of agriculture; irrigation; agro-processing; big-push on investment in agriculture in the 'big six' regions in terms of food production potential; popularization of value chain/out-grower schemes.



We are building capacity to become the gateway to service the Great Lakes Region: Key to this will be to improve strategic ports & cargo handling services; Rehabilitation of the central railway & acquisition of more engines & wagons; develop ICT hub for the region using the national backbone infrastructure.

Therefore all interested parties are most welcomed to Kigoma a place where everybody will feel at home! There are fresh waters of Lake Tanganyika, the second deepest Lake in the World. If you drive by Boat on the Waters, in a few hours you will be in Gombe national Park or Mahale National Park to see the famous **Chimpanzee**. The average temperature ranges between 20 degrees and 30 degrees centigrade. Annual rainfall ranges between 600mm and 1800mm. The mean annual rainfall is 1100mm. The pattern of the rainfall is uni-modal with the rain season lasting from October to May, followed by a prolonged dry season. The Total area of Kigoma Region is 45,075 square Kilometers, of which 36,623 sq kms is Land area and 8,552 sq kms is covered by Water bodies. The location of Kigoma Municipality along Lake Tanganyika is of **Vital Importance as a port for Cross-border trade among neighboring Countries of Burundi, DRC, Rwanda and Zambia.**

We are well on our way to fulfilling our vision; global awareness of KiSEZ is increasing rapidly. Businesses and entrepreneurs around the world are realising that doing business in the United Republic of Tanzania does not necessarily have to mean doing business in Dar es Salaam, that ample business opportunities exist in other regions as well, and that Kigoma Region can offer the best and most affordable solutions for their business needs.

Because we realize that our success and that of our clients are one and the same, it is our ambition to help you to achieve your goals, on our way to becoming a one-of-a-kind regional investment hub in the Great Lakes Region.

I look forward to meeting many of you in the near future, at the Kigoma Special Economic Zone.

Sincerely,
Mr. Georges G. F. Bussungu,
Chief Executive Officer,
Kigoma Special Economic Zone (KiSEZ) Co. Ltd.

PREFACE

Kigoma region has established a vision of making Kigoma/Ujiji a destination or getaway of various businesses. To achieve this vision Kigoma/Ujiji will be developed as the premier destination of businesses in the Great Lakes Region. It will provide a one stop destination for all business needs which will include world class infrastructure, attractive business and residential space, manufacturing complexes, logistics and data center as well as commercial activities needed to provide a life style desired by knowledge workers of today. We will also create a brand of businesses that will be synonymous with quality, excellence and innovation.

From a bustling town famed for its culture and heritage, to a thriving business hub, Kigoma/Ujiji Municipality has come a long way.

Courtesy, flexible operations, and simple processes that meet customer demands, the KiSEZ makes up a vibrant community of some of the biggest international companies and covers a large and growing cross section of trade and industry. The best in the fields of marine, aviation, trading, manufacturing and services take advantage of its unique geographical location and flexible facilities.

The KiSEZ's endeavour to be a single window solution provider and the capability to offer a plethora of services including a call centre for the Client Investor Service Department and a Facilities Management Department - a one-stop service centre that groups the cargo, maintenance, health, safety & environment departments etc....will further strengthen its power to drive the business of the future.

As the KiSEZ moves into the future it is committed to its mission of, "exceeding customer expectations and thrilling them at all times".

We would like to take this opportunity to thank our existing customers for all the continual support, and to extend a warm welcome to all our prospective customers.

KiSEZ Company Limited.

KIGOMA SPECIAL ECONOMIC ZONE (KiSEZ) PROJECT DEVELOPMENT

A Brilliant Pearl Rising From the Centre of Africa

The Gateway to International Business

1.0 INTRODUCTION:

Kigoma Region is located in western part of Tanzania. Administratively, the region is divided into six districts, namely Buhigwe, Kakonko, Kasulu, Kibondo, Kigoma, and Uvinza. Kigoma/Ujiji is a municipality and lake port in western Tanzania, on the eastern shore of Lake Tanganyika and borders with Burundi, Democratic of Congo (DRC) and Zambia. It serves as the capital for the Kigoma Region. Kigoma is, and was, one of the busiest ports on Lake Tanganyika. It is the terminus of the railroad from Dar-es-Salaam (completed 1914) and is connected by ship with Congo (Kinshasa) and Burundi. Since the Slave and Ivory trade it has continued to be the only one that had a direct track link and functioning railway connection (the one at Kalemie in DR Congo is not operational), to the seaport at Dar-es-Salaam. The Railway line run from Kigoma to the port of Dar-es-Salaam on the Indian Ocean coast via Tabora and Dodoma. It was completed in 1914 when Kigoma was part of German East Africa.



MAP OF TANZANIA

Kigoma/Ujiji comprises two small towns (Kigoma and Ujiji) with different historical backgrounds. Ujiji is the oldest town in western Tanzania, a suburb of Kigoma Municipality, on Lake Tanganyika, located about 6 miles (10 km) south of Kigoma. Ujiji was an important settlement of Arab and Swahili ivory and slave traders between c.1850 and c.1890. It is the place where Richard Burton and John Speke first reached the shore of Lake Tanganyika in 1858. It is also the site of the famous meeting on October 28, 1871 when Henry Stanley found Dr. David Livingstone, and reputedly uttered the famous words "Dr. Livingstone, I presume?" **Dr. Livingstone, whom many thought dead as no news had been heard of him for several years.**

Kigoma has over the last centuries gained a strong economic foothold in the region and its port is of central importance to the activities of the Great Lakes Region along Lake Tanganyika.

2.0 ROLE OF KISEZ IN ECONOMIC DEVELOPMENT & GROWTH

SEZs in the Emerging Agenda for 2011-15 to Drive Tanzania to a Higher Development Stage

- **To become Africa's food basket:** This entails scaling-up use of modern farm practices & animal husbandry; use of high-yield seeds, fertilizers and agro-inputs, and artificial insemination; mechanization of agriculture; irrigation; agro-processing; big-push on investment in agriculture in the 'big six' regions in terms of food production potential; popularization of value chain/out-grower schemes.
- **Building capacity to become the gateway to service the Great Lakes Region:** Key to this will be to improve strategic ports & cargo handling services; Rehabilitation of the central railway & acquisition of more engines & wagons; develop ICT hub for the region using the national backbone infrastructure.
- **Attracting investors in labour-intensive industries:** Pre-requisites include reducing costs of production (power, water, communications, transport) & deliberate measures to up-lift skills.
- **Building a strong foundation for Tanzania tomorrow:** via improved use of ICT on a wide scale; and special drive to beef-up science education at all levels.

The SEZ instrument will obviously be key for delivering on each of the strategic agenda outlined above:-

- **Kigoma's prime geographical location** (lake port which offers a direct and least cost link to Dar on the Indian Ocean via the central railway line for land-locked Eastern DRC and Burundi);
- **Other Natural endowments:** Virgin agricultural land, ample water resources and good rainfall; latent fisheries potential; potential for mineral and petroleum exploration; Forests & related products; Natural flora & fauna;
- **Food basket for neighbours:** Burundi, Eastern DRC as well as Mwanza, Shinyanga & Tabora regions.
- **Comparative advantage in production** of palm oil & cassava;
- **Unique fresh-water fish species** (*dagaa*, *migebuka*, aquarium fish etc.)

- **Tourist attractions:** Moyowosi Game Reserve, Gombe and Mahale National Parks – Natural home of chimps; Lake Tanganyika-Second deepest lake in the world; A Rift valley; Historical sites including the Livingstone-Stanley memorial; The slave route; the old Boma Buildings; MV Liemba - Oldest ship in operation; Sanctuary or second home for refugees; Rich cultural heritage etc.



Figure 1 A beach along Gombe National Park-Kigoma

3.0 KIGOMA SPECIAL ECONOMIC ZONE (KiSEZ)

The Kigoma Special Economic Zone idea was founded in 2007 and has then been successfully implemented under the Regional Administration. Strategically located 15 minutes from Kigoma town, Kigoma Special Economic Zone (KiSEZ) is thought to be a world- class business hub and a vehicle for industrial growth and development.

In order to participate and have a contribution in the regional and national growth; **Kigoma Regional Consultative Committee announced the introduction of a Special Economic Zone in the region**, for the purposes of enhancing trade operations; foreign direct investment and promote exports from the country and improve duties and tariffs.

The zone will provide a cutting-edge technology, keen customer focus and it will offer on-demand and custom-built support services to investors in a cost-effective, trouble-free and customer-friendly environment. It will also offer investors a range of unique services which include the legal, human resources and marketing assistance.

[illegible]

This is one of the region's most immediate priorities. Our business strategy which we have chosen will allow the zone to best exploit its core competencies relative to opportunities in the external environment. **We strive at building our Sustainable Competitive Advantage which is a** prolonged benefit of implementing some unique value-creating strategy based on unique combination of internal organizational resources and capabilities that cannot be replicated by competitors.

3.1.1. Vision

3.1.2. Mission

Kigoma region has established a vision of making Kigoma/Ujiji a destination or getaway of various businesses. To achieve this vision Kigoma/Ujiji will be developed as the premier destination of

businesses in the Great Lakes Region. It will provide a one stop destination for all business needs which will include world class infrastructure, attractive business and residential space, manufacturing complexes, logistics and data center as well as commercial activities needed to provide a life style desired by knowledge workers of today. We will also create a brand of businesses that will be synonymous with quality, excellence and innovation. Hence improve our services, as the picture below shows the present status of Kigoma Port.



Picture 5: Kigoma Port

It is planned that Kigoma SEZ will have six Commercial clusters to begin with. These six clusters will occupy an area of 3,000Ha. As follows:-

- (a) Manufacturing Cluster - Which will house production, assembling plants, Godowns.
- (b) Residential Cluster - It will include multi-storey and spacious buildings.
- (c) Recreational Cluster - Stadiums, Clubs, Parks and Halls.
- (d) Institutional Cluster - Schools, Colleges, Universities and Hospitals.
- (e) Trade Cluster - Will include Banks, Restaurants, and Supermarkets.
- (f) Transport Cluster - Ports, Airport, Railways, Bus and Heavy Duty Vehicles Terminals.

But the 1st phase will occupy 691Ha. which comprise 401 plots. As shown below in the KiSEZ Master Plan.



Kigoma SEZ - Master Plan

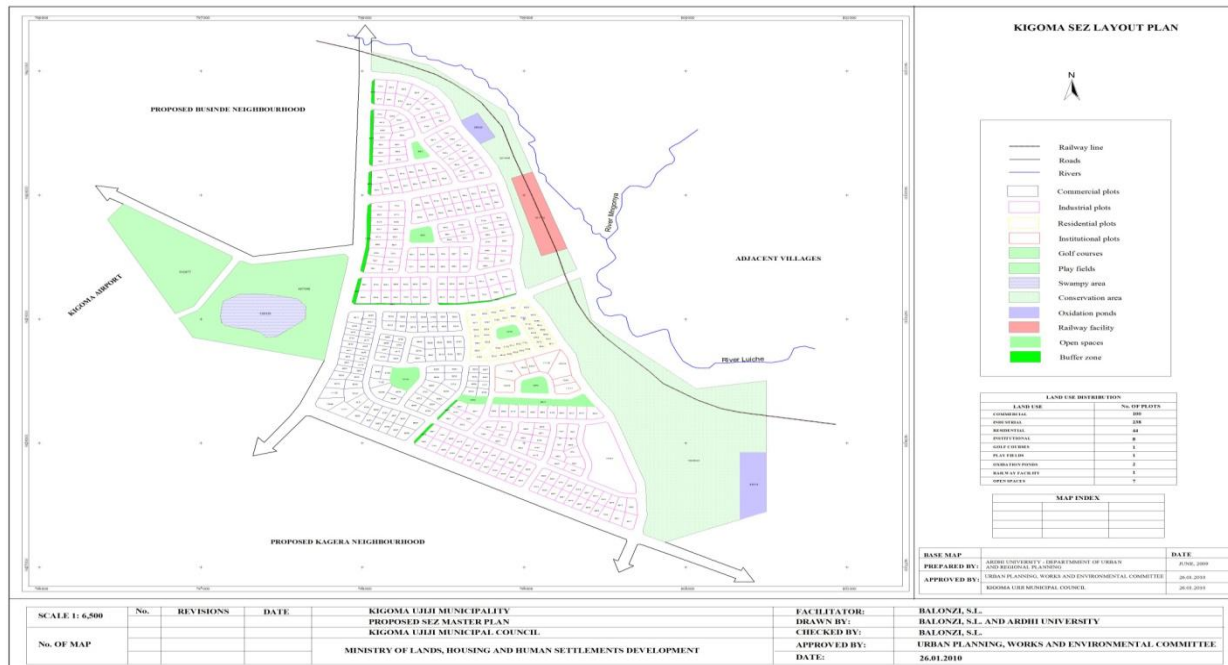
3.2 Previous Completed tasks

- Feasibility study, Master plan and Environmental and Social Impact Assessment (ESIA) -done in accordance with the National Environmental Policy (NEP) (1997) guidelines,
- Detailed layout drawings submitted and approved by the Director of Physical Planning,
- Cadastral Survey drawings completed, submitted and approved by the Director of Surveys,
- Valuation reports for the properties in phase one project area completed and approved by the Chief Government Valuer.
- Preparation of the detailed line infrastructure drawings for:
 - Roads,
 - Water,
 - electricity,
 - storm water and
 - Sewerage,
 - Preparation of the bill of quantities,
- Preparation of the detail drawings for the administrative building, and the home of one Stop Centre,
- Preparation of bill of quantities for the building one stop service centre.
- Capacity building (training),
- Payment of Compensation.

3.3 Intended future tasks

Construction of line infrastructure according to drawings for (use the available funds to create impact):

- Roads (off site),
- Water (off site),
- Electricity,
- Storm water drains and
- Sewerage



Kigoma SEZ Layout plan (401 Plots)

3.4 Other planned activities

- The phasing out of the project for implementation depending on the budget (691 ha),
- **Training /capacity building - the project management team/staff.**
- Promotion and Advertisements in news media, TV, radio for investors (PPP), web site

3.5 Critical Tasks/Challenges Ahead

To put in place off site and within the project:

- Roads,
- Water,
- Electricity,
- Sewerage,
- Storm water,
- Telecommunication,

4.0 THE EXPERIENCES OF ESTABLISHING SPECIAL ECONOMIC ZONES FROM OTHER COUNTRIES

The Asian Tigers improved their economies through various undertakings including the establishing of Free trade Zones. It is evident that Tanzania could benefit from the experiences of establishing and running businesses in Special economic zones from other countries. Therefore Kigoma Officials decided to study in those [countries whose experience have shown success](#). The initial choice was to study in China and The United Arab Emirates, these two countries have shown tremendous improvements of their economy through the establishment of Special Economic Zones.



The Board of Directors in Shenzhen, China

4.1 RATIONALE OF THE PROJECT:

The Kigoma-Ujiji Urban Municipality is the traditional main regional trade centre of the Great Lakes region and home to an ever growing multi-million dollar trade regime which is time tested for more than 200 years, but still operates largely in the parallel market.

The geographical position of Kigoma region offers the competitive advantage in relation to other areas in the country whereby its neighbors D. R. Congo, Burundi, and Zambia offers the great gateway of many products in and out of inland central Africa or what is called the Great Lakes Region. The location of Kigoma Port in considering the growing significance of transport economics as a key factor of competitiveness in global trade due to rising energy costs.

Kigoma is the traditional cultural centre and ethnic melting pot of the peoples of the riparian region of Lake Tanganyika, and hence provides natural force of gravity for promoting regional trade exchange in the region; Pivotal location for shipping on Lake Tanganyika and gateway for international trade via the Indian Ocean using the shortest inland route;

It is a reliable gateway to Eastern D.R. Congo providing access to a very rich mineral resources area; and a Multimodal transport centre providing links for regional and international trade. Therefore Kigoma is a Trade and logistics hub (solid and liquid bulk storage) before trans shipment to and from not only to the riparian states of Lake Tanganyika but other countries in the region like Uganda and Republic of Central Africa.



The Kigoma delegation led by Lt. Col. (Rtd) Issa S Machibya in Shenzhen, China in 2014

4.2 Lessons Learnt:

The team learned a lot lessons from the planning process, implementation and operatization of the project. The most crucial point is in the planning process whereby there is a need to forecast how the zone is going to be. This comprises of the infrastructure, that is, roads, railways, ports, airports, water, electricity, buildings and open spaces or gardens.

4.2.1 SEZ master plan:

The SEZ master plan must put into consideration for future expansion, whereby the planners are required to look into the future of more than fifty years.

4.2.2 Infrastructure:

The team learned that for the zone to be successful there is a need to build essential infrastructures in area so that investors can be attracted. This includes enough electricity and water to cater for businesses in the zone.



4.2.3 One Stop Service Centre:

In order to attract more investors we have learnt that all things concerning an investor is done under one roof. That is, Immigration, Police, Revenue Collectors, Trade Office, Health Department, Town Planners and other necessary consultants are situated in a single building (Business Centre). Nevertheless, Banks are placed within reach just next to the Business Centre. For the Zone to be successful there is a need for simple procedures and formalities which make it possible to obtain a license within 24 hours of submitting all requisite documents.

4.2.4 Wider and convenient roads/rails:

Planning for Metro trains go hand in hand with wider roads which offer an opportunity of ensuring safety, room to accommodate many cars and make easy for vehicles to maneuver. Most Free Trade Zone are characterizes by having many heavy duty vehicles, busses to ferry workers and small cars to facilitate the activities in the zones. So the need for wider roads is called for.

5.0 THE COMMITMENT OF THE GOVERNMENT OF TANZANIA

The commitment and strong support of the Government for the development of Kigoma Region is clearly and publicly manifested by the substantial level of investments which have been made by the State during the past 3 years. More than US \$ 100 million has already been invested in upgrading the road transport infrastructure on Kigoma Region to “black top” Standard and more than US \$ 60 million has already been committed over the next 12 months. All in all, by December 2011 close to 200 km of new paved roads will have been built in Kigoma Region with a span of 3 years, including 30 km of roads within the Municipality of Kigoma Ujiji. The TANROADS has done a good job to date and we know there is more to come.

Tenders have already gone out for work to commence later this year on phase one of the modernization and expansion of Kigoma Airport under the able management of Tanzania Airports Authority. Dredging of Kigoma Port is work-in-progress being undertaken by the Tanzania Ports Authority, as the first step in implementing their port development master plan for Kigoma. TANESCO the public power utility has completed a new power station and is currently building two new ones in Kigoma Region. There are more power related projects pipelined for implementation.

We have rolled out all these statistics and pointed out physical development landmarks with a view to underscore the visible and tangible indicators of the level of Government of support and commitment for Kigoma to date, and with more in the pipeline to follow. The current momentum of development in Kigoma Region has had the effect of confidence building in the private sector. The newly built Lake Tanganyika Hotel which is wholly owned by a local (private) businessman is one strong and clear statement of business confidence in the future of Kigoma.



Lake Tanganyika Beach Hotel, Kigoma

The largest Pension Fund in Tanzania (*The National Social Security Fund – NSSF*) is one of the large, current players in real estate investment alongside the National Housing Corporation. Having said that I much, I wish to summarise all that with the statement that, “The Government is **WALKING THE TALK**”; with regard to the development of Kigoma Region. We have already stated the firm intent of the Government for the subject matter. Kigoma Special Economic Zone is intended to become prime mover and growth node for the inland regions surrounding Lake Tanganyika. In that regard since 2008, the Government of Tanzania acting through Kigoma Regional Authorities, has been committing substantial resources in the annual fiscal budget to fund the initial concept studies and techno economic indicative studies to establish the economic viability and environmental sustainability of the Kigoma Special Economic Zone.

6.0 THE 1ST STAKEHOLDER’S ROUNDTABLE CONFERENCE

The 1st Stakeholder’s Roundtable Conference on the Development of Kigoma Special Economic Zone was held on 13th August 2010 at the lake Tanganyika Hotel, Kigoma/ Ujiji Municipality to discuss the way forward.

KiSEZ will be developed in phases to cover an area of 20,000 ha, and a regional impact area of not less than 3,000 square kilometers. Phase I of the project will cover an area of 690 ha which has already been surveyed and planned for development. KiSEZ will be largely a ‘**green-field**’ development with critical needs for the provision of off-site physical infrastructure. The requirement to supply economic services infrastructure such as paved roads, water, sewerage services, electricity and telecommunications infrastructure provide opportunities for investments which will add value to land and their value. Forward looking planning and the enforcement of urban planning laws will be critical in order to avoid growth of urban sprawl in the KiSEZ impact area and the risk of consequent environmental degradation

which would affect the quality of water of Lake Tanganyika with attendant risks to aqua marine life and biodiversity of the Lake.



A Small Vessel at Kigoma Port

7.0 KISEZ CO. LTD. MANAGEMENT:

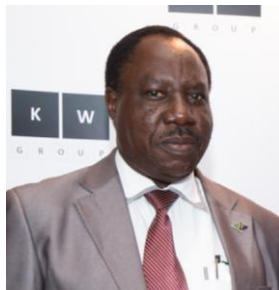
The Board of Directors has five members as follows:



Lt. Col. (Rtd) Issa S. Machibya
Chairman



Eng. Dr. John S. Ndunguru
Member



Mr. Georges G. Bussungu
Member



Eng. Boniface Nyambele
Member



Mwl. Michael Mwandezi
Member

The Board of Directors appointed ten officials to form a first KiSEZ Co. Ltd. management team which includes:-

- i) Mr. Georges G. Bussungu..... Managing Director
- ii) Mr. Jailos Pillah.....Land Development Manager
- iii) Mr. Richard Maganga.....Financial Management Manager
- iv) Mr. Renatus Mukasa.....Facilitation Manager
- v) Ms. Matrida Mactavo..... Estate Manager
- vi) Ms. Grace Letawo.....Legal manager
- vii) Mr. Abdulhakim Ali.....Promotion and ICT Specialist
- viii) Mr. Mussa Nkindwa.....Valuation Manager
- ix) Ms. Watrudis Luvakubusa.....Records Manager



KiSEZ delegates at BWM SEZ/EPZ-Mabibo, Dares salaam in 2011

8.0 INITIAL TRAINING AT EPZA:

The team was given a chance to get initial training at EPZA headquarters also visited other SEZ/EPZ sites in the country namely:-

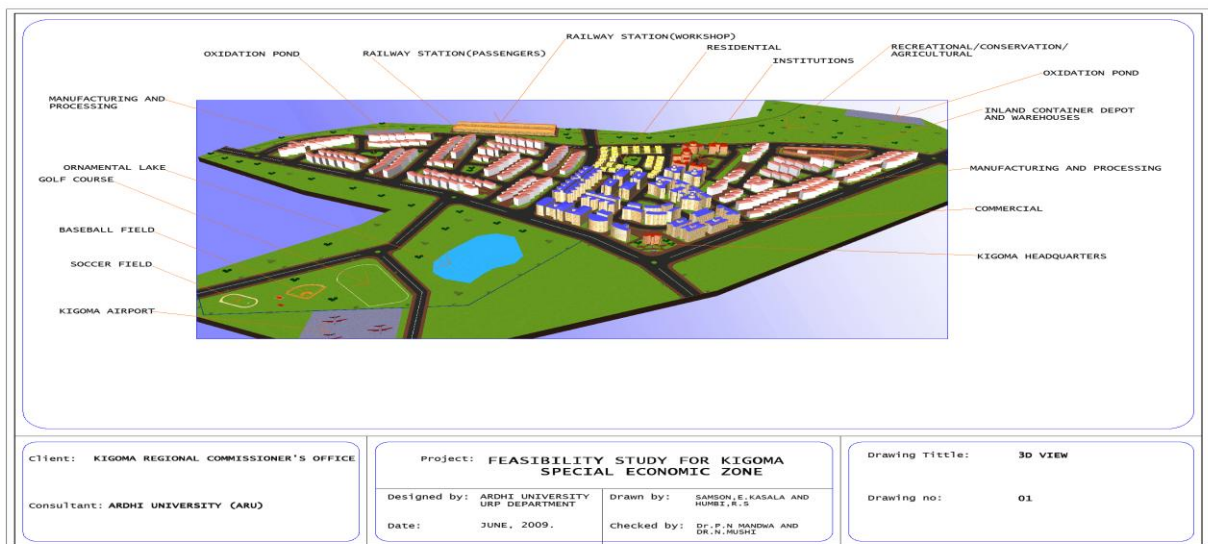
1. Benjamin William Mkapa SEZ- Mabibo.
2. Hifadhi EPZ - Ubungo.
3. Millenium Business Park- Ubungo.
4. Kamal Indusrtrial Park-Zinga, Bagamamoyo.



Kigoma Delegation with Kamal Industrial Park and EPZA Officials at Zinga, Bagamoyo

9.0 WAY FORWARD:

- i) To complete payment of compensation for the affected people at KiSEZ area (691 Ha.).
- ii) To build KiSEZ offsite and onsite Infrastracture.
- iii) To build Capacity of KiSEZ personnel.
- iv) To promote the zone (KiSEZ) to various stakeholders in and outside the country.
- v) To mobilize funds from various stakeholders in and outside the country.



KiSEZ 3Dimesion

10.0 BUSINESS INCENTIVES:

10 Major Trade & Investment advantages

- Strategic location to access global markets
- Access to the EAC and SADCC markets
- Attractive investment incentives
- Abundant and inexpensive energy
- Developed infrastructure
- Land for lease for investor development
- Purpose built office accommodation, warehousing and factory units
- Three Lakeports and international airport
- Favourable low cost living conditions
- Low labour costs

Investment Incentives

- Foreign company ownership is allowed
- Import and Export tax exemption
- Exemption from all commercial levies
- Repatriation of capital and profits allowed
- 33 year leases available, renewable for a further 33 years

Tax Benefits

There is Tax holiday for corporate profits tax for a period of 10 years.

Modern Legal Framework and Security of Investment

Tanzania is member of the World Trade Organisation and the Berne Convention on intellectual property rights protection, demonstrating the national commitment to the integrity of foreign investments.

The same respect that is embodied in the Tanzania's participation in these accords at the international level, is also translated down to the 'micro' level of each investment.

Through the Tanzania Decree establishing the Special Economic Zones, investors are guaranteed security of investment and full repatriation of profits and capital.

11.0 INNOVATIVE APPROACH:

This innovative approach has already attracted hundreds of SMEs from across the globe. Kigoma Special Economic Zone - The new Special Economic Zone will have 144 plots of Manufacturing **(Smelting Plants, Processing Industries, assembling Plants)** land about 204.133 ha., each covered 5,000m², while the new Logistics Village i.e Trade and Financial Institutions including ICT, Research and Training **(Business Centers, Banks and Malls)** will have 224 warehouse units ranging in size from 200, 400, 600 and 800m² about 106.061 ha.; a Sports Complex Cluster - **(Five Star Hotel with a Golf Course)** about 94.064 ha. and 33 plots of Residential **(Four Storey Buildings)** about 11.94 ha.

This new area is adjacent to the Kigoma Airport area, which is situated around 10 kms south-east of Kigoma Municipal centre, on the road to Kasulu. The Free Zone covers 691 hectares and includes 98.144 km of internal roads. The new zone is designed to cater for a wider network of businesses in the Free Zone, and will help reduce investment required by small businesses to establish facilities.



One of Meeting of the KiSEZ Management

12.0 Starting Business

12.1.1 Company Set Up:

Being quality and conscious, Kigoma Special Economic Zone procedures for setting up a company and starting your business in Tanzania are very easy and well streamlined. The simple procedures and formalities make it possible to obtain a license within 12 hours of submitting all requisite documents.

The basic steps towards starting your business in Kigoma Special Economic Zone by establishing a branch or incorporating a new company:

12.1.2 Lease & License

The free zone provides the following facilities:

- **License Application Form**
The investor completes the License Application form and provides his project details
- **Project Approval**
The project is given a 'provisional approval' so that legal documents may be prepared.
- **Legal Documentation**
The investor provides all documents of the parent company for opening a branch of a local/international company. For new incorporations, an company certificate submitted.
- **Signs Agreement and makes payments**
- **Issuance of lease and licence**

- **For new Incorporations: Certificate of Incorporation etc. will also be issued**

12.1.3 Branch of a Local / International company

Basically, whether the branch is of a local company or of an international company, no capital is required to be deposited with the bank. The following documents should be provided.

Local Company	International Company
License or Certificate of Commercial Registration from the Business Registration and Licensing Authority (BRELA). (Notarized copy)	Certificate of Incorporation/Good-standing (Notarized copy)
Memorandum and Articles of Association of the company. (Notarized copy)	Memorandum and Articles of Association of the company (Notarized copy)
Board Resolution for opening a branch in Kigoma Special Economic Zone and to appoint the manager for the Free Zone operations (Notarized copy) with his passport copy and Power of Attorney.	Board Resolution for opening a branch in Kigoma Special Economic Zone and to appoint the manager/ director for the Free Zone operations (Notarized copy) with his passport copy and Power of Attorney.
Bank's reference letter regarding the good-standing and credit worthiness of the company (original)	Bank's reference letter regarding the good standing and credit worthiness of the company (original)

13.0 KISEZ PRIORITY INVESTMENT AREAS:

Infrastructure Development:

Using the SEZ developer/operator, investors can establish SEZ industrial and commercial parks. Such projects entail construction of roads, utility systems, fencing and supporting administrative and service blocks.

Manufacturing:

Investors can establish manufacturing operations in the Special Economic Zones using either the SEZ User License or SEZ Export User License and enjoy the lucrative incentives provided by the scheme. Among existing investment sectors in Tanzania are agro processing, textile and garments, lapidary, leather processing, fish processing, forest and forestry products, ICT industries and assembly.

Trade and Services:

Investors are welcome to establish trading and service operations in the Free Trade and Freeport Zones using the SEZ User License.

Tourism:

Investors can establish tourism developments in the Special Economic Zones using the SEZ User License. Such projects can be hotels, museums, amusement parks and golf clubs.

14.0 COMPONENTS OF THE INFRASTRUCTURE DEVELOPMENT IN THE ECONOMIC ZONES

- i) Development of basic off-site infrastructure - roads, railways, water, power, gas (Government).
- ii) Development of basic on-site and logistical infrastructure: internal roads, ports, airports (Government; PPP; Private Sector).
- iii) Provision of basic utilities i.e power, water, sewerage systems etc. (Government; PPP; Private Sector).
- iv) Construction of industrial, commercial, tourist and ICT parks and supporting infrastructure (Private Sector).
- v) Business centres: Banks, exchange bureaus, travel agencies etc. (Private Sector).
- vi) Housing estates, social facilities i.e schools, hospitals, etc. (Private Sector; PPP).

Investment Operations

EPZ and SEZ provide a wide range of investment operations within the zones or within the stand alone industrial park, investors in this category are provided with operators' license and start their business immediately without any need of having another license.

An investor might choose to invest but not limited to the following sectors:

- i) Agriculture and agricultural products.
- ii) Metal products, machinery and transport equipment.
- iii) Electronics and electrical appliances.
- iv) Chemical, paper and plastics.
- v) Light industries.
- vii) Mining, ceramics and gemstones.

SEZ/EPZ Program

If you aspire to invest in Tanzania's economic zones, there are two investment schemes readily available for you—the Export Processing Zones (EPZ) and Special Economic Zones (SEZ). Both schemes provide conducive environment for profitable operations. The incentives offered to operators in both schemes compare favorably with the most attractive elsewhere in the world and are the best in the region.

Export Processing Zones

The EPZ program in Tanzania was established in 2002 following the enactment of the Export Processing Zones Act in the same year. The scheme provides for the establishment of export oriented investments within the designated zones with the views of creating international competitiveness for export led economic growth.

The objectives of the program are to:

- i) Attract and encourage transfer of new technology,
- ii) Attract and promote investment for export-led industrialisation,
- iii) Create and expand foreign exchange earnings,
- iv) Create and increase employment and development of skilled labour,
- v) Foster linkages of the local economy with the international market end,
- vi) Promote processing of local raw materials for export (value addition).

Special Economic Zones

The Government of Tanzania established Special Economic Zones (SEZs) in 2006 as strategy to achieve Mini-Tiger Plan 2020, the objective being to promote quick and significant progress in economic growth, export earnings and employment creation as well as attracting private investment in the form of both Foreign Direct Investments (FDI) and Domestic Direct Investment (DDI) from all productive and service sectors.

A Special Economic Zone is a geographical area that has more liberal economic laws than the country's typical laws. It is an economic development tool to promote rapid economic growth by using fiscal and business incentives to attract investments and technology.

The zones act is a magnet for investment in desirable activities in specially designated areas by providing quality infrastructure, complemented by an attractive fiscal package, business support services, cluster formation and minimal regulations.

The SEZ program covers a wider range of allowable activities than the EPZ. It is, therefore, envisaged that the SEZ program will go a long way in contributing towards the achievement of economic objectives and goals of Vision 2020 aiming at transforming Tanzania into a globally competitive country.

Special economic zones include:

- i) Export Processing Zones
- ii) Free Ports
- iii) Free Trade Zones, Industrial Parks
- iv) Regional Headquarters
- v) Science and Technology Parks

- vi) ICT Parks.
- viii) Agricultural Free Zones
- ix) Tourism Development Zones and Business Incubation

Qualification to invest in SEZ

Any investor can qualify to invest under Special Economic Zone Scheme provided he fulfills only these simple criteria.

- i) The investment must be new
- ii) Annual export turnover should not be less than US\$ 5million for foreign investors and US\$ 1million for local investors
- iii) Adequate environmental protection systems
- iv) Utilization of modern production process and new machinery
- v) Investments must only be located in SEZ industrial parks

Eligibility criteria for SEZ User License

- i) New investment
- ii) Minimum capital of US\$ 500,000 for foreign and US\$100,000 for local investors respectively
- iii) The investment must be located in the Special Economic Zone

Eligibility criteria for SEZ Export User License

- i) New investment
- ii) At least 80% of goods produced/processed should be exported
- ii) Minimum annual export turnover of US\$ 500,000 for foreign and US\$ 100,000 for local investors respectively

SEZ Licensing and Permits

- Investor initiates the process by making an inquiry with EPZA to confirm investment procedures, eligibility criteria and availability of factory space or serviced land.
- Investor submits a project proposal to EPZA completes an application form and submits both the application form and the proposal with a non-refundable fee of US\$ 250.
- EPZA evaluates the project proposal and provides the investor with a letter of approval in principles, this takes 2 to 3 days.
- Investors incorporate SEZ company, locate premises/land and obtain an environmental approval (where required).
- For zone development, EPZA facilitates declaration of land by the Minister for Industry and Trade.
- Investor pays relevant licence fees and obtains SEZ licence. The annual licence fees for SEZ developer is US\$ 5,000 while annual fees for SEZ user is US\$1,000 payable three years in advance.
- Investor begins operation.

12.0 Registration and Incentives

The incentives offered to operators in KiSEZ scheme compare favorably with the most attractive elsewhere in the world and are the best in the region.

- Activities Eligible for KiSEZ Registration and Incentives include but are not limited to:-
 - (1) Export/Local Manufacturing;
 - (2) Information Technology Services;
 - (3) Tourism;
 - (4) Shopping and Entertainment Mall;
 - (5) Agro-industrial Manufacturing;
 - (6) Educational Services;
 - (7) Mineral Processing and
 - (8) Logistics and Warehousing Service
- KiSEZ will create a system of Six Parks – Business Park, Industrial Park, Technology Park, Institutions Park, Recreation Park and Residential Park – that will offer identical advantages and benefits to investors.
- Backed by legislations allowing 100 per cent foreign ownership, tax-free environment, transparent laws and 100 per capital and profit repatriation, the zone is well-positioned for global commerce.

12.1 Incentives

KiSEZ offers both fiscal and non-fiscal incentives as well as ready-to-occupy business locations in world-class economic zones and IT parks or buildings. Fiscal incentives include: income tax holiday for a certain number of years, which translates to 100% exemption from corporate income tax; tax and duty free importation of raw materials, capital equipment, machineries and spare parts; exemption from wharfage dues and export tax, impost or fees; VAT zero-rating of local purchases subject to compliance with KiSEZ and EPZA requirements; exemption from payment of any and all local government imposts, fees, licenses or taxes; and exemption from expanded withholding tax. Non-fiscal incentives, on the other hand include simplified import-export procedures, extended visa facilitation assistance to foreign nationals and spouses and dependents; special visa multiple entry privileges; and more.

12.2 Pricing Strategy

The plots will be leased to investors for a period of 33 years, renewable after 33years. The lease price will be US \$ 0.45 per square meter per year. This amount will be payable in the first 10 years. This translates to US \$ 1.50 per square meter per year. After the 11th year the tenant will not pay any rent for use of the plot for the next 23 years. The lease deed can be used by the tenant to secure loans from credit institutions and for other security purposes.

12.2.1 Differential pricing

Different lease rates could be attached to land according to land use, as shown below:

Pricing of plots will differ as follows:

Land use	Lease Rate, \$
Residential Zone	0.6
Trade and Commerce	1.0
Institutional Zone	0.8
Industrial Zone	1.5
Sports Complex	0.5

12.2.2 Preferential rates for Tanzanian citizens

As an incentive to Tanzania citizens to invest in KISEZ, they will be charged 75% of the lease price. It is assumed that 40 per cent of investors will be Tanzanian citizens.

12.0 CONCLUSION:

Lake Tanganyika is a centuries old inland trading and transportation highway for the Great Lakes Region with Kigoma-Ujiji as the Trade and Logistics Hub. Therefore the Kigoma SEZ Economic Model is time tested for robustness. The challenge is to modernise, regularise and to expand.

In terms of transport economics Kigoma Port and Central Railway Line provides Eastern DRC with the most direct link to the markets of China, Asia and Middle East. Kigoma SEZ is the primary Strategic High Impact Program (SHIP) for economic transformation of the region and integration into global markets. Hence Government support and cooperation to facilitate investment is assured with special accent on Public Private Partnerships (PPPs) Kigoma will have a **green future**.

If we combine the lessons learnt, with a firmly established performance culture and a robust reporting regime, Kigoma Special Economic Zone has its ambitious standards already in place; the challenge ahead is to marshal our resources by ensuring that we remain committed to Striving for Business Excellence through Investor Satisfaction, deliver quality services and Seeking Continuous improvement.

We trust that these insights will assist us in meeting new challenges as they emerge. Lastly but not the least, these commitments would ultimately lead us to ultimate success.

If “The desert has a green future”, then “Kigoma region has a brighter future” in the International Business