



ZANZIBAR

INVESTMENT GUIDE WITH SECTOR PROFILES

**MARCH
2023**

Message from the President of Zanzibar and The Chairman of the Revolutionary Council

**His Excellency, Dr. Hussein Ali
Mwinyi**



It is with great honor that I write this foreword for the new edition of the Zanzibar Investment Guide (a gateway to investing in Zanzibar). Zanzibar has opened doors for domestic and foreign sustainable investments to achieve the economic transformation and aspiration of Zanzibar Development Vision 2050, our blueprint for responsible and sustainable economic growth.

Zanzibar has made remarkable progress in attracting and securing sustainable investments for optimum utilization of our resources and talents, through vigorous promotion and excellent investor facilitation, whilst preserving our natural environment as a significant contributor to the development of our nation.

Zanzibar provides spectacular investment opportunities, which guarantee financial dividends in the Blue Economy, Infrastructure, Real Estate, Tourism, Agriculture, Manufacturing, and Energy, to mention a few. Zanzibar lies at the strategic location in the Indian Ocean with close proximity to regional blocks such as Southern African Development Community (SADC), East African Community (EAC), and African Continental Free Trade Area (AfCFTA), which provide viable regional connectivity and markets.

With diverse cultures and peaceful coexistence, Zanzibar has exceptional traits which complement the best business environment, supported by a stable and tranquil government.

Increasing investment to support sustainable development is now our country's number one priority, we place unwavering values on those who wish to embark on this journey with us. I, therefore, avail myself of this opportunity to welcome both domestic and foreign investors to take the advantage of the lucrative opportunities available in our country.

I am looking forward to welcoming you as our mutual partner in development.

**DR. HUSSEIN ALI MWINYI
PRESIDENT OF ZANZIBAR AND THE
CHAIRMAN OF THE REVOLUTIONARY COUNCIL**

Message from the Minister, President's Office - Labour, Economic Affairs and Investment (POLEAI)



I would like to extend my sincere appreciation to **His Excellency, President of Zanzibar and the Chairman of the Revolutionary Council, Dr. Hussein Ali Mwinyi** for championing the investment promotion in the Islands, particularly in the sustainable blue economy.

A special vote of thanks to the United Nations Development Program (UNDP) for the support in the development of this Guide which plays a pivotal role in the dissemination of relevant information to all investment stakeholders and with comprehensive sector profiles covering all range of information that one wishes to get to make the right decision to expand business in a friendly environment, which Zanzibar offers. I would also like to thank the organizing committees and other investment stakeholders for their valuable contributions in the process of the development of this guide.

Inside this new Investment Guide, you will find investment opportunities in various sectors including Blue Economy, which is now a national direction for sustainable development, covering high-end small islands investment and other onshore/offshore investment activities.

This Guide also furnishes you with A-Z information on the investment procedures to attain Zanzibar's Investment Certificate, prosperous investment incentives, and the right Government Agency responsible for investment promotion, facilitation and aftercare services.

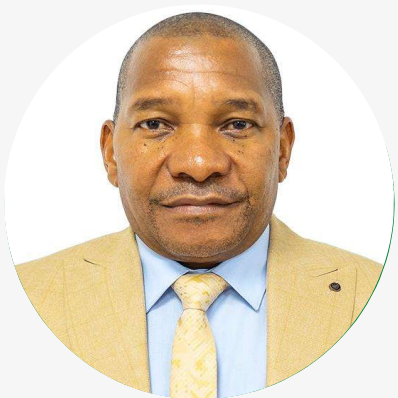
We pride ourselves on our robust and diversifying economy, which presents vast opportunities for businesses to create wealth from what Zanzibar offers.

The team of professionals is here, ready to support you attain the maximum value for being part of Zanzibar's growing economy.

I, therefore, take this opportunity to welcome all prospective investors who wish to invest in the Leading African Beach Destination.


**MUDRIK RAMADHAN SORAGA,
MINISTER OF STATE, PRESIDENT'S OFFICE,
LABOUR, ECONOMIC AFFAIRS AND INVESTMENT
ZANZIBAR.**

Message From the Executive Director, Zanzibar Investment Promotion Authority (ZIPA)



Zanzibar Investment Promotion Authority (ZIPA) is at the forefront of the Investment drive in Zanzibar and we warmly welcome investors from across the globe to join us in this paradise of opportunities.

Zanzibar offers a wide range of opportunities for investors in the Blue Economy, Agribusiness, Tourism, Light industries and many others as highlighted in this guide.

While, we continue to promote many investment opportunities, which exist in Zanzibar, we also stand ready to receive investment proposal from interested potential investors. We are committed to handling them swiftly and the decision to be made in a timely manner.

For more guidance on the technical know-how on the procedures and the processes of investing in Zanzibar, please feel free to contact us. Zanzibar Investment Promotion Authority (ZIPA) is your gate for investing in Zanzibar, and the gate is wide open.

We look forward to welcoming you and serving you soon.

A handwritten signature in blue ink, appearing to read 'Shariff A. Shariff', written over a faint circular background.

**SHARIFF A. SHARIFF,
EXECUTIVE DIRECTOR,
ZANZIBAR INVESTMENT PROMOTION AUTHORITY (ZIPA).
ZANZIBAR**

An aerial photograph of a traditional wooden boat, possibly a dhow, floating on clear, turquoise water. The boat is long and narrow, with a pointed prow and stern. Inside the boat, there are some items, including a yellow rope coiled on the deck. The water is very clear, showing the sandy bottom and some small fish. The boat is positioned vertically in the center of the frame.

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ABBREVIATIONS

AAKIA	Abeid Amani Karume International Airport
ADF	Africa Development Fund
AfCFTA	African Continental Free Trade Area
AU	African Union
BESS	Battery Energy Storage System
BLRC	Business Licensing Regulatory Council
BoT	Bank of Tanzania
BOT	Build Operate Transfer
BPRA	Business and Property Registration Agency
CAGR	Compounded Annual Growth Rate
CMS	Central Medical Stores
COMESA	Common Market for Eastern and Southern Africa
DC	Data Centre
DDI	Domestic Direct Investment
DF	Donor Fund
DHIS	District Health Information System
DoEM	Department of Energy and Minerals
DSE	Dar es Salaam Stock Exchange
DSFA	Deep Sea Fishing Authority
DWD	Department of Water Development
EAC	East African Community
EEZ	Exclusive Economic Zone
EHCP	Essential Health Care package
ERPP	Expanding Rice Production Project
FAO	Food and Agricultural Organization
FDI	Foreign Direct Investment
FEA	Free Education for All
FEZ	Free Economic Zones
FTG	Full Tensor Gradiometry
GAFSP	Global Agriculture and Food Security Program

ABBREVIATIONS

GDP	Gross Domestic Product
GEF	Global Environment Facility
HAZ	Hotel Association of Zanzibar
HSSP	Health Sector Strategic Plan
IAEA	International Atomic Energy Agency
ICAO	International Civil Aviation Organization
ICT	Information and Communication Technology
IFAD	International Fund for Agricultural Development
IORA	Indian Ocean Rim Association
ISFAR	International Society for Academic Researches
JICA	Japan International Cooperation Agency
JV	Joint Venture
KATI	Kizimbani Agricultural Training Institute
KIST	Karume Institute of Science and Technology
LAC	Lease Acquisition Cost
LoA	Letter of Award
MAINRL	Ministry of Agriculture, Irrigation, Natural Resources and Livestock
MBEF	Ministry of Blue Economy and Fisheries
MCA	Marine Conservation Area
MCSS	Multi-Client Seismic Survey
MICT	Ministry of Infrastructure, Communication and Transport
MLHD	Ministry of Land and Housing Development
MoEVT	Ministry of Education and Vocational Training
MSME	Micro, Small and Medium Enterprises
MTDS	Medium Term Development Strategy
MTH	Ministry of Tourism and Heritage
MWEM	Ministry of Water, Energy and Minerals
MZF	Milele Zanzibar Foundation
NDR	National Data Repository
NGOs	Non-Governmental Organizations

ABBREVIATIONS

OCGS	Office of the Chief Government Statistician
OECD	Organization for Economic Co-operation and Development
OMCs	Oil Marketing Companies
OTEC	Ocean Thermal Energy Conversion
PBZ	People's Bank of Zanzibar Limited
PHCC	Public Health Care Centers
PHCU	Public Health Care Unit
PHL	Post Harvest Lost
POFP	President's Office, Finance and Planning
POLEAI	President's Office, Labour, Economic Affairs and Investment
PPD	Public Private Dialogue
PPP	Public-Private Partnership
PSA	Production Sharing Agreement
RAK	Ras Al Khaimah
RDI	Research and Development Institute
RE	Renewable Energy
RGoZ	Revolutionary Government of Zanzibar
SADC	Southern African Development Community
SDGs	Sustainable Development Goals
SOA	School of Agriculture
SUZA	State University of Zanzibar
TAHA	Tanzania Horticultural Association
TANESCO	Tanzania Electric Supply Company
TANIPAC	Tanzania Initiatives for Preventing Aflatoxin Contamination
TBD	To Be Determined
TCRA	Tanzania Communication Regulatory Authority
TPHC	Tanzania Population and Housing Census
TRA	Tanzania Revenue Authority
UNDP	United Nations Development Programme
UNICEF	United Nations International Children Emergency Fund
URT	United Republic of Tanzania

ABBREVIATIONS

VET	Vocational Education and Training
VTA	Vocational Training Authority
VTs	Vessel Traffic Services
YoY	Year on Year
ZAA	Zanzibar Airports Authority
ZADep	Zanzibar Development Plan
ZAFICO	Zanzibar Fisheries Company
ZAHRI	Zanzibar Health Research Institute
ZASDP	Zanzibar Agricultural Sector Development Program
ZAWA	Zanzibar Water Authority
ZCPI	Zanzibar Consumer Price Index
ZDV	Zanzibar Development Vision
ZECO	Zanzibar Electricity Corporation
ZFDA	Zanzibar Food and Drug Authority
ZFFS	Zanzibar Fisheries Frame Survey
ZICTIA	Zanzibar ICT Infrastructure Agency
ZIFF	Zanzibar International Film Festival
ZIPA	Zanzibar Investment Promotion Authority
ZNBC	Zanzibar National Business Council
ZNBTs	Zanzibar National Blood Transfusion Services
ZNCC	Zanzibar National Chamber of Commerce
ZPC	Zanzibar Ports Corporation
ZRB	Zanzibar Revenue Board
ZRCP	Zanzibar Research Centre for Socio-Economic and Policy Analysis
ZSTC	Zanzibar State Trade Corporation
ZURA	Zanzibar Utility Regulatory Authority

CHAPTER ONE

1.0 COUNTRY OVERVIEW

1.1 General Information

Official Name	Zanzibar
Form of State	Multiparty Democracy
Area	2,654 km²
Population	1,717,608
AveragePopulation Growth Per Annum Projection during 2021- 2025Period.	2.8%
Official Language	Swahili
Other Languages Spoken	English, Arabic
Time Zone	GMT + 3 Hours
Currency	Tanzania Shilling
Total GDP	1.42 USD billion
GDP Growth 2021	5.1%
GDP per Capita	1,208 USD
Inflation 2021	1.7%
Literacy	87%
Annual Zanzibar Consumer Price Index (ZCPI) 2021	115.9

Source: Zanzibar Statistical Abstract, 2021

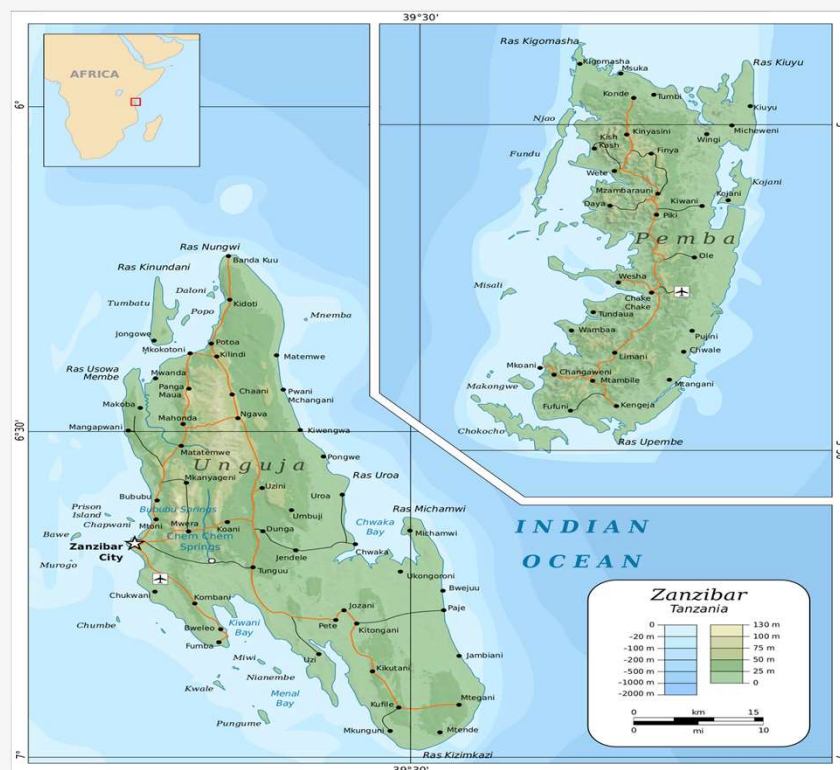


Figure 1 -Archipelago of Zanzibar

1.2 Geography

Zanzibar is an integral part of the United Republic of Tanzania. It lies 25–50 kilometers off the coast of the Tanzania mainland and consists of two large islands, Unguja and Pemba, along with more than 50 other islets.

In 2000, Zanzibar's Stone Town was inscribed as a UNESCO world heritage site with outstanding universal values. The Stone Town of Zanzibar boasts a nearly preserved urban fabric and townscape, as well as excellent buildings that reflect its unique culture, which has brought together and homogenized various components of African-Arab-India and European cultures over millennia

Zanzibar is among the leading producer of quality cloves in the world .

Zanzibar is inhabited chiefly by the ethnic Swahili, Arabs and Indian population. A fair population of other foreign nationals also reside in Zanzibar.

Islam is a prominent religion in Zanzibar, and a small Christian minority is also present on the island.

The archipelago experiences high humidity ranging between 73% - 90%, which guarantees pleasant weather all year around, making Zanzibar a good holiday destination with temperature averaging 20 degrees Celsius in winters and 32 degree Celsius in summers.

The population density in Zanzibar increased from 530 person/sq.km in 2012 to 603 person/sq.km in 2019.

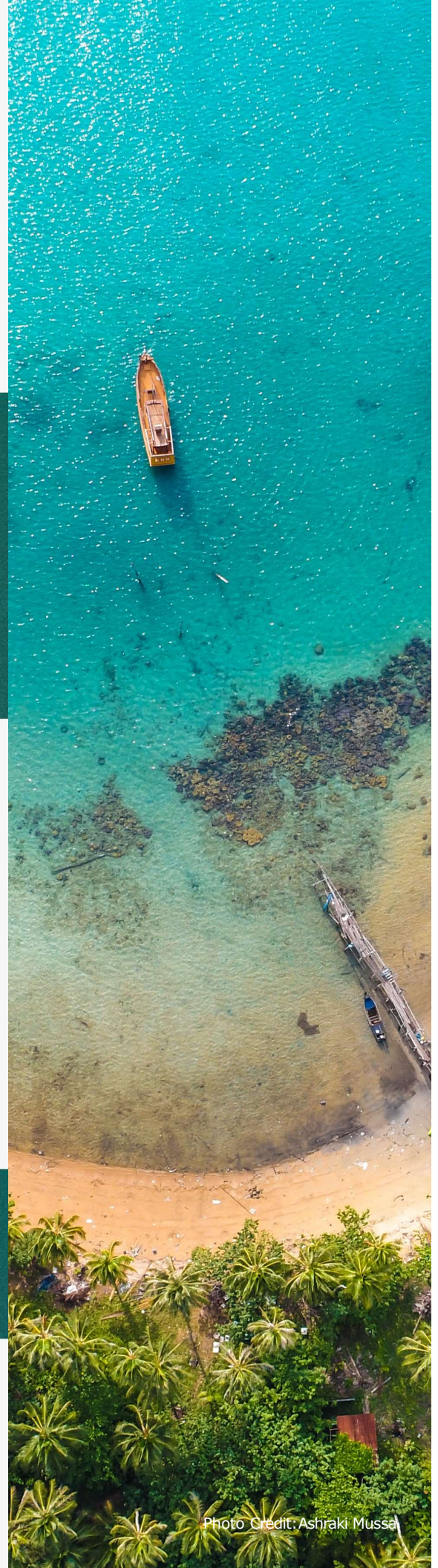


Photo Credit: Ashiraki Mussa

1.3 Government Structure

Zanzibar is a semi-autonomous part of the United Republic of Tanzania with its own Government, including the Executive, Legislature and Judiciary system, known as the Revolutionary Government of Zanzibar (RGoZ).

His Excellency, Dr. Hussein Ali Mwinyi, was sworn in to become the 8th President of Zanzibar and the Chairman of the Revolutionary Council on 2nd November 2020.

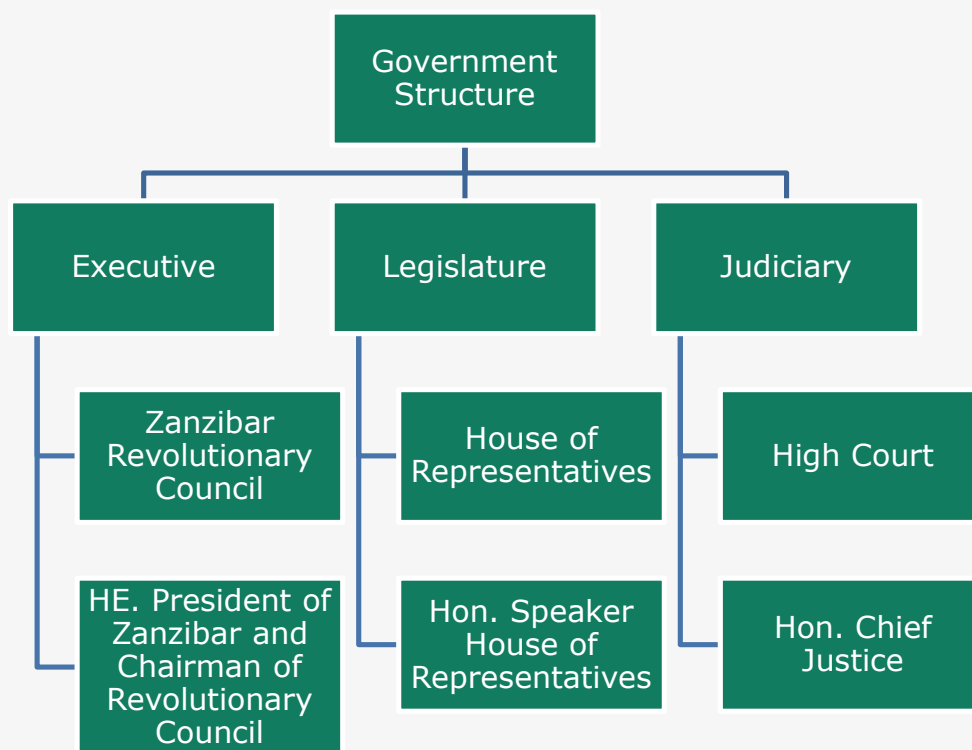


Figure 2 – The Government Structure

1.4 Key Economic Data

Zanzibar is committed to improving the welfare of its people through enhancing social services, increasing employment and practising good governance.

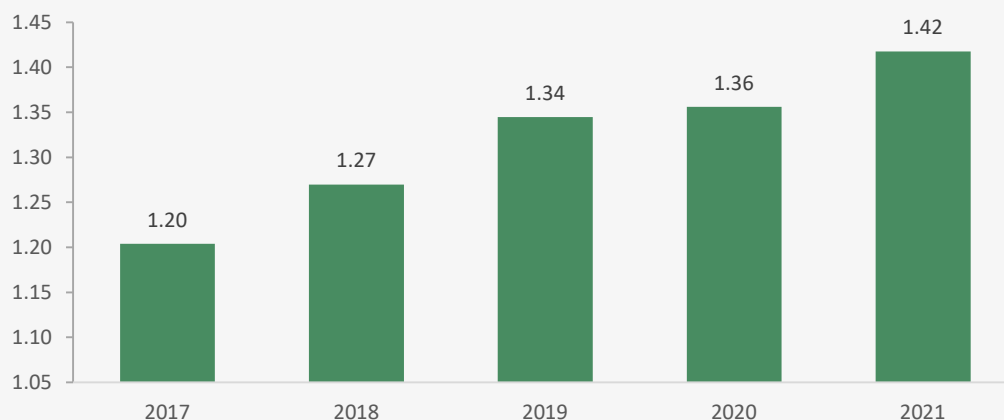


Figure 3–GDP at Constant Price 2015 (US\$ Billion)

Source: Zanzibar Statistical Abstract, 2021

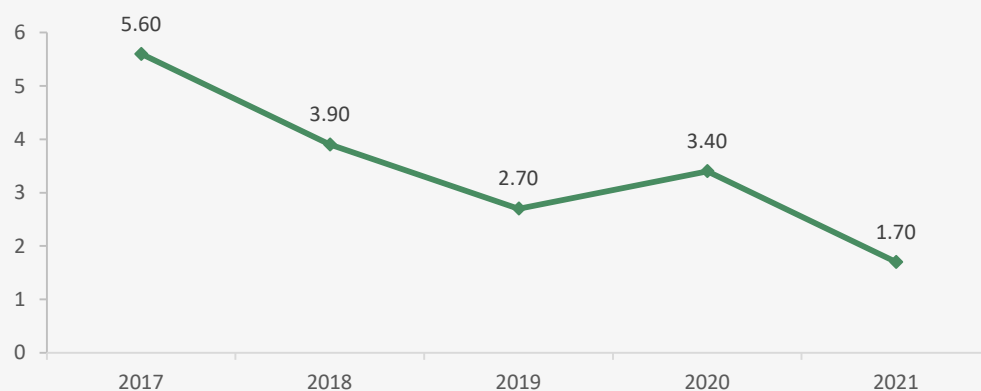


Figure 4–Zanzibar inflation Rate (%)

Source: Zanzibar Statistical Abstract, 2021

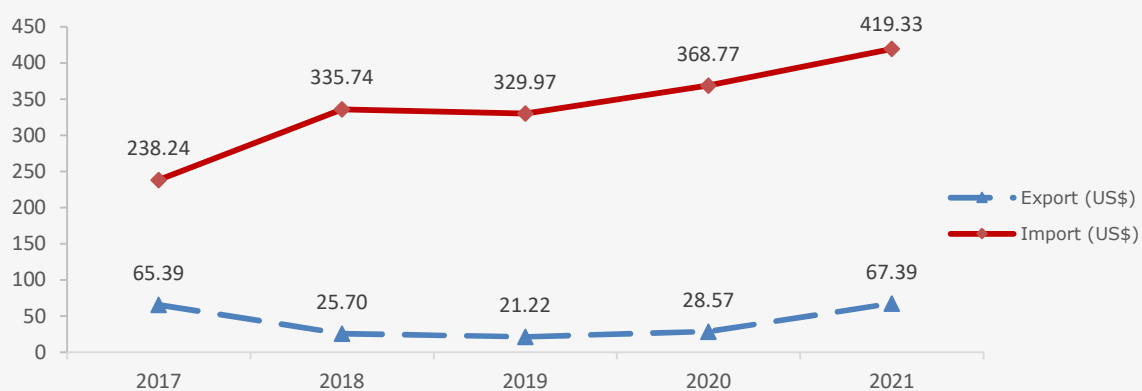


Figure 5–Zanzibar Trend of Import and Export

Source: Zanzibar Statistical Abstract, 2021

In terms of US\$ billions in constant 2015 prices, Zanzibar's GDP grew at 5.1% in 2021, compared to 1.3% in 2020, reflecting the impact of the pandemic on economic activities, especially tourism where tourist inflow declined by almost 51.6% in 2020. However, driven by the diversification of the economy through better utilization of maritime and marine resources (blue economy) and resumption of activities in the hospitality industry, the economy is showing an indication of higher growth in 2022.

Sector Wise Trade Data ^[1]

Table 1 – Agriculture (Food and Live Animals Exports and Imports by Value in US\$ Million at Current Prices)

Year	Exports	Imports	Trade Surplus/ Deficit
2017	58.9	49.5	9.4
2018	13.4	58.7	-45.2
2019	15.9	45.3	-29.5
2020	24.9	47.4	-22.5
2021	60.7	41.4	19.3

Source: Zanzibar Statistical Abstract, 2021

Table 2 - Manufacturing (Exports and Imports by Value in US\$ Million at Current Prices) ^[2]

Year	Exports	Imports	Trade Surplus/ Deficit
2017	6.1	71.6	-65.5
2018	12.0	114.4	-102.4
2019	3.0	121.1	-118.1
2020	3.6	199.3	-195.8
2021	6.6	205.1	-198.5

Source: Zanzibar Statistical Abstract, 2021

[1]The trade data is available for Agriculture, Manufacturing and Aquaculture sector only.

[2] Manufacturing exports and imports include crude materials, inedible, except fuels, chemicals & related products, machinery and transport equipment, miscellaneous manufactured articles and other manufactured goods classified chiefly by material.

Table 3 – Aquaculture (Seaweed Exports by Value in US\$ Million at Current Prices)

Year	Exports
2017	1.7
2018	4.0
2019	4.5
2020	5.1
2021	5.2

Source: Zanzibar Statistical Abstract, 2021

1.5 Demography

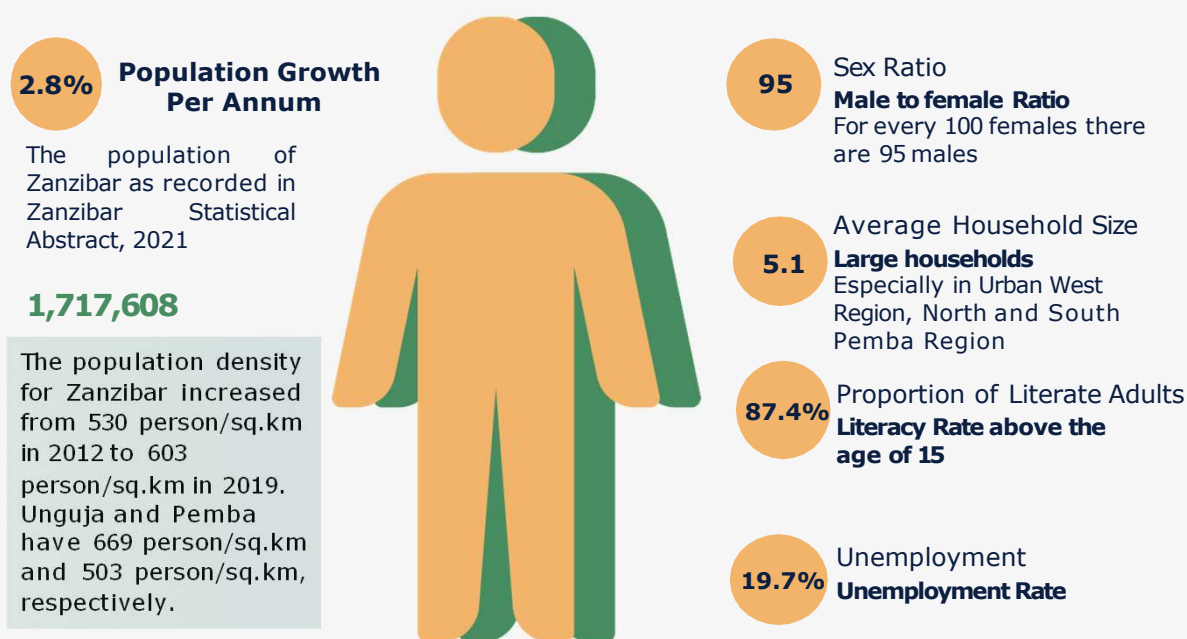


Figure 6 – Zanzibar Demography

Source: Integrated Labour Force Survey, 2020-2021; Zanzibar Statistical Abstract, 2021; Household Budget Survey, 2019 – 2020

Population Characteristics

Zanzibar has a fairly young population with approximately 35% of the total population in the age group of 15-34 years in 2021, as per population projections in Zanzibar Statistical Abstract, 2021.

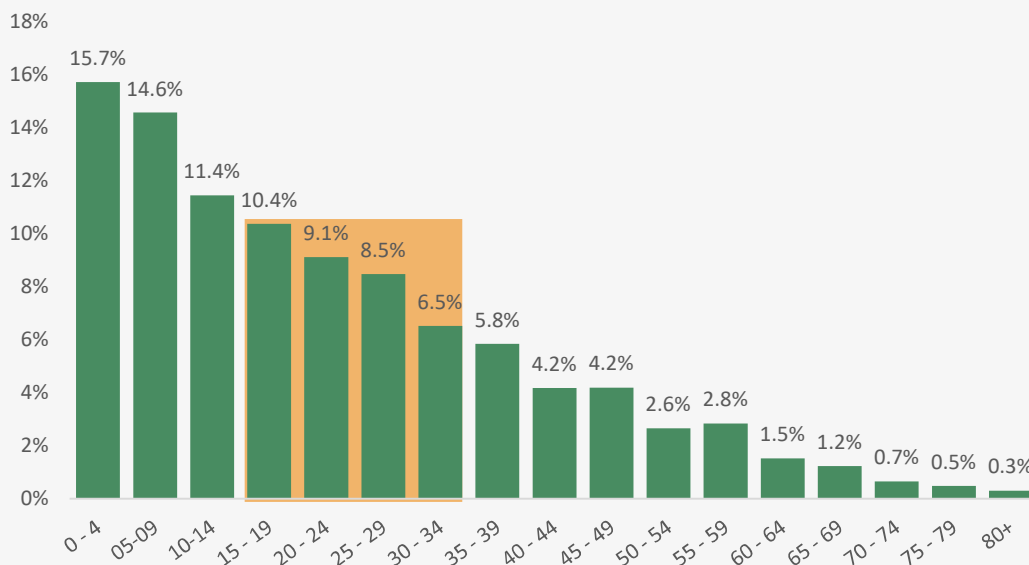


Figure 7-Zanzibar Population Projection by Age-Group 2021 (%)

Source: Zanzibar Statistical Abstract, 2021

CHAPTER TWO

2.0 WHY INVEST IN ZANZIBAR

2.1 Overview



Young Workforce

The archipelago has a young and educated population. The official working age in Zanzibar is 18 years and above. In 2014, nearly 80% of working age population was economically active*



Focus on Education

The Government has a "Free Education for all" initiative and has concentrated the focus on primary, secondary and university level education. According to Zanzibar's Office of Chief Statistician (OCS), in 2020, the literacy rate for adults aged 15+ was 87.4%



Wealth of Resources

Zanzibar has an abundance of exotic flora and fauna. The archipelago is known for its marine resources in EEZ OF 223000 km². There are several exotic marine species found in Zanzibar coastline such as Barracuda, Kingfish, Tuna and Wahoo hunt.

*Integrated Labor Force Survey, OCS 2014



Attractive Tax Incentives

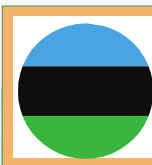
Zanzibar offers lucrative fiscal and non fiscal incentives such as;

- 100% foreign ownership of their business.
- Corporate tax exemption up to five years (10 years in FEZ)



Investment Guarantee

Zanzibar Investment Promotion and Protection Act 14 of 2018 guarantees the protection of Investment in Zanzibar.



Zanzibar Brand

Zanzibar is renowned as an exotic tourist destination. It has won various accolades across the globe including the recent Africa's leading Beach Destination. *World Travel Award 2021.



Government Promotion

Government shows strong will in supporting investments in Zanzibar and this is displayed through regulatory flexibility for firms operating in the country.



Strategic Location Close to Key Markets

Zanzibar is close to rich markets in countries such as Kenya, Uganda, Rwanda, Namibia and Malawi. Zanzibar being in integral part of Tanzania benefits as a member of EAC, SADC and IORA. Zanzibar is also part of Tripartite Free Trade Area agreement between COMESA, SADC and EAC.



Blue Economy

Blue Economy is at the center of the economic development initiatives aimed at reducing poverty and creating employment opportunities in Zanzibar.

2.2 Zanzibar Diaspora

With a clear understanding of the Diasporas' contributions to Zanzibar's socio-economic development, Zanzibar passed the Diaspora Affairs Act in 2020, and it created a welcoming environment to not only keep a reliable track of its diaspora community but also to help the diaspora community strengthen ties with their homeland.

Key Functions of “Office of Diaspora Affairs”

- Establish, register, and maintain records of Diaspora.
- Facilitate in financial, social security, land and investment matters, trade and tourism matters.
- Facilitate the issue of identification cards for matters relating to this Act.

Special Privileges for Registered Diaspora Community in Zanzibar, under the Diaspora Affairs Act, 2020

- Registered Diaspora is exempt from work permit fees requirements.
- Grant of multiple entry and multi-purpose long term visa to visit Zanzibar.
- Long-term stay in Zanzibar.
- Grant of lease under special terms as per Land Tenure Act.

Establishment of Diaspora Forum under the Diaspora Affairs Act, 2020

The Diaspora Affairs Act of 2020 outlines establishment of a Diaspora forum whose members are appointed by the Minister, who shall also be the chairman of the Diaspora forum. The Key functions of the forum are:

- To advise on Diaspora policy matters
- Ensure preparations of the Diaspora conference
- Advice on facilitation of Diaspora forum
- Organize, economic, cultural, educational, health, scientific and sport cooperation with the Diaspora
- Advise conditions favorable for the investment programs and projects established by the Diaspora

The Diaspora Policy of Zanzibar, 2017

The Diaspora Policy of Zanzibar seeks to maximize the value of the Diaspora contributions to Zanzibar's socio-economic development.

Diaspora Remittance

- Discuss with the Central Bank on establishing official money transfer procedures to Zanzibar and accounts that can be utilized as collateral for trade and Investment ventures.
- Discuss with the Central Bank on the possibility of making official procedures used by Bureau de Change for Diaspora money transfer.
- To motivate people in Diaspora to voluntarily join membership of the Zanzibar Social Security Fund.

Diaspora Trade and Investments

- To put in place special investment incentives for Diaspora in Zanzibar.
- To inform the Diaspora on existing projects under Public Private Partnership (PPP) scheme and as per existing laws.
- To promote the utilization of Diaspora knowledge and skills in identifying new investment projects for collaboration between the Public and Private Sectors.

Diaspora and Tourism

- To motivate Diaspora to establish tourism agencies to advertise Zanzibar tourism attractions.
- To inform and educate the Diaspora on Zanzibar tourism attractions.
- To put up special incentives that will attract Zanzibar Diaspora

2.3 Business Environment

Ease of Doing Business^[3]

The Zanzibar Business Enabling Environment report is a self-assessment conducted in 2021, to analyze regulatory performance affecting the life cycle of business firms and entrepreneurs in Zanzibar's domestic economy. The assessment shows that Zanzibar ranked 94 out of 191 economies by scoring 63.2 points compared with the best performance, notable improvement, easier-to-do business, and island economies.

According to the score, it implies that Zanzibar can be accommodated in the easier-to-do business economies as it has been undertaking major reforms in improving the environment of doing business. The analysis for general results further shows that getting electricity, investment climate, starting a business, and enforcing contracts, ranked the best performance indicators which scored 78.1%, 77.5%, 77.1%, and 71.2% respectively. These indicators performed better due to reforms undertaken including minimum procedures, time, transparency of information, efficiency, and reliability of obtaining such services.

The regulatory practices relating to protecting minority investors, getting credit, dealing with construction permits, connecting to water, and licensing scored 69.4%, 65.2%, 64.4%, 63.2%, and 62.3% respectively on the general assessment of ease of doing business. The regulatory practice relating to trading across borders, registering property, and trade remedies are the lowest performance indicators which scored 54.3%, 52.3 %, and 48.7% on the general assessment of enabling Business Environment of Zanzibar.

[3] Source: Zanzibar Business Enabling Environment report, 2021

The Zanzibar National Business Council (ZNBC), and its partner agencies such as Zanzibar Business and Property Registration Agency (BPRA) and Zanzibar National Chamber of Commerce (ZNCC), in association with The Revolutionary Government of Zanzibar (RGoZ), are the primary steering entities engaged in creating a business friendly environment in Zanzibar.

Zanzibar National Business Council (ZNBC)

ZNBC is a business forum established by the RGoZ which brings together the public and the private sector under one umbrella. ZNBC is chaired by His Excellency, the President of Zanzibar and Chairman of the Revolutionary Council.

The primary objectives of ZNBC are:

- To provide a forum for public and private sector dialogue to reach a consensus and mutual understanding on strategic issues.
- To accelerate economic growth to reduce poverty and maintain sustainable development.
- To assess the development of the external and domestic business environment, challenges and opportunities to promote practical solutions.



Business Registration

Companies and businesses are registered under the Zanzibar Business and Property Registration Agency (BPRA), a government agency established under the Zanzibar Business and Property Registration Agency Act No. 13 of 2012. BPRA is responsible for all registrations ranging from commercial, business entities to other properties.

Till June 2021, the Business and Property Registration Agency Office registered 3,166 Firms (Sole Proprietorship 2,581 and Partnership 585) 2,416 Companies (Companies limited by shares 2,219, Companies limited by guarantees 48, Foreign Companies 147, and Public Companies 2) and Trade marks 2,890.



BPRA has been working diligently to simplify the overall registration process and reduce the number of days it takes to authorize a new business to operate in Zanzibar. An online registration system has been put in place to offer online services. It also automates existing business processes and shortens the application processing time for new businesses.

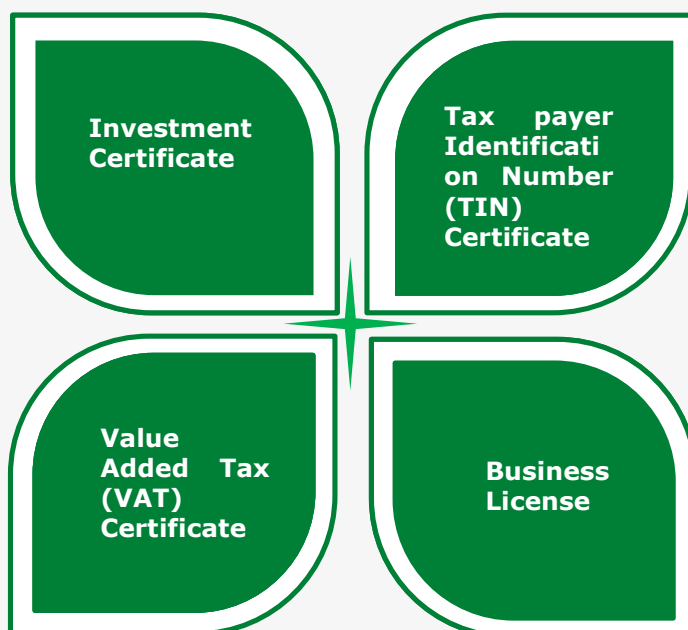


Figure 8 - Key documents to be procured in starting a business

Key Acts and Regulations that Govern BPRA:

Acts	Regulations
Companies Act 15 of 2013	Companies Regulations 2017
Zanzibar BPRA Act 13 of 2012	Industrial Property Regulation
Industrial Property Act 12 of 2008	Business Entities Registration Act 12 of 2012
Societies Act 6 of 1995	Registration of Documents Decree Cap 99 of 1919
Business Names Registration Decree Cap 168	Secured Transaction on Movable Properties Act 4 of 2011
Transfer of Properties Decree Cap 150	

BPRA is also working on addressing concerns relating to new business registrations, such as introducing a standard document checklist, introduction of mobile banking services for easy payments, enhancing security apparatus to protect against information hacking and cyber-crime, and approval procedures simplification.

Cost of Doing Business

Taxation

Revenue from taxes in Zanzibar is facilitated and managed by the Tanzania Revenue Authority (TRA) established by the Act of the Parliament No. 11 of 1995 and the Zanzibar Revenue Board (ZRB), established in July 1998 under the ZRB Act No. 7 of 1996 as the Prime Agency of Zanzibar. ZRB is responsible for collecting and administering all taxes from Island Revenue sources other than excise, customs, and income taxes administered by Tanzania Revenue Authority (TRA).



Different Types of Taxes Applicable in Zanzibar



Figure 11 - Type of taxes applicable in Zanzibar

Detailed tax structures on above mentioned tax categories are available on the official website of [Zanzibar Revenue Board](http://www.zanzibar.gov.tz/zrb).

Zanzibar National Chamber of Commerce (ZNCC)

Zanzibar National Chamber of Commerce is an umbrella organization that caters to the private sector in matters of business marketing, trading, entrepreneurial and business advisory services, including organizing Public-Private dialogues.



ZNCC also contributes to government regulations and policy reforms, working closely with the Ministry of Trade and Industry, as well as its agencies such as Zanzibar National Business Council (ZNBC), Business Licensing Regulatory Council (BLRC), Zanzibar Bureau of Standards (ZBS), Business and Property Registration Agency (BPRA) and Zanzibar Food and Drug Agency (ZFDA).

ZNCC works in collaboration with its counterparts in SADC, EAC, AU and the world at large, promoting Zanzibar entrepreneurs, traders and investors at the global stage. ZNCC is also a co-chair of Zanzibar Taxation Forum which is co-hosted by Tanzania Revenue Authority, Zanzibar Revenue Board and the private sector.

Zanzibar Business Licensing Regulatory Council (ZBLRC)



Business Licensing Regulatory System Council (BLRC) is a Government institution which is established under the Act No. 13 of 2013 within the Ministry of Trade and Industrial Development to regulate the licensing regime and the licensing authorities related to the issuance of business licenses, permits and other authorizations.

The Business Licensing Regulatory System Act and its regulations governing Licensing Administration are the two legal instruments which supervise the licensing system, reduce administrative procedures and time consuming in the issuance of license in Zanzibar. These legal mechanisms specify among others the functions of the council in regulating the licensing system, principles governing licensing, and criteria for issuing license, establishment of uniform and simplified procedures and obligations of the licensing authorities to set up mechanism for Hearing Complaints and Appeal.

Capital Finance ^[4]

Foreign aid and domestic revenue are the primary sources of capital financing in Zanzibar. Tax collection is the primary source of domestic revenue in Zanzibar. Public-Private Partnership (PPP) is a new but popular mechanism for public capital expenditures financing.

Public capital expenditures are financed by domestic sources classified as Government fund and Donor Fund (DF) which is the sum of grants and external finance disbursements to the Revolutionary Government of Zanzibar (RGoZ). Most recent Government budgetary operations data from the Bank of Tanzania (BoT 2020) indicate that the RGoZ in 2018/19 continued to implement various measures to strengthen tax administration and compliance, as well as improve expenditure management.

Key Public Banks Operating in Zanzibar

•The People's Bank of Zanzibar Limited (PBZ)

The People's Bank of Zanzibar Limited (PBZ) is a wholly government-owned commercial bank that offers Islamic and Conventional Banking Services. PBZ was established on June 30, 1966.



•Bank of Tanzania

The Central Bank of the United Republic of Tanzania was established by the Bank of Tanzania Act of 1965. The bank was established on June 14, 1966. Presently, the Bank of Tanzania operates under the Bank of Tanzania Act, 2006.



Key private banks operating in Zanzibar which ensures financial securities and steadfast transactions for investors include: Diamond Trust Bank, Exim Bank, International Microfinance Bank, Bank of Africa (BoA), National Bank of Commerce (NBC), National Microfinance Bank (NMB), Kenya Commercial Bank (KCB), Equity Bank, Amana Bank, ABSA Bank Tanzania Limited, Cooperative Rural Development Bank (CRDB), Tanzania Commercial Bank, Stanbic Bank.

[4] Assessment of Public Capital Expenditure Financing in Zanzibar, Journal of Economics and Sustainable Development, Vol.12, No.2, January 31, 2021

2.4 State of Infrastructure in Zanzibar

Zanzibar has over the years made significant progress towards providing standard, quality and competitive economic infrastructure by developing decent and modern airports, ports, and road networks as well as communication infrastructure. Infrastructure plays a pivotal role in social-economic development and it's a key driver and critical enabler for accelerating productivity and sustainable economic growth.

In line with SDG-9 "Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation", the Government has opened up the infrastructure segment through the Public-Private Partnership (PPP) Act No.8 of 2015, to invite potential investors to accelerate and upgrade public infrastructure development in the tropical archipelago. The infrastructural segment includes high-quality and reliable road facilities within and across Zanzibar, where some single-lane main roads are upgraded of dual carriage ways and new roads, highways, flyovers, bridges, car parks, and street lanes are constructed.

Efficient and effective cargo ports that are able to handle modern container ships with sufficient provision and links to container services, inland depots, storage, dry docking and bunkering services, specialized ports with adequate facilities, including Oil & Gas service centers and dedicated fishing ports, along with attaining competitive rates of air and passenger traffic alongside upgrades to local airports to meet regional and international aviation standards.

2.5 Key Marine Infrastructure Projects

Infrastructure is vital to the growth of key economic sectors in Zanzibar. The Government has planned several infrastructure development projects. These projects are currently at the conceptualization stage, being managed by Zanzibar Ports Authority (ZPA).

Please scan to the QR code below to access key infrastructure projects in detail:



Maritime Projects

Table 4 - Key Future Projects in Marine Infrastructure

PROJECT	BUDGET	KEY OBJECTIVE
Development, Operations and Maintenance of Mangapwani Hub Port	US\$ 600 Million	The Mangapwani multipurpose Port is a new port intended to support 5 integrated ports, including a cargo port designed to cater to East Africa and International markets and support the existing Malindi Port. The port has been conceptualized to house the following: • Industrial and logistic hub, terminals, and deep-sea berths. • Storage facilities for handling: deep sea fishing, oil and gas tankers, container ships, bulk and dry cargo, vessel and ship repair facilities, upstream oil and gas service base, and an industrial business park.
Development, Operations and Maintenance of General Malindi Port	Yet to be finalized	The Project's overall objective is to re-develop, operate and maintain the General Port of Malindi located in Zanzibar Town. It shall have the following components: • Port development and modernization • Development of Business and ancillary services • Delivery of reefer container services • Use of modern information technology systems
Expansion, Operation and Maintenance of Vessel Traffic Services (VTS) in three Ports in Zanzibar	Yet to be finalized	The Project aims to provide a modern, scalable, and fully integrated VTS system to monitor all territorial water movement, port and loading operations at Malindi Port, Mkoani Port and Wete Port. The project will entail the installation of VTS in all three ports and operations, monitoring and maintenance of VTS centres.
Development of port at Mkumbuu in Pemba	US\$ 598,000	Conduct feasibility study and other preparation of construction
Strengthening of Wete port in Pemba	US\$ 8.70 Million	Rehabilitation of Wete Port

CHAPTER THREE

3.0 INVESTMENT LANDSCAPE

Zanzibar has witnessed strong growth of the private sector in terms of attracting foreign and domestic investment over the last 25 years. High inflow of tourists and the strategic location of the country makes it a suitable destination for attracting investments across several sectors such as tourism, fisheries and aquaculture, trade activities, real estate development, agriculture, manufacturing and others.

In Zanzibar, approx. 97 projects were approved and issued with investment certificates in 2021. The investments are expected to inject US\$1,131.45 Million into the Zanzibar economy and create job opportunities for nearly 7,791 people. (Source: Statistical Abstract, 2021)

The RGoZ is taking several initiatives to improve the investment climate to support more domestic and foreign investors in Zanzibar:

- Issuing investment certificates within three days, provided all the formalities have been completed by the applicants (Further plans to reduce the time from three days to one day).
- Introduction of One-Stop-Centre for investors.
- Reviewing existing investment policies and laws.
- Public awareness campaigns.
- Institutional capacity building to offer quality and sustainable services to investors.

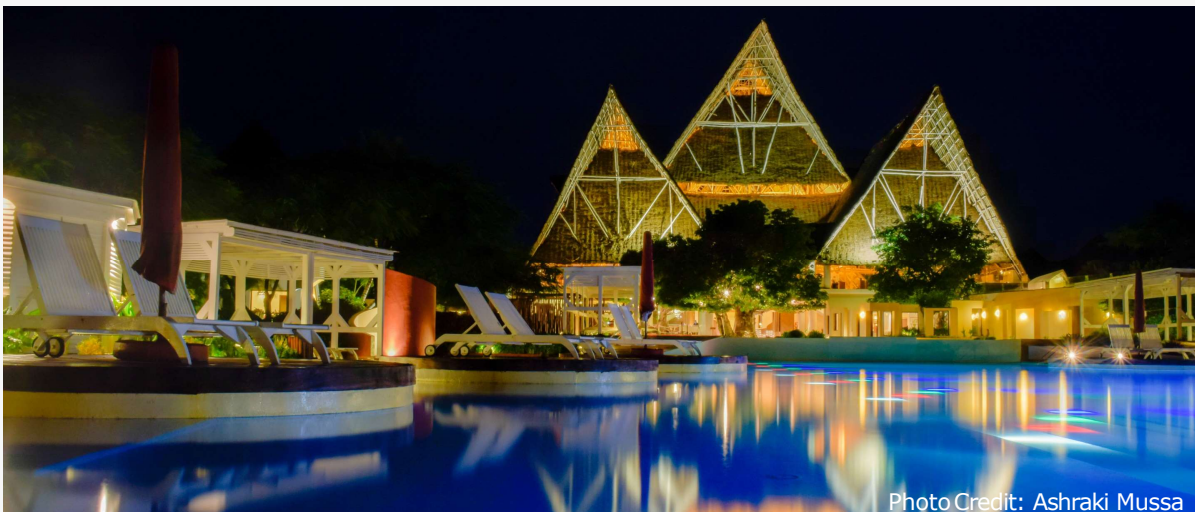


Photo Credit: Ashraki Mussa

The RGoZ also wants to ensure inclusivity of the local people by encouraging private investors to create local employment opportunities and enhancing local content.

3.1 Foreign and Domestic Investment Trends

The Magnitude of FDI and DDI Flows and Stocks

Zanzibar attracted USD 25.3 Million of FDI flows in 2020 compared to USD 90.3 Million in 2019, being a decrease of 72 percent. The outturn is consistent with the general performance in Africa as reported in the World Investment Report of 2020. DDI inflow amounted to USD 12.6 Million in 2020.

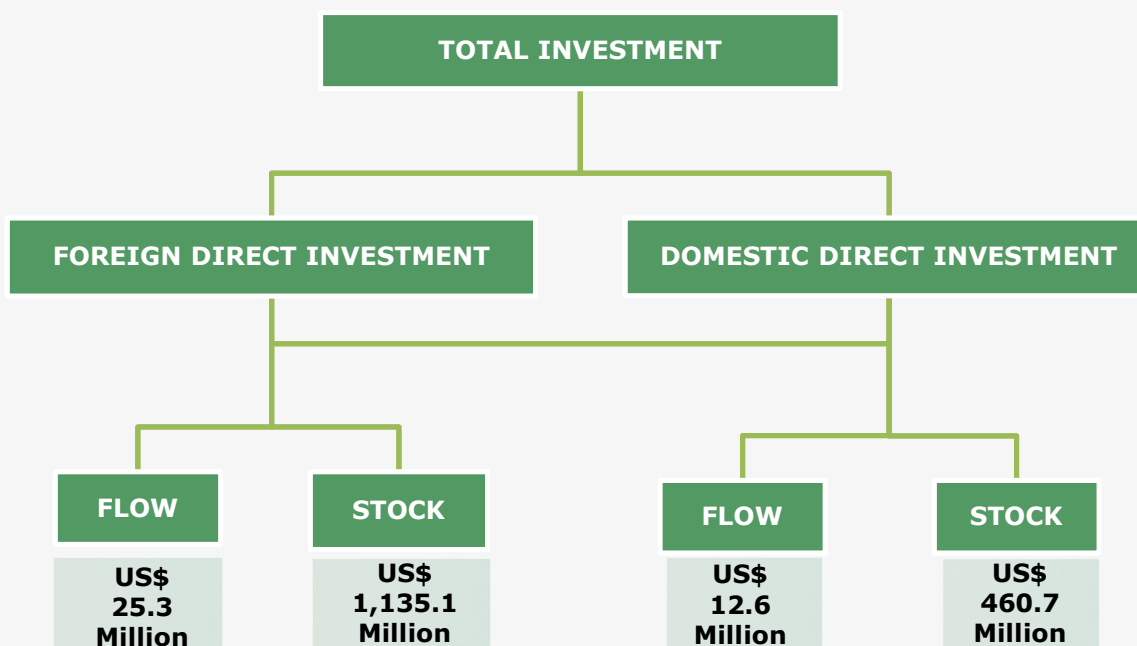


Figure 12: Magnitude of FDI and DDI Flows and Stocks in 2020

Foreign Direct Investment by Sector

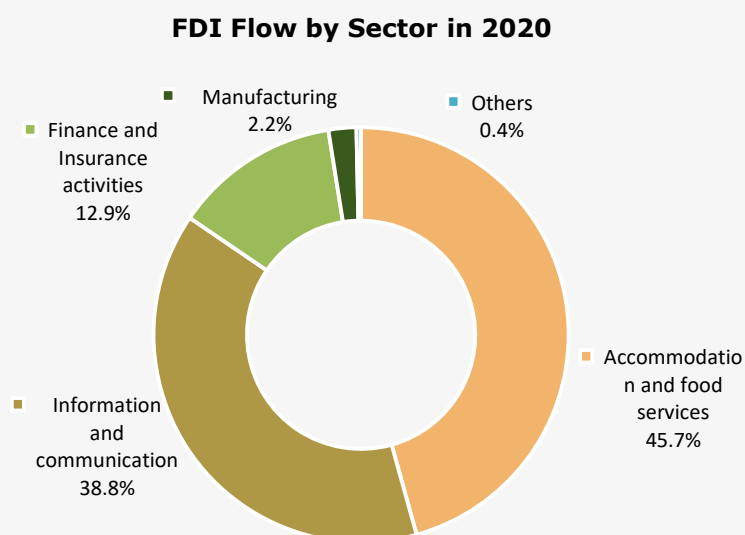


Figure 13: FDI flows by sector in 2020

Source: Zanzibar Investment Report, 2020

Flows of FDI continued to be concentrated in two main activities namely accommodation and food service activities and information and communication. The two sectors attracted USD 23.5 Million of FDI inflows and accounted for 84.5 percent of the total FDI flows in 2020.

Foreign Direct Investment Stock by Sector

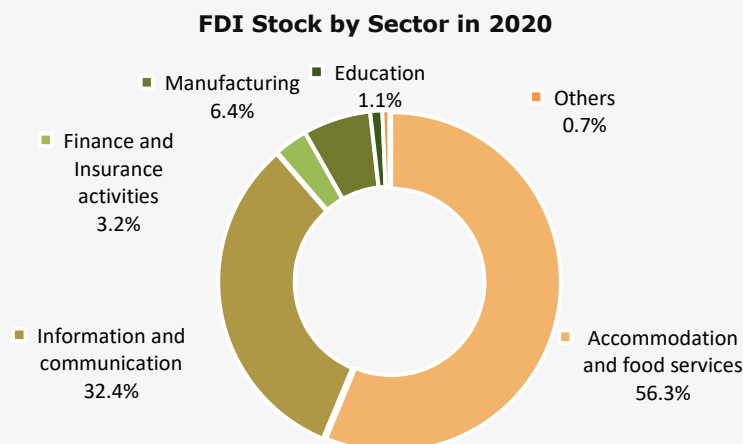


Figure 14: FDI stock by sector in 2020

Source: Zanzibar Investment Report, 2020

FDI stock in Zanzibar is primarily dominated by the accommodation and food services and information and communication sectors. The two sectors attracted USD 961.6 Million and accounted for 88.7 percent of the total stock in 2020.

The prominence of flows to the accommodation and food service activities is consistent of the Island's endowment in tourism attractions, particularly beach and historical sites. During 2020, FDI flows to the accommodation and food services activities were USD 12.7 Million.

Foreign Direct Investment by Source Country

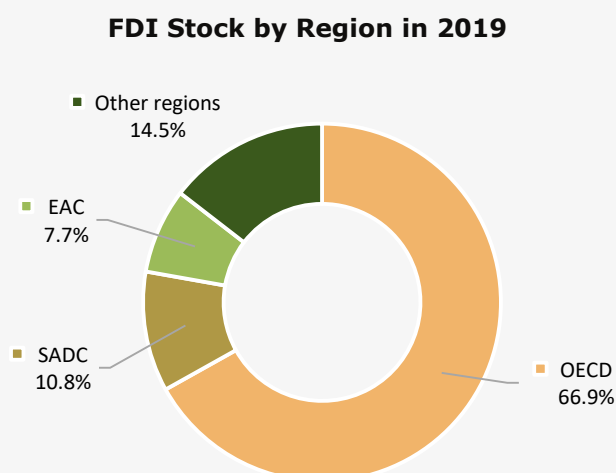


Figure 15: FDI stock by regions in 2019

Source: Zanzibar Investment Report, 2020

Foreign Direct Investment Flows and Stock by Regional Grouping

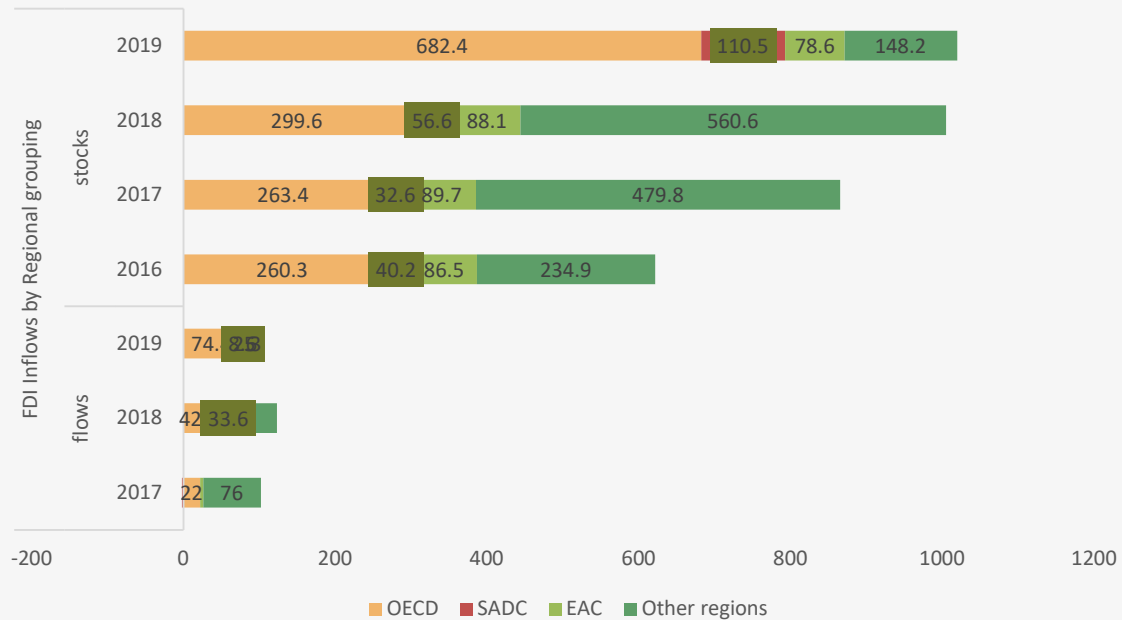


Figure 16: FDI flows by Regional grouping in 2016 – 2020

Source: Zanzibar Investment Report, 2020

The major source of FDI in a regional grouping of the OECD amounted to US\$ 74.4 million, whereas the stock was to the tune of US\$ 6,824 million in 2020. Czech Republic dominated in respect to stock and in term of inflow, Italy was dominant. Mauritius dominated in the SADC region in terms of investment inflows and in stock. Other regions registered a net investment inflow of US\$ 4.0 million and stock of US\$ 148.2 million during 2020.

CHAPTER FOUR

4.0 INVESTMENT PROMOTION INSTITUTION

4.1 Zanzibar Investment Promotion Authority (ZIPA)^[5]

ZIPA operates under the Zanzibar Investment Promotion and Protection Authority Act 14 of 2018. ZIPA is the primary Government Institution which is responsible for investment promotion facilitation and aftercare services through the 'One Stop Centre' mechanism.

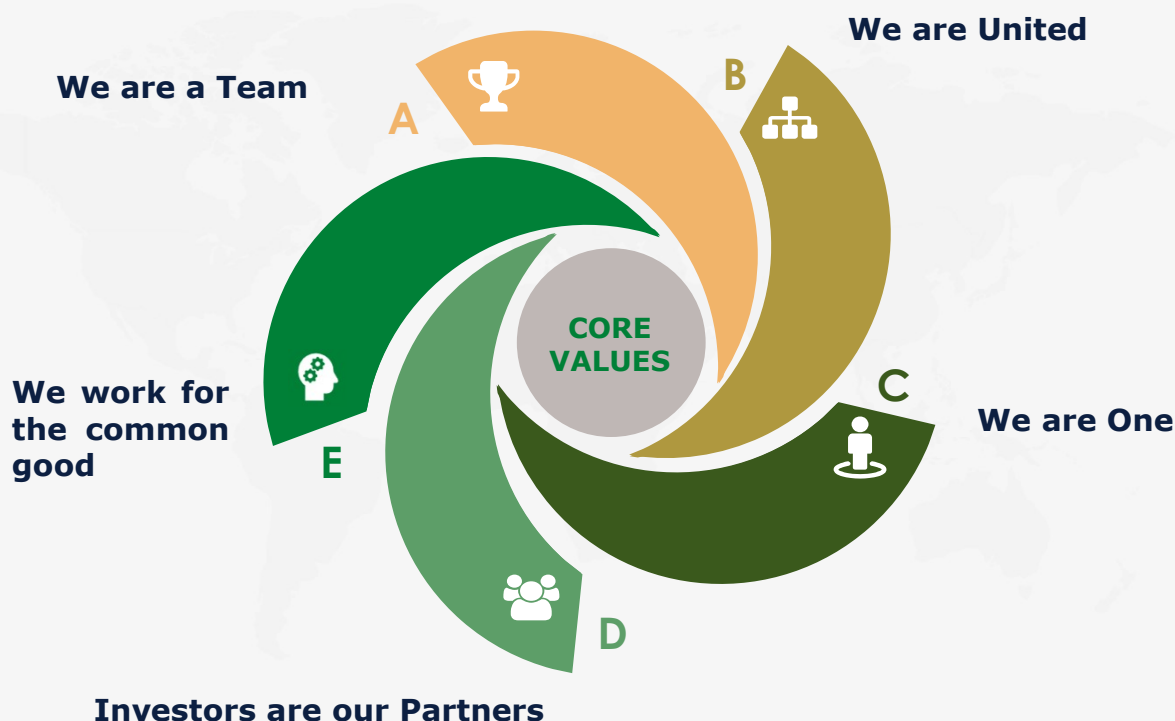


Vision

To make Zanzibar an attractive and competitive investment destination regionally and globally.

Mission

To be an efficient focal point for dynamic trade and investment promotion/facilitation by providing quality services through motivated professionals aimed at greater contribution to Zanzibar economic growth and social well-being.

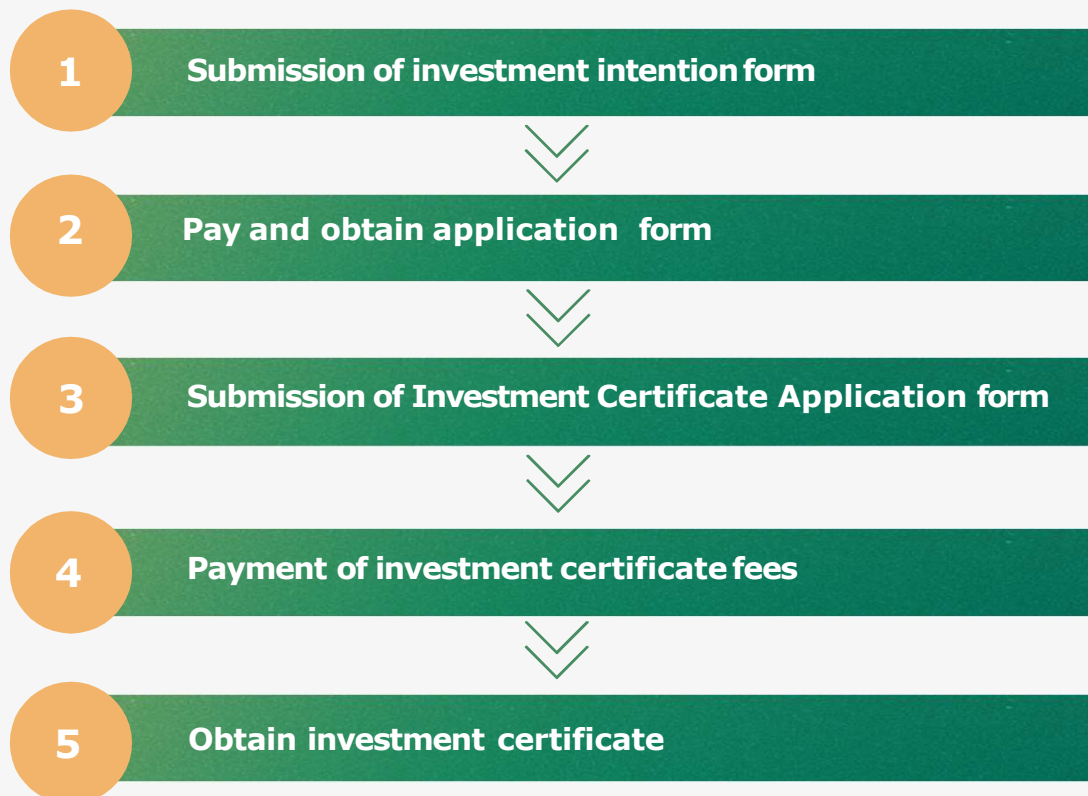


[5] <https://www.zipa.go.tz/>

4.2 Investment Process

Investment Certificate Application Process:

An Investment Certificate is issued to an investor under Section 23 of Zanzibar Investment Promotion and Protection Act No. 14 of 2018. The issuance of investment Certificates involves the following steps:



SUBMISSION OF INVESTMENT INTENTION FORM^[6]

- i. Submission of concept note through Investment Intention form which is available online.
- ii. Post acceptance of the concept note, a notification letter is provided to the investors.

PAY AND OBTAIN APPLICATION FORM

- i. Investors need to pay a non-refundable fee of US\$ 200 at Peoples' Bank of Zanzibar Limited at Account number 0400424000 (US\$) or its equivalent in Tanzanian Shillings at Account number 0404140000 (TZS) to obtain the application form for the Investment Certificate
- ii. The processing time is 3 working days.

SUBMISSION OF INVESTMENT CERTIFICATE APPLICATION FORM

A dully filled application form should be submitted to ZIPA, accompanied with the following documents:

- i. Ten (10) copies of Business Plan/feasibility study,
- ii. Proof of availability of funds for investment including a bank statements for the last six months,
- iii. Passport copies, passport size photographs, Curriculum Vitae (CV),
- iv. Police clearance certificates of all Directors and shareholders from the country of residence and country of origin,
- v. Certificate of Incorporation,
- vi. Memorandum and Article of Association,
- vii. Receipt of the payment of application form,
- viii. Any other document to support the application.

[6] <http://intention.zipa.go.tz/>

PAYMENT OF INVESTMENT CERTIFICATE FEES

- i. Post approval of the investment proposal by ZIPA, the investor has to pay the investment certificate fees.

OBTAIN INVESTMENT CERTIFICATE

- i. Post payment, the investor is issued with an Interim Investment Certificate
- ii. The Certificate is renewed annually until the entire capital amount is invested. Thereafter, the investor is issued with an Investment Service License.

Source: Zanzibar Investment Promotion Authority

Minimum Investment Capital

Table 5 – Minimum Investment Capital Requirement in Zanzibar:

SECTOR	FOREIGNERS (USD)	CITIZEN (USD)
Hotels and Real Estate	2,500,000	300,000
Others	300,000	100,000

Table 6 – Investment Certificate Fees

CAPITAL INVESTMENT	INVESTMENT CERTIFICATE FEES (USD)
500,000 and below	600
500,001 – 2,000,000	1,000
2,000,001 – 4,000,000	1,200
4,000,001 and above	1,500
Economic Zone	1,000
Strategic Investment	2,500

Source: Zanzibar Investment Promotion Authority

One - Stop Centre

The RGoZ has transformed ZIPA into a one stop center for expediting the investment process in Zanzibar. The single service delivery centre aims to eliminate bureaucracy and delays in providing services to investors and smoothen the investment process in the country.

4.3 Land Acquisition

The Land Tenure Act 1992 provides that all land within the islands of Zanzibar occupied or unoccupied is public land. It shall be administered by the Ministry of Land and Housing Development on behalf of the President.

The land within the Free Economic Zones is administered by Zanzibar Investment Promotion Authority (ZIPA). The Act further provides the opportunity for the land to be leased to any person, Zanzibari or non-Zanzibari, intending to use that land for investment purposes subject to the approval of an investment project by ZIPA or other relevant authorities.

The lease period goes up to 99 years. The Government is in the process of setting up a land bank that will set aside areas earmarked for investment and will help to facilitate the acquisition of land for investment.

After being developed in accordance with ZIPA approved investment plan, the property on this land may be sold, assigned, sub-leased or subdivided, inherited or mortgaged.

Table 7 - Indicative Land Rates outside the Free Economic Zone

SECTOR	LOCATION	FOREIGNER (USD PER HECTARE)	CITIZEN (USD PER HECTARE)
Hotel	Urban	7,000	3,500
	Rural	5,000	2,000
Industrial	Urban	3,500	300
	Rural	1,500	200
Agriculture	Urban	500	100
	Rural	300	50
Services, including Social Services	Urban	2,500	2,000
	Rural	1,500	1,000

Source: Zanzibar Investment Promotion Authority

Table 8 - Indicative Land Rates at Free Economic Zone (US\$ per Square metre)

ITEM	ZONES				
	AMANI	FUMBA	MICHEWENI	MARUHUBI	AIRPORT
Land Lease					
Areas less than 1Ha	5.0	0.5	1.5	5.0	2.0
1 – 5 Ha	-	1.5	1.5	-	1.5
Above 5Ha	-	1.0	0.75	-	1.0
Container Space	35	-	-	35	-
Premises					
Office Rent	60	-	-	60	-
Shed Rent	-	-	-	-	-
Fabricated	16	-	-	-	16
Non-Fabricated	20	-	-	20	20

Source: Zanzibar Investment Promotion Authority

4.4 License and Permit

Business Licensing Regulatory System Council (BLRC)

BLRC is a Government institution responsible for regulating the licensing system and authorities related to issuing business licensing permits and other authorization. The Business Licensing Regulatory System Act 13 of 2013 and its regulations are the two key instruments that governing License Administration, supervising the license system and provide the procedures of issuance of license in Zanzibar.

Core Functions of BLRC



Work and Resident Permits^[7]

Work and Resident Permit issuance is governed by the Employment Act 11 of 2005 and the Immigration Act 7 Cap 54, respectively. The Zanzibar Investment Promotion and Protection Act 14 of 2018 provides an opportunity for the approved projects to employ expatriates in key positions determined by ZIPA. The work and resident permits are processed within 24 hours, given all the supporting documents have been approved through ZIPA's One Stop Centre.

[7] Please refer to the Appendix for the detailed procedure for the application of work and residence permits

4.5 Investment Incentives

The prospective investors can enjoy both fiscal and non-fiscal incentives for investments in Zanzibar.

General Incentives

Summary of the investment incentives are mentioned below:

- | | |
|-----|---|
| i | 100% foreign ownership is allowed, |
| ii | Exemption from payment of import duty, excise duty, value-added tax and other similar taxes on capital goods, |
| iii | 33 years of land lease agreement renewable in two terms up to 99 years |
| iv | 5 years corporate tax exemption, |
| v | Employment of expatriates in Key positions, |
| vi | 100% repatriation of all profits after tax, |
| vii | Allowance on R&D. |

Corporate Tax Exemptions

i. Invest not less than 75% of the capital specified in the feasibility study/ Business Plan.

ii. Start business operation.

Import Duty Exemptions

Investor shall submit to ZIPA a list of all capital goods to be imported and purchased locally for consideration and, where appropriate, be granted an exemption. For each consignment of approved materials. An investor may apply for exemption in writing to ZIPA at least 2 weeks before the arrival of goods in Zanzibar.

VAT Exemption on Local Purchase

For every material purchased locally, the investor may apply for value-added tax (VAT) relief to ZIPA. For all goods exempted, investors shall pay 5% of the total amount of exempted duties to ZIPA as a service charge.

Strategic Investment Status

An approved investor is granted Strategic Investment Status after he meets the conditions mentioned below:

- Investing assets equivalent to USD 100 Million in Unguja and USD 10 Million in Pemba; or
- Employing at least 1,000 people; or
- Investing assets equivalent to USD 50 Million in the innovative investment or in the disadvantageous areas in any of the following priority sectors:
 - i. Industrial manufacturing or Assembling,
 - ii. Upmarket Tourism,
 - iii. Agriculture and Fisheries,
 - iv. Real-estate Development,
 - v. Energy Infrastructure Development and
 - vi. Information and Communication Technology.

Benefits, Incentives and Allowances for Strategic Investment

An Approved investor who has been granted Strategic Investment Status may, where appropriate, be granted the following benefits, incentives and allowances during the following phases of the approved investment:

Phase of Approved Investment	Benefits, Incentives and Allowances
Implementation	i. Exemption from all duties and taxes on importation and local purchases of construction goods and materials during the project construction. ii. Exemption of income tax on interest on capital borrowed from foreign banks. iii. 5 years grace period on payment of Land Lease. iv. 100 % foreign ownership is allowed. v. Engagement of foreign contractors is allowed, vi. 5 years grace period on payment of land lease for marina in tourism investment.

Phase of Approved Investment	Benefits, Incentives, and Allowances
Operation	vii. 50% exemption of the prevailing rate for Corporate Income Tax; viii. 50% exemption of Profit Tax for repatriated Profit; ix. 50% exemption for Accelerated Depreciation for 5 years; x. 50% exemption of Income Tax on Interest on Capital borrowed from Foreign Banks; xi. Allowance on Research and Development expenditure; xii. 100% retention of all Profits After Tax; and xiii. 100% Foreign Ownership is Allowed.

CHAPTER FIVE

5.0 FREE ECONOMIC ZONES

5.1 Free Economic Zones in Zanzibar

Free Economic Zones (FEZs) are geographical areas with more attractive incentivized economic regulations than the rest of the country. As the Free Economic Zones custodian, ZIPA readily offers potential investors land, office space, and warehouse space for lease in the zones. The Revolutionary Government of Zanzibar welcomes the private sector for infrastructure development in the Free Economic Zones through Public-Private Partnership (PPP). Zanzibar currently has five Free Economic Zones:-



Table 9 - Free Economic Zones in Zanzibar

FEZ	ZONE TYPE	LOCATION	CONNECTIVITY	LAND AREA (HA)	KEY FEATURES
Fumba Zone	Free Economic Zone	Southwest of Unguja Island	24km Malindi seaport and 10km from AAKIA airport	3,000	➤ Suitable for: real estate development, customer-tailored construction of industrial sheds or warehouses, and light engineering projects. ➤ Total land area is divided into residential and industrial areas

FEZ	ZONE TYPE	LOCATION	CONNECTIVITY	LAND AREA (HA)	KEY FEATURES
Amani Industrial Park	Free Economic Zone	Zanzibar City	3Km from Malindi seaport and 2 km from AAKIA airport	12.5	➤ The Industrial Park consists of industrial sheds/warehouses, office spaces, all necessary utilities such as electricity, water, and telecommunication, and on-site customs inspection.
Maruhubi Free Port Zone	Free Port Zone	Near Zanzibar Main Port	5 km from Malindi Seaport	4.9	➤ Maruhubi Zone has all basic facilities such as cargo handling equipment, 24-hour security, utility services (electricity and water), and telecommunications services. ➤ The Zone is suitable for goods to be trans-shipped or warehoused to have minimal administrative and operational efficiency and security. ➤ Maruhubi Zone has attracted 24 projects which include mainly transit trade business.
Micheweni Free Economic Zone	Free Economic Zone	North-eastern tip of Pemba	75 km from the Mkoani seaport and 45 km from Chake Chake Airport	808.8	➤ Micheweni borders the sea, which makes the Zone ideal for fishing and fish processing, and related products. ➤ Micheweni Free Economic Zone Master Plan has been developed, which divides the Zone into industrial (547.4 ha) and residential (261.4 ha) areas.

FEZ	ZONE TYPE	LOCATION	CONNECTIVITY	LAND AREA (HA)	KEY FEATURES
Airport Zone	Airport Zone	AAKIA Airport	-	4.56	The Airport Zone is the most recently declared Zone, and it is intended to serve air cargo. It is part of the cargo village in the master plan for Abeid Amani Karume International Airport. Investments in the site's development, as well as management of its future operations, such as a logistics park and other related activities, are encouraged

Free Economic Zones Incentives

FEZ INCENTIVES

Free Economic Zone Developers	i. Exemption from payment of taxes and duties for machinery, equipment, heavy-duty vehicles, building and construction materials and any other goods of capital nature to be used for purposes of development of the Free Economic Zone infrastructure. ii. Exemption from payment of corporate tax for an initial period of 10 years and thereafter a corporate tax shall be charged at the rate specified in the Income Tax Act. iii. Exemption from payment of withholding tax on rent, dividends and interest for the first 10 years iv. Exemption from payment of property tax for the first 10 years. v. Remission of customs duty, value-added tax and any other tax payable in respect of the importation of one administrative vehicle, ambulances, fire fighting equipment and fire fighting vehicles and up to two buses for employee's transportation to and from the Free Economic Zones. vi. Exemption from payment of stamp duty on any instrument executed in or outside the Free economic Zone relating to transfer, lease, or hypothecation of any movable or immovable property situated within the Free Economic Zone or any document, certificate, instrument, report or record relating to any activity, action, operation, Project, undertaking or venture in the Free Economic Zone. vii. On-site customs inspection of goods within Free Economic Zones; and viii. Treatment of goods destined into Free Economic Zones as transit goods; and ix. On site customs inspection of goods within Free Economic Zones.
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FEZ INCENTIVES

Free Economic Zone Operators whose primary markets are within custom territory

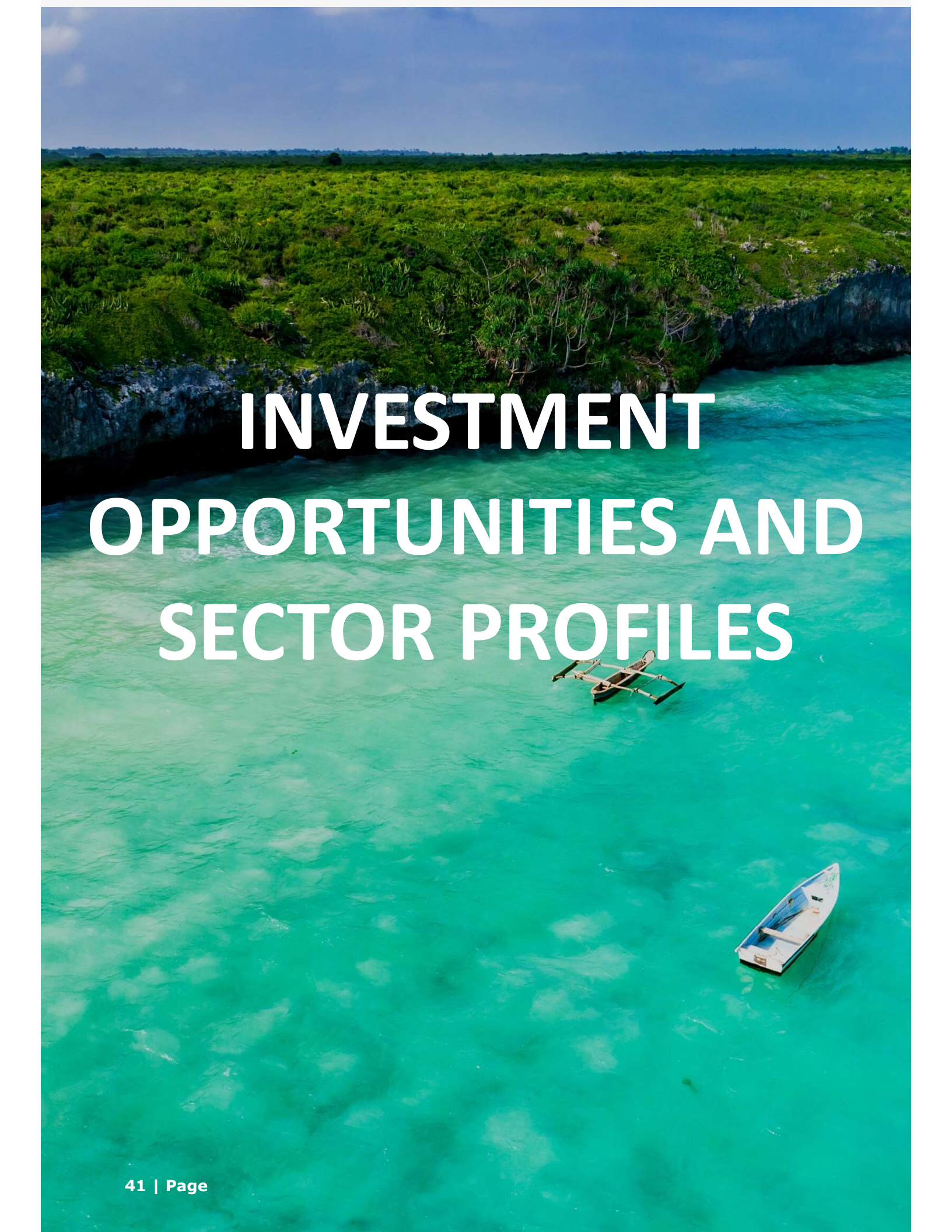
- i. Remission of customs duty, value-added tax, and any other tax charged on raw materials and goods of capital nature related to the production in the Free Economic Zones;
- ii. Exemption from payment of withholding tax on interest on foreign-sourced loan;
- iii. Remission of customs duty, value-added tax, and any other tax payable in respect of the importation of one administrative vehicle, one ambulance, firefighting equipment, and fire fighting vehicles and up to two buses for employee's transportation into and from the Free Economic Zones;
- iv. Exemption from pre-shipment or destination inspection requirements;
- v. On-site customs inspection of goods within Free Economic Zones;
- vi. Access to competitive, modern, and reliable services available within the Free Economic Zones; and
- vii. Subject to compliance with applicable conditions, procedures for foreign exchange and payment of tax whenever appropriate, unconditional transfer through any authorized dealer bank in freely convertible currency of:
 - Net profits or dividends attributable to the investment;
 - Payments in respect of loan servicing where a foreign loan has been obtained;
 - Royalties, fees and charges in respect of any technology transfer agreement;
 - The remittance of proceeds in the event of sale or liquidation of the licensed business or any interest attributable to the licensed business; and
 - Payments of emoluments and other benefits to foreign personnel employed in Tanzania in connection with the licensed business.

**Free
Economic
Zone
Operators who
are producing
for export
markets**

- i. Subject to compliance with applicable conditions and procedures, accessing the export credit guarantee scheme;
- ii. Remission of customs duty, value-added and any other tax charged on raw materials and goods of capital nature related to the production in the Free Economic Zones;
- iii. Exemption from payment of corporate tax for an initial period of 10 years and thereafter, a corporate tax shall be charged at the rate specified in the Income Tax Act;
- iv. Exemption from payment of withholding tax on rent, dividends and interests for the first 10 years;
- v. Exemption from payment of all taxes and levies imposed by the local Government Authorities for products produced in the Free Economic Zones for 10 years;
- vi. Exemption from pre-shipment or destination inspection requirements;
- vii. On-site customs inspection of goods in the Free Economic Zones;
- viii. Remission of customs duty, value-added tax and any other tax payable in respect of the importation of one administrative vehicle, ambulances, firefighting equipment and vehicles and up to two buses for employees transportation to and from the Free Economic Zones;
- ix. Treatment of goods destined into Free Economic Zones as transit goods;
- x. Access to competitive, modern and reliable services available within the Free Economic Zones; and
- xi. Subject to compliance with applicable conditions and procedures for foreign exchange and payment of tax whenever appropriate unconditional transfer through any authorized dealer bank in freely convertible currency of:
 - Net profits or dividends attributable to the investment;
 - payments in respect of loan servicing where a foreign loan has been obtained;
 - Royalties, fees and charges in respect of any technology transfer agreement;
 - The remittance of proceeds in the event of sale or liquidation of the business enterprises or any interest attributable to the investment;
 - Payments of emoluments and other benefits to foreign personnel employed in Tanzania in connection with the business enterprise;
 - 20% of total turnover is allowed to be sold to the local market and is subject to the payment of all taxes;
 - 100% foreign ownership is allowed; and
 - No limit to the duration that goods may be stored in the Freeport Zones.

5.2 FEZ Investment Opportunities

CATEGORIES	OPPORTUNITIES
INFRASTRUCTURE DEVELOPMENT	i. Establishment of Industrial sheds and other types of storage facilities such as chillers and warehouses. ii. Infrastructure development (Road network within the Zone, Sewage and drainage system, Power generation and distribution network, Clean water, and ICT facilities)
INDUSTRIAL SITES	i. Investment opportunities include manufacturing, processing, assembling, and packaging of various commodities such as: ii. Food agro-processing industries for milling, processing, packaging, and canning iii. Garments iv. Cosmetics and fragrances v. Building and construction material industries vi. Pharmaceutical and medical equipment supply industries vii. Consumer durable goods production-component manufacturer and/or assembling
FREE PORT SERVICES	i. Transit trade and storage facilities ii. Export-oriented airport and seaport-based activities
MIXED-USE OPPORTUNITIES	i. Real estate development ii. Sports tourism iii. Marina iv. Special cuisine restaurants v. Sports academy vi. Ferry Port and Marine Transport between Fumba and Dar es salaam vii. Sports arenas, amusement and recreation activities viii. Establishment of ICT parks and smart villages ix. Establishment of exhibition and convention centres x. Commercial buildings xi. Shopping malls

An aerial photograph of a tropical coastline. The top half of the image shows a dense, green, low-lying vegetation covering a rocky shore. The bottom half shows clear, turquoise water. Two small boats are visible in the water: a traditional outrigger canoe with multiple hulls and a small white motorboat. The sky is a clear, pale blue.

INVESTMENT OPPORTUNITIES AND SECTOR PROFILES

CHAPTER SIX

6.0 INVESTMENT OPPORTUNITIES AND SECTOR PROFILES

6.1 Blue Economy

The social-economic development of Zanzibar depends significantly on marine-based resource utilization, which involves sustainable use of coasts, oceans, and marine resources. As a result, in 2020, Zanzibar adopted the "Blue Economy concept." Blue Economy means a sea-based economy. The archipelago of Zanzibar is highly dependent on the sea, coast, and marine resources. Hence, the bulk of Zanzibar's economic performance is dependent on efficient utilization of its ocean-based resources. In Zanzibar, Blue Economy is about the good governance of marine resources.

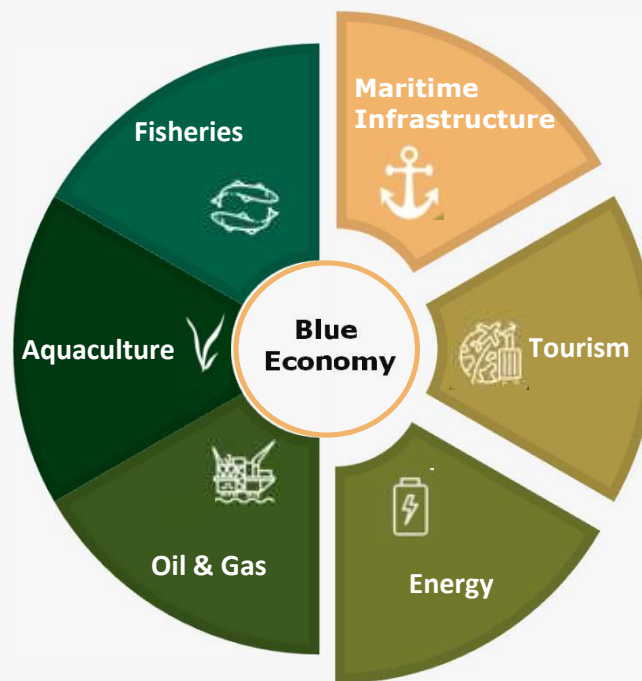


Figure 17–Blue Economy Sectors

Blue Economy is the centre of the Revolutionary Government of Zanzibar (RGoZ)'s economic development initiatives aimed at reducing poverty, creating employment opportunities, ensuring equality in access to economic benefits, management of ocean-based economic workforce, women empowerment, gender equality, and social inclusion.

The Revolutionary Government of Zanzibar has formally incorporated the concept of Blue Economy as part of its national development plan

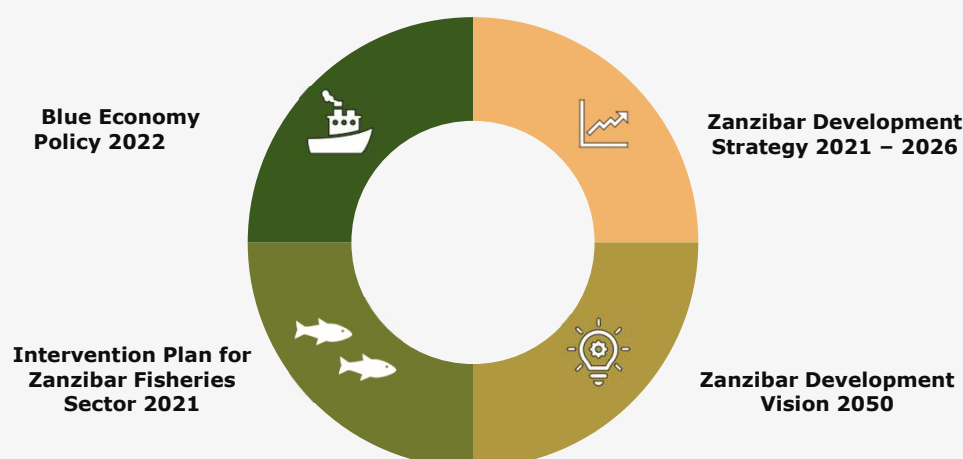
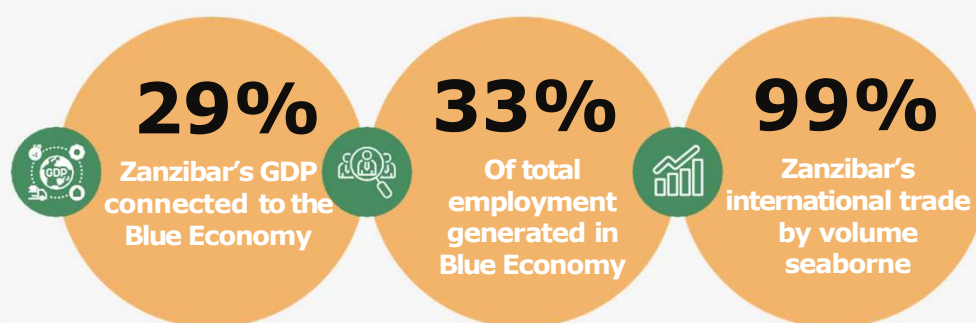


Figure 18 –Blue Economy Concept

The Blue Economy concept strengthens Zanzibar's commitment to United Nations Sustainable Development Goals (SDGs) and Africa Agenda 2063. It spans all SDG goals, emphasizing conservation and sustainable use of the oceans, seas, and marine resources for sustainable development; poverty reduction, Gender Equality, Decent Work and Economic Growth and Climate Action [8].



Source: OCGS, 2021

MINISTRY OF BLUE ECONOMY AND FISHERIES

The government, recognizing the importance of its ocean resources and the necessity of aligning its national goals to blue economy concept, established the Ministry of Blue Economy and Fisheries in 2020. The Ministry engages on ocean-based economic priorities such as fisheries and aquaculture produce, offshore renewables and oil and gas development.

[8] Zanzibar Blue Economy Implementation Strategy Document

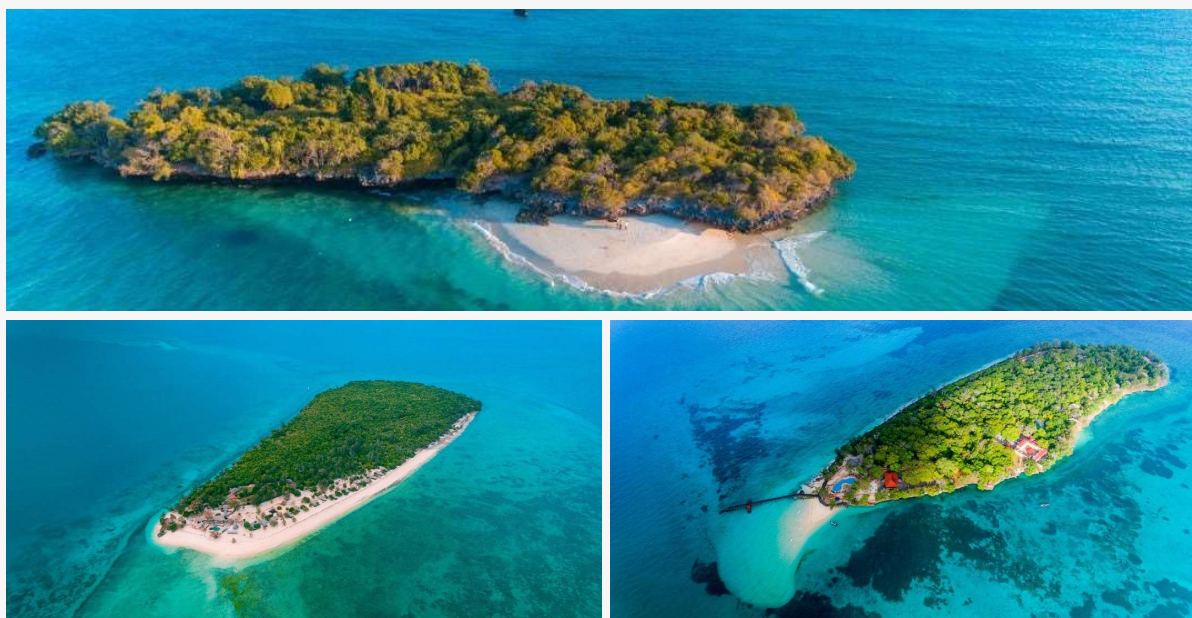


Figure 19-Key Economic Sectors in Zanzibar

These economic sectors are the primary growth drivers in the archipelago. The Government has been very diligent in promoting these sectors to foreign and local investors as potential business opportunities. These sectors hold tremendous growth potential. These sectors have been discussed in detail in the following chapters.

Investment Opportunities in Small Islands

Zanzibar is an East-African trading hub due to its strategic geographic location, famous for its marine resources. Hence, the islets are well-positioned for specialized investment projects.



The first phase of the small island leasing program that was rolled out in 2021 included the islets of Bawe, Changuu (Prison), Misali, Chumbe, Kwale, Pamunda A & B, Njao, Matumbini A and Chapwani.

These islands are well suited for investment projects such as fishing hubs, recreational activities, film production sets, tourist attractions, exhibition centers and agricultural hubs. The government is open to other proposals as well. The potential investors are entitled to Strategic Investment Status.

Please scan the QR code below to access small island projects in detail:



The government has made more islands available for lease to potential investors. They are Miwi, Sume, Kwata, Fundo, Kashani, Jombe and Matumbini B.

Investment Process

The small islands' leasing advertisement is released for about 60 days, including potential investors paying US\$1500 to express their interest.

The evaluation is done in two stages:

STAGE 1

Following the evaluation of potential prospective investors' project, documents are reviewed to see if they fit the requirement specified in the advertisement.

Key criteria of selection include:

- The experience and ability to develop, operate and manage investment projects.
- Financial capacity (capital to be invested, financial capacity of the company).
- Ability in conserving the environment, biodiversity, cultural heritage.
- Community development.

STAGE 2

The second stage involves invitation of short-listed investors to make an application on their interest to bid to lease, manage and operate in the small islands. After complete submission of all relevant documents, the potential investor who is awarded an islet is then sent a Letter of Award (LoA) which serves as an official notification. The LoA stipulates the deadline required to make payment for the Lease Acquisition Cost (LAC) and the requirements to receive the lease. The initial process of the first batch of small islands was implemented with a deadline of 14 days.

An islet that opens for investment is made available to the public through a bidding process, which is followed by a biodiversity inventory study conducted by the government to provide a baseline for protection and development guidance. The successful bidder receives a Land Lease Agreement.

Potential Investment Opportunities on Islets

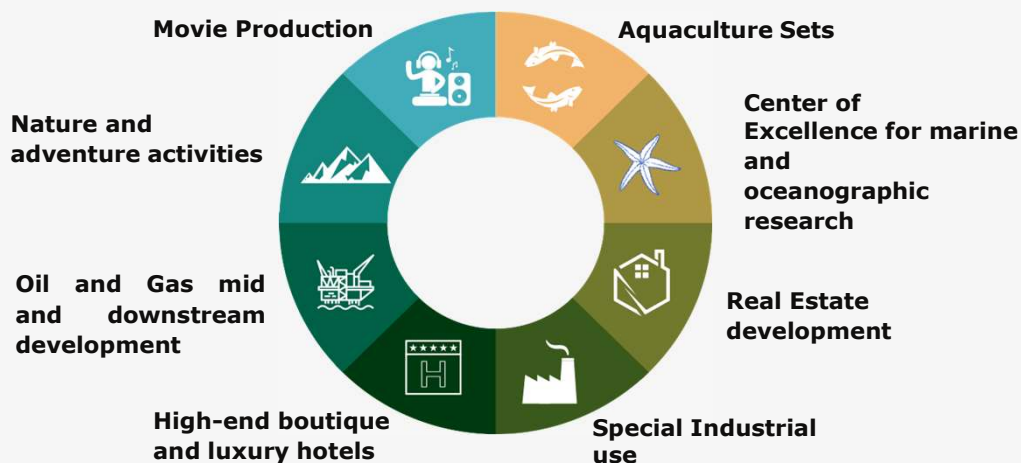


Figure 20-Investment Opportunities on Islets

FISHERIES & AQUACULTURE

SECTOR PROFILE

5%

Fisheries GDP
Contribution
(2021)



67.4 Million

Fisheries Sector
GDP USD (2021)



57,645.4

Total Fisheries
and Seaweed
production in
Tons (2021)



3%

Fisheries YoY GDP
Growth (2021)



Sector Overview

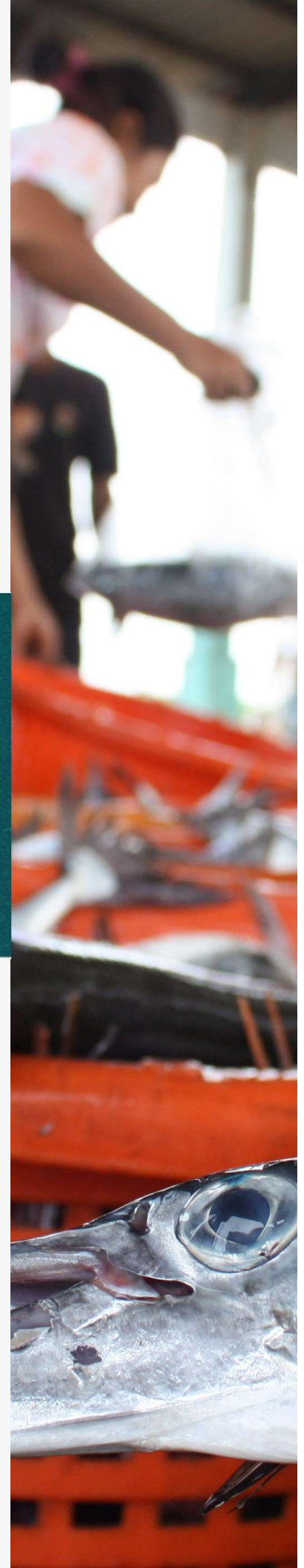
Fisheries

In Zanzibar, fishing takes place along the coastline (about 880 km) of both islands, along the shoreline in depths less than 30m. The shoreline has an abundance of lobsters, sea stars, eels, and ornamental fish. Coastal fisheries' most fertile fishing grounds are coral reefs, mangrove creeks, seagrass beds, and sandbanks. Other significant fishery resources located further off-shore include small and medium pelagic fish species and tuna and tuna-like species. The fisheries sector supports, directly and indirectly, over one-third of the Zanzibar population.

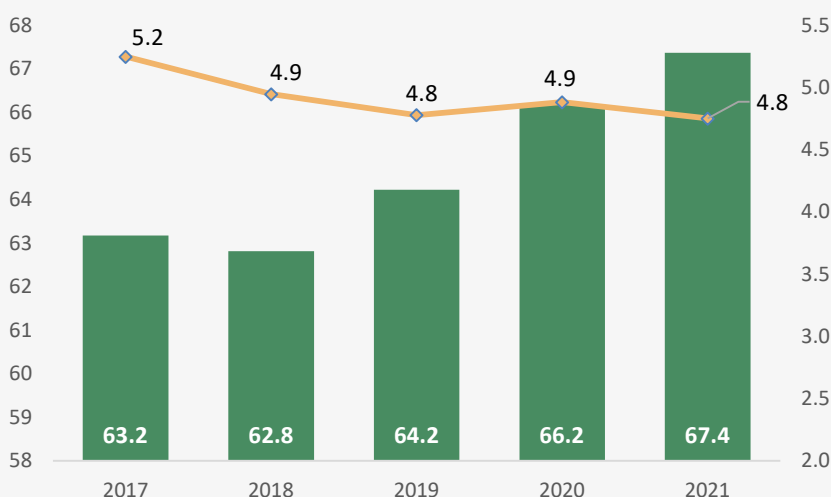
Fisheries sector is an important source of income in Zanzibar. According to OCGS, in 2021, the GDP share of the fisheries sector was 5.0% which included fish catch of 47,114.6 tones and 10,530.8 tons of seaweed. The entire value chain of the fisheries sector employs approximately 79,000 people, which is equivalent to 8.5% of the total Zanzibar's work force.

Fisheries play a significant role in socio-economic environment of Zanzibar. The fisheries sector provides support to about 24% of Zanzibar population. Fish is the major contributor of animal protein in the diet and the most affordable protein source for the lower income groups in Zanzibar.

Key policies that govern the fisheries sector in Zanzibar include Blue Economy Policy, Zanzibar Development Plan 2021–2026 and Intervention Plan for Zanzibar Fisheries Sector 2021.



Gross Domestic Product: Fisheries



■ GDP at Constant 2015 Prices (USD Million)
—◆— Contribution to GDP (%)

Figure 21: Zanzibar –Sector GDP and Contribution (%) (2017 – 2021)

Source: Zanzibar Statistical Abstract, 2021

Volumes of fish production have grown at a CAGR of 2% during the 2017-2021 period.
In 2021, the fishery sector's contribution to Zanzibar's national GDP was 5%.

The demand for seafood in Zanzibar has increased primarily driven by touristic hotels and restaurants seeking high-value species such as tuna and tuna-like species, squid, octopus, crab, marlin, snappers and prawns. The sector has an immense potential to provide employment opportunities. The industry has shown strong resilience during the Covid-19 pandemic, employing many coastal communities who lost their jobs in the tourism sector and other services sectors due to Covid-19.

Zanzibar has a coastline of about 880 km, surrounded by habitats like coral reefs, mangrove creeks, seagrass beds and sandbanks. The archipelago has the potential of becoming a key fishery supplier in the East African Region.

Fisheries Production in Zanzibar

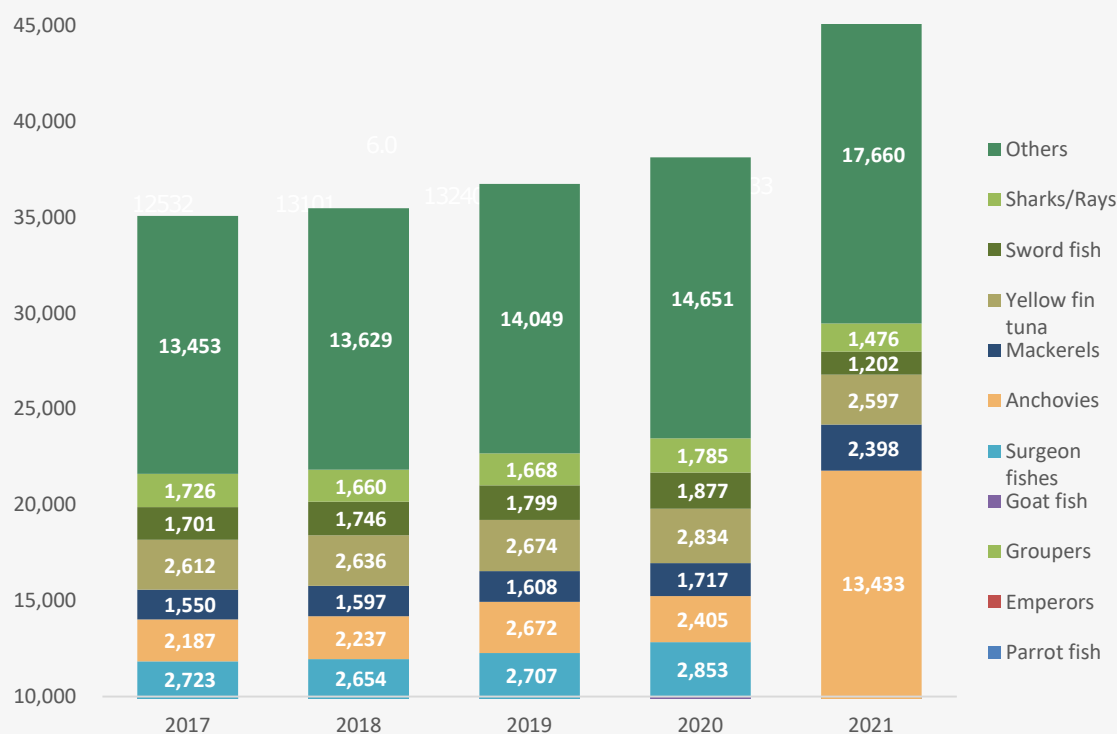


Figure 22 - Production of Fisheries by Type (Tons) - (2017 – 2021)

Source: Zanzibar Statistical Abstract, 2021

In 2021, Goatfish, Yellow Fin Tuna, Surgeonfish, Emperors, Anchovies, Groupers, Sharks, Parrot Fish, Sword Fish and Baracuda were the top ten fish types with a combined volume of 29,451 production tons. The volume for the lot grew at a CAGR of 6% during the 2017 – 2021 period and dropped by 4% in the period of 2020 - 2021

The archipelago has abundant bays, lagoons, mangrove forests, freshwater ponds/reservoirs that result from small water bodies and dams acting as good farming areas.

Artisanal fishers mainly carry out fishing activities in fishing grounds within 12-nautical miles of inshore territorial waters. No fishing currently occurs by small artisan vessels in the Exclusive Economic Zone (EEZ), i.e., beyond 12 nautical miles of Tanzania. The current active fishing areas include reefs and mangroves area. The size of the territorial waters-based fishery resources has an estimated potential yield of 31,000-ton per annum.

Human Capital Potential

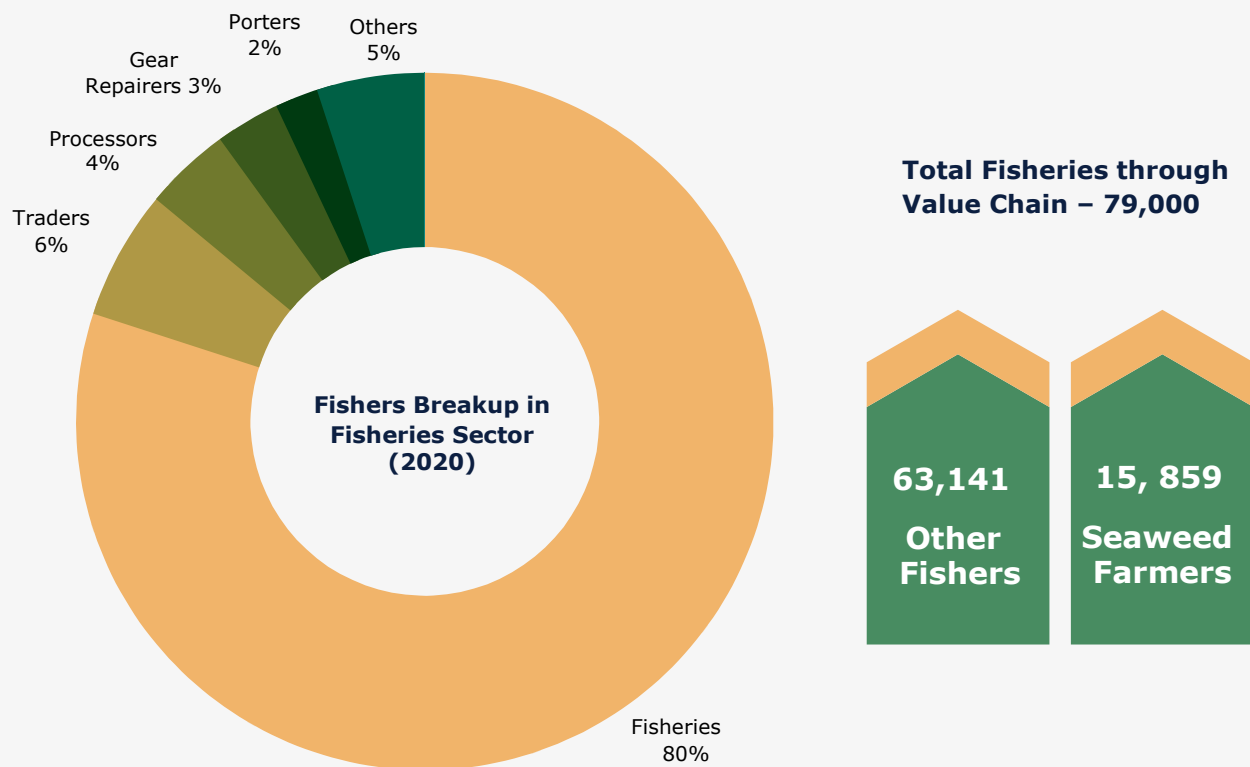


Figure 23 - Employment Breakup in Fisheries Sector (%) (2020)

Source: Zanzibar Blue Economy Policy Document

Approx. 29% ^[9] of the total employed population are engaged in subsistence farming, fishing, or hunting. Skilled anglers were among the least paid, with a monthly salary of TZS 149,103 (US\$65). Among 15,859 seaweed farmers, more than 80% are women.

On average, each fisher and seaweed farmer has between 4-5 dependents under their roofs. More than 80% of all seaweed farmers are women.

The average per capita income of Zanzibar's fishers is approximately TZS 4,100,000 (US\$ 1,740). This is very low compared Mauritius' fishers' per capita income of US\$ 7,804.

[9] Zanzibar Blue Economy Policy Document, 2022

Sub-Sectors in Fisheries

Artisanal Fishing^[10]

Majority of Zanzibar fishing industry is made up of artisanal fishers who carry out fishing in near shore territorial waters around the Zanzibar Islands. According to Zanzibar Fisheries Frame Survey (ZFFS) of 2020, there are 7,919 fishing vessels of which 61% are sail and paddles propelled, 39% and 0.1% have outboard and inboard engines.



Deep-Sea Fishing



Exclusive Economic Zone (EEZ) of Tanzania including Zanzibar, is very rich in tuna and tuna like species. However, since these species are migratory, only skilled fishers can catch them. Most of Zanzibar's artisanal fishers have not fully exploited the EEZ. According to Deep Sea Fishing Authority (DSFA), an average of less than 20,000 tons of fish are caught per year. This offers potential investment opportunities for Zanzibar.

Boat Building

Fishing boats are locally built by artisanal boat builders. Zanzibar needs larger and more robust boats, especially for mining fish in deep waters, taking longer trips. This presents immense opportunity for investors in boat building, fishing gears, fish finders and storage facilities.



Ice Making



Zanzibar needs ice-making plants to maintain the quality of its fish products for export purposes.

[10] Zanzibar Fisheries Intervention Plan 2020

Dry Port and Fishing Port



Zanzibar is planning for a dedicated dry port to complement Malindi Port and facilitate land transport of goods across the island to reduce container congestion at Malindi. A dry port is an essential infrastructure that facilitates marine cargo transportation from ports to inland destinations.

Hatcheries

Marine hatcheries offer support to aquaculture farmers, helping them cultivate a variety of aquaculture species during, off-season reducing dependency on wild catches. The development of hatcheries will contribute to strengthening food security, job creation, and social and economic development of the country. In 2020, the RGoZ assumed management of the Korea-Zanzibar Friendship Hatchery Centre, launched in 2018 in collaboration with the FAO^[11] and the Korean International Cooperation Agency. It's a semi-commercial multispecies marine hatchery primarily focusing on three species- sea cucumber, mud crab, and milkfish. The Hatchery also offers a training program to facilitate milkfish, mud crab, and sea cucumber farming.



[11] FAO - Food And Agriculture Organization of the United Nations

Aquaculture

The aquaculture sector has improved the socio-economic status of Zanzibari women and has had a significant contribution to the livelihood of the island's coastal population.



Seaweed is the second largest cash crop in the country by Export Tonnage, following Clove.

Almost 80% of the total seaweed farmers in the country are women. Seaweed farming is also an alternative source of income for coastal communities in Zanzibar and acts as a supplement to fishing or agriculture-based household income. There are several seaweed companies based in Zanzibar that supply farming inputs and buy the product in return.

At present, the Revolutionary Government of Zanzibar (RGoZ) is making a significant effort through policy initiatives to diversify the aquaculture sector and promote new species such as sea cucumber, mud crab, and milkfish. Furthermore, small-scale industries such as pearl farming and sponge farming have been undertaken around Unguja.

Seaweed Farming



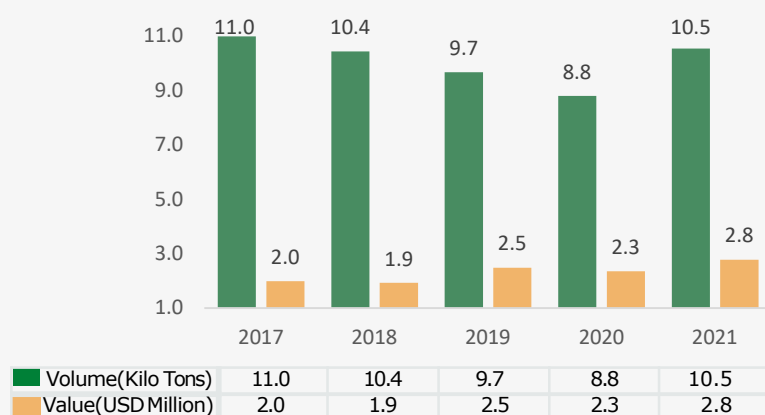
Photo Credit: RobinBatista

Seaweed is cultivated in 88 Shehias^[12] (54 in Unguja and 34 in Pemba) out of 335 Shehias in Zanzibar. In 2021, almost 10.5 Kilo Tons of seaweed was produced across the 88 Shehias. Zanzibar primarily produces two types of seaweed species-*E.spinosum* and *E.cottonii*. Seaweed production has been moderately stable in last five years with immense growth potential.

Most of the seaweed exported by Zanzibar is in raw form at low prices. Nearly 2.7% of Zanzibar's seaweed farmers process the seaweed they grow. In 2021, seaweed was among Zanzibar's largest cash crops, representing nearly 7.7% of Zanzibar's total export value and 9.4% of total cash crop export value.



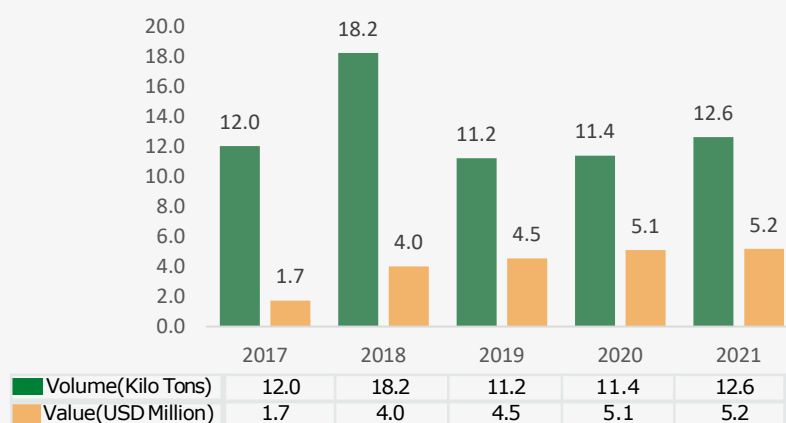
***E.spinosum* Seaweed accounted for nearly 99% of total seaweed production volume and 98% of the total production value in 2021.**



Seaweed production value has increased over last five years. It grew by 18% from USD2.3 Million in 2020 to USD2.8 Million in 2021 primarily driven by the higher prices of seaweed.

Figure 24 - Estimated Production of Seaweed (2017 – 2021)

Source: Zanzibar Statistical Abstract, 2021



Seaweed export value increased by 12% from 2019 to 2020 and by 2% from 2020 to 2021. It represented approximately 7.7% of Zanzibar's total exports value and 9.4% of total cash crop export value in 2021.

Figure 25 - Seaweed Exports in Current Prices(2017 – 2021)

Source: Zanzibar Statistical Abstract, 2021

[12] smallest division of administrative regions

Policy and Regulations

Blue Economy Policy (2022)

The overall objective of the Blue Economy Policy is to promote sustainable development through efficient coordination and management of marine resources around the Zanzibar archipelago.

The policy focuses on harvesting, processing, and marketing marine resources such as seaweeds and aquaculture products as well as fisheries products, through improved capacity, innovation, and entrepreneurship initiatives. The policy also focuses on exploring new avenues of deep-sea fishing engagements with modern fish ports and fleets, storage and processing infrastructure.

This policy presents tremendous opportunities for potential investors. They can explore vast marine resources of Zanzibar and contribute towards establishing a sustainable blue trade economy.

Key Policy Interventions for Potential Investors with Blue Economy Framework

Enhancing sustainable fisheries and aquaculture	Transforming investment and capacity in Deep-Sea Fishing
• Integrated approach to marine spatial planning and coastal zone management. • Modernize the fishing industry • Design and implement awareness, education and training programs • Strengthen financial capacity and creditworthiness	• Design and implement education and training programs for the local communities focused on industrial fishing in the EEZ areas • Modernize the local fishing industry • Promote investments in deep sea-related infrastructure and support entrepreneurship in the management of fisheries in the EEZ areas • Strengthen sustainable finance mechanisms

Value Addition and Post-Harvest Loss Management

- Invest in innovation and support technology, infrastructure and know-how in addressing Post Harvest Losses (PHL).
- Strengthen procedures for quality control, quality assurance and product inspection
- Improve fishery market infrastructures and facilities
- Promote private sector investment in handling, storage, processing, and marketing

Resource Management

- Promote the management of Marine Conservation Area (MCA) systems and enhance capacity in skilled human resources.
- Promote credit support, loans, and financial investment for fisheries and aquaculture sub-sectors.
- Promote the investment of fish feed manufacturing industries and facilities.
- Strengthen aquaculture management in territorial waters efficiently using traditional aquaculture management practices

Ecosystem Changes due to Climate Change

- Promote research on the effects of climate change on aquaculture and fisheries sub-sectors to inform policy.
- Support seaweed farmers and artisanal fishermen in harvest and fish in deeper waters.
- Promote research on the effects of climate change on aquaculture and fisheries sub-sectors to inform policy.

Limited Research in Fisheries

- Promote inter-institutional and multi-disciplinary collaboration in ocean science, climate change, biodiversity, and marine environment.
- Address research areas related to social inclusion in Blue Economy priority areas.
- Promote data application and nature-based solutions towards sustainable utilization of the maritime domain.
- Integrate scientific data in science-to-policy decision-making processes

Source: Blue Economy Policy Document; 2022

Zanzibar Development Plan 2021 – 2026

In addressing its Blue Economy targets, the Government, through the Zanzibar Development Plan, aims to achieve the following key economic targets by 2026.

Key Targets

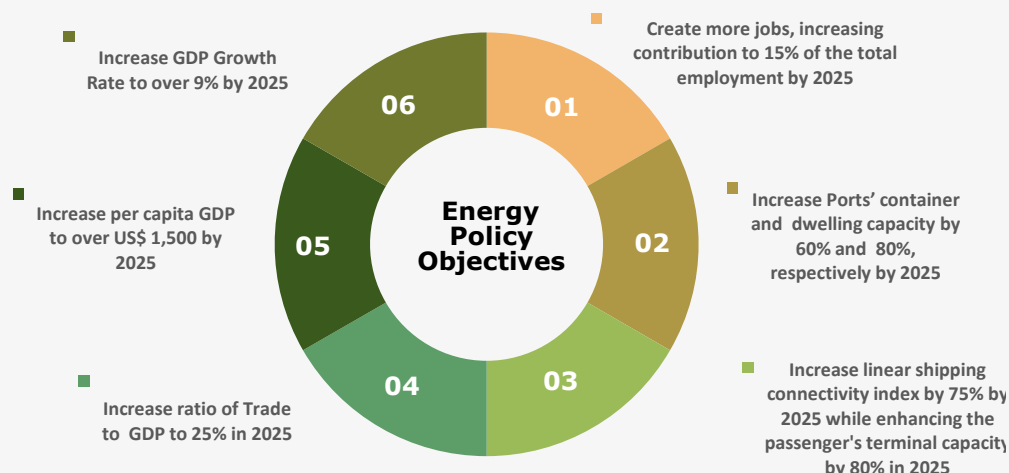


Figure 26 –Energy Policy Objectives

Source: Zanzibar Development Plan 2021 –2026 document

Intervention Plan for Zanzibar Fisheries Sector 2021

This intervention plan aligns with the Zanzibar Development Vision 2050, the Zanzibar Development Plan 2021-2026, Blue Economy Policy 2022 and special presidential orders and directives, which aimed at implementing the “Blue Economy Agenda”. The Intervention plan also implements most of the Sustainable Development Goals (SDGs), focusing on SDG 14-Life below water, SDG 1-No poverty, SDG 2-Zero Hunger, SDG 5-Gender equality SDG-8 Decent work and economic growth and SDG-14 Climate action.

Key Objectives of Intervention Plan

Capacity Building

Educate and train fishers, seaweed, sea cucumber and mud crab farmers on ways to increase their catch and production, value addition technology and marketing strategies

Marine Conservation

Empowering local artisan fishers to fish beyond six nautical miles, an area off the national marine conserved area

Climate change mitigation and adaptation

Increase seaweed farming and value addition

Infrastructure

Improve market infrastructure and services including construction of fish landing sites, cold storage facilities and other market services

Increase income

Improve livelihood of fishers, seaweed, sea cucumber and mud crab farmers as well as increasing the share of fisheries sectors to national income

Employment

Create Blue Economy based employment opportunities

Zanzibar Fisheries

The Revolutionary Government of Zanzibar has already begun to pro-actively promote the development of industrial fishing, examining all possibilities that could provide incentives for potential local and international fisheries investors. Zanzibar Fisheries Company's (ZAFICO) business plan emphasizes on private sector investments and value addition.



Deep Sea Fishing Licenses Conditions.

The conditions as per Article 36 of the Deep-Sea Fisheries Management and Development Act No. 5 of 2020 and Regulation No. 28 of the DSFMDR of 2021 include the requirements to comply with:

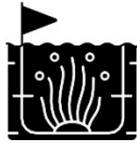
- Applicable national, regional and international conservation and management measures (i.e. IOTC);
- Ensuring that fishing vessel and gear, including any fish aggregating devices, are marked during the period of validity of the license.
- Keeping and maintaining a logbook.
- The requirements of authorized officer, fishery inspector, observer and licensing officer.
- The requirements of not to catch any protected, threatened or endangered species of fish, marine mammal, marine turtle, or seabird.
- the requirement to not discard any bycatch at sea.
- the requirement to reporting whenever the vessel enters and leaves the EEZ;
- Reporting weight and types of fish caught on daily basis;
- Transshipments being done at designated ports, and at sea under certain circumstances;
- Requirements for the Mobile Transceiver Unit (Vessel Monitoring System - VMS);
- Flying the flag of the State in which the vessel is registered.

Key Investment Opportunities & Projects

Fisheries

Upstream	Midstream	Downstream
• Fish-processing and packaging plants especially for the expanding tourist trade and export. Zanzibar currently has no such fishing plants • A local plant to build fishing gear. It can deliver required fishing gear and surplus can be sold to mainland Tanzania and neighbouring countries. • Provide trainings on Marine Short courses (Fire fighting, Safety at sea & law, First aid, Fishing Technology, Boat building, Fish handling and Processing) • Research and Development	• Developing market infrastructure to facilitate better artisanal and deep-sea fishing as well as exportation of fish and fish product. • Large motorized boats, engine repair and maintenance workshops. • Construction of cold storage facilities. Currently storage of fish is not commercial and only done by use of freezer. • Capturing higher fish quantities through Public Private Partnership (PPP) and Joint ventures with Tanzania companies. The EEZ under exploited (223, 000 Km²)	• Development of fishing and cruise ship ports through concession arrangements. • Construction of boat building factories for larger and better-built boats, especially for mining fish in deeper waters, larger fishing vessels with modern technology on-board. • Construction of fishing port, Ice making plants and dry dock in Zanzibar. Zanzibar is an Island country. The current "Zanzibar harbour" can't hold big vessels.

Aquaculture

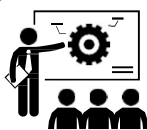


Seaweed Processing and Refining

- Processing and refining of raw seaweed into seaweed powder, Edible seaweed products and Hydrocolloids
- Construction of Marine resource processing plant in a PPP arrangement"

Skincare/Cosmetic Products

- Produce artisanal soaps made from seaweeds, sponge, and pearl cultivation, and anti-inflammatory, anti-aging, and skin brightening facial care products such as facewash, face masks, moisturizers



Training and Education Programs

- To promote the use of better farming techniques on production, storage and control of diseases, and marketing activities

Aquaculture Research and Development Institute

- ♦ Focusing on sea farming and Aquaculture to build viable farm and hatchery technologies for oyster, seaweed, and marine pearls



Credit Facilities and Insurance Services

- Develop platforms for alternative lending to extend credit facilities to the seaweed community co-operatives and small-scale aquaculture producers
- Collaborate with the Government and provide group insurance schemes to the community

Ongoing Projects in Fisheries Sector

Please refer to the QR code below to access the projects listed out below, in detail



Blue Economy

Project 1 - Agriculture and Fisheries Development Programme

FUNDING AGENCY	BUDGET	REGION	TIMELINE
IFAD, URT, Private sector and other beneficiaries	US\$ 8.84 Million	The whole of Zanzibar	2022-2026

Key Objectives

The overall objective of the AFDP is to contribute to inclusive food systems for improved livelihoods, food security, and nutrition and climate resilience. The development objective is to “enhance sustainable productivity, climate resilience and commercialization of selected crop seeds, fisheries and aquaculture”, while devoting particular attention to women empowerment and youth participation.

Project 2 - Southwest Indian Ocean Fisheries Governance and Shared Growth Project - SWIOFISH

FUNDING AGENCY	BUDGET	REGION	TIMELINE
World Bank	US\$ 11,520,000	The whole of Zanzibar	2015 - 2022

Key Objectives

The Project supports local and regional coordination and cooperation on the management and sustainable development of fisheries in the Southwest Indian Ocean (SWIO). The overall objective is to improve governance of priority fisheries; to enhance sustainable use of fisheries and aquaculture resources; to increase economic benefits from priority fisheries and improve fishers’ livelihoods; to reduce pressure on the coastal and marine resources; to improve the regional business climate and enabling the private sector engagement and productivity.

Planned Projects in Fisheries Sector^[13]

Project 1 - Deep Sea Fishing & Integrated Tuna Processing Facility Project

SECTOR	BUDGET	REGION	TIMELINE
Blue Economy	US\$ 943,162	Zanzibar	The Project is at Design Stage

Project Description

Transforming deep sea fishing through increased private sector partnership in the EEZ area is critical for the success of the Blue Economy in Zanzibar. The need for a national fishing fleet operating in partnership with private sector investors opens up more opportunities in Deep Sea Fishing. Such a transformational shift from an already overcrowded territorial waters and into the EEZ alleviates pressures on near-shore ecosystems. Moreover, the project aims at strengthening value chains through the development of an integrated tuna processing facility with state-of-the-art cold storage, packaging and export facilities.

Project 2 - Establishment of Modern Fish Meal Production Facility

SECTOR	BUDGET	REGION	TIMELINE
Blue Economy	US\$ 2 Million	The Whole of Zanzibar	Design

Project Description

Establish two modern fish meal production facility in Unguja and Pemba to supply capture fisheries communities with fish meal.

[13] Why and Where to Invest in Zanzibar Document (Presented during 60 Years of Independence Investment Forum, 2021)

OIL & GAS

SECTOR PROFILE

**3.8 Trillion
Cubic Feet**

Natural Gas
Potential



36,062.5 SQ KM

Offshore Block available
for Exploration &
Production activities
2020

Sector Overview

Oil & Gas

Zanzibar has huge potential for oil & gas. The sector is in exploration stage and is an area of focus alongside the Blue Economy. Exploration process started with the Full Tensor Gradiometric Survey (FTG). 2D Seismic survey for both onshore and offshore have been conducted.



The preliminary results of 2D seismic survey have indicated towards presence of 3.8 Trillion cubic feet of gas.

The Government has also begun to implement a Multi-Client Seismic Survey (MCSS) process to acquire data, which is a necessary pre-requisite for conducting oil & gas exploration licensing rounds^[14]. The MCSS survey will lead to the demarcation of new exploration blocks for attracting investments across the offshore areas of east of Zanzibar.

The Revolutionary Government of Zanzibar (RGoZ) has started building its internal capacity, strengthening oil & gas information systems, engaging new investors in the sector, and commencing an audit of the Pemba-Zanzibar PSA^[15].

The offshore areas of Zanzibar are also of strategic importance for other sectors such as fisheries, tourism, and transport. The government is in the process of developing oil & gas regulations that will ensure a balanced co-existence of the oil & gas sector with fisheries, tourism and other offshore development activities.

In 2018, Ras Al Khaimah (RAK) Gas entered into a Production Sharing Agreement (PSA) with the RGoZ, signing the rights to explore and develop the Pemba-Zanzibar Block which spans 11,868 Square Kilometers.

[14] When a governmental body offers exploration acreage for leasing by exploration and production companies usually in return for a fee and a performance or work obligation

[15] Production Sharing Agreement



Key Policies and Initiatives

Oil and Gas Policy 2016

The primary objectives of the policy are:

- To manage the upstream oil and gas sector for sustainable development through broad participation and maximum value benefits with a minimum negative impact on the environment, safety, and health.
- To guide the establishment of clear administrative and legal boundaries between existing and future institutions, good governance conserving the environment, safety and health.
- To promote the linkage of the oil & gas industry with other industries in Zanzibar.
- To attract more foreign investments by making the investment environment transparent, predictable, and financially attractive.



Blue Economy Policy 2022

The Blue Economy Policy addresses offshore oil and gas exploration and production potential while emphasizing the need to ensure enhanced marine biodiversity conservation and climate adaptation. Major policy interventions include improvement of institutional capacity, increase awareness regarding the oil & gas sector, improvement of local content policies in the oil & gas sector, development of national data repository and data management, and reforming oil & gas revenue management.

Zanzibar Development Vision 2050

ZDV 2050 has recognized the oil and gas sector as one of the priority areas under the economic transformation pillar. The vision focuses on maximizing the potential of the oil and gas sector to create value and generate employment.

Human Capital Potential

The upstream oil and gas sector is still in the initial development phase. At present nearly 50 people are employed in the public sector. Zanzibar Petroleum Regulatory Authority employs 37 people and Zanzibar Petroleum Development Company employs almost 24 people. Temporary laborers are hired from time to time for conducting oil and gas fieldwork. Capacity building is a primary focus for the government to accelerate the upstream exploration and development objectives in the oil and gas sector.

Key Investment Opportunities and Projects



Extraction of energy sources – oil & gas

Storage facilities for handling oil & gas



Upstream oil & gas service base

Transmission, supply & distribution



Training Institutes

Extraction of Energy Sources (Oil & Gas)

Zanzibar still has several unexplored blocks as well as policy instruments that it can use to create an enabling environment for capital inflow, especially from junior oil and gas companies which traditionally have the appetite for risk in exploring new frontiers. Furthermore, the 2D seismic survey has shown the presence of 3.8 trillion cubic feet of gas. Oil and gas companies will have several opportunities for conducting exploration and production activities in the country.

Storage Facilities for Handling Oil & Gas

For storage of crude and refined oil, natural gas and finished oil products above ground tanks are used. Tanker ships are used for temporary storage. Multiple opportunities for investment in the development of the material handling and storage infrastructure in the oil & gas sector.

Transmission, Supply & Distribution

Development of pipeline systems and terminals for transportation and distribution of oil & gas. Also, opportunities lie in the area of oil and natural gas tanker and tank truck companies.

Training Institutes

Development of oil & gas training institutes offering courses on petroleum and natural gas engineering, oil & gas business studies, welding and offshore technology, industrial safety and environment, petrochemical engineering and others.

Planned Projects

Please scan to the QR code below to access projects in Oil and Gas sector



Gas Oil Energy

Project 1 - Construction of Petroleum Storage Facilities at Mangapwani Zanzibar

SECTOR	INDICATIVE COST	REGION	MODE OF FINANCE	TIMELINE
Blue Economy	USD 23 million	North Unguja	PPP(BOT/JV)	2023 - 2024

Project Description

The project will construct, operate, and maintain a depot of minimum capacity of 50,000MT including metering and pipeline system for supply and distribution of refined petroleum products to other depots. This may eventually meet the demand of the petroleum products in Unguja and Pemba Islands and provide reliable and affordable supply of petroleum refined products.

Project 2 - Supply and Distribution LPG in Zanzibar

SECTOR	INDICATIVE COST	REGION	MODE OF FINANCE	TIMELINE
Blue Economy	TBD	Zanzibar	PPP(BOT/JV)	2023 - 2024

Project Description

The Project will construct gas depot (LPG/Natural Gas) of minimum 1500 Tons at Mangapwani which will include the transmission of Natural Gas, Construction of mother and daughter stations for receiving, LPG/Natural Gas depot, Supplying and Distributing Natural Gas to customers.

Project 3 – Development of National Data Repository to Manage Upstream Petroleum Data

SECTOR	INDICATIVE COST	REGION	MODE OF FINANCE	TIMELINE
Blue Economy	USD18 Million	The whole of Zanzibar	PPP	2022/23 – 2024/25

Project Description

Zanzibar is committed and prepared for sustainable exploration and production of Oil and Gas. Preliminary data indicates existence of commercially viable petroleum deposits in Zanzibar. Oil and Gas operations are normally generating high volume of data and information which are required to be managed in order to promote investment in Zanzibar by analyzing the data for exploration and production risks. Therefore, the Authority, through its Strategic Plan has set the target of developing the National Data Repository (NDR) and associated infrastructure and equipment for prudent management of the Upstream Petroleum Data and encourage promotion and investment in Oil and Gas in Zanzibar.

Project 4 – Construction of LPG Depot of Minimum capacity of 1,500MT at Mangapwani Zanzibar

SECTOR	INDICATIVE COST	REGION	MODE OF FINANCE	TIMELINE
Blue Economy	USD 6.9 Million	The whole of Zanzibar	PPP(BOT/JV)	2023 – 2024

Project Description

Zanzibar is committed to have a reliable and affordable gas supply that can be used for different purposes including electricity generation, household uses and other industrial sectors. Preliminary data indicates the LPG's average penetration in the Zanzibar market is 7 percent and still growing which mean there is much more penetration in market in Zanzibar.

TOURISM & HOSPITALITY

SECTOR PROFILE

29.2%

Direct
Tourism GDP
Contribution



394,185

Visitor Arrivals
2021¹



33%

Direct
Employment
2021



USD 199

Average Visitor
Expenditure
per day



Sector Overview

6.2 Tourism

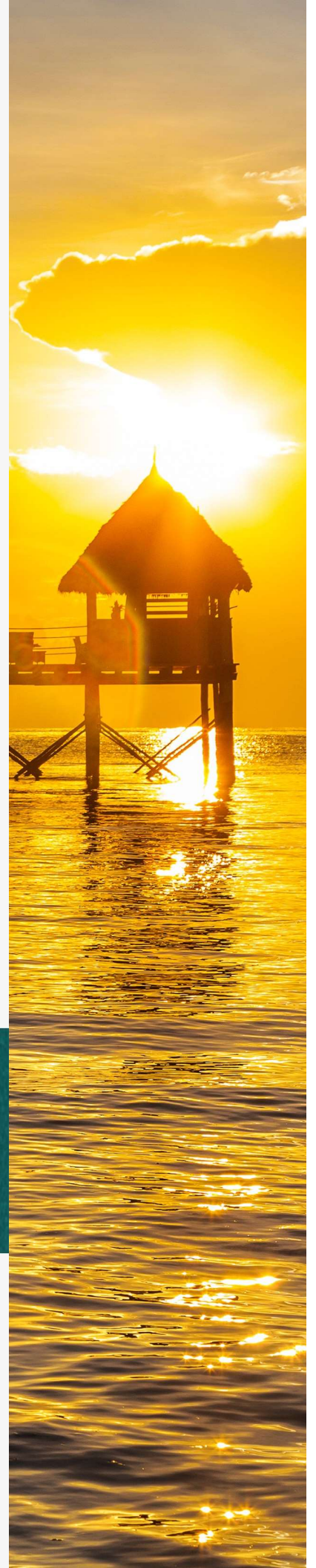
Zanzibar is known for its white sand, tranquil beaches, its rich historical and cultural heritage. The Nation is also home to the largest, oldest Swahili Stone Town in the world, which is a UNESCO World Heritage Site, bringing together the heritage of the Swahili, Indian, European and Arab cultures. Major tourist attractions in Zanzibar include Stone Town, Jozani Forest, Nungwi Beach, Palace Museum, Freddie Mercury Museum, Ras Kiuyu, Ngezi Forest and Nakupenda Sand Bank.

Tourism is one of the major sources of income in Zanzibar, accounting for nearly 29.2% ^[16] of the country's GDP and 82% of its foreign exchange earnings in 2019. The correlation between GDP and the number of visitor arrival was 0.9, which clearly indicates that there is a strong relationship between economic growth and tourism growth in the country.

Coastal and marine tourism represents a significant share of the sector and is an important component of the growing, sustainable Blue Economy. Tourism provides an opportunity to organically link inland development with ocean activities, hotels and restaurants locally sourcing fish, crabs, and other aquatic organisms thus benefitting the local communities involved in fishing and aquaculture activities.

The establishment of the Zanzibar Diplomatic Police (2021), the Royal Tour Documentary and new flights operated by Air France, KLM Royal Dutch Airlines and Global Airways are just a few examples of the significant transformational initiatives that have been made in the Zanzibar Tourism Industry.

[16] World Bank Tourism Integrated Strategic Action Plan 2019



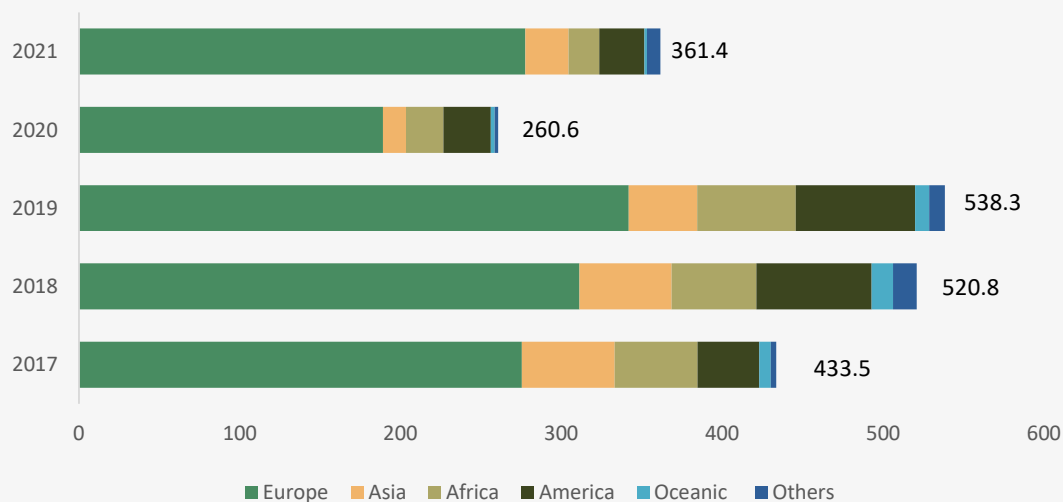


Figure 27 – Number of Visitors arrival by Source Region in Thousands (2017-2021)

Source: Zanzibar Statistical Abstract, 2021

Over half a million tourists visited Zanzibar in 2018 and 2019 before the COVID-19 outbreak.

Total Visitors in 2021 – 394,185



Russia 17.9%



France 9.5%



Poland 9.4%

Russia, France and Poland respectively accounted for 17.9%, 9.5% and 9.4% of the total visitors in 2021.

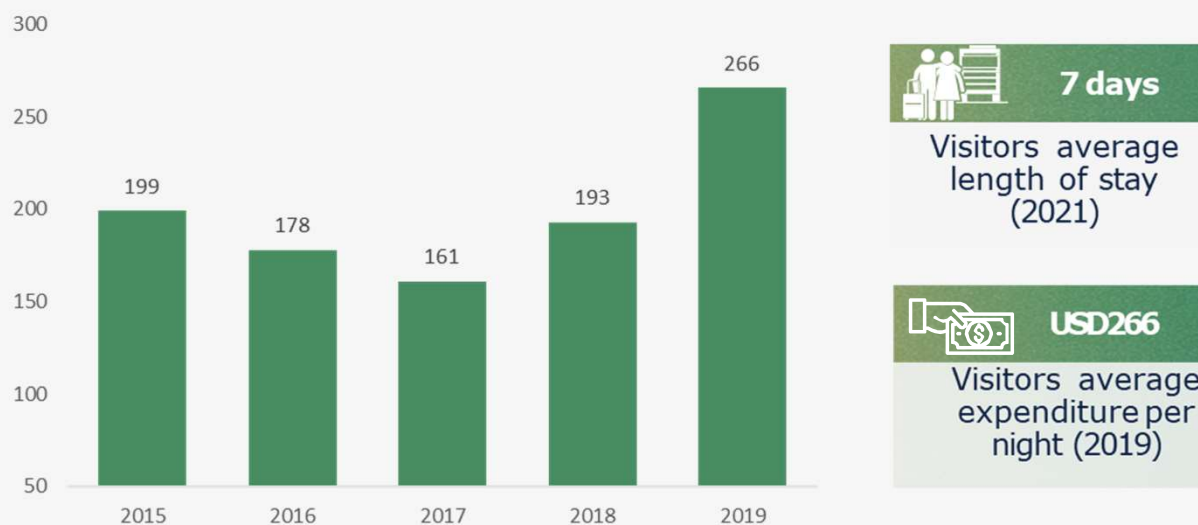


Figure 28: Average visitor expenditure per tourist per night (USD)

Source: Tanzania Tourism Exit Survey (2015 -2019)

Zanzibar witnessed a consistent increase in international visitor arrivals from 2017 to 2021. The country received 260,600 visitors in the year 2020 and 394,185 in 2021, which shows an increase of about 51.2% from the previous year, primarily due to the global outbreak of COVID-19. Holidaying visitors accounted for over 99% of the total visitors in 2021.

Tourism demand in Zanzibar is primarily driven by the growing number of millennial explorers and large international package tour operators switching their focus from traditional beach destinations such as Tunisia, Turkey and Egypt. Tourism earnings in Zanzibar dropped by 28.9% to USD 380.1 million in 2020 from USD 535.2 million in 2019. The drop in tourism earnings was due not only to the decreased number of visitors, but also to decreased average expenditure per person, amid the COVID-19 pandemic.

Gross Domestic Product – Tourism & Hospitality

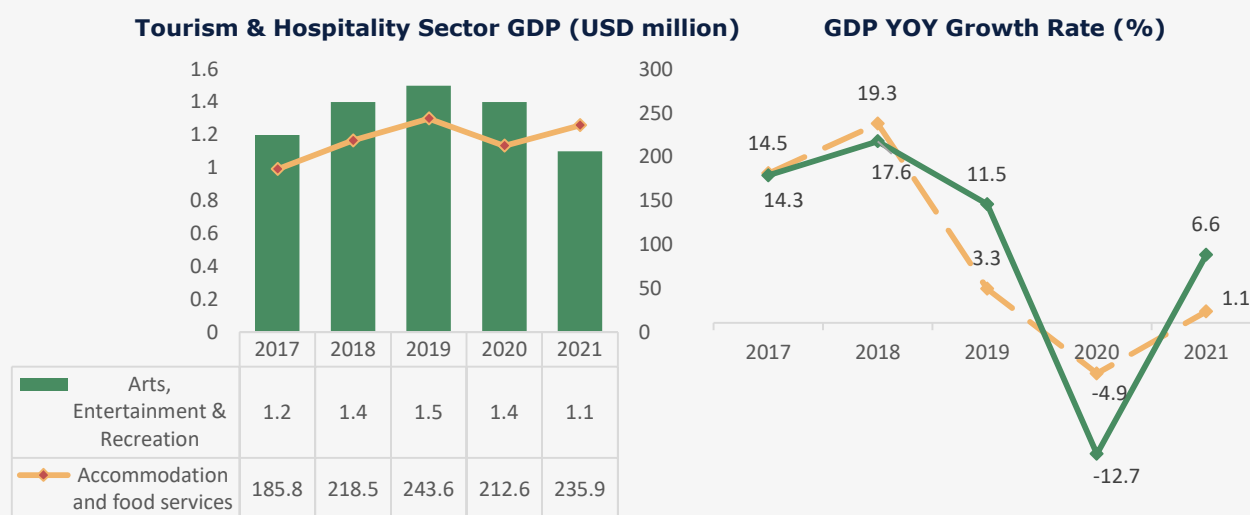


Figure 29: Tourism & Hospitality sector GDP (USD million) and GDP YoY growth rate (%) from 2017 -2021

Source: Zanzibar Statistical Abstract, 2021

Approved FDI Capital – Tourism & Hospitality

Approved FDI Capital - Tourism & Hospitality Sector (USD million)

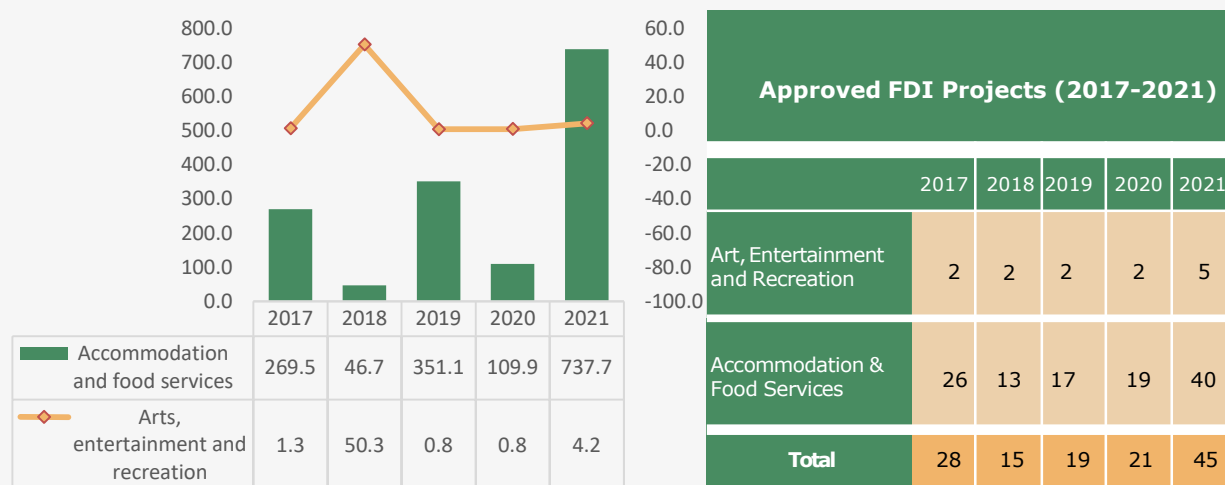


Figure 30: Approved FDI Capital - Tourism & Hospitality Sector (2017-2021)

Source: Zanzibar Statistical Abstract, 2021

In 2021, 45 projects were approved accounting for FDI capital of US\$525 million in the tourism & hospitality sector.

Hotel Levy

(Under Hotel Levy Act No. 1 of 1995)

S.No	Items	levies
1	Hotels/Guest Houses/Other establishment with charging rate not more than USD25 or its equivalent in TZS per person per night	USD 5 per person per night
2	Hotels/Guest Houses/Other establishment with charging rate above USD25 to USD45 or its equivalent in TZS per person per night	USD8 per Person per night
3	Hotels/Guest Houses/Other establishment with charging rate above USD45 but below USD100 or its equivalent in TZS per person per night	12% of the gross sales
4	Hotel levy, Tour Operator Levy & Restaurant Levy ⁶ / ₂	12%

The Levy imposed shall be:

15% of the charges for accommodation including breakfast but excluding all other services;
 10% of the charge for any other services rendered to the guest or visitor such as meals, drinks, beverages, sightseeing, laundry or entertainment.

Hotels and Accommodation

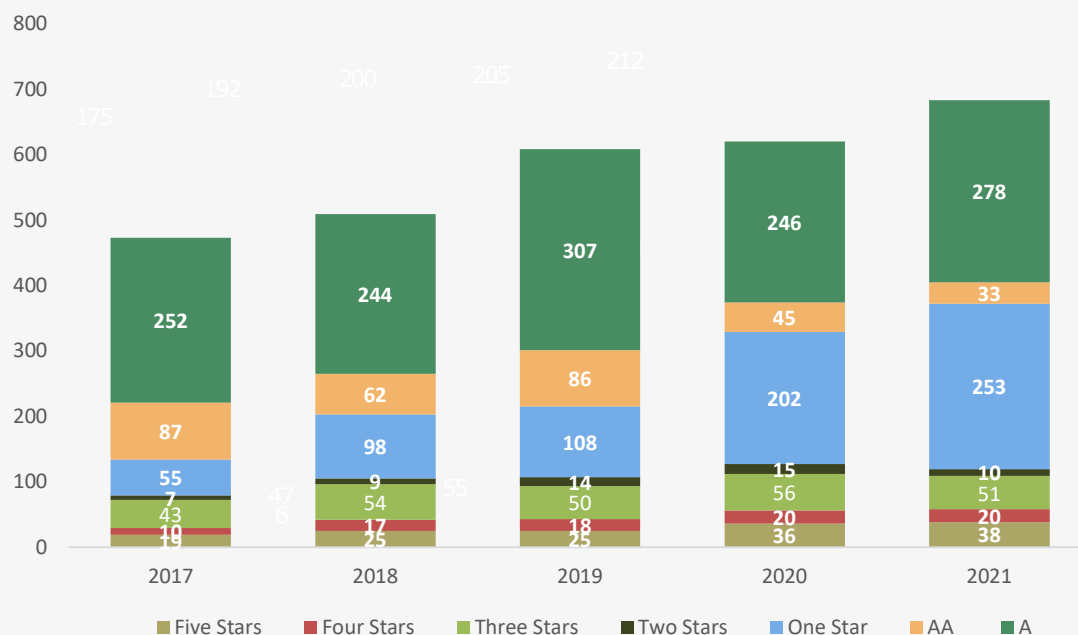


Figure 31: Number of hotels/guest house by grade 2017-2021

Source: Zanzibar Statistical Abstract, 2021

The total number of four and five-star hotels increased by 11% from 56 in 2020 to 58 in 2021

The number of accommodation service providers in Zanzibar increased by 44%, from 473 in 2017 to 683 in 2021. The data indicates that small to medium-sized hotels and guest houses dominate the hotels and accommodation market. Zanzibar is home to several international hotel chains such as the Park Hyatt, Serena Hotels, TUI Hotels & Resorts, Melia Zanzibar, RIU hotels & Resorts and Doubletree by Hilton.



Park Hyatt

Park Hyatt Zanzibar is a 5 Star hotel located in Stone Town with 67 luxurious rooms and suites.



Serena Hotel

Serena Hotel Zanzibar was created by restoring and rehabilitating two historic buildings. It is located in Stone Town and has 51 rooms and suites.



TUI Blue Bahari

TUI Blue Bahari is a beachside hotel that has 207 rooms in 27 villas located at Pwani Mchangani beach.



Melia Zanzibar

Melia Zanzibar is a luxury beach resort on the northeast coast of Zanzibar, 45 mins away from the international airport.

Culture & Heritage



Zanzibar has a unique and exciting history, outstanding architecture, and a thriving Swahili culture. The country is home to diverse cultures with more than 50 Mosques, four Hindu temples, and two Cathedrals. Stone Town, a UNESCO Heritage Site, reflects a complex fusion of Swahili, Arab, Indian, Chinese and European influences.

Zanzibar has a total of 85 gazetted historical, archaeological sites and several museums offer a unique combination of tourist attractions. Zanzibar, also known as the "Spice Islands", once the leading cloves producer globally. Spice tours are extremely popular, especially among eco-tourists and food lovers, providing a detailed introduction to the region's rich botanical and cultural heritage.

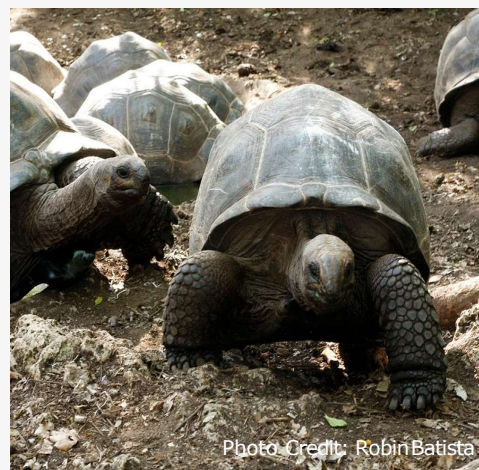
Marine Tourism



Zanzibar has some of the most immaculate beaches globally, offering spectacular sunsets, turquoise waters and colourful coral reefs. Zanzibar beaches are a major source of international tourist attraction.

Nungwi, Kizimkazi, Kendwa, Paje, Missali, Uvinje and Matemwe are among the country's most popular beaches, while Stone Town's easily accessible Forodhani waterfront is a favored sunset-viewing location.

Zanzibar is also home to marine parks such as Mnemba island, attracting scuba divers and snorkelers worldwide. Some fishing villages such as Kizimkazi welcome visitors to experience sighting trips to see humpback and bottlenose dolphins. Other noteworthy experiences include visiting the giant centenarian tortoises of Changuu Island, protecting endangered green-turtle hatchlings as they enter the ocean at Nungwi.





Wildlife viewing at the Jozani Forest Reserve for the endangered Zanzibar Red Colobus Monkey or bird-spotting Zanzibar's 240 avian species, four of which are globally threatened.

Meetings, Incentives, Conferences and Exhibitions (Mice) Tourism

The Ministry of Tourism and Heritage is focusing on making Zanzibar a leading destination for international conferences, exchange programs, business activities, weddings, trade fairs, and international youth camps. In July 2019, the first Annual Conference of the International Society for Academic Researchers (ISFAR) and PAN African archeological forum 2022 were conducted in Zanzibar. The majority of the resorts offer facilities such as conference halls, meeting halls, and exhibition centres and have been successful in organizing annual international business meetings, diplomatic meetings, conventions and trade fairs which makes Zanzibar a suitable destination for MICE tourism.

Sports Tourism

The Ministry of Tourism and Heritage is planning to boost sports tourism across the country by hosting sports events such as football, cycling and golf tournaments and expanding water sports offerings. The Hotel Association of Zanzibar (HAZ) Golf tournament was hosted by Sea Cliff Resort in November 2021.



In 2021, Skydive Centre (approved by the United States Parachute Association) was introduced in Kendwa Beach, Zanzibar. The Skydive Zanzibar Centre offers an exhilarating experience to domestic and international tourists. It is also one of the five sports in the world that hold their landing area on the beautiful white shores of the ocean.



Arts & Entertainment Tourism



Zanzibar has been a popular destination for hosting multiple cultural, food, music, and film festivals. The Zanzibar International Film Festival (ZIFF) is East Africa's largest film & arts festival, showcasing the latest and best films and promoting film talents from the African Continent and beyond. ZIFF has been organized in the archipelago for the last 25 years. Nearly 100,000 people across the world attend the festival every year. ZIFF has seen an increase in support from Europe with online training, masterclasses women-focused events which are expected to attract a larger audience. Furthermore, Zanzibar hosted the 19th Sauti za Busara, Pan-African Music Festival in 2022. The country has a huge potential for becoming an important hubs for various arts & entertainment festivals in the East African region attracting audience from all over the world.

Eco Tourism



Zanzibar is home to few forest reserves that includes the Jozani Forest Reserve, the Ngezi Forest Reserve, and the Kiwengwa/Pongwe Forest Reserve. These forest reserves are known for fascinating land animals that inhabit these places such as the indigenous Red Colobus Monkeys, huge bats called “Pemba Flying Fox”, massive coconut crabs, Zanzibar Leopard, and Chameleon. It is also a bird lover’s paradise with wide variety of birds such as Fish Eagles, Pemba Sunbirds, Roseate Terns, Fischer’s Turacos, Brown-Headed Parrots and Pemba Scops Owl.

Halal Tourism



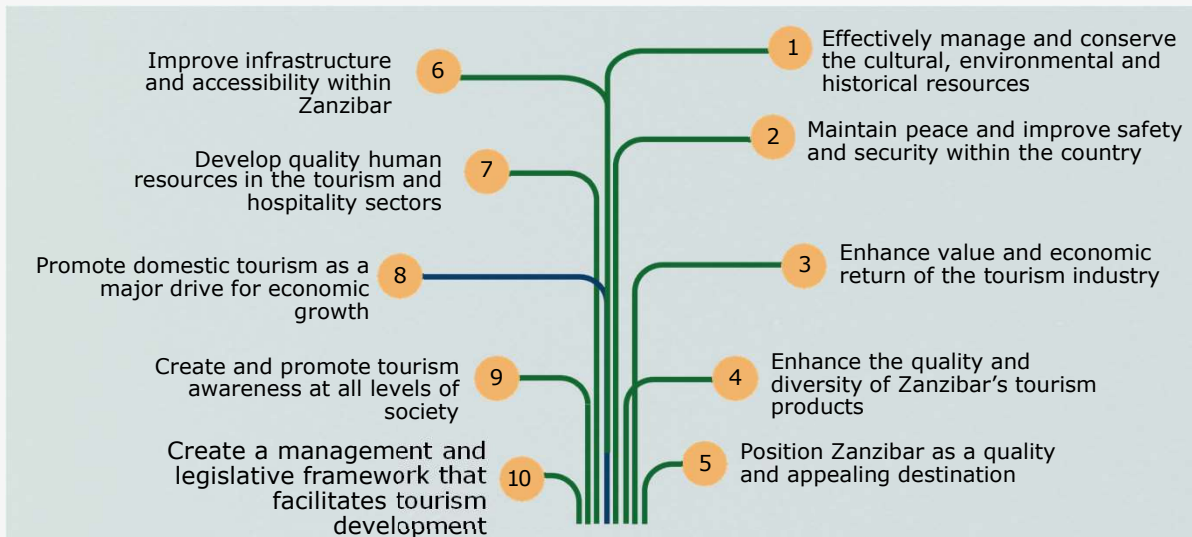
Zanzibar’s population is predominantly made of Muslim citizens with a wealth of Mosques and services to provide Muslims with halal food. Some of the prominent mosques include Malindi Mosque and the Blue mosque. Few popular Halal eateries include Mashaa Allah Café, Lukmaan Restaurant and The Silk Route.

Key Policies, Plans and Initiatives

Zanzibar Tourism Policy 2018

The policy aims at optimizing the contribution of the tourism sector to national income, employment and foreign exchange earnings by promoting and scaling up the development of the sector.

Key Objectives of the Tourism Policy 2018



Zanzibar Development Vision (ZDV) 2050

The ZDV 2050 has recognized tourism sector as one of the priority areas under the economic transformation pillar. The Vision focuses on building an inclusive and sustainable tourism sector by promoting high-value tourism marked by high average expenditure per tourist and generating employment opportunities for the local population.

Blue Economy Policy 2022

The Blue Economy Policy focuses on the adoption of sustainable practices to build a sustainable tourism label for Zanzibar while protecting and promoting its cultural and natural heritage. The policy also highlights the importance of marine tourism diversification by promoting the development of seaports and marina services and developing potential for island hopping across the islets within Zanzibar.

Human Capital Potential

The tourism and hospitality sector is one of the major sources of employment in Zanzibar. In 2021, the tourism sector generated 9,823 employment opportunities which is 46% higher than all the other private sector employment.

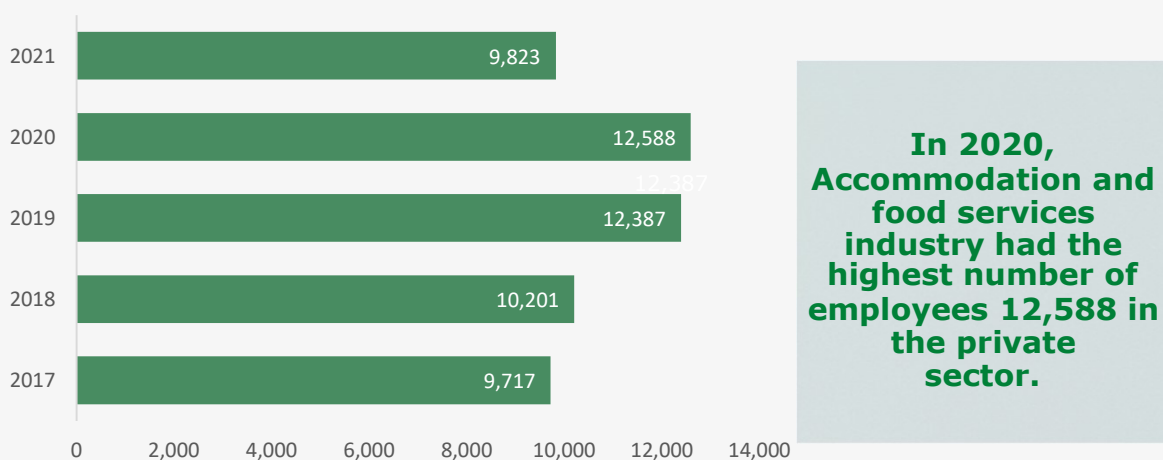
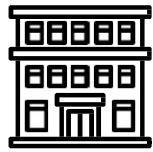


Figure 32 – Accommodation & Food Services Private Sector Employment 2017 – 2021

Source: Zanzibar Statistical Abstract, 2021

Key Investment Opportunities and Projects

Key Investment Opportunities in Tourism Sector

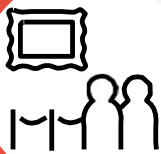


Up Market Hotels/Resorts and MICE

- Develop a multi-dimensional resort which will include hotels, shopping centres, entertainment centers, conference & exhibition centres.

Culture, Heritage & Sports Tourism

- Revival of the heritage sites and up grading museums
- Build sports infrastructure such as sports academy, upgrade sports facilities to host regional and global sports events.
- Renovation and maintenance of historical sites such as Mkama Ndume ruin, Fukuchani ruins and Mbweni ruins



Art & Entertainment Tourism

- Lobby with Hollywood, Bollywood, and African movie industry to shoot movies/series in Zanzibar
- Host film and music festivals, art, exhibitions/fairs, theatre, and performing arts festivals.

Marine Tourism

- Development of Island-hopping activities within the Zanzibar archipelago
- Building seaports, developing marina services, and water sports activities (water skiing, kite surfing, scuba diving snorkeling)



Amusement & Recreation Activities

- Develop amusement and recreational parks
- Build infrastructures such as theatre halls, auditoriums, to host festivals

Planned Project

Please refer to the QR code below to access the projects listed out below, in detail:



Project 1 - Zanzibar International Convention and Exhibition Centre

SECTOR	INDICATIVE COST	REGION	MODE OF FINANCE	TIMELINE
Trade	USD109 Million	Urban West	PPP/Joint Venture	Concept level

Project Description

- The Zanzibar International Convention and Exhibition Trade Fair Centre is intended to boost the Economy through international conferences and marketing the goods and services produced within and outside Zanzibar.
- Facilities included are: Trade Fair, Convention Center, Office for Management, Government Officers and VIP, Hotels/Apartments/Recreation/Amenities, Fairground Facilities.

Project 2 - Bwawani Hotel – 70+ Hectares High End Real Estates, High Class Hotels, Apartments and Water Front Project

SECTOR	INDICATIVE COST	REGION	MODE OF FINANCE	TIMELINE
Investment and Tourism	USD200 – 300 Million	Urban West	Joint Venture	Conceptual Design/Idea

Project Description

- The project involves the financing, design, reclamation, construction, preservation and development works within the Bwawani Hotel area, a 70+ hectares prime area suitable for a mix of high-end real estates, high class hotels, apartments, waterfront, water sports and other facilities.
- The development is intended to accommodate urban lower income residents in luxury condominium towers and villas perched atop a dynamic Stone Town waterfront retail promenade.

Project 3 – Restoration & Revival of Tourist Attraction at Bi Khole Historical Site

SECTOR	INDICATIVE COST	REGION	MODE OF FINANCE	TIMELINE
Tourism	USD1.5 Million	Southern Unguja	PPP/Joint Venture	Phase one completed

Project Description

- Bi Khole historical site project is in alignment with the Government R4P report to restore, renovate and preserve historical sites. The project involves financing, design, construction and operation.
- Bi Khole cultural center will encourage and showcase Zanzibar's rich history and diverse heritage. The project will initiate and promote the involvement of local community in cultural tourism and historical preservation.

ENERGY

SECTOR PROFILE

1.2%

Electricity GDP
Contribution
(2021)



436.7 KWh

Electricity
Distributed (2021)



33,049

Number of new
connections in
the national
power grid (2021)



11%

Electricity
Distribution YoY
Growth (2021)



Sector Overview

6.3 Energy

Zanzibar's energy demand is met through the importation of electricity, fossil fuels and local fuelwood. Zanzibar aims at having adequate supply of electricity and liquid fuel to avoid disruptions on economic activities, transportation and social services. The projection is to have 100 percent of the population enjoy access to electricity within the next 10 years in line with SDGs 7 titled "Ensure access to affordable, reliable, sustainable and modern energy for all"

Unguja and Pemba receive electricity through submarine cables of 100MW and 20MW capacity respectively

Reliable supply of power is a major priority for Zanzibar. The high growth rate of the population and economic growth along with the development of the agriculture, tourism, real estate, and transportation sectors has led to the growing demand for power. The Revolutionary Government of Zanzibar (RGoZ) intends to increase the utilization of renewable energy and non-renewable energy sources as a priority to have a significant contribution to the share of total energy consumption in the country.



Gross Domestic Product - Electricity and Gas

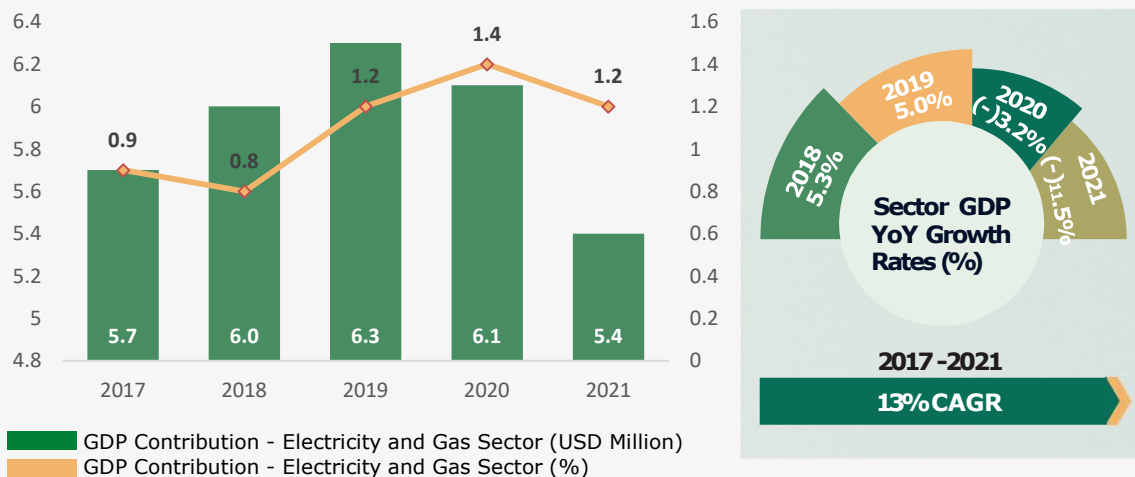


Figure 33: Energy Sector GDP (USD Million, GDP Contribution (%), and growth rate (%) from 2017 -2021)

Source: Zanzibar Statistical Abstract, 2021

In 2021, the Electricity and Gas Sector GDP saw a decrease of 11% from US\$6.1 Million in 2020 to US\$5.4 Million in 2021.

Electricity

In 2021, total electricity distribution in Zanzibar was 436.7 GWh^[17]. An average of 18,634 connections have been added annually from 2017 to 2021. Given the demand profile, the load curve has a substantial evening peak – almost 1.5 times of the mid-day peak. The recorded peak demand for Unguja and Pemba was 88.4MW and 13MW respectively in 2021^[18]. The peak demand typically occurs in the evening between 6pm and 10pm.

The Unguja distribution network comprises 621km of 33kV lines and 119km of 11kV lines, while Pemba has 293km of 33kV lines and 114km of 11kV lines. Stone Town, located in Unguja, has about 30km of underground 11kV cables. ZECO owns and operates about 73km of 132kV submarine transmission line from Ras Kilomoni (near Dar es Salaam, the entry point of the submarine cable), to Fumba (landing point for the submarine cable), to Mtoni (the main 132/33kV substation on Unguja). There are three main substations in Unguja: one 132/33kV at Mtoni and two 33/11kV substations.



Almost 77% of ZECO's customers are in Unguja. Electricity demand on the island has recorded significant growth in the last 5 years - an average of 35% per year.

[17] Zanzibar Statistical Abstract 2021.

[18] Zanzibar Electricity Corporation

Electricity Distribution

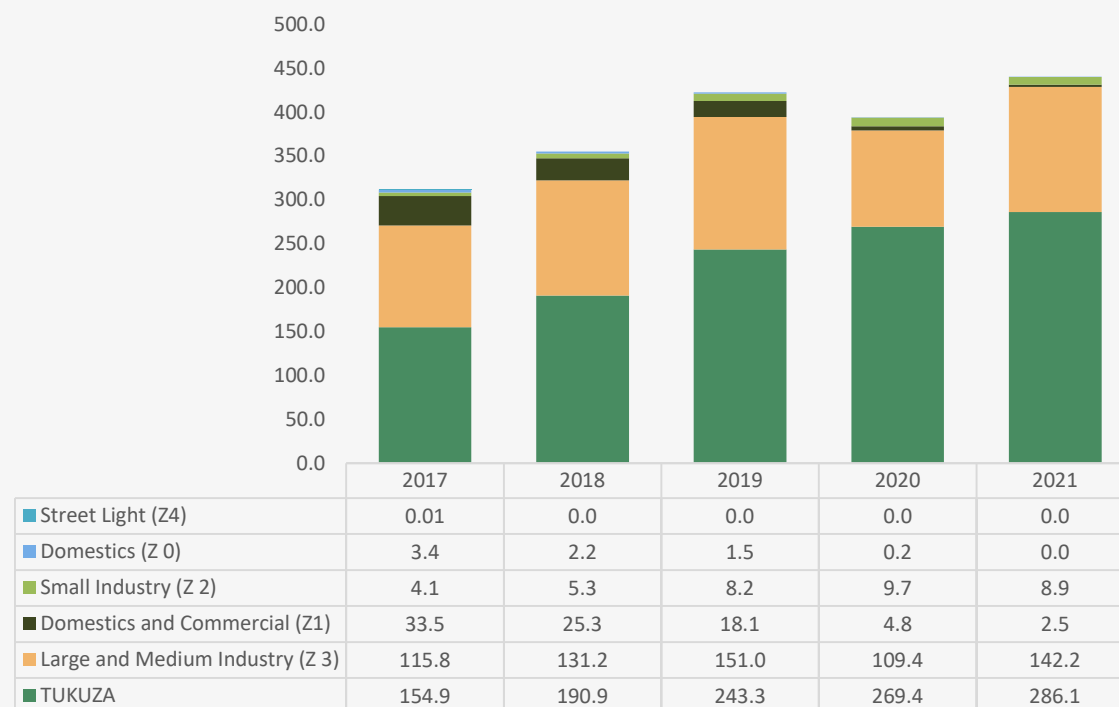


Figure 34 – Electricity Distribution GWh (2017 – 2021)

Source: Zanzibar Statistical Abstract, 2021

Electricity distribution in Zanzibar increased by 41% from 311.7GWh in 2017 to 439.7GWh in 2021.

Number of New Customers Connected to National Power Grid

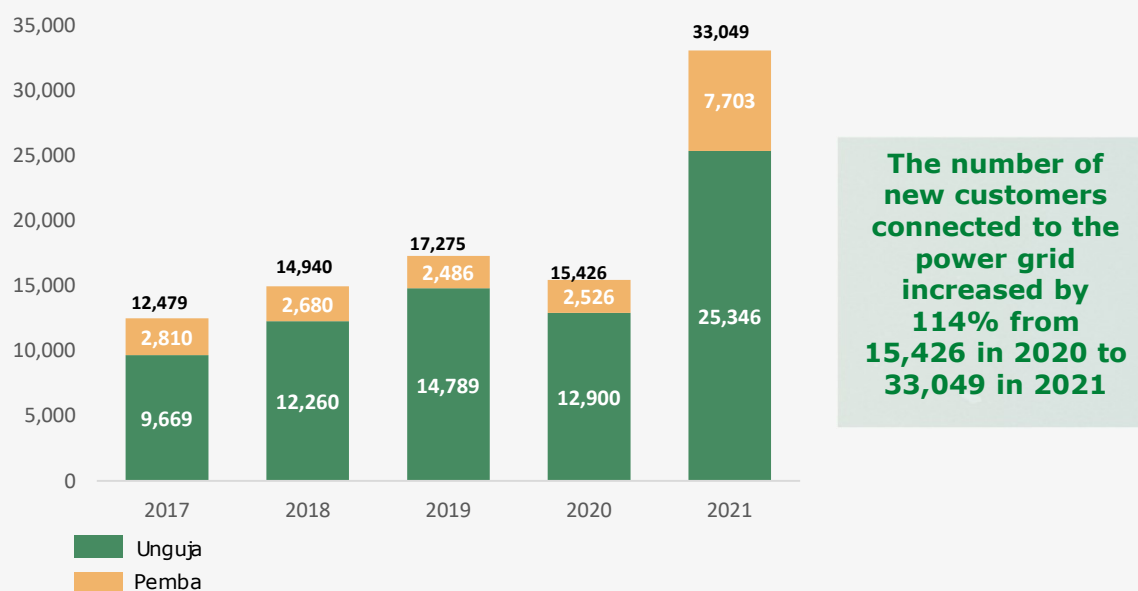


Figure 35– Number of New Customers Connected to National Power Grid (2017 – 2021)

Source: Zanzibar Statistical Abstract, 2021

Renewable Energy

Zanzibar needs to develop alternative sources of electricity generation (solar, wind) for supplementing energy supply. The RGoZ in collaboration with the European Union has conducted a feasibility study on electricity generation using solar and wind energy in five onshore sites which includes Makunduchi, Bambi and Matemwe in Unguja, and Micheweni and Muwambe in Pemba.

Other renewable sources of energy such as Marine Renewable Energy Technologies (MRE), including wave energy, tidal energy, salinity gradient energy and Ocean Thermal Energy Conversion (OTEC), are still at the research and development stage.



The Feasibility study on electricity generation has shown the following results:

- Zanzibar has favorable conditions for solar power generation.
- Positive results for wind power generation, good strength of wind with a speed of 6.35m/s which is good for investment.



5 onshore sites which include Makunduchi, Bambi and Matemwe in Unguja, and Micheweni and Muwambe in Pemba have the potential to generate up to 40MW (24MW Unguja and 16MW Pemba) based on the current ZECO grid infrastructure.

Source: Preliminary Feasibility Studies for Wind Parks, Solar Farms and Solar Home Systems, 2017, European Union

Key Policies and Initiatives

Zanzibar Energy Policy 2009

The policy aims to fulfil the energy requirements of the Zanzibar population for social and economic development in an environmentally sustainable manner. It guides the relevant stakeholders in the energy sector in the creation of a conducive environment in Zanzibar that will enhance the transformation of energy markets and facilitate the introduction of renewable sources of energy.

Currently, Zanzibar Energy Policy 2009 is undergoing an amendment process to match the rapid progress of the Energy Sector to further improve the social and economic development of Zanzibar.

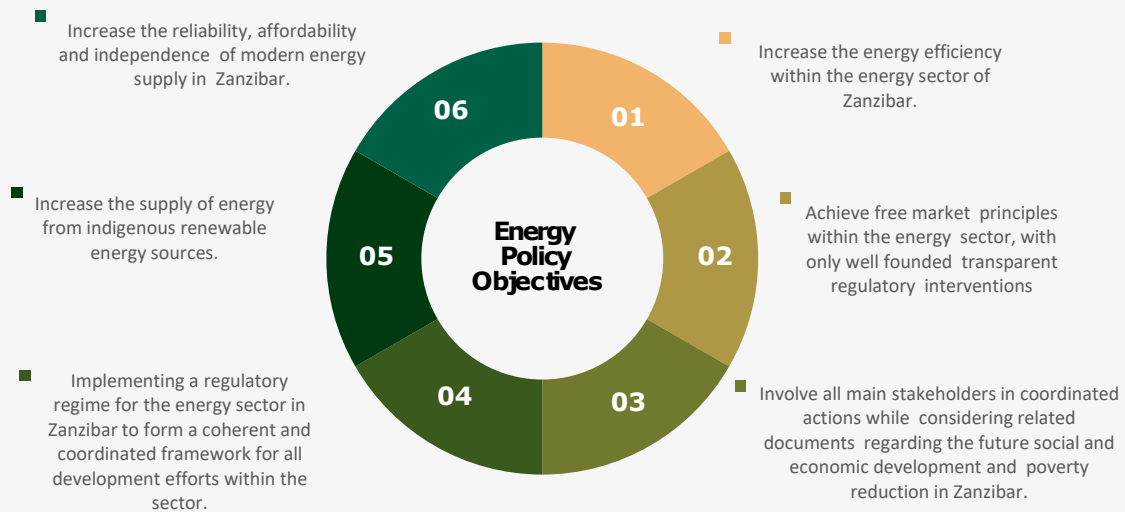


Figure 36 –Energy Policy Objectives

Blue Economy Policy

The Blue Economy Policy provides implementation strategies that address the challenges in the energy sector which includes slow adoption of offshore renewable energy and lack of financial sourcing and technical capacity.

Policy Interventions	Improve Adoption of Offshore Renewable Energy	Strategies	- Promote research and development in renewable energy (RE) systems. - Enhance the potential of PPP approach in offshore RE systems. Promote enhancement of local experts' capacity in addressing RE. - Enhance research on the viability of alternative sources of energy. - Develop and operationalize financing mechanism and regulatory framework - Improve enforcement and compliance mechanism in conserving and protecting coastal forests and critical habitats - Promote public awareness on linkages between RE and the need to ensure the protection and conservation of coastal and marine ecosystems.
	Enhance Financial and Technical Capacity in Renewable Energy		- Enhance dialogue with development partners on key offshore RE. - Facilitate cross-sectoral coordination using the PPP approach. - Develop a dedicated and a multistakeholder offshore RE unit.

ZECO Corporate Strategic Plan 2020/21 To 2024/25

This strategic plan document presents ZECO's vision, mission, core values, strategies, and objectives. The plan will help ZECO to strengthen its operational capacity to ensure efficiency and productivity in service delivery to customers. According to the plan, the primary goals of ZECO are:

- To increase revenue collection efficiency, reduce power loss,
- Increase customer base,
- Improve human resource productivity,
- Improve power system reliability.

Zanzibar Development Vision (ZDV) 2050

The Zanzibar Vision 2050 has identified energy as one of the priority areas under the Infrastructural Linkages Pillar. The vision focuses on attaining power system independence and reliability through the diversification of energy sources, especially renewable energy power system independence.

Human Capital Potential

At present, the DoEM's workforce consists of 89 employees where 48 are male and 41 are female. Among them, 10 are occupying management and professional positions. In 2021, 859 employees were employed in the parastatal sector which includes institutions such as ZURA and ZECO.

Number of Parastatal Employees

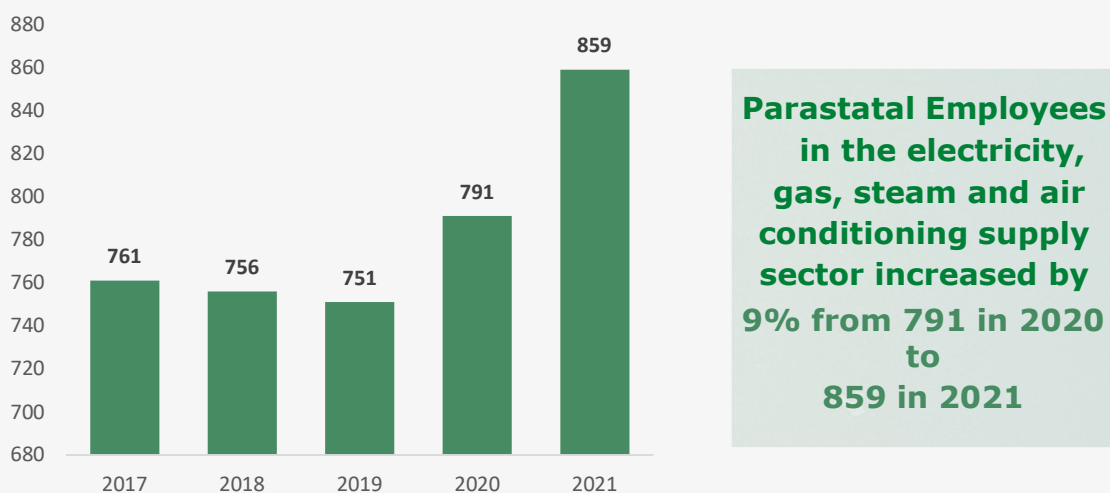


Figure - 37 Number of Parastatal Employees in the Electricity, gas, steam and air conditioning supply (2017-2021)

Source: Zanzibar Statistical Abstract, 2021

Key Investment Opportunities and Projects

Key Investment Opportunities



Solar Power Generation

Development of solar power plants (less than 10MW) and solar home systems

Research and Development Institute

R&D institutes focusing on alternative sources of energy such as natural gas, wind and tidal waves.



PPP for large scale energy production

Immense potential for PPPs (Public-Private Partnerships) exists for electric companies in the region for installation of power generation units on the island to remove dependency on mainland Tanzania and gradually lower costs over the years.

Ongoing Projects

Project 1-Zanzibar Energy Sector Transformation and Access (ZESTA) Project

FUNDING AGENCY	BUDGET	REGION	TIMELINE
World Bank, Climate Investment Funds	USD 142 Million	The whole of Zanzibar	2021-2027

Project Description

The overall objective is to expand, access to reliable and efficient electrical services and to scale up renewable energy generation in Zanzibar by providing access to new or improved electricity services to 375,000 Zanzibaris.

The proposed project will support for:

- A solar park with a 18MWp solar PV plant and Battery Energy Storage System (BESS) of 40MWh,
- Grid Modernization and Access Scale-up that will finance on the following major activities of construction of 132kV backbone transmission infrastructure, distribution network, strengthening and access scale-up, Supervisory Control and Data Acquisition (SCADA), and
- Sector Institutional Strengthening and Project Implementation Support.

Planned Projects

Project 2 - Installation of New Submarine Cable

PROJECT INTERVENTION	INDICATIVE COST	REGION	FINANCING MODALITY	STATUS
Construction of 200MW new submarine cable	TBD	Unguja	RGoZ/Development Partners	Open
Construction of 100MW new submarine cable	TBD	Pemba	RGoZ/Development Partners	Open

Project Description

The project will establish third interconnector having capacity of 220kV, 200MW that comes from Tanzania mainland (Dar-es-salaam) to Unguja island at Fumba. The proposed New 220kV overhead line will continue from Fumba to Mtoni power station. The proposal for the new transmission lines from Mainland Tanzania will be approximately 30km, submarine cable from Tanzania to Unguja (Fumba) will be approximately 45km and the overhead transmission line from Fumba to Mtoni will be approximately 27km. Meanwhile at Mtoni power station, the step down transformer will be installed and integrated to the existing medium voltage. However, a feasibility study needed to carry out the following:

- Preparation of designs of transmission lines, substation distribution network and power transformers
- Environment and Social Impact Assessment and mitigation measures.

AGRICULTURE

SECTOR PROFILE

22.1%
GDP
Contribution
(2021)



216.8
Sector GDP 2021
(USD in million)



70%
People
Employed
2021



3.20%
YoY GDP
Growth (2021)



Sector Overview

6.4 Agriculture

Zanzibar, an archipelago with alluvial soil, seasonal rainfall, and strategic geographical location for trade and supports a vibrant agricultural sector with multiple crop production. While most food crops produced are consumed locally, cash crops, such as Cloves, and Clove-Stems, are grown predominantly for export.

Zanzibar has a tropical low land humid climate with an average annual rainfall of 1700 mm and a mean maximum temperature of 26 Degrees Celsius. These conditions are suitable for producing tropical crops such as rice, banana, cassava, sweet potatoes.

Zanzibar has 325,758 hectares of arable land, out of which 139,415 hectare (43%) is under cultivation. Agriculture in Zanzibar is primarily dependent on seasonal rains.

The Island cropping calendar has two seasons: The long rains (Masika) from March through to June and the short rains (Vuli) from October to December.

Key subsectors in Zanzibar's agricultural sector include:

- Crop
- Livestock
- Forestry

Gross Domestic Product - Agriculture, Livestock and Forestry

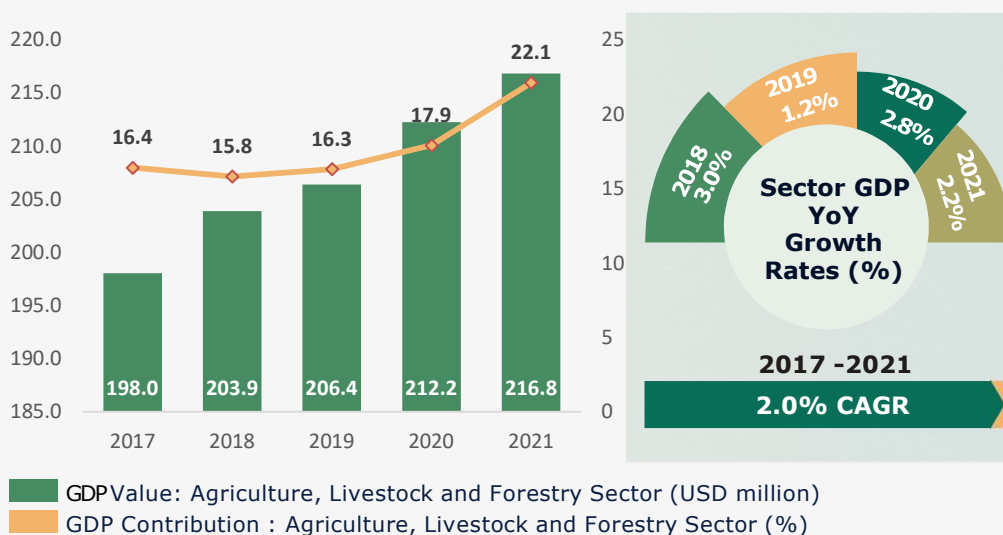


Figure 38 -Zanzibar -Agriculture, Livestock and Forestry Sector Size and GDP Contribution (Based on Constant 2015 Prices)

Source: Zanzibar Statistical Abstract, 2021



Industry and Trade in Agriculture

Zanzibar does not export its vegetables and fruits produce for commercial purposes. The primary focus is boosting local production aimed at local consumption and reducing imports as well as encouraging export.

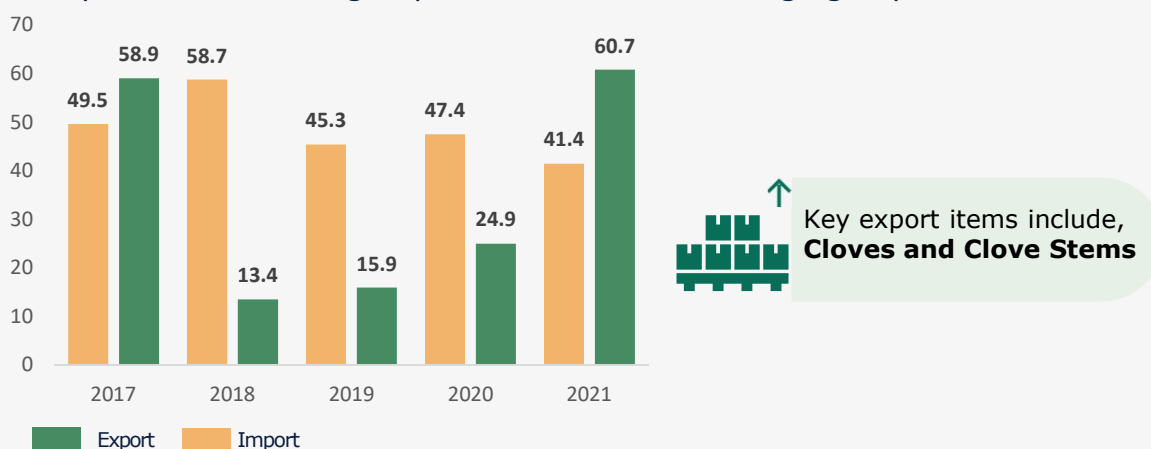


Figure 39 –Exports and Imports by Value in US\$ Million in Current Prices

Source: Zanzibar Statistical Abstract, 2021

Food Crop Production

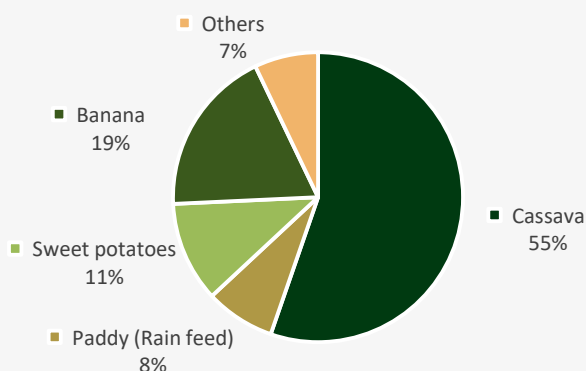


Figure 40 -Zanzibar – Contribution of major food crops produced in 2021 (%)

Source: Zanzibar Statistical Abstract, 2021

Zanzibar farmers adopted modern farming techniques for producing Paddy, Cassava, Sweet Potatoes and Banana. The government provided research packages to farmers that contained tools and techniques for practicing new age farming techniques aimed at improving yield per hectare while also improving production quality. The research focused on the proper use of fertilizers, timing, crop rotation and planting techniques.

Farmers who grow other crops, such as Sorghum, Yams, Tania, Groundnuts, Millets and Pumpkins, are primarily still following traditional farming techniques. The improved productivity achieved by adopting modern farming techniques for Paddy, Cassava, Sweet Potatoes and Banana can be replicated to cultivate other crops, thereby presenting a unique opportunity for potential investors to fund research packages in farming techniques.

The government is exploring fresh funding opportunities from partner donor agencies and other international entities to fund research packages for its crops, focusing on improving yields using modern technology and research.

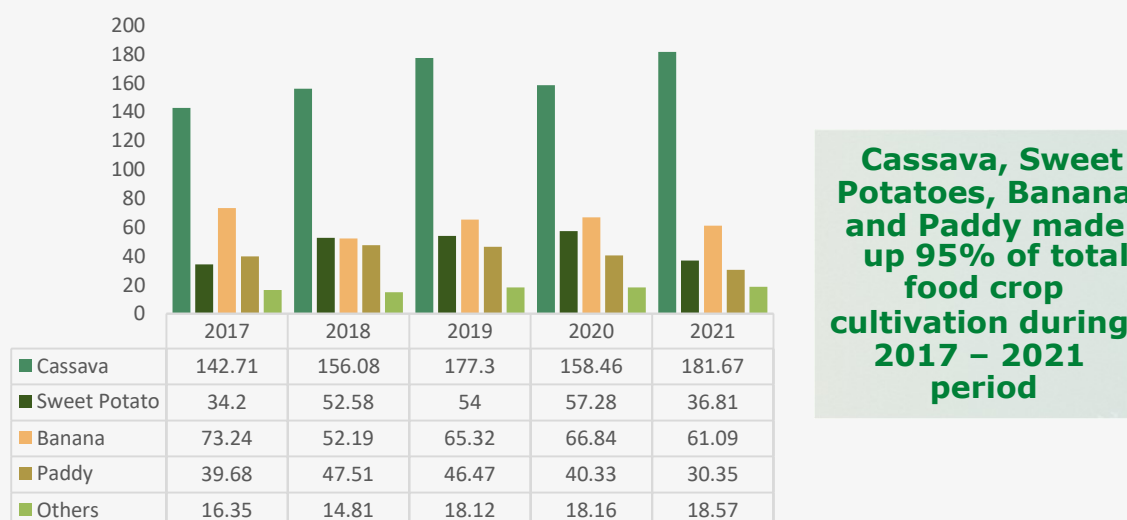


Figure 41 -Zanzibar -Quantity of major food crops produced annually (thousand tons), 2017-2021

Source: Zanzibar Statistical Abstract, 2021

Advancement in Rice Farming Practices

More than 70% of the archipelago's rice needs are imported from Mainland Tanzania. The farmers have opted to cultivate the SUPA BC variety of rice produced using nuclear technologies. The project is being supported by the International Atomic Energy Agency (IAEA) in partnership with the Food and Agriculture Organization of the United Nations (FAO). The cultivation of SUPA BC variety of rice, produced using nuclear techniques, can deliver a double yield of the traditional variety of rice. It can be harvested twice a year. More than 700 farmers in Zanzibar are cultivating this new variety. The RGoZ aims to increase the number of small holder rice farmers to 70,000^[19].

World Bank with Global Agriculture and Food Security Program (GAFSP)

The primary agency responsible for effective implementation of the project was the Ministry of Agriculture, Irrigation, Natural Resources and Livestock . The grant amount was US\$ 22.9 million from the GAFSP to the Expanding Rice Production Project (ERPP). The program focused on better crop management, irrigation, and innovative marketing strategies, among smallholders in targeted areas of Tanzania Mainland and Zanzibar. The project ended in April 2020.

Source: Global Agriculture and Food Security Program (GAFSP) website

[19] International Atomic Energy Agency (IAEA) Website

Evolution of Horticulture Practices

Horticulture has evolved in Zanzibar due to rising demand from the tourism sector, restaurants, and hotels.

Zanzibar farmers are gradually taking up horticulture to boost their source of income with support from the government.



The Tanzanian Horticultural Association (TAHA) has been promoting horticultural production in collaboration with the RGoZ, Food & Forest Development Finland and the Milele Zanzibar Foundation.

Fruits and Vegetables Crop

Other cultivated crops include Cucumber, Sweet pepper, Egg Plant, Okra, Amaranths and Bitter Aubergine.

As of 2021, the total area of plantation for fruits and vegetables was 39,898.28 hectares.

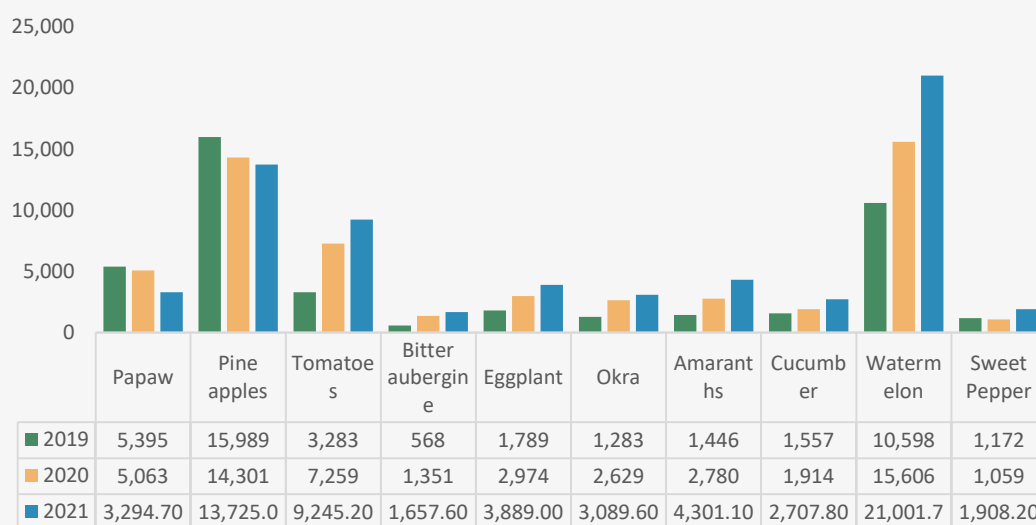


Figure 42 - Zanzibar - Quantity of major fruit crops produced annually (tons), 2019 - 2021

Source: Zanzibar Statistical Abstract, 2021



The production of tomatoes for 2021 increased to 27% compared with 2020. The production increased from 7,259 tons in 2020 to 9,245.2 tons in 2021

Watermelon production at 21,001.7 tons made up 32% of the total fruits and vegetable production in 2021.



Spice Farming



Small-scale farmers in Zanzibar produce many spices traded in both local and export markets. Key produce includes cloves, nutmegs, cinnamon, cardamom, lemongrass and saffron.

Cloves, pepper, and ginger make up more than 90% of spice production. Key regional export markets for spices and seasoning include Kenya, North Africa, Sudan and Uganda, in addition to Mainland Tanzania.

Clove Industry in Zanzibar

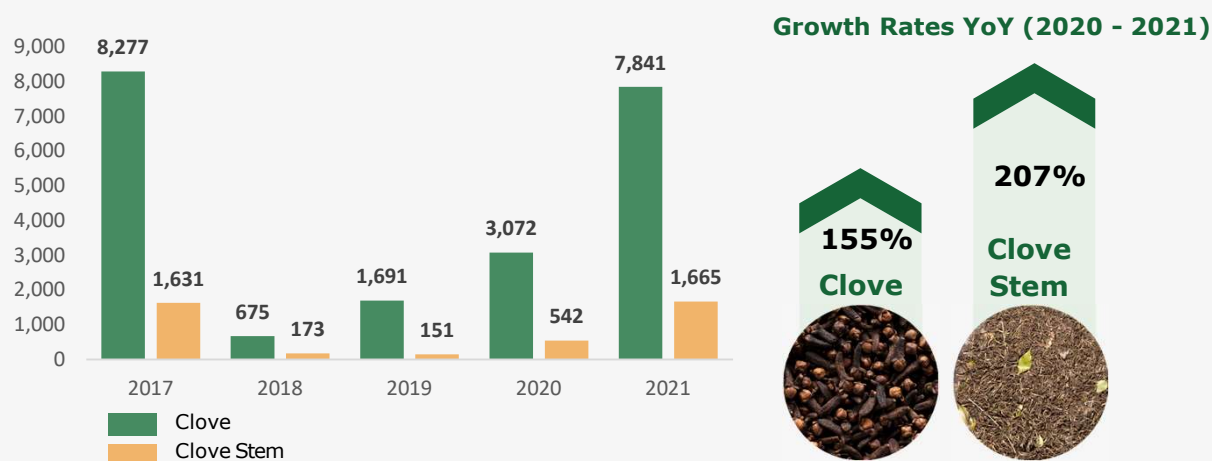


Figure 43 - Zanzibar - Main Cash Crops produced annually (tons), 2017 - 2021

Source: Zanzibar Statistical Abstract, 2021

The Zanzibar State Trade Corporation (ZSTC) is spearheading the development of the clove industry in Zanzibar. ZSTC provides incentive schemes and packages to local farmers to improve farm husbandry and management.

Zanzibar has a proven sectoral capacity in cash crop production. It is one of the world's top 10 producers of Cloves.

Livestock

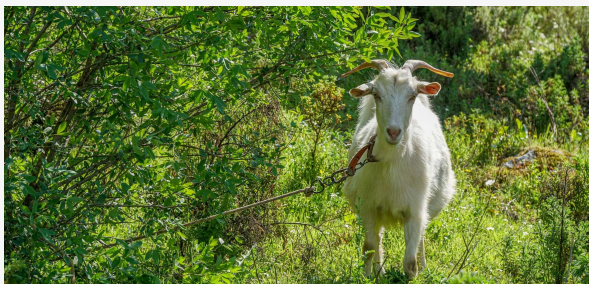
Cattle, Chicken and Goats are the most commonly raised livestock in Zanzibar.

The Revolutionary Government of Zanzibar, under the Act No.7 of 2020, "Established the Zanzibar Livestock Research Institute with Mandate of Livestock Research" and other 11 animal health centres for each district to enhance research and development.



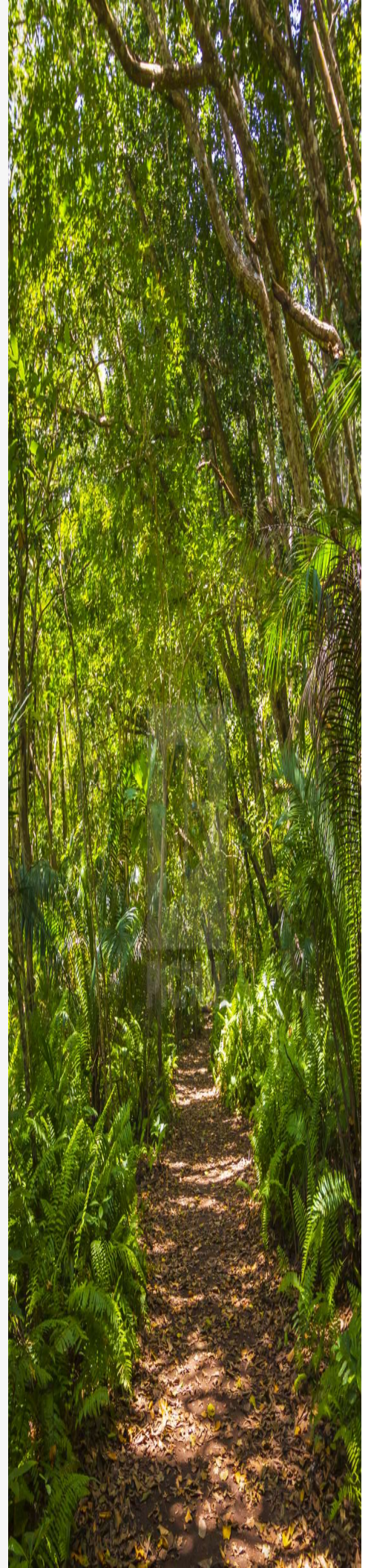
Figure 44-Zanzibar –Growth in chickens, goats, and cattle consumption, 2020 vs 2021

Source: Zanzibar Statistical Abstract, 2021



Forestry

Zanzibar is endowed with ten forest protected areas including National Conservation areas, Forests reserves, Mangroves and a good network of community forest protected areas. All these areas conserved a diverse array of species and eco-system comprising a diversity of attractions which are a potential for investment in eco-tourism initiative to attract many tourists. It is one of the important investment hotspots as it maintains a balanced approach between eco-tourism and conservation which are essential to ensure that they are appropriately managed to offer low impact eco-tourism facilities while conserving and developing the existing biodiversity resources.



Key Policies, Plans and Initiatives

Zanzibar Agricultural Sector Development Program, 2019 – 2029

The main objective of ZASDP is to support an efficient and effective implementation of a coherent and phased agricultural sector development program in Zanzibar.

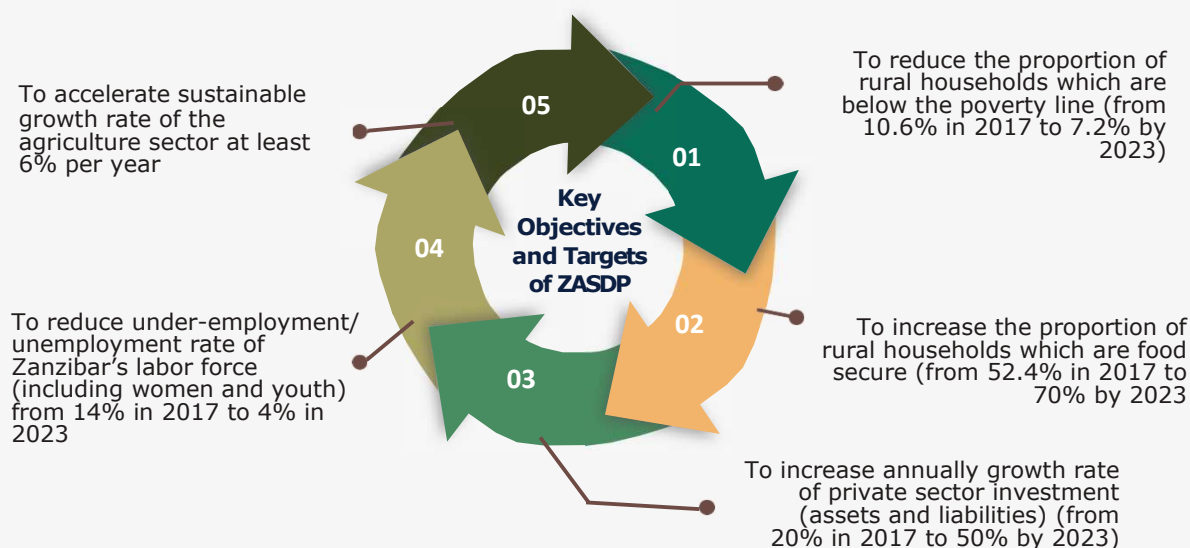


Figure 45 -Key objectives of ZASDP

Source: ZASDP Document (January 16, 2019, to date)

To implement ZASDP, program financing is executed through a Basket Fund arrangement. At national level, the MAINL coordinates financing arrangements. A central ZASDP Basket Steering committee is established and composed of Principal Secretaries of all the Agriculture Sector Line Ministries (ASLMs), and the Ministry of Finance and representatives from development partners and private sector.

Human Capital Potential

Agricultural Farming is a primary source of income for more than 70% of the archipelago's population, who are directly or indirectly employed in the sector.

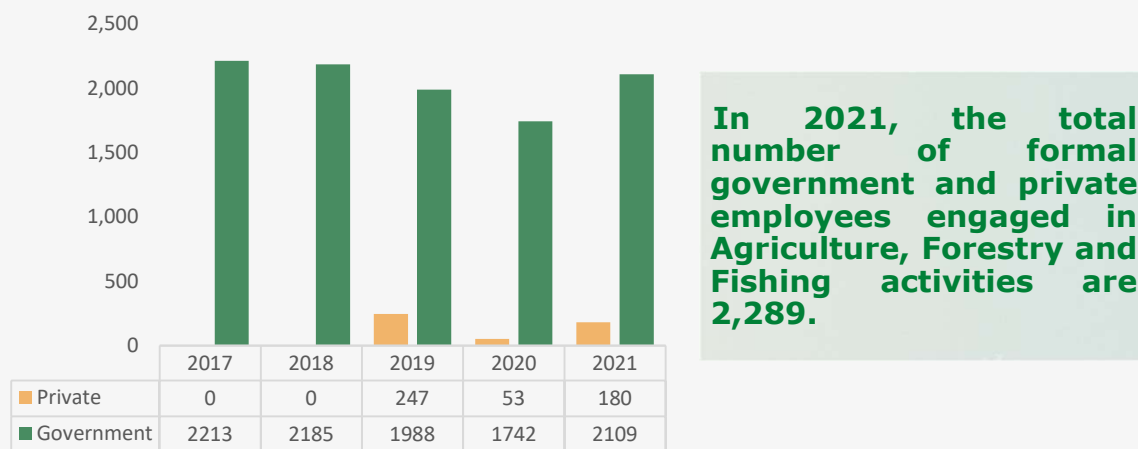


Figure 46 -Agriculture, Forestry and Fishing Formal Sector Employment 2017 –2021 (Actuals)

Source: Zanzibar Statistical Abstract, 2021

SUZA Agricultural School

The School of Agriculture (SOA) was formally known as Kizimbani Agricultural Training Institute (KATI) before it was merged with the State University of Zanzibar (SUZA) in July 2019. KATI was the sole semi-autonomous Agricultural Training Institute in Zanzibar. The institute was legally formed in 2007 by the Act No. 5 of 2007.

However, its history dates back to 1980 when its predecessor the Kizimbani Research and Training Station was established with the main obligation of providing short-term training to farmers and field officers in Zanzibar.

Then, the station was expanded in terms of scope to offer agricultural technical training at the Certificate and Diploma levels in 1998.

Academic Programs offered by SOA

1. Non – Degree

Diploma in Animal Health and Production

Diploma in Agriculture Production

2. Degree

Bachelor of Science in Agriculture General

Key Investment Opportunities and Projects

Key Investment Opportunities in Agriculture Sector



Food Crops, Fruits and Vegetables farming

- Funding agriculture research packages in various crops cultivations to boost adoption of modern technology and farming techniques.
- Small holder commercialization and agro-dealer
- Joint venture opportunity in tissue culture.

Horticulture

- Expansion of horticulture practice using modern agricultural techniques.
- Storage facilities for produce and pest control.
- Green house farming.



Livestock

- Improvement of livestock infrastructure and small stock keeper projects.
- Increase investment opportunities in abattoirs and animal feed.

Spice farming

- Processing of spices and value addition including byproducts such as perfumes, perfumed soaps, medication and food processing.
- Investment in the mechanization and agriculture irrigation.
- Establishment of certified testing laboratories for compost.



Forestry

- Eco-Tourism.
- R & D.
- Bee Keeping and Honey Processing.
- Ecosystem conservation, Restoration and Forest Management.
- Zip lines
- Tree Canopy walk

Key Ongoing Projects

Project 1 - Zanzibar Irrigation Development Project

FUNDING AGENCY	BUDGET	REGION	TIMELINE
Korea Exim Bank under Korea Economic Development Co-operation Fund (EDCF)	US\$ 18 Million	The whole of Zanzibar	To be Completed in 2024

Project Objective

The primary objective is to provide sustainable irrigation to agricultural fields in Zanzibar.

Project Description

There are 1,053 hectares under construction, including two dams in Unguja and one in Pemba. The primary crop to be cultivated through this irrigation project is rice. There are plans to grow alternate vegetable crops.

Project 2 – Tanzania Initiatives for Preventing Aflatoxin Contamination Project (TANIPAC)

FUNDING AGENCY	BUDGET	REGION	TIMELINE
African Development Bank and IFAD	US\$ 35.32 Million	Urban West and South Pemba	2018-2023

Project Objective

The project aims at spreading awareness on the effects of aflatoxin on groundnuts and maize crops.

Project Description

This is implemented by the Government of the United Republic of Tanzania in both the Mainland and Zanzibar. The project established a post-harvest Centre of Excellence for grains, a central agriculture reference laboratory, and plans to construct two warehouses in Zanzibar and 12 on the Mainland. The project established partnerships with commercial buyers to distribute new technology across the United Republic of Tanzania. TANIPAC is in its early implementation stage and has benefitted 4,470 people, providing 50 with capacity development support. The project expects to support 60,000 farmers in two districts in Zanzibar and five regions of the Mainland.

Project 3 - Control of Fruit Flies in Association with International Atomic Energy Agency (IAEA)

FUNDING AGENCY	BUDGET	REGION	TIMELINE
Government and International Atomic Energy Agency (IAEA)	US\$ 35 Million	The whole of Zanzibar	2021-2025

Project Objective

This four-year project aims to use atomic energy to tackle the problem of fruit flies affecting Zanzibar fruit crops.

Project Description

This is a technical cooperation project with IAEA. The atomic agency will be providing lab equipment and necessary skill training to locals. A team of specialized personnel will be travelling on a mission to Tanzania and Zanzibar to assess and monitor the implementation of the project. Initial training is being provided to farmers in Zanzibar as a part of phase 1 implementation.

Project 4 - Agri-connect Program

FUNDING AGENCY	BUDGET	REGION	TIMELINE
European Union	US\$ 100 Million	The whole of Zanzibar	27 Dec 2019 27 Dec 2029

Project Objective

The program aims to improve the overall agribusiness value chain, promoting private sector development and job creation.

Project Description

The program focuses on the private sector to expand investments by providing financial products and services to small and medium enterprises operating in the agriculture sector. The program focuses on training small-scale farmers, helping them increase productivity, diversify and become resource-efficient, and increase profitability through capacity development by training and adopting new-age technology in farming techniques.

Project 5 - Development of Mechanized Agriculture and Appropriate Machineries Facilities in Zanzibar

FUNDING AGENCY	BUDGET	REGION	TIMELINE
Revolutionary Government of Zanzibar	US\$ 14 million	The whole of Zanzibar	In Planning Stage

Project Objectives

The program aims to procure and distribute modern agricultural machines and build capacity for farmers and stakeholders in Zanzibar.

Project 6 - Development of Bungu Farm

FUNDING AGENCY	BUDGET	REGION	TIMELINE
Revolutionary Government of Zanzibar	US\$ 520,000	South Unguja	In Planning Stage

Project Objective

The program aims to develop a nursery, germplasm seedlings, spice farm and tree museum.

Project 7 – Livestock Infrastructure Development Project

FUNDING AGENCY	BUDGET	REGION	TIMELINE
Revolutionary Government of Zanzibar	US\$ 1 Million	Urban West and North Pemba	In Planning Stage

Project Description

The program involves the construction of a veterinary research Centre, laboratory, conference hall at Kizimbani and construction of animal feed factory.

Project 8 – Promoting Poultry Production

FUNDING AGENCY	BUDGET	REGION	TIMELINE
Revolutionary Government of Zanzibar	US\$ 740,000	Urban West	In Planning Stage

Project Objective

The project aims at establishing a parent stock farm that manages poultry hatchery and animal feed.

Project 9 – Artificial Insemination (Improving Livestock Infrastructure)

FUNDING AGENCY	BUDGET	REGION	TIMELINE
Revolutionary Government of Zanzibar	US\$ 3 Million	Urban West	In Planning Stage

Project Description

The program involves the construction of a new artificial insemination Centre at Kizimbani.

Project 10 – Construction of Multipurpose Modern Abattoir (Improving Livestock Infrastructure)

FUNDING AGENCY	BUDGET	REGION	TIMELINE
Revolutionary Government of Zanzibar	US\$ 50 Million	Urban West	In Planning Stage

Project Description

The program involves the construction of a multipurpose Abattoir in Zanzibar's Kisaka Saka region.

AGRO- PROCESSING

SECTOR PROFILE

45 Million
Sector
Value USD
(2021)

Key Produce
Bread, Wheat,
and Dairy
products

34 Million
Combined
Annual Value
USD(2021)

Sector Overview

6.5 Agro-processing

The agro-processing sector in Zanzibar is a small-scale industry that holds significant export potential in several processed items such as dairy products, beverages, bread, sugar, noodles, wheat bran and essential oil.

Agro-processing in Zanzibar include:

Processed Products

The sub-sector includes clove stem processing for oil extraction, cashew processing, tomatoes processing, salt, cashew nut, milk processing and extraction and preservation of fruit juices.

Natural Food Additives

The sub-sector includes spices and culinary herbs. Agro-processing has a direct linkage with the agriculture sector. The raw produce from local farmers is directly fed into processing plants for value addition and sold as processed products.

The Zanzibar agro-processing industry has good growth potential in raw agricultural crop processing, market diversification and adding product value among local businesses and enterprises. The Revolutionary Government of Zanzibar (RGoZ) has a very high emphasis on value addition to its agricultural produce. The focus is on forward and backward market linkages with private sector input suppliers, traders and agro-processors.

Zanzibar's tourism sector offers its local agro-processing stakeholders access to a broader market to boost sales. Given that, Zanzibar is a tropical tourist destination, local producers have an opportunity to gain momentum on an international stage by targeting tourists who come from all around the globe.



Agro-processing

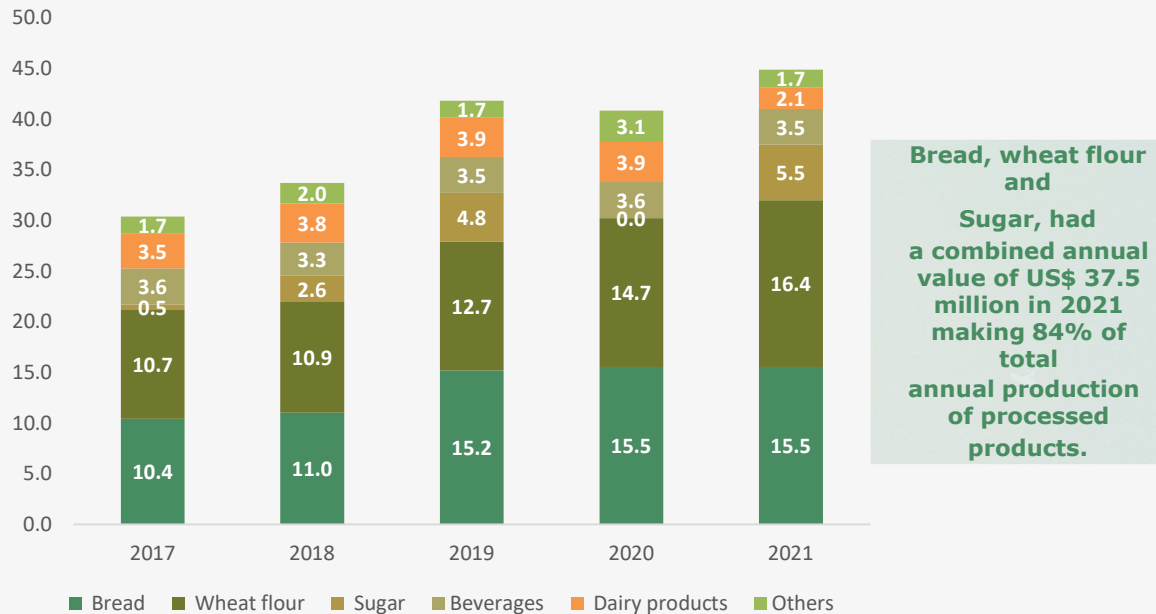


Figure 47: Zanzibar –Agro-Processing Products by Value, 2017 -2021 (USD Million)

Source: Zanzibar Statistical Abstract, 2021

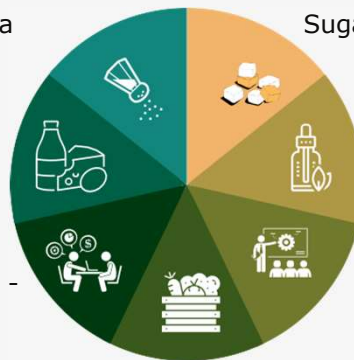
Agro-processing Facilities In Zanzibar

Several agro-processing facilities in Zanzibar primarily focus on processing agriculture and other products such as lemon grass, dairy, cloves, and clove stems. There are other processing plants for sugar and salt.

A salt processing plant in Pemba

A private sector owned dairy processing plant in the central part of Unguja

One incubation centre for small - scale entrepreneurs owned by POLEAI



Sugar processing plants in Zanzibar

An agro-processing facility in Pemba that processes essential oils, lemongrass, clove stem, other essential oils

An agro-processing cum training facility owned by the Small and Medium Industries Development Agency (SMIDA).

A storage cum processing facility for vegetable products in Darajani market

Figure 48: Agro-Processing Industry in Zanzibar

Processed Products

The subsector includes Clove Stem processing for oil extraction, cashew processing, tomatoes processing, sugar, milk processing and extraction and preservation of fruit juices

The processed items from cloves, such as Clove stem oil are the current mainstay products of Zanzibar. Other products include beverages, animal and vegetable oils, bakery products and sugar.

Natural Food Additives

The RGoZ also emphasizes natural food additives such as spices and culinary herbs. Production and consumption of spices and culinary herbs such as cloves are significant in Zanzibar and Swahili culture; these herbs and spices are also used in traditional medicines and cosmetic use.



Human Capital Potential

Training small scale agro-processors is a primary focus area for the government's industry development measures. The RGoZ has one incubation centre for small-scale entrepreneurs and a processing-cum-training facility.

Key Policies, Plans and Initiatives

The Agro-Processing sector can support the long-term development of the Zanzibar primary sector by generating employment, developing technology and skills, improving productivity and thereby enhancing exports and reducing imports. Key primary policies, plans and initiatives include Zanzibar Development vision 2050, Zanzibar Development Plan 2021-2026, Zanzibar Economic Empowerment Policy 2022 and Agricultural Sector Development Program 2019 – 2029 (Phase II).

Zanzibar Agricultural Sector Development Program, 2019 – 2029

The interventions in ZASDP have been designed to improve the equity and efficiency of the value chain, and maximize the benefits to key actors. The strategies to be mainstreamed in this respect to enable agro-processing sector transformation include:

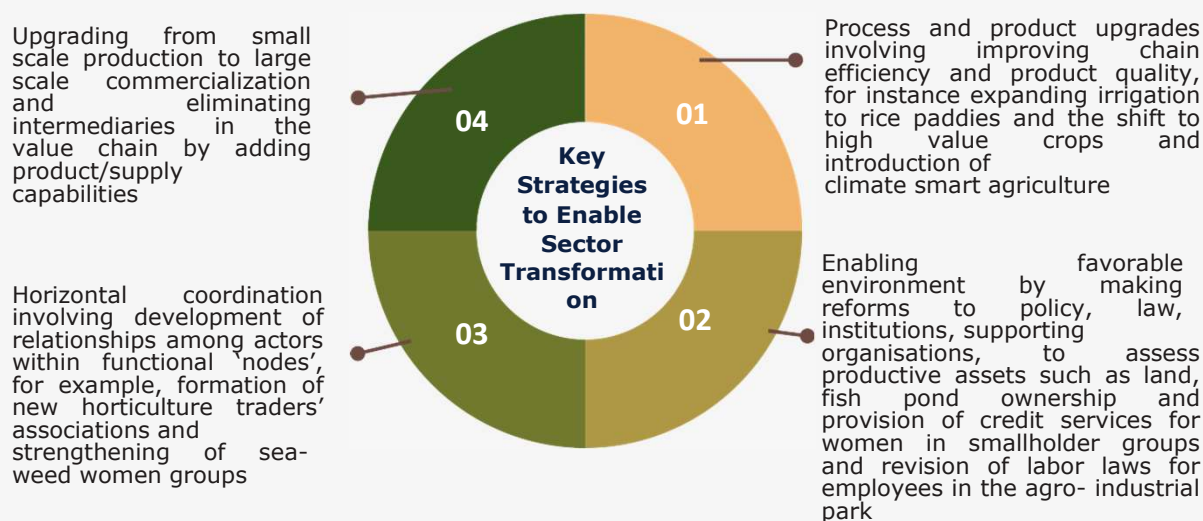


Figure 49-Key Strategies to Enable Sector Transformation

Source: ZASDP Document (January 16, 2019, to date)

The RGoZ has identified its export potential of agro-processed products, especially oils. The policies specifically focus on improving the current state of agro-processing and value-addition in the country. Key intervention plans include encouraging, promoting and supporting value addition strategies to increase the competitiveness of locally produced agricultural products for domestic and export markets. Other initiatives include promoting locally processed products in the tourism industry, promoting public and private sector investments in agro-processing and supporting research to diversify the agro-industrial base.

Key Investment Opportunities in Agro - processing Sector

Key Investment Opportunities in Agro-Processing Sector

Leverage Zanzibar Brand



Establish Zanzibar brand in the global marketplace by expanding market opportunities for high quality, natural and authentic agro-processed products.

Develop Technology

Potential investors can help bring essential capital and technology know-how to establish agro-processing facilities includes packaging facilities and technology, as well as certified laboratories.

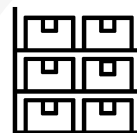


Establishment of Training Centers

Upskilling population on agro-processing and value addition techniques by establishing training centers.

Storage Facilities

Private sector investors can help build large storage facilities, establish standard agro-techniques and procedures to improve production yield.



Opportunities in the Tourism

Private investors can support in innovating new tourist attractions such as plant museums of fruits, spices and seaweed produced in Zanzibar.

Major Planned Projects in Agro-processing Sector

Project 1- Mango Processing Plant in Pemba, Zanzibar

SECTOR	BUDGET	REGION	TIMELINE
Agriculture	TBD	The whole of Pemba	InPlanning Stage

Project Objective

The RGoZ plans to establish a mango processing plant in Pemba with a local investor. The archipelago produces 50 different varieties of mango.

Project 2 - Cold Storage Facility at Abeid Amani Karume International Airport, Zanzibar

SECTOR	BUDGET	REGION	TIMELINE
Agriculture	TBD	Urban West	2022

Project Objective

The RGoZ has plans to establish a cold storage facility at the new terminal of Abeid Amani Karume International Airport by 2022.

MANUFACTURING

SECTOR PROFILE

122
Sector GDP
(USD Million)
2021

7%
Contribution to
GDP (%) 2021

**URBAN WEST,
NORTH AND
SOUTH REGION**
Key Manufacturing
hub in Zanzibar

1.1%
YoY Sector
Growth (%)
2020 vs 2021



SECTOR OVERVIEW

6.6 Manufacturing

Zanzibar manufacturing activities primarily revolve around small and medium scale processing of domestic goods. Manufacturing is at the core of structural change that consistently creates higher levels of output and generates employment thereby improving social welfare. This is in line with Zanzibar's objective of enabling sustained economic growth while creating job opportunities.

Urban West, South Pemba, North Unguja and South Unguja regions have the highest concentration of manufacturing industry in Zanzibar with 87% of all establishments located therein ^[20].

Table 11: Number of Establishment of Manufacturing Industries

Region	Establishment	% of Establishment
Urban West Unguja	362	40.5%
South Pemba	227	25.4%
North Unguja	118	13.2%
North Pemba	114	12.8%
South Unguja	72	8.1%

Source: Annual Survey on Industrial Production 2016 (OCGS)

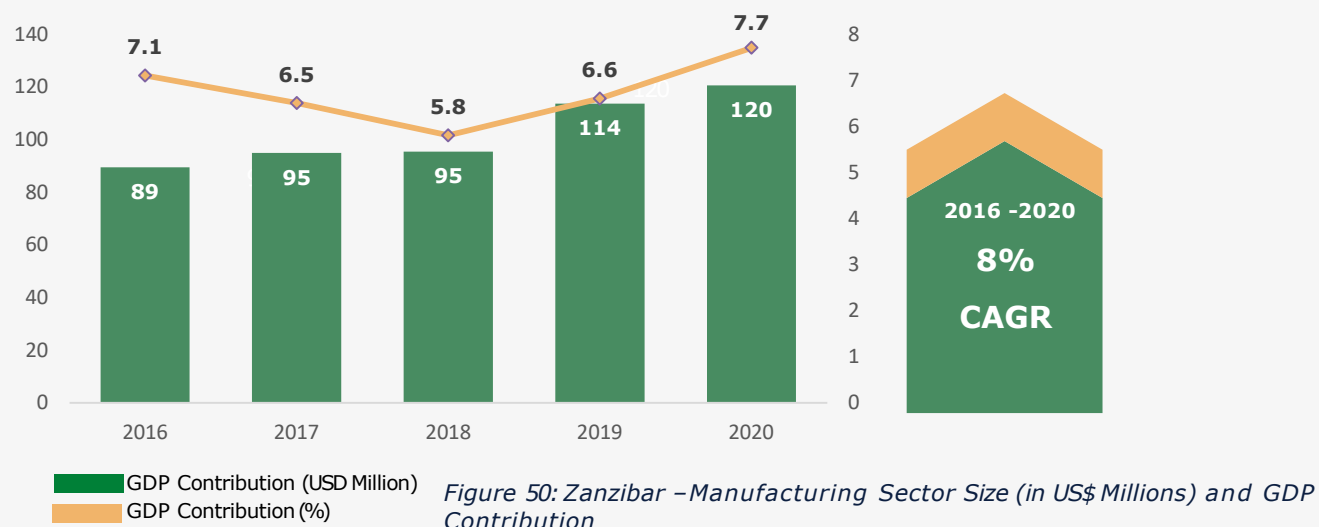
In addition, the strategic location of Zanzibar offers an opportunity to potential investors to access the growing African market.

As an integral part of The United Republic of Tanzania (URT), Zanzibar has access to EAC and Southern African Development Community (SADC) and can benefit from regional integration initiatives through greater ease of movement for locally produced goods.

[20] Annual Survey on Industrial Production 2016 (OCGS)

Sector Performance

Gross Domestic Product – Manufacturing



Source: Zanzibar in Figures, 2020

The contribution of manufacturing sector to Zanzibar's GDP has remained stable during 2016 – 2020 period, averaging at 8%.

Key Produce of Zanzibar in Manufacturing Sector



40% of the total manufacturing base with a combined production value of \$22 million



More than 81% of all establishments are engaged in producing these products



Furniture, Articles of Concrete, Cement and Plaster, Chemical Products, Wearing Apparel, and other Fabricated Metal Products.

Trade ^[21]

Zanzibar's exports (in manufacturing, except agro-processed products) are textiles and garments, crude materials, wood products, arts and handicrafts. In 2021, Key import products were machinery and transport equipment.

"Miscellaneous Manufactured Articles " category is the largest trade segment of Zanzibar. Exports in this category grew at 1037% from 470.6 to 5,351.9, during 2020 - 2021 period.

[21] Export and Import data considered for crude materials, inedible except fuels; chemicals & related products; machinery and transport equipment; miscellaneous manufactured articles and other manufactured goods only.



Figure 51 – Manufacturing (Exports and Imports by Value in US\$ Million in Current Prices)

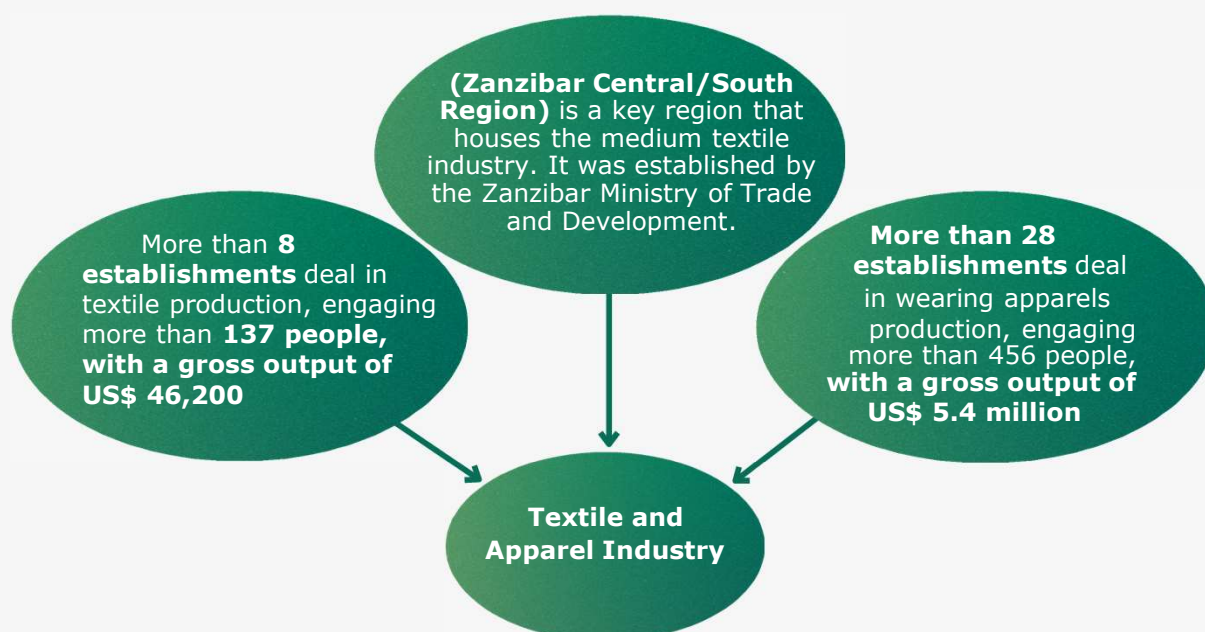
Source: Zanzibar Statistical Abstract, 2021

Textiles, Apparel and Cosmetics

Textile and Apparel products in Zanzibar include Khanga, Kitenge, T-Shirts, School and Office Uniforms, Industrial Working Clothes, Masai Clothes, Wax Vitenge, Bed Sheets and other Garments.

The textiles and apparel sector plays a vital role in Zanzibar’s manufacturing sector, industrialization and employment creation. Although productivity and subsequent exports are scarce, focused training and skill development efforts can boost productivity while improving quality and potential exports.

Textile and Apparel Industry^[22]



[22] Annual Survey on Industrial Production 2016 (OCGS)

Cosmetics & Related Accessories

Zanzibar is known for manufacturing 100% natural and organic beauty products, produced entirely from locally sourced materials.

A robust cosmetics and related accessories sector have implications for other priority sectors such as pharmaceuticals and tourism. Due to its growth potential, it is of interest to the private sector, making it a critical industry for Zanzibar's future economic growth and sustainability.

Building and Construction Materials



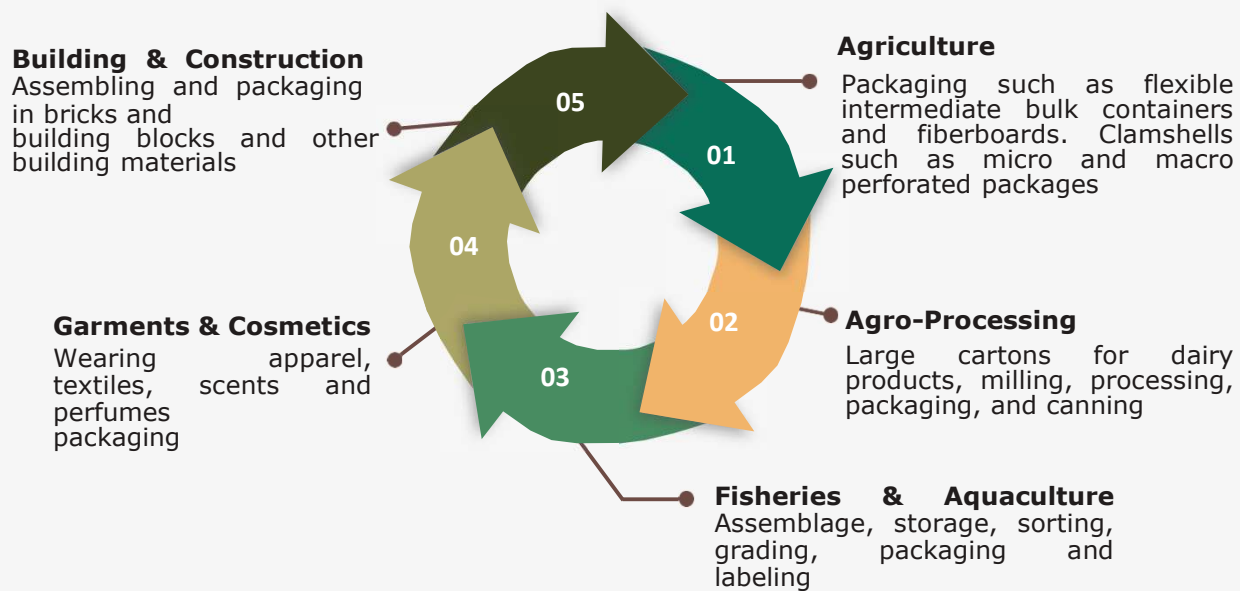
In terms of building and construction materials, the industries in Zanzibar include

- Household electrification materials
- Bricks and building blocks
- Building materials such as:
 - Paints
 - Wood building columns
 - Construction glass
 - Stones and articles of concrete
 - Gypsum building columns
 - Panels
 - Cement, plaster, UPVC doors and windows

Building and construction material is a natural feeder to other key sectors such as infrastructure development in Real Estate and Tourism.

Assembling and Packaging

The assembling and Packaging industry in Zanzibar is still small, albeit it holds significant potential given the government's high focus on developing the key economic sectors. There is a tremendous opportunity for assembling and packaging in:



Pharmaceutical and Medical Equipment

Currently, Zanzibar is completely dependent on imports of health commodities. The archipelago experiences high shortage of medical supplies especially during disease outbreaks, experienced during cholera outbreak in 1997, and most recently, during COVID-19 outbreak. Hence, Zanzibar is keen on establishing local pharmaceutical manufacturing industry. The government is seeking support from its development partners in a joint venture, to build a pharmaceutical manufacturing plant. Government's commitment include:

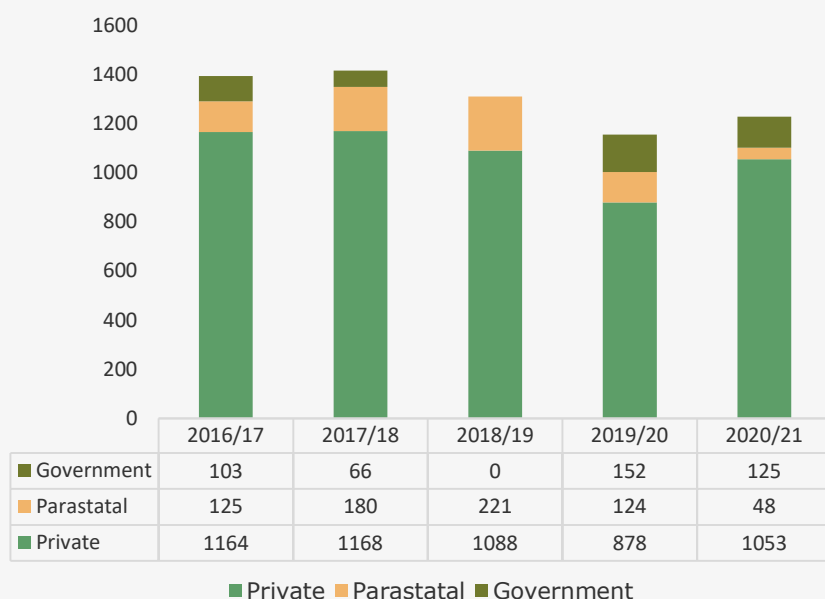
- All possible support to encourage local production of Pharmaceuticals.
- Interested parties who wish to establish pharmaceutical production units shall be licensed provided they possess necessary technology and means.
- Promotion of Research and Development of local sources of raw materials by early 2022.
- The Government will provide protection against economic volatility to local pharmaceutical industry as is deemed necessary under the prevailing economic environment and in the line with National and International Agreement by early 2022.
- Local manufacturing of medicines shall be in accordance with approved Good Manufacturing Practice (GMP) and shall be subject to regulation by the Zanzibar Food and Drug Agency by middle of 2022.
- The Government will support interested investors on Pharmaceutical Production.
- Local Pharmaceutical production shall comply with environmental laws and regulations of Zanzibar.

- The export of locally manufactured Pharmaceutical and Medicinal products will be encouraged and shall conform to local and international standards and specifications and be in accordance with existing laws and regulations.
- The RGoZ will create an enabling environment to support local pharmaceutical manufacturers.

The RGoZ has been gradually increasing its spending on medicines procurement. The average budget spending in medicines per year is estimated to be more than US\$ 5 million. Most of these funds go into the private sector (local and international pharmaceutical companies) due to lack of government local pharmaceutical manufacturing plant. In that regard there is great need for medical and pharmaceutical investment. In addition, with Zanzibar focusing on medical tourism, the pharmaceutical and medical equipment market is expected to gain momentum in the near future.

For the year 2021, total exports amounted to USD 67 Million and imports amounted to USD 419 Million thus resulting in a trade deficit of USD 352 Million.

Human Capital Potential



In 2021, the formal sector employed 1,226 individuals in the manufacturing sector.

Figure 52: Employment in the Manufacturing Sector 2017 –2021 (Actuals)

Source: Zanzibar Statistical Abstract, 2021

Key Policies

Zanzibar Industrial Policy 2019

The main objective of the Zanzibar industrial policy is to expand and develop existing and new manufacturing industry priority sectors to transform the country into a middle-income economy. Key policy measures to facilitate investment in manufacturing sector:

INTERVENTIONS IN BUSINESS ENVIRONMENT

- i. Rationalize the licensing regime for industrial operations.
- ii. Strengthen the One-Stop-Centre by stationing staff with decision-making powers required for registrations at ZIPA to facilitate the industrial project application process.
- iii. Reduce the cost of production by reducing taxes imposed on imported raw materials.
- iv. Rationalizing processing incentives by revising current regimes.
- v. Safeguarding local manufacturers against illegal practices and unfair competition.
- vi. Demarcating land for industrial enterprises following a general master-zoning plan, developing infrastructure for demarcated industrial zones and supporting enterprises in relocation to industrial zones with conducive incentives.
- vii. Develop enabling infrastructure (cargo trans-shipment, handling, transport and storage facilities).
- viii. Supporting quality and standards compliance infrastructure development including testing facilities and laboratories.

INTERVENTIONS IN ENTERPRISE DEVELOPMENT

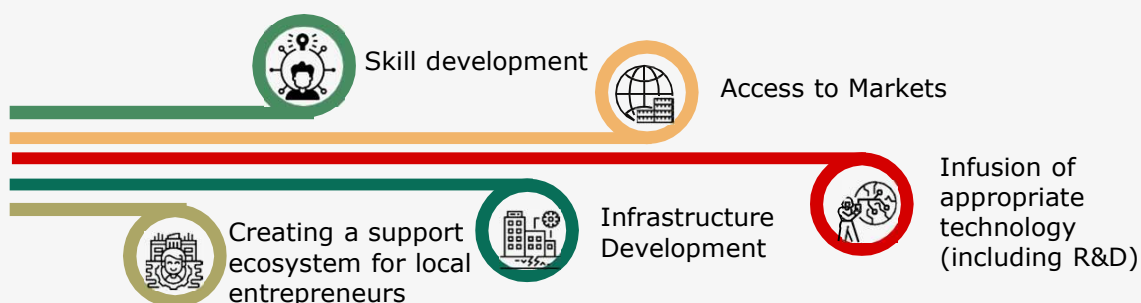
- i. Introduce incentives for certified on-the-job training schemes.
- ii. Develop appropriate curricula and training courses at training centers.

- iii. Roll out capacity building and training courses
- iv. Foster cooperation between industrial enterprises and technical institutions or vocational training
- v. Train staff of technology promotion agencies such as SMIDA to acquire and transfer knowledge to enterprises
- vi. Develop programs to foster linkages between industry and technical and research institutions/universities
- vii. Develop credit schemes for specific industrial sectors and guarantee schemes
- viii. Train commercial and development banks on financial requirements of industrial enterprises to evaluate business plans, financial feasibility and business risks.

MSME Policy 2020

The broad objective of the MSMEs Development Policy is to create a conducive environment that will develop in a partnership and consultative manner MSMEs activity in Zanzibar, fostering job creation, income generation and maximizing value-added through supporting them in their efforts to improve performance and competitiveness. The policy emphasizes Public-Private Dialogue (PPD) initiatives and promotes MSMEs clustering.

Five Pillars of MSMEs Development Policy



Source: MSME Policy 2020

Zanzibar Development Plan (2021 - 2026)

The Medium - Term Development Plan emphasizes several key areas for strategic interventions detailed below:



Create Friendly Environment for Private Sector

- Develop and implement the industrial development strategy
- Implement industrial policy and strategy
- Implement competitive tax incentive
- Strengthen online services for trade
- Remove non-tariff barriers to trade



Strengthening the Special Economic Zones and Export Processing Zones

- Facilitate appropriate infrastructure on Free Economic Zones
- Development of transshipment container port and trading hub in Zanzibar
- Introduce duty free system at sea and airports



Promoting MSMEs and Local Content

- Improve the existing business incubator and establish new business incubators
- Capacity building for MSMEs
- Support cooperatives to increase production
- Enhance property and business formalization
- Strengthen MSMEs support system
- Support local industries and their products



Improve Local and International Trade

- Strengthen multilateral trading system and collaboration among agencies
- Focus on export diversification and value addition
- Ensure that non-tariff measures do not become barriers to trade
- Develop and strengthening e-commerce
- Advance online trading information system



Strengthen Manufacturing Industry

- Improve physical infrastructure for manufacturing industry
- Promote and drive R&D in manufacturing
- Develop and expand robotics and automation process
- Attract, develop and retain highly skilled labors
- Resolve non-tariff barriers to manufacturing industry
- Launch buy Zanzibar products

The RGoZ promotes industrialization by creating necessary conditions with frameworks and incentives for the private sector to intervene and build industrial capabilities. The RGoZ is aiming at facilitating growth involving the private sector through PPPs. This offers new areas of investment for the private sector.

Key Investment Opportunities



Light Industries including Textiles, Cosmetics and Apparel

Potential for small scale industries for shoes, cosmetics, garments, bags, and purses. Target audiences are domestic, export and tourism markets

Assembling and Packaging

Establishment of large warehouses, assembling industries, packaging and other storage facilities for manufacturing produce



Building and Construction Materials

Potential for sub-sectors such as sanitary ware, ironmongery and plumbing accessories, building and construction material

Pharmaceutical and Medical Equipment

The RGoZ is looking for investments to develop a pharmaceutical plant in Zanzibar. This include the opportunities for development and distribution of tropical disease drugs, antibiotics, surgical equipment and etc.



Major Planned Projects

Project 1 – Development Of Trade And Exhibition Centre

SECTOR	BUDGET	REGION	TIMELINE
Trade	US\$ 45.5 Million	Urban West	Open

Project Description

Construction of International Convention and Exhibition Centre at Nyamanzi.

Project 2 – Development of Free Economic Zones (Fumba and Micheweni)

SECTOR	BUDGET	REGION	TIMELINE
Trade	US\$ 260 Million	Urban West and North Pemba	Open

Project Description

Construction of appropriate infrastructures such as water, electricity and roads.

Project 3 – Establishment and Upgrading of Light Industries

SECTOR	BUDGET	REGION	TIMELINE
Trade	US\$ 10.84 Million	North Pemba	Open

Project Description

Construction of light industries, including salt and seaweed in Zanzibar.

Project 4 – Industrial Development Center

SECTOR	BUDGET	REGION	TIMELINE
RGoZ	US\$ 477,000	The Whole of Zanzibar	Open

Project Description

Development of industrial areas in each region.

Project 5 – Establishment of a Pharmaceutical Manufacturing Plant

SECTOR	BUDGET	REGION	TIMELINE
Trade	US\$ 4.3 Million	The Whole of Zanzibar	2022 - 2026

Project Objective

To build a pharmaceutical manufacturing plant in Zanzibar that will manufacture pharmaceuticals including liquids, tablets, and drug devices. The plant is expected to comply with all Current Good Manufacturing Practice (CGMP) regulations, company and industry policies and procedures.

INFORMATION COMMUNICATION TECHNOLOGY

SECTOR PROFILE

**US\$32.4
MILLION**

Sector Value
(USD Million)
2021



721

Employment
Generation
(actuals) 2021



87%

Literacy rate
(%) for adults
aged more
than 15 Years



35%

% of Population
in the range of
15-34 years



SECTOR OVERVIEW

6.7 ICT



The ICT sector in Zanzibar is primarily focused on building the necessary infrastructure and delivering e-Governance services to different government departments.

ICT sector is a cross cutting catalyst offers digital services and product innovation in all the key economic sectors in Zanzibar.



The ICT sector in Zanzibar is at a nascent stage. Revenue of the sector is primarily derived from e-services utilized by RGoZ. Services include hosting departmental websites and applications. The data center (DC) services cater to government departments and agencies.

ICT

Sector Performance

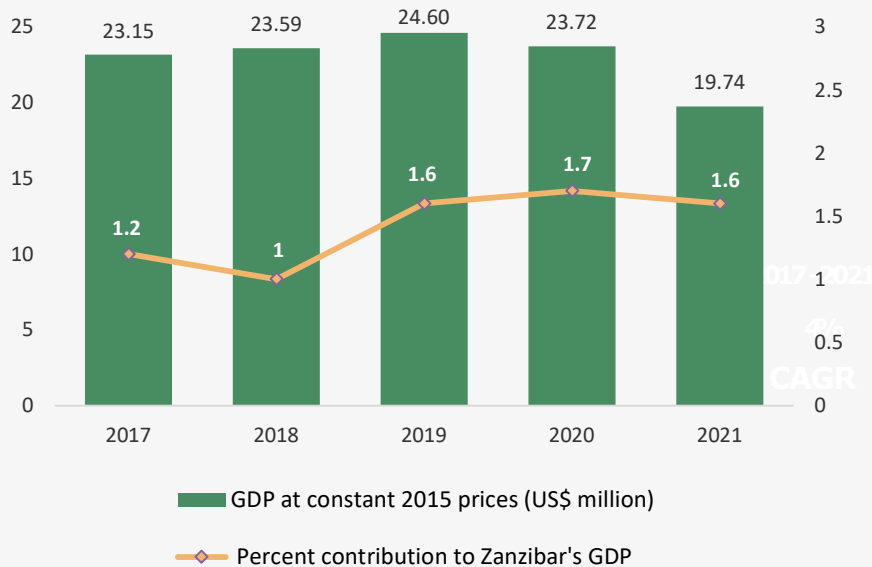


Figure 53-Zanzibar –ICT GDP at Constant 2015 prices, 2017 -2021 (USD Million)

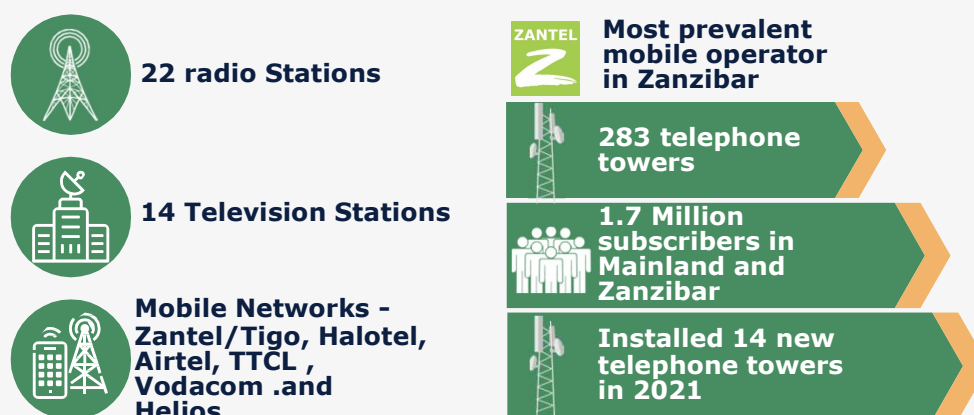
Source: Zanzibar Statistical Abstract, 2021

The ICT sector remained stable during 2017 – 2021 period. The CAGR of GDP contribution averaged 7% during the period.

The ICT sector focuses on offering digital skill development in universities and schools. The State University of Zanzibar (SUZA) has a dedicated Center for ICT services that provide teaching and learning facilities to students. ZICTIA is responsible for maintaining infrastructure and applications, security, and overall IT support in Zanzibar.

Telecom and Broadcasting

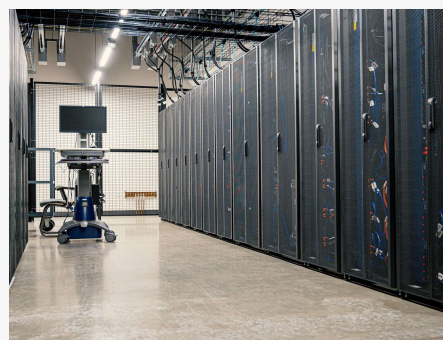
Telecommunication in Zanzibar are segmented into three categories:



Source: Zanzibar Statistical Abstract, 2021

ICT Data Centres and Hubs

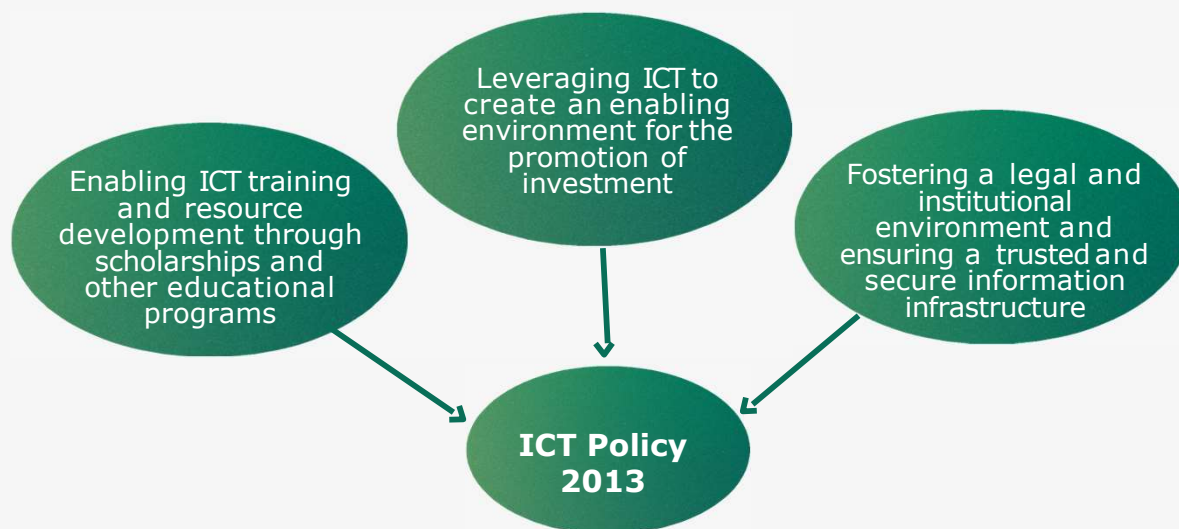
Zanzibar has one data centre (DC) co-located in Unguja, built in 2011. It is under Zanzibar ICT Infrastructure Agency (ZICTIA), the premier ICT agency in Zanzibar. The agency has allocated budgets and resources to manage the DC operations using the services of its employees. The DC in Zanzibar currently does not cater to the private sector.



Key Policies And Initiatives

Zanzibar ICT Policy 2013

The Revolutionary Government of Zanzibar developed an ICT policy in 2013, aligning with national priorities. Key objectives include:



Government ICT Initiatives

The RGoZ is actively involved in several development projects to build a robust foundation for ICT in Zanzibar. The URT is currently laying down the ICT infrastructure in collaboration with both public and private telecommunication operators.

- The URT deployed six Internet Exchange Points (IXPs) located in several regions of Mainland and Zanzibar.
- The URT has also been laying a nationwide optic fiber cable backbone, linked to several submarine cable systems, servicing the connectivity needs of neighboring land-locked countries.

Developing ICT Training Centres for Universities and Offering Scholarships to Attract Young Talent, in Association with TCRA

TCRA's Zanzibar office, announced a TCRA-ICT scholarship in 2015, inviting qualified undergraduates and graduates to obtain a degree in ICT. In 2020, the government invited communications stakeholders to facilitate the growth of ICT, especially in educational institutions. In September 2021, the Zanzibar Ministry of Infrastructure, Communications and Transport handed over a Tele-Center to the Tumbatu Secondary School built by TCRA.

Key Investment Opportunities



Develop Training Centers

Potential investors can invest in developing new training centers and programs to efficiently train young local talent for ICT roles.

ICT Infrastructure Development

Investors can build ICT parks that bring together researchers, industry experts and government in a Public Private Partnership (PPP) arrangement. Establishing firms to assemble electronic devices.



Playing Catalyst Role in Digitizing Sectors

Potential investors can help enhance the digital infrastructure in other key economic sectors. For instance, in Tourism, having a digital presence with an updated catalogue on services and regulations is vital for a tourist.

SME Sector Development Leveraging ICT

Develop the Small and Medium Enterprises (SME) sector by utilizing communication technologies for innovation, develop initiatives such as research, marketing and advertising strategies to reach the target audience.



Partner with ICT agencies in Zanzibar to develop Data Centre Services

ZICTIA has plans to extend DC services to the private sector. Potential investors can partner with ZICTIA to develop private sector service offerings from the DC in Unguja.

Major Projects

Planned Projects

PROJECT	NAME	DESCRIPTION
Project 1	Establish wireless connectivity using the fiber network	Using fiber connections to develop wireless network connectivity to university and other public offices in the government
Project 2	Digitally connecting health institutions in Zanzibar under the “Digital Health” initiative	Supplying fiber connecting hospitals in Zanzibar (District, Regional, institutes and other small hospitals
Project 3	Strengthening Labor Market Information System	To support and maintain labour MIS
Project 4	Promotion of all systems of registration of civil status	Develop a modern system of registration and procurement of equipment
Project 5	Improvement of Presidential Communication System	Capacity development for Government staff on the uses of SNR and procurement of equipment

REAL ESTATE

SECTOR PROFILE

81
Sector GDP
(USD Million)
2021



8%
Contribution
for GDP (%)
2021



33
Capital
Approved for
Real Estate
(US\$ Million)
2021



7%
YoY Sector
Growth (%)
2020 vs 2021



SECTOR OVERVIEW

6.8 Real Estate

Zanzibar has gained popularity among seasoned travelers, courtesy of its vibrant culture. It originates from a mix of African, Asian and European backgrounds. Also known as the spice island, Zanzibar has historical sites such as a UNESCO-listed historic Centre Stone Town, in the heart of this Indian Ocean archipelago. A strong tourist inflow primarily drives Zanzibar’s real-estate sector. And more recently, changes in residence permits allow foreign investors to acquire long term leases in Zanzibar. The strategic location of Zanzibar, with its proximity to mainland Africa, supports the real-estate market's long-term viability.

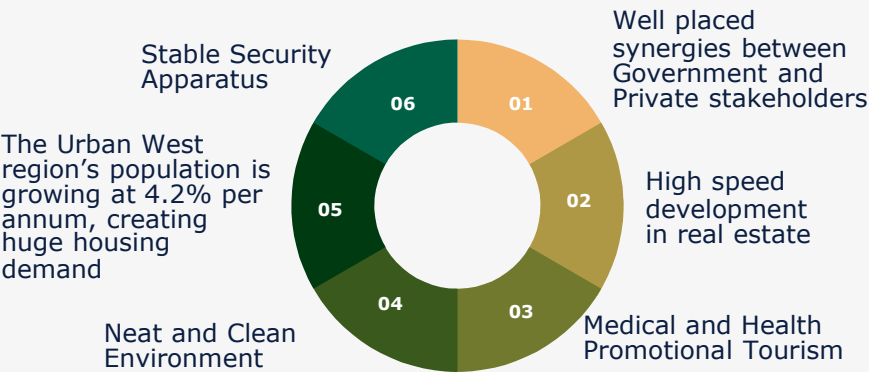


Figure 54: Key social differentiators attracting potential real estate investors to Zanzibar

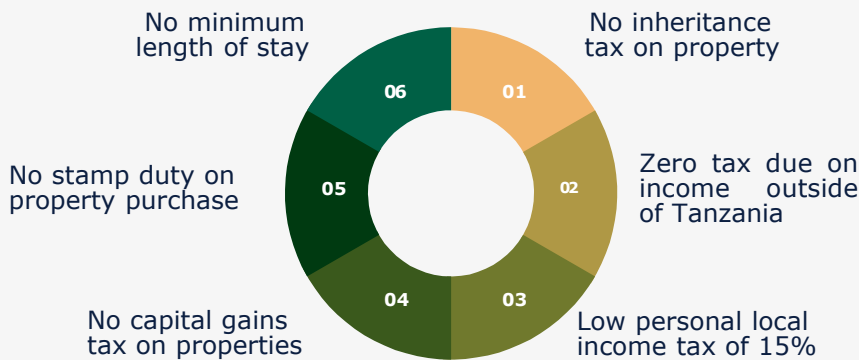


Figure 55: Key economic incentives for buyers driving the real estate sector in Zanzibar



Several residential projects have been developed in Zanzibar, including modern seafront developments. In addition, due to its unique location and geographical connectivity through the international Airport and a new upcoming ferry terminal, the residential and commercial projects will generate a high appreciation of capital.

Sector Performance

a)Real Estate – GDP

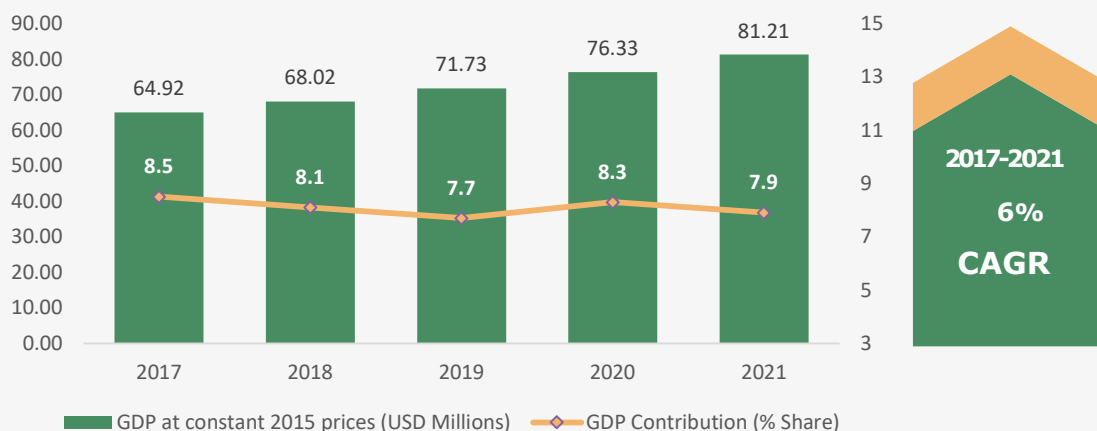


Figure 56 -Zanzibar –Real Estate GDP at Constant 2015 Prices (USD in Thousands)

Source: Zanzibar Statistical Abstract, 2021

The sector offers promising growth to potential investors. Sector's contribution to Zanzibar's overall GDP is 8% in 2021.

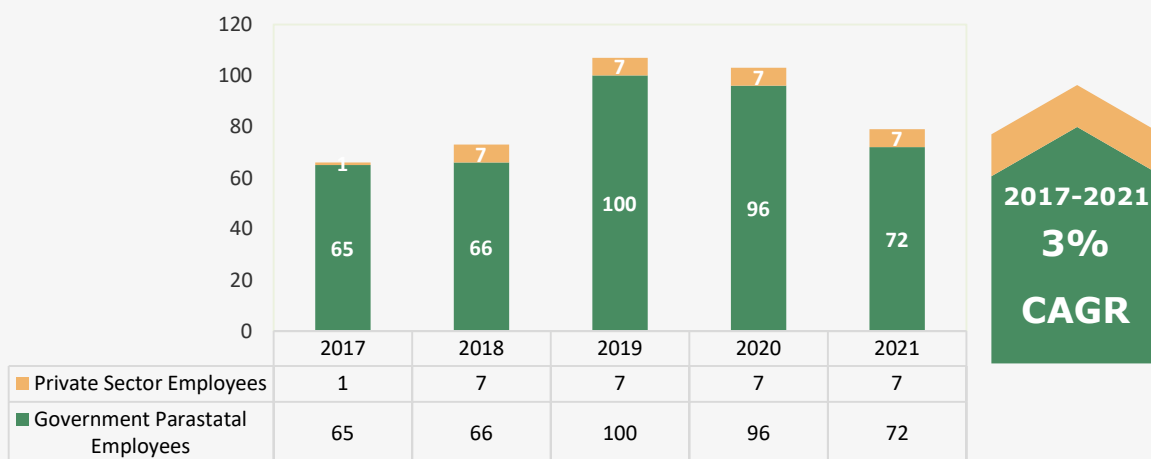


Figure 56 –Real Estate Formal Sector Employment 2017 –2021 (Actuals)

Source: Zanzibar Statistical Abstract, 2021



With initiatives such as 5-year development plan known as Zanzibar Development Plan and Zanzibar's overall long-term development plan (Vision 2050), whose primary objective is to strengthen Zanzibar's economy, Zanzibar aims to reduce unemployment by creating a demand for rental apartments. The market for real estate is expected to improve significantly, offering a lucrative opportunity for potential investors to invest in the Real Estate Sector.

The government actively seeks private sector engagement in real estate to boost the housing supply in earmarked urban settlements across districts and towns.

Residential Real Estate

Property developers are engaged in several real estate initiatives, such as developing a luxury mixed-use waterfront. Other key projects includes Fumba Uptown Living Project. These are targeted at global investors who intend to buy luxury real estate in Zanzibar.

Commercial Real Estate

As part of Zanzibar's Development Vision 2050, the RGoZ encourages private sector participation in commercial real estate development. Several investments are happening in the commercial real estate sector. Demand for real estate for industrial and commercial purposes is growing in Zanzibar. Zanzibar is one of the few African countries that have maintained an average of 8% GDP growth during the 2017 – 2021 period. This growth is chiefly attributed to growth in private consumption and investment. With the archipelago's strategic location, demand has increased exponentially, opening more opportunities in the sector.

Critical headline investments include:

Zanzibar Domino Commercial Tower

Deemed as Africa's second tallest building, this tower is proposed by TCG International Consultants and XCASSIA. This tower will be built on an artificial island with a 370,000 square meters mixed-use development will contain 560 residential apartments and a range of luxury hotels.



Construction of Exhibition and Convention Centre (PPP)

ZIPA intends to build a multistorey building for office rents and accommodation, known as ZIPA Tower. This commercial property development scheme will involve a ten-storey construction in Chake Chake Pemba. The tower will include hotel rooms, conference facilities, rental offices and shopping areas. This project will be financed through a mix of equity and long-term loan. Authorities are open to the PPP structure of partnership from private investors.

Policy and Regulations

The Condominium Act

The Condominium Act 2021 outlines guidelines and regulations for owning property in Zanzibar. Until early 2021, property ownership was only entitled to real estate developers, while other foreign investors were not allowed to own property in Zanzibar. In June 2021, Zanzibar launched a new residency scheme that allows all foreign investors to apply to own property in Zanzibar.

Key Incentives under the New Residency Permit in Condominium Act, 2021

Table 1 - Key Incentives for Potential Real Estate Developers under the new Residency Permits

INCENTIVES FOR REAL ESTATE DEVELOPERS
• 100% exemption on withholding tax on payment of interest
• 100% exemption on stamp duty in contract
• 100% exemption on accelerated depreciation within five years
• 100% exemption on capital gain on purchased property
• 100% exemption on Value Added Tax for construction services during the project construction

INCENTIVES FOR REAL ESTATE DEVELOPERS

- **49 years of land lease agreement**
- **49 years of marina lease agreement**
- **50% exemption of Profit tax on repatriation of profit**
- **Allowance of business activities under provisions of the Act; and**
- **100% exemption on VAT on selling or renting of real estate.**

**Table 2 - Key Incentives for Potential Real Estate Buyers
under the new Residency Permits**

INCENTIVES FOR BUYER

- **Resident Permit for Real Estate Buyer, spouse and their four children under twenty years of age**
- **100% exemption on stamp duty in Real Estate Buyer's contract**
- **100% exemption on capital gain on purchased properties**
- **100% foreign ownership is allowed**
- **100% exemption from worldwide income for foreigners; and**
- **100% allowance for free repatriation of profit after tax.**

PPP ACT, 2015

This 2015 Act repealed the Concession Projects Act No.1 of 1999 by enacting a new act that provides for the establishment and Management of Public-Private Partnerships.

The Revolutionary Government of Zanzibar (RGoZ) recognizes the need to finance and develop infrastructure as the demand for public services grows and the strains on government budgets increase. With continuing global economic growth and expansion, the role of government in the provision of public services and infrastructure has equally increased and government is looking to the private sector to participate in providing these services in partnership with the public sector. The RGoZ has determined that facilitation and encouragement of Public-Private Partnerships (PPPs) to enhance the provision of public services will be a key strategy in ensuring timely and quality provision of the services in demand.

ZIPA's investment guidelines for developers have defined a minimum threshold of US\$ 2.5 Million for hotels and real estate development. The most popular resorts are in Stone Town, Bububu and Kendwa beaches respectively located, in the North and West region of the archipelago.

City Plan

The Revolutionary Government of Zanzibar is working on a city plan that aims to establish new cities with modern houses for those projects in Unguja Matemwe, Chumbuni and Kilimani areas, and in Pemba Finya and Mfikiwa areas. The government's primary focus is to build real estate with efficient and economical use of land resources in Zanzibar. The comprehensive plan will focus on constructing affordable houses in the region. Low-cost loans will enable real estate developers to build residential and commercial real estate.

Investment Opportunities and Projects

Key Investment Opportunities



Opportunities for big ticket projects

- Develop mini-cities to compliment residential real estate developments
- Invest in residential real estate such as villas, residential complexes, individual houses and holiday homes.

Investment options under the new residency permit

- Invest in building new commercial establishments such as hotels, resorts and restaurants
- Invest in land to build business centers
- Develop commercial stores, showrooms and shopping malls



Private-Public Partnership (PPP) Opportunities

- Develop exhibition and convention centers
- Build ZIPA business tower through concession arrangements

Major Upcoming Projects

Project 1-Construction of ZIPA Tower in Pemba in a PPP Structure ^[23]

SECTOR	BUDGET	REGION	TIMELINE
Real-Estate	US\$ 4.5 Million	South Pemba	In Planning Stage

Key Objectives

ZIPA head office has a leased property in Pemba and will construct a new building for office and commercial purposes. The proposed property development scheme will involve construction of a ten-storey building at Chake Chake, Pemba. The tower will include hotel rooms, conference facilities, rental offices, and shopping areas.

[23] Why and Where to Invest in Zanzibar Document (Presented during 60 Years of Independence Investment Forum, 2022)

Project 2 – Construction of Residential Housing ^[24]

SECTOR	BUDGET	REGION	TIMELINE
Real-Estate	Yet to be finalized	Urban West	In Planning Stage

Project Objective

Construction of housing estates for the general public, with low-income focus, across Zanzibar

Project 3 – Construction of Residential Housing ^[25]

SECTOR	BUDGET	REGION	TIMELINE
Real-Estate	US\$ 17.34 Million	Urban West	In Planning Stage

Project Objective

Construction of residential housing (120 Flats) and 40 shops across Zanzibar.

Major Ongoing Private Projects

Project 1 – Fumba Town (Private Real Estate Project) ^[26]

FUNDING AGENCY	BUDGET	REGION	TIMELINE
CPS Zanzibar Ltd. Private Real Estate Developer	Not Disclosed	Urban West	Ongoing

Project Description

Fumba Town is a mixed-use development coming up on 150 acres on Fumba Peninsula. It comprises over 2,000 residential units, more than 250,000 sqm of mixed-use and commercial space. Fumba Uptown Living is in a designated free economic zone (FEC) where all foreigners can buy a property/ land as an investment for 99 Year Lease.

[24] Zanzibar Development Plan 2021 - 2026

[25] Zanzibar Development Plan 2021 - 2026

[26] Fumba Town Website

Please refer to the QR code below to access the Fumba project in detail



Project 2 – Fumba Uptown Living

FUNDING AGENCY	BUDGET	REGION	TIMELINE
Bakhresa Group of Company	Not Disclosed	Urban West	Ongoing

Project Objective

The project offers a modern luxurious lifestyle in the heart of Zanzibar.

Project 3 – The Domino Commercial Tower ^[27]

FUNDING AGENCY	BUDGET	REGION	TIMELINE
xCassia	US\$ 1.3. Billion	Urban	2025

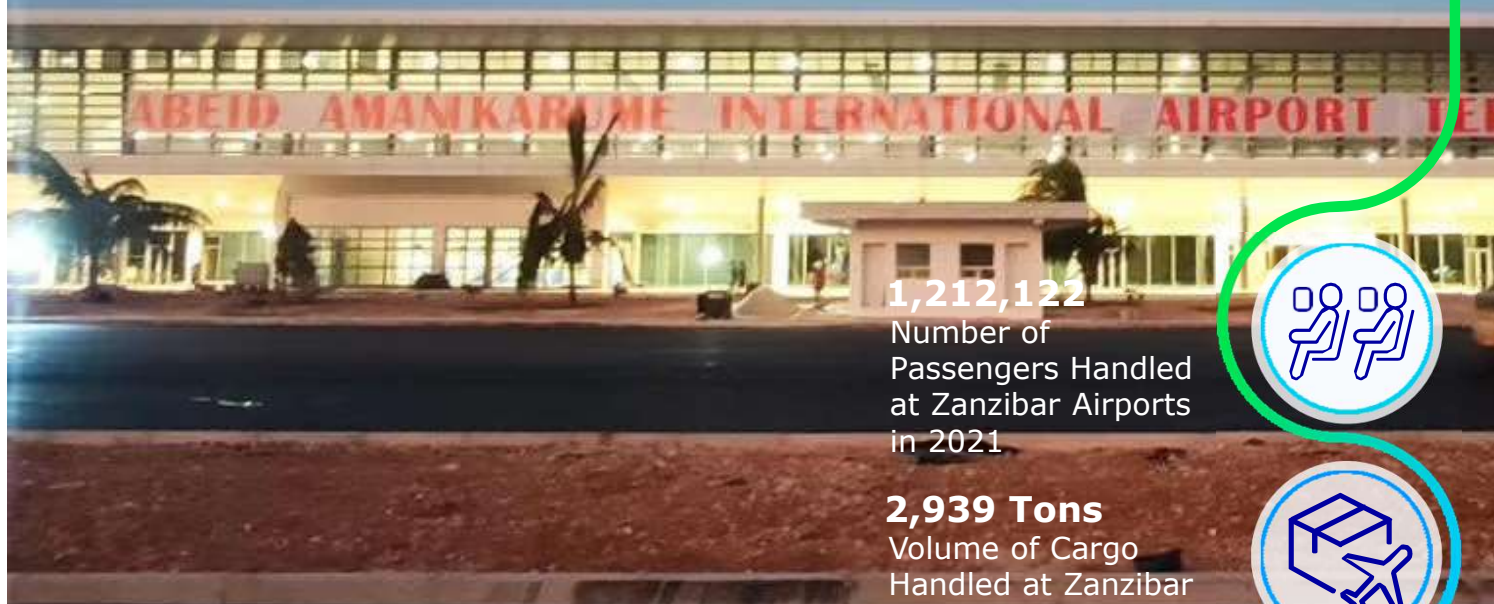
Project Description

The project will house hotels for 800 guests, 560 apartments, a wedding chapel, a golf course, and a marina to dock yachts and cruise ships.

[27] Project Management Institute [Website](#)

AVIATION

SECTOR PROFILE



1,212,122
Number of
Passengers Handled
at Zanzibar Airports
in 2021



2,939 Tons
Volume of Cargo
Handled at Zanzibar
Airports in 2021



48,562
Number of Aircraft
Movements Managed
at Zanzibar Airports
in 2021



SECTOR OVERVIEW

6.9 Aviation

Zanzibar is a globally recognized island for tourism and trade. The aviation industry in Zanzibar is managed by Zanzibar Airport Authority (ZAA). ZAA has been actively building infrastructure for its existing international airport, the Abeid Amani Karume International Airport (AAKIA). It is the main airport in Zanzibar located in Unguja Island. ZAA has newly opened its Terminal 3 at the international airport. The terminal 3 enhances the housing capacity of the airport at multiple levels.

Passengers

Can handle up to 2 Million passengers

Modern Equipment

CCTV cameras, modern baggage carriers, X-Ray machines and aerobridges for larger aircrafts



Aircrafts

Airbus 330 and Boeing series 747, 777, 787 (Dreamliner).

Larger Parking Area

The vehicle parking area of the airport has also been extended to accommodate 394 vehicles at a time

Figure 58- Capacity Enhancements at Terminal 3 of AAKIA

Apart from AAKIA, Zanzibar has an airport in Pemba, located in the Southeast region of Chakechake Town, and another one in Nungwi. At present, Pemba airport services Unguja Island and Mainland.



Sector Performance

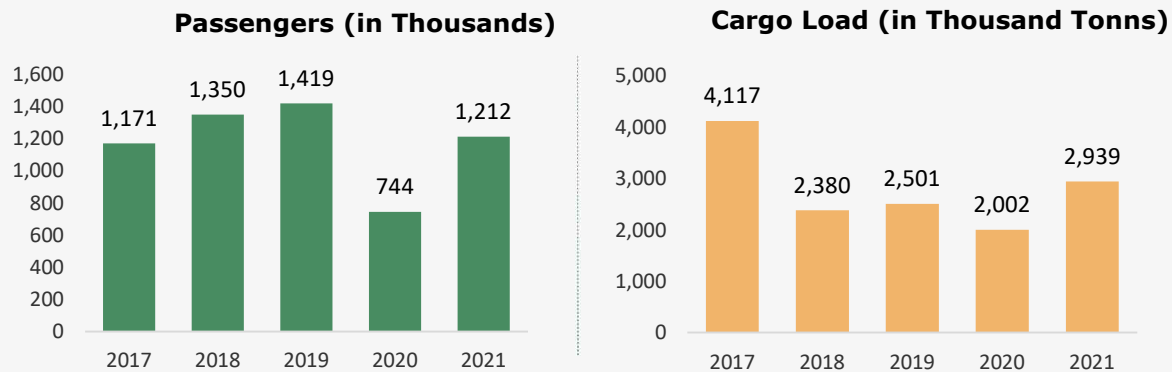


Figure 57- Zanzibar –Number of Passengers and Cargo Handled at Zanzibar Airport, 2017 - 2021

Source: Zanzibar Statistical Abstract, 2021



Before Covid 19, the passenger traffic and cargo load handled at the two Zanzibar airports were growing at a Compounded Annual Growth Rate (CAGR) of 8%. Now that post Covid recovery period has started, Zanzibar airports will witness higher passenger and cargo traffic.. Interested investors can leverage this opportunity.

Demand Analysis^[28]

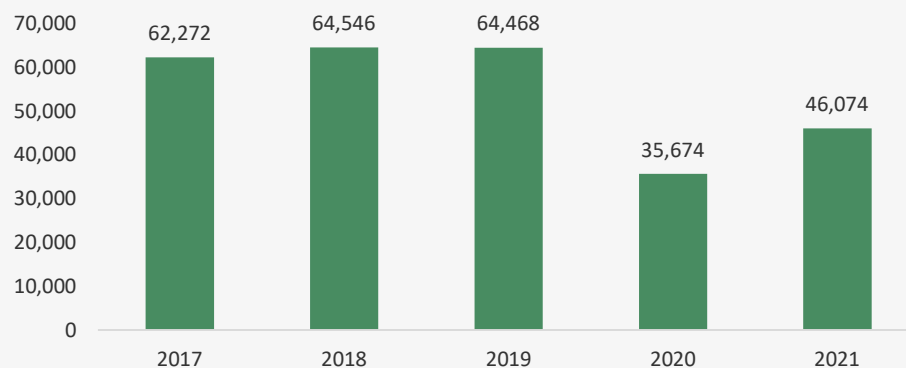


Figure 59- Aviation –Aircraft Movements in Zanzibar Airports 2017 –2021 (Actuals)

Source: Zanzibar Statistical Abstract, 2021

In 2021, despite international travel limitations due to Covid pandemic, Zanzibar saw a 9% year-on-year increase in its passenger traffic at the airports

[28] Number of aircrafts facilitated by Zanzibar Airports

♦ **Cargo and Ground Handling Services**

ZAA is the primary agency that manages cargo and ground handling services, outsourced to Zanzibar Aviation Services & Travel Trade Ltd. with the right to operate and provide aeronautical services such as hangar facilitation, fueling, tie-down and parking, aircraft rental, flight instruction, and other similar services. With the new terminal at AAKIA, the government will be inviting applications from potential cargo and ground handling service providers, presenting opportunities for investors to coordinate with them.

♦ **Airline Services**

ZanAir, Assalam Air, Coastal, Unity Air and Auric Air are the privates indigenous airlines in Zanzibar. Zanzibar needs more home-grown airliners to offer aviation services to global travelers while marketing Zanzibar culture. Key global 5 star airlines operated by AAKIA are KLM Royal Dutch Airlines, Israel Air, Etihad Airways, Turkish Airlines, Qatar Airways and Lufthansa.

♦ **Aircraft Maintenance**

Aircraft maintenance will be required on a large scale at the AAKIA new Terminal 3. The government will be soliciting proposals from potential service providers. This is an opportunity for investors to leverage and help offer infrastructure services at the International Airport. Two private companies are operating out of Mainland Tanzania, extending their services to Zanzibar.

♦ **Greece Based Aviaseven**

The company offers line and aircraft maintenance. Key aircraft brands serviced include Airbus, Boeing, and Falcon series.

♦ **Netherlands-based Direct Maintenance**

Offers line and aircraft maintenance services in Abeid Amani Karume International Airport of Zanzibar. Key aircraft brands serviced include Airbus, Boeing, and Embraer Lineage 1000 series.

• **Charter Aircraft**

Two primary airlines operate charter aircraft. Assalaam Air operates an Embraer EMB-120ER passenger aircraft, and Zanair operates a Cessna 208B (Cessna Caravan) passenger aircraft.

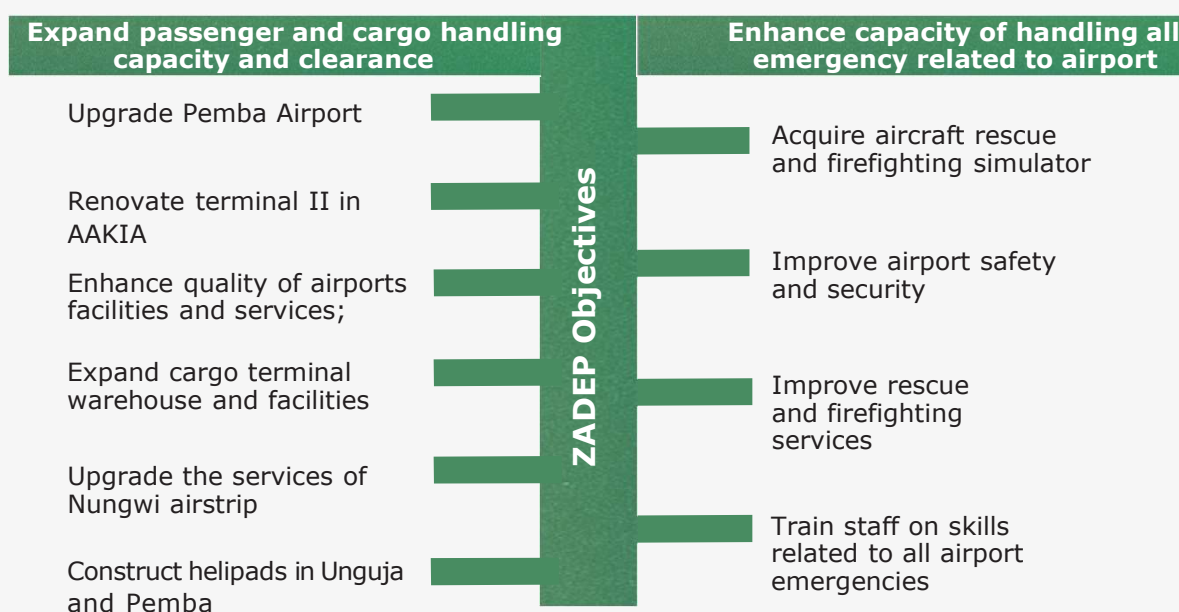
Policy and Regulations

Zanzibar Development Plan (ZADEP) – (2021 - 2026)

ZADEP primary objective is to create an enabling environment for productivity and sustainable economic growth. In line with this objective, the policy focuses on creating a competitive airline service and supporting infrastructure with zoned reserve land for air strips and helipads in the aviation sector. The plan also includes establishing an operational Free Economic Zone (FEZ) with warehousing facilities to capture spillovers between industry and transport.

The policy's intervention plan aims to address critical challenges AAKIA and Pemba Airport face, such as shortage of smart facilities to simplify passenger clearance procedures and limited aircraft rescue and firefighting services.

The Zanzibar Development Plan (ZADEP) Intervention Plan for the Aviation Sector



Source: Zanzibar Development Plan, December 2021

The Zanzibar National Transport Policy 2008

Zanzibar National Transport Policy outlines a course of action for maritime, air and land transport sub-sectors development.

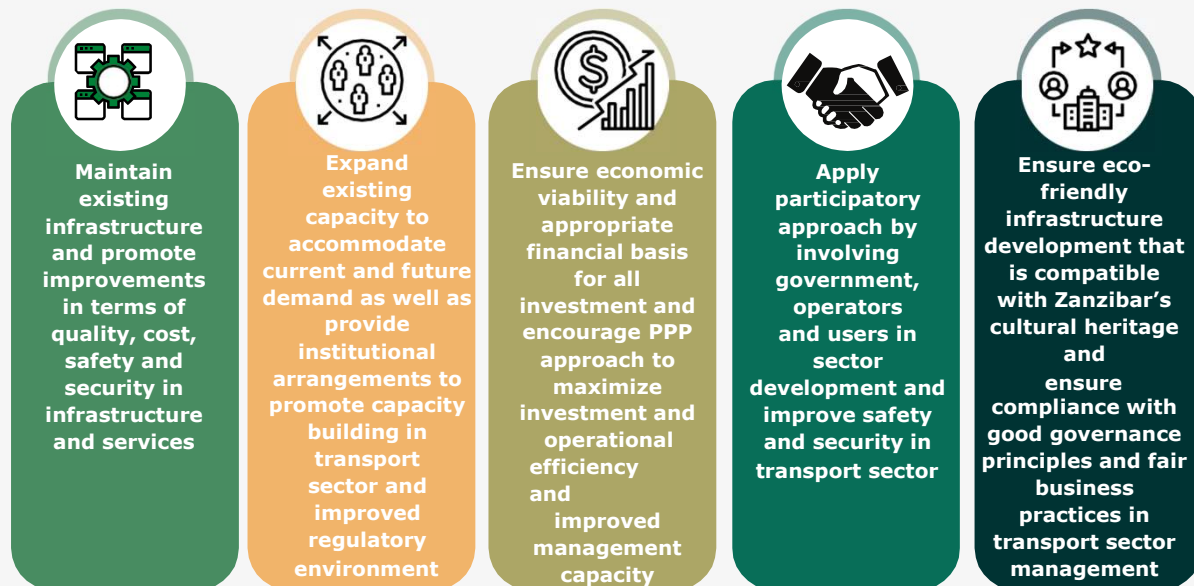


Figure 60 - General Objectives of Zanzibar National Transport Policy 2008

Aviation Specific Policy Objectives

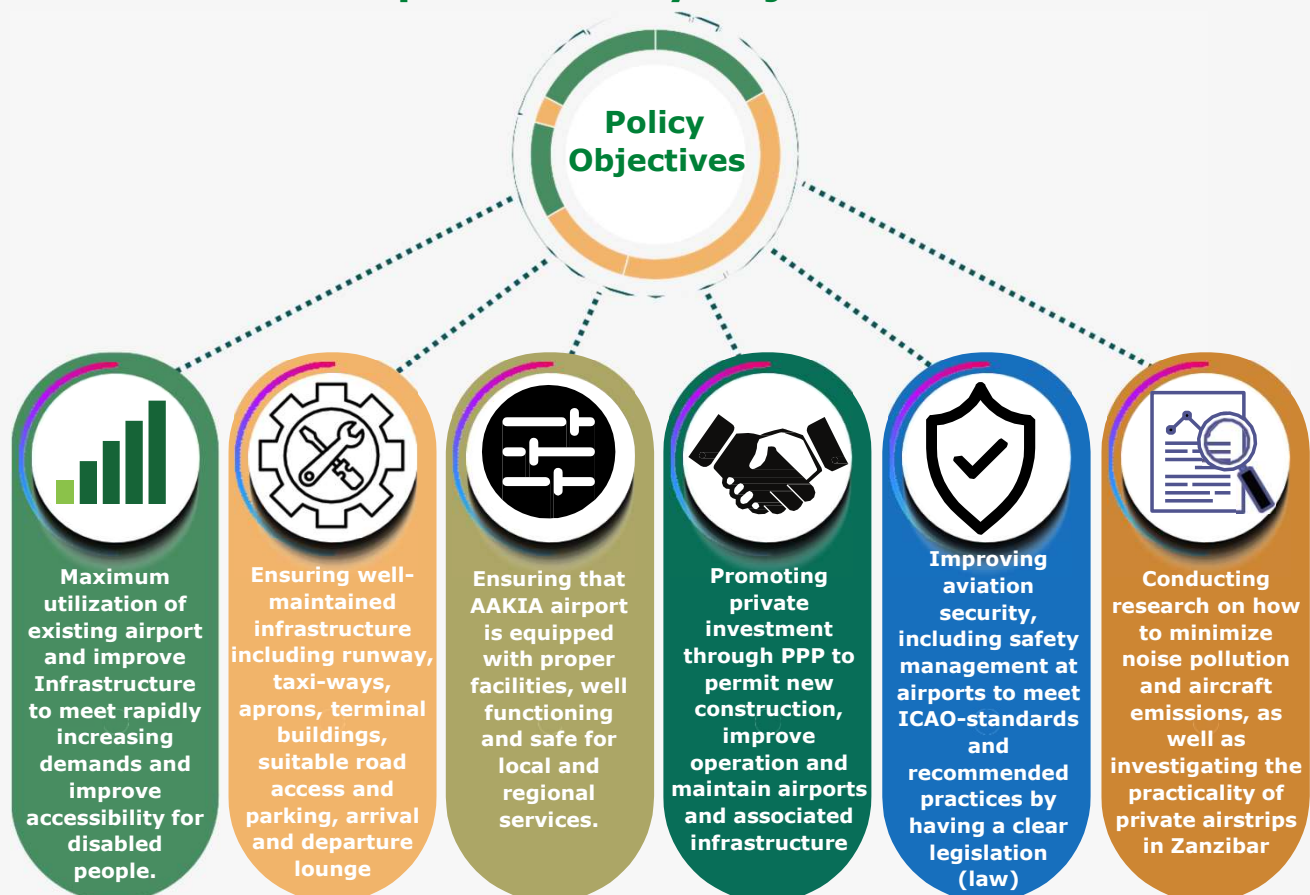
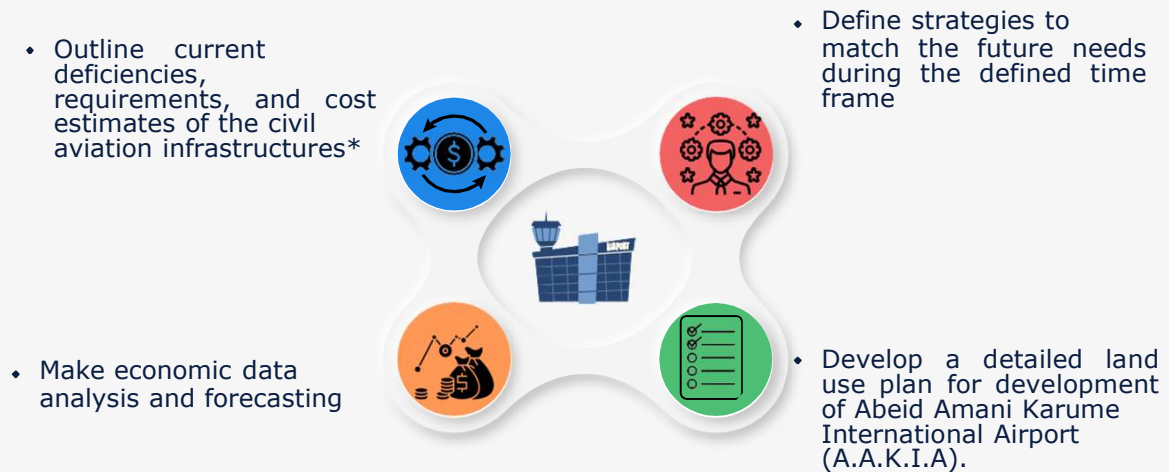


Figure 61 - Air Transport Policy Objectives

Zanzibar Airport Master Plan

In 2019, The United Republic of Tanzania, Ministry of Infrastructure, Communications, and Transportation (MOICT), Zanzibar, commissioned the Zanzibar Airports Master Plan.



*Civil Aviation Infrastructure Includes Airports, Heliport, Air Traffic Control, Airspace and Navigation Equipment, Communications Equipment, and Weather Systems.

Figure 62 –Primary objectives of the Airport Master Plan

Source: Zanzibar Airport Master Plan Document

The study included a detailed review process through a holistic system's approach to establish a baseline.

Key Investment Opportunities and Projects

Key Investment Opportunities

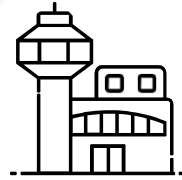


Advertising Media

There are more than 350 advertising media billboards at Terminal 2 and 3 of AAKIA. This includes ones at roads and indoor routes that will be used by more than 2 Million passengers enroute to their destination. This presents an opportunity to advertising media companies for media advertising.

Airport Infrastructure

ZAA has approximately 5,751,230 square meters of space at AAKIA and 928,268 square meters of space at Pemba Airport. The authority is offering this space to potential investors for services such as aircraft hangers, fuel depots, storage facilities, aviation schools and cargo terminals.

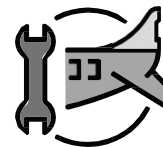


Leasing

Through its current terminal buildings in AAKIA and Pemba Airport, ZAA is offering premium space on lease to potential companies to meet their commercial ambitions. Investors can open VIP lounges, Duty Free shops, restaurants and other commercial establishments to service incoming and outgoing passengers.

Opportunities for international aircraft maintenance providers

With the development of the new terminal, Zanzibar is adopting an aggressive growth stance opening opportunities for ground handling services, airport management services, first and business class airport lounge handling and dutyfree shops at the airports.



On going Projects

Project 1-Management of Newly-built International Terminal (T3) at AAKIA

FUNDING AGENCY	BUDGET	REGION	STATUS
RGoZ	US\$ 7 Million	Urban West	10 Years

Project Description

In November 2021, Dubai National Travel Agency (Dnata) signed a concession agreement with the Government of Zanzibar with Emirates Leisure Retail and SEGAP. Dnata will provide ground and passenger handling services to airline customers at the airport. Dnata will also invest in a cargo centre to establish cargo operations at the airport.

Major Planned Projects

Project 1 – Construction Of Business Centre at Abeid Amani Karume International Airport

SECTOR	BUDGET	REGION	TIMELINE
Transport	TBD	Urban West	In planning stage

Project Description

Construction of a two-floor commercial building containing 18 offices. It involves rental offices for ticketing companies, ground handlers, bureau de change, restaurants, shops, and other services.

Project 2 – Construction of Terminal 4 at Abeid Amani Karume International Airport

SECTOR	BUDGET	REGION	TIMELINE
Transport	US\$ 30 Million	Urban West	Inplanning stage

Project Description

Construction of new terminal building with its associate facilities to accommodate 3 Million passengers a year. Current new terminal of capacity of 1.6m passengers is about to reach its full capacity and therefore, to accommodate near future demand, a new terminal is required

For more details on Pemba airport rehabilitation, please scan the QR code below:



Project 3 – Construction of Nungwi Airport

SECTOR	BUDGET	REGION	TIMELINE
Transport	US\$ 10 million	North Unguja	In planning stage

Project Description

Construction of a new airport in Nungwi (Zanzibar North Region), which is located 396 km east of Dodoma, Tanzania’s capital town.





HEALTH SERVICES

SECTOR PROFILE

1%

Healthcare GDP
Contribution (2021)



1,598,685

Number of visiting
patients (2021)



5,191

People directly
Employed (2021)



**USD 47.6
Million**

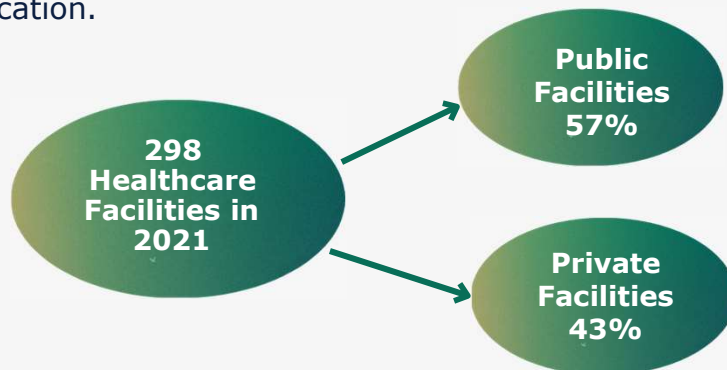
Budget Allocation
2021



SECTOR OVERVIEW

6.10 Healthcare Services

The healthcare system in Zanzibar consists of both public and private facilities. The public facilities are categorized as primary, secondary, and tertiary. At present, health spending as a share of GDP is at 2.4%, much lower than the WHO recommended 5% to 6%. The health sector is the fifth largest sector in terms of Zanzibar's Government budget allocation.



The number of PHCUs^[29] in Zanzibar increased by 8% from 119 in 2017 to 128 in 2021.



The total budget allocated in nominal terms for the health sector amounted to USD 47.6 Million, accounting for 7.7% of the national budget in 2021.



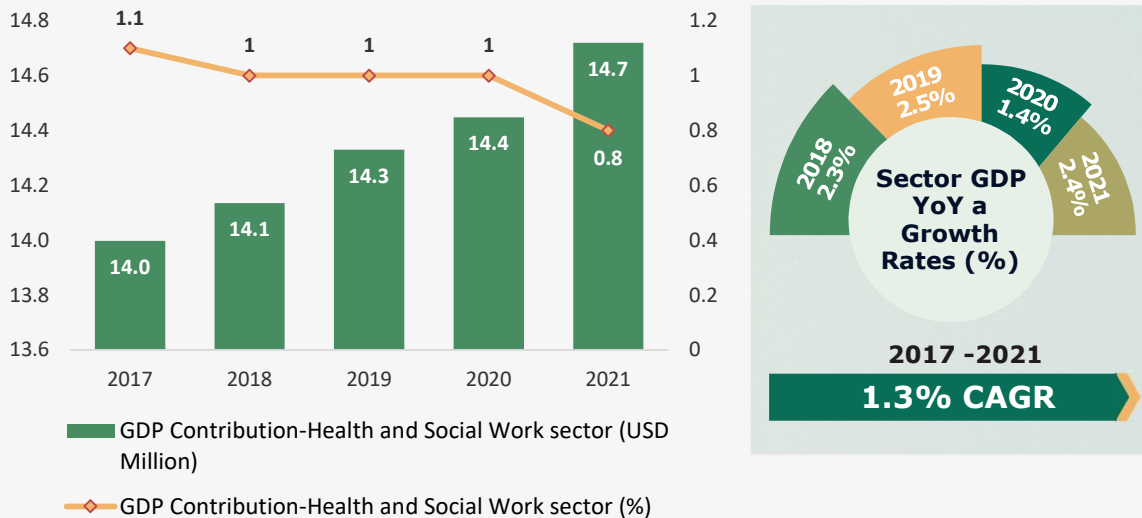
The number of specialist doctors in the country increased from 27 in 2017 to 64 in 2021.

Over the last five years, there have been significant improvements in Zanzibar's health indicators. The proportion of fully immunized children has increased from 78.1% in 2018 to 90.5% in 2019. HIV Positivity rates declined from 0.7% in 2018 to 0.31% in 2019. Malaria has been controlled to under 1% by the adoption of Insecticide Treated Nets (ITNs) amongst other measures.

[29] PHCU - PHCU – Primary Health Care Unit



Gross Domestic Product – Health Services

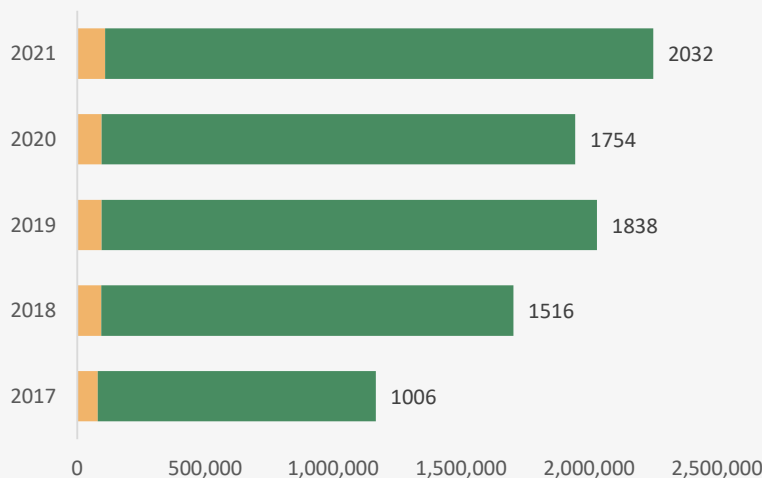


Source: Zanzibar Statistical Abstract, 2020

Figure 63: Human Health and Social Work sector GDP (USD million, GDP contribution (%), and growth rate (%) FROM 2017 -2021

In 2021, Human health and Social work sector GDP increased by 2.4% from US\$14.4 Million in 2019 to 14.7 Million in 2020.

Demand Analysis



Zanzibar saw a 97% rise in the total number of out-patients from 1,086,181 in 2017 to 2,140,704 in 2021. In-patients rose by 36% from 2017 to 2021

	2017	2018	2019	2020	2021
In-patient	80,196	93,666	96,055	95,844	108,894
Out-patients	1,086,181	1,609,778	1,934,419	1,849,716	2,140,704
Demand	1006	1516	1838	1754	2032

Source: Zanzibar Statistical Abstract, 2021

Figure 64 –Number of visiting in-patients and out-patients (2017 –2021)

Private Hospitals and Clinics

Zanzibar Town is home to 11 private clinics, including Zanzibar Medical Group and Zanaid Clinic^[30]. The archipelago has four private hospitals, namely the Tasakhtaa Hospital, Mina Hospital, Tawakkal Hospital, and Al-Rahama Hospital, all located within Zanzibar City. These provide primary and secondary care services along with some level of tertiary care. The country also has four medical health centres and 101 dispensaries that are privately owned and operated.

Public Healthcare Facilities

Among the three types of public health care units (primary, secondary, and tertiary), the (Public Health Care Unit) PHCU is the lowest level of the healthcare system and usually the first point of patient contact for an average population ranging from 3,000 to 20,000 per unit. The Public Health Care Centres (PHCC) are a secondary level primary health care facility, providing all services offered by PHCUs, but at a larger scale while operating all day.

PHCUs provide basic primary health care services including curative and preventative services. The PHCCs serve as a first line of referral from PHCUs, each serving an average population of 30,000 to 150,000. The district and Regional hospitals provide second-line referral facilities and specialist services. Mnazi Mmoja is the largest hospital on the archipelago of Zanzibar, located at the Mnazi Mmoja area in Zanzibar City. Mwembeladu Maternity Hospital located in Mwembeladu area is a branch of Mnazi Mmoja Hospital, city and Abdalla Mzee Hospital in Pemba are other important hospitals.



Zanzibar Health Research Institute (ZAHRI)

ZAHRI is the only public health research institute in Zanzibar. It became fully operational in 2018 with its primary objective being to promote health research and utilize its research findings for alleviating health-related issues in the archipelago.



[30] ZANZIBAR DIGITAL HEALTH STRATEGY 2020-2025

Key Policies and Initiatives

Health Sector Strategic Plan IV (2020-2025)

The HSSP IV aims at achieving thirteen strategic results, improve quality of health services as per EHCP at all levels, increased financial resources for Zanzibar health sector used according to stated priorities, strengthened planning and budgeting system; accountability and transparency, strengthened health sector governance at all levels, improved planning and budgeting capacity at district level to address national as well as local priorities, strengthened partnership to align with RGoZ systems, policies, and guidelines, strengthened referral system according to essential health care package, sufficient coverage by well-maintained functional infrastructure, equipment, and transport, effective emergency preparedness system in place, ensured availability, access, safety and efficacy, and rational use of essential medicine, reagents, and medical products, improved human resources for health, strengthened health information systems and M&E at all levels and well-coordinated health and health-related research for decision-making.

Third Zanzibar Health Sector HIV and AIDs Strategic Plan, 2017–2022 (ZHSHP III)

The strategy aims to ensure “universal access” to quality integrated HIV services in Zanzibar, aimed at eliminating HIV as a public health concern by 2030. It focuses on having a country free of new HIV infections, with people infected and affected by HIV receiving the best healthcare without any discrimination or stigmatization.

Community Health Strategy 2019 - 2024

The strategy focuses on the improvement of the community health information system through effective use of a digital platform for integrated service delivery, data collection and supervision as well as integration of community health data into the District Health Information System (DHIS).

The strategy aims to formally incorporate community health volunteers within the health system to ensure that all Zanzibaris can access quality primary health services. The Zanzibar Ministry of Health in collaboration with D-tree International, a digital health global organization, had introduced a nationwide health volunteer program known as “**Jamii ni Afya**” which translates to “**Community is Health**”.

Zanzibar Development Vision (ZDV) 2050

The Vision has identified Health as one of the priority areas. It aims to provide a universal healthcare system accessible to all, provided by skilled healthcare professionals, and supported by modern medical technologies.

Zanzibar Digital Health Strategy 2020 – 2025

The Strategy focuses on providing digital health solutions to improve the health of all Zanzibaris. The primary goal of the strategy is to improve the provision of safer, equitable, accessible, efficient, and effective health services at all levels through the proper use of digital health technologies.

Strategic Objectives



Key Investment Opportunities and Projects

Key Investment Opportunities



Healthcare Insurance Facilities

- Offering affordable healthcare insurance schemes

Private healthcare institutions

- Specialized hospitals such as maternity & childcare centers, hospitals for tropical diseases, and cancer treatment
- Health clinics, laboratories, and diagnostic centers
- Herbal clinics and hospitals



Healthcare Education Facilities

- Medical schools, nursing schools, pharmacy
- schools Health research institutes, research hospitals

Medical and Wellness Tourism

- Wellness and rejuvenation offerings such as spa treatment and stress relief for aesthetic reasons
- Promotes traditional medicine practices
- Develop infrastructural facilities such as state of art hospitals, short and long term stay facilities



Ongoing Projects

Project 1 - Binguni Referral and Training Centre

FUNDING AGENCY	INDICATIVE COST	REGION	MODE OF FINANCE	TIMELINE
RGoZ	Us\$ 44 Million	Zanzibar	RGoZ	New

Project Objectives

To provide the super specialized services to poor and the rich, with related educational and research facilities, specialized equipment and professional diagnosis. The facility is aimed to bring about medical tourism in Zanzibar.

Project 2 – Bio – Chemistry Laboratory

FUNDING AGENCY	BUDGET	REGION	TIMELINE
RGoZ	USD2.6 Million	Zanzibar	In Progress

Project Objective

The project aims to have information on different diseases that will help the health sector in decision making in the provision of preventive and curative services.

Project 3 – Expand and Equip Primary, District, Regional, Referral Hospitals Infrastructures

FUNDING AGENCY	BUDGET	REGION	TIMELINE
International Monetary Fund (IMF)	USD29 Million	Zanzibar	In progress

Project Description

The facilities is aimed to strengthen the medical services at District levels as per Universal Health Coverage and clear referral system.

Project 4 - Development of Wete Hospital in Pemba Island in Zanzibar

FUNDING AGENCY	BUDGET	REGION	TIMELINE
Abu Dhabi Fund for Development (ADFD)	USD10 Million	North Pemba	In progress

Project Description

To support the healthcare sector in the provision of Secondary Health Care services to the people of North Pemba and nearby for the betterment of Zanzibaris.

Planned Health Projects

Project 1 – Construction of Highly Infectious DISEASES Treatment Centers (Pemba and Unguja)

SECTOR	BUDGET	REGION	TIMELINE
Health	USD3.5 Million	The whole of Zanzibar	Open

Project Description

Public Health Emergency in Zanzibar has identified lack of dedicated centers for treatment of highly infectious disease as one of the major gap in the preparedness and response against the threats. Experience on previous and ongoing COVID-19 pandemic is alerting us to build specific centers for control and management of infectious diseases epidemics in the Zanzibar (**both Unguja and Pemba**).

Project 2 – Compounding Section

SECTOR	BUDGET	REGION	TIMELINE
Health	USD4.4 Million	Zanzibar	Open

Project Description

This project of constructing the Pharmaceutical Industry will ensure the accessibility of the essential Medicines in Zanzibar and we expect to reduce to the large extent the stock out of essential medicines in health facilities throughout.

Project 3 - Construction of Mental Hospital Pemba

SECTOR	BUDGET	REGION	TIMELINE
Health	USD4.6 Million	Pemba	Open

Project Description

Currently, there is no mental health hospital to provide quality Mental health in Pemba Island, however, there is significant number of mental ill cases in Pemba at different stages of illness (mild, moderate to severe cases) suffering in the community, only severe to critical are referred to Kidongo Chekundu mental hospital, Unguja for further management.

Project 4 – Construction of Central Medical Store

SECTOR	BUDGET	REGION	TIMELINE
Health	USD3.7 Million	Zanzibar	Open

Project Objective

Central Medical Stores (CMS) is responsible for the supply chain management of all health commodities including medicines. Central Medical Store has the role to receive, storage and distribution of medicines and medical supplies and equipment to all hospitals and health facilities and dispensaries across the country. It is important for the CMS to meet the standard for safety of storing medical products.

Project 5 – Construction of Zanzibar National Blood Transfusion Services Laboratory

SECTOR	BUDGET	REGION	TIMELINE
Health	USD2 Million	Zanzibar	Open

Project Description

Zanzibar National Blood Transfusion Services (ZNBTS) is the authority responsible for the provision of safe, adequate and accessible supply of blood and blood products in Zanzibar. Until now the health sector lacks the dedicated blood bank in Pemba and depends the ZNBTS which are in Unguja. This brings difficulties in the accessibility of blood and blood products for Pemba patients especially mothers as well as general population.

EDUCATION

SECTOR PROFILE

2.4%
Education GDP
Contribution (2021)

14,732
Enrolment in Public
and Private Higher
Education (2021)

17,171
People directly
Employed (2021)

**USD 84.9
Million**
Budget Allocation
2021



SECTOR OVERVIEW

6.11 Education

Pre-Primary Schools



91,074 Students
Enrolled in 2021

Primary Schools



331,425 Students
Enrolled in 2021

Secondary Schools



129,829 Students
Enrolled in 2021

Source: Education Sector Success in the period of 58 years of the Revolution of Zanzibar, 2022

After the Zanzibar Revolution in 1964, the Government announced Free Education for All (FEA) for Zanzibar citizens. Several new schools were initiated in rural and urban areas for Unguja and Pemba. The primary focus is on encouraging self-reliance and the development of science, technology, and innovation mindset.

Zanzibar's education system is closely aligned with that of Mainland Tanzania. The provision of basic education up to the Secondary Level was compulsory and free, following the **Education Act of 1982**. Later in 2019, the Government extended fee-free schooling to upper secondary education. The education indicators have shown significant improvement due to the investments and the policies implemented by the Revolutionary Government of Zanzibar (RGoZ).

The RGoZ has followed fiscal decentralization since 2017 to ensure effective and efficient delivery of education services. The 14.5% share of the education budget in the 2021 national budget reflects a 5% YoY growth as part of Zanzibar's aim to meet and exceed the international target of 20%, set by the Abuja Declaration and the Education for All movement.

Of Zanzibar's 35,732 "Out of School Children" aged between 7 to 14 years, a Government project in partnership with development partners has returned 10,181 pupils back to class, consisting of 4,214 girls and 5,967 boys. The Zanzibar Higher Education Loan Board (ZHELBO) has provided loans to 4,453 students in the academic year 2021.



Primary school enrolments saw a surge of 6% pupils from 313,097 pupils in 2020 to 331,425 in 2021.



The total budget allocated for the education sector accounted for 14.5% of the national budget in 2021.

Gross Domestic Product - Education

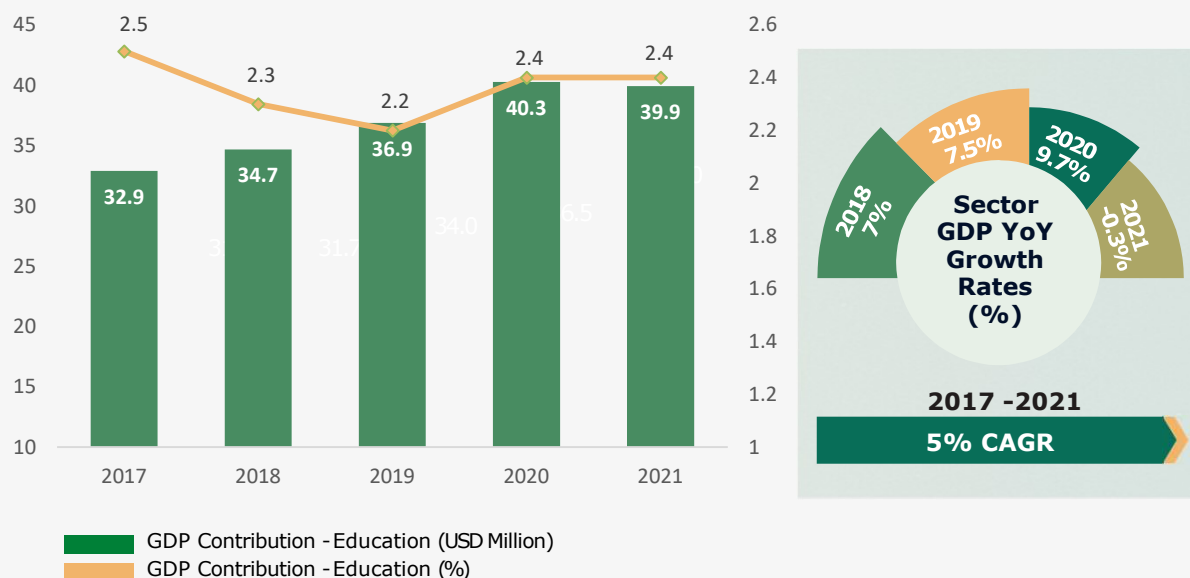


Figure 65: Education Sector GDP (USD Million, GDP contribution (%), and growth rate (%) from 2016 -2020

In 2021, Education sector GDP decreased by 0.3% from US\$ 40.3 Million in 2020 to US\$ 39.9 Million in 2021.

Demand Analysis

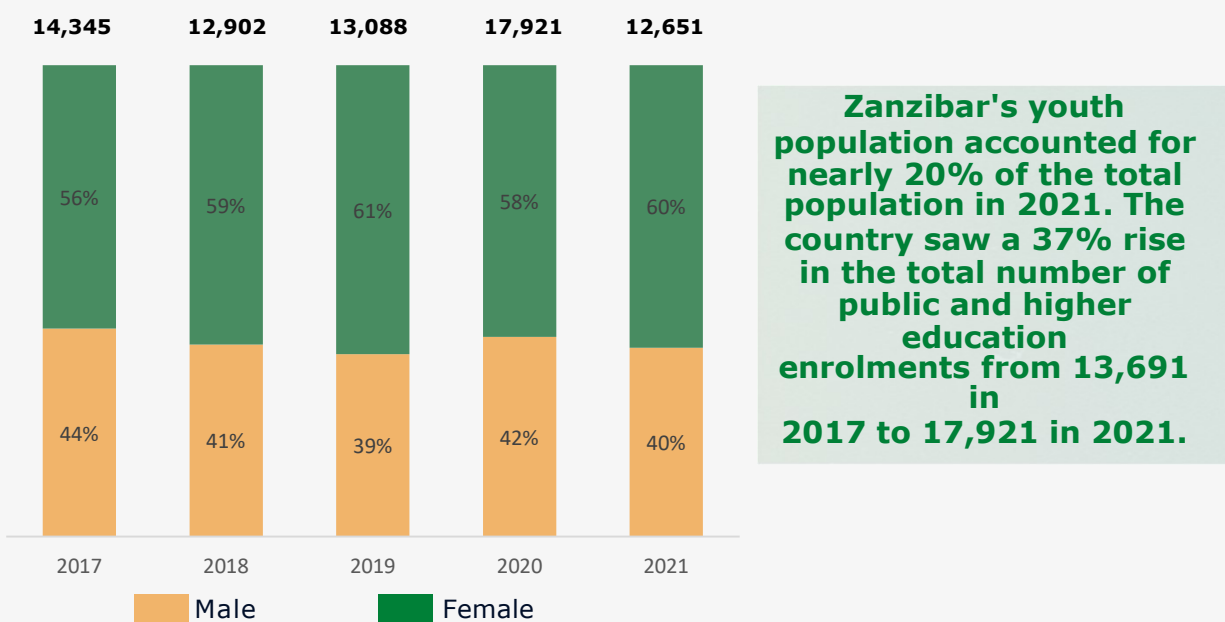


Figure 66 –Enrolment in Public and Private Higher Education (2017 – 2021)

Sub-sectors In Education

Pre-primary, Primary, and Secondary Schools

In 2021, there were a total of 774 pre-primary schools, 545 primary schools, and 302 secondary schools. Public pre-primary schools accounted for 64.8% of enrolments. Some of the renowned private schools in Zanzibar include the International School of Zanzibar, Turkish Maarif School, High View International School and Glorious Academy. Notable government schools in the country include Lumumba Secondary School, Fidel Castro, Haile Selassie, Forodhani School, Benbella Secondary School and Tumekuja School. The administration offices of all Primary and Secondary Schools have been issued a tablet computer for administrative reporting purposes, in order to simplify data collection.

Enrolment rate in private pre-primary schools was nearly 35%^[31] of the total 91,074 students enrolled in pre-primary schools in 2021.

Higher Education Institutes

Zanzibar is home to one public university, the State University of Zanzibar (SUZA).



SUZA offers a wide variety of study programs, including health and medical sciences, natural and social sciences, foreign languages, business, tourism, and agriculture.

The country has two private Universities, which includes Zanzibar University (ZU) and Abdulrahman Al-Sumait Memorial University. Other public institutions include three business, two technical, nine science, and one French-language based school.

Vocational Training Centres

Zanzibar has 9 public and 30 private vocational training centres with 5,549 enrolled trainees in 2021.

- Pamoja Zanzibar, a local NGO, also operates a vocational training centre in Chukwani where they offer certificate training in car mechanics and tailoring training.
- The Karume Institute of Science and Technology also offers its 682 students Technical Training in various specialisations up to the level of First Degree.

The Vocational Training Authority is responsible for supervising vocational training by determining the standards of training, assessment & evaluation and registration of Vocational Education and Training (VET) centres and the assessment, evaluation and approval of the capacity and skills of trainers and trainees.

[31] Zanzibar Statistical Abstract, 2021

Research and Innovation Centers

The Institute of Research and Innovation Zanzibar and the Zanzibar Research Centre for Socio-Economic and Policy Analysis (ZRCPP) are among the country's few research and innovation centres.



ZRCPP was established in 2021, and the institution aims to pursue policy research, analysis and advocacy to contribute to Zanzibar's social and economic development. The Government has built 22 Scientific Innovation Centres across all of Zanzibar's administrative regions to serve both students and instructors, with 61 computers already installed in each centre.

Key Policies and Initiatives

Education Policy 2006

The Policy laid the structure of the country education system, which is 2 years of pre-primary education, 7 years of primary education, 4 years of secondary education ordinary level, 2 years of secondary education advanced level and a minimum of 3 years of higher education. It focuses on creating equitable access to education, quality education for all, and promotes lifelong learning.

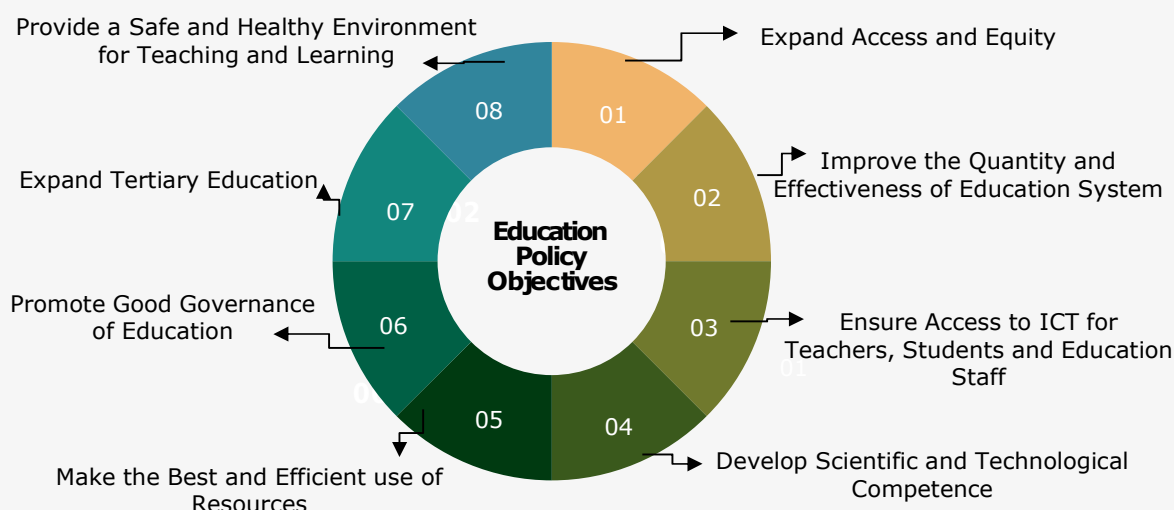


Figure 67 – Education Policy Objectives

Zanzibar Education Development Plan II 2017/2018 – 2021/2022

The plan has set targets for increasing net enrollment, pass rates, and the number of schools with access to facilities such as electricity and computers, drinking water and sanitation services. Further, it also focuses on improving learning outcomes at all levels of the system and the management structure of the education system.

Zanzibar Development Vision (ZDV) 2050

The Vision has identified Education and Training as one of the priority areas. It aims to transform the education system to support quality inclusive education to build the human capital that serves economic and social development needs.

Key Investment Opportunities and Projects



Private Educational Institutions

- Tourism and Hospitality Management Institutes
- Marine Studies and Research Institutes
- Technical Colleges and Universities
- Business Schools
- Medical Schools
- Vocational Training Centre
- Teacher Training Institutes
- Private Boarding Schools
- Training for Working Abroad

E-Learning

- Introduction of E-learning Courses for Skill Development Across Tourism, ICT, Agriculture, and Fisheries Sector
- Development of E-learning Centre in Remote Areas With Limited Access to Public Education Institutions



Public-private Partnerships (PPP)

PPP in Science and Technology Research and Innovation Centre

Education Loan Financing

Financial Service Providers such as Banks and Non-Banking Financial Companies



Ongoing Projects

Project 1 - Education for Out-of-school Children in Zanzibar

FUNDING AGENCY	BUDGET	REGION	TIMELINE
(Educate a Child) EAC and UNICEF	-	The whole of Zanzibar	In-progress

Project Description

To reduce the number of out-of-school children and to ensure all girls and boys have the opportunity to learn through quality primary education.

Project 2 – Internet Access to Schools in Zanzibar

FUNDING AGENCY	BUDGET	REGION	TIMELINE
World Mobile	-	The whole of Zanzibar	In-progress

Project Objective

To provide free and unlimited internet to all schools in Zanzibar by end of 2022. At present World Mobile has already connected Forodhani, Benbella, Kiwengwa Schools which comprise more than 1,000 students, and has connected 10 more schools by the end of January 2022.

Project 3 – Skills Development and Youth Employability in Blue Economy Project (SEBEP)

FUNDING AGENCY	BUDGET	REGION	TIMELINE
AfDB	-	The whole of Zanzibar	In-progress

Project Objective

To equip the youth with technical, vocational and entrepreneurship skills for employability in Zanzibar's Blue Economy sectors.

WATER

SECTOR PROFILE

227, 585, 120
Demand per day
(litre/day)



180, 865, 862
Production per day
(litre/day)



46, 719, 258
Deficit per day
(litre/day)



SECTOR OVERVIEW

6.12 Water

Zanzibar water demand is met through the supply of water from boreholes, springs and caves. At present Zanzibar depends mainly on boreholes and it has approximately 293 boreholes that are under the management of Zanzibar Water Authority (ZAWA).

Water plays a critical role in enabling the achievement of the other sector aspirations. The water demand in Zanzibar is has increased due to high demand from the growing population.

The department of agriculture has built three small dams for water storage for irrigation and developed some wells. Further, The Ministry of Water, Energy and Minerals has conducted a water demand study which will look for the current and future demands of water on the islands. The following figures shows the water demands and deficits in Zanzibar:

Water Demands and Deficits in Zanzibar ^[32]

Regions	Population as of 2019	Demand per capital per day	Regional Demand per day (litre/day)	Regional Production per day (litre/day)	Deficit per day (litre/day)
Urban West	746,902	140	104,566,280	84,895,998	19,670,282
North Unguja	232,085	140	32,491,900	21,665,333	10,826,567
South Unguja	146,049	140	20,446,860	19,712,000	734,860
North Pemba	258,802	140	36,232,280	21,775,588.1	14,456,691.9
South Pemba	241,767	140	33,847,800	32,816,942.4	1,030,857.6
Total			227,585,120	180,865,861.5	46,719,258.5

Water Resources

Zanzibar has enough rainfall per year, where Unguja is 1,600mm³/annum and Pemba is 1,900mm³/annum. However, there is a significant loss of groundwater that is estimated to be 36% for Unguja and 52.3% for Pemba. Previous studies have shown that the amount of water that can be harvested from the groundwater per year is 339mm³/annum. But that amount of water has never been reached. This attests that only a small amount of water is being used while the demanding is increasing, similarly, the Zanzibar rainfall average per year is good enough, but the amount of water being lost is high.

Freshwater resources are limited, mainly dependent on seasonal rains and inefficient groundwater aquifers consisting of a freshwater lens floating on the underlying seawater. Climate change also compounds the water security challenge. These impact drinking water, tourism ecology, agriculture, forestry, and fisheries.

[32] Zanzibar Water Investment Programme 2022 - 2027

Ground Water Resources

The provision of clean and safe water is under the Zanzibar Water Authority (ZAWA), which currently provides water in Unguja and Pemba regions. ZAWA statistics of 2021, depicted there are more than 293 water producing wells in Unguja and Pemba. Initial assessment revealed that there are vast reserves of uncontaminated fresh groundwater which is potentially hosted in deep rocks in Zanzibar, beyond the maximum 70 – 100m depth normally drilled on the islands, and even beyond the average maximum 300m depth for water wells worldwide.

Key Policies and Initiatives

National Water Policy 2004

The policy aims at provide guidance to enable Zanzibar to achieve its aim of providing access to clean and safe water for all people and other water users to fulfil the needs of expanding social and economic activities while considering nature conservation.

National Water Policy Objectives:

- Public ownership of resources to ensure that all Zanzibaris have access to this resource all the time.
- Protection of water resources for quality and use in accordance with water and environmental conservation principles.
- Inter-sector linkages for coordinated resource development and management.
- Defining the roles of different stakeholders including beneficiaries, donors, ministries, public, NGOs and private institutions.
- Development and provision of water supply and sanitation in a sustainable manner, with a demand responsive outlook.
- Institutional development and local capacity building to ensure harmonious environment for the policy to act.
- Proactive measures to prevent and control floods and to ensure that lands affected by floods are cleaned and reused; and
- Develop and enhance local resource base in terms of skills and materials to promote the local expertise in research and innovation to reduce outside dependence.

Zanzibar Development Plan (ZDV) 2050

The Zanzibar Vision 2050 has identified water as one of the priority areas under the Human Capital and Social Services Pillar. The vision focuses on ensuring mobilization of water security for the implementation and long-term sustainability of water supply for basic social needs.

Human Capital Potential

At present, the Department of Water Development (DWD) has a workforce that consists of 6 employees, out of which 1 is the director of the department.

Until 2021, 1,071 employees were employed on the parastatal sector which includes institutes such as ZURA and ZAWA.

Key Investment Opportunities and Projects



Solar Water Pumping Station

Development of solar power plants for pumping water to reduce electricity costs from ZECO

Research and Development Institute

R&D institutes focusing on alternative sources of water production and increasing water recharge in catchment areas



Rain Water Harvesting Projects

Immerse potential for rainwater harvesting projects especially in areas with heavy rainfall

Zanzibar Water Investment Program

Immense potential for the implementation of Zanzibar Water Investment Program (2022 – 2027) to support the implementation of the Zanzibar Development Vision 2050.

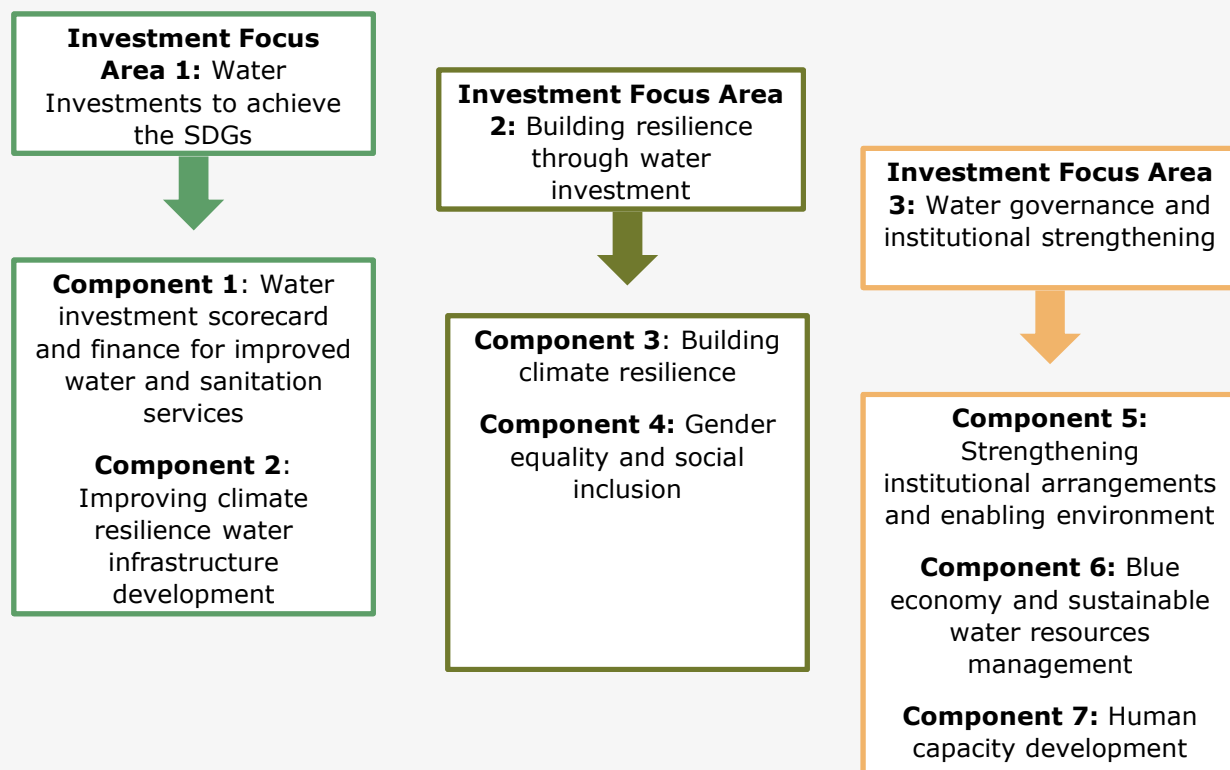


PPP for Large Scale Water Production

Immerse potential for PPPs (Public Private Partnerships) for water production and supply especially in rural areas

Zanzibar Water Investment Program

The Water Investment Program identifies three key investment focus areas and seven components, shown below where interventions for investments are identified, and these are:



The Zanzibar Water Investment Program can be accessed using the following QR code;



Ongoing Projects

Rehabilitation and improvement of water supply system in Zanzibar

FUNDING AGENCY	BUDGET	REGION	TIMELINE
Exim Bank	USD 92.18 Millions	Zanzibar	2021 - 2023

Project Description

To rehabilitate, improve water infrastructure and expand the access of water to people of Zanzibar by providing access to new water services to 1,040,046 Zanzibaris.

The proposed project will support for:

- 64 new bore wells drilling,
- Construction of 7 new ground and 8 new elevated tanks,
- 26,500m transmission mainline and 465,750m distribution lines,
- 78,000 water meter installation,
- Installation of new pumps,
- Office building for ZAWA (G +4).

APPENDIX

1. Key Ministries

For information on different ministries, departments, organisations, and their activities in their respective sectors, please refer to the official government portal of Zanzibar:

[Zanzibar Government Portal](#)

2. Building, Work and Resident Permit

♦ Building Permit

Building permits are issued by District Control Unit (DCU) through ZIPA for a non-refundable fee of US\$ 1000 or its equivalent in Tanzania shillings, payable to DCU. The Permit will be valid for a period specified under Zanzibar Investment Promotion and Protection Act (ZIPA) as grace for construction.

Application Process

1. Approved investor shall apply to ZIPA for a Building Permit and submit with the application, the following:

- A duly filled Building Permit Technical Form issued by DCU:
Ten (10) sets of the project's drawings which are drawn in accordance with Rules and Conditions provided. The drawing shall include: Architectural Drawings, Topographic Maps, General Site Layout Plan, Section and Elevations of all Structures, Architectural Details, Engineering/Structural Drawings and Optional Drawing.
- Five (5) booklets of "Bill of Quantities":
- Name, telephone number, email and physical address of registered contractor(s);
- Two copies (2) of Land lease agreement issued by Minister responsible for Land;
- Two copies (2) of Environmental Impact Assessment / Heritage Impact Assessment Certificate;
- Evidence of payment of Building Permit fee:
- Passportsize photograph of all Shareholders and any other document to support the application;
- Soft copy of the all drawings and BOQ shall be submitted at ZIPA for records.

2. The Authority through DCU shall consider the application and issue a Building Permit or advise the applicant otherwise, within 14 working days from the date of submission.

Note: All submitted drawings should have a stamp of Zanzibar Board of Professional of Architects, Engineers, and Quantity Surveyors.

• Work and Resident Permit

The issuance of Work and Residence Permits is governed by the Employment Act No.11 of 2005 and the Immigration Act No.7 Cap 54 respectively. The Zanzibar Investment Promotion and Protection Act No.14 of 2018 provides an opportunity for the approved projects to employ expatriates in key positions that are determined by ZIPA. Through its One Stop Centre the work and resident permits are processed within 24 hours given all the supporting documents have been approved.

Application Procedures

- i. All permit applications should be submitted to ZIPA office at Maruhubi on working days from 08:00AM to 02:00PM.
- ii. All documents should be submitted in English or Swahili language. The State University of Zanzibar (SUZA) and Investors respective Embassies may be used for documents translation (if necessary).
- iii. All applications should be accompanied with all required documents. Incomplete applications shall not be received.
- iv. Full submission of documents does not guarantee the issuance of permits. The Competent Authorities reserve the right to approve/disapprove any application.
- v. All Academic and Professional certificates must be certified by Competent Authorities such as University, High Court and the like
- vi. Evidence of original Police Clearance shall be required during submission of the application for which Investors should bring with them during the submission of application.
- vii. Permit renewal must be done timely to avoid penalty. Any delay in submitting application to ZIPA for renewal of permits shall attract a penalty of United State Dollars ten (US\$ 10) payable to ZIPA for each delayed day for both investor as well as expatriates.
- viii. Investors shall bring with them the passport of the applicant for any permit cancellation application. Failure to submit the passport, the Investor shall be liable to a penalty of US\$ 300, payable to ZIPA.
- ix. The issuance of Work and Residence permits shall not exceed 14 working days from the date of submission. Investors are advised to make their payment on time to avoid unnecessary delays. All payment should be deposited to PBZ Bank at account number 0400485001 (USD), 0400485000 (TZS) for Work permit and account number 0400257000 (USD) for Residence permit.
- x. All approved Permits/Passports shall be collected at ZIPA on working days from 01:00PM to 03:00PM.

- xi. The wage of every employee shall be payable in legal tender directly deposited to each employee local bank account and any agreement to the contrary shall be null and void.
- xii. It is an offence for any foreigner to work without a valid work permit. It is also an offence for any employer to employ or permit any foreigner without a valid work permit to work in his or her establishment.

Table 1: List of documents required for new applications and renewal of work permit

New Applications	Renewal of Work Permit
For each post to be filled by a non-citizen, the investor shall apply in writing to ZIPA for work and residence permits, prior to the arrival of the applicant in Zanzibar and submit together with the application all the required documents.	Work permit is valid for one year and can be renewed. Where a work permit is about to expire and the applicant is eligible for renewal, the investor shall apply to ZIPA for the` renewal, at least 14 working days before the expiry date of the permit.
Shareholders	
i. Three (3) copies of passport ii. Three (3) sets of Curriculum Vitae (CV) iii. Three (3) Certified Copies of Police Clearance Certificate from Country of Origin and Residence iv. Three (3) Copies of Company Memorandum and Article of Association v. Three (3) Copies of Board Resolution Certified by Registrar of Companies (if applicable) vi. Two (2) Copies of Business License/ Investment Certificate vii. Evidence of Business Premises (if applicable) viii. Three (3) Copies of TIN Certificate ix. Immigration forms (TIF1, TIF 12 and Data Sheet-Original and its copies)	i. Original expiring work permit and its copy ii. Three (3) Passport size photographs iii. Receipt of payment of outstanding dues from ZIPA (if applicable) iv. Tax Clearance Certificate issued by Tanzania Revenue Authority

New Applications	Renewal of Work Permit
Expatriates	
i. Three (3) certified copies of academic and professional certificates ii. Three (3) sets of Curriculum Vitae iii. Three (3) passport copies iv. Nine (9) passport size photographs v. Three (3) certified copies of Police Clearance Certificate from country of origin and residence. vi. Three (3) original sets (and 2 copies) of Employment Contract which is in line with section 57 of Zanzibar Employment Act no. 11 of 2005 vii. Three (3) sets of Job description viii. Permit from appropriate Body/Ministry (e.g. Medical Doctors Board for doctors etc.) ix. Permit from appropriate Body/Ministry (e.g. Medical Doctors Board for doctors etc.) x. Medical report certifying fitness of the applicant for the post being applied for. xi. Evidence of unavailability of local personnel for the post xii. Special Pass , Business Visa ,Temporary Work Permit (if applicable) xiii. Immigration forms (TIF 1, TIF 12 and Data sheet original and its copies)	i. Original expiring work permit and its copy ii. Three (3) passport size photographs iii. Two (2) sets of updated Curriculum Vitae (CV) iv. Bank statement of the previous year v. Two (2) copies of existing contract of employment or three (3) sets of original contract of employment plus its copy (for new contract) vi. Tax Clearance Certificate issued by Tanzania Revenue Authority vii. Permit from appropriate Body (e.g. Medical Doctors Board for doctors etc.) viii. Receipt of payment of outstanding dues from ZIPA (if applicable)
Dependants	
i. Two (2) copies of Passport of dependant ii. Four (4) passport size photographs of the dependant iii. Two (2) copies of work and residence permits of a sponsor iv. Two (2) copies of evidence of relationship to sponsor (eg. marriage certificate for spouse) v. Immigration forms (TIF2 and TIF 12 – original and its copy)	

Table 2: List of documents required for replacement of residence permit and cancellation of work and residence permits

Replacement of Residence Permit	Cancellation of Work and Residence Permits
Shareholders	
Where a residence permit is about to expire, and the same is eligible for replacement, the investor shall apply to ZIPA for its replacement at least 14 days before the expiry date. The application shall be made in writing and accompanied by the following documents: - Original Passport and its two (2) copies - Original expiring permit and a copy - Seven (7) passport size photographs - Two (2) copies of Tax Clearance Certificate issued by Tanzania Revenue Authority - Two (2) copies of work permit - Special pass (if applicable) - Financial statement (if applicable) - Immigration forms (TIF 1, TIF12 and Data sheet)	Where investor decides to cancel the work and residence permits, shall apply in writing to ZIPA and submit the following documents: - Passport and its copy - Original Work and Residence permits and their copies - Dependant Pass (if any) - Tax Clearance Certificates issued by TRA - Recent Audited Final Accounts - Board Resolution approved by Registrar (if applicable) - Winding up certificate from the Registrar of Companies (if applicable) - Business closure certificate from the Registrar of Companies (if applicable)
Expatriates	
- Passport and its two (2) copies - Original expiring residence permit and its copy - Two (2) copies of Work permit - Seven (7) Passport size photographs - Two signed copies of attested employment contract - Tax Clearance Certificate issued by Tanzania Revenue Authority - Permit from appropriate Body (e.g. Ministry of Education for teachers) if applicable - Special pass (if applicable) - Immigration forms (TIF 1, TIF 12 and Data sheet)	Where a contract between an expatriate and employer is about to end/terminated and is not eligible for renewal employer shall apply to ZIPA for the cancellation of both work and residence permits at least 7 days before departure. The application shall be made in writing and accompanied by the following:- - Passport of the applicant and its copy - Work permit and its copy - Residence permit and its copy - Income Tax Clearance Certificate

Replacement of Residence Permit	Cancellation of Work and Residence Permits
Expatriates	
	i. Dependant Pass (if any) ii. Receipt of payment of outstanding dues from ZIPA (if applicable) iii. Return ticket of the applicant
Dependants	
Where a Dependant pass is about to expire, investor shall apply for the renewal of the same at least 14 days before expiry date. The application shall be made in writing to ZIPA and accompanied with the following documents: i. Original Passport and its two (2) copies ii. Expiring Dependant Pass and its copy iii. Two (2) copies of the work permit of a sponsor iv. Two (2) copies of the residence permit of a sponsor v. Four (4) passport size photographs vi. Two (2) copies of evidence of the relationship (e.g. marriage certificate for spouse) vii. Immigration forms (TIF 2 and TIF 12)	

Table 3: List of documents required for a temporary work permit

Temporary Work Permit
This permit is issued for temporary assignment for a period of less than six (6) months. The application shall be made in writing to ZIPA and accompanied by the following documents:- i. Two (2) copies of Passport ii. Three (3) copies of Passport size photographs iii. Two (2) sets of Curriculum Vitae iv. Two Original Contract of the assignment and its copy v. Business Visa or Business Pass



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