



KAHAMA MUNICIPAL COUNCIL INVESTMENT INFORMATION

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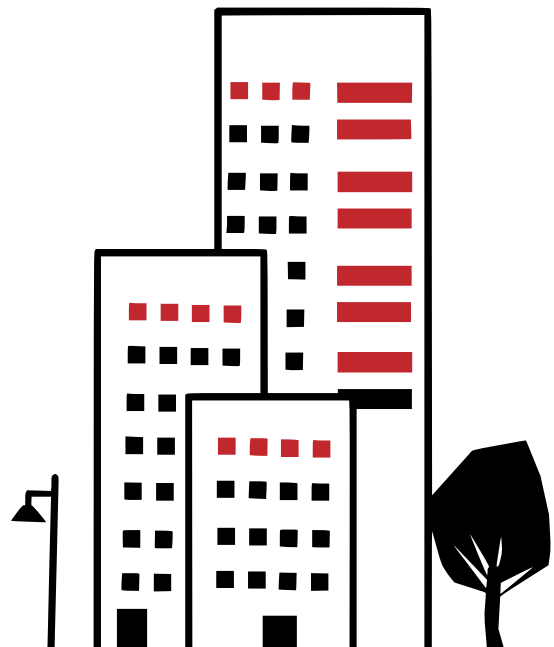
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Supporting Kahama Municipal Council in attracting foreign direct investment for sustainable development.

NATIONAL CONTEXT

The Tanzania National Development Vision 2025 aims to transform the economy into middle income, semi-industrialized nation by 2025. Industrialization is expected to be an important catalyst in increasing the growth rate in the economy is expected to be above 10% per annum and in ensuring that growth is coupled with structural transformation and job creation. Tanzania, like many other developing countries, is continually attempting to stimulate industrialization through the creation of Export Processing Zones (EPZ) and Special Economic Zones (SEZ), promoting trade and investment.

REGIONAL CONTEXT

Shinyanga Region has a population of about 2 million people with annual growth rate of 3.2%, who predominantly derive their livelihoods largely from agriculture, mining, industrial production, livestock keeping, transportation and trade. The per capita income is about TZS 1.86 million, which portrays reasonable purchasing power in the region. The region has three districts, i.e. Kahama, Kishapu and Shinyanga with six local government authorities, namely Shinyanga Municipal Council, Shinyanga District Council, Kishapu District Council, Msalala District Council, and Ushetu District Council and Kahama Municipal Council.

KAHAMA MUNICIPAL COUNCIL(KMC)

Kahama is one of the very unique business districts in Shinyanga region due to its rapid economic growth spanning from Micro, Small and Medium Enterprises (MSME), Agriculture enterprises and Mining. Kahama Municipal Council covers an area of 127,700 Ha of which 45,834.5 Ha are used for residential and 81,865.5 Ha used for diverse economic activities mainly farming, trade, industries, and mining activities. Notably 43.7% of the area is suitable and used for agriculture activities. Kahama Municipal Council population has reached 453,654 with a female population at 234,297 & Male at 219,357 at an annual growth rate of 8.7% that is higher than the regional growth rate of 3.2 % which speaks volume when we consider market and growth potential of the area. 40% of the population runs their activities at the center of the business district.

Kahama Municipal Council has maintained adequate levels of initiatives to translate Five-Year National Development Plan 2021/22 - 2025/26 with the theme of realizing competitiveness and industrialization for human development that aims to increase efficiency and productivity in manufacturing using the resources available in abundance within the region.

Kahama Municipal Council Vision: To be an Institution with quality Services and favorable investment Environment for sustainable Development

Kahama Municipal Council Mission: To provide quality Socio economic Services in partnership with stakeholders using available resources for sustainable Development.



WHY INVEST IN KAHAMA MUNICIPAL COUNCIL

a) Strategic geographical location

- Land for investments located for Micro, Small and Medium Enterprises (MSMEs) are available at two locations, is given free to investors, only the investors pay the cost of owning the land. The areas available are: **Nyashimbi 849.8Ha, Chapulwa 729 Ha**
- Accommodation :There are 6 big hotels at Kahama Municipal Council which accommodates about 150 people per day. Plan of Hotels by year 2025 to reach about 21 big hotels, which will accommodate 500 people per day. Apart from big hotels there are 461 Guest houses which accommodate 6915 people per day, plan by year 2025 the number of it will increase to 491 which will accommodate 7365 people per day.
- Distance to nearby borders:With the proximity to Kahama Municipality, traders from great lake countries find it easy to collect processed rice from Kahama as the centre of milling in the Lake zone. Usually during high season an average of 411 tons a day is collected by traders from Uganda, Burundi and Rwanda, while at low season 234 tons is taken to great lake region. Other agricultural crops which are collected daily to great lake countries include Maize (28 tons), ground nuts (27)

b) Access to Market

Kahama is strategically positioned in terms of facilities, transportation options and costs for the prospective manufacturing as well as warehousing facilities. Labor availability is key as it helps to determine whether prospective locations can meet investor's labor needs in short-term and long-term goals. Kahama that enjoys the availability of 45% of youths, 17% of them working in the SMEs already.

Investing in Kahama guarantees access and opportunity to access local market of 453,654 people as well as regional and international markets of more than 175 million people in Congo (95.8Mil people), Rwanda(13.5Mil), Burundi (12.5Mil), Uganda(45.85Mil) and South Sudan(10.7Mil) in which Tanzania enjoys preferential trade arrangements, by virtue of being a member of East Africa Community.

Kahama is strategically positioned and transit hosts visitor

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c) Fast economic growth and stability

Kahama is experiencing sustained economic growth, with the economy consistently growing at an average of 5.6 % per annum for the last 5 years. This is a result of economic reforms and sound economic decision that were introduced by Kahama Municipal leadership.

The largest export contributors continue to be primary commodities, particularly gold, tobacco and cotton. At the same time, the volume of manufactured exports has surged in recent years, with the lion's share of these exports going to markets within the region.



Banking sector

The banking sector continues to grow in Kahama as a positive indicator to the thriving business environment. Kahama Municipal Council is endowed with 13 banking institutions - National Micro Finance Bank-(NMB), Cooperative & Rural Development Bank (CRDB), AZANIA-Bank ACCESS-Bank, Tanzania Postal Bank (TPB), Tanzania Commercial Bank, Diamond Trust Bank (DTB), Kenya Commercial Bank, (KCB), Bank of Africa (BoA), Equity Bank and other Micro financial (like FINCA, PRIDE). NMB Bank has opened a business center as a dedicated branch only for SME's and high net worth individuals with the main aim of fostering a rewarding relationship.

d) INVESTMENT SUPPORTIVE INFRASTRUCTURE

Road and Railways Network

Kahama Municipal Council is connected all the way by tarmac trunk road 1,000 Km from Dar es Salaam Port. Most major roads are highly passable throughout the year. Distance to nearby countries is reasonably short, for instance Bujumbura (504Km), Kigali (447km) and Kampala(696m) – these attributes greatly open up trade possibilities. Furth more, World Bank is financing Tanzania Cities Transforming Infrastructure and Competitiveness Project to deliver improved and upgrade Kahama urban infrastructure.

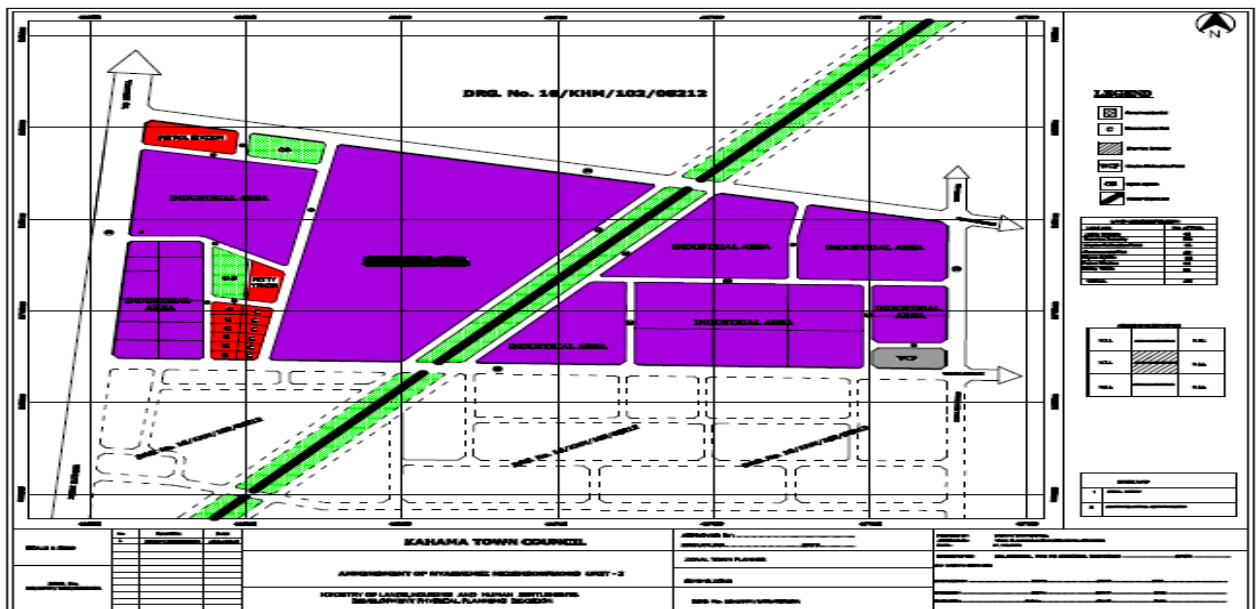
Dry Port

The Isaka Dry Port is used for transit goods destined for Burundi, Rwanda and Democratic Republic of Congo (DRC). Isaka, a dry port was established there to serve the landlocked countries of Burundi and Rwanda, since Isaka is on a highway, now paved, running 610 km from the Rwandan capital, Kigali. The dry port functions as a sub-port of Dar es Salaam. Road transport companies can collect containers coming from overseas at Isaka and clear customs there, and deliver containers going overseas to the same location. Isaka also handles containers for the north-eastern Democratic Republic of the Congo. A new station on the standard gauge railway is introduced. Isaka station receives 40-60 train wagons and has a warehouse capacity of 2.300 tones and open space that occupy 3,000 at a time. Rusumo One Stop Border Post lies right on the Central Corridor is a critical player that promotes cross boarder movements whereas 80% of imports to Rwanda are passing - witnessing 400 trucks daily. All these cargos is transiting through Kahama.



Nyashimbi logistics

Nyashimbi SEZ project is located 4.5 kms from Kahama town council headquarters at Nyashimbi, Mhongolo ward, in Kahama Municipal council, Nyashimbi SEZ is expected to be connected to SGR 39 km from Isaka and serve as international commercial hub which will be the Inland Gateway Special Economic Zone (SEZ) for the Great Lakes Region namely Burundi, Democratic Republic of Congo (DRC), Rwanda, Uganda and South Sudan. In that regard, it is proposed that Nyashimbi SEZ will have the following interactive and mutually supporting components:- Dry Port, Industrial Parks, Trade and Logistics Hub, Commercial center and Residential Center covering a total area of 849.8 Ha.

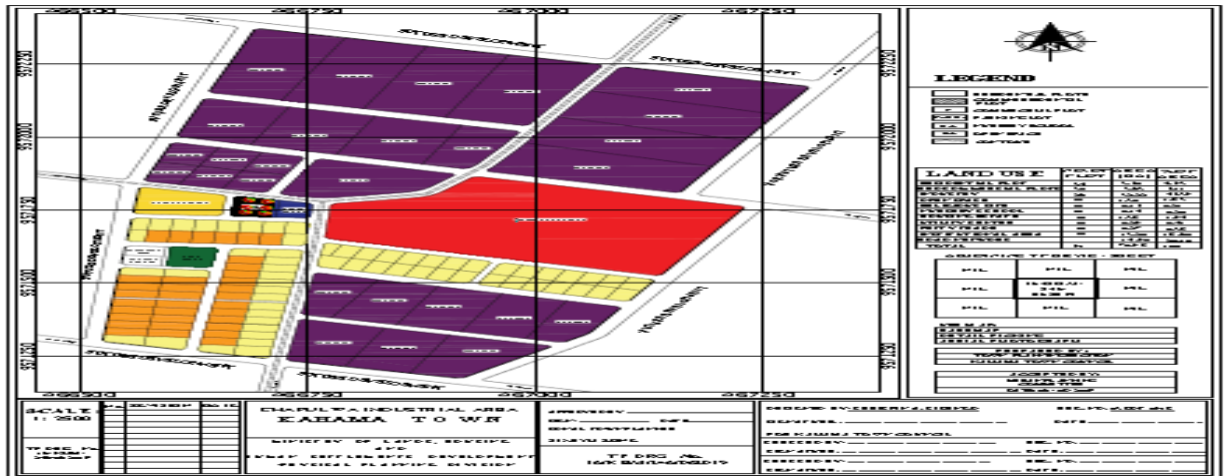


Map: Nyashimbi SEZ Layout



Chapulwa Industrial Area

A total of 729 Ha. Has been allocated for large/Heavy industries at Chapulwa, Mwendakulima. The area is serviced with water, electricity and can be reached by gravel road 2 km from the main Trunk Road of Rwanda from Isaka.



Map:Chapulwa Layout

Buzwagi Special Economic Zone

The establishment of Buzwagi SEZ aligns well with the country's development vision as stipulated in the FDYP III geared towards stimulating competitive economy, strengthening industrial production, and promoting investment and trade among other priorities. Impressively, there is a notable strong political will to support establishment of SEZ in the country to encourage industrialization and stimulate socio-economic growth. Coupled with this, other factors favoring the establishment of BSEZ include the following;

Well-established infrastructures within Buzwagi Mine such as power sub station with reliable electricity (330kV), water supply, roads, airport, senior and junior accommodation, warehouses, administration building, mechanical workshops and other infrastructures which are all in a concrete fenced area. Buzwagi Special Economic Zone will be Kahama game changer as far as investment attractions.



BUZWAGI SPECIAL ECONOMIC ZONE (BSEZ)

- 01 **Background** establishment and development of BSEZ emanates from the expected closure of the Buzwagi Mine Project which has been among the major contributor and stimulus of the Kahama MC economy. Buzwagi Mine has been contributing approximately USD 450,000 to USD 1.1mil in service levy to KMC in addition to creating over 5,000 direct and indirectly jobs.
- 02 **Justification** In order to close the socio-economic gap from the mine closure, it has been established the BSEZ will be an ideal alternative mechanism to accelerate Kahama town revenue by taking advantage of the already existing infrastructures. BSEZ will comprise of Industrial Zone, Trade and Logistic Centre, Tourism, ICT and Commercial Centres, covering a total area of 1,333 hectares.
- 03 **Why Invest** Buzwagi SEZ holds strong chances of being successful and a quick win for the Country on account of its strategic location and well-established infrastructures. There are various factors that make BSEZ an ideal investment location. This include:
 - o **Strong political will** There is an explicit political will in Tanzania for the establishment of SEZs. The government recognizes SEZs as a mechanism of promoting industrialization and creation of job opportunities.
 - o **Availability of basic infrastructure** BSEZ already has Well-established infrastructures such as high and reliable voltage electricity (220Kv), water supply, roads, airstrip, serviced accommodation, administration offices and a concrete fence. This positions BSEZ ahead of many other already existing SEZs in Tanzania that are lagging due to the absence of similar basic infrastructures.
 - o **Incentives** Businesses operating within a SEZ enjoy various incentives such as exemptions from import duties, income taxes for a specified period, withholding taxes, property taxes, and VAT on utilities.
 - o **Existing interests** A number of investors from various sectors such as Sustainable Energy, Extractive Industry, Real Estate, Light Manufacturing & Processing and Education, which implies that, Buzwagi SEZ has already demonstrated the potential successful kick off within a short period of time compared to other SEZs in Tanzania which have struggled to attract investors.

Impact

BSEZ will generate an average service levy to KMC of approximately USD 155,016 in the short run, which will grow exponentially to an excess of USD 1.3mil per annum in the long run

BSEZ will generate an average of 3,200 jobs per annum in the short run, which will grow to reach over 11,500 jobs in the long run

BSEZ created jobs has the potential to generate PAYE taxes to the Government of Tanzania ranging from USD 4.5mil in the short run to USD 18.9mil in the long run

The multiplier effect from SEZ will positively impact various sectors including Agriculture, Trade, Construction, Transportation, Tourism, Health, Education and FMGs

SPECIAL ECONOMIC ZONE INCENTIVES AVAILABLE

	CATEGORIES OF INVESTORS		
	INVESTORS: DEVELOPMENT OF INFRASTRUCTURE	INVESTORS SELLING WITHIN THE CUSTOMS TERRITORY	INVESTORS PRODUCING FOR EXPORT MARKETS
Corporate taxes	Exemption for an initial period of ten years	No exemption available	Exemption for an initial period of ten years
Withholding taxes	Exemption from payment of withholding tax on rent, dividends and interest for the first ten years	Exemption from payment of withholding tax on interest on foreign sourced loan	Exemption from payment of withholding tax on rent, dividends and interest for the first ten years
Property taxes	Exemption for the first ten years	n/a	n/a
Stamp duty	Transfer of immovable and movable properties within the SEZ are exempt from stamp duty	n/a	n/a
VAT	No VAT on utility charges	n/a	No VAT on utility and wharfage charges
Immigration Quota	Automatic immigrant quota of up to five persons during the start up period	Automatic immigrant quota of up to five persons during the start up period	Automatic immigrant quota of up to five persons during the start up period
Local government taxes and levies	n/a	n/a	exemption from payment of all taxes and levies imposed by the local government authorities for products produced in the SEZ for a period of ten years;



Airport Terminal Building

TAA has made huge investments on constructions of new Airport facilities and upgrading the existing ones to accommodate the growth of Aviation industry in the country. These efforts didn't only improve Airport users' experience but also more business opportunities. A total of \$268,000 has been committed to provide high quality airport services by constructing state of the art infrastructures, serviceable systems and facilities. Kahama Airport new Airport will boost 782.75Sqm with capacity of 240 passengers for arrival and departure. The airport will have 15 passengers VIP holding capacity. The current terminal building has 222 sqm.



New Kahama Airport Terminal Building

e) Resources

Mining sector

Minerals export accounted for USD 1.37bn of the total value of Tanzania's export in 2015 (i.e. 24%) with gold representing more than 90% of minerals export. Kahama is part of the lake zone Gold Belt with plenty gold mines, ranging from artisanal miners and small-scale miners to large scale miners. A survey done by International Peace Information Services in 2019, indicated that, there are approximately 447 mining and processing sites in the four (4) regions of northwest Tanzania, Geita, Shinyanga, Mara and Kigoma. 337 of them are gold sites, 84 limestone, 11 salt, 5 diamonds, and 10 work on a variety of other minerals including copper, opal, galena, and magnetite

Agriculture

Out of the total area of Kahama Municipal 127,700 Ha Suitable land for agriculture is about 720 00 Ha, and potential land for irrigation is about 4000 Ha, whereas area under irrigation is 540 Ha. (13.5 %) of total suitable land for irrigation. This shows a great potential on transforming from



traditional farming that depend on rain season to farming throughout the year, which will further increase Kahama’s food crop production.

Kahama is in a central location, with access to agriculture products as well easy distribution to both local and export market.

The sector contributes to more than 50% of the district’s economy and employs approximately 40% of the active youth working population.

Currently, about 452 small and medium enterprises are existing in Kahama mainly on Maize and Rice milling, but there are relatively fewer large-scale processors estimated to be less than 10.

Kahama Municipal Council is considered as the centre of rice milling in the Shinyanga region. 80% of the rice millers are medium scale producers who process about 600 sacks of paddy per day. This is done using modern and traditional machines and rice grading is done at small, medium, and large scale. Approximately, 50% of the rice is exported to neighboring countries such as Rwanda, Uganda, and Burundi.

Below is the growing trend of Rice and Maize production(Tons) in Kahama,

Crop	2019/20	2020/21	2021/2022
Maize	38,500	37,664.20	41,001.1
Rice	69,900	68,069.67	72,290.67
Cotton	18933	10000.32	17568.2

f) Literacy

For the year 2022 Kahama Municipal Council enrolled a total of 11,596 (5,506 Boys, 6,090) pupils in Primary schools and for secondary schools, The Municipal Council enrolled 8,620 (3,986 Boys, 4,634 Girls)A total of 8,777 primary school students were selected to join secondary education while a total of 34,310 students joined higher learning Institutions (Universities etc)

Conclusively, 100% of Kahama will have access to electricity by Year 2025. This will guarantee investors to set up their businesses in any corner of the Kahama. The construction of the US\$3 billion Nyerere Hydro Electric Dam with the capacity to produce more than 2,000 megawatts will also guarantee investors with an affordable and reliable supply of electricity. The Construction of a new electric powered Standard Gauge Railway (SGR) from Dar es Salaam Port linking Uganda, Rwanda, Burundi and the DRC is a game changer which is expected to greatly improve efficiency and slash cargo transport cost by 40% positioning Kahama as a logistic Hub.



Tanzania as member of the African Continental Free Trade Area (AfCFTA), we believe that with efficient transport systems, reliable and affordable electricity coupled with friendly regulatory regime, Kahama is positioned to offering the best opportunity for investors to excel.

Apart from being strategically located, Kahama offers unbeatable markets for investors in the East African Community with six countries, Southern African Development Community (SADC) as well as preferential trade agreement such as AGOA with the USA and trade partner with major trading countries and regions such as China, Japan, India and the EU.

Tanzania is committed to upholding democratic values, good governance, human rights and freedom of speech as key ingredients of our tradition rooted in the belief that if we want to reach far, we must work together with others, while upholding ethos of the international community.

Welcome to invest in Kahama the land of endless growing opportunities!