Scoping Project:

Tanzania’s potential for integrated agriculture-infrastructure solutions

Final report

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Study commissioned by the Netherlands Enterprise Agency (RVO)
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Executive summary

The aim of the project is to identify new, concrete business opportunities in the nexus of Tanzania's agriculture and infrastructure sectors (agri-infra approach). The key stakeholders of this report are (consortia of) Dutch infrastructure companies. RVO business support program experts may, based on findings of this report, advice Dutch and Tanzanian stakeholders on how support programs can facilitate next steps.

Tanzania's goal is to become the leading transit transporter from its seaports to the neighbouring countries of Burundi, Rwanda, Uganda, Zambia, Malawi, and Democratic Republic of Congo (DRC). A range of infrastructure developments are under way, which has witnessed impressive investment in recent years, with much more expected.

For identifying new agri-infra opportunities, it is critical to grasp the country's most relevant infrastructure strategies, policies, and key public actors that guide this ambition. The report maps these and provides an in-depth overview in the annexes. The National Five-Year Development Plan II (FYDP II) is seen as the overall policy guide.

According to the FYDP II, the 'expansion and modernization of infrastructure, rural roads to support agriculture, seaports, airports, and railway systems, are needed for the country to realize its full potential for accelerating growth and increasing incomes', and 'equipping industrial parks and logistical centres with infrastructure and other logistical services is required, mainly by the private sector'. Development partners, as well as the Government, contribute highly to implementation of these interventions. The report maps the main infrastructure commitments by development partners, and from an agri-infra context the key railway and port developments in the country.

From the agriculture angle of the agri-infra approach, and under the leading agriculture strategy Agriculture Sector Development Program (ASDP II), the government proposes to expand export processing zones and to reinforce the system of consultations with private sector stakeholder associations about procedures and regulations impacting trade benefits and profitability.

The report finds that the main opportunity for an integrated agriculture-infrastructure approach is the planned construction of Tanzania's new Bagamoyo sea port. This port is to relieve the congested Dar Es Salaam port, which also struggles with other 'institutional inefficiencies', which the World Bank estimates to cost the country $2.4bn per year. In March 2013, a project framework agreement was signed between Tanzania, China Merchants Holdings International (CMHI, a port management firm), and Oman's State General Reserve Fund. As recent as 27 November 2017 the Government of Tanzania officially approved the comprehensive project proposal.

The report suggests that in the context of Tanzania's potential for integrated agriculture-infrastructure solutions, a Dutch-Tanzanian partnership should focus on the import/export flows of agriculture produce through the newly planned Bagamoyo sea port. This will combine socio-economic aspects of production with the technical design of the new port, and enables the Tanzanian government to maximize the benefits from investing in the port while linking it to its Special Economic Zone project ambitions.

Additional market surveys on potential trade flows, and a feasibility study on the potential for providing Dutch technology and knowhow to manage such flows, will be needed. The Oman State Reserve Agency, responsible for operating the logistics side of the port, is aware of the expertise of (consortia of) Dutch infrastructure companies.

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1. Introduction: potential for integrated agriculture-infrastructure solutions

The purpose of this scoping project is to determine how (consortia of) Dutch infrastructure companies can contribute to the further development of agri-logistics in Tanzania, and how it can thereby contribute to inclusive growth, job creation, agribusiness growth, and post-harvest loss reduction. The specific aim of the project is to identify new, concrete business opportunities in the nexus of Tanzania's agriculture and infrastructure sectors, hereafter referred to as the 'agri-infra approach'.

The key research question is whether a combination of expertise on technical infrastructure and agriculture (inclusiveness) aspects can be combined in a package that jointly create this approach, which offers (consortia of) Dutch infrastructure companies a comparative advantage over companies that provide a technology-only solution. An approach that integrates socio-economic and technical aspects in an all-in solution, right from the development phase.

The consultant carried out extensive desk and field research on the potential for this approach in Tanzania, and had discussions with numerous private and public infrastructure experts in the country. To arrive at an opportunity to test the idea of the agri-infra approach, it first needed to fully understand the infrastructure sector and its developments in Tanzania, the policies and national strategies that shape these developments, and to scan for realistic opportunities.

This report provides an analysis of the research. It first aims at getting a good understanding of the role of infrastructure in Tanzania's national development and growth strategy, and to give insights in relevant policies that guide it. The report then provides an overview of on-going or newly planned infrastructure developments and interventions. This overview supported the scoping for most realistic agri-infra business opportunities, and at the same time helped it to structure the numerous ongoing and planned infrastructure developments.

The Dutch infrastructure consortium 'Flying Swans', through the expert coordinators of Mercator Novus, shared valuable insights and advised on aspects of the agri-infra approach based on their experience in other countries around the world. Various useful progress meetings and guiding discussions were also held with experts from the Dutch Ministry of Foreign Affairs (RVO) and Netherlands Embassy in Nairobi and Dar es Salaam. RVO business support program experts, such as D2B, DRIVE, and PPP-FDOV programs may, based on this report, advice Dutch and Tanzanian stakeholders on how such programs can facilitate next steps.

The report concludes with a seemingly feasible business opportunity that can offer the opportunity for Dutch-Tanzanian collaboration to develop an agri-infra approach in Tanzania.

2. Overview: current infrastructure developments

2.1 Developments in Eastern and Southern Africa

The United Nations estimates that Africa's current population of 1.2 bln. will double by 2050. This translates in an expected growth of 42 mln. people every year. Important infrastructure projects are underway to manage this growth, including railways, dams, and clean energy. In 2009, the Common Market for Eastern and Southern Africa (COMESA) began working on infrastructure projects to create the North-South Corridor, as shown in Figure 1 below. A series of roadways and railways spanning more than 9,600 km. across seven countries has been developed or is in the making, at an investment of approximately US$ 1 bln. The figure also shows the potentially important gateway role that Tanzania can play in these developments.

Figure 1: Infrastructure projects that are reshaping Africa. Source: Africa attractiveness survey, Ernst & Young, 2012.

2.2 Tanzania's position in Eastern Africa and EAC

Tanzania's location is however especially strategic within Eastern Africa, and within the East Africa Community (EAC), as shown in figure 2 below. The country's goal is to become the leading transit transporter from its seaports to the neighbouring countries of Burundi, Rwanda, Uganda, Zambia, Malawi, and Democratic Republic of Congo (DRC). A range of infrastructure developments are under way, mainly under the lead of the East African Development Bank (EADB) and supported by African Development Bank (AfDB) and the World Bank. The most important developments are described in Appendix 1.

Figure 2: Tanzania and neighbouring landlocked countries

Infrastructure in Tanzania performs fairly well compared to its African neighbours, although quality still has a negative impact on the economy's productive capacity. It has witnessed impressive investment in recent years and much more is expected. Improving the transportation infrastructure is a key priority for the Government of Tanzania (GoT). Improving the nation's roads, ports, railways and airport infrastructure is critical for the country to improve the foreseen internal and external trade and commercial activities. The country is expected to become one of the fastest-growing economies in the world. Key drivers will be recent natural gas discoveries, regional integration supported by an extension of transport infrastructure networks, and a long-term stable democracy.

3. Understanding Tanzania's infrastructure strategies

3.1 Most relevant strategies

Strategies to guide these ambitions can be found in Tanzania's Vision 2025 plan (Appendix 2), the National Strategy for Growth and Reduction of Poverty (MKUKUTA) (Appendix 3), the National Five-Year Development Plan I (Appendix 4), and the Implementation Strategy of the Transport Policy (ISTP) of 2011-2025 (Appendix 5). These strategies all call for a continued focus on the development of infrastructure, with a priority on the development of the nation's road system, ports, airports and railways. Within this, Tanzania's National Transport Policy (NTP) sets goals and objectives for each of the major transportation services. NTP I started in 2003 and finalised in 2017 (also Appendix 5). It is currently under review and by completion will introduce the NTP II.

From Tanzania's NTP, the Transport Sector Investment Plan (TSIP) is created to have in place a transport system that facilitates other sectors to attain their aspirations. The TSIP covers the entire transportation sector, including the sub-sectors roads, rail, air and maritime transport. In addition, it covers institutional support and capacity building programs. TSIP I ran from 2008-2012, and TSIP II from 2013-2017. It includes specified Master Plans for Ports and Aviation as well. (Appendix 6). The TSIP III (2017-2022) is under preparation. From TSIP II the Local Government Transport Plan (LGTP) derives, with the goal to develop a local government transport system that allows the safe passage of goods and people throughout the year and supports the economic development of the country. (Appendix 7).

Within the above policies a number of tools got created to facilitate smooth implementation of these policies, such as: The Mini-Tiger Plan 2020, which is a practical development strategy and tool which focuses on Special Economic Zones (SEZ) for the Vision 2025 and other plans (Appendix 8); the Big Results Now (BRN) for tracking and ensuring implementation in designated key result areas (KRAs); and National Key Results Areas (NKRAs) which monitors delivery (Appendix 9). Furthermore, the regulatory tool SUMATRA has been established in order to move regulatory functions close to the people (Appendix 10). Two mechanisms for performance assessment and dialogue were put in place: (Transport) Sector Wide Approach (SWAP), and Joint Transport Sector Review (JTSR) (Appendix 11).

In order to accelerate achievement of the Tanzania National Development Vision's 2025 goals, the GoT reverted to long and medium-term planning in 2011, by developing the Long-Term Perspective Plan (LTPP), 2011/2012-2025/2026. The implementation of LTPP is sequenced in three Five-Year Development Plans (FYDPs). Each of the three plans has a specific theme to underline its priority interventions. The theme of FYDP I, 2011/12-2015/16 was "Unleashing Tanzania's Latent Growth Potentials" and focused on 'de-bottlenecking' binding constraints to growth. The designated themes for FYDP II (2016/17-2020/21) and FYDP III (2021/22 - 2025/26) are respectively "Nurturing an Industrial Economy" and "Realizing Competitiveness-led Export Growth".

3.2 Leading strategy: National 5-Year Development Plan II

Industrialisation for economic transformation
In the context of mapping current infrastructure policies and developments, and since a number of the above plans are under revision and/or preparation, potential investors need to understand the National Five-Year Development Plan II. This has been approved by the GoT, and from here the above-mentioned plans will be guided. It should be noted that new versions of the plans will not deviate from the past goals, but rather updated, and will include aspects that are crucial to create an improved enabling environment for investors in Tanzania (Ministry of Works, TZ).

The focus of the National Five-Year Development Plan until 2021 is on Industrialization for Economic Transformation. This would mean that it is supportive to new investments and trade in the agri-infra context of this study. FYDP II implements aspects of Tanzania's Development Vision (TDV) 2025, which aims to transform Tanzania into a middle income and semi industrialized nation by that year, with special attention given to: a strong and competitive economy; an educated and learning society; high quality and sustainable livelihoods; peace, stability and unity, and good governance and the rule of law. FYDP II thus incorporates the main focus of FYDP I (growth and transformation) as well as outlining new interventions to enable Tanzania to industrialize in a way that will transform its economy and its society.

Agri-infra related objectives
The objectives of FYDP II are built on the three pillars of transformation: industrialization, human development, and implementation of effectiveness. Specifically, and in the context of this research, the plan aims to:

- Build a base for transforming Tanzania into a semi-industrialized nation by 2025
- Consolidate Tanzania's strategic geographical location by improving the environment for doing business and positioning the country as a regional production, trade and logistic hub
- Foster development of sustainable productive and export capacities
- Promote availability of industrial skills (production and trade management, operations, quality assurance, etc.) and skills for other production and services delivery
- Accelerate broad-based and inclusive economic growth that reduces poverty and allows shared benefits through increased productive capacities and job creation
- Improve quality of life and human wellbeing
- Intensify and strengthen the role of local actors in planning and implementation
- Foster and strengthen implementation effectiveness, including prioritization, sequencing, integration and alignment of interventions
- Ensure global and regional agreements (e.g. Africa Agenda 2063 and SDGs) are adequately mainstreamed into national development planning and implementation frameworks.

According to the GoT, the FYDP II may raise annual real GDP growth to 10% by 2021; per capita income to US$ 1,500; reduction of the poverty rate to 17%, and to raise foreign direct investment flows to US$ 9.0 bln. by 2021 (from US$ 2.14 bln. in 2014). To achieve these growth figures, FYDP II identified and singled out a number of flagship projects. These are projects which are deemed critical and/or their implementation has large positive multiplier effects to the rest of the economy.

It is anticipated that their implementation will yield clear, and in some cases rapid tangible positive results. In the context of mapping business opportunities in agri-logistics and infrastructure sectors for Dutch investors in Tanzania, the agri-infra related areas were singled out and analysed. These will be discussed in more detail in the following chapter.

3.3 Growing into a gateway for transit transport to neighbouring countries

Current transport system
In recent years, Tanzania witnessed an average economic growth of 7%. Despite this growth it still ranks as a low-income country (GDP per capita) with transport infrastructure and services insufficiently developed to support balanced growth. The transport system in Tanzania is comprised of a road network of about 92,000 km, and a railway transport network of nearly 3,700 km - out of which 2,700 km are operated by Tanzania Railways Limited (TRL, former TRC) and almost 1,000 km by Tanzania-Zambia Railway Authority (TAZARA). The transport system also includes marine transport with major international seaports at Dar es Salaam, Tanga, and Mtwara, all of which are managed by the Tanzania Ports Authority (TPA). It also has inland ports on three main lakes: Victoria, Tanganyika, and Nyasa. The Surface and Marine Transport Regulatory Authority (SUMATRA) is the responsible regulator for surface and maritime transport. Tanzania has a total of 368 aerodromes, out of which 58 are operated by the Tanzania Airports Authority (TAA), including four international airports: Julius Nyerere (JNIA), Kilimanjaro (KIA), Mwanza, and Abeid Amani Karume (AAKIA) in Zanzibar. Tanzania Civil Aviation Authority (TCAA) is the regulator of the air transport industry. Finally, the country has a pipeline system consisting of the TAZAMA pipeline, which transports oil products from the Port of Dar es Salaam to Zambia; and the Songo gas pipeline that transports industrial gas to Dar es Salaam.

Understanding the gateway function
The transport system in Tanzania plays a vital role in facilitating the flow of goods and people to/and from neighbouring countries. Tanzania, like its neighbour Kenya, wants to profit from its long coastline by upgrading existing railways and roads, to serve the growing economies in the land-locked heart of Africa. The country aims to become the gateway for transit transport to Burundi, Rwanda, Uganda, Zambia, Malawi, and DRC. Development partners support Tanzania in such efforts. The EU for example grant-finances the development of regional corridors aimed at connecting the East Africa Community (EAC) region. At this stage, works are under way in its one-stop inspection station projects, aimed to reduce delays between borders. Oil discoveries in Kenya and Uganda and gas finds in Tanzania have already turned East Africa into an exploration hotspot for oil firms, even though infrastructures in all of these countries have suffered from decades of under-investment.

4. Infrastructure for development

4.1 Overview of infrastructure developments and plans

How do development partners contribute?
According to the FYDP II, and relevant to this study, 'Expansion and modernization of infrastructure, rural roads to support agriculture, seaports, airports, and railway systems, are needed in order for the country to realize its full potential for accelerating growth and increasing incomes'. FYDP ll also states that 'Equipping SEZ, EPZs industrial parks and logistical centres with the prerequisite infrastructure and other pertinent logistical services to facilitate establishment of viable production units for goods and services, mainly by the private sector'. Development partners, as well as the GoT, contribute highly to implementation of these and other FYDP II interventions. (Appendix 12)

Examples of commitment from partners are presented in the table below.

World Bank	
Transport Sector Support Project (TSSP)	Through coordination of TANROADS. Project components include: improvement of roads and bridges, improvement of airports, improvement

	of Road Safety Management; promotion of PPPs, and rehabilitation of the Songo Jetty. On-going
TIRP – Transport Intermodal Rail Project support	The objective of Tanzania Intermodal and Rail Development Project (TIRP) is to deliver a reliable open-access infrastructure on the Dar es Salaam-Isaka rail section along the central corridor. Implementation since 2015.
SATTFP – Southern Africa Trade and Transport Facilitation Project	Objective is to facilitate smooth movement of goods and people along the Dar es Salaam Corridor. 2013 – 2018
World Bank, DFID, Trademark East Africa	
Dar es Salaam Maritime Gateway Program	Intended for modernization of the Port of Dar es Salaam, which include development of Berths 1 to 7 and expansion of Berths 13 and 14.
USAID	
LGTP 2 support	Feed the Future Programme. Under Phase I of the program improvement of 179.8 km were completed as planned in 4 LGAs of Kilombero, Kongwa, Kiteto and Mvomero. Phase II program will involve improvement of 304km budgeted at USD 10 million.
DFID	
LGTP 2 support	Improving Rural Access in Tanzania (IRAT) Phase II A total of 11 LGAs have been supported for improvement of roads, bridges and culverts.
AfDB	
Transport Sector Support Programme	Components include roads upgrading and capacity building, support for preparation of the Rail Transport Master Plan, support for Lake Victoria transport development, and feasibility study for Msalato Airport.
JICA	
Support in Railways	Government of Japan through JICA has committed to support improvement of Kilosa-Gulwe flood prone area along the central railway line. Feasibility study was completed in June 2016.
European Union	
Capacity Building of the Transport Sector	The program worth Euro 2,600,000 to support capacity building of staff in the Ministries responsible for transport. One of the program activities is to fund the annual JTSR. The current TSIP 2 review is also funded by the program. Started n 2013

Table 1: Contribution of development partners to infrastructure developments and plans

FYDP II interventions can be listed per transport mode. The overview below looks at how rail and port development will contribute to Tanzania's ambition to become a gateway for the region. On both a brief status is provided, complemented with latest desk and field research findings.

The map below, Figure 3, visualizes the strategic rail and port infrastructure developments described in the next paragraphs.

4.2 Railway development

Tanzania plans to spend US$ 14.2 bln. to construct a new rail network, which is to be completed by 2021. The renewal of the country's rail network is needed to meet the increasing demand for cargo transportation from Dar es Salaam port to neighbouring countries, including the DRC, Malawi, Zambia, Rwanda, Burundi, and Uganda, and for improving the domestic supply network. The rail network projects will be financed by commercial loans from a consortium of banks under a 20-year repayment period. This will be the single biggest project ever to be implemented by the GoT, since the country's independence in 1961. (Note: Kenya is meanwhile building a multi-billion-dollar standard gauge rail line, supported by Chinese investors, to run from Mombasa to the border with

Uganda, aimed at cutting the high costs of trade in the region.) Key dry bulk commodities will flow through these Tanzanian corridors, and the planned rehabilitation of the Central Corridor railway project will further anchor the Dar es Salaam (and Bagamoyo) port as a critical East African hub. Development of inland container depots and international container operations are foreseen at Mwanza, Kigoma, Tabora, Morogoro, Arusha, Tanga, Shinyanga, Dodoma and Mpanda. The town of Isaka, north of Tabora (see Figure 3) is seen as a critical and central ‘end-point’, from where connecting railway lines go north and south. Isaka will be a key opportunity for dry port and logistic centre development. Two additional lines, at a cost US$ 6.6 bln., will in the future connect Dar es Salaam to the coal, iron ore and soda ash mining areas in the south and northern parts of the country.

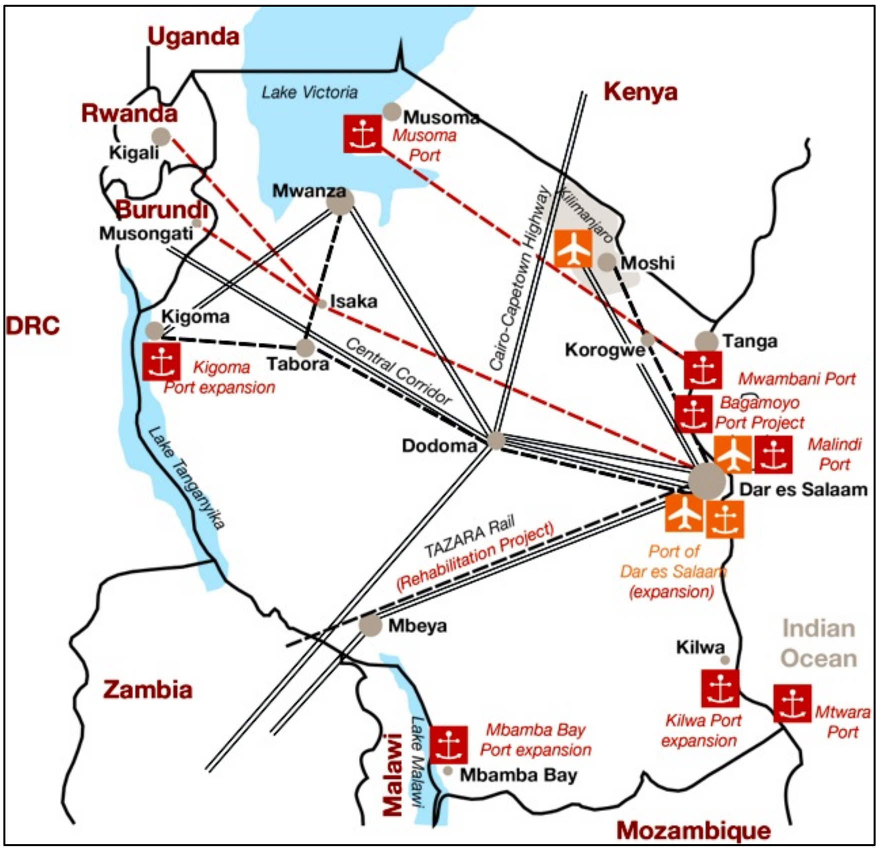

Figure 3: Infrastructure developments and plans in Tanzania. Source: TanzaniaInvest.com, 2017.

4.3 Port development

Dar es Salaam port

The sea port of Dar es Salaam is the Tanzania’s largest and busiest port, handling over 90% of the country’s port traffic. It is estimated that the port of Dar es Salaam will see increases of over 5% per annum for general cargo and 12% per annum for containerized cargo. Cargo volumes at the port are expected to rise to 18 million tons in 2017. World Bank estimates that inefficiencies at the port costs Tanzania nearly US$ 2.6 bln. a year. An expansion project for port expansion is refurbished under the ‘Dar es Salaam Maritime Gateway project’. The budget amounts to US$ 600 mln., with allocations from: Bretton Woods US$ 305 mln., GoT US$ 100 mln., World Bank/DIFID US$ 136 mln., and TMEA US$ 60mln. The funding enables Tanzania to start implementation of the project, which aims to transform the port into the preferred gateway to the East African region by 2020.

Its strategic location services multiple landlocked countries including Zambia, Uganda, the Democratic Republic of Congo, Rwanda, Burundi and Malawi. Key dry bulk commodities flow through these corridors and the planned rehabilitation of the Central Corridor railway project will further anchor the port as a critical East African hub. Goal of new development programs is to increase the port's current capacity of 15mln. tons to 28mln. tons, specifically for handling cargo for the country's mainland and landlocked countries. This requires upgrading of berths 1-12. Work for berths 1-7 has already commenced. Berths 8-11 are under private operation. Berth 12 is dedicated to oil, while berth 13 and 14 are greenfield. There is a plan for a new roll-on-roll-off berth for vehicles handling. Dredging is needed to reach 15 m. from the present 12 m., and deepening the channel further than the current 15 m. The rehabilitation and upgrade of the port has been launched in August 2017, with an assigned budget of US$ 345 mln. The final agreement was signed in the first week of October 2017.

Bagamoyo port

While expanding the Dar es Salaam port, Tanzania has begun plans for construction on an estimated US$ 11 billion port and economic zone in Bagamoyo, north of Dar es Salaam. It is made possible through an investment by China Merchants Holdings and the Government of Oman. The investment is expected to 'transform Tanzania's international trade markets'. The GoT cabinet has approved the proposal submitted by the Oman General Reserve Fund. Written confirmation was on the way while interviews with the Fund took place, at their office in Dar es Salaam. The new port will be a 100% private operation. The GoT will provide the land. Focus is on establishing Special Economic Zones (SEZ). Planning and implementation of the port goes parallel with this SEZ development. Coal and iron coming from the Chinese mines in Liganga and Mtsutsuma (close to Songea) will be handled by Bagamoyo. Total area for development accounts to approximately 9.800 ha., of which 800 ha port development, and 9.000 ha industrial development.

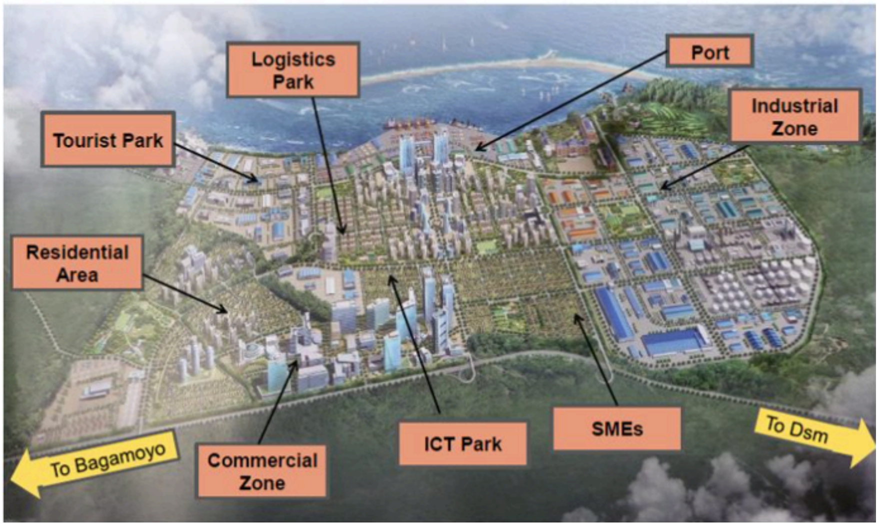

Figure 4: Bagamoyo port plan. Source: Construction Review Online, October 2015.

Port plans under a BOT arrangement include dredging of 4 km out, 17 m deep, and turning base 230 m. Logistic plans of total 200 ha include two container terminals, one multipurpose terminal, and one service berth terminal. Port-side industrial zone initial development stretches 240 ha, while development of a total of 2.200 ha. is committed.

The estimation to complete this work is estimated to be around four years. The works start with an Environmental Impact Assessment, which might take 9-12 months to complete and then needs to be approved by GoT. The Tanzanian Export Processing Zone Agency (EPZA) says it will be looking to develop the port's export processing zones. In an interview, it expressed interest in learning about the Dutch expertise.

Lake ports
The Lake ports primarily include Mwanza on Lake Victoria, and Kigoma on Lake Tanganyika. The Tanzania Ports Authority (TPA) oversees the administration of both the seaports and the inland lake ports. Lake port growth is affected by the efficiency of the present rail linkages, however ports on Lake Victoria may see increases of over 5% in 2017. There is an increasing interest and focus on the lakes in Tanzania, as well as in neighbouring countries: Kigoma port in Lake Tanganyika, where a Tanzania-DRC maritime line is under discussion; and in Busumbura (north of the lake), Buiboma (east of the lake), and Kalemi (west of the lake), involving four countries. Development partners also have shown interest to support the improvement of the lakes. World Bank committed funds to support the EAC through the Lake Victoria Basin Commission, to improve the infrastructure within the Lake. The African Development Bank (AfDB) committed funds for the Multi-National Lake Victoria Maritime Communications & Transport Project.

TPA has undertaken feasibility studies for the modernization of Mwanza South port and other neighbouring ports along Lake Victoria, as well as for the Kigoma and Kasanga ports. Results will assist TPA to modernize lake ports and the aim is to run them under a PPP model. Within the Corridor Development Program of the World Bank (WB) there is a plan in pre-concept phase to develop the port in Lake Tanganyika and improve the port in Lake Victoria. According to EPZA there is however little intra-regional trade in the area around the lakes, with a main focus on trade between DRC and Uganda/Tanzania. On Lake Victoria, expansion and improvement of the port are expected in order to connect with the Rift Valley Rail Network that connects UG to the lake. Meanwhile Chinese investors are planning for a large hub in Kigoma, to facilitate DRC imports from Tanzania.

Other ports
Mtwara Port currently has one berth and is planning for development of four additional ones. Work has started for the first berth. Development partners state that the goal is to service the corridor as well as exports to Malawi and Zambia. Plans for the extension seem to move, as a contract has been awarded and signed to Chinese contractors, worth US$ 7mln. The tarmac road from the port only goes up to Songea. At Tanga Port, TOTAL issued a pre-qualification round for work, and end 2017 contractors are to be awarded. Estimated commencement of port development work is scheduled for mid-2018. Pipeline materials will be transferred to Uganda, which implies that facilities will have to be build.

4.4 Export Processing Zones

EPZA is an autonomous Government Agency under the Ministry of Industry, established in 2010. As a key player in private port development projects an interview was held to understand its role and tasks, including in the upcoming Bagamoyo port development. EPZA's goal is to reduce imports and attract investments in Special Economic Zones (SEZ). EPZA promotes export-led manufacturing industries by offering strategic locations, necessary infrastructure, utility focus on specified areas, invest in trade operations, and dedicating areas to preferential operations. An EPZ may operate in an area of not less than 50 ha., without a maximum. One new EPZ is planned at the Bagamoyo port. Benefits of an EPZ include: different entities within EPZ, new investment encouragement (capital related, technology used, revenue), and a tax exemption for 10 years. The benefits are only applicable to new projects, and to new entities. For an existing company, this is only possible if it involves a new entity and new activity (e.g. value addition) as well as expansion under specific terms. EPZA carried out a study analysing 10 companies over the past 5 years. Results show that exemption benefits for the companies came from taxes, duties, domestic VAT, corporate tax, and from import VAT. Benefits for the GoT came from tax income, capital investment, exports, and local expenditure. The companies also buy raw material and created jobs.

5. Main opportunity for an integrated agriculture-infrastructure approach

5.1 Agriculture development strategy as driver for the agri-infra approach

Current state of the agriculture sector
Macro-economic indicators of Tanzania show robust growth of GDP ranging between 6.0% and 8.1% from 2006 till 2014, at 2007 constant prices. However, these levels of GDP growth happened at a time when agriculture sector growth (except for 2008) was far below the GDP growth. The relative contribution of crop to agricultural GDP in recent years averaged 18%. Tanzania has a total of about 7.1 mln. ha of high and medium potential land (2.3 and 4.8 mln. ha respectively). Of the 2.3 mln. ha classified as high potential, only 450,000 ha had improved irrigation infrastructure in 2015. The growth of agriculture is hampered by low productivity of land and labour. Although numerous factors caused this situation, the key ones are: poor production techniques; underdeveloped markets, market infrastructure and farm-level value addition; poor rural infrastructure, including rural roads, telecommunications and electricity; and inadequate agricultural finance, including public expenditure. The use of agricultural inputs is one of the lowest in the region. Tanzanian farmers use about 8–10 kg of fertilizer per ha., while Malawi uses 27 kg/ha and China 279 kg/ha on average. In spite of these low levels of application, the Tanzanian market has failed to absorb all the fertilizer stocks supplied by traders. The annual supply of improved seeds is about 30,000 tons (75% is maize seed), or 25% of the total estimated required of 120,000 tons per year.

Agriculture Sector Development Program ll
Under the leading agriculture strategy, the Agriculture Sector Development Program, ASDP II, there will be a commodity focus, but intertwined with strategic diversification. Increased offer and demand for targeted commodities will be achieved through a combination of: use of improved technologies, input market consolidation and mechanization services; irrigation development towards double cropping, mainly for rice and high value crops (horticulture); reduced post-harvest losses and value addition; and improved marketing promoted by capacitated farmer organizations, alliances with other commodity value chains (CVC) stakeholders and adequate socio-economic infrastructures and facilities. Under ASDP-2, GoT will continue to promote domestic, regional, and international trade for agricultural and food commodities.

The required interventions include promoting and strengthening: internal and external trade under the Tanzania Trade Development Authority; campaigns to use ‘Made in Tanzania’ products; key traditional cash crop exports including tobacco, coffee, tea, cashew nut, cotton and their processing; and increasing export of fish and horticulture, but also strategic export of maize and rice to neighbouring countries. To this end, the government proposes to expand well-functioning export processing zones in the prioritized regions and to reinforce the current system of regular consultations with private sector stakeholder associations about procedures and regulations impacting trade benefits and profitability.

The key targets of ASDP-2 by 2020 include real growth rate of 7.6%; GDP share of 24.9%; share of total exports of 24.9%; share in total employment of 56.5%. In order to achieve these targets a number of key interventions are formulated. The following is a selection relevant to this report: increased use of modern technologies, including ICT and extension services in order to increase productivity; lengthening and deepening value chains; commercialization; quality and standards; R&D and innovation; improved infrastructure (warehouses including cold chains); improve quality standards and inter-institutional coordination; stakeholders’ skills building throughout the value chain; scale up production and trade by PPPs for seed development, technology transfer, and farmer support services.

5.2 Current status of Bagamoyo port development

Bagamoyo is a town of 30,000 inhabitants at the coast of Tanzania, 75 km north of Dar Es Salaam. It is the birthplace of Tanzania's previous President Jakaya Kikwete who promoted the construction of Tanzania's biggest port in this location, to relieve the congested Dar Es Salaam port that also struggles with other inefficiencies that the World Bank recently estimated were costing Tanzania $2.4bn a year. In March 2013, a project framework agreement was signed between Tanzania, China Merchants Holdings International (CMHI), a port management firm, and Oman's State General Reserve Fund.

The project comprises three components: an 800 ha ultra-modern 20 million teu (twenty-foot equivalent unit) container port, supporting infrastructure such as rail and road, and a 1,700-ha industrial park. Bagamoyo port was variously priced at between $7bn and $11bn, and due to be completed in 2017. Phase one entails constructing a 1 km-long quay to support two container berths each approximately 300 m, a 220-m ro-ro berth, and an auxiliary 200 m berth, all with alongside depths ranging from 14–15 m, according to initial design details. Some 190 industries have been marked for development within the envisioned Special Economic Zone. When fully developed, the Bagamoyo SEZ will attract about 700 industries to become a strategic investment zone in East Africa. CMHI said among the projects envisaged in the Zone are industrial parks worth $120 million, a $70 million tourism Park, free port facilities ($ 90 million), free trade zone ($70 million), Science and Technology parks ($ 50 million), an International business centre ($70 million), and industrial sheds costing $20 million.

Figure 5: Bagamoyo special economic zone. Source: Studylib.net.

When President John Magufuli came to office in 2015, the project took a backseat as the government prioritised improvements of Dar es Salaam, Mtwara and Tanga ports. To enhance domestic revenues and reduce Tanzania's widening budget deficit projected to hit 4.2% in 2016 up from 4% in 2015, the government was implementing austerity measures, including cutting state spending and rationalising previously proposed ambitious capital projects. In February 2016, when the project was shelved, critics argued that one of the previous studies on the new Bagamoyo port cautioned the project site "will require significant dredging and the initial cost estimates indicate that approximately 30% of the total project development cost will be required for this purpose". CMHI said a new Bagamoyo port is critical in achieving Tanzania's plans to accommodate bigger container vessels, as the country's trade volumes increase with the discovery of up to 1.6 trillion m^3 of proven natural gas reserves.

Oman News Agency on 27 November 2017 reported that the State General Reserve Fund (SGRF) announced that the Government of Tanzania has officially approved the comprehensive project proposal, which it submitted with its project partner China Merchants Ports (CMPort) earlier this year. According to ONA the Bagamoyo project is one of the largest strategic projects of the State General Reserve Fund (SGRF). The first phase of the port will be developed parallel to the development of the supporting infrastructure, as well as the industrial zone associated with the port, covering an area of 1,700 hectares, 70 per cent of which are allocated to factories, workshops, stores and warehouses, and 30 per cent for transportation networks, landscaping, water, power, gas and telecommunications networks.

5.3 Suggested next steps in a Dutch-Tanzanian agri-infra approach

Entry point of the suggested approach

Key focus of an agri-infra approach is to create Dutch-Tanzanian partnership opportunities in the export *and* import of agriculture flows at the planned Bagamoyo sea port; making full use of Dutch agri-expertise to produce, and to organize both exports and imports. This requires integration of the following key components: large-scale commercial production, post-harvest technology, transport, and port facilities. Key words for potential involvement of (consortia of) Dutch infrastructure companies in Bagamoyo are: port development, technology and logistics, and knowledge and expertise. At the same time, the focus is on contributing to improvements in the current state of Tanzania's agriculture sector, i.e. 'to increase the relative contribution of crop to agricultural GDP', and to do so within the described Agriculture Sector Development Program, ASDP-2. Using this leading strategy for agriculture development as a guideline for proposed activities may ensure embedding of a proposed agri-infra strategy for Bagamoyo port development.

Defining the port's export potential

Tanzania agri-exports of commodities show a slight overall growth, but updated statistics to verify this are needed. The highest potential for export can be found in maize, sorghum, and beans. Tanzania's capacity to produce and export is available. Potential sectors are cashew (150k ton, but raw) and perhaps sisal. Maize is however fluctuating as it now disappears across borders. The supply chain of coffee seems too complicated for a structured export scenario. Cassava shows potential, but a production increase is required which does not seem to happen. Sugar also shows potential, although the cost price is expected to be too high compared to that of the world market.

Vegetables are largest export product in horticulture (55%), with fresh French beans, peas as main group (50%). But most are exported by air freight, to the UK and EU. Fruits show potential, with avocado up as main export opportunity, and mango second but low, followed by ginger. Processing is still insignificant: canned French beans has high potential but there is only one canning company doing exports. Many Tanzania-based firms are subsidiaries of Kenyan firms, with exports going through Kenya. Investment opportunities to boost agri-exports from Bagamoyo can be found in: increased production and off-taking (storage, transport etc.) in the South; containerization along the TAZARA rail; canning of French beans; canning and packaging materials production; marketing & distribution in sourcing markets (UK, EU); and production of technologies and simple equipment in seed cleaning, storage, packing, cold chain transport; as well as Irish potato processing for chips. Mapping of exports from the rail-connected hinterland will provide a secondary flow of potential exports and agri-processing activities.

Defining the port's import potential

Tanzania, like all countries in East Africa, are primarily agri-importers of commodities. Main commodities are wheat (more bread consumption), palm oil, and sugar (own industry is currently stuck). In the future potatoes (bulk or fries) see a high expected growth since own production is too small. Mapping of imports for the rail-connected hinterland will provide a secondary flow of commodity imports.

Further mapping of agriculture flows
Market surveys and feasibility studies are needed to define the required port infrastructure and port facilities to handle agriculture export and import flows. These flows will need to be defined by type of product that will be shipped, and classified as follows: dry or wet, perishable or non-perishable, cooled (long-/short expiry) suitable for sea transport, frozen, bulk (commodities, grains) from mechanised agriculture, and small volumes (spices, coffee, small vegetables). The focus of these studies should be on future potential; and be based on competitive expertise of Dutch agri-infra companies to provide solutions for the handling of agricultural flows. Potential co-financing of the studies by the Dutch government (financing earmarked for market studies, feasibility studies, and investment projects) may be used to carry out these studies.

5.4 Concluding

Early October 2017 it was reported that financial constraints had forced Tanzania to miss out on ownership of the $10 billion Bagamoyo Port and Special Economic Zone project, due to landowner compensation reasons. With investors anxious of losing the foreseen business opportunities from the project, the Tanzanian government reportedly negotiated with the investment partners for them to fund the compensation of land owners. In turn, the government would lose its equity stake in the project and only benefit from taxes on the land and occupancy by the investors. The Chinese developer CMHI was understood to be ready to raise money for the compensation, and said in a statement (September 2017) that it would run Bagamoyo as an overseas port. On 27 November 2017, the Oman State General Reserve Fund announced that the Government of Tanzania had officially approved the comprehensive project proposal.

A joint Dutch-Tanzanian integrated agri-infra approach that from the early start combines socio-economic aspects with the technical design of the new port, can enable the Tanzanian government to maximize the benefits from Bagamoyo Port and the link to the Special Economic Zone project. During interviews with the Bagamoyo port project manager of the Oman State General Reserve Fund office in Dar es Salaam, the agri-infra approach has been presented as a model that can be developed by (consortia of) Dutch infrastructure companies, and which is based on future agriculture flows to and from the port – making the port more beneficial for large numbers of farmers and processors in the hinterland. Examples of similar work done by a consortium of Dutch infrastructure companies in Djibouti were received well by the Oman State General Reserve Fund. The consultant advices the Ministry of Economic Affairs to inform (consortia of) Dutch infrastructure companies on the Bagamoyo opportunity.

6. Expert interview list

Organisation	Location	Name	Position
Tanzanian Embassy	The Hague	I. Kasyanju	Ambassador
Ministry of Works	Dar es Salaam	G. Migire	Director of Policy and Planning
Dutch Embassy	Dar es Salaam	E. Gies	First Secretary Economic and Trade Policy
European Union	Dar es Salaam	E. Pasquini	Programme Officer
European Union	Dar es Salaam	M. Fabrizio	Programme Director
UKaid (DFID)	Dar es Salaam	A. Duff	Infrastructure and Trade advisor
USAID	Dar es Salaam	B. Marwa	Infrastructure Engineer
World Bank	Dar es Salaam	A. Bald	Programme Leader Infrastructure
BAM International Africa	Dar es Salaam	A. Verweij	Business Development Manager
BAM International Africa	Dar es Salaam	J. Muller	Business Development Coordinator
State General Reserve Fund	Dar es Salaam	M. Al-Tooqi	Country Manager
Oman State General Reserve Fund	Dar es Salaam	B. Harris	Investment Director East Africa
Oman State General Reserve Fund	Dar es Salaam	M. Mandhari	Business Development Manager
DSM Corridor Group	Dar es Salaam	M. Pennanen	Business Development Director
Export Processing Zones Authority	Dar es Salaam	J. Maziku	Ag. Director of Investment
NMB Head Office	Dar es Salaam	T. Borghols	Chief Credit Officer
REPOA	Dar es Salaam	D. Mmari	Executive Director
TRADE MARK	Dar es Salaam	J. Ulanga	Country Director
Ministry of Agriculture	Dodoma	M. Mtigumwe	Permanent Secretary
Match Maker Group	Arusha	P. Uliwa	Managing Partner
TAHA Fresh	Arusha	A. Temu	Director
TAHA Fresh	Arusha	T. Mlanga	Sea Freight Manager
TAHA Fresh	Arusha	J. Mwita	Air Freight and Tracking Manager
TAHA Fresh	Arusha	C. Wakiariro	Finance and Administration Manager
Swissport Tanzania	Arusha	D. Koyya	Head Cargo Services KIA
Public Advise (PA) International Foundation	The Hague	R. Praaning	Director

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Annex 1. East African Community developments

Within the EAC there are a number of entities active. The East African Development Bank (EADB) invests in projects in various sectors including infrastructure, manufacturing, tourism, agriculture, transport and education and health, aimed at increasing the growth and prosperity of the East African region and its people. It is currently rated with “Ba1” by Moody’s, with stable outlook (financial profile), as well as Best Performing Development Finance Institution (2013) by the Association of African Development Finance Institutions.

EADB has successfully implemented a turnaround strategy and is now in the third ‘growth’ phase of its strategic plan, which aims to increase support to projects in East Africa and its portfolio. In 2013, received $24 mln in additional equity investment from the African Development Bank (AfDB) to further strengthen EADB’s capital and to enhance EADB’s creditworthiness, resulting in an AfDB shareholding of 11%. The equity was supported by a $900,000 technical assistance support facility, currently under implementation. EADB has also received $40 mln Line of Credit (LoC) from the AfDB, which is the eighth LoC to EADB since its establishment, underlining the long-term strategic partnership between AfDB and EADB. This LoC was approved in 2014 and meant to assist in the long-term financing of projects to aid the development of the East African region, namely Kenya, Rwanda, Tanzania, Uganda, and Burundi (under application). The proposed LoC has a tenure of ten years. This term helps the EADB to fulfil its mandate by funding projects that need long-term funding, such as infrastructure work, schools, agricultural projects and manufacturing projects, as long-term finance can be difficult to source in the East Africa region.

Two major developments within the EAC are the Kenya railway and the Ethiopian port, which are described below.

Kenya railway: in 2013, a deal has been made and signed between the Chinese premier Li Keqiang with Kenya’s president Kenyatta to construct a new railway line which will connect the Kenyan port of Mombasa to Nairobi and onwards to Rwanda and South Sudan. This new standard gauge line is meant to supplement the existing 19th century-built narrow-gauge network, which only operates as far as Uganda and cut the relatively high costs of trade transport across East Africa, which relies mainly on roads and the ageing narrow gauge railway system. It is estimated that the cost of transporting goods across East Africa will drop by 60%, which translates into reduction of the rail freight costs to $0.08 per metric ton (less than half the current rate of $0.20 per ton). China Road and Bridge Corporation, a subsidiary of China Communications Construction Company, has been appointed to construct the initial Kenyan leg of the new line.

Ethiopia port: April 2017, the World Bank has approved a $150 mln project to improve Modjo Dry Port, in the effort to increase the efficiency of trade logistics in Ethiopia. The project will focus on improving the Mojo Dry Port, a key transportation hub that handles 95% of Ethiopia’s trade, but which is a major bottleneck on the vital Ethiopia-Djibouti trade corridor. It is believed that by enhancing the performance of the Ethiopia-Djibouti corridor through improvements in the range and quality of logistics services at Mojo Dry Port, and reducing burdensome regulations in customs, trade finance and trade facilitation, the government will be able to reap the benefits of trade that help to drive growth and reduce poverty. Improving transport and logistics for fertilizers and grains will increase smallholder farmers’ agricultural productivity and reduce food insecurity. This project will support investments in physical infrastructure and ICT systems, as well as regulatory improvements, which will increase exports, generate jobs, and raise incomes of producers and traders. “The logistics sector is the backbone for industrial and agricultural growth, the success of which is crucial if Ethiopia is to meet its goals as articulated in the Growth and Transformation Plan. The success of Ethiopia’s large-scale investment in industrial parks and the new rail line to Djibouti will depend on their connectivity to different logistics nodes along trade corridors." The move to a modern logistics system requires the effective participation of a variety of logistics providers. The project therefore supports public investment in critical infrastructure, and increasing the role of the private sector in providing logistical services. Consistent with Ethiopia's logistics strategy, the vision for Mojo is to evolve from being a single-user dry port that focuses on customs clearance, to a multi-user, multi-purpose facility, where third party logistics providers gather together to provide modern services.

Annex 2. Vision 2025

The Tanzania National Development Vision 2025 outlines the country's social, economic and political aspirations. The Vision foresees that by 2025 Tanzania should be a middle-income country characterised by high levels of industrialisation, competitiveness, quality livelihood, rule of law; and having in place an educated and pro-learning society. Vision 2025 was designed to be implemented through a series of five-year development plans (FYDP I, II, III).

Annex 3. MKUKUTA I and II

NSGRP/MKUKUTA I (2005-2009) and II (2010->) became the frameworks to implement Vision 2025. The focus of MKUKUTA was to accelerate economic growth, reduce poverty, improve the standard of living and social welfare of the people of Tanzania, improve governance and accountability. MKUKUTA was designed as a vehicle for realizing Vision 2025, MDGs and the aspirations of the ruling Party's Election Manifesto.

MKUKUTA II was linked to transport sector policies and strategies through operational targets. Transport sector interventions contributed directly to Clusters I and II themes (Growth for Reduction of Income Poverty; and Improvement of Quality of Life and Social Well-being). MKUKUTA II mentioned poor conditions of rural roads, port congestion, and congestion in cities among the challenges that need to be addressed if Tanzania is to become a regional transport, trade and logistic hub given the country's advantageous geographical location. Implementation of MKUKUTA faced several challenges that included inadequate prioritization and coordination of interventions, thus marginalizing the expected outcomes towards growth and enhancement of productivity. It fell short in terms of prioritisation of development issues and laying out specific strategic interventions to realize the objectives of Vision 2025.

A comprehensive review of implementation of Vision 2025 took place in 2009/10. The review revealed eleven main challenges to the achievement of Vision 2025. One of the challenges was that, *'poor transport infrastructure and transport facilities have prevented the country from optimally exploiting its geographical comparative advantage as a regional trade gateway and transport logistical hub'.* Thus, in order to take full advantage of its geographical location, Tanzania needs to develop its transport system to support economic growth within, as well as to serve as transit corridors to the neighbouring countries. Hence, in 2011 the GoT reverted to five-year development plans (FYDP's) as a medium-term planning framework for coordinating the activities of players.

Annex 4. National Five-Year Development Plan I (FYDP I)

FYDP I (2012-2016) was the first in a series of 3 development plans to address implementation bottlenecks revealed by the review of Vision 2025. Its overall theme was to unleash Tanzania's

Latent Growth Potentials' in support of the targeted average GDP growth rate of 8%. FYDP I marked a shift from "short-term plans to long-term development aspirations" with clearly defined indicators, and targets to facilitate performance monitoring and evaluation of progress and outcomes.

FYDP I took into account the overall national development goals, including MKUKUTA II, and the Long-Term Perspective Plan (LTPP, 2012-2026). Strong emphasis was put on private sector participation to play a major role in 'development financing for strategic interventions' in the core areas. However, there was no clear strategy for mobilization of finances for implementing the Plan, thus the required level of financing was not achieved.

Among the 5 core priorities targeted under the FYDP I was the 'needed large investments in energy and transport infrastructure (port, railway, roads, and air transport)'. FYDP I prioritised strategic interventions with a focus on 'developing a transport system that is capable of ensuring the availability of reliable transport infrastructure facilities' and 'promoting Tanzania as the transport and logistical hub for East and Central African countries'.

With regards to transport sector, the total estimated cost for strategic interventions in the transport sector was $489,7377. Notable progress was made in the implementation of transport projects, e.g. handling capacity of the Port of Dar es Salaam improved from 9.9 mln tons (2012) to 14.6mln tons (2015). However, due to limited investment, infrastructure gaps still exist in critical areas that are deemed necessary to support economic transformation and industrialization. Most of the incomplete strategic projects identified for implementation under FYDP I have been carried over to FYDP II. FYDP II implementation cost of infrastructure (including transport projects) is $16473.

Annex 5. National Transport Policy (NTP)

Highlights of the NTP include:

- Increasing rail freight to 2.3 mln. tons annually by 2018 and 4 mln tons by 2023.
- Expanding sea and lake port cargo handling by 50% by 2020.
- Expanding Julius Nyerere International Airport's passenger and cargo handling capacity by 2020.
- Improving urban transportation networks to improve mobility and reduce congestion.
- The development of more effective intermodal transport links.
- Development and strengthening of institutions to implement strategic PPPs.

NTP I: The objectives of the first National Transport Policy (NTP-2003) for Tanzania have been largely met: focus on sector reforms, private sector participation and stakeholder collaboration. Functions of operational/regulatory nature have been delegated to other entities, boards, agencies, authorities and corporations formed for smooth operations in the sector. However, studies conducted in 2010 revealed several shortfalls of both institutional and operational nature, including high passenger and freight costs, impeding performance of the transport sector. These resulted in reviewing the NTP-2003 and subsequent drafting of NTP- 2016 (rectify the shortfalls, take into account new developments and strategies).

NTP II: NTP-2016 provides the basis for a balanced intermodal transport system in Tanzania that takes into account growing transport demand for social and economic development of the country, as well as geographical position as an important gateway for regional transit trade with other land-linked countries. In that respect revamping and development of efficient railway system has been given due emphasis in the implementation strategy, including sustainable and effective utilization of existing human and natural capital, and creation of an enabling environment for private sector participation. In an endeavour to widen and enhance resource mobilisation the Government's overall policy objective is to increase private sector involvement in the provision of transport infrastructure and services. This will include direct financing as well as through PPPs, in line with PPP Policy of 2009 and related regulations of 2011.

Annex 6. Transport Sector Investment Plan (TSIP)

The Government of Tanzania adopted a ten-year (2008 to 2017) Transport Sector Investment Program (TSIP) in 2007, as two consecutives five year plans. TSIP Phase 1 ran from 2008 to 2012. Both the TSIP I and TSIP II interventions were aligned with MKUKUTA framework.

TSIP II: TSIP Phase 2 was initiated in 2013 and ends in 2017. Among the specific objectives of TSIP are: To develop adequate, reliable, cost effective, efficient, safe, environmentally friendly and seamless transport infrastructure; and to enhance efficiency of transport services internationally, regionally, nationally and locally.

It integrates the various sources of financing, including government, development partners, public institutions and private sector, for both maintenance and development projects. It is implemented through the Medium-Term Expenditure Framework (MTEF) governing the entire public expenditure. However, the budgetary requirements for TSIP-2 are substantially greater than MTEF. The TSIP provides a critical contribution to the country's aspired development to a middle-income level status as envisioned in the Vision 2025. Cost for implementing the various components of TSIP-2 was estimated at $8.4 bln, with the largest share (61%) allocated to roads subsector. The sources of funding are: The GoT - 56.1%, the DPs - 21.1%, contributions from own agency funds - 2.8%, and PPPs- 20.0%.

Port Sector: According to TSIP 2 the development goal for maritime and inland water transport is to enable the economy use waterways transport as a low-cost form of transport and as an alternative to other modes for areas which border rivers, lakes and the ocean. Subsequently, the objective is to develop, rehabilitate and maintain marine transport infrastructure, revamp inland water services, and improve human resources responsible for managing and operating infrastructure and services.

PMP: The Port Master Plan (PMP 2008 - 2028) provides a roadmap for investment decisions and development of maritime and inland water transport.

TPA: The Tanzania Ports Authority was established as a landlord authority, but currently performs the role of both a landlord and operator. Main objectives of TPA include:

- Promotion of effective management and operations of sea and inland waterways ports
- Provision of services in relation to cargo and passengers
- Developing, promoting and managing port infrastructure and superstructure.

TPA administers diverse sea ports in Tanzania mainland and inland water ways (lake ports) serving Tanzania hinterland and land-linked countries. The major sea ports are Dar es Salaam, Tanga and Mtwara, while there are six small sea ports. There are twelve lake ports in total, on Lake Victoria, Lake Tanganyika and Lake Nyasa. The Port of Dar es Salaam handles over 90% of the total cargo traffic for all ports. TPA developed its second corporate strategic plan (2012 – 2016) for implementation of the first five years of PMP. This plan was adopted by TSIP 2. The plan was geared to addressing the challenges put forward by TPA's customers and shareholders in a bid to improve services and optimize capacity utilization.

Corporate Strategic Plan: The second corporate strategic plan was reviewed by TPA in 2016, based on which a third corporate strategic plan covering the period of 2017–2021 has been prepared.

Port development: The main emphasis for port development is: To increase capacity and efficiency; and to reduce container dwell time and ship turnaround time to allowable targets, while at the same time expediting TPA's process to move to landlord status. The main outputs of TSIP 2 for ports are: TPA port space is increased; and Cargo throughput increased to 15 mln tons in 2017.

Challenges: TPA is faced with various challenges including inadequate infrastructure and shipping technological changes, management and operations inefficiencies that constrain its competitiveness relative to ports in the neighbouring countries. Other challenges undermining the port performance is ineffective inland transport system and poorly integrated interface transport systems. In particular the poorly performing railway system in the country poses a serious constraint for smooth intermodal switchover from the port to inland and transit destinations.

Results: These challenges have resulted in slow ship turn-round time for deep-sea ships and long import container dwell time. The port has embarked in a process to address these challenges through various measures and operational solutions such as: Inland Container Deports (ICDs); improving the port layout to reduce internal traffic congestion; and improving internal systems and processes to enhance operational capacity and efficiency. TPA is also pursuing increased involvement of the private sector in developing key backbone infrastructure.

TSIP budget: The TSIP 2 budget estimate for development program for maritime and inland water transport is $1,770.5 mln, covering ongoing and committed projects. Some of the projects (estimated to cost $1,498.75) are to be implemented under PPP arrangement, e.g. construction of berths 13 and 14, and development of Mbegani Port. The remaining budget is covered by DPs and TPA's own resources. The budget proportions are: GOT – 0.8%, TPA – 13.2%, DPs – 1.4%, and PPPs – 84.6%. Due to recognized challenges in resource mobilization TSIP 2 priorities were focused on specific interventions that are important to unlock the economies of transit countries and unleash the revenue growth potentials for ports. In terms of budget execution for TSIP 2 priority projects, TPA had spent $345.325 mln for development projects up to June 2016, out of which $8.6 mln was from the GoT and the rest from TPA's own resources. This is about 20% of the planned TSIP 2 budget of $1,770.5 mln for maritime and inland water transport. Notably, TPA's contribution up to June 2016 had reached 144% of its total budget proportion planned for TSIP 2, which is commendable.

Targets and performance: The port of Dar es Salaam has benefited from the BRN initiative (2014 – 2016). The BRN target for port was to increase cargo throughput to 18 mln tons by 2016 (from 12 mln tons in 2012). About seventeen strategic interventions were planned for implementation to produce measurable results within three years, based on agreed Key Performance Indicators (KPIs). These included interventions geared to enhance operational efficiency of the port and to maximise spatial efficiency. Some of the BRN projects, (e.g. implementation of port community system, and rehabilitation of facilities and equipment for lake ports) were drawn from the TSIP 2 priority projects as appropriate to spearhead their implementation. Despite the BRN strategic interventions the container dwell time remained high at 10.2 days instead of the target of 7 days in 2016. Essentially, the desired dwell time is 5 days for import containers and TPA is working to achieve this, even though some of the factors are beyond its control.

The major causes of high dwell time include slow cargo clearance procedures, reliance on road transport as rail picks less than 0.2%, traffic congestion within Dar es Salaam City hindering smooth flow of trucks from the port, and tendency of some customers to maximize allowable grace period (7 days for local and 14 days for transit). Implementation of measures to address the problem of dwell time needs a concerted effort and strong commitment of all key port stakeholders. Positive achievements were made on the ship turnaround time for container traffic with reduction from 5.1 days in June 2014 to 2.5 days in June 2015 compared to the target of 4 days, and further to 2.0 days in June 2016. This was attributed to collective efforts by port stakeholders spearheaded by the Port Improvement Committee. There are six KPIs for TPA to report on under TSIP 2. These include ship turnaround time, container dwell-time, cargo throughput, and transport modal split.

TPA Projects beyond the TSIP 2 priority list:

New Dry Port: New Dry Port is planned at Kibaha to be fully funded by the private sector, with rail connections to the existing mainlines of TAZARA and TRL.

Dar es Salaam Maritime Gateway Project (DMGP): Important initiatives are underway to enhance capacity and efficiency of the Port of Dar es Salaam, including implementation of DMGP. The project components include deepening and strengthening the port entrance channel, modernization of berths 1-7, preparatory works for construction of berths 13 and 14, and construction of Ro-Ro (Roll On – Roll Off) Terminal Improvement works on berths 1 – 7 have already commenced, and preliminary works for the construction of RoRo terminal started in FY 2014/15. DMGP is jointly funded by Trademark East Africa (TMEA), the Department of International Development (DfID) and the World Bank. The total budget from DPs is $630 mln, while TPA will contribute $60 mln, making the total amount of $690mln for DMGP.

Inland Water Transport Financial and Physical Performance - TSIP 2: Inland water transport services are under the responsibility of Marine Services Company Ltd (MSCL). The TSIP 2 budget estimate for MSCL is $42.9 mln for ongoing and committed maintenance and development projects. Since most of the MSCL vessels are well past their economic design life span, the plan was to rehabilitate existing fleet (three vessels) and build three new ships. Initial expectation was for MSCL to enter into PPP arrangements for implementation of all projects, with funding from Danida. Unfortunately, this has not materialized. However, GoT has allocated $23.1 mln in 2017 for rehabilitation of MV Victoria, MV Butiama in Mwanza, and MV Liemba in Kigoma, as well as for building a new vessel for Lake Victoria. Rehabilitation of MV Butiama and MV Liemba projects are not listed in the TSIP 2 first priority projects. These have been reprioritized because of the urgent need of marine transport for the community living along Lake Tanganyika and Ukerewe Island who do not have other means of transport. The projects implementation period is from 2017 to 2018. Overall, in terms of the planned TSIP 2 outputs for inland water transport, three out of six planned projects have been funded by GoT, which is a commendable 50% achievement. Considering that all projects are at tendering stage, one can conclude that the projects have experienced excessive delays for implementation. One of the reasons is that procurement process through international tendering for prequalification of bidders was not successful in getting a winner during the first evaluation rounds, hence the bidding had to be re advertised.

Aviation sector: Aviation investment in TSIP 2 covers Tanzania Airports Authority (TAA), Tanzania Civil Aviation Authority (TCAA), and Tanzania Meteorological Agency (TMA). The goal for air transport subsector is to improve and expand air transport infrastructure and services to foster both domestic and international trade and tourism. The objective is to create conducive environment that will promote private sector participation to manage and operate commercially viable airport projects. The main output of TSIP 2 for aviation subsector is for the airport infrastructure to be improved (Mafia, Tabora, Kigoma, Mwanza, Dodoma and Bukoba). The National Transport Policy (NTP) - draft 2016 - provides the focus for the aviation subsector, which is to establish a proper framework for further improvement and enlargement of the national network of airports, especially through the involvement of the private sector. New construction projects in airports should be

guided by a Master Plan. Tanzania mainland has a total of 368 aerodromes, out of which 58 are operated by Tanzania Airports Authority (TAA). There are two International Airports, i.e. Julius Nyerere International Airport – (JNIA), and Kilimanjaro International Airport (KIA). JNIA is managed and operated by TAA.
KIA is managed by Kilimanjaro Airports Development Company (KADCO). Aerodromes that are operated by TAA account for 76% of all aircraft movements in the country, 82% of air passenger traffic, and 94% of all air cargo handled in the country. Of the 58 airports managed by TAA only JNIA and KIA generate sufficient revenues to finance their recurrent operations.

The Tanzania Meteorological Agency (TMA) under the Ministry of Works, Transport and Communications is responsible for provision of meteorological services to the general public, institutions and individual users of tailor made services. TMA facilitates all sectors, important ones being transport, agriculture and livestock, and disaster management. For transport sector TMA facilitates transport operations especially those of the aviation and maritime nature. The Agency provides meteorological services at three international airports, and for 17 national airports in Tanzania. The services provided include: significant weather charts depicting expected weather conditions, winds, temperatures, landing and take-off data and Terminal Aerodrome Forecasts (TAFS). It is obvious that the investments needed by TMA to enable it carry out its mandate is too large to be supported by the transport sector alone. Hence, the investments for TMA indicated in the TSIP 2 priorities were selected carefully to include only those projects that will impact positively on efficiency and safety of transport operations.

TSIP II Results:

Railways: The main outputs of TSIP 2 for the railways subsector are:
- 200 km of the railway central line rehabilitated
- TRL traffic increased from 250,000 MT in 2012 to 750,000 MT in 2017
- TAZARA traffic increased from 790,000 in 2012 to 1,000,000 MT in 2017.
- Performance of both TRL/RAHCO and TAZARA railways dropped significantly during the last 10 years (2006 – 2016) with freight traffic in TRL decreasing at an average rate of 28% annually
- For TAZARA the actual tonnage fluctuated from 601,229 in 2006 to 128,105 tonnes in 2016, with an average decrease of 9% during the same period.
- Rail traffic now accounts for less than 1% of total exports and imports for Tanzania, which implies gross underutilization of the railway mode of transportation for bulk transit goods.

In a nutshell, more commitment is needed from the GoT, DPs and other key stakeholders for coordinated and harmonised actions between roads, rail, and port subsectors to harness synergies.

Ports: The TSIP 2 main outputs for ports are:
- TPA port space increased
- Interventions to increase port space are at preparatory stage under the DMGP
- The cargo throughput increased from 12 mln tons in 2013 to 15 mln tons in 2015, however, declining to 14 mln tons in 2016.

Among the challenges facing the Port of Dar es Salaam is to reduce container dwell time. TPA has been working hard to address this problem, with interventions aiming to transform operational processes at the port, e.g. creation of a universal port community system to streamline port operations and automate documentation and payment processes. This is being achieved through close collaboration of government agencies, DPs and the private sector. The aim is to ensure seamless coordination and collaboration among the key players for the port. Another initiative spearheaded by BRN was the permanent extension of operating hours (until 8pm on weekdays and 2pm on weekends and public holidays) for the Tanzania Inter-Bank Settlement System (TISS) to

improve productivity in fast-tracking cargo clearance at the Port. This has contributed to greater efficiency and boosted cargo freight volume passing through the port. However, other factors contributing to the problem of high dwell time are quite complex and beyond the control of port. The challenge of ineffective inland transportation system and poorly integrated interface transport systems (port, railways and road networks), has continued to undermine the port performance. In particular the poorly performing railway system in the country is a serious constraint to the smooth intermodal switchover from the port to inland and transit destinations.
Interventions to improve road access and rail access within the port of Dar es Salaam are on-going, but permanent solution would require the country to have a reasonably functioning intermodal transport system, with railway as a key element.

Key recommendations include:
- Fast-track improvement of inland transport infrastructure (particularly railways) that connects ports, while ensuring implementation effectiveness. Otherwise operational efficiency and competitiveness of TPA will be at stake, and consequently loss of opportunity to optimise Tanzania's geographic advantage for transit transport and regional trade facilitation.
- Escalate implementation of the DMGP for the long-term enhancement of capacity and efficiency of DSM Port and lake ports.
- Prioritize interventions that are potentially attractive for private investors, which is highly needed for ports development and operations.

Annex 7. Local Government Transport Plan (LGTP-2)

The LGTP 2, part of TSIP 2, is a comprehensive programme for the development and maintenance of Tanzania's local government transport infrastructure. The LGTP 2 has been planned in five-year phases within an overall 15-20-year perspective. LGTP 2 builds on the lessons learned in Phase 1. The core problem that LGTP 2 has been addressing is the unreliable access currently provided by much of the local government transport network. The long-term vision of the LGTP is a local government transport system that allows the safe passage of goods and people throughout the year and supports the economic development of the country.

LGTP-2 link to agriculture: This will contribute to Tanzania's Vision 2025 that foresees the elimination of abject poverty underpinned by a transformation from a low productivity agricultural economy to one led by modernized and highly productive agriculture. Sources of funds for LGTP2 are RF, EU, USAID and DFID. Under Technical and Managerial Capacity Building, several trainings have been conducted to engineers and technicians such as Dynamic Cone Penetrometer (DCP) design method, Contract Management, AUTOCAD, use of gravel test kits, hydraulic and hydrology design of drainage structures, site supervision and Network planning. The Feed the Future Programme under USAID, Phase I, 179.8km has been implemented and completed as planned in 4 LGAs of Kilombero, Kongwa, Kiteto and Mvomero. Phase II programme will involve 304km. Under DFID through Improving Rural Access in Tanzania (IRAT) Phase II, a total of 11 LGAs have been involved for improvement of roads, bridges and culverts.

Annex 8. Tanzania Mini-Tiger Plan 2020

In 2004 the UN, IMF, and World Bank, as well as independent experts have discussed economic development strategies and models for Africa. One important approach recommended for African development is the model based on the Asian experience. The Mini-Tiger Plan 2020 is a practical development strategy and tool which focuses on Special Economic Zones (SEZ) for the Vision 2025 and other plans to make Tanzania a fast-growing economy in Africa (to be a Mini Tiger economy by 2020).

Regional Aspect of Mini Tiger Plan

Dar es Salaam: As an alternative industrial form, the import substitution industries can be considered. They could procure a bulk of raw materials from domestic producers and distribute the finished products to the domestic market, thereby saving resources which could otherwise be used to purchase imported goods. Dar es Salaam has also a very important function as a gateway of East African region in the airline and shipping services.

Arusha / Kilimanjaro Regions: Modernization of traditional crops (coffee, banana and maize) and introduction of new cash crops and new agricultural techniques through foreign investment is the key for the regional development. Other potentials can be found not only in new crops farming like cut flower, corn, bamboo shoots or soya beans but also processed materials from those crops (food processing: corn syrup, rice snacks, corn snacks, dry fruit etc.). Vegetable oil for both food and industrial use: there are 3 oil mills (corn, vegetable, sunflower and soya beans) producing semi-refined edible oils in the regions which are to be expanded.

Mwanza Region: Maize, cassava and sweet potatoes consist over 70% of regional agricultural production. However, the regional output is still not enough to feed its population, which is second largest in Tanzania. As a result, the region is importing food from other regions. Cotton farming has been the region's key agricultural activity, but the trend shows that cotton production has tended to fluctuate and largely dependent on the rise and fall of the price in international market.

Kigoma Region: Located in the western zone of Tanzania and is a transport hub for neighbouring countries, DRC, Burundi, and Zambia. Main agricultural products produced in the region are cassava, maize, legumes, sweet potatoes and banana. As cash crops, palm oil, coffee, tobacco and cotton farming are practiced, though, due to low inputs of agricultural materials combined with poor extension services, yields are low, despite being endowed with fertile soil and plenty water resources.

Tanga Region: Key to compete with Mombasa is the adoption of "one stop window" administration in which port claims are handled within one single office and all related procedures are processed within shorter periods. Marketing collaborations with Arusha and Kilimanjaro regions where most of the export goods are coming from. Select agricultural products, which can reasonably be processed and shipped from Tanga rather than from Mombasa and via KIA airport. Link with the agricultural crops produced in the region and hinterland, are then processed in Tanga and exported from the port. Effective distribution system of agricultural inputs and outputs, and strengthening the linkage with the hinterland of Arusha and Kilimanjaro regions.

Morogoro Region: Major crops cultivated are cotton, oil seeds (sunflower, simsim and soya beans), sugarcane, maize, paddy, cassava and sorghum. The region utilises only 20% of its total arable land despite being the second largest region in Tanzania. With rising awareness of the problem, the regional government and business community have recognized the need for mechanisation of farming and subsequent value-added food processing industries. The challenges and constraints include:

- Poor business management and technical skill of the region's farmers, who are confined to small-scale farming except for sugarcane, sisal and paddy farming
- Purchasing power, which is proportionally weak together with high interest rate financing, is making very difficult for farmers to install new machinery for their agricultural operations

- Cost and benefits issue whether the mechanisation process could ensure benefits, which match the investment costs.
- Poor machinery maintenance scheme and lack of repairing system is a bottleneck

Iringa Region: A rich climate pattern together with its large arable land, allowing the region to enjoy considerable benefits from agricultural production. It is producing maize, wheat, coffee, tea, pyrethrum, vegetables and fruits, although they are cultivated with low yield agricultural technologies and expertise. They are largely grown for subsistence purpose and, if any, marketed without processing (fruit and vegetable juices and all forms of canning is limited).

Mbeya Region: The region produces 460,000 tons of maize and 120,000 tons of paddy annually. Dairy cattle grazing in the highland zone is also an important economic activity. The region needs to expand the cultivated land area. Even though the region's 62% of total land is arable, only one third of the total arable land is under cultivation. Poor provision of extension services and agricultural inputs are lacking. Utilising local advantage, the ideal business model for the region's development, could be the operation of bonded and transit business with hinterland countries. The region faces a long distance from the seaports from where raw materials for manufactured products are imported.

Mtwara / Lindi Regions: Mtwara provides a major sea outlet of the southern corridor for trade, and Lindi is situated in the broad fertile hinterland is suitable for agricultural products. Collaborative programmes between the two regions are ideal and necessary to maximise advantages and potentials. Agriculture: mainly cassava, maize, sorghum, rice, cashew nuts, coconut, simsim, and groundnuts. Major cash crops are cashew nuts, simsim, as well as edible oil production from these crops is also flourishing. A newly introduced product – macadamia - which has been implanted in Kenya and proved to be commercially successful, and soya beans could be promising.

Mtwara corridor: In 2002, Tanzania and Mozambique signed a MoU to develop the Unity Bridge over the Ruvuma River to link the regions of Mtwara, Lindi and Ruvuma in Tanzania to the provinces of Cabo Delgado and Niassa in Mozambique. Construction of a comprehensive road network in southern region is proposed, as well as a coastal corridor from Dar es Salaam to Mtwara.

Major bottlenecks and problems:
Dependency on primary commodities: limited volume and competitiveness of exportable products (coffee, cashew nuts, cotton, sugar and fish). Limited availability of machinery, energy and power for all sectors. Use of machinery, energy, and power is very limited in all sectors. Weak infrastructure and associated poor services: Transport, telecommunications and energy. Although basic infrastructure such as roads and airport has been improved in recent years, infrastructure and services in general are still in weak condition and further improvement is needed. Limited flights to Tanzania are limiting opportunities to attract tourists and investors. It is important to increase direct flights from as many countries as possible for promoting tourism, investments and exports. Poor human resources and skills for the modern market economy. Furthermore, proper training and practical skill development are needed.

Plans and projects: Agriculture cash crops SEZ focusing on strategic commodities which will be demanded globally in the coming years; that is soya beans, bamboo shoots, cut flowers, high value vegetables, maize, cassava, rubber, palm oil and macadamia nuts. Some temperate zone vegetable and fruits such as persimmon, apple, pear, chest nut, and plum may be introduced in the highland regions as niche products for domestic and where possible for exports. Once these strategic commodities are promoted in Tanzania, agro-food processing and service industry should be promoted aggressively picking first from promising projects which are already operating in Tanzania and encouraging private investors to other new commodities.

Annex 9. Big Results Now (BRN) and NKRAs

The Big Results Now (BRN) was initiated under FYDP I in 2013 as one of its tools for tracking and ensuring implementation in designated key result areas (KRAs). This was a three-year program that ended in June 2016. Delivery was monitored through the identified National Key Result Areas (NKRAs). The focus of BRN Transport NKRAs was to reduce transaction costs, and increase the capacity and efficiency of the port, rail and road transportation along the Central Corridor, the main backbone of the nation's transport network and also a key transit corridor for regional trade.
The initiative marked a shift from subsector-based prioritisation to intervention prioritisation, putting strong emphasis on implementation effectiveness. The estimated cost was $2 bln, of which 67% was sourced from GoT budget.

These investments aimed to increase transit capacity along the Central Corridor with outcomes measured against the following top line targets set for 2016:

- Port: Increasing cargo throughput at the Dar es Salaam port from 12 to 18 mln tons by 2016; in 2015 import container dwell time reached 10.2 days compared to the target of 7 days. By end of 2015 ship turnaround time achieved was 2.9 days as compared to the target of 3 days.
- Rail: Increasing railway capacity from 0.2 mln to 3 mln tons by 2016; Rail KPI of increasing freight moved by rail from 200,000 tons to 3 million tons by June 2016 faced serious challenge on infrastructure financing. Even though the country made significant investments in acquiring new rolling stock and other equipment, these were crippled by poor infrastructure. Efforts to bring in private sector capital did not materialize, and neither were other potential new sources of funding fully explored.
- Road: Reducing travel time for trucks (from Dar es Salaam to Mwanza, Rusumo and Kabanga) from 3.5 days to 2.5 days by 2016; and time moved by a truck from the port of Dar es Salaam to the border of Rwanda and Burundi of which the KPI was also achieved at 2.5 days. This involved the reduction of non-tariff barriers along the central corridor, which saw the reduction of police road blocks from 15 to 5 and completion of One-Stop Inspection Station at Vigwaza. Tanzania is currently constructing 2 One-Stop Inspection Stations at Manyoni and Nyakanazi to reduce further the number of truck stoppages along the central corridor.

Annex 10. SUMATRA

The Surface and Marine Transport Regulatory Authority (SUMATRA) was established in 2001. The duties of SUMATRA, among others, are to: promote effective competition and economic efficiency; protect the interest of consumers, and the financial viability of efficient suppliers; promote the availability of regulated services to all consumers; and enhance public knowledge, awareness and understanding of the regulated sectors. The Authority's functions include to:

- issue, renew and cancel licenses
- establish standards for regulated goods and regulated services
- regulate rates and charges
- monitor performance of the regulated sectors
- facilitate resolution of complaints and disputes.

SUMATRA has established regional offices in all 25 regions of mainland Tanzania, with an objective to move regulatory functions close to the people. The Authority regulates road transport, railway, ports and shipping services, maritime safety and security. SUMATRA finances its own operations through collection of its revenue from the approved sources. The total TSIP 2 budget for SUMATRA is $1,256,000, planned to cover: regulation of transport operations, road freight transport, road passenger transport, shipping services, and maritime and inland water transport.

Annex 11. SWAP

Transport sector performance assessment/dialogue for policy and strategic issues is based on Sector Wide Approach (SWAP). The intention for SWAP is for stakeholders to engage in transparent and timely sector dialogue, particularly for scrutinising spending plans, assessing performance in implementing sector policies, strategies and plans, assessing the effectiveness of budgeting and execution and the links to national development goals.

JTSR: In pursuit of SWAP the Joint Transport Sector Review (JTSR) is held annually, and normally in October/November of each year. JTSR is a framework for assessing performance of the transport sector in a collaborative manner using agreed performance indicators and targets. JTSR is led by GoT with involvement of DPs and private sector including other transport sector stakeholders such as the civic society. Due to national elections, the JTSR was not held in 2015. Instead it was held in February 2016, followed by a scheduled one in November 2016. The outputs of JTSR feed into the General Budget Support (GBS) Annual Review, which is held in November/December under coordination of the Ministry of Finance and Planning. GBS is a major GOT/DPs dialogue platform to assess progress in the achievement of national KPIs and how they contributed to MKUKUTA II outcomes and subsequently the Five Year National Development Plan. Joint Technical Committees (JTC) comprising of team of experts from the Government and DPs are supposed to be held quarterly under the MOWTC to assess performance in addressing the key issues agreed in the annual JTSRs, as well as to advise on sector reforms and other important issues impacting implementation of the TSIP.

Annex 12. Infrastructure investments

Development Partners: The GoT in collaboration with DPs and other transport sector stakeholders is implementing the second phase of the ten-year Transport Sector Investment Program (TSIP 2, 2012/2013 – 2016/2017) with a total value of $8.4 bln. The TSIP 1 was implemented from 2007/2008 -2011/2012 with a value of $6,147 mln. The main objective of TSIP-2 is to develop an adequate, reliable, cost effective, efficient, safe, environmentally friendly and seamless transport infrastructure. The GoT through the Ministry of Works, Transport and Communication (MOWTC) commissioned a review of TSIP 2 in September 2016 to take stock of implementation status and propose recommendations on the ways forward. This report is meant to inform stakeholders on the findings and recommendations from the TSIP 2 review.

World Bank EAC portfolio (notes): World Bank Group will provide $1.2 bln to improve infrastructure and competitiveness of East African Community by providing additional resources for regional infrastructure through market-driven private sector financing and guarantees. The financing will contribute to the EAC states' planned investments in the next seven years. This support is additional to large on-going individual country programs. The World Bank is already supporting the EAC's regional integration agenda with investments of $2.3 mln in 17 regional projects in priority sectors. These include roads, railways, energy, information and communications technologies, finance, trade, health, agriculture, livestock development and health. IFC presently has a portfolio of over $1 bln in EAC countries. Project support sectors include agribusiness, finance, infrastructure, manufacturing, services, and telecommunications. IFC's infrastructure portfolio in East Africa includes investments in Kenya Power and Lighting, Thika Power and Gulf Power in Kenya; and the Bujagali Hydropower Project and Umeme in Uganda. MIGA's portfolio in the EAC includes 11 projects, amounting to a gross exposure of $550 mln. MIGA's support for the energy sector is particularly noteworthy and includes guarantees for the Gulf, Thika, Triumph, and OrPower 4 independent power producers in Kenya; KivuWatt Ltd. in Rwanda; and Bujagali and Umeme in Uganda. The World Bank Group is also using its resources and experience to assist the EAC member countries in analytical work and policy reforms that are critical to unleashing the region's growth potential and increasing its global competitiveness in trade and investment.

Dar es Salaam Port and Ethiopia: In the context of South-South Cooperation, a strategic initiative is in the process between the Ethiopian and Tanzanian Prime Ministers Mr Desalegn and Mr Majaiwa respectively. An economic cooperation spanning a whole gamut of 14 areas in their collective development efforts - from energy, agriculture and tourism to air, land and sea transport networks; and education, sporting events to industry and tax reforms. Inspired by Julius K. Nyerere, who once stated that you "cannot develop the people; you can only give them the tools with which to develop themselves", they are seeking to implement the "Addis-Dar cooperation" by circulating human capital, goods and services that matter; breaking linguistic barriers to deliver real change in the lives of their people".