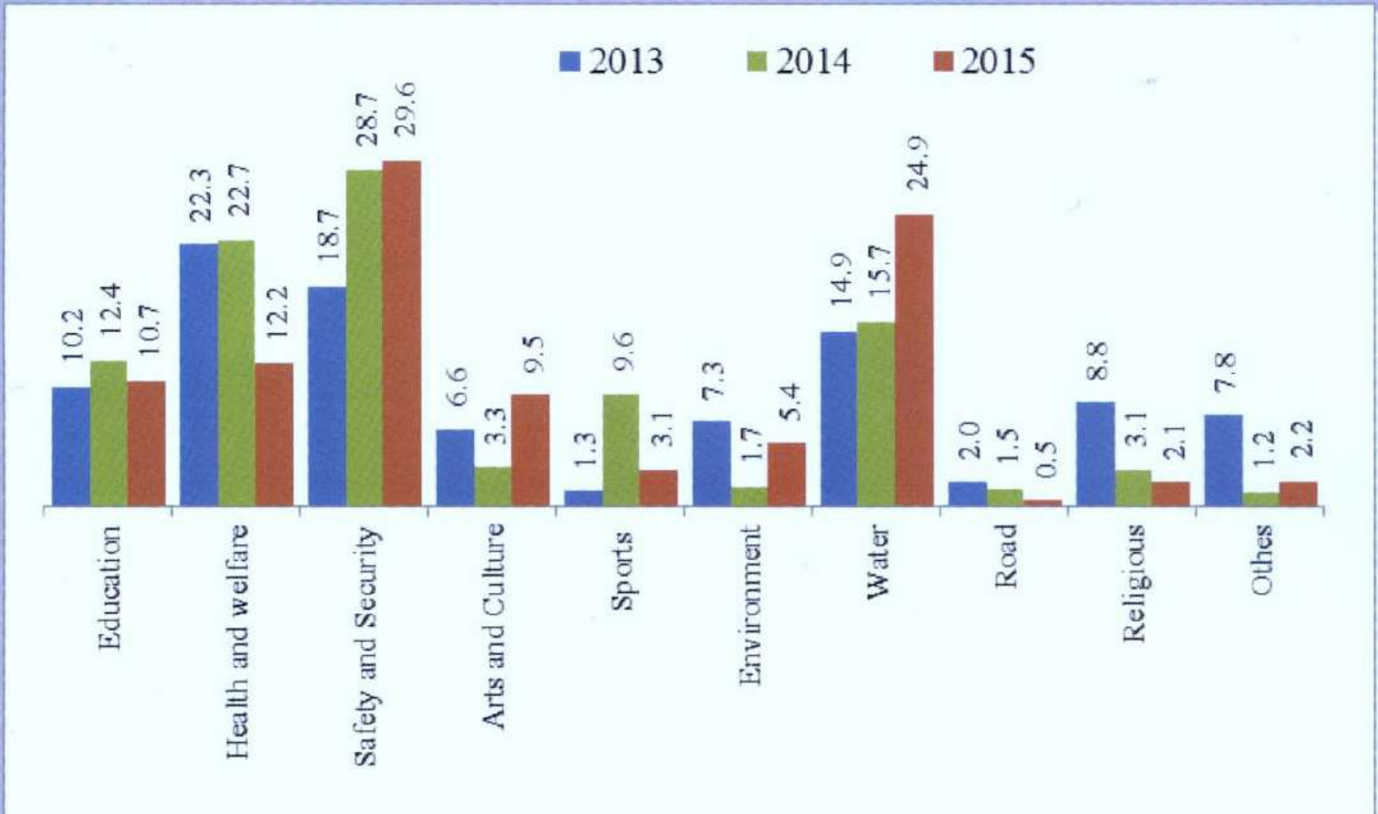
ZANZIBAR INVESTMENT REPORT

Report on Foreign Private Investment in Zanzibar



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2016

PREFACE

It has been a practice for Zanzibar Investment Promotion Authority (ZIPA), Bank of Tanzania (BoT) and Office of Chief Government Statistician (OCGS) to collaboratively, undertake Private Capital Flows (PCF) surveys and issue reports, which provide information on the magnitude and source of foreign private capital flowing into Zanzibar. This is the ninth cycle of survey, covering three years (2013, 2014 and 2015).

Globally, PCF especially in the form of Foreign Direct Investment (FDI) is market-driven and for economies, which have achieved faster and strong economic growth, FDI plays significant role. In recent years, Zanzibar has experienced higher inflow of FDI, particularly in accommodation and food services, thanks to expanding tourism activities. FDI inflow amounted to USD 15.3 million in 2015, of which USD 14.6 million was channeled to accommodation and food services. Next to accommodation and food services were real estate activities, which recorded an inflow of USD 2.0 million. This report has also revealed increased levels of employment in FDI projects and gradually nationals have been taking positions in management, skilled and professional cadres, which were previously held by non-nationals. This performance is the outcome of deliberate efforts by key stakeholders to promote investment in tourism related activities as well as other activities to diversify FDI inflow and improve value addition in activities linked to tourism. Achieving this goal will not only increase economic growth and reduce poverty reduction, but will also reduce vulnerability of the economy to shocks.

This report is thus expected to provide an insight to developments that have taken place in FDI and other foreign private investments, and inform policy on changes and challenges associated with such investments. It stands to be a useful source of reference to policy makers, investors', academia and other stakeholders. The recommendations outlined in this report are envisaged to improve the current investment environment for higher FDI inflow going forward.

Salum K. Nassor - Executive Director
Zanzibar Investment Promotion Authority (ZIPA)

May, 2018

ABBREVIATIONS

BoT	-	Bank of Tanzania
CPI	-	Consumer Price Index
CSR	-	Corporate Social Responsibility
DDI	-	Domestic Direct Investment
EAC	-	East African Community
MEFMI	-	Macroeconomic Financial Management Institute
FDI	-	Foreign Direct Investment
FAL	-	Foreign Assets and Liabilities
FPI	-	Foreign Private Investment
GDP	-	Gross Domestic Product
IMF	-	International Monetary Fund
ISIC	-	International Standard Industrial Classification
M&A	-	Merger and Acquisition
MKUZA	-	Mkakati wa Kukuza Uchumi na Kupunguza Umasikini Zanzibar
OCGS	-	Office of the Chief Government Statistician
OECD	-	Organization for Economic Corporation and Development
OI	-	Other Investment
PI	-	Portfolio Investment
PCF	-	Private Capital Flow
RGoZ	-	Revolutionary Government of Zanzibar
SADC	-	Southern African Development Community
SDDS	-	Special Data Dissemination Standard
TZS	-	Tanzania Shillings
UN	-	United Nations
UNCTAD	-	United Nations Conference on Trade and Development
UNIDO	-	United Nations Industrial Development Organization
USA	-	United States of America
WAIPA	-	World Association of Investment Promotion Agencies

ZATO	-	Zanzibar Association of Tour Operators
ZATI	-	Zanzibar Association of Tourism Investors
ZNBC	-	Zanzibar National Business Council
ZSGRP		Zanzibar Strategy for Growth and Reduction of Poverty
ZDV	-	Zanzibar Development Vision
ZANEA	-	Zanzibar Employers' Association
ZGR	-	Zanzibar Growth Strategy
ZIPA	-	Zanzibar Investment Promotion Authority
ZNCCIA	-	Zanzibar National Chamber of Commerce, Industries and Agriculture
ZURA	-	Zanzibar Utilities Regulatory Authorities

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EXECUTIVE SUMMARY

In efforts to monitor and manage developments of external capital flows in Zanzibar and identify gaps and challenges for policy intervention, a team of experts from three institutions, namely Zanzibar Investment Promotion Authority (ZIPA), Office of the Chief Government Statistician (OCGS) and Bank of Tanzania (BoT) collaboratively conducted a survey of enterprises with foreign foreign liabilities. It is the 9th survey since 2004 and was conducted in the period between October 2016 and January 2017 covering three years (2013-2015). The information captured in the survey includes foreign private investments liabilities (stocks and flows) and investor perceptions mainly on employment and social corporate responsibilities (SCR). The industrial activities of the enterprises covered were as defined by the United Nations International Standard Industrial Classification (ISIC Rev. 4). Out of targeted 146 companies, 112 were established to have foreign capital component, implying response rate of 77 percent. The MEFMI PCMS software version 3 was used to aid analysis.

The following were the major findings of the survey:

- FDI inflow in Zanzibar increased by over 100 percent in 2015 from outflow of USD 28.3 million to inflow of USD 15.2 million following increase of short term and long term loans from related parties.
- Accommodation and food services activities, including hotels and restaurants continued to dominate FDI inflow in Zanzibar, recording a total inflow of USD 14.5 million in 2015, albeit lower compared to the inflow of USD 23.2 million recorded in 2014. The activity also led in terms of investment stock, which stood at USD 173.3 million in 2015, followed by information and communication at USD 123.8 million.
- Of the top ten countries that invested in Zanzibar, United Kingdom, Germany, Austria, and Italy accounted for 28.4 percent of FDI stock, while United Arab Emirates (UAE) accounted for 57.0 percent. Also, the biggest FDI inflow in 2015 originated from the ten countries, the highest being UAE, followed by Germany, United Kingdom, and Kenya.
- FDI inflow by regional groupings in 2015 originated from regions outside the Organization for Economic Co-operation and Development (OECD), East African Community (EAC) and Southern African Development Community (SADC). The inflow

from other regions amounted to USD 12.8 million with the biggest being from United Arab Emirates (USD 12.0 million). Next to this region was the East Africa Community (EAC), which registered investment an inflow of USD 1.6 million with Kenya being the major source.

- The stock of domestic investment (DDI) in 2015 amounted to USD 87.8 million, up from USD 51.4 million in 2014, while the registered inflow was USD 40.4 million. The inflow was mainly channeled to the wholesale and retail trade and repair (USD 41.1 million).No DDI inflow was recorded in transport and storage; information and communication; education and recreation activities.
- Foreign investments have continued to contribute in employment generation. Investments in accommodation and food services led in employment generation in 2015 with 61.2 percent contribution from 57.5 percent in 2014, followed by manufacturing, 11.6 percent from 11.7 percent in 2014. Investment in other activities such as administrative, support services and human health and social work had little contribution on employment generation.
- Male employees continued to dominate all positions by more than 60 percent in 2015 compared to female employees. Skilled local employment in both gender increased with female having marginally recorded an upward trend from 1,205 in 2014 to 1,231 in 2015, while male had the highest increase from 2,224 in 2014 to 2,629 in 2015.
- Contribution through Corporate Social Responsibility (CSR) amounted to USD 0.45 million in 2015 from USD 0.49 million in 2014. This amount is considered small compared to size of FDI in Zanzibar; the situation is largely explained by lack of credible plans from local communities and low transparency.

Key recommendations

To further attract foreign private investments in Zanzibar and increase benefits of such investments in the economy, the following are proposed:

1. There is a need to persistently continue to improve business environment, especially legal and regulatory framework to reduce the effect of Zanzibar global investment competitiveness, improve infrastructure (urban and rural roads) and all entry and exit

points including ports and airports, and public utilities (water, sewerage, electricity and communication).

2. Expand benefits accrued from foreign investments; improvement in sectors that employ majority of the population need to be made in order to ensure linkage and diversification of the economy. This includes developing garment sector to take advantage of garment factories re-locating from East Asia and other developed countries.
3. Increase foreign investors support to local communities' projects; there is a need for responsible entities including Local Government Authorities (LGAs) to enhance local communities' capacity in developing credible projects, establish accountability and fund management mechanisms. In connection to this, there is a need to encourage investors to engage more in Corporate Social Investments by investing part of their profits to the surrounding communities for improved livelihood.
4. Continue to enhance skills in various disciplines, particularly in tourism and its related activities including other high labour intensive activities including garment manufacturing. In this way, Zanzibar will be able to take advantage of re-locating textile investments from middle and high income countries.

CHAPTER ONE
INTRODUCTION

1.1 Background

This chapter provides an overview of Foreign Direct Investment (FDI) flows in 2015 focusing on global, regional and Africa trends. It also presents various initiatives undertaken by the Revolutionary Government of Zanzibar (RGoZ) in promoting private sector investments and the state of Zanzibar macroeconomic environment.

Foreign Direct Investments (FDI) is primarily market-driven, and for economies, which have achieved faster and strong economic growth, FDI played a significant role. Developed and developing countries alike have thus strived to improve investment environment in order to attract FDI amounts not only to complement domestic savings, but also enhance skills and technological transfer; improve linkages between productive and non-productive sectors of the economy; and integrate domestic economy with the rest of the world. The financing of FDI is in different forms, but following diverse facilitative conditions amongst countries, nature, amount and concentration differ across countries and regions. It is in this context that this report is prepared to analyze and inform various stakeholders on the nature of FDI flows and stocks in Zanzibar, distribution by sector, sources by countries and regions as well as the state of domestic investments in FDI registered projects. Further, the report analyses the state of employment in FDI projects.

The information contained in this report not only provides more insight on developments that have taken place since 2012 when the last report was published, but also inform on policy challenges and recommendations on improvements to be made for sustained and diversified FDI inflows—one of the ingredient for sustained and inclusive economic growth.

1.2 Global FDI Trends

According to World Investment Report (WIR) of 2017 total global FDI inflows increased by 34.0 percent in 2015 from a decline of 8.3 percent in 2014, that is, from USD 1.3 trillion to USD 1.8 trillion—the highest since the Global Financial Crisis of 2008 -2009. The surge of inflows was associated with cross-border mergers and acquisitions amounting to USD 721 billion from

USD 432 billion in 2014 (**Table 1.1**). FDI inflow to developing economies registered a positive trend with a total of USD 752.3 billion in 2015 from USD 703.8 billion –the biggest recorded inflow being in East Asia (China, Hong Kong, Singapore, Philippines and Malaysia) as a result of strong economic performance. Africa, Latin America and Caribbean had a flattened inflow.

Table: 1.1: Global FDI flows

In million USD

	2013	2014	2015^{P}
FDI inflows	1,443,229.9	1,323,863.4	1,774,000.7
FDI outflows	1,399,483.3	1,253,158.6	1,594,317.2
Change in FDI inflows (%)	-9.4	-8.3	34.0
Change in FDI outflows (%)	0.8	-10.5	27.2

Source: World Investment Report, 2017

Table 1.2a: FDI flows by Region **In million USD**

	FDI inflows			FDI outflows		
Regional Economy	2013	2014	2015	2013	2014	2015
World	1,443,229.9	1,323,863.4	1,774,000.7	1,399,483.3	1,253,158.6	1,594,317.2
Developed economies	684,260.5	563,329.7	984,105.0	890,920.1	707,634.9	1,172,867.1
Developing economies	674,658.2	703,780.4	752,329.0	432,766.1	472,745.2	389,267.0
Africa	74,550.5	71,254.0	61,494.8	37,900.8	28,276.9	18,045.2
Asia	421,499.9	460,315.7	523,641.5	362,680.7	412,333.0	338,682.6
Latin America and Caribbean	175,914.5	169,918.9	165,399.0	30,005.5	30,734.1	31,498.9
Transition economies	84,311.2	56,753.3	37,566.7	75,797.1	72,778.5	32,183.1

Source: World Investment Report, 2017

Table 1.2b: Share of FDI Flows by Region **Percentage**

	FDI inflows			FDI outflows		
Region/economy	2013	2014	2015	2013	2014	2015
Developed economies	47.4	42.6	55.5	63.7	56.5	73.6
Developing economies	46.7	53.2	42.4	30.9	37.7	24.4
Africa	5.2	5.4	3.5	2.7	2.3	1.1
East Africa	0.3	0.3	0.2	0.0	0.0	0.0
Asia	29.2	34.8	29.5	25.9	32.9	21.2
Latin America and Caribeian	12.2	12.8	9.3	2.1	2.5	2.0
Transition economies	5.8	4.3	2.1	5.4	5.8	2.0

Source: World Investment Report, 2017

According the World Investment Report (2017), primary activities (agriculture and mining) recorded the lowest FDI inflow in 2015 partly due to the decline of commodity prices, which resulted into sharp fall of profit margins, and in turn low re-invested earnings. FDI in

(M&A) sales growing at above 50 percent. By the end of 2015, M&A in manufacturing activities was 27.6 percent of total sales. Of the activities, services constituted over 60 percent of the FDI stock.

On FDI outflow, there was a global increase of 14.0 percent (from USD 1.3 trillion to USD 1.6 trillion in 2015)–the highest record in three years (2013-2015). Of the outflow, 73.6 percent was from developed economies, largely Austria, Ireland and the Netherlands. Such outflow was the biggest since the onset of financial crisis of 2008- 2009. Behind the rebound was the improved financial position. In Asia, China remained the most promising investor in developing economies despite the slowing of its economy. Other dominant investors from Asia were India and Turkey. South Africa invested less than in the past, but continued to reign as a major source of investment from Southern Africa (WIR, 2017).

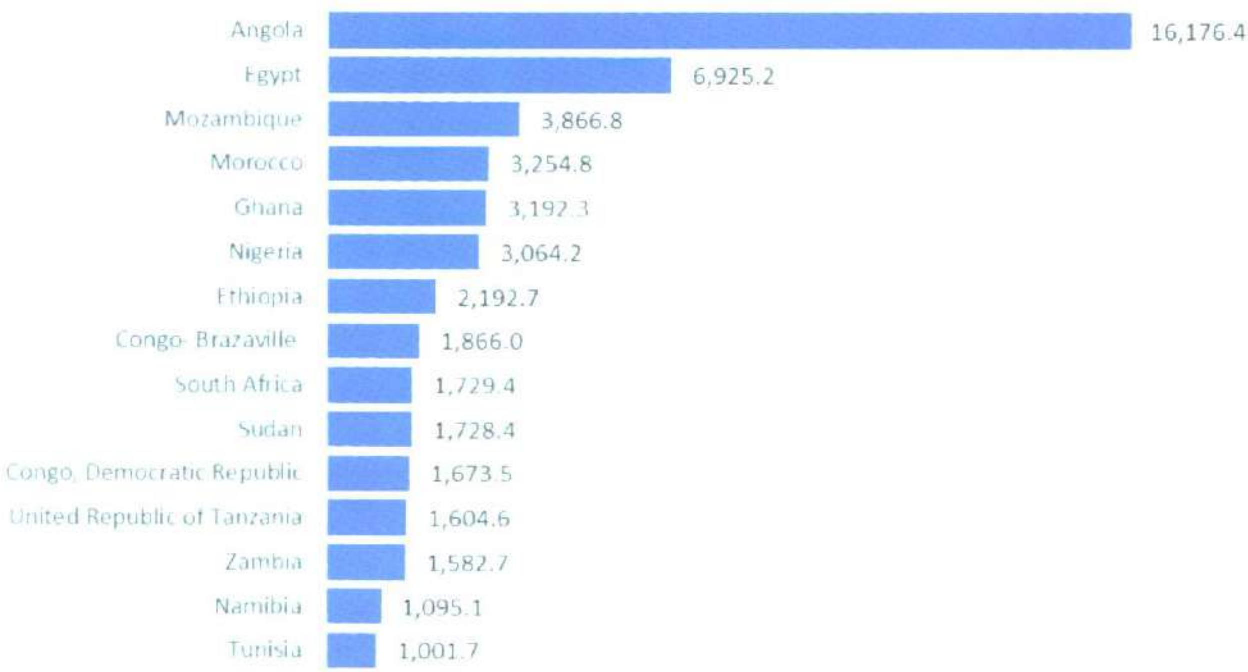
1.3 Africa FDI Trends

Africa, being the second populous continent in the world (estimated at 1.2 billion in 2015) was not only the lowest recipient of FDI globally, but also the lowest investor outside its borders. FDI inflow to the continent dropped by 13.7 percent to USD 61.5 billion in 2015 from USD 71.2 billion in 2014 (**Table 1.2a**), while FDI outflow was at the tune of USD 18,045.2 million. Behind the fall of FDI inflow was structural weaknesses inherent in most of the African countries including poor infrastructure, low domestic demand, competing investment environment from Asia and other emerging economies, and the decline of commodity prices especially oil, gas and minerals. According to FDI Intelligence Report (2016), FDI inflow in coal, oil, and natural gas shrank by 52 percent. Relatively, the biggest FDI recipients during the year under review included Angola, Egypt, Mozambique, Morocco, Ghana, Nigeria and Ethiopia (in that order) (**Chart 1.1**). Regional wise, Southern Africa, Northern Africa and West Africa (in that order) were the biggest FDI recipients, and the least was East Africa (**Table 1.3**).

FDI inflow in East Africa, represented by Kenya, Uganda and Tanzania, was USD 2,762.8 million, a drop of 22.2 percent from USD 3,552.1 million recorded in 2014. The biggest recipient of FDI in the region was Tanzania (USD 1,604.6 million), followed by Kenya (USD 619.7 million) and Uganda (USD 538.5 million). Activities that received huge FDI in the continent included infrastructure (electricity and construction), communication (ICT and internet) and manufacturing (FDI Intelligence Report, 2016).

Chart 1.1: FDI Inflow in Africa by Country – top 15 counties in 2015

In million USD



Source: World Investment Report, 2017.

Table 1.3: Africa's FDI flows

In million USD

	Inflows			Outflow		
Region	2013	2014	2015	2013	2014	2015
Africa	74,550.5	71,254.0	61,494.8	37,900.8	28,276.9	18,045.2
North Africa	11,951.5	12,089.1	12,980.8	1,118.9	625.1	1,352.4
East Africa	4,302.1	3,552.1	2,762.8	90.8	54.9	45.1
West Africa	14,479.2	12,176.1	10,188.8	1,758.9	2,137.9	2,217.3
Southern Africa	33,118.2	30,983.2	26,039.0	34,689.4	25,171.7	13,943.2
Central Africa	7,732.8	9,112.1	6,002.5	53.6	186.1	421.0

Source: World Investment Report, 2017

As for the FDI outflows, Southern Africa region dominated with a total of USD 13,943.2 million in 2015—the lowest amount being from East Africa with Kenya accounting for 99.3 percent of the total. No FDI outflow was recorded from Tanzania during the year under review.

1.4 Private Sector Investment Development

The Revolutionary Government of Zanzibar (RGoZ) has been embarking on the implementation of its national macro policies, strategies and programs by transforming them to fit with 2030 Agenda for Sustainable Development Goals, with the principal goal to eradicate poverty and achieve sustainable development. The Zanzibar Growth Strategy (ZGS), Strategy for Growth and Reduction of Poverty (ZSGRP) and a long-term economic vision (ZDV 2020) became a central focus in the attention of all major sectors namely: economic, social welfare as well as national governance in which their implementation go hand in hand with Global strategies of poverty alleviation and economic growth. With this motion, all sectors of the economy are now transforming to focus on national goals. Promotion and facilitation of investments are also targeted to attract investments that will help mainly in economic growth and poverty alleviation.

To achieve Zanzibar Development Vision (ZDV 2020) objectives, various strategies have been undertaken by the Government including; the Poverty Reduction Plan (2002-2005), Zanzibar Strategy for Growth and Reduction of Poverty (ZSGRP or MKUZA I 2006-June 2010 and MKUZA II from July 2010 –June 2015), and Zanzibar's Growth Strategy (2006-2015). These programs serve as medium term implementation plans which emphasize on the promotion of service sector and private investments as among vital pre-requisites to facilitate fast economic growth and poverty reduction. The economic reforms undertaken so far have paid off in terms of accelerating economic growth and attracting Foreign Private Investments inflows in Zanzibar.

The Government's principal role in promoting investment continues to be that of providing an enabling environment for private sector investments. The Policy measures taken recently to promote investments for the private sector include:

- Ongoing e-Government infrastructures Phase II to improve communication in investments promotion and other government communication.
- Continuing stages of PPP laboratory.
- Establishment of Business Licensing Regulatory Council to lessen problems of multiplicity of licenses and fees.

- Establishment of Zanzibar Business Council chaired by the President of Zanzibar to provide a platform for investment and business consultations between the private and public sectors.
- Strengthening One Stop Center in ZIPA.
- Improvement of infrastructure that support business and investments where currently construction of Abeid Amani Karume Airport Terminal II and rehabilitation of Pemba Airport are on process.
- Construction of new commercial port at Mpigaduri to make Zanzibar a hub for investment.
- Promotion of tourism sector by attracting high-end tourism and real estate development.
- Put Fisheries (especially deep-sea fishing) as priority sector.
- Establishment of Industrial Policy.
- Establishment of Private Sector Development Policy.
- Oil and Gas Act has been enacted.
- Establishment of Zanzibar Utilities Regulatory Authority.

The Government of Zanzibar through ZIPA also continued to create conducive investment environment for attracting new investment, through good governance, friendly laws and regulations and infrastructure development. An example in this respect are continuous efforts of providing infrastructure at Free Economic Zone at Fumba is being taken.

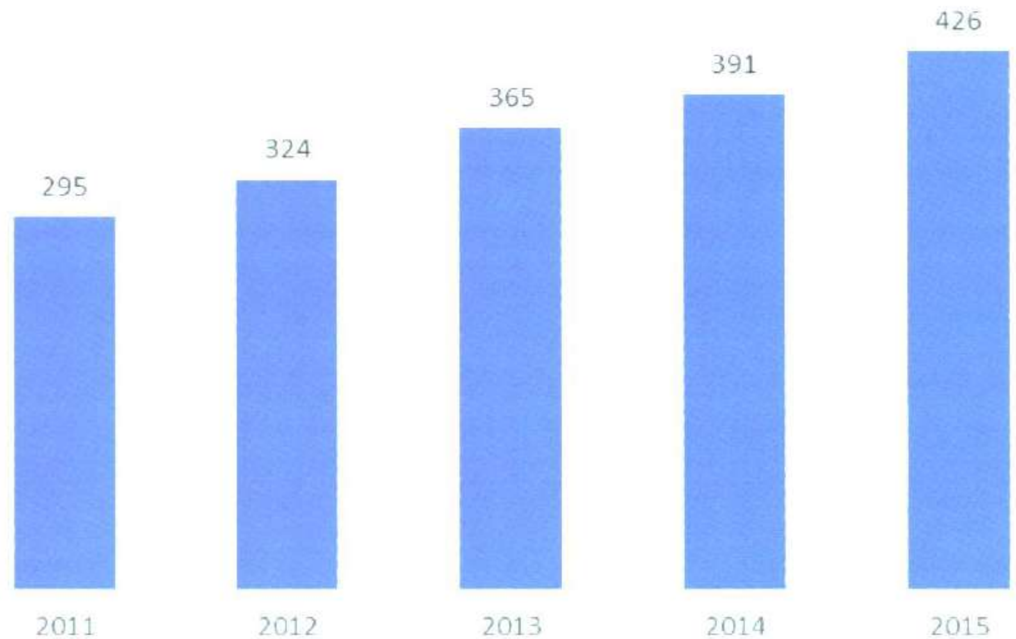
ZIPA in collaboration with the central government is in the process of making the authority as one investment center where the investors will be able to receive all basic services at single point to reduce bureaucracy in providing services. In that focus, services like •Registration of Companies, Tax Payer Identification Number, Project Approval, Acquisition of Land, Environmental Issues and other permits will be facilitated in the Authority within a shorter time.

These efforts lead to increased number of approved projects by ZIPA from 295 in 2011 to 426 in 2015 (**Chart 1.2**). (ZIPA has approved a total number of 131 projects from 2011 to 2015, which make 426 aggregate numbers of projects).

ZIPA also remained an active member of the regional and international organizations such as East African Business Council (EABC) as well as the World Association of Investment

Promotion Agencies (WAIPA), which supports capacity-building programs, facilitate information sharing and provide investment promotion services among the members. It also works closely with organizations like United Nations Industrial Organization (UNIDO) and United Nations Conference on Trade and Development (UNCTAD).

Chart 1.2: Number of Approved Projects by ZIPA



Source: ZIPA 2016

In the efforts of strengthening Public Private Partnership (PPP), the Revolutionary Government of Zanzibar (RGoZ) supports Private Sector Development through promotion and effective participation in the Zanzibar National Business Council (ZBC) whose chairperson is the President of Zanzibar. Other private sector associations such as Zanzibar National Chamber of Commerce, Industry and Agriculture (ZNCCIA), Zanzibar Association of Tourism Investors (ZATI), Zanzibar Association of Tour Operators (ZATO) and Zanzibar Employers' Association (ZANEMA) are also actively involved in the PPP initiative. Also, women stand firm on consolidating the efforts to strengthen the private sector development, for instance establishment of women development groups.

1.5 Macroeconomic Policy Framework .

Zanzibar macroeconomic economic policy framework is guided by the Zanzibar Development Vision (ZDV 2020) and Millennium Development Goals 2015 (replaced by Sustainable Development Goals, 2030 from 2015). These broader frameworks are operationalized by short and medium term plans including Zanzibar Strategy for Growth and Reduction of Poverty (ZSGRP). The focus of these plans has been on economic growth and reduction of income and non-income poverty. Notwithstanding challenges so far in implementing the plans, the major one being inadequacy of resources, strides have been made in infrastructure development, especially upgrading of urban and rural roads, social services (water, education and health) as well as promotion of key economic activities, in particular manufacturing and activities linked to tourism and manufacturing.

1.6 Macroeconomic Developments

1.6.1 Output and prices development

Zanzibar economy has improved substantially with high economic growth rate and relatively low inflation. The economy grew at an average of 6.9 percent in the period between 2013 and 2015, slightly higher than 6.2 percent recorded in 2010-2012 (**Table 1.4**). This performance was higher compared to some of the African countries, with the exception of Ethiopia, Ivory Coast, and Tanzania Mainland, which grew at an average of 10.3 percent, 8.8 percent and 7.1 percent in 2013-2015, respectively (African Economic Outlook, 2017). Up to the end of 2015, GDP per capita was USD 817, higher than the 2012 record of USD 760.4, but lower than the 2014 record of USD 937 – the drop was mainly caused by exchange rate depreciation in 2015. Measures to contain tax evasion loopholes and improved tax administration have progressively improved domestic revenue performance to the tune of 18.1 percent of nominal GDP in 2015. Domestic revenue collection more than covered recurrent expenditure during the year under review; while development expenditure financing was complemented by grants and program loans.

Table 1.4: Key Statistics

Item	2012	2013	2014	2015
GDP at current prices (Bill TZS)	1,552.5	1,856.1	2,135.5	2,309.5
GDP at costant prices (Bill TZS)	972.3	1,042.8	1,115.6	1,187.1
GDP growth rate at constant 2007 prices (%)	4.8	7.2	7.0	6.5
Average inflation rate (%)	9.2	4.6	5.6	5.7
GDP per capita (USD)	760.4	868.5	936.9	818.0
Population ('000)	1,299.0	1,336.0	1,379.0	1,414.0
Exchange rate (TZS/USD)	1,571.7	1,599.2	1,653.3	1,997.0
Exports of goods and services (Mil. TZS)	67,390.5	87,799.6	133,587.7	42,407.0
Imports of goods and services (Mil. TZS)	271,273.1	208,051.9	279,552.8	156,941.1
Trade balance (Mil. USD)	-203,882.6	-120,252.3	-145,965.1	-114,534.1
Total debt stock (Mil. TZS)	264.1	299.3	314.3	389.1
Total debt as % of GDP	17.0	16.1	14.7	16.8
Public finance	2012/13	2013/14	2014/15	2015/16
Domestic revenue (tax and non-tax) to GDP ratio (%)	17.2	17.8	17.0	18.1
Total expenditure to GDP ratio (%)	28.4	29.2	22.4	20.5

Source: Office of the Chief Government Statistician 2016

1.6.2 Sectoral Analysis

Economic performance during the year 2015 was strong largely attributed by performance in industrial and service sectors, which grew at an average of 6.8 percent and 7.9 percent, respectively in 2013-2015 compared to agriculture sector growth of 5.1 percent. Industrial activities that contributed more to growth in 2015 included manufacturing, construction, mining and quarrying. On the other hand, service activities including tourism, accommodation and food, professional, scientific and technical were the main drivers of growth (**Table 1.5**). Agriculture – the main livelihood of majority of the population (over 70 percent) grew by 5.1 percent, with much of the growth attributed by fishing and livestock.

Table 1.5: Percentage Growth Rates of selected Economic Activities

Economic Activity	2013	2014	2015
Agriculture, Forestry & Fishing	**13.2**	**-0.4**	**2.5**
Crops	22.9	-7.2	-2.5
Livestock	5.1	7.5	7.7
Forestry & hunting	3.5	3.9	4.0
Fishing	3.6	8.9	9.1
Industry	**3.5**	**6.4**	**10.6**
Mining & quarrying	-3.6	8.4	10.9
Manufacturing	6.9	9.9	8.8
Electricity and gas	3.1	4.7	6.7
Water supply and sewerage	6.0	4.8	5.6
Construction	1.9	3.3	12.5
Services	**4.6**	**9.8**	**7.5**
Trade & repairs	2.9	13.0	0.9
Transport & storage	9.4	7.0	5.2
Accomodation and food services	9.5	6.9	10.3
Accomodation	2.6	8.7	14.5
Food and beverage services	29.1	2.9	0.3
Information and communication	-13.4	24.7	7.6
Financial and insurance activities	5.1	10.6	11.2
Real estate activities	6.7	6.8	6.8
Public administration	5.2	10.8	13.3
Education	2.5	7.9	2.9
Arts, entertaiment and recreation	7.5	5.9	17.2

Source: Office of the Chief Government Statistician 2016

Worth noting, is the fact that manufacturing activities showed a good sign of progress, growing at an average rate of 9.4 percent in 2014-2015 compared to 5.2 percent in the preceding two years, 2012-2013. The performance was largely explained by new investments, especially in dairy products, bread and beverages production (**Table 1.6**).

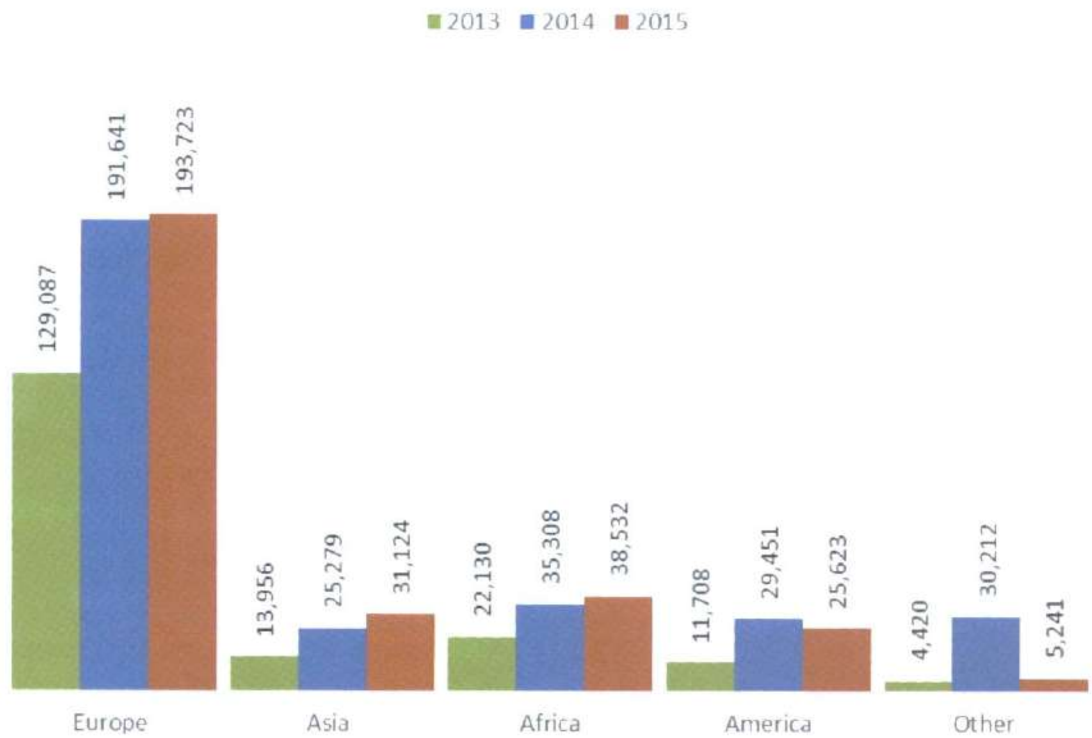
Table 1.6: Production of Selected Industrial Commodities

Commodity	Units	2013	2014	2015	% Change 2014 to 2015
Beverages***	Liters (000)	12,409.0	12,448.0	16,972.0	36.3
	Mil TZS	5,407.9	4,081.6	5,315.0	30.2
Bread	No. (000)	127,815.0	143,855.0	161,911.0	12.6
	Mil TZS	15,976.8	17,981.9	19,720.2	9.7
Wheat flour	Tons	23,360.0	31,899.0	27,749.0	-13.0
	Mil TZS	17,824.3	25,519.2	23,836.0	-6.6
Diary products	Liters	-	1,527,876.0	7,745,044.0	--
	TZS Mil	-	2,668.6	12,552.9	--
Noodles	Kgs	215,915.0	222,392.0	277,990.0	25.0
	Mil TZS	323.9	369.9	500.4	35.3
Door UPVC	Pcs	105.0	168.0	229.0	36.3
	Mil TZS	20.9	29.3	31.5	7.5
Window UPVC	Pcs	130.0	270.0	320.0	18.5
	Mil TZS	25.9	41.3	42.0	1.7
Video/Radio Tape	Cartons	0.0	0.0	0.0	
	Mil TZS	0.0	0.0	0.0	
Gaments Dish dash	Pcs	3,622.0	3,950.0	3,419.0	-13.4
	Mil TZS	94.6	104.9	98.3	-6.3
Jewellery (gold/silver)	Gms	6,730.0	8,199.0	7,032.0	-14.2
	Mil TZS	16.6	17.5	15.3	-12.4

Source: Office of Chief Government Statistician – Zanzibar 2016
Note: 'p' denotes provisional, *** includes mineral water, soft drinks and juice

Tourism and its related activities was the main source of foreign exchange earnings with the tourist arrivals increasing on year-to-year basis, thanks to promotion and investment in public goods and services especially in infrastructure (roads, airport and port) as well as hotels and other related facilities. The official reported tourist arrivals in 2015 stood at 294,243, a slight lower record compared to 311,891 arrivals reported in 2014, but higher than 169,223 reported in 2012. Most of the tourist arrivals were from Europe (65.8 percent), followed by Africa (South Africa and other African Countries), 13.1 percent **(Chart 1.3)**. Gradually, Zanzibar tourism has been penetrating non-traditional markets of Eastern Europe and Asia, an indication of growing investment potentials in the sector.

Chart 1.3: Tourists' Arrivals in Zanzibar

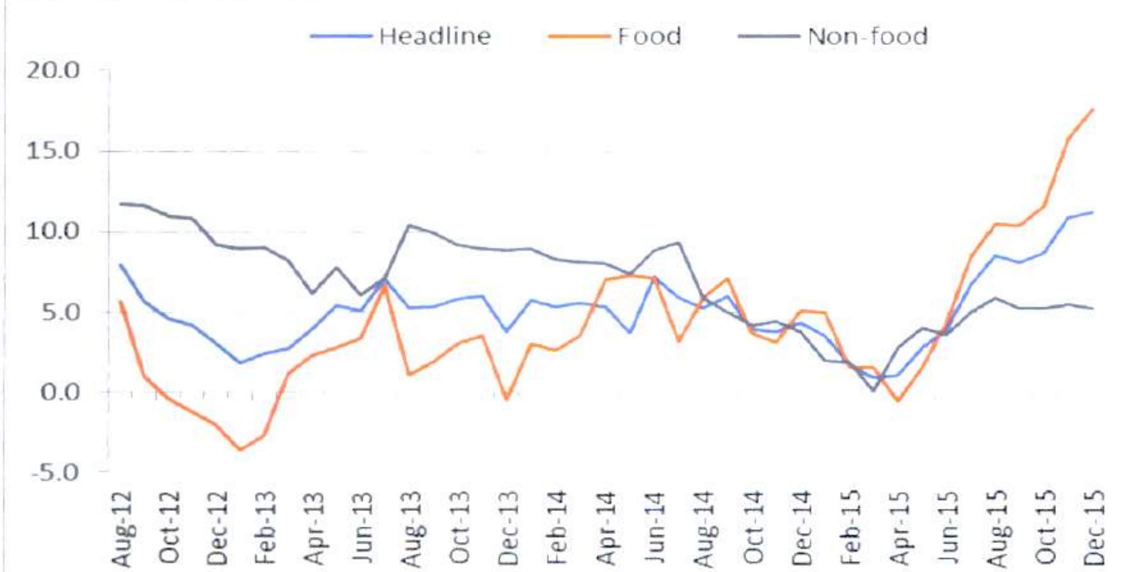


Source: Office of the Chief Government Statistician

1.6.3 Prices Developments

On average, headline inflation in Zanzibar registered a moderate increase averaging 5.4 percent in 2013-2015 from 10.1 percent registered in 2010-2012. The performance was mainly due to improved supply of food staff from within and outside Zanzibar and the decline of prices of non-food items, in particular, fuel (**Chart 1.4**). During 2015, food accounted for 51.7 percent of weight of Consumer Price Index (CPI) in Zanzibar.

Chart 1.4: Headline Inflation Trend



Source: Office of the Chief Government Statistician

1.6.4 External Sector Developments

On current account front, Zanzibar recorded a deficit of USD 111.4 million in 2015 compared to USD 22.1 million in 2014. The increased deficit was on account of declined receipts from exports of goods and services, mainly tourism services as well as low inflows of current transfers. Exports of goods and services during the year amounted to USD 163.1 million and USD 236.8 million in 2015 and 2014 respectively, while imports amounted to USD 290.2 million and USD 249.1 million in the same period. Capital good (machinery, building materials and transport equipment) and intermediate goods (oil and industrial raw materials) accounted for 59.9 percent of imported goods and services.

Structure of the Report

Apart from the introduction covered in this chapter, Chapter Two highlights methodology used in carrying out the survey, while Chapter Three focuses on main findings of the survey. Chapter Four concludes the report by highlighting major challenges and recommendations on the way forward.

CHAPTER 2

METHODOLOGY

2. 0 Introduction

This chapter discusses the methodology used in the cycle nine of 2016 Foreign Private Investment (FPI) survey which covered the information for 2013, 2014,2015 including the activities undertaken during the survey as well as the organization of the survey, data processing and adherence to the international standards.

2.1 Organization of the Survey

2.1.1 Institutional Framework

In conducting foreign private investment surveys, three institutions were involved namely the Bank of Tanzania, Zanzibar Investment Promotion Authority and the Office of the Chief Government Statistician. The survey was conducted on the strength of legal mandates of the Bank of Tanzania (BoT) Act 2006, section 57, Statistical Act No. 9 of 2007 of the Chief Government Statistician (OCGS) and Zanzibar Investment Promotion Authority (ZIPA) under Zanzibar Investment Promotion and Protection Act No. 11 of 2004. These legislations not only give authority to the institutions to collect data, but also make provisions for the confidentiality of the data collected and stipulate penalties for non-compliance.

2.1.2 Scope

The survey involved collection of data for 2013, 2014 and 2015 from companies with foreign liabilities in Zanzibar covering industrial activities as defined by the UN International Standard Industrial Classification (ISIC Rev. 4). It covered companies located in both urban and rural areas.

2.1.3 Survey Implementation

Compilation of Investors' Register

Prior to the fieldwork, the investors' register was updated to facilitate selection process. The register provides a comprehensive list of companies with foreign private investments. It contains company particulars, main activities, value and status of investment.

Information about companies that were either rehabilitated, expanded, relocated merged or had their business names changed was updated. In addition, companies that were closed either liquidated or under receivership were identified and removed from the sample, while new ones were added. This register is stored in a web based Private Capital Monitoring System and on the data base list in the Zanzibar Investment Promotion Authority.

The main sources of information for updating the register in Zanzibar were Zanzibar Investment Promotion Authority, Zanzibar Commission for Tourism and Office of the Chief Government Statistician through Central Registrar Enterprises (CRE).

2.2 Listing Frame

The listing frame for the survey included 595 enterprises but the sampling involved population of enterprises with foreign assets and/or liabilities of 10 percent or more.

2.3 Survey Tools and Techniques

Survey tools and technique used during previous exercises were improved building on experience and feedback from respondents and field officers.

2.3.1 Questionnaire

The questionnaire for the sample survey was designed in conformity with IMF Balance of Payments Manuals, 6th edition. This was the main tool used in the survey with modifications to counter problems experienced in the previous survey cycles and to enhance the quality of data. The questionnaire used in the Survey is in **Appendix 1**.

2.3.2 Questionnaire Administration

Delivery of questionnaires was done by the survey team where in most cases there was prior appointment with respondents. In all cases potential respondents were required to acknowledge receipt of the questionnaire delivered. Interviewer checklists were used to record the interviewer is name; name of entity visited, date of visit, physical address, telephone contact, email, contact person and proposed date for collection.

2.3.3 Follow –up

Follow up was carried out to improve data quality by seeking for additional information and clarification from the respondents with the aim to enhance data quality and addressing inconsistencies. The supervisors and PCF survey team took a lead position in this exercise.

2.4 Awareness Creation

Prior to the field survey, a press release on major local newspapers was issued and a cover letter (signed by the Executives of the leading institution- ZIPA) was circulated to the selected companies. The intention was to create awareness to the public and sensitize the targeted respondents about the objectives of the survey, coverage and the type of information sought.

2.4.1 Training of Field Officers

In-house training was conducted prior to commencing of the survey with the aim of reviewing the questionnaire; survey's manual and survey logistics. The training was facilitated by local experts and involved survey team from the collaborating institutions.

2.5 Fieldwork

In order to have a smooth monitoring and evaluation of survey activities the fieldwork was implemented in all five regions, starting with Urban/West Region where most of the companies were located. A face-to-face interview technique was employed in administering the questionnaire. This technique is considered the most effective compared to other techniques since it provides opportunity for the field officers to clarify any issue that a respondent might need to understand. The collected information was verified against financial statements to ensure data quality before processing.

2.5.1 Distribution of Enterprise by Region

The survey targeted to distribute 174 questionnaires across the regions in both Unguja and Pemba, among them the highest distribution was targeted in Urban West with 61 questionnaires (35 percent) followed by North Unguja with a target of 53 questionnaires (30 percent). The minimum distribution of questionnaires was in South Pemba with only three questionnaires, which was equivalent to 2 percent of all targeted questionnaires (**Table 2.1a**).

Table 2.1a Distribution of Enterprises by Region

Region	Number of Questionnaires Targeted	Percent
North Pemba	8	5
Urban West	61	35
South Unguja	49	28
South Pemba	3	2
North Unguja	53	30
Total	174	100

Source: PCF Survey 2016

2.5.2 Response Rate of Foreign Companies by Region

The response rate in Table 2.1b below shows that, the highest response rate was in South Pemba where all the companies (100 percent) responded, followed by the Urban West region with 92 percent response. Despite the high response rate, North Pemba and South Unguja had the least response rate compared to the remaining regions, that is, 67 percent response rate, respectively.

Table 2.1b: Response Rate of Foreign Company by Region

Region	Questionnaire Administered	Questionnaire Returned	Response Rate %
North Pemba	6	4	67
Urban West	49	45	92
South Unguja	43	29	67
South Pemba	3	3	100
North Unguja	45	31	69
Total	146	112	77

Source: PCF Survey 2016

2.5.3 Distribution and Response Rate by Sector

Results on distribution and response rates by sector revealed that, 174 enterprises in different sectors were targeted in the survey, 146 questionnaires were administered and only 112 enterprises responded (**Table 2.2a**). Accommodation sector had the highest response of 70 questionnaires out of 98 administered questionnaires. The sector with least administered questionnaire was information and communication where only one project was targeted and responded. This survey did not cover projects in the health sector.

Table 2.2a: Distribution and Response Rate by Sector

Sector	Targeted	Administered	Returned	Response Rate %
Accommodation	116	98	70	71
Agriculture	9	7	5	71
Arts and entertainment	6	4	4	100
Construction	3	3	2	67
Education	4	3	3	100
Financial Intermediation	4	4	4	100
Information and Communications	1	1	1	100
Manufacturing	11	9	9	100
Transport storage	11	10	9	90
Wholesale and retail trade	9	7	5	71
Total	174	146	112	77

Source: PCF Survey 2016

2.5.4 Coverage and Response Rate

The coverage of the survey has varied from year to year, however, the highest coverage was observed in 2009 and 2012 whereas 380 projects were covered in each year (**Table 2.2b**). Despite the highest coverage in the mentioned years, the response was not as high as it was in 2003 and 2010 where the response rate was 96.7 and 99.0 percent, respectively. The mentioned surveys covered all projects; Foreign Direct Investments (FDI), Domestic Direct Investment (DDI) and Local Investments (LI)[1]. In 2016 however, only projects with foreign liability (FDI and DDI) were covered. Despite its widest response (96.7 percent), the 2013 PCF survey had the least coverage as compared with the other years of only 142 projects.

[1] Enterprises that are 100% locally owned.

Table2.2b: Coverage and Response Rate

Year	Country	Type of survey	Companies Covered	Response Rate	Data coverage
2003	Zanzibar	Census	142	96.7	2000-2001
2006	Zanzibar	Census	158	85.9	2003-2005
2007	Zanzibar	Census	308	86.4	2005-2006
2009	Zanzibar	Census	380	89.5	2007-2008
2010	Zanzibar	Census	208	99	2008-2009
2012	Zanzibar	Census	380	89.5	2010-2011
2016	Zanzibar	Census	146*	77.0	2013-2015

Source: PCF survey, 2016

Note: * Foreign projects only

2.6 Data Processing

Data processing was carried out using a web-based Private Capital Monitoring System version3 (PCMS Version3) developed by the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI). A training workshop was organized for questionnaire editing, data entry and verification. In order to ensure data quality, entered data were reviewed to identify missing values and inconsistencies.

2.7 Data Up-rating

In estimating the data for non-response and boosting for population, some steps were involved. All enterprises in the population were categorized into their relevant sectors. The weights were obtained by taking the inverse of the fraction of the sample divided by population for each sector.

2.8 Adherence to International Standards

2.8.1 Analytical Methods

The survey was conducted in accordance with the acceptable international standards. Economic activities were classified based on ISIC Rev.4 with some customization to meet country specific requirements.

2.8.2 Timeliness

The survey results were disseminated about 14 months after completion of fieldwork. The focus has been to meet timeliness criteria for data dissemination as guided by IMF's framework in the Special Data Dissemination Standard (SDDS), which is within six months after fieldwork. The survey was completed on time, January 2017 and output tables produced late in July 2017, hence making this survey meet SDDS requirements.

2.9 Challenges in monitoring FPC

The survey faced two major challenges, which included delayed response by some of the enterprises; and reluctance or delays in providing financial statements. The latter challenge led to difficulties in timely validation of information provided by the respondents.

CHAPTER THREE

MAIN FINDINGS

3.1 Introduction

This chapter presents the main findings from the survey focusing on Foreign Direct Investments (FDI). The analysis is more centred on the nature and trend of Foreign Private Investments (FPI) disaggregated in terms of Foreign Direct Investments (FDI), Portfolio Investments (PI) and Other Investments (OI). The analysis is also made in terms of country of origin, nature and magnitude of financing, geographical distribution as well as involvement of domestic investment in the foreign direct investment.

3.2 Stock and Flows (net) of Foreign Private Investments

In 2015, FPI stock in Zanzibar stood at USD 386.0 million, a decline of 4.7 percent compared to USD 404.9 million recorded in 2014, resulting mainly from losses reported by some companies (**Table 3.1**). As was the case for 2014, FDI accounted for huge proportion of FPI (over 99 percent) with the remaining percentage contributed by Portfolio and Other Investments.

Table 3.1: Foreign Private Investments

In million USD

,	Flow			Stock		
	2013	2014	2015^P	2013	2014	2015^P
Total Foreign Direct Investment	-136.2	-28.3	15.2	427.4	403.7	384.9
Total Portfolio Investment	0.0	0.2	0.1	0.1	0.6	0.7
Total Other Investment	-0.1	-0.9	0.0	1.6	0.6	0.5
Total Foreign Private Investment	-136.2	-29.1	15.3	429.1	404.9	386.0

Source: Foreign Private Investment Survey 2016

Note: 'Negative number' implies outflow; 'p' represents provisional data.

The amount of FPI inflows in 2015 was USD 15.3 million much higher compared to the preceding year with a net outflow of USD 29.1 million. The increase of FPI in 2015 was the outcome of disbursement of new debt instruments, in particular long-term. The performance could also be explained by global economic growth; continuous Government efforts to improve business environment including investment facilitation policies and increased desire by some investors to invest more in relatively quick return investments, especially in tourism.

3.3 Flows of FDI by Financing Type

During the survey, FDI in Zanzibar was financed through various channels namely equity and investment fund shares, accumulated retained earnings, long-term and short-term loans from related parties. Of these channels, however, much of the financing was long and short-term loans from related parties; and equity and investment fund shares. The decline of FDI stocks in 2015 from USD 403.7 million to USD 384.9 million was mainly on account of the decline of retained earnings (**Table 3.2**).

Table 3.2: Flows and Stocks of Foreign Direct Investment

In million USD

Components	Flow			Stock		
	2013	2014	2015^P	2013	2014	2015^P
Equity and investment fund shares	12.4	9.6	1.4	181.4	188.2	178.4
Re-investment of earnings	-30.7	-1.0	-9.7	-78.8	-70.4	-78.3
Long term loans from related parties	-126.1	-22.3	20.7	305.9	281.7	273.1
Short -term loans from related parties	8.2	-14.6	2.8	19.0	4.2	11.7
Total FDI	-136.2	-28.3	15.2	427.4	403.7	384.9

Source: Foreign Private Investment Survey 2016.

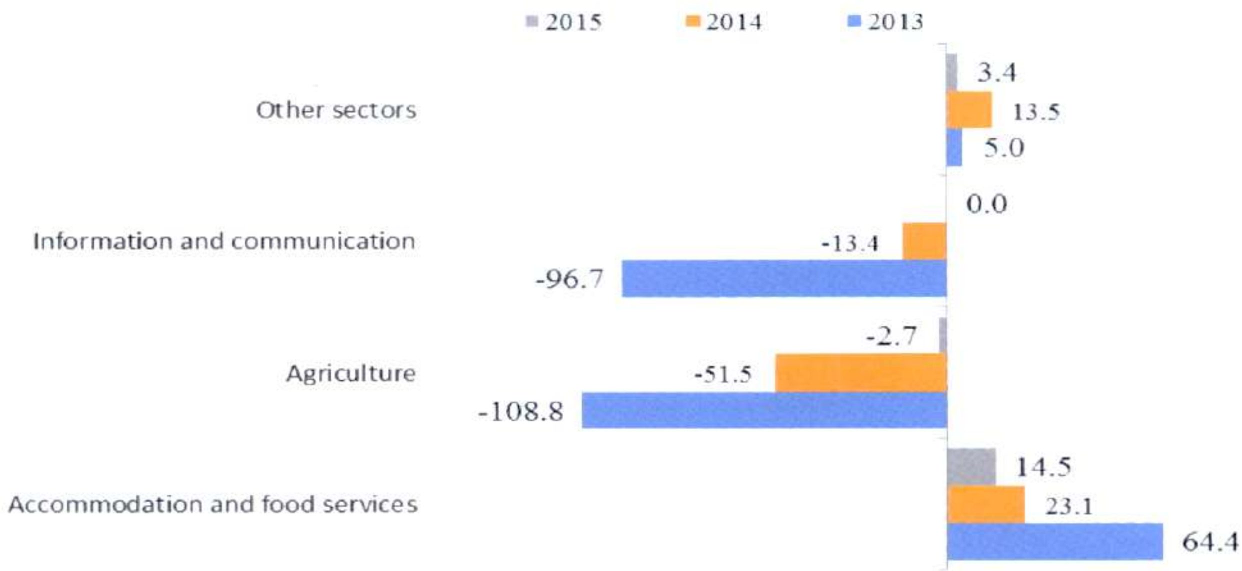
Note: 'Negative number' implies outflow; 'p' represents provisional data.

3.3.1 Foreign Direct Investment Flows by Sector

Analysis of the FDI flows shows that during 2015 accommodation and food services remained dominant with inflows of USD 14.5 million. The sector performance was consistent with the ongoing Government initiatives hinged on promotion, facilitation, increasing value addition in tourism activities. Inflows in other activities were less than a million USD with agriculture recording a net outflows of USD 2.7 million, compared to net outflows of USD 51.5 million recorded in 2014 (**Chart 3.1**). Looking forward, FDI inflows in tourism activities is projected to be maintained in the next 5-10 years on account of ongoing Government commitment to improve business environment, and develop infrastructure and services related to tourism including airports, roads and social services (water and health) as well as security.

Chart 3.1: Foreign Direct Investment Flow by Sector

In million USD



Source: Foreign Private Investment Survey 2016
Note: 'Negative number' implies outflow

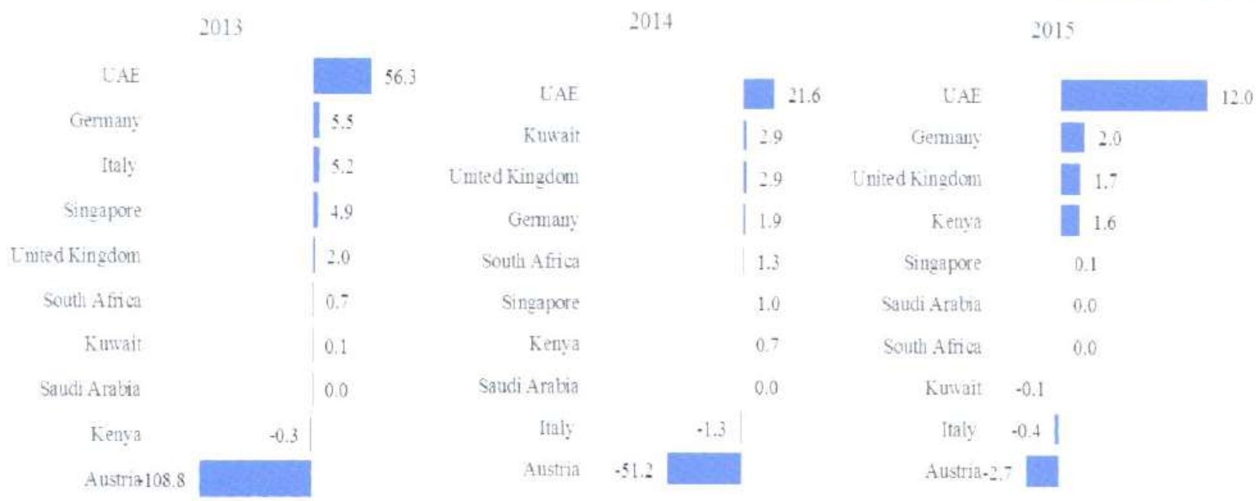
3.3.2 Foreign Direct Investment Stock and Flows by Source Country

On the FDI source, the survey revealed that FDI stock for the top 10 countries in 2015 amounted to USD 344.0 million of which 28.4 percent was from the United Kingdom, Germany, Austria, and Italy, while United Arab Emirates (UAE) accounted for 57.0 percent. FDI stock from the non-OECD countries dominated with United Arab Emirates, Kenya and Kuwait, which together accounting for a total of USD 224.4 million in 2015. Large share of FDI inflows in 2015 (over 95 percent) originated from the ten countries with the highest flow being from UAE, followed by Germany, United Kingdom, and Kenya (**Chart 3.2**). Austria reported highest FDI net outflows (USD 2.7 million), albeit lower compared to the preceding year on account of higher repayment of loans relative to disbursements plus losses reported by companies with majority shareholders from Austria. The recorded inflow from Kenya during 2015 was USD 1.6 million, up from 0.7 in 2014. Of the FDI inflows from the 10 countries in 2015, 95.4 percent (or USD 14.5 million) was directed to accommodation and food services compared to USD 6.1 million registered in 2014.

The highest contributing countries were Kenya, UAE, Italy and United Kingdom, which jointly contributed 99.4 percent of the inflows in this activity. Concentration of FDI inflows in accommodation and food services activity calls for more concerted efforts by key stakeholders, especially the Revolutionary Government of Zanzibar (RGoZ) to promote investments in other activities in order to diversify the economy and improve value addition in activities linked to tourism, including agriculture and manufacturing. This will not only minimize adverse effects that may arise in the event of shock in tourism services, but also ensure sustainable growth of the economy **(Chart 3.2)**.

Chart 3.2: FDI Inflows by Source Countries, 2015 (Top Ten)

In million USD



Source: Foreign Private Investment Survey 2016
Note: 'Negative number' implies outflow

3.3.3 Investment by Regional Groupings

On regional groupings, FDI inflow mostly originated from regions other than the Organization for Economic Co-operation and Development (OECD), the East African Community (EAC) and Southern African Development Community (SADC). The inflow from such regions amounted to USD 12.8 million with the largest being from United Arab Emirates. Next to this region was the East African Community (EAC), which registered investment inflow of USD 1.6 million with Kenya being the major source. Investment inflow from Kenya more than doubled in the period between 2014 and 2015. Of the investment inflows from Kenya, majority were channeled to accommodation and food services, and information and communication activities.

OECD registered positive inflows in 2015 from net outflows in the preceding year. The inflows during the year under review were largely on account of huge positive inflows from Germany and United Kingdom amounting to USD 2.7 million. Investment inflows from SADC region were negligible as opposed to the net outflow of USD 12.1million in 2014 **(Table 3.3).**

Table 3.3 FDI Inflows by Regional Grouping

In million USD

	Flow			Stock		
	2013	2014	2015^P	2013	2014	2015^P
OECD	**-94.1**	**-43.5**	**0.3**	**179.9**	**140.0**	**122.3**
United Kingdom	2.0	2.9	1.7	33.4	42.3	37.2
Italy	5.2	-1.3	-0.4	37.9	34.9	29.0
Austria	-108.8	-51.2	-2.7	76.4	25.1	22.4
Germany	5.5	1.9	2.0	6.7	8.4	9.3
USA	1.9	3.9	-0.1	3.8	7.7	6.2
Sweden	-0.4	-0.3	-0.2	7.2	6.7	5.9
Spain	0.2	0.2	0.2	5.3	5.4	4.7
Luxembourg	-0.6	-0.9	-0.3	6.6	5.4	4.2
Poland	1.0	0.4	0.1	2.0	2.4	2.1
France	0.0	0.9	0.0	0.7	1.6	1.4
Other OECD	**-1.0**	**0.3**	**0.6**	**10.2**	**14.9**	**16.2**
EAC	**-1.0**	**0.3**	**1.6**	**10.2**	**14.9**	**16.2**
Kenya	-0.3	0.7	1.6	9.0	14.2	15.7
Uganda	-0.6	-0.4	0.0	1.2	0.7	0.6
SADC	**-103.3**	**-12.1**	**0.0**	**20.3**	**8.1**	**7.2**
Seychelles	-104.0	-13.4	0.0	13.4	0.0	0.0
South Africa	0.7	1.3	0.0	6.9	8.1	7.3
Mauritius	0.0	0.0	-0.1	0.0	0.0	-0.1
Others	**62.2**	**27.1**	**12.7**	**217.0**	**240.7**	**239.1**
Total	**-136.2**	**-28.3**	**15.2**	**427.4**	**403.7**	**384.9**

Source: Foreign Private Investment Survey, 2016.
Note: 'Negative number' implies outflow; 'p' represents provisional data.

3.3.4 Distribution of FDI Stocks and Flows by Region

The survey established FDI stocks were higher in Urban West and North Unguja, jointly accounting for 88.2 percent (or USD 339.6 million) of total stock in 2015. The same pattern observed in the preceding years[2] (**Table 3.4**). Likewise, in terms of FDI inflow, there was also a dominance of the two regions with USD 6.8 million and USD 6.7 million in 2015, respectively. The increase for North Unguja was significant following the drawing of USD 50.5 million in 2014, while for Urban West, it was a decline from USD 15.1 million reported in 2014. The inflows of investments to these regions reflected improved investment environment including roads, airport and port services, water supply and electricity, as well as other supporting services (banking, insurance and medical facilities).

Table 3.4: Distribution of FDI stocks and Flows by Region

In million USD

	Flow			Stock		
Region	2013	2014	2015^P	2013	2014	2015^P
North - Pemba	0.9	0.3	0.2	5.2	5.4	5.2
North - Unguja	-64.7	-50.5	6.8	188.1	136.9	126.6
South - Pemba	0.2	0.1	0.1	1.2	1.2	1.1
South - Unguja	5.5	6.8	1.4	34.0	43.2	38.9
Urban West	-78.1	15.1	6.7	199.0	217.0	213.0
Total	-136.2	-28.3	15.2	427.4	403.7	384.9

Source: Private Investment Survey 2016
Note: p represents provisional data.

3.4. Domestic investment

3.4.1 Magnitude of FDI and DDI Stocks

In the year 2015, stock of domestic investment (DDI) amounted to USD 87.8 million, up from USD 51.4 million in 2014, while the registered inflow was USD 40.4 million, which was higher by USD 25.2 million compared to FDI. The inflow was dominated by wholesale and retail trade and repair recording a total amount of USD 41.1 million in 2015 (**Table 3.5 and Table 3.6**).

[2]Some FDI have branches or offices in other regions. Thus, concentration of FDI in particular region(s) do not necessarily mean employment generated represent only the region(s) in question.

Table 3.5: Magnitude of FDI and DDI Stocks

In million USD

	Flows			Stock			
Type	**2013**	**2014**	**2015^P**	**2013**	**2014**	**2015^P**	**% share 2015**
FDI	-136.2	-28.3	15.2	427.4	403.7	384.9	81.4
DDI	8.4	-71.9	40.4	127.3	51.4	87.8	18.6
Total	-127.8	-100.2	55.6	554.7	455.1	472.7	100.0

Source: Private Investment Survey, 2016

Note: 'Negative number' implies outflow; 'p' represents provisional data.

Table 3.6 Stock of DDI by Sector

In million USD

	Flow			Stock		
	2013	2014	2015^P	2013	2014	2015^P
Agriculture	-8.1	-0.6	-0.7	7.0	6.4	5.6
Manufacturing	1.1	-0.3	0.4	1.7	1.3	1.6
Wholesale & retail trade; repair services	-0.1	9.3	41.1	7.7	19.2	56.9
Transportation and Storage	0.0	0.2	0.0	0.0	0.3	0.3
Accomodation and food services	3.9	-3.4	-0.3	32.2	22.7	22.4
Information and communication	6.6	-72.8	0.0	72.8	0.0	0.0
Finance and Insurance activities	5.1	-4.2	-0.3	6.3	1.5	0.9
Education	0.0	-0.1	0.0	0.1	0.0	0.0
Recreation	0.0	0.0	0.0	0.0	0.0	0.1
Total	8.4	-71.9	40.4	127.7	51.4	87.8

Source: Private Investment Survey 2016

Note: 'Negative number' implies outflow; 'p' represents provisional data.

3.5 Portfolio and Other Investments

Total stock of portfolio investments was USD 0.7 million in 2015 compared to USD 0.6 Million recorded in 2014. However, portfolio investment inflow declined to USD 0.1 million from USD 0.2 million recorded in 2014 **(Table 3.7)**. The registered inflow was mostly in accommodation and food services; real estate and recreation. Most of the stocks were in the form of equity and investment fund shares. As for Other Investment, the stock stood at USD 0.5 million in 2015, which is lower than the amount recorded in the preceding year, which was USD 0.6 million. Other Investments in the form of long-term loans were in accommodation and food services, and finance and insurance activities. Stocks of the two investments (Portfolio and Other Investments) accounted for 0.16 percent of total investment stocks in Zanzibar in 2015.

Table 3.7: Stocks and Flows of Portfolio and Other Investments

In million USD

	Flow			Stock		
Investment type	2013	2014	2015^P	2013	2014	2015^P
Portfolio Investment	0.0	0.2	0.1	0.1	0.6	0.7
Total Other Investment	-0.1	-0.9	0.0	1.6	0.6	0.5

Source: Foreign Private Investment Survey, 2016

Note: 'Negative number' implies outflow; 'p' represents provisional data.

3.6 Employment in Foreign Investment

Among the objectives of attracting Foreign Direct Investment in the country is to create employment opportunities to local citizens. This section elaborates on employment created by the registered investment in different categories.

3.6.1 Employment by Region

The general trend of employment increased from 8,306 employees in 2014 to 8,915 in 2015. Urban West Region takes a lead in the trend having 50.3 percent followed by North Unguja with 36.8 percent of total employment in 2015(**Table 3.8**).

Table 3.8: Employment by Region

Region	2013	%	2014	%	2015	%
North Pemba	43	0.6	48	0.5	50	0.5
South Pemba	154	2.2	154	1.7	145	1.5
North Unguja	2,213	31.0	2,807	30.4	2,792	29.4
South Unguja	1,112	15.6	1,343	14.5	1,568	16.5
Urban West	3,624	50.7	4,887	52.9	4,950	52.1
Total	7,146	100.0	9,239	100.0	9,505	100.0

Source: PCF Survey 2016

3.6.2 Employment by Sector

Accommodation and Food Services led in employment generation; 61.2 percent in 2015 from 57.5 percent in 2014, followed by manufacturing, 11.6 percent in 2015 from 11.7 percent in 2014 (**Table 3.9**). Investment in Other activities such as administrative, support services and human health and social work had little contribution on employment generation.

Table 3.9: Employment by Activity

Activity	2013	% share	2014	% share	2015	% share
Agriculture, forestry and fishing	58	0.8	23	0.2	27	0.3
Manufacturing	1,433	20.1	1,081	11.7	1,099	11.6
Construction	-	-	386	4.2	260	2.7
Wholesale and retail trade; repair	398	5.6	515	5.6	417	4.4
Accomodation and food services	4,094	57.3	5,308	57.5	5,819	61.2
Intertainment	90	1.3	155	1.7	148	1.6
Real estate	-	-	30	0.3	88	0.9
Education	210	2.9	601	6.5	616	6.5
Financial and Insurance activities	57	0.8	60	0.6	65	0.7
Human health and social work	261	3.7	352	3.8	340	3.6
Information and communication	292	4.1	348	3.8	296	3.1
Transport and storage	253	3.5	380	4.1	330	3.5
Total	7,146	100.0	9,239	100.0	9,505	100.0

Source: PCF Survey 2016

3.6.3 Employment by Position and Gender

Employment in management position increased from 655 employees in 2014 to 700 employees in 2015 emanating from new investments. The number of skilled local employees slightly increased from 3,429 in 2014 to 3,860 in 2015 (**Appendix 2**). Overall, the survey revealed that, male employees continued to dominate all positions by more than 60 percent in 2015 compared to female employees. Skilled local employment in both gender increased with female having marginally increased from 1,205 in 2014 to 1,231 in 2015, while skilled male increased from 2,224 in 2014 to 2,629 in 2015. This alerts the Government to put more efforts in motivating female to engage in specific career opportunities available from private investments.

3.7 Social Corporate Social Responsibility

Contribution through Corporate Social Responsibility (CSR) declined from USD 0.49 million in 2014 to USD 0.45 million in 2015 (**Table 3.10 and Chart 3.3**). The decline was partly explained by lack of credible plans in need of financing and low transparency on funding channeled to local projects. This calls for establishment of a mechanism to support local communities to develop credible plans and/or project proposals for financial support from investors as well as accountability mechanism from local leaders engaged in projects implementation. In addition, the Government should enforce the already existing contracts between investors and local communities, and encourage investors to engage more in Corporate Social Investment by investing part of their profits to the surrounding communities for improved livelihood.

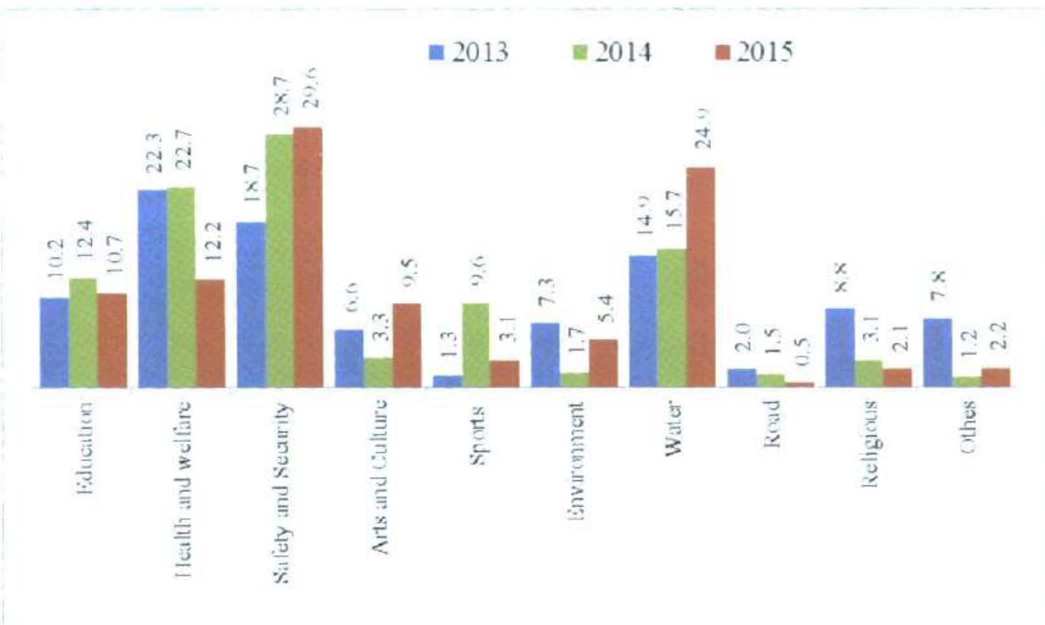
Table 3.10: Contribution

In thousand USD

	2013	2013	2014	2014	2015	2015
Education	69.2	10.2	60.4	12.4	48.0	10.7
Health and welfare	150.9	22.3	110.1	22.7	54.6	12.2
Safety and Security	126.7	18.7	139.4	28.7	132.5	29.6
Arts and Culture	44.7	6.6	16.2	3.3	42.6	9.5
Sports	8.5	1.3	46.8	9.6	13.7	3.1
Environment	49.3	7.3	8.3	1.7	24.0	5.4
Water	100.8	14.9	76.3	15.7	111.7	24.9
Road	13.8	2.0	7.4	1.5	2.2	0.5
Religious	59.8	8.8	15.0	3.1	9.3	2.1
Othes	52.7	7.8	5.9	1.2	9.7	2.2
Total	676.4	100	485.9	100	448.2	100

Source: PCF Survey 2016

Chart 3.3: Contribution by Activity (%)



Source: PCF Survey 2016

CHAPTER FOUR
CONCLUSIONS AND POLICY RECOMMENDATIONS

4.1 Conclusion

This survey was carried out with the objective to provide an insight to developments that have taken place in FDI and other foreign private investments, and inform policy on changes and challenges associated with such investments. It is the ninth survey covering three years, 2013, 2014 and 2015 that deal with foreign private investments liabilities (stocks and flows) and investor perceptions mainly on employment and social corporate responsibilities (SCR). The survey has revealed that:

- FDI inflow in Zanzibar increased by over 100 percent in 2015 from a drawdown of USD 28.3 million to accumulation of USD 15.2 million following increase of short term and long term loans from related parties. The highest inflow was recorded in accommodation and food services activities. During 2015, FDI inflow mostly originated from UAE, followed by Germany, United Kingdom, and Kenya.
- FDI inflow by regional groupings in 2015 originated mostly from regions other than the Organization for Economic Co-operation and Development (OECD), East African Community (EAC) and Southern African Development Community (SADC).
- Foreign investments have continued to contribute in employment generation. Investments in accommodation and food services led in employment generation in 2015 followed by manufacturing. Investment in other activities such as administrative, support services and human health and social work had little contribution on employment generation.
- Male employees continued to dominate all positions by more than 60 percent in 2015 compared to female employees. Skilled local employment in both gender increased with females having a marginal share compared to males.
- Contribution through Corporate Social Responsibility (CSR) is considered small compared to size of FDI in Zanzibar; the situation is largely explained by lack of credible plans from local communities and low transparency.

4.2 Recommendations

To further attract foreign private investments in Zanzibar and increased benefits of such investments in the economy, the following are proposed, that:

1. There is a need to persistently continue to improve business environment and infrastructure (urban and rural roads) and all entry and exit points in order to increase Zanzibar global investment competitiveness.
2. To expand benefits accrued from foreign investments, improvement in sectors that employ majority of the population need to be made in order to ensure linkage and diversification of the economy. Currently, tourism activities, which dominates in terms of foreign capital attraction is less linked to sectors that employ majority of the population in Zanzibar, in particular crop farming and fishing – the factor is mainly explained possibly by low quality of goods, packaging/branding and poor marketing.
3. To increase foreign investors support to local communities' projects, there is a need for responsible entities including Local Government Authorities (LGAs) to enhance local communities' capacity in developing credible project proposals, establish accountability and fund management mechanisms. In connection to this, the government may consider encouraging investors to engage more in Corporate Social Investment by investing part of their profits to the surrounding communities for improved livelihood.
4. Continue to enhance skills in various disciplines, particularly in tourism and its related activities and other high labour intensive activities including garment manufacturing in order to take advantage of re-locating textile ventures from middle and high income countries.
5. There is a need for the Government to continue monitoring private capital flow in Zanzibar in tandem with carrying out in-depth studies to broadly understand opportunities and challenges for appropriate policy action.
6. The Government in collaboration with private sector should consider putting more emphasis mainly in terms of funding to promote investment opportunities abroad.

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3. RGoZ (2017), Zanzibar Growth Strategy for Growth and Reduction of Poverty (III), Zanzibar
4. RGoZ (2016), Socio-Economic Survey, Zanzibar.
5. RGoZ, Tourism Statistical Release, Various Issues.
6. RGoZ, Statistical Release: Zanzibar Consumer Price Index, Various Issues.
7. UNCTAD (2017), Word Investment Report. Geneva.

Appendix 1: Questionnaire

Bank of Tanzania
Zanzibar Branch
P.O. Box 568 – Zanzibar
Tel 255 24-2230803
Fax: 255 24-223 0415
E-mail: info@bot.go.tz
Website: www.bot-tz.org

Zanzibar Investment Promotion Authority
P. O. Box 2286 – Zanzibar
Tel: 255 24-2233026
Fax: 255 24-2232737
E-mail: info@zipa.co.tz
E-mail: zipaznz@zanzinet.com
Website: www.zanzibarinvest.org

Office of Chief Government Statistician
P. O. Box 2321 - Zanzibar
Tel: 255 24-2231869
Fax 255 24-2231742
E-mail: zanstat@zanlink.com
Website:www.ocgs.go.tz

QUESTIONNAIRE FOR THE SURVEY OF COMPANIES WITH FOREIGN ASSETS & LIABILITIES 2016

SURVEY CODE: PCF/C9/2016

Field Officer ……………………………………………………………………………

PART A: GENERAL INFORMATION (ALL RESPONDENTS SHOULD COMPLETE THIS PART)

A1: COMPANY DETAILS:

Company name: ………………………………………………………………………		
Previous Name of the Company (if any): …………………………………………………………………		
DateCompleted :(*dd/mm/yyyy)*………………………………………………………………………		
Company Address: P.O. Box ……………………………………………………………………………… Tel:……………………………… Fax:…………………………………E-mail: ……………………………………Website: ………………………………		
District:	Area:	Street/Plot:
Date of Establishment: …………………………		Date of Commencing Operations: ………………………………………
Particulars of the Person Completing this Questionnaire: Name: Position: ……………………………………………………………………………… Mob: E-mail: ………………………………………………………………………………………		

Particulars of an Alternative Person to be Contacted:
Name: Position: ....
Mob: E-mail: ....

A2: COMPANY AFFILIATES:

2.1 Does your company have any subsidiaries[3] within Tanzania? Yes ☐ No ☐
2.2 If yes, are you supplying consolidated information for all the companies within the group? Yes ☐ No
2.3 If no, please fill separate questionnaires for each individual Company in the group.

A3: ACKNOWLEDGEMENT OF RECEIPT OF QUESTIONNAIRE

I, ______________________ of ______________________
(enter name of recipient) *(enter name of company)*

acknowledge receipt of the survey questionnaire.

Title:	
Signature:	
Date:	
Field Officer:	Name:
	Mob:

Note: The due date for return of the completed questionnaire is **two *weeks after receipt of the questionnaire*.** If you are having problems meeting the due date, please call us as soon as possible before the deadline, on one of the numbers indicated on the next page.

[3]A subsidiary is an enterprise whose more than 50% of voting right is controlled by another enterprise.

A4: IMPORTANT NOTICE(*Please read this first*)

Purpose of survey

This questionnaire collects information on assets and liabilities and perception of your enterprise (or group) in Zanzibar. This information will be used by the Bank of Tanzania (BoT), Zanzibar Investment Promotion Authority (ZIPA), Office of the Chief Government Statistician (OCGS) and the Government in balance of payments compilation, investment promotion and national policy formulation.

Focus

You are required to complete this questionnaire from the point of view of your transactions as an investor with foreign assets and/or liabilities in Zanzibar regardless of your nationality.

Collection Authority

Completion of this questionnaire is compulsory under Act No. 11 of 2004 of the **Zanzibar Investment Promotion Authority (ZIPA)** section 31: Act No 9 of 2007 of **Office of Chief Government Statistician (OCGS)**; and Act of 2006 of **Bank of Tanzania (BOT)** section 57. Failure to comply could result in legal and/or administrative action against your company.

Confidentiality

Information will be used only for statistical purposes, and be published in aggregated form. Data relating to individual organizations will not be made available to anyone outside the BoT, ZIPA or OCGS. Government officials failing to comply with confidentiality clause face severe penalties including summary dismissal. This is in accordance with the Acts that established BoT, ZIPA and OCGS.

Estimates

Where possible, please use figures from your accounts. *Un-audited data are perfectly acceptable for this purpose*. In cases where data is not readily available from your accounts, *please provide careful estimates*. We would rather have your best estimate than nothing.

Inapplicable questions

Please do not leave blank spaces even where the question does not apply to you as we do not need to follow up with you. *Please, enter "N/A" in the appropriate box, or at the start of the question.*

Due Date

Please complete this questionnaire and return the original to either field officer in contact with you (name on the first page) or ZIPA. Please keep the 'Respondent Copy' of the questionnaire for your own records.

Help Available

This questionnaire contains technical terms. If you have problems in completing this questionnaire, please refer to notes attached at the end. Alternatively, please contact BoT, ZIPA or OCGS through:

Shariff A. Shariff
Zanzibar Investment Promotion Authority
P. O. Box 2286
ZANZIBAR
Tel: 255 24-2233026
: 255 24-2237858
Fax: 255 24-2232737
E - mail: zipa@zipa.co.tz
: info@zipa.co.tz
Website:www.zanzibarinvest.org

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: 255 24-2232362
Fax: 255 24-223 0415
255 24-2232140
E-mail: info@BoT.go.tz
Website: www.bot-tz.org

Abdul R. Abeid
Office of Chief Government Statistician
P.O. Box 2321
ZANZIBAR
Tel: 255 24-2231869
Fax: 255 24-2231742
E-mail:zanstat@ zanlink.com
Website: www.ocgs.go.tz

THANK YOU IN ADVANCE FOR YOUR COOPERATION

SELECTED DEFINITIONS AND GUIDELINES

*Residency:*A company is a resident enterprise if it has been operating (or intends to operate) in the reporting economy for a year or more, regardless of its nationality. Non-resident individuals or enterprises constitute the rest of the world if they have lived or operated (or intend to live or operate) outside the reporting economy for a year or more (even if they hold nationality of the reporting economy). A special case of residency: international organisations

An enterprise is in a direct investment relationship with a ***Direct Investor (DI)***: if the investment is from a non-resident enterprise or individual that directly holds 10% or more of its equity or voting rights.

An enterprise is in a direct investment relationship with a *Direct Investment Entity (DIE)*: if the investment is from its non-resident subsidiary or associate enterprise that directly holds 10% or more of its equity or voting rights (Reverse investment).

An enterprise is in a direct investment relationship with a ***Fellow Enterprise (FE)***: if the investment is, from a non-resident enterprise that directly holds less than 10% of its equity but also has the same direct investor. The two enterprises must have the same controlling parent company to be fellows irrespective of the parent's residency.

Portfolio Investment (FPI) represents equity and non-equity investment in a company accounting for less than ten percent (10%) of that company's ordinary shares or voting rights and it is tradable.

Investment Fund Shares (IFS) are collective investment undertakings through which investors pool funds for investment in financial and/or non-financial assets. Investment funds include money market funds (MMF) and non-MMF investment funds.

Other investment relationship (Other) in this document refers to equity investment of less than 10% that is not tradable or borrowing/lending to non-affiliates.

Non-Affiliates (Non-related enterprises) are entities with which your enterprise has no equity, voting rights or equivalent and don't share a common parent

Life & Non-life Insurance Technical Reserves-consist of the reserves for unearned insurance premiums, which are prepayment of premiums and reserves against outstanding insurance claims, which are amounts identified by insurance corporations to cover what they expect to pay out arising from events that have occurred but for which the claims are not yet settled

*Pension Entitlements/Claims*show the extent of financial claims both existing and future pensioners hold against either their employer or a fund designated by the employer to pay pensions earned as part of a compensation agreement between the employer and employee.

*Standardised Guarantee*are those guarantees that are not provided by means of a financial derivative (such as credit default swaps), but for which the probability of default can be well established. These Guarantees cover similar types of credit risk for a large number of cases *e.g.* include guarantees issued by governments on export credit or student loans.

Financial Derivatives

*A financial derivative*contract is a financial instrument that is linked to another specific financial instrument or indicator or commodity and through which specific financial risks (*such as interest rate risk, foreign exchange risk, equity and commodity price risks, credit risk, and so on*) can be traded in their own right in financial markets.

Options-in an option contract (option), the purchaser acquires from the seller a right to buy or sell (depending on whether the option is a call (buy) or a put (sell)) a specified underlying item at a strike price on or before a specified date.

*A forward-type contract (forward)*is an unconditional contract by which two counterparties agree to exchange a specified quantity of an underlying item (real or financial) at an agreed-on contract price (the strike price) on a specified date. Forward type contracts include *futures* and *swaps*.

Ultimate controlling company - For direct investment, there can be chains of voting power, such as when a direct investor in economy A has a subsidiary in economy B, which in turn has a subsidiary in economy C. In this case, for the direct investment in economy C, (a) the economy of immediate ownership is Economy B; and (b) the ultimate controlling economy is economy A.

A5: INDUSTRIAL CLASSIFICATION

Please indicate the sectors of economic activity of your company and its subsidiaries based on total investment.

Sector Industrial Classification	Description of Economic Activity	Estimated Percentage Contribution to Company's Total Investment
1		
2		
3		
4		
5		

A6: SUBSIDIARIES

Please list any subsidiaries (or sub-subsidiaries) your enterprise has in Tanzania:

S/N	Name of subsidiary	Industrial Classification	Main activity
1			
2			
3			
4			

A7: SHAREHOLDING STRUCTURE (*Please use backside of this page if the space provided is not enough*)

Year	Residency/Multi lateral Organization	Shareholder's Name	Shareholding (%)	Investment Relationship: *DI, DIE, FE, FPI, IFS and Other*
2014				
2015				

Please report all values in TZS or USD, and in units (e.g. ten million units as 10,000,000 and **NOT** 10m). May you also support you responses with the recent Audited Financial Statement or Management Financial Report
Currency used (*ticks the relevant currency andrefer to a table of exchange rates in the last page*): **TZS** ☐ **USD** ☐

B1. DIRECT INVESTMENT

TABLE B1: EQUITY & INVESTMENT FUND SHARES BY NON-RESIDENTS

Equity Type	Year	A Opening Balance January 1st	B Purchase/ Increase	C Sales/ Decrease	D Other Changes Due to:			E Closing Balance 31st December
					Exchange Rate	Price Changes	Volume	
Paid-up Share Capital	2014							
	2015							
Share Premium	2014							
	2015							
Reserves(Capital, Statutory, revaluation, & Other)	2014							
	2015							
Other Equity (e.g. Equity Debt Swaps, Shareholders Deposits)	2014							
	2015							
Accumulated Retained Earnings/Loss	2014							
	2015							
Investment Fund Shares (Shares)	2014							
	2015							
Investment Fund Shares (Accumulated Retained Earnings)	2014							
	2015							

B2: INCOME ON INVESTMENT

TABLE B2: PROFITS, DIVIDENDS, RETAINED EARNINGS AND HOLDING GAINS.

	F Net Profit (or Loss) After Tax	G Dividends Declared	H Dividends Paid/Profits Remitted	I Official Use Only Retained Earnings = (F-G)	J Holding gain (*FPEI and Other only*) = F-G
2014					
2015					

PART C: NON EQUITY INVESTMENTS IN YOUR COMPANY

TABLE CI (A): NON EQUITY LIABILITIES (2014)

Type of loan	Source Country /Multilateral organisation	Relationships: DI, DIE, or FE, PI, Other, Resident	Original Maturity LT- 12months or more ST-Less than 12 months (Indicate LT or ST)	A Opening Balance January 1, 2014	B Amount received 2014	C Principal Repayment 2014	D Other Changes Due to:			E Closing Balance 31 Dec 2014 (Including Accrued interest Not Paid)	F Interest Paid in 2014
							Exchange Rate	Price Changes	Volume		
Loans (*Including Financial Leases, Repos*)	1.										
	2										
	Tanzania										
Debt securities (*Including Money Market Instruments, Bonds and notes*).	1.										
	2										
	Tanzania										
Suppliers/Trade Credits & Advances	1.										
	2										
	Tanzania										
Currency and Deposits	1.										
	2										
	Tanzania										
Life & Non-Life Insurance Technical Reserves	1.										
	2										
	Tanzania										
Pension Entitlements/Claims	1.										
	2										
	Tanzania										
Standardised Guarantees	1.										
	2										
	Tanzania										
Other Accounts Payable	1.										
	2										
	Tanzania										
TOTAL											

TABLE CI (B): NON EQUITY LIABILITIES (2015)

Type of loan	Source Country /Multilateral organisation	Relationships: DI, DIE, or FE, PI, Other, Resident	Original Maturity LT-12months or more ST-Less than 12 months (Indicate LT or ST)	A Opening Balance January 1, 2015	B Amount received 2015	C Principal Repayment 2015	D Other Changes Due to:			E Closing Balance 31 Dec 2015 (Including Accrued interest Not Paid)	F Interest Paid in 2015
							Exchange Rate	Price Changes	Volume		
Loans (*Including Financial Leases, Repos*)	1.										
	2										
	Tanzania										
Debt securities (*Including Money Market Instruments, Bonds and notes*).	1.										
	2										
	Tanzania										
Suppliers/Trade Credits & Advances	1.										
	2										
	Tanzania										
Currency and Deposits	1.										
	2										
	Tanzania										
Life & Non-Life Insurance Technical Reserves	1.										
	2										
	Tanzania										
Pension Entitlements/Claims	1.										
	2										
	Tanzania										
Standardised Guarantees	1.										
	2										
	Tanzania										
Other Accounts Payable	1.										
	2										
	Tanzania										
TOTAL											

TABLE C2: EXCHANGE RATES (TZS/USD), 2014 AND 2015

	2014	2015
End of period	1,723.2	2,148.5
Annual average	1,653.1	1,985.4

D1: EMPLOYMENT

(a) Please indicate in the table below, number of employees in your company based on the following categories:

Nationality	Foreign Nationals				Tanzanians							
					Zanzibar				Tanzania Mainland			
Year	2014		2015		2014		2015		2014		2015	
Sex	M	F	M	F	M	F	M	F	M	F	M	F
Management												
Professionals*												
Skilled												
Unskilled												
Total												

**Professional refers to employees (excluding Management) with specialized formal training at the level of at least First degree, advanced diploma or its equivalent.*

D2: CORPORATE SOCIAL RESPONSIBILITY

Please indicate the amount your company spent on the following activities during:

No.	Item	2014	2015
1	Education		
2	Health and welfare		
3	Safety and security		
4	Arts and culture		
5	Sports and development		
6	Environment		
7	Water		
8	Road		
9	Religious		
10	Other (specify)		

D3: TECHNOLOGICAL TRANSFER

Please indicate any technology employed at your project.

Areas	Type of technology used
1. Production	
2. Waste Water Management	
3. Garbage Management	
4. Energy	
5. Other (please specify)	

Appendix 2: Employment in Various Positions by Origin and Gender

Position	2013	2014	2015
Management foreign nationals (F)	63	95	99
Management foreign nationals (M)	156	194	199
Management Zanzibaris (F)	47	70	74
Management Zanzibaris (M)	155	216	239
Management Tanzania Mainland (F)	19	20	10
Management Tanzania Mainland (M)	43	70	79
Professional (excluding mgt) foreign national (F)	34	65	43
Professional (excluding mgt) foreign national (M	108	133	131
Professional (excluding mgt) Zanzibaris (F)	165	150	157
Professional (excluding mgt) Zanzibaris (M)	388	346	411
Professional (excluding mgt) Tanzania Mainland	63	105	105
Professional (excluding mgt) Tanzania Mainland	59	108	167
Skilled foreign nationals (F)	10	81	89
Skilled foreign nationals (M)	38	124	151
Skilled Zanzibaris (F)	889	1,205	1,231
Skilled Zanzibaris (M)	1,684	2,224	2,629
Skilled Tanzania Mainland (F)	444	472	602
Skilled Tanzania Mainland (M)	687	744	676
Unskilled foreign nationals (F)	-	53	36
Unskilled foreign nationals (M)	8	39	34
Unskilled Zanzibaris (F)	765	864	855
Unskilled Zanzibaris (M)	1,124	1,530	1,292
Unskilled Tanzanian Mainland (F)	72	116	69
Unskilled Tanzanian Mainland (M)	125	215	127
Total	7,146.0	9,239.0	9,505.0

Source: Foreign Private Investment Survey, 2016.

Note: Professional refers to employees with specialized formal training at the level of at least first degree or its equivalent.