SPEECH BY HIS EXCELLENCY DR. JAKAYA MRISHO KIKWETE, PRESIDENT OF THE UNITED REPUBLIC OF TANZANIA, AT THE OPENING CEREMONY OF THE LAKE TANGANYIKA ZONE INVESTMENT FORUM, MPANDA, 17TH OCTOBER, 2011

Hon. Mizengo Peter Pinda, Prime Minister of the United Republic of Tanzania;

Hon. Eng. Stella Martin Manyanya, Our Host and Regional Commissioner for Rukwa,

Lt. Col. Issa Machibya, Regional Commissioner of Kigoma;

Representatives of Private Sector and Investors,

Distinguished guests;

Ladies and Gentlemen;

Opening

I thank you Madam Regional Commissioner for the invitation to participate in this Lake Tanganyika Zone Investment Forum involving Kigoma and Rukwa Regions and the soon to be Katavi Region. I recall that in 2007, I officiated a similar event in Sumbawanga which was dedicated to Rukwa Region alone. The decision to hold a joint Investment Forum makes a lot of sense because of the proximity, similarities and interrelationship of the three Regions.

Allow me, therefore, to sincerely thank the former Regional Commissioners for Rukwa and Kigoma, for conceiving the idea of holding this Investment Forum and the organisers for a job very well done. I also thank the sponsors for making this meeting possible. Allow me to recognise the European Union, Tanzania Ports Authority, TANAPA, NBC, NMB, VODACOM, TIGO, CRDB and TPSF among the several generous contributors who made this meeting possible.

Ladies and Gentlemen;

I am delighted to see a good number of potential investors gathered here this morning eager to seize vast investment opportunities available in the Lake Tanganyika Zone. This is almost a virgin territory. I encourage you to exhaust all your queries, because almost everybody who matters is here to assist you. I am sure you will get all the answers. And for those who have already invested here, please use this opportunity to share your experience and give encouragement to the new comers. Also tell us about areas that need our attention for remedy and strengthening.

We in the Government want see this sleeping giant, the Lake Tanganyika Zone to awaken and become an investors' paradise and a major growth zone for the whole nation.

Importance of Investment to the Economy

Ladies and Gentlemen;

It is a statement of fact that investment is key to economic growth. There is no growth without investment. In essence growth is a function of increased production, provision and distribution of goods and services. In turn production, provision and distribution of goods and services are a function of investment. Therefore, where there is growth, know for sure that, there has been investment at the place. Conversely, where there is no growth it is evident that there has been little or no investment in that place. For these reasons, if we want growth to happen, one thing that we must ensure is continuous and increased investment. This is true of a family, society, nation or an economy.
Ladies and Gentlemen;

It is with this understanding in mind, that promoting investments has been one of the cornerstones of our government’s development agenda. There are two principal sources of investments in an economy – the government and private sector. As we all know the primary functions of the state are administration, ensuring law and order and the provision of basic social and economic services, such as education, health, water supply and the basic infrastructure such as roads, railways, ports, airports, energy etc.

In the discharge of these functions the government does a lot of investments. If the government fails to perform this function properly or does not do so in good time, growth will be delayed or even stunted. This is typical of the situation in many developing countries including our own. These three regions of the Lake Tanganyika Zone know it better. They log behind other regions in the country using various development indicators. Of course, this situation is not by design or out of neglect but because of the fact that, Tanzania is a poor developing country with limited technical, technological and financial resources.

Ladies and Gentlemen;

Despite the odds, we are doubling our efforts to make up for what has not been done. So far, so good lot has been done in so short a time and, continues to happen to improve matters. It is a statement of fact that, Rukwa and Kigoma regions of today are different from what they were 20 or 10 or even five years ago. There is evidence of progress being made in various sectors of the socio-economic life of these regions and others like these in the country.

Promotion of Private Investments

Ladies and Gentlemen;

As alluded to earlier, the second investor is the private sector, meaning the private individual and companies engaged in production of goods and services. Before economic reforms the state was directly involved in the production and distribution of goods and services. The government used to own farms, factories and wholesale and retail companies. Through economic reforms the state withdrew from being engaged in directly productive and trading activities. That role has been left in the hands of the private sector and the state remains with its primary functions of governing, maintaining law and order as well as provision of basic social and economic services.

With regard to governing and relating to the economy, the government has the responsibility of putting in place sound macro and micro economic policies. Also, the government has to ensure that the country has good investment policies so as to attract the private sector both local and foreign to invest in the socio-economic growth of Tanzania.

In other words, one can summarise the new paradigm one of “government governing and the private sector doing business”. Of course, the government has not completely withdrawn, as it still owns some of the public utilities such as those of water supply, energy, railways, ports, telecommunications, etc. Even with these utilities, unlike in the past where there was total government monopoly, the private sector is now allowed to participate. The private sector can do some activities relating within these utilities such as management as was the case with Netgroup Solutions in TANESCO, Hutchinson in the port of Dar es Salaam, RITES with Tanzania Railways and City Water in DAWASA. Besides that the private sector can now invest on a hundred percent ownership of these services which were once the exclusive domain of the state.

Ladies and Gentlemen;

It is worth mentioning also, that government retains shares in some of the divested enterprises or even some new economic ventures keeping them in trust for the people of Tanzania. At some point in time the government would sell its shares to the Tanzanian public. The ideas are to enable them to participate in the ownership of their economy. We have done this with TCC, TBL, Cement factories, NMB, CRDB etc.

Ladies and Gentlemen;

With regards to attracting private investment, we have put in place an investment policy and investment packages that are both attractive and competitive. They readily compare with any, in the countries considered to be the most attractive investment destinations in the world. The packages include fiscal incentives, facilitation and protection of
investments, guarantee of repatriation of profits and dividends etc. All these have specific legislations such as the Tanzania Investment Act of 1997, the Export Processing Zones Act of 2001, the Special Economic and Export Processing Zone Act of 2006, the Mining Act of 1998 and the Petroleum (Exploration and Production) Act of 1981 and the Public Private Partnership Act of 2010.

Furthermore, Tanzania is a member of the International Centre for Settlement of Investment Disputes and the Multilateral Investment Guarantee Agency. This serves as additional assurances to investors that their money is safe. We are aware of the problems of red tape and other encumbrances; I would like to assure you that, we are continuously taking measures to improve matters. And, above all Tanzania is widely known for its peace, security and stability that we all enjoy and cherish!

What the Lake Tanganyika Zone has to Offer

Distinguished Investors, Ladies and Gentlemen,

Besides the attractive investment environment as detailed above the other important thing about Tanzania is the abundance of investment opportunities. And, the good thing about these investment opportunities is that, many are yet to be exploited. Among such places in Tanzania where these potentials to exist are these three regions along Lake Tanganyika which have convened us here today. These regions are richly endowed with resources and other investment opportunities from mining, agriculture, fishing, livestock, tourism, transportation, manufacturing and transit trade.

Rukwa, Kigoma and Katavi regions can easily become the agriculture power house of Tanzania. The climatic conditions are conducive, rainfall is reliable and there is plenty of good agricultural land which is not yet utilized. These regions can produce all the maize that Tanzania needs and still remain with a huge surplus for export. The growing and production of pulses, wheat, rice, oil palms can be expanded to limitless proportions. There are big prospects for sugar cane plantations to be established and produce plenty of sugar for the country and for export.

Livestock does well in the region and with ample land being available, cattle ranching is a big possibility. These regions can become major meat and dairy products producing regions for the country and the Great Lakes Region. The fishing industry presents extraordinary prospects. Currently, there is no commercial fishing in lakes Tanganyika and Rukwa as well as the many rivers criss-crossing the regions. Therefore, there are opportunities for a well organized commercial fishing industry in Rukwa, Kigoma and Katavi including fish farming.

Ladies and Gentlemen,

Allow me to mention here that, together with Morogoro, Iringa, Mbeya and Ruvuma regions, Rukwa region is part of what we call the Southern Agricultural Growth Corridor of Tanzania (SAGCOT). This is an initiative of the Tanzanian government in collaboration with local and foreign private sector actors to enhance agricultural production in the 5 regions so that Tanzania attains food security and becomes the food basket for our part of Africa and beyond. Now, the initiative enjoys the support of our development partners.

Mechanisms of technical material and financial support to peasant farmers will be put in place to enable them increase productivity and production and graduate from subsistence to commercial farmers. Large scale farming will be promoted to work with and assist small scale farmers.

Ladies and Gentlemen;

Good progress is being made with the SAGCOT initiative. The SAGCOT leadership has been appointed and the SAGCOT Center and the Catalytic Fund will soon be operational. The rice cluster is at take off stage in Kilombero and work is on going on the maize and potato clusters. I cannot promise if Kigoma region can be included in the SAGCOT initiative. However, if that will not be possible, there are ways of benefiting from the initiative. It is the intention of our government to replicate the cluster concept with other crops in regions and districts outside the SAGCOT coverage area. May be, this way Kigoma could also benefit.

Ladies and Gentlemen;
The natural beauty of the Lake Tanganyika Zone and other tourist attractions present unique opportunities for investment in tourism development. The two lakes as well as Katavi, Gombe and Mahale National Parks, are home to rare species of wildlife like the chimpanzee and scores of other common wild animals. They present a wildlife safari experience of its own kind. Therefore, investing in tourism support services such as hotels, transportation and other tour operators business is very promising indeed.

Ladies and Gentlemen;

All these opportunities, combined with its geographical location of bordering Zambia, the Democratic Republic of the Congo and Burundi present the Lake Tanganyika Zone with formidable business potential. The regions can become a major industrial and commercial hub to cater for Eastern Democratic Republic of the Congo and Burundi as well as North Eastern Zambia. There is almost a captive market waiting for us to produce the goods and services to sell. It is for this reason that the establishment of the Export Processing Zone (EPZ) at Kigoma and the effort we are initiating here today are very strategic.

Ladies and Gentlemen;

I consider this Investors’ Forum to be very opportune, indeed. I therefore, call upon all of you to rise to occasion and seize the opportunity. When I say so, I am aware that several local and foreign investors are already doing so. Many good things are already happening in meat processing, edible oil processing, grain milling, dairy farming, mining, bottling, brewery and tourists support services. All that I am trying to say is, we are only scratching the surface there is much more that can be done which has not yet been done. We have to do it. We need to invest more to expand existing operations and venture into new areas. The benefits are obvious. More dividends to the shareholders, more jobs to the young men and women in these regions as well as more markets for the farmers and our businessmen and women. Of course, poverty will be reduced and ultimately the biggest beneficiary of all will be the people of these regions for their dream of a better life will be possible to realise.

Investment Challenges Facing the Lake Tanganyika Region

Ladies and Gentlemen;

While I applaud those who have invested in the Lake Tanganyika Regions and appeal for more to join in, I would like to assure you that the Government is aware of the challenges facing these regions. We are fully aware that actually, these challenges impede growth and if not resolved with act as a disincentive to the flow of investments. I would like to reaffirm my personal commitment as well as that of my government to deal with these challenges so that the immense potentials of these regions can be harnessed.

Infrastructure stands out to be the leading challenge. We are determined to improve connectivity and accessibility of the Lake Tanganyika regions to the rest of the country and between three regions. I am sure many of you know that I am note engaging in empty promises. We are already investing heavily in construction of paved roads in these regions. The Tunduma – Sumbawanga, Sumbawanga - Kasanga, and the Sumbawanga - Mpanda via Namanyere roads are now under construction. For these roads alone the government will spend some 490/- billion shillings. Plans are now being conceived on the Mpanda to Tabora road and the Mpanda to Uvinza road.

On the Kigoma region side, work of constructing a paved road from Kigoma to Ilunde through Uvinza and the construction of the Malagarasi Bridge are well underway. We are now working hard to get financing for the portion from Ilunde to Urambo through Kaliua. We are aware of the need for reliable connectivity within these regions. We will continue to allocate budgetary resources to improve regional and district roads in all these regions so that goods and services can reach markets.

Ladies and Gentlemen;

We are also doing the same with air transport. Mpanda has a new airport and plans are underway to do the same with the Sumbawanga airstrip. The work to upgrade and modernise the Kigoma airport will start any time from now. I am told the contractor is now mobilising equipment for work to start. In the same vein, plans are underway to expand the ports of Kigoma and Kasanga on Lake Tanganyika.
We will do everything to keep our promise to buy a new ship on Lake Tanganyika while talks are ongoing to get assistance from the German government to rehabilitate MV Liemba. Let me use this opportunity to invite investors to invest in shipping in Lake Tanganyika. With regards to the railway, we have decided that, we should also upgrade to standard gauge the Tabora – Kigoma line and the Kaliua – Mpanda line. As you may know, we are planning to build a new standard gauge railway line from Isaka to Kigali and Isaka – Keza – Musongati in Burundi. This requires upgrading the Dar – Isaka line to accommodate standard gauge trains. We want to do the same for Kigoma and Mpanda line as well as Isaka – Mwanza stretch. We are getting organised to do the feasibility studies.

**Power Supply**

*Ladies and Gentlemen;*

Fortunately, all the district headquarters in the Lake Tanganyika Regions have power supply. However, many parts do not have these important services and these regions are not connected to the national power grid. It is a promise we made to invest in rural electrification in the district and connect these regions to national grid. We are pursuing this promise in earnest. We will continue to allocate resources for rural electrification and the possibilities of extending the national grid to these regions are beginning to look promising. We will say more about this latter when every piece of the puzzle is in place.

**Conclusion**

*Ladies and Gentlemen,*

I am not the only speaker who will talk about these issues, so let me end here. Once again I would like to reaffirm that the Government has very high regard to investors and remains committed to pursuing policies that will encourage investment and private sector development in the country. I thank you most sincerely, all of who have shown interest in investing in these regions. The government will help you succeed. Therefore, I hope, you will take the next step and invest. You will not regret. There is a Swahili saying: “Mtanguzi hanywi maji matibwa” which is close to the English saying: **“The early bird catches the worm”**. You are the pioneers; you will get the best of the benefits of investing in these regions.

*Mr. Prime Minister, Honourable Ministers and Regional Commissioners, Excellencies Ambassadors, Investors, Ladies and Gentlemen;*

With those many words, it is now my singular honour and pleasure to declare this Forum open. I wish you fruitful deliberations and useful outcomes.

**Thank you for your attention.**