

MARCH 2024

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ZiBi

Zanzibar Investments & Business Insights *Magazine*

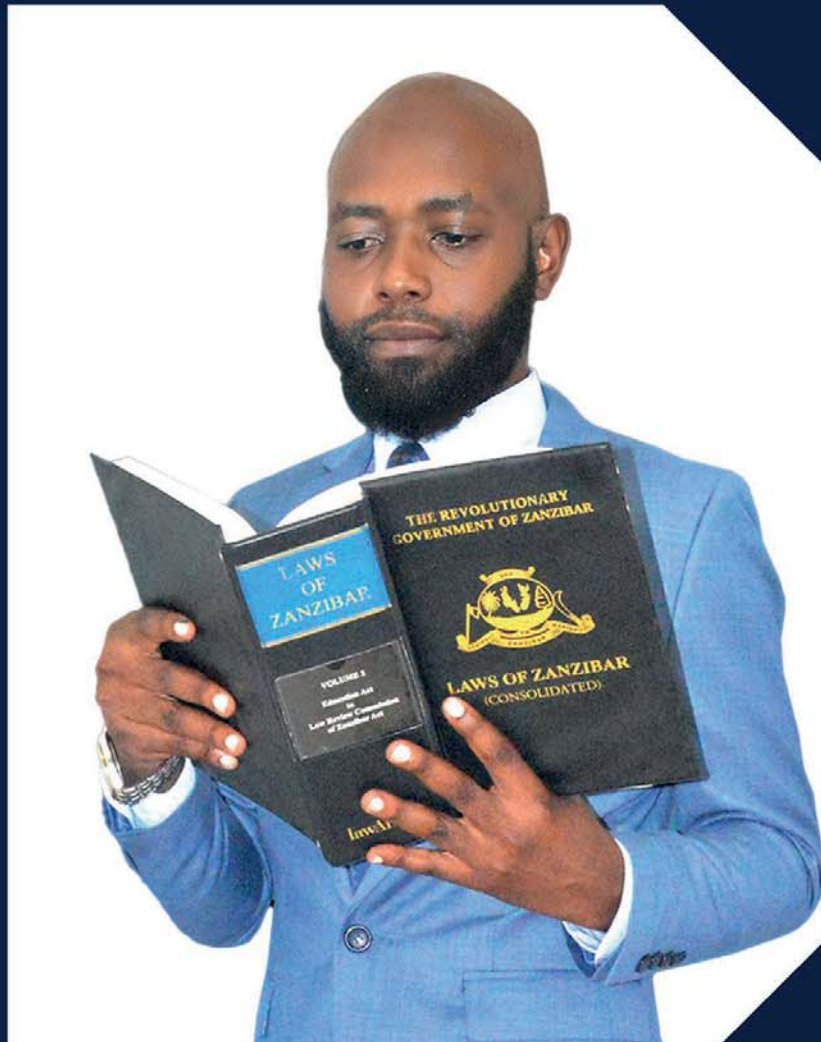
SEA CUCUMBERS
Zanzibar's next economic
booster

ISLAMIC FINANCE
Harnessing the Potential of
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EDITOR'S NOTE

Dear Readers,

These are truly exciting times for Zanzibar in terms of business and investment opportunities. This moment has the potential not only to define Zanzibar, renowned as the Spice Islands, but also to propel the archipelago into the forefront of the business and investment arena, a position it has been striving for over many years.

The articles featured in this inaugural edition of Zanzibar Investments and Business Insights (*ZiBi*) magazine provide a glimpse into the developments unfolding on the ground. Zanzibar is not only opening up internally but also to the world, a significant shift considering historical precedents. This resurgence signifies Zanzibar's determined effort to reclaim its rightful position, independent of reliance solely on Monsoon Winds.

Evidences of Zanzibar's newfound openness abound. The articles within this magazine portray the trajectory that Zanzibar is embarking upon, underscoring the importance of maintaining this momentum and enthusiasm at all costs for the betterment of Zanzibar. The strategic significance of its location is now being realized and efforts to enhance and solidify this position are underway.

In this maiden edition, we are proud to feature our cover story on the Zanzibar Investment Act of 2023, recently signed by the President of Zanzibar and Chairman of the Revolutionary Council, H.E. Hussein Mwinyi. This landmark legislation marks a pivotal moment in our journey towards economic prosperity and underscores Zanzibar's commitment to fostering a conducive environment for investment and growth. Let us hope the new act has taken aboard all experience gathered in the implementation of the defunct act so as to push Zanzibar as center of not only hope and prosperity, but also resilience and excellence in business and investment.

As Zanzibar is embracing information technology with idea on a smart city, the Director General of ZICTIA Mr. Shukuru Suleiman Awadh, recently spoke with ZiBi Magazine affirming the islands genuine commitment to embrace digitalization engineered by Zanzibar ICT Infrastructure Agency (ZICTIA).

With Blue economy on the trend and in-implementation, we have published in this magazine articles on 4.5 billion shillings tagged Sea Cucumber projects, the Carbon trade economy with global estimation of \$87.9 billion and now gaining momentum in Zanzibar, and not forgetting the United Nations recognized Sustainable Development Goal 14 'Life Below Water', strategically being run by a powerful player Zanzibar Marine & Diving Services Limited (ZMDS).

Zanzibar's Utility Regulatory Authority (ZURA) plays a pivotal role in lubricating the economic machinery and ensuring that utilities operate at an optimal pace without disadvantaging investors. According to ZURA, Zanzibar currently has the capacity to store 21,000,000 litres of fuel, including 8,000,000 litres of petrol, 4,000,000 litres of jet fuel, and 1,000,000 litres of kerosene, sufficient for an average of one month. This indicates a secure supply chain.

This magazine, produced by Mwanana Communication; features several articles on financing, including a spotlight on

the People's Bank of Zanzibar, which plays a significant role in shaping Zanzibar's business and investment landscape. Recently, the bank achieved a milestone by reaching assets worth TZS 2.0 trillion, earning it the prestigious title of "a trillion shillings."

Dr. Mohammed Mansour contributes a compelling article advocating for the use of Islamic financing known as Sukuk. Global Sukuk issuance was projected to reach \$257 billion by 2027, reflecting its growing importance in the global financial landscape.

We earnestly hope that this magazine serves as a platform not only for showcasing success stories but also for addressing challenges and fostering discussion and networking opportunities for the benefit of both local and foreign investors.

Welcome to the inaugural issue of Business Insights, a publication dedicated to showcasing Zanzibar's rightful place in the global business arena, with doors wide open for opportunities and collaboration.



Hissham Abdukadir
MANAGING EDITOR

An advertisement for RE/MAX featuring Sharmin Esmail, a woman wearing a grey blazer and a grey hijab. The ad includes the RE/MAX logo, the text "Looking to Rent or to Buy?", Sharmin Esmail's name and title "Property Agent", a QR code, and contact information: a phone icon with "+255 776 055 809" and an email icon with "sharmin@remax.co.tz".

Did you Know?

FISHERIES IN ZANZIBAR

Zanzibar's fisheries sector consists of capture fishery and aquaculture sub-sectors. Together, they employ over 100,000 people along their value chains and provide livelihoods to about one-third of the Zanzibar population.

SOCIO-ECONOMIC SUPPORT

The sub-sector creates about 63,000 jobs (of which 14% is for women, mostly working in the post-harvest stages). The figure includes fishers (79.7%), traders (6.3%), processors 3.7%, gear repairers (2.7%), porters 2.5%, fish farmers (1.2%), boat builders (1.2%) food servers (1.3%), transporters (0.8%) and others (1.9%) along the value chain. The Gross Domestic Product (GDP) contribution of fishery sub-sector is between 4-6%.

EXPORT OF FISH AND FISHERY PRODUCT

Zanzibar export of fish and fishery products consist of fishes, small pelagic (anchovy), sea cucumbers and mud crabs to African states, Asian and very few in Europe. From 2016 to 2021 Zanzibar exported 25, 876 Tons of fish at the value of 97, 176, 694, 594 TSH.

ZANZIBAR'S FISHERY POTENTIAL

Zanzibar's territorial waters suggest practical evidence to availability of large stock of reef fish and small pelagic fish to sustain fishers' communities, food security and GDP growth for many years so long they will be explored sustainably. Based on those suggestion Zanzibar could attract investors in deep sea fishing including fish processing facilities, fishing boat building, repair facilities and gear facilities.

MAJOR LOCAL FISH SPECIES

Yellowfin tuna (*Thunnus albacares*), skipjack (*Katsuwonus pelamis*), bigeye tuna (*Thunnus obesus*), albacore (*Thunnus alalunga*), swordfish (*Xiphias gladius*), narrow barred Spanish mackerel (*Scomberomorus commersoni*), Indo-Pacific king mackerel (*Scomberomorus guttatus*), Indo-Pacific blue marlin (*Makaira mazara*), black marlin (*Makaira indica*), striped marlin (*Tetrapturus audax*), and Indo-Pacific sailfish (*Istiophorus platypterus*).

Additional species include longtail tuna (*Thunnus tonggol*), kawakawa (*Euthynnus affinis*), frigate tuna (*Auxis thazard*), bullet tuna (*Auxis rochei*), as well as various species from the families Siganidae, Scaridae, Lethrinidae, Serranidae, Mullidae, Lutjanidae, Mugilidae, Clupidae, Sardinella, Engraulidae, Carangidae, Scrombidae, and Hemiramphidae.

ZANZIBAR OPPORTUNITY IN FISHERY

Zanzibar fishery suggests potential investment opportunities to livelihoods of people (fish is the main source of protein in Zanzibar and per capita consumption of fish in Zanzibar is around 23 kilograms), job and wealth creation, food security and GDP growth. Opportunities include: fish port, modern fishing technologies, accredited lab, fish processing facilities, cold storage facilities, market infrastructure, boats building and repair.





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A woman wearing a black lace hijab stands in the center of an ornate, arched doorway. She is looking out towards a vast, turquoise sea under a clear sky. The doorway is made of dark wood with intricate carvings. The walls around the doorway are aged and have some peeling paint. The overall scene is serene and evokes a sense of opportunity and connection to nature.

ZiBi

Zanzibar Investments & Business Insights Magazine

We Open Doors for Opportunities

Blue Economy | Real Estates | Finance & Banking | Technology | Conservation | Tourism



What Zanzibar's New Investment Law entails

This ground breaking legislation aims to enhance the competitiveness of Zanzibar as an investment destination, with tailored incentive packages designed to stimulate investment across various sectors of the economy.

Over 100 developing and emerging economies have embraced the Investment Act approach as a fundamental component of their legal framework for investment, serving as a primary point of reference for potential investors and a signaling mechanism to foster transparency. Additionally, it enables host governments to convey expectations regarding responsible conduct by imposing specific obligations on investors.

In a significant development, Zanzibar, along with the global community, has entered a new era poised to catalyze economic growth following the enactment of the Zanzibar Investment Act, 2023. His Excellency, Dr. Hussein Ali Mwinyi, President of Zanzibar and Chairman of the Revolutionary Council, ratified this legislation in February 2024, marking a pivotal moment for the region.

"The Zanzibar Investment Act, 2023 is designed to stimulate investment in the Isles and is recognized as one of the premier pieces of legislation in Africa. It offers a plethora of

incentives for prospective investors," remarked the President during the ceremonial signing event, which brought together stakeholders and citizens at the Zanzibar State House grounds.

Previously, the Zanzibar Investment Promotion and Protection Authority Act No. 14 of 2018 governed the operations of ZIPA. However, this statute has been supplanted by the newly enacted Act. Consequently, the preceding legislation, which broadened ZIPA's mandate to encompass economic development and the regulation and administration of investment activities and Free Economic Zones with an emphasis on openness, competitiveness, and transparency, has undergone substantial enhancements under the freshly endorsed law.

Objectives of the Act

The world is changing, so are the investment promotion policies and strategies that aims to woo more investors for economic prosperity. Thus, the objectives of the Zanzibar Investment

Act, 2023 intends to position Zanzibar to be among the best investment destinations in East and Sub-Saharan region by providing the best services, competitive fiscal and non-fiscal incentives packages and diversification of investment opportunities by introducing Special Economic Zones.

Further, the Act outlines obligations of the investor on local content and corporate social responsibility for the social and economic development of Zanzibar. It further aims to bring in investments, create jobs for the people of Zanzibar and improve social well-being, the same to country economy.

Encouragement for more investment

The new Act encourages local and international investment among local Tanzanian, diaspora and foreigners to grab the abundance of opportunities available in Zanzibar.

With this Act there are different categories of investments: General Investment and Strategic Investment. The category of the investment is determined by the investment capital threshold, in which the minimum investment capital requirement for foreign investors is US \$2.5 million for hotel and real-estate investments, and US \$500,000 for other sectors, while for citizen is US \$100,000 across all sectors.

The new Act has kept consideration to Tanzanian diaspora that are required to have a minimum capital of US \$ 200,000 across all sectors.

The Investment Act of 2023 has revised the criteria for attaining Strategic Investment status, streamlining the process compared to the previous legislation. Under the new framework, the criteria are categorized separately for Unguja and Pemba.

On Unguja, investments meeting the following conditions are eligible for Strategic Investment status: (i) a minimum investment of fifty million United States Dollars for both Foreign Investors and Tanzanians; (ii) an investment of ten million United States Dollars, accompanied by the creation of at least five hundred direct employments for

Tanzanians in sectors other than hotels; or (iii) investment in small islands as stipulated by the Act.

For Pemba, a region that has historically attracted limited investments across all priority sectors, including tourism and related activities, the Act has relaxed the criteria for obtaining Strategic Investment status.

The requirements for Pemba include: (i) a minimum investment of five million United States Dollars for both foreign investors and Tanzanians; (ii) an investment of two million United States Dollars, coupled with the creation of five hundred direct employments for Tanzanians in sectors other than hotels; or (iii) investment in small islands as outlined in the legislation.

Lucrative investment incentives packages

In regard to benefits to investors, President Dr. Mwinyi said “the new investment law also provides more favorable conditions for investors which helps to attract more investments in the isles.” Through this Act investors may enjoy both fiscal and non-fiscal lucrative investment incentive packages.



It further aims to bring in investments, create jobs for the people of Zanzibar and improve social well-being

The Act represents a significant milestone in the country’s efforts to attract and promote investment, offering a comprehensive range of fiscal and non-fiscal incentives to prospective investors. This ground breaking legislation aims to enhance the competitiveness of Zanzibar as an investment destination, with tailored incentive packages designed to stimulate investment across various sectors of the economy.

One of the key features of the Act is the establishment of fiscal incentives, which include tax breaks, customs duty exemptions, and other financial incentives aimed at reducing the cost to investors. These incentives are available to both domestic and foreign investors and are designed to promote investment in priority sectors.

One notable aspect of the Act is the enhancement of incentives for general, strategic, and special economic zones (SEZs). These zones are designated areas with specific incentives and infrastructure provisions aimed at attracting investment and promoting economic development. By improving incentives for SEZs, the Act seeks to unlock the potential of these zones as engines of Zanzibar’s growth.

For the first time, the Act introduces incentives packages for investments in high-tech industries and the blue economy. Recognizing the importance of innovation and sustainable development, these incentives aim to attract investment in cutting-edge technologies and industries that have the potential to drive economic transformation and create new opportunities for growth.

Overall, the Act represents a bold and forward-thinking approach to investment promotion, with a comprehensive set of incentives designed to attract investment across diverse sectors of the economy. By improving incentives for general, strategic, and special economic zones, as well as introducing incentives for high-tech and blue economy investments, the Act positions Zanzibar as a competitive and attractive destination for investment in the region.

Diversification of investment opportunities

The Zanzibar Investment Act, 2023 signifies a strategic move towards establishing Special Economic Zones (SEZs) tailored to attract diverse investment opportunities, thereby positioning the archipelago as a prime investment destination in East Africa and the Sub-Saharan region.

These designated zones, ranging from Free Ports Zones to Industrial Zones, provide favorable operating conditions

and guarantee stable business sites to the investors, expedite technological development of special skills and boost production for export.

Other provisions include: the availability of lands for investment and attraction of international services seeking to capitalize on Zanzibar's unique geographical and economic landscape. By leveraging the inherent benefits of each zone type the Investment Act, 2023 provides a conducive environment for businesses to thrive and flourish.

Furthermore, the establishment of SEZs underscores Zanzibar's commitment to diversifying its economy and fostering sustainable growth across multiple sectors. Through initiatives like Export Processing Zones, Digital Free Zones, and Logistic Zones, promotes innovation, technology adoption, and global competitiveness. These specialized zones serve as catalysts for economic transformation, driving job creation, skills development, and value addition.

By harnessing the potential of Small Islands Zones and Convention Centers, Zanzibar aims to capitalize on its unique tourism and hospitality sector, attracting international conferences, exhibitions, and events.

Overall, the designation of SEZs under the new Investment Act underscores Zanzibar's proactive stance towards becoming a dynamic and diversified investment destination, poised to lead the way in East Africa's economic resurgence.

Excellency in service delivery

While the Zanzibar Investment Promotion and Protection Act No.14 of 2018, enabled all government departments and agencies to collaborate with ZIPA, under the Zanzibar Investment Act, 2023 all government agencies work with ZIPA under one roof, as One-Stop Center.

The establishment of a One-Stop Center, by the Investment Act, 2023, in service delivery demonstrates the government's commitment to facilitating investment and supporting business growth by creating an enabling environment for investment to enhance the Zanzibar's competitiveness on the global stage.



The OSC serves as a platform for cross-sector collaboration and coordination among government agencies, private sector stakeholders, and other relevant entities. This collaboration fosters synergies, promotes best practices sharing and facilitates holistic and integrated approaches to investment promotion.

A One-Stop Center consolidates various administrative processes, licensing procedures, and regulatory approvals into a single platform. This streamlined approach reduces bureaucratic red tape, eliminates duplication of efforts, and simplifies the overall investment process, saving time and resources for investors. The President said, "This enables more investments to take place in Zanzibar while helping to do away with bureaucracy."

By providing a centralized hub for all investment-related services, the Investment Act, 2023 enhances convenience for the current and prospective investors whereby they can access information, submit applications, and obtain approvals in one location, reducing the need for multiple visits to different government agencies or departments.

The efficient processing of investment applications and approvals through the OSC enables investors to bring their projects to market more quickly. This accelerated timeline allows businesses to capitalize on market opportunities, generate returns on investment sooner, and contribute to economic growth and job creation in Zanzibar.

With regards to technology, the new Act authorizes digital transformation to facilitate all process of investment so that anyone interested to invest in Zanzibar from around the world can do so without having to travel to Zanzibar.

Guarantee for the protection of approved investment

Confirming its readiness to enhance investment, the government of Zanzibar has ensured that the new investment Act takes into account the interests of existing and prospective investors in the country against potential risks.

The investment Act, 2023 acknowledges bilateral and multilateral agreements relating to investment protections and the right of investors in foreign countries where The United Republic of Tanzania has ratified or is part of it. By recognizing and incorporating these sections into domestic law, it demonstrates the government's willingness to abide by international standards of investment protection and ensures that investors are treated fairly and equitably under the law.

Some of guarantee includes: guarantee for the protection of approved investment, guarantees against expropriation, fair and equitable treatment and the right of repatriation of profit, proceeds and salaries.

Incorporation of 'the right of repatriation of profit, proceeds and salaries grants investors the entitlement to transfer their earned profits, proceeds from asset sales, and salaries to any other designated location outside of Zanzibar. This provision assures investors that they have the freedom to repatriate their earnings without undue restrictions or delays.

Further, the inclusion of provisions for 'dispute resolution' communicates to investors that Zanzibar is committed to providing a fair and transparent legal framework for investment. This ensures that investors have access to established dispute resolution mechanisms, which enhances legal certainty and investor confidence. It also provides additional assurances to investors regarding the guarantee of their investments with mechanisms in place to address disputes in a timely and efficient manner.

The Zanzibar Utility and Regulatory Authority (ZURA) is a government entity that helps to regulate the quality of water and energy services in Zanzibar. It enables the stimulation of economic efficiency to ensure the availability and accessibility of quality services to the public.

Why ZURA is crucial in Zanzibar's development

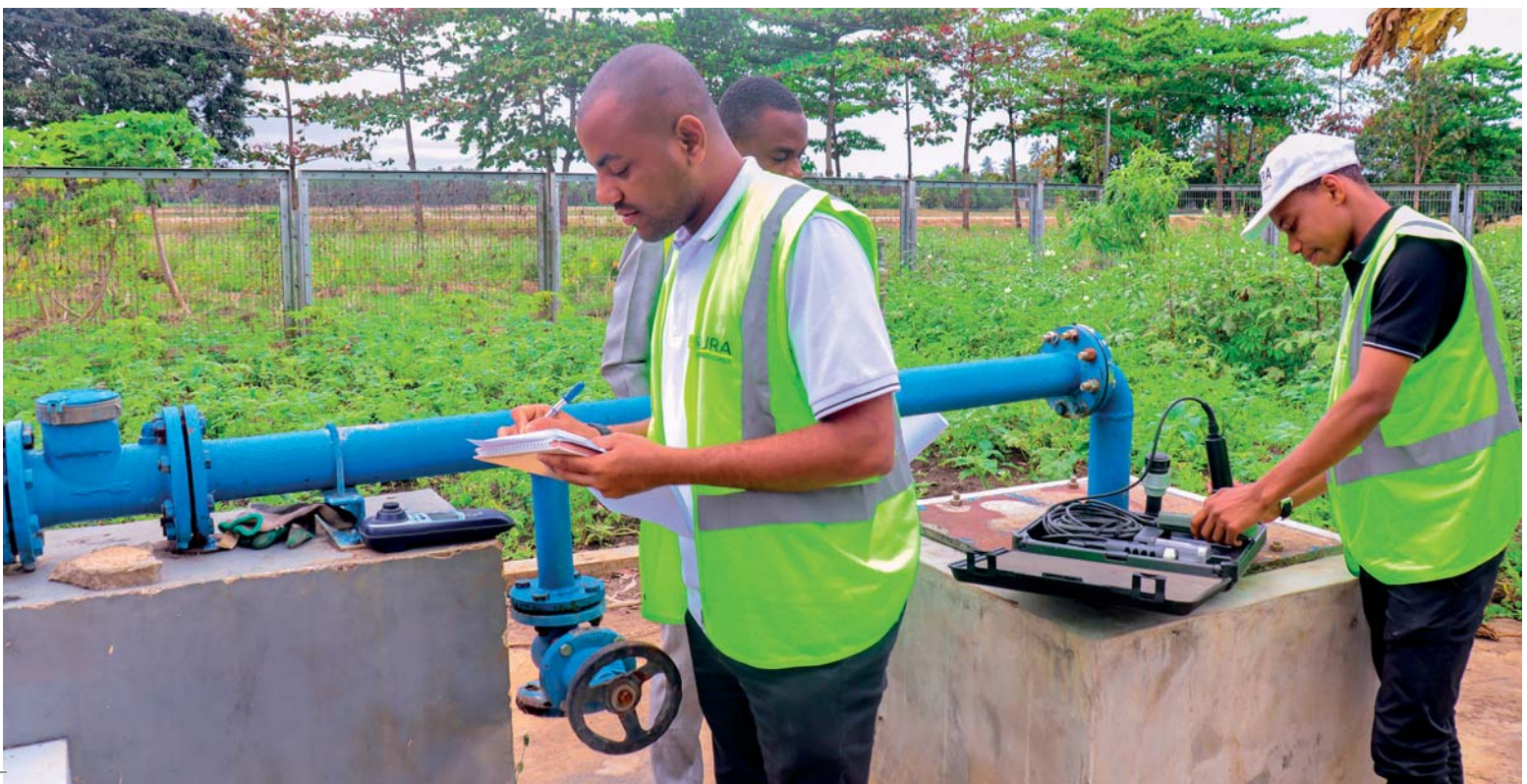
Since its inception in 2013, ZURA has been using every platform to showcase its services which lead to improve and sustain abilities of utilities to offer best services in the Isles. It also encourages investments in the water and energy sectors while enhancing economic growth and social development and as such bettering the life standard of the people.

ZURA's Director General Omar A. Yussuf says by 2023, the authority has successfully licensed the Zanzibar Water Authority (ZAWA) to manage and ensure that water services are of acceptable quality, standard, and costs. Certainly the availability and deliverance must be of high standard.

He says the authority ensures that it continues to carry out its mandate to control the water sector economically with the aim of making water service sustainable, while exercising the skills to determine the true cost of the provision of the service provided by ZAWA.

"We are conducting a study known as 'Cost of Service Study.' This aims to support the authority in the planning process of water prices based on the costs used to provide the service," he said.

According to him, ZURA will ensure water prices for the citizens are affordable without compromising ZAWA financial capacity to provide sustainable water services.





He says the completion of the study will also help to understand the level of ZAWA's performance as well as various humanitarian challenges in order to improve its performance in water provision to acceptable standards.

He named some of the achievements of ZURA in recent years as including the successful licensing of the Zanzibar Electricity Corporation (ZECO) to manage and ensure electricity services are of acceptable quality, standard, and cost.

ZURA has also enabled the investment of 30MWp of Solar PV by Generation Capital Company from Mauritius to generate power for Unguja Island and 15MWp of Solar PV by ESR from Germany to generate power for Pemba Island.

Regarding the petroleum sector, Mr. Yussuf, the Director General of ZURA, highlighted that with the government's support, the opening of the Mangapwani oil depot has been facilitated. This depot has a substantial capacity, capable of receiving 21,000,000 litres of fuel, including 8,000,000 litres of petrol, 4,000,000 litres of jet fuel, and 1,000,000 litres of kerosene. Zanzibar's oil imports have shown an average increase of 34% from 155,827,363 in 2020/2021 to 212,713,050 in 2022/2023.

Mr. Yussuf emphasized that this warehouse depot can store fuel for approximately one month on Unguja Island. Furthermore, he pointed out that, in collaboration with various government agencies including the President's Office

“
This system has
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to petroleum products

under the Ministry of Finance and Planning, ZPPDA, POMOFF, and the Zanzibar e-Government Agency, ZURA has developed the ZURA Integrated Regulatory System (ZIRS), a digital authority operating system.

Through the introduction of the joint fuel replacement system (BPS), this integrated system has effectively eradicated fuel shortages in the country, ensuring the consistent availability of petroleum products. "This system has successfully addressed the issue of fuel scarcity in Zanzibar, guaranteeing uninterrupted access to petroleum products," he affirmed.

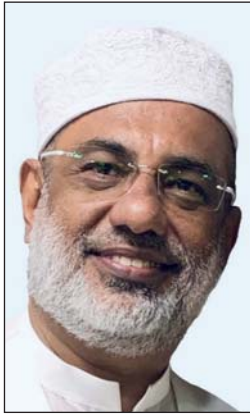
Among many other achievements also, ZURA has helped in preparing a retail guide for the cooking gas industry. The guideline, he said, is intended to ensure that the authority oversees the operation of gas business on the part of retail suppliers based on safety and international standards.

The increase in the consumption of cooking gas averaged 35% over the three (3) years, with 4,489,089 in 20/21; 5,921,762 in 21/22 and 8,123,017 for 22/23.

"We strive to ensure that Zanzibar becomes the center of access to water and energy services within the East African region," said, ZURA Director General.

ZURA, a multi-sectoral government regulatory authority works to ensure there is transparency, accountability and integrity within its team while ensuring professionalism, teamwork, effectiveness and efficiency at work.





VIGOR Group

Serving people, Serving nations

“

We have made Turkey's Group to be one of the leading conglomerates in Tanzania.

Mr. Toufiq Salim Turkey
Group Chairman.

Not too long ago, Turkey's Group began as a local tailoring mart and has since burgeoned into a multinational corporation. Founded in the 1980s by brothers Salim, Murtadha, the late Yunus, and their late father, Mr. Hassan Turkey, the firm has undergone a remarkable transformation. Under the stewardship of Mr. Toufiq Salim Turkey and Abdallah Salim Turkey, the next generation of entrepreneurs, the Group has emerged as a leading conglomerate in Tanzania. While headquartered in Zanzibar, the Vigor Group has established a formidable presence not only in Mainland Tanzania but also in the Union of Comoros.

The Vigor Group has solidified its position across diverse sectors, notably in the Services Sector with a focus on Health Care, Hospitality, Automobile, and Real Estate. Additionally, it has made significant strides in the manufacturing sector, encompassing bottling, packaging, cement, and oil and gas. The Group is also involved in merchandising, particularly in Fast Moving Consumer Goods (FMCG) and Construction. Furthermore, it has made notable contributions to the

construction and logistics sectors, particularly through its impact on shipping and port services. In the energy sector, the company specializes in renewable energy solutions.

Mr Toufiq says their aim is to be a pioneer in offering top-notch products and services to the general public at rates they can afford, wherever the firm does its business.

“We want to make an investment into supplies, and services and have local manpower. This will benefit the society as it will bring in money and create jobs for locals,” he says.

The Chairman says as a global federation of companies, the Group, has seen incredible opportunity to drive positive change in the lives of its stakeholders. The Group believes that ‘doing good’ goes beyond philanthropy and Corporate Social Responsibility, but it is a guide for conducting business.

According to the Turkey's Group Chief Executive Officer (CEO) Mr. Abdallah Salim Turkey, through their firm initiatives, they have been able to empower many people in Zanzibar to achieve their dreams and passions, while at the same time building



communities and nurturing the planet and upholding ethical governance.

Mr. Abdallah says Vigor collaborates with government agencies, and other organizations that share its values in the effort to improve the lives of the people in Zanzibar and in places the firm operates.

We work together with foreign organisations by exchanging ideas, learning from each other on expertise on how best to serve the community and prevent recurring events.

According to him, the firm is dedicated to upholding the best level of care and it compassionately attends to the needs of the neighbourhood to deliver cutting-edge, high-quality, and affordable healthcare services, women's empowerment, education, and information to better improve community's health and well-being.

He mentioned some of the services offered by Turkey's Group as including logistics where the firm's financial service SARL has set up the installation of container scanner at the port of Moroni in the Union of Comoros' port, undertaking daily operation on behalf of Customs Department under the government of the Union of Comoros.

The firm is responsible for the smooth operation and maintenance of the scanner unit. Turkey's Group also offers merchandise services known as Zenji General Merchandise which was established with a clear objective of providing daily needs of Zanzibari

like food, household materials, construction material supplying high quality products at cost effective price.

Zenj General Merchandise is one of the largest importers and stockiest of food products and construction material in Zanzibar. It is pioneered in distributing its products to different areas of Zanzibar by way of Vigor outlets. Zenj has come a long way making numerous remarkable contributions in the construction development in Zanzibar.

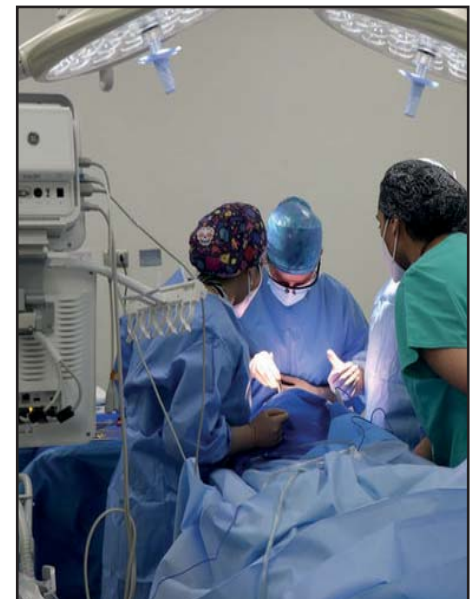
Over the years, it has won delight in outstanding customer loyalty by way of repeat business from clients, and it promises to be a clear leader in providing best products and services that redefine value for the customer's money.



It also stands proudly with a legacy of around three decades, along with an established network of retailers across Zanzibar and Mainland Tanzania, a host of strategically placed owned shops and branches across the country.

This fuels Zenj Merchandise to continually move forward, evolve and bring the winds of change for the country and citizen with its product range. It packages FMCG food products like rice (IND/PAK), local rice (Mbeya), basmati 1121, vegetable cooking oil, sunflower oil, yeast, wheat flour and sugar.

Turky's Group has also a bottling firm, Zainab Bottlers- which is one of the firms' major investments. It started with a vision to produce and sell affordable, quality beverages to the people of Zanzibar.



In Information Technology (IT), Turkey's Group has what is called, the POS integration and operation- a smart infrastructure development project for efficient tax collection for the Ministry of Finance of the Government of the Union of Comoros.

The project successfully set up the server, developed software, and supplied necessary hardware on behalf of the Ministry of Finance. Vigor Financial Service SARL, actively involves on-site support and regular troubleshooting while providing training for the ministry staff and its clients for smooth operation.

In the merchandise sector, the firm manufactures and packages household goods like; white detergent, match box, bar soap and V-gas.

It also produces construction materials like, steel bars with ASTM standards, corrugated iron sheets, gypsum boards, gypsum powder, white cement, tiles, nails, binding wire and handmade blocks.

Mr. Abdallah says in the manufacturing sector, the firm has a cement production plant- the KCC, cement division of Turkey's Group of companies which is located at Kazimzumbwi, Kisarawe district.

We have also a factory that packages bags where we have invested as a contribution to the growing and sustainability of the economy.

The firm has built and is running a modern multi-specialty hospital situated in the old tourist's magnet Stone Town of Zanzibar at Vuga which was established in March 2015.

Turky's Group is also running hospitality division industry under the brand and franchise agreement with Golden Tulip Hotels in Tanzania and Grand Comoros.

In real estate, there is a brand which provides fully-furnished luxury apartments, lavish independent villas to premium guests and investors.

The firm has also invested heavily in automobile with Habib Euro Diesel,

an affiliate of Al Shahid Diesel System of Dubai, providing all types of Diesel system solution and engineering services.

In the energy sector, Turkey's Group focuses on renewable energy Project where it has the PV ESS System energy plant and has installed the Hybrid PV-BESS, a PV-ESS System energy plant located in Anjouan to supply electricity to the National Electric Company of Comoros (SONELEC).

The project is into the installation of Hybrid PV-BESS System which will consist of 5.048 MW, with a very strong innovative character as it is a micro grid with very high penetration of renewable energy.

The project will also be part of the wider project involving the island of Moheli at the Comoros archipelago.

The firm, according to the Group CEO Mr. Abdallah therefore believes that the success of the Group rests on its people, and the organization rewards initiative, skill, and dedication.

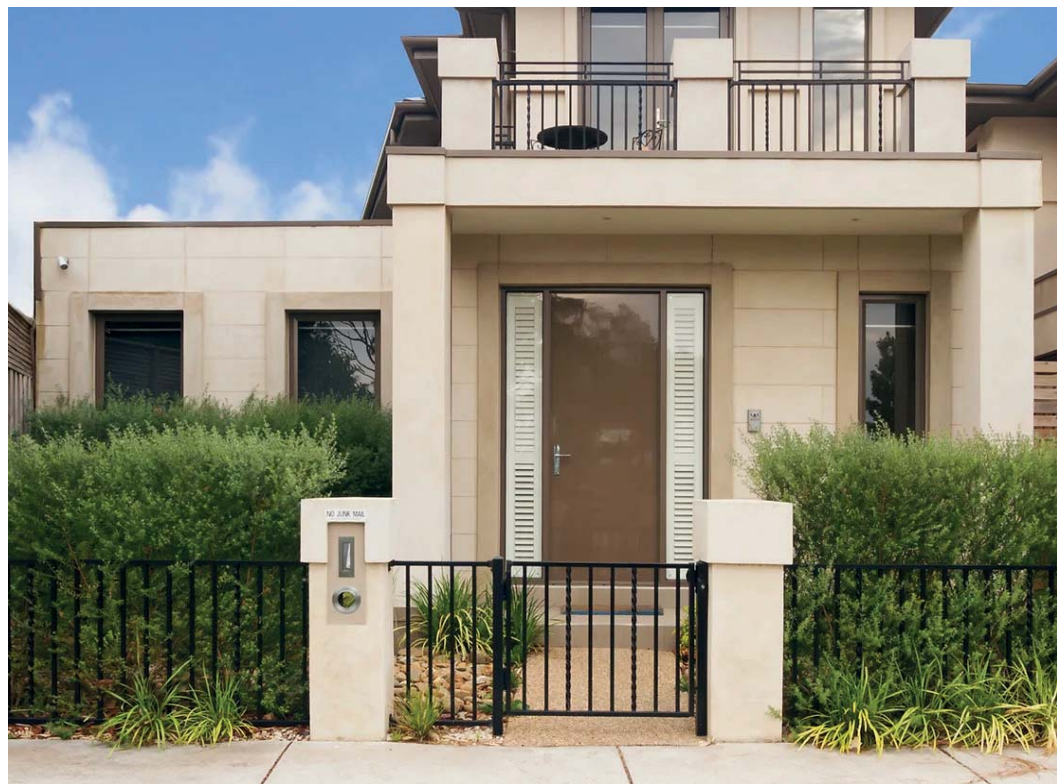
He says the firm will ensure it recruit job seekers across industries depending on business needs, their skills and professional interest, and competency.

"We will provide internal growth opportunities to employees across all industries, from manufacturing, services, healthcare and hospitality, all under one umbrella," he says.

The Vigor Group stands as a remarkable exemplar of a family business that has surpassed the aspirations of its founders for numerous compelling reasons. The new generation has adeptly capitalized on available opportunities to firmly establish a diverse portfolio of investments spanning services, real estate, hospitality, manufacturing, and various technologies.

Undoubtedly, their parents take pride in witnessing their legacy not only sustained but elevated to heights they themselves once strived for. In the realm of family businesses, continuity through generations is paramount, and those who have inherited the mantle have admirably fulfilled the responsibility entrusted to them.

The success story of the Vigor Group is indeed a rare gem within the landscape of family businesses in Zanzibar.





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The Journey

Transforming and Modernizing Tax Administration in Zanzibar



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ZRA

is visioned to be a center of Tax Administration Excellence by 2025

In an effort to cultivate a user-friendly and streamlined tax administration in Zanzibar, the Revolutionary Government of Zanzibar enacted the new Zanzibar Revenue Authority Act, Number 11 of 2022 (referred to herein as the ZRA Act) on December 29, 2022, which took effect on January 13, 2023.

This landmark legislation established the Zanzibar Revenue Authority (ZRA), superseding the Zanzibar Revenue Board (ZRB), which had been operational since 1996. The ZRB, instituted by the Zanzibar Revenue Board Act No. 7 of 1996, was tasked with administering inland revenue laws and tax collection in Zanzibar. The functions formerly carried out by the ZRB are now overseen by the new ZRA, including the administration of all non-union taxes in Zanzibar.

The reform initiative was aimed at fostering an efficient and user-friendly fiscal regime, with a focus on establishing an effective tax administration of revenue laws as a fundamental component in driving sustainable economic growth in Zanzibar. The objective is to institute a tax system that is fair, convenient, certain, and efficient.

The establishment of the ZRA has brought about several changes, heralding a new era of efficient and effective tax administration and collection in Zanzibar.

Mandate and Responsibilities/Functions of the ZRA

ZRA is visioned to be a center of Tax Administration Excellence by 2025. This will be achieved through a mission of promoting voluntary tax compliance and build public confidence through effective, efficient transparent and fair administration of relevant tax laws and providing quality customer services by using modern and innovative technology with the highest possible degree of integrity that optimize revenue collection.

Among the major functions of ZRA, include:

1. To administer and give effect to the nine (9) laws and regulations concerning revenue collection in Zanzibar as set out in the ZRA in assessing, collecting and accounting for all revenues to which those laws apply;
2. To monitor, oversee, and coordinate the revenue collection work to ensure the fair, efficient and effective administration of revenue laws;
3. To advise the Minister and other relevant organs of the Government on matters pertaining to fiscal policy and tax administration;

4. To take effective steps to counteract fiscal frauds and various devices of tax evasion and leakage of revenue; and
5. To promote voluntary tax compliance and maximize revenue collection by widening the tax base.

Taxes Administered by ZRA/Laws administered by ZRA

The ZRA is responsible for administration of all domestic non-union taxes in Zanzibar. In pursuit of that, ZRA therefore administers the Value Added Tax, the Stamp Duty, Hotel and Restaurant Levy, the Airport and Port Service Charges, the Petroleum Levy, the infrastructure taxes, the land rent, the property tax, the excise duty, the motor vehicle registration and the driving license.

In administration of all the aforesaid taxes, ZRA apply the respective nine tax laws including the Tax Administration and Procedures Act No. 7 of 2009, and any other

Management System (VFMS) for issuing electronic receipts.

A notable technological milestone achieved by ZRA is the launch of the Zanzibar Integrated Domestic Revenue Administration System (ZIDRAS), which replaces the Zanzibar Integrated Tax Administration System (ZITAS) that faced numerous challenges.

ZIDRAS comprises nine modules of tax administration, all of which operate electronically. These modules include e-registration, e-filing, e-payment through Zan Malipo, debt management, and reporting. Furthermore, the system is designed to be integrated with other taxpayer systems and institutions such as the TRA and Immigration.

Introduced in April of last year in 2023, ZIDRAS saw the registration of at least 2,340 taxpayers under this new, user-friendly system.

registration as a taxpayer at any ZRA office. Registered taxpayers are classified into small, medium, or large categories based on their annual turnover. Small and medium taxpayers are those with annual turnovers ranging from Tanzanian Shillings five million to one hundred million, and they are registered under the Stamp Duty category. Conversely, taxpayers with annual turnovers exceeding one hundred million are registered under the VAT category.

Registration as a taxpayer can now be conveniently done online through the Zanzibar Integrated Domestic Revenue Administration System (ZIDRAS), accommodating various entity types such as individuals, companies, NGOs, partnerships, and cooperatives.

Taxpayers Filing of Returns

Registered taxpayers at ZRA have convenient of filling their monthly tax returns at the 20th of the preceding month electronically through the ZIDRAS system. The system accommodates filed returns remotely. The taxpayer needs not to physically visit ZRA office for filling their respective tax returns, instead, they may file their tax returns directly from their respective offices.

This is one of the convenient modes of tax system in Zanzibar which facilitate business operations through access to online filling of tax returns. The taxpayers are given ample time to concentrate with the business rather than substantially engaging with the taxman.

Taxpayers Tax Payments

ZRA has prepared a convenient environment for registered taxpayers to pay their respective taxes electronically through banks of their choice. The registered taxpayers pay their respective taxes through the use control number requested and generated through ZIDRAS integrated with ZANMALIPO at taxpayers' office.

The issued control number to the taxpayers is conveniently used for payments of tax by the taxpayers in the banks of their choices. The electronic mode of tax payments in Zanzibar is easy, safe, faster, convenient and facilitates business operations.

Right of a Taxpayers

In Zanzibar and at ZRA, taxpayers enjoy maximum protections. They enjoy the following rights:



law which is or may come into force to mobilize and collect revenue in Zanzibar. ZRA has administrative offices in Unguja and Pemba. In reducing convenience to taxpayers, there have been established six ZRA tax regions, tax service centers and state of the art ZRA head office in Unguja, Mazizini, Fumba Road, 71125, Urban West District, Pemba head office at Gombani.

Technology and Digital Transformation

The success of ZRA can be attributed to its efficient operations and the development of technological infrastructure, particularly through the implementation of electronic systems such as the Virtual Fiscal

The achievement of these milestones has been bolstered by public awareness campaigns emphasizing the importance of tax compliance,

Taxpayers Registration

The ZRA Act empowers the ZRA to establish and maintain convenient and efficient systems for the identification of taxpayers and the collection of revenue from both local and potential foreign taxpayers.

As per Section 5(2) of the Tax Administration and Procedure Act No. 7 of 2009, any individual or entity with an annual turnover exceeding Tanzanian Shillings five million (5,000,000/=) is mandated to apply for



- **Impartial treatment:** Taxpayer has a right to an impartial application of the tax laws when fulfilling his/her tax obligation so as to enable taxpayer pay the required amount of tax.
- **Privacy and Confidentiality:** Taxpayer has a right to privacy and confidentiality for private and business information submitted to ZRA unless the law allows the exposure of such privacy and or confidentiality.
- **Presumption of Honesty:** The taxpayer has a right to be presumed honest unless evidence to the contrary exists.
- **Objection of Tax Assessment:** Taxpayer has a right to object to an assessment or any other decision made by ZRA to the extent of which that right is restricted by the law.
- **Tax incentives and Exemption under the Tax Laws:** Taxpayers have the right to plan their tax affairs so as to obtain incentives and exemption allowed under the tax laws.

Penalties to tax evaders

For many years, tax compliance in Zanzibar has been encouraging as several strategies are established and implemented in the islands purposely for the tax payer to comply with tax obligations.

ZRA Act empowers Commissioner General or any authorized Officer to take effective steps to counteract tax evasion, tax avoidance and loss of Government revenue. This sends a clear message on the Zanzibar's direction in terms of ensuring that the Government gets its fair share of tax.

Another positive move by the ZRA Act is the power given to ZRA to promote better understanding of taxation to the taxpayers which is crucial in promoting voluntary tax compliance.

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Failure to comply with various provisions of tax laws requirements may attract penalties and interest in tax recovery.

ZRA contribution to Zanzibar economy/ZRA achievement

As a key player in Zanzibar's financial ecosystem, ZRA contributes significantly to the economic landscape of Zanzibar by overseeing the collection of revenue to support the country's economic development agenda while facilitating investment and economic activities.

Additionally, ZRA collaborates with other institutions, like the Tanzania Revenue Authority, to enhance efficiency and strengthen the overall economic infrastructure.

ZRA has established an efficient tax system which consistently and massively attain her monthly tax revenue targets through, among other things, broadening tax base of taxpayers and improving taxpayers' services

throughout ZRA regional offices and tax service centers in Unguja and Pemba. The Government in turn is using the collected tax revenues to improve road infrastructures, Water and Power infrastructure and social services. This improves the business environment which facilitate business growth.

ZRA Business Facilitation Role

ZRA is highly committed to continue facilitating business operations and growth in Zanzibar through fairness in administration of tax laws, establishing convenient tax services including the use of system in tax administration, provision of strategic tax education and having an efficient tax system. This is ZRA which administers effective and efficient Zanzibar tax system for supporting business growth in Zanzibar.

ZRA Future vision

The vision of Zanzibar Revenue Authority has been well translated in the Fourth Corporate Plan (CP4). This Corporate Plan focuses on "Strengthening Tax Administration Through Modernization" on key strategic areas which include: optimization of revenue collection; improvement of quality of services and compliance; innovation in digitization and technology harness; and improvement of staff performance.

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ON THE MARCH

Smart Banking wins

“
With 57 years of operations, the bank prides itself of being “The Peoples Bank, The People’s Choice,”

The introduction of digital technology has brought about rapid transformation in the financial sector in the country in recent years. Banks have been able to come up with various innovative tools, in ensuring effective service delivery to their customers.

Thus, the new digital technology has allowed a lot more customers in financial institutions to access funds through their Mobile Phones, without having to line up to various bank’s Automated Teller Machines (ATMs).

The People’s Bank of Zanzibar (PBZ) has not been left out in this high-tech digital transformation to ensure that customers have access to the-state-of- the-art technology in the financial sector.

It is one of the earliest financial institutions in the country, and has gained extensive experience over the years since its inception in 1966, providing banking services to both domestic and international customers.

However, it wasn’t until around 2010 that the bank started expanding to open branches across Mainland Tanzania as part of a strategic push to become a nationally operating commercial bank.

Currently, the PBZ maintains a strong presence and brand identity in Zanzibar given its history, while expanding its customer base across the Mainland.

According to Bank officials, the PBZ is the first local bank to be established in

Tanzania, providing innovative financial service solutions that are responsive to customers’ needs at competitive costs.

Such good-oriented customer services, the provision of high-tech services, coupled with digital innovations, have enabled the PBZ to scoop numerous awards for its top notch service provision. The bank won prestigious award on National Financial Services week recently.

Last year in July 2023, at the 47 th Dar es Salaam International Trade Fair, (Saba Saba), the bank also scooped the ‘first victory in the service of banking’, the trophy was presented by his Excellency the President of Zanzibar and Chairman of the Revolutionary Council Dr. Hussein Ali Mwinyi.

These two awards are a testament to the significant leaps that the bank has made in transforming its organization culture and way to work, by offering relevant products and services, first class customer experience and cutting- edge digital platforms, making it one of the best Banks in Tanzania,” he said.

With 57 years of operations, the bank prides itself of being “The Peoples Bank, The People’s Choice,” providing excellent services to customers cutting across both retail and corporate segments across Zanzibar and Mainland Tanzania.

Through its wide network of 28 branches situated across Zanzibar and Mainland



Tanzania, the bank offers a wide range of products designed and customized to satisfactorily serve different customer needs, and this is one of the key factors contributing to its success over the years.

The bank also provides Shariah Compliant products and services through PBZ IKHLAS as well as conventional banking products and services. We have invested heavily in technological infrastructure. This is one of the most important elements in today's banking sector.

The technology investment, he said has enabled the bank to offer the best customer service through alternative delivery channels such as Mobile App, Mobile Banking and Internet Banking.

Currently, the PBZ operates a network of over 45 Visa enabled ATMs, offering services to customers with VISA, Union Pay and

Umoja ATM debit cards. Dr. Masoud said the bank recognizes the need to be physically closer to customers, by deploying Agency Banking services, thereby enabling customers to access basic banking services, including withdrawals, deposits and bill payments, closer to home.

In a statement to indicate that the Bank has been fairing well, the Bank's total assets in recent years have grown to TZS 2.0 trillion, officially making PBZ Bank, 'a Trillion Shilling Bank.

As of December 2023, PBZ holds 9th place in Tanzania's Banking Sector, in terms of asset size and the 6th place in terms of profitability. The bank has, over the last two consecutive years, (2021-2022), managed to double its profit growth year on year, and also managed to have the return on equity of more than 20 percent.

According to official bank reports, among key strategic areas of focus, the PBZ is implementing a branch network expansion plan which will see it expanding its footprint across more locations in Zanzibar and Mainland Tanzania.

On the side of retail banking, the bank offers a variety of products and services including Savings Accounts, Current Accounts, Fixed Deposits, Home Loans and Personal Loans among others, at favorable rates, and in some cases lower than industry averages.

On the other hand, the bank's Corporate Banking side is endowed with expertise in import and export trade dealings through establishment of Letters of Credit and Bills for collection.

The PBZ also offers additional facilities at competitive rates, which include; Term Loans, Bid Bonds, Telegraphic Transfers, FX Trading and Performance Guarantees, among others.

It has also recently launched its contact center dealing with handling customer queries, facilitating transactions and managing customer complaints around the clock through mobile and email.





GOLDEN TULIP

Luxurious signature hotels

Under able leadership of Vigor Group Company Limited there are three signature hotel properties located in Zanzibar, Dar es Salaam and Comoro Islands always ready to offer the best of services to guests both in leisure as well as business. And they are Golden Tulip Stone Town Boutique Hotel, Golden Tulip Dar es salaam and as well as Golden Tulip Grande Comoro, Moroni Resort. The trio have made their names in the market enhancing tourism in relevant locations and for sure they are always at the top pick for visitors yearning to enjoy cool and comfortable services.

Golden Tulip Dar es salaam

Golden Tulip Dar City Center has embraced the ambiance and flavor of the Haven of Peace – which is the meaning of Dar es Salaam from Arabic language.

Located in the center of this bustling city within walking distance to the ferry terminal to Zanzibar and 14 kms away from Julius Nyerere International Airport, it accommodates its guests with elegance within its numerous spacious structures of a 21-storey skyscraper offering tremendous views of the city/ocean and promising a cherished 4-star service.

The rooms

With a portfolio of 55 contemporary guest rooms, our rooms are highly spacious, elegant and equipped with basic amenities and divided into Deluxe rooms, Junior Suites and the Family Suites.

While the Deluxe rooms are designed to offer maximum comfort, the Family Suites are an epitome of luxury equipped with a fully operational kitchen giving the guests the option to pamper themselves directly and feel completely at home.

Restaurant, Lounge and Terrace

Enjoy the Executive Chef's signature dishes and platters or resort to favorable dishes from around the world. Our culinary team will make sure that taste and flavors explode in your mouth leaving a lasting and extraordinary experience.



Fire Restaurant:

Fire Restaurant on the 20th floor of the building is a certified Halaal restaurant that has become one of the favorite addresses of the local culinary scene for all age groups in Dar-es-Salaam, offering great dining options from fine dining to quick bites.



Citrus Lounge:

Located on the ground floor, Citrus Lounge is a delightful café in a chic and colorful environment designed to relax and enjoy quick bites whilst getting a glimpse of the busy city movement.



Pazuri Terrace:

An evening sundowner with your favorite mocktail is never to be missed at Pazuri Terrace. Located on the top floor of skyscraper, Pazuri Terrace serves as our dining room and sports plus Shisha Lounge. Cheer for your favorite team and enjoy the magnificent panorama of Dar es Salaam skyline

Golden Tulip Stone Town Boutique Hotel

The Golden Tulip Stone Town Boutiques Hotel is strategically located in the heart of Stone Town, a few minutes walked from the Zanzibar Harbor and only twenty minutes away to the Zanzibar Abeid Karume International Airport. The hotel's array of amenities ensures that the guest's stay is comfortable, memorable, and truly enriching.

This jewel of a hotel provides easy access to the city's vibrant markets, art shops and historic sites where guests, of every type, whether business or leisure, can explore the rich architecture, history and culture of Zanzibar right from our doorstep and into the deep of meandering streets and each with its own unique identity.



Rooms

With 34 well-appointed rooms, each room is thoughtfully designed and tastefully decorated with a fusion of contemporary and Zanzibari elements to provide the utmost comfort and relaxation.

Guests can choose from a range of room types, from cozy standard rooms to spacious suites, all equipped with modern amenities like air conditioning, flat-screen TVs, and complimentary Wi-Fi.

Rooftop Restaurant

One of the highlights of this hotel is the refreshing and an enchanting rooftop restaurant, where culinary delights meet panoramic views of Stone Town.

Guests can savor a diverse menu featuring a blend of international and local flavors while enjoying breath-taking sunsets and the gentle sea breeze.

It's an ideal setting for romantic dinners, celebrations, or simply enjoying a delicious meal with a view.



Conference Facilities

Coming with the rooms are three versatile conference spaces that are fully-equipped to accommodate various event sizes and formats. These versatile spaces are ideal for conferences, meetings, seminars, and social gatherings. The hotel's professional staff is on hand to assist with all event planning needs.



Swimming Pool and Fitness Centre

After a long day of exploring Stone Town or attending meetings, guests can unwind by taking a dip in our inviting swimming pool. Surrounded by lush greenery and comfortable loungers, it's the perfect place to relax, soak up the sun, or enjoy a refreshing.

Our top-class fitness centre is equipped with the best gadgets and open for use to all guests during their stay as they would like to keep themselves fit during their travel.

Golden Tulip Grande Comoro Moroni Resort

The Golden Tulip Grande Comoro Moroni Resort is a distinguished Four-Star Hotel situated in Comoros, nestled in the serene area of Voidjou. Conveniently located, the resort is merely fifteen minutes away from Prince Said Ibrahim International Airport, offering guests an effortless journey. Additionally, guests can enjoy an engaging drive to downtown, adding to the allure of the location.

Positioned adjacent to the northern tip of Mozambique, the Comoro Archipelago is situated over one thousand fifty miles into the Indian Ocean. Despite its remote location, the archipelago boasts a robust network of flights, facilitating easy access from various points within the African mainland and beyond. Whether arriving from Australia, Europe, Asia, or America, international flights seamlessly connect travelers to this enchanting destination.

Rooms

Moroni Resort & Spa features a captivating design layout for its rooms and bungalows, each offering stunning sea views that enchant visitors as they soak in the beauty of the Indian Ocean. Every room and suite in this 4-star hotel is fully air-conditioned, ensuring maximum comfort for guests.

Golden Tulip ensures visitors enjoy top-notch Wi-Fi connectivity to stay connected with the world, along with a secure parking garage for their safety and convenience.

Guests can indulge in a delightful breakfast delivered right to their room by the attentive room service staff, and can further savor the culinary delights offered at our bar and restaurants. Experience true hospitality at Moroni Resort & Spa, where every moment is akin to experiencing heaven in a hotel.



Swimming pool, Gym and Spa

The guest should not leave our Moroni hotel without discovering all the activities present. Spa and fully equipped gym for exercise and well-being are available, all adding to the pampering atmosphere for the visitor.

Client Quotations

"I got an upgrade from my standard room arrangement and could enjoy a complete window front, top to bottom. Room was large and felt upscale, AC and Wi-Fi worked excellent. Taxi shuttle was 20\$ (Nov 2023), staff is friendly as you would expect. Location-wise, is a 15 to 20-minute safe walk to Barack Obama Drive/Beach Area as well as to the Botanical Garden or the National Museum." -Mc_Namara_44, – Beirut, Lebanon

"Relaxing and refreshing stay. The room was well appointed, clean linen, and rooms show that they have been recently upgraded. The view was facing the city center. Ease access to shops and transport. Ferry sport is close by and one can easily catch the tuk-tuk (scooters) if you want to go to Kariakoo market. The Golden Tulip in Dar es salaam is at great location" Wiston Abraham, from London, United Kingdom.



From passion for diving to strategic player in Blue Economy

When renowned veteran deep sea diver Khamis Mohammed Amran founded Zanzibar Marine and Diving Services Limited about a decade ago, it was like he had peeped into the future and saw the current government's Blue Economy vision. Apart from tourism, fisheries and seaweed, diving is an important part of the government of Zanzibar's Blue Economy drive which President Dr Hussein Ali Mwinyi is so passionate about.

From passion for diving to strategic player in Blue Economy

In fact, diving sub-sector is recognized by the United Nations as one of the only endeavors that enable citizens to actively support the Blue Economy and help to achieve its Sustainable Development Goal 14 'Life Below Water'. It is uniquely poised to help address conservation goals and sustainable development.

Looking at the contribution the company has made in complementing the government efforts through its piping services in the oil and gas sector, firefighting structures, cooling systems and water utility, one is tempted to believe that Mr. Amran is civil servant who had access to government development plans or individual politicians' visions for Zanzibar in particular and Tanzania in general.

Yet, Mr. Amran was just passionate about establishing a soft-landing platform for his diving colleagues. Born and raised in Zanzibar Mr. Amran worked as a lone ranger for 25 years before changing industrial dynamics, modern technological demands and evolving project requirements for more innovation in service delivery made him shift from personal service provision to formation of a legal entity, namely Zanzibar Marine & Diving Services Limited.



Mr. Hamis Mohammed Amran
Managing Director

Zanzibar Marine & Diving Services Limited is registered with Zanzibar Registration Board (ZRB) as Marine Class 2 Specialized Contractor in Mechanical, Civil and Building construction.

"We handle all stages of construction from conceptualization and materials through construction and commissioning. Our diverse team of professionals is duly committed to deliver construction projects within schedule and within budget. The client is therefore guaranteed a stress-free operation that ignites long team value creation for all parties involved," he said.

Today, Amran says what he begrudgingly did out of necessity has turned out to be the best decision he has ever made in his life. Zanzibar Marine & Diving Services Limited has grown to become an equal opportunity employer. "We boast a strong team of over 40 dedicated personnel who brought in three decades of combined hands-on experience," he says.

Having previously managed a list of individual projects, several colleagues have brought in collective knowledge and individual discipline to support each other's course. They put their shared ingenuity and thus forging a commitment to creating an enduring legacy and that is why they proudly stand out.

Construction of piping systems

As hinted earlier, the company provides specialized piping solutions and flexible technical support for oil pipelines, gas infrastructure, firefighting structures,

cooling systems and water utility. "We handle pipeline design through fabrication and installation to commissioning with commitment to safety and professionalism. Our team of mechanical engineers and coded welders works towards value addition and moves with speed to complete any project within time and specified quality parameters," he says and adding, "Our presence in oil, gas or water project fields complements clients' requirement for timely support in pipe jointing, maintenance and installation."

Commercial diving services

Because the company's activities revolve around water, its personnel have the ability and expertise to handle all projects near water, in water, above water or below water. This informs why it has assembled a strong team of certified divers and qualified trade professionals to offer extensive commercial diving services for marine survey and general underwater inspection, deep sea and subsea construction diving as well as utility and facility maintenance.

"We cover the entire East and Southern African coastal region, offering quality service to ship yards, government facilities and marine contractors," said Amran and adding, "We are equipped with a fleet of specialized marine equipment ready for deployment any time any day."

General marine services

The company is highly equipped with specialized equipment and qualified

personnel to offer flexible construction support for marine projects and in harbors across the East and Southern African coast.

Our extensive fleet of ocean tugs and barges, complemented by an experienced manpower offers us the flexibility to safely and precisely support and or execute any marine construction project across the expansive shores of Indian Ocean.

We have the ability to deploy the best expertise in marine engineering and project management services for dredging services, ocean towing and project operations. All our speedboats, piping equipment and diving gear are world-class because we know that cheap is not only expensive but also deadly.

Salvage and rescue operations

Headquartered in the spice island of Zanzibar, the company operates on the expansive Indian Ocean, offering tailored solutions and helping to solve some of the most complex onshore and offshore challenges.

"Our huge fleet of equipment and a strong family of qualified underwater personnel allows for the flexibility to respond to rescue operations, search and salvage missions across the East African coast and the Southern Africa coastal region covering all islands in the Indian Ocean," Amrani said.

"We are known for our ability to deploy reinforcements for marine rescue operations within the first call. We work

in cooperation with government agencies, private organizations and other stakeholders to locate marine wrecks, conduct inspections and organize recovery within the fastest time possible."

Technology and innovation

To keep up with the advancement in science and technology, the company has sought modern equipment for carrying out its tasks. These equipment include GPS for locating coordinates, digital smart watches for divers, underwater cameras and radio calls for communication.

Environmental conservation

Environmental conservation is important for sustainable use of marine resources. This is recognized by the government in its Blue Economy blueprint as well as the United Nations.

It has been emphasized because it contributes to food security and nutrition, climate change, sustainable consumption and production, energy, sustainable cities and human settlements, disaster risk reduction, sustainable agriculture, land desertification, forests, ecosystems and biodiversity and women-empowerment.

"That is why we ensure that everything we do complies with national and international standards of environmental conservation," Amran said.

In conclusion, Amran said the company prides itself as an entity that is better place to work with the government and other private sector stakeholders to push forward the Blue Economy agenda.

"With our wealth of experience, we are better placed to complement the government's efforts in sustainably exploring and exploiting our marine resources to create jobs for our people, especially the young and grow the economy, for we are part of it."

Company contacts:

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Zanzibar's Investment Milestones

ZIPA has noted that there has been something special in the three years of President Dr. Hussein Ali Mwinyi's tenure in office. The President has done twice as much compared to six years ago when it comes to attracting Foreign Direct Investments (FDIs); this is unprecedented in the history of Zanzibar.

In that period of three years, ZIPA registered a record number of 296 investment projects worth USD 4.5 billion (11.9/- Trillion) which created 18,900 job opportunities to Zanzibari.

Tourism is one of the thematic areas of the blue economy initiative which is dear to The President. A total of 112 projects have been registered are concentrated in the booming tourism sector.

Zanzibar is also doing very well in agriculture, livestock and fisheries, where a total of 26 projects have been registered and a lot more is being done to modernize fisheries, especially deep sea fishing.

Zanzibar promotes investment including construction of factories, however, it encourages light industries. In the past three years, it has registered 36 projects that are not a threat to the environment.

One of the important catalysts for investment is infrastructure. Looking around in Zanzibar today there is either construction of a new road or rehabilitation works going on.



President Dr Mwinyi has made clear his intention to open Pemba economically. There is a new 13.8 kilometre tarmac road to Micheweni Free Economic Zone, which boasts an area of 808.8ha and is located in the Northeastern tip of Pemba Island, approximately 75 kilometers from the Mkoani seaport and 45 kilometers from Chake Chake Airport. The zone provides uninhabited and ready land for a variety of investments.

There is electricity access and internet via fibre optic broadband in Micheweni. There is a new boat for Unguja-Pemba trips; Pemba is truly opening up.

To clarify the decision of President Mwinyi to open up the small islands for investment was well thought-out and has good intentions.

In total, Zanzibar has 52 islands in both Unguja and Pemba. Out of the number, 17 are already up for investment designed as a special niche which does not permit just any ordinary investment but high-end property with huge returns.

ZIPA has an elaborate investment promotion plan designed to make Zanzibar the most attractive place for investors, who are keen to get return for their investments because of its ever-growing and relative peace. ZIPA currently has 10 forums in their timetable, targeting potential investors in Asia, Europe, America and some African countries.



Islamic Finance

Harnessing the Potential of Sukuk Bonds for Zanzibar's Infrastructure and Development Projects



Dr. Mohamed Mansour

Islamic finance is gaining popularity across the globe and Islamic banking assets are steadily growing. The share of Islamic assets in core Muslim majority markets is steadily rising with Saudi Arabia's reaching over 49% and various other markets expanding with double-digit growth, according to the report released by Thomson Reuters ahead of the Global Islamic Economy Summit in Dubai few years ago.

The existing Islamic finance market stands at an estimated over \$1.5 trillion in assets based on disclosed assets by all Islamic finance institutions - full Shariah-compliant as well as those with Shariah Windows - covering commercial banking, funds, Sukuks, Takaful and other segments.

A Sukuk is an Islamic financial certificate, similar to a bond in Western finance that complies with Islamic religious law commonly known as Sharia. Since the traditional Western interest-paying bond structure is not permissible, the issuer of a Sukuk essentially sells an investor group a certificate, and then uses the proceeds to purchase an asset that the investor group has direct partial ownership interest in. The issuer must also make a contractual promise to buy back the bond at a future date at par value.

With the rise of Islamic finance, Sukuk have become extremely popular since 2000, when the first such products were issued in Malaysia. Bahrain followed suit in 2001. Fast forward to current times, and Sukuk are used by Islamic corporations and state-run



organizations alike around the globe, taking up an increasing share of the global fixed-income market. Global Sukuk issuance was set to hit \$185 billion in 2022 and was projected to reach \$257 billion by 2027.

Thus, Sukuk represent aggregate and undivided shares of ownership in a tangible asset as it relates to a specific project or a specific investment activity. An investor in a Sukuk, therefore, does not own a debt obligation owed by the bond issuer, but instead owns a piece of the asset that is linked to the investment.

The Sukuk issued in global capital markets have been predominantly structured as trust certificates, typically governed by English law. Some civil-law jurisdictions that do not recognize the concept of trust have sometimes issued Sukuk structured options as participating notes under legislation similar to that used for asset-backed securities.

In a typical trust certificate transaction, the entity trying to raise funds (the obligor) will establish an orphan offshore special-purpose vehicle (SPV) in a suitable jurisdiction. The SPV issues trust certificates to investors and uses the proceeds to enter into a funding arrangement with the obligor, and the rights of the SPV as financier are held under an English law trust in favor of the certificate holders. The most common structures for funding arrangements in the Islamic market include: a sale and leaseback (Ijara) structure, a form of trade finance (Murabaha) and a joint-venture equity investment (Musharaka).

The trust certificate structure above requires the concept of a trust to be recognized in the relevant jurisdiction where the obligor is located. In many jurisdictions, particularly those from the civil-law tradition, this is very rarely the case. As such, alternative structures have begun to emerge so as to allow for Sukuk transactions to be carried out in accordance with local laws.

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A Sukuk is an Islamic financial certificate, similar to a bond in Western finance that complies with Islamic religious law commonly known as Sharia.

An interesting example of such a trend is exemplified by Turkey, which has passed specific legislation to enable the use of the Sukuk. This legislation allows for the formation of asset-leasing companies, which themselves are a form of SPV regulated by the Capital Markets Board of Turkey.

Tanzania is still in the early stages of adopting Islamic finance as it is at nascent stage of development. Despite that, it has shown positive impact in enabling financial inclusion Up to the end of 2022, the value of issued Sukuk in Tanzania had reached TZS 44.6 billion with potential to more.

According to Zanzibar's Blue Economy Policy, priority areas include Fisheries and Aquaculture, Maritime Trade and infrastructure, Energy, Tourism, and Marine and Maritime governance.

Fishery subsector, for instance, faces difficulties due to lack of capital to invest in modern facilities. Moreover, there is a deficiency in capacity at seaports to handle the volume of arriving vessels, resulting in significant time wastage and revenue leakages.

Fishery and other sub sectors listed require substantial funds to address existing challenges and significantly contribute to the economy. One key funding avenue that the Zanzibar government could tap into is financial resources and opportunities that are available in Islamic banks and windows as well as from the local and international institutions and investors.

Given that the majority of Zanzibar's fishermen are Muslims who prefer avoiding interest-based loans, Islamic microfinance and Islamic banks/windows present viable alternatives.

To address this issue, the government could consider issuing retail government Sukuk bonds. These bonds would enable common people to invest small amounts, such as not exceeding Tanzania Shillings 50,000/=, to collectively raise the billions needed for projects like acquiring new equipment.

Through profit and loss sharing arrangements, trade-based financing, or leasing arrangements, these institutions can provide much-needed financing to meet the requirements.

The massive potential for renewable energy particularly through solar and wind among others that can be financed through multiple Islamic financial instruments such as Sukuk, syndicated financing through local and international players that will enable Zanzibar to be self-reliant on energy sources particularly renewable energy.

Sovereign Sukuk requires a legal framework that reflects Islamic principles and incorporates distinctive features. It holds immense potential for Zanzibar.

Retail Sukuk shall enable Zanzibar people to, directly, finance their government on reasonable commercial terms rather than existing arrangement of government borrowing on interest basis from commercial banks at high commercial interest rates. The former arrangement brings income directly to people whereas the later is largely for the bankers and shareholders.

The Revolution Government of Zanzibar (RGoZ) is on a path of exploration, seeking alternative financing avenues to drive its development plans and Vision 2050. In a significant stride towards this goal, the government is excited that UNDP Tanzania is at the forefront, paving the way for the issuance of a Sukuk Bond.

With unwavering dedication, UNDP Tanzania pledges its full support towards this transformative initiative. The Zanzibar's efforts are backed by UNDP's unparalleled global expertise, gained from supporting similar initiatives in other countries.

Zanzibar will be provided with a vital technical and financial assistance, ensuring that Zanzibar's journey towards sustainable development is guided and supported every step of the way.

Islamic financial instruments have huge potential and opportunity to finance Zanzibar Blue Economy agenda and projects development. To achieve this, government and stakeholders must attract and retain talent with Islamic finance qualifications, consult and involve Islamic financial practitioners locally and abroad to address several economic challenges facing the Isles.



Zanzibar's Digital Ambitions

Embracing Change

The rapid pace of digital transformation presents both challenges and opportunities for smaller nations like Zanzibar. However, leveraging its strategic geographical position, Zanzibar aims to harness digital advancements for its benefit. Director General Shukuru Suleiman Awadh of the Zanzibar Information and Communication Technology Infrastructure Agency (ZICTIA) recently spoke with ZiBi Magazine, affirming the island's genuine commitment to embracing digitalization.

Q: What is the overarching vision behind establishing a cyber city and digital free zone in Zanzibar, and where do you see Zanzibar in years to come?

A: The establishment of a Cyber City and Digital Free Zone in Zanzibar aims to cultivate a cutting-edge ecosystem fueled by digital innovation, technology-driven economic activities, and global connectivity. Looking ahead, ZICTIA positioned as a leader in the digital landscape, competing on par with advanced economies. As an island nation, we recognize the urgency to accelerate our pace and compete effectively in the digital economy.

Q: What specific objectives do you aim to achieve through the development of these zones?

A: Our objectives are twofold: first, to spur economic growth by attracting startups, digital enterprises, and global tech firms to Zanzibar. Second, we aim to enhance Zanzibar's global connectivity by fostering international collaboration and business partnerships. Leveraging strategic collaborations, such as with Mombasa, Kenya, which hosts several submarine cable landing stations, we seek to bolster Zanzibar's position as a global gateway.

Q: It does not sound easy for Zanzibar to attract such ventures. One, how do you plan to attract such deals and second, is the population prepared for that?

A: At the outset you are right it may seem so, but we are going to push and foster innovation and Technology Hubs by creating an environment that bringing up local and Global innovation encompassing youths and serves as a hub for technological advancements in East African region as a bigger market strengthening the local youth population and in control. But also the government of Zanzibar has waived 9-year Tax Duties to startups innovations companies.

Q: How do you anticipate the establishment of these zones will positively impact the local economy in Zanzibar?

A: The establishment of the Cyber City and Digital Free Zone is expected to create a substantial number of employment opportunities, basically endeavor the 2020–2030 Vision. Job creation in the cyber city and digital free zone will focus on a diverse range of positions, including skilled technical roles, administrative positions, and emerging digital skill sets. The exact number of employments will depend on the growth of the digital sector.

Q: Are there specific industries or sectors you expect to see significant growth as a result of these developments?

Here this can be explained by raising three key areas:

1. By attracting global, local companies and investors, as such digital zones will aim to significantly increase Foreign Direct Investment, injecting capital into Zanzibar economy and cash flow, in collaborating with Threefold Company from Brussels – Belgium will enable FDI growth extensively. Probably as we grow other players might join in.
2. The development of a vibrant digital ecosystem is poised to stimulate growth in the digital economy, fostering innovation, entrepreneurship and technological advancements. It is the aim of Hon. President of Zanzibar Vision to make this happen before 2025.
3. Enhance Zanzibar global gateway connectivity by providing a platform for international collaboration and business partnerships, this could be done in conjunction with Mombasa, Kenya – which at the moment landed 7 Submarine (UAE The East African Marine System (TEAMS), Djibouti Africa Regional Express 1(DARE1), AFRICA 1, EASSy, Seacom/Tata, Peace Cable and 2Africa.

Q: What key infrastructure improvements are planned to support the digital ecosystem in these zones?

A: Key infrastructure improvements include robust internet connectivity expected to invest 20 Gbps capacity coming in the months direct from Global Gateway. This will definitely boost the digital facilities, and support smart technologies to the digital ecosystem zones. In addition, this will positively impact the internet prices to consumers.

Q: How will you ensure reliable and high-speed internet connectivity in the cyber city and digital free zone?

A: Reliable and high-speed internet connectivity in the cyber city and digital free zone will be ensured through strategic investments in broadband infrastructure and advanced telecommunications technologies, whereby the Zanzibar and the Tanzania Government collaborated to construct TIER III CARRIER NEUTRAL DATA CENTER at Fumba in which reliability is primary objective for both Zanzibar and Tanzania Mainland Government.

Q: What strategies are in place to attract local and foreign investment to these zones? How will the Zanzibar Communication Agency collaborate with investors and stakeholders to fund the development?

A: The way to go is engaging Public-Private Partnerships (PPPs) to leverage private sector investment for the development of critical infrastructure within the zones, sharing the financial burden and risks. ZICTIA has leveraged with 2 companies Tigo/Zantel and Threefold on implementing FTTH and Cyber City at Fumba, Zanzibar respectively.

Q. Are there plans for collaboration with educational institutions to support skills development and research within the digital sector? What initiatives will be implemented to ensure the local workforce is equipped with the necessary digital skills?

A: Collaboration with educational institutions is indeed a priority for skills development and research within the digital sector. Initiatives are underway to ensure the local workforce receives the necessary digital skills. Among the Terms of Reference (TOR) of Threefold Company with ZICTIA is promoting such collaboration with local universities/colleges to nurture talents and provide opportunities for international recognition. Additionally, forging partnerships with tech incubators and accelerators will support startups and create a vibrant ecosystem appealing to investors seeking emerging technologies and innovative ventures, particularly in the technology startup sector.

Q: How will the ZICTIA foster collaboration between businesses within the zones and other stakeholders?

A: The ZICTIA will foster collaboration between businesses within the zones and other stakeholders through strategic partnerships and networking opportunities. We anticipate hosting major tech exhibitions in the coming years, positioning Zanzibar on the global tech stage. By facilitating interactions and knowledge-sharing among businesses, investors, and stakeholders, we aim to create a dynamic ecosystem conducive to growth and innovation.

Q: How will the regulatory environment in these zones differ from the rest of Zanzibar, and what benefits will businesses enjoy in terms of regulations and compliance?

A: The regulatory environment in these zones will offer businesses streamlined processes, flexibility, and incentives as stated above, setting them apart from the rest of East Africa region. The aim is to strike a balance between promoting innovation and maintaining regulatory international standards and most importantly conducive to attract global market.

Q: How will the ZICTIA engage with local communities to ensure their perspectives and needs are considered in the development of these zones?

A: Community engagement by ZICTIA will involve actively seeking input from local communities to consider their perspectives and needs in the development of these zones.

Q: What steps will be taken to address potential concerns or challenges raised by the community?

A: To address potential concerns or challenges raised by the community, ZICTIA will implement transparent communication channels, regular town hall meetings, and proactive measures. Visitation to the ground will always be key.



Zanzibar's flagship Blue Economy initiative aims to foster development by responsibly managing the sea and its resources. This strategic plan involves harnessing maritime and marine resources to promote inclusive and sustainable economic growth while generating employment opportunities.

Blue Economy:

Investing in Skilled Workers for Sustainable Development

By Mohammed Ally Salum

By tapping into the economic potential of the sea while ensuring the preservation of the ecosystem, the initiative prioritizes the protection of marine environments through sustainable practices such as biodiversity conservation, carbon sequestration, and enhancing coastal resilience. However, to fully realize the benefits of the Blue Economy, it is imperative to prioritize the training and development of skilled workers who can effectively contribute to its success.

This is in line with Zanzibar Development Vision 2050 which regards Blue Economy as a priority area for the next 30 years, serving as an effective and sustainable means of improving livelihoods and transforming the economy. The Blue Economy policy has thus been developed by the government as a guiding framework for the implementation of the sea-based economy for the coming decade.

This is a shift from the traditional tourism-led service sector that has been the mainstay of Zanzibar economy for decades. For, the waters off the coast of Zanzibar not only attract thousands of tourists annually seeking sun, sea and sand, but they are also rich in precious commodities ranging from food to energy and ornaments as well as transportation. That is why the Blue Economy Policy aims to work in the following priority areas: fisheries and aquaculture, maritime trade



and infrastructure, energy, tourism and marine and maritime governance.

If fully implemented, the Blue Economy is poised to create thousands of jobs in deep sea fishing and fish processing, marine transport, tourism and its already booming subsectors such as high-end holiday apartments and hospitality as well as seaweed farming, processing and export.

But one of the challenges Zanzibar faces in this grand endeavor is shortage of skilled and labor in the priority areas of the Blue Economy and the need to act is now.

“There is limited export diversification in Zanzibar: the bulk of exports is in commodities that are highly price-volatile, such as cloves and seaweed. This is a consequence of a lack of local industrial production. Exports lag behind imports

because the port has no linkages to export-oriented sectors, including product assembly, processing and manufacturing, compounded further by a low supply of raw materials and skilled workers,” reads Zanzibar Blue Economy Policy.

A study which was commissioned by Zanzibar Association of Tourism Investors (ZATI) cited lack of adequate numbers of skilled people as one of the serious challenges thwarting tourism developments.

It found that over 60 percent of foreign workers in Zanzibar is in the tourism sector, largely due to insufficient supply of skills from the local labor market (in terms of quality and quantity) for the industry.

If the issue of lack of skilled workers remains unaddressed, it could undermine the potential of the initiative, which otherwise holds the promise of transforming Zanzibar for the better.

Picture a scenario where Zanzibar boasts some of the finest hotels in Africa, yet the majority of managers are foreigners. Similarly, envision Zanzibar as Africa’s hub for fishing and fish processing, yet the key staff are predominantly foreigners.

Additionally, consider Zanzibar as Africa’s shipping and logistics hub, managed primarily by foreigners, or as a premier destination for marine sports, with Zanzibari relegated to mere spectators at the beach.

The success of the Blue Economy hinges on the active participation of skilled Zanzibari across all sectors prioritized within the initiative. Such involvement instills a sense of ownership and pride among the local populace.

Therefore, it is imperative for the government and private sector stakeholders to swiftly devise a comprehensive capacity-building plan for the Blue Economy. Early action in this regard is crucial for ensuring the meaningful engagement of Zanzibari and maximizing the initiative's potential benefits.

For, Zanzibar is currently undergoing a massive economic transformation that aims to position the islands as an economic powerhouse in the region. Recent trends have witnessed the influx of foreign direct investment leading to significant investments in various sectors. Massive government reforms aimed at improving the business environment have successfully attracted 296 investment projects valued at 4.5 billion US dollars (about 12 trillion TZS) in Zanzibar, in the period of three years.

From global hotel brands establishing their presence in Zanzibar's tourism sector to attractive real estate opportunities, the islands have become a magnet for major players in the global economy. This influx of investments underscores Zanzibar's growing prominence in East Africa, renowned for its tourism, trade, and investment opportunities. The Silicon Zanzibar initiative, which aims to attract global technology startups, further demonstrates Zanzibar's readiness for business and innovation.

Efforts have been made to address this concern, with initiatives such as the establishment of the IIT Madras Zanzibar branch, the introduction of a tourism degree course at the State University of Zanzibar (SUZA), and the restructuring of the educational curriculum to focus more on skills and competency development. These steps indicate that Zanzibar is well-equipped to reform its workforce and contribute to its economic growth.

While the efforts made by Zanzibar to address the skills gap are commendable, it remains uncertain whether these initiatives will effectively bridge the gap and meet the requirements of establishments in filling available positions.

Despite the promising steps taken by Zanzibar, there are several challenges that need to be addressed to ensure the success of these initiatives. One major concern is the sustainability of the programs and their long-term impact on the workforce.

To achieve a comprehensive workforce development strategy and balance the needs for an agile workforce with the pace of economic growth, Zanzibar must take specific measures. These measures include: Investing in ongoing training and skill development programs to ensure that workers are equipped with the necessary skills for evolving job roles. This will help to ensure that the workforce remains adaptable and competitive in a rapidly changing economy.

Zanzibar should focus on creating partnerships with local businesses and industries to identify their specific workforce needs and tailor training programs accordingly. The initiative will not only help address the current skills gap but also foster stronger collaboration between the government and private sector.

Additionally, the government should consider implementing incentives for businesses to participate in these training programs, such as tax breaks or access to subsidized resources. These incentives can encourage businesses to actively engage in training programs and invest in the development of their workforce.

It is crucial to ensure that educational institutions are equipped with the necessary resources and expertise to deliver high-quality training and education to students. This can be done by providing educational institutions with enough funding and working with business professionals to create curriculum that meets the demands of the labor market.

Initiatives such as establishing apprenticeship programs and internships can provide students with hands-on experience and bridge the gap between theoretical knowledge and practical skills. By implementing these measures, we can ensure that students are equipped with the necessary skills to succeed in the workforce and contribute to economic growth.

For Zanzibar to reap the maximum benefit of its economic transformation journey, workforce development should be a top priority. Introducing blended approaches that combine efforts from the public and private sectors can help to foster collaboration and ensure a comprehensive approach to workforce development.

By leveraging the strengths and resources of both sectors, Zanzibar can create a sustainable ecosystem that not only meets the current demands of industries but also prepares its workforce for future challenges and opportunities.

Communities residing on islands and in close proximity to the sea harbor immense potential for harnessing the richness of various marine products. However, realizing these opportunities can be challenging, and some may take time to materialize, much like the journey of Sea Cucumber cultivation in Zanzibar.

Sea Cucumbers

The next Zanzibar economic booster



By Ally Sultan

“

Now that this valuable and nutritious aquaculture product has made its mark in the cloves dependent archipelago, there is no turning back.



Zanzibar, known for its maritime heritage, is strategically positioning itself to capitalize on the international trade of Sea Cucumbers, offering promising initial annual earnings of 4.5 billion bn/- and benefiting over 100 farmers across Unguja and Pemba. With its steadfast commitment to advancing a blue economy agenda, the Zanzibar Government is injecting over 400 million dollars into Sea Cucumber farming, aiming to revitalize the economy post-Covid-19 pandemic by supporting farmers engaged in this lucrative venture involving precious sea animals.

With nine months of incubation before being harvested, this species of sea cucumber is one of the most highly valued tropical sea cucumbers in the world. The main driving force beyond the Sea Cucumber fishery and aquaculture in Zanzibar is that there's a growing consumer market, especially in China and far eastern countries.

In Zanzibar, Sea Cucumbers are also regarded as playing a vital role in the maintenance of marine ecosystem health and in the generation of foreign exchange income and earnings as exports exorbitantly rise.

Zanzibar has positioned herself to export Sea Cucumbers as major sizeable producer, and the government is keen to invest in it, supporting farmers both financially and technically as the Sea Cucumbers become a lucrative business.

Zanzibar enjoys a segment of the market by exporting bulk tones of Sea Cucumbers to the world market, ensuring that Zanzibar is strategically positioned to utilize the current demand for Sea Cucumbers globally, which is 35,000 tones worth 10 billion US dollars.

The entire effort is fueling a boom in the local economy that has reshaped and improved the economy of the people, particularly those living along the coastlines. Under a strategic program to support small-scale fisheries through training, financing, and marketing, Zanzibar aims to boost fishing, which includes developing as part of aquaculture.

People engaged in Sea Cucumbers along the coast of Zanzibar and its dotted inlands are now able to learn more about a lucrative coastal resource: sandfish (a type of what is more commonly known as Sea Cucumbers), adding that the entire effort is fueling a boom in the local economy that has reshaped the Zanzibar coast under the blue economy agenda.

The Sandfish -*Holothuria Scabra*- is a tropical species of Sea Cucumber that is found along coastlines stretching from East Africa, particularly Zanzibar, a place where they have practiced farming Sea Cucumbers for a long time, commercially. It was once an incredibly abundant species, found in densities of tons per acre, and formed the basis of many coastal fishermen livelihoods. This species is also one of the most highly valued tropical Sea Cucumbers in the world.



Driven by insatiable demand, particularly in East Asia, where they are considered a delicacy and have been found to have medicinal value as a bioactive immune booster, Sandfish have been overfished across most of their global range, almost facing extinction.

Subsequently, the authorities have turned to aquaculture, with some of the animals raised in sedentary conditions in pens or ponds near the shoreline, while others are raised in the sea in similar habitat to their natural one. Those are considered free-range.

In Zanzibar, Sea Cucumbers have been highly prized for centuries for their nutritional value and texture, if not their flavor. They are believed to have medicinal properties, treating ailments from arthritis to impotency.

After realizing its potential, Zanzibar has introduced, or rather, embarked seriously on, tapping into and realizing the opportunities in Sea Cucumbers. In 2011, Sea Cucumber farming was introduced, and it is now considered one of the most promising aquaculture export products in Zanzibar. There are 1700 species of Sea Cucumbers worldwide, but only 70 are recognized for commercial farming and use.

At the beginning, outgrowth farming was still dependent on wild-caught juveniles and therefore unsustainable. In response to

this, a sea cucumber hatchery has been established as part of Zanzibar's marine culture development program, which is run by the government of Zanzibar in cooperation with international organizations.

The main purpose of the hatcheries is to provide juvenile production for Sea Cucumber farming as well as for restocking purposes. Stakeholders and other interested partners are actively supporting farmers; a good example was demonstrated by Mwambao Coastal Community (MCC), an NGO that supports fishermen and farmers of Sea Cucumbers, from hatchery to larvae rearing.

The MCC explores several areas where Sea Cucumbers are flourishing. "We, divers, are riding out to the spot near the Chukwani area where Sea Cucumbers are extensively farmed, where they will harvest wild Sea Cucumbers from the ocean floor in the next season, which is expected to be a bumper harvest. In some areas, farmers of Sea Cucumbers and divers ride out to the spot near where they will harvest wild sea cucumbers from the ocean floor," MCC spokesperson Said Khalid was quoted. The market value in Zanzibar he confirmed was worth 4.5 shillings. While Zanzibar's Sea Cucumber production stood at 15,000 tons before the onset of the COVID-19 pandemic, global demand soared to 50,000 tons, valued at

approximately 10 billion dollars, as reported by the Food and Agriculture Organization (FAO). The global production of Sea Cucumbers in 2020 reached 245,000 tons, with the majority consumed in China, where it is known as "bêche-de-mer" and prepared dried, gutted, boiled, and salted.

Additionally, countries such as Japan, North Korea, and South Korea also have significant consumption of this product in homes and restaurants.

Scientifically categorized as echinoderms from the class Holothuroidea, Sea Cucumbers are marine animals characterized by their leathery skin and elongated body containing a single, branched gonad. Beyond their economic value, Sea Cucumbers play a vital role in the ecosystem, feeding off rocks and sand and contributing to water purification. Their preservation is crucial to maintaining the balance of the marine food chain.

With Sea Cucumbers commanding premium prices—up to almost \$1,000 per kilogram for dried varieties—the introduction of this new product holds immense economic potential for Zanzibar. As a region historically reliant on cloves and supported by tourism, the emergence of Sea Cucumber cultivation promises to diversify and strengthen Zanzibar's economy. The positive impact of this venture is anticipated to be felt swiftly, positioning Zanzibar as an economic hub in the region.



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With gratitude for the opportunities that have shaped me, I am honored to bring my expertise to serve my people. It is with a deep sense of gratitude to His Excellency the President of Zanzibar and Chairman of the Revolutionary Council, Dr Hussein Ali Mwinyi for his trust on me, I embrace this important position with dignified level of dedication to the growth and prosperity of our beloved Zanzibar. The President has shown us the way to pursue.

Mohammed

Vibrant newly appointed CEO at the PDB

Professor Mohammed Hafidh Khalfan, an esteemed academician and Associate Professor in International Economics from Putra University in Malaysia, has been recently appointed by His Excellency, the President of Zanzibar and Chairman of the Revolutionary Council, H.E. Dr. Hussein Ali Mwinyi, to lead the newly established Presidential Delivery Bureau (PDB) for a term of one year.

This distinguished academic, known for his towering intellect and gentle demeanor, is precisely the catalyst Zanzibar needs at this juncture. His appointment heralds a new era of dynamism and vision, promising to invigorate both the investment and financial sectors, propelling Zanzibar closer to its aspiration of becoming a beacon of island economy excellence akin to Singapore or Mauritius.

The mandate of the Bureau, under his leadership, is to streamline and expedite the implementation of the government's strategic priority projects, ensuring the realization of tangible and transformative results for socio-economic development. The overarching goal is to actualize the Blue Economy vision, ushering in a new era of sustainable prosperity for Zanzibar.

The meticulous search for the right candidate took time, particularly as the emphasis

was placed on finding an individual with deep insights into the Zanzibar economy and a well-established presence within its economic circles. Professor Khalfan emerged as the perfect fit for the role, embodying the requisite expertise and familiarity with the intricacies of Zanzibar's economic landscape.

Who is Professor Mohammed Hafidh Khalfan

Prior to his appointment, Professor Mohammed, a 59-year-old Zanzibari native, had a diverse professional background encompassing academia, mentorship, consultancy, and research. His multifaceted career path exposed him to various Boards, facilitating active engagements in discussions aimed at fortifying public-private dialogue, advocacy, lobbying, and marketing initiatives.

Currently, Professor Mohammed holds the esteemed positions of Chairman at the Zanzibar Research Centre for Socio-Economic Policy Analysis (ZRCP), the Zanzibar Fair Competition Commission, and the Office of Zanzibar Controller and Auditor General. Additionally, he served as Vice Chairperson of the Board of the Peoples Bank of Zanzibar (PBZ) during his tenure.

All the time his main preoccupation has been lecturing in several courses in Economics, Development, Finance and Islamic Finance and Administration at the University of Zanzibar and other institutions.

Prof. Mohammed, a father of 3 male children and 3 female children and has previously worked at the Zanzibar



Investment Promotion Authority (ZIPA), the SOS Children's Village, Zanzibar University, Bank of Tanzania and the Zanzibar National Chamber of Commerce. During his tenure as the CEO of the Chamber of Commerce, he was Co-Chair of the team that prepared the Zanzibar National Export Strategy (NES) under the Commonwealth Secretariat and also participated as a Senior Judge in the Dar es Salaam International Trade Fairs for several seasons.

Prof. Mohammed has also participated as an observer in several local and regional elections including being in a team of Southern Africa Development Community SADC Eminent Persons Group in the 2018 Zimbabwe Elections, he was part of the International Observer Mission again to assess Zimbabwe's Harmonized General Elections held on August 23, 2023.

In 2015, he was honored to speak to the African Union (AU) panel of Eminent Personalities in Addis-Ababa.

On the provisions of social service in the line of philanthropy, Prof. Mohammed is known to be committed to assisting people in need. For instance, he has been actively involved in helping the needy students in getting funding for their tertiary education through UKUEM Education Fund. He was thus rightly appointed to chair the Zanzibar Higher Institution Loans Board where he also left his marks.

He is also an advisor and a mentor to a number of youths involved in entrepreneurship or innovation and is the current Chairperson of Kanga Maternity Trust (KMT), an NGO established in Zanzibar aiming at reducing maternal mortality and care for newly born babies.

Bringing in immense experience

Professor Mohammed is a seasoned economist with a rich and diverse professional background, having contributed his expertise to various government entities, multinational organizations such as UNICEF, UNDP, ILO, and the World Bank, as well as numerous business organizations including the Business Development Gateway (BDG), the Tanzania Private Sector Foundation, and the Zanzibar Chamber of Commerce Industry and Agriculture, among others.

His extensive experience working with these esteemed organizations underscores his suitability to lead the newly established Presidential Delivery Bureau (PDB). In this capacity, he is well-equipped to support the President of Zanzibar in his efforts to revitalize the economy through initiatives focused on tourism and the development of a Blue Economy. With a strong team under his leadership, Professor Mohammed is poised to spearhead transformative strategies that will propel Zanzibar towards sustainable economic growth and prosperity.

Achievement garnered

Over the course of his work, Prof. Mohammed has participated in the preparation of the first ever

comprehensive study on small medium enterprises in Zanzibar, a study which highlighted the nature of SME's and their potential in contributing to the Zanzibar economic growth and poverty reduction. Through his work at the ZNCCIA, he managed to improve teamwork that contributed to attract more members to join the body and attracting donor support.

With ZNCCIA institution gaining wide public acceptance it helped persuading Best-AC to extend its financial support for 3 additional years. He also instituted a regular monitoring and evaluation system that assisted in understanding Foreign Direct Investment FDI activities in Zanzibar by observing the trend of investment flows and performance in terms of employment creation and tax contribution while at ZIPA.

Among Prof. Mohammed most outstanding achievement has been through the introduction of courses on Islamic economics, Islamic banking as well as Islamic insurance to economic students. This has added value to students' credentials and making the graduates informed agents in transforming East African financial sector to be more inclusive, wherever they are employed. No wonder, the Islamic Banking is now trending in many banks in both Zanzibar and Tanzania Mainland.

Prof. Mohammed has also been honored with various appointments from ministers as well as Zanzibar Presidents to undertake a number of assignments like the Role of Zakat as a Safety net by the ILO, the restructuring of Zanzibar State Trade Corporation, transformation of the Waqf and Trust Commission, a study on Non-Tariff Barriers between Zanzibar and Mainland Tanzania, and also to carry out a study on the impact of Zanzibar Population Growth rate on Economic Growth, and many several other such assignments with various bodies and organizations.

Government and the public expectation

There is no doubt that the newly appointed head of the Presidential Delivery Bureau (PDB), Professor Mohammed Hafidh Khalfan, brings a wealth of expertise and qualifications to the table. With a degree in International Economics from Putra University in Malaysia, as well as an MSc and a BSc in Economics from the International Islamic University in Islamabad, Pakistan, Professor Khalfan possesses the necessary academic background to drive positive change in Zanzibar's economy.

The government and the public alike are hopeful that this accomplished academician, brimming with enthusiasm, will play a pivotal role in catalyzing transformation and delivering tangible outcomes in key areas such as the Blue Economy, tourism, infrastructure, and social services, which fall under the purview of the PDB's mandate. With Professor Khalfan at the helm, there is optimism for a brighter future not only for Zanzibar but also for Tanzania and the wider region.



Omar Said Shaban
Minister of Trade & Industrial Development

Supporting Sustainable Industrial Development

Unveiling Industrial Park Master Plan

Zanzibar has long been renowned for its history and vibrant culture, serving as an anchor in Indian Ocean trade and commerce for generations. However, in today's globalized economy, the need for sustainable industrial development has become more apparent.

Recognizing this need, the Zanzibar government embarked on an effort to formulate an extensive Industrial Park Master Plan; marking an important step on its journey toward economic prosperity with its completion - marking a pivotal milestone on their economic prosperity journey!

Our recently approved Industrial Park Master Plan marks a key step on our journey towards industrialization and economic development in our beloved Country. Carefully crafted, it sets forth ambitious objectives of creating an environment conducive to industrial expansion while simultaneously attracting both domestic and foreign investors alike.

At its core, the Industrial Park Master Plan envisages the establishment of cutting-edge industrial park as focal point for various sectors including manufacturing, processing and logistics.

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The Ministry of Trade and Industrial Development extends an open invitation to investors both local and international to explore all the possibilities offered by the Industrial Park.

This blueprint represents the result of extensive research conducted with experts, stakeholders and international partners while taking into account Zanzibar's unique economic, social, and environmental dynamics.

Our vision for our Industrial Park is multifaceted. Primarily, it seeks to foster innovation, generate employment opportunities and increase industry competitiveness. To do this, the plan emphasizes developing essential infrastructure such as roads, utilities and modern facilities as a basis for business expansion and investment attraction.

Sustainability is at the core of everything we do; thus, the Industrial Park Master Plan strives to integrate eco-friendly practices, renewable energy solutions and efficient waste management systems into its design, with minimal environmental impact while maximising economic benefits.

Parallel to this plan is its emphasis on skills development and capacity building. Collaborations between educational institutions, vocational training centers, and industry experts will enable tailored training programs designed to equip our workforce with skills necessary for meeting market demand while spurring sustainable economic growth.

The Industrial Park Master Plan offers tremendous potential. It represents an unprecedented opportunity for Zanzibar to establish itself as a regional manufacturing and industrial hub, spurring job creation, technology transfer, and economic diversification.

The Ministry of Trade and Industrial Development extends an open invitation to investors both local and international to explore all the possibilities offered by the Industrial Park.

Together let's work towards realizing our shared vision of an economically vibrant industrial sector which not only benefits Zanzibar but also contributes to its overall development.



The hydroponics and aquaponics solution leading the path to economic growth and food security.

Smart Farming

Revolutionizing Tanzanian Agriculture

Despite Tanzania holding most arable land in the East African region and the agricultural sector employing over half of the population, it is still struggling with making the sector contribute fully to food security and the economy.

For a long time, Tanzania's agricultural sector has been characterized by small farms, low yields and limited opportunities for innovation. This is the same in the Great Lakes region, and the Horn of Africa, food insecurity is growing due to climate change and related challenges, with food production gravely affected by changing rainfall patterns.

With over 239 million of its population classified as undernourished, more proactive and innovative measures are needed to boost agricultural production and increase food supply.

Industrial agriculture has the potential to drive economic development, contribute to food security and generate income for millions of rural farmers.

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Aquaponics is a relatively new concept to modern food production methods and can provide answers to many of the above-mentioned problems.

Recent years have seen a growth in digital innovations that can address the different challenges in the agricultural and food industry. Startups led by the private sector are tackling issues ranging from access to markets to provision of financial services. However, despite innovations and viable business models, challenges persist. This is due, in part, to constraints in sharing knowledge and lessons learned among countries and regions.

As a result, agricultural solutions have failed to achieve the wider impact that could modernize and transform the agricultural and food industry sectors of the continent. Two-thirds of Tanzania's population is engaged in agriculture, though there are several attempts to transform the sector into a viable sector.

Aquaponics is a relatively new concept to modern food production methods and can provide answers to many of the above-mentioned problems.

Aquaponics is a highly efficient farming technique that uses less water and land than traditional farming methods. The water is constantly recycled through the system, and the plants absorb nutrients directly from the water, which eliminates the need for soil. This means that aquaponics can produce a greater yield per square foot of land than traditional farming methods.

If well scaled up, Aquaponics facilitate the cultivation of a diverse range of crops, including vegetables, herbs, and fruits. This means that farmers can produce a range of high-value, niche products that are in high demand in local markets.

The system can be used to produce crops year-round, regardless of the weather or climate. This means that farmers can generate income throughout the year, which reduces their dependence on seasonal crops. It is a sustainable and efficient farming technique that offers many benefits to farmers and consumers. As the demand for sustainable and locally produced food continues to grow, aquaponics is becoming an increasingly important part of the agricultural landscape.

Aquaponics farming can have a positive economic impact on Tanzania's development as it uses up to 90-percent less water than conventional agriculture because the water is recycled in the cycle.





Aquaponics allows production and brings close to consumers, reducing transportation costs, carbon emissions and food waste. Consumers can also check the origin, quality and safety of their food, thereby strengthening trust in the food chain. Aquaponics can also create jobs and income for local populations, especially disadvantaged groups such as women, youth and people with disabilities.

It requires less land, fertilizer, pesticides and energy than traditional farming because the systems can be installed vertically, horizontally or on roofs.

Aquaponics can also reduce operational costs by reducing reliance on external sources of nutrients and reducing the risks of disease and pests. Aquaponics can increase value creation and revenue for producers by enabling higher productivity, better quality and higher profitability of products. Aquaponics can also improve market access opportunities and producers; competitiveness by enabling diversification, specialization and adaptation to consumer demand.

A local company Aatif Aquaponics Limited has set the ball rolling in Zanzibar, the

company is turning and customizing the soil-less kind of farming into something big with the aid of technologies. Since beginning the business in 2017, it has expanded fivefold in a relatively short period of time.

The company has managed to raise capital of over \$250,000 to invest in the building of the probably largest hydroponics farm in Tanzania. "Our farm, which is located at Kijundu, Central Zanzibar, has a 1000m growing area consisting of over 6,000 fruit plants, including colored capsicum, cherry and plum tomato, okra and cocktail cucumbers," he said in an interview.

Founder Rashid Ali spoke of the advantages of aquaponics and how it can directly affect the local economy pointing out that her company has so far hired 16 people, 13 of them are below the age of 30, providing formal employment to youth is one of the best contributing factors to an economy. "Not just that though, in our company, we utilize coral lands that are not usually used for agriculture, and we convert them to produce 10 times more than normal open field farming," he said.

He was optimistic that when scaled up, Aquaponics and hydroponics farming

systems have an opportunity to relieve the hardship of farming, especially to women and youth of Zanzibar. "Women can use this technology to grow more products without always being physically exhausted, this benefit alone can ensure we have a healthier woman and will attract more youth in agriculture than ever before," he pointed out.

As part of the company policies, the company is now training youths and women in different aspects of livelihood with over 120 youths and 200 women being trained so far. "We have also assisted some youth to open their own business, help some gain formal employment and even gave a few financial assistance to new startups," he said.

Rashid said Tanzania has a chance of exporting different crops from adapting the smart farming systems including hydroponics and aquaponics. "If we set aside our time and resources including funding to do comprehensive research on this project, I believe it will most likely attract more investors in the agriculture sector to build more and bigger hydroponics and aquaponics farms," advised Rashid.

Carbon:

Exploring a new path to Zanzibar's economic growth and sustainable environment



By Mustafa Shariff

Carbon capture and trading is rapidly gaining traction worldwide as nations strive to curb carbon emissions, aiming to foster conservation and transition towards greener energy practices.

This process revolves around a three-step approach: capturing carbon dioxide produced by power generation or industrial activities like steel or cement production, transporting it, and then storing it deep underground. On a global scale, the carbon trading economy reached a valuation of \$87.9 billion in 2022 and is projected to experience a 14 percent growth between 2023 and 2032, as reported by the Global Market Insights Magazine.

Essentially, every nation stands to gain from embracing this emerging field of knowledge. This demand for carbon capture, utilization, transport, and storage is fueled by the imperative to boost operational efficiency, reduce maintenance requirements, and bolster safety measures in the battle against global warming.

Consequently, captured carbon finds diverse applications across industries. In construction, it proves invaluable for manufacturing panels, insulations, and roofing materials. In transportation, it contributes to crafting lightweight and durable components for automobiles,

trains, and aircraft. Additionally, within the wind energy sector, it is instrumental in fabricating wind turbine blades.

Having looked at these carbon opportunities, Tanzania Mainland enacted the Tanzania Carbon Trade Regulations 2022, aimed at enhancing environment conservation, but also tap into various opportunities associated with the carbon resource.

Thus, by July 2022, a local firm Simba Gas, was already eyeing the share of carbon global market with an aim of exporting it to the neighboring countries including; Malawi, Zambia, DR Congo, Mozambique and many other countries.

According to Tanzania government, carbon regulation and trading has already attracted over \$1billion (Sh2.3trillion) which will be mobilized annually through carbon trading across the nation. This means that carbon trade, would not only be crucial in bringing in foreign exchange earnings to the country, but it could as well create huge employment opportunities to the majority jobless youths, thereby boosting the country's economic growth.

Numerous carbon credit deal trades as well, has been signed by Tanzania by December last year (2023) on land-based carbon, covering six national parks, spanning 1.8 million hectares. These deals works as a pivotal mechanism in the global fight against climate change.

These credit deals, which permit firms the right to emit one ton of carbon dioxide or its equivalent, have not only provided a

means to curb greenhouse gas emissions but have also unlocked avenues for economic development, especially in regions endowed with unique environmental attributes.

The global carbon credit market, established under mechanisms like the Kyoto Protocol better known as Clean Development Mechanism (CDM) and the Paris Agreement mechanisms, allow countries or regions to earn credits by reducing emissions or sequestering carbon.

With this growth potential, carbon credits offer a promising opportunity to leverage natural resources, such as vast coastlines and diverse marine ecosystems, and a space for island economies like Zanzibar to generate revenue and promote sustainable development.

While Tanzania Mainland has moved a step further into the carbon credit activities by enacting the regulation, and its associated guidelines, in Zanzibar, the carbon credit activities have been undergoing a piloting of Reducing Emissions from Deforestation and Forest Degradation (REDD) under the Conservation of Natural Forests, dubbed, Hifadhi ya Misititu ya Asili, (HIMA), a project implemented by CARE International with support from the Department of Forestry and other partners.

Although the actual trading has not been fully realized since the implementation of HIMA and realization of the carbon trade potential for community's livelihood

development, Zanzibar has a significant potential to benefit from carbon trading due to its growing economy which demands for more energy.

This, creates an opportunity for the Isles to invest in low-carbon development and to generate carbon credits that can be sold to international buyers, thereby generating revenues to both the government and the private sector. This revenue could also be used to invest in low-carbon development projects such as renewable energy and energy efficiency.

Carbon trading can also help Zanzibar's reputation in environment conservation by ensuring it meets its climate change Sustainable Development Goals (SDGs) commitments by 2030 which could lead to attract more investment in renewable green initiatives.

The Isles also stand to benefit from carbon trading through job creation, thereby boosting the economy. Thus, low-carbon development projects could create construction, manufacturing and maintenance jobs whereas the sale for carbon credit could generate foreign exchange to the government, providing a pathway for technological advancements and innovation in clean energy solutions.

Zanzibar could as well gain significant economic opportunities through the sale of carbon credits generated from its efforts to reduce deforestation and forest degradation, providing a boost to the economy, thus contributing to sustainable development. This means that the revenue generated from the sale of carbon credits could as well be reinvested into other sustainable development projects like improving infrastructure or promoting eco-tourism.

In summary, Zanzibar stands to reap significant economic benefits through active participation in the carbon economy, including economic diversification away from traditional sectors like tourism and agriculture.

This move would create a more resilient economy, ensuring long-term sustainability and prosperity for its populace, while also fortifying the Blue Economy. It is imperative for Zanzibar to seize the opportunities presented by carbon trading to fully capitalize on its potential.

One step towards this would be to establish a comprehensive carbon credit framework, delineating rules and procedures for engagement in carbon credit activities, thereby instilling confidence in both local communities and potential investors.

Conducting a feasibility study to identify viable projects capable of generating carbon credits is another crucial undertaking. This would involve assessing the potential of renewable energy projects, forestry initiatives, and other sustainable practices aimed at reducing greenhouse gas emissions.

Furthermore, community awareness programs should be implemented to promote carbon credit trading for the betterment of livelihoods. Educating local communities about the benefits of participating in carbon credit activities and their positive impact on livelihoods is paramount. By implementing these measures, Zanzibar can foster an environment conducive to carbon credit activities, attract investment, promote sustainable development, and contribute to global climate change mitigation efforts.





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How Zanzibar can boost *private financing, initiate capital markets*

The government of Zanzibar, has strong and unambiguous aspirations of promoting sustainable development and improving societal welfare.

As such, it targets to accumulate a capital amounting to the United States Dollar (USD) 3.4 billion for financing strategic programmes, projects and initiatives (SPPI) between 2021 and 2026.

The key components of socio-economic development have been identified as cornerstones for accelerating economic growth that will be inclusive in nature and sustainable human development: the blue economy sectors, infrastructure, as well as social welfare with respect to education, health, and social protection.

Private and innovative financing options, either on their own or through Public Private Partnerships (PPPs) are poised to play a vital role in financing development investments with an anticipation of amassing about USD 1 billion from these avenues.

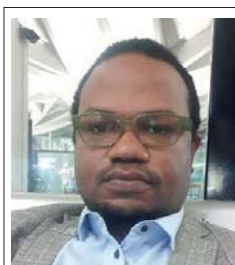
According to financial economics perspective, investments made by the private investors take place in different forms and the private sector financing is typically rooted from diverse sources.

In Zanzibar, the private sector financing has largely been derived from direct foreign investment (FDI) and handful local direct investment is notable in some cases.

Authored by:



Mr. Juma H. Reli



Dr. Twahir M. Khalfan

However, the economy of Zanzibar, which is characterised by non-existence of the domestic capital markets and bank lending as the predominant source of capital, has not been successful in linking and integrating diverse large, small and institutional investors from domestic and foreign markets to accumulate significant capital, posing a challenge for Zanzibar's economy to ascertain realistic.

The identification of private financing options and setting the favourable environment to attract private financing is crucial because traditionally public revenue generated domestically through revenue collection and internal borrowing, as well as external sources is rather inelastic and very limited.

This leaves a significant funding gap that in reality can be more quickly and efficiently be filled by the private and innovative financing sources to finance development investments between fiscal year 2023/24 and 2025/26.

There is therefore a need to examines ways to lessen the existing challenge faced by policy makers of the lack of available evidence on identifying the appropriate private and innovative financing options that fit the existing political-economy context to amplify capital formation by the private sector.

It is also important to come up with key issues to create readiness for operationalizing the private financing of strategic investments in Zanzibar.

Why exploration of private financing options is crucial for accumulating capital

In Zanzibar, there is eagerness to catalyze domestic markets to improve the market efficiency to attract capital from the private investors to be allocated to the strategic investments.

Past experiences indicate that the public revenue is not sufficient to finance the required development investments, and this situation advocated for a higher financing from the private investors.

The challenge however is that, apart from the foreign direct investors who are seemingly able to access capital from their countries of origin, the ability of local markets to accumulate significant capital is relatively frail.

According to the OCGS 2021 report, about 32 per cent of the total number of investments registered by Zanzibar Investment Promotion Authority (ZIPA) from 2017 to 2021 were owned by the domestic investors and expected to accumulate capital of UDS 565 billion compared to the capital from foreign investors of USD 2 billion.

Such an amount of registered potential investments is remarkable for a small developing economy like Zanzibar, however, not all of these investments actually takes off on time.

The economy of Zanzibar has been steady over the past decade with impressive economic growth and low inflation, making the Isles to achieved an average of 6 per cent annual real GDP growth in the same period.

In common with other SIDS, Zanzibar lacks resilience to the unpredictability of exogenous economic shocks with a rather undiversified economy as its economy is mostly driven by tourism sector which is the leading source of income, foreign currencies and foreign direct investments (FDIs).

As of the year 2021, the tourism sector, for instance, contributed 47.1 per cent of the GDP, according to OCGS, 2022 report.

The private sector is still at an infant stage and dominated by small and medium enterprises (SMEs), which is incapable of

“ Private financing and digital transformation are inseparable

accumulating significant capital to be invested in large development projects.

The Private Sector Development Policy report of 2020 says despite being able to achieve a relatively impressive economic performance, Zanzibar has underdeveloped capital markets, thus making most private investors to rely on banks as a leading source of capital, which tend to offer somewhat long-term corporate debt (for example, 7 years) at the interest rate of more than 14 per cent.

This however, becomes an obstacle for the private sector depicting them as small investors who over rely on banks as the leading source of external financing in other countries.

Local investors in the Isles face high cost of borrowing and limited access to external financial markets, which attributes to the information asymmetry and lack of domestic based investment vehicles to undertake the role of capital allocation.

Inactive domestic capital markets encompasses significant economic consequences as it increases the cost of capital, rises diversifiable market risk and restricts the utilization of sophisticated financing instruments – such as private equity (large shareholding, Crowd-funding from small equity holders, and venture capitalists); debt (Blue Bond; Diaspora Bonds; and Islamic based investment securities); and mezzanine financing – that are capable of catalyzing the domestic capital markets and also facilitating the integration of diverse investors, such as small, large, institutional, local and foreign.

Zanzibar's economy therefore requires the availability of investment tools that can make private sector financing thrive, so that capital markets can allocate funds to the most profitable investments in the near future.

However, there are some challenges for the approach, given that banks are not permitted to invest directly using various investments vehicles in Zanzibar.

Policy makers need therefore to find ways of boosting capital allocation from the unproductive investors to the more productive investors and at the same time, provide opportunities for a more dynamic capital markets with adequate instruments to accumulate capital from diverse investors in an innovative manner and exit options.

Thus, the approach may ultimately incentivize Zanzibar to use private and innovative financing options containing many cross-border implications as its economy is well positioned to eventually play a vital cross border service provider role linked to trade in the blue economy, for instance, through block chain tracking system, Islamic financing and offshore banking.

Innovative financing options are also considered crucial due to their positive multiplier and spill-over effects on the overall economy and it is exceptionally crucial for Zanzibar, considering that it does not have autonomy of regulating banks and financial institutions, to identify realistic innovative and private financing options to escalate the magnitude of accumulated capital from domestic and foreign investors.

Thus, diverse large investors may limit the expropriation by controlling shareholders and reduce the agency costs.

Against this backdrop, it is important to note that private and innovative financing options are pathways to finance development projects and catalyzing domestic capital markets in Zanzibar.

The inflow of FDI on its own might therefore not provide sufficient capital required for financing development economic investments in Zanzibar.

It is therefore important for Zanzibar to



take note that the most effective way to attract private and innovative financing is by having profitable, attractive and bankable investments and that capital formation in need to involve building the confidence of investors by creating an enabling environment for private investments to thrive and continue incentivizing investors through various “sweeteners”.

Creating readiness and operationalizing the private financing options

Investment cases and financial valuation which demonstrate feasibility of each economic project to generate appropriate investment return for the invested capital and to produce social benefits (in case of innovative financing option) are crucial for successful employment of innovative private financing options.

Propensity to magnify the capital pool from each financing option depends on specific investment cases to convince the investors and tap capital from the proposed investment instruments which helps to improve the effectiveness of capital allocation and market exit mechanisms and becomes crucial for catalyzing the domestic capital markets and exit options to suit the investment holding preference of diverse investors.

Zanzibar government acknowledges the private investors for playing a more visible role to finance development projects, and this implies ownership of means (and physical infrastructure), despite the absence of an active stock market.

In the long run, it will be optimal to have the stock market to create market liquidity. Though, the creation of PPP Fund for development investments could be able to fill the gap by creating an investment vehicle for small and large investors from both domestic and foreign markets to invest through all financial instruments, such as: equity, mezzanine financing and debt – direct lending and corporate and innovative bonds.

Evidence from financial valuation based on various risk adjusted return scenarios is a prerequisite to accumulate significant capital from both domestic and foreign investors to invest their funds.

In order to attract more private financing and new innovative financing, the relevant government entities need to make sure that they foster an enabling business environment by unpacking projects that are expected to be financed and prepare investment valuation to demonstrate their expected cost of capital, specific risk, expected return, and options to expand or exit.

Crucial risk factors and their mitigation tools

Domestic Private Financing Options

There is the potential risk of low participation of the locals in the capital formation through the domestic financial institutions and investing in the PPP Fund for development investments which might be mitigated by providing instruments for large and small investors, giving continued education and compelling investment cases to persuade private investors to invest.

There are also risks associated with domestic investors including economic risk and substantial change in the business environment which can however be diminished by creating a PPP Fund by having different investment portfolios for risk diversification.

It is also equally important to note that the lack of credible credit rating mechanism often depresses markets' ability to allocate capital in the economy, mitigation measures however can involve the effective utilisation of credit reference and rating.

External Private Sources for Development Investments

Numerous policy efforts and legal framework to create an optimal environment for foreign investors have been put in place in Zanzibar. However, there are three remaining major risks that continue to surface and threaten the existing opportunity for unlocking more capital from foreign investors namely;

- i. An absence of financial instruments to tap capital from small individual investors, including diaspora who are scattered across the globe. This risk can be lessened by establishing

the PPP Fund for Development Investments which can present various instrument vehicles loaded with different instruments to cater for diverse investors' preference and risk appetite.

- ii. Foreign investors naturally would be concerned with the risk of PPP Fund not being managed by competent investment managers and this can be addressed by ensuring that the Fund is managed by independent competent experts from inside and outside of Zanzibar hired based on skills and criteria set by its financiers. The Fund can be listed at the Dar es Salaam Exchange (DSE) for issuance of its investment securities while the establishment of the stock market in Zanzibar is underway.
- iii. There is also liquidity risk, which is associated with the inactive capital market and lack of stock exchange for easy trading of the financial products. Active trading of the security issued by PPP Fund at the secondary markets can mitigate this risk.

Digital Transformation

It is obvious that private financing and digital transformation entail a two-way causal relationship for developing economies like Zanzibar. Efforts to attain development of the creative and digital economy to diversify and complement the service sector will be determined by the magnitude of the private capital, while the opposite is also true. Private financing and digital transformation are inseparable, the missing link is how to identify optimal practical ways to increase the fitness of Zanzibar to build a prosperous future through these determining factors.





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What does a gastroenterologist do?

A gastroenterologist treats you when you have diseases and conditions that affect your gastrointestinal (digestive) system and other parts of your body that interact with the digestive system. That includes your mouth, esophagus, stomach, small intestine, large intestine (colon), rectum, liver, pancreas, gallbladder and bile ducts. Like other doctors, they ask about your health history and any symptoms you may be having.

Common Gastrointestinal Conditions

- Acid Reflux, Heartburn, GERD
- Hemorrhoids and Other Anal Disorders
- Nausea and Vomiting
- Peptic Ulcer Disease
- Abdominal Pain Syndrome
- Irritable Bowel Syndrome



DEPARTMENT OF GASTROENTEROLOGY

List Of Procedures

1. Endoscopy Procedures

- ❖ Intra gastric balloon placement
- ❖ Upper GI endoscopy – OGD
- ❖ Lower GI endoscopy – Colonoscopy
- ❖ Esophageal stricture dilatation
- ❖ Endoscopic foreign body removal
- ❖ GI cancer screening (Esophagus, stomach and large intestine)
- ❖ Endoscopic treatment of GI bleeding
- ❖ Variceal banding
- ❖ Sclerotherapy
- ❖ PEG placement and removal
- ❖ GI endoscopy biopsy
- ❖ Polypectomy
- ❖ ESD
- ❖ EMR
- ❖ APC
- ❖ NJ tube placement

2. Minimally Invasive Surgery

- ❖ Laparoscopic cholecystectomy
- ❖ Laparoscopic appendectomy
- ❖ Diagnostic laparoscopy
- ❖ Ovarian cystic drilling
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- ❖ Hand assisted laparoscopic colectomy
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