

**STATEMENT FROM THE EXECUTIVE DIRECTOR
ZANZIBAR INVESTMENT PROMOTION AUTHORITY (ZIPA)**

The Revolutionary Government of Zanzibar has long recognized the role of private sector in economic development of the country. The aggressive response from several private investments within Zanzibar and from abroad is adequate evidence that investors have strong confidence in the Political will of the Government.

The process of engaging the private sector to participate adequately in building strong and resilient economy takes time as it involves reforms in several areas such as finance, human resources development, legal framework and good governance.

Abiding by the commitment to create a conducive environment for investment and doing business in Zanzibar, reforms have been undertaken parallel with the preparation and implementation of Economic Development Strategic Plans aiming at Poverty Reduction in Zanzibar. The results, among which is putting in place the Zanzibar Investment Policy (ZIP) in 2004 followed by unifying the three codes regulating private capital investments in the Isles. This resulted in establishment of the Zanzibar Investment Promotion Authority (ZIPA). The new code, Zanzibar Investment Promotion and Protection Act 2004 demands the Authority to be responsible for the promotion and facilitation of private investments in Zanzibar, both FDI and Domestic Investments, in order to attain policy objectives as stipulated in the ZIP.

As the Government stretches its full arm of support to ensure that there is a win-win result, it is ZIPA's responsibility, therefore, to guide prospective and potential investors in their investments endeavors in Zanzibar, so as to benefit from their investments. These guidelines, we believe, will further clarify issues that need clarification to clear any doubt on possibilities of investing and doing business in Zanzibar.

Our potential investors are mostly welcome to invest in areas supportive to service industry already moving forward towards international standards. Such areas, recommended could be in those utilizing domestic resources such as horticulture and agro-processing or creating employment using labour intensive methods like textile and garment, electric and electronic assembling plants, and education or vocational training.

Security of investments is assured. There will be no compulsory acquisition as stipulated in the Article 17 of Zanzibar Constitution. Zanzibar being a constituting part of the United Republic of Tanzania is a member of Multilateral Investment Guarantee Agency (MIGA) of the World Bank. Also, Tanzania is a signatory to the Convention of Recognition and Enforcement Arbitration Award, and a member of International Centre for Settlement of Investment Disputes (ICSID).

Contractual rights are guaranteed by the law of contract whereby mechanism for settlement of disputes through arbitration and judicial process are clearly stipulated.

It is our sincere hope that information provided in these guidelines will be useful to entice your intention and you will decide to partner with Zanzibar, as resulting in win-win situation.

**Welcome to Zanzibar
Your Isles of Vast Opportunities**



(SALIM K. NASSOR)

**EXECUTIVE DIRECTOR
ZANZIBAR INVESTMENT PROMOTION AUTHORITY**

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1.0 WHY INVEST IN ZANZIBAR....?

A place not to miss in your life time....

Political, social and economical stability

Zanzibar is stable politically, socially and economically. Private investments are wisely welcome and protected constitutionally as well as through international conventions to which Zanzibar, being part of the United Republic of Tanzania, is a signatory.

- ***Strategic location:***

Zanzibar is placed within the trade routes of the East and central African region and offers an effective spring board for entry into the region.

- ***100% foreign ownership allowed.***
- ***Free repatriation of profit***
- ***Availability of skilled, trainable and affordable labour***
- ***Opportunity to employ expatriates in key positions***
- ***Constantly improving business environment***
- ***Enjoy Regional and International market concessions:-***
 - ***Utilize the East African and SADC market using Zanzibar as a hub for regional trade***
 - ***Enjoy Export Quotas to European Market***
 - ***Utilize European Market through AGOA***
 - ***Proximity to land locked countries in Central and Eastern Africa***

Enjoy lucrative package of Incentives

The Investment law offers a lucrative package of incentives. These include fiscal and non fiscal incentives. For details please visit www.zanzibarinvest.org

2.0 INVESTMENT OPPORTUNITIES IN ZANZIBAR

Zanzibar is honoured to welcome all prospective and existing investors to avail very rewarding investment opportunities found in these small but beautiful isles. Local and foreign investors are encouraged to invest in the **priority sectors which are Tourism, Agriculture & fisheries and Small and medium scale industries in the Free Economic Zones.**

2.1 Tourism Sector

Zanzibar boasts a wide variety of tourism options, from the historical and cultural sites of Stone Town, to beach and leisure activities. It is the leading sector that has attracted more than 58% of ZIPA approved projects. Tourism is a very promising sector with high returns. This sector has created more than 7000 jobs.

With more emphasis on eco-tourism, opportunities exist in:

- Up market hotels/resorts especially chain hotels.
- Convention centres.
- Recreational and amusement centres.

2.2 Agriculture sector

Zanzibar weather is Tropical – hot and sunny. The heavy rains starts in March and lasts for several weeks. The climate allows different types of vegetables and fruits to be grown and processed. There is great potential for **agro – related industries** which private investors can engage in. Investment opportunities in this sector include:

- Flower production (in green houses)
- Vegetable production through hydroponics system techniques
- Fruit farming, processing and canning
- Exportation of fresh fruits which include banana, orange, rambutan, and mango
- Agro processing and value addition which include
 - Animal feed processing
 - Dairy Production and Processing
 - Integrated Use of coconut by-products
 - Milling, packaging, labelling and branding

➤ Spices

For centuries “the Spice Islands” (Zanzibar) exported quality exotic home-grown spices to world market. This sector offers great potential for expansion and the creation of forward linkages through value addition. These traditional spices include:

- Cloves – our famous spice export
- Cinnamon, cardamom, nutmeg, black pepper, chillies and many more

Untapped opportunities in spices are the **‘value addition’ and processing by-product** such as perfumes, perfumed soap, medication, and food processing items.

2.3 Fisheries sector

Zanzibar Island lies on the crossroads of rare marine resources and biodiversity with unlimited potential for development of fishing industry. Being an Island, most of its villagers are fishermen and make the best use of existing tourism business by supplying marine products to hotels and restaurants. However, the demand for these products is high compared to supply. To-date, most of local fishermen fish in territorial waters using traditional methods. Investors are free to choose suitable areas for investment in:

- Deep Sea Fishing
- Fish Processing & Canning
- Sea – weed processing
- Marine product processing
- Aqua culture (fish farming and seaweed production).

- **Fish Farming**

Various types of fish, shrimps, lobsters, seaweed and other marine resources are available in Zanzibar.

- **Seaweed Production**

Seaweed farming (E. Spinosum) stands as a major self employment activity in Zanzibar. It is an economic initiative that is mainly practised by women and employs more than 18,000 peoples in both the Islands of Unguja and Pemba.

Annual production reaches 10,000 metric tonnes. However, there is an opportunity for potential investors to increase production to more than 15,000 metric tonnes. It is encouraged to export semi- processed goods as they fetch higher prices.

2.4 Free Economic Zones Opportunities

Zanzibar has been a trading hub for millennia. To give this tradition a boost, there are free economic zones purposely created to cater for manufacturing and processing aiming at exploring export markets. In addition **free port services offers**, opportunities in re-export trade, packaging, branding as well as capital **development within the zones**.

2.4.1 Zone Development

Potential investors are invited to develop Fumba and Micheweni Zones through concession arrangement. **Opportunities exist from infrastructure development, construction of industrial estate, purpose-built residences and warehouses.**

2.4.2 Investing within Export Process Zone

Zanzibar offers a wide range of investment opportunities in manufacturing, processing, assembling and packaging within any declared zone. Due to their immediate socio-economic linkages and development impact, the following opportunities are among the preferences:

- Textiles and garments,
- Furniture and joinery
- Pharmaceutical –clove and herbs - based products
- Paper, Plastics and plastic moulding
- Soaps, detergents and general toiletries
- Electronics assembly
- Blocks and tiles
- Motorcycle assembly
- Computer assembly

2.4.3 Free Port opportunities

Zanzibar allows a substantial range of activities including services oriented functions to take place within the Freeport areas. The opportunities available under the Free Port Zone include:

- Warehousing and storage
- Labelling, packaging and repackaging
- Sorting, grading, cleaning and mixing
- Simple assembly
- Minor processing
- Export oriented airport and seaport based activities

2.5 Other Investment Opportunities...

Apart from prioritized sectors, Zanzibar has opened its doors for investment in other sectors such as:

2.5.1 *Tourism related services*

- Diving and sea sports.
- Tour operation (with exception of ground handling)
- First class restaurants (Joint venture with locals)

2.5.2 *Livestock and Animal husbandry*

- Dairy farming
- Animal feed processing
- Poultry farming and processing
- Construction and management of modern slaughter house
- Production of ornamental fish

2.5.3 *Services*

- Establishment and operation of health care centres
- Specialized hospitals and diagnostic centres
- Education and related services
- Financial services
- Information and Communication Technology
- Construction industry

2.5.4 *Infrastructure*

➤ **Sea Port Development**

Development and construction of new modern Commercial Port at Mpigaduri area under **concession** arrangements are encouraged by the Government. More information can be obtained from Zanzibar Ports Corporation at the following address:

**Director General, Zanzibar Port Corporation, P. O. Box 263, Zanzibar -Tanzania Tel no: +255 24 2232017, Fax no. +255 24 2232859.
Email:Zanzibar-port@zanzinet.com**

➤ **Renewable/Alternative Source of Energy**

Potential investors are encouraged to generate power (electricity) using alternative eco friendly sources. More information can be obtained at the following address:

**Principal Secretary,
Ministry of Land, Housing, Water and Energy
P. O. Box 238 Zanzibar, Tanzania
Tel: +255 2236291 Fax +255 24 2235812
Email:muna@zanlink.com**

3.0 INVESTMENT FACILITATION AND SERVICES

Definition:

For the purpose of this guide only

“Key Position” means a position which can be filled permanently by an expatriate as long as the project is in operation.

“Executive Position” means a time position which requires professional qualifications and practical experience.

“Non-executive Position” means a time position which requires technical skills and experience.

“Investor” means Approved Enterprise, Approved Domestic Enterprise or legal entity that is making or has made investment in Zanzibar under Zanzibar Investment and Protection Act (ZIPPA).

Non citizen means non Tanzanian

3.1 Investment Certificate

3.1.1 Minimum Investment Capital Requirement

A prospective investor who wishes to be approved under the Act (ZIPPA) shall apply for Investment Certificate at ZIPA after fulfilling some criteria which include minimum investment capital for a particular sector/area of interest. The current threshold is provided in Table 3.1 below:

TABLE 3.1: MINIMUM INVESTMENT CAPITAL

SECTOR	FOREIGNERS (US\$)	CITIZEN (US\$)
Agriculture hunting and forestry	500,000.00	50,000.00
Fishing	500,000.00	100,000.00
Manufacturing	500,000.00	100,000.00
Electricity gas and water supply	500,000.00	100,000.00
Construction	500,000.00	100,000.00
Electricity gas and water supply	500,000.00	100,000.00
Hotels	2,500,000.00	300,000.00
Transport storage and communications	500,000.00	100,000.00
Financial Intermediation	500,000.00	200,000.00
Real Estate Renting and Business Activities	500,000.00	100,000.00
Education	500,000.00	100,000.00
Health and social work	500,000.00	50,000.00
Tour Operation/Diving & Game Fishing wholesale business and Restaurants	500,000.00	50,000.00
Recreation activities	500,000.00	100,000.00

Source: ZIPA, 2010

3.1.2 Application Procedures for Issuance of Investment Certificate

a) Investment Intention Form

Prospective investor who meets minimum investment capital required for a particular sector shall fill in an Investment Intention form which is available free of charge at ZIPA offices and at www.zanzibarinvest.org.

Note:

ZIPA shall provide Application form to a prospective investor within a week if the proposed concept is feasible and viable for Zanzibar, otherwise the investor shall be advised accordingly.

b) Application Form

Prospective Investors are required to fill in and return registration form which is available at ZIPA office (as well as at www.zanzibarinvest.org for a non refundable fee of US \$ 200. The dully filled form should be accompanied with:

- (i.) 10 copies of Business Profile/feasibility study

- (ii.) Proof of availability of funds and a bank statement for the last six months
- (iii.) Passport copies, passport size photos, CV and police clearance certificates of all investors/shareholders from country of residence
- (iv.) Certificate of incorporation
- (v.) Memorandum and Article of Association

The **Feasibility Study** shall include:

- (i.) Executive Summary.
- (ii.) Background of the business
- (iii.) Products and services.
- (iv.) Markets, Clients and competitors.
- (v.) Business operation, organization and Human resources
- (vi.) Environmental and social factors.
- (vii.) Financial Planning and Risk, and sensitivity analysis

Note:

Prospective Investor may appoint local agent to facilitate the processing of the application.

3.1.3 Investment Certificate Fee

Once a concept is approved by ZIPA, Investor is issued with Interim Investment Certificate which indicates certain initial conditions and guidance. These conditions changes during the implementation of the investment plan. The certificate is **renewed annually**. The Certificate fee structure is provided in the table below:

TABLE 3.2: INVESTMENT CERTIFICATE FEE

Capital Investment (US \$)	Investment Certificate Fees (US \$)
500,000 and below	600
500,001 – 2,000, 000	1000
2,000,001 – 4,000,000	1,200
4,00,001 and above	1,500
Freeport and EPZ investment	1,000

Source: ZIPA, 2010

The approved enterprise or approved domestic enterprise after invested all approved capital, indicated in the feasibility study or application form (whichever is greater), by ZIPA, and starts operation may be eligible for exemption of Investment certificate fee. However, annual service fee of US\$ 500 shall apply, regardless the capital invested. The application procedures are provided below:

The Investor shall apply in writing to Executive Director the waiver of investment Certificate fee at least **two months** before the expiry of a valid investment certificate and attach the following documents:

- i. A valid investment certificate
- ii. A report indicating the following:
 - status of his/her investment at the time of application
 - Timely submission of Quarterly progress Report for the past 2 years;
 - Utilization of land lease
- iii. Financial statements for the past two years
- iv. Land lease agreements
- v. Any other document that support investment made during the period

Note:

1. ***Rates are subject to change without prior consultation with Investors***
2. ***Once investor approved under “service” status shall have no right of capital good exemption and any development shall be treated as new concept and subjected to all approval process.***

3.2 Building Permit

3.2.1 Application Procedure for the issuance of Building Permit

Any approved project which acquires land lease and need to develop the land shall apply for building permit to ZIPA, and submit its drawings and **Bill of Quantity (BOQ)** for approval before starting any construction activities. The BOQ must be submitted in both **hard and soft copy**. Prior to that, ZIPA may recommend to the Ministry of Land Housing, Water and Energy the issuance of Land Lease for the approved enterprise or approved domestic enterprise only. ZIPA **shall provide to investors Drawing guidelines**. The drawings shall include:

- (i.) Architectural Drawings
- (ii.) Topographic Maps
- (iii.) General Site Lay out Plan
- (iv.) Plans, Section and Elevations of all Structures
- (v.) Architectural Details
- (vi.) Engineering/structural Drawings
- (vii.) Optional Drawing
- (viii.) Name and details of registered contractor

Note:

1. **All drawings must follow drawing guidelines provided by ZIPA.**
2. **All drawings must be drawn or approved by registered professional of Architects, Engineers, and Quantity Surveyors Registration Board - Zanzibar.**

3.3 Tax Incentives

Zanzibar offers lucrative package of incentives. Table 3.3 below provides some incentives offered under ZIPPA.

TABLE 3.3: TAX INCENTIVES OFFERED BY ZIPPA

INCENTIVE	EPZ	Freeport	Others
Exemption from import duty & similar taxes on machinery, equipment, construction/raw materials & other inputs.	√	√	√
Exemption from taxes on goods for export	√	√	√
Exemption from Corporate tax	100% for the first 10yrs, 75% in the succeeding 10 yrs.	100% for up to the first 20 years.	100% for up to five (5) years.
Sale of up to 20% of production to the local market (subject to all taxes)	√		N/A
Exemption from tax on dividend for ten years	√	No	No
Exemption from any local taxes for goods produced in the zone.	√	√	N/A
On site customs inspection	√	√	No

Source: ZIPA, 2010

3.3.1 Application procedure for exemption of import duties and similar taxes on Capital Goods:

Investors shall submit to ZIPA a list of all capital goods to be imported as well as to be purchased locally for consideration and where appropriate grant of exemption. The list must be submitted in both hard and soft copy.

(a) Application for exemption for imported goods

For every consignment of approved imported materials, Investors may apply for exemption in writing to ZIPA at least 2 weeks before the goods arrive in Zanzibar and submit together with the application the following:

- i) Bill of Lading/Air way Bill/Consignment notes/Local sale advise,
- ii) Customs Single Bill of Entry
- iii) Invoices
- iv) Packing list

(b) Application for Exemption from VAT on Local Purchase

For every local purchase of approved materials, Investors may apply for exemption on VAT and submit to ZIPA the following:

- i) A dully filled Value Added Tax form issued by Zanzibar Revenue Board
- ii) A proforma invoice.

(c) Service charges fees

For all goods exempted, Investor shall pay five percent (5%) of the total exempted duties to the Authority, as service charge.

3.3.2 Application procedures for Corporate Tax exemption

Investor may apply for Corporate Tax exemption after fulfilling the following conditions:

- a) Invest not less than the capital specified in the feasibility study;
- b) Start Business Operation for at least one year.

The application must be accompanied with the following documents:

- i) Audited Final Accounts for the last 2 years
- ii) Progress Report which indicate among others the following:
 - a. location of the project,
 - b. actual amount of capital invested,
 - c. domestic materials/resources used,
 - d. adoption of new technologies/skills,
 - e. local employment generated,
 - f. equity contribution,
 - g. corporate social responsibility
 - h. Submission of required reports.
- iii) Tax clearance certificates from Tax Authority
- iv) A copy of valid operational license

Note:

Application shall be made within the first five years - period of operation of the business.

3.4 Work Permit

ZIPPA provides the opportunities for the approved project to employ expatriates in key positions. The number of foreign employees allowed is based on capital investment injected as categorized in the table below:

TABLE 3.3: PERIOD AND NUMBER OF EXPATRIATES ALLOWED PER PROJECT

CAPITAL INVESTMENT (US\$)	TOTAL EXPATRIATES	KEY POSITION	EXECUTIVE POSITION	NON EXECUTIVE POSITION
ABOVE 6,000,000	30	10	10	10
3000000 -6000000	20	8	8	4
1000000-3000000	15	5	5	5
BELOW 10000000	10	3	5	2
PERIOD ALLOWED FOR RENEWAL		Project Life	4 YEARS	4 YEARS

Source: ZIPA, 2010

Note:

The recruitment of non citizens in any approved project shall not exceed fifteen percent (15%) of total labor force.

3.4.1 Work Permit Fee Structure

For every position to be filled by non citizen, investors shall pay a work permit fee to the Labour Commission through Labour officer stationed at ZIPA office. However, Investors with more than 50% share are exempted from paying their personal work permit fee. The current fee structure for work permit (in US\$) is provided below:

TABLE 3.4: WORK PERMIT FEE STRUCTURE

Category	Investor more than 50% share	Other Investors	Expatriates	Permit Duration
First Application	-	\$50.00	\$150.00	One year
Renewal	-	\$25.00	\$ 75.00	One year
Temporary			\$100.00	Up to 6 months (Not Renewable)

Source: Labour Commission, 2010

Note:

1. Rates are subject to change without prior consultation with Investors.
2. Any delay in submitting application to ZIPA for renewal of any permit will result in penalty of United States Dollars ten (US\$ 10) payable to the Authority for each delayed day for both investors as well as expatriates.
3. It is an offence for any foreigner to work without a valid work permit. It is also an offence for any employer to employ or permits any foreigner without a valid work permit to work in his or her establishment.

3.4.2 Application Procedures for the issuance of Work Permit

a) New application

For each position to be filled by non citizen, Investors shall apply to ZIPA for a work permit, prior to the arrival of the applicant in Zanzibar and submit together with the application **three (3) sets** of the following documents:

(i) For Expatriates:

- a) Certified copies of academic certificates
- b) Curriculum Vitae
- c) Copy of Passport
- d) Four passport size photographs
- e) Two signed copies of contract of employment and related job descriptions.
- f) Copy of Police Clearance Certificate from country of residence.
- g) A copy of Medical report certifying fitness of the applicant for the post being applied for.

(ii) For Director/shareholder

- a) Copy of Passport
- b) Curriculum Vitae
- c) Four passport size photographs
- d) A copy of Police Clearance Certificate from country of residence.
- e) A copy of medical report
- f) Company Memorandum and Article of Association
- g) Certificate of Incorporation/compliance

b) Renewal

Where a work permit of a non citizen is about to expire, and he/she is eligible for renewal, investors shall apply to ZIPA for a renewal at least 14 days before expiry date of the permit. The application shall be made in writing and accompanied with **three sets** of the following documents:

- a) Copy of expiring work permit
- b) Three passport size photographs
- c) Copy of new/existing contract of employment and its job description

c) Temporary Work Permit

The permit is issued for temporary assignment. The application shall be made in writing and accompanied with **three sets** of the following documents

- d) Certified Copies of academic certificates
- e) Curriculum Vitae
- f) Copy of Passport
- g) Four passport size photographs
- h) Two signed copies of contract of employment and its job descriptions (if the period exceed 2 months)

3.5 Residence Permit

ZIPPA does not provide opportunities for permanent resident to non citizen of the approved projects. However, it allows them to reside in Zanzibar for a particular period of time through residence permit issued by Immigration Department.

3.5.1 Residence Permit Fee Structure

The issuance of permit is subject to fee whereby the Director of approved project shall pay a residence permit fee for all non citizens in his or her projects to the Department of Immigration Zanzibar through Immigration officer stationed at ZIPA office. The following table provides Fees Structure for resident permit:

TABLE3.3: RESIDENCE PERMIT FEE STRUCTURE (United States Dollars)

Category	Type	Application/Replacement	Duration
Investor	class A	\$ 2000	3 years
Expatriate	Class B	\$ 1500	2 years
Researcher	Class C	\$ 500	2 years
Dependant / Renewal		\$ 500	2 years
Visitor's Pass		\$ 200	6 Months

Source: Department of Immigration Service - Zanzibar, 2011

3.5.2 Application Procedure for issuance of Residence Permit

a) New application

Investors shall apply to ZIPA for a residence permit of non citizen and submit together with the application **three (3) sets** of the following documents:

(i) For Directors/shareholders

- a) Curriculum Vitae
- b) Copy of Passport
- c) Four passport size photographs
- d) A copy of police clearance certificate from country of residence
- e) A copy of medical report
- f) Company Memorandum and Articles of Association
- g) Certificate of Incorporation/compliance
- h) Evidence of business premises (if applicable)

(ii) For Expatriates

- a) Certified Copies of academic certificates
- b) Curriculum Vitae
- c) Copy of Passport
- d) Four passport size photographs
- e) Valid Work Permit
- f) A signed copy of Contract of Employment and its job description
- g) A copy of police clearance certificate from country of residence
- h) A copy of medical report

b) Replacement (Director/Expatriate)

Where a residence permit of the non citizen is about to expire, and the same is eligible for renewal, Investors shall apply for the renewal at least 14 days before expiry date of the permit. The application shall be made in writing to ZIPA and accompanied with the following documents:

- i) Original expiring Residence permit
- ii) 4 Passport size photographs
- iii) Two copies of a valid work permit
- iv) Two signed copies of Contract of Employment and its job description (if applicable)
- v) Income Tax Clearance Certificate

c) Residence Permit – Replacement (Dependent)

Where a residence permit of a Dependant non citizen is about to expire, Investors shall apply for the renewal at least 14 days before expiry date of the permit. The application shall be made in writing to ZIPA and accompanied with **two sets** of the following documents.

- i) Valid copy of work and residence permit of the expatriate/investor
- ii) Copy of Passport
- iii) Two passport size photographs

3.6 Cancellation of Work and Residence Permit

a) For Expatriates:

Where a work or residence permit of a non citizen is about to expire and he/she is not eligible for renewal, or the contract between employee and employer has come to an end, Investor shall apply to ZIPA for cancellation of a work and residence permit his/her employees at least 7 days before expiry date of the permits. The application shall be made in writing and accompanied with the following:

- (i.) Original Work permit
- (ii.) Original Residence permit
- (iii.) Valid Passport
- (iv.) A copy of return ticket of the applicant

b) For Investors:

Where non citizen investor decided not to engage him/herself directly in business operation or sold all his/her share(s) or the approved enterprise or approved domestic enterprise is about to closed its business, or decide not to reside in Zanzibar, Investor shall apply for cancellation of work and residence permits at least 5 days before expiry date of the permit. The application shall be made in writing to ZIPA and accompanied with the following documents:

- (v.) Original work permit
- (vi.) Original Residence permit
- (vii.) Valid Passport
- (viii.) A copy of return ticket

Note:

Investor who fails to submit the required documents for Residence permit cancellation shall be liable to a penalty of United States Dollar three hundred (US\$ 300), payable to the Authority, for both investors as well as expatriates.

3.7 Transfer of shares and Management Company

ZIPA allows Investor to transfer/sell his or her shares or engage other company to run her /his business under the following procedures:

3.7.1 ZIPA Procedures for transfer of shares

Investors shall inform ZIPA whenever there is Change of Ownership and submit to ZIPA the following documents:

- (i.) Board meeting resolution approved by Registrar of Companies which states number of shares transferred or sold.
- (ii.) CV, police clearance, passport copies and photos of the new Directors/shareholders
- (iii.) For a Company as new shareholder – Memorandum and Article of Association of the new shareholder and shareholders detail (Both company and person)
- (iv.) Pay service charges to ZIPA

Note:

1. ***Investor shall pay to ZIPA 1.5% of share transferred on approved capital investment, indicated in the feasibility study, by ZIPA, as service charges.***
2. ***Notwithstanding with number 1 above, Investor shall pay to ZIPA 1.5% of share transferred on actual investment capital if the capital investment exceed the approved capital indicated in the feasibility study as service charges***

3.7.2 Procedures for approval of Management Company/Renting the investment

Investors shall inform ZIPA whenever he/she rent/lease or engage Management Company to run his /her business and submit to ZIPA the following documents:

- (i.) Contact between Investor and lessee/Management company
- (ii.) Details of lessee which include CV, police clearance, passport copies and passport photograph
- (iii.) For Company as lessee – Memorandum and Article of Association of the lessee

- (iv.) Management company shall pay service fee of US\$ 500 annually until the end of contract
- (v.) A letter of commitment from investor showing that he/she will be liable for any obligation engaged by lessee to a third party and fail to deliver; **OR**
- (vi.) The contract between lesser and lessee shall indicate the amount of money (and the way to get them) to be used as a security for any commitment or transaction made between lessee and a third party such as suppliers and the like. The security shall be subject to capital investment of the approved project as follows:

CAPITAL INVESTMENT (US\$)	Amount in US \$
ABOVE 6,000,000	500,000
3,000,000 - 6,000,000	300,000
1,000,000 – 300,0000	250,000
BELOW 1,000,000	100,000

Note: Rates are subject to change without prior consultation with Investors

3.7.3 Other business facilitation

ZIPA may facilitate work and residence permits for expatriates of the domestic company who wish to employ expatriates in key positions. The application must be done in writing and accompanied with the following

1. All documents required for issuance of permit for an approved enterprise or approved domestic enterprise.
2. Company Memorandum and Article of Association
3. Business License from regulated MDAs or competent Authority
4. Pay to ZIPA facilitation fees annually.
5. Pay work and residence permit fee at Labour Commission and Immigration Department respectively.

Note:

Facilitation fees is US\$ 300.00 per year

4.0 BUSINESS ENVIRONMENT

4.1 Acquisition of Land outside Free zone

Land is owned by the Government. However, it can be acquired by lease of up to 99 years through Department of Land and Survey (DLS). However, signing lease agreement with DLS is subjected to approval of the project by ZIPA. The indicative land rents are provided below:

INDICATIVE LAND RATES

SECTOR	FOREIGNER (US\$/Ha)	CITIZEN (TSH/Ha)
Hotel	4000 – 4500	US \$ 1,500
Industrial	1285 – 3200	500,000
Agriculture	385 - 642	83,335
Services	1285 – 1785	500,000

Source: DLS, 2010

Note:

1. Rates are subject to change without prior consultation with Investors
2. Investors are strongly advised to refrain from entering private agreements on land acquisition/lease. The Government does not recognize such transactions and strongly recommend to investor to consult DLS regarding land issues before and after approval of Investment project by ZIPA at the following address:

Director,
Department of Lands and Registration,
P. O. Box 811,
Zanzibar – Tanzania

4.1.2 Acquisition of land at Free Zone Area

ZIPA as the custodian of free zones readily offers on lease plots in the zones to potential investors. The indicative land rates at free zones are as follows:

INDICATIVE LAND LEASE AND PREMISES RENT FEES IN UNITED STATES DOLLARS (US \$)

ITEM	FREE ZONES				
	Amaan	Fumba	Micheweni	Maruhubi	Airport
LAND LEASE RENT IN US \$/Sqm/ Year					
Area less than 1 ha	1.0 – 5.0	0.5 - 2.0	0.2 - 1.5	1.0 – 5.0	0.5 – 2.0
1 ha – 5 ha	-	0.2 – 1.5	0.075 – 1.5	-	0.2 – 1.5
Above 5 hectares	-	0.1 – 1.0	0.01 0.75	-	0.1 – 1.0
Container space	35	-	-	35	-
PREMISES RENT IN US \$ /Sqm/Year					
Office Rent	60	-	-	60	-
Shed Rent in US \$/Sqm/ Year					
Fabrication Project	16	-	-	-	16
Non Fabrication	20	-	-	20	20

Source: ZIPA 2010

Note: Rates are subject to change without prior consultation with Investors

4.2 Financial Services

Various local, regional and international financial institutions offer a wide range of services in Zanzibar. Peoples Bank of Zanzibar, National Bank of Commerce, Barclays Bank, Postal Bank, FBME, Western Union, Credit and Rural Development Bank and Exim Bank are reputable banks that have set businesses in Zanzibar. In addition there are various insurance companies and a number of bureau de change offer service to interested customers. The most outstanding one is the Zanzibar Insurance Corporation with decades of business experience in the field an knowledge of local environment. Banking hours start from 0800hrs to 1530hrs Monday to Friday. Some banks open on Saturday from 0800hrs to Noon.

4.3 Workforce

There is ample hardworking and trainable work force to serve investment projects. Investors are encouraged to set their own competitive compensation packages.

4.4 Joint Venture

There are a number of local investors willing to cooperate with other parties to develop their investments. For more details and profiles for joint venture, please visit our website at www.zanzibarinvest.org

4.5 Infrastructure development

4.5.1 Water

Zanzibar has adequate water reserves for industrial and household use. Minimum infrastructure is still needed to ensure water supply reaches every part of the Island. The commercial rate is US\$ 1 per cubic meter.

4.5.2 Electricity

Zanzibar (Unguja) is connected to the National (Tanzania) Power Grid through an underwater submarine cable with a capacity of 50MW. It has standby generators with capacity of 25MW. Likewise, her sister island of Pemba is connected through submarine cable from Tanga (Mainland Tanzania) with a capacity of 20MW. It also has diesel oil –run generators with a capacity of 5MW. The applicable current is 220V, which conforms to British standards. The cost of electricity in **US\$ per KWH** is provided below:

The cost of Electricity in US\$ per Kwh

Customer	Cost/Kwh	Cost/KVA
Domestic	.008	-
Commercial	.100	-
Small Industries	.093	-
Medium Industries	.095	5.5
Large Industries	.070	5.5

Source: ZECO, 2010; Note: Rates are subject to change without prior consultation with Investors

4.5.3 Telecommunication

Telecommunication system is excellent, both for local and international calls. Mobile phone technology is available and most advanced in Zanzibar. Zanzibar is well served by the main 5 telecommunication companies operating not only in United Republic of Tanzania but also in the East African Region and beyond. These are TTCL, ZANTEL, TIGO, VODACOM and AIRTEL. The rates are reasonable. The internet services are also available at very competitive rates.

4.5.4 Sea Port

At the heart of the Stone Town lies an easily accessible seaport which caters for ocean going vessels, cargo handling services, as well as for passenger cruise ships and fast speed ferry boats. Seaport in Pemba is in the process of being upgraded to further improve its services and enable it to receive international vessels/cargo.

4.5.5 Airport

The Zanzibar Airport is capable of handling diverse sizes of aircraft, which fly in tourist and cargo. Recently the airport has been renovated by extension of its runway while major construction works are in progress for the fascinating modern passenger terminal and other facilities. The Airport in Zanzibar (i.e capital) serves both domestic and international flights, while in Pemba it is for domestic and light weight flights from neighboring countries. Plans are under way to upgrade Pemba Airport.

4.6 Restricted and Reserved Business

4.6.1 Restricted Business

CASINO and Gambling businesses are restricted to both local and foreign investors.

4.6.2 Business reserved for local Investors

The following business is reserved for local investors:

- *Barbershops,*
- *Hair dressing,*
- *Beauty saloons,*
- *Retail shops, standard Restaurants*
- *Tour operation (ground handling)*

Note: The list is not exhaustive, the Authority reserve the right to set aside some business activity for local investors

5.0 FREE ZONES INFORMATION

5.1 Amaan Industrial Park

Located just 3 kilometers from sea port and 2 kilometers from airport, Amaan Industrial Park is fairly developed and operational industrial park and covers an area of 12.5 hectares. Existing infrastructure includes:

- Industrial sheds/warehouses.
- All necessary utilities like electricity, water and telecommunication.
- On site customs inspection.

5.2 Fumba Free Zone

Located 24 kilometers from seaport and 10km from the Zanzibar International Airport to the South-West of the Unguja Island (Zanzibar) and covering an area of 3000 hectares, Fumba Free Zone is the largest zone in Zanzibar. It is relatively green and therefore suitable for customer-tailored construction of industrial sheds/warehouses. All utilities are within reach. Ideal for light engineering and projects based on maximum use of local raw materials such as marine and agriculture resources including spices, labour intensive factories such as garment manufacturing. An International Trade Center is being planned to be developed in this area where electricity, water supply and road network in fairly good.

5.3 Micheweni Free Zone

Covering an area of 808.8ha, 75 km from sea port and 45 km from airport, this zone is located at Micheweni, on the northeastern tip of Pemba. Like the Fumba zone, Micheweni offers untouched land ready to host potential investors.

5.4 Maruhubi Zone

The Maruhubi Zone is located about 5 km outside the seaport and has all basic facilities including: cargo handling equipment, 24 hrs security, electricity, water and telecommunication.

5.5 **Air Port Zone**

The Airport Zone is a recently declared zone intended to cater for air cargo. Investments are encouraged for the development of the site as well as its future operation.

5.6 **Eligibility**

To be authorized to establish business activity within the Export Processing Zone, a company has to fulfill the following conditions:

- a) Carry out an industrial or processing activity.
- b) Export not less than 80% of its products.

6.0 **GENERAL INFORMATION**

Geographical: Zanzibar is an archipelago of two main Islands (Unguja and Pemba) and about 50 smaller islets. It covers the land area of 2332 sqkm of which Unguja is 1464 sqkm.

Political: It is a country which united with Tanganyika to form United Republic of Tanzania in 1964. Zanzibar has an autonomous government complete with its own President, Cabinet Legislature and Judicial System.

Location: Zanzibar is located 35km off the coast of Mainland Tanzania, between 39 degrees longitude and 6 degrees latitude south of equator.

Climate: Tropical – hot and sunny. The heavy rains starts in March and lasts for several weeks.

Local Time: 3 hrs ahead GMT.

Population: 984,625 according to 2002 census (1.2 million, 2002 projection at growth rate of 3%.)

Culture: A cocktail of African, Arabian and Indian sub continent (swahili culture) predominantly Muslim

Language: The official language of the country is Kiswahili, although English is widely spoken & understood very well. Road signs are in both English and Swahili.

Currency: The monetary unit of United Republic of Tanzania is shilling (TZS) which is divided into 100 cents.

Religion: At least 97% of Zanzibaris are Muslim and the remaining 3% are divided into Christians, Hindus and others. During the holy month of Ramadhan, visitors are expected to refrain from eating drinking or smoking in public during day-light hours.

Medical Services: Health care in Zanzibar is very good. The services are provided by both public and private hospitals.

Education Residents have a choice of private and government schools. These vary from Kindergarten, Primary, High Schools and University level. There are 4 international accredited and affiliated universities in Zanzibar which offer different courses. Two of them are State owned.

Roads: A network of tarmac trunk road covers most parts of Zanzibar. A passable network of tertiary roads reaches all rural areas.

Getting around the city: Taxis are the most common way of getting around the Zanzibar town. Private hire vehicles are also available at reasonable rates.