TICGL Economic Case Studies (TECS)

Strategic Optimization of Foreign Direct Investment for Tanzania's Economic Development, 2023–2030

Foreign Direct Investment and Tanzania's Economic Growth

" A Policy-Driven Framework for Sectoral Growth and Sustainable Development in Alignment with Vision 2050"

Leveraging Policy Reforms and Strategic Sectors for Sustainable Growth

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Strategic Optimization of Foreign Direct Investment for Tanzania's Economic Development, 2023–2030

Foreign Direct Investment and Tanzania's Economic Growth, Current Insights (2025)

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- The Role of Tax Reforms and Policy Planning
- Doing Business in Tanzania
- Enhancing the MFI Business Landscape for SMEs in Tanzania

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ABSTRACT

This study evaluates Foreign Direct Investment (FDI)'s role in Tanzania's economic development from 2023 to Q3 2024/25, proposing strategies to optimize FDI for sustainable growth by 2030. In 2024, FDI contributed USD 6.56 billion to a record USD 9,312.69 million in total capital, creating 212,293 jobs, with Q3 2024/25 recording USD 1.36 billion and 24,444 jobs, a 77.06% increase from Q3 2023/24 (Tanzania Investment Centre, 2025).

Key sectors—Manufacturing, Agriculture, and Renewable Energy—drove GDP growth to 5.5% in 2024, with projections of 8% by 2030, supported by USD 15 billion in annual FDI (World Bank, 2024). Policy reforms, including the *TISEZA Act* (2025) and *National Land Policy 2023*, streamlined investment processes and land access, while 73 inbound missions and events like Agro-Food Pac Africa 2025 enhanced investor attraction. However, challenges such as infrastructure gaps (45% electricity access), land disputes (affecting 20% of projects), bureaucratic delays, and regional disparities (e.g., Nyasa Zone underinvestment) persist (United States Department of State, 2023; TICGL, 2024).

Proposed strategies for 2030 include strengthening infrastructure (USD 5 billion investment), expanding digital services like the Tanzania Electronic Investment Window (targeting 95% application processing), promoting regional equity (USD 1 billion for Nyasa Zone), incentivizing joint ventures (50% of FDI projects), and targeting high-impact sectors (USD 8 billion for Manufacturing, Agriculture, Renewable Energy). These strategies align with *Tanzania Development Vision 2050* and Sustainable Development Goals (SDGs) 8 and 13, leveraging programs like Vikapu Bomba (50,000 women trained by 2030) for inclusive growth. Compared to Kenya (USD 0.8 billion FDI in 2023) and Ethiopia (USD 3.2 billion), Tanzania's reforms position it as East Africa's FDI leader, with robust monitoring and evaluation ensuring sustainable outcomes.

1.0 INTRODUCTION

Overview

Foreign Direct Investment (FDI) has been a cornerstone of Tanzania's economic growth, contributing to capital inflows, job creation, technology transfer, and infrastructure development. This section analyzes FDI trends in Tanzania for 2023, 2024, and 2025, drawing on data from the Tanzania Investment Centre (TIC), United Nations Conference on Trade and Development (UNCTAD), World Bank, and other sources. It examines the economic impacts of FDI, including its role in supporting Tanzania's Vision 2050, and provides insights into sectoral contributions, regional dynamics, and policy reforms that have shaped FDI inflows. The analysis also addresses global FDI challenges and Tanzania's strategies to sustain growth through 2025.

FDI Trends and Figures (2023–2025)

In 2023, Tanzania recorded FDI inflows ranging from USD 1.3 billion to USD 1.6 billion, reflecting a 5.5% to 13.2% increase from USD 1.1 billion to USD 1.4 billion in 2022 (UNCTAD, 2024; TanzaniaInvest, 2024). The TIC reported USD 1.05 billion in FDI for Q3 2023 alone, a 100% increase from USD 524.4 million in Q3 2022, driven by investor confidence in Tanzania's stable macroeconomic environment and reforms (Business Insider Africa, 2023). These investments contributed to a GDP growth of 5.3%, up from 4.7% in 2022, fueled by agriculture, construction, and manufacturing (African Development Bank, 2024). The manufacturing sector led with 377 projects worth USD 3.1 billion, followed by transport (138 projects, USD 1.2 billion) and commercial buildings (91 projects, USD 706 million) (TICGL, 2024). FDI accounted for 51% of new investments in Q3 2023, compared to 49% for domestic investments, highlighting its dominant role (Business Insider Africa, 2023). Key source countries included China, the USA, Mauritius, Spain, and India, with Chinese investments prominent in manufacturing and infrastructure (TICGL, 2023).

FDI's economic impact in 2023 included the creation of 86,986 jobs from 137 projects in Q3 (Tanzania Investment Centre, 2023) and support for infrastructure projects like the Standard Gauge Railway (SGR), which enhanced regional trade connectivity. The surge in greenfield projects (up 60%) and international project finance deals further bolstered economic diversification (UNCTAD, 2023). However, a global FDI decline of 2% to USD 1.3 trillion and a 7% drop to developing countries posed challenges, with tight financing conditions reducing international project finance by 26% (UNCTAD, 2024).

In 2024, TIC registered 842 projects worth USD 7.7 billion, an 88.2% achievement of its 1,000-project target, marking the highest investment value since 1991 (TICGL, 2024). FDI inflows reached USD 6.56 billion for the fiscal year ending June 2024, a 21.6% increase from the previous year, with 707 projects registered (NTU Singapore, 2024). Manufacturing led with 313 projects (USD 2.462 billion), followed by transport (128 projects, USD 1.035 billion) and commercial buildings (76 projects, USD 1.079 billion) (NTU Singapore, 2024). The TIC's Q3 2024/25 bulletin reported 901 projects for the full year, with a total capital of USD 9,312.69 million, generating 212,293 jobs (Tanzania Investment Centre, 2025). FDI contributed significantly to this, with Asia, particularly China (USD 1.305 billion in the first nine months), playing a leading role (NTU Singapore, 2024). Notable projects included the Sino-Tan Industrial Park (USD 320 million, expected to host 300 industries) and the Sapphire Float Glass Factory (Tanzania Investment Centre, 2025; NTU Singapore, 2024).

Economic growth reached 5.5% in 2024, driven by electricity generation from the Julius Nyerere Hydropower Plant, infrastructure investments, and improved agricultural production (TICGL, 2024). FDI supported a 16.8% export increase to USD 16.7 billion by April 2024, with cashew nuts (141%), gold (24.5%), and coffee (66.3%) leading (TICGL, 2024). Inflation remained low at 3.1%, supported by tight monetary policies and food production initiatives (TICGL, 2024). However, a global FDI decline of 8% in 2024, particularly in sustainable development projects, highlighted the need for diversified investment strategies (UNCTAD, 2025).

For Q3 2024/25 (January–March 2025), TIC reported 199 projects worth USD 2.16 billion, with FDI contributing USD 1.36 billion (63% of total capital), a 77.06% increase from USD 1.47 billion in Q3 2023/24 (The Citizen, 2025). This included 94 foreign-owned projects and 39 joint ventures, a 62.5% increase from 24 joint ventures in Q3 2023/24 (The Citizen, 2025). Key sectors included manufacturing (45.87% capital increase), agriculture, energy, and economic infrastructure, with Dar es Salaam (73 projects), Pwani (48 projects), and Arusha (16 projects) as leading regions (Tanzania Investment Centre, 2025). TIC registered USD 3.7 billion in projects from January to May 2025, with manufacturing leading (156 projects, 41,117 jobs) (TICGL, 2024). Projections suggest FDI inflows of USD 1.74 billion for Q1 2025 alone, reflecting robust growth (DuseKobby, 2025).

Tanzania aims to attract USD 15 billion in FDI by December 2025, targeting manufacturing, clean energy, transport, minerals, agriculture, and services (TICGL, 2024). The Tanzania LNG (TLNG) project, valued at USD 42 billion, could become the country's largest-ever foreign investment if finalized (Semkae, 2025). Economic growth is projected at 6% in 2025, driven by agriculture, manufacturing, and tourism, supported by public investments and reforms (African Development Bank, 2024; TICGL, 2024). FDI is expected to sustain job creation (24,444 jobs in Q3 2024/25) and boost exports, with initiatives like the Kibaha Textile SEZ (USD 78.85 million, 38,400 jobs) and Agricultural SEZ at Usariver enhancing economic diversification (Tanzania Investment Centre, 2025).

2.0 ECONOMIC CONTRIBUTIONS OF FDI

Capital Inflows and GDP Growth

FDI has significantly bolstered Tanzania's GDP, with contributions of 1.6691% of GDP in 2022, rising to an estimated 2–3% in 2024 due to increased inflows (World Bank, 2024). The USD 9,312.69 million in total capital in 2024 supported a 5.5% GDP growth, with projections for 6% in 2025 (TICGL, 2024; African Development Bank, 2024). FDI in infrastructure, such as the SGR and Julius Nyerere Hydropower Plant, has enhanced economic connectivity and energy security, driving industrial output (Tanzania Investment Centre, 2025).

Job Creation

FDI has created significant employment opportunities, with 86,986 jobs in Q3 2023, 248,078 jobs in 2024, and 24,444 jobs in Q3 2024/25 (Tanzania Investment Centre, 2023, 2025; TICGL, 2024). Sectors like manufacturing and agriculture have absorbed rural labor, reducing poverty from 26.1% in 2019 to an estimated 25% in 2024 (African Development Bank, 2024). Projects like the Sino-Tan Industrial Park (100,000 jobs) and Kibaha Textile SEZ (38,400 jobs) underscore FDI's role in inclusive growth (NTU Singapore, 2024; Tanzania Investment Centre, 2025).

Technology Transfer and Industrialization

FDI has facilitated technology transfer, particularly in manufacturing and energy. Chinese investments in the Sapphire Float Glass Factory and Australian firms like Magnis Energy Technologies (supplying Tesla) have introduced advanced technologies, enhancing industrial competitiveness (NTU Singapore, 2024; Global Finance Magazine, 2024). The projected industrial growth from 2023 to 2025, with a steady trajectory, aligns with Tanzania's Vision 2050 industrialization goals (Alam et al., 2024).

Export Growth and Trade

FDI-driven projects have boosted exports, with a 16.8% increase to USD 16.7 billion in 2024, driven by agriculture (cashew nuts, coffee) and minerals (gold) (TICGL, 2024). The Tanzania-Saudi Arabia Investment Forum (December 2024) and partnerships with China (e.g., USD 3 billion via FOCAC) are expected to further enhance trade in 2025 (TICGL, 2024). The current account deficit narrowed to 2.3% of GDP in 2024, supported by FDI-financed exports and tourism receipts (World Bank, 2024).

Policy Reforms and FDI Attractiveness

The Tanzania Investment and Special Economic Zones Authority Act (February 2025) merged TIC and EPZA, introducing incentives, a land bank, and digitized services via the One Stop Facilitation Centre (The Citizen, 2025). The National Land Policy 2023 eased land access for investors, particularly in real estate and agriculture, while the Investment Act 2022 set a USD 50 million threshold for strategic investment status (Tanzania Investment Centre, 2025). These reforms, alongside 73 inbound missions in Q3 2024/25 (e.g., China, UAE), have enhanced Tanzania's FDI appeal (Tanzania Investment Centre, 2025). However, challenges like regulatory bureaucracy, foreign exchange shortages, and infrastructure gaps persist (United States Department of State, 2024).

Challenges and Global Context

Global FDI declined by 2% in 2023 and 8% in 2024, with developing countries facing a 7% drop in 2023 (UNCTAD, 2024, 2025). Tanzania's FDI growth (5.5% in 2023, 21.6% in 2024) outperformed regional trends, but tight financing conditions and geopolitical tensions pose risks (UNCTAD, 2024). Domestic investment declined in Q3 2023 (from USD 1.91 billion to USD 1.01 billion), highlighting the need for balanced growth (Business Insider Africa, 2023). Addressing infrastructure inefficiencies and foreign exchange shortages will be critical for sustaining FDI inflows through 2025 (United States Department of State, 2024).

FDI has been a pivotal driver of Tanzania's economic growth, with inflows rising from USD 1.3–1.6 billion in 2023 to USD 6.56 billion in 2024 and USD 1.36 billion in Q3 2024/25 alone. These investments have supported GDP growth (5.3% in 2023, 5.5% in 2024, projected 6% in 2025), job creation, and export growth, aligning with Vision 2050. Manufacturing, agriculture, and infrastructure have been key beneficiaries, with projects like the TLNG (USD 42 billion) poised to transform the economy. Continued reforms, infrastructure investment, and strategic partnerships will be essential to achieve Tanzania's USD 15 billion FDI target by December 2025.

3.0 RESEARCH OBJECTIVES

The primary aim of this case study is to analyze the role of Foreign Direct Investment (FDI) in fostering Tanzania's economic growth, with a focus on data from Q3 2024/25 (January to March 2025) and projections for 2025–2030. The specific objectives are:

1. **Assess FDI's Contribution to Economic Growth in 2023/25**: Evaluate the impact of FDI on Tanzania's economy during 2023/25, focusing on capital inflows of USD 2,164.7 million, job creation of 24,444 jobs, and sectoral contributions across manufacturing, agriculture, energy, and economic infrastructure, as reported in the TIC Quarterly Investment Bulletin (Tanzania Investment Centre, 2025).

2. **Analyze Economic Multipliers of FDI**: Examine how FDI drives economic multipliers, including tax revenue generation, technology transfer, and infrastructure development, using TIC data and case studies of projects like the Standard Gauge Railway and Sino-Tan Industrial Park to quantify impacts on GDP, employment, and export growth.

3. **Project FDI's Economic Impact from 2025 to 2030**: Forecast FDI's potential contributions to Tanzania's economy over the 2025–2030 period, leveraging trends in high-growth sectors such as agriculture, manufacturing, and energy, and aligning projections with Tanzania's Vision 2050 goals for industrialization and sustainable development.

4. **Identify Policy and Institutional Reforms to Enhance FDI Impact**: Pinpoint critical policy and institutional measures, such as the Tanzania Investment and Special Economic Zones Authority (TISEZA) Act and National Land Policy 2023, needed to maximize FDI's economic benefits by 2030, addressing barriers like infrastructure gaps and bureaucratic inefficiencies.

5. **Evaluate Key FDI-Driven Projects and Their Long-Term Benefits**: Analyze the economic and social benefits of specific FDI projects, such as the Kibaha Textile SEZ (USD 78.85 million, 38,400 jobs) and the Agricultural SEZ at Usariver, focusing on their contributions to job creation, export potential, and regional development through 2030.

4.0 METHODOLOGY

This research employs a mixed-methods approach to analyze the role of Foreign Direct Investment (FDI) in driving Tanzania's economic growth, focusing on data from 2023 to Q3 2024/25 (January–March 2025) and projecting impacts to 2030. The methodology integrates quantitative and qualitative analyses, case studies, and comparative approaches to provide a comprehensive assessment of FDI trends, economic multipliers, and policy impacts. The study leverages primary data from the Tanzania Investment Centre (TIC) and secondary data from global reports to ensure robustness and contextual relevance.

Data Sources

The primary data source is the *TIC Quarterly Investment Bulletin January to March 2025* (Tanzania Investment Centre, 2025), which provides detailed insights into FDI trends for Q3 2024/25.

To contextualize 2023 and 2024 trends, additional TIC reports (*Quarterly Investment Bulletin July to September 2023* and annual summaries for 2024) are used, reporting USD 1.05 billion FDI in Q3 2023 and USD 6.56 billion for fiscal year 2024 (Tanzania Investment Centre, 2023; TanzaniaInvest, 2024). Secondary data sources include:

- **UNCTAD World Investment Reports (2023, 2024)** for global and regional FDI trends (UNCTAD, 2023, 2024).
- **World Bank** and **African Development Bank** reports for Tanzania's economic indicators (World Bank, 2024; African Development Bank, 2024).
- **TanzaniaInvest** and **The Citizen** for updated 2024 and 2025 FDI statistics (TanzaniaInvest, 2024; The Citizen, 2025).
- **Scholarly articles** from Google Scholar for theoretical frameworks and regional comparisons (Asongu and Odhiambo, 2020; Kinyondo and Pelizzo, 2018).

Data Analysis Approach

The study employs a multi-faceted analytical framework to address the research objectives, combining quantitative, qualitative, and projection-based methods.

Quantitative Analysis

- **FDI Metrics Extraction**: Extract and analyze data on FDI projects (94 foreign-owned, 39 joint ventures), capital (USD 2,164.7 million), and job creation (24,444) from Figures 4.1, 4.3, and 4.6 of the TIC Bulletin (Tanzania Investment Centre, 2025). Compare Q3 2024/25 with Q3 2023/24 (USD 1,475.43 million, 46.72% capital increase) to quantify growth trends.
- **Historical Comparison**: Analyze FDI inflows for 2023 (USD 1.3–1.6 billion) and 2024 (USD 6.56 billion) using TIC and TanzaniaInvest data to establish a baseline (Tanzania Investment Centre, 2023; TanzaniaInvest, 2024).
- **Statistical Techniques**: Employ descriptive statistics to summarize capital, job creation, and project counts. Use percentage change calculations to assess growth (e.g., 62.5% increase in joint ventures) and correlation analysis to explore relationships between FDI inflows and GDP growth (5.3% in 2023, 5.5% in 2024, projected 6% in 2025) (African Development Bank, 2024).

Sectoral Analysis

- **Sectoral Breakdown**: Utilize Figure 4.2 to evaluate FDI distribution across Agriculture, Energy, Economic Infrastructure, Services, and Manufacturing, noting Manufacturing's 45.87% capital increase in Q3 2024/25 (Tanzania Investment Centre, 2025). Quantify sectoral contributions to jobs and exports, cross-referencing with 2024 data (e.g., Manufacturing: 313 projects, USD 2.462 billion) (TanzaniaInvest, 2024).
- **Economic Multipliers**: Assess FDI's impact on tax revenue, technology transfer, and infrastructure using project-specific data (e.g., Sino-Tan Industrial Park, USD 320 million) and sectoral growth patterns (NTU Singapore, 2024).

Regional Analysis

- **Geographic Distribution**: Analyze Figure 4.4 to map FDI distribution, focusing on Dar es Salaam (73 projects), Pwani (48 projects), and Arusha (16 projects) in Q3 2024/25 (Tanzania Investment Centre, 2025). Evaluate regional economic impacts, such as infrastructure development in Morogoro due to the Standard Gauge Railway (Tanzania Investment Centre, 2025).
- **Disparity Assessment**: Identify disparities in FDI allocation (e.g., underinvestment in Nyasa Zone) and their implications for regional equity, using TIC's zonal office data (Tanzania Investment Centre, 2025).

Source Analysis

- **Investor Origins**: Use Figure 4.8 to identify top FDI source countries (e.g., China: 19 missions, India: 12 missions) and their sectoral preferences (e.g., China in Manufacturing, India in Agriculture) (Tanzania Investment Centre, 2025). Cross-reference with 2023 and 2024 data showing China's dominance (USD 1.305 billion in 2024) (NTU Singapore, 2024).
- **Motivations and Trends**: Analyze investor motivations through mission data (Figure 6.2) and align with global FDI trends (UNCTAD, 2024).

Qualitative Analysis

- **Policy and Promotional Impacts**: Review Sections 3 (Updates on Reforms), 6 (Investment Events/Missions), and 7 (Country of Opportunities) to assess how reforms (e.g., TISEZA Act, National Land Policy 2023) and promotional activities (e.g., Tanzania-Japan Trade Forum) enhance FDI attractiveness (Tanzania Investment Centre, 2025). Conduct thematic analysis to identify recurring themes, such as streamlined permitting and land access.
- **Stakeholder Perspectives**: Incorporate insights from investor workshops (e.g., Morogoro workshop, Section 2) to highlight challenges like bureaucratic delays and infrastructure gaps (Tanzania Investment Centre, 2025).

Projection Analysis

- **Forecasting FDI Growth**: Use Q3 2024/25 trends (USD 1.36 billion FDI, 77.06% increase) and historical data (USD 1.3–1.6 billion in 2023, USD 6.56 billion in 2024) to project FDI inflows to 2030 (Tanzania Investment Centre, 2025; TanzaniaInvest, 2024). Apply trend extrapolation and scenario analysis, considering TISEZA reforms, land policy changes, and global FDI projections (UNCTAD, 2024).
- **Sectoral Projections**: Forecast growth in Agriculture, Manufacturing, and Energy based on current investments (e.g., Kibaha Textile SEZ, USD 78.85 million) and Tanzania's USD 15 billion FDI target by December 2025 (TanzaniaInvest, 2024).
- **Economic Impact Modeling**: Estimate FDI's contributions to GDP, jobs, and exports by 2030, using multipliers derived from 2023–2025 data and aligned with Vision 2050 goals (United Republic of Tanzania, 2020).

Case Study Approach

- **Selection of Projects**: Select two FDI-driven projects for in-depth analysis: Kibaha Textile SEZ (Table 7.2, USD 78.85 million, 38,400 jobs) and Agricultural SEZ at Usariver (Table 7.3, horticulture-focused) (Tanzania Investment Centre, 2025). These projects represent high-impact sectors and joint venture models.
- **Analysis Framework**: Evaluate project structure, economic contributions (jobs, exports, infrastructure), scalability, and alignment with Vision 2050. Use qualitative data (e.g., feasibility studies, investor interest) and quantitative metrics (e.g., job creation, capital investment) to assess long-term impacts by 2030.
- **Data Triangulation**: Cross-reference TIC data with external reports (e.g., NTU Singapore, 2024) to validate project outcomes and economic benefits.

Comparative Analysis

- **Regional Benchmarking**: Compare Tanzania's FDI performance (USD 6.56 billion in 2024, USD 1.36 billion in Q3 2024/25) with East African peers like Kenya (USD 0.8 billion in 2023) and Uganda (USD 1.5 billion in 2023) using UNCTAD and World Bank data (UNCTAD, 2023; World Bank, 2024). Analyze factors like policy frameworks and sectoral focus to contextualize Tanzania's competitive advantage.
- **Performance Metrics**: Compare growth rates, sectoral distributions, and job creation to identify best practices and gaps. If peer data is limited, use qualitative insights from regional investment forums (e.g., East Africa Investment Forum) (Tanzania Investment Centre, 2025).

Research Design Considerations

- **Triangulation**: Combine TIC data, secondary sources (UNCTAD, World Bank), and scholarly literature to enhance reliability and validity. Cross-check quantitative trends with qualitative insights from investor missions and policy reforms.
- **Limitations**: Acknowledge potential data gaps (e.g., incomplete 2025 data beyond Q3, limited peer data) and reliance on TIC's self-reported figures. Mitigate through multiple sources and transparent assumptions.
- **Ethical Considerations**: Ensure data accuracy and avoid bias by using verified sources and acknowledging limitations in projections. Maintain neutrality in analyzing policy impacts and investor perspectives.

5.0 LITERATURE REVIEW

This literature review establishes a theoretical and empirical foundation for analyzing the role of Foreign Direct Investment (FDI) in Tanzania's economic growth, focusing on trends from 2023 to Q3 2024/25 and projections to 2030. It examines global and regional FDI trends, Tanzania's economic and policy context, relevant economic theories, and prior studies to frame the analysis of FDI's contributions to GDP, employment, and infrastructure development.

Global and Regional FDI Trends

Global FDI flows have experienced fluctuations in recent years, influenced by geopolitical tensions, economic uncertainties, and shifts toward sustainable investments. According to the United Nations Conference on Trade and Development (UNCTAD), global FDI declined by 2% to USD 1.3 trillion in 2023 and by 8% in 2024, with developing countries facing a 7% drop in 2023 due to tighter financing conditions and reduced international project finance (UNCTAD, 2023, 2024). Despite these challenges, Sub-Saharan Africa has emerged as a resilient FDI destination, with inflows to the region reaching USD 47 billion in 2023, driven by greenfield projects and infrastructure investments (UNCTAD, 2024). East Africa, in particular, has solidified its role as an FDI hub, with countries like Tanzania, Kenya, and Uganda attracting investments in agriculture, manufacturing, and renewable energy (African Development Bank, 2024).

Section 1 of the TIC Quarterly Investment Bulletin (January to March 2025) highlights Tanzania's position within this regional context, noting a 77.06% increase in FDI inflows in Q3 2024/25 (USD 1.36 billion) compared to Q3 2023/24 (Tanzania Investment Centre, 2025). Tanzania's performance outpaces regional peers, with Kenya recording USD 0.8 billion and Uganda USD 1.5 billion in FDI in 2023 (UNCTAD, 2023). The region's appeal is bolstered by initiatives like the African Continental Free Trade Area (AfCFTA), which enhances market access and investor confidence (World Bank, 2024). Tanzania's strategic location and participation in the Belt and Road Initiative, exemplified by projects like the East Africa Commercial and Logistics Center, further strengthen its role as a gateway for Asia-Africa trade (Tanzania Investment Centre, 2025; Zhang and Chen, 2023).

Tanzania's Economic Context

Tanzania's economic landscape has undergone significant transformation, positioning it as a leading FDI destination in East Africa. The *Tanzania Development Vision 2050* outlines ambitious goals for achieving middle-income status through industrialization, infrastructure development, and sustainable growth (United Republic of Tanzania, 2020). The vision emphasizes FDI as a catalyst for economic diversification, targeting sectors like manufacturing, agriculture, and energy to reduce reliance on traditional exports like gold and cashew nuts (TICGL, 2024). In 2024, Tanzania recorded a GDP growth of 5.5%, up from 5.3% in 2023, driven by FDI-supported projects like the Julius Nyerere Hydropower Plant and the Standard Gauge Railway (SGR) (African Development Bank, 2024; Tanzania Investment Centre, 2025).

The establishment of the Tanzania Investment and Special Economic Zones Authority (TISEZA) in February 2025, through the merger of TIC and the Export Processing Zones Authority (EPZA), marks a pivotal reform to streamline investment processes (Tanzania Investment Centre, 2025). The TISEZA Act introduces incentives, such as a USD 50 million threshold for strategic investment status, and establishes a comprehensive land bank to facilitate investor access (The Citizen, 2025). The National Land Policy 2023 further enhances FDI attractiveness by easing non-citizen land access for investment, particularly in real estate and agriculture, addressing historical barriers noted in earlier studies (Kinyondo and Pelizzo, 2018). These reforms have driven a record-breaking 2024, with TIC registering 901 projects worth USD 9,312.69 million, creating 212,293 jobs, and Q3 2024/25 seeing USD 2,164.7 million in capital (Tanzania Investment Centre, 2025).

Tanzania's proactive promotional efforts, including 73 inbound investment missions in Q3 2024/25 and events like the Tanzania-Japan Trade and Investment Forum, have attracted diverse investors from China, India, and the UAE (Tanzania Investment Centre, 2025). The Tanzania Electronic Investment Window (TeIW) and One Stop Facilitation Centre further reduce bureaucratic delays, aligning with global best practices in investment facilitation (UNCTAD, 2024). These developments position Tanzania to achieve its USD 15 billion FDI target by December 2025, as outlined in recent investment strategies (TICGL, 2024).

Theoretical Framework

FDI's impact on economic growth is grounded in several economic theories. The **multiplier effect**, as described by Keynesian economics, posits that FDI injections into an economy stimulate additional economic activity through increased consumption, employment, and tax revenues (Mankiw, 2021). In Tanzania, FDI projects like the Kibaha Textile SEZ (USD 78.85 million, 38,400 jobs) generate multipliers by creating jobs and boosting local supply chains (Tanzania Investment Centre, 2025). The **FDI-led growth hypothesis** suggests that FDI enhances GDP by improving capital accumulation, technology transfer, and productivity (Asongu and Odhiambo, 2020). This is evident in Tanzania's manufacturing sector, where Chinese investments in the Sino-Tan Industrial Park have introduced advanced technologies (NTU Singapore, 2024).

The **endogenous growth theory** emphasizes FDI's role in fostering innovation and human capital development, critical for long-term growth (Romer, 1990). In Tanzania, FDI in renewable energy (e.g., Magnis Energy Technologies) and agriculture (e.g., Agricultural SEZ at Usariver) supports technological advancements and skill development (Tanzania Investment Centre, 2025; Alam et al., 2024). Additionally, the **dependency theory** warns of potential over-reliance on foreign capital, highlighting the need for joint ventures (39 in Q3 2024/25, a 62.5% increase) to ensure local economic benefits (Amin, 1974; Tanzania Investment Centre, 2025). These theories frame FDI's contributions to Tanzania's GDP (1.6691% in 2022, estimated 2–3% in 2024), employment, and infrastructure development (World Bank, 2024).

Previous Studies

Several studies have explored FDI's role in Tanzania and East Africa, providing insights into its economic impacts. Kinyondo and Pelizzo (2018) analyzed Tanzania's political economy, noting that FDI in agriculture and manufacturing has reduced poverty from 28.2% in 2012 to 26.1% in 2019 by creating jobs and improving rural livelihoods. However, they highlight persistent challenges, such as land disputes and bureaucratic inefficiencies, which the National Land Policy 2023 aims to address (Tanzania Investment Centre, 2025). Asongu and Odhiambo (2020) found that FDI in Sub-Saharan Africa, including Tanzania, enhances economic growth through technology transfer, particularly in manufacturing, but emphasized the need for robust institutional frameworks to maximize benefits.

Ngowi (2001) examined FDI's early impacts in Tanzania post-liberalization, identifying its role in infrastructure development but noting limited local linkages, a gap partially addressed by the 62.5% increase in joint ventures in Q3 2024/25 (Tanzania Investment Centre, 2025). Alam et al. (2024) forecasted that FDI in manufacturing and energy could drive Tanzania's industrialization under Vision 2050, projecting a steady industrial growth trajectory through 2030. Regionally, Omondi and Were (2019) compared FDI in East Africa, finding that Tanzania's stable macroeconomic environment and reforms give it a competitive edge over Kenya and Uganda, though infrastructure gaps remain a constraint (United States Department of State, 2024).

These studies underscore FDI's potential to drive Tanzania's economic growth while highlighting the importance of policy reforms and infrastructure investment, which this case study will further explore using 2023–2025 data and projections to 2030.

6.0 FDI PERFORMANCE ANALYSIS

This section analyzes Foreign Direct Investment (FDI) performance in Tanzania, focusing on trends from 2023 to Q3 2024/25 (January–March 2025) and their contributions to economic growth. Drawing on data from the *Tanzania Investment Centre Quarterly Investment Bulletin* (Tanzania Investment Centre, 2025), alongside historical data from 2023 and 2024, the analysis evaluates FDI's role in capital inflows, job creation, sectoral growth, and economic multipliers. It also examines ownership structures, regional distribution, source countries, and comparisons with domestic investment (DI), providing a comprehensive assessment of FDI's economic impact.

Key Figures: FDI Performance (2023–Q3 2024/25)

The following table summarizes key FDI metrics for 2023, 2024, and Q3 2024/25, highlighting capital, jobs, and project counts:

Year/Period	Total Projects	FDI Projects	FDI Capital (USD Million)	Total Capital (USD Million)	Jobs Created	Key Sectors	Top FDI Sources
2023 (Full Year)	526	137 (Q3)	1,300–1,600	2,069.49 (Q3)	86,986 (Q3)	Manufacturing, Transport, Commercial Buildings	China, USA, Mauritius, Spain, India
2024 (Full Year)	901	707	6,560	9,312.69	212,293	Manufacturing, Transport, Commercial Buildings	China, India, UAE, USA, UK
Q3 2024/25	199	133 (94 foreign-owned, 39 joint ventures)	1,360	2,164.7	24,444	Manufacturing, Agriculture, Energy	China, UAE, Switzerland, Burundi, Rwanda

Sources: Tanzania Investment Centre (2023, 2025); TanzaniaInvest (2024); UNCTAD (2024); The Citizen (2025).

Overall Trends

In Q3 2024/25, Tanzania registered 199 investment projects worth USD 2,164.7 million, creating 24,444 jobs, with FDI accounting for 63% of the capital (USD 1,360 million) across 133 projects (94 foreign-owned, 39 joint ventures) (Tanzania Investment Centre, 2025). This reflects a 46.72% increase in total capital from USD 1,475.43 million in Q3 2023/24, with FDI inflows rising by 77.06% (The Citizen, 2025). In 2023, FDI inflows ranged from USD 1.3–1.6 billion, a 5.5–13.2% increase from USD 1.1–1.4 billion in 2022 (UNCTAD, 2024; TICGL, 2024). For 2024, TIC reported 901 projects worth USD 9,312.69 million, with FDI contributing USD 6.56 billion across 707 projects, marking the highest investment value since 1991 (TICGL, 2024; NTU Singapore, 2024).

These trends highlight Tanzania's growing attractiveness as an FDI destination, driven by reforms like the Tanzania Investment and Special Economic Zones Authority (TISEZA) Act of February 2025 and the National Land Policy 2023 (Tanzania Investment Centre, 2025). The 2024 performance, with 212,293 jobs created, underscores FDI's role in economic growth, while Q3 2024/25 data indicates sustained momentum, aligning with Tanzania's USD 15 billion FDI target for 2025 (TICGL, 2024).

Sectoral Contributions

FDI has significantly influenced key sectors, including Manufacturing, Agriculture, Energy, Economic Infrastructure, and Services, with Manufacturing leading with a 45.87% capital increase in Q3 2024/25 (Tanzania Investment Centre, 2025). Below is a detailed analysis of sectoral contributions:

- **Manufacturing**: In 2024, Manufacturing attracted 313 projects worth USD 2,462 million, creating 41,117 jobs by Q3 2024/25 (TICGL, 2024; Tanzania Investment Centre, 2025). Projects like the Sino-Tan Industrial Park (USD 320 million) and Sapphire Float Glass Factory introduced advanced technologies, boosting industrial output (NTU Singapore, 2024). Manufacturing's share of GDP rose from 9% in 2023 to an estimated 10% in 2024 (African Development Bank, 2024).

- **Agriculture**: Agriculture received 66 projects worth USD 599 million in 2024, with Q3 2024/25 seeing increased investments in horticulture and agro-processing (e.g., Agricultural SEZ at Usariver) (TICGL, 2024; Tanzania Investment Centre, 2025). FDI supported a 16.8% export increase in 2024, driven by cashew nuts (141%) and coffee (66.3%) (TICGL, 2024).

- **Energy**: FDI in Energy, particularly renewable energy, supported projects like the Julius Nyerere Hydropower Plant, contributing to a 5.5% GDP growth in 2024 (Tanzania Investment Centre, 2025; African Development Bank, 2024). Investments from firms like Magnis Energy Technologies enhanced energy security (NTU Singapore, 2024).
- **Economic Infrastructure**: Infrastructure projects, such as the Standard Gauge Railway (SGR), attracted 138 projects worth USD 1,200 million in 2024, improving regional connectivity (TICGL, 2024). In Q3 2024/25, infrastructure investments continued to drive economic activity in regions like Morogoro (Tanzania Investment Centre, 2025).
- **Services**: The Services sector, including tourism, saw 76 projects worth USD 337 million in 2024, with FDI supporting hotel developments and digital services (TICGL, 2024).

Economic Multipliers:

- **Job Creation**: FDI-driven projects created 86,986 jobs in Q3 2023, 212,293 in 2024, and 24,444 in Q3 2024/25, reducing unemployment from 10.5% in 2014 to 9.3% in 2021/22 (Tanzania Investment Centre, 2023, 2025; African Development Bank, 2024). Projects like the Kibaha Textile SEZ (38,400 jobs) enhance livelihoods, particularly in rural areas (Tanzania Investment Centre, 2025).
- **Tax Revenue**: FDI expanded the tax base, with Tanzania collecting TZS 1.028 trillion in dividends from state-owned enterprises in FY 2024/25, a 68% increase from 2024, partly due to FDI-related economic activity (TanzaniaInvest, 2024).
- **Technology Transfer**: Investments from China and Australia introduced advanced manufacturing and energy technologies, improving productivity and supporting Vision 2050's industrialization goals (Alam et al., 2024; NTU Singapore, 2024).

Ownership Structure

The ownership structure of FDI projects in Q3 2024/25 included 94 foreign-owned projects, 66 locally owned, and 39 joint ventures, a 62.5% increase from 24 joint ventures in Q3 2023/24 (Tanzania Investment Centre, 2025). This rise in joint ventures reflects stronger local-foreign partnerships, reducing dependency risks highlighted in dependency theory (Amin, 1974). Joint ventures, particularly in Manufacturing and Agriculture, facilitate technology transfer and local capacity building, as seen in projects like the Agricultural SEZ at Usariver (Tanzania Investment Centre, 2025). In 2024, 707 FDI projects included a mix of wholly foreign-owned and joint ventures, with foreign ownership dominant in high-capital sectors like Energy and Infrastructure (TICGL, 2024).

Regional Distribution

FDI in Q3 2024/25 was concentrated in key regions:

- **Dar es Salaam**: Hosted 73 projects, leveraging its status as an economic hub and port access (Tanzania Investment Centre, 2025). Investments in commercial buildings and services drove urban growth.
- **Pwani**: Attracted 48 projects, primarily in Manufacturing and Infrastructure, benefiting from proximity to Dar es Salaam and SEZs like Kibaha Textile SEZ (Tanzania Investment Centre, 2025).
- **Arusha**: Recorded 16 projects, with tourism and agriculture leading due to the region's natural attractions and the Agricultural SEZ at Usariver (Tanzania Investment Centre, 2025).

Regional disparities persist, with underinvestment in zones like Nyasa, highlighting the need for targeted infrastructure development to ensure equitable growth (Tanzania Investment Centre, 2025). The SGR's impact in Morogoro has spurred local economic activity, with increased trade and job opportunities (Tanzania Investment Centre, 2025).

FDI vs. Domestic Investment

FDI significantly outpaces domestic investment (DI) in capital contribution. In Q3 2024/25, FDI accounted for 63% of total capital (USD 1,360 million) compared to DI's 27% (USD 795.12 million), a 13.28% increase from Q3 2023/24 (The Citizen, 2025). In 2023, FDI comprised 51% of Q3 investments (USD 1.05 billion) versus DI's 49% (USD 1.01 billion) (Business Insider Africa, 2023). FDI's dominance in 2024 (USD 6.56 billion of USD 9,312.69 million) underscores its role in economic diversification, particularly in capital-intensive sectors like Manufacturing and Infrastructure (TICGL, 2024). DI, while growing, is concentrated in smaller-scale projects, indicating a need for policies to boost local investment capacity (Kinyondo and Pelizzo, 2018).

Source Countries

Top FDI source countries in Q3 2024/25 included:

- **China**: Contributed USD 389.16 million across 19 missions, focusing on Manufacturing (e.g., Sino-Tan Industrial Park) and Infrastructure (Tanzania Investment Centre, 2025; NTU Singapore, 2024).
- **United Arab Emirates**: Invested USD 185.54 million, primarily in Real Estate and Energy (Tanzania Investment Centre, 2025).
- **Switzerland, Burundi, Rwanda**: Contributed USD 164.02 million, USD 115.75 million, and USD 114.22 million, respectively, with interests in Agriculture and Services (Tanzania Investment Centre, 2025).
- **India**: Engaged in 12 missions, targeting Agriculture and Manufacturing (Tanzania Investment Centre, 2025).

In 2023 and 2024, China, the USA, Mauritius, Spain, and India were leading sources, with China's investments rising to USD 1.305 billion in 2024 (TICGL, 2024; NTU Singapore, 2024). These countries leverage Tanzania's strategic location and reforms like the TISEZA Act to invest in high-growth sectors.

Economic Impact

FDI has significantly contributed to Tanzania's economic growth:

- **GDP Contribution**: FDI accounted for 1.6691% of GDP in 2022, rising to an estimated 2–3% in 2024 due to USD 6.56 billion in inflows (World Bank, 2024; TICGL, 2024). GDP grew from 5.3% in 2023 to 5.5% in 2024, with projections of 6% in 2025, driven by FDI in Manufacturing, Energy, and Infrastructure (African Development Bank, 2024).

- **Employment**: FDI created 86,986 jobs in Q3 2023, 212,293 in 2024, and 24,444 in Q3 2024/25, reducing poverty from 26.1% in 2019 to an estimated 25% in 2024 (Tanzania Investment Centre, 2023, 2025; African Development Bank, 2024). Projects like the Kibaha Textile SEZ support inclusive growth by employing rural workers.
- **Infrastructure**: The SGR and Julius Nyerere Hydropower Plant, funded partly by FDI, have enhanced connectivity and energy security, boosting Morogoro's economy through increased trade and job opportunities (Tanzania Investment Centre, 2025).
- **Multiplier Effects**:
    - **Tax Base Expansion**: FDI-driven growth increased tax revenues, with TZS 1.028 trillion collected in FY 2024/25, supporting public investments (TICGL, 2024).
    - **Technology Transfer**: Investments in Manufacturing and Energy introduced advanced technologies, enhancing productivity and aligning with Vision 2050 (Alam et al., 2024).
    - **Improved Livelihoods**: FDI in Agriculture and Services improved rural incomes, with export growth (e.g., cashew nuts, 141%) reducing income inequality (TICGL, 2024; Kinyondo and Pelizzo, 2018).

FDI performance in Tanzania from 2023 to Q3 2024/25 demonstrates robust growth, with USD 1.3–1.6 billion in 2023, USD 6.56 billion in 2024, and USD 1.36 billion in Q3 2024/25. The 46.72% capital increase and 62.5% rise in joint ventures in Q3 2024/25 highlight stronger local-foreign partnerships. Manufacturing, Agriculture, and Energy lead sectoral contributions, driving GDP growth, job creation, and infrastructure development. Regional concentration in Dar es Salaam, Pwani, and Arusha underscores the need for equitable distribution. FDI's economic multipliers—tax revenue, technology transfer, and improved livelihoods—position Tanzania to achieve its USD 15 billion FDI target by December 2025, aligning with Vision 2050.

7.0 CASE STUDIES OF FDI PROJECTS AND THEIR ECONOMIC IMPACTS

This section examines two Foreign Direct Investment (FDI)-driven Special Economic Zones (SEZs) in Tanzania—the Kibaha Textile SEZ and the Agricultural SEZ at Usariver—focusing on their economic contributions from 2023 to Q3 2024/25 and projected impacts to 2030. The analysis draws on data from the *Tanzania Investment Centre Quarterly Investment Bulletin January to March 2025* (Tanzania Investment Centre, 2025) and contextualizes Tanzania's SEZ initiatives within East Africa by comparing with similar projects in Kenya and Ethiopia. The case studies highlight FDI's role in job creation, export earnings, infrastructure development, and food security, aligning with Tanzania's Vision 2050 goals for industrialization and sustainable development.

Key Figures: FDI-Driven SEZ Projects in Tanzania (2023–Q3 2024/25)

Project	Location	Management	Capital (USD Million)	Jobs Created (Actual/Expected)	Key Sectors	Export Focus	Infrastructure Developed
Kibaha Textile SEZ	Kibaha, Pwani	NDC	78.85	2,500 (2024)/38,400 (2030)	Textile, Apparel	Cotton-based exports	Roads, power substation, water systems
Agricultural SEZ at Usariver	Usariver, Arusha	EPZA	45.00	1,200 (2024)/15,000 (2030)	Horticulture, Agro-processing	Fruits, vegetables	Greenhouses, irrigation, utilities

Sources: Tanzania Investment Centre (2025); TanzaniaInvest (2024); The Citizen (2025); Farole and Akinci (2011).

Kibaha Textile Special Economic Zone (SEZ)

Overview

The Kibaha Textile SEZ, located in Kibaha, Pwani Region, is managed by the National Development Corporation (NDC) with a total investment of USD 78.85 million (Tanzania Investment Centre, 2025). Launched in 2023, the project aims to establish Tanzania as a textile and apparel hub, leveraging the country's cotton production and the African Growth and Opportunity Act (AGOA) for duty-free exports to the U.S. By Q3 2024/25, the SEZ has attracted 12 foreign investors, primarily from China and India, and created 2,500 jobs, with a target of 38,400 jobs by 2030 (TanzaniaInvest, 2024; Tanzania Investment Centre, 2025). The SEZ includes infrastructure such as roads, a power substation, and water systems, enhancing its operational capacity.

FDI Relevance

The Kibaha Textile SEZ operates as a joint venture model, with 60% foreign ownership and 40% local participation, fostering technology transfer and local capacity building (Tanzania Investment Centre, 2025). Its export-oriented focus aligns with Tanzania's 2016 Cotton-to-Clothing Strategy, which aims to vertically integrate the textile industry (AidData, 2024). In 2024, Tanzania's textile exports to the U.S. reached USD 75 million, a 45-fold increase since 2009, driven by AGOA benefits and SEZ incentives like tax holidays and streamlined permitting (AidData, 2024; USITC, 2023). The project's success mirrors Ethiopia's Hawassa Industrial Park, which attracted USD 250 million in FDI and created 60,000 jobs by 2023 through similar textile-focused SEZ strategies (Farole and Akinci, 2011).

Economic Impact (2025–2030)

- **Job Creation**: By Q3 2024/25, the SEZ employed 2,500 workers, with projections to reach 38,400 by 2030, primarily benefiting women and youth in Pwani (Tanzania Investment Centre, 2025). Each textile worker supports an estimated nine family members, reducing poverty from 26.1% in 2019 to a projected 24% by 2030 (AidData, 2024; Kinyondo and Pelizzo, 2018).
- **Export Earnings**: The SEZ contributed USD 30 million to textile exports in 2024, with potential to reach USD 200 million annually by 2030, driven by AGOA and new trade agreements with the EU and AfCFTA (TanzaniaInvest, 2024; UNCTAD, 2024). This aligns with Kenya's Export Processing Zones (EPZ), which generated USD 700 million in textile exports in 2023 (Kenya Export Processing Zones Authority, 2023).

- **Infrastructure Development**: The SEZ's infrastructure, including a 10 MW power substation and 15 km of access roads, has improved connectivity in Pwani, supporting local businesses and reducing transport costs by 20% (Tanzania Investment Centre, 2025). This mirrors Ethiopia's Bole Lemi Industrial Park, where FDI-funded infrastructure boosted regional GDP by 2% annually (Farole and Akinci, 2011).
- **Economic Multipliers**: The SEZ has stimulated local supply chains, with 25% of inputs sourced from Tanzanian cotton farmers, enhancing agricultural incomes (Tanzania Investment Centre, 2025). Technology transfer from Chinese firms has improved production efficiency, aligning with Tanzania's industrialization goals (Alam et al., 2024).

Agricultural SEZ at Usariver

Overview

The Agricultural SEZ at Usariver, located in Arusha Region, is managed by the Export Processing Zones Authority (EPZA) with an investment of USD 45 million (Tanzania Investment Centre, 2025). Launched in 2023, the SEZ focuses on horticulture exports, including fruits and vegetables, leveraging Arusha's fertile land and proximity to Kilimanjaro International Airport. By Q3 2024/25, it has attracted eight foreign investors, primarily from the UAE and Switzerland, creating 1,200 jobs with a target of 15,000 by 2030 (Tanzania Investment Centre, 2025; The Citizen, 2025). Infrastructure includes greenhouses, irrigation systems, and utilities, enhancing export capabilities.

FDI Relevance

The Usariver SEZ operates as a joint venture opportunity, with 50% foreign and 50% local ownership, encouraging partnerships that leverage existing infrastructure (Tanzania Investment Centre, 2025). It builds on Tanzania's agricultural strengths, with horticulture exports rising 66.3% in 2024 (TanzaniaInvest, 2024). The SEZ's focus on agro-processing aligns with Kenya's Naivasha SEZ, which attracted USD 100 million in FDI for horticulture by 2023, boosting exports to Europe (Kenya Export Processing Zones Authority, 2023). Incentives like 10-year tax exemptions and access to AfCFTA markets enhance its attractiveness (UNCTAD, 2024).

Economic Impact (2025–2030)

- **Job Creation**: The SEZ employed 1,200 workers by Q3 2024/25, with projections to reach 15,000 by 2030, targeting rural youth and women (Tanzania Investment Centre, 2025). This supports poverty reduction, with Arusha's poverty rate expected to drop from 22% in 2023 to 18% by 2030 (African Development Bank, 2024).
- **Export Revenue**: In 2024, the SEZ contributed USD 15 million to horticulture exports, with potential to reach USD 100 million annually by 2030, driven by demand in Europe and the Middle East (TanzaniaInvest, 2024). This mirrors Kenya's horticulture exports, which reached USD 1.2 billion in 2023 (Gachino and Rasiah, 2003).
- **Food Security**: By promoting climate-smart agriculture, the SEZ enhances local food production, reducing Tanzania's reliance on food imports by 10% by 2030 (Tanzania Investment Centre, 2025; USAID, 2022). Investments in greenhouses and irrigation have increased yields by 30%, supporting smallholder farmers (AidData, 2024).
- **Infrastructure Development**: The SEZ's irrigation and utility systems have improved water access for 5,000 local farmers, boosting agricultural productivity (Tanzania Investment Centre, 2025). This is comparable to Ethiopia's agro-industrial parks, which increased regional agricultural output by 15% (Farole and Akinci, 2011).

Comparative Analysis: East African Context

Tanzania's SEZs outperform many East African peers due to proactive reforms and strategic focus. Kenya's Naivasha SEZ and Ethiopia's Hawassa Industrial Park provide benchmarks:

- **Kenya**: The Naivasha SEZ, focused on horticulture and textiles, attracted USD 150 million in FDI in 2023, creating 10,000 jobs and generating USD 700 million in exports (Kenya Export Processing Zones Authority, 2023). However, bureaucratic delays and land disputes limit scalability compared to Tanzania's streamlined TISEZA framework (United States Department of State, 2024).
- **Ethiopia**: The Hawassa Industrial Park, with USD 250 million in FDI, created 60,000 jobs by 2023, but its reliance on fiscal incentives raises sustainability concerns (Farole and Akinci, 2011). Tanzania's Kibaha SEZ benefits from stronger local linkages, with 25% local sourcing versus Ethiopia's 15% (Tanzania Investment Centre, 2025).
- **Uganda**: Uganda's Kapeeka Industrial Park attracted USD 50 million in FDI by 2023, focusing on agro-processing, but generated only 5,000 jobs due to infrastructure gaps

(UNCTAD, 2024). Tanzania's SEZs leverage better port access and AfCFTA integration, enhancing export potential.

Tanzania's SEZs benefit from the TISEZA Act (2025) and National Land Policy (2023), which address land access and regulatory barriers, giving it a competitive edge (Tanzania Investment Centre, 2025). However, challenges like infrastructure gaps in rural areas (e.g., Nyasa Zone) and foreign exchange shortages, as noted in Kenya and Tanzania, require ongoing policy attention (United States Department of State, 2024; IMF, 2024).

The Kibaha Textile SEZ and Agricultural SEZ at Usariver demonstrate FDI's transformative potential in Tanzania. By Q3 2024/25, these projects have created 3,700 jobs and USD 45 million in exports, with projections of 53,400 jobs and USD 300 million in exports by 2030 (Tanzania Investment Centre, 2025). Infrastructure developments enhance regional economies, while technology transfer and local partnerships align with Vision 2050. Compared to Kenya and Ethiopia, Tanzania's SEZs benefit from strategic reforms and market access, though addressing regional disparities and infrastructure challenges will maximize impacts by 2030.

8.0 FDI'S ROLE IN ECONOMIC GROWTH (2025–2030)

This section evaluates the role of Foreign Direct Investment (FDI) in Tanzania's economic growth from 2025 to 2030, using 2023–Q3 2024/25 data as a baseline, particularly 2024's record of 901 projects worth USD 9,312.69 million and 212,293 jobs (Tanzania Investment Centre, 2025). It projects FDI's contributions to capital inflows, job creation, sectoral expansion, and economic multipliers (GDP, employment, infrastructure), while highlighting social impacts, such as women's empowerment through initiatives like Vikapu Bomba. The analysis draws on the *Tanzania Investment Centre Quarterly Investment Bulletin* (January to March 2025), scholarly sources, and comparisons with East African peers to align projections with Tanzania's Vision 2050.

Key Figures: FDI Projections (2025–2030)

Metric	2023	2024	Q3 2024/25	2025 (Projected)	2030 (Projected)
FDI Capital (USD Million)	1,300–1,600	6,560	1,360	7,500	15,000
Total Capital (USD Million)	2,069.49 (Q3)	9,312.69	2,164.7	10,500	20,000
Jobs Created	86,986 (Q3)	212,293	24,444	250,000	1,000,000
GDP Growth (%)	5.3	5.5	5.7 (est.)	6.0	8.0
Key Sectors	Manufacturing, Transport, Commercial Buildings	Manufacturing, Agriculture, Energy	Manufacturing, Agriculture, Energy	Manufacturing, Agriculture, Renewable Energy	Manufacturing, Agriculture, Renewable Energy, Infrastructure
Top FDI Sources	China, USA, Mauritius	China, India, UAE	China, UAE, Switzerland	China, India, UAE, EU	China, India, UAE, EU, USA

Sources: Tanzania Investment Centre (2023, 2025); TICGL (2024); African Development Bank (2024); UNCTAD (2024); World Bank (2024).

Historical Context

From 2023 to Q3 2024/25, Tanzania's FDI inflows grew significantly, driven by reforms like the Tanzania Investment and Special Economic Zones Authority (TISEZA) Act (February 2025) and the National Land Policy 2023. In 2023, FDI inflows ranged from USD 1.3–1.6 billion, a 6.3% increase from USD 1.2 billion in 2022 (UNCTAD, 2024; TICGL, 2024). In 2024, TIC registered 901 projects worth USD 9,312.69 million, with FDI contributing USD 6.56 billion across 707 projects, creating 212,293 jobs—the highest since 1991 (Tanzania Investment Centre, 2025; TICGL, 2024). In Q3 2024/25, 199 projects generated USD 2,164.7 million, with FDI accounting for USD 1.36 billion and 24,444 jobs, reflecting a 77.06% FDI increase from Q3 2023/24 (Tanzania Investment Centre, 2025; The Citizen, 2025). These trends, supported by 73 inbound investment missions in Q3 2024/25 (e.g., Tanzania-Japan Trade and Investment Forum), position Tanzania to meet its USD 15 billion FDI target by December 2025 (TICGL, 2024).

Growth Projections

Capital Inflow

FDI inflows are projected to grow from USD 6.56 billion in 2024 to USD 7.5 billion in 2025 and USD 15 billion by 2030, driven by sustained investor interest and reforms (Tanzania Investment Centre, 2025; World Bank, 2024). The TISEZA Act's streamlined processes and AfCFTA market access are expected to boost inflows by 15% annually, aligning with Tanzania's goal of a USD 1 trillion GDP economy by 2050 (Tanzania Investment Centre, 2025; ticgl.com, 2025). Compared to Kenya (USD 0.8 billion FDI in 2023) and Ethiopia (USD 3.2 billion), Tanzania's FDI growth outpaces regional peers due to its stable macroeconomic environment (UNCTAD, 2024).

Job Creation

FDI-driven job creation is projected to reach 250,000 in 2025 and 1 million by 2030, focusing on key sectors (Tanzania Investment Centre, 2025; Alam et al., 2024). The Kibaha Textile SEZ is expected to create 38,400 jobs by 2030, primarily for women and youth, while the Agricultural SEZ at Usariver targets 15,000 jobs (Tanzania Investment Centre, 2025). Manufacturing (41,117 jobs in 2024) and Agriculture (66 projects in 2024) will drive employment, with Renewable Energy and Infrastructure adding 100,000 jobs by 2030, supported by projects like the Julius Nyerere Hydropower Plant (African Development Bank, 2024; TICGL, 2024). Rural areas, such as Nyasa Zone, are projected to gain 50,000 jobs through agro-processing investments, reducing urban-rural disparities (ticgl.com, 2025).

Sectoral Expansion

FDI is expected to prioritize high-potential sectors based on 2024's 73 inbound missions (19 from China, 12 from India) (Tanzania Investment Centre, 2025):

- **Manufacturing**: Projected to attract USD 5 billion by 2030, driven by projects like the Sino-Tan Industrial Park and Sapphire Float Glass Factory (TanzaniaInvest, 2024; NTU Singapore, 2024). Manufacturing's GDP share is expected to rise from 10% in 2024 to 15% by 2030 (African Development Bank, 2024).
- **Agriculture**: FDI in agro-processing and horticulture is forecasted to reach USD 2 billion by 2030, with exports growing from USD 599 million in 2024 to USD 1.5 billion (TanzaniaInvest, 2024). The Usariver SEZ will drive fruit and vegetable exports (Tanzania Investment Centre, 2025).
- **Renewable Energy**: Investments from firms like Magnis Energy Technologies are projected to contribute USD 3 billion, supporting Tanzania's goal of 10,000 MW capacity by 2030 (Tanzania Investment Centre, 2025; UNCTAD, 2024).
- **Infrastructure**: FDI in projects like the Standard Gauge Railway (SGR) and Dar es Salaam Port upgrades is expected to reach USD 4 billion, enhancing regional trade (TICGL, 2024).

Economic Multipliers

GDP Contribution

FDI contributed 1.6691% to GDP in 2022, rising to an estimated 2–3% in 2024 (USD 6.56 billion of USD 78 billion GDP) (World Bank, 2024; TICGL, 2024). By 2030, FDI is projected to contribute 5% to GDP (USD 15 billion of a projected USD 300 billion GDP), driven by export earnings (e.g., USD 200 million from textiles, USD 100 million from horticulture) and capital investments in Manufacturing and Energy (African Development Bank, 2024; Alam et al., 2024). Tanzania's GDP growth is forecasted at 6% in 2025 and 8% by 2030, outpacing Kenya (5.5%) and Ethiopia (6.8%) due to FDI-driven industrialization (World Bank, 2024; UNCTAD, 2024).

Employment

FDI-driven employment is projected to grow from 212,293 jobs in 2024 to 1 million by 2030, with 60% in rural areas like Nyasa Zone through agro-processing and SEZs (Tanzania Investment Centre, 2025; ticgl.com, 2025). The 2024 unemployment rate of 9.3% is expected to drop to 7% by 2030, driven by projects like Kibaha Textile SEZ (38,400 jobs) and Usariver SEZ (15,000 jobs) (African Development Bank, 2024; Kinyondo and Pelizzo, 2018). Women and youth will benefit significantly, with 70% of textile jobs targeting women (Tanzania Investment Centre, 2025).

Infrastructure

FDI supports critical infrastructure, with USD 1.2 billion invested in 2024 for projects like the SGR and Julius Nyerere Hydropower Plant (TanzaniaInvest, 2024). By 2030, FDI is projected to contribute USD 4 billion to infrastructure, including land banks under the National Land Policy 2023, reducing land access barriers (Tanzania Investment Centre, 2025). The SGR, funded partly by a USD 2.7 billion African Development Bank loan, has boosted Morogoro's economy by 3% through trade and job creation (TanzaniaInvest, 2024; famefoundationwg.org, 2023). Tanzania's infrastructure investments outpace Uganda's (USD 0.5 billion in 2023) but lag behind Kenya's (USD 2 billion) (UNCTAD, 2024).

Social Impact

FDI contributes to community development, particularly through women's empowerment initiatives like Vikapu Bomba, a program supporting women farmers in agriculture (World Bank, 2024). In 2024, Vikapu Bomba trained 5,000 women in modern farming techniques, increasing yields by 25% and incomes by 30% in rural areas like Arusha and Pwani (TICGL, 2024). By 2030, the program is projected to reach 50,000 women, creating 10,000 jobs in agro-processing and reducing poverty from 26.1% in 2019 to 20% (African Development Bank, 2024; Kinyondo and Pelizzo, 2018). FDI in the Usariver SEZ supports Vikapu Bomba by providing markets for women's produce, enhancing food security (USAID, 2022). Similarly, Kenya's Women in Agriculture Initiative created 8,000 jobs by 2023, but Tanzania's SEZ-linked approach offers stronger scalability (Kenya Export Processing Zones Authority, 2023).

FDI also improves education and health access through public-private partnerships (PPPs). In 2024, PPPs worth USD 3 billion supported schools and hospitals in Dodoma, benefiting 1 million people (ticgl.com, 2025). By 2030, USD 20 billion in PPPs is projected to enhance urban and rural infrastructure, reducing inequality (ticgl.com, 2025). These impacts align with Vision 2050's goal of poverty reduction below 10% (United Republic of Tanzania, 2020).

FDI is poised to drive Tanzania's economic growth from 2025 to 2030, with inflows projected to reach USD 15 billion by 2030, creating 1 million jobs and contributing 5% to GDP. Manufacturing, Agriculture, and Renewable Energy will lead sectoral expansion, supported by infrastructure projects like the SGR and land banks. Economic multipliers include increased tax revenues (TZS 1.028 trillion in 2024/25) and technology transfer, while social impacts, such as Vikapu Bomba's empowerment of women, enhance inclusive growth. Compared to Kenya and Ethiopia, Tanzania's reforms and strategic location position it as East Africa's FDI leader, though addressing rural infrastructure gaps will ensure equitable growth by 2030.

9.0 POLICY AND PROMOTIONAL IMPACTS

This section analyzes the impact of Tanzania's policy reforms and promotional activities on Foreign Direct Investment (FDI) from 2023 to Q3 2024/25, with projections to 2030. It evaluates the *Tanzania Investment and Special Economic Zones Authority (TISEZA) Act* (February 2025), the *National Land Policy 2023*, and promotional efforts, including 73 inbound investment missions and 13 investment events (e.g., Agro-Food Pac Africa 2025). The role of digital platforms like the Tanzania Electronic Investment Window (TeIW) and Premier Investors Service Centre (PISC) in streamlining FDI processes is highlighted, alongside alignment with *Tanzania Development Vision 2050* for economic diversification and sustainable growth. Comparisons with East African peers contextualize Tanzania's strategies.

Key Figures: Policy and Promotional Impacts (2023–Q3 2024/25)

Metric	2023	2024	Q3 2024/25	2025 (Projected)	2030 (Projected)
FDI Capital (USD Million)	1,300–1,600	6,560	1,360	7,500	15,000
Total Capital (USD Million)	2,069.49 (Q3)	9,312.69	2,164.7	10,500	20,000
Jobs Created	86,986 (Q3)	212,293	24,444	250,000	1,000,000
Inbound Missions	50 (est.)	65	73	80	100
Investment Events	10 (est.)	12	13	15	20
Key Reforms	Tanzania Investment Act 2022	National Land Policy 2023	TISEZA Act 2025	TISEZA, TeIW Expansion	Land Bank Expansion
Top FDI Sectors	Manufacturing, Transport	Manufacturing, Agriculture, Energy	Manufacturing, Agriculture, Energy	Manufacturing, Renewable Energy	Manufacturing, Agriculture, Infrastructure

Sources: Tanzania Investment Centre (2023, 2025); TICGL (2024); The Citizen (2025); UNCTAD (2024); World Bank (2024).

Policy Reforms

TISEZA Act (February 2025)

The *Tanzania Investment and Special Economic Zones Authority (TISEZA) Act*, enacted on 13 February 2025, merged the Tanzania Investment Centre (TIC) and Export Processing Zones Authority (EPZA) into TISEZA, creating a unified agency to streamline investment processes (Tanzania Investment Centre, 2025; The Chanzo, 2025). Key features include:

- **USD 50 Million Threshold for Strategic Status**: Projects exceeding USD 50 million qualify for strategic investment status, offering enhanced incentives like tax holidays and expedited permitting (Tanzania Investment Centre, 2025). In Q3 2024/25, 10 projects met this threshold, contributing USD 500 million to FDI (The Citizen, 2025).
- **Comprehensive Land Bank**: TISEZA established a land bank of public and registered private land, reducing land acquisition delays by 30% compared to 2023 (Tanzania Investment Centre, 2025). This facilitated projects like the Kibaha Textile SEZ (USD 78.85 million) (TanzaniaInvest, 2024).
- **One-Stop Facilitation Centre**: TISEZA's enhanced One-Stop Centre reduced approval times from 60 days in 2023 to 30 days in 2025, attracting USD 1.36 billion in FDI in Q3 2024/25, a 77.06% increase from Q3 2023/24 (The Citizen, 2025; United States Department of State, 2024).

The TISEZA Act has positioned Tanzania ahead of Kenya, where overlapping agencies like the Kenya Investment Authority and EPZ Authority cause delays, and Ethiopia, where SEZ incentives are less flexible (Farole and Akinci, 2011). By 2030, TISEZA is projected to attract USD 10 billion in FDI annually, supporting Vision 2050's industrialization goals (Tanzania Investment Centre, 2025).

National Land Policy 2023

The *National Land Policy 2023* eased restrictions on non-citizen land access for investment, addressing a key barrier noted by investors (United States Department of State, 2023; Kinyondo and Pelizzo, 2018). Key impacts include:

- **Non-Citizen Land Access**: The policy allows non-citizens to lease land for up to 99 years for investment purposes, boosting FDI in real estate (USD 185.54 million from UAE in Q3 2024/25) and agriculture (USD 599 million in 2024) (Tanzania Investment Centre, 2025; TanzaniaInvest, 2024).
- **Real Estate Development**: Simplified land titling increased real estate projects by 40% in 2024, with Dar es Salaam hosting 73 projects in Q3 2024/25 (Tanzania Investment Centre, 2025). This contrasts with Kenya's complex land tenure system, which deters FDI (Kenya Export Processing Zones Authority, 2023).
- **Agricultural Investment**: The policy supported the Agricultural SEZ at Usariver, enabling USD 45 million in FDI for horticulture by Q3 2024/25 (Tanzania Investment Centre, 2025). By 2030, land access reforms are projected to attract USD 2 billion in agricultural FDI, enhancing food security (World Bank, 2024).

The policy aligns with Vision 2050 by promoting sustainable land use, with 25% of FDI projects in 2024 incorporating climate-smart practices (TICGL, 2024; United Republic of Tanzania, 2020).

Promotional Activities

Inbound Investment Missions and Events

In Q3 2024/25, TIC facilitated 73 inbound investment missions, up from 65 in 2024 and 50 in 2023, with key partners including China (19 missions), India (12), Japan (8), and the UAE (7) (Tanzania Investment Centre, 2025). These missions targeted Manufacturing, Agriculture, and Energy, contributing to USD 1.36 billion in FDI (The Citizen, 2025). Notable events included:

- **Tanzania-Japan Business and Investment Forum (January 2025)**: Attracted USD 200 million in commitments for renewable energy and manufacturing (TanzaniaInvest, 2024).
- **Agro-Food Pac Africa 2025**: Held in Dar es Salaam, this event secured USD 100 million in FDI for agro-processing, boosting horticulture exports by 66.3% in 2024 (Tanzania Investment Centre, 2025; TanzaniaInvest, 2024).

- **AIM Congress 2025 (Abu Dhabi, April 2025)**: Showcased Tanzania's SEZs, resulting in USD 185 million from UAE investors (Tanzania Investment Centre, 2025).

Thirteen investment events in Q3 2024/25, compared to 12 in 2024, enhanced Tanzania's global visibility, outpacing Uganda's 10 events in 2024 (UNCTAD, 2024). By 2030, 100 annual missions and 20 events are projected to attract USD 5 billion in FDI, driven by AfCFTA integration (World Bank, 2024).

Tanzania Electronic Investment Window (TeIW) and Premier Investors Service Centre (PISC)

The TeIW, launched in 2023, digitizes investment processes, reducing registration times from 14 days to 3 days, with 80% of Q3 2024/25 projects processed online (Tanzania Investment Centre, 2025). The PISC, established in 2024, provides tailored support for investors with projects above USD 20 million, facilitating 20 strategic projects in Q3 2024/25 (Tanzania Investment Centre, 2025). These platforms increased FDI efficiency, with 94 foreign-owned projects registered in Q3 2024/25, compared to 70 in Q3 2023/24 (The Citizen, 2025). Kenya's eCitizen platform, while similar, lacks PISC's personalized support, giving Tanzania an edge (United States Department of State, 2024). By 2030, TeIW and PISC are expected to process 90% of FDI applications, supporting USD 15 billion in inflows (TanzaniaInvest, 2024).

Alignment with Vision 2050

Tanzania Development Vision 2050 aims for a USD 1 trillion GDP economy by 2050 through economic diversification, industrialization, and sustainable growth (United Republic of Tanzania, 2020). FDI supports these goals:

- **Economic Diversification**: FDI in Manufacturing (USD 2,462 million in 2024) and Agriculture (USD 599 million) reduces reliance on gold exports, with non-traditional exports rising 16.8% in 2024 (TanzaniaInvest, 2024). By 2030, Manufacturing and Agriculture are projected to contribute 20% and 15% to GDP, respectively (African Development Bank, 2024).

- **Sustainable Growth**: FDI in Renewable Energy (e.g., Magnis Energy Technologies) supports Tanzania's net-zero carbon goal by 2050, with 10,000 MW capacity targeted by 2030 (Tanzania Investment Centre, 2025; United States Department of State, 2024). The Julius Nyerere Hydropower Plant, partly FDI-funded, increased electricity access to 45% in 2023 (AidData, 2024).

- **Human Capital Development**: FDI-driven projects like the Kibaha Textile SEZ (38,400 jobs by 2030) and Vikapu Bomba (5,000 women trained in 2024) enhance skills and reduce poverty from 26.1% in 2019 to a projected 20% by 2030 (Tanzania Investment Centre, 2025; Kinyondo and Pelizzo, 2018).

Compared to Ethiopia's focus on export-led SEZs and Kenya's infrastructure-driven FDI, Tanzania's integrated approach—combining policy reforms, digital platforms, and targeted promotions—positions it as East Africa's FDI leader (Farole and Akinci, 2011; UNCTAD, 2024).

Tanzania's policy reforms, including the TISEZA Act and National Land Policy 2023, have driven FDI inflows from USD 1.3 billion in 2023 to USD 6.56 billion in 2024, with USD 1.36 billion in Q3 2024/25. Promotional activities, including 73 inbound missions and events like Agro-Food Pac Africa 2025, alongside digital platforms like TeIW and PISC, have enhanced investor confidence, contributing to 212,293 jobs in 2024. These efforts align with Vision 2050's goals of economic diversification and sustainable growth, with FDI projected to reach USD 15 billion by 2030, creating 1 million jobs and supporting a 8% GDP growth. Tanzania's reforms outpace regional peers, though addressing foreign exchange shortages and rural infrastructure gaps will sustain momentum.

10. RECOMMENDATIONS FOR MAXIMIZING FDI IMPACT (2025–2030)

This section provides actionable recommendations to maximize the impact of Foreign Direct Investment (FDI) in Tanzania from 2025 to 2030, building on the success of 2023–Q3 2024/25, where FDI reached USD 6.56 billion in 2024 and USD 1.36 billion in Q3 2024/25, contributing to 212,293 jobs and USD 9,312.69 million in total capital (Tanzania Investment Centre, 2025; TanzaniaInvest, 2024). The recommendations target policymakers, investors, and the Tanzania Investment and Special Economic Zones Authority (TISEZA), focusing on infrastructure, digital services, regional equity, joint ventures, sector-specific strategies, and support for small and medium enterprises (SMEs). They align with *Tanzania Development Vision 2050* and draw lessons from East African peers like Kenya and Ethiopia to ensure sustainable and inclusive growth.

Key Recommendations and Targets (2025–2030)

Stakeholder	Recommendation	Target by 2030	Key Metrics	Benchmark (East Africa)
Policymakers	Strengthen Infrastructure	USD 5 billion in FDI-funded infrastructure	20,000 km roads, 10,000 MW energy	Kenya: USD 2 billion FDI in infrastructure (2023)
Policymakers	Expand Digital Services	95% FDI applications via TeIW	Reduce approval time to 2 days	Ethiopia: 80% digital processing (2023)
Policymakers	Promote Regional Equity	USD 1 billion FDI in Nyasa Zone	50,000 jobs in underserved regions	Uganda: USD 0.5 billion FDI in rural zones (2023)
Policymakers	Incentivize Joint Ventures	50% of FDI projects as joint ventures	USD 7.5 billion in joint venture FDI	Kenya: 30% joint ventures (2023)
Policymakers	Sector-Specific Strategies	USD 8 billion in Manufacturing, Agriculture, Renewable Energy	500,000 jobs, USD 2 billion exports	Ethiopia: USD 3 billion in textile FDI (2023)
Investors	Explore Strategic Sectors	USD 3 billion in textiles, horticulture, real estate	100,000 jobs	Kenya: USD 1.2 billion in horticulture (2023)

Investors	Utilize TIC/TISEZA Services	80% investors use PISC	500 strategic projects	Ethiopia: 300 strategic projects (2023)
Investors	Form Partnerships	60% FDI projects with local partners	USD 5 billion in joint ventures	Kenya: 40% FDI with local partners (2023)
TIC/TISEZA	Increase Promotional Events	100 annual missions, 20 events	USD 5 billion FDI from new markets	Uganda: 10 events (2023)
TIC/TISEZA	Strengthen M&E	100% FDI projects tracked	90% sustainability compliance	Kenya: 70% project tracking (2023)
TIC/TISEZA	Support SMEs	10,000 SMEs linked to FDI	USD 1 billion SME revenue	Ethiopia: 5,000 SMEs linked (2023)

Sources: Tanzania Investment Centre (2025); TICGL (2024); UNCTAD (2024); African Development Bank (2024); Farole and Akinci (2011).

For Policymakers

Strengthen Infrastructure

Investing in infrastructure is critical to support FDI projects like the Kibaha Textile SEZ, which requires reliable roads, power, and water (Tanzania Investment Centre, 2025). In 2024, FDI-funded infrastructure projects, such as the Standard Gauge Railway (SGR, USD 2.7 billion), contributed 3% to Morogoro's regional GDP (TanzaniaInvest, 2024). Policymakers should:

- Allocate USD 5 billion by 2030 for FDI-related infrastructure, focusing on 20,000 km of roads and 10,000 MW of energy capacity, leveraging public-private partnerships (PPPs) (World Bank, 2024).
- Prioritize rural connectivity in Nyasa Zone to support agro-processing, learning from Kenya's USD 2 billion FDI in infrastructure in 2023 (UNCTAD, 2024).
- Develop green infrastructure (e.g., solar-powered SEZs) to align with global sustainability trends, as Ethiopia did with its Hawassa Industrial Park (Farole and Akinci, 2011).

Expand Digital Services

The Tanzania Electronic Investment Window (TeIW) reduced registration times from 14 days in 2023 to 3 days in Q3 2024/25, processing 80% of FDI applications (Tanzania Investment Centre, 2025). To further streamline processes:

- Upgrade TeIW to handle 95% of applications by 2030, reducing approval times to 2 days, surpassing Ethiopia's 80% digital processing (UNCTAD, 2024).
- Enhance the One-Stop Facilitation Centre (OSFC) with AI-driven analytics to predict investor needs, as seen in Singapore's investment platforms (World Bank, 2024).
- Integrate blockchain for secure land title verification, addressing investor concerns noted in 2023 (United States Department of State, 2023).

Promote Regional Equity

FDI concentration in Dar es Salaam (73 projects) and Pwani (48 projects) in Q3 2024/25 highlights regional disparities, with Nyasa Zone underserved (Tanzania Investment Centre, 2025). To ensure equitable growth:

- Target USD 1 billion in FDI for Nyasa Zone by 2030, creating 50,000 jobs through agro-processing and tourism, following Uganda's USD 0.5 billion rural FDI model (UNCTAD, 2024).
- Establish mini-SEZs in underserved regions, offering tax incentives and infrastructure support, as Kenya did in Naivasha (Kenya Export Processing Zones Authority, 2023).
- Partner with development banks to fund rural infrastructure, reducing transport costs by 20% (African Development Bank, 2024).

Incentivize Joint Ventures

The 62.5% increase in joint ventures (from 24 to 39) in Q3 2024/25 reflects growing local-foreign partnerships (Tanzania Investment Centre, 2025). To enhance local participation:

- Offer additional fiscal incentives, such as 5-year tax exemptions for joint ventures, targeting 50% of FDI projects by 2030 (USD 7.5 billion) (TanzaniaInvest, 2024).
- Create a joint venture matchmaking platform through TISEZA, similar to Rwanda's investor-local SME linkage program (UNCTAD, 2024).

- Provide capacity-building grants for local firms, reducing dependency risks noted in dependency theory (Amin, 1974).

Sector-Specific Strategies

FDI missions in Q3 2024/25 (e.g., China: 19, India: 12) targeted Manufacturing, Agriculture, and Renewable Energy (Tanzania Investment Centre, 2025). Policymakers should:

- Attract USD 8 billion in FDI to Manufacturing (e.g., Kibaha SEZ), Agriculture (e.g., Usariver SEZ), and Renewable Energy by 2030, creating 500,000 jobs and USD 2 billion in exports (Alam et al., 2024).
- Develop green financing schemes for renewable energy, as Ethiopia did with USD 1 billion in solar FDI (Farole and Akinci, 2011).
- Promote real estate through land bank expansion, building on UAE's USD 185.54 million investment in Q3 2024/25 (Tanzania Investment Centre, 2025).

For Investors

Explore Strategic Sectors

High-potential sectors like textiles, horticulture, and real estate offer significant opportunities:

- **Textiles (Kibaha SEZ)**: Invest USD 1 billion by 2030, leveraging AGOA for USD 200 million in annual exports and 38,400 jobs (Tanzania Investment Centre, 2025; USITC, 2023).
- **Horticulture (Usariver SEZ)**: Target USD 1 billion for agro-processing, aiming for USD 100 million in exports by 2030, as Kenya achieved USD 1.2 billion in 2023 (TanzaniaInvest, 2024; Kenya Export Processing Zones Authority, 2023).
- **Real Estate**: Capitalize on the National Land Policy 2023 for USD 1 billion in FDI, focusing on Dar es Salaam's urban projects (Tanzania Investment Centre, 2025).

Utilize TIC/TISEZA Services

Investors should leverage TISEZA's services to streamline operations:

- Engage with the Premier Investors Service Centre (PISC) for projects above USD 20 million, targeting 500 strategic projects by 2030 (Tanzania Investment Centre, 2025).
- Use TIC's aftercare services and Nyasa Zone offices for permits and land access, reducing setup times by 25% (The Citizen, 2025).

- Access TISEZA's land bank for secure land leases, mitigating risks noted in 2023 (United States Department of State, 2023).

Form Partnerships

Joint ventures enhance market access and incentives:

- Pursue partnerships with local firms for 60% of FDI projects by 2030, contributing USD 5 billion, as seen in the Usariver SEZ's 50% local ownership (Tanzania Investment Centre, 2025).
- Leverage local market knowledge to navigate regulatory frameworks, outperforming Kenya's 40% joint venture rate (Kenya Export Processing Zones Authority, 2023).
- Partner with SMEs like Vikapu Bomba for supply chain integration, enhancing social impact (World Bank, 2024).

For TIC/TISEZA

Increase Promotional Events

Expanding promotional efforts will diversify FDI sources:

- Conduct 100 annual missions by 2030, targeting emerging markets like Brazil and the UAE, building on 73 missions in Q3 2024/25 (Tanzania Investment Centre, 2025).
- Host 20 investment events annually, including Agro-Food Pac Africa, to secure USD 5 billion in FDI, surpassing Uganda's 10 events in 2023 (UNCTAD, 2024).
- Promote Tanzania at global forums like the World Investment Forum, leveraging AfCFTA to attract EU investors (World Bank, 2024).

Strengthen Monitoring and Evaluation (M&E)

Robust M&E ensures sustainable FDI outcomes:

- Track 100% of FDI projects by 2030, ensuring 90% compliance with sustainability goals, as Kenya achieved 70% tracking (Tanzania Investment Centre, 2025; Kenya Export Processing Zones Authority, 2023).
- Use data analytics to monitor job creation (e.g., 24,444 in Q3 2024/25) and export growth (USD 16.7 billion in 2024) (TanzaniaInvest, 2024).

- Publish annual impact reports to build investor trust, aligning with Vision 2050 (United Republic of Tanzania, 2020).

Support SMEs

Linking FDI to SMEs enhances community impact:

- Facilitate partnerships for 10,000 SMEs by 2030, generating USD 1 billion in revenue, as Ethiopia did with 5,000 SMEs (Farole and Akinci, 2011).
- Support programs like Vikapu Bomba, which trained 5,000 women in 2024, scaling to 50,000 by 2030 for USD 200 million in agricultural output (Tanzania Investment Centre, 2025; USAID, 2022).
- Provide SME training in agro-processing and manufacturing, leveraging FDI projects like the Sino-Tan Industrial Park (NTU Singapore, 2024).

Tanzania's FDI success, with USD 6.56 billion in 2024 and USD 1.36 billion in Q3 2024/25, can be maximized through targeted recommendations. Policymakers should strengthen infrastructure, expand digital services, promote regional equity, incentivize joint ventures, and target strategic sectors, aiming for USD 15 billion in FDI by 2030. Investors should explore textiles, horticulture, and real estate, utilizing TISEZA services and forming local partnerships. TISEZA should increase promotional events, strengthen M&E, and support SMEs like Vikapu Bomba. These strategies, outperforming Kenya and Ethiopia in efficiency, will drive inclusive growth, creating 1 million jobs and aligning with Vision 2050's USD 1 trillion GDP target.

11. DISCUSSION

This section synthesizes the contributions of Foreign Direct Investment (FDI) to Tanzania's economic growth from 2023 to Q3 2024/25, with projections to 2030, based on data from the *Tanzania Investment Centre* (TIC) and other sources. It addresses key challenges, including land disputes, infrastructure gaps, and bureaucratic delays, while highlighting untapped opportunities in real estate, renewable energy, and agriculture, supported by policy reforms. The discussion also evaluates how FDI aligns with sustainable development goals (SDGs), particularly in job creation and environmental protection, positioning Tanzania as a leading FDI destination in East Africa.

Key Figures: FDI Contributions and Projections (2023–2030)

Metric	2023	2024	Q3 2024/25	2025 (Projected)	2030 (Projected)
FDI Capital (USD Million)	1,300–1,600	6,560	1,360	7,500	15,000
Total Capital (USD Million)	2,069.49 (Q3)	9,312.69	2,164.7	10,500	20,000
Jobs Created	86,986 (Q3)	212,293	24,444	250,000	1,000,000
GDP Growth (%)	5.3	5.5	5.7 (est.)	6.0	8.0
Key Sectors	Manufacturing, Transport, Commercial Buildings	Manufacturing, Agriculture, Energy	Manufacturing, Agriculture, Renewable Energy	Manufacturing, Agriculture, Renewable Energy	Manufacturing, Agriculture, Renewable Energy, Real Estate
FDI Sources	China, USA, Mauritius	China, India, UAE	China, UAE, Switzerland	China, India, UAE, EU	China, India, UAE, EU, USA
Export Growth	599 (Agriculture)	16,700 (Total)	4,200 (est.)	18,000	25,000

(USD Million)					

Sources: Tanzania Investment Centre (2023, 2025); TanzaniaInvest (2024); African Development Bank (2024); UNCTAD (2024); World Bank (2024).

Key Findings

From 2023 to Q3 2024/25, Tanzania's FDI inflows surged, driven by policy reforms and promotional efforts. In 2023, FDI ranged from USD 1.3–1.6 billion, a 5.5% increase from USD 1.2 billion in 2022 (UNCTAD, 2024; TanzaniaInvest, 2024). In 2024, TIC registered 901 projects worth USD 9,312.69 million, with FDI contributing USD 6.56 billion across 707 projects, creating 212,293 jobs—the highest since 1991 (Tanzania Investment Centre, 2025). In Q3 2024/25, 199 projects generated USD 2,164.7 million, with FDI accounting for USD 1.36 billion and 24,444 jobs, a 77.06% increase from Q3 2023/24 (Tanzania Investment Centre, 2025; The Citizen, 2025). Key sectors included Manufacturing (41,117 jobs in 2024), Agriculture (USD 599 million in exports), and Renewable Energy (e.g., Julius Nyerere Hydropower Plant) (TanzaniaInvest, 2024).

By 2030, FDI is projected to reach USD 15 billion annually, contributing 5% to a USD 300 billion GDP and creating 1 million jobs (Tanzania Investment Centre, 2025; World Bank, 2024). The *TISEZA Act* (February 2025) and *National Land Policy 2023* have streamlined processes, reducing approval times from 60 days in 2023 to 30 days in 2025 and enabling USD 185.54 million in real estate FDI in Q3 2024/25 (Tanzania Investment Centre, 2025; United States Department of State, 2024). Compared to Kenya (USD 0.8 billion FDI in 2023) and Ethiopia (USD 3.2 billion), Tanzania's FDI growth outpaces regional peers, driven by its stable macroeconomic environment and AfCFTA integration (UNCTAD, 2024).

Challenges

Despite progress, several barriers hinder FDI's full potential:

- **Land Disputes**: Land tenure issues, particularly for non-citizens, persist despite the *National Land Policy 2023*. In 2023, 20% of FDI projects faced delays due to land disputes, especially in rural areas like Nyasa Zone (United States Department of State, 2023). Streamlined titling under the policy increased real estate projects by 40% in 2024, but disputes remain a concern (Tanzania Investment Centre, 2025).
- **Infrastructure Gaps**: Inadequate roads, power, and water supply limit FDI scalability. For example, Kibaha SEZ's textile projects require USD 100 million in

infrastructure upgrades (TanzaniaInvest, 2024). Only 45% of Tanzanians had electricity access in 2023, below the lower-middle-income country average (AidData, 2024).

- **Bureaucratic Delays**: While the Tanzania Electronic Investment Window (TeIW) reduced registration times to 3 days, coordination among ministries remains inconsistent, delaying 15% of FDI projects in Q3 2024/25 (Tanzania Investment Centre, 2025; United States Department of State, 2024). Kenya's eCitizen platform faces similar issues but benefits from stronger inter-ministerial coordination (Kenya Export Processing Zones Authority, 2023).

These challenges increase project costs by 10–15% and deter investors, as noted in Ethiopia's SEZ delays (Farole and Akinci, 2011).

Opportunities

Tanzania's policy reforms and strategic sectors offer significant FDI potential:

- **Real Estate**: The *National Land Policy 2023* enables 99-year land leases for non-citizens, attracting USD 185.54 million from UAE investors in Q3 2024/25 (Tanzania Investment Centre, 2025). By 2030, real estate FDI is projected to reach USD 1 billion, driven by urban projects in Dar es Salaam, which hosts 73 projects (TanzaniaInvest, 2024).
- **Renewable Energy**: Investments from firms like Magnis Energy Technologies support Tanzania's 10,000 MW capacity goal by 2030, with FDI projected at USD 3 billion (Tanzania Investment Centre, 2025). The Julius Nyerere Hydropower Plant increased electricity access to 45% in 2023, creating opportunities for energy-intensive industries (AidData, 2024).
- **Agriculture**: The Usariver SEZ and Vikapu Bomba program are expected to attract USD 2 billion in agro-processing FDI by 2030, boosting exports to USD 1.5 billion (TanzaniaInvest, 2024). Tanzania's agricultural FDI surpasses Uganda's USD 0.5 billion in 2023, leveraging AfCFTA market access (UNCTAD, 2024).

Policy reforms, such as the *TISEZA Act*'s USD 50 million strategic status threshold and TeIW's digital streamlining, enhance investor confidence, positioning Tanzania ahead of Kenya's less flexible SEZ policies (Farole and Akinci, 2011).

Sustainability

FDI aligns with Tanzania's SDGs, particularly SDG 8 (Decent Work and Economic Growth) and SDG 13 (Climate Action):

- **Job Creation**: FDI created 212,293 jobs in 2024, with 38,400 projected from Kibaha SEZ by 2030, 70% targeting women and youth (Tanzania Investment Centre, 2025). Vikapu Bomba trained 5,000 women in 2024, with a goal of 50,000 by 2030, reducing poverty from 26.1% in 2019 to 20% (African Development Bank, 2024; USAID, 2022).
- **Environmental Protection**: FDI in renewable energy supports Tanzania's net-zero carbon goal by 2050, with projects like the Julius Nyerere Hydropower Plant reducing GHG emissions by 30–35% by 2030 (United States Department of State, 2024). Green bonds and climate-smart agriculture, as seen in the Usariver SEZ, align with SDG 13 (World Bank, 2024).However, challenges remain, as FDI in extractive sectors can exacerbate environmental degradation if not regulated, as noted in African studies (PMC, 2024). Tanzania's M&E systems must ensure 90% of FDI projects comply with sustainability standards by 2030 (UNCTAD, 2024).

FDI has significantly driven Tanzania's economic growth, contributing USD 6.56 billion in 2024 and USD 1.36 billion in Q3 2024/25, with projections of USD 15 billion by 2030, creating 1 million jobs and supporting 8% GDP growth. Challenges like land disputes, infrastructure gaps, and bureaucratic delays persist but are mitigated by reforms like the *TISEZA Act* and *National Land Policy 2023*. Opportunities in real estate, renewable energy, and agriculture, supported by 73 inbound missions and digital platforms like TeIW, position Tanzania as East Africa's FDI leader. Aligning FDI with SDGs through job creation and environmental protection ensures sustainable growth, though robust M&E is critical to balance economic and environmental outcomes.

12. CONCLUSION

This study has analyzed the transformative role of Foreign Direct Investment (FDI) in driving Tanzania's economic growth from 2023 to Q3 2024/25, with projections to 2030, highlighting its contributions to capital inflows, job creation, sectoal development, and alignment with sustainable development goals (SDGs). It positions Tanzania as a leading FDI hub in East Africa, supported by strategic policy reforms and promotional efforts. This conclusion recaps key findings, outlines the outlook for Tanzania's FDI-driven growth, and issues a call to action for stakeholders to implement recommendations to sustain and amplify these impacts.

Summary

FDI has been a cornerstone of Tanzania's economic growth from 2023 to Q3 2024/25, catalyzing capital inflows, job creation, and sectoral development. In 2023, FDI inflows ranged from USD 1.3–1.6 billion, contributing to 5.3% GDP growth (UNCTAD, 2024; TanzaniaInvest, 2024). In 2024, TIC registered 901 projects worth USD 9,312.69 million, with FDI contributing USD 6.56 billion across 707 projects, creating 212,293 jobs—the highest since 1991 (Tanzania Investment Centre, 2025). In Q3 2024/25, 199 projects generated USD 2,164.7 million in capital, with FDI accounting for USD 1.36 billion (a 77.06% increase from Q3 2023/24) and 24,444 jobs, driven by Manufacturing (45.87% capital growth), Agriculture, and Renewable Energy (Tanzania Investment Centre, 2025; The Citizen, 2025).

Policy reforms, including the *TISEZA Act* (February 2025) and *National Land Policy 2023*, have streamlined investment processes and land access, attracting USD 185.54 million in real estate FDI and USD 599 million in agricultural exports in 2024 (Tanzania Investment Centre, 2025; TanzaniaInvest, 2024). Promotional efforts, such as 73 inbound missions (e.g., China: 19, India: 12) and events like Agro-Food Pac Africa 2025, enhanced Tanzania's global visibility, surpassing Uganda's 10 events in 2024 (Tanzania Investment Centre, 2025; UNCTAD, 2024). Projects like the Kibaha Textile SEZ (USD 78.85 million, 2,500 jobs in 2024, 38,400 projected by 2030) and the Agricultural SEZ at Usariver (USD 45 million, 1,200 jobs in 2024, 15,000 projected) demonstrate FDI's economic multipliers, including tax revenue (TZS 1.028 trillion in FY 2024/25) and technology transfer (Tanzania Investment Centre, 2025; African Development Bank, 2024).

By 2030, FDI is projected to reach USD 15 billion annually, contributing 5% to a USD 300 billion GDP and creating 1 million jobs, driven by Manufacturing, Agriculture, Renewable Energy, and Real Estate (World Bank, 2024; Alam et al., 2024). These projections align with *Tanzania Development Vision 2050*, which targets a USD 1 trillion economy by 2050 through industrialization and sustainable growth (United Republic of Tanzania, 2020).

Outlook

Tanzania is poised to solidify its position as an FDI hub in East Africa, outpacing Kenya (USD 0.8 billion FDI in 2023) and Ethiopia (USD 3.2 billion) due to its stable macroeconomic environment, strategic reforms, and integration into the African Continental Free Trade Area (AfCFTA) (UNCTAD, 2024). The *TISEZA Act*'s USD 50 million strategic status threshold and the Tanzania Electronic Investment Window (TeIW), which reduced approval times to 3 days in 2025, position Tanzania ahead of Kenya's less coordinated investment agencies (Tanzania Investment Centre, 2025; Kenya Export Processing Zones Authority, 2023). The *National Land Policy 2023* has boosted real estate and agricultural FDI, with Dar es Salaam and Pwani hosting 73 and 48 projects, respectively, in Q3 2024/25 (Tanzania Investment Centre, 2025).

Looking to 2030, Tanzania's FDI growth is expected to drive 8% GDP growth, supported by investments in high-potential sectors like Renewable Energy (USD 3 billion projected) and Agriculture (USD 2 billion), as well as infrastructure projects like the Standard Gauge Railway (SGR) (TanzaniaInvest, 2024; World Bank, 2024). The 62.5% increase in joint ventures (from 24 to 39 in Q3 2024/25) ensures local participation, reducing dependency risks and fostering technology transfer, as seen in projects like the Sino-Tan Industrial Park (Tanzania Investment Centre, 2025; NTU Singapore, 2024). Tanzania's proactive promotional efforts, including 73 inbound missions and events like the Tanzania-Japan Business Forum, position it to diversify FDI sources beyond China and India to include the EU and USA by 2030 (Tanzania Investment Centre, 2025).

However, challenges such as land disputes (affecting 20% of projects in 2023), infrastructure gaps (45% electricity access), and bureaucratic delays must be addressed to sustain growth (United States Department of State, 2023; AidData, 2024). Tanzania's focus on sustainability, exemplified by renewable energy investments and programs like Vikapu Bomba (training 5,000 women in 2024, targeting 50,000 by 2030), aligns FDI with SDGs 8 (Decent Work) and 13 (Climate Action), enhancing inclusive and environmentally responsible growth (Tanzania Investment Centre, 2025; USAID, 2022).

Call to Action

To sustain and amplify FDI-driven growth, stakeholders must act decisively:

- **Policymakers**: Implement infrastructure investments (USD 5 billion by 2030 for roads and energy), expand TeIW to process 95% of FDI applications, and promote regional equity by targeting USD 1 billion for Nyasa Zone (African Development Bank, 2024). Offer additional incentives for joint ventures to reach 50% of FDI projects, learning from Rwanda's investor-SME linkage model (UNCTAD, 2024).
- **Investors**: Capitalize on opportunities in textiles (Kibaha SEZ), horticulture (Usariver SEZ), and real estate, leveraging TISEZA's Premier Investors Service Centre (PISC) for streamlined processes and forming 60% of FDI projects as joint ventures by 2030 (Tanzania Investment Centre, 2025).
- **TISEZA**: Expand promotional events to 100 annual missions and 20 events, targeting emerging markets like Brazil, and strengthen monitoring and evaluation (M&E) to ensure 90% sustainability compliance (Tanzania Investment Centre, 2025). Support 10,000 SMEs through FDI linkages, scaling programs like Vikapu Bomba to enhance community impact (World Bank, 2024).

By implementing these recommendations, Tanzania can achieve its USD 15 billion FDI target by 2030, create 1 million jobs, and advance toward Vision 2050's USD 1 trillion economy, maintaining its leadership as East Africa's premier FDI destination.

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#FDIinTanzania, #TanzaniaEconomicGrowth, #InvestmentOpportunities, #Vision2050, #TanzaniaFDI2025, #TICGL, #InclusiveGrowth, #PublicPrivatePartnership, #SustainableInvestment, #Industrialization, #AgribusinessTanzania, #RenewableEnergyTanzania, #ManufacturingGrowth, #JobCreation, #InvestmentReforms, #SpecialEconomicZones, #EastAfricaInvestment, #TeIW, #ExportDrivenGrowth, #DataDrivenDevelopment