

TANZANIA INVESTMENT CENTRE

56



PROJECT VERIFICATION VISIT REPORT

VIETTEL (T) LIMITED

APRIL 2021

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1.0. COMPANY INFORMATION

S/N o.	Information	Description		
1.	Shareholder's Information	Shareholders names,	Nationality	Percentage of ownership
		Viettel Global Investment	Vietnam	99.99
		JSC Performance Investment General Enterprises Limited	Tanzania	0.01
2.	Company Communication Information	1.	Email address	sonan@viettel.com.vn , sonarviettel@gmail.com
		2.	Mobile Number	+255625797979
		3.	Telephone number	+255620799220
		4.	Postal address	P.O. Box 110230, Dar es Salaam
		5.	Physical address (Plot Number, Block Number, Region, District, Street)	Plot. No. 38, Tanzanite Park, New Bagamoyo Rd Kinondoni, Dar es Salaam
3.	Contact Person	1.	Name	Tran Nacl
		2.	Position	Company Secretary
		3.	Communication (Email, Mobile and telephone)	+255625797979
4.	Incorporation Information	Certificate of Incorporation Number	200609	
5.	TIN information	TIN Certificate Number	104-967-116	
6.	Project Objective information	Project Objective:-		
		To construct, operate and provide telecommunication network services		

2.0. INTRODUCTION

Viettel Tanzania Limited is a private Owned Company incorporated in Tanzania in 2014 and issued with Certificate of Incorporation No. 45383. The company is branded or trading as Halotel .The Company was granted Certificates of Incentives No. 110102 which was issued on 3rd November, 2014. The project objective is to construct, operate and provide telecommunication network services. The project implementation highlighted in the Certificate covers October 2014 – April 2021.

The project has a Strategic Investor Status, which was approved by the National Investment Steering Committee (NISC) in December 2014. With such status, Pursuant to the performance contract between the Investor and the Government of the United Republic of Tanzania, the project is eligible for special incentives to enable the Company implement the project as per plans. The expected investment capital was 783.4M USD for the project.

On 16th February, 2021 the said company submitted a letter to TIC dated 16th February, 2021 and letter dated 14th April, 2021 drawing attention to the Centre that Halotel request it's Certificate of incentives implementation period to be extended for two more years so as to complete the project as planned. The reasons highlighted in the Halotel's application letters include;

- Halotel investments being designed and scheduled into different phases therefore accomplishment done into one phase pave the way to investment to another phase,
- Dependence on importation of equipment from abroad which had delayed because of closure of factories and shipping companies due to COVID outbreak which has delayed delivery of orders.
- Delay in Investment completion due to reduction of number of staff working together as the project opted to protect them against COVID 19 attack.
- Halotel has been facing a poor cash-flow due to the fact that, TRA has improperly withheld recently Company's fund of **10,211,190,143.15tsh** since third quarter of

2019. This matter has weakened the company ability to implement the remaining part of esteemed project phases.

- Halotel is implementing contractual project with Universal Communication Services Access Fund (UCSAF) project phase 4, with which 114 sites in various regions of Tanzania will be covered. In a course of implementing this project the company has imported equipment with estimated value of **14,019,000,000tsh**.

3.0. OBSERVATION/FINDINGS

The PVV team visited the project site and had consultative meeting the following were present:

1. Tran Naol Hoi (Committee of Investment) Cao
2. Tien Dat (Supervisor)
3. Severina Kayuni (Head of HR),
4. Rahama Nuruman (HR),
5. Elinus P. Wilbard (HR) and;
6. Happyness Charles Swai (Operations).

During the project visit it was noticed that, currently the project is operational and there is significant and reasonable development done to the project. The PPV team observed the following:

- i. During discussion with management it was highlighted that the project implementation period in the Certificate of Incentives was still valid up to end of April 2021 whereas operative date was to be May 2021 .The PVV team urged the Viettel Tanzania Limited Management to maximize utilization of the validity time of the Certificate of Incentives to finalize clearance of deemed capital goods which already arrived at the Dar es Salaam Port.
- ii. The PVV team was informed that, up to 10th March 2021 Viettel Tanzania Limited granted 90% of the senior management posts to local Tanzanians the posts handed over to Tanzanians include; 79 technical team leaders, 15 regional technical managers, 26 regional business managers and 22 deployed as Directors and head of departments. Due to high requirements in performing managerial positions in telecommunication organization, Tanzanian team leaders are in need of capacity building such as on-job training from Vietnamese experts putting in mind that on 3rd

March, 2021 there was an agreement between Commissioner for Labor and Viettel Tanzanian Limited of getting work permits for 20 Vietnamese experts who could facilitate technological transfer and best practices and techniques to Tanzanians employees.

Nevertheless the PVV team was notified that Viettel Tanzania Limited has submitted an official request to Labour Commissioner so as the Commissioner implement the agreement but Labour Commissioner has not yet responded to Viettel Tanzania Limited. The management of Viettel Tanzania Limited was advised to write a follow up letter and make a copy to the Centre.

3.1 Documentary findings show that:-

- i. The purchasing order for procurements of electrical equipment and other related facilities were given to three suppliers (*Truong Thinh Installation and Trading JSC, HTE. JSC, Post and Telecommunications .JSC*) in February, 2021 and the tender was awarded to *Truong Thinh Installation and Trading JSC*. Since 23rd March 2021 *Truong Thinh Installation and Trading JSC* has issued commercial invoice and packing list is already made available to Viettel Tanzania Limited. According to management these equipment are on the high seas. **See Annex I.**
- ii. The purchasing order for procurement of **Veneer Mast** was given to three suppliers *Hoang Thao Trading Co. Ltd, Thoai Anh Co. Ltd and Vina K&T Trading Service Company* between November and December 2020 and the tender was awarded to *Thoai Anh Co. Ltd* **See Annex II**
- iii. There are already equipment supplied by *Truong Thinh Installation and Trading JSC* via *Commercial Invoice number 23032021VTZ of 23/3/2021*, According to Viettel Management the equipment is on the way to Tanzania **see annex III.**
- iv. The purchasing order for **OTDR** and, **SPLICER** machines was made in 24th December, 2020 for three suppliers namely *Comit Corporation, M3 Communication Limited, Microsoft Company Limited, ClickStrike Computers Limited* and the tender was granted to *Comit Corporation*. According Halotel Management the equipment is waiting delivery. **See annex IV**

- v. Viettel Tanzania PLC on 2nd December, 2020 received notice from the shipping lines (M3 Communication Company) regarding shortage containers and bookings which was happening by then all over the world. In that memo Viettel Tanzania PLC was being assured by shipping line that most of the shipping lines would have full space at the end of 2020. According to Hotel Management the contract was breached due to increasing of freight price because of shortage of containers. **See annex V**
- vi. The purchasing order for solar equipment were made on 15th January, 2021 to four suppliers namely *PHU AN Vietnam Company Limited, Hung Phat Machines and Equipment Joint Stock Company (HPCMEC)* and the tender was granted to *PHU AN Vietnam Company Limited*. According to Halotel Management, Holotel is waiting a supplier to confirm letter of credit. **See annex VI.**
- vii. There are Invoice and packing list of **IP&DWDM equipment** (Telecommunication equipment) supplied by Huawei International Pte. Limited since 6th March 2021. According to management the ordered equipment are currently at berthing. **See annex VII**
- viii. The progress report shows that out of **5169 network areas** only **432 network areas** has 4G that is; fourth generation of cellular communications, offering speeds that are about 10 times faster than they are on current third-generation, or 3G, networks. Its higher data speeds could make smartphones much more comparable to PCs, giving them better multimedia and gaming capabilities.
- ix. Universal Communication Services Access Fund (UCSAF) contract with M/S Viettel Tanzania PLC regarding provision of rural telecommunication service phase 4 projects will facilitate availability of telecommunication mobile services to 114 villages in the Country. (See annex VIII).
- x. Tax exemption of comprehensive deemed capital goods was granted to Viettel Tanzania PLC in 10th February, 2015 by Commissioner for customs and excise, there shall be no new approval instead the project is seeking to exhaust the already approved list. (See Annex IX)

4.0. INVESTMENT, FINANCING & EMPLOYMENT

S/No.	Information	Description			
1.	Investment Financing amounts in USD		Foreign Equity	Amount(USD)	Country of origin
		1.	Foreign Equity	\$0	Vietnam
		2.	Local Equity	\$0	
		3.	Local Loan	\$64,335,165	Tanzanian
		4.	Foreign Equity	\$0	
		5.	Foreign Loans	\$222,800,000	Vietnam
		TOTAL			\$ 287,135,165.3
2.	Capacity Information	Capacity per Month:		pairs per day	
3.	Employment	1.	Foreign Men	5	
		2.	Local Men	726	
		3.	Foreign Women	-	
		4.	Local Women	126	
		Total			852

5.0. BASES OF INVESTOR'S REQUEST

On 16th February, 2021 the said company submitted a letter to TIC dated 16th February, 2021 drawing attention to the Centre that Halotel request to extend the implementation period of the Certificate of Incentives No. 110102 for two more years so as to complete the project as planned, the reasons given by the investor include:

(i) Halotel investments being designed and scheduled into different phases therefore accomplishment done into one phase pave the way to investment to another phase,

(ii) Dependence on importation of equipment from abroad which had delayed because of closure of factories and shipping companies due to COVID outbreak which has delayed delivery of orders

(iii) Delay in Investment completion due to reduction of number of Staff working together as the project opted to protect them against COVID 19 attack

(iv) Halotel has been facing a poor cash-flow due to the fact that, TRA has improperly withheld recently Company's fund of 10,211,190,143.15tsh since third quarter of 2019. This matter has weakened the company ability to implement the remaining part of esteemed project phases and

(v) Halotel is implementing UCSAF project phase 4, with which 114 sites in various regions of Tanzania will be covered. In a course of implementing this project the company has imported equipment with estimated value of 14,019,000,000tsh

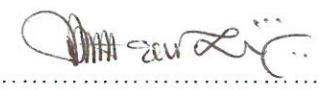
6.0. RECOMMENDATION

In view of the findings observed during the project visit and the documentary review findings we therefore recommend that, the request of the investor to be considered as the final grant so as the investor can implement the contractual project with Universal Communication Services Access Fund (UCSAF) project phase 4 (**See Annex VIII**) which has a role of providing communication services to rural areas; furthermore extension of this project guarantees expansion of the network coverage of mobile telecommunication services to 114 villages in the country and also during the implementation of the project phase 4 importation of telecom equipment and other related facilities is inevitable. The importation will be in respect of the 114 sites planned but yet to be implemented. The project as a whole is being implemented phase after phase that is, once one phase is completed then it provides a gateway to another phase of the project to be executed.

7.0. CONCLUSION

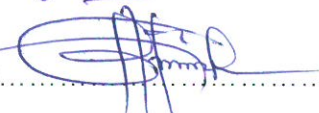
Based on the significant development status of the project implementation we of the view that; the request of the investor to extend the implementation period of Certificate of Incentives No. 110102 to accomplish phase 4 of the implementation of the project to be considered and approved for a **one year** with effect from May 2021. This exceptional consideration is because the company is aiming at networking for the disadvantaged group in the rural areas where other companies do not give priority due to low or no profitability. The Government wishes to see the entire country covered.

We submit

Mr. Bevin Ngenzi  Date 28/04/2021

Mr. Dotto Stanley  Date 28/4/2021

Mr. Oswald Mwalongo  Date 28/04/2021

Mr. Christian Mwantimwa  Date 29/04/2021