

# TANZANIA INVESTMENT CENTRE

## DIRECTORATE OF INVESTMENT FACILITATION



### EASTERN ZONE

## REPORT ON PROJECT VERIFICATION VISIT TO MIKOANI TRUCKING COMPANY LIMITED CONDUCTED ON 01<sup>ST</sup> AUGUST, 2022



← Satellite image of Location showing Mikoani Trucking Company Limited

August, 2022

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## Section 1: PROJECT PROFILE

Company Information						
S/N	Item	Description				
1.	Company Name	MIKOANI TRUCKING COMPANY LTD				
2.	Project Location	Plot No.17, Nyerere Road, Temeke Municipality, Dar es Salaam Region;				
3.	Projects' Core Activities	To establish and operate a project of cargo transportation.				
4.	Address & Mobile Number	P. O. Box 40303, Dar es salaam. +255 22 2861235, Fax: +255 22 2860842 Email address: mikontrade@gmail.com				
5.	Contact Person	Simon Mdee Email: mdeesimon@gmail.com Contact: +255 712 302448				
6.	Employment	<b>Direct Foreign</b>	<b>Direct Local</b>	<b>Indirect Local</b>	<b>Total</b>	
		<b>Men</b>	<b>15</b>	75		90
		<b>Women</b>	<b>-</b>	10		10
7.	Shareholder's Information	<b>Name</b>	<b>Nationality</b>	<b>% Ownership</b>		
		Fuad Edha Awadh	Tanzanian	95		
		Awadh Fuad Rdha	Tanzanian	5		

## **INTRODUCTION**

MIKOANI TRUCKING COMPANY LIMITED was registered as a project at Tanzania Investment Centre (TIC) on 13<sup>th</sup> November 2013 to establish and operate a project for cargo transportation a project which was issued with Certificate of Incentives (Col) No.071030 having implementation period of three years starting 05<sup>th</sup> December 2013 ending November 2016. The company applied and granted two years of extension for certificate of incentive. During that five years period, they were allocated 200 vehicles for exemption, but they managed to purchase only 49 units, hindered by various economic and policy factors.

### **Geographical location**

The project is located on Plot No.17 in Nyerere Road, Temeke Municipality, Dar es Salaam Region. It can be accessed via Service Road off Nyerere Road road opposite Quality Plaza.

## **PROJECT VERIFICATION VISIT (PVV)**

### **PVV initiation**

The implementation period for the Certificate of Incentives granted to the Investor ended by December 2018. The investor launched an application letter for extension of Certificate of Incentives on 28 July 2022 with reference number MIKOANI/TIC/071030 which called for project verification visit conducted by TIC officers on 01<sup>st</sup> August 2022.

The team comprised the followings:

1. Fidelis Obanga: TIC
2. Mwanamkuu Shoka; TIC-Lands

The team was hosted by Prabha Karan – Group General Manager, Adnaan Abdulkarim – Finance Manager and Hafidh Bafagh – Operations Manager both representing Mikoani Trucking Company Limited.

## **The objective of the visit**

The main objective of the project verification visit (PVV) was to verify the project development status which would justify the reasons for re-issue and change of implementation period application.

## **Specific Objectives**

Specifically, the team aimed to: -

- i. Interview and gather information from the applicant regarding reasons for re-issue of Col and change of implementation period.
- ii. Take copies of relevant document /photos as evidence for implementation progress.
- iii. Physically visit the project site and verify project progress

Findings of the team will assist TIC management to make informed decision whether the company qualifies for re-issue of Col and change of implementation period or not.

## **OBSERVATION AND FINDINGS**

The team observed the following during PVV;

- i. The Company granted Certificate of Incentive (COI) for implementation period commenced November 2013 to October 2016, On November 2019 the company applied for extension unfortunately the concert was rejected due to expired of fiscal incentive after five years have passed.
- ii. Mikoani Trucking Company Limited is operating in Tanzania and neighboring countries, namely Rwanda, Burundi and DR Congo.
- iii. The project has a fleet of more than 75 trucks.
- iv. The project previously, they were transporting grains using specialized trucks;
- v. The project was allocated with 200 trucks for exemption, but managed to purchase only 49 trucks under exemption.
- vi. There is a vacuum in transportation business, thence Mikoani Trucking Company, seek to explore this opportunity by increasing the operations, thence the reason for applying for extension of certificate of incentives.
- vii. According to Investor, there has been an overwhelming increase in demand of trucks for transportation of goods by road for both local and transit due to

increase of cargo at Dar Es Salaam Port, leading to a deficit of trucks in the market to meet required demand.

- viii. Tanzanian Government has promoted the transportation sector through Duty remission and VAT deferment on trucks and trailers on the current Government budget specifically in customs amendment for the year 2022/2023.

**Figure 1. The plates below illustrate some the current situation at the site**





### **Major Challenges hindered timely enjoyment of fiscal incentives**

- 4.1.1 Business environment was unfriendly, thus investor encountered challenges in securing facilities from banks to enable them to purchase desirable number of vehicles and trucks to run their business smoothly.
- 4.1.2 There was unfriendly tariffs and business environment, that most of goods were transported via Mombasa and Beira, hence affected the transportation business in Tanzania and impeded Mikoani Trucking Company growth.
- 4.1.3 Covid-19 also affected the proper implementation the business.

### **RECOMMENDATIONS**

In view of the findings observed during the project visit, the team recommends the followings: -

- i. Mikoani Trucking Company Limited, according to Investment Act No 26 of 1997, Sec 20(1), and time of enjoyment for fiscal incentives has already expired, nevertheless, they cite genuine reasons for any business to grow.
- ii. Though laws didn't change, but policies and political will on investments has changed on favor of businesses and investments as a whole.
- iii. Since as a country, we are encouraging more investors to come in Tanzania, there is no need to close doors to current investors who has been in Tanzania,

and they still operate in this country. Mikoani Trucking Company Limited should be considered for further extension of their certificate of incentives, so as they will consume their remaining units in their exemption list prior approval by Tanzania Revenue Authority.

## **CONCLUSION**

Based on the facility visited, discussion with company representative, the reference documents presented and considering the findings of the visit including recommendations described above hence reasons and challenges provided by the investor for not completely enjoying their allocated exempted 200 trucks, they should be considered logically. Therefore, the project can be considered for re-extension of one year.

We submit,

Fidelis Obanga  
PIO – EZ

Mwanamkuu Shoka  
LS