

TANZANIA INVESTMENT CENTRE

DIRECTORATE OF INVESTMENT FACILITATION



EASTERN ZONE

REPORT FOR PROJECT VERIFICATION VISIT TO VIETTEL (T)
LIMITED



May, 2022

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COMPANY BRIEF PROFILE

Company Name	VIETTEL (T) LIMITED		
Postal Address	P. O. Box 34716 DAR ES SALAAM		
Contact Person	Yan He Wang		
Position	Manager		
Office Phone	-		
Fax	-		
Mobile Phone	+255 678352000		
E-mail	yanheh@gmail.com		
Website	-		
Project Location	Plot No. 38, Tanzanite Park, New Bagamoyo Rd Kinondoni, Dar es Salaam		
Project Core Activity	Construct, operate and provide telecommunication network services		
Certificate of Incentives No & Date of Registration	015072 dated 27 th of February 2021		
Present Ownership Structure (Shareholders)	Name	Nationality	% Share
	Viettel Global Investment	Vietnam	99.99
	JSC Performance Investment General Enterprises Limited	Tanzania	0.01
Current Status of the Project	The project exists and is in full time operation		
Combined Manpower Total (Nos.)	Local - Direct	Foreign	
	925	5	
Combined Total Investment Cost (Millions in USD)	Local	Foreign	
	(-)	USD 420,522,255.69	

1.0 INTRODUCTION

Viettel Tanzania Limited is a private owned Company incorporated by the laws of Tanzania in 2014 holding certificate of incorporation **No.45383**. The company uses “Halotel as a brand Name”. The Company operates a TIC registered project with certificate of Incentives **No. 110102** issued on 3rd November 2014. The project’s objective is to construct, operate and provide mobile telecommunication network services.

The company has a Strategic Investor Status, which 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 is 783.4m USD for the project. The Certificate lastly extended on 2021; the same expires on 31st May 2022.

2.0 OBJECTIVES OF THE VISIT

Project Verification Visit (PVV) to Viettel (T) Ltd has to be conducted in order to assess project’s execution progress, evaluate achievements and analyze challenges that the company is facing. Furthermore, the verification team was to review rationale for the Company’s request to extend project implementation period for the Certificate of Incentives number 110102.

3.0 PRESENT

The PVV team members present during site verification include: -

- i. Mr. George Mukono – Ag. Investment Facilitation Manager (Aftercare)
- ii. Ms. Julie Muro - Investment Facilitation Officer TIC
- iii. Mr. Leonard Mapunda - TRA Stationed Officer TIC
- iv. Mr. Tran Ngoc Hoi – Chief Executive Officer (CEO) Viettel (T) Ltd

- v. Mr. Samwel Nyari - Head of Risk Management Viettel (T) Ltd
- vi. Ms. Happiness Charles – Head of Investment Department Viettel (T) Ltd
- vii. Mr. Christopher Masai – Deputy Head of Risk Management Viettel (T) Ltd
- viii. Mr. Nagib Feres – Deputy CFO

4.0 PROJECT LOCATION

The Project site is located on plot No. 38, Tanzanite Pack, New Bagamoyo Road Kinondoni, Dar es Salaam.

5.0 OBSERVATIONS, FINDINGS AND ANALYSIS

The PVV team visited the project site and held consultative discussion with Mr. Tran Ngoc Hoi (Managing Director) and the Management who informed the team on the progress and implementation status of the project.

During discussion with the company’s representatives, the team noted that the Investor is executing project activities or plans as per the contract. The following were observed: -

5.1 Capital invested

Since 2014 to the date of the visit, the company has invested the USD 650million, which is equivalent to 83% of the USD 783.4million the company intends to invest in the whole project.

5.2 Employment

The company has total of 950 employees, whereby 78 are the foreign expatriates while 872 are local employees.

5.3 Connectivity

The company has constructed more than 17,000km own fibre optical network, also built 2220 Base Transceiver Stations (BTS) and connected 4000 villages to telecommunication network services.

Viettel (T) Ltd has been able to provide internet services to 150 district police stations, 450 schools, 150 District Council Offices, 65 post offices and 150 District hospitals.

In the year 2020/2021 the company implemented 2 big projects being deployment of UCSAF phase 4 and upgrading of sites from 3G and 2G to 4G for 600 sites in the network.

6.0 CHALLENGES AND ACHIEVEMENTS

6.1 CHALLENGES

Despite of the project progress as mentioned above, the Company encountered various setbacks, which depressed the project implementation. Among the noted impediments are: -

- i. High Network Installation Costs. Deploying telecommunications and internet networks in the rural areas is literally very expensive. The situation is due to various factors such as difficulty in accessing the area due to extreme unfavorable infrastructures in terms of transportation and power low return from rural customers, as most of them are low-income earners.
- ii. Customs clearance delays

6.2 ACHIEVEMENTS

Despite the challenges, the investor managed to achieve the following: -

- i. To connect 4000 villages with telecommunication services;
- ii. Increase number of subscribers from 94,000 in 2015 to 4,400,000 in 2019;

- iii. Contributed TZS 446,127,501,911.20 to the Government in terms of duties and taxes; and
- iv. Provide employment to locals and technology transfer.

7.0 FUTURE PLANS

In order to become competitive in the industry by provision of quality and affordable services, the company's plans are to do the following: -

- i. To upgrade network from 3G to 4G technology for 681 sites in order to provide better quality services for data and voice to customers
- ii. Through Universal Communication Service Access Fund, the company won a tender to extend provision of services to the deep rural areas. The company has to deploy the UCSAF phase 6, which is now waiting for the government to give notification on signing of the contract.
- iii. Construct more 114 BTS to rural areas; and
- iv. Provide more employment and training to Tanzanians in order to impart knowledge in communication technology.

8.0 BASES OF INVESTOR'S REQUEST

On 31st March, 2022 Viettel (T) Ltd (halotel), submitted a letter to TIC 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 for an extension of the implementation period are that, Viettel (T) Ltd (halotel), investment project has current reached 75% whereas the remaining 25% has not been completed due to several reasons as detailed below;

- (i) The project is designed and separated in different phases; therefore, the company failed to move to another phase before completing the one at the hand.
- (ii) Most of the equipment utilized by the project are imported from abroad, due to Covid – 19 pandemic, unforeseen delays in shipment delivery from suppliers has been occurring continuously, in result caused extensive delays in completion of the project as planned.
- (iii) Limited number of vessels (fleet) to Tanzania and limited container packages in shipping lines have further impacted the project timing and completion.
- (iv) In curbing the effects of Covid – 19, the company reduce the number of employees working at the same time by introducing shifts, in an effort to protect them, the clients and customers from Covid -19, despite the availability of vaccines still the majority hesitate to get vaccinated. Due to reduce of the manpower the project progress affected significantly.
- (v) Also, during the site visit, the team find that, Halotel has a contract with Universal Communication Services Access Fund (UCSAF) (contract attached) which is also been presented in the budget speech of 2022/2023 by the **Minister of Information, Communication and Information Technology**, where Halotel is among the service providers on UCSAF project phase 6 which is expected to start on November, 2022. **(See below I quote)**

Mradi wa Kupeleka Huduma za Mawasiliano Awamu ya 6

103. *“Mheshimiwa Spika, Katika Mwaka wa Fedha 2021/22, Serikali kupitia UCSAF ilitangaza zabuni ya kufikisha huduma za mawasiliano katika Kata 190 zenye Vijiji 380 vya maeneo ya mipakani na kanda maalum ambapo baada ya tathmini ya zabuni hiyo, Kata 85 zenye Vijiji 179 na wakazi takriban 816,090 zimepata watoa huduma. Mikataba ya kufikisha huduma za mawasiliano kupitia mradi huu imesainiwa **Mwezi Februari, 2022. Utekelezaji wa mradi huu unatarajiwa kukamilika Mwezi Novemba, 2022”***

8.1 Documents Findings/Submitted

- (i) Universal Communication Services Access Fund (UCSAF) which sign a contract with Halotel for the provision of services for Border and Special Zones/Areas Phase 6 Project to 13 wards/lots (**Tender No.IE/037/2020-2021/HQ/NC/20**) **with the total cost of 2,145,000,000/= which submitted to TIC on 23rd May, 2022.**
- (ii) Universal Communication Services Access Fund (UCSAF) acceptance letter to M/s Viettel Tanzania Ltd dated 17th March, 2022 with the list of the wards/lots awarded in the contract. *(Documents attached)*
- (iii) Progress Report from Viettel Tanzania Ltd. *(Documents attached)*
- (iv) Logistic Service Contract from different service providers which Viettel (T) Ltd/Halotel has entered. *(Documents attached)*
- (v) Price summary and bill of quantity for different equipment from abroad *(Documents attached)*

9.0 OBSERVATIONS & FINDINGS

During the visit and meeting with Viettel management team, PVV team finds out the following issues;

- (i) PVV Team finds out that, up to April, 2022 more than 90% of the Viettel Tanzania Ltd Senior Management posts are local Tanzanians the posts handed over to Tanzanians include, 15 regional technical managers, 26 regional business managers and 22 deployed as Directors and head of department in different sections. Due to high requirements in performing managerial positions in telecommunication organization, Tanzanian team leaders are need capacity building such as on job training from Vietnamese experts in order to transfer knowledge, where by on 3rd March, 2021 there was an agreement between Viettel (T) Ltd & Labor commissioner to grant 20 permits to Vietnamese experts who will facilitate capacity building on – job training to Tanzanians employees.
- (ii) In discussing with the management team, it was observed that, despite the project implementation period was given for on year which will end on 13 May, 2022, but the application for capital good via TRA took more than 7 months to be approved and not all requested items were approved. This is also one of the reasons which delay the project to be implemented on time. Management team request TIC to extend two more

years in order to finalize clearance of deemed capital goods which are expected to arrive from June 2022. Due to these reasons an investor fails to utilize the extended CoI on time.

During the site visit, the team find that, Halotel has a contract with Universal Communication Services Access Fund (UCSAF) (contract attached) which is also been presented in the budget speech of 2022/2023 by the **Minister of Information, Communication and Information Technology**, where Halotel is among the service providers on UCSAF project phase 6 which is expected to start on November, 2022. (**See below I quote**). In addition to that, Universal Communication Services Access Fund (UCSAF) which sign a contract with Halotel for the provision of services for Border and Special Zones/Areas Phase 6 Project to 13 wards/lots (**Tender No.IE/037/2020-2021/HQ/NC/20**) **with the total cost of 2,145,000,000/= (TZS Two Billion One Hundred and Forty-Five Million Only)**

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103. *“Mheshimiwa Spika, Katika Mwaka wa Fedha 2021/22, Serikali kupitia UCSAF ilitangaza zabuni ya kufikisha huduma za mawasiliano katika Kata 190 zenye Vijiji 380 vya maeneo ya mipakani na kanda maalum ambapo baada ya tathmini ya zabuni hiyo, Kata 85 zenye Vijiji 179 na wakazi takriban 816,090 zimepata watoa huduma. Mikataba ya kufikisha huduma za mawasiliano kupitia mradi huu imesainiwa **Mwezi Februari, 2022. Utekelezaji wa mradi huu unatarajiwa kukamilika Mwezi Novemba, 2022**”*

10.0 CONCLUSION AND RECOMMENDATIONS

10.1 CONCLUSION



The team finds that the project is beneficial to the Country as it intends to improve the communication sector. The project has enabled the disadvantaged rural areas (villages) to access communication facilities, which has helped to easy communication and improve livelihood. The plan to work with the Government, which aims at connecting more Government Authorities, will facilitate access the Nation.

10.2 RECOMMENDATIONS

Based on the Company strategy that is aiming at networking for the disadvantaged group in rural areas and base on the Tanzania Proposed 3rd Five Year Development Plan 2021/22-2025/26, where on the **Priority Areas of FYDP III is** “Stimulating a Competitive and Participatory Economy This area includes projects that will focus on: **building a competent community of regional** and international competition; stimulating the stability of economic indicators; strengthening the business and investment environment; **stimulating foreign technology transfer**; and developing railway infrastructure and **services**, roads, bridges, water and air transport, **ICT**, energy, ports and airports and airlines”. By doing this the Government wishes to see the entire country is covered by communication through Universal Communication Services Access Fund (UCSAF) which sign a contract with Halotel for the provision of services for Border and Special Zones/Areas Phase 6 Project to 13 wards/lots (**Tender No.IE/037/2020-2021/HQ/NC/20**) **with the total cost of 2,145,000,000/= (TZS Two Billion One Hundred and Forty-Five Million Only)**

The company is committed to implement the project as per its plan. However, in order to complete the remained activities, the company needs to import some equipment and utilize exemption facility, which previously was approved by Tanzania Revenue Authority. Considering the significance of the project to the National Economy and the amount of capital invested, the PVV team hints that the requested extension of the Certificate of Incentives to be approved. Based on what the team findings and observation on during the visit and the documents submitted by an Investor as the justification of their request for an extension of CoI, the team recommend for One year extension for Certificate of Incentives instead of two years requested by an Investor.

We submit,

S.n	Name	Position	Date	Signature
1.	George Mukono	Ag. IFM – (A)	23.05.2022	
2.	Leonard Mapunda	PCO - TRA	23.05.2022	
3.	Julie Muro	IFPO - EZ	23.05.2022	