

**RE: TGTL/TIC/VOL24/**  
EXECUTIVE DIRECTOR,  
TANZANIA INVESTMENT CENTRE (TIC),  
P.O. BOX 938,  
DAR ES SALAAM.

29<sup>th</sup> January 2025

Dear Sir,

## **RE: SUBMISSION OF PROGRESS REPORT**

Reference is made to the heading above.

We would like to submit our project progress report as of today 29<sup>th</sup> January 2025

Fully implementation of this project shall have significant impact in country economy in general. It will lower LPG product cost for Tanzanians, increase LPG consumption in the country and help our country be competitive in LPG business in neighboring countries with general below benefits;

1. Increase Government revenue through taxes and levies due to company activities.
2. Increase direct and indirect employment through LPG distribution chain activities.
3. Increase foreign currency as a result of export of LPG product to East Africa and SADCC countries.
4. Protect environment and deforestation due to reduction of use of charcoal.

## **PROJECT OBJECTIVES AS PLANNED IN 2015 (SUBMITTED TO TIC IN 2016)**

The following were the key planned project objectives as planned in 2015 (submitted to TIC in 2016)

- Strategic major import, storage and filling plant with the capacity of 24,000 Cubic Meters in Dar-es-Salaam
- 25 major hubs with storage and filling plants to be located in major cities and towns in Tanzania
- 200 major warehouses and distribution points located in each of major town of the key district and other towns
- 100 bulk transportation trucks for consumers /customers' deliveries
- 200 large cylinders transportation trucks
- 5 million cylinders of various sizes
- 10, 000 consumer bulk tanks of 1 & 2 MT size capacity

In our letter we also outlined that, when the project is accomplished and becomes operational, the society and government as a whole will get the following advantages;

- Direct employment of 1,500 people and indirect employment of 50,000 dealers and each dealer will employ 3 people and in total will provide indirect labor of about 150,000 workers

- The company will allow transport part to be managed by super dealers and dealers.
- Mihan Gas (now Taifa Gas) will export and sell LPG gas to neighboring countries, thus generate foreign currency to the government.
- Mihan Gas (now Taifa Gas) will be able to provide LPG gas in the regions all over the country.

We also outlined that Mihan Gas (now Taifa Gas) shall use advanced technology control system to protect the plant and employees against fire and other hazards as well as protect the environment in line with local and international standards.

## REVISED OBJECTIVES AS OF 2025

The revised objectives in year 2025 aim Taifa Gas to distribute and supply LPG to 10Million Tanzania families in rural and urban areas in the next 10 years. The company shall participate effectively in LPG business in the East Africa and SADCC countries using Dar-es-Salaam and Tanga as supply hubs. So far Taifa Gas is having operating companies in Tanzania, Kenya and Uganda. We are supplying from Dar-es-Salaam in other countries which includes Zambia, Rwanda, DRC and South Sudan. To achieve our objectives within Tanzania and for the EAC and SADCC regions we have planned to invest in below areas in the next 10 years:

Overview of the investments	
<b>Storage Investment</b>	<ul style="list-style-type: none"> <li>• Expand Dar-es-Salaam storage and filling plant facility from 17,000CM to 50,000CM.</li> <li>• Invest in 20,000CM of import and storage facility in Tanga for use on Northern Tanzania, Kenya, Uganda and South Sudan and for back up of Dar-es-Salaam port.</li> <li>• Construction of 165 LPG storage and filling plants in each major town of each district in mainland Tanzania.</li> <li>• Construct two LPG storage and filling plants in Zanzibar, one Unguja and one in Pemba</li> </ul>
<b>Strategic Investment at the Port receiving facility</b>	<ul style="list-style-type: none"> <li>• Construction of CBM (Convectional Buoy mooring system) at Mjimwema Dar-es-Salaam to allow large LPG vessels for more than 20,000 MT to call to Dar-es-Salaam port with objective of making the port efficient and lowering product transport cost which will then make product cost low to Tanzanians.</li> <li>• Construction of CBM in Tanga Chongoleani port to enable receipt of LPG vessels of more than 20,000MT LPG cargo. Commission of CBM in Tanga and Dar-es-Salaam also give ability to these ports to compete with Mombasa port for the market in East Africa Countries. Currently Mombasa port is able to receive this large ship efficiently with no demurrage and with lower transport cost relative to Dar-es-Salaam port.</li> <li>• Construction of Tanga CBM is critical to ensure that the <b>country has fallback receiving facility</b> apart from Dar-es-Salaam.</li> </ul>
<b>Investment in Manufacturing</b>	<ul style="list-style-type: none"> <li>• Invest in Cylinders manufacturing Factory Company with objective of manufacturing 25Mill cylinders for consumers in Tanzania and neighboring countries.</li> <li>• Invest in small and large bulk tank manufacturing factory for LPG filling storage and consumer usage in Tanzania and in neighboring countries.</li> </ul>

<b>Other Key investments</b>	<ul style="list-style-type: none"> <li>Invest in 200 bulk transportation trucks of more than 20MT each for product deliveries from Dar-es-Salaam and Tanga to inland LPG storage and filling facilities.</li> <li>Invest in 100 small bulk consumer trucks for consumers customers' deliveries.</li> <li>Invest in 200 large cylinders transportation trucks.</li> </ul>
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## PROJECT IMPLEMENTATION STATUS AS OF JANUARY 2025

We are pleased to notify you that we have continued with further project investment and would like to update you as follows:

### a) Storage and Distribution Investment:

#### i) Kigamboni (Dar-es-Salaam):

- Additional LPG import and storage facility capacity of 12,000 Cubic Meters has been constructed and the facility making a total capacity to be 15,000 Cubic Meters.
- We are panning to start construction of additional capacity of 40,000 Cubic Meters in which all the permits, designs, land and funds are ready.
- Additional land acquisition (Marked green in the Map below) to accommodate further expansion has been completed and designation of the Land is completed.



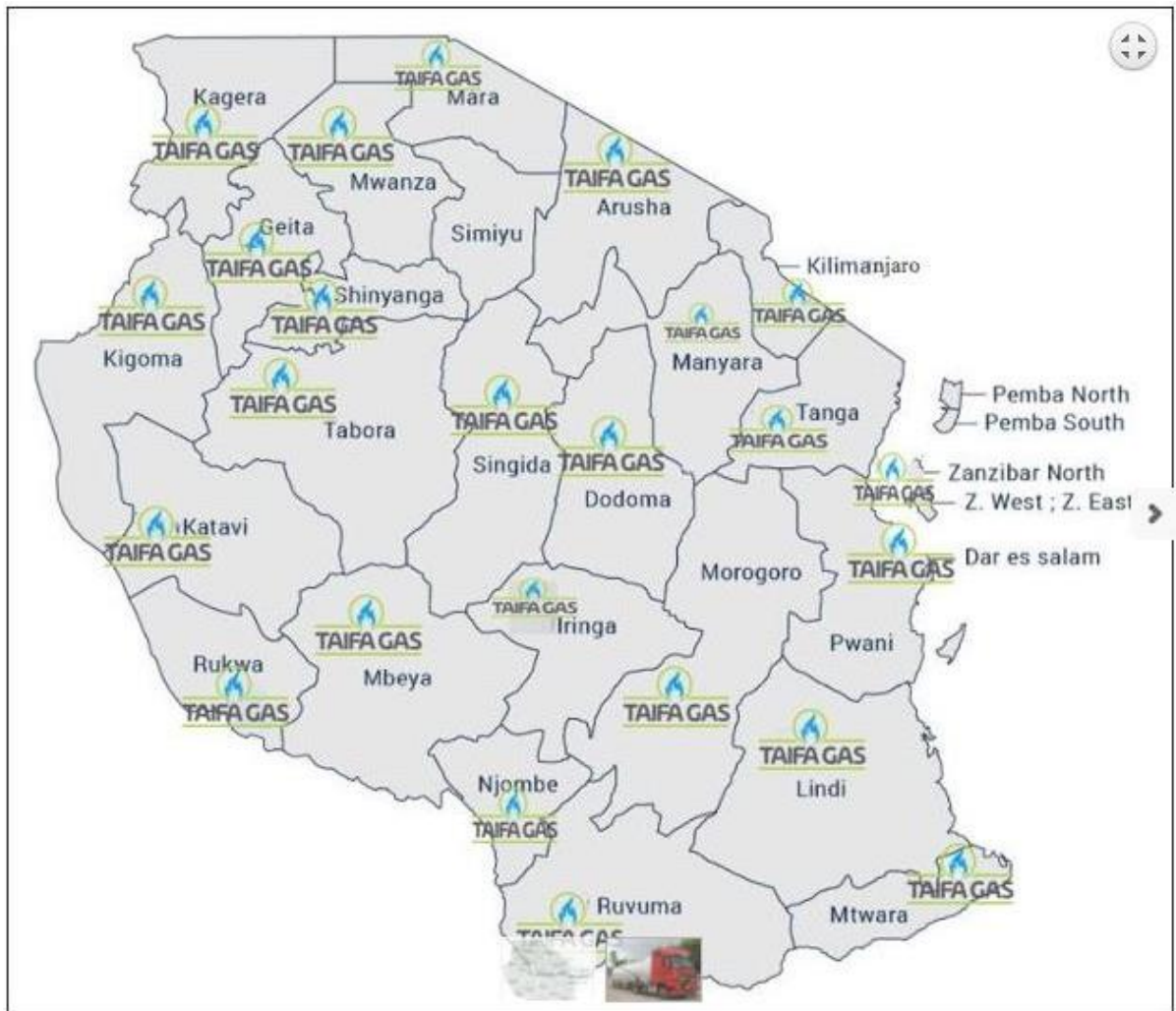
#### ii) Strategic Investment in Distribution network throughout Tanzania:

Out of planned 25 major storage and filling plants hubs in major Regional Cities, 22 have been commissioned and were operational by December 2018.

Sn	Location of the Project	Storage Capacity	% Completion
1	KIGAMBONI TERMINAL	7,650 MT	100%
2	ARUSHA	46 MT	100%
3	BABATI	23 MT	100%
4	BUKOBA	23 MT	100%
5	DODOMA	146 MT	100%
6	GEITA	23 MT	100%
7	IRINGA	46 MT	100%
8	KAHAMA	23 MT	100%
9	KIGOMA	23 MT	100%
10	LINDI	23 MT	100%
11	MBEYA	46 MT	100%
12	MOROGORO	46 MT	100%
13	MUSOMA	23 MT	100%
14	MWANZA	146 MT	100%
15	NJOMBE	23 MT	100%
16	SHINYANGA	23 MT	100%
17	SINGIDA	23 MT	100%
18	SONGEA	23 MT	100%
19	SUMBAWANGA	23 MT	100%
20	TABORA	23 MT	100%
21	TANGA	23 MT	100%
<b>NEW LANDS PURCHASED FOR INVESTMENTS</b>			
1	KIGAMBONI	20,000 MT	20%
2	KIBAHA	Cylinder and Tanks Manufacturing Industry	99%
3	MTWARA	23 MT	95%
4	MWANGA	23 MT	90%
5	IFAKARA	23 MT	10%
6	TANGA	20,000 MT and CBM	20%
7	SIMIYU	23 MT	10%

We have also invested in 14 aftersales service shops located in Karatu, Chanika, Kigamboni, Kizuiani, Makumbusho, Masaki, Mbezi, Msasani, Sinza, Chunya, Esso, Tukuyu, Uyole and Kibaha, and 14 distribution warehouses located in Kinyerezi, Ubungo, Ifakara, Katavi, Kayanga, Mafinga, Mtwara, Masasi, Simiyu, Songwe and Korogwe.

**The below image demonstrates Taifa Gas strong foothold on LPG distribution network in Tanzania:**



- Each Depot consists of Complete Storage Facility of 22 to 146 MT tanks along with filling facility, Administrative office, stores, and fenced wall around the facility.

**The below picture demonstrates our Mwanza Depot as sample of the upcountry depots:**





- iii) We have initiated process to acquire land for 165 districts storage and filling plant facilities.
- iv) We have developed network of distribution with 110 Major Dealers and together we are operating 105 Major warehouses countrywide and also, we have further network of more than 30,000 small retailers countrywide who then supply products to public in 7 days per week.
- v) A various pack of over 2.5Million cylinders already been invested which are servicing about 1,000,000 families in the country.

Cylinder Tanks size in Kgs	Segment
03 kgs	Domestic
06 kgs	Domestic
15 kgs	Domestic
38 kgs	Commercial



- vi) We have already acquired land (54 Acres) with the help of Tanga City council in Chongoleani Tanga for the construction of LPG storage facility of 20,000CM Capacity.

**The below pictures depict the model of Taifa Gas – Tanga 20,000CM Storage Facility:**



The investment of 50 Million Dollars for construction of CBM in Tanga Chongoleani port and storage facility of LPG 20,000MT gives ability to both Dar-es-Salam and Tanga ports to compete with Mombasa port for the market in East Africa Countries.

Currently Mombasa port is able to receive this large ship efficiently with no demurrage and with lower transport cost relative to Dar-es-Salaam port.

And also, Tanga CBM is critical to ensure that the county has **fallback receiving facility** apart from Dar-es-Salaam.

## **b) Investment in Consumer and Bulk Division:**

Alongside domestic household LPG consumption growth, Taifa Gas heavily encouraging private institutions and Government facilities (schools, colleges, hospitals, army camps, hostels and large businesses etc.) to convert to LPG as a result Taifa Gas supplies LPG tanks on loan to customers and Customers are contracted to sole-sourcing from Taifa Gas for a minimum period of 3 years.

Taifa Gas considerably investing in the Consumer Bulk Division towards Trucks, Tanks, Technology, Training and awareness of Bulk LPG consumption as a cost advantage and environment-friendly credentials.

Taifa Gas already has clients of 100 bulks customers in this Division in different parts of Tanzania.

**The below pictures depict one of Taifa Gas's Consumer Bulk Storage Tanks of 1MT each (Rotana Hotel – Dar-es-Salaam):**



### **c) Investment in Bulk & Cylinder Distribution Trucks**

- i) We have invested in **27 bulk** trailers and horses and have also helped Transporters to invest 10 more LPG bulk trailers and hoses which are used to transport LPG product from Taifa Gas Dar-es-Salaam depot to regional facilities and also to neighboring countries.



Taifa gas transports bulk LPG of 23MT to all 21 depots in the regions. This concept of bulk transportation brings the transport cost advantage of 40%.

- ii) We have Invested in 50 medium sized cylinder transportation trucks and 04 Consumer Bulk Trucks:



## d) Investment in Cylinder and Tanks Manufacturing Industry:

Taifa Gas identified that the key success factor of the LPG industry as a whole is start-up cost consisting of **LPG Cylinder** and **Stove purchase** together. The start-up cost in turn is a barrier to many low-income households to using LPG. If this barrier of cost of Cylinder driven down its high likely the LPG consumption will accelerate exponentially in the country.

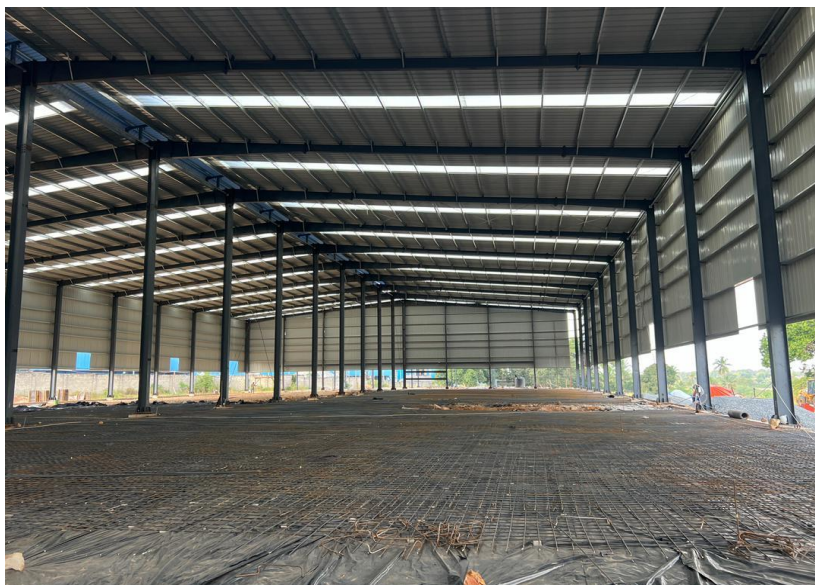
Hence, Taifa Gas has invested in Cylinder and Tanks Manufacturing Industry in Kibaha Misugusugu area, with objective of manufacturing 25Mill cylinders for consumers in Tanzania and neighboring countries.



Tank Factory – The casting of the floor along with the construction of the wall is on progress.

(Inside the Factory) are the Machinery for the Cylinder production Line.

**% Completion of the Tank Factory – 99%** (as the fixing of the Doors, Window and the construction of the wall are in the progress)



Cylinder Factory – Steel Fixing Done and the Casting of the concrete is on the progress.

**% Completion of the Cylinder Factory – 99%** (as the fixing of the Doors, Window and the construction of the wall are in the progress)



**1 . Cylinder Factory**



**2. Tank Factory**

## The Cylinder and Tank Manufacturing Project status:

- Materials for the Cylinder Production are at the port
- All machinery for the Cylinder Production line are at site
- Electrical and power distribution are already shipped out near Dar port

## e) Strategic Investment at the Port receiving facility in Dar es salaam

Investment in Construction of CBM (Convexional Buoy mooring system) at Mjimwema Dar- es-Salaam to allow large LPG vessels for more than 20,000 MT to call to Dar- es-Salaam port with objective of making the port efficient and lowering product transport cost which will then make product cost low to Tanzanians.

The project entails construction of **8.8 Km pipe of 20 Inch diameter**, and a Convexional Buoy mooring (CBM) system at the Dar es Salaam port which will enable the receiving of 20,000 MT Ships. Currently Dar port can only allow the receipt of 6,000 MT Ships at **KOJ 1** and are limited with space for Fuel Ships.



CBM Construction materials

## The CBM project status:

- a) All the required permits including TPA , Nenc EIA, Ewura Construction Approval, Tanroads, Tarura, Tazama are processed
- b) Contractor, Consultant, and Engineers are all contracted.
- c) All materials needed including pipes, carbon steel plates, submarine hoses, pipes fittings, accessories, marine moorings, anchor chains, and other items are already received at our Dar es Salaam Depot.
- d) Currently, 1.2 Km pipe has already been installed and the project is in progress

## BENEFITS TO THE ECONOMY:

The already implemented investment is now generating various benefits in the country and some of the key benefits are as follows:

- The company employs directly more than 350 employees and another about 15,000 people indirectly (through distribution) across the country
- As a result of company operations, the government has been receiving various revenues through taxes and levies which will continue to grow as the business operations expand more
- The company has the biggest LPG distribution/coverage network in the country and therefore helps to increase LPG (clean energy) accessibility to people at relatively affordable cost which eventually reduces deforestation (firewood and charcoal) and health problems arising from use of firewood and charcoal and
- Through export of LPG to neighboring countries such as Kenya, Rwanda, Uganda as well as DRC that generate foreign currency that contributes to stabilization of country foreign currency reserve.
- The investment in the port receiving facilities and increased storage facilities will increase the country's capacity for receiving bigger ships and reduce product costs to the end-users

## LIST OF INCENTIVES BENEFITED FROM THE ISSUED GOVERNMENT NOTICES

- Exemption from Import Duty on including but not Limited to construction materials Pipes, Heavy trucks and light trucks LPG Storage Tanks, LPG plant Equipment, Shipping Vessels and Equipment. Trailers, Staff Vehicles, machinery and industrial spares parts, Raw Materials for manufacturing of LPG Tanks, Cylinders and Cookers, **in which we were granted 75% exemption.**
- Exemption from Excise Duty on including but not limited to construction materials, Pipes, Heavy and light trucks, Shipping Vessels and Equipment's, machinery and Equipment's, industrial spares parts, and Raw Materials for manufacturing of Tanks, Cylinders and Cookers **in which we were granted but they are still charged regardless of the exemption.**
- Exemption from VAT on including but not limited to construction materials, Pipes, Fittings, Accessories, Machineries and Equipment's, Shipping Vessels and Equipment's, Tools, Raw Materials for manufacturing of Tanks, Cylinders and Cookers.
- Exemption of withholding tax from interest on loans from foreign banks.

## **CHALLENGES DURING IMPLEMENTATION:**

- a) Incomplete exemption on Import Duty
- b) Exemption from Excise Duty **in which we were granted but they are still charged regardless of the exemption.**

## **OUTCOMES ACHIEVED DURING IMPLEMENTATION:**

- a) We acknowledge and thank the Government through the Ministry of Finance and Tanzania Investment Centre TIC for granting us these exemptions which were necessary for accelerating the investment of these important projects which will benefit the country as whole.
- b) We believe that, our commitment for investing as planned has successfully been attained and we are positively considering fully implementation of our projects so that we continue having positive investment contribution to the economy of the country.

We remain faithfully and positive in this regard.

**Devis Deogratias**  
**General Manager**