

Policy Briefing: The Residence and Work Permit Regime in Tanzania



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Written by Ashley Elliot

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Key Messages

- The Non-Citizens (Employment Regulation) Act 2015 led to a number of changes. Residence Permits and Work Permits are now separate documents, and go through a two stage process. First at the Department of Labour and then at the Department of Immigration.
- The regime for Zanzibar and the mainland are different.
- A 5 year limit is imposed on renewals for ordinary work permits (exceptions apply to special categories of workers, and investors), with a mandatory succession plan to be in place for replacing the expatriate within the five-year limit.
- The Non-Citizens (Employment Regulation) Act (2015) and associated legislation caters for several types of short term permit or visa, including: Business Visas, Business Passes, Short-Term Work Permits and Special Passes. Together, these permits replace the 'Carrying on Temporary Assignment' (CTA) permits that were abolished in mid-September 2015 after the GoT voiced concerns that some foreign nationals were abusing the system.¹
- There are three primary challenges. Firstly, slow processing times: Some employees have been left in 'no man's land' due to delays in the renewal of existing permits. There is also a direct cost to the company when employees are not able to work due to permit renewals being delayed.
- Secondly, ambiguity over the purpose of the business visa: Consultants, technicians, or visiting directors are often advised on arrival and at Tanzanian embassies abroad that a Tourist Visa is sufficient. However, this is usually not the case, and can lead to forceful questioning by immigration officials and a sense of uncertainty among business visitors to Tanzania, leading to a relocation of meetings outside of Tanzania.
- Thirdly, the costs associated with the Business Visa are high: Directors, technicians and consultants often visit for day-trips. The high cost of business visas (\$250) makes this prohibitively expensive in many cases, increasing the tendency to meet outside Tanzania.
- Investors should advocate specific, actionable recommendations for change: 1) Remove fixed time-lines for succession planning and instead have flexible timelines depending on the industry and the position being replaced, to ease the transition period. 2) Shorten work and residence permit processing times to a maximum of 6 weeks, as the undefined length causes considerable uncertainty. 3) Lift the current geographical restriction on permit holders, as many larger companies operate across the country. 4) Repeal the requirement for foreigners to carry a residence and work permit at all times, which is impractical. 5) Provide a one-year, multi-entry Business Visa at all Tanzanian Foreign Embassies and High Commissions to allow companies to have foreign board members and expertise come and go, and a uniform recommendation at all Tanzanian presence abroad. 6) Improve government communication around immigration policy issues to decrease uncertainty among investors. 7) Simplify the documentary requirements for residence and work permits.

¹ BusinessWeek, Tanzania tightens on permits', 'January 2016; access at: <http://www.busiweek.com/index1.php?Ctp=2&pl=4633&plv=3&srl=49&spl=27>

1. Introduction

The Government of Tanzania (GoT) is open to foreign direct investment (FDI) and favours an increasingly competitive and market-oriented economy. However, despite the investor-friendly stance, investors interviewed for this Policy Briefing observed that the complexity and unpredictability of the country's immigration policy may act as a deterrent to inward investments. In this briefing, we seek to address this concern by clarifying the current residence and work permit regime in Tanzania, and by providing a guide for new and existing European investors as they seek to comply with it.

Key challenges highlighted by EU+ investors regarding Tanzania's visa regime

- Frequent rule changes and a lack of timely government communication around such things
- Overly bureaucratic and costly procedures for processing investor and expatriate permits
- Regional restrictions on business activity within Tanzania for Work Permit holders
- Lack of clarity regarding the use of temporary permits

1.1. Background

Until 2015, all foreigners intending to reside in Tanzania for investment, business or employment purposes were required to have a Residence Permit. The issuance of Residence Permits in Tanzania (Mainland) was governed by the **Immigration Act No. 7 of 1995** and the **Non-Citizen Employment Regulations of 1997**. Under this regime, a Residence Permit constituted a Work Permit: the two documents were one and the same.² The application for a Residence Permit was made to the Ministry of Labour and Employment ('Labour') which, upon approval, would forward the application to the Department of Immigration Services of the Ministry of Home Affairs ('Immigration') for issuance of a 'Residence Permit Class – B'. No fees were paid to Labour, and a fixed fee of \$2,050 was levied by Immigration.

1.2. The Non-Citizens (Employment Regulation)

Act (2015)

The introduction of the Non-Citizens (Employment Regulation) Act (2015) has transformed the residence and work permit regime completely.³ This new Act – which was passed in Parliament in mid-2015 and is being implemented in stages – separates the Residence and Work Permit into two separate documents and processes. As a result, expatriates wishing to work in Tanzania must now make an initial application to the department of labour for a Work Permit, after which a second separate application must be made to Immigration for a Residence Permit.

Other changes introduced by the new Act include the removal of Carrying on Temporary Assignment (CTA) permits, the introduction of a new Short Term Work Permit, and the award of substantial powers of discretion to the Labour Commissioner (see "**Powers of the Labour Commissioner**", page 3).

In several respects, the Non-Citizen (Employment Regulation) Act (2015) has ushered in a more stringent, time-consuming and costly visa process for foreign investors in Tanzania. The following sections provide detail on these challenges as well as recommendations for how to address them.



² This applied on Tanzania Mainland. On Zanzibar, by contrast, two separate permits were issued – a Residence Permit by the Immigration Department, and a Work Permit by the Labor Department.

³ The Bill, which falls under the Ministry of Labor and Employment, serves as an amendment to the earlier Immigration Act 1995. It is available to read in full here: <http://www.parliament.go.tz/polis/PAMS/docs/2-2014-2.pdf>

2. Key Features of the Non-Citizens (Employment Regulation) Act 2015

2.1. Permit Classes and Fees

The Non-Citizens (Employment Regulation) Act 2015 focuses on two classes of work permits: Class A, issued to an investor or self-employed non-citizen, and Class B, issued to non-citizens other than those qualified for Class A. (Meanwhile, Class C permits will continue to be issued under the terms of the 1995 Immigration Act).

The duration of a Work Permit under the new Act is 2 years, renewable up to a maximum period of 5 years in total (hence, after two two-year Work Permits have expired, the applicant will be eligible for a further one-year permit only). This 5-year limit differs from the previous regime whereby 2-year permits could be renewed repeatedly, subject to justification.⁴

However, the Act does provide for Class A work permit extensions beyond 10 years where the investor is providing an exceptional economic and social contribution to the economy. In practice, this is likely to apply to business ventures categorized as "strategic investments" by the Tanzania Investment Centre (TIC).⁵

The new fee structure for Work Permits is as follows:

Fees to be paid to labour

- Class 'A' - Investors and Self Employed - **\$1,000**
- Class 'B' - Non-Citizens in possession of prescribed professions - **\$500**
- Class 'C' - Non-Citizens in possession of such other professions - **\$1,000**
- Class 'D' - Non-Citizens engaged in registered religious and charitable activities - **\$500**
- Class 'E' - Issued to refugees - **gratis (free)**
- Work Permit Register Inspection Fee - **\$50**

Source: Presentation on the Non-Citizens (Employment Regulation) Act of Tanzania to the American Chamber of Commerce, FB Attorneys, February 2016

It is important to note that the award of a Work Permit by the Department of Labour **does not guarantee that a Residence Permit will subsequently be awarded by**

Immigration. For instance, the Department of Immigration may reject a Residence Permit application on grounds of public interest if the applicant is deemed to be a threat to national security. Moreover, the fees for the Work Permit outlined above do not take into account the fees for the Residence Permit, which must be paid separately as per the table below.

Class A: investors	\$1000 - \$3000
Class B: employed non-citizens	\$2000
Class C: Researchers, employees of registered NGOs, winding up affairs, retirees, volunteers, students	\$200 - \$500

Source: Department of Immigration
<http://immigration.go.tz/module1.php?id=45>

All current Work Permits awarded under the previous system are valid until their expiry date, after which a new permit application will need to be made under the new framework. For those foreigners carrying an old Work Permit, a separate Residence Permit is not required.

List of required documents for processing a Class B or C labour permit:

Required Documentation

- Contract of Employment
- Job Description
- CV
- Certificate from respective professional bodies that regulate the post
- Academic/Professional Certificates
- Certified translation in Kiswahili or English
- Copy of Passport
- Previous Work Permit (for a renewal)
- Business License
- TIN Certificate
- VAT Certificate
- Memorandum and Articles of Association
- Succession Plan
- Any other documentation requested by the Labour Commissioner

Source: Presentation on the Non-Citizens (Employment Regulations) Act (2014) to the American Chamber of Commerce made by FB Attorneys in Dar es Salaam in February 2016

⁴ Until the new system has been tested in practice, it remains unclear whether foreign nationals who have worked in Tanzania for a number of years already under the old permit regime will be eligible to apply for Work Permits under the new system and to renew the new Work Permits for up to 5 years. We believe it is unlikely that the law will be applied retrospectively in order to deny expatriates who have worked in Tanzania for some time the right to apply for up to 5 years' worth of Work Permits under the new regime, but this will only become clear in the coming months as the new permit regime is embedded.

⁵ A strategic investment, as defined by TIC, is an investment with a value chain link with local industry and/or the production of goods and services.

2.2. Other Visas and Passes

In addition to full Work and Residence permits, the Non-Citizens (Employment Regulation) Act (2015) and associated legislation cater for several types of short term permit or visa, including: Business Visas, Business Passes, Short-Term Work Permits and Special Passes. Together, these permits replace the 'Carrying on Temporary Assignment' (CTA) permits that were abolished in mid-September 2015 after the GoT voiced concerns that some foreign nationals were abusing the system by working full-time in Tanzania on back-to-back CTAs.⁶

Short Term Permit (STP)

The Short Term Permit (STP) is, in theory, a direct replacement for the CTA. Applicants must apply for the STP prior to entering Tanzania by filling out the same application form as for the full 2-year Work Permit. The STP costs \$500 and is valid for six months with multi-entry.⁷

In practice, however, the STP is likely to be underused. This is because applicants for the STP must also obtain and pay for a Residence Permit from the Department of Immigration Services in order for the STP to be valid, thus making the process too lengthy and costly to be worthwhile for a visiting consultant or business traveler. In the majority of cases, the STP application process would take longer (up to six months) than the intended duration of the business visit to Tanzania.

Documentation required for STP

- Invitation Letter
- Application Form
- Employment Contract
- Company covering letter
- Passport copy
- 8 passport size photographs
- Certificates of Academic Qualifications
- Memorandum of Articles
- Certificate of Incorporation
- Business License

Source: Presentation on the Non-Citizens (Employment Regulation) Act of Tanzania to the American Chamber of Commerce, FB Attorneys, February 2016

Business Visas

Business Visas are available for short-term business visits to Tanzania for citizens of countries that require a visa. Examples of valid reasons for obtaining a Business Visa include: a short-term consultancy assignment, an audit, a training session or attendance at a Board Meeting.⁸

The Business Visa costs \$250 and valid for 90 days with multi-entry.⁹ It is issued at all entry points to the country and at embassies and High Commissions abroad.

It is likely that Business Visas rather than STPs will become, de facto, the successor to CTAs for most business travellers and consultants visiting Tanzania on assignment.

Business Pass

The Business Pass is equivalent to the Business Visa but is eligible only for citizens of the East African Community (EAC) or Southern African Development Community (SADC). It costs \$200 and is valid for 90 days with multi-entry. The Pass is issued at all entry points to the country.

Special Pass

In the event that foreign nationals in Tanzania are left in limbo while they wait for a permit application to be completed, it is possible to apply for a Special Pass at the Department of Immigration. This is valid for 1 month and allows the individual to continue working in Tanzania during the period between their previous Work Permit lapsing and their new Work Permit being awarded.

The Special Pass is available only to those who have already submitted a valid application for new Work Permit.¹⁰

2.3. Succession Planning and Training

The Non-Citizens (Employment Regulation) Act 2015 requires a company intending to employ a non-citizen to prepare and document a plan for the succession of the non-citizen during his/her tenure of employment. The employer is also required to establish an effective training program to ensure that a Tanzanian citizen can undertake the duties of the non-citizen in the future.

6 BusinessWeek, Tanzania tightens on permits', 'January 2016; access at: <http://www.busiweek.com/index1.php?Ctp=2&pl=4633&plv=3&srl=49&spl=27>

7 Presentation on Non-Citizens (Employment Regulations) Act of Tanzania to the American Chamber of Commerce, FB Attorneys, February 2016

8 Ibid.

9 However, one interviewee for this Briefing observed in March 2016 that at Tanzania's main international airports Business Visas were being offered as single-entry only; whereas at embassies and High Commissions abroad multi-entry Business Visas were available.

10 Some interviewees for this study also noted that GoT inspection officers would accept, in lieu of a permit, a certified receipt from Labour or Immigration proving that an application for a new Work Permit has been made. However this could not be corroborated.

This is a new statutory requirement which was not expressly required under the Immigration Act 1995 or the Immigration Regulations of 1997. Succession plans must be tailored to the specific business: generic 'off the shelf' plans will be rejected by the authorities.

2.4. Powers of the Labour Commissioner

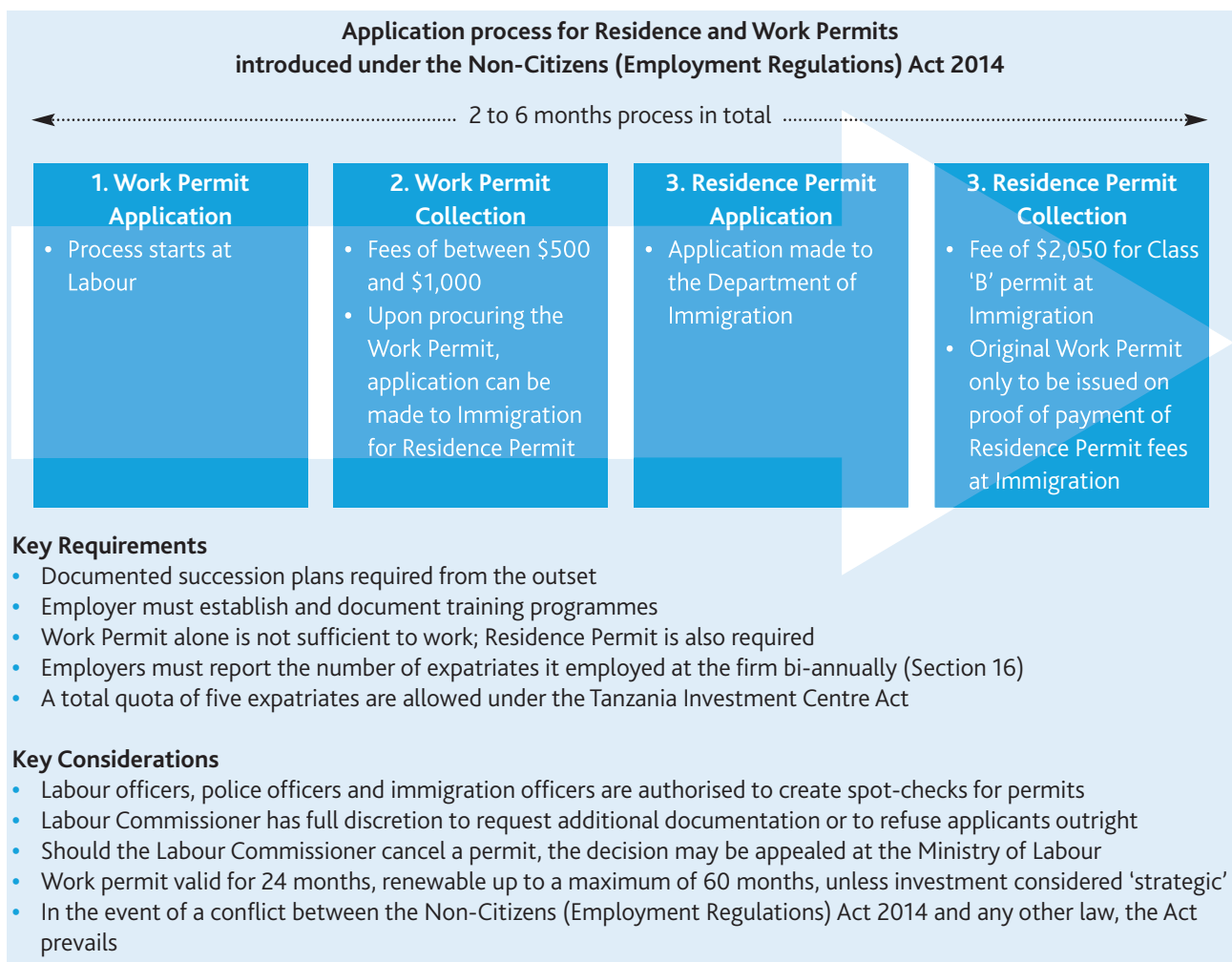
Under the new Act, the power to issue – or to refuse – permit applications is centralized at the Labour Commissioner's Office. The Labour Commissioner is empowered to "issue, vary, renew or cancel any work permit [and/or to] reject any work permit application." The Labour Commissioner also has the discretion to request that applicants provide any other documentation that he or she deems fit to substantiate the permit application. The Commissioner is further tasked with "advising the Minister on all matters relating to employment of non-citizens [including] applications for exemptions".

This represents a significant departure from the earlier 1995 Act, under which the Labour Commissioner's remit was limited to making recommendations to the Director of Immigration Services who then issued the final permit.

2.5. Right of Appeal

Under the new law, the decision of the Labour Commissioner is appealable to the Minister, and the Minister's decision on appeals for work permits may be challenged in court, whereas previously the Minister's verdict was final.

Applicants for Work Permits therefore have greater legal recourse under the new regime than the old, though this has yet to be tested in practice as implementation of the Act only began in late 2015.



Note: This info-graphic draws on the presentation on the Non-Citizens (Employment Regulations) Act (2014) to the American Chamber of Commerce made by FB Attorneys in Dar es Salaam in February 2016

3. Work and residence permits in Zanzibar

It is important that European investors and expatriate staff recognise that different work and residence permit regimes apply on the Tanzanian Mainland and the semi-autonomous Zanzibar archipelago. (Under the terms of the Union and Zanzibar constitutions, immigration and visa issues in Zanzibar are designated as a matter for the Revolutionary Government of Zanzibar rather than the Union Government).

According to the Zanzibar Labour Act of 1997,¹¹ residence and work permits are separated in Zanzibar, with the Immigration Department being responsible for issuance of residence permits, and the Department of Labour being responsible for issuing work permits. Work permits are issued first, followed by residence permits.

This longstanding system is unaffected by the recent Non-Citizens (Employment Regulation) Act (2015), which applies to Mainland Tanzania only.

The Zanzibar Labour Act 1997 includes the following requirements, some of which differ slightly from the new rules on Tanzania Mainland:

*"No employer shall be permitted to employ foreign nationals except [...] where no Tanzanian with the required qualification is available for the post; [or] where the vacant position is a management position for which the employer is allowed to employ a person of his choice under the provisions of the Zanzibar Investment Protection Act of 2004"*¹²

*"Every foreign employee will hold only one work permit for one place of employment only [...] The employer will report to the Commissioner for Labour on expiry or termination of every employment contract within fourteen days from the date of such expiry or termination as the case may be."*¹³

4. Restrictions on work and residence permits

Foreign investors in Tanzania are required to state the region of the country where they will conduct their business, and

they are restricted from conducting business outside of this region, unless they negotiate or renegotiate with the Department of Immigration for additional geographic zones.

This geographic restriction is not an explicit feature of the Non-Citizens (Employment Regulation) Act (2015) but it is nevertheless actively enforced by the Department for Immigration. Indeed, several European investors have recently been reprimanded for conducting business in parts of the country outside of the specific area of business operations delimited by their Work Permit.

It is crucial, therefore, that EU+ investors recognise that a Tanzania work permit is not a national permit with nationwide validity, but rather is valid only in a narrowly defined region/locality.

Clearly, this restriction on the validity of work permits places significant constraints on foreign-owned businesses, many of whom have nationwide supply chains and investments that require frequent business travel to all regions of the country.

In practice, it is often possible to negotiate an increase to the permit coverage area with the Department for Immigration Services, though this can reportedly be a lengthy, uncertain process.

4.1. Permit checks

It is a requirement for an expatriate employee to carry a resident and work permit at all times. The Non-Citizens (Employment Regulation) Act (2015) empowers labour officers, police officers and immigration officers (or any other public officer designated by the Labour Commissioner) to "require the holder of a work permit or certificate of exemption to produce it for examination by the authorized officer at such time and place as the officer making the requirement shall specify."¹⁴

European investors and expatriate staff are advised to observe by this stipulation in all circumstances. In several recent cases, failure to produce a permit has led to temporary arrest and detention.

¹¹ Part III – Employment Procedures, para 26 to 32

¹² The Zanzibar Investment and Protection, Act 11 of 2004 is available in full here: http://www.zanzibarinvest.org/ZIPA_act_2004.pdf

¹³ See: <http://www.ilo.org/dyn/natlex/docs/WEBTEXT/49108/65102/E98TZA01.htm>

¹⁴ See Page 6, <http://www.parliament.go.tz/polis/PAMS/docs/2-2014-2.pdf>.

5. Impact on EU+ Investors

Examples of the practical impact of the new visa regime on European firms include:

- **(1) Slow processing times:** Some employees have been left in 'no man's land' due to delays in the renewal of existing permits. Beyond a one-month grace period, employees are forced to suspend work, and it is unclear whether they are required either to leave the country or whether they may remain whilst the visa is being processed (in which case they must secure a Special Pass).

There is a direct cost impact of this slow visa processing due to the (unplanned) lost working time of the employee, in addition to the cost the company incurs to either to fly employee out of Tanzania (and subsequent travel costs for an unspecified amount of time) or to purchase a Special Pass. One company cited costs incurred due to delayed visa processing for multiple staff in excess of \$18,000. Another company noted that a major planned investment project had been postponed due to visa delays, leading to delayed revenues and taxes to the Government.

Finally, a further company noted that a 2-month delay in processing Short Term Permits had forced management to cancel planned training programs for Tanzanian staff because global specialists could not visit Tanzania as planned to lead the sessions (the alternative – a business visa – was not possible in this case as the training involved multiple visits to Tanzania).

- **(2) Ambiguity over the purpose of the business visa:** Consultants or visiting directors are often advised on arrival that a Tourist Visa is sufficient; yet they are later informed by immigration officials that they are in the country illegally. One company noted that it was advised by the Tanzanian High Commission in London (UK) that the year-long Business Visa was sufficient for short-term work visits but was then questioned by immigration in country.

Forceful questioning (and, on occasions, temporary arrests) by immigration officials regarding usage of

business visa creates the perception of an unfavourable business environment in Tanzania. As a result, some directors and shareholders are reportedly considering diverting work out of Tanzania to neighbouring countries where such ambiguities and issues are less prevalent and employees feel more comfortable.

- **(3) Costs associated with the Business Visa:** Directors, technicians and consultants often visit from outside of the country on day-trips to attend board meetings, conduct training, fix machinery or view company operations as part of investment due diligence. The high cost of business visas (\$250) makes this prohibitively expensive in many cases, and some companies are now opting to hold board meetings outside of Tanzania as a result. The broader impact is an unfavourable perception of the business climate among investors, which will deter new investment in the medium term.

6. Recommendations

To address concerns over the GoT's interpretation and implementation of the Non-Citizens (Employment Regulation) Act 2015 and related legislation, the following steps are recommended:

6.1. Engage the GoT in Constructive Dialogue:

EU+ investors and expatriate staff are encouraged to share their experiences and concerns over immigration policy issues with the European Union Business Group (EUBG) and other leading business forums in Tanzania. Together with the relevant diplomatic missions, these groups can pursue a formal dialogue with the GoT to voice concerns in a coordinated way and to work collaboratively with the government to address them.

Indeed, since late 2015, the EU Delegation and the EUBG have actively engaged the GoT on the challenges and inconsistencies introduced by the Non-Citizens (Employment Regulation) Act (2015). While this dialogue remains in its early stages, the GoT has responded positively and proactively to date and the Departments of Labour and Immigration are likely to announce measures to streamline the permitting processes in the coming months.

6.2. Foster a joint agenda among private sector forums on immigration policy issues:

Beyond the EUBG and forums such as the British Business Group and American Chamber of Commerce, a number of apex private sector forums exist in Tanzania to address business environment issues. These include the Tanzania National Business Council (TNBC), which draws an equal number of senior representatives (20 each) from the public and the private sectors, is chaired by President John Pombe Magufuli and works closely with line Ministries to drive the business environment reform process.

Further examples include the Tanzania Private Sector Foundation (TPSF), the CEO Roundtable of Tanzania and various industry-specific associations such as the Oil and Gas Association of Tanzania (OGAT), Tanzania Chamber of Minerals and Energy (TCME), Tanzania Bankers' Association and others.

The more these different forums can work together to articulate a shared agenda on immigration policy issues – including, for example, issuance of joint recommendations for how the government can address existing challenges – the greater the chances of achieving positive change.

6.3. Advocate specific, actionable recommendations for change:

As stated, EU Investors have an opportunity to bring the shortfalls of the Non-Citizens (Employment Regulation) Act (2015) to the attention of government officials for adjustment. This is best achieved by making a limited number of specific, actionable recommendations. Examples include – but are not limited to – the following:

- **(1) Remove fixed time-lines for succession planning:** The GoT should soften the pace of the localisation agenda by removing arbitrary fixed deadlines for turning over positions occupied by foreigners to Tanzanians. Instead, succession planning guidelines ought to be non-binding, at least initially, and tailored to the realities of each economic sector – with regular

reviews to ensure that guidelines reflect current labour market realities.

The importance of localisation should be retained and reflected in the legislation, but a more flexible approach to implementing this objective is needed in light of the present shortage of highly-skilled labour in Tanzania (**see Annex 1** for further detail). Given the difficulty in many cases of securing Tanzanian candidates for all senior management positions within a fixed time frame, international companies are likely to be discouraged from investing in Tanzania under the immigration regime for fear of losing the ability to choose their own management team after just five years of business operations.

In cases where senior management positions require deep industry experience and technical expertise, it may simply be impossible for companies to adequately train Tanzanian staff over a 5-year period – and to retain those staff without losing them to competitors – in order to meet the localisation deadline. Hence, without greater flexibility on succession planning, there is credible risk that the inward investment driving economic growth in Tanzania will be stymied.

- **(2) Shorten work and residence permit processing times to a maximum of 6 weeks:** Permit processing currently takes between two and six months. By shortening this period, the GoT would remove a great deal of uncertainty for investors and expatriate staff, which in turn would stimulate investment and business activity. As modernisation efforts at the Department of Immigration Services are already underway, a target processing time of 6 weeks or less should be attainable in 2016.¹⁵

As an initial step, the introduction of transparent and publicly reported performance measurement system to capture permit processing times is recommended.

¹⁵ The Immigration Department is in the process of modernizing service delivery, including a transition to a more IT-based permit processing platform. The long term aim of this process is to make a transition to fully online application processing and to provide 'e-residence permits' which would eliminate the need for cumbersome paperwork and long periods spent waiting in person at the Department of Immigration.

Short term, it is likely that only the initial application process will move online, with document collection still done in person at the Department of Immigration's offices. Even this step would be of great benefit to foreign investors and expatriate staff. At present, many foreigners are left waiting in limbo for months for their permit applications to be processed – the more this waiting time can be shortened, the less uncertainty new and existing investors will face.

- **(3) Lift the current geographical restriction on permit holders:** The internal regional restrictions on business activity placed on Work Permit holders by the Department of Immigration Services represent a major impediment on business growth. The restrictions are not stipulated in the Non-Citizens (Employment Regulation) Act (2015) or the Immigration Act of 1995 and could therefore be lifted immediately via the issuance of government directive.

The government may wish to preserve some geographical restrictions, for national security reasons, for example – but it would be pragmatic to engage in dialogue regarding an easy-to-use exemption regime for specific sectors where nationwide travel is a common necessity, such as construction, ICT, transport and agriculture.

Investors would certainly prefer a system in which they are free to expand their businesses to different parts of the country, provided they keep the Immigration Department informed from time to time (for example by stating the regions in which they are active in their annual reporting or corporate filing).

- **(4) Repeal the requirement for foreigners to carry a residence and work permit at all times:** This is not practical and provides a potential opportunity for abuse of office. If a person residing in Tanzania does not have a permit on their person at a particular date, he or she should be given a set number of days to produce the permit before any penalty is imposed.
- **(5) Provide flexibility to business people and consultants visiting Tanzania by offering a one-year, multi-entry Business Visa at all Tanzanian Foreign Embassies and High Commissions.** An extension of the validity of the new Business Visa to one year (with multi entry visa provision) would save on both costs and processing times. This in turn would encourage more frequent business travel to Tanzania, to the benefit of the overall economy.

Under the previous system, 'Carrying out Temporary Assignment' (CTA) permits were available for a three-month period at a cost of USD 200 per permit, non-

renewable. This rigidity was a key point of contention, given that experts, consultants and business travellers often visit Tanzania more than once in a short period to address issues relating to projects under implementation or to conduct trainings or inspections, for example in the agriculture and infrastructure sectors. Flexible short term permits are equally important for companies during the process of deciding whether to move ahead with a long-term investment in Tanzania, during which time consultants may be required visit the country repeatedly for feasibility studies, contractual negotiations and so on. For these reasons and more, a multi-entry 1-year Business Visa is essential to allow experts and company directors the flexibility they require at a cost that is fair.

- **(6) Improve government communication around immigration policy issues:** At present much of the communication between the Immigration Services Department and the Ministry of Labour and Education on the one hand, and the private sector on the other, is ad hoc and irregular. Some requirements are unwritten, and investors often struggle to obtain clarity on how best to comply with existing laws.

For instance, there has been no clear communication on how to produce the mandatory succession plans envisaged under the Non-Citizens (Employment Regulation) Act (2015). A further example of ambiguity is the lack of clarity around exactly when a Business Visa is or is not required.

Improved communication, including through an interactive online portal and regularly updated online forum, would enhance compliance and reduce uncertainty for investors.

- **(7) Streamline the documentary requirements for residence and work permits:** To obtain a Residence Permit there are more than 13 separate documentary requirements, some of which duplicate each other. The process could be streamlined by reducing the documentary requirements, for example by asking for only one document to prove company registration rather than several (see the introduction, pg2 for the list of documents).

Annex 1. Labour market challenges and the feasibility of mandatory localisation

With the Tanzanian economy growing at a rate of 7% per annum, and with the country attracting an ever increasing flow of foreign direct investment, a widely acknowledged skills gap has arisen in the labour market. In fast changing, technology-driven sectors such as banking, communications and manufacturing, there is a shortage of highly-skilled or specialist labour. The following info-graphic, which draws on a survey by the United Nations Industrial Development Corporation (UNIDO), underscores the difficulty that firms in Tanzania face in securing highly skilled staff.

Moreover, in the World Economic Forum’s 2015 Global Competitiveness Index (GCI), Tanzania was ranked a lowly 135th out of a total of 140 countries in the ‘Higher education and training’ category.¹⁶

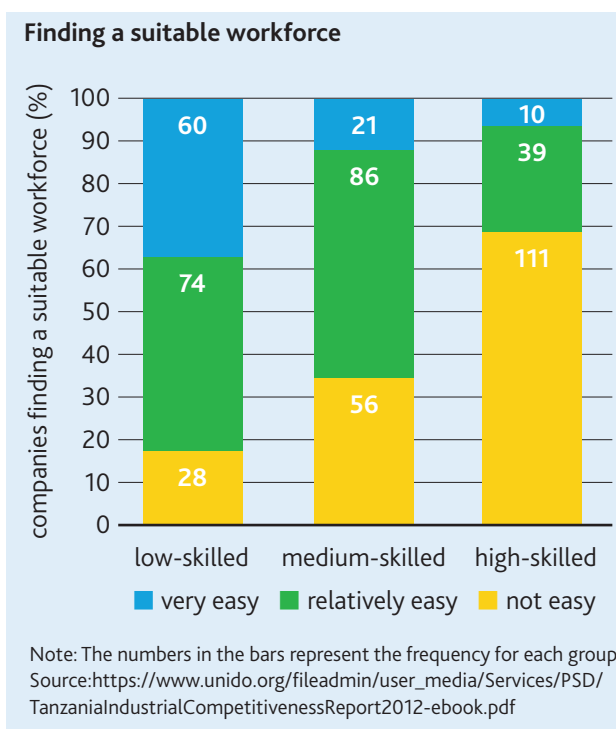
The challenges start at the primary and secondary education level. Although every child in Tanzania in Standard 3 grade or above should have mastered basic literacy and numeracy skills, this is not a reality. According to a nationally representative survey of more than 55,000 households conducted by the Uwezo initiative in 2012, 57% of children enrolled in Standard 3 or above were able to read Kiswahili to a basic level. Rates of English competence are much lower than Kiswahili; only 4 out of 10 children in Standard 3 or above can read a Standard 2 level story in English.¹⁷

The shortage of skilled labour in Tanzania can be addressed by appropriate education and labour market policies in the medium term. In the immediate term, however, there is clearly a necessary role for global technical expertise and expatriate staffing in some areas of the Tanzanian labour market. All business managers interviewed for this study expressed doubts as to whether local staff suitable for senior positions would necessarily be ready to take over senior management positions occupied by key foreign staff within a maximum of five years – the time allocated to training by the new immigration legislation.

The challenge of hiring Tanzanian staff at a senior management level is compounded by Tanzania’s labour legislation, which affords extensive protections to employees and makes it extremely difficult for employers to discipline or retrench staff that do not perform or are engaged in theft or mismanagement of company assets.

In practice, foreign companies have a strong financial incentive to hire qualified locals should they be reliably available, as expatriate employees not only tend to draw higher salaries, but also require additional benefits, such as housing, school fees for international schools, and travel allowances. As a result, localisation is likely to proceed organically as quickly as the development of the Tanzanian skills base will allow. Pushing the pace of change beyond what the labour market can accommodate may prove counterproductive.

As the GoT implements the localisation agenda embodied in the Non-Citizens (Employment Regulations) Act 2015 – from succession planning to more stringent training requirements – a degree of flexibility will therefore be required, in recognition of current labour market realities.



16 See: <http://reports.weforum.org/global-competitiveness-report-2015-2016/competitiveness-rankings/#indicatorId=GCI.B.05>

17 See: http://www.uwezo.net/wp-content/uploads/2012/08/TZ_Uwezo2012ALAREport.pdf

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