

**THE IMPLICATION OF NATIONAL INVESTMENT  
PROMOTION POLICY ON TRANSPORT INFRASTRUCTURES  
DEVELOPMENT AND INVESTMENT IN TANZANIA:  
A CASE OF MOSHI URBAN**

**By  
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**A Dissertation Submitted to the Institute of Development Studies in Partial  
Fulfillment of the Requirements for award of Masters of Science in Development  
Policy (MSc DP) degree of Mzumbe University**

**2014**

## CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University a dissertation entitled, **The Implication of National Investment Promotion Policy on Transport Infrastructures Development and Investment in Tanzania: A case of Moshi Urban** in partial fulfillment of the requirements for the award of the degree of Master of Science in Development Policy (MSc- DP) of Mzumbe University.

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## **DECLARATION**

I, Leonard L. Ndossy declare that this dissertation is my own original work and that it has not been presented and will not be presented to any other University for a similar or any other degree award.

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## **DEDICATION**

This dissertation is dedicated to my lovely wife Salma, my beloved sons Hendry and Pray God, my beloved parents and my lovely young sisters Luciana L. Ndossy, Tumaini L. Ndossy and Oliva L. Ndossy.

## **LIST OF ACRONYMS AND ABBREVIATIONS**

|         |                                                       |
|---------|-------------------------------------------------------|
| ADF     | African Development Foundation                        |
| CLKNET  | Country Level Knowledge Network                       |
| ESRF    | Economic and Social Research Foundation               |
| FDI     | Foreign Direct Investment                             |
| GDP     | Gross Domestic Product                                |
| IDA     | International Development Association                 |
| IAs     | International Investment Agreements                   |
| IISD    | International Institute for Sustainable Development   |
| JNIA    | Julius Nyerere International Airport                  |
| KNCU    | Kilimanjaro Natives Cooperative Union                 |
| LGTP    | Local Government Transport Programme                  |
| MMC     | Moshi Municipal Council                               |
| NAO     | National Audit Office                                 |
| NHC     | National Housing Corporation                          |
| OECD    | Organization for Economic Cooperation and Development |
| OEF     | Oxford Economic Forecasting                           |
| STAP    | Short Term Action Plan                                |
| SUMATRA | Surface and Marine Transport Regulatory Authorities   |
| TAA     | Tanzania Airports Authority                           |
| TANROAD | Tanzania National Road Agency                         |
| TAZAMA  | Tanzania Zambia Oil Pipeline                          |
| TAZARA  | Tanzania Zambia Railway Authority                     |
| TIC     | Tanzania Investment Centre                            |
| TRA     | Tanzania Revenue Authority                            |
| TRL     | Tanzania Railways Limited                             |
| TSIP    | Transport Sector Investment Programme                 |
| UNCTAD  | United Nations Conference on Trade and Development    |
| URT     | United Republic of Tanzania                           |

## **ABSTRACT**

This study intended to examine the performance of National Investment Promotion Policy in development of transport infrastructures and promotion of investments in Tanzania. The study was carried out at Moshi Urban as a case study. Specifically the study focused at documenting investment patterns and trends on improvement of transportation services; assessing the implication of transportation services on investments; revealing factors hindering transport infrastructures development and investment expansion and solicit views on possible solutions to mitigate the hindrances.

The study adopted cross section research design, targeting small and large investors in Moshi Urban. A sample size of 100 respondents was drawn using purposive and random sampling techniques. Questionnaires, Interviews, Focus group discussion, and observation methods were employed to collect primary data whereby documentary review method was applied to collect secondary data. Qualitative and quantitative data were analyzed through contents analysis while quantitative data were analyzed with the help of the Statistical Package for Social Sciences (SPSS) software. Quantitative data were arranged in frequency distribution and percentages where comparisons were made to highlight characteristics and relationship of the variables. Study findings were presented in tables, figures, texts, charts and graphs.

The study revealed that road infrastructures were improved through increased kilometers of roads in good and fair condition from 10.9 percent in 1997 to 92.38 percent in 2013 of all roads in the study area. Roads were a dominating mode of transport as reported by 67 (67%) respondents. Airport infrastructures were in fair condition while the railways route to Moshi was discontinued. Trends in transportation revealed improved registered transport companies from 12 in 1997 to 238 in 2013. Investment trends revealed improved registered investment projects from 106 worth 176.45 USD million in 2008 to 263 projects worth USD 320.95 million in 2012. Inadequate funds and management skills were reported to be the limiting factors. The

study recommends fund mobilization and strengthening of managerial skills and capacity of local contractors.

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## **CHAPTER ONE**

### **INTRODUCTION TO THE STUDY**

#### **1.1 Overview**

Transport infrastructures development plays a significant role as a capital input into production and generation of wealth in the society. The contributions of transport infrastructure to the economic development through multiple of channels provide an enabling environment to productive private investments and creation of activities in the market chain (OECD, 2013). The chapter introduces the study through an overview, background to the study problem, statement of the problem, objectives of the study, Research questions, significant of the study, scope of the study and limitations of the study.

#### **1.2 Background to the Study Problem**

The conditions of transport infrastructures in Africa have got a significant effect on the ability of production sectors to effectively produce and export goods and services to the markets. Transport infrastructures in Africa have placed producers and exporters of goods and services in a position with no advantage due to the increased costs of transportation services and declining quality of perishable goods due to more time consumption while on transit. In this regard transport infrastructures development has a critical role to play in export competitiveness, economic growth and social welfare as recognized by the government and development agencies (USITC, 2009).

The National Investment Promotion Policy of Tanzania has been in operation to guide investment situation in the country since (1996). The policy has a focus to encourage and promote both foreign and private sectors to investment activities and improves growth of the economy in the country. This policy provides for different investment guidelines since then but based on the fact that it is now about eighteen (18) years since it has been in operation, it highlights the interest to seek and use policy formulation circle to analyze the existing policy alternative on transport infrastructures development.

The broad objective of National Investment Promotion Policy of (1996) highlights the interest of government to attain the society with sustainable human development of a

medium income level which is a society of educated, healthy people with cultural dynamics and economically sustainable society by ensuring economic prosperity and improved living standard, economic justice and equity through productive employment and enterprises. This particular broad objective involves promotion of self-reliance and self-sustaining economy, regional and interregional cooperation throughout the world and encourages transfer of technology and human resources (URT, 1996).

Specifically the National Investment Promotion Policy of (1996) aimed at attaining high rate of annual GDP growth with an average of eight to nine percent per year and reduce inflation rate and maintain low inflation rate to a rate of single digit including strengthening of the balance of payment and achieving fiscal stability through prudent fiscal management and maintenance of monetary stability and strengthening of the financial sector (URT, 1996).

The investment policy of (1996) emphasizes the achievement of the National Investment Promotion Policy objectives through creating an enabling environment that encourages both public and private sectors to invest in the transport sector including enhancing regional cooperation and investment in transportation services and facilities. The policy also put much emphasis on regular maintenance of transport infrastructures to promote integration and linkages in order for the investors to enjoy not only economies of scale but also to maintain the international standards of transport infrastructures (URT, 1996).

According to Robin, C. et al, (2008) transport infrastructures, roads, bridges, railway lines, ports and airports deliver both economic and social benefits by connecting firms to international and regional markets as well as connecting production sectors with processing firms. Through transportation services, people from different parts get access to water, fuels, jobs, schools, hospitals, food and a variety of goods and services necessary to human life. Goods are traded with more hope of getting returns where there are good transport network and the farmers can break out of subsistence agriculture.

Transport infrastructures in Tanzania provide communication services by transporting goods and people between markets and population centers. Transportation services in Tanzania have got its essence in the colonial era when the sea ports provided the international gateways and railways were constructed to link the interior parts of the

country with economic potentials to meet the needs of commercial activities and administrative purposes. The major modes of transportation in Tanzania comprised of roads, railways, airways, water ways and pipeline transport systems (URT, 2011).

Road network which stretches to a total of about 86,472 kilometers play a 90 percent of passengers on transits and 70 percent of freight or cargo transportation in Tanzania. TANROAD is government agency responsible for a road network of total length of about 29,847 kilometers of which 10,601 kilometers are trunk roads and 19,246 kilometers are regional roads. About 56,625 kilometers of the total road network consists of urban, district and feeder roads which are under the jurisdiction of Prime Minister's Office for Regional Administration and Local Government. Some roads which are not classified are managed by Tanzania National Park running in the National parks and game reserves, Mining Companies and Village Authorities whose lengths and conditions have not been identified yet (URT, 2008; URT, 2011; URT, 2013).

A total of 368 aerodromes are owned, managed and operated by different agencies including 62 airports in the mainland managed by Tanzania Airports Authority (TAA). There are International Airports which play their roles of connecting markets and people within the country and to other International Airports in other parts of the world. These included Julius Nyerere International Airport (JNIA) in Dar es Salaam, Kilimanjaro International Airport in Kilimanjaro which is currently operated by KADCO and Mwanza International Airport in Mwanza region including small airports in the regions. Hence the majority of airports are owned by private airfield companies like mining and tours operating companies. The airports in Tanzania are widely scattered in large urban area. The existing pipeline infrastructures responsible for transporting crude oil products from Dar es Salaam to a refinery point of Ndola in Zambia has a total length of about 1,750 kilometers owned by TAZAMA (URT, 2008; URT, 2011; URT, 2013).

If you consider the unpaved trunk road, about 27 percent of the total unpaved roads were in good condition, while 56 percent and 17 percent of the total unpaved trunk road in kilometer were in fair and in poor conditions respectively. Likewise of the paved regional road in kilometer 45 percent were in good condition while 52 percent and 27 percent of the total length of paved regional roads in kilometer were fair and in poor conditions respectively and of the regional unpaved road, 31 percent were in good

condition while 52 percent and 17 percent of the total length of regional unpaved road network in kilometer were in fair and in poor conditions respectively. This was attributed by the government deliberate efforts to finance road infrastructures development through road funds and donor support (URT, 2013).

According to URT, (2013), investment trends in road transportation grow at a rate of 28.3 percent annually where the number of vehicle fleet increased from 231 197 vehicles in 2005 to 311 712 vehicles in 2006. The number of vehicles continued to increase to 382 152 in 2007, 477 379 in 2008, and from 624 906 in 2009 to 802 655 in 2010. Slight improvements in road infrastructures development stimulate investments in transport sector in which road trafficking reflects a steadily economic growth.

The performance of railway infrastructures development is not promising as the railway line were noted to be outdated and are of old age with weak bridges and shortage of locomotive power and depreciated railway wagons which are also outdated. Insufficient maintenance and lack of replacement of the depreciated rolling stocks attributed to the decline of the railway performance. Maintenance of railway rolling stock declined from a peak of 219 kilometers in 1999 to 98 kilometers in 2002 and the passengers and freights in tons continue to slightly decline where the railway passengers' traffic counting show decline of passengers from 2 105 000 passengers in 1998 to 1754000 passengers in 2002. The railway freights trafficking slightly increased from 937 141 tons in 1998 to 1 152 285 tons in 2002 and sharply decline to 256 000 tons in 2010 hence the need for rehabilitation and modernization of railway infrastructures to promote investments in railway transportation services (URT, 2004; URT, 2013).

### **1.3 Statement of the Problem**

Investment forums conducted in Africa have noted the existence of inadequate and poor status of transport infrastructures that are considered to be among the biggest impediments to investments from the domestic economy to the foreign economics which have in turn increased the cost of doing business in terms of increasing cost of vehicle operations, travel time, freight, travel charges and high rates of accident occurrences (USITC, 2009).

Tanzania gets support from the ADF and IDA to finance implementation of Short Term Action Plan (STAP) for transport infrastructure development, but underdeveloped transport network has remained a key structural weakness. Roads, air and railway maintenance has not yet shown substantial improvement. Rural areas are not adequately served by reliable transport network systems (TIP, 2001; URT, 2008; USITC, 2009).

Improvement of Transport infrastructures through TSIP and LGTP, three years development program initiated from 2007/8 to 2011/12, was expected to successful contribute to the improvement of transport infrastructures development to enable transport sector grow to at least 12 percent per annum from 2006 to 2015 years, but still the growth of transport sector has reached to a rate of 6.0 percent in the year 2013 with 4.5 percent contribution to the GDP per annum. Investors in the areas of poor transport condition are discouraged by high transport cost, long travel times and poor access to markets. Despite of the existing implemented programs and strategies, literatures have shown inadequate transport infrastructures to offer the needed optimal impacts to investment in Tanzania (URT, 2013; OECD, 2013; F.Y. Abed, 2011).

To date it is not clearly known if the National Investment Promotion Policy (1996) has succeeded to improve investments through transport infrastructures development. However, little has been understood about implication of the National Investment Promotion Policy on transport infrastructures development and investment promotion in Moshi Urban, thus the study wanted to examine the performance of National Investment Promotion Policy in development of transport infrastructures and promotion of Investment in Tanzania, using Moshi Urban as a case to the study.

## **1.4 Study Objectives**

### **1.4.1 Main Objective**

The overall objective of this study was to examine the performance of the National Investment Promotion Policy in development of transport infrastructures and promotion of investment in Moshi Urban.

#### **1.4.2 Specific Objectives**

- (i) To analyze the investment patterns and trends on improvement of transportation services in the study area.
- (ii) To assess the implications of transportation services on investment in the study area.
- (iii) To reveal factors hindering transport infrastructures development and investment expansion in the study area.
- (iv) To solicit views on possible solutions to mitigate the problems that hinder improvement of transport infrastructures and investment in the study area.

#### **1.5 Research Questions**

- (i) What are the investment patterns and trends on improvement of transportation services in the study area?
- (ii) What are the implications of transportation services to investment in the study area?
- (iii) What are the factors hindering transport infrastructures development and investment expansion in the study area?
- (iv) What are the possible solutions to mitigate the problems that hinder improvement of transport infrastructures and investment in the study area?

#### **1.6 Significance of the Study**

Apart from meeting a need of the researcher's partial fulfillment of the award of Master of Science Degree in Development Policy, the findings of the study will generate beneficial information to different policy makers and policy implementers, the government and private sectors on the important investment policy areas which need to be acknowledged and addressed to improve transport infrastructures and attract private sectors involvement in transportation and investments. The findings will address to policy implementers about the implications of transport services to investment activities and the factors hindering transportation services. The findings will add on better investment policy guideline to attract investments in areas where investors are scant.



### **1.7 Scope of the Study**

The study focused on the implication of the National Investment Promotion Policy (1996) by consideration the performance of transport infrastructures development and investment promotion. The study covered the condition of transport network in terms of quality and quantity of transport networks, condition of transport facilities, number of transport related projects invested in the transport sectors, vehicle fleet, and condition of freight and passenger traffic. The study also covered investment trends and patterns in relation to the role of connectivity played by transportation services at micro – level in Moshi Urban.

### **1.8 Limitations of the Study**

The researcher experienced some limitations to the study including reluctance of some of the respondents in giving information due to unconsciousness. Rapport creation and explanations on the requirements of the study by researcher made them relax and became free to give data. Other agencies responsible for transportations were not ready to disclose required information in fear of rule of confidentiality. Again thorough introduction and explanations through the use of identity cards and official letters for introduction was a successful solution to that limitation. Some respondents who were required to administered questionnaire guides were not time conscious hence frequent follow-up was made to ensure they administer them accordingly and timely.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Overview**

This particular chapter presents theory and reviewed literatures done by other scholars by describing theories, concepts and empirical studies related to the study topic which backs up findings of the study. Empirical reviews confined its self on the evidence based studies of other literatures in order to know what narrated by other literatures on transport infrastructures development, implication of transpiration services on investments promotion and related factors which hinder transport infrastructures development and investment expansion. The chapter started by conceptualizing different terms like the terms policy, policy analysis, investment and transport infrastructures development including explanations of various theories guiding the study. Clarification of conceptual framework is presented showing the influence of Transport infrastructures development to investment patterns and trends.

#### **2.2 Theoretical Literature Riview**

##### **2.2.1 Conceptualization of Terms**

In order to draw the understanding of the research findings, the researcher found it equally important and necessary to conceptualize four basic terms which are the terms policy and policy analysis, Investment and transport infrastructure development, the terms which have been widely applied throughout the report.

###### **2.2.1.1 Policy**

Anderson, (2003) as cited by Smith, and Christopher, (2009) define policy as a purposive course of action or inaction undertaken by an actor or set of actors in dealing with a problem or matter of concern. This means that, a policy does not involve random arguments but purposive arguments of an authority that require set of actions to be taken or not to be taken basing on the problem to be solved. According to Dye, (1987) as cited by Smith and Christopher, (2009) pointed out that, “Policy is whatever the governments choose to do or not to do or the actions.

The term policy involves statements and guidelines do reflect the future situation to be attained. So the statements and aspirations are referred to as policy. It is a product of political influences which determine and set limits of what the government does, what to be done or not to be done. It involves purposive courses of action, strategic plans, voluntary practices, procedures, incentives, administrative actions, laws, rules and regulations by the authoritative organ of the government in order to solve a certain defined social problem. In this case therefore transport infrastructures development is a policy statement implemented through different guidelines aimed at improving transportation services to attract investors (Anderson, 1975; Hill, 1993; Wilson, 2009).

#### **2.2.1.2 Policy Analysis**

Policy analysis is a systematic study of the existing policies which are implemented in order to determine how effective and efficient policy statements are in tackling problems at hand. The process of public policy analysis goes beyond what the government claims to have done or what has been done including provision of suggestions of the alternative policies that should have been adopted to improve policy performance. This means that the decision or policy statement which is implemented should be studied through the use of different scientific methods to reveal its performance in solving targeted socio – economic problem (Fischer, et al, 2007).

Policy analysis include the process of clarifying a messy policy challenge and analyzing relevant information including information on the specific context of the problem, clarifying, playing out the implications and weighing out options for action and making recommendations and in some cases developing a strategic plan for implementation in order to realize the clarified policy goals.

#### **2.2.1.3 Investment**

The term “Investment” has been defined differently by different authors basing on their different views and ideas which cover in large part the concepts by International Investment Agreements (IIAs) which are very broader than what is considered investment under their domestic laws and regulations.

According to IISD, (2008) the term investment means every kind of asset or any kind of asset rights and interest. Assets considered in the definition of investment include

movable and immovable property and other rights like mortgages, liens and pledge. Shares of companies and different kinds of interest in companies, claims to money which has been used to create economic value, intellectual property rights like copyrights, patents, utility-model patents, industrial designs, trade - marks, trade names, trade and business secrets, technical processes, technical know - how and good will are also considered investment. They also include business concessions under public laws, including concessions to search for extract and exploitation of natural resources (UNCTAD, 2011).

From financial point of view, the term “investment” means commitment of funds which is made with the expectations of acquiring some positive rate of returns. In this case people who are considered investors commit their funds deliberately to derive returns in form of income, dividends, premium, pension benefits or appreciations. Such form of investments like insurance policies and purchasing of shares generates financial assets. From economic point of view, the term “investment” means capital stock which comprises of goods and services which are essential for the production of other goods and services like plants and machines as well as inventories (IISD, 2008)

The asset that an investor owns or controls, directly or indirectly is considered to be an investment. It has got such characteristics as the commitment of capital or other resources, with the expectation of accruing gain or profit from it, or the assumption of risk which is not limited to any entity established in accordance with, and recognized as a legal person by the law of a Party, whether or not their activities are directed at profit shares, stocks or other forms of equity participation in an enterprise, and rights derived there from. It include bonds, debentures, loans and other forms of debt, and rights derived there from, rights under contracts, including turnkey, construction, management, production or revenue-sharing and claims to performance. Intellectual property rights; rights conferred pursuant to law or contract such as concessions and licenses including movable and immovable property (IISD, 2008; UNCTAD, 2011).

#### **2.2.1.4 Transport infrastructures**

The term Transport Infrastructures has got different perspectives which are the physical assets perspective and the functional perspective. Physical aspects of transport infrastructure include such assets like road network, railway lines, waterway

infrastructures, airway infrastructures as well as pipe line infrastructures. Functional perspective of transport infrastructures is basing on the use of physical assets of transport infrastructures in terms of transportation services (Bjorn, 2013).

The market value of physical transport networks is traced back on the cost of construction, maintenance and upgrading. Without actual transportation services being carried out on physical net work its market value becomes limited. In this case, physical infrastructure and transportation services are one combined system where transport operators and infrastructures management systems are integrated for the efficient of transportation services. Investments and reinvestment in physical assets of transport network determines the growth of investment activities in transportation services and growth of the economy (Robin, 2008; Bjorn, 2013).

### **2.2.2 Theoretical Framework**

This study was guided by different theories. These included theories attributing to policy analysis, investment and transport infrastructures. The theories have been reviewed for the purpose of providing concepts and insight relevant for a study. Policy analysis theories which guided this study included theory of rational choice, Bounded rationality theory and Group theory.

Planning theory of Transport Infrastructures Development was used to guide the study through concepts related to transport infrastructures development. Neoclassical theory of investment was used to provide guiding concepts that explain condition of investments and how investments activities can be undertaken to meet targeted investment objectives. Description on the way in which these theories were linked to the study and the way in which the theories were used to guide the study was provided under each theory.

#### **2.2.2.1 Policy analysis theories**

There are many theories which are used to guide policy analysis, these include; Elite theory, system theory, mixed scanning theory, incremental theory, policy typology theory, rational choice theory, Group theory and bounded rationality theory. Researcher selected three theories which were Group theory, Policy typology theory, and system theory to guide the study because the selected theories provide clarities on

how different people in the society are involved in making decisions on what should be done to solve identified problems and the way in which each theory influence decision making in the society.

#### **2.2.2.1.1 Group theory of policy analysis**

Group theory has been pioneered by Truman, (1951) which illustrates group as a collection of individuals that may, on the basis of shared attitudes or interests make claims upon other groups in society”. Examples of pressure groups that can influence policy include agricultural associations, minimum wage legislations, agricultural subsidies and Workers Union. The relevance of group theory in this study lies in the concept of interaction and struggles among groups which are a contention rest to a group theory as a critical evidence of the political life to influence decision making and coming up with policy options aimed at solving identified problem. At the national level, policy making is a result of influential groups with political interest. Group theory or pluralism approach holds an emphasis on the influence of the group in the process of decisions making (Truman, D. 1951; Latham, E. 1965).

Performance of investment policy might depend on decisions made to implement transport infrastructures development and investments criteria which reflect on the importance of the policy statement that reflects the needs or demands of different groups in the society like investors at different levels of investments as small, medium and large investments. Hence information on the performance of transport infrastructures development was expected to include the interest of different groups of people in the society to ensure their needs are not overlooked. Pressure groups may influence considerations on the costs of business registration and licensing which affect small scale investors and businesses in the informal sectors (Baumgartner and Leech, 1998).

#### **2.2.2.1.2 Systems theory of policy analysis**

The study on the implication of National Investment Policy on Transport Infrastructures development and investments has also be analyzed basing on System theory advocated by Anderson, (2003) which focuses on the nature of political systems in responding to the arising demands from its environment. Contribution of System theory to the study lies on effective policy implementation by different actors in the

political systems on transport infrastructures development which depends also on obedient of the implementers to the rules and regulation for policy performance in terms of contracts and tendering processes including effective procurement procedures and management skills to adherence of legitimacy and authority as advocated by system theory of policy analysis.

Decision makers in the political system allocate resources and values which produces effects to development activities. The decision of the government to invest in transport infrastructures development provide conducive environment for people in the production, transport and marketing sectors to participate effectively in investments and growth of the economy. Claims and demands of the people which indicate policy output on transportation services can be reflected by the condition of transport infrastructures and trends of investments activities undertaken in the community. Policy outputs may also produce new demands which can lead into further outputs in a never ending flow of public policy. System theory reflects implementation of the Investment policy in addressing new demands of the people on transport infrastructures development in terms of quality and status to influence expansion of investments activities (Anderson, 2003).

#### **2.2.2.1.3 Policy typology in policy analysis**

Most policy theories do not consider the type of policies which are produced in the process of policy making. Most of models focus on the agenda setting, conduct debates over potential solutions, legislatures select and adopt the alternatives on the basis of practical favor and the bureaucrats implement the selected and approved decisions where some impacts are felt in the society during and after implementation of policy options. This theory guides the study to investigate how resources transport networks in particular are distributed in the community to ensure effective flow of goods and services to effect investments activities. The policies which ensure sustenance of social welfare to the people by paying attention in the allocation of services or provision of benefits to few beneficiaries, particular segments of people, individuals, groups, corporations and communities in general are considered as distributive policies. This study also considers how distribution of transport networks

has covered a certain geographical location to connect people and most post productive areas (Anderson, 2003; Smith and Larimer, 2009).

Utilization of public funds to assist community development through various development initiatives is a fundamental response of distributive policy as a means to enhance pro poor initiatives in development process. Transport facilities, bridges, hospitals constructions, floods control programs, improvement of rivers and harbors as well as water supply projects are examples of service rendered to the people through distributive policy (Anderson, 2003).

The government can take deliberate attempts or efforts to minimize such an income gap by shifting the allocation of wealth or resources, income, property or rights among broad classes or groups of people through taxation to ensure equity in the possession and access to services. The deliberate efforts by the government are referred to as redistributive policies which provides insights on how improved transportation facilities has been distributed to different geographical locations to attract different investors for economic growth of a country. Regulatory policies are formulated following the processes which can produce policy options that directly influence the behavior of specific individual or group of individuals through the use of sanctions or incentives to ensure adherence to effective policy implementation (Anderson, 2003; Smith and Larimer, 2009).

This concept highlights different clarifications on the development of transport infrastructures, taxation collections on road funds and protection of the quality of transport infrastructure through traffic counting and cargo weighing on roads weighs bridges (Ripley, 1985; Tatalivich and Byron, 1998; Anderson, 2003).

#### **2.2.2.2 Investment theories**

Likewise, there are several theories which explain the way through which investments activities should be carried out but for the purpose of this study researcher selected two theories to guide the study which included Keynesian and Neo – classical theories of investments. These theories helped to explain the extent at which transportation services improve flow of goods and services in terms of passengers and freight transportation services in the production circle in order to determine stimulus of

investment trends and expansion of capital investments to other socio – economic sectors. The explanation of each theory and their relation to this study are provided here under.

#### **2.2.2.2.1 Keynesian theory of investment**

Theory of investment as propounded by Keynes, (1989) portrays that, for investment to meet the expected gain and generate future cash flow or profit, the driving force of aggregate demand is of a great practical importance. This also depends on the way in which money is conceived for the performance of investments. This theory was used by a researcher to study aggregate demand in terms volume of goods and services determined by the condition of transport infrastructures and the role played by transportation services to ensure access to production and marketing sectors. Confidence of Investors can be measure in terms of risks and uncertainty like consideration of road quality and safety that might influence the capital investment in the production of goods and services (Johan, 2009).

#### **2.2.2.2.2 Neo-classical theory of investment**

Neo-classical theory of investment was explained by Jorgenson, (1963) whose arguments were based on the notion of capital as a revolving stock. The relevance of neo-classical theory of investment in this study was highlighted on the notion of transport infrastructures conditions and the speed of revolving capital in terms of movement of goods and services in the investment sectors. This means that, for investment to take place there must be a capital stock which is revolving with the objective of accruing profit. Fixed asset plays a significant role to determine the speed of revolving capital in the investments and expansion (Allan, 2008).

#### **2.2.2.2.3 Planning theory of transport infrastructures**

Planning theory is another theoretical area which was applied by researcher to analyze the performance of National Investment Promotion Policy on Transport Infrastructures development and Investments promotion. The theory was propagated by Bjorn in 2005 which portrays that, “for better performance of transport infrastructures development to investments attraction, ownership, control and management of transport infrastructures must be placed on the government’s jurisdictions and private sectors through PPP approach. In this case more information and knowledge about the system

is important in order to determine the needs of users and the appropriate measures to take where bottlenecks arise. This theory determines the costs and technology sharing with private partners to improve quality of transport and reduces the costs of investments hence increased number of investors (Allan, 2008; Bjorn, 2013).

### **2.2.3 Basic steps in policy analysis**

Though there are many models of policy analysis and evaluation, Parton and Sawick, (1993) have introduced six basic steps which need to be adhered to, through the application of different scientific methods deemed desirable in analyzing policies. Also FAO, (2009) introduced four step for analyzing policies. All steps are aiming at exploring the effectiveness and efficiency of the policies in solving the socio-economic problems in the society. These steps include verification, defining and detailing the problem as step one in policy analysis.

The study is conducted by focusing on the identified problem where a systematic process is considered to collect available information which can enable to see if the problem still exists, its nature and form of such a problem in order to eliminate misconceptions and ambiguities with regard to the problem for the future references. A variety of factors may contribute to the problem and the analysis helps to determine magnitude and extent of the problem (Patton and Sawick, 1993).

After verifying and detailing the problem, Step two in policy analysis is about establishment of the evaluation criteria to guide the assessment of their strengths and weaknesses. The criteria help the policy analyst in determining the administrative easiness of the alternative, its legality, equity and political acceptability. One alternative may cost less than the other which means expensiveness in realizing the policy objectives.

Another alternative may yield high and greater economic or social benefits than the other. Other alternatives can be harmful and can be of beneficial to individuals or certain groups of people than other policy options and some alternative policies can be more difficult to implement than other options or other policy options may require additional administrative skills and time than what is available in realizing the identified policy goals. Depending on the nature and form of the policy issue, this

particular step in policy analysis enables the policy makers to decide whether to take action or no action that is a “do nothing option” or action taking following the best alternative. Policy analyst will have list of possible alternatives and these alternatives can vary from one another or may be combined together and the details of each option can be specified. Depending on the situation of the problem, the alternatives can be combined purposely to generate the best policy option which was not tough there before. New information that is generated in this step may reveal the aspect of the problem and therefore the necessity of redefining the problem as a result of the added new information (Patton and Sawick, 1993).

After the identification of the alternative policies, step four is about evaluating the alternative policies where packaging of the policy alternatives into strategies and programs is done. Analysis of the alternative policies is done with respect to the criteria established in step two in order to determine how possible each of the alternative benefits the criteria established.

In order to analyze alternative policies, it is very crucial to have more additional information or data for analysis so as to estimates whether there is positive or negative influence of each alternative at different levels of dimensions basing on social, economic and political dimensions. If the alternative policies acquire negative influence to one, two or all of the dimensions, the alternatives are discarded. The cost and benefit analysis of the alternative policies both quantitatively and qualitatively is done to determine socio, economic and political costs of each alternative as well as the social, economic and political benefits of each alternative policies (Patton and Sawick, 1993).

Options are examined from political, economic and social point of views. The original problem statement can be transformed as a result of the analysis basing on the nature and form of the problem at this particular stage as diverse approaches to analyze each alternative policy are employed. Evaluation of the policy options may reveal alternatives which can satisfy most or all of the major criteria and reveal other options that may be discarded. Analysis of the policy options in this stage of policy evaluation may help to discover whether do exist or does not exists with regard to the new aspects of the problem that may call for the different evaluation criteria. Step five of policy

analysis involves a display of the alternatives and distinguishes among alternative policies by listing them down in accordance to the degree at which each alternative policy is capable to meet the established criteria (Patton and Sawick, 1993).

Both qualitative and quantitative results are considered. The options are analyzed and evaluated to see their political, economic, social, legal and administrative implications of each policy options where both negative and positive effects of policy options are displayed. For the purpose of justifying policy analysis, two or more policy options can be combined together. Comparative matrix can be applied to summarize the analysis so as to allow decision makers to assess the options and use the analysis to make choice of the policy and several government units may cooperate in the analysis to ensure commonality.

Policy analyst, planner or an expert is not involved direct on the implementation of a preferred policy alternative. Operating staffs and agencies are the one that put the policy into operation at varying degree. The analysis will be involved in the development of the guidelines and operating manual and procedures, maintenance, monitoring and evaluation of the implemented policy. When policy has been implemented, there might be doubt whether the problem has been tackled appropriately or whether the selected policy is been implemented properly. Policies are implemented through programs and projects which need to be monitored to realize the desired program and project objectives. Monitoring ensures the designed activities are carried out as planned by making a close follow-up through the use of monitoring guideline and time table to avoid deviation and ensure continuity of the policy options (Potter and Sawck, 1993).

The program activities are evaluates through making of continuous assessment by using various tools and methods for evaluation to ensure that implemented policies produce the desired results or impact. Data from program evaluation enables decision makers to decide on whether policy option is to be continued modified or terminated. The process of policy analysis takes into account public policy circle where in the agenda setting represents the undesirable status quo or policy problem that is to be analyzed by conducting a detailed study through brainstorming, narratives, scientific analysis and problem tree in order to identify causal chain to explain the status-quo

and there after source of the problem is selected as policy objective as step one in the process of identifying policy objective (Patton and Sawick, 1993).

#### **2.2.4 The role of transport infrastructures networks in promoting investment**

According to USITC, (2009) pointed out that, a well improved and maintained transport infrastructure supports economic activity and trade by facilitating the movement of people, goods, and services which serves as a key input in the production process. Both land and maritime transport infrastructure are critical to the ability of developing countries to produce and export the vast majority of goods and services destined to regional and global export markets. Improved transport infrastructures provide development benefits to the economy of a country through a reducing cost of investment and production and increase output and productivity of individual producers and businesses.

Good transport infrastructures facilitate rendering of goods and services more competitively both to the local, regional and in international markets and enable individuals to reach socio-economic services like schools, clinic, jobs and administration services. Roads, bridges, rail lines, ports, and airports have the roles to deliver economic and social benefits by connecting different firms in the production and service sectors. Without reliable and competitively priced freight transport over sturdy infrastructure the nations would have little hope of trading their goods and services on the most advantageous terms. Transport infrastructure plays malt dimensional roles of connecting different sectors of the economy and its role of ensuring access to raw materials and markets for completed products at cheap and affordable cost cannot be over emphasized. Adequate supply of transport infrastructure services, labor and capital become more productive as higher output can be achieved for a given level of labor and capital in the production and business sectors (Robin, 2008).

Also increased productivity and the reduced costs provide firms with added investment incentives. Transport infrastructure is necessary for investment and socio-economic development of a country where it provides essential links between centers of production and markets in economic sectors such as agriculture, industry and mining,

and tourism and facilitate of raw materials to processing and manufacturing industries and products to consumers in the markets (USITC, 2009; ESRC, 2012).

### **2.2.5 Contribution of transportation services to gdp growth**

Specifically the National Investment Promotion Policy of (1996) aimed at attaining high rate of annual GDP growth with an average of eight to nine percent per year and reduce inflation rate and maintain low inflation rate to a rate of single digit including strengthening of the balance of payment and achieving fiscal stability through prudent fiscal management and maintenance of monetary stability and strengthening of the financial sector (URT, 1996).

According to URT, (2011) “there has been a sustained effort on the part of Government of Tanzania to create essential transport infrastructure and services to improve access to jobs, education and health facilities and also to facilitate domestic and international trade as well as strengthen regional integration and attract of both local and foreign investments to improve GDP and economic growth rates”.

As one of the key factors that determine the price of goods and services, transportation services make a significant contribution to GDP in Sub Saharan Africa (SSA) where it contribute to an average of 5 percent to 6 percent of GDP. In the year 2009, transport services in Tanzania grew by 6.0 percent as compared to 6.9 percent in the previous year. This was as due to lack of adequate means of transport like road transport, planes and railway carriages for passengers and cargo transportation services. However, the subsector’s contribution to GDP grew from 4.2 percent in 2008 to 5.2 percent in 2009. Improvement in transport infrastructures development and transportation services has got share to contribute to the growth rates of Gross Domestic Product (GDP) as it has been presented in Figure 2.0 (URT, 2010; ESRF, 2012).

URT, (2013) reported that investment trends in road transportation grow at a rate of 28.3 percent annually where the number of vehicle fleet increased from 231 197 vehicles in 2005 to 311 712 vehicles in 2006. The number of vehicles continued to increase to 382 152 in 2007 and 477 379 in 2008; thereafter from 624 906 in 2009 to 802 655 in 2010. Slight improvements in road infrastructures development stimulate

investments in transport sector in which road trafficking reflects a steadily economic growth.

**Figure 2.1 Contribution of Transportation Services to GDP Growth rates**



*Source: GOT, 2011. Hali ya Uchumi wa Taifa 2010*

Figure 2.1 shows that, with increased improvements in the performance of transportation infrastructure represent real, sustainable progress in GDP growth rates. It is therefore essential that the sector is operated efficiently and effectively to enable the economic sectors contribute optimally to socioeconomic development. Transport network has the tendency of producing higher levels of benefits when they form part of a network when they provide greater connectivity and accessibility to economic activities and social needs. Where investment is widely spread without linkages to adjacent transport infrastructures network as a whole, the overall benefits are often limited and constrained to a small hinterland (Susanne, T. 2011; URT, 2013).

Transport infrastructure is a necessary condition for GDP and economic growth and, although in itself it cannot reduce poverty, it has a key role to play as a facilitator of and complement to policies that aim to improve living standards. An efficient transport system is needed to facilitate local and international trade, such as that of tourism whereby international arrivals can land at Kilimanjaro, Mwanza and Dar es salaam International Airports and connect locally to natural, social, economic and cultural attractions (OEF, 203).

The Kilimanjaro regional Investment Profile,(2013) shows an increased regional Gross Domestic Product (GDP) at an annual average of 15.6 percent while Transport and Communication services has contributed to the regional GDP by 3.10 percent where transport sector grow better than the growth of communication sector in the region. That is why the government of Tanzania has shown the need to provide adequate transport infrastructures and services through TSIP in all models of transport like roads, railways, ports and waterways, aerodromes, airways, and pipelines (ESRF, 2012).

Increased quantity and improved quality of the stock of transport infrastructure, such as an upgraded transport network and distribution of transport system, expand the supply and quality of these services and lower production costs, thus improve incomes by creating trade opportunities and new profit. Adequate and improved transport services, therefore, has the potential to help reduce poverty through trade and improve productivity in the economic sectors both directly and indirectly (USITC, 2009).

#### **2.2.6 Investment trends in improved transport services**

With the remarkable improvement in road infrastructures, investment trends in transportation services have noted to be significantly improved. Trunk and regional roads network improved from 65 percent of the total trunk road in good and fair condition in 2001 to 82 percent in 2005 and further to 96 percent in 2009. Since 2005 rural roads improved from 50 percent of the total road network in good and fair condition to 58 percent in 2009. Local roads also have shown improvement where in 2007 there were 14 percent of the total roads in good condition, 41 percent in fair and 45 percent in poor conditions, while in 2011 there were 22 percent of the total roads in good condition, 34 percent in fair and 44 percent in poor conditions.

With such improvement in transport infrastructures, the growth of the vehicle fleet which exceeded 28 percent indicating growth in investment activities in road transport sub – sector and the growth of economic performance. Investment trends in railway transport sub – sector has shown a significant decline since 2009 where Tanzania Railways Limited (TRL) carried a total of 237 000 tons of cargo compared to 429 000 tons in 2008, representing a decline of 44.8 percent. A total of 285 000 passengers were transported compared to 392 000 in 2008. Decrease in the number of passenger

and cargo transportation indicate a decrease in investment activities which was caused by insufficient number of cabins, poor railway infrastructure and poor performance caused by workers' occasional strikes (URT, 2011)

Kilimanjaro Regional Investment Profile, (2013) argues that Kilimanjaro region is one among the Tanzania's main natural resource attractions. The percent of Northern Investment Center in the region has made substantial progress in becoming a "*one – stop shop*" for investors to access the Incentives Code that means Investor must obtain certificate of Incentives. The region has attracted 2 144 (28%) projects out of 7 726 projects registered by Tanzania Investment Center (TIC) Northern Zone for the period between the years of January, 1997 up to June, 2013. National Housing Cooperation (NHC) in Kilimanjaro region possess 753 buildings which include residential houses, offices and business structures, also plans to construct other 15000 houses underway. Also with regard to values of investment projects, KIP, (2013) shows an increased in number of registered investment projects which have been established for the period between 2008 to 2012 following the establishment of TIC - Zonal Office. In the years between 2008 and 2012 there were 106 investment projects worth 265.26 Million USD registered with a total of 8 646 jobs created.

In the same period 2008 to 2012, TIC has registered seven (7) projects in the transport sectors that are 6.6 percent of the total projects registered. in that particular period of time there were projects worth 14.44 million USD with 417 jobs created. There were 11 registered agricultural projects worth 23.96 \$ Million with 2427 jobs created, 4 commercial buildings, 28 manufacturing, 47 Tourism projects, and about 9 Human Resource projects.

#### **2.2.7 Factors hindering transport infrastructures development and investment**

Donor agencies like African Development Foundation (ADF) and the International Development Association (IDA) provide financial support to Tanzania through implementation of the Short-Term Action Plan (STAP) for infrastructure development but still Tanzania's underdeveloped transport network remains a key structural weakness (URT, 2006).

The overall road maintenance situation has not shown substantial improvement in recent years since the total amount of funds collected remains below requirements. About 80 percent of the population still live in rural areas and are engaged in agricultural activities but rural areas are not adequately served by the transport system. The country's transport system is not only essential for integrating domestic markets, it also serves to handle transit traffic for Tanzania's landlocked neighbor countries like Burundi, Malawi, Rwanda, Uganda and Zambia (URT,2006).

Among the key factors which hinder the performance Transport infrastructures development and Investment expansion in Tanzania include shortage of financial resources for transport infrastructure development and maintenance, decline in the quality of offered transport services, inadequate road and railways networks and dysfunctional aerodromes at regional and district headquarters which also limits private sectors investment due to increased costs of transportation in terms of travel time and freight transport. Weak institutional arrangement and coordination has also been noted as an emerged factor which hinder transport infrastructures development and expansion of investments activities (ESRF, 2012, and URT, 2013).

Institutional mandates which has duplication results has caused weak coordination of transport sector policies and strategies to ensure synergized actions by institutions responsible for implementing various aspects of the sector. Ineffective coordination has brought some confused reasoning of prioritization and ineffective implementation of programs by the respective stakeholders as each of them struggle to influence getting adequate share of funding from government and development partners (ESRF, 2012).

#### **2.2.8 The importance of transport development to investement expansion**

Transport infrastructure can influence Gross Domestic Product in terms of access to raw materials and ensures markets accessibility for manufactured products at a considerable cost which is cheap and affordable. Transport facilities are very crucial for improved productivity and trade regime to poverty eradication initiatives and improved incomes through integration of different parts of the local economy and promoting export oriented businesses. Adequate and efficient transport networks

facilitate local and international trade in the areas of tourism, mining, and high potentially agricultural areas. Growth of transport sub-sector has diminished by 6.7 per cent in 2011 as compared to 7.0 per cent in 2010 (URT, 2011).

Different literatures show that, transport sub sector contributes to transportation of cargo and passengers but its contribution to the economy has been slowing down as a result of decreasing in cargo transportations services. Also in the year 2011 transport activities have contributed by 8.0 percent to Gross Domestic Product in the country indicating the influence of improved transport network in transportation services and investment. Hence the improved infrastructures development directly relate to Gross Domestic Product growth (URT, 2011; ESRF, 2012).

Infrastructures development in terms of transport networks, roads, energy supply, and access to water supply access can indicate an environment through which investment opportunities are becoming beneficial and attractive to investors. The nature of infrastructure has a great influence to the performance of investment and promotion. Condition of infrastructure in terms of roads and power supply can help determine the cost of production which is an important element in setting up profits or loss of the investment opportunity. Land and Marine transport infrastructures are of a great practical importance in expanding cargo volume, passengers and handling capacities of both sea and lake ports. There are regulatory bodies whose major role complementary to that of competition authorities is to monitor the price levels of privatized services including the benchmark price levels in the country with those of the neighboring countries (UNCTD, 2002).

#### **2.2.9 The impacts of transport conditions and its influence in business investment**

Although privatization programs have contributed to the improvement of infrastructures still there are challenges facing roads development in the country. Inadequacies of infrastructures have lead into the increased cost of production due to poor roads conditions. Conditions of road networks have resulted into delays of transport services due to impassability especially during rainy season.

Accessibility can be improved through investment in transport infrastructure development through improvement of roads, railways, airways and water way services. The major objective of improved transport network is to reduce travel time and increase potentials in traveling. The number of economic activities which are reached through transport network determines accessibility which in turn increases market size (OECD, 2002; UN, 2002).

This indicates that, the government whose responsibility is to ensure adequate supply of infrastructures through appropriate policies has not yet provide adequately and reliably infrastructure facilities to attract investors and improve investment activities. Also mainly roads and railways infrastructures which dominate transportation services are considered the most constraining factor affecting the performance of micro, small and medium scale firms in Tanzania. Considerable improvement in airline transport was considered due to its increased importance in recent years. Private sectors invested in air transportation have increased and Tanzania Airport Authority has leased Kilimanjaro International Airport to Kilimanjaro Airport Development Company as a means to ensure efficiency and improved productivity (OECD, 2006).

There is room to any air transport entity with technical qualifications requirements to have access to certificate and license to invest in air transport services through an enabling environment created by the government. This indicates availability of investments incentives for the growth of aviation industry including International scheduled airline services regardless of the existing continuous financial problems faced by air transport in Tanzania (OECD, 2006; TRA, 2011).

#### **2.2.10 Performance of airline transport services in promoting investment activities**

Airports in Tanzania play an important part in the country's transport infrastructure. In addition to providing international gateways, airports have historically been used in domestic traffic and have been indispensable for pioneering development opportunities in remote rural areas. Overall, the country has 368 airports with the Tanzania Airports

Authority (TAA) responsible for 58 airports on the mainland. The majority of the airports are private airfields owned by mining companies and tour operators.

Despite the long history of air transport sector in the development of the country, operations of few international airlines and the national airline, Air Tanzania, do not play a dominating role in the development of the air transport industry. Improvements in the air transport infrastructure have a key role to play as a facilitator of and complement to policies that aim to improve living standards and alleviate poverty (URT, 2013).

While many routes are long distance and require long trip times by road, the demand for air travel has remained relatively small and has not developed as fast as in many other countries. Low demand coupled with high operating costs and limited competition has resulted in high fare structures when compared to other parts of the world and this has also had an adverse impact on the growth of the industry (OEF, 2003).

#### **2.2.11 Contribution of railway transport in investment promotion**

There are some recorded strong performances which have been made by railway transportation services made possible by the improved service delivery and increased cargo transportation in the domestic and neighboring markets. It has been documented that, passengers' transportation by railway transport has increased by 31.4 percent while cargo transportation has increased by 2.8 percent in the central corridor run by Tanzania and Zambia Railway Authority (TAZARA) and Tanzania Railway Limited at a distances of 2,706 kilometer and 970 kilometer of railway systems respectively (URT, 2013).

However URT, (2013) noted that, the operations of railway transport systems need to be improved for its effective contributions to the investment sector in order to meet the needs of the economy by investing strongly in the tracks, locomotive power, rolling stocks and working capital to improve train services.

### **2.3 Empirical Review**

A study conducted by Tanzania Investment Center, (2012) which focused on the contribution of Foreign Direct Investors in Tanzania shows that, "most of the

investments from abroad which are Foreign Direct Investors (FDIs) originate from the United Kingdom due to the historical background. The study implied that, Tanzania was a British colony that is why it is well known by investors from United Kingdom (UK) than other parts of the World. It has been reported that 23 percent of registered projects originate from UK and 15 percent from India, another 15 percent from Kenya, Netherlands 10 percent, China 10 percent, USA 10 percent, South Africa 7 percent, Canada 5 percent, Germany 3 percent, and Oman 2 percent.

CLKNET (2012) also conducted a study on the determinants of Foreign Direct Investment and found that, major institutional and legal framework carried by government since mid-1980s resulted into an increase inflow of foreign direct investment. Such increase has been evidenced by an increased number of registered projects and its ownership, value of investment capital injected, employment and number of countries that has increased investment flow to Tanzania and contributes significantly to the Growth Domestic Product of a country. Also the study by TIC, (2012) has revealed that, Tanzania Investment Act provides three types of project ownership which included investment project whole owned by Tanzanians or by foreign nationals or the project may be jointly owned by Tanzanians and Foreigners as Joint Venture. Results of the findings by TIC, (2012) also pointed out that, registered projects for the period 2005 – 2011 Tanzanians have been playing a leading role in terms of establishing investment projects, followed by Joint Venture projects and lastly foreign nationals.

### **2.3.1 Challenges faced by railway transport in business operations**

URT, (2011) conducted a study about challenges which faced railway transportation services and the results have shown that, in 2011, Tanzania Railway Limited, transported 267,008 tons of cargo compared to 256,190 tones transported in 2010, which was equivalent to an increase of 4.2 percent and there were total of 519,036 passengers who were served by Tanzania Railway Limited compared to 290,046 passengers in 2010 which was also equivalent to an increase of 78.9 percent. The study revealed that, such an increase in both passengers and cargo transportation was attributed by the improvement of railway infrastructures compared to 2010 where the company was subjected to suspend its services for more than five months due to heavy

rains which started in December 2009 and continued towards the of early 2010. The heavy rain seasons which were associated with floods, to a large extent affected the railway infrastructures.

### **2.3.2 The impacts of transportation services to Foreign Direct Investments (FDIs)**

The study conducted by USITC, (2009) about the impact of transportation services to Foreign Direct Investments revealed that, most Sub Saharan Africa countries investment has not been sufficient to maintain existing land transport infrastructure or expand it to meet increased needs. Similarly URT, (2011) found that, current infrastructure funding gap in Sub Saharan Africa was estimated to be 35 billion USD. This study also revealed that, in the period of 2000, the World Bank estimated that infrastructure maintenance in SSA would require about 5–6 percent of GDP annually, but many SSA countries consistently fell short of this target.

Review of literatures by USITC, (2009) concerning air transport services has shown that, in 2011, the number of passengers served by airports regulated by Tanzania Air transport Authority was 3 437 608 compared to 3 027 512 passengers in 2010, which indicated an equivalent increase of 13.5 percent. Among them, 1 833 460 were international travelers while 1 604 148 were domestic travelers. Also it has been documented that, cargo transportation increased from 28 861 tons in 2010 to 39 601 tons in 2011, equivalent to an increase of 37.2 percent.

The increase in number of passengers and cargo transportation was largely contributed by the increase of tourism, investment and business activities, and the introduction of new airline services such as Turkish Airlines and Egypt Air. As a result of the increased size of Foreign Direct Investment (FDI), the economy of the country has also improved. During 1995-2000 Tanzania received a total of \$1 billion of FDI compared with less than \$2 million during 1986-1991. Business inflows on an annual basis, from 1992 onwards, when the inflows increased to \$12 million, they began to rise fast, to \$50 million in 1994 and to above \$150 million in 1995. In 1996, FDI inflows stabilized at the high level of \$150 million and continued to grow, although at a slower pace, reaching \$193 million in 2000 (URT, 2011).

A study by TIC, (2012) also revealed that, “more than 25 percent of the TIC registered projects in Tanzania are owned by foreign affiliates/companies that operation in various sectors in Tanzania in sectors such as agriculture, manufacturing, tourism, telecommunication, services, petroleum and mining just to mention a few. Its impact to the local economy has been in terms of job creation, government revenue, transfer of technology and skills, capital invested and foreign exchange earnings. The largest sector for FDI is mining and the largest single industry is gold. At the end of 1998, total cumulative FDI in mining was estimated at \$370 million (WTO, 1998, p.94). The results of the study by UNCTD, (2002) suggested that, a share of mining in total cumulated inflows was above 50 percent and industry distributions by value of investment projects and FDI flows or stocks are unavailable on a systematic basis.

URT, (2013) conducted a study on the performance of Surface and Marine Transport Regulatory Authority (SUMATRA) and the study revealed that, 3 020 licenses were issued and 3923 time tables for commuter buses compared to 31 606 licenses and 3 420 time tables issued in 2010, equivalent to an increase of 4.5 and 14.7 percent respectively. In addition, a total of 49 057 licenses were issued for cargo transportation compared to 43 363 licenses issued in 2010, equivalent to an increase of 13.1 percent.

URT, (2013) further revealed that, performance of SUMATRA was a result of initiatives taken by the authority to bring license services close to the transporters, as well as the increase in transport facilities. Also the same studies indicated the decline in total freights and passenger transportation by railway transport services due to a decline in rail capacity and deterioration of railway infrastructures as well as endemic unreliability in operations as a result of continuous breakdowns and frequent delays.

Also the study conducted by Carothers, et al, (2008) found that, the development of transport infrastructure is not cheap as it requires huge investments needed for the constructions and building highways, railways, and ports. The studies imply that, effective and appropriate plans are necessary to meet the requirements of the improved transport network for investment attraction and promotion. Similarly the study by URT, (2013) commented that, if plans and programs for transport infrastructures

development were regularly maintained, transport infrastructures could be long lived and without maintenance, these valuable assets could disappear in a matter of a few years.

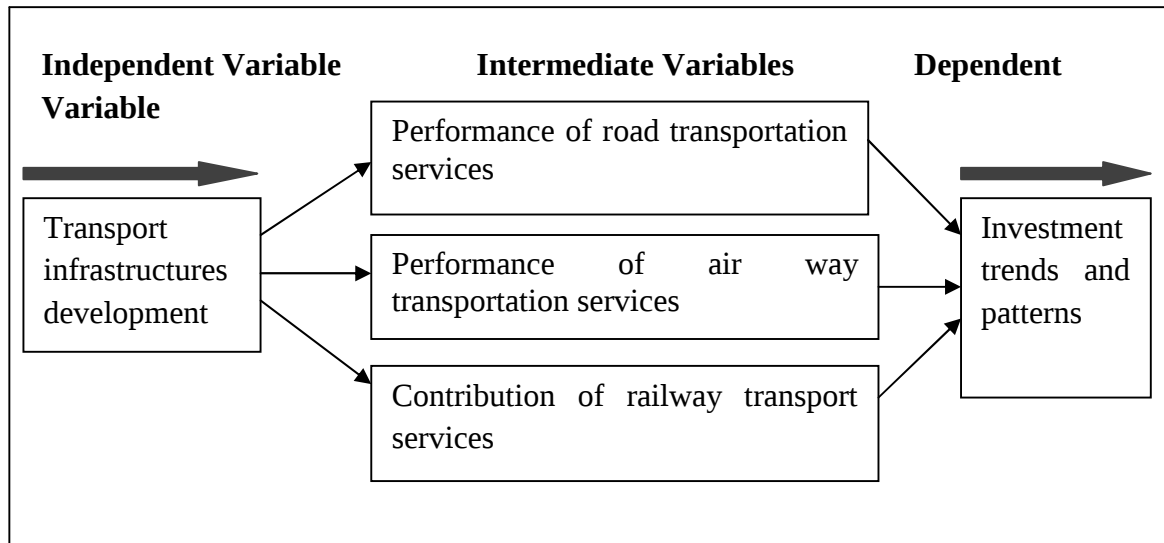
It has been revealed by USITD (2009) that, too often, the same roads end up being rebuilt over and over again, at a cost several times higher than if the appropriate Maintenance measures had been taken on time. The development of Tanzania's transport infrastructure will be undertaken within the scope of existing plans for development. The countries spend considerable amounts of money each year to build, upgrade, maintain, and rehabilitate transport networks in order to improve their transport infrastructure in response to the growing demands of passenger and freight mobility needs a situation which indicates the need of reviewing transport infrastructure development and transportation services to facilitate smooth flow of goods and services for growth.

#### **2.4 Conceptual Frame Work**

The study on the Implication of National Investment Promotion Policy of (1996) on transport infrastructures development and Investment Promotion was guided by the conceptual framework indicated in figure 2.2 which summarizes the relationships that exist between the selected variables and the influence of an individual variable to another variable. Descriptions of the concepts show that, development of transport infrastructures was considered to have influence in attracting investors who obliged to commit their funds and assets for investment (Nachmias and Nachmias, 2000).

The quality and quantity of infrastructure networks in terms of distance in kilometers has a role to play in reducing travel time, travel cost and damage of goods and services during transportation process. In this study it has been assumed that, transport infrastructures development has also a role to play in determining the volume of goods and services in circulation to let prosperity of production and business activities a situation which indicates the performance of investment activities. Development and growth of transport infrastructures illustrate attraction of investment activities by investors in the social and economic sectors.

**Figure 2.2 Implication of Investment Promotion Policy on Transport infrastructure development and Investment Promotion**



**Source:** *Researcher's own construction, 2013*

Conceptualization of the study in Figure 2.2 presents transport infrastructures development as one of non-fiscal investment incentives stated by National Investment Promotion Policy (1996) which can systematically attract and influence investors to commit their funds and or capital today in business activities with expectations of having positive returns in the future. Investors satisfaction are also subject to performance criteria as per agreements as reflected in their investment plan that considers existence of the available investment incentives and the condition of transport infrastructures in particular. Attraction of investment activities and investors confidence can also be influenced by costs and/ or benefits that can be attributed by the conditions of transport network.

For the global and for a country's economic development, investment incentives including non-fiscal incentives should be stable, competitive and affordable to enable productive utilization of investment opportunities by investors for socio-economic development. Incentive structures in terms of transport infrastructures development has the role to play in promoting and creating an enabling and attractive environment to let investors invest their capital or assets and utilize the available investment opportunities to generate revenues and expand capital for re-investment which in turn

can accelerate jobs creation and economic growth in the country. In order for any investments activities to prosper and generate desired benefits to the private sectors investments, the government has the responsibility to ensure availability of sound policy options which are geared at improving and promoting investment activities through improvement of Transport infrastructures to let smooth movement of capitals, goods and services from the production centers to the markets sites.

Transport infrastructure is necessary for socio-economic development where it provides essential links between centers of production and markets in economic sectors such as agriculture, industry and mining, and tourism. It facilitates the flow of goods and people along import-export corridors hence facilitate performance investment activities and promotion.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Overview**

This chapter describes the research methodology used in data collection and analysis. Research methodology shows how the research was carried. The chapter provided description of the study area, research design, and study population, sample size, sampling techniques, types of data collected and data sources, methods of data collection, data processing, data analysis techniques and presentation. Validity and reliability of the study were also presented in this chapter.

#### **3.2 Study Area**

Moshi urban was selected purposely among other districts in Kilimanjaro region since the urban is the most business vibrant area in the region where different investment activities are carried out. Trade liberalization justified the need of selecting Moshi Urban as a study area due to increased of both formal and informal trade to meet demand of the increased population and changing lifestyle. The Central business District that covers Mawenzi, Kiusa, Bondeni and part of Korongoni wards have the highest concentration of commercial and financial services. Also Moshi Municipal is in the centre of the Northern tourist circuit. The town is endowed with tourist attractions such as Mount Kilimanjaro which implies the need of improved transportation services to investment promotion.

The labor force has been categorised into farmers, shopkeepers, livestock keepers and administrators. According to 2002 population and housing census indicated that service and shop sales workers constitute 18%, street vendors 16.8%, farmers 16.3%, Craftsmen 12.6%, technicians and associated professionals 12.2%. According to 2002 population and housing census out of 117,646 labor force, 41.2% engaged in agriculture, 39.8% as employees, 16.7% in non-agriculture and 1.3% as contributing family workers and 0.5% in the other socio-economic activities.

### **3.2.1 Location**

The study was carried out in Moshi urban which is under Moshi Municipal Council (MMC) which is located on the fertile southern slopes of Mt. Kilimanjaro. Geographically the area lays approximately between 3°18 South of Equator and 27° 20 East of Greenwich. It has an area of 58 square kilometers. It generally slopes progressively from an altitude of 950 meters above sea level in the North to 700 meters above sea level in the South. It is bordered by Moshi District Council in the North, East and Southern part, and bordered by Hai District Council in the Western side.

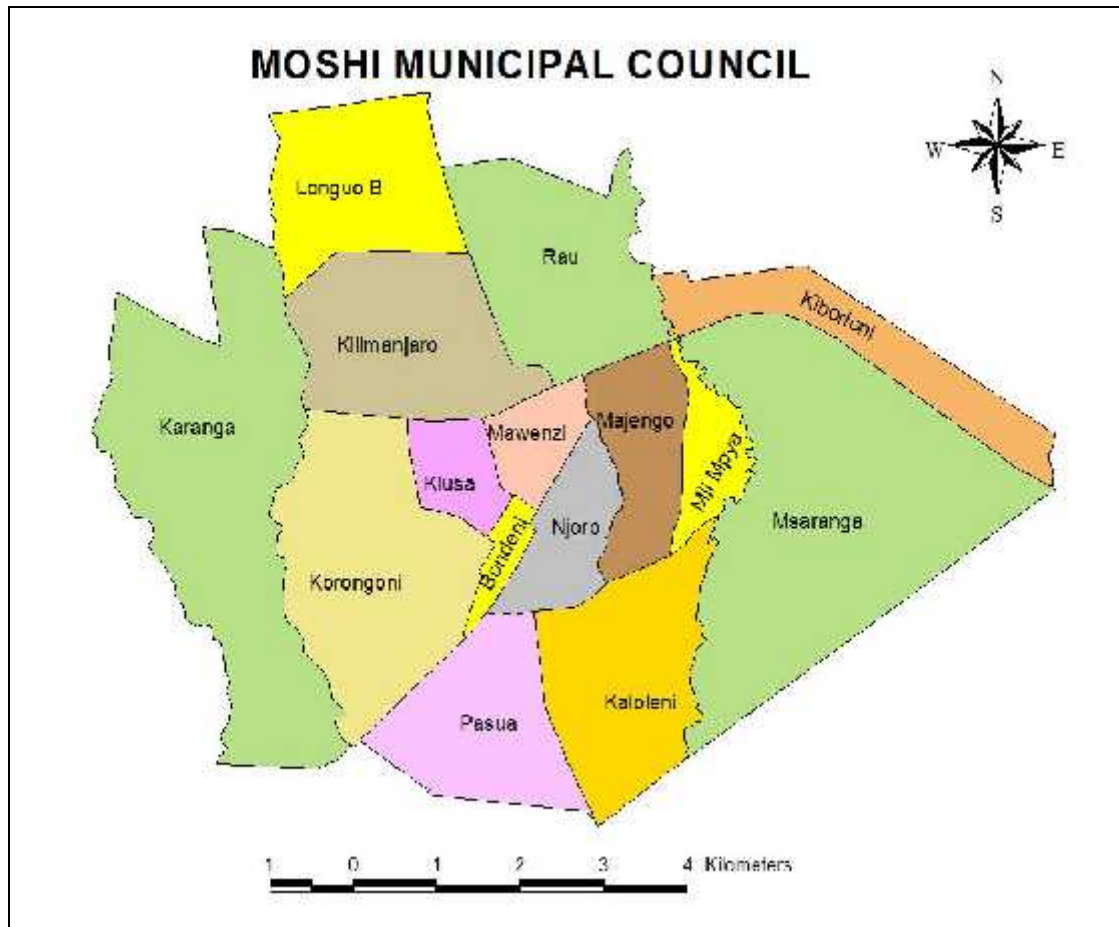
### **3.2.2 Administrative Setting**

Moshi Municipal is divided into two administrative divisions namely Moshi East and Moshi West. The divisions are further sub divided into 21 smaller administrative units called wards. The wards are Njoro, Rau, Korongoni, Kiusa, Pasua, Kiboriloni, Msaranga, Kaloleni, Karanga, Soweto, Miembeni, Bomambuzi, Mfumuni, Shirimatunda, Ng'ambo, Longuo "B", and MjiMpya, Bondeni, Kilimanjaro, Majengo and Mawenzi. The whole of Karanga, Kiboriloni, and Msaranga wards and parts of Longuo and Rau wards were incorporated into the urban boundaries since 1979. The wards are further sub divided into 60 sub wards ( Mitaa) for efficient management of the Municipality.

### **3.2.3 Demographic Features**

Moshi Municipality has grown from a small settlement of 8 048 residents in 1948 to 13 762 people in 1957. According to the 2002 National Population and Housing Census, the population of Moshi Municipality was 143 799 people of whom 70 678 (49.2%) were males and 73 121(50.8%) were females with a growth rate of 2.8%. But the results of the National Population and Household Census of 2012 indicated that the population of Moshi Municipality had grown to 184 292 of whom 95 118 (51.6%) were females and 89 174 (48.4%) were males. The sex ratio is 94 males out of 100 females (Moshi Urban Investment Profile 2013).

**Figure 3.1 Map of Moshi Municipal Council**



**Source:** *Adopted from Moshi Municipal Council Profile (2013).*

### **3.2.2 Major Economic Activities**

The Economic structure of Moshi Municipality has traditionally been closely related to that of Kilimanjaro region as a whole, and many of the town's economic activities have been based on servicing. Along the slopes of mountain are coffee plantations as well as dairy and floriculture farms. The decline of coffee production has forced many people from rural areas to move to town to look for employment.

Over 90 percent of the population depends on income generation activities in both formal and informal sectors, micro and small scale enterprises. The growth of the informal sector has been facilitated by the policy of free market economy and privatization of public enterprises.

The major sources of income of the people in of Moshi Municipality are from private employment, public employment and self-employment. There has been a rise in number of informal businesses and in self-employment sector. There are very few formally employed people due to the closure of government managed industries. The labor force has been categorized into farmers, shopkeepers, livestock keepers and administrators. Economic activities are mainly focusing on trade, industrial manufacturing, tourism, agriculture, livestock, economic infrastructure and provision of social services. There are several socio – economic infrastructures like health, communication, education, water supply, electrical supply, transportation, commerce, and finance utilized by local and foreign investors, small and large investors.

### **3.3 Research Design**

The study employed across sectional research design. Cross sectional design is a type of research design which involves collection of data at a single point in time. The importance of cross section research design lies on the application of both desk and field surveys in which qualitative and quantitative information are collected. Cross section research design was preferred by researcher because it helped to collect data just at once by cutting across the study population leaving aside the changes that might occurred on the phenomena under study after data collection.

### **3.4 Study Population**

Crawl, (1993) argued that study population can be defined as a group of study units in which the researcher is interested to collect information from including drawing conclusions basing on the data collected from that study unit. The target population for this study was key informants who were officers from the government and private sectors and investors, both domestic and foreign investors, small and large investors.

### **3.5 Sample Size**

Sample size has been defined by Adam and Kamuzora, (2008) as the exact number of items selected from the study population which comprise a sample. In this study researcher involved a sample size of 100 respondents that constituted 85 large and small investors and 15 key informants who were people in the managerial and supervision positions that had a responsibility of coordinating transport infrastructures

development and investment activities like TIC – Staff, Municipal Engineer, including the leaders from private sectors like KNCU, NHC and Insurance Companies.

The study sample involved people from three groups which are namely small investors, large investors, leaders in government sector, and leaders in private sector. The distribution was as shown in Table 3.1.

**Table 3.1 Distribution of respondents by roles (N=100)**

| Respondents by role Play                                                 | Number     |
|--------------------------------------------------------------------------|------------|
| Small Investors                                                          | 50         |
| Large Investors                                                          | 35         |
| Leaders in the managerial and supervisory positions in government sector | 8          |
| Leaders in the private sectors and agencies (KNCU, NHC, SUMATRA, DAKBOA) | 7          |
| <b>TOTAL</b>                                                             | <b>100</b> |

**Source:** Field data, 2013

Respondents were also grouped based on location or area of residence and role played. The findings were as shown in Table 3.2

**Table 3.2 Distribution of respondents by location (N=100)**

| S/N          | Category of respondents                 | Number        |              | Total (n=100) | Percent (%) |
|--------------|-----------------------------------------|---------------|--------------|---------------|-------------|
|              |                                         | Bonden i Ward | Mawenzi ward |               |             |
| 1            | Investors                               | 43            | 42           | 85            | 85.0        |
| 2.           | Government Officials (Leaders)          | 4             | 4            | 8             | 8.0         |
| 3.           | Officers from private sectors (Leaders) | 4             | 3            | 7             | 7.0         |
| <b>TOTAL</b> |                                         | <b>51</b>     | <b>49</b>    | <b>100</b>    | <b>100</b>  |

**Source:** Field data, 2013

### 3.6 Sampling Techniques

The study employed two types of sampling techniques to draw a representative sample from a study population. These included; purposive sampling technique and simple random sampling technique.

#### 3.6.1 Purposive Sampling

According to Kothari, (2004) purposive sampling technique helps the researcher to select respondents basing on desirable characteristics and variables related to the issue being studied. It is sometimes known as non-probability sampling techniques as it

involve researcher's judgemental or deliberate interest in selecting respondents basing on the established criteria from which one can learn the most (Wilson, 2002).

Purposive sampling technique was used to select 15 key informants from the government and private sectors, who were Moshi Municipal Engineer, TIC – Northern Zone Officers, KNCU – Staffs, NHC – Staff, Leaders of Construction Companies, TRC – Leader at Moshi Railway Station, Staff at Moshi Airport, Staffs of airport transport companies, SUMATRA – Staffs and Moshi Municipal Business Office basing on their expertise and experiences about transport infrastructures development and investments coordination activities. Also purposively researcher selected 2 wards out of 21 wards which were Mawenzi and Bondeni wards which form the most business circuit in the Municipality.

### **3.6. 2 Simple Random Sampling**

According to Kothari, (2004) and Othooli, (2008) argued that, simple random sampling technique is a technique used to select representative sample from a study population which provides an equal chance of elements of the study population to be involved in the study. This techniques was applied by the researcher as it minimizes the possibility of biasness. Fowler, (1996) argued that, simple random techniques is a useful technique in selecting representative sample from a study population as it ensures the probability of involving different characteristics of different respondents in the study population. Randomly the researcher selected 85 respondents out of 5 820 people in the study population. Out of 85 respondents, 43 respondents were from Bondeni Ward and 42 were from Mawenzi Ward.

### **3.6.3 Sample frame**

Sample frame constituted a list of individual investors and leaders from both government and private sectors in Mawenzi and Bondeni Wards with a grand total of 5 820 population.

### **3.6.4 Systematic Random Sampling**

Through simple random technique, in the first place, the numbers and names from the selected wards were written on small pieces of papers which later were folded, mixed ready for picking papers for selecting respondents from the two selected wards.

The 85 respondents were selected using a systematic random sampling technique whereby the first one was randomly marked and from it the rest were systematically selected after every  $n = N / (1 + N(e)^2)$  member of the list who were investors and leaders from the both government and private sectors. Form the sample selection formula,  $n$ =sample size,  $N$ = population from which sample size was drawn where  $(e)$  is a (10%) confidence level.

**Table 3.3 Distribution of Respondents by Sampling Techniques (N=100)**

| Sampling technique   | Sample size | Percentage   |
|----------------------|-------------|--------------|
| Random sampling      | 85          | 85.0         |
| Purposively sampling | 15          | 15.0         |
| <b>Total</b>         | <b>100</b>  | <b>100.0</b> |

**Source:** *Field Survey, 2013*

### 3.7 Data Collection Techniques

Data was collected through questionnaires, interview, focus group discussion, and observation while documentary review was also employed in data collection using documents.

#### 3.7.1 Interview

According to Kothari, (2004) interview method of data collection involves presentation of oral – verbal stimuli and reply in terms of oral – verbal responses. This method is a process of communication or method of interaction in which the subject or interviewee provides the required data verbally in a face to face situation (Koul, 1996).

Interview method was preferred by the researcher because it helped the researcher to collect data direct from interviewee a moment he or she gets a chance to respondents to interview questions. Likewise the method helped to supplement the data about the prevailing situation with the information provided by respondents through questionnaires and focus group discussion.

Interview guide was applied to collect data from 15 key informants in order to supplement data collected from key respondents through questionnaires. They included officials from the government and private sector officials who provided their insights and understanding on the implication of investments policy on transport infrastructures development and investments in the study area.

### **3.7.2 Questionnaire**

Kothari, (2004) argues that questionnaire is a data collection method in which respondents administer questionnaire guide as an instrument to provide information. Questionnaire guide comprises of a set of predetermined and structured questions provided to a subject to respondent in writing or be filled by the researcher through self-administered questionnaire or researcher administered questionnaire respectively (Adam and Kamuzora, 2008).

With questionnaire guide, respondents are requested to answer questions either on their own or by responding to a numerator. In the study both close – ended and open ended questions were administered by key informants and investors basing on time available to them. Some questionnaires were administered to respondents by researcher due to the fact that they had not enough time (Kothari, 2004).

Researchers administered questionnaires were preferred because they allowed the researcher to interact directly with respondents for clarification and assured filling of questionnaires was completed on time. The number of respondents in which researchers administered questionnaires were applied were 65 and the remaining 35 administered questionnaires by themselves.

### **3.7.3 Focus Group Discussion**

Focus group discussion is a method of data collection which is conducted in an organized simple meeting to approximately 6 to 12 people guided by a facilitator in which member of the group talks freely and spontaneously about a certain matter under discussion. According to Gibbs, (1997) said that, this method is useful for exploring attitudes, ideas, concepts, feelings and perceptions toward certain existing phenomenon and draws out precisely issues that may not be known by the researcher.

The purpose of using this technique in the study was to draw upon respondent's attitude, experiences, and perceptions by noting down responses on a structured checklist which guided a discussion. This method was helpful to researcher as it allowed interaction, sharing of ideas and negotiations among respondents in the group.

The size of focus groups ranged from 6 to 9 people where views and ideas of various stakeholders on the role of transport infrastructures development to investment attraction and expansion were captured. Respondents who were involved in a discussion included investors from both small and large investments and key informants. Each group provided useful information related to factors associated with access to transport networks and investment expansion including possible solutions to improve transport infrastructures development and investment expansion.

### **3.7.4 Observation**

Observation is a method of data collection where data is obtained by the help of sense organs which are eyes to see, ears for hearing, nose for smelling, tongue for testing and skin for feeling through touching (Adam and Kamuzora, 2008). Researcher used structured observation which was non-participatory as he could not become an integral part of the system but had a predetermined set of issues to be observed related to a study basing on observation schedule. Set of issues observed included condition of transport infrastructures in terms of quality and status, condition of investments projects, accessibility to socio – economic infrastructures, condition of business activities and economic assets invested where necessary photographs were taken for justification.

**Table 3.5: Observation Schedule**

| <b>Item to be Observed</b>                                                                         |
|----------------------------------------------------------------------------------------------------|
| Condition of Transport infrastructures in terms of their status and quality                        |
| Condition of Projects invested                                                                     |
| Available and reliability transportation facilities                                                |
| Accessibility to Social and economic activities and conditions of connection to transport networks |
| Number of business activities undertaken                                                           |
| Economic assets Invested                                                                           |

### **3.7.5 Documentary Review**

Documentary review is a method of data collection which is conducted through reviewing of relevant documents both published and unpublished documents like books, brochures, articles, activity progress reports, articles, and minutes of meetings, journals, and pamphlets obtained from sector of transportation in Moshi Urban like

SUMATRA, DAKBOA and from Civil servant offices, like TIC – Northern Zone Office, Kilimanjaro Regional Commissioners’ Offices and MMC – Departments.

Documents considered were those related to study topic where issues like the trends of Investments projects registered, Values of investment projects, performance of transport infrastructures development, trends of passengers and freight transportation and trends of investment companies in transportation services were reviewed.

### **3.8 Data Processing**

Data processing involved data editing, coding, classification and tabulation of crude data collected from the field in order to ensure amenability of the data during data analysis. Data was processed by using computer software like Micro – Soft Excel and coding was preceded by content analysis which helped to reduce variety of responses in a way data refining.

### **3.9 Data Analysis**

Both qualitative and quantitative data were analyzed in which qualitative especially statements were analyzed through contents analysis. Quantitative data were analyzed with a help of a software program called Statistical Package for Social Sciences (SPSS).

Quantitative data were analyzed by arranging the data in frequency distribution in order to underlie the characteristics of data as reflected by independent and dependent variable to be studied where frequencies and parentages were compared to highlight relationship between variable (Arlene et al 1985; Patton, 2002).

### **3.10 Data Presentation**

Data were presented by using tables, charts, figures and text at various levels of analysis in order to simplify interpretation and discussion of the findings.

### **3.11 Data Reliability**

Reliability of the data involves quality control objects in research for consistent of the measurements through the application of different methods and tools including; questionnaires, interviews, observation, and review of secondary data that were used during data collection in order to determine the extent at which the measurements of

data are repeatable especially when measurement are performed on different occasions, under different conditions and ensure consistent interpretation of the measurements across different situations. Reliability was ensured through proper and appropriate application of sampling techniques both random sampling and purposive sampling and selection of appropriate sample size and composition. It is vital to ensure reliability of the data because it helped to avoid systematic errors that may cause the measurement to be higher or lower than what it should be while random errors usually cancel out.

### **3.12 Validity of Data**

Validity of the data involves the quality ascribed to data when their measurements were done based on widely agreed procedures. In order to ensure important issues were not ignored or left out and ensure quality of the data, instruments which were more plausible and responsible for generalization, probing modes and brainstorming were used to guide discussions for each and every specific important theme relevant for a study. Data collection instruments like questionnaire guides and interview guides were used to ensure validity of both qualitative and quantitative data. The proposed instruments were actually measured what was set out to measure and guided the researcher to measure what was actually intended to measure. Measurements of the data on strong linkage and connectivity between production and markets centers both regional, local and international markets are of a great practical importance and hence effective and efficient improvement of transport infrastructures is a policy issue which cannot be underestimated. Adequate and quality of transport network in terms of improved roads, railway and airways, play a multi-sector role of integrating other sectors of the economy through the connection of other sectors.

Validity on the effective investments was also considered basing on the measurements of the data from the individual persons or private sectors that are well connected by transport and communication to economic ventures and businesses. These individuals may be the at local community level, small, medium and large scale local, regional and international companies.

## CHAPTER FOUR

### PRESENTATION AND DISCUSSION OF FINDINGS

#### 4.1 Overview

This chapter provides presentation and discussion of findings from the study focused on examining the performance of National Investment Policy on transport infrastructures development and promotion of investment in Moshi Urban. Presentation of findings begins with demographic and socio-economic characteristics of respondents particularly age, sex, level of education, marital status, family size and major occupations. Other sections include investment patterns and trends on improved transportation services, implication n of transportation services in investment promotion, the factors that hinder transport infrastructures development and investment expansion and respondents' views on possible solutions to improve policy performance in transportation services and investment promotion in the study area.

#### 4.2 Demographic and Socio-economic Characteristics of Respondents

Demographic and socio-economic characteristics considered in this section included age, sex, education, marital status, family size and occupation.

##### 4.2.1 Age of the respondents

The study was interested to know if age has any influence on transport and investments performance. The findings were as summarized in Table 4.1.

**Table 4.1 Distribution of respondents by age (N=100)**

| Age group of respondents | Number     | Percent      |
|--------------------------|------------|--------------|
| 19 – 29                  | 5          | 5.0          |
| 30 – 40                  | 36         | 36.0         |
| 41 – 51                  | 42         | 42.0         |
| 52 – 59                  | 14         | 14.0         |
| 60 ++                    | 3          | 3.0          |
| <b>Total ( n=100)</b>    | <b>100</b> | <b>100.0</b> |

**Source:** *Field data, 2013*

Results in Table 4.1 shows that, 5 percent of respondents involved in the study belonged to the group of 19 to 29 years, 36 percent of the respondents were those between the ages of 30 to 40, while 42 percent of the respondents were in the age group that ranged from 41 – 51 years. Furthermore 14 percent of the respondents were

in age group that ranged between 52 and 59 years. Only 3 percent of the respondents were in the age of 60 and above years.

The findings imply that, the respondents between 41 to 51 years were the dominant group followed by those between 30 to 40 years. They have experiences and relevant information about investment policy performance on transport infrastructures development and investment in the study area. These age groups probably were more interested in utilizing transport infrastructures for investment activities since they are considered to be energetic and move to different places for social and economic reasons.

Furthermore respondents between 19 to 29 years and those with 60 and above years were relatively small groups probably because they had less chance to participate in investment activities and limited access to capital. Those with 60 and above were too old to move to various places for social and economic reasons. This is in line with the findings by UNCTAD, (2009) which revealed that younger generation that belongs to the age groups of less than 30 years, hardly think of savings and investments in their early stage of business and employment.

#### **4.2.2 Marital status of the respondents**

The study was interested to know if marital status could have any influence in the performance of investment activities. Respondents were asked to indicate status of their marriage and the findings were presented in Table 4.2

**Table 4.2 Distribution of respondents by marital status (N=100)**

| <b>Marital Status</b> | <b>Number</b> | <b>Percent</b> |
|-----------------------|---------------|----------------|
| Married               | 45            | 45.0           |
| Not married           | 15            | 15.0           |
| Separated/divorced    | 19            | 19.0           |
| Widow/widower         | 21            | 21.0           |
| <b>TOTAL</b>          | <b>100</b>    | <b>100</b>     |

**Source:** *Field Data, 2013*

Results in Table 4.2 shows that, 45 (45%) of the respondents were married, 15(15%) were not married, 19(19%) were either separated or divorced and 21(21%) of the respondents were either widow or widower.

The findings imply that, a large proportion of the respondents were married. This indicates that, the married couples might have opportunity to share ideas and joint efforts to accumulate capital for investments as compared to respondents who were not married, widow or widower and separated or divorced couples.

#### 4.2.2 Sex of the respondents

In this part the researcher was also interested to know which sex group was more involved in investment activities than other sex group and their perceptions on issues related to transportation services and investments and the findings were summarized in Table 4.3

**Table 4.3 Sex distribution of respondents (N=100)**

| Marital Status | Number     | Percent    |
|----------------|------------|------------|
| Male           | 62         | 62.0       |
| Female         | 38         | 38.0       |
| <b>TOTAL</b>   | <b>100</b> | <b>100</b> |

**Source:** *Field Data, 2013*

Results in Table 4.3 shows that, 62 (62%) of the respondents were male and 38 (38%) were female respondents. This may mean that, male respondents in the study area were likely to be more exposed to the available investment and business opportunities than women.

Besides, due patriarch system men are thought to have financial responsibilities than women may be because of culture which favors men than women in making investment decisions to fulfill financial obligations in the family. This is in accordance to TGNP (2006) which pointed out that all policies have a differential impact on women's and men's lives because of their traditional roles and responsibilities.

#### 4.2.4 Education Level of the respondents

In this part the researcher was interested to investigate education characteristics of respondents in order to know the quality of workforce available in the study area. To arrive at this, respondents were asked to mention level of education they have acquired. The findings were presented in Table 4.4.

**Table 4.4 Distribution of respondents by levels of education (N=100)**

| Level of education  | Frequency  | Percent      |
|---------------------|------------|--------------|
| Primary level       | 6          | 6.0          |
| Secondary "O" level | 16         | 16.0         |
| Secondary "A" level | 34         | 34.0         |
| Diploma level       | 26         | 26.0         |
| University level    | 18         | 18.0         |
| <b>Total</b>        | <b>100</b> | <b>100.0</b> |

**Source:** *Field data, 2013*

Results in Table 4.4 shows that, 6 (6%) of the respondents attained primary education, 16 (16%) of the respondents had “O” level secondary education and 34 (34%) of the respondents attained “A” level secondary education. Those who attained diploma level education were 26 (26%) and 18 (18%) of the respondents attained university level of education. Large proportion of the respondents attained secondary, diploma and university education that is 94 percent all together.

The findings imply that, all respondents have attained different levels of education and thus can read and write. This indicates respondents might have skills and ability to utilize information related to transportation services and investments for better business operations.

In line with the findings, MMC, (2008) investment profile, estimated literacy rate to be 95 percent with steadily upward increase and therefore the study area contains diversified and skilled workforce which was also easy to be trained and employed in industries, agriculture and commerce for successful investment.

#### **4.2.5 Family size of the respondents**

The researcher wanted to identify family size order to know if it can affect the performance of investment projects and obtain information about consumption pattern and saving capacity of the family. Respondents were asked to tick the appropriate group of family size. The findings were as summarized in Table 4.5

**Table 4.5 Distribution of family size by respondents (N=100)**

| Family size | Number | Percent |
|-------------|--------|---------|
| 1 – 3       | 33     | 33.0    |
| 4 – 6       | 63     | 63.0    |
| 7+          | 4      | 4.0     |

|              |     |       |
|--------------|-----|-------|
| <b>Total</b> | 100 | 100.0 |
|--------------|-----|-------|

**Source:** *Field data, 2013*

Results in Table 4.5 shows that 63 (63%) of the respondents have the family size between 4 and 6 members, 33 (33%) of the respondents have family size with 1 to 3 members while 4 (4%) of the respondents have family of 7 and above members.

This implies that, large proportion of the respondents had family size of 4 to 6 members; therefore this might affect investments in terms of expenses incurred by the family for socio economic needs. It is assumed that, large family size results into increased in demand for basic needs and thus large part of income is consumed and small amount is saved for investment.

Therefore high consumption pattern resulted by increased in family size has negative effects to the investors' part of income generated from any investment which in turn weakens saving and investment expansion

#### **4.2.6 Economic Activities of the respondents**

The researcher was interested to know the main economic activities conducted by respondents. In order to ascertain activities which were dealt with by respondents, the researcher asked them to mention their occupations and the findings were as summarized in Table 4.6

**Table 4.6 Distribution of respondents by economic activities (N=100)**

| <b>Economic activities</b> | <b>Number</b> | <b>Percent</b> |
|----------------------------|---------------|----------------|
| Business                   | 68            | 68.0           |
| Formally employed          | 15            | 15.0           |
| Agriculture                | 11            | 11.0           |
| Livestock keeping          | 6             | 6.0            |
| Total                      | 100           | 100.0          |

**Source:** *Field Data, 2013*

Results in Table 4.8 shows that, 68 (68%) of the respondents were involved in business activities, 11 (11%) were involved in agriculture, 15 (15%) of the respondents were employed and 6 (6%) of the respondents were involved in livestock keeping.

The findings imply that, large proportion of respondents was involved in business activities. This further indicated that, business activities were the dominant occupation in the study area where people seems to be engaged in business operations to generate incomes and investment. Increased number of people involved in business operations was probably because of the closure of government managed industries and decline of coffee production in rural areas.

Kilimanjaro Investments Profile, (2013) revealed that the economic structure of Moshi Urban has traditionally been closely related to that of Kilimanjaro region where over 90 percent of the population depended on income generation from investments activities in the formal, informal, small, medium and large scale business enterprises.

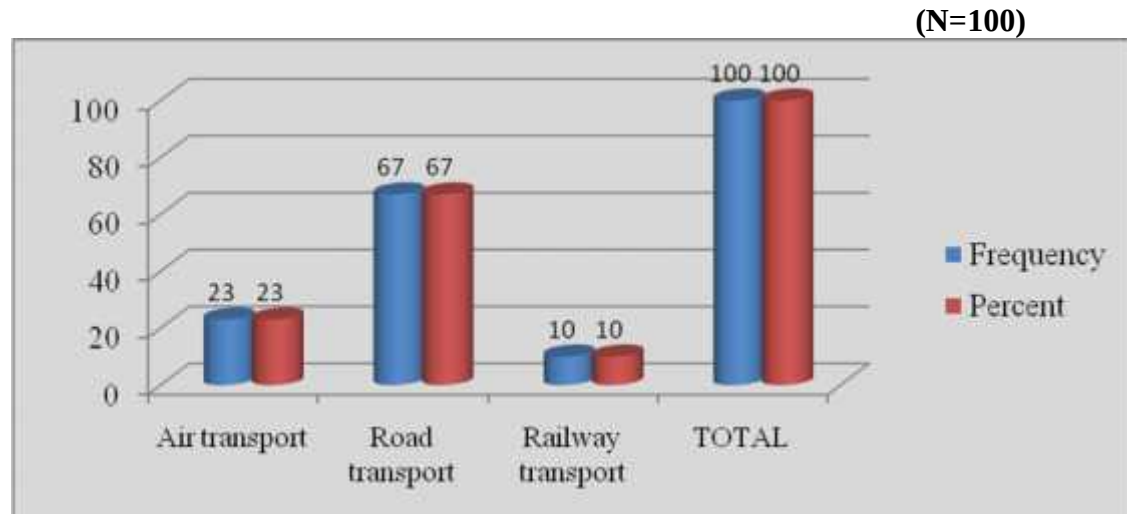
#### **4.3 Investment pattern and trends on improvement of transport services**

Under this part the researcher wanted to know the magnitude at which improvement of transportation services has influenced investment pattern and trends in the study area. The variables which were selected to study how improvement of transportation services influence investment pattern and trends included the responses on the most in use mode of transport, accessibility, and cost of transportation services and the influence of improved transportation to transport sector's investment performance in the study area in order to document investment pattern and trends basing on studying vehicle fleet, passenger and cargo transportation trends in the study area.

##### **4.3.1 Dominant mode of transportation service in the study area**

Through questionnaires, the respondents were asked to mention which mode of transport was mostly used by people and why such mode of transport was preferred compared to other transport modes in the study area. The aim was to know the mode of transport which was more attractive to transportation services and transport investment activities in the study area and the findings were as summarized Figure 4.1

**Figure 4.1 Responses on dominant mode of transportation service in the study area**



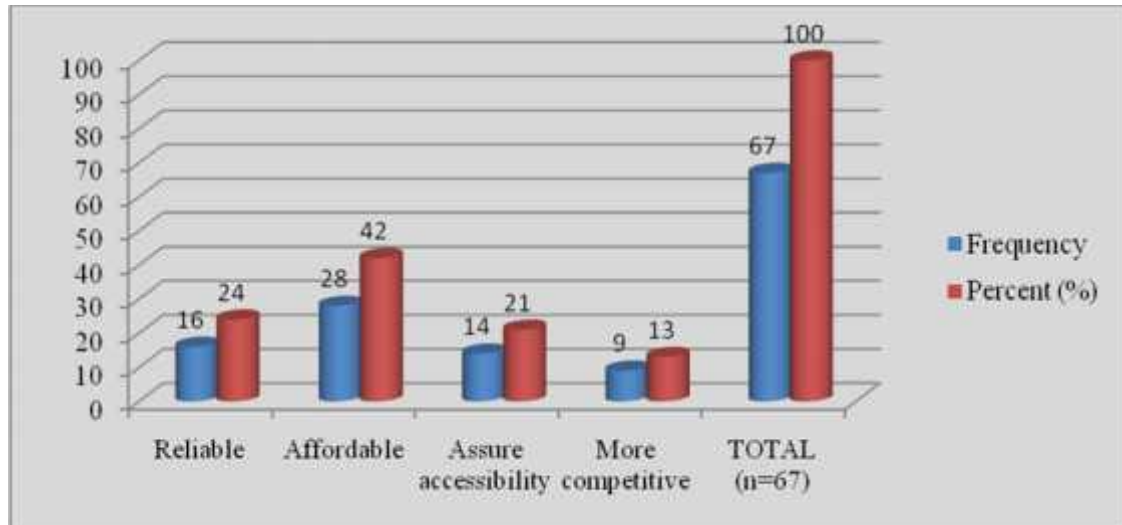
**Source:** Field data, 2013

Results in Figure 4.1 shows that, 23 (23%) of the respondents preferred to use air transport service while 10 (10%) of the respondents preferred to use railway transportation services. Furthermore the findings show that 67 (67%) of the respondents preferred to use road transportation services.

This implies that, road transportation service was mostly preferred by many people in the study area followed by air mode of transport. Railway mode of transport was the least mode of transport possessing negligible responses may be because the railway in northern branch was not operating. Furthermore findings indicate that, people preferred road transport services despite of long distance and of long time trip, as compared to air mode of transport probably because of high cost of air travel. The researcher visited TRL at Moshi Railway station and observed that, railway transport was no longer operating. The researcher went further to investigate the reasons as to why road transport service dominated in the transport sector than other modes of transportation services in the study area. Only respondents who reported to prefer road transport were asked to provide reasons as to why preference was made to road transport mode and the results were as presented in Figure 4.2

**Figure 4.2 Reasons for the dominance of road transportation by respondents**

(N=67)



**Source:** Field data, 2013

Results in Figure 4.2 reveals that, 16 (24%) of the respondents who preferred road transport service said that the dominance of road transportation was due to its reliability while 28 (42%) of the respondents said that was due to affordability. Furthermore 14 (21%) of the respondents reported that road transport assures accessibility and thus dominant means of transport while 9 (13%) of the respondents said road transport was dominance because of being more competitive.

The findings imply that people were able to afford the cost of travel through road transportation service than other modes of transport services in the study. In addition the findings imply willingness of the respondents to pay for road transport services than to other modes of transport. Furthermore reliability of road transport services implies availability and predictability of road transportation indicated improvement in road transport infrastructures and was passable.

The findings also indicate that, railway transport was experiencing a shift toward road transportation services may be because of intertwined of the mode shifts in the transport systems caused by differences in improved transport infrastructures. This implies not only improvement in road infrastructures but also the need for additional

investments in rail infrastructures to facilitate transportation services and attract investments.

#### 4.3.2 Responses on travel time through road transport

Under this part the researcher was interested to investigate the time taken to travel in the study area by respondents. Researcher asked the respondents on how long it was taken by respondents to travel from one point to another in the study area by using public transport mainly known *Hiace*. The aim was to know the flow of goods and services.

**Table 4.7 Responses on time taken to travel in the study area by road transport  
(N=100)**

| Levels of Travel - Time  | Number | Percent |
|--------------------------|--------|---------|
| Very long travel - time  | 4      | 4.0     |
| Long travel - time       | 9      | 9.0     |
| Short travel - time      | 64     | 64.0    |
| Very short travel - time | 23     | 23.0    |
| <b>TOTAL</b>             | 100    | 100.0   |

**Source:** *Field Data, 2013*

Results in Table 4.7 shows that, 64 (64%) of the respondents said that, the time taken to travel in the study area was short and about 23 (23%) of the respondents said the time taken to travel was very short travel while 9 (9%) of the respondents said that road transport comprised of Long travel – time and 4 (4%) of the respondents said that it took very long time to travel in the study area.

The findings imply that, large proportion of the respondents took very short time to travel from one point to another in the study area probably because of improved transport networks and transportation services. Furthermore the findings indicate easy flow of goods and services in the study area may be it is because of reduced economic distance which has possibly reduced risks for perishable products like vegetables and fresh fruits that require strong accessibility.

#### 4.3.3 Levels of accessibility to social and economic services by road transport

Under this part the researcher was interested to know the levels of accessibility to social and economic services. Respondents were asked to mark one of the levels of accessibility to social and economic services available in the study area in order to

document performance of road transport infrastructures development in connecting people with social and economic services. The findings were summarized in Table 4.8

**Table 4.8 Respondents on levels of accessibility to social and economic services**

**(N=100)**

| Levels of accessibility | Number     | Percent      |
|-------------------------|------------|--------------|
| More accessible         | 78         | 78.0         |
| Moderated accessibility | 19         | 19.0         |
| Less accessible         | 3          | 3.0          |
| <b>TOTAL (n=100)</b>    | <b>100</b> | <b>100.0</b> |

**Source:** *Field data, 2013*

Results in Table 4.8 shows that, 78 (78%) of the respondents said that economic and social services were more accessible and 19 (19%) of the respondents said that, the access was moderated while 3 (3%) of the respondents said that, social and economic activities were less accessible.

The findings imply that, large proportion of respondents were more accessible to social and economic services. This probably indicates improvement of road transport networks which facilitated access to social and economic services. Furthermore the findings indicate the possibility of people and products to move from and to the markets thus providing opportunity for people to be more involvement in social and economic activities.

OECD, (2002) also revealed that, the objective of transport infrastructure development is to improve accessibility of a given region by reducing travel time or increasing the potential to travel which can be measured in terms of quantity of economic and social activities that can be reached using the transport system that in turn increase the market size for manufacturing, tourism and labor mobility.

#### **4.3.4 Perceptions of respondents on the cost of road transportation**

Under this aspect researcher was interested to capture perceptions of respondents about cost of road transportation services in order to know its implication to investment activities. Respondents were asked to choose one response and mark on whether transport cost has increased, reduced or the cost was average and the findings were as summarized in Table 4.9

**Table 4.9 Perceptions on the cost of road transportation (N=100)**

| <b>Cost Levels</b>   | <b>Number</b> | <b>Percentage</b> |
|----------------------|---------------|-------------------|
| Very High            | 5             | 5.0               |
| High                 | 8             | 8.0               |
| Low                  | 63            | 63.0              |
| Very Low             | 24            | 24.0              |
| <b>TOTAL (n=100)</b> | <b>100</b>    | <b>100</b>        |

**Source:** *Field Data, 2013*

Results in Table 4.9 shows that, 63 (63%) of the respondents said that cost of road transportation was low and 24 (24%) of the respondents said the cost was very low while 8 (8%) respondents said that cost of road transport was high and 5 (5%) of the respondents said the cost was very high.

The findings imply that, the cost of road transportation was low as reported by large proportion of respondents. This indicates that the reduced cost of road transportation can create attractive environment for more business operations. Furthermore the findings indicate that reduced cost of road transportation can assure availability of goods and services in the market and reduced prices of goods and services which also can imply better business operations.

The OECD, (2002) and OEF, (2003) indicated that, passengers and freight transportation are becoming economical when the cost of transport is relatively reduced due to improved transport infrastructures. On the other hand Addo-Abedi, (2008) reported that, transport is one of the key factors that determine the price of goods and services and that transport system which is properly functioning can minimize transport costs.

#### **4.3.5 The influence of transport services on investment performance**

Under this section the researcher was interested to know the extent at which the existing modes of transport can influence investment performance in the study. Respondents were asked to tick the level at which each mode of transport perform in supporting investment activities in the study area. The findings were as presented in Table 4.

**Table 4.10 Influence of transport service on investment performance (N=100)**

| Modes of transport | Responses on performance of investment activities |     |                       |     |                 |     | Total (%)<br>(n=100) |
|--------------------|---------------------------------------------------|-----|-----------------------|-----|-----------------|-----|----------------------|
|                    | performed Well                                    | (%) | Declining performance | (%) | Poor performing | (%) |                      |
| Road transport     | 78                                                | 78  | 15                    | 15  | 7               | 7   | 100                  |
| Air transport      | 24                                                | 24  | 66                    | 66  | 10              | 10  | 100                  |
| Railway transport  | 0                                                 | 0   | 2                     | 2   | 98              | 98  | 100                  |

**Source:** *Field Data, 2013*

Results in Table 4.10 reveals that, 78 (78%) of the respondents said that road transport service was performing well in influencing investments activities in the study area while 66 (66%) of the respondents said the airway transport service had a declining performance in influencing investment activities and 98 (98%) of the respondents said that railway transport was performing poorly in influencing investment activities.

This has the implication that, road transportation performed well as compared to airway and railway transport on investment activities. In addition to that road transport was considered to have complementary role in the chain of transportation to stimulate production activities and market integration through efficient passengers and freight transportation. The performance of road transport implies favorable and attractive environment for investment undertaking. Furthermore the findings indicate the need for more improvement and revival of airway and railway transport respectively.

URT, (2011) supports that, the contribution of railway transport service to the performance of investment activities constituted of declining trends in terms of passengers and freight traffic due to infrastructural problems. Locomotive power, cabins and railway transport facilities have deteriorated due to old age and outdated.

#### **4.3.6 Perceptions of respondents on effects of other factors to investments**

Under this part the researcher was interested to know how other factors could affect decisions of investors to either invest or not to invest. Through qualitative questions, each respondent was asked to tick once each of the factors identified by researcher for measurements of their perceptions. Positive response was assigned for the factor that

could have contribution to investments performance and negative response was assigned to indicate that factor which limits investments performance. The findings were as presented in Table 4.11

**Table 4.11 Respondents' on the factors that affect investments (N=85)**

| List of selected Factors    | Perceptions on the effects of each factor to investment |     |          |     |        |     |
|-----------------------------|---------------------------------------------------------|-----|----------|-----|--------|-----|
|                             | Positive                                                | (%) | Negative | (%) | Total  |     |
|                             |                                                         |     |          |     | Number | (%) |
| Telecommunication services  | 83                                                      | 98  | 2        | 2   | 85     | 100 |
| Banking services            | 76                                                      | 89  | 9        | 11  | 85     | 100 |
| Water supply services       | 80                                                      | 94  | 5        | 6   | 85     | 100 |
| Tourism services            | 62                                                      | 73  | 23       | 27  | 85     | 100 |
| Commercial services         | 74                                                      | 87  | 11       | 13  | 85     | 100 |
| Transportation services     | 81                                                      | 95  | 4        | 5   | 85     | 100 |
| Electricity supply services | 15                                                      | 18  | 70       | 82  | 85     | 100 |

**Source,** *Survey Data, 2013*

Results in Table 4.11 shows that, 82 (96%) of the respondents perceived that, telecommunication services contributed positively to investments activities and 76 (89%) of the respondents pointed on banking services while 80(94%) of the respondents perceived water supply services positively. Transportation services were perceived also positively by 81 (95%) of the respondents while commercial services were perceived positively by 74 (87%) respondents. Tourism services were perceived positively by 62 (73%) of the respondents and electrical supply services were perceived negatively by 70 (82%) of the respondents.

The findings imply that, telecommunication services were perceived to have high contribution to investment activities as it has been responded by large proportion of respondents. This indicates access to telephone services which has probably increased flow and exchange of information. Other factors were indicated to have positive contributions at different levels except electrical supply service which was thought to have less contribution to investments with high limitations probably because of being not reliability.

Furthermore the findings indicate endowment and abundant resources like water, National parks, communication services, and financial services, commercial services and National parks which may imply availability of investment incentives that can provide readiness of the country to invest and do business with different investors.

Perceptions of respondents on transportation services have an implication that, transport cost has been reduced including economic distance in terms of reduced travel time. This also indicates the way in which transportation services integrate other projects in the investments sector for economic prosperity.

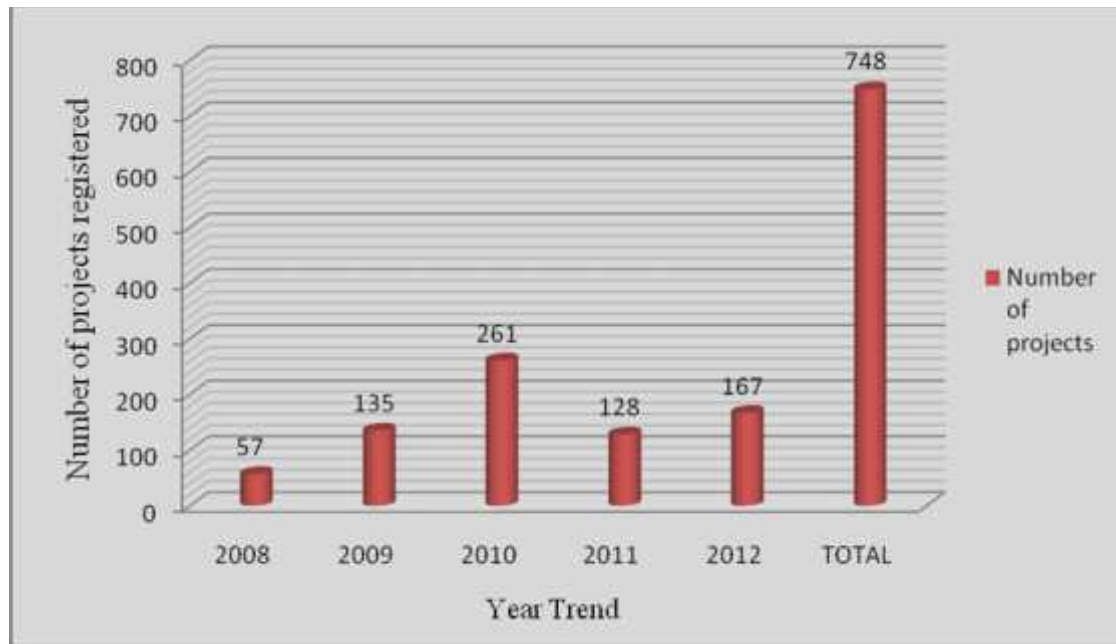
Electricity supply in the study area was probably perceived to be the least developed, least accessible, least reliable, and high cost which might results into high higher proportion of production costs and increased prices of goods and services.

A study by Mhiti, (2012) also revealed that, Tanzania is performing very well almost in every determinant of investments hence should put many efforts on the mentioned determinants to attract more investments. In addition to that, AICD, (2010) revealed that, Tanzania's power sector is characterized by exceptionally low power consumption, limited electrification, and poor reliability of supply which has negative implication to investments.

#### **4.3.7 Patterns and trends of investments in the study area**

Under this section researcher was interested to document patterns and trends of investments projects undertaken in the study area in order to know the extent at which investments activities were performing. Data were collected through review of documents from different sources like documented report by TIC – Northern Zone. The findings were as presented in figure 4.3

**Figure 4.3 Investment trends of projects registered by TIC from 2008 to 2012**



**Source:** *Summarized Data from TIC – Northern Zone (2013)*

Results in Figure 4.2 shows that, 57 projects were registered in 2008, and 135 projects were registered in 2009, while in 2010 there were 261 projects registered. In 2011 the number of projects registered was 128 and in 2012 there were 167 projects. Records by TIC-Northern Zone shows a total of 748 projects registered in 2013.

The findings from the records indicated a steadily increase of invested projects to an average of 30 percent projects for the year 2008 to 2009. The number of invested projects continued to be increased by 32 percent from 2009 to 2010. This indicates that, investors were attracted to invest in the study area probably because of improved transport infrastructures which play a pivotal role of linking available investments projects. In addition to that, the findings indicate that, in the years between 2010 and 2011 there was a sharp decline trend in number of registered projects probably because of financial crisis which had occurred in the world market.

During an interview, one of the respondents from TIC – Office was asked by a researcher as to why a sharp decrease of projects registration in the years between 2010 and 2011 from 261 to 128 projects and was quoted saying that,

*“The integration of domestic markets to the global markets could be interfered by the events of financial crisis occurred in the world markets which in turn disrupted the volume of goods and services flowing in the distribution channels thus reducing new investments due to investors’ fear of getting loss or of getting no returns at all contrary to what was expected to be generated by the investments”.*

This indicated that, investment activities can be affected by dependence to the outside world markets regardless of better and improved investments climate in Tanzania. This can also be indicated by an increased cost of fuel in world markets which might have negative consequence to transportation services and investments.

According to CLKnet, (2012) portrays that, the government has carried out major institutional and legal frameworks since mid 1980’s that have resulted into an increase inflow of investment activities in the country. Also the same report by CLKnet revealed that, an increased in investment activities in Tanzania has been evidenced by an increased number of registered projects and its ownership, value of investment capital injected, employment and number of countries that has increased investment flow to Tanzania.

#### **4.3.8 Trends of investments in socio – economic services**

In this section researcher wanted to investigate and document trends of social and economic services available in the study area in order to know if there could be any relationship with the improvement of road and air transportation services available in the study area. Researcher assumed that, improved availability of social and economic services responds to the improved transportation services which link people with important basic needs through assurance of their access to them. In order to arrive into these aspects different documented literatures related to these aspects were reviewed and the findings were summarized in Table 4.12.

**Table 4.12 Documented trends of social and economic services**

| SOCIAL AND<br>ECONOMIC SERVICES<br>AVAILABLE | TRENDS OF SOCIAL-ECONOMIC SERVICES<br>INVESTED |               |               |               |               |
|----------------------------------------------|------------------------------------------------|---------------|---------------|---------------|---------------|
|                                              | 2008                                           | 2009          | 2010          | 2011          | 2012          |
| Hotel and restaurants                        | 864                                            | 960           | 1,877         | 2,346         | 3,760         |
| Accommodations                               | 530                                            | 612           | 636           | 647           | 895           |
| Commercial buildings                         | 2                                              | 2             | 4             | 5             | 7             |
| Manufacturing                                | 54                                             | 63            | 85            | 97            | 130           |
| Processing                                   | 16                                             | 24            | 29            | 35            | 37            |
| Tourism companies                            | 57                                             | 73            | 85            | 97            | 108           |
| Whole sale and retailer                      | 37,650                                         | 48,657        | 59,825        | 67,640        | 79,850        |
| Finance and Insurance                        | 12                                             | 15            | 28            | 34            | 48            |
| Education                                    | 47                                             | 52            | 98            | 102           | 168           |
| Health                                       | 61                                             | 68            | 73            | 75            | 83            |
| Petrol stations                              | 6                                              | 9             | 14            | 14            | 15            |
| Local markets                                | 15                                             | 18            | 21            | 21            | 23            |
| Construction                                 | 133                                            | 164           | 217           | 346           | 458           |
| <b>TOTAL</b>                                 | <b>39,447</b>                                  | <b>50,717</b> | <b>62,992</b> | <b>71,459</b> | <b>85,582</b> |

**Source:** *Business report by Business section of Moshi Municipal Council, 2013*

The findings in Table 4.12 show that, trends of social and economic services increased by 12.5 percent between 2008/2009 and by 11 percent between 2009/2010. Between 2010/2011 percentage increase was 6.3 percent while in 2011/2012 percentage increase was 9 percent.

The findings imply that, social and economic activities in the study area were increasing but at a decreasing rate. This indicates that, the increased in social and economic activities has reached its saturation point where it started to decline probably because of competing business environment among investors. In relation to transportation services the findings further imply facilitating role of road and air transport in integrating and movement of goods and services from and to different socio – economic activity in terms of production to the final user.

Kilimanjaro Investment Profile, of (2013) asserts that; availability of high quality road networks facilitates both social and business activities in the study area due to integration and market strengthening competition among investors.

#### 4.3.9 Value of capital investments and jobs created by sector 2008 to 2012

In this part researcher was interested to document trends and value of capital flows in the investments in order to know the number of projects registered and their contribution in jobs creation by sectors. This was carried out through documentary reviews where some projects were selected to summarize the value of capital investments and the findings were as presented in Table 4.13

**Table 4.13 Value of capital investments and jobs creation from 2008 to 2012**

| Sectors             | Trends and value of capital Inflows in Investment by sector |              |               |            |               |               |
|---------------------|-------------------------------------------------------------|--------------|---------------|------------|---------------|---------------|
|                     | 2008                                                        |              |               | 2012       |               |               |
|                     | Project                                                     | Jobs         | (USD Million) | Projects   | Jobs          | (USD Million) |
| Commercial building | 3                                                           | 94           | 6.14          | 7          | 268           | 10.32         |
| Manufacturing       | 13                                                          | 759          | 52.32         | 68         | 4,649         | 89.45         |
| Human Resource      | 27                                                          | 458          | 28.33         | 56         | 1,276         | 56.14         |
| Tourism             | 34                                                          | 1,976        | 63.26         | 79         | 4,537         | 108.64        |
| Transportation      | 11                                                          | 348          | 8.92          | 24         | 923           | 19.43         |
| Urban agriculture   | 18                                                          | 2,753        | 17.48         | 29         | 5,527         | 36.97         |
| <b>TOTAL</b>        | <b>106</b>                                                  | <b>6,388</b> | <b>176.45</b> | <b>263</b> | <b>17,180</b> | <b>320.95</b> |

**Source:** Summarized Data from TIC – Northern Zone Report, (2013)

Results in Table 4.13 shows that, investment projects registered in 2008 were 106 that worth 176.45 USD. In 2012 number of registered projects were 263 which the values that worth 320.95 million USD in 2012. Total jobs created in 2008 were 6,388 and in 2012 there were 17,180 jobs created. Tourism was a leading sector with 79 invested projects which worth USD 108.64 million in 2012 followed by manufacturing with 68 invested projects in total worth USD 89.45 million in 2012. Commercial building projects were ranked the last with 7 invested projects worth 10.32 million USD in 2012.

The findings imply that, there has been increased inflow of capital investments due to improved environment for investments. This further implies increased in number of investment projects, transfer of technology, jobs creation and increased revenue. This conforms to the World Bank report, (2012) that Tanzania has taken a lead in attracting

investment activities in East Africa through her attractive economic reforms and investment incentives.

#### **4.4 The implication of transportation services to investment promotion**

Under this objective the researcher was interested to assess the implication of transportation services to investment promotion in the study area. To arrive at this several aspects were considered. Such aspects were condition of transport infrastructures, Investments performance on road infrastructures development, number of private companies invested in transportation services, the condition of vehicle fleet in the transport sector and lastly trends of passengers and cargo traffics in order to know how transport infrastructures development contribute to the growth of investments.

##### **4.4.1 Condition of transport infrastructures.**

In this aspect the measurements were made basing on two variables which were the status of transport infrastructures and the condition of transport infrastructures. The aim was to outline physical structure of transport infrastructures development in terms of upgrading and rehabilitation.

##### **4.4.1.1 The status of road transport infrastructures**

In this part researcher established data on status of road infrastructure to determine progressive status of road infrastructures development. In order to arrive at this researcher investigated road networks by type of surface in order to know distance of roads in kilometers which were either paved or unpaved and types of pavements ascribed to such road surface. Through review of documented reports, the findings were as recorded in Table 4.14

**Table 4.14 Trends and status of road network by type of surface**

| Year | Road network by pavement type and status from 1997 - 2013 |       |                  |       |                 |       |                 |           |
|------|-----------------------------------------------------------|-------|------------------|-------|-----------------|-------|-----------------|-----------|
|      | Tarmac road (Km)                                          | (%)   | Gravel road (Km) | (%)   | Earth road (Km) | (%)   | TOTAL Road (Km) | TOTAL (%) |
| 1997 | 6.14                                                      | 2.13  | 25.25            | 8.76  | 256.75          | 89.11 | 288.14          | 100       |
| 2010 | 24                                                        | 8.33  | 56.53            | 19.62 | 207.61          | 72.05 | 288.14          | 100       |
| 2013 | 75.64                                                     | 26.25 | 61.31            | 21.28 | 151.18          | 52.47 | 288.14          | 100       |

**Source:** MMC, Civil Works Department – Annual Report, (2013).

Results in Table 4.14 shows that, in 1997 road network paved by tarmac were 6.14 (2.13) kilometers and 25.25 (8.76%) kilometers were gravel paved surface while 256.75 (89.11%) kilometers were earth surfaced. In 2010 road network paved by tarmac were 24 (8.33%) and 56.531 (19.62%) kilometer were gravel paved while 207.61 (72.05%) kilometers were earth surfaced. In 2013 the records show that, 75.64 (26.25%) kilometers were tarmac surfaced road and 61.31 (21.28%) kilometers were grave surfaced while 151.18 (52.47%) kilometers were earth surfaced road. Civil Works Department of MMC had documented a total length of road network of 288.14 kilometers.

The findings have the implication that, status of road surface continued to be improved due to increased length of roads kilometers paved with tarmac and gravel. This further implies upgrading and steadily growth of paved surfaced road which also indicates a small proportion of road surface that was not paved by any pavement materials like tarmac and gravel. In addition to this, the findings further indicate creation of cohesive transport network to foster trading activities and investments.

The findings further indicate that, the volume of goods and services in road transport chain probably has increased as a result of improvement made in the status of road networks. The findings can also indicate greater opportunity for enhancing business undertakings and the possibility of people to get out of poverty due to improved access to social facilities, to markets to sell their produce and jobs.

In line with the findings, OECD, (2013) asserts that status of transport infrastructure is a key determinant of performance in the transport sector which supports economic growth. Status of transport infrastructure is a critical ingredient in economic development at all levels of income generation where it supports personal well-being and investments performance. Quality transport infrastructure plays a role as a capital input into production and wealth generation where the economic impact can be transformative, especially at lower levels of income.

#### 4.4.1.2 Condition of road transport infrastructures

In this part researcher was also interested to investigate the condition of road transport infrastructures in the study area in order to know if road network was passable and its implication on investments. To arrive into this researcher went through documented reports that highlighted technically the condition of road network and the findings were as summarized in Table 4.15

**Table 4.15 Condition of road transport infrastructures**

| Year | Condition of road network in the study area |       |        |       |        |       | Total  |     |
|------|---------------------------------------------|-------|--------|-------|--------|-------|--------|-----|
|      | Good                                        |       | Fair   |       | Poor   |       |        |     |
|      | Km                                          | (%)   | Km     | (%)   | Km     | (%)   | (Km)   | (%) |
| 1997 | 6.14                                        | 2.13  | 25.25  | 8.76  | 256.75 | 89.11 | 288.14 | 100 |
| 2010 | 24                                          | 8.33  | 179.31 | 62.23 | 84.83  | 29.44 | 288.14 | 100 |
| 2013 | 75.64                                       | 26.25 | 190.53 | 66.13 | 21.97  | 7.62  | 288.14 | 100 |

**Source:** MMC - Civil Works Department report, 2013

Results in Table 4.15 shows that, in 1997 the road network of 6.14 (2.13%) kilometers was in good condition and 25.25 (8.76%) kilometer was in fair condition while 256.75 (89.11%) kilometers were in poor condition. In 2010 the road network of 24 (8.33%) kilometer was in good condition and 179.31 (62.23%) kilometer was in fair condition while 84.83 (29.44%) kilometer was in poor condition. In 2013 road network in good condition amounted to 75.64 (26.25%) kilometer was in good condition and 190.53 (66.13%) kilometer was in fair condition and only 21.965 (7.62%) kilometer was in poor condition.

The findings imply that, large proportion road transport infrastructures were in good condition. This indicates that large parts of road networks were passable probably because of regular maintenance and rehabilitation which further implies smooth flow

of goods and services from the production to the final user. In relation to investments improved condition of transport infrastructures implies the possibility of producing and trading of goods and services for income generation. OECD, (2002) supports the findings that, transport infrastructure investment through upgrading and maintenance can contribute to growth of investment activities by expanding the stock of capital available for use in producing goods and services.

#### 4.4.1.3 Perceptions of respondents on condition of airport infrastructures

Under this section researcher was also interested to investigate condition of airport infrastructures in order to highlight the implication of airway transportation services to investments. In order to arrive into this, researcher selected some airport infrastructures through which perceptions of respondents were captured where each of the selected infrastructures was responded by each respondent through questionnaires and the findings were as presented in Table 4.16

**Table 4.16 Perceptions on condition of airport infrastructures (N=100)**

| Airport Infrastructure | Perceptions of Respondents |    |        |     |        |    | Total  |     |
|------------------------|----------------------------|----|--------|-----|--------|----|--------|-----|
|                        | Good                       |    | Fair   |     | Poor   |    |        |     |
|                        | Number                     | %  | Number | (%) | Number | %  | number | (%) |
| Airport Terminal       | 17                         | 17 | 73     | 73  | 10     | 10 | 100    | 100 |
| Air port Runways       | 19                         | 19 | 59     | 59  | 22     | 22 | 100    | 100 |
| Airport Taxiways       | 31                         | 31 | 53     | 53  | 16     | 16 | 100    | 100 |
| Check in Facilities    | 9                          | 9  | 64     | 64  | 27     | 27 | 100    | 100 |
| Passenger gates        | 13                         | 13 | 48     | 48  | 39     | 39 | 100    | 100 |
| Airport Car parking    | 16                         | 16 | 51     | 51  | 33     | 33 | 100    | 100 |

**Source:** Field Data, 2013

Results in Table 4.16 shows that 73 (73%) of the respondents perceived that airport terminal was in fair condition. Airport runways were perceived to be in fair condition by 59 (59%) of the respondents and air taxiways were perceived to be in fair condition by 53 (53%) of the respondents and check in facilities were perceived to be in fair condition by 64 (64%) of the respondents while passenger gates and air car parking were perceived to be in fair condition by 48 (48%) and 51 (51%) of the respondents respectively. The findings imply that, airway transport infrastructures were in fair

condition with relative improvement. This indicates a need for maintenance and rehabilitation of airport infrastructures in order to improve competitions to aviation operators among private sectors and improved competition in supply of air passenger services. Furthermore the findings indicate a declining performance of air transport services and thus its contribution to investments activities might be relatively small.

#### **4.4.1.4 Respondents' perceptions on the condition of railway infrastructure**

In this aspect researcher was interested to investigate the condition of railway infrastructures. Through questionnaire respondents were asked to tick one levels of infrastructure condition whether good, faire or poor in order to ascertain the implication of railway transportation to investment operations in the study area since the area is served by railway line aimed at providing access to imports and exportation of goods and services. The findings were as summarized in Table 4. 17

**Table 4.21 Respondents' perceptions of railway infrastructure performance**

**(N=100)**

| <b>Perceived levels of infrastructure Condition</b> | <b>Number</b> | <b>Percent (%)</b> |
|-----------------------------------------------------|---------------|--------------------|
| Good                                                | 0             | 0.0                |
| Faire                                               | 2             | 0.0                |
| Poor                                                | 98            | 98.0               |
| <b>Total (n=100)</b>                                | <b>100</b>    | <b>100</b>         |

**Source:** *Field data, 2013*

Results in Table 4.17 shows that, none of the respondents perceived railway infrastructure to be in good condition and 98 (98%) of the respondents perceived that railway infrastructures were in poor condition and only 2 (2%) of the respondents perceived that railway infrastructures were in fair condition.

The findings imply that, large proportion of respondents have negative perception toward railway transportation services due to poor condition of its infrastructures. The findings further indicate that railway transportation suffers from infrastructure problems which might also imply inadequate upgrading and deferred maintenance of railway infrastructure where locomotives, rail wagons, bridges and depreciated rolling stock were probably lacking replacement and shortage of service. In relation to

investments, railway transport implies negligible contribution or their might be no contribution at all.

URT, (2013) insists that, railway infrastructures are very old and outdated with deteriorated facilities to meet the growing demand of transportation services and investments. Moshi railway line is very old and was built in the years between 1899 and 1911 in the east – west line from Tanga and extended to Arusha and Voi in 1925.

#### **4.4.2 Performance of investments on improved road infrastructure**

Under this aspect the researcher was interest to investigate if there could be any relationship between improvement of road infrastructures and performance of investments activities in the study area. The aim was to document the implication of improved road infrastructures to the performance of investments trends. To arrive into this aspect, researcher analyzed documented trends related to road infrastructures development and number of investments projects registered. The findings were summarized in Table 4.22

**Table 4.22 Performance of Investments on Improved Road Infrastructures**

| Year trend | Road performance (Km) | Projects Invested |
|------------|-----------------------|-------------------|
|            | Good /Fair condition  | Number            |
| 2008       | 158.698               | 57                |
| 2009       | 176.607               | 135               |
| 2010       | 203.312               | 261               |
| 2011       | 224.266               | 128               |
| 2012       | 245.22                | 167               |
| 2013       | 266.174               | 748               |

**Source:** Summarized data from TIC- Northern Zone and MMC, 2013

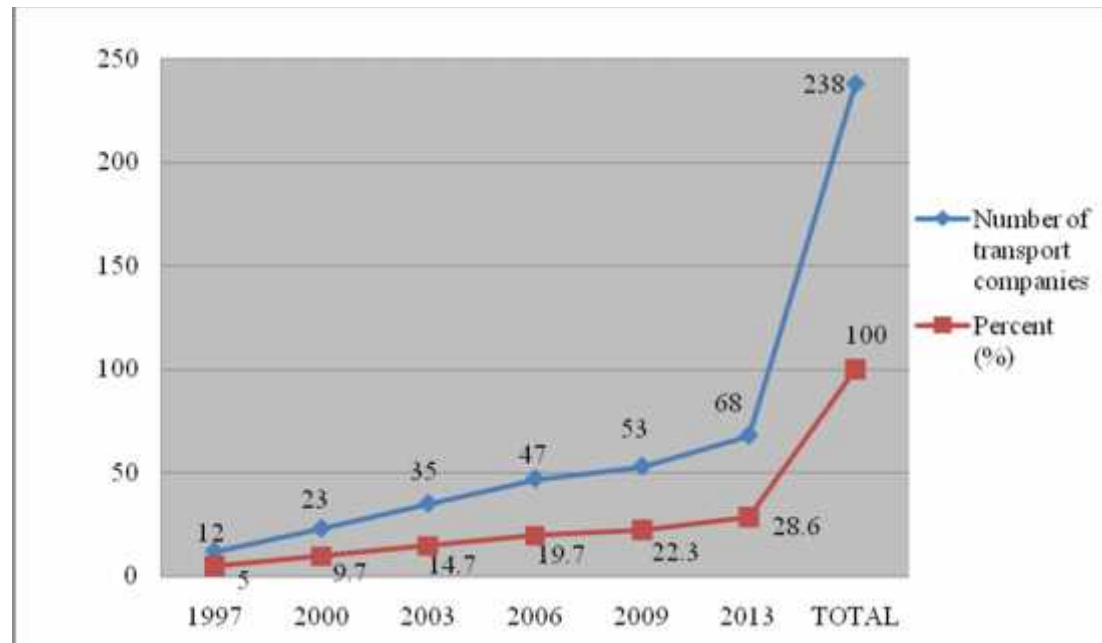
Data in Table 4.22 shows that, in the year 2008 the length of road in good and/ or in fair condition was 158.6 98 kilometer and the number of investments projects registered was 57. In the year 2009 the length of road in good and or in fair condition was 176.607 kilometers and the number of invested projects were 135. In 2010 the length of road in good and/ or in fair condition was 203. 312 kilometers while the number of projects registered were 262. In 2013 length of road in good and/fair condition reached 266.174 kilometer and the projects registered were 748.

The findings imply that increase performance of road infrastructure brought incremental changes to the projects registered. Furthermore in the years between 2010 and 2012 performance of road infrastructure was increasing at a decreasing rate while the number of projects registered declined sharply may be because of the influence of other related factors like oil crisis in the world markets which has pooled down the graph.

#### 4.4.3 Road infrastructures development on improved transport services

Under this part the researcher was interest to find out the implication of road infrastructures development on improvement of transportation services. Through review of documented reports, researcher considered trends on the number of private companies invested in transportation services. The aim was to know if there could be any relationship between road infrastructures development and investments in transportation services. The data were as presented in Figure 4.3.

**Figure 4.4 Trends of transport companies invested in transportation services**



**Source:** Documented report by SUMATRA in Moshi Urban, 2013

Data in Figure 4.3 shows that, in 1997, there were 12 (5%) of the total private transport companies, in 2000 there were 23 (9.7%) of the total private transport companies, and in 2003 there were 35 (14.7%) private transport companies and in 2006 there were 47 (19.7%) of the total private transport companies and in 2009 there

were 53 (22.3%) of the total private transport companies while in 2013 there were 68 (28.6%) of the total private transport companies. The total number of registered private transport companies were 238 (100%) in the year 2013.

This implies that, the number of registered transport companies has increased considerably indicating attraction of road transport infrastructures to private sectors investments in transportation services. In addition to that the findings imply the need for forecasting future demand of road infrastructures which assumed to be increasing as a result of increased in road transportation companies. Furthermore the findings indicate increased in number of passengers and freight transportation in the production, marketing and servicing sectors. URT, (2012) asserts that investments in the transport sectors particularly road sub sector has gradually improved due to remarkable improvement in the status and condition of roads infrastructures.

#### 4.4.4 Implication of road network on trends of vehicle fleet

In this section researcher was interested to investigate the implication of improved road network on the condition of vehicle fleet and road trafficking. The aim was to know the extent at which the growth of vehicles and on road trafficking could affect status of road surface. The finding were as presented in Table 4.22

**Table 4.22 Implication of road network on trends of vehicle fleet**

| Vehicle type             | Number of vehicles in the Year trend |              |              |              |              |              |              |
|--------------------------|--------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                          | 2007                                 | 2008         | 2009         | 2010         | 2011         | 2012         | 2013         |
| Heavy passenger vehicles | 74                                   | 97           | 103          | 129          | 147          | 156          | 168          |
| Light passenger vehicles | 204                                  | 289          | 462          | 510          | 653          | 978          | 1,057        |
| Heavy Goods Vehicles     | 18                                   | 37           | 56           | 64           | 81           | 93           | 106          |
| Light Goods Vehicles     | 25                                   | 48           | 63           | 82           | 95           | 124          | 135          |
| Motorcycle               | 478                                  | 938          | 1,098        | 1,769        | 2,037        | 2,349        | 3,075        |
| Tricycle                 | 12                                   | 18           | 23           | 28           | 44           | 66           | 78           |
| Other type of vehicles   | 59                                   | 74           | 98           | 107          | 154          | 219          | 308          |
| <b>TOTAL</b>             | <b>870</b>                           | <b>1,501</b> | <b>1,903</b> | <b>2,689</b> | <b>3,211</b> | <b>3,985</b> | <b>4,927</b> |

**Source:** MMC – Business Section report, Moshi Urban Bus Stand, (2013)

Results in Table 4.22 shows that, in 2007 there were 870 vehicles and in 2008 there were 1,501 vehicles. In the year 2009 there were 1,903 vehicles while in 2010 there were 2,689 vehicles. In 2011 there were 3,211 vehicles and in 2012 there were 3,985 vehicles while in 2013 there were 4,927 vehicles.

The findings imply a steadily increase of number of vehicles where motorcycles commonly known as “*boda – boda*” was the leading type of vehicles followed by light passenger vehicles commonly known Hiece or mini – buses which provided public transportation services mainly for short distances in the urban. This indicates that, peoples’ mobility across the urban has increased probably because of the increased access to social and economic services.

Furthermore the findings have an implication that, demands for transportation services has increased probably because of the increased population and increased demand of goods and services. In addition to this the findings imply that with the improved transportation services and the volume of goods and services in the product chain was also assumed to be increased.

The increased in number of heavy passengers and heavy goods vehicles imply availability and reliability of transportation services for accessibility of markets, jobs and production activities. In line with the findings TIC, (2008) supports that improved road transport infrastructure has enhanced investment activities in road transportation services and improved delivery of services to meet growing needs of the local, regional and country wide economy.

#### **4.4.5 Airport infrastructures development and investments in air transportation**

Under this aspect one performance criterion was considered which included the progressive number of Air Transport Companies invested in air transportation services in the study area. Also through documentary review researcher was interested to know how the condition of airport infrastructure have managed to attract private sectors investments in air transportation services. The aim was to establish clear spectrum on the performance of airport infrastructures and the growth of investments to aviation operating companies. The findings were as presented as shown Table 4.21

**Table 4.23 Trends of air transport companies on aviation investments**

| S/N          | Name of Aircraft company | Number of aircraft owned and operating in year trend |            |           |            |           |            |
|--------------|--------------------------|------------------------------------------------------|------------|-----------|------------|-----------|------------|
|              |                          | 2007                                                 |            | 2010      |            | 2013      |            |
|              |                          | Number                                               | (%)        | Number    | (%)        | Number    | (%)        |
| 1.           | Coastal Aviation         | 6                                                    | 67.0       | 6         | 46.0       | 9         | 53.0       |
| 2.           | Air Executive            | 1                                                    | 11.0       | 2         | 15.0       | 3         | 18.0       |
| 3.           | Zan Air                  | 1                                                    | 11.0       | 1         | 8.0        | 2         | 12.0       |
| 4.           | Flight link              | 0                                                    | 0.0        | 1         | 8.0        | 2         | 12.0       |
| 5.           | Precision                | 0                                                    | 0.0        | 2         | 15.0       | 0         | 0.0        |
| 6.           | Regional air             | 1                                                    | 11.0       | 1         | 8.0        | 1         | 5.0        |
| <b>TOTAL</b> |                          | <b>9</b>                                             | <b>100</b> | <b>13</b> | <b>100</b> | <b>17</b> | <b>100</b> |

**Source:** *Moshi Air transport Authority report, 2013*

Results in Table 4.23 shows that, there were 6 privately owned Air Transport Companies with 9 (100%) of small propelled aircrafts in total. Coastal Aviation owned 6 (67%) of small propelled aircrafts, Air Executive, Zan Air and Regional Air owned 1 (11%) aircraft each while Flight Link and Precision Air companies were not operating by that time in 2007. In the year 2010 there were 13 (100%) of small propelled aircrafts in total where Coastal aviation owned 6 (46%) of aircrafts, Air Executive and Precision Air owned 2 (15%) of aircrafts each. Zan Air, Flight Link and Regional Air owned 1 (8%) of total aircrafts each. In 2013 total small air flight increased to 17 (100%) where 9 (53%) of aircrafts were owned by Coastal Aviation, 3 (18%) of were owned by Air Executive, Zan Air and Flight Link owned 2 (12%) of aircrafts each and Regional had 1 (5%) of aircraft.

The findings indicate that, the number of Air transport Companies was fixed within a period of three years implying that no new company was added in such investments probably because of improved road transport and strong link to KIA. Furthermore the findings indicate small growth of investments in small propelled aerodromes services indicating slight improvement of airport infrastructures. The findings by OEF, (2003) and URT, (2012) support that although the number of registered air operators in the country has been increasing year after year and the aviation industry has been steadily growing due to improved airport infrastructure still the requirements for upgrade air infrastructures is emphasized.

#### **4.4.6 Trends of passengers and freight traffic from 1995 to 2003**

Under this part the researcher was interested to investigate the trends of passengers and cargo or freight traffic in the transportation services in order to know the extent at which transportation services facilitate investment activities through flow of goods and services in the production and marketing circle. The variables considered included the number of passengers and freight in tones handed by available mode of transport and reviews of documents were considered in order to arrive into this aspect.

##### **4.4.6.1 Freight traffic handled by railway transport between 1995 and 2000**

In this section researcher analyzed the data on the amount of cargo in tones which were handled by railway transportation services in the study area in order to ascertain how progressively railway transportation services were in the periods between 1995 and 2000 years. Findings were as presented in Table 4.24.

**Table 4.24 Trends of railway freight or cargo traffic from 1995 to 2000**

| <b>Year Trend</b> | <b>Freight or Cargo (Tones) Handled by Railway</b> |
|-------------------|----------------------------------------------------|
| 1995              | 6,731                                              |
| 1996              | 17,569                                             |
| 1997              | 8,712                                              |
| 1998              | 7,609                                              |
| 1999              | 5,893                                              |
| 2000              | 4,679                                              |

**Source:** Kilimanjaro Regional Commissioners' Office, 2009

Results in Table 4.24 shows that, in 1995 the amount of cargo handled by railway transport in Moshi Urban was 6,731 tons, in 1996 amount of cargo handled was 17,569 tones and in 1997 the amount of cargo handled was 8,712 tons. In the year 1998 cargo traffic was amounted to 7,609 tons and in 1999 amount of cargo handled was 5,893 tons while in 2000 the amount of cargo handled was 4,679 tons.

The findings indicated slight increase in cargo handled by railway transport services and reached its peak in 1996. From there the findings indicate continuous decline of amount of cargo handled. This implies deterioration of railway transportation services probably because of outdated facilities and lack of maintenance of railway infrastructures.

During an interview with one of the respondents from Moshi Railway Station on how unreliable railway transport service affects investments in terms of passengers and freight traffic in the study area, was quoted saying that,

*“Railway transportation service has experienced a stiff competition from road transportation services due to lack of modernized railway infrastructures resulted into low operational efficiency. The number of passengers and freight traffic handled by railway declined due to a decline in demand of railway transportation services hence affecting investments by reducing flow of goods and services in circulation”.*

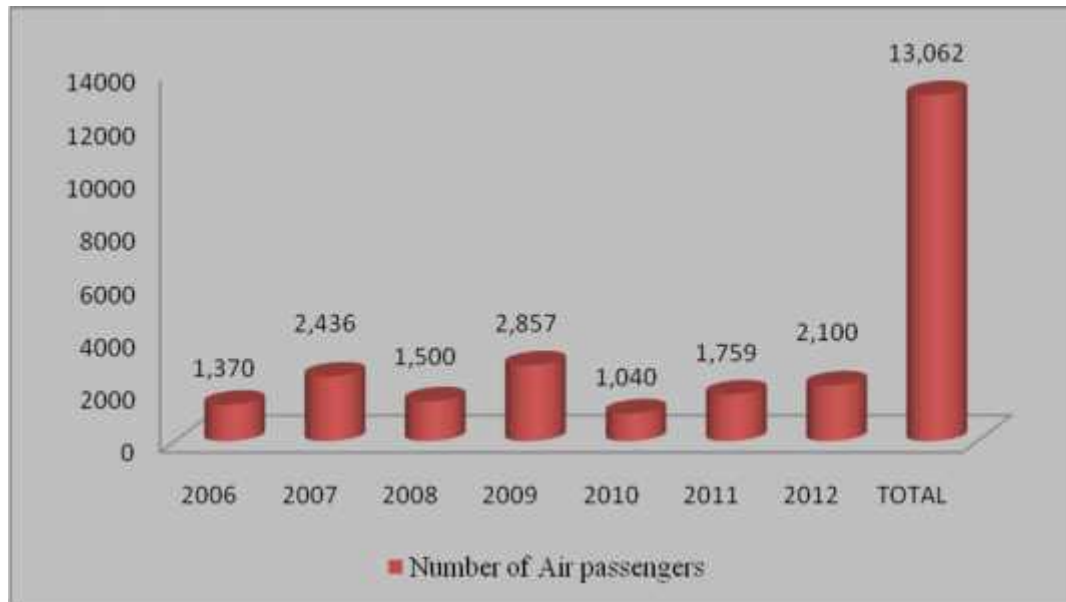
This implies that, railway transportation service was out of services due to declining performance of railway infrastructures. Furthermore reduced flow of goods and services implies limited contribution of railway transportation to investment performance. In addition to this the findings indicate a major shift of transport services from railway transport to road transportation which implies its dominance. Also the findings imply the need for rehabilitation and upgrading of railway infrastructures to further improvement in investments activities in the study area.

According to URT, (2013) reduction of services offered by railway transportation was caused by poor conditions of railway infrastructures which have resulted into declining of freight traffic steeply from 1,442,713 tons in 2003 to 256,000 tons in 2004 indicating declining efficiency to contribute to investments and growth of the economy. Such a declining performance has forced TRL to discontinue operation of railway services from Dar – es – Salaam to Moshi since 2005 to date.

#### **4.4.6.2 Implication of passenger trends served by air transport on investment**

The researcher went further to investigate the trends of passengers served by air transportation services in the study area in order to know the extent at which such mode of transport attracts for transportation services and its contributes to investment activities. The findings were as summarized in Figure 4.4

**Figure 4.5 Trends of air transport passengers in the study area**



**Source:** *Moshi Airport Transport Report – Moshi Office, (2013)*

Results in Figure 4.4 shows that, there were 1,370 passengers served by air transport, 2,436 passengers in 2007, 1,500 passengers in 2008, 2,857 passengers in 2009, 1,040 passengers in 2010, 1,759 passengers in 2011 and 2100 passengers in 2012. A total of 13,062 passengers served by air transport were documented in 2013.

The findings imply that, number of passengers benefiting air transport services in the study area fluctuates with time probably because of the purpose of travel which depends on seasons like tourists where they increase during high seasons and decrease during low seasons in their countries. Also this might also be a reason for a declining performance of air traffic because of a seasonal dependence mode of transport.

The findings are in line with OEF, (2003) and URT, (2013) that domestic air transport comprised of small market size and small volume of passengers who are mainly travelers for business, tourism, visiting friends and families hence a need for involvement of private sectors investors to assist in maintenance, rehabilitations and upgrading of air infrastructures by highlighting potential areas with promising benefits for investments.

#### 4.5 Factors hindering transport infrastructures and investment expansion

Under this objective researcher was interest to investigate if there could be factors that hinder transport infrastructures development and investments expansion in the study area. In order to arrive into this, respondents were asked to mention the most impressing factor basing on the general factors and specific problems which hinder performance of transport infrastructures development and investments expansion. The aim was to provide suggestions on how such factors could be mitigated.

##### 4.5.1 General factors hinder transport infrastructures and investment expansion

Through questionnaire guides respondent were asked to mention only one factor which was thought to be the most impressing factor that hinders transportation services in the study area basing on each mode of transport in order to draw general suggestions that could address the most impressing challenges that impede development of transport infrastructures and investments expansion. Findings were as summarized in Table 4.25.

**Table 4.25 General factors hinder development of transport infrastructures**

**(N=100)**

| Factors Hinder                    | Responses from the respondents |            |
|-----------------------------------|--------------------------------|------------|
|                                   | Number                         | Percentage |
| Inadequate funds                  | 32                             | 32.0       |
| Weak Institution capacity         | 26                             | 26.0       |
| Cumbersome procurement procedures | 10                             | 10.0       |
| Low capacity of local contractors | 13                             | 13.0       |
| Weak managerial capacity          | 19                             | 19.0       |
| <b>TOTAL</b>                      | <b>100</b>                     | <b>100</b> |

**Source:** *Field data, 2003*

Results in Table 4.25 show that, 32 (32%) of the respondents said inadequate funds was the most impressing factor and 26 (26%) of the respondents mentioned weak institution capacity while 19(19%) of the respondents mentioned on weak managerial capacity. Low capacity of local contractors was mentioned by 13 (13%) of the respondents and 10 (10%) of the respondents mentioned cumbersome procurement procedures.

This implies that, inadequate financial resource was the most impressing factor that hinders development of transport infrastructures development and expansion of investments in the study area as it has been reported by large proportion of respondents. Furthermore the findings indicate a slight difference of other factors in limiting development of transport infrastructures and investments expansion as they were assumed to be intertwined to one another in one way or another.

During an interview one of the respondents in Civil Works Department of MMC, was asked by a researcher to mention the major factor which hinders transport infrastructures development and investment expansion and was quoted saying that,

*“The existing weak coordination of the policies and existing outdated laws related to infrastructure development were contributing factors which have lead into lack of clear commitment among practitioners a situation which shows the existence of outdated laws that need to be updated and integrated into new laws and plans”.*

This implies inadequate coordination and management skills among responsible personnel for policy interpretation and integrations into implementable plans. Furthermore the findings indicate weak technical capacity which could probably lead into delayed implementation of works, miss use and miss allocation of funds.

Country Level Knowledge Network, (2012) argues that despite the increasing number of investment projects and capital flows, yet Tanzania face a number of challenges that hinder attraction and retaining of more investors and among the challenges, financial was a leading impediment to infrastructures and investment development including lack of adequate and reliable power, poor infrastructure especially feeder roads, lack of designated areas for investment projects.

#### **4.5.2 Specific factors hinder development of specific modes of transport**

Under this part the researcher was interested to know if there were specific factors which hinder development of specific mode of transport infrastructures in order to address specific solution that can favor most performance of specific mode of transport in investment expansion. The findings were summarized in Table 4.26

**Table 4.26 Specific factors that hinder road infrastructures development****(N=100)**

| Specific Factors to Road infrastructure development    | Responses of respondents |            |
|--------------------------------------------------------|--------------------------|------------|
|                                                        | Number                   | Percentage |
| Poor contracts and documentation                       | 27                       | 27.0       |
| Labor intensive Technology                             | 22                       | 22.0       |
| Lack of networking in Management and maintenance plan  | 10                       | 10.0       |
| Bureaucratic nature in tendering and contract delivery | 14                       | 14.0       |
| Poor collections of road funds                         | 18                       | 18.0       |
| Limited technical know how                             | 9                        | 9.0        |
| <b>TOTAL (n=100)</b>                                   | <b>100</b>               | <b>100</b> |

**Source:** *Field data, 2013*

Results in Table 4.26 shows that, 27 (27%) of the respondents said that poor contracts and documentation, 22 (22%) of the respondents mentioned labor intensive technology, 18 (18%) of the respondents mentioned poor collection of road funds and 14 (14%) of the respondents mentioned bureaucratic nature of tendering and contact delivery. Lack of networking in management and maintenance plan was mentioned by 10 (10%) of the respondents while 9 (9%) respondents limited technical knowhow.

The findings indicated poor contract and documentation was a factor which hinders development of road infrastructures as reported by large proportion of respondents. This implies that the manuals and documents that highlight terms of conditions and contracts were probably not reflecting actual demands of the plan for implementation hence not qualifying for the standardized requirements. Furthermore the findings imply insufficient skills and technical knowhow for preparation of quality contracts and documentation to meet the requirements of contracts.

#### **4.5.3 Specific factors hinder development of railway infrastructures**

Through questionnaire respondents were asked to mention most impressing factor which hinder the performance of railway infrastructures and investment expansion in the study area aiming at addressing the most factor that requires much more attention in the process of reviving railway transport services for growth of investments activities. The findings were as presented in Table 4.27

**Table 4.27 Factors that hinder Railway Infrastructures development (N=100)**

| <b>Factors that hinder Railway infrastructure development</b> | <b>Responses of respondents</b> |                   |
|---------------------------------------------------------------|---------------------------------|-------------------|
|                                                               | <b>Number</b>                   | <b>Percentage</b> |
| Deterioration of facilities                                   | 37                              | 37.0              |
| Competition from other railway transport corridors            | 25                              | 25.0              |
| Stiff competition from road transport network                 | 17                              | 17.0              |
| Weaknesses in rolling stocks and infrastructure               | 11                              | 11.0              |
| Insufficient cabins and locomotive power                      | 10                              | 10.0              |
| <b>TOTAL (n=100)</b>                                          | <b>100</b>                      | <b>100</b>        |

**Source:** *Field data, 2013*

Results Table 4.27 shows that, 37(37%) of respondents mentioned deterioration of railway transport facilities, 25(25%) of respondents mentioned competition from other railway transport corridors, 17(17%) of respondents mentioned stiff competition from road transport network and 11(11%) of respondents mentioned weaknesses in rolling stocks and infrastructures while 10(10%) of respondents mentioned insufficient cabins and locomotive power.

The findings imply that, deterioration of railway transport facilities was the most impressing factor which hinders performance of railway infrastructures in facilitating investments expansion. This further implies that railway facilities were probably too old and outdated to meet growing demands of transportation. In addition deterioration of railway facilities may be due to several sequences of wash away of the railway infrastructure facilities by floods.

#### **4.5.4 Specific factors hindering development of airport infrastructures**

Under this section researcher was also interested to investigate factors which hinder the development of air infrastructures purposely to know the most factor which was impeded performance of air transportation in influencing investment expansion in the study area in order to suggest possible measures which can be taken address such an impediment. To arrive into this, the respondents were asked through questionnaire to mention the most critical factor. The findings were as summarized in Table 4.28.

**Table 4.28 Specific factors that hinder airport infrastructures development**

| Factors hinder Airport Infrastructures development | Responses from the respondents |            |
|----------------------------------------------------|--------------------------------|------------|
|                                                    | Number                         | Percentage |
| Inadequate air planning and management skills      | 31                             | 31.0       |
| Insufficient trainings and short courses           | 24                             | 24.0       |
| Lack of effective linking management systems       | 18                             | 18.0       |
| Weak aviation master plan                          | 11                             | 11.0       |
| Inadequate airport facilities                      | 16                             | 16.0       |
| <b>TOTAL (n=100)</b>                               | <b>100</b>                     | <b>100</b> |

**Source:** *Field data, 2013*

Results in Table 4.28 shows that, 31(31%) of respondents mentioned inadequate air planning and management skills, 24 (24%) of the respondents mentioned insufficient training and short courses while 18 (18%) of the respondents mentioned lack of effective linkage of managerial systems. 16 (16%) of the respondents mentioned inadequate airport facilities and 11(11%) of the respondents mentioned weak master plan of aviation.

The findings imply that, inadequate air planning and management skills was the most impressing factor which hinder performance of air transport infrastructures to improve investments expansion in the study area as it has been mentioned by large proportion of respondents. This further implies a need for capacity building and regular to revive management skills for better air transport operations and investment. URT, (2012) asserts that, although condition of airports infrastructures and services has shown some improvements, it has not been able to achieve its desired objectives.

#### **4.6 Views on possible solutions to improve transport infrastructures**

Under this aspect researcher was interested to know views of the respondents on how the potentials of transportation and investments in the study area could be improved in order to solicit possible solutions to be addressed to improve their performance. Two major aspects were considered which included potentials of transportation services and the potentials of investments. Through questionnaires respondents were asked to mention the most possible solution that could mitigate the problem.

#### 4.6.1 Potentials of transportation services

In this part the researcher wanted to grasp opinions of the respondents by asking the respondents on how the potentials of transportation services could be improved by mentioning the most possible solution which could address potentialities of transportation services and the data were presented in Table 4.29.

**Table 4.29 Respondents opinions of potentials of transportation services**

**(N=100)**

| <b>Opinions/Suggestions</b>       | <b>Responses of the Respondents</b> |                       |
|-----------------------------------|-------------------------------------|-----------------------|
|                                   | <b>Number</b>                       | <b>Percentage (%)</b> |
| Funds Mobilization                | 38                                  | 38.0                  |
| Improve management skills         | 26                                  | 26.0                  |
| Effective use of PPP Strategy     | 23                                  | 23.0                  |
| Improved Institutional frameworks | 13                                  | 13.0                  |
| <b>TOTAL</b>                      | <b>100</b>                          | <b>100</b>            |

**Source:** *Field data, 2013*

Results in Table 4.29 shows that, 38 (38%) of the respondents mentioned funds mobilization as a means to improve the potentials of transportation services, 26 (26%) of the respondents mentioned improvement of managerial skills in the transport sector and 23 (23%) of the respondents pointed on effective use of public private partnerships (PPPs) while 13 (13%) of respondents mentioned a need for improved institutional framework.

The findings imply that the concern of the respondents in improving the potentials of transportation service lies on fund mobilization as mentioned by large proportion of respondents. This further indicates the need for financial resources to maintain, upgrading and rehabilitation of transport infrastructures. In addition to this the findings imply needed efforts of the government to seek support of private sectors and improving capacity of local government authorities to proper revenue collection in order to finance construction of new infrastructures projects, rehabilitation and maintenance.

#### 4.6.2 Views on investment potentials related to transport infrastructures

In this aspect the researcher was interested to collect views of the respondents on what should be done to improve investment potentials in relation to transport infrastructures development. Through questionnaire respondents were requested to mention the best solution of their choice that could address improved investment potentials for better investments performance and expansion. The findings were as presented in Table 4.30

**Table 4.30 Respondents opinions on investments potentials in transportation**

**(N=100)**

| Opinions by Respondents                      | Responses of the Respondents |                |
|----------------------------------------------|------------------------------|----------------|
|                                              | Number                       | Percentage (%) |
| Rationalizing Investment Potential area      | 41                           | 41.0           |
| Simplifying of Business Registration process | 24                           | 24.0           |
| Effective Legal framework                    | 20                           | 20.0           |
| Strategic economic zones                     | 15                           | 15.0           |
| <b>TOTAL (n=100)</b>                         | <b>100</b>                   | <b>100</b>     |

**Source:** Field data, 2013

Results in Table 4.30 shows that, 41 (41%) of the respondents mentioned rationalization of investment potential areas, 24 (24%) of the respondents mentioned simplification of business registration process while 20 (20%) of the respondents mentioned a need for effective legal framework and 15 (15%) of the respondents mentioned strategic economic zones

The findings imply that rationalization of potential areas for investments was the best solution to improve potentials of investments activities. This further indicates that the modes of synergy could probably be better to optimized investments through prioritizing potential geographical areas which require optimization of infrastructures to link the most areas with social and economic potential in order to attract and invite potential investors.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Overview**

This part presents summary of the findings, conclusions and policy recommendations including areas for further research. The chapter begins with summary which highlights the major findings of the study followed by conclusion section which provides the main arguments basing on the findings. Policy recommendations section provides policy areas towards addressing transport infrastructures and investment related problems and the final section suggest the areas in which further research related to development of transport infrastructure and investments can be investigated.

#### **5.2 Summary**

The main objective of this study was to examine the performance of National Investments Promotion Policy in development of transport infrastructures and promotion of investments in Tanzania and Moshi Urban in particular. The study specifically focused on documenting investments patterns and trends on improvement of transportation services, assessment of implications of transportation services on investment, revealing the factors hindering transport infrastructures development and investment expansion and solicits views on possible solutions to mitigate the problems.

The findings revealed that: the area was served by road, air and railway modes of transport as the major means of transportation. Road was a dominating model of transport as reported by 67 (67%) of respondents. The reason behind such dominance was affordability as said by bigger faction of 28 (42%) of the respondents. Travel time taken to move from one destination to another was short as perceived by large proportion 64 (64%) of the respondents. Social and economic services were more accessible as reported by 78 (78%) of the respondents. Besides road travel cost was reported to be low by 63 (63%) of the respondents.

In respect to investments activities the findings reveal that large proportion 78 (78%) of the respondents reported that road transportation was performing well in influencing performance of investment activities in the Moshi Municipality. The performance of railway transport in influencing performance of investment activities was poor as said by large proportion 98 (98%) of the respondents and airway transportation was noted by 66 (66%) of the respondents to have declining performance in influencing investments performance. The findings indicate complementary role played by road transportation services in stimulating production activities and integration of markets. Requirements for railway transportation services were considered to be not over emphasized.

The findings revealed that there were other facilitating factors which influenced investment performance at different levels of perceptions depends on their availability. Positive responses indicated positive contributions at different levels while negative responses indicated limiting factor to investment performance. Telecommunication services were perceived to have contribution to investments by 83 (98%) of the respondents followed by transportation services as perceived by 81 (95%) respondents.

Availability of water supply services ranked the third position as perceived by 80 (94%) of the respondents including banking services which ranked the fourth as perceived by 76 (89%) of the respondents. Availability of commercial services ranked the fifth as perceived by 74 (87%) of the respondents and tourism services that ranked sixth position as perceived by 62 (73%) of the respondents. Unreliable electricity supply was perceived to be a limiting factor to investments activities as the large proportions 70 (82%) of the respondents perceived it to be a challenge to investment prosperities.

The findings indicate that, following establishment of TIC Northern Zone a trend showed steadily increase of investment projects where between 2008 and 2013 a total of 748 projects were registered. A peak was reached in 2010 where 261 investment projects were registered. Besides, basing on the value of capital flow in the investments, the findings revealed that, 263 investment projects worth USD 320.95

millions with a creation of 17,180 jobs. Tourism sector was a leading with 79 projects that worth USD 108.64 million with 4,537 jobs created in total manufacturing with 68 invested projects that worth USD 89.45 million and 4,649 jobs created. The findings revealed that the quantity of social and economic services that were reached also showed an increased trend where in 2008 a total of 39,447 social and economic services were reached and the number increased to 50,717 in 2009. The findings indicate a decreasing percentage growth from 13 percent between 2008 and 2009 to 11 percent between 2009 and 2010. Percentage growth continued to decline to 6 percent between 2010 and 2011 and experienced a slight growth of 9 percent between 2011 and 2012.

Status and condition of transportation services indicated some implications to investment promotions. The findings revealed that increased length of road in good and in fair conditions has implication to the growth of investments where in 2010 when the road length in good and fair condition was 203.312 kilometers, the numbers of invested projects were 2,689. When length of road infrastructures were improved to 266.174 kilometers in good and fair condition, numbers of invested projects assumed to have a response to it by an increase to 4,927 investment projects.

The findings revealed road length in good condition was 75.643 kilometers in 2013 and the length of road in fair condition was 190.531 kilometers out of 288.139 kilometers of total road length. The remaining 21.965 kilometer was in poor condition indicating large part of road length to be passable and increased passengers and freight transportation. In response to good and fair conditions of road network, the number of newly registered transport companied each year showed relative increase from 12 transport companied in 1997 to 68 companies in 2013 making a total of transport companies account to 238. In addition growth of vehicle fleet increased from a total of 870 vehicles in 2008 to 4,927 vehicles in 2013.

The findings revealed that, condition of airport infrastructures were relatively improved basing on the perceptions of respondents. When each of the selected infrastructures was responded for examination it was revealed that, airport terminal was in fair condition as perceived by 73 (73%) of respondents, airport runways were also perceived to be in fair condition as perceived by 59 (59%) of the respondents.

Airport taxiways and check in facilities were perceived to be in fair conditions by 53 (53%) and 64 (64%) of the respondents respectively. Passenger gates and airport car parking were also perceived to be in fair condition by 48 (48%) and 51 (51%) of the respondents indicating fairly improvements of airport infrastructures and relatively declining flow of goods and services. The findings also revealed a fixed in number of 6 privately owned air transport companies operating in Moshi airport with light flight services since 2007 to 2013. Besides, the findings indicate slightly increased in number of small propelled aircrafts from 9 in 2008 to 13 in 2010 and the number continued to increase to 17 small propelled aircrafts in 2013.

The findings revealed slight increased trend in number of passengers served by aircrafts from 1,370 in 2006 to 13,062 in 2013 total passengers handled with some fluctuations in some years probably due to seasonal tourism travels and strong link of improved tarmac road to KIA.

The findings revealed poor condition of railway transport infrastructures as perceived by large proportion 98 (98%) of the respondents. The findings indicate deteriorated old and outdated railway transport infrastructures, deferred maintenance and inadequate upgrading implying decline performance of railway transportation services. Furthermore the findings revealed declining freight transportation from 17,569 tons in 1996 to 4,679 tons in 2000. Such a declining performance forced TRL to discontinue operation of railway services from Dar es Salaam to Moshi since 2005.

Some factors hindering performance transport infrastructures development and investment expansion were identified by the study. The most general factor hindering transport infrastructures development and investment expansion was found to be inadequate funds as reported by large proportion 32 (32%) of the respondents. The most impressing specific factor hindering development of road infrastructures and expansion of investments was poor quality of contracts and documentation as said by large proportion 27 (27%) of the respondents while the most impressing factor that hinders development of railway infrastructure as noted by bigger fraction of 37 (37%) of the respondents was deterioration of facilities. Inadequate air planning and management skills were a hindering factor to the development of airport infrastructures as mentioned by large proportion 31 (31%) of the respondents. The

study ended up by soliciting different view on possible solutions to improve performance of transport infrastructures development and investments. Several possible solutions were viewed by respondents and the best solution was noted basing on number of responses to improve performances of transport and investments potentials. The findings revealed that funds mobilization was the best solution as mentioned by large proportion 38 (38%) of the respondents. Rationalizing investment potential areas well supplied with transport network was mentioned by large proportion 41 (41%) of the respondents to address improvement of transportation and investment potentials for growth of investments and economy of the country.

### **5.3 Conclusion**

The study finally concludes that: well improved road and slightly improvement of air infrastructures are among important determinants necessary to attract and facilitate investment operations in Moshi Urban. Basing on the findings it can be argued that, transport in terms of road networks and airline services are improved due to a wide coverage of tarmac and gravel roads as well as regularly maintained earth surfaced roads which are passable throughout the year in the Municipality. It can also be concluded that, as a result of improved road transport infrastructure network both transport cost and time travel were therefore reduced and transport potentials increased.

Road and air way transportation services have provided crucial contribution to facilitate people engaged in economic activities to get incomes as reflected by the trends of investments projects available implemented by large and small investors. This possibility arises with an efficient transport system that results in reduction of logistics and transaction cost in the production and trading process.

With regard to the improved road network and travel conditions, accessibility of different parts of Moshi Municipality, neighboring districts and other regions introduces an attractive climate for investments. Moshi Municipal is regarded as an important tourist center; hence together with improved airline services with unscheduled and chartered flights, the market size for production and tourism is also increased. Transportation of cargos and passengers through railway line has ceased due to heavy competition from road transport a dominant means of transport indicating

poor performance of railway transport services. In addition the study revealed that: transport systems are also intertwined with their own ways of shifting. The shift that had been experienced in rail away towards road transportation services may not only reflect much needed additional investments in rail infrastructure, but may also be caused by the improvement of development in road infrastructure,

It is generally acknowledged that development of road transport infrastructures has been improved to offer an increased positive impact on the investments in Moshi Urban. Investments activities have also been increased due to increased in number of investments projects in the road and air transport sub sectors and in the production and marketing sectors. Road network plays a pivotal role of connecting different social and economic sectors. The study further revealed that investments contributed to job creations, formation of capital for expansion of investments, transfer of technology, and development of skills and improves standard of living of people and increase sources of government of revenue.

Furthermore; the study reveals that development of transport infrastructures and investments have been faced by various challenges which include shortage of funds for maintenance and upgrading, poor planning and lacking of managerial skills, inadequate contracts and poor documentation of contractual requirements including deterioration of railway facilities.

Therefore it can be concluded that, implementation of the National Investment Promotion Policy of 1996 in Moshi Urban has considerably performed well in development of transport infrastructures especially on road subsector in attracting investments activities as a results of the increased number of passengers and cargo transportation . Railway transportation services have stagnated due to outdated and poor transport infrastructures.

#### **5.4 Policy Recommendations**

The major aim of the study is to research a phenomenon and the outcomes which are delivered from it provide to researcher an opportunity to suggest some courses of action which addresses problems that have revealed by the study. Basing on presentation of finding and conclusions made the study has yielded some information

in which provision of recommendations is pertinent. Therefore in order to meaningful improve transport infrastructures development and investment promotion the following recommendations have been put forward including incorporation of views provided by respondents.

#### **5.4.1 Funds Mobilization**

- Government should seek the support of the private sector and local government authorities through PPPs for financing construction of new infrastructural projects, rehabilitation and maintenance in order to ensure better performance of infrastructures in connecting social and economic sectors for efficient flow of goods and services.
- The government and private partners should prepare strategic plan which address tax collection problems to strengthening Tanzania Road Fund for improving Roads and seek for donor fund to improve railway and in order to attract more investors not only foreign but also domestic investors and to ensure accessibility of vast productive areas rather than concentrating in accessible regions if at all equitable growth and poverty reductions are to be emphasized.
- Promotion of private sector participation through Public Private Partnerships (PPPs) and by allowing private sectors to directly invests in transport sector especially railway to reduce government burden for financing Indeed infrastructure is a very determinant factor in attracting Investment. Railway transport is cost effective and more affordable by the majority than any other means of transport in the country. The government in collaboration with development partners should invest in and maintain railway lines and facilities and modernise railway transport in the country.

#### **5.4.2 Improve Investments Potentials**

- The government should making investments rational through modes of synergy. Rationalization of investments is vital to optimize the modes of synergy by prioritizing geographical areas which require optimization of the convenient mode of transport.

- Because the transport sector in Tanzania is subject to regulation by numerous government agencies, including four lead ministries, with the involvement of other ministries therefore strengthening managerial and supervisory capacity through skills based training cannot be avoided for effective coordination and follow up of responsibilities and upgrading of Road Fund to National Infrastructural Development Agency that can focus and oversee on the improvement of economic infrastructures for more productivity.
- Incentive structures of Tanzania should be reviewed to enhance small and micro business operators' jump to benefit the existing incentive structures as they have been structured to favour and welcome foreign investors and local investors with stable capital in a competitive market. The government should review the existing investment structures and establish a framework and soft conditions to provide fair play in an investment ring for indigenous in the small and micro economic operations.

#### **5.4.3 Improvement of Transport Potentials**

- In order to improve potentials of transport network, it is suggested that the key players in the road sub-sector should implement strategies which were proposed from the key stakeholders' consultative meeting on this issue of absorption capacity of the road fund allocations.
- Legal and Institutional frameworks should be requisite for successful PPP. Improved frameworks especially goodwill is still being nurtured may be one of the very important source of more PPP projects undertaken and enhances operations of government agencies such as TRL and TAA
- The government should take deliberate efforts to develop and implement with development partners a strategic and comprehensive transport development plan which considers direct promotion and facilitation of investment that can enhance the need to achieve the development interest of Tanzania.
- Government and private partners should organise and implement skills based training for local constructors at the lower levels under jurisdiction of LGAs, to ensure their efficiency instead of relying on foreign construction companies which

are very expensive. This can provide the importance of joint capital and efforts to create power of competition and provision of incentives to well organised local contractors in order to encourage productivity

### **5.5 Areas recommendation for further study**

Further research should be conducted to analyse comparatively the contribution of Foreign Direct Investments (FDIs) and Domestic Investments in mobilizing and utilizing domestic resources to promote export oriented domestic goods and services in enhancing development of dynamic and competitive export sector in Tanzania and Moshi Municipal Council in particular. Also in order to detailed information on the same topic, a study can be conducted using different research design like case study design which provide a plan for in-depth study of National Investment Promotion Policy on human resource and economic infrastructure development, the impact of investments incentives in the economy of Tanzania and replication of the same study to other areas of Tanzania other than Moshi Municipal Council can be carried out in order to compare results.

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## APPENDICES

### Appendix 1

#### QUESTIONNAIRE FOR INVESTORS IN MOSHI URBAN

**Dear respondent,**

I am Leonard Ndossy, a student of at Mzumbe University pursuing Master's degree in Development Policy. I am conducting a study as part of my program to examine the **Performance of National Investment Promotion Policy in Development of Transport Infrastructures and Investments in Tanzania** in order to suggest measures for improvement.

I am therefore requesting you to set aside some few minutes to respond to the questions attached. Responses shall be held confidential and used for academic purposes only.

#### **A. BACKGROUND INFORMATION**

**(Write the number of appropriate answer of your choice in the square brackets)**

Respondents Number .....

1. Sex of respondent..... (     )

1. Male

2. Female

2. Age of respondent ..... (     )

1. 19 – 29

2. 30 – 40

3. 41 – 51

4. 52 – 59

5. 60++

3. Marital status of respondent ..... (     )
  1. Married.
  2. Not married
  3. Separated /Divorced
  4. Widow/widower
4. Family size –
  - 1) 1 – 3.... (     )
  - 2) 4 – 6... (     )
  - 3) 7 >..... (     )
5. Level of education of respondent ..... (     )
  1. None
  2. Primary education
  3. Secondary education
  4. Tertiary education
  5. University education
6. Main source of income in household..... (     )
  1. Business activities
  2. Employed
  3. Agriculture
  4. Livestock keeping
  5. Other (explain).....

**B. INVESTMENT PATTERNS AND TRENDS ON TRANSPORTATION SERVICES**

7. What is the main mode of transport you prefer to use? ..... (     )
  1. Road transport
  2. Air transport
  3. Railway transport

8. Why do you prefer such mode of transport? .... (    )

1. Affordable
2. Reliable
3. Assure accessibility
4. More competitive

9. How long does it take for you to travel from one point to another within Moshi Urban?.....(            )

1. Very long Travel – Time
2. Long Travel – Time
3. Short Travel – Time
4. Very Short Travel – Time

10. What is your perception on accessibility of social and economic services

1. More accessible
2. Moderated accessibility
3. Less accessible

11. What is your perception on the levels of transport cost to each of the following modes of transport?

(a) Road transport    1. Increased (    ), 2. Average (    ), 3. Reduced (    )

(b) Air transport    1. Increased (    ), 2. Average (    ), 3. Reduced (    )

(c) Railway transport    1. Increased (    ), 2. Average (    ), 3. Reduced (    )

11. What is the level of performance of each of the following modes of transport on investments performance?

(a) Road transport    1. Well performed (    ), 2. Declining performance, (    ), 3. Not well performing (    )

(b) Air transport    1. Well performed (    ), 2. Declining performance, (    ), 3. Not well performing (    )

(c) Railway transport    1. Well performed (    ), 2. Declining performance, (    ), 3. Not well performing (    )

12. What is your perception on the following factors in influencing investment?

- |                                 |                    |                    |
|---------------------------------|--------------------|--------------------|
| (a) Telecommunication           | 1. Positive (    ) | 2. Negative (    ) |
| (b) Banking services            | 1. Positive (    ) | 2. Negative (    ) |
| (c) Air transport services      | 1. Positive (    ) | 2. Negative (    ) |
| (d) Road transportation         | 1. Positive (    ) | 2. Negative (    ) |
| (e) Railway transport           | 1. Positive (    ) | 2. Negative (    ) |
| (f) Water supply services       | 1. Positive (    ) | 2. Negative (    ) |
| (g) Tourism                     | 1. Positive (    ) | 2. Negative (    ) |
| (h) Commercial                  | 1. Positive (    ) | 2. Negative (    ) |
| (i) Electricity supply services | 1. Positive (    ) | 2. Negative (    ) |

13. What is your perception with regard to airport infrastructures condition?

- |                         |                                                  |
|-------------------------|--------------------------------------------------|
| (a) Air Terminals       | 1. Good (    ), 2. Fair, (    ), 3. Poor, (    ) |
| (b) Airport Runways     | 1. Good (    ), 2. Fair, (    ), 3. Poor, (    ) |
| (c) Airport Taxiways    | 1. Good (    ), 2. Fair, (    ), 3. Poor, (    ) |
| (d) Check in Facilities | 1. Good (    ), 2. Fair, (    ), 3. Poor, (    ) |
| (e) Passengers gates    | 1. Good (    ), 2. Fair, (    ), 3. Poor, (    ) |
| (f) Airport Car parking | 1. Good (    ), 2. Fair, (    ), 3. Poor, (    ) |

14. What is your perception with regard to the performance of railway infrastructures?

1. Well progressing
2. Fairly progressing (    )
3. Poor progress

15. What are the factors hindering transport infrastructures development? Mention only one factor of your choice you think is most impressing factor

.....

16. What are the specific factors that hinder performance of the following modes of transport? Mention only one in each of the mode.

(a) Road ( Mention one factor)

.....

(b) Railway ( Mention one factor)

.....

17. Air way ( Mention one factor)

.....

18. What are the possible solutions to solve the problems?

.....

**QUESTIONNAIRE FOR KEY INFORMANTS IN MOSHI URBAN**

**Dear respondent,**

I am Leonard Ndossy, a student of at Mzumbe University pursuing Master's degree in Development Policy. I am conducting a study as part of my program to examine the **Performance of National Investment Promotion Policy in Development of Transport Infrastructures and Investments in Tanzania** in order to suggest measures for improvement.

I am therefore requesting you to set aside some few minutes to respond to the questions attached. Responses shall be held confidential and used for academic purposes only.

**C. BACKGROUND INFORMATION**

**(Write the number of appropriate answer of your choice in the square brackets)**

Respondents Number .....

1. Sex of respondent..... (      )
  1. Male
  2. Female
2. Age of respondent ..... (      )
  6. 19 – 29
  7. 30 – 40
  8. 41 – 51
  9. 52 – 59
  10. 60++

3. Marital status of respondent ..... (     )
5. Married.
6. Not married
7. Separated /Divorced
8. Widow/widower
4. Family size –
  - 1) 1 – 3.... (     )
  - 2) 4 – 6... (     )
  - 3) 7 >..... (     )
5. Level of education of respondent ..... (     )
  - a. None
  - b. Primary education
  - c. Secondary education
  - d. Tertiary education
  - e. University education
6. Main source of income in household..... (     )
  - a. Business activities
  - b. Employed
  - c. Agriculture
  - d. Livestock keeping
  - e. Other (explain).....

#### **D. INVESTMENT PATTERNS AND TRENDS ON TRANSPORTATION SERVICES**

7. What is the main mode of transport you prefer to use? ..... (     )
  - a. Road transport
  - b. Air transport
  - c. Railway transport

8. Why do you prefer such mode of transport? .... (    )
  - a. Affordable
  - b. Reliable
  - c. Assure accessibility
  - d. More competitive
  
9. How long does it take for you to travel from one point to another within Moshi Urban?.....(            )
  - a. Very long Travel – Time
  - b. Long Travel – Time
  - c. Short Travel – Time
  - d. Very Short Travel – Time
  
10. What is your perception on accessibility of social and economic services
  - a. More accessible
  - b. Moderated accessibility
  - c. Less accessible
11. What is your perception on the levels of transport cost to each of the following modes of transport?
  - (a) Road transport    1. Increased (    ), 2. Average (    ), 3. Reduced (    )
  - (b) Air transport      1. Increased (    ), 2. Average (    ), 3. Reduced (    )
  - (c) Railway transport 1. Increased (    ), 2. Average (    ), 3. Reduced (    )
  
12. What is the level of performance of each of the following modes of transport on investments performance?
  - (d) Road transport    1. Well performed (    ), 2. Declining performance, (    ),  
3. Not well performing (            )
  - (e) Air transport     1. Well performed (    ), 2. Declining performance, (    ),  
3. Not well performing (            )
  - (f) Railway transport 1. Well performed (    ), 2. Declining performance, (    ),  
3. Not well performing (            )

13. What is your perception on the following factors in influencing investment?

- (j) Telecommunication 1. Positive ( ) 2. Negative ( )
- (k) Banking services 1. Positive ( ) 2. Negative ( )
- (l) Air transport services 1. Positive ( ) 2. Negative ( )
- (m) Road transportation 1. Positive ( ) 2. Negative ( )
- (n) Railway transport 1. Positive ( ) 2. Negative ( )
- (o) Water supply services 1. Positive ( ) 2. Negative ( )
- (p) Tourism 1. Positive ( ) 2. Negative ( )
- (q) Commercial 1. Positive ( ) 2. Negative ( )
- (r) Electricity supply services 1. Positive ( ) 2. Negative ( )

14. What is your perception with regard to airport infrastructures condition?

- (g) Air Terminals 1. Good ( ), 2. Fair, ( ), 3. Poor, ( )
- (h) Airport Runways 1. Good ( ), 2. Fair, ( ), 3. Poor, ( )
- (i) Airport Taxiways 1. Good ( ), 2. Fair, ( ), 3. Poor, ( )
- (j) Check in Facilities 1. Good ( ), 2. Fair, ( ), 3. Poor, ( )
- (k) Passengers gates 1. Good ( ), 2. Fair, ( ), 3. Poor, ( )
- (l) Airport Car parking 1. Good ( ), 2. Fair, ( ), 3. Poor, ( )

15. What is your perception with regard to the performance of railway infrastructures?

- a. Well progressing
- b. Fairly progressing ( )
- c. Poor progress

16. What are the factors hindering transport infrastructures development? Mention only one factor of your choice you think is most impressing factor

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17. What are the specific factors that hinder performance of the following modes of transport? Mention only one in each of the mode.

(c) Road ( Mention one factor)

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(d) Railway ( Mention one factor)

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18. Air way ( Mention one factor)

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19. What are the possible solutions to solve the problems?

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### Appendix III

#### MAP OF MOSHI MUNICIPALITY: TRANSPORT INFRASTRUCTURE

