

Determinants of foreign direct investment in oil and gas sector in Tanzania.

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Foreign Direct Investment (FDI) is seen by many as a key determinant for economic development in Tanzania. Attracting FDI in oil and gas sector has been one among the key government objectives since the discovery of this resource in recent period. Indeed, there are many factors that attract FDI inflow in oil and gas, but these factors have not been empirically examined in the context of Tanzania. The study therefore, intended to assess the influence of factors such as trade openness, market size, infrastructures, tax incentives and inflation on the inflows of FDI in oil and gas in Tanzania. The study used explanatory research design based on the sample of 31 years from 1985 to 2015. Secondary data was collected from different sources including the World Bank, TRA, BOT and OECD reports. Collected data was analyzed using multiple regressions analysis provided by Statistical Package for the Social Sciences (SPSS). Results obtained from this study show that market size is significantly and positively related to the inflow of FDI, tax incentives and inflation are significant factors but negatively related to FDI inflows. On the other hand, trade openness and physical infrastructures are not statistically related to the inflows of FDI in oil and gas sector in Tanzania. As the study provides broader picture of the factors, it recommend that the government and policy makers to reconsider formulating or reformulating the available investment and fiscal policies. Also, findings of this study create chance for future research in this field by may be conducting in depth study on individual factor impact on FDI inflows.