

REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT

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TABORA - TANZANIA

INVESTMENT OPPORTUNITY IN TABORA, WESTERN TANZANIA HONEY AND BEESWAX PRODUCTION AND PROCESSING APRIL, 2013

Executive Summary

The honey found in Tabora is both distinctive and in plentiful supply, presenting an attractive opportunity for honey processing in the region. Investors with modern equipment could access domestic and export markets with a quality product. There is an increasing demand from the health-conscious market for honey based products. It can be marketed as an alternative to artificial sweeteners and is used in a variety of consumer products from baby food to high-end cosmetics and creams.

The Tabora Region produces about 13,500 tons of honey per year, which is approximately 50% of bulk (unprocessed) honey in Tanzania. There are however very few local processing facilities for honey and all of these are small. Almost all the bulk honey is sold to independent traders who sell it to processing companies in other regions within Tanzania or in foreign countries. Production of honey is steadily increasing due to extension services from the government and NGOs, through training of beekeepers on the use of modern hives and harvesting practices, which have led to an increase in output, quality and efficiency. This presents an opportunity for a honey processing facility in Tabora.

During the transfer of bulk honey from small farmers to processing facilities, insufficient care can lead to reduced quality as in order to maintain its quality, honey needs to be kept at a certain temperature and moisture level during storage and transportation. A processing facility in Tabora could attract beekeepers to increase supply and its close proximity to the source would reduce the risk of a deterioration of quality. Tabora honey is produced by bees from miombo woodland which are located about 150 Km south west and 80km south east of Tabora City and is a dark brown honey. The climate and terrain conditions present in Tabora produce honey of a highly quality that is sought after, locally, nationally and internationally.

1. Introduction to Tabora

Tabora municipality is a regional hub in western Tanzania located on the crossroad of the main railway lines connecting Dar es Salaam on the coast with Lake Tanganyika and Lake Victoria in the interior. It has an airport and daily flights to Dar es Salaam and Kigoma. Location and rapidly improving road infrastructure make Tabora a good place to reach markets in western Tanzania as well as adjacent parts of D.R. Congo, Zambia, Burundi, and Rwanda. Potential market in western Tanzania alone is around 15 million consumers.

Tabora is an important transportation, industrial, commercial and educational hub for western parts of Tanzania. Its history only goes back to the 1850s when it was (under the name of Kazeh) established as a stop on the slave trade route but it gained importance during the German colonial rule (1880s-1919) when it was one of the major administrative centres of German East Africa. During that time, the railway connecting Tabora with the coast at Dar es Salaam and lakes Tanganyika and Victoria in the interior was built and foundations of industry were laid. Current industrial activities include a railway workshop, woodprocessing, furniture manufacturing, rice processing, edible oil processing, soft drinks distribution centre, an industrial dairy, and a large textiles plant (now defunct).

Tabora is also an important education hub as it has three public and private universities and 23 secondary schools, some of which are of national importance (the first secondary boarding school in Tanzania was established in Tabora, in 1940. Population of Tabora has been growing fast, from 180,000 inhabitants in 2002 to the currently estimated 362,400 in 2012 and more than a half of the population is classified as young. Tabora is the capital of the Tabora Region which has an estimated population of 2.5 million (2012, up from 1.8 million in the 2002 census) and is one of the largest geographical regions of Tanzania. The region benefits from well-developed agriculture, livestock keeping and abundance of natural resources such as forest land, wildlife, lakes and rivers, as well as gold, diamond, gemstone, tomaline, ganets and zircon. Milder climatic conditions than either the hot and humid coastal areas or the hot and dry desert/semi-desert areas of northern Tanzania make Tabora region very suitable for agriculture and tourism.

Regional and national governments are taking actions to stimulate regional economy by improving road infrastructure, including upgrade of the Tabora - Nzega, Tabora - Manyoni and Tabora - Kigoma roads to tarmac level, and by improvements to the airport. Another focus area is education where three new universities were established in Tabora. And about 107 new secondary schools and 9 colleges to improve the supply of skilled labour.

Tabora municipality is a part of the Millenium Cities Initiative, an international project led by Columbia University's Earth Institute, which aims at helping selected cities in sub-Saharan Africa to attain the Millenium Development Goals by 2015 through a series of actions focusing on social and economic development. This includes improvement of the investment climate in the city and trainig of municipal representatives in providing support to potential and existing investors.

2.0. Market opportunity

2.1. Main Market for export of Honey and Beeswax from Tabora

The main buyers of Tanzanian honey are the European Union member countries especially the UK, Germany, and the Netherlands, as well as the United Arab Emirates and Oman. The main importers of Tanzanian beeswax are Japan ,USA and European Union member countries.

Table 1: Current markets for honey products from Tabora are as follows:

	Name
Nationally	The regions of Arusha, Mwanza, Kilimanjaro, and Dar es salaam, combined population of nearly 7 million)
East Africa	Kenya (43 million inhabitants) and Rwanda (12 million)
Globally	European countries, United Arabs Emirates, Oman, Japan and USA

Table 2: Export of Tanzanian honey and beeswax, 2002-2011

Year	HONEY		BEESWAX	
	Metric Tons	Values in US\$	Metric Tons	Values in US\$
2002/2003	823	905,443	592	1,776,000
2003/2004	821	1,067,657	332	1,165,490
2004/2005	465	779,718	488	1,241,100
2005/2006	148	159,809	302	1,403,794
2006/2007	370	340,345	261	1,132,063
2007/2008	430	395,600	57	247,232
2008/2009	621	807,300	2,606	11,302,222
2009/2010	456	684,000	607	2,632,559
2010/2011	205	328,000	1,666	7,225,442

Table 3: Production of Honey in the Tabora Region, 2011

Region	Potential production	Actual production	Percentage
Tabora	21,000 Tons	15,000Tons	71

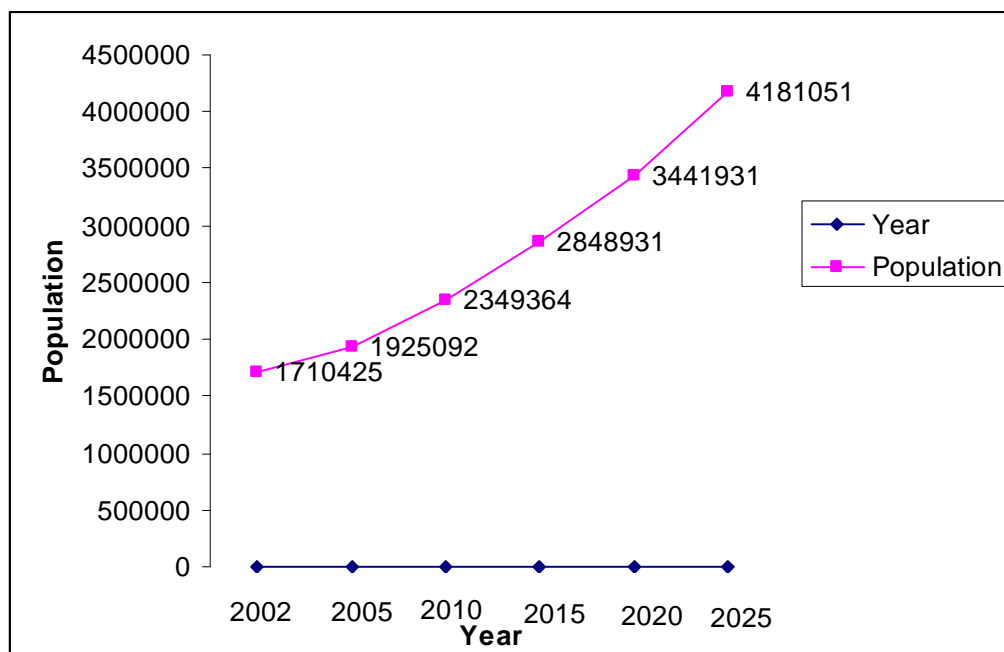
Source: Tanzania Beekeepers Cooperative Union, 2011

Table 3: Consumption of Honey in 2011

	Consumption (Tons)	Percentage
Locally (Tabora Region)	1500	10
Nationally (Tanzania)	13295	88.6
International (Export)	205	1.4

Source: Tanzania Beekeepers Cooperative Union, 2011

Figure 1: Population growth in Tabora region from 2002 – 2025



Source: National Bureau of Statistics, 2011.

Table 4: Main competitor of honey production

Competitor	Names
Locally (Districts)	Kahama, Manyoni, Chunya, Mpanda, Bukombe and Kibondo
Nationally (Regions)	Shinyanga, Katavi, Singida, Kigoma and Mbeya
East and South East Africa	Kenya, Zambia, Malawi
Internationally	China, Kenya, Malawi, Ethiopia, Angola, USA, Mexico, Argentina and Ukraine.

3.0. Favorable conditions for processing honey in Tabora

- Due to availability of forest reserves with miombo woodlands which covers about 52,827 sq.km. or nearly 69 percent of the region’s total area suitable for honey production, located about 150 km south-west and 80km south east of Tabora City
- Presence of 3 million beehives, each with average production of 5kg with a total average of 15,000 tons annually.
- Presence of gazetted forest reserves in Tabora region which covers about 3340 km² which are potential for bee keeping.

- Availability of skilled labour for bee keeping from Beekeeping Institute which was established by Government in 1959 for Researching and developing beekeeping in miombo woodland and is the only one in Tanzania and is considered as the best in East and Central Africa. Its located in Tabora city with an average of 100 beekeeper extension officers graduating annually.
- The Tabora Region currently has more than 4000 beekeepers with a total of 3 million bee hives
- Presence of Mbola Millennium Village Project that empowers beekeepers in order to increase production of raw honey
- Cutting production costs in comparison with processing in Dar es Salaam and Arusha
- Tabora is strategically located at the mid western point of Tanzania with the possibility to export the products to other parts of Tanzania and abroad especially D.R.Congo, Uganda, Rwanda, Burundi and Zambia. The existing railway line connecting Dar es Salaam with Lake Tanganyika and the improving road network make export of honey processed in Tabora easy and economical.

4.0. Investment climate in Tanzania

The Government of Tanzania (GoT) generally has a favorable attitude toward foreign direct investment (FDI) and has had considerable success in attracting FDI. After several years of growing FDI, new FDI in 2009 declined modestly due to the global economic crisis to USD 650 million from 2008's record USD 744 million.

The Tanzanian Investment Center (TIC), established by the Tanzanian Investment Act of 1997, is the focal point for all investors' inquiries, screens foreign investments, and facilitates project start-ups. TIC has been given authority to manage Public Private Partnerships (PPPs) for foreign companies under 2010 PPP legislation that sets a framework for Build-Operate-Transfer arrangements with private companies. Filing with TIC is not mandatory, but offers incentives for joint ventures with Tanzanians and wholly owned foreign projects above USD 300,000. The review process takes up to 10 days. Tanzania has double taxation agreements with nine countries and has signed bilateral investment treaties with ten countries. Double taxation agreements exist with Canada, Denmark, Finland, India, Italy, Norway, South Africa, Sweden and Zambia. Bilateral investment treaties exist with Denmark, Egypt, Finland, Germany, Italy, Republic of Korea, Netherlands, Sweden, Switzerland and the United Kingdom. The TIC grants all bona fide investors Certificates of Incentives. Extensive guarantees are provided to investors under TIC Certificate of Incentives. Such guarantees cover ownership of properties, dispensation of assets, repatriation of income and others.

5.0. Land availability and acquisition

The land in Tabora and Tanzania as whole is owned by the state. However, under the Land Act of 1999, the Government opened up opportunities for investors to acquire land. Under the Act, investors can acquire land by a granted right of occupancy or a derivative right, or obtaining a sub-lease from the private sector for a period of five to 99 years. The TIC can assist foreign and domestic investors with navigating the process of leasing or purchasing land.

6.0. Potential locations in Tabora

The existing industrial zone of Tabora city is located adjacent to the railway line, close to the railway station. The area is serviced with water, electricity, access roads and sewerage system and is well accessible by road and railway. Land plots in this zone are available to both domestic and foreign investors through joint ventures with existing businesses who have been allocated land in the area since the 1980s.

The municipality has two other industrial zones under development. These are also located adjacent to the railway line and are accessible from the main road from Kigoma to Dar es Salaam. Municipal government plans to bring electrical power and drinking water as soon as a potential investor(s) decides to locate in these zones. Land plots in these zones are available to both domestic and foreign investors as right of occupancy for purpose of investment, when approved by the Tanzania Investment Centre in line with the conditions of the Tanzanian Investment Act.

7.0. Support provided to potential and existing investors by Tabora Municipality and Tabora Regional Administration

Tabora Municipality and Tabora Regional Administration welcome domestic and foreign investment and are ready to support domestic and foreign investors by provision of information and support services:

1. Provision of up-to-date information on existing investment opportunities and benefits available to investors
2. Assistance with locating business operations in Tabora - information on suitable locations
3. Help with establishment of enterprises (incorporation and registration)
4. Assistance in obtaining right of occupancy for industrial land
5. Assistance in obtaining the necessary facilities (permits) and utilities
6. Reduction of administrative barriers for both local and foreign investors
7. Introduction to potential local business partners

Further information available

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