

**REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT
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TABORA - TANZANIA

**INVESTMENT OPPORTUNITY IN TABORA, WESTERN TANZANIA
MEAT PROCESSING
APRIL, 2013**

Executive Summary

Livestock is among the major agricultural sub-sectors in Tanzania. Out of the 4.9 million agricultural households, about 36% are keeping livestock (35% are engaged in both crop and livestock production while 1% are purely livestock keepers)¹.

The red meat production has great potential in Tanzania due to availability of animal and land resources, despite the given resources production is still low due to underutilization leading to low productivity. There are largely unexploited meat markets locally and internationally. The majority of cattle, sheep and goats are sold at suboptimal weights, slaughtered at inappropriate facilities and sold, mostly as "warm meat" (not refrigerated) without application of any special cutting and packaging². There are clear indications of unsatisfied demand of processed meat. The population of Tanzania has been growing at 2.9 % per annum in the last 20 years, and the number of tourists coming to Tanzania is growing even faster. Processed meat and other related products such as hides and skins are highly demanded.

Hides and Skins are important byproducts from cattle and sheep and goats and for many years they have been the only significant foreign exchange earner from the livestock sector. Hides and Skins are also important raw materials for the tanning industry and for the manufacture of finished leather and leather products/goods such as shoes, hand bags and belts³.

As a part of an international development project running in Tabora, Western Tanzania, meat production has been identified as an area that presents a concrete/real investment opportunity. Arguments for setting up a meat and hide processing facility in Tabora are described in this profile. Municipal and regional authorities in Tabora are ready to assist potential investors in meat processing with information and other support.

¹ : A. P. Njombe and Y. N. Msanga (2008): Livestock and dairy industry Development in Tanzania; Department of Livestock production and Marketing Infrastructure Development Ministry of Livestock Development

² United Republic of Tanzania, UNIDO,FAO and IFAD (2011); African Agribusiness and Agro –Industries development Initiative: Value Chain Support program for Development of the Red meat and leather industry in Tanzania page 1

³ A. P. Njombe and Y. N. Msanga (2008): Livestock and dairy industry Development in Tanzania; Department of Livestock production and Marketing Infrastructure Development Ministry of Livestock Development page 6

1.0. Introduction to Tabora

Tabora city 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 city has been growing fast, from 188,005 inhabitants in 2002 to the currently estimated 362,400 inhabitants 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, diamonds, and other gemstones, such as tourmaline, and garnets, as well as 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 the Tabora Region very suitable for agriculture and tourism.

Regional and national governments are taking actions to stimulate the 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, as well as about 100 new secondary schools and 9 colleges, to improve the supply of skilled labour.

Tabora Municipality is a part of the Millennium 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 Millennium 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 training of municipal representatives to identify potential investment opportunities and provide support to potential and existing investors.

2.0. Market Opportunity

The United Nations Food and Agricultural Organisation recommends the consumption of 50kg of red meat per person per year. In a 2008 report, the Ministry of Livestock Development indicated that although consumption in Tanzania has increased, the average consumption was only 11 kg per person per year which is very low compared to FAO recommendation of 50Kg. This presents huge investment opportunity in meat, skin and hides processing and related services such as Livestock services delivery (input supply, extension, research, publications), Commercial pasture production and pasture seed multiplication and distribution, Artificial Insemination (AI) and embryo transfer (beef, dairy animals).

As part of its MKUKUTA targets, Tanzanian government is focused on developing the livestock industry to help poverty reduction and address food scarcity and move this industry from subsistence farming to more commercial enterprises. To help improve health of the population, by supporting meat production and processing and marketing of quality hides and skins, processed leather, footwear and leather products. Demand for meat is thus already higher than supply across Tanzania. Processing of livestock products in Tanzania is generally limited. To date production of meat in the rural areas as well as urban centers is carried out in slaughter slabs using simple and basic facilities during slaughtering (with basically no cold storage) or in the few existing abattoirs. An average annual slaughters are estimated as shown in table 1 below and existing meat processing plants are shown in table 2 below:

Table:1: Average annual slaughters

Na.	Animals	Number
1	Cattle	1,500,000
2	Goats	2,500,000
3	Sheep	550,000

Table: 2: Meat processing plants in Tanzania

Na.	Name of Processing plant	Region	Products
1	SAAFI	Rukwa	Meat cuts, sausages and messy meat
2	Tanzania Pride Meat Company	Morogoro	Meat cuts, sausages and messy meat
3.	Tanzania meat Company	Dar es salaam	Meat cuts,sausages and messy meat
4.	Arusha Meat Company	Arusha	Meat cuts, sausages and messy meat
5.	CEFA/Boma la Ngo'mbe Village Company	Iringa	Sausages
6.	Happy Sausage Processing	Arusha	Sausages
7.	Meat king Processing	Arusha	Sausages
8.	Best Beef processing	Coast	Sausages

Source⁴:

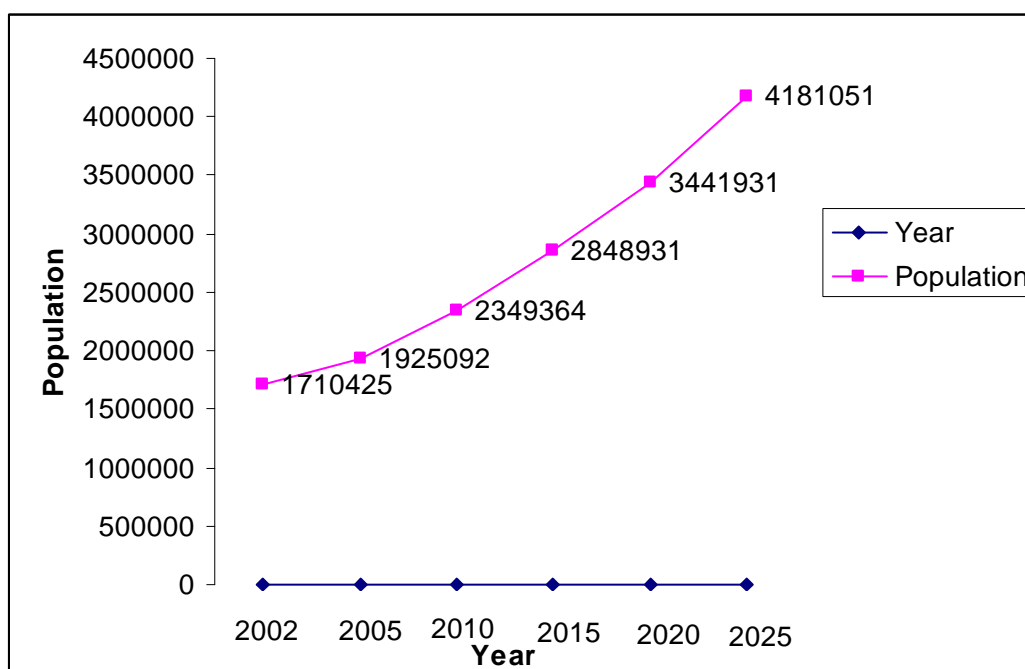
⁴: A. P. Njombe and Y. N. Msanga (2008):

The current national stock of cattle is 15 million, 98% of which is the indigenous Zebu and only 2% commercial stocks. About 80% of the indigenous animals are kept in the agro-pastoral system, while 14% are in the pastoral system. The remaining 6% constituting beef breeds and their crosses come from commercial ranches and the dairy herd. Currently efforts are in place aiming at improving livestock genetic potential for increased livestock productivity and production in general.

3.0. Tabora municipality / Tabora Region / Western Tanzania

The Tabora Region has an estimated population of 2.5 million, therefore current meat consumption in the Tabora Region can be estimated at 125,000,000 kg per year (11 kg per person per year in 2008). As the population increases in the Tabora Region from 1,710,425 in 2002 to 2,461,621 in 2012 and a predicted increase from 2012 to 2025 of 4,181,051, this trend will increase the demand for meat as well: demand for meat in 2025 is likely to be 45,991,561 kg per year.

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

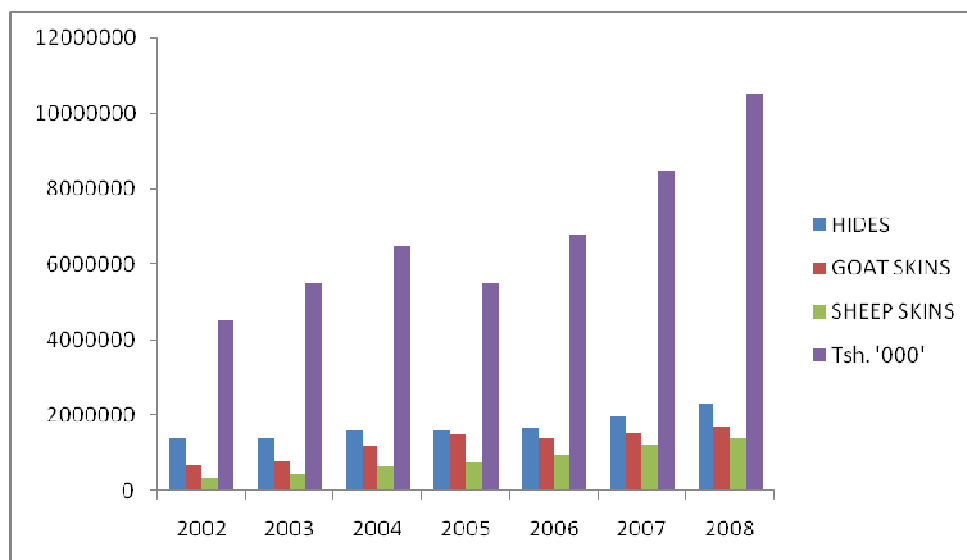


Source: National Bureau of Statistics, 2011.

Currently a major source of demand for meat in the Tabora Region and surrounding areas is from domestic, hotels and restaurants catering to tourists. In addition, high income families are demanding quality meat products. There is no meat processing plant in Tabora region and surrounding regions such as Singida, Shinyanga and Kigoma despite the fact that Tabora and Shinyanga are the leading regions having large number of animals.

A modern commercial production facility could supply both the low and high quality meat products. In addition, other products such as skins and hides could be produced and sold in large quantity.

Table 2: Production of milk in Tabora Region



Source⁵:

4.0. Why build a meat processing facility in Tabora?

- There is proven demand for meat and other related products
- The Tabora Region is among of the top 4 regions with a large number of livestock in the country.

Table 3: The existing livestock population in Tabora

	Growth rate	2002	2012
Cattle	5.7%	1,454,717	2,099,265
Goats	5.6%	723,279	944,162
Sheep	5.7%	240,140	310,339

Source: Tabora, Regional agriculture office, 2012.

- Availability of skilled labour for livestock keeping from Tumbi Institute which is located 10 km from Tabora city along Urambo road with an average of 230 livestock extension officers graduating annually.
- Presence of Veterinary Investigation Centre (VIC) for researching on how to improve indigenous species to hybrid species (improved) in Tabora City
- Cutting production costs in comparison to importing processed meat from the Rukwa, Arusha and Dar es salaam Regions.

⁵ A. P. Njombe and Y. N. Msanga (2008): Livestock and dairy industry Development in Tanzania; Department of Livestock production and Marketing Infrastructure Development Ministry of Livestock Development page 11-12

- Tabora is strategically located at the mid western point of Tanzania with the possibility to export the products to other parts of Western Tanzania and adjacent parts of D.R.Congo, Burundi, Ruanda, and perhaps Uganda and Kenya.

5.0. Potential Locations for Dairy-Processing Facility 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.

The land in the Tabora Region and Tanzania as a whole is controlled 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. While laws are in place to make access to land easier, in reality local disputes over land can disrupt development. The TIC can assist foreign investors with navigating the process of leasing or purchasing land.

6.0. 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

7.0. Support provided by the national government

The Government of Tanzania (GOT) generally has a favorable attitude toward foreign direct investment (FDI) and has had considerable success in attracting FDI. 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. 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.

Tanzania has double taxation agreements with Canada, Denmark, Finland, India, Italy, Norway, South Africa, Sweden and Zambia and bilateral investment treaties with Denmark, Egypt, Finland, Germany, Italy, Republic of Korea, Netherlands, Sweden, Switzerland and the United Kingdom.

Further Information

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