

REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT

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TABORA - TANZANIA

INVESTMENT OPPORTUNITY IN TABORA, WESTERN TANZANIA TROPICAL FRUITS PROCESSING APRIL, 2013

1. Executive summary

About 90 percent of tropical fruits produced globally are consumed in the producing countries themselves, while 10 percent are traded internationally. According to the FAO's 2009 Food Market Analysis of Tropical Fruits, mangoes dominated world production of tropical fruit at 31.5 million metric tons, comprising a full 40 percent of global tropical fruit output¹. Mango is one of the common fruits in Asia, Central and South America and Africa. In Tanzania mango is on the list of five top most popular fruits, i.e., bananas, oranges, pineapples, mangos and pear. There are number of products made from mango, such as juice, pulp, pickles, mango flavoring, mango kernel oil, and powder. These products have been well introduced and accepted in a variety of market segments around the world. In Tanzania and Africa in general, processing of mango is less developed than in other continents, and the varieties grown are generally most suitable for local markets.²

Processed mango products, e.g., dried fruit, jam, jellies, syrup and other mango products are fast gaining market share and commanding better prices than other tropical fruits³. Access to the EU and USA market is subject to stringent standards and certification requirements (GLOBAL GAP, HACCP and other Ethical Trading Initiatives (ETI), which makes export of mango from some countries, including Tanzania, not possible at this time. In Tabora there are other tropical fruits such as Vitex Mombaceae (Smelly Berry), Marura Plum, Strychnos Cocculoides (Corry Bark srychnos) and Syzygium Cordatum (water berry) which is used for producing indigenous fruit juice concentrates⁴. Currently, there are no enterprises in Tanzania commercially producing fruit juice concentrates from indigenous fruit, though there indigenous fruits growing in the Tabora Region in Miombo woodlands. The bulk of fruit juices available in Tanzania are made from imported concentrates from South Africa⁵.

Tropical fruit growing in Tanzania is predominately a smallholder crop, often produced at subsistence level with minimum inputs in terms of crop management. In Tanzania mangos are

¹ USAID (2010): Tanzania Agriculture Productivity program page 1

² : SCF and MMA (2008): Mangoes for Middle East Market subsector quick scan in Tanzania pg.4

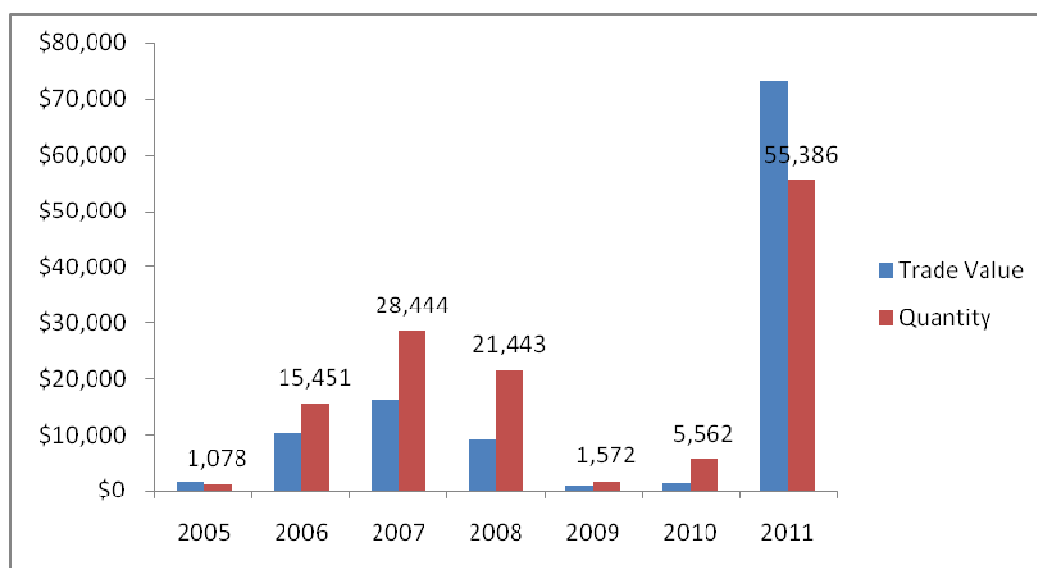
³ : Ibid page 5

⁴ Danie Jordan et al (2004): Production of Indigenous fruit juice concentrate at Tabora, Tanzania page 4

⁵ Ibid page 15

grown mainly in the coastal zone (Dar es Salaam, Coast and Tanga) but also in the Morogoro, Kilimanjaro and Tabora regions⁶. Because of a lack of processing facilities, a lot of the fruits produced in Tanzania are sold very cheaply, and a goodly amount simply goes to waste. The importation of fruits, juice and fruit concentrate from which juice is manufactured, is leading to the stagnation of local production⁷. The location of Tabora is suitable in terms of access to mango and other tropical fruits, as well as distribution channels. This provides a significant opportunity for establishing a processing plant for juice concentrates in Tabora as one of the mango growing zones⁸. Although transport costs are currently relatively high, these are expected to come down as road infrastructure improvements currently under way are completed and a more reliable daily flight schedule is resumed.

Figure 1: Trends of import of juice concentrate only from various fruits in Tanzania from 2005 -2011



Source: [United Nations Commodity Trade Statistics Database](#)

In the Feasibility study on Production of Indigenous Fruits Juice Concentrate at Tabora by Daniel Jordan, Cori Ham and Festus Akinnifesi (October 2004) it was found that in 2003 Tanzania imported 500 tons of fruit juice concentrate worth an estimated US\$ 9.8 million from Switzerland and South Africa. According to the United Nations Commodity Trade Statistics Database in Figure 1 above Tanzania imported 55,386 tons of fruit juice concentrates in 2011.

1.0. Introduction to Tabora

Tabora municipality is a regional hub in western Tanzania located on the crossroads 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

⁶ : SCF and MMA (2008): Mangoes for Middle East Market subsector quick scan in Tanzania pg.8-9

⁷ :Lazaro felix (2010): The Guardian –Kilimo Kwanza, Tanzania

⁸ Danie Jordan et al (2004): Production of Indigenous fruit juice concentrate at Tabora, Tanzania page 2

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 Kazehe) 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 centers 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, wood processing, 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 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, tourmaline, garnets 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 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 in identifying and marketing investment opportunities and in providing support to potential and existing investors.

2. Market opportunity

2.1. Main Market for export of mangoes

The primary competition in the fruit juice concentrate market in Tanzania is from imported fruit juice concentrates, primarily the well-known commercial flavors. The production of juices from indigenous fruit is limited throughout the region and is generally limited to home industries which produce relatively small quantities of Products⁹. Consumption of tropical fruits is growing due to consumers' increasing health awareness. The industrial demand for mangoes

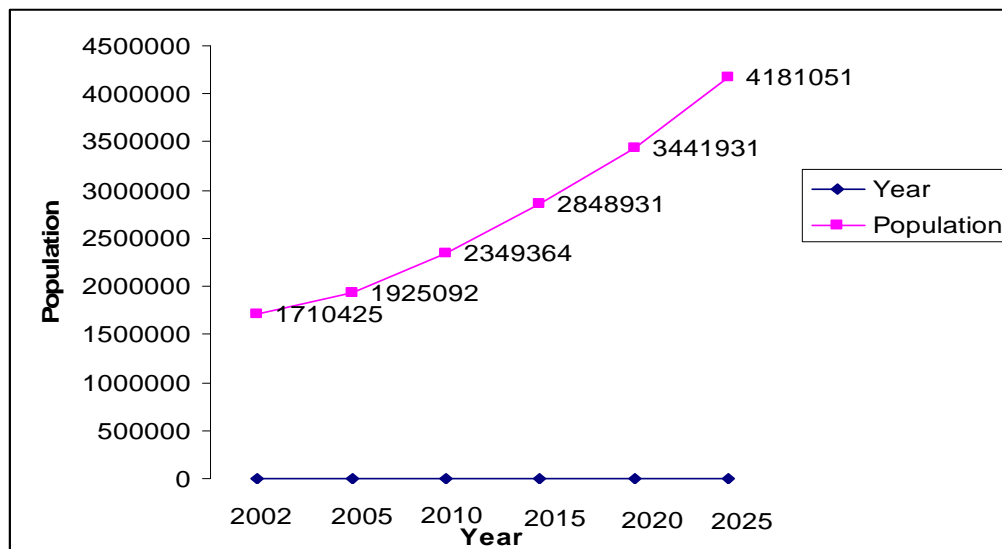
⁹: Danie Jordan et al (2004): Production of Indigenous fruit juice concentrate at Tabora, Tanzania page 10- 12

and other tropical fruits is growing quickly in response to local consumer demand for juices from both indigenous and non-indigenous fruits and the regional demand for juice concentrates from newly established processing plant such as Regent Food and Drinks Company in Mwanza, M/s Darsh Industries in Arusha, Food and Beverage Company in Dar es salaam, Dabaga Vegetable and Fruit Canning Company in Iringa and Backressa Food products Ltd in Dar es Salaam¹⁰.

Current markets for processed mango products are as follows:

	Name
Locally	All district in Tabora and surrounding regions
Nationally	The regions of Arusha, Mwanza and Dar es salaam, combined population of nearly 7 million)
Globally	Middle East, European Union and USA

Figure 2: Population growth in Tabora region from 2002 – 2025



Source: National Bureau of Statistics, 2011.

Table 5: Main competitors for Mango production

Competitor	Names
Locally	Dar es Salaam, Tanga, Morogoro, Kilimanjaro, Coast
East and South East Africa	Kenya , DR Congo and Zambia
Internationally	China, India, Pakistan, Malaysia, Philippines, South Africa, Kenya, Morocco, Nigeria, Congo, Thailand, Brazil, Mexico and Venezuela

¹⁰ : Association of Mango Growers (2011): Mango subsector in Tanzania; Proposed way forward for value chain development

3. Favorable conditions for processing mangoes and indigenous fruit in Tabora

- Availability of Mangoes (*Mangifera indica*) and guavas (*Psidium guajava*) and indigenous fruit species including *Uapaca kirkiana* (wild loquat), *Flacourtia indica* (Indian Plum), *Syzygium cordatum* (Water berry), *Strychnos cocculoides* (Monkey Orange), *Vitex doniana* (Black Plum) and *vitex Mombaceae* (Black plum) are found in the vicinity of Tabora¹¹.
- Tabora is one of the growing zone of Mango and other indigenous fruits in Western Tanzania
- Availability of skilled labour for agriculture extension services from Tumbi Agricultural and Research College
- Presence of Mbola Millennium Village Project that supports farmers to improve mango production

4. 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 others¹².

a. 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 land¹³.

¹¹ Danie Jordan et al (2004): Production of Indigenous fruit juice concentrate at Tabora, Tanzania page 11-12

¹² : Tanzania Investment Guide 2008 and beyond page 35

¹³ : Ibid page 46

5. 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.

6. 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

8. Further information available

1. Association of Mango Growers (2011): Mango subsector in Tanzania, proposed way forward for value chain development
2. Danie Jordaan et al (2004): Feasibility Study; production of indigenous fruit juice concentrate at Tabora, Tanzania
3. KPMG (2011)TaboraTanzania, potential opportunities for investors
www.kpmg.com/.../tabora-potential-opportunities
4. Tanzania Investment Centre (2008) Tanzania investment guide
Dar es salaam, Tanzania - www.tic.co.tz/ticwebsite.../TIC%20Guideline.pdf
5. <http://comtrade.un.org/> [United Nations Commodity Trade Statistics Database](#)
6. SCF and MMA (2008):Mangoes for Middle East Market subsector quick scan Tanzania

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