Invest in Tanzania: Investment Opportunities in Agriculture, Livestock and Fisheries

Presentation Made at the AGRF Deal Room 2020
9th September, 2020
Prepared by the ASLMs in collaboration with the TIC
1. Introduction
2. About TIC
3. Categories of investments projects
4. Why Invest in Tanzania? Incentives to investors
5. Investment Opportunities in the agriculture sector (crop, livestock and fisheries)
6. Concluding Remarks-Take Away Points
Tanzania aims to become an industrialized economy and logistics hub for Africa.

- To be a semi-industrialized country by 2025.

- The targets are, to increase the manufacturing sector’s share of GDP to 18% of GDP by 2025, boosting its share of employment to 12.8% and ensuring that the manufacturing subsector provides 40% of all new job opportunities.

- Agriculture accounts for 28.7% of the GDP, employs 66.3% of the total population and contributes about 20% of the total export earnings.

- The government has set clear targets related to agro-industrialization.

- Agro-industrialization would enhance GDP and social benefits such as the creation of employment opportunities.
Key Strategic Documents Guiding Investments in the Agriculture Sector

Agricultural Sector Development Program Phase 2 (ASDP II)
- Ten-year program to be implemented in two phases of five years
- Designed to propel socio-economic development and contribute to achieving semi-industrial economy by 2025 through agro-industrialization
- Transform the agricultural sector towards higher productivity, commercialization and value addition, raise income and wellbeing of about 9 ml. SHF, guarantee food and nutrition security.
- First five years estimated to cost USD 5.9 bln. o/w 60% private sector investments
- Implementation commenced 2018/19
- 14 priority CVC’s

Tanzania Livestock Master Plan
- Is a complementary to ASDP II setting out livestock specific interventions to meet targets on productivity, production in key livestock value chains
About Tanzania Agro-Industries Development Flagship (TAIDF)

- Designed to provide a framework to implement these government’s aspirations on industrialization (from the agriculture sector point of view)

- Prepared by the ASLMSs has been approved by the Government (the Steering Committee of ASDPII)

- Framework for mobilizing and coordinating investments to the agro-industrialization

- The Goal of TAIDF is achieve enhanced structural economic transformation through improved agro-industry based growth. Specific Objectives of TAIDF are:
  1. To expand and strengthen local agro-industry
  2. To contribute towards agriculture modernizations and intensification
  3. To enhance market opportunities for agricultural products
  4. To enhanced individual and institutional capacity to implement and sustain agro-industrialization efforts in the country
About the Tanzania Investment Center (TIC)

- TIC is mandated by the Government to champion the industrialization vision of the country by facilitating investors.
Investment Categories

A. Normal Investors
   Minimum capital requirement
   Foreign investors - USD 500,000
   Local investors – USD 100,000

B. Strategic Investors
   Minimum capital requirement
   Foreign investors - USD 50,000,000
   Local investors – USD 20,000,000

There are some additional incentives to Strategic Investors

Strategic Investors Status

1. The amount of capital to be invested (normally above US$ 50 million)
2. The contribution of the project in terms of creating employment opportunities
3. New and innovative technology to be introduced by the Prospective strategic investment project
4. The extent to which the Project brings capacity to manufacture products for export and the earning of foreign exchange
5. Whether the Investment is in the Special Economic Zone or Geographically disadvantaged regions
Why Invest in Tanzania?
The Most Favourable Investment Conditions

**Peace & Political Stability**
- Multiparty Democracy
- Good governance
- Stable post-election
- No civil wars

**Economic Stability**
- High growth
- Low inflation
- Resilient economy

**Rich Natural Resources**
- Arable Land
- Natural gas
- Extractives
- Tourist Destinations
- Labour force

**Investment Guarantees**
- BIT’s
- BTA’s
- MIGA
- ATIA
- ICSID

**Strategic Location**
- *Serves 6 LLC*
- *3 major Port*
- *3 International Airports*

**Access to Markets**
- EAC: 177 mil.
- SADC: 342mil
- TFTA: 650mil
- AGOA: US (6,000 items)
- EBA: EU
**Fiscal Incentives**

**Exemption on Project Capital goods**
- **Zero Import Duty** on capital goods.
- **Zero Import Duty** on raw materials

**Tax Relief on Deemed Capital Goods**
- Import Duty exempted by 75%

**Manufacturing of pharmaceuticals or leather products**
- Reduced corporate tax to 20% for the first 5 consecutive years

**Capital Allowance**
1. Agriculture – 100%
2. Mining – 20% (first 5 years)
3. Hotels – 50%
4. Fish farming – 50%
5. Tourist services – 50%

**Depreciation Allowance**
- 5% - 37.5% depending on the class of the depreciable asset

**Assembly of motor vehicles, tractors, fishing boats or out boat engine**
- Reduced corporate tax to 10% for the First 5 consecutive years
Automatic Immigration Quota:
Initially 5 expatriates during project implementation

Unconditional (Free repatriation) transferability of funds:
Transfer of funds is allowed through any authorized bank in freely convertible currency of:
- Net profits, Repayment of foreign loans, Royalties, Remittance of proceeds and Payment of emoluments, etc.

Access to Land for Investment Purposes:
Foreigners can acquire Land for through TIC’s derivative title.
INVESTMENT OPPORTUNITIES IN AGRICULTURE SECTOR
## Priority Commodity Value Chains for ASDP II in Agro-Ecological Zones/ clusters

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Strategic Objective for the value chain</th>
<th>Priority AEZ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maize</td>
<td>Tanzania becomes a major maize exporter in the region. Based on recent trends, Tanzania should aim to be exporting over 500,000 t of maize each year, mainly to neighbouring countries.</td>
<td>Southern Highlands West and south-west Northern highlands</td>
</tr>
<tr>
<td>Rice</td>
<td>Tanzania achieves self-sufficiency in rice production (and starts to export these grains (potential to become a regular exporter)</td>
<td>East All irrigated</td>
</tr>
<tr>
<td>Oil Crops</td>
<td>Tanzania food oil self-sufficiency (reducing by 50% dependence on palm oil imports)</td>
<td>Semi-arid (N) (sunflower) Semi-arid (S) (sesame/sim sim)</td>
</tr>
<tr>
<td>Milk</td>
<td>Tanzania substitutes 25% of its milk product imports by local production</td>
<td>Tanga Peri-urban</td>
</tr>
<tr>
<td>Meat</td>
<td>Satisfy local demand and export quality meat (Middle East)</td>
<td>Arid Semi-arid West &amp; Southern Highland</td>
</tr>
<tr>
<td>Horticulture</td>
<td>fruits and vegetables). Production for consumption &amp; export</td>
<td>All peri-urban areas &amp; highlands</td>
</tr>
<tr>
<td>Traditional cash crops (cashew, coffee, sisal etc.)</td>
<td>Increased export quantity and quality</td>
<td>Lake zone, Coastal zone, Northern Highlands, Southern Highlands</td>
</tr>
<tr>
<td>Goat and chicken products.</td>
<td>Contribute to improved HH FS/ nutrition and farm revenues</td>
<td>All AEZ</td>
</tr>
<tr>
<td>Fish</td>
<td>Become major fish producers and exporter along the coast of Indian ocean. Making sure that, fishing activities is sustainably done and contribute to livelihood of fishers and GDP</td>
<td>Major lakes, (Victoria, Tanganyika, Nyasa and Rukwa). Also rivers and coast of the Indian ocean waters</td>
</tr>
</tbody>
</table>
Prioritized Investment Opportunities in Agriculture, Livestock And Fisheries being Promoted in the AGRF 2020 Deal Room
Imported: US$ 294 million (2016)

Annual Demand: 570,000 tonnes

Annual Supply: 180,000 tonnes

Current Gap: 390,000 tonnes

Demand forecast: 700,000 tonnes (2030)

Key facts

Opportunities

- Large scale farming of oil seeds to address supply gap
- Establishment of oil seeds processing facilities
- Establishment of refineries.

Edible Oils include: Edible oil crops (sunflower, groundnut, sesame, and palm oil)
**Key facts**

- Tanzania is one of the largest cotton producers in Africa, with about half a million farmers growing cotton in 13 regions.
- Seed cotton yield: 283,600 (five years average).
- 80% of produced cotton exported in raw form.
- Low cost labour.

**Opportunities**

- Value addition from field to factory
- Ginning, spinning and weaving
- Textile
- Garments
Per capita consumption to increase

High increase in demand relative to supply capacity

Current production could peak to 400,000 tons by 2020

Current production is 320,000 tons (full capacity).

Highest average cane yields in the world, at 120 tons/ha (good soils and climate).

Rainfall and generous rivers and best irrigation potential.

Suitable Soil and topography.

More than 300,000 tons sugar deficit in Tanzania

Source: Sugar Board of Tanzania, Illovo, Mtibwa, TPC, FAO
Investment Opportunities – Production of Certified Seeds

Key facts

- Availability (2019/2020): 76,725.52 tonnes
- Annual Demand: 187,000 tonnes
- Local Supply: 69,173.17 tonnes
- Import: 7,552.35 tonnes
- Traditional seed (uncertified) 110,274.48 tonnes

Opportunities

- Large scale farming for seeds multiplication
### Key facts

<table>
<thead>
<tr>
<th>Name</th>
<th>Local Production (tonnes)</th>
<th>Imports (Tones)</th>
<th>Balance from year 2018/2019</th>
<th>Total Availability</th>
<th>Demand for 2019/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urea</td>
<td>176,132</td>
<td>41,839</td>
<td>217,970</td>
<td>219,305</td>
<td></td>
</tr>
<tr>
<td>ther N</td>
<td>5,240</td>
<td></td>
<td>5,240</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DAP</td>
<td>81,557</td>
<td>43,310</td>
<td>124,867</td>
<td>159,361</td>
<td></td>
</tr>
<tr>
<td>NPK₅</td>
<td>87,627</td>
<td>26,240</td>
<td>113,867</td>
<td>75,292</td>
<td></td>
</tr>
<tr>
<td>SA</td>
<td>21,020</td>
<td>33,253</td>
<td>54,273</td>
<td>28,033</td>
<td></td>
</tr>
<tr>
<td>CAN</td>
<td>51,367</td>
<td>17,132</td>
<td>68,499</td>
<td>74,008</td>
<td></td>
</tr>
<tr>
<td>MoP</td>
<td>4,572</td>
<td>4,174</td>
<td>8,745</td>
<td>1,978</td>
<td></td>
</tr>
<tr>
<td>Minjingu</td>
<td>22,135</td>
<td>889</td>
<td>23,024</td>
<td>23,745</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>12,906</td>
<td>1,562</td>
<td>14,531</td>
<td>4,881</td>
<td></td>
</tr>
<tr>
<td>Lime</td>
<td>1,133</td>
<td>300</td>
<td>1,433</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dolomite</td>
<td>120</td>
<td>106</td>
<td>226</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gypsum</td>
<td>452</td>
<td>70</td>
<td>522</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>23,903</strong></td>
<td><strong>440,421</strong></td>
<td><strong>168,874</strong></td>
<td><strong>586,604</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Available Raw materials
- Natural gas
- Phosphates

### Opportunities

Investment in Chemical Industries (Fertilizer production)
**Key facts**

- **3rd largest livestock population in Africa** (2017)
- Potential for 4.0Mil hides and 6.1Mil skins, annually. *(2.8m hides, 4.8m skin)*
- About **50 Mil Ha** of Ranch land

<table>
<thead>
<tr>
<th>S/N</th>
<th>ANIMAL</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cattle</td>
<td>33.4 Mil</td>
</tr>
<tr>
<td>2</td>
<td>Goat</td>
<td>21.14 Mil</td>
</tr>
<tr>
<td>3</td>
<td>Sheep</td>
<td>5.65 Mil</td>
</tr>
<tr>
<td>4</td>
<td>Chicken</td>
<td>83.28 Mil</td>
</tr>
<tr>
<td>5</td>
<td>Pig</td>
<td>2.14 Mil</td>
</tr>
</tbody>
</table>

**Opportunities**

- Raising & Fattening
- Live animal Trading
- Slaughtering
- Meat Processing
- Leather Processing
- Retailing & Marketing

**Projected Demand for Local Meat (,000Tons)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>160</td>
</tr>
<tr>
<td>2015</td>
<td>290</td>
</tr>
<tr>
<td>2030</td>
<td>480</td>
</tr>
</tbody>
</table>

+200%
Investment Opportunities – Beef Cattle Production

- THE NATIONAL RANCHING COMPANY (NARCO) owns a total of 519,453 hectares of land.
- NARCO operates a total of 8 ranches from 7 regions of mainland Tanzania.
- Potential Public Private Partnerships in Ranching

<table>
<thead>
<tr>
<th>NAME OF RANCH</th>
<th>AREA (HECTARES)</th>
<th>LOCATION</th>
<th>LIVESTOCK POPULATION</th>
<th>FULL RANCH CAPACITY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>CATTLE</td>
<td>SHEEP</td>
</tr>
<tr>
<td>1 KONGWA</td>
<td>38,000</td>
<td>DODOMA</td>
<td>8,032</td>
<td>118</td>
</tr>
<tr>
<td>2 MZERI</td>
<td>21,236</td>
<td>TANGA</td>
<td>3,400</td>
<td>200</td>
</tr>
<tr>
<td>3 RUVU</td>
<td>43,000</td>
<td>PWANI</td>
<td>3,762</td>
<td></td>
</tr>
<tr>
<td>4 MKATA</td>
<td>19,446</td>
<td>MOROGORO</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>5 KIKULULA</td>
<td>42,083</td>
<td>BUKOBA</td>
<td>8,730</td>
<td></td>
</tr>
<tr>
<td>6 MISSENVI</td>
<td>23,998</td>
<td>BUKOBA</td>
<td>7,309</td>
<td></td>
</tr>
<tr>
<td>7 WEST</td>
<td>19,910</td>
<td>KILIMANJARO</td>
<td>967</td>
<td>772</td>
</tr>
<tr>
<td>8 KALAMBO</td>
<td>23,588</td>
<td>RUKWA</td>
<td>1,733</td>
<td>25</td>
</tr>
</tbody>
</table>
Fishing and Aquaculture

Key facts
- Freshwater coverage: 54,337sq.km (6.1 % of surface area)
- Territorial Sea: 64,000 sq.km.
- Exclusive Economic Zone (EEZ): 242,000sq.km
- Coastline: 1,424 km along Indian Ocean.

Investment Opportunities
- Fishing ports and fishing in the EEZ.
- Fish processing and fishing boat building yards.
- Commercial fish farms in marine and freshwater areas.
Additional Investment Opportunities in Fisheries

- Fish processing plants
- Fishery gears manufacturing (nets, boats etc)
- Ecotourism along the beach
- Fishing of Ornamental fish
- Mari culture- (Aquaculture, Sea weed + intercropping )
- Cold chain facilities (transportation and storage)
- Fishing Infrastructure (Fishing ports, Cold Chain, Fishing Boats and Vessels)
- Fishing Labs ( Nyegezi in Mwanza, Branch in Dar es salaam)
- Supporting Protection Units
Investment Opportunities in Zanzibar

1. Deep Sea Fishing
2. Fish Farming
3. Crop Production
4. Fish Processing and canning
5. Essential Oils
6. Horticulture
7. Spices
Concluding Remarks - Take Away Points

1. Investors are cordially welcome to invest in Tanzania

2. We invite agro-investments along the value chains from input production, agriculture production, agro-trade and agro-processing

3. Government is keen to see the agriculture sector contribute to the country’s industrialization agenda

4. The Government encourage Investment in agro-industry for production of agriculture inputs and agro-processing
THANK YOU FOR YOUR ATTENTION!

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