

# SAGCOT Investment Partnership Program

Opportunities for Investors in the  
Livestock Sector

Updated: 11 October 2012



# Presentation Overview

---

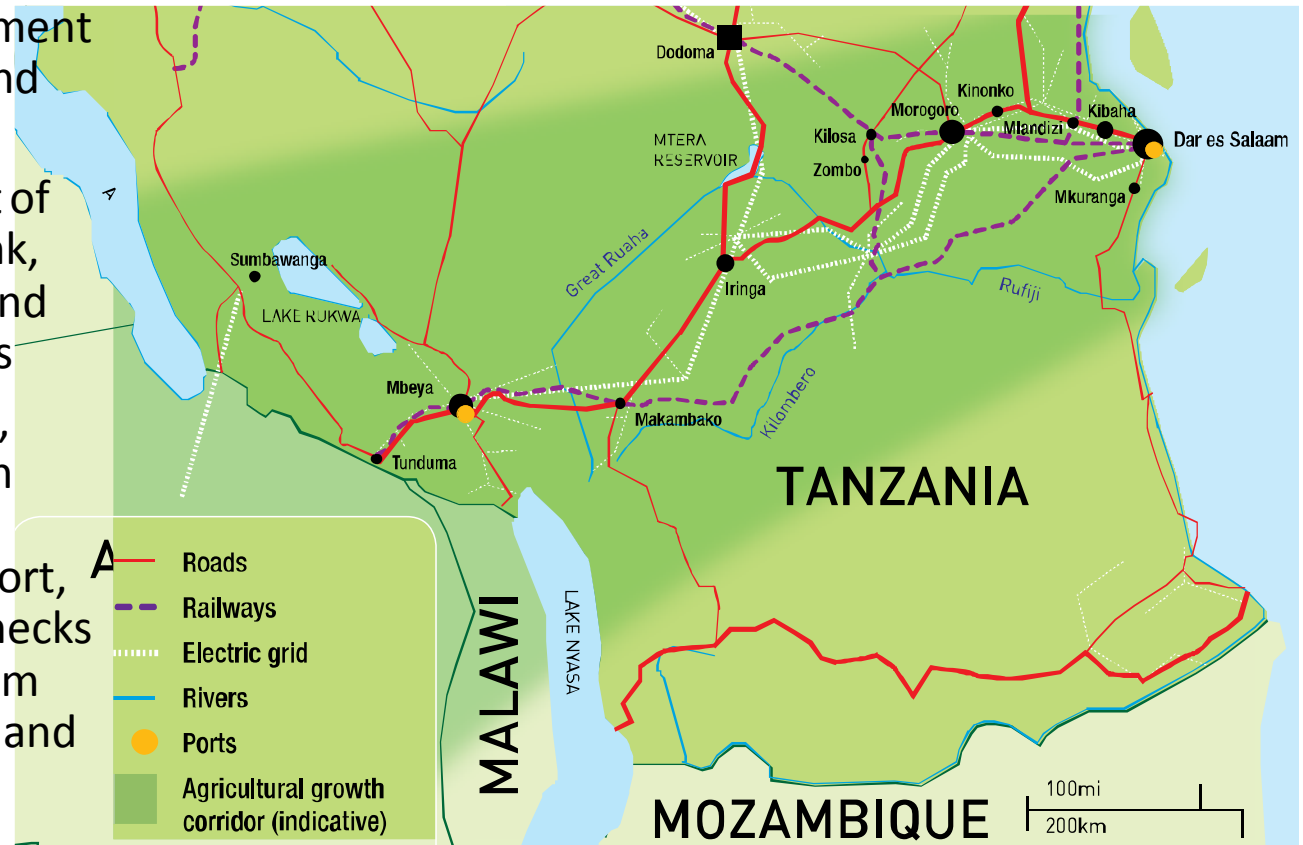
- Executive Summary
- The Southern Agricultural Growth Corridor of Tanzania (SAGCOT)
  - A joint public-private initiative to boost agricultural output in one of the prime agricultural zones in Africa
- Specific opportunities for investors in the livestock sector
  - Unmet local and regional demand for meat products
  - Raising and fattening
  - Live animal trading
  - Abattoirs
  - Meat processing
  - Leather processing
  - Retailing and marketing
- Next steps and contact information
- *Appendices:*
  1. *Full profiles of 5 priority earmarked projects*
  2. *Additional information on local and regional market demand*
  3. *Information on Tanzania's assets for livestock operations: stocking rates, agroclimate, and institutions*
  4. *Additional information on Tanzania's business environment and support for investors*

## Executive Summary

- The Southern Agricultural Growth Corridor of Tanzania (SAGCOT) is a coordinated initiative to boost agricultural output in Tanzania through public and private investment:
  - The corridor was chosen because it offers ideal agroclimactic conditions, plus superior market connectivity
  - Commercial investors in the corridor stand to gain from complementary investments by the government and others in infrastructure, input-supplies, herder training, finance and so on
  - Many local and international companies have already committed to support and invest in SAGCOT
- Opportunities for investors in the livestock sector are particularly attractive:
  - Driven by population and income growth, global demand for meat products is growing strongly – per capita consumption in Africa and Asia is set to double in the next few years
  - At the same time resources and land are becoming scarce, increasing meat prices and supply gaps
  - Tanzania is well positioned to become a major global meat exporter, as climatic conditions, vegetation and trade routes are better than in most large meat producing countries
  - With a growing middle-class and demand from tourists and international investors, Tanzania’s top-end meat market is growing firmly, but due to a lack of quality ranches, abattoirs and meat processors, virtually all quality meat needs to be imported
  - Attractive investment opportunities are available across the value chain:
    - High rainfalls and constant temperatures allow for highly productive ranching operations
    - As abattoirs seek increased input, new feedlots have the opportunity to fill this gap in the market
    - With only four abattoirs in the country, demand for quality, hygienic meat is considerable
    - Currently almost all processed meat is imported at significant margins
    - Even as the largest tannery seeks to double its capacity, the market for hides and skins remains sizeable
  - The National Ranching Company (NARCO) is looking for experienced investors to buy majority stakes in its prime assets, offering a unique opportunity for investors
  - Other, private investors are also offering investment opportunities for new market entrants

# Southern Agricultural Growth Corridor of Tanzania (SAGCOT)

- Joint initiative led by the Government of Tanzania, private companies and international donors
- Personal priority of the President of Tanzania, heads of the World Bank, USAID and other major donors, and CEOs of several Fortune 100 firms
- Aim is to coordinate government, donor & corporate investments in agribusiness value-chains and supporting infrastructure (transport, power, irrigation, etc.), so bottlenecks are removed and the entire system works for investors, smallholders and consumers



- 3 ultimate goals: 1) Improve food security; 2) Reduce rural poverty; 3) Sustain the environment

**Commercial investors in the corridor stand to gain from complementary investments by the government, donors and other private investors in infrastructure, input-supplies, herder training, finance and so on**

The corridor was chosen because it offers ideal agroclimate plus superior infrastructure and market connectivity



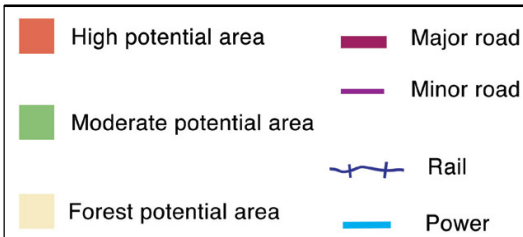
### Ideal agroclimate for range of crops & livestock

- Major river systems
- Ample rainfall and sunshine hours
- Rich alluvial valleys for rice, sugar
- Rolling plains for maize, sisal, oilseeds, ranching
- Cool highlands for tea, coffee, horticulture
- Lush tropics for tree crops – cocoa, palm, timber



### Superior infrastructure and connectivity to local & global markets

- International highways connect all major agri-zones in corridor to main consumer markets in Dar, Arusha, Nairobi & Lusaka
- International port & airport at Dar with direct connections to Middle East, Asia & Europe; 2<sup>nd</sup> international airport to open in Mbeya
- Main power grid runs through corridor, with several major hydro projects already in place and potential for agri-based power producers to supply directly to grid



## Infrastructure investments

- Government and donors are prioritising investments which will enable agricultural producers in the corridor to get their product to market:
  - Upgrade of **feeder roads** and **transmission lines** to and from all major agricultural clusters in the corridor
  - Attracting private investors to increase the capacity and efficiency of the **TAZARA Railway**, the **dry bulk terminal at Dar port**, and **cold storage and cargo-handling at Dar and Mbeya airports**
  - Attracting private investors to develop additional **power generation capacity**

## Outgrower training & financing

- Government, donors, NGOs and private companies (e.g. seed and fertilizer suppliers) have already earmarked funds to assist outgrowers linked to commercial agro-processors (in rice, sugar, maize, sorghum, barley, tea, coffee, cocoa, livestock, etc.) – to help provide access to **improved seeds & fertilizers, training, microfinance, irrigation and machinery**

## Start-up & Operational support

- The **dedicated SAGCOT Centre** and a series of **Sector Working Groups** have been established to assist investors with all aspects of start-up: site identification and leasing, social and environmental safeguards, company registration, incentives, etc.
- The government has also established **special taskforces** to address specific investor issues regarding land-leasing, export regulations, taxation and imports of seeds and other inputs

## Private sector coordination

- A range of private-sector organisations, including the **SAGCOT Centre**, the **Tanzania Private Sector Foundation**, the **Agricultural Council of Tanzania**, bring together local & international investors to ensure that priority issues are addressed at the highest levels

An impressive set of local and international organisations and companies have already committed to SAGCOT



### Development Partners



### Agricultural Suppliers & Financiers



### Technical & Operational Supporters



### Agricultural Producers & Buyers



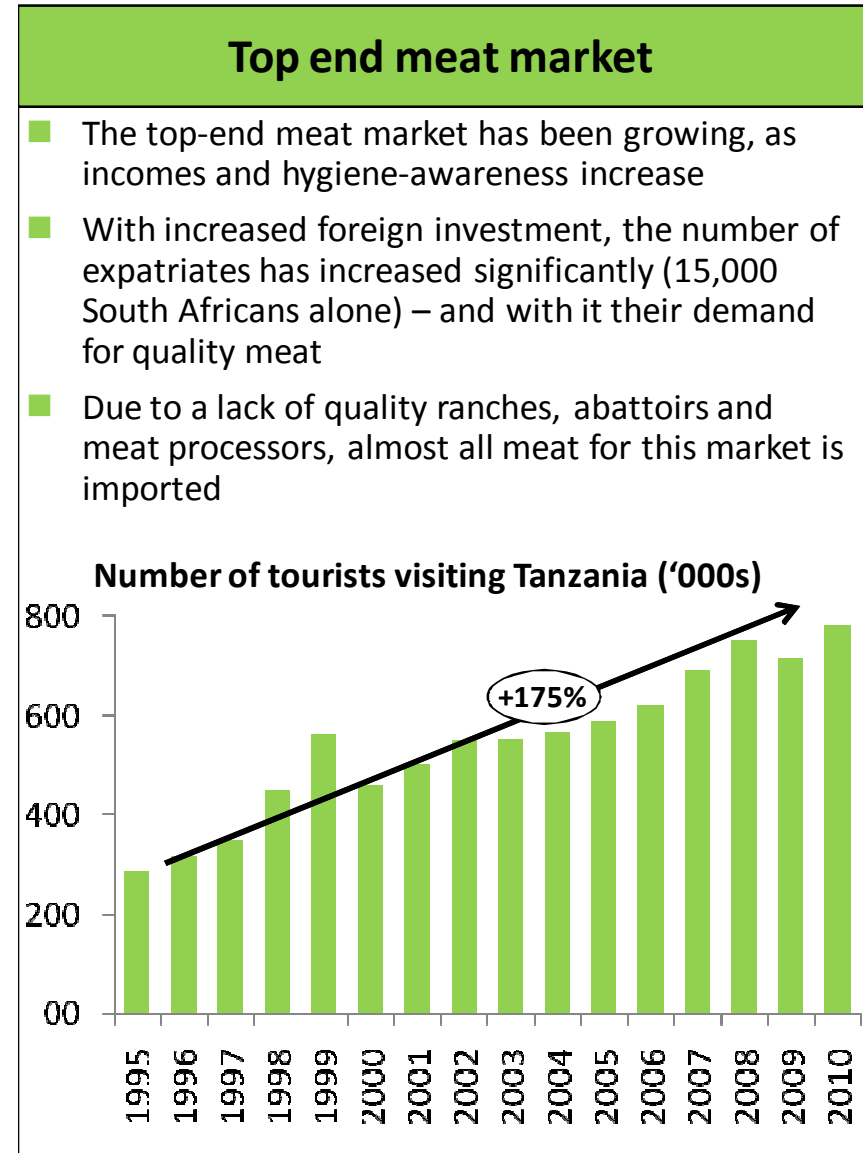
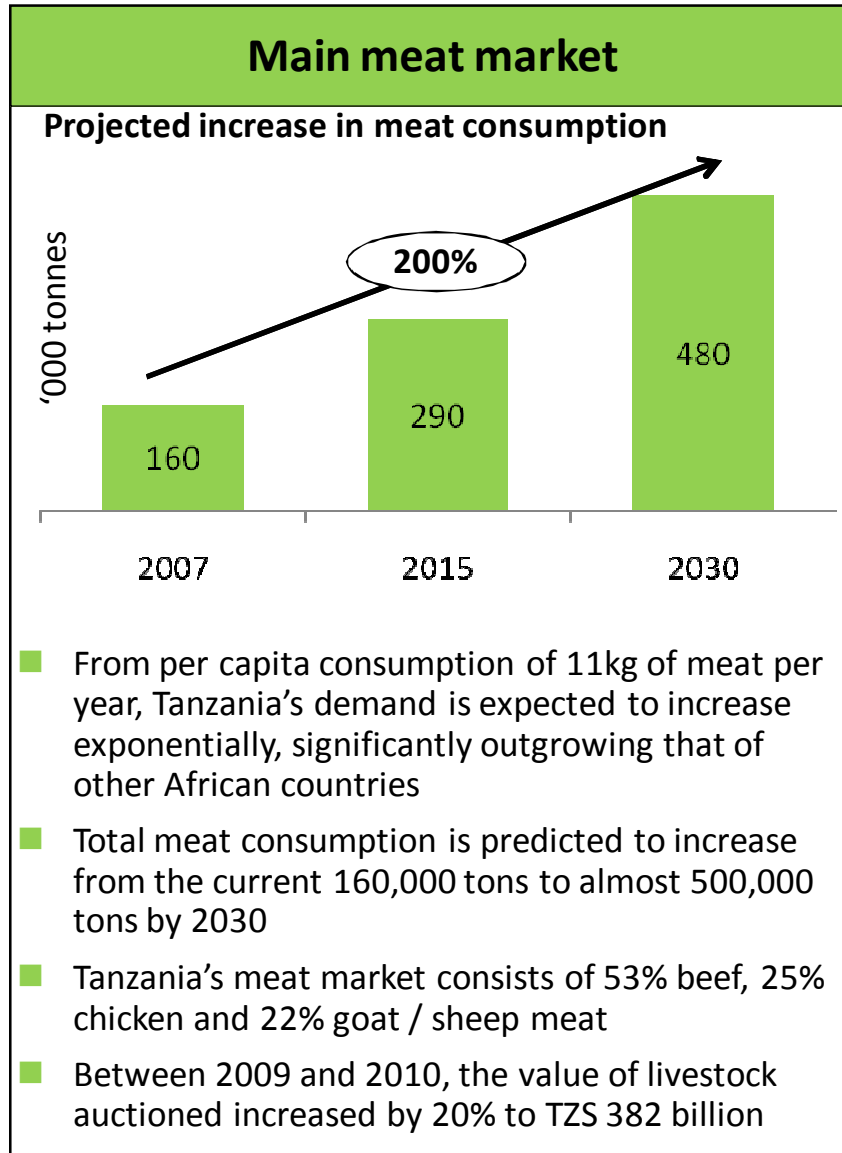
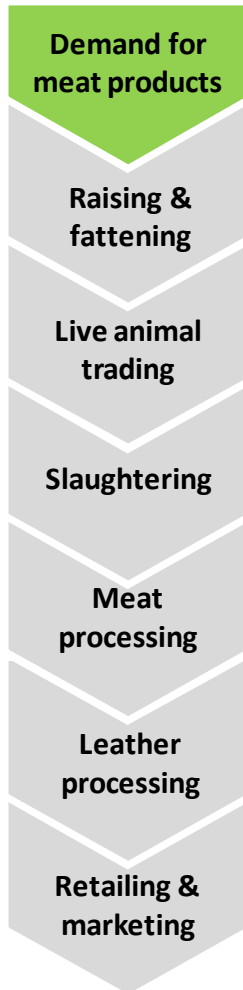


## Specific opportunities for investors in the livestock sector

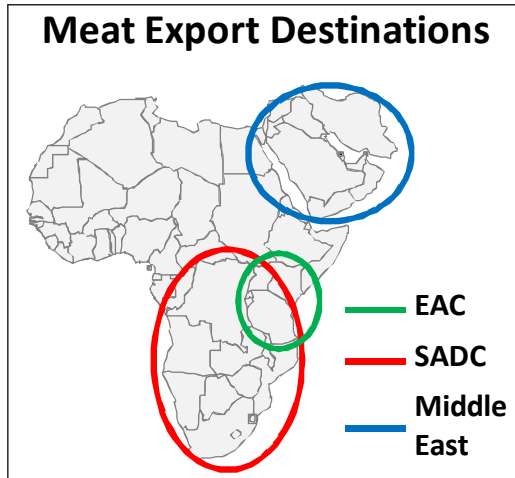
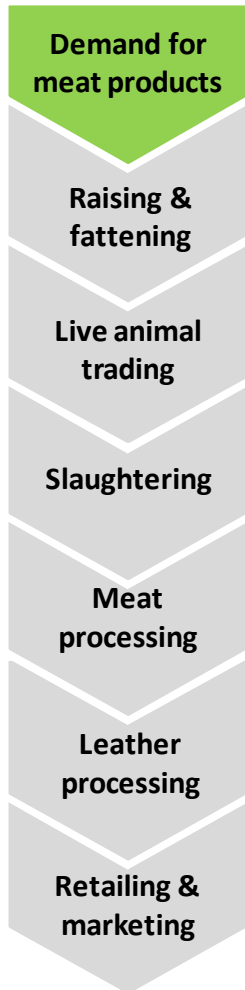
## Investment Opportunities in ranches, feedlots, abattoirs, meat processing plants and tanneries



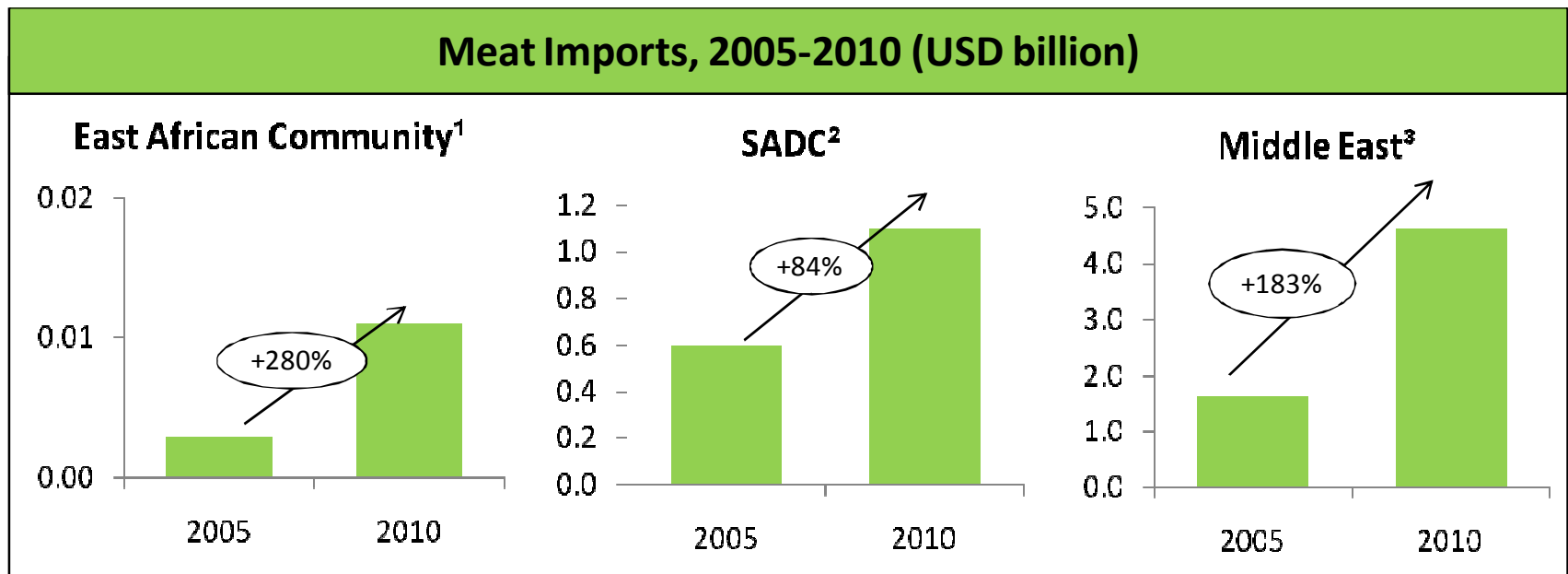
# Tanzania is experiencing an exponential increase in demand for meat



# Tanzania is also well positioned to supply meat to growth markets in Africa and the Middle East

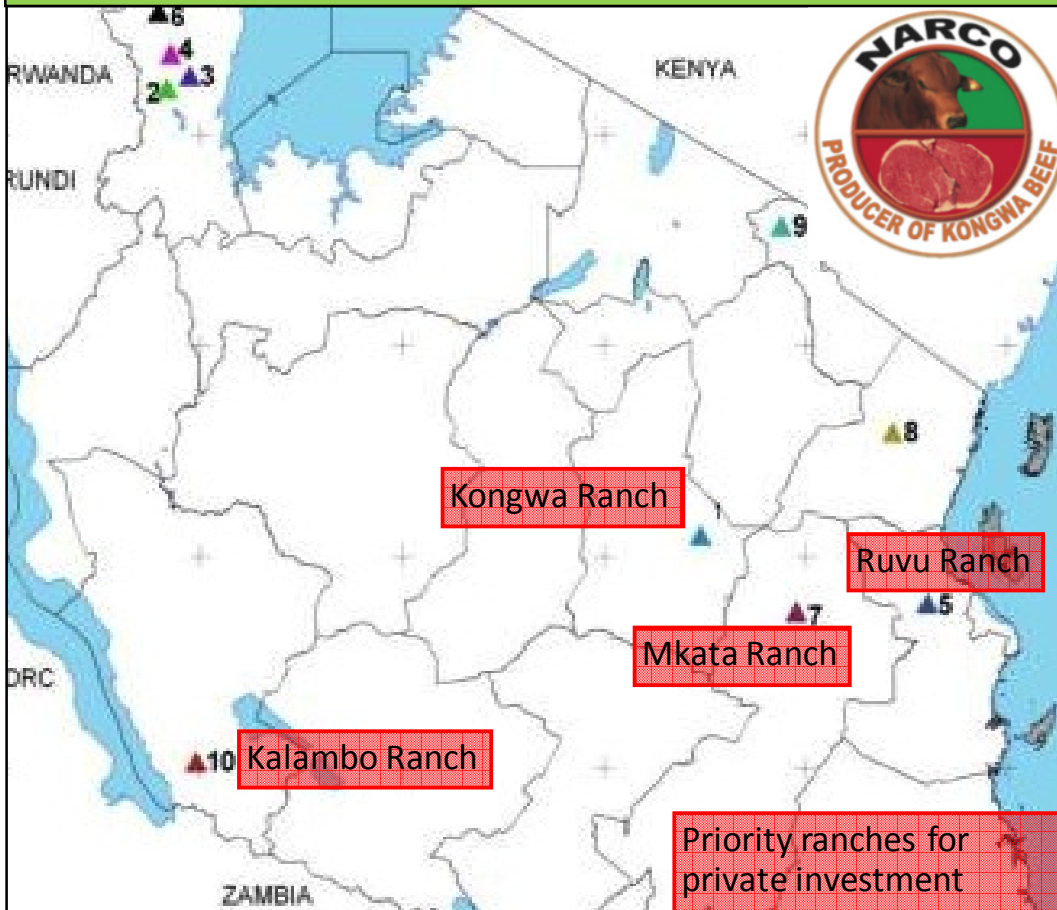


- Trade in meat has increased significantly, with more and more countries seeking to close their supply gap through imports
- The major beef exporters such as the Brazil, Argentina and Australia are facing logistical challenges to supply new growth areas in Africa, Middle East and Asia
- Tanzania is ideally positioned to supply Southern and Eastern Africa, as well as the Middle East



Notes: (1) Burundi, Kenya, Ruanda, Tanzania, Uganda; (2) Southern African Development Community; (3) Saudi Arabia, UAE, Yemen, Oman, Iran, Iraq;  
Source: Trade Map

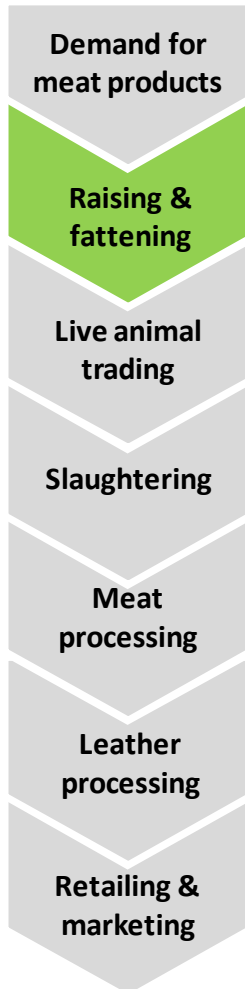
### Map of NARCO's ranches



### NARCO overview

- National Ranching Company (NARCO) was established in 1968 as a wholly-owned Government enterprise
- The company owns and operates ten ranches countrywide which together cover an area of 230,000 ha. An additional 289,000 ha have been sub divided into 124 small ranches and subleased to Tanzanian investors
- In order to improve productivity, quality and value addition, NARCO has decided to privatise key assets across its ranches
- **In exchange for minority equity stakes NARCO is offering its land and assets to investors with the necessary technical skills**
- **NARCO will receive dividends once the project is profitable**, but upfront investment costs for investors are reduced

**Investors do not have to invest upfront to buy land, as NARCO is ready to provide the land in exchange for a minority equity stake**



## Current ranching operations

- Tanzania's meat production is dominated by traditional pastoralist and farmers, who own over 90% of all livestock. Due to a lack of market access, capital and training, the meat quality from these farmers is often poor
- The largest operator of ranches is the National Ranching Company (NARCO) which manages 10 ranches of 230,000ha. NARCO is looking for private investors to operate its ranches in exchange of equity stakes
- With currently only a handful of private feedlots or fattening farms in operation, significant growth opportunity exists – especially at the quality end of the market
- All abattoirs have indicated their eagerness to sign long term supply contracts (e.g. one abattoir is looking for an additional 3,000 fattened cattle per month)

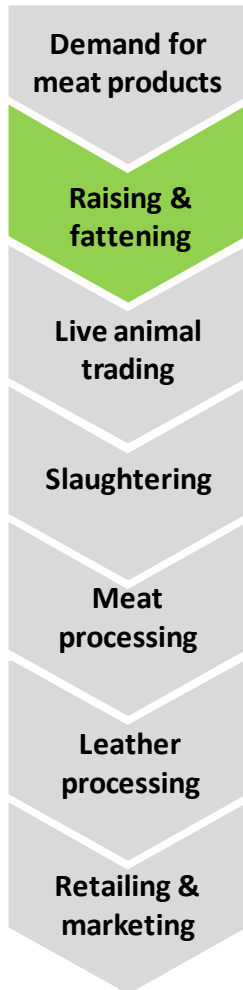


## Considerations for feedlots

- Promote breeds suitable for feedlots
- Secure constant supply of cattle
- Grow own maize as feedstock

**The fertile soil and high rainfall will allow more intensive ranching and feeding operations than in most other countries**

# Initial feasibility studies suggest that a well-run feedlot operation will generate sizable profits



Operator	Annual off take rate	Average slaughter age	Mature weight
Traditional smallholders	6-10%	6-7 years	200-300kg
Commercial farmers	15-20%	2-3 years	350-450kg
Typical South African Feedlot	25-30%	18 months	350-400kg

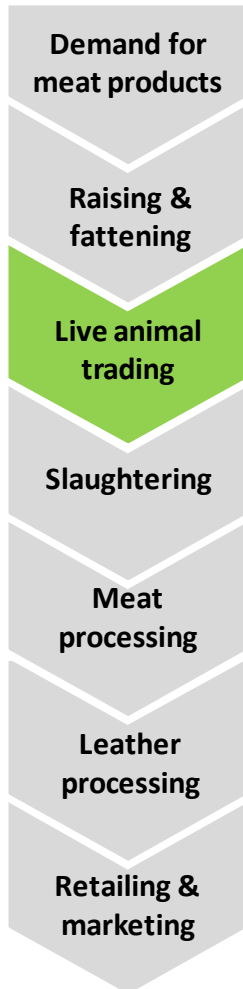
## Feasibility Study: Feedlot

- Assume feedlot with capacity to fatten 5 000 cattle p.a.
- 415 cattle between the age of 2 and 4 years and average live weight of 305 kg are bought per month
- The cattle kept under quarantine for 2-3 weeks before being taken to the feedlots for 90-120 days during which they gain 0.6-1kg live weight every day
- After this period the animals will have reached a live weight of 350-450 kg and can be sold for TZS 2,200 /kg of live weight, or TZS800,000-1,000,000 per animal
- The project assumes a mortality rate of 1% and that 0.5% of the purchased cattle will be condemned
- Assuming operation runs at 80% capacity by year 3

Projected Investment Costs	USD
Total Capital Expenditure	950 000
Cattle Purchases	750 000
Other Working Capital	250 000
<b>Total Investment Costs</b>	<b>1 950 000</b>

Projected Returns (Year 3)	USD
Revenue	2 100 000
Operating Costs	1 800 000
Gross Profit	300 000
<b>Gross Margin</b>	<b>14.3%</b>

**Ideally an investor would integrate ranching, feedstock and feedlot operations to control the whole value chain and better manage throughput and margins**



Dar es Salaam's Pugu market

## Number of animals sold at Pugu Market in DSM (2011)

Cattle	171 210
Goats & Sheep	78 812

## Network of Traders

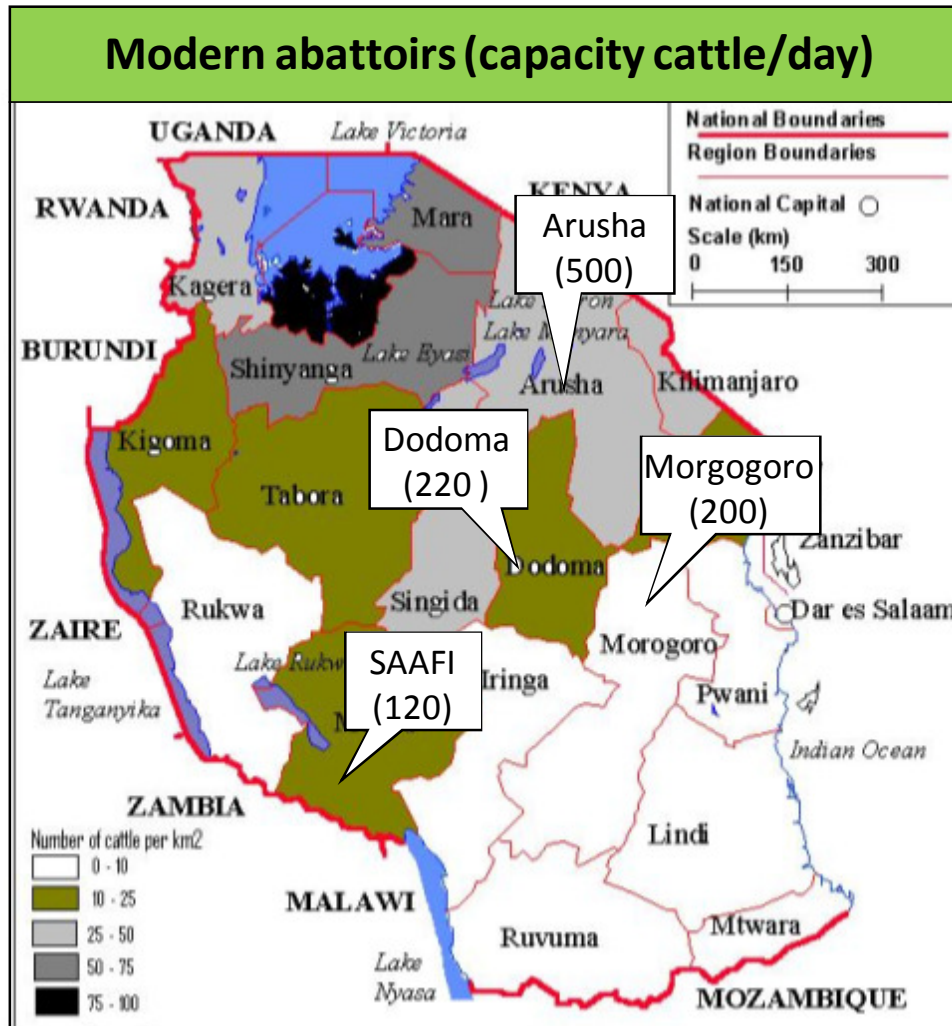
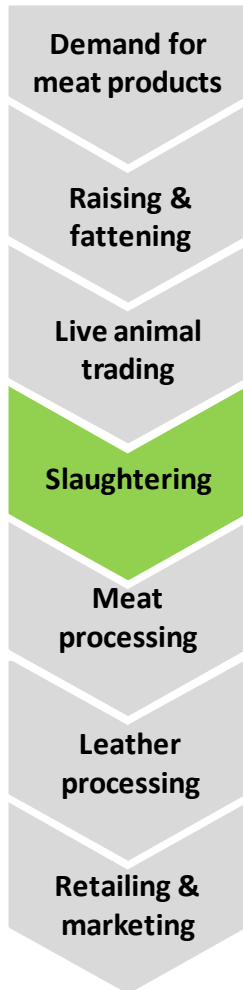
- Traders buy cattle and goats from traditional pastoralists across 300+ primary markets and resell them at secondary or terminal markets in bigger cities to bulk traders who pass the animals on to feedlots, processors & butcheries
- Small traders (4-10 animals purchase) account for about 60% of the trade in live animals; the remaining 40% of animals are bought by small slaughter slabs, other farmers or larger traders

## Opportunity for investor

- Investors in abattoirs and feedlots can effectively use the bulk traders to gain access to the large network of small cattle traders and farmers
- Traders appreciate clear selection criteria (weight, age) & reliable payments
- Traders will provide established and reliable investors with a constant flow of quality animals

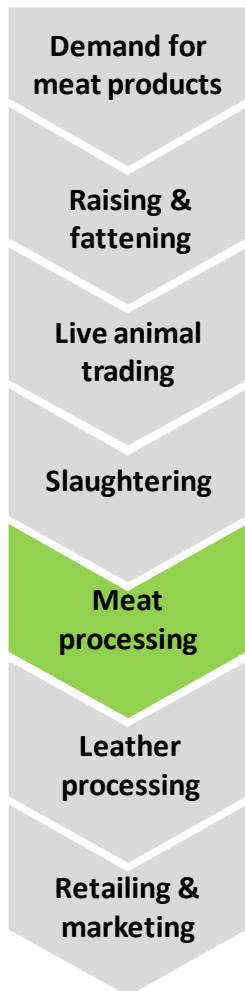


# Currently only four medium size abattoirs cater for Tanzania's entire regulated beef market



- ### Comments
- The capacity of Tanzania's four abattoirs cover less than 20% of national demand (at a 10% offtake rate, over 2million are slaughtered per annum)
  - Most of the existing abattoirs are looking for additional investors/ capital and are willing to offer substantial equity shares in their operations
  - Currently most cattle are slaughtered at small butcheries, lacking hygienic requirements and economies of scale
  - Due to a lack of local abattoirs an estimated 300,000 live cattle are sold to Kenya every year

**Due to limited competition, investors in abattoirs have good access to livestock supplies and the underserved local and regional market**



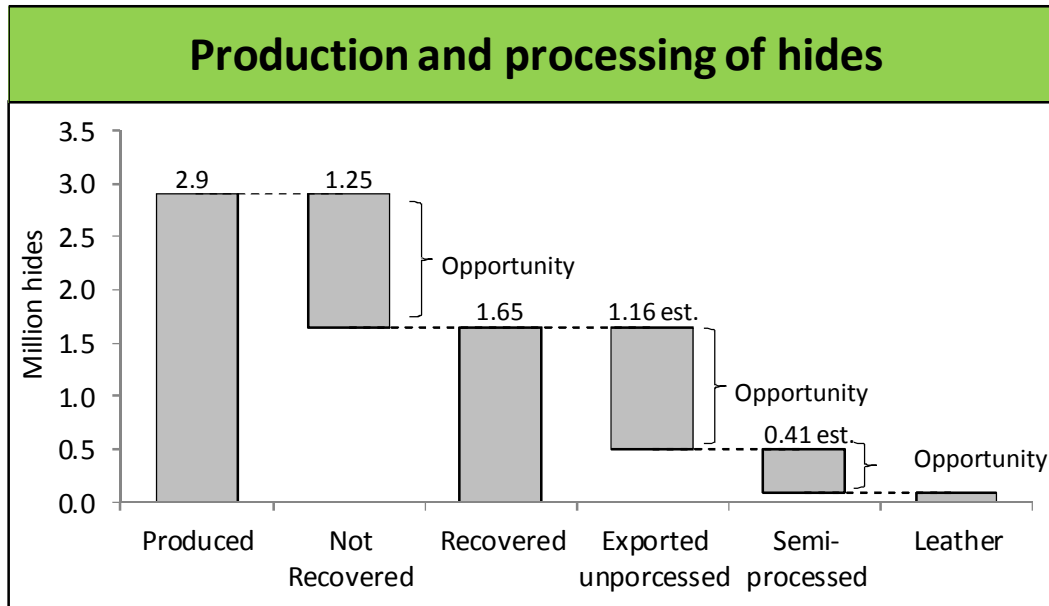
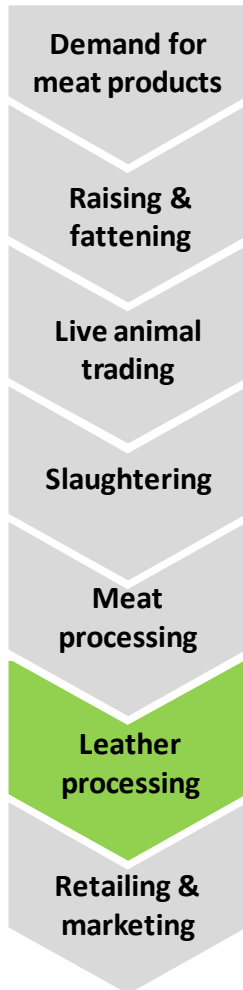
## Meat processing industry

- Only 140MT out of the 21,553MT of beef produced in Tanzania in 2009/10 was processed
- Almost all processed meat (from beef sausages to bacon) is currently imported from Kenya at significant margins
- A lack of technical skills and capital has prevented the local industry from growing



## Investment opportunity case study

- A slaughtered animal produces only a few premium cuts that can be sold at high margins; it is difficult for abattoirs to compete with informal butchers on the price of the remaining low grade meat, thus decreasing abattoirs' overall profitability
- An attractive alternative is to process the lower grade meat – given the lack of local competition, the margins for processed meat are very attractive
- Different supermarket and hotel chains have indicated their willingness to sign long term supply agreements with more competitive local producers



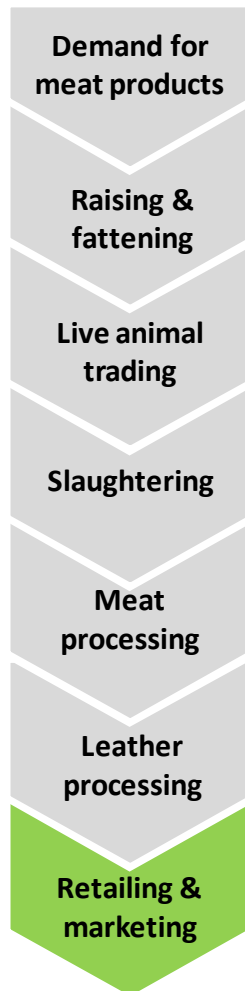
### Produced and recovered

Hides and skins	Annually produced	Annually recovered
Hides (cattle)	2.9mil	1.6mil
Skins (goats)	3.8mil	2.7mil
Skins (sheep)	1.6mil	1.2mil

### Comment

- Global trade in leather has increased by 4% CAGR since 2002, although the leather industry faces supply shortages
- Tanzania forgoes significant potential for hides and skins every year, as only a small fraction is processed
- Only 33 million square feet of hides and skins were processed in 2011, most only semi-processed (wet blue), with less than 5% made to leather
- The government has imposed a 40% export levy on raw hides/skins giving local processing plans a significant competitive advantage
- Nevertheless, many local hides are exported unprocessed
- Hides and skins can easily be bought from intermediary traders

**A 40% export levy on raw hides and skins offers investors in the local leather industry a significant competitive advantage**



## Local meat market

- **Butcher shops** are the main retailers of beef. Meat is usually hung as part carcass on hooks, normally without chilling or fly control, and 60-70 kg (half a carcass) may be sold daily. There is little price differentiation between good and poor quality meat. These butcher shops are found in every town and competition is vigorous.
- **Supermarkets** (such as Shoprite) are growing in popularity especially amongst the more hygiene-conscious middle class
- **Restaurants and fast food outlets** are estimated to trade 30% of all meat. They can be split into three categories:
  - Tourist hotels sell beef to the value of US\$5322mil per year to 800,000 tourists
  - Restaurants and formal fast food enterprises (about 152,000) sell beef to the estimated value of US\$1,175mil per year
  - Informal food outlets (about 89,000) sell beef to the value of US\$550mil pa

## Trade in meat

- **Imports** of quality meat are estimated at 700MT per year, equivalent to 10,000-14,000 animals; almost all processed meat is imported, mainly from Kenya
- **Exports** of meat mainly from the abattoir in Dodoma (Middle East) and SAAFi (Zambia, DRC) – mostly goat and sheep meat is exported (617MT in 2011)

**There is a large market for all meat products both within Tanzania and across its neighbouring countries**

## Next steps and contact information

We look forward to welcoming you to Tanzania

---

**We urge interested investors to:**

**1. Contact the Livestock Sector Working Group**

- To get additional information and address any specific questions that you may have – regarding sites, markets, stocking rates, value chain opportunities, cost inputs, government regulations and support
- Full contact information is provided on the next page

**2. Plan a visit to Tanzania**

- A special **SAGCOT Investor Showcase event**, hosted by H.E. the President of Tanzania, will be held in **November 27-28 2012**, when investors will have an opportunity to view the priority sites, meet existing investors and consult sector experts from NARCO, Ministry of Livestock, Meat Board, research institutes and other agencies
- Investors are also welcome to contact TIC at anytime to arrange customised visits

**3. Prepare to respond to the Request for Proposals for the priority sites**

- Formal RFPs for the 5 priority sites are expected to be launched first quarter 2013

Please contact us for any further information

### Tanzania Investment Centre (TIC)

**Eng. Raymond P. Mbilinyi**  
CEO

Shaaban Robert Street, Plot 9A,B  
P. O. Box 938, Dar es Salaam  
Tel: +255 22 211 63 28/32

Email:

[executive.director@tic.co.tz](mailto:executive.director@tic.co.tz)  
[raymond.mbilinyi@gmail.com](mailto:raymond.mbilinyi@gmail.com)



### Ministry of Livestock and Fisheries Development

**Dr. Charles Nyamrunda**  
Permanent Secretary

Veterinary Building, Mandela Rd  
PO BOX 9152, Dar es Salaam  
Tel: +255 22 286 19 10

Email: [ps-mlfd@mifugo.go.tz](mailto:ps-mlfd@mifugo.go.tz)



### SAGCOT

**Jennifer Baarn**  
Deputy CEO

TPSF, 1288 Mwaya Road, Masaki  
P.O.Box 11313, Dar es Salaam  
Tel: +255 22 260 1913/2751

Email:

[jennifer.baarn@sagcot.com](mailto:jennifer.baarn@sagcot.com)



### National Ranching Company (NARCO)

**Dr. John M Mbogoma**  
General Manager

2nd Floor, Mavuno House,  
P.O.Box 9113 , Dar es Salaam  
Tel: +255 22 211 03 93

Email: [jmmbogoma@yahoo.co.uk](mailto:jmmbogoma@yahoo.co.uk)  
/ [john.mbogoma@narco.co.tz](mailto:john.mbogoma@narco.co.tz)



## *Appendix 1:*

*Full profiles of 5 priority earmarked sites:*

*Ruvu Ranch*

*Kongwa Ranch*

*Kalambo*

*Mkata*

*SAAFI Abattoir*



Ruvu Ranch - 44,000 hectares  
- 80 km from Dar

# Ruvu Ranch 1/6

The 44,000ha ranch is located only 80km from Dar



## Map of Ruvu Ranch



## Facts about Ruvu Ranch

- As a priority site, NARCO wants to find investors for the ranching, feedlot, abattoir, meat processing and tannery at its Ruvu Ranch
- Ruvu Ranch is located only 80km from Dar es Salaam along the Tanzania-Zambia highway. It also borders the railway line branch that joins the Central line to the Tanga railway line. The ranch is therefore ideally positioned to service customers in the capital and export markets
- The ranch covers an area of 44,000 hectares on some of the best farming lands in the country
- Thanks to fertile soil and rainfall of around 1,000mm, the ranch has a capacity of holding over 14,600 cattle (stocking rate of 1L/S per 3ha)



### Ruvu's vegetation

- The land is mostly flat to gently rolling. It lies within the lowland ecological climatic zone at an elevation of 175 metres above sea level.
- Ruvu Ranch sits on the Ruvu River basin that stretches from the Indian Ocean to the Selous Game Reserve in Morogoro Region. There are four semi perennial rivers that transverse the ranch.
- The ranch experiences a bimodal rainfall pattern with annual precipitation of between 800 – 1,200 mm. The main season is between March and June and the short rains are received between September and November.
- The ranch area consists of two types of soils, the more fertile soils, clay type that give high production of both grass and bush are poorly drained, and the sandy soils is well drained but dries out rapidly in dry season.

### Ruvu Ranch's Infrastructure and Assets



**Water development** includes 15 dams, of varying sizes, drinking troughs, pipelines etc. A new pipeline is being build across the entire ranch



**Land development** includes fencing (especially along the Morogoro highway), roads, firebreaks, etc



**Cattle handling facilities** include several large enclosures (bomas), a dip, three spray races and two handling yards



29 residential **buildings**, offices, storage building, dispensary, workshop and a slaughter house



**An abattoir** with a capacity of 800cattle and 400 shoats per day has been 50% completed



The **existing cattle herd** consists of 2 991 animals, many of which are pure Boran cattle

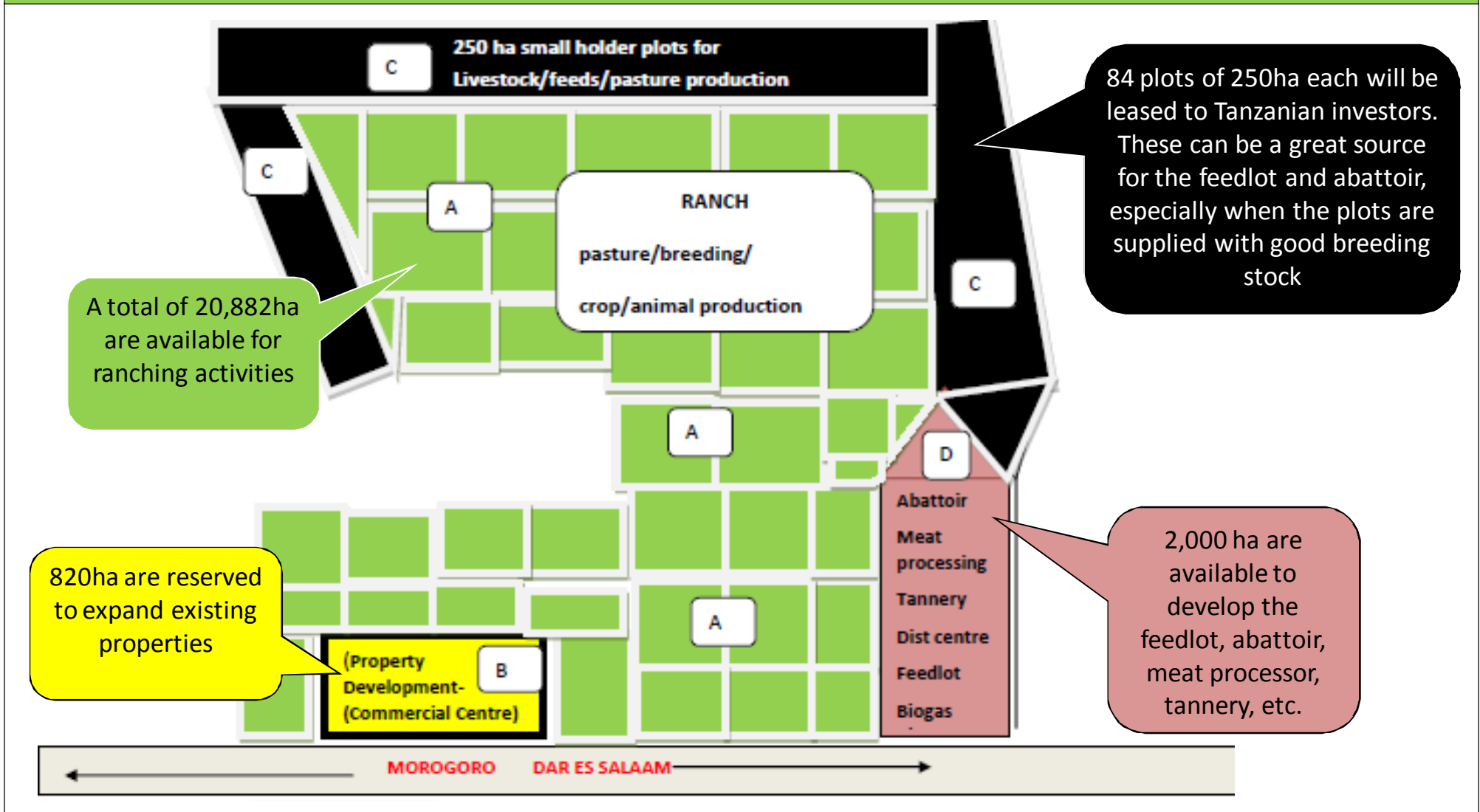
	<b>Opportunity</b>	<b>Investment requirements</b>
<b>Ranching</b>	<ul style="list-style-type: none"> <li>20,882ha of ranch land with a capacity to hold 7,000 animals available</li> <li>The existing herd of 3,400 boran cattle can serve as a base to grow from</li> </ul>	<ul style="list-style-type: none"> <li>Additional cattle and improvement of existing cattle herd</li> <li>Expansion of fences, water infrastructure and roads</li> </ul>
<b>Feedlot</b>	<ul style="list-style-type: none"> <li>Space to grow crops is available</li> <li>The feedlot would get cattle from Ruvu Ranch and surrounding villages (+50,000 cattle)</li> </ul>	<ul style="list-style-type: none"> <li>Maize plantation</li> <li>Buildings, fences and water infrastructure</li> </ul>
<b>Abattoir</b>	<ul style="list-style-type: none"> <li>Abattoir with 800cattle and 400 shoats capacity is 50% completed</li> <li>Animals would come from feedlot and surrounding villages</li> <li>Target market local and export</li> </ul>	<ul style="list-style-type: none"> <li>Completion of existing abattoir</li> <li>Cold storage chain, including trucks</li> <li>Rendering plant</li> <li>Some buildings exist already</li> </ul>
<b>Meat processing</b>	<ul style="list-style-type: none"> <li>Would get meat from abattoir (up to 800cattle and 400shoats per day)</li> <li>Significant demand in Dar es Salaam and export markets</li> </ul>	<ul style="list-style-type: none"> <li>Machinery and cold storage</li> <li>Some buildings exist already</li> </ul>
<b>Tannery</b>	<ul style="list-style-type: none"> <li>Would process hides and skins from Ruvu's abattoir and butcheries in the region</li> <li>Benefit from government incentives</li> </ul>	<ul style="list-style-type: none"> <li>All buildings and machinery</li> </ul>

# Ruvu Ranch 5/6

Aim is to become a modern hub for livestock production



## Schematic presentation of proposed Ruvu Ranch land use



### Satellite photo of Ruvu's head office



### Existing Potential of Ruvu Ranch

- The ranch is surveyed and NARCO holds a **Certificate for Right of Occupancy** of the land. NARCO) and its partners therefore have full rights to develop and improve the site
- The ranch is **close to Dar-es-salaam**, the main target market and a gateway to the export market
- The ranch is easily accessible via the Dar es Salaam – Morogoro Highway and the Central Railway line which provides **transport facilities** for live animals and livestock products
- For investors in the feedlot and abattoir, it is useful that Ruvu's proximity to Dar es Salaam makes it already a **holding ground for other NARCO ranches and traditional herders**
- The ranch is connected to important utilities such as **water and electricity**
- The ranch has **very few tick borne diseases** and is not exposed to wildlife and therefore has potential of being disease free
- The ranch has **reliable rainfall** and good soils to support growth of varieties of grasses

Kongwa Ranch - 38,200 hectares  
- 80 km from Dodoma

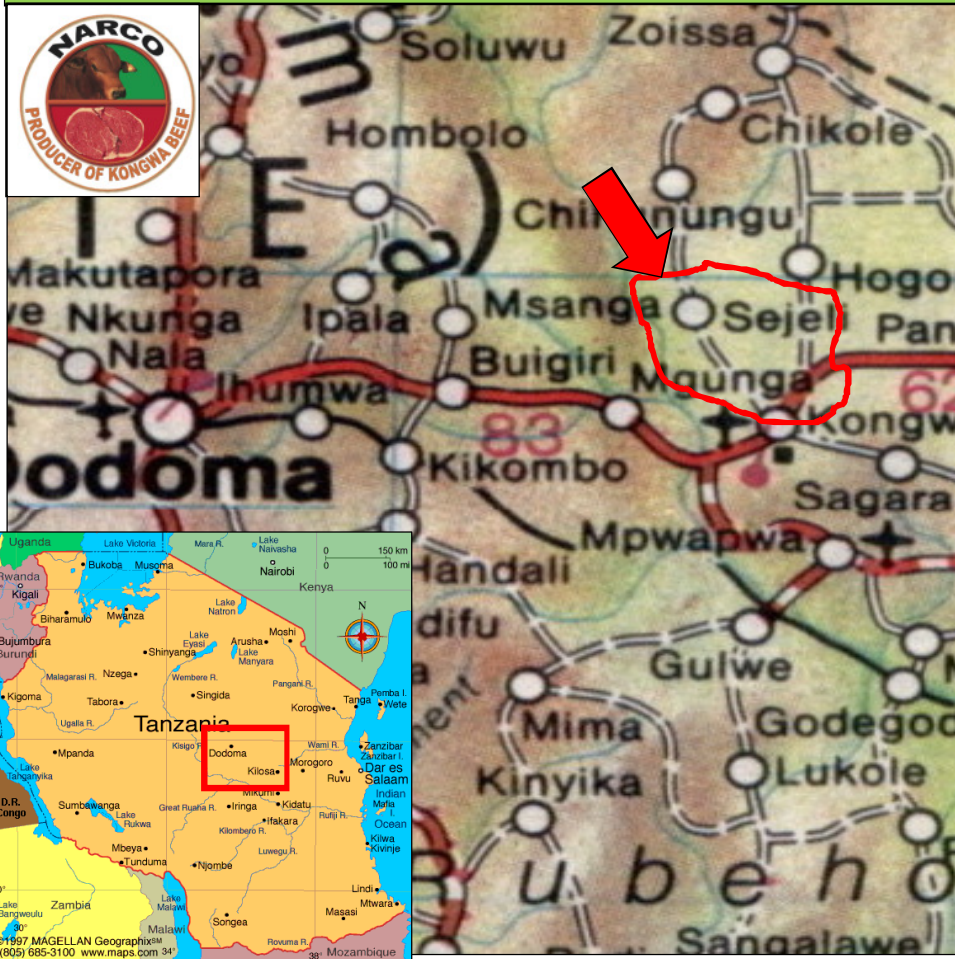


# Kongwa Ranch (1/1)

Already exporting to the Middle East



## Map of Kongwa Ranch



## Facts about Kongwa Ranch

- Kongwa Ranch is located about 80km from Dodoma town
- The ranch has an area of 38,200 ha with a carrying capacity of 14,400 cattle (excluding feedlots)
- Climate is typical of Savannah grassland with mono rainfall pattern of 240-600mm per year. Dominant soils are sandy, loamy, black cotton; and well drained red soils in some areas
- Current population of over 8,300 cattle, 900 goats, 200 sheep and 100 pigs
- Current performance of cattle:
 

Calving rate:	85%
Mortality rate:	1.5%
Weaning rate:	75%
Off take rate:	25%
- The ranch serves the Dodoma abattoir, in which NARCO has a 49% stake; from there meat is exported to the Middle East
- **Investment opportunity:**
  - Feedlot for fattening animals before slaughter
  - Pasture and food crops for feedlot
  - Cattle breeding and infrastructure development to increase livestock population to up to 14,000 cattle
  - Dairy farm to supply Dodoma with dairy products

**The partnership with Dodoma Abattoir offers a reliable market and immense growth opportunities for all investors in Kongwa Ranch**

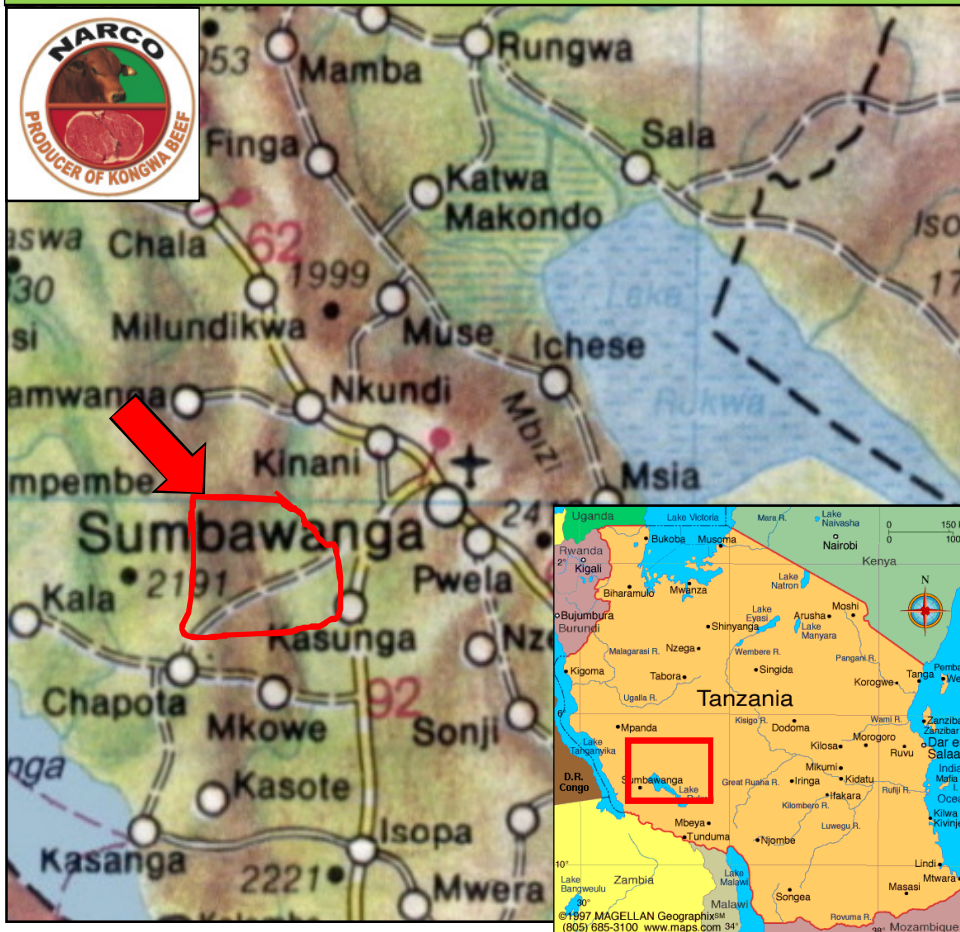
Kalambo Ranch - 23,588 hectares  
- 45 km from Sumbawanga

# Kalambo Ranch (1/1)

Strategic partnership with SAAFI abattoir and TIB



## Map of Kalambo Ranch



## Facts about Kalambo Ranch

- Kalambo ranch is 45km from Sumbawanga. It occupies an area of 23,588 hectares with a capacity to accommodate 8,730 cattle
- Current population of 2,100 cattle, 360 sheep and 12 horses
- It supplies the SAAFI abattoir in Mbeya (50km away) from where the meat is exported to Zambia, DRC and other countries in Southern Africa
- The ranch also operates as a breeding ground for quality heifers for distribution to other farmers
- Kalambo is 1700m-2167m above sea level, has flat grassland with pockets of undulating hills and escarpments to the far western side. Some localized swamps; soils are mainly sand loamy with some black cotton and clay soils
- Yearly rainfall is between 800mm – 1200mm
- **Investment Opportunity:**
  - Feedlot upgrade and operation
  - Increase livestock population within the ranch, with improvement in pasture and water resource to increase the carrying capacity
  - Two investment areas have been designated namely Plot 6-A (10,000 Ha) and Plot 6-B (13,588 Ha)

**A large loan from TIB will allow Kalambo to expand its feedlot and specialise in fattening cattle from across South West Tanzania**

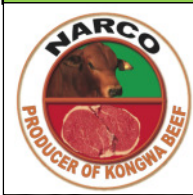
Mkata Ranch - 19,446 hectares  
- 58 km from Morogoro

# Mkata Ranch (1/1)

## Fertile land allow for high stocking rates



### Map of Mkata Ranch



### Facts about Mkata Ranch

- Mkata ranch is 58km from Morogoro town, a few km off the main highway to Zambia. The ranch covers 19,446 hectares with a carrying capacity of 16,600 animals
- The ranch is bordered by the Mkata River on the South West and by Mikumi National Park to the South
- The ranch is suitable for livestock and crop production as it lies in the humid lowland ecological climatic zone at an elevation of 400-460 meters above sea level
- Annual rainfall is above 700mm. The land is dominated by black cotton soil, and red laterite soil. The natural vegetation is mainly woodland and wooded grassland
- Currently the ranch has 2,215 heads of Boran cattle
- **Investment opportunity:**
  - Two investment areas have been designated for cattle breeding, namely plot 4-A (10,000 Ha) and Plot 4-B (9,346 Ha)
  - Feedlot for fattening animals before slaughter
  - Pasture and food crops development
  - Dairy farm to supply Morogoro with dairy products

# SAAFI Abattoir – Subawanga

### Map of SAAFI Abattoir



Source: NARCO, SAAFI

### Facts about SAAFI

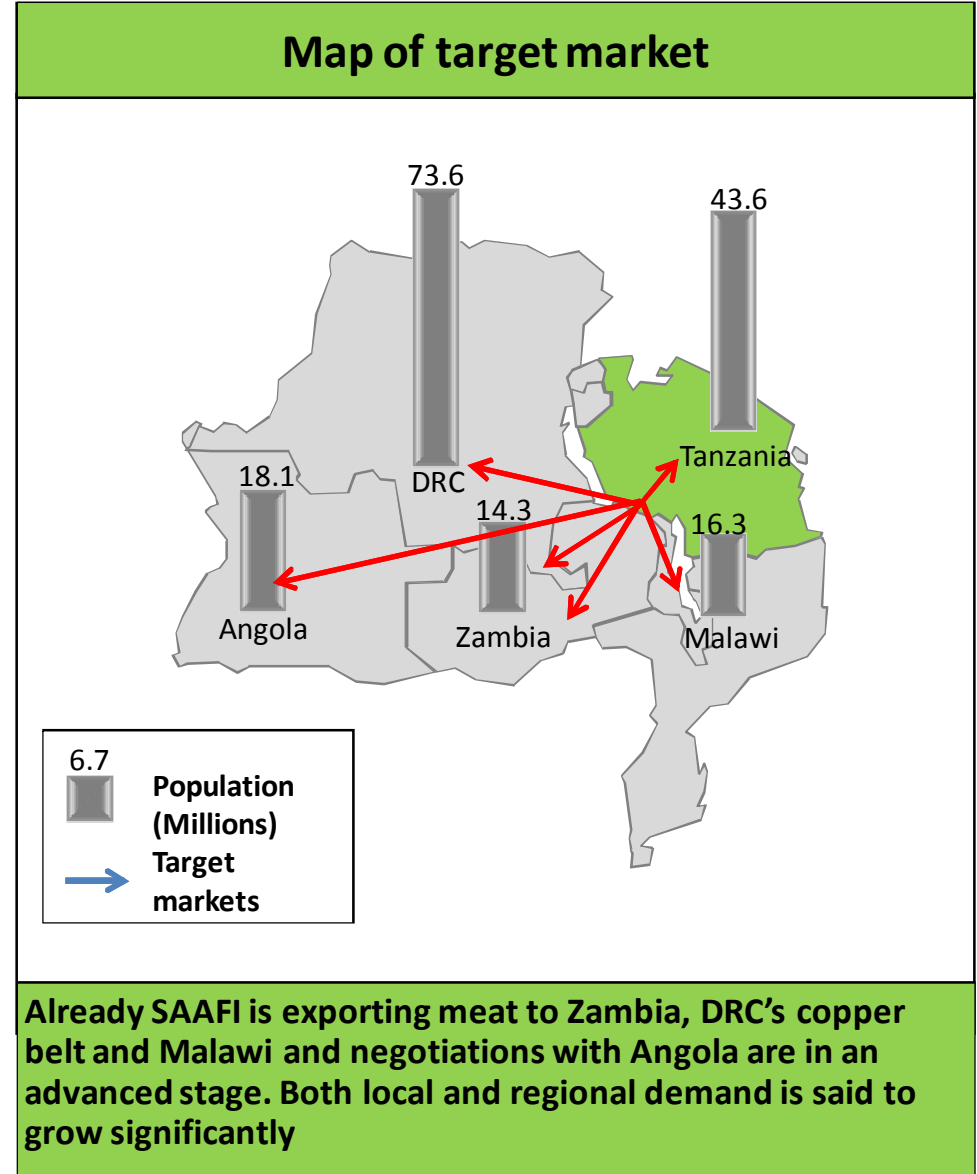
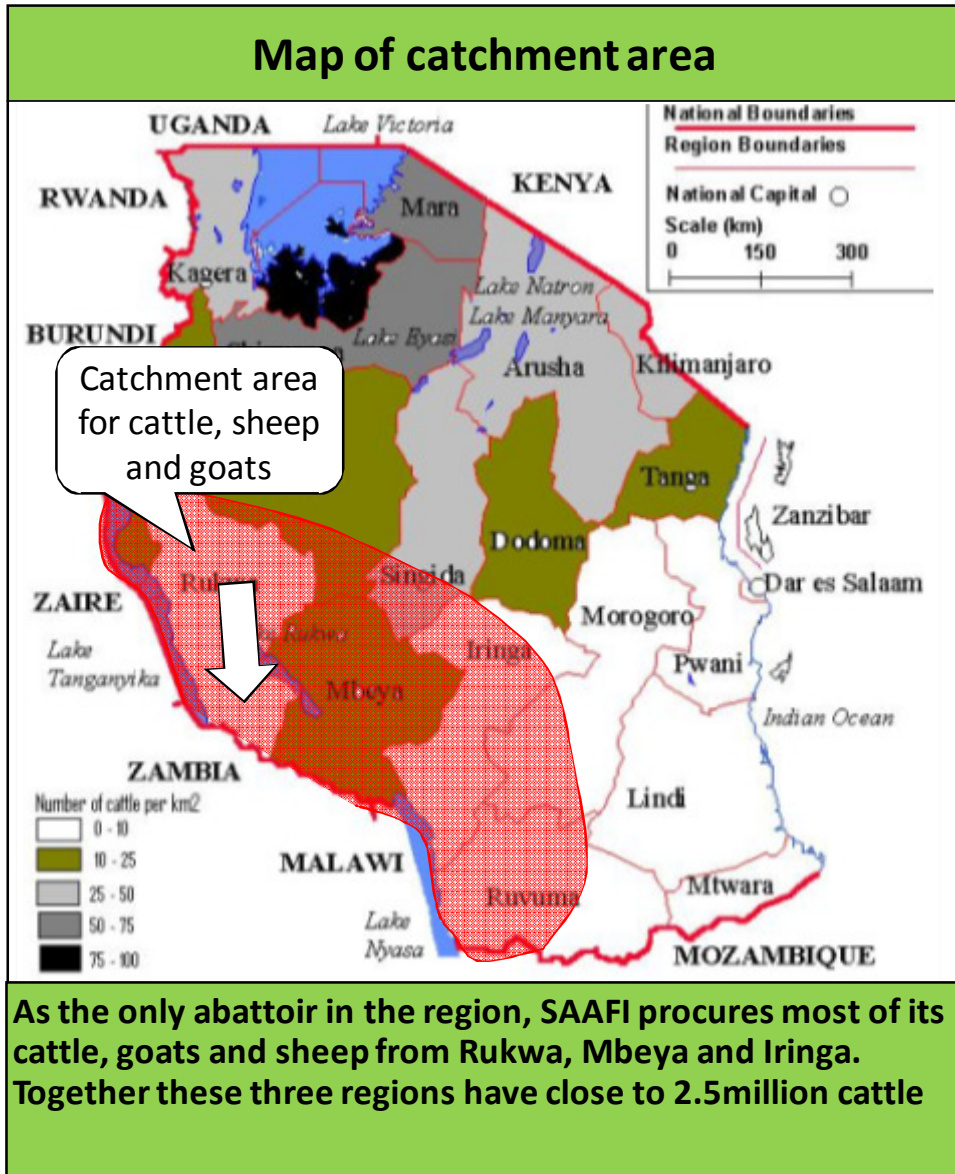
- Sumbawanga Agricultural & Animal Feeds Industries (SAAFI) Abattoir is located in Sumbawanga, in the far South-West corner of Tanzania
- The abattoir has capacity to slaughter 120 cattle/day
- Apart from supplying mines in the area, the main target markets are Zambia (existing agreement with Zambeef for 25t/week) and the Copper Belt in DRC
- Negotiations with the Angolan Army are in an advanced stage and Malawi has also shown interest
- A multimillion investment by the Tanzanian Investment Bank into NARCO's nearby feedlot at Kalambo Ranch should soon boost capacity to 70%

### Investment Opportunity

- With most of the facilities, supply chains and targets markets in place, SAAFI is now looking for an experienced and technically skilled investor to operate the abattoir and meat processing unit
- Significant equity share are available for the investor

# SAAFI abattoir (2/2)

Prime customer and supplier of meat in the region





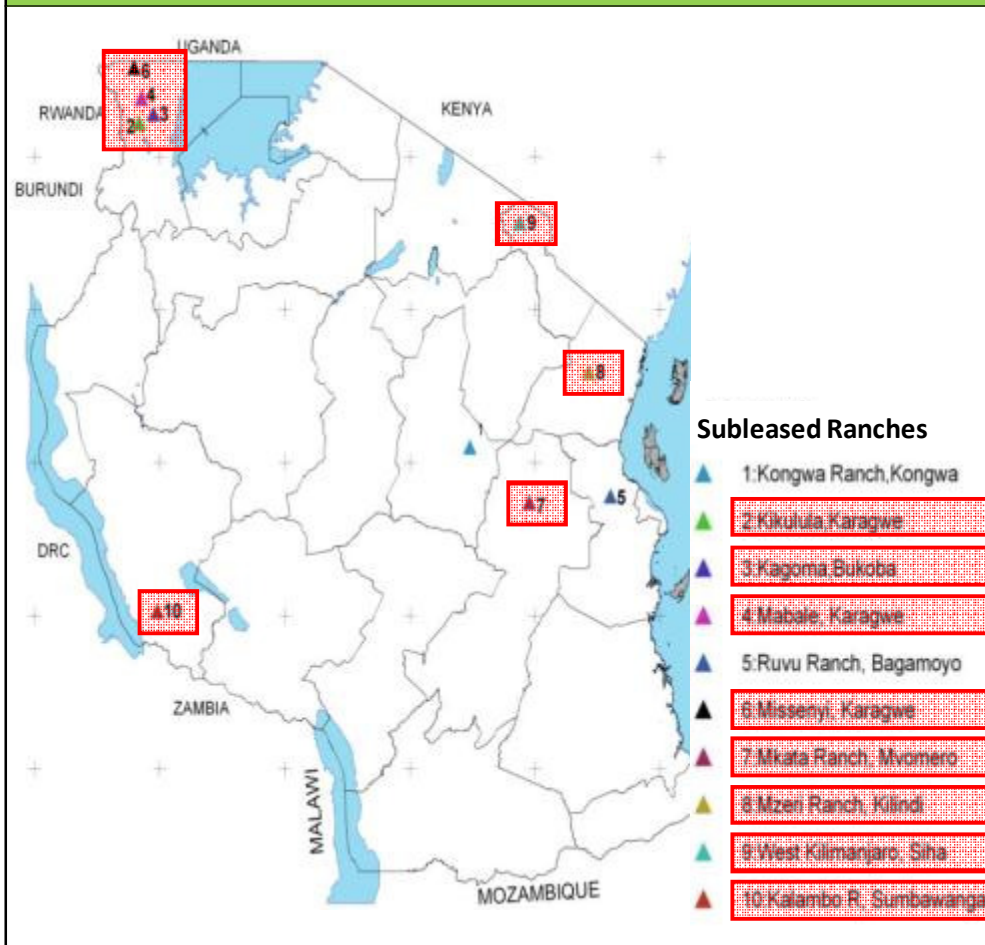
# Medium Size Private Ranches

# Medium Size Private Ranches (1/1)

## Need for partners with capital and skills



### Location of 124 private ranches



### Investment Opportunity

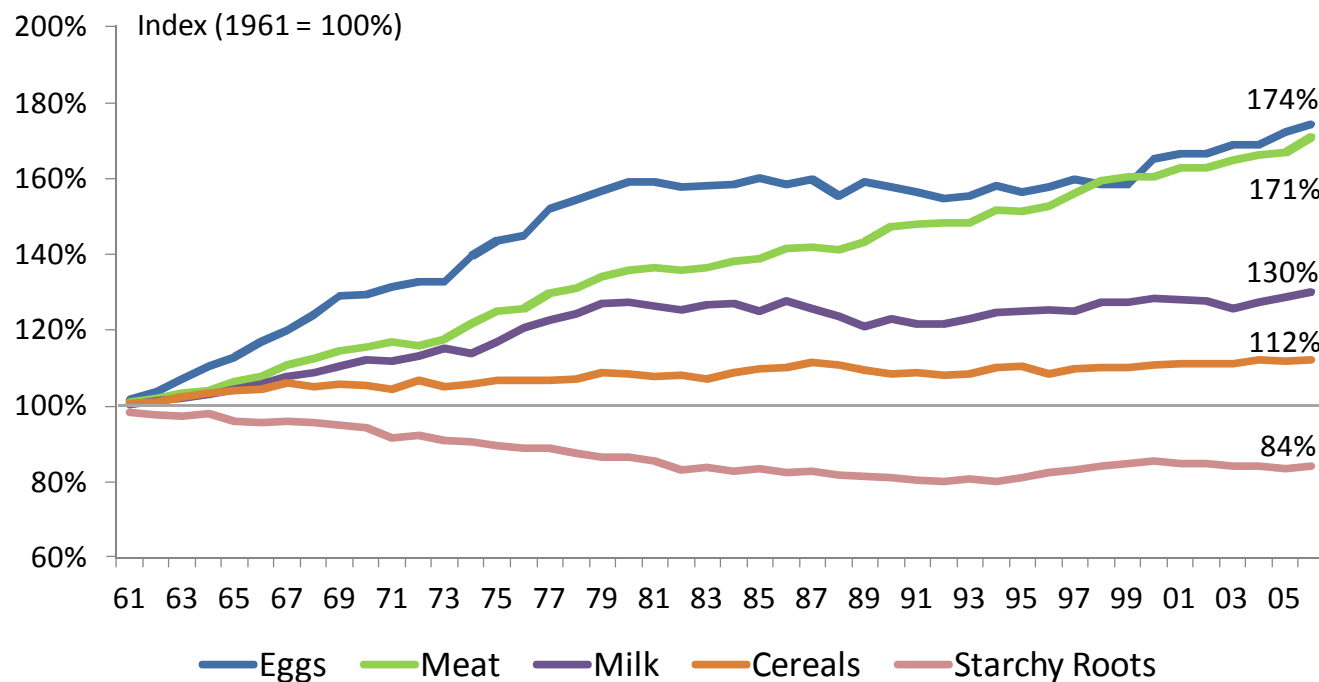
- NARCO has subdivided 290,000ha of prime ranch land into 124 medium sized ranches of between 1500-4000ha each
- These have leases for the long term to individual private investor (mostly local)
- A number of these ranchers are now looking to partner with experienced farmers to acquire additional skills and expand their investments
- Some 50 farmers have indicated their willingness to exchange equity stakes in their operations for this purpose
- The opportunity would be ideal for small to medium sized investors who could partner with one or more of these farmers
- NARCO and the TIC can assist in identifying the most suitable farms for the specific requirements of each investor

**Investment opportunities are mainly in ranching and feedlots, but could also be in the form of outgrower programmes for abattoirs**

## *Appendix 2:*

### *Additional market information*

## Per capita consumption of major food items in developing countries, 1961-2006



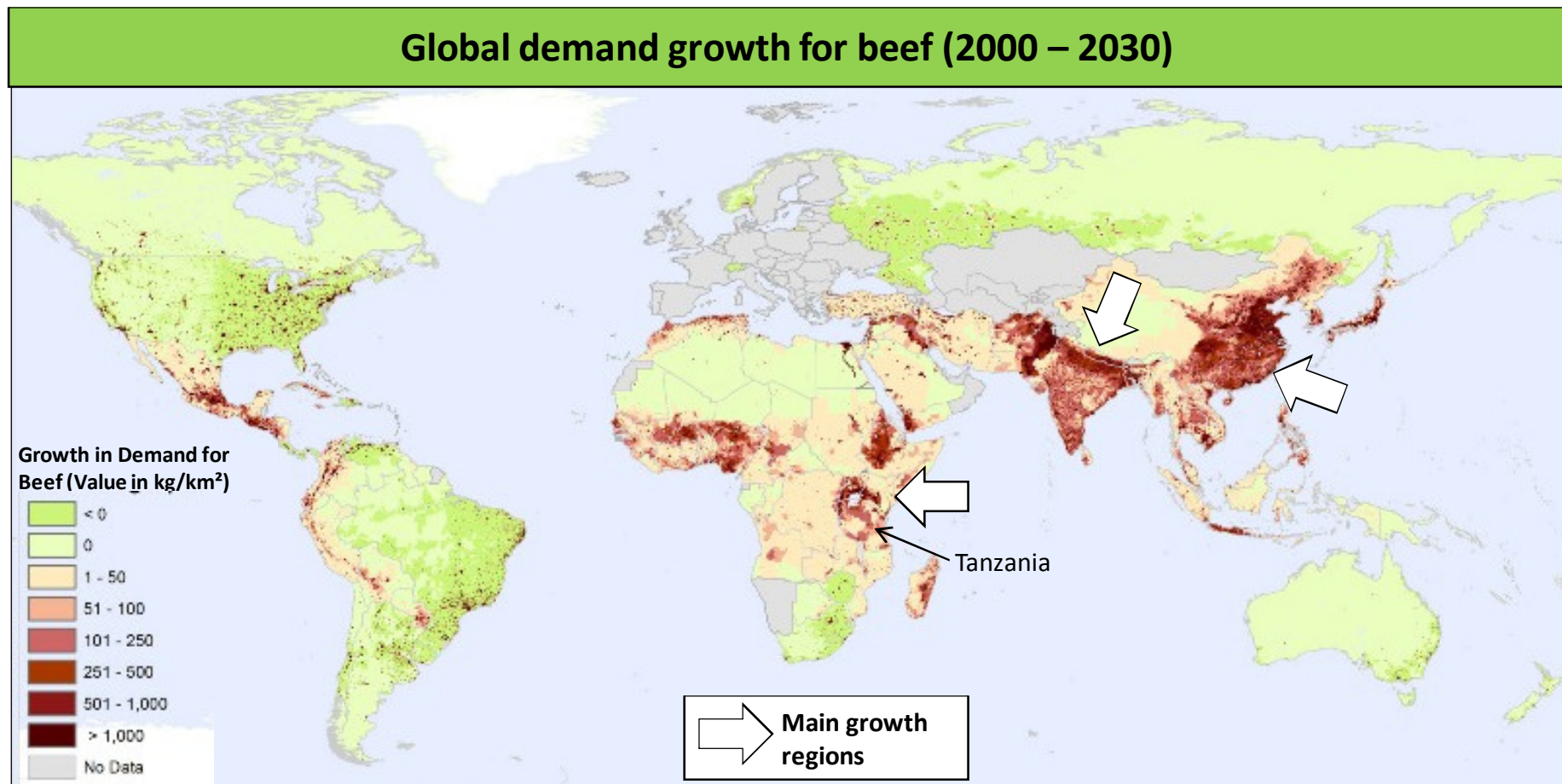
## Comments

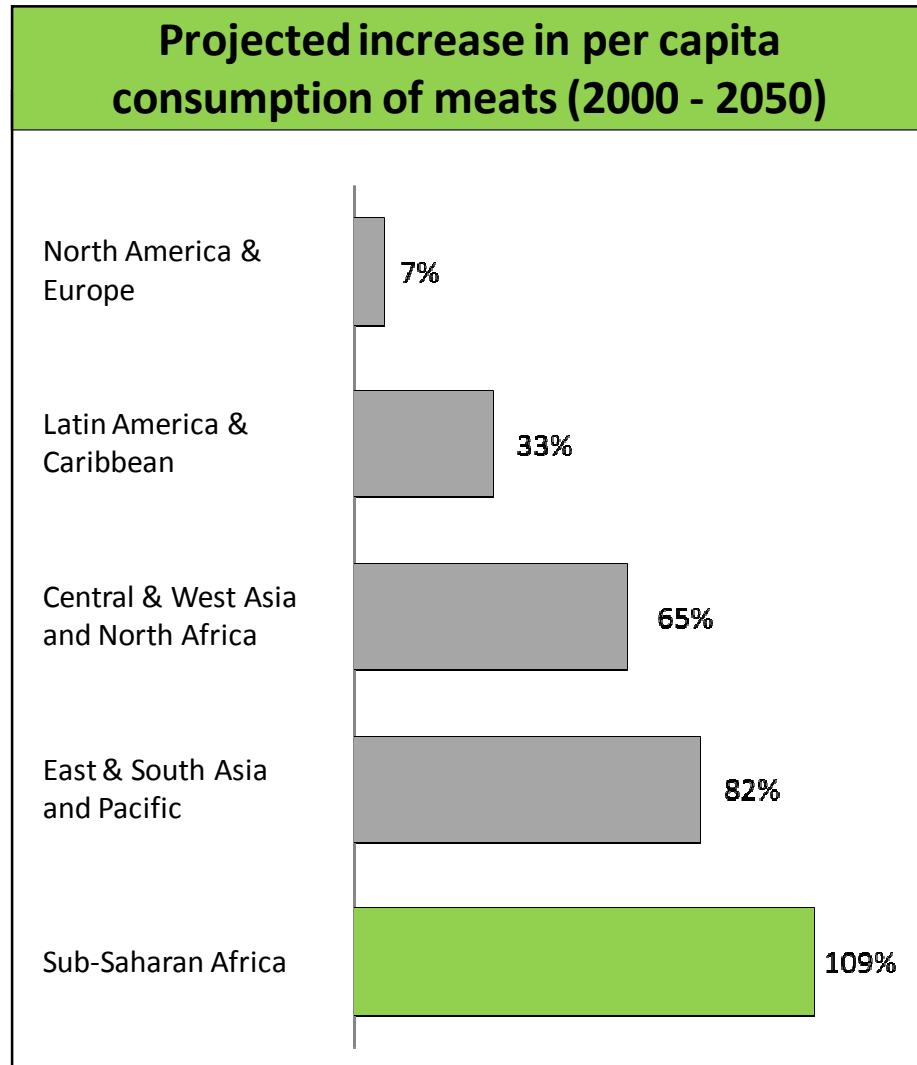
- Growth in demand for livestock products has outperformed that of most other food products
- In developing countries, per capita consumption of eggs and meat over the last century has increased by over 70%
- This trend is expected to continue in the future

## Strong future demand will come especially from countries in Africa and Asia



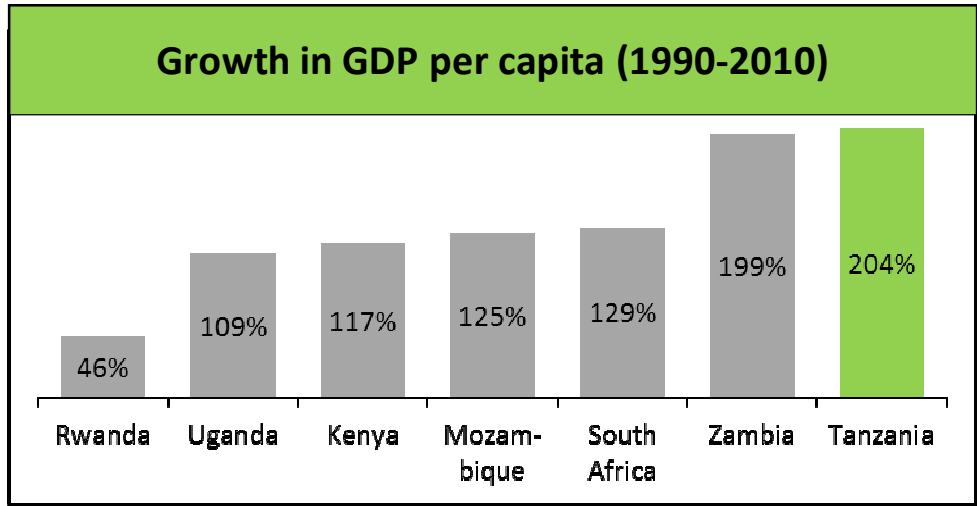
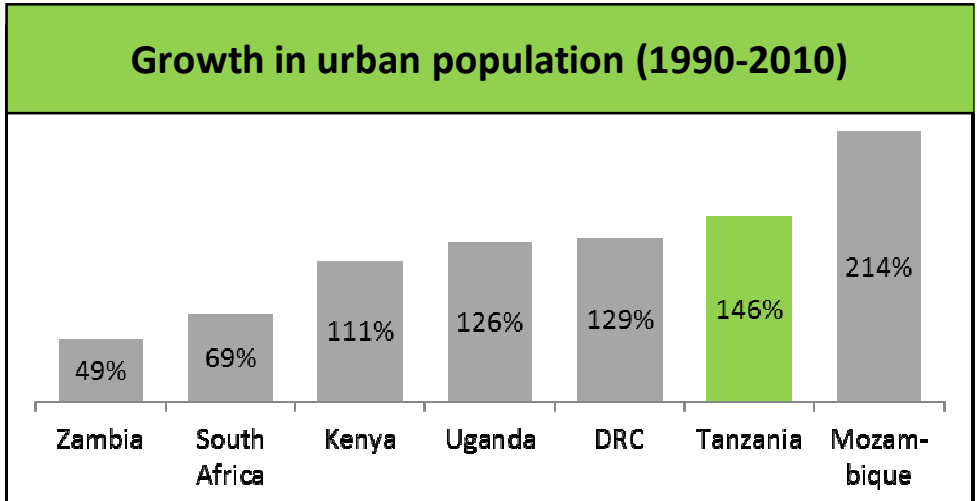
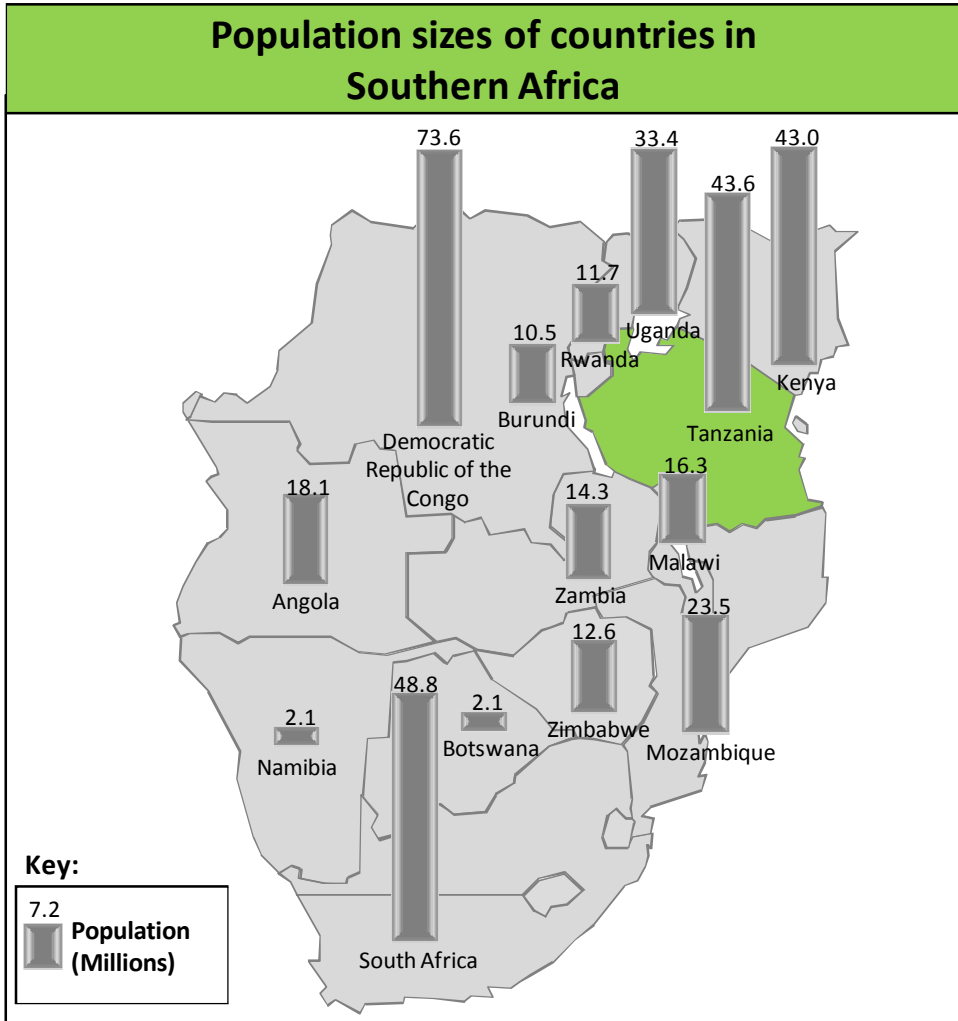
- Global consumption of meat, is expected to rise nearly 73% by 2050
- As available land and resources become scarce, meat prices are expected to increase
- Well positioned meat producers will be the biggest beneficiaries of this trend



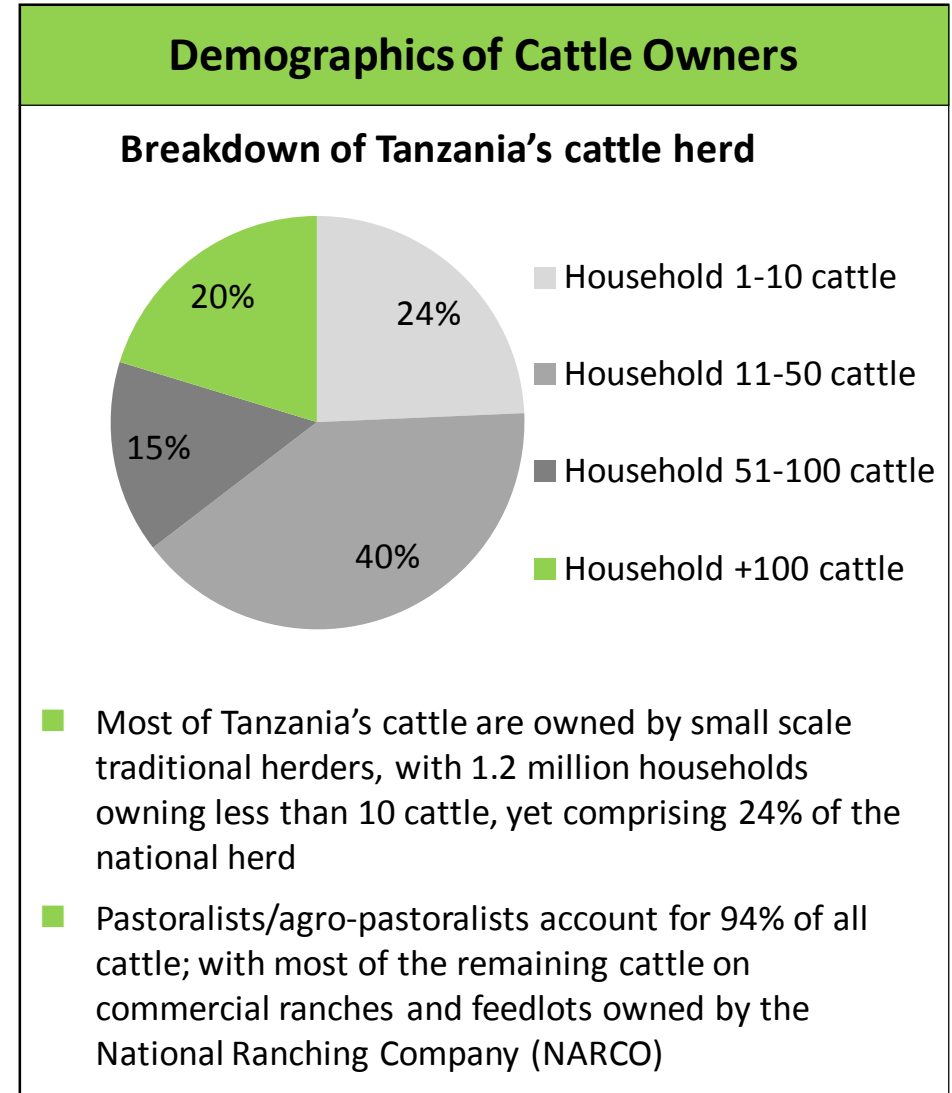
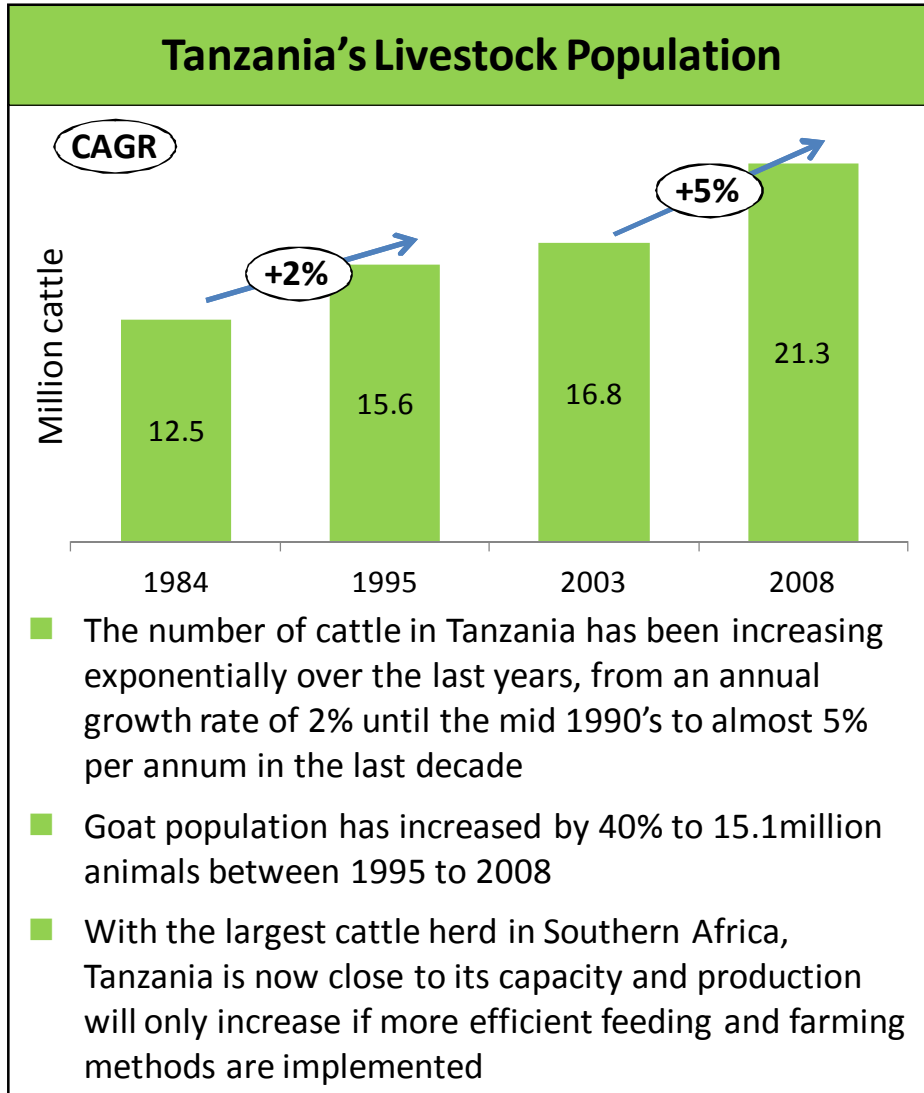


- Projected increase in per capita consumption of meats (2000 - 2050)**
- Meat consumption across Africa is expected to more than double in the next decades
  - With a projected 22kg per person per year, Africa's meat consumption will however remain well below that of other continents (e.g. Europeans and North Americans consume 89kg/year; and even in Central Asia per capita consumption will be around 33kg/year)
  - FAO recommends annual meat consumption of 50kg per person – most developing countries are still significantly below this threshold

# Increasing income levels and urbanisation are driving demand in Southern Africa



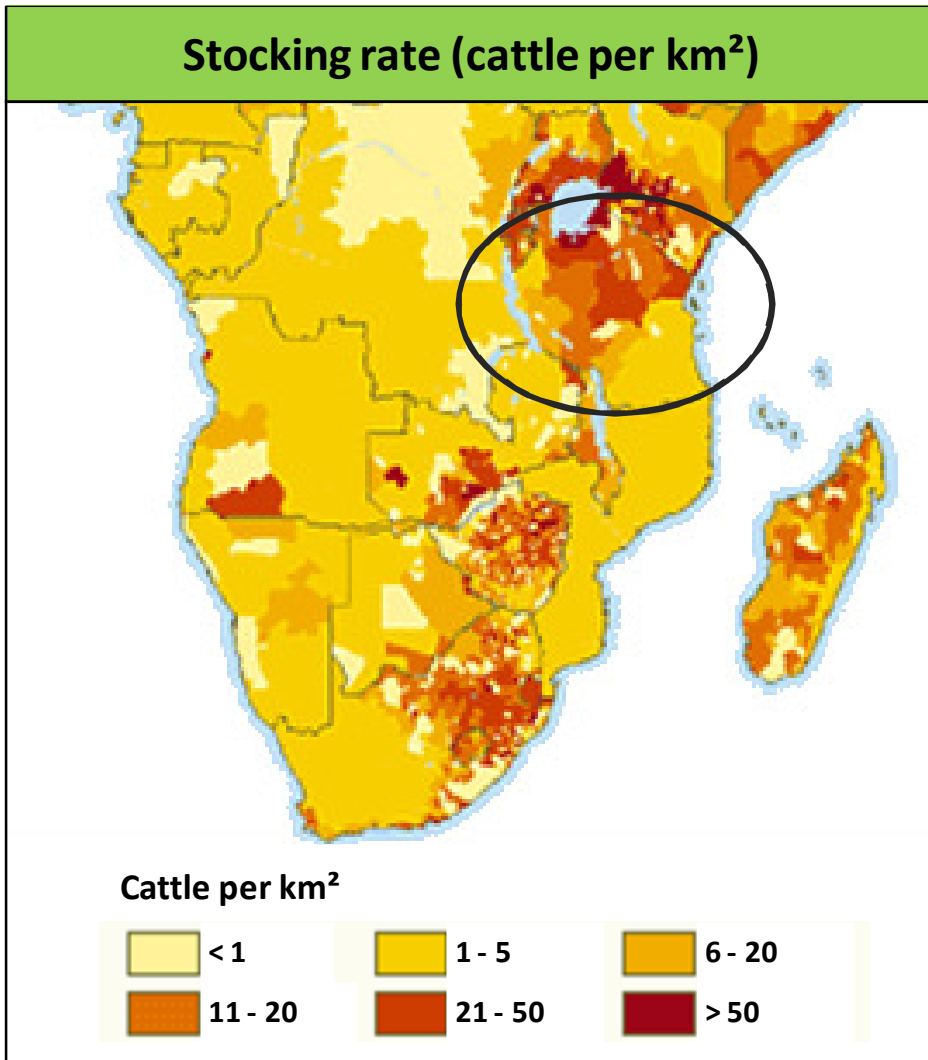
**With rapid economic growth in the region, this growing demand for livestock products is expected to accelerate further**





## *Appendix 3:*

*Information on Tanzania's assets for livestock operations:  
stocking rates, agroclimate, and institutions*



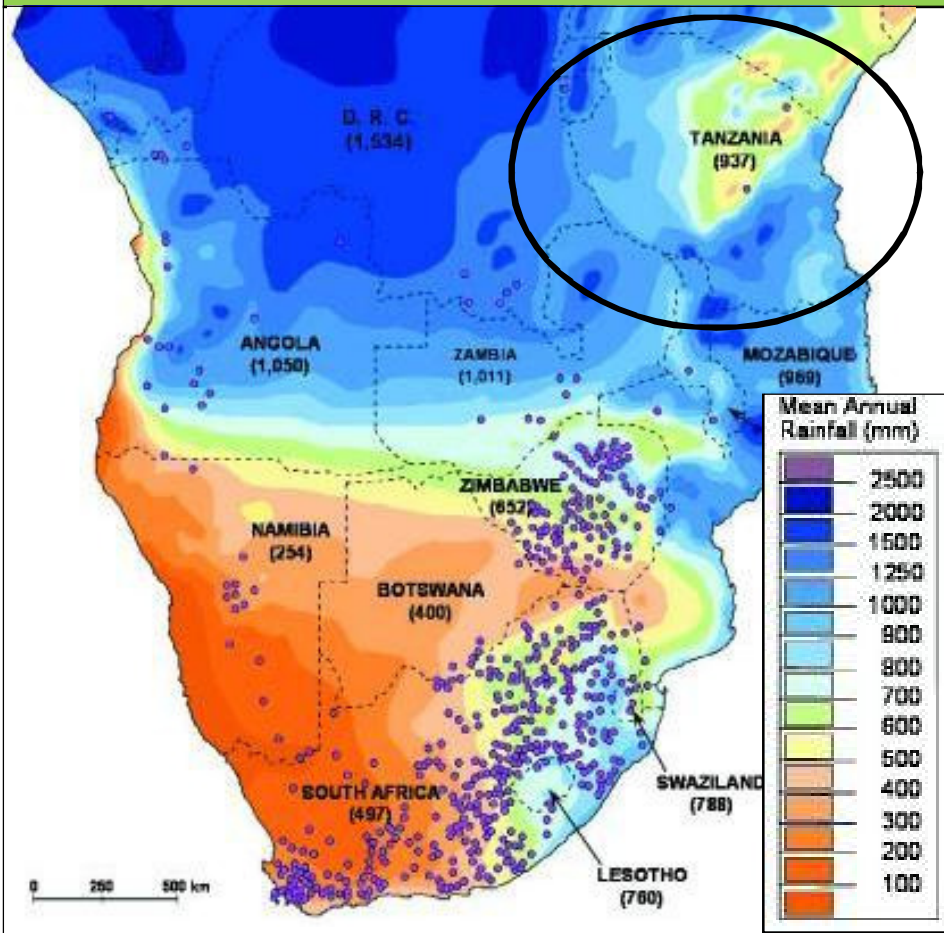
### Comments

- Tanzania has an average stocking rate of 1 cattle per 3 hectares (even higher for goats and sheep)
- This is substantially better than other major meat producing countries in Africa, especially large commercial beef producers such as South Africa (6 ha/cattle) or Namibia (10 ha/cattle)
- High stocking rates indicate the availability of more pasture/ nutrition and mean that less land and infrastructure is required to keep the same number of animals

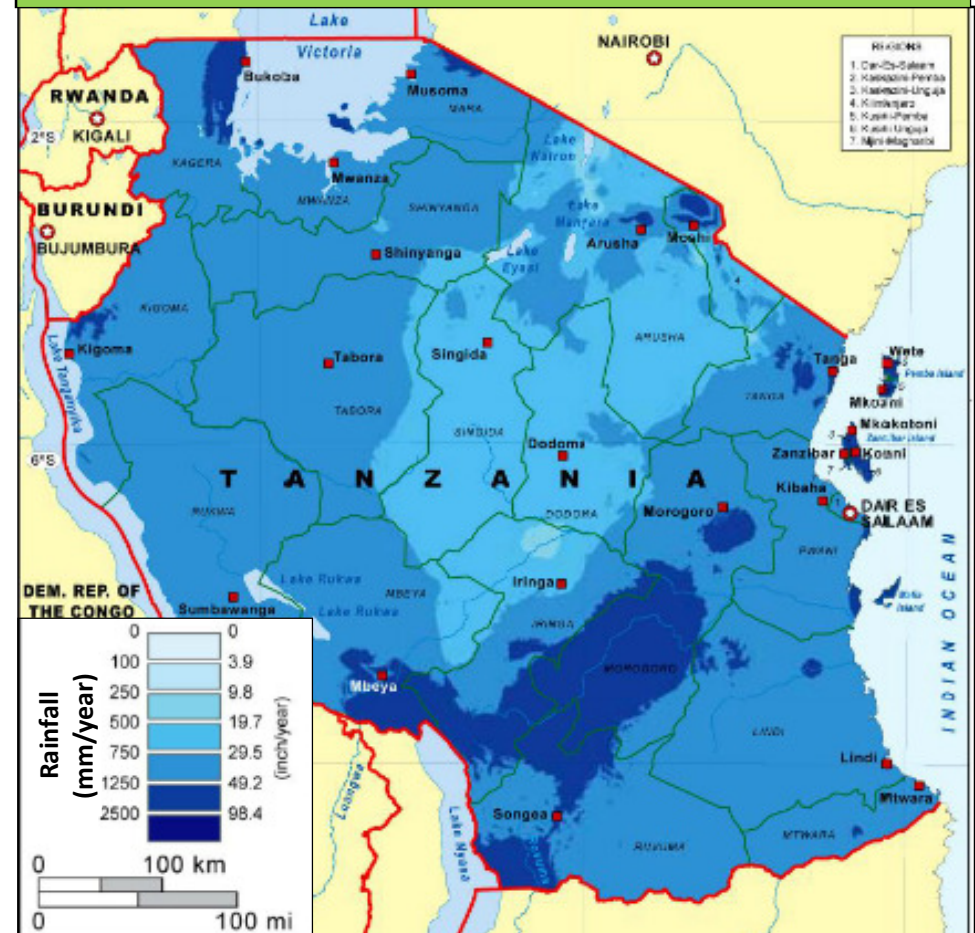
# Tanzania's average rainfall is much higher than that of Africa's main commercial beef producers



## Rainfall across Southern Africa

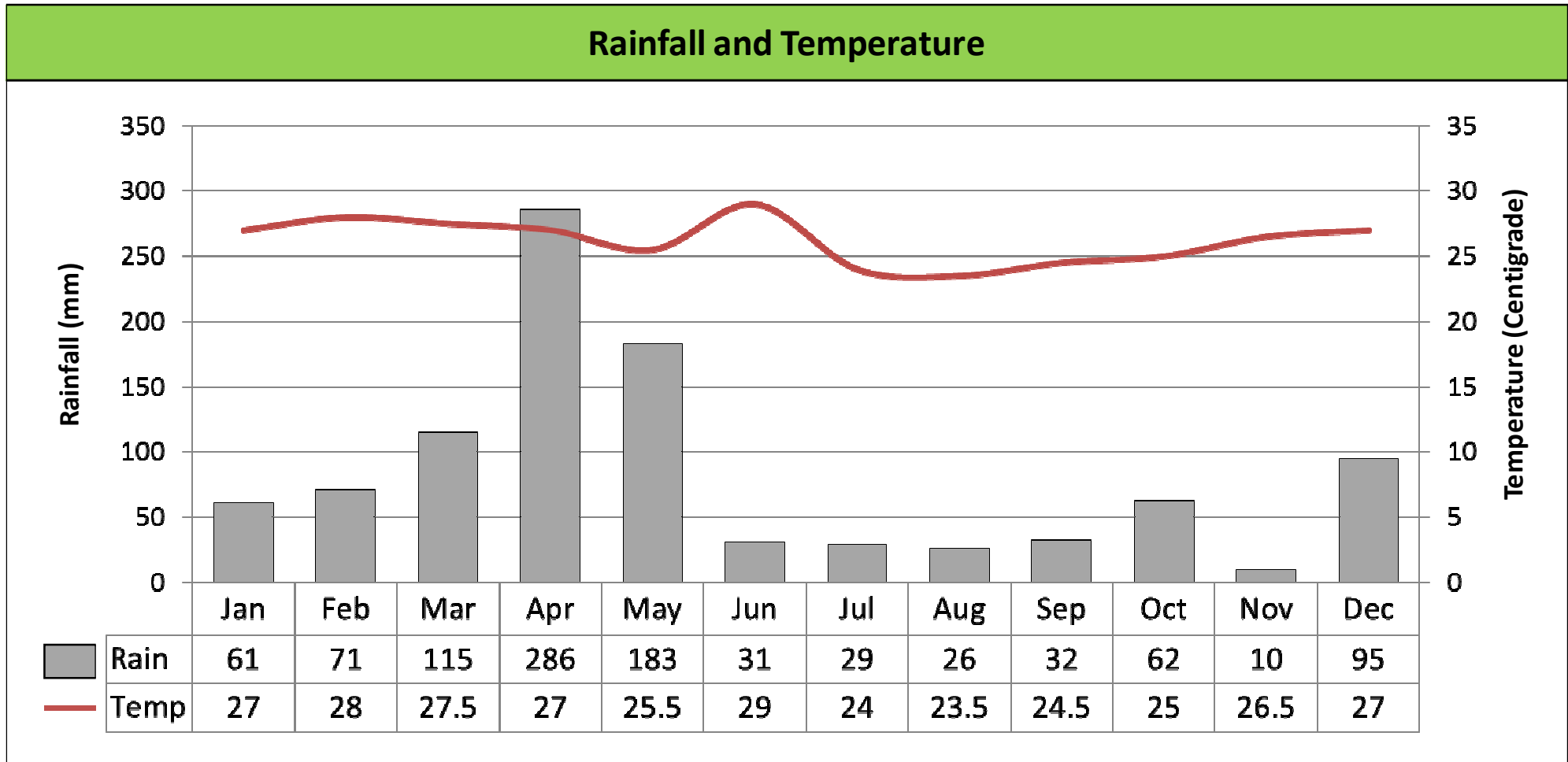


## Rainfall across Tanzania

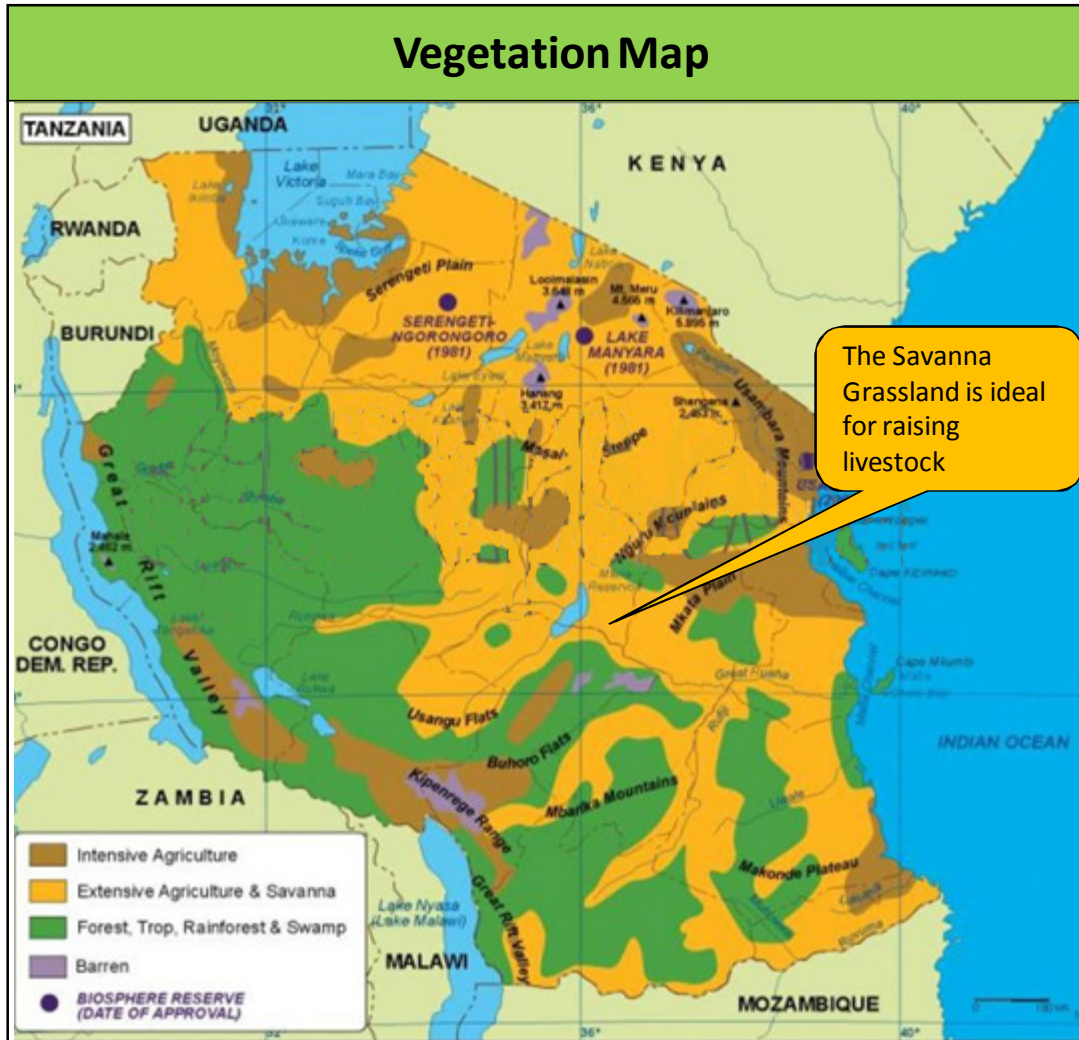


● Position of dams with capacity greater than 2mil m<sup>2</sup> or dam wall +15m

The main rainy season is between March and May, but temperatures stay constant all year round




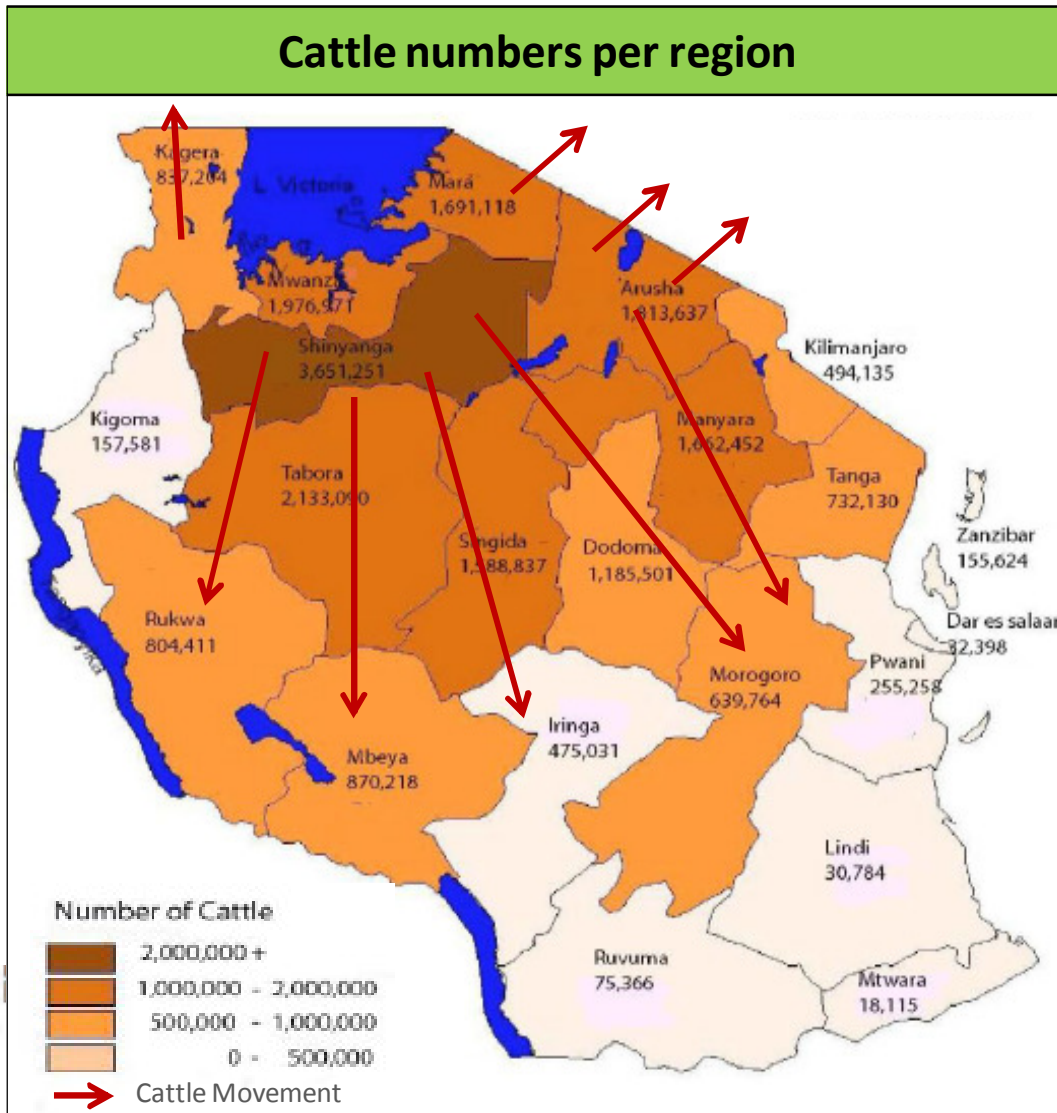
**Temperatures and rainfall in most areas are ideal to grow maize for the operation of feedlots**



### Comments

- Most of the earmarked ranch land is flat grassland with pockets of undulating surfaces characterized by hills and escarpments
- Soils are mainly sand loamy with some black cotton and clay soils around swamp
- The dominant grass species include *Digitaria spp*, *Themeda triandra*, *Exothea aristida*, *Sporobolus spp* with some *Eragrostus spp*.



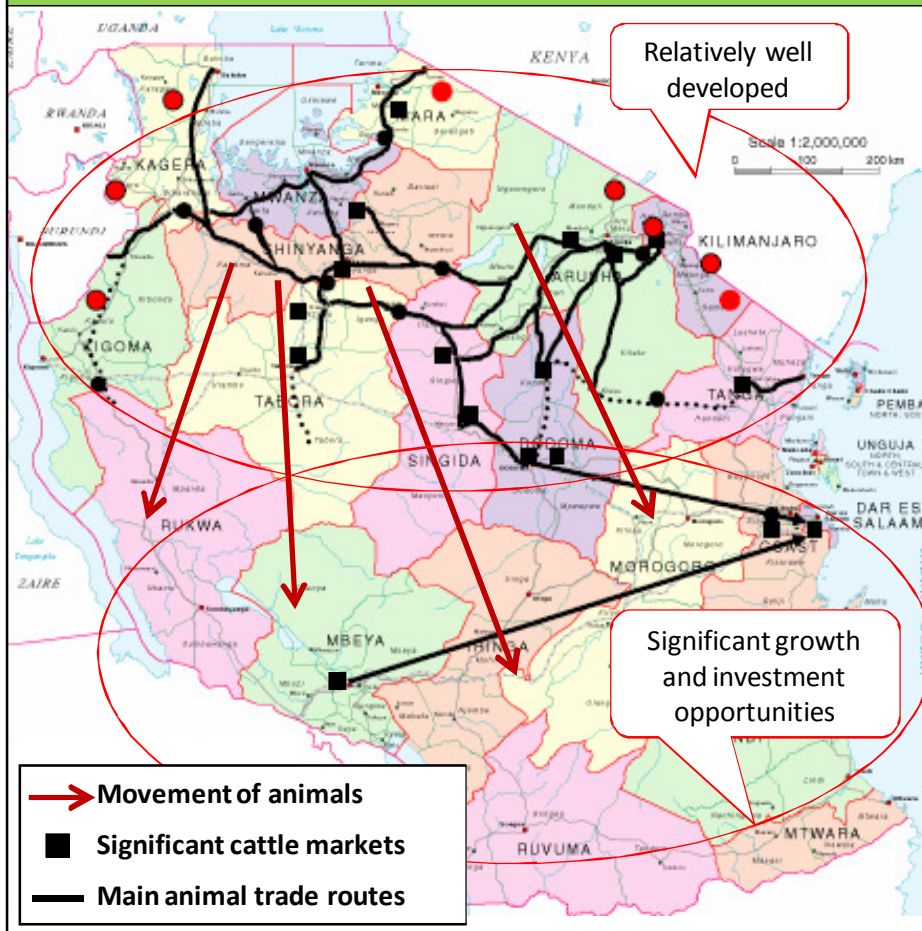


- ### Comments
- Out of Tanzania's 88.6 million hectares of land, 60 million ha are rangelands
  - This rangeland has a carrying capacity of over 21 million Livestock unit (LU) and provides over 90% of the feed resource for livestock
  - The greatest population of livestock in the country is found in the lake, northern and central zones
  - Due to the high human population density in the north and overgrazing, many herders are migrating to the southern and coastal regions

### Current livestock population

Livestock	Quantity (million)
Cattle	21.3
Goats	15.6
Sheep	6.4
Pigs	2.4
Chicken	53.1

## Marketing infrastructure network



## Livestock marketing infrastructure

- Small traders buy animals from producers across some 300 primary markets
- From here animals are typically herded to one of the 10 secondary markets in Arusha, Dodoma, Singida, Tabora, Shinyanga, Kagera, Mwanza, Mbeya, Mara
- The largest markets are the 4 terminal markets located close to areas of major consumption: Pugu in DSM, Thembi in Arusha, Weruweru in Kilimanjaro and Korogwe in Tanga

## Veterinarian Infrastructure

- Animals are only allowed to be moved if they have the necessary vaccinations and a valid moving permit
- A number of veterinary checkpoints located at regional boundaries and natural barriers (major rivers) inspect all animals
- The government is paying for regular vaccinations of all animals to prevent the spreading of diseases

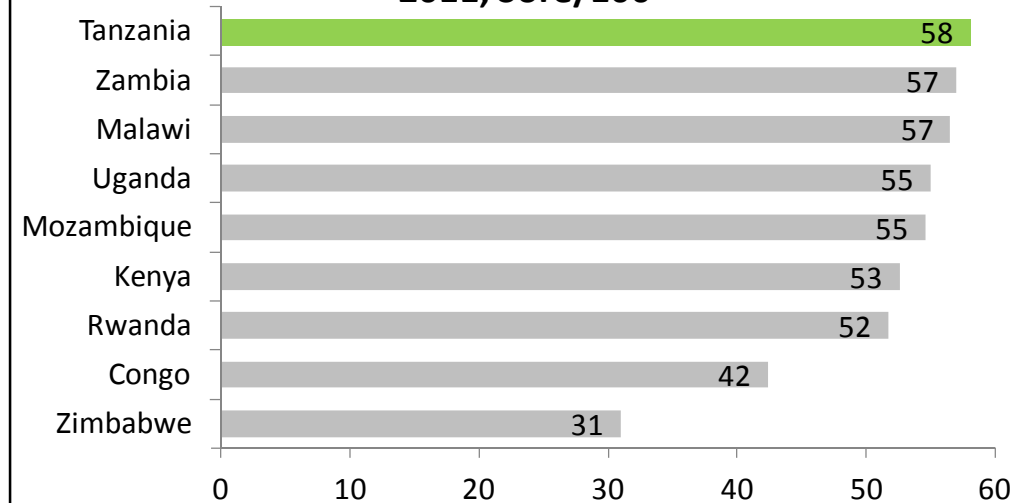
## *Appendix 4:*

*Additional information on Tanzania's business environment  
and support for investors*

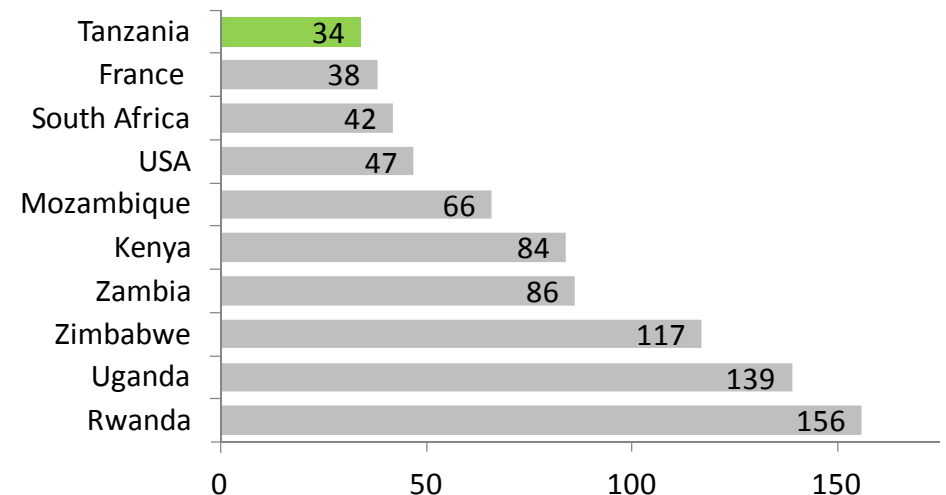


- Tanzania is a **stable, multiparty democracy** with a President, Parliament and independent executive and judiciary
- It has been without civil war or tribal rivalries since independence in the 1960s as **media and opposition parties** are able to operate freely and challenge the ruling party openly
- **Presidential elections** are held every 5 years and as President Kikwete is stepping down in 2015, the tradition of free and fair elections between different candidates and parties should continue
- **All the major parties** are committed to maintaining the current emphasis on growth through economic liberalization, private sector development and international openness
- According to Transparency International, Tanzania ranks as one of the **least corrupt countries** in the region

**Ranking of countries in Mo Ibrahim Governance Index, 2011, Score/100**



**Ranking of countries in Global Press Freedom Index, 2011, Rank**

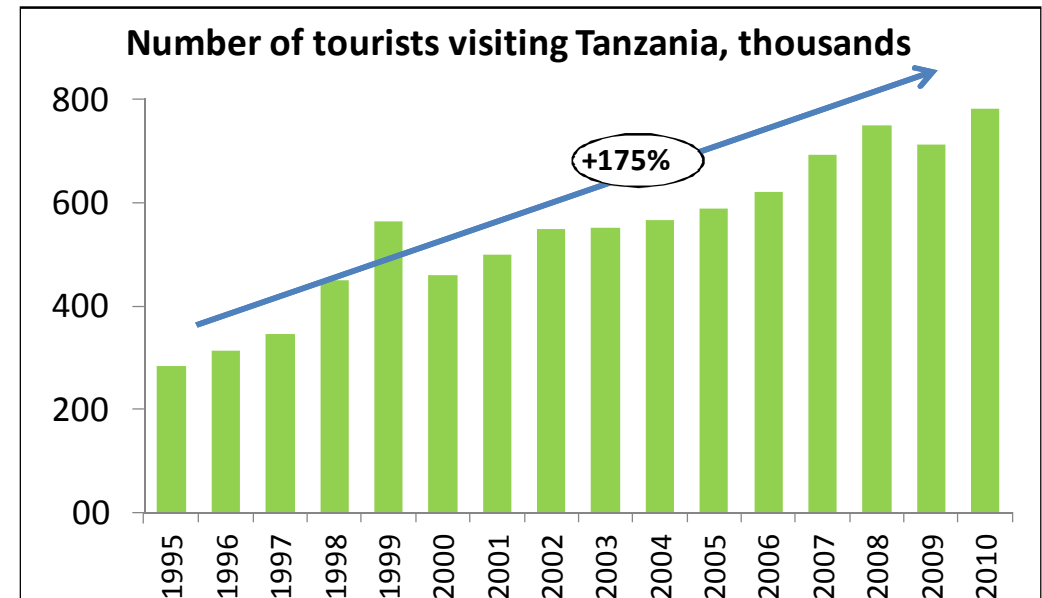
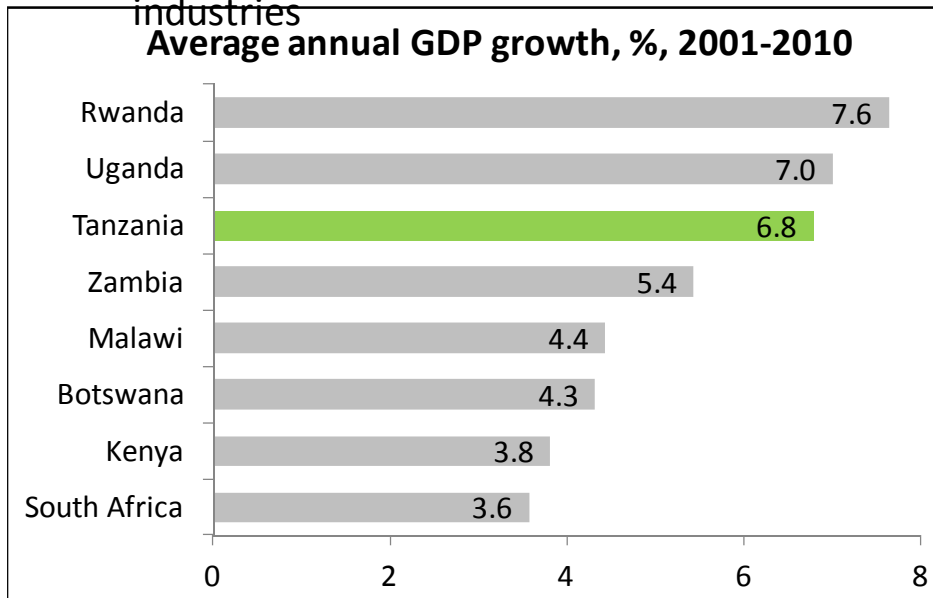


## Its economy is among the fastest growing in the region

- With GDP growth averaging 7% per year, Tanzania is one of the fastest growing economies in East Africa
- Other growth indicators over the last decade:
  - The number of tourists to Tanzania has grown by more than 70% to 780,000
  - Consumption expenditure has grown by 96%
  - The number of cell phone subscribers has increased from 110,000 to 21 million
  - FDI of more than US\$5 billion has been invested in agriculture, mining, consumer goods and other industries



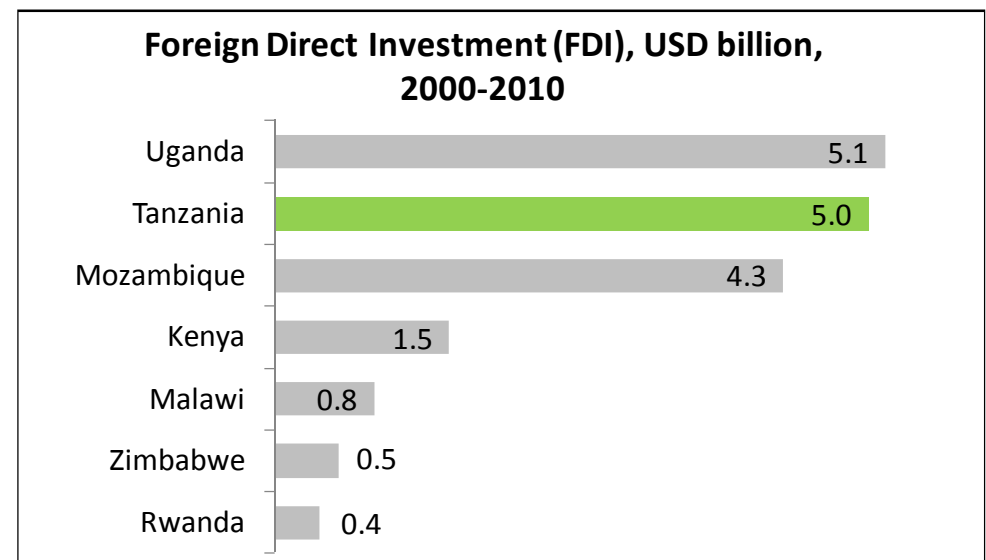
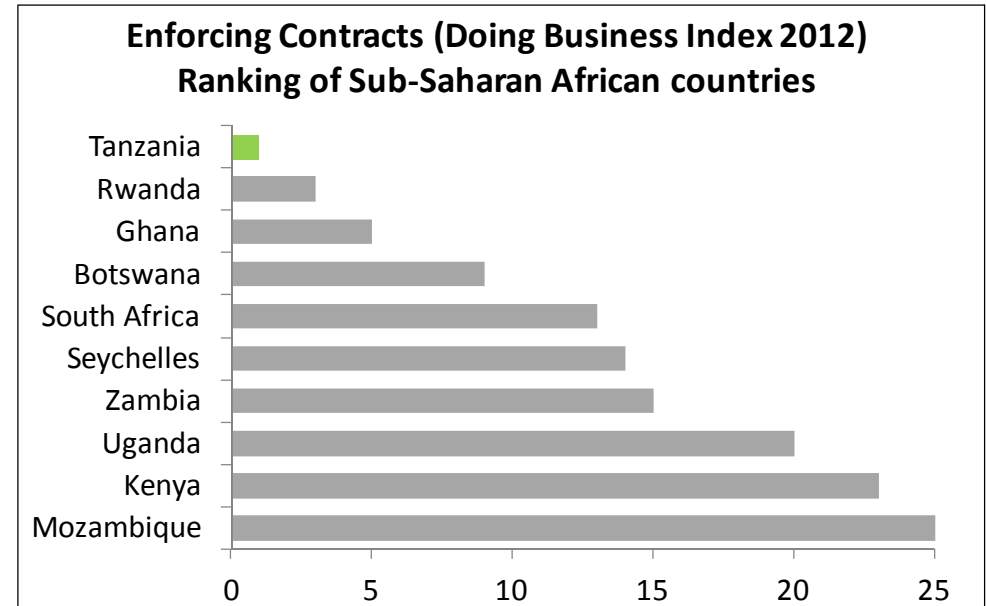
Dar es Salaam



# The Government is committed to economic growth through private sector development



- Ever since the mid 1990s Tanzania has followed a path of **liberalisation and privatisation**. It has welcomed foreign investment and managed to attract more **FDI** than Kenya or Rwanda, particularly in areas such as agriculture, tourism, mining and consumer goods
- The government is continuing to pursue **Public Private Partnerships (PPP)** for infrastructure, agriculture, energy and other strategic investments. Privatisation and modernisation of key assets is a main focus area
- Relative to the rest of Africa, Tanzania continues to be competitive in the World Bank's **Doing Business Index**. In the category "enforcing contracts" Tanzania is the best performing country in Sub-Saharan Africa
- **Policies and laws** defining incentives for investment are continuously being updated and improved



# Tanzania's location and strong infrastructure provide good connectivity to regional and global markets



**Port in Dar es Salaam**



**National Power Grid**



**Tarred Roads**

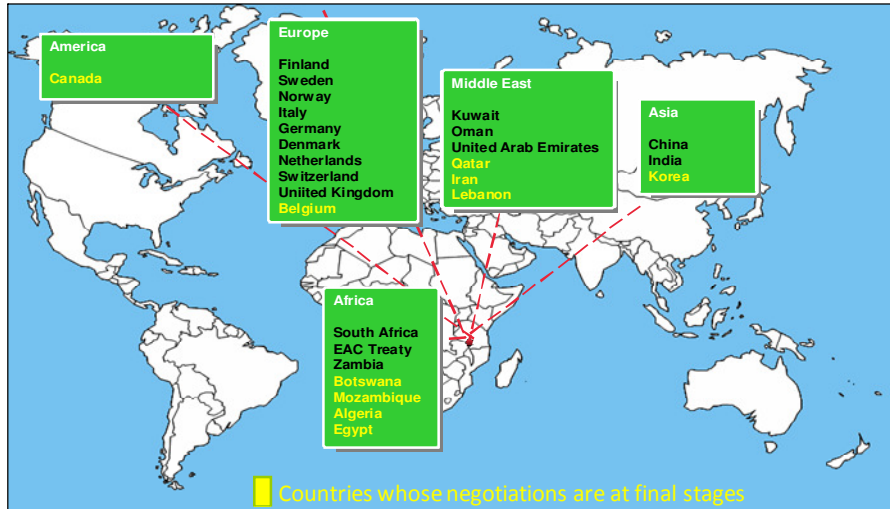


- Tanzania is ideally located on the east coast of Africa to serve growing markets in the Middle East and Asia, and an essential lifeline to its six landlocked neighbouring countries
- A network of railways and tarred roads across the country offers all major economic centres access to the international airports and the deep water port in Dar es Salaam
- Currently Tanzania has 2 international airports (21,000 international flights p.a.), one deep water port (handling 430,000 containers p.a.), and two major railway lines linking the coastal regions with the hinterland all the way to the Great Lakes and Zambia
- Government, donor organisations and large mining companies continue to invest heavily to improve the existing infrastructure (e.g. tenders for constructing 10,000km of new roads are closing in mid 2012, eight airports are to be upgraded, drive to double rural electrification, expansion of ports in Tanga and Mtwara)

# A number of international agreements guarantee and enhance investment



## Double Tax Agreements:



## Selected Trade Agreements:

- East African Community (EAC) Treaty
- Southern Africa Development Community (SADC)
- Trade and Investment Framework Agreement with USA
- African Growth and Opportunity Act (AGOA) with USA
- Everything But Arms (EBA) with the EU
- A number of bilateral agreements with the UK, South Africa and a range of other countries
- Preferential market access to China (4,000 items)
- Other bilateral and multilateral arrangements: World Trade Organization (WTO), African, Caribbean Pacific (ACP), United Nations Development Programme (UNDP)

- **International Agreements:** Tanzania has signed a number of multilateral agreements such as the Multilateral Investment Guarantee Agency (MIGA) and International Centre for Settlement of Investment Disputes (ICSID). Bilateral agreements are in place with all major trading partners and double tax agreements with more than 20 countries have been signed
- **Non-Discrimination:** foreign investors have the same rights and privileges as local investors
- **Repatriation of Funds:** Transfer of funds through any authorized bank in freely convertible currency is allowed for net profits, repayment of foreign loans, royalties, fees charges in respect of foreign technology, remittance of proceeds and payment of emoluments, etc.
- **Foreign Ownership:** foreign investors are not obliged to have a Tanzanian partner in their investments– the capital can be 100% foreign
- **Dispute Resolution:** for all investments by foreign nationals, Tanzania is a member of the International Court for Settlement of Investment Disputes (ICSID), and the Tanzanian Investment Act and a range of bilateral agreements warrant a fair and transparent procedure

## TIC Overview

- The Tanzanian Investment Centre (TIC) provides a one stop facility to all investors, offering:
  - Investment Promotion
  - Investment Facilitation
  - After Care Services to Investors
  - Linkage With Other African Economic Blocks e.g.: SADC
- Senior officers from Government or its executive agencies have been permanently stationed at TIC, including representatives from:
  - Lands Department
  - Tanzania Revenue Authority (TRA)
  - Immigration Department
  - Labour Division
  - Directorate of Trade
  - Business Registration & Licensing Agency (BRELA)



### Awards:

- 2005 - Best Investment Promotion Agency in Sub Saharan Africa (By Africa Investor)
- 2006 - Best country of the future (By Financial Times)
- 2007 - Best Investment Promotion Agency in the world (by UNCTAD/WAIPA)
- 2008 - Gold Award for Innovative Management in Africa ( By AAPAM)

## Tanzania Investment Act

### ■ Fiscal incentives

- Import duty and VAT exemption on project/capital goods
- Import Duty Draw Back Scheme: Refund of duty charged on imported inputs used for producing goods for export and goods sold to foreign institutions like UN and its agencies operating in Tanzania

### ■ Non-fiscal incentives

- Immigration quota of up to 5 people
- Guaranteed transfer of:
  - Net profits or dividends of the investment
  - Payment in respect of foreign loans
  - Remittance of proceeds net of all taxes and other obligations
  - Royalties fees and other charges
  - Payment of emolument and other benefits to foreign personnel

### ■ Strategic Investor Status

For a big project of over US\$ 20 million offering specific/great impact to the society or economy, Investors can request for special incentives from the Government

### ■ Import Duty Draw Back Scheme

Refund of duty charged on imported inputs used for producing goods for export and goods sold to foreign institutions like UN and its agencies operating in Tanzania

### ■ Other Incentives:

- Export Processing Zones Act 2002
- Mining Act 1998; Petroleum Exploration and Production Act 1980
- Special Economic Zones Act 2005

## Robust legal and regulatory frameworks are in place to support agribusiness projects



- The country allows long term land-leasing by both foreign and local investors
  - Communities and villages exert effective ownership of the land, and must be engaged in identifying and negotiating land from the onset, working up through district and central level of government to achieve long-term usage rights on the land
  - A standard 99 year lease over the land can be obtained by both local and foreign investors
  - Recognizing that for large-scale sugar investors, the process is time-consuming, the government is developing guidelines for stakeholders and proactively preparing sites for investors
- The Tanzania Investment Act of 1997 offers competitive levels of protection and incentives
  - Tanzania does not discriminate against businesses conducted or owned by foreign investors. It has no barriers regarding 100% ownership of businesses by foreign investors in agriculture. It has no recent history of expropriation or nationalization
  - Qualified investors are entitled to exemption from VAT and import duties on imported inputs and 100% repatriation of profits and capital investments after taxes and other obligations are met; the Act also provides for full protection of all investor agreements
- Additional incentives are granted to agribusiness companies
  - Indefinite loss carry-forward against income tax and reasonable corporate and withholding tax rates on dividends
  - Duty-free imports of capital goods and farm inputs, and import duty drawback on raw materials for inputs for exports
  - Deferred VAT payment on capital goods, and VAT exemption on agricultural exports and domestically produced agricultural inputs
  - Favorable investment allowances and deductions on agricultural machinery and implements