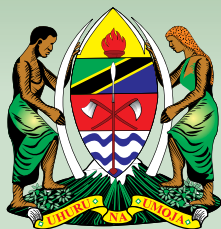


**THE UNITED REPUBLIC OF TANZANIA
THE PRESIDENT'S OFFICE REGIONAL ADMINISTRATION
AND LOCAL GOVERNMENT
SIMUYU REGION**



SIMIYU REGION INVESTMENT GUIDE



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INVESTMENT GUIDE**

2017

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FOREWORD

The Simiyu investment guide is in line with the overall investment policy of Tanzania, only that it presents what investment opportunities are available at the regional level. It is also in line with the vision of Simiyu as articulated by the Hon. President of the United Republic of Tanzania on January 11, 2017, the Simiyu Regional Development and LGAs Development Plans aligned with National development frameworks such as the Tanzania Development Vision 2025 and National Five Year Development Plan 2016-2021 (FYDP II).

This investment guide provides investment information to prospective local and foreign firms, individuals, and resources that attract them to exploit investment potentials in Simiyu in order to stimulate business and enterprise development to execute the development pathway of the region as expressed by the Regional Secretariate. It is also intended to enhance Simiyu's competitiveness in areas where it has strengths and emerging economic potentials. Other objectives are to foster the productive capacities in key primary sectors and industries, and to sustainably augment the GDP and inclusive and resilient economic growth needed to accelerate societal development and well being of Simiyu and Tanzania at large.

Thus, the Simiyu region and its Local Government Authorities (LGAs) have resolved to prioritize all investment initiatives and provide political support, attractive incentives and support services for investors, when setting up a business in the region., In addition, the Simiyu Regional Office and Bariadi, Busega, Itilima, Maswa, and Meatu LGAs will provide a satisfactory conducive policy, regulatory, and business environment, and are available to provide further details on the selected strategic and viable opportunities to interested investors.

I would like to express my gratitude to the United Nations Development Programme (UNDP) for the financial support and the Economic and Social

Research Foundation (ESRF) for developing this guide. Special thanks to the team of experts who developed this guide including; Dr. Oswald Mashindano, Dr. Gratian Bamwenda, Mrs. Margareth Nzuki, Mr. Abdallah K. Hassan, and reviewed by Prof. Haidari Amani.

May I take this opportunity to welcome you to invest in our region with the assurance of great support from our entire office.



Hon. Anthony Mtaka
Regional Commissioner,
Simiyu, Tanzania

WHY ONE SHOULD INVEST IN SIMIYU, TANZANIA

1.1 Summary of key reasons for investing in Tanzania more generally and Simiyu region more specifically

Simiyu is part of Tanzania and its investment opportunities are therefore linked to the overall country investment climate/policy, along with other macro-economic frameworks

1.1.1 Why should one invest in Tanzania?

Tanzania enjoys abundance of natural wealth, which offers tremendous investment opportunities for investors. These include an excellent geographical location, as six landlocked countries depend on Tanzania ports as their cheapest entry and exit; good arable land; well renowned tourist attractions, namely, Serengeti national park, Mount Kilimanjaro, Ngorongoro crater, and the spice islands of Zanzibar, among others; natural resources such as minerals; a sizeable domestic and sub-regional market; a wide and growing local raw materials supply base; abundant and inexpensive skills; assurance of personal and property safety; warm friendly people. The following are among the reasons why you should invest in Tanzania:

- High degree of investment security because of unparalleled political stability that is strife-free without ethnic divisions; democratic rule that respects diversity of opinion and a strong tradition of constitutionality and rule of law;
- Business-friendly Macro Economic stability with low inflation (around 5%); stable exchange rates supported by unrestricted and unconditional transferability of profits, loan repayments, emoluments, royalties, fees and changes;

-
- Simplified bureaucracy, streamlined through the acclaimed services of the Tanzania Investment centre, which is a one-stop facilitation agency of government serving registered investors and businesses;
 - Successful economic liberalization measures commended by both the World bank and the IMF with business-supportive legislation continually being improved through genuine dialogue between government and the private sector;
 - A well balanced package of incentives to investors with additional negotiated benefits to strategic investors;
 - Rapidly emerging as the most effective entry point and gateway for trade into eastern, Southern and Central Africa;
 - Lucrative investment opportunities in infrastructure, privatization and value adding facilities;
 - Investment guarantees, and settlement of disputes; investments in Tanzania are guaranteed against political risks, nationalization and expropriation;
 - Any foreign business operating in Tanzania may obtain credit from domestic financial institutions up to the limits established by the Bank of Tanzania; major banks like Standard chartered, ABSA, Barclays, Citibank, Stanbic, Exim have invested in Tanzania;

1.1.2 Why should one invest in Simiyu Region?

Simiyu is among the new regions in the country. Simiyu Region covers a total area of 23,807.7 square kilometers, which is equal to 23,807,700 hectares. The region marks the fifth year this year since it was established in 2012. In other words, Simiyu is still a new region among 30 administrative regions in the country and thus it needs special attention for business and investment. Simiyu Region is linked to Kenya, Uganda, Burundi, Rwanda, and DRC.

The following are among the reasons why you should invest in Simiyu:

- The region is suitable for investment due to good climate, which is suitable for tourism, agriculture and livestock production. Peace

and political stability that offers a safe environment with low crime rates is another attracting factor for establishing investment in the region. Thus investors have no reason to worry for the safety of their investment in the area. Moreover, hardworking and inexpensive local communities with adequate skills in modern farming practices to support the growth of industries are another major factor that assures investors of reliable support in the establishment and development of various investments in the region.

- According to 2012 National population census result, population for Simiyu was estimated to be 1,591,000. Being the new region with potential areas of investment, it is obvious the population is growing from time to time and thus need expansion of both socio-economic services.
- The region also has per capital income of 510,023/- ranking it among middle income earners in the country. Agriculture has continued to dominate the livelihood and economic performance of Simiyu Region. The sector contributes about 75 percent to the Regional economy and employs about 80 percent of the active population in the Region. The main cash crops grown are cotton, groundnuts and sunflower while the main food crops are maize, sorghum, paddy, sweet potatoes, millet and cassava.
- Transport links with other regions and proximity to neighboring countries is another important factor that attracts investors in the region.
- Investors are invited to invest in cotton industry. When one talks about cotton production in Tanzania, the talk is actually talking about Maswa cotton in Simiyu Region. According to the statistics, Simiyu Region is so far the leading cotton producer in Tanzania with over 150,000 tons of seed cotton per annum. Investors are invited to invest in cotton growing and ginneries and other businesses.
- Investors are also invited to invest in livestock industry; livestock keeping is the second major economic activity of the region. Simiyu Region has a total number of 1.5 million heads of Cattles, 674,402 Goats, 254,746 Sheep, 1,501,146 Chicken, and 1, 723 pigs.

-
- Apart from the above two important investment areas, investors are also welcomed to invest in fish processing industries in the region as well as in vegetables. Vegetables business Farmers are in serious need of vegetable seeds, packing materials and reliable market. This is an opportunity for both local and international companies/investors to establish factories that will produce vegetables and fruit packing materials to boost the businesses in the area.

SOCIO-ECONOMIC PROFILE OF SIMIYU

2.1 Location, population and climate

Simiyu Region is located North of Tanzania and South East of Lake Victoria, lying between Latitude 2°1" and 4°0" South of Equator and between Longitude 33°3" and 35°1" East of Greenwich. The region covers an area of 23,807.7 square kilometers and administratively it consists of 5 Districts, 6 Councils, 16 divisions, 109 wards, and 471 villages. According to the 2012 National population census, the population of Simiyu Region was 1,584,157 with population growth rate of 1.8 percent per annum.

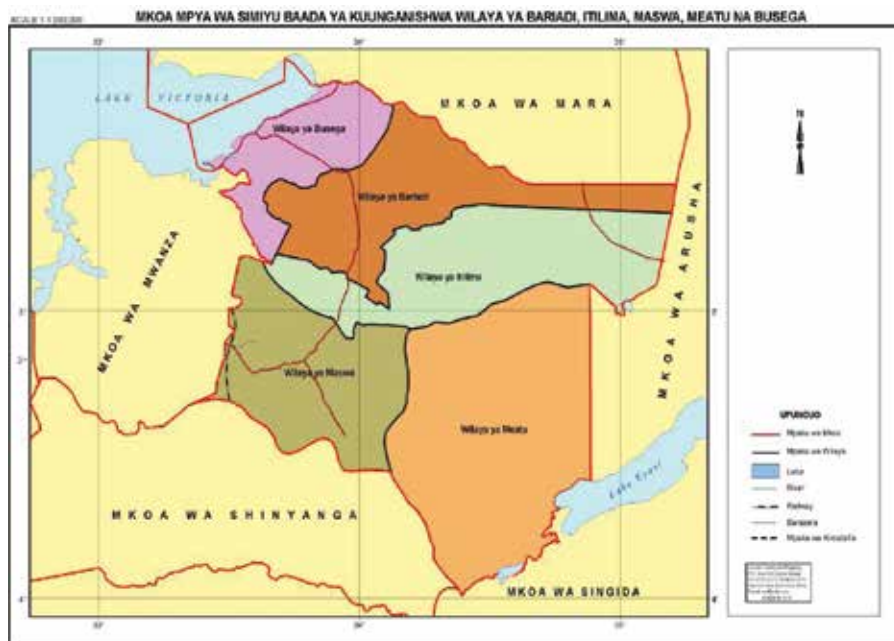
The Region is bordered by Manyara and Singida Regions in the East, Shinyanga region in the South, Mwanza region in the West, and Mara Region in the North. In the Eastern boundary and part of Northern boundary borders the famous Serengeti and Ngorongoro National Parks. Simiyu region experiences moderate temperatures ranging from an average of 18°C to 31°C annually. However, the region enjoys also mono-modal rainfall which usually starts from October and ends in May. The rainfall season is divided into two peaks. The first one starts in October and ends in December and the second one runs from February to mid May which is the longest season. In general the rainfall pattern is unequal and unpredictable whereas average rainfall ranges from 600 mm to 900 mm. The topography of the region is characterized by flat, gently undulating plains and lowly sparsely vegetation and in some places covered with Miombo woodlands. The regional soils are dominated by heavy black soils (*mbuga*) with some areas of red loamy and sandy soil.

2.2 Agro-ecological Zones

Simiyu region has three Agro-ecological zones. The first zone covers Bariadi, Busega and Itilima Districts, having undulating topography dominated by clay soil with light textured top soils. Rainfall ranges between 700 -

900mm. The main economic activities in this zone include crop farming mainly maize, sorghum, cotton, cassava and livestock keeping. The second zone covers Meatu District with gently undulating topography ridged in the East with fertile clay loamy soils. This zone experiences serious soil erosion, leading to reduced crop farming. Average rainfall is below 700mm with erratic tendencies. Crop farming and livestock keeping are the major economic activities in this area. Major crops grown in this area includes sorghum, cotton and maize. The third zone covers Maswa District which is characterized with ridged and undulating type of topography. Its soil texture consists of Sukuma land soil commonly known as *mbuga*, black clay loamy soil which is suitable for paddy growing. Other crops grown in this area includes maize, sorghum and cotton. The zone receives unreliable rainfall ranging between 700mm to 800mm per annum. The area is also famous for livestock keeping.

Figure 1.1: A Map of Simiyu Region



PART THREE

PRIORITY INVESTMENT OPPORTUNITIES IN SIMIYU

Below is an outline of two main types of investment opportunities, namely, major strategic¹ investment opportunities and specific investment opportunities.

3.1 The major strategic investment opportunities in Simiyu region

Simiyu is one of the regions in Tanzania with attractive investment opportunities and a dedicated vibrant agricultural and livestock production, as well as tourist attraction sites in Maswa Game Reserve, which form part of both Ngorongoro Conservation Area and Serengeti National Park. The region's location on Lake Victoria, gives it access to the East African Community export markets via four major lake ports; it is bordering with Kenya which is the largest market for various goods in East Africa.

The region produces half of Tanzania's output of seed cotton and has more than 1.5 million cows, 700,000 goats, and 300,000 sheep. In addition, Simiyu with 24 million hectares of arable land is among the top five leading producers of rice, cowpeas (*choroko*), maize, sunflower, meat, milk, and hides and skins.

The Region plans to stimulate its industrial and economic development

¹ Investment by a company that is intended to make it more successful over time, for example investment in a new business that offers new markets or that is developing new products: Investment that is intended to be successful/profitable over time; an investment that a corporation or affiliated firm makes in a young/new company that offers to bring something of value to the corporation itself; also strategic investment is a transaction that is closely related to joint ventures or public private partnerships. In strategic investments, one company makes an investment in another. These two companies enter into agreements that are designed to serve shared business goals.

base through attracting additional private and public-private partnerships investments in order to increase its manufacturing strengths and competitiveness and to raise its GDP. The regional government and district authorities are ready and committed to provide a series of further support services and incentives to drive industrial development and growth in the short, medium and long-term.

The major strategic investment opportunities in Simiyu region, in the descending order of priority, are:

1. Construction of sub-surface dams, surface dams, rain water harvesting systems, and deep wells for supplying 150-160 million cubic meters of water per District for irrigation and industrial purposes (Note: although a water pipe from Lake Victoria through water tanks built at the Ngasamo Hill to the Districts is envisaged for domestic water supply, but the coverage will be only 12 km from the main pipe, and only 40-50% of villages will have access).
2. Water holding dams and Water Saving Irrigation Schemes and Systems for production of rice, horticultural crops, maize, and cotton in Busega and Bariadi districts. To increase productivity through mechanized irrigation farming and ensure increased climate resiliency.
3. Establishment of individual and group enterprise commercial farms for production of high quality conventional and organic cotton to yield 700,000 - 800,000 tons of seed cotton for local production of textiles and garments, organic health and sanitation products, school products, hospitality industry products, and for export by year 2040.
4. Two modern ginneries-one in Meatu and one in Maswa, and a Textile Mill in Meatu and/or Maswa.
5. Factories for milling and packaging of rice, maize, lentils (dengu), cowpeas (choroko), and peas (mbaazi) in Lamadi, Bariadi, and Maswa.
6. Training Centers for generating medium and high skilled human resources:

-
- a. Agriculture and livestock training centres in Meatu and Maswa;
 - b. Construction of school buildings for Science-based Ordinary and High Level Secondary Schools in all districts;
 - c. Investment in a Health Training Institution in Itilima,
 - d. Teachers training Colleges in Zanzui, Itilima LGA;
 - e. Branches of Technology Institutes and Engineering Universities for high skilled human talent in Bariadi, Maswa, and Meatu.
7. Vegetable oil production factories and refineries using sunflower oil for human consumption and cotton oil seeds for biodiesel production in Meatu, Bariadi, and Busega LGAs.
 8. Veterinary services in Meatu, Maswa, Itilima, and Bariadi LGAs.
 9. Establishment of a beef industry in Meatu district, Feed/Fodder Farms, Mini ranches for fattening, modern secondary livestock markets in Meatu, Maswa, and Bariadi towns, and Chicken Meat and Eggs Industry.
 10. Tanneries factories in Meatu, Maswa, and Bariadi.
 11. Factories for production of leather goods in Meatu, Maswa, Itilima, and Bariadi.
 12. Production of indigenous chicken for eggs and meat, and Broilers in Maswa, Bariadi, Busega, and Itilima.
 13. Dairy products factories in Maswa and Meatu (investing in expansion of Meatu Milk).
 14. Phased power supplies 400-500 MW from national grid, production of electricity from coal, biogas, and photovoltaic panel farms in Meatu, Itilima, Maswa, and Busega by 2050.
 15. Three integrated industrial parks, in Lamadi - Bariadi (50km x 60km), Mwasa - Malampaka, 30km x 30km; Mwandoya - Ngoboko, 30km x 30km in Meatu; Lagangabilili - Lugulu, 15km x 15km in Itilima; and an export processing facility in Malampaka (Maswa LGA).
 16. Housing estate: Construction of quality and affordable houses in all district head quarters, shopping malls, and conference and offices

for hire.

17. Tourism: Establishing Game ranches, Hunting blocks, Campsites, and Hotels in Maswa Game Reserve, for game viewing, photographing, hiking, and eco-tourism and cultural tourism in Meatu and Maswa Districts.
18. Harbor in Nyamikoma and Recreation Center, water cruises, water birds watching, deep water diving, sports fishing, and water sports centre in Busega LGA.
19. Fish farming using cage culture practices and techniques and Re-circulating Aquaculture Systems in Busega and Bariadi districts to address the increasing demand with increasing population; reduce Lake Victoria ecosystem degradation by illegal fishers; increase fish production for internal and external markets;
20. Construction of modern markets, with Auction facilities and Auction Centers to provide a conducive environment and enough space for trade; financial and trade services; large parking and garage (~200 trucks and visitors automobiles), and warehouses including large cold storage;
21. Afforestation of all districts with indigenous and modern fast growing trees.
22. Hotels (2-3star) in Bariadi, Maswa, Lamadi, and Meatu, and 4 star hotels in Maswa Game Reserve and Lamadi in Busega DC (close to Serengeti).
23. Hospitals and Specialty Clinics in all Districts.
24. Construction and improvement of games and sports structures and services (play grounds, sports academies, sportswear shops) to promote sports activities and wellbeing of Simiyu people.
25. Solid waste management facilities and solid and liquid waste collection and treatment.
26. Establishing tomato and other horticulture produce processing plant in Lamadi, Busega LGA, to add value, reduce post harvest losses for local, hospitality, tourist, and export markets.

3.2 Specific investment opportunities in Simiyu

1. *Water supply systems for irrigation, aquaculture, industrial, livestock and domestic purposes*

Overview of the Opportunity	
Key features	<ul style="list-style-type: none"> Construction of sub-surface dams, surface dams, rain water harvesting systems, and deep wells for supplying 150-160 million cubic meters of water per District for irrigation, livestock, domestic, and industrial purposes Investing in rainwater harvesting, water saving, and recycling and wastewater treatment technologies.
Key investment rationale	<ul style="list-style-type: none"> Water inadequacies affecting productivity and outputs of crops and livestock production; Lack of water in villages affecting health and sanitation; Development of industries will be difficult with water scarcities. Rainfall variability affecting underground water charging.
Support available	<ul style="list-style-type: none"> Strong support from the Ministry of Water and Irrigation and district authorities; Support from development partners and Non State Actors (NSAs) The growing public enthusiasm; National Policy priorities such as the National Vision 2025 and the Second Five Year Development Plan
Challenges/ Risk and Mitigation	<ul style="list-style-type: none"> Capital intensive investment; Low public finances allocations for water; Scale up challenges Limited access and knowhow on water saving and recycling practices and technologies, and water re-use techniques

2. *Water holding dams and Water saving Irrigation Schemes and Systems*

Overview of the Opportunity	
Key features	<p>Development of water holding dams and irrigation schemes & traditional and precision irrigation systems (phased 30,000-40,000 Ha) in Busega, Bariadi, Itilima and Maswa Districts, for open field and green house based-production of high value and demanded crops, fodder, and aquaculture products by year 2035,</p> <ul style="list-style-type: none"> Establishing modern vegetables, fruits, spices and horticultural seed business operations for domestic, regional and international markets; Establishing cluster paddy production ventures or schemes cultivating ca. 10,000 hectares or more, with productivities > 10 tons per hectare (current annual regional paddy output is > 400,000 tons); Establishing rice hulling, packing and marketing businesses; Establishing fish farming in constructed dams;

	<ul style="list-style-type: none"> Establishing fodder production using hydroponic practices. <p>Projected outputs/outcomes:</p> <ul style="list-style-type: none"> Rice, horticultural crops, fodder for cattle and small ruminants, and fish for local consumption, trade, and export to neighbouring EAC, COMESA, and SADC countries and overseas; Water for livestock; Improved soil and water management; Contribution to local and national sustainable food and nutrition security; Augmentation of poverty reduction efforts through provision of productive employment opportunities and consistent income generation during implementation/construction of dams, schemes, and systems, and production activities.
Key investment rationale	<ul style="list-style-type: none"> Strong local and national political support- championed by the Regional Secretariat, Ministry of Water and Irrigation, Ministry of Works, Transportation, and Communication, TAMISEMI, Ministry of Agriculture, Livestock and Fisheries (MALF), Ministry of Infrastructure Development, and Development partners; Abundance of quality water from Lake Victoria, rainfall (600-800 mm annually); There is huge demand for quality horticultural products in both local market and outside; in Meatu, Serengeti National Park, Ngorongoro Conservation Area, Shinyanga, Mwanza, and Kenya; In Simiyu, there is still inconsistent supply of quality products making the region to import fruits, vegetables and spices such as tomatoes, onions, garlic, etc; Potential for mutually beneficial PPP; Rainfall variability, recurring drought, and soil and water management challenges threatening Simiyu's food and nutrition security, businesses, trade, and people's well being; Government's willingness to develop land use plans, irrigation master plan, water rights regulatory framework, addressing potential impediments, etc.; Availability of markets: local, EAC, COMESA, and SADC countries; Attractive incentives, as per Tanzania Investment Centre's, TIC Guidelines 2014;
Support available	<ul style="list-style-type: none"> Potential technical, capacity building, input and output factors, and additional resource support from District Development Plans and Agricultural Sector Development Plan II (ASDP 2017-2021), and Sectoral budgetary allocations; Training, technology, business, input and output factors, and financial development partners supporting irrigation development e.g. World Bank, AfDB, EADB, Kilimo Trust, EU, JICA, KOICA, SNV, BMGF, CSO, local and foreign NGOs, etc; The growing public enthusiasm; National Policy priorities such as the National Vision 2025 and the Second Five Year Development Plan
Challenges/ Risk and Mitigation	<ul style="list-style-type: none"> The 1929 Nile Water Agreement that limits Tanzania's use of Lake Victoria water for irrigation purposes need to be reviewed; Potential long term maintenance challenges among end users;

- Strong capacity and capabilities development needed;
- Strong knowhow and capital intensive projects and activities;
- External technical and financial support, lessons, and best practices from the best in class and improved indigenous knowledge need to be adopted, adapted, and used.



Simiyu river

3. Production of conventional and organic high quality cotton

Overview of the Opportunity	
Key features	<p>Sustainable production of high quality cotton in Meatu and other districts in line with consumer/ buyer standards and requirements, Tanzania Cotton Board's regulatory framework, plant health products' standards on 50,000-80,000 Ha farms in open field and irrigated environment.</p> <ol style="list-style-type: none"> 1. Investment in medium to large scale cotton production farms in Maswa and Meatu, Where farmers have already been into organic farming and the farmers are fully qualified for organic farming practices. 2. Investment in small to medium cotton farms in Bariadi and Itilima, areas rich in black humus cotton soil but with productivities > 1,000/acre, with medium to high staple length range, i.e. > 28.7mm; <p>Projected outputs/outcomes:</p> <ul style="list-style-type: none"> • Investment in the consistent and timely supply of adequate and quality input factors to significantly increase productivity levels and volumes of demanded cotton lint and value added cotton products and by-products; • Production of industrial raw materials from cotton production by-products. • Target is Simiyu region to produce 700,000-800,000 tons of quality conventional and organic seed cotton by 2040 for production of textiles and garments, health sectors products, sanitation products, school products, hospitality industry products, and for export.

Key investment rationale	<ul style="list-style-type: none"> • Simiyu being the biggest cotton growing Region contributing 47% of the entire production in the Country; • Availability of natural Plants suitable for bio pesticides like Neem, Lantana Camara, Datura, Solanium, the application of the Manure tea and Farm yard Manure which reduce farmers cost of production; • Conducive climate: average temperatures 20–30 °C, and annual rainfall 600–900 mm (although erratic); • Contribution to reinvigoration and growth of local and national textiles and garments industry; • Contribution to poverty reduction efforts through improvement of capacity of upstream cotton value chain stakeholders and provision of decent employment and income generation opportunities; • Cotton products are a great forex earner; • Current yields are erratic and barely sufficient to cover production costs; • Production inefficiencies, low inputs usage, cost ineffective farm-operations, and low yields of ca. Ca. 300 kg/acre (max 700 – 800kg/acre), on an average farmed < 20 acres, offer a great potential for improvement in produced quantities (global productivity >1,500 kg/acre); • Emerging solid Farmers' Business Groups (FBGs) and Ginners are available; • Great value and consistent profit can be realised through investments in the supply of efficient and cost effective technology, mechanization machinery, processing and packaging technological processes and facilities, technical and business support services, warehousing, transportation, and value added by products; • Potential for investing in production of breeder and pre-basic seeds; • Potential to contribute to shaping the implementation of Tanzania Textile and Garments Development Strategy, Integrated Industrial Development Strategy 2025, National Agriculture Policy 2013, and FYDP II; • Potential for mutually beneficial PPP, and corporate social responsibility (CSR); • Availability of markets in EAC, SADC, and overseas countries; • Belief and strong cultural attachment in cotton production by smallholder producers.
Support available	<ul style="list-style-type: none"> • Strong political support by the President and regional and district authorities, TAMISEMI, Ministry of Agriculture, Livestock and Fisheries, private sector associations, and development partners such as Gatsby Charity Foundation, DFID, COMPACI, RLDC, Cotton made in Africa, TIC and NGOs; the growing public enthusiasm; National Policy priorities such as the National Vision 2025 and the Second Five Years Development Plan's Cotton to Cloth Program; • Consistent, but low financial support from national government, district authorities, and ASDP II; • Strong R&D support from the nearby Ukiriguru Research Institute in Mwanza, with a long term experience in cotton research and supply of quality technical services;

	<ul style="list-style-type: none"> • Potential access to international finance for investments as the policy, institutional, business, production, value addition, and trade environments improve; • Great competition from pulses which have low farm budgets and 2–3 times better prices; • Favorable loans from the Tanzania Agricultural Bank, AfDB, etc
Challenges/ Risk and Mitigation	<ul style="list-style-type: none"> • Huge seasonal price variation (floor ceiling of TZS 800–1200 per kg as per Tanzania Cotton Board) and drop in global prices de-incentivising producers low quality seed cotton; • Soil fertility exhaustion, and pests infestation; • Climate change effects may further affect productivity in rain-fed production systems; • Technically and financially weak support institutions (e.g., Cotton Development Trust Fund (CDTF), Tanzania Cotton Association) that need to be strengthened; • Weak inputs supply chain; Strong capacity building in cotton technical and farm managerial ability of individuals and farmer groups needed; • Transportation, power, water, and trained/skilled human resources challenges in certain areas; • Strong need to reform the contract farming system, supply of farm inputs, market infrastructure, address quality issues and fluctuations of the market price for cotton, and upgrade the ginning technology to enhance efficiencies in Simiyu's cotton value chain; • Significant interventions by both the GoT and private sector are needed to address the above constraints and risks; and • Weak regulatory regime.



Cotton farm

² While contract farming especially in cotton seem to have challenges, I would have identified it as an investment opportunity particularly for investors in cotton ginneries and textile mills; this opportunity will materialize now the government is reforming contract farming regulatory framework that would promote a win-win situation for all textile value chain stakeholders; there will be opportunities for contract farming in other enterprises like horticulture, sunflower for edible oil, and dairy farming in many parts of Tanzania including Simiyu.

Table 3.1: Forecasted production of major crops in the season 2016/2017 in Simiyu Region

Crop	Forecasted crop quantities per District in 2016/2017, MT					
	Meatu	Maswa	Itilima	Busega	Bariadi	Bariadi TC*
Maize	73,288	98,816	87,860	43,189	99,420	20,858
Rice	12,368	41,851	21,009	25,929	32,912	14,197
Millet	77,252	69,752	24,490	16,504	8,773	2,592
Sweet potatoes	48,857	29,064	27,307	21,434	43,927	6,995
Cowpeas (<i>Choroko</i>)	5,135	13,950	2,463	1,657	13,774	508
Lentils (<i>Dengu</i>)	1,932	17,438	7,004	948	14,764	230
Peas (<i>Mbaazi</i>)	1,196	7,440	3,985	10	1,343	1,838
Cotton	51,321	81,378	45,787	35,065	65,296	40,072

*Bariadi Town Council

Source: Simiyu Regional Office, 2016

The productivities of the food and cash crops in Simiyu Region are about a third of the world levels. Introduction of high yielding and climate resilient seeds, quality fertilizers, technology, mechanization, irrigation, climate smart agronomic practices, effective post harvest management, and quality warehousing may double production volumes within three to five years productive cycle.

4. Modern Ginneries and a Textile Mill: Production of cotton-based textiles and garments and products for education sector, and health and hospitality industries

Overview of the Opportunity	
Key features	<ul style="list-style-type: none"> Establishing modern ginneries with efficient technological processes, at least one in every district; Investment in Textile Mill/textiles and garments factories to produce cotton-based textiles and garments and products for education sector, and health and hospitality industries; Establishing cotton spinning and weaving plants.
Key investment rationale	<ul style="list-style-type: none"> Simiyu produces more than 47% of Tanzania's seed cotton, ensuring a regular and efficient supply of cotton lint into ginneries and raw materials, e.g. yarn and fabrics to potential factories in the textiles and garments value chain; Currently, ginners operate for 2-3 months due to the scarcity of seed cotton;

	<ul style="list-style-type: none"> • An emerging middle class is pushing up demand for quality garments; • Tanzania's garment industry is currently very limited in terms of size and products offered; • Market demand: There is a great demand for knitted fabrics and garments within the domestic market to replace the current high volume of imports – there is also potential in regional markets, e.g. with the incoming EAC ban on import of <i>mitumba</i> (used cloth); • Tanzania has a long history in garment and textile production going back as far as 1966 and offers opportunities for value addition from field to factory. • Simiyu has a conducive policy and business environment to be a great textile and garment investment destination; • Potential for investing in trade in equipment, technological processes, and production systems; • There is significant market potential for Tanzanian textile and garments in domestic, regional and international markets, including privileged access to the US market through the African Growth and Opportunity Act Legislation AGOA; • Most of the garments bought in Tanzania are imported. Currently there is only sale of <i>kitenge</i> and <i>kanga</i> cloth and a small local and regional market for Tanzania's garments, which is limited to promotional clothing and caps; • High chances of market penetration on the healthy materials to East and Central African countries as all these countries import such healthy materials. None of the countries has ever invested on the health materials textile mills; • The bulk of Tanzania's cotton exports is mainly composed of cotton fibre (87%), followed by cotton yarns and threads (8%) and cotton woven fabrics (5%). Cotton fibre exports alone are equivalent to 62% of Tanzania's total textile and clothing exports, indicating that most of the value addition in Tanzanian cotton takes place abroad³.
Support available	<ul style="list-style-type: none"> • Strong political support by the regional and district authorities, Ministry of Industries, Trade, and Investments (MITI), business community, and development partners such as Gatsby Charity Foundation, DFID; the growing public enthusiasm; National Policy priorities such as the National Vision 2025 and the Second Five Years Development Plan • Technical support and investment advice are available from the Textile and Garment Support Unit (TDU) in MITI; • Potential access to international finance for investments for start-ups; • Competitively priced labour (ca. USD 1–2/h), which is below most of the Sub-Saharan African average in textile manufacturing; • Favorable loans from the Tanzania Investment Bank (TIB), World Bank, AfDB, etc; • Investors are supported and incentivized through tax holidays, duty free imports of capital assets.

³ In 2010, Tanzania's Textile and clothing exports reached a total value of USD 140,7 m. Cotton textiles (fibre, yarns and woven fabrics) accounted for USD 100,4 m (71%) followed by other vegetable textile fibres (HS cat. 53) with USD 12,7 m (9%) and twines, cordage, rope, cable and nets (USD 9 m, 6 %). Total garment exports amounted to USD 11,6 m of which USD 8.7 m were knitted and UDS 2.9 m consisted of woven garment representing a mere 8.2 % of total T & C exports.

Challenges/ Risk and Mitigation	<ul style="list-style-type: none"> • Sometimes grading challenges and the resultant poor quality of cotton lint, with mixed staple length in the baled cotton (average of 28 mm), poses quality problems for efficient yarn production, resulting in poor quality yarn with excessive levels of waste; • Inefficient electricity supply; High electricity costs, e.g. a ginner pays TZS 25–30 million for electricity monthly during peak season; • Inefficiencies and sometimes market failure in cotton downstream value chain processes; • Inadequate medium to high technically and business skilled human talent; • Transportation, power (power stoppages), ICT infrastructure, and water challenges, which may result in major repercussions on competitiveness; • Due to being input intensive and with high farm seed cotton budgets, smallholder cotton producers are fast diversifying to lentils (<i>dengu</i>), cowpeas (<i>choroko</i>), pigeon peas (<i>mbaazi</i>), and sunflower seeds production affecting seed cotton output (seed cotton farm gate is TZS 800–1,200, but for lentils it is TZS 2,200 per kg); • Waste treatment facilities non-existent;
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5. Factories for milling and packaging of rice and maize flour

Overview of the Opportunity	
Key features	Establishing factories for processing and packaging of rice and maize flour in Lamadi, Bariadi, Itilima, and Maswa.
Key investment rationale	<ul style="list-style-type: none"> • Consistently increasing production volumes of paddy and maize; • Growing demand for processed products that are fortified; • Low produce prices during harvesting season; • To capture local and export markets with high demand, especially to neighbouring countries; • High demand for rice and maize products in the neighbouring countries.
Support available	<ul style="list-style-type: none"> • Strong support from PO – RALG, MALF, MITI, and district authorities; • Availability of buyers and consumers as Simiyu's population is increasing at more than 2.8 %annually; • Subsidised inputs provided by the central government; • Support from farmer associations, e.g. Rice Council of Tanzania; • Technical and financial support from ASDP II; • Support from development partners and Non State actors
Challenges/ Risk and Mitigation	<ul style="list-style-type: none"> • Post harvest losses challenges, ca, 20 – 30%; • Quality packaging and long term warehousing; • Under developed supply chains infrastructure; • Ad hoc political interventions;



Mixed crops

6. Training Centres: One agriculture and livestock training centre in Busega, and one Industrial technology training centre in Bariadi and Itilima, Health Training Institution in Itilima

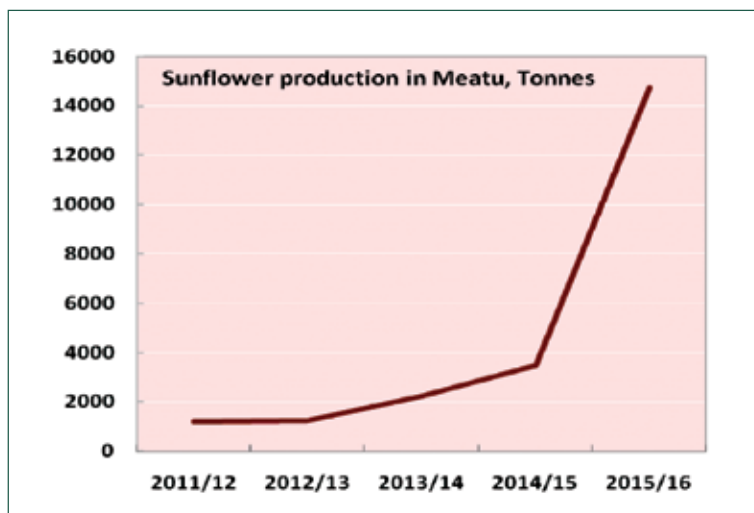
Overview of the Opportunity	
Key features	<ol style="list-style-type: none"> 1. Establishing science-based Secondary and High Schools in all districts, and branches of Technology Institutes and Engineering Universities in all districts; 2. Establishment of one agriculture and livestock training centre for 200 students in Busega. 3. Investment in a Health Training Institution in Itilima, 4. Teachers training Colleges in Zanzui, Itilima LGAs; 5. Branches of Technology Institutes and Engineering Universities for high skilled human talent in Bariadi, Maswa, and Meatu.
Key investment rationale	<ul style="list-style-type: none"> • Human resources to be the central element in Simiyu's agricultural and industrial development; • Lack of adequately trained workforce may impede establishment of knowledge intensive investments in Simiyu; • More than 3,000 O - level and over 1,000 A - Level students available in District based schools; • Initiation of the free primary school education system in January 2017 to raise demand for vocational training and continuous learning in the next decade; • The rapid progress and continuous change in both generating and extending technologies as well as need for informed, highly knowledgeable, and business and tech-savvy human resources and technically skilled value chain stakeholders will create a rising demand for continuous learning; • High population growth rate of 2.8 % in Simiyu will generate a non-abating demand for capacity building.

Support available	<ul style="list-style-type: none"> Existing support for improvement of education by the regional and district authorities; Support by development partners; Firms may support their workforce to upgrade their skills.
Challenges/ Risk and Mitigation	<ul style="list-style-type: none"> Limited ability to pay for expensive courses; Curriculum development, registration, and accreditation processes take a long time; Sustaining standards and certifications.

7. Vegetable oil production factories and refineries

Overview of the Opportunity	
Key features	<ul style="list-style-type: none"> Establishing vegetable oil production mills and refineries in Bariadi Rural and Itilima from sunflower and cotton oil seeds; Production of biodiesel from cotton seeds oil.
Key investment rationale	<ul style="list-style-type: none"> Simiyu produces substantial volumes of groundnuts and sunflower seeds; Profitable business since Tanzania has a supply gap and imports more than 200,000 tons of vegetable oil annually from far east; Inefficient crushing and filtering processes used; Limited oil refining and refineries; Remaining cake is in high demand for animal feed (USD 0.3–0.4/kg).
Support available	<ul style="list-style-type: none"> SIDO strongly involved in capacity building of producers and in construction of equipment; There is a growing number of entrepreneurial processors who are investing in small oil mills, that can crush more than 100 bags per day and others producing efficient mills TIRDO supporting research and development and development of technological processes; There are several associations, NGOs and civil society organizations supporting vegetable oil production. These include Tanzanian Edible Oilseed Association (TEOSA), Agricultural Marketing Cooperative Organizations (AMCOs), UMAMBE, oil miller's association in the Central Corridor of Tanzania (CEZOSOPA), and Rural Livelihood Development Company (RLDC).
Challenges/ Risk and Mitigation	<ul style="list-style-type: none"> Consistent supply of quality oil seeds; Power outages; Efficient equipment and technological processes from imports are cheaper; Substances used in refining are from import only; Marketing infrastructure under developed.

Figure 3.3: The production of sunflower in Meatu district in the season 2011/12-2015/16.



Most of the sunflower produce is value added into oil and cake outside Simiyu or exported to neighbouring countries due to the lack of processing plants. Farmers in Simiyu Region are increasingly recognizing the value of sunflower production and shifting from cultivating it around farm fences to full production



Sunflower farm

8. Veterinary services

Overview of the Opportunity	
Key features	<ul style="list-style-type: none"> Investments in veterinary services – especially veterinary clinics for screening of animals, treatment and vaccination; Establishing dipping and veterinary services; Production of vaccines in Bariadi Location for investment in Meatu, Maswa, Bariadi, Itilima, Busega.
Key investment rationale	<ul style="list-style-type: none"> Simiyu has more than 1.5 million cattle; Huge demand for supply of medicine and vaccine for Contagious Bovine Pleural (CBPP, Pneumonia), Foot and Mouth Diseases (FMD), Black Quarter (BQ), Newcastle disease, Anthrax, Black-quarter, Tick Borne diseases, and Brucellosis; Need for livestock laboratories for diseases management and livestock products quality and safety management.
Support available	<ul style="list-style-type: none"> National and local government technical, extension, and partially financial support. Consistent with the National Vision 2025, the Second five Years Development Plan (FYDP II), Agriculture Sector Development Strategy (ASDO II)
Challenges/ Risk and Mitigation	<ul style="list-style-type: none"> Supply and cost of electricity; Limited cold storage facilities.

9. Establishment of a beef and chicken meat industry

The livestock industry in Simiyu Region can be tripled through: increasing the reproductive and growth rates and quantities through investments in research to provide or cattle, poultry, small ruminants, and fish breeds with high genetic potential; reduction of mortality rates through improved access to veterinary services and establishment of disease free zones; investment in fodder and feed supplements production and land use planning of grazing lands for pastoralists and agro-pastoralists; rehabilitation and construction of livestock holding grounds and watering points; adding value through processing to increase output and income from the livestock industry; establishment of quality livestock markets, slaughter slabs/abattoirs, and milk collection and value addition plants.

Overview of the Opportunity

Key features	<p>Establishment of a beef industry, beginning with investments in:</p> <ul style="list-style-type: none"> • Commercial cattle multiplication ranches to improve the genetic potential; • Fattening farms, and commercial scale livestock farms to ensure a consistent supply of quality cattle; • Establishing a cattle feed/fodder production and quality warehousing, i.e., silage, hay, feed supplements • Construction, installing, and commissioning modern abattoir with cold storage with a capacity of ca.100-150 cows per day to produce quality and safe meat and meat products for local consumption and trade; ca. 50 goats per day. • Abattoirs equipment supplies; • Canned Meat Factory; • Establishing large scale poultry processing plants with modern technology; • Plant for handling and processing by-products of slaughtered animals; • Livestock breeding projects
Key investment rationale	<ul style="list-style-type: none"> • Simiyu has more than 1.5 million herds of cattle and more than 2.5 million chicken; • People in Simiyu strongly pursuing investments in commercial chicken production; • Markets in East and Middle East countries, and Europe; • Abundance of indigenous Zebu cattle in Simiyu. More than 90% of all cattle are kept by smallholder pastoralists and agro-pastoralists, who are often faced with poor productivity and yields; • Simiyu has suitable agro-ecosystems, topography, and grazing land for cattle development; • Potential to raise the genetic potential of the indigenous cattle and improved livestock with high production and productivities; • Increased population growth, urbanization and income levels in Simiyu may boost demand for meat in the next 2-3 decades; • The vast majority of existing slaughter slabs is small-scale, which can accommodate between one cow and 10 cattle per day. Slaughter slabs are usually rudimentary sites made up of a concrete platform with a simple corrugated iron roof for shelter; • There are markets for Tanzania's quality beef that meet standards for the domestic, regional, and external markets, e.g. in EAC, Middle East Countries, etc; • Current increases in livestock supply in Tanzania (4-5%) may not be able to meet future demand and large scale investments are needed in Simiyu to provide technical skills and capital to run ranches, feedlots, abattoirs, meat processors and tanneries as per ASDP II; • Underdeveloped technical support services and marketing infrastructure offer vast investment opportunities.

Support available	<ul style="list-style-type: none"> • Simiyu has been earmarked for beef industry development in ASDP II in the new national “One Region One Product Model”; • Government authorities promoting Public-Private Partnership to improve cattle management and marketing systems; • The Livestock Development Fund in place; • Availability of National Livestock Institute in Mpwapwa; • The GoT is regulating unfair importation of artificially priced meat and meat products; • The central government is supporting and promoting research on meat technology to cope with emerging needs; • Favorable loans from the Tanzania Investment Bank (TIB), EADB, AfDB, etc.
Challenges/ Risk and Mitigation	<ul style="list-style-type: none"> • Some people own > 2000 cows but not well fed; • Smallholders have vast lands (20–100 Ha) but do not farm for fodder, prefer grazing, and even to distant regions, sometimes leading to overgrazing and soil and biodiversity degradation, and encroachment into game reserves; • An average cow has low weight 200 kg, leading to pastoralists getting low prices TZS200,000 to 300,000. A well fed cow fetches TZS 700,000 to 1 million on the auction; • Weak beef producers and traders associations; • Zoosanitary quality and safety challenges; • There is a need to undertake livestock identification, recording and traceability system for safe and quality meat production; • Unfair competition from other countries, e.g., Brazil and European Union, especially the Economic Partnership Agreement (EPA) between EAC and the European Union (EU) is signed. This will guarantee tariff-free access of EU's beef products to the Tanzania market; • Water challenges.

10. Tanneries factory

Overview of the Opportunity	
Key features	Establishing tanning factories with environmental friendly technology and chemical and mechanical processes and quality preservation.
Key investment rationale	<ul style="list-style-type: none"> • Access to a large supply of raw materials. Simiyu has more than 1.5 million cows, 700,000 goats, and 300,000 sheep; • Accessible processing technology and facilities; • Relatively low manpower and labor costs; • Growing domestic market, as exhibited at Nane Nane and Saba Saba trade fairs; • Preferential access to EAC, SADC and EU markets; • Supportive central and district government policies.

Support available	<ul style="list-style-type: none"> • Institutional, technical and financial support provided by VETA, MAF, MITI, TIRDO, SIDO, Magereza, JKT Suma, and NGOs • Consistent with National Vision 2025, the Second Five Years Development Plan (FYDP II), Agricultural Sector Development Strategy (ASDP II)
Challenges/ Risk and Mitigation	<ul style="list-style-type: none"> • Slaughterhouse operations need to be professionalized and modernized; • Getting skin with greater than 10 kg weight is challenging; • Cattle slaughtered when old, more than 4 years; • Slow modernization processes and not enough trained staff hinder tanneries' performance; • Limited market development capacities of tanneries and leather product manufacturers; • Water consumption and water pollution are key environmental challenges for the leather industry; there may be difficulties in effectively implementing Environmental policy 2017 framework; • Need to improve R&D, innovation and technology, modernization of slaughter techniques, and improve environmental management. • Local /Rudimental marking of animals affecting the end leather products



Cattle grazing in Meatu

11. Factories for production of leather goods

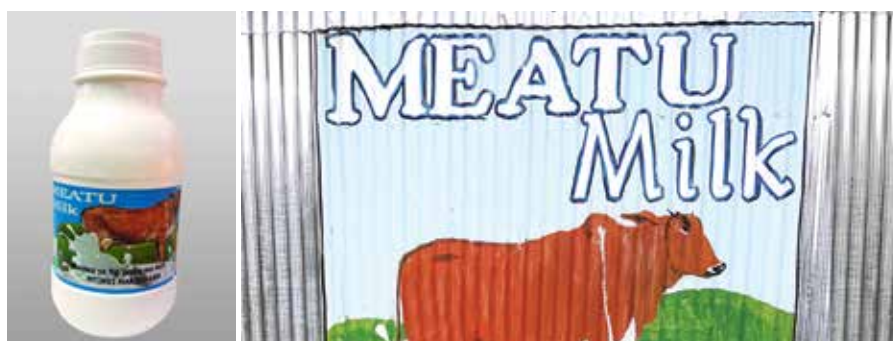
	<ul style="list-style-type: none"> • Factories for production of quality leather goods in Meatu, Itilima, Bariadi, Maswa; • Establish a leather goods cluster(s)
Key investment rationale	<ul style="list-style-type: none"> • Simiyu produces about 40,000 skins from cattle, goats, and sheep; • Most of the skins are sold outside the region or exported; Simiyu/Tanzania exports raw form to tanned leather, e.g. to Kenya, India, etc; • Although local entrepreneurs are making inroads, but most of the leather products are imported;

	<ul style="list-style-type: none"> • Potential for producing, selling and exporting handbags with outer surface of leather, footwear, outer and uppers of leather soles, garments, articles of apparel of leather, and furniture; • Limited completion in Simiyu's and Tanzania's leather value chain; • With growing middle class there is potential for high-end developed market consumers – with products such as handbags, shoes, coats, and furniture.
Support available	<ul style="list-style-type: none"> • Government support providing training to leather technicians e.g. 2017 offered 1000 positions in Mwanza
Challenges/ Risk and Mitigation	<ul style="list-style-type: none"> • Seasonality: Sometimes here may not be enough quality hides and skins for the leather industry; • Quality of leather affected by <i>viboko (rhino)</i> and livestock marking; • Absence of dedicated guarantee mechanisms to facilitate sector operators' access to financial instruments; • Livestock leather quality affected by selling the livestock when they are old or sick (> 5 years); • Competition from synthetic leather and synthetic products.

12. Dairy products factories

Overview of the Opportunity	
Key features	<ul style="list-style-type: none"> • Establishing milk processing and dairy products factor(ies); • Investing in breeding to get cattle (<i>chotara</i>) with high yielding potential and disease resiliency; • Investing in mini-and large scale ranches; • Establishing zero grazing cattle farms. • Investment location: Maswa, Bariadi, Itilima.
Key investment rationale	<ul style="list-style-type: none"> • Simiyu has more than 1.5 million cows; • Milk production is dominated by smallholders; large scale producers are few; • Milk is abundant from November to April; • Market is available within the Districts and Bariadi TC, Lamadi, Mwanza, and hospitality industry; • Low farm gate price of milk, TZS 400 per litter, while yoghurt costs more has TZS 4,000/L (Meatu Milk prices); • Dairy processing is largely informal at household and village levels involving unregistered small processing units; • Increased value addition to enhance food and nutrition security, reduce income poverty, and improve living standards of pastoralists; • Substantial supply gap of value added dairy products in Simiyu market; • Culture and per capita income (USD 250) allowing frequent consumption of milk.

Support available	<ul style="list-style-type: none"> • The Livestock Development Fund in place; • Political support by district authorities and by District Development Plan's financing.
Challenges/ Risk and Mitigation	<ul style="list-style-type: none"> • Bulking challenges (non-optimal volumes); • Transportation challenges - collection centres to processing plants; lack of cold chain; • Milk scarcity in the dry season May - July due to water and feed challenges; • Relatively high cost of production linked to licensing procedures, logistics costs and informal costs; • Significant seasonal variations; • Need to invest in purchasing cows with high milk yielding potential;



Fermented milk produced by the youth producer group in Meatu, Simiyu region

13. Electricity supply

Overview of the Opportunity	
Key features	<ul style="list-style-type: none"> • Phased power supplies 400-500 MW from national grid by 2050; • Generation of electricity from biogas from crop and livestock waste, and photovoltaic panel farms (> 50 KVA)
Key investment rationale	<ul style="list-style-type: none"> • Adequate power supplies will be needed for running irrigation systems, industrial processes, and domestic use with fast rising population and migration of people seeking for employment in Simiyu; • Simiyu has more than 1.5 million cows, whose dung can easily be used for biogas production; • Simiyu has 11 hours of strong sunlight whole year around giving a massive opportunity for commercial generation of PV electricity for home , running irrigation systems, and industrial plants' lighting; • Potential for empowering non-grid rural communities and rural industrialization by promoting decentralized power and local renewable energy sources

Support available	<ul style="list-style-type: none"> • Support from MEM, CoET-UDSM, TIRDO, TANESCO, REA, WBU, private developers, UNIDO, GEF, UNDP, East African Centre for Renewable Energy and Energy Efficiency (EAC-REEE), Africa Enterprise Challenge Fund, etc; • Strong support from providers of solar energy systems; • Policy and technical support from GOs, and development partners, and solar energy and un-grid businesses.
Challenges/ Risk and Mitigation	<ul style="list-style-type: none"> • Capital intensive; • Initial capacity building needed; • High initial and up scaling costs.

14. Three integrated industrial parks

Overview of the Opportunity	
Key features	<p>Establishment of three integrated industrial parks, in Lamadi – Bariadi (50km x 60km), Maswa – Malampaka (30km x 30km), Mwandoya – Ngh’oboko (30km x 30km), in Meatu; Lagangabilili – Lugulu (15km x 15km) in Itilima; and an export processing facility in Malampaka (Maswa DC).</p> <p>Initially, the industrial park to comprise of the following investment opportunities in the form of clusters, industries, and services centres:</p> <ol style="list-style-type: none"> 1. Manufacturing cluster: <ol style="list-style-type: none"> a. Ginneries; b. Textiles and garments factories/mills; c. Value added cotton by-products factories; d. Abattoir, Beef and Mutton; e. Cereals processing, and packaging; f. Meat products factory; g. Leather factories (modern tanneries, leather finishing production units, leather products); h. Agro-value addition industries (Factories for processing and canning food products, dairy products factories, oilseed-based vegetable oil factories and refineries, livestock feed, beverages); i. Logistics and trucking centre; j. Warehousing Centre; k. Utilities Centre; Fuel Depot; l. Waste treatment Centre; m. Industrial raw materials plants (industrial alcohol, and biodiesel) 2. Commercial Business and Trade Services Centre: Business centre, Financial and Insurance Centre; Trade Centre with an Agro-commodity exchange; and Supply Chain Services Centre;

	<ol style="list-style-type: none"> 3. Social services cluster: Passenger transportation stations; Well being centres; Learning centres; and Shopping malls; 4. Assembling cluster: Assembly, repackaging, and value add in machinery, equipment, and other industrial goods. E.g., farm machinery and implements, abattoirs equipment, etc; 5. Hospitality industry (hotels, restaurants, amusement, tourism) 6. Market Centres: An agricultural Commodity Exchange in Lamadi, Modern markets Bariadi and Maswa,, and one Livestock Market/Auction Centre in Meatu; 7. Forest and fruits trees plantation (e.g., miombo, cedar, modern eucalyptus, wattle) for ensuring sound air quality, timber, chipboards, plywood, fiberboard, furniture, poles, beekeeping industry development, and nutrition security; and 8. High technology clusters (in the longer term). 9. Power generation, biogas, photovoltaic solar panels, coal fired generation, industry steam 10. Recreation centres; 11. Packaging and supply chain management facilities;
Key investment rationale	<ul style="list-style-type: none"> • Well thought, designed and participatory planned sustainable development of Simiyu as opposed to haphazard development; • Need of public and private investments in urban planning and urban infrastructure development so as to have well planned town in line with and laws and regulations; • Simiyu is strategically positioned for development of viable industrial parks. It has direct access to the EAC and COMESA trading block through land and water ways; • Good links to Lake Victoria ports, Mwanza airport. Central Railway Line offers links to the major port in Dar es Salaam and Julius Nyerere International Airport, which provide guarantee for sea freighting and airlifting of goods from and to international markets. A Mwanza – Dar es Salaam and Tunduma road and TAZARA railway line offers links to Southern Tanzania and SADC countries; • Long-term investment destination for physical and technical infrastructure.
Support available	<ul style="list-style-type: none"> • Strong support by national and regional authorities. • The central government to construct an airport in Igegu, Bariadi
Challenges/ Risk and Mitigation	<ul style="list-style-type: none"> • Finance mobilization; • Transportation, power, utilities, and skilled human resources challenges; • Absence of existing efficient industry clusters to improve quality and innovation; • Strong, creative, and sustained interventions by both the GoT and private sector are needed; • Weak coordination of business operators along the value chains may lead to fragmented development; • Need early to undertake detailed land mapping surveys for demarcation of land and formulation of land use plans

15. Housing estate: Construction of quality and affordable houses and shopping malls, and conference and offices for hire.

Overview of the Opportunity	
Key features	<ul style="list-style-type: none"> Construction of 60-120 square meters houses within a price range of TZS 25-50 million, depending on house's surface area, quality, access to building materials, and logistics; 5,000 to 10,000 apartments/houses by year 2040; Shopping malls, and Conference and offices for hire.
Key investment rationale	<ul style="list-style-type: none"> More than 40% of Simiyu residents are below 30 years of age and will require own houses in the next decade; Simiyu is a new region. There will be an increasing migration to district town centres by government bureaucrats Great number of people in fast growing centres demand modern residential houses and shopping malls, and commercial office facilities Any prospective investor with capital is invited to come and invest in housing estates in all district councils in Simiyu Population growth rate of 2.8 % in Simiyu will generate a non-abating demand for houses.
Support available	<ul style="list-style-type: none"> Existing support for improvement of education by the regional and district authorities; Support by financial institutions; TBA and SUMA JKT may construct affordable houses in line with local specificities; Competing local and foreign construction organizations raising quality levels;
Challenges/ Risk and Mitigation	<ul style="list-style-type: none"> Limited mortgage facilities; High interest rates by institutions lending for real estate development; Potential challenges with basic utilities.

16. Hunting blocks and Campsites in Maswa Game Reserve and Makao Wildlife Management Area

Overview of the Opportunity	
Key features	<ul style="list-style-type: none"> Establishing camping sites in Maswa Game Reserve, which has 2,880 sq. Km, and Makao Wildlife Management Area (1,330 sq. km) in Meatu district; Establishing 2-3 star hotels Development and conservation of hunting blocks in Maswa Game Reserve and Makao Wildlife Management Area; Establishing cultural tourism operations in living cultural sites of Hadzabe, Sukuma and Taturu found in Maswa, Meatu, Busega, Itilima and Bariadi Rural Districts. Establishing tour operations; Development of forest reserves in Maswa.

Key investment rationale	<ul style="list-style-type: none"> • The reserves host various wildlife such as lion, hippo, buffalo, zebra, wild dog, bushbuck, impala, giraffe and baboons; • Tourism can easily create thousands of jobs at the lower end of the skills-set within the direct tourist sector, and indirectly through other segments including agriculture, agro-processing, infrastructure and aviation; • Diversity of vegetation and plants ; • Rising tourist visits; • Underdeveloped hospitality industry.
Support available	<ul style="list-style-type: none"> • Operational support from the Tanzania Tourist Board, Tanzania Tourism Licensing Board; • Policy support from the Ministry of Natural Resources and Tourism; • Support from tourism associations, e.g. Hotels Association of Tanzania (HAT tel. +255 (0)22 2602440 www.hat-tz.org / info@hat-tz.org), etc.
Challenges/ Risk and Mitigation	<ul style="list-style-type: none"> • In 2011, Tanzania was ranked 110th out of 139 countries in tourism sector competitiveness, despite ranking second in the world for its natural resources endowment; • Challenging licensing practices including excessive regulatory and financial requirements which make it difficult for local operators to participate in the market; • Need to encourage integrated market development of the tourism sector in the Simiyu Region; • Need to create a more investor friendly business and regulatory regime, and facilitate greater sector investment starting with review of policies and Acts; • Increase stakeholder participation in tourist value chains management to enhance performance in Simiyu Region; and • Accelerate reform to consolidate growth of the tourism sector so that it can be among the top ten destinations in Africa.



Forest reserve

17. Technologies for long term storage of farm crops, livestock, and aquaculture products

Overview of the Opportunity	
Key features	<p>Investing in technologies for long term storage of farm crops, livestock, and fish products</p> <ul style="list-style-type: none"> • 1,000–5,000 metric tons of warehouses at village level; • 5,000– 50,000 tons warehouses for Rice in Malampaka, maize in Itilima; • 50–200 tons of meat cold storage in Meatu and Maswa; • 10–50 tons cold storage of fish products in Busega.
Key investment rationale	<ul style="list-style-type: none"> • High post harvest losses, ca. 20–30% • Lack of storage space, especially during bumper harvest, e.g. in years 2013–2015; • Limited capacity of the National Food Reserve Agency (only 250,000 tons).
Support available	<ul style="list-style-type: none"> • Existing support from central government, regional and district authorities; • Support by financial institutions and development partners, e.g. USAID, World Bank, AfDB, etc • Export potential of food and cash crops ensuring return on investments
Challenges/ Risk and Mitigation	<ul style="list-style-type: none"> • Access to capital for construction, operations, and maintenance • Potential challenges with utilities; • Treatment of waste streams and related environmental protection challenges; • Use of inappropriate substances (e.g. mercury) and methods for extraction by smallholder miners.

18. Fish Farming Using Cage Culture and Recirculating Aquaculture System

Overview of the Opportunity	
Key features	<ul style="list-style-type: none"> • Fish Farming Using Cage Culture and Recirculating Aquaculture System • Conduct suitability study to identify areas for cage culture investment • Establishing Modern Hatcheries for fish fries and fingerlings • Establishing Fish feed processing factory • Construction of cold storage and landing sites • Fish processing plant/factory • Location for investment: Busega DC and Bariadi DC and TC
Key investment rationale	<ul style="list-style-type: none"> • Simiyu occupy more than 605 sq. km and 78 km shore in Lake Victoria; • Fish from capture sources is fast diminishing; • The envisaged investments will increase fish production for internal and external markets; • Fish farming to reduce Lake Victoria ecosystem degradation by illegal fishers; • Increase in fish farming activities will attract investors to construct a modern fish market and fish processing facilities in Busega DC;

	<ul style="list-style-type: none"> • Simiyu people and neighbouring areas are traditionally used to fish as source of protein • Availability of reliable Markets in country and outside • Recommended source of protein as opposed to red meat • Per capita income (USD 250) allowing frequent consumption of fish.
Support available	<ul style="list-style-type: none"> • The national Fisheries policy and strategy; • Political support by National, Regional authorities and by District Development Plan's financing. • Available pilot projects in nearby
Challenges/ Risk and Mitigation	<ul style="list-style-type: none"> • Lack of reliable producer of fish fries/fingerings • Lack of collection centres to processing plants; lack of cold chain; • Lack of reliable fish feed and high price of imported fish feeds • Need to invest in purchasing gears for cages and RAS



19. Mineral resources exploration, mining, smelting, refining of nickel, salt, quarry products, gypsum

Overview of the Opportunity	
Key features	<ul style="list-style-type: none"> • Mineral resources exploration, mining, smelting, refining of nickel, and potential gold, iron ore, copper, • Mining, treatment, and trade of diamond, salt, quarry products, and gypsum; • Technology for minerals exploration and mining
Key investment rationale	<ul style="list-style-type: none"> • Minerals are available in Simiyu • Most mining is under small scale mining using rudimentary technology. Modern technology would enhance their yields; • Existing domestic and international market for raw minerals that meet international standards;

Support available	<ul style="list-style-type: none"> Existing support from central government, regional and district authorities; Support by financial institutions and mining associations; Export potential
Challenges/ Risk and Mitigation	<ul style="list-style-type: none"> Access to skilled labour and miners Potential challenges with utilities; Treatment of waste streams and related environmental protection challenges; Use of inappropriate substances (e.g. mercury) and methods for extraction by smallholder miners.



Standard chalk produced in Maswa.

20. Harbour in Nyamikoma and Recreation Centre, water cruises, water birds watching, deep water diving, sports fishing, and water sports centre in Busega DC's 78 km shore

Overview of the Opportunity	
Key features	Establish a harbour in Nyamikoma, and a Recreation Centre with Leisure, water sightseeing cruises in Lake Victoria, and a water sports centre in Busega DC's 78 km shore
Key investment rationale	<ul style="list-style-type: none"> Potential pristine sites- low exploitation of tourism potential; The available facilities are inadequate to meet the needs of the increasing number of local and foreign tourists; Increasing awareness of Tanzanians on local tourist attractions and their importance to learning and resting. Need to improve the quality of services to global standards.
Support available	Strong technical support from Tanzania Tourist Board, Regional Authorities, and Ministry of Natural Resources and Tourism.
Challenges/ Risk and Mitigation	<ul style="list-style-type: none"> Finance mobilization; Technical expertise.

3.3 The Guide's Target groups

The direct targeted beneficiaries of this Guide include:

- Investors, business owners and stakeholders, agricultural crop estates and medium-to-large farms and value adding and marketing entities intending to invest in Simiyu's designated industry and business areas;
- Ministry of Trade, Industries and Investment;
- Primary stakeholders across value chains, including individual entrepreneurs, importers and exporters of input and output factors, and agriculture crops, livestock keepers and fisher folks, industry organisations/marketing boards or organizations and exporters;
- Government Ministries, agencies, TIC, LGAs, EPZA, and parastatals (e.g. those responsible for agriculture, industries, trade, finance, and international cooperation);
- Other private sector entities;
- Academia/researchers in the Lake Zone and in Tanzania;
- Umbrella organizations such as the National Business Council, TCCIA, PSPF, pension funds investing in agriculture and industries, and other support institutions;
- Institutions overseeing the management of quality and safety management issues, such as TBS, TFDA,;
- Organizations providing productive capacities, information and data, Monitoring and Evaluation M&E, and other business support services, such as the Industrialization Support Organizations (ISO), Textiles Development Unit, BRELA, TRA, FCC, NEEC, TANTRADE, Industry Support Organizations (ISOs), and agricultural and industrial extension services providers, etc.;
- Selected Civil Society and NGOs; and
- Development partners, such as FAO, UNDP, World Bank, UNCTAD, ITC, EU, UNIDO, TMEA, etc.

PART FOUR

FACILITATION, PROCESSES, REQUIREMENTS AND INCENTIVES

4.1 Facilitation

The Simiyu Region (SR) and Central Government are improving favourable conditions to entice and facilitate investment in the region in areas outlined in part three of this guide. The key investment policies, laws, strategies, plans and programs that are promoting investment in the district are presented below.

Policies, Legal, Institutional and Regulatory Considerations

Key policies

Policies to guide investment promotion and interventions in Simiyu Region include: the National Investment Promotion Policy, 1996, National Agricultural Policy 2013, National Livestock Policy 2006, Sustainable Industrial Development Policy (SIDP) 1996-2020, National Trade Policy for Competitive Economy and Export led Growth, National Microfinance Policy, 2015, National Forest Policy (1998), Bee keeping Policy (1998), Small and Medium Enterprises Development Policy (2003), National Land Policy (1995), National Environmental Policy draft 2016, The Mineral Policy of Tanzania, (2009), Tanzania Mining Industry Investor's Guide, 2015, and Simiyu Region Vision and development policies.

Legal framework

The major laws and regulations that guide investment promotion and activities in Simiyu Region are: Tanzania Investment Act (1997), Tanzania Revenue Authority Act 2006, Land Act (1999), Village Land Act (1999), Mining Act (1998), Tanzania Bureau of Standards Act (2009), Tanzania Food and Drugs Act (2003) and Regulations, Plant Protection Act (1997) and Regulations, The Mining Act (2010), The Mining Regulations 2012,

and other sectoral acts and relevant Simiyu Region by laws.

Main institutions dealing with investing in Simiyu and Tanzania

The main institutions dealing with investment issues in Simiyu Region and Tanzania at large are: Tanzania Investment Centre (Email: information@tic.co.tz), Business Registration and Licensing Agency (BRELA), Tanzania Revenue Authority (TRA), Tanzania Electric Supply Limited (TANESCO), Tanzania Bureau of Standards (TBS), Ministry of Investment, Industry and Trade, Tanzania Food and Drugs Agency, Water Supply Companies in respective regions, Municipal Authorities in respective districts (on land issues), Ministry of Water and Irrigation, and Ministry of Agriculture Livestock and Fisheries.

Strategies, Plans, and Programs

The key strategies, plans and programs are: annual Regional Plans and Annual Reports (e.g. *Taarifa ya Maendeleo ya Sekta ya Kilimo mwaka 2016/2017*, *Taarifa ya Maendeleo ya Sektaya Mifugo Mwaka 2016/2017*, etc), PO-PRALG Reports, District Development Plans, Five Year Development Plan (FYDP II), Agricultural Sector Development Strategy and Program 2017-2022 (ASDP II), Livestock Sector Development Program 2011, Ministry of Industry Trade and Investment's Reports, and Integrated Industrial Development Strategy (IIDS 2025), National Rice Development Strategy, Tanzania Agriculture and Food Security Investment Plan, and Agricultural Growth Corridor in Tanzania.

Given the above policy, regulatory framework, strategies and plans, it is apparent that the investment climate in Simiyu Region is supported by sound frameworks that offer an appropriate environment that encourages investments in Simiyu Region.

4.2 Processes and requirements

The main processes that need to be undertaken by a prospective investor in Simiyu Region are listed below.

Lead institution

Tanzania Investment Centre (TIC) is a one stop agency of the government of Tanzania established under the Tanzania Investment Act No. 26 of 1997 to promote, co-ordinate and facilitate investment into Tanzania. The centre is a focal point for all investors and performs all liaison work for the investor from enquires right up to project start up. The centre deals with all enterprises whose minimum capital investment is not less than US\$ 300,000 foreign owned and US\$ 10, 0000 if local owned. The centre shall assist all investors to obtain permits, authorization etc., required by other laws to set up and operate investment in Tanzania.

The TIC contacts are: Executive Director, Tanzania Investment Centre, Plot no; 9A&B, Shabaan Robert Street, P.O Box No 938, Dar-Es-Salaam, Tanzania, Tél: 255 22 21 13365/1 16328-32 Fax: 255 22 21 18253, Email: tic@cats-net.com

Registration

The registration of an investment can be undertaken at the local BRELA and district, regional or national Tanzania Investment Centre and requires the following documentation: (i) Memorandum and Articles of Association; (ii) Certificate of Registration or Certificate of Incorporation; (iii) Investment Feasibility Study; (iv) Certificate of Incentives in the case of projects approved by TIC; (v) Partnership Agreement (deed), in the case of a partnership; (vi) Lease Agreement, (vii) Business Inquiry Forms (viii) IT 21 forms for companies and IT 20 forms for individuals, and (ix) Company and Operators' Certification of Registration for Tax Payer Identification Number (TIN).

Taxes

The taxes involved in investment projects in Simiyu Region are: (i) Corporate tax (30% for both resident and non residents); (ii) Withholding tax (for dividend payments, pension, insurance premium, royalties, transport and disposal of assets); (iii) Income tax rates for individuals (the marginal rate ranges from 18.5% to 30%); (iv) Income tax rate for non-

resident individuals (a flat rate of 20% applies); (v) 5. Taxable value of employment benefits (generally all benefits are taxable); (vi) Capital gains tax (the gain/loss upon sale realization is included in business income; (vii) Taxed at the general rate); (viii) Skills and development levy (6% of the gross emoluments paid to employees); (ix) Regulatory Agencies levies depending on service/product line; and (x) District Authorities levies which vary depending on the operations and produced products and services.

Value Added Tax (VAT): VAT is consumption tax charged at a single rate of 18%. Registration is compulsory for any business, which has a turnover of more than 40mn TZS per annum. Applicants for VAT registration should complete form No. VAT 101. A taxpayer is required to submit monthly VAT returns along with the payments to the nearest regional VAT office by the last working day of the month following the month of business.

Capital goods and deemed capital goods for investment do not attract VAT up front as the VAT is deferred to allow investor relief of tax up front. VAT deferment on any capital goods is open to all VAT registered and non-registered traders.

VAT refunds are made either within 30 days or 6 months from the due date depending on the type of taxpayer. Regular repayment traders like exporters can claim their refunds within 30 days while other traders can get their refunds after six (6) months. There are various goods and services that are either zero rated, such as exports or VAT exemption, such as health supplies and tourists services. The TRA desk at TIC will provide the list of goods and services falling under these categories as well as those with special relief.

Personal income taxes: An individual who is resident in and has a permanent home in Tanzania is subject to income tax on his worldwide income. Non-residents are normally subject to income tax on income accrued in or derived in the Tanzania at a rate of 15% of the gross amount payable. A person is normally regarded as resident if he has a permanent

home in Tanzania or was present in Tanzania during the year of income for 183 days or more. A person will also be regarded as resident if he was present in that year of income and in each of the two preceding years of income for periods averaging more than 122 days in each such year of income.

A variety of employee benefits are taxable. These include housing, vehicles and interest-free loans provided by the employer. The contribution to the National social Security fund (NSSF) is 20% of the employee's gross pay with both the employer and the employee sharing the burden (10% each). This contribution is tax-deductible for both.

The skills and development levy is payable by any employer who employs four or more persons; the rate is 4.5% of the gross wage. In addition, the levy is tax-deductible. Furthermore, employment in agriculture is exempt from the levy.

The Simiyu Region and Central Government are in the process of streamlining these taxes to improve the tax structure, make them more transparent, and less complicated.

Other taxes related information may be obtained from local or national Tanzania Revenue Authority offices, Telephone: 0800 750 075. 0800; www.tra.go.tz, 28 Edward Sokoine Drive, 11105 Mchafukoge, Ilala CSR, P.O. Box 11491, Dar es salaam, Tanzania.

4.3 Incentives

The Tanzania Investment Act (TIA, 1997), transferred all the tax incentives to Income Tax, 2004, East African Community Customs Management Act, 2004, Value Added Tax Act, 1997 as revised in 2006.

The investors who are in lead and priority sectors, they are allowed Import Duty and VAT exemptions on their Capital/ Deemed Capital Goods; these sectors are; agriculture including livestock, Air Aviation, Commercial

buildings, Commercial, development and microfinance Banks, export oriented projects, Geographical Special development areas, Human resources development, manufacturing, Natural Resources including fisheries, timber and beekeeping, rehabilitation and expansion, tourism and tour operations, Radio and television broadcasting, Transportation (Cargo and marine) and Economic Infrastructure. These include:

Import Duty and VAT exemption on Deemed Capital Goods.

These include; building materials, utility vehicles, equipment etc. According to the 2013/14 budgetary changes the import Duty exemption granted to Deemed Capital Goods is now 75% whereby the investor shall pay 25% of import Duty due. VAT Exemption on Deemed Capital Goods is 45% of VAT payable, whereby the investor shall pay 55% of the VAT payable.

Import duty (0%) on imported 4WDs designed and built for tourist purposes, subject to satisfying criteria set by East African Community Secretariat.

Import duty (0%) on hotel equipment, which where engraved, printed, or marked with hotel logo imported by licensed hotel for its use

VAT Special Relief on Project Capital Goods (i.e. Capital Goods by Generic Description). These include: plant, machinery, forklifts, crane, boilers, furnace, crushers, graders, caterpillars, excavators, bulldozers, angle dozers, lifts/ escalators etc; others are VAT exemption on pesticides, fertilizers, health supplies, livestock, unprocessed agricultural products, agricultural implements, books and newspapers, educational services, financial services, petroleum products, aircrafts, aircrafts engines, aircrafts parts, computers, wind generators and liquid elevators, photovoltaic and solar thermal. Also included are heat insulated milk cooling tanks and aluminium jerry cans used for storage and collection of milk in dairy industry; farm services of land preparation, cultivation, planting and harvesting.

Import Duty Drawback: Import duty charged on imported inputs used for producing goods for export and goods sold to institutions like the United Nations in Tanzania is refundable.

Manufacturing Under bond: All factories registered to manufacture goods under bond for export purpose are exempted from import duty and other taxes on inputs used to manufacture such goods.

Economic infrastructure: Road, railways, air and sea transport, port facilities, telecommunication, banking & insurance.

Tourism: In tourism, losses carried forward. However, companies with perpetual unrelieved losses for three consecutive years are charged 0.3% of annual turnover. Imported 4WDs designed and built for tourist purposes are exempted import duty, subject to satisfying criteria set by East African Community Secretariat. Similarly, hotel equipment, which were engraved or printed or marked with hotel logo imported by licensed hotel for its use are exempted import duty.

Incentives for Foreign Investors

Investment Guarantees and Settlement of disputes: Investments in Tanzania are guaranteed against nationalisation and expropriation. Tanzania is a member of both the International centre for Settlement of investment Disputes (ICSID) and Multilateral Investment Guarantee Agency (MIGA).

Other incentives for Foreign Direct Investments include: (i) Favourable investment allowances and deductions(100%) on Industrial Buildings, Plant and Machinery and on Agriculture expenditure; (ii) Deferment of VAT payment on project capital assets; (iii) Import duty drawback on raw materials; (iv) Zero rated VAT on manufactured exports; (v) Straight line accelerated depreciation allowance on capital goods; (vi) Yearly appreciation of unrecovered capital investment in mining; (vii) Five year carry- over of all business losses against future profits; (viii) A reasonable corporate tax rate (30%) and low withholding tax rates on dividends (10%)and on

loan interest (0%); (ix) The right to transfer outside the country(100%) of foreign exchange earned, profits and capital; (x) Automatic permit of employing 5 foreign nationals on the project holding certificate of incentives; (xi) Reduced import tariffs on project capital items; and (xii) 5% import duty for investment in Priority.

The above mentioned incentives are currently being reviewed. Specific investment incentives in Simiyu Region may be negotiated and obtained from the Simiyu Region Management

4.4 Inclusiveness and participation of the private sector

Inclusiveness and participation of the private sector in Simiyu Region investment planning is paramount and is advocated by the Simiyu Region Authorities. A public and private sector engagement mechanism is being developed to facilitate Simiyu Region's transformation into a modern, commercial and competitive investment destination.

According to the national policies it is the role of the public sector to provide basic enablers such as land, utilities, infrastructure, and are normally supported and constructed using Region and District budgets and National Public Budget and other resources or development partners' support. It is the private sector which is mainly supposed to play a major role in investing in Simiyu Region in the production, transportation, storage, processing and marketing of the products and development of value chains listed in Section 3. However, for the private sector to play its role effectively, the Simiyu Region authorities will create an enabling environment through provision of prerequisite infrastructure, incentives, and formulation/review and enforcement of investment friendly policies, regulations, and procedures. In addition, the regional authorities will also promote private-public partnerships, which are critical for the achievement of objectives of successful promotion and implementation of capital and technology intensive investments, as outlined in part three of this guide. These include fair taxation; provision of access to adequate basic infrastructural resources such as power, water, skilled human capital,

Information and Communication Technology, appropriate road networks; and consistent policies and regulations. In addition, the private sector should be facilitated to improve delivery, and enabled to thrive and be competitive by facilitating access to affordable input and output factors nationally and internationally.

(Footnotes)

¹ While contract farming especially in cotton seem to have challenges, I would have identified it as an investment opportunity particularly for investors in cotton ginneries and textile mills; this opportunity will materialize now the government is reforming contract farming regulatory framework that would promote a win-win situation for all textile value chain stakeholders; there will be opportunities for contract farming in other enterprises like horticulture, sunflower for edible oil, and dairy farming in many parts of Tanzania including Simiyu.

² In 2010, Tanzania's Textile and clothing exports reached a total value of USD 140,7 m. Cotton textiles (fibre, yarns and woven fabrics) accounted for USD 100,4 m (71%) followed by other vegetable textile fibres (HS cat. 53) with USD 12,7 m (9%) and twines, cordage, rope, cable and nets (USD 9 m, 6 %). Total garment exports amounted to USD 11,6 m of which USD 8.7 m were knitted and UDS 2,9 m consisted of woven garment representing a mere 8.2 % of total T & C exports.

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