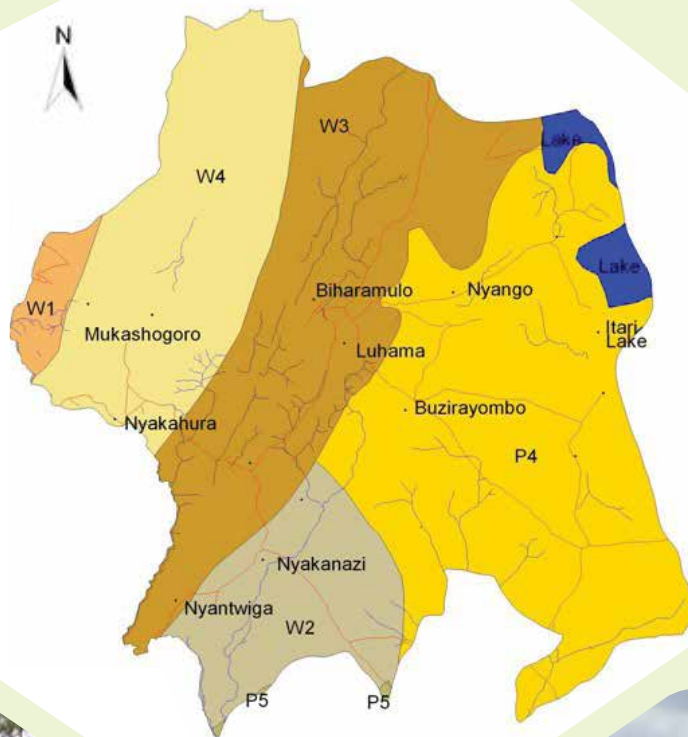




# Biharamulo District Investment Profile





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# BIHARAMULO DISTRICT INVESTMENT PROFILE

By  
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Mrs. Margareth Nzuki and Mr. Abdallah K. Hassan



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The authors would like to thank all the stakeholders who were involved in the Focus Group Discussions (FGDs) and other forms of consultations in Biharamulo district. Their patience during long interview sessions, informative responses, and rich contributions had enabled our research team to make this analysis and achieve the objectives of the study. In addition, the information collected from them has formed an important input during the analysis process thus making it possible to finalize the Biharamulo district investment profile. Respondents were drawn from the District Council, Ward and Village Executives, Eminent Persons in Biharamulo, Tanzania Chamber of Industry and Agriculture, Entrepreneurs, Pastoralist Association, and other stakeholders who have been of much help to us in writing this report.

We would also like specially to thank Hon. Oscar Mukasa, the Member of Parliament for Biharamulo, who initiated the study process and actively participated in the development of this profile.

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# SUMMARY

The Biharamulo district intends to transform itself into a prosperous hub for agriculture, commerce, transport, tourism, mining, regional trade, and economic development in North West Tanzania. The district plans to build an outward looking competitive and inclusive economy through increasing quality and quantity of the output and market access for its existing and potential productive sectors.

The objective of this profile is to provide information that will guide investment decisions in Biharamulo district, entice and attract investors to exploit investment potentials present in the district to augment inclusive economic growth and development and ensure a decent employment and life to all.

Specifically this profile provides: (a) Investment opportunities for establishment of environmental friendly and competitive production projects that may create decent employment, increase enterprise and individual incomes and purchasing power, and stimulate an inclusive and sustainable growth in Biharamulo District; and (b) Technical, institutional, and policy challenges that need to be addressed to improve the investment climate in Biharamulo District.

The investment priorities were identified and documented by using intensive stakeholder engagement and participatory approach. It included group deliberations and brainstorming carried out through focus group discussions and individual key stakeholder interviews.

The major investment priorities and technical, institutional, and policy issues that need to be addressed to attract and improve the investment climate in Biharamulo District are presented below.

## **The major investment opportunities**

The major investment opportunities in Biharamulo district, in the descending order, are:

### **1. Agribusiness:**

- Production of crops (Commercial, smart and climate resilient):
  - ✓ Food/cash crops: cassava, paddy, maize, bananas (commercial and alcohol producing varieties), millet and pulses;
  - ✓ Cash and export crops (including their products and by-products): sunflower, groundnuts, and horticultural products on 5 to 50 Ha farms.

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Starting with attracting, incentivizing, and equipping farmer groups' schemes (*vikundi*).

- Supply of quality and certified seeds, fertilizers, and pest and diseases control at village level (agro-dealers/ stockists and crop farming services providers are inadequate);
- Value addition and long-term quality warehousing (500-5,000 ton facilities).

**Note:** Biharamulo District produces about 200,000-300,000 tons of cassava, of which most is exported to Rwanda, Democratic Republic of Congo (DRC), Burundi, and Uganda where it is processed in flour and related secondary products.

## 2. Livestock industry:

The potential investment opportunities in the livestock industry are:

- Marketing infrastructure - Cattle markets (*minada*) for 200-300 animals in Lusahunga, Nyarubungo, and Nyakahura. In Biharamulo, a large Ankole bull sells between TZS 1-2 million, while a normal cow sells between TZS 300,000 and 400,000. Although the Biharamulo District (BD) livestock markets are among the lucrative markets in Tanzania, but still the brokers buy the animals, transport, and sell them to other markets such as Pugu and in Comoro and Kenya.
- Veterinary services, especially Veterinary Clinics for screening of animals, treatment and vaccination;
- Dipping and veterinary services in the remote pastoral lands;
- 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;
- Livestock laboratories for diseases management and livestock products quality and safety management;
- Micro ranches (2-10 Ha);
- A modern abattoir and meat processing plant with cold storage with a capacity of 0.5-2 tons per day to produce quality and safe meat and meat products for local consumption and trade;
- A center for running Livestock Identification, Traceability System (LITS) and eco-labeling system and Sanitary and Phytosanitary Measures for compliance to standards in internal and international markets;
- Production of feed and feed supplements;

## 3. Health

Biharamulo district has 80 villages but only 22 dispensaries and only 5 ward health centers among 17 wards. Sometimes people with National Health Insurance have to travel 30-35 kilometers to the nearest health facility. This has been earmarked as among the top three areas that need immediate investments (see Table 3.1 below). The investment opportunities are:

- One referral hospital;
- Specialized clinics, including pediatrics and child health, women health, communicable diseases, non-communicable diseases, family planning, indigenous health practices, and rehabilitation clinics.
- Public and private schools for training of medical personnel.

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#### **4. Manufacturing:**

- Manufacturing of high quality cassava flour; cassava confectionaries such as snacks and biscuits; flakes, pellets, chips, cubes and flours to feed livestock; cassava starch; and glucose, caramel and ethanol which are an essential commodities in many industries from chemical, pharmaceuticals to food, biofuel, and cosmetic industries;
- Processing of paddy, maize, pulses, sunflower, groundnuts, bananas, and millet;
- Small to medium meat and dairy products producing plants (beginning with collection, processing, packaging, and cold storage of 500-1000 L milk/day processing capacity);
- Production of ethanol;
- Construction of a hides and skin collection and processing plant (currently raw hides are exported to Uganda and Kenya);
- Production of leather products.
- Handling and processing of by-products of slaughtered animals: bones, hooves, horns, blood, bristles, feathers, hair and fur for human food, medicinal, pharmaceuticals, leather goods, sports, textiles, and garments goods, and animal feeds.

#### **5. Education:**

The following investment opportunities exist for the public and private sector entities in the education system of Biharamulo District:

- Investments in one Technical and industrial technology vocational training center (300-400 students);
- One agriculture and livestock training center (200-300 students),
- Two polytechnics with a capacity of 500-800 students.
- 60 Primary schools, 20 secondary schools, and 11 high schools
- Training center for business education

#### **6. Tourism:**

- Investing in historical sites, culture/eco-tourism (since some historical sites and records are missing, there is a need for the Biharamulo District Council to make efforts to identify them, update records, and market them aggressively);
- Development and conservation of hunting blocks;
- Technical and physical infrastructure for upgrading and developing Burigi game reserve;
- Development of the hospitality industry, including 1 to 3 star hotels, guest houses/ lodges, restaurants, shopping malls, camping sites;
- Sustainable power supply to Burigi Game Reserve;
- Development and conservation of forest reserves.

#### **7. Beekeeping:**

Beekeeping is a potential economic activity for employment and income generation in Biharamulo district. There is potential of beekeeping investment because of availability of forest (natural and reserved forests). The investment opportunities in beekeeping are:

- Investments in beekeeping for production of honey, wax and other allied products ;
- Provision of beekeeping services: modern production, processing and packaging technologies and practices e.g. production of modern beehives; equipment and facilities for honey collection, processing and wax production;
- Capacity building services in modern beekeeping, extension services, research services, and marketing support to expand cost-effective production and marketing of safe and high quality bee products.

## **8. Forest products:**

- Investments in sustainable private forests for trees for manufacturing of furniture, timber for construction and trade, firewood, and charcoal.
- Investments in private forests and Non-State Actors (NSAs) forests using Biharamulo soil compatible, fast growing, climate resilient, and low-water and nutrient requiring trees.
- Investments and expansion of village forests and Biharamulo Districts Council's forests through Public Private Partnership (PPP).

**9. Aquaculture:** Promote fish farming as an alternative source for supply of fish, income generation, for enhancing food and nutrition security in Nyamahanga.

**10. Environmental management:** Investment in facilities for treatment and recycling of municipal and industrial waste water and solid waste

## **11. Marketing infrastructure:**

- A modern market in Lusahunga;
- Shopping malls at Biharamulo, Nyakahura, Kabindi, Nemba and Nyakanazi;
- Construction of modern automobile centers/garages in Biharamulo and Nyakanazi;
- Construction of milk and skin processing industries and related logistics.

## **12. Water supply:**

Investments in facilities and technologies to expand access to clean and safe water to people for domestic use, sanitation and hygiene and for productive sectors (more than 50 L per day).

**13. Power supply:** Electric power to about 50-60 MW (with Rural Energy Agency-REA and Tanzania Electric Supply Company-TANESCO facilitation) and encourage private supplementary sources using efficient, clean off-grid Hybrid Power Systems, comprising of traditional sources and renewable energy systems, such as Biogas, Solar Photovoltaic, Village Power Industrial Technology, Micro-Hydro, and Mini-Grids, taking advantage of Biharamulo's topography.

## **14. Business services**

Financial and technical support services, such as livestock and crop insurance, and construction of infrastructure for organized small businesses (*machinga endelevu*), around the TANROADS weigh bridges, which are in the design phase. This would include beginning

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with specific development of Nyakanazi town as a centre for business and as a hub for North West Regions and bordering countries.

**15. Real estate:**

Construction of houses, hospitality industry (1 to 3 star hotels), guest houses/lodges, conference facilities/halls, financial institutions/banks, and insurance organizations beginning with houses for Government staff such as teachers, migrating workers and hostels for students. This will need to design a Biharamulo's Master Plan.

**16. Mechanization and technology center:** For sale, rental, maintenance of agricultural related equipment.

**17. Design, planning, and construction of the stand for buses and a parking lot cargo transportation fleets** in Nyakanazi (50-80 Ha).

This profile is expected to be a major input in making judgment and investment decisions in the Biharamulo district. In addition, it is expected to be an input for formulating future district plans in key sectors such as agriculture, livestock, forestry, water, environmental management, and energy programmes aimed at stimulating social economic development, sustainable natural resources conservation and exploitation, and sound environmental management. Holistic, innovative and integrated approaches will be crucial for strengthening sustainable socio- economic development and assurance of decent and sustainable viable economic activities, raising the standards of living and living conditions, and long term food and nutrition security.

# 1. INTRODUCTION

## 1.1 Background

The Biharamulo district intends to transform itself into a prosperous hub for agriculture, commerce, transport, tourism, mining, regional trade, and economic development in North West Tanzania. The district plans to build an outward looking competitive and inclusive economy through increasing quality and quantity of the output and market access for its existing and potential productive sectors. This is expected to be delivered through fostering quality investments in priority productive sectors; expanding the domestic, regional, and national markets for its goods; and sustainably increasing incomes and purchasing power of its population. Attaining the above aspirations and goals to a large extent will depend on identifying investment opportunities and priorities and preparing the District's investment agenda and building the appropriate District's productive capacities to deliver support and upgrading of services for effective promotion/attraction, facilitation, and implementation of investments and reinforcement of the competitive strengths. The foregoing led the district to prepare this investment profile as a starting point.

The objective of this profile is to provide information that will guide investment decisions in Biharamulo district and entice and attract investors to exploit investment potentials present in the district to augment inclusive economic growth and development and ensure a decent employment and life to all.

Specifically this profile provides: (a) Investment opportunities for establishment of environmental friendly and competitive production projects that may create decent employment, increase enterprise and individual incomes and purchasing power, and stimulate an inclusive and sustainable growth in Biharamulo District; and (b) institutional, policy and technical challenges that need to be addressed to improve the investment climate in Biharamulo District.

The profile, therefore, provides prospective investors and interested parties with insightful information about investing in Biharamulo District, including an overview of Biharamulo district and the main investment opportunities the district presents. The main aim of the profile is to entice potential investors looking for investment opportunities and enable them to make informed judgment and evidence based decision making on resource allocation. In addition, this profile will enable would be investors to make informed decisions on what to invest in and where to invest in. Furthermore, the profile presents issues that need to be addressed to improve the investment environment so as to ensure a conducive platform for doing business and promote a balanced and sustainable development and growth of

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the district in line with the aspirations of its people and national development agenda and frameworks.

## **1.2 Approach**

The investment priorities were identified and documented by using intensive stakeholder engagement and participatory approach. It included group deliberations and brainstorming carried out through Focus Group Discussions (FGDs) and individual key stakeholder interviews. The respondents included the members of the Biharamulo District Council's management and heads of the departments, Ward and Village Executives, Eminent Persons in Biharamulo, the Member of Parliament, Tanzania Chamber of Industry and Agriculture, Entrepreneurs, and other stakeholders such as the leadership of pastoralists CHAWAKAZI (Chama cha Wafugaji), and vendors in the main town market.

The profile comprises of four chapters: Chapter one presents the introduction. Chapter two gives an overview of Biharamulo district. Chapter three presents investment opportunities. Chapter four presents key technical, institutions, and policy issues that need to be addressed to improve the investment climate in Biharamulo district.

## 2. OVERVIEW OF BIHARAMULO DISTRICT

### (a) Geography and Administrative Set-up

Biharamulo District (BD) is located in Western Tanzania, South of Kagera region. It is bordered to the north by Karagwe and Muleba Districts, to the east by Chato District and south by Bukombe and Kibondo Districts (Figure 2.1). To the West, Biharamulo District borders with Ngara District. The District is located at an altitude of between 1532 m above sea level. Its coordinates are latitude 2° 37' 55 S and longitude 31° 18' 32 E. Administratively, the District comprises of 19 wards (Table 2.1).

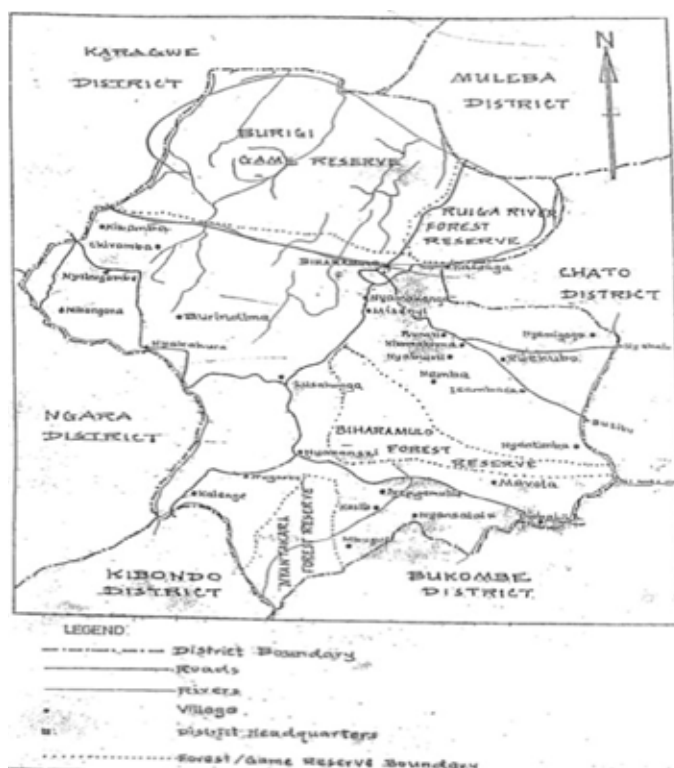


Figure 2.1: Map of the Biharamulo District

### (b) Climate

Being just south of the equator and within the climatic influence of Lake Victoria, Biharamulo District experiences even temperatures, with minima and maxima of 20° C and 30°C respectively, and a rainfall ranging from 600 to 1200 mm, depending on the altitude and agro-ecological zone (Figure 2.2).

**Table 2.1: The administrative set-up and population development in Biharamulo District**

Name	Status	Population Census, 01/08/2002	Population Census, 26/08/2012
<b>Biharamulo</b>	<b>District</b>	<b>NA</b>	<b>323,486</b>
Biharamulo Mjini	Mixed Ward	NA	24,573v
Basibo	Rural Ward	NA	14,694
Ruziba	Rural Ward	NA	12,090
Nyamahanga	Rural Ward	NA	10,760
Nyarubungo	Rural Ward	21,563	28,426
Lusahunga	Rural Ward	18,246	37,234
Kalenge	Rural Ward	19,777	34,147
Nyanza	Rural Ward	9,889	17,074
Kalenge	Rural Ward	9,889	17,074
Kaniha	Rural Ward	NA	19,525
Nyankatara	Rural Ward	NA	16,370
Nemba	Rural Ward	NA	20,189
Nyabusenzi	Rural Ward	16,542	23,988
Nyamigongo	Rural Ward	11,852	15,583
Kabindi	Rural Ward	NA	25,312
Runazi	Rural Ward	NA	14,472
Katahoka	Rural Ward	10,781	14,213
Nyarubungo	Rural Ward	10,781	14,213
Nyakahura	Rural Ward	18,565	26,123
Ruziba	Rural Ward	NA	12,090

Source: **National Bureau of Statistics 2013**



Figure 2.2: Biharamulo town

**(c) Biodiversity:** Much of the Biharamulo District's terrain is hilly with thick tropical vegetation including forests and wide-open grasslands. The biodiversity hotspots in BD are Burigi Game reserve in the north, Ruiga Forest Reserve in the East, and Biharamulo and Nyantakara Forest Reserves in the South. The ecosystems challenges facing Biharamulo District includes increasing pressures on resources as a result of rapid increase of population growth, agriculture and livestock expansion characterized by progressive reduction in farm sizes, and unsustainable land use and management practices.

Land and freshwater resource base, associated biodiversity and population livelihoods and food security are threatened by land degradation, declining productivity capacity of croplands and rangelands, deforestation and encroachment of agriculture into forest reserves, Game Reserves, and wetlands.

According to the agro-ecological map in Figure 2.3, the Biharamulo District is mainly made up of flat and undulating plains with scattered hill foot slope associations; undulating to upland rolling upland plains and plateau with resistant quartzite ridges, undulating to upland rolling plains developed on phyllite with ridges of quartzites; and dissected hilly plateau developed on basalt, aglanceous sand stones/shales (MALF, Mlingano ARI, 2006).

#### (d) Social and developmental characteristics of Biharamulo District

Biharamulo is the second poorest district in Tanzania, according to the National Survey on household's income and expenditure in 2011/2012. According to the survey "Baseline Survey on Poverty, Welfare and Services in Kagera Districts", Biharamulo District is among the poorest Districts in Kagera region with 34 percent of all households being poor, and most of the poor households are located in rural areas (32% in rural areas versus 23% in peri-urban areas (KAGERA RURAL CWIQ, 2004).

On average 5.8 people are living in each household, which lies far above the rural regional average of 5.2 members; the District has among the lowest literacy rates of about 65 percent, higher only to Ngara at 64 percent (35 percent of its population aged 15 and over is illiterate in the district). Biharamulo has the large share of its working population employed to full capacity; the unemployment rate in the District is only about 18.7 percent. These results are in agreement with the recent results from Tanzania Human Development Report (THDR, 2014).

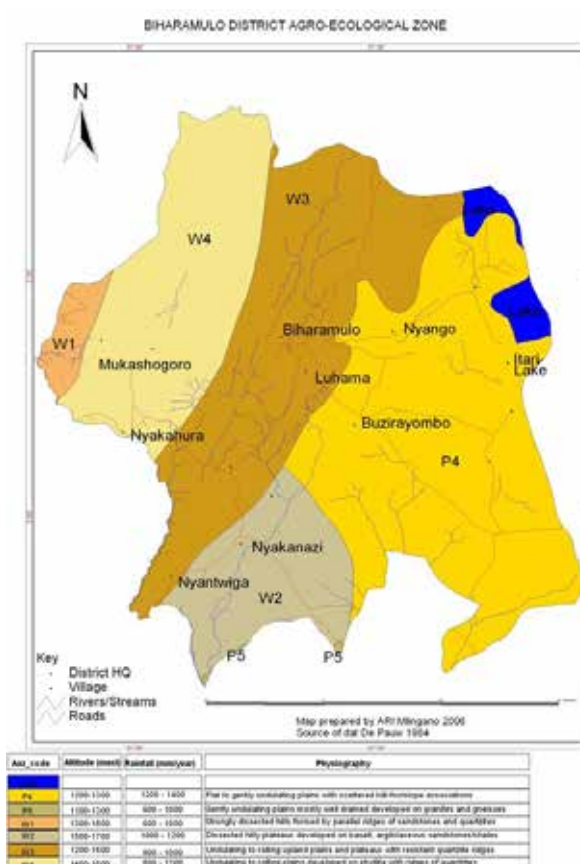


Figure 2.3: The agro-ecological map of Biharamulo District

#### (e) Key productive sectors

The main economic activities in Biharamulo District are crop cultivation; livestock keeping; trees cultivation for firewood, charcoal, and timber production; honey and beeswax production, tourism, small and medium scale industries activities, gold mining at Biharamulo Gold Mine, and trade.

The principal food crops grown include bananas, cassava, sweet potatoes, maize, beans, groundnuts, sorghum, and finger millet. The main cash crops are coffee, cotton, and tobacco.

The potential food and cash crops for the Biharamulo District's agro-ecological zone include rice, pulses (including lentils, *cowpeas*, *pigeon peas*, and *chickpeas*), Irish potatoes, oil seeds, nuts, and horticultural crops. The average farm size per peasant household ranges from 1 to 5 acres (0.5-2 Ha).

The main livestock kept in Biharamulo District includes cattle (mainly Ankole breed and Short Horn Zebu), goats (Alpine, Saanen, and Toggenburg), sheep, and poultry. Livestock holding is an important activity and more prevalent in Biharamulo than in the other rural districts of Kagera. About 54 percent of households own large livestock, small livestock, and both types of livestock.



Figure 2.4: Ankole cattle grazing in Burigi game reserve

The main issues in the livestock, natural resources and crop sectors are inadequate access to fodder/feed and overstocking leading to overgrazing and degradation of grazing pastures and biodiversity. In the natural resources sector the main challenge is the illegal harvesting and unsustainable utilization of natural resources such as forest products; frequent slash burning to clear land for crop cultivation and for increasing soil nutrients; uncontrolled burning of vegetation including natural forests; encroachment into water catchments and marginal areas of cropland such as steep slopes and fragile soils; reduction in the use of crop rotations and fallows.

Biharamulo district is the home of Burigi Game Reserve (700 square kilometers), and borders with the Bihara (121,000 km<sup>2</sup>) and Kimisi (970 km<sup>2</sup>) game reserves that provide untapped tourism development opportunities.

The fisheries subsector in Biharamulo District is underdeveloped and is mainly river based. The main fisheries products such as Nile Perch, Tilapia, Sardine, and *dagaa* (*restrineobola argenteus*), are brought into Biharamulo markets by traders from the nearby Chato District which borders Lake Victoria (note that Chato District used to be in Biharamulo District up to early 2007, when it was split from Biharamulo and moved to Geita region in the year 2012).

## 3. INVESTMENT OPPORTUNITIES

Biharamulo district possesses a range of investment potentials in areas of agriculture, livestock, tourism and natural resources such as minerals, forest, beekeeping, land, fisheries, and water.

### 3.1 Major Investment Destinations

The major investment destinations in Biharamulo are:

#### ***Agriculture***

Agriculture is the biggest employer in the district where approximately a majority of the population is engaged in agriculture. However, agriculture is still a virgin and prime sector. The district has a conducive climate and agro-ecology for agricultural intensification and production of high value crops. These crops include maize, bananas, beans, sweet potatoes, cassava, tobacco, cotton, and horticultural crops. Biharamulo is the leading producer of cassava in the Kagera region.

#### ***Livestock***

Biharamulo has a great potential for the production of beef cattle and dairy cattle of milk and allied products such as cheese, butter, curdam, yogurt, and ghee.

Other activities in this sector are the production of veterinary service centers, premixes, concentrates and animal feeds; meat or beef processing to produce beef products such as fresh beef, sausage and corned beef; value addition to hides and skins; and leather processing;

#### ***Beekeeping***

The district is endowed with forests, in which beekeeping can be undertaken (Boseda, 2013). Beekeeping is widely practiced in these forests. The introduction and universal use of modern beehives and modern honey harvesting and processing methods could make honey and beeswax can generate a favorable return and a significant spillover for other beekeeping stakeholders.

#### ***Tourism***

The tourism sector is another attraction to investors in the district. This is an economically

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viable area.

Biharamulo district is the home of Burigi Game Reserve (700 square kilometers), and borders with the Bihara (121,000 km<sup>2</sup>) and Kimisi (970 km<sup>2</sup>) game reserves that provide untapped tourism development potentials. They have animals such as elephants, giraffe, water bucks, reedbucks, impala, zebra, oribi, topi, duiber, klipsinger, sitstunga, hyena, and jackals. Lions are on the verge of extinction; they are poisoned by pastoralists because they are attacking their livestock that are illegally grazing in the game reserves

## **Forestry**

The district has potential forest reserves as well as game reserves. These are Biharamulo and Nyantakala. Both forest reserves and game reserves have very high potential for income generating investments. Logging and timber investments in the forest industry are therefore very prospective. It is reported that, indiscriminate harvesting of logging, timber, and charcoal and therefore smuggling is rampant in the area.

## **Education**

Quality education at primary and high school level is a potential investment area. There are investment opportunities in investing in privately owned schools and vocational training centers.

## **Health Services**

The government has opened the door for private sector investment in health services delivery. Since the health sector is relatively undeveloped in Biharamulo district, investors are highly encouraged to invest in health sector as there are numerous opportunities for operation of medical institutions.

This section presents specific investment opportunities and top investment priorities as elucidated from Biharamulo District stakeholder consultations.

The specific investment opportunities in Biharamulo district, in the descending order, are:

- (a) Detailed land mapping surveys for demarcation of land and formulation of land use plans (*Mpango Ardhi*)** to accommodate establishment of human settlements, crop cultivation, livestock keeping/grazing (depending on available land in the village but 5 Ha maximum per pastoralist), agro-processing, forestry, water supply and sanitation management, power supply, value addition clusters for selected commodities in the district.

Optimal implementation is by using Public Private Partnership (PPP), with facilitation of Biharamulo District Council, Regional Secretariat, Central Government, research institutes (Ministry of Lands, Mlinagano Agricultural Research Institute,, University of Lands, and Institute of Rural Development Planning, NGOs, private survey companies, and other development partners).

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## **(b) Agribusiness:**

- Production of crops:  
Commercial, smart and climate resilient crop production of:
  - ✓ Food/cash crops: cassava, paddy, maize, bananas (commercial and alcohol producing varieties), millet and pulses;
  - ✓ Cash and export crops (including their products and by-products): sunflower, groundnuts, and horticultural products on 5 to 50 Ha farms. Other include medium to large scale intensive commercial production of niche bananas, coffee and cotton (preferably organic, with geographical indication). This will involve design, planning, and effective implementation of a transformation from small scale/ subsistence farming to medium-large scale farming, beginning with attracting, incentivizing, and equipping farmer groups' schemes (*vikundi*).
- Supply of quality and certified seeds, fertilizers, and pest and diseases control at village level (agro-dealers/ stockists and crop farming services providers are inadequate);
- Value addition and long-term quality warehousing (500-5,000 ton facilities).

**Note:** Biharamulo District produces about 200,000-300,000 tons of cassava, of which most is exported to Rwanda, Democratic Republic of Congo (DRC), Burundi, and Uganda where it is processed in flour and related secondary products.

## **(c) Livestock industry:**

Biharamulo district has a livestock herd of about 800,000 animals, contributing to 55% of all cattle in Kagera region (Kamati ya Ufugaji na Uongozi ya Mkoa, 2015). In Biharamulo's 17 wards there are 4,000 agro-pastoralists with 1 to 10 animals and total of 100,000 animals (Sensa ya Mifugo ya Wilaya, December 2013-February 2014). The potential investment opportunities in the livestock industry are:

- Marketing infrastructure- Livestock markets (*minada*) for 200-300 animals in Lusahunga, Nyarubungo, and Nyakahura. In Biharamulo, a large Ankole bull sells between TZS 1-2 million, while a normal cow sells between TZS 300,000 and 400,000. Although the Biharamulo District livestock markets are among the lucrative markets in Tanzania, but still the brokers buy the animals, transport, and sell them to other markets such as Pugu and in Comoro and Kenya.
- Investments in veterinary services - especially Veterinary Clinics for screening of animals, treatment and vaccination;
- Investing in dipping and veterinary services in the remote pastoral lands;
- 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;
- Livestock laboratories for diseases management and livestock products quality and safety management;
- Micro ranches (2-10 Ha);
- A modern abattoir and meat processing plant with cold storage with a capacity of 0.5-2 tons per day to produce quality and safe meat and meat products for local consumption and trade;

- A center for running Livestock Identification, Traceability System (LITS) and eco-labeling system and Sanitary and Phytosanitary Measures for compliance to standards in internal and international markets;
- Production of feed and feed supplements;

#### **(d) Health**

Biharamulo district has 80 villages but only 22 dispensaries and only 5 ward health centers among 17 wards. Sometimes people with National Health Insurance have to travel 30-35 kilometers to the nearest health facility. This has been earmarked as among the top three areas that need immediate investments (see Table 3.1 below). The investment opportunities are:

- One referral hospital;
- Specialized clinics, including pediatrics and child health, women health, communicable diseases, non-communicable diseases, family planning, indigenous health practices, and rehabilitation clinics.
- School for training of medical personnel and *wakunga*.

#### **(e) Processing and manufacturing plants:**

- Manufacturing of high quality cassava flour; cassava confectionaries such as snacks and biscuits; flakes, pellets, chips, cubes and flours to feed livestock; cassava starch; and glucose, caramel and ethanol which are an essential commodities in many industries from chemical, pharmaceuticals to food, biofuel, and cosmetic industries;
- Processing of paddy, maize, pulses, sunflower, groundnuts, bananas, and millet;
- Small to medium meat and dairy products producing plants (beginning with collection, processing, packaging, and cold storage of 500-1000 L milk/day processing capacity);
- Production of ethanol;
- Construction of a hides and skin collection and processing plant (currently raw hides are exported to Uganda and Kenya);
- Production of leather products.
- Handling and processing of by-products of slaughtered animals: bones, hooves, horns, blood, bristles, feathers, hair and fur for human food, medicinal, pharmaceuticals, leather goods, sports, textiles, and garments goods, and animal feeds.

#### **(f) Education:**

Biharamulo district has only 89 preparatory schools (only 4 are private), 88 primary schools, of which only 3 are private and 85 are public. The new villages established since 2007 have no schools. Therefore, pupils have to go 7-16 kilometers to the nearest school. For instance pupils in Kumsali A and B have to go 30 km away to Nyakahura to attend primary school. This is not only causing a burden to children but also it is putting pressure on the school infrastructure. For instance, the five Nyakanazi primary schools are accommodating 4,700 children, way above the District and National guidelines of 640 and maximum of 830 children per school.

Furthermore, Biharamulo district has only 11 secondary schools (of there only 3 are private,

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including Katoke Seminary, and St. Clara). Of interest, about 50% of secondary school students are from Nyakanazi, including private ones such as St. Severine Secondary School. The district has 6 high schools (1 private).

Surprisingly, Biharamulo district is among the top performing districts when it comes to regional and national performance, being consistently in the top 10 nationally, among the 179 districts.

Biharamulo district has no vocational training center (VETA level) or Small Industrial Development Organization (SIDO) training facility.

As seen, there is large gap in the basic education and training facilities. The following investment opportunities exist in the education system of Biharamulo District:

- Investments in one Technical and industrial technology vocational training center (300-400 students);
- One agriculture and livestock training center (200-300 students),
- Two polytechnics with a capacity of 500-800 students.
- 60 Primary schools, 20 secondary schools, and 11 high schools
- Training center for business education

#### **(g) Tourism:**

- Investing in historical sites, culture/eco-tourism (since some historical sites and records are missing, there is a need for the Biharamulo District Council to make efforts to identify them, update records, and market them aggressively);
- Development and conservation of hunting blocks;
- Technical and physical infrastructure for upgrading and developing Burigi game reserve;
- Development of the hospitality industry, including camping sites;
- Sustainable power supply to Burigi Game Reserve;
- Development and conservation of forest reserves.

Biharamulo district is the home of Burigi Game Reserve (700 square kilometers), and borders with the Biharamulo (121,000 km<sup>2</sup>) and Kimisi (970 km<sup>2</sup>) game reserves that provide untapped tourism development potentials. They have animals such as elephants, giraffe, water bucks, reedbucks, impala, zebra, oribi, topi, duiber, klipsinger, sitstunga, hyena, and jackals. Lions are on the verge of extinction; they are poisoned by pastoralists because they are attacking their livestock that are illegally grazing in the game reserves.

#### **(h) Beekeeping:**

Beekeeping is a potential economic activity for employment and income generation in Biharamulo district. There is potential of beekeeping investment because of availability of forest (natural and reserved forests). Beekeeping sector can play a major role in socio-economic development and environmental conservation. Despite its potential significance in socio-economic development, the beekeeping sector is still in its infancy due to lack of awareness among residents to adopt modern production, processing and packaging technologies and practices. Proliferation of beekeeping may enhance afforestation, and

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reduce deforestation and disruption of the ecosystems since the beekeepers will be motivated to protect against bush fires and illegal cutting of trees.

- Investments in beekeeping for production of honey, wax and other allied products;
- Provision of beekeeping services: modern production, processing and packaging technologies and practices e.g. production of modern beehives; equipment and facilities for honey collection, processing and wax production;
- Capacity building services in modern beekeeping, extension services, research services, and marketing support to expand cost-effective production and marketing of safe and high quality bee products.

**(i) Forest products:**

Investments in sustainable private forests for trees for manufacturing of furniture, timber for construction and trade, firewood, and charcoal.

- Investments in private forests and Non-State Actors (NSAs) forests using Biharamulo soil compatible, fast growing, climate resilient, and low-water and nutrient requiring trees.
- Investments and expansion of village forests and Biharamulo Districts Council's forests through Public Private Partnership (PPP).

**(j) Aquaculture:**

Promote fish farming as an alternative source for supply of fish, income generation, for enhancing food and nutrition security in Nyamahanga.

**(k) Environmental management:**

Investment in facilities for treatment and recycling of municipal and industrial waste water and solid waste.

**(l) Marketing infrastructure:**

- A modern market in Lusahunga
- Shopping malls at Biharamulo, Nyakahura, Kabindi, Nemba and Nyakanazi
- Construction of modern automobile centers/garages and Biharamulo and Nyakanazi
- Construction of milk and skin processing industries

**(m) Water supply:**

Investments in facilities and technologies to expand access to clean and safe water, make it accessible to people for domestic use, sanitation and hygiene and for productive sectors (more than 50 L per day).

**(n) Power supply:**

Electric power to about 50-60 MW (with Rural Energy Agency-REA and Tanzania Electric

Supply Company-TANESCO facilitation) and encourage private supplementary sources using efficient, clean off-grid Hybrid Power Systems, comprising of traditional sources and renewable energy systems, such as Biogas, Solar Photovoltaic, Village Power Industrial Technology, Micro-Hydro, and Mini-Grids, taking advantage of Biharamulo's topography.

**(o) Business services:**

Financial and technical support services, such as livestock and crop insurance, and construction of infrastructure for organized small businesses (*machinga endelevu*), around the TANROADS weigh bridges, which are in the design phase. This would include beginning with specific development of Nyakanazi town as a centre for business and as a hub for North West Regions and bordering countries.

**(p) Real estate:**

Construction of houses, hospitality industry (1 to 3 star hotels), guest houses/lodges, conference facilities/halls, and banks beginning with houses for Government staff such as teachers, migrating workers and hostels for students. This will need to design a Biharamulo's Master Plan.

**(q) Mechanization and technology center:**

For sale, rental, maintenance of agricultural related equipment.

**(r) Design, planning, and construction of the stand for buses and a parking lot cargo transportation fleets** in Nyakanazi (50-80 Ha).

### 3.2 The top priority investment areas

Table 3.1 summarizes the top priority investment areas (quick wins) in Biharamulo district as it emerged from stakeholder deliberations, as well as suggested timeframe for implementation.

**Table 3.1: Top priority investment areas**

Sn	Investment Area	Location in Biharamulo District	Implementation Framework	Comments
1.	Formulation and demarcation of land use plans to accommodate establishment of crop cultivation, livestock keeping, agro-processing and value addition clusters for selected commodities in the district	Nyakahura, Lusahunga, Nyamigogo, Nembe, Nyabushozi, and Biharamulo town	Immediate term	<ul style="list-style-type: none"> <li>To be undertaken and funded by the Biharamulo District Council and Central Government and land and related development stakeholders and development partners;</li> <li>Top priority is water supply and sanitation management, human settlements, commercial agriculture development, livestock keeping, forestry, and industrial/processing clusters including improved land use and tenure arrangements.</li> </ul>



Sn	Investment Area	Location in Biharamulo District	Implementation Framework	Comments
	Nembe and Nyabushozi to cater for future farmers and farm migrant labor's children from nearby regions. One Vocational Education Training Authority (VETA) or private vocational training centers with a total of 500-800 students.			
5.	Quality warehousing, and primary and secondary processing of cassava, paddy, maize and pulses.	Nyakahura, Lusahunga, Nyamigogo, Nembe, Nyabushozi, and Biharamulo town.	Short to Medium term	<ul style="list-style-type: none"> <li>• Post harvesting facilities for value addition and treatment of crops (grading, drying, pest management, packaging);</li> <li>• 500-5,000 tons crop storage capacity;</li> <li>• Quality milling and packaging;</li> <li>• Marketing outlets.</li> </ul>

This profile is expected to be a major input in making judgment and investment decisions in the Biharamulo district. In addition, it is expected to be an input for formulating future district plans in key sectors such as agriculture, livestock, forestry, water, environmental management, and energy programmes aimed at stimulating social economic development, sustainable natural resources conservation and exploitation, and sound environmental management. Holistic, innovative and integrated approaches will be crucial for strengthening sustainable socio- economic development and assurance of decent and sustainable viable economic activities, raising the standards of living and living conditions, and long term food and nutrition security.

## 4. FACILITATION, PROCESSES AND REQUIREMENTS

The Biharamulo District Council is continually rationalizing allocation of resources to enhance investments in the district, achieve GDP growth, consistent with District Development Plan's objectives to ensure sustainable economic and GDP growth, generate additional revenues, improve food and nutrition security, and raise the standard of living of Biharamulo people.

This objective embodies the concepts of undertaking public investments (particularly strengthening institutions, enablers, and coordination framework; infrastructural, human and social capital development; adequate data systems, and prudent management of natural resources assets); removing factors impeding investments; and convincing and attracting the private sector to allocate resources to invest more, produce more, sell more, and nurture the environment. All the latter are embodied in the Biharamulo District Council's Strategic Plan (draft) and Kagera and national policy instruments, strategies and initiatives, as elaborated in the Five Year Development Plan II, Agricultural Sector Development Plan 2017-2022, and Integrated Industrial Development Strategy 2025.

Below are several key issues that are related to investment judgment and decision making that were obtained from stakeholder consultations and literature review.

### 4.1 Facilitation

The Biharamulo District (BD) and Central Government have set and are improving favorable conditions to entice and facilitate investment in BD in the areas mentioned in [Section 3](#). The key investment policies, laws, strategies, plans and programs that are promoting investment in the district are presented below.

#### **Policies, Strategies, Plans, and Programs**

##### ***Key Policies***

Policies to guide investment promotion and interventions in BD's relevant areas specified in **Section 3** are: 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, 2000, National Forest Policy (1998), Bee keeping Policy (1998), Small and Medium Enterprises Development Policy (2003), National Land Policy (1995), National Environmental Policy draft 2016, and BDC development policies.

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## **Key Laws**

The major acts that guide investment promotion and interventions in BD 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, and other sectoral acts and relevant district by laws.

## **Strategies, plans, and programs**

The key strategies, plans and programs are: annual District Development Plans, Five Year Development Plan (FYDP II), Agricultural Sector Development Strategy and Program 2017-2022 (ASDP II), Livestock Sector Development Program 2011, and Integrated Industrial Development Strategy (IIDS 2025), National Rice Development Strategy, Tanzania Agriculture and Food Security Investment Plan, and Agricultural Growth Corridor in Tanzania.

With the above policy, regulatory framework, and strategies and plans, the investment climate in BD is supported by sound frameworks, which offer an appropriate environment that encourages investments in BD. The key issue is the inadequate and slow pace of implementation of these frameworks.

## **4.2 Processes and requirements**

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

### **Registration**

The registration of an investment can be undertaken at the local BRELA and district, regional or national Tanzania Investment Center (TIC) 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 BD 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) 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 Council's levies which vary depending on the operations and produced products

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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 a monthly VAT return 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 6% of the gross wage. The levy is tax-deductible. Employment in agriculture is exempt from the levy.

The BDC and Central Government are in the process of streamlining these taxes to improve the tax structure, make them more transparent, and less complicated. For some time, there have been complaints, with some private associations claiming that the taxes are high, numerous, and procedures and criteria for tax processing, rulings and tax decisions are difficult. There are also concerns that efforts to increase district council's revenue through increased taxation may have adverse supply side effects by constraining private investment, thus undermining growth and the prospects for increasing tax-revenues sustainable. Other concerns include non-uniform taxation (cess, levies) in different sectors is reducing business growth because differential tax treatment drives a wedge between the before-tax marginal products of capital in alternative uses, reducing the level of output generated by any given aggregated stock of capital. Reduced output results in lower aggregate saving at the original

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saving-rate, slowing the rate of further capital-formation, especially for small businesses, and the business growth-rate therefore falls. These factors are making most of the small businesses in BD to remain informal.

Other taxes related information may be obtained from local or national Tanzania Revenue Authority offices, T: 0800 750 075. 0800; [www.tra.go.tz](http://www.tra.go.tz), 28 Edward Sokoine Drive, 11105 Mchafukoge, Ilala CBD, 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. While 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. 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. Heat insulated milk cooling tanks and aluminum 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 foreign institutions like the United Nations in Tanzania, is refundable.

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*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. Exempt import duty on imported 4WDs designed and built for tourist purposes, subject to satisfying criteria set by East African Community Secretariat. Exempt import duty on hotel equipment, which were engraved or printed or marked with hotel logo imported by licensed hotel for its use.

The above mentioned incentives are currently being reviewed. Specific investment incentives in Biharamulo District may be negotiated and obtained from the Biharamulo District Council's Management ([info@biharamulodistrict.com](mailto:info@biharamulodistrict.com), [www.biharamulodistrict.com](http://www.biharamulodistrict.com) ).

#### **4.4 Inclusiveness and Participation of The Private Sector**

Inclusiveness and participation of the private sector in Biharamulo investment planning is paramount. A public and private sector engagement mechanism is needed to facilitate Biharamulo district'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 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 BD 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 Biharamulo District Council must create an enabling environment through provision of prerequisite infrastructure, incentives, and formulation/review and enforcement of investment friendly policies, regulations, and procedures.

In addition, and promotion of 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 **Section 3**. 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.

## 5. RISKS

Implementation of this profile and investing in Biharamulo district is subject to a number of risks that may affect the inception, implementation, operations, internal rate of return and payback period by the prospective entities. These include: (i) the willingness of the private sector to participate and motivating private sector investment in the areas in **Section 3** could take a long time given the low starting point and the unclear incentives to motivate investments including specific private sector engagement plans; (ii) limited financial resources and capacity in Biharamulo District Council's supporting departments/institutions and human resources; (iii) the challenge of coordinating implementation of this profile in the district context under financial resource and talented human capital constraints; (iv) Utilities deficit i.e. power/energy and water; (v) Inadequate extension and veterinary services, and crop and livestock development services such as irrigation infrastructure, cattle dips and charco dams, etc., (vi) high costs of credit, and (vii) Inadequate infrastructure in terms of roads, marketing infrastructure, transportation and communication (ICT).

To manage the above risks, first and foremost, the Biharamulo District Council (BDC) should undertake a dialogue with the local businesses and private sector associations to brainstorm on how to create an enabling environment that is attractive to private investment in the priority sectors in **Section 3** through specific administrative and legal and regulatory reforms. In addition, they should jointly identify and implement interventions that will address input and output factors that are impeding investments in Biharamulo district through a consultation process (Note that Biharamulo and Nairobi, the capital city of Kenya, were established in the same period). Secondly, the BDC should build/strengthen appropriate institutional capacity and governance structures that will play a key role in the planning, implementation of this profile, and monitoring and evaluation, e.g., establishing an Investment, Industry and Trade Department in the BDC structure. Unless there are capable institutions and governance structures strategically placed to support the implementation of this profile its success will be challenged.

Thirdly, to ensure a successful implementation of the BD investment drive will depend on the availability of competent technical personnel at district, ward and village levels and an empowered, skilled and motivated mass small and large scale producers. Therefore, the capacity of personnel at district and village levels and productive capacities of participating entities, in particular star-ups and budding entrepreneurs, needs to be enhanced. The BDC therefore should include appropriate resource planning and capacity building initiatives in each program and sub-program in its District Development Plans to address these potential risks and in anticipation of activities needed to effectively implement this profile in

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the future. Lastly, The BDC and central Government should development measures that would facilitate and ensure a consistent access to low cost capital for medium to long term investments.

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