

TANZANIA INVESTMENT CENTRE



DIRECTORATE OF INVESTMENT FACILITATION

REPORT OF THE PROJECT VISIT TO IRVINES TANZANIA LIMITED

ON

APPLICATION FOR EXENSION OF IMPLEMENTATION PERIOD

1.0 INTRODUCTION

1.1 Project background

Irvines Tanzania Limited is a registered private limited company incorporated in the year under the laws of United Republic of Tanzania and issued with certificate of incorporation No. 130634. The company deals with agribusiness particularly poultry farming which comprehensively focusing on animal health and hygiene, packaging, equipment and broiler hatching eggs.

Currently Irvines Tanzania Limited owns two poultry farms, one is located at Farm No. 52628, Unit 25/3, Ngarenairobi, Siha – Kilimanjaro while the second farm is located at plot No. 48, 233-235, Kerege Bagamoyo District – Coast Region. The two farms has been registered with TIC under one certificate of Incentives No. 010640, which was issued in 2017.

Siha project (farm) is meant for rearing breeders with fully operational which can produce 350,000 hatching eggs per week. Kerege project (farm) is a hatching center for eggs received from Siha farm.

1.2 Reasons for Project Visit

The purpose of the project verification visit was to verify project's execution progress and establish grounds which can enable TIC Management to arrive at an appropriate decision against the submitted application for the extension of the COI's implementation period. No previous extension which has been granted to the company.

2.0 PROJECT VISIT FOR VERIFICATION (PVV)

2.1 Findings

During the visit, the team observed and discussed with the company's management some developments on the sited to-date as follows:

2.1.1 Company's General Information obtained at the site

S/ No.	Information	Description	Current Project Status		
1.	Shareholder's Information	Current Shareholders names, nationality,	Shareholder	Nationality	Percentage

		and percentage of ownership	Buchan Limited	Mauritian	90%
			Pietro Stella	Italian	5%
			Fabio Stella	Italian	5%
2.	Company Communication Information	Email address	darryl@arvines.co.tz pietro@irvines.co.tz for Siha farm		
		Mobile Number	+255 677 083 901 – Kerege farm +255 753 323 217 – Siha farm		
		Land Line Telephone Number	N/A		
		Physical Address (Plot No., Block No, Street, District and Region)	Farm No. 48, 233-235, Kerege, Bagamoyo District and Farm No. 52628, unit 25/3, Ngarenairobi – Siha District, Kilimanjaro.		
3.	Contact Person	Name	Darryl Combe		
		Position	Country Manager		
		Communication Details (Email, Mobile and telephone)	darryl@arvines.co.tz +255 677 083901		
		Name	Pietro Stella		
		Position	Director		
		Communication Details (Email, Mobile and telephone)	pietro@irvines.co.tz +255 753 323 217		
4.	Incorporation	Certificate of Incorporation No.	130634		
5.	TIN information	TIN Certificate No.	132-052-360		

6.	Project Objective	Project Core Activity	Poultry Production
7.	Capacity	Project Capacity per Year	18.2 million hatching eggs and 11.4 million DOCs per annum
8.	Direct Employment	Foreign-Men	4
		Foreign-Women	0
		Local-Men	132
		Local-Women	24
9.	Indirect employment	Estimated Total No.	2000 small scale poultry farmers and 5000 small scale maize farmers
		Type/areas of Indirect Employment	Predominantly Dar es Salaam, Pwani, Arusha, Kilimanjaro, Morogoro, Southern Highlands regions with future development into all regions in Tanzania

2.1.2 Project Financial Expenditure

	Foreign (USD)	Local (USD)	Total (USD)
Land and Buildings	10,896,568	-	10,896,568
Plant and machinery	5,224,951	-	5,224,951
Vehicles/Aircrafts	-	647,009	647,009
Furniture	-	18,564	18,564
Office equipment	-	61,313	61,313
Insurance Cover	-	41,216	41,216
Pre-operational expenses	-	-	-

Working sub-total capital	-	-	-
GRAND TOTAL	16,121,519	768,102	16,889,621

2.1.3 Project Financing

	Amount (USD)	Source Country
Local Equity	0	Tanzania
Local Loans	2,396,777	Tanzania
Foreign Equity	6,889,602	Mauritius
Foreign Loans	9,993,818	Mauritius
Total Investment	19,280,197	

3. ACHIEVEMENTS & CHALLENGES

3.1 Achievements

Irvines Tanzania envisage at becoming a leading and trusted chicken company in Sub-Saharan Africa by employing the most efficient technology. This has been possible through the two existing farms at Kerege and Siha.

During visit, both teams noted that most of the fundamental production facilities have been installed and working. The team at northern zone who visited Siha farm observed 3 rearing sites (6 houses) and 6 production sites (12 houses) are operating. Also the team from Eastern Zone who visited Kerege farm, noticed 12 setters and 6 hatchets which have capacity to load up to 258,048 eggs per week are up and running. Furthermore, the management explain that, Breeder farm produces up to 350,000 eggs per week, while the hatchery's current capacity per week is to load 260,000 eggs per week while the remaining 90,000 eggs are exported to Kenya. Despite challenges affecting the project, the company has decided to resume investment in order to attain its optimal capacity.

3.2 Challenges

Despite achievements accrued, the company encountered some hurdles during project implementation. The company of the noted challenges were:

(i) Power Supply

Production activities of the project depends on the constant supply of electricity as a source of power. It is unfortunate that the area (Kerege) is often affected by power cut or low voltage. The situation increases operation costs due to the use of generators as an alternative source of energy/power. This situation interrupted project's implementation plan, as the company had to refrain from investing more while waiting the situation to improve or completely be resolved. This was the case for Siha.

(ii) Unpredictable Levy Policies

The government of United Republic of Tanzania through the Fishing and Livestock Ministry introduced levy of TZS 17/= per egg during domestic transportation of eggs. Because the company's breeder farm and hatchery are separately located, the company pays TZS 17 on every egg transported from Siha to Kerege. As a result the company incurs an additional production costs approximately to USD 100,000 annually. This is significantly affecting implementation of the planned activities.

(iii) Market interruption due to Covid-19

During pandemic, the business was severely halted. Therefore the company has to suspend for a while some of her implementation plan hence it was not possible to catch up with the first 3 years implementation period as specified by the Certificate of Incentives.

(iv) Delays in securing Derivative Title

It has taken more than two (2) years for the company management to process derivative tittle for Siha Farm. To-date the process is yet not finalized.

(v) Delays to secure Environmental Impact Assessment (EIA) certificate from National Environmental Management Council for Siha project (farm).

The team was informed that, delay in one way or another occurred due to the fact that the company has to re-appoint new consultant as the first appointed consultant misbehaved as he submitted to the company a forged EIA certificate.

4.0 Planned activities

4.1 Expansion of the project

From the team observation investor revealed that management is looking at placing a hatchery in Nairobi - Kenya similar to the one in Kerege to draw hatching eggs from ITZ's breeder farm in Siha District. By opening hatchery in Kenya will call for an increase in production of eggs in Siha farm which will allow the company to utilize the current breeder farm capacity.

4.2 National sales team expansion

The expansion of the project will increase supply market share towards the south of Tanzania by adding sales team.

5.0 CONCLUSION

In view of the observation and findings above, the following are our conclusions regarding the objective of the PVV is as follow:

- 5.1 The investors appear to be serious with the project. The reasons provided for the need of expansion of COI seem to be genuine
- 5.2 This is the first application of extension of Certificate of Incentive
- 5.3 The company is looking to add an extra house at Siha (breeder farm) which will increase capacity by 50%, whilst adding 12 setters and 6 hatchets which is expected to raise production by 33% at Bagamoyo hatchery. Acquisition and installation of the mentioned facilities will increase production hence the company will be able to meet both domestic and foreign (export) demand.
- 5.4 From economic point of view, extension of certificate of incentive for this project will generate substantial benefits to the Nation. It will also contribute to the growth of the economy through generation of employment, increase in government revenue through payment of taxes, and through a multiplier effect that would arise through various points in the value chain of livestock keeping (poultry) production and distribution.

6.0 RECOMMENDATIONS

Based on the significance by this sort of investment in terms of foreign direct investment (FDI), technology transfer and employment we suggest that, the applied extension of the Certificate of Incentives be granted for one year as per to enable the company to accomplish the remaining part of the investment within five years.

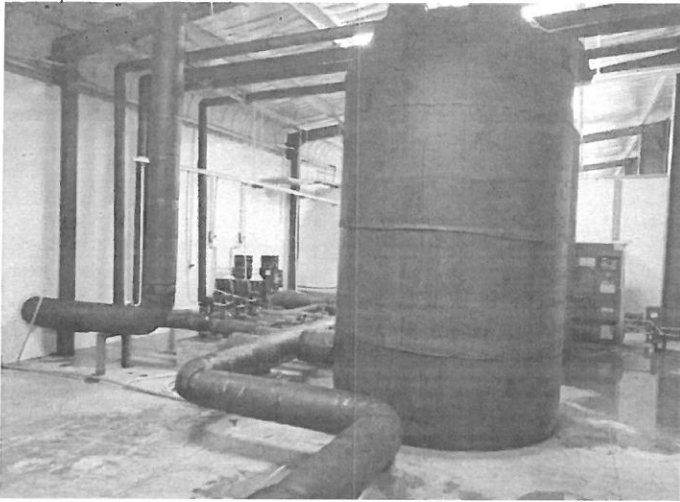


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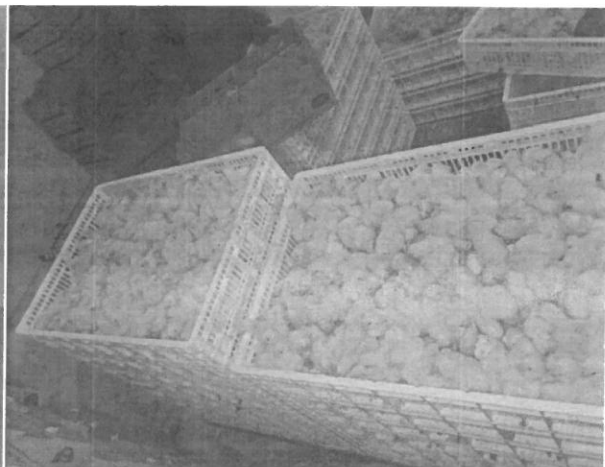
PROJECT PHOTOS



Chiller machine (cooler machine)



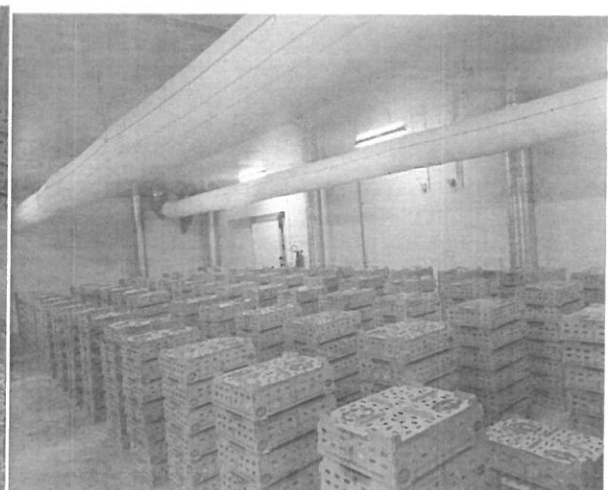
Arrived Eggs from Siha



Baby chicks hatched



packing for delivering



ready for delivering