

Tanzania Agri Business Event

RVO, The Hague, 31st of May 2017

Parallel session 2: Aquaculture
Menno Morenc, Presenting *FoodTech Africa*

The Larive Group:

- Dutch-based consultancy company.
- Works with Dutch companies that want to go into emerging markets.
- Has head office in Zeist and several offices in different countries around the world. Global presence is their strength.
- Mainly works in the agri and food sectors.
- Traditionally worked on a one-on-one basis but since a couple of years started working with consortiums; groups of companies. This has really started taking off now. Examples: China bakery consortium, India, Myanmar etc. All of these projects have 2 ambitions:
 - o Providing food security in the local market
 - o Seizing business opportunities
- Showed video that gives a good overview of the FoodTech Africa (can be found on YouTube)

FoodTechAfrica

- FoodTechAfrica is a Public Private Partnership, co-financed by the Dutch government. The Dutch government finances half of the programme, other partners are financing the other half of the programme.
- 5-year project, finishing in June 2018.
- East-African project but started in Kenya and are only there so far.
- Menno Morenc: We came to East Africa in 2012 and we noticed that the population is growing. They have more disposable income. When people get richer they want to buy meat. Meat is seen as a luxury product. Now because of the project people are starting to eat more fish in areas where before people weren't eating fish.
- Why is fish such an interesting animal? It is a very efficient animal. Fish don't need much feed. Especially tilapia and also catfish are very efficient fish breeds. It is also a very accessible market for SMEs.
- Fish – for example frozen tilapia – is currently being imported from China.
- Why didn't the local aquaculture take off? When we asked why no fish feed factories were set up locally the people answered that the fish market wasn't really developed in the country. At the same time the Dutch companies said that what they were missing in order to develop the sector was affordable feed available locally → Catch22 situation.
- For the project they looked for Dutch and Kenyan companies that are representing parts of the value chain. Tried to not put competitors in the same consortium. They

always take a commercial approach, we make sure it is sustainable and that the companies will also be there on the long term.

- All the market studies that were done always included the entire region. You need the entire region to make these kind of investments.

Dutch side partners:

- Nutreco: Dutch animal feed producer
- Ottevanger: they're making mills to process the ingredients
- Almex: extrusion? To boil and press the feeds to make sure the quality remains high. Very small but very important (and expensive) part.
- Fishion: biggest tilapia farm in the Netherlands
- Holland Aqua and Viquan have a lot of experience with making farms. Very technical.

Kenyan partners:

- UNGA group → 5000 tons capacity per year and potential to double capacity in case the market picks up. Seems small maybe but you have to realise how small the market was.
- ...

Government & Research Institutes

- Wageningen University
- Dutch Government

Project coordination:

- Lattice (local partner/project coordinator)
- Larive (Dutch initiator and project coordinator)

Fish production and processing

- The fish that is now being produced is currently all being consumed in the area.
- Market prices are much higher than expected. It was noticed that the prices are also rising pretty rapidly.
- It currently takes quite some traders/hands and quite some days before the fish ends up on your plate while of course people would prefer to buy it fresh.
- Actually catfish (meerval) is a much easier fish to produce than tilapia but people do not really like to eat it. It looks a bit scary.
- Another very important pillar is the training programme that they are in. They are working on training managers that can take over in the future. Currently 450 people are being trained → quality over quantity.
- The advantages of these artificial ponds are that you can produce right in your communities. The fish is fresher and closer to the consumers.
- What we see now in Kenyan villages is that fish farmers all harvest at the same time, then they flood the market and the price drops. What we are trying to show them now is how they can spread their harvests.

- The aquahub : to produce 1000 tonnes of fish per annum on land. 800.000 tonnes is the fish deficit per year in Kenya. Not only creating new ones but also upgrading existing ponds.

Question: *How much investment is needed per pond?*

Answer: Not much: you need to dig a hole, you need a liner. Maybe \$1000?

They are currently designing a kind of IKEA-like 'aerated fish farming kit'. Only the material is around 12000\$. At the moment they are more accessible for the SMEs and not really for the smallholders. They can only be bought with a group of people together for example. Those kits have a potential capacity of 7.5 tonnes per year. With around 5 of those you can normally supply to the entire direct village market.

Question: *What is the market price of these kind of fish?*

Answer: The sales price is around 400 shillings per fish. \$4 per kilo. The price also depends on the quality. If it is really fresh fish it is more expensive.

Question: *What are you currently doing to help with financing? Because I can imagine that even small companies do not have this kind of money lying around?*

Answer: Financing is definitely a challenge. It is a high investment but it also has high output.

Question: *Are the kits dependent on consistent energy supply?*

Answer: Yes. You need solar energy / electricity / generator for the blower 24h per day. And you need a back-up system. Because if the electricity falls off, you're done. It's relatively low-tech but you do need it.

Question: *If you would have an electricity downtime of around 5 hours per day would the fish die?*

Answer: Yes.

Question: *What are your ambitions for FoodTechAfrica?*

Answer: The end goal is to start selling the kits. But before you really can start selling them you still need donor funding. It are all longer term investments. However, we have some really good partners. After Kenya we would also like to start in the other East African countries.

Remark of Tanzanian minister: As the Tanzanian government we are currently working on creating an enabling environment. VAT was 18%, but we would like to reduce (remove?) this VAT to make this sector more interesting for investors. Please all come to Tanzania to develop this sector. We need these kind of initiatives.

Extra Notes

The discussion in aquaculture was about introduction of sustainable fish farming using low-cost fishponds and good quality feeds. The Presenter who was a Representative from the "*Larive International*" Company gave a brief film presentation on the efforts made by his Company in establishing a fish feed factory aimed at solving the problem of feed scarcity in fisheries sector. The film showed a Fish Feed Factory capable of manufacturing 5,000 tonnes of high quality fish feeds. The factory was established jointly between "Unga Group Ltd" and "US -Based Seaboard Corporation" under the Dutch Public Private Partnership Food Tech Africa arrangement.

He further described achievements attained by the farming expertise and experience gathered through activities of his company in Kenya. He cited that, in Kenya the Company made a great effort to solve the fish feeds scarcity using ponds; a challenge that was a major obstacle to promoting fish farming.

In collaboration with various stakeholders, the Company built a specialized fish-feed factory called "Fruit Holdings Ltd Fish Feed Factory" which motivated people who were interested in fish farming to join themselves in small groups and established fish farming. He further explained that due great demand of fish, the fish farmers easily accessed the market because ponds were built in nearby residential areas, where the first customers were the locals around the area.

The Presenter stressed on the company's intent of promoting and expanding fishing-related activities in East African countries especially in Tanzania and Uganda. The company is ready to cooperate with local investors in Tanzania to jointly start fish farming projects and solving the problem of fish shortage around Lake Victoria.

Commenting on the subject, the Permanent Secretary responsible for Fisheries, in the Ministry of Agriculture, Livestock and Fisheries emphasized on the importance of promoting fish produce which has become scarce, thus increasing demand for fish protein. He also commended on the efforts made to address the challenge of fish-feed shortage, hence promoting fish farming and boosted the economy of small-scale entrepreneurs.

The Permanent Secretary assured the Company that, Tanzania is ready to cooperate and provide guidance to enable interested investors in fish farming establish their companies in Tanzania. Regarding concerns over high VAT on animal feed, the Permanent Secretary informed the participants that the Government is working on the concerns.

In conclusion, the Permanent Secretary encouraged prospective investors to consult the Embassy of Tanzania in The Netherlands for guidance in establishing investments in Tanzania.