

Zambia. The funds will be utilised to meet the purchase of land, the construction costs of the processing plant buildings, acquisition of processing plant, equipment, machinery, vehicles and working capital to pay for raw materials, inputs, salaries and other operational costs. The investment is in the form of equity finance in an Investments Company that will manage and run the project.

Projected Financial Viability Analysis

- The project will start generating profits from the first year of operation, with net profit margins ranging from 10% in year one to 23% in year five.
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- The project offers an attractive investment opportunity with an estimated Internal Rate of Return (IRR) of 35%, a Pay Back Period of 4 years, a Discounted Cash Flow (DCF) valuation of US\$28.5 million (using a discount rate of 12%) and a Net Present Value (NPV) of US\$5.9 million.


Social and Economic Impact


The project has positive social externalities through reducing poverty by indirectly empowering a large population of people mostly in rural areas who are involved in the farming and supply of mango fruits. In urban areas, employment will be created for those involved in the distribution of processed mango products. Furthermore, the project will have a positive social impact through minimisation of post harvest loses for mango farmers thereby increasing levels of their disposable income and general welfare and standards of living. In addition the project to contribute to a rise in the Gross Domestic Product (GDP) and inflows of foreign currency through exports of processed mango products.




potential made possible




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INVESTMENT PROJECT PROPOSAL

Name of project: Zambia Mango Processing

Country: Zambia

Overview

The Government of the Republic of Zambia (GRZ) is inviting Private Investors to establish a modern mango processing project that falls under agro – processing subsector, which is classified as a priority sub sector. The mango processing plant will produce an average of 30,000 tonnes of mango pulp and 5,000 tonnes of dried mango per annum. The plant will be constructed on 5 acres of land located in the Lusaka, at the Multi Facility Economic Zone. Collection depots, with cold storage facilities will be constructed in all Provinces of Zambia. The total investment that is required to operationalize the project is US\$5 million. The Private Investors will be expected to meet the entire project costs of US\$5 million. GRZ, Zambia Development Agency (ZDA), Ministry of Trade Commerce and Industry (MCTI) and other Government Agencies will assist the Private Investors to establish the project, through various forms of interventions. The project will be implemented through an Investments Company that will be wholly owned by Private Investors. The project will take 12 months to operationalize.

The Product

The project will produce mango pulp and juice and dried mango chips using fresh mango fruits. The processed products will be of high quality and flavour that meets international standards. The mango pulp and juices will be packaged in appropriate packaging depending on their respective forms. In the case of aseptic product, the pulp will be sterilized and packaged in aseptic bags. The refined pulp will also be packed in cans, hermetically sealed and restored. Frozen pulp will be pasteurized and deep frozen in plate freezers. ZMPP will use branded transparent plastic bags for packaging of dried mango snacks.

Key Facts	
Name of Project	Zambia Mango Processing
Country of Operations	Zambia
Headquarters	Lusaka, Zambia
Contact	Zambia Development Agency Privatization House, Nasser Road, Lusaka Tel: +260 211220177
Current Status of Project	Green Field
Sector	Light Manufacturing – agro processing
Proposed Legal Structure	Private Investments Company
Partners	Private Investors Company
Project Value	USD 5,000,000
Proposed Investment Structure	
Proposed Investment Amount	USD 5,000,000
Type of Investment	Private Equity
Type of Investor Needed	Private Equity Investors
Use of Proceeds	The funds from the Private Investors will be used to finance the construction of mango processing plant, office buildings and mango collection depots and purchase of modern mango processing equipment, distribution vehicles and to finance working capital.

The Market

The processed products will be sold to the domestic market in Zambia as well as regional and international markets. Main targets on the regional market are Angola, Democratic Republic of Congo (DRC), and Tanzania. On the International markets the target is the European Union, Middle East and United Arab Emirates. There is a general increase in the demand for mango products on the global market, which is mainly driven by health considerations. This has led producers of mangoes to increase their production levels over the recent past. According to the Statista Report, September 2019, the global production of mangoes rose from 37.14 million tonnes in 2010 to 50.65 million tonnes in 2017 this upward trend is expected to continue in the foreseeable future.

The Competition

The direct competitors to the project include small local Zambian companies as well as large regional and international processors of mango products. At a regional level, the main competitors are from Egypt, Mauritius and South Africa.

The main differentiation strategy for the project will be anchored on the high quality of its products.

Project Staff

- Project Promoter
- Investments and Finance
- Legal Expert
- Trade Expert
- Mango Processing Expert
- Mango Sector Expert

Investment Proposal

The Zambia Mango Processing Project is soliciting for a Private Investor to invest US\$5 million for the establishment of a modern processing plant in Lusaka, which will produce mango pulp and dried mango chips for the domestic, regional and international markets. The project will take advantage of the abundance of mangoes in Zambia, capitalise on availability of affordable and trainable labour force and benefit from the existence of a ready market for processed mango products. The project will benefit from both fiscal and non-fiscal incentives associated with investing in a mango processing plant in



Fig 1. Mango fruits on tree before harvesting



Fig 2. Harvested mango fruits ready for processing



Fig 3. Mango pulp

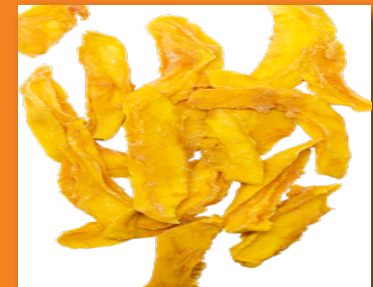


Fig 4. Dried mango chips