

fiscal and non-fiscal incentives associated with investing in organic fertiliser manufacturing. The funds will be utilised to meet the construction costs of the factory buildings, acquisition of manufacturing 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.

Profit Analysis

The project will start generating profits from the first year of operation, with net profit margins ranging from 15% in year one to 27% in year five.

The project offers an attractive investment opportunity with an estimated Internal Rate of Return (IRR) of 38%, a Pay Back Period of 4 years, a Discounted Cash Flow (DCF) valuation of US\$58 million (using a discount rate of 12%) and a Net Present Value (NPV) of US\$13 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 supply of raw materials used in the organic fertiliser manufacturing. In urban areas, employment will be created for those involved in the distribution of organic fertiliser. Furthermore, the project will have a positive social impact through increasing crop yields (agricultural productivity) for farmers, which leads to food security.




potential made possible




 Zambia Development Agency
Privatisation House
Nasser Road
Lusaka, Zambia
PO Box 30819

 Phone: +260 211 220 177

 Website: www.zda.org.zm

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INVESTMENT PROPOSAL

Name of project: Zambia Organic Fertiliser Manufacturing

Country: Zambia



Overview

The Government of the Republic of Zambia (GRZ) is inviting Private Investors to establish a modern organic fertiliser manufacturing project that falls under Light Manufacturing Industry Sector, which is classified as a priority sub sector. The manufacturing plant will produce an average of 50,000 tonnes of organic fertiliser per annum in order to supply the market demand of 400,000 annually. The plant will be constructed on 20 acres of land located in Choma, in the Southern Province of Zambia. The total investment that is required to operationalize the project is US\$10 million. The Private Investors will be expected to meet the entire project costs of US\$10 million through injecting cash equity in the project. 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 organic fertiliser using animal manure, animal by products (blood and bones among others), plant waste and crop residues (compost). The product will be of high quality and rich in nitrogen, phosphorous, potassium, amino acids, protein and other nutrients ideal for plants and crops. ZOFP will produce organic fertiliser, which is of high quality whose specifications meet international standards and is in conformity with the requirements set by Zambia Compulsory Standards Agency and the Agriculture (Fertiliser and Feed Act) of Zambia.

Key Facts	
Name of Project	Zambia Cashew Nut Processing
Country of Operations	Zambia
Headquarters	Chilanga Area, Lusaka, Zambia.
Contact	Partnership for Investment & Growth in Africa (PIGA) Zambia Development Agency Privatization House, Nasser Road, Lusaka Tel: +260 962146223
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 a cashew nut processing plant, office buildings and cashew collection depot and purchase of modern cashew processing equipment, distribution vehicles and to finance working capital.

The Market

The organic fertiliser will be sold to the domestic market in Zambia as well as regional and international markets. The demand in the local market is 400,000 tonnes annually. Main targets on the regional market are Angola, Democratic Republic of Congo, Kenya, Malawi and Tanzania. On the International markets the target is China and European Union. There is a general increase in the demand for organic fertiliser on the global market, which is mainly driven by health considerations. According to the Organic Fertiliser Market Report, 2019, the global sales of organic fertiliser are estimated to be valued at US\$6.52 billion in 2019 and it is forecast to reach US\$11.16 billion by 2022. The increasing trend is expected to continue in the foreseeable future.

The Competition

The direct competitors to the project include small local Zambian companies such as Colchi Farms and Chicol Estates as well as large regional and international organic fertiliser producers. At a regional level, the main competitors are from Egypt and South Africa.

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

Project Staff

- **Project Coordinator** – from ZDA.
- **Investments and Finance Expert** – from ZDA.
- **Legal Expert** – from GRZ.
- **Trade Expert** – from Ministry of Commerce Industry and Trade
- **Fertiliser Production Expert** – from Private Sector
- **Fertiliser Sector Expert** – from Fertiliser regulatory bodies.

Investment Proposal

The Zambia Organic Fertiliser Project is soliciting for a Private Investor to invest US\$10 million for the establishment of a modern, manufacturing plant in Choma, which will produce organic fertiliser for the domestic, regional and international markets. The project will take advantage of the abundance of low cost materials (livestock waste and by-products and plant waste), capitalise on availability of affordable and trainable labour force and benefit from the existence of a ready market for organic fertiliser. The project will benefit from both



Fig 1. Manure for organic fertiliser manufacturing



Fig 2. Compost for organic fertiliser manufacturing



Fig 3. Organic fertiliser pellets



Fig 4. Organic fertiliser applied on vegetables