

processing plant in Zambia. The funds will be utilised to meet 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 a Special Purpose Vehicle that will manage and run the project.

Profit Analysis

The project will start generating profits from the first year of operation after being commissioned, with net profit margins ranging from 11% in year one to 20% in year five.

The project offers an attractive investment opportunity with the following estimated financial projections:

- Internal Rate of Return (IRR) of 30%,
- Pay Back Period of 5 years
- Discounted Cash Flow (DCF) valuation of US\$22,570,000 (using a discount rate of 12%, which is the current cost of capital in Zambia)
- Net Present Value (NPV) of US\$4,365,519.

Social and Economic Impact

It is anticipated that the project will indirectly empower a large population of men, women and youth mostly in rural areas through the tomato production value chain. ZTPP will provide a guaranteed market for producers and suppliers of fresh tomatoes thereby leading to an increase in their disposable income and improvements in their standards of living. In urban areas, employment will be created for those involved in the distribution of processed tomato products.

The project will also contribute to the rise in the Gross Domestic Product (GDP) and to inflows of foreign currency from tomato paste exports. The project will therefore have a significant social and economic impact in Zambia.



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

📘 PromoteZambia

🐦 PromoteZambia

🌐 Zambia Development Agency

📷 PromoteZambia

INVESTMENT PROPOSAL

Name of project: Zambia Tomato Processing

Country: Zambia



Overview

The Government of the Republic of Zambia (GRZ) is inviting Private Investors to establish a modern Tomato processing project that falls under agro – processing subsector, which is classified as a priority sub sector. The tomato processing plant will produce an average of 10,000 tonnes of tomato paste per annum and will be constructed on 10 acres of land located in Monze in the Southern Province of Zambia. The business will outsource tomatoes from all provinces in Zambia, which will need the construction of tomato collection depots for the collection of fresh tomatoes for processing. The total investment that is required to operationalize the project is US\$5 million, which is expected to be fully funded by private investors. The GRZ, Zambia Development Agency (ZDA), Ministry of Trade Commerce and Industry (MCTI), Ministry of Agriculture and Livestock (MAL) and other Government Agencies will assist the Private Investors to establish the project, through various forms of interventions. The project will be implemented through a Special Purpose Vehicle that will be wholly owned by Private Investors. The project will take 12 months to operationalize.

The Product

The ZTPP will produce both Cold and Hot Break Tomato Paste to meet customers' specifications. The processed products will be of high quality and grade that meets international standards. They will be packaged into 50 kg aseptic bags for the regional and international markets and small packages for the domestic markets ranging from 2kg, 5kg, 10kg and 25kg aseptic bags.

The Market

About 20% of tomato paste produced will be sold to the domestic market in Zambia whose demand level is estimated to be

Key Facts	
Name of Project	Zambia Tomato Processing
Country of Operations	Zambia
Headquarters	Monze, Southern Province of 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
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 tomato processing plant, office buildings and tomato collection depot and purchase of modern tomato processing equipment, distribution vehicles and to finance working capital.

5,000 tonnes per annum with a 3% annual growth rate. This implies that the ZTPP will cover about 40% of the local market, which is feasible given that there are very few tomato processors in Zambia. The remaining 80% will be sold in the regional and international markets. The demand level in the regional market is estimated to be 150,000 tonnes per annum with a growth rate of 2% annually whilst the International market is estimated to be 3,233,883 tonnes, with a growth rate of around 2.1% annually according to TomatoNews.com.

The Competition

The ZTPP's local competitors include small firms with a combined production capacity of 1,500 tonnes per year as well as imports mainly from South Africa. In the region, competitors are South African firms with production capacities in excess of 500,000 tonnes per year. The ZTPP will differentiate its products based on high quality and packaging.

Project Staff

The staff that will over the implementation of the project include the following:

- **Project Coordinator** – from ZDA
- **Investments and Finance Expert** – from ZDA.
- **Legal Expert** – from GRZ.
- **Trade Expert** – from Ministry of Trade Commerce and Industry.
- **Tomato Processing Expert** – from Private Sector Firms.
- **Tomato Sector Expert** – from Tomato Growers Regulatory Agency/ Association.

Investment Proposal

The ZTPP is soliciting for Private Investors to establish a modern, tomato processing plant and collection depots at a total cost of US\$ 5 million.

The project will take advantage of the abundance of fresh tomatoes in Zambia, capitalise on availability of affordable and trainable labour force and benefit from the existence of a ready market for tomato paste worldwide. It is projected that the project will make profits from existing and unmet demand for tomato paste.

The ZTPP will benefit from both fiscal and non-fiscal incentives associated with investing in a tomato



Fig 1. Tomato fruits on tree before harvesting



Fig 2. Harvested tomato fruits ready for processing



Fig 3. Tomato paste



Fig 4. Tomato paste packaged in glass bottles