



## **GROUNDNUTS COOKING OIL PROCESSING INVESTMENT PROPOSAL**

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**NAME OF PROJECT:** Groundnuts Cooking Oil Processing Investment Proposal.

**COUNTRY OF OPERATIONS:** Zambia

**HEADQUARTERS:** Lusaka district, Zambia is closeness to the market, main road, availability of raw materials and labour

**SECTOR:** Light Manufacturing – agro processing

**TYPE OF BUSINESS:** Manufacturing of agro foods products from indigenous wild fruits and drought-resistant crops.

**PROPOSED LEGAL STRUCTURE:** Private Investments Company

**PARTNERS:** Private Investors Company

**PROJECT VALUE:** USD 1,000,000

**PROPOSED INVESTMENT AMOUNT:** USD 1,000,000

**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 groundnuts cooking oil processing plant, office buildings, groundnuts collection depots and purchase of modern groundnuts processing equipment, distribution vehicles and to finance working capital.

## OVERVIEW

### WHY KEMBI BUSINESS VENTURES?

- We need to add value to our natural resources! We noted our shops and houses have been packed with products made from farmed fruits only and most of them imported. We saw a clear opportunity for Kembi Business Ventures to introduce products made from groundnuts indigenous wild fruit which are natural, organic and nutritious.
- Kembi Business Ventures is a registered Zambian owned agro-processing enterprise business dealing into production, processing, packaging and distributing nutritious food products made from indigenous wild fruits and drought-resistant crops that are grown locally by local smallholder farmers in Zambia.
- We had to mobilize funds through selling our personal belongings to purchase a secondhand food and mango drink blender, sealing and bagging machines, driven by the passion to manufacture high quality food products.

### TYPE OF BUSINESS

- Manufacturing of groundnuts cooking oil.

### WHY GROUNDNUTS COOKING OIL BUSINESS VENTURES?

- Kembi Business Ventures is inviting private investors to join hands with the Kembi Business Ventures in establishing a groundnuts cooking oil processing project in Lusaka district that falls under agro-processing subsector, which is classified as a priority sub sector.
- The groundnuts cooking oil processing plant will produce an average of 30,000 tonnes of groundnuts cooking oil per annum.
- The plant will be constructed on 5 acres of land located in Lusaka district.
- 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\$1 million.
- The private investors will be expected to meet the entire project costs of US\$900,000 and Kembi Business Ventures will put US\$100,000.
- 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.

### PROJECT OBJECTIVES

- To contribute to economic growth and food security

- To contribute to the country's poverty reduction and improved household incomes through improved groundnuts cooking oil production, processing and marketing
- Enhance household incomes will lead to improved household food security through:
  - (i) Increase groundnuts productivity and production.
  - (ii) Contribute to improved household income and food security,
  - (iii) Increase foreign exchange earnings from groundnuts products
  - (iv) Improve rural employment for men, women and youths.

### **GROUNDNUTS COOKING OIL PRODUCTS.**

- The project will produce groundnuts cooking oil.
- The processed products will be of high quality and flavor that meets international standards.
- The groundnuts cooking oil will be packaged in appropriate packaging depending on their respective forms.
- Kembi Business Ventures will use branded transparent plastic bottles for packaging of groundnuts cooking oil.

### **THE MARKET**

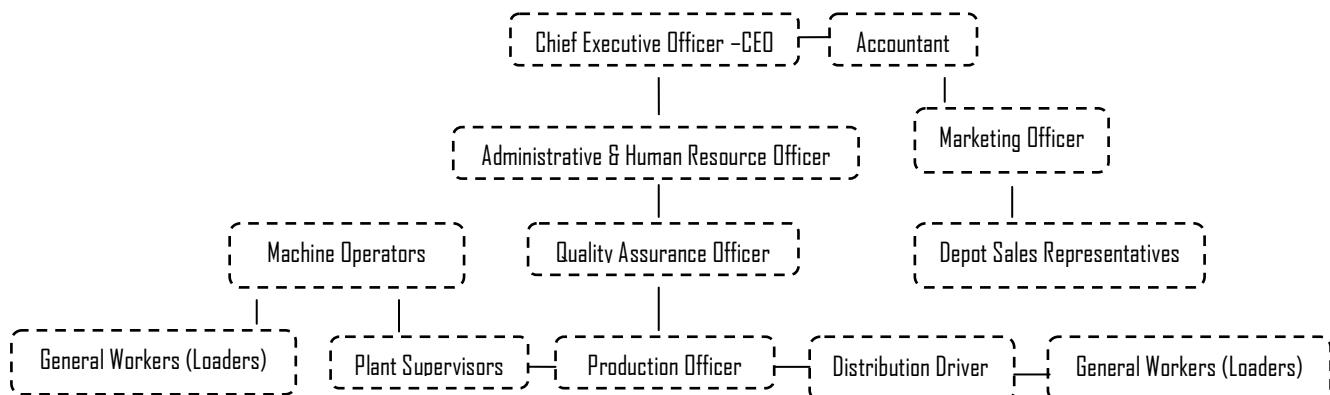
- The processed products will be sold to the domestic market in Zambia as well as regional and international markets.
- Main targets on the regional market are Angola, Democratic Republic of Congo (DRC), and Tanzania.
- On the International markets the target is the European Union, Middle East and United Arab Emirates.
- There is a general increase in the demand for groundnuts cooking oil products on the global market, which is mainly driven by health considerations. This has led producers of baobab to increase their production levels over the recent past.

### **THE COMPETITION**

- The direct competitors to the project include small local Zambian companies as well as large regional and international processors of groundnuts cooking oil 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.

### **BUSINESS STRUCTURE**

In view of hiring experts, we have decided to hire qualified and competent hands to occupy the following positions:



### **INVESTMENT PROPOSAL**

- The Kembi Business Ventures groundnuts cooking oil Processing Project is soliciting for a Private Investor to invest US\$1 million for the establishment of a modern processing plant in Lusaka, which will produce groundnuts cooking oil for the domestic, regional and international markets.

- The project will take advantage of the abundance of groundnuts cooking oil in Zambia, capitalize on availability of affordable and trainable labour force and benefit from the existence of a ready market for processed groundnuts cooking oil products.
- The project will benefit from both fiscal and non-fiscal incentives associated with investing in a groundnuts cooking oil processing plant in Zambia.

## INVESTMENT FUNDS

- The funds will be utilized to meet the purchase of land.
- Construction costs of the processing plant buildings.
- Acquisition of processing plant, equipment.
- Machinery.
- Vehicles.
- Working capital to pay for raw materials.
- Inputs, salaries.
- Other operational costs.

## 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.
- 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.

## BENEFICIARIES

- The primary beneficiaries of the project are smallholder groundnuts farmers/producers and processors.
- The Project will directly benefit 60,000 smallholder farmers including 30,000 (50%) women and 7,000 youths, each planting 1 ha (100 groundnuts).
- The labour input for the farming operations is equivalent to 25,000 jobs.
- However, the Project will generate about 6,000 full time jobs (3,000 of which will be for rural women and 1,000 for youths) in groundnuts production, processing and marketing operations.
- The Project, will promote ownership by small-scale entrepreneurs of at least 10 groundnuts.

## 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 groundnuts.
- In urban areas, employment will be created for those involved in the distribution of processed groundnuts cooking oil products.
- Furthermore, the project will have a positive social impact through minimization of post harvest loses for groundnuts 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 groundnuts cooking oil products.
- The CIDP will further strengthen and consolidate gains achieved from similar agriculture-related value chain development interventions.

## THE PROJECT HAS 3 COMPONENTS:

### SUPPORT TO GROUNDNUTS COOKING OIL VALUE CHAIN WITH 3 SUB-COMPONENTS.

- Irrigation infrastructure for groundnuts gardens
- Groundnut plantation rejuvenation and establishment

- Infrastructure for groundnuts cooking oil processing and marketing.

#### **CAPACITY BUILDING WITH 3 SUB-COMPONENTS**

- Training
- Technical support
- Matching fund

#### **PROJECT MANAGEMENT WITH 2 SUB-COMPONENTS**

- Project coordination
- Monitoring and evaluation.

#### **CONTACT**

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