



**THE GOVERNMENT OF THE REPUBLIC OF ZAMBIA  
MULTI SECTORAL COMMITTEE ON FARM BLOCK DEVELOPMENT  
ZAMBIA DEVELOPMENT AGENCY**

***Development and Commercialisation of Nansanga Farm Block***

***Prequalification Information Memorandum***

STRICTLY PRIVATE & CONFIDENTIAL

The information contained in this presentation is strictly confidential and supplied with the understanding that it will be held in confidence and not copied or disclosed to third parties without the express prior consent of the Zambia Development Agency.

## Disclaimer

This document is provided by the Zambia Development Agency (the “ZDA”) and has been prepared exclusively for the recipient and for the purpose of the recipient’s prospective participation in the Development and Commercialization of Nansanga Farm Block. This document is not an offering document, nor does it constitute or form part of any offer or invitation to purchase, sell or subscribe for, or any solicitation of any such offer to purchase, sell or subscribe for, any property in the Nansanga Farm Block nor shall this document (or any part of it), or the fact of its distribution, form the basis of, or be relied on in connection with, or act as an inducement to enter into, any contractor commitment whatsoever with respect to any property in the Nansanga Farm Block or otherwise (either in the process of development and Commercialisation of Nansanga Farm Block).

The document is being made available for information purposes only and the information in the document reflects prevailing conditions and the ZDA’s and/or its internal or external advisors’ judgment as at the date of the document. This document is not intended to provide the sole basis for evaluating, and should not be considered as recommendation with respect to, any investment decision or other matter. The ZDA and the Multi-Sectoral Committee on Farm Block Development or their internal or external advisors assume no obligation to update or otherwise revise this document.

No reliance may be placed for any purpose whatsoever on the completeness, accuracy or fairness of the information contained in this document. No representation or warranty, express or implied, is given by or on behalf of the ZDA and/or the Multi-Sectoral Committee on Farm Block Development or any of its affiliates or any of their respective directors, officers or employees or any other person including internal or external advisors as to the accuracy or completeness of the information or opinions contained in this document and no liability whatsoever is accepted by the ZDA and/or the Multi-Sectoral Committee on Farm Block Development or any of their affiliates or their respective directors, officers or employees or any other person including internal or external advisors for any loss howsoever arising, directly or indirectly, from any use of such information or opinions or otherwise arising in connection therewith. Reliance on the information contained in this document may expose the recipient to a significant financial risk.

The recipient of this document may be only a person (or its Authorised Representatives) who have entered into the Non-Disclosure and Non-Utilization Agreement (“NDA”) with the ZDA in connection with the Development and Commercialization of Nansanga Farm Block. Any other person, unless involved in the process of the Development and Commercialization of Nansanga Farm Block on the side of the ZDA or the Government of the Republic of Zambia

shall immediately report to the ZDA that it made access to this document and may not rely on the content hereof and must keep it strictly confidential.

Without prejudice to the generality of provisions of the NDA, this document (and its contents) are strictly confidential, intended for the benefit and use of the recipient and are being made available on the basis that the recipient keeps confidential any information contained herein or otherwise made available, whether orally or in writing, in connection with the Development and Commercialization of Nansanga Farm Block. Such information may not be reproduced, disclosed, redistributed or passed on, directly or indirectly, to any other person (unless he or she is affiliated with or is a paid advisor to the recipient and has agreed to comply with these restrictions on redistribution) or published, in whole or in part, for any purpose without the prior written consent of the ZDA.

If the recipient is in any doubt as to the matters contained in this document he or she should consult an authorized person specializing in advising on investments of the kind contained in this document. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of person and, in any event, under no circumstances should persons of any other description rely or act upon the contents of this document.

Certain statements in this document are or may be forward-looking statements. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described in this document. Forward-looking statements contained in this document that refers to past trends or activities should not be taken as a representation that such trends or activities will necessarily continue in the future. The ZDA, the Multi-Sectoral Committee on Farm Block Development or any of its affiliates or any of their respective directors, officers or employees or any other person including internal or external advisors does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The recipient should not place undue reliance on forward-looking statements, which speak only as at the date of this document.

The ZDA reserves its right to set forth, amend or alter the terms of the process of the Development and Commercialization of Nansanga Farm Block process in its sole discretion at any time. The recipient of this document has acknowledged and agreed that following any such amendment or alteration the information contained in this document may be amended or altered accordingly.



## Table of Contents

MACROECONOMIC OVERVIEW .....	4
ZAMBIAN AGRICULTURE SECTOR .....	7
NATIONAL FARM BLOCK DEVELOPMENT PROGRAMME .....	23
NANSANGA FARM BLOCK PROFILE .....	26
FARM BLOCK DEVELOPMENT MODEL .....	35
CORE VENTURE MAJOR ACTIVITIES .....	36
INDICATIVE TENDERING PROGRAMME .....	37



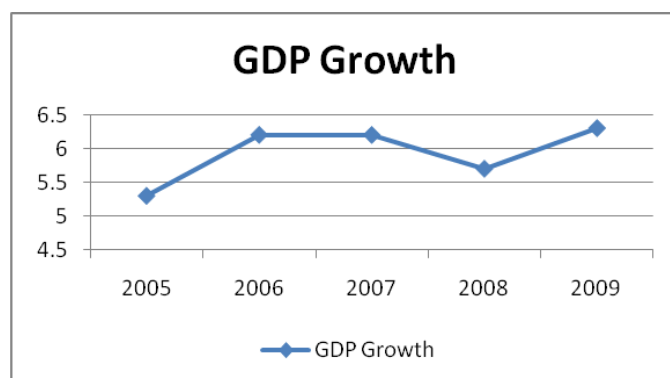
## MACROECONOMIC OVERVIEW

### ZAMBIA GENERAL STATISTICS

Population	12,935,368 (2009 est.)
Land Area	752,612 square Kilometers
Water area (% of Land)	11,890 square kilometers
Terrain	Mostly high plateau with some hills and mountains
Climate	Tropical, modified by altitude, rainy season (October to April)
Nominal GDP	US\$ 12.748 million
Real GDP Growth	6.3% (2009 est.)
Per Capita	\$ 1,600 (2009 est.)
Export	ZMK 21.031 billion (2009)
Import	ZMK 18.941 billion (2009)
Annual Inflation	13.3 % (2009)
Exchange rate regime	Liberalized
Life expectancy	45.4 (2009)
Adult literacy	71%

Exchange Rate @ ZMK 4,700/USD

### GDP GROWTH



### HIGHLIGHTS

- Zambia's population growth averaged 2.1% for the 2003-2008, above the global average of 1.3%
- Foreign direct investment (FDI) levels have risen sharply since the start of 2009
- The Zambian economy is diversified, with no single sector representing more than 20% of GDP in 2008; key components are mining (8.2%), agriculture (12.5%), construction (11.4%) and tourism (9.1%)

- During the past 5 years, Zambia has experienced relatively strong and consistent levels of real economic growth –average GDP growth of approximately 6%
- GDP per capita in 2008 was US\$ 1,112 and US\$ 1,392 in PPP terms -among the highest in sub-Saharan Africa



## INVESTMENT CLIMATE

<i>Economic Outlook</i>	<ul style="list-style-type: none"><li>• The Government expects real GDP growth of 6.6% in 2010</li><li>• Growth in non-mining sectors is expected to be stimulated by growth in the agricultural sector</li><li>• Strong base-metal production during 2009 has positively impacted growth for the economy</li><li>• Economic policy will be focused on the government's central budget goal of increased economic diversification</li></ul>
<i>Inflation</i>	<ul style="list-style-type: none"><li>• The Bank of Zambia targets inflation using the base rate and foreign exchange reserves</li><li>• 2009 started with double digit inflation levels of 16 percent but closed the year with single digit inflation at 9.9 percent</li><li>• Annual inflation average is expected to fall to less than 10% fall from 13.3% in 2009.</li><li>• It is expected that the decline in inflation in 2011 will be as a result of higher food production output and reduced Kwacha volatility due to an anticipated stabilisation of copper prices (IMF expects)</li></ul>
<i>Exchange Rate</i>	<ul style="list-style-type: none"><li>• Zambia has a flexible foreign exchange regime with full convertibility</li><li>• Zambian kwacha (ZMK) per US dollar in the last five years has been as follows: 5,237.4 (2009), 3,512.9 (2008), 3,990.2 (2007), 3,601.5 (2006), 4,463.5 (2005)</li><li>• Performance of the exchange rate expected to be stable and mostly will follow the trend of the copper prices.</li></ul>
<i>Investment</i>	<ul style="list-style-type: none"><li>• FDI recorded in the first quarter of 2010 amounted to US\$1.3 Billion, surpassing the projected US\$1 billion.</li><li>• Investment is expected to rise substantially in 2011 in response to stabilised copper prices</li></ul>
<i>Political Climate</i>	<ul style="list-style-type: none"><li>• Stable and democratic environment since gaining independence from Britain in 1964 –Zambia has a functioning multi-party system</li><li>• Three main political parties in Zambia; the ruling MMD (Movement for Multiparty Democracy), Patriotic Front and the UNPD (United Party for National Development)</li><li>• Parliamentary and presidential elections are likely to be held towards the end of 2011</li></ul>
<i>Social</i>	<ul style="list-style-type: none"><li>• There are over 73 different ethnic groups among Zambia's indigenous population, with no record of ethnic divisions.</li><li>• The people are highly peaceful and friendly.</li><li>• Currently, Zambia has a predominantly young and steadily growing population</li><li>• More than 50% population is Christian</li></ul>
<i>Legal and Regulations</i>	<ul style="list-style-type: none"><li>• based on English common law and customary law</li><li>• predictable laws and policies covering Guarantees and Security to investors, labour, competition, investment protection, Environment protection, etc.</li></ul>



### **Government Policy Support**

Government's general policy on economic development has been to liberalise the economy and promote private sector development. This has been followed up by economy diversification strategies which aim at reducing dependency on mineral resources thereby insulating the economy from shocks that result from metal prices volatility. Agriculture has been part and parcel of the diversification programme that encourages farmers to diversify from the traditional crops: maize and promotion of cash crops such as tobacco, flowers, cotton, coffee, tea, non-traditional crops like paprika and ginger which have higher returns per unit. Some of the strategies that Government is currently implementing to support the Agriculture sector and promote investment include the marketing support, infrastructure support, input support and financing support. Fiscal support has also been provided in the form of subsidies and tax incentives for priority sectors through the ZDA's investment promotion unit.

### **The Priority Sectors**

Incentives applicable to a priority sector under the ZDA Act include:

- Zero percent on profits for a period of five years from the first year the profits are made. From year 6 to 8 only 50% of the profits will be taxed, and from 9 to 10, 75 % will be taxed.
- Zero tax on dividends from for a period of 5 years from the first year dividends are declared.
- VAT deferment on capital equipment and machinery.
- Zero percent import duty on capital goods, machinery including trucks and specialized vehicles for five years.

Under the ZDA Act a number of sectors related to agriculture and the agribusiness have been identified as priority areas in which government has given special fiscal incentive, such sectors include:

- (a) Floriculture fresh flowers and dried flowers
- (b) Horticulture fresh and dried vegetables
- (c) Processed foods wheat flour other processed foods
- (d) Beverages and stimulants
  - (i) Tea and tea products
  - (ii) Coffee and coffee products
- (e) Production and the processing of the following products in the textile sector
  - (i) Cotton
  - (ii) Cotton yarn
  - (iii) Fabric
  - (iv) Garments
- (f) Production and processing of raw timber into wood products
- (g) Production and processing of the following products in the leather sector:
  - (i) Cattle hides
  - (ii) Crust leather
  - (iii) Leather products

***Zambia is currently ranked among the top ten of the world's best reformers of doing business for 2011***

### **Relevant Procedures**

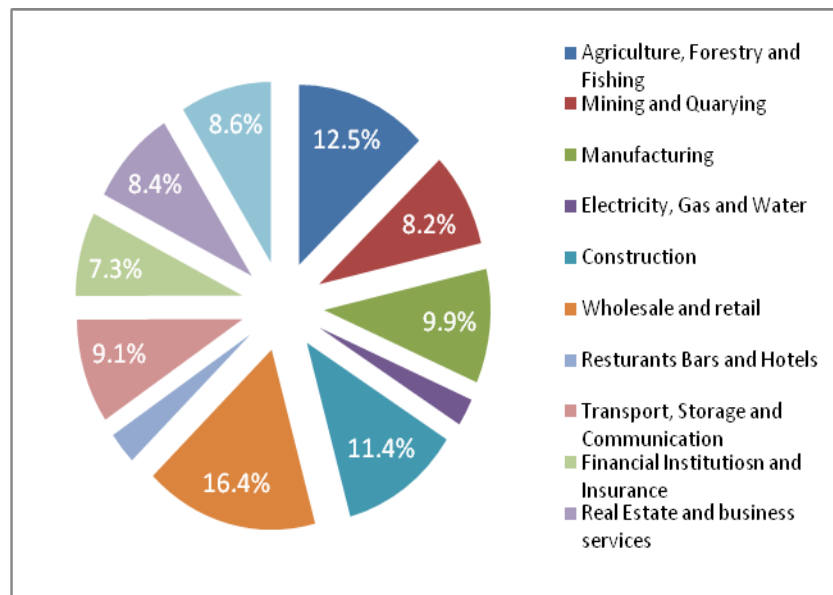
ZDA facilitates the registration of a company (companies Act 388) and other procedures and also issues an investment license which entitles the investor to certain incentives.

Land in Zambia is given on a 99 year lease and is renewable for a further 99 years provided there's no breach of condition in the initial agreement. Traditional land can be converted to leasehold – thus allowing it to be used for business purposes.



## ZAMBIAN AGRICULTURE SECTOR

2008 Sector GDP Contribution



The Agriculture sector has been increasing its impact on the Zambian economy annually. In the past few years the GDP contribution by the sector has been low due to overdependency on mineral resources. In 2008 the agriculture sector had GDP contribution of 12.5%, however the GDP could be higher considering that the capacity utilisation rate is low in the agriculture sector. For, instance the agriculture land utilisation rate is at 15% of arable land whilst of Irrigation is only utilised at a rate of 10% of the irrigatable land. Smallholder farmers account for more than 80% of the national output but because of their dependence on rain fed agriculture, poor access to agriculture inputs and poor produce marketing arrangements – their productivity is still poor.

Increasing capacity in terms of these factors has the potential of making Zambia a leader in agriculture production in the region.

The vast majority of the country's farmers are smallholders (about 75 percent), Large-scale commercial farming accounts for most of the commercial crop production and most of the livestock.

The sector employs 92 per cent of the rural and 20 per cent of the urban working populations (70% of Labour Force).

The government has continued to support the agriculture sector as a way of enhancing its economic diversification programme. Zambia has for some time designed and implemented programmes aimed at developing her agriculture sector. Some notable ones though not conclusive include the Food Reserve Agency (FRA) and the Fertiliser and Input Support Programme (FISP) whose combined budgetary allocations account for more than 35% of the total budget allocation to the agriculture sector. Other initiatives include creation of the Irrigation fund, the Agriculture Support Programme (ASP) and the World Bank supported Market Improvement and Innovation Facility (MIIF) managed by Africare just to mention a few.



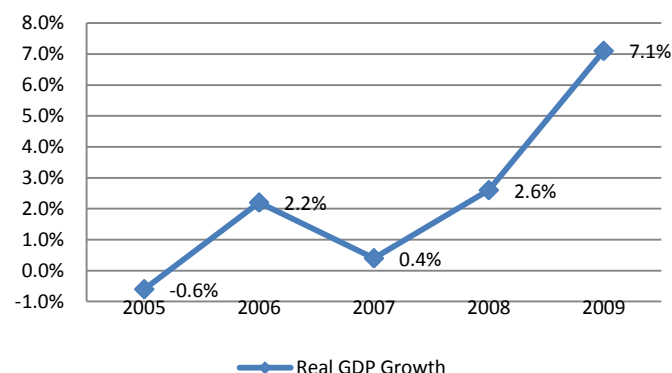
## Agriculture Industry Analysis

### AGRICULTURE SECTOR PROFILE & STATISTICS

Arable Land	43 million hectares
Cultivated Arable land	16%
Irrigatable land	2.7 million hectares
Irrigated land	156,000 hectares
Natural water supply	45% of Southern Africa
Employment	70% of Labour force
Products	Corn, sorghum, rice, peanuts, sunflower seed, vegetables, flowers, tobacco, cotton, sugarcane, cassava (tapioca), coffee; cattle, goats, pigs, poultry, milk, eggs, hides, etc
% of GDP	21.2
Agriculture Annual Growth	4%
Exports	25% of Total Exports
Regional Markets	COMESA, SADC
Oversea Markets	AGOA, EU, Asia

Exchange Rate @ ZMK 4,700/USD

Agriculture Real GDP Growth

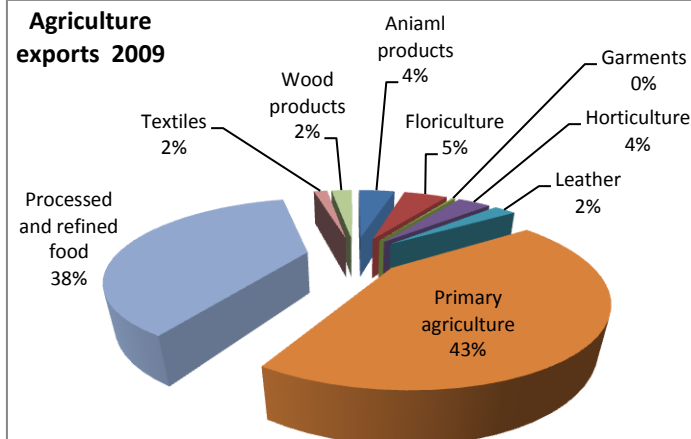


### PERFORMANCE HIGHLIGHTS

- Zambia Agriculture potential still remains under utilised in terms of: land and water utilization; exploitation of domestic and international markets; and value addition for profit maximization.
- Over the last years GDP contribution of the Agric sector has been below par i.e. between 10% - 20%, largely because of seasonal farming.
- The most outstanding trends in terms of production and potential economic growth come from the commercial sector. Increases in the yields and production of sugar cane have been exponential over the last five years, with other high-value crops like tobacco, wheat, coffee and cotton showing similar patterns.
- In terms of export production, growth in horticulture and floriculture production are especially exciting.

From 2007 the Agriculture sector has register positive growth in real GDP, with the 2009 growth estimated at 7.1%. Exports in 2009 were dominated by primary agriculture and processed foods.

Agriculture exports 2009





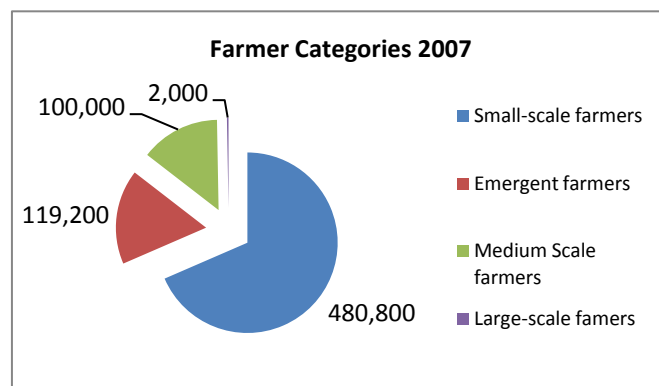


Agriculture Industry Composition			
	Major Companies/Firms	Main Products	Key export markets
<b>Primary Industry</b>			
Primary Agriculture	Large scale Commercial Farms, Small holder farms, Zambia Coffee Growers Association, Kaleya Holdings, Kasama Coffee Company (22 members), Cotton Association of Zambia Kawambwa sugar plantation, etc	Tobacco, Cotton, Coffee, Maize and Tea. Other crops include Sorghum, Bean, Millet, Groundnuts, Rice, and wheat.	COMESA, Asia, EU and America
Animal Sector	Zambeef, Hybrid, Flamingo farms Limited, etc	fresh milk, frozen meats, and fresh eggs	Congo DR, Angola, Tanzania and Malawi
Floriculture	Zega, Khal Amazi, Gwaza Holdings, Scimitar Farming and Revays Farms, etc	Over 60 varieties of roses cultivated including tropical amazon, golden gate, red calypso, first red, poeme, noblesse, prophyta and tyneke.	Netherlands, Holland, Great Britain and Germany. Others are South Africa, Denmark and Niger Republic
Horticulture	ZEGA, Agriflora, Masstock Afrca Ltd, Cheetah Zambia Ltd, etc	fresh agricultural produce: asparagus, mange tout, sugar snap peas, fine and bobby beans, baby corn, currettes, tender stem broccoli, okra, passion fruit, spring onions, patty pan squash, eggplant, mushrooms, cucumbers, baby carrots, leeks and various types of chillies	UK, accounting for 47%, followed by Congo DR, which absorbed 15% and South Africa which contributed 13%, Other markets included Angola, Netherlands, Spain and Zimbabwe
Leather and Leather products	Zambeef, Crocodile farmers, Zamleather And Leather Products Limited, Zambia Bata Shoe Company, etc	crocodiles skins, wet blue leather, finished leather, footwear and protective shoes	Malawi (48%), Singapore (17%), the Democratic Republic of Congo (14%) and South Africa (5.3%). Other markets included Zimbabwe, India, Japan, Honk Kong, Turkey and Great Britain.
<b>Secondary (Manufacturing)</b>			
Sugar processing	Zambia Sugar plc, Kafue Sugar, Kawambwa Sugar	Sugar	Great Lakes region and the European Union (EU)
Millers (Cereal processing)	National Million, Antelope Milling, Choma Milling, Tiger Animal Products Feeds	Maize meal, Flour, Animal Feed	COMESA



	Major Companies/Firms	Main Products	Key export markets
Ginneries and Textiles	Dunavant, Alliance Cotton Ginneries Limited, African Textiles, Lintco, Cargill Cotton Ginnery Limited, Continental Ginnery, Great Lakes Cotton Company, Chipata Cotton Company, Mulungushi Cotton & Cooking Oil Company, etc	Cotton, Textiles	South Africa, China, Switzerland, Singapore and United Kingdom
Dairy processing	Parmalat, Zambef	Meat, Milk	
Tobacco Processing	British American Tobacco Zambia Plc	Cigarettes	
Other food processing companies	Amanita Zambia Limited		
Brewing	National Breweries	Opaque traditional beer	SADC
<b>Agro Services: Research</b>			
Private	Zambia National Farmers Union, ASTI, etc	Marketing and Research services	(Local farmers)
Government	Ministry of Agriculture Agencies, Zambia Agriculture Research Institute (ZARI),	Agriculture research services	(Local farmers)
<b>Agro Services: Marketing</b>			
Private	Agriculture Commodity Exchange (ZAMACE), ZNFU	Commodity exchange services such as Pricing, Trading and Market Access. ZNFU provided market information to its members	(Local Markets)

Note: The above industry composition is not exhaustive



The major component of the industry is made up of primary producers who produce for local processing and also export products in raw state.

The composition presents a lot of opportunities for agro-processing as evidenced by a narrow processing sector. Performance of the processing industries has been very exceptional in the last five years.

Other key players in the agriculture industry are the service providers, characterized of highly qualified agriculture experts



## Research and Market Information Services



**ZAMACE**

The Zambia Agriculture Commodity Exchange provides an opportunity to industry players to reduce risks through mechanisms that guarantee settlement, transparency of transaction and market information such as pricing.



Researching Soils, Crops and  
Water in Zambia

The Zambia Agriculture Research Institute (ZARI) is one of the departments in the Ministry of Agriculture and Cooperatives. The overall objective of the department is to provide a high quality, appropriate and cost effective service to farmers, generating and adapting crop, soil and plant protection technologies. This department is comprised of the Research Management Team which co-ordinates, manages and controls the human, physical and financial resources of four technical divisions, Central Services and Administration.



The ZNFU's mission is to promote and protect the interest of members as farmers, individuals, corporation/companies and other organisations involved in the business of farming in order to achieve sustainable economic and social development.



Facilitated by the International Food Policy Research Institute (IFPRI), Agricultural Science and Technology Indicators (ASTI) is a comprehensive and trusted source of information on agricultural research and development (R&D) statistics.



Ministry of Agriculture is leader research institution and provides services through a number of institutions. These include: Central Veterinary Research Institute (CVRI), Central Fisheries Research Institute (CFRI), Forestry Research Branch (FRB), is administered by the Ministry of Environment and Natural Resources, Food Technology Research Unit (FTRU), the Livestock and Pest Research Centre (LPRC), and the Water Resources Research Institute (WRRU)—fall under the National Institute for Scientific and Industrial Research (NISIR),



## Agriculture Production Yield by Product

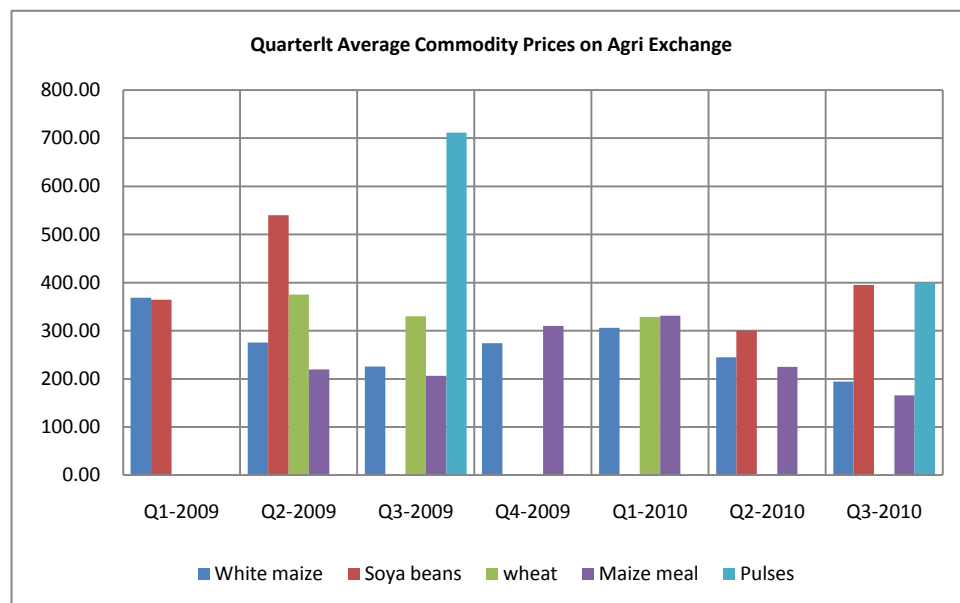
### Productivity Data on different crops for the 2007/08 Agricultural Season, Zambia

	Area planted (ha)	Area Harvested (ha)	Expected Production (mt)	Yield (mt/ha)	Expected Sales (mt/ha)	Basal fertiliser applied (mt)	Top Fertiliser Applied (mt)
Maize	916,738	539,873	1,141,429	1.95	473,163	48,646	49,386
Sorghum	24,350	16,170	9,993	0.46	764	14	15
Rice	25,176	17,367	24,023	1.58	13,151	26	8
Millet	45,510	34,871	33,934	0.77	7,709	20	18
Sunflower	32,495	26,767	12,662	0.72	764	78	61
Groundnuts	144,200	121,365	70,527	0.66	27,661	66	68
Soya bean	25,840	23,928	43,715	0.87	35,070	3,285	488
Cotton	111,307	83,657	71,821	0.74	355	82	68
Irish potatoes	1,058	1,009	10,196	4.53	9,515	495	147
Burley tobacco	1,816	1,691	4,659	1.89	777	322	221
Virginia tobacco	9,299	9,076	17,005	2.33	11,159	2,838	1,332
Mixed beans	59,590	55,755	44,464	0.67	20,754	38	13
Bambara nuts	2,204	1,866	2,513	0.84	1,116	2	2
Cowpeas	3,688	2,121	1,506	0.52	411	6	0
Velvet beans	12	12	3	0.32	0	0	0
Sweet potatoes	32,437	29,828	106,523	4.02	52,309	42	39
Cassava	400	205	773	3.02	737	0	0
Cashew nuts	2	2	0	0.35	.	0	0
Paprika	434	420	995	1.44	639	88	72
Castor beans	13	13	11	0.8	11	0	0
Wheat	11,471	11,394	63,879	4.28	61,294	6,302	5,320

In the cases where the production yield has been low, research by the Agriculture Consultative Forum and the Food Security Research Project reveal that four major factors contributed to this, and these are: (i) low access to technology and information (research on crops/livestock, management practices, extension, processing improvements), (ii) low access to Markets (property rights, standards, contract law, adjudication, market facilities, market price and supply information, marketing extension ), (iii) lack of Infrastructure ( roads, irrigation, rural electrical power, ports, communications), and Poor access to inputs (fertiliser, pesticides)



### Selected Agriculture Commodity Pricing– Zambia Agriculture Commodity Exchange Market Data



Note: Average Price levels indicated are a function of trade volumes in the related quarter

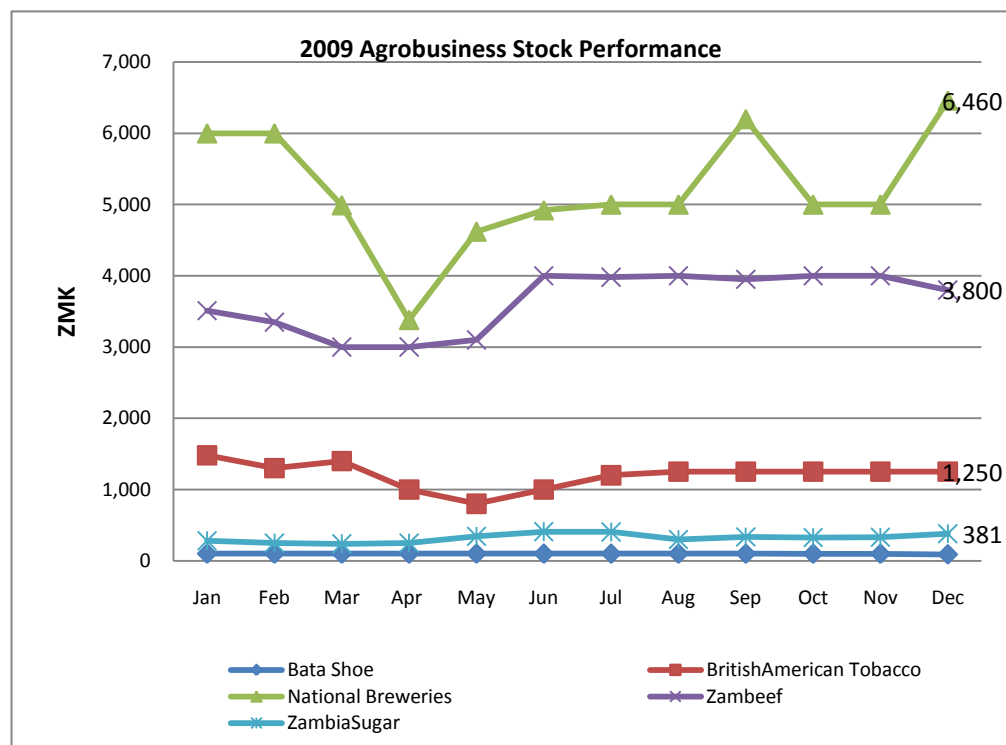
### Total Commodities Traded by Volume and Turnover - 4th October, 2007 to September, 2010

Commodity	Volume (Mt)	Turnover (Us\$)
Grain	171,118.90	55,076,822.94
Maize Meal	8,474.24	2,212,979.59
Oil Seed	35,237.00	12,995,668.24
Pulses	287.00	221,223.00
Bran	350.00	27,875.00
Cement	420.00	127,362.90
Fertiliser	750.00	527,050.00
<b>Total</b>	<b>216,637.14</b>	<b>71,188,981.67</b>

The Zambia Agricultural commodity exchange (ZAMACE) ensures that trading methods are formal, transparent and the underlying product are of high or standard quality. From 2007 trading activities have been increasing steadily on the exchange as more traders adopt the ZAMACE as the pricing mechanism. Lessons in the region have shown that centralized market places with their associated perception of transparency and integrity can enhance activity. As at September 2010, ZAMACE had traded \$71 million worth of turnover. Though this represents a fraction of the national production volume it gives a reasonable indication of the price and production trends during the year.



## Agribusiness Performance on Lusaka Stock exchange - 2009



The Agro-processing sector is one of the highest performing sectors as evidenced by the companies listed on the Lusaka stock exchange. All the listed companies showed strong and stable stock performance throughout 2009.



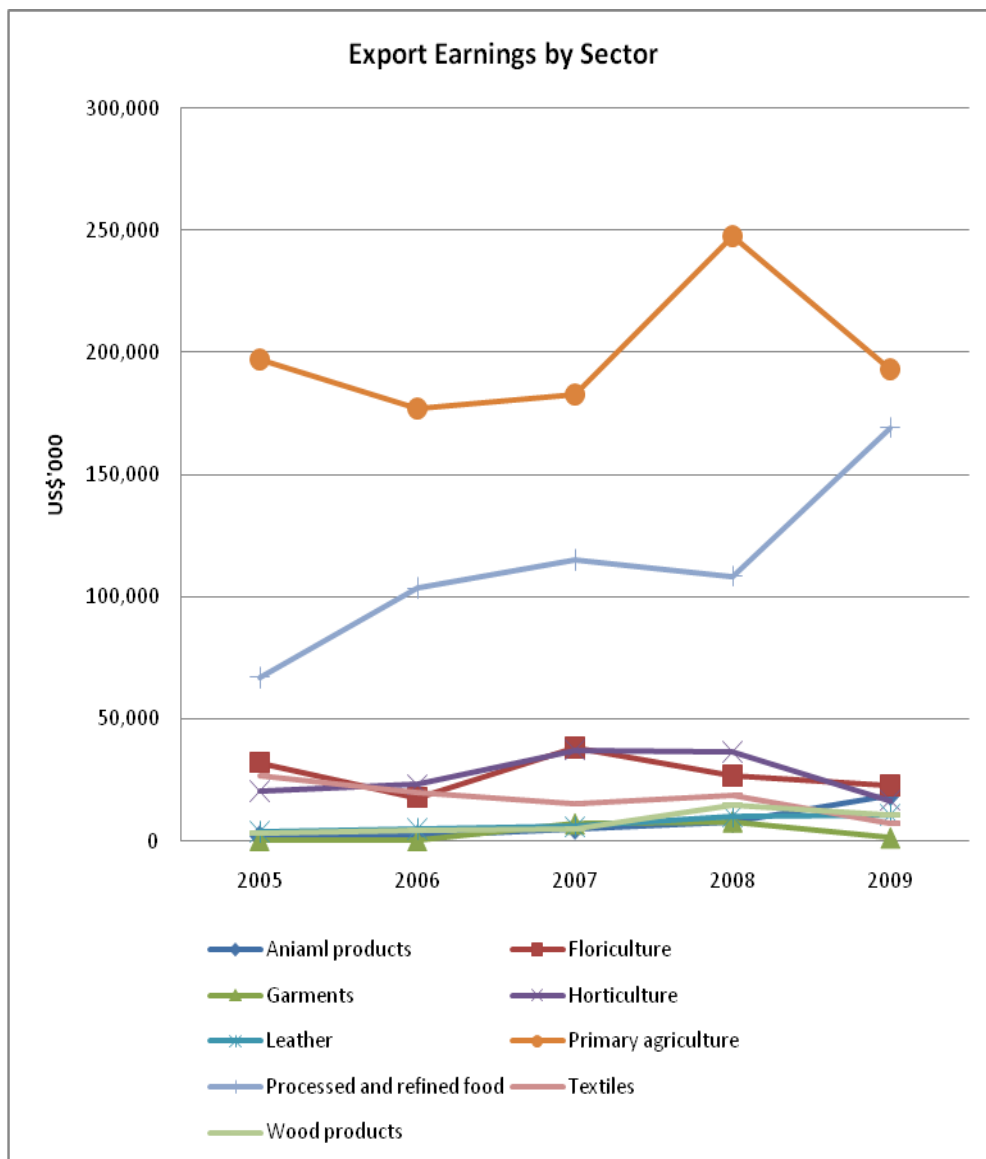
## Zambia's ranking

Table below shows the highest rankings of Zambia amongst all other countries, for each agricultural commodity, for the year 2008 by value at applicable International commodity prices.

Rank	Commodity	Rank	Commodity
12	Game meat	52	Chillies and peppers, dry
15	Fruit, tropical fresh nes	57	Indigenous Goat Meat
16	Spices, nes	58	Vegetables fresh nes
17	Tobacco, unmanufactured	67	Barley
24	Artichokes	71	Fruit Fresh Nes
25	Maize	72	Wheat
25	Cottonseed	80	Hen eggs, in shell
26	Pulses, nes	89	Oranges
28	Cotton lint	91	Indigenous Cattle Meat
29	Cassava	92	Rice, paddy
30	Millet	94	Indigenous Chicken Meat
33	Sweet potatoes	94	Onions, dry
36	Pepper (Piper spp.)	95	Indigenous Pig meat
36	Tea	100	Natural honey
37	Sugar cane	103	Tomatoes
37	Groundnuts, with shell	113	Bananas
45	Coffee, green	123	Indigenous Sheep Meat
46	Sunflower seed	124	Cow milk, whole, fresh
46	Soybeans	127	Potatoes
48	Sorghum		



## Agriculture Export and Import Performance by Product



The Zambian poultry industry has seen steady export growth, as market access has improved through trade arrangements with the Common Market for East and Southern Africa and the Southern African Development Community. In 2009, the animal products sector recorded export earnings of US\$28.9 million, indicating an increase of 139 percent over the 2008 figure of US\$12.1 million. The sector's contribution to total NTEs (Non-traditional exports i.e. non-metals) in 2009 was 2.3 percent.

In 2009 total exports for the floriculture sector amounted to US\$22.6 million, as compared to \$26.9 million in 2008, thereby representing 16 percent reduction. This reduction could be attributed to the slowing global economy in 2009 hit the demand for roses from Zambia.

In 2009 the Floriculture sector export earnings in the sector recorded a 50 percent decrease from US\$ 36.3 million recorded in 2008 to US\$ 18.3 million in 2009, making a contribution of 0.8% to overall Non metal exports.

The increase in exports in the Leather sector is largely attributed to an increase in leather products prices in the world. An increase in demand in the Chinese market due to production expansion in particular has contributed as Zambia has increased its exports to that market.

Primary agriculture (excludes horticulture and



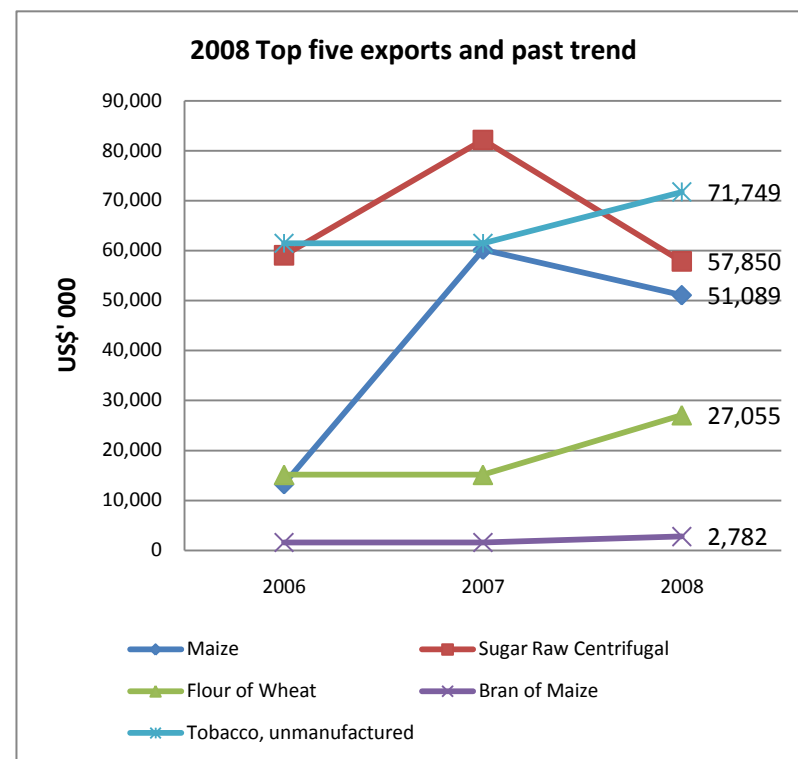


floriculture) in 2009 remained a critical sector contributing about US\$ 231 million of the total US\$2.12billion Non-traditional Exports earnings in 2009. The sector comprises of all agricultural products except for the Floriculture and Horticulture products. This includes Tobacco, Cotton, Coffee, Maize and Tea. Other crops include Sorghum, Bean, Millet, Groundnuts, Rice, and wheat.

#### *Agriculture Top Exports Zambia in 2008*

Rank	Commodity	Quantity (tonnes)	Value (1000 \$)	Unit value (\$/tonne)
1	Maize	190,513	51,089	268
2	Sugar Raw Centrifugal	98,216	57,850	589
3	Flour of Wheat	32,593	27,055	830
4	Bran of Maize	31,317	2,782	89
5	Tobacco, unmanufactured	24,375	71,749	2,944
6	Cotton lint	22,743	33,568	1,476
7	Flour of Maize	17,046	5,828	342
8	Beverage Non-Alc	8,784	6,888	784
9	Cottonseed	8,508	1,427	168
10	Bran of Wheat	6,968	408	59
11	Molasses	6,423	355	55
12	Cake of Cottonseed	4,809	1,089	226
13	Vegetable Frozen	4,467	23,731	5,313
14	Sugar Confectionery	4,139	5,963	1,441
15	Cotton Linter	2,665	3,508	1,316
16	Coffee, green	2,533	7,041	2,780
17	Food Prep Nes	1,684	1,818	1,080
18	Beans, dry	1,504	291	193
19	Pastry	1,210	1,918	1,585
20	Food Wastes	1,200	619	516

FAO 2008



**Agriculture Top Imports Zambia in 2008**

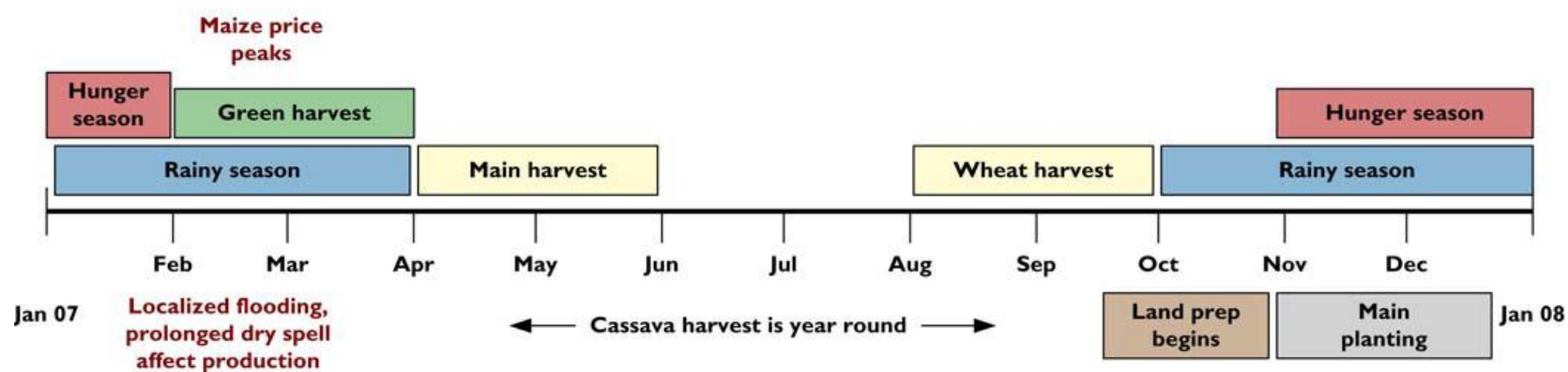
Rank	Commodity	Quantity (tonnes)	Value (1000 \$)	Unit value (\$/tonne)
1	Wheat	29,955	17,988	601
2	Soybeans	23,752	10,884	458
3	Palm oil	20,399	26,135	1,281
4	Oil Hydrogenated	19,577	32,532	1,662
5	Rice Broken	13,549	9,607	709
6	Soybean oil	13,366	21,043	1,574
7	Flour of Oilseeds	9,959	17,133	1,720
8	Cake of Soybeans	9,033	5,941	658
9	Oranges	8,299	1,713	206
10	Malt	7,225	8,001	1,107
11	Beverage Non-Alc	6,749	5,589	828
12	Glucose and Dextrose	5,478	3,948	721
13	Food Prep Nes	5,325	9,833	1,847
14	Apples	5,152	2,758	535
15	Beer of Barley	4,612	3,800	824
16	Fruit Juice Nes	4,597	5,048	1,098
17	Potatoes	4,187	1,464	350
18	Margrine Short	3,993	7,427	1,860
19	Pastry	3,329	5,535	1,663
20	Sugar Raw Centrifugal	2,906	1,647	567

FAO 2008

- ✓ The above data shows the existence of import substitution opportunities at both primary production and agro-processing levels which can be exploited by the private sector.



### Seasonal calendar and critical events (centred around maize production)



\*Note the calendar above represents a typical agriculture season and not the inevitable.



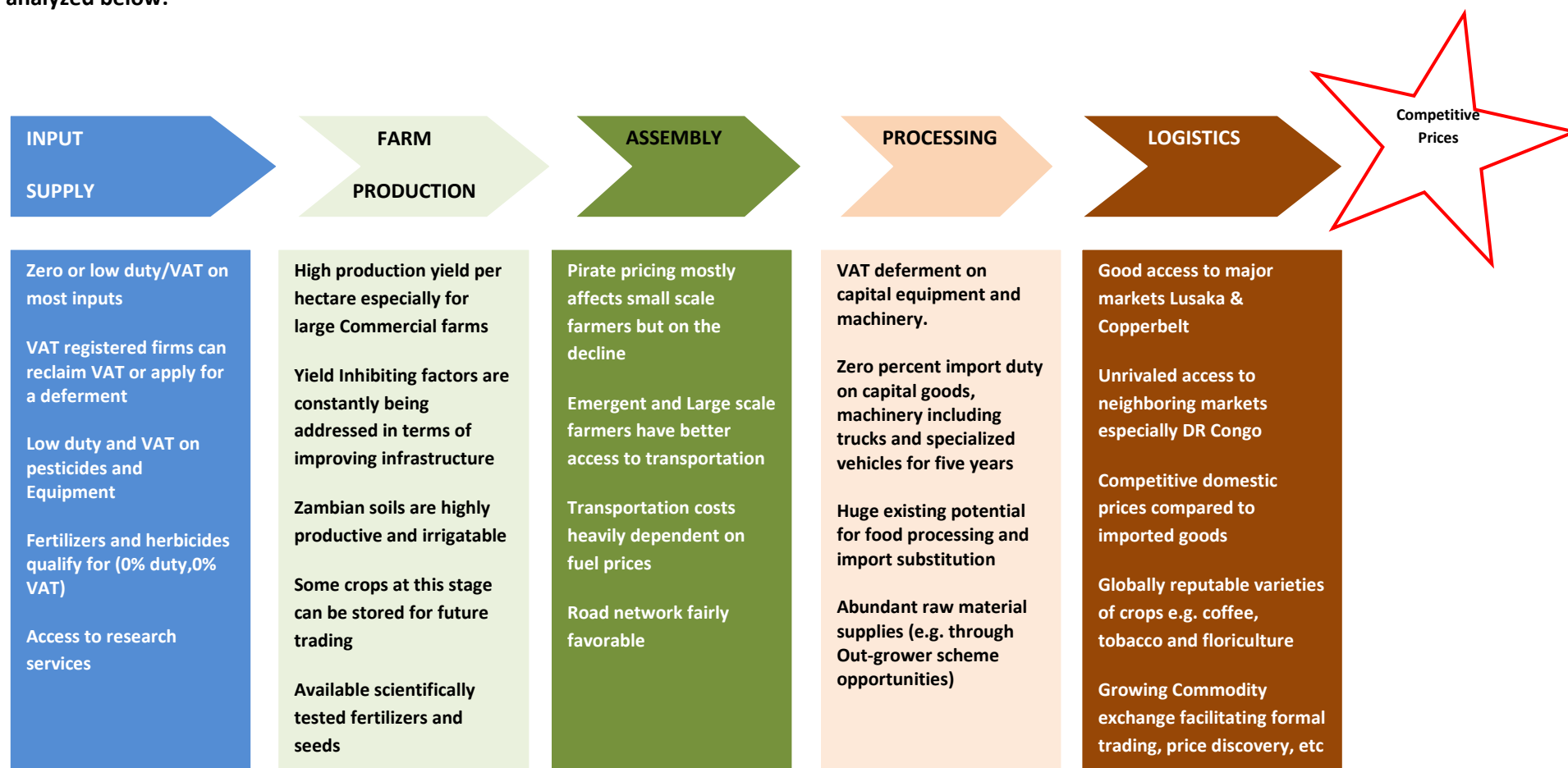
## COMPETITIVENESS OF ZAMBIA AGRICULTURE

- ✓ **Favorable agriculture fundamentals**
- ✓ **Import duties on most agriculture inputs are low and do not attract VAT**
- ✓ **For other inputs like fertiliser and herbicides, the current tax regime (0% duty, 0% VAT) is an important advantage to agriculture competitiveness**
- ✓ **High production yield per hectare**
- ✓ **DRC's Katanga Province is the one geographic area where Zambia, especially the Nansanga Farm block enjoys a transport advantage over all other competitors in the region (worth noting of all export markets, the DRC has favorable veterinary importing standards for Beef)**
- ✓ **Zambia has a strong incentive to produce maize and is extremely competitive to imports**
- ✓ **Regional markets are the most important to Zambia's Agriculture sector and her central location is an advantage**
- ✓ **Most high value Zambia Crops are able to cover logistical costs and compete favorably on the global market making high returns (notable ones being Sugar, cotton, coffee, paprika, tobacco, horticulture and fresh fruits)**
- ✓ **Good value realisation exists at both primary and processed stage in most products**



## Value Chain Analysis of Zambia Typical Agribusiness

As per *Zambian Competitiveness Report 2007* by the World Bank, the Agriculture Sector value chain performance is enhanced by factors analyzed below:





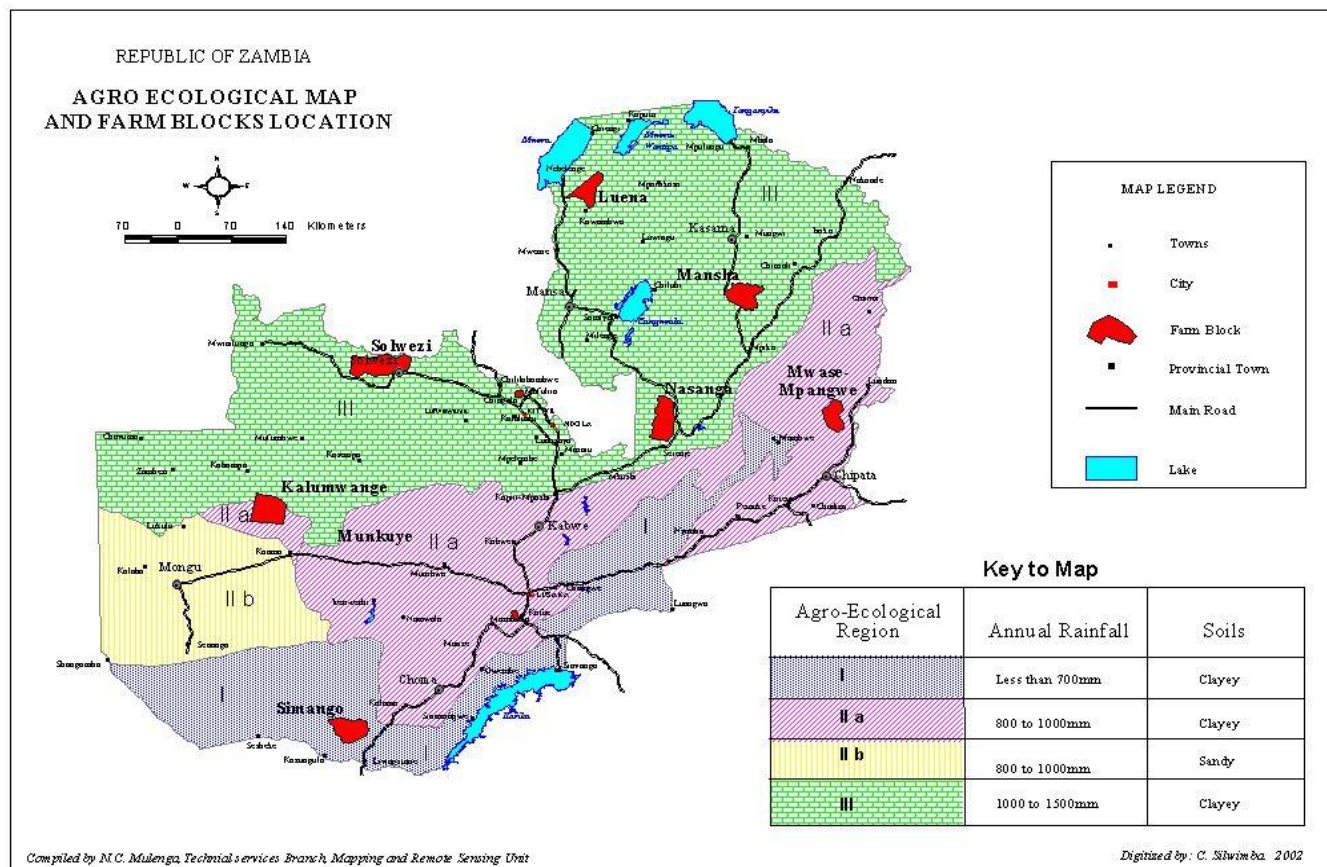
### *Industry Key Success Opportunities*

- ✓ Zambia is a member of organizations such as Common Market of East and Southern Africa as well as the Southern Africa Development Community which provides the industry free markets with access to over 400 million people.
- ✓ Through AGOA, Zambia has access to USA markets and other oversea markets like Canada, Japan and China through the respective market access Initiative.
- ✓ The government has committed itself to the farm block development programme through Presidential intervention and the formation of the Committee of the Permanent secretaries to oversee the implementation of the Farm Block Development.
- ✓ Selected areas for proposed development have good arable land suitable for agriculture. The Ministry of Agriculture and Cooperatives has undertaken necessary soil tests and analyzed the soils and is satisfied with the results.
- ✓ The weather pattern in the selected areas is favourable and adequate for all kinds of agriculture crops in the tropics. These areas have adequate rainfall for the envisaged agricultural activities.
- ✓ Zambia has readily available skilled and unskilled labour. The government has universities and colleges where agriculture courses are offered in all fields and produce highly trained personnel to manage all types of farm activities.
- ✓ Existence of various agriculture support programme by Government and Cooperating partners
- ✓ Favorable Government policy aimed at developing the agriculture sector exists in the form of substantial government budgetary allocations, fiscal incentives and infrastructure support.
- ✓ Bulk food commodities like cassava, beef, maize, and rice are all in great demand in the DRC and typically trade for about 20-30% more compared with domestic prices.





## NATIONAL FARM BLOCK DEVELOPMENT PROGRAMME



The National Farm Block Development Programme is a Government initiative to commercialize agricultural land in Zambia and aims at creating a suitable environment that enables both local and foreign investment to fully exploit the agricultural potential in under developed areas, with an ultimate objective of reducing poverty.



### ***Key Objectives of Farm Block Development***

- To commercialize agricultural land and exploit its full potential in order to attain economic diversification and growth.
- To enhance food security through production of adequate food for the nation and export.
- To open up undeveloped rural areas, reduce poverty and minimize rural to urban migration.

The programme is being managed by the Technical Multi-disciplinary and Multi-sectoral Committee (TMMC) on Farm Block Development (FBD) and supervised by the Committee of Ministry Permanent Secretaries. The TMMC is pivotal in the establishment of commercialized new and existing farm blocks (FBs) and ensuring optimum returns from the synergies within the commercialization of agricultural land portfolio. The committee is also responsible for agricultural land identification and land advocacy including sensitization, dissemination of information on farming blocks, conducting an agricultural land baseline data, designing layout plans and undertaking a strategic environmental impact assessment.

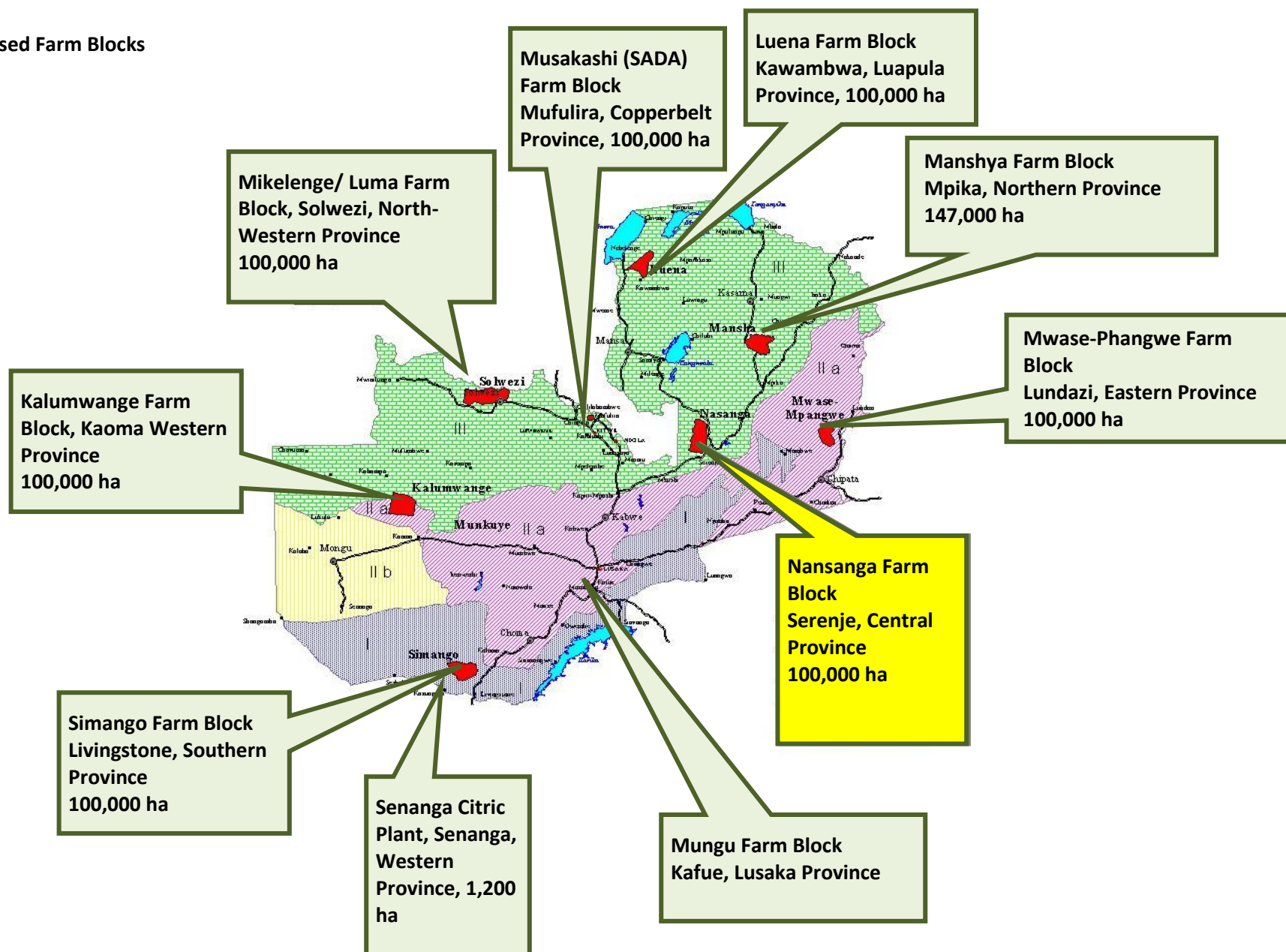
Government has identified nine viable farm blocks at the moment, one in each province as shown in the map above. Government shall develop the following farm block in phase 1 of the national farm block development programme, and these are:

- Nasanga farming block in Serenje District, Central Province
- Kalumwange farm block in Kaoma District, Western Province
- Luena farm block in Kawambwa District, Luapula Province





## Proposed Farm Blocks



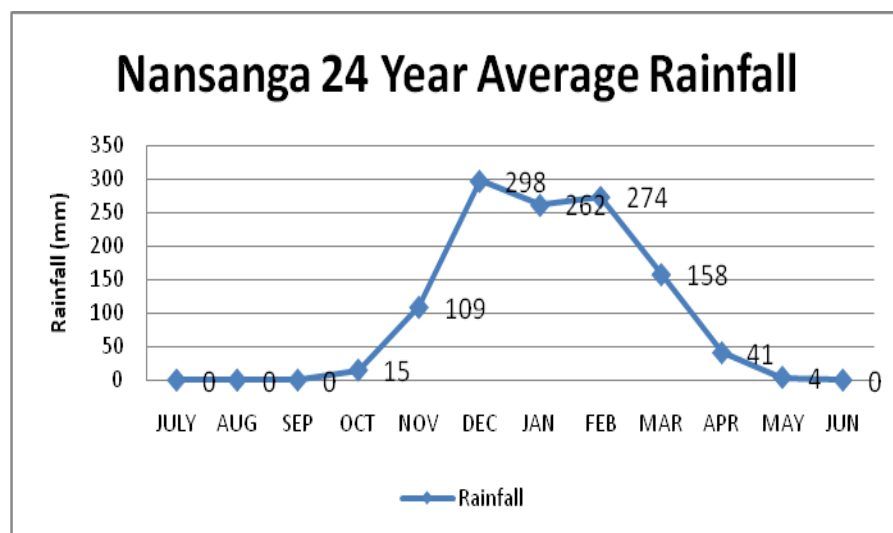


## NANSANGA FARM BLOCK PROFILE

### *Location and Map*

Nansanga is located in Serenje District between longitudes 30°01'' E and 30°12'' E and latitudes 12°35'' S and 12°55'' S north-west of Serenje about 45km to 85km for the nearest and furthest points from Serenje respectively on the Serenje - Mapepala - Nabowa road. The southern boundary is the Nkulumashiba stream while the western boundary is the Luwombwa in areas north of the Kanshinke and the Munte in areas south of the Kanshinke.

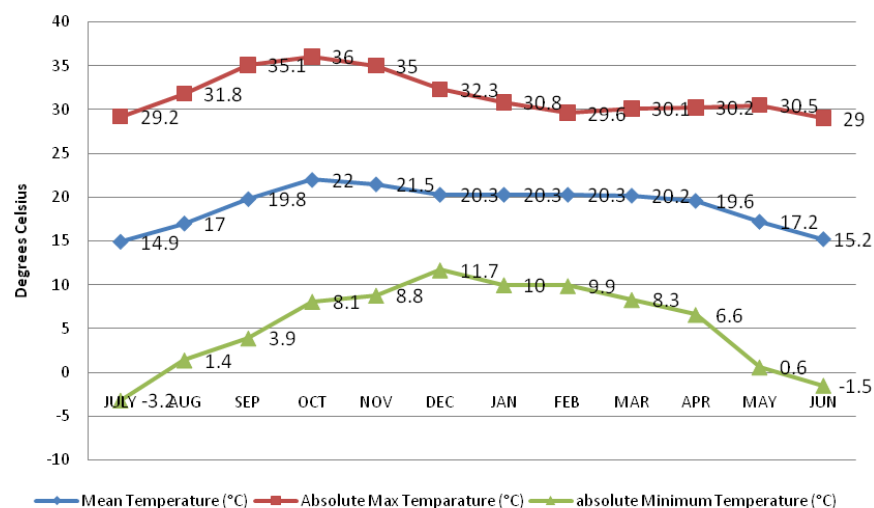
### *Climate*



The closest meteorological station is at Serenje which is 1384 metres above sea level (m.a.s.l.). The climate of the district is strongly seasonal with rainfall starting late November, lasting until mid April. The total growing period at Serenje is 135 days, with a mean annual rainfall of 1161 mm. Whereas Serenje experiences the highest mean annual rainfall the mean at Nansanga is slightly lower averaging 1159. There are two rainfall peaks, one in December and the other in February. Serenje has a high average number of 0.4 to 10 mm rain days (42). Occasional dry spells lasting up to 10 days are common during the growing season in subzone 18.

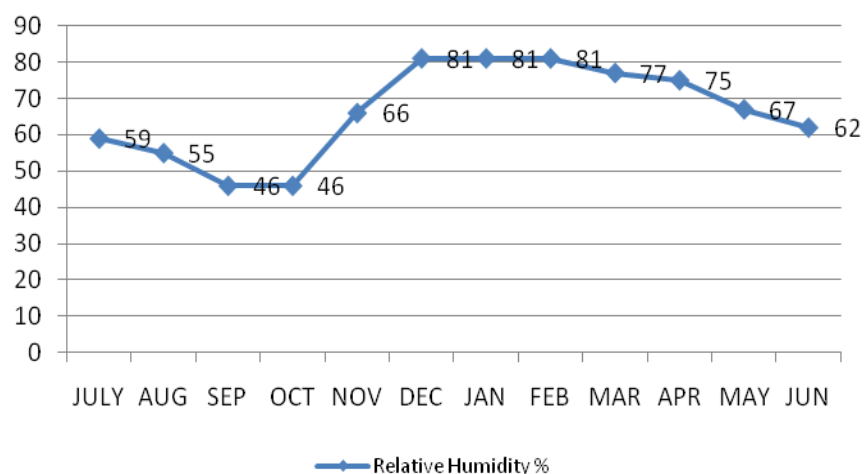


### Nansanga Average Temperature



From June to August, it is cool and dry. High temperatures are recorded during the dry season starting in August reaching their highest in October. A brief cold season is recorded during June and July. The mean annual temperature is 19.0°C. The absolute minimum temperatures during the coldest month (July) is -3.2°C and absolute maximum temperatures reaches 36.0°C in October, (Muchinda, 1985).

### Relative Humidity %



Potential Evapotranspiration (PET) during the rainy season is highest in October (151 mm) but is more than the mean monthly rainfall from May to October. During the rainy season due to high cloud cover, evaporation is lower than precipitation.



## Soil Analysis

Zambia is divided into three different agro-ecological zones, differentiated by variable rainfall and water quality.

*Region I* receives less than 800 millimetres of rainfall annually and constitutes 14 per cent of Zambia's total land area.<sup>3</sup> The soil is mostly clay-like and it covers the Southern Province and parts of the Eastern and Western provinces. This region has recurrent drought and floods, but shows potential for cattle production, except in the valley areas where the heat and humidity attract tsetse flies, which makes cattle rearing difficult.

*Region II (Zone IIA)* receives 800–1,000 millimetres of rainfall annually and constitutes 28 per cent of the total land area of Zambia.<sup>5</sup> The soil here is the most fertile in the country, and the area covers the Lusaka, Southern, Central and Eastern provinces of Zambia.

*Region II (Zone IIB)* receives more than 800 millimetres of rainfall annually and comprises 12 per cent of the land area of Zambia.<sup>7</sup> The soil is sandy and alluvial, and shows potential for poultry and cattle rearing.

*Region III*, which comprises of Northern, Luapula, and North-Western province, receives more than 1,200 millimetres of rainfall per annum and comprises 46 per cent of the land area of Zambia. The soil is mainly acidic and has low fertility.<sup>8</sup> This area has shown great potential for the fisheries sector.

Nansanga falls in the Region III where a greater part of the area consists mainly of quartzitic sandstones, Moore's (1976). Fine grained phyllitic siltstones and shales are scattered occurrences. Also present are shallow areas with laterite beds or gravelly topsoil or sheets.

The soils of the area were described by Woode (1980), in the Reconnaissance Soil Survey of Chief Muchinda's Area (at 1:50,000 scale) as comprising deep, well drained sandy loam to sandy clay soils having a clear clay increase with inclusions of well drained sandy clay loam to clay. Soils classes ranged from excessively drained sand soils at hill footslopes, moderately well drained sandy loam soils to imperfectly-drained sandy

loam soils. Other soils found were the shallow soils and dry dambos. The soils were noted to be acidic to very strongly acidic, and having low to high base saturations.

## Nansanga Snapshot

Location	Serenje, Central Province, 450 km north of Lusaka
Dominant Soil type	deep, well drained sandy loam to sandy clay soils
Average Rainfall	1,161 mm
Rainfall days	135 days
Water	Rivers and Good watershed areas
Temperature	19.0°C
Total Farm block size	100,000 ha
Land Size: Core Venture (1)	9,350 ha
Land Size: Commercial Farms (3)	1,620 ha; 2,571 ha and 3,959 ha
Land Size: Small and Medium (356)	10 ha to 900 ha
Business Model	Core venture, Out-grower scheme, value addition (agro-processing)



## Potential Crops and Livestock in Nansanga

Product	Description
Coffee	<ul style="list-style-type: none"><li>• Zambian Coffee is a high value crops and Zambian coffee is made from one of the high quality beans in the region i.e. the Arabica beans and has long-term sustainability.</li><li>• Coffee production in Zambia is yet to fulfill its full potential as current demand exceeds supply. Most of the coffee is supplied in a raw state; hence there is further potential for value addition through processing. In 2004 – 05 Zambia produced about 7000 tons worth about \$ 16.8 million.</li><li>• The price trend has been favorable from 2004/05 to date. In 2009, the total export earnings from coffee amounted to US\$ 23 million.</li><li>• The Zambia expects over 10,000 mt of in 2010 (Zambia Coffee Growers Association). Major markets include buyers for the South Africa, UK, Germany and USA.</li></ul>
Maize	<ul style="list-style-type: none"><li>• Maize is the most widely farmed crop in Zambia and as a staple food is the base crop for national food security. Production is predominantly dependent on rainfall with only a few commercial farms able to produce irrigated maize.</li><li>• Zambia produced about 2.8 million metric tonnes of maize in 2009/10 farming season.</li><li>• In periods of bumper harvest, Zambia exports maize to neighboring countries.</li><li>• The immediate markets for maize production comprised of mainly local milling companies who process maize into finished products such as Maize meal, Animal Feeds, etc.</li></ul>
Wheat	<ul style="list-style-type: none"><li>• Wheat production in the 2009/2010 season rose to 216,000 tonnes from 190,000 tonnes in the 2008/2009 season, Zambia's annual wheat consumption is about 160,000 mt.</li><li>• Major exports markets are the neighboring countries</li></ul>
Beans	<ul style="list-style-type: none"><li>• Beans are predominantly produced in the Northern Provinces (at least 70 percent).</li><li>• Production dropped from 27,697MT in 2005/06 season to 24,164MT in 2006/07 (13 percent reduction), despite a slight (2 percent) increase in area planted. The reduction in production can be attributed to reduced yields in parts of Northern Province due to excessive rainfall.</li></ul>
Soya beans	<ul style="list-style-type: none"><li>• Production in 2009 increased by 52% from 2008</li><li>• Highly driven by continued growth in the food and poultry industry</li><li>• Processing opportunities in form of production of soya oil, soya cake and soya chunks</li><li>• Huge markets in South America</li></ul>



Sorghum	<ul style="list-style-type: none"><li>• Production of sorghum is concentrated in Southern, Western and North-western.</li><li>• The production of sorghum dropped significantly by 39 percent from 21,047MT in the 2005/06 season to 12,773MT in the 2006/07 production season. This was in line with the 25 percent drop in area planted. The highest producers of sorghum in the 2006/07 season were Southern Province (3,680MT) and Western province at 2,172MT.</li><li>• Sorghum increased by 54 % to 21,829 MT in 2009 from 9,992 MT in 2008</li></ul>
Groundnuts	<ul style="list-style-type: none"><li>• Groundnuts are predominately produced in Eastern and Northern Provinces. Nansanga production can benefit from immediate market in the northern areas and neighboring DRC.</li><li>• Although the hectareage planted marginally increased (2 percent) in the 2006/07 season, the production dropped by 34 percent falling from 84,010MT in 2005/06 season to 55,215MT. This could be mostly attributed to the negative impact of excessive rainfall in the high producing areas of Eastern and Northern provinces.</li><li>• Production in 2009 increased by 42% from 2008</li></ul>
Tobacco	<ul style="list-style-type: none"><li>• Two varieties are grown in Zambia Virginia and Burley.</li><li>• Virginia tobacco, the more widely grown variety in the country remained relatively stable in terms of production only increasing marginally (6 percent) over the previous season from 14,685MT to 15,562MT.</li><li>• Burley production fell from 7,742MT in 2005/06 season to 1,901MT in 2006/07 season marking a 75 percent reduction. This followed the large drop in areas planted to the crop by 72 percent. This variety is predominately produced in Eastern province (83 percent) while production in the other burley tobacco growing areas of Southern and Central Province is insignificant.</li><li>• In 2009, total production for tobacco increased from 14 million kgs in 2008 to 16 million kgs</li><li>• Leading markets have continued to be Malawi, Zimbabwe, South Africa, Mozambique, Belgium, Philippines and Turkey. Others are Bangladeshi, Israel, Germany and Russia.</li></ul>
Sweet Potatoes	<ul style="list-style-type: none"><li>• Production mainly seasonal and dominated by subsistence farming</li><li>• Huge consumer market in Lusaka and Copperbelt provinces</li><li>• Production in 2009 increased by 47% from 2008</li></ul>
Irish Potatoes	<ul style="list-style-type: none"><li>• Zambia potato production and consumption has risen gradually, and is becoming of increasing importance.</li><li>• Increasing demand for potatoes driven by the fast food service sector and supermarkets</li></ul>
Finger Millet	<ul style="list-style-type: none"><li>• Millet is produced by small scale farmers both as a staple food in a few parts of northern Zambia as well as for brewing local beer in different parts of the country.</li><li>• The limited demand has contributed to the continued low production levels averaging around 38,000MT</li></ul>



	<p>per annum.</p> <ul style="list-style-type: none"><li>• During the 2006/07 season, production dropped to 21,707MT from 48,259MT attained in 2005/06 production season marking a 55 percent reduction which could be partly attributed to reduced hecterage (18 percent) and reduced yields.</li></ul>
Sunflower	<ul style="list-style-type: none"><li>• Production in 2009 increased by 62% from 2008</li></ul>
Cassava	<ul style="list-style-type: none"><li>• Cassava is a food security crop whose main market is for local trade and sale to urban consumers in Lusaka and the Copperbelt.</li><li>• Cassava production is on an upward trend, steadily increasing over the last five years. This trend could be partly attributed to the deliberate distribution of planting material in the last few years through the crop diversification program.</li><li>• Cassava production increased by 12 percent in the 2006/07 season from 1,059,887MT in 2005/06 to 1,185,600MT (flour equivalent)</li></ul>
Horticulture	<ul style="list-style-type: none"><li>• Zambia's horticulture sector comprises Baby Corn, Fine Bean, Sugar Snaps, Spring Onion, Patti Pans, Chilies, Mange Tout (Snow Peas), Okra, Baby Carrots, Green Asparagus and Courgettes.</li><li>• In 2009, export earnings in the sector recorded a 50 percent decrease from US\$ 36.3 million recorded in 2008 to US\$ 18.3 million in 2009</li><li>• The main markets for fresh vegetables in 2009 was the UK, accounting for 47%, followed by Congo DR, which absorbed 15% and South Africa which contributed 13%, Other markets included Angola, Netherlands, Spain and Zimbabwe.</li></ul>
Floriculture	<ul style="list-style-type: none"><li>• <i>Over 60 varieties of rose flowers and 7 varieties of summer flowers are grown in Zambia.</i></li><li>• <i>Approx. 145 hectares of land, in the form of greenhouses, is dedicated to growing rose flowers whilst summer flowers are grown in expansive, open fields.</i></li><li>• Cut flowers, especially roses, are mostly (70%) exported to Holland for re-export to international markets and the remaining 30% is exported to South Africa.</li><li>• The Zambian flower industry exports about \$40m worth of roses per year. In 2009 total exports for the floriculture sector amounted to US\$22.6 million, as compared to \$26.9 million in 2008, thereby representing 16 percent reduction.</li><li>• The main export markets for flowers in 2009 were Netherlands, Holland, Great Britain and Germany. Others were South Africa, Denmark and Niger Republic.</li></ul>
Livestock	<ul style="list-style-type: none"><li>• The Zambian cattle herd currently stands at 2.9 million animals. Annually, they produce 128.4 million litres of milk and 21 000 tonnes of meat. Zambian beef is reasonably competitive and has potential to perform very well on the global market if markets are opened up.</li><li>• Pig production is limited in Zambia. The national herd comprises 481 000 animals, and produces 1 100 tonnes of meat a year</li></ul>





- Although Zambia has about one million goats, 97 percent of them are kept by smallholders and have no relevance to the feed industry. The small size of the national sheep herd - 80 thousand sheep.
- The poultry industry is the largest livestock industry in Zambia, and accounts for over 80 percent of the formal feed sector's production.
- Approximately 16 million broiler chickens are produced per annum - 14 million and 2 million in the formal and informal sectors, respectively.
- In 2009, the sector recorded export earnings of US\$28.9 million, indicating an increase of 139 percent over the 2008 figure of US\$12.1 million. Exports performance limited by stringent Sanitary and Phyto-sanitary conditions and other non-tariff barriers.
- DRC offers the best opportunity for export growth because animal health requirements and sanitary controls are little problem in that market

### Current Agriculture activities in Serenje District

Agriculture is the major economic activity in Serenje district. A number of commercial producers are known to be growing maize, tobacco, cassava, and groundnuts. These are mostly to be found in the TAZARA Corridor along the TAZARA rail-line. The majority of the people in the Nansanga Farm Block area are small scale producers growing mainly maize, finger millet, sorghum cassava, groundnuts and beans. Within the survey area only a few farmers own livestock (cattle and goats). Some farmers keep local chickens at very low non commercial scales. Important agricultural farms within the survey area include the commercial property employing more than 70 workers the Mutende Mumpanga Farm at Nkulumashiba growing coffee, running fish ponds and a ranch, and Sherrif's Farm growing tobacco, agro-forestry and commercial groundnuts production >30ha.





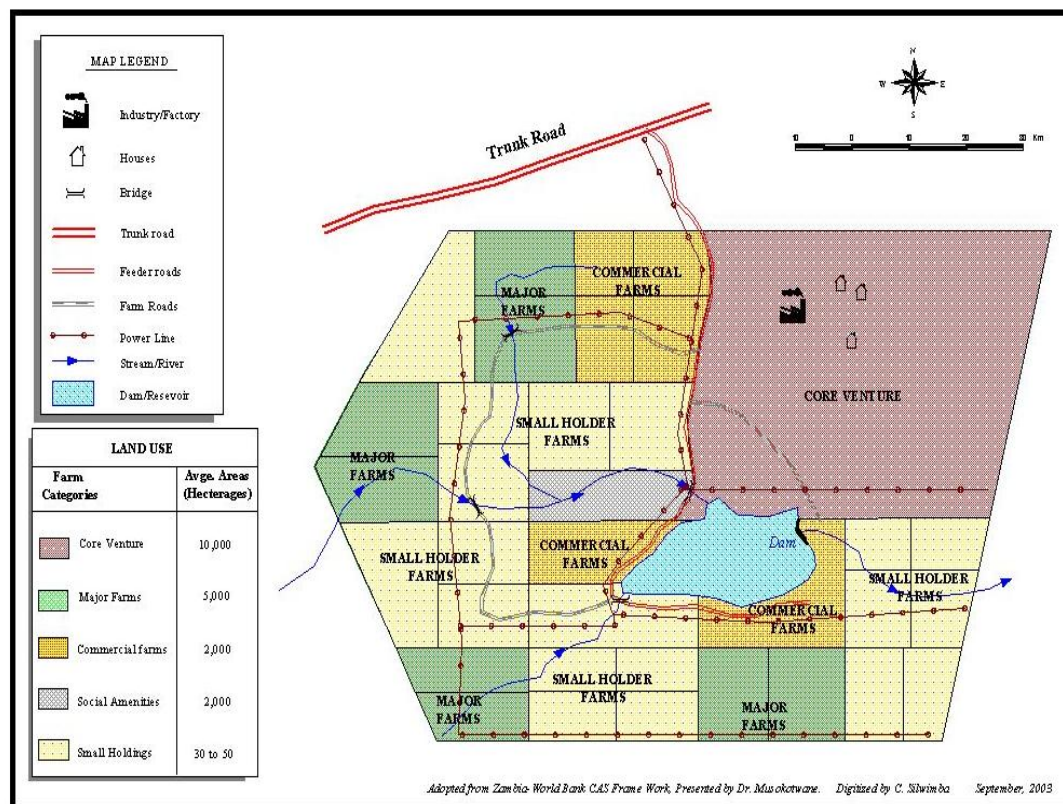
## Land Demarcations in the Farm Block

Farm	Size	Achieved
Core Venture	9350 ha	1
Large Commercial farms	900 – 4130 ha	3
Large Commercial farm (Owned by Local Chief)		1
Stallholders (Displaced Households)*	10-15	43
Stallholders	10-50	259
Medium farms	51-100	22
Medium farms	101-250	18
Medium farms	251-500	9
Medium farms	501-900	2
Service Centres**	70-100	3
Total		361

\*This represents settlers who originally stayed in the land designated for the Core Venture. These households have been allocated alternative land (10 - 15 ha) outside the Core Venture and Government will meet the resettlement cost.

\*\*This represents land designated for immediate and future social amenities such as schools, clinics, etc. Government will invite private sector participation as well as use Public Private Partnerships on the establishment of these common services centres.

MODEL FOR NASANGA/KALUMWANGE FARM BLOCKS;  
INTERGRATED PROVISION OF WATER, ROADS, ELECTRICITY AND OTHER SOCIAL AMENITIES





## Infrastructure Support development

It is expected that the core venture will supplement government infrastructure development efforts by setting up relevant infrastructures within the Core Venture area and investing in irrigation canals/systems for itself for the benefit of the small, medium and large scale farms surrounding the Core Venture.

The farm block infrastructure development and status is as follows:

Infrastructure	Size	Target	Achieved	Comment
<b>Water development</b>				
Dams	7 – 12 metres deep	3	3	• Core Venture is expected to finance and construct its own dam.
Boreholes		32	23	• No boreholes have been sunk in the Core Venture
Irrigation schemes	5 km			• 5 km Furrow currently under construction from Musangashi dam, expected to supply 50 ha of land
<b>Roads and Bridges</b>				
Main roads	151 km		1	• Connects farm block to Serenje (on the Great North Road) and Luombwa farm block
Farm access road	171 km road net work	171 km	107 km	• 64 km road network remains and expected to be completed in November 2010. Currently 60% of farm block is accessible
Bridges		3	3	
<b>Electrification</b>	95 km, 33 KV power line erected			• 29 km 11kv erected to service commercial farms, service lines for small farms and service centres yet to be erected • Government has already started the tendering process for a company to carry out electricity distribution in Nansanga
<b>Service centers</b>	70 – 100 ha	4	0	• Land has been demarcated

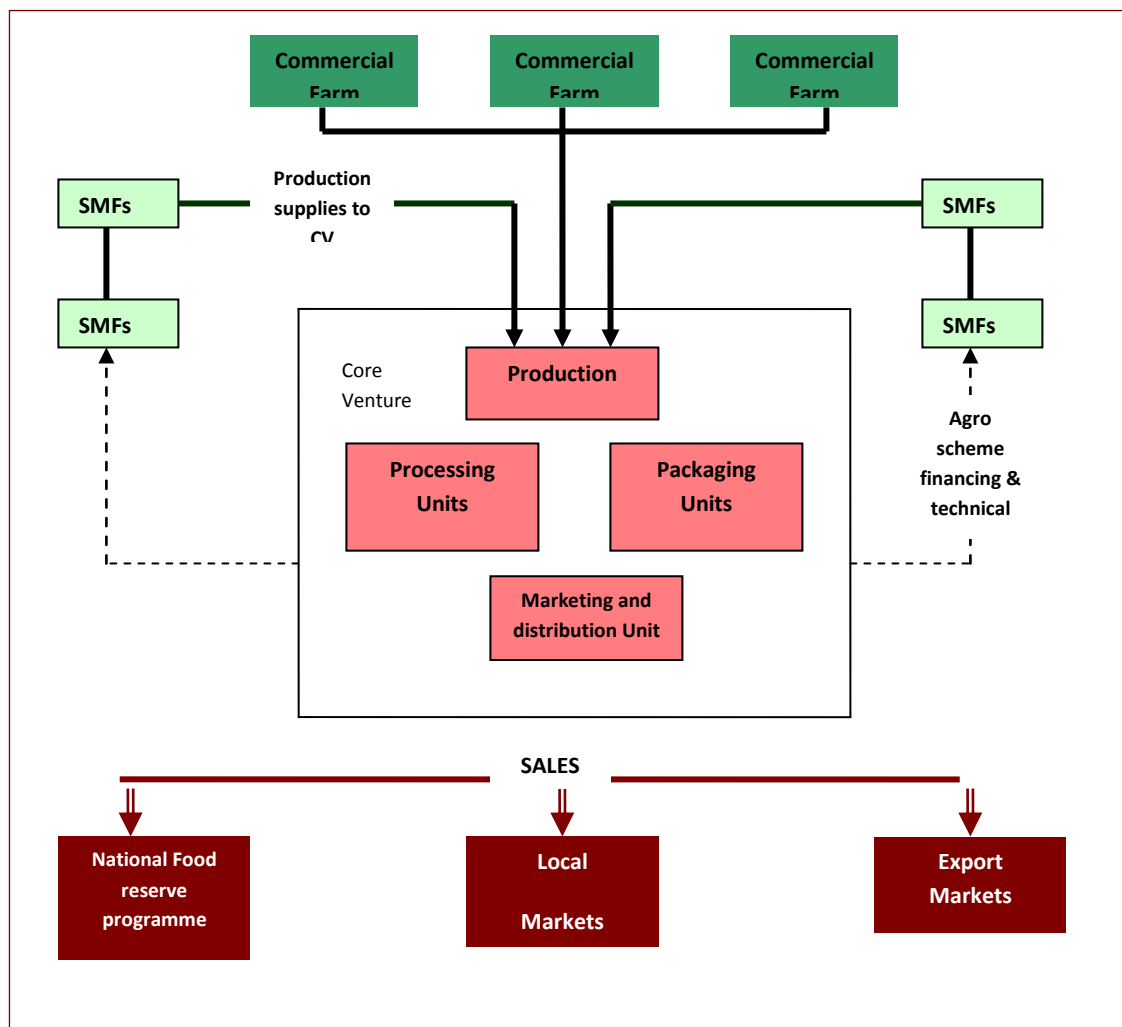


## FARM BLOCK DEVELOPMENT MODEL

The Nansanga Farm block is envisaged to employ a cluster approach to agricultural production and marketing. This will ensure sustainable growth and profit maximization from the linkages and synergies that would be created. The agricultural activities in the farm block will mainly aim at providing food security for the nation, exploiting export markets, substantially contributing to economic diversification and opening up rural areas to development and employment opportunities. Commercialization of the farm block will employ an integrated approach of production that will seek to maximize, diversify, add value and effectively market the agricultural produce.

### Advantages of the Model

- ✓ Creates better economies of scale and minimize transaction costs of bringing product to formal commercial local and export markets.
- ✓ Assist small scale farmers meet international standards in production





## CORE VENTURE MAJOR ACTIVITIES

- ✓ The core venture will be expected to develop its own irrigation system and infrastructure.
- ✓ The core venture and commercial farmers are expected to meet their own land clearing costs.
- ✓ The Core Venture (9,350ha farm) will be the center for industrial development of the area as it will provide the marketing thrust by purchasing the major products in the farm block and adding value for local and export markets.
- ✓ The Core Venture is expected to operate an out grower scheme with the expected 310 small to medium scale farms.



## INDICATIVE TENDERING PROGRAMME

The following activities will be undertaken in the implementation of the tendering process for the CV and commercial farms investors:

Activity	Time
Invitation to Pre-Qualify	24 Dec 2010 – 18 Feb 2011
Short listing of Prequalified Bidders	28 Feb 2011
Issue Request for Proposals to Prequalified Bidders	14 Mar 2011
Due diligence period	14 Mar 2011 – 14 April 2011
Submission of proposals	22 Apr 2011
Evaluate proposals, Approvals, Negotiation with Preferred Bidders	25 April 2011 – 31 May 2011
Sign agreement with investor	Not later than 30 June 2011