White skinned varieties of potatoes are in high demand in Mozambique and yet, this potato market is dependent on imports from South Africa.

The creation of a branded potato value chain in the Tete region along with the local multiplication and packing of potatoes opens the door to entrepreneurs and investors looking for a lucrative opportunity that becomes profitable very quickly.

Do you need more information? **No problem.** The extended business plan for ware potatoes and other business opportunities in aquaculture, potato, dairy, poultry, fish feed factory, tilapia cage farming and cold chains can be requested from the Zambezi Valley Development Agency (ZVDA). These have been prepared by Wageningen University & Research/CDI, the Netherlands.

For more information do not hesitate to contact the Zambeze Valley Development Agency:

- **Nelson Rodrigues António** (Zambeze Valley Development Agency): nelorod2006@gmail.com
- **Abel Adriano Joia** (Zambeze Valley Development Agency): joiabel@gmail.com
- **Herman Brouwer** (CDI): herman.brouwer@wur.nl
- **Joep Vonk** (CDI): joepvonk@gmail.com
- **Zambeze Valley Development Agency**, Tete - Mozambique: Av Eduardo Mondlane, 161. Tel +258 (0)25223328
- **Zambeze Valley Development Agency**, Maputo - Mozambique: Av Mao Tse Tung, 729. Tel +258 (0)21494888/21494794 agencia.maputo@agenciadozambeze.gov.mz
• There is a constant demand for ware potatoes and prices have remained remarkably stable between years. The approach for this investment is for all of the potato farmers to benefit with attractive margins and producing ware potatoes locally can keep the price low for local consumption.

The elite farmer will obtain a margin of 97%, the multiplication farmers will have a margin of 76% and the table growers will have an 81% margin. Finally the entrepreneur, who is running the pack house facility, will achieve a margin of 20-22% on potato sales. The profits would then total up to 6,000,000 MZN.

>> INVESTMENT COSTS

• An initial financial investment of 6,684,000 MZN is required for the working capital to set up a value chain and train the farmers and table growers. One option is to finance the training program with a grant for 15% of the investment. This option provides the investor with a PBP of 1 natural year. Receiving a grant for training optimizes this option as being favourable.

• Investments in the range of MZN 16.5 million are required for the construction of a pack house facility. This can be completed by a sole investor with a bank loan or by dividing the investment between two investors. The first option has an IRR of 40.5% and a PBP of 4 years while the divided equity option demands dividend payments and has an IRR of 23.9% and a PBP of 6 years.

• The complete value chain cycle will be ongoing and multiple crops of potato will be produced. The leading pack house entrepreneur can expect a profit of nearly 6,000,000 MZN with the cumulative revenues for the four-year cycle calculated to be 25 million MZN.

>> RISKS

• The demand of some potential customers for locally branded ware potato may vary. This could exert pressure on the profitability of the business in the future. To mitigate this risk, it is proposed to expand the customer base.

• The locally branded ware potato operation has been designed to meet high consumers’ expectations. Should the final product fall short of the quality standards proposed, sales would be affected. Efforts to mitigate this risk include the monitoring of the costumers’ expectations and ensuring that the final product meets quality standards all year round.

• Year round supply of potato is key to the success of the business. Should this supply be altered for any reason, then the overall viability of the operation would be reduced significantly. In this regard, hands-on engagement in the production process by the investor works directly toward a secured and high quality supply.