

# FAPROARNA

## Mozambique

### Overview

FAPROARNA dedicates to paddy rice processing and produces organic rice of primary, secondary, tertiary processing and Bran; and as a residue the bark and the powdered meal. Currently the company operates at a local market level and intends to expand its production to regional and international market, acting in the national food industry with ambition, innovation and competitiveness, creating value for customers and employees, promoting respect for the principles of ethics and sustainability and becoming a national and international class company. FAPROARNA is seeking capital to expand its growth on national and international levels.

### The product

The proposed rice production will mainly based on organic farming. The products produced intended to ensure food security for human and the bran for animal consumption. All these products are produced in accordance with the current quality standards in the country and are tested by the factory laboratory and other quality assurance standards in order to ensure high quality of products and customer loyalty are taken into considered. FAPROARNA envisioned to provide quality products at a fair price due to various economies of scales accrued in the market. So the major products that will be produced are:

- First grade rice;
- Second grade rice;
- Third grade and;
- The Bran.

The packages are laminated and labelled with different sizes (5, 10, 12.5, 25 and 50 kg) in addition to nutritional compositions information of the products will be displayed.

The company has state-of-the-art equipment from China. It is an automated production line with the type of rice that is intended as final product (100% whole rice and mixed). This factor is the great asset of the plant since its direct competitors does not present have this technology. Another factor differentiator is the automation of the equipments from the entrance in the silos to the packaging making the company efficient in all the domains of the productive process.

### The market

The targeted customers are all 29 million Mozambican residency and some neighbouring countries like Botswana and Namibia which are deserted countries. The rice market is well strategically planned and coordinated, almost all the Mozambican population consumes rice as their main food, although this product competes with corn flour. Indeed, there are several advantages in investing in large scale production since the unit cost of production normally will decline due economies of scale enjoyed and hence the products will reach the market at a fair prices which will curb the gape of

Key facts	
Name of Organization	FAPROARNA
Country of operations	Mozambique
Headquarters	HQ: Zambeze Province, Namacurra Village, National Street N°1
Website	
Year operational	2013
Sector	Agro-processing: Organic rice
Legal structure	LLC (Mozambique)
Number of employees	18
Revenues	USD 9,646,319
Proposed investment structure	
Proposed investment amount	USD 5,000,000
Type of investment	Loan and Technical Expertise (Machinery/ Equipment)
Type of investor needed	Equity partner
Use of proceeds	<ul style="list-style-type: none"> <li>• Setup of a processing factory</li> <li>• International expansion</li> <li>• Technical consultancy</li> </ul>

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about 400,000 tons of rice imported each year from other countries. If the factory is operating in full, it would reduce the production deficit of the local rice, it would also have a space to put the product for the consumption of the Mozambican people. Especially in the large cities of Mozambique there is a great consumption of rice, at urban areas of the country for example in Maputo City, Matola, Beira, Nampula, Tete as well as in the Pemba city. The products will be distributed and sold at a wholesale prices.

## The competition

The competitors are small family factories, which process in small quantities, they work for self-sustenance and live in the countryside and the largest market is in the urban area so it add more cost per unit production hence failed to reach the urban area. With regard to the competitors, the differentiation lies in the quality of the product produced and per unit cost. In fact, considering the quality of our products in the market, we will carter the need of the country demand and surplus will be exported to the neighbouring countries.

## Management & Advisors

- **Dr. Joao Macaringue**- General Director of the Mozambique Grains Institute, legal representative of the Namacurra Rice Processing Factory.
- **Mr. Luciano Miguel**- Responsible for production, licensed in food and nutrition; trained by Chinese technicians from Muyang Group.
- **Mr. Felisberto Augusto**- maintenance technician of equipment licensed in electronics; trained by CAMAC technicians co. Chinese company that built the factory.
- **Mr. Rufino Bila**- works in the department of operations and logistics of the factory master in administration and business management (MBA).

## Investment Proposal

The company is raising USD 5,000,000 in equity, or medium-term debt, to:

- Acquire raw material (rice in shell)
- Make factory improvements;
- Invest in maintenance of equipment and purchase of machinery;
- Invest in training of factory personnel

The ideal partner should be able to assist in establishing a proper link between ICM - FAPROARNA and the suppliers of the spare parts in China to ensure the regular and prompt technical assistance and maintenance for the plant. An equity investor's IRR is expected to be around 60% with a 3 years exit in the form of a buy-back. Exit strategy should be negotiated taking into account the requirements of the partner and the realities of the company.

## Social Impact

The Namacurra processing plant has a strong capacity to exert influence over agriculture and the development of the area where it is uncertain, generating income and employment given the high percentage of agricultural production it consumes (rice in the husk). In fact, the factory is an important driving force for social and sustainable economic development. Since it is the options, which drives the generation of new jobs and income direct and indirectly in Namacurra village, especially for family farmers. Also provide a way of social and economic inclusion of these farmers, improving their quality of life. Due to the installation of the factory the District benefited from an improvement in the supply of quality energy, having been increased the electric power of the Village of Namacurra.

## Financial details

Company's financials are available upon request.



Fig. 1. FAPROARNA Factory.



Fig. 2. Processing Plant.



Fig. 3. Production Machinery.



Fig. 4. Operations.

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