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PROTHEM USINE SA

UNCTAD World Investment Forum 2016
Investing in Sustainable Development
PROJECT PROFILE



Company Name: Prothem Usine sa
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Sector/Type of Business: Agro processing
Year of Establishment: 24th July 2006

Company description:

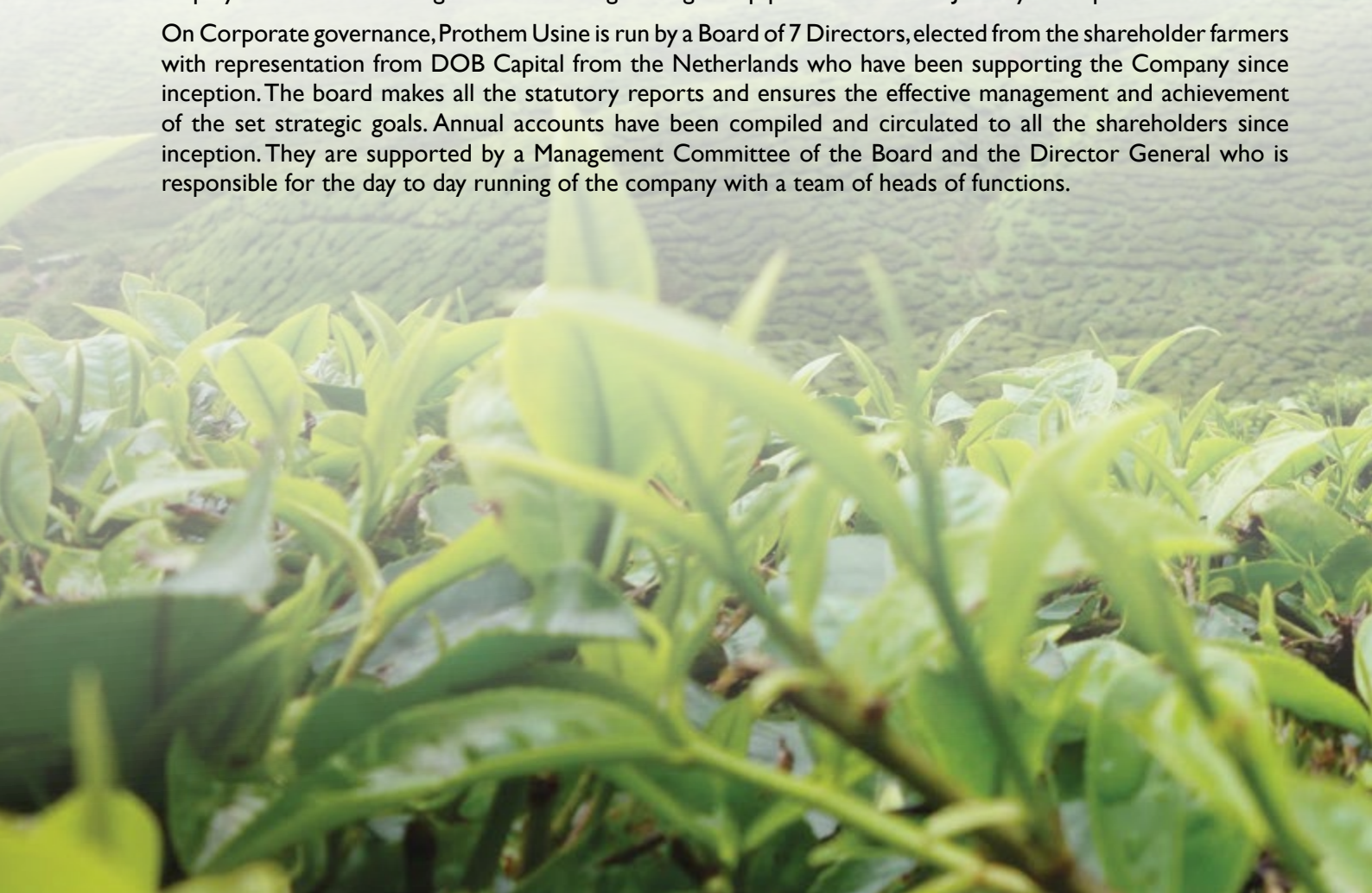
The Prothem Tea growing project was initiated in 2002 with the aim on empowering small holder farmers in the Gisozi Commune, Mwaro Province in Burundi. The project initiated tea nurseries development and planting of tea in the area. They initially supplied the state-owned tea factories of Tora and Ijenda.

In 2006, Prothem Usine s.a. was registered as a tea company owned by the farmers in the area who contributed the initial capital and started the initiative to build a tea factory in Gisozi that would be able to process all their tea, support the small holder farmers and improve the livelihoods of the local people in Burundi.

In 2007 Prothem began construction of a fully-fledged tea processing factory at Gisozi and commenced operations in April 2011. Prothem is the first farmer-owned private Tea Factory in Burundi with a capacity to process over 5 million kg of Green Leaf and 1.2 million kg of Made Tea that is sold to the international markets directly through customers such as Farmers and Co. in the Netherlands and through the Mombasa Tea Auction. Production has been growing steadily over the years and the turnover in 2015 stood at 4bn BIF (USD 2.4 million).

As per the farmer census in May 2016, Prothem currently supports over 10,500 small holder farmers from five sectors that include Ijenda, Rusaka-Ndava, Makamba and Bisoro Mugamba. Logistics support for Green Leaf collection is provided by two company-owned trucks that are now aging and three contracted trucks that are owned by the farmers in the same area. The collection is managed through hangars that are currently temporary in nature thereby leading to quality degeneration and weight loss. The company has a workforce of over 300 employees with more being recruited during the high crop period - between January and April.

On Corporate governance, Prothem Usine is run by a Board of 7 Directors, elected from the shareholder farmers with representation from DOB Capital from the Netherlands who have been supporting the Company since inception. The board makes all the statutory reports and ensures the effective management and achievement of the set strategic goals. Annual accounts have been compiled and circulated to all the shareholders since inception. They are supported by a Management Committee of the Board and the Director General who is responsible for the day to day running of the company with a team of heads of functions.



Project description:

The Prothem Tea Factory at Gisozi, Mwaro Province, Burundi has been operational since 2011. The Tea Factory has the installed capacity to process 1.2 million kg of Made Tea per annum and over 5 million kg of Green Leaf from the farmers. The volumes have been growing annually with the exception of last year when the production declined as a result of the pre and post elections crises in Burundi. Things have normalised in 2016 and the growth pattern has resumed.

The Factory was initially designed as a one line factory; this means that the factory has a withering area for tea with a capacity to handle only 5 million kg annually and processing capacity of 1.2 million kg. Most conventional factories around the world have two lines with the capacity to process 10 million kg of Green Leaf. Those located in areas of high tea production have installed capacity for three lines with the capacity to process more than 15 million kg of Green Leaf annually.

In the last 4 years, and with the support of HAM Foundation (Netherlands), Prothem has been promoting new tea growing areas in Busoro-Ryansoro with the objective of planting 6.48 million tea seedlings over a period of 4 years. The project will create an additional area of 600ha of new tea for the small holder farmers in the communes thereby creating stable and permanent jobs for additional small holder farms, tea extension support workers and factory staff. As well it will increase foreign exchange earnings for the Burundi. So far this drive has already realized an expansion of more than 3 million tea seedlings, 2803 new small holder farmers and 185 hectares of newly planted tea. Since tea takes about 6 year to reach maturity, it is expected that from the year 2018 onwards more Green leaf will be supplied to the Prothem Tea Factory at Gisozi thereby exceeding the installed capacity of the factory.

Prothem is exploring the possibility of installing a new line at the factory which will include the following:

- Expansion of the Withering area and extension of the mono rail
- Installation of a new Rotovane and feeding system
- Installation of new 4 CTC (Cut Tear and Curl) machines
- A new CFU (Continuous Fermentation Unit)
- A new Fluid Bed Drier
- Installation of a tea pre-sorter and grading machine
- Installation of a new boiler
- Other auxiliary installations and labour

It is estimated that Prothem will require approximately USD 4 million in order to complete the project. Detailed design and costs for the new line will be worked out once the concept is approved and progressed.



Estimated Project Cost:

Use of Funds	USD	Funding Requirements	USD
New construction	750,000	Debt	500,000
Machinery and allied	3,000,000	Equity	-
Soft costs	250,000	Company funds	500,000
		Grant	3,000,000
Total Project Uses	4,000,000	Total Project Sources	4,000,000

Historical Profitability (USD):

Year	GP Margin	NP Margin
2015	0.59	0.10

Anticipated investment commencement date: January 2017

Employment (FTE)

Current	New (2020)	Total (2020)
187.5	270	457.5

Over and above the direct employment created through tea extension services and tea processing, it is expected that more than 5,000 new small holder farmers will join the current 10,000 thereby increasing the number of direct beneficiaries to over 15,000 small holder farmers who will have a cash crop, a regular income and a better livelihood. This will have a great impact on the empowerment of the rural farmers, creating a sustainable income and alleviating poverty.



Special thanks to:



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