

# Investing in the Tomato Value Chain

Gombe State

Jewel in the Savannah





**Muhammad Inuwa Yahaya**  
**Governor of Gombe State**



Companies and investors are searching for the best locations for their investments in this rapidly evolving world with its profound socio-economic changes, significant regional economic disparities, and shifting economic power base in order to maximize returns, access new markets, regulate the supply chain, broaden challenges, acquire insights, or drive down costs. The Gombe state government is a proactive new player in this more dynamic climate and is poised to become the top choice for companies of all sizes searching for a predictable and stable environment in which to conduct business.

This document is intended for all investors —basically, everyone planning to conduct business in Gombe State. The document's goal is to educate readers about the resources available to help businesses as well as the public and private entities that may be able to assist them in bringing their projects to fruition. We want investors to contribute significantly to our dynamic economy by bringing not only jobs and investment, but also expertise and connections on a global scale. This fosters development and broadens perspectives. In exchange, the Gombe state will offer a dependable and stable jurisdiction as well as a trusted and secure environment in which to operate and connect the dots in what can frequently be a challenging process thanks to our open and business-focused government.

We are a really world-class destination and an alluring place thanks to our geographical location in the very centre of the North East, with unmatched access to the rest of the country and the world through Borno, Adamawa, Yobe, and Taraba. We are an ideal location for the establishment of your global, regional, or national headquarters because of our world-class infrastructure, talented multilingual workforce, and a supportive business environment.

We are committed to giving investors a compelling justification for why they should "Select Gombe," and this document offers credible information for investment decision making. The vibrant and hardworking people of Gombe welcome you and any investor who wishes to conduct business in Gombe will be made to feel welcome and will take advantage of a variety of facilities and incentives. It's time to join us and see why the PEBEC **ranked Gombe state first in its Ease of Doing Business survey.**



**Gombe State** is located in Northeastern Nigeria. It was created out of Bauchi state on 1st October, 1996 by the then military Head of State, **Gen. Sani Abacha**. The capital and largest city is Gombe.

### Facts & Figures of Gombe

**Land area:** 20,265km<sup>2</sup>

**University:** (2) Federal – 1, state – 2

**Registered Companies:** 80

**Revenue:** N48.46b

**2021 Budget:** N120.34b

**Gombe** is one of the northeastern states in Nigeria. Which spreads over an area of **20,265 km** square and made up of 11 local govt areas. It is located between latitude 9 30" and 12 30" north and longitude 8 45" and 11 45" east. It shares boundaries with **Yobe** in the north, **Borno** State in the east, **Adamawa** and **Taraba** in the south and **Bauchi** in the west.

IGR Growth 2019 – 2020 **-25.5%**

Total Revenue growth – **33.54%**

## 10 Reasons to Invest in Gombe

1. **No1 in Ease of Doing Business in Nigeria**
2. Emerging market.
3. One of Nigeria's most diverse and peaceful states.
4. Home to Multinationals
5. Market Access to International Markets.
6. Natural Resources in Abundance
7. Central to North East
8. Low Risk Investment Environment
9. Skilled, Young and available workforce
10. Clear and large market potential for different goods & services

Gombe State has been **ranked number one** by a survey on the **Ease of Doing Business (EoDB) in Nigeria**, according to a report by the Presidential Enabling Business Environment Council (PEBEC). Gombe State was ranked number one with an overall **average score of 7.69**, out of a maximum score of 10

Total Population <b>3,472,223</b>	<b>1,770,834</b> Male
	<b>1,701,389</b> Female

- **Date of Creation:** 1st October 1996
- **Geopolitical Zone:** Northeast Nigeria



*Gombe plays a vital role in contributing to the Global GDP growth and over within the vegetable industry including over **\$1.4b in employee compensation, \$353m in business owner income, and \$801m in corporate profits.***

**Gombe state has a direct link to the total tomato industry contribution to global GDP** which was at 0.22% in 2018

Tomato activity supported nearly **33,000 full and part-time jobs** earning **\$1.4b in employee compensation, \$353m in business owner income, and \$801m in corporate profits** and other returns.

With a production of **3,693,722mT per year**, Nigeria is the largest tomato producer in the south of the Sahara.





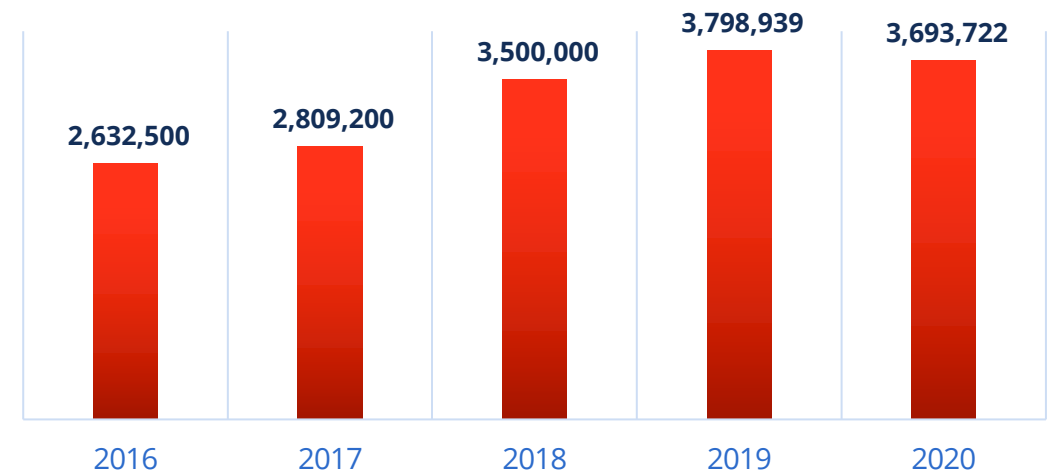
**Gombe provides a very good and viable location for doing business based on its profitability.** Production efficiency of at least 42.5% of total investment could be generated as revenue and naturally presents an opportunity to cater for the growing consumption in the country.

*The expanding organized retail sector is contributing to the market expansion of the tomato sector in the Country.*

### Tomato Consumption

The consumption of tomatoes in Nigeria is 3,539 (1000) tones in 2019

### Annual Production in Tons





# Gombe State presents Investment Opportunities across the value chain

## Opportunities with specific requirements

### Production

- Expert harvest techniques
- Pest Management Expertise

### Processing

- Tomato Preservation and Collection
- High Quality Control Standards

### Distribution

- Storage and preservation tomato products
- Cold chain Infrastructure
- Protection from unfavourable environmental conditions- heat

### Consumption

- Production efficiency systems
- Recycling of waste

## Value Chain Opportunity

- High demand of High yield seed supplies to the farmers.
- Providing land for farming is a stress-free way to profit from the tomato value chain in Nigeria.
- Huge demand in provision of labour for the maintenance for the farms.
- Automation of the farming process through invest in tomatoes on a large-scale basis.
- Endless opportunity through processing of the tomatoes.
- Retailing and corporate supply has equal benefit among other value chain benefits.

## Demand Drivers



Rising disposable incomes.



Growing consumption of processed foods.



Increasing Nigerian Population.



Increasing adoption of the product by restaurants and fast-food chains.



Rising Production.



Rising organized retail sector of the product.



Consumption of processed tomatoes.



# The Jewel of the Savannwah – A Jewel for Investors

## What you should Know



### **A haven for production - Gombe's new Mohammdu Buhari Agro-Industrial Park provides a home for processing**

In 2020, 62,205.06 MTs of tomato paste was imported, compared to 407,572.39 MTs of fresh tomato worth roughly N16 billion. In 2020, the importation of triple concentrate tomato, the main raw material used to make canned tomatoes, was over 653,715.12 tonnes, worth N4.41 billion, while ketchup and other sauces were worth about N2.96 billion.

### **Available land**

Up to half of all tomatoes grown are lost after harvest, exacerbating the gap between demand and supply.

### **Excellent Climatic Conditions**

Tomato is a warm and humid season crop that flourishes best in a warm environment like Gombe's state's weather conditions.

### **Urgent Need**

Gombe state has an urgent need for enhancing the quality of post-harvest services & facilities, which is a priority.

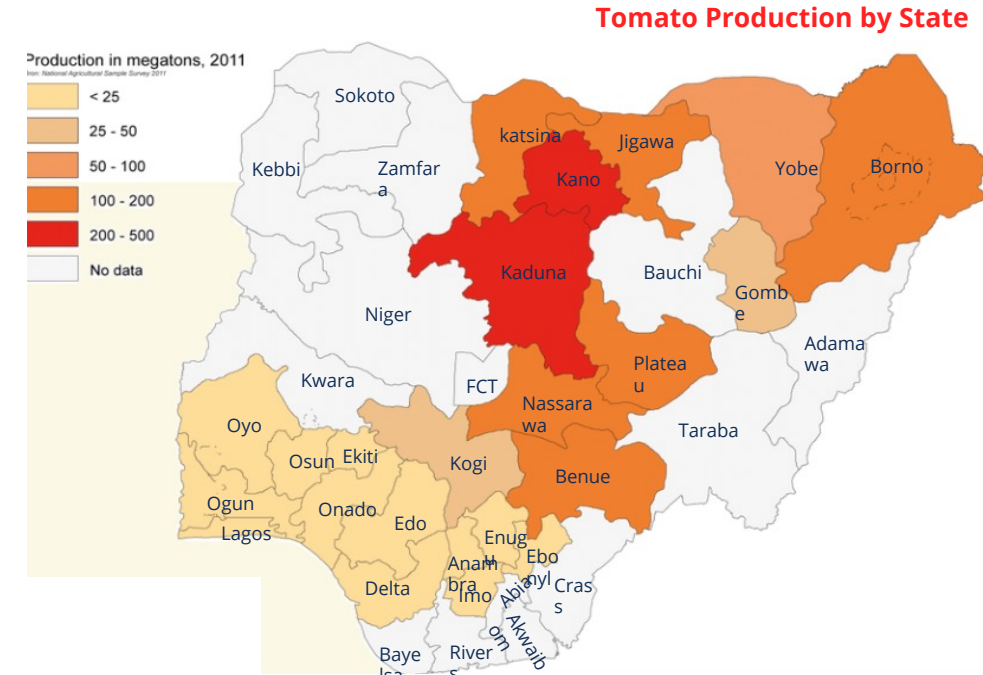




# Tomato Producers In Gombe

**Gombe has a younger farmer workforce providing higher productivity for production** (Average age of smallholder farmers in Nigeria is 46.13). The average age of the farmers was found to be 38.94.

<b>Age (years)</b>	21 – 30	4	2.20	<b>38.94</b>
	31 – 40	55	58.50	
	41 – 50	37	39.30	
	Total	96	100	
<b>Household size (number)</b>	1 – 3	39	40.41	<b>4</b>
	4 – 6	53	55.33	
	7 – 9	2	2.13	
	10 – 12	2	2.33	
	Total	96	100	
<b>Farm size (hectare)</b>	0.5	63	96	<b>0.67</b>
	1.0	33	31.68	
	Total	96	100	
<b>Gender</b>	Male	88	92.48	
	Female	8	7.52	
	Total	96	100	



*The sector is currently employing about 7% of the total workforce in Gombe State. This signifies its potential for job creation*



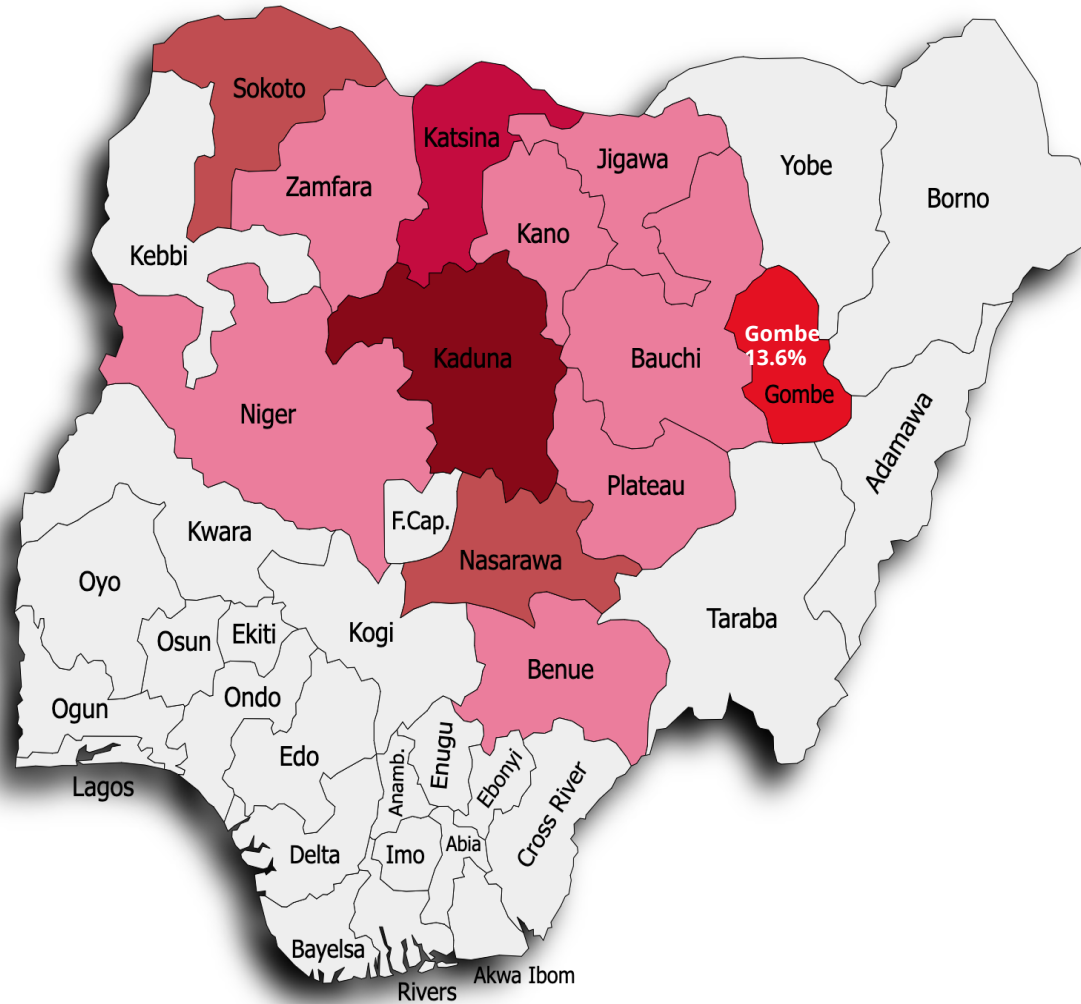
## Facts related to Tomato production in **Gombe**

No. of farmers	Does a Local Policy exist? (Yes/No)	Location(s) where it is produced/reared	Output/annum	Routes (applicable to livestock only)	Certified Local Seeds/feeds/vaccines/fertilizer production company	Top seeds/feeds/vaccines/fertilizer distributor	Markets
369	No	Akko, Funakaye, Y/Deba, Kaltungo, Kwami, Balanga, Dukku	750,000	Nil	Gombe Fertilizer Blending Company	TAK Agro., Indorama, NOTORE, WACOT	A A Minangi, Sale Minangi



## High post harvest losses provide an opportunity for limitless raw material supply in while doing business in Gombe State

### Estimated Tomato Waste (%) by State in Northern Nigerian States.



There are very limited commercial structures in place to assist smallholder farmers in obtaining cheap cold chain infrastructure, limiting their ability to participate in the market and causing inefficiencies along the value chain. **When taken together, these variables create a significant barrier to entry for farmers who want to sell to both domestic and foreign markets.**

States	Waste (Tonnes)	Waste (%)
Kaduna	792,933	28.1%
Katsina	578,435	20.5%
<b>Gombe</b>	<b>383,391</b>	<b>13.6%</b>
Sokoto	282,593	10.0%
Nasarawa	274,647	9.7%
Kano	106,990	3.8%
Zamfara	102,504	3.6%
Benue	96,614	3.4%
Bauchi	92,581	3.3%
Niger	61,881	2.2%
Jigawa	39,587	1.4%
Plateau	14,316	0.5%



# Value Chain Opportunities

The recent production capacity of 2.3 million metric tonnes due to **improved farming practices and varieties** indicated **increase of 27.8% in 2018**

Opportunity 01.

## Value Chain: Production

### Opportunity:

The state has a huge potential for irrigation farming, with the existence of Dadin Kowa, Balanga and Cham dams. Geographically, the state is within the tropical West Sudanian savanna ecoregion. Important geographic features include Gongola River, which flows through Gombe's north and east into Lake Dadin Kowa. All the climatic factor makes this state is best for tomato farming.

Through getting land and using best quality seed, tomato farming can be start in this area. Tomato farming is profitable business in this area because of suitable environment and farming techniques

### Opportunity:

**Import Substitution:** Despite being one of the largest producers of tomatoes in the world, Nigeria is also one of the world's net importers of tomato paste, placing 13th globally and 3rd in Africa

These loophole makes tomato processing a viable business in Gombe state.



# Investment 1: Processing

A well-located, commercial tomato processing operation focused on continuous production rather than absorbing seasonal harvest gluts

## Current Issue: Inadequate Tomato Paste

- Few tomato paste factories exist in the country due to various challenges, such as low-quality tomato production.
- Most producers unable to identify a consistent bulk buyer, up to 1.35m t of fresh tomatoes are wasted each year.
- Despite producing 65% of tomatoes grown in West Africa, Nigeria remains the largest global importer of tomato paste.

## Opportunity: Investment In Tomato Paste Processing

### Proposed Business Plan

- Investment will generate revenue by manufacturing tomato paste, branding and packaging it.
- Selling it directly to two major supermarket chains, Shoprite and Spar.
- Indirectly sales to open-air markets through regional distributors.
- 50% of the tomatoes used for paste production will originate from farmland directly operated by our farms.
- 50% will be purchased from smallholder farmers operating within a 20-mile radius of our production facility.

## Value Chain Position: Processing

Opportunity Size:

**\$13<sub>m</sub>**

Estimated Annual Revenue

*Note: Opportunity size represents estimated annual revenue for each of the identified opportunities*

## Assumption

- 70 gram sachets are the most popular size with consumers
- Sell in the market for 40-50 Naira per sachet
- COGS should be average 80% of the total sales
- Fixed costs would be 10% of the Total sales

## Key Players

- Smallholder & commercial farmers
- Supermarket chain



# Investment 2: Solar Processing

Through Solar Energy we can support micro and small tomato processing enterprises in Nigeria.

## Current Issue – Limited Power

- Many agro processing steps need both thermic energy (heat) and electrical energy (power), both will be obtained from the sunlight.
- Electricity problem in some Nigerian areas to conduct tomato processing to create better products.
- Increasing population and high cost of fuels have created chaos in the tomato processing industry.

## Opportunity: Solar Processing of Tomatoes

### Proposed Business Plan

- The use of renewable energy from the sun might be an appropriate alternative in remote areas.
- The products should be sold within the Nigeria and outside the Country.
- The enterprise must have a distribution point in the Nigeria capital Abuja. This could be any existing shop from where the products are distributed to retailers.
- A promotion campaign could be considered to offer the tasty natural tomato products in the numerous shops in towns.

## Value Chain Position: Solar Processing

Opportunity Size:

**\$20<sub>m</sub>**

Estimated Annual Revenue

*Note: Opportunity size represents estimated annual revenue for each of the identified opportunities*

## Assumption

- COGS should be average 75-80% of the total sales
- Tomato paste Sales in 200 g and 500 g packed in attractive polyethylene bags
- Pasteurized tomato juice, sold in 500 ml PET-bottles.
- Fixed costs would be 10% of the Total sales

## Key Players

- Smallholder & commercial farmers
- Supermarket chain
- Retailers



# Investment 3: Greenhouse Tomato Farming

The tomatoes will be grown in a state-of-the-art greenhouse tunnel which gave it a better tomato to different stakeholders

## Current Issue: Producing Quality Products

- 🍅 The demand for tomatoes has been and still remains high in the country due to the fact that most Nigerian families use tomatoes as a basic ingredient in most of their meals.
- 🍅 Tomato growing using greenhouse technology is very low in the Nigeria and most of the smallholder farmers do not know this technology.
- 🍅 45 percent of tomatoes production are lost as a result of poor harvest management.

## Opportunity: Tomato Farming Using Greenhouse Technology

### Proposed Business Plan

- Growing tomatoes the traditional way is quite labour intensive and a bit risky so the investor can use greenhouse technology to reduce the costs.
- Plants are fed nutrients through a drip irrigation system, and they are grown in the most suitable conditions, which allow each plant to produce the maximum fruit possible.
- The company/investor sought to establish how it could get its produce to be sold at the open-air markets in the top region and cities like Lagos, Kano, Abuja and Zaria.
- The Company/investor conduct research and sale with possible customers in different market segments.

## Value Chain Position: Production

Opportunity Size:

**\$5<sub>m</sub>**

Estimated Annual Revenue

*Note: Opportunity size represents estimated annual revenue for each of the identified opportunities*

## Assumption

- We expect to have exceptional sales in the first year due to our anticipated aggressive marketing and our high quality produce
- Tomatoes are sold either in crates or in Kilograms
- The cost of inputs includes the cost of seeds, agro-chemicals and fertilizers, and COGS should be average 70-80% of the total sales

## Key Players

- Open-air Market
- Processing Industry
- Retailers and Groceries



# Investment : Input, Aggregation & Storage and Sales

## Investment

### Input

#### Current Problem:

Lack of good quality seeds availability in the market results in the poor yield and low productivity

#### Opportunity:

High yield seeds are important to meet the tomato demand in the Gombe state and Nigeria. There is huge opportunity exists in the market for the investors to take advantage of such to supply high yield seeds to the smallholder and commercial farmers.

## Investment

### Aggregation & Storage

#### Current Problem:

Tomato is a perishable goods and poor or lack of storage facilities has led to loss of the about 50% of the tomato produced in the country.

#### Opportunity:

Huge tomato production in the Gombe state due to existence of Dadin Kowa, Balanga and Cham dams and other environmental factors. Giving cost effective access to tomato producers through the innovative storage facilities would be a best investment in this area. Become a link between tomato producers and large food buyer is a good investment approach.

## Investment

### Sales

#### Current Problem:

Due to perishable nature of tomato, most of the middleman do not want to take high risk that is involved in this business.

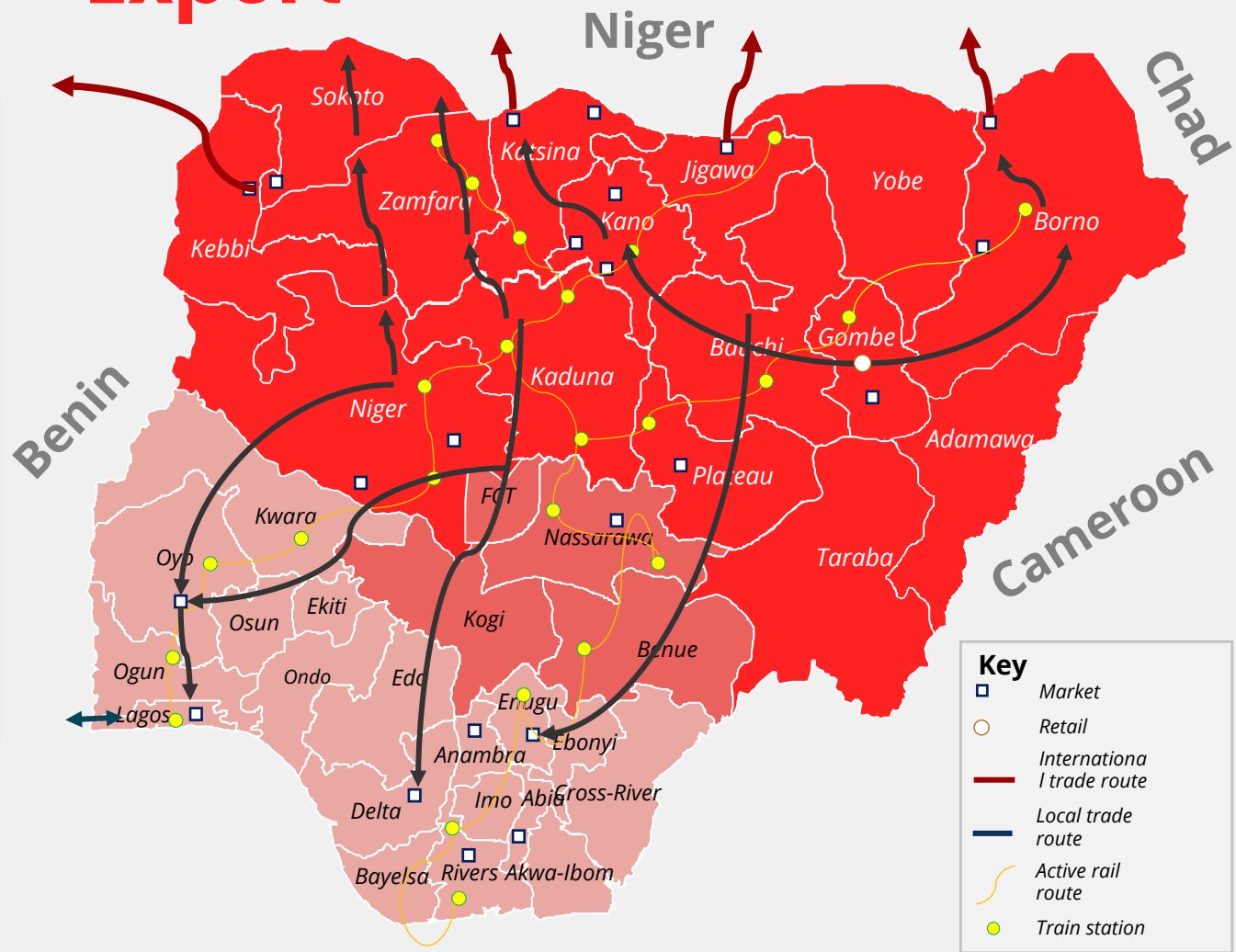
#### Opportunity:

Sales through the different channel is an easy way to profit from the value chain of tomato. Buy large volume of tomato from the farmgate and other sources and sell tomato through the different ways of marketing and sales planning to the small players and direct consumers in the market is also a good and conventional investment area.





# Routes To Market & Ports For Export



Route-To-Market

## Major Nigerian Port For Tomato Export





# Contact Us

For more Information contact

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