EXECUTIVE SUMMARY AND INTRODUCTION

NCIBA GRAIN GROUP
Our Land, Our Wealth

Thursday, 04 January 2018

Background and Introduction

- Nciba Grain Group (Pty) Ltd is a diversified and integrated agriculture and agribusiness start-up company. The company comprises fully-integrated segments focussed on primary agriculture production, agro-processing and food services.
- Our vision is to be a leading regional diversified agricultural and industrial food company.
- Nciba Grain Group acts as a promoter or co-promoter of 'Greenfield' agriculture and related opportunities. We are a social impact investor and agribusiness project developer.
- We work on the ground alongside rural communities, traditional Leadership and smallholder growers. Nciba Grain Group mobilises investment from private sector, and development finance institutions.
- We are an agricultural development company operating in communal smallholder agriculture and agribusiness sectors.

Core Business Objectives

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- Set-up a viable and sustainable diversified agriculture and agro-processing business enterprise and attract private sector capital;
- Create an integrated agribusiness entity through a Community-based Private-Sector Partnerships (SPV) responsible for productive farming, harvesting, processing, marketing and distribution of locally grown agricultural products;
- Support smallholder farmer development with the aim of increasing productivity and raising income as well as promote the revival and rejuvenation of agriculture in rural communal lands to create wealth;
- Enhance and expand agricultural practices to generate income and achieve higher returns; and
- Increase the understanding of the proposed FarmCo JV approach and encourage its adoption by 3rd parties.

Key Focus Areas

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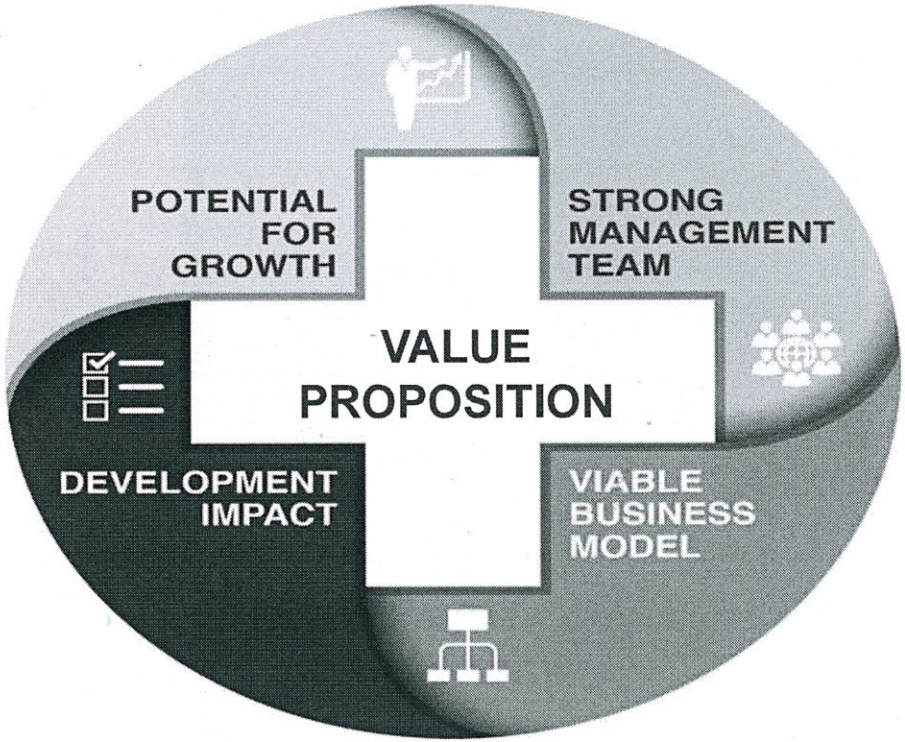
- Our business plan has been created and is aimed specifically on -
  - focusing on primary agriculture production between the field and farm-gate;
  - provisioning of input supplies and products for agricultural production;
  - offering well-positioned agri-logistics, handling, storage, procurement, marketing and trading– links between communal smallholder farm gates and off-takers;
  - ensuring a complete integrated solution for the communal smallholder producer and off-taker to enhance market access and pricing solutions; and
  - ensuring smooth efficient flows and value-chain processes of agriculture produce from farm-to-folk



Framework Approach

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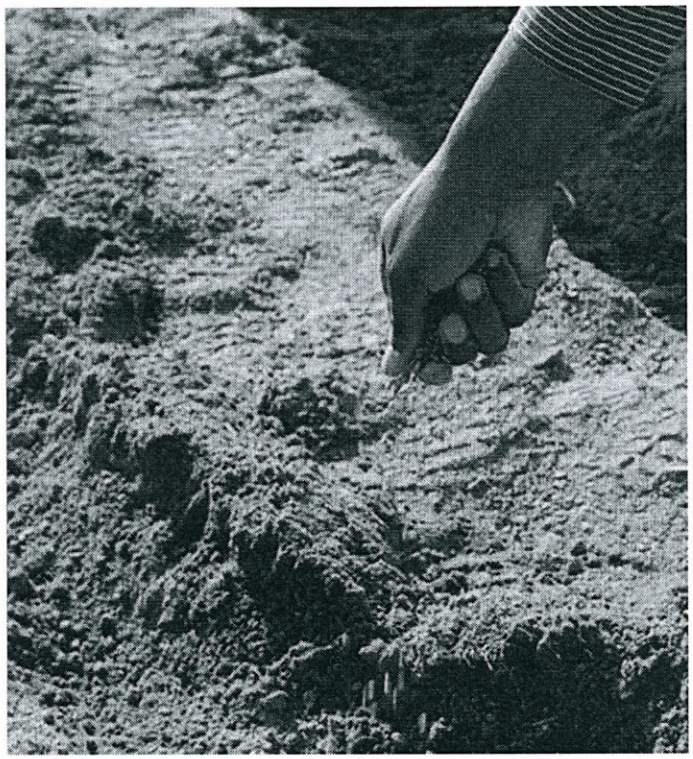
- Set-up innovative partnership with rural communal land owners (traditional leaders and communities) & smallholder farmers;
- Identify premium-quality arable communally-owned land and secure upfront commitments;
- Enter into formal collaborative partnerships and out-of-the box contract farming scheme;
- Design, structure a bankable project and secure commercial/strategic partner involvement;
- Set-up a state-of-the-art primary agriculture production and agribusiness processes, decision tools and automation technologies;
- Raise the commercial finance and invest on 'hard' on-farm & off-farm infrastructure and 'soft' infrastructure; and
- Improve and expand agriculture and agribusiness operations.



Fast-Track Opportunities (1/2)

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Crop Production Fast-track Opportunities					
Area	**Total Ha Available - Suitable**	**Total Ha Available - Planting**	**Land Classification - Potential**	**Potential Crops**	**Action Needed**
Pokwana	5 504	3 000	Moderate - High	Maize, Oilseeds, Pulses	Requires Finance & Infrastructure/ Launch Demonstration Plots
Qokolweni	4 716	3 000	Marginal - Moderate	Maize, Oilseeds, Pulses	Requires Finance & Infrastructure/ Launch Demonstration Plots
Mqhekezweni	6 719	5 000	Moderate - High	Maize, Barley, Pulses	Requires Finance & Infrastructure/ Launch Demonstration Plots
Kwenxurha	3 232	3 000	-	Maize, Oilseeds, Pulses	Requires Finance & Infrastructure/ Launch Demonstration Plots

Fast-Track Opportunities (2/2)

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Other Fast-track Opportunities			
Opportunity	**Type of Opportunity and Description**	**Estimated Annual Production**	**Action Needed**
Maize Milling	4 tons per hour maize milling plant 5 000tons maize storage facility	24 944 tons	Ready to proceed/requires strategic equity partner & need for finance
Wool	64 175 sheep units genetic improvement wool production and early-stage processing facility	497 485kg or 3 317wool bales	Ready to proceed/requires strategic equity partner & need for finance
Tea	2 155 ha under cultivation in Majola and Magwa	+-705 923 kilograms	Requires finance & infrastructure/ need for strategic equity partner
Fruit (Pulping)	869 small scale fruit growers Banana (39 573 trees), Mango (3 976 trees), Citrus (9 699 trees), Guavas(2 825 trees), and Avocado (647 trees)	Tbc	Requires finance & infrastructure/ need for strategic equity partner
Forestry	5 000ha community-based forestry partnership Small-scale timber milling and bye-products manufacturing	Tbc	Requires finance & infrastructure/ need for strategic equity partner
Red Meat	100 cattle unit and 200 sheep unit per day abattoir and meat processing facility	7 500 000 kg beef & 900 000 kg of cattle/hides; 900 000 kg of mutton & 90 000 kg of sheep skins	Requires finance & infrastructure/ need for strategic equity partner

Smallholder Farmer Commercialisation

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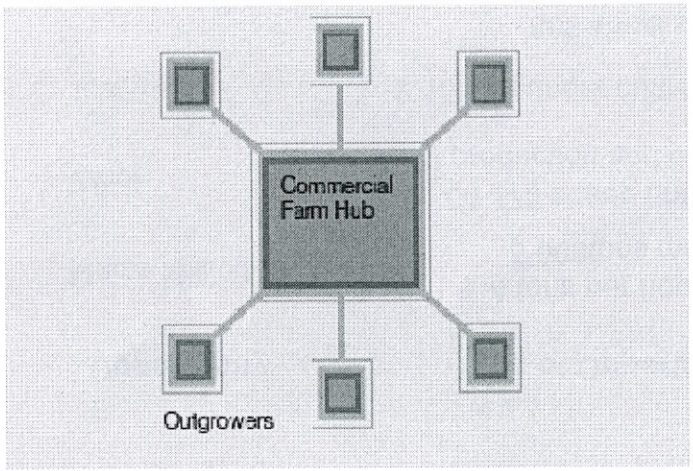
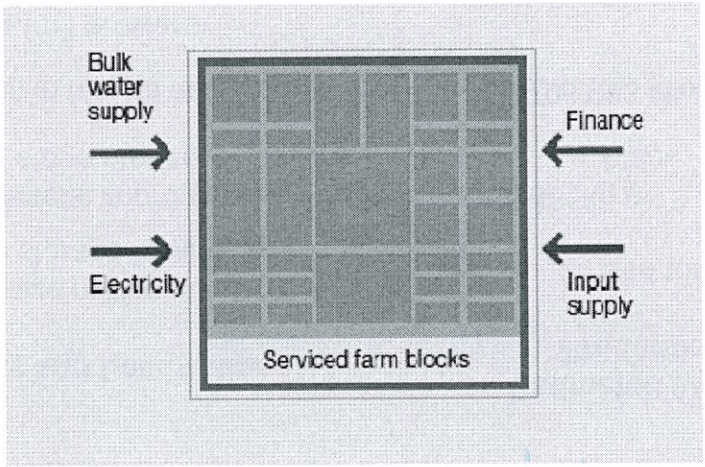
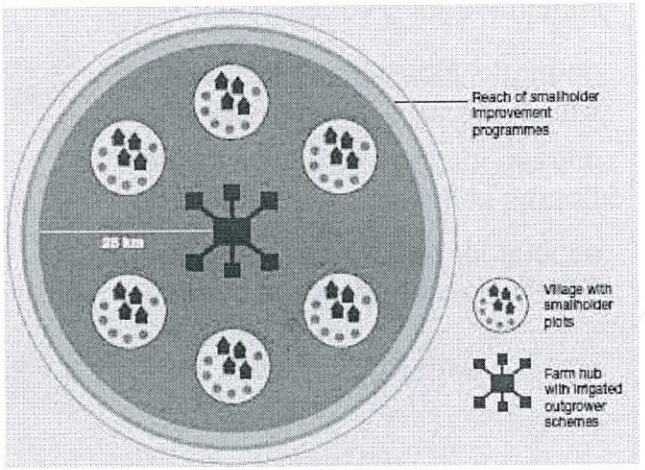
Incentivising stronger linkages between communal smallholders and commercial agribusinesses, including 'hub and outgrower' schemes that allow communal smallholders in the vicinity of medium-scale farms to access inputs, extension services, value-adding facilities and markets.







Source: AgdevCo, 2009

Subsistence → → → Surplus

Operational Structure (Farm Level)

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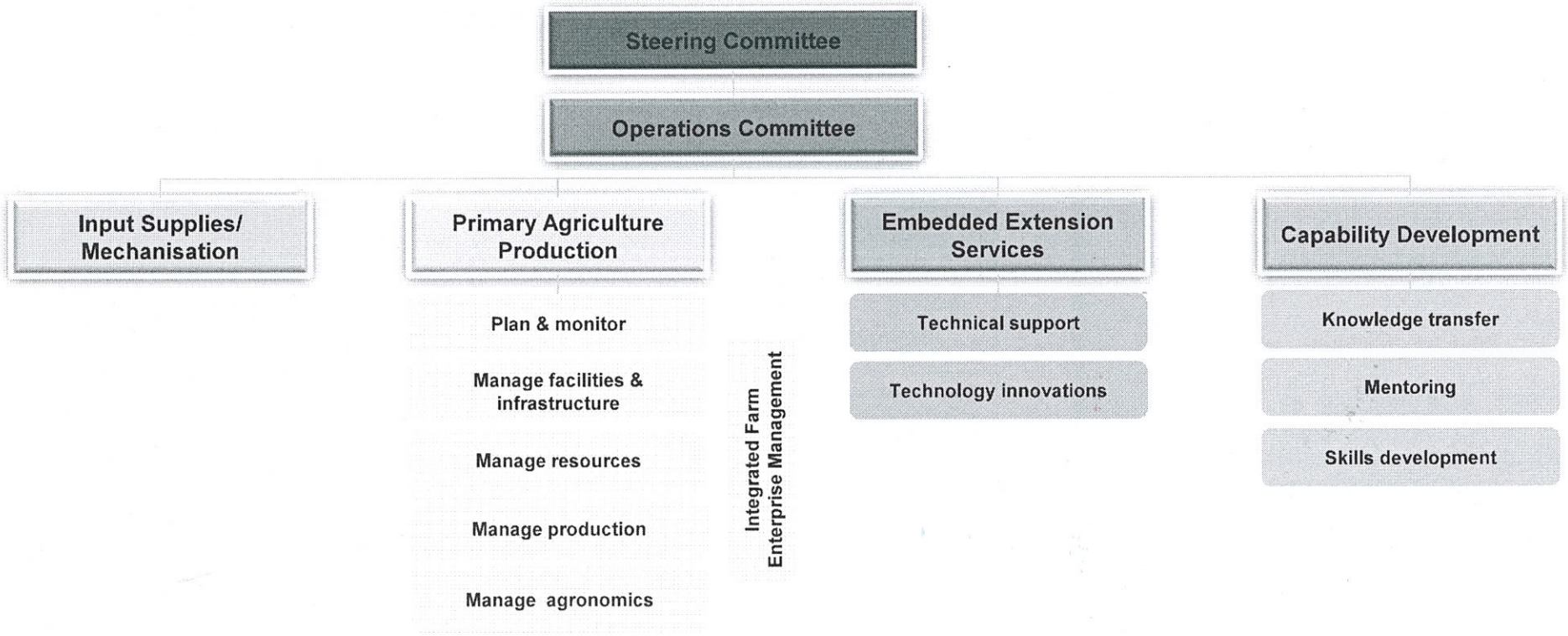
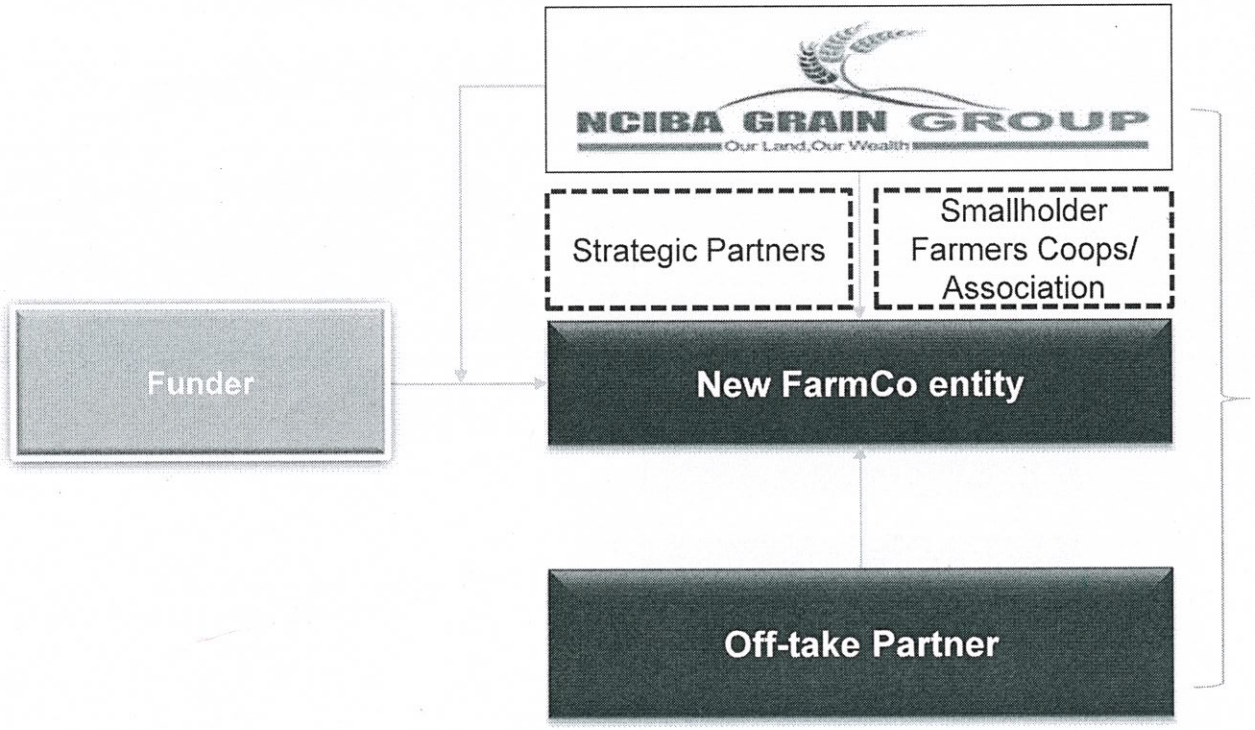


Transaction Proposal – Blueprint (1/2)

Creation of a fully integrated contractual FarmCo JV agriculture and agribusiness operations to drive sustainability, viability and profitability by ensuring complete and comprehensive end-to-end linkages.



New FarmCo entity will be responsible for:

- Managing, operating and maintaining the farmland and infrastructure.
- Maintaining all the productive assets and its improvement.
- Continuously improve, enhance and sustain operations.
- Recruiting and training of the workforce and providing an adequate working environment.
- Complying with all the agreed upon Performance Standards.
- Complying with the administration and IT monitoring system; and maintaining monthly reporting flows.
- Enabling the investment to fully-deliver a profitable and sustainable return on investment.
- Achieving excellence in the execution of contracts.
- Delivering on all the economic and developmental impacts..
- Value creation through operational efficiencies and effectiveness.

Transaction Proposal – Blueprint (2/2)

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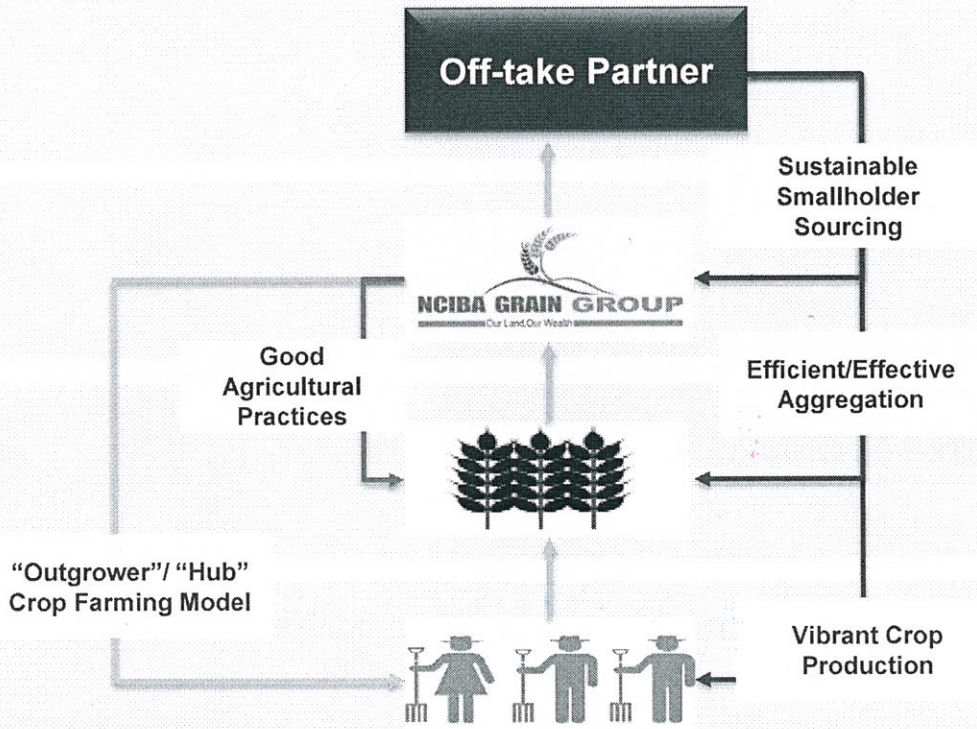
Emerging Farmer Programme

Local Smallholder Sourcing

Smallholder Crop Farming Enterprise

Smallholder Farmers' Coops/ Associations



LEGEND:

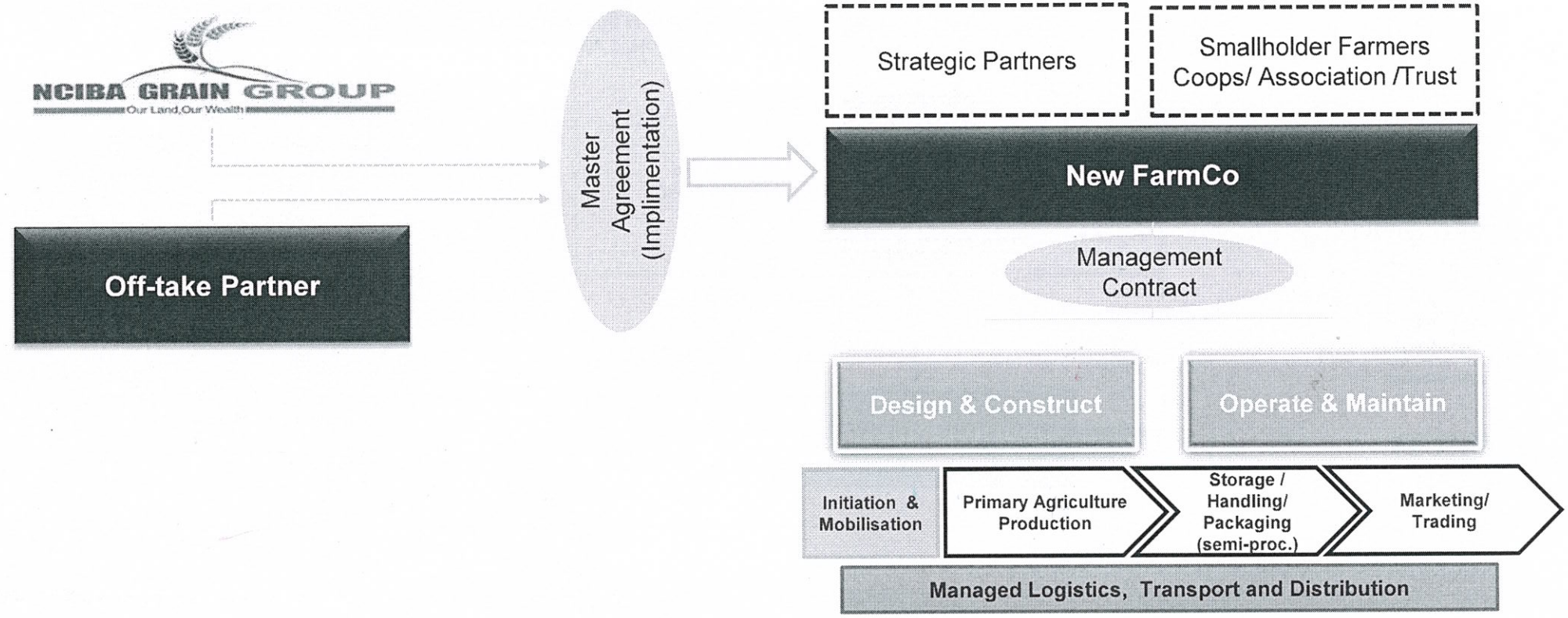
Supply Chain Links

Inputs, Seeds, & Fertilisers

Grains

Embedded Services

Structure and Composition



Key Milestones

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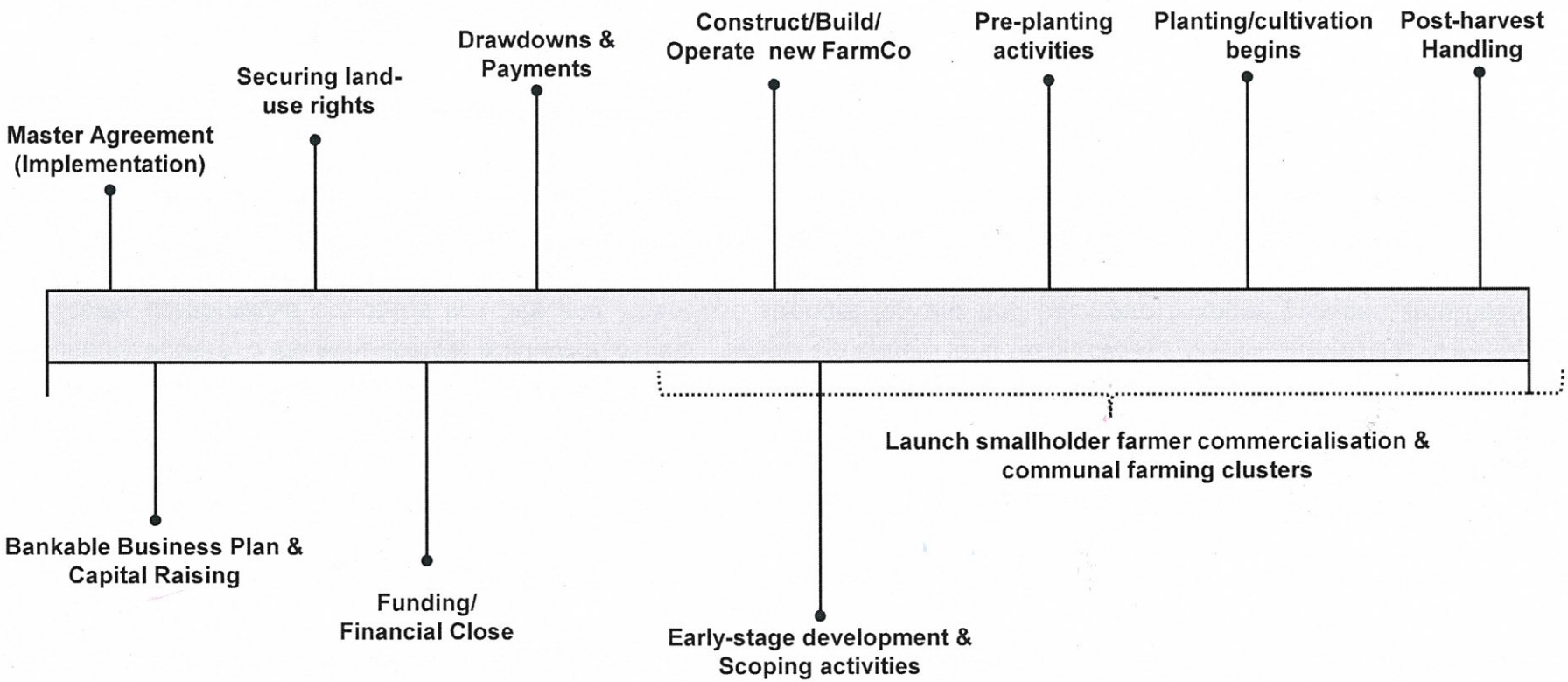

In Summary

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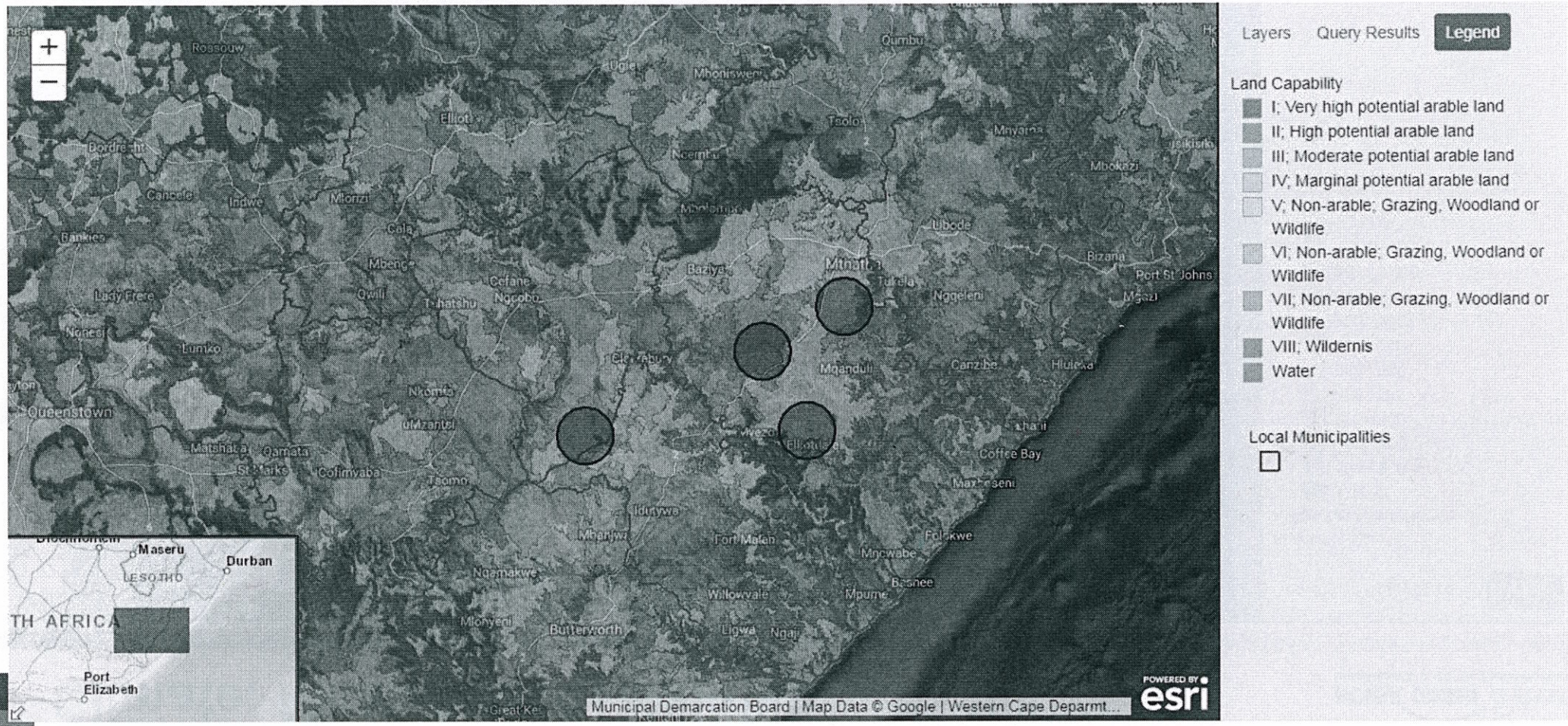
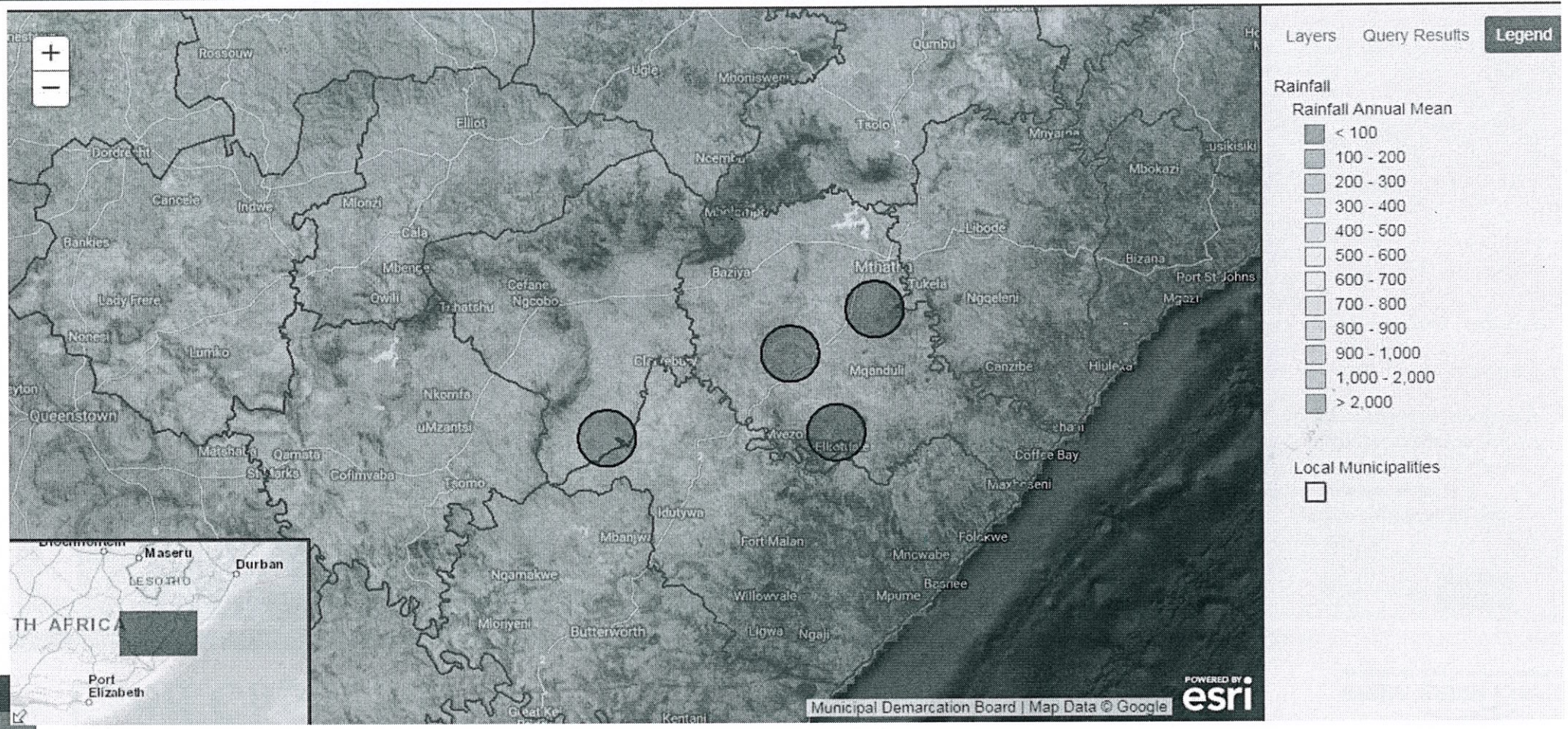
- Impacts and Outcomes
  - Partnership-driven approach that directly links commercial farm investments and communal smallholder farmers
  - Place Nciba Grain Group in a position to aggregate and bring into productive use arable communal agriculture land which lay fallow
  - Expand agriculture and agribusiness services to new untapped, underserved and underserviced markets
  - Ensure access to the ever-scarcer production assets – arable agriculture land resources
  - Create collaborative out-of-the box ties and incentivise stronger forward and backward linkages between smallholder farm production system and commercial agribusinesses
  - Accelerate, aggregate and consolidate groups of smallscale farmers into business sensible economies of scale
  - Ensure that there is increased investment in agribusiness to ultimately improve livelihoods, nutrition and education.
  - Developing a sustainable and viable local farming enterprises with-
    - proper governance and management systems
    - adherence to sound commercial principles
    - supplier development and local sourcing links
    - improved productivity and increased yields
  - Communal smallholder farmers have increased access to improved inputs and linked to mainstream markets.
  - Stimulating interconnected investments in the value chain development or focussing on complementary investments along agricultural value chains.

Land Capability



Climate: Mean Annual Rainfall



Climate: Mean Annual Temperatures

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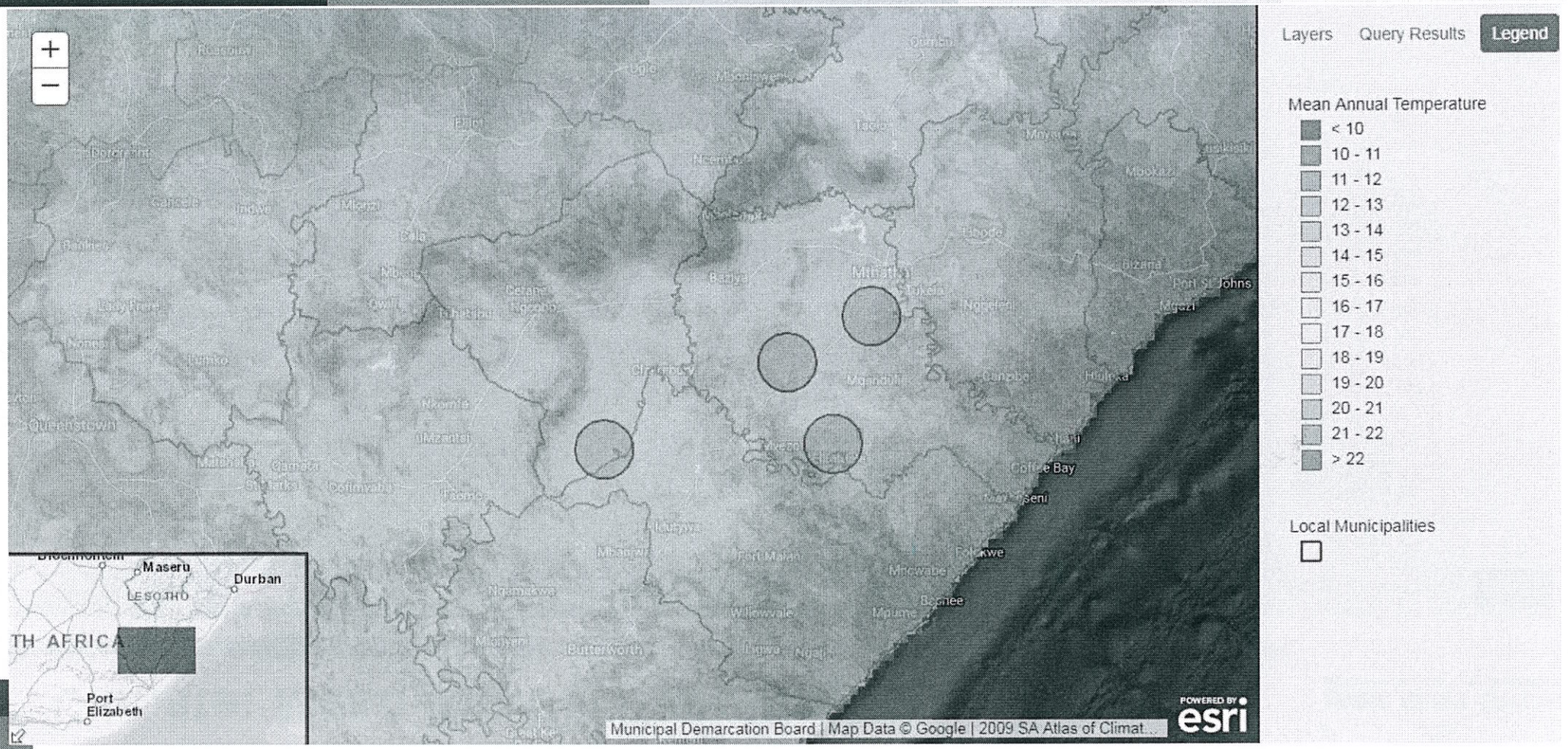

Climate: Mean Annual Evaporation

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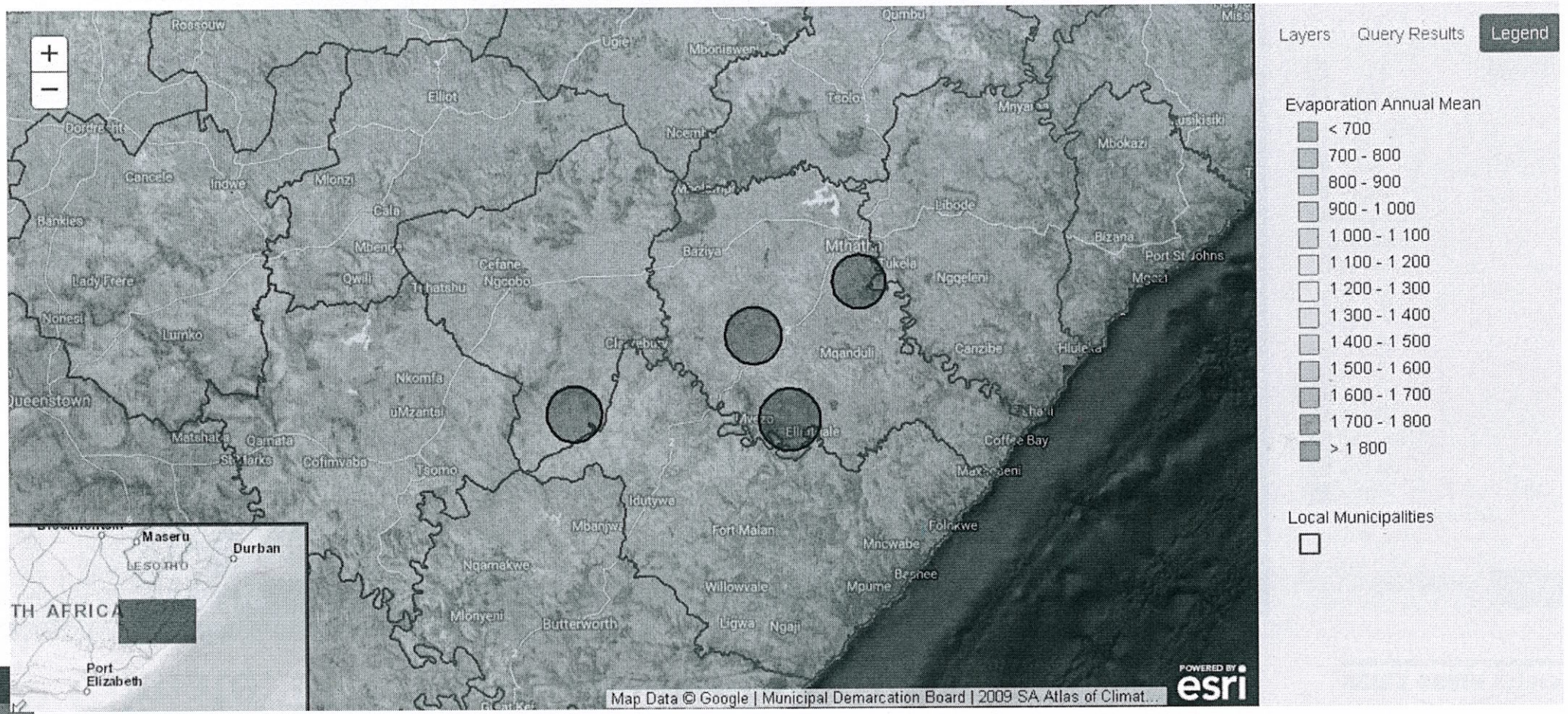

Water: Mean Annual Run-Off

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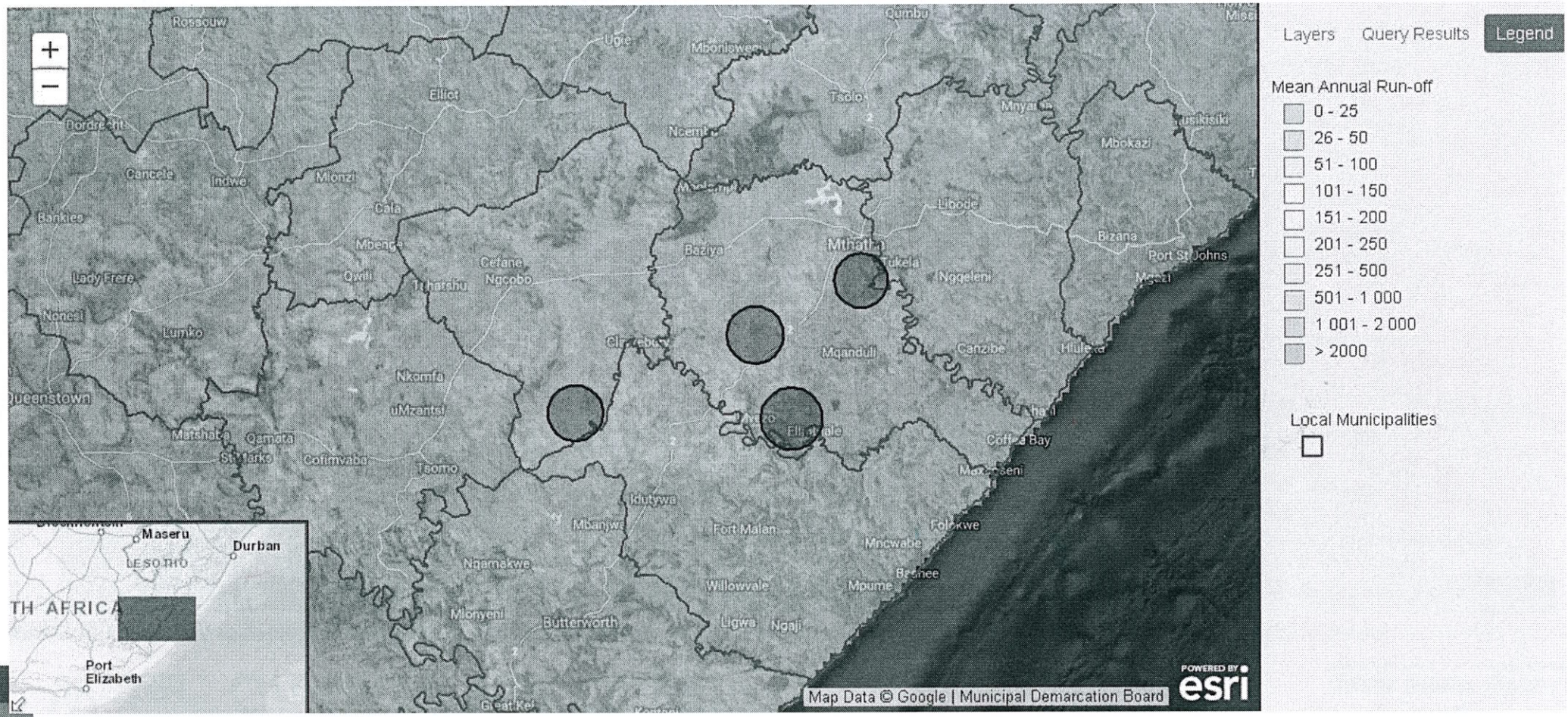
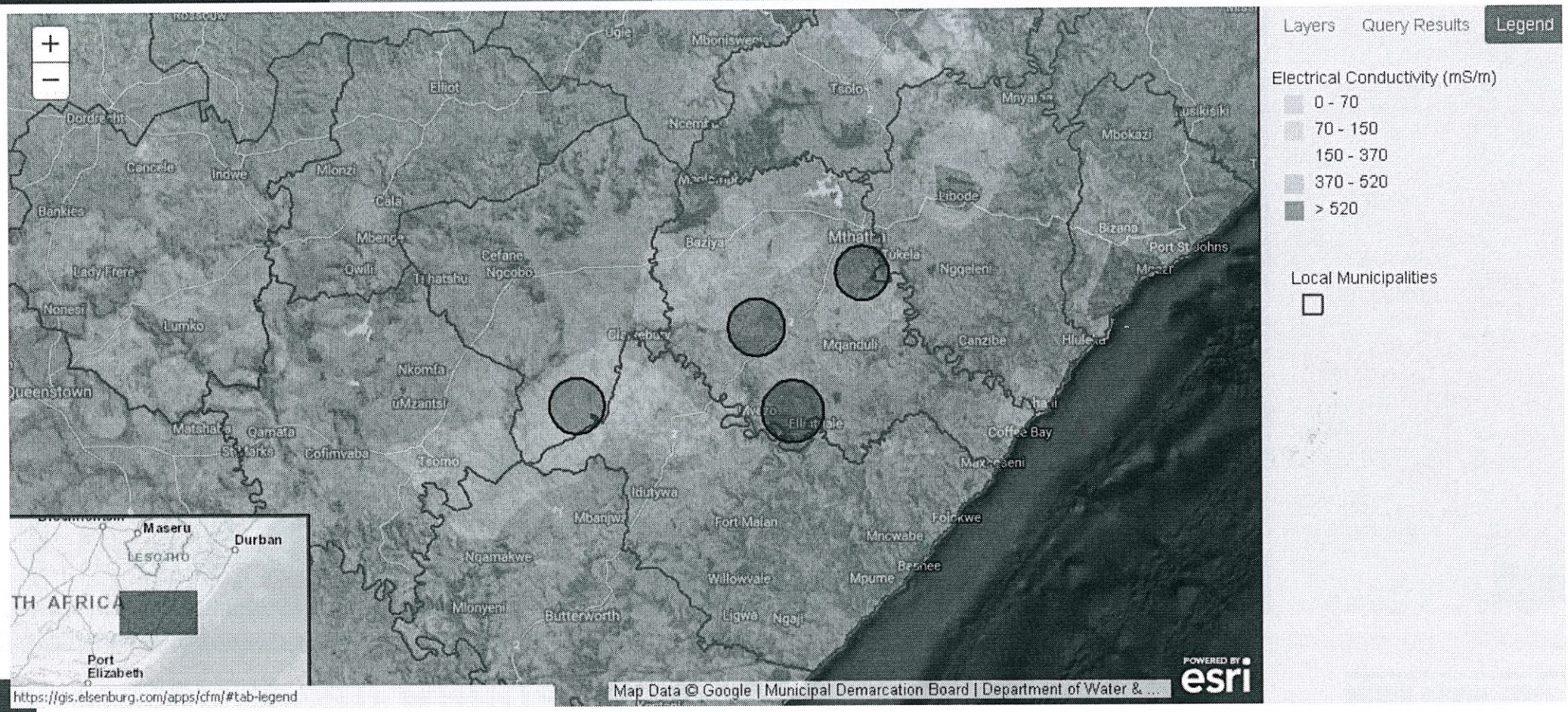


Water: Groundwater Quality



End...

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