

Empowering African Communities

Business Philosophy



From Africa
to the World.

AFRICA
grain
& seed



**PRESIDENT & FOUNDER
AFRICA GRAIN & SEED
ASSOCIATION**

Anthony Denga

PREFACE

How to feed a nation so it can be productive? Or better yet, how to ensure a nation can feed itself? These are the questions that keep me up at night because I know that addressing these questions lays the foundation for the future I want for the bright, young minds of Africa. Africa Grain and Seed (AGS) was formed from a sincere desire to re-invigorate agriculture in African nations so that they can feed themselves and the world. This could be a pathway to a prosperous future.

In addition to the child-sponsorship ventures, my team and I decided to give the communities seed to grow and to facilitate access of their produce to markets. Through this, communities would be able to sustain themselves and additionally contribute to the agro-business value chain.

The potential of smallholder-based agro-value chains in Africa is limitless and largely untapped. Through this initiative, we propose to ensure that the communities produce international grade yield despite this beginning as a subsistence venture. In so doing, Africa will be a step closer to establishing thriving rural commercial hubs that will widen the business ecosystem, pooling and developing new skills at cost effective, competitive and sustainable scales.



The COVID19- pandemic has increased human vulnerability to economic, social and environmental shocks. Despite this, AGS intends to play their part in building resilient, self -sustaining rural communities across Africa.

It is well known how privileged Africa is, with inherently communal settings. It is paramount that we as Africans unite in building our villages, our heritage. Simplicity is at the crux of this extraordinary transformation through a “seed”.

This vision is to put a “seed” in the hands of children within the school structure to ensure education, in the hands of the communities to ensure nutritional diets are adopted with intention to developing commercial streams by turning communal lands into commercial hubs.

ACKNOWLEDGEMENTS

First & foremost I would like to thank God for the grace on my life & for his favor in implementing this vision. It is my most humbled honor as the visionary and founder of this philosophy which in its essence is Africa, Grain and Seed to appreciate my associates, partners and my entire global family who have made an exceptional contribution in encouraging me to put this on paper.

My appreciation firstly goes to my loving wife, friend and partner the Co- founder of Africa Grain and Seed Mrs Zandile Matiwaza Denga .

My profound gratitude goes to my grandfather Mr Patrick, Shadreck Denga at 109 years, i continue to draw wisdom from you. To my my parents the late Mr

Paul & Mrs Faustina Denga (late), Mr Z Matiwaza, Mrs Soneni Matiwaza(late), Pastor Bayo & Gbemi Oluwadairo.

With all dreams come sacrifices i appreciate all the time invested towards this philosophy by Dr. Ruwa Matsika, Dr. Chris Cleverly, Ms. Sindi Mzamo, Mr. Byron Nhira, Ms. Eve Banda and Mr. Daniel Da Silva

To my business mentors and advisors Mr.Owen Sher, Mr.Nicholas Poole, Mr Swithun Still, Mrs. Kruti Indani, Mr. Brian Lever, Major General William Dube, Mr. George Manyere, Mr. George Rundongo, Ms Xoliswa Bebula, Dr Ruwa Matsika, Colonel Godfrey Matemachani (Rtd) and Ms. Victoria Sigauke

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VISION 2030



VISION 2030

Thriving commercial rural hubs across Africa built around specialized sustainable micro-farming and agro-based industries that attract investment from local and international markets. These hubs are state-of-the-art interlinked ecosystems of smallholder farmers, markets, plants, depots and factories. Commercial enterprise is driven by the youth and members of the community who value the land as a priceless asset and the basis of their wealth.

Households, schools and communities produce crops to sell to local agro-processing industries through guaranteed buy-back agreements. These agreements are financeable instruments that provide for increased liquidity and scalability of the grown crops. Local agro-processing industries produce world-class sundried, organic vegetables, pulses and fruit for export to local and international markets. High agricultural yields from each smallholder farmer are guaranteed because they have been provided with climate-resilient seeds and trained on modern sustainable farming production methods that enhance traditional, natural food production techniques, further optimizing production and reducing risk. The community produces organic fertilizers from bio-degradable food and household wastes, this reduces input costs but also ensures sustainable, healthy, climate-friendly food production. All this has been facilitated through the From Africa to the World program.

This strategy is successful because the African market for sustainably produced food is an active growth sector and Africa has abundant arable land. Demand for sustainable food is driven by increasing awareness of the health and environmental hazards, and diseases associated with industrial food production, including cancer risks associated with incorrect use of chemical pesticides and fertilisers. Local and global markets for the natural food products from Esigodini are certain. Connected to the world by existing infrastructure and global communication technologies these small-scale commercial hubs attract new residents from nearby cities; and the communities continue to develop and improve infrastructure. The communities are powered by green electricity and developed on principles of low waste, water-efficiency and resilience. The outcomes are better health, sustainable agriculture, reduced migration to cities and revived and powerful agro-based economies.

INTRODUCTION



This is a vision for rural Africa by 2030. Over the past five years Goldstone & Co have extensively investigated how to achieve this Vision and researched the best turnaround strategies to develop rural communal land in Africa into thriving commercial hubs.

One of Africa's greatest potential resources is the agricultural industrialization of rural economies. Goldstone & Co, have observed firsthand that education, employment and food security are the key drivers for the development of African economies. Research has also shown that increasing the yield productivity of smallholder farmers across the continent will be the cornerstone of future economic growth and sustainable development .

After years sponsoring hundreds of rural learners in Zimbabwe, we have realized that this opportunity can be harnessed and lives can change by broadening the scope of programmes that sponsor access to education for young people, to inspire a shift in mindsets and enable rural commercial enterprise development.

It's a common fact that the population growth in Africa (and the world for that matter) is growing faster than economies can provide jobs. Africa also faces the very real threat of the further stunting of economic GDP through expensive food imports, a result of not commercializing smallholder subsistence farmers.

From Africa to the World.

A CONTINENT FULL OF POTENTIAL



Africa is rich in people, land, agricultural potential, and minerals. It also has never-ending beautiful blue skies, full of sunshine. Solar power is one of Africa's greatest but under-exploited assets. Abundant sunlight is vital for vegetables and other crops to grow. It can also be used to sun-dry vegetables and fruits and generate electricity. Access to water can be optimized where electricity is made available to power pumps and water-efficient farming. And, there is an abundance of tacit knowledge and technical expertise about modern, climate resilient farming methods and seed. These are obvious but critical inputs that could accelerate growth in Africa's agriculture sector.

Investing in enhancing and commercialising food production by smallholder or micro-farmers in Africa could increase yield production by two to three times more than current rates. Currently agriculture generates %23 of the GDP in Sub-Saharan Africa (SSA); this could easily grow rapidly in coming years. Targeted investments in inputs, infrastructure and market development go hand-in-hand with this ambition.

There are multiple markets that African micro-farming (smallholder produced) food products could enter and dominate, provided sustainable farming methods are followed. In Africa demand in local food markets is growing rapidly because of rising urbanisation and the growth of the urban middle-class consumers. There is potential for US 167\$ bn growth in spending in food and beverages between 2015 and 2025, driven by demand from Sub-Saharan African countries.

Globally, demand for food products remains high in line with rapidly growing populations. In particular, demand in the wholefoods, natural foods and organic food markets is growing rapidly. This is driven by increasing awareness of the health and environmental hazards, and diseases associated with industrial food production, including cancer risks associated with incorrect use of chemical pesticides and fertilisers. The organic food market for example, worth US 165\$ bn in 2018, is projected to reach global market share worth US 680\$ bn by 2027 ; with the others likely following similar trends.

The youth of Africa, and by extension the rural women and communities they are connected with, offer massive economic potential through the value of the arable farmland that can be accessed. About %60 of the people in SSA are already smallholder farmers or practice micro-farming. Youth urbanization has had the result of an ageing farming workforce but with the progress of farming methodologies and earnings potential, coupled with the lack of jobs in cities, the young and educated are now poised to harness the potential of a revived agricultural economy.

From Africa to the World.

After years working in partnership with rural communities in Zimbabwe, Goldstone & Co's turnaround strategy is the re-calibration of the mindsets of our youth and communities, in that land and agriculture is a source of sustainable wealth and business potential. A primary proven strategy is the successful partnering with local schools where young people receive formal education, and with communities, where young people learn life skills to navigate the challenges of a globalized world.

The Africa Grain and Seed Association (AGS) partnered with us at Goldstone & Co (and our partners) to develop the From Africa to the World impact investment initiative. This program is a uniquely African approach to achieving our turnaround strategy and enhancing rural land-based commercial enterprise development and investment. We aim to make a real difference in one of Africa's most vital sectors by leveraging the power of the youth and women.

AGS have developed a heuristic model that captures our theory of change for shifting mindsets and turning around agriculture and development in Africa:

youth/(X(community))+Land × 2^2=Profit

A holistic approach is needed to solve this complex problem which should simultaneously address the issues of economic growth and productivity, raising incomes, food security, education and developing entrepreneurial skills in the youth.

THROUGH THIS PROGRAM WE INTEND TO:

Shift mindsets and develop a new generation of young, entrepreneurial rural commercial farmers and land-owners.

We will do this through strategic partnerships, training and mentoring activities with local schools, communities and other organisations.

Maximise yield productivity of smallholder farmers through the use of appropriate modern, sustainable farming tools and techniques.

These include climate-resilient seeds, the correct application of environmentally-friendly fertilisers and pesticides and state-of-the art micro-farming practices.

Develop and commercialise rural micro-farming value chains through buy-back agreements, beneficiation through agro-processing factories and export to local and international markets.

The objective of the buy-back agreement is not just a guaranteed offtake but this also acts as leverage as the “guarantee” allows the farmers to access extra capital through banks and micro loans which enables them to expand their crops on offer beyond what AGS offers. Implicit in this objective are investments in supporting infrastructure including enhancing access to water, off-grid electricity and food processing plants. Food production will meet the highest standards of safety and hygiene.

Establish investment-friendly trade structures and environments within rural hubs in Africa to facilitate local and international investment in multiple resource-based sectors.

Agriculture is the entry point but we see great potential for investment in a diverse array of other land-based enterprises including infrastructure development, mining and tourism that can be developed in line with local community priorities.



**From Africa
to the World.**





BUSINESS MODEL

The business model is elegant and effective in its simplicity. It is a practical vehicle through which private sector companies can enter and grow in Africa's agricultural and resource-based markets.

It consists of two interlinked initiatives. A social investment impact initiative through partnership with schools and communities that provides access to land, structure for community entry and guarantees community buy-in. Partnering with schools also enables us to leverage existing infrastructure including boreholes, buildings and in some cases electricity and youth engagement through the schools. In some cases where schools may not be the most effective partners, we will engage with other formal community based organisations such as churches, local agricultural or farmers' associations, women's income generating groups and others. Key is that they have access to basic infrastructure (including land) and strong community ties.

The second and most critical is a commercial enterprise that leverages community trust and buy-in generated through the social impact initiative. The commercial enterprise is structured as a joint venture with each community. It will be set up through a Trust with AGS holding %40 of the Trust's business interests and the community holding %60. An example of the Trust's business interests could include but not be limited to oversight of the community food processing and beneficiation plants and revenues generated. The Trust is independently managed by a board of trustees and audited by EY, one of the largest auditing firms in South Africa, to ensure total transparency of flow of funds and the implementation of efficient accounting and financial management systems

The community profits are reinvested into infrastructure development for the schools and community, depending on the priorities identified by the communities themselves, including paying school fees for learners, necessary infrastructure and other small scale investments.

In this way, we will circumvent the hurdles that have traditionally limited the commercialization of the agricultural sector in Africa, particularly with smallholder or micro-farmers. Namely, lack of community buy-in, infrastructure, access to competitive formal markets, production and business skills, funding and financial support to re-invest in their farming activities, and compliance with food safety regulations and legislation.

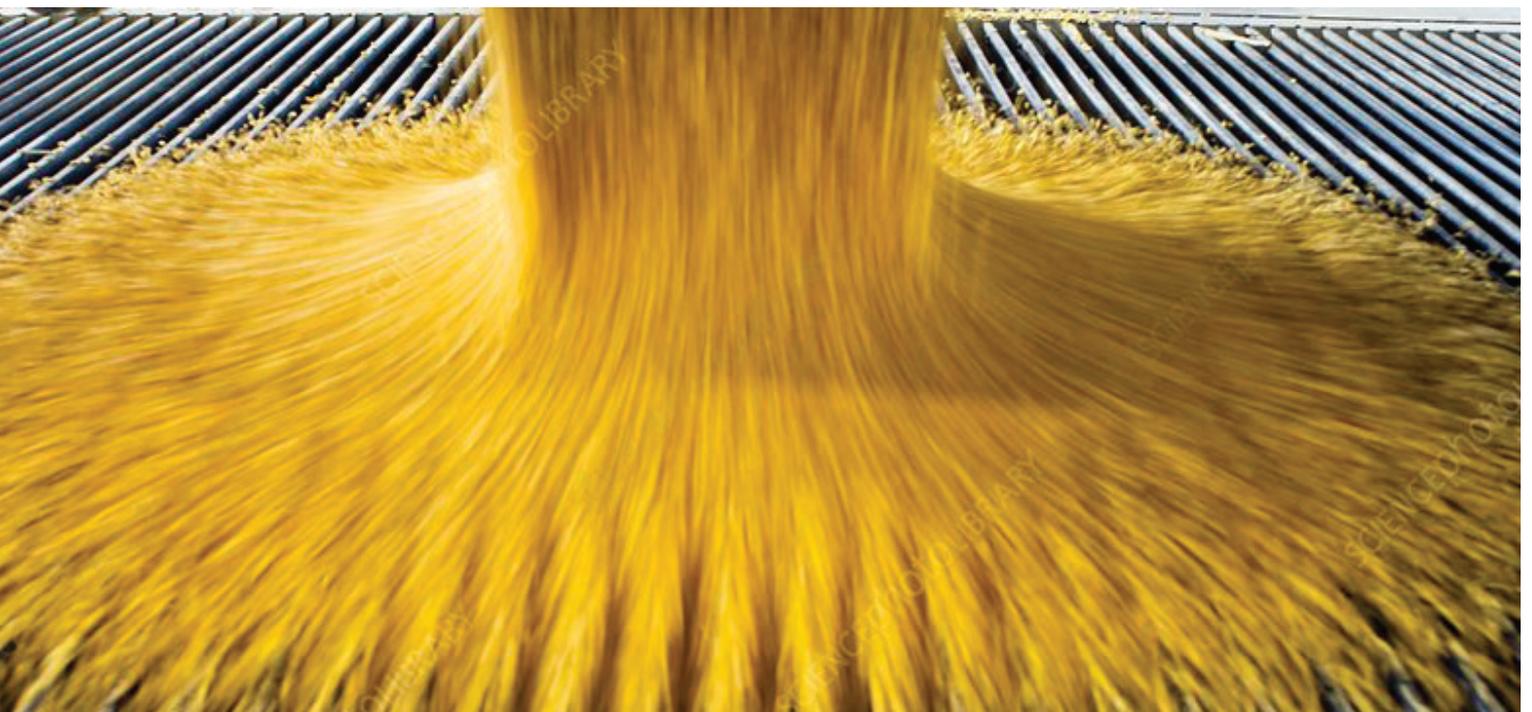
This approach is designed to enable easy community entry for any private sector companies partnering with us and a social licence to operate, it generates community trust and buy-in (goodwill) while also implicitly creating and growing a membership base for AGS since all participants must become members of the association.

HORIZONTAL INTEGRATION INVESTMENT

Historically, small scale farming and artisanal mining have been seen as binary income streams within rural communities. Part of the business model includes that profits generated from AGS agro-business programs are re-invested into other opportunistic revenue generating projects, one of them being the formalization of artisanal mining to commercial mining using the same model. By partnering with international mining houses by way of formal offtake agreements, the model allows this surplus cash as well as farmers disposable income, to be invested in formal community mining profits as proved successful already in countries like South Africa. Royal Bafokeng has done this with mining in South Africa. To fully potentialize a community mining concerns in and around these communities we need equally to integrate with schools, communities, and other community organisations such as churches

ACHIEVING VISION 2030

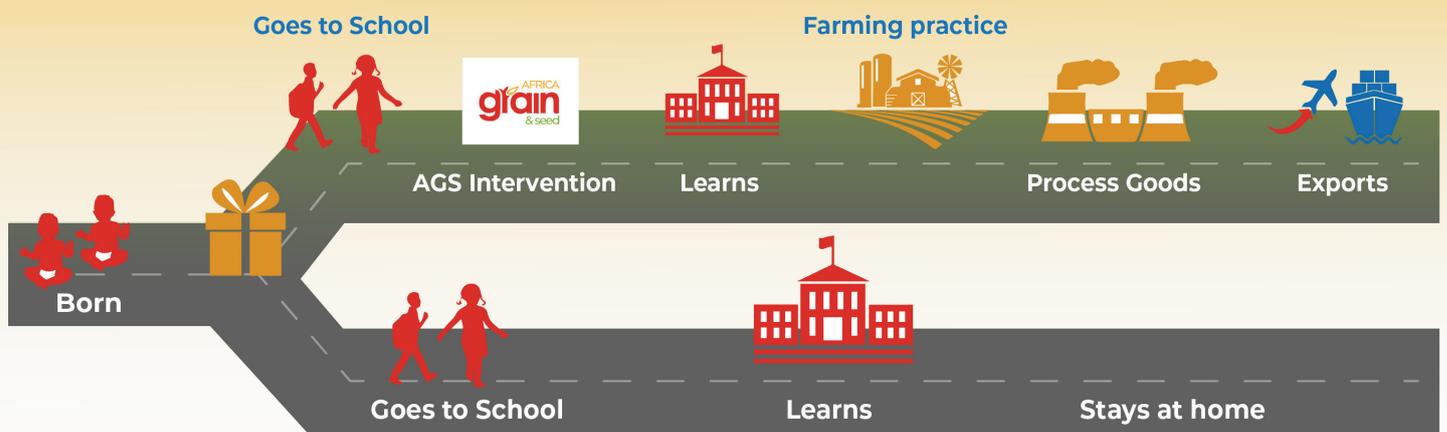
In summary, we would ultimately be aiming to broaden the scope as a growth trajectory from agriculture to mining and eventually tourism. All these resources remain woefully untapped. Our approach is based on sound commercial principles and responsible business practices. In doing so we will unlock the untapped value in Africa's agriculture sector and land and a prosperous future for all.



CHILD FUTURE PATH



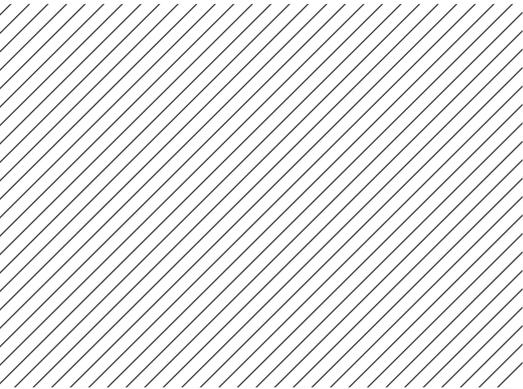
Thandi & Themba's Future?



OUR VISION: THE YEAR IS 2030

THE YEAR IS 2030

Meet Themba and Thandi. Themba and Thandi have just completed high school and are hopeful for the future. Like their friends and family they have lived their whole lives in Esigodini in Matabeleland, Zimbabwe but see no reason to move to the nearby City of Bulawayo to look for jobs. Esigodini, once a poor rural growth point in Matabeleland is now a thriving, prosperous commercial hub. Themba and Thandi have everything they need right there. They know that the land is the source of their wealth now and in the future. They have been part of the From Africa to the World program through their schools since the age of 14. They have received seed and vegetable packs, training and mentoring from world class specialists. At the age of 18 they have already invested in commercial farms as successful entrepreneurs. On their small farms, their families grow grain, vegetables and pulses. They use climate-resilient, sustainable farming methods and have access to agronomists to advise and update them on modern farming methodologies and inputs. As a community they produce organic fertilizers from their household biodegradable wastes and they make sure their land is not polluted and continues to yield large quantities of high quality food. They sell the surplus produce to the community-run sundried and organic food manufacturing plant. The sundried and organic products they manufacture line the shelves of local stores but most of it is exported to countries around the World. Esigodini has become world famous for these products and more stores, markets, depots and factories have opened in the village. Everything is powered by solar energy and battery storage. Esigodini is connected to the world through improved infrastructure and access to global communication technologies. Companies are setting up new offices in Esigodini as more people are leaving the cities as a result of thriving agricultural economies. Themba, Thandi and their friends are also developing new industries, including small scale mining ventures – another of the regions rich resources. Some have even trained and set up businesses to maintain and adapt the green technologies used to generate electricity, in the factories and plants for use in other communal areas across Africa. The future is bright for Themba, Thandi and their community as Esigodini will continue to grow and develop.





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AGS

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