



**IMPACT
CAPITAL
AFRICA**

Investments
Advisory
Consulting



THE REGENERATIVE AGRICULTURE AND COMMUNITY PORTFOLIO

PREPARED BY

Impact Capital Africa

IN PARTNERSHIP WITH

Environmental Sustainability Agency



ENVIRONMENTAL
SUSTAINABILITY AGENCY

THE OPPORTUNITY

A Regenerative Agriculture and Community portfolio

This impact investment portfolio will potentially **restore 22,600 hectares of land** by implementing improved and sustainable land management practices to increase the carrying capacity and profitability of communal land within three designated areas of South Africa. There are four different agricultural related asset classes included in the portfolio, which mitigate investment risks and have a blended revenue stream that generates approximately a **15% return on investment**.



Total projected financials and social impacts



Total investment
US\$ 28 million



Jobs created
1 482



ROI (Year 5)*
15%



SMMs developed
135



Revenue (Y1 - Y5)
US\$ 55 million



People trained
4 840

**From year 6, the ROI increases to 38% as the fruit trees mature and generate a greater yield, further increasing from year 7 onwards.*

Portfolio Goals

This portfolio aims to implement regenerative farming techniques that are climate resilient and more profitable, thus restoring biodiversity, improving the livelihoods of local communities and contributing to reducing inequality in rural South Africa, whilst also generating market related returns for investors.

Potential Draft

+Impact SDG Investment Grade

AA Core

+Impact SDG Investment



This represents the potential forecast performance rating against the SDGs that are core to the portfolio. The investment grade provides an investor with a quick reference to the potential contribution of an investment to solving the project specific and relevant SDGs as well as its performance against the *UNEP FI's positive impact principles*.

A Comprehensive

+Impact SDG Investment



This represents the potential impact of the full portfolio towards all the SDGs, using a weighted average of the investment's performance against the *UNEP FI's positive impact principles*, allowing investors to make informed and comparable investment decisions.

The four agri asset types included:

1. Wildlife Farming and the Biodiversity Economy

Creating a new rural economic driver in the growing and sustainable venison supply chain.

2. Climate Smart Ecofarms

Farming units and methods based on conservation agriculture that improves efficiency and profitability with science based climate smart technologies.

3. Regenerative Community Cattle Farming

Utilising the available wildlife land and community cattle grazing areas to undertake sustainable pasture management and livestock farming.

4. Community Fruit Farms

Blueberry and Pomegranate farms as the first fruit farms on community land which will drive inclusive development.

See overleaf for details on each of the above assets.

Community partners involved:

Baphiring Traditional Authority and HRM Mabalane

The Baphiring Traditional Authority and the HRM Mabalane own a 3,000 hectare game farm and 1,200 hectares of undeveloped land respectively in the North West Province, which has been committed to wildlife and community cattle farming. They have already secured a grant of USD 649 702 from the Department of Environmental Affairs (DEA) Environmental Protection and Infrastructure Programme (EPIP) to establish fencing and road maintenance, while also upgrading other tourism infrastructure already on the land.

Barolong Bo Modiboa CPA

The Barolong Bo Modiboa community owns a 1,100 hectare game reserve with basic lodge infrastructure and 8,000 hectares of the Highveld Nature Reserve in the North West Province, upon which the wildlife and agriculture businesses will be established. The vision of this community is to shift ownership and economic participation to the marginalised black landowners of the area to drive local economic growth, food security and job creation in the Dr Kenneth Kaunda District Municipality.

The Mayibuye Community Trust

The KwaXimba community 100% own a 4,680 hectare game reserve in KwaZulu Natal Province, upon which the Mayibuye businesses will be established. They have received a R10m grant from the DEA EPIP for fencing of the game reserve, road rehabilitation and alien clearing and furthermore they, the local Ximba people, were awarded a land restitution claim in terms of a settlement agreement in April 2007. The land was restored to the Mayibuye Community Trust, an *inter vivos* trust, the beneficiaries of which are the land claimants.

Asset 1: Wildlife Farming and the Biodiversity Economy



The wildlife farming industry forms a key part of the South African biodiversity economy and represents a significant opportunity to enable rapid economic transformation, which contributes to land reform, food security, job creation and rural development (DEA National Biodiversity Strategy, 2014). This agri-wildlife economy thus relies on the development of community-owned land pockets, the establishment of sustainable food production business networks and securement of the value chain enterprises that meets the local and international demand.

The aim of the 'Wildlife Farming an Biodiversity Economy' asset is to develop local agricultural and wildlife based economies that builds sustainable livelihoods for landowners and forms part of the greater national initiative to develop sustainable and responsible food production systems in partnership with local communities.

The primary activities will therefore include

- Off-take of select wildlife (i.e. plains game) for the venison market (via harvesting and hunting)
- Live sale of wildlife for restocking of game farms or nature reserves.

Projected financials and impacts



Total investment

US\$ 18 million



Return on investment

5%



Revenue (Y1 - Y5)

US\$ 7 million



Community land ownership

100%



Jobs created

722



SMMEs developed

71



People trained

2 120



Land restored

16 780ha

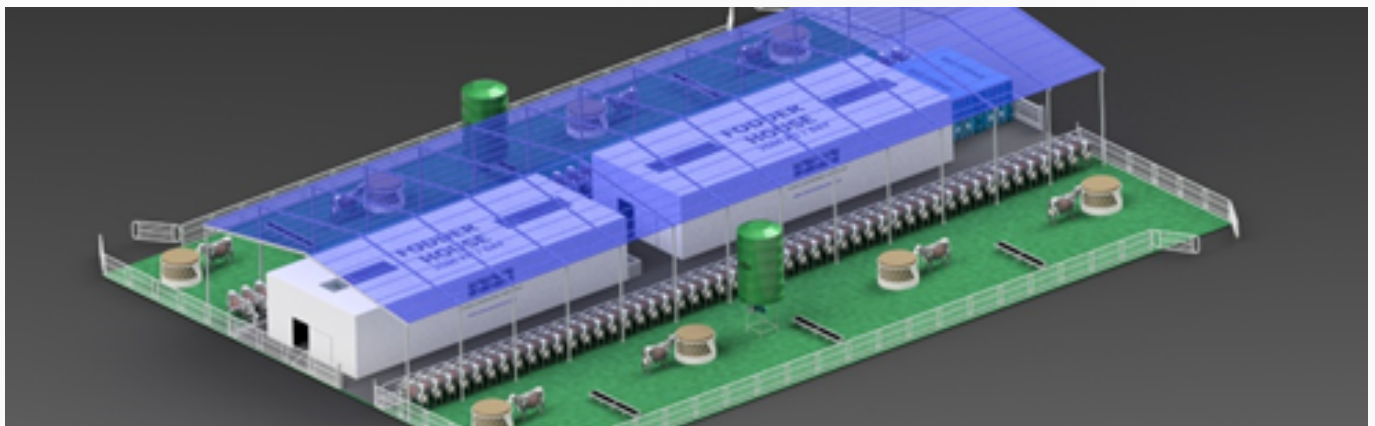
Asset 2: Climate Smart Eco-Farms

Climate Smart Ecofarms are uniquely economically viable and efficient intense food production units. These units use 90% less water and 95% less space through hydroponic and other technologies, delivering the potential for germination and production all year round of fodder, eggs, milk and livestock. The Ecofarm thus aims to provide technical solutions for farmers to improve animal health, agricultural efficiency and overall profitability, whilst ultimately improving food security and showcasing innovative farming techniques to attract young emerging farmers.

A key activity of an Ecofarm is the production of fresh barley grass feed for the livestock, which is significantly higher in protein (18-22% protein) compared to typical grazing pastures (9%). Barley seed is also very efficient as it produces 7kg of feed from 1kg of seed and, in addition, 1m² of space within an Ecofarm can produce the equivalent of 80,000 m² of conventional barley grass farming.

An Ecofarm can be setup and operational within five months, which includes the following:

- Production of 1,500 kg of barley fodder per day
- The processing of 500 L of organic milk per day
- The production of 2,000 eggs per day
- Hydroponic tunnels to produce specialty
- High production rate of livestock (4:1) as a result of the high nutrition feed.



Projected financials and impacts



Total investment

US\$ 3.5 million



Return on investment

33%



Revenue (Y1 - Y5)

US\$ 24 million



Community land ownership

100%



Jobs created

330



SMMEs developed

24



People trained

1 500



Land restored

30ha

Asset 3: Regenerative Communal Cattle Farming

Regenerative agriculture aims to utilise limited natural resources by creating sustainable long-term agricultural ecosystems that protect soil health, water quality and carbon sequestration capacity. The large majority (80%) of cattle are farmed in cramped feedlots rather than open grazing fields, which is a significant contributor to increased greenhouse gasses and climate change. Therefore, by placing livestock in more natural grazing environments, regenerative and responsible grazing practices can allow the cattle to assist in soil restoration, thus improving resource use and food production efficiency.

This project, through private-community joint ventures, will make use of communal grazing land to implement these regenerative grazing techniques. The co-establishment of an Ecofarm (Asset 2) will supplement the livestock diets with high levels of protein, thus avoiding unsustainable feedlot practices.

The primary activities involved in this project will be:

- Incubation and support of local community enterprises for cattle livestock.
- Cattle production will be done using indigenous-cross cattle breeds that have been proven to be disease resistant and adapted to South African grazing pastures.



Projected financials and impacts



Total investment

US\$ 3.4 million



Return on investment

10%



Revenue (Y1 - Y5)

US\$ 19 million



Community land ownership

100%



Jobs created

330



SMMEs developed

30



People trained

720



Land restored

5 700 ha

Asset 4: Community Fruit Farms

The Community Fruit Farm project supports the development of the first fruit farms in the proposed communities. These farms will allow for improved economic inclusion into the profitable fruit production agri-sector and will be embedded into the value chain through investments into infrastructure, equipment, staff, skills development and land restoration, as well as establishing off-take agreements. The proposed community fruit farms are suited for blueberry and pomegranate production, which are predominantly exported and highly profitable. The blueberry industry in particular is one of the fastest growing horticultural industries in South Africa, both in terms of hectares planted and gross value of production. Both fruits require intensive labour and therefore have an employment rate of approximately 2.6 people per hectare; which drives job creation and economic stimulation for the communal landowners. With an export growth rate of 51% in recent years, these community fruit farms are ripe for the picking.

The primary activities include:

- Blueberry farms: an initial 10 ha under shade/hail netting in year one; followed by an additional 10 ha in year two. Conservatively by year 6, the blueberry farms can be expected to generate 6kg of blueberries per plant.
- Pomegranate farms: an initial 3 ha under shade/hail netting in year one; followed by an additional 3 ha per year for 3 years, amounting to 12 hectares. Conservatively by year 6, the pomegranate farms can be expected to generate 45kg of fruit per plant.



Projected financials and impacts



Total investment

US\$ 3.5 million



Return on investment

12%



Revenue (Y1 - Y5)

US\$ 5 million



Community land ownership

100%



Jobs created

100



SMMEs developed

10



People trained

500



Land restored

100 ha

ABOUT

Impact Capital Africa (ICA)

OUR PURPOSE: To catalyze profitable impact investments that deliver measurable returns on socio-economic and natural capital.



IMPACT INNOVATION

ICA has innovated a SDG +Impact Investment grading tool that is a global first. It is built off globally accepted and accredited ESIA methodology and measures an investment or company using the UNEP FI positive impact finance principles and linked SDG targets and indicators. It allows for objective, robust and quantitative analysis of investments or companies, enabling annual impact performance evaluations and the return on investment.

IN PARTNERSHIP WITH



ENVIRONMENTAL
SUSTAINABILITY AGENCY

ESA work with land-owning communities to develop agri-wildlife economies, so that people and nature can thrive. Their approach is based on social, environmental and economic sustainability. This means they focus on optimising job creation, growing SMMEs, and increasing the value of the community's asset base. ESA achieves this by partnering with people through a recognised structure like a CPA or Trust to actively develop a sustainable local economy.

 icapafrika.com

 brett@icapafrika.com

 +27 82 548 4954

OUR MISSION

Redefining sustainable impact investments and their returns through mitigating risk with robust impact analysis of underlying assets.

OUR VISION

ICA seeks to balance the financial returns of investments and equities with positive impacts and returns on social and natural capital.

WHAT WE DO

- Impact finance brokering and advisory
- Impact due diligence and reporting
- Impact investment and private equity

B-BBEE - Level 2

Impact Capital Africa is 51% black female owned and Level 2 B-BBEE contributor.

ABOUT ENVIRONMENTAL SUSTAINABILITY AGENCY (ESA)

ESA MISSION

Place people at the centre of conservation solutions, through restoring ecosystems and ecological infrastructure on community-owned land, and establishing circular, inclusive biodiversity-based, diversified, climate smart livelihoods on the land.

 www.esawild.co.za

 clive@esawild.co.za

 +27 82 850 0079