

BITOU AGROFORESTRY AND NATURAL PRODUCTS PROJECT

Business development & sustainability planning



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1. Introduction

- Bitou Agroforestry and Natural Products Project was established within the Kranshoek and Harkerville communities in April 2015, by the **Western Cape Sub-Directorate: Biodiversity** together with the **Bitou Municipality**, a **local NPO (The Green Ticket)**, and **local communities**.
- Intersection between ecological restoration, food security, and high-value natural medicine development with job creation and opportunities for women and youth. Capacity to provide commercial assets to two impoverished communities, enabling them to engage in bio-trade and bioprospecting while developing a sustainable local economy that generates ongoing revenue and jobs.
- Immediate and short-term revenue to communities, with potential to generate ongoing upliftment opportunities, in systemic and sustainable manner.
- Following an infrastructure development phase, the Kranshoek and Harkerville sites are ready to progress into the **next phase of maturity**, from small-scale community initiative into **scalable, commercially viable and sustainable business**. This phase will focus on:



- Business development
- Agro-processing
- Training
- Scalability



2. Business Case

SCELETIUM



- High demand for natural medicinal properties.
- Decreases anxiety, stress and tension.
- Sold in capsule / tablet form, in teabags and as concentrated extract spray.
- Available in health shops and selected pharmacies across South Africa and European/US markets.
- Large number of producers already in South Africa such as, HG&H Pharmaceuticals, Brunel Laboratoria and Verve Dynamics.

HONEYBUSH



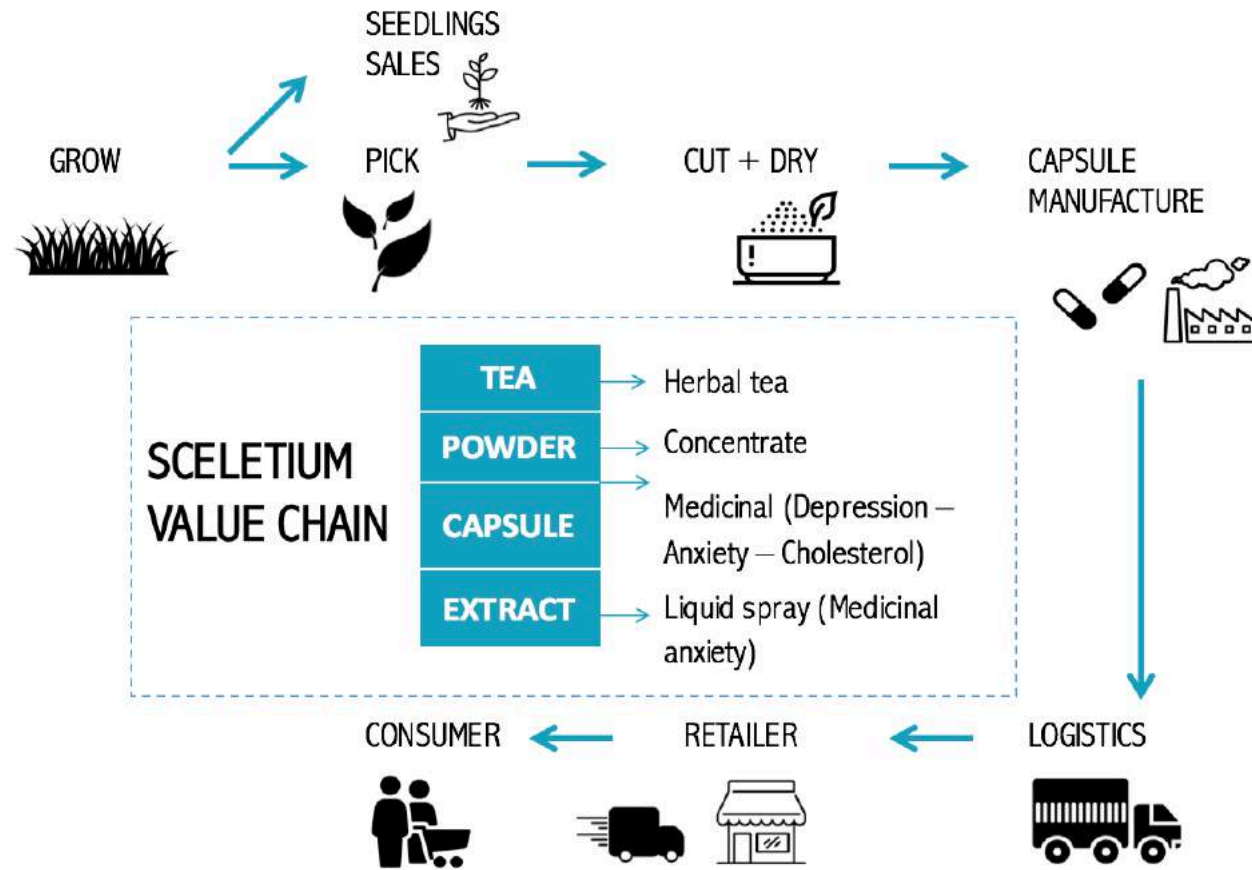
- Consumed as herbal teas and for medicinal purposes.
- Powerful antioxidants prevent and slow down cancer. Protects postmenopausal women from cardiovascular disease and osteoporosis.
- Sold widely as tea (loose tea, teabags) and infusions.
- 200 Tonnes Honeybush produced annually, with demand exceeding supply.
- 150 tonnes exported to Europe, 50 tonnes distributed locally.

VEGETABLES



- Local, organically grown produce accessible to communities.
- Existing demand at spaza shops, servicing community, restaurants with focus on local, simple supply chains.
- Locally grown vegetables can play a significant role in food security.
- Access to vegetables via soup kitchens and school creches. Community gardens make fresh produce available to those who work in them.

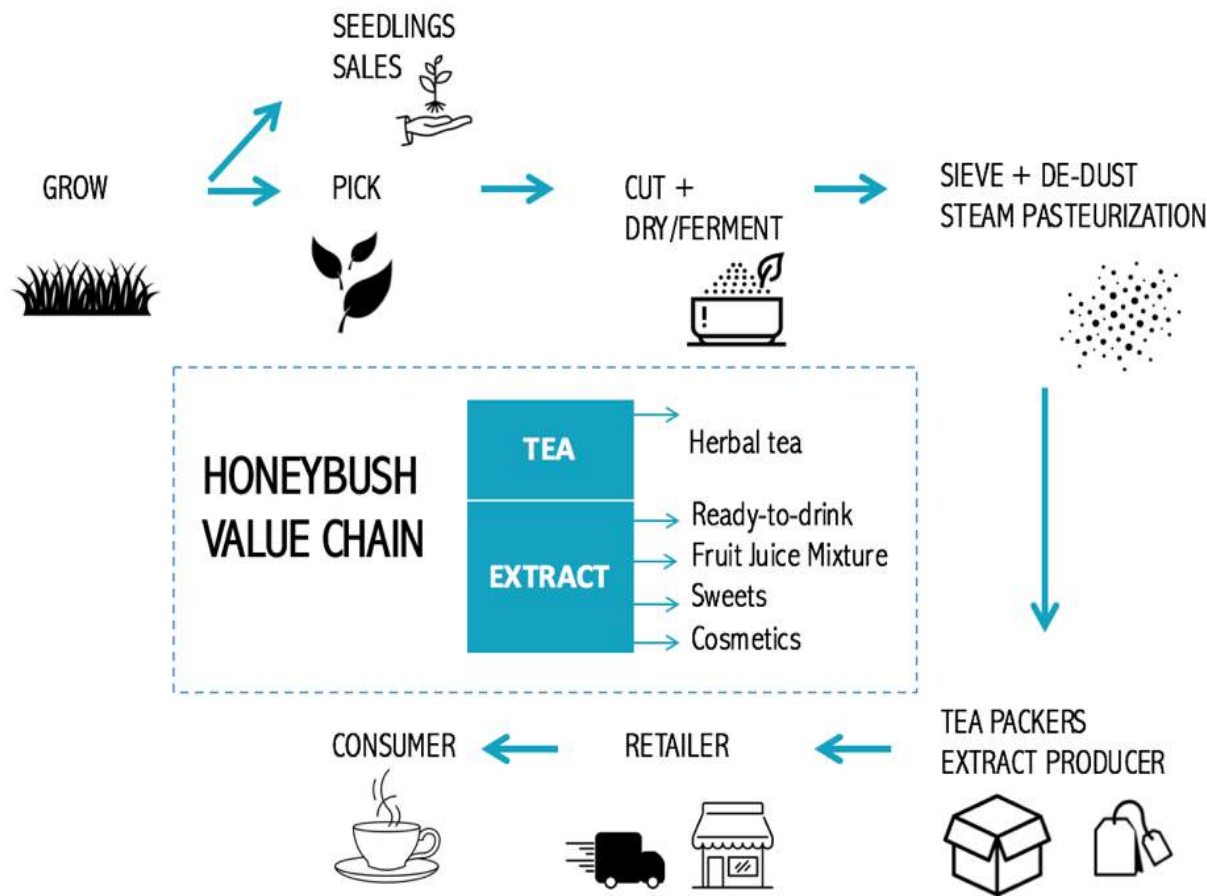
3. Business Opportunity: SCELETIUM HIGH VALUE CROP



- Sceletium can be sold as seedlings, freshly harvested or dried raw material.
- Sceletium can be agroprocessed into several forms including capsules and tea, as final product.
- In-house processing could be developed with purchase of basic equipment such as grinders.
- Opportunities already exist in South Africa with foreign market requirements open for exploration.



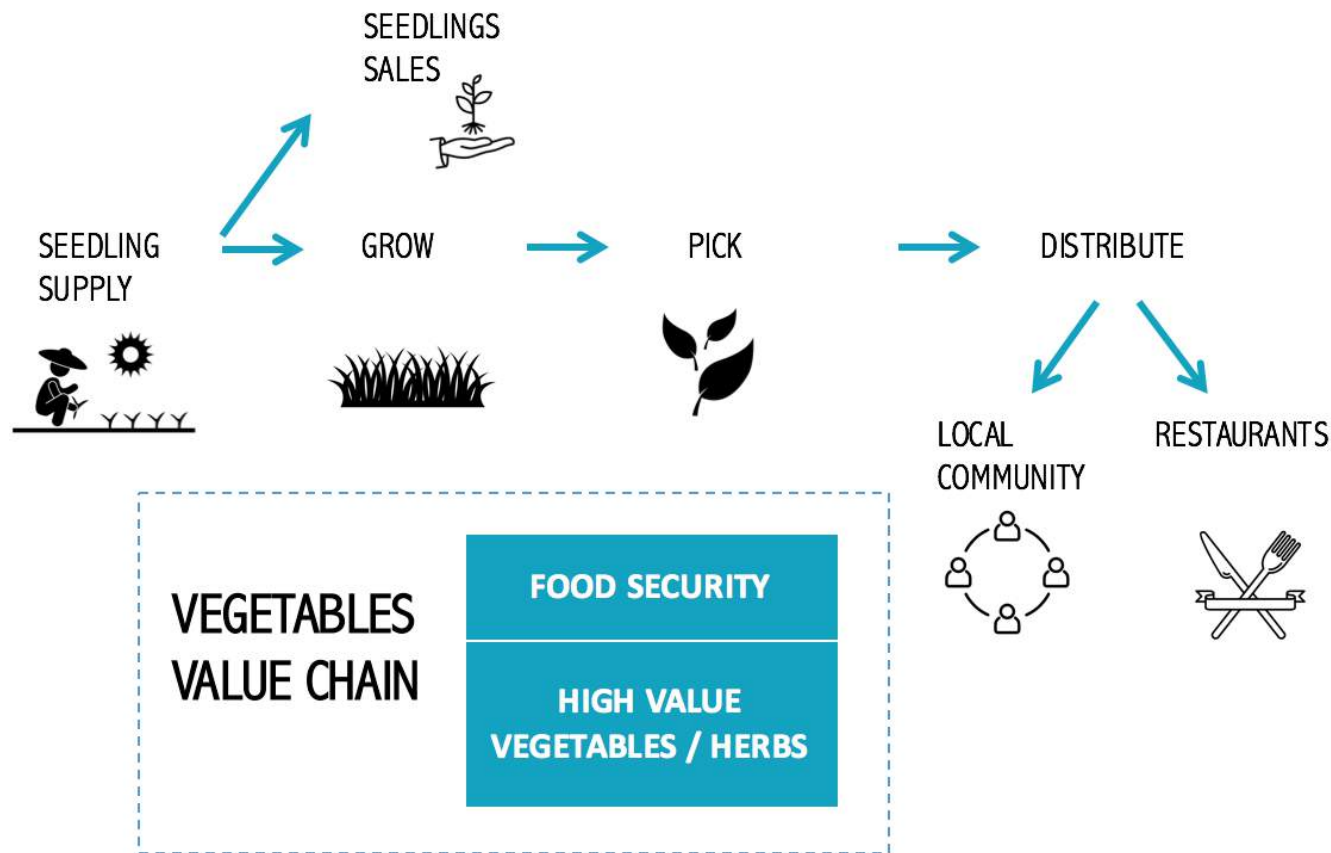
3. Business Opportunity: HONEYBUSH HIGH VALUE CROP



- Honeybush can be sold as seedlings, freshly harvested and dried material.
- Potential clients exist for the raw material, processed material and final product.
- Agroprocessing currently outsourced at Kranshoek to make loose tea or tea bags.
- Markets in South African show strong demand with a significant following in Europe already.



3. Business Opportunity: **VEGETABLE CASH CROP**



- Source of regular cash flow to cover basic overhead costs while growing and maintaining high value Honeybush and Sceletium crops.
- Clients such as spaza shops and local restaurants provide steady income.
- Leftover vegetables could be processed into value-added products such as jam or pickles.
- Vegetables seedlings are an additional income source with sales and distribution to local nurseries.



3. Additional Business Development Opportunities



ECO-TOURISM:

- Garden Route Biosphere Reserve planned in Bitou municipality. Opportunity to explore eco-tourism in the area.
- Sites represent opportunity to demonstrate working community-led initiative. Offers visitors first-hand experience on growing and developing natural products and chance to engage with products.
- Potential benefits of eco-tourism activity:
 - Conservation: Protects natural areas and conserves the environment.
 - Communities: Improves welfare and empowers local community.
 - Sustainable travel: Provides visitors unique and low impact experience.



RENEWABLE ENERGY AND ENERGY EFFICIENCY:

- Opportunity to implement innovative, renewable energy efficient practices at early stages of respective sites.
- Sustainable, clean-energy strategy could assist in access to funding, including visibility and recognition for earth-friendly principals.
- GIZ Powering Agriculture Project, implemented by Phytotrade Africa, undertaking research and feasibility into introduction of renewable energy and energy efficiency in Southern African biotrade and natural product value chains.
- Sites have applied to be part of GIZ project application

3. Additional Business Development Opportunities

ORGANIC CERTIFICATION:



- All products produced on project sites grown organically and using sustainable farming practices.
- To date, Kranshoek has received requests to gain Organic Certification for Honeybush and quite recently, for Sceletium as well.
- Certification invaluable marketing tool – could an enterprise development investor fund certification and maintenance costs on condition investor gains from certified product in their value chain?

MARKETING:



- Visibility for business development is essential.
- Organic and sustainably run operations are extremely valuable selling points that should be leveraged to grow each business.
- Starting point is to leverage organisations like SAHTA (South African Honeybush Tea Association) and Municipality's local economic development (LED) and tourism desk. Increasing visibility through international recognition awards can support foreign business development goals.

CROSS-PROJECT SYNERGIES:



- Room for synergies to be developed between project sites.
- Opportunity to enhance value from trade exchange, lessons learned and marketing perspective.
- Combined forces could allow for greater reliability of supply in the context of a broader industry value chain that is likely to exist in future.

4. Project history

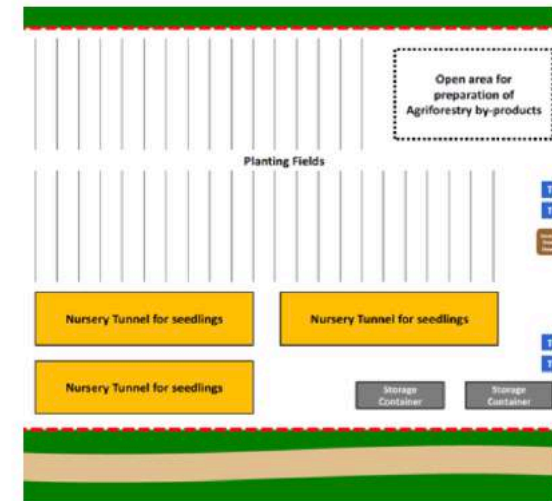
- Bitou Agroforestry and Natural Products Project in collaboration with DEA&DP officially commenced on 13 April 2015 in Harkerville and Kranshoek.
- An initial work program was already underway at Kranshoek site (under alternate management and funding as Ericaville Community Trust). Intention was to further enhance this program. DEA funding applications for next phases of both the Kranshoek and Harkerville project sites were compiled and submitted, with the intention of creating synergies between the two projects.
- Initial Phase 1 Budget and Labour Requirements for each site were as follows:

Total Funding Allowance	R4,300 000.00	Labour requirements*
Materials and equipment	R1,788 759.00	90% must be local
SPWP Wages	R1,568 556.00	55% must be women
Project Management	R645 000.00	60% must be youth (18-35 years)
Transport	R90 000.00	2% Jobs must be reserved for people with disabilities
Training (Non-accredited)	R86 000.00	50% SMME's used must represent enterprises with
Facilitation	R48 000.00	70% equity owned by HDI's.
Marketing	R22 000.00	35% of the project budgets must be spent on wages
COIDA	R15 685.00	
Other (Compulsory medicals)	R36 000.00	

5. Harkerville site: PREPARATION

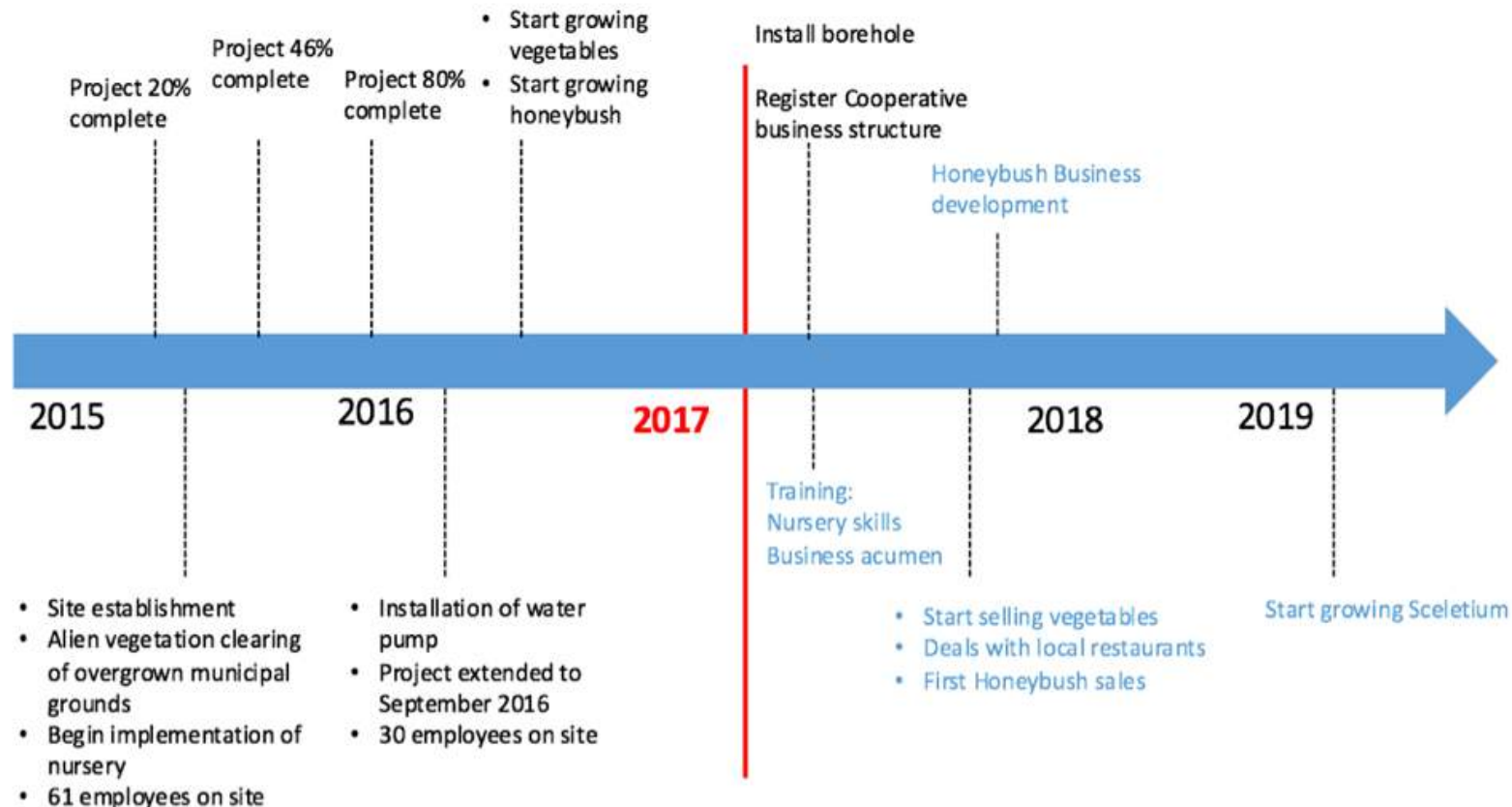
SITE PREPARATION	SUPPORT ACTIVITIES	TRAINING
<ul style="list-style-type: none"> - Basic site clearing - Removal of heavy timber stumps - Removal of selected taller alien trees - Preparation and levelling of the soil for cultivation - Setting up nursery tunnels for temporary housing of seedlings - Temporary perimeter fence to protect planting fields and tunnel - Night and weekend security - Establish seedlings in open fields for continued growth 	<ul style="list-style-type: none"> - The placement of temporary storage containers for the storage of tools, equipment and accessories - Movable, portable toilets - An open area to gather agriforestry by-products such as wood chips - Project signboard - Non-accredited worker training - Administration in accordance with DEA prescripts and labour legislation 	<p>While (non-accredited) health and safety training was completed in the initial project period, the intention has been to evolve project training to encompass:</p> <ul style="list-style-type: none"> - Alien vegetation clearing - Environmental management & Nursery skills

Site location Harkerville project: Represented by red rectangle demarcated on the aerial view map, with diagrammatic site.



5. Harkerville Project Site: PROJECT TIMELINE

The timeline illustrates Harkerville site’s development milestones, from initial project kick-off to potential milestones to be achieved in the near future:



Activities: Completed / Planned

5. Harkerville Project Site: CURRENT SITUATION

- Site cleared of aliens, ground prepared, Honeybush seedlings planted.
- Three Greenhouse tunnels built for vegetables and Honeybush seedlings (for site and as revenue source).
- Localised irrigation with pump installed, with automatic irrigation. Municipality to provide a borehole.
- Project land owned by Sanral. Rented by Municipality to site at no cost.
- Honeybush seedlings funded by EPIP and DEA&DP, supplied by Ericaville Farm. Project considering alternative funds to secure seed and seedling supply.



EMPLOYMENT	COSTS	PRODUCTION VOLUMES
20 People employed	Transport	Honeybush growth is in its early phase, production quantities cannot yet be estimated.
Employment structure planned:	Petty Cash	
2017 = 4	Personal investment (Project Champion)	A small quantity of Spinach is also grown, and provided to local community for food security.
2018 = 10	Labour	
2019 = 15		

5. Harkerville Project Site: **COMMERCIAL ACTIVITY**

- Winter crop seedlings supply agreed with local Police Department. Winter crops to be sold to Police Department.
- Trade Agreement with Ericaville Farm and Kranshoek project site as customers for harvested Honeybush.
- To be formalised once site registered as *Harkerville Agri Forests Projects CO-OP* (process underway).
- Co-Op to donate 10% annual profits to community. Vegetable supply to soup kitchens and crèches.



IMMEDIATE/PRIORITY NEEDS

- Vegetable seeds and seedlings supply
- Transport
- Training and upskilling:
 - Life Skills, Entrepreneurship,
 - Agroprocessing, Horticultural management,
 - Specialised natural products

6. Kranshoek Project Site: **SITE EXTENSION**

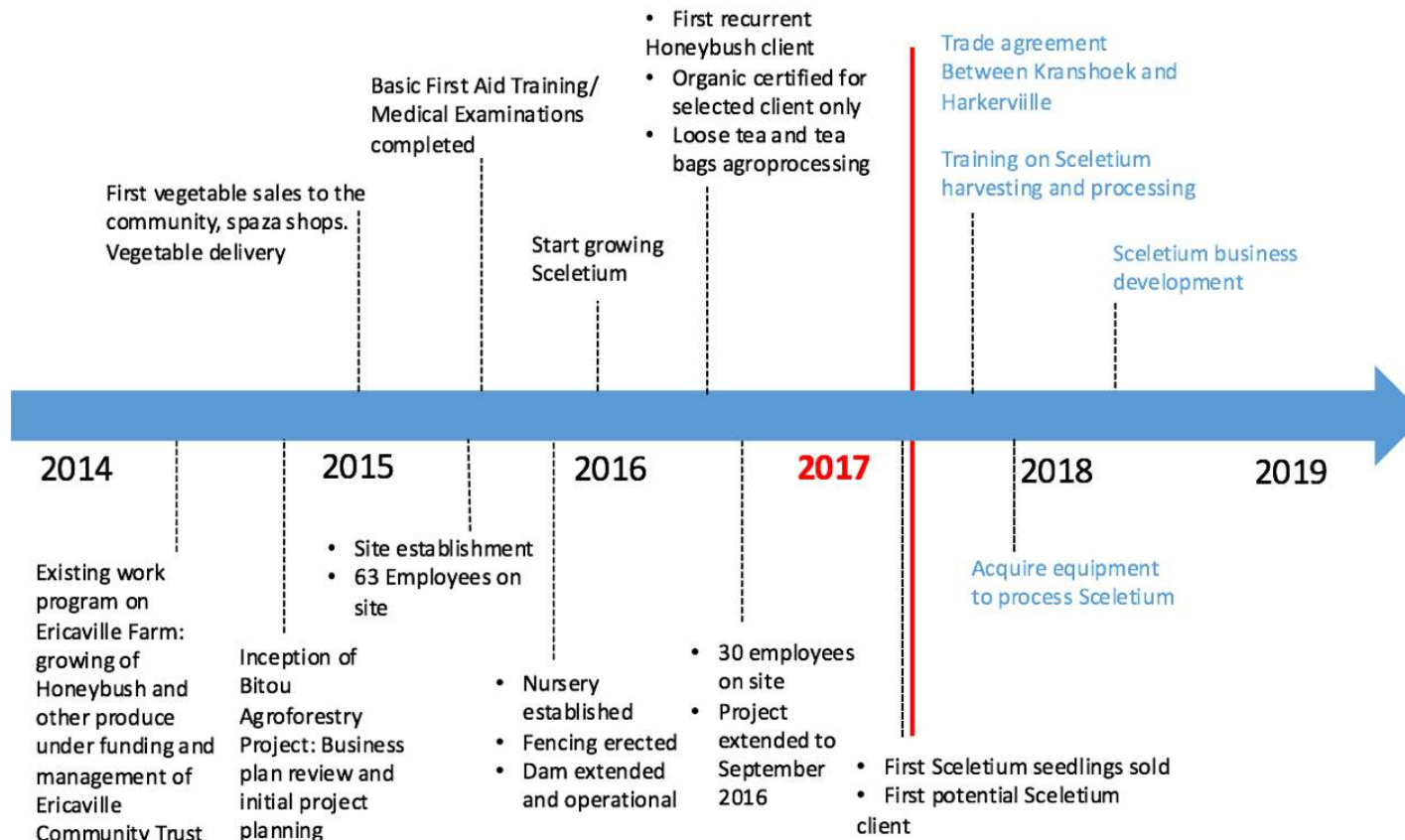
Intended to enhance existing work program at Ericaville Farm. Honeybush and vegetable crops established in prior years. Project established nursery (with a peripheral fence, raised beds and shade cloth structures), extension of the farm dam and the introduction of Sceletium and further vegetable crops.

CLEANING GREENING AND BEAUTIFICATION	NURSERY	FENCING	DAM EXTENSION	PARTITIONING OF TRADE FACILITY
Cleaning Municipal Streets Church Grounds Cemeteries School Perimeters	Over 3000msq 75 Plant beds Shaded netting Prepare Soil Plant seeds and plants	Site Preparation Dig Holes Erect galvanised mesh fencing	Land Surveying Soil and Water Testing Dam excavation Increase Dam volume by 1050 cubic meter	Refurbishment of existing ablution Renovation of existing trading facility



6. Kranshoek Project Site: PROJECT TIMELINE

The timeline illustrates Kranshoek site's development milestones, from initial project kick-off to potential milestones to be achieved in the near future:



Activities: Completed / Planned

6. Kranshoek Project Site: COMMERCIAL ACTIVITY

VEGETABLES:

FUNDING	PRODUCT LINES & VOLUME	COSTS	COMMERCIAL ACTIVITY
Self-funded. Seeds purchased from Hygrotech or local Co-op in George.	3 Tons produced annually: Cabbage, butternut and pumpkins. Seasonal vegetables throughout year. Seedlings: On order (recently processed order for 2000 cabbage seedlings).	Transport: Deliveries made with farm bakkie at cost less than R100 p/month. Labour costs	Spaza shops in the area (Ali Shop, Ons Winkel, Chippa's Shop) Direct supply to community. Monthly revenue: R2348,00.

HONEYBUSH:

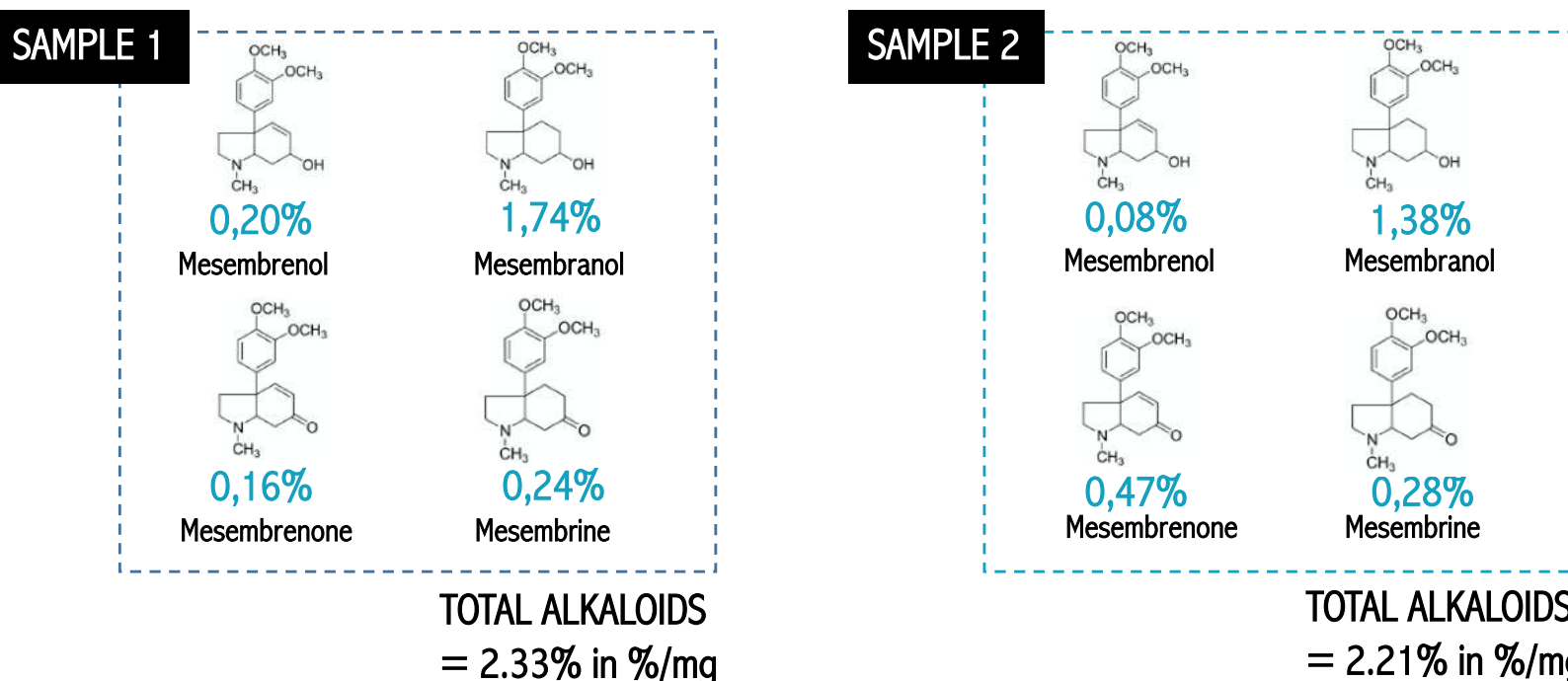
FUNDING	PRODUCT LINES & VOLUME	COSTS	COMMERCIAL ACTIVITY
Funded out of the business at approximately R5,000.00 per year. Seeds are purchased from the Agricultural Research Council.	6-7 Tonnes harvested per annum. Subternata and Genestoides species grown Honeybush leaves: For loose tea or tea bags Honeybush seedlings: For sale to customers on order	Transport: Delivery costs approximately R800/tonne. Seedlings: R5,000 Agroprocessing (outsourced): R15/kg	2016 Seedling sales volume R26 000. January 2017 sales R5,600 (1100kg) Teabags currently sold to retailers (R22 per 20 teabag unit) with their own delivery (cost: R800/ton). Agroprocessing outsourced to Cape Honeybush Tea in Mossel Bay (at R15/kg).

SCELETIUM:

FUNDING	PRODUCT LINES & VOLUME	COSTS	COMMERCIAL ACTIVITY
Seeds initially supplied by Anix consulting Project harvests own seeds and cuttings for further production.	21 Large seedbed boxes at various stages of growth process, with some ready for harvest. - Sceletium raw material - Sceletium seedlings	Labour Transport and agroprocessing costs to be determined.	First Sceletium sale in February 2017 as seedlings. Material ready for harvesting. Expertise needed for harvesting process. Agroprocessing to be investigated

6. Kranshoek Project Site: SCELETIUM QUALITY

- Kranshoek's first Sceletium sale was processed in February 2017 in the form of seedlings.
- Further expertise is however, required to harvest Sceletium and develop localised processing.
- Analysis Sceletium recently carried out by potential customer, Parceval, to determine level and types of alkaloids present. Preliminary results:



Notes:

- Sample 1 is a wet, freshly harvested sample dried and mixed at Parceval laboratory, and Sample 2 is a naturally dried sample.
- The samples are reasonable homogenous despite different drying/processing/blending methods carried out at the laboratory.
- In order to perform these tests, extraction of the samples was made in water and not in acetone or methanol. As a consequence, they are not comparable with other results using different solvents, meaning this is not an absolute result. It does, however, provide an indication of fairly high alkaloid content in the respective samples.

6. Kranshoek Project Site

IMMEDIATE/PRIORITY NEEDS

- Training (Sceletium production and processing)
- Processing facilities (Sceletium)
- Storage facilities and Packaging
- Production up-scaling (vegetables). The scale of production can be increased with limited funding of R12,000.



7. SWOT Analysis

STRENGTHS

Crops grown organically and sustainably
 Strong community support (Community leader, core team).
 Profit sharing model with community: Strong support base and loyal staff
 Workforce made up of marginalized women and youth
 Strong governmental support (Municipality, DEA&DP)
 Part of niche growing market of natural medicinals
 Pre-existing market opportunity given current shortage of Honeybush and Sceletium - demand is outstripping supply

Leverage industry association links e.g. SAHTA, Bitou
 Tourism body and upcoming Garden Route Biosphere
 Project Develop localized agroprocessing
 Link with similar neighboring community initiatives to create stronger positioning
 Empowered to create own jobs rather than wait for opportunities to be created

OPPORTUNITIES

WEAKNESS

Small scale community based business
 Customer requests for costly certification
 Unskilled labour force
 Market and business development knowledge
 No equipment to develop localized agroprocessing opportunity
 Logistics infrastructure e.g. limited transport and storage capacity
 Need to build a brand

Access to funding
 Maturity of organization
 Market perception around community based initiatives
 Access to skills development and training
 Access to markets

THREATS

8. Phase 2: REQUIREMENTS

SUPPLY REQUIREMENTS

Potential clients were contacted to understand what market demands are and what would be needed to address these.

The following is a list of typical issues that would need to be addressed to gain and retain clients in the near future

- Reliability of supply volumes
- High level of documentation needed
- Organic certification
- On site visits / inspection
- High level of access, transparency, documentation
- Logistics and distribution network

FUNDING REQUIREMENTS

The below broad-strokes funding requirements have been identified as necessary for each of the project sites, in order to progress them from a community initiative to viable business operations:

Funding Required (per site)	R820,000.00
Business Development	R55,000.00
Entrepreneurial and Life Skills Training	R200,000.00
Cultivation and Harvesting	R20,000.00
Developing agri-processing	R300,000.00
Developing markets and brokering deals	R170,000.00
Organic Certification	R25,000.00
Marketing strategy and plan	R50,000.00

9. Business Sustainability Plans

Next steps to facilitate progression of Bitou Agroforestry initiative from project into viable business structures, ensuring sustainability of the entities in the long-term:

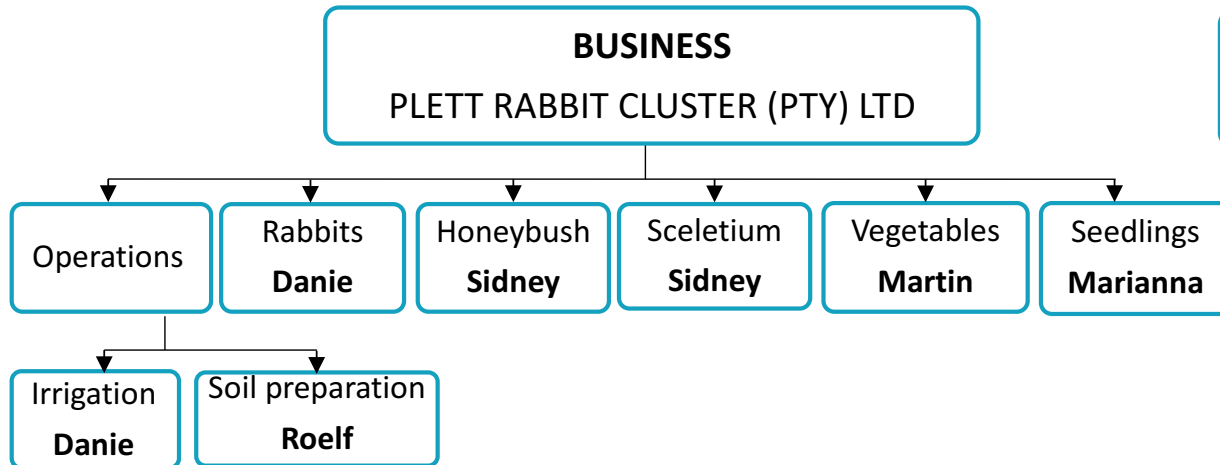
1. Organisational structure: Core business operations team
2. Training & business skill development of core team
3. Collection of key customer requirements and translation of these into organisational setup
4. Strategic product base development
5. Marketing plan and tactics
6. Exit strategy for implementers



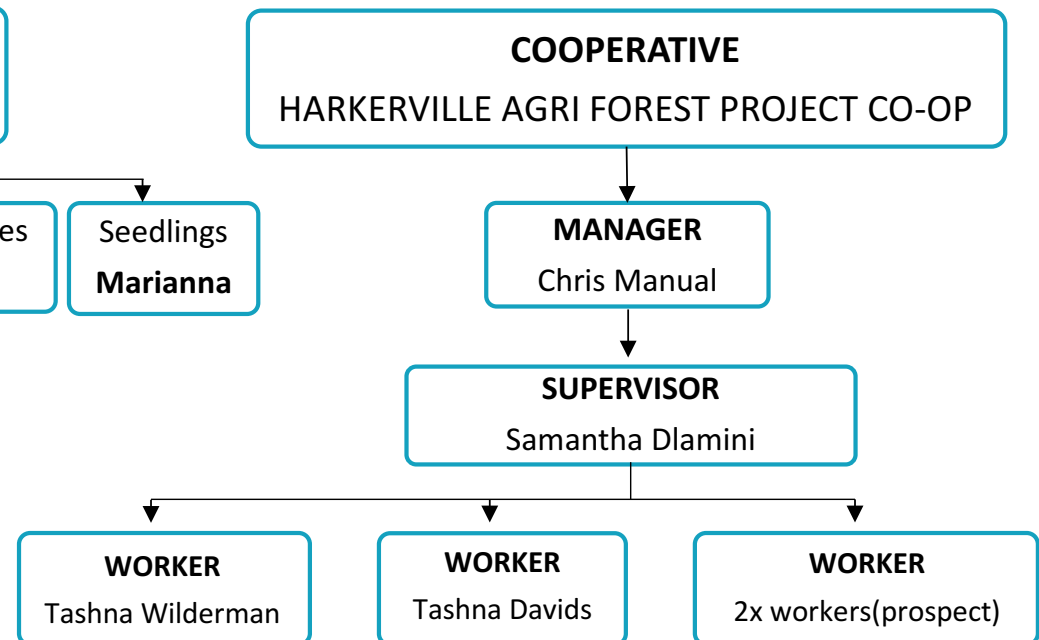
9. Business Sustainability: 1.ORGANISATIONAL STRUCTURE

Structure and simplification to move from project phase into clear business structure. Responsible entity to be established for each site, supporting shift toward ownership. In tandem, Community Trust is recommended as vehicle for community to benefit from commercial activity. Currently, the Kranshoek business operates in tandem with the Ericaville Community Trust. A Community Trust is yet to be established for the Harkerville site.

KRANSHOEK ORGANIGRAM



HARKERVILLE ORGANIGRAM



9. Business Sustainability: 2. TRAINING AND DEVELOPMENT

Analysis was done of current status, development plans and skill level of respective core teams:

Both technical training and business skill development needed to empower teams. As workforce grows and expands, life-skill training needed to support, develop and act as part of upskilling within community.

Basic skill development critical for success. These are listed for each of the project sites respectively below:



KRANSHOEK:

- Training on Sceletium production and processing.
- Training on processing facility, storage and packaging
- Business development skills

HARKERVILLE:

- Training in Life Skills and Entrepreneurship
- Training in Horticultural management and Agroprocessing
- Training in specialised natural products

9. Business Sustainability: 3.CUSTOMER REQUIREMENTS

COLLECTION OF KEY CUSTOMER REQUIREMENTS AND TRANSLATION INTO DEVELOPMENT PLANS

In order to be able to take full advantage of the potential marketing opportunities available via the likes of Bitou Tourism and South African Honeybush Tea Association (SAHTA), the respective businesses will need to reach specific business milestones. These developmental milestones will assist in making the business more marketable in the short, medium and long term:

SHORT TERM	MEDIUM TERM	LONG TERM
Food security agreement between villages. Supply agreements with local restaurants. Cross-selling between communities.	Organic certification ISO standards required	Pharmaceutical & medicinal phase Agro-processing localisation



9. Business Sustainability: 4.STRATEGIC PRODUCT BASE

- As project develops into two viable business entities, potential exists to move businesses in progressive direction along value chain.
- To-date sites limited to raw material growth and sales, however, once customer needs understood for each commodity, opportunity exists to offer additional value-adding steps within the value chain i.e. drying/simple processing of raw material.
- This needs to be undertaken with skills training that make localised value-added processes attainable.
- Opportunity for greater revenue and broader upliftment within the local industry and community sphere. Localising value-adding steps could result in spin-off businesses that specialise in different steps of the value chain.



9. Business Sustainability: 5.MARKETING PLAN AND TACTICS

Essential for growth and success of both businesses developed out of the Bitou Agroforestry Projects. Potential leverage points exist in the following:



Organic

Certification:

This 'stamp' of approval could open up numerous markets, both locally and internationally.



SAHTA:

Involvement with the South African Honeybush Tea Association provides a platform for marketing, networking, industry information and access to expertise.



Online presence:

Public awareness and visibility of the Kranshoek and Harkerville businesses is needed. This can be developed through creation of a strong online presence: website, social media, etc.



Bitou Eco-tourism:

Potential collaborations with Bitou Tourism and the Garden Route Biosphere reserve planned near Plettenberg Bay are invaluable opportunities to showcase these businesses.

9. 5:2017 Application for Recognition Awards

As recognition of the progress that the Kranshoek and Harkerville sites have made as part of the Bitou Agroforestry project, the following awards were applied for in 2017:



GAIA Agtech Innovation Award

GAIA in Africa aims to increase agribusiness investments in technological and business model innovations that benefits African women value chain actors. 2017 GAIA Agtech Innovation Challenge looks for successful pilot projects or enterprises focused on agribusiness innovation that are women-led or have women managers, have a clear for-profit business model with high potential for scale, have some proof of concept on the ground, have conducted pilots and are preferably generating revenues.



Spring Prize Young Projects Award

The Lush Spring Prize Young Projects Award is open to young groups and organisations (1-5 years old) that have a proven track record in social and environmental regeneration, and are seeking more funding to further expand and develop. There are up to three prize winners, with each winner being awarded £25 000.

9. Business Sustainability: 6.EXIT STRATEGY FOR IMPLEMENTERS

In order to ensure that the businesses progress to fully viable entities, independent of grant or seed funding, the following measures are currently being put in place:

The Bitou municipality has established a steering committee that will:

- Hold both sites accountable for agreed goals and deliverables
- Address operational challenges that may hinder business progress
- Committee made up of representatives from Municipality, NGO and respective sites

Mentoring:

- Business mentor, who would in the first phase act in a technical advisory capacity, and could foreseeably be filled by a key strategic partners or client that is involved with the business itself.
- In latter phase, a mentor who would act in a business development capacity. This leadership is critical for the successful development of the sites.

Accountability:

- Formalisation of each respective business organisation, with clear accountability structures and clear revenue sharing agreements in place.

Thank you



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