



## Pitch For Funding

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## Executive Summary

The business project brings together farmers and buyers of Agricultural crops.

Never before have policymakers been faced with the complex conundrum of balancing between saving the lives of thousands of South Africans and the complete devastation of their livelihoods. Yet, here we are still in the lockdown and thousands of people infected with the novel Coronavirus, with grim prospects of an increasing number of infections and fatalities, as well as an economy projected to shrink to the tune of at least 5% in this fiscal year.

All aspects of our lives have been impacted in one way or the other by the Coronavirus scourge. The agrifood ecosystem is no different. It goes without saying that in any pandemic, the provision of food is of paramount importance, right alongside the provision of health care. Governments have made attempts to disrupt the ecosystem as little as possible in their efforts to flatten the curve of infections and manage the Covid-19 pandemic.

### ***South Africa's local food system***

South Africa sits in the fortunate position of having a world-class national food system, thus is largely self-sufficient in terms of food production, and will in all likelihood remain so in this pandemic and beyond. While highly productive, the food system is characterized by high levels of concentration, with 96% of farming units (Census 2011) falling in the SMME category as per the Department of Trade and Industry's definition (agricultural operations with a turnover of R35 million and below). This positions South Africa as a nation of relatively small-scale family farms, with over 3 million farming units considered subsistence in nature.

Our focus as a company are to the 3 million farming units considered subsistence in nature as we believe that the growth in the sector will only emerge if they are developed to becoming small scale commercial and later large commercial farmers.

There are technologies in South Africa but most if not all focus on the existing ongoing agriculture industry and not our target market.

The legacy of apartheid within the sector has not changed the agriculture industry at all, instead the gap is widening between large commercial and smallholder farmers in terms of access to technology, markets, and finance. Shortage and lack of skills, education, training still remains unchanged among many farmers.

Although it isn't necessarily production that has been negatively impacted by Covid-19, farmers have and still do experience the repercussions of the pandemic. At the start of the lockdown, Market Agents from Fresh Produce Markets across South Africa confirmed a reduction in sales and market activity because of restrictions in movement. This is compounded by the sudden and total closure of the hospitality industry. She shares the sentiment that this, as well as closure of restaurants and school feeding programmes, has resulted in a marked reduction in demand for produce.

The ensuing price pressures and oversupply of produce will put farmers' financial situation in a precarious position, risking discontinuation of operations due to questionable financial viability. This may be exacerbated by other factors including a decline in the economy thus reducing buying power, difficulty accessing farming inputs due to logistics challenges, as well as potential Coronavirus infection of essential staff on farms.

It is in times of crisis when we learn to be resilient. That when we are not pushed, we become complacent with systems that work, but are inherently broken. He shares that this is an opportunity for us to leverage our strength as a country and continent, and secure a better future for the agrifood ecosystem going forward.

It is in this time where introspection is necessary so that producers can build resilience into their operations to be prepared not just for pandemics, but also other shocks since we never know when

natural disasters will strike. Starting from the choice of produce we invest in, that can be tolerant to our climate, efficient with the natural resources at hand and strategic in terms of international markets.

Agri"SELANA", Agricultural "Trading" (Thengiselana, hwebelana in isiZulu language) is a start-up business dedicated to providing excellent quality Agriculture market access to the farmers of South Africa rural community, in a manner that generates fair and equitable returns for present and future owners, and superior value to our buyers. While the focus will be on smallholder, cooperative, and household farmers, any farmer may participate in the marketplace.

The South Africa farming community has experienced explosive growth over the past five years. Over twenty one million now live in the rural community. Local smallholder farms are slowly catching up with this new opportunity.

Left unchecked the industry's competitive position will continue to diminish to the extent that growers and exporters will increasingly compete among themselves for dwindling international and domestic market share

AgriSELANA will offer a better product, at a reasonable price, and will deliver it on time to the customer's door.

Despite these concerns and challenges, desk research suggests that there are still niche market, supply chain integration opportunities in existing and new Agri local and export markets.

## **Problem we are solving**

Both quantitative and qualitative farming losses occur at all stages in the pre to post-harvest handling system of the distribution chain (from harvesting, through handling, packing, storage and transportation to final delivery of the product to the consumer).

Factors affecting post-harvest losses vary widely from place to place and are more and more difficult. Testing i.e. quality, and buyer or industry specification adherence

Many rural communities own land as a result have turned into farming to feed their families, and not much to sell to markets. No access to markets.

Many farmers do not have strong off-take agreements and do not know upfront the potential value of tonnages and harvest from their farming activities. No farming contracts – often hand to mouth farming activities.

Farming without a client with an off-taker and without knowing the potential tonnage at harvest and the income potential is a very detrimental approach to farming.

## **Innovation**

This solution provide innovation in the following several ways

1. Business Process innovation – we offer post harvest service with a pre-harvest and logistics service. By buying the produce at the back of the offtake, farmers are paid 3-6 months faster than they would if they wait for the transportation and delivery period.
2. Technology Innovation – placing of farmers produce in a global marketplace, to exhibit their products, estimating potential farming revenues prior to farming, providing backoffice support including quotations, invoicing, payment
3. Supply Chain Innovation – we secure the buyers for the farmers relieving them of the stress to find buyers, as they do not have the marketing skills required. Smartagriot assist these farmers across farm management cycle.

The platform is an ALL-IN-ONE, from farm to Buyer