



Universal Leaf Africa Diversification

- Tobacco is a key crop in Malawi, Mozambique, Tanzania and Zimbabwe
- Value of tobacco exports as percentage of total exports:

2016

- **Malawi** **53,0%**
- **Mozambique** **4,5%**
- **Tanzania** **8,4%**
- **Zimbabwe** **32,7%**

- Tobacco profitability for smallholder farmers in remote areas is seldom matched by other crops.
- Governments are keen to maintain a stable rural population in remote areas.
- The development of a successful value chain takes time.
- Tobacco is the cash crop platform for diversification.

Universal Leaf Africa – Business Model

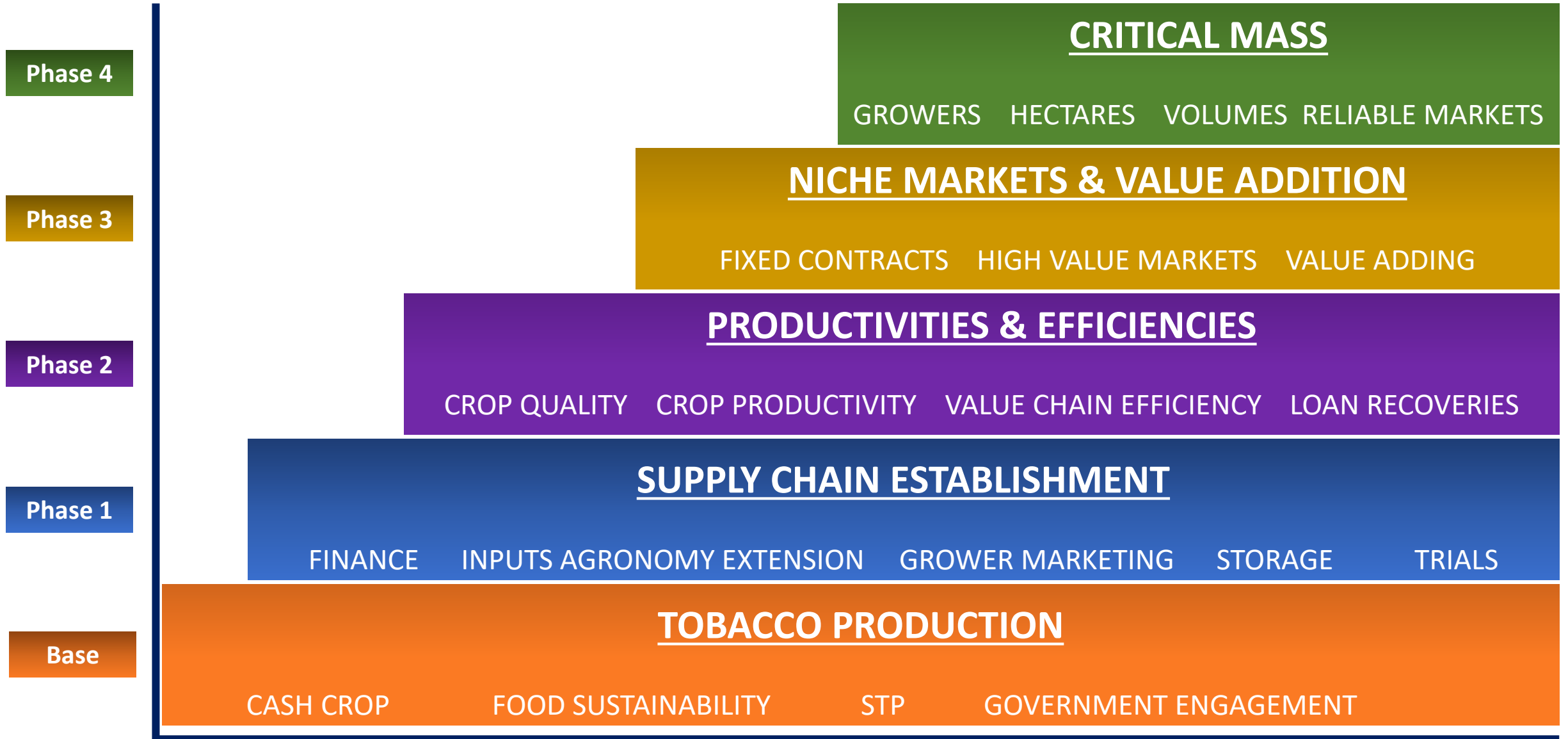
- Established farmer base
- Certified seed and inputs
- High percentage of debt recovery
- Access to market
- Stable robust market and relationship
- Cost of Production Model
- Extension services
- Digital data capture
- Global standard Labour, Sustainability and Compliance Programs
- Agro-processing facilities for value addition



Small Scale Growers – Farmer to Entrepreneur

- Majority in Africa are small scale > 1ha.
- Primary objective - development of food security alongside tobacco production.
- Then - next steps to Agri-diversification:
 - **Geographic constraints** – growers geographically isolated
 - **Access to resources** – limited e.g. banks, ancillary service providers
 - **Inputs and CPA's** – on time, accurate and cost competitive
 - **Storage** – poor storage facilities, losses
 - **Market and logistics** – lack of robust and predictable markets, seasonal price variation, traders and middlemen
 - **Progression** – irrigation, mechanisation
- Government inclusion - food crops and land politically sensitive
- Integrated approach, parenting with our customers, NGOs, governments and local authorities
- Move towards critical mass, efficiencies and productivity

Implementation Staircase



Evolution of Farmer Enterprise



FINANCING
Crop Inputs

GROWER DISTRIBUTION
Inputs to Growers

AGRONOMY EXTENSION
Agricultural Best Practices

GROWER MARKETING
Delivery & Sales

STORAGE & MARKET
Bulk Storage & End Users



Universal Food Crop Inputs CY18:

Total LLTC CY18 Food Crop financing
- \$2,090,000

Total MLTC CY18 Food Crop financing
- \$5,500,000



Strategic transport and inputs distribution footprint

- Malawi 13,000 contracted growers
- Mozambique 127,000 contracted growers



Partnerships:

- AGDIV (USAID)
- MSIKA (Land o' Lakes)
- ACE (Chithumba)
- Kamponji
- Variety Trials
- Inoculants
- PICS Bags
- Irrigation drip



Strategic depots and buying centers

CoP + Margin to Grower

EDP Hatchery and feed operation in Mozambique



Sales Agreements

- Grain Securities (Chuma Beans)
- ACE Commodity (Soyabeans)
- Groundnuts

Other Market Opportunities

- Kamponji (Maize & Soyabeans)
- Sunseed (Soya & Sunflower)

- Ensure that any complementary crops are extensively trialled and known to be suitable – disease resistance, out of rainfall cycle, yields, etc.
- Current trials for variety, yield, disease resistance and palatability:
 - **Orange Flesh Sweet Potatoes**
 - **Groundnuts**
 - **Edible Beans**
 - **Soybeans**
 - **Maize**
 - **Dryland Rice**
- Small-scale irrigation programs to develop best practices and ensure responsible effective water use
- Honey project - beekeeping training

Thank you

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