



# Abagold

*Abagold is a commercial abalone farm in South Africa's Western Cape. It produces canned and dried products for sale to the Far East. The company began 1999 as a pilot project to breed abalone in captivity and has since then expanded to become a world-class abalone processing facility using innovative and cleaner farming technologies. SIFEM invested in Abagold via Evolution One, a renewable energy and clean technologies fund.*



Location:	Hermanus, Western Cape, South Africa
Business focus:	Agribusiness- aquaculture
Investment year:	2010
Fund intermediary:	Evolution One
SIFEM investment into fund:	USD 8 million
Fund investment into Abagold:	USD 4.8 million
Employment:	323 employees
Website:	<a href="http://www.abagold.co.za">www.abagold.co.za</a>

## The Situation in South Africa

- **Despite a decline in poverty levels, over 20% of the South African population still live in extreme poverty and approximately 30% of the population are living below the national poverty line.** Moreover, inequality in the country is among the world's highest and remains a serious problem.
- **At 25% of the total labor force, the unemployment rate in South Africa is very high.** Jobs which allow a decent standard of living and offer security and training are needed to combat the high levels of unemployment and poverty.
- **Small and medium enterprises (SMEs) are the backbone of the economy, but they often do not receive the support and finance they need in order to grow and prosper.** In South Africa, SMEs account for approximately 60% of the labor force employed, yet they face difficulties in obtaining finance, which impedes not only their individual growth, but also the general economic development.
- **Wild abalone stocks continue to decline to worrying levels.** Once abundant along the Cape coast, this resource has been increasingly over-harvested by recreational divers, commercial harvesters and poachers, due to the growing demand for the delicacy especially in East Asia.
- **Research has found sustainable methods of cultivating abalone but they have yet to be implemented across the industry.** New technologies to spawn and rear abalone are available and disposed to build up viable abalone farming businesses, which can protect and grow this declining resource.



## Development Effects in a Nutshell

- **Evolution One has assisted Abagold to scale up its operations and to develop improved efficiencies and sustainable practices.** It facilitated the development of the Abagold Development Trust and offers guidance on renewable technology options.
- **Abagold has grown to be the largest sustainable abalone producer in South Africa,** with a record harvest of 234 tonnes in 2013. By being among the first to farm abalone sustainably and in large quantities, Abagold helps not only to meet the demand for this endangered species, but also demonstrates best practices and paves the way for a more sustainable aquaculture industry.
- **Abagold assists in the regeneration of the depleted wild abalone stocks** by producing and releasing new abalone spores back into the ocean.
- **Abagold's advanced facilities allow improved management of resources such as energy, seaweed feedstock and sea water resulting in more sustainable production.** Abagold is currently pursuing renewable wave energy generation to contribute to its 2.5MW power requirements.
- **Since Evolution One's investment, Abagold was able to create an additional 89 jobs in an area where unemployment and poverty are high,** exacerbated by poor education and limited opportunities to develop practical skills. In an effort to counteract this situation, Abagold also offers coaching to its employees in the areas of communication, stress management, resisting peer pressure, relationship skills, and building self-esteem.
- **Abagold is committed to being socially responsible in its local community.** It has established a local Development Trust, which owns 10% of Abagold. The dividends generated will go towards education, development programs and job creation in the greater Hermanus area.

### What is Abalone?

Abalone is an edible sea snail which is consumed raw or cooked in a variety of cultures. In particular, in some Asian countries it is a much sought-after gourmet delicacy. Thus the prices for abalone have soared and caused illegal harvesting to flourish. Abalone can earn up to ZAR 4,500 (USD 420) per kilo on the black market in South Africa, a price which can even be tripled in Asia. The government of South Africa had to take measures against poaching by way of regulations and restrictions in order to save the abalone from extinction. These are however not easy to enforce due to the relative poverty of the population and the profitability of the illegal abalone business.

“ For all of us at Abagold, it's not just about doing things right, but also about doing the right things. ”  
 -Christo du Plessis, Managing Director