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Science For A Better Life

Linking agribusiness and supporting sustainable development partnerships in Africa

Dr. Martin Märkl, Bayer CropScience

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Agenda

- **Smallholders as strategic customer segment**
- Food Chain Partnerships
- Potato Initiative Africa (PIA)
- Lessons learnt and outlook

Analysis of smallholder farmers needs in Africa



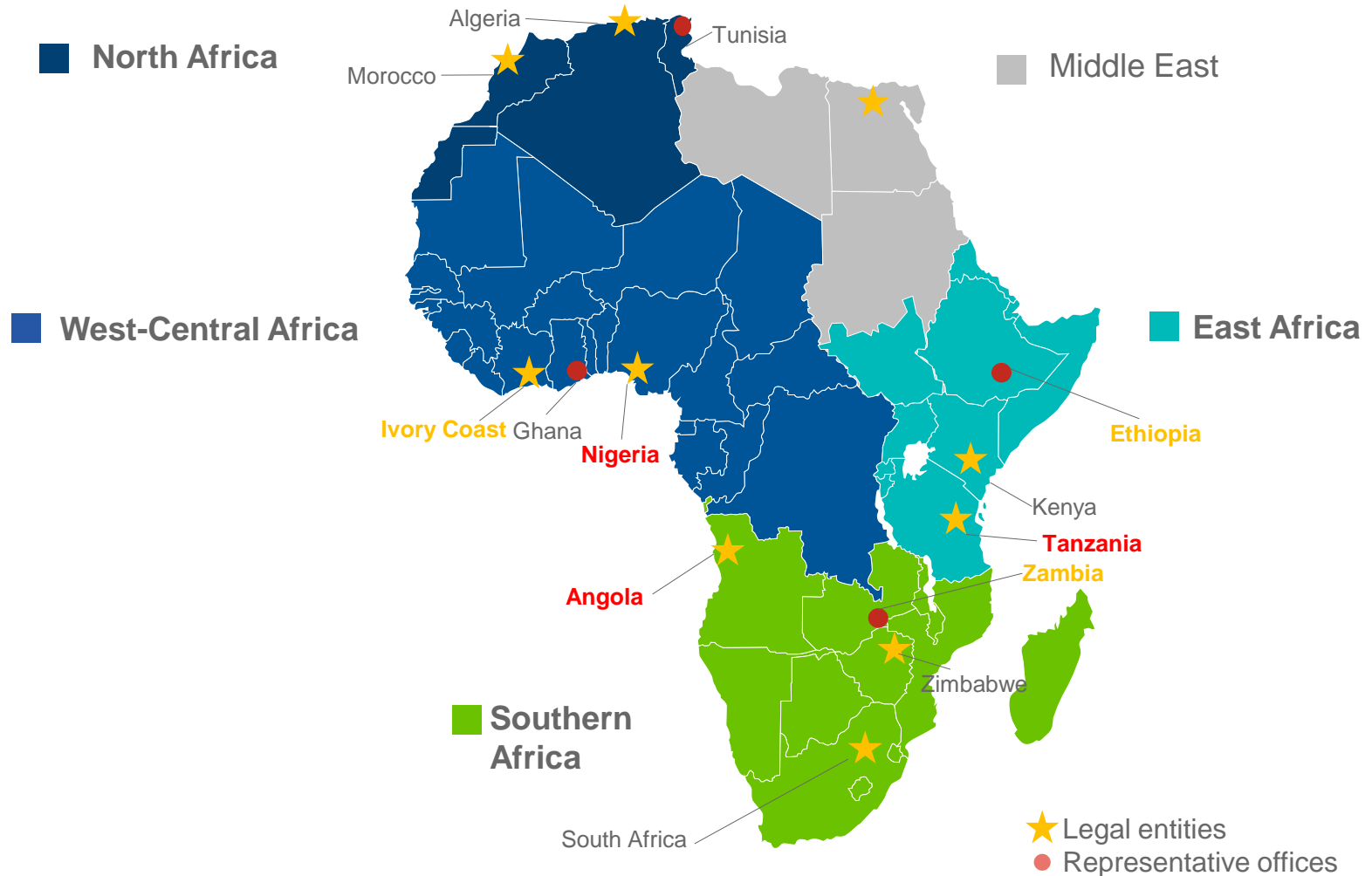
Need	Description
Access to fertilizer	<ul style="list-style-type: none"> Enables higher general level of crop management Today, extremely high cost component due to cross-country transportation if further away from port
Access to germplasm (“high-performance seeds”)	<ul style="list-style-type: none"> R&D investments into germplasm (“breeding”) generally stopped across Africa after 1990 Both performance and quality (e.g. delinting, germination quality etc.) of germplasm needs to increase to enable higher yields
Access to crop protection	<ul style="list-style-type: none"> Higher quality germplasm, together with better access to fertilizer, needs additional protection of the investment
Financing	<ul style="list-style-type: none"> Smallholder farmers often requires pre-financing until harvest Financing of individual components less relevant, as combination of all ag-inputs required to increase success
Know how	<ul style="list-style-type: none"> Understanding of potential with higher quality inputs limited Even if ag-inputs become available, training and coaching required to protect the overall investment value
Others (e.g. machinery, storage facilities, insurance, ...)	<ul style="list-style-type: none"> Most importantly storage facilities and access to operational commodity markets – otherwise, high exposure to commodity-price risks might lead to a vicious circle of financing requirements

Potential Levers to Address

- Innovative financing schemes across all inputs, e.g. provision of inputs “on credit” with repayment only after harvest**
- Systematic, combined approach based on financing as key component (e.g. voucher system for fertilizers, seeds and CP)
- Provision of expertise together with products (e.g. reps provide technical assistance)
- Training & education
- Insurance products to enable constant development**

...ideal solution requires long-term, systematic setups and collaboration efforts

Targeted Regional Expansion: Bayer CropScience presence in Africa





- Smallholders as strategic customer segment
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Serving the interconnected needs of the food value chain



- Proactive approach to meet increasing demand for **sustainable crop solutions**
- Connecting the dots across the value chain and facilitating mutually beneficial business relationships for all involved – **creating win-win situations**
- More than 240 business initiatives in about 30 countries and 40 crops worldwide – **proven concept since 2007**

Agricultural Growth: Grouping Kenyan farmers to produce consistent crops for contracted buyers



Challenges along the value chain for vegetable in the Meru / Mt. Kenya region

- **Smallholder farmers** were at the mercy of local brokers who provided the only market for their crops.
Prices fluctuated wildly and on occasion **harvests went unsold**
- Farmers had **limited understanding** of **pest and disease identification**, or of the right crop protection product to use or how to spray it properly
- **Exporters struggled to find regular supplies** of **safe and healthy food** from hygienic fields because of **erratic farming standards**
- Bayer CropScience had **limited direct dialogue** with farmers about their needs



Agricultural Growth: Grouping Kenyan farmers to produce consistent crops for contracted buyers



The Chain



Market linkage creates a win & win

- helps **farmers** because they have **assured incomes**.
- It helps **exporters** because they know they'll get **standardized product** that meets **the strict demands of their international customers**.
- It helps partners like Bayer CropScience in their **business sustainability goals**.

In numbers

- 1949 farmers in 31 groups in the Meru region
- Price guarantee at € 0.68 / kg for snow peas, € 1 / kg for sugar snaps
- Annual income across all groups in excess of € 1.1 Mio / a
- Marimba and Kathera Groups already GAP certified, others to follow



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German Food Partnership (GFP) Potato Initiative Africa (PIA)

Goals: Development of an innovative and up-scaleable value chain approach in the potato sector

Countries: Kenya, Nigeria

Activities: market studies, VC analysis, policy dialogue, Modernizing VC, Identification of suitable inclusive business models

GFP-partners: Bayer CropScience,, Europlant, DIL, Grimme, K+S, Lemken, Solana, Syngenta

Budget: Pilot phase approx. € 1,4 mio.; TZ Module (TZ) as of end 2015





Kenyan Partners

- MoA – Crop Directorate
- KARI Tigoni
- Nyandarua County Government (Agricultural Mechanization Station Nyahururu, National Youth Service Tumaini, Agricultural Training Centre Njabini)
- National Potato Council of Kenya (NPCK)
- International Potato Centre (CIP)
- Kenya Plant Health Inspectorate Service
- Propack Processor





Topical Issues

Mechanization, Processing and Storage

- Import requirements for machineries- Permit, Machinery companies to share experiences
- Agriculture Mechanization station (AMS) Nyahururu has basic requirements, including trained engineers, service workshop
- German companies will need to have Kenyan dealer (FMD)
- Selected processors to cooperate with (Propack, DEEPA Industries. Njooro Canning,
- Most of the Processing sector need technological upgrading,
- Contract farming is still the most feasible approach for linking producers to processors
- Investment on storage has not been well explored





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GFP: what works well ?

1. Strategic platform to define mid and long term projects
2. Became a focal point for a direct exchange between the German Government and the agribusiness sector
3. First time that small & medium sized and multinational companies, active in different parts of the agricultural value chain, jointly develop project concepts
4. The initiative has reached a high public and political visibility, co-funding for some of the projects was achieved right from the beginning
5. This set up enables the public and private partners to jointly gain experience, to develop confidence and to explore new avenues of cooperation



GFP: room for improvement

1. High level of complexity in the conceptual project phase was difficult to manage for small & medium sized companies
2. Lack of experience by most of the participants to develop mid & long term PPP's
 - PPP's are not an established business model
 - Definition of pre-competitive project activities
3. Diverging interests of the participants
4. Expectation management vs internal and external stakeholders
5. Need for a dialogue with NGO's was underestimated
6. Difficulties to integrate the local food value chain (after harvest) into the projects



Considerations for an European Partnership Framework

1. Call for a strong political leadership: The GFP continues to be a top priority for the BMZ
2. Complexity is already an issue: the private sector has limited resources to engage
3. Collective learning from best practice, coordinated approach between the different member state platforms
4. Scaling up of successful projects, initiatives (benchmarking of projects?)
5. Share project infrastructures (e.g. project coordination offices)
6. Development of and standardized monitoring of performance indicators



Thank

you

