



The value of public private partnerships in agriculture

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Outline of presentation

- Key Figures, Heineken In Africa
- Harnessing the strengths of government, agribusiness and NGO's
- Africa Value Chain Projects
- Economic Impact Assesment
- Conclusion



Heineken in Africa: Key figures



- Local production for local markets
- Active since 1930's
- Employment 2008: 9,658 people directly
- Volume 2008 18.1 million hectoliters
- Turnover 2008 E 1,774 million
- EBIT 2008 E 462 million



Agricultural Supply Chains

- Supply chains encompass the full range of activities and services required to bring a commodity from its production to its intermediate (processing) and or final use:

from crop to shop,

from farm to fork and

from barley to bar



Agro Value Chain Projects

- Private Sector's Role:
 - Co-funding Technical Assistance and
 - Provide fertilizers and credit
 - Provide seeds and other inputs
 - Organize long distance transport
 - Specify commodity requirements
 - **Pay attractive prices upon purchase of commodities**





Agro Value Chain Projects

- Public Sector's Role
 - Co-funding Technical Assistance and Training
 - Assist with organizing smallholders farmers (producers associations)
 - Facilitate access to selected services (e.g. tractor services; crop insurances)
 - Facilitate communication between NGO partners and farmers/farmer groups



Agro Value Chain Projects

- NGO's Role
 - Sorghum sector assessment studies
 - Screening crop improvement packages
 - Facilitate access to seasonal credit
 - Introduction post-harvest technologies
 - Facilitation access to private sector (seed companies, bank, agro-processors)
 - Training of farmers and extension staff
 - Training of local input dealers





Agro Value Chain Projects:

- Burundi - Brarudi - Sorghum
- Rwanda – Bralirwa – Maize
- DRC - Bralima – Rice
- Egypt – ABC – Barley / Malt
- Algeria – Tango – Barley / (Malt)
- Sierra Leone – SBL – Sorghum
- Ghana – GBL – Sorghum
- Nigeria – NBPlc – Sorghum / Malt
- RSA – Sedibeng – Barley / Malt





Benefits of the Agro Value Chain Projects

- For Farmers
 - Increased income
 - Technical improvements
- NGO's
 - Involvement of women in farming
 - Stimulation of co-operatives and credit groups
- For the Brewery
 - Reduced cost and reduced dependence on foreign currency
 - Increased local development impact
 - Increased local acceptance of the company
- For the Country
 - Opening up of rural areas
 - Money for local farmers
 - Improvement of agricultural productivity



Economic Impact Assessment

- Heineken produces locally for the local markets in many countries. Thus, many countries benefit from our operations, our investments, the production of local raw materials, our training and educational efforts; the value chain that is connected with our industry.
- Economic impact assessment studies have been done in Siera Leone (2006), Rwanda (2008), Burundi (2008) and Nigeria (2009).
- In all 4 operations the economic activity generated (effect of wages, taxes, and savings/dividends) is larger than the company's total turnover
- The 2 operations are considerable tax payers, ranging from 30% of total tax revenues (Burundi) to 2.6% (Nigeria) of national tax revenues
- Total direct, indirect and induced employment ranges from 50 (Siera Leone) to over 200 (Nigeria) people per Heineken employee employed



Lessons learned from the Agro Projects

- Co-funding by donor and private sector (1:1)
- Active participation by local public agricultural extension services
- Via the guaranteed demand of companies, farmers have access to credit
- Credit finances the for “inputs”(seeds, fertilizers)
- Successfull in technology transfer (doubling of yield)





Conclusions

- Collaboration of Donors with industry supports MDG's
- Local procurement by breweries offers advantages
- Partnerships and co-funding improve agricultural productivity
- Replication of partnership is possible
- Importance of infrastructure

