



Local sourcing in Africa

25th February 2020



GrowCongo!
INVEST IN AGRICULTURE

Win-win benefits...

Benefits for Country

- ❖ Agricultural development
- ❖ Rural employment
- ❖ SME emergence
- ❖ Economic growth

Benefits for Communities

- ❖ Reliable market
- ❖ Skills training / farming knowledge
- ❖ Productivity
- ❖ Income & food security

Benefits for HEINEKEN

- ❖ Secure supply
- ❖ Transport / import / storage costs
- ❖ FOREX
- ❖ Price stability
- ❖ Community engagement



44% LS in 2019

(37% in 2018)



35 value chains
in 13 countries



5 Running PPP projects
(*Cote d'Ivoire, *DRC, *Ethiopia,
Sierra Leone & South Africa)



<2% of total production



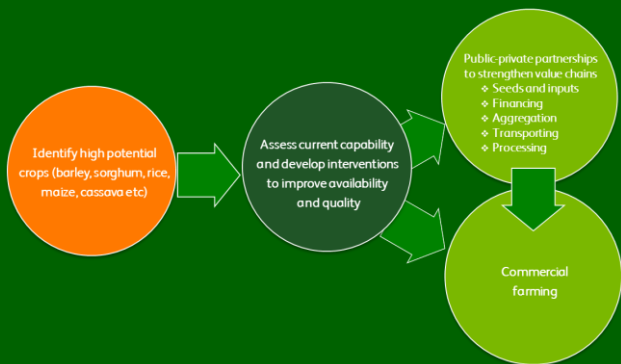
*Public Private Partnership

Definition: Quantity (tons) of agricultural raw materials cultivated in Africa



*PPPs continuing in 2020

Not always an easy journey...



Challenges

AVAILABILITY

Lack of seeds, inputs & financing
Organisation & farming methods
Subsistence farming
Climate effects

QUALITY (esp. mycotoxins)

Post harvest losses
Aggregation & storage
Transport & processing

VOLATILITY

Unstable supply and demand



Solutions

Right QUANTITY

Improved seed varieties
Agronomy & business skills
Access to finance & inputs
Semi-commercial farming

Right QUALITY

Improved drying & storage
Aggregation & processing investment
Training and entrance controls

Right COST

Balance supply & demand
Longer term contracts
Crop monitoring
Partner with Government

Higher Yields

Grow with Ethiopia : from barley to bar

- **'CREATE' PPP** with NL Govt, IFC & EUCORD (2013-19)
- Strong **collaboration with Ethiopian Govt** (ATA, EIAR, OSE)
- Two **new varieties registered in two years** (8 tested)
- Agricultural and business **skills training** program
- **Scale-up to 40,000 farmers** in 2019 (from 1,700 in 2013)
- Average barley **yield increased from 2 to 5 tons per Ha**
- National barley **imports reduced to zero**
- Emergence of **SME aggregator-farmer** businesses
- Attracted **barley processing investment** (2 x 60k ton malteries)



Preparation of demonstration plots



Farmer field school training



Soufflet maltery construction, ETHIOPIA (November 2019)

Ethiopia barley : lessons learned

1. **Start small** and grow over time
 - Prove to farmers the benefits of your initiatives
2. **Persevere** - do not expect change to happen over night
3. Use **farmer-to-farmer learning** methods
 - Farmers listen and trust fellow farmers more than experts
4. Use **practical teaching** methods – e.g. demonstration sites
5. Bring **on-board the right actors** along the value chain
 - Banks & MFIs, seed multipliers, input suppliers, extension etc.
6. **Farming is business** and farmers are business partners
 - Promote the hand shake approach not the hand-out approach



Barley fields in West Arsi

Local sourcing in Congo

- **Rice:**  - Opportunity to buy broken rice for brewing
- Failed trials in 2019 - lack of secure storage
- **Maize:**  - Collaboration with SGMP to buy maize grits
- Challenges with storage & logistics for freshness
- **Barley:**  - Introduction of a new crop – opportunity for farmers
- Successful trials in 2019 to be scaled-up in 2020
- **Sorghum:**  - Initial trials planned in 2020
- Potential alternative to broken rice
- **Cassava:**  - Potential use of cassava starch for brewing
- Requires processing capacity

Rice



Maize



Barley



Local sourcing in Congo : where help is needed

1. Support for agricultural trials

- Importation of seed varieties for testing
- Agricultural research stations for field trials
- Agronomical support
- Registration & multiplication of top performing seed varieties

2. Enabling environment for agricultural scale-up

- Extension services to support farmer training
- Availability of the right fertiliser & crop protection products
- Development of agricultural equipment service providers
- Development of aggregation models – cooperatives, lead farmers etc
- Post harvest drying and storage facilities in key farming areas
- Stimulate consumer demand for local agricultural produce

