



AGRILINKS

STRENGTHENING EARLY GENERATION SEED SYSTEMS IN AFRICA AND BEYOND

QUESTION AND ANSWER AUDIO TRANSCRIPT

DECEMBER 14, 2016

PRESENTERS

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Julie MacCartee:

Thank you so much Rob, Mark, Latha, Mark, and Walter for excellent presentations and reflections. We have about 15, 20 minutes for Q&A. I know that's not a lot of time, but we're hoping to keep the conversation going on Agrilinks. We have an open kind of discussion available on Agrilinks right now that we'll email to all of you and to those of you online. So all right, thank you. So we'll take questions from both our online audience and in the form and I just ask that you – if you won't mind, speak your name and your organization and keep things fairly concise, so that we can get through as many questions as possible. I'll get you in just a moment, but first, I wanted to just let you know that we have 133 participants online, which is fantastic. And the online audience was mulling over kind of a really fundamental question, what are the bounds of early generation seed, but what is that – how are you defining EGS. So just thought I'd get that out of the way to make sure everyone is on the same page. If you wouldn't mind responding to that.

Walter de Boef:

Yes? Yes, no okay. So basically, there's different ways to put it, but it brings in the breeder seed to basically where breeders are maintaining genetic – starting material for all the seed production and then there's basically a pre-basic or a foundation seed. And, of course, depending on the crop that is – if it's cassava, maize, beans, all these structures are very different. But it's all the early stages before the production of quality seeds whether that's certified or any other.

Julie MacCartee:

Thank you. For our online participants, I'll let you know we don't have an in-room mic to pass around today, but I'll very quickly summarize the questions that come in, in the room, so yes. Great, thank you. So putting ourselves in the shoes of a private sector investor, what are the immediate opportunities to incentivize key actors and can we realistically attract private investors in Africa?

Mark Nelson:

Yeah, so Mark Nelson with Context. One of the aspects of the work that we really wanted to dig into was how to help prepare investors or what a business case – in an early generation seed business model would need to look like. So one of the things that we hope to accomplish through this work was to be able to best layout what are all those elements that would go into making that kind of investment decision. As you think about some of the things that could provide some emphasis to push investors forward, one of the things that I think we really need to be mindful of and Rob, I'm going to pull back to one of the comments earlier and it was – you know, the question of this national seed fund.

So there's two different types of investors, right. There's invest that basically have capital and they're looking at how to best deploy it. Then, there's the business entrepreneurs that are investing in their own time and resources and how do they have access to the capital to help mobilize some of their ideas. There's a little bit of everything going on, but one of the things that is really critical in early generation feeds is to recognize that the payback on investment has a pretty long time horizon. And that creates some pretty good risk or pretty significant risk for a private sector after. So places where we saw most immediate impotence for opportunities were areas where you had crop value chains where off takers were quite interested in seeing that productivity gap being addressed.

So there were areas where we had processors such as the rice processors example or similarly, we've done some work in cassava Nigeria as well where a processor has an interest in actually pulling through some of these early generation seed activities. And so that's helpful, because then you actually can build a business case you can work towards solving for some of their private sector interest and then demonstrate that this is actually something that can be scaled outside of that. Once you can start proving the technology, you're proving the seed technology through and after that actually see those benefits being materialized.

On the other end of that equation, if you're really trying to help entrepreneurs that are trying to mobilize ideas, there is a real capital constraint. This is a very real situation and especially in some of the food security crops where you're not linked up to an offtake. We're actually working with small holder farmers that are trying to figure out how to better utilize genetics or ____ that can improve their household livelihoods. The ability to sort of help small and medium-sized entrepreneurs, probably the number one effort there is to really help them with business training, as well as to help them with access to capital. Because there is a pretty considerable investment that requires in many cases at least one or two years before the fruits of that labor can be returned.

Julie MacCartee:

I'll take one more question from our online audience. Stephanie White asked during Walter's presentation when you say economic analysis, what type of economic analysis are you speaking of? What are the metrics of success and is this effort guided by what's going on in global markets or more so local and regional markets?

Walter de Boef:

It's basically for every step what's calculated in methodology, breeder seed, and all the other classes, what is the profitability and then link that also through the seed value chain to the sales quality seeds, certified seeds. So every step is basically the economic analysis of the different steps and maybe a little bit more detailed.

Mark Nelson:

Yeah, much of the economic analysis that we have focused on here was not at a macro level. This is more thinking in terms of an individual act or private sector company. So we're thinking about a business model. We're thinking about what is it going to take to have this operations become something that can be viable. Economically sustained long-term and so I'd say the fundamental methodology or technique that we work with all the crop consultants to country consultants to work through was really an activity based ____ approach where we were breaking up what are all the specific activities that are required in order to effectively start with breeders material and have a sufficient supply or quantity of the early generation seed available for the next step.

And there are many different functions. You know, we have the benefit of having some pretty strong seed experts on our teams that understand what are all those elements that go into producing seed and really helping build out what are the economics that underlie that. So getting down to the level of thinking about some really important key metrics on how do you start from quantities of material and go through a multiplication step. Because the biggest challenge and the crops in the business cases, how can we most successfully start with a limited amount of material and achieve the multiplication step that's highly cost effective?

And so another impetus that was mentioned, private sector opportunities, this has been a focus in certain crops where – that had been neglected in terms of what are ways of different seed technologies, seed multiplication technologies that can be more cost effective. In cases of ___ crops, for example, there's some advancements being made on how do we go through that propagated crop multiplication step, because if you're just doing a factor of five, you know, 10, it takes a lot of area. It takes a lot of manpower, it takes a lot of variable cost to get to that next level of scaled up seed.

So a lot of the technique that we went through were to basically start at the level of understanding quantities that are required or materials required, whether it's land, labor, time, personnel, and how much additional material were we able to produce through that level of investment to basically understand what is the profitability equation. And in many cases, it's very difficult. And because then you need to get to a place to where you realize producing seed is more expensive than producing commodity.

And in crops that are over pollinated, a farmer is thinking about do I pay, you know, 50 cents a kilo for this grain that I had last year, which doesn't have the same quality parameters or level of performance even in some cases to a clean or a variety that has better improved genetics to it that may cost anywhere from one or some cases in the over pollinated varieties, two or three x that cost of just the commodity grain. So how do you help a farmer think through what the benefit of that is? One way to basically justify is that there is additional cost is to also then have simultaneously demonstrations that go along with it.

So some of the economics we got into were then to reach forward beyond to help basically explain what the market environment would be looking like. Because we wanted to make sure there was attention to demand. Another factor in any risk is this is what the projected demand is, so we need you to have a better understanding of what is the value proposition likely to look like for the farmer, so they could then essentially free up the capital or make the investments in this higher cost of seed production.

Julie MacCartee:

Thank you. A question from an alum of BFS. So recognizing that these problems are not new, what will make this time different? There's an importance of catalytic organizations helping build those, but I think parts of the question is what is the role of indicators? How are we measuring our progress, and showing how this time can be progress over previous efforts.

Walter de Boef:

Okay, thank you. Of course, I think everybody working in the seed sector is continuously in this data booth. But we're also in this analysis paralysis situation. And I think we took the courage to focus on one and basically Mark and David and then we were able to convince our colleagues let's just focus on one. And took an economic perspective, which in the public sector dominated ___ sector in Africa, it's not so easy. Because we are basically dealing with research stations and research directors who do see production as a ___ activity.

Of course, there's economics in that, but they are not really aware. Basically, also referring to that, so I think what is different is – and that way, I really want to

recognize the work of the agency with its national missions and also of the ___ program in a number of countries to really work through a seed platform, bring local consultants, try to identify I think our ___ you have to identify really catalytic, young, strategic players who move around in a political economy of seeds, because there's also a political or economy. And they move around in that and I think Richard Jones has been leading that with his colleagues in the four countries, five countries very well.

So by that setting up maybe it's not that is not only a discussion in Seattle, Washington D.C., or Nairobi and in ___, but it's also especially a discussion in a long way in ___, ___, others. And I think that is what is making a difference. I am hopeful for this kind of national restructuring of the EGS system that you're talking about, basically the seed sector, in a number of those countries where there are key players in those countries who have the courage to move forward knowing that it's different, that it isn't required. If they take agriculture transformation like the bank, Agra, the foundation, we take very serious, and if we take resilience, we ___ ___ to it also.

At national level, there are ways to make us really start to move around and change the seed sector and certain functions are required, because some functions, the study also show are not economic profitable and never going to be profitable. So when they are profitable, but except I have to move out and that is – that's where if that kind of change can take place in a number of countries or within arrangement about beans or when it's more crop, it will develop those new models. I think we can make a change.

Julie MacCartee:

I think we'll take one more in-person question, but also, before you take off, we just request that you fill out the surveys that are on the center of your table, if you will, to help us plan our next year of Agrilinks event. I think I saw a hand right here.

Walter de Boef:

Julie, I want to come – because that's also your point on indicators comes here, because basically, if we really – the strategic decision makers at national level need evidence to convince that key – others in their system. The private sector needs to show these technologies there, but there is a system problem. Basically, the quality assurance system hampers development of the sector or the progress or other ways. They need the kind of indicators. And of course, the leaders in the declaration, there are indicators, but they are very high level. Seed is one of the indicators embedded in ___. I think if countries really have a good sense and we indicate foundation, others are involved in developing sets of indicators that really inform decision makers. So if we do that right, we give them the evidence for sometimes taking tough decisions.

Julie MacCartee:

Well, I want to be respectful of everyone's time, since we're slated to wrap up at 11:00, but we highly encourage you to stick around, network, get some more food and juice, ask questions of our presenters if you're here in person. And for those online, please continue the conversation in the chat box and on Agrilinks. So thank you so much to our presenters, but mostly, thank you to you for joining us and we'll see you at Agrilinks events next year.

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