

## **Feed the Future & Partnering for Innovation**

### **Naty Barak, Netafim: Bringing drip irrigation to new markets, March 2015**

#### **PRODUCT**

"It is not that we designed a cheaper product for poor people. The system and the technology is the same we would use on a multi-million dollar project in Texas, Peru or Brazil. The dripper is exactly the same. The know-how is the same. The challenge is to find a platform to transfer the know-how.

#### **PARTNERSHIPS**

When you do a multi-million dollars project, it can be in Swaziland or in Texas, you are talking to one agronomist, to one farm manager, so you send your agronomist, and it's a one-on-one dialogue. From the business point of view it is very easy to transfer the know-how. But when you are going to a village with 200 families, it is more complicated to transfer the know-how and to do the training. And this is the word we are talking about: Partnerships. There is no way we can do it alone. We need partners to transfer this know-how.

#### **SMALLHOLDER MARKET**

We feel that the smallholders market is the future. As a business, Netafim cannot ignore 500 million smallholder farmers. You go to conferences and you hear that there is not enough arable land, there is water scarcity, there is going to be a catastrophe in the world around water issues. The only place that has still arable land and water, is Africa. There is a difference between economic water scarcity and physical water scarcity. Most of Africa has economic water scarcity, they have the water but cannot bring it to the field. We feel that we have to approach:

1. Africa, 2. Smallholder farmers.

#### **NETAFIM'S "COMPETITION"**

People often ask me: who is your competition. I have a clear answer. We have three types of competitors: Competitor number one for Netafim is "Ignorance" – not knowing the advantage of drip irrigation.

Number two competition is flood irrigation. People are talking about water scarcity. There is going to be a catastrophe – and yet almost 80% of world's irrigation is flood irrigation. It's wasting water, it's contaminating the soil with fertilizers, it emits greenhouse gases. And yet less than 5% is drip irrigation. And then, number three, we have business competitors, but we are facing the same challenges and would like to work together and increase awareness to drip.

#### **NETAFIM'S STRENGTHS**

NETAFIM has three main strengths. Number one is our product, number two our know-how and number three our presence.

#### **AGRONOMICAL KNOW-HOW**

Number one is the product – we invested a lot in the technology and have very good products. But number two, which is as important and sometimes more important, is the agronomical know-how that goes with the system. We have only in India 80 agronomists

working for NETAFIM India. The people you meet in the field are agronomists. They are working with the farmers. What we try to teach our agronomists is the following: The attitude when you talk to a farmer - a huge cotton grower in Arizona or in Texas who is wearing boots which costs more than 2'000 US dollars - or when you talk to a smallholder in Kenya should be exactly the same. The guy in Kenya is growing chili pepper, and his father grew chili pepper before him and his grandfather before him, so he must know something about how to grow chili pepper in Kenya. And we know something about drip irrigation. So it is a dialogue. We don't wear ties, we dress the same as the farmers in the field.

## **PRESENCE**

Number three is our presence all over the world. The fact that we have manufacturing plants in Spain and in South Africa and in Israel, we can cover Africa. The fact that we have two plants in India and one in Australia, we can cover that area. So our presence and the amount of subsidiaries is another advantage. The after-sales service and the R&D gives us our strengths.

## **CHALLENGES IN THE SMALLHOLDER MARKET**

There are three challenges in the smallholder market. Number one is organizing smallholders, number two is financing them and number three is training.

## **ORGANIZING**

When we look at working with smallholders, the biggest challenge is getting farmers together to create a critical mass. When our salesman lands in Addis Abeba and he hears about an entrepreneur that is going to do 10'000 ha of sugar cane and he hears about a village with 100 families, 250 m<sup>2</sup> each, that are interested in drip irrigation, I think he will make the „wrong“ turn and go to the entrepreneur. We need a critical mass to organize them, we have to do a business deal with them but also do the training.

## **TRAINING**

It's not just dumping the products and tell them to connect it to the valves etc. It's not even being there for a week or two weeks. You have to be there forever, because you like the business to grow. To make it your business interest to be there and to give after-sales service to last year's customers and to sell to this year customer.

## **FINANCING**

We can sell a system which costs 250, 500 or 1000\$. They (the smallholders) don't have that. But if you do things correctly, you will be able to return the investment in less than one year. But you need the initial investment. For that we need financing. We learn from our experience in India, it's better if parts of it is subsidy and parts of it is financed and has to be paid back.

## **GENDER ISSUES**

The capacity building that you achieve from working with smallholders is amazing. If you had asked me five years ago: "does drip irrigation has anything to do with gender issues?" I would have said: "certainly not". But it so happens that farmers in Africa are women who spend eight hours every day walking to the river and back to fetch water. And even if you don't install a treadle pump or a solar pump, with drip irrigation they need a third of the

quantity of water than before. So instead of walking eight hours, they walk three hours and they have time to attend to the children and so on. The same thing happens in India. It empowers women. Not only in the way of giving them more free time. But suddenly they are entrusted with a new technology and with innovation. It does something to them.

#### **NETAFIM's CSR**

NETAFIM grew out of the Kibbutz. It is not a Kibbutz company any more. Even though nowadays 61% of the company is owned by a large European Equity Fund, and they don't understand the Kibbutz. But still there is something in the spirit and everybody thinks it is not only a business but also a good thing. But again – we are a for profit organization and there are priorities. If California suffers from a terrible drought and we can solve it by installing more subsurface drip irrigation for Alfalfa crop in California and decrease greenhouse gas emission and doing very well for NETAFIM business-wise, it's a beautiful thing. The fact that not everybody in NETAFIM is crazy about family-sized kits doesn't mean we are not good people. But some of us who do care about family kits are a little bit better.

#### **NATY'S VISION FOR AFRICA**

Let's talk about my vision in Africa. I would like to see many drip villages in Africa where the whole village is irrigated by drip irrigation and there is a drip kiosk in the center and that's where people will buy their spare parts and that's where they will get their training from agronomists who are coming to the center once a week to talk to them. The system can be family drip system. I'd like to see thousands of villages like this in Africa. “