

**CHARITY NUMBER: 1107507
COMPANY REGISTRATION NUMBER
04645806**

**AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

CONSOLIDATED REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2017

GLOSSARY OF TERMS

AATF	African Agricultural Technology Foundation
AGRA	Alliance for a Green Revolution in Africa
AIARC	Association for International Agricultural Research Centers
AMELIA	AATF Monitoring Evaluation, Learning and Improvement and Align
BASF	Baden Aniline and Soda Factory
BBSRC	Biotechnology and Biological Sciences Research Council
BMGF	Bill and Melinda Gates Foundation
BXW / BW	Banana Xanthomonas Wilt / Bacterial Wilt
CAMAP	Cassava Mechanisation and Agro-processing Project
CFT	Confined Field Trial
CIAT	International Center for Tropical Agriculture
CIMMYT	International Maize and Wheat Improvement Center
CIP	International Potato Center
COMPRO-II	Commercial Products-II
DFID	UK Department for International Development
EIAR	Ethiopian Institute of Agricultural Research
FARA	Forum for Agricultural Research in Africa
FAW	Fall Army Worm
FOCAC	Forum for Chinese Africa Collaboration
FRC	Financial Reporting Council
FRS 102	Financial Reporting Standards 102
GBP	Great British Pound
GM/ GMO	Genetically Modified / Genetically Modified Organisms
HGBF	Howard G. Buffett Foundation
HEAL	Hybrids East Africa Ltd
IITA	Institute of Tropical Agriculture
ILRI	International Livestock Research Institute
IP	Intellectual Property
IR	Imazapyr-resistant
LLP	Limited Liability Partnership
MCMV	Maize Chlorotic Mottle Virus
MISS	Market Information Support System
MLN	Maize Leaf Lethal Necrosis
NARO	National Agricultural Research Organisation
NARS	National Agricultural Research Systems
NCRI	National Cereal Research Institute
NEPAD	New Partnership for Africa's Development
NERICA	New Rice for Africa
NEWEST	Nitrogen Use Efficiency, Water Use Efficiency and Salt Tolerant
NGO's	Non-Governmental Organisations
NI	National Insurance
NPTs	National Performance Trials
NUE	Nitrogen Use Efficient
OFAB	Open Forum on Agricultural Biotechnology in Africa
OPV	Open Pollinated Varieties
QBS	Qualibasic Seeds
PI	Principal Investigator
PPPs	Public Private Partnerships
SFSA	Syngenta Foundation for Sustainable Agriculture
SSA	Sub-Saharan Africa
SOPs	Standard Operating Procedures
SORP	Statement of Recommended Practice
spp	Species Plural
US	United States
USAID	United States Agency for International Development
VAT	Value Added Tax
WEMA	Water Efficient Maize Africa

Commercial in confidence

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LEGAL AND ADMINISTRATIVE INFORMATION

Commercial in confidence

CHARITY NUMBER
1107507

COMPANY REGISTRATION NUMBER
04645806

REGISTERED OFFICE AND OPERATIONAL ADDRESS

African Agricultural Technology Foundation
C/O Arnold and Porter (UK) LLP, Level 30,
Tower 42, 25 Old Broad Street, EC2N 1HQ
London, United Kingdom

REGISTERED KENYA OFFICE ADDRESS:

ILRI Offices
Old Naivasha Road
P.O. Box 30709 – 00100
Nairobi

BOARD OF TRUSTEES

Ousmane Badiane, Senegal (Chair)
McLean Sibanda (retired 31 Oct 2019)
Kwame Akuffo-Akotto (retired 31 Oct 2019)
Rory Radding (retired 15 Dec 2018)
Denis Kyetere
Johnson Irungu Waithaka (Government Representative) (retired 19 May 2020)
Ingrid Wüning Tschol

George Sarpong (Appointed 15 Dec 2018)
Jessica Colaco (Appointed 15 Dec 2018)
Hamadi Boga (Government Representative) (appointed 19 May 2020)

Jennifer Thompson (Board Chair Emeritus)
Larry Beach (retired 31 Oct 2019)
Stanford Blade (retired 15 Dec 2018)
Justin Rakotoarisaona (retired 15 Dec 2018)
Jeremy Ouedraogo
Glover, Lesley Anne, Dame
Sylvia Horemans (Appointed 15 Dec 2018)
Shey Tata (Appointed 31 Oct 2019)
Dhalia Garwe (Appointed 31 Oct 2019)
Noble Banadda (Appointed 31 Oct 2019)

SENIOR MANAGEMENT TEAM

Ousmane Badiane	Chair
Denis T. Kyetere	Executive Director and Trustee
Emmanuel Okogbenin	Director Technical Operations
Moussa Elhadj Adam	Director Finance & Administration
Alhaji Tejan-Cole	Director of Legal Affairs & Board Secretary
Donald Mavindidze	Director of Commercialisation (resigned 29 June 2018)
Sofia Tesfazion	Director of Resource Mobilisation

LEGAL AND ADMINISTRATIVE INFORMATION (CONTINUED)

AUDITOR

Grant Thornton UK LLP
30 Finsbury Square
London EC2A 1AG

SOLICITORS

BDO Seidman, LLP
Accountants and Consultants
7101 Wisconsin Avenue Suite 800
Bethesda MD 20814, USA

Ivory & Wellington
Barristers and Solicitors
Lagos: 19, Town Planning Way, Ilupeju
Abuja: Suite 209
Chams City, First Avenue
Central Business District – Abuja
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Arnold & Porter LLP
Tower 42
25 Old Broad Street
London, EC2N 1HQ
United Kingdom.

BANKERS

Commercial Bank of Africa Limited,
Commercial Bank Building, Standard/Wabera Streets,
PO Box 30437-00100
Nairobi, Kenya

**AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

STRATEGIC REPORT

The Trustees present their report and audited financial statements for the year ended 31 December 2017, which disclose the company's state of affairs.

Financial review

This year's financial review incorporates Qualibasic Seed (QBS) Kenya Ltd, a fully owned subsidiary of the Charity. QBS was incorporated on 16 Dec 2016 but started operations in mid-2017. The company was incubated by AATF hence acquiring the shares at the date of incorporation. The subsidiary details are as below: -

Qualibasic Seed Company Limited
Country of Incorporation: Kenya
Company Registration Number: PVT/2016/031638
EastGate Road, off Mombasa Road
P.O. Box 28897 - 00100
Nairobi, Kenya

AATF works to address some of the obstacles to technology access and delivery across the food value chain from research, production, processing through to market linkages. A priority area is to improve Africa's seed system where one bottle neck is foundation seed. In order to address this bottleneck, during the reporting period, AATF established and is currently incubating a foundation Seed company called QualiBasic Seed Company (QBS) Limited with the support of BMGF. This will help to mitigate the problem of Foundation Seed supply, a vital missing link in the maize seed value chain in most SSA countries. Currently AATF is holding the shares in trust with the agreement to divest its shares to future shareholders by 2022. Currently there is a review to determine the optimal capital investment and shareholding and later in 2020 there will be a process to solicit and bring new shareholders onboard. The aim is to have seed companies (current customers of QBS) to form the majority of the new shareholders. In this review, there is a high likelihood that AATF will retain a shareholding of between 10-20% as compared to its current shareholding of 99%.

Financial review – Charity

Incoming resources during the year under review decreased from US\$30.3 million in 2016 to US\$20.7 million in the current year. This decline is primarily due to the fact that (i) in 2016, we received income in advance amounting to US\$2.23m from BMGF for a new project known as Qualibasic Seed (QBS) whose activities commenced in 2017 (ii) the funds received for WEMA project reduced by US\$1.68m (2016: 11.5m) since the project was in its final year of the second phase hence less budget allocation (iii) Seeds2B project was in its final year of the second phase and transitioning to the next funding cycle hence funds carried forward from the prior year were used for the current year activities (2017: Nil; 2016: US\$0.35m) and (iv) there was a general decline in USAID funding to the AATF projects during the year (2017: US\$2.64m ; 2016: US\$7.42m) due to delayed obligation of funds.

The funding received during the year was mainly from Bill & Melinda Gates Foundation at US\$15.06 million (2016: US\$19.22m). There was continued support from all past investors. Contributions from Bill & Melinda Gates Foundation, Howard Buffet Foundation, USAID and DFID accounted for 99.5% of the total funding received in 2017.

Total expenditure decreased to US\$22.29 million as compared to US\$22.44 million in the previous year. The expenditure largely related to outsourced research activities costs which represented 51% of expenditure for the year. There was a slight decrease in the Charity's other costs (governance) during the year under review; (2017: US\$317,757), (2016: US\$323,672).

Restricted funds carried forward at the end of the year are US\$3,405,861 (2016: -US\$4,162,055). Total Funds now stands at US\$8,162,858 down from US\$9,762,603 as at the end of 2016.

Financial review – Group

The group recorded a net expenditure after tax for the year ended 31 December 2017 of \$ (1,517,263) against a net income after tax of the prior year of \$7,830,522. The subsidiary contributed net income of \$82,482.

Group revenue decreased by (31.64) % from \$30,272,221 in the prior year to \$20,694,257 for the year ended December 31, 2017
Group expenditure decreased to US\$ US\$22.21 million as compared to US\$22.44 million in the previous year.

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STRATEGIC REPORT (CONTINUED)

Group cash flows from operating activities increased by (10.24)% from \$ 2,003,476 in the prior year to \$ 2,208,638 for the year ended December 31, 2017. The cash flow for the Charity increased by 33.51%. The Charity aggressively adopted a project approach in the management of costs, ensuring that all costs attributable to projects were duly allocated to restricted grants.

Key Performance Indicators for the Board of Trustees

The Key Performance Indicators of the Board of Trustees as stipulated in the Board Manual are as follows: -

- Timeliness in providing the policy decisions needed by management;
- Adequacy of documentation for decision making and adequate time to consider major issues in Board and Committee meetings;
- Quality and openness of discussions;
- Quality of decision making;
- Adequacy of planning to assure continuous high-quality leadership for the Board and its Committees;
- Appropriate Board composition for Board functions associated with the oversight of both program and management;
- Appropriate committee structure; and
- Adequate orientation for new Trustees.

Financial risk management

The Foundation's activities expose it to a variety of financial risks, including credit risk and the effects of changes in foreign currency exchange rates. The Foundation's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

Risk management is carried out by a committee made of staff from the organisation's finance department, technical department, legal department and the Executive Director's office.

Market Risk

(i) Foreign exchange risk

The Foundation receives its income (donations) mainly in US Dollars (US \$) and Great Britain Pounds (GBP) but incurs and pays for expenses in either Kenya Shillings or US Dollars. However, the Foundation's exposure to foreign exchange risk is minimal, and is mainly related to Kenya Shilling transactions. Invoices are settled in the currency in which they are received, hence minimal foreign currency gains/losses. Balances held in currencies other than US Dollars are as follows:

	<i>2017</i>	<i>2016</i>
	<i>US\$</i>	<i>US\$</i>
Cash and bank balances in KShs	270,079	24,324
Cash and bank balances in GBP	744,794	5,137
Cash and bank balances in NGN	<u>214,830</u>	<u>30,685</u>
	<u>1,229,703</u>	<u>60,146</u>

(ii) Interest Rate Risk Management

The Foundation uses a fixed negotiated rate for both fixed and call deposits to avoid such risks related to floating rate.

(iii) Price Risk

The Foundation does not hold investments that would be subject to price risk; hence this risk is not relevant.

Credit Risk

The Foundation's credit risk is primarily attributable to its unexpended grants receivable. The credit risk on liquid funds with financial institutions is also low because the counter parties are banks with high credit-ratings.

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STRATEGIC REPORT (CONTINUED)

The amount that best represents the Foundation's maximum exposure to credit as at 31 December 2017 was made up as follows:

	<i>Current</i>	<i>Past due</i>	<i>Impaired</i>
	<i>US \$</i>	<i>US \$</i>	<i>US \$</i>
Grants Receivable	548,427	-	-
Other Receivables	867,245	-	-
Cash and short-term deposits	<u>8,001,806</u>	<u>-</u>	<u>-</u>
	<u>9,417,478</u>	<u>-</u>	<u>-</u>

The amount that best represents the Foundation's maximum exposure to credit as at 31 December 2016 was made up as follows:

	<i>Current</i>	<i>Past due</i>	<i>Impaired</i>
	<i>US \$</i>	<i>US \$</i>	<i>US \$</i>
Grants Receivable	3,314,165	-	-
Other Receivables	974,027	-	-
Cash and short-term deposits	<u>5,993,533</u>	<u>-</u>	<u>-</u>
	<u>10,281,725</u>	<u>-</u>	<u>-</u>

Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors through the senior management of the Foundation. Management has built an appropriate liquidity risk management framework for the management of the Foundation's short, medium and long-term funding and liquidity management requirements. The Foundation manages liquidity risk by maintaining banking facilities through continuous monitoring of forecast and actual cash flows.

The table below analyses the Foundation's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	<i>2017</i>	<i>2016</i>
	<i>US\$</i>	<i>US\$</i>
Payables	<u>1,090,878</u>	<u>380,160</u>

Approved by the Board of Trustees
and signed on behalf of the Board

Dr Denis Kyetere

Denis T. Kyetere
Executive Director

Date 30/9/2020

**AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
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TRUSTEES' REPORT

The Trustees present their report and audited financial statements for the year ended 31 December 2017, which disclose the Charity's state of affairs.

Our vision, objectives, aims and activities

The Charity's vision is a prosperous and a food secure Africa. The Charity's mandate is to transform livelihoods in Sub-Saharan Africa through innovative agricultural technologies. The Charity's specific objectives are: -

- Diversify agricultural technologies accessed for use in SSA
- Accelerate commercialisation of agricultural technologies for improved farmers' livelihoods
- Create an enabling environment for increased uptake and use of agricultural technologies in SSA

The Charity achieves its specific objectives above by affecting the following implementation objectives: -

- Mainstreaming Women and Youth Empowerment
- A revamped partnerships approach will take into account lessons from on-going relationships and establishment of new networks including those critical new areas such as digital agriculture and gender and youth.
- Restructuring the organisation and re-aligning skills to respond to the dynamic environment.
- Increasing and diversifying the funding base.
- Implementing a monitoring and evaluation system based on an effective knowledge management system

African Agricultural Technology Foundation (AATF) aims to ensure food security and reduce poverty in Africa. AATF is designed to facilitate public-private partnerships to access, develop, adapt and deliver appropriate agricultural technologies for sustainable use by smallholder farmers in Sub-Saharan Africa through innovative partnerships and effective stewardship along the entire value chain. It provides expertise in the identification, access, development, delivery and use of appropriate agricultural technologies. In its quest to ensure food security and reduce poverty in Africa, AATF draws upon the best practices and resources of both the public and private sectors. It also contributes to capacity building in Africa by engaging institutions on the continent in the diverse partnerships through which it executes its mandate.

AATF uses a medium to long-term strategy to achieve its objectives. This strategy focuses on the access of appropriate technologies, developing and adapting these technologies and deploying and commercialising these technologies for impact. These strategic focus areas are the key aspects (key performance parameters) to attaining the Foundation's objectives. We anchor our activities on a strong and effective institutional programming and a conducive environment through: -

- Institutional capacity building for technology access, development, adaptation and deployment; and
- Creation of an enabling environment for technology access, development, adaptation and deployment.

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TRUSTEES' REPORT (CONTINUED)

The significant activities that contribute to the achievement of the above objectives are as follows: -

- Developing Striga control technology for smallholder maize fields.
- Developing *Maruca*-resistant cowpea varieties for use by smallholder farmers.
- Improvement of bananas resistant to banana bacterial wilt disease.
- Implementing the Water Efficient Maize for Africa (WEMA) Project.
- Developing Nitrogen-Use Efficient, Water-Use Efficient and Salt Tolerant (NEWEST) rice varieties.
- Implementation of the Cassava Mechanisation and Agro-processing Project (CAMAP).
- Open Forum for Agricultural Biotechnology (OFAB).
- Developing Hybrid Rice for use by smallholder farmers
- Seeds2B Project.
- Maize Lethal Necrosis (MLN) Diagnostics and Management.
- Development and testing of transgenic potato with resistance to bacterial wilt
- Qualibasic Seeds Project

THE STRIGA CONTROL IN MAIZE PROJECT

Objective

The objective of this project is to sustainably improve maize productivity among smallholder maize producers in Kenya, Tanzania, and Uganda who rely on maize for household food security and income through control Striga weed infestation. To accomplish this, the project is scaling the commercialisation of IR-maize seed in Kenya, Tanzania, and Uganda. The implementation of this project will result in widespread access to and adoption of StrigAway technology by smallholder maize producers who rely on maize for household food security and income. StrigAway, the combination of herbicide resistant maize treated with herbicide, is a high-potential, market-proven technology that transforms productivity and income.

The problem

The damage caused annually by Striga in SSA is estimated at US\$ 1 billion, affecting the livelihoods of more than 100 million people. Fifteen countries of eastern, southern and western Africa account for 95% of the continent's Striga infested fields. The challenge is to expand commercial access of StrigAway technology.

AATF interventions

AATF has technical expertise in commercialising IR-maize seed, having completed pilot activities since 2005 in Kenya. AATF has worked in Uganda and Tanzania with other technologies and has already developed partnerships in those countries for the commercialisation of IR-maize seed. AATF is providing support in market development, farmer training, and technology stewardship to private seed company partners who are producing, distributing, and marketing IR maize seeds to smallholder producers. Overall AATF is in charge of oversight and coordination of project partnership.

Specifically, this is done through:

- Formulation of IR maize dissemination plans in target countries
- Mobilize and build capacity of stakeholders in IR maize technology handling and use, thus assisting in product stewardship
- Addressing any bottlenecks in technology transfers to ensure effective access, delivery and uptake of the IR maize technology by seed companies, agro-dealers and farmers
- Facilitating demand creation for the IR maize technology among farmers through sustained on-farm product demonstrations, outreach and awareness campaigns, thereby encouraging investment in certified seed production by seed companies
- Support for variety evaluation, release and nomination by seed companies, so as to bring new higher yielding hybrids to market
- Facilitating compliance to seed and herbicide registration regulations in target countries
- Sustaining technology uptake and use through effective training, monitoring and evaluation, and feedback workshops, thereby enabling compliance to technology user guidelines and its long-term benefits to farmers.

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TRUSTEES' REPORT (CONTINUED)

Achievements

AATF intensified activities to drive up commercialisation by backstopping private seed companies and undertaking more engagement in market development, product awareness, farmer training, and technology stewardship. The disseminated seed is expected to boost productivity in Kenya, Uganda and Tanzania, as yields from IR resistant maize seed in Striga infested fields are significantly better (2 t/ha) than those of non-IR maize (0.5 t/ha).

Through efforts by the partner private seed companies, the Striga Control Project reported a 60% improvement in the supply of certified IR maize seed. Data from farmer fields shows that the maize grain yield advantage of the IR maize varieties over the farmers' variety averaged 2 tonnes per hectare, with the extra grain being worth about US\$ 660 per ha. The volume of seeds recently produced under this project is estimated as sufficient to reach over 150,000 households at 4kg per household. The project continued with promotion activities involving seven partner seed companies to enhance commercialisation of the IR maize in addition to seeking additional seed company participation to build high demand for the IR maize varieties.

A critical bottleneck in commercialisation being the capital cost required by the need to have separate herbicide coating dedicated treatment equipment, AATF provided cost share for the purchase and installation of a seed treatment processing lines by one private seed company partner in Kenya in 2016.

Crucial statistics:

Striga, commonly known as witchweed, is a parasitic plant that requires a living host for germination and initial development. Maize, the staple food for the majority of East Africans, has significant susceptibility to Striga and continuous cereal mono-cropping has intensified the Striga problem. Severe Striga infestations can cause between 20%-80% crop loss in maize and farmers have abandoned farmland and areas of fields with heavy Striga infestation. Striga affects approximately 1.4 million hectares in Kenya, Tanzania, and Uganda.

AATF's experience in Kenya and Tanzania has shown that the IR maize technology has great impact in the reduction of Striga effects. The technology can increase yields from 0.5 tonnes to 3 tonnes per hectare and in effect increase income and reduce poverty. Thus, IR technology is viable in addressing food security and poverty reduction across SSA especially given the importance of maize in the region. Based on the overwhelming results from Kenya, AATF is putting in place mechanisms to scale-up the technology in other countries for smallholder farmers to be food secure.

Challenges & Lessons learnt

- Open Pollinated Varieties (OPV) which were the first varieties available and commercialised could control Striga weeds but were not of exceptional high grain yield. However, seed companies in Kenya and Uganda are now embracing new high yielding hybrids.
- Capital cost required by the need to have separate herbicide coating dedicated treatment equipment.
- Funds are still required to continue with scale out activities in new countries for wider impact in Africa.

AATF is proactively engaging seed companies with binding milestone-based contracts to assist monitoring and foster compliance to agreed targets. AATF is also continuing with resource mobilisation efforts to expand the reach and impact of the StrigAway™ maize technology.

THE MARUCA-RESISTANT COWPEA PROJECT

Objective

The project aims at contributing to food security and improving livelihoods of small holder farmers in sub-Saharan Africa by developing and deploying improved, high yielding farmers-preferred cowpea varieties that are resistant to the insect pest Maruca vitrata, commonly known as Podborer.

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TRUSTEES' REPORT (CONTINUED)

The Problem

The pod borer (*M. vitrata*) is a Lepidopteran pest that inflicts severe damage to cowpea. In severe infestations yield losses of between 70–80% have been reported.

AATF Intervention

AATF is addressing these problems through a combination of conventional breeding and genetic engineering of the crop to improve its productivity and utilisation.

Achievements

The first set of PBR cowpea varieties developed in the project had only one gene for resistance. Given the need to strengthen durability of cowpea resistance to *Maruca vitrata*, the project developed new PBR-lines carrying a second gene for resistance. Efficacy trials for the second gene are still ongoing. Transformation with both genes is still being optimised. Expressions of both genes when pyramided are not yet optimal and efforts towards solving this challenge are still underway. Efficacy trials for the second gene were undertaken in Ghana and Burkina Faso.

Farmer-managed confined field trials: The objectives of the trials are to expose farmers to PBR cowpea before its release and to assess the performance of PBR cowpea under farmers' production management. The trial was conducted at three sites each in Nigeria (Zaria, Minjibir and Bakura), and Ghana (Nyankapala, Mango and Damango) while the trial was conducted at two sites in Burkina Faso (Farakoba and Pobe Mangao)

Reduction of insecticide application: To control insect pests of cowpea, farmers generally spray insecticides 5–10 times to ensure a reasonable amount of grain yield, 400 kg on the average. With the development of PBR cowpea, the number (frequency) of sprays are anticipated to reduce, thus saving cost and enhancing productivity. Hence, a trial was conducted in Malawi to determine the extent of reduction of sprays which the PBR technology can offer to farmers.

The project has also made advances in the development of the regulatory dossiers for the release of the transgenic PBR cowpea. The Environmental Protection Agency of the US has cleared PBR cowpea of any risks to human or animal health.

Expected impact

- Increased production in Africa by at least 50 percent from 6.675 million tons to 10.150 million tons which translates to US\$ 4,567,500,000 at an average price of (\$450/tons)
- Increased yields of local varieties from 0.3 – 0.6 t/ha to 0.6 – 2.0 t/ha resulting in increased income of at least US\$270-US\$ 900
- Improved nutrition - cowpea contains 22 percent protein.
- Reduce regional grain prices by 9.5 percent, resulting in increased regional trade volume and demand by between 8.5 percent and 19.2 percent.
- Improved health linked to the reduction in insecticide herbicide sprays from about 6 to 2 times

THE BANANA IMPROVEMENT PROJECT

Objective

- To negotiate access to genes for banana bacterial wilt resistance
- To develop transgenic resistant banana varieties to bacterial wilt disease
- To conduct efficacy tests of the accessed genes for resistance to bacterial wilt disease
- To evaluate consumer acceptance, agronomic characteristics and environmental and food safety of the transgenic banana in target countries
- To deregulate transgenic banana for commercial release in Africa
- To facilitate deployment and stewardship of transgenic banana in target countries

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TRUSTEES' REPORT (CONTINUED)

The problem

Banana is a major staple crop in East and Central Africa produced mostly by smallholder subsistence farmers. This crop is severely attacked by Banana Xanthomonas wilt (BXW) disease which threatens the stability of food security in the region. About 20 million people depend on bananas or plantains as their major source of dietary carbohydrates. The disease affects all banana varieties, including both East African Highland Bananas (EAHBs) and exotic dessert and beer bananas. The economic impact of the disease is potentially disastrous because it destroys whole plants leading to complete yield loss. The disease has caused estimated economic losses of about \$2–8 billion over the past decade. There are currently no commercial pesticides, biocontrol agents or resistant cultivars available to control BXW. Given the rapid spread of the disease in Africa and the lack of known genetic resistance to BXW, IITA is partnering with AATF in exploring transgenic research to improve banana resistance to the disease. Genetic transformation using three transgenes has been successfully demonstrated as effective in controlling the disease. These transgenes are now being used to develop resistant cultivars

AATF Interventions

- License and execute service agreements with IITA and partners
- On accessing genes, AATF then undertakes the issuance of sublicense to partners (IITA and NARO). AATF also ensures a Service Level Agreement is made with partners. Along terms of the agreement, AATF undertakes IP Management for all forms of IP and
- General License Compliance including license compliance visits for the genes covered under the agreements.

Stewardship of Banana

- Visit partner laboratories where banana will be transformed by the licensed genes to audit the general stewardship of these genes.
- Visit partner glasshouses, growth chambers and/or confined field trails (CFTs), where transformed seedlings/plantlets or regenerated plants will be evaluated for specific traits, to audit compliance with stewardship requirements of the License in these conditions.

Regulatory Affairs

AATF regulatory roles:

- Develop a Biosafety and IP compliance guideline in liaison with IITA, to facilitate the NARS to report and implement the expectations of the technology owner.
- Undertake Regulatory Audits in the project areas to ensure compliance with Biosafety requirements in approvals and the country laws and the Compliance guideline.
- Carry out Compliance Training in the participating NARS in collaboration with IITA.
- AATF's will participate during project implementation processes including and not limited to the following activities:
 - Participate in review of improvements made on the technology
 - Participate in review of Application dossier – This should be copied to AATF during IBC review stage and a copy retained at AATF.
 - Participate in review of activity of third parties including any published information on the 3 genes.
 - Participate in review of press releases and media reports regarding the technology
 - Participate in Annual Review of the sub-licenses with IITA, NARO and EIAR.
- Participate in progress reporting forum as organized by IITA.

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TRUSTEES' REPORT (CONTINUED)

Reports and Communications

AATF Technical Operations Department will peruse and vet the technical reports and the journal articles developed by the partner, IITA, arising from the use of licensed genes in a timely manner so as to meet the desired publication deadline. Communications will vet all the press releases and Legal will check for online articles and reports, online referencing of any of the subject covered under the agreement.

Project achievements

- Renewal of Sublicense and terms to IITA. A significant development in the banana project was the renewal of the sublicense for the transgenes being used for the development bacterial wilt resistant banana by AATF to IITA. The sublicense granted to IITA was extended to cover IITA Enset and cassava transgenic research.
- AATF further prepared corresponding sublicenses with NARO (Uganda) for Banana and EIAR (Ethiopia) for Ensete.

IITA summary results from BXW product development activities

- Generation of transgenic banana with modified plasmid constructs for Xanthomonas Wilt Disease (XWD) resistance
- Transformation of banana using new plasmid constructs with stacked genes
- Development of transgenic enset for resistance to bacterial wilt disease
- Enset transformation in Ethiopia
- Molecular characterisation and glasshouse screening of transgenic lines

IP Compliance

- AATF developed a Biosafety and IP compliance guideline in liaison with IITA, to facilitate compliance and efficient implementation of the project by NARS in accordance with the expectations and requirements of Academia Sinica (the technology provider). The guideline is being used for on-going compliance audit visits.
- It was noted that one of the varieties being evaluated, the Nakitembe Variety, is a landrace which had not been officially released. It was recommended that NARO undertakes steps to ensure official release of the variety with the genes to ensure quality control.
- Compliance visits: AATF conducted the audit of operations at IITA, the National Agricultural Research Organisation (NARO), and EIAR for biosafety and Intellectual Property Compliance Management for the use of licensed genes.

Review of project manuscripts for publication

- AATF reviewed a book chapter prepared by the project PI. The book chapter is titled: Transgenic Technologies for Bacterial Wilt Resistance.

Expected impact

- Reduce the impact of BXW in banana production through increased production and income (annual loss as a result of BXW in Uganda is US\$200 million and be up to 8 billion in the next 10 years).
- Increase banana regional exports by over 65 percent and reduced poverty

Challenges and lessons learnt

- Overcoming the regulatory barriers in Kenya and Uganda for commercial release.
- Combining resistance to BXW with Fusarium wilt in farmer preferred cultivars to enhance successful banana productivity in Africa.
- Funding initiatives should be intensified to enhance project activities towards the commercial release of transgenic varieties in target countries.

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THE WATER EFFICIENT MAIZE FOR AFRICA (WEMA) PROJECT

The problem

Drought is the most important constraint of African agriculture severely affecting maize, the most important African staple food crop. Three-quarters of the world's severe droughts over the past 10 years have occurred in Africa. The WEMA partnership was formed in response to a growing call by African farmers, leaders and scientists to address the effects of drought in a way that is cost effective to African smallholder farmers.

Objective

To develop and deploy royalty-free African drought-tolerant and insect-pest protected white maize hybrids using conventional, marker assisted, and genetic modification approaches, giving at least 20–35% yield advantage under moderate drought conditions compared to commercial hybrids developed in 2008.

AATF interventions

AATF works with the internationally funded non-profit International Maize and Wheat Improvement Center (CIMMYT), the private agricultural company Monsanto, and five National Agricultural Research Systems (NARS) in five countries in eastern and southern Africa in this partnership. AATF contributes its leadership, unique experience in public-private partnership management, technology stewardship, regulatory affairs and intellectual property management, and project management expertise. CIMMYT provided high-yielding maize varieties that are adapted to African conditions and expertise in conventional breeding and testing for drought tolerance.

Monsanto provided several proprietary germplasm, advanced breeding tools and expertise, and drought-tolerance transgene developed in collaboration with Baden Aniline and Soda Factory (BASF) and insect-pest resistant transgenes. The varieties developed through the project will be distributed to African seed companies through AATF without royalty and made available to smallholder farmers as part of their seed business. The national agricultural research systems, farmers' groups, and seed companies participating in the project will contribute their germplasm, expertise in field testing, seed multiplication and distribution. The project also involves local institutions, both public and private, and in the process expands their capacity and experience in crop breeding, biotechnology and biosafety.

Summary of Achievements and Impact / Achievements

Based on the results of the independent NPTs carried out by the seed certification agency (Kenya Plant Health Inspectorate Service (KEPHIS)), three medium-maturity, DroughtTEGO® hybrids were recommended for commercial release in Kenya.

Three sets of trials using WEMA hybrids, one set from Monsanto and the others from CIMMYT, established to identify hybrids adapted to Ethiopia to fast-track their conversion into transgenics using Bt and DT (CspB) traits were harvested in quarter four (Q4) of 2017. Two WEMA hybrids ranked among the best with 10%–19% higher yield than the popular commercial check hybrids. The trials with CIMMYT germplasm were planted at three sites and mean yield ranged from 3.6–7.6t/ha depending on the site.

Selected WEMA hybrids were evaluated in the Kenya highlands to identify some commercially released DroughtTEGO® hybrids that are adapted to highland agroecologies at altitudes >1,600m above mean sea level (AMSL) to help farmers mitigate drought in this agroecology. The WEMA materials were developed for lowland and mid-altitude agroecologies. But in recent years, the project has seen farmers taking the varieties to the highlands with variable responses. The trials were, therefore, carried out to educate farmers and seed companies on suitable materials for the highlands. This will also guide in targeting transgenic drought-tolerant and insect-protected (TELA®) hybrids to the highlands in the future

The WEMA-Wide Trials (WWT) were carried out to identify hybrids for entry into 2018 NPTs. Early- and medium-maturing hybrid sets were planted at 25–30 locations in Kenya, Uganda and Tanzania

Significant progress has been made in breeding for combined tolerance to Maize Lethal Necrosis and drought-stress for better products to mitigate yield losses under the two stresses. New drought-tolerant hybrids were evaluated under artificial inoculation at Naivasha in Kenya to identify MLN-tolerant hybrids.

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Confined field trials (CFTs) were primarily established to test the efficacy of the Bt to control stem borer, a major insect pest of maize. The recent outbreak of FAW has rapidly spread across Africa with huge negative impacts reported on maize production. Preliminary results of the trials under natural infestation of both stem borer and FAW in Uganda and Mozambique showed that the stacked drought-tolerant (DT) and Bt insect-protected (stacked DT+Bt) TELA® hybrids yielded more than the same (isogenic) hybrids without the transgenes, with some showing statistically significant yield advantages ranging from 9%–98% better.

Expected impact

- Increased maize yields by 20–35 percent over 2008 commercial varieties under moderate drought stress.
- Additional 2 million metric tons of maize during drought years to feed about 14 to 21 million people in the long-term.
- Improved yield stability under moderate drought to encourage investments in best management practices.
- The conventionally bred seed has been available royalty-free to small-scale farmers in SSA since 2013; while limited quantities of transgenic hybrids were available in South Africa in 2016.
- Reduced risks of crop failure during moderate drought

Key Challenge

- Outbreak of Maize Lethal Necrosis (MLN) disease and Fall Army Worm (FAW) in East Africa has limited the project's progress in terms of hindering or delaying trans-boundary seed movements and cultivation bans in certain areas. This has slowed down seed production activities and affected cultivation targets and timelines beyond the project's control.

DEVELOPING NITROGEN-USE EFFICIENT, WATER-USE EFFICIENT AND SALT TOLERANT (NEWEST) RICE VARIETIES FOR USE BY SMALLHOLDER FARMERS IN SSA

Objective

This project is designed to develop transgenic farmer preferred rice varieties that are water-use efficient, nitrogen-use efficient and salt tolerant. By 2018, the project will show proof of concept, identify lead events for both NUE and NEWEST rice, chose farmer preferred varieties for introgression and carryout introgression and backcrosses.

The Problem

Rice consumption in SSA has been growing by 6 percent per annum over the years, more than double the rate of population growth resulting in demands that far exceed local supply in SSA. The rising demand for the commodity has been largely attributed to changing food preferences in both urban and rural areas coupled with high population growth rates and rapid urbanisation in Africa. This demand and consumption rate indicates that rice is an important staple food and a commodity of strategic significance across most African countries, requiring specific interventions that target production constraints.

AATF Intervention

The NEWEST Rice project was launched by AATF in 2008 as a strategic pathway to addressing food insecurity in the face of many abiotic constraints to rice production and impending challenge of climate variability in Africa. The initiative strives to genetically transform some varieties of the New Rice for Africa (NERICA) using plant transformation technologies to improve their productivity in nitrogen-deficient soils, drought prone regions and in soils with high salinity. To ensure adoption the project will introgress the gene into the farmer prefer varieties in the respective country of deployment and commercialisation.

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Achievements

The NEWEST rice project has concluded transformation activities. A total of 33 events comprising 15 Nitrogen Use Efficient (NUE) and 18 Nitrogen-use Efficient, Water-use Efficient and Salt Tolerant (NEWEST) events were developed by Arcadia Biosciences and distributed to all partners for CFTs. The 15 nitrogen-use efficient transgenic lines comprises of six and nine lines from four co-transformation pipelines respectively. While the 18 triple stacked genes events for nitrogen-use efficient, water-use efficient and salt tolerance are from two product pipelines. Both the 15 NUE and 18 NEWEST events were shipped to the partners in Crops Research Institute (CRI) Ghana, National Crops Resources Research Institute (NaCRRI) Uganda, National Cereals Research Institute (NCRI) Nigeria and International Center for Tropical Agriculture (CIAT) Colombia. The NUE events have been tested in 12 Confined Field trials in four locations (Ghana, Uganda, Nigeria and Colombia). The events were tested at four nitrogen levels (0kg, 30kg, 60kg and 90kg). As a result of all the trials, a major milestone was achieved in the NEWEST Rice Project, by completing a combined analysis of the data collected since 2012 when the confined field trials started to date. Events NUE 12, NUE 9 and NUE 2 had consistently outperformed the Bulk Sibling Nulls (BSN) and NERICA 4 (not transformed) with an average of 15% yield increase from a GGE biplot analysis. This has positioned these three as potential lead events, subject to molecular characterisation of the plants and the final results to come from Nigeria, the best will be selected as the lead event. Also, the regulatory process has commenced with the completion of the early food safety evaluation (EFSE) for NUE protein with results now in the public domain on the website of the Food and Drug Agency of America.

Expected impact

- A total welfare gain of more than \$0.5bn could potentially be achieved if farmers adopting rice technologies are able to increase their yields by at least 30 percent.
- A reduction in rice imports leading to foreign currency savings of more than US\$300 million per year.
- Increase of household income of at least \$400 per annum.
- At least 500,000 households will be accessing or adopting the new rice varieties within the first three years after commercialisation.

Challenges and Lessons Learnt

The major obstacle in the project was the level of noise experienced in the data collected in 2013, which was identified to be caused by the small plot size used in the trials. The protocol has been reviewed and the plot size increased.

Key benefactors of project

This project will have direct benefit to the resource poor farmers (mostly women) in Africa, especially those with lands of poor soils, that could produce little or nothing from their lands due to low nitrogen level, drought or salinity. It will also empower African scientific and agricultural communities to better deliver other improved technologies and services to farmers in the future."

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CASSAVA PRODUCTIVITY THROUGH MECHANISATION AND AGRO-PROCESSING (CAMAP)

Project goal

Cassava Mechanisation and Agro-processing Project (CAMAP) aims to improve cassava productivity, increase efficiency in agronomic operations, reduce drudgery as well as create market linkages for smallholder farmers in three project countries (Nigeria, Zambia and Uganda). The project is facilitating best-bet production practices among farmers by promoting the planting of improved stem varieties, timely weeding, fertiliser and herbicide application. With a view to providing sustainable environment for cassava mechanisation in the partner countries, the project has initiated mechanisms to build and support agro-service platforms which provide commercial mechanisation operations to farmers and training to service providers on enhanced mechanisation delivery and efficiency. In line with the agribusiness concept of the project, farmers are being linked to existing markets to stimulate a functionally efficient supply and demand chain for cassava. The project therefore builds a strong pull effect to strengthen needs for increased production. The project works along the whole value chain while also addressing gender issues to meet other project goals like improved income and employment for youths and women.

Project objectives

- Negotiate access and transfer of cassava mechanisation and agro processing technologies for use by smallholder farmers
- Increase cassava production through mechanisation across the entire value chain and thus reduce post-harvest losses and demand for intensive labour
- Add value to the cassava industry through value addition and the creation of market linkages between smallholder farmers and agro processing centres
- Build the capacity of local entrepreneurs to design prototypes machines, manufacture, maintain and repair equipment for planting, harvesting and processing cassava
- Expand the utilisation of safe, quality, diversified, value added cassava products and derivatives.

The Problem

Cassava is a staple crop for 500 million people in Sub-Saharan Africa (SSA) with Nigeria accounting for 55% of the world's cassava production. Although Nigeria is the highest cassava producing country in the world with over 40 million metric tonnes, the output per unit area is still very low (9–12 tons/ha) as compared to over 25 tons/ha recorded in Asia and Latin America. The yield level on farmers' field (for landraces and improved varieties) has remained very low in SSA due to inefficient production systems. Cassava production in Africa predominantly remains manual and labour intensive; and employs traditional tools in all operations. One of the key constraints to cassava production in Africa is lack of mechanisation or appropriate production and processing tools. This remains laborious to women, and less attractive to the youths who want to go into cassava production. Yet market opportunities for cassava in Africa are limited compared to other cassava-producing regions. This situation has hindered value addition because it is farmers who have access to markets that are likely to adopt technologies which enhance productivity.

Project Overview

Mechanisation of cassava production and processing has been identified as the most important constraint to the development of the cassava sector in Africa. High labour requirement for cassava production operations include land clearing, land preparation, planting, weeding and harvesting. These high labour requirements of cassava production come with high cost over a long growing season that makes cassava production less attractive to farmers, especially youths compared with other staple crops that are less labour-intensive and require less operational costs. Other high operation costs are those related to transportation, storage and post-harvest processing. To address the problem, the New Partnership for Africa's Development (NEPAD) has launched the Pan-African Cassava Initiative, while several countries, such as Nigeria and Ghana, have started national initiatives to promote the use of cassava in industries. Cassava for large-scale use such as the mandated incorporation of 10 percent cassava flour in wheat flour for bread making in Nigeria requires a large number of small-scale cassava processing units. However, the existing capacity for manufacturing of cassava processing equipment is limited and unless it is upgraded, Africa's farmers and entrepreneurs are unlikely to benefit from the new market opportunities. The project, therefore, aims to stimulate cassava mechanisation along the product value chain to ensure increased production and value addition and on the other hand reduce post-harvest losses. Improvement of cassava production systems will be critical to maximizing its full potential as a cash crop especially for smallholder farmers.

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AATF Intervention

AATF is negotiating access, building capacity for local fabricators, backstopping enterprise development, providing stewardship of the technologies, deploying and creating market linkages through CAMAP. AATF has been providing resources for the project development, testing of the technology, overall partnership management, business enterprise development and market linkage expertise. Manufacturers in regions with appropriate technologies, but who are reluctant to supply equipment to African businesses for fear of piracy and subsequent loss of market, have been approached and they have shown interest in partnering with African entrepreneurs to produce high quality equipment.

CAMAP is a value chain approach to addressing constraints faced by smallholder cassava farmers in which not only mechanisation and agro-processing is involved, but it is a systems approach where there is the use of improved high-yielding and disease resistant cassava varieties and best agronomic practices (including optimum plant density, fertiliser and herbicides application, weeding, scheduled dates for planting and harvesting) is incorporated into the mainstream project activities. Through market linkages, CAMAP is assisting in reducing post-harvest losses by over 80%, reduce labour drudgery by 90% and significantly increase farmer income from \$700 – 900 per ha to \$2,000 - \$3,000 perha.

Achievements

a. Mechanisation in the project countries

Nigeria: There is a strong traction in Nigeria with increasing number of farmers receiving mechanisation services directly from the project (AATF and private companies allied to CAMAP) or through other initiatives. The project is collaborating closely with the International Fund for Agricultural Development (IFAD) (through its Value Chain Development Project), Niji Farms and the National Center of Agriculture Mechanisation (NCAM). The project targeted mechanisation operations (ploughing, harrowing, spraying, planting, weeding and harvesting) in eight states (Oyo, Ondo, Kwara, Ogun, Osun, Ekiti, Delta and Edo). For the period Nov 2017 and Mar 2018, the project harvested 1240 ha (with average yield of 26 t/ha).

Zambia: Between Nov 2017 and March 2018, a total of 327ha was identified to be suitable for mechanisation. In addition to these operations a total of 120ha was harvested through mechanised diggers.

CAMAP created market linkages with two companies (GroAfrica and Total Land Care) for its farmers. In the business linkage created, all CAMAP farmers in Zambia were able to sell their cassava roots (as dry chips) and stems. GroAfrica purchased more than 540 tonnes of dried cassava chips while Total Land Care purchased cassava stems. Approximately USD 79,693 was generated from this market linkage and this has resulted in increased mechanisation services in Zambia for 2017/2018 production season. Within the reporting period, CAMAP received a new request from the Kaputa Royal Establishment for the mechanisation of 500ha of cassava. CAMAP is currently providing technical guidance on the request.

To solve the problem of persistent broadleaf weeds on farmers' fields, the project team with technical assistance from Syngenta Company recommended a combination of herbicides to control the weed challenge on the field. This application has been very effective as most cassava farms have shown improvement in weed control.

Uganda: A total of 250ha was validated as suitable for mechanisation. The areas of land covered per operation were 260ha ploughed, 100ha harrowed, 60ha sprayed, and 110ha planted. A total area of 80ha was mechanically harvested.

b. Revolving Fund

The revolving fund began full swing operation in 2016 where smallholder farmers would pay for mechanisation services for their pieces of land on full cost recovery. This noble idea contributes to the sustainability of the project as the money paid by the farmers is used to reach out to more farmers and for servicing the project equipment. This approach to implementation of the project is helping to reinforce the concept of agri-business among smallholder cassava farmers. The revolving fund provided that farmers pay up 50% of the total sum of all mechanisation operations (ploughing, harrowing, herbicide application, cultivation, and harvesting) before commencement of works and the balance is paid upon completion of activities or harvest of their cassava. The 50% payment approach was meant to have financial inclusion aimed at motivating small holder farmers who are not financially able to mechanize their farms. Through this method, farmers have the opportunity to raise the needed funds over a period.

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c. Demonstration farms

CAMAP in partnership with three smallholder farmers established demonstration farms on cost sharing basis at a ratio of 50:50 (two are 40ha each and the third farm is 16ha). The idea of the demonstration farms is to create awareness on the benefits of mechanisation and generate income generation for both CAMAP and farmers. AATF's part of the income from the demo will be ploughed back through the Revolving Fund set for the project. The demos also served as a learning platform for farmers. The project is driving for full commercialisation of mechanisation with client farmers with a view to achieving, in the minimum, a full cost recovery for all its operations.

Market Information Support System (MISS)

AATF designed a Market Information Support System (MISS) which is an interactive marketing platform where all cassava value chain players can access information vital to trade. These value chain players include financial providers, input suppliers, farmers, mechanisation service providers, processors as well as machine technicians. The MISS will allow users to log in and access information on value chain parameters, for example a processor will be able to access the list of farmers around his area with ready tubers for market. Farmers can access price information of various cassava products on the system. Farmers can do query search on the system regarding available input providers, locations of service providers, cost of service and which financial institutions can support them. Financial service providers may log into the system to track farmer activities and progress before guaranteeing them a loan for expansion. This system will be moderated by the project team to guarantee credibility of the information provided on the platform

Challenges and Lessons Learnt

The challenges faced during the year included the following.

- Reluctance and unwillingness of (Small-Scale Enterprise) SME cassava farmers in Uganda to apply inputs. Some farmers argue that the land in Uganda is fertile and does not need additional fertilisers.
- Machines transportation from one location to another especially if the distance is long

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THE OPEN FORUM ON AGRICULTURAL BIOTECHNOLOGY IN AFRICA (OFAB)

Objective and AATF Role

1. Establish and manage a range of platforms to enhance understanding of biotechnology in agriculture for productivity;
2. Contribute to informing policy decision making processes on matters of agricultural biotechnology through provision of factual, well researched and scientific information;
3. Forge strategic alliances for optimisation of resources through convening and encouraging inter-institutional networking and knowledge sharing in the agricultural biotechnology space;
4. Enhance targeted capacity strengthening that will improve communication across all sectors interested in biotechnology for African agricultural development.

The Problem

AATF established OFAB in recognition of the potential that biotechnology offers towards agricultural development in SSA and the need for its active participation in creating an enabling environment for adoption of new technologies by smallholder farmers in order to support it effectively implement its strategies and catalyse change in African agriculture.

Achievements

OFAB is globally recognised as a credible biotech advocacy platform in SSA and has built a global network to bolster its advocacy and communication efforts in Africa. For example, OFAB is a founding member of the Cornell Alliance for Science Growth and has expanded its mission from one chapter in 2006 to seven chapters - Kenya, Nigeria, Ghana, Uganda, Burkina Faso, Tanzania, and Ethiopia - currently. AATF advocacy platform significantly contributed towards creating an enabling environment for biotech uptake in SSA. OFAB successfully engaged grassroots communities on benefits and safety of GMOs through sustained community mobilisation program in collaboration with relevant local bodies in target countries. It has enhanced media outreach campaigns leading to significant positive changes in media coverage of biotechnology in all the countries where it operates. This has increased biotech awareness and knowledge in the OFAB countries. OFAB raised additional funds to drive up its advocacy efforts at the grassroots and 'grasstops' (policy advocacy). It has leveraged resources from partner institutions to expand its reach.

As part of its high-level policy outreach activities, OFAB organised a high-level conference on use of science, technology and innovation (STI) in harnessing African agricultural transformation in Kampala, Uganda on 27–29 September 2017. The event brought together several high-level policy makers, including Uganda's Prime Minister, Agriculture Minister and Science, Technology and Innovation Minister (Figures 28 and 29). Over 150 delegates from all over the world attended the meeting. The conference created the necessary momentum that led to the passage of the Uganda Biosafety Bill 2012 into an Act of Parliament

In recognition of the role of media in informing and educating the public on the importance of biotechnology in Africa, OFAB launched an annual OFAB Africa Journalist of the Year Award. Each of the seven chapters (partner countries) were supported to select national winners. Three winners from each category – television, radio and print – were enrolled to compete for the overall Africa award. The second annual award will be held during the OFAB Annual Review and Planning Meeting in September 2018 in Ouagadougou. The annual award is expected to enhance the quality and frequency of media reporting on biotechnology.

A book on OFAB successes over the last 10 years, OFAB: A Decade of Success, 2006–2016, was officially launched by the Ugandan STI Minister

Challenges and Lessons Learnt

Political will (political support) for biotech has been found critical for biotech adoption. AATF has therefore intensified high-level policy advocacy and communications campaigns to mobilize political goodwill and support for biotech through OFAB. Efforts are being made to enhance high level outreach to build visibility and inclusion in decision making.

Grassroots support for biotech is vital for two reasons: boost confidence of policy makers to support the technology and back up their support with science-based policies. AATF made a strategic decision to engage grassroots communities on benefits and safety of GMOs through sustained community mobilisation programs through OFAB in Kenya, Uganda, Tanzania, Ethiopia, Burkina Faso, Ghana and Nigeria.

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Information sharing and awareness creation without a sustained, well-designed advocacy campaigns is not enough to bring about strong public acceptance that would lead to adoption of the technologies. All country partners are now strongly encouraged to build awareness as part of policy change advocacy.

The media (mass and social) support for biotech is a strong booster of public acceptance of biotech products. Proactive engagement and capacity strengthening of journalists on science reporting is helping in building informed and empowered reporters. Involvement of project communications staff at AATF and country levels in advocacy has further helped to expose them to a bigger perspective on biotech; and have also given them a chance to communicate issues raised in outreach efforts to a wider public (masses) for awareness creation and transparency i.e. CFTs in Kenya, Uganda, Tanzania and Mozambique.

Advocacy is an expensive exercise which requires adequate resources to undertake and achieve desired results. As mentioned above, OFAB raised additional funds to drive up its advocacy efforts at the grassroots and 'grasstops' (policy advocacy) levels. Efforts for more funding ongoing and to leverage resources from partner institutions to expand its reach.

The anti-biotech movement has been globalized and efforts to counter it ought to be globally networked as well, but with strong local presence and action. OFAB has built a global network to bolster its advocacy and communication efforts in Africa. These partnerships are encouraged and will continue to ensure global presence with local attention. To reduce public distrust of government institutions due to the history of compromise on the part of its officials, AATF has encouraged officials to engage with media more often to showcase their capacity to regulate GM technology especially. Encourage government agencies to engage the public more frequently. Endorsement of biotech by National and regional trade associations, farmer organisations has also significantly helped to boost chances of acceptance of GM technology.

DEVELOPING HYBRID RICE FOR USE BY SMALLHOLDER FARMERS IN SUB-SAHARAN

Objective

The hybrid rice project aims to improve food security and rural livelihood among African small-scale rice producers, by developing hybrid rice, with its significant yield advantage and create sustainable hybrid rice agro-businesses to support rice farming in East, West and Southern Africa. Over a 15-year period the project expects to enable African researchers and seeds producers to reach 500,000 rice farmers with hybrid rice that delivers a yield advantage of at least 1 ton per hectare over the most competitive inbred varieties.

The Problem

Rice (*Oryza spp*) is an important staple food and a commodity of strategic significance across much of Africa. Driven by changing food preferences in the urban and rural areas and compounded by high population growth rates and rapid urbanisation, rice consumption in SSA has increased by 5.6 percent per annum over the years, more than double the rate of population growth. However, the area under rice production in SSA has stagnated at about 8 million hectares producing about 15.5 million tonnes per year against an annual consumption of 27 million tonnes. These production and consumption trends imply a production deficit of about 11.5 million tonnes per year valued at US\$ 4 billion that is imported annually. Thus, the rice production deficit presents a great development challenge to governments and development agencies in SSA. The slow growth in domestic rice production has been attributed to mostly to the very low yield being achieved by rice farmers in SSA.

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AATF Intervention

AATF is working with to develop hybrid rice, with significant yield advantage. The partnership is developing hybrid rice germplasm that is adapted to African conditions using the 2-line hybrid rice technology, which uses only 2 breeding lines to produce rice hybrids. Also being developed in the project is, an information technology tool with interpolated weather surfaces to predict temperature regimes and manage 2-line hybrid rice production risk. The project is being managed by AATF in a way which ensures that technology partners focus on their technical work and that the outputs of the project contribute to global public goods. AATF is also providing a connection to the African seed sector researchers and seed firms. AATF provides an in-depth understanding of African seed companies and the NARS; and provide links between the partners - Hybrids East Africa Ltd (HEAL), and the researchers and seed firms that the project trained. The widespread testing of hybrids in association with regional collaborators will result in global public goods by selecting successful germplasm for global distribution along with the data, to create a strong, viable and sustainable 2-line rice hybrid breeding platform which will add value to hybrid rice breeders and seed producers all over Africa and the globe.

Achievements

The hybrid rice project has recorded good progress in the management of public private partnerships (PPPs), breeding activities and the development of IT tools to successfully predict where and when to breed and produce seed.

The project continued with advanced activities towards the release of the first-generation indigenous products of hybrid rice for Africa. The distinctiveness, uniformity and stability (DUS) testing of the four recommended hybrid rice genotypes was completed in Kenya. The results led to the release of three out of the four hybrids submitted to the National Varietal Release Committee in February 2018. The released hybrids were exclusively allocated to three private seed companies which committed their resources to the testing of the hybrids at trial stages of the development research. Additional breeding activities for the development of superior parental lines towards producing a second generation of hybrid products is planned for the second phase of the project.

The project

The project has led to a change in practice on hybrid rice system in Africa. Hybrid rice is now being developed in Africa by an African company for use in Africa. This is in comparison to the former practice of importing hybrid rice developed outside Africa for evaluation in Africa. Four seed companies (local and regional) that had never been involved rice production before are now involved in the testing of the rice hybrids as potential crop for the diversification of their crop portfolio. In this regard, the companies have already acquired the parental lines from the project and are currently conducting performance test in Tanzania, Nigeria, Ghana, Kenya and Zimbabwe. The project has trained 49 rice value chain personnel in key areas of 2-line hybrid rice production system – evaluation and selection of rice hybrids, production of quality seeds, breeding and development of 2-line rice hybrids and establishment of hybrid rice demos, to ensure sustainability.

Expected impact

- Development of 2-line hybrid rice germplasm that is adapted to African conditions.
- Increased yields of at least one ton over the best commercial varieties available for use by smallholder farmers.
- Development of skills of seed companies in 2-line hybrid rice technology
- Development of web-based IT tool for predicting hybrid rice production environment

Challenges and Lessons Learnt

A major constraint is that it is difficult convincing small (or even a large) African seed companies to invest in hybrid rice seed business. Also, although the product of the project is meant to be public goods, most seed companies want exclusive right to those products. The companies are going to have exclusive right to any hybrids they develop using only one parental line from the project.

Key benefactors of project

The key benefactors are seed companies, scientist, rice farmers (Male and Female), millers and research Institutes in Africa.”

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SEEDS2B PROJECT

Objective

The Seeds2B Project aims to engender agricultural transformation in Sub-Saharan Africa (SSA) by leveraging public-private partnerships to bridge the gap between breeders, local seed companies and smallholder farmers in SSA. The project purpose is to develop and implement scalable business models that will enable technology donors across the globe, from the private and public sector, to license appropriate improved crop cultivars to seed companies in SSA. By adding new commercially viable products to the portfolios of local seed enterprises, the Seeds2B Project helps smallholders in the region access improved seed and therefore serve existing and new markets with the best of locally grown produce.

Problem

Limited smallholder farmer access to quality seed of a range of new improved varieties of key cash and subsistence crops presents a major bottleneck to food security in sub-Saharan Africa (SSA). Adoption rates of modern crop varieties remains low across the region. This situation persists despite increased global public and private investment in the development of innovative improved crop cultivars with potential to address challenges faced by smallholders in SSA. Scalable business models that sustainably expedite smallholder access to quality assured planting materials of such improved crop cultivars is critical for the enhancement of agricultural productivity in SSA.

AATF interventions

Facilitated by the Syngenta Foundation for Sustainable Agriculture, AATF is developing scalable business models founded on equitable public-private partnerships to expedite deployment of quality seed of new better-performing, locally adapted and market-appropriate crop cultivars to smallholder farmers in SSA via local seed enterprises. The Foundation is focused on enhancing yields of non-core crops with significant local demand and high value vegetables. Through the Seeds2B Project, AATF aims to contribute towards improving smallholder productivity, facilitating returns on investments in crop breeding for technology owners and enhancing business performance of Africa's seed enterprises.

AATF will negotiate on behalf of seed enterprises in Africa for access to appropriate improved crop cultivars. The Foundation will also oversee the management of ensuing business relationships between participating local seed enterprises and technology owners to ensure benefit for all project partners and more so smallholders in SSA. Supported by AATF, participating seed enterprises will impart sustainability to the project by availing improved seed varieties to farmers. The local seed enterprises will benefit from reaching new markets through an expanded variety catalogue. The Foundation will also facilitate recovery of investment to technology owners leading to enhanced returns on investments in technology development. The returns will either be monetary or non-monetary in nature depending on the mandate of the technology owner. While monetary returns will primarily be realized as seed royalties, non-monetary returns will be in the form of data on farmer livelihood enhancement on technology adoption. AATF and local commercial partners will promote commercially viable products accessed by the project to farmers. This will be carried out during on-farm trials demonstrations and open-days in research fields. The Foundation will also carry out capacity enhancement on best agronomic practice towards ensuring that farmers benefit from adopting products commercialised by the project.

AATF will sustainably scale the seeds2B concept across SSA by implementing a scalable business-based approach to technology transfer and promotion of farming as a business.

Achievements

A first season of registration trials for sorghum and pearl millet trials were established in Zimbabwe. Pre-commercial tomato trials were also established in Zimbabwe. The project also conducted first season soybean and groundnut trials in Malawi and Zimbabwe. Field management and data collection is currently ongoing. With a view to catalysing product commercialisation, seeds of selected sorghum, pearl millet and tomato hybrids (from finalised project trials) were provided to 7 local seed companies in Zimbabwe for their evaluation, selection and uptake of their most preferred lines. In Malawi, tomato seeds of selected varieties (from finalised project trials) were provided to a seed company in Malawi for their evaluation.

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In efforts to expand project impact, Uganda was selected from a list of four Feed the Future target countries by a Steering Committee comprising representatives of USAID, AATF and SFSA. Seed sector stakeholders in Uganda, including USAID, seed enterprises, non-governmental organisations and the national agricultural research system were engaged in February 2018 to facilitate project initiation in the country

AATF successfully facilitated the evaluation of high potential tomato (25), sorghum (16), pearl millet (10) and soybean (6) cultivars in Malawi and Zimbabwe. The evaluated cultivars were accessed from 11 breeders and developed through public and private funded conventional plant breeding initiatives. The participating breeders are based in the global south and SSA, specifically Nigeria, Mozambique, Brazil, India, China and Australia.

The performance, adaptability and market acceptance of accessed cultivars was benchmarked against local checks in small-scale on-station field trials. The trials aimed to identify commercially viable products on the basis of positive interactions between genotype, environment and markets. The outcomes of these trials determine suitability to farmer and market preferences as well as commercial potential, which is key for commercialisation by seed companies. The trials inform nomination of products for on-farm and on-station regulatory and marketing trials.

Evaluation trials identified 11 sorghum, 5 pearl millet and 8 tomato cultivars with potential to offer benefits to smallholders in Malawi and Zimbabwe. Compared to local checks applied, the promising sorghum and millet cultivars offer yield enhancements ranging from 5% to 40%, drought escaping properties; suitability for mixed farming systems; and potential for applications in beer processing. The promising tomato cultivars offer yield enhancements ranging from 10% to over 100%; early fruiting; high fruit counts; and competitive shelf-life. Second season evaluation trials of 6 soybean varieties and first season evaluation trials of 3 groundnut varieties were also initiated in 2016.

Expected impact

- Access to quality seeds leading to improved yields, increased household income, better livelihoods and food security for African farmers.
- Strengthened African seed systems through increased competition, better quality seed, higher seed volumes, stronger market linkages and increased income/ profits fostering a virtuous circle of investment in African seed companies.
- Effective link with untapped markets in Africa for international technology owners leading to more returns on their investment in technology development.
- Reduced barriers to trade and investment in the African seed industry.
- Enhanced capacity for partner institutions, particularly national agricultural research systems and technical trial partners, on technology transfer and seed business management.

Challenges

The full potential of the trial entries may have not been achieved during the evaluations due to unprecedented drought and floods as well as elevated disease and pest pressure which negatively affected trial outcomes. These stresses were brought about by global climate change. Engagement of trial partners with irrigation capacity and limited trial establishment during affected seasons were strategies applied to manage associated risks.

MAIZE LETHAL NECROSIS (MLN) MANAGEMENT IN EAST AFRICA PROJECT

Problem

Maize production in SSA is severely affected by a myriad of biotic and abiotic challenges, with Maize Lethal Necrosis (MLN) disease being a major constraint. With over 100% yield losses reported (De Groote et al. 2016), epidemic modelling predicts probable outbreaks in the entire SSA, including the southern and western Africa (Isabirye et al. 2016, Mahuku et al. 2015). The MLN disease has previously been reported and is active in eastern and central Africa – Kenya, Uganda, Tanzania, Ethiopia, Rwanda, South Sudan and Democratic Republic of Congo. It is caused by the co-infection of Maize Chlorotic Mottle Virus (MCMV) and any of the Potyviruses infecting cereals, such as the Sugarcane Mosaic Virus (SCMV) or the Maize Dwarf Mosaic Virus (MDMV).

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AATF Intervention

Under the USAID-funded MLN Diagnostics and Management Project which is coordinated by the International Maize and Wheat Improvement Centre (CIMMYT), AATF is tasked to support the commercial seed sector in Kenya, Uganda, Tanzania, Rwanda and Ethiopia (Figure 51) in the production of MCMV-free seed, as well as promote the use of certified seeds by farmers in respective countries. The initiative has also established an active MLN Phytosanitary Community of Practice in Africa aimed at sharing of MLN diagnostic and surveillance protocols and best management practices for MLN control in Africa. In the past three years, AATF and its implementing partners harmonised MLN management standard operating procedures (SOPs) into country specific checklists (available in the MLN disease portal <http://mln.cimmyt.org/>) to guide the commercial seed sector in adopting integrated management practices for the control of the disease

Achievements

- MCMV-free seed production practises and adoption by farmers: Besides holding regular meetings and discussions with seed companies, on-farm visits were made to seed companies in target countries to monitor the adoption and implementation of the MLN management SOPs as well as monitoring the status of the disease in seed production fields. It was noted that 84% of the surveyed seed companies had MLN management SOPs in place, with 60% of these using the MLN management checklist from the project. The others who already had inhouse MLN management SOPs in place reported that they had used the checklist from AATF/AGRA to revise their SOPs. Efforts are underway to increase use of MLN management SOPs by seed companies.
- ODK tool development and use: To collect on-farm field monitoring data from farmers and seed companies, an ODK tool was developed by the AATF. The ODK tool will be used annually to monitor real-time implementation of the SOPs, as well as gather relevant MLN information such as the on-farm status on MLN, quantities of grain and seed lost due to MLN, best MLN management practices as reported by farmers and seed companies among others.
- Information, education and communication (IEC) materials on MLN management practices, symptoms and modes of transmission were deployed to farmers, seed out-growers and seed companies.
- The University of Cambridge (Baulcombe Lab) recognised AATF as a go-to institution on GM crops deployment, regulatory affairs and expertise in MLN management. This led to the incorporation of AATF in the University of Cambridge led project titled 'Development and delivery of MCMV resistant maize lines' in collaboration with the Kenya Agricultural and Livestock Research Organisation (KALRO) and Kenyatta University. This project aims to use genetic engineering to develop maize resistant to the maize mottle chlorotic virus (MCMV - the dominant MLN disease causing virus).

Challenges

- Farmers and seed companies had a major challenge in accessing MLN tolerant varieties. Seed companies expressed high interest in accessing MLN tolerant varieties but indicated that they did not know where to acquire them for licensing, bulking and commercialisation.
- English language comprehension among target stakeholders was a major problem in Ethiopia, Rwanda and Uganda. However, the project explored in-country partners to convey messages in local languages to stakeholders in addition to assisting in translating communication materials.
- Eastern Uganda is a hotspot for both Striga and MLN. The emergence of FAW has also sent most farmers and seed companies into panic mode. Crop damage and seed loss attributed to FAW and Striga threats is distracting attention from MLN management issues further compounding maize production challenges. The same trend is happening in Kenya, Tanzania, Rwanda and Ethiopia

DEVELOPMENT AND TESTING OF TRANSGENIC POTATO PROJECT

Problem and AATF Intervention

Potato is an important food and cash crop in Africa that is also strategic to food security due to its year-round production. However, its production is hampered by bacterial wilt (BW) disease caused by the soil borne pathogen, *Ralstonia solanacearum*. An investigation into the potato production system in Kenya, Uganda and Ethiopia identified that BW, seed quality and soil fertility management are among the key constraints that must be addressed to improve potato yields (Gildemacher et al. 2009).

The International Potato Center (CIP) and national potato experts estimate adoption of conventionally bred BW-resistant potato to be around 40% resulting in 30% yield increase after a 10-year period of adoption lag time (Hareau et al. 2014). However, a much higher level of adoption is anticipated with transgenic BW resistant potato (genetically transformed farmer preferred variety) since the level of resistance will be much higher and durable. This is where AATF role lies.

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Achievements

- The National Biosafety Authority (NBA) of Kenya granted approval to the project to carry out Agrobacterium mediated transformation and testing of Shangi potato variety.
- The pBI-pflp plant transformation vector, which was used for the transformation of banana by IITA to confer resistance to Xanthomonas (bacterial wilt), was provided to CIP for use in the transformation of Shangi bacterial wilt resistance.

QUALIBASIC SEED (QBS) PROJECT

Problem and AATF Intervention

The supply of early generation seed and more specifically foundation seeds has been a major bottleneck to the sustainable production of improved seeds of various crops for the benefit of smallholder farmers in Sub-Saharan Africa (SSA). In an effort to address this problem, the African Agricultural Technology Foundation (AATF) has started incubating and nurturing a commercial for-profit company which will specialise in the production of quality foundation seeds, modelled along the same lines as other successful foundation seed entities from other parts of the world. The company has been named QualiBasic Seed Company (QBS). AATF is the shareholder and provides incubation services in Sales & Production, Legal & Secretarial services, HR, ICT, Communication and Finance. In addition, it works with seed companies to demonstrate the benefits of hybrid seed to farmers to stimulate increased demands for hybrids leading to increased demand for foundation seed from QBS Co.

Achievements

- QBS entities for Kenya and Zambia were established and registration was finalised in 3rd and 4th quarter of 2017. South Africa entity will be next to be registered. The governance structure for the company has been finalized and is operational
- The drying and processing equipment which are required as part of the seed conditioning facilities have been identified and QBS is currently discussing with potential suppliers of these equipment.
- A cold store, which is essential for the long-term storage of seed, has been installed in Kenya. Designs for similar type of installations are being finalised for Zambia and South Africa.
- QBS identified 80 seed companies in East and Southern Africa as potential customers and has made contact with 39 of these companies to date. Most of the companies engaged have expressed interest in the QBS value proposition, as the companies have been struggling to produce foundation seeds.
- Production planning and seed production procedures have been finalised to ensure adequate quantities of quality foundation seed are produced to meet the market demand for 2018.

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Grant making Policies

The Foundation's grant making policy for achieving its objectives is to facilitate collaboration and partnerships among competent institutions in Africa and elsewhere, responding on a project-by-project basis to the expressed needs of African farmers.

The nature of AATF's collaborations and partnerships will vary depending on the specific requirements of each project. Some AATF partnerships are primarily strategic in nature while others are operational. They may involve organisations from both the public and private sectors (public/private) or public-sector entities only (public/public) or private sector organisations (private/private). In all of its activities, AATF acts as a facilitator, with delivery and implementation carried out by public, private and NGO partners.

Management of partnerships is guided by the different partnership models that will be defined by each relationship. For each partnership entered into, AATF seeks to have clearly defined agreements that will guide expectations of the partners. It invests in understanding what it takes to make such partnerships effective and seeks to identify areas of common interest shared by different entities in order to benefit all involved.

Principal funding sources

During 2017, AATF continued to receive considerable support from members for programs across Africa. In addition, strong internal policies and controls have contributed to maintaining administration costs at reasonable levels. While AATF's focus is on SSA, it nevertheless offers the prospect and potential for its activities to benefit a wide range of stakeholders worldwide. AATF will facilitate partnerships and networks that link food security, poverty reduction, market development and economic growth in ways that will change the conventional approaches employed by African producers engaged in agri-business, to make these activities sustainable over time.

Investment policy

AATF's investment objective is to maximise the return of its investment funds while generating a high degree of liquidity to allow a response to operational needs. To meet this objective AATF invests in fixed term or call deposits with a high security rating and either fixed interest rates or with a fixed relationship to base rates. Our interest rate is of course lower than what the market can offer due to our cautiousness on ensuring capital protection. During the year, there was no equity investment held by AATF. The Board of Trustees review AATF's investment policy annually.

Reserves policy

The Trustees have examined the requirement for free reserves which are those unrestricted funds not invested in fixed assets, designated for specific purposes or otherwise committed. The policy objective is "to maximise the programme impact to beneficiaries and maximise the value of net income". The Trustees consider that given the nature of AATF's work; ideally the general reserve should preferably be in surplus, which gives flexibility to cover temporary timing differences for grant claims, adequate working capital for our core costs and will allow AATF to respond quickly in unexpected situations. As at 31st December 2017, the unrestricted reserves stood at \$5.2 million. The Trustees review the reserves policy on an annual basis in light of the new strategic policies and future commitments. The restricted funds are in a deficit position due to the timing of recognition of grant income under the new SORP. In the short term the projects funded by restricted grants are funded from general funds for cash flow purposes, the project expenditure is then matched with further restricted grants received since the year end when such expenditure meets the criteria of the related grant funding.

As per AATF Finance Manual, the Foundation "will maintain a general cash reserve equivalent to at least four months of annual budget unless explicitly authorised by the board to operate on a lower reserve level". The 2018 approved budget by the Board is \$25,493,225 making the total reserves to maintain to be a minimum of \$8,497,742.

All AATF reserves are unrestricted and free upon which the Foundation can freely draw when necessary and particularly to cover:

- 1) Costs AATF will incur in case the organisation has to close down.
- 2) Seed money for AATF to continue funding new projects or new initiatives not funded by donors' restricted grants
- 3) Cost of operating expenses to incur while awaiting alternative funding
- 4) Cost of operating expenses not covered by any restricted donors' funds

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Plans for future periods

About 70% of people in Africa and 90% of the continent's poor depend on agriculture for their livelihoods. Access to developments in agricultural science and technology would improve food security and reduce poverty in SSA. Neither the private nor the public sectors can exploit this potential alone. The former has the technological resources but no commercial incentive, while the latter has vast experience but needs improved access to proprietary technologies that are held by the private sector.

African public-sector research institutions could also benefit from assistance in adapting technologies so that they are appropriate for African farmers and improved means of achieving dissemination and use of these new technologies by resource-poor farmers. The AATF facilitates partnerships to remove the constraints on transfer and use of appropriate agricultural technologies.

Structure, governance and management

The African Agricultural Technology Foundation (AATF) is a company limited by guarantee, not having a share capital and a registered Charity governed by a Memorandum and Articles of Association.

Article 8 of the Articles of Association deals with the Appointment of Trustees. The Trustees may appoint a person to be a Trustee, either to fill a vacancy or as an additional Trustee, for terms of a maximum of two terms of 3 years each (Article 8.1 read with Article 8.2). Article 8.2 shall not apply to the Executive Director or to the representative for the time being of the host country of the Charity. The term of service of the ex-officio Trustee being the representative of the host country of the Charity shall be determined by the government of the host country of the Charity. The name of host country's (Kenya) ex-officio Trustee is Johnson Irungu Waithaka

In accordance with the AATF Articles of Association and Board Decisions, the Board shall consist of not less than seven nor more than twelve trustees. Up to ten trustees-at-large shall be drawn from academia, public sector organisations, international and local private sector companies, donor agencies, major non-governmental organisations and the Consultative Group on International Agricultural Research community; the representative of the host country; and the Executive Director (ex officio).

The Nominating Committee, which is a standing committee advisory to the Board, advises the Board on the nomination of new trustees. The Nominating Committee maintains a data bank of potential candidates for future trusteeship and considers candidates for trusteeship several years in advance in order to maintain a balanced Board in terms of the list of qualifications. The list of qualifications are geographical distribution, field of expertise, gender, availability, language and suitability for Board leadership and Committee assignments.

The decision of the full Board on the Nominating Committee advice is normally reached by consensus. In the absence of a consensus at a meeting of the Board, the Board Chairperson may, and at the request of any two trustees not including the Executive Director or the representative of the host country, shall, put the proposal to a vote.

Trustees are elected for terms of no more than three years as determined by the Board in advance of the election, with appointments staggered to ensure continuity. Trustees are eligible for re-election to a second term, also of three years, but shall not serve more than two successive terms. The term of office and the selection of the trustee appointed by the government of the host country shall be determined by the government.

At the time an individual is invited to be a candidate for trusteeship, he or she is provided with information on Board responsibilities and a sample schedule of meetings. In most cases the trustee nominee will be invited to attend a Board meeting as an observer prior to election. Following election to the Board, the new trustee receives a letter from the Board Chairperson welcoming him or her to the Board as well as background information from the Board Secretary, including the Board Manual with all annexes, minutes of the last two Board meetings and the most recent AATF Annual Report. At the first Board meeting the new trustee attends, either as a trustee elect or observer, he or she also has an opportunity for briefings from the Board Chairperson, senior management and program staff. The senior management are responsible for arranging the orientation briefings.

The members of the Board of Trustees are required to be experts in relevant fields such as agricultural research, agribusiness, agricultural extension, marketing, biotechnology, intellectual property law, and bio-safety. New Trustees are inducted in the governing documents and policies of the AATF. The Board of Trustees is occasionally trained on emerging governance and policy management issues. Whenever need arises, the Trustees are also trained on resource mobilisation, business negotiation skills among others. The

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Foundation is in the process of incorporating a Trustees Training Policy into the existing Board of Trustees Manual to streamline the procedures and processes of training Trustees.

The general business of the Charity is managed by the Trustees who are charged with exercising all the powers of the Charity. The Trustees are specifically charged with expending the funds of the Charity in such manner as they consider most beneficial for the achievement of the objects, to invest in the name of the Charity such part of the funds as they may deem fit, to direct the sale of any such investments, to expend the proceeds of any such sale in furtherance of the objects of the Charity, and to enter into contracts on behalf of the Charity. The Trustees delegate the day to day management of the Charity to the Executive Director.

The relationship between the Charity and collaborative institutions is that of independent entities. Nothing in the Charity's collaborative agreements shall be construed as constituting any collaborative institution to be the agent of another or shall be construed so as to constitute a legal partnership or joint venture of any kind between the collaborative institutions.

Major Risks

The major risks to which the Charity is exposed (managing existing potential liabilities) have been identified and reviewed by the Trustees. The production and use of genetically modified organisms (GMOs) can create many potential liabilities. The producer or user of GM crops may be liable for damage caused by GM crops to the person or property of another person or to the environment. Pollen flows from transgenic crops to non-transgenic crops cause crop damage. For instance, transgenic pollen flow may ruin the "organic" status of crops or the purity of the genetic material of other seeds. Questions may arise as to whether transgenic crops or their food products are toxic, allergenic or pose a long-term health threat. Claims for compensation in actions for personal or property damage could be based on a theory of negligence, trespass, nuisance or strict liability.

The producer or user of GMOs may also be liable for infringement of intellectual property (IP) rights. This liability might even extend to farmers whose crops are accidentally affected by the presence of GMOs as a result of pollen flow or seed comingling.

The Charity has instituted the following systems or procedures to manage those risks:

- The Charity ensures compliance with IP, license and regulatory requirements for its Projects. The Charity adopts appropriate scientific and technical safeguards for all GMOs and advises stakeholders, including smallholder farmers, as to the appropriate use of GMOs.
- The Charity uses indemnification clauses in its contracts with collaborative institutions. Indemnification is a promise, usually contractual, to protect a party from financial loss.
- The Charity also uses warranty disclaimers in its contracts with collaborative institutions. A warranty, either express or implied, is a guarantee that a particular product or technology will serve a specified purpose.
- Another risk mitigation measure available to the Charity is a letter of non-assertion. A letter of non-assertion assures the user that the technology owner will not enforce its IP rights.
- The use of technology and product stewardship procedures including comprehensive risk analyses for Projects and/or phases of Projects, appropriate risk-mitigation strategies (including appropriate insurance coverage, outlining specific uses for technology, management and oversight protocols, procedures to protect confidential information, etc.), and compliance with all applicable laws.

In shaping the objectives and planning the activities of the Charity, The Trustees have considered the Charity Commission's guidance on public benefit.

The financial statements have been prepared on the going concern basis, which the Trustees consider to be appropriate in the context of the Charity's ability to meet its obligations as they fall due in the period of 12 months following the date of approval of these financial statements.

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Risk management

Purposes and General Considerations

It is generally accepted that the full Board of Trustees has overall responsibility for risk oversight. One of the purposes of the Board as stated in the AATF Board Manual is that "Its role shall be to ensure that:

c) the future well-being of AATF is not jeopardized by exposing its financial resources, its staff or its credibility to imprudent risks".

By establishing a Risk Management Committee (The "Committee"), AATF management wants to provide its Board with an understanding of the critical risks inherent in the Foundation's strategy. The Board will find useful information about the critical assumptions underlying that strategy that will enable it to remain alert to organisational dysfunctions that can lead to excessive risk taking. The Board will therefore be in position to provide input to executive management regarding critical risk issues on a timely basis.

The risk oversight process enables the board and management to develop a mutual understanding regarding the risks the Foundation faces over time.

The AATF Executive Management has established a risk management committee to assist the Board of trustees in fulfilling its oversight responsibilities with regard to the risk appetite of the Foundation and the risk management and compliance framework and the governance structure that supports it.

Risk appetite is defined as the level and type of risk the Foundation is able and willing to assume in its exposures and business activities, given its business objectives and obligations to stakeholders.

The Committee has the responsibility to:

- Review and assess risks facing the and the steps management has taken to monitor, control and report such exposures, including, without limitation, financial, technological, reputational, operational, fraud, strategic, business-continuity risk, etc
- Arrange risk assessment and management forums involving AATF Trustees and Staff
- Review reports and significant findings of the Internal and External Audits with respect to the risk management and compliance activities of the Foundation, together with management's responses and follow-up to these reports
- Review significant reports from regulatory agencies relating to risk management and compliance issues, and management's responses
- Advise AATF Trustees on risks facing the AATF twice a year during normal sessions of Board
- Recommend to the Audit Committee of the Board to arrange audits pertaining to subject matters identified through risk assessment
- Recommend any necessary strategic or organisational changes as determined in the course of risk assessment
- Prepare and issue risk assessment and management reports (on individual cases and for the year)
- Review and evaluate the Foundation's policies and practices with respect to risk assessment and risk management and twice a year present to the Audit Committee of the Board a report summarizing the Committee's review of the Foundation 's risk assessment and management reports
- Make semi-annual reports regarding, among other things, the Foundation's compliance with laws and regulations to the Audit Committee of the Board
- Escalate to the Audit Committee for discussion at a joint session of the Audit and Risk Committees items that have a significant compliance impact or that require significant financial statement/regulatory disclosures

A full risk register is established annually, and the audit committee of the Board reviews the risk register two times a year.

While all risks are taken seriously, the Board and Management have identified the following to be the most critical

- Inability to attract donors and retain donors
- Reduction or Loss of funding.
- Failure to demonstrate Impact

The root causes were identified and the mitigating measures put in place

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Financial risk management

The Foundation's activities expose it to a variety of financial risks, including credit risk and the effects of changes in foreign currency exchange rates. The Foundation's overall financial risk management program focuses on the unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. Risk management is carried out by the organisation's finance department under policies approved by the Board of Trustees. A detailed analysis of the financial risk management for the year is described in the Strategic Report.

We do recognise however, that the nature of some of AATF's work in marginalized areas of Africa often affected by extreme poverty and conflict requires active acceptance and management of some risks in undertaking activities in order to achieve the objectives of the Charity.

To achieve AATF's vision "Prosperous Farmers and a Food Secure Africa" we endeavour to:

- Have AATF's footprint on as much of SSA as possible. To achieve this, AATF must spread its projects and activities throughout SSA beyond the current concentration in east Africa and parts of southern and west Africa;
- Broaden the range of technologies accessed beyond novel breeding techniques including Genetically Modified technologies to encompass agro-processing (value addition), biological control, etc;
- Expand the donor portfolio - to all our current and planned activities; and
- Work at ensuring exemplary relationship management of key stakeholders.

Guiding Principles

- AATF responds to a growing sense of urgency demanding that agriculture plays a stronger role in Africa's economic development. The response includes the recognition that new approaches to technology development and delivery are required.
- AATF believes that if African agriculture is to provide secure livelihoods for farm households and contribute to economic growth then the private sector must play a much more important role in technology development for and delivery to smallholder farmers.
- This strong belief in the potential of the private sector is combined with a commitment to re-invigorate public sector roles in African agriculture, ensuring that public institutions support both markets and policies for equitable development.
- AATF focuses its attention on proprietary/innovative technologies because much of it is currently unavailable to African farmers. Because such technologies encourage commercial activity, it can bring new energy to African agriculture; its importance lies in the incentives it provides for the delivery of a product.
- AATF is committed to the adoption of new technologies and to facilitating the adoption process by intervening to mitigate risks and ensure that the new technologies are deployed and used appropriately.
- AATF is committed to fostering partnerships that are based on real incentives, including the desire of emerging African enterprises to grow and prosper; the interest of farmers in acquiring the most productive technologies to improve their food security and incomes; and the commitment of donors and governments to see that those farm households with insufficient resources are helped to build their assets and experience in order to prosper.

Core Values

As pioneers to brokering innovative agricultural technologies to farmers, and in particular to resource-poor smallholder farmers, in SSA, AATF staff uphold the following core values: integrity, dedication and accessibility (IDA).

Integrity: We uphold integrity; we keep our word and do what we say we will do by when/how. We adhere to moral principles in dealing with ourselves and partners. We seek to be honest, transparent and accountable. In recognition of our facilitative role, we provide accurate information to our partners while respecting confidences. We also base our actions on facts and present accurate reports of our progress, thus showing credibility and thriving to become the partner of choice for stakeholders in the agricultural sector.

Dedication: We are responsible partners, committed to ensuring our intended beneficiaries are well served. We seek to maintain good relations with our partners, investors, staff and other stakeholders to ensure we maximise their potential for delivering public goods. We undertake to seek required resources to ensure the success of accessing and delivering required technologies.

Accessibility: We are available and approachable to discuss and/or provide information that will support technology transfer in SSA. AATF has specialised expertise to address niche issues related to technology transfer such as technology stewardship, partnership management, regulatory compliance and intellectual property management. In recognition of the capabilities and contribution of the

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various entities involved in overall agricultural revival for SSA, AATF will avail its knowledge and provide necessary information in discussions and in requests for information to support best decisions and inform opinion on the issues at hand. We respect our stakeholders' opinion and seek to learn from their experiences.

Donated services

The Trustees are grateful to Federal Ministry of Agriculture who has provided office space in Abuja as part of their support of our work in Nigeria. It is estimated that AATF makes savings amounting to over \$18,000 on rent annually.

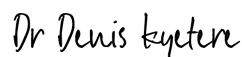
Remuneration policy

All AATF staff pay is dictated by a salary survey among comparators, funds availability and Board approval. The survey is conducted every three years by an independent consultancy firm. Management provides the Board with the results of the survey and suggestions of what is feasible taking into account the budgetary situation of the Foundation. The Audit Committee of the Board examines the survey together with management's proposal and make its recommendation to the Board for approval.

Trustees' indemnity insurance

AATF has granted an indemnity to its Trustees against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the Trustees' report.

Approved by the Board of Trustees
and signed on behalf of the Board



Denis T. Kyetere
Executive Director

Date 30/9/2020

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

TRUSTEES' RESPONSIBILITIES STATEMENT

The trustees (who are also directors of African Agricultural Technology Foundation for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

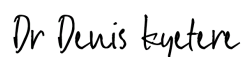
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees confirm that:

- so far as each trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Approved by the Board of Trustees
and signed on behalf of the Board



Denis T. Kyetere
Executive Director

Date 30/9/2020

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION****Opinion**

We have audited the financial statements of African Agricultural Technology Foundation (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 December 2017, which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Balance Sheets, the Consolidated Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 December 2017 and of the group's and the parent charitable company's incoming resources and application of resources including, the group's and the parent income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION (CONTINUED)****Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Consolidated Report and Financial Statements on pages 1-31, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' report, prepared for the purposes of company law, included in the **Trustees' Report** for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report included in the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included in the Trustees' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or
- returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees for the financial statements

As explained more fully in the Trustees' Responsibilities Statement set out on page 31, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION (CONTINUED)**

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Stephen Dean
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

30/9/2020

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME & EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Restricted funds 2017 US\$	Unrestricted funds 2017 US\$	Total funds 2017 US\$	Total funds 2016 US\$
Income from:					
<i>Charitable activities</i>					
Voluntary income	2	17,784,030	1,863,986	19,648,016	28,837,759
Overhead Income		-	849,631	849,631	1,190,534
Total Income from charitable activities		17,784,030	2,713,617	20,497,647	30,028,293
Income from trading activities – Subsidiary income			8,083	8,083	-
Investment income		15,345	173,182	188,527	243,928
Total		17,799,375	2,894,882	20,694,257	30,272,221
Expenditure on:					
Raising Funds		-	383,343	383,343	-
Charitable expenditure	3	18,555,569	2,954,851	21,510,420	22,118,027
Other	18	-	317,757	317,757	323,672
Total		18,555,569	3,655,951	22,211,520	22,441,699
Net (operating expenditure) / operating income		(756,194)	(761,069)	(1,517,263)	7,830,522
Other gains and losses					
Exchange differences on translating foreign operations		-	(7,315)	(7,315)	-
Net movement in funds		(756,194)	(768,384)	(1,524,578)	7,830,522
Attributable to the owners of the parent		(756,194)	(767,868)	(1,524,062)	7,830,522
Attributable to non-controlling interest		-	(516)	(516)	-
Reconciliation of funds					
Total funds brought forward		4,162,055	5,600,548	9,762,603	1,932,081
Total funds carried forward	14&15	3,405,861	4,832,680	8,238,541	9,762,603

All activities are continuing and all recognised gains and losses are included in the consolidated statement of financial activities

Exchange differences on translating foreign operations amounting to \$(7,315) were recognised which in addition to the net consolidated comprehensive expenditure for the year amounted to \$1,524,578 (2016: net comprehensive income \$7,830,522) out of which the total comprehensive expenditure for the charity for the year was \$1,599,745 (2016: total comprehensive income \$7,830,522). The notes on pages 42 to 57 form part of the financial statements

N/B: Please refer to Notes 2, 3, 14, 15 & 18 below for further details.

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2017

Company Registration Number 04645806

	Notes	Group Consolidated 2017 US\$	Group Consolidated 2016 US\$	Charity 2017 US\$	Charity 2016 US\$
Non-current assets					
Intangible assets	9a	1,368	3,120	1,040	3,120
Tangible assets	9b	140,304	50,230	27,530	50,230
Investment in subsidiary	21	-	-	9,685	-
Deferred tax asset		119,567	-	-	-
Biological assets	9c	5,822	-	-	-
		267,061	53,350	38,255	53,350
Current assets					
Grant debtors	10	548,427	3,314,165	548,427	3,314,165
Other debtors	11	710,980	974,027	867,245	974,027
Short term deposits		-	-	-	-
Cash at bank and in hand		8,764,190	5,993,533	8,001,806	5,993,533
Inventories		5,374	-	-	-
		10,028,971	10,281,725	9,417,478	10,281,725
Current liabilities					
Unexpended grant creditors	10	(9,685)	-	(9,685)	-
Capital grant		(70,246)	-	-	-
Other creditors	12	(1,171,724)	(380,160)	(1,090,878)	(380,160)
		(1,251,655)	(380,160)	(1,100,563)	(380,160)
Net current assets		8,777,316	9,901,565	8,316,915	9,901,565
Provision for liabilities	13	(192,312)	(192,312)	(192,312)	(192,312)
Deferred grant		(614,025)	-	-	-
Total assets less current liabilities		8,238,040	9,762,603	8,162,858	9,762,603
Unrestricted funds	15	4,832,680	5,600,548	4,756,997	5,600,548
Restricted funds	15	3,405,861	4,162,055	3,405,861	4,162,055
		8,238,541	9,762,603	8,162,858	9,762,603
Non-controlling interest		(501)	-	-	-
Total funds	15	8,238,040	9,762,603	8,162,858	9,762,603

These financial statements are prepared in accordance with the Companies Act 2006 and are approved by the Board of Trustees and signed on its behalf: The notes on pages 42 to 57 form part of the financial statements

Dr Denis Kyetere

Denis T. Kyetere
 Executive Director
 DATE 30/9/2020

N/B: Please refer to Notes 9a, 9b, 10, 11, 12, 14 & 15 below for further details

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION

CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Group Consolidated 2017 US\$	Group Consolidated 2016 US\$	Charity 2017 US\$	Charity 2016 US\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash provided by operating activities	16	2,208,638	5,678,400	2,003,476	5,678,400
Tax received		-	-	-	-
Net cash provided by operating activities		<u>2,208,638</u>	<u>5,678,400</u>	<u>2,003,476</u>	<u>5,678,400</u>
INVESTING ACTIVITIES					
Investment income		32,059	20,616	32,059	20,616
Purchase of assets	9	(151,249)	(17,815)	(28,217)	(17,815)
Purchase of intangible assets	9	(365)	-	-	-
Purchase of biological assets	9	(5,822)	-	-	-
Proceeds on disposal of equipment		10,640	2,180	10,640	2,180
Loan advanced to group companies		-	-	-	-
Net movement in capital contribution		-	-	-	-
Investment in subsidiary		-		(9,685)	
Net cash (used in) / provided by investing activities		<u>(114,737)</u>	<u>4,981</u>	<u>4,797</u>	<u>4,981</u>
FINANCING ACTIVITIES					
Movement in deferred grant		614,025	-	-	-
Net cash provided by financing activities		<u>614,025</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN CASH AND CASH EQUIVALENTS		2,707,926	5,683,381	2,008,273	5,683,381
CASH AND CASH EQUIVALENTS AT 1 JANUARY		5,993,533	310,152	5,993,533	310,152
Effect of translation on foreign entities		62,731	-	-	-
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		<u>8,764,190</u>	<u>5,993,533</u>	<u>8,001,806</u>	<u>5,993,533</u>

N/B: Please refer to Notes 9 & 16 below for further details

**AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

1 ACCOUNTING POLICIES

Statement of compliance and basis of preparation

African Agricultural Technology Foundation is a public benefit entity, a private company limited by guarantee, registered in England and whose headquarters is in Nairobi, Kenya. The Registered Office is c/o Arnold and Porter (UK) LLP, Level 30, Tower 42, 25 old Broad Street, EC2N 1HQ, London, UK. The main country of reporting is Kenya where financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). This is also where the audit exercise is undertaken. However, since the organisation is a registered company and charity in England and Wales we are required to prepare financial statements in compliance with the Charities SORP (FRS 102) "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)".

The principal accounting policies adopted in the preparation of the financial statements are set out below. The financial statements are prepared on a going concern basis.

Basis of accounting

The financial statements have been prepared under the historical cost convention. The financial statements are prepared in US dollars which is the functional currency of the Company and rounded to the nearest \$. Financial statements for the subsidiary have been translated from their functional currency i.e. KES to US\$ for consolidation purposes.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. Specific areas of judgement include depreciation and useful economic lives of assets and provisions. The nature of the estimation means that actual outcomes could differ from those estimates. None of the judgements have a significant effect on the financial statements. These judgements and key sources of estimation uncertainty are set out in this section i.e. Note 1 (accounting policies) and specifically as set out in pages 38 – 41.

Income

Income is recognised in the accounts when all of the following criteria are met:

- Entitlement – control over the rights or other access to the economic benefit has passed to the charity.
- Probable – it is more likely than not that the economic benefits associated with the transaction or gift will flow to the charity.
- Measurement – the monetary value or amount of the income can be measured reliably and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

Overhead income represents revenue derived from projects' grants to support these indirect costs meant to cover administrative or other expenses related to general operations that are shared among projects and/or functions and which cannot be directly allocable to a particular activity. These may include executive oversight, existing facilities costs, accounting, grants management, legal expenses, utilities and audit.

**AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

1 ACCOUNTING POLICIES (CONTINUED)

Income (continued)

Grants are recognised as revenue upon the fulfilment of donor-imposed conditions or restrictions attached to the grants as explained below:

Structure of funds

Where there is a legal restriction on the purpose to which a fund may be put, the fund is classified in the accounts as a restricted fund. Funds where the capital is held to generate income for charitable purposes and cannot be spent are accounted for as endowment funds. Other funds are classified as unrestricted funds. Funds which are not legally restricted but which the Trustees have chosen to earmark for set purposes are treated as designated funds. The major funds held within these categories are disclosed in note 2.

Expenditure

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates.

Other costs include those costs associated with meeting the constitutional and statutory requirements of the Charity and includes the audit fees and costs linked to the strategic management of the Charity.

Support costs

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, and support costs are apportioned on an appropriate basis e.g. estimated usage, as set out in Note 3.

Tangible assets

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Items of lasting value with an initial acquisition cost of less than US\$1,000 are charged to operating expenses in the year of purchase. For some donors like Bill & Melinda Gates Foundation all items valued less than US\$ 5,000 are considered operational expenses and not capital expenses.

Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Computers and related equipment	3 years
Motor vehicles	4 years
Furniture and equipment	5 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Biological assets

An entity shall recognise a biological asset or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the entity; and
- the fair value or cost of the asset can be measured reliably.

Biological assets are measured at their fair value less costs to sell

A gain or loss arising on initial recognition of agricultural produce at fair value less costs to sell is included in surplus or deficit for the period in which it arises.

**AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

1 ACCOUNTING POLICIES (CONTINUED)

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined rate is used to determine fair value.

An unconditional government grant related to a biological asset measured at its fair value less costs to sell is recognised as income when the government grant becomes receivable.

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Intangible assets

Intangible assets acquired separately from a business are capitalised at cost. Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight line basis over their estimated useful lives. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. The useful economic lives of intangible assets are as follows:

Computers software	3 years
--------------------	---------

If there are indicators that the residual value or useful life of an intangible asset has changed since the most recent annual reporting period previous estimates shall be reviewed and, if current expectations differ the residual value, amortisation method or useful life shall be amended. Changes in the expected useful life or the expected pattern of consumption of benefit shall be accounted for as a change in accounting estimate.

Operating leases

Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Pension contributions

AATF operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

AATF makes pension contributions to an offshore defined pension contribution scheme (Vanbreda International) for expatriate staff and to a local defined pension scheme (Liberty) for all Kenyan staff. The contribution made is 15% equivalent of each employee's basic salary.

Currency translation

The Foundation's financial statements are presented in United States Dollars (US\$), the functional currency. Transactions and balances expressed in currencies other than the US Dollar are treated as follows:

- Non-US Dollar grants and donations received in the year are converted to US dollars at the rates of exchange prevailing on the dates of receipt. Non-US Dollar grants and donations pledged for the year but not received by the period-end are recognised in the financial statements at the rates of exchange prevailing at the period-end.
- Non-US Dollar denominated expenditures are recorded at the average rates of exchange for the month in which they are incurred and are accumulated in US Dollars.
- Assets and liabilities that are denominated in currencies other than the US Dollar are restated into US Dollars at the rates of exchange prevailing at the period-end.
- Gains and losses arising from changes in exchange rates are charged or credited to the statement of comprehensive income in the period in which they arise.

**AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. ACCOUNTING POLICIES (CONTINUED)

- Emoluments to key employees are translated from US Dollars to Great British Pound using the rate of exchange prevailing at the period-end. This disclosure is in compliance with the requirements of the SORP reporting with regard to employees whose total emoluments exceed £60,000 annually. The emoluments have been presented in bands of £10,000.

Taxation

As a Charity, African Agricultural Technology Foundation is exempt from tax on income and gains falling within Chapter 3 of Part 11 to the Corporation Tax Act 2010 to the extent that these are applied to its charitable objects. No tax charges have arisen in the Charity. The Charity is exempt from corporation tax.

Donated services

The Trustees are grateful to ARCN who has provided office space in Abuja as part of their support of our work in Nigeria. No value has been placed on this in the SOFA as it is not material in the context of the accounts.

Financial instruments

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The company classifies all of its financial liabilities as liabilities at amortised cost. Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the statement of financial position.

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

2 INCOME FROM CHARITABLE ACTIVITIES

Voluntary Income	Restricted funds 2017 US\$	Unrestricted funds 2017 US\$	Total funds 2017 US\$	Total funds 2016 US\$
USAID	2,638,027	-	2,638,027	7,423,823
DFID	-	1,863,986	1,863,986	1,776,121
Bill & Melinda Gates Foundation & Howard Buffet Foundation (WEMA)	9,812,623	-	9,812,623	11,500,000
Bill & Melinda Gates Foundation – Other Projects	5,242,848	-	5,242,848	5,465,796
Bill & Melinda Gates Foundation – QBS Seed	-	-	-	2,251,894
CIMMYT	82,626	-	82,626	70,125
Sygenta Foundation for Sustainable Agriculture (SFSA-SEEDS2B)	-	-	-	350,000
University of Cambridge (BBSRC)	7,906	-	7,906	-
	<u>17,784,030</u>	<u>1,863,986</u>	<u>19,648,016</u>	<u>28,837,759</u>
Income is analysed by geographical source of origin			2017 US\$	2016 US\$
North America			17,776,124	26,711,638
Europe			1,871,892	2,126,121
Africa			-	-
			<u>19,648,016</u>	<u>28,837,759</u>

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

3. CHARITABLE EXPENDITURE

														2017	2016
Currency USD \$	WEMA	OFAB	QBS	Cassava	Cowpea	NEWEST Rice	Hybrid Rice	Seeds2B	Potato / New Initiatives	MLN	Banana	Striga Control	BBSRC	Total	Total
Outsourced Research Activities	7,101,070	1,765,577	682,831	181,707	175,560	396,271	481,399	29,357	160,782	-	-	10,000	-	10,984,554	11,577,789
Project Supplies	335,883	69,400	-	394,131	5,349	11,521	-	21,073	-	-	-	2,608	-	839,965	224,767
Travel	60,600	33,104	2,460	52,530	35,896	18,764	2,131	23,819	1,176	12,309	3,256	11,242	-	257,287	291,771
Conference & Workshops	463,538	899,054	14,078	38,827	35,972	35,045	8,288	37,388	1,632	29,829	3,194	91,137	-	1,657,982	1,107,452
Rentals	72,601	36,730	35,466	-	-	-	119	-	-	-	-	5,797	-	150,713	124,277
Direct Staff Costs	827,386	162,568		24,925	286,994	72,420	101,767	39,734		11,925		10,329		1,538,048	1,654,378
Institutional Support	298,419	448,679	97,787	52,185	101,294	70,690	7,552	23,704	-	4,995	-	(313,398)	-	791,907	1,167,876
Cost directly allocated to activities	9,159,497	3,415,112	832,622	744,305	641,065	604,711	601,256	175,075	163,590	59,058	6,450	(182,285)	-	16,620,456	16,148,310
General Personnel Costs	345,411	219,637	83,755	153,355	326,356	161,323	8,847	39,875	-	23,983	36,213	25,742	2,014	1,426,512	1,184,630
Consultancy and other professional services	512,206	206,895	4,611	195,926	69,397	-	-	35,516	-	2,340	9,800	189,841	-	1,226,531	2,355,798
General expenses and supplies	110,406	181,528	22,269	24,966	65,343	11,564	3,583	28,114	-	5,704	-	4,426	-	457,903	410,563
Forex Losses on revaluations	1,049	524	-	(50)	13,009	(9)	-	208	-	47	23	617	-	15,419	127,271
Depreciation	14,001	4,363	-	279	916	-	-	1,067	-	-	-	1,798	-	22,424	49,812
Support costs allocated to activities	983,073	612,947	110,635	374,476	475,021	172,876	12,430	104,780	-	32,074	46,036	222,424	2,014	3,148,786	4,128,074
Other Charitable Activities														2,141,178	1,841,643
Total resources expended	10,142,570	4,028,059	943,257	1,118,781	1,116,086	777,587	613,686	279,855	163,590	91,132	52,486	40,139	2,014	21,510,420	22,118,027

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

4. PERSONNEL COSTS
Personnel Costs - Group

	2017 US\$	2016 US\$	2017 £	2016 £
Salaries and wages	4,339,798	3,626,584	3,237,489	2,896,190
NI social security costs	216,776	197,377	161,715	157,625
Pension costs	385,552	334,267	287,622	266,946
	<u>4,942,126</u>	<u>4,158,228</u>	<u>3,686,826</u>	<u>3,320,761</u>

Personnel Costs - Charity

	2017 US\$	2016 US\$	2017 £	2016 £
Salaries and wages	4,177,290	3,626,584	3,116,258	2,896,190
NI social security costs	209,710	197,377	156,444	157,625
Pension costs	365,840	334,267	272,917	266,946
	<u>4,752,840</u>	<u>4,158,228</u>	<u>3,545,619</u>	<u>3,320,761</u>

The Charity had an average of 54 employees during the year (2016: 49).

The Group had an average of 57 employees during the year (2016: 49).

The directors consider that key management personnel are the senior management (executive directors). Remuneration for key management personnel totalled \$1,307,900 / £975,693 (2016: \$1,019,476 / £814,154).

The number of employees with total emoluments for the year of over £60,000 (approximately USD 80,000) was as follows:

	2017	2016
	No.	No.
USD80,001 - USD100,000	-	1
USD100,001 - USD120,000	-	2
USD120,001 - USD140,000	1	1
USD140,001 - USD160,000	2	1
USD160,001 - USD180,000	4	5
USD180,001 - USD200,000	6	4
USD200,001 - USD220,000	1	-
USD220,001 - USD240,000	-	-
USD240,001 - USD260,000	1	1
USD260,001 - USD280,000	1	1
USD280,001 - USD300,000	-	-

**AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

5. PERSONNEL COSTS (CONTINUED)

Contributions in the year for the above higher paid employees to defined contribution pension scheme totalled US\$ 255,749 / £190,789 (2016: US\$ 222,003 / £177,292)

Number of the above higher paid employees to whom retirement benefits are accruing under defined contribution pension schemes totalled 16; (2016: 16).

5. CONSULTANTS' AND PROFESSIONAL EXPENSES

	Group	
	2017 US\$	2016 US\$
Consultants' fees	1,183,144	2,387,094
Consultants Travel, Accommodation and reimbursements	25,295	20,389
External audit (Various - See Note 7)	41,514	23,650
Internal audit (KKCO)	9,780	9,167
Legal fees	115,842	29,634
Taxation and secretarial services	25,125	51,257
	<u>1,400,700</u>	<u>2,521,191</u>
Allocated:		
Charitable expenditure (note 3)	1,226,531	2,355,798
Other costs (note 18)	120,938	165,393
Trading expenses – subsidiary	53,231	-
	<u>1,400,700</u>	<u>2,521,191</u>

6 GENERAL EXPENSES AND SUPPLIES

	Group	
	2017 US\$	2016 US\$
Office and computer supplies	408,018	379,269
Communication	95,443	141,484
Vehicle expenses	39,572	30,114
Other office expenses	157,570	39,219
	<u>700,603</u>	<u>590,086</u>

**AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

7 NET INCOME/(EXPENDITURE) FOR THE YEAR

This is stated after charging:

	Group	
	2017	2016
	US\$	US\$
Depreciation	50,517	68,757
Amortisation	2,116	2,746
External Audit - Charity (EY Kenya)	27,434	23,650
External Audit – QBS Kenya Ltd (BDO KE / BDO ZIM & BDO RSA)	14,080	-
Operating lease costs	209,862	202,952
Unrealised Exchange Loss	-	131,862

AATF has entered into a hosting agreement with International Livestock Research Institute (ILRI). This agreement includes among other things a lease arrangement for office space by AATF payable on a quarterly basis. The hosting agreement is renewable annually. The current agreement expires on 31 December 2018, therefore the total of future minimum lease payments made under non-cancellable operating leases for the next year is \$201,550 (2016: \$209,862)

8 TRUSTEE REMUNERATION AND RELATED PARTY TRANSACTIONS

The Board of Trustees (BOT) were paid honoraria of US\$60,000 (2016: US\$57,900) for their role in meetings and other corporate activities of the Foundation. Travel allowances amounting to US\$88,741 (2016: US\$ 67,574) were reimbursed to 11 members of the Board to cover travel costs incurred in attending the Foundation's Board meetings. Indemnity Insurance for Trustees was paid during the year of US\$ 10,045 (2016: US\$10,045). Other board meeting expenses were: - non-BOT per diem US\$0 (2016: US\$5,203), accommodation and meals US\$32,219 (2016: US\$12,918) and other board expenses US\$5,814 (2016: US\$4,639).

No Trustee or other person related to the Charity had any personal interest in any contract or transaction entered into by the Charity during the year (2016: Nil).

The Charity has advanced loans to senior management personnel, the balance outstanding at the year end totalled US\$63,125 for 5 employees (2016: US\$35,033 for 4 employees). Such loans are interest free.

No one party has ultimate control over the Charity and all transactions are on an arm's length basis.

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

9a INTANGIBLE ASSETS - GROUP

	Computer software US\$	Total US\$
Cost		
At 1 January 2017	42,846	42,846
Additions	365	365
At 31 December 2017	43,211	43,211
Depreciation/Amortisation		
At 1 January 2017	39,726	39,726
Charge for the year	2,117	2,117
At 31 December 2017	41,843	41,843
Net book value		
As at 31 December 2017	1,368	1,368
As at 31 December 2016	3,120	3,120

9a. INTANGIBLE ASSETS - CHARITY

	Computer software US\$	Total US\$
Cost		
At 1 January 2017	42,846	42,846
Additions	-	-
At 31 December 2017	42,846	42,846
Depreciation/Amortisation		
At 1 January 2017	39,726	39,726
Charge for the year	2,080	2,080
At 31 December 2017	41,806	41,806
Net book value		
As at 31 December 2017	1,040	1,040
As at 31 December 2016	3,120	3,120

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

9b TANGIBLE ASSETS - GROUP

	Motor Vehicles	Furniture and office equipment	Computers and related equipment	Total
	US\$	US\$	US\$	US\$
Cost				
At 1 January 2017	383,225	164,821	197,662	745,708
Additions	81,248	38,875	31,126	151,249
Disposals	-	(32,335)	(4,443)	(36,778)
As at 31 December 2017	464,473	171,361	224,345	860,179
Depreciation/Amortisation				
At 1 January 2017	364,398	154,342	176,738	695,478
Charge for the year	16,197	15,356	18,964	50,517
Disposals	-	(26,137)	-	(26,137)
Foreign exchange movements	12	3	2	17
As at 31 December 2017	380,607	143,564	195,704	719,875
Net book value				
As at 31 December 2017	83,866	27,797	28,641	140,304
As at 31 December 2016	18,827	10,479	20,924	50,230

9b TANGIBLE ASSETS - CHARITY

	Motor vehicle	Furniture and office equipment	Computers and related equipment	Total
	US\$	US\$	US\$	US\$
Cost				
At 1 January 2017	383,225	164,821	197,662	745,708
Additions	-	1,397	16,180	17,577
Disposals	-	(21,694)	(4,443)	(26,137)
As at 31 December 2017	383,225	144,524	209,399	737,148
Depreciation/Amortisation				
At 1 January 2017	364,398	154,342	176,738	695,478
Charge for the year	9,413	9,452	21,412	40,277
Disposals	-	(21,694)	(4,443)	(26,137)
As at 31 December 2017	373,811	142,100	193,707	709,618
Net book value				
As at 31 December 2017	9,414	2,424	15,692	27,530
As at 31 December 2016	18,827	10,479	20,924	50,230

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

9c BIOLOGICAL ASSETS

	Group US\$	Charity US\$
Cost		
At 1 January 2017	-	-
Additions	5,822	-
Disposals	-	-
As at 31 December 2017	5,822	-
Depreciation/Amortisation		
At 1 January 2017	-	-
Charge for the year	-	-
Disposals	-	-
As at 31 December 2017	-	-
Net book value		
As at 31 December 2017	5,822	-
As at 31 December 2016	-	-

10 GRANT DEBTORS/ (UNEXPENDED GRANTS)

Donor	Grant Debtors brought forward 01.01.2017 US\$	Unexpended grants brought forward 01.01.2017 US\$	Receipts US\$	Grant Income Recognised US\$	Grant Debtors carried forward 31.12.2017 US\$	Unexpended grants carried forward 31.12.2017 US\$
DFID	922,396	-	2,786,382	1,863,986	-	-
USAID	2,391,769	-	4,481,369	2,638,027	548,427	-
BMGF & HGBF (WEMA)	-	-	9,812,623	9,812,623	-	-
BMGF- Hybrid Rice & OFAB	-	-	4,842,930	4,842,930	-	-
BMGF- CAMAP	-	-	399,918	399,918	-	-
BMGF- QBS Seed	-	-	9,685	-	-	(9,685)
CIMMYT	-	-	82,626	82,626	-	-
SFSA-SEEDS2B	-	-	-	-	-	-
CAMBRIDGE UNIVERSITY-BBSRC	-	-	7,906	7,906	-	-
Total	3,314,165	-	22,413,754	19,648,016	548,427	(9,685)

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

11 OTHER DEBTORS

	Group		Charity	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
Staff loans	204,135	244,314	204,135	244,314
Advances for travel and expenses	29,480	71,757	29,480	71,757
AIARC current account	290,468	190,413	290,468	190,413
Prepayments	140,701	10,116	56,278	10,116
Trade debtors	13,905	355,649	277,180	355,649
USDA-FAS	-	84,009	-	84,009
Credit Cards	9,704	3,998	9,704	3,998
Seed Revolving Fund	-	13,771	-	13,771
Other Receivables	22,587	-	-	-
	<u>710,980</u>	<u>974,027</u>	<u>867,245</u>	<u>974,027</u>

Loans are provided to staff, after approval in accordance with AATF's policies, as part of AATF's staff retention strategy, as such incentives are provided by other similar local organisations.

12 OTHER CREDITORS

	Group	Group	Charity	Charity
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
Accrued leave	196,680	182,733	196,680	182,733
Accrued services	496,239	197,427	496,239	197,427
Other accruals	149,884	-	97,270	-
Creditors	71,591	-	43,359	-
Seed Revolving Fund	245,791	-	245,791	-
USDA-FAS	11,539	-	11,539	-
	<u>1,171,724</u>	<u>380,160</u>	<u>1,090,878</u>	<u>380,160</u>

13 PROVISIONS FOR LIABILITIES

	Group	Group	Charity	Charity
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
At 1 January	192,312	192,312	192,312	192,312
Provided	-	-	-	-
Payments out of the account	-	-	-	-
At 31 December	<u>192,312</u>	<u>192,312</u>	<u>192,312</u>	<u>192,312</u>

The provision relates to employee payments and is expected to be resolved next year.

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
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FOR THE YEAR ENDED 31 DECEMBER 2017

14 MOVEMENT IN FUNDS

Fund name	Fund balances brought forward US\$	Incoming resources US\$	Outgoing resources US\$	Other gains and losses US\$	Fund balances carried forward US\$
Unrestricted:					
Rockefeller	268,132	-	1,222	-	266,910
DFID	42,082	1,984,984	1,796,340	-	230,726
Reserves Account	5,290,334	901,815	1,932,788	-	4,259,361
Restricted:					
USAID	(734,955)	2,638,027	1,944,501	-	(41,429)
Bill and Melinda Gates Foundation and Howard Buffet Foundation	4,547,390	15,070,816	16,257,417	-	3,360,789
Africa Harvest	89,076	-	-	-	89,076
NEPAD/FARA	17,083	-	-	-	17,083
Kirkhouse Trust	12,824	-	-	-	12,824
FOCAC	27,044	-	-	-	27,044
IITA	(1,045)	-	-	-	(1,045)
CIMMYT	(12,304)	82,626	82,813	-	(12,491)
SFSA	216,942	-	268,824	-	(51,882)
University of Cambridge (BBSRC)	-	7,906	2,014	-	5,892
Sub-total Charity	9,762,603	20,686,174	22,285,919	-	8,162,858
Subsidiary Activities – QBS Ltd	-	8,083	502,677	569,9766	75,182
Total Group	9,762,603	20,694,257	22,788,596	569,976	8,238,040

Some restricted funds are in a deficit position due to the timing of recognition of grant income under the SORP. In the short term the projects funded by these restricted grants are pre-financed from general funds for cash flow purposes, the project expenditure is then matched with further restricted grants received since the year end when such expenditure meets the criteria of the related grant funding.

Unrestricted funds can be used in accordance with the charitable objects at the discretion of the Trustees.

Restricted funds are those given for particular projects, and they can only be used for the projects for which they are designated. Details are as given below:

- USAID grant is for Cowpea, NEWEST Rice and WEMA Projects. USAID also extended a sub-grant to AATF for Striga Project through Fintrac (Lead Grantee) and another sub-grant for Seeds2B Project through SFSA (Lead Grantee)
- Bill and Melinda Gates Foundation and Howard G. Buffet Foundations are for the WEMA, OFAB, Hybrid Rice, Qualibasic seed enterprise and CAMAP projects.
- CIMMYT sub-grant was for Maize Lethal Necrosis project.
- Syngenta Foundation for Sustainable Agriculture (SFSA) was for the Seeds2B project.
- BBSRC gave a small grant for market evaluation of MCMV resistant maize lines through University of Cambridge (Lead Grantee).

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

15 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Group	Restricted US\$	Unrestricted US\$	Totals 2017 US\$	Restricted US\$	Unrestricted US\$	Totals 2016 US\$
Tangible fixed assets	12,615	127,689	140,304	18,263	31,967	50,230
Intangible assets	-	1,368	1,368	1,040	2,080	3,120
Deferred tax asset	-	119,567	119,567	-	-	-
Biological assets	-	5,822	5,822	-	-	-
Grant debtors	548,427	-	548,427	2,391,769	922,396	3,314,165
Other debtors	374,925	336,055	710,980	306,900	667,127	974,027
Cash at bank and in hand	2,878,277	5,885,913	8,764,190	1,444,083	4,549,450	5,993,533
Inventories	-	5,374	5,374	-	-	-
Capital grant	-	(70,246)	(70,246)	-	-	-
Creditors due within one year	(408,383)	(763,341)	(1,171,724)	-	(380,160)	(380,160)
Grant creditors	-	(9,685)	(9,685)	-	-	-
Provisions for liabilities	-	(192,312)	(192,312)	-	(192,312)	(192,312)
Deferred grant	-	(614,025)	(614,025)	-	-	-
	<u>3,405,861</u>	<u>4,832,179</u>	<u>8,238,040</u>	<u>4,162,055</u>	<u>5,600,548</u>	<u>9,762,603</u>
Charity						
	Restricted	Unrestricted	Totals	Restricted	Unrestricted	Totals
	US\$	US\$	2017 US\$	US\$	US\$	2016 US\$
Tangible fixed assets	12,615	14,915	27,530	18,263	31,967	50,230
Intangible assets	-	1,040	1,040	1,040	2,080	3,120
Grant debtors	548,427	-	548,427	2,391,769	922,396	3,314,165
Other debtors	374,925	492,320	867,245	306,900	667,127	974,027
Cash at bank and in hand	2,878,277	5,123,529	8,001,806	1,444,083	4,549,450	5,993,533
Creditors due within one year	(408,383)	(682,495)	(1,090,878)	-	(380,160)	(380,160)
Provisions for liabilities	-	(192,312)	(192,312)	-	(192,312)	(192,312)
	<u>3,405,861</u>	<u>4,756,997</u>	<u>8,162,858</u>	<u>4,162,055</u>	<u>5,600,548</u>	<u>9,762,603</u>

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

16 NET CASH GENERATED FROM OPERATING ACTIVITIES

	Group Consolidated 2017 US\$	Group Consolidated 2016 US\$	Charity 2017 US\$	Charity 2016 US\$	
Reconciliation of net (expenditure) / income for the year to net cash generated from operations					
(a) Net (expenditure) / income for the year	(1,517,263)	7,830,522	(1,599,745)	7,830,522	
<u>Adjustments for:</u>					
Depreciation	50,517	68,757	40,277	68,757	
Amortisation	2,117	2,746	2,080	2,746	
Loss /(Gain) on disposal of equipment	-	(2,180)	-	(2,180)	
Interest received	(32,059)	(20,616)	(32,059)	(20,616)	
Tax for year	(119,334)	-	-	-	
Working capital changes:					
Decrease / (increase) in grants debtors	2,765,738	(3,314,165)	2,765,738	(3,314,165)	
Decrease in other debtors	263,047	1,092,509	106,782	1,092,509	
Increase in other creditors	791,564	20,827	710,718	20,827	
Increase in grant creditors	9,685	-	9,685	-	
(Increase) in inventories	(5,374)	-	-	-	
Net cash generated from operations	<u>2,208,638</u>	<u>5,678,400</u>	<u>2,003,476</u>	<u>5,678,400</u>	
Analysis of funds: Group	At 1 January 2016 US\$	Cashflow 2016 US\$	At 31 December 2016 US\$	Cashflow 2017 US\$	At 31 December 2017 US\$
Cash	310,152	5,683,381	5,993,533	2,770,657	8,764,190
Analysis of funds: Charity	At 1 January 2016 US\$	Cashflow 2016 US\$	At 31 December 2016 US\$	Cashflow 2017 US\$	At 31 December 2017 US\$
Cash	310,152	5,683,381	5,993,533	2,008,273	8,001,806

17. INCORPORATION/REGISTRATION

The Foundation is incorporated and registered as a private company limited by guarantee and not having a share capital. It has been registered in the United Kingdom (January 2003) and in Kenya (April 2003), respectively. It was registered as a Charity in England and Wales in January 2005. It was granted host country status by the Government of Kenya in June 2005.

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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18. OTHER COSTS

	2017 US\$	2016 US\$
Honoraria	60,000	57,900
Meeting expenses	136,819	100,379
Consulting and other services (note 5)	120,938	165,393
	<u>317,757</u>	<u>323,672</u>

19. PENSION COMMITMENTS

The assets of the defined contribution pension scheme are held separately from those of the company in a range of funds provided and administered by an independent plan provider. Contributions of \$365,840 (2016: \$334,267) were charged to the statement of financial activities during the financial year as they became payable in accordance with the rules of the scheme. There are no outstanding contributions at the current year-end (2016: \$nil).

20. FINANCIAL INSTRUMENTS

	Consolidated Group 2017 US\$	Consolidated Group 2016 US\$	Charity 2017 US\$	Charity 2016 US\$
FINANCIAL ASSETS				
Cash and receivables	10,028,971	10,281,725	9,417,478	10,281,725
	<u>10,028,971</u>	<u>10,281,725</u>	<u>9,417,478</u>	<u>10,281,725</u>
FINANCIAL LIABILITIES				
Financial liabilities measured at amortised cost	1,171,724	380,160	1,090,878	380,160
	<u>1,171,724</u>	<u>380,160</u>	<u>1,090,878</u>	<u>380,160</u>

Financial assets measured at amortised cost comprise cash and cash equivalents, trade debtors, grant debtors, inventories and other receivables.

Financial liabilities measured at amortised cost comprise trade creditors.

21. INVESTMENTS IN SUBSIDIARY

The following table lists the entity which is controlled by the group, either directly or indirectly through a subsidiary.

Company

	Held by	Carrying amount 2017	Carrying amount 2016
Qualibasic Seed Company Limited	AATF	9,685	-

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21. INVESTMENTS IN SUBSIDIARY (CONTINUED)

The above amount relates to share capital in QBS (US\$ 9,685).

Summarised consolidated statement of financial position as at 31 December

Qualibasic Seed Company Limited	2017 US\$	2016 US\$
Assets		
Non-current assets	238,491	-
Current assets	888,536	-
Total Assets	1,127,027	-
Liabilities		
Non-current liabilities	614,025	-
Current liabilities	424,994	-
Total liabilities	1,039,019	-
Total net assets (liabilities)	88,008	-
Carrying amount of non-controlling interest	(501)	-

Summarised statement of profit or loss and other comprehensive income for the year ended 31 December

Qualibasic Seed Company Limited	2017 US\$	2016 US\$
Revenue	13,744	-
Other income and expenses	(50,598)	-
Loss before tax	(36,854)	-
Tax expense	119,334	-
Profit / (Loss) after tax	82,480	-
Other comprehensive income	-	-
Total comprehensive income	82,480	82,480

Summarised statement of cash flows for the year ended 31 December

Qualibasic Seed Company Limited	2017 US\$	2016 US\$
Cashflows from operating activities	816,042	-
Cashflows from investing activities	(129,219)	-
Cashflows from financing activities	79,931	-
Net increase (decrease) in cash and cash equivalents	766,754	-
Subsidiary with material non-controlling interests		

The following information is provided for subsidiary with non-controlling interests which are material to the reporting company. The summarised financial information is provided prior to intercompany eliminations.

Subsidiary	Country of incorporation	% Ownership interest held by controlling interest	
		2017	2016
Qualibasic Seed Company Limited	Kenya	99 %	- %

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22. GRANTS PAID TO INSTITUTIONS

Project	Sub-Grantee	Group 2017 US\$	Group 2016 US\$	Charity 2017 US\$	Charity 2016 US\$
COWPEA	IAR- Zaria, Nigeria	51,655	63,936	51,655	63,936
	CSIR-SARI, Ghana	50,286	52,538	50,286	52,538
	Bunda College	37,744	94,358	37,744	94,358
	IFPRI	-	57,496	-	57,496
	INERA-Burkina Faso	35,875	74,750	35,875	74,750
	Total Cowpea	175,560	343,078	175,560	343,078
CAMAP	ZARI, Zambia	121,758	113,471	121,758	113,471
	NaCRRI, Uganda	59,949	41,995	59,949	41,995
	Total CAMAP	181,707	155,466	181,707	155,466
HYBRID RICE	aWhere Inc	139,793	180,403	139,793	180,403
	Hybrid East Africa Ltd (HEAL)	341,606	670,184	341,606	670,184
	Total Hybrid Rice	481,399	850,587	481,399	850,587
NEWEST RICE	Arcadia Biosciences, USA	112,575	434,787	112,575	434,787
	CIAT	123,552	-	123,552	-
	NaCRRI, Uganda	66,006	115,816	66,006	115,816
	CRI-Coraf	40,133	122,162	40,133	122,162
	NCRI	54,005	87,988	54,005	87,988
	Total NEWEST Rice	396,271	760,753	396,271	760,753
SEEDS2B	Chitedze Research Station, Malawi	1,857	6,524	1,857	6,524
	Agricultural Research Trust (ART) Farm, Zimbabwe	27,500	-	27,500	-
	Total Seeds2B	29,357	6,524	29,357	6,524
STRIGA	Freshco, Kenya	10,000	-	10,000	-
	Africa 2000 Network (A2N), Uganda	-	21,994	-	21,994
	RSS	-	22,934	-	22,934
	Total STRIGA	10,000	44,928	10,000	44,928

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OFAB	OFAB Tanzania, COSTECH	255,800	132,500	255,800	132,500
	OFAB Ghana, CSIR	62,000	40,000	62,000	40,000
	OFAB Uganda, UNCST	337,608	254,975	337,608	254,975
	OFAB Kenya, ISAAA	576,666	482,516	576,666	482,516
	OFAB Ethiopia, EIAR	138,762	138,141	138,762	138,141
	OFAB Nigeria, NABDA	279,191	318,249	279,191	318,249
	OFAB Burkina Faso, INERA	115,550	90,000	115,550	90,000
	OFAB Kenya, KALRO	-	19,665	-	19,665
	Science Africa	-	21,840	-	21,840
	KUBICO	-	33,056	-	33,056
	Total OFAB	1,765,577	1,530,942	1,765,577	1,530,942
Potato	CIP	160,782	142,730	160,782	142,730
	TOTAL CIP	160,782	142,730	160,782	142,730
QBS	QBS Company Kenya	1,140,573	-	1,140,573	-
	Grant from AATF to QBS	(457,742)	-	-	-
	TOTAL QBS	682,831	-	1,140,573	-
WEMA	Monsanto, USA	2,851,354	4,007,820	2,851,354	4,007,820
	CIMMYT, Mexico	1,807,487	2,248,088	1,807,487	2,248,088
	COSTECH – Tanzania	361,250	277,771	361,250	277,771
	EIAR, Ethiopia	647,443	-	647,443	-
	ARC- South Africa	413,382	296,142	413,382	296,142
	IIAM – Mozambique	238,276	275,728	238,276	275,728
	KALRO – Kenya	377,124	344,237	377,124	344,237
	ROP, Kenya	12,346	26,901	12,346	26,901
	Kimeli, Kenya	2,378	-	2,378	-
	NARO – Uganda	390,030	408,825	390,030	408,825
	Total WEMA	7,101,070	7,885,512	7,101,070	7,885,512
Total Sub-grants		10,984,554	11,720,520	11,442,296	11,720,520