Sowing the “Seeds of Development” in Africa

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Outline of Presentation

- Premise and assumptions
- Background of Africa's seed sector
- Rationale for intervention
- Seeds of Development Program
- Controversy on private seed companies
- Discussion and Q&A
Premise and assumptions

- Food security is primary development goal for Sub-Saharan Africa.
- Used correctly, improved seed varieties have potential to increase productivity, lower risk and to improve nutrition among resource poor farmers.
- Private seed sector is the most efficient way to produce and distribute seed improved seed.
- For most cereals crops GM crops > Hybrids > OPV > farmer saved seed.
- Exceptions for vegetatively propagated crops.
Why Seeds?

- Seeds are to rural agricultural development what pills are to modern medicine.
Corn seed

- pericarp
- aleurone
- endoderm
- scutellum
- coleoptile
- plumule
- hypocotyl
- radicle
- coleorhiza
- tip cap
Africa’s Seed Value Chain

Public
- Research and Development
  - NAROs
  - CGIARs

Private
- Production and Processing
  - Private Seed Companies

NGOs
- Marketing and distribution
  - Rural agrodealers
  - NGOs

Smallholder Farms and Commercial Farmers
Cereal yields by region

(FAO, 2006)
Per capita food production

(FAO, 2006)
Private Seed Companies: Small is beautiful

- Primary market for SMEs is smallholder farmers (60–80% of seed sales).
- Most are located in close proximity to their market (lower transportation costs, close contact with smallholder farmers).
- Relatively low overheads = lower prices.
- Macroeconomic environment in Africa is highly dynamic - conditions favor smaller companies as opposed to large MNCs.
- Diverse agro-ecological and social conditions (low economies of scale, highly fragmented market favors niche marketing)
Africa need technological innovations that are practical and affordable.
Africa has diverse agro-ecological zones
Seeds of Development Program

Advancing Africa’s Green Revolution Through Private Seed Companies
Seeds of Development Program

- Founded in June 2003
- Collaboration between CU Emerging Market Program and Market Matters Inc.
- Started with 10 companies (Fellows), have grown to 30 + 10 affiliates.
- Received L.A. Potts Success Story Award for making a significant positive impact in low-income communities (2006).
SODP Objectives

- To build **management capacity** of locally owned seed companies.
- To create platforms for **networking** among African seed companies.
- To **conduct research** on the seed industry that will guide company strategies and inform public policy.
Where we work – 30 Fellows

Kenya
Uganda
Tanzania
Malawi
Mali
Zimbabwe
Zambia
Mozambique
Theory of Change

Small to Medium Sized Indigenous Seed Companies

Limited capacity to serve smallholder farmers
- Limited finance
- Management skills
- Government policy

Management Training
- Workshop Training
- Feild visits
- Distance learning
- Student attachments

Research
- Market structure
- Participant conduct
- Economic performance
- Case studies

- Increased sales
- Increased profits
- Better service to farmers
- Wider product range

- Increased competition
- Lower prices
- Improved extension service

Rural Poor Smallholder Farmers

Widespread poverty, Low agricultural productivity
- Limited finance
- Missing markets
- Limited seed range
- Inappropriate technology

- Increased adoption
- Increased market participation
- Higher yields
- Reduced risk

- Reduced poverty
- Improved food security
- Higher rural incomes
Who we work with

- 30 medium-sized seed companies - Fellows
- They are small, but they think big.
- Where others see challenges, they see opportunity.
Who we work with...
Who we all work for...
Program Activities

- Workshop Training
  - Making Markets Matter
  - Technical workshop

- Network Creation
  - Seed Trading Forum
  - Field visits
  - Management modules

- Coaching

- Student attachments

- Research
Seed Trading Forum

Maputo, Mozambique
2010 SODP Field visits

<table>
<thead>
<tr>
<th>SoDP Fellow (and country)</th>
<th>Destination</th>
<th>Main purpose of trip</th>
</tr>
</thead>
<tbody>
<tr>
<td>Victoria Seeds (Uganda)</td>
<td>China</td>
<td>To procure crop protection products branded for efficient marketing and easier identification by farmers.</td>
</tr>
<tr>
<td>Fica Seeds (Uganda)</td>
<td>Rwanda</td>
<td>To explore business opportunities for certified seed sales in Rwanda and identify potential partners.</td>
</tr>
<tr>
<td>Naseco (Uganda)</td>
<td>Rwanda and Burundi</td>
<td>To explore export market opportunities for the company’s products in neighboring countries of Rwanda and Burundi.</td>
</tr>
<tr>
<td>Kamano Seeds (Zambia)</td>
<td>DRC</td>
<td>To seal a Lease Agreement for a Sales Outlet that was identified in Lubumbashi Congo during a trade mission organized by Zambia Development Agency (ZDA).</td>
</tr>
<tr>
<td>Dryland Seeds (Kenya)</td>
<td>China</td>
<td>To procure seed processing equipment from SanLi Manufacturers in Shijiazhuang City, China.</td>
</tr>
</tbody>
</table>
MMM: Agribusiness management training
CU student field trips
## Program impacts

<table>
<thead>
<tr>
<th>Performance indicator (Averages)</th>
<th>2003</th>
<th>2006</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales revenue</td>
<td>US$450,370</td>
<td>US$1,232,112</td>
<td>174%</td>
</tr>
<tr>
<td>Area under maize seed production</td>
<td>198,000 (ha)</td>
<td>448,000 (ha)</td>
<td>126%</td>
</tr>
<tr>
<td>Area under other seed production</td>
<td>146,000 (ha)</td>
<td>312,000 (ha)</td>
<td>113%</td>
</tr>
<tr>
<td>Number of maize seed varieties offered</td>
<td>4.2</td>
<td>7</td>
<td>166%</td>
</tr>
<tr>
<td>Volume of total seeds sold</td>
<td>229 (M tons)</td>
<td>682 (M tons)</td>
<td>299%</td>
</tr>
</tbody>
</table>
Average annual sales for Fellows (US$)
Theoretical basis of business networks

- **Neoclassical economic theory** - maximizing agglomeration economies or capturing positive externalities.

- **Strategic Management** - strategic advantages of collaboration include economies of scale, improved access to technology and expertise, reduction of risk, and improvement on the competitive structure of the firm.
Impacts of SODP networking

- Formation of new enterprises
- Cross registration of varieties
- Purchase and sale of seeds and equipment
- Sharing of information on technologies and markets
- Exchange of human resources
# SODP: 2010 Networking Deals

<table>
<thead>
<tr>
<th>Company</th>
<th>Business conducted with SoDP Fellows</th>
</tr>
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<tbody>
<tr>
<td>AgriSeed (Zimbabwe)</td>
<td>• Exchanged seed sales with SODP Fellows to the value of USD30,000</td>
</tr>
</tbody>
</table>
| Suba Agro Trading (Tanzania) | • Victoria Seed- $133,400  
• Naseco Seed (Uganda) - $162,500.  
• Progene Seed (Zambia) - $156,000. |
| Faso Kaba (Mali)         | • Conducted on-farm field visits in Mali with SODP fellows from East and Southern Africa in 2009, who were attending AGRA grantees' annual meeting in Bamako.  
• Visited SEED CO headquarters in Zimbabwe.  
• Negotiating to be a dealer of SEED CO products in Mali.  
• General email communications with SoDP Fellows. |
| DSL Seeds (Kenya)        | • With Freshco - sharing information and germplasm.  
• With Naseco - sharing information and germplasm.  
• With Oil Crop - sharing information and germplasm. |
## SODP 2010 networking deals

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<td>SeedTech (Malawi)</td>
<td>• Shared information with SoDP Fellows <strong>Pristine Seeds (Zimbabwe) and Semente Perfeita (Mozambique)</strong> on maize seed OPV availability and price, on quantities of 100mt (value US$200,000).&lt;br&gt;• <strong>With Tanseed (Tanzania)</strong> we set up demonstration plots to introduce new seed varieties into farming communities.&lt;br&gt;• <strong>Exchanged information with Dryland Seeds Co. (Kenya)</strong> on coping strategies in times of droughts.</td>
</tr>
<tr>
<td>Funwe Farm (Malawi)</td>
<td>• Ongoing general interactions and information sharing with SoDP Fellows.&lt;br&gt;• Joint procurement of chemicals with SeedTech 2009.&lt;br&gt;• Visit to LELDET and other Kenyan seed companies.</td>
</tr>
<tr>
<td>Pristine Seeds (Zimbabwe)</td>
<td>• On behalf of Kamano seeds sold 80 MT of sorghum seed.&lt;br&gt;• Sold to Semente Perfeita 30 MT of maize seed.&lt;br&gt;• We co-marketed about 50 MT of cowpeas, 10 MT of sorghum and 20 MT of groundnuts with Progene Seeds in Zimbabwe.&lt;br&gt;• The total value of these transaction is USD285 000.</td>
</tr>
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</table>
Josephine Okot: Yara Prize 2007 laureate

Victoria Seeds Ltd is SODP Fellow – born out of SODP
Private seed companies – the controversy

- Are we creating dependency on purchased inputs?
- Why not promote community based seed systems?
- Environmental concerns – is this sustainable?
- The fear and controversy around GMO
- SMEs will be bought by multi-national seed companies
- It takes more than just seed (soil fertility, finance, policy, extension)
Helping small companies ...

Compete with giants!!
Q&A + Discussion

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