

# Output to Purpose Review: Seeds of Development Programme (SODP)

Commissioned by UK Department for International Development

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**Censorship Notice:** This version of the report had been minimally edited to allow for wider circulation. In the interest of protecting information that may be considered strategic or confidential, company names have been blocked in some sections of the report.

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## EXECUTIVE SUMMARY

The Seeds of Development Program (SODP) is designed to improve access to appropriate, good quality, and competitively priced crop seeds by low-income smallholder farmers in East and Southern Africa. This is to be achieved by focused management training for small- to medium-sized local seed companies in the region. Utilising a grant from DFID, which was issued in 2006, SODP aims to achieve the purpose<sup>1</sup> through two main outputs. The first output is to increase the scale of the programme through enrolling additional fellows from countries already involved in SODP and, in addition, bringing two further countries (Malawi and Mozambique) into the programme. The second output is to increase the scope of the programme through widening programme activities.

The first output, related to scale, has been met with the size of the programme increased from 15 to 25 fellows, with four coming from Mozambique and Malawi. The second output, related to the scope of the programme focuses on:

- management training for small to medium sized local seed companies, and,
- research on the seed industry in East and Southern Africa.

The management training is well in hand and starting to show results, with SODP companies selling seed around 20% cheaper than their larger competitors. SODP networking is also providing new ways of doing business and opportunities for partnerships across countries. The link with the Alliance for a Green Revolution in Africa (AGRA) has proved useful for some of the companies. But what is evident is a general lack of confidence in developing (and justifying) business development plans, especially amongst the smaller companies. Mentoring in terms of helping with the creation of viable business plans, and then in following through to successful funding is a real need.

The research and market analyses undertaken have limited impact within the programme overall. They are not easily accessible, and the subject matter of several of the research papers, while of evident interest in terms of overall economic conditions in the region, is fairly marginal to the specifics of the seed industry. A focused initiative to produce policy briefs for both SODP companies and for government and the NGO sector should be undertaken in the final period of the existing grant.

SODP, in the next phase, has the momentum to move to a further level of activity. The programme has developed an innovative and effective programme of support to the emerging seed industry of the region and it is important that it does not get distracted from its core function. But it needs

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<sup>1</sup> The purpose is to better understand and share knowledge on the role of private sector in achieving pro-poor agricultural growth through strengthening private-sector, small firm supply chains in developing countries to improve smallholder access to better productivity- improving seed technologies.

actively now to explore effective partnerships with complementary initiatives which are developing and which can add considerable value to SODP efforts.

In the proposed follow up SODP programme, a major focus of development should be facilitating effective alliances between the two main SODP fellow categories (full service seed companies and seed traders) to enable each to exploit their niche within the smallholder market for seed. The network is gaining in maturity and processes need now to be put in place for network participants to be more actively involved in determining their own priorities for meeting themes, policy notes, and research studies. Linkages with regional university initiatives should be developed to enable the provision of specialist advice to network members.

SODP is an innovative programme which is clearly valued by all participants. Performance indicators are impressive (a summary of these is given in Annex 2) – maize seed sales up by 54% between 2006 and 2007; full time employment increased by 19%; and sales revenue up by 35%. Company sales data also show that the bulk of sales (more than 80%) go to smallholder farmers. By offering a wider variety of seeds, including higher-yielding, disease- and drought-resistant varieties, and other inputs such as fertilizers, SODP companies help smallholder farmers increase food security for their families and communities. The evidence available shows that SODP members are producing and selling seed to smallholders at significantly lower prices than their larger scale competitors. The programme is meeting its key output targets although improvement in addressing accessibility and focus of policy related information is required.

To gain the full potential of the programme, continuing support to the existing core activities, together with the additional ones proposed in the 2008 submission to DFID (with some adjustments as noted in the recommendations in this report) should be a high priority. It is premature to start planning an exit strategy at this time. In the current economic climate, farm input suppliers will face a challenging environment. Sensitive and focused support in the manner provided by SODP will be invaluable in creating strong local farm supply companies that can reach the poor of the region.

## **LIST OF RECOMMENDATIONS**

The following recommendations are made to add value to what is clearly an effective programme. As emphasised in the concluding section of this report, SODP is an innovative programme which is clearly valued by all participants. It is providing an important service to the emerging seed industry in southern and eastern Africa and has attracted influential players to participate actively in the programme. It is meeting its key output targets. The core programme should be retained as the central framework for future development.

1. Mentoring in the remaining period, and in any subsequent programme, focus particularly on building confidence to develop and defend business

plans for future expansion (most cost effectively through the MMM workshop).

2. A focused initiative to produce policy briefs for both SODP companies and for government and the NGO sector should be undertaken in the final period of the existing grant.
3. In the proposed follow up SODP programme, explicit linkages should be explored with value chain initiatives in the region. Examples include the Tanzania Agriculture Partnership and the emerging value chain discussions in Malawi.
4. In the proposed follow up SODP programme, activities should be included to engage both government and NGOs as key players in the seed sector.
5. In the proposed follow up SODP programme, a major focus of development should be facilitating effective alliances between the two main SODP fellow categories (full service seed companies and seed traders) to enable each to exploit their niche within the smallholder market for seed.

## 1. METHODOLOGY AND TERMS OF REFERENCE

To review of the Seeds of Development Programme (SODP) to determine:

- how likely is it to meet its purpose to 'to improve access to appropriate and affordable seeds for poor smallholder farmers through management training for small to medium sized local seed companies and research on the seed industry in East and Southern Africa.';
- recommendations on the SODP plan for the remaining 6 months of their current funding period (to December 2008); and
- recommendations on the SODP proposal for extension and expansion beyond December 2008.

The work involved a review of documentation provided by SODP, interviews (mainly by telephone) with key stakeholders, and participation in the Seed Trading Forum (a regular SODP networking event) which was held in Lusaka in July 2008. Individual discussions were planned with SODP fellows during the Seed Trading Forum. A separate meeting room was arranged at the Seed Trading Form where SODP fellows could meet Malcolm Blackie, the consultant engaged for this assignment, on an individual or group basis according to their choice. The discussions were open ended but with a focus on (a) what benefits (backed by evidence) SODP fellows had gained from participation in the programme, (b) what additional activities they would like to see introduced in the future (and why), A list of participating SODP fellows at the Seed Trading Workshop is attached as Annex 1.

## 2. BACKGROUND

The Seeds of Development Program (SODP) is designed to improve access to appropriate, good quality, and competitively priced crop seeds by low-income smallholder farmers in East and Southern Africa. This is to be achieved by focused management training for small- to medium-sized local seed companies in the region. The underlying hypothesis is that small-to-medium-sized emerging seed companies have a "potential competitive advantage" in meeting the needs of smallholder farmers in Africa. The rationale is based on several core assumptions:

- SME seed companies' primary market is smallholder farmers, who account for 60–80% of their seed sales,
- most are located in close proximity to their market so delivery costs should be lower and late delivery of inputs due to poor infrastructure should be reduced,
- they are in close contact with smallholder farmers and thus well positioned to understand local agro-ecological and socioeconomic conditions, and finally,
- the highly fragmented market of smallholder agriculture in the region favours niche marketing.

## 2.1. Proposed outputs

From the project log frame, the purpose of the programme is to improve understanding of, and share knowledge on, the role of private sector in achieving pro-poor agricultural growth through strengthening private-sector, small firm supply chains in developing countries to improve smallholder access to better productivity- improving seed technologies. The purpose is verified through two verifiable indicators:

- **Increased participation** in terms of numbers of firms participating in Seeds of Development Program;
- Fellows of the program demonstrate **a wider customer base** of smallholder farmers.

SODP aims to achieve the purpose through generating two main outputs. The first is to increase the scale of the programme through enrolling additional fellows from countries already involved in SODP and, in addition, bringing two further countries (Malawi and Mozambique) into the programme. The second output is to increase the scope of the programme through widening programme activities. Three 'widening' activities are envisaged:

- Establishing technical workshops to complement the annual agribusiness management training workshop,
- building successful mentoring partnerships between current and new Fellows, and,
- developing and disseminating market and case study reports among seed company fellows and in wider policy arena.

## 3. OUTPUT 1: SODP INCREASED IN SCALE

This is a relatively straightforward output to measure. In 2005, there were 15 fellows participating in the programme – by 2008 there were 25. Of the new fellows, two each came from the additional focus countries of Malawi and Mozambique. The seed industry is specialised and capital intensive – substantial funds are tied up on holding stocks from the previous year's seed harvest until the time that farmers start purchasing seed for the current year's crop. Many of the seeds (other than maize<sup>2</sup>) sold by SODP fellows are open-pollinated and farmers have the option of selling the crop either as seed or on the open market. Unless seed companies can pay early and at an attractive price, potential seed producers will chose to sell their crop elsewhere, especially in years of shortage. Therefore, to ensure reliable supplies, seed companies need to have sufficient cash available to make their purchases at harvest. Their customer base is the smallholder subsector and most smallholders rely on farm saved seed. These farmers are unlikely to be persuaded to place advance orders and the amount of new seed a farmer purchases each year will be heavily influenced by his or her cash income from the previous year. Thus the growth in smallholder seed sales, especially in the early years, must realistically be modest. While it might have been possible to add further companies, this would have been at the risk of including those

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<sup>2</sup> But note that hybrid maize is by far the biggest seller both by volume and revenue

of marginal quality. At the 2008 Seed Trading Fair, all fellows (as part of the ongoing M&E process organised by SODP) were asked for information on potential new fellows in their countries<sup>3</sup>. SODP, therefore, continues to explore the options for increasing in scale in a measured and entirely rational manner. Performance in respect of this output is excellent.

## 4. OUTPUT 1: SODP INCREASED IN SCOPE

### 4.1. SODP work programme

The SODP work programme is designed to fit around the seed trading year. The final quarter of the year is a busy one for seed companies – seed marketing and planting of the next year's seed crop takes up much of their time. The major parts of the programme in the other three quarters of the year involve networking events (such as the seed trading workshop as well as supporting individual networking activities) and training/development activities. This provides SODP fellows with new skills and information which allow them to expand their businesses.

### 4.2. Training workshops

Five additional SODP fellows were able to attend the annual Making Markets Matter workshop held in Stellenbosch, South Africa in 2006. This is an annual workshop series, and is a collaborative initiative of Market Matters, Inc., Cornell University and Stellenbosch University. It aims to increase the capacity of African agribusinesses to meet the ever-increasing demands of today's global food system. The workshop exposes African agribusiness firms to the latest thinking in marketing strategy, management, financial analysis, and strategic thinking to enhance their competitiveness and promote better business opportunities. World-class facilitators with experience and knowledge provide participants with practical tools and strategies to increase firm profitability, expand employment, and thus also increase incomes in their communities.

A total of 22 seed companies participated in the 2006 and this had grown to 29 by 2008. The 2008 programme, in addition, had a dedicated parallel session on the seed industry, thus allowing participants to focus specifically on the issues of concern to their industry. DFID support allowed this market workshop to be complemented by technical meetings – which were held in Entebbe (2006), Maputo, (2007), Pretoria (2008). Subjects covered include biotechnology and breeding systems, participation in the African Seed Trade Association (AFSTA) conference at Entebbe, and seed quality control. The workshop evaluations were very positive and ***discussions with SODP fellows indicated that the lessons learned from these workshops were being applied in their own businesses. It is also highly pertinent to note that some SODP companies were sponsoring their own staff to participate in these meetings. The faster growing companies note the difficulty of retaining skilled market-orientated staff members and have started to use participation in SODP***

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<sup>3</sup> SODP has an effective review process of all workshop activities which feeds into the planning of future events.

*meetings and workshops as an integral component of their internal staff development and retention strategy.*

#### **4.3. Mentoring between companies**

A number of joint activities, fostered through SODP, are starting to emerge. The annual reports of SODP detail a long list of collaborative activities. Highlights include ██████████ in Malawi is working jointly with partners in East Africa; ██████████ in Uganda is marketing materials from ██████████ ██████████ in Kenya; ██████████ are in a partnership for maize variety development. FICA is also supplying maize seed to Tanzania and Kenya, as well as bulking inbred maize lines for ██████████ and ██████████. The values of these various deals are in the 10s of '000s of US\$ which is significant in terms of the size of the companies concerned.

#### **4.4. Market analyses and case studies**

The annual reports to DFID and other parties detail a number of reports. A case study of Freshco in Kenya was completed by students from Cornell University and is posted on the SODP website. Captain Gichanga of Freshco was highly complimentary of the value of the case study to his business. However, the market analyses (and even the Freshco study) have limited impact within the programme overall (although some of the research has been used in training workshops). Few fellows are aware of them and they are not easily accessible to individuals with limited internet access. The subject matter of several of the research papers, while of evident interest in terms of overall economic conditions in the region, is fairly marginal to the specifics of the seed industry.

There is a clear demand for well focused policy papers on priority concerns of the seed industry. One immediate example is the recent SADC seed harmonisation agreement. Seed companies, while noting the good intentions involved, observe that implementation will be a slow and difficult process. Providing guidance to companies, governments, and development agencies to facilitate the effective and widespread implementation of seed harmonisation policies at national level is a priority for the seed trade in the region.

***Recommendation: a focused initiative to produce policy briefs for both SODP companies and for government and the NGO sector should be undertaken in the final period of the existing grant.***

## **5. OVERVIEW OF OUTPUTS**

SODP aims to improve access to appropriate and affordable seeds for poor smallholder farmers through:

- management training for small to medium sized local seed companies, and,
- research on the seed industry in East and Southern Africa.

The core activities of SODP (workshops, student attachments, field trips, technical workshop, and the seed trading forum) are working, well executed, adding great value to the Fellows, and should be continued (with some changes as recommended in this report). The management training is well in hand and starting to show results. [REDACTED], a SODP company, is selling bulk hybrids in 2008 season at \$1000 - \$1200 per tonne compared to the cheapest Seed Co hybrid at \$1500 - \$1800. In Uganda, the entry of SME seed companies into the industry has lowered the average price of hybrid maize seed from about US\$2 per kg to about US\$1.2 per kg.

However, as the larger SODP companies observe, there is a complex relationship between price and the perception of quality by farmers. [REDACTED], for example, notes that it reduced prices with respect to SeedCo (their biggest competitor in Zambia) and experienced a fall in sales. Their subsequent analysis suggested that they had created a perception of "lower relative quality" through the price reduction and today they consciously avoided deviating much from their major competitors on their core varieties. [REDACTED] is strongly focused on quality as central to its business strategy. But what the company has done is to create another price category of seed within their range of products. These products compete directly with those seeds marketed by SeedCo that are the ex-commercial farmer varieties that have fallen from grace or have not done well for some reason or other but are still in production. [REDACTED] is able to place varieties in this category that are as much as 40% cheaper than the competing SeedCo material. The overall approach by [REDACTED] is to create the general perception that they are higher priced (and, therefore, higher quality) than SeedCo. However, for the emerging commercial farmer, the second category provides a very keenly priced option. The target group is the farmer who has realized the value of improved seed varieties that give higher yield and is no longer on the brink of poverty. This is a conscious strategy to contribute to the process of pushing the farming community into higher productivity per unit area of crop planted.

[REDACTED] estimate they could sell up to 15000 tonnes of hybrid maize seed each year in SADC and a similar amount in West Africa. With respect to other crops, Pannar, for example are selling sugar beans at \$1650 per tonne last season compared with the Progene price of \$1200. This suggests that the most efficient SODP companies are showing the ability to provide cheaper, but quality seed, across the region.

The SODP networking is also providing new ways of doing business and opportunities for partnerships across countries – as the examples listed in section 4.2 indicate. Performance indicators are impressive – maize seed sales up by 54% between 2006 and the end of 2007; full time employment increased by 19%; and sales revenue up by 35%<sup>4</sup> (see Annex 2 for more details).

The link with the Alliance for a Green Revolution in Africa (AGRA) has proved useful for some of the companies – AGRA provide grants, based on an externally evaluated business plan, to enable small seed companies to

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<sup>4</sup> These data are provided by SODP companies and are not independently verified.

purchase additional equipment and thus upgrade their businesses (although there is some dissatisfaction with the transparency of the AGRA decision making process and the overall focus of the programme<sup>5</sup>). The AGRA grants have enabled some SODP companies to expand their production and provide a useful complement to the overall SODP activity. But what is evident from the results of SODP fellows developing proposals for AGRA is a general lack of confidence in developing (and justifying) business development plans, especially amongst the smaller companies. Mentoring in terms of helping with the creation of viable business plans, and then in following through to successful funding is a real need. Too many companies get discouraged at an early stage (or lack the resources to revise and improve their plans) – and this can act as a brake on their further development. SODP was asked to provide help in some instances and this is an important future focus area as companies develop further.

***Recommendation: training and mentoring in the remaining period, and in any subsequent programme, focus particularly on building confidence to develop and defend business plans for future expansion (most cost effectively through the MMM workshop).***

The research on the seed industry needs to be the focus of intensified work in the remaining part of the programme, and into the next phase. While there have been useful research studies undertaken, there is an urgent need for focused policy briefs and other accessible sources of policy guidance for the development of the industry. The research that has been published to date is typically in journals not easily accessible by SODP fellows (or indeed by those without ready access to academic journals). In addition, the presentation of the reports is unattractive to business people or policy makers and, therefore, the information does not reach important clients of the SODP programme. This can relatively easily be remedied in the remaining months of the programme and should be a major focus of increased effort for the proposed follow up activity.

## **6. FUTURE DEVELOPMENTS**

### **6.1. Building linkages to key partners in the seed value chain**

SODP, in the next phase, has the momentum to move to a further level of activity. Seed is only one of several inputs which the poor need to build their way out of poverty. The programme has developed an innovative and effective programme of support to the emerging seed industry of the region and it is important that it does not get distracted from its core function. But it needs actively now to explore effective partnerships with complementary initiatives which are developing and which can add considerable value to SODP efforts. Probably the most relevant of these are the various 'value chain' developments being tested. One advanced example is in Tanzania where the Tanzania Agricultural Partnership has pioneered a significant

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<sup>5</sup> It is outside the bounds of this study to comment further on the AGRA programme and unfair to speculate on the basis on anecdotal information.

coordinated initiative to increase the accessibility of agricultural inputs to smallholders.

A similar partnership is currently being developed, on a more limited basis, for Malawi with a focus initially on cotton and rice producers. Through engagement with these partnerships, SODP could also explore (and facilitate) comparable exercises in other SODP focus countries. The TAP model might be an interesting case study to develop and exhibit at future SODP workshops.

***Recommendation: in the proposed follow up SODP programme, explicit linkages should be explored with value chain initiatives in the region. Examples include the Tanzania Agriculture Partnership and the emerging value chain discussions in Malawi.***

#### **An example: The Tanzania Agricultural Partnership**

The Tanzania Agricultural Partnership (TAP) is an innovative public private partnership to support agricultural development, profitable commercial activities and poverty reduction. Coordinated by the Agricultural Council of Tanzania, TAP is a grouping of local, national and international partners willing to work together to respond to the major challenges and opportunities in agriculture. The Partnership combines commercial and development goals. And by doing so, it aims to provide increased choices and more efficient services to Tanzanian farmers. This will establish a sustainable, business-based foundation for small scale farmers to move from subsistence agriculture to profitable and diversified commercial farming.

The specific outcomes of the Partnership include:

- Profitable agricultural production is increased
- Markets and small farmer capacity is strengthened
- Appropriate inputs are affordable and accessible to small holder farmers throughout Tanzania
- Private sector investment is stimulated, and
- Benchmarks for best practices in development and commerce are established

The Partnership uses and builds on existing skills, knowledge and institutions. It focuses on informal efficiency, operational linkages and effective communication between partners. In developing new approaches, TAP takes some risks to overcome long-standing problems and to develop new solutions. It tries to learn from both errors and success. TAP makes progress by forging linkages and improving trust and understanding between key public and private sector operators.

Furthermore, SODP (correctly) in the first phase focused closely on improving the business management of SODP fellows. Two major players influencing the seed sector in the region are government and Non Governmental Organisations (NGOs). Government plays a role both in the policy arena and also, on frequent occasions, as a purchaser of bulk seed. NGOs are significant purchasers and distributors of a range of seeds. Both groups are surprisingly (or perhaps wilfully) ignorant of realities of cost effective and sustainable seed

production. Their programmes can impact negatively on the development of a viable seed market unless they are carefully coordinated and linked to market structures. It is essential that in the next phase of SODP that these two groups become partners in the SODP programme so that their activities support, rather than disrupt, the development of the diversified, cost effective seed industry being fostered by SODP. These can include exploring policy initiatives such as market guarantees for 'orphan crops' or linking seed distribution schemes to SODP fellows.

***Recommendation: in the proposed follow up SODP programme, activities should be included to engage both government and NGOs as key players in the seed sector.***

## **6.2. Enhanced targeting of programme activities**

The SODP network has grown in both size and maturity. There are potential benefits to the overall programme if the network was now segmented (in part) in a manner that will permit more targeted service provision SODP fellows, now that the programme has expanded in scale, can be usefully divided into two broad categories (the titles below are used simply for illustrative purposes)<sup>6</sup> :

- **Full service seed companies** – companies with the capacity to develop and multiply their own improved germplasm using both public sources and their own breeding material (SODP examples include Western Seeds, MRI Seeds, and Progene).
- **Seed trading companies** – companies which rely on bulking up public germplasm and selling it on (this category represents a large proportion of the SODP programme).

Seed traders are able to reach the places larger companies do not go but rely on undifferentiated products based on public germplasm. They are over reliant on maize for sales, have a limited capacity to build and hold stocks, and face significant capital constraints. The full service companies do not have the capacity to reach all their potential markets, have high quality materials which they are interested in selling through licensing agreements, and see themselves, in part, as technology service providers. It is evident that these two categories have an important potential mutual interdependence which SODP can help foster and develop. The full service seed companies have high quality, competitively priced seed which, they will claim, outperforms the public germplasm which is the source of many of trading companies' products. The full service companies want to expand their reach to smallholders but lack the capacity to run sales over extended areas. They are seeking alliances with those who have that additional reach – which is an obvious niche for the seed trading companies to exploit. The outcome is that the seed traders build their reputation for high quality, differentiated products,

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<sup>6</sup> These are not exclusive but provide a broad framework which will facilitate better support to the programme overall in the future. The categorisation is not intended to suggest that one group is somehow 'better' or more capable than the other – rather to indicate the different niches which are available to small seed companies.

the full service companies develop their capacity as technology service providers and extend the reach of their operations, and farmers get a good choice of seed even in remote areas.

### **6.3. Enhanced mentoring and follow up**

The seed business has substantial seasonal and long term capital requirements which particularly constrain small new entrants. There is a strong demand from fellows for SODP to run capital fund to assist them in managing this problem. However, this is not a productive route for SODP to explore in the next phase. SODP is seen as an 'honest broker' in facilitating linkages and partnerships – it does not promote specific activities. It does not have the capacity or expertise to operate a capital fund but does have access to a wide range of technical and financial expertise that it can bring to the network. As noted earlier, many of the less experienced companies lack confidence in developing and justifying business plans and a recommendation has been made that SODP provide additional mentoring to this process. This can be furthered by providing linkages to suitable expertise (within and outwith the network) to assist in the development of business plans.

The network is gaining in maturity and processes need now to be put in place for network participants to be more actively involved in determining their own priorities for meeting themes. The feedback from the research activities of SODP to the network needs urgent attention and, again, the themes and topics for network policy notes and studies need to be agreed through consultation with network participants. Almost all SODP fellows at the Seed Trading Workshop in Lusaka expressed a need for assistance on specialist topics – some financial, but others technical. SODP could usefully build links with regional university initiatives such as RUFORUM (The Regional Forum for Development in African Agriculture – [www.ruforum.org](http://www.ruforum.org)). This last would provide straightforward way to access regional expertise as well as supplying opportunities for students from the region to become involved in developing case studies and other specialist inputs.

## **7. RISKS**

The programme has a solid administrative structure in place. The network has evident 'ownership' by its members and the co funding of activities starting to emerge is indicative of a sustainable organisation. However, the escalation of input prices facing smallholders in the region adds a very significant risk element to seed companies. Farmers are well aware that, to obtain best return from an investment in improved seeds, it is essential to feed the young plant adequately. For many of the poor, sources of organic fertility are of poor quality or insufficient for the needs of the crop. Inorganic fertilisers, at the prices they are reaching in large parts of the region, may simply be uneconomic (even if the farmer can find the needed cash – or credit) to purchase them. One serious outcome of the present rise in international energy prices may be that smallholders in Africa find it unprofitable to invest in the seed/fertiliser combination needed for increased productivity. The coming years are going to be a challenging period for the farm input supply

business. The focused, high quality support provided by SODP will be needed to help guide these emerging companies through a very difficult economic environment. One of the major risks facing the programme is being forced into developing a premature exit strategy in a time of major international economic turmoil.

## **8. OVERALL ASSESSMENT**

SODP is an innovative programme which is clearly valued by all participants. It is providing an important service to the emerging seed industry in Southern and Eastern Africa and has attracted influential players to participate actively in the programme. The evidence available shows that SODP members are producing and selling seed to smallholders at significantly lower prices than their larger scale competitors. The programme has a consistently high rating for quality and relevance amongst participants and several of the larger companies are using SODP to enhance their internal staff development programmes. It is meeting its key output targets although improvement in addressing accessibility and focus of policy related information is required.

## 9. ANNEX 1: PARTICIPANTS INTERVIEWED AT SEED TRADING FORUM, LUSAKA

Company	Country	Name	email
Agri Seeds & Services	Zimbabwe	de Woronin Brien	<a href="mailto:briende@zimads.com">briende@zimads.com</a>
Dryland Seeds Limited	Kenya	Kimotho Ngila	<a href="mailto:ngila@yahoo.com">ngila@yahoo.com</a>
Fica Seeds	Uganda	Mubangizi Emmanuel	<a href="mailto:fica.project@mail.com">fica.project@mail.com</a>
Freshco Seeds Ltd.	Kenya	Gichanga Captain Karanja	<a href="mailto:karanjajg@freshcoseeds.com">karanjajg@freshcoseeds.com</a>
Funwe Farm Ltd.	Malawi	Chikowe Bunaya	<a href="mailto:info@funwefarm.mw">info@funwefarm.mw</a>
Funwe Farm Ltd.	Malawi	Chilongo Eddle	<a href="mailto:info@funwefarm.mw">info@funwefarm.mw</a>
Fuso Kabar	Mali	Sidibe Maimouna r	<a href="mailto:fasokab@yahoo.fr">fasokab@yahoo.fr</a>
Harvest Farm Seeds	Uganda	Githendu Mukiri	<a href="mailto:i mukirigithendu@yahoo.com">i mukirigithendu@yahoo.com</a>
Hygrotech	Zambia	Lourens Rene	<a href="mailto:lourens@zamnet.zm">lourens@zamnet.zm</a>
Hygrotech	Zambia	Chola Kamaki	<a href="mailto:i technical@hygrotech.co.zm">i technical@hygrotech.co.zm</a>
Kamano Seeds	Zambia	Siampondo Edna	<a href="mailto:horemansd@zamtel.zm">horemansd@zamtel.zm</a>
Kamano Seeds	Zambia	Horemans Desire	<a href="mailto:horemansd@zamtel.zm">horemansd@zamtel.zm</a>
Kamano Seeds	Zambia	Mvunga Frederick	<a href="mailto:horemansd@zamtel.zm">horemansd@zamtel.zm</a>
KARI	Kenya	Otsyula Reuben	<a href="mailto:rmotsyula@yahoo.com">rmotsyula@yahoo.com</a>
MRI Seeds	Zambia	istananovic Vladimir	<a href="mailto:r vlad@mriseed.com">r vlad@mriseed.com</a>
MRI Seeds	Zambia	Chilufya Susan	<a href="mailto:susan@mriseed.com">susan@mriseed.com</a>
MRI Seeds	Zambia	Kalenda Aubrey	<a href="mailto:kalenda@mriseed.com">kalenda@mriseed.com</a>
MRI Seeds	Zambia	Vlahakis Gilber	
NASECO, Ltd.	Uganda	Masagazi Cliff Richard	<a href="mailto:nasecoseeds@yahoo.com">nasecoseeds@yahoo.com</a>
National Banana Reseach Programme (NARO)	Uganda	Kephas Nowakunda	<a href="mailto:kephas@kari.go.ug">kephas@kari.go.ug</a>
Nhimbe Seeds	Zimbabwe	Teverah Jeremiah	<a href="mailto:tevera.jeremiah@yahoo.com">tevera.jeremiah@yahoo.com</a>
Pristine Seeds	Zimbabwe	Makoni John	<a href="mailto:john@pristine.co.zw">john@pristine.co.zw</a>
Progene Seeds	Zimbabwe	Henderson Andrew	<a href="mailto:a.henderson@progeneseeds.co.zw">a.henderson@progeneseeds.co.zw</a>
Qualitá	Mozambique	van Dyk Brenda	<a href="mailto:sales@qualitaseeds.com">sales@qualitaseeds.com</a>
Seed - Tech	Malawi	Samidu Frank	<a href="mailto:seedtechmw@yahoo.com">seedtechmw@yahoo.com</a>
Semente Perfeita	Mozambique	Chagomoka Takemore	<a href="mailto:tchagomoka@yahoo.co.u">tchagomoka@yahoo.co.u</a>
Suba Agro Trading	Tanzania	Ole-Seenga Olias	<a href="mailto:seenga2002@yahoo.com">seenga2002@yahoo.com</a>
Victoria Seeds	Uganda	Nyakoojo William	<a href="mailto:victoriaseeds@infocom.co.ug">victoriaseeds@infocom.co.ug</a>
Western Seeds	Kenya	Esmail Saleem	<a href="mailto:saleem@gmail.com">saleem@gmail.com</a>
Zanobia Seeds	Tanzania	Mand Rajinder	<a href="mailto:dodomaltd@myarusha.com">dodomaltd@myarusha.com</a>

## 10. ANNEX 2: Background data on Seeds of Development Programme

The following data are extracted from the 2006-2008 M+E reports of the SODP programme. The analysis in these reports show growth in seed companies managed by SODP Fellows as measured by number of employees, number of seed growers used, number of varieties offered, seed processing capacity and sales revenue. As the M+E reports emphasise, both SODP interventions and other factors may have contributed to the changes reports, it is relevant that the rate of growth for most growth indicators increased after the companies had joined the programme. The most recent data on in-country breakdown are from 2007 and are presented in Tables 1-6.

Tables 7 and 8 show changes over time in key indicators. As one of the primary indicators the total annual sales revenue of companies in the program is expected to increase by 15% from US\$21.5 million to US\$ 25.7 million. In addition the number of permanent and casual employees, the number of seed growers used, number of varieties offered and the peak processing capacity are some of the indicators that also show significant increases year on year between 2007 and the expected performance in 2008. Of specific interest is that the numbers of seed varieties that are offered are expected to increase by 43% and the numbers of seed growers that are used are expected to increase by 27%.

The reduction in total seed production and seed sales that is observed ascribed, in part, in the M+E analysis to sub optimal production conditions in some regions. Some fellows report that drought conditions or the incidence of diseases impacted on the production of seed during the 2007/2008 period and consequently less seed is produced and less seed is available for sale.

From Table 7, it is clear that SME seed companies' primary target market is smallholder farmers. There has been steady growth in direct sales to smallholders. 80% of expected sales during 2008 are expected to go to smallholder farmers - 66% direct sales to smallholder farmers and 14% of indirect sales through relief and non governmental organisations. As importantly, SME seed companies reducing their reliance on the NGO/relief market. The continuing involvement of SME companies in export sales is also encouraging

**Table 1 : Average Performance of the Seeds of Development Program per Country (2007)**

Variable		Uganda	Kenya	Tanzania	Malawi	Zambia	Zimbabwe	Mozambique	Mali
Number of employees	Permanent	27.00	16.60	16.00	26.33	38.33	22.33	6.00	2.00
	Casual / seasonal	316.67	92.00	30.67	28.33	102.00	110.00	15.50	3.00
Number of seed growers used		270.00	8.20	9.33	33.67	26.00	11.00	9.00	3.00
Number of seed varieties offered		15.33	11.67	12.00	10.00	36.00	7.67	16.00	9.00
Seed peak processing capacity (tons/day)		37.50	5.00	15.00	4.50	32.00	55.00	6.00	0.5
Total seed production (tons)		1,330.00	360.25	1,028.67	106.00	1,450.00	2,033.33	66.50	60.00
Seed sales (tons)		1,857.50	457.00	934.67	106.00	1,723.50	1,375.00	56.50	60.19
Sales revenue (US \$)		2,505,863.00	733,730.00	1,297,333.33	49,333.33	2,409,837.50	800,000.00	650,000.00	20,252.00

**Table 2 : Average Sales breakdown by Market Segment per Country (2007)**

Sales breakdown by market segment	Uganda	Kenya	Tanzania	Malawi	Zambia	Zimbabwe	Mozambique	Mali
Commercial farmers	14.17 %	11.67 %	15.00 %	n/a	24.67 %	10.00 %	5.00 %	0.00 %
Smallholder farmers	34.58 %	71.67 %	48.00 %	66.67 %	54.33 %	55.00 %	62.50 %	96.50 %
Relief / NGO	38.33 %	16.67 %	18.67 %	n/a	16.67 %	35.00 %	22.50 %	0.20 %
Export	12.92 %	0.00 %	18.33 %	n/a	1.33 %	0.00 %	10.00 %	3.30 %

**Table 3 : Average Sales breakdown by Product Type per Country (2007)**

Sales breakdown by product type	Uganda	Kenya	Tanzania	Malawi	Zambia	Zimbabwe	Mozambique	Mali
Seeds	85.50%	76.50 %	57.67 %	66.67 %	86.67 %	92.50 %	70.00 %	100.00 %
Agrochemicals	7.50 %	6.25 %	13.33 %	n/a	10.00 %	7.50 %	10.00 %	0.00 %
Farm implements	4.00 %	0.00 %	0.67 %	n/a	1.67 %	0.00 %	8.50 %	0.00 %
Other	3.00 %	17.25 %	28.33 %	n/a	1.67 %	0.00 %	11.50 %	0.00 %

**Table 4 : Average Performance of the Seeds of Development Program per Country (2007)**

Variable		Uganda	Kenya	Tanzania	Malawi	Zambia	Zimbabwe	Mozambique	Mali
Number of employees	Permanent	32.25	18.40	23.67	29.33	43.33	32.00	8.50	4.00
	Casual / seasonal	277.50	140.00	71.67	38.33	111.67	130.00	22.50	6.00
Number of seed growers used		357.50	10.80	10.00	28.00	27.50	15.50	3.00	20.00
Number of seed varieties offered		37.50	14.00	11.67	5.33	47.00	10.00	19.00	12.00
Seed peak processing capacity (tons/day)		42.50	12.00	15.00	9.00	38.00	60.67	n/a	0.50
Total seed production (tons)		754.00	498.75	1,271.67	153.00	2,225.00	1,200.00	227.50	154.17
Seed sales (tons)		1338.75	568.33	398.33	137.33	1,835.00	1,783.33	232.50	139.63
Sales revenue (US \$)		2,537,883.33	1,011,000.00	1,185,416.67	177,000.00	2,574,797.00	1,600,00.00	800,000.00	59,776.80

**Table 5 : Average Sales breakdown by Market Segment per Country (2007)**

Sales breakdown by market segment	Uganda	Kenya	Tanzania	Malawi	Zambia	Zimbabwe	Mozambique	Mali
Commercial farmers	13.57 %	3.35 %	16.67 %	0.67 %	25.67 %	11.67 %	5.00 %	0.00 %
Smallholder farmers	40.89 %	76.46 %	55.00 %	95.00 %	39.33 %	53.00 %	65.00 %	97.50 %
Relief / NGO	28.39 %	9.00 %	6.67 %	4.33 %	24.00 %	21.00 %	7.50 %	0.80 %
Export	17.14 %	11.19 %	21.67 %	0.00 %	11.00 %	14.33 %	22.50 %	1.70 %

**Table 6 : Average Sales breakdown by Product Type per Country (2007)**

Sales breakdown by product type	Uganda	Kenya	Tanzania	Malawi	Zambia	Zimbabwe	Mozambique	Mali
Seeds	86.25%	68.00 %	55.00 %	100.00 %	83.33 %	88.33 %	70.00 %	95.00 %
Agrochemicals	7.00 %	17.00 %	16.00 %	0.00 %	12.33 %	8.33 %	10.00 %	4.00 %
Farm implements	4.50 %	2.00 %	0.33 %	0.00 %	1.00 %	1.67 %	5.00 %	1.00 %
Other	2.25 %	13.00 %	28.67 %	0.00 %	3.33 %	1.67 %	8.00 %	0.00 %

**Table 7 : Changes in seed sale destinations (2006-2008)**

	2006	2007	2008
% commercial farmers	15.08	11.46	10.21
% smallholder farmers	50.47	56.75	65.52
% relief / NGO	21.66	20.64	14.20
% export	12.79	11.15	10.07
	100.00	100.00	100.00

**Table 8 : Total Performance of the Seeds of Development Program**

Variable	2007	2008 (Expected)	Change (%)	
Number of employees	Permanent	482	628	+24.66
	Casual / seasonal	2257	2916	+23.86
Number of seed growers used	1345	1710	+27.14	
Number of seed varieties offered	263	417	+43.45	
Seed peak processing capacity (tons per day)	337.5	401.5	+18.96	
Total seed production (tons)	17922	17191	-8.65	
Seed sales (tons)	18187.19	18291.63	-9.00	
Sales revenue (US \$)	21,495,935.50	25,695,270.80	+14.75	