

The Seeds of Development Program

Annual Report (Jan 1 – Dec 31, 2011)



Seeds of Development Program

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Summary of Accomplishments

The Seeds of Development Program (SoDP), an innovative initiative designed to improve access to appropriate and affordable seeds for low-income smallholder farmers through business development services (BDS) training for small to medium-sized local seed companies in East and Southern Africa.

Recognizing the importance of business networks as innovative institutions to enhance the competitiveness of agribusinesses, MM Inc. has set up and coordinated the network “Seeds of Development Program” that has facilitated business-to-business relationships among privately-owned African seed companies. As a result of their membership in the program, these emerging market firms have benefited from increased access to information, resources, and business opportunities.

Established in 2003, SoDP is an award winning initiative that has created a powerful network of 26 locally owned, emerging seed companies operating in eight countries in East, Southern, and West Africa (Kenya, Tanzania, Uganda, Zambia, Zimbabwe, Malawi, Mozambique, and Mali). SoDP operates through a Fellows Program; selected seed companies that serve smallholder farmers in Africa may join the program by invitation.

During the period of Jan – Dec 2011 the Seeds of Development Program (SoDP) committed to carry out the following activities:

- **Capacity building** in the form of the “Making Markets Matter” Executive Training Program for the African Agribusiness Sector.
- **Capacity building/network building** in the form of a Field Trip contribution awarded to four SoDP Fellow companies.
- **Other activities/highlights:** SoDP Fellows visit South African seed company; one-on-one engagement between program coordinator and SoDP Fellows; presentations and publications by the SoDP that raise awareness about the emerging seed sector in Africa.

SoDP Fellow companies continue to grow, as reflected by the average annual sales data shown in Figure 1 below. Confidentiality agreements do not allow SoDP to publish sales data for individual companies.

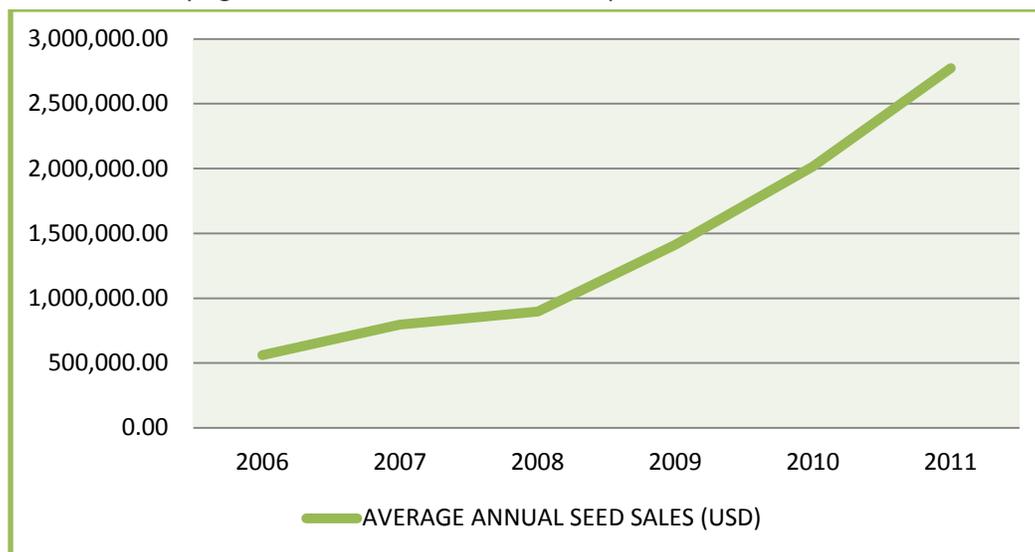


Figure 1. Average Annual Seed Sales for SoDP network, 2006- 2011

Detailed Report

Capacity building: The “Making Markets Matter” Executive Education Program for the African Agribusiness Sector

The eleventh Making Markets Matter (MMM) agribusiness education program was held at the Lord Charles Hotel in Somerset West, South Africa, on May 8- 13, 2011. The goal of this annual program is to increase the capacity of African agribusinesses to meet the ever-increasing demands of today’s global food system. Including this year’s program, the MMM series has trained over 500 participants from agribusiness firms, business development services, nongovernmental organizations, government departments, and donor agencies. After eleven consecutive annual programs, Making Markets Matter is recognized as a premium business development services (BDS) training program for emerging entrepreneurs in Southern and East Africa.

The 2011 program hosted 68 participants from 12 African countries. Just over a third of the participants were women. Facilitators and guest speakers represented countries (Botswana, India, South Africa, Tanzania, the USA, and Zimbabwe) from three continents and diverse organizational backgrounds, such as universities (University of Botswana, Tshwane University of Technology, Cornell and Stellenbosch Universities), the nonprofit and development sectors (the Syngenta Foundation for Sustainable Agriculture, and the private sector (the Industrial Development Corporation).

As in previous years, the educational program was highly interactive; the sessions focused on key areas of business training, such as marketing, strategic planning, human resource management, leadership, and business negotiations. In addition, participants were introduced to two live case studies: Ezulwini Chocolat, a South African woman-owned chocolatier and M’hudi Wines, a black-owned South African winery.

In addition to the daytime sessions, the program featured evening programs that provided an ideal atmosphere for informal networking and discussions. The week started with a lively opening reception featuring entertainment by Vulindlela Cultural Group. On Monday participants were treated to a dinner at Neethlingshof, a local wine estate, where they listened to an evening address by Emelda Mosime, General Manager for SASKO Pasta Pty Ltd, a division of Pioneer Foods. On Tuesday evening, participants had dinner at Dornier Wine Estate, where they listened to MMM alumna Vivian Kleynhans, the owner of African Roots Wine Brands, and maker of “Seven Sisters” wines talk about her experience of starting and growing her business.

In 2011, the program introduced a Mini Product Expo, which provided a platform for interested agribusinesses to showcase their products to other participants and guests. Six companies chose to display their products, including a chocolatier, a trout farming cooperative, a company making jams and preserves, and another producing essential oils. The displayed products received an enthusiastic response, with many participants buying samples to take home with them.

The week’s program concluded with the Closing Banquet on Thursday, which hosted a number of invited guests from the South African agribusiness sector, including the National Agricultural Marketing Council, ABSA, as well as a delegation from Stellenbosch University. The program concluded with the

presentation of the MMM certificates of completion and the African Agribusiness Entrepreneur of the Year award, an annual prize that recognizes an outstanding agribusiness from the Continent. The 2011 award went to Malawian agribusiness entrepreneur Dinnah Kapiza.

Seed Company Participation

Eighteen seed company participants were in attendance representing African-owned companies from Kenya (2), Malawi (1), Mali (1), Nigeria (3), Uganda (3), Tanzania (3), Zambia (2), and Zimbabwe (3). In order to offer the opportunity to attend to as many companies as possible, in 2011 SoDP offered a tuition bursary and a small contribution towards travel expenses, leaving the companies to cover the rest of their costs. The fact that eighteen companies attended the program is also a good measure of the value of this aspect of SoDP to Fellows.

We were pleased to include among the guest speakers Dr. Dilip Shripad Gokhale (formerly from the Syngenta Foundation for Sustainable Agriculture), and we organized a special breakout session for the seed companies facilitated by Dr. Gokhale. Dr. Gokhale was also on hand throughout the week for one-on-one conversations that allowed seed company representatives to ask him about specific issues pertaining to their companies. Having access to individual Facilitators for one-on-one consultations is an integral part of the “Making Markets Matter” program, and we received very good feedback from seed company participants about the opportunity to interact with Dr. Gokhale. In addition, we were pleased to receive a brief visit from Dr. Ian Barker from SFSA, who was able get a first-hand look at the program and meet the SoDP company representatives. MM Inc. values this opportunity to work closely with program officers in an effort to improve the quality of service to seed companies and to show better alignment with the goals of the funding agency.

Of further interest to seed companies, on Friday the program included a visit to Agricol, a South African seed companies with offices in Cape Town with which we have a long-standing association. The visit gave SoDP Fellows a chance to learn about Agricol’s operations and, for those interested, the opportunity to explore business deals with the South African company.

For more details on “Making Markets Matter” 2011, see the full report and photos [online](#).

Network building

Network building is an important aspect of the SoDP. Although, due to budgetary constraints the organization was not able to hold a separate networking function in 2011, we incorporated a networking element into the “Making Markets Matter” program. This was relatively easy given that the program is organized in ways that offers participants various opportunities to network with each other and with other invited businesses. In the case of the seed companies, we encouraged participating companies to make use of the MMM program as a networking function in 2011 and use any formal and informal occasions to make business deals. In addition, the visit to Agricol gave companies an additional opportunity to look for new business deals. Networking is also continued year round using electronic communication via SoDP List serve. Given the level of maturity of the network most of these deals and information exchanges are now occurring on a one-on-one basis instead of through the listserve.

Table 1: Business deals resulting from SoDP networking.

COMPANY	BUSINESS CONDUCTED WITH SODP FELLOWS
Dryland Seed KENYA	<ul style="list-style-type: none"> • Faida Seed: \$26,250 • Freshco: \$ 21,000 • hosted M & B Seeds of Ghana • Shared information with Naseco seed
Faso Kaba MALI	<ul style="list-style-type: none"> • Conducted seed sales, seed purchases, personnel exchange, joint procurement, sharing information with other SODP Fellows : \$350,000 (estimate)
Freshco KENYA	<ul style="list-style-type: none"> • Collaborated with Dry Land Seed Company in Promotion of drought- tolerant Maize Varieties like KDV1 and legume seeds in the semi-arid areas. • DSL: \$21,000 • Faida seeds Ltd \$32,300
Kamano Seed Co. ZAMBIA	<ul style="list-style-type: none"> • We began discussions with Hygrotech Zambia for collaboration in the supply of vegetable seed for our Namwala and Congo DR markets.
LELDET KENYA	<ul style="list-style-type: none"> • Faida: \$46,607 • FRESHCO: \$21,345 • Communication with Progene (Zimbabwe) to explore the possibility of selling maize seed in Kenya which was released by another fellow (Freshco). • Leldet had over ten responses to equipment used by other fellows, and continued to have further exchanges with two other fellows. This may result in a purchase of Dichwe equipment.
MRI SEED / AGRO ZAMBIA	<ul style="list-style-type: none"> • We have discussed the possibility of licensing genetic material and have provided technical guidance on seed processing methodology and machinery to a few other fellows.
Progene Seeds ZIMBABWE	<ul style="list-style-type: none"> • Agriseeds: \$60,000 • Suba Agro: \$130,000 • Worked with Agriseeds selling large volumes of seed to government – 650MT value \$1,300,000.
Seed Tech MALAWI	<ul style="list-style-type: none"> • We inquired on the functionality and efficiency of seed processing equipment from China from SoDP fellows who have already acquired that type of equipment. • Pristine Seeds: \$5,000
Seedridge ZIMBABWE	<ul style="list-style-type: none"> • Shared information with and assisted Victoria Seed with recruitment of personnel for the company.
Suba Agro TANZANIA	<ul style="list-style-type: none"> • NASECO SEEDS: \$150,000 • Progene: \$130,000

SoDP Fellows' Field Trips

The grant from the SFSA provided funds for four field trips in 2011. The field trips have been a one of the most successful part of the SoDP: the small grants give SoDP Fellows the opportunity to visit countries and companies they otherwise may not have the funds to go to and engage in a brief period of intense learning and/or pursuing business opportunities. To maximize the impact of our funds (and to create more ownership of the program by Fellows), we offered only partial funding for each trip, asking the companies to contribute the rest of the cost (generally about 50%). In return for the support, Fellows are asked to submit a detailed trip report and an expense report accounting for the use of the funds.

Table 1: SoDP-sponsored field trips, 2011

SODP FELLOW COUNTRY	DESTINATION	MAIN PURPOSE OF TRIP
Faso Kaba MALI	Burkina Faso and Guinea Conakry	<ol style="list-style-type: none"> 1. To explore business deals with other seed companies in the sub region (Guinea and Burkina Faso); 2. To explore business opportunities with Farmers' organizations in Guinea; 3. To learn best practices in seed production, processing, marketing and distribution from other countries.
Funwe Farm MALAWI	Zambia	<ol style="list-style-type: none"> 1. To visit the Maize Research Institute and the Seed Control and Certification Institute to check on the new hybrids to be patented and their parental material development; see inbred line nurseries; and discuss collaboration with Funwe Farm Ltd for commercial production. 2. To visit Farmers Barn to discuss possibilities of export of Funwe seed. <p>*Note that the company had an unexpected emergency in early December, which necessitated that they postpone their travel. We agreed that they would complete the travel during the first quarter of 2012. Funwe Farm is one of the long-standing, successful SoDP Fellows, and we do not have any reason to be concerned about them carrying out their obligations.</p>
Kamano Seeds Co. ZAMBIA	Belgium, Holland	To visit the Agriculture Show in Belgium in order to meet with potential business partners in areas of vegetable seeds (onions and potatoes) and machinery.
Seedridge ZIMBABWE	Uganda	To visit Victoria Seeds in Uganda, a more established and successful seed company headed by another woman owner. The motivation behind the trip was to gain experience, advice, contacts, and motivation for Seedridge, a relatively new company.

Notable Achievements by SoDP Fellows, 2010-2011

The annual survey also asks Fellows to list their biggest achievements for the past two years. Table 3 below summarizes the responses.

Table 3: SoDP companies biggest achievements, 2010-2011 (self-reported)

COMPANY	BIGGEST ACHIEVEMENTS IN THE PAST 2 YEARS
AGRISEED ZIMBABWE	<ul style="list-style-type: none"> Increasing sales volume by 30% despite a national seed over-supply
Dryland Seed Ltd, KENYA	<ul style="list-style-type: none"> DSL procured and installed production equipment, scaled up production and recruited more personnel.
Faso Kaba MALI	<ul style="list-style-type: none"> Brand new seed processing plan from china installed; Warehouse about 1,000 MT constructed; Sell point opened in Guinea Conakry Over 500MT of certified rice seeds exported out of 1050MT of that kind of seeds sold in 2011 Full time Chief Accountant hired and working with appropriate software.
Freshco, KENYA	<ul style="list-style-type: none"> We were able to more than double our production from 220 acres to 500 acres Our sales increased by 100% We diversified our business by introducing vegetable seeds and Legume (small grain) seeds
Funwe Farm MALAWI	<ul style="list-style-type: none"> In 2011 we tripled our production and in 2012 we are doubling it again. This sixfold growth gets us through the breakeven point into profitability. The key success factors have been a good strategic plan, long term loan finance, and a General Manager. SODP's support was instrumental in our having the skills to achieve the first two.
Kamano Seed Co. ZAMBIA	<ul style="list-style-type: none"> CIMMYT of Zimbabwe offered to produce the Breeder materials of our two varieties namely KAM 601 and KAM 602 (formally known as KAM 605).
LELDET KENYA	<ul style="list-style-type: none"> Creating an alternative marketing strategy, by using small packs at weekly market venues. This generated interest in the area which resulted in three stockists buying seed on a cash basis and on terms dictated by ourselves rather than the other way. Achieving our biggest turn over to date. Receiving breeder's seed for three new beans varieties. Further to our SODP travel bursary to meet Indian Seed Companies, we have now signed with one of the companies Advanta and will start to become their agent this year. JK Seeds we hope to sign in March however we have started the national trials of 12 hybrid sorghums for both companies.
MRI SEED / AGRO ZAMBIA LTD	<ul style="list-style-type: none"> We have started distributing a wide range of vegetable seeds both to keep the employees productive (and income generating rather than just as an expense during off-season) and also to keep the customers connected to us throughout the year and strengthen their productivity and buying power through educating them in and providing inputs/tools for other income generating

	<p>agricultural activities.</p> <ul style="list-style-type: none"> • We managed to release our first two wheat varieties (through a licensing agreement with a strong breeding/research house in South Africa. • We have started evaluation of a whole range of other products to add to our list of licensed seed products (whose genetics we license but we multiply seed and market in local market) including: cotton, rice, triticale, and some biofuel producing crops. • We have also evolved our regional strategy by submitting a number of our maize varieties for release in Zimbabwe, continued evaluation of our varieties in Malawi, South Africa, Botswana and Namibia, and started evaluation of our varieties in Kenya and Tanzania. We expect to start sales in at least some of these countries within 2012.
Pearl Seeds TANZANIA	<ul style="list-style-type: none"> • Acquired new seed processing equipment • Got funding from AGRA to increase seed production, do demos and ensure seed availability is very close to the end users
Progene Seeds ZIMBABWE	<ul style="list-style-type: none"> • Increasing our size in spite of problems in financing our regional expansion. • We tested seed regionally and received mixed responses from SODP.
Seed Tech MALAWI	<ul style="list-style-type: none"> • The acquisition of the seed processing machine worth about \$28,500 from China which is modern, more efficient and has a higher capacity compared to our old machine • We successfully managed to recruit more growers and thereby increase the seed production area. We estimate our seed volumes for 2012 to be as high as 500 MT. • We also managed to successfully negotiate for loan of \$330,000 from the Africa Seed Investment Fund (ASIF) of Uganda formerly known as African Agriculture Capital AAC (through Patrick Oketo SODP resource person).
Seedridge ZIMBABWE	<ul style="list-style-type: none"> • Our biggest achievement was incorporating Research and Development into our operations and this has helped improve the way we market Seedridge products.
Suba Agro TANZANIA	<ul style="list-style-type: none"> • Following investments plant breeding we have now registered our own brand in Tanzania (three hybrid Maize and one OPV); we got all germplasm from Cimmyt. • Established a research farm with 350ha under irrigation • Purchased new seed processing machinery from China and Germany
Victoria Seeds UGANDA	<ul style="list-style-type: none"> • We expanded our product range to include Crop Protection Products. It was truly exciting to realize that our company name is great for developing brands. The CPP Brand names include : Victor Weeder, Victoria Sate, Victor Zeb, Victor Thoate etc • We completed construction of our new Seed Processing Plant in Masindi. The New plant will enable us double our seed output from 2500mts per annum to 5000.The Seed Processing plant was officially opened by the Minister of Agriculture on January 20th, 2012
Western Seed Co. KENYA	<ul style="list-style-type: none"> • We broke the 2000MT mark and we broke it by a margin not only in production but also in sales. For the first time in years the company had

leftover stock at the end of the long rain season which was very quickly liquidated in the subsequent short rains.

- The company made a strategic decision to bring majority of its seed production in house which it has succeeded in doing so. This was done to ensure stability in the seed supply and to cut down costs so we can maintain current seed retail prices.

Other Activities/Highlights

One-on-one consultation

On an ongoing basis, one-on-one consultation is provided upon request to SODP fellows by the program coordinator especially on matters of business strategy, marketing plans and business linkages. In 2011 the program coordinator visited the following companies:

1. **Freshco (Kenya):** Discussions focused on strategies to expand seed production to meet increasing demand, effective management of contract growers, evaluating alternate financing models for working capital.
2. **Faida Seeds (Kenya):** Meetings focused on effective management of contract growers and a review of current marketing strategies.
3. **Dryland Seeds (Kenya):** We discussed frameworks for evaluation if and how much seed should be grown on contract versus investment in producing their own seed. We also explored opportunities for building management capacity for the marketing manager through MBA programs.
4. **Kamano Seeds (Zambia):** Key issues discussed included human resource management, strategies for exporting into the Democratic Republic of Congo, new business venture into Irish potato seed.
5. **Hygrotech (Zambia):** Evaluating product range for vegetables seeds, market expansion into remote rural areas.
6. **Seedridge (Zimbabwe):** Strategies for expanding vegetable seeds sales beyond NGOs and walk in clients, how to work with established supermarkets in delivering vegetable seed, strategies for bulk procurement of vegetable seed from India, China and Holland.

Availing information about recent developments in the global seed sector

On an ongoing basis the coordinator of SODP forwards to Fellows any news and information that is relevant to emerging seed companies in Africa. This keeps the Fellows both current and engaged on matters relating to their business.

In early September, SoDP was contacted by a representative of John Deere Financial regarding John Deere's Smallholder Mechanization project, an initiative that seeks to collaborate with seed companies to provide farm machinery to smallholder farmers. The business idea is to provide financing to seed companies to purchase the equipment, which they would then hire out to small farmers, thus recovering their investment. The company has approached SoDP to facilitate its communication with seed companies in the SoDP network. The program coordinator held an initial meeting with JohnDeere staff and discussions are currently ongoing about the specifics of this potential collaboration.

Further, SoDP's Program Coordinator, Dr. Edward Mabaya, has recently joined the Investment Committee of the African Seed Industry Fund (ASIF). This affiliation will enable the program to keep abreast of developments in financial services available for SME seed companies in African. More

information on ASIF is available online at <http://www.aac.co.ke/web/aac-news/65-africa-seed-investment-fund-asif.html/>

In its November communication, SoDP informed Fellows about a new initiative by the Policy Analysis and Advocacy Program (PAAP) of ASARECA, based in Entebbe regarding seed harmonization process in East Africa as well as a new funding opportunity through the African Enterprise Challenge Fund. The AECF offers grants and loans to support businesses in Africa working in agriculture, financial services, renewable energy, and technologies for adapting to climate change. Following our announcement, we heard from one Fellow company (Dryland Seeds) that it had submitted an application.

Raising awareness about the African seed sector and the role of emerging seed companies

To represent the interests of emerging seed companies in Africa and to raise awareness about the contribution of seed industry in Africa and beyond SODP coordinator – Dr. Edward Mabaya – regularly participates in various fora that provide information on the African seed sector and emerging seed companies. To date in 2011, Dr. Mabaya has made the following presentations:

1. *“Sowing the Seeds of Development in Africa”* – a presentation made to a campus wide audience at Cornell University in Ithaca (USA) on April 20, 2011. Slides are available online at <http://ciifad.cornell.edu/downloads/Mabaya.pdf>
1. *“Africa’s Evolving Seed Sector: Implications for Land Use”* a seminar presentation made at the Natural Resource Management and Livelihoods Research School at the Swedish University of Agricultural Sciences in Uppsala (Sweden) on September 21st, 2011.
2. *“Food and Nutrition in Africa: The role of seed systems”*, an invited presentation given at the International Health and Development Conference at Cornell University in Ithaca (USA) on October 22nd, 2011.
3. *“Genetically Modified Crops in Africa: The Fuss, The Facts and The Future”* a forthcoming paper presentation for the Professional Agricultural Workers Conference (PAWC) at Tuskegee University, Alabama (USA) on December 5, 2011.