

The quest for thriving African seed companies

By [John Yarney](#)

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Key figures in Africa's seed business believe that a vibrant seed industry has a critical role to play in Africa's quest to revolutionise its agricultural sector.

"It starts with the seed - planting material is the beginning of the value chain. It is the origin, if you get that right, then you have a value-chain," says Tom Adlam of the Africa Seed Investment Fund (ASIF). ASIF provides affordable and flexible risk capital to seed companies in eight countries, mainly based in Eastern and Southern Africa.

"Seed in my view has the potential to be the single most transformational industry in Africa," Adlam reasons, relating the industry to the huge percentage of Africans who depend on agriculture for their livelihoods.

Janey Leakey, CEO of Leldet Limited, is one of Africa's seed producers based in Kenya's Rift Valley Province and she agrees with Adlam about the crucial role of seeds in agriculture. "By planting quality seed the farmer is reducing risk; farming is a risky business," said Leakey.

So what is the general terrain of Africa's seed industry?

Leakey profiles a seed industry map across the continent. She says the South African region leads in the industry because of the protection the industry gets from regulators. East Africa follows South Africa, while West Africa's nascent industry is still progressing to become an emerging market.

Adlam on the other hand, points out that in most of Africa; it is still extremely difficult for farmers in the rural areas to access improved planting material. He offers two reasons to explain this situation - the first is that farmers cannot afford to buy improved planting material, so no significant players can enter the market to deliver improved seed, and secondly, there is still a shortage of seed companies.

But in spite of the uneven terrain, do business prospects look good for seed companies?

"It is a fantastic business - vegetable seeds give the biggest margin, followed by maize," Leakey said of her experience in the seed business. Beside the margin, the market potential is vast. "[It] is totally unknown, but there is a huge market," said Leakey. Adlam agrees with her on the market potential saying that there is a lot of evidence suggesting that the seed deficit in Africa runs into the millions of tons.

So if the returns are good and the market is vast, why has it not triggered a surge of thriving seed companies?

Seed industry players almost unanimously agree that the regulatory framework plays a critical role in ensuring the viability of the sector. Adlam explains the importance of regulation: "Strong relation with trust; a buyer of seed must trust what they are investing in will be successful."

"The biggest thing that can damage the seed industry is counterfeiting. It is absolutely crucial that counterfeits are dealt with strongly," Adlam said.

Seed industry role players complain about the long time it takes for planting material to get from the research laboratories to the farmers. "Getting the actual variety from the researcher and have it released. The release process is long," Leakey said.

Other industry participants agree with Leakey about delays in the release of research material to the market. "The researchers have done their work, but the farmers do not have access to seed," said Agnes Mwang'ombe, director, Seed Enterprise Management Institute.

So what changes should be made to make seed companies thrive?

Aside from strengthening regulation and shortening the length of time and the hurdles associated with releasing planting material onto the market, players say there should be education to help farmers identify good seed. "The farmers must be able to appreciate good seed and we can do good business," said Babatunde Omilola, coordinator ReSAKSS, International Food Policy Research Institute.

Again, they are pushing for the harmonisation of standards across ecological zones. According to Adlam, if companies' need a strong domestic market and can rapidly cross to other markets we will see more and larger, thriving seed companies.

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