Key Priorities for Intervention in Malawi’s Seed Industry

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INTRODUCTION

The African Seed Access Index (TASAI) aims to encourage African governments and other seed industry players to create and maintain enabling environments that will accelerate the development of a vibrant private sector-led seed system serving smallholder farmers. It is this enabling environment that TASAI seeks to measure, track, and compare across African countries. TASAI’s premise is that a competitive seed sector is key to ensuring the timely availability of high-quality seeds of improved varieties at affordable prices to smallholder farmers in Africa. TASAI assesses the status of the seed industry value chain through 20 indicators across five categories: Research and Development, Industry Competitiveness, Policy and Regulations, Institutional Support, and Service to Smallholder Farmers.

In 2016, Market Matters Inc. (MMI) conducted a complete TASAI country study for Malawi. A brief summarizing the findings is available on the TASAI website. The present document lists nine priorities for policy and institutional interventions that address gaps in Malawi’s seed sector, as identified in the TASAI study.

PRIORITIES FOR INTERVENTION IN MALAWI’S SEED INDUSTRY

1. **Enact the Malawi Seed Bill and Seed Regulations**

Several seed policy instruments, including the Malawi Seed Bill and Seed Regulations, are yet to be passed by parliament, a necessary step to their implementation. Coordinated by the Department of Agricultural Research Services (DARS), the Seed Bill has been reviewed to ensure it is aligned with several related policy instruments, namely the Biosafety Act, the Plant Variety Protection Act, and the Pesticides Act. Furthermore, the Seed Regulations are yet to be harmonized with the COMESA Seed Regulations. Following up the enactment of these pending instruments requires coordinated efforts by an umbrella body such as the Seed Traders Association of Malawi (STAM). STAM members include entities involved in seed production, processing, transport, distribution and marketing. One of STAM’s key functions is advocacy on seed industry interests.

**Proposal:**

i. DARS should work closely with STAM to complete the industry consultations and finalize the overall review process so the bill can be sent to the Parliamentary Committee on Agriculture for debate and enactment.

ii. DARS should work closely with STAM to finalize the Seed Regulations.

2. **Transform the Seed Services Unit into the National Seed Commission**

The National Seed Policy proposes the transformation of the Seed Services Unit (SSU) into the National Seed Commission (NSC) of Malawi. As a unit semi-autonomous from the Ministry of Agriculture, Irrigation and Water Development (MOAIWD), the NSC is expected to enforce the Seed Regulations more efficiently. However, the NSC will only start functioning after the Seed Bill is passed by Parliament.

**Proposal:**

i. DARS should speed up the process of the transformation of the SSU into the NSC.
3. **Increase availability of quality foundation seed**

Seed companies are not satisfied with the availability of quality foundation seed in Malawi. On average, seed companies rate their satisfaction with the availability of foundation seed for the four crops (maize, beans, groundnut and soya bean) as “fair” (56%)\(^1\). They are most satisfied with maize (65%) and least satisfied with bean (49%). These ratings are highly polarized across companies: multinational seed companies (most of which maintain their own foundation seed) are content with the availability of foundation seed (72% average rating). In contrast, small seed companies, which rely on foundation seed from DARS, were particularly dissatisfied with the availability of foundation seed, giving it an average satisfaction rating of 28%.

The inadequacy of quality foundation seed is mainly due to a lack of human and financial capacity in the public breeding institutions to maintain quality foundation seed over successive seasons. In 2016, Malawi had eight active breeders across the four priority crops. Seven breeders were employed under DARS. Of these, three breeders worked with maize, two with beans, and one each with groundnut and soya bean. In addition, MUSECO, a private seed company that specializes in the production of foundation seed, employed one breeder.

**Proposal:**

i. DARS and MUSECO should strengthen their collaboration with the International Institute for Tropical Agriculture (IITA), the International Center for Research in the Semi-Arid Tropics (ICRISAT), and the International Center for Tropical Agriculture (CIAT) to increase the supply of foundation seed for legume crops.

ii. DARS should strengthen breeding programs for beans, groundnut, and soya bean by employing more breeders.

iii. MoAWID should lead efforts to push for the passing of the Malawi Seed Bill and Regulations which are in harmony with the regional seed regulatory instruments. This would allow easier access to foundation seed for crops that are listed in the regional variety catalogues.

4. **Sustain efforts to eliminate counterfeit seed**

The problem of counterfeit seed is rampant on the Malawian seed market. The main sources of fake seeds are seed companies that do not exercise sufficient control over the handling of their packaging materials and agro-dealers who replace genuine seed with grains. In 2016, seed companies reported 20 cases of counterfeit seed. Further, companies reported a 38% satisfaction rating with the government’s efforts to combat fake seeds, signaling the severity of the problem. The Seed Services Unit is mandated to enforce seed regulations but is constrained by a lack of human and financial resources. In an effort to address the problem, STAM has started to register seed outlets and inform farmers about credible seed sellers.

**Proposal:**

i. STAM should register all seed outlets in Malawi, working in collaboration with the Ministry of Agriculture, Irrigation and Water Development (MoAIWD). In addition, efforts to raise awareness among farmers should be conducted in collaboration with farmers’ organizations, including the Farmers Union of Malawi (FUM) and the National Farmers’ Association of Malawi (NASFAM).

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\(^1\) All scores are based on industry self-reporting of satisfaction on the following scale: 0-19.99% (extremely poor), 20-39.99% (poor), 40-59.99% (fair), 60-79.99% (good), and 80-100% (excellent).
5. **Deploy qualified private seed inspectors**

The Seed Services Unit (SSU) under MoAIWD employs 37 seed inspectors distributed across three regions. The number of inspectors in Malawi is low compared to some African countries, for example Kenya (76 inspectors), Zambia (118 inspectors), and Zimbabwe (60 inspectors) (2016 figures), where public seed inspection services are complemented by private seed inspectors. Given the shortage of inspectors, the low satisfaction rating of 49% (“fair”) reported by seed companies in Malawi is not surprising. Respondents highlighted two main challenges: the shortage of inspectors and insufficient funds to support their work. Aware of the shortage, in 2016-2017 the SSU trained and accredited 142 para-inspectors to assume some of the inspection activities originally conducted by the SSU, such as land verification, male elimination, and cob selection. However, as of 2018, the newly-trained inspectors were yet to be fully deployed.

**Proposal:**

1. The SSU should deploy all the trained para-inspectors to be hired by seed companies, appraising their performance periodically.

6. **Improve transparency and predictability in seed procurement under the Farm Input Subsidy Program**

Since 2005, the Malawian government has implemented the Farm Input Subsidy Program (FISP) aimed at providing subsidized farm inputs to low-income smallholder farmers. The program is relevant to seed companies because seed sales to FISP account for a significant portion of their overall seed sales. In 2016, on average, seed sold through FISP accounted for 66% of overall maize sales, 82% of overall bean sales, 82% of overall groundnut sales, and 65% of overall soya bean sales for the seed companies. However, seed companies at times find it difficult to work with FISP because they do not know ahead of time what crops the program will cover in a given year, and because the prices are unpredictable, and payments are often delayed.

**Proposal:**

1. The government should evaluate the effectiveness of FISP and use the findings to inform the future implementation of the program. Specifically, the MoAIWD should assess whether seed subsidies to farmers contribute to the wider objective of increasing agricultural productivity in the country. The evaluation should determine whether recipient farmers still need subsidized seed or whether they can purchase the seed themselves.

i) The government should design a medium-term exit strategy for the seed subsidy program. Most seed companies are overly dependent on the subsidy. If the government faces a funding shortfall in any given year and is unable pay, seed companies will face significant financial difficulties. This exit strategy should outline the most appropriate way to scale down the subsidy program without placing undue financial strain on seed companies. Importantly, the exit strategy should be developed in close collaboration with STAM.

7. **Build the capacity of small, locally-owned seed companies**

In 2016, there were 22 seed companies in Malawi producing or marketing seeds for at least one of the four focus crops. However, the seed markets for maize, beans, and soya bean were not competitive, because these were dominated by a small number of players. According to the TASAI report, the top four companies selling maize had a market share of 95%, those selling soya bean had a market share of 93%, and companies selling beans had a market share of 87%. The market for groundnut is more competitive, with the top four companies dominating only 80% of the market. Put differently, these figures show that the combined sales of 17 of the
21 companies selling maize seed did not exceed 5%. Similarly, 15 of the 19 bean seed companies sold only 13% of the bean seed sold, and 14 of the 18 soya bean seed companies sold only 7% of the total soya bean seed sold. The market shares show that by 2016, most seed companies in Malawi were small and are not competitive.

8. **Strengthen the Seed Trade Association of Malawi (STAM)**

The Seed Traders Association of Malawi (STAM) is a member-based association for all seed merchants in Malawi. STAM was formed in 2004, and by 2016 it had 28 members. STAM is a key liaison between private seed companies and the government on seed industry matters. On average, companies overall rating of the performance of STAM was seventy-three percent. More specifically, companies were satisfied with STAM’s effectiveness in advocacy, governance, activity on important seed sector issues, and managerial ability, with these aspects receiving ratings between 63% and 84%. These ratings show that STAM has cemented its position as a relevant platform for the private sector to engage the government on issues related to the seed sector in Malawi.

**Proposal:**

i. STAM should continue its role as an advocate for much-needed industry reforms, for example, implementing the new program for private seed para-inspectors, combatting counterfeit seed on the market, and advocating for greater transparency in the seed subsidy procurement system.

9. **Strengthen the agricultural extension system**

In 2016, Malawi had approximately 1,900 agricultural extension workers, which translates to a ratio of one extension officer to 1,388 agricultural households. Most of the extension workers (1,862) were employed by the government under MoA/WD through the Department of Agricultural Extension Services (DAES). The ratio is significantly lower than that in countries such as Ethiopia, which has a ratio of 1:592, or Zambia, with a ratio of 1:560. The seed companies surveyed gave the extension services in Malawi an average rating of 47%, signaling room for improvement in this area.

**Proposal:**

i. DAES should work closely with STAM and the two national farmers’ organizations to design a continuing education and capacity building program for agricultural extension workers. This would ensure that the workers are aware of the most recent information on improved agricultural practices.

**For further information**


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*Suggested citation:*

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