


Case Study

InovAgro's experiences in strengthening the enabling environment of the seed subsector in Mozambique

SEPTEMBER 2020

 Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Agency for Development
and Cooperation SDC



COWI

 **DAI**

Rui de Nazaré Ribeiro, COWI Mz,
Technical Advisor of InovAgro

Contents

FOREWORD AND ACKNOWLEDGEMENTS.....	3
INTRODUCTORY SUMMARY	4
2. BACKGROUND.....	5
2.1 The situation of the seed sub-sector during InovAgro I.....	5
2.2 The design of InovAgro’s intervention strategy	7
3 INOVAGRO SUPPORT ON ENABLING THE SEED SUBSECTOR ENVIRONMENT:.....	8
3.1 Support to the NSA.....	8
3.2 Field Inspections for seed certification.....	8
3.2.1 Develop the NSA capacity to share relevant seed subsector information with stakeholders.	10
3.2.2 Facilitate a structured dialogue to support the development of the seed industry: Creation of APROSE	11
3.2.3 The process: Building consensus around a seed dialogue model	11
3.2.4 The focus of APROSE and of InovAgro support	12
3.2.5 Main lessons, outcomes and future challenges	14
4 FINAL REMARKS	16

List of Acronyms

AGRA	Alliance for a Green Revolution in Africa
AMB	Associação Moçambicana de Bancos (Mozambique Banks Association)
APROSE	Association for the Promotion of the Seed Sector
DINAS	National Directorate of Agriculture and Silviculture
FAO	Food and Agriculture Organization
FIP	Full Investment Plan
GoM	Government of Mozambique
IIAM	Agrarian Research Institute of Mozambique
MADER	Ministry of Agriculture and Rural Development (from 2019)
MASA	Ministry of Agriculture and Food Security
MOSTA	Mozambican Seed Traders' Association
MSD	Market Systems Development
NGO	Non-Governmental Organization
NSA	National Seed Authority
NSDP	National Seed Sector Dialogue Platform
NSTF	National Seed Task Force
PSSI	Private Sector Seed Inspectors
SADC	Southern African Development Community
SDC	Swiss Agency for Development and Cooperation
Seed Trade	Feed the Future Southern Africa Seed Trade Project
SEMEAR	Feed the Future Mozambique Improved Seeds for Better Agriculture
SHF	Smallholder Farmers (male and female)
SS	Seed Subsector
UNAC	National Small Farmers Union
USEBA	Basic Seed Unit at IIAM (Mozambique Institute of Agricultural Research)

FOREWORD AND ACKNOWLEDGEMENTS

Innovations for Agribusiness (InovAgro) is a Swiss Agency for Development and Cooperation (SDC) funded project which uses a Market Systems Development (MSD) approach to improve the incomes for poor men and women small scale farmers in three provinces in Northern Mozambique (Nampula, Zambezia, and Cabo Delgado). InovAgro leads (leads or supports?) initiatives to develop stronger, more inclusive, commercially driven and competitive market systems for agricultural input supply (especially seed sales and crop protection products) to female and male smallholder farmers (SHF); output marketing (the efficient sale by SHF of their production); and access to finance for SHF to purchase inputs and for traders to purchase outputs. InovAgro engages with key market actors to strengthen the supporting institutional and policy/enabling environment to address systemic constraints of smallholder agricultural development.

The project started with a six-month design phase in 2010 and has had three implementation phases from 2011 to 2020. As the MSD approach was new to Mozambique in 2010, the first phase was to test the assumptions from the design phase and get a proof of concept. The second phase was designed based on the results and learnings from the first phase, to expand the impact. The third phase has been a consolidation phase to continue the growth while testing exit strategies and capturing the lessons learned for sharing more broadly in the development community in Mozambique and internationally.

The Case Study Series.

InovAgro launched its case study series to capture the knowledge it has gained on market systems development in Mozambique since 2011 and to share it widely among the agricultural development stakeholders including the government, market actors, and donor agencies. This case study, prepared by Rui Ribeiro from COWI, is the fourth in the series which includes case studies on the [Fundo Agricola Savings for Seed](#), [Market Systems Approaches to Land Titling](#) in Mozambique, [Market Systems Resilience to Mitigate the Impact of COVID 19](#). Additional case studies (coming soon) will include ones on InovAgro's output marketing initiatives and on the private sector seed engagement.

About the author

Rui Ribeiro has been a technical advisor to InovAgro since its inception in 2010. As one of the leading seed policy experts in Mozambique, he has been engaged in supporting the work on the seed sector enabling environment. He was supported in drafting this case study by William Grant, the Knowledge Management Advisor for InovAgro, who has also supported the project since 2010 as the Technical Director.



Morgen Gomo
Team Leader, InovAgro

INTRODUCTORY SUMMARY

Innovation for Agribusiness (InovAgro) is in the final year of implementation. Along three phases, spanning 10 years, the Project has facilitated the development of the agriculture markets by innovating, testing, and adapting market systems business models which increase the inclusion of, and benefit, to male and female smallholder farmers (SHF)¹. The successful models are then scaled-up. The project has focused its activities in 11 districts in the three provinces of Cabo Delgado, Nampula and Zambezia. These facilitation activities have worked with both private sector market actors as well as with the government and associations to improve the enabling environment of the inputs, outputs and agriculture services markets.

This final year of implementation is seeking to facilitate the adoption, replication and scale-up of the successful models to other districts in the three provinces and to other regions of Mozambique. With this aim, the Project is documenting and sharing the experience and knowledge gained along the three phases of the project. Case studies and fact sheets are being produced to support this process. This case study captures the experience of InovAgro's work on creating a better enabling environment for the seed industry to increase its competitiveness for the benefit of SHF in Mozambique. As such its impact will extend beyond the project's limited geographic area, reaching the entire country. The case study is based on a comprehensive review of project documentation, interviews with key stakeholders, and the author's first-hand experience.

The study makes a brief retrospective analysis of the seed subsector context based on two studies done at the early stages of InovAgro implementation, which served to define the InovAgro intervention strategy focused on two pillars: (i) Facilitating the development of the certified seed markets on a commercially sustainable model by facilitating commercial links between SHF and suppliers of certified seed and (ii) Facilitating the creation of a conducive enabling environment for the development of the seed industry, by improving the capacity of the seed public services and by facilitating dialogue, coordination and synergy between the seed subsector stakeholders. This latter is the subject of this case study: InovAgro's contributions to some important changes in the seed enabling environment and how such changes have contributed to improving the seed industry and, particularly, to meeting needs of SHF. The study highlights how:

- (a) InovAgro worked with the National Seed Authority (NSA) to contribute to an acceptance of private sector participation on seed inspections. This has created the opportunity to increase the effectiveness and efficiency of the seed certification, which will contribute to improve the quality of the seed to be sold on the markets, particularly to SHF.
- (b) The seed studies financed by SDC have provided an evidence base that has been used in many workshops to advocate for the change of the Government seed distribution policy supported by some donors. These actions contributed to phasing out the subsidized seed distribution system and to the adoption of seed supply modalities based on market dynamics;
- (c) Through InovAgro's support to the entire process of establishing the national seed dialogue platform (APROSE), it has facilitated a decisive contribution to improved relationships among the seed stakeholders. At the start of the project dialogue between seed partners was almost absent. Now there is a structured dialogue for coordination of efforts, information sharing, building consensus and facilitating advocacy. All partners interested in the seed industry, including SHF, are involved in this dialogue.

¹ Whenever the term SHF is used, it includes both female and male farmers.

These changes in the policy environment have reinforced InovAgro's work with the private sector to operationalize systemic changes in the seed market for the benefit of SHF. InovAgro was the initiator of a new business relationship model between seed suppliers and SHF, which was a determinant in activating SHF demand of certified seed and to increase sales and use of certified seed in project areas. This model has been adopted and expanded by seed companies and is being replicated by other programs. Seed sales directly to male and female SHF are increasing steadily year on year, leading to their increased productivity.

2. Background

The first Phase of InovAgro (InovAgro I) was implemented from January 2011 to December 2013, with a focus on facilitating linkages between private sector agribusiness initiatives with SHF in the soya bean, pigeon pea, sesame and ground nut value chains, aiming to contribute to increases in SHF incomes. The initial project had no specific planned interventions in the seed supply chain, nor in the seed environment, but its early work highlighted the unavailability of high-quality certified seed as a binding constraint to improving smallholder productivity in the soya and pigeon pea value chains.

Given the importance of the seed industry for the development of the agriculture sector, SDC contracted COWI MZ to assess the Seed Subsector (SS) in March 2011 in order to support the design of SDC's strategy to assist the development of the seed industry in Mozambique². The study identified specific entry points for SDC support along the various SS segments. Considering this study's findings, SDC decided to prioritize support to the SS in their 5-year strategy to assist agriculture development in Mozambique.

As InovAgro I progressed and generated more concrete evidence of the negative impact of a weak seed system, SDC requested InovAgro undertake a seed value chain study in 2012 to further inform the design of the Project's intervention strategy to support the SS³. This study was completed in collaboration with relevant institutions of the Ministry of Agriculture – the National Directorate of Agriculture and Silviculture (DINAS), National Seed Authority (NSA) and the Agrarian Research Institute (IIAM). The study included an in-depth analysis of all segments of the SS - the demand for seeds, the seed supply chain structure and links with the demand side, the supply of pre-basic and basic seed, the plant breeding for development of new seed varieties, the policy and regulatory environment, and the on-going and planned seed projects and the programs in the Southern African Development Community SADC region. The collaborative nature of the study built a foundation for InovAgro to work with DINAS and the NSA going forward on a common strategy, as well as building credibility with the private sector.

2.1 The situation of the seed sub-sector during InovAgro I

As per the findings of the two studies, the situation of the SS in Mozambique in 2012 was characterized by:

- The total seed of grain crops planted in the entire country by small farmers each year was estimated by the UN Food and Agriculture Organization (FAO) at 90,000 tons. Around 90% of this was mostly their own retained seed with smaller quantities acquired locally from other farmers or village traders. SHF were not aware of the value proposition of certified seed because they had little or no exposure to certified seed. The

² "Analysis of seed production, commercialization and use in Mozambique" Austral COWI for SDC, April 2011

³ "A Value Chain Analysis of the Seed Sector", ECI Africa Consulting and Austral COWI, InovAgro, October 2012

other 10% of the seed planted yearly (around 7-8,000 tons) was mainly seed distributed for free or at highly subsidized prices directly to SHF by the Government of Mozambique (GoM), NGOs and aid agencies. Less than 20% of that amount (about 1,500 tons) was commercially sold to farmers, and most of that was to medium and large farmers. There were two reasons for this situation: (i) the post war "aid" approaches adopted by GoM, donors and NGOs, in order to, first, support the resettlement of large numbers of displaced rural families and, second, promote agriculture development; (ii) low demand of certified seed by SHF and lack of seed suppliers operating locally and selling directly to SHF.

- Government procurement and the free/subsidized distribution distorted the market in several ways:
 - There was no market competition. The government purchased seeds in very large batches, usually greater than 500 mt, benefitting the few main seed companies which could meet that scale. This crowded out small private seed companies from selling to SHF through the government. There was high dependence by the main seed companies on the government as their main market.
 - There was limited demand by SHF and, where government and NGO programs had created some understanding of the value proposition for using certified seeds, the farmer preference was to wait for the free or subsidized seed. It was nearly impossible to develop commercial seed supply systems, linking seed suppliers directly with SHF.

These factors combined to distort the incentives of seed companies to develop a commercial seed market and did not incentivize an increase of SHF awareness about the value of certified seed. Consequently, they prevented the growth of the SHF demand for certified seed.

- The national production of certified seed for grain crops was not more than 5,000 - 6,000 tons per year in 2011, of which around 80% were open pollination varieties (OPV) of maize and rice seeds mainly produced by three companies (SEMOC, PANNAR and MozFoods/MIA). At that time, 15 emergent/small seed companies were also producing seed by contracting out growers. Each of these companies was producing less than 150 tons per year each of certified seed, mainly maize OPV and beans
- The pre-basic and basic seed was produced mainly by the public sector (IIAM/USEBA) and the supply did not meet the quality and the quantities demanded by the seed companies in the market. Many varieties of market demanded crops, such as soybean and pigeon pea, were not available in the country.
- The seed industry was poorly supplied by new and better seed varieties. Plant breeding and variety development was conducted mainly by IIAM with great technical and financial constraints, and the research programs were not designed in consultation with the market demands.
- The National Seed Authority (NSA) was mandated with three main functions: (i) seed certification (field inspections, laboratory testing and issuing of certificates); (ii) variety release and registering; and (iii) improvement and enforcement of the seed regulatory framework. The NSA had insufficient capacity to effectively discharge these functions. It was also not organized, staffed and equipped to provide relevant information to seed stakeholders, such as seed legislation, procedures for seed certification and seed varietal release.
- The seed legislation framework was quite comprehensive to support the development of the seed industry, but there were some gaps that needed to be addressed, namely: it was necessary to have a specific regulation detailing the rules and procedures for the application of the breeders' rights decree no 57/2006⁴; there was a need to improve the procedures of variety release legislation and to harmonize it with the legislation of

⁴ This Decree is the (mother) legal instrument that rules the plant breeders' rights. It establishes the objectives, principles and general institutional responsibilities for the application of the decree. The regulation defines in detail the rules and procedures to operationalize the decree.

the SADC member states; and it was missing the legal instrument for licensing private seed inspectors and laboratories.

- There was no structured regular dialogue between the various seed subsector stakeholders around seed policy and regulatory issues. The legal forum established for this, the National Seed Committee, was not functioning at all.
- The two associations of private companies dealing with seeds, APROSEM and AMPIA⁵ were almost not functional, having very low capacity to organize themselves or to conduct a constructive dialogue with the public sector around problems affecting the seed industry.

Although the general situation described above was not conducive to the development of the seed industry, three opportunities to support the SS stood out: (i) at the level of decision makers (GoM and donors) there was willingness to change approaches in view of the problems and poor results of free seed distribution programs; (ii) the increasing number of private firms applying for seed licensing demonstrated its growing interest in the seed business; and (iii) there was an emerging increase in the demand for certified seeds for specific crops due to the growth in demand for soya, pigeon peas, sesame, maize and groundnuts.

2.2 The design of InovAgro's intervention strategy

The InovAgro intervention strategy to address the challenges and opportunities of the SS was designed following a participatory process which started with a value chain analysis of the SS (involving public and private seed partners). This study recommended focusing on three objectives: (1) Stimulating the commercial demand for certified seed; (2) Facilitating the supply of certified seed; and (3) Strengthening public and private partnership in seed policy and seed research, through structured dialogue and strategic support. The study findings and recommendations were discussed with key stakeholders during 2012 and 2013.

The priorities for SDC support were discussed and agreed with the Ministry of Agriculture and Food Security (MASA), with the private seed sector, and programs supporting the SS. The pilot phase, implemented by InovAgro I, aimed to test a model to stimulate effective SHF demand for certified seed, to improve certified seed supply to SHF on a purely commercial basis, and to design a major seed intervention to be implemented in InovAgro II.

In September 2012, a first seed stakeholders' workshop, sponsored by SDC, was organized by InovAgro in conjunction with the National Director of DINAS and the NSA to share information generated by the value chain seed subsector study. The workshop reviewed the various ongoing and planned projects on the SS and the seed stakeholders (public, private and donors) were informed and consulted about the perspectives of SDC to support the development of the seed industry in Mozambique. Following this, InovAgro developed a Full Investment Plan (FIP), which was approved in November 2012. This was piloted in the 2012/13 crop season to test the seed demand and supply model referred to above. This pilot led to the design of a major seed component to be implemented under InovAgro II, which was discussed and validated at three regional seed stakeholders' workshops held in 2013 and gained buy-in from MASA as a strategic partner.

The new initiative adopted a two-pronged seed intervention strategy to be implemented under InovAgro II, which was expanded and consolidated in InovAgro III:

⁵ APROSEM was created in 2009 with 14 small / medium scale seed companies (producers and/or traders) members. AMPIA was created in 2010 involving members of APROSEM and providers of other agriculture inputs. Source: "A Value Chain Analysis of the Seed Sector", ECI Africa Consulting and Austral COWI, InovAgro, October 29, 2012". The two organizations are practically closed now.

1. Facilitating the development of the certified seed markets on a commercially sustainable model, by stimulating SHF's demand of certified seed, facilitating commercial links between seed suppliers and SHF, and improving the capacity of seed suppliers to serve the markets.
2. Facilitating the creation of a conducive enabling environment for the development of the seed industry by improving the capacity of the seed public services and by facilitating dialogue, coordination and synergy between the SS stakeholders.

The rest of this case study is dedicated to discussing the second point. The first point will be addressed in a separate paper.

3 InovAgro support on enabling the seed subsector environment:

InovAgro intervention to the SS enabling environment was structured as follows: (i) Support to improve NSA capacity to respond to private sector needs of seed certification; and, (ii) Facilitation of the establishment of a structured dialogue to support the development of the seed industry.

3.1 Support to the NSA

InovAgro's support to NSA was designed in close consultation with DINAS and NSA leadership, considering the demands of the private seed sector. It was agreed to focus project assistance on overcoming two of the main NSA constraints: (i) insufficient capacity to respond to private sector demand of field inspections for seed certification and (ii) lack of capacity to share relevant SS information with seed stakeholders.

3.2 Field Inspections for seed certification

To address the capacity constraints in responding to demand for field inspections, InovAgro proposed to assist the NSA to design and operationalize a Private Sector Seed Inspectors (PSSI) model. The PSSI would be under the supervision of the NSA and complement the NSA final inspections and laboratory testing. This would allow for a better geographic coverage and for improving effectiveness of seed inspections.

InovAgro supported the NSA and private seed company staff to attend study visits to Kenya and Zambia in late 2015 to learn from others' experiences in establishing the rules and procedures for private seed inspections. The visits provided relevant information to design the model to operationalize private seed inspections in Mozambique.

The seed stakeholders, under APROSE, were consulted and they provided inputs to the formulation of specific regulation to complement the existing legislation to allow for licensing private seed laboratories and inspectors. This was drafted and submitted to government in 2016 and was approved in 2017 as a Ministerial Diploma, which is now effective⁶.

The PSSI model allows the private seed companies to have internal staff members trained and certified as seed inspectors under the supervision of the NSA. Under the model, the PSSI will be responsible for keeping all the documentation on processes undertaken in their fields and sending it to the NSA for review and approval to make sure that the seeds are being produced to meet certification standards. Proper seed certification requires 4-5 inspections at specific stages of seed production. However, the under-resourced NSA has often failed to undertake more than one final visit. With a PSSI, the NSA inspector only needs to visit once, at the end of the season to review the documentation and issue the final seed certification.

The seed company saves the cost of paying for four NSA inspection visits while it ensures that adequate inspections are carried out at the right times of the season. The model also enhances the capacity of the seed companies to

⁶ Diploma of the MASA no 58/2017: Norms for the licensing of Private Sector Seed Inspectors and Laboratories

monitor the progress and quality of their own seed production, and to catch any problems early in the season, which will increase the likelihood of certification, saving the seed company money. This also reduces the inspection burden on the NSA, increasing the total capacity for certified seed inspection in the country. Seed produced with the right processes will enhance quality which will increase brand reputation in the marketplace.

The NSA organized and completed the first training of private seed inspectors in August 2018, with 10 participants from five seed companies. Of these candidates, six were approved and obtained their preliminary seed inspector license. The NSA reviewed the status of the six certified PSSI in 2019, following their first season of performance. The review included the quality of their record keeping and accuracy of reporting, and four retained their accreditation⁷. This experience showed that there is a growing interest for private seed inspectors and that the capacity to train and license them exists in Mozambique.



Figure 1: First Group of Certified Private Sector Seed Inspectors, Chimoio City, August 2018

The initial training was developed with the financial support and technical back-up of InovAgro, but now a more sustainable system is needed to replicate and expand the PSSI model. A second training that had attracted 18 qualified trainees and planned for April 2020 was postponed due to the COVID-19 pandemic. Of the 18 candidates, one third were from the bigger seed companies who would pay for their training, while those from small seed companies had co-financing support from the FAO and SEMEAR⁸. The Seed Trade Project⁹ committed to support the costs of the NSA trainers.

The main challenge in developing a sustainable PSSI model is to create and then reach the effective demand (seed companies willing to pay for training and to assume the full operational costs of the field inspections). This will depend on the evolution of local certified seed markets (to stimulate demand), a proven value proposition for the seed companies (to make them willing to pay), and a shift from a donor dependent mentality to a market driven approach.

Small seed companies need to reach a certain scale for it to be cost effective for them to invest in training of their own seed inspectors. The national demand for certified seed is growing and seed companies are planning to increase production of certified seed locally to respond to growing demand, especially in view of the increasing costs of imported seed. This means that demand for seed inspections will increase, which may incentivize some private companies to invest in developing their own capacity to inspect their seeds and, eventually, to provide inspection services to other farms and companies. This will make it cost effective to employ PSSI.

⁷ One of the six had left the industry all together and one was transferred to other functions within his company.

⁸ Feed the Future Mozambique Improved Seeds for Better Agriculture

⁹ Feed the Future Southern Africa Seed Trade Project funded by USAID and implemented by DAI

The move from the current donor dependent model to a more market driven model takes time to build and to change the perceptions of the key stakeholders. The NSA is the only institution with capacity and authorization to provide the training and licensing of seed inspectors. The NSA needs to adopt a more commercially oriented system, improve efficiency to be able to deliver the training, and request licensing fees at a price that is affordable to the private seed companies.

The private firms need to be aware of the value proposition of having their own seed inspectors: (i) improve effectiveness and efficiency of the inspections, because the firm will avoid the high cost of public inspections and the risk of not having a public inspector available when required; (ii) employ a full time seed inspector who will ensure the quality control of the whole seed production process. Having stronger internal quality control will reduce reputational risk.

InovAgro is currently working with the NSA to carry out a “PSSI value proposition” analysis to clearly lay out and quantify the benefits to seed companies to increase their internal seed inspection capacity. The NSA will be able to use this tool as it begins to market the PSSI training in the future.

“InovAgro gave a decisive contribution to facilitate and strength the coordination between the seed chain actors and to improve the quality control of seeds by assisting the elaboration of the complementary legislation and the training of private sector seed inspectors”, Elsa Adelia Timana, Head of NSA

3.2.1 Develop the NSA capacity to share relevant seed subsector information with stakeholders.

InovAgro assisted NSA to install and operationalize an internet platform to capture and share relevant seed subsector information with the seed companies through a website and a database. The purpose of the website is to disseminate relevant seed information, such as the seed regulatory instruments, the procedures and templates for seed inspection and certification, procedures for release and register of new varieties, catalogue of the varieties released, statistics on certified seed production and marketing, and information and news about seed projects.

The database is to support NSA to improve the performance of its functions (seed certification, variety release and registration, managing seed statistics) and to provide information for sharing through the website. The development of the website and the database started by mid-2017 with the assistance of a specialized service provider financed by InovAgro. The NSA staff was trained in April 2018 to manage these tools and the platform was officially launched in May 2018 in Chimoio city, in Manica Province, with the participation of seed stakeholders.



Figure 2: NSA staff during the training on use of the Database

Both instruments are now established. The website¹⁰ was populated with the relevant information. The NSA has had challenges with actively managing the website. Among others, the NSA struggles to get regular and updated information on seed projects and news of the SS developments. A website manager was appointed and trained but the management of the website has remained problematic and the website is currently suspended by the host server. Although NSA envisages continuing and developing the online platform - the main challenge - there is need for more commitment to allocate the necessary technical and financial means to keep the platform alive in a dynamic manner to serve the needs of the seed stakeholders. NSA should explore and lobby to get this support in the context of the support that will be channeled to the seed sector, announced recently by the Minister of Agriculture and Rural Development in meeting on 6th of June with private seed companies and suppliers of other agriculture inputs.

3.2.2 Facilitate a structured dialogue to support the development of the seed industry: Creation of APROSE

3.2.3 The process: Building consensus around a seed dialogue model

During and immediately after the two seed studies financed by SDC, consultations were completed with key seed stakeholders to assess their views, interests and expectations about the need for an effective dialogue on seed matters. These consultations confirmed that there was great demand from seed stakeholders¹¹ for a mechanism to facilitate the dialogue around seed subjects relevant to the development of the national seed industry.

In September 2012, SDC and InovAgro organized a first Seed Stakeholders Workshop with two objectives: (i) to inform the perspectives of SDC and of other donor initiatives to support the SS and (ii) to facilitate the dialogue aiming to identify potential areas of collaboration between the various ongoing and planned seed programs. A main outcome of this workshop was the participants' agreement on the need to constitute a National Seed Stakeholders Platform to facilitate dialogue and coordination on seed matters. A National Seed Task Force (NSTF) was formed

¹⁰ www.dev.ds.co.mz

¹¹ The following partners confirmed their interest: Public sector: MASA/DINAS, NSA and IIAM; private seed companies; CDs: National and Provincial Small Farmers Union (UNAC and UPAC Nampula); Donors, cooperating partners and development agencies involved in the SS: SDC, USAID, AGRA, FAO, Helvetas, CGIAR

with representatives of DNSA/NSA, private seed companies and donors/seed projects to drive the constitution of such a platform. During 2013, the NSTF with InovAgro facilitation promoted three consultative meetings, one per partner sector (public, private and donors/NGOs/projects)¹² to obtain their views on the role, organization and modus operandi of the platform. These meetings were followed by a cross-sectoral workshop named the National Seed Sector Dialogue Platform, held in April 2014 in Maputo, to discuss the sector's proposals aiming to build consensus and to reach a final agreement on this subject. Opened by the Permanent Secretary of the MASA and the Swiss Ambassador, the meeting was chaired by the National Director of DINAS and included very senior representation from major donors, international NGOs, and relevant government agencies.

In this workshop, it was agreed to constitute a **National Seed Sector Dialogue Platform (NSDP) to facilitate a structured dialogue on seed policy and regulatory issues, as well as the sharing of information and coordination around the implementation of seed initiatives, with the aim of contributing to improve the seed business environment.** Specifically, the participants discussed and agreed on the objectives, the structure, functions and modus operandi of the platform. A Steering Committee of 7 members was appointed to design and implement a road map to operationalize the platform. These included 1 from NSA, 3 from the Private Sector, 1 from the National Small Farmers Union (UNAC) and 2 from donors/projects. It was also agreed to hire an Executive Secretary to support the Steering Committee work.

The Steering Committee designed the road map and, with the support of InovAgro, conducted a short study to prepare a proposal of the functions, governance and management structure and strategic plan of the NSDP in consultation with the platform partners. This proposal was debated in NSDP regional workshops and finally discussed in the 1st NSDP General Assembly held on 7th of May 2015 in Maputo. The Strategic Plan 2015-17 of NSDP, designed with the assistance of InovAgro, was approved and a Coordinating Committee was elected to lead and manage the Platform. The funding for the functioning of NSDP governance and management structures and to implement the Strategic Plan were allocated by SDC through InovAgro and Helvetas and by other funding partners (AGRA, FAO and USAID projects – SEMEAR).

Inspired by the model adopted by the national fertilizers dialogue platform, the NSDP Coordinating Committee was assisted by a jurist engaged by InovAgro to prepare a proposal, in consultation with the NSDP members, to legalize the platform as a non-profit association of partners interested in contributing to the development of the seed industry. The main reason behind this decision was the need for constituting a legal and fully accountable organization owned and led by seed stakeholders to which funding partners could channel resources to develop the platform initiatives relevant to the seed industry¹³. NSDP members approved the statutes of the association and the seed platform was legally registered in April 2016 with the name of APROSE - Association for the Promotion of the Seed Sector, having 13 founding members (two public institutions, five private seed firms, two private business advocacy associations and four development partners)¹⁴. As of July 2020, APROSE has 50 members¹⁵, of which two are public institutions, 40 are private seed suppliers, three are small farmers associations and five are development partners. The members are from all provinces of Mozambique, except Inhambane¹⁶. The members of the governance and management structures of APROSE were elected in its first General Assembly, held on 9th November 2016 in Chimoio.

3.2.4 The focus of APROSE and of InovAgro support

APROSE adopted and continued implementing the NSDP Strategic Plan 2015-17, which was extended up to 2019. During this period, APROSE was focused on improving the functioning of its governance and management

¹² These meetings were held all in 2013, in Maputo (Public sector and Donors/NGOs/Projects) and in Beira City (Private sector)

¹³ Two options were debated: A seed platform forum functioning informally, without specific governance structures, under a rotating chairmanship of representatives of the seed stakeholders or a legal and accountable entity with governance and management structures. This was the option adopted for the reasons stated above.

¹⁴ Founding Members: Public Sector (2): DINAS and IIAM; Private Seed Sector (5): IAV, JNB Empreendimentos, Semente Nzara Yaperá, Soluções Rurais, Pannar; Private Business Associations (2): UNAC and AMB (Mozambican Banks' Association); Development partners (4): SDC/InovAgro, FAO, AGRA-SSTP, Helvetas

¹⁵ All members of APROSE are institutions, of which four are represented by women

¹⁶ The regional distribution of APROSE members are as follows: South Region: 16, of which 13 based in Maputo City and Province and 3 in Gaza; Centre: 18, being 15 of Manica, 2 of Tete and 1 of Sofala; Centre-North: 16, being 6 of Zambezia, 6 of Nampula, 2 of C. Delgado and 2 of Niassa

structures, on establishing agreements with development partners and projects¹⁷, on facilitating studies and dialogue workshops on important seed subjects and on developing communication capacity to share information of interest to seed stakeholders, including on its own activities. InovAgro provided technical assistance and funding to improve APROSE governance, management and communication capacities and to develop its new Strategic Plan. As a result of this support, APROSE now has a fully staffed and equipped executive secretariat, and an operational [website](#)¹⁸ providing information demanded by seed stakeholders. The General Assemblies have been functioning regularly and the Strategic Plan 2019-23 was approved by the General Assembly held on 9th December 2019. This Strategic Plan is now under implementation and it has four priority objectives, each one with a set of activities: (1) Institutional development of APROSE, (2) Improving the sharing of information and coordination in the Seed Sector; (3) Stimulating the development of the national seed market and (4) Advocacy to improve the seed policy and regulatory framework.

The General Assembly of APROSE held in December 2019 elected the new leaders of the APROSE governance structures, all of them representatives of the private sector¹⁹. The Management Board is constituted by the representatives of the Mozambican Banks Association - AMB (National Chairman), Syngenta, K2, and ACOF, JNB and Oruweru.



Figure 3: APROSE Members at the Annual General Meeting held in Nampula City, April 2019

APROSE has been increasing its role as a facilitator of dialogue and coordination between the seed stakeholders. APROSE has been the interface partner for the projects with whom they signed deal agreements to carry out studies and organize seed stakeholders' debates on relevant subjects for the development of the seed industry. Below are some results of these initiatives:

- i. APROSE partnered with NSA and Seed Trade to facilitate the debate on the review of the seed legislation to identify gaps and the harmonization of seed legislation in the SADC region²⁰. The national seed legislation was harmonized with the regional one, considering the inputs of the seed sector partners;
- ii. In partnership with NSA and InovAgro, APROSE facilitated the consultations that led to the legislation of the diploma for licensing private seed inspectors and laboratories. The PSSI model was adopted and implemented;
- iii. With the FAO, APROSE organized a workshop to discuss a study about the evolution of the distribution of donated seed in the last five years²¹. The distribution of donated seed targets mostly vulnerable groups and

¹⁷ Deal agreements were signed with InovAgro, FAO, AGRA, Seed Trade, SEMEAR and Inova

¹⁸ <https://aprose.org/>

¹⁹ The leadership of APROSE has 12 representatives of the member institutions, of which one is a woman.

²⁰ "Assessment of Mozambique's Seed Sector Legal and Regulatory Framework", Nyasha E. Chishakwe and Celso Ruface, DAI Global LLC for Feed the Future -Seed Trade, October 2018

²¹ "Semente Gratuita e Subsidiada nos últimos cinco anos em Moçambique", Estrela Alberto, FAO and APROSE, May 2019

- areas affected by natural disasters. The participants recommended the adoption of transparent planning and procurement procedures to stimulate seed suppliers' competition and avoid market distortions.
- iv. APROSE assisted Speed+ and IIAM to organize round tables to debate the findings and recommendations of the study on the production and supply of basic seed. IIAM and NSA are now working on the plant breeders' rights regulation. IIAM also decided to operationalize a model to restructure the production and supply of basic seed with greater involvement of the private seed companies.

3.2.5 Main lessons, outcomes and future challenges

The process described above took quite some time with ups and downs, but it generated valuable lessons and some important outcomes were achieved. Among others, three lessons should be highlighted:

- In a process involving so many partners with some common interests but also with diverse demands, the key factor of success was the adoption of a participatory approach to get buy-in from each group of stakeholders;
- In the case of APROSE, it was essential to identify and get strong support via "champions" in each group of stakeholders to mobilize and obtain the full commitment of the group members. The APROSE process benefited from the great engagement of the representatives of the institutions that became founding members (mentioned above). Particularly the National Director of DINAS and the head of NSA played a key role in mobilizing the support of the public sector and of donors;
- The consultative approach combining face to face, stakeholders' groups and cross-groups meetings was decisive in managing seed stakeholders demands and expectations (which were high and diverse) and to build consensus about the purpose and role of APROSE.²²

Regarding the outcomes, the most important one in our view is the following: The SS moved from a situation of non-dialogue to an effective and growing dialogue between partners around an agreed agenda of key topics of importance to the seed sector. The seed stakeholders now have a mechanism to facilitate a structured dialogue and APROSE is the seed dialogue forum recognized by all stakeholders.

The structural conditions for the development of APROSE's role in facilitating dialogue and synergies within the SS were established: consensus on the role of APROSE was achieved; the seed platform was legally registered, the governance and management structures and procedures were established and improved; a strategic plan with a clear focus on relevant issues was approved and is under implementation and the platform website is functional to improving communication and information sharing.

As witnessed above, many of the donor agencies supporting development of the seed subsector have benefited from having a strong, neutral point of interaction with all the Mozambican stakeholders. This is a strong point of value added to the donors, which is why APROSE has been able to garner regular support from those donors to pursue their common agenda. Continued proactive engagement will maintain their value proposition to the donors.

"The creation of APROSE was fundamental to increase the dialogue between the seed sector actors, contributing to the development of the seed industry. This would not have been possible without the support of InovAgro that was present from day one, nurturing and financing many of APROSE activities!" Rui Santos, owner/manager of Soluções Rurais and member of the first APROSE Management Board

However, there are some main challenges that need to be addressed to ensure that APROSE will continue to deliver and grow:

- Although recognizing that APROSE's actions are bringing some benefits, seed stakeholders are expecting more²³, but not always willing to pay for it. APROSE needs to improve its performance in facilitating advocacy on some key issues for the development of the seed industry such as: the improvement of the seed

²² Initially, seed stakeholders had high expectations about APROSE role, but the successive consultations allowed for narrowing the mandate of APROSE, which is now focused on facilitating dialogue and advocacy on policy and strategic issues, exchange of information and coordination among seed stakeholders.

²³ InovAgro conducted a satisfaction survey to assess APROSE members perception and expectations about the Platform performance. Details are available in the report "APROSE Survey Report" InovAgro, November 2019

certification process and of law enforcement to ensure that the seed sold in the market is certified and of high quality; restructuring the production and supply of basic seed; greater engagement between government and the private sector for the adoption of policies to incentivize investments in the seed supply chain, to stimulate the effective demand of certified seed and to facilitate systemic changes in the seed markets towards commercially sustainable models. It also needs to deliver more and better information and coordination services to seed partners. As APROSE improves its performance, it will be better able to consolidate a fully committed membership and to mobilize additional funding;

- APROSE still has leadership and management weaknesses to proactively design and implement its own agenda and to raise funds. Three main factors account for this situation: i) The members elected to lead and manage the implementation of the Strategic Plan have not been dedicating enough time to perform their duties because they have their own businesses to run; ii) APROSE is not actively functioning at a regional level; and iii) The Secretariat is a bit inexperienced and more administrative than strategic;
- The future performance of APROSE will be enhanced if its leaders dedicate more time to conceiving strategies to improve APROSE delivery, on the implementation and monitoring of the Strategic Plan, on networking for advocacy to improve the seed environment, and to raise funds for the Platform operations. APROSE representation at regional levels needs to be strengthened, activated and improve communication with the local seed stakeholders. It is necessary to improve the quality of the Secretariat staff to become pro-active and dynamic in running and developing APROSE services;
- So far, the private seed sector has not been capable of leading advocacy action for improving the seed environment because it is not adequately organized to play that role. MOSTA, the only active private sector seed organization, has not yet taken any initiative to promote the debate of seed matters at APROSE meetings. MOSTA needs to be reactivated under an effective leadership and around a concrete working agenda. A new Management Board was elected recently, and new members are being admitted²⁴. There are expectations that the new managers will drive the reactivation of MOSTA. The facilitation of this process is considered a priority of the APROSE Strategic Plan. APROSE and MOSTA are negotiating an agreement for sharing resources (staff and office facilities) and to join efforts on advocacy actions on enabling the SS environment;
- Another key challenge is APROSE's financial sustainability. The Platform has been largely financed by donors through projects, some for operational support but others to achieve their objectives. Because of this, APROSE's activities have been to some extent driven by those projects' agendas. Most of these projects will be closed this and next year putting at risk the continuation of APROSE if funding alternatives are not found in the meantime.

APROSE is a non-profit institution and it is not structured to develop its services based on a purely business approach – it should be mission driven. APROSE will not be able to financially sustain its operations based on membership fees (which are currently, and will be in the future, a minor percentage of APROSE income) and on fees for services provided. APROSE must be seen as a public good, because it provides valuable services to all sorts of seed stakeholders on a non-profit basis. So, APROSE will have to rely largely on donor and/or government funding to continue and develop its operations in the coming years. There are clear indications of donors' interest in supporting APROSE in the near future. The key factor then becomes the capacity of APROSE to proactively do what is required to raise the necessary funding. For this, APROSE needs to build its own capacity to prepare sound project proposals in line with its Strategic Plan and to negotiate with interested donors. APROSE should also approach the leadership of the new MADER to start consultations about partnership around specific seed matters. It's very important that APROSE informs MADER leaders about its role and composition, its current activities and the Strategic Plan to demonstrate the advantages and benefits that APROSE can offer to MADER regarding the development of the seed industry.

²⁴ MOSTA (The Mozambican Seed Trade Association) was legally registered in June 2014 under the name "Associação Moçambicana de Empresas de Comercio de Sementes e outros insumos Agrícolas". It has now around 25 members involved in various segments of the seed supply chain various - companies that produce, process and sell seeds, small seed producing firms and agrodealers. They have common as well as different preoccupations and interests. The management of expectations and the conciliation of interests are main challenges for the new MOSTA Management Board.

4 Final Remarks

1. This case study highlights InovAgro's contributions to some important changes in the seed enabling environment and how such changes have contributed to improving the seed industry and, particularly, to meeting needs of SHF.
 - a. Changes to the policy and regulatory framework: InovAgro contributed to an acceptance of private sector participation on seed inspections and this created the opportunity to increase the effectiveness and efficiency of the seed certification, which will contribute to improve the quality of the seed to be sold on the markets, particularly to SHF. Moreover, the seed studies financed by SDC have provided an evidence base that has been used in many workshops to advocate for the change of the Government seed distribution policy supported by some donors. These actions contributed to phasing out the subsidized seed distribution system and to the adoption of seed supply modalities based on market dynamics.
 - b. In addition to the advocacy action, InovAgro contributed directly to systemic changes in the seed market and, particularly, to the increase of SHF demand of certified seed and of seed suppliers' operations in the Northern regions. InovAgro was the initiator of a new business relationship model between seed suppliers and SHF, which was a determinant in activating SHF demand of certified seed and to increase sales and use of certified seed in project areas. This model was adopted and expanded by seed companies and is being replicated by other programs.²⁵
 - c. Through its support to the entire process of establishing the NSDP and APROSE, InovAgro has facilitated a decisive contribution to improved relationships among the seed stakeholders. At the start of the project dialogue between seed partners was almost absent. Now there is a structured dialogue for coordination of efforts, information sharing, building consensus and facilitating advocacy. All partners interested in the seed industry, including SHF, are involved in this dialogue.
2. The NSA managed good progress in the two initiatives supported by InovAgro. The foundation for the PSSI model has been established and the first training and licensing of private seed inspectors was completed. Information that was "locked" at NSA, such as seed legislation, procedures for seed quality control and certification and for variety release and register was placed at NSA and APROSE websites for seed stakeholders' access.

However, the MASA has been restructured into the Ministry of Agriculture and Rural Development (MADER) in January 2020. The ongoing restructuring of the seed functions in the new MADER raise important challenges for the immediate future of the NSA's activities and highlights a strong role for APROSE to play. The perspective of splitting NSA key functions by various departments is worrying, because it may reduce the capacity of the public sector to respond to the seed industry needs. Specifically, this structural change may put at risk the continuation of information sharing through the NSA website and of the PSSI model. The website is already not available due to challenges with the host server.

For the continued improvement of the seed sub-sector, the key NSA functions need to be kept together in the new Seed Department. Otherwise a very effective functional coordination between the new departments will need to be established. The leadership of APROSE and of MOSTA should jointly advocate in favor of adopting restructuring measures that will contribute to upgrading (and not to downgrading) the quality of the public seed services.

The new Seed Department will probably continue to lack funds and technical/management capacity to manage and improve the website for information sharing. APROSE could take over the NSA website if MADER considers that there are no conditions to keep it. The APROSE website is already hosting a lot of the information from the NSA website but is only one seed sector stakeholder.

APROSE should also promote dialogue between the new leadership of MADER, private seed companies and MOSTA to ensure the continuation of the PSSI model.

3. APROSE is a dialogue and coordination facility that was built step by step and with the effective participation and contribution of all partners interested in the development of the national seed industry. It was created with the full commitment of the various groups of seed stakeholders because there was great demand for an active

²⁵ As referred above, the experience of InovAgro on facilitating the development of new seed markets systems will be subject of a specific case study

forum that belong to all of them to serve their common interests. However, the continuation of APROSE as a useful mechanism for the development of the seed sector depends on the capacity of its membership to stimulate informed and open dialogue between the stakeholders and for its leadership to raise additional funding for the full implementation of the Strategic Plan, and to manage resources efficiently and transparently. Both this year and next will be crucial for the development and consolidation of APROSE services.

4. Achieving institutional changes to enhance the enabling environment is particularly challenging in emerging sectors where all of the actors are under resourced and under capacitated. While outside financing can make up for initial resource shortfalls, it still takes time and local ownership and champions are required to drive the collaboration and to make significant changes happen. Building that ownership is perhaps the most important thing that a facilitator like InovAgro can do, not just provide the funding for solutions that will disappear after the funding ends because they have no champions. Continuous advocacy pressure is required from the private sector to ensure that government provides the right services, or else government inertia or funding constraints can kill nascent activities like the ongoing provision of information from a database or website.

The initiatives will take time, so they need to have staying-power to prove their value over time and continue to garner support by being seen as the go-to organization for addressing seed issues in Mozambique. Long-term sustainability will always be based on effectiveness and demonstrated results, so any external funding needs to focus on concrete achievements that further the objectives of the organization. This can be challenging when the funders have their own objectives and time frames which are not in synch with the focal organization, but the funders must also look to sustainably achieving the longer-term outcomes beyond their project lifetime.

The seed sector in Mozambique has evolved significantly over the past 10 years. It has moved from being dominated by active government engagement in distributing seeds to smallholder farmers, which distorted seed markets, into a commercially driven seed industry that is actively servicing smallholder farmers. InovAgro has played an important role in working with the government, the private sector, small farmers and other stakeholders to create a more representative and conducive enabling environment to govern these changes. It has supported the NSA to put in place systems which are more responsive to the needs of the private sector. The existence of an active platform for dialogue, in the absence of strong private sector associations, has provided a point for all stakeholders to engage in a common dialogue. While the seed industry in Mozambique is still in early phases of development, a solid foundation has been laid.