The programme on Integrated Seed Sector Development in Ethiopia supports farmers’ groups, organized as seed producer cooperatives, in the development of viable local seed businesses (LSBs). The aim of LSBs is to produce quality seed of locally preferred crops and varieties for a local market. LSBs bridge the gap between informal and formal seed systems, in providing Ethiopian farmers with access to affordable quality seed.

**Developing LSBs in Ethiopia**

One of the components of the ISSD programme focuses on LSB development. This component strives to achieve sustainable seed supply at village (kebele) and district (woreda) level by organizing and supporting seed producer cooperatives to become technically well-equipped, professional, market oriented and self-reliant in their seed business. The concept strongly promotes entrepreneurship and market orientation, as these qualities are regarded as catalysts for improving the functioning and performance of seed value chains.

**Targeting a unique niche in the seed market**

Local seed businesses target a particular segment of the market that is neither attractive for private companies, nor cost effective for public enterprises. LSBs strive to deliver quality seed of a diverse range of superior varieties of important local and traditional food and cash crops. Local Seed Businesses, in comparison with nationally and internationally established seed companies, can feasibly supply quality seed at affordable prices to smallholder farmers, because the transaction costs involved in such locally oriented production and marketing schemes are correspondingly low.

**Consolidating LSBs**

In phase I of the ISSD Ethiopia programme (2009-2011), 34 farmers’ groups were supported in the production of quality seed of both local and improved varieties. These groups have generated and are currently implementing business plans tailor-made for the development of sustainable and self-reliant quality seed production, and marketing activities. Phase II of the programme (2012-2015) aims to consolidate the progress made thus far by these 34 LSBs, by further galvanizing the themes of self-reliance, professionalism and entrepreneurship in local seed business.

Based upon 2011/12 data, the 34 first generation LSBs contributed 3,440 tonnes of seed to the national seed distribution programme for cereals, oilseeds and pulses, which accounts for approximately 5.5 % of the national formal seed supply. These LSBs also produce a diversity of crops (see Table 1) that are not part of the national distribution system, but which are in significant demand locally within the farming community.

Over 80 % of first generation LSBs have already been consolidated with regard to self-reliance in the core competencies of quality seed production, organizational management and decision-making. Through facilitated institutional linkage, over 80 % of LSBs have reliable, efficient and cost-effective access to inputs and services. In this consolidation endeavour, the 34 first generation LSBs should serve as references for farmers and partners alike in adopting and implementing the LSB development approach.

**Figure 1: Geographic distribution of first generation LSBs in Ethiopia**

**Scaling the LSB development approach**

During this second phase of the programme it is expected that, by the year 2015, between 170 and 340 LSBs will be engaged in the commercial production of quality seed through strategic partnerships with more than 20 organizations supporting development in Ethiopia.
We are proud to report that more than 230 new LSBs have been established to date in Ethiopia. Local seed businesses are located in both high and low potential agro-ecologies. In more marginal production areas in, for example, Tigray and East and West Hararghe, LSBs are being established with a key focus on food security.

To achieve the objectives of the LSB development component, geographic distribution is strategic for ensuring a wide coverage of agro-ecological zones and an extensive portfolio of crops and varieties. On a socio-economic gradient, the sites are also comparably diverse. With a total portfolio of around 24 different crops and over 130 varieties, LSBs make a significant contribution towards providing options for farmers to select those varieties better suited to their local agro-ecologies and market preferences.

Table 1: Basic data on LSBs in Ethiopia

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>34</td>
<td>first generation LSBs (being consolidated)</td>
</tr>
<tr>
<td>224</td>
<td>new LSBs established in 2012 and 2013</td>
</tr>
<tr>
<td>13,217</td>
<td>tonnes of quality seed produced in (2012) *</td>
</tr>
<tr>
<td>3,645</td>
<td>tonnes quality seed potatoes produced (2012)</td>
</tr>
<tr>
<td>24</td>
<td>crops addressed in quality seed production (2013)</td>
</tr>
<tr>
<td>132</td>
<td>varieties addressed in quality seed prod. (2013)</td>
</tr>
<tr>
<td>20,555</td>
<td>farmers involved in seed production (2013)</td>
</tr>
<tr>
<td>2,438</td>
<td>female farmers involved in seed production (2013)</td>
</tr>
<tr>
<td>36</td>
<td>Partners involved in scaling LSB (2013)</td>
</tr>
<tr>
<td>5.5</td>
<td>% of the national supply of certified seed of cereal, pulses and oilseed provided by 34 first generation LSBs (2012)</td>
</tr>
</tbody>
</table>

(\*) seed excluding seed potatoes

Providing support services for LSB development

Through collaboration with local and regional stakeholders, LSBs are supported in their seed entrepreneurship through targeted joint action plans addressing organizational and financial management; quality seed production and control; and marketing and market development. Programme interventions include a diversity of capacity-strengthening services, such as training, awareness raising, facilitating important institutional linkages, strategic coaching and competence-based consultancy. In all cases, LSBs are supported in the development of diverse crop and variety portfolios and strategic business plans. They also have access to modest investment grants, whereby proposals for business investments, matched in cash and/or in kind by the LSBs themselves, are critically reviewed, revised and conditionally awarded. In this way, the programme tries to make strategic investments in the farmers’ business, without creating unnecessary dependency.

Contributing to local food security and rural economic development

The LSB component of the ISSD programme focuses on transforming local initiatives in seed supply into self-reliant and sustainable local seed businesses. Given the diversity of farming systems in Ethiopia, partially described above, poor rural infrastructure and the considerable number of rural farming communities across the country, LSBs are strategically important for bridging the gap between informal and formal seed systems, and between the supply and demand for quality seed in Ethiopia.

About ISSD: The programme on Integrated Seed Sector Development in Ethiopia aims to strengthen the development of a vibrant, market-oriented and pluralistic seed sector in the country, where quality seed of superior varieties is available and affordable to a larger number of farmers, thereby contributing to agriculture for food security and economic development in Ethiopia. That is the vision of the ISSD programme in Ethiopia. The programme facilitates targeted interventions in a range of seed systems, and contributes to strengthening seed sector coordination and governance. It strives to balance the interests of food and nutritional security, while promoting economic development, entrepreneurship and the conservation of genetic resources.

Further information

ISSD Ethiopia – Programme Management Unit
Haramaya University
Meskel Flower Road, Addis Ababa, Ethiopia
info@issdethiopia.org; www.issdethiopia.org
Amsalu Ayana, PhD
aga.amsaluayana@gmail.com; +251 911842210

ISSD Ethiopia – Centre for Development Innovation
Wageningen University and Research centre
P.O. Box 88, 6700 AB Wageningen, the Netherlands
http://tinyurl.com/ISSDethiopiaCDI
Marja Thijssen, PhD
marja.thijssen@wur.nl; +31 317 486865

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