

Building a market-led seed industry in Nepal

Intervention:	Seed Sector Support Project (SSSP)
Country:	Nepal
Date:	February 1998 to December 2004
Challenge:	In the late nineties, there was a major concern within the agriculture sector in Nepal of the immaturity of the seed sector and poor response to market requirements. As a result, SSSP was developed to develop a more market-led seed industry that was economically and institutionally sustainable.
Objectives:	<p>(1) Increase the income of seed growers, seed users and others involved in seed production.</p> <p>(2) Raise the value of vegetable seed sales by 50% before the end of project implementation.</p> <p>(3) Ensure that 70% of the seed produced meets accepted market standards by project year 4.</p> <p>(4) Establish a seed company that is privately run and profitable.</p>
Approach of the Intervention:	The project supported various key institutions, including (i) a commercial seed research and development company (SEAN Seed Service Company - SSSC), (ii) a professional association for seed producers (Seed Entrepreneurs' Association of Nepal - SEAN) which provides advice to its members on new varieties and market trends, (iii) a seed quality control centre and (iv) a central seed testing laboratory (the last two institutions being government run). The project backed the creation of a computerised database for 350 seed varieties, aiming to help Nepal meet World Trade Organisation requirements for quality assurance and protection of plant variety rights, with a view to boosting seed exports. The project also supported amendments to the 1988 Seed Act, which was vital for shifting the seed industry onto a commercial footing.
Benefits and Impacts:	<p>The impact surveys have shown, in the survey villages, that a) seed production can become an important source of income – accounting for 5-9% of total income of group members (farm income contributed only 53% of the total; b) there is a great synergy between seed and fresh vegetable production with the latter accounting for 8-15% of total income for group members, whilst the improved nutrition was a very important bonus.</p> <p>With respect to Objective 1, there has been a major increase in income and employment in project areas. The increase in self-employment is not quantified but local demand for hired labour increased from 5,674 to 25,344 person days per year between 1998 and 2004. In all regions covered by the project more than one-half of the hired labour jobs created went to women, many from disadvantaged castes. Objective 2 was amply exceeded, the value of seed sales increasing by more than 30 times over the implementation period (rising from Nepal Rupees 2.4 million to NRs 73.4 million). Referring to Objective 3, 100% of the seed produced met international quality standards. The project played a critical role in establishing the institutions, organizations, and legislation needed for a private seed industry to flourish (Objective 4). The project completion report of September 2004 recorded that the seed company, SSSC, had operated without project support since July of that year; but might require “modest” additional support for hybrid seed research and development to attract more private investment. The completion report notes that the professional association, SEAN, had been self-sustaining since 2000. SSSC had already developed two hybrids of</p>

	tomato and one of maize, and sales of these were rising. Exports of Nepali seed to India increased by almost 40% per year during implementation, reaching 110 tonnes in 2003.
Lessons learned:	<p>Commercial Seed Production and the Market – The Private Sector: For business ventures, the private sector is the driving force and so should provide the services involved; thus the private sector should ensure the regular supply of source seed required for a seed programme. A successful seed production programme must be linked to the market and this is dependent on a dynamic private sector exploring more products and market outlets; therefore, high priority should be given to hybrid technology development.</p> <p>Past projects failed because they were limited to seed production; equal importance needs to be given to tackling marketing and legislative constraints (<i>link to WDR, Section 6.3</i>).</p> <p>Seed Regulations and Quality Control: To realize export potential it is vital that (a) legal and regulatory framework meets international standards, and (b) the staff of the regulatory body is of recognizably high calibre (<i>link to WDR, Section 5.2</i>). Practical legislation and a working system now needs to be in place as regards variety registration and breeders' rights but the legislation must take full account of farmers rights. The role of the government should be limited to providing a favourable environment in terms of regulatory and trade policy; this requires a properly equipped and staffed agency as a guarantor of quality.</p> <p>A seed-growing venture of this type tends to target richer farmers with more land and resources; but there is a substantial employment multiplier—labouring jobs are created for the poor (<i>link to WDR, Section 9.1</i>).</p>
Wider application:	The project model could be adapted to cereal seed production, improving the food supply of many poor and disadvantaged farmers.
Implementing agency & partners	Government of Nepal and DFID

References:

HTS Development Limited (2004): The Final Report of the Seed Sector Support Project (HMGN/DFID (Nepal – CNTR 97 2642 A). HMGN, Ministry of Agriculture and Cooperatives. HTS Development Limited in association with SAC International, The University of Edinburgh, Scottish Agricultural Science Agency and METCON Consultants, Nepal. Under assignment to DFID, UK. November 2004