



Do Seed Fairs Improve Food Security and Strengthen Rural Markets?

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One of the most common responses of governments, donors, and NGOs to drought is to distribute fresh seed, allowing farmers who have lost their harvests to re-establish their cropping operations. Many farmers in drought-prone regions have become so accustomed to these programs that they immediately claim their need for seed when outside agencies appear. However, assessments of what is later planted reveal a multiplicity of seed sources, including stocks saved despite the worst disasters. Supplies of certain seed crops may be limited, but most farmers are generally able to save some seed from a previous harvest, and trade between households is common.

Recognition of this stimulated interest in a new model of relief seed distribution using seed fairs in conjunction with vouchers. This strategy stems from the assumption that seed is available in the market, but a sub-set of vulnerable households do not have the purchasing power to obtain it. Seed vouchers provide this purchasing power and the seed fair offers an organized market in which to redeem the voucher. This market may encompass commercial seed companies as well as neighboring farmers with extra seed to sell.

The concept of using seed fairs with vouchers has been promoted by various NGOs as a major improvement on direct seed handouts for several reasons. Seed fairs are said to offer farmers greater choice of seed to replenish their stocks. The choice of local varieties is supposed to improve crop biodiversity. More income is believed to remain within the rural community, stimulating an expansion of seed production. Finally, the seed fair strategy is believed to be more cost effective than direct seed handouts.

Recent ICRISAT surveys in Zimbabwe raise questions about several of these assumptions, and highlight the need to reconsider this seed supply model. Seed

fairs and vouchers do offer vulnerable farmers more choice of seed crops and varieties, but these programs undermine both informal and commercial seed markets. This may reduce community seed and food security in the medium term.

The Seed Fair Model

Seed fairs generally take the form of temporary markets organized by NGOs to promote the trade of seed between farm households. Originally, seed fairs were viewed as a means to promote sharing of a wide range of traditional crop varieties in order to promote agro-biodiversity. Farmers who had lost access to traditional varieties or crops could regain seed from their neighbors. The advantage of the seed fair was to increase the transparency of this market.

Around 2000, seed fairs started to be promoted in the context of relief programs in eastern Africa in order to cope with the fact that seed provided to relief programs by companies was often poorly adapted to drought-prone environments. The fair encouraged sales from both commercial and non-commercial suppliers. Vouchers were provided to vulnerable households allowing them to purchase those seeds that were of interest to them and individually negotiate prices. Usually, the market lasts for one day.

This model was first introduced to Zimbabwe in 2002. Interest in this strategy has grown amidst the annual implementation of humanitarian assistance programs. By the 2005/06 summer planting season, 10 NGOs were organizing more than 100 seed fairs across 23 districts in the country. More than 36,000 farmers received vouchers allowing them to purchase seed at these fairs.

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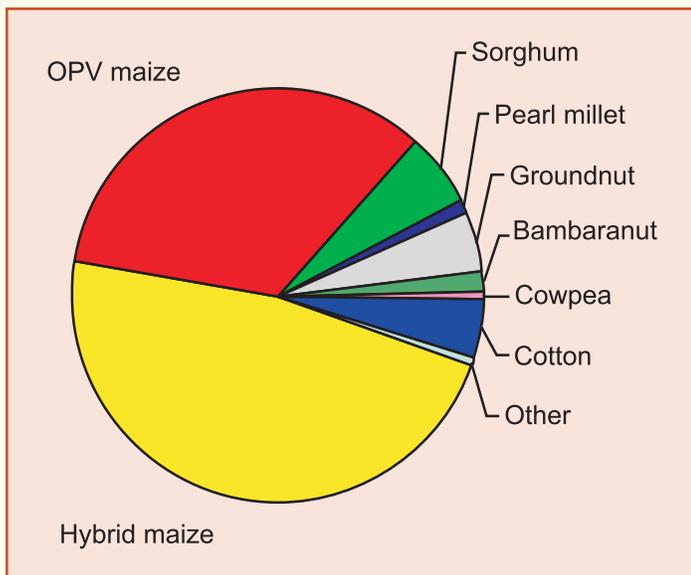


Figure 1. Proportion of seed of different crops purchased at seed fairs in Zimbabwe, 2005/06.

Do Seed Fairs Increase Choice?

The standard relief strategy is to provide farmers with seed of two to four crops with which to re-establish their crop production after a drought. These include one or two cereal grains and a legume crop. In Zimbabwe, most handouts have included maize and sorghum or pearl millet. This is complemented with groundnut, cowpea, or beans.

The 2005/06 season seed fairs undoubtedly offered farmers more choice. Most direct handouts included only one to three crops. The seed fairs commonly offered six or more different seed crops and multiple varieties of each crop. However, most farmers

'purchased' only two or three seed crops. Eighty-one percent of the seed sold was maize (Figure 1). Participating farmers recognized that they could still obtain seed of many local varieties outside the fair. But high-quality maize seed was harder to find. Farmers wanted to purchase commercial maize seed and complained about the limited choice of commercial varieties on offer. In contrast to NGO assumptions, many sought hybrid maize seed instead of the open-pollinated seed offered by traders linked with specific NGOs. Farmers also complained that they could not obtain seed of new varieties of a wider range of food crops.

Whereas seed fairs may increase choice, there is no evidence that they contribute to improvements in agro-biodiversity. Farmers who obtained seed from the fairs planted a similar number of crops and varieties as farmers who received direct handouts and those who received no seed from the relief programs.

Seed Fair Prices

Farmers and farm communities compete for the attention of relief agencies whenever there is drought. Many are reluctant to admit they still have food or seed stocks available. In view of this, NGOs sought to set seed prices at levels that were high enough to entice traders and farmers to bring enough seed to each fair to redeem the available vouchers, but low enough to maximize the quantity of seed each voucher recipient could purchase. This was a difficult trade-off.

In general, the prices set at seed fairs were substantially higher than the related prices for seed available in

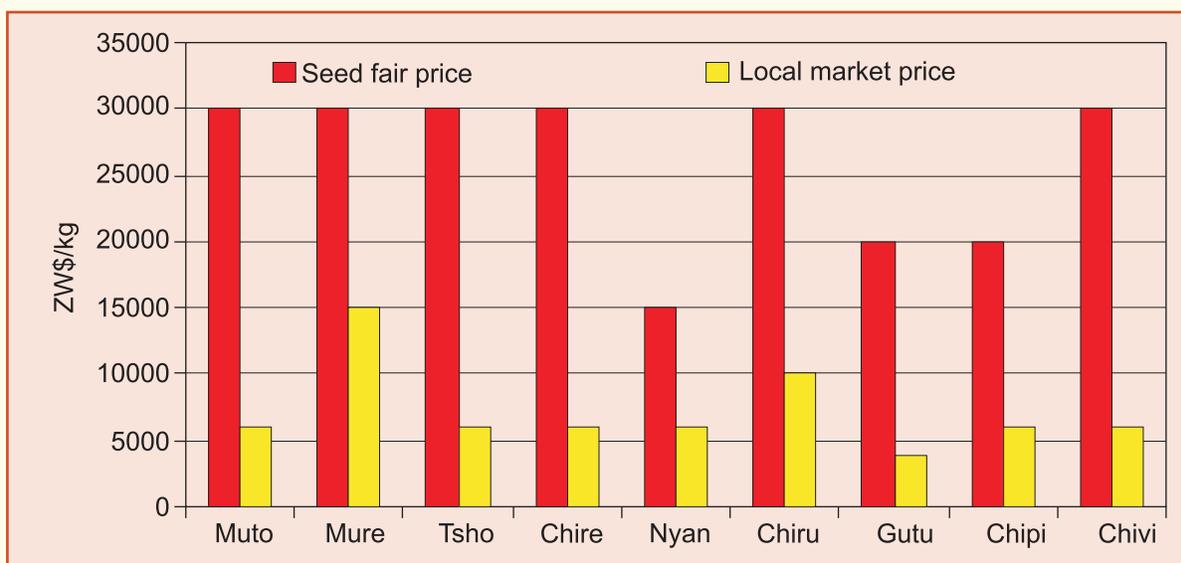


Figure 2. Prices of white sorghum seed in fairs versus informal community markets, Zimbabwe, December 2005.

informal village market. Prices for white sorghum seed, for example, were three to four times higher than the costs of white sorghum stocks in the community just before and after the fair (Figure 2). Similarly, groundnut seed prices in the fair were about double those in the informal market. Unexpectedly, even the costs of hybrid maize seed were higher in many seed fairs than in nearby retail shops.

Impact on Village Markets

Traditionally, farmers short of seed will obtain it from their neighbors. Seed may be purchased in cash or through barter transaction in exchange for labor. But many of these transactions take the form of gifts. Farm households with surplus retain an obligation to support neighbors in need. This obligation may be reciprocated at a future date.

This relationship is outlined in Figure 3. Around a decade ago, farmers still sought seed after drought from an NGO or government program. But more were willing to admit they had retained seed stocks and transactions between neighboring households were common.

The intervention of NGOs with vouchers redeemable at specially organized fairs may be undermining this set of community obligations and markets. Farmers are being encouraged to wait for NGOs to pass out seed or vouchers. Those with surplus seed are being encouraged to wait for the fair in the hope of

obtaining better prices. In effect, a social obligation is being monetized. The transparency offered by seed fairs probably benefits the sub-group of vulnerable households with more limited community ties. But it may reduce seed security derived from traditional markets.

Impact on Commercial Markets

Larger relief programs undoubtedly undermine commercial seed markets. Seed companies hold back stocks in the pursuit of tenders to supply relief programs. Much smaller quantities of seed then flow through wholesale and retail trade channels. Rural retailers question why they should stock agricultural inputs if these are being handed out for free by NGOs. Most retailers either avoid stocking seed or cannot obtain commercial stocks until late in the planting season.

Though companies are encouraged to sell seed at the fairs, few take advantage of these markets. This partly reflects a lack of understanding about how seed fairs operate. But it also highlights a preference for dealing with large tenders. Companies argue they do not want to risk bringing seed to fairs that remains unsold. They seek sales guarantees from the NGOs and exclusive supply contracts. Most of the commercial traders who appeared in Zimbabwe's 2005/06 season seed fairs were individuals who entered the trade to make a quick dollar. Many had only a limited idea of what they were selling.

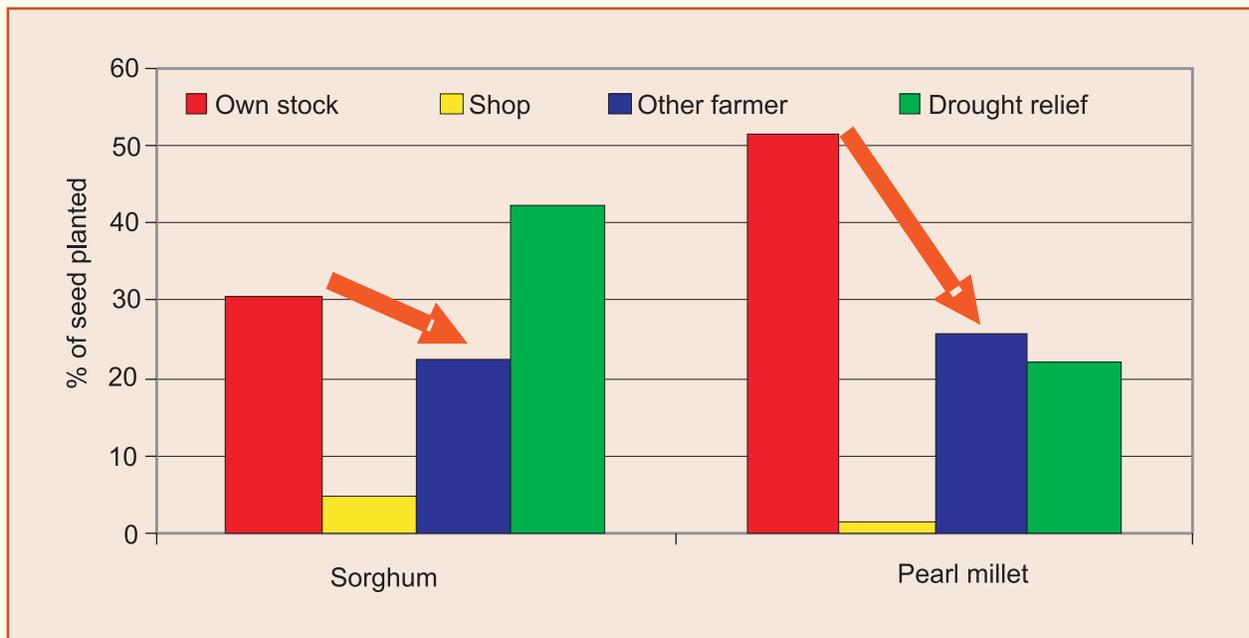


Figure 3. Sources of seed planted by households affected by drought and receiving relief seed, Zimbabwe, 1995.

Opportunities for the Future

The seed fair and voucher model represents an improvement on direct seed handouts, insofar as this improved the choice of relief seed on offer. Recipients are more likely to plant the seed varieties they choose. However, many questions remain about the broader impacts of these programs on household food security and national seed markets.

1. Access to New Varieties

Drought relief programs in southern Africa have provided a principal means for farmers to gain access to new varieties of seed of basic food crops. However, this remains an inefficient process. Most seed companies remain uncertain about the commercial prospects of seeds for any crops other than maize. Commercial production of sorghum, pearl millet, groundnut, cowpea, and bean seed is principally for the relief market. Tenders favor cheaper, undifferentiated seed and seed fairs do little to change this. In fact, many companies simply assume the seed of secondary crops will be derived from village markets. Most commercial traders in Zimbabwe do not bother to sell anything other than maize seed.

The subsidy inherent in relief seed distribution should be used more effectively to ensure farmers' access to new varieties of a wider range of seed crops. But this must be a more deliberate component of these programs. Companies need to be encouraged to produce and supply these seeds. Farmers need more information about the possible advantages of new varieties.

2. Reduce Market Distortions

Seed fairs threaten the operations of informal village markets while pursuing greater market transparency. Allowing buyers and sellers to set their own prices for seed transactions may offset these threats. This process can be facilitated if fairs are run for multiple days. This allows traders to bring in more supplies if seed runs short, and reduces the tendency to bid up prices in order to dispose of all vouchers.

To reduce the impact of seed fairs on commercial trade, vouchers should be redeemable at local retail

shops. Multiple commercial companies should be encouraged to stock smaller packs of seed at these shops in order to provide farmers even greater choice and encourage traders to assess input demand. If relief inputs flow through commercial wholesale and retail trade channels, these markets are more likely to be strengthened, rather than weakened, by these programs.

3. Demand Versus Supply Constraints

Seed relief programs have historically been predicated on the assumption that farmers consume their own seed in the event of drought. The relative success of seed fairs contradicts this assumption. Seed is commonly available in communities affected by drought. Stocks may be low and poorly distributed, but it is almost impossible to assess the severity of this constraint. Farmers will tell outsiders they have nothing. Sometimes community leaders even instruct farmers to hide their grain in order to qualify for aid.

ICRISAT's experience suggests that seed supply constraints following drought have been broadly overestimated. The greatest losses tend to occur among legume seeds with low multiplication ratios and high value in the grain market. Seeds for crops like sorghum and pearl millet, with high multiplication ratios and better storage characteristics (at least for some varieties), are less likely to be lost. Zimbabwean farmers commonly ask for maize seed – which would normally be purchased – in order to reduce this expense. They also commonly ask for seed of new varieties.

Targeting relief to poorer, vulnerable households highlights recognition of a demand constraint. Poverty reduces the capacity of households to purchase food and seed in the event of supply shortfalls. But this also undermines investments in school fees, medicines, and food items. One can hypothesize that if vulnerable households received a voucher redeemable for a choice of commodities, most would not choose seed. This would be especially true where informal village markets for seed work reasonably well. This hypothesis merits further testing.



More information about this work can be obtained from
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