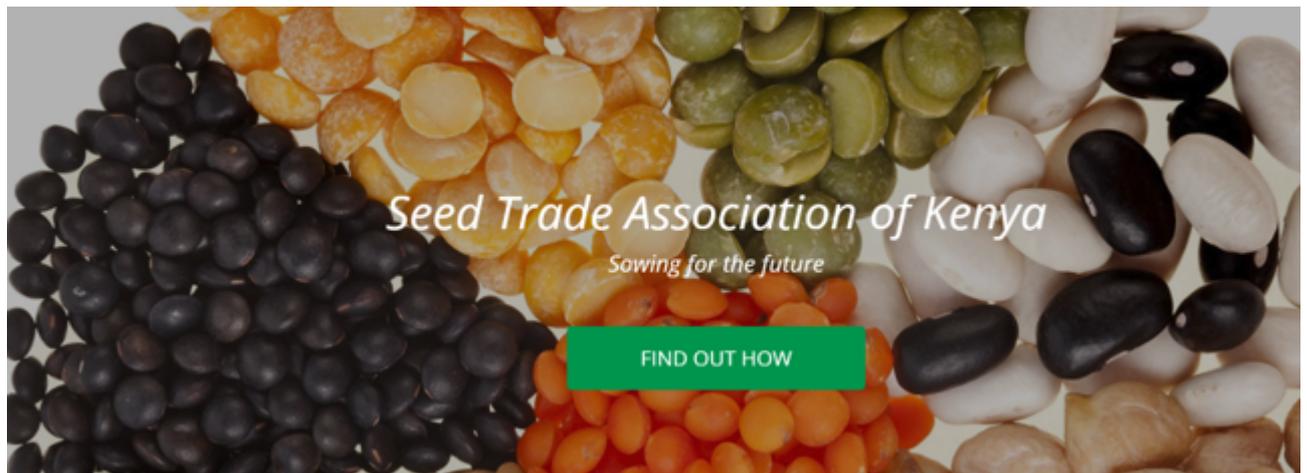


## Case Study: Strengthening the Seed Trade Association of Kenya

*The Seed Trade Association of Kenya (STAK) is supported to advocate for major regulatory reform and tackle declining member satisfaction with its services.*



### Introduction



Seed trade associations play a critical role in advocating for issues affecting seed businesses and, by extension, agricultural production and food security. Strong seed trade associations, such as the South African National Seed Organization (SANSOR), are very involved in – indeed central to – seed quality assurance. This involvement improves the overall functioning of, as well as public confidence in, the sector. For example, SANSOR has been mandated by the Department of Agriculture of South Africa as the authority for complete management and administration of all seed certification schemes for field crops. This means that SANSOR, a private association of seed producers and marketers, manages the certification of the seed produced by its members through industry self-regulation, and that SANSOR has the full confidence of the government to manage this process.

While the example given above showcases one of the leading seed trade associations on the continent, the founders of the Seed Trade Association of Kenya (STAK), which represents seed companies' interests within the Kenyan industry, had a similar vision at inception. Following the liberalisation of the seed industry in the early 1990s, new seed companies commenced operations, adding to the formal sector seed supply which until that point had been the monopoly of the existing parastatal, Kenya Seed Company (KSC). However, at that time, most supporting structures such as the services of the regulator, the Kenya Plant Health Inspectorate Service (KEPHIS), were designed to support only one company, whose production was in a limited number of locations.

The emerging situation, with multiple companies producing in many, sometimes far-flung, locations posed a challenge. While the sector continued to evolve from the liberalization of the early 1990s, there were many things that did not change in the

ensuing 25+ years including the regulations governing the sector, which had been put in place in 1991. In addition, the government saw their role as policing rather than serving as a facilitator to create an enabling environment. An effective, strong seed trade association was needed.

## **The Problem/Challenge**

STAK had had a long and turbulent history since its formation in 1982. Initially, STAK was well-funded and relevant. However, beginning in the late 2000s, STAK faced numerous challenges. Key among them was its weak ability to offer meaningful value to its members, and therefore retain and grow the membership base. STAK struggled to fund the operations of its secretariat, including ensuring that the key position of the Executive Officer (EO), the person responsible for ensuring the smooth operations of the Secretariat, was effectively staffed. This led to erosion of member confidence and diminished credibility with both public and private sector stakeholders.

Predictably, this state of affairs eventually led to membership attrition, versus growth. Most remaining members were not keen on participating in STAK governance issues and Board positions were not robustly filled.

STAK needed an urgent intervention to reduce the downward spiral, renew the confidence of stakeholders, and tackle the increasingly serious challenges of an over-regulated, parastatal-dominated seed sector.

## **The Starting Point**

At the onset of the project, STAK's secretariat was managed by a seed scientist who had no prior experience in private sector or business experience, nor did he have any association management experience. The STAK Chairman of the Board was also a public sector official, from one of the seed parastatals. With the lack of strong, private sector-focused leadership, members started to pull out due to dissatisfaction with STAK. Membership numbers declined from 44 in 2012 to 40 in 2013 and then to 38 in 2014. Revenues, likewise, started to decline after 2013, beginning with a 23% drop between 2013 and 2014.

Specific reasons for the dissatisfaction from members included the following.

- Weak advocacy on pertinent policy issues affecting STAK members, such that some important decisions affecting seed business were taken in the absence of STAK representation. The public sector often cited STAK as being uninterested in engaging in dialogue.
- The STAK website did not offer meaningful information to its members and the public, and simple things, such as a working official telephone number through which members could reach the secretariat, were often not available.
- The STAK Annual Congress and Expo, which was a key fundraising event for the association, was poorly run with weak content, weak controls, and expensive service providers

- The secretariat made little effort to talk to members and understand the issues affecting their business, but rather just came round once a year to ask for subscriptions and contributions to the Congress.
- The STAK constitution had remained unchanged from 2005, while industry dynamics had changed significantly. The constitution was no longer adequately addressing the needs of STAK members.

At the beginning of the project, partial underwriting for the STAK 2013 Annual Congress was approved by the project team. However, guidance related to how the money was to be spent was not followed by STAK and, despite repeated requests, after the Congress STAK was unable to provide a detailed accounting of how the funds had been used to underwrite the various Congress expenses. While there was no evidence that funds had been misused, good record-keeping was absent. Clearly there was a problem with internal administration and systems.

STAK was also weak in advocacy. The public sector, which was in the process of revising the Seeds Regulations, often bypassed meaningful contribution by STAK for the simple reason that when STAK was invited to crucial meetings they often had no one to represent the association.

### **The Journey**

The KMT crop seed project team fully understood that the numerous challenges that faced the sector, which were evidenced by declining annual volumes of certified seed production and relatively low innovation, would not be solved without strong advocacy for the private sector. This advocacy needed to be led by STAK, the entity authorized to represent the seed trade sector in Kenya.

Hence, the project team focused on improving STAK's position as the industry voice, particularly in advocating for a more conducive business environment for the private sector. This could only be accomplished, however, with the provision of greater member value and the resulting support from members.

Initially not all STAK leaders, including some members of the Executive Committee and some Board members, recognized the need for change. The leadership team did agree, however, to conduct a member survey to assess member satisfaction with the association. The project team contracted a survey company which developed the assessment tools and plans. However, once the STAK Executive Committee viewed the proposed tools, they withdrew support for the survey stating that they did not think the results would be very positive, and therefore questioning the value of the survey.

For the 2014 Congress, when STAK came back to the project team for underwriting, the request was turned down due to lack of STAK responsiveness over the prior year to proposals for strengthening the organization and, importantly, the lack of an accounting for the 2013 Congress underwriting funds. The 2014 Congress was held, but lost money and was not viewed by members as being successful.

At the end of 2014 the contract for the STAK EO was not renewed by the Executive Committee of the Board. STAK entered 2015 without functional leadership for its Secretariat. The project team stayed in touch with STAK during this period, but did not

push a reform agenda on them, waiting instead for STAK leadership to realize the need for change.

STAK reached out to the project team for assistance with the recruitment and subsequent hiring, and the project agreed to facilitate the hiring of a replacement. Unfortunately, the recruitment did not attract a strong pool of candidates, particularly given the budget, and the position remained vacant.

In 2015, as the situation worsened and advocacy efforts became even weaker in the face of continued government movement towards regulatory reform, a turning point occurred in the second quarter. STAK elections were held and a new Executive Committee of the Board was appointed. In a departure from the past, when senior office holders came from the public sector, the new Executive Committee was composed of private sector players.

STAK leadership then reengaged with the project team to discuss the likelihood of broader support, given their strong desire to reenergize and strengthen the association. The reform agenda was discussed and agreed upon with the full board of directors. STAK members unanimously agreed on the need to aggressively reposition and energize the association. STAK leadership was tasked to undertake reforms, including strategic repositioning and rebranding.

Later in the quarter, formal discussions between the project team and the new Executive Committee of STAK restarted, and the potential elements of a formal support program were discussed. There was desire to bring on board a qualified EO to run affairs at the Secretariat, but also the recognition that until this person was on board an interim, or acting, EO might be a good solution.

In September of 2015, the project team identified and contracted an Acting EO for the short term assignment. Key priorities were jointly agreed for the Acting EO, to include: 1) restarting advocacy efforts related to regulatory reform and other key emerging issues such as seed package labels; 2) planning and staging an effective Annual Congress within two months; and 3) restarting the recruitment process for a permanent Executive Officer.

The existence of an ably-led Secretariat was a key turning point in allowing STAK to engage more meaningfully with government and regulators. The emerging industry concerns about the newly announced overpriced KEPHIS labels (priced at a charge to seed companies of KES 15, which the companies knew was six times the cost of the entire seed bag), would require an optimally functioning secretariat.

Full implementation of the STAK strengthening program could now begin.

## **Implementation**

Agri Experience continued engaging with the Executive Committee of STAK to understand both the issues with which they grappled, and what they felt were their short- and long-term needs. A comprehensive Memorandum of Understanding (MoU) was put in place in early 2016 to support key areas that would help improve STAK's value offering to its members and, as a result, make it sustainable. The agreement aimed to fund critical gaps in STAK's budget, either through a cost share arrangement,

or through payments which were tiered to ensure that additional funding would only be given upon attaining a particular milestone. At the 2016 Annual General Meeting, members again elected an all private sector Executive Committee, who set their priorities after meeting with the full Board. The top priority was identified as continuing to advocate for a more conducive business environment. Considerable progress followed in 2016, and dialogue between STAK and public/government entities improved.

Highlights of the timeline for KMT support are shown below.

- 2013: Partial support for STAK Annual Congress and Expo
- 2014: Ongoing discussions and several joint meetings, but little direct support
- 2015: Secondment of EO and recruitment process of substantive EO, support to join KEPSA, STAK logo redesign, and support for STAK Annual Congress and Expo
- 2016: Jointly agreed memorandum of understanding, including support for STAK constitution review, revision of STAK's 5-year strategic plan, partial support for annual congress, support for website redesign, salary support for full-time EO (partial) and IT intern, support for industry data collection focusing on seed sales, support for learning trips to South Africa and Zambia. In addition, by the end of 2016, support for hosting and managing two information platforms developed through KMT funding: the Seed Sector Platform Kenya, and MbeguChoice.
- 2017: Partial salary support for EO and IT/Communications, support for member-focused meetings, partial support for sticker labels awareness campaign, support for operational and financial systems review, support for Mazao Forum incorporation into STAK Annual Congress. Support for systems review aimed at strengthening STAK governance, operational and financial systems and controls. (This included a review of functions of the Board, the Executive Committee, and developing terms of reference for Board Committees. A thorough review was also done for financial, administrative and HR systems and controls and annual workplans developed which focus on enhancing STAK's services to its members.)
- 2018: Further reduced salary support for three months, support for carrying out and analyzing a member-value survey

Beginning in 2015, STAK began to engage with agrodealers, through project activities, with the aim of enhancing distribution of seed to farmers. Consistent with this direction, STAK revised its constitution to allow for agrodealer associations to become members. Through project support, STAK supported agrodealers to attend and participate in the 2017 Congress and Expo with relevant content and exhibitors tailored for them. These linkages will remain key in bridging the gap between seed companies and agrodealers as both are able to share challenges and create opportunities for synergy and sector growth.

## The Results

Key results arising from a stronger STAK are listed below.

- STAK effectively lobbied for reduced prices on seed labels, with great savings (**over KES 100 million in one year**) to the seed industry (See the scratch labels case study for more detail on this activity and its success.)
- STAK has effectively represented members in the revision of the Seeds Regulations that were gazetted in December, 2016. These open the door for creating a more enabling environment for private sector investment in the seed sector. Through STAK's intervention, about 70% of the private sector feedback collected by STAK from members was incorporated in the final documents. (See the case study on regulatory reform for more detail on this.)
- In their push for increased self-regulation of the seed industry, STAK and the project team organized a joint public and private sector visit to South Africa and Zambia for participants from MOALF, KEPHIS and STAK, to appreciate different models of self-regulation and seed certification. This resulted in KEPHIS making changes to authorize inspections by private company inspectors. (See the case study on regulatory reform for more detail on this.)
- STAK enacted a new constitution and a new strategic plan to guide activities through a 5-year period. To improve efficiency in its Executive Committee, STAK constituted three new subcommittees to assist the Executive Committee in addressing critical issues: Finance & Resource Mobilization; Technical, Advocacy, Regulatory Affairs & Innovation; and Innovation, Marketing & Communication.
- STAK has designed and rolled out a much improved website, with a new Members Only section.
- STAK is now attracting support from different funders, e.g. KES 10.52 million from the Business Advocacy Fund (BAF) to spearhead a review of the Seed Policy in 2018, and KES 4.25 million from the International Maize and Wheat Improvement Center (CIMMYT) to carry out demonstrations of new drought tolerant varieties of maize in four counties given in 2017. KMT has agreed to offer further support of KES 3.69 million in 2018.
- STAK, since joining KEPSA in 2015 and KEPSA's Agricultural Board Committee, has effectively pushed for the inclusion of four separate seed issues on the agendas for KEPSA's Ministerial and Presidential round tables.

## Lessons Learnt and Future Considerations

Highlighted below are the key lessons learnt in the course of the work to facilitate STAK strengthening.

1. Despite many donor programs doubting that association development can be successful, it can be successful when managed carefully. A key consideration is not to usurp, or become aggressive in shaping, the right of the association to determine its own destiny.

2. Things often have to get worse before they get better. It is important for the facilitator to avoid applying “band-aids” for short term solutions, but to wait for internal resolve for sustained, longer-term change to emerge. Once the turning point occurs, progress can be made very quickly.
3. If association leadership positions are filled by individuals from government/parastatal entities, on the surface it may appear to be acceptable to members, as private sector members do not want to risk alienating government, but under the surface there can be significant dissatisfaction.
4. Multinational seed companies, particularly non-African multinationals, may be reluctant to fully engage on policy issues through an association due to restrictions from parent companies related to engaging in foreign countries.
5. KEPSA provides a good, private sector-focused, link to higher levels of government.
6. Having a systems and governance review is critical – even if there is pushback from the association – as it forces the Board and Secretariat to focus on how to strengthen the association.
7. It is more important to have an Executive Officer who is a good association manager and viewed as neutral by members, than to have someone who is a seed specialist. Members can supply the necessary technical expertise, but the EO needs to be a strong communicator, convener, advocate for the association etc. (This point was strongly reinforced by SANSOR, which intentionally recruited a highly educated and capable, but non-seed experienced, professional to run the association. They did not want any suspicion of favoritism on the part of an EO with prior history in the sector, which they felt was a risk if they hired someone with a seed background.)
8. STAK and agrodealer linkages can potentially provide mutually beneficial support to the growth of seed trade. Resolution of issues related to county-based subsidies, rogue agrodealers, and the presence of fake and low quality seed in the market, are key elements of creating an enabling environment for seed trade growth.
9. STAK can be a highly valued conduit for disseminating information related to climate change and associated developments such as drought, pests, and diseases, that pose serious threats to seed production. This entails thorough and aggressive linkages to key experts to ensure members receive reliable information.

Suggested areas of focus for future project work related to STAK are offered below.

1. Work with STAK Executive Committee to internalize the results of the recent member survey and develop plans to address member concerns.
2. Continue to support a progressive, task-specific, and performance-based MOU, particularly to facilitate hiring of a full-time policy officer.

3. Support STAK to think deeply about, and achieve, more diversified and sustainable revenue streams. This includes using some of their potential unique services as a way of raising income.
4. Continue to focus on operationalizing new regulations related to standard seed, in order to materially increase seed volumes for the non-maize crops. Support STAK to work closely with KEPHIS and MOALF on development of protocols for production and certification of standard seed – with an eye towards ensuring private sector company views are well represented in order to more fully professionalize this sector of seed trade.
5. Work with STAK to explore separating the Congress and Expo to better capture participants' interest. (See feedback from member survey)
6. Support the development of STAK's capacity to broaden membership (and member value) to include more vegetable seed companies, and to attract other stakeholders such as senior agrodealer leaders.
7. Continue to work with STAK to develop data collection capacity (e.g. through updating the Topline Data Collection tool), and partner with STAK to advocate for full cooperation in data collection by government parastatals.
8. Facilitate the expansion of the Seed Sector Platform Kenya's SeedWorks database to include vegetable seed, and leverage this step to approach more vegetable seed companies for membership.
9. Support STAK to continue to update the database behind SeedShop as agrodealer mapping delivers updated results and contact information for agrodealers.