



# FEED THE FUTURE

The U.S. Government's Global Hunger & Food Security Initiative

## FEED THE FUTURE ENABLING ENVIRONMENT FOR FOOD SECURITY PROJECT



### UPDATE TO THE MALI VcCLIR 2011/2012 ASSESSMENT: CONTRACT ENFORCEMENT AND SEED REGULATION RECOMMENDATIONS

DECEMBER 2018



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## ACRONYM LIST

<b>AMASSA</b>	L'Association Malienne pour la Sécurité et la Souveraineté Alimentaires
<b>AMEDD</b>	Association Malienne d'éveil au Développement Durable
<b>APCAM</b>	Assemblée Permanente des Chambres d'Agriculture du Mali
<b>CVC</b>	U.S. Agency of International Development's Cereal Value Chain project
<b>CCIM</b>	Chambre de Commerce et d'Industrie du Mali (Chamber of Commerce and Industry)
<b>CNPM</b>	Conseil National du Patronat du Mali (National Council of Malian Employers)
<b>DNI</b>	Direction National pour l'Industrie (National Directorate of Industry)
<b>ECOWAS</b>	Economic Community of West African States
<b>HDI</b>	Human Development Index
<b>NGO</b>	nongovernmental organizations
<b>OAPI</b>	African Intellectual Property Organization
<b>QDS</b>	Quality Declared Seeds
<b>OPSS</b>	Operation Production Improved Seed
<b>SONAF</b>	Nama et Fils Société
<b>SSN</b>	National Seed Service
<b>ULPC</b>	Union Locale des Producteurs de Céréales
<b>UNICEF</b>	United Nations International Children's Emergency Fund
<b>USAID</b>	United States Agency for International Development
<b>VcCLIR</b>	Value Chain Commercial, Legal, and Institutional Reform

*This publication was made possible through the support provided by Feed the Future through the U.S. Agency for International Development, under the terms of BPA No. AID-OAA-E-15-00001 and Call Order 4 Contract No. AID-OAA-BC-17-00032. The opinions expressed herein are those of the author(s) and do not necessarily reflect the views of the U.S. Agency for International Development.*

## I. INTRODUCTION

In April 2011, the United States Agency for International Development (USAID) conducted a Value Chain Commercial, Legal, and Institutional Reform (VcCLIR) assessment, which consisted of a structured, qualitative analysis of the business enabling environment focused on the livestock, rice, millet, and sorghum value chains in Bamako and Sikasso, Mali. In October 2011, the Millennium Challenge Corporation expanded this research to include Northern Mali, including Timbuktu, Alatona, and Mopti. Combined, these two phases interviewed nearly 300 stakeholders across Mali to analyze key constraints as well as the political economy for reforms in these focus value chains. The 2011 VcCLIR for Mali resulted in a 2012 report of recommended reform solutions and an accompanying action plan. Due to a swiftly deteriorating security situation in Northern Mali, USAID postponed implementation of the solutions from the VcCLIR 2011/2012.

In 2018, USAID/Mali requested support from the Feed the Future Enabling Environment for Food Security mechanism to revisit selected recommendations from the original VcCLIR diagnostic, reflect upon changes that occurred during this period, and determine whether the recommendations remain relevant reform priorities. USAID/Mali focused on five solutions from 2011/2012, including two solutions proposed under the broad category of contracts and three solutions that fall under the broad category of accessing seeds.

### I.1 ACTIVITY DESCRIPTION AND METHODOLOGY

In October and November 2018, a team of two Malian consultants engaged with 56 stakeholders from the private sector, public sector, and civil society with direct experience or special insights into the rice, millet, and sorghum value chains.

The consultants met with different actors — both public and private — from major grain-producing areas of Bamako, Segou, Bougouni, Sikasso, Koutiala, and Dioila. For safety reasons, the consultants did not cover the northern (Timbuktu) or central (Mopti and north of Segou) regions.

The team conducted key informant interviews with traders, extension officers, nongovernmental organizations (NGOs), processors, financial institutions, lawyers, and customs officials. They complemented these key informant interviews with focus group discussions among smallholder farmers. Findings are based on triangulating information between these different stakeholders and available information across the cereal value chains in the dedicated regions.

### I.2 BACKGROUND ON MALI

As of 2017, Mali's estimated population stood at 18,541,980 (World Bank 2017a). Given its majority desert or semi-desert topography, Mali's Niger River area hosts much of the country's economic activity (USAID 2019).

Mali's gross national income per capita, using the World Bank's Atlas method, stood at 770 as of 2017 data (World Bank 2017a). By USAID estimates, 49 percent of Malians live under the extreme poverty line (USAID 2019). Subsistence agriculture is commonly practiced, and Mali is vulnerable to climate-associated risks and shocks (USAID 2019).

In Mali, 80 percent of the population engages in agriculture sector activities (Christinck et al. 2018a, p. 16). In 2015, the agricultural sector accounted for around 40 percent of the country's gross domestic product, with dryland cereals (millet, sorghum, and maize), rice, livestock, and cotton comprising Mali's key agricultural products (World Bank data cited in Christinck et al. 2018a, p. 16).

In terms of staple food crops, both pearl millet and sorghum are Mali's two most important, with production of pearl millet ranging between 1.2 and 1.7 million tons annually and sorghum between 0.8 and 1.2 million tons annually (FAOSTAT data cited in Christinck et al. 2018a, p. 16). Rice production in Mali has increased, and production estimates from in 2014-2016 range from 2.3-2.7 million tons (FAOSTAT data cited in Christinck et al. 2018a, p. 16).

These trends do not translate to self-sufficiency in staple food crops for Mali, however (Christinck et al., 2018a, p. 16). From 2009-2013, imports of maize and rice regularly outpaced exports, while sorghum was imported in 2012 and 2013 and exported only in 2012 (Christinck et al. 2018a, p. 16). Millet was indeed exported, though in small quantities from 2009 to 2013, while wheat is imported regularly (FAOSTAT data cited in Christinck et al. 2018a, p. 16-17).

## 2. ENFORCING CONTRACTS

### 2.1 BACKGROUND ON GRAIN CONTRACTS IN MALI

Great variation exists among the level of sophistication and underlying motivations and drivers behind buyers and sellers in cereal value chains consulted for this study. Some farmers consider farming as their profession. Other farmers primarily grow for household consumption and simply sell their excess beyond household needs on an ad hoc basis. Similarly, some buyers simply purchase to supplement household production; other buyers aggregate village harvest for sale. Some buyers and sellers were members of longer-term supply schemes; others simply sold on the spot at harvest. Regardless of the variation in intent, grain producers and buyers face common constraints impeding their activities.

Grain Contracts in Mali	
Time to Enforce a Contract (days)	620
Cost to Enforce a Contract (% of claim value)	52.0
Quality of judicial processes index (0-18)	5.0
Court structure and proceedings (1-5)	2.5
Case management (0-6)	0.0
Court automation (0-4)	0.0
Alt. dispute resolution (0-3)	2.5

Crop yields are relatively low, and production is generally meant for home consumption; therefore, limited volumes are directed to sales. Most buyers have high price sensitivity and prefer lower-quality, less expensive products. Consequently, the volumes sold on markets are of poor quality and at lower prices. However, institutional buyers require quality products in larger volumes than are generally found in Mali's spot market for grains. For institutional buyers to secure products, they issue a tender with a contract specifying the quality, volume, and timeframe for delivering the product.

Establishing a contract requires several capacities and commitment from both sides, and many actors are reluctant for numerous reasons. These reasons include a lack of understanding of key contractual terms, disagreement over the allocation of risk between buyer and seller for production hazards, distrust between contracting parties, and the time and cost associated with developing and enforcing contracts. This has impeded contract trading for a long time, limiting the development capacity of the grain value chains in the country primarily to spot sales in marketplaces. This study goes over the value chains and seeks to illustrate the extent to which contracts are used in grain trading and to identify potential opportunities to further develop the grain trading marketplace through improved grain trading contracts.

### 2.2 UPDATE ON STANDARDIZATION OF GRAIN CONTRACTS

Grain trading has evolved in Mali since 2012. Projects, NGOs, and public services have trained farmers and traders on how to make business a win-win strategy. International agencies such as the International

Fertilizer Development Center and the International Crops Research Institute for the Semi-Arid Tropics; the USAID-funded project Cereal Value Chain (CVC); and NGOs, such as SNV Netherlands Development Organization, Association Malienne d'éveil au Développement Durable (AMEDD), and AMASSA with other private and public services have organized and trained groups — both farmers and traders — on basic business practices. These activities helped evolve the views of different actors in the grain trading sector.

### *Grain Trader Profiles*

According to many stakeholders, grain traders typically fall into two main groups: the institutional traders and non-institutional traders. Institutional traders often being those who deal with government, international organizations, private companies and sell their products based on a detailed contract agreed to and signed by both parties. Through the key informant interviews and focus groups in this assessment, the following more specific trader profiles emerged.

#### **The Professionals**

The professionals are generally traders who have access to bank loans, storage facilities, and transportation means. They live in urban areas and often have many connections with public administration. They bid to respond to tenders issued by the government, NGOs, processing companies, or international organizations both inside and outside the country. Sales are based on a written contract with all details regarding the products, volumes, delivery timeframes, and price. Volumes are important, and conditions to satisfy the contract are tight. The number of traders involved in such activities is increasing due to trainings organized by projects such as the West Africa Trade Hub.

#### **Supported Organizations**

The term supported organizations refers to when a service project or NGO facilitates relationships between farmers and traders to improve the quantity and quality of products (grains) in a win-win strategy. Farmers (producers) are often organized in cooperatives or associations for selling a volume of products to an individual buyer or to an organization (World Food Programme, United Nations International Children's Emergency Fund [UNICEF]) or to the government in the case of food reserve.

A facilitator — e.g., Faso Jigi, Union Locale des Producteurs de Céréales (ULPC), AMEDD, L'Association Malienne pour la Sécurité et la Souveraineté Alimentaires (AMASSA)-Afrique Verte — plays the role of intermediary between the producers, traders, and the financial institutions. As producers' main constraint is access to fertilizer during the cropping season, the facilitator helps producers access loans to purchase fertilizer at the beginning of the season, and producers reimburse the loan plus interest after harvest. Here, producers do not receive cash from the financial institution; instead, they receive the volume of fertilizer equivalent to the amount of credit. After harvest, they bring the equivalent of the credit in grain. The purchase price, volume, delivery time, and quality of the grain are specified in a written contract.

Generally, the facilitator deals with producer organizations, because individual producer yields can be lower and more variable, making individual engagement riskier. Also, organizations commit to paying the share of any member who fails to respect his engagement vis-à-vis the amount of credit taken.

This type of system helped build sale-based transactional relationships between many producers' organizations and traders. The number of producer organizations joining such a system is increasing due to the existing market; access to inputs through credit; management training; participation in grain fairs; and technical support from projects, NGOs, and extension services. As an illustration, the number of farmers' organizations joining aggregator firm Nama et Fils Société (SONAF) has increased from 300 in 2016 to 927 in 2018. In 2018, Faso Jigi has been working with 210 cooperatives, up from 180 in 2012. In the same line, USAID's CVC project developed a relationship between the cooperative Jekabaara and a grain trading entity.

This has helped establish a quality grain-collecting process and better prices for the producer organizations. To benefit from the support of facilitating organizations such as Faso Jigi, SONAF, or ULPC, farmers' groups pay an annual fee to be members. At the beginning of each crop season, the farmers' organizations make a list of the input needs (mostly fertilizer), and the organization facilitates their access to credit for them at a financial institute. Farmers do not have a guarantee, but they engage as a group to pay for someone who is not able to reimburse the amount they committed. Usually, they can negotiate the price if the market price is higher than the benchmark price.

### **Informal Traders Who Avoid Institutions**

Typically, informal traders who avoid institutions are traders who deal with individuals or groups selling small quantities without any quality requirement. They also sell to people with lower quality standards (households, feed mills, etc.). They will not engage in any type of formal contract; they rely on trust, acquaintance, parental relationship, and/or customary community affiliation. Informal traders experience disputes related to volumes and delivery time. The number of traders in this system is still important, because people are tied to their customs and frequently noted that a written paper (contract) is a sign of distrust.

#### *Dynamics Influencing the Increased Number of Farmers' Organizations Working With Supported Traders*

**High demand for fertilizer.** The most significant production constraint for farmers is access to the right quantity of fertilizer, on and at the right time, and at a relatively low price. At planting time, farmers often lack financial resources to purchase the quantity of fertilizer (even subsidized) necessary for their farmed area.

**Lack of access to credit and markets.** Farmers also lack the means to individually access credit from financial institutions to buy these inputs. However, if they are coached with agricultural technical assistance by a project, an NGO, or public extension service, they can have both a stronger technical capacity and capability, and can often access credit. Faso Jigi, SONAF, and ULPC are playing such a role to facilitate farmers' access to inputs. Also, once higher yields are achieved, the farmers have a market ready to buy excess production at an agreed price.

The system of combined support to address these two constraints exists already and has worked for millet, sorghum, and rice (Faso Jigi); for sorghum and maize (ULPC); and for maize (SONAF). The success of this support has encouraged many farmers' organizations to join the system. This participation could increase more if there is a processing unit that buys the grains from the seller. Most of the time the buyer (Faso Jigi, ULPC, SONAF) has insufficient financial resources to buy all the production from farmers. If buyers could have the necessary support to have more liquidity at their disposal from financial institutions, they may be able to purchase larger volumes.

**Challenges related to respecting commitments.** Many discussions with actors involved in grain trade pointed out the problem of respecting commitments. Many traders are illiterate and therefore often cannot understand or effectively engage in written engagements between themselves and their partners. Another challenging factor has been variable year-to-year production yields, which prevent farmers from making firm commitments such as written contracts, because they are not sure they will produce a tradable surplus. Millet and sorghum depend heavily on rainfall and yields are consistently low; most production is primarily for household consumption with only a small quantity (30 percent) sold to meet immediate household cash needs. These small quantities sold per household often are without a written contract.

Culturally, all transactions are based on trust, and writing a contract between partners can be seen by some as a lack of confidence. However, even traditional traders required a witness to a transaction for a given amount. In urban areas, the borrower writes down the amount of money (or the volume of product and its value) requested and signs. In other cases, a pre-dated check is used or another partner is asked to witness the transaction.

### *Improving Trust in the Judicial System*

At the time of this study, Mali's judiciary was two months into an indefinite nationwide strike called and observed by judges and court personnel in protest to issues related to wages and working conditions. The institutional incapacity resulting in a multi-month strike provides important context for the headwinds that any activity may face in building trust within the judicial system. Furthermore, judicial officers have been special targets for insurgent activity. In fact, some judges interviewed as part of the VcCLIR 2011 assessment have since suffered abduction by insurgents. As a result, efforts to work directly with the formal judiciary institutions are not recommendable at this time due to these significant larger challenges. The following observations can inform other alternative means to strengthen the contracts enforcement system outside of the formal judiciary institutions.

Actors often do not want to go to court to resolve disputes for many reasons. For some, they are from areas geographically less accessible to courts while others are illiterate and/or lacking practical knowledge about the court system. Cultural norms often indicate that disputes should be solved within and by the community as opposed to more formal proceedings. Costs are an especially important factor for rural respondents, who expressed extraordinary financial burdens to travel to court with no guarantee of a favorable outcome. However, with the development of information and communications technology and growth of human rights NGOs, awareness is rising, and some cases may be resolved without the physical presence of the involved parties.

Other stakeholders found the commercial court system to be very slow, taking several years to settle even small disputes. ULPC has been in a dispute with a trader since 2010, and the court has not yet issued a decision.

AMASSA Afrique-Verte, and AMEDD facilitate relationships between farmers' organizations and wholesale traders on a contract basis. To encourage stakeholders to use the court, the contracts are signed in the presence of a farmers' organization representative and a traders' organization representative in front of several witnesses. Such engagement in the presence of many people puts both parties in a situation of respecting the commitments and bridges the social and cultural dimensions of contract relationships with the business ones.

## **2.3 PROPOSED ACTIONS FOR VcCLIR CONTRACTS RECOMMENDATIONS**

### *VcCLIR 2011/2012 Contracts Recommendation 1: Develop Easily Understandable Standardized Contracts for Cereal Traders.*

**Prioritize development of standardized contracts for cereal traders.** This proposed recommendation remains valid today as a relatively low-cost intervention with a high-impact potential (see Annex I to review the prior recommendation in its entirety).

Simplified grain trading contracts have become a proven tool for professional traders in Mali. The biggest need is to upgrade the standards and knowledge of the judges and clerks of the court. In 2011, the VcCLIR team in Mali noted a glut of agricultural grain trading cases in the courts system based upon oral agreements that had disintegrated. By contrast, the team in 2011 noted numerous experiences where simplified, written contracts were dealt with relatively expeditiously and at a low overall burden.

Traditional public perceptions that have been ascribed to contracts — that contracts signify an implicit lack of trust — have begun to give way to a growing recognition that written contracts are more reliable for third parties such as financial institutions.

Based upon training sessions offered by projects, many actors in the trade sector have begun to change their attitudes and request more and more written engagements through written contracts. There is a perceptible evolution toward written contracts, but more training and capacity building will be necessary to help make small-scale farmers and traders take advantage.

All of the assumptions and challenges incorporated into the original recommendation remain valid. However, the contracts alone are not sufficient unless a mutuality exists between both parties to perform on the promises made. Similarly, unless there is intrinsic value in a written contract, significant uptake is unlikely. Financial institutions, input dealers, and other third-party beneficiaries should be consulted in the development of a standard model sales contract to ensure the form provides the guarantees and assurances necessary to help lower risk for credit.

Further, the contract must exist within a viable market system. Farmers who are suppliers should have access to inputs through a credit system that allows them to get fertilizer quickly and at a relatively low price. This requires the existence of a facilitator who can guarantee the quantity and quality of products delivered by farmers and the purchase of products at a price accepted by farmers. The facilitator should be able to help the buyer have enough cash to pay producers immediately after the delivery of the product at a negotiable price. The facilitator should be able to elaborate business plans for stakeholders, train stakeholders in doing business, and organize them.

*VcCLIR 2011/2012 Contracts Recommendation 2: Improve Trust in the Judicial System by Making Decisions of the Commercial Court Publicly Available*

**Deprioritize this intervention, or shift the emphasis toward alternative dispute resolution.**

The consultant team suggests that the Mission deprioritize this reform recommendation, unless it is made part of a thorough courts reform program. Indicators found in the World Bank's Ease of Doing Business Index for contracts enforcement indicate serious performance issues within Mali's Commercial Courts. Slow, burdensome processes; high costs for even relatively simple claims; and low-quality index scores suggest fundamental challenges within the Commercial Court. If the performance indicators are accurate, it raises a question as to whether use of the courts is stymied by low trust in the judiciary, or whether it is a rational decision based upon an underperforming courts system. A three-month strike of courts personnel underscores the difficulties of working through the commercial courts, adding another layer of unpredictability for agricultural sector actors.

Nevertheless, there are other options for contracts enforcement that expand beyond the purview of this study. Mali recently promulgated new rules related to alternative dispute resolution, which can perhaps create more accessible, faster, and less expensive avenues for resolving contractual disputes. Particularly for Mali, mediation may prove more culturally acceptable, where the emphasis lies in dispute resolution rather than a contentious, combative process as is typified by courts.

Further, communication channels should be used to make the population more aware of the judicial system. These communication channels can also be utilized to increase accountability within the judicial system. Also, organizing a workshop with all stakeholders to diagnose the system of commercial dispute resolution and increasing accountability and more understandable rules may improve trust in the system.

## 3. ACCESSING SEEDS

### 3.1 UPDATE ON SEED POLICY IN MALI

Before examining updates, it is important to review some key historical context on seed policy in Mali. Seed policy in Mali recognizes only the formal system for producing and distributing certified seed. Diakité et al. describe the evolution of the sector dating back to 1964 when the Department of Agricultural Research first created a unit to regulate the production and distribution of improved seed and developments in the 1970s which expanded capacity to produce and make available the improved seed varieties. The creation of a government wide seed plan and National Seed Service (Service Semencier National, SSN) in 1987 marked an important development for national policy with clearer opportunities for seed producer engagement. As part of Mali's wider strategic shift in 1996 towards liberalization and increased attention on investment from the private sector, SSN shifted its functions away from the

government and to a private seed channel. Diakité et al concludes noting “*The current formal seed policy derives from the earlier national seed plan but emphasizes the gradual disengagement of the government from production, commercialization, and distribution activities.*” (Diakité et al. 2008, p. 6)

Seed production and distribution in Mali occurs through both formal and informal systems, but these are not rigid; formally produced seeds and traditional seeds permeate across formal and informal systems, and are often marketed alongside one another. (Christinck et al. 2018a, p. 3). A look at the World Bank’s 2017 Enabling the Business of Agriculture Index seed data for Mali also provides interesting perspective on the sector. These cross-country comparable indicators measure the laws and regulations in place to support the growth and development of the formal seed sector in Mali. As a composite score incorporating sub-indicators for plant breeding, seed quality, and time and costs to register new varieties, Mali ranked 52<sup>nd</sup> out of the 62 countries measured.

#### *Develop Production of Second-Tier Seed*

In 2006, an agricultural framework known as Loi d’Orientation Agricole came into effect, regulating Mali’s seed sector. Based on this law, all seed for sale must be certified with an official label indicating the variety, germination rate, and date of testing, thereby excluding the sale of any seed not properly labeled and supporting agricultural productivity, improving seed dissemination, and facilitating farmer access to high-quality seed (Totin 2016).

In spite of the law, the majority of farmers continue to rely on their traditional seed, and more than 80 percent of the seed used in Mali comes from the unregulated traditional and informal seed system (Totin 2016). According to farmer associations, the certification process can be lengthy and costly, and the certification cost unaffordable (on average, the certification of 1 ton of sorghum seed costs almost \$150 for both field inspection and laboratory operations) (Totin 2016).

Farmers may register as seed producers, but they frequently continue to sell their seed via informal networks, lacking any quality control (Totin 2016), which reduces farm productivity and limits the promotion of improved varieties. Also, breeders see constraints on variety development due to limited funding levels and dependence on short-term project grants as hindering seed availability (Christinck et al. 2018a, p. 26). Private sector investment in seed development is currently limited or nonexistent, making examining models for public-private collaboration and innovative funding models an area to prioritize in seed system development (Christinck et al. 2018a, p. 26-27).

As socio-cultural norms in Mali influence seed systems for traditional cereal crops, building in consideration of these norms can contribute to the availability of new varieties (Christinck et al. 2018a, p. 26). In terms of improving seed availability, farmer-managed seed cooperatives have a comparative advantage in rural areas, as their rural location means they are usually developing their own community and benefit from close proximity to their clients, which reduces cost (Christinck et al. 2018a, p. 27). They also benefit from collaboration with national research stations and breeders, with whom they can plan seed production based on interest and demand demonstrated in trials and via farmer feedback (Christinck et al. 2018a, p. 27).

#### *Allow Dissemination of Royalty-Free Basic Seeds to Private Sector*

Mali maintains four types of seed programs, including public, private, civil society, and international, which are further organized into research-oriented programs, seed systems, development programs, and regulatory governmental programs (ISSD Africa 2012, p. 2). They share similar objectives, which include the development of the seed sector, and the improvement of farmers’ access to improved varieties, and the national agricultural research institute is heavily involved in Mali’s crops (ISSD Africa 2012, p. 2).

The International Crops Research Institute for the Semi-Arid Tropics focuses on cereals and oversees crop improvement and management, which shape Malian seed systems through developing and testing

varieties; adaptation trials in farmers' fields; participatory plant breeding and varietal selection; and training farmer seed producer organizations (ISSD Africa 2012, p. 2).

Mali belongs to both ECOWAS and the African Intellectual Property Organization (OAPI), the latter having accessed the International Union for the Protection of New Varieties of Plants as a regional organization in 2014 and "has started to operate a plant variety protection system that covers the territories of its 17 member states" (cited in Christinck et al. 2018a, p. 17). Since 2010, ECOWAS and its members have established and implemented a common seed legislation framework via an ongoing process, including in Mali (Christinck et al. 2018a, p. 17).

The Seed and Plant Variety Act (Loi 10-32 2010) is the legal basis underpinning Mali's seed system (Christinck et al. 2018a, p. 17). Also per Christinck et al. 2018a, general governing principles stipulate that:

*Varieties ... need to be registered in a national catalogue prior to starting seed distribution. A national committee has been created to work on the implementation of new rules, and responsibilities for variety registration as well as seed certification have been mandated to the national seed laboratory LABOSEM. Plant breeders' rights can be granted upon request, but there is at present no system for collecting royalty fees.*

*Traditional varieties are protected as a national heritage, but it is not clearly specified in the law how this is to be implemented in practice. Farmers are allowed to re-sow farm-saved seed on their own farms, but distribution requires variety registration and certification of seeds, even though this legal requirement is not yet fully implemented. (Christinck et al. 2018a, p. 17)*

Actors in the seed value chain noted that once varieties are registered in the national catalogue, some should be available for sale to private seed companies for distribution. (Christinck et al. 2018, p. 17)

#### *Develop and Strengthen Capacity of Private and SSN Certification Agencies*

Seed system development programs comprise two groups: 1) international donor and development programs, e.g., Alliance for a Green Revolution in Africa and the Seeds Project of the West Africa Seed Alliance; and 2) national NGOs (ISSD Africa 2012, p. 2). As ISSD Africa states in their Mali Seed Sector Assessment 2012 Briefing Note, these programs support stakeholders in the seed sector through:

- *Enhancement of technical and organizational capacities on seed production and handling.*
- *Facilitation of access to inputs (foundation seeds, fertilizers, and pesticides) and credit.*
- *Marketing of seed through the organization of seed fairs.*
- *Investment in seed storage and conditioning equipment (cleaning, warehouses).*
- *Advice in development of business plans and provision of legal services.*
- *Facilitation of seed certification.*
- *Provision of support in the overall organization and structure of the seed sector. (ISSD Africa 2012, p. 2)*

In certifying seeds, the official procedure includes the "registration of the seed producer; prior notification of variety; location; area of production; etc.; three field inspections (before, during, and after flowering of the crop); sampling; laboratory analyses; and treatment and labelling of accepted seed lots." (Christinck et al. 2018, p. 18). This differs in practice, however, where "the registration of seed producers and the treatment of accepted seed lots are currently not demanded," and there are often fewer than three field visits (Christinck et al. 2018, p. 18).

In terms of seed certification, only the official seed laboratory in Bamako is authorized to do so, meaning it alone analyzes all samples for Mali; however, each district has specially trained agents who can perform field inspections (Christinck et al. 2018, p. 18).

Possible actions include decentralizing seed certification services or implementing seed commercialization based on standards such as Quality Declared Seeds (QDS) to reduce costs and delays caused by the certification process (Christinck et al. 2018, p. 26). The reasons for doing so include the fact that this

system could “match farmers’ experiences and expectations for traditional staple cereals, with responsibility for seed quality borne by those who produce and provide seed.” (Christinck et al. 2018, p. 26) This action could also support the growth of local initiatives in the breeding and seed sectors (Christinck et al. 2018, p. 26).

### 3.2 PROPOSED ACTIONS FOR VCCLIR SEED RECOMMENDATIONS

**VcCLIR 2011/2012 Seed Recommendation 1: Develop the Production of “second-tier” seed (Quality Declared Seed) by rural associations.** *Prioritize the recommendation for production of second-tier seed.* Accessing seed in Mali remains a critical constraint, and the production of Quality Declared Seed has been a proven means of improving access to higher-quality seeds. Quality Declared Seeds are not recognized under existing laws; this issue remains unchanged since 2011.

**VcCLIR 2011/2012 Seed Recommendation 2: Develop and strengthen the capacity of private and SSN certification agencies to certify seeds for quality, purity, and variety in a transparent manner.** *Prioritize the recommendation for private sector seed certification.* While the seed laboratory remains the exclusive certification body, third-party private seed certification agents can serve as a critical means of addressing significant delays and costs associated with seed certification and ultimately help to reduce the time to market for certified seeds.

**VcCLIR 2011/2012 Seed Recommendation 3: Allow dissemination of royalty-free basic seeds to private sector.** *Prioritize this recommendation to improve private sector participation and boost access to royalty-free basic seeds.* This recommendation from the VcCLIR Mali 2011/2012 study remains as an important recommendation to increasing access to royalty-free seeds. The seeds that exist within the public domain should be made accessible for private and public sector development and distribution. Private sector firms relying upon seed importation cause delays and can result in seed varieties that are less tailored to soil and agro-climactic regions of Mali. This remains a priority concern for Mali.

The **Feed the Future Enabling Environment for Food Security** project is a global support mechanism for Feed the Future-focused and aligned Missions and Washington-based USAID offices to address legal, institutional, and regulatory factors that function as market constraints affecting food security.

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## ANNEX I: MALI VCCLIR 2011/2012 RECOMMENDATIONS FOR CONTRACTS AND SEEDS

Contracts	
<i>Recommendation: Develop easily understandable standardized contracts for cereal traders.</i>	
<b>VC(s) affected</b>	Rice, millet, and sorghum.
<b>Region(s) affected</b>	It is suggested that the contracts be piloted in Mopti, since grain traders are closely located to each other, there is a commercial court in Mopti, and the CCIM in Mopti has organized a dispute mediation and reconciliation commission. Alternatively, the contract could be piloted in Niono, since there is a significant amount of trade happening, and the court is active and responsive to the needs of agri-businesses. If there is a positive uptake in the pilot area, the initiative could be expanded to the other regions.
<b>Theme</b>	Encourage the enactment and enforcement of formal contracts.
<b>Fit with Feed the Future strategy</b>	Expands access to short- and medium-term credit.
<b>Why is reform needed?</b>	The vast majority of transactions between cereal traders take place without any written contracts, which makes proving breach of contract difficult. In addition, other systemic issues also make it hard to enforce contracts, including an out-of-date commercial registry and overall mistrust in the judicial system.
<b>Cost of constraint</b>	Wholesalers are reluctant to extend trade credit or terms to trading partners, which in part is due to the fact that it is hard to enforce verbal contracts. There is an increased cost for the wholesaler when he or she is not able to recover a debt, and there is a reduced opportunity for income for the suppliers who have a hard time getting trade credit.
<b>Benefit of reform</b>	A standardized contract that allows the specific terms to be filled out by the parties would encourage and facilitate the use of written contracts. If one of the parties is not living up to his or her contractual obligations, the other party can refer to the written contract as a reminder. Most importantly, a written contract is easier to enforce than a verbal contract by a mediation committee, bailiff, or court. The development of standardized, easily used written contracts could mitigate some of the reluctance actors along the value chain have to extend trade credit to their trading partners.
<b>Obstacles to reform</b>	Oral contracts are part of the business culture. In part this is due to the high illiteracy rate, but it is also partly a reflection of the sense that if a trader trusts his or her business partner, he or she does not need to put it in writing. If standardized business contracts were widely accepted in the grain sector, the use thereof would become a routine procedure without calling a business partner's reliability into question. For the standardized contracts to gain acceptance, it is important to recognize the strong focus on amicable

<b>Contracts</b>	
	settlements in the grain sector. Furthermore, it is important to view this as a targeted intervention to an important segment of the sector that is literate, rather than a program that will be applicable to all actors in the sector.
<b>Fit with other donors</b>	No
<b>Cost of reform</b>	<b>Low</b>
<b>Action steps</b>	<ol style="list-style-type: none"> <li>a. Facilitate focus group discussion with wholesalers and suppliers in Mopti or Niono to determine the strength and weaknesses of current contractual practices.</li> <li>b. Interview lawyers, judges, and bailiffs to determine what should be included in a standardized contract to ensure effective enforcement.</li> <li>c. Discuss what content of a contract is feasible and culturally appropriate in the cereal sector with representatives of APCAM.</li> <li>d. Develop a standardized contract and pilot test the contract among cereal traders in Mopti or Niono. Translate the contract into relevant local languages.</li> <li>e. Make adjustments to the contract based on feedback from the pilot phase.</li> <li>f. Investigate how the contracts are best distributed (multiple institutions such as APCAM, CCIM, and CNPM).</li> <li>g. Consider whether a small fee covering the cost of printing the contracts is appropriate.</li> <li>h. Develop an information pamphlet on how to use the contracts as well as a radio information campaign.</li> <li>i. Consider holding training meetings at the main marketplace for cereal traders in Mopti or Niono.</li> <li>j. Expand the distribution (including training) of contracts to other towns.</li> </ol>
<b>Best practices</b>	N/A
<b>Time frame for reform</b>	One year
<b>Overall feasibility</b>	<b>High.</b> Larger grain buyers and seed companies have developed their own contracts with their suppliers, and there were no complaints about this practice. All contracts had a clause stating that disputes should first be settled in an amicable manner, which should be incorporated in a standardized contract, since that is culturally appropriate.
<b>Overall priority</b>	<b>High</b>
<b>Recommendation: Improve trust in the judicial system by making decisions from the commercial courts publicly accessible.</b>	
<b>VC(s) affected</b>	All

<b>Contracts</b>	
<b>Region(s) affected</b>	All
<b>Theme</b>	Encourage the enactment and enforcement of formal contracts.
<b>Fit with Feed the Future strategy</b>	Improves post-harvest practices and improves household income.
<b>Why is reform needed?</b>	Agribusinesses mistrust the judicial system because they are not confident that it will enforce their contracts in a fair manner. This makes them less willing to take risks by extending trade credit or to deal with business partners with whom they are not already familiar. By publishing commercial court decisions and training journalists on how to report on the judiciary, there will be a greater scrutiny of the judiciary, leading to long-term reform and increased trust in the system by traders.
<b>Cost of constraint</b>	There is a widespread perception that the judicial system is corrupt. As a result, some agribusinesses do not bring debt recovery claims to court but internalize the loss. This practice increases the cost of doing business. Moreover, the perception that the judiciary is corrupt reduces agribusinesses willingness to expand their business dealings beyond their existing long-term relations out of concern that contracts, in particular credit arrangements, cannot be enforced. This practice reduces the opportunities to move into new markets. This is particularly constraining to grain traders, though examples are plentiful across the whole agricultural sector of Mali.
<b>Benefit of reform</b>	Published court decisions bring about more transparency and public scrutiny of the judicial system, which would create a more predictable legal environment for agribusinesses. Hence, publication of the full decisions, including the reasoning, would be an important step towards addressing corruption practices within the judiciary in Mali. By training journalists on the use of commercial court decisions, the press will play an important role in improving public understanding of contract enforcement.
<b>Obstacles to reform</b>	There might be some resistance from the court magistrates as publishing the court cases would expose them to greater public scrutiny. However, the interviews conducted during this assessment did not indicate that this would be a big problem.
<b>Fit with other donors</b>	The World Bank is finalizing an assessment of the commercial court procedures in Mali. The report will include recommendations on specific actions to be undertaken to improve the commercial court. Although the report is not yet made public, the World Bank has expressed interest in publishing commercial court decisions.
<b>Cost of reform</b>	<b>Medium</b>
<b>Action steps</b>	a. Coordinate with the World Bank (WB) to see what specific actions steps the WB is already proposing.

Contracts	
	<ul style="list-style-type: none"> <li>b. If needed, supplement the WB's plan with a technical report on computerizing court cases.</li> <li>c. Train the commercial court magistrates on how to write court decisions, with a focus on the reasoning.</li> <li>d. Train journalists on the use of commercial court decisions to report on the judiciary. Considering the low literacy rate and the popularity of radio, radio journalists should be the focus.</li> <li>e. Organize a workshop that facilitates a dialogue between magistrates and journalists. A similar project in Bosnia found this approach very useful as both professions harbored preconceived notions about the other group, which to some extent were misguided.</li> <li>f. Publicize through radio announcements that the court reform has taken place and what effect it will have on the judiciary.</li> </ul>
<b>Best practices</b>	Albania, Croatia, Serbia, Kosovo, and Vietnam.
<b>Time frame for reform</b>	Some phases are short term but the goal is generational.
<b>Overall feasibility</b>	<b>Medium.</b> USAID has in-house expertise on these types of reforms, which have been done quite successfully in the past in the countries referenced above.
<b>Overall priority</b>	<b>Medium</b>

Seed	
<i>Recommendation: Develop the production of "second tier" seed (Quality Declared Seed, or QDS) by rural associations.</i>	
<b>VC(s) affected</b>	Rice, millet, and sorghum.
<b>Region(s) affected</b>	All cereal-growing regions.
<b>Theme</b>	Access and availability to better-quality seeds.
<b>Fit with Feed the Future strategy</b>	Increases yields, household incomes, and government's capacity to manage agricultural programs.
<b>Why is reform needed?</b>	Current seed legislation recognizes only seed produced through a lengthy, certified, and expensive multiplication process. As such, the commercially available seed produced is too expensive for the vast majority of subsistence and even some commercial producers. Nevertheless, there are good quality and indigenous varieties that are well suited to producers' needs and if multiplied up in a less-costly manner could be sold at a lower price to a wider market, thereby increasing production overall.
<b>Cost of constraint</b>	The main cost involved is the opportunity cost of production foregone, because farmers are unable to access improved seeds. This costs the

<b>Seed</b>	
	sector at least CFA 20 billion per year (based on current rice, millet, and sorghum production and assuming an overall 5 percent increase in yield).
<b>Benefit of reform</b>	The reform should result in a small but significant benefit to many households. The main benefits being increased yields of rice, millet, and sorghum through increased availability of and access to improved seeds, resulting in increased household food security.
<b>Obstacles to reform</b>	There are at least three constraints to this reform. First, existing seed legislation does not recognize any seed other than that produced through a predefined process to which the multiplication of QDS cannot conform. Second, the limited institutional capacity of the Direction National pour l'Industrie (DNI) to certify QDS does not stimulate private sector participation in seed production. Third, many supporting institutions align with the government in favoring the dissemination of higher yielding commercial hybrid seed to subsistence producers and small commercial producers.
<b>Fit with other donors</b>	The FAO is generally supportive of this approach, but other donors are supporting the dissemination of commercial hybrid seed.
<b>Resources required for reform</b>	<b>Medium</b>
<b>Action steps</b>	<ol style="list-style-type: none"> <li>a. Amend the laws relating to seed production (Loi No. 10-032du 12 July 2010: Relative Au Semences D'origine Vegetale and Decret No. 10-428 10 August 2010 Fixant L'Application Des Modalites De La Loi Relative Au Semences D'origine Vegetale) to allow for the production and sale of QDS and introduce new legislation to establish the DNI as the competent authority for the accreditation of certification agencies.</li> <li>b. Provide technical assistance to producer associations to help them produce QDS.</li> <li>c. Provide technical assistance to the Service Semencier Nationale and subsequently the private sector to develop their capacity to certify QDS.</li> <li>d. Provide technical assistance to the DNI to help it develop the technical capacity to accredit other certification agencies.</li> </ol>
<b>Best practices</b>	The use of QDS has significantly improved rice production in Tanzania, wheat in Afghanistan, and peppers in the Bahamas.
<b>Time frame for reform</b>	This reform could be implemented and show positive results on a small scale within a two-year time frame. Its extension across the country might take up to 10 years.
<b>Overall feasibility</b>	<b>High.</b> The commercial companies are unlikely to object. In fact, if they can become the agents that oversee and certify the QDS production, they will immediately benefit through increased sales. Farmers like the QDS system; it uses the varieties they know best and generally want most. The FAO has been promoting this in other countries, and the GoM can go to Tanzania for a quick study tour and see how the system actually works.

<b>Seed</b>	
<b>Overall priority</b>	<b>High</b>
<i>Recommendation: Develop and strengthen the capacity of private and SSN certification agencies to certify seeds for quality, purity, and variety in a transparent manner.</i>	
<b>VC(s) affected</b>	Rice, millet, and sorghum.
<b>Region(s) affected</b>	All cereal-growing regions.
<b>Theme</b>	Access and availability to better-quality seeds.
<b>Fit with Feed the Future strategy</b>	Increases yields, increases household incomes, and increases access to and the consumption of nutritious foods.
<b>Why is reform needed?</b>	Seed certification is carried out by the GoM through DNI, which suffers from insufficient resources. As a result, the amount of improved seed available on the market is limited and there is little incentive for private sector companies to become involved in domestic seed production (since seed certification is a major component of the value added to improved seed).
<b>Cost of constraint</b>	The certification bottleneck creates significant impediments to agricultural growth, since it restricts the availability of improved seed that would improve yields and quality.
<b>Benefit of reform</b>	Increased availability of improved seed could benefit many producers, and the yield increase is estimated to exceed the investment at the producer and national level.
<b>Obstacles to reform</b>	There are both legal and institutional constraints to this reform. The law does not allow for the certification of seed by any agency other than the DNI. The DNI does not have sufficient staff and knowledge/experience to perform the required accreditation, and the private sector would require technical assistance to undertake certification.
<b>Fit with other donors</b>	There are no known donor initiatives in this area.
<b>Cost of reform</b>	<b>High</b>
<b>Action steps</b>	<ol style="list-style-type: none"> <li>a. Draft legislation allowing the development and accreditation of seed certification agencies outside of the DNI.</li> <li>b. Draft legislation empowering the DNI to act as the agency accrediting certification capacity.</li> <li>c. Provide technical support to DNI to develop the required accreditation capacity, possibly through an exchange program with benchmarked countries.</li> <li>d. Provide technical support to private and public seed certification agencies to meet the required standards for accreditation, possibly through an exchange program with benchmarked countries.</li> <li>e. Provide ongoing mentoring of seed certification process until no longer necessary.</li> </ol>

<b>Seed</b>	
<b>Best practices</b>	Accredited private sector seed certification agencies operate in North America, Europe, and South Africa.
<b>Time frame for reform</b>	The initial legal reform can be undertaken within a six-month period. Transferring technical skills will require an additional two years before certification can be undertaken and another two years of mentoring once companies are engaged in certification and the DNI is engaged in accreditation.
<b>Overall feasibility</b>	<b>Medium.</b> The DNI has already highlighted this as an issue (and it was mentioned by the standards authorities in an interview) as a capacity limitation. It can be seen as a positive development towards increased private sector participation and towards the system operated in most other developed countries. However, this is a long-term project.
<b>Overall priority</b>	<b>High</b>
<b>Recommendation: Encourage the dissemination of royalty-free basic seeds to private sector seed companies.</b>	
<b>VC(s) affected</b>	Rice, millet, and sorghum.
<b>Region(s) affected</b>	All cereal-growing regions.
<b>Theme</b>	Access and availability to better-quality seeds.
<b>Fit with Feed the Future strategy</b>	Increases yields, increases household incomes, and increases access to and the consumption of nutritious foods.
<b>Why is reform needed?</b>	Although new seed varieties bred by the public sector are considered within the public domain, the private sector claims to be unable to access such varieties, as a result of the GoM utilizing all the capacity.
<b>Cost of constraint</b>	This restricts the private sector development to the multiplication and sale of imported seed, which may not always be appropriate to conditions in Mali.
<b>Benefit of reform</b>	Increased availability of royalty-free seed would allow the private sector to play a greater role in seed multiplication. If combined with the development of private sector capacity for seed certification, this reform would significantly enhance the role of the private sector in the seed industry over the long term and would reduce the burden on GoM seed multiplication facilities.
<b>Obstacles to reform</b>	There are at least three constraints to this reform. First, existing seed legislation does not recognize any seed other than that produced through a predefined process to which the multiplication of QDS cannot conform. Second, the limited institutional capacity of the DNI to certify QDS does stimulate private sector participation in seed production. Third, many supporting institutions align with the government in favoring the dissemination of higher-yielding commercial hybrid seed to subsistence producers and small commercial producers as opposed to QDS of proven,

<b>Seed</b>	
	but lower-yielding indigenous varieties and cannot be expected to be supportive of this reform.
<b>Fit with other donors</b>	There are no known donor initiatives in this area.
<b>Cost of reform</b>	<b>Low</b>
<b>Action steps</b>	Lobby the government to allow the private sector to access basic seeds bred by the SSN. This should be accompanied with an information campaign to convince bureaucrats and technicians of its importance to the market.
<b>Best practices</b>	N/A
<b>Time frame for reform</b>	The lobbying process may be undertaken over a period of one year, after which procedural reform can be undertaken immediately.
<b>Overall feasibility</b>	<b>Medium.</b> This can be easily achieved, but there may be pushback from government agencies. The law has been around for a few years, and nothing has moved yet.
<b>Overall priority</b>	<b>Medium</b>