Experience brief #001

Re-initiating Direct Seed Marketing in Ethiopia

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This experience brief presents lessoned learned when making efforts to revive Direct Seed Marketing (DSM) in Ethiopia after recent distribution challenges. It summarises key challenges, includingseed carryover and policy gaps, and actionstaken to restoremarket efficiency.

Introduction

Seed plays a critical role in improving agricultural productivity and ensuring food security, provided that farmers have access to quality seed of their demanded Over the years (2011 to 2020), In Ethiopia, Direct Seed Marketing (DSM) has been promoted as a market-oriented approach that enabled seed producers to sell directly to farmers or through decentralized market channels and the process was culminated with seed marketing directive in 2019. This system improved efficiency by aligning supply with actual farmer demand, enhancing accountability, and facilitating timely access to quality seed. During its peak implementation in 2020, DSM accounted for 67% of national seed sales, demonstrating its effectiveness in reducing inefficiencies in the seed distribution system and lowered carryover seed below 5%.

However, after 2020, the seed marketing system shifted back toward a more centralized, quota-based allocation mechanism, resulting in a decline in the share of DSM. For example, the proportion of maize and wheat seed distributed through DSM decreased from 83% and 58% in 2020 to 67% and 31% in 2022, respectively. This shift can be attributed to a combination of systemic, institutional, and external factors. While DSM aimed to improve efficiency, one of the concerns from the beginning was equitable access for smallholder farmers, especially in remote and pocket areas because of which multiple marketing channels were accommodated in the seed marketing directive. The concern is also linked to conflict of interest as government structure are limited to distribute seed, which was one of their primary functions. The external shocks, including the COVID-19 pandemic, and conflicts in several parts of the country, which affected seed production, as well as movement of seed created additional reason for government structure to engage in seed distribution. In addition, gaps in policy and regulatory frameworks, such as unclear implementation guidelines and weak accountability mechanisms created operational challenges under DSM. All together reverted seed marketing to conventional, quota-based and administratively driven distribution mechanisms.

Key messages

- Direct Seed Marketing (DSM) has proven to enhance efficiency, accountability, and timely access to quality seed by aligning supply with farmer demand in Ethiopia.
- The shift back to quota-based, centralised seed allocation has led to significant inefficiencies, including high seed carryover and weakened incentives for investment in the seed sector.
- Stakeholder consultations and assessments highlight the need to reduce administrative interference, improve demand forecasting, and promote market-driven approaches for seed distribution.
- Effective implementation of DSM requires strong coordination, transparent dialogue, regional ownership, and robust regulatory oversight to address illegal trade and ensure fair competition.
- Continuous engagement, adaptive learning, and institutionalising DSM as the primary marketing approach are essential to creating a more efficient, accountable, and resilient seed sector in Ethiopia.

The challenge: Seed carryover in 2025

In 2025, Ethiopia faced a major challenge of seed carryover, with over 41,275 tons of seed (about 25% of total supply) remaining unsold. Public seed enterprises were disproportionately affected, accounting for approximately 95% of the carryover, while major crops such as hybrid maize, wheat, and teff constituted the bulk of unsold seed. This situation highlighted systemic inefficiencies in seed production planning, marketing, and distribution.

The consequences of high seed carryover High seed carryover caused financial losses for producers, storage cost hikes, delays for farmers, reduced seed sector investment, and hindered efforts to boost certified seed use and agricultural productivity.

Steps Taken to Re-initiate Direct Seed Marketing

Understanding the root causes and solutions for carryover seed

Assessment was conducted in December 2025 by a joint team from the Ministry of Agriculture (MoA), the Ethiopian Institute of Agricultural Research (EIAR), and the Ethiopian Seed Partnership (ESP). It covered four major regions namely Amhara, Oromia, Central Ethiopia, and Sidama selected for their significant role in seed production and distribution. The study involved consultations and interviews with key sector actors to better understand the underlying causes of the challenges observed, as well as to gather proposed solutions and perspectives from stakeholders across the seed value chain.

The findings revealed several systemic challenges requiring urgent administrative action, including the quota-based allocation system restricting seed movement across regions, discouraged active marketing, and contributed to mismatches between supply and demand. In addition, inflated demand forecast due to weak demand collection, limited use of digital platforms, and the decline of DSM after 2020 reduced the system's ability to deliver qualityseeds in a timely and demand-driven manner. The assessment also highlighted administrative interference at multiple levels, creating bureaucratic barriers and limiting the efficiency of seed producers, while weakening accountability and blurring institutional roles. Declining seed quality has further eroded farmer trust in the formal system. At the same time, the expansion of illegal seed trade, particularly in hybrid maize undermines legitimate actors and raises concernsabout seed authenticity. Weak promotion of public varieties, along with the absence of a clear licensing system, has also constrained the adoption and visibility of improved seed varieties.

To address these challenges, the study proposed several strategies, with a primary focus on reducing reliance on quota-based seed allocation systems, strengthening market regulation and promoting DSM. DSM is a market-driven approach that aligns supply with demand by enabling companies to sell seeds to farmers directlyor through theirown market channels. Given the serious natureof the problem that came out from the assessment, the ministry also validated the proposed solutions of the assessment findings for actionable solutions.

Stakeholders consultative workshop at national and regional levels

A national consultative workshop was organized in January 2026 by the MoA in collaboration with stakeholders, including regional authorities, seed enterprises, private companies, cooperatives, and development partners.The workshop served as a platform to present findings from the carryover seed assessment and build consensus on the way forward.

During the workshop, evidence from previous DSM implementation was presented, highlighting its effectiveness in improving seed quality, ensuring accountability, facilitating seed movement across regions, and significantly reducing carryover. Stakeholders acknowledged the severity of the problem and agreed on the need to transition from quota-based allocation to a more market-oriented system. The MoA confirmed its commitment to resume DSM, while maintaining limited and time-bound quota allocation for specific cases such as multinational companies' hybrid maize.

Following the national workshop, regional consultative meetings were conducted between January and April 2026, in regions of Amhara, Oromia, Sidama, Central Ethiopia,South Ethiopia and Southwest Ethiopia. These consultations focused on presenting and validating the key findings and recommendations with stakeholders and designing adaptive DSM implementation plan based on regional contexts. The process emphasized shared responsibility, regional ownership, and continuous follow-up to ensure successful rollout.

Stakeholders' reflection about seed marketing inefficiencies

Despite the national workshop's decision to reinitiate DSM, regional stakeholders voiced differing views during the regional workshop, highlighting underlying tensions in seed sector governance. One group of actors strongly emphasized that administrative interference from BoAs at various levels continues to constrain efficient seed marketing. The seed producers for instance argued that these interventions often manifested through directives, allocation controls, and informal influence limit their ability to respond to market demand, move seed across regions and operate competitively. Fromtheir perspective, such restrictions not only reduce businessincentives but also contribute to inefficiencies like delayed delivery, mismatched supply, and increased seed carryover.

Another group of actors, primarily the regional BoA structures, expressed reservations regarding some of these claims, emphasizing that their involvement is essential to fulfill their mandate of ensuring seed access for smallholder farmers. They tend to view theirrole as central to safeguarding equitable distribution and preventing market failures, particularly in areas where access by seed producers is limited. As a result, BoAs often perceives quota-based allocation as a practical tool to manage supplyand guarantee that seeds reach intended beneficiaries. However, this position is also influenced by individual interests from the agricultural officesat different levels, in some cases, incentive-driven behaviours that motivate continued engagement in seed marketing activities.

These contrasting viewpoints have created a complex policy and operational environment, where efforts to re-vert toward DSM face resistance from partsof the government actors while gaining strong support from market actors (seed producers, agents/agro dealers). These actors demonstrate a clear willingness to re-initiate DSM, recognizing its advantages in improving efficiency, accountability, and responsiveness to farmer demand. The challenge, therefore, lies in reconciling these competing interests by redefining roles, strengthening accountability mechanisms and building trust among stakeholders. Achieving this balanceis essential for creating a more transparent, market-oriented, and effective seed system that serves both producers and farmers.

Key lessons learned

The past experiences with DSM implementation and the current assessment findings highlights several importantlessons for seed sector development in Ethiopia. First, market-based approaches such as DSM are more effective in aligning supply with demand comparedto centralized allocation systems. Restricting market functions can leadto inefficiencies, including surplus production and unmet demand in other areas.

Second, strong coordination and stakeholder engagement are essential for addressing systemic challenges. The involvement of multiple actors including federal and regional governments, private companies, agro-dealers, and cooperatives was critical to building consensus and fostering collective action. Transparent dialogue and evidence-based decision-making also played a key role in recognizing and addressing the root causes of seed carryover.

Third, flexibility and regional ownership are crucial for successful implementation. While national-level guidance is important, regions must be convinced about DSM and adapt to their specific contexts. This includes strengthening institutional capacity, improving information systems, and promoting accountability among all actors in the seed value chain.

Recommendations

In order to reintroduce and fully implement DSM in Ethiopia, several actions should be taken into consideration.

- Fully institutionalize DSM as the primary seed marketing approach, while minimizing reliance on quota-based allocation systems. This will help to enhance efficiency, encourage competition, and improve service delivery to farmers.
- Improve demand forecasting and data management systems to ensure better matching production and actual market demand. This includes data sharing among stakeholders and making use of Ethio-Seed digital platform for real-time information.
- Enhance regulatory oversight and minimize unnecessary interference in seed marketing activities, while addressing issues related to illegal seed trade and promoting fair competition. At the same time, efforts should be made to improve the capacity of various stakeholders including seed producers, cooperatives, agro-dealers and regulatory bodies for efficient implementation of DSM.
- Continuous stakeholder engagement, coordination and monitoring the DSM implementation status should be ensured at all levels. This will ensure full implementation of DSM, enhance alignment, accountability, and adaptive learning, ultimately contributing to a more efficient, and liberalized seed market system in Ethiopia.

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