

## Victoria Seeds: changing lives through wealth creation

Josephine Okot



It was in 2004 that I saw an opportunity to establish a company offering a full range of seeds, and was inspired to create Victoria Seeds. My aim was to deliver quality seeds to smallholder farmers in Uganda to improve both yields and livelihoods. At the time, I believed the development and dissemination of high-yielding seed varieties was the primary technological force for driving up crop productivity – hence the country's need for a robust seed market.

Accessing start-up capital from a commercial bank was out of the question because I had

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no credit history, but this was not going to make me give up. I was passionate, believed in myself and, as a result, secured a small bank loan guarantee from a project under the United States Agency for International Development (USAID). With that limited amount of capital and a workforce of five people, our journey began.

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The source of my initial idea was the observation that the majority of yields achieved by Ugandan farmers were much lower than those realised by research activities – at times one third lower. This underperformance could mainly be attributed to the limited availability of improved seed and the absence of extension services. I was also driven by the desire to try to make a difference to the lives of rural women in Uganda, since my own father had died when I was only six years old, leaving my mother – who was a school teacher – to bring up seven children on her own. While growing up, I had the experience of seeing women holding their families together, heading households during civil war, and taking responsibility for most of the agricultural production in Uganda.

A key growth accelerator for Victoria Seeds was the policy environment at the time of our founding. The government of Uganda had just launched the very effective Plan for the Modernisation of Agriculture. Under that policy there was a radical move away from traditional top-down government-led extension services to a privatised demand-led service. A government body – the National Agricultural Advisory Services (NAADS) – was formed to make the appropriate changes, providing a programme of subsidised input supply, and establishing countrywide technology demonstrations for proof of concept.



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So it was a very inspiring time, since the demand for improved seed was really growing, and there was a domestic market potential of more than 35,000 tonnes.

Victoria Seeds made a modest start with 800 tonnes marketed in 2004, reaching an annual figure of 3,000 tonnes by 2010. During the 2010 season, agro-dealers queued at our company gate to buy seed – making seed

trade truly exciting. Demand for hybrid maize seed grew from just 100 tonnes per annum in 2000 to more than 2,000 tonnes in 2012. The private sector had been entirely dependent on the national programme for new hybrid maize varieties in early 2000, but by 2013 this had changed, with the National Variety Release Committee releasing and registering our own first hybrid maize varieties – Victoria 1 and Victoria 2.

Over time, our original business idea has evolved as we have adapted to market opportunities and threats. Our product range has expanded from agricultural seeds (cereals, legumes, oilseeds) to vegetable, pasture and horticultural seeds as well as crop-protection products. Our vision has also broadened in the sense that we had initially focused only on what was right for the economic side of the business. But as time went on we understood from other successful entrepreneurs that, when you focus on factors in addition to financial returns, the rewards are more sustainable and longer lasting. So we have incorporated an explicit social focus into our business model. We really strive to make sure that as we grow, we also have a very strong corporate social responsibility component, which is not generally typical of small- to medium- sized enterprises such as ours.

We ensure that at least 70 per cent of seed-producing out-growers recruited each season are female. In doing so, we are economically empowering women by engaging them in the regional seed industry supply chain and training them

### Timeline

- 2004** Josephine Okot founds Victoria Seeds Ltd.
- 2006** Research and product development is underway.
- 2007** Victoria Seeds is named *Investor of the Year* by the Uganda Investment Authority.
- 2007** The second seed factory is constructed and commissioned at Gulu, northern Uganda.
- 2007** Okot is awarded the *Yara Prize for a Green Revolution in Africa* by the Norway-based Yara Foundation.
- 2008** Okot is nominated *Uganda's Torch Bearer for Millennium Development Goal 3* (to promote gender equality and empower women).
- 2009** Okot is awarded the *Oslo Business for Peace Prize*.
- 2010** Focus on capital injection, long-term loans and equity to finance growth.
- 2011** Victoria Seeds wins an *Africa Award for Entrepreneurship* and diversifies into crop-protection products, becoming a provider of agro-solutions to farmers.
- 2011** The third seed factory and a sales outlet is constructed and commissioned in Masindi, western Uganda.
- 2012** Construction of a new head office and factory is completed at the Kampala Industrial Park.
- 2013** Victoria Seeds is the proud recipient of the *Uganda Responsible Investment Award – Best Seed Company 2013*.



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in seed production. We offer appropriate machinery for production and post-harvest work that eases them from the arduous and time-consuming task of using the hand hoe and other rudimentary post-harvest equipment. And we offer input credit and training in entrepreneurship to build their capacity for access to production loans. Overall, we are transforming subsistence-based producers into commercial farmers and enhancing the participation of women farmers in off-farm economic activities.

During 2012, Victoria Seeds spent US\$ 1.8 million on seed procurement from 707 smallholder farmers under contract farming, enabling them to achieve annual income levels greater than those of primary school teachers. Furthermore, our annual report noted that engaging farming households in contract production with a guaranteed market reduced domestic violence by 60 per cent.

The sustained production of seed of appropriate genetic, physiological and phyto-sanitary quality, and farmers' timely access to it are the basic features of a well-functioning seed system. Cost-benefit analysis of open-pollinated varieties of maize compared to hybrid maize production in Uganda shows an average mark-up of 60 per cent for hybrid maize and only 20 per cent for open-pollinated varieties grown under optimum conditions. Hybrid vegetable mark-ups can be as much as 80 per cent of production costs. These statistics are powerful motivators for the adoption of high-input farming by smallholder farmers, and so we offer crop demonstrations to Uganda's estimated 5–6 million farming-dependent households.

Another growth driver has been the numerous accolades we received for our work from 2007 onwards, such as the Yara Prize for a Green Revolution in Africa, the Investor of the Year prize from the Uganda Investment Authority, and Africa Awards for Entrepreneurship, which cited Victoria Seeds as one of the promising enterprises in Africa – not in terms of revenue, but because it had the building blocks for a successful business, including the necessary management system for ensuring ethical business practices and for supporting, promoting and mentoring women. Our most recent award was for Best Seed Company 2013. These commendations have given us the will to continue doing what we do and provided us with valuable credibility.

### Challenges

Some of the challenges we have encountered have been linked to the deterioration of the Ugandan policy environment. Weak regulatory enforcement has resulted in the uncontrolled supply of counterfeit seeds and crop-protection products, which has really undermined our market. From a business standpoint we have seen our profits stall, and the seed market has been seriously hurt over the last three years by the inability of the National Seed Certification Service to prevent fake products from entering the market. In addition, even though the situation has improved since we started, financial products structured for agribusiness are still limited and access to finance is both expensive and erratic. For instance, in 2011, inflation driven by food shortages drove the commercial bank interest rate up to 30 per cent.

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that factor into the terms of loans the market and environmental risks that have a particular impact on agribusiness, for example adverse weather patterns such as drought or flood. If this is not done, then entrepreneurs are left to bear the risk of climate change, which will stifle the entrepreneurial spirit and in adverse circumstances may lead to collapse of the industry.

Despite these concerns and constraints, our team of professionals is proud to have grown Victoria Seeds into Uganda's largest seed house in terms of asset value, exporting beyond national borders to the regional market.

### Further reading

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**Josephine Okot** is the Founder and Managing Director of Victoria Seeds Ltd, Uganda. She founded the company in 2004 and has grown it from a struggling start-up to become Uganda's leading seed house in the domestic market as well as exporting to the regional market. Her outstanding work has been recognized through numerous national and international awards. She has played a leadership role in a number of distinguished organisations, having served on the Boards of the Uganda Investment Authority, the African Seed Trade Association, the African Agricultural Technology Foundation and presently Stanbic Bank Uganda Ltd. [jo-seeds@infocom.co.ug](mailto:jo-seeds@infocom.co.ug).