

# ISSD Uganda



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## The seed box approach

### Mobilising internal resources by local seed businesses

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*"I had problems raising enough money to buy foundation seed for two acres of simsim (sesame) and one acre of cas-sava. But now this no longer a problem. I plan well in advance and put a small amount of money in a 'seed box' each week so when the time comes I buy foundation seed easily."*

**Beatrice Akuku, Amadrimaa Local  
Seed Business (LSB), West Nile.**

Access to financial resources is a key challenge for LSBs. Already weak links with external financial sources are constrained by high interest rates, perceived risks associated with agribusiness, and demand for collateral to secure finance. Existing internal financial resource mechanisms are inadequate due to LSB's small capital base, insufficient internal group saving initiatives or competing interests between individual or group investments. To tackle these challenges, an innovation called the 'seed box'

was introduced and adopted by LSB groups in 2014. This has resulted in timely acquisition of funds to enable the prompt booking and purchase of foundation seed. As a result, there has been increases in seed acreages due to timely availability of foundation seed which enables timely planting.

The whole process was guided by the LSB resource mobilisation and finance committees, which coached and mentored LSB members in the seed box approach to ensure success. The seed box keeps LSB savings on track, which enables it to acquire essential production inputs in time. LSB mobilisation of internal resources for investment is critical and should be planned in advance for timely accumulation of savings to meet targets with minimum financial burden to households.

#### **Background**

LSBs are entrepreneurial farmer organisations that produce and market quality seed of farmer-preferred varieties and they are encouraged to be innovative in dealing with challenges. Mobilising adequate resources for timely acquisition of foundation seed and other inputs is a particular challenge that all LSBs face.

**Box 1: Essential resources for successful LSBs**

- Land suitable for seed production, enabling proper crop isolation required for seed quality assurance, and with good fertility;
- Enough land to practice crop rotation cycles and not prone to erosion and flooding;
- Required quantities of foundation seed from research and other inputs like fertilisers and crop protection inputs (pesticides/herbicides);
- Tools and equipment for cultivation, post-harvest handling (e.g. tarpaulins) and field operations;
- A store to keep seed safe and maintain seed quality;
- Packaging materials and labels, adequate working capital to meet operational costs, stationery;
- Production and market record books and ledgers;
- Committed LSB members and leaders at management and committee levels.

Foundation seed is a principal input for seed production. LSBs are normally required to book foundation seed in advance to access it in time for planting but this is constrained by limited capital. Some selected farmer groups are also used to receiving free inputs. But the LSB emphasises a more sustainable approach, which involves promoting skills in

seed entrepreneurship and resource mobilisation (see Box 2).

This experience changed LSB members' attitudes. Members are now happy and have realised that it's important to plan and mobilise their own resources as long as there is market and profit at the end of the day.

**Box 2: Experience with savings: the Agieramach Ogiebu Women for Development LSB group**

The Agieramach Ogiebu Women for Development Group participated in an Alliance Green Revolution in Africa (AGRA) seed multiplication project in Abi Zonal Agricultural Research and Development Institute's (ZARDI). The group received training and free foundation seed every season for seed multiplication. After harvest the group sold all the seed. When ISSD selected the group for its project, they expected the same to continue. ISSD staff explained that they do not give free seed. Instead ISSD trains groups on seed production, business planning and marketing and links groups with research to acquire foundation seed.

Group members wondered whether this was going to work. Although reluctant, members were advised to start a savings plan for acquiring seed according to individual needs and group production targets. The LSB planned for the 2013 second cropping season (2013B) because they were unable to save enough for the 2013 first cropping production season (2013A). The LSB agreed on weekly savings of an average of UGX 3,000 per member and at the beginning of the 2013B season they had accumulated enough money to buy seed for 5 acres of beans. Foundation seed was ordered from the National Crop Resources Research Institute (NaCRRRI)-Namulonge. Fortunately their seed harvest was good and they sold over 1 MT of beans seed to the NAADS programme.

*"Now we know it's our business and we are determined to look for resources and invest in it to grow," says Mzee Nasereno, marketing chairperson, Agjeramach Ogjebu Women's LSB in Zombo district.*

### Mobilising internal resources

LSB resource mobilisation involves maximising and making better use of existing resources, and activities to secure new and additional resources. This allows the business to improve and sustainably scale-up LSB seed to its customers.

LSB members and committees decide what seed production inputs to invest in, when to focus on non-financial resources and when to seek financial resources. The idea is to

generate internal funds as opposed to looking for external sources, which usually carry high costs and increase LSB vulnerability. External funding, in the form of loans or grants, may only be considered when use of only internal funds would limit business growth. The capacity of a LSB to appropriately mobilise resources is thus a good indicator of their business prowess. For this, the LSB needs proper planning mechanisms and an understanding of resource mobilisation processes. Most groups already have a Village Savings Loan Association (VSLA) where periodic savings are mobilised and loans provided to group members for emergency needs, welfare, social issues, and school fees etc.

The first step in setting up a seed box is to discuss and map challenges and opportunities of existing resource mobilisation schemes available. These may include: 'merry-go-round' or

**Table 1: LSB resource mapping**

Resource Need	Source of funds	Why/purpose?	Associated challenges	Solutions/mitigation
<b>UGX 2,400,000 to buy 20 bags of foundation seed for Irish potato</b>	• VSLA	<ul style="list-style-type: none"> <li>• Already in place/existence</li> <li>• All members contribute</li> <li>• Main source of financing needs</li> </ul>	<ul style="list-style-type: none"> <li>• Funds not enough</li> <li>• Other emergency needs</li> <li>• Funds diverted</li> <li>• Time of sharing out usually off season</li> </ul>	<ul style="list-style-type: none"> <li>• Proper planning and monitoring</li> </ul>
	• Membership fees (registration, annual subscription, share capital)	<ul style="list-style-type: none"> <li>• Already in place</li> <li>• All members contribute</li> </ul>	<ul style="list-style-type: none"> <li>• Membership fees payable once</li> <li>• Not adequate, payable once or once a year and in small amounts</li> </ul>	<ul style="list-style-type: none"> <li>• Higher fees</li> </ul>
	• Commission on seed sales	<ul style="list-style-type: none"> <li>• Can apply to all seed growers</li> </ul>	<ul style="list-style-type: none"> <li>• Non-compliance by most members</li> <li>• Low volume of sales</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure all pay</li> <li>• Put in place nominal/affordable rate</li> </ul>
	• Disposal of household assets	<ul style="list-style-type: none"> <li>• Available</li> </ul>	<ul style="list-style-type: none"> <li>• Not sustainable</li> </ul>	<ul style="list-style-type: none"> <li>• Proper planning</li> </ul>
<b>UGX 1,500,000 to buy bean seed for 10 acres</b>	• Crop sales	<ul style="list-style-type: none"> <li>• Can apply to all members</li> </ul>	<ul style="list-style-type: none"> <li>• Competitive needs</li> </ul>	

rotating savings and credit associations (RO-SCAs); VSLAs; membership fees; share capital; annual subscription; penalty fee; commission on seed sales (percentage range); and crop sales from group or individual gardens.

ISSD experts mapped and assessed financial resources against needs for each LSB group. Each source had limitations (see Table 1).

In the past, LSB acreages under seed production were small due to limited access to foundation seed funds. Existing sources were not used for LSB activities but other needs such as members' children's school fees and members' general welfare. There is therefore a need to develop more innovative ways of mobilising internal resources and 'saving with purpose'. This is how the 'seed box' was born.

### What is a 'seed box'?

LSBs defined specific saving goals and resource requirements to develop a savings plan using the seed box approach. The seed box approach works on the principle of saving on a schedule for specific investments. Ten LSBs in West Nile evaluated their resource needs to achieve individual and group business targets for a given season (see Table 2).

Watembu LSB planned to grow 27 acres of sesame - each member cultivating one acre. In total, 81 kg of seed was required worth UGX 648,000. The seed was needed by 10th June 2014. Members agreed that each person saved UGX 4,000 per week in the seed box consistently for four weeks beginning May 2014. Members met every Saturday starting from early May so, by the end of the month each person was expected to con-

**Table 2: Estimating resource needs required for 27 LSB members**

LSB resource goal	Funds required	Money due	Savings per week
<b>Money for 600 kg of foundation seed of beans K132 to plant 20 acres</b>	UGX 3,000,000	20 weeks till June 30 <sup>th</sup> 2014	Whole LSB: UGX 3,000,000 divided by 20 weeks = UGX 150,000/week  Per member: UGX 150,000/27 = <b>UGX 5,555/member/week</b>
<b>Money for ox plough and 4 oxen for land preparation to be acquired by 2015 February 28th</b>	UGX 2,800,000	44 weeks till 28 <sup>th</sup> February 2015	Whole LSB: UGX 2,800,000 divided by 44 weeks = UGX 63,700/week  Per member: = 63,700/27 members = <b>UGX 2,360/member/week</b>

**Table 3: LSB seed box data record sheet; weekly savings against individual targets**

#	Names	May 2014			
		3/5/14	10/5/14	17/5/14	24/5/14
1	<b>Opoka James</b>	UGX 4,000	UGX 4,000	UGX 4,000	UGX 4,000
2	<b>Malboro Wilfred</b>	UGX 3,000	UGX 4,000	UGX 3,000	UGX 3,000
3	<b>James Mave Enoka</b>	UGX 3,500	UGX 4,000	UGX 3,000	UGX 3,000
	<b>Weekly totals</b>	<b>UGX 10,500</b>	<b>UGX 12,000</b>	<b>UGX 10,000</b>	<b>UGX 10,000</b>



*Figure 1: LSB meeting to collect seed box funds*

tribute an average of UGX 16,000. Table 3 shows progress and relevant actions needed to meet the target.

The finance and resource mobilisation committee manages the seed box. Usually the committee acquires a safe box with multiple locks and keeps each key separately and safely. This committee meets on a weekly basis to receive contributions from savings per member (see Figure 1).

LSBs received tailored training and coaching on resource mobilisation from ISSD. Committees were also trained on roles, group dynamics and trust building to enhance good committee governance. All LSBs in West Nile

were trained on the seed box. Of these, four LSBs are actively implementing the seed box with routine collections recorded on a weekly basis (see Figure 2). The other six groups waited to see how the approach would work. Significant funds helped groups acquire foundation seed from research organisations for different crops and varieties.

The four participating LSBs collect an average of UGX 1,000-5,000 a week per member. The amount collected depends on member capacity i.e. as much as they can afford without compromising other needs. This is based on the principle that “little by little makes a bundle”, encouraging small steps towards accumulating enough resources.

Totals for each individual per month		Remarks on meeting the required target	Remedial action needed
<b>End of May/person</b>			
	UGX 16,000	Okay	None
	UGX 13,000	Below target	Supplement with resources from crop sales
	UGX 13,500	Below target	Supplement with resources from crop sales
	<b>UGX 42,500</b>	Monthly saving below target	
	(target for these three members = UGX 48,000)		



Table 4: LSBs accumulated savings and investments from 2013 to 2015

LSB		2013	2014	2015
<b>Amadrimaa Farmers Association</b>				
	No. of members	64	45	51
	No. of members using seed box	-	30	31
	No. of seed growers	5	31	37
	Average savings per week	-	UGX 37,000	UGX 40,000
	Average savings per season	-	UGX 982,000	
	Quantity foundation seed bought from research	18 kg	94.5 kg	165 kg
	Production acreage	6	32	164*
	Volume produced (kg)	675	4,679	18,200*
	Income in UGX	5,062,500	37,488,000	54,600,000*
<b>Kololo Area Savings Initiative</b>				
	No. of members	39	39	42
	No. of members using seed box	-	29	34
	No. of seed growers	18	29	34
	Average savings per week	-	33,000	51,000
	Average savings per season		855,600	
	Quantity foundation seed (Beans)		650 kg	12,720 kg
	Production acreage	15	26	65*
	Volume produced (kg)	2,000	5,183	6,600*
	Income in UGX	4,000,000	15,549,000	19,800,000*
<b>Marikulu Farmers Association</b>				
	No. of members	60	71	71
	No. of members using seed Box	-	24	38
	No. of seed growers		24	38
	Average savings per week in UGX	-	35,000	45,600
	Average savings per season in UGX	35,000	1,270,000	1,368,000
	Qty foundation seed purchased (kg)	-	141	1,379
	Production acreage	-	43	58.5
	Volume produced (kg)	-	7,370	16,850*
	Income in UGX	-	22,110,000	42,125,000*
<b>Watembo farmers Group</b>				
	No. of members		20	21
	No. of members using seed Box	-	20	20
	No. of seed growers	17	20	20
	Average savings per week	-	25,000	30,000
	Average savings per season	-	652,900	720,000
	Production acreage	20	32	23*
	Volume produced (kg)	3,600	5,780	5,546*
	Income in UGX	5,504,400	16,462,500	13,865,000*

Note: \* estimate figures since actual figures are not yet verified

Savings continue for six months, on average, which is generally sufficient to save adequate capital for investment in foundation seed. The seed box approach catalysed change amongst LSB members and they are now confident that, with proper planning, they can achieve any seed business target. Table 4 presents savings data for the four LSBs that embraced the seed box approach.

The top photograph shows a grid of handwritten numbers, likely representing savings data for multiple members over time. The bottom photograph shows a list of member names with corresponding numerical data, including names like KENNETH AMUKU, FALUNE DUMU, and others.

Figure 2: LSB seed box record

LSBs were able to accumulate savings for acquiring foundation seed with ease through use of the seed box. For example, Amadri-maa LSB acquired simsim (Sesame 2 variety) seed from the National Semi-Arid Resources Research Institute (NaSARRI) for six acres in 2013, 32 acres in 2014 and 55 acres in 2015. This would not have been possible without using the seed box in 2015 because the LSB was required to book and purchase seed worth UGX 1,320,000. Accumulation of LSB group capital for investment enabled LSB members

to increase their acreage in 2014 compared to 2013 when the seed box was not in place.

In 2015, various LSBs increased their seed acreage: Kololo Areas Savings Initiative LSB group increased its acreage from 10 to 26 acres and successfully planted 650 kg of beans (Nabe 16 variety); Marikulu Farmers Association acquired foundation seed and planted 47 acres by acquiring 141 kg of simsim. In addition, Watembo LSB acquired 96 kg to plant 32 acres of simsim.

**The seed box: an effective internal resource mobilisation tool**

*"The seed box has made resource mobilisation in the group easier. We plan ahead and each person contributes savings of UGX 1,000 per week. We are now able to acquire seed and plant at the right time. Our next target in 2016 is UGX 3,000 per member per week ... as we need to accumulate more capital to invest in our seed business."* **John Poru, chairman, Marikulu Farmers Association LSB, Kuluba sub-county, Koboko district, West Nile.**

Good quality LSB governance structures determine the seed box success. The finance and resource mobilisation committee needs clear terms of reference to understand their roles and the ability to use performance measures on a routine basis. It is also important for the committee to know the amount of funds needed and how much each member should contribute.

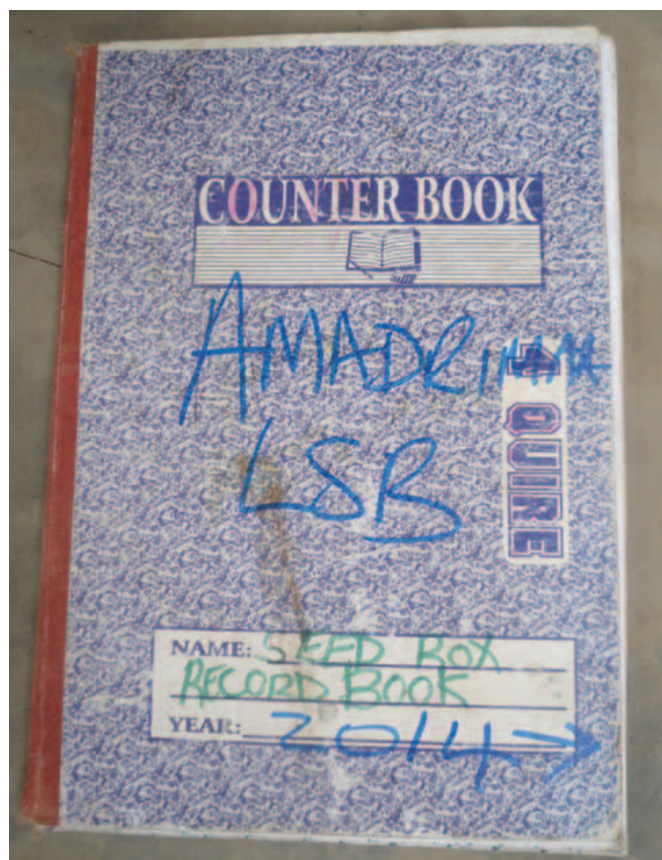
Experience sharing during twinning visits encouraged LSBs to upscale the use of the seed box. Other LSBs shared their practices, lessons and successes with each other.

Finally, the seed box must be encouraged as an internal resource mobilisation tool in all LSBs groups. This will ensure timely access to foundation seed and reduce reliance on external resources. Effective linkages to seed markets are a motivating factor for success and ensure long-term sustainability. LSBs should plan realistic targets and empower members to meet investment goals through small accumulated savings for a purpose.

*“After our seed production planning meeting, we were worried about how to raise all the funds we needed for foundation seed. With the introduction of the seed box, we were sure of accumulating enough funds to book and purchase our sesame seed from NaSARRI breeders. All members planted their target acreage.”* **Amin Odia, chairperson, Watembo Farmers Association, Wadelai sub-county, Nebbi district.**

## References

- ISSD Internal Coaching Reports
- LSB seasonal production records



## Colophon

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