
President's report on a proposed grant under the global/regional grant to Seed Systems Group for Sustainable Seed Systems for Drought Response in the Greater Horn of Africa

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Action: The Executive Board is invited to approve the recommendation contained in paragraph 27.

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Financing summary

| | |
|--|--|
| Initiating institution: | IFAD |
| Borrower/recipient: | Seed Systems Group |
| Executing agency: | Seed Systems Group |
| Total programme cost: | US\$2,200,000 |
| Amount of IFAD grant: | US\$1,500,000 |
| Cofinanciers: | Seed Systems Group: US\$400,000 Farm Input Promotions Africa Ltd: US\$300,000 |
| Terms of cofinancing: | In kind |
| Contribution of borrower/recipient: | US\$400,000 |
| Financing gap: | US\$2,200,000 |

President's report on a proposed grant under the regional grant to Seed Systems Group for Sustainable Seed Systems for Drought Response in the Greater Horn of Africa

I. Background and compliance with the IFAD Regular Grants Policy

1. As outlined in the joint statement by IFAD, the Food and Agriculture Organization of the United Nations, the World Food Programme and the United Nations Children's Fund, the ongoing drought in the Horn of Africa has left over 20 million people facing extreme hunger, and compounds other rural livelihood challenges, including the COVID-19 aftermath, and inflation and supply chain disruption from the war in Ukraine.
2. In this context, building localized sustainable systems for supplying high-yielding climate resilient seeds for smallholders is a priority in the four countries (Djibouti, Eritrea, Somalia and South Sudan) covered by this grant. It is also highlighted as a priority under pillar 3 (enhanced production and livelihood diversification) and pillar 4 (disaster risk management, preparedness and effective response) of the Drought Disaster Resilience and Sustainable Initiative of the Intergovernmental Authority on Development, who have endorsed this proposal. This is because of the proven yield and resilience benefits of these varieties, and because building sustainable local seed supply systems helps to reduce reliance on relief seed operations and costly imported seed.
3. Despite the clear need for a response to the drought and other challenges, public investment in agricultural research is limited, and internationally funded programmes to date have failed to promote sufficient uptake among smallholders. Meanwhile, extension systems remain weak due to the post-conflict context and geographic dispersion, and lack of localized solutions for technology dissemination. The grant addresses these challenges through local, innovative and context-specific solutions for agricultural research, seed production and distribution. Also, by addressing the challenge of uncertain seed supply and high seed prices, the grant will provide the security for farmers to adopt new technologies and invest in other inputs for much-needed yield gains. Finally, investments in such systems are also highly efficient given their high potential outreach, with a previous IFAD grant to the same grantee – Seed Systems Group (SSG) – of US\$2.9 million through the Rural Poor Stimulus Facility (RPSF) reaching 100,000 households with improved seeds at just US\$29 per beneficiary.
4. By building sustainable and resilient seed supply systems, the grant will also promote long-term productivity gains that produce surplus for sales to sustainably increase incomes, food security and nutrition, building resilience to climate change. Sustainability will be particularly enhanced by supporting ownership of the systems by governments as well as key private sector actors. The activities will also complement long-term development goals pursued by IFAD projects. Thanks to the RPSF grant, for instance, challenges faced by beneficiaries of the IFAD-financed South Sudan Livelihoods Resilience Programme in South Sudan are already being mitigated by the availability of higher-yielding bean and maize seed.
5. This proposal aims to scale up the strong results of the RPSF grant. Covering the same four countries, the RPSF grant established seed supply systems based on public-private-producer partnerships tailored to each country's agricultural, political, and social contexts. The grant focused on existing crops and introducing new varieties. In terms of seed production, this involved working with national and international research institutions to identify and develop well-adapted varieties and

establishing seed production and supply networks (including new out-grower models) with seed multipliers, private seed companies, public institutions and agro-dealers. To ensure uptake of the seeds among smallholders across countries, SSG works through village-based advisers (VBAs) trained in modern crop management practices to distribute sample packs of the seeds to farmers and provide training, which enables farmers to be reached at scale through a channel that has proved very effective in stimulating demand.

6. The RPSF grant allowed SSG to establish basic systems in the four countries. Under this new grant, the capacity of the actors in these systems will be further enhanced to help scale up the amount and variety of seed supplied through the system, and will strengthen sustainability, which was difficult to establish in the short timeframe of the RPSF grant.
7. The proposed programme is in line with the IFAD Regular Grants Policy (2021).¹ In terms of the policy's overall goal to "contribute to further IFAD's mandate of sustainable and inclusive rural transformation, and help achieve the Sustainable Development Goals", the grant supports IFAD's strategic objective 1 of improving production by securing access to high-yielding, climate-resilient seeds, and strategic objective 3 by improving environmental sustainability and resilience through access to these seeds. The grant therefore also contributes to Sustainable Development Goals 1, 2, 13 and 17.
8. Three of the four countries (Eritrea, Somalia and South Sudan) are low-income countries – in line with priority commitment area 2. They are also classified as having fragile and conflict-affected situations. The other (Djibouti) is a lower-middle-income country in which efforts to amplify IFAD's impacts are also much needed. The grant's support for IFAD's climate resilience mainstreaming theme for a highly vulnerable group in the Horn of Africa is also aligned to priority commitment area 1. Its efforts to support and complement the drought response and production support of several IFAD projects in the four countries by improving in-country capacity are also aligned to priority commitment area 4.
9. The recipient was identified through direct selection. The direct selection was approved by the chair of IFAD's Operational Strategy and Policy Guidance Committee, as per the decision memo dated 7 August 2023.

II. The proposed programme

10. The overall goal of the programme is to improve climate-resilient and sustainable smallholder livelihoods through access to improved seeds for nutritious crops. The objectives are:
 11. **Objective 1:** Strengthen sustainable localized systems for supplying high-yielding climate-resilient seeds for nutritious food and forage crops;
 12. **Objective 2:** Promote sustainable uptake and effective use of high-yielding climate resilient seeds for nutritious food and forage crops among smallholder farmers and pastoralists to achieve consistently higher yields despite climate shocks and stressors; and
 13. **Objective 3:** Strengthen regional seed policies and sharing of germ plasm and practical experiences in seed systems development.
14. The target group will be composed of 208,605 smallholder producer households (50 per cent women, 25 per cent youth) with access to improved seed, including continued support to the 107,105 households reached through the RPSF grant, and an additional 100,500 reached through the scaled-up interventions. This will include farmers cultivating 0.5 to 5 ha of land. There will also be 1,000 farmers selected by

¹ See EB 2021/132/R3.

their peers to be trained as VBAs (prioritizing women and youth). The selection will be overseen by SSG sub-grantees.

15. This grant will focus on Jubaland, South-West and Hirshabelle States of Somalia; six agricultural zobas of Eritrea; the eastern, western and central Equatoria of South Sudan; and the five regions of Djibouti covered by the RPSF grant (see table 1 for country outreach). These are targeted based on their importance as food-producing regions and the opportunity for synergy with IFAD projects. Despite their agricultural potential, they have high rates of food insecurity and climate change impacts. These regions were also targeted under the RPSF grant.

Table 1

Smallholder household outreach by country

| <i>Country</i> | <i>RPSF beneficiaries households</i> | <i>New beneficiary households</i> |
|----------------|--------------------------------------|-----------------------------------|
| Djibouti | 992 | 500 |
| Eritrea | 25 284 | 20 000 |
| Somalia | 27 982 | 70 000 |
| South Sudan | 52 847 | 10 000 |
| Total | 107 105 | 100 500 |

16. Adding to the producers trained under the RPSF grant, a further 300 new local seed producers – selected by the participating seed companies based on their capability to produce quality seed – will receive training on improved seed production. A further 160 public and private seed production managers will receive hands-on training in seed production, processing, marketing and seed quality control from the SSG training team. These will be selected through discussions with private seed company grantees and public research institutes based on the most appropriate employees for training.
17. Finally, 26 public seed technicians, seed inspectors and crop scientists of National Agricultural Research Institutes will be funded to complete degree/diploma-based training at reputable training facilities.
18. The programme will be implemented over two years and will have the following components: (i) develop and disseminate new seed varieties; (ii) strengthen supply systems of improved seed; (iii) farmer outreach and engagement; and (iv) regional policy and coordination.

III. Expected outcomes/outputs

19. The programme is expected to have the following outcomes/outputs: (i) public crop research and seed quality assurance systems strengthened to ensure continuous growth of the national seed sectors; and (ii) a critical mass of farmers adopting higher-yielding, climate-resilient and nutritious crops and producing surplus for sale.

IV. Implementation arrangements

20. Headquartered in Nairobi, SSG will lead implementation and monitoring through its team of experienced crop breeders and former seed company managers, plus finance, accounting and logistics specialists and socio-economists. SSG will use competitive grants to enlist qualified public agencies, private seed operators, and non-profit agricultural organizations. To ensure day-to-day coordination, SSG will work with the respective ministries of agriculture to identify national coordinators in each country.
21. Detailed agreements will be signed with implementing partners such as Farm Input Promotions Africa Ltd. (FIPS). In many cases SSG will build upon existing agreements to facilitate fast implementation. These agreements will include

provisions on financial management, accountability, procurement, minimizing risk of corruption and reporting deadlines and templates. Each new organization will be subjected to organizational capacity assessment studies and the required measures will be taken prior to approving any sub-grant agreement. Each agreement will be submitted to IFAD for no objection before it can be deemed effective. SSG will be required to prepare a short programme implementation manual which will be approved by IFAD to guide the implementation of the programme.

22. There are no deviations from the standard procedures for financial reporting and audits.

V. Indicative programme costs and financing

23. The US\$1.5 million from IFAD detailed in the tables below is complemented by US\$700,000 in-kind cofinancing from SSG (US\$400,000) and FIPS (US\$300,000), as a partner implementing the VBA and training activities. In the case of SSG, the funds will cover human resources, office equipment and facilities. In the case of FIPS, costs will cover deployment of the VBA model, costs of training participants, human resources and operational costs.
24. The grant has a built-in financing gap of US\$2.2 million. The activities and targets outlined in this proposal are based on the current grant amount of US\$2.2 million (meaning there are no risks to the current activities from not filling the gap), while an additional US\$2.2 million would allow for further scaling-up (within the 24-month grant period). Efforts by SSG and IFAD to fill this gap are ongoing.
25. Parallel financing will be in the form of a US\$2 million World Bank grant channelled to SSG through the Somalian Ministry of Finance, focusing on further strengthening seed systems in the country and complementing components 1 to 3 of this grant.
26. SSG will continue to proactively seek other cofinancing opportunities with donors and governments.

Table 2

Costs by component and financier

(Thousands of United States dollars)

| <i>Components</i> | <i>IFAD</i> | <i>SSG/FIPS</i> | <i>Total</i> |
|---|------------------|-----------------|------------------|
| 1: Develop and disseminate new seed varieties | 339 000 | - | 339 000 |
| 2: Strengthen supply systems of improved seed | 363 000 | - | 363 000 |
| 3: Farmer outreach and engagement | 353 000 | 300 000 | 653 000 |
| 4: Regional policy and coordination | 139 000 | - | 139 000 |
| 5: Programme coordination and oversight | 306 000 | 400 000 | 706 000 |
| Total | 1 500 000 | 700 000 | 2 200 000 |

Table 3

Costs by expenditure category and financier

(Thousands of United States dollars)

| <i>Expenditure category</i> | <i>IFAD</i> | <i>SSG/FIPS</i> | <i>Total</i> |
|-------------------------------|------------------|-----------------|------------------|
| 1. Consultancies | 282 000 | 300 000 | 582 000 |
| 2. Goods, services and inputs | 28 000 | - | 28 000 |
| 3. Grants and subsidies | 775 000 | - | 775 000 |
| 4. Operating costs | 415 000 | 400 000 | 815 000 |
| Total | 1 500 000 | 700 000 | 2 200 000 |

VI. Recommendation

27. I recommend that the Executive Board approve the proposed grant in terms of the following resolution:

RESOLVED: that the Fund, in order to finance, in part, Sustainable Seed Systems for Drought Response in the Greater Horn of Africa, shall provide a grant of one million five hundred thousand United States dollars (US\$ 1,500,000) to the Seed Systems Group for 24 months upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

Alvaro Lario
President

Results-based logical framework

| PROJECT LOGFRAME | | | | | | |
|--|---|------|----------|------------------------------|--|--|
| Summary of Results | Indicator | Unit | Baseline | Endline Target | Means of Verification | Assumption |
| Outreach | Total persons reached - Total - Women - Youth | # | N/A | 208,605 104,302 52,151 | M&E reports | Strong roll out of project across target beneficiaries |
| | Total households reached | # | N/A | 208,605 | | Number of household members reached is based on average of 5 members per household |
| | Corresponding number of household members reached | # | N/A | 1,043,025 | | |
| Impact: Improve climate resilient and sustainable smallholder livelihoods through access to improved seeds for nutritious crops | % beneficiary households with increased household food security | % | N/A | 75 | Endline Survey (meals per day) | Increased yields and income from improved seed access |
| | % beneficiary households with increased crop production | % | N/A | 75 | Endline Survey | Increased access to improved seeds / increased investment in inputs |
| | % beneficiary households with increased household nutrition status | % | N/A | 40 | Endline Survey (dietary diversity score) | Increased yields and income from improved seed access |
| | % beneficiary households with increased income | % | N/A | 40 | Endline Survey | Increased yields and sales from improved seed access |
| | % beneficiary households with improved employment opportunities | % | N/A | 10 | Endline Survey | Increased yields; successful partnerships and collaborations |
| Outcome 1. Public crop research and seed quality assurance systems strengthened to ensure continual growth of the national seed sectors | % of supported public crop research institutes reporting increased capacity | % | | 100 | Endline Survey with institutions | Support provided through grant to increase capacity is well suited to the needs of the institutions and there is sufficient interest and attendance for the support. |
| Outcome 2: A critical mass of farmers adopting higher-yielding, climate resilient and nutritious | % of beneficiary households adopting improved crop varieties | % | N/A | 60 | Endline Survey, M&E reports | Availability of certified seed, increased adoption, adequate and reliable rainfall |
| | Average area of land used for crop and forage production | Ha | 2.4 | 2.5 | Endline Survey, M&E reports | |
| | % increase in crop yields / ha. | % | N/A | 75 | Endline Survey, M&E reports | |

| | | | | | | |
|---|---|----|-----|-------|--|--|
| crops and producing surplus for sale | % beneficiaries reporting an increase in the number of crop varieties planted | No | TBD | 30 | Survey, M&E reports | Improved seed availability promotes adoption of new varieties |
| | % of beneficiaries planting in all seasons | No | TBD | 90 | Survey, M&E reports | Improved seed availability ensures no planting seasons are missed |
| Output 1.1 Support Variety Testing and Foundation Seed Production of Improved Varieties. | Amount of foundation seed produced for new varieties | MT | N/A | 15 | M&E reports | Government support, partners supplies germplasm |
| | Number of crop seed varieties tested and released by NARIs | No | N/A | 6 | Variety registration/release certificate | Supportive seed release committees |
| | Number of forage seed varieties tested and released by NARIs | No | N/A | 4 | Variety registration/release certificate | Supportive seed release committees |
| Output 1.2 Build Capacity of NARIs in Seed production | Number of ministry staff trained in seed production | No | N/A | 26 | M&E reports | Strong government buy-in |
| Output 1.3 Build Capacity of NARIs in Seed Quality Assurance | Number of ministry staff trained in seed quality assurance | No | N/A | 26 | M&E reports | Government support buy-in |
| Output 2.1 Production of assorted seed of improved varieties of cereals and legume crop | Number of local seed producers trained | # | N/A | 300 | M&E reports | Sufficient demand for training among local seed producers |
| | Number of public and private seed production managers trained | # | N/A | 160 | | |
| | Quantity of certified seed produced by partner seed producers/seed companies | MT | N/A | 2,000 | M&E reports | Availability of foundation seed, rainfall and irrigation infrastructure in place |
| Output 2.2. Production of assorted seed of improved varieties of cereals and legume crop | Quantity of hybrid maize seed produced by partner seed producers/seed companies | MT | N/A | 100 | M&E reports | Availability of foundation seed, Rainfall and irrigation infrastructure in place |

| | | | | | | |
|--|--|----|-----|---------|-----------------------------------|--|
| Output 2.3. Production of hybrid maize seed | Quantity of forage crop seed produced by partner seed producers/seed companies | MT | N/A | 10 | M&E reports | Availability of foundation seed, Rainfall and irrigation infrastructure in place |
| Output 2.4. Production of assorted seed of forages | Quantity of vegetable seed produced by partner seed producers/seed companies | Kg | N/A | 10 | M&E reports | Availability of foundation seed, Rainfall and irrigation infrastructure in place |
| Output 2.5. Farmer awareness creation and consolidation demand for seed | Number of ToTs trained in VBA methodology | # | N/A | 17 | Training attendance, M&E reports | Interest and capable local NGOs interested in the project; supportive public extension |
| | Number of VBA recruited and trained | # | N/a | 1,000 | Training attendances, M&E reports | Interested and capable beneficiaries are available |
| | Number of assorted small seed packages distributed | # | N/A | 300,000 | Certified seed distribution list | Sufficient quantity of certified seeds produced within the project period |
| Output 3.1. Facilitated cross boarder dialogue on seed policy and collaboration | Number of sessions of the IGAD Regional Seed Forum held | # | N/A | 3 | IGAD records | |