



# TRANSFORMATION OF AGRIBUSINESS & SMES IN THE DIGITAL ECONOMY WITHIN THE AFCFTA

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## WHY AGRICULTURE AND SMES

### SMES IN UGANDA

Over 160,000 MSMEs in Uganda

Account for 90% of the entire private sector

Employ over 2.5 million people

Produce 80% of Uganda's manufactured output

Contribute 20% of Gross Domestic Product

69% of MSMEs are aged between 1 – 10 years

50% of new MSMEs last less than 12 months

### AGRICULTURE UGANDA

Employees 65% of the population

40% to 50% of the farmers are small holder farmers

Contributes 23% to Uganda's GDP

Largest foreign exchange earner USD 1.1 billion (27%)

High population growth rates at 3.3%

## SMES & FARMERS CHALLENGES



### SMES

- Limited access to funding
- Lack of business plans and financial records
- A culture that disrespects business contracts
- Poor banking and borrowing history
- Low corporate governance
- A culture that disrespects business contracts
- Fierce local and international competition

### AGRICULTURE

- Limited access to funding
- Price takers
- Adulterated Inputs
- Lack knowledge of best practices
- Lack of access to secure storage
- Ineffective farmer Groups: COOPs, SACCOs
- Land ownership



# HOW CAN AGRIBUSINESS & SMES IN UGANDA BE REVITALIZED BY THE TECH REVOLUTION IN THE DIGITAL ECONOMY



## DIGITIZATION

“To convert something into a digital format, and usually refers to encoding of data and documents”



### Connectivity

- 27 million mobile subscribers
- 2.5 quintillion bytes of the



### Data

- Data is created every day
- 63% penetration rate
- More than 50% of the web queries over the internet are searched using smartphones



### Literacy

- Need higher rate of literacy

Several barriers to digitization remain, including poor mobile network and agent infrastructure in rural areas, and uncertainty surrounding the cost of services and the quality of data collected on smallholder customers.

## BENEFITS OF DIGITIZATION



### Financing

- ✓ Credit through automated scoring
- ✓ Insurance products
- ✓ Branchless banking (financial transactions: bulk payments between buyers of agricultural commodities and their suppliers)



### New Markets

- ✓ **Digital marketing**
- ✓ Trading platforms
- ✓ Digital warehouse receipts
- ✓ Digital contracting & invoice discounting



### Cost Efficiency

- ✓ Monitor storage conditions
- ✓ Digital cost tracking
- ✓ Monitoring operations remotely



### Planning

- ✓ Farm mapping
- ✓ When to plant
- ✓ When to stock
- ✓ Adoption to climate change



# CASE STUDY: HOW CAN DIGITAL PRODUCTS ADDRESS UGANDA'S SMALLHOLDER AGRICULTURAL FINANCING CHALLENGES;

An illustration using the OneFarm Platform

# Smallholder Ecosystem



Farmers



Input traders



Tractor drivers



Co-operatives



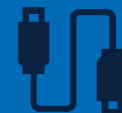
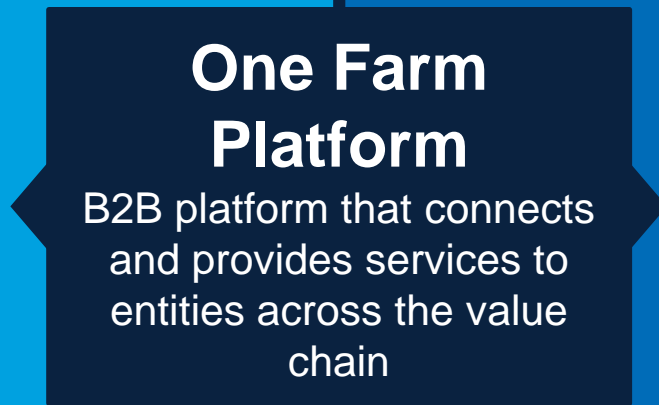
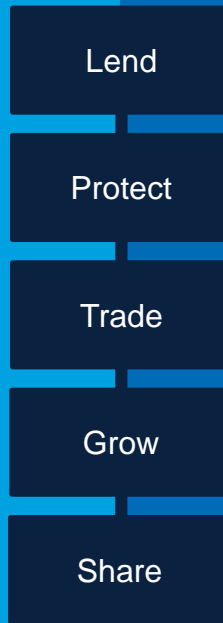
Agronomists



Aggregators

Engagement with the smallholder ecosystem will be through **channel enablement partners** such as:

1. Start ups and SMEs
2. Outgrower models
3. NGO programs



# Enterprise Service Providers



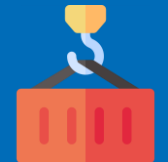
Banks



Insurance Providers



Manufacturers



Exporters



Input producers



Data & tech providers

Engagement with Enterprise Service providers will be through APIs and via the OneHub platform





## SERVICES ACROSS THE PLATFORM

### Lend

- Input financing to farmers, co-operatives
- Lending to SACCOs
- Lending to machinery service providers
- Stock advance to input dealers

### Grow

- Smart agronomist tools -UCANGROW
- Shared value supply chain, rewarding correct farming practices

### Protect

- Crop insurance (weather based)
- Co-design custom products together with Wealth and Bancassurance
- Explore mobile layaway, savings

### Data Services

- Farmer digital identity
- Live credit score based on alternative data

### Trade

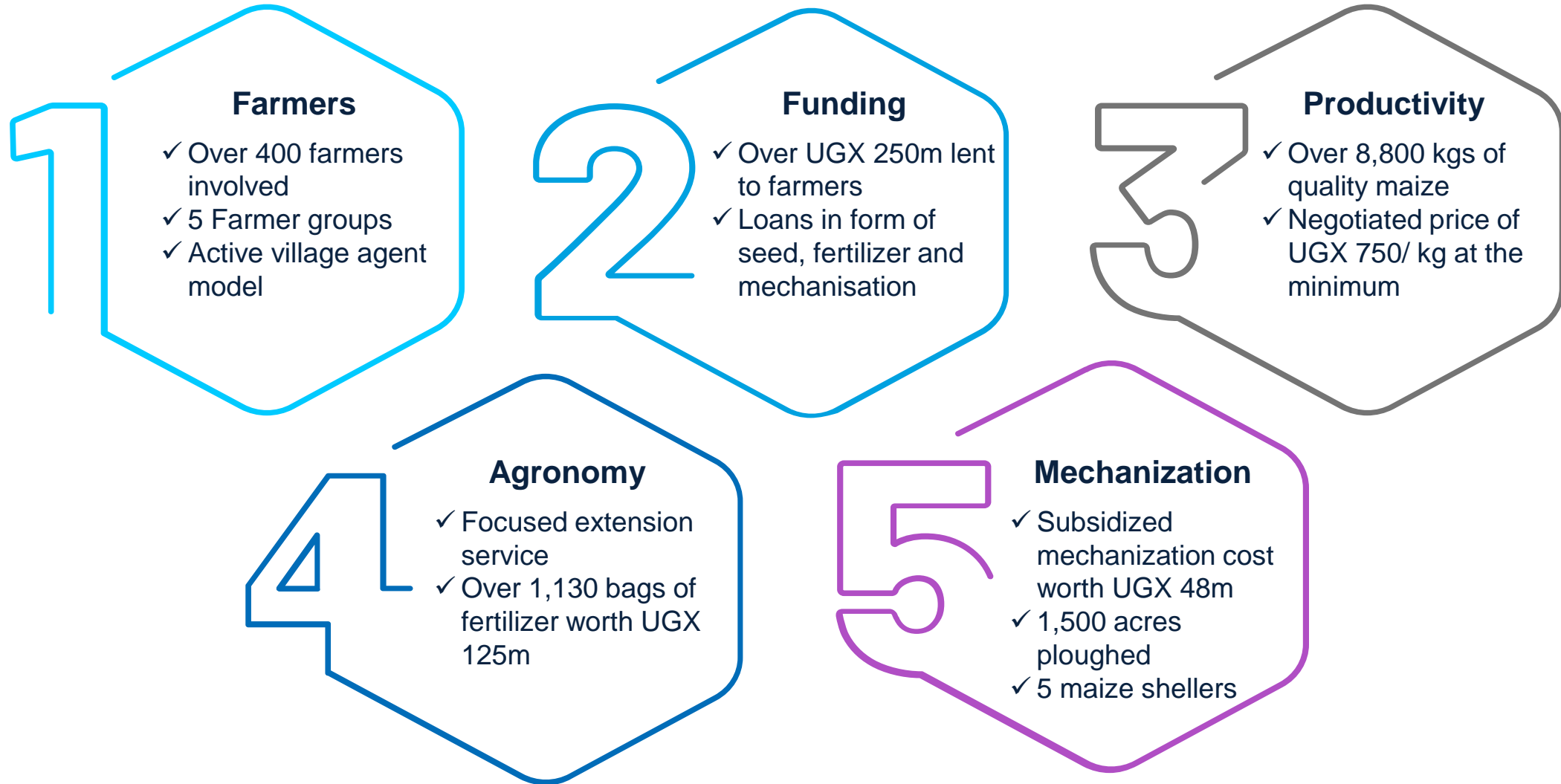
- Relief marketplace in SA
- Develop an offtaker market place
- Explore warehouse receipting and storage solutions
- Explore inputs market place

### Platform Services

- Cashless services
- USSD string, digital banking services



## ONE FARM PERFORMANCE





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