

ILF - 01 | Making financial services accessible to smallholder farmers

Grantee:	Agro Supply Uganda	SCBF Contribution:	Up to CHF 150'000
Country:	Uganda	Theme:	Agriculture
Duration:	October 2023 – October 2026	Product:	Savings
Potential Outreach:	900	Target Group:	Smallholder farmers

CONTEXT

In Uganda, approximately 34% of all rural population – about 10 million Ugandans live below the poverty line. Agriculture is the major economic activity, with around 75% of the population relying on it and majority of the smallholder farmers live in the remote areas. Challenges faced by these smallholder farmers include the cost of inputs (such as seed, fertilizer, and pesticide); bringing their goods to sale along poor road networks; weak market linkages as well as the lack of or prohibitive cost of post-harvest storage facilities for crops. Additionally, they face these challenges within a largely informal, cash-based economy where they find little to no access to credit, savings or payment plans for their needs. The cash flow cycle for these smallholder farmers makes it difficult for them to balance resources sustainably; while household income is highest after the harvest season and greatest capital needs are during planting season when cash has been largely depleted.

Agro Supply Uganda (ASU) supplies smallholder farmers with quality agricultural inputs (drought resistant seeds and organic fertilizer), which the farmers purchase through ASU's mobile layaway savings system. The layaway system enables farmers to contribute incrementally to their layaway account until sufficient money has been saved to purchase the inputs during planting season. ASU also provides farmers with agronomy training and facilitates market access by connecting farmers to buyers. ASU's core impact goal is to improve the lives of smallholder farmers through the delivery of high-quality inputs in combination with agronomy training, which results in higher yields and higher income for the farmers. Their save-to-buy layaway system is a low-cost, tech-enabled savings solution that offers farmers an easy, transparent, low-risk way to set aside money for critical farm investments each season.

CURRENT STATUS OF THE GRANTEE

ASU's core business model is the delivery of inputs to smallholder farmers (B2C model). Customer acquisition is largely facilitated through the network of community-based Village Agents and complemented by demonstration gardens and radio adverts. ASU works with farmer groups, cooperatives and village savings groups to reach the smallholder farmers as an alternative customer acquisition channel. ASU is the only input supplier in Uganda who offers smallholder farmers the save-to-buy layaway model. Without ASU, small and remote farmers, would probably not have access to drought resistant seeds, organic fertilizer and agronomy training.

During 2022, ASU served 24,732 smallholder farmers, of which 45% were women and employed 144 Village Agents (rural job creation). Farmers also experienced significant increase in yields per acre and their income by about USD 55 additional profit per acre per season.

OBJECTIVES AND MAIN ACTIVITIES

While ASU is already very impact-focused, SCBF support can help the enterprise to deepen their impact even further and avoid a mission drift, due to businesses and bigger farmers being more easy-to-reach customers, with greater purchasing power and lower costs. To this end, the non-repayable social impact incentives (SIINC) is aimed at increasing the outreach to and retention of the poorest smallholder farmers (Metric 1), as well as incentivizing ASU to have a greater gender equality among the Sales Agents they work with (Metric 2).

- Metric 1: 900 additional poorest smallholder farmers attributable to SIINC (in addition to 2'300 poorest smallholder farmers that are considered business as usual)
- Metric 2: 50% of net new sales agents being female.

