



Unlocking Public and Private  
Finance for the Poor

# COUNTRY SNAPSHOTS

## AFRICA

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## Country Overview: Kenya

Snapshot	
GDP (USD bn.)	95.5 (2019: World Bank data)
GDP Per Capita (USD)	1,817 (2019: World Bank data)
Population (mn.)	52.5 (2019: World Bank data)
GDP composition	Services: 43%; Agriculture: 34%; Industry: 16%
Inflation rate	4.7% (2019: World Bank data)
Sector Overview	
Number of smallholder farmers	<ul style="list-style-type: none"> <li>Over 80% of total population dependent on Agriculture</li> <li>Over 15 million smallholder farmers, with over 80% women</li> </ul>
Main crops	<ul style="list-style-type: none"> <li>5.2 million tons of sugarcane</li> <li>4 million tons of maize</li> <li>1.8 million tons of potato</li> <li>1.4 million tons of banana</li> <li>Major exports include Coffee, tea, spices (17.8%) and live trees, plants, cut flowers (22.6%)</li> </ul>
Sector Landscape	<p>Agricultural policies, in particular extension services, irrigation investments, rural infrastructure and input subsidies in Kenya have been developed around the main objectives of growing productivity and increasing farmers' income.</p> <p>Within this framework, several policies have been formulated and implemented to introduce stability in agricultural output, to commercialise and intensify production, and to promote appropriate and participatory policy formulation and environmental sustainability.</p> <p>There is presence of various community based organisations offering different services to farmers in different value chains. The cooperative movement helps farmers access market and have more bargaining power.</p>
Ecosystem	
Financial services ecosystem	<ul style="list-style-type: none"> <li>There are institutions providing financial services (Banks and Microfinance), Savings and Credit Cooperative Societies and social impact investors</li> <li>While availability and access to these services is not a key issue, affordability remains crucial as most of these players charge an average of 24% to 30% interest p.a.</li> </ul>

Digital Inclusion and Internet Penetration	<ul style="list-style-type: none"> <li>• Internet penetration: ~25%</li> <li>• Women in Kenya are 39% less likely than men to have access to mobile internet (<i>Source: GSMA</i>)</li> </ul>
Mobile networks	<ul style="list-style-type: none"> <li>• There are 4 major telecom operators in Kenya</li> <li>• Safaricom (over 65% market share), Airtel (over 21% share), Telkom Kenya (9% share) and Finserve (4% share)</li> </ul>
Additional Reference Links	<p><a href="#">Country Economic Overview</a></p> <p><a href="#">Agriculture Sector Overview</a></p>
<b>Landscape: Challenge Areas</b>	
<p>Challenge 1: Low Productivity</p> <p>Challenge 2: Climate Risk</p> <p>Challenge 3: Inefficient Supply Chain</p>	<ul style="list-style-type: none"> <li>• The rural low-income farmers are dependent on their natural resource base, particularly their soil and its productive capacity, with their main physical asset as land.</li> <li>• Yet, land degradation in the form of soil erosion and nutrient depletion pose a threat to food security and sustainability of agricultural production particularly in dryland areas.</li> <li>• Adoption of modern technology has been limited in most of sub-Saharan Africa. This is particularly the case in Kenya, where small scale agriculture remains characterized by little use of external inputs, soil erosion and high nutrient depletion.</li> <li>• On climate risk, the Government of Kenya has formed National Climate Change Response Strategy (NCCRS) to help prevent, manage and recover from disasters and adapt to the impacts of climate change.</li> <li>• With regard to supply chain, there are significant post-harvest losses in Kenya due to poor management, storage, and conveyance as the crop moves from the farm to the market. Lack of proper facilities leads to 40% of food being wasted.</li> <li>• The presence of middlemen has an impact on the flow of information in the value chain. The time factor in the supply value chain plays a critical role in post-harvest losses and food wastage.</li> <li>• Farmers with ready crop have to wait for middlemen to purchase their produce while consumers have to rely on middlemen to deliver to their suppliers / stores, leading to market imperfection.</li> </ul>

## Country Overview: Malawi

Snapshot	
GDP (USD bn.)	7.7 (2019: World Bank data)
GDP Per Capita (USD)	411.5 (2019: World Bank data)
Population (mn.)	18.6 (2019: World Bank data)
GDP composition	Services: 54%; Agriculture: 26%; Industry: 13%
Inflation rate	9.37% (2019: World Bank data)
Sector Overview	
Number of Smallholder Farmers	<ul style="list-style-type: none"> <li>Smallholder farmers comprise 2 million farm families who are collectively producing on 4 million hectares of land</li> </ul>
Main crops	<ul style="list-style-type: none"> <li>The 3 main crops are Maize, Tobacco and Soyabean. However, production of tobacco has been decreasing over the past 5 years due to poor market prices. This has resulted in an increase in production of legume crops such as groundnuts</li> <li>The agricultural sector accounts for ~81% of export earnings</li> <li>Tobacco accounts for 63% of the total export earnings</li> </ul>
Sector Landscape	<p>Malawi agriculture is composed of two main subsectors: small-scale farmers and estates.</p> <p>Smallholder production is highly subsistent. It is characterized by low levels of input and low output levels.</p> <p>Approx. 25% of smallholder farmers cultivate less than 0.5 ha on average and 55% cultivate less than 1.0 ha.</p> <p>Yet, smallholder farmers produce about 80 percent of Malawi's food and 20% of its agricultural exports.</p> <p>The Estate subsector is the nation's principal foreign exchange earner. While it contributes only about 20% of the total national agricultural production, it provides over 80% of agricultural exports mainly from tobacco, sugar, tea and, to a lesser extent, tung oil, coffee and macadamia. The estate sub sector operates on leasehold or freehold land.</p> <p>There are processing companies that work in oil seed, tobacco, tea, sugar, coffee and livestock value chains. Some of the companies contract smallholder farmers, especially in the tea, sugar and tobacco value chains.</p> <p>Further, the input suppliers include seed multiplying companies, large scale agro-dealers, who import inputs and technologies such</p>

	<p>as (seed, fertiliser and pesticides) and supply to smallholder farmers through small-scale farmers.</p> <p>The market is occupied by small-scale aggregators who aggregate commodity from smallholder farmers and supply to large scale aggregators and processing companies, including for export. Smallholder farmer profitability and productivity is often impacted by the top-heavy investment in larger aggregations vs. the commodity producers themselves.</p> <p>The service providers include extension service providers such as NGOs, Government departments, etc. Other providers are market facilitation agencies such as Agriculture Commodity Exchange.</p>
<b>Ecosystem</b>	
Financial services ecosystem	<ul style="list-style-type: none"> <li>• Financing in agriculture is very low with only 2% of commercial lending going to agriculture.</li> <li>• Most commercial lending institutions do not finance agriculture businesses because they are considered high risk due to unreliable markets, environmental factors, low financial literacy among the farmers, lack of collateral, etc.</li> <li>• Commercial lending institutions focus on short term lending with high returns, while most agriculture lending are long term lending with low economic returns.</li> <li>• Interest rates for commercial loans are high between 20-60%, which makes the loans inaccessible for smallholder farming businesses</li> <li>• Key agriculture markets such as Tobacco industry have in the past years adopted standard payment practices to farmers through prescribed banks, while contract farmers from larger to medium scale opt for mobile money payments.</li> </ul>
Digital Inclusion and Internet Penetration	<ul style="list-style-type: none"> <li>• Internet penetration rate: 13.78%</li> <li>• Access to formal financial services: 29%</li> </ul>
Mobile networks	<p>Malawi has 2 mobile networks: Telecoms Networks Malawi and Airtel Malawi</p> <p>Malawi has a network coverage of about 80% of the country and penetration of 45%.</p> <p>However, access to mobile networks is higher in urban areas than in rural (less than 45% rural households own a phone compared to 80% in urban settings).</p> <p>Mobile Network Operators (MNOs) have used their USSD platforms to educate local farmers in partnership with key stakeholders. Services are in the form of agriculture extension support, product markets and linking agriculture payments to Airtel Money. The platform allowed data consolidation from the sector.</p>

	The MNOs are indirectly and directly involved in majority of the agriculture payments in Malawi, considering low financial inclusion in the farming demographic.
Additional Reference Links	<a href="#">Country Economic Overview</a> <a href="#">Financial Inclusion Overview</a>
<b>Landscape: Challenge Areas</b>	
<p>Challenge 1: Low Productivity</p> <p>Challenge 2: Climate Risk</p> <p>Challenge 3: Inefficient Supply Chain</p>	<ul style="list-style-type: none"> <li>• The Agriculture sector in Malawi, despite being the top employer (43% of youth and women employment) is viewed unprofitable.</li> <li>• Agricultural production is largely dominated by women.</li> <li>• There is low technology uptake in the farming industry in Malawi, which is dominated by rural demographic. There is low financial access and alternatives, compounded by low literacy.</li> <li>• The sector has an institutionalised farming approach with low outcomes. There is also low technology capacity at household level for smallholder farmers - largely due to lack of affordability.</li> <li>• Due to limited access to advanced techniques, tools and technologies, production levels for smallholder farmers are very low. As a result the average farmer in Malawi only achieves an output of approx. 30% of their potential yields.</li> <li>• Malawi has put together the National Resilience Strategy to target sustainable agricultural transformation to accelerate growth of the sector and incomes for smallholder farmers</li> <li>• Poor resilience in the sector has not only pushed away viable financing structures due to low diversity of products, low guarantee for return due to the informal state of the sector, but also increased labour pressure through unsustainable practices. Some practices have also led to low utilization of land resources, soil damage and high production losses.</li> </ul>

## Country Overview: Uganda

Snapshot	
GDP (USD bn.)	35.2 (2019: World Bank data)
GDP Per Capita (USD)	794.34 (2019: World Bank data)
Population (mn.)	44.2 (2019: World Bank data)
GDP composition	Services: 43%; Industry: 26%; Agriculture: 23%
Inflation rate	2.87% (2019: World Bank data)
Sector Overview	
Number of Smallholder Farmers	<ul style="list-style-type: none"> <li>• Approx. 3 million farming households</li> <li>• 85% of the farming community are smallholders (average farm size: 2.5 hectares)</li> </ul>
Main crops	<ul style="list-style-type: none"> <li>• Uganda is able to meet its domestic food needs</li> <li>• Food products such as wheat and rice are imported to cater to the urban population</li> <li>• Exports are dominated by traditional cash crops such as coffee, cotton, tea and tobacco, with coffee being the principal export</li> </ul>
Sector Landscape	<p>Community based organisations and farmer organisations are very prominent and exist at each sub county, parish and village level.</p> <p>There are several institutional aggregators across Uganda, but largely informal and not organised via any association.</p> <p>There are only a few processors present across the country mainly because the equipment is expensive to start such entities.</p>
Ecosystem	
Financial services ecosystem	<ul style="list-style-type: none"> <li>• There are 13 million bank accounts in Uganda</li> <li>• Digital financial services sector is largely led by mobile money service providers</li> <li>• Most farmers subscribe to savings and credit cooperative societies along with other community organisations for welfare, savings and access to credit, as traditional banking is limited</li> </ul>
Digital Inclusion and Internet Penetration	<ul style="list-style-type: none"> <li>• Internet penetration rate: 26.2%</li> <li>• Number of mobile customers (Jun 2020): ~25.5 million</li> <li>• Formal financial inclusion: 58% (2018)</li> </ul>

Mobile networks	8 mobile operators, with 3 largest players (MTN, Airtel, Uganda Telecom) controlling over 90% of the market.
Relevant links	<a href="#">Country Economic Overview</a> <a href="#">Agriculture Sector Overview</a>
<b>Landscape: Challenge Areas</b>	
<p>Challenge 1: Low Productivity</p> <p>Challenge 2: Climate Risk</p> <p>Challenge 3: Inefficient Supply Chain</p>	<ul style="list-style-type: none"> <li>• Uganda has low productivity due to poor farming practices</li> <li>• The access to mechanised agriculture equipment and tools is limited in rural areas</li> <li>• There is scope to enable access to equipment through financing solutions</li> </ul>



## Country Overview: Zambia

Snapshot	
GDP (USD bn.)	23.3 (2019: World Bank data)
GDP Per Capita (USD)	1,305 (2019: World Bank data)
Population (mn.)	17.8 (2019: World Bank data)
GDP composition	Services: 55%; Industry: 35%; Agriculture: 3%
Inflation rate	9.15% (2019: World Bank data)
Sector Overview	
Number of Smallholder Farmers	<ul style="list-style-type: none"> <li>• Approx. 1.4 million households (54% of adult population) are full-time smallholder farmers</li> <li>• Average farm size in hectare of subsistence and commercial farmers is 8.9 and 162 respectively</li> <li>• 82% of households with &lt; 5 ha</li> <li>• 95% of the farms cultivate less than 5 ha</li> </ul>
Main crops	<ul style="list-style-type: none"> <li>• There are 18 major crops</li> <li>• Main money crop is Maize – and the single most important source of calories for people in Zambia (62% of total diet)</li> <li>• Other major crops: cotton, soybeans, Virginia and Burley tobacco, groundnuts, paprika, sorghum, wheat, rice, sunflower seeds, coffee, Barley, sweet potatoes, as well as sugar, fruits, other vegetables and flowers.</li> <li>• Zambia is one of the biggest seed exporters in Africa</li> </ul>
Sector Landscape	<p>The sector has been given top priority, particularly as risk hedging against the dominant, but fluctuating, mining activities.</p> <p>Smallholder famers account for 80% of the maize grain produced while commercial farmers 20%.</p> <p>Majority of smallholder farmers access farm inputs (seed, fertilizer etc.) at subsidized prices from Agro chemical and seed suppliers – spread across the country.</p> <p>Smallholder farmers can sell to the Food Reserve Agency (FRA), grain traders, processors or fellow farmers. Commercial farmers are not permitted to sell to FRA. Commercial farmers may sell to processors, traders and even export.</p> <p>FRA manages Zambia's maize strategic reserves – sells to millers and sells carryover stock to export markets. The grain traders buy grain for reselling to the processors or export markets.</p>

	Maize processors include millers, breweries and animal feed manufacturers. The millers segment is dominated by large foreign owned firms.
<b>Ecosystem</b>	
Financial services ecosystem	<p>16 commercial banks (including Zanaco, Stanbic Bank, First National Bank, AtlasMara, First Capital Bank, Standard Chartered, Absa Bank, Eco Bank).</p> <p>Natsave is a government owned Non-Bank Financial Institution with 38 branches. It is one of the partners that government is collaborating with through the FRA and the Fertiliser Input Support Programme to handle bulk of the transactions in Maize and other crops purchasing programmes and fertiliser subsidy.</p>
Digital Inclusion and Internet Penetration	<ul style="list-style-type: none"> <li>• Mobile penetration rate – 83%</li> <li>• 53.3% of adult population are active mobile users</li> <li>• National network geographical coverage – 87%</li> <li>• Financial inclusion – 69.4% (2020 FinScope report)</li> </ul>
Mobile networks	3 operators: MTN, Airtel and Zamtel (partly government owned)
Additional Reference Links	<p><a href="#">Country Economic Overview</a></p> <p><a href="#">Agriculture Sector Overview</a></p>
<b>Landscape: Challenge Areas</b>	
<p>Challenge 1: Low Productivity</p> <p>Challenge 2: Climate Risk</p> <p>Challenge 3: Inefficient Supply Chain</p>	<ul style="list-style-type: none"> <li>• Despite owning an average of 5 ha, most smallholder farmers are only able to cultivate 1 ha of their plantations, and this is usually done with manual labour</li> <li>• High interest rates, and stringent collateral requirements remain a big stumbling block for smallholder farmers to access credit</li> <li>• Further, variability in rainfall and perennial drought periods in Zambia lead to many smallholder farmers facing low yield. Hence, their livelihoods are impacted with high malnutrition, increased poverty, and high food insecurity.</li> <li>• In addition, there is a lack of agronomic understanding and financial literacy, coupled with limited access to information on local market conditions</li> <li>• This leads to low profits to smallholder farmers resulting from low yields and due to lack transparency on market pricing.</li> <li>• There is scope for providing microinsurance solutions and digitized advisory services, as well as advanced metrological solutions that can be adopted by smallholder farmers, including by engaging with associations (such as Maize Association).</li> </ul>