

Unlocking Africa's agribusiness potential with platform thinking

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The African continent is home to what is considered a huge growth opportunity - agriculture. With 65% of the world's available uncultivated arable land, potential exists for African countries to reach their developmental goals and become major players in the global food system.



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Despite the continent's abundance in arable land and water resources, its economies and communities are yet to reap the benefits. Agribusinesses in Africa still face serious challenges and as a result, the sector remains largely untapped.

With poor supply chain channels, inadequate infrastructure, poor access to markets, and a lack of access to know-how of modern farming practices, tools and equipment, smallholder farmers, who contribute 70-80% of the continent's food production, cannot migrate from subsistence to commercial farming.

The developed world now considers technology as an essential enabler to modern-day farming, and without transformation, sub-Saharan Africa risks falling even further behind on the competitive scale. This while the sector remains an important driver of economic growth and employment on the continent.

Cracking the smallholder market

It then becomes critical to consider ways to support and develop what is seen as Africa's rural last mile. Technology and mechanisation have proven to enhance productivity, yields, cost reduction at scale, improve quality and farm profitability.

While smallholder farmers remain an important grouping, it is one that is typically overlooked by many financial institutions. Many have tried to crack this market but have been unsuccessful in their efforts.

AgriTech solutions, for example, are transforming traditional farming practices and there are now more than 350 active agriTech start-ups on the continent who are responding to the potential opportunity. But without connectivity or access to finance, it is often difficult for emerging farmers to take advantage of the benefits of modern farming technologies.

The real challenge lies in delivering a range of financial and non-financial services to farmers and food producers on the continent. It is impossible to overcome this alone. An ecosystem involving multiple players will ultimately close the gap.

Helping communities move forward

This type of ecosystem and platform thinking are the latest themes coming out of international research and stems from the exponential growth of businesses like Alibaba and Amazon. These businesses bring together a network of ecosystem participants to create new markets for producers and consumers.

Standard Bank believes there is a significant opportunity to grow sectors on the continent by partnering with other players to build new platforms and models that enable clients to access services for their financial needs and beyond.

We are embedding this design thinking across all areas of the business, but more actively in agribusiness where, in 2019, we, for example, started on-the-ground research in Uganda to understand the pain points experienced across the agricultural value chain. This would be the starting point of the agriculture ecosystem project. Our team engaged over 150 stakeholders from farm to fork (input suppliers, farmers and aggregators, to industries involved in processing and value-addition) with a view of building the OneFarm platform to help address these pain points.

The platform aims to bring together a network of digitised solutions that could unlock the ability of all our clients – from input suppliers to off-takers and corporates who facilitate the trade – and ultimately improve the quality and quantity of agricultural output across the continent. Through this exploration, we have learned that education is a fundamental enabler to help farmers to realise the benefits of digitised solutions.

Adopting agronomic practices

The team employed an agronomist to provide training on best practices to the farmers and manage demo farms to better understand the effects of adopting good agronomic practices. In this first iteration, some farmers have increased their capacity by over 100% simply as a result of being able to access finance.

We hope that through OneFarm, we can create a culture where farmers and co-operatives embrace the opportunity to formalise themselves knowing the benefits it will unlock.

In Nigeria, through our investment in Founders Factory Africa, for example, we partnered with local agriTech FoodLocker to create a marketplace platform, where machine learning is leveraged to forecast foodstuff demand. This enables large-scale buyers to efficiently procure fast-moving consumer goods and fresh produce from smallholder farmers.

The intention of OneFarm and other initiatives that we have launched within agribusiness is to leverage platforms to impact a lasting difference in the lives of rural agricultural players.

This forms part of greater vision to go beyond the role of financiers or bankers to provide all-encompassing services that

drives the ecosystem and helps communities move forward.

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