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BURKINA FASO

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Dear reader,

Over the last few years, rural entrepreneurship has not only claimed its stake in the international cooperation agenda; research on this topic has also clearly gained momentum. Numerous publications are taking up the issue of what helps young enterprises in rural areas to become successful, and how their ventures can be supported. Nevertheless, not much has changed regarding the insights gathered in the course of time. It is still first and foremost the entrepreneurs, with their entrepreneurial mindsets, their innovative potential, their technical and management skills and, increasingly, their digital and soft skills, who determine whether their juvenile businesses will hold their own on the market. Motivation, self-efficacy, creativity, empathy, perseverance and readiness to take risks are the skills referred to in this context. In addition, previous entrepreneurial experience as well as economic or moral support from family and friends is a help.

Supportive framework conditions form the second major aspect. Despite all the progress made over past years, they still have to be regarded as insufficient in many rural regions. Such conditions include a favourable business and legal environment, good infrastructure, including access to markets, a reliable energy supply and – depending on the venture – access to natural resources, as well as good Internet penetration rates and adequate education and training possibilities. And course, access to finance. Lack of capital, together with a lack of financial literacy, is one of the chief reasons why micro and small businesses in particular are having difficulty to find a footing and achieve long-term success.

While these aspects are only too familiar, the “entrepreneurship debate” at academic and practical level is now dominated by three catchwords: social entrepreneurship, i.e. a business the chief objective of which is to address social or ecological problems and develop sustainable solutions for society and the economy; green entrepreneurship, which features companies promoting environmentally sustainable business practices, particularly by developing and deploying green technologies and/ or the circular economy; and community-based entrepreneurship, which capitalises on the demand of community participation in enterprise development.

Alongside the above areas to which our authors have devoted their attention, there must of course be a focus on the gender aspect as well. According to the latest Women’s Entrepreneurship Report, published in late 2023, there is still a significant gender gap in business ownership. The

report shows that one out of three individuals running an established business (defined as running a business for more than 42 months) is a woman. This makes another framework condition apparent which is crucial to the success or failure of entrepreneurship: prevailing social norms. For even though today, women in some regions are just as entrepreneurially active as men, there are marked differences: women’s ventures are predominantly micro and small businesses, they are frequently in the informal sector, and women’s poor access to finance prevents their businesses from growing. Anti-discriminatory legislation, which does exist in many of the respective countries, won’t help in this regard.

But before assuming an all too Western haughty attitude, perhaps one ought to just take a look at the following little anecdote. Not long ago in France, two women seeking to open a bar in Paris were denied a bank credit, the reason given being that since no man was listed in the business plan, this was not possible. Besides, the bank argued, a woman could never mix a cocktail as well as a man could. It took a long while for the two woman entrepreneurs to find a (woman) member of the staff having faith in their venture. What does this show us? That we still haven’t made much progress on the way to gender equality? That traditional attitudes are much more deeply rooted in our brains than we would have believed? What it certainly does make clear is that we still have a lot of work to do. It is not without reason that the two women have named their bar “Combat”.

We wish you inspiring reading.



Patricia Sumera Silvia Richter

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CONTENTS

NEWS

- 04 UN Pact for the Future adopted / Urgent action needed to ensure a safe and just planet for all / GLF Africa 2024 Conference: Greening the African Horizon / UN Tourism Small Grants Programme launched

FOCUS

- 06 Does the future lie with entrepreneurship?
- 08 Digital(ising) rural entrepreneurs in Africa
- 10 From fields to fortune – transforming rural youth into entrepreneurial innovators
- 12 Incentivising African youth for agriculture and agribusiness
- 14 “When you put your heart and soul into something, it starts to grow”
Interview with Ysabel Calderón, founder and CEO of Sumak Kawsay
- 18 “Tourism can make a difference in rural communities”
Interview with Sandra Carvão, Director of Market Intelligence, Policies, and Competitiveness at UN Tourism
- 19 Empowering women and youth in horticulture with the help of local service providers
Insights from Tanzania
- 22 Spotlighting agroecological enterprises
- 24 Help entrepreneurs build flourishing businesses – the Neycha Revolving Fund
- 26 Building rural capacities in India’s cotton supply chain – an opportunity for women’s empowerment
- 28 From banana fibre extraction to basket weaving – green entrepreneurship in India
- 30 Keeping value added in the country of origin – organic chocolate from Ghana

SCIENTIFIC WORLD

- 32 Entrepreneurship in times of crises – how access to finance impacts on business operations
- 35 Nutrition gardens in Burkina Faso – a green solution for rural food security

INTERNATIONAL PLATFORM

- 38 Towards a sustainable plastic future
- 42 The scent of cinnamon and times to come

Digital(ising) rural entrepreneurs in Africa

Debates around the digitalisation of African agriculture tend to focus on the successes and failures of entrepreneurs who offer digital agricultural services to farmers. However, this focus underestimates the rise in the adoption of digital technologies on the continent to facilitate entrepreneurial activities all along the value chains. This article aims to show how their full potential could be realised.

By Heike Baumüller

Sub-Saharan Africa hosts more digital agricultural service providers than any other low- and middle-income region world-wide. By 2022, 666 such services were available in the region. Most offer market linkages or advisory services to farmers, while others facilitate financial transactions or supply chain and enterprise management. Many of these services are run by local entrepreneurs who have put digital technologies at the heart of their business model, for instance by providing dedicated advisory apps, digital payment systems, drone services for monitoring, or insurance schemes that use satellite images to monitor weather conditions.

While more farmers are adopting digital agricultural services on the continent, many services remain small and localised. On average, they serviced around 60,000 users each, reaching just five per cent of sub-Saharan Africa's farm enterprises in 2022. The geographical focus remains in East Africa. Service providers mainly rely on donor funding, and most do not break even. Nevertheless, a few start-ups have managed to reach scale, in particular those that offer different types of integrated services. The Ghana-founded company Viamo, for instance, uses digital technologies to provide information services, while the Kenyan start-up Pula offers digitally-enabled insurance products. Both companies have expanded to various countries in Africa and even beyond. Such examples remain few, however.

Digital tools transforming businesses along the value chain

The low adoption rate of digital agricultural services masks the fact that digital technologies have been transforming the business environment throughout Africa's food and agriculture sectors. As we move up the value chain, technology use becomes more widespread and sophisticated. Digital tools have become particularly useful to coordinate the complex smallholder-dominated marketing systems that characterise the African food system.

As the first entrepreneurs in the value chain, many farmers are using mobile phones to coordinate their business transactions, albeit to a lesser extent than other actors further along the chain. The use of digital financial services is also on the rise, but less than may be expected. Even in a country like Kenya, where digital payment systems are widely used, most farmers still prefer cash over digital payments in their daily business activities. Rather, mobile money

has proven valuable for the transfer of remittances, which can then be invested in the farm, and to deal with shocks. Simple phones tend to dominate, but with the growing availability of affordable smartphones in particular from Asia, a move towards more sophisticated devices is likely only a question of time.

Mobile phone use in business operations is widespread among input and output dealers, much more so than a few years ago. Data from Nigeria, Mali, Kenya and Ghana show that all surveyed dealers use mobile phones in their business activities to exchange information about prices, buyers and sellers and to coordinate purchases and sales. Mobile phones are particularly useful for facilitating frequent communication with larger networks of customers and other dealers. The majority of dealers (although not all) use smartphones. This is even the case in a country like Mali, which commonly scores low in information and communication technology (ICT) indicators. The use of different mobile phone functions in business activities is also becoming more diverse. While phone calls remain the preferred mode of communication, other functions like SMS, messenger services and social networks are increasingly being adopted. Mobile money use is also widespread among dealers. In contrast, only few of them are familiar with digital agricultural services.



Drone services are also provided to monitor crop health.

Photo: L. Sharma/ Marchmont Communications



Mobile money has proven valuable for the transfer of remittances.

Photo: Fiona Graham/ WorldRemit

One of the most promising applications of digital technologies in the African agriculture sector is to increase the efficiency of the supply chain. Local entrepreneurs are developing sophisticated digital platforms to coordinate the sourcing of produce from a large number of small-scale producers and sales to buyers. Twiga Foods in Kenya is a well-known example. The company buys fresh products, in particular bananas, from smallholder farmers and sells them on to small-scale vendors in Nairobi. Twiga Foods uses an internal management software to coordinate the large number of transactions as well as an app for vendors to order goods from Twiga Foods. The entrepreneurs' core business is to provide a bridge between producers and buyers, using digital applications to facilitate this business. While such a coordination could also function without digital tools, the transaction costs of scaling operations would be prohibitive.

Moving further up the value chain, we find applications of digital technologies in Africa's food and beverage manufacturing sector as well. Research in Kenya, Nigeria, Ethiopia and South Africa established that almost half of the surveyed companies in these countries use automation technologies in their operations, most commonly for the processing of sugar and confectionary, meat and dairy products. The companies value the technologies in particular for improving product quality and safety and efficient use of raw materials. While adoption is more common among the larger companies, even small businesses with up to 50 employees are starting to use such technologies. This is particularly the case in Kenya where three quarters of surveyed small businesses were using computer-controlled machinery, but also in Nigeria and South Africa.



A women entrepreneur using an app to manage her stock and sales.

Photo: Vincent Tremeau/ World Bank

Unlocking the full potential of digitalisation in African agriculture

Despite these promising developments, the limits of digital technologies also need to be acknowledged. Farming entrepreneurs are particularly difficult to reach with digital solutions due to lower digital skills and technological capacities. Many farmers and dealers still prefer face-to-face interactions, in particular to negotiate prices or participate in training. In trading, mobile phones are mainly used to strengthen rather than initiate new business relationships. The low adoption rates of digital agricultural services and digital financial services in agricultural business transactions highlight missed opportunities for digital entrepreneurs. Processors struggle to adopt or expand the use of automation technologies due to poorly developed electricity infrastructure, challenges to access and maintaining machinery and skill gaps in the workforce.

To capitalise on the transformative powers of digital technologies, there is a need to promote both digital entrepreneurs and the digitalisation of entrepreneurs in the entire value chain. This will require training to build digital skills from the farm level all the way to the use of advanced automation technologies, financial support to acquire digital technologies and investments in high-quality and affordable connectivity and electricity. More emphasis also needs to be placed on promoting digitalisation higher up in the value chain in such a way that small-scale producers can benefit through better access to information, services and markets. At the same time, investments in digital capabilities alone will not be able to address many

of the existing challenges the African food and agriculture sectors face, but need to be coordinated with other (non-digital) support measures. Such efforts should build on existing structures, which digital tools ought to seek to facilitate rather than replace. Digital agricultural platforms, for instance, are often promoted as a way to cut out the "middlemen". However, intermediaries often fulfil important functions in the value chain, such as linking producers to information, markets and finance. Digital service providers can capitalise on intermediaries' digital skills, technological capacities and digitally enabled networks to improve service delivery and cover the last mile to producers. Thereby, intermediaries could help to overcome challenges often faced by digital service providers related to trust, preferences for face-to-face contact and low digital access among producers. In the case of Twiga Foods, for instance, agents play a crucial role in establishing and maintaining relationships between farmers, vendors and the company. At the same time, digital tools can be used to provide safeguards to minimise fraud and unfair business practices in agricultural markets, for example by increasing the transparency of pricing, offering alternative sources of credit or providing rating systems for quality control.

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