Understanding the Demand for Financial, Agricultural, and Digital Solutions from Smallholder Households: Insights from the Household Survey in Uganda
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BACKGROUND
Financial innovation for smallholder families

This deck is part of a series which explores the research that CGAP and partners have conducted to explore the financial needs and behaviors of smallholder households.

Research was conducted as a basis for guiding financial solution providers, mobile network operators, donors and governments to design, improve, and scale solutions that address the needs of smallholder families.
To build the evidence base on smallholder households, 2 methodologies were utilized:

**Financial Diaries with Smallholder Households:**
Mozambique, Tanzania, and Pakistan

**National Surveys of Smallholder Households:**
Mozambique, Uganda, Tanzania, Côte d’Ivoire, Nigeria, and Bangladesh

Photo by Erin Scronce
Data sources

Six countries have data from National Surveys of Smallholder Households

- CÔTE D’IVOIRE
- NIGERIA
- BANGLADESH
- UGANDA
- MOZAMBIQUE
- TANZANIA
- PAKISTAN

Mozambique, Tanzania, and Pakistan utilize an additional data source: Financial Diaries
Census from Uganda Bureau of Statistics UBOS (2014) puts the population at **34.6m**.

In Uganda, agriculture contributes **23%** of the GDP and involves **80%** of the population.

Smallholder farmers in Uganda rely not only on income from agricultural activities but also other off-farm activities such as casual labor on other farms, trading, and remittances from relatives.

Smallholders in Uganda have very few tools to manage their irregular and volatile household cash flows, and thus have difficulty in planning and expanding their livelihood activities.

In 2015, CGAP and GIZ, in coordination with the Uganda Bureau of Statistics, conducted a nationally representative household survey to explore the financial needs and behaviors of smallholder farmers as a basis for guiding financial institutions, mobile network operators, donors, and government partners to design, improve and scale solutions that address the needs of farmers.

This presentation highlights the key insights from the survey.
Sample Design
The smallholder household survey in Uganda is a nationally representative survey with a target sample size of 3,000 smallholder households.

Sampling Frame
The sampling frame for the smallholder household survey is the list of enumeration areas (EAs) created for the 2014 Uganda National Population and Housing Census. Uganda is divided into 112 districts with each district comprised of counties/municipalities. Each county/municipality consists of sub-counties/town councils with each of them being further divided into parishes/wards and villages/cells.

Questionnaire Implementation
To capture the complexity of smallholder households, the questionnaire consisted of three parts, with certain questions asked of all relevant individuals in the household, not just one household member.

Data Collection
The questionnaire was translated into nine languages—Acholi, Ateso, Langi, Luganda, Lugbara, Lugishu, Lutooro, Ngakaaramojong, and Runyankole—and then pretested and validated in all nine languages to ensure that the integrity and appropriateness of the questions were in line with social and cultural customs. Data collection took place from 16 August to 7 September 2015, using computer-assisted data collection tools that regularly yielded data for analysis and quality control to provide timely feedback to field staff. The survey was implemented by Ipsos Uganda, InterMedia’s local field partner.
### National Survey of Smallholder Households

**Identification of relevant smallholder households to sample**

#### Listing criteria for the national surveys of smallholder households

**LAND AND LIVESTOCK MEASURES**
- Households with up to:
  - 5 HECTARES OF LAND
  - 50 HEADS OF CATTLE
  - 100 GOATS, SHEEP, AND PIGS
  - 1,000 CHICKENS

**MEASURES OF SELF-PERCEPTION**
- Agriculture provides a meaningful contribution to the household:
  - LIVELIHOOD
  - INCOME
  - CONSUMPTION

---

CGAP conducted national surveys of smallholder households in Uganda, Mozambique, Tanzania, Côte d’Ivoire, Nigeria, and Bangladesh. Care was taken to use an approach in the listing exercise that would encompass the wide variety of smallholder families across all 6 countries.
National Survey of Smallholder Households

Three questionnaires to capture household information and perspectives

<table>
<thead>
<tr>
<th>Demographics</th>
<th>Household economics</th>
<th>Agricultural practices</th>
<th>Mobile phones</th>
<th>Financial services</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>Income sources</td>
<td>Farmographics</td>
<td>Awareness</td>
<td>Awareness</td>
</tr>
<tr>
<td>Livelihood</td>
<td>Expenses</td>
<td>Practices vs. other household activities</td>
<td>Usage</td>
<td>Usage</td>
</tr>
<tr>
<td>Other</td>
<td>Vulnerability</td>
<td>Decision-making</td>
<td>Demand</td>
<td>Demand</td>
</tr>
<tr>
<td></td>
<td>Planning</td>
<td>Philosophies</td>
<td>Relevance</td>
<td>Relevance</td>
</tr>
<tr>
<td></td>
<td>Economic mgmt</td>
<td></td>
<td>Interest</td>
<td>Interest</td>
</tr>
<tr>
<td></td>
<td>philosophies</td>
<td></td>
<td>Ability to access</td>
<td>Ability to access</td>
</tr>
<tr>
<td>Gender: For many questions, we capture the perspectives of both male and female members of the household</td>
<td>Practices vs. other income</td>
<td>Impetus for trying</td>
<td>Use it</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Impact on life</td>
<td>Impact on life</td>
</tr>
</tbody>
</table>

Household questionnaire

Multiple respondent questionnaire

Single respondent questionnaire

Financial Innovation for Smallholder Households

Data Source: CGAP National Survey of Smallholder Households
Financial diaries with smallholder families

Methodology
The Diaries methodology combines in-depth quantitative and qualitative research. Research teams met participating families about every two weeks to collect granular data on their cash flows in and out of the household, financial tools, assets, major life events, and attitudes toward agriculture and financial services.

Sample Design
The Financial Diaries, conducted between June 2014 and June 2015, captured the financial and in-kind transactions of about 270 total households in impoverished northern Mozambique, the fertile farmlands of western Tanzania, and the Punjab province, the breadbasket of Pakistan.
### Financial diaries with smallholder families

*Sample locations and key characteristics*

<table>
<thead>
<tr>
<th>Location</th>
<th>Sample households</th>
<th>Monthly p.c. net income</th>
<th>Major crops and livestock</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mozambique</td>
<td>93</td>
<td>$5.50</td>
<td>Cassava, beans, peanuts, poultry</td>
</tr>
<tr>
<td>Tanzania</td>
<td>86</td>
<td>$10</td>
<td>Maize, potatoes, rice, beans, poultry</td>
</tr>
<tr>
<td>Pakistan</td>
<td>94</td>
<td>$25.99</td>
<td>Wheat, rice, cotton, buffalo, goats</td>
</tr>
</tbody>
</table>

*Data Source: CGAP Financial Diaries with Smallholder Households*
Financial diaries with smallholder families

Three initial questionnaires inform ongoing biweekly questionnaire

**QUESTIONNAIRE 1:**
Household roster and living standards

**QUESTIONNAIRE 2:**
HH members’ income sources and physical assets

**QUESTIONNAIRE 3:**
HH members’ income sources and physical assets

Data from three initial questionnaires generate ongoing Smallholder Diaries questionnaires

Open and close financial instruments and income sources as needed

Qualitative modules: Risk, labor decisions, agriculture, financial tools, aspirations

Major household events: Births, weddings, deaths, etc.

Crop tracker records harvests, sale, consumption, and loss of each crop

Financial Innovation for Smallholder Households
Data Source: CGAP Financial Diaries with Smallholder Households
Smallholder agriculture in Uganda

Agriculture provides the main income stream into smallholder families in Uganda, and supports nearly all household activities. Agriculture is also attracting young people. A new generation of farmers is bringing modern perspectives, a fresh vitality, and an ambitious mindset to the sector.

80% Population

70% Smallholders live on less than $2.50 a day

23% GDP

10% Smallholders farmers have a bank account

2. National Survey of Smallholder Households in Uganda
Key statistics from the National Survey of Smallholder Households in Uganda

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>93%</strong></td>
<td>pay for inputs immediately, and only <strong>7%</strong> have access to some sort of credit which allows them to pay later.</td>
</tr>
<tr>
<td><strong>95%</strong></td>
<td>pay for supplies, inputs in cash</td>
</tr>
<tr>
<td><strong>73%</strong></td>
<td>stored their crops after harvest</td>
</tr>
<tr>
<td><strong>68%</strong></td>
<td>grow between 1 – 4 crops for selling</td>
</tr>
<tr>
<td><strong>37%</strong></td>
<td>own between 1 – 5 hectares of land</td>
</tr>
<tr>
<td><strong>75%</strong></td>
<td>of the farmers use family labor for Agricultural activities</td>
</tr>
<tr>
<td><strong>72%</strong></td>
<td>seek financial or income related advise from friends and family</td>
</tr>
<tr>
<td><strong>73%</strong></td>
<td>have used mobile money</td>
</tr>
<tr>
<td><strong>100%</strong></td>
<td>get paid in cash when they sell</td>
</tr>
<tr>
<td><strong>69%</strong></td>
<td>own at least one mobile phone in the household</td>
</tr>
<tr>
<td><strong>89%</strong></td>
<td>have no contract to sell any of their crops, livestock</td>
</tr>
</tbody>
</table>
What the data reveals about smallholder households in Uganda and opportunities for financial innovation

7 insights
1 Agriculture
Ugandan farmers take pride in agriculture, celebrate their accomplishments, and show resilience.

- Farming is the core business from which they derive income and sustenance.
- Their commitment to agriculture is unchanged despite the difficulties associated with it.
- They’re optimistic about the future and pro-actively work to become the best they can be.
- For smallholders, farming emerges as a life choice and an important part of their identity. This offers insights into their motivation, despite their often very difficult financial circumstances.
- Almost 60% of smallholders have been in agriculture for more than 10 years. And 90% say that they intend to keep farming for the next 10+ years.
Farming is a core business from which they derive income and sustenance…

What is your primary job?
Smallholder farmers, n=5,517.

- Farmer: 79%
- Business owner: 4%
- Laborer: 5%
- Shop owner: 1%
- Professional (e.g. doctor, teacher): 3%
- Other: 8%

Do you generate income from any of the following sources?
Smallholder farmers, n=5,517. Multiple responses allowed.

- Growing something and selling it, such as crops, fruits, or vegetables: 80%
- Rearing livestock, poultry, fish, or bees and selling it or its byproducts: 35%
- Getting money from family or friends: 21%
- Earning wages from occasional job: 12%
- Running own business in retail or manufacturing: 8%
- Running own business by providing services: 5%
- Earning wages or salary from regular job: 5%
- Getting a grant, pension, or subsidy of some sort: 1%
- Other: 6%
...and they do it with passion.

Do you agree or disagree with the following statements?
Smallholder farmers who participate in household’s agricultural activities, n=2,296.

- I enjoy agriculture: 90% Agree, 10% Disagree
- I want to expand my agricultural activities by looking at new products and/or markets: 86% Agree, 10% Disagree
- I regard my agricultural activities as the legacy I want to leave for my family: 68% Agree, 28% Disagree
- I would take full-time employment if I were offered a job: 66% Agree, 31% Disagree
- I want my children to continue in agriculture: 66% Agree, 29% Disagree
- I am satisfied with what my agricultural activities have achieved: 59% Agree, 39% Disagree
The majority are experienced, but landholding under cultivation is still small.

How many years have you been farming?
Sample: Smallholder farmers who participate in household's agricultural activities, n=2,296.

58% More than 10 years
17% 6-10 years
19% 2-5 years
5% Less than 2 years
1% Don’t know

How many hectares (ha) of agricultural land do you own?
Sample: Smallholder households reported land size, n=2,765.

- None: 1%
- Up to 0.5 ha: 24%
- 0.5 to 1 ha: 22%
- 1 to 2 ha: 20%
- 2 to 3 ha: 10%
- 3 to 5 ha: 7%
- More than 5 ha: 4%
- Don’t know: 11%
Smallholders grow seven crops at the median...

Which of the following crops do you grow?
Sample: Smallholder farmers who participate in agricultural activities, n=5,203.

<table>
<thead>
<tr>
<th>FOOD AND STAPLE CROPS</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maize</td>
<td>83%</td>
</tr>
<tr>
<td>Beans</td>
<td>80%</td>
</tr>
<tr>
<td>Cassava</td>
<td>75%</td>
</tr>
<tr>
<td>Sweet potatoes</td>
<td>66%</td>
</tr>
<tr>
<td>Groundnuts</td>
<td>56%</td>
</tr>
<tr>
<td>Bananas</td>
<td>44%</td>
</tr>
<tr>
<td>Millet</td>
<td>33%</td>
</tr>
<tr>
<td>Sorghum</td>
<td>32%</td>
</tr>
<tr>
<td>Irish potatoes</td>
<td>18%</td>
</tr>
<tr>
<td>Simsim</td>
<td>17%</td>
</tr>
<tr>
<td>Soya beans</td>
<td>12%</td>
</tr>
<tr>
<td>Rice</td>
<td>10%</td>
</tr>
<tr>
<td>Cowpea</td>
<td>6%</td>
</tr>
<tr>
<td>Pigeon pea</td>
<td>5%</td>
</tr>
<tr>
<td>Field peas</td>
<td>2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH CROPS</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coffee</td>
<td>21%</td>
</tr>
<tr>
<td>Sugar cane</td>
<td>7%</td>
</tr>
<tr>
<td>Cotton</td>
<td>3%</td>
</tr>
<tr>
<td>Tea</td>
<td>1%</td>
</tr>
<tr>
<td>Tobacco</td>
<td>1%</td>
</tr>
</tbody>
</table>
...and 3 out of 5 of smallholders raise livestock.

Do you have any livestock, herds, other farm animals, or poultry?
Sample: Smallholder farmers who participate in agricultural activities, n=5,203.

No 40%
Yes 60%

Which of the following do you rear?
Sample: Smallholder farmers who have any livestock, herds, other farm animals or poultry, n=3,184. Multiple responses allowed.

- Indigenous chickens – layers: 32%
- Indigenous goats: 29%
- Goats – meat: 25%
- Indigenous chickens – broilers: 20%
- Chickens – broilers: 19%
- Indigenous cattle: 19%
- Pigs: 18%
- Cattle – beef: 15%
- Chickens – layers: 14%
- Indigenous pigs: 11%
- Cattle – dairy: 10%
- Ducks: 7%
- Sheep: 5%
- Bees (number of hives or boxes): 3%
- Indigenous sheep: 3%
- Turkeys: 2%
- Goats – dairy: 2%
- Fish (number of ponds): 0%
Agriculture revolves around the family.

For managing the land and livestock, what types of labor do you use?
Sample: Smallholder farmers who use labor for managing land and livestock, n=4,437. Multiple responses allowed.

- Family labor: 75%
- Hired labor for extended period: 20%
- Friends or neighbors labor, on a reciprocity basis: 19%
- None: 15%
- Daily rate for agricultural labor: 11%
- Other: 1%

What do you use the labor for?
Sample: Smallholder farmers who use labor for managing land and livestock, n=5,203. Multiple responses allowed.

- Planting: 93%
- Weeding: 92%
- Land plowing and preparation: 88%
- Harvesting: 85%
- Selling crops: 42%
- Livestock care: 30%
- Livestock sale: 15%
Despite the difficulties, the desire to continue in agriculture is very strong...

Do you intend to keep working in agriculture?

Sample: Smallholder farmers who participate in household's agricultural activities, n=2,296.

- Yes: 88%
- No: 10%
- Don’t Know: 2%

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Do you intend to keep working in agriculture?

By number of years in farming. Sample: Smallholder farmers who participate in household's agricultural activities, n=2,296.

- More than 10 years: 90%
- 6 to 10 years: 87%
- 2 to 5 years: 86%
- Less than 2 years: 72%
Do you agree or disagree with the following statements?

Sample: Smallholder farmers aged 15-29 who participate in household’s agricultural activities, n=860. Smallholder farmers aged 30+ who participate in household's agricultural activities, n=1,436.

I WOULD TAKE FULL-TIME EMPLOYMENT IF I WERE OFFERED A JOB

- Farmers aged 15-29: 22% Agree, 76% Disagree
- Farmers aged 30+: 38% Agree, 59% Disagree

I AM SATISFIED WITH WHAT MY AGRICULTURE ACTIVITIES HAVE ACHIEVED

- Farmers aged 15-29: 41% Agree, 58% Disagree
- Farmers aged 30+: 38% Agree, 60% Disagree

I WOULD NOT WANT TO DO ANY OTHER KIND OF WORK

- Farmers aged 15-29: 54% Agree, 44% Disagree
- Farmers aged 30+: 53% Agree, 45% Disagree
The future lies in their hands and they know that.

Do you agree or disagree with the following statements?
Sample: Smallholder farmers, n=2,771.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Agree</th>
<th>Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I always work hard to be among the best at what I do</td>
<td>93%</td>
<td>5%</td>
</tr>
<tr>
<td>My life is determined by my own actions</td>
<td>86%</td>
<td>11%</td>
</tr>
<tr>
<td>I always look for opportunities for improving my situation</td>
<td>86%</td>
<td>10%</td>
</tr>
<tr>
<td>When I get what I want, it is usually because I worked hard for it</td>
<td>84%</td>
<td>12%</td>
</tr>
<tr>
<td>It is not always wise for me to plan too far ahead because many things turn out to be a matter of good or bad fortune</td>
<td>50%</td>
<td>43%</td>
</tr>
</tbody>
</table>

Smallholders are not letting their current situation define their future. Ugandan farmers are working hard to better their lives, every day.
What does the data teach us?

- Ugandan farmers’ commitment to agriculture and the desire to continue in the sector necessitates that they access timely advisory services that enable them improve productivity and better planning for income.

- Landholdings are small, and maximum productivity will require a shift from traditional approaches of production to adoption of technology. Products such as high quality seeds, fertilizers and equipments that catalyze this transition will be critical.
2 Investments
Ugandan smallholders see investments in their farm and their children’s education as pathways to a brighter future.

- They place the highest level of importance on investing in their farms and the future educational opportunities of their children.

- They align their savings aspirations with their priorities: their farm and their children’s education. Smallholders in Uganda want financial tools that allow them to plan for their agricultural activities and build up reserves for emergencies.

- They have the greatest appetite for financial mechanisms that help them afford agricultural inputs such as seed and fertilizer to improve productivity and income.

- The payment of school fees is an important priority. A majority of smallholders want a product that can help them address the pressures of school fees.

- Smallholders also know that risk management matters and can mean the difference between heavy gains and severe losses.
Investment in the farm and children’s education is important...

How important is it for your household to invest in each of the following?
Sample: Smallholder farmers, n=2,771.

- Invest money in a farm: 81% Very important, 16% Somewhat important, 2% Not important
- Invest money in a future educational opportunity: 72% Very important, 20% Somewhat important, 6% Not important
- Invest money in a home/home improvement: 53% Very important, 38% Somewhat important, 8% Not important

Which of the following do you feel your household needs to do the most?
Sample: Smallholder farmers, n=2,771.

- Invest money in a farm: 45%
- Invest money in a future educational opportunity: 43%
- Invest money in a home/home improvement: 11%
- Don’t know: 1%
How important is it for your household to save for each of the following?
Sample: Smallholder farmers, n=2,771.

- Save money for a future purchase: 84% Very important, 15% Somewhat important, 1% Not important, 1% Don’t know
- Save money for school fees: 78% Very important, 15% Somewhat important, 6% Not important, 1% Don’t know
- Save money for an unexpected event: 71% Very important, 25% Somewhat important, 3% Not important, 1% Don’t know
- Save money for regular purchases: 66% Very important, 29% Somewhat important, 5% Not important, 1% Don’t know

Which of the following do you feel your household needs to save for the most?
Sample: Smallholder farmers, n=2,771.

- Save money for a future purchase: 43%
- Save money for school fees: 29%
- Save money for an unexpected event: 18%
- Save money for regular purchases: 10%
- Don’t know: 1%
The importance they attach to the farm drives savings behavior.

How important is it to keep money aside for the following agricultural needs?

Sample: Smallholder farmers who participate in household's agricultural activities, n=2,296.

<table>
<thead>
<tr>
<th>Need</th>
<th>Very important</th>
<th>Somewhat important</th>
<th>Not important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seeds</td>
<td>77%</td>
<td>20%</td>
<td>3%</td>
</tr>
<tr>
<td>Fertilizer</td>
<td>68%</td>
<td>19%</td>
<td>12%</td>
</tr>
<tr>
<td>Pesticides</td>
<td>67%</td>
<td>26%</td>
<td>6%</td>
</tr>
<tr>
<td>Equipment</td>
<td>58%</td>
<td>29%</td>
<td>11%</td>
</tr>
<tr>
<td>For future investment opportunities</td>
<td>56%</td>
<td>32%</td>
<td>10%</td>
</tr>
<tr>
<td>Crop storage after harvest</td>
<td>54%</td>
<td>34%</td>
<td>10%</td>
</tr>
<tr>
<td>Hiring staff / workers</td>
<td>49%</td>
<td>29%</td>
<td>21%</td>
</tr>
<tr>
<td>Security</td>
<td>36%</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>Irrigation</td>
<td>34%</td>
<td>27%</td>
<td>33%</td>
</tr>
<tr>
<td>Fuel</td>
<td>32%</td>
<td>25%</td>
<td>37%</td>
</tr>
</tbody>
</table>
Smallholders want savings, credit, and layaway plans that enable them to pay for seed and fertilizer, plus their children’s education.

**How important is each of the following products to your agricultural activities?**

Sample: Smallholder farmers, n=2,771.

<table>
<thead>
<tr>
<th>Product</th>
<th>Very important</th>
<th>Somewhat important</th>
<th>Not important</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>A savings plan for inputs</td>
<td>35%</td>
<td>30%</td>
<td>24%</td>
<td>11%</td>
</tr>
<tr>
<td>A credit plan for school fees</td>
<td>35%</td>
<td>26%</td>
<td>28%</td>
<td>11%</td>
</tr>
<tr>
<td>A payment plan for inputs</td>
<td>33%</td>
<td>29%</td>
<td>27%</td>
<td>11%</td>
</tr>
<tr>
<td>A goal savings plan or contractual savings plan for school fees</td>
<td>31%</td>
<td>27%</td>
<td>29%</td>
<td>12%</td>
</tr>
<tr>
<td>A mobile money account that came with a smartphone</td>
<td>17%</td>
<td>17%</td>
<td>44%</td>
<td>22%</td>
</tr>
<tr>
<td>A pre-paid card to make payments</td>
<td>15%</td>
<td>19%</td>
<td>44%</td>
<td>23%</td>
</tr>
<tr>
<td>A pre-paid card for receiving income</td>
<td>14%</td>
<td>21%</td>
<td>42%</td>
<td>23%</td>
</tr>
</tbody>
</table>
Do you want to have any of the following products for your agricultural activities?

Sample: Smallholder farmers, n=2,771.

- Loan that is accessed through a mobile money account and linked to a bank account: 37% want, 2% currently have.
- Loan that is accessed through a mobile money account: 41% want, 2% currently have.
- Loan that came with an insurance plan: 39% want, 2% currently have.
- Loan that came with a mobile money account: 40% want, 3% currently have.
- Loan that is accessed directly through a bank account: 41% want, 3% currently have.
- Loan that came with a bank account: 41% want, 3% currently have.

They see mobile phones and banks as major channels through which financial solutions can reach them…
But they also know that risk management matters, and could mean the difference between heavy gains and severe losses.

What poses the most significant risk to your agricultural activities?
Smallholder farmers who participate in household’s agricultural activities, n=2,296.

- Weather-related event: 68%
- Pests / diseases: 15%
- Market prices: 8%
- Input prices: 2%
- Health: 2%
- Land being taken away: 1%
- Power failure/shortage: 1%
- Other: 2%
- Don’t know: 1%

Have your agricultural activities been seriously affected by any of the following events in the past three years?
Smallholder farmers who participate in household’s agricultural activities, n=2,296.

- Weather-related event: 81%
- Pests / diseases: 74%
- Unexpected price fluctuation in the market: 38%
- Unexpected price fluctuation of inputs: 22%
- Health-related event: 20%
- Accident or theft: 14%
- Market downturn / crops or livestock not able to be sold: 6%
- Breakdown of equipment: 5%
- Contracts not honored: 1%
- Don’t know: 2%
So many risks, but few coping options.

How did you mainly cope when this happened?
Sample: Smallholder farmers who say their agricultural activities have been seriously affected by each category. weather-related event n=1,810, pests / diseases n=1,759, unexpected market price fluctuation n=812.

Most smallholders did not do anything, or did not do anything special, to cope with shocks to their agricultural activities. After a weather shock, for example, very few smallholders did something specific in response, such as taking a temporary job, borrowing money, drawing on savings, or selling livestock or assets.
Smallholders also cope by storing crops.

**Do you currently store any of your crops after the harvest?**
Smallholder farmers who participate in household’s agricultural activities, n=2,296.

- **Yes**: 27%
- **No**: 73%

**Why do you not currently store any of your crops?**
Smallholder farmers who currently do not store any crops after harvest, n=663. Multiple responses allowed.

- There are no leftover crops to store: 68%
- There is no available storage place nearby: 21%
- I need to use the money after the harvest: 18%
- Storage is too expensive: 8%
- It is not a good idea to store crops: 2%
- Other: 7%
- Don’t know: 2%
What does the data teach us?

• Farmers are hungry for a holistic suite of financial products and services and **not just credit**. They’re looking for savings, insurance, investment and risk management products that enable them reach their goals.

• The mobile phone emerges as a major delivery tool for financial and non financial services that smallholders need.

• Weather is the greatest threat to their livelihood and could mean the difference between heavy gains, and severe losses. Affordable weather insurance products will be critical to help them cushion against this risk.
3 Financial tools
Smallholders in Uganda recognize that access to formal and informal financial services is important and critical for their work, but many remain excluded.

- Smallholder farmers in Uganda lag behind the nation in their exposure to and use of some financial services.

- Key reasons that smallholders in Uganda do not use financial services include lack of means (“I don’t have the money”), lack of access (I don’t have a bank account”), and lack of understanding (“I don’t know how to open an account”).

- The majority of smallholder farmers consider the ability to save money a key benefit of having a bank account. This perception can drive adoption and usage.
They know that it is important to have a bank account and use it for savings, but 70% have not even stepped inside a bank branch.

**Have you ever been inside a bank?**
Sample: Smallholder farmers, n=2,771.

- **Yes**: 30%
- **No**: 70%

**What are the benefits to having a bank account?**
Sample: Smallholder farmers, n=2,771. Multiple responses allowed.

- **Ability to save money**: 69%
- **Saving money in a secure location**: 42%
- **Ability to send or receive money to/from family or friends**: 19%
- **Ability to send or receive payments**: 12%
- **Ability to do more business**: 10%
- **Avoid lengthy wait times for bill payments**: 10%
- **Don’t know**: 15%
How much do you trust each of the following as financial sources?
Sample: Smallholder farmers, n=2,771.

<table>
<thead>
<tr>
<th>Financial Source</th>
<th>Fully trust</th>
<th>Somewhat trust</th>
<th>Neither trust nor distrust</th>
<th>Somewhat distrust</th>
<th>Fully distrust</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks</td>
<td>42%</td>
<td>24%</td>
<td>10%</td>
<td>9%</td>
<td>7%</td>
<td>8%</td>
</tr>
<tr>
<td>Bank agents</td>
<td>27%</td>
<td>31%</td>
<td>13%</td>
<td>9%</td>
<td>8%</td>
<td>12%</td>
</tr>
<tr>
<td>Mobile money providers</td>
<td>31%</td>
<td>36%</td>
<td>12%</td>
<td>6%</td>
<td>4%</td>
<td>11%</td>
</tr>
<tr>
<td>Mobile money providers</td>
<td>35%</td>
<td>33%</td>
<td>11%</td>
<td>6%</td>
<td>5%</td>
<td>11%</td>
</tr>
<tr>
<td>Friends, family who borrow from / save money</td>
<td>22%</td>
<td>37%</td>
<td>16%</td>
<td>10%</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td>Microfinance institutions</td>
<td>20%</td>
<td>30%</td>
<td>16%</td>
<td>9%</td>
<td>9%</td>
<td>16%</td>
</tr>
<tr>
<td>Savings groups</td>
<td>28%</td>
<td>33%</td>
<td>14%</td>
<td>9%</td>
<td>8%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Roughly two-thirds of smallholders trust banks, bank agents, mobile money providers or their agents at least somewhat. This moderately high level of trust is a solid foundation for providers to build on.
They attach great value to savings at a financial institution and on mobile. This resonates with the trust smallholders place in both channels.

How important is it for your household to save at each of the following?  
Sample: Smallholder farmers, n=2,771.

<table>
<thead>
<tr>
<th>Method</th>
<th>Very important</th>
<th>Somewhat important</th>
<th>Not important</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Save money at a financial institution</td>
<td>62%</td>
<td>30%</td>
<td>24%</td>
<td>2%</td>
</tr>
<tr>
<td>Save money on a mobile phone</td>
<td>50%</td>
<td>15%</td>
<td>12%</td>
<td>4%</td>
</tr>
<tr>
<td>Save money at home</td>
<td>49%</td>
<td>33%</td>
<td>18%</td>
<td>4%</td>
</tr>
<tr>
<td>Save money with an informal group</td>
<td>47%</td>
<td>34%</td>
<td>16%</td>
<td>4%</td>
</tr>
</tbody>
</table>
But lack of money is a major challenge for those who don’t save.

Do you personally have a bank account that is registered in your name?
Sample: Smallholder farmers, n=2,771.

- Yes: 10%
- No: 90%

What is the main reason you do not have a bank account?
Sample: Smallholder farmers who don’t have a bank account, n=2,415.

- I do not have money/ I do not have enough money to make transactions: 62%
- I never thought about using a bank: 10%
- I do not know how to open one: 9%
- There are no banks close to where I live: 7%
- I do not know what it is: 6%
- I do not need one, I do not make any transactions: 4%
- Registration fee is too high/ Fees for using a bank account are too high: 1%
- Banks do not offer the services I need: 1%
Even though smallholders trust banks, when it comes to financial advice they turn to friends and family.

When it comes to financial or income-related advice, who do you regularly talk to?

Sample: Smallholder farmers, n=2,771. Multiple responses allowed.

<table>
<thead>
<tr>
<th>Advice Source</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friends and family</td>
<td>72%</td>
</tr>
<tr>
<td>Savings and credit group (e.g. chama, VSLA)</td>
<td>10%</td>
</tr>
<tr>
<td>Local Councilor or LC</td>
<td>7%</td>
</tr>
<tr>
<td>Lead farmer</td>
<td>6%</td>
</tr>
<tr>
<td>Chief or Village leader</td>
<td>5%</td>
</tr>
<tr>
<td>Other community group</td>
<td>4%</td>
</tr>
<tr>
<td>Other community leader</td>
<td>4%</td>
</tr>
<tr>
<td>Farmers’ association or cooperative</td>
<td>4%</td>
</tr>
<tr>
<td>Extension agents</td>
<td>2%</td>
</tr>
<tr>
<td>Middle men</td>
<td>2%</td>
</tr>
<tr>
<td>Financial institution like a bank or microfinance</td>
<td>1%</td>
</tr>
<tr>
<td>Don’t know who to go to</td>
<td>1%</td>
</tr>
<tr>
<td>Don’t have anyone to go to</td>
<td>3%</td>
</tr>
<tr>
<td>Don’t ask for advice</td>
<td>13%</td>
</tr>
</tbody>
</table>
They value human touch, but also ATMs. This is how they interact with banks.

When you use a bank account for any financial activity, do you use any of the following?
Sample: Smallholder farmers who have ever used a full-service bank for any financial activity, n=357. Multiple responses allowed.

- Over the counter in a branch of the bank: 81%
- ATM: 64%
- Over the counter at a retail store: 4%
- A door-to-door agent or person associated with bank: 1%
- Through a mobile wallet, transfer money from account to phone: 1%
- Mobile app: 1%
- Bank’s website: 0%

Of the different ways you use a bank for financial activities, which is your preferred way?
Sample: Smallholder farmers who have ever used a full-service bank for any financial activity, n=357.

- Over the counter in a branch of the bank: 45%
- ATM: 52%
- Over the counter at a retail store: 1%
- A door-to-door agent or person associated with bank: 0%
- Mobile app: 0%
- Through a mobile wallet, transfer money from account to phone: 0%
- Bank’s website: 0%
Low usage of banks could point to limited product options for smallholders.

Do you use a bank account for the following payments or purchases?
Sample: Smallholder farmers who have ever used a full-service bank for any financial activity, n=357.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receive payments from customers</td>
<td>6%</td>
</tr>
<tr>
<td>Make investments</td>
<td>6%</td>
</tr>
<tr>
<td>Receive payments from suppliers</td>
<td>5%</td>
</tr>
<tr>
<td>Pay business associated expenses</td>
<td>5%</td>
</tr>
<tr>
<td>Pay for agricultural inputs</td>
<td>4%</td>
</tr>
<tr>
<td>Pay employees</td>
<td>3%</td>
</tr>
<tr>
<td>Pay suppliers</td>
<td>1%</td>
</tr>
<tr>
<td>Do not use bank account for business transactions</td>
<td>74%</td>
</tr>
</tbody>
</table>
Low usage is not just with banks, but informal providers too.

Have you ever used any of the following?
Smallholder farmers, n=2,771.

- VSLA - village savings and loan association: 26%
- Shop keepers: 12%
- ROSCA / Chama: 11%
- Other informal saving and credit group: 5%
- Money lenders: 3%
- Savings collectors: 2%
- Money guard / Someone in workplace or neighborhood that collects and keeps savings deposits: 1%
- Digital card, recharge card not attached to a bank or MFI account: 0%
Smallholders aspire to create a brighter future. They see savings and investment plans as pathways...

**Do you have any of the following?**
Smallholder farmers, n=2,771. Multiple responses allowed.

- A savings plan: 31%
- An investment: 22%
- A living will; I know what will happen to my money if I die unexpectedly: 5%
- An insurance plan: 4%
- A retirement plan that will help me live comfortably after I stop working: 2%
- None of the above: 40%
...but there’s demand for insurance products too.

Which of the following types of insurance do you feel your household needs the most?

Smallholder farmers, n=2,771

- Medical: 37%
- Agriculture: 21%
- Life: 16%
- House / property: 4%
- Unemployment / income protection: 3%
- Car: 0%
- Other: 2%
- Don’t know: 17%
Here are some considerations before smallholders use financial institutions.

What factors would you consider when you want to borrow money?
Sample: Smallholder farmers, n=2,771. Multiple responses allowed.

- Quickest access to money: 56%
- Best interest rates: 55%
- Most convenient to get to: 41%
- Best repayment terms: 33%
- Easiest to use: 30%
- Recommended by a friend: 23%
- Have borrowed from them before: 23%
- Loan size: 21%
- Met minimum requirements: 16%
- Trust in a financial institution: 16%
- Was desperate / no other options: 13%
- Other: 1%
- Don’t know: 5%

Do you currently have any loans?
Sample: Smallholder farmers, n=2,771.

- Yes: 19%
- No: 81%
What does the data teach us?

- Financial institutions offer limited product options targeted to smallholders, which could be driving their low usage.

- Beyond bank products, insurance also emerges as an important product to help cushion smallholders against various risks.

- Smallholders trust banks. There is a strong business case for banks to offer relevant products targeted specifically to smallholders.
Transactions are largely cash based and without contracts.

- Approximately three quarters of smallholder farmers in Uganda purchase agricultural inputs (fertilizer, seeds, etc.), and they buy them from retailers.
- Transactions tend to be paid in cash at the point of purchase with few farmers having an option of input credit.
- 1% of smallholders receive government pensions; 45% of them say they collect it in cash.
- Nearly all sales happen outside of formal contracts. Only 8% of smallholders have a contract to sell their crops or livestock.
Who do you normally purchase your agricultural and livestock inputs from?

Sample: Smallholder farmers who participate in household's agricultural activities, n=5,203. Multiple responses allowed.

- Retailer: 64%
- Wholesaler: 14%
- Middleman / Trading company: 9%
- Processor: 2%
- Cooperative: 1%
- Other: 3%
- Do not buy inputs: 24%
Do your suppliers give you the option to pay them later or do you have to pay immediately?
Sample: Smallholder farmers who pay suppliers for inputs, n=3,789.
- Pay immediately: 93%
- Pay later: 7%

How do you usually pay your suppliers of inputs?
Sample: Smallholder farmers who purchase main agricultural and livestock inputs, n=3,983. Multiple responses allowed.
- Cash: 95%
- Payment in-kind: 1%
- Prepaid debit card: 0%
- Mobile banking: 0%
- Pay cash into bank: 0%
- Electronic funds transfer: 0%
Even those that collect a pension still get it in cash.

**Do you receive income from any of the following?**
Sample: Smallholder farmers, n=5,517. Multiple responses allowed.

- Government benefits (pension, disability, welfare, etc.) | 1%
- Other donor/NGO benefits | 2%
- Occasional paid assignments, labor for hire | 11%
- Remittances/monetary or other help from family or friends | 21%
- Occasional sale of my belongings | 39%

**How do you usually get this government payment?**
Sample: Smallholder farmers who receive income from government benefits, n=82. Multiple responses allowed.

- Personal pick-up in cash | 45%
- Direct deposit to a bank account | 33%
- Digital card | 6%
- Deposit to another person’s m-money account | 4%
- Deposit to your m-money account | 4%
- Western Union/Money Gram | 3%
- Personal pick-up in check | 2%
- Courier delivery | 1%
- Deposit to an agent’s m-money account | 0%
Smallholders sell to retailers, with no contracts.

Who do you sell your crops and livestock to?
Sample: Smallholder farmers who grow and sell crops, n=4,375. Multiple responses allowed.

- Retailer: 57%
- Direct to the public: 45%
- Wholesaler: 23%
- Middleman / Trading company: 18%
- Processor: 6%
- Cooperative: 2%
- Government agency: 0%
- Other: 2%

Do you have a contract to sell any of your crops or livestock?
Sample: Smallholder farmers who grow and sell crops, n=4,375.

- Yes: 89%
- No: 3%
- Don’t know: 8%
Selling without contracts, many smallholders feel taken advantage of.

When you sell your crops and livestock, do you get the current market price?
Sample: Smallholder farmers who grow and sell crops, $n=4,375$.

- Yes: 51%
- No: 35%
- Don’t know: 14%

Why do you not get the current market price?
Sample: Smallholder farmers who do not get current market price for crops and livestock sold, $n=1,556$. Multiple responses allowed.

- My customers take advantage of me: 44%
- Too few customers: 21%
- No access to transport to other markets: 15%
- I have to pay high commission rates to middlemen: 5%
- Poor crop quality: 3%
- Corruption: 3%
- I do not know why: 4%
What does the data teach us?

- Cash is still the desired mode of payment. This leaves farmers with no trace or trail of historical payments - data that is critical in building models to integrate them in the financial system.

- The inability to access inputs on credit from suppliers means that smallholders will struggle to keep their farms afloat, especially during poor harvests. With a poor season and low income, access to inputs for the next season may be a challenge, given that input suppliers require cash.

- Many smallholders are trading individually. Coming together collectively could enable them to secure contracts, procure inputs in bulk at a discount, and improve their ability to bargain for better prices.
5 Mobile phones
The mobile phone is a critical tool to drive uptake and usage of digital financial services for smallholders.

- Mobile phones are very important to smallholder farmers in Uganda, but usage beyond voice calls is still limited.
- Farmers do not yet see the mobile phone’s greater application or utility for their household or agricultural activities.
- Phone ownership lags use. While 73% of smallholders have used a phone, only 69% actually own one.
- When smallholders move beyond calls and texts, the mobile phone will be a more powerful digital channel for households.
Regardless of what you have, how important is it to your household/agricultural activities to have a mobile phone?

- To household: 79% Very important, 16% Somewhat important, 4% Not important, 1% Don't know
- To agricultural activities: 72% Very important, 21% Somewhat important, 6% Not important, 1% Don't know
Have you ever used a mobile phone?
Smallholder farmers, n=2,771.

What type of phone have you used?
Sample: Smallholder farmers who have ever used a mobile phone, n=2,104. Multiple responses allowed.

- Basic phone: 71%
- Feature phone: 33%
- Smartphone: 3%

...and this perceived importance translates into greater usage.
Smallholders see voice calls as the major reason to own a phone.

What are the benefits to having your own mobile phone or SIM card?
Sample: Smallholder farmers who have ever used a mobile phone, n=2,104. Multiple responses allowed.

- Talking to friends and family: 99%
- Conducting financial transactions: 27%
- Running your business: 24%
- Downloading/watching/listening to music, games, videos, ringtones: 4%
- Browsing social media (Facebook, Twitter, Instagram, WhatsApp): 3%
How many people in your household own a mobile phone?

Smallholder farmers, n=2,870.

Phone penetration is fairly good.

- 31% None
- 41% One
- 21% Two
- 4% Three
- 3% Four or more
Even among those who have no phone yet, there’s interest in acquiring one.

How likely are you to purchase a mobile phone in the next 12 months?

Sample: Smallholder farmers who currently do not own a phone but have used a phone, n=657.

- Very likely: 27%
- Somewhat likely: 34%
- Not likely: 33%
- Don’t know: 6%
KYC limits further use beyond voice and SMS.

Do you have any of the following types of an official identification?
Sample: Smallholder farmers, n=5,517. Multiple responses allowed.

- Government-issued ID: 61%
- Voter’s card: 56%
- Birth certificate: 27%
- Village / Local ID: 24%
- School-issued ID: 10%
- Employee ID: 3%
- Driver’s license: 2%
- Ration card: 2%
- International Passport: 1%
- East African Passport: 1%
- Military ID: 1%
What does the data teach us?

- 71% of smallholders own a basic phone. Any digital solution that targets smallholders must take this into consideration. Basic solutions that can run on basic and feature phones must be emphasized.

- There’s need to clearly articulate the benefits of a phone beyond voice and SMS. Transitioning smallholders beyond the current usage practices will require targeted education and awareness.
6 Mobile money
Farmers’ awareness of mobile money is very high. They recognize its benefits but many aren’t using the service yet.

- 87% of smallholders in Uganda have heard about mobile money. They see the benefits of having a mobile account as giving them ability to send and receive money and savings.
- Smallholders are aware of the basic functions of mobile money as depositing and withdrawing.
- They started to use mobile money largely to send or receive money.
- Lack of money is one of the major reasons for not using mobile money.
- Overall awareness about mobile money providers is high for only two providers: MTN and Airtel. Many first heard of these two providers from the radio and friends.
The awareness and perceived benefits of mobile money don’t translate into its regular use.

Have you ever heard of something called mobile money?
Sample: Smallholder farmers, n=2,771.

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>87%</td>
<td>13%</td>
</tr>
</tbody>
</table>

Do you have a registered account with a mobile money provider?
Sample: Smallholder farmers, n=2,771.

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>21%</td>
<td>79%</td>
</tr>
</tbody>
</table>

Are there benefits to having a mobile money account?
Sample: Smallholder farmers who are aware of mobile money concept, n=2,411.

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>94%</td>
<td>6%</td>
</tr>
</tbody>
</table>
MTN and Airtel Money are well known.

Please tell me the names of any mobile money providers that you are aware of?
Sample: Smallholder farmers, overall awareness n=2,771, aware of mobile money concept n=2,411. Multiple responses allowed.

- MTN Mobile Money: Overall awareness 72%, Aware of mobile money concept 83%
- Airtel Money: Overall awareness 44%, Aware of mobile money concept 50%
- Micropay: Overall awareness 6%, Aware of mobile money concept 6%
- M-Sente: Overall awareness 6%, Aware of mobile money concept 6%
- Orange: Overall awareness 3%, Aware of mobile money concept 4%
- Africell Money: Overall awareness 2%, Aware of mobile money concept 3%
- Smart Money: Overall awareness 2%, Aware of mobile money concept 2%
- Ezee Money: Overall awareness 1%, Aware of mobile money concept 2%
- M-PESA: Overall awareness 1%, Aware of mobile money concept 1%
- Micropay: Overall awareness 1%, Aware of mobile money concept 1%
- Micropay: Overall awareness 0%, Aware of mobile money concept 0%
Send/Receive are predominant uses of mobile money services.

What is the main reason you started using mobile money?
Sample: Smallholder farmers, n=888.

- I had to receive money from another person: 49%
- I had to send money to another person: 35%
- I wanted to start saving money with an m-money account: 4%
- A friend or family member recommended it: 2%
- I had to receive money from an organization/government agency: 2%
- Somebody/a person requested I opened an account: 2%
- I wanted a safe place to store my money: 1%
- I saw other people using it and wanted to try by myself: 1%
- I saw posters/billboards/radio/TV advertising that convinced me: 1%
- An agent or sales person convinced me: 1%
- I got a promotional amount of money to spend if I start using: 0%
- I got a discount on airtime: 0%
- I had to send money to an organization/government agency: 0%
What is the main reason you have never used mobile money services?
Sample: Smallholder farmers, n=602.

- I never have money to make transactions with this service: 43%
- I do not know how to open one: 13%
- I do not need one, I do not make any transactions: 11%
- I do not have a phone: 10%
- There is no point-of-service/agent close to where I live: 5%
- I do not know what it is: 5%
- Using such account is difficult: 2%
- I do not have a state ID or other required documents: 2%
- I do not have a mobile money account: 1%
- It is too expensive: 1%
- I do not trust that my money is safe on a mobile money account: 1%
- I never have money to make transactions with this service: 1%
- I do not know how to open one: 1%
- I do not need one, I do not make any transactions: 11%
- I do not have a phone: 10%
- There is no point-of-service/agent close to where I live: 5%
- I do not know what it is: 5%
- Using such account is difficult: 2%
- I do not have a state ID or other required documents: 2%
- I do not have a mobile money account: 1%
- It is too expensive: 1%
- I do not trust that my money is safe on a mobile money account: 1%
But there’s traction for sending/receiving money.

What are the benefits to having a mobile money account?
Sample: Smallholder farmers who believe there are benefits to having a mobile money account, n=2,411. Multiple responses allowed.

- Ability to send or receive money to/from family or friends: 72%
- Ability to save money: 63%
- Saving money in a secure location: 30%
- Ability to send or receive payments: 22%
- Avoid lengthy wait times for bill payments: 15%
- Ability to do more business: 11%
What does the data teach us?

- Smallholders’ awareness about mobile money and its benefits is an opportunity. MNOs can leverage this knowledge to drive usage over and above sending and receiving money.

- Below the line marketing initiatives seem to work better with smallholders as channels for information sharing. But radio is still an important channel to reach smallholders.
Segmentation
Five segments of smallholder households in Uganda

- **Farming for sustenance**: 54%
- **Battling the elements**: 21%
- **Options for growth**: 16%
- **Diversified and pragmatic**: 4%
- **Strategic agricultural entrepreneurship**: 4%

Data Source: National Survey of Smallholder Households in Uganda
Five segments of smallholder households in Uganda

Percentage of segments financially included

- **Farming for sustenance**: 54%
- **Battling the elements**: 21%
- **Options for growth**: 16%
- **Diversified and pragmatic**: 4%
- **Strategic agricultural entrepreneurship**: 4%

Data Source: National Survey of Smallholder Households in Uganda
Farming for sustenance

- It is the predominant segment among smallholder households in Uganda, comprising 54% of farming households.
- This segment does live off of what the farm produces, either consuming, selling or trading the fruits of their agricultural labor, without much else to sustain their households.
- It is a highly vulnerable group, and perhaps stands to gain the most from financial and agricultural mechanisms that can facilitate their daily labor.

Government and NGO extension services that are geared towards increased production, productivity and improvements in farming methods can greatly help this segment to become more food secure.
The “battling the elements” group is the second largest segment in Uganda, comprising 21% of smallholder farming households.

This is an important group because these households are facing many of the same limiting circumstances as those in the “farming for sustenance” group, but are more able to call on their support networks for financial assistance.

They are taking better financial steps in their lives, despite having less education and facing the brutal realities of farming.

A greater portion generate income from agriculture, and a greater portion of these households has multiple income sources. This segment is still challenged by limited education, and the incidence of unexpected life or farm-related events.

This segment presents an opportunity for financial services that enable smallholders in this group to manage risk and reduce losses that could emerge from unexpected events. This is a target for FSPs (Insurance, Banks, MFIs).
Diversified and pragmatic

- The “diversified and pragmatic” segment, which includes just 4% of Uganda’s smallholder households, is moving away from vulnerability onto a path of stability.

- The “diversified and pragmatic” segment reflects the realism and inner conflict that can characterize smallholder farming households. These households grow more, sell more, earn more, have more income streams and have a broader portfolio of financial mechanisms.

- The conflict that arises in this group is that despite enjoying farming, taking pride in it, and looking for opportunities to grow it, many would diversify out of agriculture if given the opportunity.

This is an important group, as it represents smallholder households that have diversified within and outside of agriculture to best sustain their household needs. It can be used by Governments as role model for inspiring other farmers to transition.
Options for growth

- Smallholder households in the "options for growth" segment comprise 16% of the smallholder population.

- The segment relies heavily on agricultural income, but is also the most likely to be engaged in more stable income sources outside of agriculture, such as running one’s own business or working a regular, full-time job.

- The "options for growth" group has greater access to financial tools and external support.

This is an important group, as it represents smallholder households that have diversified within and outside of agriculture to best sustain their household needs. It can be used by Governments as role model for inspiring other farmers to transition.
Strategic agricultural entrepreneurship

- The “strategic agricultural entrepreneurship” segment includes just 4% of Uganda’s smallholder households, and comes in as the second smallest of all five segments.
- This segment, comprised of those who have emerged from life’s events empowered and enabled, is one of the smallest.
- The group is more enabled than others, has higher income, more education, greater access to emergency funds, and more financial mechanisms at their disposal.
- They have been impacted by the realities of farming, and have been able to rely upon their savings or other resources to get through tough times.

This group can be a model or a use-case for carrying meaningful messages (or examples) for growth in other segments of the population.
FSPs – Banks, MFIs and MNOs

• Leverage the trust that smallholder farmers have in financial institutions to develop a compelling value proposition and design responsive products and services.

• Empathize with the smallholder farmers; design offerings that bring them closer to achieving their aspirations.

• Think economies of scale. Almost half of smallholders in Uganda are characterized as the lowest income, most vulnerable ‘farming for sustenance’ segment. But the sheer size of this customer group and the lack of providers serving it also present big opportunities.

• Design financial solutions that pair the immediate needs of smallholder households with their longer-term desires, and that offer both short- and long-term benefits.

• Leverage the technologies available to smallholder farmers, like mobile phones, in the design and delivery of financial solutions, and empower their usage with targeted product education.
Donors

• Donors can play a catalytic role in bringing together different actors, breaking down silos, and improving knowledge exchange. Interventions that target smallholder farmers can improve the financial inclusion ecosystem working to serve them.

• Capacity building and systems strengthening will be critical to bring the FSPs to a level they can ably serve smallholder farmers. A strong investment in change management is a good place to start.

• Donors can also support initial interventions to explore and amplify the business case for solutions that target smallholder farmers.
Governments

- Governments can equip smallholder households with identification cards and other basic tools required for financial inclusion. This would help improve KYC, an important step in enabling the integration of smallholders into the financial system.

- Progressive regulatory policies that foster innovation and collaboration between different players in the market targeting smallholder farmers are also important.

- Infrastructure development is critical. Investing in broadband, fiber optic cables, and weather stations will be key to fostering innovation in the ecosystem.
Resources

National Surveys and Segmentations of Smallholder Households:
- Bangladesh: Paper | User Guide | Data
- Nigeria: Paper | User Guide | Data
- Uganda: Paper | User Guide | Data
- Tanzania: Paper | User Guide | Data
- Côte d’Ivoire: Paper: Fr En | User Guide: Fr En | Data

Financial Diaries with Smallholder Households
- Executive summary
- Full paper
- User Guide
- Video
- Data Visualization
- Tanzania: Data
- Mozambique: Data
- Pakistan: Data

Designing Digital Financial Services for Smallholder Families: Lessons from Zimbabwe, Senegal, Rwanda, and Cambodia

Segmentation of Smallholder Households:
- Meeting the Range of Financial Needs in Agricultural Families

High-Saving Youth in Smallholder Households: An Untapped Market

Digitizing Value Chain Finance for Smallholder Farmers

Smallholder Households: Understanding Demand, Driving Innovation
Contacts

Financial Innovation for Smallholder Households

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