

IMPACT BRIEF:

Evaluating aBi Impact on Ugandan Agribusiness during and Post-COVID-19

aBi

The Agricultural Business Initiative (aBi) is one of the major players in facilitating agricultural sector growth in Uganda. aBi acts as a vehicle for channeling technical and financial support to smallholder farmers through its Implementing Partner (IP) agribusinesses across the country. aBi aims to build a strong and competitive agriculture sector. The initiative consists of two companies -aBi Development and aBi Finance.

aBi Development channels development funding as matching grants and business development services to agricultural producers and agribusinesses to enhance their management, production, productivity, value addition, income, profitability, and employment. On the other hand, aBi Finance provides credit to financial institutions for on-lending to agribusinesses across the entire value chain. aBi Finance also runs agriculture loan guarantee schemes for financial institutions.









The 2020 impact evaluation focused on 23 aBi-supported interventions

13
Value Chain Development (VCD)

10
Financial Services Development (FSD).

The 2020 evaluation explored the COVID-19 impact on agribusiness revenues, farmer incomes, and performance of loan portfolios during the 2020 to 2021 period, where the agriculture sector endured shocks arising from the COVID-19 impact.

Number of aBi beneficiaries reached by the IPs

IP Category	Sub sector and number of beneficiaries supported						Sub Total
 VCD	 Cereal 68,110	 Coffee 56,162	 Pulse 1,500	 Dairy 1,340	 Oil seed 7,750		134,862
 FSD	 Bank 16,280	 SACCO 41,337					57,617
23 Total sampled IPs							192,479 Total Beneficiaries

Key impact from aBi support during 2020-2021 at a glance:

Beneficiary-level Impact *USD1=UGX3700

 **\$190**

additional net income average realized by each beneficiary farmer attributable to aBi support.

 **54.2%**

(39% female) of beneficiary farmers from the sampled IPs received additional net income because of aBi support.

 **1,800**

additional Jobs (cumulative = 5,381, 37% female) including full-time jobs created at beneficiary level.

 **\$180**

additional sales value realized by each beneficiary smallholder farmer in the year and cumulative.

 **117,299**

new farmers who joined the business by copying aBi partner supported beneficiary farmers.

 **79,899**

additional beneficiary farmers (34% female) adopted and applied at least three CSA and environmental practices.

 **40%**

of additional beneficiary smallholder farmers employed joint household planning in the reporting period.

 **44%**

of the sampled IP farmers integrated tree planting and other environmental conservation practices on their farms.

 **44%**

of new/additional smallholder farmers (38% female) engaged in collective marketing

Partner-level Impact

 **50%**

of beneficiary IPs whose income improved by at least 30%.

 **78%**

of IPs registered profitably through aBi support.

 **80**

additional Jobs (cumulative = 318) including full-time jobs created at IP level.

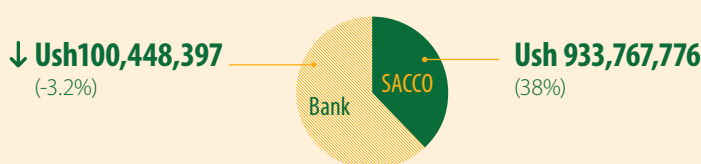
 **39% female**

Financial Services Development

Total additional loan portfolio (value)



Total additional agricultural loan portfolio



Total number of new loans received by agribusiness and farmers supported on average annually

 Bank **3,327**  SACCO **2,072**

Total internal Investment

FSD IPs= **317.875bn**
 Bank **317.74bn**  SACCO **132.73m**

Total number of new saving accounts opened on average annually


 Bank **12,953**  SACCO **11,707**

VCD IPs= **102.864bn**

The evaluation revealed positive trends in incomes and employment of aBi partner-supported beneficiaries, despite COVID-19 disruptions, but with mixed results on the profitability of individual IPs. For some partners, earlier gains (2018-2019) were eroded by COVID-19 market disruptions. This was reflected in the sharp reduction in partner profits, jobs, savings volume, and incomes.

aBi project interventions were critical in building resilience against disruptions. The adoption of agricultural technologies at the farm-level help to increase the average yield per acre for crop enterprises. This also applied to productivity for the dairy sub-sector, leading to better household incomes and farm-level investment. However, the impact of some specific interventions such as animal breeding and tree planting could not be tracked in the medium term.

Performance Drivers

- **IPs did not have contingency plans for disasters and unforeseen outbreaks** especially COVID-19, locusts, and floods that occurred during the evaluated period. The lack of contingency plans affected revenues and threatened the sustainability of the projects supported by aBi.
- In terms of markets, **the coffee market was badly affected by** the outbreak of COVID-19 and the closure of foreign markets for example buyers in Europe (i.e. coffee shops and restaurants) closed due to the COVID-19 lockdown.
- **Land ownership and land size remain major production constraints to smallholder farmers** both in the refugee communities and other parts of the country. The farmers in the refugee camps could not easily increase the acreage of land cultivated. The challenge of land holding to a great extent affected production volumes.
- **The lack of access to affordable financial services in some parts of the country** is still a major barrier to expanding production and productivity for agribusinesses.
- **In the FSD sector, SACCOs closed, clients defaulted and some SACCO leaders in the teachers' SACCO died due to COVID-19.** In addition, the restrictions on meetings could not allow SACCO leaders to hold training sessions during the lockdown, so project activities stalled.
- **There was a low level of technology adoption for the digital savings innovations in the financial sector** (i.e. MSACCO and MSAVE) which decreased Uganda Central Cooperative Financial Services (UCCF) commission earnings from its clients.
- **The lack of internet coverage in remote areas** limited FSD partners' coverage in rural areas.
- The **government of Uganda's interventions were a critical factor for market development and resilience-building** during this period. For example, the rural electrification program enabled JESA, an aBi Partner to connect its milk cooling stations to the national grid. Also, the Bank of Uganda promoted innovators in the financial sector, while the Ministry of Agriculture Animal Industry and Fisheries put in place a policy that allows exporters to test their products at Chemiphar laboratories. These interventions were supported by aBi.
- **Youth participation in coffee production was hampered** due to limited land ownership.
- **aBi through market linkages between the farmers and its partners** facilitated ready market and production inputs.
- **Improving women's participation in household planning and decision-making increased family cohesion and created labor savings** for project beneficiaries, which are needed to maximize the income and sustainability of the agri-businesses models.
- **The pandemic coincided with harsh impacts of climate change including drought** in some parts of Uganda which made the aBi initiative to promote the adoption of drought-tolerant sunflower varieties critical to boosting resilience and ensuring profitability for producers of oilseed.
- **Farmers' slow adoption of improved agronomic practices** especially when new technologies impacted their productivity. **Further, there was adoption of agricultural technologies** that take longer to yield returns such as tree planting and animal breeding discouraged farmers who sought quick gains. 
- Projects that utilize **fin-tech and management information systems for outreach demonstrated great scalability and a high potential for sustainability.** These financial institutions exceeded the number of clients who subscribed to the platforms.
- **Agency banking was widely adopted by clients** because it attracted low-value transactions outside the banking halls.
- **Re-modeling the banking space and recruitment of new staff improved customer service and loan disbursement at the new branches** opened with support from aBi, and increased beneficiary access to capital.

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