



DIGITAL AGRICULTURE PRODUCE E-MARKET PLATFORM

Program locations: South Kordofan State and Blue Nile State, Sudan

Mercy Corps is seeking to partner with an innovative suitable digital solutions company to pilot by developing and or expanding a simple e-market platform to connect smallholder farmers, traders and large agribusinesses.

1) Background:

Mercy Corps, in partnership with the Adventist Development and Relief Agency (ADRA), is implementing a SIDA-funded program called 'Strengthening Agricultural Markets and Food Security (SAFE) in South Kordofan and Blue Nile states.

Mercy Corps is a leading global organization powered by the belief that a better world is possible. In disaster, in hardship, in more than 40 countries around the world, we partner to put bold solutions into action — helping people triumph over adversity and build stronger communities from within. Now, and for the future.

ADRA is the global humanitarian organization of the Seventh-day Adventist Church. Through an international network, ADRA delivers relief and development assistance to individuals in more than 130 countries—regardless of their ethnicity, political affiliation, or religious association. By partnering with communities, organizations, and governments, ADRA is able to improve the quality of life of millions through 9 impact areas.

2) Project Description:

The SAFE program's overall goal is to reduce vulnerability, increase income and food security of small-scale farmers in South Kordofan and Blue Nile States. The program is not implemented through an approach of buying and distributing goods and services or paying for goods and services to be distributed to farmers. Rather, the program uses a Market systems development (MSD) approach: aimed at addressing root causes of why markets do not work well for the poor and smallholder farmers. The program aims at strengthening the supply systems and demand for goods and services that can support economic growth and improve social outcomes for smallholder farmers. To do this, the program (1) identifies barriers/constraints that prevent this supply and demand exchange from working effectively, (2) partners with private companies to develop and or scale-up specific market-based solutions to address these constraints. MSD programs adopt a light-touch role, facilitating linkages and interactions between market actors and stimulating market systems to deliver products or services over the long-term, rather than directly delivering goods and services in the program's short lifespan.



The program has partnered with seed companies to expand supply of improved seeds to farmers, contract farming companies to expand farming on contract to farmers, banks and microfinance to expand financial services to farmers and now seeks to partner with a company which intends to develop and operate an e-market platform to connect farmers to markets to sell their products and or to buy inputs (seeds, tools etc.) and other requirements. In doing this, this program is facilitating long-term development of the agricultural market systems which will bring more benefit to all parties involved in the system.

3) Agriculture produce (commodity) market in South Kordofan and Blue Nile States

South Kordofan and Blue Nile states are among the top rainfed agriculture production states in Sudan. The most commonly purchased agricultural products are sorghum, sesame, groundnuts, gum Arabic, millet, cowpeas and hibiscus. Most of the major companies which buy agricultural produce (agriculture produce or commodities) in and around South Kordofan and Blue Nile States do not have direct produce buying business points in the villages where farmers are located. Only small and medium buyers operate at the village and locality level respectively.

As a result, farmers either (1) have to travel long distances to get to the main markets to sell the agriculture commodities (crops yields), or (2) sell their produce to middlemen who may pay a lower price. At the village level, some of the small-scale crop yield buyers buy directly from farmers' homes, through agents, from small weekly markets or when farmers bring the produce to their shops. The major agriculture produce /commodity buying companies and small-scale businesses at village level who want the crop yield also are not aware of the specific producers or the quantity and quality of the yields they have for sale. This may increase their cost of doing business since they have to put more effort in searching for and aggregating the agriculture produce (commodity)s.

The key players in the produce market are however interested in having (1) better quality and increased quantity of agricultural produce, (2) efficient produce buying market structures (3) reduced transaction costs to increase profitability for themselves and farmers. Additionally, in some cases the companies which sell seeds and other inputs have limited access to farmers in villages. As such farmers' knowledge about the various types of improved seeds available and their benefits may not be widely understood. There could be a possibility of the eMarket platform addressing this gap for farmers and seed suppliers.

Specifically, the main constraints faced by smallholder farmers and businesses while taking part in the produce market in South Kordofan and Blue Nile States can be summarised as follows:

- Limited operating capital of small-scale farmers to transport their agriculture produce (commodity)s to bigger markets and meet with bigger buyers offering better prices.
- Limited ability of female farmers to travel to bigger markets to get better prices because of cultural norms, insecurity, lack of connections and access to capital.
- Limited information flow between farmers and produce buyers on aspects such as pricing, quantities and type of agricultural products available or demanded.
- Limited negotiating ability of small-scale farmers due to lack of knowledge of market prices.



- Reduced ability of small-scale farmers and buyers to travel during the rainy season to sell or buy agricultural produce (commodity) due to poor, often impassable roads and bridge conditions. Further, storing agricultural produce (commodity) is not always possible due to limited storage points in rural areas.
- Limited knowledge on the types, prices and characteristics of the different types of improved seeds and tools on sale.
- Limited ability to book tractors for ploughing at the beginning of the season or other equipment such as harvesters and threshers.
- Many farmers with small quantities of yields are scattered in large areas thereby making it uneconomical for big companies to buy directly from them hence missing better prices.
- Limited production and marketing records of small-scale farmers which would have served as a means to attract the bigger companies to engage more directly with farmers.
- Limited information from crop yield /produce buying companies about the quality and standards they require. This would have guided farmers to manage quality at production, harvesting, threshing, cleaning and storage stage.

4) The call for innovation for building a digital market /e-commerce platform

This is an opportunity for a digital solutions company to develop or expand a technology (such as using short codes or USSDs because most farmers do not have smartphones) which will connect the farmers to buyers and alleviate the above listed challenges and more.

This platform which is meant to increase the linkages between buyers and sellers of agriculture produce (commodity) should be designed to meet the needs and local context of the farmers and businesses.

The digital ecommerce platform is envisioned to provide the following benefits:

- a) Provide farmers and farmer groups with a channel to communicate available commodities for sale to traders and agricultural produce/yield buying companies. This channel should be available to feature phone and smartphone users.
- b) Provide traders and agricultural producer companies with information on available agricultural commodities and preferred pricing for the produce by the farmers and farmer groups.
- c) Provide farmers, traders and agricultural producer companies with market price information of various agricultural produce across selected geographical regions.
- d) Provide initial communication channels between buyers and sellers of agricultural produce to reach agreement on price, quality and delivery modalities.
- e) Provide information to farmers and farmer groups on expected quality and demand for agricultural produce.

Additionally, where possible, the platform could also:

- f) Provide farmers with information on the types of improved seeds and tools for sale by different companies



- g) Provide farmers with a means of booking and hiring tractors and other equipment for ploughing, harvesting and threshing services.

Note: the e- market platform will belong to the company which will build it and this company should develop a plan to commercially sustain and keep improving the platform. Mercy Corps' role will be only to provide part of the funds, technical support and linkage to farmers within the first few months of development of the e-market platform.

5) Activities to be carried out by the selected digital ecommerce platform developer:

The company which will be selected by Mercy Corps to develop and deploy a digital ecommerce marketplace for farmers and buyers is expected to conduct the following activities in collaboration with Mercy Corps and ADRA:

- a) Design a digital market linkages platform customized to the technological and cultural needs and context of farmers, traders and agricultural companies.
- b) Develop the platform based on the above design principle to be accessed on basic mobile phones via SMS or USSD and an advanced interface for traders and agricultural produce buying companies.
- c) Publicize short codes for accessing the service and deploy the service to farmers, farmer groups, traders and agricultural produce buying companies through means such as meetings, sensitizations, promotions, advertisements etc.
- d) Provide ongoing support to the platform and implement improvements to increase adoption and uptake by targeted audiences.
- e) Provide support and establish a feedback platform to respond to questions from users and potential users

6) Outputs from activities carried out by the ecommerce platform developer:

- a. A functioning digital platform which connects buyers, traders and big produce buying companies and possibly seed companies and tractor tillage, threshing and harvesting service providers by September, 15, 2022
- b. At least 32 farmer groups, 2,000 Farmers, 20 small-scale/rural agriculture produce traders and 4 major agriculture produce buying companies registered and used the platform to buy and sell agriculture products in Blue Nile and South Kordofan States by end of November 15, 2022
- c. A commercially viable sustainability plan for the e-market platform by December 15, 2022

7) Complementary activities which the e-market platform operator may leverage on

Mercy Corps has entered or is in the process of entering into agreements with other companies such as seed companies, produce buying companies, and banks/ MFIs to promote development of the agriculture sector and increase productivity of male and female smallholder farmers. Mercy Corps thinks these partnerships complement each other and improve outcomes for business and farmers. The operator of the eMarket platform can ride on these partnerships and the structures created on ground to recruit users on the e-Market platform.



8) Eligibility /selection criteria for digital ecommerce platform developer

Only digital technology service provider companies meeting the criteria below will be considered.

- d. Must be a legally registered company and possess a license to provide digital services.
- e. Must have been providing digital and communication solutions for at least 2 years.
- f. An existing e-market platform of a similar kind will be a strong advantage
- g. Experience targeting smallholder farmers and agribusinesses in its services is an added advantage.
- h. Demonstrable proof of rural presence will be an added advantage.
- i. Will pass all Mercy Corps due diligence efforts and have a good reputation in the region
- j. The developers/owners of the platform must be capable and willing to finance part of the cost of developing and deploying the e-market product together with Mercy Corps.

Other: Mercy Corps will also consider the following factors in the selection process:

- k. Institutions with demonstrated specific efforts, tools and capacity to serve women clients.
- l. Demonstration of creativity and technology in improving access and reducing operational costs for farmers, traders and companies in rural areas.