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Planning Guide

Revenue Models for Sustainability Planning

REVENUE MODELS FOR SUSTAINABILITY PLANNING

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Authors:

Marco Cattaneo, JengaLab

Martine Koopman, JengaLab

INTRODUCTION AND CONTEXT

The Digital Advisory Support Services for Accelerated Rural Transformation (DAS) Program is a facility funded by the International Fund for Agricultural Development (IFAD). Development Gateway, an IREX Venture, Tech Change, and JengaLab compose the IFAD-DAS consortium of partners. The goal of the program is to address the gap in digital tools and information access for smallholder farmers through rapid advisory deployments to countries across Africa, the Middle East, and Central Asia. In late 2022, the IFAD-DAS team worked with the IFAD-funded Sustainable Agricultural Production Programme (SAPP) in Malawi to define potential revenue models for a newly created digital platform.

The SAPP team is embedded in the Department of Agriculture Extension Services (DAES) in the Ministry of Agriculture and supports farmers through SMS messaging of weather alerts and farming updates. Past iterations of this support have used the Esoko platform in partnership with UNDP-mClimes and other partners to reach approximately 78,000 lead farmers. Esoko requires a licence fee in addition to high costs for SMS messaging. In 2021, the DAES decided to end use of Esoko and to develop their own platform (Ulimi ndi Nyengo), which would be owned by the DAES. Currently, the system is free for farmers, and partners pay a fee based on the number of SMS messages that they send using the platform. The intention is to grow Ulimi ndi Nyengo to reach 200,000 farmers. Given the Ulimi ndi Nyengo functionality and the low number of smartphone users, sustainability planning focuses primarily on continued use of the existing SMS platform.

The goal of this document is to provide guidance on revenue models and sustainability planning to the SAPP team. While this guide and models are specific to the SAPP team and the Malawi country context, the considerations and opportunities could provide a starting point for others considering sustainability options.

REVENUE MODELS AND USE CASES

To grow the Ulimi ndi Nyengo platform, a variety of revenue models are explored in the form of use cases. The scenarios are not mutually exclusive, so a combination of scenarios is possible. In most cases, a partnership approach is the best scenario, which is normal for commercial tech companies, but not necessarily core to DAES operations. With a partnership approach, the DAES could own the platform but collaborate in the form of a public-private partnership with an organisation, who could 1) advertise and sell to new clients/business users based on predetermined value propositions, 2) support clients in their on-boarding, and 3) support clients in designing and delivering SMS campaigns. This would free

the DAES to continue with their public clients (farmers). Collaborating with private sector clients will require a larger database of farmers than the current 70,000 to reach a critical mass and build value.

Use Case 1: DAES Promotes the Platform Within All Extension Planning Areas (EPAs) and IFAD-Funded Programs

The Ulimi ndi Nyengo platform could be promoted to all EPA administrators and extension workers. Extension workers will sign up new farmers (or groups) and identify potential project partners active in their EPA to connect them to the platform. This is a way to grow the platform and therefore contribute to sustainability as a larger farmer base has more value for new clients. It should also be promoted to other IFAD-funded programs to increase the number of farmers as well. Within the [Transforming Agriculture through Diversification and Entrepreneurship Programme \(TRADE\)](#), [the Programme for Rural Irrigation Development \(PRIDE\)](#), and the [Financial Access for Rural Markets, Smallholders, and Enterprise Programme \(FARMSE\)](#), there will also be a need to communicate to farmers via SMS platform. Ulimi ndi Nyengo could also be used for cross-promotion of services – to promote FARMSE rural finance services and promote the new access to market platform of PRIDE. Projects will contribute to the platform and SMS messages they send.

Use Case 2: Clients Gain Access to the Platform for Their Own Farmers

The Ulimi ndi Nyengo platform could be promoted to other development partners, NGOs, or contract farmers who are already working with groups of farmers with whom they want to communicate via SMS. Ulimi ndi Nyengo can provide a platform for that communication. Clients can send and receive SMS messages from their own farmers and have access to their own dashboard. In this scenario, Ulimi ndi Nyengo provides the platform for communicating with an existing roster of farmers, but the messaging and the database will be separate from the DAES' efforts. The client will pay a package fee based on the total number of SMS messages (with a micro margin to support the platform) they send. DAES provides access to the platform; message content is the responsibility of the client. Messaging would not be tied to agricultural communications and could, for example, include health messages targeting farmers.

Use Case 3: Clients Gain Access to the Platform AND Farmers Become Part of Larger Database

This scenario is similar to scenario 2, in which NGOs, development partners, and/or contract farmers who already have a database of farmers use the Ulimi ndi Nyengo platform to communicate with those farmers via SMS. However, in this scenario, the farmers can opt in to other services on the platform. DAES will send a message to new farmers with the option for opting in. The client will pay a package fee based on the total number of SMS messages they send, but get a discount based on the farmers who will opt into the larger database.

Use Case 4: Non-profit Clients Gain Access to the Platform and DAES' Farmer Database

Another scenario is that an NGO, development partner, or umbrella association is new in the country or starting a new project in rural Malawi. These clients have not yet started farmer engagement and can collaborate with DAES to access their farmer database. Clients could select (lead) farmers based on specific EPAs or value chains. This allows the new partners to begin farmer engagement with the selected groups. In this scenario, DAES should approve the message content. Clients will pay an access fee and a fee based on the number of SMS messages in their campaign. This campaign will be valuable for both DAES (platform sustainability) and the client (lower costs to farmer engagement).

Use Case 5: Commercial Clients Gain Access to the Platform

DAES could also provide access to the platform for commercial/private sector clients. As in previous scenarios, commercial clients also want to communicate and advertise (farming inputs, contract farming, financial services) to a targeted selection of farmers. DAES could open the platform to send messages to farmers who opt in to advertising. Clients will pay a fee to select farmers on the platform and conduct the advertising campaign. This option could also serve companies who want to collect survey data from farmers using the Ulimi ndi Nyango platform.

Use Case 6: Farmer Clubs/Cooperatives/Associations Join the Platform

Currently, the platform has a focus on individual farmer profiles; however, most farmers in Malawi are organised into groups (clubs, cooperatives, or associations). These groups need to manage and regularly communicate with their members. The Ulimi ndi Nyango platform could add a feature (similar to customer relationship management software) that allows groups to manage membership and communicate with those members. In this scenario, DAES could offer this service for free – to increase the farmer database – or for a small fee for the SMS messages sent by the farmer groups.

Use Case 7: Provide Access to the Farmer Database to (Foreign & Malawian) Universities

As the farmer database grows, it will become more attractive to universities interested in targeting specific EPAs or value chains. The larger database will also make it easier for DAES to select farmers for targeted research. Universities would pay an access and SMS fee to communicate with and to select groups of farmers to participate in research through SMS or phone-based surveys.

Use Case 8: Additional Services Are Added to the Platform with Transaction Fees

Currently, the platform only offers push SMS advisory services. The Ulimi ndi Nyengo platform could grow beyond that to offer access to markets and/or finance via SMS. These options are more transactional, especially when mobile payments are included, which could be used to sustain the platform. In this scenario, additional investment is needed to build the new services into the platform, which can be costly. Mobile payment architecture can be expensive and requires very different architecture from a technological perspective. Before adding this scenario into a final roadmap, a serious feasibility study should be conducted.

Use Case 9: Freemium Model

In this scenario, farmers are provided free access to the extension platform and a maximum number of SMS messages monthly (this is a model that Viamo uses for their 321 service).¹ Additional messages will cost a small fee. This scenario could be combined with additional services (pull messages, questions to extension specialists, or diagnostic services each for a small fee). This scenario is most effective when digital payments are available.

¹ CCARDESA Digital Agriculture Country Study - Malawi. IMC Worldwide, World Bank and CCARDESA.

USE CASE SUMMARY

	Who pays	What is paid for	How are you paid
1	Non-profit partners – expand to others who use extension services for farmer outreach	Platform usage and existing audience	Subscription, volume pricing
2	Non-profit partners – expand to those with existing database of farmers who they support	Platform usage	Subscription, volume pricing
3	Non-profit partners – expand to those with existing database of farmers whom they support	Platform usage and existing audience	Subscription, volume pricing (with discount)
4	Non-profit partners – expand to new entrants seeking farmer engagement	Platform usage	Subscription, volume pricing
5	For-profit partners seeking targeted access to potential farmer clients	Platform usage	Subscription, volume pricing
6	Farmer organisations seeking platform to manage engagement with farmers	Platform usage	Subscription, volume pricing
7	Research institutions	Platform usage	Per use, volume pricing
8	Farmer end users	Per item transaction/add on pricing	Per use/subscription/revenue share, volume pricing
9	Non-profit partners and farmer end user	Platform usage + per item transaction/add on pricing	Per use/subscription, volume pricing

