

Mobile Phones, Financial literacy and Lifelong Learning in Uganda

Speaker: Daniel Ninsiima, Makerere University Agricultural Research Institute

Narration:

Mobile Phones, Financial literacy and Lifelong Learning in Uganda (Slide 1)

Introduction

This presentation is about my experiences with the Lifelong Learning for Farmers initiative in Uganda (L3F). The program is supported by the Commonwealth of Learning in partnership with Makerere University, and was introduced in Uganda in 2009 with the aim of using ICT to complement the conventional extension system by delivering relevant and timely agricultural information to rural farming communities in their local dialects. (Slide two) L3F also aims to make effective use of ICTs to facilitate learning for development while helping rural communities find appropriate technology-based open and distance education to improve their livelihoods. In short, the program is a response to a critical need: the wealth of information resulting from agricultural research and development often fails to travel the last mile to the villages of the developing world where it is most needed.

The extension system in Uganda, like in other developing countries, has previously been ineffective in supporting farmers to reach their productivity goals and slowly make their way out of poverty. (Slide three) (It has been marred by inefficiencies, with high ratios of extension officers to farmers (3 to 46,000). As these officers are the only link between research institutions and the farmers, it stands to reason that a great deal of information does not trickle down to farmers and stays idle in the archives of research institutions. There was therefore a need to establish a more efficient and effective way of communicating with farmers and enhancing interactions between them and the extension officers.

A baseline study was conducted in 2009 to assess informational needs of rural farming communities, to understand their sources of information, and to assess potential ways to serve them better through ICT. (Slide four) Results revealed that the two major problems effecting rural farmers are, first of all: lack of relevant, timely, and localized information. And second of all: lack of agri-finance credit because existing financial institutions charge exorbitant interest rates, they are inaccessible, and tend to not engage in business with low-income clients.

The ubiquitous presence of mobile phones in Uganda and Africa at large has broadened the scope of communication by facilitating contact and reach to those who were otherwise alienated from crucial informational resources. The mobile phone has now been embraced as an indispensable resource in Uganda.

Using ICTs to reach the unreached (Slide five)

SMS

In a bid to address some of the mentioned challenges, L3F Uganda leveraged mobile phones as a tool to reach out to rural farming communities. More specifically, through the use of SMS, L3F delivers information regarding agricultural production, prices, weather forecasts, and financial literacy. (Slide six) These messages travel through a series of stages in the process of catering to each rural community and their specific members. First of all, the agricultural research and other related information is translated from English into the different local languages. It is then broken down into bits, which can then be sent via SMS to the designated communities. These messages are typically sent twice a week.

Reaching marginalized communities and the illiterate

Voice

But because of the limitations of SMS, including the technological and lingual illiteracy of some farmers, it was necessary to devise alternative ways of effectively reaching all members of the targeted rural communities. (Slide seven) As such, the implementation of voice-based phone calls has become the more prevalent form of communication. This involves acquiring information from extension officers and other specialists in the field,

recording their voices and then forwarding the recordings to farmers via mobile phones in their respective communities to ensure matching dialects and hence effective communication. The messages are also sorted based on targeted enterprises – in other words, messages regarding coffee are only sent to rural communities involved in the production of coffee.

Financial Inclusion for Self Help Groups

According to the World Bank, approximately 2.5 billion adults do not receive formal financial services. This may partly be due to the fact that conventional banks are not functionally organized in a way that aligns with the financial abilities of rural families in the developing world, as is evident in Uganda. These banks typically employ large numbers of employees and need to maintain a variety of other maintenance costs, which translates into the need to charge exorbitantly high interest rates. Furthermore, these banks are not accessible to the low-income earners in rural communities as they are established in urban centers that are typically out of the rural farmer's reach. Leveraging the Mobile money service, which is a mobile phone based money transfer system, we are providing rural communities with affordable and accessible financial services. Members of rural communities are taught the essentials of financial literacy, such as bookkeeping, investing, and basic entrepreneurial skills. The idea here is that before you borrow money, you need to know how to manage funds, emphasizing that money borrowed for a purpose should serve that specific purpose.

This face-to-face training is complemented by mobile learning through the use of voice messaging. Social groups are an integral element in this mobile learning process, as information is shared between those equipped with mobile phones and those unequipped. As such, every borrower is a learner. (Slide 8) After the learning process, groups write business plans and money is disbursed in alignment with their plans. This is all performed via mobile phones, which eliminates the need for staff members. As such, costs are significantly reduced and interest rates are hence minimal. Because of the trust and cohesion in social help groups (SHGs) built over the years and the relationship we

have nurtured overtime with them, loan repayment after 3 years stands at 98% yet there is no face-to-face in the disbursement and loan repayment.

Enhancing Interaction between farmers and Extension Officers via Mobile Phones

The SMS Messaging Platform enables farmers to ask questions in their local languages and get instant feedback from subject matter specialists. For farmers to access the service, they have to first register by SMS.

The Farmers' Voice is a mobile and Internet-based platform that enables farmers to exchange information with their extension officers anywhere and anytime. The application leverages mobile text messaging to create a mobile based "discussion forum" where farmers use their mobile phones to ask questions in their local languages and receive relatively instant feedback from their extension officers. Using language specific keywords, a farmer types a text message in form of a question and sends it to a short code (8777). The message is instantly delivered to a web-based platform where registered extension workers respond appropriately and the answers are instantly delivered back to the farmer's phone. To an extension officer, the system makes life easy since it helps him reach out to more farmers by just a click of mouse. As one Ugandan extension officer put it, "the Farmers' Voice puts the extension officer in the hands of the farmer anywhere anytime."

Extending L3F to Seychelles -ICTs and Agriculture Extension in Seychelles

The success of this platform in Uganda attracted interest from several countries. (Slide 9) With support from COL the system has been established in Seychelles to enhance interaction between extension officers under the Seychelles Agricultural Agency and farmers spread across the many islands that make up this Indian Ocean archipelago. Seychelles Agricultural Agency recently entered into an agreement with Airtel Seychelles which will see the service freely available to all Airtel subscribers. The government plans to equip all extension officers with tablets so that they respond to farmers' queries

expeditiously. It is worth noting that Seychelles has more than 100% phone penetration with 126,000 telephone lines in a country with approximately 100,000 people.

(Slide 10)