



PAFO-COLEAD INNOVATIONS SERIES: Innovations and successes of African farmer-led businesses and SMEs

SESSION N°19

Online agrifood marketplaces: presence of African entrepreneurs and smallholders

Wednesday 19 June 2024
12:00-14:00 UTC (14:00 - 16:00 CET)

Online ([Zoom](#))

English-French-Portuguese interpretation available

1. Context

Africa has a young population, fast-growing cities and rapidly increasing disposable income. Online retail revenue in Africa is growing fast and offers new opportunities for smallholders and entrepreneurs.¹

The COVID-19 pandemic has had a profound impact on online marketplaces, accelerating their growth and adoption worldwide.

In recent years, the rise of online agrifood marketplaces has revolutionized the agricultural landscape in Africa. These digital platforms have become a beacon of innovation and entrepreneurship, providing smallholders and African entrepreneurs with unprecedented access to larger markets, better prices, and valuable information. These marketplaces have seen a surge in popularity, driven by the need to overcome traditional market barriers such as limited access to buyers, price volatility, and logistical challenges. These marketplaces are transforming the agrifood sector in Africa by connecting farmers to markets, increasing access to consumers, and improving the efficiency of the food supply chain.

The COVID-19 pandemic forced business-to-business (B2B) buyers and sellers to go digital in a very rapid way. What started out as a crisis response has now become the next normal, with big implications for how buyers and sellers will do business in the future.

¹ Webretailer. [Online Marketplaces in Africa: Fast Growth, Enormous Potential](#). 2024.



1.1. Definition and characteristics

Online agrifood marketplaces are digital or e-commerce platforms where multiple third-party sellers, producers, traders, and consumers, can offer their products or services to consumers and converge to buy and sell agricultural products. They are virtual spaces that facilitate the buying and selling of goods and services, acting as intermediaries between buyers and sellers. Eurostat defines e-commerce as “the sale or purchase of goods or services, whether between businesses, households, individuals or private organizations, through electronic transactions conducted via the internet or other computer-mediated (online communication) networks.”²

Many businesses are looking for convenient channels to distribute goods and services, reach a large audience, as well as cut down marketing and operating costs. Connecting vendors and customers, a marketplace allows them to make payments and orders in one place.

Online marketplaces offer a wide range of products as customers can browse and purchase a variety of items from different sellers in one place, often with the convenience of home delivery. Customers can compare products, prices, and reviews from different sellers, which helps them make informed purchasing decisions. Marketplaces provide services to sellers such as payment processing, marketing, and customer service, making it easier for them to reach a wider audience. They often build communities, offering forums and feedback systems for users to interact and share their experiences.

1.2. Types of online marketplaces

A first categorization is based on whether platforms use an inventory or marketplace model of e-commerce:

- a) In an **inventory-based model**, the inventory of goods and services is owned by an e-commerce entity and sold to the consumers directly.
- b) The **marketplace model** involves providing an IT platform or digital or electronic network to act as a facilitator between the buyer and seller. The marketplace model can itself be divided into several types depending on whether the platform performs the transaction or only manages components of it.

A second categorization is based on the types of services provided to buyers or sellers. Examples include: Within-platform payments, fulfilment processes (warehousing, inventory management, and shipping), customer and seller guarantees (product returns and money-back guarantees). E-commerce platforms may provide a variety of other services, such as financial services (loans, insurance), data services (scoring, sales dashboard, webpage design, and training, among others).³

Based on the target audience⁴ we find B2B marketplace where one business offers its services and products to other businesses; business-to-customer (B2C) marketplaces which deal directly with the end customers and customer-to-customer (C2C) marketplace which connects the seller directly with the buyer and lets them negotiate for the products or services.

There is a growing interaction between digital commerce and digital finance which is key for the growth of the businesses. The digital payments infrastructure is critical for the expansion of e-commerce.

Regulatory frameworks for the provision of financial services and credit to micro, small and medium-sized enterprises (MSMEs) needs to be prioritized by regulators in emerging markets and

² Eurostat statistics. <https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:E-commerce>.

³ World Bank. [Embedding Digital Finance in e-Commerce Platforms during the COVID-19 Pandemic Early assessment of the impact of COVID-19 on e-commerce and the provision of digital financial services for micro, small, and medium enterprises and low-income consumers](#). December 2020.

⁴ Infosys BPM. [Digital Interactive Services](#).

developing economies. E-commerce platforms need to integrate seamlessly with the national payment system and offer different payment methods to target different segments of the population. E-commerce platforms can play a key role in facilitating access to credit for small businesses, either directly or in partnership with banks or other licensed lenders. Governments need to develop adequate and proportional regulatory frameworks to encourage innovation and the sound development of this market, including participation in the credit-reporting system, financial consumer protection, and data protection.⁵

While no regulatory framework for global e-commerce is commonly agreed upon, awareness of emerging non-bank players within the e-commerce ecosystem and the potential risks posed by them is a good starting point for developing a national-level regulatory framework.⁶

2. Challenges and opportunities for entrepreneurs from online marketplaces

For African smallholder and entrepreneurs, online marketplaces offer significant opportunities such as access to larger markets across the continent and even globally; better pricing: digital marketplaces can enable smallholders to get better prices for their products by reducing the number of middlemen, thus increasing their profit margins.⁷ Increased visibility and brand awareness and data on market trends, consumer preferences, and pricing, which can help them make informed decisions about production and sales.⁸ Safe payment solutions offered by online marketplaces can facilitate smoother transactions and help build trust with customers.⁹ Less travel and costs associated with in-person sales are appreciated. Sellers also believe digital prospecting is as effective as in-person meetings to connect with existing customers.¹⁰

While e-commerce continues to gain momentum in Africa, a number of challenges remain, especially related to payments and logistics infrastructure. Payment capacities need to be strengthened to reduce the reliance on cash-on-delivery models, considering the additional costs involved and delivery failures.¹¹ Payment systems, including mobile money, are rapidly evolving, opening up new possibilities for consumers and corporate buyers.

Issues such as digital literacy, access to the internet, and trust in online transactions still pose barriers to the full adoption of online marketplaces. Capabilities need to be provided on transaction management, logistics and order-fulfilment (businesses must forecast the demand in real time to prevent shortfall or overstocking products), robust security systems to protect the personal data of customers and the need to acquire technology to manage refunds and returns.

3. Way forward

Greater efforts are needed to help reduce inequalities in e-trade readiness and across the value chain. For African entrepreneurs to harness the benefits of the digital economy, Governments need to prioritize national digital readiness so that more local businesses can become producers in the digital economy. Building an enabling e-commerce ecosystem requires changes in public policy and business practices to improve the digital and trading infrastructure, facilitate digital payments and establish appropriate legal and regulatory frameworks for online transactions and security.

⁵ World Bank. [Embedding Digital Finance in e-Commerce Platforms during the COVID-19 Pandemic Early assessment of the impact of COVID-19 on e-commerce and the provision of digital financial services for micro, small, and medium enterprises and low-income consumers](#). December 2020.

⁶ *Ibid.*

⁷ International Trade Centre Title: [Business and policy insights: Mapping e-Marketplaces in Africa](#). Geneva, December 2020.

⁸ Standard Bank. Sangeet Paul Choudary and Standard Bank's Jonathan Lamb and Kent Marais. [Can Africa take the platform economy forward?](#) 2020.

⁹ ITC. [New Africa Marketplace Explorer enables small businesses to understand Africa's nascent e-commerce sites](#). 2020.

¹⁰ Arnau Bages-Amat, Liz Harrison, Dennis Spillecke, and Jennifer Stanley. McKinsey. [These eight charts show how COVID-19 has changed B2B sales forever](#). 2020.

¹¹ Standard Bank. Sangeet Paul Choudary and Standard Bank's Jonathan Lamb and Kent Marais. [Can Africa take the platform economy forward?](#) 2020.

Countries also need better capabilities to capture and harness data, and stronger regulatory frameworks for creating and capturing value in the digital economy, the report says.¹² Governments should encourage e-commerce usage by establishing supportive business laws to protect e-commerce transactions, regulating the Internet to make it a trustworthy business platform. In addition to causing disruptions to large e-commerce platforms, the COVID-19 crisis also opened opportunities for new and niche platforms employing innovative business models and catering to segments traditionally excluded from large e-commerce platforms. Improving internet access in rural areas, developing more inclusive marketplaces that cater to women and various locations, and fostering an environment that promotes innovation and competition are needed.¹³

4. Key points for discussion

- What are the opportunities in agrifood marketplaces for African SMEs and businesses?
- What challenges entrepreneurs face in the agricultural digital space?
- What incentives can be provided to SMEs and smallholders to better launch and engage in marketplaces?

¹² United Nations. [COVID-19 and E-commerce: a global review](#). 2021. World Bank. [The Measurement and Analysis of E-Commerce: Frameworks for Improving Data Availability](#). Michael J. Ferrantino and Emine Elcin Koten. The World Bank December 2019.

¹³ AgFunder. [Africa AgriFoodTech Investment Report](#). 2022.

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Agenda

12:00-12:10 Introduction: *Dr. Babafemi Oyewole, CEO, PAFO*

Moderator: *Isolina Boto, Head of Networks and Alliances, COLEAD*

12:10-13:00 Panel: **new opportunities for entrepreneurs in online marketplaces**

- *Modou NS N'jie, Founder and CEO, Farm Fresh, The Gambia*
- *Baraka Chijenga, Founder and CEO, Kilimo Fresh Foods Africa, Tanzania*
- *Abel Sileshi, Marketing Officer, HelloMarket, Ethiopia*
- *Ebube Akah, Founder and CEO, Aga's Wholesome Foods Limited, Nigeria*

13:00-13:20 Panel: **new opportunities for entrepreneurs in online marketplaces**

- *Yvette Uwimpaye, CEO, Murukali, Rwanda; Member, UNCTAD eTrade for Women Communities*
- *Moses Owiny, Digital for Development Expert D4D, Belgian Development Agency*

13:20-13:50 Debate

13:50-14:00 Key takeaways and conclusion



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