Blockchain, Big Data and AI: Opportunities and Risks of Leveraging Technology for Financial Inclusion

Blockchain, big data et AI : opportunités et risques en Afrique

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at
SAM2019
Malawi Tea Blockchain
(1 of 2)

Trado: Pre-shipment financing through transparent data shared along the tea supply chain.

The problems

Problem 1. Unavailable or fractured sustainability data

Problem 2. Time to payment is long

Problem 3. High local cost of working capital finance
Each player in the supply chain contributing to data sharing & validation via blockchain

Why the solution can be offered

Smallholder and processor agree to make data visible. Based on visibility, end-buyer has confidence to instruct bank to release money earlier.

What we learned:
When creating a data infrastructure, have a bundle of use cases to either to share costs OR to have more revenue streams
Many FIs and Fin-techs increasingly attempting to use Big data & AI - Tulaa

What we learned:
- Collecting meaningful data requires partnerships among ecosystem players
- CSO have to be part of this to provide services to some segments
Farmfit provides the integrated solution to unlock commercial investment into sustainable smallholder agriculture

**Value to Trader**
- Increased productivity
- Increased supply
- Improved quality
- Increased supply resilience and predictability
- More robust supply chain
- Significant leverage

**Shared Value**
- Increased farmer incomes and livelihood
- Climate resilience and adaptation
- Improved nutrition
- Thriving communities
- Gender inclusivity
- Soil health, sustainable resource use
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AGRI-WALLET

We make Agri-finance fun
What is the problem

• Smallholder farmer lack access to finance
  • 500,000,000,000 USD underfinancing globally

• Agricultural loans get diverted in to non-agricultural uses
  • 68% of all loans get diverted to some extent
  • 30% get diverted 100%
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Traction

Farmer Accounts
24,442

12,703 (52.3%)
11,649 (47.7%)

SNV
Rabobank Foundation
THE WORLD BANK
World Food Programme
SAM
What is Agri-wallet

Unique financing for smallholder farmers, buyers and input suppliers, keeping money in the value chain, fully digital block chain enabled

For Banks: Easy and profitable

For Clients: Easy and affordable
AGRI-WALLET by DODORE

Provides *earmarked* working capital to *multiple actors*:

- Credit for Buyers earmarked to pay Farmers
- Credit for Farmers earmarked to pay Merchants
- Credit for Merchants earmarked to pay Distributor
How can block chain help

• Finance the food supply chain
• Ear marking of funds
• Reducing financial risks

Why block Chain

• Transparency and traceability because no transaction can be altered
• Simplify back office work because of the shared ledger approach
• Assurance of payment reduces counter party risks because availability of funds is verified prior to a physical transaction
• We do not put private data in a block chain
Outcomes and impact

- Easy Access to finance
- Less diversion of funds
- Saving culture
- Increased financial inclusion to the small holder farmers
- Increased productivity
- Higher yields due to quality inputs
- Farmer profits rises to 97% as a result of use of Agri-wallet
Challenges as we scale

• Access to capital is the key barrier to growing and unlocking latent demand
• Upwards pricing pressure due to higher capital costs
• In order to reach a large amount of new farmers there will be increase in variable costs eg commissions for agents and digital costs

Learnings

• Financial requirements are different depending on value chain hence need for tailored approach

• The target customer/segment needs CAPEX.

• Farmers highly impacted by weather – Insurance included in all products since Jan
Thank you

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