

Digitizing Payments in  
Ghana's Cocoa Supply Chain

TOOL FOR COCOA COMPANIES:  
**Template Request  
for Proposals  
from Financial  
Service Providers**



World Cocoa  
Foundation

BETTER THAN CASH  
ALLIANCE

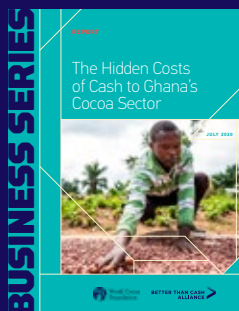


# INTRODUCTION

By adopting digital payments direct from licensed buying companies (LBCs) to farmers, firms can shorten their operational cycles, reduce their interest cost and achieve a higher return on their capital. The safety of staff and purchasing clerks (PCs) will be greatly improved, and farmers will be able to access relevant financial services and credit needed to invest in their farms.

To complement the **Costs of Cash study**, which set out why it is in all stakeholders' interests to digitize payments, the **Digitizing Payments in Ghana's Cocoa Supply Chain: Four Building Blocks for Responsible and Scalable Digitization report** sets out how to digitize payments in a way that is responsible and scalable and to the benefit of all stakeholders. Recognizing how digital payments can make a fundamental difference to farmers, WCF, along with its company members (LBCs, traders, exporters, manufacturers) and the Better Than Cash Alliance, supported and studied various payment digitization projects in Ghana between 2018 and 2020. Based on these various experiences, four key building blocks along with practical tools were designed to help companies put in place scalable and responsible digitization measures in the cocoa sector.

The building blocks and tool presented here have been developed with a view to ensure the future digitization journey takes place responsibly and that new initiatives are scalable.

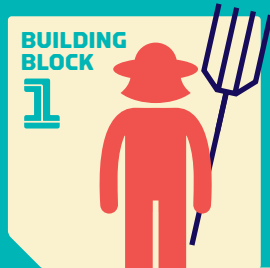


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# FOUR BUILDING BLOCKS

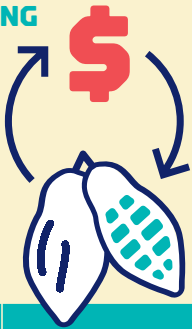
COMPANIES' BUILDING BLOCKS FOR RESPONSIBLE  
AND SCALABLE DIGITIZATION OF PAYMENTS



## Know your smallholder farmers

**TOOL A** – Farmers' survey digital  
finance questionnaire

BUILDING  
BLOCK  
2



## Build the internal & external value proposition

**TOOL B** – RFP template to understand  
existing options to digitize

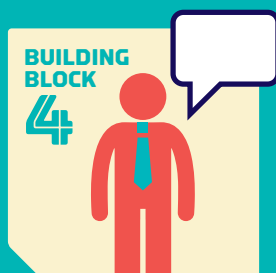
BUILDING  
BLOCK  
3



## Enable farmers to spend funds and access services digitally

**TOOL C** – Examples of DFS-enabled  
products available to farmers in Ghana

BUILDING  
BLOCK  
4



## Sensitize staff & farmers on digital financial services

**TOOL D** – Modules introducing Digital  
Financial Services to staff and farmers



## Build the internal & external value proposition for digitization

Creating a clear understanding across the entire value chain of the benefits of digitization is essential to increase the level of acceptance and update from the various value chain actors. This applies equally when making the initial decision to switch to digital payments, selecting an FSP and agreeing on an implementation approach with the selected FSP. There are two key elements to building this value proposition. First, ensuring there is agreement on the objective and scope of digitization within the company, including with PCs, district officers of LBCs and other partners. Second, rigorously selecting and overseeing the FSP and ensuring that implementation plans and timelines are developed jointly with the FSP.

The Alliance and WCF have developed a request for proposal template for companies to collect information to understand existing options to digitize. The template is neutral and designed to help companies make the most suitable decision based on their needs and circumstances. *See next page*

Tool B collects information from FSPs on how they address the Alliance's "Responsible Digital Payments Guidelines", specifically the eight recommended practices for engaging with clients who are sending or receiving digital payments and who have previously been financially excluded or underserved. The tool requires the details of how all eight practices are incorporated by the FSP in its digital solution.



# Template Request for Proposals from Financial Service Providers

## A. Objectives and payment provider selection process

The objective of this process is for payment providers/facilitators to provide as much information as possible on the commercial and technical aspects of their offering to interested cocoa licensed buying companies (LBCs).

This request for proposals (RFPs) is aimed at supporting LBCs in making the shift from the traditional cash-based payment method to using digital means (bank, mobile money, or both). In the status quo system, the LBC, which purchases cocoa on behalf of upstream processors, receive their payment from such processors digitally, predominantly by bank transfer. From that point onward, however, transactions further down the supply chain tend to be in cash. That is, the payment flow follows the pattern above right.

The large amounts of cash that move through this supply chain in the current scenario exposes DMs, purchasing clerks (PCs) and farmers to significant risks of theft and insecurity. Similarly, LBCs lose from the inability to trace funds at each stage in the supply chain. The status quo also relies on paper receipts, which are inefficient and make audits more challenging. Overall, shifting from a cash to a digital ecosystem facilitates the following benefits:



**Improved efficiency** - reduced transaction costs, high productivity, better cash and business management.



**Greater transparency and security** - transparent and traceable transactions, better fraud detection, higher personal security.



**Increased revenue** - data analytics for business development, new business opportunities, growth of suppliers/distributors through access to capital.



**Stronger business relationships** - increased loyalty from suppliers/distributors, reduced employee/worker turnover, better products for the consumer, stronger strategic partnership with government.

This RFP should outline how the payment provider will facilitate the digitization of the above detailed processes in terms of payment and receipting, all the way from the LBC to the farmer, making sure to detail the changes in the customer journey at each point in the supply chain.

## B. Required content of proposals

### I. Company background information

The Respondent must provide a brief introduction, which includes the following information:

- a. *Core business, including the technology platform used, distribution networks (e.g., access points, such as agents and ATMs), integration with e-money providers or other payment service providers, as relevant.*
- b. *Track record with digital payments in Ghana.*
- c. *Ownership structure.*
- d. *Regulatory oversight structure or certifications.*
- e. *Any system certifications (e.g. ISO27001, PCI DSS compliance, etc.).*
- f. *Professional qualifications, specialized experience and local availability of key personnel who will be dedicated to the services described in this RFP.*
- g. *Respondent's experience with payment services for agribusinesses (please indicate the value chain and whether you have undertaken a pilot).*

### II. Functional parameters

The Respondent must provide the following details on the functional aspects of their payment services:

- a. *Payments dashboard* – Respondent must provide an overview of the dashboard and its functionality, including whether it allows data exports, has business intelligence/report generation functionality, allows searches by various variables, etc.
- b. *Integration with existing systems* – Respondent must describe in detail the Respondent's front-end software applications and/or hardware that will be used to process payments as well as technical and functional requirements to allow for successful integration. Should there be the need for additional integration, indicative information on the process and costing for the same should also be detailed here.
- c. *Special wallet functionalities* (e.g. restricted funds in wallet, restricted funds redemption points, zero rates fee wallets, etc.) as well as any limitations.

- d. *Modalities for use of cards or over-the-counter solutions and ability to interoperate with global standards* and allows cardholders/wallets to transact at any Europay, Mastercard and Visa-enabled point of sale terminal or ATMs, as relevant.
- e. *Other value-added services* – customized receipts, payment across networks, split disbursement into bank accounts, mobile money wallet or e-Zwich card etc.).

### III. Non-functional parameters

The Respondent must provide the following details on the non-functional aspects of their payment services:

- a. *Commercials* – Respondent must provide details of the pricing and fees for implementing the digital payment system, including set up, training, disbursement, customer service, transaction, account service and cash-out fees (incumbent to end recipients). Respondent must also indicate the amount of time this pricing and fee structure can be guaranteed.
- b. *Partnerships* – Respondent must provide details of any external partners to be engaged as a means of providing the payment service, including partners in liquidity management, on-boarding, cash-in-cash-out, agent management, etc. The Respondent must provide indications on how these partners are managed and what is the Respondent's approach to managing transaction failures, non-compliance with services to be provided, etc.
- c. *User journey* – Respondent must outline the user journey, including education, onboarding and set up for the client (LBC), PCs and farmers. Respondent should explain any differences in this journey depending on where funds start or terminate (PC vs. farmer)

- d. *Support* – Respondent must describe how they plan to deal with transaction failures, reversals, funds not delivered, assistance with establishment/leveraging of agents and any type of fraud, whether it originated at the service provider, agent or customer. Respondent must also detail the infrastructure in place for customer support, including whether a call center will be in operation (and if so, whether it is 24/7) and how large the engaged team will be, how many languages are supported and what the process will be for complaint resolution and documentation.
- e. *Security* – Respondent must describe in detail system protocols, policies and procedures to ensure security and confidentiality of all hardcopy and electronic data and payment transactions. Respondent must also list any certifications that demonstrate the respondent's ability to maintain the said security standards
- f. *Resilience* – Respondent must describe mechanisms that ensure high availability and resilience, such as disaster recovery plans, system availability standards, redundancies, detailed off-line processes during power outages or network connectivity down-times, etc.
- g. *Oversight and tracking* – Respondent must describe the availability of the types of tools that have been used, if any, by the Respondent to measure or otherwise track the performance of its payment processing services. Respondent must also detail any standard reports they are able to provide (and the interval) and whether customized reports based on sub-categories, such as gender, location, etc., are also available. Respondent must also describe the disbursement audit mechanisms that ensures compliance with maker-checker best practice.

## C. Responsible digital guidelines

For clients to adopt and use digital payments, they need to be treated fairly and feel protected from risks, such as loss of privacy, exposure to fraud and unauthorized fees. Service providers should proactively take steps to protect their clients and respect the consumer protection regulatory framework. This is particularly important for financially excluded and underserved clients – especially women and those with low financial and technological capability who are acceding new types of financial services, providers, partnerships and distribution channels for the first time.

Following intensive consultations with industry stakeholders, the Alliance's "Responsible Digital Payments Guidelines" identify eight good practices for engaging with clients who are sending or receiving digital payments and who have previously been financially excluded or underserved. The guidelines are oriented toward financial services providers in designing and delivering their payments services. The respondent should read each guideline and provide details on how they will address the eight key guidelines in their service offering (see table below).

Guideline	Respondent adherence to this guideline
<b>1</b> <b>Treat clients fairly.</b> Clients need to be treated fairly if they are to trust digital payments, especially those clients with low levels of financial and technological capability.	
<b>2</b> <b>Keep client funds safe.</b> Clients, especially the financially excluded or underserved, need reliable and secure access to funds in digital transaction accounts.	
<b>3</b> <b>Ensure product transparency for client.</b> Providing clients with transparent product information requires special attention in a digital environment, especially where information is only available electronically, such as on a mobile phone.	
<b>4</b> <b>Design for client needs and capability.</b> Designing digital payments to address the needs, economic roles, and capabilities of clients, especially women, will increase suitability and use.	
<b>5</b> <b>Support client access and use through interoperability.</b> While recognizing the need to balance competition and innovation, ensuring the interoperability of platforms, agents and clients is highly desirable so customers of different schemes can make payments to each other and agents can work for different providers. This is especially important for clients living in remote rural areas.	
<b>6</b> <b>Take responsibility for providers of client services across the value chain.</b> Clients are more likely to trust and use digital payments if providers take responsibility for the actions of agents, employees and third-party service providers across the value chain.	
<b>7</b> <b>Protect client data.</b> Protecting clients' digital data is increasingly important given the volume, velocity and variety of data being used for marketing and credit scoring, while recognizing that use of client data can increase the range of products a client can access.	
<b>8</b> <b>Provide client recourse.</b> Clients need access to a fair recourse system for dealing with complaints about digital payments. This is especially necessary for complaints about innovative and unfamiliar products delivered via new channels and for clients who live remotely and may have little to no direct contact with providers.	

## **Better Than Cash Alliance**

The Better Than Cash Alliance is a global partnership of governments, companies, and international organizations that accelerates the transition from cash to digital payments in order to advance the Sustainable Development Goals. Based at the United Nations Capital Development Fund (UNCDF), the Alliance has 75 members, works closely with other global organizations, and is an implementing partner for the G20 Global Partnership for Financial Inclusion.

## **World Cocoa Foundation**

The World Cocoa Foundation, a member of the Better Than Cash Alliance, is a non-profit international membership organization whose vision is a sustainable and thriving cocoa sector – where farmers prosper, cocoa-growing communities are empowered, human rights are respected, and the environment is conserved.

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