



# Helping Eliminate Hunger through DIGITAL FINANCIAL INCLUSION

**815 million people worldwide are undernourished.<sup>1</sup>**

## THE OPPORTUNITY

Digital financial services can help farmers access the funds they need to produce higher yields with lower risks, increasing overall agricultural productivity. Digital financial services deliver faster, safer, more reliable social transfers for the undernourished.<sup>2</sup>



## CHALLENGES\*

A lack of access to financial services makes it harder for farmers to manage **agricultural risk and invest in measures to provide a more secure income**. Formal financial institutions meet less than a sixth of the \$200 billion in financing needed by small farmers living in emerging economies.<sup>3,4</sup>

Cash-based value chains and unreliable cash payments lead to **slower and lower returns for farmers**.<sup>6</sup>

Money transfers, whether from governments or private remittances, help to maintain food security for the undernourished. But many households – particularly in poor, rural, and remote communities – **face barriers to accessing transfers**.<sup>8</sup>



## SOLUTIONS\*

Digital financial services enable farmers to **access credit for seed and fertilizer, reduce risk through digital micro-insurance, and securely save their earnings** to improve financial resilience. The potential market for digital value chain payments will reach \$394 billion by 2020.<sup>5</sup>

Digital payments are **faster, safer, more efficient, and transparent**, helping farmers **earn more**.<sup>7</sup>

Digital payments **lower the cost of sending and receiving remittances and social transfers**, creating more inclusive and effective safety nets that can reduce hunger.<sup>9</sup>



“End hunger, achieve food security and improved nutrition, and promote sustainable agriculture.”

**KENYA** By digitizing agricultural loan repayments, One Acre Fund helped **cut repayment collection times by 46% and costs by 80%**, freeing up resources to help farmers with measures to improve yields and incomes.<sup>10</sup>

**EAST AFRICA** Between 2009 and 2012, farmers who accessed agricultural micro-insurance through mobile devices **earned 16% more** than their uninsured peers by reducing financial losses.<sup>11</sup>

**INDONESIA** The government of Indonesia has moved to card-based vouchers for 1.4 million recipients of subsidized rice in 2017. As a result, **9 out of 10 recipients said they received more and higher quality food.**<sup>12</sup>



**UGANDA** A leading coffee exporter, sourcing from 12,000 Ugandan farmers, digitized payments and **cut costs by 27%** by eliminating the inefficient and unsafe process of transporting cash. Digital payments are **45% cheaper** than cash considering indirect benefits such as higher business productivity and better quality products produced by farmers who have faster, more reliable access to funds to invest in their farms.<sup>13</sup>

**WORLDWIDE** Digital platforms such as M-Louma in Senegal,<sup>14</sup> Napanta in India,<sup>15</sup> and 2KUZE in East Africa<sup>16</sup> allow smallholder farmers to sell their products directly to wholesalers. This cuts out middlemen and guarantees more price transparency, providing higher incomes for farmers and helping to reduce hunger.

\* These represent only a few of the many important challenges and solutions. They should not be read as an exhaustive list.



BETTER THAN CASH ALLIANCE



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