

Digitizing Payments in  
Ghana's Cocoa Supply Chain

TOOL FOR COCOA COMPANIES:

## **Examples of DFS-enabled Products Available to Farmers in Ghana**



World Cocoa  
Foundation

BETTER THAN CASH  
ALLIANCE

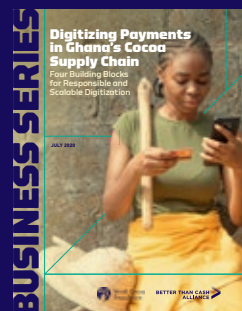
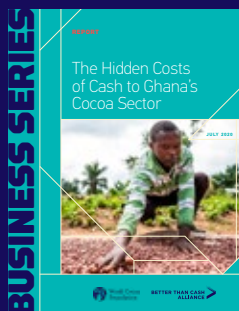


# INTRODUCTION

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.

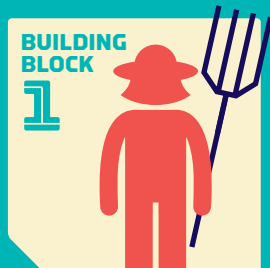


## Authors

Buddy Buruku, Marjolaine Chaintreau,  
Oswell Kahonde

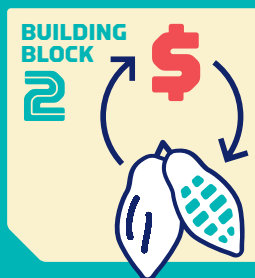
# FOUR BUILDING BLOCKS

COMPANIES' BUILDING BLOCKS FOR RESPONSIBLE  
AND SCALABLE DIGITIZATION OF PAYMENTS



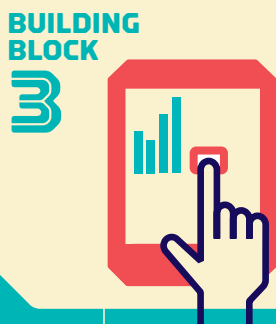
## Know your smallholder farmers

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



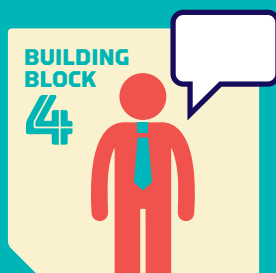
## Build the internal & external value proposition

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



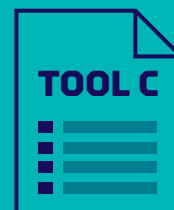
## Enable farmers to spend funds and access services digitally

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



## Sensitize staff & farmers on digital financial services

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



## Enable farmers to spend funds and access services digitally

### by building a robust digital payments acceptance ecosystem

Digitizing cocoa payments alone is not sufficient to drive adoption and scale in Ghana's supply chain. Success in this regard will depend largely on developing an ecosystem in which farmers can buy goods and services digitally without having to cash-out. Access to digital services (financial or non-financial) that present a good value proposition for the farmers is also critical. To build a robust digital payments acceptance ecosystem in Ghana requires focusing on four areas:

1. **DFS access points**, which need to be numerous and well-located for farmers and PCs.
2. **DFS liquidity management**, which helps ensure all farmers can access their cash where and when they need it.
3. **DFS merchant acceptance**, which includes targeted efforts to identify and digitize common farmer transactions, such as at input shops, pharmacies, grocery stores, and creates awareness among farmers that they can pay digitally in these places.
4. **Access to other digital services** (both financial and non-financial), including digital savings, credit, insurance or pay-as-you-go solar energy panels and products.

The Alliance and WCF are sharing examples of DFS-enabled products and services available to farmers in Ghana. The presentation also sets out the benefits of digitizing payments and can be used as a knowledge-sharing and advocacy tool to help farmers understand and embrace digital payments. *See next page*





## Examples of Digital Financial Services-Enabled Products & Services Available to Farmers in Ghana

### Mobile money payment for solar systems

- PEG uses a unique approach called “pay-as-you-go” financing to provide products, such as home solar systems, to customers who would never be able to afford them otherwise. Customers repay using mobile money on a monthly basis.
- Their products not only help improve health outcomes, fight climate change and save customers money by replacing expensive poor-quality polluting fuels, such as kerosene, but also give the customers a path to asset ownership and financial inclusion.
- Once a solar system is paid off, customers are eligible for other assets such as phones, TVs, etc.
- Licensed buying companies (LBCs) can provide an avenue for farmers to learn more about buying the devices (e.g. a premium ceremonies).
- Because the solar system shuts down automatically if payment is not made, there is no need for the LBC to guarantee the product or directly deduct payment from the farmer on behalf of PEG.



**Contact**  
+233 30 225 5255  
[www.pegafrika.com](http://www.pegafrika.com)

### Digital insurance

- MicroEnsure and BIMA both work in partnership with companies to develop customized insurance product for their employees.
- LBCs can engage with MicroEnsure to develop a customized product for crop insurance in Ghana, which farmers can then pay for use digital money.
- BIMA has a strategic partnership with PEG solar, which may mean that insurance and solar purchase services could be bundled in a preferential manner if a formal partnership is forged between the LBC and either BIMA or PEG.
- BIMA also has “BIMA Doctor”, where individuals can pay a subscription fee via mobile money that gives them unlimited calls to a doctor for medical advice over the phone for the individual, their spouse and any children under 18 years.
- In addition to MicroEnsure and BIMA, both MTN and Airtel-Tigo also have digital insurance products available. Customers should dial \*170# for MTN and \*111# for Airtel-Tigo. LBCs may opt to promote these options until more preferential or more formal partnership model is formed to offer farmers insurance products.



**Contact**  
+233 277 00 545  
[info@gh.milvik.com](mailto:info@gh.milvik.com)



**Contact**  
+233(0)302 760 671  
[ghana@microensure.com](mailto:ghana@microensure.com)

---

## Digital credit

- MTN has partnered with Jumo (Quick Loan) and Ecobank (Express Loan) to offer two digital credit options. They have different interest rates and terms for qualification, but both have a ceiling of GH¢1,000 for lending.
- Farmers press \*170# in order to begin the loan application process.
- Loans are for a short period (1 month or so), so farmers should be educated about this option through their field officers if there are some needs they consistently have that can be met with these digital loans.



---

## Digital input payments

- Onango is a subsidiary of nFortics, which is an aggregator that does bulk payments in the agriculture value chain. Onango benefits from this close link with its technology partner and makes it possible for farmers to buy organic inputs using mobile money.
- Onango is in discussion with several LBCs to explore a formal partnership for inputs. The model would have farmers who receive digital payments volunteer to have a small portion of those payments withheld until the amount required to cover their following season's input need is collected.
- The inputs would then be delivered in the following season, having been paid in full, and minimizing the risk to all parties. This approach was first trialed by Cargill in the 2018/2019 season in which 2,300 farmers took part in the scheme.
- From that pilot, it was evident that the technology partner making bulk payments for cocoa payments should ideally be the same partner who deducts the input pre-payment fees. This way, there is no chance that the farmer can provide a different account for receiving payment and thus avoid making payment towards the inputs.
- Onango hopes to make this service available to the farmers in the 2019/2020 season.



### Contact

0541 386 567

George.amoakoh@onango.com



---

## Digital pensions

- Both People's Pension Trust and IT Consortium provide a digitally enabled pension product that is flexible enough to allow some withdrawal for emergencies as well as having an insurance component.
- Both companies provide several options for formal and informal workers and work both with companies or directly with individuals.



**People's  
Pension  
Trust**

**Contact**

0302738242  
info@peoplespensiontrust.com



**IT CONSORTIUM**  
solutions that work

**Contact**

+233 30-2543040, +233 54-0125786  
info@itconsortiumgh.com

---

## Digital Village Savings and Loan Association (VSLA) services

- Several LBCs are supporting traditional VSLAs for their farmers. These same LBCs should consider supporting the transition to e-VSLAs given the higher level of security of the funds. This would require engaging with Emergent, a Ghanaian technology company that has received funding from the MasterCard Foundation, to develop a tool for digitization of VSLAs.
- In this model, a formal partnership would be required between the LBC, Emergent (technology partner) and a bank that would hold the funds. The model would allow for savers to contribute to their saving box via mobile money, and the funds would then be transferred by an agent to the approved bank.
- Once that partnership is established, the LBC would also use its existing networks to educate farmers about savings and the benefit of e-VSLAs so as to increase the portion of each farmer's cocoa payments that is not cashed out but rather saved digitally.
- A key consideration in the digitization process is to ensure that the social and community-based norms of the traditional cash-based VSLA system are replicated as much as possible in the digital form.



**Emergent™**  
Technology Holdings

**Contact**

030 226 3014  
George.yankey@emergenttech.com



## **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.

WWW.BETTERTHANCASH.ORG

BILL & MELINDA  
GATES foundation



Federal Ministry  
for Economic Cooperation  
and Development



Norad vpps



USAID  
FROM THE AMERICAN PEOPLE



ISBN 978-1-7350409-0-5



9 781735 040905

90000>

