



## Coffee Innovation Fund – Ethiopia

Supporting innovative and scalable solutions to increase profitability and market access of small-holder coffee farmers

### Consumer microloans on blockchain for coffee farmers

The average coffee household in the Limmu area only earns about half of what they would need for a decent quality of life. In rural areas few jobs are available and people depend mainly on agriculture. Before the harvesting season, farmers often run out of funds and food security becomes an issue. The farmers' lack of assets and credit history means they are unable to receive loans and make investments in their farms or diversify their income. Many microfinance institutions offer credit only at very high interest rates.

#### Tokenised microloans from consumers for coffee farmers

FairChain is a social enterprise that uses cutting-edge technologies to facilitate inclusive business models and shared value chains. FairChain plans to create a use-case for offering tokenised microloans to smallholder farmers. It will make use of the impact-driven platform of its spin-off, FairChain Tech, which allows consumers to receive and purchase tokens from brands and establishes payment gateways. The tokens can then be transformed into tokenised loans and invested in creditworthy entrepreneurial farmers or farmer groups. The target group will be women and young people from farming households with limited profitability potential.

#### Providing access to finance to create opportunities

Within the scope of the project, farm and household data will be analysed, technology for the tokens developed and a shop for token use created. In the long term, future tokenised loans will enable farmers who otherwise have no access to finance to invest in processing facilities (such as a washing station) in order to generate value-adding activities and to increase income opportunities for the whole community.



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### Project overview

Term: 2019-2020  
Region: Limu, Ethiopia  
Partner: FairChain Coffee Agro-Processing PLC  
Volume: EUR 50,000 (supported by the Fund)  
EUR 100,000 (total volume)

### Goals

- ❖ Develop and deploy a tech functionality 'Loan the farmer' to be implemented through an existing platform.
- ❖ Enable access to loans in the months of diminished coffee income and increased risk of food insecurity.
- ❖ Increase the resilience and improve the household financial management of FairChain farmers.

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