

Access to Finance and Agricultural Credit

McGill Conference on Global Food Security

Montreal, Canada

4-8 October, 2009

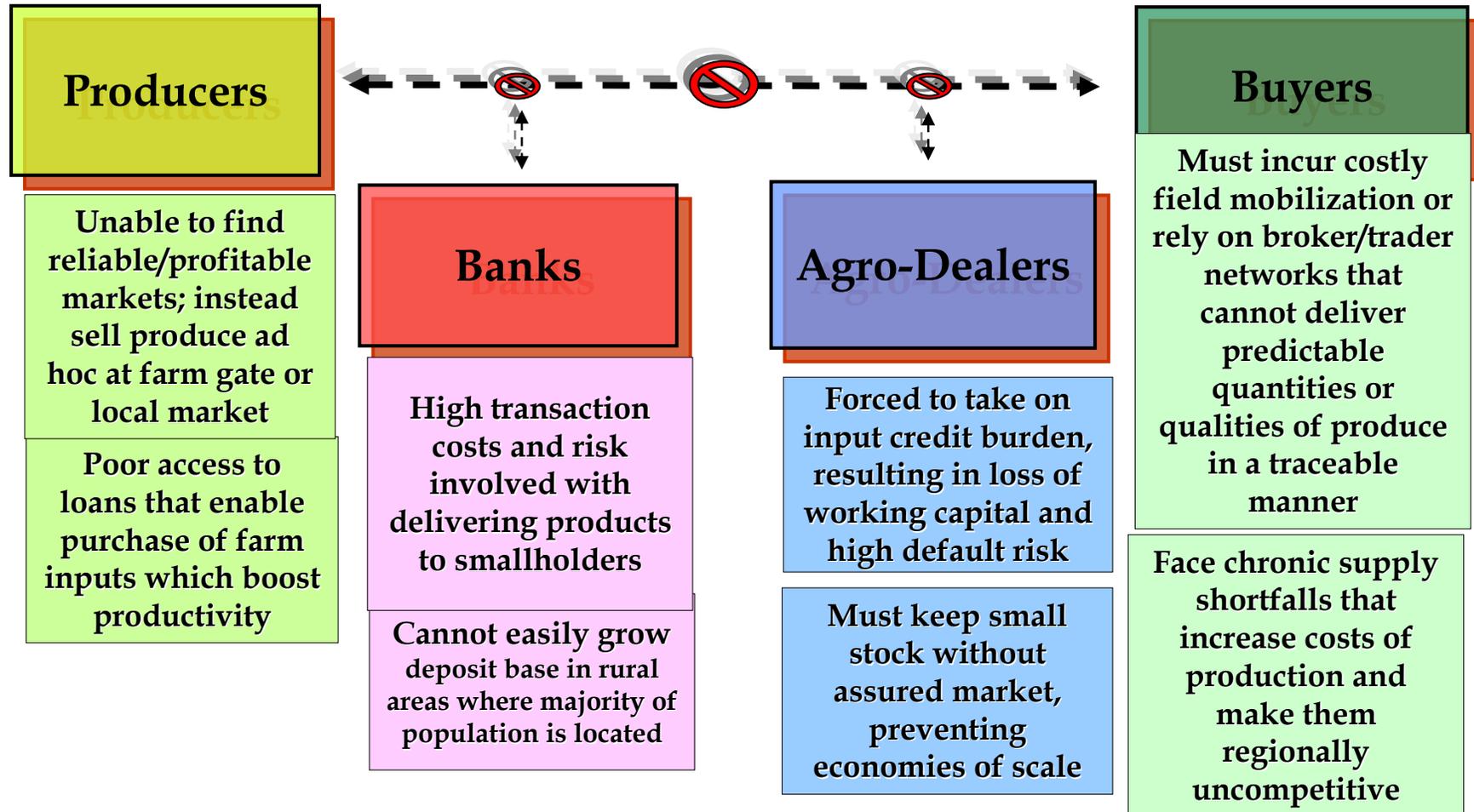


Small farm productivity is key to economic growth and wealth creation in Africa

- **Agriculture represents the largest economic sector in most African countries and remains the greatest opportunity for economic growth.**
- **70% of rural farmers operate in full or semi subsistence mode, employing traditional low productivity farming techniques**
- **The system of finance, production, marketing, and distribution of produce from small farms is inefficient, leeching away income and profits from all participants in the transaction chain, but particularly from the farmer herself.**
- **The key players for vibrant sector are mostly present- large scale buyers, processors, research institutions, input suppliers, transporters, banks and farmers, but no linkage, networking platform.**

Context

Weak institutional linkages lead to sub-optimal results for each of the primary supply-chain partners





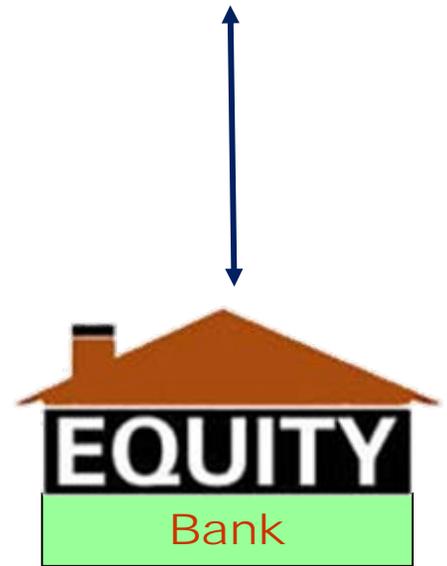
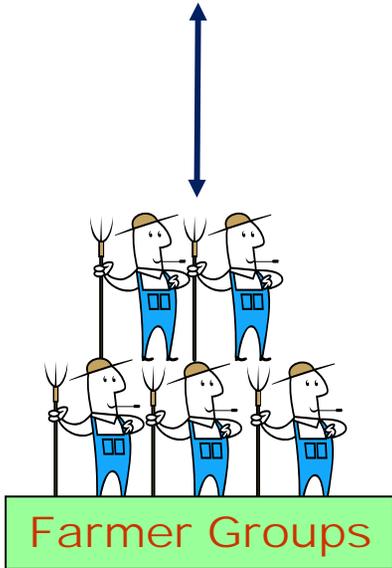
DrumNet – linking Markets, Finance and Information

- **Inspired by the Supply Chain model to build a transaction based membership platform for rapid scale and replication**
- **DrumNet is a bridging mechanism to facilitate interaction between buyers, sellers and financiers to add value to their business transactions**
- **DrumNet links commercial banks, smallholder farmers, and retail providers of farm inputs through a cashless credit system**
- **Designed for rapid scale and replication**

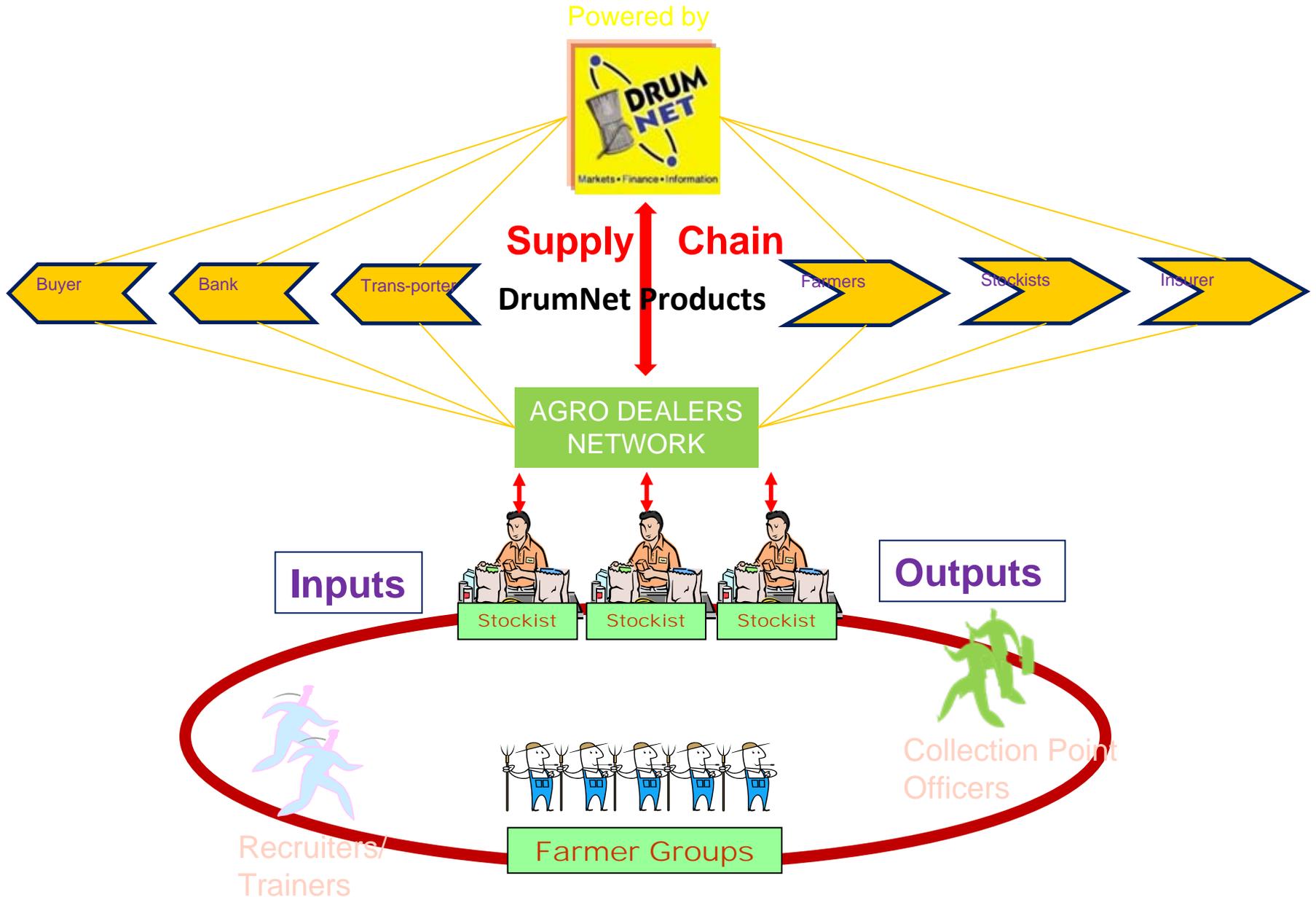
DrumNet

- **DrumNet provides an ICT platform through which all financial transactions and the communications take place using mobile phones and SMS and email.**
- **DrumNet acts as the intermediary between producers and buyers to negotiate contracts and, through the TAs, ensures that farmers grow in accordance with the requirements of the buyers.**
- **All payments from buyers pass through DrumNet accounts at the bank, thus mitigating risk and enabling buyers to focus on their core business.**
- **The DrumNet platform links large-scale buyers, farmers, transporters, and field agents through an integrated marketing and payment system.**

The model creates efficiencies and allows participants to enter markets



DrumNet ICT Platform



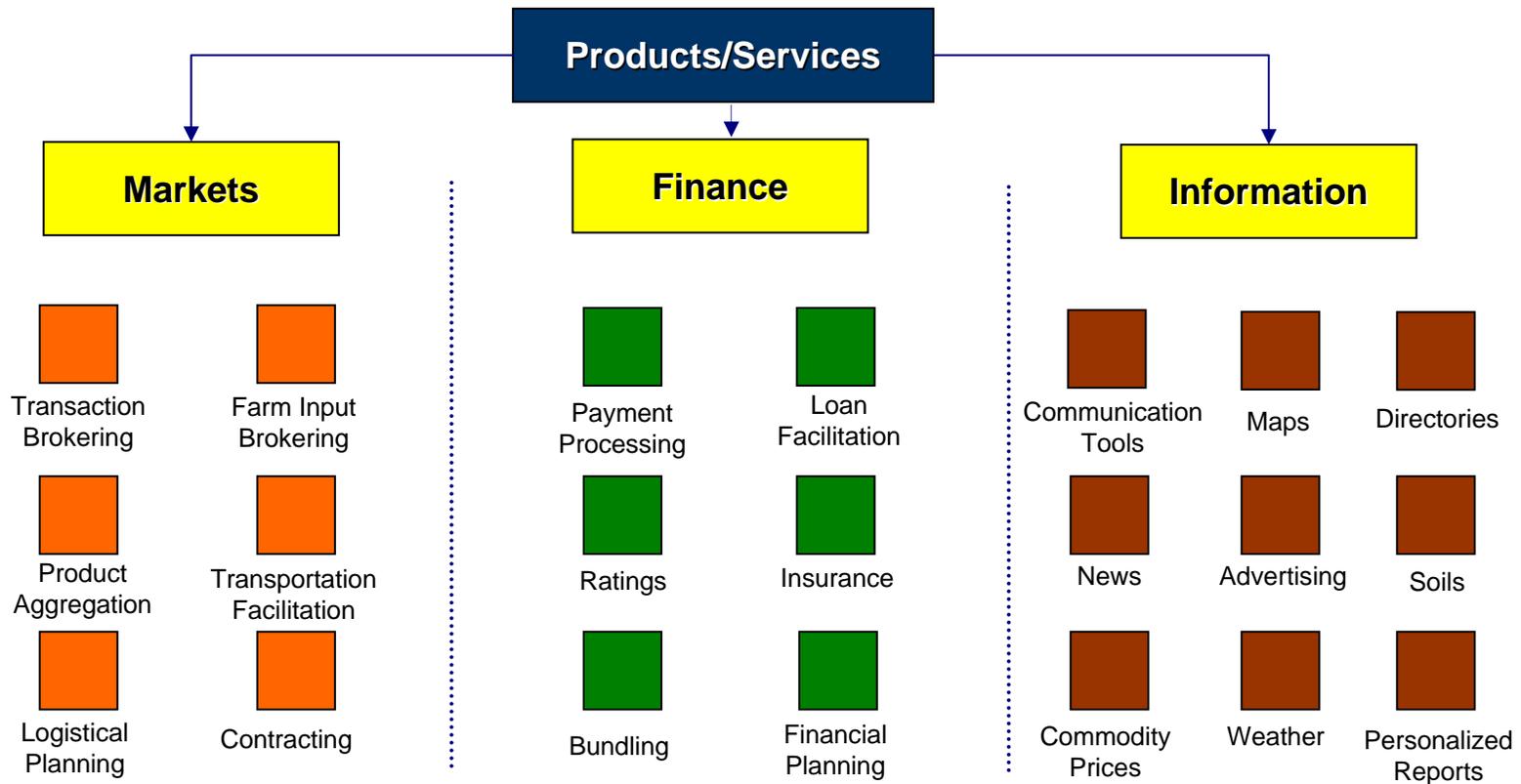
Supply chain relationships further reduce risk

- **Farmers are offered a guaranteed market and a guaranteed price**
- **Cost savings to the buyer allow for a higher price than that offered by local brokers**
- **Cashless transaction between FGs and Agro dealer**
- **Planting, Scouting, pre harvest SMS' track crop status**
- **Collection Point produce grading and weighing plus bagging and tagging at CP**
- **Buyer takes title at Collection Point , notifies Buyer confirmed by FG**
- **Money paid to groups through transfer from Buyer to Bank Lockbox and automatic payment of principal and interest, DN fee and farmer transfers.**

Products and Services

Vision

Offer a range of products/services applicable across the supply-chain that help streamline clients' business processes, so they increase productivity and can more easily interact with partners



DrumNet vision

The vision for DrumNet is a wide-spread, distributed network of partners, sharing and improving the DrumNet platform. The goal is facilitating financial, marketing, and information transactions which directly stimulate wealth creation and economic integration of small farmers in Africa.



Thank You!