



Empowering Cocoa Producers Livelihood through Closed-Loop Ecosystem in Agricultural Supply Chains

Creating a Sustainable Future for Cocoa Producers



Unbanked Rural Communities Need Sustained **Support & Integrated Financial Services Ecosystem**

Smallholder farming constitutes 30% of global food production and supports the livelihoods of 2.5 billion people worldwide.



Despite its significance, this sector remains severely underfinanced, with an estimated \$170 billion in unmet credit demand annually (Dalberg Advisors, 2022).

Key Observation:

Smallholder producers, the backbone of global food production, face a critical barrier to prosperity: limited access to financial services. Despite their vital role in feeding the world, these producers remain largely excluded from the formal financial system. This exclusion, characterized by restricted access to credit, savings, and insurance, hinders their ability to invest in their farms, manage risks, and improve their livelihoods. Consequently, this financial gap perpetuates poverty and limits the potential of rural communities.

This use case examines the profound impact of this financial exclusion on smallholder producers, supply chain actors, and the broader agricultural sector.

We delve into the root causes of this exclusion – from limited access to formal finance and a lack of tailored financial products to low financial literacy and the dominance of cash-based economies.

By understanding these challenges, we can explore innovative solutions that empower smallholder producers, unlock their economic potential, and contribute to a more equitable and sustainable food system for all.

Contributing Factors:

Limited Access to Formal Finance



Rural communities often lack access to formal financial institutions, and existing institutions may be reluctant to lend to smallholders due to perceived risk or the absence of suitable agricultural finance products.

Informal Finance Reliance



Many smallholders resort to informal financing options, such as borrowing from family or relying on high-interest loans from moneylenders, due to limited access to formal credit.

Low Financial Literacy



A significant portion of smallholder producers lack financial literacy, hindering their ability to effectively manage their finances and make informed decisions regarding financial products and services.

Cash-Based Economies



The prevalence of cash-based economies in rural areas limits access to formal savings mechanisms and hinders the development of financial records, making it difficult for farmers to qualify for credit.

Fostering Sustainable Agriculture & Financial Literacy with Closed-Loop Loan in Cocoa Sector



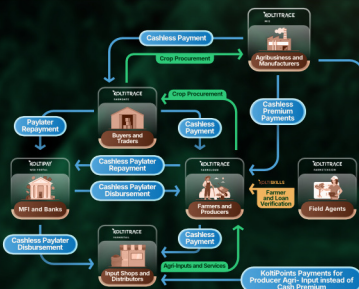
Koltiva is spearheading a transformative shift in agribusiness by seamlessly integrating AgriTech, FinTech, and ClimaTech.

Our holistic digital solutions are transforming global supply chains, promoting traceability, inclusivity, and sustainable agricultural practices.

At the core of our mission lies bridging the gap between financiers and smallholder producers. KoltiPay, our responsible e-wallet within the technology ecosystem integrated into the FarmCloud Apps (Producers), FarmRetail (Agri-Input Kiosks, Manufacture, Distributors), and FarmGate (Buyers, Traders), facilitates financial inclusion in rural communities.

This secure and convenient platform empowers smallholders to access digital financial services, including secure transactions, savings, crop payments, input transactions, e-loans, crop insurance, and a range of payment services. Simultaneously, **KoltiPay Loan enables cooperatives and micro-financial institutions to efficiently manage loan disbursements and assess producer profiles through a centralized dashboard.**

A cornerstone of our **Closed-Loop Loan and Agri Input Ecosystem** is the provision of critical agri-inputs (fertilizers, seedlings).



Recognizing the pivotal role of high-quality inputs in enhancing crop yields, we collaborate with our subsidiary company, **PT Kudeungoe Sugata**, to support agribusiness clients and financial institutions.

Sugata facilitates the accessibility of essential inputs to thousands of cocoa and coffee producers in South Sumatra and Aceh through a network of over six local cooperatives. This collaborative approach fosters inclusivity by ensuring producers can access high-quality inputs at affordable prices.

The cooperatives play a vital role as distribution points and facilitate loan repayments. As per 2023 data, **our fertilizer loan programs have reached over 2,500 cocoa & coffee producers in these regions.**



Producers receive fertilizers and seedlings on loan, with payments staggered based on the crop cycle and harvest period. The producers repay the loans by selling the crop to Koltiva or associated traders.

To fund the loans, Koltiva receives financial backing from businesses or financial institutions to support smallholder producers. This agri-input loan program provides producers with accessible financing for farming inputs through the FarmCloud app, enabling them to secure supplies from cooperatives or input kiosks.

Following successful harvests, producers can sell their produce to the selected cooperatives and Sugata as the buyers. Loan repayment is integrated with crop sales and facilitated with the mobile application FarmGate used by associated traders, where they can deduct the loan repayment directly from the purchase and split any remaining payment between cash and the producers' eWallet.



Koltiva's FarmGate application streamlines this process, **enabling cooperatives to record transactions and make payments to producers through convenient methods such as KoltiPay, bank transfers, or split payments.** Producers can receive ePayments through the FarmCloud mobile application and access authorized input shop kiosks, minimizing reliance on unreliable intermediaries.

This streamlined approach ensures **transparency in the payment system, benefits producers and financial institutions, provides timely repayments, and boosts kiosk income** by supporting input distribution. By linking financial services to a program, we established a closed-loop ecosystem that engages all stakeholders-producers, traders, kiosks, manufacturers, micro-financial institutions (MFIs), and businesses-promoting accountability, sustainability, and inclusive growth in agricultural sectors.



The Closed-Loop Loan and Agri Input Ecosystem represents a transformative approach to addressing the critical challenges of agri-input distribution and producer financing. By creating streamlined supply chains and providing access to fertilizer loans, this system empowers producers, enhances farm productivity, and strengthens the agricultural sector as a whole. This integrated digital ecosystem empowers producers to break free from the cycle of limited access to finance and high-quality inputs, unlocking new avenues for growth and prosperity.



Financial Inclusion Unleashed: Pioneering Financial Solutions for Agribusiness in Rural Landscapes



Responsible eWallet Features to Support Agribusinesses Enabling Their Rural Communities



Premium Distribution

Efficiently distribute premium payments to producers and suppliers through a cost-effective, user-friendly dashboard with comprehensive monitoring features, backed by our responsive field team.



Crop Transaction

Effortlessly purchase producers' crops and choose convenient payment options with cashless transaction, or split payments (half with cash, half with digital payment/eWallet).



Manage Loans & Repayment

Manage loan portfolio effectively with local cooperative/MFI, and integrate closed-loop inputs financing through our tech ecosystem, from loans submission, verification, to the repayment.



Agri Inputs Purchasing

Facilitate your nurseries with a secure and convenient inputs purchasing process for smallholders within the nearest location and access to trusted & reliable distributors for stock purchase.

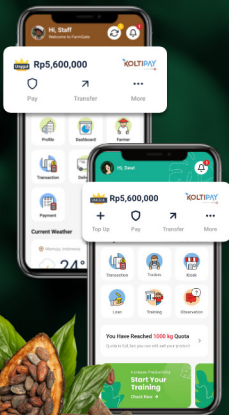


Regular Purchase of PPOB

Enable smallholders & MSME actors to get access to financial services on their phones. Conveniently use eWallet to instantly pay phone credit, electricity bills, postpaid service, internet packages, PDAM, and BPJS.

KoltiPay, our responsible eWallet, supports agribusinesses by granting underserved rural communities access to banking services, facilitating fund management via mobile devices, receiving premium payments, providing inputs financing/loans, and selling crops to collectors in the growing market-driven rural economy.

eWallet Features for Rural Communities: Smallholder Producers, Collectors, Input Shops



Savings with eWallet

Enable rural consumers to enjoy financial services without a bank account (basic feature apply to receive money up to IDR 2 Million, pay regular PPOB, and more).

Loans Submission & Repayment

Submit loan applications via FarmCloud, receive swift approval, and benefit from affordable low-interest rates, with the convenience of automatic deductions from crop transactions for repayment.

High Quality Inputs Purchase

Get access to quality inputs from nearby stores, easy transaction via FarmCloud or directly at the store location.

Received ePayment

Receive premium payments from agribusinesses easily on producers' eWallet through FarmCloud application. Get instant notifications every time money is received.

Crop Procurement

Crop procurement with ease from producers to collectors, with bulk payment feature available to accommodate numerous transaction at once.

Split Payments

Collectors can choose split payment; when producers need pocket money. They can receive half in cash and the other half through ePayment.

The Koltiva logo features a stylized white leaf icon to the left of the word "KOLTIVA" in a bold, white, sans-serif font. The background of the entire page is a close-up photograph of cacao pods, with some showing a mottled brown and tan pattern and others a vibrant green with dark veins.

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