KEYNOTE ADDRESS ON FINANCING LAST MILE COMMUNITIES

David Davies, Founding Chief Executive Officer, Ag Unity, Australia
30 October 2019

This fifty dollar phone will enable a small farmer to lift herself / himself out of poverty. It may be the most single, life-changing possession she or he ever owns. It transformed the farmer into a small enterprise, having a digital identity and a means of tracking what the farm produces. It also enables the small farmer to become a valid recipient for loans, credit and become part of a natural community.

The most important challenge in the world today is eliminating poverty. It is number one on the UN Sustainable Development Goals for a very good reason: while one-third of the world still lives in poverty, we might be unable to address other big challenges like food security, deforestation, climate change; these are all connected. Of those in poverty, the vast majority are in farming, fishing or a part of their remote community and food supply chains. And good organizations, like you all here today, struggle with the one big issue: connecting with people in remote, rural areas effectively and efficiently. And that is what my company does: we connect good organizations with those last mile users.

We cannot solve poverty without addressing financial inclusion; and we cannot bring about financial inclusion at any sort of scale without technology that is relevant and useful to the people you are giving it to. A bit over a decade ago, the iPhone changed the world for most of the people like us; these smartphones gave us convenience and entertainment in our hands in ways that was previously unimaginable. But they did not help the poor. A modern smartphone might cost as much as a year's income of a small farmer. As much as farmers might enjoy Facebook, music and YouTube, as we all do, those things do not help them in their work, earn more or feed their children.

If you want to transform the lives of these people, it must be with a technology that is relevant to them. It needs to help them do the very basic things that they do on a daily basis, in a simple and intuitive way: ordering inputs, renting equipment, selling produce and getting paid for it. The most basic thing is record keeping, something that we in most countries have taken for granted for over a hundred years; we have forgotten how important that simple accounting is to many in the world. This is the single biggest opportunity in the world: two billion people, of which there are half a billion farmers, most of them with no access to credit. Most of them could vastly increase their income and productivity with the right tools. But you cannot just give a smartphone to a farmer who has never had one before and expect it to be useful. How iPhone became such a game changer was how

relevant it was to what we do everyday. Who still remembers here in the room how we booked a hotel 20 years ago; this is how much things have changed but not for small farmers in the developing world; they still do things in same traditional way. And that is exactly what we need to change for low-income farmers of the world. Give them something that is relevant and changes the things they do on a daily basis.

The solution needs to be easy-to-understand and solve all the technical challenges of their area, such as: user experience, people with low literacy may never have owned any technology before in their lives, working around poor connectivity challenges in remote regions, and securely recording transactions to improve trust and cooperation. And finally, you need a cost effective way of deploying and supporting in remote regions so that you are not going out just to support a couple of individual users. So what farmers really need is some sort of a super App where everything works together in the some way; not dozens of little applications that all do small parts of the puzzle and requiring to user to struggle with separate passwords and separate applications and keeping everything updated. Even I struggle to keep everything on my iPhone working. Imagine how difficult it is for a sixty year old farmer who has received a smartphone for the first time in his life.

So we built our platform like an App store in reverse: we encourage others to migrate their solutions onto the platform so that we can integrate with others and all work together. And all those other applications can build their own communities on the platform. Once a community builds a relevant technology, it becomes more and more compelling for others to use it. By encouraging others to build their communities of users, the whole system links and works together. For users what is important is that is simple to use and sort out their daily needs. But our actual customers are those organizations that need to connect with last-mile users (e.g. small farmers in remote areas); the sellers, who need a more efficient way to provide products and services at scale and solve the means of collecting payment; the commodity buyers, who want to trace produce or buy ethically or improve quality and show origin of goods to their customers; the NGOs that are already investing millions of dollars and need transparency of the impact of their projects; and most relevant to this Forum, the banks, the insurances, and micro-credit companies, that need a better way to connect with those last-mile communities.

The Forbes magazine thinks this is a $100 trillion opportunity; my background was in global investment banking, so it does not surprise me that banks see this as a last great frontier opportunity. But after spending the last three years working with very small communities of low-income farmers, I think that the way most are approaching the subject is dead wrong. Taking advanced technology and making it accessible might look easy, such as taking modern farming systems and disseminating knowledge to farmers might seem the best and easy way; but it is the wrong way because it excludes the very poor. You are giving middle level farmers better technology and providing them an

advantage, while the poor, the very small-scale, illiterate get left out; it creates a big gap between the haves and the really have-nots. So instead of moving the technology down the pyramid, let us try to do the reverse. Instead let us address the very basic needs of the very bottom of the pyramid and slowly make it more powerful and functional, adding more features and, thereby, we help everyone up to a solid level; this is the key to making this a good opportunity for financial service providers as well. Once you organize very small farmers into groups or cooperatives, banks and financial service providers can deal with them effectively as a group.

So we did not reach out to banks; we were presenting this agriculture solution, when banks came up to us and said: hey, could we roll out our mobile banking in rural areas using this platform? The simple answer was yes although there is a lot still to be done to roll out mobile banking to remote, rural areas. By us focusing on the farmer's real needs, we inadvertently solved the big challenges that were impeding the financial inclusion of the very last mile. The banks loved the idea as they linked the opening of an account with them with free delivery of an awesome smartphone with an App that has banking and other service providers on the same platform. So whether it be financial services or any other services that improve the lives of small farmers, we are here to help connect with the last mile users.