

Digitalizing Environmental Loan Monitoring in Smallholder Finance (GeoBancoverde)

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GFA Consulting Group – Hamburg/Germany

- GFA Consulting Group is a global player with a solid track record of providing effective solutions to the challenges of the fast changing international cooperation sector
- Change management and new themes are continuously integrated into the existing GFA portfolio
- Digitalization approach as cross-cutting mechanisms in strategic business areas of Financial Systems Development, Agriculture & Rural Development & Monitoring and Evaluation
- ICT4D as specialized unit to approach digital technologies for sustainable development

Context

- (Microfinance) Institutions which provide credit to small farmers and rural enterprises globally have to deal with:
 - Fraud (ghost lending)
 - Lack of spatial information about farm parcels
 - Avoid financing agriculture activities which cause irreversible environmental damage (deforestation of natural forest)
 - Lack of online monitoring system of farm parcels
 - New green credit lines opportunities on the context of Climate Change
- Multi-Institutional Framework in which the App was developed:
 - European Union/LAIF and France Development Agency
 - Peruvian Environmental Ministry
 - Agrobanco

APP's Main characteristics

- Allows georeferencing small and big farm areas (offline or online)
- It transfers data from mobile phone to bank central server (online)
- Offline assessment of environmental aspects on the farm area
 - Ex-ante deforestation in the amazon region (Peruvian case, after 2011)
 - Protected areas (public and private)
 - Wetlands in RAMSAR convention
 - Forest concessions
 - Non Timber Forest Products Concessions (Peruvian case, Brazilian nut)
 - Reserve Areas for uncontacted indigenous people
 - Native Communities lands (To avoid conflicts with non-native farmers)

Field Piloting

- Video offline (Amazonian region, Ucayali)
- Video on line (Andean region, Cusco)

Benefits for financial institutions

- Reduce fraud (through mandatory visit at farm parcel)
- Reduce credit risk of financing agriculture in prohibited/restricted areas (Klaus Maurer, 2013)
- Could improve and accelerate the credit admission process
- Allows online monitoring of farm area during whole credit life cycle

Potential of APP GeoBancoVerde

- Flexible to be adapted to other contexts and projects
- It solves main problem of financial institutions (ghost lending) and enables financial institutions to gather geospatial data of farm areas
- It allows monitoring with high resolution satellite imagery:
 - Monitoring of crop phenology
 - Monitoring Climate variables (precipitation, temperature, drought)
 - Monitoring of forest coverage
 - Monitoring other aspects of the landscape (river basin, prioritized areas, archeological sites, spiritual sites)



Gracias!