

Decentralized financing of Fairtrade producers using a blockchain-based solution

FairCapital SA | ZHAW | Innosuisse

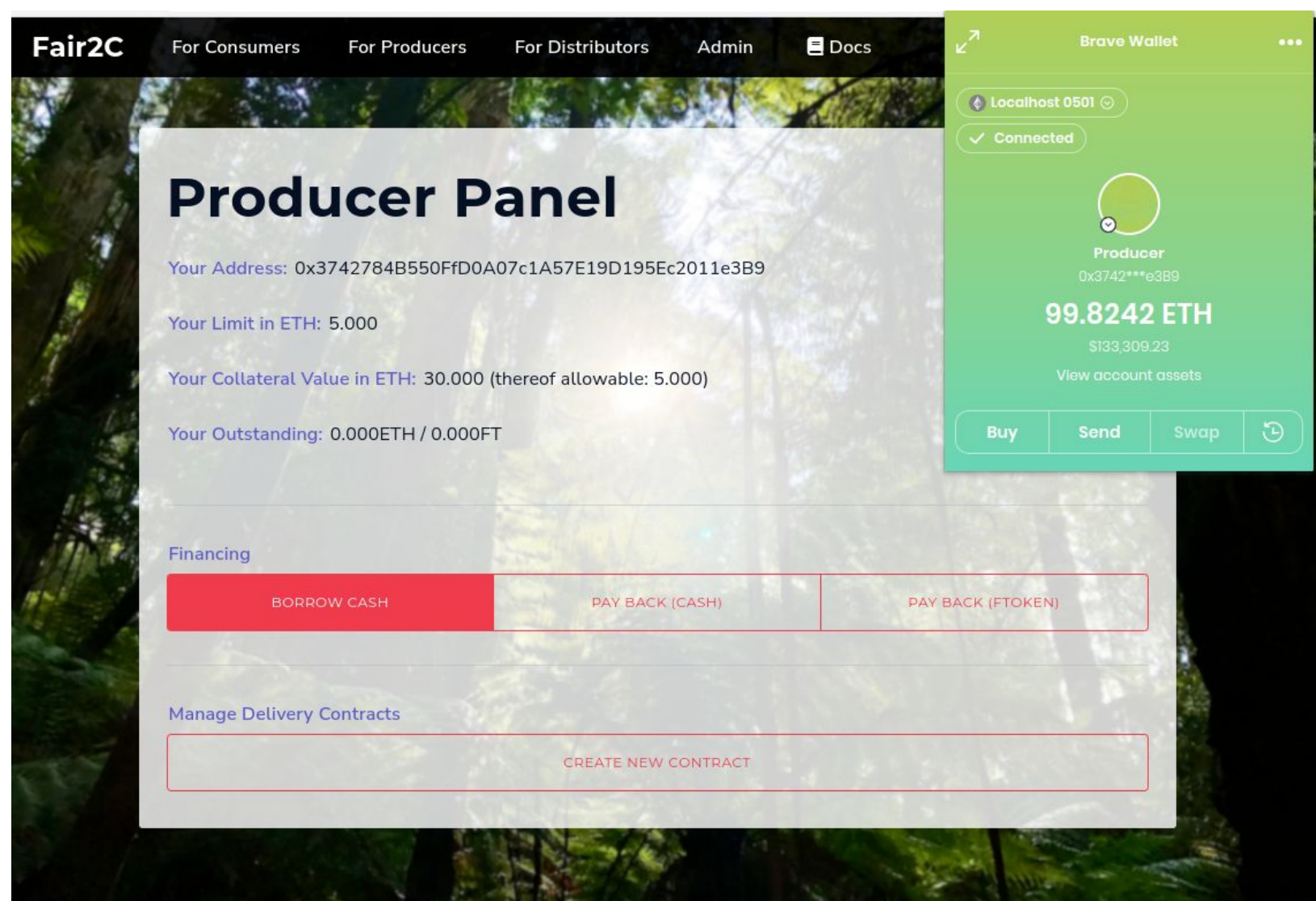


Industry Partner

FairCapital is a mission-driven facilitator, providing financing and consulting services to cooperative producers and other actors along the Fairtrade value chain.

Problem

Fairtrade producers in developing countries often have a stable business model and substantial growth opportunities. Due to the missing or insufficient finance infrastructure in the respective countries, Fairtrade producers do not have the opportunity to realize their growth opportunities. Although some impact investors address this problem in the area of smaller agricultural companies, the existing financing solutions are lacking flexibility or the barriers (e.g. credit collaterals) are too high. In a primary study, the practicability of a blockchain-based model was analyzed, considering the economic, legal, and technological perspective. Since the feasibility has been confirmed during the primary study, this larger research project aims to develop and implement the model.



Project Objectives

The main objective of the project is to improve the financing situation of Fairtrade producers and simultaneously integrate Fairtrade consumers in the financing process. The model aims to enhance the awareness of inclusive growth of companies in developing countries and consequently increase the demand for Fairtrade products. The to be developed, decentralized, and blockchain-based model will allow a pre-financing of the producer's production through consumers. The decentralized characteristics of the model leads to a noticeable increase in the flexibility of the financing and the availability of capital (scalability) compared to existing models. The project has an interdisciplinary framework and includes a legal, economic, and technological dimension.

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