

**PROJECT SUMMARY**  
**DIGITAL IDENTITY FOR SMALL NONDIGITAL RURAL PRODUCERS**  
**(PE-T1518 and PE-G1011)**

In Peru, over 2 million family farmers employ 28% of the economically active population and produce 75% of the country's foodstuffs, which makes them a mainstay of food security and the country's largest employer.<sup>1</sup> However, these family farmers face significant development constraints. Family farms do not have access to verifiable proof certifying their business information, business dealings, and/or productive activities and thus cannot prove their solvency or demonstrate their track record. This also creates barriers to access to formal services, such as banking. All told, 77% of smallholder family farmers sell their products through informal channels or intermediaries, and 85% do not have access to formal credit.

The main constraint is that small rural family producers do not have digital skills or good Internet coverage, which restricts their market access even further. Just 5.9% of this rural population has Internet access.

There has been a budding effort to address the rural productive sector's clear need for connectivity and digital identity through various solutions geared toward agricultural cooperatives and organizations. However, most of these solutions address only part of the problem because they focus on collecting data on farmers for productive organizations, overlooking the problems discussed above, which stem from the lack of a digital identity for the family farming sector. When it is time for negotiations with corporations, this sows distrust regarding the data collected and its use.

In this context, the project executing agency—[AGROS](#), a company with over 10 years of experience in cluster development and the development of technologies for the rural sector—built a digital identity solution for nondigital users. This solution uses producers' voices as a control interface that can operate without the Internet and combines a digital identity wallet<sup>2</sup> with production, climate, credit access, and other data. It currently runs on the LACChain blockchain network. Producer data is used to compile a unique identity directory connected to the national identity system of Peru's National Registry of Identification and Civil Status. The solution also has the capability for biometric voice authentication without any need for a smartphone.

The project's general objective is to increase the incomes earned by approximately 1,000 small-scale farming families linked to the avocado value chain in the Ayacucho and Huancavelica regions by implementing a digital identity platform that will enable them to establish trade linkages with high-value markets and improve their sustainable production capacity.

This project is aligned with the IDB Group's Vision 2025, which seeks to reactivate the productive sector in an inclusive manner by promoting digital technology and better connectivity for small-scale rural producers. The project offers a technological solution and an opportunity for this highly vulnerable population to improve its productivity and resilience to climate change.

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<sup>1</sup> [https://www.inei.gob.pe/media/MenuRecursivo/publicaciones\\_digitales/Est/Lib1177/libro.pdf](https://www.inei.gob.pe/media/MenuRecursivo/publicaciones_digitales/Est/Lib1177/libro.pdf).

<sup>2</sup> Digital wallet: A digital space where the small-scale family producer's data is stored.