



THE INFLUENCERS: DIGITAL TRANSFORMATION

TRANSCRIPT JANE KOHDARKOVSKY

Leo von Gerlach (00:41.969) Welcome everybody to The Influencers, our conversation podcast on digital transformation and law. I'm Leo von Gerlach and with me today is Jane Khodarkovsky, General Counsel of the Celo Foundation. Celo Foundation that is one of the global organizations to promote financial inclusion through innovative technologies.

Jane, before we dive into your work for the Celo Foundation, let me just mention that you have a distinguished career as a lawyer. You served as a federal prosecutor with the US Department of Justice with a specific responsibility for anti-money laundering and asset recovery. You are a member of several boards, mostly related to the promotion of women in technology, which is obviously a terrific aim in itself. And now...with Celo Foundation. Just what attracted you to Celo? What is their objective? What do you want to achieve?

Jane Khodarkovsky (01:44.098) Thank you, Leo, and thank you for having me on your podcast. Pleasure to have this opportunity to speak with you. I think I have a unique entrance into the digital technology space. I, as you mentioned, spent time as a federal prosecutor at the Department of Justice, and prior to that, I was also a prosecutor on the state and local level, focusing on financial crimes, anti-money laundering, and also looking at crimes around human rights, human trafficking, corporate responsibility as it relates to supply chains. And it was through this work, this intersection as I think about it between financial, our financial, traditional financial world and real people and how it affects them really drew me to blockchain technology, digital technology and the various ways that it opens our world and people's access to, as you mentioned, financial inclusion, transparency. And those were some of the things that attracted me when I met with the Celo Foundation team and those projects that are building on Celo, the blockchain. And I know we'll talk a little bit more about what those are and what are some of those real-world use cases.

But it was this mission alignment. A lot of folks who are prosecutors or work in government talk about their mission, right? And doing good work and being inspired by those who they work with. And I think the commitment to really thoughtfully building and growing innovation to really impact real world people and to help them. You know achieve sustainability, have more ownership through digital identity of their, of what they are doing of their you know their role in their community was one of the main things that drew

me to the foundation into the Celo ecosystem more generally. And as you mentioned Celo Foundation there are three main pillars that we focus on which is financial inclusion, sustainability, and climate. And I think it's really wonderful that we're having this conversation today during the UN General Assembly and Climate Week. And all of these intersections that I think between technology and doing really good, positive, real-world innovation. So, it makes me very excited to be in this space.

Leo von Gerlach (04:27.793) Wow, that's interesting. That's definitely a very broad and far-reaching aim. Clearly that transpires into some very specific things that are on your to-do list, some deliverables that you and the foundation is working at the moment. Perhaps you'd just talk us through what is on your table at the moment.

Jane Khodarkovsky (04:48.674) Sure, so just to level set and give a little bit more context, so Celo is a decentralized blockchain. I like to say it's like an open public highway that allows data to be built on top of it from all over the world, as you said. So, the focus has been on really empowering projects and giving people the ability to innovate in a way that will help their communities. I think in the United States we often take for granted that we have traditional financial institutions that people rely on for their banking and their community is both in the US, but certainly around the world, that that is not something that is available to them. So, one of the specific things that we can talk about today is Celo Foundation has partnered with Opera, which is the largest web browser having over 100 million users in Africa to empower and allow peer-to-peer payment through what's called MiniPay. And the first country that this is based in now is in Nigeria with the hope of expanding to Kenya, Ghana, South Africa over time. But what's really unique is that initially, with Celo the goal was to build something for real world use, meaning it's available on your mobile device. You don't need a sophisticated iPhone. You don't have to spend thousands of dollars on a sophisticated iPhone to get access to your digital assets. And what MiniPay does is it allows people in Nigeria to send transactions using what's called a Celo Dollar, CUSD, to each other for very, very low transaction fees. And they can access all of this through the web browser, so in one place. So, it really takes away that intermediary that often is a barrier for people to send funds to each other or to use it for on and off ramps, meaning that they could use it for their everyday lives. So, if they need to buy something at their local store, they can do that. So that's just one example of how the Celo Foundation and projects that are building on Celo are really focused on how do we reach those communities that really need access to new ways of minimizing exposure to intermediaries and also empowering them to have more control over their funds, savings, etc. And I think one thing I do want to bring back to my point about when I was working at DOJ and some personal experiences that I have is that I think there's a lot of need for allowing people to be able to send funds to each other at a lower cost. Because if we use money service businesses that a lot of people use for remittances, for

example, there are very high fees to send those funds. And I saw that a lot in my work with different victims of crime. And so, it's one of the ways that I think blockchain technology can really empower and help those more vulnerable communities be able to have control over who and how they're sending their money in a way that also helps them save and protects the integrity of those communities that we're trying to empower.

Leo von Gerlach (08:31.101) That's exciting and thrilling and I think a very good case in point that developing countries seem to be a very good and fertile breeding ground for innovative forms of finance and decentralized finance. What's your take? Will that be confined to those developing jurisdictions and countries? May it spread over even to more developed industrialized countries like in the Western world? How does that interplay with regulations? The perceived higher absence of regulation in these countries helpful? Is the kind of intention of some developed countries to be strong and double down on regulation perhaps standing in the way of more progressive development? So, what is your take on the migration of those models?

Jane Khodarkovsky (09:25.034) Yeah, I think that's a great question. And to your point, Chainalysis recently released an updated report of which countries are seeing an increase in the use of digital assets, and one of them being Nigeria, India, and I think Vietnam. And the United States is actually, I think, 10th on the list, which goes to your point of where do we see adoption? And I think there's two things that come mind. One is...the need to have more robust discussions about how digital technology can help, not just from a financial perspective. So, as I mentioned, we also focus on sustainability, how to bring real world assets on chain, how to get more transparency to combat corruption and have better exposure in supply chains. Those are things that to me are not just confined to the financial sector and those are things that need to happen both in the developing and developed world because we live in a global world. People are exposed and you use the internet all the time. They communicate through different social media applications. So, the barriers that I think existed before for communication, for innovation are growing. And at the same time, I can't take my former government of prosecutor hat off. I do think it's important to have thoughtful regulations. I think that in the EU, there are a lot of efforts being made, obviously, through the passing of MiCA. There's additional work being done on what does decentralization mean. How are these different real use cases adopted. But I think that it has to be thoughtful and clear because it should allow innovation to grow. It should protect consumers. I always say that it's important who you partner with because that, you know, from a risk and compliance perspective is really important. So, if you are trying to have adoption by real world people, they have to understand what the risks are, and you have to mitigate those risks. And you have to understand who you're partnering with in order to do that, which is why I think this partnership between Celo Foundation and Opera is so important because there is already a robust integrity within

many of these companies that by bringing in new technology it will allow more people to be able to use it and I think we see this you know now with companies that are thinking about climate and how do they account for their carbon footprint, and how can they use this digital technology to ensure that they are meeting their climate goals. And there's a lot of different projects building on Celo focused on that. How do you protect biodiversity, small time farmers who need that additional help? I was traveling to the western part of the US earlier this year, and there was a lot of talk about conservation of water and how to use blockchain technology or can you use blockchain technology to preserve those real needed resources. So, to me, there is, yes, there's absolutely a need for regulation. There's a lot of discussion in the US about what that would look like. Obviously there have been several bills that are pretty historical in that they made it through different committees in the House and the Senate and working their way. But I think there's a lot more work to do and I think a lot more work for the industry to do in conveying those real-world use cases that are impactful on people and how this technology can really help different aspects of our society that are outside of just that financial piece.

Leo von Gerlach (13:49.897) I love that. Just briefly at the end, is there any next big thing coming up in the near future where you see a breakthrough coming through?

Jane Khodarkovsky (14:03.63) I think that what I have learned in my short time in this digital asset space, or this digital technology space is there is always something that is coming. The innovation is so quick, and I think we will see a lot more I think partnerships around real-world assets being put on chain, working on digital identity and how that can help also with... There's a lot of questions around how do you do compliance or, you know, to your point about regulation. I think that there is a lot of technology and a lot of projects building solutions to bring compliance on chain interoperable that will also connect both the sort of Web 2, traditional world with Web 3. And I think that will also spur more adoption because there will be not just the transparency and the immutability that a decentralized blockchain like Celo can provide, but also gives that assurance and integrity that it can be trusted and can be used by real world people. So, I am excited because I think that there's a lot more to come. I think this industry is constantly evolving and I'm excited to see more communities learning, leaning into this technology and using it for really interesting use cases for anti-corruption, to construction, to carbon offsets, to you know being able to send funds to your friends and family just knowing you know your phone number and helping in the humanitarian aid because we see a lot also of that given some of the events of the past few years and that's really I think inspiring to me to keep supporting this ecosystem.

Leo von Gerlach (16:03.421) Thank you, Jane. I mean, thank you for your wonderful work and for all the insights you just shared with us, it's really all terrific. And thank you,

everybody for joining us today. It would be great if you'd stay tuned and meet with me again next time when we have our next episode of The Influencers on digital transformation and law. Take care, goodbye and see you next time. Visit us our digital assets and blockchain hub at engagepremium.hoganlovells.com for more podcasts and other resources. Or download more episodes from the Apple podcast app or the Google podcast app for Android users.