

SCALING UP

Recommendations for building a strong financial and broader impact business case for the Beyond Chocolate initiative

Final report – November 2023

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Introduction

01

INTRODUCTION (1/2)

Unravelling the financial and broader impact business case of the Beyond Chocolate programme

This study is part of the project “*A Living Income for Cocoa Farmers in Côte d’Ivoire*” which is part of the *Beyond Chocolate* programme. The project is a chainwide collaboration composed by Colruyt Group (CG), Rikolto International, Fairtrade Belgium, Puratos, Agro-Insight, Access Agriculture and cocoa cooperative Enterprise Cooperative de Saint Paul (ECSP).

The partners wish to understand whether there is a financial and impactful business case to upscaling the Beyond Chocolate programme and how to realize it.

In the first part of the project, Impact Institute performed a living income assessment to support the partnership in bringing a living income for cocoa growers from concept to reality in 102 cocoa growing households in Côte d’Ivoire. The assessment illustrates the living income gap faced by the cocoa growers.

To assess whether the programme offers a financially viable business case which effectively contributes to

increasing farmer household income, Impact Institute addresses two key elements: the **financial business case** for the value chain and the **effects of programme activities** on increasing farmer household income.

To perform the assessment and develop relevant recommendations for programme upscaling, Impact Institute builds on the results of the living income assessment. Relevant stakeholders in the cocoa value chain are interviewed to determine the status quo of the financial business case. Moreover, on-the-ground lessons learnt are provided by Rikolto on the effectiveness of programme activities in increasing farmer household income, including relevant preconditions and obstacles.

This report presents the background, approach and results of assessments. Moreover, this report provides recommendations for realizing long-term impact through successful upscaling of the programme.



INTRODUCTION (2/2)

Towards successful upscaling of the Beyond Chocolate programme

Partners in the Beyond Chocolate initiative aim to, amongst others, end deforestation and provide a living income for cocoa growers. To this end, the current programme's activities target six parameters: price, productivity, quality, access to finance, income diversification and agroforestry & reforestation.

The programme will be successful when it offers both:

1. **Financial business case** to value chain actors, meaning that cocoa farmers are paid a decent price and all other actors can make a profit.
2. **Contribution to increase in farmer household income** via activities affecting productivity, quality, access to finance, income diversification, and/or agroforestry & reforestation.

This document reflects on the effectiveness of both elements and provides recommendations for successful upscaling of the programme.

02. Background

Setting the scene on the value chain involved and broader Beyond Chocolate programme.

03. Results

1. **Financial business case:** insight into costs & benefits faced by value chain actors, preconditions for financial viability and obstacles to overcome
2. **Broader impact case:** insight into effectiveness in terms of lowering gap between local living income & farmers' income and investment of programme activities

04. Recommendations

1. **Financial business case:** recommendations for realizing long-term financial viability for value chain actors during upscaling while paying a decent price
2. **Broader impact case:** recommendations for effectively lowering the gap between farmers' actual income levels and the local living income via programme activities



Background

02

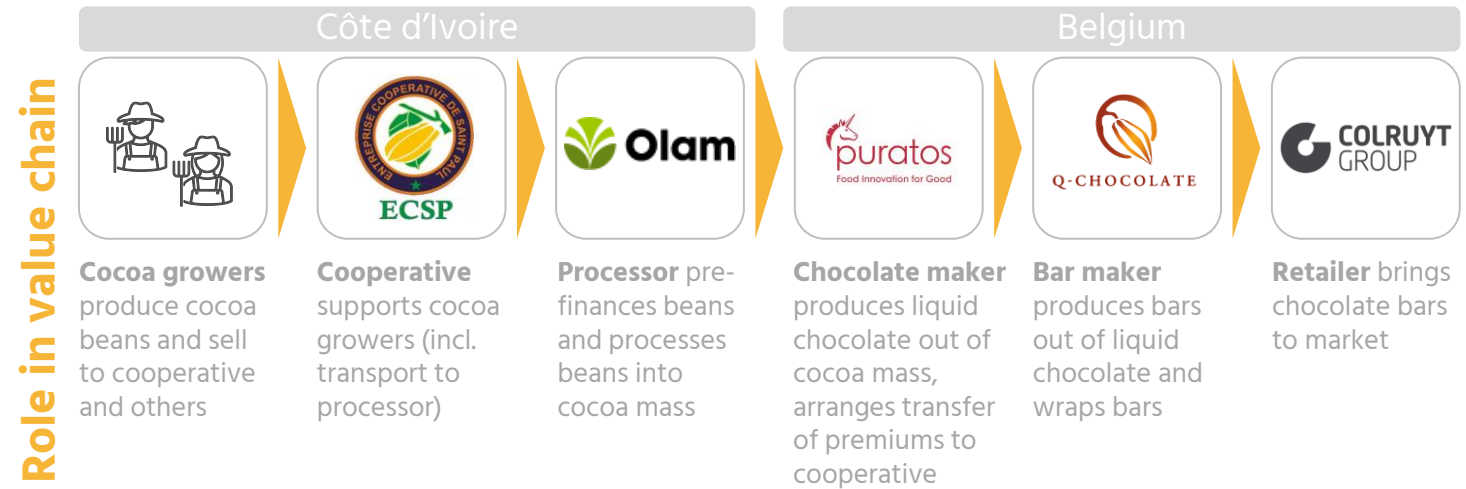
BACKGROUND SELECTED VALUE CHAIN

Bringing chocolate made from cocoa beans purchased for a decent price to market

The partners within this project are part of the cocoa supply chain from farmer to retailer. A simplified overview of the value chain is visualized on the right.

Fresh beans are delivered from cocoa farmers to the post-harvest centers for fermentation and drying with support of the ECSP cooperative. After fermentation and drying, the dry beans are delivered to the OLAM factory in San Pedro for processing in which the beans are turned into chocolate liquor. This is sent to Puratos in Belgium for processing of the chocolate, which is tuned into chocolate bars (Boni Chocolat Noir 72% tablet) by Q-Chocolate to be sold in Okay, Spar and Colruyt shops (part of Colruyt Group).

Other project partners (Rikolto, Agro-insight, Access Agriculture) are not part of the cocoa value chain but are closely involved with the implementation of the project activities in Ivory Coast.



Ivory Coast's regulated cocoa market

The Côte d'Ivoire cocoa market is strongly regulated, meaning cocoa export prices are set by the state, affecting farmgate prices received by farmers.

The difference between the export price and the farmgate price is partially used to cover the costs and margins of the operators providing trade and transport services between the farmgate and

the point of export. In addition, a share of the difference between the export price and farmgate price is taxed by the government and used for purchasing "sector-specific levies" such as inputs and services provision for cocoa farmers.¹

In the value chain presented above, processor Olam pays these costs when pre-financing the cocoa beans for Puratos.



¹ Boysen et al., 2023. Earn a living? What the Côte d'Ivoire–Ghana cocoa living income differential might deliver on its promise. Available [here](#).

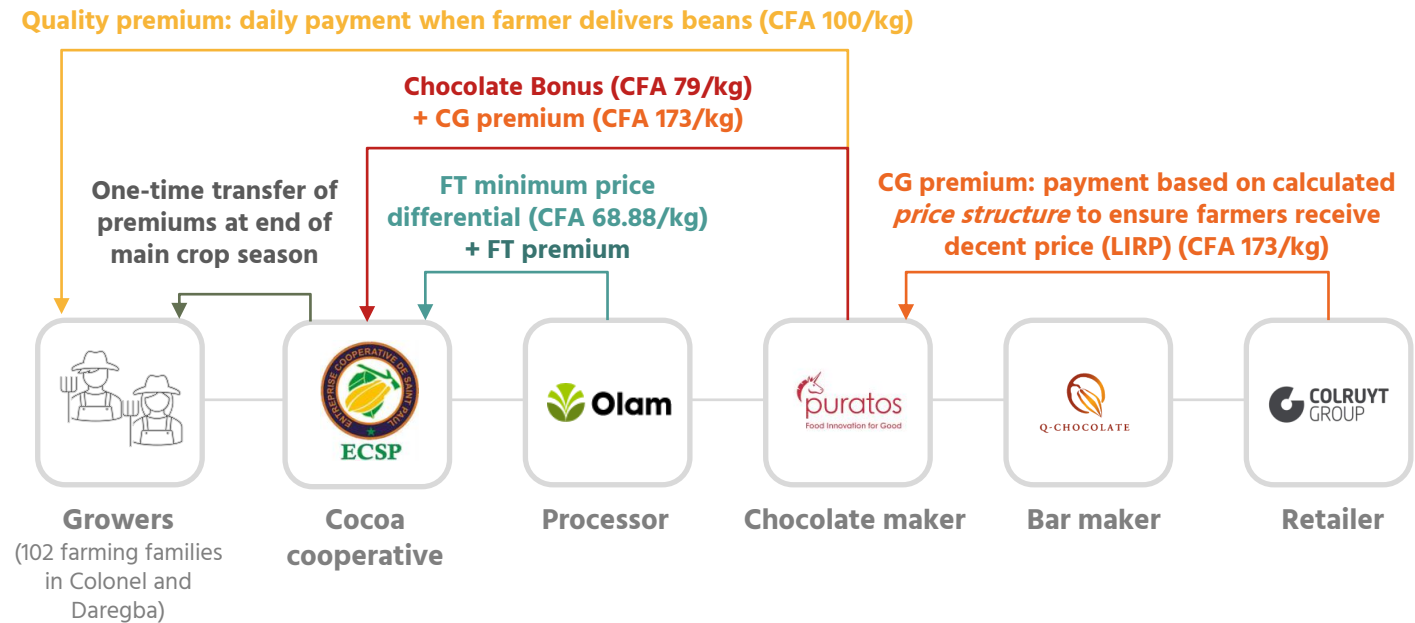
BACKGROUND DECENT PRICING

Together the value chain partners pay a living income reference price for the cocoa bought from the 102 households

A key aspect of the project is the payment of premiums to cocoa farmers. Farmers receive a premium for Fairtrade Certified production and farmers can receive premium payments from Puratos for delivering cocoa that confirms to the quality standard for the Cocoa-Trace programme.

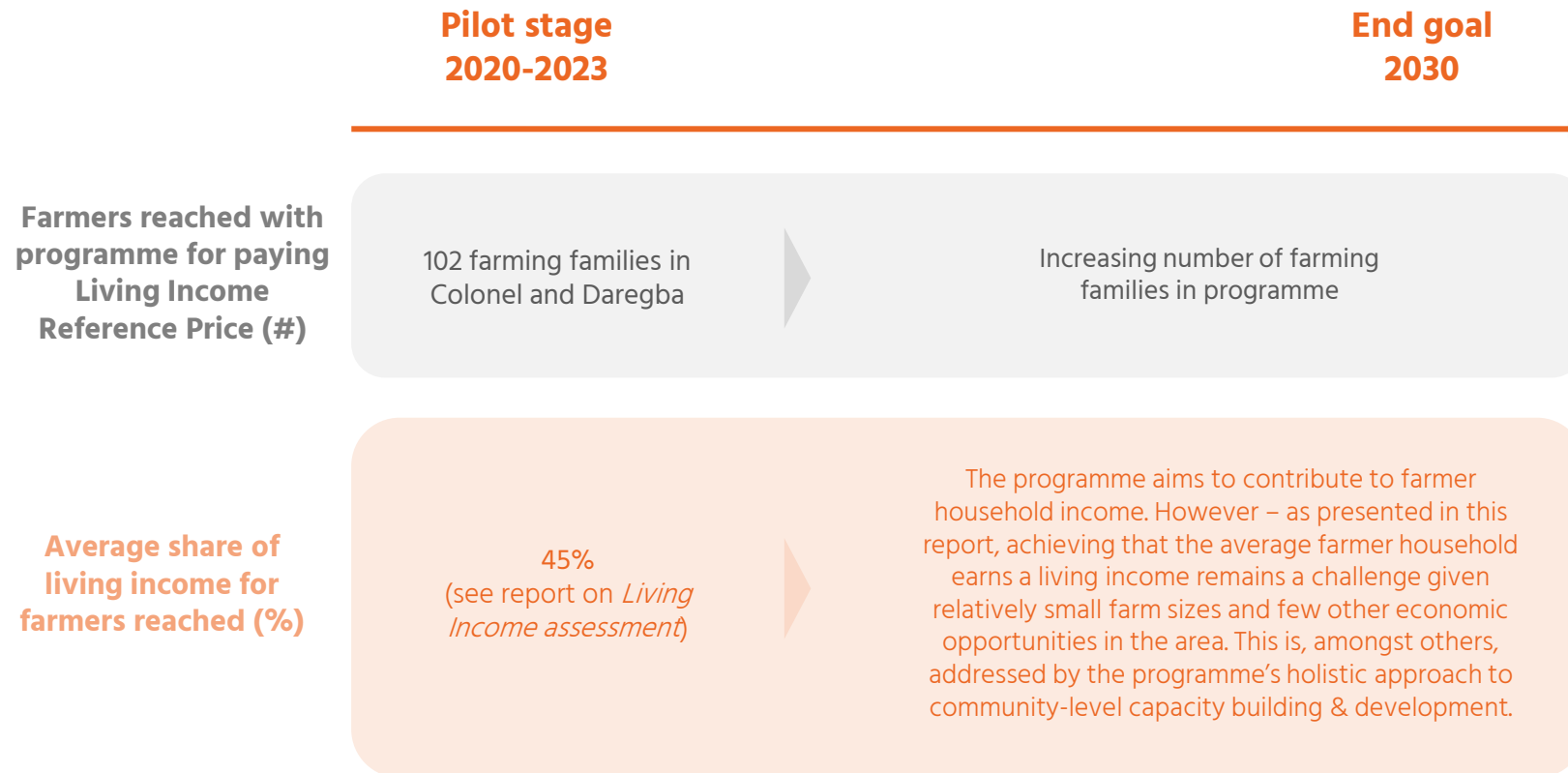
Unique to this project is the payment of the living income premium paid by CG. From the start of the second year of the project, CG buys 100 tonnes per year from ECSP for the production of the Boni Chocolat Noir 72% tablet. For this 100 tonnes, CG pays a premium to close the gap with the living income reference price (LIRP), on top of the other premiums that farmers receive. In 2022, the LIRP was set at \$2200 per ton cocoa. At the end of 2022, it was updated to \$2390 per ton. The LIRP is calculated and published by Fairtrade.²

The visual on the right shows the price structure and payments of premiums within the value chain of this project for 2021-2022.



BACKGROUND UPSCALING

Upscaling programme to Pay the *Living Income Reference Price* for cocoa beans of CG's full chocolate range



Upscaling the programme requires the value chain actors to expand upon the pilot stage of the programme. At the pilot stage, 102 farmers are paid a decent price, the LIRP, for a share of their cocoa beans (the share which is purchased by CG). These beans are used for CG's 72% BONI chocolate bar.

Colruyt is one of the subscribers of the Beyond Chocolate initiative and hence will ensure a living income for cocoa farmers in its supply chain (by 2030). After the pilot project, CG decided to increase the amount of cocoa beans purchased with a LIRP to its full Boni chocolate tablet range. In 2030, CG aims for its full chocolate range to stem from beans for which farmers were paid a decent price.

Moreover, CG aims to promote that farmers earn a living income for their households via additional programme activities (see next page).



BACKGROUND PROGRAMME ACTIVITIES

Implementing activities within the Beyond Chocolate programme to promote living income for farmer households

The living income project is built on the premise that, for cocoa growing families to achieve and maintain a living income, it is not sufficient to pay the living income reference price. Therefore, the project takes an integrated approach in which various project activities aim to support farmers in increasing household income.

The project identified six drivers (1-6) of household income. During the living income analysis, an additional driver *farm size* (A) was identified. Together, the seven drivers are:

- A. Farm size:** Farm size has been identified as a driver of household income because the size of the cocoa farm strongly affects the total quantity of cocoa that farmers are able to produce. Moreover, farm size is a crucial datapoint within the data collection process as it enables the ability to gain a robust understanding of productivity levels of farmers.
- 1. Productivity:** Activities relating to this parameter aim to increase the productivity of the farmers up to 800 kg/ha. The aim is not to increase the overall cocoa production in the community, but rather to intensify existing production systems to produce

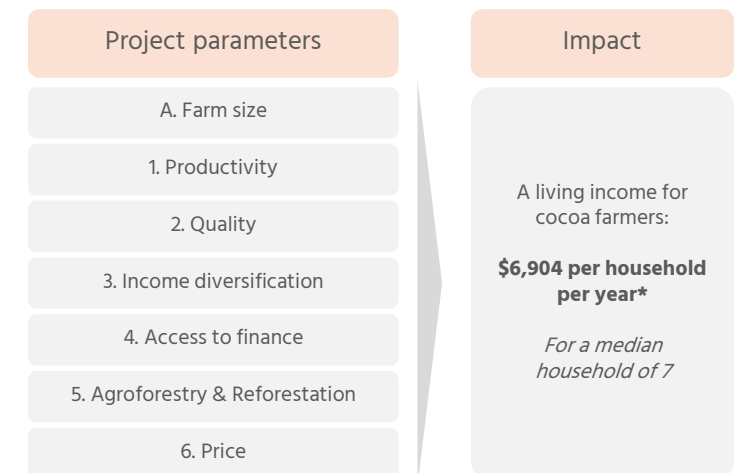
more cocoa on smaller land size. This provides farmers the opportunity to free up part of their land for crop diversification activities.

- 2. Quality:** The project aims to improve bean quality in the communities up to Puratos' Gold Standard so that farmers can receive the Cacao Trace premium. To increase bean quality, drying- and fermentation centres are set up that are in line with the specification of Puratos.
- 3. Income diversification:** The project promotes income diversification among cocoa farmers to increase their income and resilience. This includes cassava and cowpea farming, poultry farming and other activities.
- 4. Access to finance:** One of the challenges that farmers face is the lack of access to finance to be able to invest in their farms or income diversification activities. Part of the project activities include the establishment of Village Savings and Loans Associations (VSLAs) that can provide farmers with easy access to finance for cocoa growers
- 5. Agroforestry/reforestation:** The project aims to support cocoa farmers in increasing productivity levels so that more cocoa can be produced on smaller areas of land, freeing up land for reforestation purposes. Furthermore, the project promotes dynamic agroforestry systems among cocoa farmers that will

enhance biodiversity and make the farm systems more resilient to climate changes.

- 6. Price:** A key aspect of the project is the payment of premiums to cocoa farmers. Farmers receive a premium for Fairtrade Certified production and farmers can receive premium payments from Puratos for delivering cocoa that confirms to the quality standard for Cocoa-Trace.

On [page 21](#) the project activities related to the drivers are discussed and evaluated based on insights regarding impact effectiveness, costs and time investments.



* Based on Anker & Anker research: *Living Income Benchmark June 2022 Côte d'Ivoire, Rural cocoa growing areas* and average exchange rate between October 2021-September 2022



Results

3.1 Financial business case for value chain

3.2 Effects of programme activities

03

Financial business case

3.1

FINANCIAL BUSINESS CASE

Assessing the costs & benefits faced by value chain actors – including preconditions & obstacles for financial viability

1

Financial business case assessment

Determining the status quo financial costs & benefits and preconditions & obstacles for long-term financial viability when upscaling

- **Data sources:**
 - Interviews with value chain actors:
 1. ECSP
 2. Olam
 3. Puratos
 4. Q-Chocolate
 5. Colruyt Group
 6. Rikolto
 7. Fairtrade Belgium

The first analysis of this report is the **financial business case assessment**. The objective of this assessment is to understand whether all actors in the value chain are *currently* able to at least break even, and what this situation might look like when upscaling. This required information on:

- What costs actors face, including cost drivers and prognosis for the future in case of upscaling
- Whether actors can offset costs with revenue
- What preconditions and obstacles apply to realizing the business case, particularly when upscaling

Approach

The financial business case assessment is based on qualitative information collected via interview with 7 value chain stakeholders:

Serge Ebe (ECSP), Sefon Inza (Olam), Raphael Audoin-Rouzeau (Puratos), Liesbeth Duchesne (Q-Chocolate), Karen Janssens & Sylvie Boddez (Colruyt Group), Alphonse Amani & Abdulahi Aliyu (Rikolto), and Stijn Decoene & Philippe Weiler (Fairtrade Belgium).

All interviewees received information on the interview (including purpose of the interview, information on the project and overview of example interview questions). After the interviews took place, the input was processed and shared with the interviewees. Explicit permission to share input with the other value chain partners was requested from all interviewees.

This section provides the results of the qualitative analysis, including insights on the costs faced by value chain actors, financial viability and challenges in the value chain.



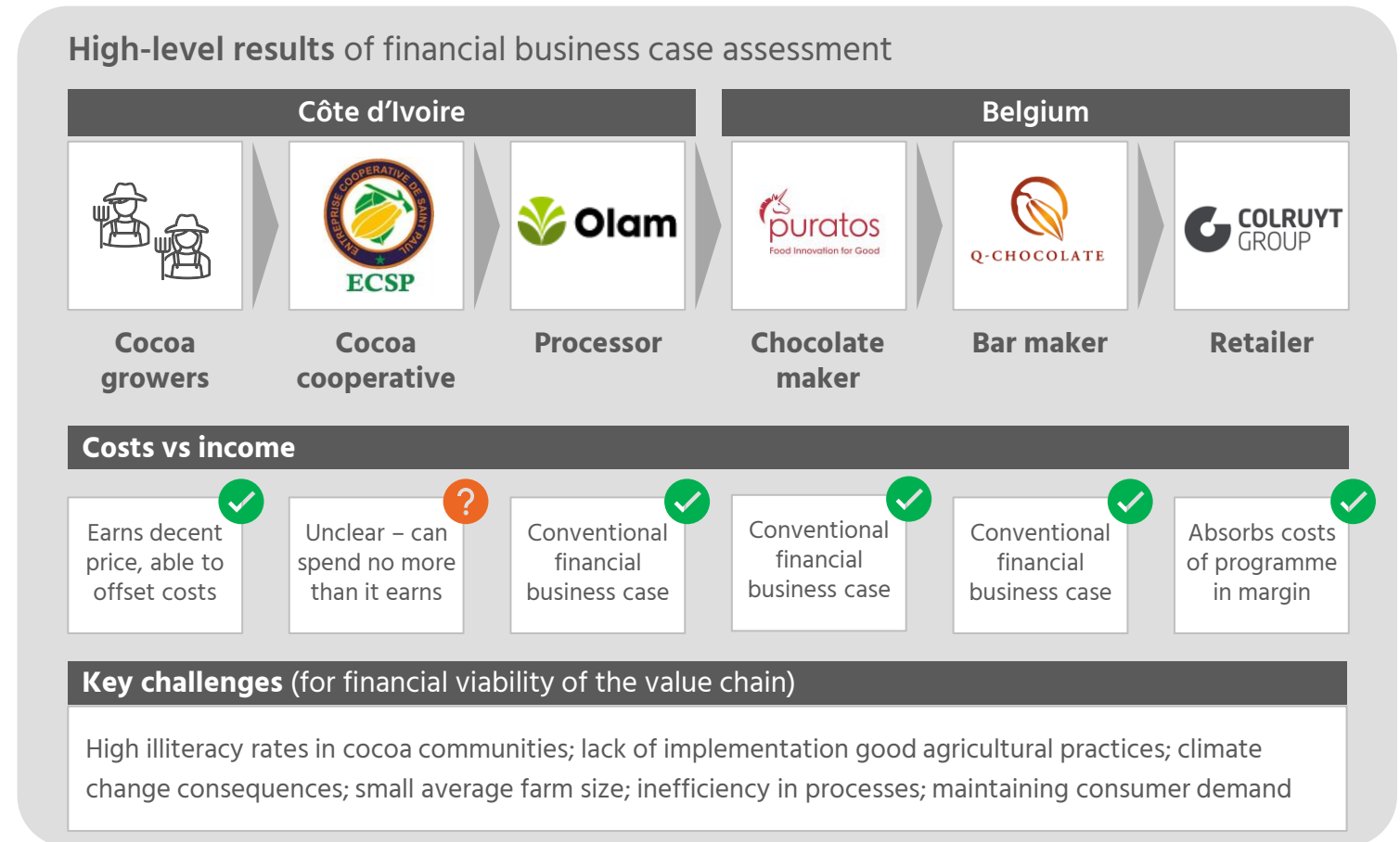
FINANCIAL BUSINESS CASE RESULTS

The current set-up of the value chain offers a financially viable business case for most value chain actors

The current set-up of the value chain **offers a financially viable business case** for most actors. At the beginning of the value chain, growers are paid a decent price for their cocoa beans. This enables them to offset costs of production and generate income for their household. At the end of the value chain, retailer CG has successfully brought the final product to market. The selling price of the product enables CG to cover its production costs and premium costs.

In between the cocoa growers and retailer, there are other parties. For some - this value chain does not deviate (much) from conventional value chains. They are able to successfully offset costs through sales.

For others – the value chain does not offer the same situation as a conventional situation. However, no one raised any red flags. It is expected that with time, all actors will be able to offset costs through sales or by absorbing into margins.



FINANCIAL BUSINESS CASE BREAKDOWN (1/4): COSTS IN VALUE CHAIN

Actors in the value chain are faced with both conventional costs and additional, programme-specific costs

Similar to other value chains, the actors in the chain in scope face costs to run their business. Notably, the actors in this value chain face what we refer to as *conventional costs* (energy bills, prices of inputs, transport costs, and more) and *additional programme costs* (expenses relevant only to the Beyond Chocolate programme).

Note that the time spent on programme activities by actors (whether cocoa growers, Puratos, CG or others) is not reflected in the overview. The *additional programme costs* reflect costs related to directly increasing farmer household income, or (in the case of project costs), to facilitating non-price related programme activities (also see [3.2](#)).

Key *conventional cost* drivers are efficiency levels and sales by retailer (influencing storage costs, financial exposure and more), export price setting, fuel costs and costs of other inputs.



The price of beans is pre-financed by Olam and reflects the export price as set by the government of Côte d'Ivoire.

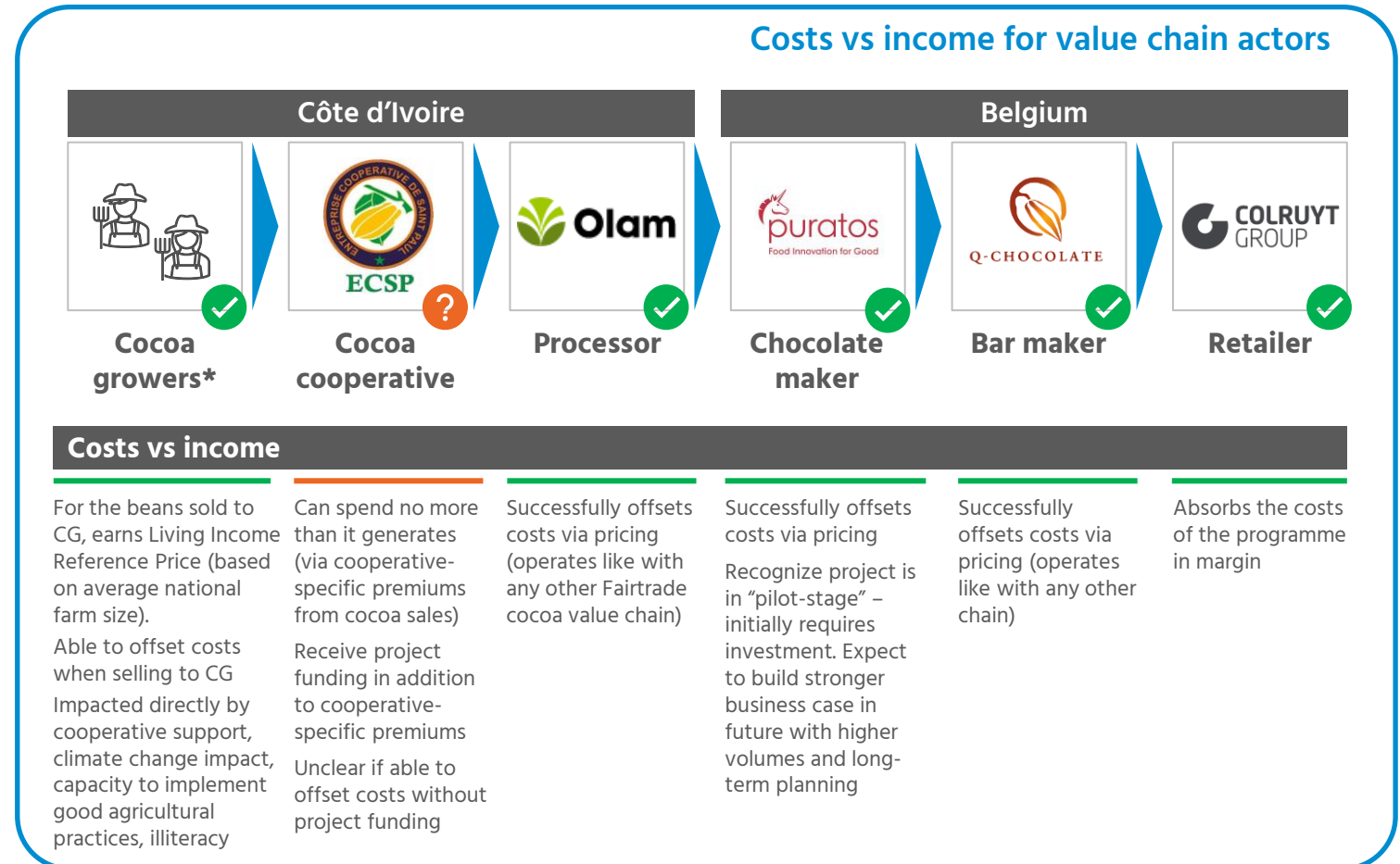


FINANCIAL BUSINESS CASE BREAKDOWN (2/4): OFFSETTING COSTS

Value chain offers a financially viable business case for most actors – they offset costs via sales or by absorbing into margin

In general, long-term planning, larger volumes and communication about expected timing of sales enables more efficient processes and limits financial exposure, promoting financial viability. The cocoa growers*, processor, chocolate maker and bar maker successfully offsets costs via sales. The processor, chocolate maker and bar maker ensure such financial viability through price mechanisms where they maintain margins. Retailer CG has successfully brought the final product to market. The selling price of the product enables CG to cover its production costs and premium costs.

For the cocoa growers, offsetting costs is influenced by factors such as the Living Income Reference Price, availability of in-kind benefits (fertilizer products and more) at cooperative, impact of climate change on yield and capacity to implement good agricultural practices. The cooperative is dependent on premiums to provide services to farmers. It currently receives project funding. Without this funding, the cooperative can provide less services to the growers, influencing growers' production costs.



FINANCIAL BUSINESS CASE BREAKDOWN (3/4): CHALLENGES

Commit to addressing farm-level and other challenges with all value chain actors to promote long-term financial viability

Key challenges for upscaling

- **High illiteracy rates** at farm-level affect management and employability of farmers
- Lack of implementation of **Good Agricultural Practices**
- Declining productivity levels resulting from **aging trees**
- Farms are affected by consequences of **climate change**
- **Average farm size** too small for farmer household to earn living income without other income sources
- **Inefficient** processes
- Maintaining sufficient **consumer demand**
- **Resource investment** (no 'business-as-usual')

Farm-level challenges

High illiteracy rates must be reduced to promote documentation and monitoring of farm data (financial and other). This will support the financial viability of the farm and support farmers in taking on non-farm employment to boost income.

Good agricultural practices are important to maintaining a healthy and sustainable farm. However – whilst farmers are trained on good agricultural practices, the practices are not structurally implemented. This illustrates there is a difference between being trained on a topic and structurally implementing it. The locally operating value chain actors have identified various causes (amongst others, a lack of proper understanding) and tries to address these. An example is building capacity for implementing good agricultural practices among young people in the community. Building such capacity will support cocoa yield and quality.

Another challenge for sustainable cocoa farming is the

age of cocoa trees. Data collection from the selected communities showed that 29% of the trees are above 25 years, which is the age after which productivity levels decline. Timely replanting of cocoa is therefore important to ensure optimized productivity levels of cocoa farms.

Cocoa thrives in hot and rainy weather. However – West Africa's annual rainfall has dropped in the past two decades³. Simultaneously, cocoa yields are also affected by floods³ which are becoming more common with climate change. This illustrates how climate change will pressure cocoa yields and livelihoods of cocoa farmer households.

For the selected communities, the average farm size is lower than the national average which is assumed in Living Income Reference Price (LIRP) calculations. This implies that the local farm sizes are too small for farmer households to earn a living income without complementing their farming activities with other income generating activities.



FINANCIAL BUSINESS CASE BREAKDOWN (4/4): CHALLENGES

Commit to addressing farm-level and other challenges with all value chain actors to promote long-term financial viability



Beyond farm-level challenges

From a business perspective, the value chain works with relatively small volumes of cocoa beans. For upscaling the initiative, it is important to steer towards facilitating long-term planning, increasing volumes and communication between value chain actors about expected timing of sales. This will enable more efficient processes and limit financial exposure, strengthening the financial business case.

Bringing the product to market is a key challenge to keep in mind. Fortunately, after a short drop in sales, the current product is being purchased at satisfactory levels. For upscaling, it is important to make sure there is enough willingness among consumers to purchase the final product.

Finally, while this value chain is 'business-as-usual' for some of the value chain actors – for others it requires resource investments. Setting up and managing the premium payment system (see p. 9) is not part of a

'business-as-usual' chocolate value chain. Similarly, creating a basis for fruitful collaboration means investing resources in building relationships of trust with farmers and intensively aligning with other value chain actors. These resource investments must be accounted for in the programme's business case.

The next page presents a selection of interview outcomes which help understand the bigger picture underlying these challenges.



FINANCIAL BUSINESS CASE SELECTION OF INTERVIEW OUTCOMES

Farm-level and beyond farm learnings from stakeholder interviews illustrate situation on the ground

The questions discussed with the value chain stakeholders during the interviews are presented in the [annex](#). This page presents a selection of farm-level and beyond farm learnings from the stakeholder interviews.

Farm-level learnings

The price of (chemical) fertilizer has skyrocketed since the [Russia/Ukraine] war. If farmers can use (poultry) manure as (organic) fertilizer, this is good for the climate and production costs go down.

Climate change affects soil quality which influences productivity. Need for more focus on agroforestry and addressing climate change at cooperative-level. Need to support farmers with good agricultural practices on the ground.

In the communities in Côte D'Ivoire, young people are not motivated to continue in the same direction as their parents because they see it will not bring them much. Young people look for work elsewhere, in cities. We need to make young people want to do this farming job

by making them proud to do it.

For the farmer households, income diversification is interesting because at least every week they have income from somewhere.

The poultry farming-pilot is a great success. Most of the eggs are sold, some are consumed by farmer households. The income of sales goes to the farmers. It is not just about income but also solves other issues. For example, the farmers are trained (by the person training them on composting) on how to use the poultry droppings as fertilizer.

Many of the farmers did not go to school. There is a high percentage of illiterate farmers. In addition, some farmers do not speak French. People training or assisting farmers must speak both languages.

Beyond farm learnings

Lidl has a similar concept (Way to Go-Chocolate) which was upscaled by Lidl International without push in terms of marketing or campaigns. Programme upscaling requires board-level buy-in and a 'just go for it' mentality (do not wait for the sales figures to pick up).

Impact storytelling can be used to bring the story to life and promote consumer demand for product. An example to realize this may be sharing success stories together with local ambassadors.

Scale up & financial viability will be supported by:

- Successfully bringing product to market (sales)
- Clarity on direction of scale up to enable long-term planning and efficient operations
- Communication among value chain partners (for example in terms of expected timing of sales)
- Focus and clear KPIs (also at farm-level and community-level)
- Research into why certain activities (particularly income diversification efforts) work well in one community but do not work well elsewhere
- Investigation into and improvement of effectiveness of training programmes
- Dedicated project management (currently there are many stakeholders involved in the project but with little coordination)

Value chain actors not part of the partnership are interested in the project and its results.



Effects of programme activities

Lessons learnt on effects Beyond Chocolate activities in realizing living income for farmers

3.2

BROADER IMPACT CASE

Optimizing programme activities to effectively promote increased farmer household income

2

Broader impact case assessment

Determining the effectiveness of current programme activities in terms of impact (reducing gap between local living income and farmers' household income) and investment

Data sources:

- Input provided by Rikolto based on impact effectiveness, project costs and time investment

The second analysis of this report is the **broader impact case assessment**. The objective of this assessment is to grasp the effectiveness of current programme activities provided to the communities in Daregba and Colonel in Côte d'Ivoire. Particularly, the analysis aims to provide insight into:

- To what extent programme activities effectively contribute to increasing farmer household income
- What preconditions & obstacles are currently faced
- How the effect in terms of impact compares to the investment in each programme activity (in terms of time and costs)

Approach

The programme activities have only recently been implemented. As a result, it is not yet possible to assess the causal effects and impact effectiveness of these activities. As an alternative approach, the broader

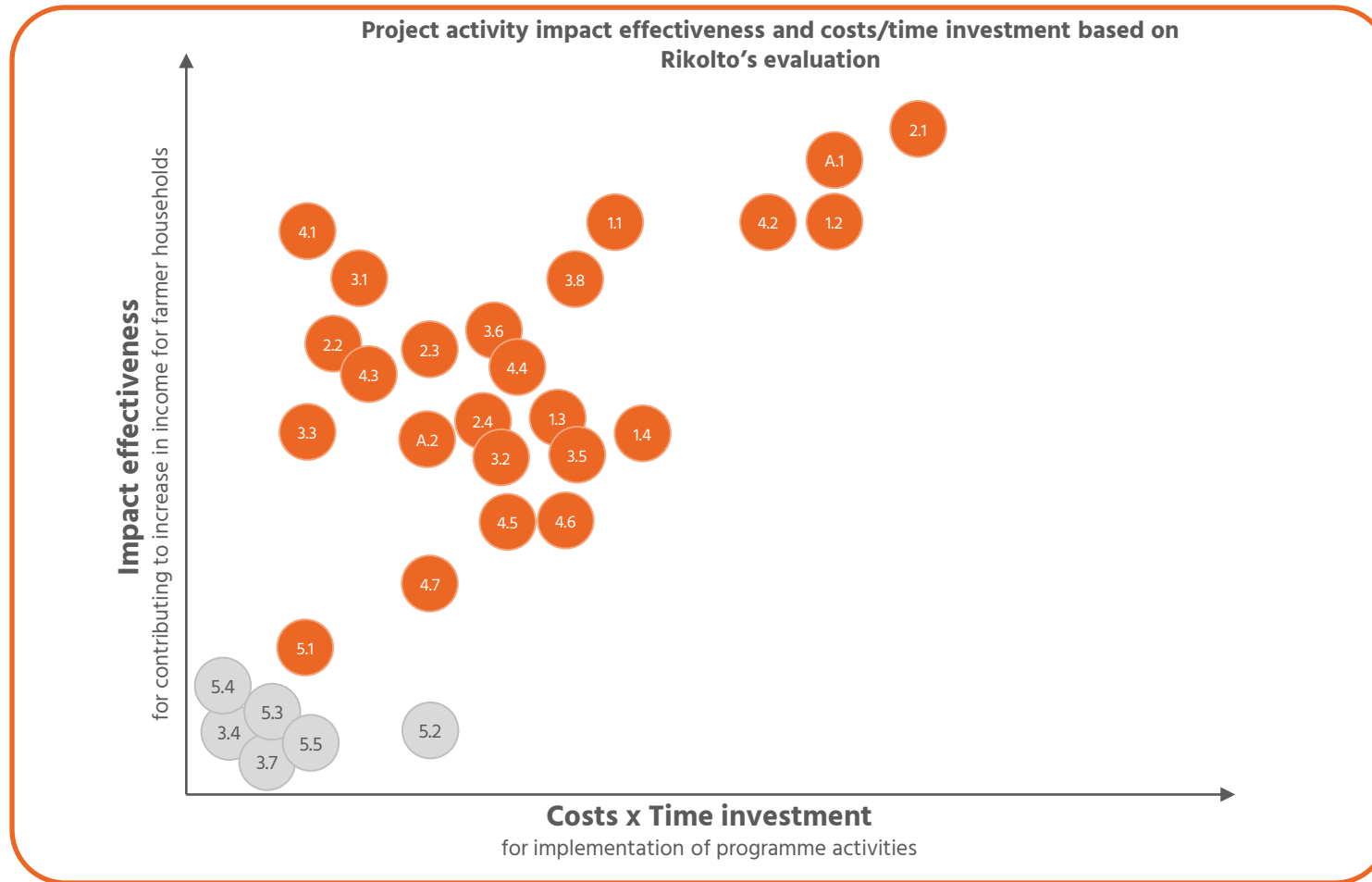
impact case assessment is based on on-the-ground experience and reflections shared by Rikolto. Rikolto has been involved in the programme from day 1 and oversees activity implementation. The insights shared by Rikolto are combined with insights from documentation and conversations (amongst others with ECSP) shared throughout the project.

This chapter provides the results of the assessment of programme activities based on effectiveness, costs and time investment. More detailed information on lessons learnt by Rikolto is shared in the [annex](#).



BROADER IMPACT CASE RESULTS

The most effective project activities require higher cost and time investment



Based on evaluation by Rikolto, the project activities have been mapped based on their effectiveness in contributing to an increase in household income from cocoa farmers and the cost and time investments required to carry out the activity. See [annex](#) for underlying data and insights provided by Rikolto. In the next chapter, the results are combined with insights by other value chain actors. This provides a balanced view upon which recommendations for strengthening the impact case for the programme.

Top activities based on impact effect:

#	Name	Impact effect (1-10)
2.1	Construct fermentation and drying centres	10
A.1	Establishment of poultry farms	9
4.1	Sensitise farmers to the benefits and requirements of VSLAs	8
4.2	Establish VSLAs in Colonel and Daregba	8
1.1	Identify and train young people in good agricultural practices	8
1.2	Establish pruning and spraying services for young people	8



Recommendations for upscaling

04

RECOMMENDATIONS VALUE CHAIN BUSINESS CASE

Recommendations for maintaining a financially viable value chain and upscaling the Beyond Chocolate initiative

Preconditions for financially viable value chain

- | | | |
|---|---|---|
| <ul style="list-style-type: none">• Increase in literacy rates• Implementation of Good Agricultural Practices• Measures to protect against consequences of climate change (drought, floods) | ▶ | Positive effects on yield, quality and general farm management (including outside-in risk of climate change) |
| <ul style="list-style-type: none">• Sufficient economic opportunities to earn living income (for example, besides farming given small plot sizes) | ▶ | Ensures farmer households have opportunity to earn income outside of farm (required to reach living income) |
| <ul style="list-style-type: none">• Increase in volumes (cocoa beans) | ▶ | Enables increase in efficiency of processes, long-term planning |
| <ul style="list-style-type: none">• Sufficient consumer demand | ▶ | Requirement for bringing final product to market |

Recommendations for upscaling

-  Address high illiteracy rates at farm-level to promote farm management and employability of farmers
-  Strengthen capacity in local community for implementing Good Agricultural Practices
-  Implement farm-level measures to adapt to impact from climate change
-  Invest in long-term relations with communities (build on existing ones in project rather than switching to new ones) to build trust in value chain partnership, avoid local conflict and optimize positive impact
-  Investigate opportunities for strengthening economic development in community to promote long-term availability of labour and farmer household ability to earn living income
-  Optimize efficiency in processes by increasing volumes and facilitating long-term planning
-  Ensure stable & sufficient consumer demand for final product



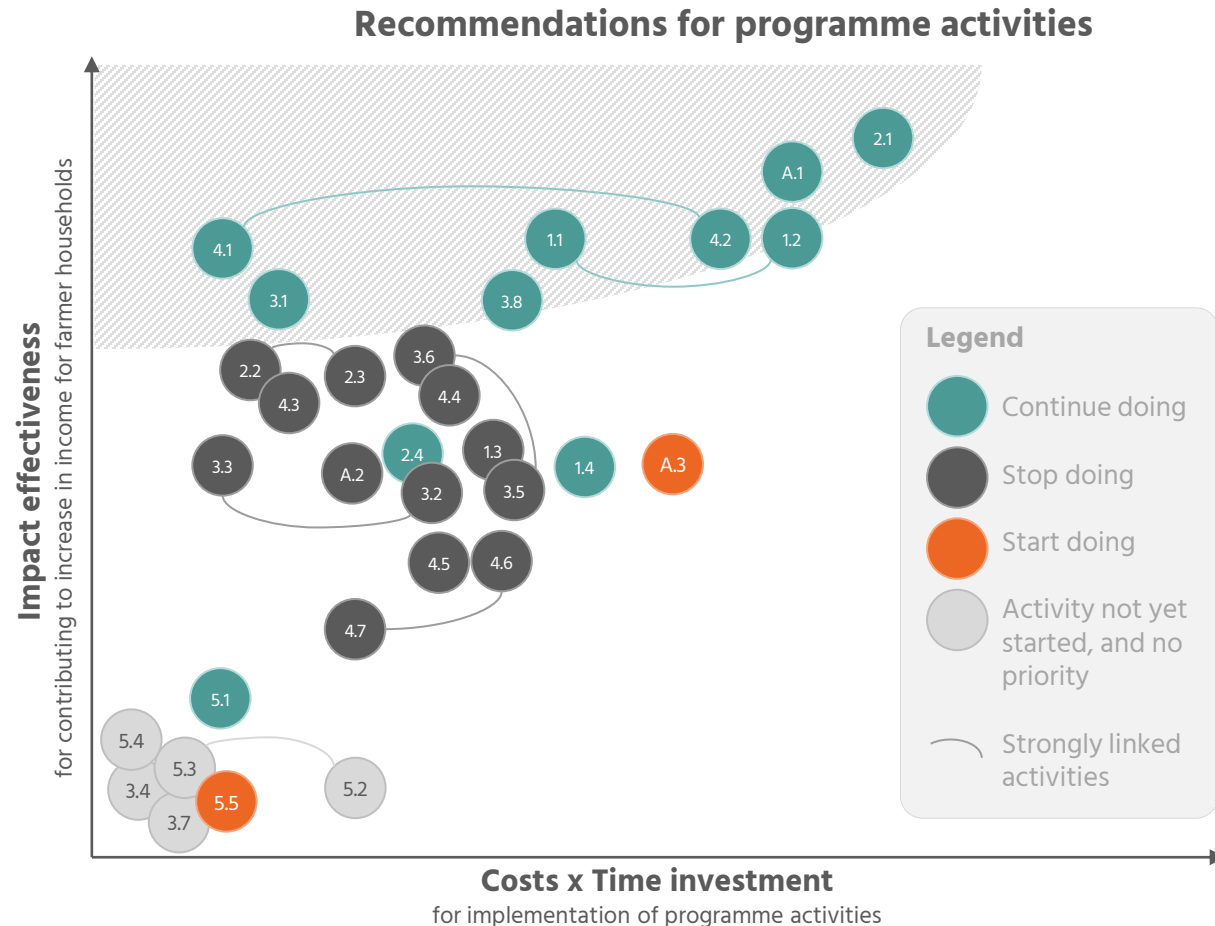
RECOMMENDATIONS BROADER IMPACT CASE (1/2)

Recommendations for strengthening programme activities for upscaling the Beyond Chocolate initiative

The figure on the right displays recommendations for the project activities, based on input from value chain stakeholders (see previous chapter). The recommendations are categorized as:

- **Continue doing.** Activities with high short-term or long-term impact potential with low to medium high investment.
- **Stop doing.** Activities which should not be prioritized as they have strong prerequisites (such as basic literacy) or are expected to not effectively add to farmer household income.
- **Start doing.** Activities which are expected to strongly contribute to long-term impact but are not yet executed.

Complementary to the figure on the right, the next page provides more elaborate explanation on key recommendations.



RECOMMENDATIONS BROADER IMPACT CASE (2/2)

Recommendations for continue / start / stop doing programme activities to promote farmer household income

Continue doing

- **Activity 1.4 Train farmers on composting.** Proper composting skills will stimulate resilience of cocoa producers by making them less reliant on purchasing fertilizer and pest-control products. In addition – it may help promote soil health.
- **Activity 2.1 Construct fermentation & drying centres.** Only continue for new communities which are faced with issue of having no center sufficiently close by (which would significantly save time for farmer). *Note: before setting up a center, make sure there are people who have the skills to operate and manage the facilities.*
- **Activity 2.4 Train farmers and service providers on harvest and post-harvest cocoa handling.** Only continue for people who have not yet been trained properly.

- **Activity 3.8 Translate training videos into local languages.** Only continue for new materials.
- **Activity A.1 Establishment of poultry farms.** Support diversification efforts of farmer households but be mindful that while poultry farming may be effective in one community, another community might require a different approach.

Start doing

- **Activity 5.5 Conduct research on agroforestry systems and ecosystem services.** Structurally share findings on agroforestry systems and ecosystem services (particularly for the situation on the ground) to better grasp what measures will and will not support the communities.
- **Activity A.3 Promote basic literacy skills (new).** Basic literacy training for women (so they can obtain basic skills required for operating and managing fermentation center(s)) and other

community members. *Note: a solution for the operation and management of the fermentation center(s) is required if the women cannot yet perform these tasks.*

Stop doing

- **Activities 2.2 & 2.3 Train women on operations and management of fermentation and drying centers.** Stop temporarily due to prerequisite of basic literacy level (see A.3). Once women have been trained in basic literacy skills, start training them on operating and managing fermentation and drying centers.



Annex

A

FINANCIAL BUSINESS CASE INTERVIEW QUESTIONS (1/2)

The financial business case assessment is based on qualitative information collected via interview with various value chain stakeholders.

All interviewees received the same information before the interview took place, including:

- Purpose of the interview (see right)
- Information on the project (see right)
- Example interview questions (see next page)

After the interviews took place, the input was processed and shared with the interviewees. Explicit permission to share input with the other value chain partners was requested from all interviewees.

Information for potential interviewees as part of project titled "Living income for Cocoa Farmers in Côte d'Ivoire" (part of Beyond Chocolate programme)



This document is intended for (potential) interviewees of the project Living income for Cocoa Farmers in Côte d'Ivoire. This project is part of the Beyond Chocolate programme. All input requested in this document will be treated with strict confidentiality. Impact Institute can only share information which interviewees share via this document or via interview with parties in the Beyond Chocolate programme if written approval is provided by interviewees.

Information about project

Beyond Chocolate is the partnership that aims to transform the Belgian chocolate industry. The focus of the initiative is to adopt sustainable business models and to share key learnings with the result of improving the living standards of smallholder cocoa farmers as well as countering environmental degradation. The initiative empowers all stakeholders involved to have a positive impact on the sustainability level of the cocoa supply chain within their sphere of influence.

The project "A Living Income for Cocoa Farmers in Côte d'Ivoire" composed by Colruyt, Rikolto International, Fairtrade Belgium, Puratos, Ghent University, Agro-Insight, Access Agriculture and Ivorian cocoa cooperative Enterprise Cooperative de Saint Paul (ECSP), is aimed at bringing a living income for cocoa growers from concept to reality in 102 cocoa growing households in Côte d'Ivoire. Within this project - Impact Institute has been hired to perform a living income assessment (for cocoa growers) and to assess the financial business case of the Beyond Chocolate programme. To assess this financial business case, Impact Institute interviews relevant value chain actors to discuss the costs & benefits faced by each party. The goal of our assessment is to understand 1) whether the programme offers a viable financial business case (implying all actors involved must at least break even) and 2) what considerations must be taken into account when possibly upscaling the programme to ensure continuation of this viable business case. ***None of the information shared during the interviews will be shared with any of the other parties involved without explicit written consent.***

About Impact Institute

Impact Institute is a social enterprise with the mission is to empower organizations and individuals to realize the impact economy by creating a common language for impact and providing the tools to use it. Impact Institute develops open-source standards for impact measurement and valuation and provides organizations with the tools, training, and services to implement them. Visit www.impactinstitute.com for more information.

Contact information

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Confidentiality request & disclaimer

Information, data, and drawings embodied in this document are confidential and are supplied with the kind request that they will be held confidentially and not disclosed to third parties without the prior written consent of Impact Institute.



FINANCIAL BUSINESS CASE INTERVIEW QUESTIONS (2/2)

Information

The overview below shows questions which will be posed during the interview. For each question, there is room to provide an answer to the question, and room to fill out whether or not the filled out answer can be shared (yes, no, or partially) with other value chain actors. After the interview, we will make sure to complete the document and share the final version with you for a final check.

Please note these questions apply to the period **October 2021 - September 2022**.

ID	Question		
1	What is your role in the Beyond Chocolate programme?		
2	Did your role change since 2022? If so - please explain what your role was in 2022.		
3	If applicable, what inputs do you buy to run your operations [as part of the Beyond Chocolate programme]? <i>Examples may include: energy, transport, cocoa beans, ...</i>		
4	If applicable, what outputs do you sell to generate income [as part of the Beyond Chocolate programme]? <i>Examples may include: cocoa beans, chocolate bars, ...</i>		
5	What currency is relevant to your operations? <i>Examples include XOF, EUR, USD, ...</i>		
6	Did you pay one-time investment(s) as part of your role in the Beyond Chocolate programme in 2022? If yes, please describe.	7 If yes - for each one-time investment, indicate the purpose of the investment(s) and amount you spent per investment	Typ
		8 If yes - for each one-time investment, indicate the key determinants/drivers of the size of the investment.	Typ
		9 Did you get reimbursed for any of the one-time investments? If yes - indicate by whom (e.g., subsidy fund), for which investments and the amount reimbursed.	Typ
		10 Did you face other costs as part of your role in the Beyond Chocolate programme? If yes, please describe.	Typ
		11 If yes - for each type of cost, briefly describe the cost, the amount you spent and the frequency with which you face these costs	Typ
		12 If yes - for each type of other costs, indicate the key determinants/drivers of the costs.	Typ
		13 If applicable, please describe your source(s) of income [relevant to the Beyond Chocolate programme]	Typ
		14 In your role in the Beyond Chocolate programme, are you able to offset the costs you make with your sales/income? Do you expect this to change in the future?	Typ
		15 Please indicate the margin you are able to make per type of output. <i>If the margin varies over time, indicate the average or the range.</i>	Typ
		16 Please indicate the key determinants/drivers of your sales/income.	Typ
		17 Do you consider your role in the Beyond Chocolate programme to be financially viable? Why (not)? What preconditions are needed to ensure financial viability?	Typ
		18 From your perspective - do you think it is financially viable to scale up the Beyond Chocolate programme? <i>For example, increase number of cocoa growers involved, volumes of cocoa, and/or value chain partners.</i> Why (not)? What preconditions are needed to ensure financial viability? What obstacles need to be overcome?	Typ
		19 Would you like to share any other input?	Typ



BROADER IMPACT CASE SCORES PER ACTIVITY (1/2)

Impact effectiveness, costs, and time investment per project activity

#	Name	Impact effect (1-10)	Cost for implementing (1 low- 10 high)	Time investment (1 low – 10 high)	Cost x Time
1. Productivity					
1.1	Identify and train young people in good agricultural practices	8	2	7	4.5
1.2	Establish pruning and spraying services for young people	8	6	7	6.5
1.3	Establish demonstration plots on good agricultural practices in cocoa	5	2	6	4
1.4	Train farmers on how to produce compost	5	4	5	4.5
2. Quality					
2.1	Construct fermentation and drying centres	10	6	8	7
2.2	Train women on the operations of fermentation and drying centres	6	1	4	2.5
2.3	Train women on entrepreneurship and leadership to manage fermentation and drying centres	6	1	5	3
2.4	Train farmers and farm management service providers on harvest and post-harvest handling of cocoa	5	1	6	3.5
3. Income diversification					
3.1	Sensitisation of farmers on the significance of income diversification	7	2	3	2.5
3.2	Train farmers on good agricultural practices for cassava	5	2	5	3.5
3.3	Facilitate access to improved planting materials for cassava	5	1	3	2
3.4	Set up demonstration plots on diversification	1	1	1	1
3.5	Train women on cassava processing	5	4	4	4
3.6	Facilitate access to markets for cassava and cowpea	6	2	5	3.5
3.7	Develop a farmer-to-farmer training video on intercropping	1	1	1	1
3.8	Translate existing relevant farmer-to-farmer training videos into local languages	7	3	5	4

Insights on the effectiveness and obstacles per project activity can be found on page 33-35.



BROADER IMPACT CASE SCORES PER ACTIVITY (2/2)

Impact effectiveness, costs, and time investment per project activity

#	Name	Impact effect (1-10)	Cost for implementing (1 low- 10 high)	Time investment (1 low – 10 high)	Cost x Time
4.	Access to finance				
4.1	Sensitise farmers to the benefits and requirements of VSLAs	8	1	3	2
4.2	Establish VSLAs in Colonel and Daregba	8	4	8	6
4.3	Identify and train selected community members as VSLA facilitators	6	1	4	2.5
4.4	Train VSLA members on financial planning and investment opportunities	6	1	6	3.5
4.5	Train VSLA members on the use of mobile paying systems	4	1	6	3.5
4.6	Train VSLA members on opening and using bank accounts	4	2	6	4
4.7	Link VSLA to formal financial institutions and IDH's FCIP programme	3	1	5	3
5.	Agroforestry/Reforestation				
5.1	Identify and select suitable economic shade trees in the area	2	1	3	2
5.2	Train women on the establishment and management of tree nurseries	1	1	5	3
5.3	Support women to establish nurseries for seedlings of economic trees	1	1	2	1.5
5.4	Train farmers on agroforestry practices on their farms	1	1	1	1
5.5	Conduct research on agroforestry systems and ecosystem services	1	1	1	1
A.	Additional activities				
A.1	Establishment of poultry farms	9	6	7	6.5
A.2	Job Creation for young people	5	2	4	3

Insights on the effectiveness and obstacles per project activity can be found page 33-35.



BROADER IMPACT CASE DETAILED INSIGHTS (1/4)

#	Name activity	Impact effectiveness (score 1-10)	Insights from Rikolto
1. Productivity			
1.1	Identify and train young people in good agricultural practices	8	The cocoa producers are often old and have difficulty implementing good agricultural practices. Agricultural Services Provider Units (ASPUs) made up of young people from the community offer a solution for this and help to improve productivity. One obstacle is the mobility of the young people.
1.2	Establish pruning and spraying services for young people	8	
1.3	Establish demonstration plots on good agricultural practices in cocoa	5	There is some hesitation from the producers to implement the practices on their own plot. Over time, the results of the demonstration plot can convince the producers to implement the activities on their own plot.
1.4	Train farmers on how to produce compost	5	Compost is a good alternative for chemical fertilizer and because it is made with existing materials (chicken droppings, cocoa pods) there are no additional costs needed. Will help to reduce production cost.
2. Quality			
2.1	Construct fermentation and drying centres	10	The centers help farmers to save time on the drying and fermentation process. This time farmers can spend on other activities that generate in income.
2.2	Train women on the operations of fermentation and drying centres	6	The illiteracy of the women in the community is an obstacle in the deployment of these activities.
2.3	Train women on entrepreneurship and leadership to manage fermentation and drying centres	6	
2.4	Train farmers and farm management service providers on harvest and post-harvest handling of cocoa	5	The engagement of farmers is an obstacle for this activity



BROADER IMPACT CASE DETAILED INSIGHTS (2/4)

#	Name activity	Impact effectiveness (score 1-10)	Insights from Rikolto
3. Income diversification			
3.1	Sensitisation of farmers on the significance of income diversification	7	Raising awareness is a crucial element of the success of a project as it leads to the commitment of farmers. This activity helps to mobilize community members which influences the success of other activities.
3.2	Train farmers on good agricultural practices for cassava	5	There was resistance from men to this activity. Moreover, for cassava, the sale of raw cassava resulted in more pay than the sale of processed cassava.
3.3	Facilitate access to improved planting materials for cassava	5	
3.4	Set up demonstration plots on diversification	1	Activity has not been implemented due to lack of land availability.
3.5	Train women on cassava processing	5	Lack of customers to engage in contracts with the women. These long-term contracts between women cassava producers and buyers are however needed to ensure economic sustainability for this activity.
3.6	Facilitate access to markets for cassava and cowpea	6	
3.7	Develop a farmer-to-farmer training video on intercropping	1	Activity has not been implemented. The reason for this is that agroforestry training had not yet been given to farmers. Therefore, it was not possible to develop the training videos on these topics. It was decided to translate existing training videos on poultry management into local languages to support the income diversifying activities.
3.8	Translate existing relevant farmer-to-farmer training videos into local languages	7	Translation of videos into local languages was greatly appreciated and facilitates the implementation of the project activities. Obstacles to this activities were internet connectivity and electricity issues.



BROADER IMPACT CASE DETAILED INSIGHTS (3/4)

#	Name activity	Impact effectiveness (score 1-10)	Insights from Rikolto
4. Access to finance			
4.1	Sensitise farmers to the benefits and requirements of VSLAs	8	Contributes to an increase in household income.
4.2	Establish VSLAs in Colonel and Daregba	8	
4.3	Identify and train selected community members as VSLA facilitators	6	n/a
4.4	Train VSLA members on financial planning and investment opportunities	6	Obstacles are the high illiteracy level of beneficiaries.
4.5	Train VSLA members on the use of mobile paying systems	4	
4.6	Train VSLA members on opening and using bank accounts	4	The bad experience of producers with microfinance has not facilitated the banking of producers. One of the obstacles is the high interest rate applied by microfinance.
4.7	Link VSLA to formal financial institutions and IDH's FCIP programme	3	
5. Agroforestry/Reforestation			
5.1	Identify and select suitable economic shade trees in the area	2	To make agroforestry activities successful, payment for environmental services should be implemented.
5.2	Train women on the establishment and management of tree nurseries	1	Activities have not been implemented.
5.3	Support women to establish nurseries for seedlings of economic trees	1	
5.4	Train farmers on agroforestry practices on their farms	1	
5.5	Conduct research on agroforestry systems and ecosystem services	1	Started but stopped after year 1 due to academic partner no longer in programme



BROADER IMPACT CASE DETAILED INSIGHTS (4/4)

#	Name activity	Impact effectiveness (score 1-10)	Insights from Rikolto
A. Additional activities			
A.1	Establishment of poultry farms	9	The establishment of the poultry farms have shown that project activities are taken on with much more care when the beneficiaries are contributing to the financing of the activity.
A.2	Job Creation for young people	5	Obstacles to this are the irregularity of the operations of the fermentation and drying centers.





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