

## POWER OF DATA

### Traceability solutions in cocoa to contribute to the Sustainable Development Goals (SDGs)

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#### To what sustainable development goal do you deliver?

1 - No poverty, 3 - Good Health and Well-being, 17 - Partnerships for the Goals



## **What was the situation?**

In most cocoa areas, access to affordable healthcare is limited, and sustainable impact-driven projects are the exception, often lacking scalability. Farmers are motivated to join this project because they have both 1) healthcare access and 2) long-term financial planning.

With new ESG laws approaching and ethical consumerism on the rise, chocolate manufacturers need to improve supply chain transparency through sharing real-time data on socio-economic, health, and environmental indicators.

## **What did you do?**

We created a sustainable win-win-win along the cocoa supply chain:

- The farmer receives health insurance without financial risk, reducing out-of-pocket expenditures for health and promoting sustainable livelihoods. With the help of the digital platform, Elucid, farmers can voice their opinion and play a more active role in the supply chain.
- The cooperative and the chocolate manufacturer receive a digital real-time database of farming families, including health, socio-economic and environmental data. The data allows the planning of interventions that create meaningful impact.
- By joining such projects, the product manufacturers/customers create a direct connection with the farmers, support the development of context-specific interventions that create measurable impact, and can use customer-specific data for impact-reporting to differentiate themselves in the market

Starting point were the 2 criteria are often underestimated but we believe them to be very important: Motivation of the farmer and real sustainability (also financially). The underlying question is: Do both, farmers and customers, benefit from it and does it add long-term value?

Other criteria were:

- Strategic levers: Measurable impact and transparency
- Scalability: Scalable and adaptable across communities and countries
- Cost effectiveness: In relation to production to compare with premium schemes. If an average farmer produces 0,5 metric ton (MT) cocoa the coverage costs between 15 and 30 USD/MT per year.

## **What are the results?**

In Madagascar, where we launched the project, health-care access is now possible for 860 farmer families (2.200 people), and 3700 treatments have been administered since September. The cooperative has received 400 demands from new farmers wanting to enter the cooperative due to the health coverage scheme.

The project sustains itself without much input from Felchlin and partners. In return, Felchlin and partners benefit from the direct connection with the farmers and can monitor project impact and development via a real-time dashboard. As a by-product, socio-economic and environmental data is produced and can be used to implement need-targeted impact projects.

## **Who was involved and how?**

The project works because it was initiated by the needs of the farmers while considering the needs of the customers. Initial implementation costs were supported by SWISSCO, and long-term financing is secured through strong support and collaboration of the cooperative, the exporter, and our customers. The project is now already financed for the next 6 years. It is not philanthropy but a common project between equal partners: Farmers contribute as well and pay around 10% of the insurance premiums in form of physical cocoa deliveries. In future, the co-pay will increase and be directly paid from their mobile health wallet.

### **How could the solution be scaled?**

We are currently implementing the next project in Ghana and Elucid is now onboarding more than 8000 beneficiaries until the end of April '22 - in short, anyone can do it if the cooperative and farmers are on board. I believe this project can work across the industry and value chain due to the following reasons:

- It addresses a real need of smallholder farmers in most cocoa areas and is highly adaptable to the local context.
- It is very cost-effective and sustainable. If a farmer produces on average 0,5 Mt it costs between 30 and 50 USD/MT per year.
- It allows chocolate manufacturers to use modular data that is customer-specific and can be used to differentiate themselves via impact-driven communication.
- Through collaboration between manufacturers, implementation costs can be shared, and impact is created on large scale.
- It creates the true win-win-win.

Also, I believe it is a great chance for certification companies to create a sustainable measurable impact by allowing cocoa premiums to flow directly into healthcare and context-specific livelihood projects.

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