COFFEE INNOVATION
Supporting Coffee Brand Initiatives with Producers through Blockchain
DIY, Low-Cost and Template-based Solutions for Coffee Brands
Smallholder farmers around the world struggle to establish a Living Income for their families and therefore live in substandard conditions for much of the year. At the same time, the downstream end consumers of the same value chains feel a sense of disconnect to the people behind the food products they consume.

**COMPANY DESCRIPTION**

FairChain is a social enterprise with a living income goal for its coffee farmers. As such, it aims to offer a ‘FairChain Farming Toolkit’ with all products and services necessary to optimize production, organize and train farmers, and sustainably increase incomes.

**NUMBER OF STAFF**

9 FULL-TIME
70 TEMPORARY

**COST-BENEFIT ANALYSIS**

**COSTS**

INITIAL SET UP FEE: EUR10,000
YEARLY FEE: EUR 5/FARMER

**EFFECTS ON REVENUE**

FAIRCHAIN PAYS 20% CASH PREMIUM ON THE MARKET PRICE

**RETURN ON INVESTMENT**

EXPECTED IN YEARS 3 AND 4 AS SEEDLING INVESTMENT BECOMES REVENUE SOURCE

**PREPARATION**

**TIMELINE**

DEPENDS ON THE SCOPE;
WEEKS TO MONTHS

**STAFFING REQUIREMENTS**

DEPENDS ON SIZE AND SCOPE OF PROJECT.
ADDITIONAL SEASONAL OFF-FARM PART-TIME STAFF CAN BE ESTIMATED AT AN ADDITIONAL 40 HOURS PER MONTH FOR A 5 MONTH PERIOD.

**MATERIALS & EQUIPMENT**

- MOBILE PHONES OR TABLETS WITH CAMERA
- INTERNET CONNECTION
- OFFICIAL IDS FOR FARMERS
- LOCAL BANK / COOPERATIVE TO HELP DELIVER AND ADMINISTER MICROLOANS

**LESSONS LEARNED**

COVID-19 required major changes to implementation, as field staff were recalled and training and focus groups modified to accommodate health and safety measures. Cultural and communication differences between European staff and Ethiopian farmers. Results not immediate so difficult to align.

**INNOVATION**

**TRANSPARENT AND INCLUSIVE BUSINESS MODELS**

Our novel solution connects consumers directly to coffee farmers to offer them blockchain-backed loans/prepayments so as to have a direct connection while tangibly supporting them on the road to a Living Income, and provides a DIY, low-cost and template based approach for other brands that want to undertake blockchain-based impact projects at origin. For this pilot, Fairchain worked with Moyee Coffee to activate customer engagement at the point of sale to coffee seedlings to be distributed to participating farmers.

**EFFECTS ON YIELD**

INCREASE EXPECTED FROM NEW SEEDLINGS

**TAKEAWAYS**

- Communicate first year (or other short term) goals clearly
- Establish seamless integration with the local bank/cooperative as part of the Last Mile Service
RESULTS

As a result of FairChain’s trial,

- 580 farmers impacted, including 100 that qualified for a microloan
- 20% increase in farmers in the project received 20% revenue increase
- FairChain premium increased, competition among buyers and raised prices for all local farmers
IMPLEMENTATION

WE ANTICIPATE FOR THE 3 PHASES THE FOLLOWING SUPPORT:

1. **STEP 1: SET-UP OF THE IMPACT PROGRAM (PHASE I - IMPACT)**

   Agree on a Theory of Change (mostly linked to a Living Income Roadmap), M&E framework (including the Economic improvements and the Social and Environmental improvements), Baseline Living Income, IT implementation Guide (blockchain wallets for farmers / shop application) and Campaign management setup (DIY microloan campaign management for the brand and/or NGO (including the templates for token flows at the consumer side).

2. **STEP 2: PILOT IMPLEMENTATION (PHASE T - TECH)**

   This is about testing the campaign with a small group of farmers. FairChain will support the customer with local support (data collection and setup) as well as remote assistance in setting up the IT.

3. **STEP 3: PILOT IMPLEMENTATION (PHASE B - BUSINESS)**

   This phase is about scaling the Impact Program to the full community and/or other communities/regions. Based on the phase 50 metrics it is well possible to estimate workforce.

**Fairchain Adaptation Methodology**

- **Understanding the Theory of Change**
  - Map value chain interactions
  - Key partner identification & value chain redesign
  - Selection of KPI's
  - Selection of protocol / configuration

- **Functional design**
  - Mockups
  - Proof of Concept
  - Implement FC Blockchain
  - Pilot deploy the customized solution

- **Expand functionality**
  - Additional participants and use cases
  - Continuous evaluation
  - Roll out the platform across the value chain connecting existing system to the Blockchain platform
  - Monitor and evaluate

**STEP 1**  **STEP 2**  **STEP 3**
COFFEE INNOVATION FUND
Developed and funded by the German Federal Ministry for Economic Cooperation and Development (BMZ), and implemented by GIZ.

MISSION
The Fund’s objective is to increase profitability of small-holder coffee farmers, and foster greater, more equitable value distribution in the supply chain through promoting innovative farming systems, transparent and inclusive business models, and access to new markets.