



## COFFEE INNOVATION

Supporting Coffee Brand Initiatives with Producers  
through Blockchain

DIY, Low-Cost and Template-based Solutions for Coffee Brands



## CHALLENGE

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.

## 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.



## 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

### EFFECTS ON YIELD

INCREASE EXPECTED  
FROM NEW SEEDLINGS

### RETURN ON INVESTMENT

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



## PREPARATION

### TIMELINE

DEPENDS ON THE SCOPE;  
WEEKS TO MONTHS

### MATERIALS & EQUIPMENT

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



### 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.



## LESSONS LEARNED

### CHALLENGES

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.

### 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

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:

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## 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)

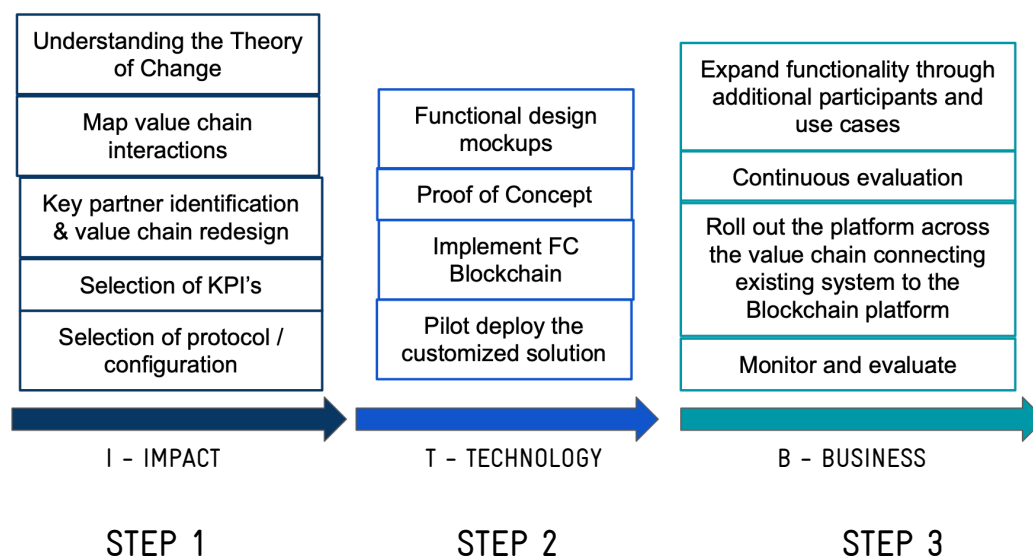
This is about testing the campaign with a small group of farmers. FairChain will support the customer with local support (data collection and setup) as well as remote assistance in setting up the IT.

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



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#### 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.

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