

Chain projects

Pioneering together: lessons learned from 15 years of cooperation between **Rikolto** and **Colruyt Group**

rikolto
VECO

COLRUYTGROUP



If you want to go fast, go alone. If you want to go far, go together. (African proverb)







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Before we start

It has been 15 years since Colruyt Group and Rikolto (called Vredeseilanden at that time) decided to join forces. Working together to grow and learn together how the supply chains behind the products, can really be made fairer, more transparent and more environmentally-friendly.

It actually started out as an unusual collaboration. After an initial cooperation in the Flores project in Indonesia and in Benin (2004 - 2006), Jan Aertsen director of Vredeseilanden (now Rikolto) at the time, came to see the Colruyt Group management in early 2008. And he had a confession to make: they were stuck. For many years, Vredeseilanden had been dedicated to training farmers in developing countries and organising them in farmers' organisations, which would allow them to enter the market as a group. But the world is globalising at the speed of lightning, with food markets leading the way. For small-scale farmers in developing countries, access to an increasingly demanding market in terms of quality and hygiene standards is a distant dream. On their own markets, they have a hard time competing with imported products, which are usually cheaper and/or of higher quality.

How can we move up to a higher level? That was the key question Rikolto was struggling with. How do we ensure that vulnerable farming families have a fair chance in the often demanding markets? Pertinent questions for which development cooperation did not have ready-made solutions. But if anyone knows the demands of the market well and how to take a product to the customer, it is a retailer. Rikolto's honest self-doubt was well-received by Colruyt Group, because they, too, were facing challenging issues in their international supply chains. Questions which retailer Colruyt Group did not find immediate answers to. Colruyt Group started applying social auditing in 2000, when it was discovered that some production sites were using child labour. But the structural abolishment of child labour turned out to be more complicated than simply imposing a ban. Eliminating the structural causes, actually improving the living conditions and social opportunities in the producing countries ... These actions require a long-term vision. This is how the idea of offering learning and growth opportunities to young people grew at the company. That is why Colruyt Group has been investing in training and education programmes through the Collibri Foundation since 2002.

However, the biggest lever remained largely unused at that time: Colruyt Group's core business. Every product on the shelves is an opportunity to have a positive impact on everyone involved in the chain. Transparency in the supply chains and direct cooperation with producers in the longer term can provide structural answers to issues such as child labour, poverty, deforestation, environmental pollution, etc. With its own brands, Colruyt Group can and wants to create leverage to create a positive social impact.

At the time, the theory sounded clear and convincing ... The practice was still missing, though. Inspired by a shared enthusiasm, the two organisations decided to build up practical know-how in 'chain projects' together. And it resulted in amazing projects: there are now 40 products from 7 chain

projects on the shelves in our stores. In this publication, we proudly to look ahead back on what we have achieved and learned. It will allows us look ahead at the future with increased confidence!



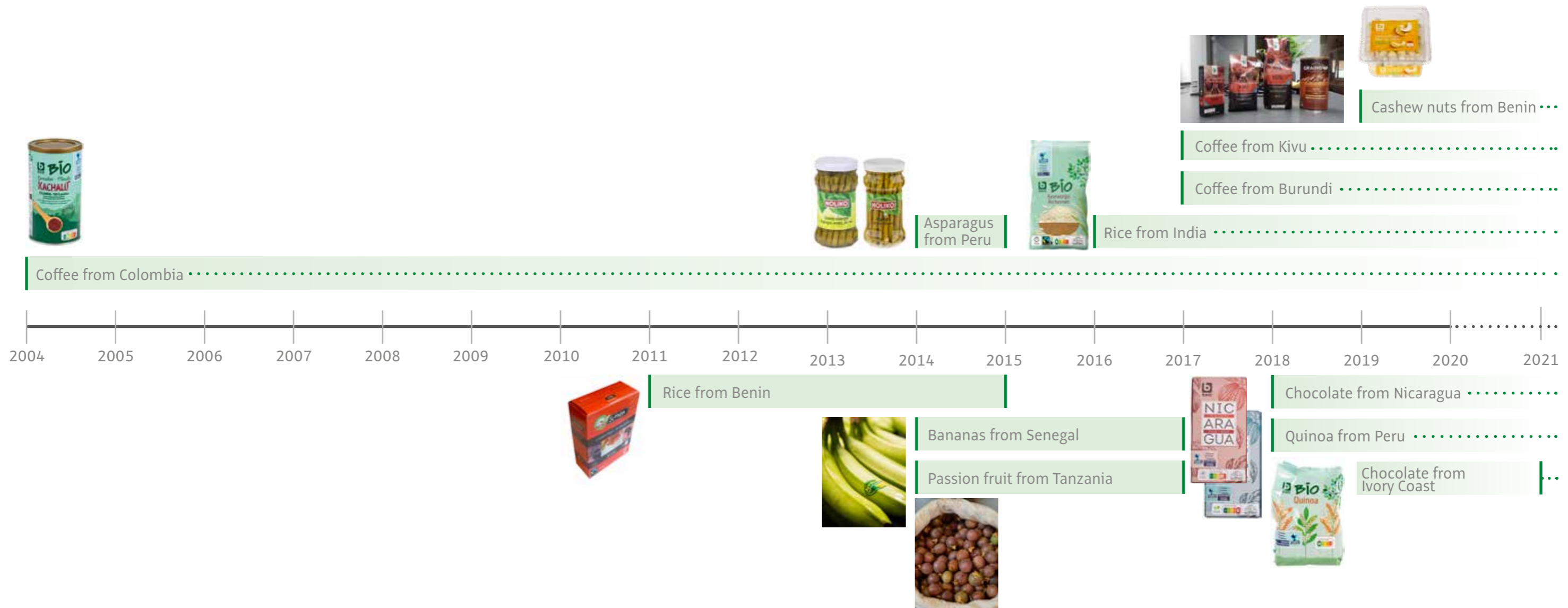
Mieke Vercaeren
Colruyt Group



Jan Wyckaert
Rikolto



With the **step-by-step initiative**, Colruyt Group wants to tackle several large sustainability themes. The chain projects are part of the sustainability pillar 'Society'.





"Chain projects go beyond merely offering of certified products: we take preliminary steps which will often lead to certification, we know all the partners in the chain and together we take steps forward by looking for specific solutions. Via Collibri Foundation we also invest in capacity building."

Mieke Vercaeren, Head of Unit Sustainable Products (Colruyt Group)

What is a chain project?

Chain projects aim to give farmers better market access, improve the quality and sustainability of their product and give them leverage to improve their living conditions. To achieve this, all partners in the chain work closely together. The focus lies on long-term thinking and win-win solutions.

For Colruyt Group, chain projects are part of their sustainable sourcing policy, in addition to (international) standards and (in-house) specifications. The products resulting from the chain projects are, as it were, 'pioneers' within their product category. They offer colleagues from various departments, from buyers to product group managers and brand managers, the opportunity to get to know the product and the producers behind the product better. And that's not all. Our chain projects convey a strong message to our customers:

sustainable consumption becomes both achievable and tangible.

In order to strengthen the chain projects, Colruyt Group also invests in a training tailored to the needs of each individual project. Through the Collibri Foundation company fund, we want to give youths, in particular, new opportunities in the agricultural sector.

For Rikolto, these chain projects are an example of how a successful business model can contribute to making the agricultural and food sector more sustainable. In fact, the chain projects are inspiring and provide practical tools for companies in the retail and food industry to get to work and set up sustainable chains themselves.

6 principles of inclusive business

As a theoretical background, Rikolto and Colruyt Group worked with the LINK methodology developed by **CIAT (The International Center for Tropical Agriculture)**. The six principles of inclusive business are the guiding principle in every collaboration. 'Inclusive' refers to fair cooperation from which all links in the chain can benefit.



Cooperation in the chain

Effective cooperation between the actors in the chain with a common goal



Effective market connections

New relationships between all those involved in the chain, leading to a stable market and constant supply and demand



Fairness and transparency

A fair and transparent policy with fair prices and shared commercial risks



Equal access to services

Including credit, field technical support and market information



Inclusive innovation

Not 'for' but 'with' farmers



Measurable results

Define and evaluate indicators and concrete follow-up plans



Working together in the chain: goodwill alone is not enough

Collaboration between organisations with different business cultures is quite a challenge in itself. Moreover, in international supply chains, the frame of reference of farmers in Congo, is quite different from that of buyers of a Belgian retailer. Not to mention the sometimes conflicting interests and practical problems caused by the distance between two continents. But you can always find ways to make cooperation work anyway. The experiences from our chain projects show the whole range of things that can go well, but also what the major pitfalls are.

Our conclusion for successful cooperation is threefold: (1) a common goal and a shared interest, (2) ongoing consultation and (3) partners taking risks together by investing together.

You need a **clear goal** which motivates everyone and which requires everyone's participation to achieve that goal. It sounds obvious and very often the cooperation simply runs smoothly and constructively. But sometimes there is noise ... If one of the actors has insufficient interest in the success of the chain, the machine stalls, making it more difficult to bring the project to a successful conclusion. However, when partners invest time and money together in setting up the chain, you know that all parties are taking the project seriously. It is a sign of commitment, but not a guarantee of success.

What we learned:

- The chance of success of a sustainable, inclusive chain is closely linked to the level of **trust** you build. Once reciprocal trust is achieved, it must be maintained through regular, **structured consultations**. Personal exchange visits are often the crucial link in building that trust and correctly assessing each other's expectations. After all, setting up sustainable food chains is **a work of humans**. It requires motivation and engagement on the part of all partners, because a considerable amount of time and resources is needed to turn a chain project into a success.
- Regular consultation between chain actors increases the chances of success. At the start of the project, it is advisable to appoint a local facilitator (an organisation that supports and advises the farmers' group) as the 'enabler' of the project. Once the chain has been implemented, the commercial end customer (in this case Colruyt Group) is the most appropriate project leader.
- Farmers must be allowed to participate in the decisions.
- The willingness of partners to actually reach a solution requires thinking outside the box.
- Due to the nature of the chain projects, the various parties know each other very well. This creates trust and is conducive to cooperation.



A stable link with the market: it's not just about money

It is one thing to get along well with each other however, in the end the business aspect is what matters most. In order to be able to plan ahead, farmers must be able to count on a stable market that gives them security about volumes and prices. This, in turn, also increases the income of producers.

For processing companies and retailers, a stable link with producers is important for a **constant supply** of safe, high-quality products at competitive prices. It is also a plus if the product is a match for the company's brand strategy, so that marketing departments can fully adopt their role in promoting the product.

Within the chain projects set up by Colruyt Group and Rikolto, we always apply a **minimum term** of three years for cooperation. In practice, the commitment usually lasts longer. The certainty of transparent pricing and volumes forms a solid basis for the collaboration. Nevertheless, the solid link between farmer and retailer is sometimes compromised by certain factors: an inadequately working farmers' organisation, insufficient transparency, trust problems, lack of clear added value or unfavourable market conditions.

Whether a cooperative is able to deliver larger volumes of products at the predetermined quality throughout the year depends on the **capacity of the farmers' organisation** to organise their members and bring their harvests together efficiently. Young farmers' cooperatives are by definition

vulnerable, while existing organisations are not always quite as dynamic. But this is largely compensated by other advantages. In chain projects, Colruyt Group, as a retailer, is perfectly aware of the origin of the products, as well as of which producers are behind them. In that sense, they offer **the highest degree of transparency**. This goes even one step further than certification (which, incidentally, is often a step in a chain project). With certification, for example, you don't always know what share individual farmers will get from the price you pay. In these chain projects, however, you do: thanks to regular consultation, we know exactly how the profits are distributed, and therefore we also know how much the cooperative and the individual farmers are getting.



What we learned:

- It is better to start with an existing, strong farmers' organisation. Starting from scratch is very difficult.
- A strongly organised cooperative, with clear democratic decision-making processes and control over its members (to reduce the chance of side sales), offers a better chance of success.
- A strong NGO or partner on the ground is crucial to support the farmers and to make quick adjustments if necessary.
- Developing long-term relationships is not obvious, especially when farmers are facing many short-term challenges on a daily basis.
- Security about prices and volumes is a strong plus, but not always sufficient. Offering extra added value is also a plus, for example, supporting farmers by pre-financing their harvest.
- The market reality and product positioning are very important. Products must offer quality, at prices in line with the market. Otherwise, customers will choose other products. The product must also fit within the company's brand strategy.
- A good preliminary study with attention to figures is crucial.
- The importance of adequate volume and good quality at a constant level.



Fair conditions and transparent chain management to safeguard shared interests

The correct quantity, at the requested quality, at a beneficial price. Seems logical, but this is not always true in practice, especially when the raw materials come from developing countries. That is why Colruyt Group and Rikolto try to do business in an inclusive way in the chain projects by creating fair conditions and managing the chain transparently.

Quality and volume are two key elements that need to be tightly managed in order to run a successful chain. Farmers are often insufficiently aware of the quality standards (sometimes imposed by law) in the market and how price levels are related to this. Although this information is very important for their own chances of success. In our chain projects, we make clear agreements about this at the start. The retailer knows the market and can provide insights, but in fact the biggest challenge is yet to come after that, i.e. actually achieve these quality requirements in larger volumes. By definition, chain projects are about working together with 'fragile' producers. Delivering larger volumes with a stable quality is a big mountain for most of them to climb.

It is also important that farmers realise that **sales prices** are partly independent of purchase prices. Sales prices are fixed in function of our Belgian market and competition. It is not because Colruyt Group pays a higher purchase price, that it can charge a higher sales price in the stores. Reduced sales of the chain products also negatively affects the volumes purchased from farmers.

In addition, the **commercial risks** are often high. Agriculture depends on a huge number of factors. The weather can cause damage, prices on the market can crash or peak, political calm can simply turn into a turmoil, quality management can fail ... And if things go wrong, the costs are considerable. In our supply chain projects, we have learned to deal with ups and downs. What else have we learned from our practical experiences? For an inclusive chain to succeed, it is of fundamental importance that all chain partners are prepared to accept some of the risks.

The choice for a specific certification often depends on what the farmers' cooperative considers desirable and feasible in function of their other customers and the demand.

In the chain projects we conclude a **cooperation contract** with the chain actors. The agreement specifies the role of each partner. Together with the facilitator, Colruyt Group ensures an open discussion with the farmers about pricing, quality levels and the agreed volumes. But you can't put everything on paper. The basis of doing business remains trust. And in the end, that is still the best guarantee that the contract will be honoured.

What we learned:

- Give the farmers' cooperative the opportunity to actively participate in the price mechanism, if at all possible. In that case, the reality of the market must be thoroughly explained.
- The price for the farmers and the sales price of the product in the store are partly independent from each other. It is important for all actors to understand this properly in order to avoid misunderstandings and false hopes.
- A new chain project with perishable products greatly increases the commercial risk.
- A misdelivery can have enormous financial consequences. That is why good agreements and in-depth risk analysis are required.



Equal access to services

Without land and water, a farmer can do nothing. But knowledge, credit, market information and technology are also indispensable 'raw materials' for good farming. And very often those are precisely the services that producers in developing countries have little access to. Yet, these are the determining factors for productivity, quality, food safety and impact on the environment. How can cooperation between chain partners improve access to essential services and innovation for farmers?

Agriculture is a craft that requires **constant training** in order to keep up with new knowledge and techniques. But in the chain projects, we often work with farmers who rarely or never had educational opportunities and who are sometimes even illiterate.

A chain project is therefore often set up simultaneously with a training project of Colibri Foundation, the company fund of Colruyt Group. Back in Nicaragua, for example, young cocoa farmers are given the opportunity to attend a training in cocoa cultivation and processing in Honduras. In Nicaragua, they apply the acquired knowledge to their plantations and also pass it on to other young people. Every year, Colruyt Group buys around 16 tonnes of cocoa from them for the Boni chocolate.

In addition to access to knowledge, perhaps access to **working capital** is the biggest stumbling block for young cooperatives. With enough capital, a cooperative can immediately pay its members when they deliver their harvest, even if the money from the end buyer is not yet there. This is necessary to persuade farmers, who are often short of cash, to sell their crop to the cooperative and thus avoid selling it to a lower price, but with cash available immediately. The chain project in Congo shows how Colruyt Group went beyond the lines of its traditional role to deliver pre-financing (see 'Coffee from Kivu').



What we learned:

- The willingness of partners to really look for a solution requires thinking (and acting) outside of traditional schedules and roles.
- A (financial) analysis of the cooperative is important. This makes it possible to identify and respond to shortcomings. Through temporary pre-financing or access to an export market, they can sometimes grow faster and then gain easier access to new services, e.g. for a bank loan.
- Training and access to knowledge are essential to strengthen farmers' organisations and make them a worthy partner. Colruyt Group can play a unique role with the Colibri Foundation fund by linking commercial and educational projects.



Inclusive innovation

New business models in which chain partners work closely together not only provide better access to services. They also drive innovation forward by working together to optimise processes and implement new technologies. In inclusive business, innovations are developed with the farmers, rather than for them. The farmers feel involved and the innovations are therefore widely supported within the cooperative. Inclusive innovation thus also offers the opportunity to remain competitive in dynamic markets, to improve the commercial value of goods and services and to share the innovation gains with the partners. In Kivu, the farmers co-invested in micro washing stations for the coffee, a successful innovation because until then only large central washing stations existed. The small scale of the project made it possible for the farmers

to become co-owners. This in turn increased their ownership. In Benin, the purchase of scales allowed farmers to check the weight of their rice. This gave them the guarantee that they were actually being paid for the quantity of rice delivered and not for an "estimate".

"However, innovation is not only in new techniques and technologies. It is also interwoven in the process of collaboration and the tools that are used. For example, the step-by-step plan developed by Rikolto and Colruyt Group to set up an inclusive chain, the screening tool or the application of the LINK methodology ... Within this context, these were all major innovations.

What we learned:

- Technology and innovation must be supported by all parties. Farmers want to take ownership. Otherwise it will be very difficult and there will be less involvement.
- Young people are a potential channel for innovation and new techniques, for example through training programmes. Young people are 'naturally' more open to innovation.



Measuring results

"And? Does it work?" That is the question we want to know the answer to at the end of our chain projects. If you don't measure it, you can't manage or adjust it. That is why in inclusive business it is important to establish suitable **indicators** and apply measuring instruments that map out the effectiveness of the business relationship. Does the chain cooperation achieve its objectives in terms of business? And does it actually improve development opportunities in the community? What new knowledge is generated? And does that knowledge also change the day-to-day practice of those organisations, bringing real change in the food system within reach?

In order to map the progress of farmers' organisations in a standardised way, Rikolto has been using the Scope Insight tool, developed by **NewForesight**, for several years now. This tool tries to determine, across different contexts, what stage a farmers' organisation is at: is it ready to enter formal markets? To apply for certification? Is the organisation financially sound and ready to take out a loan?

The final impact of a chain project is largely determined in the initial phase. On the one hand, it is important to choose products with a sufficiently large sales volume, which have a significant share in the producers' income. The product must also fit within the retailer's brand strategy. On the other hand, we must avoid making a farmers' organisation too dependent on a single buyer, because that would just increase rather than reduce their vulnerability. That is why the chain partners consciously sell a maximum percentage of 20-30% of their production to Colruyt Group.

Because the chain projects are in most cases embedded in Rikolto's multi-year programmes, the producers and their

organisations are usually included in the four-yearly impact measurement. To make the inclusion of small producers measurable, Rikolto developed the Inclusive Business Scan a few years ago. On the basis of a large number of collected micro-experiences from farmers, the extent to which they feel part owner of the chain can be assessed.

Because we want to avoid negative environmental effects at all times, a number of ecological risk points are scanned with a specially developed template for pre-study. These include soil, water, natural resources, climate impact, biodiversity and landscape.



What we learned:

- The "Scope Insight" methodology identifies strengths and areas for improvement of the cooperatives, allowing the support to be fine-tuned. Scope Insight analyses (1) external risks such as weather conditions and risk of pests, (2) the production base, (3) the internal functioning of the cooperative, (4) market conditions and (5) the presence or absence of a supportive environment.
- Through the Inclusive Business Scan developed by Rikolto, inspired by the Sensemaker methodology, a large number of collected micro-stories from the farmers can be used to determine the extent to which they feel part owner of the chain.
- Collecting (hard) data can help us to better map out areas for improvement as well as the impact.

10 lessons learned by the partners from the chain projects

1. **The project must have added value for each chain partner.** It does not have to be the same for every partner. For some, the added value lies in learning, for others in a more secure sales channel. But without a clear 'win', there is no motivation to take greater risks or to step outside the traditional role - both are necessary for success.
2. **Ownership and leadership must be present at all levels of the chain.** From the retailer to the farmers' organisation: you need people who have authority within their organisation and dare to take risks. Avoid that the project depends on just 1 or 2 people, because that reduces the chance of success.
3. **Coordination and exchange are crucial.** This largely determines the dynamics of the project. It is recommended to assign the coordination in the chain to the retailer. At the start of the project, this role is best adopted by the party providing support to the farmers' organisation (Rikolto, Solid, Enabel ...) because the focus at that stage is often still on production. If the project is ongoing and the emphasis is placed more on chain coordination, the (commercial) end customer is best placed to coordinate the consultations.
4. **The producer organisation must be strong enough for export.** And all the more so when it comes to fresh products such as bananas or passion fruit. This requires a thorough analysis of the cooperative's strengths and weaknesses at the start. The drive to start up a new sales channel sometimes leads to excessive optimism and a tendency to present things too rosy either on the part of the producers or of the retailer. In some cases, it is better for the producer organisation to focus on the local market rather than venture into a more risky export project.
5. **Ensure shared understanding about the positioning and added value of the product.** Farmers and facilitators need to understand the journey their product makes before it reaches the end customer. On the retailer's side, it is meaningful for buyers to have insight into the conditions in which farmers work and the concerns they have.
6. **Constantly build an atmosphere of trust and openness.** Personal contacts are the engine for cooperation in trust. A physical kick-off moment with the partners speeds up this process considerably. In addition to the many informal contacts to take care of operational matters, it is best to set up a number of formal meetings each year in advance to evaluate the broad outlines. The coordination by a neutral coordinator with a local presence can also increase the confidence of producer organisations.
7. **Start with a clear business case.** A thorough preliminary study that systematically identifies strengths and sore points avoids starting up a shaky business based on a belief only. Include ecological and social factors, as well as the economic aspect in this preliminary study. It must serve as a business case for all partners. Investing in a solid preliminary study requires extra time and money, but it is certainly worth the investment.
8. **Learn to work with external financing to make innovation possible.** Many 'pre-competitive' investments cannot be financed by the market. Fortunately, there are various bodies such as the King Baudouin Foundation, Sustainable Trade Initiative, the Belgian Development Cooperation, Enabel or Kampani that can contribute financially. Funds that have a link with one of the chain partners, such as the Efico Foundation, can also play this role.
9. **Invest in training and capacity building.** The first chain project arose from a Colibri Foundation training project and inspired us to set up commercial chains. The commercial and educational components can reinforce each other in order to contribute to the socio-economic development of the region. It is also a way of counteracting the ageing of the agricultural sector and making it attractive again to young people.
10. **Work step by step towards scaling up.** We learned from chain to chain, because there is no ready-made recipe. Start with limited volumes. Once that runs smoothly and confidence is good, things can move quickly. In the case of the quinoa from Peru, the volume increased fivefold after barely two years.

Our chain projects



The raw materials from the 7 chain projects can be found in more than forty products in the Colruyt Group stores.

Below you will get an overview per chain of who the partners were, what impact we achieved, what the Colibri project is exactly about, what products you will find on the shelves and what we learned from the collaboration. Finally, we will give you a hint about the future of these chain projects.

| Product | Status | Colibri project? |
|---|-------------|------------------|
| Coffee from Colombia (Efico) | Active | |
| Rice from Benin (Rikolto) | Completed | |
| Asparagus from Peru (Rikolto) | Completed | |
| Bananas from Senegal (Rikolto) | Terminated | |
| Passion fruit from Tanzania (Rikolto) | Terminated | |
| Rice from India (Reismuehle and Helvetas) | Active | |
| Coffee from Burundi (Efico) | Active | |
| Chocolate from Nicaragua (Rikolto) | Active | |
| Coffee from Kivu (Rikolto) | Active | |
| Quinoa from Peru (Solid) | Active | |
| Cashew nuts from Benin (Enabel) | Active | |
| Chocolate from Ivory Coast (Rikolto) | Starting up | |

For more information about the Colibri projects, go to www.colibrifoundation.org

1. Coffee from Colombia

ACTIVE

| | |
|--|---|
| Who are the partners? | Colruyt Group, Efico, Efico Foundation, Colombian Coffee Growers Federation |
| From when to when? | 2004 - today |
| What is the impact? | From 14 coffee farmers to 78 directly involved farmers and 63 tonnes of green coffee beans purchased in 2019. Number of farmers involved: 78 directly involved and 6600 members of Santander coffee community (50% FARC victims) Rainforest Alliance and Organic certification Good price, on top of the market price Educational projects for the young coffee farmers |
|  Collibri Foundation | Efico Foundation and Collibri Foundation have been strengthening the Colombian coffee community in the Kachalú region, Santander, for 15 years. "A New Generation of Coffee Entrepreneurs" is the fourth joint project and aims to give 150 young people (some with a FARC history) access to innovative coffee-growing technologies. |
| What products on the shelves? | Original Kachalú coffee, with 5 references under Boni Selection Bio (coffee pads and ground coffee). |



Kachalú is actually a textbook example of how a chain project can be a catalyst in the area where the product is purchased. We can look back on 15 years of positive impact in the chain. The coffee has been on the shelves at Colruyt since 2004 and, in parallel, project support has been in place since 2004. At the start of the project, Kachalú was not known by anyone and there was no export. Today, we can proudly say that the production and export is almost 10 times more, Kachalú is internationally known in the coffee market and the farmers have developed various sales channels.

Hope

In 1999, 14 coffee farmers decided to set up an association to grow more environmentally-friendly coffee. They called themselves 'Kachalú', which means 'hope'. In the past, the region around Santander was deforested to make way for tobacco plantations. The farmers decided to reforest the hills and grow coffee there.

At the end of 2003, a delegation of Colruyt Group and Efico visited the coffee farmers in Colombia. The community lacked basic education, employment and job security. Together, Colruyt Group and Efico looked for a sustainable way to support these farmers. In 2004 Colruyt Group started buying Kachalú coffee within the Collibri range. A 100% Arabica coffee, organic and Rainforest Alliance certified. This meant a stable



market for the Collibri coffee producers and a sustainable trade relationship that continues to this day. On top of the fixed price, Colombian coffee farmers have the advantage that their coffee is grown and traded in a sustainable way.

Broad support

The Kachalú coffee from this chain project can be found in five Boni products: in 2019 Colruyt Group purchased 63 tonnes of green beans. The purchase of the coffee at a good price, above the market price, is complemented by training projects of Collibri Foundation. Since 2004, Efico and Colruyt Group have jointly realised two projects in the Kachalú region: a first one



*Katrien Delaet,
Quality & sustainability
expert at Efico.*


Kachalú is a perfect example of successful cooperation in which various partners have joined forces to achieve structural changes. The fact that the initial group of 14 farmers has grown into an entire region that today produces Bio & Rainforest Alliance certified coffee (internationally known as a quality and sustainable coffee) confirms this success."

on sustainable development and a second one with a focus on IT. The third project, 'Education for the Future', started in 2014 and assists around a hundred students aged between 15 and 25 from the Florentino Gonzales Rural School. The students are introduced to the practice and theory of coffee production, with a strong focus on IT, entrepreneurship and

self-confidence. Apart from the sales market for the specific farmers in the chain, Colruyt Group also supports the coffee sector in the region in a much broader way. The influx of highly educated young coffee farmers from the training programme strengthens coffee production. The social and economic aspects are mutually enhanced in an enriching interaction.

2. Rice from Benin

COMPLETED

| | |
|---|---|
| Who are the partners? | Colruyt Group, Rikolto, Uniriz-C, Kpataba, Tchetti, Boost |
| From when to when? | 2006-2015 |
| What is the impact? | The exercise led to a better positioning of the Benin rice on the local market. |
|  Collibri Foundation | Training project "Jeunes du Bénin, agriculteurs de demain". From 75 youths to agricultural entrepreneurs. |



The rice project in the Benin 'Collines' was started in 2006, as a collaboration between Colruyt Group, Rikolto (then Vredeseilanden), UNIRIZ-C and the farmers' organisations Kpataba and Tchetti. It became the very first chain project of Colruyt Group and Rikolto. With a common goal: to strengthen the position of Benin rice on the local market by exporting it to a large European retailer, i.e. Colruyt Group. Such a symbolic rice export chain in Benin would demonstrate the quality of the local rice. On the local market, West African rice was considered to be of lower quality than rice imported from Vietnam. Because of the export story, Benin rice was also successfully promoted on the local and regional market.

From training to export

"This was originally a training project where the farmers themselves asked about how they could export their product, because they did not have the knowledge to meet the quality requirements," explains Mieke Vercaeren of Colruyt Group. "We started looking, rather ad hoc, at how we could provide training opportunities. A Beninese who worked on the rice project in Benin was able to follow a training course on sustainable agriculture at the University of Gembloux. Gradually we started to embed training courses structurally through Collibri Foundation, with a special focus on young people. For example, 30 young people in Benin received training at the Songhai agricultural school and afterwards gained experience in the model farm 'Ferme Sain'."



"Exports went smoothly, but had a rather symbolic value for the farmers, as a business card for the local market. "At their request, we also stopped the export project because the local market was growing and because the cost of Fairtrade on the small export volume was too heavy in their cost structure," says Joris Aertsens of Rikolto.

Importance of exchange

For the rice from Benin, some exchange trips took place that pushed the project forward. "A colleague from Rikolto in Benin, together with an agricultural expert from UNIRIZ-C, did a short internship at Colruyt Group to become familiar with the workings of a retailer: from product and packaging to marketing," says Mieke. Conversely, a buyer from Colruyt Group went to Benin to fully understand the circumstances and challenges faced by the producers. When the rice arrived on the store shelves, Jef Colruyt -CEO of Colruyt Group- together with a Belgian delegation visited the rice farmers on their fields. He congratulated the producers on the certification and encouraged them to continue producing, with the guarantee that Colruyt Group would purchase the rice. This visit gave the producers a tremendous boost.

Starting point: from Fairtrade to own brand

Jan Schockaert, purchase manager fruit: "At the outset, we very deliberately opted for Fairtrade certification. The advantage of such an established value as 'Fairtrade' is that you can start from a detailed script, even when it comes to the minimum

"Chain products certainly receive the attention they deserve in our customer communications. We regularly tell our customers the stories about sustainable cooperation with farmers in the south. But sometimes we also put the product itself in the spotlight, giving additional information about the taste and quality. Or we share ideas for recipes with the product."



Anita Devos
Marketeer (Colruyt Group)

price that the farmers receive. The disadvantage was that the audit costs were quite high, for a relatively small volume (about 12 tonnes per year). That is why we ultimately decided, in consultation with all partners, not to renew the certification. For us, the project was already a success, because the export was a lever to get a better position and price on the local market. The cooperative later developed its own high quality brand 'Saveur' which is still sold in big bags on the local market."

3. Asparagus from Peru

COMPLETED

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| Who are the partners? | Colruyt Group, Rikolto, Greenyard Prepared (formerly Scana Noliko), Gandules (processor), REOPA (cooperation) |
| From when to when? | 2014-2015 |
| What is the impact? | The asparagus were sold for two years. They were given a significant surplus for it. Through this case we learned a lot ourselves, including about (1) the SA8000 methodology, which is a forerunner of the "Living Income", (2) the importance of a thorough preliminary study and (3) the desirability of an intrinsic motivation of all chain actors. |



With the chain project 'Asparagus from Peru', unlike 'Rice from Benin', we did not want to introduce a new product, but we did want to examine and improve an existing product on Colruyt Group's shelves. Particular attention was paid to ecological, social and economic sustainability. The asparagus were sold at Colruyt Lowest Prices in 2014 and 2015.

"I believe there are opportunities in the commercial development of canned food. We also see it as a possibility towards better living conditions for the producers", David Salazar, project manager at REOPA (Rural Employment Opportunities for Public Assets).

A good lesson

The aim was clear: valorise the residual fraction that would otherwise be composted or fed to animals. About 61% of the

asparagus produced by REOPA could be sold on the local market. Thanks to the project, the farmers received a price four times higher than usual for the other asparagus. The residual fraction was sold at USD 0.12 to 0.15 /kg (mainly for animal feed). Through processing and storage in glass jars, REOPA farmers received an average of USD 0.70 /kg for it. The annual dry weight of the asparagus sold to Colruyt Group through this chain was approximately 9 tonnes in the period 2011 to 2015, resulting in an annual sale of 75 to 90,000 jars.

Nevertheless, the story was difficult to sell. Asparagus from Peru: how can that be sustainable? "This perception was difficult to turn around," recalls Joris Aertsens. "We also found that the exporters were less willing to invest in this chain project. This project was relatively unimportant in their turnover. They did want to cooperate as a favour to their customer, the Belgian importer in particular. But in practice

that proved to be insufficient." On top of that, the farmers' cooperative went through a crisis of trust, as a result of which a number of members left the organisation. "Obviously, that's where it ended," adds Philippe Toussaint. "But it did pay off as a research case. We learned a lot about the preconditions for a chain to succeed."

"With hindsight, the preliminary analysis at the farmers' organisation REOPA was insufficiently thorough and the underlying tensions within REOPA only surfaced later," Joris also realises. "The organisation was not very stable because there was a lack of cohesion between its members. There were regular consultations, but one person within the organisation had such a crucial role that everything within the organisation was at risk when he left. Strong leadership is important for trust, but if it is too concentrated, it undermines the whole enterprise."

4. Bananas from Senegal

TERMINATED

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| Who are the partners? | Colruyt Group, Rikolto, Agrofair and Aprovag |
| From when to when? | 2014 - 2017 |
| What is the impact? | Never sold products in the store. Partly thanks to this (export) project and partner Agrofair a lot has been invested locally in irrigation, cable tracks, mechanisation of composting. Producers gained more knowledge in good agricultural practices, which improved the quality of the bananas. This progress is also important for them when selling on local markets. |
|  Collibri Foundation | A temporary training project in the Tambacounda region of Senegal to strengthen the capacities of the actors in education, keep girls in school and improve school results. Youths involved: about 100 girls. |



"We get much more training from real experts. In the past, I didn't even know how to prune. Thanks to the proceeds of the bananas, I can support my family. With quality, we always win," Germaine Dione, banana producer."

Germaine Dione, banana producer

This project of Colruyt Group, Rikolto, importer Agrofair and farmer cooperative Aprovag started at the end of 2013. The objective? To set up an efficient and constant chain of organic Fairtrade bananas from Senegal to Belgium, which will be beneficial to every link in the chain. For Colruyt Group this was an excellent deal in terms of risk management, because until then all the bananas had come from Latin America. In this way, bananas would have to travel fewer kilometres to Belgium. The farmers had the prospect of a constant income thanks to exports. Through this export project, financing came - also thanks to Agrofair - from IDH and AECF funds, which resulted in technical assistance, training, a sprinkler irrigation system, motor pumps, a tractor with compost turner and trailer. These

investments significantly improved the productivity and quality of the bananas. But after a failed test of a container in 2015, it was decided that export was too risky for Aprovag. Certainly because the local market also offered interesting sales opportunities.

Intermediaries

Conflicts of interest soon arose, particularly with intermediaries. "They buy (sell) fairly large volumes of bananas as whole bunches, which they pay to the farmers in cash ... Therefore, not enough bananas were available for the banana cooperative to wash and label as quality bananas," says Leo Ghysels, who then followed up the project for Rikolto.



"Everything starts with recognising that you are dependent on each other as partners. The sharing of commercial risks is often considered to be what holds successful relationships together. Through trial and error, we have tried to translate these principles into practice in our supply chain projects."



Joris Aertsens, Sustainable Supply Chain Manager (Rikolto)

"Doing business is most of all a matter of trust. You can't put everything down on paper. If a problem arises, we look for a solution together. Let the right people talk to each other and you will be able to cooperate in a way that works for all parties. This is the best guarantee that everyone will actually comply with the contract."



Philippe Toussaint, Expert Sustainable Sourcing (Colruyt Group)

"According to an estimate of exporter Agrofair, the break-even point would be reached when 400 tonnes of bananas packed in banana boxes were sold per year (about 22 thousand boxes), but in practice only 250 tonnes were sold. "The engagement of farmers is not easy to attain in a situation of poverty," Leo stresses. "In Tambacounda, farmers like to sell 'bord de champ' - at the edge of their field - because it gives them quick cash.

However, it started out promising. Colruyt Group's visit to the banana farmers proved crucial to anchor confidence. "It reassured them that we mean business," smiles Luud Clercx of Agrofair. "A joint action plan, with five key points, was immediately drawn up. This was followed by regular consultations, facilitated by Rikolto. But in hindsight our contact with the individual producers was insufficient."

Business vs subsidy

The farmers' organisation and their cooperative were too weak in many respects. "We noticed a constant clash between business logics and subsidy logics," Leo looks back. The cooperative received a lot of money from external 'sponsors', but their commitment to maintain the investments was lacking.

Choosing the local market

"The logistical risks involved in transporting bananas in a container ship and all that goes with it were seriously

underestimated. Everything went relatively smooth with the first test container, however, when the second one arrived, the bananas had become unsellable".

The result: a loss of €20,000. "We shared that loss among all the chain partners, but you don't want to go through something like that a second time. Hence the decision to first focus on the domestic market," says Philippe Toussaint of Colruyt Group.

"We assumed too quickly that the farmers' organisation Aproz represented the producers, which was only partially true in practice. The intermediaries should also have been at the table."



Luud Clercx, AgroFair

5. Passion fruit from Tanzania

TERMINATED

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| Who are the partners? | Colruyt Group, Rikolto, Special Fruit |
| From when to when? | 2014-2017 |
| What is the impact? | Introduction of a new, interesting product to farmer groups in Tanzania. In the end, not sold at Colruyt Group but on the attractive local and regional markets. |



"For the success of a chain project it is important for the product to have a clear added value for each partner and for partners to share the same vision and ambition."



Koen Maes, Business Development Manager

In Tanzania and Kenya, Colruyt Group, Rikolto and Special Fruit had the ambition to set up a sustainable, inclusive passion fruit export chain. In addition, the partners looked into the possibility of having passion fruit (and other products) exported from this region by boat. This would be a considerable improvement in terms of CO2 footprint.

Price transparency

Price transparency remains crucial to ensure confidence in the chain. In Tanzania and Kenya, we started working with Special Fruit to make the price structure for passion fruit completely transparent. In this way we worked on an interesting price for the producers and it also became clear that the difference between producer price and retail price was perfectly justifiable. This builds trust. For Colruyt Group, it is also important that a local partner can check the correctness of the price offered to the farmers.

Model farm

In Kenya, we worked with an exporter who owned a model farm that we used as a nucleus farm. There, small local producers can observe and learn good agricultural practices. Innovations can be tested before promoting them to the producers. "Such a model makes it possible to complement a stable 'core production' with a growing group of small producers learning to produce according to the same


practices. We also introduced affordable technology such as charcoal cooling in a similar way," explains Koen Maes of Special Fruit. But the introduction of a new passion fruit variety in Tanzania, on the other hand, was difficult. "It was pushed too unilaterally by the exporter without consulting the farmers and the other chain actors. The support and vision of that local export partner did not match the objective of the chain project.

Interesting conditions

In Tanzania, farmers' groups had to be started up from scratch. This made stable deliveries of large volumes of passion fruit in accordance with the standards particularly challenging. Because the producers did not make enough joint commitments to meet the high standards, including in the area of pesticide residues (very important for the European market), the exporter lost confidence.

In the end, the evolution in the regional market finally changed the prospects of the chain project. "The regional demand for passion fruit increased, making it more interesting compared to the risky and complicated export," explains Joris Aertsens of Rikolto. "In consultation with Colruyt Group and Special Fruit it was decided not to export anymore. Our teams now continue to support the farmers' groups to focus on the regional market".

6. Rice from India

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| Who are the partners? | 3 local cooperatives, Colruyt Group, Reismühle Brunnen, Coop Foundation, Helvetas and Intercooperation |
| From when to when? | 2016-today |
| What is the impact? | 136 tonnes of basmati per year 55 tonnes of mixed rice per year The Fair Farming Foundation cooperative (Uttarakhand region) has 4,500 members. 2,212 farmers participate in this project. Bio-certification and Fairtrade certification achieved. Increase in income: 20-30% increase (among others because of Fairtrade and SRI premium) More diversification (crop rotation) reduces the risk for the farmer. |
|  Collibri Foundation | Two training projects. 1) "Digital skills for everyone": supporting young people in difficult socio-economic situations to follow practical IT training. Collaboration with Nasscom Foundation and Colruyt Group India. 2) "Vocational Skill Development of Youth in organic farming": in North India, we invest in practical training courses on organic farming that aim to increase the professional skills and entrepreneurship of local young people from farming families. Collaboration with Partners in Prosperity. Youths involved: around 100 young people per project |
| What products on the shelves? | 2 references under Boni Selection Bio |



For this chain, Colruyt Group joined the 'Fair and Good' project initiated in 2011 by Reismühle Brunnen, Coop Foundation, Helvetas and Intercooperation. The aim of the project was to tackle the problems facing the rice sector in India, such as poverty among producers, excessive use of chemicals, climate change, rural exodus and an ageing population.

Efforts are being made towards certification (Fairtrade, organic), training farmers in good agricultural practices, SRI method, support for experts (agronomists) and lead farmers (role models that inspire others, who own exemplary farms). In addition, farmers are motivated to grow multiple crops in order to spread the risks or to take up other business opportunities (e.g. water extraction).


Here we have built on an existing chain which requires much less work. The added value offered by Colruyt Group is the stable export market and the extra investment with the Collibri project in training young people in organic farming.

"If a product doesn't sell well, the impact remains relatively limited. It is true that farmers benefit more from selling larger volumes. Getting those volumes up is therefore a real challenge."



Karen Janssens, Expert Sustainable Sourcing (Colruyt Group)

7. Coffee from Congo (Kivu)

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| Who are the partners? | Kawa Kabuya (cooperative), Colruyt Group, Rikolto, Sopex |
| From when to when? | 2016 - today |
| What is the impact? | Collibri Foundation focuses on specific training projects in Eastern Congo (Kivu) to strengthen the competences of young people in coffee and other agricultural crops. There is extra support and attention for young women. Youths involved: 200 |
|  Collibri Foundation | Large scale-up through cooperation: Export increased from 5 containers in 2016 to 13 containers (132 tonnes) in 2018 (not all of these exports are destined for Colruyt Group) Colruyt Group buys approximately 30 tonnes on an annual basis Bio certification and C.A.F.E. Practices certification from Starbucks Kawa Kabuya has 2,498 members |
| What products on the shelves? | Origin coffee under Graindor and Spar |



Colruyt Group and Rikolto together support the coffee farmers of cooperative Kawa Kabuya in North Kivu (Congo). Rikolto supports the coffee cooperative in their professionalisation. Colruyt Group gives a purchase guarantee over several years and offers the various store formulas. A minimum price is also set and an extra premium is paid compared to the market price. The coffee has won several awards for its excellent quality. The large increase in production and sales through the cooperative is a testament to its success.

The fact that Colruyt Group has made great efforts to pre-finance the purchased containers of the cooperative plays a major role in the growth of the cooperative. The retailer considered it to be crucial help to start up the chain project because there is no solid bank at local level where farmers can borrow on acceptable (and above all affordable) terms. This decision was a first for Colruyt Group: a calculated but necessary risk strongly advocated by the employees involved, because they have great confidence in Rikolto's local team.

Quick cooperation

Despite - or thanks to - the fact that the cooperative was in its infancy, major steps were taken at a rapid pace. "The mix of investments and donations was just right from the very beginning," says Rikolto's Joris Aertsens. "Farmers invest in their washing station, which gives a huge boost to the involvement. The young but strongly developing Kawa Kabuya cooperative receives coaching in return from the local Rikolto team," says Rikolto's Jo Vanderpe.

Local support in all chain projects, but especially for this project, has been hugely decisive. Due to the security situation in eastern Congo, a negative travel advice was issued by the Belgian government and we haven't been able to organise an onsite visit yet. Skype is doing a good job, but Colruyt Group's master coffee roaster Kris Durant feels something's missing.

The scale-up provided by the farmer's cooperative is impressive: "In 2016 they realised the first export with Colruyt Group as a buyer. After that, they soon found more interested buyers, including big players like Starbucks. In 4 years' time they almost tripled their export volume, that is absolutely spectacular."



Léopold Mumbere, Rikolto

"Thanks to the coffee chain project from Burundi, I know the added value of these local visits. You see opportunities for new products or for possible projects where Collibri Foundation can play a role."

Smart price mechanism

A detailed price mechanism was worked out for coffee from Congo. It is a speciality coffee, a different league than the bulk coffee traded on the stock exchange. That's why we take the New York coffee exchange price as our starting point and always add a premium," explains Karen Janssens of Colruyt Group. "We set a lower limit, which is well above the current market price.

Farmers know that they will never earn less than a certain reference amount. As retailers, we know that we will never pay more than a certain amount too. It provides security in both directions. The advantage of such a mechanism is that you



"Of course, you cannot completely disconnect the price of coffee from the world market price, but by working with additional premiums per kg and a price mechanism proposed by the farmers themselves, we achieve a fair trade relationship and give the cooperative a chance to grow."

Carine Decock, Buyer (Colruyt Group)

keep out the volatility of the coffee market, but allow the structural signals from the market to seep in."

The economic added value for farmers is in the fair price obviously. A stable price offers added value because it allows us to plan ahead. But in such a fluctuating market, it is also possible that the price sky-rockets, as a result of which the price on the local market is suddenly higher than the price we agreed on within the chain project. Jo Vandorpe testifies: "For example, some buyers wanted to pay a higher price to the cooperative in Congo. In such a situation, it takes a lot of discipline on the part of the farmers not to accept such an offer."

Obstacles

"The safety situation in eastern Congo is quite unstable," says Karen Janssens. "This means that - quite regularly - containers cannot leave or are stuck at checkpoints for long periods of time. This is problematic for a single origin speciality coffee, because the quality decreases significantly over time. Moreover, the availability of the product may be interrupted as a result. In the case of a coffee blend, which is the case in our Burundi coffee chain project, we can then blend in other coffees. With a single origin, of course, you don't have that option."

Colruyt Group had hoped for certification for this coffee right from the start. But after consultation with the farmers' organisation, it turned out that the start-up would be too great an effort for a relatively small added value. Colruyt Group agreed to wait. "Kawa Kabuya opted for a certification that would also strengthen their position in relation to other potential customers. Because if each individual buyer imposes a different certification, it becomes unworkable. In the meantime, the volumes of Kawa Kabuya have increased, which makes certification more interesting and in the meantime the cooperative obtained its organic label", confirms Rikolto's Lydie Kasonia.

Technology as a missing link

In Congo, the technology of microwashing stations proved to be the missing link to boost the production of quality coffee. About 100 farmers are organised as a cooperative around one washing station, in which the farmers have to co-invest. The stations are easily accessible for producers and provide local employment. This is an example of an innovation that has been tested and optimised with farmers.

And the cooperative continues to innovate: Kawa Kabuya will soon install a quality control in Butembo and will be able to respond much quicker in terms of quality assurance.



"The Boni-chocolate from Nicaragua is a product with many sides to it: the UTZ certification, the financial stability for the cocoa farmers and the investments of Colibri Foundation in the training of the farmers ... And the icing on the cake: it tastes heavenly!"



*Sophie De Beer,
Marketeer
(Colruyt Group)*

8. Chocolate from Nicaragua

ACTIVE

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| Who are the partners? | La Campesina, Colruyt Group, Rikolto, Tradin Organic, Puratos |
| From when to when? | 2017-today |
| What is the impact? | The volume increased from 12 tonnes in 2017 to 16 tonnes in 2019. La Campesina has 255 members, 117 of whom supply Colruyt Group. Of these, 61 are young farmers. Their share is rising sharply. Out of the 61, 50 have recently entered a process to become a member. This will increase the number of young farmers in the cooperative from 5% in 2017 to 19% in 2020. Grafting cocoa plantations leading to higher productivity and also higher income (innovation for Nicaragua) The price the cocoa farmers earn is above the local market price, which is itself already well above the world market price. |
|  Colibri Foundation | The training project La Juventud Sí Puede (Yes, Youth Can) motivates young farmers of the Nicaraguan cooperation La Campesina to continue working in the cocoa sector. With the support of Rikolto and in cooperation with the University of Honduras, we offer a cocoa training programme for young people in Nicaragua. Youths involved: 75 |
| What products on the shelves? | 2 premium Boni Selection chocolate bars |



A collaboration between Colruyt Group, Rikolto, Puratos and the Nicaraguan farmers' cooperative La Campesina. Since 2018, chocolate made from cocoa beans from this chain project has been sold in Colruyt Group stores. The objective of the project: give young farmers opportunities to invest in sustainable cocoa production. Thanks to Colruyt Group's long-term purchase commitment (five years), the youngsters now have sufficient financial security to invest in their own cocoa plantation.

Focus on training

Colruyt Group went in search of sustainable chocolate: free of child labour, environmentally-friendly and economically viable for all actors. Rikolto was already working in Nicaragua

on a sustainable cocoa chain with the farmers' cooperative La Campesina and had a project there to offer the daughters and sons of the cooperative members the prospect of a future in rural areas. The programme consisted of general training on personal development and business development. Colruyt Group, Colibri Foundation, La Campesina and Rikolto quickly coincided in a joint project which focuses fair prices, good quality, preservation of the natural landscape (through agroforestry) and training for young people (through Colibri Foundation and YOUCA).

In Nicaragua we set up a structural model. Over a period of five years, 70 youths will have the opportunity to participate in the training project 'La Juventud Sí Puede' (Yes Youth Can),

which focuses on Good Agricultural Practices and grafting disease-resistant cocoa plants. "They are young people from economically vulnerable backgrounds, with just less than half of them girls," says Jorge Flores of Rikolto. "They are following a 20-day training programme in Honduras, organised by the FHIA research institute and CURLA University. The young graduates in turn pass on the knowledge (e.g. about grafting cocoa trees) to other young people in their community." On the basis of the new knowledge and techniques, young people set up small business units, for example around the production of organic fertiliser, which are linked to the cocoa chain as a service. They use the knowledge they have acquired to create new cocoa plantations on their own land and that of their parents.

Stability and self-confidence

Cooperation with cocoa farmers in Nicaragua proved that a stable trade relationship over several years is an incentive for farmers to make the necessary investments. A cocoa plant, for example, does not pay off until after 4 or 5 years. The return is important not only economically, but also psychologically. Exporting to a modern market by working closely with a large retailer boosts self-confidence. "The pride in the eyes of these youths because they sell their cocoa in Belgium is just as important as the fair income they get from the sale," says Jorge Flores of Rikolto in Central America.

Reality of the Belgian market

Finding a trading partner is not enough in itself; the product must also be marketable. The reaction of consumers is often difficult to predict. "We market the chocolate from Nicaragua like origin chocolate," says Karen Janssens of Colruyt Group.

"Together with other young people from Honduras, Nicaragua and Guatemala, I take part in the course on cocoa production using agroforestry. The course takes place at the University of Honduras and lasts two months. The idea is to launch young people into cocoa farming. We, in turn, will train other young people."



Someday, I want to become a technician at our cocoa cooperation, La Campesina."

Nedelin Mairena, young cacao producer

"Although the chocolate and cocoa are top quality, we see that sales are not really growing and are even falling slightly. This does not mean that we are dropping the cooperative, we are always entering into long-term relationships in a chain project. But when all is said and done, the product must of course sell. What's more, we actually want to see the volume grow. That is quite a challenge that we all have to work on together."




"At the end of the day, there's only one thing that matters: can farmers make a living from their crops?"



Hervé Lisoir, Programme Coordinator
King Baudouin Foundation

9. Coffee from Burundi

ACTIVE

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| Who are the partners? | Colruyt Group, Cococa (cooperative), King Baudouin Foundation (KBS), Efico |
| From when to when? | 2017-today |
| What is the impact? | From 2 containers in 2017 to 10 containers (or +/-172 tonnes of green coffee beans) in 2019 This is a regular coffee bought at a very correct price (premium on top of the world market price). The cooperative has more than 27,000 members, some 700 of whom are directly involved in the chain project. |
|  Collibri Foundation | Training project 'FLAME Jeune' allows young people from secondary schools in rural Burundi to discover their talents so that they can develop their own skills in coffee cultivation. In collaboration with Adisco. Youths involved: 1,254 |
| What products on the shelves? | The beans are in 24 Graindor and Spar blends. |



This is a partnership between Cococa, Efico, the King Baudouin Foundation and Colruyt Group. The cooperatives that supply coffee were initially supported by Broederlijk Delen, but the King Baudouin Foundation has now adopted the role of facilitator. The chain runs smoothly according to a fixed routine. Colruyt Group has been buying an increasing volume of coffee from Burundi since 2017. Because Colruyt Group's product range is continuously adjusted in function of, for example, optimisation, market developments or customer interest in new coffees, the number of references containing Burundi coffee fluctuates regularly. At the moment, you can find the coffee in some 24 end products.

The quantity of purchased and processed coffee has increased significantly over the years. And, in the end, that is what counts.

Price setting

This is a regular coffee that we process into blends. The price of the coffee beans was set on the initiative of the farmers'

cooperative. First, they told us what they thought was an acceptable price. Then, when the price is set, the fair trade price is taken as a reference. The price came about after a meeting between the cooperation, the buyers and KBS in Halle. "I suggested that they should give us a price proposal. This came as a surprise to them. They are not used to being at the wheel when it comes to setting prices. KBS then helped them to propose a price on the basis of a business plan. This was a unique experience for me and for them," remembers Carine De Cock, a buyer at Colruyt Group.

There was also a South-South exchange between the cooperatives in Burundi and Colombia. That too is a way of allowing the knowledge we build up in chains to be spread. In the beginning, only part of the Burundi coffee came through the chain (about 2 containers). Another part was bought elsewhere. Now we buy about 12 containers from the cooperative. Step by step we are increasing the volume and our impact.





10. Quinoa from Peru

ACTIVE

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| Who are the partners? | Colruyt Group, Solid, Rikolto |
| From when to when? | 2018 - vandaag |
| What is the impact? | Strong scale-up: from 20 tonnes of tricolore quinoa in 2018 to 100 tonnes of quinoa (including 80 tonnes of white quinoa) in 2020. More than 300 farmers are indirectly involved (co-beneficiaries of the investment through the premium managed by Solid) and 30 farmers are directly involved in this chain project. Farmers receive collective premium to invest. |
|  Collibri Foundation | Training project 'Proyecto Jovem (Jóvenes emprendedores / Young entrepreneurs)'. In the Ayacucho region of Peru, young farmers are trained to set up their own business. In this way they improve their living conditions and those of their community. Expansion of the workshop by building a secondary school for about 130 youths. In collaboration with Solid. Youths involved: 133 |
| What products on the shelves? | 2 references under Boni Selection Bio |



Project of Colruyt Group, Rikolto and Solid Food. Since 2018, Colruyt Group has been selling a tricolore quinoa from Peru, from producers who are locally supported by Solid Food. Within this project, the quinoa producers receive a fair price

and a premium is invested in projects that are relevant to the producers. The positive experience with the tricolore quinoa made Colruyt Group also buy white quinoa from Peru from Solid in 2020, increasing the volume and therefore the



Joris Smets,
Business Development
Solid Food

"The price transparency in this chain project is truly unique in its kind. Colruyt and Solid Food strike a balance between social and commercial interests. As a customer of Colruyt Group, I think the organisation should really emphasise this more. In my opinion, the chain projects deserve even greater visibility in the stores."

premium fivefold. Through the collaboration with Solid and Rikolto, Colruyt Group has worked on making the chain more sustainable, for example, by optimising logistics.

Joris Smets, Business Development Solid Food emphasises that this project has a huge potential: "We also use this project as a business card to other potential partners and/or customers. It strikes a chord because the economic, social and ecological impact go hand in hand."

Advantages and disadvantages

The direct relationship with our local partner Solid offers all kinds of advantages for a retailer. "The added value for us lies mainly in the transparency and the organic guarantee offered by the chain," says Colruyt Group's Philippe Toussaint. "That's why we decided to buy all our Peruvian quinoa via this chain from now on, even though there was no direct economic advantage. The farmers do not work through a cooperative. "This is a disadvantage for us," says Colruyt Group's Philippe Toussaint, "because there is no formal partnership. The premium is now paid to Solid. In this case, Solid decides in consultation with the farmers how the money will be spent. Last year, for example, they bought a machine together. The added value of selling to Solid is clear to the farmers: agricultural engineers give advice, there is dialogue and attractive prices are offered."

The presence of a strong local actor with a strong business proposition (to avoid side selling) seems to make an even bigger difference than being organised in a cooperative.



Photo: Isabel Corthier


"I notice every time how essential human contact is to building mutual trust. Exchanges and field visits are a great added value in this respect."



Hannelore Delaplaecie, Buyer (Colruyt Group)

11. Cashew nuts from Benin

ACTIVE

| | |
|--|--|
| Who are the partners? | Colruyt Group, Enabel, Besana, local processors and URCPA-AD (cooperative) |
| From when to when? | 2019–today |
| What is the impact? | 3.750 tonnes of raw cashew nuts 300 tonnes of processed cashew nuts 867 directly involved farmers and 2200 indirectly |
|  Collibri Foundation | 'Promotion de l'entrepreneuriat des Jeunes et Soutien à la Production du Cajou'. Training project in cooperation with Eclasio to strengthen the entrepreneurship of 30 young people and support the production of cashew nuts. Youths involved: 30 |
| What products on the shelves? | 1 Boni Selection product |



In Benin, we are setting up a new chain for cashew nuts, in cooperation with Enabel, the Belgian development agency. We are working together with an existing farmers' cooperative: 'Union Régional des coopératives de producteurs d'anacarde des départements de l'Atacora et la Donga' (URCPA-AD). This cooperative has 2,200 members from 116 villages in the regions of Atacora and Donga.

Economic added value

"We started from a situation where we knew neither the chain nor the actors or pricing", says Philippe Toussaint of Colruyt Group. "Until March 2020, the product came from Brazil, Vietnam or Benin. The first processing took place in Brazil or Asia, the final processing and packaging in Italy." Today, up to 90% of the production of raw cashew nuts in Benin is exported without processing and therefore without added value for the local community. Because the first processing for this chain project now takes place in Benin, close to the production areas, we create local economic added value. The result: a more effective value chain, because fewer food miles are travelled. Together with Enabel, we will also ensure that the cooperative receives correct prices.

Solving export problems

For the purchase of the 2020 harvest, we encountered some problems between the partners, in terms of trust, prices and capacity. As a result, the farmers decided to sell their harvest elsewhere and we will now buy from another Benin cooperative. We want to make every endeavour to buy the entire volume from the cooperative again by the next harvest (March 2021) and to build a stable chain.



Concrete plans

Philippe: "Together with Enabel, we will now continue to work on the consolidation of the chain. For the farmers, this means further production optimisation, replacement of the old trees and the introduction of good practices to maintain the plantations." In addition, Enabel wants to motivate them to continue working in the chain in the long term and also to sell less to buyers, at lower prices. The ultimate goal is to also buy our Boni Selection Bio organic cashew nuts from this chain project. To this end, the cooperatives still have to obtain an organic certification. We are also committed to a thorough financial analysis to make pricing throughout the chain more transparent.



Jean Van Wetter,
Enabel

"The chain project with Colruyt Group in relation to Beninese cashew nuts is an example of 'triple win': an added value for local growers and entrepreneurs, as well as for the Belgian company and development cooperation in general. This type of cooperation fits into Enabel's general vision and mission for an inclusive and sustainable development."



Pieterjan Boghe,
Buyer (Colruyt Group)

"The biggest challenge"? Keep enough rotation in the product. In a chain project we also enter into long-term relationships, but if the product is difficult to sell, it will be a challenge to maintain the cooperation in the long-term. Hence the importance of initiatives such as Beyond Chocolate, which raise the sustainability requirements for all Belgian market players to a higher level."

12. Chocolate from Ivory Coast

STARTING UP

| | |
|---|---|
| Who are the partners? | Colruyt Group, Rikolto, Fairtrade Belgium, Puratos, UGent, Agro-Insight, Access Agriculture, ECSP, IDH |
| From when to when? | Starting up (project within Beyond Chocolate has been approved) |
| Intended impact (still intentional)? | 102 farming families supply the cocoa for Boni 72% pure and receive a living income for it. The intention is to subsequently scale up to the full range of Boni Chocolate tablets. |



After the successful cooperation with the farmers' groups in Nicaragua, Colruyt Group is now also starting a project in West Africa. Its main objective is to contribute to guaranteeing a living income to the cocoa farmers who supply the beans for the Boni 72% chocolate tablet. In 2018, Colruyt Group signed the 'Beyond Chocolate' commitment. This is an initiative of the Belgian chocolate sector to make cocoa more sustainable, with guarantees for a living income, no deforestation and no child labour.

"The big challenge in chain projects is to keep sufficient rotation in the product," Colruyt Group's buyer Pieterjan Boghe explains. "We always enter into long-term relationships in such a project. But if the product does not sell in the end, it is difficult to maintain this in the long term. Hence the importance of initiatives such as Beyond Chocolate, which raise the sustainability requirements for all Belgian market players."



And now what?

1. Lessons for the future

In addition to the concrete results at product chain level, it is also important to look at the impact of the chain projects on the organisations involved. Rikolto wants to teach organisations how to connect vulnerable farmers with modern markets. Colruyt Group saw the chain projects as labs, to investigate how they can use their supply chains as a lever to tackle problems such as poverty, child labour and environmental problems.

New knowledge

In addition to the concrete results at product chain level, it is also important to look at the impact of the projects on the organisations involved.

"Where in 2005 it was still very new for Rikolto to work with a company in the first place, it is now an obvious fact in every project, for all our colleagues worldwide," says Jan Wyckaert. "Whether in Belgium, Vietnam, Nicaragua or Tanzania, we have in-depth partnerships with retailers and processors everywhere. The pioneering work with Colruyt Group was the seed from which that competence grew."

"For Colruyt Group, the chain projects have gradually become a complete tool to make products more sustainable, in addition to certification systems, specifications and calculating the ecological footprint," says Mieke Vercaeren. "If you see all these products together and you realise that we have a positive impact on the lives of more than 2,000 farmers (and, indirectly,

about 40,000 farmers), we can be proud of what we have achieved."

From informal to structural

In practice, this knowledge was accumulated in an informal way. "We learned a lot by doing, by trial and error," says Mieke Vercaeren of Colruyt Group. "In the beginning it was pioneering work and everything was very new. Today we have a Proof of Concept on the table. Meanwhile, we have fine-tuned our concept of chain projects and are following a more structured approach to setting up a chain project. We are also more aware of the knowledge we build up in the chain projects. The impact of the chain projects can be further increased by sharing the experiences more widely within the group. "At

the moment, the knowledge is still primarily in the hands of the Sustainable Sourcing team and a few buyers who were involved. There is indeed still a lot of potential to work on with other products as well.

"So far, we have never set up structural actions to involve all our buyers' colleagues, but it is definitely our ambition to do so," emphasises Karen Janssens. "If we can combine the new knowledge of the chain projects with the know-how of our buyers, quality managers, product group managers, marketeers ... we are only at the beginning of what is actually possible. This reflection and documentation exercise is a step in the right direction to realise this ambition."



*Stefan Goethaert,
Managing Director Fine
Food, Retail Services,
Private Label and CRU*

For us retailers, the social added value of the chain projects lies in offering market access. Together we have learned a lot about how to build sustainable chains. Now it is time to open up the concept of chain projects and think about how we can efficiently scale up by joining the perspectives of different departments. I will be more than happy to put my back into it.



*Chris Claes,
CEO Rikolto International*

"At Rikolto, we are constantly looking for new ways to achieve Development, going beyond money transfers and training, generated through sustainable cooperation. That's what we've been doing for 15 years now, in cooperation with Colruyt Group. Many learnings have come out of it, which are now largely the basis for our global successes. We couldn't have done it alone."

2. The path reveals itself as you walk

We hope that with this publication we have succeeded in making things a lot clearer. Upon reading this brochure, it should have become clear to you that chain projects are a process of trial and error. This will sometimes result in a beautiful product, occasionally in a fail or mistake.

Today, some 40 Boni, Graindor and Spar products help us tell this fascinating story. The projects also help us to give consumers more insight into the story behind the product and to make sustainable consumption possible and tangible in everyday life.

Through this publication, we have tried to give as much meaning as possible to what happened, what worked and what didn't, and what the ultimate impact of our efforts is. These 'lessons learned' clearly show that setting up balanced trade relationships with a positive impact is feasible, while also being a complex process. And now what? **The idea of looking back is primarily aimed at looking ahead.**

The path reveals itself by walking it, rather than through a pre-determined plan. Together with our partners, we want to continue to discover in future chain projects what works and what doesn't, and how we can achieve the greatest impact. Together with you, we would like to renew and sharpen our vision of chain projects and our ambitions for the next five years. Here is the idea:

- We see opportunities to start **new chain projects** in a number of well-chosen categories (such as dried fruit, scampi, fresh fruit and vegetables). 20 chains set up by 2025 seems feasible to us.
- **We also want to work on greater vertical and horizontal impact:** focus shifts to a larger share (volume) within a certain product category. For example, we source a larger volume within the coffee or cocoa category via chain projects.

- The lessons learned from tools for the implementation of current and new chain projects (at the same time we are fully aware that not everything can be applied to every chain and that chains will remain a labour-intensive process). Based on these lessons we want to **refine our methodology** in order to achieve a faster turnaround time. We also want to make the lessons applicable and available to multiple service providers in order to inspire and contribute to upscaling.
- Boost **capacity building** as a flanking intervention in the chain projects. Scaling up Colibri projects and chain projects together and are working actively to make maximum use of the positive interaction between the commercial and educational aspects.
- **Consortia for impact:** broader cooperation with several facilitators in the field. Complex social problems are best tackled together with different stakeholders. Such as the

cocoa project in Ivory Coast. We also want to respond more specifically to programmes of governments, such as Enabel.

- We support **widely supported multi-stakeholder initiatives** such as 'Beyond Chocolate': this is an interesting way to have a major impact together with the entire sector by working together pre-competitively, for example towards a 'Living Income' or 'zero deforestation'.
- **Smart data:** We want to decide what we do (or don't do) based on data. To do this, we need to harmonise and refine our **data capture**.
- **Enthusiasm and passion are contagious:** buyers, marketers and other colleagues set to work with these lessons and share the principles of our chain projects.



Photo: Isabel Corthier

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Excited about our chain projects? Want to collaborate? Contact us.



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This initiative is helping us to achieve the United Nations Sustainable Development Goals.

Many thanks to our teams, suppliers, all cooperatives, experts and universities.

