

MAKING THE BUSINESS CASE: COCOA FARMER NUTRITION PROGRAMMES

A STUDY FROM GHANA



October 2019

ABOUT GAIN

The Global Alliance for Improved Nutrition (GAIN) is a Swiss-based foundation launched at the UN in 2002 to tackle the human suffering caused by malnutrition. Working with governments, businesses and civil society, we aim to transform food systems so that they deliver more nutritious food for all people, especially the most vulnerable.

ABOUT NEWFORESIGHT

NewForesight is a strategy consulting firm dedicated to driving change. It partners with leading clients from the private, public and not-for-profit sectors who want to find structural solutions to some of the most critical sustainability challenges of our generation and turn them into market opportunities.

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SUMMARY

This case study summarises the findings of research undertaken by GAIN and NewForesight to explore what motivated Touton, a major cocoa trader, to set up a nutrition programme in cocoa farming communities in its value chain in Ghana. This paper also assesses Ferrero's motivations for supporting the programme.

Researchers found that, for Touton and Ferrero, a direct financial benefit was not the primary motivation for supporting the programme: brand positioning, attracting customers and consumers and strengthening the sustainability of the sector were key drivers.

DEFINITIONS

- A nutrition programme in value chains uses existing channels to reach workers e.g. small holder farmers in the cocoa sector, or factory workers in the garment sector.
- The business case is the overall sum of costs and benefits, financial or otherwise, for different stakeholder surrounding the nutrition programme (Figure 1).

KEY FINDINGS

- **A direct financial return on investment was not the primary driver for Touton or Ferrero:** other factors, including strengthening their sustainability approach, responding to a nutrition need in cocoa-growing communities, and attracting customers were key drivers.
- **Positioning** was at the core of the business case for Ferrero and Touton. For Touton, being a sustainability thought leader and innovator makes them a more attractive supplier to cocoa buyers. For Ferrero, building their brand's sustainability reputation attracts consumers and manages reputational risk.
- **Without healthy cocoa farmers, the cocoa sector is not sustainable over the long-term.** This was a key part of the business case for Touton, as this affects their business prospects.
- **A strong belief that a programme can have an impact is key to starting it.** Companies recognise that these programmes are still generating evidence on the most effective approaches to improving the nutrition of cocoa farming communities, and draw on this evidence to improve this and other programmes.
- **Leveraging nutrition interventions** to increase the impact of other sustainability programmes and initiatives was an opportunity for Ferrero and Touton. Similarly, finding opportunities to weave nutrition into existing services and programmes reduced implementation costs and increased scale-up potential, making nutrition programmes a more viable long-term investment for both companies.
- **Positioning nutrition interventions in relation to priority challenges to the long-term sustainability of the sector is crucial to gaining buy-in.** Nutrition programmes are not a priority for most of the sector yet: within the cocoa sector, deforestation, securing a living income and child labor are the most urgent priorities.

BACKGROUND

The challenge

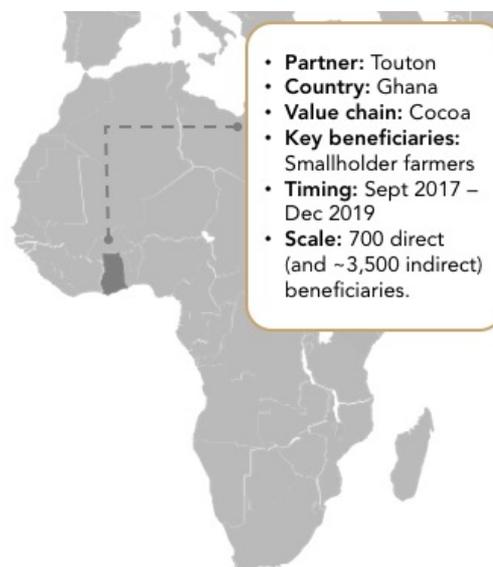
One in three people globally suffers from at least one type of malnutrition, a challenge reflected in the Sustainable Development Goal 2 target to end malnutrition in all its forms. In Ghana, anaemia, vitamin A deficiency and diarrhoea are challenges in farming communities in cocoa value chains (Bymolt et al, 2018): these can result in fatigue, reduced immunity, heightened risk of maternal mortality and poor child development. Robust evidence suggests that workforce nutrition programmes¹ bring benefits to employers, such as reduced absenteeism (Berry et al, 2010; Brown et al, 2016), enhanced productivity (Ibid) and returns on investment of up to 6:1 (Berry et al, 2010; Chapman et al, 2012).² The value chain is an effective entry point as it is an established and organised delivery channel where similar services are already provided. Nutrition programmes in value chains focus on increasing access to and demand for healthy food, and communicating about nutrition.

Touton's nutrition programme in Ghana

Touton is a leading French company that trades and processes cocoa for chocolate manufacturers like Ferrero. Touton's nutrition programme aims to improve access to food and diverse diets among cocoa-producing households through:

- nutrition and handwashing education;
- training of trainers;
- providing technical support for nutritious homestead farming for remote or vulnerable households;
- supporting households to engage in alternative livelihoods, like growing vegetables or rearing animals, and linking them to market opportunities.

The pilot is part of the Cocoa Nutrition Innovation Project, and is supported by Ferrero, the Dutch government and IDH.



METHODOLOGY

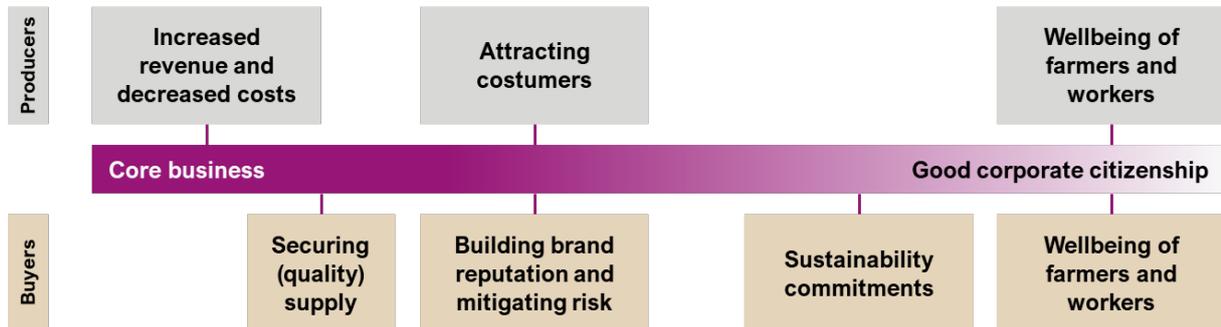
NewForesight undertook structured interviews with Touton and Ferrero employees, and carried out market research and an in-depth analysis to probe the companies' motivations for investing in nutrition programmes. The study extended the definition of

¹ Workforce nutrition programmes aim to improve the access and demand for healthier diets using existing business structures as entry point (workplaces or supply chains).

² Workforce Nutrition evidence briefs available at: www.gainhealth.org

'business case' beyond financial returns on investment to cover a broad range of motivations that provide a compelling reason for companies to act (Figure 1).

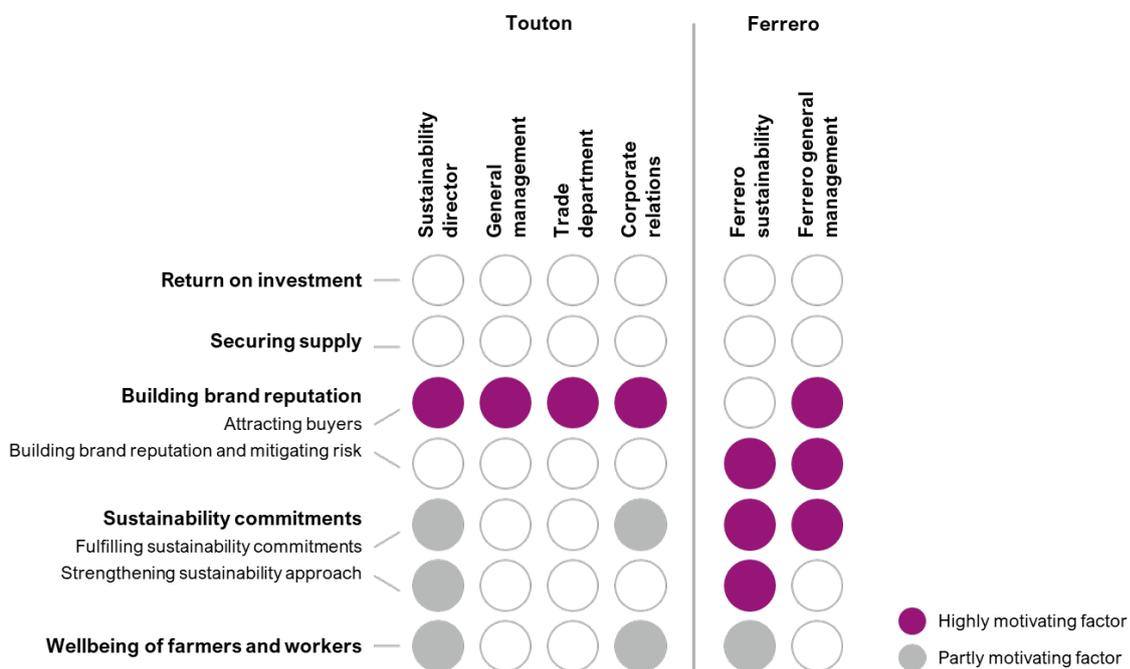
Figure 1: Business case motivation categories



FINDINGS

Although the term 'business case' often brings to mind a financial return on investment, the business case for Touton and Ferrero centred around other important motivations, primarily linked to brand differentiation and positioning, and to their desire to strengthen their sustainability approaches and meet a nutrition need for their farmers. (Figure 2).

Figure 2: Motivations for investing in nutrition programmes for workers in value chains.



Attracting customers and brand strengthening are key parts of the business case for Touton and Ferrero. Although this is not a direct financial return on investment, attracting customers is key to business prospects.

- For Touton, positioning the company as a sustainability thought leader and innovator makes them a more attractive proposition to cocoa buyers and was their primary motivation.
- Ferrero has a strong focus on nutrition and is piloting several nutrition interventions to improve their approach to ensuring a sustainable supply chain. In this context, a focus on sustainability by improving workers' nutrition makes them unique in the sector, strengthens the company's brand with consumers and helps manage reputation risk.

Strengthening sustainability approaches is an important part of the business case.

- Touton sees an opportunity to weave nutrition interventions into their broader services, such as income diversification, training, and gender empowerment. This close integration will make those services more effective, while incorporating nutrition interventions into an existing structure allows them to be delivered in a more efficient way.
- Ferrero is looking to innovate and sees this intervention as part of a broader package of nutrition pilots in several regions with multiple partners. Feeding the learnings from the cocoa programme into these initiatives and their sustainability departments strengthens their approach.

Promoting a sustainable value chain was key to both companies, with nutrition forming an integral part of a sustainable cocoa long-term value chain. Both Touton and Ferrero saw the value in contributing to healthier diets for farmers in this context.

A strong belief that the programme can have an impact is key to initiating it.

Companies recognise that these programmes are still generating evidence on the most effective and scalable approaches to improving the nutrition and health of cocoa farming communities. Champions play an important role: in this case, motivated staff, for example the cocoa project manager, were important advocates for the programmes.

CONCLUSIONS

For Touton and Ferrero, the business case for investing in nutrition programmes for workers in value chains is clear, bringing them unique positioning within their respective markets and making them a more attractive proposition for buyers (for Touton) and consumers (for Ferrero). Nutrition programmes also provided a strong fit with their sustainability approaches and goals, whilst ensuring a more sustainable cocoa value chain in the long term. This suggests that, even where nutrition is not a priority for the sector, nutrition programmes can position companies at the cutting edge of sustainability, contribute to a range of company objectives, and provide benefits beyond a direct financial return.

FIND OUT MORE OR GET INVOLVED

See the other briefs in the series and find out more about GAIN's workforce nutrition programme at: www.gainhealth.org

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