

Sustainable Cocoa Innovation Challenge in Colombia: Financing scalable solutions toward peacebuilding and climate change mitigation

Terms of Reference

Context

Colombia is among the top 10 cocoa-growing countriesⁱ: In 2021, the country produced more than 69,000 tons of cocoa beans.ⁱⁱ Most of the beans end up in the domestic market due to the robust local demand owing to the cocoa being a staple of the Colombian diet.ⁱⁱⁱ Most Colombian cocoa producers manage the crop under agroforestry,^{iv} a sustainable way of producing cocoa.^v Cocoa agroforestry consists of incorporating trees into cocoa production systems to increase biodiversity and protect the soil from erosion while providing natural shade. Most of the country's 32 departments grow cocoa.^{vi} Estimates indicate that area from which cocoa was harvested in 2021 reached 194,428 hectares.^{vii} Overall, the sector provides income to more than 65,000 families and generates about 167,000 direct and indirect jobs.^{viii}

Certification is not common in the Colombian cocoa sector. In 2017, the country had more than 2,000 hectares certified under FairTrade and 1,800 hectares under UTZ. This represents, only 1% of the total area harvested nationwide.^{ix} In 2020, 89 exporters, 86 processors, and 3,160 producers had organic certification.^x Organic farming, per the EU, refers to "an agricultural method that aims to produce food using natural substances and processes," thus tending "to have a limited environmental impact as it encourages responsible use of energy and natural resources; maintenance of biodiversity; preservation of regional ecological balances; enhancement of soil fertility; and maintenance of water quality."^{xi}

Cocoa is a strategic crop for Colombia. Dubbed "crop of peace,"^{xii} cocoa is among the commodities whose production the government and its development partners have promoted as an alternative to illicit crop cultivation,^{xiii} which has been tied to deforestation and conflict in Colombia.^{xiv} In 2018, government, private sector and civil society actors signed a zero-deforestation accord for the cocoa sector.^{xv} The Cocoa, Forests & Peace Initiative aims to "promote deforestation-free cocoa production models that protect and restore forests in the cocoa value chain, improve livelihoods for producers and help consolidate the peace process in Colombia."^{xvi} Research indicates cocoa production is not a major contributor of deforestation in Colombia.^{xvii} This suggests the potential of the country to be a supplier of deforestation-free cocoa to markets such as the European Union.^{xviii} A big consumer of chocolate, the EU requires entry of certain commodities, including cocoa, to be free of deforestation and forest degradation.^{xix}

About the challenge

The Sustainable Cocoa Innovation Challenge in Colombia aims to scout, accelerate and fund innovative ventures that operate along the cocoa value chain in Colombia and promote sustainable land use systems toward climate change mitigation and peacebuilding. Innovative ventures can involve products, services or technologies.

This innovation challenge is a collaboration between CGIAR research initiatives [AgriLAC Resiliente](#) and [Mitigate+](#) and the project [“Implementing Sustainable Agricultural and Livestock Systems for Simultaneous Targeting of Forest Conservation for Climate Change Mitigation \(REDD+\) and Peacebuilding in Colombia.”](#) otherwise known as the IKI-SLUS Project. Germany’s International Climate Initiative funds the project, which the International Center for Tropical Agriculture leads in implementing. Meanwhile, AgriLAC Resiliente and Mitigate+ aim to contribute to achieving sustainable food systems by scaling sustainable land uses. The IKI-SLUS Project supports the acceleration program of this innovation challenge, while the two CGIAR initiatives will provide the grant to the selected challenge applicants.

The [CGIAR Accelerate for Impact Platform](#), in collaboration with [Rockstart](#), powers this innovation challenge with the aim of providing know-how and network to entrepreneurs in Latin America who are working to ensure the cocoa industry contributes to climate change mitigation and peacebuilding.

Types of solutions we are looking for

The Sustainable Cocoa Innovation Challenge in Colombia is looking for solutions that address priority areas, which include:

- **Sustainable sourcing:** Promote sustainable and ethical sourcing of cocoa, especially in line with the EU law on zero-deforestation commodities.
- **Quality and traceability:** Ensure transparency, authenticity, and consistency in the origin, processing, quality, and distribution of cocoa beans. Proper fermentation and drying processes of cocoa are fundamental to having quality beans.
- **Sustainable farming practices and productivity:** Provide farmers with training, tools, and resources to improve productivity, efficiency, and yield of cocoa under agroforestry or grown through organic farming.
- **Processing and value addition:** Add value to cocoa products through processing, manufacturing, and innovation.
- **Market access and distribution:** Improve market access for cocoa farmers and promote fair pricing mechanisms.
- **Social empowerment and inclusion through cocoa value chain processes:** Aim to build peace with and for cocoa farmers.

Example solutions

- Supply chain technologies, logistics optimization and storage solutions
- Food processing and packaging
- New sales channels (e.g., online trading platform)
- Efficient Irrigation technologies
- Fertilizer management practices
- Circular economy, waste management and treatment
- Farm management software, advisory services, and weather data

- Water management and small-scale irrigation systems
- Education tech platform

Eligibility criteria

- The innovation has a minimum viable product or proof of concept.
- The innovation has a verified potential commercial value and impact.
- Applicants should be able to provide evidence of user or customer validation of the value proposition.
- The business model includes a clear inclusive strategy for smallholder farmers, women, and youth within the business model in at least one of the following dimensions: ownership; management team; workforce and policies; and supply chain and customers.
- The beneficiaries of the innovative solutions should be small-scale farmers, food processing companies, small and medium-sized enterprises, consumers, youth and/or women.
- Applicants must be a for-profit or social enterprise and demonstrate commercial viability and either be profitable or on the path to profitability. NGOs, large corporations and consultants will not be considered.
- Although the applicants need not be Colombian, they must have a presence and be locally rooted in the country of implementation: country office or other permanent presence, and the solution should be part of an established legal entity, such as a for-profit or social enterprise, in Colombia.
- Ventures should be able to demonstrate they have a diverse, non-discriminatory, gender-balanced culture, an entrepreneurial mindset and a clear vision.
- The solution aligns with or is relevant to one or more CGIAR's impact areas.

What we offer

The Sustainable Cocoa Innovation Challenge offers a comprehensive range of resources and connections to selected applicants:

- Access to all documents developed in the context of the SLUS project. This includes cocoa value chain strategies for Caqueta and Cesar, the project's prioritized departments, and an assessment of existing business models of two farmers' associations working with SLUS project.
- A fully sponsored acceleration program combining business training and technical assistance.
- On-the-ground experimentation and pilot testing in Colombia.
- Support in the creation of a sales pitch to raise a grant and to sell to external parties.
- Up to \$15.000,00 equity-free grant each for two winners with a sustainable business model and scaling plan.
- Networking and technical assistance from CGIAR scientists and industry partners.
- Networking and business mentorship with some of the best local entrepreneurs in Colombia.
- Exposure to potential investors, opening doors to funding opportunities and commercial partnerships.
- Support to accelerate go-to-market and growth.

How to apply

Applicants are required to register, build out their profile, and fill in the application form at <https://bit.ly/47c5b6T> by **31 August 2023 at 23:59 CET**.

Selection criteria

We will form a committee to assess the applications. The selection committee includes experts from the Alliance of Biodiversity International and CIAT and representatives from the public and private sectors, research institutions, the agri-food industry, and investors.

Evaluations are based on specific criteria, rated on a scale of 1 to 5 — 1 being poor and 5 being excellent. The selection criteria are as follows:

- **Business model.** A defined strategy to generate revenue and achieve profitability. It encompasses the framework for how a product or service will be monetized. A well-defined business model demonstrates a clear plan for creating value, acquiring customers, and sustaining a profitable operation.
- **Team.** Coachable and passionate team with potential. Open to learning, adaptable and driven to make a positive impact. Embraces feedback, seeks growth and enjoys their work. Committed, collaborative, and resilient, they create a conducive environment for success.
- **Market potential.** Untapped opportunities and possibilities for growth and success within the cocoa market. It entails the ability to understand and leverage the Colombian cocoa value chain, effectively identifying gaps and introducing innovative solutions that can disrupt and create new avenues for business success.
- **Traction.** Validation and progress the startup has achieved beyond just an idea. It signifies tangible evidence that the business model works and resonates with users. Although significant sales may not be required, demonstrating an understanding of the target market and user needs is essential for gaining traction.
- **Fit with the challenge.** The proposed solution or business aligns with the geographies, criteria, and objectives of the funders, especially if the solutions are aligned with climate change mitigation and peacebuilding. It signifies the potential value the solution can bring and the degree to which it meets the program's goals. A strong fit indicates a high likelihood of success and mutual benefit for both the startup and the program.

Application and screening process

- **Call for application.** The global call runs from 4 to 31 August 2023.
- **Selection.** The selection committee shortlists 10 solutions based on the above-mentioned criteria.
- **Acceleration program.** The 10 shortlisted innovators participate in a sponsored acceleration program that includes business training, technical assistance and access to on-the-ground experimentation with value chain actors.
- **Demo Day.** The 10 shortlisted innovators pitch their solutions to investors, industry experts, agribusinesses, scientists, governmental institutions and the media.
- **Post-acceleration support.** Two winners receive up to US\$15,000,00 equity-free grant each and post-acceleration support for their growth through mentorship and opportunities for long-term collaboration with CGIAR and Rockstart.

Timeline

- **4 August 2023:** The call for application opens.
- **31 August 2023:** Submission of application closes.
- **1-15 September 2023:** The selection committee evaluates applications.

- **28 September 2023:** The acceleration program kicks off.
- **27 October 2023:** Demo Day takes place in Cali, Colombia, where grant winners will also be named.
- **28 October to 30 November 2023:** Grant winners receive post-acceleration program support.

Got a question?

- Get in touch via email at info@agritechchallenge.org or contact Martha Vanegas via m.vanegas@cgiar.org
- Visit the website: <https://colombia.agritechchallenge.org/>

ⁱ FAO. (2023). FAOSTAT. License: CC BY-NC-SA 3.0 IGO

ⁱⁱ Fedecacao. (2023). Producción nacional de cacao. <https://www.fedecacao.com.co/economianacional>

ⁱⁱⁱ Abbott, P.C., Benjamin, T.J., Burniske, G.R., Croft, M.M., Fenton, M., Kelly, C.R., Lundy, M., Rodriguez Camayo, F., Wilcox M.D. (2018). An analysis of the supply chain of cacao in Colombia. United States Agency for International Development - USAID. Cali. CO. 208 p. <https://cgspage.cgiar.org/handle/10568/96636>

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^{vi} Fedecacao. (2023). Producción nacional de cacao. <https://www.fedecacao.com.co/economianacional>

^{vii} FAO. (2023). FAOSTAT. License: CC BY-NC-SA 3.0 IGO

^{viii} MinAgricultura. (2020b). Estrategia de ordenamiento de la producción de la cadena productiva del cacao y su industria [Borrador]. Dirección de cadenas agrícolas y forestales del Ministerio de Agricultura y Desarrollo Rural (MinAgricultura). <https://sioc.minagricultura.gov.co/DocumentosContexto/S4128-Plan%20OP%20Cacao%202020.pdf>

^{ix} Perez - Marulanda, L. y Lugo, M. (2022). Reporte de la evaluación de la rentabilidad financiera de los sistemas Agroforestales sostenibles de Theobroma cacao en los departamentos de Caquetá y Cesar. [Informe elaborado en el marco del Proyecto SLUS por el equipo Agroecosistemas y paisajes sostenibles].

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^{xii} Iniciativa Cacao, Bosques & Paz Colombia. (2023). About us. <https://cacaobp.org/en/about-us/>

^{xiii} United Nations Office on Drugs and Crime. (2023). Comprehensive and sustainable productive projects. <https://www.unodc.org/colombia/en/da2013/proyecto4.html>

^{xiv} Castro-Nunez, A., Mertz, O. & Sosa Arango CC. (2017). Geographic overlaps between priority areas for forest carbon-storage efforts and those for delivering peacebuilding programs: Implications for policy design. *Environmental Research Letters* 12(5). <http://dx.doi.org/10.1088/1748-9326/aa6f20>

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