How we’re making a difference
First insights into IDH’s 2016-2020 contribution to public good impact
Foreword

Moving towards zero-deforestation in soy and palm, paying living wages in tea, doubling the incomes of cocoa and coffee smallholders, ensuring worker safety in apparel, stopping gender-based violence on tea plantations – these are some of the complex issues in sustainable trade that are the core of the impact agenda of IDH in 2016-2020. As IDH moves beyond supply chain certification to build transformational innovations designed to tackle these complex issues, it is critical to measure how and to what extent these interventions are successful.

The methodological challenges are significant, given IDH’s high ambitions and large program portfolio – acting across many sectors and landscapes in more than 50 countries, to create systemic change in the field but also beyond the field through changing sector governance and businesses practices. The Impact Committee is confident that IDH is taking appropriate steps to test which of its innovations are indeed successful and where further improvements are needed. This report offers the present, state-of-the-art intervention logics and a robust methodological approach that will gradually gather evidence on IDH contribution to public good impacts by 2020. Main challenges ahead are to gather attributable proof at output and outcome level through the Result Measurement Framework (RMF), and especially at impact level through indepth impact research.

As IDH Impact Committee, we are happy to assist IDH in this journey. We review and assess internal reports regarding impact, advise on methodologies as well as on possible changes on IDH approaches that may help to further improve the impact of its programs, and provide advice to the Supervisory Board on measuring and communicating the social and environmental impacts of IDH activities.

This is the first publication summarizing the evidence gathered so far on IDH’s contribution to building transformational and innovative models that can address deep-impact issues such as deforestation and poverty. This publication is of interest not only to IDH, its partners and its donors, but also to everyone working on strengthening sustainable agriculture and reducing deforestation. Although there is still a long journey ahead of IDH, as more and stronger evidence needs to be gradually gathered, we believe IDH is on the right track and makes use of the latest insights from other impact evaluation studies. While evaluation obviously is about measuring impact to legitimize interventions to partners and donors, it is also about learning how to further improve interventions. As Impact Committee, we aim to ensure that IDH remains ‘ahead of the curve’ in the field of promoting sustainable trade and that IDH will be able to prove by 2020 that its innovations are successful in reaching public good impact.

Peter Knorringa
Professor Private Sector and Development
Chair of IDH Impact Committee
International Institute of Social Studies, Erasmus University Rotterdam
This report provides a summary of the evidence gathered so far on IDH’s contribution to public good impacts in its 2016-2020 program. Most of the evidence presented comes from the WUR-KPMG report: ‘First Assessment report on the existing evidence behind IDH’s impact stories’, with some additional information added and updated as per IDH latest activities.

The evidence is based on a literature review of our activities and similar approaches, sector surveys of program stakeholders and engaged outsiders (who know us but are not directly involved in our programs), and interviews with our staff and partners. The report presents an interim analysis of our interventions in four of our five focus impact themes:

1. Smallholder inclusivity
2. Mitigation of deforestation
3. Living wages and working conditions
4. Responsible agrochemical management

Outcomes of our work on gender equality and empowerment, introduced as a fifth impact theme in late 2016, are too early to share.

IDH organizational evolution starts with upscaling and accelerating existing sustainability tools. Having mostly met or overshot our ambitious certification targets, and learned about the moderate impact certification has in terms of income and sustainable production, we shifted our focus to higher-hanging fruits. Our objective is to move beyond certification to build transformational models designed to tackle complex issues through local convening, co-funding, and thought-leadership across our impact themes.

In this report we outline the methodological approach we have designed to measure the effectiveness and efficiency of these models in achieving public good impacts. Assessing IDH’s contribution is methodologically challenging, as we work in many sectors and landscapes across more than 50 countries. Moreover, our strategy involves creating systemic change in five impact themes across three mutually reinforcing result areas: sector governance, field-level sustainability, and business practice.

To overcome this challenge, IDH has – with help from Wageningen University & Research and KPMG – designed and implemented a theory-based methodology to gradually gather evidence on our contribution to public good impacts by 2020. At the core of this methodology, there is an intervention logic for each impact theme, which maps out our expectations in terms of the causal relationships between our support activities and the final outputs, outcomes, and impacts. By identifying the main causal relationships per impact theme, we can start gathering the existing evidence as well as identifying the gaps that need to be gradually filled by 2020.

At the heart of the report, we present the interim findings for our four impact themes. We examine how IDH is making a difference through a discussion of achievements and lessons learned. Early results support our approach to achieving public good impact, but we will need to strengthen this evidence in coming years, complementing it with strong key performance indicators and in-depth proof of concept research, to have a full assessment of our contribution to public good impacts by 2020.
About IDH

IDH, the Sustainable Trade Initiative, convenes companies, civil society organizations (CSOs), governments and others in impact-oriented public-private partnerships. Together we drive the joint design, co-financing and prototyping of new economically viable approaches to realize green and inclusive growth at scale in commodity sectors and sourcing areas. Our approaches are designed to drive sustainability from niche to norm in mainstream markets, delivering impact on Sustainable Development Goals.

Sustainable development goals

IDH’s strength derives from our network of over 500 powerful public and private partners that drive and organize change on global, national, and local levels. We are supported by multiple European governments, including our institutional donors: the Dutch Ministry of Foreign Affairs BUZA, the Swiss Secretariat for Economic Affairs (SECO) and Denmark’s Ministry of Foreign Affairs development cooperation (DANIDA). IDH works in many sectors and landscapes in over 50 countries worldwide.

The value of our role has been our ability to act as a neutral convener of public-private partnerships, as well as our co-financing capacity that triggered millions of private investments into innovative prototypes that are designed to be scaled and replicated to deliver mainstream impact on SDGs.
Overview of countries in which IDH programs are active and their different impact themes

Impact themes

- Smallholder inclusivity
- Living wages and working conditions
- Mitigation deforestation
- Responsible agrochemical management
- Gender equality and empowerment

- Mali
  - Cotton
- Côte d’Ivoire
  - Cocoa
  - Coffee
  - Landscapes
- Liberia
  - Landscapes
- Costa Rica
  - Fresh & Ingredients
  - Aquaculture
- Mexico
  - Fresh & Ingredients
  - Aquaculture
- Brazil
  - Landscapes
- Cabo Verde
  - Fresh & Ingredients
- Cote d’Ivoire
  - Cocoa
  - Coffee
  - Landscapes
- Uganda
  - Coffee
- Rwanda
  - Coffee
  - Tea
- Pakistan
  - Cotton
  - Apparel
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  - Fresh & Ingredients
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Setting the scene

More and more, companies are making corporate commitments to advancing ethical and ecological practices across their supply chains, and governments are adopting greener policies. Safeguarding the environment, poverty reduction, and long-term security of supply have become common goals – and companies, governments, and civil society organizations have come to realize that working together is vital to achieving lasting change.

This is IDH’s raison d’être: achieving sustainability at scale by enabling all stakeholders – governments, producers, traders, brands, retailers, and end-buyers – to join forces and work together. Connecting the dots between the public sector, private sector, and civil society. Facilitating pre-competitive multi-stakeholder coalitions that see sustainable practice embedded into workstreams and business models. And bringing together governments and NGOs to integrate public–private cooperation into their policies.

Changing the game

When IDH was founded in 2008, we defined ourselves through programs focused on upscaling and accelerating existing sustainability tools – most specifically certification. In 2010, we set ambitious targets for certified produce and for the number of farmers trained. Most of these targets were met or overshot. Yet the first round of impact studies into our cocoa, cotton and tea programs, showed that certification only has moderate impact at farmer level in terms of income and sustainable production. Notwithstanding, it became increasingly clear that the key mechanism in our intervention model is not certification at field level: it is the ability to drive global companies to integrate sustainability into their core business.

In addition, during our first phase of funding, numerous insights were gained on matters of local convening, innovative finance, and impact beyond certification.

To be an effective and transformational convener, IDH would need to be recognized as a knowledgeable partner at a senior level in business, government, and civil society. Pulling together the best science and industry know-how and the latest thinking on trends and issues, and using that information to drive better practices across sectors.

A summary of the first round of impact studies (published in 2013) can be found in annex 1, on page 74.

Building the agenda

As a result of the insights learned during IDH’s first phase, our focus shifted to reach the higher-hanging fruit – evolving our programs from accelerating and upscaling certification to building transformational, locally owned models. This has required us to innovate and strengthen our interventions through:

Convening: Besides convening frontrunner market players in sector coalitions, we are also building deep engagement in the producing countries with national and sub-national government, domestic producers, and local civil society. This local convening is particularly evident in our landscape program.
**Co-financing**: Traditionally we used our funding to leverage grant co-financing from private sector partners, with a minimum of 1:1.2. As part of our 2020 impact agenda, we are also using grants as subordinated debt in order to leverage larger sums of private sector investments, going up to 1:10. This not only larger leverage, it also brings us closer to the core business (from involving Corporate Social Responsibility (CSR) to involving Chief Financial Officers).

**Learning**: Learning and innovation has always been critical to driving impact and performance across the IDH program portfolio. For our 2020 program, we have defined five impact themes that cut across all our programs, in order to create a more visible through-leadership agenda through which we engage our program partners and stakeholders. These impact themes, which are directly related to Sustainable Development Goals, are:

1. **Smallholder inclusivity.**
   IDH works together with private sector players, governments, and civil society organizations to create an enabling environment in which smallholder-inclusive business models can prosper, become sustainable, and contribute to improved livelihoods for the farmers and their families.

2. **Mitigation of deforestation.**
   IDH brings together the sourcing commitments of companies, the jurisdictional power of governments, and the knowledge and networks of local Civil Society Organizations (CSOs) to reduce deforestation and forest degradation.

3. **Living wages and working conditions.**
   IDH convenes coalitions of key sector players to foster worker-management dialogue and collective bargaining agreements, and to revitalize industries to create room for the payment of living wages to workers.

4. **Responsible agrochemical management.**
   IDH convenes coalitions of key players to improve sector governance and market access to better products, working to improve profitability, farmer and worker health, and food safety, as well as to reduce ecosystem impacts.

5. **Gender equality and empowerment.**
   At the end of 2016, IDH added gender equality and empowerment as a fifth impact theme as we consider gender both a key driver and a key concern for sustainability - in supply chains as well as landscapes. We have developed a proposition with the ultimate objective of ensuring gender equality and empowerment in global supply chains through the public-private partnerships that we bring together.
How we’re making a difference

All IDH sectors and landscapes work towards achieving impact in at least one of these five impact themes, by designing intervention strategies that trigger changes in:

**Sector governance**
Changes within sector agencies and sector institutions (systems, capacities, policies, rules and regulations) to manage the sector in a sustainable way (to be profitable, resilient, and environmentally and socially sound, and to address market access, market power, reputation, and price volatility) at local and international levels.

**Field-level sustainability**
Changes at the level of producers, workers and producer communities, relating to sustainability impacts as well as to their livelihoods, including their economic situation, their social wellbeing, and the sustainability of their natural resource base.

**Business practices**
Changes in behavior, at corporate level, of the main business actors in the value chain, towards more sustainable business practices in relation to that value chain.

In our theory of change, these three areas are addressed as interlinked to result in systemic change to reach public good impact.

Finally, to prove that the designed intervention strategies have been successful in reaching changes in sector governance, field level sustainability, and business practices, IDH measures Key Performance Indicators (KPIs) at project and program level through our Results Management Framework (RMF). This framework replaces our previous Monitoring & Evaluation (M&E) system, and will be applied to all new projects from 2016-2020.

At impact level, IDH also gathers evidence of these systemic changes for some of IDH’s proofs of concept. This evidence comes from internal studies and through third-party in-depth impact research. By proof of concept we mean the demonstration that our concepts (i.e. intervention strategies) are successful in reaching change, thus creating innovations that can be replicated and scaled by business and governments.

We consider our work successful if two-thirds of the innovations designed create positive impact in sector governance, at field level, or in business practice.

This report presents the first insights into IDH contribution to public good impact in the second phase (2016-2020).

IDH programs

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<th>Programs</th>
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→ next page Figure 3 | IDH programs implemented per impact theme
Assessing the impact

IDH works in many different countries and commodity chains. We work with multiple partners who also play a role in creating change. Moreover, our approaches are varied, dynamic, and evolve over time. This ever-increasing complexity is what makes us unique, but at the same time creates a challenge in evaluating the impact of our work.

With the help of Wageningen University & Research (WUR) and KPMG, IDH has developed a unique theory-based methodology to gradually gather evidence on our contribution to sustainable development.

At the core of this methodology is an intervention logic for each of our impact themes: smallholder inclusivity, mitigation of deforestation, living wages and working conditions, responsible agrochemical management, and most recently gender equality and empowerment. These intervention logics map out our expectations in terms of the causal relationships between IDH support activities and the final outputs, outcomes, and impacts.

We then identified the main causal relationships that need to be assessed per impact theme, and started gathering the existing evidence as well as identifying the gaps that we need to gradually fill in by 2020. To date, and going forward, this evidence is gathered from several data sources, including:

- A literature review to find evidence of impact for the type of interventions IDH initiates, and the lessons learned. The review includes external or academic papers, as well as studies directly related to IDH activities.

- A sector survey to capture perceptions on IDH’s impact from a broad group of stakeholders, including public, private, and civil society actors, international and local partners, allies and ‘engaged outsiders’ (who know IDH but are not directly involved in our programs).

- IDH key performance indicators (KPIs) for changes in output and outcome level, gathered through the Result Measurement Framework (RMF). All programs and projects are expected to collect data biannually or annually for several indicators that apply to their activities.

- Interviews with IDH staff, stakeholders and ‘engaged outsiders’, to gain a better understanding of the contexts and dynamics of IDH programs, and of the role we play in supporting sustainability processes.

Assessing our contribution to public good impacts
Finally, IDH performs additional in-depth impact research for some of our proofs of concept (POCs) to evaluate the impact in sector governance, at field level, or in business practice. Performing this research for the full quota of our POCs, which number over 25, would require too much resource. As such, we select two POCs within each impact theme to gather proof on how successful innovations can be designed for businesses and governments to internalize externalities such as deforestation and poverty. To select these POCs per impact theme, we considered the following criteria: maturity and measurability of the project (to include projects where impacts are likely to be materialized and assessed by 2020), representation (to cover key innovations that IDH is aiming to drive in various sector programs), proportionality (where there is a substantial investment by IDH), and additionality (where investments into the evaluation add unique value).

1. **Global Coffee Platform**: a shared vision for the public and private sector
2. **Improved bankability of cocoa farmers and cooperatives**: Côte d’Ivoire
3. **Mitigating deforestation in South West of Mau Forest**: Kenya
4. **Production, Protection and Inclusion approach in West Kalimantan**: Indonesia
5. **Towards achieving living wages within the tea sector**: Malawi
6. **Improving working conditions in the apparel sector**: Vietnam
7. **Responsible agrochemical management in cotton and chilli**: India
8. **Landscape approach for responsible agrochemical management in tea and coffee**: Vietnam

![Figure 4](image1.png) Within each impact theme, IDH selects two Proofs of concept.

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**1. Concept (intervention strategy)**
Through the convening of the Malawi Tea 2020 supply chain partnership (35 organizations), a Roadmap is developed and implemented to:
- **Revitalize the Malawi tea industry**
- **Empower Malawi Tea workers and improve their livelihoods and create opportunities for women**
- **Improve buyer procurement practices** and as a result achieve a profitable, competitive Malawi tea industry where its workers earn a living wage by 2020.

![Figure 5](image2.png) Example Proof of Concept within the Living wage impact theme: Tea; Malawi Tea 2020

**2. Prototype(s) (project/s)**
- Convene and facilitate the Malawi Tea 2020 supply chain partnership through the Annual Progress Meetings, Steering Committee meetings, Evaluation committee meetings and Wages committee meetings.
- Facilitating access to affordable finance for replanting, irrigation and factory refurbishment in order to improve quality in collaboration with Agdevco, FMO and others.
- Support the start and annual recurrence of the Collective Bargaining Agreement (CBA) process, capacitate both employers (TAML) and employees (FAWU).
- Improve nutrition of workers and their families through collaboration with GAIN.
- Support activities of Oxfam to hold buying companies accountable and to coordinate the creation and implementation of improved buyer procurement practices.

**3. Proof (how to measure change)**
- Prevailing wages in relation to Living Wage Benchmark per Anker Methodology (annually by Wages Committee)
- Assess level of livelihood improvement for workers (in depth impact study)
- Assess supply chain contributions depending on procurement mechanism (Oxfam)
- USD investment in Malawi tea revitalization
- Competitiveness of Malawi tea industry

**4. Conditions for scaling/replicating**
- **Malawi Tea 2020** can be the first global program to show HOW to work towards living wages. Document and disseminate learnings (e.g. GLWC)
- Business committed to integrate living wage
- Replication in other countries with a different value proposition (India Assam)
- Potential to replicate in other sectors in Malawi with export potential for Europe
For this first report, most of the evidence comes from the literature review (384 documents reviewed), sector survey (230 respondents), and the interviews (to 28 individuals). Over the coming years, IDH will strengthen this evidence, complementing it with strong KPIs and in-depth impact research of our POCs, to have a full assessment of our contribution to public good impacts by 2020.
The challenge
Smallholder farmers are responsible for a significant part of agricultural production worldwide. In many developing countries, the agricultural production of these key players in the value chain is also an important driver of the national economy and source of income for the rural economy. Yet smallholders face multiple challenges – low productivity, poor soil quality, lack of agricultural and business skills, lack of access to finance and markets, climate change, food insecurity, and unequal bargaining positions – that make it a struggle for them to make a decent living.

Our approach
IDH works together with private sector players, governments, and civil society organizations to create an enabling environment in which smallholder-inclusive business models can prosper, become sustainable, and contribute to improved livelihoods for the farmers and their families. To achieve this, we are building on the increased market demand for sustainable and traceable produce, and the increased risk-taking appetite of both the financial sector and value chain partners to serve smallholder farmers in order to secure supply and generate new business opportunities.

Building in new models for smallholder inclusivity

‘When we first started, we were looking for a way to do business with farmers that allowed us to bring sustainability in. The Service Delivery Model we have developed since with IDH is really a second leg to the business: providing farmer services, helping farmers to improve their productivity on the farms.’

Michael Schlup
Partnerships Coordinator Cocoa Sustainability
Barry Callebaut
How we're making a difference

Cocoa
IDH is working to create more productive cocoa farms to improve revenues for the farmer and to create sustainable business models for supply chain partners. To this end, we are focused on creating an enabling environment for the improvement of the bankability of both cocoa farmers and cooperatives. We are working with financial institutions that engineer financial products to enable cocoa farmers to invest in their farms and cooperatives (to offer better services to their members).

Coffee
At global level, IDH supports the Global Coffee Platform (GCP) which facilitates a shared vision for public and private stakeholders to take more coordinated action and increase investments globally, changing the business practices of its members to create a more sustainable coffee sector. GCP also operates several platforms at national level, that enable local public-private dialogue, cross-platform learnings, improved policies, more coordinated action and increased investment in origin countries.

At country field level, IDH is also working in Uganda and Tanzania to prove the business case for exporters to offer multiple services to smallholder farmers (based on their needs), which should lead to increased food security and income, and to a more stable and sustainable supply base for companies.

Cotton
IDH supports the Better Cotton Initiative (BCI) – helping to scale its model to achieve broad market transformation and improved yields to positively impact the livelihoods of farmers. We also aim to establish farm-related ancillary activities (related to cotton and beyond) to increase the revenue of service providers. In India and Mozambique, this will result in the development of a viable business model for supporting farmer extension services.

Tea
To ensure that smallholder farmers receive good quality services that enable them to improve their production practices and become resilient and empowered, IDH is working in Tanzania to strengthen their relationship with an established tea value chain partner, and to create a better balance of power.

Fresh & Ingredients
Within all IDH Fresh and Ingredients sectors (fruits, vegetables, flowers, cashew, spices, and vanilla), we are working with packers, processors, and nucleus farms to improve their service delivery to smallholder farmers. The main objective is to increase the profitability and sustainability of their smallholder sourcing (at the volume, consistency, quality, and safety levels required by retail and brands), leading to increased production, income, and resilience of smallholder farmers.

Landscapes
In many of IDH’s landscapes, smallholders are important stakeholders. We are looking to improve the incomes of smallholders by intensifying their production while at the same time protecting the natural environment through economic incentive mechanisms.
Improving sector governance

Sector governance interventions are crucial to addressing sustainability challenges that cannot be addressed by individual players alone. More importantly, these challenges require both the public and the private sector to create a more conducive and enabling environment for improving smallholder livelihoods. IDH convenes local, national and international public-private coalitions to create global sector platforms, national sustainability strategies, sector covenants and benchmarking.

How we’re making a difference

IDH has played an important role supporting major sector-wide, multi-stakeholder platforms – including in cotton, coffee, and fruits and vegetables. These platforms work towards building a shared vision among stakeholders and formulating strategies to be implemented by the private and public sectors to reach pre-established goals.

In Uganda, IDH supported the harmonization of extension materials in the coffee sector, an activity that was recognized by the Ministry of Agriculture as an example of how to integrate coffee-specific extension into the new national extension strategy.

In Vietnam, a National Sustainability Curriculum for the coffee sector and the Vietnam Coffee Coordination Board have been developed and established under the Sustainable Coffee Program, supported by IDH. Other National Sustainability Curricula for the coffee sector have been established in Tanzania, Colombia and Brazil.

Within the cotton sector, IDH stepped in as a partner to the Better Cotton Initiative (BCI), playing a key role in integrating the BCI standard into national standards through close collaboration with local governments of countries including Mozambique and Brazil.

Several initiatives within the IDH Fresh & Ingredients program have already contributed to bringing stakeholders in several sectors together around commonly agreed targets. For instance, IDH hosts the Sustainable Fruits and Vegetables Initiative across a range of countries in Africa, Asia, and South America, as well as the Sustainable Spices Initiative, active in both India and Vietnam, the Sustainable Vanilla Initiative in Madagascar, the Sustainable Nuts Initiative in India and West Africa, the Sustainable Grapes Initiative in India and the global Floriculture Sustainability Initiative.

Considering that most of the multi-stakeholder platforms are still new and that the implementation of policies can take time, we aim to assess by 2020 how these public-private coalitions lead to improved sector governance, creating an enabling environment for field level change.

Increasing field-level sustainability

Good quality services are the essential first step to sustainable changes at field level. IDH is using a range of different interventions to support smallholder farmers to improve their profitability, income, and nutrition status. In many of our interventions, smallholders are being trained and coached on good agricultural and business practices to improve their productivity and profitability, and inputs such as planting material, fertilizer and crop protection products are made available.

Additionally, when smallholders have access to finance or to services on credit, they can better implement the good practices they have learned through training and coaching. "Bankability" of smallholders is an important next step to lift smallholders to a next level and we are working to help diversify their income sources and provide access to financial and insurance services to increase their resilience.

How we’re making a difference

In the cocoa sector, the IDH Cocoa Productivity and Quality Program launched the idea of the productivity package: a mix of services enabling farmers to increase their productivity to 1,000 kilograms per hectare. For the Cocoa Rehabilitation and Intensification Program, we contributed to the establishment of ten Resource Service Centers to offer farmers a wide range of services, from inputs to credit.

Independent studies have shown that IDH-supported interventions have led to increased adoption of good agricultural practices and higher yields within the tea sector. Also, adoption of practices was associated with higher yields and profitability within the cocoa sector in Ghana, although farmers appeared to remain poor in terms of income earned per day. Another study in the cocoa sector in Ghana shows impact on cocoa profitability as a result of project participants gaining UTZ certification and subsequently receiving a higher price for their cocoa.

While the effects of training on knowledge and adoption of practice are generally positive, the impact of training modalities on farmer income and nutrition is more contested, as it tends to be positive for only some subgroups of beneficiaries. Wider literature suggests that the more complete the support package provided to farmers is, the higher the effects on income. This reflects positively on IDH’s approach in which more and more specific groups of farmers are offered specific, multiple services through service delivery models that are customized to their needs, including market access and access to input and credit. Some of the larger delivery packages will only be suitable for commercially oriented farmers.
How we’re making a difference

IDH support to the development of service delivery models

Increased access to services input, finance, training

Sustainable, scalable and replicable business models

Advancing business practices

Innovative service delivery models (SDMs) have the potential to increase the quality and quantity of smallholders’ production, as well as improve their livelihoods. An important element in the IDH strategy is to assist private sector partners in thinking strategically about SDMs by analyzing the benefits different models could bring - to the companies involved, as well as other actors in the supply chain, including smallholder farmers. As such, we have developed a data-driven, quantitative approach to analyze the economic sustainability of these SDMs.

IDH is actively working with partners to prototype innovations and further improve their SDMs. The instruments of our innovative finance work are being used for sharing risks with the institutions that provide the financing to these SDMs. This financing allows further scaling of SDMs operations.

SDMs will only be successful in the long term if they prove good business for the ones offering the services and have a positive effect at smallholder level, creating continuous demand for the services.

How we’re making a difference

IDH has contributed to the implementation and improvement of several SDMs in which farmers are offered multiple services. Our report ‘Service Delivery Models, Insights for continuous improvement and farm impact’ (published in September 2016) analyzed 12 SDMs in 9 countries in the coffee and cocoa sectors. It concluded that while service delivery to smallholder farmers has been taking place for a long time, there is still limited data and insufficient evidence on what works and what does not. However, it is worthwhile to invest in these models, to further improve and bring positive impact for both business and farmers.

One of the SDMs analyzed in Côte d’Ivoire was made possible through an innovative finance scheme in which IDH shares the risk of a loan provided by the International Finance Corporation (IFC) to a large cocoa buyer. This SDM aims to facilitate 103,000 cocoa smallholder farmers in the country with access to in-kind credit of two different productivity packages designed to increase yields and profitability. Both packages contain pruning and crop protection, and one package also includes the supply of fertilizer. Farmers are trained and coached and are individually liable for the credit they take.

Through close involvement with our private sector partners, more and more of them are willing to invest substantially in sustainable business models and service delivery. For example, in the IDH coffee program, our strong engagement with big roasters has triggered major players in the sector to invest in improved services to farmers. Having injected the initial €12 million, we have mobilized €50 million in sustainable coffee production. Owing to these investments in services, 29% of global sales of green coffee is now sustainably sourced.

IDH’s interventions also work for a transition to direct sourcing from smallholders. For instance, our cashew program supported the development of a traceability system that was implemented by key cashew players who have now started to source directly from smallholders. By buying directly from smallholder groups and registering their deliveries in a newly developed traceability system, supply chain players can substantially reduce risks to their supply and reputation. At the same time, collecting information about a farmer group’s performance allows private and public investors to better target their investments. At the farmer’s end, increased traceability and performance tracking translates into more relevant training, improved access to finance and ultimately higher income levels.

What we’ve learned

IDH takes a holistic approach to improving the livelihoods of smallholders: training in good agricultural practices, supporting the infrastructure connecting them to the market, growing market demand for responsible products, and supporting the supply of the materials and financing they need to improve their farms. By doing this, we address the critical elements needed to help farmers become entrepreneurs, leading to a paradigm shift in the way companies deal with smallholder farmers: seeing them as (potential) business partners rather than receivers of development aid.

Smallholder-inclusive SDMs will remain central to achieving this goal, leading to better livelihoods and more sustainable farming practices. IDH is in the process of establishing a dedicated facility to develop and implement further innovations in SDMs with selected partners, and by 2020 we want to know whether and how the SDMs developed and implemented are scalable and replicable.
Evidence on IDH contribution to public good impacts

**Sector governance**
- **Output**: IDH support to public-private coalitions
- **Outcome**: National sustainability strategies, global sector platforms, sector covenants & benchmarking
- **Impact**: Improved sector governance, creating an enabling environment for field-level improvement

**Field level**
- **Output**: Services (input, finance, training) provided to farmers
- **Outcome**: Adoption of good agricultural & business practices
- **Impact**: Increased profitability, household income & nutrition

**Business practices**
- **Output**: IDH support to the development of service delivery models
- **Outcome**: Increased access to services (input, finance, training)
- **Impact**: Sustainable, scalable and replicable business models

Proven change

Building impact evidence
The challenge
Agriculture is the biggest driver of deforestation worldwide. Each year, between 12 and 15 million hectares of tropical forests disappear, affecting biodiversity and contributing to climate change. To respond to the challenge, a growing number of retailers, manufacturers, processors and traders in the food, fuel and fiber sectors are making public commitments to establish deforestation-free supply chains. In addition, national governments are introducing procurement policies to purchase certified commodities. These are positive advances – but delivering on such commitments requires going beyond single product and single site certification: addressing sustainability challenges beyond the farm gate, at a landscape level.

Our approach
IDH focuses on deforestation-vulnerable landscapes in Côte d’Ivoire, Ethiopia, Kenya, Liberia, Indonesia, and Brazil, across pulp and paper, palm oil, timber, soy, tea, and cocoa supply chains. Bringing together the sourcing commitments of companies, the jurisdictional power of governments, and the knowledge and networks of local Civil Society Organizations (CSOs), we aim to create sustainable land governance models, improve degraded land, and create economically viable production and protection areas, leading to a reduction of deforestation and forest degradation.

Mitigating deforestation

‘IDH has been good in coordinating stakeholders and having them work together. IDH works very well with key private sector partners as well as Government agencies. Everyone is looking at the South West Mau Forest program with a sense of confidence. Although much of the outcomes so far are process wise, some concrete interventions are already being implemented on the ground.’

Christian Lambrechts
Executive Director
Rhino Ark Charitable Trust
Côte d’Ivoire
IDH has joined hands with government and several private companies, as well as involving civil society, to establish a public-private coalition centered on commitments to halt deforestation and establish deforestation-free supply chains. The coalition has identified a set of activities that can address protection and production simultaneously.

Kenya
IDH is bringing together key stakeholders to reduce pressure on the South West Mau Forest with an integrated action plan, including policy dialogues and the development of practical and scalable solutions at local and regional levels. In particular, we focus on three thematic building blocks: forest conservation, improvement of water flow and access, and sustainable energy. Alternative livelihoods for communities is also an important cross-cutting issue considered under each building block.

Liberia
IDH is working with private sector concession holding companies Arcelor Mittal, Sime Darby, and Golden Veroleum Liberia (GVL) on smallholder productivity and forest protection in three landscapes – Nimba, southeast Liberia, and western Liberia. In the oil palm concession landscapes, IDH, the concession holders and the Forestry Development Authority (FDA) raise capital for investing in community oil palm outgrower farms, and leverage investments to incentivize community forest conservation.

Ethiopia
In the Central Rift Valley region, competing claims on water and land have led to a decline in water quantity and quality, as well as land degradation and precarious livelihoods. To help address these issues, IDH has been convening, facilitating dialogues, and co-funding initiatives with key private, public and civil society stakeholders in the landscape. Our Ethiopia program focuses on a variety of interventions, ranging from the development of a water allocation plan to reforestation in the landscape.

Indonesia
1. In Aceh, focusing on Aceh Tamiang and Aceh Timur, with the objective of curbing deforestation due to the rapid expansion of agriculture into the Leuser ecosystem, including for palm oil, one of the area’s main crops.
2. In West Kalimantan, protecting the remaining natural forest areas on private, state and community land, protecting and rehabilitating intact peat areas, and enabling landscape connectivity by linking forest blocks and restoring degraded areas.
3. In South Sumatra, protecting the forests and peatland in and around the Sembilang and Berbak National Parks and protected forest areas of Dangku, and piloting jurisdictional certification in Musi Banyuasin Regency, with the first prototype in the Lalan sub-district.

Brazil
In Brazil, the state of Mato Grosso has developed a green growth plan – Produce, Conserve and Include (PCI) – that aims to double its economic output while reducing illegal deforestation to zero and improving the livelihoods of family farms and the indigenous population through economic inclusion. To deliver on these ambitious goals, a PCI committee was set up in March 2016. This multi-stakeholder coalition, supported by IDH, brings together several government institutions as well as leading companies from the soy and beef industries alongside a number of civil society organizations active in the area. In addition to supporting the PCI committee, we are working with companies and civil society partner organizations to develop a pipeline of projects with land-users on the ground, which can contribute to the PCI goals.
Reduced deforestation and forest degradation: Natural forests are conserved and restored to maintain their carbon storage capacity and biodiversity.

- Improved landscape governance
- Improved smallholder livelihoods
- Sustainable production
- Avoided deforestation
- Forest protected
- Forest restored
- Production-Protection-Inclusion integrated in business models

Impact:
- Improved regulatory frameworks and enforcement capacity
- Improved land use planning
- Adoption of sustainable land management practices
- Creation of new sources of revenue for communities
- Decrease in illegal practices in forests
- Increase in forest cover

Outcome:
- Creation of economically viable production-protection areas

Output:
- PPI deals/agreements facilitated
- Green growth partnerships, targets and monitoring established
- Multi-stakeholder coalitions

Input:
- Sector governance
- Field level sustainability
- Co-funding
- Business practice

Convening
- Learning
- Co-funding

Intervention logic on mitigation of deforestation
Improving sector governance

In selected landscapes, IDH convenes multi-stakeholder coalitions in which companies, local governments, communities and civil society work together to identify the desirable future for the landscape. These coalitions help to strengthen regulatory frameworks, enforce regulations and laws, and improve land-use planning.

The coalitions are also supported by Production-Protection-Inclusion (PPI) compacts, which are local-level arrangements between landscape stakeholders. The compacts define the terms of the collaboration between business, communities, local authorities, and government to ensure development of economic and livelihood opportunities under the condition of protected forests or natural resources, or both. They can include different mechanisms to create new revenue opportunities for communities, such as intensifying agricultural production or implementing sustainable land management practices.

Some projects will also include the creation of verified sourcing areas in certain landscapes, guaranteeing ‘deforestation-free’ status to commodity buyers.

How we’re making a difference

IDH activities relating to PPI compacts are relatively new, and full evidence will be gathered in the coming years.

Already, though, our shift from tackling deforestation through certification to instead convening multi-stakeholder coalitions and PPI compacts appears to be more effective. Especially considering there is little evidence that certification initiatives have contributed to mitigation of deforestation.

Certification initiatives typically address one chain of custody, and as a result there is a risk that produce from areas subject to deforestation still enters the supply chain. The PPI compacts convened by IDH aim to address this, by focusing at landscape level instead of on a single farm or plantation.

That said, multi-stakeholder platforms can only be effective if the public and private sectors are aligned and working towards the same goal, and incentives are in place for all stakeholders. This includes enforcement of laws and regulations, which is a challenge in many countries. There is no clear evidence that voluntary sustainability standards create an enabling environment for field-level change. However, IDH’s combined approach of strengthening regulatory and enforcement capacity, working with companies and other stakeholders to establish PPI compacts, and improving market demand for sustainable produce, is one that could be effective in creating such an enabling environment.

First signs of success are showing in the landscape of West Kalimantan, a region selected by the Indonesian government as the testing area for the recognition of High Conservation Value (HCV). The Ministry of Agriculture and the Ministry of Environment and Forestry are in the process of developing guidelines and recommendations for this region at the highest level of Indonesian law.

Mitigating deforestation

The high-level targets identified by the multi-stakeholder coalitions and detailed in the production-protection-inclusion compacts will be met through the design and implementation of field-level interventions that aim to address environmental as well as socio-economic issues, such as:

• To improve farming practices, which may include sustainable intensification of land use, to reduce pressure on forests (Production)
• To protect forests and restore degraded land (Protection)
• To secure communities livelihoods, through creation of new income generating activities (Inclusion)

How we’re making a difference

As this is still a new initiative within IDH, we are still in the progress to build most of the evidence on the impact PPI compacts have on sustainable landscape management, forest conservation and restoration. First pilots have started with sustainable land use, forest conservation and reforestation in West Kalimantan and in the Southwest Mau forest in Kenya.

In Kenya, IDH has created a stakeholder coalition between the private and public sector, local communities and NGOs to address the threats to the south-west Mau Forest, which include encroachment, livestock grazing, wood extraction for charcoal and firewood, fire, and poaching. Through this coalition, quarterly aerial
How we're making a difference

Mitigating deforestation

Private sector engagement is critical to the success of multi-stakeholder coalitions and the design and implementation of field-level interventions. To this end, IDH influences business practices at different levels.

At global level, we work towards increasing companies’ commitment to ending deforestation in their supply chain. We do so by creating sector coalitions together with sector associations and governments.

At field level, we support the operationalization of companies’ no-deforestation commitments through landscape approaches.

Over the long run, we aim to systematize business adoption of landscape approaches as a way of embedding sustainability throughout the entire commodity supply chain. In particular, we will promote adoption of Production-Protection-Inclusion (PPI) approaches in companies’ business models.

In 2016, IDH collaborated with HRH The Prince of Wales’ International Sustainability Unit (ISU) and the World Cocoa Foundation (WCF), to convene discussions on cocoa-related deforestation. This led to the signature of a joint statement of intent by 12 cocoa companies on 16 March 2017. The initiative now brings together over 25 companies from the cocoa value chain to work together with the governments and key stakeholders in Ghana and Côte d’Ivoire, developing joint frameworks of action for the two countries that will be presented at COP 23 in Bonn, Germany.

IDH is also setting up a large fund to drive deforestation-free agricultural production in tropical forest countries, jurisdictions, and landscapes by directly linking commodity production to forest and peat land protection. The provisionally named Production, Protection and Inclusion Fund aims to trigger 1.6 billion USD private capital investments with a 400 million USD de-risking capacity. It includes an ambitious investment agenda with social inclusion and environmental safeguarding as central pillars, delivering public and private sector economic growth through PPI deals.

What we’ve learned

PPI is a new approach for IDH and the full impact of our interventions cannot yet be measured. Early signs suggest a positive trend, especially in comparison to earlier projects, and we look forward to building further evidence in support of our strategy.
Evidence on IDH contribution to public good impacts

**Sector governance**

**Output**
- IDH support to public-private-civic coalitions

**Outcome**
- Regulatory frameworks, enforcement capacity, land-use planning

**Impact**
- Improved landscape governance, creating & enabling environment for reduced deforestation and forest degradation

**Field level**

**Output**
- Design of field-level interventions at farm and forest level

**Outcome**
- Improved farming practices, enhanced livelihoods and forest protection and restoration

**Impact**
- Mitigation of deforestation and forest degradation

**Business practices**

**Output**
- Company engagement in multi-stakeholder coalitions global/landscape-level

**Outcome**
- Increased companies’ commitments to ending deforestation & operationalization of these commitments through landscape approaches

**Impact**
- Business adoption of landscape and PPI approaches
The challenge
Poor working conditions and low wages are a fundamental issue for sustainable trade. In many developing and emerging markets, employment in the export sector promises a potential solution – an exit from poverty for workers, and a material contribution to the country’s economic development. Yet all too often worker safety is compromised and pay is insufficient to ‘work out of poverty’, stalling progress and perpetuating in-work poverty.

Our approach
IDH works together with private sector players, governments, and civil society organizations to improve working conditions and living wages in sectors such as apparel, tea, bananas, and flowers. To achieve this, we convene coalitions of key sector players to foster worker-management dialogue and collective bargaining agreements, support living wage benchmark setting as per the Anker’s methodology, and work to revitalize industries to create room for the payment of living wages to workers.

‘The living wage we estimated for the tea area in southern Malawi to use as the benchmark against which the Malawi Tea 2020 project is measuring progress toward payment of a living wage helped ‘awaken a sleeping giant’. The Malawi Tea 2020 project has so far been responsible for the first collective bargaining agreement in the Malawian tea industry which included a substantial increase in wages for tea industry workers.’

Richard and Martha Anker
Living wage experts; authors of the book: Living Wages Around the World: Manual for Measurement
Richard Anker, Senior Research Fellow, Political Economy Research Institute, University of Massachusetts, Amherst, formerly with the International Labour Organization
Martha Anker, Independent Researcher, formerly of the World Health Organization
Apparel
In Vietnam, IDH fosters worker management dialogue and productivity in collaboration with industry, Civil Society Organizations (CSOs), and public partners. This dialogue empowers workers and creates worker panels within factories that serve as continuous improvement muscle for working conditions. At the same time, higher productivity can increase the take-home wages for workers earning a piece rate, and improve factory profitability, which creates a margin for improving wages for workers earning hourly wages.

Tea
Through the convening of the Malawi Tea 2020 supply chain partnership (35 organizations), IDH helps to revitalize the Malawi tea industry, empower Malawi tea workers and improve their livelihoods, create opportunities for women, and improve buyers’ procurement practices. As a result, we aim to achieve a profitable, competitive Malawi tea industry, where all its workers earn a living wage by 2020.

Fresh & Ingredients
Through the Sustainability Initiative Fruit and Vegetables, the Floriculture Sustainability Initiative and the Sustainable Spices Initiatives, IDH aligns market demand around benchmarked voluntary social standards. The objective is two-fold: to reduce the costs due to audit duplications and to roll out effective verification through the entire supply chain; and, to promote a race to the top for standards and more stringent and efficient auditing of working conditions at processor and producer level. In the banana and flowers sectors, IDH also works with companies, standards bodies and CSOs on the living wage theme. The aim is to implement a range of approaches reflecting the differing supply chain characteristics on how to reduce the gaps between current and living wages that could be then scaled up and replicated.
Improving sector governance

Openly confronting the issue of poor working conditions and low wages is critical to changing the status quo. Change needs to happen at governance level to impact workers in firms, factories, and farms. By convening coalitions of key sector players, IDH fosters worker-management dialogue that leads to committed policy makers (both public and private) and collective bargaining agreements. This in turn creates an enabling environment to achieve improved working conditions and living wages.

To establish living wage benchmarks, IDH uses the Anker-methodology, a worldwide recognized methodology to calculate reference wage levels in different countries and sectors.

How we’re making a difference

Our research finds strong evidence that IDH-supported sector initiatives lead to (better) worker-management dialogue, which can lead to collective bargaining agreements (CBAs). For instance, within the tea sector, the Malawi Tea 2020 coalition has already seen real progress – helping build the capabilities of both management and workers’ organizations to engage in effective collective bargaining, resulting in the first CBA in the Malawian tea industry in August 2016.

The CBA is a key milestone toward a living wage in the sector, as it immediately led to an increase in nominal wage of 18-24% for 50,000 workers at 9 tea companies or estates in the tea sector - thereby decreasing the gap between wage levels and the ‘living wage’ by 20%. However, as inflation in Malawi can be very steep, periodic revisions are needed to ensure that increases in wages translate into increases in purchasing power. It is still to be assessed whether the wages of seasonal laborers are also positively impacted through the CBA.

In the apparel sector, IDH developed the Race to the Top program in Vietnam, which is the first pre-competitive, locally owned multi-stakeholder initiative, created to reshape the Vietnamese apparel and footwear sector by promoting and enabling locally embedded sustainable manufacturing practices. The main approaches used to improve working conditions are providing capacity building for increasing worker-management dialogue, productivity training to workers, supervisors, and management in factories in Vietnam, and discussing labor policies with the Vietnamese government and international organizations.

The Race to the Top program is also engaging with the Vietnam Ministry of Labour, Invalids and Social Affairs (MOLISA) in policy discussions on worker-management dialogue, through leading and organizing the creation of the Public Private Platform (PPP) in Vietnam. The PPP in Vietnam was formally signed by the Ministry of Industry and Trade, MOLISA, and the Ministry of Natural Resources and Environment, as well as sector associations and the Race to the Top steering group members. Together, these partners commit to jointly work on scaling the Race to the Top program and discuss policies and incentives to further boost the sustainability of the sector.

In the fruit and vegetables sector, the IDH Sustainable Initiative Fruits and Vegetables program, has promoted collaboration among standards and the work of the Global Living Wage Coalition, with the goal of establishing social standards, including the living wages criteria, that can be verified through audits.

In the banana sector, IDH is financially supporting a project with the World the World Banana Forum (WBF), a broad multi-stakeholder platform for the banana value chain, focusing on living wage studies in Ecuador and Ghana. We are also supporting a project with major banana importer Fyffes and IPL on direct supply chains to gain experience in the application of credible wage benchmarks in Costa Rica and Belize.

In floriculture, IDH has financially supported wage structure analysis and benchmarking studies in Kenya, Ethiopia and Tanzania, which have been recently published or are expected by summer 2017.

Increasing field-level sustainability

IDH supports companies to develop human resource management, capacity building and employee and employer training – giving workers a stronger voice and seeing improvements in safety, nutrition, in-kind benefits and skills. These improvements can translate into increased worker satisfaction and productivity, which can in turn translate into higher margins to augment wages.

However, it is recognized that in the absence of mechanisms for equitable distribution of value at sector and enterprise level, gains from enhanced productivity are unlikely to pass through to workers via higher wages. To ensure that workers share the benefits, a close involvement of worker and employer representatives is needed in determining minimum wages, ensuring the concerns and priorities of those most directly affected are considered.

How we’re making a difference

As IDH programs within this impact theme have started only recently, it will take some time to gather the evidence on the impacts at the field level. Some field results of our work on this theme come from the IDH Electronics program (which is no longer an IDH sector), and the work on improved nutrition at tea plantations through the Malawi Tea 2020 program.

IDH work helped to improve working conditions within China’s electronics manufacturing practices. The main approaches used to improve working conditions are providing capacity building for increasing worker-management dialogue, productivity training to workers, supervisors, and management in factories in Vietnam, and discussing labor policies with the Vietnamese government and international organizations.
Business model interventions to improve margins of companies

Proven business cases to improve quantity and quality

Improved sector competitiveness

sector. IDH supported research by the Economic Rights Institute, one of our implementing partners, showed improvements in worker satisfaction as a result of better human resource management and increased worker voice for which the IDH program provided training and support. The worker representatives that the program helped elect and appoint improved working conditions by prioritizing tangible issues, such as food subsidies and selection of catering services as first priorities to tackle, as they had direct and practical impacts in the short term. From here the discussions often expanded to in-depth conversations around working hours, contracts, wages, violence, and other much more sensitive issues. At the end of the program, around 40 factories experienced strong improvements in worker voice and worker turnover: reducing worker turnover by 5 percentage points, from 16% to 11%, while the trendline for the nationwide average - around 16% - kept going up. The methodology that the IDH program developed is now taken up in the academy of the EICC (Electronic Industry Citizenship Coalition) and is being used and replicated by other organizations.

Through Malawi Tea 2020, IDH activities have so far improved workers’ nutrition; fortified maize is now provided to 18,800 workers instead of ‘normal’ maize. In 2017, 12,000 more workers will receive fortified meals, reaching a total 62% of all 50,000 workers in the country’s tea sector.

**Advancing business practices**

IDH also supports companies to innovate on more efficient and effective business models that improve working conditions and enable profit margins to increase. By proving business cases that increase quantity and quality of production, sector competitiveness increases, paving the way for companies to increase wages and improve working conditions.

**How we’re making a difference**

IDH has intervened to transform business models in the tea sector in Malawi, the apparel sector in Vietnam, and with companies connected to the IDH Fresh and Ingredients program.

In terms of commitments by private sector policymakers, one of the results of the Malawi Tea 2020 partnership process is that a major tea-buying company has, for the first time, closed a three-year contract to source from the same tea plantation. The contract includes a minimum and maximum price to be paid, and a commitment to source a certain volume of a certain quality. In addition, the company has committed to assist the plantation in improving its tea quality. The assured cash flow enables the plantation to plan ahead and to invest back in its business, as well as improve its profile for obtaining further funds for reinvestments such as replanting tea bushes and improving conditions in its tea factories.

Within the apparel sector, IDH is supporting the Sustainable Apparel Coalition (SAC), an alliance of the apparel, footwear and home textile industries to create a common framework to understand the environmental, social, and labor impacts of these industries. Next to this, we are currently working with multiple brands that have committed to work with us on the creation and adoption of a common framework and harmonized reference standard and assessment protocol for building safety, related to structural, electrical, and fire safety.

The companies connected to the IDH Fresh and Ingredients program and its initiatives commit to mapping their supply chains and to monitoring their volumes by using the agreed measurement methodology as per covenant, which also covers working conditions. For example, SIFAV members report on the progress of their supply chain towards the ultimate goal of having 100% sustainable imported products, and a third-party company is annually monitoring and verifying their progress. To do that, members must establish specific internal policies, request their suppliers to become audited/certified against any of the recognized SIFAV social standards, and thus dedicate resources to perform the monitoring and supporting of the suppliers. This leads to closer relationships with suppliers and greater awareness of the working conditions at production level, enabling the development of improved plans.

**What we’ve learned**

Through convening, knowledge sharing, and co-funding, IDH is actively supporting transformations to improve working conditions and secure a living wage for workers. Although we are still awaiting full evidence to prove our various intervention strategies, we have already reached key milestones, especially through the Malawi Tea 2020 program. In the coming years, our aim is to gather more evidence on how all workers (including seasonal) are impacted by the Collective Bargaining Agreement (CBA) established by the Malawian tea industry. Moreover, we aim to gather more evidence on how the worker-management dialogue fostered in the apparel sector in Vietnam empowers workers and improves their working conditions.
Evidence on IDH contribution to public good impacts

**Sector governance**
- **Output**: IDH support to multi-stakeholder sector initiatives
- **Outcome**: Worker-management dialogue and collective bargaining agreements
- **Impact**: Improved sector governance, creating an enabling environment

**Field level**
- **Output**: IDH support to companies capacity building and training
- **Outcome**: Increased workers voice, skills, satisfaction, nutrition, productivity
- **Impact**: Improved living wage and working conditions

**Business practices**
- **Output**: Business cases developed to show the potential of sustainable business practices
- **Outcome**: Improved sustainable procurement or production at company level
- **Building impact evidence**

Evidence on IDH contribution to public good impacts

Securing better working conditions & living wages
The challenge
The indiscriminate use of agrochemicals on crops can contaminate water and soils and threaten crop production, putting the livelihood of millions of smallholder farmers at risk. Heavy or overuse of agrochemicals can also be harmful to the farmers and workers applying them, and to consumers who come into contact with pesticide residues in food. Agricultural value chains in turn have reason for concern, as there are potential reputation risks in not addressing these issues, specifically regarding non-compliance to regulations on maximum pesticide residue levels acceptable for public consumption.

Our approach
To cultivate responsible agrochemical management, IDH’s approach begins at governance level, convening coalitions to improve policies, protocols and standards, with the aim of implementing risk-based enforcement of value chain actors and agrochemical retailers. This is further supported at field level through worker training that leads to improved knowledge and competencies, resulting in accountable record keeping on agrochemical use and better farming practices. At business practice level, we also intervene to supporting improved service delivery models and growing private-sector demand for sustainable produce, backed by better agrochemical products. A three-pronged approach that aims to deliver improved profitability, worker health and food safety, and a reduced impact on the ecosystem.

It is important to note that agrochemicals as a group of products formally includes chemical fertilizer. However, the IDH work in this theme focuses mainly on responsible pesticide use (including herbicides, insecticides, and fungicides) as well as antibiotics in aquaculture. In this chapter, when talking about agrochemicals, we refer only to the use of pesticides and antibiotics.

Cultivating responsible agrochemical management

‘Together with IDH we are striving to make a real difference to productivity and effectiveness in the field of agrochemical usage. IDH has established an important trail in its leadership of the Agrochemical Taskforce in Vietnam. Its conceptual framework and realization of pragmatic strategies on the ground are central to the country’s efforts to promote and enhance the on-going efforts around responsible agrochemical management.’

Andrew Roberts
Director, Stewardship
CropLife Asia
Aquaculture
In the aquaculture sector, IDH takes a data-driven approach to disease risk mitigation. By analyzing data from the farm, zone, or landscape level, or combination thereof, and linking it to expertise in disease control, recommendations can be given to farmers to reduce disease risks and improve production efficiency.

Cotton
Through the Better Cotton Initiative (BCI), IDH aims to train farmers on good agricultural practices, which include responsible agrochemical management. The BCI improvement model aims to bring pesticide usage down, thereby also improving the business case for the farmer.

Tea
In Vietnam, IDH supports the tea sector to develop and enforce agrochemical management regulations for Vietnamese tea production, based on market requirements. In line with the regulations, farmers are trained on sustainable farming practices, which should lead to improved market access, livelihoods, working conditions and environment.

Fresh & Ingredients
In the floriculture sector, IDH adopts a data-driven approach to achieve responsible agrochemical management. By recording the use of agrochemicals, flower farms can increase transparency towards the market and optimize and innovate the way they control pests. This will lead to a lower use of agrochemicals, lower toxicity, and larger availability of responsible produce on the market.

Landscapes
In the Central Highlands in Vietnam, IDH is establishing multi-stakeholder governance structures, at both national and local level, that can set laws and regulations regarding agrochemical trade and use.

In the Central Rift Valley in Ethiopia, we are building capacity of fruit and vegetable farmers to produce in compliance with certification standards and adopt responsible agrochemical management practices.
Impact

Improved sector governance
(Risk-based) enforcement of value chain actors and agrochemical retailers

Improved profitability
Less pests/diseases

Improved health of workers/farmers
Adoption of better practices

Improved food safety
Improved knowledge and competences

Reduced ecosystem impact
Farmers are trained and awareness is created

Improved market access for better products
Better agrochemical products available to farmers

Outcome

Improved sector governance
Improved profitability
Improved health of workers/farmers
Improved food safety
Reduced ecosystem impact
Improved market access for better products

Output

Improved data driven monitoring system on risk exposure, compliance to protocols/standards and toxicity

Improved policies/regulations

Improved protocols/standards

(international) national coalitions are convened

Input

Convening
Sector governance
Field level sustainability
Co-funding
Business practice

Field level sustainability

Convening
Co-funding
Business practice

Cultivating responsible agrochemical management

Intervention logic on responsible agrochemical management
**Improved sector governance**

IDH convenes local, national and international public-private coalitions to support better management of agrochemicals. These coalitions can develop and support the implementation of improved protocols and standards, as well as policies and regulations. The result can improve sector governance and build an enabling environment to support better managing pesticide use at farm level.

We also prototype the development of IT tools that enable data collection for insight into high-risk agrochemical practices in supply chains. This can enable data-driven decision-making and provide transparency among supply chain actors and the market. The development and implementation of such tools will be trialled in our landscape program in Vietnam and in the aquaculture sector.

**How we’re making a difference**

One of IDH’s major activities in agrochemical management is the Aquaculture program, where we have contributed to the establishment of the Aquaculture Stewardship Council (ASC). The ASC successfully scaled up the volume of responsibly produced fish – tackling both environmental and social issues in countries including Vietnam and Belize. We are working on a data-driven approach to stimulate aquaculture farmers to reduce the use of antibiotics and other chemicals through lowering the risk of diseases.

IDH has also been active in hosting the Sustainable Spices Initiative (SSI), bringing together processors, blenders, brands, retailers and NGOs in the spice sector to address key sustainability issues, such as residue levels of agrochemicals. SSI and its local platforms in India, Vietnam and Madagascar have been engaging in constructive discussions with local governments. For example, SSI launched the Sustainable Spices & Pepper Taskforce in Vietnam to collaborate with the local Ministry of Agriculture and Rural Development on an action plan to reduce the use of agrochemicals. The plan was issued in April 2016 and is currently under implementation by government institutions, supported and monitored by the Taskforce.

It is important to note that well-defined and formally agreed upon public policies may not necessarily lead to effective policy implementation. For that, enforcement is key; although it is a challenge in most developing countries, it is also a requisite to address problems of illegal imports and trade of highly hazardous agrochemicals. As such, enforcement through risk-based mechanisms is part of the IDH approach. IDH expects to build more evidence in the following years on how policy changes create an enabling environment to support better managing pesticide use at farm level.

**Training of farmers**

IDH supports farmer and worker trainings that aim to improve agrochemical management, which in turn is expected to lead to:

1. Improved farmer profitability owing to a reduction of agrochemical costs and diseases.
2. Reduced ecosystem impact as a result of agrochemical reduction and the application of less toxic agrochemicals.
3. Improved occupational health and safety of farmers and workers.
4. Improved market access for farmers and improved food safety for consumers due to lower or no maximum residue levels (MRLs).

**Cultivating responsible agrochemical management**

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3. Improved occupational health and safety of farmers and workers.
4. Improved market access for farmers and improved food safety for consumers due to lower or no maximum residue levels (MRLs).

**How we’re making a difference**

IDH supports the implementation of activities of the Better Cotton Initiative (BCI), which works with cotton farmers to train them on optimizing the use of chemical fertilizer and pesticides, and to improve farmers’ profitability through reduced costs. By mid-2016, a total of 724,000 cotton farmers had been trained. An independent evaluation has recently started to study the effectiveness of these trainings in one district in India, and it is expected to capture the net effects by 2020.

Several other IDH programs have an explicit focus on reducing the use of agrochemicals. Our Fresh & Ingredients program hosted a range of projects on responsible agrochemical use: a producer-support project on table grapes in India; the Sustainable Spices Initiative, focusing on excessive pesticide use in the production of spices in different Asian countries; and two projects on Integrated Pest Management (IPM) and residue contamination in the flower sector in both Kenya and Ethiopia.

The Sustainable Grapes Initiative – India, in tandem with the Sustainable Spices Initiative – India (SSI-I), deployed an app-based farmer engagement tool, CropIn, to 30,000 farmers in the first year. CropIn provides a one-stop solution for capturing and verifying farmer data, providing access to information on farming practices as well as the ability to communicate with an expert on alerts raised at the farm level. In the tea program, the IDH-supported trustea certification in India has verified 250 estates and bought-leaf factories, reducing the irresponsible use of agrochemicals in the sector.

Evidence from the wider literature on the effects of farmer training indicates that it often leads to improved pesticide management, but not all farmers adopt all recommended practices. The evidence on the impact of improved pesticide management on farmer profitability or income is, however, generally positive. While there is little evidence available, the impacts of improved agrochemical use on the ecosystem, health and safety, market access and food safety are likely self-evident.
Advancing business practices

To cultivate better business practices relating to agrochemicals, IDH works to actively improve farmers’ access to responsible agrochemicals and champions the embedding of sustainability at corporate level. We do this through improved service delivery to farmers, resulting in better access to less toxic agrochemical products, and by increasing market demand for sustainable produce.

How we’re making a difference

Within the aquaculture program, IDH is a member of the Seafood Task Force, an international industry-led coalition in Thailand that includes major US and EU retailers. Through greater supply chain accountability, verification, transparency, and traceability, the coalition aims to drive measurable social and environmental change in the Thai seafood industry. The Seafood Task Force is also building models that can be replicated for other countries, with the aim of scaling up the impact of this initiative.

In Ghana, the first foundations have been laid for a public–private partnership that will address critical hurdles for sustainable development of aquaculture in Africa.

Several private companies recently joined IDH’s Fresh & Ingredients initiatives, committing to mapping their supply chains and to monitoring the volume by using the agreed measurement methodology per covenant. To reach the targets set by for example, the Sustainable Initiative Fruit and Vegetables, the companies must establish specific internal policies and dedicate resources to perform the monitoring and support their suppliers to get audited or certified.

As IDH continues to support companies on the path to responsible agrochemical management, and helps to grow market demand for better agrochemicals products, we will gather further evidence on how these initiatives encourage the embedding of sustainability at corporate level.

What we’ve learned

Continually working to reach the Sustainable Development Goals of responsible consumption and production, and good health and well-being, as well as life on land and life in water, IDH is contributing to more responsible agrochemical management through supporting global, multi-stakeholder platforms that lead to a reduction in adverse environmental agriculture and aquaculture farm practices.

Early evidence from our prototype interventions suggests data-driven monitoring and knowledge sharing at farm level, is already helping to improve pesticide management. This often leads to higher profitability, and although little evidence is available, the impact of improved agrochemical use on the ecosystem, worker health and food safety is likely self-evident.
Evidence on IDH contribution to public good impacts

**Sector governance**
- Output: Support to public-private coalitions
- Outcome: Policies and standards on management of agrochemicals
- Impact: Improved sector governance, creating an enabling environment

**Field level**
- Output: Training of farmers
- Outcome: Improved pesticide management at farm level
- Impact: Field level impact and improved market access

**Business practices**
- Output: IDH support to companies
- Outcome: Private sector demand, incl. improved service delivery
- Impact: Embedded sustainability at corporate level
Our impact, our insights

Since the foundation of IDH in 2008, our organization has transformed from coordinator to active change-maker: building transformational models designed to tackle complex issues through local convening, co-funding, and thought-leadership across our five impact themes, we are well positioned to foster shared value creation and to achieve positive change in sector governance, at field-level, and in business practices.

There is still a long journey ahead for IDH, and although early results of our approach suggest we are on the right track, we have a high priority to gather the evidence needed to prove our contribution to public good impacts by 2020.

Strong evidence has already been gathered in relation to IDH work on smallholder inclusivity, as we have been working with smallholder farmers since our foundation. In this area, Service Delivery Models (SDMs) have been and will remain central to our strategy for improving smallholder farming, and in the coming years our priority is to gradually gather long-term empirical evidence on their impact on farmer productivity and profitability.

To mitigate deforestation, IDH has recently started convening Production-Protection-Inclusion (PPI) compacts, which are agreements between public, private, and civil society stakeholders to enhance yields and secure livelihoods in exchange for forest protection. Our main challenge now is to effectively measure and monitor the impact of such PPI compacts.

IDH interventions to secure living wages and better working conditions are relatively new, but activities we are supporting have already led to (better) worker-management dialogue within the apparel sector, and to the first collective bargaining agreement (CBA) in the history of the tea industry in Malawi. In the coming years, we aim to gather further evidence on how e.g. worker-management dialogues and CBAs translate into improved working conditions in the apparel and tea sectors - respectively.

Cultivating responsible agrochemical management has been only recently defined as a key impact theme for IDH, and although we already have some evidence of our programs’ impacts on improving pesticide management at farm level, we aim to enlarge this evidence, especially in relation to our work with chili in India and with tea and coffee in Vietnam.

The newest addition to the IDH impact themes, gender equality and empowerment, became a focus area at the end of 2016, and several programs have already designed their intervention strategies, including for tea, apparel and fresh & ingredients. The first evidence of IDH’s contribution to public good impacts in relation to this impact theme will be reviewed in the next report.

Over the coming years, IDH will strengthen this evidence, complementing it with valuable data from Key Performance Indicators (KPIs) gathered within IDH’s Result Measurement Framework, and from in-depth impact research of selected IDH proofs of concept.

Conclusion
The development and production of this report is a result of the joint efforts and contributions of many individuals within and external to IDH, the Sustainable Trade Initiative. Thank you to everyone who has made contributions in different ways. Your significant contributions throughout the meetings, interviews and surveys are greatly appreciated. Special thanks to Wageningen University & Research (WUR) and KPMG, for their ‘First assessment report on the existing evidence behind IDH’s impact stories’, which is the foundation for this report.

Disclaimer
Although every effort has been made to ensure that the content of this report is up to date and accurate, errors and omissions may occur. It should be noted that although most of the evidence presented in this report comes from the WUR-KPMG report ‘First assessment report on the existing evidence behind IDH’s impact stories’, some additional information has been added and updated as per IDH’s latest activities. IDH does not guarantee or warrant that the report or the information contained in it is free of error, and accepts no liability for any damage whatsoever arising from any decision or action taken or refrained from in reliance thereon, nor for any inadvertent misrepresentation made or implied.

Contact
Carla Romeu-Dalmau
Senior Manager Learning and Impact Research at IDH, the Sustainable Trade Initiative
www.idhtrade.org
romeudalmau@idhtrade.org
Annex 1
Summary of the first round of impact studies 2013

Results and insights
In 2013 we published the first round of impact studies into our cocoa, cotton, and tea programs. The overall conclusion of these studies conducted was that IDH has the potential to turn into a successful initiative designed to promote the “right idea at the right time”. Sustainability was moving from being a nice-to-do option into a license to operate and, for frontrunners, a source of innovation and growth. A neutral convener and professional facilitator like IDH was exactly what was needed to accelerate this trend.

Cocoa, cotton, and tea were selected because they represented a significant part of our investments (66% of the investment portfolio in 2012), and were representative of the type of interventions that IDH conducted in other sectors. For each of these commodities, studies were carried out to assess impact at farmer level in terms of income and sustainable production.

Key findings include:
• The source of livelihood for over 700,000 farmers in cocoa, cotton, and tea has improved significantly. In cotton and tea, large-scale environmental benefits have been achieved.
• The global market share of sustainable products has increased: sustainable tea and cocoa are close to becoming mainstream and cotton will be following very soon.
• Cooperation between companies, NGOs, governments, and science for sustainable market transformation has been strengthened and deepened.
• Large-scale private investments in sustainability have been generated.

Key success factors include:
• The purchasing power and financial commitment of companies.
• The implementation expertise of NGOs.
• The credibility stemming from the use of voluntary standards.
• Endorsement of (local) governments.
• The professional facilitation of IDH as a neutral convener.

Results of the Cocoa study
The conclusion of the study was that the cocoa industry had undergone a remarkable transformation in the last decade, with sustainability becoming the topic of boardroom discussions and decisions—though challenges remain staggering given the dramatic poverty status of cocoa-producing communities, with associated social and environmental problems.

Falling cocoa supplies in addition to increasing demand, environmental degradation, disease, and poor/hazardous working conditions create strong incentives for market transformation. Through securing supplies, building reputations, and working at a pre-competitive level with multi-stakeholder groups the foundations can be laid to make cocoa more sustainable. Twelve of the major cocoa/chocolate companies have taken major steps towards sustainably sourcing their cocoa.

12% of the world’s cocoa was classed as sustainable in 2013. This was achieved through a combination of training and certifying farmers, and establishing programs that help farmers improve their livelihood. The programs focused on developing farming skills and business knowledge, and providing access to inputs and services. Trainings and supply-chain investment have resulted in a 20-30% increase in yield and a better-quality cocoa bean, and have translated into improvements in farmers’ incomes—though not enough to lift them out of poverty. This increase in global production has triggered industry investments in farming of up to $90 million annually.

Since 2008, IDH’s role has helped to accelerate sustainable sourcing of cocoa by co-financing meaningful certification and farmer-training programs. More recent developments are moving beyond certification, by adopting a ‘productivity package’. One aspect of this package targets yield improvements and the correct application of fertilizer to increase soil fertility. Currently, average yields in West Africa can be as low as 450 kg per hectare. The introduction of good agricultural practices and responsible crop protection measures has proven to increase yields to 585 kg/ha (on average). Further yield improvements require rejuvenation of planting material and proper application of fertilizers to restore soil fertility. With this full productivity package in place, yields can be increased to over 1,500 kg/ha, which enable the farmer to diversify into other crops and provide a decent livelihood for their family.

An independent study by LEI showed that the IDH cocoa program has helped farmers become more professional and knowledgeable, indicated by higher yields, higher quality of cocoa beans produced, and value creation (increased income due to increased quality and yield).
Results of the Cotton study

Cotton is a significant global commodity. Production takes place in some 70 countries. Worldwide, 50 million farmers are engaged in cotton cultivation—about 30 million of them live in China and India. The top three producing countries (China, India, USA) account for 62% of total production and the top five (plus Pakistan and Brazil) for almost 80% of total production. In 2012, global cotton production amounted to more than 27 million MT of lint, supplying approximately one third of the global fiber demand.

Cotton is associated with environmental damage and social injustice: reasons for this include irresponsible pesticide use, high water footprint, child labor, poverty, and farmer indebtedness.

Many initiatives exist (Cotton Made in Africa, Fairtrade, Organic Cotton and others), but reaching scale has proved a challenge: in 2005, less than 0.2% of the cotton market was sustainable. In response to this, the Better Cotton Initiative (BCI) was launched in 2005 as mainstream approach towards sustainability in the cotton supply chain. Better Cotton was to be a global commodity for the mainstream market, without price premium. By 2012 163,000 smallholders were Better Cotton Farmers producing over half a million metric tons of lint in 675,000 hectares of land licensed to grow Better Cotton.

The Better Cotton Initiative is designed to improve the livelihoods of the producers while reducing the environmental impacts of cotton production. This is done by setting Better Cotton standards, which requires farmers to comply with minimum production criteria and to keep records of their activities and of BCI’s agronomic and economic result indicators.

Third-party studies demonstrated that Better Cotton Farmers were significantly better off than control farmers. Better Cotton farmers scored higher across almost all agronomic indicators: they used up to 20% less water, 67% less pesticide and 33% less commercial fertilizer. They also made more use of organic fertilizer (compost). As a result, their crop was more profitable.

Results of the Tea study

With Unilever and its Lipton brand as the market leader, sustainable transformation in the tea market gained momentum between 2007 and 2013. Worldwide market share of certified tea was 12% in 2012 and was quickly growing in 2013. Investments in tea came from supply chain players themselves with modest support from IDH. This was due to the high return on investment of 30 to 40% yield increase as well as improved quality, which provided a strong business case for making tea production sustainable.

Although our contribution was only a modest part of the total investment, it was allocated to an essential part in the process: accelerating and up-scaling, which allowed the Kenya Tea Development Agency to reach a critical scale and volume in order that the business case for their investments could materialize. Over half a million tea farmers in Kenya undertook the process of certification, many attending Farmer Field schools (FFS). The integration of kitchen gardens in the FFS curriculum led to higher yields of side crops such as tomatoes and carrots. Selling these on the local markets raised income levels, thus improving food security in the region.

Better tea-growing practices have generated environmental benefits and protective equipment (procured collectively) has improved the health and safety of tea growers. The 75% return that tea farmers gained from the Mombasa tea auction price served to further increase their income.
Annex 2
Further Reading

For additional or more detailed coverage of the subjects in this report, please browse the following links:

**IDH impact**
www.idhsustainabletrade.com/impact

**Smallholder Inclusivity**
www.idhsustainabletrade.com/impact/smallholder-inclusivity

**Living Wages & Working Conditions**
www.idhsustainabletrade.com/impact/living-wage-and-working-conditions

**Mitigation of Deforestation**
www.idhsustainabletrade.com/impact/mitigation-of-deforestation

**Responsible Agrochemical Management**
www.idhsustainabletrade.com/impact/responsible-agrochemical-management

**Gender Equality and Empowerment**
www.idhsustainabletrade.com/impact/gender-equality-empowerment/

**Wageningen University & Research and KPMG first assessment report**

**Service Delivery Models: Insights for continuous improvement and farm impact**
IDH, the Sustainable Trade Initiative

**Public-private-civic partnerships for sustainable landscapes. A Practical Guide for Conveners**
EcoAgriculture Partners and IDH, the Sustainable Trade Initiative

**Malawi Tea 2020 Wages Committee progress report 2016,**
Richard Anker and Martha Anker

**Overview of pesticide management, trade and use in Lam Dong Province**
Fresh Studio