IDH's detailed 2018 Annual Report is on the following pages. The document reports on our achievements against the 2018 Annual Plan. The structure of the Annual Report both mirrors the structure of our 2018 Annual Plan and acts as a continuation of our 2017 Annual Report (including some improvements). We present the information by program and by landscape. The table below shows the link between the impact themes and the commodity and landscapes programs presented in the following chapters.
## Impact themes per program

### IMPACT THEMES

<table>
<thead>
<tr>
<th>Impact themes</th>
<th>Living Wage and Improved Working Conditions</th>
<th>Gender Equality and Empowerment</th>
<th>Smallholder Inclusion</th>
<th>Mitigation of Deforestation</th>
<th>Responsible Agrochemical Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>TEA</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>COTTON</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>COCOA</td>
<td>●</td>
<td>●</td>
<td>●</td>
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<td>●</td>
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<tr>
<td>COFFEE</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>FRESH &amp; INGREDIENTS</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>APPAREL</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>AQUACULTURE</td>
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<tr>
<td>TROPICAL TIMBER</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>PALM OIL</td>
<td></td>
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</tr>
<tr>
<td>SOY</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INDONESIA</td>
<td></td>
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<td></td>
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<tr>
<td>WEST KALIMANTAN</td>
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<td></td>
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<tr>
<td>ACEH</td>
<td></td>
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<tr>
<td>SOUTH SUMATRA</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>JAMBI</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>BRAZIL</td>
<td></td>
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</tr>
<tr>
<td>MATO GROSSO</td>
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<tr>
<td>COTE D’IVOIRE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TAI FOREST</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KENYA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SOUTH WEST MAU FOREST</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ETHIOPIA</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>CENTRAL RIFT VALLEY</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LIBERIA</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NIMBA &amp; LOFA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SOUTH EAST &amp; WEST</td>
<td></td>
<td></td>
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<tr>
<td>VIETNAM</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>CENTRAL HIGHLANDS</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
# Program Delivery

<table>
<thead>
<tr>
<th>IDH Delivery Dashboard</th>
<th>(all results and targets are annual figures unless state otherwise)</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>Progress towards 2020 (% achieved)</th>
<th>Cumulative 2020 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMPACT</td>
<td>% of IDH Proof of Concepts on track</td>
<td>55%</td>
<td>60%</td>
<td>50%</td>
<td>NA</td>
<td>&gt;66%</td>
</tr>
<tr>
<td>IMPROVED FIELD LEVEL</td>
<td># population trained (Including farmers, workers and community members)</td>
<td>1,827,000 (25% over target)</td>
<td>2,468,000 (30% over target)</td>
<td>2,778,458 (20% over target)</td>
<td>152%</td>
<td>4,147,421</td>
</tr>
<tr>
<td>SUSTAINABILITY</td>
<td>Hectares sustainable production</td>
<td>3,464,000 (38% over target)</td>
<td>5,585,137 (76% over target)</td>
<td>6,499,418 (40% over target)</td>
<td>85%</td>
<td>9,298,834</td>
</tr>
<tr>
<td></td>
<td>Hectares protection, restoration and/or sustainable rehabilitation</td>
<td>416,000</td>
<td>194,000</td>
<td>150,018</td>
<td>31%¹</td>
<td>1,439,200</td>
</tr>
<tr>
<td></td>
<td>MT sustainable production</td>
<td>3,268,000 (19% over target)</td>
<td>4,824,000 (56% over target)</td>
<td>5,554,730 (77% over target)</td>
<td>116%</td>
<td>11,200,000</td>
</tr>
<tr>
<td>CHANGING SECTOR</td>
<td># Stakeholders satisfied about IDH multi-stakeholder programs</td>
<td>8.4</td>
<td>6.8</td>
<td>7.5</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>GOVERNANCE</td>
<td># Policy changes</td>
<td>8 (60% over target)</td>
<td>31 (55% over target)</td>
<td>25</td>
<td>67%</td>
<td>51</td>
</tr>
<tr>
<td></td>
<td># Green growth and other landscape management and invest plans</td>
<td>4 (40% under target)</td>
<td>12 (50% over target)</td>
<td>8 (56% below target)</td>
<td>62%</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td># New business cases</td>
<td>10 (40% over target)</td>
<td>22 (10% over target)</td>
<td>40 (74% over target)</td>
<td>151%</td>
<td>49</td>
</tr>
<tr>
<td>CHANGING BUSINESS</td>
<td>Overall IDH contribution : private ratio</td>
<td>1:2</td>
<td>1:2</td>
<td>1:2</td>
<td>NA</td>
<td>1:2</td>
</tr>
<tr>
<td>PRACTICES</td>
<td>Value Chain program : private ratio</td>
<td>1:2.4</td>
<td>1:3</td>
<td>1:2.8</td>
<td>NA</td>
<td>1:1</td>
</tr>
<tr>
<td></td>
<td>IDH landscape program : private ratio</td>
<td>1:0.5</td>
<td>1:0.6</td>
<td>1:04</td>
<td>NA</td>
<td>1:0.5</td>
</tr>
<tr>
<td>FINANCIALS</td>
<td>IDH contribution (euro)</td>
<td>26 million</td>
<td>21 million</td>
<td>20 million</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td>Private sector contribution (euro)</td>
<td>52 million</td>
<td>44 million</td>
<td>37 million</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td>organizational cost/total expenditures</td>
<td>14%</td>
<td>15%</td>
<td>16%</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td>Diversification from institutional funding</td>
<td>10%</td>
<td>20%</td>
<td>23%</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

¹ Only results directly covered by our projects/interventions to date are included here and not the number of hectares that can potentially be reached following continuous protection efforts. This explains the relatively large gap between cumulative to date and the end target.
As the tables on the page before and on this page show, there is a slight regression in the progress of our programs. This is mainly due to weighing in external factors. For example in coffee, tea and cocoa we are in fact on schedule with our activities, but low market prices for these commodities seriously influence the potential of our programs. In some countries, prices currently are below cost of production. As this is fundamental to any progress on sustainability, we currently explore options to contribute to living income, next to and based on our experiences with working towards living wages. On Soy our market report demonstrates a serious lack of European market demand. Set backs in landscapes partly relate to the low market prices, limiting incentives to deliver on deforestation-free production of commodities in these countries. Other factors relate to local political contexts, that can either complicate or facilitate effectiveness of public-private partnerships on the ground. Also capacity constraints play a role in our landscapes (Indonesia), where the team is rapidly growing to meet increasing demand of IDH’s capacity to work with government, companies and local communities on protecting and restoring forests and peats.

Progress per program*

| APPAREL |  ⬜  ⬜  ● |
| AQUACULTURE |  ⬜  ⬜  ● |
| COCOA |  ●  ⬜  ● |
| COFFEE |  ●  ⬜  ● |
| COTTON |  ⬜  ⬜  ● |
| FRESH & INGREDIENTS |  ⬜  ⬜  ● |
| TEA |  ⬜  ⬜  ● |
| SOY |  ●  ⬜  ● |
| PALM OIL |  ⬜  ⬜  ● |
| TROPICAL TIMBER |  ⬜  ⬜  ● |
| BRAZIL |  ⬜  ⬜  ● |
| CÔTE D’IVOIRE |  ●  ⬜  ● |
| ETHIOPIA |  ●  ⬜  ● |
| INDONESIA |  ●  ⬜  ● |
| KENYA |  ●  ⬜  ● |
| LIBERIA |  ●  ⬜  ● |
| VIETNAM |  ⬜  ⬜  ● |

* The traffic light assessment was done in April 2019 in which program teams were asked to rate to what extend projects and activities are on track to meet the desired objectives by the end of 2020.
The following chapters all follow the same structure:

- The first section introduces the program context, market transformation and IDH’s position and role in relation to that market transformation. We give an overview of the partners we work with; the SDGs the program contributes to, and its geographical coverage.

- The second section gives an analytical overview of the program. Selected indicators are presented in bar charts to mark our achievements in 2018 against the proofs of concept and targets set in our Annual Plan. We also show the cumulative result (2016, 2017, 2018) against our 2020 target. The proofs of concept are our vehicles to create change against our impact claims - our activities, outputs and outcomes fall under our proofs of concept, which are each linked to an impact claim. A visual presentation of impact claims and proofs of concept can be found in the Annex.

- We conclude with a section on lessons learned.

- A comprehensive overview of all KPIs and targets is presented at the end of each chapter. The KPIs are presented according to the three results areas our programs work in – changes in business practices, sector governance and at the field level. We first show the quantitative overview, followed by the qualitative indicator report. In the 2017 Annual Report, the KPI tables were in the annex. To bring the analysis of the KPIs together with our narrative on proofs of concept and market transformation, for this year’s report we chose to present the information in the program chapters.

**Traffic light assessment**

In the analytical overview, you will also find a “traffic light assessment” for each program, in which we present our progress on proofs of concept. This is a new feature in the report. The color-coding of the traffic light assessment is as follows:

<table>
<thead>
<tr>
<th>Proof of Concepts (POC) Traffic light</th>
<th>Definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="https://via.placeholder.com/150" alt="traffic light" /></td>
<td>70% of the projects and activities required to prove the program’s POCs are implemented and/or ongoing on track;</td>
</tr>
<tr>
<td><img src="https://via.placeholder.com/150" alt="traffic light" /> <img src="https://via.placeholder.com/150" alt="traffic light" /></td>
<td>Delay and/or challenges to meet the desired objectives of one POC by the end of 2020</td>
</tr>
<tr>
<td><img src="https://via.placeholder.com/150" alt="traffic light" /> <img src="https://via.placeholder.com/150" alt="traffic light" /> <img src="https://via.placeholder.com/150" alt="traffic light" /></td>
<td>Delays and/or challenges to meet the desired objectives of two or more POCs by the end of 2020</td>
</tr>
</tbody>
</table>
# Contents

## SECTOR PROGRAMS

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<td>12</td>
</tr>
<tr>
<td>Cotton</td>
<td>24</td>
</tr>
<tr>
<td>Cocoa</td>
<td>36</td>
</tr>
<tr>
<td>Coffee</td>
<td>47</td>
</tr>
<tr>
<td>Fresh &amp; Ingredients</td>
<td>59</td>
</tr>
<tr>
<td>Apparel</td>
<td>72</td>
</tr>
<tr>
<td>Aquaculture</td>
<td>86</td>
</tr>
<tr>
<td>Tropical timber</td>
<td>94</td>
</tr>
<tr>
<td>Palm Oil</td>
<td>101</td>
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<tr>
<td>Cassava</td>
<td>108</td>
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<tr>
<td>Soy</td>
<td>116</td>
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## LANDSCAPE PROGRAMS

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</thead>
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<tr>
<td>West Kalimantan</td>
<td>124</td>
</tr>
<tr>
<td>Aceh</td>
<td>134</td>
</tr>
<tr>
<td>South Sumatra</td>
<td>142</td>
</tr>
<tr>
<td>Jambi</td>
<td>151</td>
</tr>
<tr>
<td>Brazil - Mato Grosso</td>
<td>160</td>
</tr>
<tr>
<td>Côte D’Ivoire - Wider Taï Forest Area</td>
<td>168</td>
</tr>
<tr>
<td>Kenya - South West Mau Forest</td>
<td>177</td>
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<tr>
<td>Ethiopia - Central Rift</td>
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<tr>
<td>Liberia</td>
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<tr>
<td>South East and West</td>
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</tr>
<tr>
<td>Nimba &amp; Lofa</td>
<td>202</td>
</tr>
<tr>
<td>Vietnam - Central Highlands</td>
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## PROGRAM SUPPORT

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</table>

## ANNEX

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<tr>
<th>Annex</th>
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<tbody>
<tr>
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</tbody>
</table>
Sector Programs
Around 3.5 million tons of black tea is produced annually by millions of tea workers on tea estates and hundreds of thousands of smallholder farmers. Globally, the demand for tea is increasing, driven by changing demographics and demand for innovative health products. Despite limiting factors such as climate change, competition for land and policy environment, supply of tea has stayed ahead of demand. However, there seems to be higher supply of sub-optimal quality tea and lower supply of high-quality tea.

The IDH tea program works in several large tea-producing countries in Africa and Asia. The global market share of the tea-buying companies participating in the IDH tea program is estimated to cover 30% of global tea production.

Over recent years, the tea industry made a significant shift to being more open to pre-competitive collaboration to address persisting sustainability issues. As a result, IDH has been able to build partnerships across a range of key sustainability issues. From living wage and working conditions, to gender issues including gender-based violence, to living income and smallholder profitability. Together with its partners, IDH has built the expertise to address these sustainability issues through pre-competitive collaboration.

### Relevant Sustainable Development Goals

1. No Poverty
2. Zero Hunger
5. Gender Equality
8. Decent Work and Economic Growth
12. Responsible Consumption and Production
17. Partnerships for the Goals
PROGRESS TOWARDS 2020

Number of producers/workers/community members trained on key subjects for sustainable production

<table>
<thead>
<tr>
<th></th>
<th>TARGET 2018</th>
<th>RESULT 2018</th>
<th>CUMULATIVE TARGET 2020</th>
<th>CUMULATIVE RESULT 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>75,000</td>
<td>177,808</td>
<td>340,000</td>
<td>615,752</td>
</tr>
</tbody>
</table>

Volume of sustainably produced commodity

<table>
<thead>
<tr>
<th></th>
<th>TARGET 2018</th>
<th>RESULT 2018</th>
<th>CUMULATIVE TARGET 2020</th>
<th>CUMULATIVE RESULT 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>500,000</td>
<td>608,000</td>
<td>600,000</td>
<td>608,000</td>
</tr>
</tbody>
</table>

Private-sector (sustainability) investments in the program

<table>
<thead>
<tr>
<th></th>
<th>TARGET 2018</th>
<th>RESULT 2018</th>
<th>CUMULATIVE TARGET 2020</th>
<th>CUMULATIVE RESULT 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€ 3,000,000</td>
<td>€ 4,288,349</td>
<td>€ 20,100,000</td>
<td>€ 16,747,662</td>
</tr>
</tbody>
</table>

Program co-funding ratio (2018)

PROOF OF CONCEPT 1

By strengthening the relationship between smallholders and an established tea value chain partner and creating a balanced power relationship, smallholders receive good-quality services and are therefore able to improve their production practices, resulting in resilient and empowered farmers (e.g. health, education).

PROOF OF CONCEPT 2

Through the convening of the Malawi Tea 2020 supply chain partnership (35 organizations), a roadmap is developed and implemented to:
1. Revitalize the Malawi tea industry;
2. Empower Malawi Tea workers, improve their livelihoods, and create opportunities for women;
3. Improve buyer procurement practices.
As a result, achieve a profitable, competitive Malawi tea industry where its workers earn a living wage.

PROOF OF CONCEPT 3

By addressing gender-based violence (GBV) issues in the tea supply chain in Kenya through the platform, we aim to develop viable business solutions leading to a better gender balance and reduction of GBV in Kenya. This occurs at two levels:
1. At tea plantations through capacity building on GBV and putting company policy and structures in place addressing GBV (prevention & response);
2. At smallholder level through addressing the root causes of GBV, such as financial literacy.
MARKET TRANSFORMATION
BY IDH

Over the last decade, pre-competitive collaboration has grown remarkably, and the sustainability issues that are being raised and addressed by the sector have evolved over time, from a focus on certification in the early days to more complex issues now such as living wage and gender. IDH has been leading the work on addressing several of these complex sustainability issues through the creation of platforms and large multi-stakeholder partnerships, such as Malawi Tea 2020 on living wage, convening the Gender Empowerment Platform in Kenya and steering the trustea domestic sustainability program in India.

IDH’s neutral convening role drives these partnerships and aims to bring systemic change in the tea industry. Over the course of 2018, we started the conversation with a group of leading tea companies, both producers and packers, together with our strategic partner, the Ethical Tea Partnership. With this global tea coalition, we continue to define and deploy a new global sustainability agenda for the tea sector, which then also further informs our direction and vision for the future.

PROGRESS 2018

In 2018, IDH and partners finalized the development of the sustainable procurement model. The model helps to inform buyers on prices that enable a living wage to be paid. Discussions with partners on the use of the model are ongoing. In Malawi, the program continued to make progress towards a living wage, with 25% of the net living wage gap being closed. In India, almost half of the country’s tea volume produced is now trustea verified, and first steps towards market introduction have been taken. Gender interventions have been scaled up from Kenya to Malawi and India, and the proposal for the establishment of a safe space in Kericho county (Kenya) is well on its way, starting implementation in 2019. The reporting year marked the end of the nutrition work, as well as the three smallholder inclusion programs. The work in Tanzania continued to the next phase, while in Rwanda and Vietnam conversations are ongoing about new interventions, as well as further innovating and scaling up our past work. Next steps towards market transformation have been taken through the convening of the Global Tea Coalition of packers and producers, which was set up in the second half of 2018.
In 2018, the tea program aimed to strengthen and improve smallholder interventions in Tanzania, Rwanda, Vietnam and India, and worked with its partners to address issues related to smallholder profitability, good agricultural practices and responsible use of agrochemicals.

We conducted two service delivery model (SDM) analyses in Tanzania and Rwanda. These assess the business case and results of the program activities, and identify the change in business practices that have happened over time. In Tanzania, IDH and its partner Unilever Tea Tanzania (UTT) developed a new and final phase for the Mufindi Outgrowers Project, with a focus on defining an exit strategy, and strengthening the long-term relationship between UTT and the cooperatives. In Rwanda, IDH has worked with the Wood Foundation Africa since 2014, and has reached a total of 11,000 farmers (of which 3,000 in 2018) in farmer field schools (FFS) as well as implementing a number of innovations to create efficiencies in their service delivery mechanism. This project was finalized at the end of 2018, and we are currently exploring how to continue its work in Rwanda.

From a sector governance perspective, the program in Vietnam supported the sector to develop the national curriculum for tea in Vietnam, which in 2018 was endorsed by the government and will be commonly used in future extension services for tea farmers.

At field level, we have seen productivity and income increase for 1,400 farmers in Tanzania by 55% (productivity) and 196% (income) between 2014 and 2019. Quality bonus payments, coupled with training and strict quality requirements, attract farmers to the SDM and improve their loyalty. The percentage of tea produced by Mkonge cooperative that is sold to UTT has grown from 42% in 2014 to 82% in 2018. In Rwanda, overall all farmers have increased their net income compared to the baseline, with an adoption rate of 80% of farmers implementing received services. Incentives for the farmers are in place to improve yield, financial performance and governance, and since 2014 a bonus per kilogram based on factory performance is distributed among the farmers. The end goal is to hand over the ownership of the factories to the smallholder farmers, and the current SDM team is preparing the groundwork for this.

In Asia, IDH continues to build smallholder capacity in both the trustea program in India as well as in Vietnam. Under trustea, an additional 6,500 smallholders have been trained on good agricultural practices, and to comply with the trustea domestic sustainability code. The projects in Vietnam also closed by the end of 2018, and IDH is currently exploring how to continue its work in Vietnam. In 2018, 2,017 farmers reported better production practices on agrochemical management. This happened through Rainforest Alliance certification that raised the bar on agrochemical management, and through the agri-team approach where spraying is centrally organized through factory “spraying teams” rather than leaving it to each farmer individually.

**KEY ACHIEVEMENTS PER PROOF OF CONCEPT**

**PROOF OF CONCEPT 1**

By strengthening the relationship between smallholders and an established tea value chain partner and creating a balanced power relationship, smallholders receive good-quality services and are therefore able to improve their production practices, resulting in resilient and empowered farmers (e.g. health, education).

In 2018, the tea program aimed to strengthen and improve smallholder interventions in Tanzania, Rwanda, Vietnam and India, and worked with its partners to address issues related to smallholder profitability, good agricultural practices and responsible use of agrochemicals.

**PROOF OF CONCEPT 2**

Through the convening of the Malawi Tea 2020 supply chain partnership (35 organizations), a roadmap is developed and implemented to:

1. Revitalize the Malawi tea industry;
2. Empower Malawi Tea workers, improve their livelihoods, and create opportunities for women;
3. Improve buyer procurement practices.

As a result, achieve a profitable, competitive Malawi tea industry where its workers earn a living wage.

In 2018, the sustainable procurement model was finalized. The model was developed to provide guidance on contributions towards living wage and has been adopted by several of the tea-buying and retail companies in the program. Participating buyers decided to aim to close the living wage gap by 20% on their purchases for the 2018-2019 season based on information provided within the model.
A wage increase of 11.29% for all Malawian tea workers was achieved as a result of Collective Bargaining Agreement (CBA) negotiations between producers and workers’ representatives. This wage increase is above the current inflation rate of 8.8%, according to the Malawi Consumer Price Index, thereby giving workers the ability to meet their basic needs. In 2018, the net living wage gap closed by 25%. This means that tea workers on tea plantations in Malawi now get 40% more than the country’s minimum wage. However, the feasibility of reaching the original target of the program - a full living wage by 2020 - is considered impossible. The main reason is that the living wage target itself keeps on being adjusted to reflect the purchasing power by workers. The main impacts include the high inflation rate in Malawi, the unchanged exchange rate, and tea workers now falling in income tax thresholds.

In 2018, IDH signed six long-term projects with program partners, to further work on issues of tea quality improvement, implementation of the sector-wide gender policy and reporting structures in the estates (further covered under proof of concept 3), union capacity building, and smallholder inclusion. Initial results of these field-level activities show that a total of 3,940 farmers have been reached through FFS trainings, which also cover non-tea related activities such as nutrition and sanitation, village savings and loan schemes, and additional income-generating activities. Results from the village savings and loans associations (VSLA) activities suggest that dividends on savings increase each saving cycle, and 85% of FFS farmers confirmed their income from tea has increased following the trainings. Going beyond the on-farm activities, informed by a feasibility study co-funded by IDH, there are advanced plans to construct a dam to increase output from estate and smallholder green leaf, with development finance estimated at US $3 million. This investment will support the ability of the participating estate to close the living wage gap. Lastly, there is appetite from tea producers for a landscape program around Mount Mulanje, which would ensure further revitalization of the industry beyond 2020. Under current project activities in 2018, 30,675 trees were planted to mitigate further local deforestation with farmers and schools in the tea communities.

In this proof of concept, our work in Kenya through the Gender Empowerment Platform (GEP) is key. During 2018, however, we broadened our activities and prototypes using the experience we gained in Kenya as leverage to further create and strengthen opportunities in India and Malawi to work on gender.

IDH facilitated a business-to-business engagement through the IDH4Gender cross-learning event between the IDH tea and flowers programs in Kenya, where discussions focused on issues like workplace safety, sexual harassment, and leadership and empowerment. The event attracted around 60 participants (80% business) from key sector players in Kenya, Ethiopia, Colombia and Malawi, who shared their insights on how and why to address gender in their business. In addition, at the end of 2018, we finalized and published the plantation roadmap: a practical document providing information to companies on how to recognize issues around GBV and sexual harassment, and to develop sustainable interventions to prevent and respond to these issues accordingly. The roadmap brings together best practices from the industry and gained interest also from industry players beyond Kenya.

We further strengthened collaboration on sector governance throughout 2018, through continuance of the GEP and the Safe Hub proposal. Four GEP meetings took place, during which partners continued to exchange best practices and learnings. Technical working sessions were also held to further strengthen and inform the Safe Hub proposal. Together with the GEP members, IDH has

**PROOF OF CONCEPT 3**

By addressing gender-based violence (GBV) issues in the tea supply chain in Kenya through the platform, we aim to develop viable business solutions leading to a better gender balance and reduction of GBV in Kenya. This occurs at two levels:

1. At tea plantations through capacity building on GBV and putting company policy and structures in place addressing GBV (prevention & response);
2. At smallholder level through addressing the root causes of GBV, such as financial literacy.
developed a proposal to establish a Safe Hub for survivors of GBV: a space in the community where women, children, and men feel physically and emotionally safe, and where they can find necessary support from local duty bearers such as the judiciary. Obtaining buy-in from local government is crucial. Over the course of 2018, we have made significant progress on stakeholder outreach, and we foresee that by Q2 2019 we can establish the safe center.

At field level, activities are ongoing in Kenya, Malawi and India. In Kenya, capacity building projects are ongoing on several tea plantations in line with our Roadmap for plantation management to address gender-based violence. Overall, in 2018 10,450 tea plantation workers and 7,000 community members were trained on topics such as gender awareness (prevention of, and response to, GBV), female leadership and skills development, and economic empowerment through financial literacy training. In Malawi, a sector-wide gender policy launched in December 2017 was further implemented and rolled out, focusing on raising awareness of gender issues, human rights, and responsibilities of managers. 209 women across the tea industry received leadership training, 268 supervisors and managers were trained on dealing with sexual harassment and discrimination, and various support structures were established in tea estates including gender committees, women’s welfare committees, and different reporting mechanisms to address concerns. This work is under constant development and improvement.

In India, we began the second phase of the “Improving lives of women and children in Assam’s tea communities” program, addressing a broader range of issues affecting women, adolescents, children and the community living in 205 tea gardens. As the program started mid-2018, most activities relate to capacity building of project staff, frontline workers and estate managers around the setup of adolescent boys’ and girls’ groups, as well as on responsible business practices. Over 30,000 community members have been engaged as well so far.
OTHER ACTIVITIES

There are three key initiatives that are ongoing in the tea program, which are not captured within the proofs of concept. Progress on these is reported below.

Trustea in India
India is a key tea-producing country, where IDH engages in a number of different activities, including trustea and the improving lives program focused on women and children in Assam (covered under proof of concept 3). Currently, trustea – which has been established as a domestic initiative to drive sustainability in the Indian tea industry – accounts for almost half (46%) of the total tea produced in the country. In 2018, trustea verified 608 million kilograms of tea (38% year-on-year increase from 2017), reaching 48,855 smallholder tea growers and 545,421 tea workers. In 2018, IDH also took the lead in setting up the trustea Foundation as an independent secretariat with multi-stakeholder governance. This was timely, considering Solidaridad (previously hosting the Secretariat and the primary implementation partner) announced their exit from the program. IDH led the organization’s setup and consolidation in terms of annual operating plans and budget projections, recruitment and training of the core team, support on external positioning, branding and communications, IT and systems planning to deliver efficiently on the mandate, mentoring the team leader/CEO, and other key priorities for the year. The progress on market introduction – as well as further strengthening our smallholder interventions – was limited, with the change in priorities based on urgency (setup of the Secretariat, finding new implementing partners). However, both topics remain a high priority for the program, and a focused working group on market introduction has been established. A program manager has also been recruited to further develop and strengthen our smallholder interventions in India.

Global Tea Coalition
Over the course of 2018, together with our strategic partner, the Ethical Tea Partnership, we brought together a group of leading tea companies – both producers and packers. The aim of the coalition is to enhance meaningful discussions and collaboration in the tea supply chain to reach the Sustainable Development Goals with a multi-stakeholder governance structure. Around the IDH ten-year event, a meeting to shape this global tea coalition of producers and packers came together to explore the potential; this will be further continued and deployed in 2019, leading to a new global sustainability agenda for the tea sector.

Seeds of Prosperity
In June 2018, the Seeds of Prosperity program, focusing on nutrition and dietary diversity in cooperation with GAIN and Unilever, came to an end in Kenya and India (activities in Tanzania run into 2019). During the program 300,000 people in tea-farming communities were reached. In India, we saw dietary diversity scores increase, as well as a doubling of home kitchen gardens and increased handwashing practices of tea workers. At the same time, we also found mixed results across different locations and target groups – for example, in Kenya the dietary diversity score didn’t increase, perhaps because program length and intensity was insufficient. With this in mind, future programs need a longer period of engagement. In order to create behavioral change, we need to move beyond knowledge and look at additional interventions to improve access to nutritious, fortified and safe food supplies.
LESSONS LEARNED

Malawi Tea 2020
Prices in the current African tea market are low, most likely due to overproduction and lower European demand for tea caused by the hot summer. This makes cost of production for Malawi teas relatively high due to the payment of higher wages, whereas its previous competitive advantage was the low labor cost. Due to these market conditions, there is a risk that buyers move to other tea origins, where tea is cheaper. Although buyer signatories to the Malawi Tea 2020 MOU are not demonstratively moving out of Malawi (yet), we seem to have reached the limits of what we can achieve in a single-origin approach on living wage, especially when it comes to cash wages. A regional approach, or regional benchmarking for living wages, is considered to be needed as a next step to level the playing field across Africa.

Gender
Although the tea program is developing an approach towards measuring global gender KPIs, the type of change that we expect to see through gender interventions is mostly behavioral. It has proven to be difficult to measure this impact and behavioral change in the field-level projects on gender, due to many different factors (such as culture) that are beyond the scope of the projects.

India trustea
Following the exit of Solidaridad as the primary implementing partner for the trustea program, the need arose to scope a new and more diversified set of implementation partners for the trustea program. Due to the regulations in India, it has proven difficult to find a partner which is capable of high-quality implementation and meets all the necessary requirements to work in both a local and international environment, with funds coming in both from domestic and foreign sources.

India smallholder interventions
As tea cultivation accounts for around 60-70% of the household financial requirement, the preparatory work done in 2018 on SDM models need to be taken forward to design programs that work on diversification or access to services that enhance productivity and profitability while integrating smallholders in value chains. This will be key in ensuring improvement in livelihoods in the medium to long term.
## KPIs Tea

### Result area 1 - Change in business practices

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<tr>
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</thead>
<tbody>
<tr>
<td>Output</td>
<td>Private-sector (sustainability) investments in the program</td>
<td>€3,000,000 ratio: 1:1.5</td>
<td>€4,288,349 ratio: 1:2.2</td>
<td>€20,100,000 ratio: 1:1.5</td>
<td>€16,747,662 ratio: 1:2.8</td>
<td></td>
</tr>
<tr>
<td>Output</td>
<td>Market share by program partners</td>
<td>27%</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>Output</td>
<td>Business cases developed to demonstrate the potential of sustainable practices</td>
<td>NA</td>
<td>1</td>
<td>10</td>
<td>4</td>
<td>Due to administrative error, no target was set in AP2018.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Uptake rate of sustainable production by program partners</td>
<td>40% (only measured for trustea (India))</td>
<td>46% (only measured for trustea (India))</td>
<td>40% (only measured for trustea (India))</td>
<td>46% (only measured for trustea (India))</td>
<td></td>
</tr>
<tr>
<td>Outcome</td>
<td>IDH participation in relevant landscape and/or commodity platforms</td>
<td>3</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

### RESULT AREA 1 OUTPUT

**Business cases developed within the IDH program to show the potential of sustainable practices**

- **Target 2018** NA
- **Result 2018:**
  - **Roadmap to address gender-based violence (GBV) in the Kenyan tea sector:** together with its partners, IDH has created a roadmap to address GBV and other forms of sexual harassment in the Kenyan tea industry. IDH gathered input for the roadmap through partner visits, and sought a partnership with UN Women for technical validation. This roadmap is a practical guide for estate management, and can influence individual companies’ business practices and create field-level results through implementation of policies and reporting mechanisms. The roadmap is scalable to other tea-producing countries, such as Malawi, where an interest for the development of such a document has been expressed.
  - **Sustainable procurement model for Malawi Tea 2020:** in 2018, the sustainable procurement model was put into use for the first time since its development, and has been revised since initial user feedback. IDH has been involved in the development of this innovative tool, and provided funding for it. The model enables companies to quantify what they need to do in order to bridge the living wage gap by a certain percentage, creating the business case for sustainable procurement. The model is replicable to other sectors and countries after some changes in its required data, which will be finalized in 2019.
  - **Financial literacy with a gender lens for the Kenyan tea industry:** together with BSR, IDH has published a study on including a gender lens in financial literacy programs for companies. This publication, based on research by BSR in the Kenyan tea and flowers sectors, provides a business case by proving why gender lens investing is necessary for companies. IDH brought in the connection to addressing GBV, based on its core work in Kenya. The outcomes of the publication are replicable to any financial literacy program.
• SDM study for Rwanda TWFA: IDH carried out an SDM study on its project with The Wood Foundation Africa (TWFA) in Rwanda, which provided an analysis of the end results of the project, which ended in 2018. This analysis provides insights into the SDM of the Foundation, as well as the broader business case for investing in this model by all partners involved.

• SDM study for Tanzania UTT: IDH carried out an SDM study on its project with Unilever Tea Tanzania. The report proves the business case for the approach that has been taken by the partners, highlighting that a quality bonus payment system increases farmer loyalty. This is a finding that can be easily replicated to other tea initiatives and sector programs. The report is also a business case for companies to invest in relationships with their outgrower farmers, which is beneficial for both business and smallholders.

• Target 2020: 10
• Cumulative result (2016–2018): 8
• Comments: The business case for Roadmap to address GBV was counted in AR2017 but it only initiated in 2018.

RESULT AREA 1 OUTCOME

Sustainability embedded at corporate level

• Target 2018: In 2018, the tea program will work to further embed sustainability at corporate level of the companies the program works with in the following sustainability areas: a) sustainable procurement practices through the price-discovery model in Malawi, and development of a living wage benchmark study in Assam; b) addressing gender and gender-based violence issues in the supply chain; c) deployment of the SDM methodology in relation to smallholder interventions.

• Result 2018: The business cases listed above enable sustainability to be better embedded at corporate level.

• Sustainable procurement model: the model was updated twice over the course of 2018 (March and September) and used by program partners to measure their results towards a living wage. This is key to the success of the program as it aims to bridge the living wage gap. IDH, as the main convener of the program and commissioner of the sustainable procurement model, has been key in its development. At this stage in the program, it remains difficult to audit contributions of partners in the program, which is the next step to prove the how far sustainability is embedded.

• Gender Empowerment Platform: several resources have been created to aid partners in embedding their work on addressing GBV in their business. The roadmap, as mentioned above, is one of these. Launched in 2018, it is too early to measure the uptake rate of the roadmap. A Common Training Manual was also developed for GEP members. This manual is in use in two projects under the platform, representing two out of five private-sector partners, and one CSO partner.

• Two SDM studies: the SDM study in Rwanda with The Wood Foundation Africa and the SDM study in Tanzania informed the design of the project towards 2020.

• Global Tea Coalition of packers and producers: IDH engaged a group of key producers and packers to define and deploy a global sustainability agenda for the tea sector, in cooperation with the ETP. In 2018, two meetings took place for the Global Coalition, and a first mapping of issues and work plan have been made.
RESULT AREA 1 OUTCOME

IDH participation in relevant landscape and/or commodity platforms

• Target 2018 NA
• Result 2018:
  • Malawi Tea 2020: working towards a living wage for all tea workers in Malawi, IDH has been convening this platform since 2015 as a neutral party. The platform consists of over 35 buyers, retailers, CSOs, producers and certification-body members. The neutral convening role is essential in this coalition to coordinate sustainable procurement. IDH also co-funds field-level projects to revitalize the industry and meet other program-related targets. For further reference, please see the Malawi Tea 2020 progress reports.
  • Trustea: IDH is one of the founding members of the trustea program. The program has reached a critical mass now with 46% of all Indian tea produced being trustea verified, and it is time to consolidate and maintain momentum. We are embarking on the next phase, with an evolving governance structure where the trustea code will be guided by a multi-stakeholder body – of the industry, by the industry, and for the industry.
  • Gender Empowerment Platform in Kenya: the GEP is a platform consisting of the five biggest tea producers in Kenya, as well as CSO and expert organizations on gender and GBV. IDH has convened this platform since 2016 after being asked by the biggest producing members to create an opportunity for cross-learning in the sector. IDH also co-funds projects under the platform together with three out of five producing members.
  • PPP agrochemical taskforce, Vietnam: through its engagement with the tea sector, the IDH Vietnam team is currently vice-chair of the public-private partnership taskforce on agrochemicals, which is a cross-sector platform (including tea and spices). Through participation in the platform, IDH aims to further institutionalize its approach on addressing agrochemicals in Vietnam.
  • Global Tea Coalition: IDH engaged a group of key producers and packers to define and deploy a global sustainability agenda for the tea sector, in cooperation with the Ethical Tea Partnership. The expected outcome is that a global sustainability agenda is developed and that this gives direction to market transformation of the tea sector. IDH has the role of neutral convener of this platform as well as facilitator, together with ETP.

• Target 2020: 3
• Cumulative result (2016–2018): 5
RESULT AREA 2 OUTCOME

Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources

- **Target 2018**: 3 policies around gender and wages
- **Result 2018**:
  - CBA negation in the Malawian tea industry: in 2018, an 11.29% wage increase for all workers in the bargaining unit was achieved as a result of CBA negotiations between producers and workers’ representatives. This wage increase is above the current inflation rate of 8.8%, according to the Malawi Consumer Price Index, thereby giving workers the ability to meet their basic needs. In 2018, the net living wage gap closed by 25%. This means that tea workers on tea plantations in Malawi now get 40% more than the country’s minimum wage.
  - Implementation of the gender policy under Malawi Tea 2020: in 2018, the policy was rolled out by the Tea Association of Malawi: gender committees and women welfare committees have been formed on all estates, and reporting mechanisms have been implemented. Estate managers have been trained on the policy and reporting. We are now building on further implementation and constant revision of the policy and reporting structures.
  - Plant Protection Code 10.0: the next version (10.0) of the Plant & Protection Code (PPC) was made available by the Indian Tea Board. IDH participates through the representative of the trustea program being part of the technical group providing input on the PPC.
- **Target 2020**: 4
- **Cumulative result (2016–2018)**: 5
## Result area 3 - Improved field-level sustainability

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<tbody>
<tr>
<td><strong>Output</strong></td>
<td>Number of producers/workers/community members trained on key subjects for sustainable production, environmental and social sustainability</td>
<td>75,000</td>
<td>177,808</td>
<td>340,000</td>
<td>615,752</td>
<td>We consider as trained: people who have received training on a subject, as part of a training program or during dedicated company training hours. For community members, these numbers reflect primarily awareness and outreach sessions, for example on gender and GBV: short awareness-raising sessions in groups for one hour.</td>
</tr>
<tr>
<td><strong>Output</strong></td>
<td>Number of smallholder producers organized/aggregated by the program</td>
<td>no target set</td>
<td>no target set</td>
<td>no target set</td>
<td>9,2054 - only aggregated since 2017</td>
<td>Since 2017: Type A: 5,792 Type B: 24,880 Type C: 31,195</td>
</tr>
<tr>
<td><strong>Output</strong></td>
<td>Volume of sustainably produced commodity</td>
<td>500,000</td>
<td>608,000</td>
<td>600,000</td>
<td>608,000</td>
<td>Progress for this indicator has been tracked cumulatively, which means the result for 2018 is equal to the cumulative result 2016-2018.</td>
</tr>
</tbody>
</table>

- **Producers:** 25,127 (10,376 women, 9,676 men and 5,057 unknown)
- **Workers:** 97,640 (49,937 women, 41,062 men and 6671 unknown)
- **Community members:** 55,041 (33,405 women, 7,195 men and 14441 unknown)
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<tbody>
<tr>
<td><strong>Outcome</strong></td>
<td>Adoption rate of improved practices by producers-workers/community members</td>
<td>NA</td>
<td>NA</td>
<td>70%</td>
<td>NA</td>
<td>This indicator has only been measured in two small projects, with an ill-defined measuring framework. We therefore do not believe that results are accurate for the program. We have indicated that we need support from M&amp;E on this to develop a quick and cost-efficient strategy, and to align within all projects. However, this is not ready so we have not included it in our annual reporting.</td>
</tr>
<tr>
<td><strong>Outcome</strong></td>
<td>Farmland area where trained practices are applied (this KPI is trusted only)</td>
<td>NA</td>
<td>136,737</td>
<td>350,000</td>
<td>262,523</td>
<td>Due to administrative error, no target was set in AP2018.</td>
</tr>
</tbody>
</table>
Cotton

Cotton is the most widely used natural fiber in the world, with more than 250 million people across the world depending on cotton cultivation and processing for their livelihoods, including millions of smallholder farmers and their families. Owing to a large number of people employed in the cotton sector, it is one of the world’s most important fibers and cash crops. 99% of the world’s cotton farmers across 70 countries are smallholders. They produce 75% of the 25 million metric tons globally. Cotton covers 3% of the world’s cultivated land, yet it accounts for 24% of global insecticide use. It takes 9,000 liters of water to produce 1 kilogram of cotton. Other sustainability issues include the impact on soil quality and biodiversity as well as profitability, working conditions, gender, health & safety and child labor. Additionally, cotton supply chains are fragmented, spanning large geographic areas and market distances, with limited visibility from retailers into sustainability issues at different points within the supply chain.

The IDH cotton program plays a key role in addressing these challenges, with the goal of improving the livelihoods of 3.5 million smallholders and medium-sized cotton farm workers by 2020. In addition, the program aims to minimize the harmful impact of crop protection practices, promote water stewardship, improve soil health, enhance biodiversity, preserve fiber quality, promote decent work, and develop effective farm-management systems across India, Pakistan, China, Turkey, Mozambique and Tajikistan.

Relevant Sustainable Development Goals

PARTNERS

Private

Public
Songzi Agriculture Extension Center, Shandong (China), Government of Maharashtra (India), MahaCOT, IIAM (Mozambique), BMZ, DFAT, Embassy of the Kingdom of the Netherlands in Mozambique

Other
2030 WRG, WOTR, ACF, AFPRO, Better Cotton Initiative, CABI, CAIM, C&A Foundation, Deshpande Foundation, Dilasa, Lupin Foundation, IPUD, Lok Sanjh, Nongxi Cooperatives, MYKAPS, SWRDO, Pan UK, PRDIS, REED Society, SAROB, WWF India, WWF Pakistan
### PROGRESS TOWARDS 2020

**Number of producers/workers/community members trained on key subjects for sustainable production, environmental and social sustainability**

<table>
<thead>
<tr>
<th>Target Year</th>
<th>Result</th>
<th>Cumulative Target 2020</th>
<th>Cumulative Result 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>2,190,500</td>
<td>3,500,000</td>
<td>5,850,712</td>
</tr>
<tr>
<td>2018</td>
<td>2,426,901</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Volume of sustainably produced commodity**

<table>
<thead>
<tr>
<th>Target Year</th>
<th>Result</th>
<th>Cumulative Target 2020</th>
<th>Cumulative Result 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>4,000,000</td>
<td>6,600,000</td>
<td>11,559,000</td>
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<tr>
<td>2018</td>
<td>4,408,000</td>
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</tbody>
</table>

**Private-sector (sustainability) investments in the program**

<table>
<thead>
<tr>
<th>Target Year</th>
<th>Result</th>
<th>Cumulative Target 2020</th>
<th>Cumulative Result 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>€4,000,000</td>
<td>€19,500,000</td>
<td>€29,296,339</td>
</tr>
<tr>
<td>2018</td>
<td>€15,534,035</td>
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</table>

**Program co-funding ratio (2018)**

- Private: 86%
- IDH: 14%

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### TRAFFIC LIGHT ASSESSMENT

**PROOF OF CONCEPT 1**

By partnering with the Better Cotton Initiative, we can achieve impact at scale for smallholder farmers and promote responsible agrochemical management. By training 3.5 million farmers on good agricultural practices, improved use of water, optimal use of chemical inputs, awareness of Decent Work conditions on farms and improved profitability, we can make one-third of global cotton production more sustainable.

**PROOF OF CONCEPT 2.1**

By establishing farming-related activities (beyond and related to the primary crop), additional revenue will be generated by farmers and related organizations, resulting in alternative incomes and increased climate resilience for smallholder farmers.

**PROOF OF CONCEPT 2.2**

IDH will bring together representatives from the public sector, industry and civil society to collaborate with 2030 Water Resource Group, for program activities developed under the Maharashtra Cotton Water Platform which is chaired by the Department of Agriculture under the Maharashtra government. The platform will advise on prototypes and enabling initiatives that will accelerate partnership models for water-efficient and climate-resilient agriculture through promotion of sustainable commodity supply chains.
MARKET TRANSFORMATION BY IDH

As strategic partner to the Better Cotton Initiative (BCI) since 2009, IDH is achieving sustainable market transformation in the global cotton value chain by creating both supply- and demand-side momentum for Better Cotton. On the demand side, IDH is convening frontrunner brands and retailers to commit to sourcing more Better Cotton each year. In 2018, BCI reached a record level of Better Cotton uptake of over 1 million metric tons by 93 retailers and brand members, representing 19% of the global cotton market share. On the supply side, to ensure increasing demand for Better Cotton is also met with increasing supply, IDH is leveraging significant private-sector funding for Better Cotton production, and managing a fund of €12.6 million annually for the Better Cotton Growth and Innovation Fund (BC GIF) while providing strategic investment advice for capacity building of Better Cotton farmers across the world’s top cotton-producing countries, including India, Pakistan and China. Financially, IDH continues to support BCI through its contributions to the BC GIF, and works closely with government donors, civil-society organizations and other private-sector partners to develop and innovate on the BCI model further. It is this combined multi-stakeholder effort that will transform one-third of global cotton production into sustainable cotton.

Beyond BCI, in Maharashtra (India) and Mozambique, IDH is developing the business case for investing in smallholder cotton farmer livelihoods holistically, by convening multi-stakeholder platforms in close collaboration with state government and private-sector supply-chain partners on rural transformation and development of agribusiness.

PROGRESS 2018

In 2018, IDH – through its role as strategic partner to BCI – contributed to BCI retailers and brands sourcing a record-breaking level of over 1 million metric tons of Better Cotton. As part of this effort:

- We managed a total fund value of €12.6 million, with an investment portfolio of €8.7 million under the BC GIF, which was strategically invested in farmer capacity building across India, Pakistan, China, Turkey, Mozambique and Tajikistan, training 2.4 million farmers and producing an estimated 4.4 million metric tons of Better Cotton.

- We successfully renewed our partnership with Australia’s Department of Foreign Affairs and Trade (DFAT) for additional public-sector contribution to the BC GIF, and partnered with and supported BCI in fundraising with the C&A Foundation and GIZ/BMZ, securing an additional €1.5 million for 2019.

- We convened major brands and retailers, public-sector partners and CSOs through the Field Investment and Impact Committee (FIIC) and the Buyer and Investor Committee (BIC), as part of our role as fund manager to the BC GIF. The aim was to develop the fund’s annual global investment strategy and to support BCI demand and uptake by ensuring that funding investments and supply capacity are created in the right markets.

- IDH provided €1.5 million in funding, which was match-funded by BCI brands and retailers based on their procurement of Better Cotton (volume-based fee).

- IDH led the development and rollout of two innovation pilot projects with BCI and through the GIF Innovation Framework developed in 2017, for app-based farmer engagement (Nongjibao) and skill development of field staff providing farmer trainings (Kuza), with the aim of broadening and deepening BCI’s farmer engagement model.

- In Mozambique, IDH continued its work on building the climate resiliency of cotton farmers through provision of resources and training for alternative livelihoods in partnership with key cotton concessionaries, while continuing to develop the business case for private-sector partners to deliver holistic agricultural extension services.

- In Maharashtra (India), IDH is scaling up its climate resilience project from four villages (1,000 farmers) to 30 villages (6,300 farmers) while providing the opportunity to prototype hyper-local agro-met advisory services at farm level. This is at a much more in-depth scale than the current government-approved technology for district-level services, thus adding value to the implementing partners’ larger crop advisory program that will eventually be rolled out nationally.

- In India, IDH is developing a business case for investing in smallholder cotton farmer livelihoods. The study titled Towards doubling cotton farmer incomes in Maharashtra is aligned with the Prime Minister’s agenda on doubling farmer incomes in India by 2022.
In 2018, the cotton program continued to build on the success of previous years under the Better Cotton Fast Track Program (BCFTP) which ran from 2009 to 2016, followed by the Better Cotton Growth and Innovation Fund (BC GIF) for which IDH is the current fund manager. In this capacity, IDH continues to facilitate and maintain a trusted, cohesive, efficiently run multi-stakeholder partnership, successfully bringing together government donors, civil-society organizations, brands and retailers, mid-stream supply chain partners, and other private-sector parties towards one common goal of making Better Cotton a global mainstream commodity. A change in business practices can be observed as a result of these efforts, as we continue to leverage increasing private (and public) sector funding – growing from €330,000 in 2010 to more than €12 million in total investments coming from the industry. With increasing participation from the private sector, it has also enabled the transition to a market-driven funding model where retailers and brands contribute 61% of the fund value, and IDH’s contribution has reduced from 50% in 2010 to 10% in 2018.

This growth in private-sector involvement and funding, combined with our renewed partnership with DFAT, provided additional support to the BC GIF, and in turn enabled us to improve and further scale up field-level implementation and sustainability. In 2018, we exceeded our field-level targets by 10%, with a total of 2.4 million farmers now trained on the Better Cotton principles and criteria, across 5.3 million hectares, and producing 4.4 million metric tons of Better Cotton. Additional funding also enabled us to expand our innovation pipeline, as part of our mandate under the BC GIF Innovation Framework developed in 2017, and as strategic partner to BCI. In 2018, we piloted two projects with app-based digital learning providers to explore new ways of learning and development for farmers and field-level staff to achieve greater scale and impact. In China, we partnered with Nongxi Farmer Cooperative to leverage an existing app platform called Nongjibao, to provide farmers with on-demand access to BCI training material through their smartphones, with the aim of using the app-based tool as part of farmer trainings in the future. In India, we partnered with Kuza, a digital learning provider, to develop an app-based tool to assess the knowledge and skills of agricultural extension officers and then provide tailored training modules for skill development. This aim here is to ensure all field staff have a uniform skillset and understanding required to support cotton farmers in the implementation of the Better Cotton Standard System.

In terms of sector governance, in 2018 we continued our work on the development of, and compliance with, voluntary and legal standards on sustainable cotton production. Firstly, by engaging with Greek industry stakeholders, and commissioning a scoping study and country start-up assignment to support the Greek cotton industry to embed BCI into their policy systems. And secondly, by continuing our work with key public institutional agencies in India (at state level) and Pakistan (at provincial level) through our BC GIF engagement and implementing partners.

In 2018, IDH entered its second year of the Mozambique Climate Resilience program. We continued our work on building the climate resiliency of cotton farmers and developing the business case for our private-sector partners. This resulted in the program expanding and growing from three to four pilot projects in northern Mozambique, with the addition of a fourth private-sector partner at the end of 2018. As a result, the program is now being implemented by four of Mozambique’s key cotton concessionaries: Olam, Plexus, San JFS and Sanam. Target

**KEY ACHIEVEMENTS PER PROOF OF CONCEPT**

**PROOF OF CONCEPT 1**

By partnering with the Better Cotton Initiative, we can achieve impact at scale for smallholder farmers and promote responsible agrochemical management. By training 3.5 million farmers on good agricultural practices, improved use of water, optimal use of chemical inputs, awareness of Decent Work conditions on farms and improved profitability, we can make one-third of global cotton production more sustainable.

**PROOF OF CONCEPT 2.1**

By establishing farming-related activities (beyond and related to the primary crop), additional revenue will be generated by farmers and related organizations, resulting in alternative incomes and increased climate resilience for smallholder farmers.
KPIs in terms of investments and reach were met, reflecting sound planning and delivery on our private-sector engagement and at field level.

In 2018, field-level implementation continued to focus on yield optimization, with training provided on good agricultural practices including soil management and integrated pest management in cotton and secondary crops, based on village-level cropping patterns. In addition, we continued our work on developing community-level watershed structures and alternative livelihood opportunities through animal husbandry, provision of solar energy and cooperatives. The engagement with farmers continues to improve as we deliver results from our ongoing efforts, which in turn has led to greater motivation and trust among the farmers and cotton concessionaries. Due to the watershed structures developed in our first year of implementation, farmers have been able to reap the benefits of building up water resources in the second year. Coupled with training on good horticulture practices for tomatoes, onions and cabbages, this has allowed farmers to successfully develop alternative income sources.

In India, IDH signed an MOU with the Maharashtra government under the World Bank-funded project to promote sustainable agriculture – State of Maharashtra Agribusiness and Rural Transformation (SMART) – with the goal of strengthening offtaker relationships with 4,000 cotton and 2,000 spices farmers. In 2018, IDH continued its ongoing sub-national government engagement through participation in value chain consultations for the SMART project, as well as review meetings for the Public-Private Partnership for Integrated Agriculture Development (PPP-IAD) program.

IDH also worked to align BCI implementation in Maharashtra with the ongoing World Bank-funded Project on Climate-Resilient Agriculture (PoCRA), and is in the process of registering BCI farmers to reap benefits including soil health improvement, micro-irrigation systems, post-harvest management facilities, and integrated farming systems.

At field level, the scope of the climate resilience program with smallholder cotton farmers in Maharashtra has been expanded from four villages to a new 30-village project reaching out to 6,300 farmers. The program delivers agro-meteorological advisory services, training on good agricultural practices, and community-based watershed management through a participatory and gender-inclusive approach. While scoping, community consultations, program design and contracting was completed in 2018, the project kicked off in January 2019.

In a combined effort to drive sector governance and changes in business practices, IDH participated in two platform meetings under the Maharashtra Cotton Water Platform, engaging 40+ platform members from government, industry, banking, academic and civil society. To support this effort, two studies were carried out to support the business case on gender integration and cotton smallholder livelihoods, through a consultative process involving 60+ key government, industry, civil society and finance-sector actors.

**PROOF OF CONCEPT 2.2**

IDH will bring together representatives from the public sector, industry and civil society to collaborate with 2030 Water Resource Group, for program activities developed under the Maharashtra Cotton Water Platform which is chaired by the Department of Agriculture under the Maharashtra government. The platform will advise on prototypes and enabling initiatives that will accelerate partnership models for water-efficient and climate-resilient agriculture through promotion of sustainable commodity supply chains.
LESSONS LEARNED

Sustainable agriculture
1. To effectively drive scale, regional saturation and quality implementation of the Better Cotton Standard System, it requires a two-tier approach in fund-management activities. This includes a standardized approach to implementing partner engagement that builds on BCI’s broader strategic agenda and addresses clear regional goals and needs, as well as a tailored approach for implementing partners that demonstrate additional bandwidth and capacity. Coupled with continuous improvement and efficiency of fund-management processes, it will also create time and space for closer engagement with partners, and enable the development of critical mass by 2020 for greater value and impact to the cotton sector.

2. To be able to measure and attribute field-level impact, it is essential that M&E systems can deliver such evidence. For this reason, IDH is also working with Wageningen University & Research and BCI for robust data gathering and analysis, and with BCI and the implementing partners to provide adequate field-level capacity that is meeting the needs of farmers.

3. Through our work on two innovation pilots this year on interactive online farmer engagement (Nongjibao) and agricultural extension officer skill development (Kuza), we have gained more experience and knowledge in the field of tech-based learning and innovation, and the many opportunities, challenges and risks that come with it. We faced challenges in terms of the time and resources required to develop a pipeline of ideas, and then finding the right partner to design, develop and pilot those ideas. It also resulted in the development of the BC GIF Innovation Challenge: leveraging our learnings for further development and improvement of the program in a way that allows us to prioritize and grow our innovation agenda and existing network without affecting the quality of existing work streams.

Climate resilience
1. The importance of quality field-level support through the selection of credible, experienced and strategic program partners is essential for delivering on program milestones. A vital component in this process is local networking, tapping into connections of existing internal capacities and fundraising.

2. While the case for farmer resilience and impact is strong, building the business case (and interest) for cotton concessionaires to deliver holistic engagement with communities takes time. In year one, the initial costs of the delivery will exceed the benefits that these partners perceive.

3. To strengthen sub-national government engagement, it is important to find an anchor in key governmental departments, who is aligned with IDH’s thinking and willing to work together. Consistent facetime is also very important and increases the likelihood of success. Building government relationships is an ongoing process, and it is important to show immediate quick wins while developing a larger program or partnership.
# KPIs Cotton

## Result area 1 - Change in business practices

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<tr>
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</thead>
<tbody>
<tr>
<td>Output</td>
<td>Private-sector (sustainability) investments in the program</td>
<td>€4,000,000 ratio: 1:2</td>
<td>€15,534,035 ratio: 1:6.2</td>
<td>€19,500,000 ratio: 1:2</td>
<td>€29,296,339 ratio: 1:3.4</td>
<td>Result 2018 comes from: 1. BCI total VbF: € 7,528,803 2. BCI membership fee private €4,835,421 3. Mozambique private (still to be finalized) €146,315</td>
</tr>
<tr>
<td>Output</td>
<td>Market share by program partners</td>
<td>NA</td>
<td>11%</td>
<td>5%</td>
<td></td>
<td>The target for 2018 is not set on percentage, but an uptake of 680,000 metric tons of Better Cotton lint. The cumulative result will become available when the BCI publishes its 2018 annual report.</td>
</tr>
<tr>
<td>Output</td>
<td>Business cases developed to demonstrate the potential of sustainable practices</td>
<td>NA</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>Activity planned for the target of this indicator is still in early implementation phase, i.e. year 1. We anticipate business case identification in year 3. The 2018 result is contributed by the Maharashtra program.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Uptake rate of sustainable production by program partners</td>
<td>11%</td>
<td>17%</td>
<td>17%</td>
<td>17%</td>
<td>In the 2018 Annual Plan, we specified that the 2018 procurement target was 680,000 metric tons. Against a 2020 total of 6 million metric tons, this gives us 11%. In the 2018 annual plan we included comment to specify that the 2018 procurement target was 680,000MT. Against a 2020 total MT of 6Mil this gives us 11%</td>
</tr>
<tr>
<td>Outcome</td>
<td>IDH participation in relevant landscape and/or commodity platforms</td>
<td>NA</td>
<td>1</td>
<td>NA</td>
<td>1</td>
<td>The 2018 result is contributed by the Maharashtra program. This KPI was not reported previously, but is relevant given progress made in Maharashtra (POC 2).</td>
</tr>
</tbody>
</table>
RESULT AREA 1 OUTPUT

Business cases developed within the IDH program to show the potential of sustainable practices

- **Target 2018:** NA
- **Result 2018:**
  - **Mozambique:** No business case development yet in 2018. This will happen in 2019, with two of our private partners for the Mozambique program (POC 2), in the form of SDM studies. After 2.5 years of implementation (final year), the two SDMs to be conducted in 2019 will assess the case for concessionsaire owners (Olam and San JFS) to invest in smallholder resilience.
  - **Maharashtra:** IDH is working with consultants on two studies to validate the business cases for investing in female cotton cultivators and strengthening the livelihoods of cotton farmers in Maharashtra. Once completed, these studies will guide the strategic interventions developed in a prototype to be implemented in six clusters in Maharashtra targeting around 6,300 cotton farmers.
  - **Establishing the business case for investing in smallholder livelihoods in Maharashtra** - This study assesses a range of intervention strategies (decreased cost of cultivation, increase in yield, adhering to market requirements, moving beyond cotton, livelihood diversification) that could potentially contribute to increasing cotton farmers’ incomes, quantifying the economics of implementation and the incremental value added.

- **Target 2020:** 2
- **Cumulative result (2016–2018):** 2

RESULT AREA 1 OUTCOME

Sustainability embedded at corporate level

- **Target 2018:**
  
  In 2018, the cotton program will continue to engage new BCI retailers and brands in the BC GIF. The focus and performance will depend on the following parameters: commitment of the top management; public declaration of sustainability goals, Key Performance Indicators (KPIs) and targets at procurement level; sustainability progress reporting in the public domain; embedding in company procurement system via product specifications; sustainable procurement as a preferential criterion towards suppliers.

- **Result 2018:**
  - Adidas achieved its 100% commitment to sustainable cotton sourcing in 2018.
  - IDH was represented at, and actively participated in, the Buyer & Investment Forum in Phuket, Thailand. IDH convened with all the major retailers and brands that are members of BCI.
  - IDH serves as the Growth and Innovation Fund Secretariat and hosts the Field Innovation and Investment Committee bi-annual meetings. As the Secretariat, IDH engages with brands and retailers to develop the annual BC GIF funding strategy for scaling up Better Cotton production in the world’s key cotton-producing countries.

- **Target 2020:**
  
  Sustainability embedded at corporate level in:
  1. Public declaration of sustainability goals and progress reporting;
  2. Set of KPIs at procurement level;
  3. Sustainable procurement towards suppliers.

- **Cumulative result (2016–2018):** NA
RESULT AREA 1 OUTCOME

IDH participation in relevant landscape and/or commodity platforms

- **Target 2018:** NA
- **Result 2018:**

**Maharashtra:** Established under the broader Maharashtra Water Multi-Stakeholder Platform, the Maharashtra Cotton Water Platform was formed in 2015 under the guidance and leadership of the Department of Agriculture, bringing together representatives from the public sector, global and local cotton supply-chain actors, finance institutions and civil society to deliver innovative solutions to improve water-use efficiency, to increase the income of the cotton-farming communities, and to support partnerships with cotton supply-chain actors for offtake arrangements and farm-level interventions. In collaboration with 2030 Water Resource Group and under an MOU signed in April 2017, IDH is leading the development of the initiatives and working groups under the Maharashtra Cotton Water Platform. Through engagement with platform members, IDH will seek input and participation in prototypes and enabling initiatives that will accelerate partnership models for water-efficient and climate-resilient agriculture through the promotion of sustainable commodity supply chains.

- **Target 2020:** NA
- **Cumulative result (2016–2018):** NA

RESULT AREA 2 OUTCOME

Development of, and compliance with, voluntary and legal standards on sustainable commodity production

- **Target 2018:** As strategic partner to BCI GIF, IDH will support the BCI targets for national embedding. While BCI is in the process of defining a target, IDH aims to support at least five countries via the BCI GIF strategic partnership (one country by 2018).
- **Result 2018:** IDH continued to explore synergies with local governments in key BC GIF investment countries to facilitate embedding Better Cotton in country-level institutional practices:
  - In Pakistan, the Agriculture Extension Department (AED) has initiated a pilot for providing BC training under the guidance and supervision of WWF Pakistan.

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<tbody>
<tr>
<td>Output</td>
<td>Representation and commitment of key-stakeholders in multi-stakeholder processes or coalitions</td>
<td>NA</td>
<td>8</td>
<td>NA</td>
<td>NA</td>
<td>This figure is the average score from a survey that was conducted in March 2019, in which stakeholders were asked to rate multiple aspects of their experience with IDH programs. The total number of respondents for the Cotton program is 15.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Satisfaction about the effectiveness of multi-stakeholder processes or coalitions associated with the program</td>
<td>NA</td>
<td>8</td>
<td>NA</td>
<td>NA</td>
<td>This figure is the average score from a survey that was conducted in March 2019, in which stakeholders were asked to rate multiple aspects of their experience with IDH programs. The total number of respondents for the Cotton program is 15.</td>
</tr>
</tbody>
</table>

- **Target 2020:** As strategic partner to BCI GIF, IDH will support the BCI targets for national embedding. While BCI is in the process of defining a target, IDH aims to support at least five countries via the BCI GIF strategic partnership by 2020.
- **Cumulative result (2016–2018):** NA
## Result area 3 - Improved field-level sustainability

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<tbody>
<tr>
<td>Output</td>
<td>Number of producers/workers/community members trained on key subjects for sustainable production, environmental and social sustainability</td>
<td>2,190,500 POC 1: 2,190,000 POC 2: 500</td>
<td>2,426,901 POC 1: 2,426,292 (estimated to be 2,183,663 men and 242,629 women) POC 2: 609 Male: 496 Female: 113</td>
<td>3,500,000</td>
<td>5,850,712</td>
<td>Farmers trained on BCI, as well as on good horticulture practices (for alternative income in tomatoes, onions and cabbages)</td>
</tr>
<tr>
<td>Output</td>
<td>Number of producers/workers/community enterprises reached by service delivery</td>
<td>NA</td>
<td>POC 2: 703 Male: 541 Female: 162 Training provided on cotton production, horticulture, and animal husbandry best practices</td>
<td>NA</td>
<td>703</td>
<td>Baseline (2016) POC 2: 207 Male: 167 Female: 40</td>
</tr>
<tr>
<td>Output</td>
<td>Volume of sustainably produced commodity</td>
<td>4,000,000</td>
<td>4,408,000</td>
<td>6,600,000</td>
<td>11,559,000</td>
<td></td>
</tr>
<tr>
<td>Outcome</td>
<td>Adoption rate of improved practices by producers/workers/community members</td>
<td>1. NA 2. 75%</td>
<td>1. NA 2. 75%</td>
<td>1. NA 2. 75%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outcome</td>
<td>Farmland area where trained practices are applied</td>
<td>4,500,000</td>
<td>5,387,000</td>
<td>6,000,000</td>
<td>5,387,000</td>
<td>1. The results and targets for this indicator are “cumulative” by nature; it is not set and reported by annual figure. Yield optimization through good agricultural practices in primary (cotton) and secondary (soy, pulses etc.) crops based on the village cropping pattern. 2. Community-level watershed development, soil management, alternative livelihood opportunities (livestock, solar energy, machine cooperatives) and integrated pest management.</td>
</tr>
</tbody>
</table>
The biggest challenge to a sustainable and thriving cocoa sector in West Africa – which is the most important cocoa-producing region globally – is poverty. 95% of small-scale farmers in Côte d'Ivoire and Ghana live below the poverty line\(^1\). The absence of a decent living income throughout the year means that farmers and their families struggle to meet basic needs such as education, health, and food and nutrition security – let alone re-investing in their farms, including hiring labor during the cocoa seasons instead of reverting to child labor. Poverty also leads to deforestation, as farmers continue planting cocoa in forests and in protected areas in particular, which is where they can still find fertile land. Additionally, the effects of climate change in the long run on cocoa productivity remain an important risk that remains to be addressed. The reality of the cocoa industry in West Africa today poses a threat to the sustainability of the whole sector.

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1. [https://www.kit.nl/project/demystifying-cocoa-sector/](https://www.kit.nl/project/demystifying-cocoa-sector/)
PROGRESS TOWARDS 2020

Number of producers/workers/community enterprises reached by service delivery

<table>
<thead>
<tr>
<th></th>
<th>TARGET 2018</th>
<th>RESULT 2018</th>
<th>CUMULATIVE TARGET 2020</th>
<th>CUMULATIVE RESULT 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>50,000</td>
<td>165,089</td>
<td>150,000</td>
<td>218,063</td>
</tr>
</tbody>
</table>

Number of cooperatives receiving medium and/or long-term lending products

<table>
<thead>
<tr>
<th></th>
<th>TARGET 2018</th>
<th>RESULT 2018</th>
<th>CUMULATIVE TARGET 2020</th>
<th>CUMULATIVE RESULT 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>125</td>
<td>94</td>
<td>300</td>
<td>117</td>
</tr>
</tbody>
</table>

Private-sector (sustainability) investments in the program

<table>
<thead>
<tr>
<th></th>
<th>TARGET 2018</th>
<th>RESULT 2018</th>
<th>CUMULATIVE TARGET 2020</th>
<th>CUMULATIVE RESULT 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€ 4,000,000</td>
<td>€ 3,250,466</td>
<td>€ 22,200,000</td>
<td>€ 17,257,375</td>
</tr>
</tbody>
</table>

Program co-funding ratio (2018)

Private: 69%  IDH: 31%

TRAFFIC LIGHT ASSESSMENT

PROOF OF CONCEPT 1

Enabling the development of professional cooperatives/entrepreneurial farmers and creating a sector-wide enabling environment for farmers and cooperatives, including engineering financial products to reach (cocoa) producers, will lead to empowerment of cooperatives and farmers in the financial space, and improve their ability to use and access finance for investments in both farm and non-farm activities (e.g. health, education).

PROOF OF CONCEPT 2

Develop, validate and benchmark different models to be applied by the cocoa industry to effectively address underlying causes of malnutrition through gender-sensitive farm services leading to improved diets.

PROOF OF CONCEPT 3

The Cocoa & Forests Initiative (CFI) is recognized as a leading action-oriented public-private-civil-society partnership able to effectively end cocoa-related deforestation and support forest restoration in key cocoa-producing countries, starting with Côte d’Ivoire and Ghana.

Note: this proof of concept was not part of the 2018 Annual Plan, as CFI is an initiative that was started in 2017; in 2018 the next steps and funding of the initiative had not been secured.
MARKET TRANSFORMATION BY IDH

IDH focuses on prototyping innovative field-level projects that make cocoa farming a sustainable business for the farmer, and cocoa supply more sustainable and secure for the industry.

The cocoa program focuses on three areas of innovation:

1. **Investment**, to build farmers’ capacity through relevant and accessible training initiatives that improve efficiency of access to financial services and technology. IDH is well positioned to work with industry to reinforce existing business models that invest in farmers and cooperatives, by facilitating access to finance combined with professionalization services. We do so through the Farm and Cooperative Investment Program (FCIP) in Côte d’Ivoire, amongst other programs.

2. **Community**, to focus on gender empowerment and curbing malnutrition in cocoa communities. The Cocoa Nutrition Program, with a total of seven first mover cocoa/chocolate companies engaged, is pioneering interventions in nutrition in Ghana and Côte d’Ivoire.

3. **Environment**, to end deforestation and forest degradation in the cocoa supply chain. The Cocoa & Forests Initiative offers a platform for public, private, and civil-society stakeholders to address cocoa-related deforestation in Côte d’Ivoire and Ghana – with 33 companies engaged, it was instrumental in getting the sector to make pledges and design action plans to end deforestation in their value chain.

PROGRESS 2018

The cocoa program has developed a series of complementary programs over the years to increase the sustainability of cocoa for the farmers, the industry, and the environment. Below is just a snapshot of some of the interventions that contribute to transforming the sector:

The Cocoa Challenge Fund of the Farm and Coop Investment Program (FCIP) worked and co-invested with five agribusinesses and six financial institutions and service providers. It provided a variety of nine financial services and products to both cocoa farmers and cooperatives, while creating an enabling environment for the improvement of the bankability of farmers.

The Cocoa Origins Program focuses on the Dutch consumer market reaching full sustainability of cocoa consumption and added value in improved sustainability and investments in origins. The initial call for proposals led to the first four projects in Peru, Colombia, Sierra Leone and Cameroon (one more than targeted), which started implementation in October 2018.

Three nutrition projects in Ghana transitioned from prototyping phase to scaling phase, having identified elements of the model that are replicable. These include knowledge of nutrition practices and access to nutrition services for 6,000 smallholder farming households; increase in company staff capacity of the four top cocoa companies – two traders (Touton and Ecom) and two brands (Hersheys and Lindt) – to facilitate the integration of nutrition into service delivery model; and increase in household income from the sale of food produced. The market transformation takes place at the level of farmer household resilience and livelihood, as well as at the level of the company and its ability to integrate nutrition services as part of its extension work with farmers.

A solid CFI governance structure was established in Ghana and Côte d’Ivoire, offering a platform for companies, government and civil society to co-design and co-implement effective solutions to address cocoa-related deforestation.

A consortium of 18 partners (comprising private-sector companies, national and international research institutes, and coordinated by IITA, Wageningen University & Research, and IDH for the CocoaSoils program) was established to sustainably intensify cocoa production through the development and dissemination of Integrated Soil Fertility Management (ISFM) recommendations.
2018 has been a pivotal year in project development, with the establishment of the FCIP’s portfolio and the development of products and services. All in all, five agribusinesses and six financial institutions were engaged in FCIP in 2018, reaching over 132 cooperatives from agribusiness and 97 cooperatives for financial institutions.

At field level, over 138,000 farmer-entrepreneurs, of which 5% women, received training and access to finance. Over 125,000 producers, including 5% women, were reached by service delivery training, and over 50,000 producers gained access to a variety of loans (inputs loan, digital school loans, etc.).

At business level, €2,513,313 in private-sector (sustainability) investments in the program were made, leading to financial flows between banks/agribusinesses and coops (savings, lending products received, volume of loans, default rate, interest rate, financial track record, outstanding portfolio). 104 cooperatives were assessed (via the Scope Insight tool) on their level of professionalism, which increased access to finance at affordable costs and conditions, leading to increased industry interest in investing in farmer and cooperative professionalization and sustainable business models that can be replicated and scaled up. Additionally, non-RMF indicators resulted in input loans to 94 cooperatives of nearly €3 million.

The program contributed to global guidelines for the definition of a professional farmer organization, according to IWA standards, and initiated setting up the AMEA network in Côte d’Ivoire in conjunction with IFC. Stakeholders are reaching a common understanding on a global guideline for a professional cooperative.

These results highlighted the need to focus more on creating an enabling environment for strengthening and sustaining the gains for sustainable financial inclusion.

**KEY ACHIEVEMENTS PER PROOF OF CONCEPT**

**PROOF OF CONCEPT 1**

Enabling the development of professional cooperatives/entrepreneurial farmers and creating a sector-wide enabling environment for farmers and cooperatives, including engineering financial products to reach (cocoa) producers, will lead to empowerment of cooperatives and farmers in the financial space, and improve their ability to use and access finance for investments in both farm and non-farm activities (e.g. health, education).

**PROOF OF CONCEPT 2**

Develop, validate and benchmark different models to be applied by the cocoa industry to effectively address underlying causes of malnutrition through gender-sensitive farm services leading to improved diets.

At business level, the four top cocoa companies in Ghana have invested in prototyping programs to improve the nutrition of 6,000 smallholder cocoa farmers. During the year, the projects transitioned from prototyping phase to scaling phase, having identified elements of the model that are replicable for wider use and are able to be integrated with the company business model. Through these projects in Ghana, companies have increased their capacity to integrate effective elements of the model into their wider supply chain activities, and IDH is supporting this scaling process through the identification and dissemination of learnings among companies and partners.

At field level, key results from the projects include: increased knowledge on nutrition practices and services to 6,000 smallholder farming households; increased staff capacity of the four top cocoa companies to facilitate the integration of nutrition into service delivery; early indication of increase in household income from the sale of food produced.

At sector-governance level, IDH convenes the private sector in Ghana and Côte d’Ivoire to partner with technical partners (GAIN, CARE, PDA), government and others (donors, researchers, etc.) around a learning agenda, driven by the Cocoa Nutrition Learning Platform. The platform aims to deepen impact and scale effective models for improved nutrition more widely within cocoa supply chains.

**PROOF OF CONCEPT 3**

The CFI is recognized as a leading action-oriented public-private civil-society partnership able to effectively end cocoa-related deforestation and support forest restoration in key cocoa-producing countries, starting with Côte d’Ivoire and Ghana.

Note: this proof of concept was not part of the 2018 Annual Plan, as CFI is an initiative that was started in 2017; in 2018 the next steps and funding of the initiative had not been secured.
Côte d’Ivoire and Ghana

2018 activities focused on strengthening the governance of the initiative, with CFI national governance structures established as follows:

• In Côte d’Ivoire, a Ministerial Decree ratified the governance, which is led by the Ministry of Water and Forests (MINEF) and involves 15 public-sector organizations, 14 private-sector organizations, and 13 civil-society organizations and knowledge institutions.

• In Ghana, the governance is led by the Ministry of Land and Natural Resources and involves eight public-sector organizations, 11 private-sector organizations, three farmer organizations, and ten civil-society organizations.

Major progress was also achieved to translate CFI Frameworks for Action into concrete and detailed implementation plans, which were approved by the Côte d’Ivoire and Ghana governments in July. These were followed by the development of a public budget for 2019-2021, approved by the governments at the end of 2018:

• In Côte d’Ivoire: €193 million, covering agroforestry promotion (43%); forest protection and rehabilitation (48%); social inclusion activities (5%); traceability (2%); and M&E (1%).

• In Ghana: €87 million, covering project management, monitoring and coordination (6%); forest protection and restoration (39%); sustainable cocoa protection and farmer livelihood (30%); and community engagement and social inclusion (25%).

At business level, the CFI national implementation plans helped signatory companies define their own CFI action plans. Although the company plans were scheduled to be published at the end of 2018, the deadline was postponed to March 2019 to leave enough time for review and alignment.

The adoption of CFI governance structures, national implementation plans and budget in 2018 were critical steps to prepare for progress on field-level sustainability in 2019, in particular on the following topics: strengthened traceability system, promotion of agroforestry and forest restoration, updated land-use maps, development of a satellite monitoring system, CFI M&E framework, and mobilization of finance.

Colombia

In July, Colombia became the first Latin American country to commit to joining CFI. Cocoa has been identified as a priority for Colombian agricultural growth, both for domestic consumption and international export. IDH is a signatory of the Cocoa, Forests & Peace Framework for Action adopted in July, while WRI is funding the initiative, and commissioned Alisos (a Colombian consultancy) to do the convening.

OTHER ACTIVITIES

Through the Cocoa Origins Program, IDH contributed to the Dutch commitment towards the realization of the Letter of Intent. This aims to improve sustainability on the ground in cocoa origins, (namely investments/ability to invest), as well as shifting dynamics in the Dutch consumer market towards full sustainability.

The Cocoa Origins Program was established, and the initial call for proposals announced, at the Chocoa Conference in February 2018. 29 concept notes were received, with a total finance request of three times the program’s budget.

The first four projects in Peru, Colombia, Sierra Leone and Cameroon (one more than targeted) started implementation in the fourth quarter of 2018. Eight replicable and scalable business cases were developed to show success and further potential to be implemented elsewhere or at a larger scale and/or to promote the potential of the region, to contribute to the learnings of the program, and to be shared with stakeholders in cocoa supply chain.

Five new Dutch supply chain partners are active in the origin of their value chain. Seven new or strengthened supply chains in the project from the country of origin, and traceable to the Dutch consumer market, were established.

During the start-up of the first call for proposals, we communicated and promoted the Cocoa Origins Program actively during international events: the fourth World Cocoa Conference in Berlin, Salon du Chocolat in Paris, and the World Cocoa Foundation Partnership Meeting in Sao Paulo. In parallel, discussions with branch organizations like the Association of Bakeries and Sweets (VBZ) and the Association of Retail and Food Service (CBL) in the Netherlands have led to engagement with their members. Meanwhile, several individual companies and retailers have gotten involved.
LESSONS LEARNED

Farm & Cooperative Investment Program
Financial institutions are more open to collaborate and invest in cooperatives and entrepreneur-farmers. Agri-businesses are more aware that financing cooperative and entrepreneur-farmers requires joint efforts rather than isolated initiatives. Farmer-entrepreneurs are more open than expected to insurance products. It is important to reflect on issues like transaction costs, risk mitigation strategies, information transparency on cooperatives, and access to finance.

Conseil Café-Cacao’s new decision on replanting has influenced the program ambition in terms of long-term investment in cocoa. However, the new strategy of agro-forestry has become an opportunity that will support the pilot of long-term finance in cocoa sector.

Nutrition
The major lessons from the nutrition projects in Ghana are the need to combine knowledge and production of nutritious foods with income generation, particularly by women. As a result, two additional projects being launched in Côte d’Ivoire in 2019 will build on these lessons and focus on women’s entrepreneurship opportunities as a way to facilitate consumption, in addition to market availability and affordability for improved food and nutrition security in cocoa-farming communities.

Cocoa Origins Program
Clear traceability is difficult for mainstream parties to realize. The timing and targets are important for the next call for proposals. The retail chains have long lead times for decisions, but are important players to reach impact and volume on the Dutch consumer market. Smaller applicants entering the program requires more time to manage well, while finalizing contracts also requires more time than expected.

Cocoa & Forests Initiative
The creation of CFI Secretariats, hosted by the Ministry of Water and Forests (MINEF) in Côte d’Ivoire and the Ministry of Land and Natural Resources (MLNR) in Ghana, has been key to creating ownership and accountability at government level. In Côte d’Ivoire in particular, the MINEF seconded a number of staff to the CFI Secretariat, which has been instrumental in accelerating political decisions. In Ghana, where the Secretariat is not fully staffed yet, we have noticed that it was more difficult to steer action.
RESULT AREA 1 OUTPUT

Business cases developed within the IDH program to show the potential of sustainable practices

- **Target 2018:** 2
- **Result 2018:**
  - **POC 1:** Micro-insurance: while accessing finance, smallholders need a risk mitigation strategy in case an unpredictable event occurs that might have negative effect on the farm investment. Micro-insurance products have therefore been developed to address this challenge. Through the CCF, IDF co-fineses market research and development of the product, as well as actions for piloting and scaling up. Financial institutions added this as another financial service they can deliver. Micro-insurance companies will take this over in the future.
  - **POC 2:** The business case for investing in nutrition interventions and embedding them into company supply chain models is currently being built, including examining the conditions required for impact and scalability. In all three projects, companies have the capacity and commitment to scale effective elements of the model into their wider supply chain activities. IDH is supporting this scaling through the identification and dissemination of learnings among companies.

- **Target 2020:** 7
  - Of which 2 for nutrition,
  - 3 for a variety of agriloans,
  - 1 for forest protection, and 1 for cocoa origins

- **Cumulative result (2016–2018):** 9

---

### KPIs Cocoa

#### Result area 1 - Change in business practices

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>Private-sector (sustainability) investments in the program</td>
<td>€4,000,000</td>
<td>€3,250,466 (ratio: 1:2)</td>
<td>€22,200,000 (ratio: 1:2)</td>
<td>€17,257,375 (ratio: 1:3.8)</td>
<td></td>
</tr>
<tr>
<td>Output</td>
<td>Market share by program partners</td>
<td>NA</td>
<td>NA</td>
<td>100% certified or verified cocoa</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>Output</td>
<td>Business cases developed to demonstrate the potential of sustainable practices</td>
<td>2</td>
<td>7</td>
<td>7</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Outcome</td>
<td>IDH participation in relevant landscape and/or commodity platforms</td>
<td>NA</td>
<td>1</td>
<td>NA</td>
<td>NA</td>
<td></td>
</tr>
</tbody>
</table>
RESULT AREA 1 OUTCOME

**Sustainability embedded at corporate level**

- **Target 2018:** NA
- **Result 2018:**
  POC 2: Three nutrition projects in Ghana transitioned from prototyping phase to scaling phase, identifying elements of the model that are replicable for scaling up. As a result of the projects, companies have built their capacity to integrate nutrition as part of their extension services with smallholder cocoa farmers. This has been captured through the regular coordination meetings of company field staff as well as in company sustainability reports.
- **Target 2020:**
  Until 2020, the cocoa program will work to further embed sustainability at corporate level in the companies the program works with. The focus is on adopting strong data collection strategies for the generation of reliable management data on the effectiveness of service delivery models.
- **Cumulative result (2016–2018):** NA

RESULT AREA 1 OUTCOME

**IDH participation in relevant landscape and/or commodity platforms**

- **Target 2018:** NA
- **Result 2018:**
  **Cocoa Nutrition Learning Platform:** IDH convenes company partners, technical partners (GAIN, CARE, PDA) and others (government, donors, researchers, etc.) around a learning agenda based on common project KPIs as well as top-line investigative questions. The expected outcome of this platform is to deepen impact and scale effective models more widely within cocoa supply chains.
- **Target 2020:** NA
- **Cumulative result (2016–2018):** NA
RESULT AREA 2 - Improved sector and landscape governance

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</thead>
<tbody>
<tr>
<td>Output</td>
<td>Representation and commitment of key-stakeholders in multi-stakeholder processes or coalitions</td>
<td>NA</td>
<td>6.9</td>
<td>NA</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>Outcome</td>
<td>Satisfaction about the effectiveness of multi-stakeholder processes or coalitions associated with the program</td>
<td>NA</td>
<td>6.4</td>
<td>NA</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>Outcome</td>
<td>Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

This figure is the average score from a survey that was conducted in March 2019, in which stakeholders were asked to rate multiple aspects of their experience with IDH programs. The total number of respondents for the Cocoa program is 28.

RESULT AREA 2 OUTCOME

Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources

- **Target 2018:** 1

  **Result 2018:**
  POC 1: IDH contributed to the global guidelines for the definition of a professional farmer organization. This is expected to positively impact the service deliveries of agribusinesses and financial institutions, thus contributing to smallholder inclusion.
  As AMEA member, IDH convened actors around the process and is engaging private-sector companies to use the same language around professionalism to improve their interventions.

- **Target 2020:** 2

  The FCIP program is planning to work on a policy relating to two potential topics: price margins for cooperatives and mobile money regulation

- **Cumulative result (2016–2018):**
  POC 1: IDH contributed to the global guidelines for the definition of a professional farmer organization. This is expected to positively impact the service deliveries of agribusinesses and financial institutions, thus contributing to smallholder inclusion.
  As AMEA member, IDH convened actors around the process and is engaging private-sector companies to use the same language around professionalism to improve their interventions.
  As AMEA member, IDH convenes actors around the process and is engaging private sector to have the same language around the professionalism to improve their intervention.
### Result area 3 - Improved field-level sustainability

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>Number of producers/workers/community enterprises reached by service delivery</td>
<td>50,000</td>
<td>segregated by gender</td>
<td>Program total: 165,089. Male trainee POC 1 total: 150,733 • Cargill: 105,754 • BC: 29,905 • Advans: 16,160 • Cocoanect: 562 • Unacoopec ci: 2,352 Female trainee POC 1 total: 12,642 • Cargill: 5,566 • BC: 1,773 • Advans: 5,073 • Cocoanect: 6 • Unacoopec ci: 224 Male trainee POC 2 total: 1,159 • Participants who received seed kits: 170 • Participants with kitchen gardens: 530 • Participants rearing animals: 84 • Communities reached: 20 • Field trainers: 13 • Participants receiving animal rearing input: 87 • People trained per master trainer/field trainer: 271 • New trainers trained: 4 Female trainee POC 2 total: 555 • Female participants trained on SoP BCC program: 552 • Field trainers: 3</td>
<td>150,000 (10% women)</td>
<td>Total: 218,063 (187,984 men and 30,079 women)</td>
</tr>
<tr>
<td>Outcome</td>
<td>Adoption rate of improved practices by producers/workers/community members</td>
<td>NA</td>
<td>NA</td>
<td>20,000 farmers (66% as share of total population of producers and workers)</td>
<td>NA</td>
<td>KPI discontinued in AR2016. No results gathered. Same 2020 target subsequently measured in KPI “hectares of farmland where trained practices are applied”.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Farmland area where trained practices are applied</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>2020 target: Based on establishment of agroforestry program, 2020 target may change throughout 2018.</td>
</tr>
</tbody>
</table>
## NON-RMF Indicators

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Outcome</td>
<td>Number of cooperatives receiving medium and/or long-term lending products</td>
<td>125</td>
<td>94 cooperatives for €2,753,503.29</td>
<td>300</td>
<td>117</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Truck loans and truck leasing to 23 cooperatives of €862,482.96</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outcome</td>
<td>Volume of input loans dispersed</td>
<td>€10 M</td>
<td>€2,753,503.29</td>
<td>€49 M</td>
<td>€2,753,503.29</td>
<td></td>
</tr>
<tr>
<td>Outcome</td>
<td>Private-sector companies committing to the nutrition initiative</td>
<td>3</td>
<td>3</td>
<td>6</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>
In recent years, production has stabilized, although coffee demand is growing fast in Asian countries. The main coffee-producing countries by market share are: Brazil (32%), Vietnam (18%), Colombia (9%) and Indonesia (7%). The main threats to coffee sustainability are related to smallholder production and resilience, as 80% of the world’s coffee is produced by 25 million smallholders. Long-term low coffee prices have become an increasingly important topic within the coffee sector, leading to several initiatives focusing on the economic viability of coffee farming and living income/wages. Other concerns include the effects of climate change and weak environmental protection in the surrounding areas. The demand for sustainable coffee is driven mostly by coffee consumers. The largest coffee-consuming regions are Europe, the US and Russia. Sustainable coffee production is currently 35% of the total world coffee production.

Relevant Sustainable Development Goals

PARTNERS

Private

Public
Governments of Brazil, Colombia, Indonesia, Uganda, Tanzania, Vietnam and International Coffee Organisation (ICO)

Other
Café Africa, C-GAP initiative, Coffee Quality Institute (CQI), Conservation International / Sustainable Coffee Challenge (SCC), Global Coffee Platform (GCP), Hanns R Neumann Stiftung (HRNS), Hivos, Partnership for Gender Equity, Solidaridad, Specialty Coffee Association (SCA), Techno Serve, The European Coffee Federation (ECF), The Royal Dutch Coffee and Tea Association (Koffie en Thee Nederland), UTZ/Rainforest Alliance
PROGRESS TOWARDS 2020

Number of producers/workers/community members trained on key subjects for sustainable production, environmental and social sustainability

<table>
<thead>
<tr>
<th></th>
<th>TARGET 2018</th>
<th>RESULT 2018</th>
<th>CUMULATIVE TARGET 2020</th>
<th>CUMULATIVE RESULT 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>producers/workers</td>
<td>30,000</td>
<td>35,349</td>
<td>105,000</td>
<td>149,910</td>
</tr>
<tr>
<td>community</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>members</td>
<td></td>
<td></td>
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</tbody>
</table>

Number of producers/workers/community enterprises reached by service delivery

<table>
<thead>
<tr>
<th></th>
<th>TARGET 2018</th>
<th>RESULT 2018</th>
<th>CUMULATIVE TARGET 2020</th>
<th>CUMULATIVE RESULT 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>producers/workers</td>
<td>15,000</td>
<td>26,606</td>
<td>80,000</td>
<td>61,589</td>
</tr>
<tr>
<td>community</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>enterprises</td>
<td></td>
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</table>

Private-sector (sustainability) investments in the program

<table>
<thead>
<tr>
<th></th>
<th>TARGET 2018</th>
<th>RESULT 2018</th>
<th>CUMULATIVE TARGET 2020</th>
<th>CUMULATIVE RESULT 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private-sector</td>
<td>€ 3,556,920</td>
<td>€ 3,630,048</td>
<td>NA</td>
<td>€ 21,125,452</td>
</tr>
<tr>
<td>investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>in the program</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Program co-funding ratio (2018)

Private: 69%  
IDH: 31%

TRAFFIC LIGHT ASSESSMENT

PROOF OF CONCEPT 1

Through innovative service delivery eco-systems, income resilience (diversification and productivity) and joint household (business) decision-making (improved gender equality and youth engagement), smallholder household resilience will be strengthened, and the coffee supply base will be more stable and sustainable.

PROOF OF CONCEPT 2

Through policy dialogue, testing field-level innovations and innovative financial solutions, economically viable and water-efficient smallholder irrigation access will be rolled out at scale, leading to less water use (Vietnam) and more climate-smart production systems (Uganda and Tanzania).

PROOF OF CONCEPT 3

Through policy dialogue, innovative finance deals for input financing, and innovative SDM eco-systems, agro-input use is made economically viable and more environmentally responsible, leading to less pollution and increased income for smallholder farmers.
MARKET TRANSFORMATION BY IDH

IDH's coffee program focuses on three different levels to create change in the coffee sector. Via the Global Coffee Platform (GCP), IDH co-developed a sector-convening platform for the coffee sector. The national platforms, which work under the GCP mandate, address the most pressing issues in origin countries. Currently, there are eight national platforms in the main coffee-producing countries. IDH co-funds the activities of many of these country platforms, and facilitates cross-learning within the sector. Via bi-lateral relations with partners, IDH drives innovation. We have introduced a service delivery model (SDM) approach to project development and implementation, improving the quality and viability of investments into a sustainable coffee sector and integrating sustainability with business thinking. IDH works with the six largest coffee traders globally, and several of the world’s largest roasters in the coffee sector, on SDM development in East Africa, Indonesia and Vietnam. Field-level projects have proven that this approach can create tangible change in the field. Finally, IDH works to align initiatives in coffee via topic-specific coalitions on climate change, responsible agro-input use and economic viability of coffee farming. Via access to finance and innovative finance deals, the program brings together coffee companies and financial institutions to provide farmers with loans to buy coffee farming-related inputs to increase their economic viability as well as strengthen the supply chains and investment in the farms.

PROGRESS 2018

In 2018, IDH’s coffee program integrated SDM analysis as a step in the project development process. This resulted in five SDM analyses in Uganda, Kenya, Indonesia and Vietnam (x2) that were used as the basis for project development. In addition, two partners are working with IDH to create a more strategic vision towards SDM as a planning tool for their business and interventions. The SDM analyses focused on service delivery for multi-cropping, agroforestry, water and climate-smart agriculture and responsible agro-input use. Currently, in field-level projects we are prototyping three of the models, and two more will be prototyped in 2019 and 2020.

At convening level, the program invested in convening for water management in Vietnam and responsible agro-input management and access to finance in Vietnam, Uganda and Kenya. In Vietnam, the business case for farmers to invest in irrigation technology was investigated via an SDM analysis and research on the applicability of technology and farmer profit and loss for irrigation. Also at convening level, it was agreed that the findings will serve as input for government policy on water management and will be linked to the World Bank VnSAT program.

In Uganda, a fertilizer working group was established with the Uganda Coffee Development Authority (UCDA), coffee traders and agro-input companies. This group aims to align and streamline agro-input service delivery to farmers, including training them on the right usage for inputs. In Vietnam, a pesticide app was developed as a government-led initiative that helps farmers to check if the pesticides they buy are linked to the government database and therefore not counterfeit or forbidden. This convening initiative is a great example of how government and the private sector can work together in coalitions set up by IDH.

Finally, the national platforms arranged cross-learning workshops. In Indonesia, under the Sustainable Coffee Platform of Indonesia (SCOPI), a cross-learning workshop on good agricultural practices and the national sustainability curriculum for Master Trainers in coffee was organized. In Vietnam, under the Vietnamese Coffee Coordination Board (VCCB), the farmers who are part of different field-level projects were brought together to share learnings on water and agro-input use.

In Uganda, IDH further worked on the blended finance deal with the Neumann Kaffee Gruppe (NKG), going into the second year. This deal is now being extended to several other countries, driven by a clear board-level strategy by NKG.
KEY ACHIEVEMENTS PER PROOF OF CONCEPT

PROOF OF CONCEPT 1

Through innovative service delivery eco-systems, income resilience (diversification and productivity) and joint household (business) decision-making (improved gender equality and youth engagement), smallholder household resilience will be strengthened, and the coffee supply base will be more stable and sustainable.

To change business practices and improve sector governance, IDH convened coalitions around the topic of intercropping and agroforestry to increase productivity and smallholder income in 2018. As an example: in Uganda, the Towards Integrated Coffee Extension Services (TICS) project was contracted. Under this project, Café Africa (the secretariat of the national coffee convening platform) provides extension services to train 54,000 farmers in good agricultural practices in Uganda based on a common sector-agreed curriculum. This creates an enabling environment in which it is easier for both farmers and businesses to work on a multi-cropping model.

To improve field-level sustainability, a multi-cropping project with Sucafina in Uganda was started to reach coffee farmers with services that are not only directed towards coffee, but also towards food crops. This proof of concept was developed to show the business case for investing in bundled services for intercropping to farmers; 1,600 households consisting of 3,200 farmers are targeted under the project.

In addition, IDH and Acom in Vietnam did an SDM analysis and started a project in which good-quality varieties of coffee seedling as well as seedlings for intercropping are delivered to coffee farmers in Vietnam, via a door-step distribution system. The analysis helped define how to make this an economically viable business for coffee companies, to help farmers to diversify their farms and their incomes.

In Indonesia, PT Asal Jaya worked together with farmer groups to develop Farmer Driven Research Centers (FDR), through which intercropping and income diversification practices were promoted, with the aim of farmers developing their own models. Currently, there are models for goats and bio-urine, beehives and fruit trees.

PROOF OF CONCEPT 2

Through policy dialogue, testing field-level innovations and innovative financial solutions, economically viable and water-efficient smallholder irrigation access will be rolled out at scale, leading to less water use (Vietnam) and more climate-smart production systems (Uganda and Tanzania).

To change business practices, IDH worked together with Acom to prove a business case for high-tech drip irrigation for farmers. Such a business case is difficult to make due to the high upfront investment costs. This led IDH and Acom to investigate different blended finance options for farmers. Acom helps farmer groups to work on becoming eligible for the World Bank Vietnamese Sustainable Agriculture Transition (VnSAT) program loans and grants, and tests the appetite from farmers to work with 50% subsidized systems. In the field, eight irrigation systems were installed – these are high-tech precision-farming systems with a proven potential for 30% reduction in water use at the farm. The farmers applying for this system were all trained via a demo plot on which this high-tech system was showcased for the ISLA project with Acom.

Together with Simexco, a cheaper alternative system was developed which Simexco is now working with its farmers to install. The irrigation and precision-farming companies are actively contributing to these projects in partnership with IDH and the private sector.

To improve field-level sustainability, IDH worked with the Ministry of Agriculture and Rural Development (MARD) in Vietnam on the VnSAT program in order to provide access to finance for grants and a loan scheme to farmers for financing infrastructure and irrigation systems. A list of farmers interested in irrigation system installations has been developed and prepared for investment from VnSAT. In addition, IDH agreed with MARD that outcomes from IDH-funded irrigation research will be taken up in policy recommendations to be embedded in the national policy on irrigation.
PROOF OF CONCEPT 3

Through policy dialogue, innovative finance deals for input financing, and innovative SDM eco-systems, agro-input use is made economically viable and more environmentally responsible, leading to less pollution and increased income for smallholder farmers.

To improve sector governance, IDH works in convening groups in Uganda and Vietnam to address the most pressing issues for agro-input service delivery and access to finance service delivery. In Uganda, a fertilizer working group has been convened between the Ugandan Coffee Development Authority (UCDA), IDH, coffee exporters, fertilizer companies, research organizations, the Ugandan Ministry of Agriculture, and coffee NGOs. In this working group, an action plan has been created to compile information on different fertilizer access and distribution models used in Uganda, and to identify fertilizer delivery models that are potentially scalable and sustainable in overcoming any bottlenecks to smallholder fertilizer access.

To change business practices in Uganda, the Bloom project with NKG began in 2018 to distribute fertilizers on credit in an innovative finance deal. A total of 2,480 farmers received a loan from the project worth €202,957, with 345 tons of fertilizer sold to farmers under this construction.

An SDM analysis was carried out in Kenya to replicate this model to a different origin. The current expectation is that this model will be replicated to ten different origins and is central to NKG’s coffee sustainability strategy.

In Colombia, IDH and Ecom launched a successful access-to-finance deal with a local bank together with fertilizer distribution and technical assistance. This deal led to farmers’ income increasing, while coffee prices were at an all-time low. This model shows that the link between finance, fertilizer and technical assistance is very important.

At field level, in seven of our projects we have introduced responsible agro-input management to farmers. This is a package in which access to fertilizers goes hand-in-hand with training on usage, technical assistance, access to finance (in five cases) and soil analysis (in two cases).

A further two SDM analyses were carried out in Vietnam to link agro-input use to soil analysis, enabling farmers to make data-based decisions, reduce their input use by tailoring it to the nutritional needs of the soil, and save costs by reducing the amounts used. This creates a business case for farmers to change their practices, for local agronomists to make this successful by combining soil analysis with fertilizer sales, for the agro-input company to extend their reach, and for the coffee company to support higher/equivalent yields from the field while mitigating the risk of soil deterioration.
LESSONS LEARNED

Diversification
During 2018, we saw that farmers are hesitant to invest in coffee farming due to low coffee prices. It is crucial to create farmer income resilience by providing services that can help them to diversify, and not just to focus on coffee but on the full farming system. Enabling services also need to be addressed, such as access to finance and capacity building of cooperatives.

Climate change
Climate change is a key risk that needs to be managed, as it can heavily affect farmers’ incomes and production capacity. Coffee-growing areas will change significantly, in addition to which changing weather patterns (excess rainfall or droughts, heavy winds) leave farmers and the coffee sector vulnerable to loss of both crop and income. Pests and diseases become a larger issue under changing climates. Many climate change adaptation investments require investment capital with long-term repayment rates. This is a gap that is currently difficult to bridge.

Government policy
Government policy can significantly affect our projects. Regulation changes in Tanzania made the interventions that had been designed initially impossible overnight. By working with our partners, we are redesigning project interventions to suit the new regulatory environment.

SDM analyses
Introducing SDM analyses as a standard step in our project development – and using that as a tool to help private-sector companies think through their intervention and link sustainability to sourcing – is really paying off. In 2018, we carried out six SDM analyses. Not only did these analyses help focus the KPI settings and budgets within the projects, but they also helped to gain buy-in from the various project stakeholders. The next step in Vietnam is to integrate service delivery models into Production-Protection-Inclusion (PPI) compacts to align between the coffee and landscape programs and the Verified Sourcing Areas and Global Coffee Platform Sustainable Coffee Regions.
KPIs Coffee

**Result area 1 - Change in business practices**

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<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>Private-sector (sustainability) investments in the program</td>
<td>€3,556,920 ratio: 1:1.5</td>
<td>€3,630,048 ratio: 1:2.2</td>
<td>Not specified 11.5</td>
<td>€21,125,452 ratio: 1:2.7</td>
<td></td>
</tr>
<tr>
<td>Output</td>
<td>Market share by program partners</td>
<td>Roasters 25% Traders 40%</td>
<td>Roasters 25% Traders 50%</td>
<td>Roasters 30% Traders 50%</td>
<td>Roasters 25% Traders 50%</td>
<td></td>
</tr>
<tr>
<td>Output</td>
<td>Business cases developed to demonstrate the potential of sustainable practices</td>
<td>4</td>
<td>6</td>
<td>6</td>
<td>8</td>
<td></td>
</tr>
</tbody>
</table>

**RESULT AREA 1 OUTPUT**

Business cases developed within the IDH program to show the potential of sustainable practices

- **Target 2018:** 4
- **Result 2018:**
  Multi-crop service delivery model and gender integration (Ugacof/grow more seeds + Richard Rogers Agra) Delivering service for the whole farming system rather than just coffee is economically viable for farmers, coffee companies and other companies. Farmers can focus on their whole farming system rather than trying to focus on different crops, which allows them to spend more time on coffee, which in turn is good for coffee companies. IDH brought together the partners, led the discussions, carried out the SDM analysis and finally signed a contract with Ugacof to start prototyping this in the field. The same concept will be used in other bundled services projects (under construction).

  Water management (Acom) Together with Acom, IDH analyzed an SDM’s economic viability for farmers to invest in high-tech irrigation systems. Under current circumstances, payback terms are ten years. They can be reduced via the use of irrigation but that still leaves seven years. These terms are unacceptable to most farmers. In partnership with Acom and Simexco, IDH is now looking at other financing mechanisms to interest farmers or to use cheaper irrigation systems with similar results. With Acom, one option is to move to 50% subsidies via IDH and VnSAT. A second option is to work with banks to offer better loan terms and build a smallholder portfolio. With Simexco, a new system is being piloted, in which farmers are aggregated to invest in irrigation systems, which enables irrigation companies to provide the systems against lower prices. IDH facilitates the discussions and co-designs the projects via the SDM analyses.

  **Financing inputs (Acom + Simexco + Nespresso)** In the SDMs we analyzed with Acom, Simexco, Nespresso and Volcafe, we looked at different models to supply inputs to farmers in Uganda and Vietnam. Within Vietnam, two models were analyzed, in which one model created a new supply chain and brand to deliver trustable inputs to farmers, while in the second model a business case was found for current collectors to improve their input provision via high-quality inputs. Both models use soil analysis to optimize input use. In Uganda, creating delivery structures via farmer groups is more important. IDH plays both a co-designing role as well as a convening role in Vietnam, bringing together sector partners to discuss options for irrigation systems. IDH also uses a finance de-risking facility to help coffee companies to provide inputs on credit to farmers.

  **Agroforestry** In Indonesia, together with our partner Nedcoffee, IDH analyzed a business case for farmers to move to an agroforestry model. This model focused on both economic and environmental benefits. It was then linked to the sourcing model of Nedcoffee and necessary rejuvenation rates. With the right rejuvenation rates and sourcing volumes, the analysis showed three working agroforestry models and one that was not working. These models will now be tested in practice in the project area.

- **Target 2020:** 6
- **Cumulative result (2016–2018):** 6
RESULT AREA 1 OUTCOME

Sustainability embedded at corporate level

- **Target 2018**: NA
- **Result 2018**: In 2018, there were several examples of coffee companies embedding sustainability at corporate level. IDH provided the knowledge, tools and funding to make this possible.
  - **NKG**: The model of financing inputs on credit directly to smallholder farmers in Uganda (Bloom) has been expanded to several other origins using SDM analysis to develop the scope of the services.
  - **Sucafina**: Sucafina has developed a farmer hub concept together with country managers to provide services to farmers as part of their business model. This creates a total alignment of coffee sourcing with sustainability, including an organizational re-structuring, prioritization of geographical areas, and segments of farmers. IDH co-funded a prototype and facilitated learning with documentation by the partner.
  - **JDE**: JDE has invested in the Farmfit Fund to strategically bridge the gap from grant-funding projects to investment-ready projects for sustainability.
  - **ECOM**: Development of commercial service delivery models in Vietnam and Indonesia with the aim of replicating service delivery business models to coffee farmers in different origins.

In addition, for all companies, CEOs were present at the IDH ten-year event.

- **Target 2020**: NA
- **Cumulative result (2016–2018)**: NA

RESULT AREA 1 OUTCOME

IDH participation in relevant landscape and/or commodity platforms

- **Target 2018**: NA
- **Result 2018**: The IDH coffee program is involved in many coffee-sector platforms.

1. **Global Coffee Platform**: IDH is a board member and provides funding to the national platforms via the Global Coffee Platform. Learnings from the coffee program are shared and disseminated via GCP conferences, webinars and reports.

2. **Vietnam Coffee Coordination Board (VCCB)**: IDH leads and participates in sub-committees of the VCCB to share learnings between different sector partners and the farmers involved. In addition, via the GCP, IDH funds the VCCB to support their key activities.

3. **Sustainable Coffee Platform of Indonesia (SCOPI)**: IDH is a board member of SCOPI and has funded SCOPI via the GCP to support their key activities. Learning across the coffee sector in Indonesia is facilitated by SCOPI.

4. **Uganda National Steering Committee**: IDH is leading the fertilizer working group of the Uganda National Steering Committee and provides funding via the GCP to support key activities.

5. **Sustainable Coffee Challenge (SCC)**: IDH participates in the R&R action networks and investments.

- **Target 2020**: NA
- **Cumulative result (2016–2018)**: NA
**RESULT AREA 2 - Improved sector and landscape governance**

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</thead>
<tbody>
<tr>
<td>Output</td>
<td>Representation and commitment of key-stakeholders in multi-stakeholder processes or coalitions</td>
<td>NA</td>
<td>7.2</td>
<td>NA</td>
<td>NA</td>
<td>This figure is the average score from a survey that was conducted in March 2019, in which stakeholders were asked to rate multiple aspects of their experience with IDH programs. The total number of respondents for the Coffee program is 13.</td>
</tr>
<tr>
<td>Output</td>
<td>Satisfaction about the effectiveness of multi-stakeholder processes or coalitions associated with the program</td>
<td>NA</td>
<td>7</td>
<td>NA</td>
<td>NA</td>
<td>This figure is the average score from a survey that was conducted in March 2019, in which stakeholders were asked to rate multiple aspects of their experience with IDH programs. The total number of respondents for the Coffee program is 13.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources</td>
<td>1</td>
<td>3</td>
<td>5</td>
<td>11</td>
<td>From the 3 new policies, the agrochemical app is a further development and extension of the agrochemical database reported in 2017.</td>
</tr>
</tbody>
</table>

**RESULT AREA 2 OUTCOME**

**Development of, and compliance with, voluntary and legal standards on sustainable commodity production**

- **Target 2018:** NA
- **Result 2018:**
  Under the National Platforms that IDH funds, the National Sustainability Curriculum (NSC) for coffee has been developed and rolled out. In Indonesia, a network of extension officers (Master Trainers) has been developed, and each year they meet in a Master Trainer conference. They travel throughout Indonesia to teach the NSC. Under GCP, there is a common indicator development for coffee. Compliance with this is measured via an app for Brazil and Vietnam and translated to specific farmers’ needs so they can be covered via extension services or field-level projects.

- **Target 2020:** NA
- **Cumulative result (2016–2018):** NA

**RESULT AREA 2 OUTCOME**

Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources

- **Target 2018:** Five changes
- **Result 2018:**
  1. A fertilizer initiative in Uganda was convened by IDH. In this working group, different partners in the sector, government and fertilizer sector will work together to define the needs of an enabling environment and test them in field-level projects to enable access to fertilizer. The convening took place in 2018; the first meeting was held in 2019.
  2. In Vietnam, IDH worked with the Ministry of Agriculture and Rural Development (MARD) on policy development in water management. As an outcome, research was developed that will be translated into policy recommendations to be taken over by MARD.
3. Towards Integrated Coffee Extension Services (TICS) in Uganda has been able to secure government budget for rollout of their extension service structure in one district in Uganda.

- **Target 2020:**
  Five changes in policy: one water management policy in Vietnam; 4 fertilizer management policies in Vietnam, Uganda, and Indonesia.

- **Cumulative result (2016–2018):** 3

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**RESULT AREA 2 OUTCOME**

**Landscape plans developed and operationalized**

- **Target 2018:** NA

- **Result 2018:**
  IDH’s coffee program in Vietnam closely cooperated with the landscapes team to reach one integrated approach in which the IDH program works with coffee partners to optimize the Production part of the PPI Compact through SDM analyses. In 2018, two SDM analyses were carried out that are part of this approach for landscapes and coffee integration.

- **Target 2020:** NA

- **Cumulative result (2016–2018):** NA
### Result area 3 - Improved field sustainability

<table>
<thead>
<tr>
<th>Result level</th>
<th>Key Performance Indicator (KPI)</th>
<th>Target 2018</th>
<th>Result 2018</th>
<th>Target 2020</th>
<th>Cumulative result (2016-2018)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Output</strong></td>
<td>Number of producers/workers/community members trained on key subjects for sustainable production, environmental and social sustainability</td>
<td>Total: 30,000 (21,000 men and 9,000 women)</td>
<td>Total: 35,349 (23,211 men and 12,138 women)</td>
<td>Total: 105,000</td>
<td>Total: 149,910</td>
<td>The 2020 target was reduced from 205,000 to 105,000 due to the fact that trainee numbers contributed by the National Sustainability Curriculum (NSC) were removed from the calculation in 2018 because these are considered to be “indirect training”. Numbers contributed by field-level projects are “direct training” and are reported in 2018. For later projects, the gender split is as follows: Total: 77,584 (54,038 men and 23,569 women) Number of training events: 15,940 As part of the cumulative result, all the projects that were still running in 2016 or started after 2016 were taken into account. From the projects that were running before 2016, only the numbers that were added in 2016 or after were added to the cumulative result. In previous reports, some cumulative results were included in the sum of the totals, leading to a higher number if all the annual figures are added together.</td>
</tr>
<tr>
<td><strong>Output</strong></td>
<td>Number of producers/workers/ community enterprises reached by service delivery</td>
<td>15,000</td>
<td>Total: 26,606</td>
<td>80,000</td>
<td>61,589</td>
<td>It is not possible to calculate all numbers as cumulative results as one farmer often receives multiple services. Therefore, the cumulative result will not necessarily be a sum of the separate numbers. If numbers indicate that the same farmers might be reached by multiple services, we do not double-count them.</td>
</tr>
<tr>
<td><strong>Output</strong></td>
<td>Number of trainers, auditors and/or government staff trained in the program</td>
<td>No target on gender</td>
<td>Master Trainers trained under national platforms: 256 (216 men and 53 women)</td>
<td>NA</td>
<td>3,456</td>
<td></td>
</tr>
<tr>
<td><strong>Output</strong></td>
<td>Number of infrastructure facilities developed</td>
<td>30</td>
<td>8</td>
<td>150</td>
<td>8</td>
<td></td>
</tr>
</tbody>
</table>
RESULT AREA 3 OUTCOME

**Number of infrastructure facilities developed**

- **Target 2018:** 30
- **Target 2020:** 150
- **Cumulative result (2016–2018):** 30

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<tbody>
<tr>
<td>Outcome</td>
<td>Adoption rate of improved practices by producers/workers/community members</td>
<td>65%</td>
<td>60%</td>
<td>75%</td>
<td>60%</td>
<td></td>
</tr>
<tr>
<td>Outcome</td>
<td>Number of processing facilities where sustainable production practices and social standards are applied</td>
<td>NA</td>
<td>5</td>
<td>NA</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>
The fresh & ingredients (F&I) program drives social and environmental market transformation across the fruit and vegetables, juices, spices, nuts, flowers and vanilla commodity sectors. For each of these, IDH has convened sector players around sustainable sourcing targets: sector covenants. Through these sector covenants, IDH works with over 182 European and global private-sector partners.

Agriculture is a crucial avenue for creating employment opportunities, improving livelihoods and food and nutritional security. A growing middle class in Africa, combined with increasing multinational interests to source locally, are key drivers for formalizing intra-African and export trade of high-quality, sustainably-produced fresh produce. The companies that we work with recognize this and are increasingly interested in partnering to build sourcing strategies in Africa; our value-chain development projects continue to build momentum.

In 2018, IDH supported 24 projects in Central America, Central and East Africa, Vietnam, and India. Issues that we address include living wage, gender equality, economic growth, agrochemical use and smallholder farmer inclusion.

**Fresh & Ingredients**

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**Relevant Sustainable Development Goals**

**Private**


**Public**

Gesellschaft für Internationale Zusammenarbeit (GIZ), Ministry of Commerce Madagascar, Ministry of Agriculture Vietnam, ILO- Madagascar, USA Department of Labor, Grow Africa, Ecuador Ministry of Livestock, Aquaculture, and Fisheries (MAGAP), Ecuador Ministry of Labor, Embassy of the Kingdom of the Netherlands (EKN) Rwanda, National Agriculture Export Board (NAEB) Rwanda, UN Food and Agriculture Organization (FAO), International Trade Centre (ITC)

**Other**

**PROGRESS TOWARDS 2020**

Number of producers/workers/community members trained on key subjects for sustainable production, environmental and social sustainability

<table>
<thead>
<tr>
<th></th>
<th>TARGET 2018</th>
<th>RESULT 2018</th>
<th>TARGET 2020</th>
<th>CUMULATIVE RESULT 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target</td>
<td>10,000</td>
<td>111,926</td>
<td>100,000</td>
<td>228,018</td>
</tr>
<tr>
<td>trains</td>
<td></td>
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</tbody>
</table>

Farmland area where trained practices are applied

<table>
<thead>
<tr>
<th></th>
<th>TARGET 2018</th>
<th>RESULT 2018</th>
<th>TARGET 2020</th>
<th>CUMULATIVE RESULT 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farmland</td>
<td>5,000</td>
<td>61,957</td>
<td>40,000</td>
<td>175,486</td>
</tr>
<tr>
<td>area</td>
<td></td>
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</tbody>
</table>

Private-sector (sustainability) investments in the program

<table>
<thead>
<tr>
<th></th>
<th>TARGET 2018</th>
<th>RESULT 2018</th>
<th>CUMULATIVE TARGET 2020</th>
<th>CUMULATIVE RESULT 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>投资额</td>
<td>€ 3,700,000</td>
<td>€ 3,144,440</td>
<td>€ 25,950,000</td>
<td>€ 12,583,657</td>
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</tbody>
</table>

Program co-funding ratio (2018)

![Pie chart showing co-funding ratio (2018)]

- Private: 56%
- IDH: 43%

**TRAFFIC LIGHT ASSESSMENT**

- **Proof of Concept: Smallholder Inclusion**: Green
- **Proof of Concept: Gender Equality**: Orange
- **Proof of Concept: Working Conditions**: Orange
- **Proof of Concept: Living Wage/Bananas**: Orange
- **Proof of Concept: Responsible Agrochemical Management/FSI**: Green
- **Proof of Concept: Responsible Agrochemical Management India**: Orange
- **Proof of Concept: Responsible Agrochemical Management Vietnam**: Orange
MARKET TRANSFORMATION BY IDH

IDH drives market transformation through convening frontrunners in sector initiatives, under which members commit to targeted percentages of sustainably sourced product within a predefined period. Through these covenants, IDH can co-finance projects to address supply chain challenges that relate to IDH’s impact themes: smallholder livelihoods, mitigation of deforestation, living wage and improved working conditions, responsible agrochemical management, and gender equality and empowerment. Crucial to driving market transformation is capturing the business case for addressing these important sustainability challenges. Through working together with private-sector partners across the supply chain, IDH has built considerable momentum on these topics, particularly within fruit and vegetables, flowers, and spices. In addition, linking progress on these topics to market demand is key to scaling impact.

PROGRESS 2018

The membership of our sector platforms increased to 182 members in 2018. By securing and monitoring sourcing commitments of all members, we stimulate an increase in sustainable volumes sourced in all F&I commodities. At the end of 2018, the fruit and vegetables, flowers, spices, and juices platforms have established baselines and defined targets for sustainable sourcing, of which fruit and vegetables and flowers have been reporting on progress for some time. In addition, through the benchmarked “basket of standards” under these covenants, IDH is increasingly putting standards on an environmental agenda, and pushing the standardized keeping of records for agrochemicals, water and energy use.

Particularly within the banana sector, IDH’s work on living wage has gained considerable momentum. To work towards the payment of a living wage, it is crucial to engage players across the value chain, from farm level to retail. IDH led initial engagements with a group of Dutch retailers through the Dutch Retail Association (CBL) within the IMVO Dutch Food Covenant project on living wage in bananas. Within the living wage project with Fyffes, IPL and Rainforest Alliance, IDH finalized a self-assessment tool, or Salary Matrix, for companies to use in calculating their wage gap. In terms of working conditions, the Occupational Health and Safety (OHS) guidelines developed through the Banana Occupational Health and Safety Initiative (BOHESI) were formally ratified by the Ecuadorian government in 2018, contributing to improved sector governance in the Ecuadorian banana sector.
The fresh & ingredients program drives social and environmental market transformation across the fruit and vegetables (SIFAV), juices (SJC), spices (SSI), nuts (SNI), flowers (FSI) and vanilla (SVI) commodity sectors. For each of these sectors, the program has convened sector players around sustainable sourcing targets: sector covenants. Through these covenants, we work with over 172 European and global private-sector partners.

Companies that have joined these initiatives have committed to changing business practices through mapping their supply chains and monitoring the volumes procured through the agreed measurement methodology. To reach the targets, the companies must establish specific internal policies and dedicate resources towards monitoring and supporting suppliers in the auditing and certification process.

The F&I program drives sustainable sourcing through sector platforms. Under the Sustainability Initiative Fruit and Vegetables (SIFAV), 37 members reported on sustainably sourced produce in 2018. Due to new members joining and the reporting of larger total volumes under SIFAV, the volume of produce sourced sustainably decreased to 67%, from 70% in 2017. However, the total volume of sustainably sourced produce increased by 27% (to 2,570,474 metric tons) relative to the previous year.

Under the Floriculture Sustainability Initiative (FSI), nine companies reported on sustainable sourcing in 2018; the volumes sourced sustainably represent 51% of total traded volumes under FSI (of a total of 4,282,879,558 stems and pots in 2018). Under the Sustainable Juice Covenant (SJC), 2018 was the first year of monitoring sustainable sourcing based on 2017 data, forming a valuable benchmark: 7% of the total volumes traded under the SJC are sourced sustainably. The total volumes traded under the SJC in 2018 (3,131,346 metric tons) are significant within the global juice sector, representing an important opportunity to positively influence the sector in the future.

Under the Sustainable Spices Initiative (SSI), the membership base grew by nine members in 2018 to a total of 32 members, and in 2018, the first baseline monitoring activities were conducted: 16,768 metric tons of sustainably sourced volumes, representing 13% of total sourcing. Under the Sustainable Vanilla Initiative (SVI), the membership base grew to 27 members in 2018.

Under these sector covenants, the F&I program also plays a key role in convening sector players on IDH’s impact themes – for example, living wage and working conditions, gender equality, responsible agrochemical management. This improves sector governance and changes business practices. The fresh and ingredients program also supports projects to improve field-level practices on smallholder inclusion, linking increased productivity to market demand, training and capacity building on responsible agrochemical management, gender equality, and living wage and working conditions.

Under the living wage theme, the fresh & ingredients program supports two important projects in the banana sector: together with the FAO and Fairtrade International, IDH is supporting the Living Wage Advocacy Initiative (LIWIN) to improve sector governance in Ecuador and Ghana, which has involved engaging with governmental agencies, industry bodies and trade unions on the payment of a living wage. The living wage benchmark study has been completed for Ghana, and the study is in the validation process in Ecuador.

Together with Fyffes, International Procurement Limited (IPL), and Rainforest Alliance, IDH is supporting the “Next steps in sustainability – measuring impact and testing living wage” project, in line with changing business practices in the Fyffes and IPL supply chains in Costa Rica and Belize. The living wage benchmark study has been completed for these value chains in Costa Rica, and the study is in the validation process in Belize. Under this project, together with Rainforest Alliance, we have also developed a self-assessment Salary Matrix that is based on the Anker Methodology to measure the wage gap at the farm level – providing support for changing business practices on the living wage theme. This tool has been piloted at four farms in Costa Rica, and at an avocado farm in Kenya supplying to EOSTA. Based on this, we have organized a study to understand the best practices that lead to smaller wage gaps, to be finalized in 2019.
In 2018, the IMVO Food Covenant was signed (IDH is a signatory). Under the Food Covenant, the Dutch Retail Association (CBL) requested IDH to support the development of a living wage project with Dutch retailers. In 2018, three Dutch retailers joined the project, and IDH proposed that this project is developed in the banana sector. The development of the project will continue in 2019, and the self-assessment Salary Matrix will form a key element. To improve sector governance in working towards the payment of a living wage, engaging retailers and driving collaboration is crucially important.

To improve sector governance in Occupational Health and Safety (OHS) in the banana sector, the Banana Occupational Health and Safety Initiative (BOHESI) was conceptualized in 2014. Under BOHESI, a train-the-trainer model has been adopted to engage workers and strengthen OHS committees. In 2018, IDH continued to support BOHESI in Ecuador and Cameroon, together with Solidaridad, Bananalink and the World Banana Forum (WBF). In Ecuador, there have been direct engagements with the Ministries of Agriculture and Labor, under which the manual has now been ratified by the Ecuadorian government, and is recognized as legal OHS guidelines for the Ecuadorian banana sector. Through the BOHESI train-the-trainer model, 57,933 workers in the Ecuadorian banana sector were trained in 2018, supporting improved field-level sustainability. Due to the forced halt on activities in Cameroon in 2018 (civil unrest between the Anglophone and Francophone regions, resulting in the destruction of banana plantations and packing facilities), IDH joined discussions to initiate activities in Ghana in 2019 – important for linking momentum in Central America to the West African banana sector.

IDH has continued its efforts in aligning market demands around benchmarked social standards under its sector platforms FSI, SIFAV, SVI, Juice and SSI – supporting improved sector governance through standards schemes. The objective is to reduce audit duplication, reduce the audit costs faced by producers and farmers, promote the alignment of existing efforts in social and environmental auditing, and provide support for international reference for best practices. IDH previously adopted the Global Social Compliance Program (GSCP) as a benchmarking mechanism. GSCP is being updated to the Sustainable Supply Chains Initiative (SSCI); through engagements in 2018, IDH ensured that both SIFAV and FSI will recognize SSCI as a benchmarking facility moving forward. SSI, SVI, SJC are now working with the Sustainable Agriculture Initiative (SAI) Farm Sustainability Assessment (FSA) tool as the benchmarking mechanism for sustainability within these covenants.

GENDER EQUALITY AND EMPOWERMENT

To improve gender equality in the Ethiopian flower sector, IDH's support for the establishment of gender committees and a peer-to-peer gender education program with EPHEA and BSR produced positive results. IDH commissioned a study in 2018 to capture the business case for improving gender equality. Through these projects, it was found that the rate of gender-based violence decreased by 32% between 2015 and 2017, and the number of women in managerial positions increased by nearly 40% between 2013 and 2017. To build on this convincing case and to support other companies in changing business practices, the fresh & ingredients program developed a set of gender KPIs for tracking the progress of interventions and capturing the business case in other organizations.

To improve sector governance, in 2018, in partnership with the FSI working group on gender, the F&I program organized a session with IDH's tea partners to facilitate the sharing of learnings on female empowerment across the tea and flower sector programs. With 55 players from the tea and flower sectors of Kenya, Ethiopia, Colombia and Malawi, the cross-learning event facilitated an honest dialogue on gender-equality challenges and learnings, moving discussions on gender equality to the next level.

We have continued to promote the importance of gender equality across the other F&I programs. In 2018, IDH initiated discussions with Fyffes on building an approach to gender equality within the Fyffes global value chains. The project will start with pilots in Honduras and Costa Rica, expanding over time, and is based on the learnings gained from the gender-equality projects in the Ethiopian flower sector.

SMALLHOLDER FARMER INCLUSION

To improve smallholder farmer inclusion, projects have been supported in Senegal, Ghana, Benin, Nigeria, Côte d’Ivoire, Burkina Faso, Colombia, India, Vietnam, Madagascar, and Uganda with partners under the SIFAV, SNI, SSI, and SVI commodity platforms. These have included training and capacity building on good agricultural practices, responsible agrochemical management, health and safety, gender equality, and business and financial management – and, where possible, linking improved practices to mar-
ket demand. In 2018, this included training 32,597 smallholder farmers across the fresh & ingredients programs.

IDH commissioned a study to capture the business case of a block-farm model under a project with HPW in Ghana. In a block-farm model, land owned by HPW is sub-divided and rented out to smallholder farmers, in combination with the delivery of services (affordable financing, training, and quality inputs) and secured offtake agreements. The study showed the model’s success: profits earned by the block farmers increased by 23%, and the supply of inputs to HPW processing increased by 16%. In 2018, an SDM analysis was conducted to assess smallholder farmer inclusion in Guatemala in the Nature’s Pride – ICA Sweden vegetable value chain. The effective provision of services to smallholder farmers was reflected in improved yields and quality across the 184 smallholder farmers engaged.

RESPONSIBLE AGROCHEMICAL MANAGEMENT

To improve responsible agrochemical management (RAM), 8,500 farmers have been trained on RAM under SSI-India in 2018. Progress is reflected in the increased adoption of integrated pest management (IPM), leading to lower pesticide residues in chili production, 800 metric tons of certified organic turmeric, and 600 metric tons of coriander produced under IPM. However, broader market uptake of spices with lower pesticide residues is still a challenge in India, as most of the farmers are not able to comply with international residue levels.

To improve field-level sustainability in the Ethiopian flower sector, IDH has been supporting an IPM project with AfriFlora, the results of which have been extremely positive. Based on residue analyses, Minimum Residue Levels (MRL) have been reduced by 30% relative to conventional pest management, primarily due to the increased uptake of biological control methods. In addition, a project with MPS in the Netherlands has entailed the sample analysis of five flower-production value chains, helping to build insights on the persistence of pesticide active ingredients across flower value chains.

To improve sector governance in the flower sector, IDH has engaged standards schemes through the FSI basket of standards on the inclusion of an environmental dimension (up to now, the FSI basket of standards has only included social and good agricultural practice dimensions). IDH commissioned the development of environmental benchmarking criteria based on a standardized record-keeping methodology for farm-level inputs (agrochemicals, water and energy), approved by the FSI board. In future, standards will need to meet these criteria to be recognized as an environmental standard, and through this, member companies will need to meet social and environmental requirements for produce to be officially sourced sustainably.

To improve field-level sustainability in the Vietnamese pepper sector, IDH supported the public-private partnership (PPP) Pepper Task Force (PTF) in the launch of the National Sustainability Curriculum (NSC), a farmer training guidebook focusing on RAM. The objective is a sector-wide rollout of the NSC, with scaling through private-sector programs (for example, through the recently initiated project with McCormick). The NSC has also received support from the Vietnamese government’s National Agriculture Extension Centre (NAEC) which will integrate the NSC into the national agricultural extension training programs from 2019. In collaboration with the Vietnamese Plant Protection Department, the PPP PTF has continued reviewing agrochemical management legislation. In 2018, this led to the pesticide active ingredient Diazinon being banned from pepper disease treatment programs. Evidence of improved field-level sustainability and a change in business practices is the increase in pepper exports to the EU from Vietnam that meet EU legal requirements, from 12.8% in 2016 to 46% in 2018.

VALUE-CHAIN DEVELOPMENT

To build regional economic development and address food and nutritional security challenges, there is an increasing need to develop local and regional intra-African trade, in addition to building access to export value chains. Through a market-led approach, the objective is to build inclusive sourcing through working closely with local SMEs, cooperatives and multinationals. This is done through providing strategic guidance, improving production, further professionalizing operations, and facilitating the co-financing of capital investments to enable access to local, regional and export markets. In leveraging the
networks under the fresh & ingredients sector platforms, IDH can play a valuable role in facilitating market linkages. To ensure a positive enabling environment (for example, logistics and cold chain infrastructure, access to affordable financing, strong extension service networks), IDH builds strategic engagements with governmental agencies.

Under the HortInvest project in Rwanda, funded by the Dutch Embassy in Rwanda, IDH is the lead on component 3: Export value chain development. In 2018, IDH identified ten exporting SMEs to work with. Together with Dalberg Consulting, full strategic business plans and projections were developed for these SMEs, covering a five-year period, and IDH facilitated initial export market linkages enabling one Rwandan exporter to export seven tons of vegetables per week to a large Dutch importer. In-line with these business plans, IDH will facilitate and co-finance capacity building and capex investments in 2019. In 2018, IDH also played a key role in improving the enabling environment across supply chain organization, logistics, and cold chain facilities.

Throughout 2018, the fresh & ingredients program has been exploring value-chain development opportunities in Guinea, Benin, the Gambia, Liberia and South Africa. With our extensive private-sector commodity networks, commercially-oriented approach, additional Farmfit service offerings (SDM analyses and financial de-risking mechanisms), and partnerships with Dalberg and Flo-Grow (technical expertise), IDH is uniquely positioned to successfully develop and implement inclusive value-chain development projects.
LESSONS LEARNED

Data-based approach
The value of supporting data-oriented approaches to RAM, gender equality and living wage (e.g. the self-assessment calculation matrix) is becoming increasingly clear in the fresh & ingredients program. Reliable data helps to build transparency and an understanding of progress over time. Supporting the integration of data-oriented approaches into certification schemes creates stronger incentives for improved sector governance and a change in business practices.

Engaging the value chain
Under living wage, it is important to engage players across the value chain, particularly retailers. To engage players across the value chain, it is valuable to develop practical tools that companies can use to map their supply chains and build strategic approaches to working on these topics (e.g. IMVO retail covenant).
KPIs Fresh & Ingredients

**Result area 1 - Change in business practices**

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<tbody>
<tr>
<td>Output</td>
<td>Private-sector (sustainability) investments in the program</td>
<td>€3,700,000 ratio: 1:1.5</td>
<td>€3,144,440 ratio: 1:1.3</td>
<td>€25,950,000 ratio: 1:1.5</td>
<td>€12,583,657 ratio: 1:1.9</td>
<td>Two business cases were developed in 2018: HPW block-farm model and Afri-flora gender equality</td>
</tr>
<tr>
<td>Output</td>
<td>Business cases developed to demonstrate the potential of sustainable practices</td>
<td>5</td>
<td>2</td>
<td>12</td>
<td>9</td>
<td>For the fresh &amp; ingredients program, the KPI is expressed in % and tons per sector platform. Each sector has developed its own monitoring methodology. The aggregate percentage is a weighted average based on metric tons.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Uptake rate of sustainable production by program partners</td>
<td>5%</td>
<td>40%</td>
<td>25%</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>Outcome</td>
<td>IDH participation in relevant landscape and/or commodity platforms</td>
<td>15</td>
<td>18</td>
<td>15</td>
<td>18</td>
<td>This is the number of platforms that IDH participated in under the F&amp;I program at the end of 2018.</td>
</tr>
</tbody>
</table>

**RESULT AREA 1 OUTPUT**

Business cases developed within the IDH program to show the potential of sustainable practices

- **Target 2018:** 5
- **Result 2018:**
  Two business case studies completed in 2018:
  1. IDH supported HPW in establishing a block-farm model for the sourcing of mango and pineapple in Ghana. In 2018, IDH commissioned a study to capture the business case associated with this model: profits earned by the smallholder farmers increased by 23%, and the supply of inputs to HPW’s processing plant increased by 16%.
  2. In the Ethiopian flower sector, IDH supported a peer-to-peer education program and gender committees. In 2018, a business case study was commissioned to capture the business case for improving gender equality: through these projects, the rate of gender-based violence decreased by 32% between 2015 and 2017, and the number of women in managerial positions increased by nearly 40% between 2013 and 2017.
- **Target 2020:** 12
- **Cumulative result (2016–2018):** 9

**RESULT AREA 1 OUTCOME**

Sustainability embedded at corporate level

- **Target 2018:**
  In 2018 the program will report the number of companies with targets on sustainable sourcing volumes in sustainability platforms.
- **Result 2018:**
  Under the F&I initiatives, private companies have committed to embed sustainability in their business practices. This is chiefly driven through sustainable procurement commitments. A total of 53 companies reported under SIFAV in 2018; 27 under FSI; and 8 under Juice.
  Companies that have joined these initiatives have committed to mapping their supply chains, and monitoring the procured volumes through the agreed measurement methodology. To reach the targets, the companies must establish specific internal policies and dedicate resources towards the monitoring process as well as supporting suppliers in the auditing and certification process.
- **Target 2020:**
  Until 2020, the F&I program will work to further embed sustainability at corporate level of the companies
the program works with. Participating companies will sign at least one covenant. The companies commit to map their supply chains and to monitor their volumes by using the measurement methodology as agreed per covenant to reach the targets set by the different sector platforms. The companies will have to establish specific internal policies and dedicate resources to monitor and support their suppliers accordingly.

RESULT AREA 1 OUTCOME

IDH participation in relevant landscape and/or commodity platforms

- **Target 2018**: 15
- **Result 2018**:
  18 platforms: Sustainability Initiative Fruit and Vegetables (SIFAV); Floriculture Sustainability Initiative (FSI); Sustainable Juice Covenant (SJC); Sustainable Vanilla Initiative (SVI); Sustainable Nut Initiative (SNI); Sustainable Spices Initiative (SSI); World Banana Forum WBF; Consumer Goods Forum (CGF); Sustainable Supply Chain Initiative (SSCI); International Social and Environmental Accreditation and Labelling (ISEAL); Sustainable Agriculture Initiative Corporate Social Responsibility (AIJN CSR); Vietnam Pepper Coordination Board (VPCB); Internationaal Maatschappelijk Verantwoord Ondernemen (IMVO) Food Covenant; IMVO Flower Covenant; The Sustainability Consortium (TSC); Competitive Cashew Initiative (Comcashew); GrowAfrica.

- **Target 2020**: 15
- **Cumulative result (2016–2018)**: NA
RESULT AREA 2 OUTCOME

Development of, and compliance with, voluntary and legal standards on sustainable commodity production

- **Target 2018:** NA

- **Result 2018:**
  Under the Floriculture Sustainability Initiative, the basket of standards includes social and good agricultural practice components. Acknowledging the sector’s shifting focus towards an environmental agenda, IDH commissioned the development of environmental benchmarking criteria for the FSI basket of standards, approved by the FSI members and board. The inclusion of a standardized record-keeping methodology for farm-level inputs (agrochemicals, water and energy) is important. The standards organizations have been engaged on these environmental benchmarking criteria, and in future, standards will need to pass these criteria to be recognized as an FSI environmental standard.

RESULT AREA 2 OUTCOME

Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources

- **Target 2018:** NA

- **Result 2018:**
  Under the living wage and working conditions theme, IDH has supported the Banana Occupational Health and Safety Initiative (BOHESI). Under the BOHESI project, an OHS training manual was developed, which provides guidance on in-company OHS practices and the structuring of health and safety committees. In 2018, through a lengthy period of negotiations, the Departments of Agriculture and Labor in Ecuador formally ratified the BOHESI guidelines – these are now legally-binding guidelines for the Ecuadorian banana sector. 57,933 farm workers were trained under the BOHESI project in 2018.
In the Vietnamese Pepper Sector, IDH supports the Public-Private-Partnership (PPP) Pepper Task Force (PTF). The PPP PTF, in collaboration with the Vietnamese Plant Protection Department, has continued to review agrochemical management legislation. In 2018, this led to the pesticide active ingredient Diazinon being banned from pepper disease treatment programs. Through the PPP PTF, IDH also supported the launch of the National Sustainability Curriculum (NSC), a farmer training guidebook focusing on RAM. The NSC received support from the Vietnamese government’s National Agriculture Extension Centre (NAEC) which will integrate the NSC into the national agricultural extension training programs from 2019.

- **Target 2020**: NA
- **Cumulative result (2016–2018)**: NA
### Result area 3 - Improved field-level sustainability

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<tbody>
<tr>
<td>Output</td>
<td>Number of producers/workers/community members trained on key subjects for sustainable production, environmental and social sustainability</td>
<td>10,000 (Up to mid-2017: 65,000 farmers/workers trained) (segregated by gender)</td>
<td>111,926 (32,730 men and 19,488 women)</td>
<td>100,000</td>
<td>228,018</td>
<td>Cumulative result refers to the cumulative number of training days between 2016 and 2020. The main topics for training are: • Production practices; • Chemical application; • Child labor; • Empowerment of women/gender; • Health and safety training related to agriculture; • Management skills; • Environment (e.g. forest/nature protection, water management); • Sustainability certification.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Adoption rate of improved practices by producers/workers/community members</td>
<td>60%</td>
<td>97%</td>
<td>60%</td>
<td>NA</td>
<td>2018 figure is high, driven by the large numbers trained through the BOHESI project. Banana producer companies engaged through BOHESI had to report on compliance against BOHESI guidelines. Companies reported 100% compliance. However, it was not possible to confirm this through an independent audit under the project.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Farmland area where trained practices are applied</td>
<td>5,000 (Up to mid-2017: 35,000 hectares)</td>
<td>61,957</td>
<td>40,000</td>
<td>175,486</td>
<td></td>
</tr>
<tr>
<td>Outcome</td>
<td>Number of self-sufficient platforms</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>This KPI represents the number of platforms funded by members through membership fees and independent governance as a result of the IDH program work.</td>
</tr>
</tbody>
</table>
The apparel sector is one of the world’s largest industries, generating around €1.5 trillion in annual revenues and employing over 50 million people. Though often a catalyst for economic growth in largely agrarian economies transitioning to industrial production, the apparel sector is also responsible for high environmental impacts and social challenges, such as cheap labor and exploitative, unsafe and polluting factories. IDH operates in China, Vietnam, Pakistan and India to address these challenges, by developing sustainable business models, public-private partnerships that inform policy, and collaborative improvement programs. IDH is exploring replicating some of the program’s successes in Ethiopia.

PARTNERS

Private
Multinationals from the Race to the Top, LABS, and the Pakistan Buyers’ Forum, such as Gap Inc., H&M, Ikea, Levi Strauss & Co., Li & Fung, Marks & Spencer, Nike, PUMA, SAITEX, Walmart, Bestseller, VF Corporation, PVH, and Target, as well as 27 SMEs through the SME project

Public
Governments of Denmark, Pakistan, the Netherlands, United States (USAID), Vietnam

Other

Relevant Sustainable Development Goals

8 Decent work and economic growth
12 Responsible consumption and production
17 Partnerships for the goals
TRAFFIC LIGHT ASSESSMENT

PROOF OF CONCEPT 1
Fostering worker-management dialogue and productivity in collaboration with industry, CSOs, and public partners.

PROOF OF CONCEPT 2
The Life and Building Safety Initiative (LABS), based on a harmonized assessment method, strives to make the apparel and footwear supply chain free from safety risks related to structural, electrical and fire hazards, and to facilitate preparation for evacuation.

PROGRESS TOWARDS 2020

Number of producers/workers/community enterprises reached by service delivery

<table>
<thead>
<tr>
<th></th>
<th>TARGET 2018</th>
<th>RESULT 2018</th>
<th>CUMULATIVE TARGET 2020</th>
<th>CUMULATIVE RESULT 2016-2020</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>50,000</td>
<td>113,758</td>
<td>60,000</td>
<td>130,968</td>
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</table>

Number of processing facilities where sustainable production practices and social standards are applied

<table>
<thead>
<tr>
<th></th>
<th>TARGET 2018</th>
<th>RESULT 2018</th>
<th>CUMULATIVE TARGET 2020</th>
<th>CUMULATIVE RESULT 2016-2020</th>
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<tbody>
<tr>
<td></td>
<td>20</td>
<td>66</td>
<td>60</td>
<td>94</td>
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</table>

Private-sector (sustainability) investments in the program

<table>
<thead>
<tr>
<th></th>
<th>TARGET 2018</th>
<th>RESULT 2018</th>
<th>CUMULATIVE TARGET 2020</th>
<th>CUMULATIVE RESULT 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€ 1,500,000</td>
<td>€ 3,056,757</td>
<td>€ 7,500,000</td>
<td>€ 4,162,624</td>
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</tbody>
</table>

Program co-funding ratio (2018)

Private: 86%
IDH: 14%
MARKET TRANSFORMATION BY IDH

The apparel sector is often characterized by a “race to the bottom”, and IDH aims to reverse this to achieve industry-wide transformation in terms of harmonization, sustainability and working conditions. IDH brings together brands, public representatives, sector associations and CSOs to learn about and address sustainability issues in the industry, and to identify solutions and recommendations to develop a more sustainable apparel sector. The platforms that are set up to identify improvement areas (such as the Race to the Top platform in Vietnam and the Pakistan Buyers’ Forum) help to identify opportunities for sustainable business models. They subsequently provide a jumping-off point for initiating pilots to develop and demonstrate best practices. These in turn help inform policy around sustainable business practices, moving a sector association, ministerial policy, or the industry as a whole forward.

PROGRESS 2018

In 2018, IDH continued the pre-piloting and piloting of the Life and Building Safety Initiative (LABS) to improve working conditions in terms of occupational health and safety. Since the start, seven brands and retailers have joined. In the expansion stage in 2019, they will apply and monitor harmonized safety standards to avoid deadly fires and collapses, and to improve working conditions. In Vietnam, IDH has scaled up its efforts to empower workers and improve the dialogue between workers and management in the Race to the Top program. This results in both improved working conditions and higher productivity. In addition, IDH has played an important role in growing environmentally sustainable production, by expanding and showcasing business cases that reduce energy and water consumption, in both Pakistan and Vietnam. IDH looks to scale this up further by rolling out cleaner production programs at regional level through the Apparel Impact Institute, which has been developed over the course of 2018. It has already begun engaging mills, and will deliver impacts from 2019 onwards.

In many apparel factories, dialogue between workers and management is limited. This limits the ability of workers to address poor labor conditions, which fuels dissatisfaction and high worker turnover, which in turn hampers productivity. Factory managers are often unaware of how harmful (both at personal and enterprise levels) their behavior can be. Even if they are aware of this, they do not know how to engage constructively with their workers in a structured manner.

Together with apparel buyers, the Vietnamese government, and dialogue experts (international and local), IDH organized a change mechanism. We developed and rolled out a curriculum comprised of dialogue and Lean training methods within factories to train on soft skills among management and supervisors. For workers, we organized elections of representatives, and trained them on their communication skills to be able to build trust, raise issues, and develop solutions.

This resulted in the initiation of improvement circles, where workers resolved issues together with management. These improvements led to reductions in worker turnover in factories (down from 13% to 8% per month), while boosting productivity and reducing rework rates. This increases profitability and the bandwidth to further improve working conditions in the future.

The program is working with a growing number of factories, but is also scaling up its work by linking lessons learned back to sector associations and the local government. The results have been used in workshops that IDH co-hosted with the Ministry of Labor, Invalids and Social Affairs in Vietnam, demonstrating the viability of 1) labor code reform; and 2) the ratification of ILO Convention 98 on collective bargaining – the two topics around which the workshops are organized.
### KEY ACHIEVEMENTS PER PROOF OF CONCEPT

<table>
<thead>
<tr>
<th>PROOF OF CONCEPT 1</th>
<th>PROOF OF CONCEPT 2</th>
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<tbody>
<tr>
<td>Fostering worker-management dialogue and productivity in collaboration with industry, CSOs, and public partners.</td>
<td>The Life and Building Safety Initiative (LABS), based on a harmonized assessment method, strives to make the apparel and footwear supply chain free from safety risks related to structural, electrical and fire hazards, and to facilitate preparation for evacuation.</td>
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The Race to the Top program developed and rolled out a curriculum of dialogue and productivity trainings, which empowered workers and created panels of representatives that aim for the continuous improvement of working conditions. At the same time, higher productivity can increase the take-home wage for workers earning a piece rate (~30% of the industry) and improve factory profitability, thereby creating a margin for improving wages for workers earning hourly rates.

The work for this proof of concept is over 50% funded by the private sector, showing good business ownership and interest in this topic. Approximately 30,000 workers in 14 factories have benefitted from IDH’s programs activities related to worker-management dialogue. An independent third-party assessment showed that improvements in dialogue were a clear success, with all stakeholders citing the program as effective and having very positive results, including:

- Workers being more aware that they can speak out safely and be listened to;
- Communication channels being known and used;
- Management and supervisors having the reassurance and ability to engage with workers even if they were not able to solve problems directly.

Key successes that were identified include:

- Improved communications between workers, supervisors and management, and workers’ voices being heard;
- Improved productivity and reduced rework;
- Practical improvements in working conditions.

In some factories, this has already resulted in higher take-home pay for workers – for example, by increasing subsidies for workers by management.

The LABS program is over 90% funded by the private sector, showing clear private-sector ownership. In addition, collaboration with local governments is underway, including a project with the Ministry of Construction in Vietnam where the LABS standards are serving as the source for new industry guidelines. Both in Vietnam and India, public-private collaboration has started and is further being institutionalized.

In terms of direct implementation, approximately 67,000 workers in 41 factories have benefitted from IDH’s program activities relating to structural, electrical and fire safety. In addition, 104 civil engineers, safety trainers, electrical engineers, fire safety engineers and quality assurance engineering experts have been trained in India and Vietnam to build local capacity to improve the safety of the sector.
LESSONS LEARNED

LABS’ governance
Discussions about the governance of LABS caused unexpected delays, halting some of the progress on the ground for longer than anticipated.

Mill operations
Creating impact for workers deeper down the supply chain, at mill level, remains challenging – partly due to the limited insight brands have into their mill operations, and partly due to unfamiliarity with the type of work needed. This is compounded by the fact that the brands that do have this in place still face a brand-mill relationship defined by very rigid long-term contracts that provide little flexibility for further incentivizing sustainability performance.

The lessons learned at factory level are being shared with sector stakeholders such as the Ministry of Labor, Invalids and Social Affairs (MOLISA), provincial governments, and textile sector associations, where they inform broader policy discussions. This happens in PPP meetings facilitated by IDH – for example, during workshops IDH co-hosted with MOLISA to discuss the progress of ratifying ILO Convention 98 on collective bargaining in Vietnam.

Public-private relationships
Elections in Pakistan impacted some of the public-private relationships established through the Buyers’ Forum. However, new, relevant counterparts have now been identified.
### KPIs Apparel

#### Result area 1 - Change in business practices

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<tbody>
<tr>
<td><strong>Output</strong></td>
<td>Private-sector (sustainability) investments in the program</td>
<td>€1.5 million ratio: 1:1.2</td>
<td>€3,056,755 million ratio: 1:6.3</td>
<td>€7.05 million ratio: 1:1.5</td>
<td>€4,162,624 million ratio: 1:3.2</td>
<td><a href="#">This total reflects the number of business cases developed by the apparel program. Considering that the same business cases have been under development from 2016-2018, we are only counting them once for the cumulative result.</a></td>
</tr>
</tbody>
</table>
| **Output**   | Business cases developed to demonstrate the potential of sustainable practices | 1            | 4           | 10          | 9                             | [2016:](#) a. Mill optimization business case: energy  
b. Productivity training business case (RTTT, Vietnam)  
b. Business case for worker engagement/dialogue  
c. Business case for energy efficiency in Pakistan  
2018: a. All-Clean by Design (CBD): water  
b. All-Clean by Design (CBD): energy  
c. Business case for water savings Pakistan  
d. OHS return on prevention / business case (preliminary result)](##) |
| **Output**   | IDH participation in relevant landscape and/or commodity platforms | 2            | 3           | 4           | 3                             | [This total reflects the number of business cases developed by the apparel program. Considering that the same business cases have been under development from 2016-2018, we are only counting them once for the cumulative result.](#) |
RESULT AREA 1 OUTPUT

Business cases developed within the IDH program to show the potential of sustainable practices

1. **Worker engagement and productivity training in Vietnam** - Together with the industry, the Vietnamese government and dialogue experts, IDH organized a change mechanism within the Race to the Top (RTTT) Worker Engagement and Productivity component. The program engages workers and management in capacity-building efforts, by providing dialogue improvement mechanisms and Lean training methods. The program organized elections of workers’ representatives and trained them on dialogue skills, to enable them to build trust, raise issues and develop solutions. A completed business case plus the effectiveness of our methodology on worker dialogue and productivity was confirmed, both quantitatively and qualitatively, validated by a third party. There was a shift in supervisor and management treatment of workers, once the tools for dialogue improvement were provided and improved. In 2018, approximately 30,794 workers benefited from the “productivity and worker engagement” component of RTTT. The benefits of this program make it attractive for replication in the wider sector.

2. **Water savings, energy savings and chemical reductions (Vietnam)** - In 2018, 13 mills went through the RTTT mill improvement program that showcased the business case for reduced energy and water consumption. By assessing, identifying and improving opportunities related to energy, water, waste-water treatment and chemical reduction, the mills were presented with various solutions to reduce their environmental footprint. Nine mills have completed the improvement activities. The total water savings uncovered at the nine finalized mills were 152,874 m³ per year; while the total CO₂ emissions reduced from savings on fossil fuels and electricity were 6,659 tons per year; 1,576 tons of CO₂ per year were from biogenic sources like firewood. The total estimated energy saving is 3.45 million kWh and 1,200 TOE per year for fuel. The identified solutions could result in total savings of US $2.6 million with an ROI of 1.5 years. This is a strong business case to reduce energy and water consumption while saving costs.

3. **Energy savings (Pakistan)** - As part of the Enterprise Improvement project of the Pakistan Buyers’ Forum (serving as input for the IDH-IFC cooperation agreement) IDH has finished working with four factories that have undergone energy and water assessments in 2018. Their resource consumption patterns were studied, and improvement measures were recommended. Factories have implemented the initial recommendations and are in process of implementing solutions with higher investment costs and/or longer payback times. In 2018, the program resulted in total savings of 3,942 MWh, 37.73 million PKR (US $0.27 million), and 2,718 metric tons of CO₂ reduction.

4. **2 All-Clean by Design (CBD) business cases** - The Apparel Impact Institute (All) was created in 2017 in collaboration between IDH, the Sustainable Apparel Coalition (SAC), HSBC, and leading apparel brands such as Target, PVH, and GAP. All works with brands, retailers and manufacturers to select, fund, and scale initiatives and organizations that dramatically improve the sustainability impact of the apparel and footwear industry. In partnership with Clean by Design (CBD), a program with an explicit focus on water conservation, in 2018 All applied the program’s tested approach to a new set of mills in China. By December 2018, 66 mills were confirmed. This move is seen as a crucial step in conserving water and energy in apparel manufacturing, identified by most frontrunning companies in the sector as a key sustainability concern that needs to be addressed with urgency. In addition, All is partnering with like-minded initiatives such as IDH’s Race to the Top, to consolidate and apply their tried and tested approaches to hundreds of mills under the Scaling Mills Impact initiative, with an explicit focus on water and energy conservation. This will lower the threshold of reducing social and environmental impact, and avoid fragmentation and duplication between sustainability interventions.
5: OHS return on prevention / business case (preliminary result) - LABS made significant progress: a single, coherent, consistent life-safety standard and methodology has been established, and localization completed for Vietnam and India. There is strong industry interest to participate in LABS, with new brands already lining up to join LABS after its formal launch. Pilot assessments have taken place in Vietnam, which revealed major issues in fire and electrical safety, and to a lesser extent in structural safety, clearly indicating the need to roll out a program that addresses these risks. Pre-pilot assessments also took place in India, identifying similar high-risks issues. The operational and technical setup of the program has been further developed to prepare for its scaling phase. LABS continues to work on policy, public inspection/enforcement, and education through public-private platforms in order to create systemic changes. We are currently collaborating with the Vietnamese Ministry of Construction to help inform their standard and method for the appraisal and management of older buildings, and serve as guidance for the wider industry.

• Result 2018:
  In 2018:
  • Five more brands fully endorsed and integrated the harmonization of social compliance standards and the adoption of the SLCP Framework, totaling 65 signatory brands. 209 factories are now integrated in the program.
  • Seven brands and retailers have continued to join forces as part of the LABS initiative to scope a scalable program to eliminate preventable fire, electrical and structural building safety risks in key apparel- and footwear-producing countries in an effective and targeted way. They registered in the first half of 2017 and are a part of the first pilots and expansion stages running in 2018 and 2019. As part of the program, the brands and retailers have agreed to apply a harmonized, pre-competitive LABS Standard for the assessment of their apparel and footwear suppliers, as well as collaboratively monitoring and working towards remediation.
  • Three brands committed to Impact Institute Initiative integration. 66 mills confirmed in Clean by Design, impact currently in pipeline.

• Target 2020:
  Until 2020, the apparel program will work to further embed sustainability at corporate level in the companies the program works with. The focus is on working conditions, occupational health & safety, chemicals, and energy usage.

• Cumulative result (2016–2018):
  1. Seven brands and retailers have continued to join forces as part of the LABS initiative to scope a scalable program to eliminate preventable fire, electrical and structural building safety risks in key apparel- and footwear-producing countries in an effective and targeted way. They registered in the first half of 2017 and are a part of the first pilots and expansion stages running in 2018 and 2019. As part of the program, the brands and retailers have agreed to apply a harmonized, pre-competitive LABS Standard for the assessment of their apparel and footwear suppliers, as well as collaboratively monitoring and working towards remediation.
  2. As part of the Sustainable Apparel Coalition Small & Medium Enterprise (SME) project, IDH co-launched a pilot project to engage European SME brands in using the Higg Index. During 2016 and 2017, this program supported 27 participating SMEs to develop policies to address the most pressing sustainability issues within their supply chains. The adaptation of the Higg Index to be applicable for SMEs underlined its value for the Dutch and German Cov-
enants/National Action Plans, as well as the OECD due diligence approach, and is providing additional guidance for EU SMEs through the inclusion in these platforms.

3. Since the start of Q4 2017, as part of the Pakistan Buyer’s Forum, IDH is supporting the Pakistan apparel industry to move towards reducing its environmental footprint. Energy assessments are being conducted at factories to evaluate energy consumption patterns and adopt more efficient practices. The learnings from the assessment at one factory are feeding into a new energy approach being developed under the IFC-IDH cooperation agreement, to reduce energy consumption levels. The purpose of the document is to address issues of energy development including energy production, distribution, and consumption for the sector at large, using macroeconomic learnings as well as learnings from individual factory improvement programs to create the enabling environment for sectoral change.

4. In 2018, five more brands fully endorsed and integrated the harmonization of social compliance standards and the adoption of the SLCP Framework, totaling 65 signatory brands. 209 factories are now integrated in the program.

5. In 2018, three brands committed to Impact Institute Initiative integration. 66 mills confirmed in Clean by Design, impact currently in pipeline.

RESULT AREA 1 OUTCOME

IDH participation in relevant landscape and/or commodity platforms

- **Target 2018:** Vietnam and India platforms
- **Result 2018:**

  **RTTT Vietnam PPP** - The Race to the Top Vietnam public-private platform is a voluntary program to support the production and trade of responsibly produced apparel and footwear products. It is made up of the Ministry of Industry and Trade, Ministry of Natural Resources and the Environment, Ministry of Labor, Invalids, and Social Affairs, IDH, Vietnam Textile Association, Vietnam Leather and Footwear and Brands, CSO and Better Work. Participating members provide recommendations for the development of relevant national policies, strategies and plans related to apparel and footwear industry development, based on implementing experiences from RTTT pilots and market requirements. The partnership also allocates resources to scale up RTTT’s successful models and initiatives, focusing on the development and promotion of access to capital for improvement activities and sustainably operating factories in the apparel and footwear industry. As a result, in 2018 the partnership strengthened the Sustainability Index for Footwear in Vietnam, to work towards improved regulatory frameworks for environmental protection. In addition, the PPP contributed to further rolling out best practices such as components of the Higg Index and Zero Discharge of Hazardous Chemicals (ZDHC) guidelines for the local industry, leading to a joint plan to identify means of support for local industry and to inform the new law regarding protecting the environment from hazardous chemicals.

  **Pakistan Buyers’ Forum** - The Buyers’ Forum aims to facilitate and promote discussion on the Buyers’ codes of conduct, including national and international law, and their implementation in Pakistan. This aims to improve productivity and compliance with all the requirements under the GSP Plus status through the platforms. Jointly with ILO, IFC, and the Embassy of the Royal Kingdom of the Netherlands, IDH convenes the Buyers’ Forum that is made up of 17 brands, retailers and buying houses that source textiles and garments from Pakistan. In 2018, recommendations were made to the Ministry of Commerce for its Strategic Trade Policy Framework 2018-2023, including considerations about environment, safety of workers and social compliance.

  **Social & Labor Convergence Program (SLCP)** - SLCP aims to create a converged assessment framework that supports stakeholders’ efforts to improve working conditions in the apparel and footwear supply chain. It has 180 signatories that include the industry, governments, MSIs, industry associations, ILO and OECD. In 2018, IDH contributed to 150 factories adopting the SLCP framework, with 209 factories trained on the framework application.

  In addition, in 2018, we continued working on the establishment of the LABS India PPP and LABS Vietnam PPP, and initiated the creation of an Ethiopian PPP with three government bodies (EIC, IPDC, EFCCC).

- **Target 2020:** Until 2020, the apparel program will participate in four sector platforms in Cambodia, Pakistan, India and Vietnam.

- **Cumulative result (2016-2018):**
  - 2018: 3
  - 2017: 0
  - 2016: 0
### Result area 2 - Improved sector and landscape governance

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Output</strong></td>
<td>Representation and commitment of key-stakeholders in multi-stakeholder processes or coalitions</td>
<td>NA</td>
<td>6.7</td>
<td>NA</td>
<td>NA</td>
<td>This figure is the average score from a survey that was conducted in March 2019, in which stakeholders were asked to rate multiple aspects of their experience with IDH programs. The total number of respondents for the apparel program is 6.</td>
</tr>
<tr>
<td><strong>Outcome</strong></td>
<td>Satisfaction about the effectiveness of multi-stakeholder processes or coalitions associated with the program</td>
<td>NA</td>
<td>6.6</td>
<td>NA</td>
<td>NA</td>
<td>This figure is the average score from a survey that was conducted in March 2019, in which stakeholders were asked to rate multiple aspects of their experience with IDH programs. The total number of respondents for the apparel program is 6.</td>
</tr>
<tr>
<td><strong>Outcome</strong></td>
<td>Changes in policies in line with increased sustainability and management of natural resources</td>
<td>1</td>
<td>5</td>
<td>4</td>
<td>5</td>
<td>Here, we consolidated the previous apparel KPI “Development of, and compliance with, voluntary and legal standards on sustainable commodity production” in order to consolidate the development of industry standards with the development of general policies and regulations.</td>
</tr>
</tbody>
</table>

### RESULT AREA 2 OUTCOME

**Changes in policies in line with increased sustainability and management of natural resource**

- **Target 2018:** 1
- **Result 2018:**

  From the Pakistan Buyers’ Forum, recommendations were made to the Ministry of Commerce for its Strategic Trade Policy Framework 2018-2023, which also covered the environment, safety of workers and social compliance. These recommendations included:

  - Improving social, safety and environmental compliance;
  - Promoting accredited green textile and garment plants;
  - Promoting reduced use of natural resources and increased use of organic and/or sustainable raw materials and the use of local production and/or conversion plants;
  - Promoting zero tolerance of hazardous chemicals and discharge into the environment;
• Promoting compliance with labor laws in line with international labor standards;

• Promoting life and building safety;

• Exploring and introducing non-natural products, such as recycled polyester, and identifying reusable waste as a raw material for other industries.

• Work with the Ministry of Natural Resource and Environment of Vietnam on the contextualisation of the Zero Discharge Hazardous Chemical Guidelines. By informing both enterprises and policymakers on the use of internationally banned substances that are applied in facilities that process textile materials and trim parts in apparel, leather and footwear, this work aims to have official recognition at Ministerial level and apply it to the apparel and footwear industry in Vietnam.

A three-part project involving the Vietnam Leather, Footwear and Handbag Association (LEFASO), Vietnam Chamber of Commerce and Industry and IDH, has strengthened the Sustainability Index for Footwear. This partnership enabled factories and brands to participate in events to discuss and to receive technical inputs. It has enhanced LEFASO’s network with both the public and private sector, creating a distinguished association able to analyze and create indicators in diverse dimensions of business development with a sustainable approach.

LABS developed the LABS regional reference standards for Vietnam and India on OHS. In Vietnam, IDH is currently collaborating with the Vietnamese Ministry of Construction to help inform their standard and method for the appraisal and management of older buildings, and serve as guidance for the wider industry.

• **Target 2020**: 4 sector platforms in Cambodia, Pakistan, India and Vietnam
## Result area 3 - Improved field-level sustainability

<table>
<thead>
<tr>
<th>Result level</th>
<th>Key Performance Indicator (KPI)</th>
<th>Target 2018</th>
<th>Result 2018</th>
<th>Target 2020</th>
<th>Cumulative result (2016-2018)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>Number of producers/workers/community enterprises reached by service delivery</td>
<td>50,000 of which 50% women</td>
<td>Apparel total: 113,758 38.4% men (43,681) and 61.6% women (70,077)</td>
<td>60,000</td>
<td>Apparel total: 130,968 35.8% men (46,865) and 64.2% women (84,103)</td>
<td>This total reflects the number of workers that were reached by service delivery in the 2016-2018 period. Considering that some factories received training more than once between 2016 and 2018, we are counting these only once for the cumulative result.</td>
</tr>
<tr>
<td></td>
<td>Topics of training:</td>
<td></td>
<td>LABS India: Total: 13,500 63% men (8,505) and 37% women (4,995)</td>
<td></td>
<td>LABS India: Total: 13,500 37% men (4,995) and 63% men (8,505)</td>
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</tr>
<tr>
<td></td>
<td>a. coaching on productivity and worker engagement (40,000)</td>
<td></td>
<td>Topics of training: LABS assessments, training on standards and methodology (pre-pilot and pilot phase)</td>
<td></td>
<td>Topics of training: LABS assessments, training on standards and methodology (pre-pilot and pilot phase)</td>
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<td></td>
<td>b. coaching on safety/ LABS (10,000)</td>
<td></td>
<td>LABS Vietnam: Total: 53,450 75% women (40,088) and 25% men (13,362)</td>
<td></td>
<td>LABS-Vietnam: Total: 53,450 75% women (40,088) and 25% men (13,362)</td>
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<td>Topics of training: LABS assessments of structural, fire and electrical safety at factories to prevent and/or mitigate risk to workers’ lives.</td>
<td></td>
<td>RTTT: Total: 55,434 69.9% women (38,747) and 30.1% men (16,687)</td>
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<td></td>
<td>RTTT: Total: 40,924 67.85% women (24,769) and 32.15% men (16,155)</td>
<td></td>
<td>Pakistan: Total: 8,584 3.1% women (273) and 96.9% men (8,311)</td>
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<td></td>
<td>Lean-productivity/WE: 30,794 65% women (20,717) and 35% men (10,077)</td>
<td></td>
<td>Pakistan: Total: 5,884 5,659 men and 225 women</td>
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<td>Mill optimisation: 10,130 40% women (4,052) and 60% men (6,078)</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Pakistan: Total: 5,884 5,659 men and 225 women</td>
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<tr>
<td><strong>Output</strong></td>
<td>Number of trainers, auditors and/or government staff trained in the program</td>
<td>NA</td>
<td>Apparel total: 205 77% men (158) and 33% women (47)  SLCP: 101 57.42% men (57) and 42.57% women (44)  LABS India: 88 100% men  Number of individual training events: 13  LABS Vietnam: 16 18.75% women (3) and 81.25% men (13)  Training by ARUP on LABS methodology and standard</td>
<td>Apparel total: 251 79.2% men (199) and 20.8% women (52)  SLCP: 101 57.42% men (57) and 42.57% women (44)  LABS India: 88 100% men  LABS Vietnam: 16 18.75% women (3) and 81.25% men (13)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Outcome</strong></td>
<td>Number of processing facilities where sustainable production practices and social standards are applied</td>
<td>20 mills</td>
<td>As of late 2018: 66 mills confirmed in CBD, currently in pipeline  LABS India: 12  LABS Vietnam: 29  RTTT: Productivity + worker engagement + mill optimisation: 23 facilities  Number of Improvement Circles established: 317  Pakistan: 4</td>
<td>Total: 94  LABS India: 12  LABS Vietnam: 29  RTTT: 23  Pakistan: 4  China: 26 (mills) 2017: 53  China: 26  Vietnam: 25  Pakistan: 2 2016: 39  Vietnam: 13 RTTT  China: 26 (mills)</td>
<td>This total reflects the number of producing facilities where sustainable/social improvements were developed from 2016-2018. Considering that some factories received training more than once between 2016 and 2018, we are counting these only once for the cumulative result. Please note that for the cumulative result in 2017, we counted the total number of factories impacted per year.</td>
<td></td>
</tr>
<tr>
<td><strong>Output</strong></td>
<td>Number of worker helplines developed (Non-RMF KPI)</td>
<td>2</td>
<td>0</td>
<td>4</td>
<td>0</td>
<td>LABS India: Due to delays in legal process, the helpline will commence by July 2019.</td>
</tr>
</tbody>
</table>
RESULT AREA 3 OUTCOME

Number of processing facilities where sustainable production practices and social standards are applied

- **Target 2018:**
  20 textile-producing factories (cut-make trim units, mills, laundries)

- **Result 2018:**
  In 2018, LABS performed 12 pre-pilot factory assessments in India, and 29 pilot assessments in Vietnamese textile-producing factories. During the assessments, the factories were trained on the LABS standards and methodology, and recommendations were made. Steps are being made towards the implementation of best practices and improvement of the factories’ working conditions.

  For the RTTT program, a total of 23 textile-producing factories were trained in Lean, worker engagement and mill optimization. In addition, the program coordinated the establishment of 317 Improvement Circles. These improvements demonstrated higher productivity (piece rate) and improvements on worker-management communication, enabling better working conditions.

  In Pakistan, two textile wet-processing mills and two laundry facilities have undergone thorough energy and water assessments, in which improvement measures were recommended. Factories have implemented the initial recommendations and are in the process of implementing solutions with higher investment costs and/or longer payback times.

- **Target 2020:**
  Strategizing and/or multi-stakeholder initiatives in 60 facilities reaching 60,000 workers by 2020

- **Cumulative result (2016–2018):** 94
  LABS India: 12
  LABS Vietnam: 29
  RTTT: 23
  Pakistan: 4
  China: 26 (mills)
Fish and fish products are among the most traded foods in the world. 53% of all fish consumed comes from aquaculture (FAO, 2018), making farmed fish an important source of protein. The aquaculture sector is the fastest growing food production sector over the past 20 years. The sector has grown by 5.8% annually between 2001 and 2016. In 2016, the global volume of aquaculture fish production amounted to 80 million metric tons, which equals an estimated first-sale value of €205.1 billion (FAO, SOFIA 2018). Africa only represents 2% of global aquaculture production, offering a great opportunity for growth and food security. Asia has contributed more than 89% of total global aquaculture production for over two decades (FAO, SOFIA 2018). China is the greatest producer by both value and volume: around 35% of global fish production entered in international trade in 2016, while it also grew in value, from US $8 billion in 1976 to US $143 billion in 2016 (FAO, 2018). Developing countries play a crucial role in trade, as they contribute to approximately 59% of total quantity of fish and fish product exports (FAO, 2018).

IDH aims for the efficient and sustainable production of seafood. In our aquaculture program, IDH addresses feed and disease problems. Shrimp diseases alone have caused US $45 billion in losses over the past decade. Diseases result in environmental harm such as waste of inputs, water pollution, and irresponsible practices like the excessive use of antibiotics. Fish feed also causes a sustainability problem as it consists of marine ingredients, which might be caught through illegal practices that harm people and the environment.

**Relevant Sustainable Development Goals**

- [12 Responsible Consumption and Production](#)
- [14 Life Below Water](#)
- [17 Partnerships for the Goals](#)
**TRAFFIC LIGHT ASSESSMENT**

**PROOF OF CONCEPT 1**

By strengthening collaboration in the aquaculture industry at the zonal, national and global level, data can be analyzed to identify risks (e.g. on diseases and feed), priorities can be aligned, recommendations can be generated and disseminated, and risks can be mitigated. This leads to:

- Increased survival/productivity;
- Decreased waste/improved feed efficiency;
- Decreased agrochemical (e.g. antibiotics) use;
- Increased market access;
- Increased traceability;
- Increased financial access.

### PROGRESS TOWARDS 2020

**Number of producers/workers/community members trained on key subjects for sustainable production, environmental and social sustainability**

<table>
<thead>
<tr>
<th></th>
<th>TARGET 2018</th>
<th>RESULT 2018</th>
<th>CUMULATIVE RESULT 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,000</td>
<td>800</td>
<td>30,000</td>
</tr>
</tbody>
</table>

**Farmland area where trained practices are applied**

<table>
<thead>
<tr>
<th></th>
<th>TARGET 2018</th>
<th>RESULT 2018</th>
<th>CUMULATIVE RESULT 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>500</td>
<td>600</td>
<td>25,000</td>
</tr>
</tbody>
</table>

**Private-sector (sustainability) investments in the program**

<table>
<thead>
<tr>
<th></th>
<th>TARGET 2018</th>
<th>RESULT 2018</th>
<th>CUMULATIVE TARGET 2020</th>
<th>CUMULATIVE RESULT 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€ 1,005,000</td>
<td>€ 272,172</td>
<td>€ 13,650,000</td>
<td>€ 8,243,899</td>
</tr>
</tbody>
</table>

**Program co-funding ratio (2018)**

- **Private: 55%**
- **IDH: 45%**
MARKET TRANSFORMATION
BY IDH

Diseases and feed are interlinked, as mortalities result in wasted feed, and overfeeding can result in diseases. Since diseases do not stop at the farm gate, IDH helps businesses to solve disease problems by focusing on aquascapes: geographical areas where aquaculture farmers are connected by using the same water.

IDH establishes partnerships in these aquaculture areas between producers, input suppliers, service providers and local governments, for example, and in the supply chain with traders, brands and retailers. We support innovation by promoting the use and analysis of data to better understand how diseases behave, and we promote the use of technology to increase sector efficiency, traceability and transparency.

If areas become better at controlling diseases, the need to use antimicrobials decrease, profits increase, and fewer natural resources are required. By leveraging partnerships and technology, we can reduce the risks posed by aquaculture production, which in turn attracts investment. Together with financial institutions, we can share risks and increase profitability of an aquascape. Strong collaboration and innovation can result in market recognition of an aquaculture area, leading to Verified Sourcing Areas that enable buyers to effortlessly source sustainable products. We aim for the Global Seafood Sustainability Initiative (GSSI – a coalition of 70+ leading seafood companies) to monitor and recognize the continuous improvement of aquascapes at global level.

PROGRESS 2018

In 2018, IDH laid the foundation for creating impact at field level. We established partnerships, as we launched six aquascapes: in tilapia in Hainan, China; in shrimp in Surat Thani, Thailand; in shrimp in Soc Trang, Vietnam; in pangasius in Dong Thap, Vietnam; in shrimp in Ecuador; and in shrimp in East-Java, Indonesia. Our project in China has shown some preliminary results at field level that demonstrate efficiency gains: of the pilot farms participating in the project, the fish survival rates increased from 65% to 84%; while the feed conversion rate (a way to measure the volumes of feed ending up in volumes of fish) decreased from 1.55 to 1.35. We started our agenda for reducing feed and seed bottlenecks in Sub-Saharan Africa by developing an aquascape in Mozambique. We learned that the involvement of the government was critical for companies, partners and farmers to join in our efforts.

We supported innovation by including technology tools based on IoT systems and data analysis in the aquascapes. While writing the Investment Guidelines for Sustainable Aquaculture in Indonesia, and by organizing an event on Investing in Aquaculture, we learned how to engage financial institutions to support our work. We succeeded in bringing the Seafood Task Force closer to an expansion to Vietnam; and we led the discussions in the GSSI working group to monitor continuous improvement of non-certified seafood.
At provincial level, we established structures for public and private partners and financial institutions to enable them to reduce disease risks and to address productivity together. In 2018, we succeeded in setting up six projects adopting a zone/jurisdictional approach (see above) all focused on disease management. At this stage, four projects involve the local government with the aim of supporting them to use the outcome of the projects to improve their disease management policies.

At national level, we supported the Seafood Taskforce in Thailand with their mission to fight illegal, unregulated and unreported fishing as well as illegal labor practices; to reach supply chain oversight of the seafood industry; and to expand their initiative into Vietnam.

At global level, we drove the GSSI’s agenda to address the sustainability issues of non-certified seafood. This resulted in 2018 in the GSSI agreeing to develop a program equivalent to the Global Food Safety Initiative (GFSI) Global Market Program. As only 6-8% of global seafood is currently being certified, this is a major step forward in addressing sustainability in seafood globally.

This has resulted in companies sharing and analyzing data in China, while in Vietnam and Thailand the foundation has been laid to analyze the data by aquatic epidemiological institutes. In the future, this will also result in generating and disseminating recommendations, and in mitigating risks. This change in business practice will allow companies’ agendas to be aligned towards solving the priority issues of the sector. Companies recognize the need for a data-driven approach and are willing to co-fi-

nance the collection and analysis of data. In Thailand, for example, the Supplier Round Table for shrimp consisting of a group of five international buyers, is involved in the project, and one buyer has actively engaged their farmers to join the project to submit data for analysis. This results in improved market access and increased traceability.

The impact of these projects at field level is the more efficient use of natural resources. Fewer fish die because of diseases, less antibiotics are used, and less feed is wasted. The risks for farmers are reduced, and they become bankable - especially when track records are built by collecting data.

KEY ACHIEVEMENTS PER PROOF OF CONCEPT

**PROOF OF CONCEPT 1**

By strengthening collaboration in the aquaculture industry at the zonal, national and global level, data can be analyzed to identify risks (e.g. on diseases and feed), priorities can be aligned, recommendations can be generated and disseminated, and risks can be mitigated. This leads to:
- Increased survival/productivity;
- Decreased waste/improved feed efficiency;
- Decreased agrochemical (e.g. antibiotics) use;
- Increased market access;
- Increased traceability;
- Increased financial access.

At provincial level, we established structures for public and private partners and financial institutions to enable them to reduce disease risks and to address productivity together. In 2018, we succeeded in setting up six projects adopting a zone/jurisdictional approach (see above) all focused on disease management. At this stage, four projects involve the local government with the aim of supporting them to use the outcome of the projects to improve their disease management policies.

At national level, we supported the Seafood Taskforce in Thailand with their mission to fight illegal, unregulated and unreported fishing as well as illegal labor practices; to reach supply chain oversight of the seafood industry; and to expand their initiative into Vietnam.

At global level, we drove the GSSI’s agenda to address the sustainability issues of non-certified seafood. This resulted in 2018 in the GSSI agreeing to develop a program equivalent to the Global Food Safety Initiative (GFSI) Global Market Program. As only 6-8% of global seafood is currently being certified, this is a major step forward in addressing sustainability in seafood globally.

This has resulted in companies sharing and analyzing data in China, while in Vietnam and Thailand the foundation has been laid to analyze the data by aquatic epidemiological institutes. In the future, this will also result in generating and disseminating recommendations, and in mitigating risks. This change in business practice will allow companies’ agendas to be aligned towards solving the priority issues of the sector. Companies recognize the need for a data-driven approach and are willing to co-fi-
LESSONS LEARNED

Government buy-in
Although all the projects offered clear benefits for the industries involved, we experienced unexpected challenges in convincing the government to support the projects. This resulted in hesitation by producers to join, as well as delays in the implementation of activities.

Aquascape approach
We learned that combining multiple approaches (data-driven, partnership, jurisdictional) in the same projects strengthens their potential for success. This helped us develop our aquascape approach, where we could attract more players to combine their efforts per location.
KPIs Aquaculture

Result area 1 - Change in business practices

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Outcome</td>
<td>Private-sector (sustainability) investments in the program</td>
<td>€1,005,000</td>
<td>€272,172</td>
<td>€13,650,000</td>
<td>€8,243,899</td>
<td></td>
</tr>
</tbody>
</table>

RESULT AREA 1 OUTCOME

Sustainability embedded at corporate level

• **Target 2018:**
  Beyond certification agenda is an integral part of the GSSI proposition; producing companies submit data for analysis.

• **Result 2018:**
  In 2018, the GSSI agreed to develop a program to address non-certified seafood equivalent to the GFSI Global Market Program. As only 6-8% of global seafood is currently being certified, this is a major step forward in addressing sustainability in seafood globally.

  We have built the foundation for producers to submit data. In China, a multi-party agreement allows farmers, feed mills, hatcheries and processors to submit and share data. Two insurance companies and one bank are now also exploring the use of data to enable their engagement. In Thailand, the Supplier Round Table for Shrimp, a group of five international buyers, is involved in the project. One of them has engaged their farmers to join the project to submit data for analysis. One cooperative of farmers is also engaging their members to submit data and have their data analyzed. In Vietnam, the structure has been built for shrimp and pangasius producers to submit data and receive feedback on their data. In Ecuador, Mozambique and Indonesia these activities will start in 2019.

• **Target 2020:**
  The aquaculture program will work to further embed sustainability at corporate level of the companies the program works with in terms of:

  1. Aquatic animal health management;
  2. Aqua feeds and traceability of ingredients;
  3. De-bottlenecking investments for sustainable development of aquaculture in Africa.

• **Cumulative result (2016–2018):** NA
Result area 2 - Improved sector and landscape governance

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Output</strong></td>
<td>Representation and commitment of key-stakeholders in multi-stakeholder processes or coalitions</td>
<td>NA</td>
<td>6.4</td>
<td>NA</td>
<td>NA</td>
<td>This figure is the average score from a survey that was conducted in March 2019, in which stakeholders were asked to rate multiple aspects of their experience with IDH programs. The total number of respondents for the Aquaculture program is 11.</td>
</tr>
<tr>
<td><strong>Outcome</strong></td>
<td>Satisfaction about the effectiveness of multi-stakeholder processes or coalitions associated with the program</td>
<td>NA</td>
<td>6.7</td>
<td>NA</td>
<td>NA</td>
<td>This figure is the average score from a survey that was conducted in March 2019, in which stakeholders were asked to rate multiple aspects of their experience with IDH programs. The total number of respondents for the Aquaculture program is 11.</td>
</tr>
<tr>
<td><strong>Outcome</strong></td>
<td>Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>
### Result area 3 - Improved field-level sustainability

<table>
<thead>
<tr>
<th>Result level</th>
<th>Key Performance Indicator (KPI)</th>
<th>Target 2018</th>
<th>Result 2018</th>
<th>Target 2020</th>
<th>Cumulative result (2016-2018)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>Number of producers/workers/community members trained on key subjects for sustainable production, environmental and social sustainability</td>
<td>1,000</td>
<td>Total: 600 (480 men and 120 women)</td>
<td>30,000</td>
<td>27,782</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Code of Good Practice: 600</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Internet of Things (IoT) System including sensor: 50</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(The farmers trained on the IoT System are a subset of the farmers trained under the Code of Good Practice)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Output</td>
<td>Volume of sustainably produced commodity</td>
<td>No target set for 2018</td>
<td>8,370</td>
<td>400,000</td>
<td>342,454</td>
<td></td>
</tr>
<tr>
<td>Outcome</td>
<td>Adoption rate by producers/workers/community members of improved practices</td>
<td>NA</td>
<td>NA</td>
<td>50%</td>
<td>NA</td>
<td>The adoption rate is measured after the projects are completed; in 2018, no project ended which means no data is available.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Farmland area where trained practices are applied</td>
<td>500</td>
<td>600</td>
<td>25,000</td>
<td>33,273</td>
<td></td>
</tr>
</tbody>
</table>

### RESULT AREA 3 OUTCOME

Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources

- **Target 2018:**
  Four projects initiated to adopt a population-based or zone-management approach to fish health.

- **Result 2018:**
  We succeeded in setting up six zone management projects in tilapia in Hainan, China; in shrimp in Surat Thani, Thailand; in shrimp in Soc Trang, Vietnam; in Pangasius in Dong Thap, Vietnam; in shrimp in Ecuador; and in Shrimp in East-Java, Indonesia. All these projects include a population-based and zone-management approach to addressing fish health management.

At this stage, four projects - one each in China and Thailand, and two in Vietnam - involve the local government, with the aim to adjust their disease management policies.

- **Target 2020:**
  Until 2020, the adoption of zonal management to fish health is broadly recognized by the sector. Examples of this zonal management approach exist in four countries and are well disseminated.
Tropical forests continue to disappear and degrade at an alarming rate. Unsustainable timber production and harvesting practices pose threats to the ecosystem and lead to further degradation and forest land conversion.

To keep tropical forests in existence, sustainable forest management (SFM) is one of the key solutions so long as the business case can become mainstream. The area managed for sustainable timber production and harvesting is decreasing, and market players are divesting from it. IDH therefore strives to increase demand for verified sustainable tropical timber in Europe, and in doing so to strengthen the business case for sustainable forest management.

Europe imported 3 million m$^3$ roundwood equivalents in 2016, of which only an estimated 30% was verified as sustainable. France, the Netherlands and the UK are the largest importers. IDH supports innovations in certification of forestry concessions. Forests are under pressure from over-harvesting of timber and fuelwood for local and regional use, especially in Africa. IDH therefore also supports commercial tree-planting and forestry in regions where natural forests are under pressure.

**PARTNERS**

**Private**
Danzer, Wijma, Rougier, numerous other concession holders and approximately 25 companies in Europe (including Kingfisher, IKEA and Tetrapak), European Timber Trade Federation, Danish Timber Trade Federation, Le Commerce du Bois, German Timber Trade Federation, Spanish Timber Trade Federation, Global-woods, The New Forests Company, Miro Forestry Company

**Public**
Dutch government, numerous local authorities in Europe, including the municipalities of Amsterdam, Madrid and Barcelona

**Other**
WWF, FSC, PEFC, ICLEI, Copade, GIZ, ATIBT, European Forest Institute, Stichting Probos, New Generation Plantation (NGP)

**Relevant Sustainable Development Goals**

![SDG Icons]
PROGRESS TOWARDS 2020

Number of hectares where sustainable production/farm rehabilitation/sustainable intensification are implemented

<table>
<thead>
<tr>
<th>TARGET 2018</th>
<th>400</th>
</tr>
</thead>
<tbody>
<tr>
<td>RESULT 2018</td>
<td>596,848</td>
</tr>
<tr>
<td>CUMULATIVE TARGET 2020</td>
<td>2,002,000</td>
</tr>
<tr>
<td>CUMULATIVE RESULT 2016-2018</td>
<td>1,695,936</td>
</tr>
</tbody>
</table>

Uptake rate of sustainable production in EU

<table>
<thead>
<tr>
<th>TARGET 2018</th>
<th>22%</th>
</tr>
</thead>
<tbody>
<tr>
<td>RESULT 2018</td>
<td>30%</td>
</tr>
<tr>
<td>CUMULATIVE TARGET 2020</td>
<td>40%</td>
</tr>
<tr>
<td>CUMULATIVE RESULT 2016-2018</td>
<td>30%</td>
</tr>
</tbody>
</table>

Private-sector (sustainability) investments in the program

<table>
<thead>
<tr>
<th>TARGET 2018</th>
<th>€ 0</th>
</tr>
</thead>
<tbody>
<tr>
<td>RESULT 2018</td>
<td>€ 187,745</td>
</tr>
<tr>
<td>CUMULATIVE TARGET 2020</td>
<td>€ 0</td>
</tr>
<tr>
<td>CUMULATIVE RESULT 2016-2018</td>
<td>€ 3,606,104</td>
</tr>
</tbody>
</table>

Program co-funding ratio (2018)

<table>
<thead>
<tr>
<th>Private</th>
<th>IDH</th>
</tr>
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<tbody>
<tr>
<td>45%</td>
<td>55%</td>
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</table>

TRAFFIC LIGHT ASSESSMENT

PROOF OF CONCEPT 1

The tropical timber program reduces deforestation and forest degradation by strengthening the business case for SFM and forestry business models.

The program approach is based on three pillars:

1. The European Sustainable Tropical Timber Coalition (STTC) partners implement policy plans, action plans and market data-based approaches to accelerate European demand for verified sustainable tropical timber.

2. Co-funding innovation in sustainable forest management and forestry business models in selected landscapes.

3. Co-funding innovation in certification schemes, resulting in 2 million hectares of additional forest under SFM.
MARKET TRANSFORMATION BY IDH

Maintaining forest cover and forest quality requires incentives for sound stewardship. Strong demand for verified sustainable tropical timber, through certified sustainable forestry, where possible combined with FLEGT-licensing, can spur the growth and spread of responsible forest management in tropical countries. To drive EU sustainable tropical timber import to 40% by 2020, IDH convened the European Sustainable Tropical Timber Coalition (STTC), and supports bi-annual market monitoring studies to make the EU tropical timber market more transparent and to create accountability. Moreover, in parallel, IDH works on mobilizing investments (e.g. via the LDN Fund) and convening policy frameworks to reach scalable market change.

In 2018, the first STTC Market Data Report over 2016 was published. It is estimated that 30% of primary tropical timber products on the EU market were verified as sustainable. The report also identifies the market segments and/or countries where demand is lacking. Through the STTC, new coalitions are then formed to drive up the market share of verified sustainable tropical timber.

PROGRESS 2018

With the STTC 2018-2020 Roadmap, the STTC now takes a more data-driven approach, including improving data on market uptake and information sharing among partners (e.g. tools and technical research). Promoting a step-by-step approach, which recognizes FLEGT as well as certification schemes, is an essential part of the market monitoring work. Contrary to the previous project-based approach, IDH is moving towards engaging more directly with countries at national level.

The STTC focuses on France, Spain, Italy, Germany and Denmark, which source a significant amount of tropical timber; but compared to the Netherlands or the UK, less attention is paid to promoting sustainable tropical timber in these countries. The STTC also works with timber trade federations on projects with architects and construction companies, for example, and by promoting the use of lesser-known timber species. Furthermore, IDH brings FSC and PEFC together: by joining forces, we can achieve better market monitoring and develop stronger sourcing policies for sustainable tropical timber.

In the meantime, with the timber monitoring report published in 2018, it is clear that additional efforts are needed to move beyond 30% sustainable timber market uptake in Europe. The program team analyzed how to strengthen and broaden the STTC’s influence to drive market transformation, as well as alternative policy approaches to mobilize more investment. Together with our partners, we set up the STTC Technical Committee to further consolidate and improve the overall strategy.
KEY ACHIEVEMENTS
PER PROOF OF CONCEPT

PROOF OF CONCEPT 1

The tropical timber program reduces deforestation and forest degradation by strengthening the business case for SFM and forestry business models.

The program approach is based on three pillars:
1. The European Sustainable Tropical Timber Coalition (STTC) partners implement policy plans, action plans and market data-based approaches to accelerate European demand for verified sustainable tropical timber.
2. Co-funding innovation in sustainable forest management and forestry business models in selected landscapes.
3. Co-funding innovation in certification schemes, resulting in 2 million hectares of additional forest under SFM.

On the production side, three African forestry companies have been contracted to develop and/or commercialize their timber outgrower schemes. These co-financed projects demonstrate the potential for outgrower practices. IDH is helping them access private investment, including from the Dutch Development Bank (FMO) and the Land Degradation Neutrality (LDN) Fund. Together, we are working towards scale while simultaneously addressing forest conservation and climate change adaptation for smallholder farmers.

30% of tropical timber imported into Europe was certified as sustainable in 2016, ahead of the 2018 target set at 22%. This progress was published in the monitoring report by IDH and partners. At the beginning of 2018, IDH facilitated the setup of the STTC Technical Committee, aiming to improve the overall monitoring and depth of data collection for future reports. In addition, in November 2018, STTC, ATIBT and Le Commerce du Bois, the French Timber Trade Association, joined forces to reach a larger audience and to increase the market share of sustainable tropical timber to 40% by 2020.

Concerning the development of a voluntary sustainability standard, IDH supported the development of Pan-African Forest Certification (PAFC) Gabon. One partner company was awarded with the first certification in 2018. Progress is slow due to the situation in Gabon, where the government first announced that all tropical timber concessions needed to be FSC-certified and then later also approved PAFC, creating hesitance in the sector. There are also plans to develop a PAFC regional certification for the entire Congo Basin, which adds another layer of complexity to the establishment of a new standard.
LESSONS LEARNED

Market demand
The overall European market demand for tropical timber is decreasing, with the knock-on effect of reducing European influence on tropical forest management. On the one hand, the IDH timber program strives to accelerate European market demand for SFM timber products. On the other hand, the team also aims to gradually include tropical timbers used in domestic markets in the production countries as well as plantation timber.

Partnership and trust
Following a Free Prior and Informed Consent (FPIC) process is vital, but it is also laborious and time consuming. However, once completed, it helps smallholders to make informed decisions about whether to plant trees or not, which is a long-term commitment for everyone.

Market data
A lack of reliable data on market share of sustainable tropical timber is a challenge to the sector’s ambitions. There is no data to hold market players and stakeholders accountable. This leads to situations where, for example in public procurement, the specifications require verified sustainable tropical timber, but are not delivered on.
## KPIs Tropical Timber

### Result area 1 - Change in business practices

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</thead>
<tbody>
<tr>
<td>Output</td>
<td>Private-sector (sustainability) investments in the program</td>
<td>0</td>
<td>€ 187,745</td>
<td>0</td>
<td>€ 3,606,104</td>
<td></td>
</tr>
<tr>
<td>Output</td>
<td>Business cases developed to demonstrate the potential of sustainable practices</td>
<td>0</td>
<td>NA</td>
<td>2</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>Outcome</td>
<td>Uptake rate of sustainable production in EU</td>
<td>22% (450,000 m³)</td>
<td>30%</td>
<td>40% (800,000 m³)</td>
<td>30%</td>
<td></td>
</tr>
</tbody>
</table>

The 2018 result is unavailable, as the monitoring process is still ongoing. This is the figure from 2016, from the baseline made by Probos.

### Result area 2 - Improved sector and landscape governance

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</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>Representation and commitment of key stakeholders in multi-stakeholder processes or coalitions</td>
<td>NA</td>
<td>6.5</td>
<td>NA</td>
<td>NA</td>
<td></td>
</tr>
</tbody>
</table>

This figure is the average score from a survey that was conducted in March 2019, in which stakeholders were asked to rate multiple aspects of their experience with IDH programs. The total number of respondents for the tropical timber program is 3.

| Outcome      | Satisfaction about the effectiveness of multi-stakeholder processes or coalitions associated with the program | NA          | 6.1         | NA          | NA                           |          |

This figure is the average score from a survey that was conducted in March 2019, in which stakeholders were asked to rate multiple aspects of their experience with IDH programs. The total number of respondents for the tropical timber program is 3.

| Outcome      | Development of, and compliance with, voluntary and legal standards on sustainable commodity production | 1           | 1           | 2           | 1                             |          |
RESULT AREA 2 OUTPUT

Development of, and compliance with, voluntary and legal standards on sustainable commodity production

- **Target 2018:** 1

- **Result 2018:**
  In the fall of 2017, IDH and ATIBT signed a contract to support the development of a new credible sustainable management certification system, the Pan-African Forest Certification (PAFC) in Gabon. The project initially supported three companies (already FSC-certified) to obtain the PAFC certification. With the funding and assistance from IDH and ATIBT, in 2018 CEB (Precious Wood Group) was awarded with the first PAFC certification, covering an area of 596,822 hectares. The second company, Rougier Gabon, encountered issues with the certification body accredited by PAFC, which has delayed progress. The third company later cancelled, and we continue to look for interested partners.

- **Target 2020:** 2

- **Cumulative result (2016–2018):** 1

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**Result area 3 - Improved field-level sustainability**

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</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>Number of hectares where sustainable production/farm rehabilitation/sustainable intensification interventions are implemented</td>
<td>Restoration: 400</td>
<td>Restoration: 26.4 Sustainable forest management: 596,822</td>
<td>Restoration: 2,000 Sustainable forest management: 2 million</td>
<td>Restoration: 26.4 Sustainable forest management: 1,695,910</td>
<td>In 2018, the program achieved 596,822 hectares of PAFC certification in Gabon. However, this concession was already FSC-certified. Restoration is contributed by one outgrower pilot project that started planting in autumn 2018. We foresee that the restoration target as originally set will not be met in 2020. The achievement of 1.69 million hectares certified was reported under “farmland area where trained practices are applied” in AR2016 and AR2017</td>
</tr>
</tbody>
</table>

In 2018, the program achieved 596,822 hectares of PAFC certification in Gabon. However, this concession was already FSC-certified. Restoration is contributed by one outgrower pilot project that started planting in autumn 2018. We foresee that the restoration target as originally set will not be met in 2020. The achievement of 1.69 million hectares certified was reported under “farmland area where trained practices are applied” in AR2016 and AR2017.
Indonesia and Malaysia jointly produce 83% of the world’s palm oil, at 41.5 and 20.5 million metric tons respectively in 2018. 19% of the global production is certified by the Roundtable on Sustainable Palm Oil (RSPO), most of which is sold to Europe, the second largest buyer of palm oil (12%). In 2015, the European Sustainable Palm Oil (ESPO) project was initiated, leading to a private-sector palm oil pledge to achieve 100% sustainable palm oil market uptake across Europe by 2020. The production-side sustainability objectives include transparent land titles, forest and peat protection, and increasing smallholder income. The private-sector initiative is supported by seven European countries through the signing of the Amsterdam Declarations Partnership (ADP), the palm oil sectors in each of those countries, and the European Palm Oil Alliance. 74% of the 2017 European palm oil imports for food were certified as sustainable, a small increase from 2016.

**PARTNERS**

**Private**
Ahold Delhaize, Alliance pour la Préservation des Forêts, Belgische Alliantie voor Duurzame Palmolie, Caobisco, Carrefour, COOP, Danone, FEDIOL, Ferrero, Fodevarer, Fundacion Española del Aceite de Palma Sostenible, Imace, Indofood, Italian Union for Sustainable Palm Oil, J&J, Livsmedelforetagen, Marks & Spencer, Mars, Neste Oil, Nestlé, Norwegian Initiative for Sustainable Palm Oil, Pepsico, Proctor & Gamble, Swedish Initiative for Sustainable Palm Oil, Unilever

**Public**
Governments of Belgium, Denmark, France, Germany, Italy, Norway, the Netherlands, Spain, Switzerland, UK, and the EU

**Other**
Consumer Goods Forum, EPOA, ESPO, MVO, RSPO, ISPO, MSPO, TFA 2020, WRI, Amsterdam Declarations Partnership secretariat, WWF, Solidaridad, Oxfam

**Relevant Sustainable Development Goals**

8 **DECENT WORK AND ECONOMIC GROWTH**
12 **RESPONSIBLE CONSUMPTION AND PRODUCTION**
15 **LIFE ON LAND**
17 **PARTNERSHIPS FOR THE GOALS**
**PROGRESS TOWARDS 2020**

Uptake rate of sustainable production by EU

<table>
<thead>
<tr>
<th></th>
<th>TARGET 2018</th>
<th>RESULT 2018</th>
<th>CUMULATIVE TARGET 2020</th>
<th>CUMULATIVE RESULT 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Uptake rate of sustainable production by program partners</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RESULT 2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CUMULATIVE TARGET 2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CUMULATIVE RESULT 2016-2018</td>
<td></td>
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</tbody>
</table>

**PROGRESS TOWARDS 2020**

<table>
<thead>
<tr>
<th></th>
<th>RESULT 2018</th>
<th>CUMULATIVE RESULT 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Uptake rate of sustainable production by EU</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TARGET 2018</td>
<td>75%</td>
<td>74%</td>
</tr>
<tr>
<td>RESULT 2018</td>
<td>74%</td>
<td>74%</td>
</tr>
<tr>
<td>CUMULATIVE TARGET 2020</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>CUMULATIVE RESULT 2016-2018</td>
<td>74%</td>
<td>74%</td>
</tr>
</tbody>
</table>

**TRAFFIC LIGHT ASSESSMENT**

**PROOF OF CONCEPT 1**

Shared governance of targets driving public and private policy innovations, verified region sourcing providing clear market incentives, and supply chain convening to create critical mass to transform the market demand for sustainable palm oil.

**PRIVATE-SECTOR (SUSTAINABILITY) INVESTMENTS IN THE PROGRAM**

<table>
<thead>
<tr>
<th></th>
<th>RESULT 2018</th>
<th>CUMULATIVE RESULT 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PRIVATE-SECTOR (SUSTAINABILITY) INVESTMENTS IN THE PROGRAM</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TARGET 2018</td>
<td>€ 0</td>
<td>€ 3,225,909</td>
</tr>
<tr>
<td>RESULT 2018</td>
<td>€ 1,253,599</td>
<td></td>
</tr>
<tr>
<td>CUMULATIVE TARGET 2020</td>
<td>€ 0</td>
<td>€ 3,225,909</td>
</tr>
<tr>
<td>CUMULATIVE RESULT 2016-2018</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Program co-funding ratio (2018)**

- **Private**: 78%
- **IDH**: 22%
MARKET TRANSFORMATION BY IDH

The IDH palm oil market program aims to increase uptake of sustainable palm oil in Europe. We see increased demand as key to reducing deforestation and promoting good agricultural practices in producing countries. The strategy comprises three tiers:

• Convening public-private partnerships at European and national levels, through the ESPO with MVO and EPOA, to enable shared commitment to targets on sustainable sourcing, to strengthen policy frameworks, and to create an enabling environment that supports the mainstream uptake of sustainably produced palm oil;

• Publishing periodic/annual market data reports on the uptake of sustainably produced palm oil to monitor the delivery on targets by governments (with a focus on Amsterdam Declarations Partnership signatories), companies and sectors for Europe and individual countries;

• Developing strong supply chain connections between the stakeholders on the market end and producing countries via the creation of Verified Sourcing Areas (VSA), where sustainable palm oil is produced at increasing levels.

Together, we aim to transform the market and achieve 100% sustainable palm oil sourcing in Europe by 2020.

PROGRESS 2018

To increase uptake of responsible palm oil, IDH supported the palm oil national initiatives through the ESPO project. The market monitoring report showed that 74% of palm oil imported for food into Europe was RSPO-certified sustainable palm oil, an increase of 5 percentage points on the previous year. However, it has become clear that the remaining 26% will be the most difficult. The feed and oleochemical sectors are lagging behind, while countries like Italy and Poland need to step up. Significant additional efforts are needed to reach the target of 100% sustainable palm oil by 2020. IDH is therefore deepening its strategic engagement with countries, national initiatives and non-food sectors.

To improve the connection between market players and producing parties, IIDH brought the VSA sustainable sourcing model from conception to full development in 2018. For the VSA achievements in 2018, please see the Soy chapter.

In late 2018, together with Solidaridad and the Dutch government, IDH initiated the National Initiatives for Sustainable Climate-smart Oil Palm Smallholders (NI-SCOPS). NI-SCOPS aims to strengthen our existing programs on sustainable palm oil and landscapes. In 2019, IDH will implement the program in three countries – Indonesia, Malaysia and Nigeria – and link to markets in Europe, China and India.
At governance level, the Amsterdam Declarations Partnership pledged to achieve 100% sustainable palm oil across Europe by 2020. 74% of EU imports for food were sustainable (5% higher than in 2016).

The program partners are the national initiatives involved in the ESPO project, which is implemented by MVO, the Dutch Margarines, Fats and Oil Association. IDH supported partners with their outreach, stakeholder engagement, communication and data-monitoring activities. Results on market outreach remain difficult to quantify; however, we do see a very clear rise in the use of sustainable palm oil in Spain (see impact story) since the establishment of the Spanish Foundation for Sustainable Palm Oil in 2016 – from 26% then to 44% in 2018.

Also in late 2018, IDH initiated the National Initiatives for Sustainable Climate-smart Oil Palm Smallholders (NI-SCOPS).

At field level, the development of palm oil-focused Verified Sourcing Areas and compacts in Aceh Tamiang and Aceh Timur are currently in progress; see Indonesia chapter for more details. In South Sumatra, IDH worked with partners, including local government, CSOs and PT PP London Sumatra Indonesia Tbk, a subsidiary of Indofood Agri, to train and assist 1,510 smallholders to obtain RSPO group certification, covering 5,383 hectares. The farmers can now sell their fresh fruit bunches to the mill for a better price, as well as receiving the RSPO premium. Farmers were trained on good agricultural practices, HSC/HCV management, health and safety, as well as mapping and data baselines.
LESSONS LEARNED

Market
Achieving the final 26% of the sustainable palm oil target is proving to be the most difficult. The initial assumption was that when a certain threshold was reached, the rest of the market would follow. The slow rise in sustainable palm oil demonstrates that this does not necessarily work. As part of the revised strategy, IDH is now directly involved with the national initiatives instead of only at an overarching level via ESPO.

Improved engagement with the EU
The private sector is increasingly looking to governments to support sustainable supply chains, whether legislative or non-legislative. The recent EU communication and Public Consultation on Deforestation and Forest Degradation were very welcome developments within many sectors, and IDH is currently developing a strategy to better engage with the EU.
## KPIs Palm Oil

### Result area 1 - Change in business practices

#### Output

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>Private-sector (sustainability) investments in the program</td>
<td>€ 0</td>
<td>€1,253,599</td>
<td>€ 0</td>
<td>€3,225,909</td>
<td></td>
</tr>
<tr>
<td>Output</td>
<td>Business cases developed to demonstrate the potential of sustainable practices</td>
<td>VSA model operational for at least one sourcing area in Indonesia (TBD)</td>
<td>0</td>
<td>VSA model can be scaled up to new sourcing areas within and outside Indonesia</td>
<td>0</td>
<td>Delay of activity: VSA development and the thinking behind the mechanism have evolved swiftly. The VSA model now involves broader stakeholders along the supply chains and a Global Steering Committee. The operation of a formal VSA model therefore has to be agreed among many partners, instead of solely depending on IDH. Nevertheless, in Brazil, IDH does have a VSA Readiness Pilot and another is on the way in Aceh, Indonesia.</td>
</tr>
</tbody>
</table>

#### Outcome

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</tr>
</thead>
<tbody>
<tr>
<td>Uptake rate of sustainable production by program partners</td>
<td>80%</td>
<td>74%</td>
<td>100%</td>
<td>74%</td>
<td></td>
</tr>
<tr>
<td>Uptake rate of sustainable production by EU</td>
<td>75%</td>
<td>74%</td>
<td>100% (7.9 metric tons)</td>
<td>74%</td>
<td></td>
</tr>
</tbody>
</table>

### RESULT AREA 1 OUTPUT

Business cases developed within the IDH program to show the potential of sustainable practices

- **Target 2018:** VSA model operational for at least one sourcing area in Indonesia
- **Result 2018:** 0
- **Target 2020:** VSA model can be scaled up to new sourcing areas within and outside Indonesia
- **Cumulative result (2016–2018):** NA

### RESULT AREA 1 OUTCOME

Sustainability embedded at corporate level

- **Target 2018:** NA
- **Result 2018:** NA
- **Target 2020:** Cargill, main refineries (Wilmar, Musim Mas, GAR) and end-buyers (Unilever, Mars) have co-developed and implemented VSA supply chain models, enabling direct sourcing relationships
- **Cumulative result (2016–2018):** NA
### Result area 2 - Improved sector and landscape governance

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>Representation and commitment of key stakeholders in multi-stakeholder processes or coalitions.</td>
<td>NA</td>
<td>7.2</td>
<td>NA</td>
<td>NA</td>
<td>This figure is the average score from a survey that was conducted in March 2019, in which stakeholders were asked to rate multiple aspects of their experience with IDH programs. The total number of respondents for the palm oil program is 6.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Satisfaction about the effectiveness of multi-stakeholder processes or coalitions associated with the program</td>
<td>NA</td>
<td>7.4</td>
<td>NA</td>
<td>NA</td>
<td>This figure is the average score from a survey that was conducted in March 2019, in which stakeholders were asked to rate multiple aspects of their experience with IDH programs. The total number of respondents for the palm oil program is 6.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources</td>
<td>2 countries</td>
<td>1 country (France)</td>
<td>5 countries</td>
<td>1 country</td>
<td>The private sector is increasingly looking to governments to create a level playing field for the sourcing of sustainable commodities. While not something that can be attributed to IDH, this is important to monitor.</td>
</tr>
</tbody>
</table>

### RESULT AREA 2 OUTCOME

**Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources**

- **Target 2018:** 2
- **Result 2018:** France adopted the Strategy against Imported Deforestation in 2018, and at the beginning of 2019, presented the measures to implement it. IDH will support this process.
- **Target 2020:** 5
- **Cumulative result (2016–2018):** 1
Cassava is widely grown worldwide for household food and for industrial use. In Africa, cassava production has grown from 113.1 million metric tons in 2005 to 177.9 million metric tons in 2017, largely due to increase in area cultivated rather than yield increase. Of these, Nigeria, Ghana, Mozambique, and the Democratic Republic of Congo account for 66.5%.

With the ability to thrive on marginal lands, cassava is grown almost exclusively by smallholder farmers. About 300 million households in Africa depend on the crop. Though a staple, it has enormous industrial potential. Harnessing the industrial potential of cassava in three leading African cassava-producing countries would not only contribute to food security but would also double the income of 500,000 farmers and save around US $270 million annually in import substitution of cassava derivatives.

Although Nigeria is the highest producer of cassava in the world, at 33.4% of global production, the level of industrial use is still at less than 10% of its potential. In collaboration with Grow Africa, IDH aims to catalyze investments in the cassava sector by demonstrating that inclusive cassava production and processing can be profitable and sustainable in Africa. The end goal is to transform cassava into an industrial crop for smallholder farmers.

Relevant Sustainable Development Goals

1. No Poverty
2. Zero Hunger
8. Decent Work and Economic Growth
9. Industry, Innovation and Infrastructure
12. Responsible Consumption

1  FAOSTAT, 2017
2  FAOSTAT, 2017

PARTNERS

Private

Public
Federal University of Technology, Akure, Ondo State, Nigeria; Central Bank of Nigeria; Nigeria Incentive-Based Risk-Sharing System for Agricultural Lending (NIRSAL)

Other
African Development Bank, Rockefeller Foundation, AGRA Ghana, AGRA Kenya
PROGRESS TOWARDS 2020

Number of producers/workers/community enterprises reached by service delivery

<table>
<thead>
<tr>
<th></th>
<th>TARGET 2018</th>
<th>RESULT 2018</th>
<th>CUMULATIVE TARGET 2020</th>
<th>CUMULATIVE RESULT 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of</td>
<td>10,000</td>
<td>4,017</td>
<td>80,000</td>
<td>4,017</td>
</tr>
<tr>
<td>producers/...</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>workers/...</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>community</td>
<td></td>
<td></td>
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<tr>
<td>enterprises</td>
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</tbody>
</table>

PROGRESS TOWARDS 2020

Number of producers/workers/community enterprises reached by service delivery

<table>
<thead>
<tr>
<th></th>
<th>TARGET 2018</th>
<th>RESULT 2018</th>
<th>CUMULATIVE TARGET 2020</th>
<th>CUMULATIVE RESULT 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of</td>
<td>4,000</td>
<td>1,063</td>
<td>10,000</td>
<td>1,063</td>
</tr>
<tr>
<td>producers/...</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>workers/...</td>
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<tr>
<td>community</td>
<td></td>
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<tr>
<td>enterprises</td>
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</tbody>
</table>

Private-sector (sustainability) investments in the program

<table>
<thead>
<tr>
<th></th>
<th>TARGET 2018</th>
<th>RESULT 2018</th>
<th>CUMULATIVE TARGET 2020</th>
<th>CUMULATIVE RESULT 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td>€ 1,500,000</td>
<td>€ 48,050</td>
<td>€ 8,000,000</td>
<td>€ 56,950</td>
</tr>
<tr>
<td>Private</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>IDH</td>
<td></td>
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</tbody>
</table>

Program co-funding ratio (2018)

TRAFFIC LIGHT ASSESSMENT

PROOF OF CONCEPT 1

By setting up efficient outgrower schemes, industrial cassava processors can secure supply to fully utilize their capacity. This will result in an attractive, inclusive investment proposition for financial institutions, investors and donors to unlock available sector financing, resulting in improved income and resilience of smallholder farmers.
MARKET TRANSFORMATION
BY IDH

IDH’s cassava program aims to solve the generic problems involved in the cassava supply chain through a vertical and lateral collaboration with stakeholders to resolve key constraints in the value chain, including unorganized markets, low productivity, high post-harvest losses, absence of technology, and lack of production credits for small farmers.

Industries have been importing substitutes of cassava derivatives due to the inability of local processors to meet their demand requirements in quantity and quality. Processors are unable to supply derivatives because of unorganized and broken supply chains for cassava roots. To resolve this, IDH has established relationships with international leading food brands, including Nestlé, Unilever, Coca-Cola and Heineken, to determine their demand and quality specifications for cassava derivatives. In Nigeria, Nestlé signed a MOU with IDH with the objective of transforming the cassava value chain in Nigeria into an industrial sector through the inclusive development of cassava production and processing. With market access, the processors are supported to establish smallholder outgrower schemes to produce roots in the quantity and quality required by the processors to serve the end-buyers. Four cassava processors were supported by IDH to develop business cases that demonstrate the potential of sustainable supplies.

Gradually, IDH is becoming a crucial contact point for new investors and development organizations entering the industrial cassava space in Africa. Increasing numbers of end buyers of cassava derivatives are constantly seeking market information from the program. As the confidence level in local capacity increases, it is envisioned that in a couple of years, the major food companies will look more inwards for supply of cassava products than import.

PROGRESS 2018

Four technical assistance projects were initiated with industrial cassava processors, targeted to reach 30,000 farmers by 2020. With 5,000 mobilized in 2018, the companies are positioned to meet their target. The two stakeholder platforms supported by IDH and Grow Africa are strengthening and creating the necessary impacts for their members and the sector. To improve understanding of the sector in designing services for the farmers, one SDM was conducted during the year.

Access to finance for processors and farmers allows increased capacity for processors and increased number of farmers in the cassava value chain. The standing arrangement with Africa Development Bank (AfDB) to provide a financing facility of US $50 million, in debt or guarantee, through local financial institutions to processors, has not materialized due to foreign exchange issues in the country.

The scalability plan includes: yearly 100% increase of block farmers; yearly 100% increase of community-based farmers; supply contract of the finished product with multinational companies; and development of identified pipelines into projects that will ensure smallholder inclusion into the supply chain.

Multinational companies are willing to engage in the cassava supply chain for inclusive growth. Processors are gradually understanding the need for exclusive supply chains for their factories. However, there is a need for processors to rapidly grow their skillsets and understand the field and logistic operations involved in cassava production to ensure sustainable growth of their supply chains.
IDH has been in discussion with the international leading food brands, particularly Nestlé, Unilever, Coca-Cola, Heineken, Diageo and Ab Inbev, to adopt and ramp up their offtake of cassava derivatives: starch, flour, syrup, sorbitol and ethanol. In January 2018, Nestlé Nigeria Plc signed a Memorandum of Understanding (MOU) with IDH with the objective of transforming the cassava value chain in Nigeria into an industrial sector through the inclusive development of cassava production and processing, thereby enhancing the economic and social conditions of cassava producers and the development of the cassava-producing communities. Four cassava processors were supported by IDH to develop business cases that demonstrate the potential of sustainable practices. IDH leveraged an investment of €69,292 from the companies for the development of their smallholder outgrower schemes for the supply of cassava roots to their factories.

The Ghana Industrial Cassava Stakeholders Platform (GICSP) and the Industrial Cassava Stakeholders Association of Nigeria, facilitated by IDH and Grow Africa, have been growing in membership and capacity for advocacy, trainings and other business-oriented activities. The GICSP was actively involved in the formulation of policy of including high-quality cassava flour in wheat flour. The platform, in collaboration with FAO, AGRA and MoFA, organized a two-day national cassava symposium in December 2018. Both platforms carried out advocacy visits to the governments and relevant agencies to canvass for the development of the industrial cassava sector. The Nigeria platform issues monthly bulletins to members on topical issues in the sector.

At field level, a total of 5,053 cassava farmers were mobilized and included in the supply chains of the four cassava processors partnering with IDH. This included farmers in the block farms of the processors and farmers in the community, outside the supply chains of the processors. The farmers comprised 3,609 men and 1,444 women, with the latter representing 29% of the farmers. Around 4,017 farmers, comprising 2,849 men and 1,168 women, were provided with training on cassava-production best practices for improved yields. 178 government extension officers were also re-trained on modern cassava-production techniques. A total of 186 permanent jobs, representing 53% of the planned target, were created as a result of the program. These included farm officers and factory staff. Sustainable production was not recorded as cassava requires between 12 and 18 months to mature for harvesting. Access to production loans by the farmers remained a challenge. Efforts to channel a concessionary credit facility for the sector from the African Development Bank to the farmers could not materialize due to bottlenecks with the regulatory agencies of banks, in the focal countries.

4 The proof of concept was not available when the 2018 Annual Plan was written, so it was not included. It was developed in January 2018 when the Grow Africa program was initiated.
LESSONS LEARNED

Lack of knowledge
Generally, cassava processors were found to lack understanding of the central role of a robust supply chain in the success of their operations. The competition between the food sector and the industrial sector had always left the industrial sector disadvantaged. The processors also urgently need to understand the field and logistical operations in their supply chain so that they can effectively handle the bottlenecks associated with farming operations. Processors need personnel with the requisite experience to manage their SDMs.

Access to land
Securing access to land is key to successfully implementing block farming outgrower schemes promoted by IDH. Due to the land tenure systems in the focus countries, acquisition of farmland and land clearing are part of the key constraints impeding the development of the sector.
KPIs Cassava

Result area 1 - Change in business practices

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</thead>
<tbody>
<tr>
<td>Output</td>
<td>Private-sector (sustainability) investments in the program</td>
<td>€1,500,000</td>
<td>€48,050 ratio: 1:0.1</td>
<td>€8,000,000</td>
<td>€56,950 ratio: 1:0.05</td>
<td></td>
</tr>
<tr>
<td>Output</td>
<td>Business cases developed to demonstrate the potential of sustainable practices</td>
<td>4</td>
<td>4</td>
<td>8</td>
<td>4</td>
<td>We didn’t include this in 2018 because cassava takes 12-18 months to mature for harvesting, so uptake from 2018 farmers would not apply.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Uptake rate of sustainable production by program partners</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Outcome</td>
<td>IDH participation in relevant landscape and/or commodity platforms</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

RESULT AREA 1 OUTPUT

Business cases developed within the IDH program to show the potential of sustainable practices

- Target 2018: 4

- Result 2018:

  **SmaBlock farming model:** IDH supported four industrial cassava processors in Nigeria: Crest Agro Product Ltd, Psaltry International Ltd, Allied Atlantic Distilleries Limited and Niji Foods Ltd, to integrate smallholder farmers into their supply chains, using a block farming model. Under the model, smallholder farmers are allocated plots of land, controlled by the processors, to implement best practices to double productivity and improve their income. Side-selling is eliminated or reduced to the barest minimum, and the model secures a guaranteed supply of roots to the factory for processing, while contributing to the farmers’ wellbeing.

  **Service delivery model:** IDH’s cassava program is premised on the assumption that for consistent supply of cassava roots throughout the year, processors should produce 40-60% of their annual requirements. The balance should be produced by smallholders through well-articulated farmer aggregation and service delivery mechanisms that will improve the productivity of the farmers and their incomes. SDM analysis was conducted for three processors, to properly understand the best approach to implement a sustainable outgrower scheme. IDH provided technical assistance through a co-funding arrangement to four processors, to set up block farms with full service delivery for training on best practices, extension services and production credit for farm mechanization, improved planting materials and other productivity inputs. The processor grants full offtake commitment to the block farmers.

  **Community farm:** The program co-funded the four processors to mobilize community farmers to establish community farms to increased productivity and achieve food security. The processors are supported to provide access to input, training and extension services to the farmers in the communities surrounding the processing plant.

  **Access to market:** By convening the private sector, IDH is able to link the processors to end markets, which in turn creates market opportunities for farmers to supply cassava roots to the processors. These include the major international food companies, like Nestlé, Unilever and Coca-Cola. In January 2018, IDH signed an MOU with Nestlé Nigeria to increase their local sourcing of cassava derivatives through inclusive development of the cassava supply chain in Nigeria.

  - Target 2020: 8
  - Cumulative result (2016–2018): 4
RESULT AREA 1 OUTCOME

IDH participation in relevant landscape and/or commodity platforms

- **Target 2018:** NA
- **Result 2018:**
  IDH convened two national cassava platforms, in Nigeria and Ghana. The Industrial Cassava Stakeholders Association of Nigeria (ICASAN) and the Ghana Industrial Cassava Stakeholders Platform (GICSP) are coalitions of cassava stakeholders, comprising cassava processors, end-buyers of cassava derivatives, farmer organizations, research institutions and civil society to facilitate learning, sharing of non-competitive market information and policy advocacy for the sector. The platforms were convened by IDH in partnership with Grow Africa, and provided seed grants for building internal capacity of the platform for growth and development.

  The platforms perform advocacy and policy advisory roles for the industrial cassava value chain. They provide opportunities for stakeholders to form coalitions, create business partnerships, and share market information. The platforms also provide opportunities for IDH to identify more pipelines and provide the basis for IDH to continue to fine-tune its cassava program and to disseminate learnings.

  - **Target 2020:** NA
  - **Cumulative result (2016–2018):** NA

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### Result area 2 - Improved sector and landscape governance

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</thead>
<tbody>
<tr>
<td>Output</td>
<td>Representation and commitment of key-stakeholders in multi-stakeholder processes or coalitions</td>
<td>NA</td>
<td>7.2</td>
<td>NA</td>
<td>NA</td>
<td>This figure is the average score from a survey that was conducted in March 2019, in which stakeholders were asked to rate multiple aspects of their experience with IDH programs. Due to the low response rate of Cassava program, result here presented is the average score for the overall sector programs.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Satisfaction about the effectiveness of multi-stakeholder processes or coalitions associated with the program</td>
<td>NA</td>
<td>7</td>
<td>NA</td>
<td>NA</td>
<td>This figure is the average score from a survey that was conducted in March 2019, in which stakeholders were asked to rate multiple aspects of their experience with IDH programs. Due to the low response rate of Cassava program, result here presented is the average score for the overall sector programs.</td>
</tr>
</tbody>
</table>
### Result area 3 - Improved field-level sustainability

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</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>Number of producers/workers/community members trained on key subjects for sustainable production, environmental and social sustainability</td>
<td>10,000</td>
<td>4,017</td>
<td>80,000</td>
<td>4,017</td>
<td>(2,849 men and 1,168 women)</td>
</tr>
<tr>
<td>Output</td>
<td>Number of producers/workers/community enterprises reached by service delivery</td>
<td>4,000</td>
<td>1,063</td>
<td>10,000</td>
<td>1,063</td>
<td>(2,849 men and 338 women)</td>
</tr>
<tr>
<td>Output</td>
<td>Number of smallholder producers organized/aggregated by the program</td>
<td>10,000</td>
<td>5,053</td>
<td>80,000</td>
<td>5,053</td>
<td>(3,609 men and 1,444 women)</td>
</tr>
<tr>
<td>Output</td>
<td>Number of trainers, auditors and/or government staff trained in the program</td>
<td>265</td>
<td>178</td>
<td>NA</td>
<td>203</td>
<td>(178 men and 25 women)</td>
</tr>
<tr>
<td>Output</td>
<td>Volume of sustainably produced commodity</td>
<td>100,000</td>
<td>0</td>
<td>500,000</td>
<td>0</td>
<td>The processors started late in developing the block farms and community farms. Since cassava takes 9-18 months to mature, none of the processors harvested from the project farms in 2018. The first harvests are expected in Q1 2019.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Adoption rate of improved practices by producers/workers/community members</td>
<td>20%</td>
<td>81%</td>
<td>25%</td>
<td>81%</td>
<td></td>
</tr>
<tr>
<td>Outcome</td>
<td>Number of processing facilities where sustainable production practices and social standards are applied</td>
<td>4</td>
<td>4</td>
<td>8</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Outcome</td>
<td>Number of hectares where sustainable production/farm rehabilitation/sustainable intensification are implemented</td>
<td>2,000</td>
<td>1,108</td>
<td>NA</td>
<td>1,108</td>
<td></td>
</tr>
<tr>
<td>Outcome</td>
<td>Number of jobs created (Grow Africa)</td>
<td>350</td>
<td>186</td>
<td>500</td>
<td>186</td>
<td></td>
</tr>
<tr>
<td>Outcome</td>
<td>Percentage of supply met by smallholders</td>
<td>20%</td>
<td>0%</td>
<td>50%</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Outcome</td>
<td>Investment in technical assistance funds</td>
<td>€1.5 million</td>
<td>€189,629</td>
<td>€8 million</td>
<td>€189,629</td>
<td></td>
</tr>
<tr>
<td>Outcome</td>
<td>Sustainability investment leveraged by technical assistance</td>
<td>€13 million</td>
<td>0</td>
<td>7,200,000</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>
In 2018, 369 million tons of soy were produced, mainly in the USA, Brazil and Argentina. As the second largest importer of soy globally, Europe imported 34 million tons of soy. Soy production has been (indirectly) associated with deforestation in producing regions, alongside other serious social and environmental issues.

The soy moratorium in the Brazilian Amazon and a number of standards for responsible soy production, such as Roundtable on Responsible Soy (RTRS), Proterra and ISCC, were the sector’s initial reaction. As the deforestation shifted to the Brazilian Cerrado, a more recent initiative is the Cerrado Manifesto – a call for action from Brazilian civil society. While the Amazon moratorium has effectively reduced the link between soy and deforestation in the Brazilian Amazon, the uptake and sourcing of sustainability schemes has never reached mainstream levels, hovering near 20% for 2017. Brazilian producers and industry in particular have distanced themselves from international schemes, as there is lack of demand and incentives, and because these international schemes do not recognize national initiatives for mainstream farmers.

IDH therefore works with the European feed sector (90% of soy imports) to increase market uptake and to link sustainable soy farming directly to market players to deliver on sustainability/deforestation pledges.

Relevant Sustainable Development Goals

PARTNERS

Private
Aldi-Sud, Agrifirm, Aapresid, Abiove, ADM, Asda, Ahold Delhaize, Amaggi, Aprosoja, Arla, Bemefa, Carrefour, Danone, FEDIOL, FEFAC, Friesland Campina, Lidl, Marks & Spencer, MVO, Nestlé, Nevedi, NZO, Sainsbury’s, Tesco, Unilever

Public
Dutch and Norwegian Embassy in Brazil, local and state governments in Brazil

Other
Solidaridad, St. Ketentransiteit Verantwoord Soja, Tropical Forest Alliance TFA 2020, WWF, Consumer Goods Forum, RTRS, Proterra
PROGRESS TOWARDS 2020

Uptake rate of sustainable production by program partners

<table>
<thead>
<tr>
<th></th>
<th>TARGET 2018</th>
<th>RESULT 2018</th>
<th>CUMULATIVE TARGET 2020</th>
<th>CUMULATIVE RESULT 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Uptake rate of sustainable production (FEFAC-SSG compliant soymeal)</strong></td>
<td>50%</td>
<td>22%</td>
<td>80%</td>
<td>22%</td>
</tr>
</tbody>
</table>

Private-sector (sustainability) investments in the program

<table>
<thead>
<tr>
<th></th>
<th>TARGET 2018</th>
<th>RESULT 2018</th>
<th>CUMULATIVE TARGET 2020</th>
<th>CUMULATIVE RESULT 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Private-sector (sustainability) investments in the program</strong></td>
<td>€ 0</td>
<td>€ 77,002</td>
<td>€ 0</td>
<td>€ 6,728,646</td>
</tr>
</tbody>
</table>

Program co-funding ratio (2018)

- Private: 33%
- IDH: 67%

TRAFFIC LIGHT ASSESSMENT

PROOF OF CONCEPT 1

Shared governance of targets driving public and private policy innovations, verified region sourcing providing clear market incentives, and supply chain convening to create critical mass to transform market demand for responsible soy.
MARKET TRANSFORMATION BY IDH

The IDH soy market program aims to increase uptake of sustainable soy in Europe and works with parties throughout the downstream supply chain, including feed associations, retailers, manufacturers, and traders. We see increased demand as key to reducing deforestation and promoting good agricultural practices in producing countries. The strategy comprises three tiers:

- Convening public-private partnerships at European and national levels, to enable shared governance of targets on sustainable sourcing, to strengthen policy frameworks, and to create an enabling environment which supports the mainstream uptake of sustainably produced soy;

- Publishing periodic market data reports on the uptake of sustainably produced soy to monitor delivery against targets by governments, companies and sectors.

- Developing strong supply chain connections between the stakeholders on the market end and producing countries via Verified Sourcing Areas (VSA), where sustainable soy is produced at increasing levels.

IDH convenes European countries, companies and civil society in the soy supply chain, in close collaboration with the European Feed Manufacturers’ Federation (FEFAC) and the Amsterdam Declarations Partnership (ADP). Together, we aim to transform the market and achieve 50% responsibly sourced soy in Europe by 2020.

PROGRESS 2018

The first responsible soy monitoring report, produced in collaboration with IUCN NL, was published in March 2019. In 2017, 22% of the soy used in Europe was FEFAC-SSG compliant and 13% deforestation-free. The report demonstrates that the demand for sustainably produced soy needs to increase dramatically – the ambitious commit-
As the soy monitoring report shows, 22% of European market uptake of soy was compliant with the European Feed Manufacturers’ Federation (FEFAC) Soy Sourcing Guidelines, and 13% was deforestation-free (covered by the Round Table on Responsible Soy (RTRS), ProTerra, Danube/Europe soy, International Sustainability and Carbon Certification (ISCC+) and Certified Responsible Soya (CRS)). These numbers are significantly below the supply chain’s own targets for the market as well as IDH’s targets. After 15 years of soy engagement in Europe, this is disappointing and proves that the existing approaches are not working – new sustainable sourcing mechanisms are required. Lack of demand can partially be attributed to the fact that soy is embedded in products such as meat, eggs and dairy – and, therefore, is quite far removed from consumers. In southern European countries, a lack of awareness in the sector is also an issue.

To promote the connection with the field, IDH’s key planned activities were to develop a Verified Sourcing Area (VSA) marketing plan and to convene trade, retail and brands in the EU to support the VSAs and compacts in Mato Grosso. However, it was soon clear that development of the model itself needed to be prioritized. Following intensive discussions with private and public stakeholders along the supply chain, a VSA Global Steering Committee (GSC) was established by IDH, comprising global leaders on sustainability. The GSC oversees the development of the VSA model and the different instruments supporting it. These include the Compact Transparency Tool, of which a first draft was developed. In parallel, IDH and partners are testing the VSA model on the ground through VSA Readiness Pilots. The first one, in Juruena Valley, Mato Grosso in Brazil, was launched during the IDH ten-year event in November. Many steps were taken to develop and operationalize VSAs in 2018, but the target of having an operational VSA by the end of 2018 turned out to be too ambitious.
LESSONS LEARNED

Verified Sourcing Areas
In bringing the VSA model to the market and the public, we learned that it is essential to balance broad consultation and participatory development with strong thought leadership. Innovations such as the VSA model need to depart from the existing thinking in the market and create first mover opportunities. To drive the development of the VSA model, we learned to relentlessly focus on the end goal and involve interested parties in the journey.

Market uptake
The wide gap between results and targets is caused by lagging demand in Europe for responsible soy, both from frontrunners and mainstream parties. Even after 15 years of engagement, there is no large-scale demand for responsible soy. The development of VSAs is expected to increase the demand. In the coming years, IDH will also rely more heavily on bilateral engagement with stakeholders in different countries. Part of this engagement could be the establishment of overarching, deforestation-free platforms, which is currently being scoped. The result of this investigation will feed into IDH’s post-2020 landscape market team strategy.

MOU with Aprosoja, Abiove, FEFAC and FEDIOL
Implementation of the MOU connecting Brazilian producers and crushers with the European supply chain has been severely affected by the new board of Aprosoja, whose members have a different vision on sustainability. Engagement with FEFAC on a new plan to increase market uptake across Europe continues.
KPIs Soy

Result area 1 - Change in business practices

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</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>Private-sector (sustainability) investments in the program</td>
<td>€ 0</td>
<td>€77,002</td>
<td>€ 0</td>
<td>€6,728,646</td>
<td>ratio: 1:0.5</td>
</tr>
<tr>
<td>Output</td>
<td>Business cases developed to demonstrate the potential of sustainable practices</td>
<td>0</td>
<td>NA</td>
<td>3</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>Outcome</td>
<td>Uptake rate of sustainable production (FEFAC-SSG compliant soymeal)</td>
<td>37%</td>
<td>22%</td>
<td>50%</td>
<td>22%</td>
<td>The 2020 target was based on an estimate of IDH’s program partners then - i.e. eight companies from the feed association. Further into the program, when including more countries (e.g. Italy, Portugal) and partners in our network, we gained better insights into the sector and improved the accuracy of our reporting.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Uptake rate of sustainable production by program partners</td>
<td>50%</td>
<td>22%</td>
<td>80%</td>
<td>22%</td>
<td>The 2020 target was based on an estimate of IDH’s program partners then - i.e. eight companies from the feed association. Further into the program, when including more countries (e.g. Italy, Portugal) and partners in our network, we gained better insights into the sector and improved the accuracy of our reporting.</td>
</tr>
</tbody>
</table>

RESULT AREA 1 OUTPUT

Sustainability embedded at corporate level

- Target 2018: NA
- Result 2018: NA
- Target 2020:
  ADM, Amaggi, Bunge, Cargill, Fiagril and Nidera have co-developed and implemented VSA supply chain models (through Abiove and FEDIOL), enabling direct sourcing relationships.
- Cumulative result (2016–2018): NA
### Result area 2 - Improved sector and landscape governance

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<thead>
<tr>
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<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Output</strong></td>
<td>Representation and commitment of key stakeholders in multi-stakeholder processes or coalitions.</td>
<td>NA</td>
<td>7.2</td>
<td>NA</td>
<td>NA</td>
<td>This figure is the average score from a survey that was conducted in March 2019, in which stakeholders were asked to rate multiple aspects of their experience with IDH programs. But due to the limited number of respondents from the soy program (zero response), the 2018 result is taken from the average score awarded by respondents from all commodity programs combined.</td>
</tr>
<tr>
<td><strong>Outcome</strong></td>
<td>Satisfaction about the effectiveness of multi-stakeholder processes or coalitions associated with the program</td>
<td>NA</td>
<td>7</td>
<td>NA</td>
<td>NA</td>
<td>This figure is the average score from a survey that was conducted in March 2019, in which stakeholders were asked to rate multiple aspects of their experience with IDH programs. But due to the limited number of respondents from the soy program (zero response), the 2018 result is taken from the average score awarded by respondents from all commodity programs combined.</td>
</tr>
<tr>
<td><strong>Outcome</strong></td>
<td>Development of, and compliance with, voluntary and legal standards on sustainable commodity production</td>
<td>0</td>
<td>NA</td>
<td>1 (development of VSA standard)</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td><strong>Outcome</strong></td>
<td>Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources</td>
<td>0</td>
<td>NA</td>
<td>1 (EU deforestation policy)</td>
<td>NA</td>
<td></td>
</tr>
</tbody>
</table>
Landscape programs
West Kalimantan, Indonesia

The province of West Kalimantan spans a surface area of 14.7 million hectares. Although deforestation in the past decades has been significant, there are still large areas of forest (almost 5 million hectares) and peatland (1.7 million hectares). The forests and peatlands of West Kalimantan are important carbon stocks. Moreover, its forests are home to endemic and endangered species such as the Bornean orangutan and the Proboscis monkey. IDH’s program focuses on the districts of Kubu Raya, Ketapang and Kayong Utara.

Relevant Sustainable Development Goals

ISLA PARTNERS

Private
APP, Bumitama, GAPKI, GAR, PT Bina Silva Nusa, PT Kandelia Alam, PT EKL, PT MTI, PT PAS, PT DAS, PT WSL, PT KNJ, PT KAL

Public
District governments of Ketapang, Kubu Raya and Kayong Utara, Ministry of Agriculture, Ministry of Environment and Forestry, Peatland Restoration Agency (BRG), provincial government of West Kalimantan

Other
Aidenvironment, Belantara Foundation, International Animal Rescue, Kemitraan Partnership, Sampan Kalimantan, Bentang Kalimantan, WWF Indonesia
PROGRESS TOWARDS 2020

Number of hectares where protection and restoration interventions are implemented

<table>
<thead>
<tr>
<th></th>
<th>TARGET 2018</th>
<th>RESULT 2018</th>
<th>CUMULATIVE TARGET 2020</th>
<th>CUMULATIVE RESULT 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of hectares</td>
<td>150,000</td>
<td>130,000</td>
<td>200,000</td>
<td>422,548</td>
</tr>
</tbody>
</table>

Number of hectares where sustainable production/farm rehabilitation/sustainable intensification are implemented

<table>
<thead>
<tr>
<th></th>
<th>TARGET 2018</th>
<th>RESULT 2018</th>
<th>CUMULATIVE TARGET 2020</th>
<th>CUMULATIVE RESULT 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of hectares</td>
<td>30,000</td>
<td>50,000</td>
<td>45,000</td>
<td>90,467</td>
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</tbody>
</table>

Private-sector (sustainability) investments in the program

<table>
<thead>
<tr>
<th></th>
<th>TARGET 2018</th>
<th>RESULT 2018</th>
<th>CUMULATIVE TARGET 2020</th>
<th>CUMULATIVE RESULT 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment (€)</td>
<td>€ 700,000</td>
<td>€ 608,311</td>
<td>€ 3,000,000</td>
<td>€ 1,844,421</td>
</tr>
</tbody>
</table>

Program co-funding ratio (2018)

- Private: 44%
- IDH: 56%

TRAFFIC LIGHT ASSESSMENT

PROOF OF CONCEPT

We aim to protect and restore forest and peatland through establishing multi-stakeholder governance of shared targets and land-use plans, combined with driving innovations that provide business and policy incentives to land users to protect and restore forest. This includes:

- Intensification of production on existing production and fallow land;
- Inclusion of smallholders with sustainable practices in agricultural supply chains;
- Supporting the livelihoods of rural and forest communities;
- Providing (downstream) market incentives through verified sourcing;
- Developing alternative income/business models for protection and restoration;
- Enabling policies and effective enforcement.
MARKET TRANSFORMATION BY IDH

In West Kalimantan, IDH has been actively supporting the improvement of regulatory frameworks to create sustainable development in the province. In 2018, a green growth plan was finalized and launched by the (former) governor. Through field-level projects, IDH has been testing various PPI business models, including the revenue-generation of village forest commodities, peat and forest fire prevention and management, and development of an ecological corridor between Gunung Tarak and Sungai Putri. For village forest in particular, the project has been recognized by the Ministry of Environment and Forestry as a successful example of implementation of the government’s land reform policy. Following the success of the first phase, the project is currently moving into the second phase in which scaling up is expected.

PROGRESS 2018

At provincial level, the green growth plan has been mainstreamed to form the regional development plan (RPJMD), which is subject to approval from parliament and the governor in 2019. The government has approved the protection area in Ketapang and Kayong Utara, giving protection status to more than 30,000 hectares of forest on and off concession.

At field level, IDH continues to develop innovative business models to support the PPI Compact. The second phase of village forest started in 2018, in which the project secured funding commitment from the directorate for the development of social forestry and customary forest businesses (BUPSHA), and from financial service agency for forest development (BLU P2H). In the palm oil and forestry sector, IDH was able to protect approximately 130,000 hectares of mangrove forest and peatland together with its partners.
At governance level, the provincial government launched the green growth plan and first Forest Reference Emission Level (FREL), validated by the national government for REDD+ baseline. IDH also supported the government in producing key local regulation (PERDA) as a framework to support the green growth plan, including PERDA No. 6/2018 on sustainable land-based businesses regulating palm oil and mining companies to protect their HCV/HCS area.

Together with provincial government and key private-sector partners, IDH maintained the operation of Essential Ecosystem Area (KEE) – a platform that provides a legal framework to protect at least 31,000 hectares of KEE definitive area and 500,000 hectares of KEE indicative area. The KEE platform also allows multi-stakeholder management of HCV/HCS areas outside national parks and wildlife sanctuaries, and creates legal support for palm concessions to conserve forest. KEE will become the basis of PPI Compact development in the jurisdiction.

IDH was able to leverage public funding of approximately €1.6 million from the UNDP Governors Climate and Forest Task Force (GCF), directorate for the development of social forestry and customary forest businesses (BUPSHA) and first disbursement of a soft loan granted by the financial service agency for forest development (BLU P2H) for Padang Tikar Village Forest. Padang Tikar is the first village forest business model in Indonesia to receive a soft loan for a total around €6 million for scaling up and generating alternative incomes from mud crab, honey and charcoal.

Complementing the public investment, IDH secured a total of €1,142,175 in direct investments from the private sector for field-level projects with eight forestry companies, four palm oil companies, and village forest communities.

We collaboratively work on piloting PPI innovation for more than 130,000 hectares of mangrove forest and peatland. The innovations led IDH to achieve several key outputs, including:

- Developing a business model on sustainable peatland management on acacia plantations with PT WSL and PT MTI;
- Signing an MOU with two palm oil companies, one mining company, national, provincial and district governments, and two international NGOs as a starting point for a jurisdictional PPI Compact in Ketapang;
- Signing a compact between PT MAR (palm oil concession), district government and seven villages to protect approximately 8,000 hectares of forest and improve 26,000 hectares of agricultural land in Ambarawa landscape, Kubu Raya.

PROOF OF CONCEPT

We aim to protect and restore forest and peatland through establishing multi-stakeholder governance of shared targets and land-use plans, combined with driving innovations that provide business and policy incentives to land users to protect and restore forest. This includes:

- Intensification of production on existing production and fallow land;
- Inclusion of smallholders with sustainable practices in agricultural supply chains;
- Supporting the livelihoods of rural and forest communities;
- Providing (downstream) market incentives through verified sourcing;
- Developing alternative income/business models for protection and restoration;
- Enabling policies and effective enforcement.

KEY ACHIEVEMENTS
PER PROOF OF CONCEPT
RESULT AREA 1 OUTPUT

Business cases developed within the IDH program to show the potential of sustainable practices

- **Target 2018:** 2
- **Result 2018:**
  1. **Village Forest Padang Tikar:** The business case is providing alternative livelihood at scale for the communities as incentive for forest, mangrove and peat protection. IDH designed the business model and encouraged a proper feasibility study for key alternative commodities in the village forest such as crab, honey and coconut charcoal. With a robust business model and supported by a feasibility study, BLU P2H, a National Government Fund Facility, agreed to provide a US $6 million soft loan to build the facilities with low interest rates after commitment from the villages to protect the forest. It is the first deal structured at community level.

  2. **PT WSL-MTI Peatland Management:** The acacia plantation companies run the operation by only developing maximum 40% of their total concession and protecting the remaining peat and HCV area. With heavy investment on research, monitoring and assessment in the beginning, the company is able to gain profit from the limited production area. IDH played a role in improving the scientific evidence for the company to continue running this model while investing more for protection. The company is now strengthening its official plan for operation. IDH is linking the case to potential green investment such as the &Green Fund, and is writing the model with PWC.UK.

  3. **Batu Menangis GAR RSPO Compensation:** As part of the RSPO compensation scheme, a company must propose a conservation project to compensate any deforestation related to the company’s operation in the past. Instead of accepting a third-party proposal that provides a project with a dollar-to-dollar-approach, GAR managed to design their own project in Batu Menangis, West Kalimantan with a hectare-to-hectare approach that is less expensive. IDH played a role in proposing and designing the
concept that allows GAR to work directly with the village in the landscape under the village forest scheme. Currently, we are finalizing a working plan to implement the concept in 2019.

4. **PT DAS Business Model:** This relates to a palm oil plantation owned by Bumitama Group, also the owner of PT GMS, IDH’s existing partner for wildlife corridor development in Ketapang. With IDH intervention and the provincial government providing legal support for HCV and the corridor under KEE framework, the company decided to buy PT DAS in 2017, a concession located next to PT GMS, in order to create better connectivity for the corridor. Since the main purpose of PT DAS is corridor connectivity, the company decided not to develop core plantation and only to develop plantation for plasma to ensure the surrounding villages improve livelihoods.

• **Target 2020:** NA
• **Cumulative result (2016–2018):** NA

**RESULT AREA 1 OUTCOME**

**IDH participation in relevant landscape and/or commodity platforms**

• **Target 2018:** NA
• **Result 2018:**
  1. **FOKSBRI UNDP:** A platform designed by the national government and UNDP to accelerate sustainable palm oil practices at jurisdictional level. For West Kalimantan, IDH played a role as technical advisor for the provincial government, where we have several ongoing field interventions as examples. Currently, the national government is finalizing a national action plan on sustainable palm oil where the sub-national platform will be a key reference for that plan. In addition, the platform provides IDH with the opportunity to share lessons learned with government agencies and different companies that are not located in IDH active landscapes.
  2. **REDD+ Task Force:** The taskforce established by the national and provincial government in guiding any REDD+ activities, from regulatory to field-level preparation. It has a direct link with the REDD+ initiative at national level led by Ministry of Environment and Forestry. IDH played a role as technical advisor for the provincial government where we have several ongoing unique field interventions with communities and the private sector as examples. We also brought the private sector to the platform, which previously only consisted of NGOs and government agencies. The platform is also linked with the Governors’ Climate and Forests Task Force (GCF) in which the Governor is one of the members, with IDH as technical advisor in realizing the provincial commitment to reduce deforestation and land degradation.

3. **Forum KEE:** A forum led by the provincial government and endorsed by the Ministry of Environment and Forestry to accelerate and manage ecosystem essential areas, which are mainly forested areas that are located in agricultural land. IDH leads the secretariat in collaboration with the provincial government, and facilitated the development of two pilots in Ketapang and Kayong Utara with private partners.

4. **Social Forestry Task Force:** As part of national program to accelerate social forestry implementation, the task force provides technical assistance for the forest communities applying to receive land titles from the national government. IDH played a role as advisor for the task force, and we were able provide one of the best success stories on business development with a village forest. We also used the task force to help companies that have partnership opportunities with communities. To date, West Kalimantan is the province with the largest social forestry license in Indonesia for around 300,000 hectares.

• **Target 2020:** NA
• **Cumulative result (2016–2018):** NA
# Result area 2 - Improved sector and landscape governance

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<tbody>
<tr>
<td>Output</td>
<td>Representation and commitment of key stakeholders in multi-stakeholder processes or coalitions</td>
<td>NA</td>
<td>7.9</td>
<td>NA</td>
<td>NA</td>
<td>This figure is the average score from a survey that was conducted in March 2019, in which stakeholders were asked to rate multiple aspects of their experience with IDH programs. The total number of respondents for the Indonesia program is 3.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Satisfaction about the effectiveness of multi-stakeholder processes or coalitions associated with the program</td>
<td>NA</td>
<td>8</td>
<td>NA</td>
<td>NA</td>
<td>This figure is the average score from a survey that was conducted in March 2019, in which stakeholders were asked to rate multiple aspects of their experience with IDH programs. The total number of respondents for the Indonesia program is 3.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources</td>
<td>3</td>
<td>4</td>
<td>10</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Outcome</td>
<td>Landscape plans developed and operationalized</td>
<td>2 PPI Compacts</td>
<td>3</td>
<td>4 PPI Compacts, 1 green growth plan</td>
<td>6</td>
<td></td>
</tr>
</tbody>
</table>
RESULT AREA 2 OUTCOME

Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources

- **Target 2018:** 3

- **Result 2018:**
  1. **Supported the issuance of improved Provincial Forest Reference Emission Level (FREL):** West Kalimantan is the only province in Indonesia that has a validated FREL in the national REDD+ framework. IDH supported the province in updating the FREL as we see the importance to all of our field interventions of bigger opportunities such as REDD+ for the province to receive incentives for their efforts. With this, the province has a valid baseline as one of the measurements to receive any REDD+ payment scheme, in which one of them comes from the Norwegian government (also an IDH donor).
  2. **Local regulation (PERDA) No. 2/2018 on integrated watershed management:** IDH collaborated with the provincial government, local university and parliaments in developing this regulation since 2017 that was only legally ratified in 2018. It regulates sustainable practices from plantations, industries and communities located near the main river watersheds. It is an important legal framework for the province in achieving their green growth vision.
  3. **PERDA No. 6/2018 on management of sustainable land-based businesses** as a legal framework to support green growth plan implementation. IDH and the provincial government started this regulation development in 2017 and it was only legally ratified in 2018. It is a breakthrough policy that allows plantations and other land bank business to have minimum 7% of protection area in addition to what the national policy requires. To give context, the current policy technically allows a palm oil concessions to deforest their area for plantation if it’s on agricultural land. With this policy, businesses such palm oil concessions must do an HCV/ HCS assessment first and set aside an area for protection under provincial regulation. This policy is highly appreciated by Ministry of Environment and Forestry, and set an example for a supportive provincial legal framework in supporting their carbon emission reduction.
  4. **PERDA on Environmental Protection and Management Plan for 2018-2048:** This is part of the efforts from provincial government in mainstreaming the green growth plan in their official documents. The regulation legalized the long-term management plan that includes a framework for private-sector companies to report their environmental performance. With this, the province will be able to allocate budget for key interventions towards green growth plan implementation. IDH supported the process of this long-term policy development.

- **Target 2020:** 10

- **Cumulative result (2016–2018):**
  Eight policies:
  1. PERGUB on Hazardous and Toxic Waste Management
  2. Governor Decision Letter on KEE development
  3. Governor Decision Letter on KEE Definitive Areas in Ketapang and Kayong Utara
  4. Perdirjen of PHPL on Sustainable Mangrove Management
  5. Supported the issuance of improved Provincial Forest Reference Emission Level (FREL)
  6. Local regulation (PERDA) No. 2/2018 on integrated watershed management
  7. PERDA No. 6/2018 on management of sustainable land-based businesses as legal framework to support green growth plan
  8. PERDA on Environmental Protection and Management for 2018-2048
RESULT AREA 2 OUTCOME

Landscape plans developed and operationalized

- **Target 2018:** 2
- **Result 2018:**
  1. **Mini PPI Compact action plan for Ambawang landscape, Kubu Raya:** This collaborative natural resource management supports the PPI approach in 34,825 hectares of Ambawang landscape. The action plan was agreed by one palm oil concession, local NGOs, seven villages and Kubu Raya government. The action plan provides long-term targets, roles and responsibilities for stakeholders towards agreed objectives. IDH convened the stakeholders, in particular the company and district government, to sign the agreement as part of their commitment to supporting green growth. One of the most significant outputs from the action plan implementation was the fact that years of social and land conflict between the company and seven villages has been scaled down via alternative livelihoods and transparent and fair partnership.
  2. **Landscape action plan for KEE Sungai Putri, Ketapang:** After the KEE regulation issued by the Governor and the landscape agreement signed by multi-stakeholders on the wildlife corridor that connects HCV areas on bauxite mining and three palm oil concessions to protected forest and national park, the action plan was developed to provide long-term targets, roles and responsibilities for stakeholders towards agreed objective. IDH plays crucial roles in convening national, provincial and district government to initiate the KEE in that landscape. IDH also helped one of the companies in developing a business case for them to work on the wildlife corridor, although they are a palm oil company. The KEE is one of the most important legal frameworks that we supported. Before KEE, the two adjacent palm concessions didn’t talk to each other, while they also didn’t have the legal framework to protect the corridor. In 2018, the KEE action plan and implementation from its members additionally avoided deforestation from a mining concession that also has legal authority to utilize the forest within the corridor.
  3. **RPJPH KPH Kubu Raya:** It is a long term management plan for the period of 2019-2028. It is owned by the government under the Forest Management Unit (KPH) which is responsible of managing forest area including the forestry concessions in Kubu Raya. The plan combines private sectors’ long-term plans and the government’s plan in managing and utilizing the forest. For IDH, the plan covers all IDH project area in Kubu Raya that will support the development of Jurisdictional PPI Compact in the district.

- **Target 2020:** 5
- **Cumulative result (2016–2018):**
  Six landscape plans reported here are:
  1. GGP Province - Mangrove Concession Landscape Management Plan;
  2. Kubu Raya KEE Action Plan-Sungai Putri;
  3. Sungai Putri Wildlife Corridor Landscape Plan;
  4. Mini PPI Compact Landscape Ambawang;
  5. RPHJP (long term management plan) KPH Kubu Raya;
## Result area 3 - Improved field-level sustainability

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</thead>
<tbody>
<tr>
<td>Output</td>
<td>Number of producers/workers/community enterprises reached by service delivery</td>
<td>3,000</td>
<td>3,447</td>
<td>10,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Output</td>
<td>Number of small-holder producers organized/aggregated by the program</td>
<td>NA</td>
<td>3</td>
<td>NA</td>
<td>NA</td>
<td>Although this indicator was not included in the 2018 Annual Plan, there is a 2018 result.</td>
</tr>
<tr>
<td>Output</td>
<td>Number of trainers, auditors and/or government staff trained in the program</td>
<td>25</td>
<td>179</td>
<td>70</td>
<td>322</td>
<td></td>
</tr>
<tr>
<td>Output</td>
<td>Number of infrastructure facilities developed</td>
<td>NA</td>
<td>4</td>
<td>NA</td>
<td>NA</td>
<td>Although this indicator was not included in the 2018 Annual Plan, there is a 2018 result.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Number of hectares where protection and restoration interventions are implemented</td>
<td>150,000</td>
<td>13,000</td>
<td>200,000</td>
<td>422,548</td>
<td></td>
</tr>
<tr>
<td>Outcome</td>
<td>Number of hectares where sustainable production/farm rehabilitation/sustainable intensification are implemented</td>
<td>30,000</td>
<td>50,000</td>
<td>45,000</td>
<td>90,467</td>
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</table>
Aceh’s Leuser ecosystem is one of the most biodiverse locations on Earth, home to Sumatran orangutans, elephants, tigers, rhinos, sun bears, and many other species. It contains large areas of peatland, up to 8 meters deep. The province has a forest cover of more than 3 million hectares that acts as a significant carbon sink. Aceh is increasingly becoming an important producer of palm oil, rubber, coffee, cocoa, and other agricultural commodities. This is critical in reviving economic development. Yet increased agricultural production goes hand-in-hand with deforestation and degradation of the world-acclaimed Leuser ecosystem.

**ISLA PARTNERS**

**Private**
Musim Mas, Pepsico, Unilever, LUSH, PT Semadam, PT Mopoli Raya, PT Pati Sari, PT PN I, PT Bahroeny, PT Socfin, GAPKI Aceh

**Public**
District governments of Aceh Tamiang and Aceh Timur, Ministry of Agriculture, Ministry of Environment and Forestry, provincial governments of Aceh

**Other**
Forum Konservasi Leuser (FKL), HAKA, Coalitions for Sustainable Livelihoods (CSL), RAN

**Relevant Sustainable Development Goals**

- 12 Responsible Consumption and Production
- 13 Climate Action
- 15 Life on Land
TRAFFIC LIGHT ASSESSMENT

PROOF OF CONCEPT

We aim to protect and restore forest and peatland through establishing multi-stakeholder governance of shared targets and land-use plans, combined with driving innovations that provide business and policy incentives to land users to protect and restore forest. This includes:

• Intensification of production on existing production and fallow land;
• Inclusion of smallholders with sustainable practices in agricultural supply chains;
• Supporting the livelihoods of rural and forest communities;
• Providing (downstream) market incentives through verified sourcing;
• Developing alternative income/business models for protection and restoration;
• Enabling policies and effective enforcement.
MARKET TRANSFORMATION BY IDH

Despite being one of the important producers of multiple commodities such as palm oil, rubber, coffee and spices, the government of Aceh is still facing challenging issues centered on low productivity, land legality and smallholders’ welfare. Furthermore, the numerous expansions of plantations have driven up deforestation, threatening critical areas such as the Leuser ecosystem. Since 2017, IDH has been working closely with the provincial and district governments to support a green growth plan and implementation project in Aceh Tamiang and Aceh Timur. As a result, in 2018 the regional medium-term development plan (RPJMD) of Aceh Tamiang was completed. This document is critical to map the development planning in the district that balances economic and environmental sustainability. At field level, IDH convened government, the private sector and CSOs to work together and commit to improving production, protection and inclusion. In Aceh Tamiang, IDH convened district government, the provincial Indonesian Palm Oil Association (GAPKI) and Forum Konservasi Leuser (FKL) to establish cooperation in contributing to Aceh’s green growth plan and a Verified Sourcing Area (VSA) Readiness Pilot in Aceh Tamiang. VSA is seen as a concrete solution to providing large volumes of commodities in line with sustainability commitments at a competitive scale and price. IDH also connects the sourcing area with buyers such as Pepsico and Unilever, who are required to ensure sustainable sourcing. All stakeholders are still learning how to work together within the scheme. The next steps will be to prepare building blocks for the VSA Readiness Pilot. This includes project design and interventions, such as stakeholder mapping, land legality mapping, and smallholder partnerships.

PROGRESS 2018

In 2018, IDH focused on convening and securing commitment from stakeholders at provincial and district level. The provincial government committed to develop a green growth plan with specific focus on strengthening the protection of the Leuser ecosystem. To follow up, IDH has been screening potential consultants to support the green growth plan, which is expected to commence in 2019.

At field level, our activities mainly focused on engaging and designing the implementation project in Aceh Tamiang and Aceh Timur. In Aceh Tamiang, we aimed to gain commitment from stakeholders to support a jurisdictional PPI Compact that later serves as a VSA Readiness Pilot. As a result, IDH signed an LOI with district government, the provincial Indonesian Palm Oil Association (GAPKI) and Forum Konservasi Leuser (FKL), and secured commitment from five palm oil growers: PT Semadam, PT Mopoli, PT Socfin, PTPN 1 and PT Bahroeny, to work on field-level projects. IDH also started active discussions with potential offtakers and learned that, while the VSA concept seems promising, more preparatory work is needed on the ground. This includes project documents, updated baselines and mapping.
At governance level, IDH maintained strong relationships with both provincial and district governments. Subsequently, the provincial government agreed to improve its development planning through a green growth plan, which will start in 2019. At district level, our activities mainly focused on convening the governments of Aceh Tamiang and Aceh Timur. Through an MOU and LOI, the two district governments pledged their commitment to fully support green growth development and trial Verified Sourcing Area (VSA) Readiness Pilots.

Key private-sector companies – including PepsiCo, Musim Mas, LUSH and Unilever – have expressed their commitment to support five local palm oil growers to develop VSA Readiness Pilots in the two districts. IDH also plays a crucial role in the Coalition for Sustainable Livelihoods (CSL) that engages multiple key commodity players in North Sumatra and Aceh. This has allowed us to introduce our work while getting more support from potential partners.

At field level, IDH prepared several investable business models including the protection of elephant corridors and the improvement of spice productivity in Aceh Timur with LUSH. In Aceh Tamiang, we prepared building blocks for the VSA Readiness Pilot, including project design, stakeholder mapping, land legality mapping and small-holder partnerships, all of which will be implemented in 2019.
LESSONS LEARNED

Business practice
IDH needs to develop landscape-level business models, investment packages and strong incentives that encourage companies to conserve forest while improving productivity, as most companies are still struggling with this. We also learned that the private sector’s commitment highly depends on market pressure: it affects their priorities, decision-making process and, in some cases, the need to redesign interventions at field level.

Landscape governance
The political situation and government transition greatly affect the pace of our work. Newly elected officials have differing political agendas, leading to re-work on our part. It also takes more time than anticipated to develop an enabling situation in which government and companies can work together on a multi-stakeholder platform, although this is critical to our landscape program.

Improved field-level sustainability
It takes time to realize field-level projects and results, in particular on forest and peat protection and restoration. We need to focus more on how to transform sustainability projects into investable projects. This is critical to ensure field-level impact following IDH’s exit.
KPIs Aceh, Indonesia

Result area 1 - Change in business practices

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<tbody>
<tr>
<td>Output</td>
<td>Private-sector (sustainability) investments in the program</td>
<td>€250,000,000</td>
<td>€ -</td>
<td>2,000,000</td>
<td>0</td>
<td>No field-level implementation projects were implemented</td>
</tr>
<tr>
<td>Output</td>
<td>Business cases developed to demonstrate the potential of sustainable practices</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>Targets are set for GGP, PPI Compact Aceh Timur and VSA Aceh Tamiang</td>
</tr>
<tr>
<td>Outcome</td>
<td>IDH participation in relevant landscape and/or commodity platforms</td>
<td>NA</td>
<td>1</td>
<td>NA</td>
<td>NA</td>
<td>This indicator was not included in AP2018. However we have the progress for 2018.</td>
</tr>
</tbody>
</table>

RESULT AREA 1 OUTPUT

Business cases developed within the IDH program to show the potential of sustainable practices

• Target 2018: 1

• Result 2018:

  One business case from elephant tranch with LUSH in Aceh Timur: IDH convinced LUSH to invest in developing a 36-km elephant tranch in Aceh Timur and linked them with the local stakeholders. The business case for LUSH is that they will invest in tranch development as a barrier to block elephants’ movement to independent palm oil smallholders and companies, and instead focus their activities in the forest. In return, the smallholders will plant spices and other plants on the edge of the tranch for LUSH sourcing. They will have offtake agreements with the smallholders. It is also considered to be the best possible strategy to reduce wildlife conflict in the landscape. If this runs successfully, it can be replicated for the surrounding palm oil concessions and other smallholder areas that are adjacent to the elephant corridor, which is located in the Leuser ecosystem.

• Target 2020: TBD

• Cumulative result (2016–2018): 1
### Result area 2 - Improved sector and landscape governance

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<tr>
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<tbody>
<tr>
<td><strong>Output</strong></td>
<td>NA</td>
<td>7.9</td>
<td>NA</td>
<td>NA</td>
<td>This figure is the average score from a survey that was conducted in March 2019, in which stakeholders were asked to rate multiple aspects of their experience with IDH programs. The total number of respondents for the Indonesia program is 3.</td>
</tr>
<tr>
<td>Representation and commitment of key stakeholders in multi-stakeholder processes or coalitions.</td>
<td></td>
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</tr>
<tr>
<td><strong>Outcome</strong></td>
<td>NA</td>
<td>8</td>
<td>NA</td>
<td>NA</td>
<td>This figure is the average score from a survey that was conducted in March 2019, in which stakeholders were asked to rate multiple aspects of their experience with IDH programs. The total number of respondents for the Indonesia program is 3.</td>
</tr>
<tr>
<td>Satisfaction about the effectiveness of multi-stakeholder processes or coalitions associated with the program</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Outcome</strong></td>
<td>3</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>We are off-target due to difficult discussion with our local partners in agreeing the PPI Compact towards VSA. We spent most of our time convening the local companies, buyer and offtakers. As a result, we could only manage to get stakeholder agreements in two landscapes and will develop the landscape plans in 2019.</td>
</tr>
<tr>
<td>Landscape plans developed and operationalized</td>
<td></td>
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</table>
RESULT AREA 2 OUTCOME

Landscape plans developed and operationalized

• Target 2018: 3

• Result 2018:
  One green growth plan in Aceh Tamiang: It is owned by the district government and seen as a role model by the provincial government. The plan will be implemented in two ways:

  1. Different parties within and outside the landscape will use it as a reference in designing their landscape frameworks;

  2. Discussions are ongoing about using the plan to improve the district and provincial official development plan. This will lead to improvements in land use and government budget allocation for the implementation.

• Target 2020: 3

• Cumulative result (2016–2018): 1

Result area 3 - Improved field-level sustainability

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<tbody>
<tr>
<td>Output</td>
<td>Number of producers/workers/community members trained on key subjects for sustainable production, environmental and social sustainability</td>
<td>500</td>
<td>0</td>
<td>1,500</td>
<td>0</td>
<td>We are under-performing on this indicator due to financial constraints and the current business model of the partner companies that we work with. Companies convened by IDH expressed the need for training local growers, and smallholders failed to deliver training activities due to financial concerns.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Number of hectares where protection and restoration interventions are implemented</td>
<td>6,000</td>
<td>0</td>
<td>30,000</td>
<td>0</td>
<td>We didn’t contract any projects for this intervention due to our convening process that took longer than expected. As a result, from our 2018 convening, we will have contracted projects in early 2019.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Number of hectares where sustainable production/farm rehabilitation/sustainable intensification are implemented</td>
<td>5,000</td>
<td>0</td>
<td>13,000</td>
<td>0</td>
<td>We didn’t contract any projects for this intervention due to our convening process that took longer than expected. As a result, from our 2018 convening, we will have contracted projects in early 2019.</td>
</tr>
</tbody>
</table>
The province of South Sumatra spans almost 9 million hectares, is home to the endangered Sumatran tiger, and is an important production area for palm oil, timber, pulp & paper, and rubber. Natural forest cover has reduced significantly and, coupled with forest and peatland fires, creates an urgent need to balance commodity production with forest protection. IDH brought public and private stakeholders together and drove the development of a green growth plan for the province. We also aim to establish a Verified Sourcing Area (VSA) Readiness Pilot in Musi Banyuasin for multiple commodities, including palm oil and rubber.

**South Sumatra, Indonesia**

<table>
<thead>
<tr>
<th>ISLA PARTNERS</th>
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</thead>
<tbody>
<tr>
<td><strong>Private</strong></td>
</tr>
<tr>
<td>APP, GAPKI, Indofood/London Sumatra, Musim Mas, Unilever, Kirana Megatara, Halcyon, Wilmar</td>
</tr>
<tr>
<td><strong>Public</strong></td>
</tr>
<tr>
<td>District government of Musi Banyuasin and Banyuasin, provincial government of South Sumatra, Peatland Restoration Agency (BRG), Provincial Peatland Restoration Agency (TRG), Ministry of Environment and Forestry</td>
</tr>
<tr>
<td><strong>Other</strong></td>
</tr>
<tr>
<td>RSPO, Daemeter, LTKL, Belantara Foundation, ICRAF, SNV, UTZ/Rainforest Alliance WRI, Kelola Sendang project/Zoological Society of London (ZSL)</td>
</tr>
</tbody>
</table>

**Relevant Sustainable Development Goals**

- [12 Responsible Consumption and Production](#)
- [13 Climate Action](#)
- [15 Life on Land](#)
TRAFFIC LIGHT ASSESSMENT

PROOF OF CONCEPT

We aim to protect and restore forest and peatland through establishing multi-stakeholder governance of shared targets and land-use plans, combined with driving innovations that provide business and policy incentives to land users to protect and restore forest. This includes:

- Intensification of production on existing production and fallow land;
- Inclusion of smallholders with sustainable practices in agricultural supply chains;
- Supporting the livelihoods of rural and forest communities;
- Providing (downstream) market incentives through verified sourcing;
- Developing alternative income/business models for protection and restoration;
- Enabling policies and effective enforcement.
MARKET TRANSFORMATION BY IDH

At provincial level, IDH has been actively supporting the government in developing a green growth strategy. Following the finalized green growth plan in 2017, IDH supported the drafting of local regulation (PERDA) and integrated it into the provincial medium-term development plan (RPJMD). The PERDA on sustainable peatland management was officially brought into force in 2018, and was followed by four other new governor regulations (PERGUB) for technical guidance in peat management. As the result, fire hotspots on peatland in 2018 have been reduced significantly compared to 2015.

In Sembilang landscape (covering Musi Banyuasin and Banyuasin), IDH facilitated the signing of an LOI between forestry company APP and palm oil company IndoAgri. IDH secured commitment from APP to work on forest and peatland restoration, which will start in 2019.

In the palm oil sector, IDH has been working closely with PT PP London Sumatra, a subsidiary of IndoAgri. This program focuses on RSPO certification for 3,144 palm oil smallholders on 6,141 hectares of land in South Sumatra. Farmers also receive training on good agricultural practices in order to improve productivity and livelihoods. To date, approximately 6,500 hectares of land have been RSPO-certified, with more than 3,000 farmers trained on good agricultural practices over the past three years. Furthermore, smallholders supported under this program have been able to transform their business practices to become more sustainable and to sell their certificates to RSPO Palmtrace, which offers a marketplace and possibility to register market deals. This program could be scaled up and replicated to other field-level projects in realizing the VSA Readiness Pilot in South Sumatra.

PROGRESS 2018

At governance level, IDH (supported by ICRAF) followed up on the green growth plan by mainstreaming it to form the regional development plan (RPJMD), and strengthening governments’ capacity to operationalize the green growth strategy.

At field level, our focus mainly centered on preparing building blocks for a jurisdictional PPI Compact and VSA Readiness Pilot in the Sembilang landscape. IDH actively convened stakeholders of commodities, such as timber, natural rubber and palm oil. As a result, IDH secured commitment from APP with a contribution of more than €1.3 million to work collaboratively on peatland and forest restoration in the Sembilang landscape in Musi Banyuasin and Banyuasin. In the natural rubber sector, Kirana Megatara has committed to support and contribute to the development of a VSA Readiness Pilot in Musi Banyuasin. The effort to sustainably produce commodities through a VSA is not to be undertaken by just a single stakeholder, but is the responsibility of everyone involved in the supply chain. There is a need to create coherence among stakeholders to streamline everyone’s roles and efforts to promote sustainability in the jurisdiction. We learned that having a Centre of Excellence (CoE) as a multi-stakeholder platform is critical to accommodate multi-stakeholder communication and coordinate cross-commodity substances. Establishing a CoE will therefore be our main priority to prepare the building blocks for a VSA in 2019.
In continuation of activities in 2017, IDH supported the process of mainstreaming the green growth plan into the new regional development plan (RPJMD). IDH also supported the issuance of several regulations, including PERDA No.1/2018 on peatland management, four governor regulations (PERGUB) on technical guidance for sustainable peatland management, and local regulation (PERDA) on green growth plan implementation that also strengthened KOLEGA SUMSEL as a multi-stakeholder platform.

IDH secured commitment from Kirana Megantara to implement a VSA Readiness Pilot for natural rubber in Musi Banyuasin. IDH has further developed the project design of the VSA Readiness Pilot in Musi Banyuasin, which has started to gain attention and further commitment from palm oil and natural rubber companies. In the forestry sector, IDH secured commitment from Asia Pulp and Paper (APP) with a contribution of more than €1.3 million to collaboratively work on peatland and forest restoration in the Sembilang landscape, covering Musi Banyuasin and Banyuasin. This project will significantly contribute to the PPI Compact development in the Sembilang landscape.

At field level, IDH secured €201,561 in private investment to generate concrete field-level change and transformation. Through a smallholder engagement project, PT PP London Sumatra committed to expand the number of independent smallholders, covering at least 3,000 hectares, in obtaining sustainable palm oil certification. Until 2018, approximately 1,735 independent palm oil smallholders supported by IDH have been able to transform their business practice to become more sustainable and to sell their certificates to RSPO Palmtrace. IDH also trained 30 government officials on regional economic analysis and development planning to support the government in implementing the green growth plan.
Result area 1 - Change in business practices

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<tbody>
<tr>
<td>Output</td>
<td>Private-sector (sustainability) investments in the program</td>
<td>€750,000</td>
<td>€222,454</td>
<td>€3,000,000</td>
<td>€367,835</td>
<td>Contribution and ratio calculated for Implementation Projects only. Total includes contributions to projects funded by different donors. Each donor will receive a separate financial report in which the donor-specific contributions and ratios will be visible.</td>
</tr>
<tr>
<td>Output</td>
<td>Business cases developed to demonstrate the potential of sustainable practices</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Outcome</td>
<td>IDH participation in relevant landscape and/or commodity platforms</td>
<td>2</td>
<td>2</td>
<td>NA</td>
<td>3 (platforms for CPO Fund, Kolega Sumsel and Kelola Sendang)</td>
<td></td>
</tr>
</tbody>
</table>

**RESULT AREA 1 OUTPUT**

Business cases developed within the IDH program to show the potential of sustainable practices

- **Target 2018:** 3
- **Result 2018:**
  1. **IndoAgri to expand independent smallholder certification:** After a successful project with IDH South Sumatra in transforming the surrounding independent smallholders that provided a clear business case, IndoAgri decided to expand the number of independent smallholders to transform into certified smallholders. With that, the smallholders would be able to supply certified fruits for CPO and PKO to IndoAgri mill while they could also sell their certificate to RSPO Palmtrace. Companies such as Unilever are also keen to invest in the expanding number of certified smallholders, while RSPO also selected the area as their jurisdictional certification pilot.
  2. **APP community-based restoration in Musi Banyuasin and Banyuasin:** Without IDH involvement, APP continue business as usual on restoration by conducting conventional restorations, planting the seedlings with contractors at high cost but no guarantee of tree survival. They do not consider involving the surrounding communities to produce seedlings or doing joint patrolling to ensure that the planted seedlings survive, which could provide cheaper yet more effective ways of reaching the restoration objective. At the same time, the communities would receive additional income. Powered by IDH, APP agreed to implement this restoration design in 2019.
- **Target 2020:** 2
- **Cumulative result (2016–2018):** 2
RESULT AREA 1 OUTCOME

IDH participation in relevant landscape and/or commodity platforms

- **Target 2018:** 2
- **Result 2018:**
  1. **Kelola Sendang:** A joint funding program since 2016 between Norway and the UK government to support landscape protection and restoration in South Sumatra. The project is led by ZSL with IDH as one of the consortium members. In addition, IDH provided field experience from our ongoing projects. This public-private-people partnership aims to address the challenges of deforestation, peatland degradation, wildfires and their associated climate impacts within the context of green growth and biodiversity conservation. The project supports the provincial and national government, private sector and local communities, to pilot a sustainable management partnership model across the Sembilang-Dangku landscape of South Sumatra, an important habitat for Sumatran tigers and other wildlife.

  2. **Kolega Sumsel:** A non-structural institution established by the Governor to implement natural environment management, utilization of natural resources, protection of quality and function of the environment, control and preservation of natural resources, and adaptation and mitigation to climate change - all of which are mutually integrated to realize sustainable environmental management in the region of South Sumatra. It also aims to coordinate different initiatives from government agencies, private sector and NGOs in filling their roles for green growth plan implementation. IDH played a role in developing the Kolega, and is an active member in their regular coordination. Kolega Sumsel also collaborated with IDH to produce much-needed regulation in the form of regulatory framework support for the green growth plan.

- **Target 2020:**
  Annual Plan 2018 mentions “Relevant platforms are used to share lessons learned, mobilize additional funding to replicate or complement the PPI approach”

- **Cumulative result (2016–2018):** 3
## Result area 2 - Improved sector and landscape governance

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<tbody>
<tr>
<td>Output</td>
<td>Representation and commitment of key stakeholders in multi-stakeholder processes or coalitions.</td>
<td>NA</td>
<td>7.9</td>
<td>NA</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>Outcome</td>
<td>Satisfaction about the effectiveness of multi-stakeholder processes or coalitions associated with the program</td>
<td>NA</td>
<td>8</td>
<td>NA</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>Outcome</td>
<td>Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources</td>
<td>1</td>
<td>5</td>
<td>4</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Outcome</td>
<td>Landscape plans developed and operationalized</td>
<td>1 PPI Compact</td>
<td>0</td>
<td>4 (1 provincial green growth plan and 3 PPI Compacts)</td>
<td>2</td>
<td>Two results from 2017, Green growth plan at provincial level and mini green growth plan for Lalan</td>
</tr>
</tbody>
</table>
RESULT AREA 2 OUTCOME

Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources

- Target 2018: 2
- Result 2018:
  1. PERDA No.1/2018 on sustainable peatland management: The first sub-national regulation on peatland management. IDH supported the development process together with other stakeholders including ZSL, Kolega Sumsel, Forum DAS, etc. It is an effort to implement the green growth plan by protecting and utilizing sustainable management of peatlands, which involves the role of the surrounding community optimally. It also encourages environmentally sustainable development, so that the impact of environmental damage can be minimized or overcome.

  The peatland area in South Sumatra is almost 1.3 million hectares. In Musi Banyuasin (Muba) alone, the peat covers an area of 340,604.48 hectares. In the 2015 fires, around 700,000 hectares were burned. The Peatland Restoration Agency (BRG) designated around 600,000 hectares of peat in South Sumatra to be restored, both by the government and the company. Meanwhile, the change or function change of peatlands in South Sumatra is most prevalent in 2000-2005, at a rate of around 2,318.2 hectares per year.

  2. Governor Regulation (PERGUB) on technical guidance for sustainable peatland management: the derivative product of PERDA No 1. The PERGUBs provide detailed technical guidance on institutional, partnership, community empowerment, incentives and disincentives. IDH supported the development of these PERGUBs in collaboration with Forum DAS and Kolega Sumsel. It has now being implemented not only by the government but also by private-sector companies that have peat within their operation area.

    - Target 2020: 4

RESULT AREA 2 OUTCOME

Landscape plans developed and operationalized

- Target 2018: 1 PPI Compact
- Result 2018: 0
- Target 2020: 4 (1 provincial green growth plan and 3 PPI Compacts)
- Cumulative result (2016–2018): After the green growth plan was finalized, we weren’t able to get any new landscape agreements signed due to our shifting approach from PPI Compact to VSA, which led to a different approach for our partners.
## Result area 3 - Improved field-level sustainability

<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>Number of producers/workers/community enterprises reached by service delivery</td>
<td>3,000</td>
<td>1,735</td>
<td>4,000</td>
<td>1,735</td>
<td></td>
</tr>
<tr>
<td>Output</td>
<td>Number of trainers, auditors and/or government staff trained in the program</td>
<td>NA</td>
<td>30</td>
<td>NA</td>
<td>30</td>
<td>Although this indicator was not included in the 2018 Annual Plan, there is a 2018 result that comes from a series of training sessions for government officials implementing the GGP.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Number of hectares where protection and restoration interventions are implemented</td>
<td>20,000</td>
<td>0</td>
<td>80,000</td>
<td>0</td>
<td>In addition to our limited capacity in South Sumatra in 2018, we were unable to sign the project implementation plan even though it was approved by the IC secretariat in mid-2018. We spent too much time negotiating the project design details with our private-sector partner. However, we will have significant results in 2019 after at least one project contract has been signed.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Number of hectares where sustainable production/farm rehabilitation/sustainable intensification are implemented</td>
<td>10,000</td>
<td>6,525</td>
<td>33,000</td>
<td>6,525</td>
<td>We were unable to sign any new projects in 2018 in addition to those we already had.</td>
</tr>
</tbody>
</table>
Jambi, Indonesia

Jambi is home to 2.1 million hectares of ecologically important forest areas, including four national parks and the Harapan Rainforest. The natural vegetation of lowland Jambi consists of evergreen rainforest, peat swamp forest and mangrove forest, and is home to native species such as the Sumatran elephant and Sumatran tiger. The province has experienced high levels of forest degradation as a result of commercial logging activities since the 1970s, followed by deforestation as a result of illegal activities and agricultural expansion. The cornerstone of Jambi’s economy is the agriculture sector, contributing to more than a quarter of the provincial GDP.

ISLA PARTNERS

Private
APP, Asian Agri, PT RLU, PT ABT, GAR

Public

Other
Belantara Foundation, Gita Buana, Setara Jambi, WWF

Relevant Sustainable Development Goals

12. Responsible Consumption and Production
13. Climate Action
15. Life on Land
We aim to protect and restore forest and peatland through establishing multi-stakeholder governance of shared targets and land-use plans, combined with driving innovations that provide business and policy incentives to land users to protect and restore forest. This includes:

- Intensification of production on existing production and fallow land;
- Inclusion of smallholders with sustainable practices in agricultural supply chains;
- Supporting the livelihoods of rural and forest communities;
- Providing (downstream) market incentives through verified sourcing;
- Developing alternative income/business models for protection and restoration;
- Enabling policies and effective enforcement.

### PROGRESS TOWARDS 2020

#### Number of producers/workers/community members trained on key subjects for sustainable production, environmental and social sustainability

<table>
<thead>
<tr>
<th>Target 2018</th>
<th>Result 2018</th>
<th>Cumulative Result Target 2020</th>
<th>Cumulative Result 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,500</td>
<td>3,281</td>
<td>5,000</td>
<td>3,281</td>
</tr>
</tbody>
</table>

#### Number of hectares where sustainable production/farm rehabilitation/sustainable intensification are implemented

<table>
<thead>
<tr>
<th>Target 2018</th>
<th>Result 2018</th>
<th>Cumulative Result Target 2020</th>
<th>Cumulative Result 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>50,000</td>
<td>28,831</td>
<td>40,000</td>
<td>28,831</td>
</tr>
</tbody>
</table>

#### Private-sector (sustainability) investments in the program

<table>
<thead>
<tr>
<th>Target 2018</th>
<th>Result 2018</th>
<th>Cumulative Target 2020</th>
<th>Cumulative Result 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ 500,000</td>
<td>€ 491,608</td>
<td>€ 1,500,000</td>
<td>€ 965,182</td>
</tr>
</tbody>
</table>

#### Program co-funding ratio (2018)

- Private: 62%
- IDH: 38%
MARKET TRANSFORMATION BY IDH

Since 2017, IDH has been actively supporting the provincial government to set up a green growth strategy that will be crucial in creating more sustainable development planning and policies, as well as enabling the conditions for green investment in Jambi. In 2018, IDH and ICRAF started to develop the provincial green growth plan. IDH’s key focus in Jambi is to develop a jurisdictional PPI Compact in Tebo. Several field-level projects to test PPI business models, such as smallholder certification and forest restoration, have been conducted on the ground.

In the palm oil sector, IDH has been supporting palm oil projects in Jambi as part of its palm oil and forestry commodity programs since 2016. The palm oil project with Asian Agri and SETARA has achieved improved market access and capacity of more than 3,000 independent smallholders in Tanjung Jabung Barat. The district government also invested almost €150,000 by arranging land titles (or plantation registration certificates – STDB) free of charge, with a dedicated group of plantation agency officers to travel around the villages so that the independent smallholders could easily submit their STDB application forms.

PROGRESS 2018

At governance level, the development of a green growth plan has been officially started by the provincial government. This will then be mainstreamed into regional plans and a budget. IDH convened various stakeholders to work on the development of a jurisdictional PPI Compact, in which we were able to secure commitment from PT Royal Lestari Utama (PT RLU), APP and PT Alam Bukit Tigapuluh (PT ABT) through the signing of an LOI. We made a working agreement with 30 Bukit National Park authorities to support protection plans for villages inside and around the National Park, covering an area of 144,233 hectares.

At field level, IDH and partners in Tahura Sekitar Tanjung restored 300 hectares and protected 18,140 hectares of peatland and forest with communities and local government, and improved sustainable agriculture on approximately 28,831 hectares. Through palm oil smallholder engagement with Asian Agri and SETARA, approximately 4,044 hectares of land have been submitted to obtain STDB from the district government of Tanjung Jabung Barat. As per June 2018, 1,121 hectares have been distributed to smallholders while the rest is still in progress.
At governance level, IDH secured commitment from the provincial government to develop a green growth plan. The plan itself has allowed the provincial government to strengthen its framework for other important initiatives, such as the BioCarbon Fund by the World Bank. It also facilitated the provincial government to pass the &Green Fund’s Jurisdictional Eligibility Criteria Assessment (JECA) for its first green investment with a rubber plantation that applies a PPI approach.

IDH was able to secure private investment of €360,000 to generate concrete field-level changes and transformation. In the palm oil sector, 3,281 independent smallholders supported by IDH have been able to transform their business practices to become more sustainable and to sell their certificates to RSPO Palmtrace, with Unilever as the offtaker. Approximately 1,121 hectares of independent smallholder plantations have obtained licenses (STDB) through an acceleration program with the government of Tanjung Jabung Barat. In addition, IDH supported the development of JALA SETARA, a data platform that collects and compiles all independent smallholder-related data in Jambi. The tool is currently being used in North Sumatra, Riau and South Sumatra as well.
### KPIs Jambi, Indonesia

#### Result area 1 - Change in business practices

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<tbody>
<tr>
<td>Output</td>
<td>Private-sector (sustainability) investments in the program</td>
<td>€500,000</td>
<td>€491,608 ratio: 1:1.7</td>
<td>€1,500,000</td>
<td>€965,182</td>
<td>Contribution and ratio calculated for Implementation Projects only. Total includes contributions to projects funded by different donors. Each donor will receive a separate financial report in which the donor-specific contributions and ratios will be visible.</td>
</tr>
<tr>
<td>Output</td>
<td>Business cases developed to demonstrate the potential of sustainable practices</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>1 business case for independent smallholder that transformed their business model from selling uncertified fruits to mills to selling certified fruits to mills and RSPO palm trace and And- green. Fund investment on PT RLU</td>
</tr>
<tr>
<td>Outcome</td>
<td>IDH participation in relevant landscape and/or commodity platforms</td>
<td>NA</td>
<td>1</td>
<td>NA</td>
<td>NA</td>
<td>This indicator was not included in AP2018. However we have result for 2018.</td>
</tr>
</tbody>
</table>
RESULT AREA 1 OUTPUT

Business cases developed within the IDH program to show the potential of sustainable practices

• Target 2018: 1

• Result 2018:
  1. Palm oil smallholders in Merlung Sub-District have been able to transform their business practices to become RSPO-certified. IDH played a crucial role in facilitating the discussion between Asian Agri, Setara Jambi and the independent smallholders to agree on joint efforts towards RSPO certification. With certified fruits, the smallholders received two incomes: first, from selling their fruits to Asian Agri mills at higher prices; and second, from selling their certificates to RSPO Palmtrace with Unilever as the offtaker.

  2. Investment in &Green Fund on PT RLU with 50% production and 50% protection as the business case. The fund finances development of three sustainable rubber concessions operated by PT RLU in Jambi and East Kalimantan through the purchase of 15- and 7-year notes, organized by BNP Paribas and monitored by ADM Capital under the Tropical Landscape Financing Facility (TLFF). IDH played a crucial role in supporting Jambi in passing the Jurisdictional Eligibility Criteria and designing a political landscape with stakeholders for the deal.

• Target 2020: 2

• Cumulative result (2016–2018): 2

RESULT AREA 1 OUTCOME

IDH participation in relevant landscape and/or commodity platforms

• Target 2018: NA

• Result 2018:
  The Joint Secretariat/SEKBER in Jambi works under mandate from the provincial government and has a governance structure and coordination in place. IDH plays a role as member and technical advisor for the secretariat that consists of all NGOs, forestry companies and provincial government agencies. The secretariat is a platform for the members to improve their knowledge on sustainable practices and good governance. IDH will transform this secretariat into a platform to support jurisdictional PPI Compact development. Recently, BioCarbon Fund also used the platform in supporting their program design.

• Target 2020: NA

• Cumulative result (2016–2018): NA
**Result area 2 - Improved sector and landscape governance**

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</thead>
<tbody>
<tr>
<td>Output</td>
<td>Representation and commitment of key stakeholders in multi-stakeholder processes or coalitions.</td>
<td>NA</td>
<td>7.9</td>
<td>NA</td>
<td>NA</td>
<td>This figure is the average score from a survey that was conducted in March 2019, in which stakeholders were asked to rate multiple aspects of their experience with IDH programs. The total number of respondents for the Indonesia program is 3.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Satisfaction about the effectiveness of multi-stakeholder processes or coalitions associated with the program</td>
<td>NA</td>
<td>8</td>
<td>NA</td>
<td>NA</td>
<td>This figure is the average score from a survey that was conducted in March 2019, in which stakeholders were asked to rate multiple aspects of their experience with IDH programs. The total number of respondents for the Indonesia program is 3.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Landscape plans developed and operationalized</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>Landscape plan for Tahura Orang Kayu Itam and landscape protection plan for PT RLU in Bukit Tigapuluh.</td>
</tr>
</tbody>
</table>

**RESULT AREA 2 OUTCOME**

Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources

- **Target 2018:** 2
- **Result 2018:** 0
- **Target 2020:** 2
- **Cumulative result (2016–2018):** 0
RESULT AREA 2 OUTCOME

Landscape plans developed and operationalized

- **Target 2018:** 1
- **Result 2018:**
  1. The landscape protection plan for PT RLU is owned by PT RLU and the &Green Fund. IDH led the draft development based on discussion with the landscape stakeholders. The plan is one of the main requirements for the fund to operate in the landscape and is now being integrated into PT RLU operation.
  2. The landscape management plan for Tahura Orang Kayu Itam is an official government management plan to protect 18,140 hectares of peatland. The plan is now awaiting validation from the national government. The plan also presents a design partnership opportunity with local stakeholders, especially the local communities who live in the surrounding forest. IDH guided the process together with the provincial government and partners such as Belantara Foundation and Perkumpulan Gita Buana. As a result, the unit management would allocate budget properly to achieve sustainable objectives.
- **Target 2020:** 2
- **Cumulative result (2016–2018):** 1
## Result area 3 - Improved field-level sustainability

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Output</strong></td>
<td>Number of producers/workers/ community enterprises reached by service delivery</td>
<td>3,500</td>
<td>3,281</td>
<td>5,000</td>
<td>3,281</td>
<td>Service provided by Setara Jambi and Asian Agri on certification productivity.</td>
</tr>
<tr>
<td><strong>Output</strong></td>
<td>Number of smallholder producers organized/aggregated by the program</td>
<td>NA</td>
<td>6 (smallholders groups)</td>
<td>NA</td>
<td>NA</td>
<td>Although this indicator was not included in the 2018 Annual Plan, there is a 2018 result.</td>
</tr>
<tr>
<td><strong>Output</strong></td>
<td>Number of trainers, auditors and/or government staff trained in the program</td>
<td>NA</td>
<td>76</td>
<td>NA</td>
<td>NA</td>
<td>Although this indicator was not included in the 2018 Annual Plan, there is a 2018 result.</td>
</tr>
<tr>
<td><strong>Output</strong></td>
<td>Number of infrastructure facilities developed</td>
<td>NA</td>
<td>2 (facilities)</td>
<td>NA</td>
<td>NA</td>
<td>Although this indicator was not included in the 2018 Annual Plan, there is a 2018 result.</td>
</tr>
<tr>
<td><strong>Outcome</strong></td>
<td>Number of hectares where protection and restoration interventions are implemented</td>
<td>40,000</td>
<td>18,440 (18,140 hectares for protection and 300 hectares for restoration)</td>
<td>195,000</td>
<td>18,440 (18,140 hectares for protection and 300 hectares for restoration)</td>
<td>We were unable to sign new field projects in 2018 because we focused on supporting the &amp;Green Fund deal and starting the Jambi green growth plan. The &amp;Green Fund deal protects 30,000 hectares of HCV area and restores 30,000 hectares of rubber plantation.</td>
</tr>
<tr>
<td><strong>Outcome</strong></td>
<td>Number of hectares where sustainable production/farm rehabilitation/sustainable intensification are implemented</td>
<td>50,000</td>
<td>28,831</td>
<td>40,000</td>
<td>28,831</td>
<td></td>
</tr>
<tr>
<td><strong>Outcome</strong></td>
<td>Number of hectares of land which have title for full ownership or long-term user rights for forest communities and/or smallholder farmers</td>
<td>10,000</td>
<td>40,044</td>
<td>30,000</td>
<td>40,044</td>
<td></td>
</tr>
<tr>
<td><strong>Outcome</strong></td>
<td>Number of offtake agreements with buyers and producers in the landscape</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>
The state of Mato Grosso is the largest agricultural producer in Brazil. It has a total area of 90 million hectares, with more than 64% of its native vegetation preserved – a “biodiversity hotspot” – spanning three biomes: the Amazon biome of 47.7 million hectares, the Cerrado biome of 36 million hectares, and the Pantanal biome of 6.3 million hectares. Mato Grosso produces 9% of the global supply of soy and 60% of Brazil’s cotton, and is the top producer of the country’s beef, supplying to both domestic and international markets. Deforestation is happening on 2,485 km² square kilometers of land on an annual basis, of which 95% is illegal, mainly driven by registered private land (55%) and unregistered land (25%). Related indigenous land and rural settlements lead to 22% of deforestation. Through its support of the Produce, Conserve and Include (PCI) Institute, IDH works with producers, government, NGOs and business partners to deliver sustainable production of soy, beef and timber while protecting and restoring native vegetation.
TRAFFIC LIGHT ASSESSMENT

PROOF OF CONCEPT

Work towards decoupling agricultural growth from deforestation, reducing gross deforestation and eradicating illegal deforestation in Mato Grosso through a three-pillar approach:

1. Governance: shared governance of growth, deforestation and reforestation targets driving public and private policy innovations. To do this, we support the state’s green growth plan (PCI) and PCI regional compacts.

2. Finance: designing PPI pipelines of projects to create investable PPI deals, building innovative financing solutions to accelerate environmental returns.

3. Market: supply-chain convening and development of incentives to create a link with sustainable production.

1 Due to barriers in implementing the &Green Fund, we will revise the proof of concept during 2019 to reflect the impact of IDH’s PPI Compacts and field level programs.
MARKET TRANSFORMATION BY IDH

In Mato Grosso, we work as a part of a landscape coalition of public- and private-sector stakeholders led by the state’s PCI strategy to address deforestation and forest degradation. The coalition aims to implement the government’s green growth plan that is set to avoid 6 gigatons of CO$_2$ emissions by 2030 while doubling agricultural output. Our role is to:

- Support an enabling policy and legal framework – including land regularization – for the achievement of the PCI targets;
- Promote sustainable production of key commodities at scale that meets growing demand and incentivizes sustainable natural resource management;
- Bring international value chains and investment to the landscape by shaping PCI compacts – agreements between public, private, civil society (including local communities) and retailers to enhance the sustainability and productivity of land and secure community livelihoods in exchange for forest/natural resource protection in a given sub-landscape.

PROGRESS 2018

In 2018, IDH finalized the PCI legal structure (including by-laws and an investment plan), enabling the establishment of the PCI legal entity (IDH is a founding member) and the Redd for Early Movers (REM) funding. To consolidate the PCI strategy on the ground, IDH implemented the PCI regional compacts and projects, in which the main milestone was the Juruena Valley Compact, signed in May 2018. The co-funding project with Carrefour Foundation for the Sustainable Production of Calves, with €1.8 million from the private sector, enabled the VSA Readiness Pilot to be built. This implementation model is being replicated in Sorriso, Barra do Garças and Paragominas (Pará State). Another significant achievement is the 530,000 tons of FEFAC-compliant soybean produced via the project with Amaggi and Aliança da Terra. Under the finance pillar, IDH has identified the investment pipeline under Juruena Compact, the funding options for those needs, and market connections for the development of specific commodity chains (such as beef and cocoa).
To improve the landscape governance in Mato Grosso, IDH invested €2.8 million in the state’s PCI strategy between 2015 and 2018, supporting the consolidation and implementation of a long-term landscape coalition with robust governance and transparency mechanisms. This has enabled the leverage of investments from KfW (€17 million) and the UK government (€28 million) to Mato Grosso under the REM program. In 2018, IDH provided full legal support for the establishment of the PCI Institute, which was recognized by the World Bank as having sufficient environmental safeguards in place to enable the state to access approx. €283 million in loans for state development.

As part of IDH’s strategy to promote the local implementation of the PCI strategy, in May 2018 IDH signed the first PCI regional compact in the Juruena Valley, together with local actors. This is a long-term development plan with production, conservation and inclusion targets. This local commitment created an enabling environment for the launch of a co-funding project in the beef supply chain with Carrefour Foundation. The Juruena Valley PCI regional compact has the potential to reach more than 3,000 farms that together represent 814,000 hectares in the Juruena and Cotriguaçu municipalities. The compact will promote the protection 907,790 hectares of forests, the restoration of 60,828 hectares of legal reserves, and 7,544 hectares of permanent preservation areas, as well as cattle intensification on 182,924 hectares.

The main investment from IDH to improve field-level sustainability in 2018 in Mato Grosso was the Sustainable Production of Calves Program, which counts on €1.6 million from IDH and €1.9 million from the Carrefour Foundation. The program involves 457 calf producers (smallholders) distributed over 258,000 hectares in Juruena and Araguaia Valleys, with the potential to unlock approximately €25 million in further investments, and to protect and restore more than 151,000 hectares of tropical forest. The program will supply beef traded under Carrefour’s own brand, and covers 11 municipalities that are responsible for 40% of calf production in Mato Grosso. Through the program, IDH Brazil will change business practices by promoting sustainable production throughout the beef value chain by involving calf producers (smallholders), termination producers (São Marcelo Farm), the Mato Grosso Cattle Ranching Association (ACRIMAT), meat processors like Marfrig Group, and a large retail group (Carrefour). There is a potential to scale up the results to more than 4,000 farmers associated to ACRIMAT distributed all over the state.

In 2018, IDH also invested in the mobilization of public and private actors in Sorriso municipality to develop a local PCI regional compact. This included the expansion of responsible soy production, compliance with the Forest Code (environmental liabilities totaling 126,000 hectares), and development of family agriculture local supply chains.

1. According to Brazilian Statistics Institute (IBGE), Juruena and Cotriguaçu municipalities have 3,107 farms with a total area of 813,841 hectares.
LESSONS LEARNED

Soybean producer engagement
Soybean production in the state of Mato Grosso happens mostly over consolidated areas, giving very few opportunities to work with farmers on solutions to avoid soy-related deforestation, since it is not the main driver. This scenario makes it difficult to offer deals on stopping deforestation, so our focus with them was the restoration of permanent preservation areas, providing technical assistance for an activity that is far from their core business. Soybean producers in Sorriso are very well-capitalized, so the incentives for them to prioritize sustainability are challenging. Incentives to be compliant with the Forest Code and integrated systems, such as the Integrated Pastureland, Crops and Forest Systems (ILPF), could be more attractive to farmers. An additional challenge is to create enough incentives for this type of producer to be legally compliant with the Forest Code in the short term, without concrete mechanisms for Payment for Environmental Services (PES) in place.

Field program implementation
The format we adopted to incorporate implementing partners in our implementation agenda is innovative for IDH and should/could be used as an internal example to manage consultants and partners. For example, in Mato Grosso, the large producers/companies are very resistant to any program or initiative managed by the traditional NGOs, which could jeopardize the implementation of our programs. We therefore selected NatCap (a consultancy company) and ACRIMAT as the implementing partners for the Sustainable Production of Calves Program, creating a closer relationship with the producers under the program. The implementation of the compact being led by a private and neutral implementing partner proved to be a very effective choice (instead of NGOs, for instance). The neutrality and lack of ideology were key to achieving success in Juruena Valley compact implementation.
## Result area 1 - Change in business practices

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<tbody>
<tr>
<td>Output</td>
<td>Private-sector (sustainability) investments in the program</td>
<td>€780,000</td>
<td>€286,119</td>
<td>€2,500,000</td>
<td>€1,458,286</td>
<td>Contribution and ratio calculated for Implementation Projects only. Total includes contributions to projects funded by different donors. Each donor will receive a separate financial report in which the donor-specific contributions and ratios will be visible.</td>
</tr>
</tbody>
</table>

### Output
- Business cases developed to demonstrate the potential of sustainable practices
  - **Target 2018:** 1
  - **Result 2018:** In 2018 IDH has launched in Mato Grosso the Sustainable Production of Calves Program, that counts on EUR 1.6 million from IDH and EUR 1.9 million from Carrefour Foundation. The Program involves 457 calves producers (small-holders) distributed over 258 thousand ha in Juruena and Araguaia Valleys. The Program will supply beef traded under Carrefour’s own brand and covers 11 municipalities that are responsible for 40% of calves’ production in Mato Grosso State.
  - **Target 2020:** 5
  - **Cumulative result (2016–2018):** 4

### Outcome
- Number of companies sourcing from region-based sourcing pilots
  - **Target 2018:** NA
  - **Result 2018:** During 2018, the Sustainable Production of Calves Program was launched; one of the implementing partners is ACRIMAT, the Mato Grosso Cattle Ranching Association. The aim is that, during implementation, ACRIMAT can raise awareness of the socio-environmental issues within the beef supply chain, and can embed the lessons learned and expertise within the industry.
  - **Target 2020:** Sustainable Production of Calves Program is institutionalized by ACRIMAT
  - **Cumulative result (2016–2018):** Launch of Sustainable Production of Calves Program in two sub-landscapes (Juruena and Araguaia Valleys)
### RESULT AREA 2 OUTCOME

Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources

- **Target 2018:** 2
- **Result 2018:** The local PCI regional compact in the Juruena Valley, implemented by IDH and partners, created a long-term sustainable development plan in the municipalities of Juruena and Cotriguaçu, involving public and private sectors with a set of targets related to production, conservation and inclusion.
- **Target 2020:** 4
- **Cumulative result (2016–2018):** 2

### RESULT AREA 2 OUTCOME

Landscape plans developed and operationalized

- **Target 2018:** 3
- **Result 2018:** The PCI regional compact in the Juruena Valley is now in the post-compact agenda phase, with the structure of the governance bodies and the pipeline for investments.

  In 2018, IDH initiated engagement for three other compacts in Sorriso, Barra do Garças and Paragominas municipalities, which will be signed in 2019.

- **Target 2020:** 5
- **Cumulative result (2016–2018):** 2

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### Result area 3 - Improved field-level sustainability

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</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>Volume of sustainably produced commodity</td>
<td>2.7 million</td>
<td>530,000</td>
<td>4 million</td>
<td>530,000</td>
<td>The 2018 result is lower than targeted due to delays in the co-funding program with Carrefour that was planned to start in the second half of 2018, but instead started in Q1 2019, the impact of which is expected in 2019</td>
</tr>
<tr>
<td>Outcome</td>
<td>Number of smallholders /forest community members reached by service delivery for sustainable agricultural/agroforestry production</td>
<td>100</td>
<td>457</td>
<td>400</td>
<td>457</td>
<td></td>
</tr>
<tr>
<td>Output</td>
<td>Number of hectares where protection and restoration interventions are implemented</td>
<td>215,000</td>
<td>933</td>
<td>756,000</td>
<td>933</td>
<td></td>
</tr>
<tr>
<td>Outcome</td>
<td>Number of hectares where sustainable production/farm rehabilitation/sustainable intensification are implemented</td>
<td>25,000</td>
<td>226,004</td>
<td>312,500</td>
<td>226,004</td>
<td>The expected cumulative result for this indicator in 2020 was re-calculated to reflect the implementation barrier of the &amp;Green Fund. What is reported here for 2018 is contributed by the field programs of TNC/Roncador and Amaggi/Aliança da Terra. What is reported here for year 2018 is contributed by field programs of TNC/Roncador and Amaggi/Aliança da Terra.</td>
</tr>
</tbody>
</table>

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The image contains a table with data on sustainability targets and results for different years. The table includes columns for the result level, key performance indicator (KPI), target years, and actual results. The comments section explains the reasons behind the results and targets.
RESULT AREA 3 OUTCOME

Number of hectares where protection and restoration interventions are implemented

- **Target 2018:** NA
- **Result 2018:**
  The Juruena Valley PCI regional compact has the potential to reach more than 3,000 farms that together represent 814,000 hectares in the Juruena and Cotriguaçu municipalities. The compact will promote the protection 907,790 hectares of forests, the restoration of 60,828 hectares of legal reserves, and 7,544 hectares of permanent preservation areas.

In 2018, 933 hectares were restored within the farms participating in our field projects. Of this area, 389 hectares were in farms producing soybeans and 544 hectares in pasture lands

- **Target 2020:** 756,000
- **Cumulative result (2016–2018):** 908,204

RESULT AREA 3 OUTCOME

Number of hectares where sustainable production/farm rehabilitation/sustainable intensification interventions are being implemented

- **Target 2018:** NA
- **Result 2018:**
  The Juruena Valley PCI regional compact will promote cattle intensification on 182,924 hectares.

In 2018, sustainable production and intensification were implemented on 226,004 hectares. Of this area, 181,916 hectares were under soybean production and 44,088 hectares were intensified pasture lands.

- **Target 2020:** 312,500
- **Cumulative result (2016–2018):** 399,837
In the southwest of Côte d’Ivoire, the Taï forest area is an ecologically vital tropical rainforest, rich in biodiversity. The forest also provides ecosystem services such as climate regulation, which agricultural production depends upon. Around 40% of national cocoa production in Côte d’Ivoire takes place in the area, while other agricultural commodities such as rubber and palm oil are also grown in the region.

Over the past decades, the expansion of agricultural production and population growth have caused massive deforestation and land degradation in the forests around Taï National Park, including the Cavally region, which hosts the two large forest reserves of Goin-Débé and Cavally.

In 2017, the government of Côte d’Ivoire started to develop a new national forest policy. In parallel, there was growing evidence of cocoa being a major driver of deforestation. On a global scale, these insights precipitated the launch of the Cocoa & Forests Initiative (CFI), which commits the government of Côte d’Ivoire (and Ghana) and cocoa companies to take action to end deforestation and forest degradation in the cocoa supply chain.

**PARTNERS**

Private
Cémoi, Barry Callebaut, SIAT, STBC

Public
Conseil Café-Cacao, Ministry of Environment, Ministry of Planning, Ministry of Water and Forests, OIPR, SODEFOR

Other
ICRAF, Fondation des Parcs et Réserves de Côte d’Ivoire (FPRCI), Wild Chimpanzee Foundation, SPARK

**Relevant Sustainable Development Goals**

12 Responsible Consumption and Production
13 Climate Action
15 Life on Land
TRAFFIC LIGHT ASSESSMENT

PROOF OF CONCEPT

In the Cavally region, we facilitated the design of a green growth plan, which is being developed as part of a broader regional land-use plan (SRADT), and which will be owned by the regional council and a regional multi-stakeholder coalition. The green growth plan outlines production, protection and inclusion targets, the investments needed to reach the targets, as well as roles and responsibilities. To operationalize the green growth plan, a number of projects are being developed (potentially including a PPI Compact) that ensure:

1. Efficient forest surveillance;
2. Effective forest law enforcement;
3. Forest restoration;
4. Traceability of agricultural products;
5. Smallholder production models that are economically and ecologically resilient and contribute to job creation.

PROGRESS TOWARDS 2020

Number of producers/workers/community members trained on key subjects for sustainable production

- **TARGET 2018**: 6,300
- **RESULT 2018**: 9,023
- **CUMULATIVE TARGET 2020**: 18,955
- **CUMULATIVE RESULT 2016-2018**: 24,229

Number of hectares where sustainable production/farm rehabilitation/sustainable intensification are implemented

- **TARGET 2018**: 9,425
- **RESULT 2018**: 2,390
- **CUMULATIVE TARGET 2020**: 9,425
- **CUMULATIVE RESULT 2016-2018**: 4,403

Private-sector (sustainability) investments in the program

- **TARGET 2018**: € 590,000
- **RESULT 2018**: € 243,867
- **CUMULATIVE TARGET 2020**: € 2,500,000
- **CUMULATIVE RESULT 2016-2018**: € 774,782

Program co-funding ratio (2018)

- Private: 35%
- IDH: 65%
MARKET TRANSFORMATION BY IDH

IDH’s strategy aims to transform the cocoa sector in Côte d’Ivoire. At European level, we contribute to the work of individual companies, national cocoa sector platforms and the Amsterdam Declarations Partnership, to ensure increased demand for sustainable and deforestation-free cocoa.

In producing countries, we convene public-private-civil society partnerships that drive structural and policy reforms to end deforestation in the cocoa value chain through the CFI in Côte d’Ivoire, Ghana and Colombia.

At landscape level, we create a public-private-civil society coalition that develops and implements a green growth plan for the landscape. In the Cavally region in Côte d’Ivoire, IDH works with a multi-stakeholder coalition to road-test the CFI’s key interventions: cocoa-agroforestry, strict protection of forest reserves with high forest cover, development of land-use plans for highly degraded forest reserves, and diversification of farmers’ income. These models form the basis for the nationwide implementation of CFI and deliver field-based lessons to design interventions that are both fit-for-purpose and scalable.

PROGRESS 2018

The landscape program in Côte d’Ivoire was integrated into the Cocoa & Forests Initiative Implementation Plan. The Cavally region is now one of the five priority regions of CFI, and as such is one of the regions where the decisions taken at national level will be piloted.

In the Cavally region, IDH also set up a Regional Committee to bring together public, private and civil society stakeholders, which will inform the development of the regional development and green growth plans (SRADT).

Progress on the transformation was slow, as public- and private-sector partners were still finalizing their CFI implementation plans, and cooperation between these partners requires building trust and understanding each other’s roles and responsibilities.

More investment is needed: most investors are not actively investing in the field yet, while triggering transformation at landscape level will require massive investment as well as coordination between the different projects.
This will lead to sustainable agricultural production in the region and the preservation of the Cavally forest reserve. The learnings and insights from the landscape investments in the Cavally region, as well as from targeted learning interventions on topics of cocoa agroforestry, sustainable landscape management and the PPI approach, will feed into a national-level multi-stakeholder coalition. This will support partners in national policy formulation and in de-linking cocoa production from deforestation at national level.

At governance level, we continued our collaboration with the Ministry of Planning on the development of a regional land-use plan (SRADT) for the Cavally region and co-organized a three-day training of the Ministry staff on the SRADT methodology and green growth plan principles. The ISLA Regional Committee held two meetings, which facilitated information sharing between stakeholders, helping to gain alignment on the need to adopt a PPI approach for the region.

Key Achievements

**Per Proof of Concept**

**Proof of Concept**

In the Cavally region, we facilitated the design of a green growth plan, which is being developed as part of a broader regional land-use plan (SRADT), and which will be owned by the regional council and a regional multi-stakeholder coalition. The green growth plan outlines production, protection and inclusion targets, the investments needed to reach the targets, as well as roles and responsibilities. To operationalize the green growth plan, a number of projects are being developed (potentially including a PPI Compact) that ensure:

1. Efficient forest surveillance;
2. Effective forest law enforcement;
3. Forest restoration;
4. Traceability of agricultural products;
5. Smallholder production models that are economically and ecologically resilient and contribute to job creation.

IDH also continued to be involved in policy-influencing activities: we became a member of a coalition (led by Impactum/Rainforest Alliance) that advocates for the application of the Forest Code and its principles, including those relating to tree tenure.

At business practice level, we continued our collaboration with Barry Callebaut and Cémoi on the promotion of cocoa traceability and agroforestry:

- On average, 74% of the farms targeted by the program have been mapped, and traceability systems have been implemented within these companies and partner cooperatives.
- Five agroforestry models were developed, and a resource center aiming to provide farmers with technical support and inputs for the implementation of agroforestry was created by Cémoi.

At field level, we continued to work with public, private and civil-society partners on the protection of the Cavally forest reserve. Joint surveillance missions in the Cavally forest reserve (with SODEFOR, STBC, and WCF) allowed the destruction of 3,619 hectares of illegal cocoa plantations. This included successfully involving local NGOs in investigations of corruption as well as monitoring of logging activity in the Cavally forest.

We also supported the census and mapping of the Goin-Débé forest reserve, which will be finalized in 2019, and will provide the Ivorian government with data for the design of a land-use plan for the sustainable management of the forest. In 2018, 70% of the Goin-Débé forest was mapped, and its inhabitants and infrastructures were geo-localized.

A study aiming to identify opportunities for sustainable production of timber in the Cavally forest was carried out. It provided insights on the causes of failures of previous reforestation projects and recommendations for future interventions. It will help inform the 2019 protection plans for the Cavally forest reserve.
LESSONS LEARNED

Vulnerability to political change
Elections and changes in the presidency of the Cavally Regional Council slowed down our plans to support the council on the development of the SRADT. Although the Terms of Reference to recruit consultants to develop the SRADT was ready in mid-2018, the call for proposals was postponed until 2019.

Complexity of working with national institutions
IDH has been working with SODEFOR (Ivorian agency managing the forest reserves) for the past two years. We have been co-funding projects related to forest monitoring in the Cavally forest reserve, and population census in the Goin-Débé forest reserve. We have learned that co-designing projects with public institutions and acquiring sufficient reporting on results takes time – as there is limited capacity in these institutions to respond to donors’ requirements. We are currently revising our collaboration strategy to reflect this challenge.

Challenge in prototype with Barry Callebaut
The co-funding project with Barry Callebaut has only been partially implemented, as the company experienced some difficulties in designing job-creation opportunities and agroforestry schemes. This was also due to Conseil Café-Cacao’s decision to freeze all projects that support enhanced productivity (due to the high volumes of cocoa produced in recent years, which drove prices down). This delayed implementation; IDH and Barry Callebaut are currently redefining their collaboration.
KPIs Wider Taï Forest Area, Côte d’Ivoire

**Result area 1 - Change in business practices**

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<tbody>
<tr>
<td>Output</td>
<td>Private-sector (sustainability) investments in the program</td>
<td>€590,000</td>
<td>€243,867 ratio: 1:0.5</td>
<td>€2,500,000 ratio: 1:1</td>
<td>€774,782</td>
<td>In 2018, BC invested less than the half of initially foreseen budget, as their initial plans were challenged by a change in policy. Contribution and ratio calculated for Implementation Projects only. Total includes contributions to projects funded by different donors. Each donor will receive a separate financial report in which the donor-specific contributions and ratios will be visible.</td>
</tr>
</tbody>
</table>

| Output       | Business cases developed to demonstrate the potential of sustainable practices | NA (continuous) | NA (continuous) | 1 | 0 | Business case on agroforestry |

| Outcome      | IDH participation in relevant landscape and/or commodity platforms | NA | NA | NA | NA | We do not set a pre-defined target for this KPI. For 2018, it is to be measured in the Balanced Scorecard developed to survey stakeholders participating in the landscape program. |

**RESULT AREA 1 OUTPUT**

Business cases developed within the IDH program to show the potential of sustainable practices

- **Target 2018**: NA (continuous)
- **Result 2018**: NA (continuous)
- **Target 2020**: 1
- **Cumulative result (2016–2018)**: 0
- **Comments**: Cocoa (traceability, with Cemoi) and timber (certification)

**RESULT AREA 1 OUTCOME**

Sustainability embedded at corporate level

- **Target 2018**: NA
- **Result 2018**: NA (continuous)
- **Target 2020**: 2
- **Cumulative result (2016–2018)**: NA
- **Comments**: We do not set a pre-defined target for this KPI. For 2018, it is to be measured in the Balanced Scorecard developed to survey stakeholders participating in the landscape program.
Result area 2 - Improved sector and landscape governance

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<tbody>
<tr>
<td>Output</td>
<td>Representation and commitment of key stakeholders in multi-stakeholder processes or coalitions</td>
<td>NA</td>
<td>7.6</td>
<td>NA</td>
<td>NA</td>
<td>This figure is the average score from a survey that was conducted in March 2019, in which stakeholders were asked to rate multiple aspects of their experience with IDH programs. The total number of respondents for the Côte d’Ivoire program is 4.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Satisfaction about the effectiveness of multi-stakeholder processes or coalitions associated with the program</td>
<td>NA</td>
<td>6.5</td>
<td>NA</td>
<td>NA</td>
<td>This figure is the average score from a survey that was conducted in March 2019, in which stakeholders were asked to rate multiple aspects of their experience with IDH programs. The total number of respondents for the Côte d’Ivoire program is 4.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Landscape plans developed and operationalized</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>One green growth plan and one PPI Compact. Delays in the development of the Cavally land-use plan (SRADT) resulted from slow administration.</td>
</tr>
</tbody>
</table>

**RESULT AREA 2 OUTPUT**

Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources

- **Target 2018**: NA (continuous)
- **Result 2018**: NA (continuous)
- **Target 2020**: 3
- **Cumulative result (2016–2018)**: By the end of 2020, three changes are targeted: contractualization; tree tenure (in relation to agroforestry); and green growth plan.

**RESULT AREA 2 OUTCOME**

Landscape plans developed and operationalized

- **Target 2018**: 2
- **Result 2018**: 0
- **Target 2020**: 2
- **Cumulative result (2016–2018)**: 0
- **Comments**: Delays in the development of the Cavally land-use plan (SRADT) resulted from slow administration.
## Result area 3 - Improved field-level sustainability

|--------------|---------------------------------|-------------|-------------|-------------|------------------------------|----------|
| **Output**   | Number of producers/workers/community members trained on key subjects for sustainable production, environmental and social sustainability | 6,300       | 6,023       | 18,955      | 24,229                       | These figures include:  
• Farmers trained and awareness raised by Cemoi and Barry Callebaut (2,989 in 2018);  
• Community members made aware of the population census and Goin-Débé future plans by SODEFOR (6,034 in 2018).  
Awareness-raising activities by SODEFOR were not included in our initial calculation of the target. Target 2018 and target 2020 was swapped in AP2018, which is a design error. The correct 2018 target is 6,300 as presented here. |
| **Outcome**  | Number of hectares where protection and restoration interventions are implemented | NA (continuous) | NA          | 200,000     | NA (continuous)              | “Continuous” refers to the fact that the number of hectares protected each year cannot be determined. However, the end goal is to protect the Cavally forest reserve (65,000 hectares) and rehabilitate the Goin-Débé forest reserve (135,000 hectares) which will likely entail tree cover improvement though agroforestry. |
|              | Number of hectares where sustainable production/farm rehabilitation/sustainable intensification are implemented | 9,425       | 2,390       | 9,425       | 4,403                        | Causes of the gap between the target and results include:  
• Low price of cocoa;  
• Conseil Café-Cacao’s policies;  
• Delays in the implementation of Cémoi activities due to delays in the signing of contract with the CCC;  
• Project with OIPR being unable to start in 2018. |
RESULT AREA 3 OUTCOME

Farmland area where trained practices are applied

- **Target 2018:** 4,001
- **Result 2018:** 2,390
- **Target 2020:** 4,425
- **Cumulative result (2016–2018):** 4,403
- **Comments:** Coaching at Cémoi level not implemented in 2018 due to delays in the signing of contracts with Conseil Café-Cacao.

RESULT AREA 3 OUTCOME

Number of hectares where protection and restoration interventions are implemented

- **Target 2018:** NA (continuous)
- **Result 2018:** NA (continuous)
- **Target 2020:** 200,000
- **Cumulative result (2016–2018):** NA (continuous)
- **Comments:** "Continuous" refers to the fact that the number of hectares protected each year cannot be determined. However, the end goal is to protect the Cavally forest reserve (65,000 hectares) and rehabilitate the Go-in-Débé forest reserve (135,000 hectares) which will likely entail tree cover improvement though agroforestry.

RESULT AREA 3 OUTCOME

Number of hectares where sustainable production/farm rehabilitation/sustainable intensification interventions are being implemented

- **Target 2018:** 9,425
- **Result 2018:** 2,390
- **Target 2020:** 9,245
- **Cumulative result (2016–2018):** 4,403
- **Comments:** Causes of the gap between the target and results include:
  - Low price of cocoa;
  - Conseil Café-Cacao’s policies;
  - Delays in the implementation of Cémoi activities due to delays in the signing of contract with the CCC;
  - Project with OIPR being unable to start in 2018.
The Mau Forests Complex (MFC) in western Kenya covers more than 400,000 hectares, and is ecologically and economically critical for Kenya and parts of East Africa. In the last 10-15 years, however, the forest area has been reduced by more than 25% and is characterized by much degradation and fragmentation. Through the Initiative for Sustainable Landscapes (ISLA Kenya), IDH aims to restore and conserve 60,000 hectares of the South West Mau Forest, the largest of the 22 blocks of the MFC, by 2030. The wider South West Mau Forest landscape, along Sondu-Miriu River Basin, is the fourth largest basin of Kenyan rivers that drain into Lake Victoria, covering an area of 347,000 hectares. We build on the interests of tea companies and others to conserve the forest for its microclimate, and of the Kenyan government to provide a high quality of life to all its inhabitants in a clean and secure environment. Together, we work towards holistic landscape management, as well as improved livelihoods, water, and sustainable energy.

PARTNERS

Private

Public

Other
CIFOR, SNV, Rhino Ark, LTS Africa, P4F, community groups (CFA, WRUA)

Relevant Sustainable Development Goals

12 Responsible Consumption and Production
13 Climate Action
15 Life on Land
TRAFFIC LIGHT ASSESSMENT

PROOF OF CONCEPT

The program aims to demonstrate that leveraging private-sector resources (finances, expertise and leadership), as well as aligning public- and private-sector interests, can catalyze landscape investments in forest and water conservation, and the improvement of smallholder livelihoods among surrounding communities. The tea, hydropower and timber industries work together with the public sector, civil-society (including community) and knowledge partners to halt deforestation, improve water flows and access, and protect the South West Mau Forest. A coalition of these stakeholders is established with a clear vision, mission and strategy, and will be developed into a financially viable governance model, led by the Stawisha Mau Charitable Trust.

PROGRESS TOWARDS 2020

Number of producers/workers/community members trained on key subjects for sustainable production, environmental and social sustainability

<table>
<thead>
<tr>
<th></th>
<th>TARGET 2018</th>
<th>RESULT 2018</th>
<th>CUMULATIVE TARGET 2020</th>
<th>CUMULATIVE RESULT 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of</td>
<td>3,500</td>
<td>2,113</td>
<td>5,600</td>
<td>2,448</td>
</tr>
<tr>
<td>workers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>community</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Number of hectares where protection and restoration interventions are implemented

<table>
<thead>
<tr>
<th></th>
<th>TARGET 2018</th>
<th>RESULT 2018</th>
<th>CUMULATIVE TARGET 2020</th>
<th>CUMULATIVE RESULT 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of</td>
<td>20,000</td>
<td>112</td>
<td>60,000</td>
<td>313.6</td>
</tr>
<tr>
<td>hectares</td>
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</tbody>
</table>

Private-sector (sustainability) investments in the program

<table>
<thead>
<tr>
<th></th>
<th>TARGET 2018</th>
<th>RESULT 2018</th>
<th>CUMULATIVE TARGET 2020</th>
<th>CUMULATIVE RESULT 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td>€ 450,000</td>
<td>€ 171,789</td>
<td>€ 1,300,000</td>
<td>€ 273,931</td>
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</tr>
</tbody>
</table>

Program co-funding ratio (2018)

- Private: 36%
- IDH: 64%
MARKET TRANSFORMATION BY IDH

IDH has shown that, through starting off by establishing private-sector collaboration, we were able to put together a unique multi-stakeholder program in the Mau, which for a long time was impossible considering Mau politics in Kenya. Before IDH started, many companies initiated their own projects in the Mau. Today, investments have been pulled together and multiplied with donor funding. These investments target the biggest common threats to the forest by protecting the remaining 40,000 hectares and restoring the degraded 20,000 hectares, in collaboration with government agencies. One example is the partnership with government to patrol and protect the forest, which has helped build capacity and infrastructure to sustain the program beyond donor funding. In addition, we link smallholder interventions along the cut-line with markets to create long-term incentives. IDH is also working to set up a long-term governance structure through the Stawisha Mau Trust.

This governance structure forms the basis for upscaling across the whole Mau Forests Complex and other effective PPPs in Kenya and beyond. But it can also transform the land use of the Mau by creating new business models for forest protection with communities, such as water and forest stewardship and carbon finance, thus making this approach scalable and viable in the long term. It is notable that ISLA Kenya has already inspired the tea industry globally to engage in landscape approaches elsewhere (e.g. in Misiones in Argentina, and Mount Mulanje in Malawi).

PROGRESS 2018

In 2018, a business case for livestock intensification demonstrated that 200 dairy smallholders can achieve higher milk yield while reducing grazing pressure in the forest. Meanwhile, efforts were made to improve the access to milk markets and start defining the roles and responsibilities of key stakeholders as a basis for a PPI approach to ensure a self-sustaining model.

Our 2018 goal of constructing the first 30 km (out of 45) of a game-proof barrier to manage human-wildlife conflict, and to provide a tool to law enforcement officers to manage access to the protected forest, was put on hold. Approval from the Kenyan national government was not granted due to ongoing forestry-sector reforms. In late 2018, we therefore decided to prepare for a revised plan while discussions with government to reach approval for the barrier continue.

Going forward, ISLA Kenya stakeholders find it crucial that alternative interventions on community engagement to create “social buffers” are stepped up towards reducing incentives to unsustainably exploit the forest’s resources. The Stawisha Mau Charitable Trust, launched in January 2018, is the coordination body that will steer action, raise funds, bring political support and sustain the ISLA partnership and program into the long term.
At governance level in 2018, IDH and SNV facilitated key stakeholders to define an accountability system to restore the forest cover of South West Mau, laying the foundation for a PPI approach in the livestock program. Signing of the PPI document will be completed for the pilot group in 2019, and applied to the upscaling phase planned to start in 2019. Two meetings were held with ISLA Kenya trustees: the first to induct them into the ISLA program, and to formalize the governance structure; the second to discuss by-laws, and align on next steps for institutionalizing the trust as supported by IDH, the ISLA secretariat, which is ongoing in 2019. In 2019 and 2020, sustainable funding of the trust will be explored as well as a formal agreement for joint management of the South West Mau with Kenya Forest Service (KFS), which will be developed and signed by 2020.

At field level, our 2018 goal of constructing the first 20 km game-proof barrier to manage human-wildlife conflict, and providing a tool to law enforcement agencies to manage access to the forest, was put on hold as the approval for this did not come through due to ongoing forest reforms. Subsequently, a revised plan has been developed with alternative field-level interventions and re-allocation of the stakeholder groups’ co-funding. The plan will not only enable regrowth of forest but also halt further degradation. The game-proof barrier would have helped ISLA Kenya to halt further degradation of the South West Mau, as visualized in our proof of concept, but the revised plan will ensure re-allocation of resources to address access and use of the forest while continuing work to improve livelihoods.

Progress was made in the livestock intensification pilot with SNV, P4F Rhino Ark and other partners. 200 dairy smallholders demonstrated that from 2017 to 2018, the daily yield per cow increased by 40% while milk price increased by 20%. Efforts to improve the farmers’ access to milk markets has resulted in one cooperative (Olen-guruone) collecting 1,000 liters/day from farmers in the pilot area by the end of 2018, up from zero before that. In 2019, the pilot will be upscaled with funds from the International Climate Initiative (IKI) reaching a minimum of 1,500 additional farmers. This work addresses one of the root causes of deterioration of the South West Mau and has been enabled by bringing together Unilever Tea Kenya and James Finlays Kenya with similar interests in conserving the ecosystem services of South West Mau.
LESSONS LEARNED

Game-proof barrier
Even though the approval for the game-proof barrier was not forthcoming, ISLA partners are very clear that the barrier is a key part of the interventions in the South West Mau. There is very strong commitment and flexibility to work with a revised plan to implement what is possible in the short term, while continuing to engage the government on the approval and installation of the barrier later.

Trust
The inclusion of the trust has given partners a long-term view of this partnership and program. Its founders (Unilever, Finlays, and KTDA) and trustees are committed entities that share long-term interests in the area and the vision of the ISLA partnership. Ongoing work will further institutionalize the trust, including financial sustainability.

Government agencies
It has been challenging to work with government agencies, particularly in 2018, when forest reforms were ongoing. Although government agencies operate with limited capacity and are sometimes corrupt, they are an essential part of the partnership. Over time, government agencies are beginning to appreciate the ISLA partnership and its approach based on tangible deliverables, especially on field-level interventions.

Field-level interventions
Field-level interventions remain the most effective way to show that the partnership is delivering results. Although progress has been slower than expected, as it took longer to build relationships and trust in such a politically sensitive landscape, there was increased momentum at the end of 2018.
**KPIs South West Mau Forest, Kenya**

### Result area 1 - Change in business practices

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<tr>
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</thead>
<tbody>
<tr>
<td><strong>Output</strong></td>
<td>Private-sector (sustainability) investments in the program</td>
<td>€450,000</td>
<td>€171,789 ratio: 1:0.6</td>
<td>€1.3 million ratio: 1:1</td>
<td>€273,931</td>
<td>Contribution and ratio calculated for Implementation Projects only. Total includes contributions to projects funded by different donors. Each donor will receive a separate financial report in which the donor-specific contributions and ratios will be visible.</td>
</tr>
<tr>
<td><strong>Output</strong></td>
<td>Business cases developed within the IDH program to show the potential of sustainable practices</td>
<td>Start to build business case for livestock intensification for forest protection</td>
<td>1 (livestock)</td>
<td>1 (livestock)</td>
<td>1 (livestock)</td>
<td></td>
</tr>
<tr>
<td><strong>Outcome</strong></td>
<td>Sustainability embedded at corporate level</td>
<td>Define the roles and responsibilities of the companies within the coalition (and other partners)</td>
<td>1</td>
<td>Key company players with a stake in the South West Mau Forest (tea, hydropower, timber) are aligned and committed to halt deforestation and actively work to conserve and restore the South West Mau Forest</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

#### RESULT AREA 1 OUTPUT

Business cases developed within the IDH program to show the potential of sustainable practices

- **Target 2018:** Start to build business case for livestock intensification for forest protection
- **Result 2018:** The livestock intensification pilot trained 200 dairy smallholders and demonstrated a 40% daily yield increase per cow and a 40% milk price increase from 2017 to 2018. Efforts to improve the farmers’ access to milk markets has resulted in, for example, one cooperative (Olenguruone) collecting 1,000 liters/day from farmers in the pilot area by the end of 2018, up from zero before that.
- **Target 2020:** 1 (livestock)
- **Cumulative result (2016–2018):** 1 (livestock)

#### RESULT AREA 1 OUTCOME

Sustainability embedded at corporate level

- **Target 2018:** NA
- **Result 2018:** The document for defining roles and responsibilities for partners in livestock intensification has been accepted and is expected to be signed in 2019. The partners include the ISLA partners and dairy product offtakers.
- **Target 2020:** Key company players with a stake in the South West Mau Forest (tea, hydropower, timber) are aligned and committed to halt deforestation and actively work to conserve and restore the South West Mau Forest
- **Cumulative result (2016–2018):** NA
### Result area 2 - Improved sector and landscape governance

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<tr>
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</thead>
<tbody>
<tr>
<td><strong>Outcome</strong></td>
<td>Landscape plans developed and operationalized</td>
<td>NA</td>
<td>Translate the existing action plan into an integrated management plan that is agreed between ISLA partners and Kenya Forest Service</td>
<td>1</td>
<td>The integrated management plan is formally adopted and managed by the trust</td>
<td></td>
</tr>
<tr>
<td><strong>Output</strong></td>
<td>Representation and commitment of key stakeholders in multi-stakeholder processes or coalitions</td>
<td>NA</td>
<td>7.9</td>
<td>NA</td>
<td>NA</td>
<td>This figure is the average score from a survey that was conducted in March 2019, in which stakeholders were asked to rate multiple aspects of their experience with IDH programs. The total number of respondents for the Kenya program is 9.</td>
</tr>
</tbody>
</table>

### RESULT AREA 2 OUTCOME

**Landscape plans developed and operationalized**

- **Target 2018**: NA
- **Result 2018**: The existing action plan is translated into an integrated management plan that is agreed between ISLA partners and Kenya Forest Service.
- **Target 2020**: NA
- **Cumulative result (2016–2018)**: The integrated management plan is formally adopted and managed by the trust.
### Result area 3 - Improved field-level sustainability

<table>
<thead>
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</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>Number of producers/workers/community members trained on key subjects for sustainable production, environmental and social sustainability</td>
<td>3,500</td>
<td>2,113</td>
<td>5,600</td>
<td>2,448</td>
<td></td>
</tr>
<tr>
<td>Output</td>
<td>Number of trainers, auditors and/or government staff trained in the program</td>
<td>50</td>
<td>0</td>
<td>100</td>
<td>42</td>
<td>Result of 0 is explained in the narrative of program chapter</td>
</tr>
<tr>
<td>Output</td>
<td>Number of infrastructure facilities developed</td>
<td>20 km fence; 20 spring protection and river gauging stations</td>
<td>19 spring protection and river gauging stations</td>
<td>45 km fence; 20 spring protection and river gauging stations</td>
<td>19 spring protection and river gauging stations</td>
<td></td>
</tr>
<tr>
<td>Outcome</td>
<td>Number of hectares where protection and restoration interventions are implemented</td>
<td>20,000</td>
<td>112</td>
<td>60,000</td>
<td>313.6</td>
<td>Due to administrative error, results from 2016 and 2017 were not included in the 2016 and 2017 Annual Reports. They were, however, captured in IDH’s internal data management system, and the results are: 49.6 hectares for 2016, and 152 hectares for 2017</td>
</tr>
<tr>
<td>Outcome</td>
<td>Number of hectares where sustainable production/farm rehabilitation/sustainable intensification are implemented</td>
<td>3,100</td>
<td>242</td>
<td>6,400</td>
<td>242</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Of which:</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>• Household area under sustainable livestock production: 2,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Sustainable grazing: 200</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Forest land under sustainable grazing: 1,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Tea buffer zone: 100</td>
<td></td>
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</tbody>
</table>
The sustainable landscape program in Ethiopia is active in the Central Rift Valley (CRV), which is one of the very few freshwater ecosystems in the country with significant economic, ecological and social importance. Large-scale floriculture, wine farming, livestock ranches and smallholders’ horticulture depend on Lake Ziway. The lake is also the only source of drinking water for Ziway town with a population of 85,000 people and as much livestock. Lake Ziway and its shores are key habitats for a variety of fish, birds and hippopotami. Key challenges in the landscape are decline in water quantity and quality of Lake Ziway caused by over-abstraction, pollution and land degradation. IDH has been working to address these challenges by establishing the Ziway-Shalla Sustainability Partnership (ZSSP) through which it facilitates dialogue among key stakeholders, and co-funds projects that improve water and land management as well as livelihood options for local communities.
PROGRESS TOWARDS 2020

Number of producers/workers/community members trained on key subjects for sustainable production, environmental and social sustainability

<table>
<thead>
<tr>
<th>Description</th>
<th>TARGET 2018</th>
<th>RESULT 2018</th>
<th>CUMULATIVE RESULT 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,820km² area where trained practices are applied</td>
<td>34.31%</td>
<td>170</td>
<td>138</td>
</tr>
<tr>
<td>1,025km² area where trained practices are applied</td>
<td>42.5%</td>
<td>956</td>
<td>265</td>
</tr>
</tbody>
</table>

Private-sector (sustainability) investments in the program

<table>
<thead>
<tr>
<th>Description</th>
<th>TARGET 2018</th>
<th>RESULT 2018</th>
<th>CUMULATIVE TARGET 2020</th>
<th>CUMULATIVE RESULT 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ 902,362 in the program</td>
<td>€ 158,000</td>
<td>€ 51,970</td>
<td>€ 265,621</td>
<td></td>
</tr>
</tbody>
</table>

Program co-funding ratio (2018)

- Private: 18%
- IDH: 82%

TRAFFIC LIGHT ASSESSMENT

PROOF OF CONCEPT

By establishing a coalition of public, private, and civil-society partners around Lake Ziway with a clear vision and strategy who are able to develop a financially viable governance model, private-sector resources are leveraged to catalyze landscape investments to ensure restoration of degraded land, improved water management, responsible agrochemical management, and improved livelihoods of communities around Lake Ziway (Central Rift Valley).
MARKET TRANSFORMATION BY IDH

The Global Good Agriculture Practices (GLOBALG.A.P.) implementation and certification for smallholders is a project that IDH technically and financially supports, and which is implemented by Meki Batu Fruits and Vegetables Farmers’ Union (MBCU). The project focuses on getting selected smallholders to adopt the GLOBALG.A.P. standard. The main objective is to shift the agricultural practices of smallholders to improved agrochemical use and enhanced productivity. For the first time in Ethiopia, 135 smallholders were certified for GLOBALG.A.P. and they are supplying their produce to Ethiopian Airlines (EAL) for a premium price. As a result of the project, pesticide use by the farmers has decreased, leading to reduced production costs, fewer health hazards for farmers, and safer products for consumers. As a next step, IDH is looking to provide service delivery model (SDM) analysis for MBCU (representing over 8,000 farmers) and EAL to scale up the number of farmers and volume of produce under GLOBALG.A.P. for significant impact on incomes for farmers as well as safe agrochemical use.

The rehabilitation of degraded land and the development of alternative livelihoods is another project engaging the private sector around Lake Ziway for the first time, as well as local government and communities, to act on catchment restoration. Through this project, around 1,000 hectares of degraded land will be rehabilitated, while alternative livelihood options will be provided for around 1,200 people – both to alleviate the pressure on natural resources.

There is potential for scaling up this intervention to rehabilitate the vast degraded areas within the Ziway-Shalla sub-basin, which covers a total area of 14,000 km². In order to make this possible, significant long-term investments, with commitment from local government and communities, will be crucial.

IDH is also active through its Flower Sustainability Initiative, which complements the landscape rehabilitation work by focusing on transforming the water and agrochemical use of commercial flower farms through constructed wetlands systems and integrated pest management (IPM) respectively.

The water allocation plan (WAP) development for Ziway-Shalla sub-basin is underway in collaboration with the Rift Valley Lakes Basin Development office (RVLBD-O). It was restructured in 2018 under the Ministry of Water, Irrigation & Electricity. The WAP is a robust and expensive tool to develop, but it is critical to determine the water potential and demand of the sub-basin, based on which it will offer options for optimal water use under different scenarios. Once the WAP is developed, its implementation will result in water pricing, payment for ecosystem services, and related approaches to ensure enforcement of regulations on water abstraction and pollution by major water users in the landscape.

PROGRESS 2018

IDH proved its core strength as a neutral convener when it established the Ziway-Shalla Sustainability Partnership, a coalition of governmental, public- and private-sector partners. The partners reiterated the importance of the platform as they would otherwise have very limited opportunities for collective engagement at local level. The platform takes a unique approach with its on-the-ground interventions, despite numerous pre-existing challenges of mistrust and misunderstandings among companies, local government and communities as well as many scattered interventions by CSOs and government due to a lack of a landscape action plan. To this end, IDH is also considering assisting the Ministry of Water in developing such a plan so that efforts by various actors can be coordinated and selected according to the priorities in the action plan.

With private-sector partners and the local community, IDH planted 340,000 trees in 2018, covering an additional 85 hectares. IDH will continue this work with the private sector to cover a further 300 hectares, while partnering with TREE AID and Self Help Africa to scale up its reforestation activities in 2019 and 2020 to up to 1,000 hectares. The project will help restore soil productivity, increase biomass and curb soil erosion, which will reduce sedimentation to the Lake.

The first ever group of 135 smallholder farmers in Ethiopia are certified according to GLOBALG.A.P. standards. Subsequent results obtained include reductions in pesticide use, cost of production, and health hazards for farmers.

IDH also launched a project with PAN-UK to support healthy, sustainable and productive smallholder vegetable farming in the CRV. The project introduces innovative IPM techniques in dedicated farmer field schools to reduce pesticide use among smallholders.

To progressively improve municipal waste management contributing to lake pollution, two tractors and trailers were acquired for Ziway town municipality through co-financing blended with a partial loan from a government-owned machinery supplier.
Mitigation of deforestation

At sector governance level, the ZSSP was convened by IDH with two key regional authorities joining the partnership: Oromia Investment Commission and Oromia Environment, Forest & Climate Change Authority. Commitments by all partners (~15) were made to move towards formalizing the partnership and strengthening collaboration. In the second half of 2018, political instability and community grievance against flower investments made it difficult to convene ZSSP, so projects continued through frequent bi-lateral meetings with key companies.

Six companies in the landscape (Sher Ethiopia, AQ Roses, Ziway Roses, Herburg Roses, Braam Flowers, and Castel Winery) continued to invest in landscape restoration and conservation to mitigate deforestation for a third consecutive year. Negotiations for additional investment were successful as IDH and TREE AID (international NGO) agreed to jointly finance approx. €500,000 for upper catchment restoration and livelihoods development.

At field level, more replanting of degraded communal lands took place, including approx. 120,000 multipurpose tree seedlings and grass cuttings. Around 525 community members were trained in sustainable natural resource management in the areas rehabilitated, while they also benefited directly from payment for rehabilitation work. Around 170 community members in the newly rehabilitated areas were organized into enterprises and provided materials for starting poultry, bee-keeping and bull-fattening small businesses. The purpose of creating such alternative livelihood options is to encourage communities to stop deforesting, and to incentivize them to protect the rehabilitated area while earning additional income from the enterprises.

KEY ACHIEVEMENTS PER PROOF OF CONCEPT

Inclusive business models and smallholder livelihood improvements

At business level, 134 smallholders under MBCU implemented GLOBALG.A.P. standards and obtained certification. They were able to sell their produce (green beans, onion and cabbage) to Ethiopian Airlines 10% higher than market price. As a result, sustainability is embedded at corporate level by Ethiopian Airlines, with a contractual agreement signed for long-term sourcing of fruits and vegetables from MBCU.

At field level, the farmers who implemented GLOBALG.A.P. standards reduced their pesticide spray dose, timing and types, which reduced production costs and health risks through improved spraying practices. These results also contribute significantly to responsible agrochemical management.

Responsible agrochemical management (RAM)

A new project on integrated pest management for smallholders was launched with Pesticide Action Network (PAN) UK & Ethiopia, in which the Ministry of Agriculture is also involved. The goal is to test whether a product called “food spray”, made from crop by-products, can be used as an alternative to conventional pesticides. Food spray has been successfully tried and tested as a plant protection product in cotton in Ethiopia and Benin by PAN. The next step is to test whether it also works for fruit and vegetables produced in the CRV to reduce problems of improper agrochemical use.

At field level, trials were set up at two farmers’ training centers to test the efficacy of food spray versus conventional pesticides versus Neem as plant protection products. Within the food spray plots, pesticide use for onions was reduced by up to 74%. 52 farmers were provided with preliminary training on integrated pest management and food spray.
LESSONS LEARNED

Short-term versus long-term benefits
When executing degraded-land rehabilitation and livelihoods enhancement, it is crucial to understand the short-term priorities of communities alongside the long-term benefits of landscape rehabilitation. For example, communities at Ilka degraded land rehabilitation site were more motivated by the water access created for them than by the reforestation.

Socio-cultural awareness
It is important to understand a community’s socio-cultural anthropology to gauge its relationship with its ecosystem and community dynamics. If not, project-driven targets will be neither owned nor sustained by communities after the project ends as they fail to align local norms with best practices. For example, communities at Andola Chebi degraded land rehabilitation site failed to sustain the project intervention due to internal conflicts.

Implementing partners
Finding a strong project implementing partner is key to deliver projects and subsequently scale them up – both to create meaningful impact and to maintain the credibility of IDH as convener. For example, highly inconsistent delivery and reporting by partners like HoAREC&N created challenges at program level and for beneficiary communities. Implementation and scaling up of the GLOBAL-G.A.P. project with MBCU remains challenging given their limited technical and leadership capacity.
## Result area 1 - Change in business practices

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</thead>
<tbody>
<tr>
<td>Output</td>
<td>Private-sector (sustainability) investments in the program</td>
<td>€158,000</td>
<td>€51,970; ratio: 1:0.2</td>
<td>€902,362; ratio: 1:1</td>
<td>€265,621</td>
<td>1. Product differentiation and brand positioning/reputation (2016)</td>
</tr>
<tr>
<td>Output</td>
<td>Business cases developed to demonstrate the potential of sustainable practices</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>5</td>
<td>2. Meeting customer demand/pressure (2020)</td>
</tr>
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<td>3. Sustainability and investor reporting (2020)</td>
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<td>4. Sustainable supply of water for irrigation (2016)</td>
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<td>5. license to operate (2016)</td>
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<td></td>
<td></td>
<td></td>
<td>6. Lower cost of production (for MBCU 2017)</td>
</tr>
</tbody>
</table>

| Outcome      | IDH participation in relevant landscape and/or commodity platforms                            | 1           | 1           | 2           | 1                            | Ziway-Shalla Sustainability partnership. Kunzila PPP under development. |

### RESULT AREA 1 OUTCOME

**IDH participation in relevant landscape and/or commodity platforms**

- **Target 2018**: 1
- **Result 2018**: Ziway-Shalla Sustainability Partnership (ZSSP) is a coalition of public sector, private sector and NGOs operating in the Central Rift Valley of Ethiopia to improve the declining water quality and quantity of Lake Ziway. IDH is the convening partner and secretariat of ZSSP. Expected outcome of IDH’s partnership is facilitated dialogues among key players in the landscape, and co-funding of projects to address environmental and social impacts of developmental activities.

As IDH convenes the coalition, its objectives are aligned with IDH’s programs. Frank dialogues and joint funding of projects are direct impacts of the coalition. The coalition will run for several years. All the results for 2018 can be considered as achieved through partnerships created and sustained by ZSSP.

- **Target 2020**: 1
- **Cumulative result (2016–2018)**: 2 (WAP+Kunzila PPP)
## Result area 2 - Improved sector and landscape governance

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</thead>
<tbody>
<tr>
<td>Output</td>
<td>Representation and commitment of key stakeholders in multi-stakeholder processes or coalitions</td>
<td>NA</td>
<td>4.9</td>
<td>NA</td>
<td>NA</td>
<td>This figure is the average score from a survey that was conducted in March 2019, in which stakeholders were asked to rate multiple aspects of their experience with IDH programs. The total number of respondents for the Ethiopia program is 3.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Satisfaction about the effectiveness of multi-stakeholder processes or coalitions associated with the program</td>
<td>NA</td>
<td>3</td>
<td>NA</td>
<td>NA</td>
<td>This figure is the average score from a survey that was conducted in March 2019, in which stakeholders were asked to rate multiple aspects of their experience with IDH programs. The total number of respondents for the Ethiopia program is 3.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources</td>
<td>NA</td>
<td>NA</td>
<td>2</td>
<td>1 in progress</td>
<td>Water Allocation Plan is in progress. Integrated Landscape Management Plan to be commenced.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Landscape plans developed and operationalized</td>
<td>NA</td>
<td>NA</td>
<td>2</td>
<td>1 in progress</td>
<td>Water Allocation Plan is in progress. Integrated Landscape Management Plan to be commenced.</td>
</tr>
</tbody>
</table>

**RESULT AREA 2 OUTCOME**

### Landscape plans developed and operationalized

- **Target 2018:** 1
- **Result 2018:**
  **Action plan for the implementation of a Water Allocation Plan (WAP) in Ziway-Shalla sub-basin:**
  IDH co-financed the development of the action plan. Ziway-Shalla sub-basin (14,000 km²) in the Central Rift Valley of Ethiopia.

  The action plan for WAP is completed. IDH is finalizing the contracting of the first stage of implementation with Wetlands International and Generation Integrated Rural Development Consultants. The plan has been developed and includes:

  - Target and goals;
  - A detailed action plan with timelines;
  - Clearly defined roles and responsibilities;
  - A budget for implementation;
  - A measurement and monitoring system;
  - A governance mechanism for WAP.

- **Target 2020:** 1 under development
- **Cumulative result (2016–2018):** 1
### Result area 3 - Improved field-level sustainability

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Output</strong></td>
<td>Number of producers/workers/community members trained on key subjects for sustainable production, environmental and social sustainability</td>
<td>265</td>
<td>956</td>
<td>1,025</td>
<td>1,820</td>
<td></td>
</tr>
<tr>
<td><strong>Output</strong></td>
<td>Number of trainers, auditors and/or government staff trained in the program</td>
<td>20</td>
<td>26</td>
<td>142</td>
<td>136</td>
<td></td>
</tr>
<tr>
<td><strong>Output</strong></td>
<td>Number of infrastructure facilities developed</td>
<td>1</td>
<td>140</td>
<td>17</td>
<td>141</td>
<td>In 2016, GLOBALG.A.P.: 1 Packhouse rehabilitated; in 2018, SWM: 6 waste collection skips, 80 roadside bins, 2 tractors with trailers, and 6 carts for waste collection installed; WSC structures: 46 check dams constructed.</td>
</tr>
<tr>
<td><strong>Outcome</strong></td>
<td>Adoption rate of improved practices by producers/workers/community members</td>
<td>100%</td>
<td>81%</td>
<td>100%</td>
<td>81%</td>
<td></td>
</tr>
<tr>
<td><strong>Outcome</strong></td>
<td>Farmland area where trained practices are applied</td>
<td>42.5</td>
<td>34.31</td>
<td>170</td>
<td>138.31</td>
<td>This indicator was worded as “area where trained practices are applied” in the 2016 Annual Report.</td>
</tr>
<tr>
<td><strong>Outcome</strong></td>
<td>Number of processing facilities where sustainable production practices and social standards are applied</td>
<td>NA</td>
<td>NA</td>
<td>2</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td><strong>Outcome</strong></td>
<td>Number of hectares where protection and restoration interventions are implemented</td>
<td>150</td>
<td>533</td>
<td>1,000</td>
<td>734</td>
<td></td>
</tr>
<tr>
<td><strong>Outcome</strong></td>
<td>Number of hectares where sustainable production/farm rehabilitation/sustainable intensification are implemented</td>
<td>68.7</td>
<td>34.31</td>
<td>134</td>
<td>247.31</td>
<td></td>
</tr>
<tr>
<td><strong>Output</strong></td>
<td>Number of trees planted in rehabilitated area closures</td>
<td>200,000</td>
<td>120,000</td>
<td>3,000,000</td>
<td>1,003,812</td>
<td></td>
</tr>
</tbody>
</table>
RESULT AREA 3 OUTPUT

Number of infrastructure facilities developed

- **Target 2018:**
- **Result 2018:**
  a. 46 protection and conservation infrastructures: stone and gabion check dams are soil and water conservation structures. Their purpose is to minimize run-off from the upper catchment of Lake Ziway as well as increase infiltration of rain water. Both actions contribute to improving the quality of water in Lake Ziway as well as mitigating deforestation.
  
b. 1 packhouse upgraded: serving as the facility where washing, sorting and grading of produce collected from GLOBALG.A.P. certified farmers is processed. This contributes to our smallholder livelihood improvement goal as these farmers get premium prices for their produce.
  
c. SWM: installation of six waste collection skips, 80 roadside bins, two tractors with trailers and six carts for waste collection will all contribute to proper solid waste disposal in Ziway town, reducing the waste entering Lake Ziway.

- **Target 2020:**
- **Cumulative result (2016–2018):**
Liberia has extensive tree coverage and significant primary rainforests. Yet the country ranked in sixth place in the recent WRI survey of the top-ten countries to lose the most tropical primary rainforest in 2018. In the South East and Western landscapes, the government of Liberia has granted concessions to several international companies to grow oil palm, of which the largest are Golden Veroleum Liberia (GVL) in the South East (Grand Kru and Sinoe counties) and Sime Darby in the West (Grand Cape Mount county). These sizeable concession areas (300,000–350,000 hectares each) include important HCV/ HCS forest. Despite commitments these plantation companies made to end deforestation, as the forests in the concession areas are not managed or conserved, development of the oil palm sector combined with road construction and population growth are causing significant forest degradation and deforestation.

We work to improve governance of these Liberian forests and develop incentives for their protection. With partners, we improve land-use planning, develop investment opportunities for communities on existing agricultural land through the community oil palm outgrower scheme, and safeguard a landscape approach to forest protection with a focus on food security, land rights, and community decision-making.

**PARTNERS**

**Private**
Equatorial Palm Oil, Golden Veroleum Liberia (GVL), Sime Darby Plantation Liberia, &Green Fund

**Public**
Forest Development Authority (FDA), Ministry of Agriculture (MoA), Ministry of Internal Affairs, National Bureau of Concessions, Ministry of Finance, Environmental Protection Agency, EU

**Other**

**Relevant Sustainable Development Goals**

12 Responsible Consumption and Production
13 Climate Action
15 Life on Land
**TRAFFIC LIGHT ASSESSMENT**

**PROOF OF CONCEPT 1**

As part of a green growth compact, investment in community oil palm farms triggers a production-protection agreement - in which community, oil palm concession holders and the government of Liberia agree to set aside, and actively and effectively conserve, forest to achieve a zero-deforestation concession landscape. At the same time, other deforestation triggers are tackled through a green growth compact with government, communities, the private sector, and NGOs. Food security and income diversification activities are initiated to make the region more food secure and less dependent on palm oil.

**PROOF OF CONCEPT 2 NIMBA** (TERMINATED)

**PROOF OF CONCEPT 2 LOFA**

**PROGRESS TOWARDS 2020**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Target 2018</th>
<th>Result 2018</th>
<th>Cumulative Target 2018</th>
<th>Cumulative Result 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farming/forest communities with one or more additional source of income</td>
<td>18</td>
<td>10</td>
<td>45</td>
<td>10</td>
</tr>
<tr>
<td>Number of trainers, auditors and/or government staff trained in the program</td>
<td>4</td>
<td>47</td>
<td>30</td>
<td>47</td>
</tr>
<tr>
<td>Private-sector (sustainability) investments in the program</td>
<td>€ 8,000,000</td>
<td>€ 0</td>
<td>€ 25,200,000</td>
<td>€ 943,097</td>
</tr>
</tbody>
</table>
MARKET TRANSFORMATION BY IDH

The intervention in the South East and Western landscapes of Liberia support long-term conservation of primary tropical forests while promoting prosperity for local communities. The approach is based on improving land governance and community land rights, and developing investment opportunities offering communities options to increase the productivity of agricultural land.

We improve land governance by supporting implementation of the new Land Rights Act, by developing a multi-stakeholder green growth land-use plan that sets aside forest for protection and identifies land that can be used for agriculture and forestry, and by working with communities to formalize the rights to their land. By building on the capacity of government and NGOs, the Land Rights Act implementation can be scaled across Liberia.

In addition, we mobilize investment opportunities, offering communities options for what to do with their land – also through multinational companies active in global supply chains. In the South East and West of Liberia, the focus has been on mobilizing investment into the community oil palm outgrower program as a socially inclusive and environmentally friendly way of setting up palm oil production.

Strengthening community and farmer resilience by supporting food security and income diversification is the third pillar of interventions. Through farmer field schools and supporting local market linkages, production of food for local markets is increased.

PROGRESS 2018

A key achievement in 2018 has been initiating the green growth land-use plan for Sinoe County, in partnership with the Liberia Land Authority, building on the new Land Rights Act. Through the green growth land-use plan, communities in Sinoe will be supported to formalize their land rights, develop agreements and targets around conservation and sustainable management of forests, and identify land for agricultural investments.

Another mayor achievement in the South East landscape has been the success of the food security and income diversification work in the highly food insecure Sinoe County. Over 200 farmers formed 40 labor-sharing groups, traditionally called Kuus, increasing vegetable and staple-food production. These Kuus will mature into cooperatives in 2019, scaling up production and strengthening food security in this highly food insecure region.

The community oil palm outgrower investment scheme continues to be delayed. In 2018, IDH commissioned research into oil palm financing schemes in other West African countries and, based on this, proposed a new risk-allocation structure. However, elections, changes in partner companies’ management, and low market prices have hampered closing the scheme’s finance.
IDH progress in Liberia has been affected by elections, declining global oil palm market prices, and frequent changes in partner companies’ management and strategy. This forced us to put the oil palm outgrower scheme on hold in late 2017.

In the South East and Western landscapes, the focus has been on driving the community oil palm outgrower model into reality, as the outgrower scheme offers a solution for more inclusive, green and stable development of the oil palm business sector in Liberia. With the new government installed in Q1 2018, IDH mobilized renewed interest in the community oil palm and forest-protection scheme with the government and the new management of the palm oil companies, and redesigned it to be in line with the new Liberian Land Rights Act.

The high-level National Community Oil Palm Outgrower Steering Committee was re-convened, in partnership with the National Bureau of Concessions. A consultancy benchmarking study was carried out, looking into risk allocation models in oil palm outgrower schemes in the wider West African region. Based on the findings of the study, IDH mobilized a cash-backed guarantee of US $2 million as co-investment from the government of Liberia.

Meanwhile, building on the opportunity the new Liberian Land Rights Act offers for improving landscape governance, in the South East landscape, the Liberia Land Authority, the County Superintendent and IDH organized and hosted the formal kick-off of the green growth plan.

In terms of field-level impact, the first phase of the food security and income diversification program in Sinoe was completed in early 2018, with 150 graduates from ten communities who profitably increased their staple crop and vegetable production, mainly tapping into the market of oil palm plantation workers.

In Q2 2018, the second phase started rollout with 215 farmers, focusing on forming Kuus or labor-sharing groups, agronomical skills for staple food, vegetable and fruit production, and cash management through the village savings and loan associations methodology. These Kuus will mature into cooperatives in 2019, supporting long-term food security in the highly food insecure landscape.
LESSONS LEARNED

Limitations
Investors in Liberia face high operational costs and have limited interest and bandwidth to go beyond what is required. Despite efforts made by IDH and other stakeholders to drive the community oil palm scheme into reality, given the challenges the government of Liberia and the Liberian oil palm sector are currently facing, concrete investment in the scheme continues to be uncertain for 2019.

Land Rights Act
In 2018, the new Liberian Land Rights Act was passed. This is an important event in Liberian history, as well as a key enabler of IDH’s work, as the new legislation makes it possible for communities to officially gain rights to their land and make potential investment and conservation decisions.

IDH therefore partnered with the Liberia Land Authority (LLA), and is actively including the LLA to build capacity on the Land Rights Act and speed up its implementation in the landscapes where we work. As part of this partnership, an IDH team member was 50% seconded to the Liberia Land Authority.

Key results included the jointly designed approach to green growth land-use planning and the lessons learned from it, as this is the first regional land-use plan developed under the new legislation. In addition, a brochure was developed and disseminated to explain the new Land Rights Act to communities (LLA staff accompanied community outreach on land-use planning in Lofa and Sinoe counties), and IDH and LLA detail out the next steps for customary land formalization, to be implemented in 2019.

Passing of the Land Rights Act has opened new opportunities for forest protection and mobilizing investment. Through the green growth land-use planning work in Foya, communities are developing agreements and targets around halting deforestation, especially on slopes and “sacred forests”.

Relationships
We are vulnerable to unstable political situations, such as changes in heads of state (Liberia), or preparations for presidential elections (all landscapes), that slow down the pace of our programs. New governments often start with different political commitments, which force us to re-do some of our work. We are also vulnerable to changes in companies’ leadership and strategies – for example, in Liberia, the temporary withdrawal of GVL from RSPO negatively affected investors’ interest in the palm oil outgrower project in the South East region. We continue to realize that convening activities, especially with local governments, can be extremely time consuming, and requires building relationships at high level as well as implementation level, and across ministries. These relationships are a critical success factor for our landscape program.
### KPIs SouthEast and West, Liberia

#### Result area 1 - Change in business practices

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>Private-sector (sustainability) investments in the program</td>
<td>€8,000,000</td>
<td>0</td>
<td>€25,200,000</td>
<td>€943,097</td>
<td>The private sector is supposed to contribute by investing in the Community Oil Palm out-grower scheme, this investment did not materialize in 2018.</td>
</tr>
<tr>
<td>Output</td>
<td>Business cases developed to demonstrate the potential of sustainable practices</td>
<td>NA</td>
<td>1</td>
<td>NA</td>
<td>1</td>
<td>Outgrower model</td>
</tr>
</tbody>
</table>

#### RESULT AREA 1 OUTPUT

**Business cases developed within the IDH program to show the potential of sustainable practices**

- **Target 2018:** NA
- **Result 2018:**
  The palm oil outgrower model will make concessions more inclusive while providing extra input for the mill and protecting high-quality forest. In 2016 and 2017, the investment proposal was developed and investors were mobilized to invest in an initial 4,000 hectares of a scalable outgrower model. In 2018, following elections and management changes in the partner companies, the business case was updated with new company management, the new Liberian government, and declining palm oil prices. The outgrower business model has the potential to become the leading model for future palm oil development in Liberia. However, the drop in global oil palm prices and the fact that all large oil palm concessions continued to operate in Liberia at a loss in 2018, hampered rollout of the community oil palm out-grower scheme.
- **Target 2020:** NA
- **Cumulative result (2016–2018):** NA

#### RESULT AREA 1 OUTPUT

**Landscape plans developed and operationalized**

- **Target 2018:**
  6 production-protection agreements executed; continuous development of landscape-level green growth plan
- **Result 2018:**
  The six production-protection agreements targeted in the landscape were designed to be part of the community oil palm investment. As the investment scheme stagnated, there was no incentive for communities to develop and sign production-protection agreements. However, in 2018, the new Land Rights Act was passed in Liberia. This new legislation now makes it possible for communities to formalize their customary land rights. Based on this legislation and in partnership with the Liberia Land Authority, IDH developed and piloted a new landscape-level green growth approach to land-use planning, as well as a five-step process for communities to formalize their land rights based on these land-use plans. In these plans, communities can allocate land for production and protection. In the first pilot, communities already decided to set aside forested land for long-term protection. This new approach towards developing actionable land-use plans will be further developed in 2019.
- **Target 2020:**
  11 production-protection agreements executed; 1 landscape-level green growth plan developed
- **Cumulative result (2016–2018):** 0
## Result area 2 - Improved sector and landscape governance

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<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>Representation and commitment of key stakeholders in multi-stakeholder processes or coalitions.</td>
<td>NA</td>
<td>7.6</td>
<td>NA</td>
<td>NA</td>
<td>This figure is the average score from a survey that was conducted in March 2019, in which stakeholders were asked to rate multiple aspects of their experience with IDH programs. But due to the limited number of respondents from the Liberia program, the 2018 result is taken from the average score awarded by respondents from the landscape program as a whole. The total number of respondents for the landscape program is 21.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Satisfaction about the effectiveness of multi-stakeholder processes or coalitions associated with the program</td>
<td>NA</td>
<td>7.1</td>
<td>NA</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>Outcome</td>
<td>Landscape plans developed and operationalized</td>
<td>6 production-protection agreements executed; continuous development of landscape-level green growth plan</td>
<td>0</td>
<td>11 production-protection agreements executed; 1 landscape-level green growth plan developed</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>
### Result area 3 - Improved field-level sustainability

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>Number of producers/workers/community members trained on key subjects for sustainable production, environmental and social sustainability</td>
<td>NA</td>
<td>215</td>
<td>NA</td>
<td>215</td>
<td></td>
</tr>
<tr>
<td>Output</td>
<td>Number of producers/workers/community enterprises reached by service delivery</td>
<td>NA</td>
<td>10</td>
<td>NA</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Output</td>
<td>Number of small-holder producers organized/aggregated by the program</td>
<td>NA</td>
<td>215</td>
<td>NA</td>
<td>215</td>
<td></td>
</tr>
<tr>
<td>Output</td>
<td>Number of trainers, auditors and/or government staff trained in the program</td>
<td>4</td>
<td>47</td>
<td>30</td>
<td>67</td>
<td>4 coordinators, 10 extension officers, 20 Kuus facilitators, and 13 VSLA facilitators were trained in 2018. The cumulative result is not the number of unique individuals, as some program participants are trained more than once.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Number of hectares where protection and restoration interventions are implemented</td>
<td>20,000</td>
<td>0</td>
<td>30,000 through PPI deals and 27,800 through green growth plans</td>
<td>0</td>
<td>Despite the efforts made by IDH and other stakeholders to drive the community oil palm scheme into reality, given the challenges the government of Liberia and the Liberian oil palm sector are currently facing, achievement of concrete investment in this in 2018 did not materialize.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Number of hectares where sustainable production/farm rehabilitation/sustainable intensification are implemented</td>
<td>4,000</td>
<td>0</td>
<td>6,000</td>
<td>0</td>
<td>Despite the efforts made by IDH and other stakeholders to drive the community oil palm scheme into reality, given the challenges the government of Liberia and the Liberian oil palm sector are currently facing, achievement of concrete investment in this in 2018 did not materialize.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Farming/forest communities with one or more additional source of income</td>
<td>18</td>
<td>10</td>
<td>45</td>
<td>0</td>
<td>FFS/Kuus communities: The result reported here refers to the number of unique communities. We started working in ten communities in 2017; participants graduated from farmer field schools in 2018, after which we expanded our activities on additional sources of income in those same communities.</td>
</tr>
</tbody>
</table>
Changing from Nimba to Lofa landscape

At the end of 2017, it started to become clear that with low global market prices and little NGO campaigning in the sector, the iron-ore mining industry in Liberia had no strong incentive/business case to invest in a landscape approach. In 2018, Arcelor Mittal Liberia went through a restructuring and budget cuts, while redeveloping plans for the second phase expansion of the mining area, and IDH and Arcelor Mittal Liberia discontinued the partnership.

Based on the developments with AML in the Nimba landscape, IDH scoped for additional Production-Protection-Inclusion opportunities in the north of Liberia, in consultation with NICFI, the main donor for the landscape program in Liberia, which resulted in adding Lofa as a new landscape to replace Nimba.

To sustain what had already been built, the Value Chain Specialist was retained by Arcelor Mittal Liberia. To enable other partners to move forward with green growth planning, IDH shared the scoping report for the green growth plan with the National Bureau of Concessions, which is involved in resolving land conflict in the concession area through the UNDP multi-stakeholder platforms. In 2018, the National Bureau of Concessions focused on resolving conflicts; in 2019, it is considering support for some of the value chain development recommendations that were proposed as part of the post-mining economy green growth plan work.

PARTNERS

Private
Ecom Global, Liberian SMEs

Public
Liberia Land Authority (LLA), Forest Development Authority (FDA), Ministry of Agriculture (MoA), Ministry of Internal Affairs, National Bureau of Concessions (NBC), National Investment Commission (NIC), Ministry of Finance, Environmental Protection Agency

Other
Welt Hunger Hilfe, Parley, local farmer cooperatives Intofawor, Maliandoe and Rural Women Cooperative

Relevant Sustainable Development Goals

12 Responsible Consumption and Production
13 Climate Action
15 Life on Land
Foya District, in the northwest of Liberia (Lofa County) is a landscape in need of restoration investments. While traditionally the district is one of Liberia’s agricultural hubs, the agro-ecological system is threatened by the expansion of savannah grassland. This elephant grass inhibits traditional agricultural practices and puts the local population under threat from wildfires and heavy winds. This also affects the proposed national park in neighboring Foya.

Replanting of the grassland with tree crops will be an important component of a strategy to restore the agro-ecological system and stop the grass from expanding into neighboring primary tropical forests. It will also strengthen the local economy and community livelihoods and reduce reliance on slash-and-burn agricultural practices. However, limited investment capacity and unclear land tenure are hampering large-scale investment into land restoration.

MARKET TRANSFORMATION BY IDH

The intervention in the Foya landscape is based on improving land governance and community land rights, and developing investment opportunities offering communities options to increase the productivity of agricultural land while conserving forests and biodiversity.

We improve land governance by supporting implementation of the new Land Rights Act, developing a multi-stakeholder green growth land-use plan that sets aside forest for protection, and identifying land that can be used for agricultural and forestry investment. We also build support for communities to formalize the rights to their land. Next, we mobilize investment opportunities, offering communities options for what to do with their land, also through multinational companies active in global supply chains.

Strengthening community and farmer resilience by supporting food security and income diversification is the third pillar of interventions. Through farmer field schools and supporting local market linkages, production of food for local markets is increased.

PROGRESS 2018

A key achievement in 2018 has been developing the green growth land-use plan for Lofa County and Foya District, in partnership with the Liberia Land Authority, building on the new Liberian Land Rights Act. Through the green growth land-use plan, in 2019 communities in Foya District will be supported to formalize their land rights and develop agreements and targets for land use that identify land conservation, traditional use and livelihood activities, as well as agricultural investment. Meanwhile, a tree-crop investor partnered with three agricultural cooperatives in Foya District to establish a greenfield agroforestry pilot project. This pilot will lay the foundation for scaling up agricultural investment in the landscape. In addition, IDH and local partners work with rural communities to replant grassland and reduce fire risks.

Also in 2018, the IDH Liberia team mobilized support and funding for a national public-private cocoa platform, to create a common sustainability vision for the sector and a roadmap for implementation. This new project will also be reported on in 2019. Cocoa is the third most important cash crop in Liberia. Challenges in the Liberian cocoa sector include the absence of a private sector that invests in the value chain, low quality of the cocoa due to poor fermenting and drying practices, a weak regulatory environment, and a cocoa-development agenda that is set by donors and NGOs without private-sector involvement. The national public-private cocoa platform will bring private sector, government, NGOs, donors and investors together under one platform to develop a shared vision, define priorities, and implement a roadmap.

Selected KPIs

As Lofa was added as a new landscape in 2018, new KPIs were developed and approved by the lead donor NICFI. These will be reported for 2019.

LESSON LEARNED

An important lesson has been that farmers and communities were not aware of the new Land Rights Act, and the rights, responsibilities and opportunities it can offer them. The program adjusted its approach and now includes an awareness-raising component on land rights.
Vietnam is the world’s second largest coffee exporter after Brazil, and 95% of its coffee is produced in the Central Highlands region. This region is also vital for global and regional production of other important crops such as pepper, tea, fruit and vegetables, flowers, rubber and cashew.

Rapid growth in agricultural output over past decades, due to favorable economic policies, has led to improvements in income and livelihoods for large portions of the population. However, the future of agricultural production and its access to export markets is threatened by extreme climate events (in particular recurring droughts, irregular rain) as well as degradation of soil and water caused by toxic loading of pesticides, improper use of fertilizer, and unsustainable cultivation practices. Another threat is the high-level farmers’ lack of resilience to price volatility of main crops, such as pepper and coffee, which has resulted the negative impacts on farmers’ income in the long term.

Relevant Sustainable Development Goals

- **12** Responsible Consumption and Production
- **13** Climate Action
- **15** Life on Land

**PARTNERS**

**Private**


**Public**

Department of Natural Resources and Environment in Dam Lak and Lam Dong, Departments of Agriculture and Rural Development in Dak Lak and Lam Dong, Department and Lam Dong Sub-department of Plant Protection, Ministry of Agriculture and Rural Development, PPC Dak Lak and Lam Dong, VnSAT, Bank for Investment and Planning Vietnam, Dutch and Swiss embassies

**Other**

**PROGRESS TOWARDS 2020**

Number of producers/workers/community enterprises reached by service delivery with plant material

<table>
<thead>
<tr>
<th>Proof of Concept</th>
<th>Target 2018</th>
<th>Result 2018</th>
<th>Cumulative Target 2020</th>
<th>Cumulative Result 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1.</strong> Improved irrigation practices and water resources management for climate change adaptation in the Central Highlands</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TARGET 2018</td>
<td>1,705</td>
<td></td>
<td></td>
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<tr>
<td>RESULT 2018</td>
<td>826</td>
<td></td>
<td></td>
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<tr>
<td>CUMULATIVE TARGET 2020</td>
<td>2,105</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CUMULATIVE RESULT 2016-2018</td>
<td>3,085</td>
<td></td>
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<td></td>
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</table>

Liters of irrigation water used per tree per year

<table>
<thead>
<tr>
<th>Proof of Concept</th>
<th>Target 2018</th>
<th>Result 2018</th>
<th>Cumulative Target 2020</th>
<th>Cumulative Result 2016-2018</th>
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<tbody>
<tr>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>TARGET 2018</td>
<td>1,600</td>
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<tr>
<td>RESULT 2018</td>
<td>1,200</td>
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<tr>
<td>CUMULATIVE TARGET 2020</td>
<td>1,300</td>
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<tr>
<td>CUMULATIVE RESULT 2016-2018</td>
<td>2,100</td>
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</table>

Private-sector (sustainability) investments in the program

<table>
<thead>
<tr>
<th>Proof of Concept</th>
<th>Target 2018</th>
<th>Result 2018</th>
<th>Cumulative Target 2020</th>
<th>Cumulative Result 2016-2018</th>
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<td><strong>1.</strong> Improved irrigation practices and water resources management for climate change adaptation in the Central Highlands</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TARGET 2018</td>
<td>€ 0</td>
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<tr>
<td>RESULT 2018</td>
<td>€ 420,497</td>
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<tr>
<td>CUMULATIVE TARGET 2020</td>
<td>€ 1,000,000</td>
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</tr>
<tr>
<td>CUMULATIVE RESULT 2016-2018</td>
<td>€ 969,010</td>
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<td></td>
</tr>
</tbody>
</table>

Program co-funding ratio (2018)

- **Private**: 54%
- **IDH**: 46%

**TRAFFIC LIGHT ASSESSMENT**

**PROOF OF CONCEPT 1**

Improved irrigation practices and water resources management for climate change adaptation in the Central Highlands

**PROOF OF CONCEPT 2**

Agroforestry and reforestation in Central Highlands

**PROOF OF CONCEPT 3**

Improved agrochemical use and trade management for sustainable development of agriculture sector in the Central Highlands
MARKET TRANSFORMATION BY IDH

IDH is working in two of the five provinces in the Central Highlands: Lam Dong and Dak Lak, with a total area of 2.3 million hectares. Covering an area of 1.1 million hectares in Lam Dong province and 1.2 hectares in Dak Lak province, our program focuses on:

- Improving farmers’ resilience to price volatility and climate;
- Biodiversity and income diversification through intercropping and agroforestry system;
- Responsible agrochemical use to reduce the carbon footprint (fertilizer);
- Toxic loading and food safety (pesticides), while increasing profitability for farmers.

IDH convenes public and private stakeholders in the two provinces; government representatives at provincial, district, and commune level as well as the international and national coffee-sourcing companies. This enables a neutral forum for working towards the common objectives by developing governance systems for social and environmental sustainability. It also enables investment from coffee-sourcing companies into field-level projects that pilot new approaches that can eventually be scaled across the region.

PROGRESS 2018

With a focus on convening, co-funding, and sharing lessons learned from pilots in agroforestry, irrigation, and agrochemical management, the contribution of IDH in sustainable landscape development is recognized by investors and sector associations, such as the World Bank via the VnSAT program, UNREDD, and GIZ. At local level, in 2018, groundwork to introduce and convene local authorities, private-sector and financing applications of models at scale across jurisdiction via PPI Compacts was carried out. In December 2018, Lac Duong district became the first pilot of the PPI concept in Vietnam, while two more PPI Compacts will be established in 2019.

At field level, companies such as SIMEXCO, LDC and ACOM are showing interest in IDH’s work on service delivery models, such as soil tests and fertilizer recommendations, pesticide spraying teams, and bulk purchase for quality input material. One SDM was initiated in 2018, and the business case for investing in the large-scale provision of these services will be advised to stakeholders.

Introducing and piloting in Ea Tan Cooperatives via a mini-landscape concept, which requires cooperation and collaboration between all stakeholders (farmers, local government and local communities) during the decision-making process, has shown visible impact on sustainable commodity production and natural resource conservation. The approach has been adopted by public and private sectors, and – through public-private investment the mini-landscape approach – will be scaled-up from the 70 hectares achieved in 2018 to a minimum of 400 hectares in 2019 and 600 hectares in 2020 in three PPI Compacts.

The Initiative for Sustainable Landscape Approach (ISLA) program in the coffee sector is an excellent example of public-private partnership. There are many actors in the value chain joining the program, such as input providers, farmers, coffee buyers, and local authorities. But the program presents challenges in terms of how to coordinate activities, negotiate, satisfy all parties, and avoid overlapping resources.
Lessons from water pilots at field level, focusing on whether there is a business case for investing in the large-scale application of the technologies piloted, have contributed to implementation of the “Action Plan for Development of Application Advanced Water-Saving Irrigation System on Upland Crop” of MARD, signed in 2015. In the review workshop of the Action Plan, organized in May 2018, IDH was one of five organizations to receive MARD’s official awards for our contribution to the Action Plan results and the recommendation.

The pre-feasibility study of the water-pricing pilot in a vegetable production area in Lam Dong province was finalized, and supports further the development of the Water Efficiency Improvement in Drought Affected Provinces (WEIDAP) project by ADB in Dak Lak and Dak Nong provinces. The design of the water-supply system has changed from an open canal system to a closed pipeline with pressurized water, and the construction is expected to be finalized in 2019. The water pricing pilot will be implemented in parallel, according to the new water-supply system. The result of this pilot is expected to contribute to the Water Pricing Decree in Vietnam.

At farm level, data from a total of 58 water pilots (49 sprinkler irrigation systems and nine micro-drip irrigation systems) are being collected and analyzed. After two years of implementation, the first analyses show the positive impacts of the water-saving irrigation system on the environment and farming practices. No differences have been found in coffee yield between the treatment and control plots, even though there are significant differences in the volume of irrigation water used (403L/tree/round vs. 473L/tree/round). First-year data on the micro-drip system showed a cost reduction of 61% for fertilizer and water irrigation.

**KEY ACHIEVEMENTS**

**PER PROOF OF CONCEPT**

**PROOF OF CONCEPT 1**

**Improved irrigation practices and water resources management for climate change adaptation in the Central Highlands**

**PROOF OF CONCEPT 2**

**Agroforestry and reforestation in Central Highlands**

Through the partnership between IDH and Vietnam Sustainable Agricultural Transformation (VnSAT), the private sector has actively engaged in the VnSAT project. As one specific cooperation area, the Ea Tan Cooperative in Dak Lak province developed an investment plan that brought them a grant of approximately US $350,000 from the VnSAT program to further strengthen the cooperative’s ability to meet the evolving requirements on coffee quality and quantity. Inspired by the first successful pilot case in this mini-landscape, more cooperatives will be supported by a consortium made up of the landscape program and private companies to access resources from existing funding programs/projects.

The coffee-sourcing companies, such as LDC and ACOM, are piloting the mini-landscape concept towards a sustainable coffee area. As one example, 70 hectares of coffee area in Ea Tan Cooperative that comprises multiple inter-farms have been selected to implement a set of interventions. The implementation runs under negotiation between farmer groups at jurisdiction level to create a mosaic landscape which diversifies smallholder income, prevents soil erosion, manages water sustainably, and halts the use of banned agrochemicals. Farmers are trained and encouraged to cooperate with their neighbors to decide on efficient and effective land-use practices.

In these mini-landscape pilots, intercropping systems are introduced, followed by trainings on intercropping cultivation practices for 8,776 farmers; and 27,000 intercropping materials such as seedlings are provided to 800 farmers. The co-funding ratio between IDH and farmers is 60:40. As well as enabling additional sources of income besides coffee, reports from Farmer Field Books (FFBs) imply the importance of intercropping for the environment, as the higher amounts of biomass on more diversified farms can sequester more CO\textsubscript{2}eq. In the most diversified farms, the sequestration is higher than emissions from fertilizer and energy for irrigation, thus acting as carbons sinks. The analysis also shows that fertilizer is the source of CO\textsubscript{2}eq on the coffee farms. This emphasizes the importance of continuing to work on increasing the sustainability of fertilizer application as well as on diversification.

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1 Inter-farms are individual farms that are located in a jurisdictional area, often nearby neighbors of each other.
Changes in legislation and enforcement emphasize information dissemination and alignment with market requirement. This is done through the operation of a public-private partnership (PPP) Agrochemical Taskforce (TF) initiated by MARD and companies with facilitation from IDH, provincial ISLA Steering Committee and Vietnam Coffee Coordination Board, as well as support from the Global Coffee Platform (GCP). For 2018, the achievements of the TF include:

- Development of a mobile app that enables users to check market requirements and pesticide information. The app is still under testing and all dissemination is postponed until Q1 2020. Until now, there have been 929 accounts set up with 300 views weekly;

- Rollout of the National Sustainability Curriculum (NSC) for tea, spices, and coffee;

- Sharing of recommendations and lessons learned from field-level projects. Recommendations for alternative active ingredients and cultivation practices that align with market requirements are being developed under a joint project between the GCP and the PPP Agrochemical TF.

Over two years of implementation, analysis of Farmer Field Book (FFB) data has shown the importance of proper fertilizer application to reduce cost and environmental impact. Results from FFB show that 73% of CO₂eq emissions from coffee cultivation comes from fertilizer, while the over-application of fertilizer is also recognized. The private sector is investing in developing a model that delivers the soil test and fertilizer recommendation service to farmers to achieve more efficient levels of fertilizer application.

Regarding the adoption of sustainable farming practices by farmers, surveys have been carried out on 10% of farmers in the landscape program. The result shows that 55% of farmers adopted the agrochemical interventions, such as stopping using banned agrochemicals and adopting proper fertilizer application.
# LESSONS LEARNED

## IDH’s role

The role of IDH as co-investor with the private sector (in prototypes for sustainable commodity production, farmer organization, and natural resource management that can be scaled up) is increasingly appreciated by larger-scale investors in the agricultural sector in Vietnam, such as multilateral donors UNREDD, the Asian Development Bank (ADB), and the World Bank (WB), through the VnSAT program. As one example, the new approach on Green Growth Action Plan (GGAP) development has been adopted and co-invested by UNREDD and GIZ. VnSAT has engaged landscape-initiated cooperatives in the program (providing grants, sharing lesson learned, and aligning action plans).

## Mini-landscape approach

Changes to natural resources (water, soil) at individual farms do not create much impact on environmental management in the overall landscape without a coordinated landscape-level effort. Instead, a mini-landscape approach, in which collaboration between farmers in an area is enabled to make decisions on land and water management, tends to create an enabling environment to mobilize resources and efforts in a more efficient approach at a jurisdictional level.

## PPI approach

The PPI approach has brought all stakeholders working in a jurisdiction to the table to negotiate and brainstorm on a work plan towards greater sustainability. With this approach, resources will be focused and efficiently mobilized to achieve and prove landscape impacts, instead of only on the production of specific commodities. However, the conventional approach of establishing demo farms on individual farms still helps in raising farmers’ awareness and testing the efficiency of models.

## Changing attitudes

Changing mindsets of stakeholders (farmers, private sector, and public sector) is a critical successful factor in the landscape approach. Over three years of implementation, the landscape approach has inspired stakeholders on farming practices, in which innovative interventions were designed and adopted from field-level practices to business changes and company interventions. One example is LDC, which has actively connected with local authorities to recommend farmers restrict the use of hazardous/banned agrochemicals by certification.

## Field coordinators

To monitor field-level projects, it is important to bring in field coordinators with technical knowledge and sector networks. With the involvement of these experts, the coordination at field level between IDH and stakeholders (private and public) will be closer and more efficient. In addition to aligning the existing resources and implementing PPI Compacts, the role of these field coordinators is critical in creating an enabling environment for a PPI Compact to reach its objectives.

## Communication

Regular communication exchange with local authorities is important to support project activities and to align with existing resources/projects/programs at field level.
## KPIs Central Highlands, Vietnam

### Result area 1 - Change in business practices

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<tbody>
<tr>
<td>Output</td>
<td>Private-sector (sustainability) investments in the program</td>
<td>0</td>
<td>€420,497 ratio: 1:1.2</td>
<td>€1,000,000 ratio: 1:1</td>
<td>€969,010</td>
<td>Contribution and ratio calculated for Implementation Projects only. Total includes contributions to projects funded by different donors. Each donor will receive a separate financial report in which the donor-specific contributions and ratios will be visible.</td>
</tr>
</tbody>
</table>

**Output**

Business cases developed to demonstrate the potential of sustainable practices

- 1 (water-efficient irrigation system)
  - 2 business cases:
    - Auto irrigation system on micro-drip - ACOM
    - SSIS (Spatial Sprinkler Irrigation System)
    - OLAM

- 3 (irrigation, agrochemical management or agroforestry)

**Outcome**

IDH participation in relevant landscape and/or commodity platforms

Not predefined in the 2018 Annual Plan

- 3 (PPP Agrochemical TF, SC in Lam Dong, and SC in Daklak)
- VCCB, GCP, VnSAT program management unit

- 3 (PPP Agrochemical TF, SC in Lam Dong, and SC in Daklak)
- VCCB, GCP, VnSAT program management unit
RESULT AREA 1 OUTPUT

Business cases developed within the IDH program to show the potential of sustainable practices

- Target 2018: 2
- Result 2018:
  1. **Auto-irrigation system on micro-drip**: with support from IDH for co-funding and design, ACOM has developed a system that farmers can control remotely for both irrigation and fertilizer application. ACOM is collecting first-year data, which shows that the business case for this pilot is positive: farmers can save 67% on costs of fertilizer and 61% on total costs for irrigation and fertilizer. With the payback period of the investment set at 5.4 years, this is considered as a business case for farmers to duplicate. This system can save production costs for the farmer, and act as a solution to price volatility by improving the resilience of farmer.

  2. **Partial sprinkler irrigation system**: with support from IDH, OLAM has piloted the partial sprinkler irrigation system. The results are positive when comparing the differences between demo plot and control plot over three years on three indicators: (i) volume of irrigation water; (ii) rate of first blossom after first watering; and (iii) average coffee yield. With a significant difference in volume of irrigation water, there was no difference in other two indicators. The conclusion is evidence for the role of SSIS as a new irrigation system in coffee farming in the Central Highlands. This system can save production costs for the farmer, and act as a solution to price volatility by improving the resilience of farmer.

- Target 2020: 2 (irrigation, agrochemical management or agroforestry)
- Cumulative result (2016–2018): 2

RESULT AREA 1 OUTPUT

IDH participation in relevant landscape and/or commodity platforms

- Target 2018: Not predefined in the 2018 Annual Plan
- Result 2018:
  1. **PPP Agrochemical Task Force**: this is a platform to generate ideas from public and private partners to improve agrochemical management and usage, and respond to market requirements. The taskforce is co-chaired by Department of Plant Protection, IDH and CropLife. It advised MARD on the action plan to address agrochemical issues, and drafted a strategy to 2020 for the sustainable development of the sector.

  There are also opportunities for the public and private sectors to share lessons learned, initiatives from field-level activities and regulations, contributing to the adoption in policy/cultivation practice.

  2. **Steering Committee (SC) in Lam Dong province**: a public-private platform chaired by the Vice Chairman of Lam Dong People Committee and IDH. Members of this SC include representatives from local authorities in Lam Dong province and private sector (coffee companies).

  Expected outcomes of IDH participation are: (i) to advocate policy and consultation towards building a common vision on sustainable landscape development in Lam Dong province; (ii) to mobilize and coordinate resources from public, private and investment programs to invest in sustainable landscape development in the province; (iii) to establish networks between provincial departments, between public and private sectors coordinated to develop sustainable landscapes in the province; and (iv) to share lesson learned, upscale models, and initiatives of the Sustainable Landscape Program in Lam Dong and other provinces in the Central Highlands.
3. Steering Committee in Daklak province: a public-private platform chaired by Vice Chairman of Daklak People Committee and IDH. Members of this SC include representatives from local authorities in Daklak province and private sector (coffee companies).

Expected outcomes of IDH participation are: (i) to advocate policy and consultation towards building a common vision on sustainable landscape development in Daklak province; (ii) to mobilize and coordinate resources from public, private and investment programs to invest in sustainable landscape development in the province; (iii) to establish networks between provincial departments, between public and private sectors coordinated to develop sustainable landscapes in the province; and (iv) to share lesson learned, upscale models, and initiatives of the Sustainable Landscape Program in Daklak and other provinces in the Central Highlands.

4. Vietnam Coffee Coordination Board (VCCB): a public-private platform established in 2013 under the Ministry of Agricultural and Rural Development (MARD), focusing on influencing policy, advising ministries, providing and sharing information, increasing dialogue and communication within the sector, and representing Vietnam in the international coffee sector. Members of VCCB include representatives of public sector (Department of Crop Production, Institute of Planning and Strategy of Agriculture and Rural Development of Vietnam – IPSARD).

Expected outcomes of IDH participation are to promote innovative learning and mainstream coffee landscape into the action plan of VCCB.

5. Global Coffee Platform (GCP): an inclusive multi-stakeholder sustainability platform aligning the activities of a diverse network of stakeholders committed to addressing sustainability issues in the coffee sector in line with Vision 2030. The GCP works with coffee stakeholders, large and small, to tackle the most pressing challenges in a more aligned manner and provide a space for collective measurement and learning, e.g. in cooperation with the Sustainable Coffee Challenge. The country-specific programs and the global work streams aim to improve the effectiveness of diverse sustainability programs and contribute to greater impact on the livelihoods of coffee-farming communities and the natural environment of coffee production areas around the world.

Expected outcomes of IDH participation are to prioritize the pilot of a digital tool in ISLA communes in Di Linh, and to adopt the digital tool in other PPI Compacts such as Lac Duong and Krong Nang.

6. Vietnam Sustainable Agriculture Transformation, funded by World Bank: this aims to improve farming practices and value chains in the targeted project areas, and promote institutional strengthening of relevant public agencies to effectively support implementation of the agricultural restructuring plan.

Expected outcomes of IDH participation are (i) to participate in field missions to evaluate program progress; (ii) to link innovation/lessons learned from the private sector into the VnSAT project; and (iii) to mobilize resource from VnSAT to upscale successful stories of the ISLA program.

• Target 2020:
  3 (PPP Agrochemical TF, SC in Lam Dong, and SC in Daklak)
VCCB, GCP, VnSAT program management unit

• Cumulative result (2016–2018): 6
### Result area 2 - Improved sector and landscape governance

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<tbody>
<tr>
<td>Output</td>
<td>Representation and commitment of key stakeholders in multi-stakeholder processes or coalitions</td>
<td>NA</td>
<td>8</td>
<td>NA</td>
<td>NA</td>
<td>This figure is the average score from a survey that was conducted in March 2019, in which stakeholders were asked to rate multiple aspects of their experience with IDH programs. The total number of respondents for the Vietnam program is 2.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Satisfaction about the effectiveness of multi-stakeholder processes or coalitions associated with the program</td>
<td>NA</td>
<td>7.7</td>
<td>NA</td>
<td>NA</td>
<td>This figure is the average score from a survey that was conducted in March 2019, in which stakeholders were asked to rate multiple aspects of their experience with IDH programs. The total number of respondents for the Vietnam program is 2.</td>
</tr>
<tr>
<td>Outcome</td>
<td>Landscape plans developed and operationalized</td>
<td>1 green growth plan for Lam Dong; 1 participatory land-use plan at commune level; Start development of one district-level PPI Compact</td>
<td>1 green growth plan at commune level; 1 district-level PPI in Lac Duong district is starting development; 1 GGAP is being developed</td>
<td>1 green growth plan for Lam Dong; 2 PPI Compacts at district level; 1 participatory land-use plan at commune level</td>
<td>1 participatory land-use plan at commune level; 1 district-level PPI in Lac Duong district is starting development; 1 GGAP is being developed</td>
<td>We have made slow progress on GGAP</td>
</tr>
</tbody>
</table>

- **Output**: Representation and commitment of key stakeholders in multi-stakeholder processes or coalitions.
- **Outcome**: Satisfaction about the effectiveness of multi-stakeholder processes or coalitions associated with the program.
- **Outcome**: Landscape plans developed and operationalized.
RESULT AREA 2 OUTCOME

Landscape plans developed and operationalized

- Target 2018:
  1 green growth plan for Lam Dong; 1 participatory land-use plan at commune level; start development of one district-level PPI compact

- Result 2018:
  1. Participatory land-use plan: Through joint effort between IDH and Tropenbos, a participatory land-use plan at commune level was developed for Gung Re commune in Di Linh, Lam Dong province. Owned by district authorities, the plan has been developed including targets and goals, a detailed action plan with timelines, clearly defined roles and responsibilities for all actors, implementation budget, M&E system and governance mechanism. In addition, the plan came up with guidelines for participatory land-use planning based on the landscape approach. This material will be introduced to VnSAT for upscaling.

  2. Green Growth Action Plan (GGAP): IDH, UNDP and GIZ co-invested to develop a GGAP for Lam Dong province in which IDH plays as a team leader and convener. This GGAP is expected to provide the overview, strategies, and investment plan for a green economy, which reconciles the economic growth of several sectors in the province with climate-change mitigation and efficient use of natural resources, including the energy sector that supports the economic development. The inception workshop was organized in November 2018. The GGAP is expected to be finalized in Q3 2019.

  3. PPI Compact: IDH has convened local government and private-sector companies to co-develop a sustainable landscape compact based on green growth and sustainability with a PPI approach. In 2018, IDH signed the Letter of Intent with local government and the private sector to show mutual interest to develop a PPI Compact in Lac Duong in 2019. In addition, other parties in two districts (Lac Duong in Lam Dong and Krong Nang in Daklak) are also interested in developing PPI Compacts in 2019.

- Target 2020:
  1 green growth plan for Lam Dong; 2 PPI compacts at district level; 1 participatory land-use plan at commune level

- Cumulative result (2016–2018): NA

RESULT AREA 2 OUTPUT

Number of infrastructure facilities developed

- Target 2018:
  On coffee farms: install 45 sprinkler irrigation systems; 4 MimosaTek smart irrigation systems; 13 humidity and wind measurement systems; 36 farms with water harvesting structures; and 60 water meters.

- Result 2018:
  On coffee farms: 49 sprinkler systems (43 SSIS + 6 sprinkler irrigation systems + 6 basin systems); 9 micro-drip; 13 MimosaTek smart irrigation systems; 41 farms with water harvesting structures; 60 water meters.
  
  ACOM: 13 (4 sprinkler and 9 micro-drip)
  SIMEXCO: 30 sprinkler (water meter installed)
  OLAM: 6 sprinkler model+6 SIS + 30 water meters
  LDC: 28 demo plots (3 sprinkler)

- Target 2020:
  On coffee farms: install 45 sprinkler irrigation systems; 13 humidity and wind measurement systems; 36 farms with water harvesting structures; and 60 water meters.
  On vegetable farms: upgrade 1 surface water pumping station for irrigation; 10 km of irrigation canals; construct 60 new on-field ponds.

- Cumulative result (2016–2018):
  On coffee farms: 45 sprinkler systems (43 SSIS + 6 sprinkler irrigation systems + 6 basin systems); 3 MimosaTek smart irrigation systems; 3 humidity and wind measurement systems; 31 farms with water harvesting structures; 60 water meters.
### Result area 3 - Improved field-level sustainability

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<tbody>
<tr>
<td>Output</td>
<td>Number of producers/workers/community members trained on key subjects for sustainable production, environmental and social sustainability</td>
<td>Not predefined in the 2018 Annual Plan</td>
<td>Total: 8,776 (2,957 women and 5,819 men)</td>
<td>17,000</td>
<td>9,569 (6,565 men and 3,004 women)</td>
<td>The cumulative result reported here is the number of unique individuals.</td>
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<tr>
<td></td>
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<td>OLAM: 1,342 (293 women and 1,049 men)</td>
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<td>ACOM: 807 (324 women and 483 men)</td>
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<td></td>
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<td></td>
<td>SIMEXCO: 4,430 (1,571 women and 2,859 men)</td>
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<td>LDC: 2,197 (769 women and 1,428 men)</td>
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<td></td>
<td>Number of producers/workers/community enterprises reached by service delivery with plant material</td>
<td>1,705</td>
<td>Total: 826</td>
<td>2,105</td>
<td>139 demo farms + 3,085 farmers</td>
<td>The target is not achieved because we want to focus our efforts on a landscape-based approach: mini-landscape. SIMEXCO is the first pilot and invested significantly in the mini-landscape in Ea Tan Cooperative (10,000 seedlings provided to 48 farmers)</td>
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<td>OLAM: 4,000 seedlings to 530 farmers</td>
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<td></td>
<td></td>
<td></td>
<td>ACOM: 117</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>SIMEXCO: 48 farmers supplied with 10,000 seedlings for mini-landscape</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>LDC: 131 (103 extension + 28)</td>
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</table>
| Output       | Number of trainers, auditors and/or government staff trained in the program | 160 (to use digital agrochemical applications) | NA          | 300         | 437                           | The digital agrochemical applications' progress is slower than expected. We have not yet organized training, but according to the app server, up to 929 accounts were registered:  
  - Other topic: 298  
  - OLAM: 25  
  - ACOM: 9  
  - SIMEXCO: 219  
  - LDC: 54  
  For this indicator, the 2020 target was changed from 250 to 300. Due to a new project developed about pesticide usage, we anticipate trainings to be delivered to at least 50 government staff/trainers. |
|              |                                |             |             |             |                               |          |
| Output       | Number of infrastructure facilities developed | On coffee farms: install 45 sprinkler irrigation systems; 4 MimosaTek smart irrigation systems; 13 humidity and wind measurement systems; 36 farms with water harvesting structures; and 60 water meters.  
  ACOM: 13 (4 sprinkler and 9 micro-drip)  
  SIMEXCO: 30 sprinkler (water meter installed)  
  OLAM: 6 sprinkler model +6 SIS + 30 water meters  
  LDC: 28 demo plots (3 sprinkler) | On coffee farms:  
  49 sprinkler systems (43 SSIS + 6 sprinkler irrigation systems + 6 basin systems); 9 micro-drip; 13 MimosaTek smart irrigation systems; 41 farms with water harvesting structures; 60 water meters.  
  ACOM: 14 (4 sprinkler and 9 micro-drip)  
  SIMEXCO: 30 sprinkler (water meter installed)  
  OLAM: 6 sprinkler model +6 SIS + 30 water meters  
  LDC: 28 demo plots (3 sprinkler) | On coffee farms:  
  45 sprinkler systems (43 SSIS + 6 sprinkler irrigation systems + 6 basin systems); 3 MimosaTek smart irrigation systems; 36 farms with water harvesting structures; and 60 water meters.  
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  SIMEXCO: 30 sprinkler (water meter installed)  
  OLAM: 6 sprinkler model +6 SIS + 30 water meters  
  LDC: 28 demo plots (3 sprinkler) |          |
### Outcome: Adoption rate of improved practices by producers/workers/community members of mobile-based agrochemical information system

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<tr>
<td>70% among 1,500 farmers/workers/community members</td>
<td>Mobile-based agrochemical information system not yet developed.</td>
<td>80% among 7,500 farmers/workers/community members</td>
<td></td>
<td>Not yet available because companies only organize adoption survey every two years</td>
</tr>
<tr>
<td>ACOM: 58% among 2,000</td>
<td>OLAM: 73% among 1,342</td>
<td>ACOM: 58% among 2,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SIMEXCO: 51% among 5,362</td>
<td>LDC: 92.4% among 2,457</td>
<td>ACOM: 58% among 2,000</td>
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### Outcome: Liters of irrigation water used per tree per year

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<tr>
<td>1,400–1,800</td>
<td>Average: 1,200 l/tree/year</td>
<td>1,200–1,400</td>
<td>1,800–2,400</td>
<td>Due to short dry season in 2018, the amount of irrigation water is less than usual</td>
</tr>
<tr>
<td>SIMEXCO: 1,350 m³/ha/year - 1,228 l/tree/year</td>
<td>ACOM: 1,200 l/tree/year</td>
<td>LDC: 395 m³/ha/round - 359 l/tree/round *1.5 round - 540 l/tree/round</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OLAM: 1,200 l/tree/year</td>
<td></td>
<td>OLAM: 1,200 l/tree/year</td>
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</tbody>
</table>

### Outcome: Tree-crop diversity level of farms

<table>
<thead>
<tr>
<th>Monoculture: 75% in LD; 10% in DL</th>
<th>Medium diversity: 15% in LD; 25% in DL</th>
<th>High diversity: 10% in LD; 65% in DL</th>
<th>NA</th>
<th>NA</th>
</tr>
</thead>
<tbody>
<tr>
<td>NA. The IP will organize a survey every two years; at this moment the figure is not ready</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Monoculture: 83% in LD; 13.7% in DL</td>
<td>Medium diversity: 9.7% in LD; 20.5% in DL</td>
<td>High diversity: 7.5% in LD; 65.8% in DL</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Program support
Innovative Finance

The innovative finance team supports IDH’s sector programs by investing in projects and/or setting up investment programs to address their key sustainability challenges. The team’s core work is to catalyze financial institutions and IDH supply chain partners to make high-risk investments in smallholder farmer operations, which will improve both the sustainability of these supply chains and/or landscapes as well as the livelihoods of the producers.

To trigger the financial sector to invest in smallholder farming, it is key that governments and private sector players in the food value chain work together to create an environment in which risks are mitigated to a large extent. This means that market access for farmers is created, new business models for smallholder farmers are developed, and implementation of those is supported. Following a blended-finance approach is key to attracting banks and institutional investors.

To accelerate market transformation, we have identified that a new and innovative approach to farmer finance is needed, backed by a strong public-private partnership, in which both government and international companies take on risk and establish a foundation on which financial institutions can finally invest in smallholder finance on a meaningful scale. To achieve significant change, IDH is establishing the €100 million Farmfit Fund to provide high-risk funding for smallholder and agri-SME finance, following a holistic approach along the value chain.

All relevant countries in which IDH operates are covered. In particular, the innovative finance team has projects in Côte d’Ivoire, the Philippines and Uganda, and is working with financial institutions in Europe and the USA.

MAIN SUSTAINABILITY ISSUES TARGETED
- Smallholder livelihoods
- Changes in business practices
- Economic growth

PRIVATE PARTNERS
FMO, IFC, ABN AMRO, Rabobank, Advans, Cargill, Olam, Ecom, Barry Callebaut, GAFSP, Kennemer Foods, Machu Picchu Foods, Mondelez, Unilever, JDE, Neumann Kaffee Gruppe, Mastercard, Succafina, Aqua Spark, Gram Unati, Fishin

RELEVANT SUSTAINABLE DEVELOPMENT GOALS

KEY ACHIEVEMENTS IN 2018
The reporting year was one of learning, partnership development and strengthening IDH’s positioning in the farmer-financing space. Key achievements in 2018 include:

Structuring a US $25 million global financing facility with three global banks and a coffee trader for providing financing to over 3,000 smallholder coffee farmers for inputs and replanting/renovation. As part of the facility, IDH will provide a US $2.5 million first-loss guarantee pari passu with the trader. The transaction is currently in documentation stage and it is expected to be signed by April 2019.

Conceptualization, fundraising and structuring of IDH’s Farmfit Fund – a €100 million joint investment from the Dutch Ministry of Foreign Affairs, Unilever, Mondelez, Jacobs DE and Rabobank that will provide high-risk funding for smallholder and agri-SME finance. The fund is currently in the structuring phase and it is expected to start operations in July 2019.

Groundbreaking farmer upskilling and livelihoods improvement project with a global confectionary supplier and one of the leading agricultural commodity trading companies. The investment will commence in Ghana in 2019 and will move to Côte d’Ivoire in 2020.
### Key learnings 2018

<table>
<thead>
<tr>
<th>Financing capacity of non-financial value chain partners</th>
<th>Smallholder finance requires an organizational infrastructure, geared towards financing a larger number of smallholder clients. Internal capacity to manage a farmer loan portfolio in addition to a sourcing operation is critical, as well as expensive and time-consuming to establish, and the economies of scale are limited. Creating a “plug-in” farmer loan portfolio management system for traders is a priority if we are looking to create an enabling environment, as each trader developing or replicating the system on their own is prohibitively expensive and an impediment to scale. To this end, partnering with a financial services company to provide a white-label financial product which the traders can then use remains a priority for the Farmfit Fund.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-farm monitoring and support</td>
<td>On farm monitoring and support is critical. There is a direct correlation between the level and amount of agronomic support offered and farmer performance, and by extension loan portfolio performance. Reliance on human capacity to provide this support is expensive and limits scale. Finding a scalable solution to this problem is also a priority for the Farmfit Fund.</td>
</tr>
<tr>
<td>On-farm human resources</td>
<td>It is challenging but important to find people with the right skillset to manage the systems and act as loan officers in the field. Field staff who provide agronomical technical assistance/support have a different skillset compared to loan officers. As, in most case, it is the same technician who does both jobs, they need to be properly trained for communicating, managing and collecting the loans.</td>
</tr>
<tr>
<td>Setting the right KPIs</td>
<td>Reporting is seen as a burden by some partners. In setting reporting requirements, if initial KPIs are too exhaustive, it creates unwarranted reporting and data collection requirements. KPIs should be focused and targeted to ensure that the critical elements of the project are able to be assessed and evaluated. When the KPIs include non-critical elements, which are difficult to measure, the result is that significant resources are spent in an attempt to gather data which are of limited quality or relevance to the core objectives of the project.</td>
</tr>
<tr>
<td>Continuous learning and adjustment</td>
<td>Since the outset it has been unclear, for the transactions completed, what realistic impact targets would look like and how much time would be needed to achieve them. During the first few years of a financing facility, significant adjustments in terms of indicators and timelines are needed, in parallel with improvements in the organization of the implementing partner.</td>
</tr>
<tr>
<td>Structuring a transaction in relation to time needed</td>
<td>It takes a considerable amount of time to structure a smallholder transaction and bring it to a close (often more than a year), given the complexity of the transactions and the multiple stakeholders involved.</td>
</tr>
</tbody>
</table>
FARMFIT FUND

The Farmfit Fund will provide high-risk funding for small-holder and agri-SME finance, following a holistic approach along the value chain. The fund is a €100 million joint investment from the Dutch Ministry of Foreign Affairs, Unilever, Mondelez, Jacobs DE and Rabobank. The fund will take the highest risk positions in farmer financing deals. These deals will be structured together with value-chain actors, such as traders or input providers. To further increase the leverage potential, USAID will issue guarantees (up to US $1 billion) to financial institutions that will lend to clients of the fund. This will attract local and international financial institutions, MFIs and DFIs, and create significant leverage and impact.

The objective of the fund is to demonstrate that farmer financing is possible in a sustainable way, by building a large and sound farmer-centric investment portfolio with both value-chain actors and financial institutions. The fund will improve the livelihoods of 3-5 million farmers and increase farmer income by at least 50%, by investing in the commodities in which IDH is active, and building on the network and knowledge of the IDH’s various sectors. To identify investable cases and ensure success, intensive collaboration with the IDH organization as a whole is key. The fund aims to be operational by July 2019.

SECTORS food, staple and cash crops including, cocoa, coffee, cotton, palm oil, tea, aquaculture, soy, cassava, rice and other commodities.

GEOGRAPHY DAC list. Target 50% in Africa, 25% in Latin America and 25% in Asia.

FUND CONTRIBUTION in a transaction determined by additionality: max. 30%, in least developed countries; max. 40% for fintech/agtech investments.

Financing instruments may include guarantees, subordinated loans, equity or mezzanine finance.
## RISK ASSESSMENT

<table>
<thead>
<tr>
<th>Risks</th>
<th>Probability</th>
<th>Impact</th>
<th>Mitigating action undertaken</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not being able to create effective partnerships with financial institutions.</td>
<td>Medium-low</td>
<td>High</td>
<td>The team continues to work with major financial institutions in sound partnerships, and continues to expand its network of partner financial institutions.</td>
</tr>
<tr>
<td>Not finding suitable smallholder farmer finance projects.</td>
<td>Medium-low</td>
<td>High</td>
<td>The team uses its financial-institution and IDH-sector networks, as well as building its own networks to ensure a pipeline.</td>
</tr>
<tr>
<td>Projects not well-linked to existing IDH sector program work and focus.</td>
<td>Medium-low</td>
<td>High</td>
<td>The team continually collaborates with IDH program teams, and meets formally with every sector director once a month to ensure alignment with the program targets.</td>
</tr>
<tr>
<td>Not finding a suitable exit strategy for each innovative finance project.</td>
<td>Medium-high</td>
<td>Medium-high</td>
<td>The team developed theories and implemented exit strategies, as well as starting discussions with local financial institutions to develop partnerships for the supply chain and smallholders. We will also exit the projects one year before the other partners.</td>
</tr>
<tr>
<td>Not finding the human resources required for scaling up.</td>
<td>Medium-high</td>
<td>High</td>
<td>The team has expanded in Utrecht and is already looking to find the right professionals to further expand in IDH locations outside of Europe, in order to effectively manage the Farmfit Fund.</td>
</tr>
<tr>
<td>Projects moving slower than desired to reach execution (i.e. signed agreements).</td>
<td>Medium-high</td>
<td>High</td>
<td>The team learns from existing deals and flags possible bottlenecks early.</td>
</tr>
</tbody>
</table>
Learning & Innovation

In 2018, the Learning & Innovation team continued to support IDH’s program teams and their partners in further improving their strategies to reach impact. We organized internal and external training on our impact themes, and have disseminated key insights via publications, webinars, events and blogs. We further refined the new concept of Verified Sourcing Areas, and developed new innovative tools, like the gender-assessment tool to engage with private-sector players about their progress on gender equality and empowerment, and how to improve.

During IDH’s ten-year event, dedicated sessions were organized on gender, living wage and working conditions, Verified Sourcing Areas and service delivery to smallholder farmers. The ten-year event served as a natural moment of reflection, where we presented the book Collaborative Transformation: the art of making international trade more sustainable, which brings together the accumulated knowledge of IDH and partners over the past ten years as we have engaged in improving sustainability in international trade. We used the mid-term evaluation to learn from the effect of our interventions to focus our future strategy. We expanded our team capacity by hiring dedicated staff for living wage and working conditions, and by hiring a technology expert for our smallholder inclusion theme. We also strengthened our M&E team by hiring a senior expert and expanding the overall capacity.

KEY ACHIEVEMENTS IN 2018

- Strengthening our thought leadership on mitigation of deforestation and landscapes through publications. These included an information brief on our approach to creating landscapes, business case studies on why companies implement a landscape approach, and speaking opportunities at several events.
- Successfully establishing Farmfit with the support of the Bill and Melinda Gates Foundation (BMGF) and the UK Department for International Development (DFID). Through Farmfit, IDH will support a systemic change on how businesses engage with smallholder farmers. Farmfit is supporting the establishment of commercially viable, inclusive business models that benefit smallholder farmers and the companies implementing the business models.
- Integrating gender into IDH’s overall work processes and new initiatives. We positioned IDH as the business partner for companies that are keen to work on integrating gender into their core business by building the business case for gender through the development of new tools, such as a high-level gender analysis tool, and piloting gender-SMART interventions with our partners.
- We rapidly increased our profile and engagement in living wage and working conditions. We have seen an increased appetite from the private sector and key strategic partners to work on benchmarks, dashboards and prototyping innovative interventions.
In 2018, we reached a significant milestone in our work on smallholder inclusion with the creation and launch of Farmfit—a hub of innovation, best practice and learning on smallholder engagement. Farmfit analyzes service delivery models (SDMs) for smallholder farmers, generating insights on the performance of smallholder engagement strategies of companies and the potential for innovations and improvements. Farmfit has begun offering a continuation of services to these partners beyond the analysis, including technical assistance and blended finance, with the objective to improve the sustainability, efficiency, and effectiveness of smallholder engagement models. An additional milestone was the expansion of the SDM analysis methodology to include financial service providers (FSPs). In partnership with the Rural Agricultural Finance Learning Lab (RAF-LL), IDH concluded the first phase of a business-model sustainability study to better understand and improve the SDMs of three financial service providers that serve smallholder farmers. Insights from the deep-dive research on FSPs and farmer segmentation serve to inform smallholder engagement strategies of internal program teams and external stakeholders. Moving forward, the close working relationship between the Learning & Innovation team and Farmfit will enable us to capitalize on joint opportunities to capture learnings on smallholder engagement strategies and distribute them broadly for maximum positive sector impact.

### PLANNED ACTIVITIES

<table>
<thead>
<tr>
<th>Conduct SDM analyses and develop a pipeline to build on the database of analyses; contract expert knowledge partners to expand the breadth and scope of the analyses</th>
<th>RESULTS 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 14 SDM analyses in nine countries were concluded and shared.</td>
<td>• A partnership with the RAF-LL was established to study the business case for FSPs to engage with smallholders, and three SDM case studies were conducted with FSPs.</td>
</tr>
<tr>
<td>• A gender equality and empowerment tool was added to the analysis methodology, and was tested with two cases.</td>
<td>• One repeat case study was completed to determine the impact of our SDM analysis.</td>
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<table>
<thead>
<tr>
<th>Establish the Smallholder Innovation Platform</th>
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<tbody>
<tr>
<td>• The Smallholder Innovation Platform was renamed to Farmfit, and was launched at the IDH ten-year event in partnership with its funders, the BMGF and DFID.</td>
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</table>

<table>
<thead>
<tr>
<th>Build internal capacity for conducting SDM analyses to develop greater in-house knowledge and learning</th>
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</thead>
<tbody>
<tr>
<td>• Internal capacity building for conducting SDM analyses began actively in May with the onboarding and training of the first five Farmfit Kenya team members.</td>
<td>• An additional training for 11 colleagues was conducted in November to:</td>
</tr>
<tr>
<td></td>
<td>• Develop deeper institutional knowledge and support of the SDM work and Farmfit;</td>
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<tr>
<td></td>
<td>• Deep-dive into the methodology and practical training for colleagues conducting SDM analyses.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Deepen and expand internal smallholder expertise with deep-dive research on relevant key topics (adoption, segmentation)</th>
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<tbody>
<tr>
<td>• Plans for specific deep-dive research were put on hold until the launch of Farmfit to ensure alignment of both agendas.</td>
<td>• Following the launch of Farmfit, the second phase of the farmer segmentation research was restarted in Q4 2018.</td>
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<table>
<thead>
<tr>
<th>Organize and facilitate smallholder cross-sector learning to increase internal and external collaboration</th>
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</thead>
<tbody>
<tr>
<td>• The Smallholder Strategy Group (SSG) organized three internal sessions to establish cross-learning opportunities for program teams working on smallholder inclusion.</td>
<td>• Attendance and participation in sector events provided an opportunity to showcase key learnings externally.</td>
</tr>
<tr>
<td>• Organization and facilitation of smallholder learnings were concentrated on the working sessions at the IDH ten-year event, which included:</td>
<td>• A partnership panel on smallholder value chain financing;</td>
</tr>
<tr>
<td></td>
<td>• An innovation lab on investing in smallholder profitability;</td>
</tr>
<tr>
<td></td>
<td>• An innovation lab on digital innovations to improve farm performance and value chains.</td>
</tr>
</tbody>
</table>
Mitigation of deforestation

In 2018, IDH focused on further strengthening our approach to create sustainable landscapes that balance elements of Production-Protection-Inclusion (PPI), by supporting the development of strategies, impact research and new concepts, like Verified Sourcing Areas (VSA). This type of strategic support, combined with learning sessions and calls, enabled direct learning on our PPI approach, and has resulted in several internal guidance documents including on PPI Compacts and forest protection. To distribute our approach and aggregated knowledge on landscapes, we organized several learning sessions (e.g. at the Global Landscapes Forum) and published an information brief that summarizes all the elements of our approach to creating sustainable landscapes. Finally, we focused on capturing the business rationale for companies to engage in jurisdictional approaches, which has resulted in several case studies. Through this work, we learned that there is a high level of interest from landscape practitioners on how and why companies are participating in landscape approaches. Finally, we’ve discovered that as the landscape team grows, we need to come up with new ways to communicate and share information within the team. We therefore piloted an internal online knowledge-sharing platform, and are rethinking how we will organize learning and innovation within the landscape team.

PLANNED ACTIVITIES

- Consolidate the Production-Protection-Inclusion (PPI) approach to building compacts in IDH landscapes, and developing a white paper on the PPI approach
- Develop IDH’s approach to Verified Sourcing Areas, linking market demand to landscape-level convening
- Strengthen the business case to engage in landscape approaches, through case analyses and disseminating learnings

RESULTS 2018

- Reflecting on lessons learned in our PPI approach has resulted in internal guidance documents on how to develop PPI Compacts and green growth plans, which also served as key input to advance the development of the VSA concept.
- These results were disseminated externally through publications, including an information brief, an infographic on PPI approaches, articles (TFA2020, Greenbiz), and presentations at the Global Landscapes Forum in Washington and Bonn.
- Internal landscape team days were organized, bringing together 35 staff working on landscape approaches in eight countries. Participants exchanged learnings around how they facilitate landscape governance, implementation, and increasing program impact.
- An online knowledge platform for the landscape team was piloted to check whether this could facilitate knowledge exchange. The pilot is continuing in early 2019, after which we can determine concrete outcomes and next steps.
- To strengthen the “Protection” pillar of our PPI approach, an internal guidance document for forest protection was developed.
- We supported the VSA concept through research, engaging with partner organizations, and organizing learning sessions (e.g. at the Global Landscapes Forum in Bonn).
- This has resulted in an improved concept and readiness pilot that were launched at IDH’s ten-year event.
- In 2018, the VSA approach was further advanced by setting up a Global Steering Committee consisting of high-level representatives from major private, public and civil-society players.
- We launched a set of four business case studies on why it makes sense for companies to engage in landscape approaches – from ensuring stable prices and reaching new markets, to maintaining customer loyalty and securing a social license to operate. The case studies helped our program teams to better understand the business sense of landscape approaches, and the levers to pull to engage companies in their programs, and triggered significant interest from external stakeholders (545 unique page views on IDH’s website).
The reporting year was important for IDH’s work on living wages and working conditions. The foundation for the team to make progress on this work stream was created, and by the end of 2018 two full-time staff had been hired for this impact theme. Primarily, IDH helps to improve sector governance for living wages and working conditions by creating multi-stakeholder initiatives and establishing sector-wide living wage benchmark research to enable companies to improve workers’ wages, benefits and working conditions. Efforts to benchmark living wages resulted in two finalized sector-wide living wage studies in Costa Rica and Ghana, and two almost-finalized studies in Belize and Ecuador. Secondarily, our efforts to generate learnings centered around various reports and publications regarding the tea sector through Malawi2020, the banana sector in Costa Rica and Ghana, and the flower sector in Ethiopia and Kenya. Additionally, and related to these sectors, a series, on why paying a living wage is good for both workers and business was published. By combining this cross-sector knowledge, fostering our relationships with multiple stakeholders, and building our capacity on living wages and working conditions, we delivered on our 2018 goals and are well prepared to upscale our efforts in 2019.

**PLANNED ACTIVITIES**

| Foster multi-stakeholder coalitions for implementation of the living wage, and sustain the Anker Living Wage methodology in a standard that is accepted by the industry |

- Multi-stakeholder coalitions were convened in all sectors where work on living wages and working conditions is carried out by IDH, such as tea, flowers and fresh & ingredients, as well as around the Anker Living Wage methodology.

- Due to our track record in the banana sector and our experience on living wages through Malawi2020, IDH has been chosen to convene the Dutch banana retail covenant with CBL, and assist in the implementation of living wages by 2025.

- With the Rainforest Alliance, IDH created a Salary Matrix self-assessment tool to calculate gaps at farm level, which spurred interest from various potential adopters and stakeholder groups. The tool, which was launched in January 2019 on the IDH website for anyone to download and use, has the potential to unite global conversations around measuring actual wages – a critical element in strong living wage benchmarks.

- In the tea sector, IDH continued to convene and learn from Malawi2020 by monitoring the development of our efforts to implement a living wage. Through the consistent efforts of the Malawi2020 stakeholders, the living wage gap for tea workers has closed by 25%.

- In the apparel sector, Race to the Top and LABS continue to make valuable contributions and generate learnings around working conditions, thereby building workers’ ability to collectively bargain for higher wages.

- Finally, we further encouraged the adoption of Anker Living Wage benchmarks with two benchmarks finalized in 2018 (Costa Rica and Ghana). We continue to work with GLWC and the Ankers to develop living wage benchmark proxies for several other countries, including Belize, Ecuador and Tanzania.
## RESULTS 2018

<table>
<thead>
<tr>
<th>PLANNED ACTIVITIES</th>
<th>RESULTS 2018</th>
</tr>
</thead>
</table>
| Generate learnings from living wage implementation for dissemination | • A [living wages and working conditions page](#) on the IDH website was created, including six case studies that exemplify IDH’s work in establishing a foundation for business success when adopting living wages.  
• A handful of external studies were performed that showcase IDH’s learnings, including an in-depth study on Malawi2020 by Wageningen University that included field-level assessments of the impacts on workers. This study was shared with all coalition members who were able to further strengthen the strategies to reach impact based on these learnings. We externally published a [brief](#) about how to revitalize the Malawian tea industry for workers to earn a living wage.  
• The largest public exhibition of our work was at the ten-year event, where two break-out sessions on living wages were held and participants engaged in brainstorming, planning, and combining their knowledge.  
• With our partner Eosta, we published a [report](#) on living wages in avocado supply chains, which aims to dissect the complexities of this unique sector and inform sector leaders who aim to adopt living wage standards.  
• Finally, we produced an internal report with Impactt and USAID on the results of impact research from the first factory to graduate from the Race to the Top’s Worker Engagement & Productivity program, which shows that the factory significantly benefitted from the program. This report further informs our internal knowledge and helps to measure and understand our strategies and challenges so far. |
In 2018, our learning and innovation efforts on responsible agrochemical management (RAM) were threefold: cross-sector learning on approaches to address agrochemical management, defining three replicable and scalable innovations for addressing agrochemical use, and integrating RAM within IDH programs. We facilitated cross-learning on key RAM approaches to reach impact, including the establishment of international coalitions, training farmers, integrating RAM into service delivery to farmers, and improving data collection at farmer level. The Learning & Innovation team also fine-tuned three innovations for RAM where IDH can make a difference:

1. Developing a toxicity index that universally measures the impact of agrochemical use. This innovation is integrated under the fresh & ingredients program, which in 2018 initiated the creation of a pesticide-impact indicator.

2. Piloting various data tools that enable analysis of datasets, and providing feedback to farmers based on their data, which will be further scrutinized in 2019 to find enabling factors for such tools.

3. Area-based pest management, which goes beyond farm level and takes an entire area into account. This innovation will potentially be piloted in Vietnam.

Finally, IDH has decided to incorporate RAM into the other impact themes, as it is difficult to isolate from the broader impacts of responsible production. We will therefore not prioritize RAM as an overarching impact theme for learning and innovation. The innovations identified will be further developed by IDH programs.

PLANNED ACTIVITIES

- Develop knowledge on the four building blocks of RAM interventions (training, service delivery, data, and policy and enforcement) through specific learning exercises, organizing white spaces, and aligning with learning partners.

RESULTS 2018

- Organization of three white spaces on the building blocks of RAM interventions, leading to internal alignment on the approaches for RAM.

- Integration of learnings from the sector in the IDH RAM impact theme by consulting a pesticide specialist to help us support the teams. The specialist has been a valuable resource on the technical aspects of pesticides and their environmental impacts, which has helped to steer engagements with partners in the right direction.
Gender equality and empowerment

During 2018, IDH made considerable efforts to further strengthen its impact theme on gender equality and empowerment. We believe that applying a gender lens to our interventions will multiply and deepen our impact. We have therefore taken steps to fully integrate gender into the IDH supply-chain approach. We are building the business case for gender and piloting gender-SMART interventions with our partners, to prove the impact of gender-inclusive practices when implemented well. From an internal organization perspective, we are building the capacity of our staff and integrating gender in our way of working. To achieve this, we stepped up our game in 2018:

- Gender-intentional interventions are ongoing in the apparel, cocoa, coffee, cotton, fresh & ingredients (flowers in particular) and tea programs;
- Gender has been integrated in IDH’s overall work processes;
- Awareness-raising sessions with staff continued;
- Two social media campaigns took place, and two events were organized.

Moving forward, we developed new tools, such as a high-level gender analysis tool, which is a data-driven approach to enable our staff to assess the current context and gender dynamics, find opportunities to address gender gaps in proposed interventions, and identify the risks of not addressing these. Furthermore, we will invest in a more structured capacity-building trajectory on gender, to become a standard part of the IDH induction process.

PLANNED ACTIVITIES

<table>
<thead>
<tr>
<th>RESULTS 2018</th>
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<tbody>
<tr>
<td><strong>Build the business case for gender and gender-SMART interventions in specific sectors, as well as integrate gender into other impact themes</strong></td>
</tr>
<tr>
<td>• IDH facilitated business-to-business engagement through the IDH4Gender cross-learning event between IDH tea and flowers programs in Kenya, focusing on issues like workplace safety, sexual harassment, and leadership and empowerment. The event attracted around 60 participants (80% business) from key sector players in Kenya, Ethiopia, Colombia and Malawi, who shared their insights on how and why to address gender in their business.</td>
</tr>
<tr>
<td>• Development and integration of a gender strategy into the Farmfit program, as well as recruitment of a local gender specialist for the Farmfit Nairobi office.</td>
</tr>
<tr>
<td>• Integration of gender into SDM analyses and co-development of an in-house gender analysis tool with Dalberg, which will be further integrated into the SDM approach with the aim of rolling it out across IDH.</td>
</tr>
<tr>
<td>• During the IDH ten-year event, an innovation lab session focused on the experiences of IDH and partners in working towards integrating gender, and explored practical and integrated gender business solutions. The event served as input for IDH to further develop the business case for gender and carve out the areas of focus for 2019.</td>
</tr>
<tr>
<td>• Key highlights of the results in our sector programs include:</td>
</tr>
<tr>
<td>• In tea, flowers and cotton, awareness of gender has been raised among farmers, workers, community members and field facilitators;</td>
</tr>
<tr>
<td>• A business case study on integrating gender in the Ethiopian flowers sector has been conducted and published;</td>
</tr>
<tr>
<td>• A gender policy has been launched and rolled out across the Malawian tea industry;</td>
</tr>
<tr>
<td>• Sector platforms on gender have been convened in tea and flowers.</td>
</tr>
<tr>
<td>More details on these results can be found in the relevant program chapters.</td>
</tr>
<tr>
<td>• Gender has been integrated/linked to the smallholder inclusion and living wage and working conditions impact themes, and to a lesser extent to the RAM impact theme.</td>
</tr>
</tbody>
</table>
**Impact research**

In 2018, IDH finalized impact research for key IDH Proofs of Concept (PROOF OF CONCEPT) from several commodity programs, such as cocoa, tea and cotton, as well as landscapes, such as Mau Forest in Kenya and West Kalimantan in Indonesia. This research captured evidence of achievements so far and helped to fine-tune the program strategies. In addition, we gathered internal evidence on progress within the five IDH impact themes to provide KPMG for them to perform the mid-term evaluation, which starts in January 2019 and will be published in June 2019.

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<thead>
<tr>
<th>PLANNED ACTIVITIES</th>
<th>RESULTS 2018</th>
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</table>
| **Continue impact research** on the five main research PROOF OF CONCEPTs, plus one project per impact theme outside the main research PROOF OF CONCEPTs | • Impact research was finalized for several of the main in-depth IDH PROOF OF CONCEPTs, including the cocoa program in Côte d’Ivoire, tea Malawi 2020 and the Better Cotton Initiative. External reports were produced for these three research products, and published on the IDH website.  
• Impact research started for IDH landscapes work in West Kalimantan (Indonesia) and Mato Grosso (Brazil), and for the work on gender in tea plantations in Kenya. This work continues in 2019.  
• Research was also performed in other key projects, such as gender work in Ethiopia and apparel work through the Race to the Top program.  
• All key evidence from each of the five impact themes was gathered and submitted by the end of December 2018 to KPMG for the overall IDH impact evaluation to be published in June 2019. |

| Develop a **strategic partnership** with a research organization/business school to research IDH approaches | • We approached several organizations with the aim of finding one strategic partner for impact research. As we talked to several of these partners (including IIED, J-PAL, and FiBL), we realized that IDH work is too complex for a single organization to embrace. We therefore used different organizations to help us to better research and strategize, such as Wageningen University, KPMG and Hatfield Consultants. |

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7 The IDH Gender Toolkit has been quoted in various other guides, such as the IUCN TFA 2020 gender inclusion resource guide.
Monitoring & Evaluation

In 2018, IDH established a new workplan and staffing structure for Monitoring & Evaluation (M&E). To be able to meet the IDH’s ambitions in M&E, both for the implementation of the 2020 plan and the development of a new M&E design, more capacity has been assigned to the team, and impact-research work has been integrated into the M&E process. The team is now better positioned to provide more hands-on support to IDH programs and to the organization as a whole in developing a new impact measurement strategy. In addition to the results presented in the table below, key results achieved in 2018 included delivery of the Annual Report and compliance with IATI standards.

<table>
<thead>
<tr>
<th>PLANNED ACTIVITIES</th>
<th>RESULTS 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrate the <strong>RMF guidelines</strong> further into all programs, and ensure high-quality data is collected</td>
<td>In 2018, the RMF guidelines were further integrated and are now used by all programs.</td>
</tr>
<tr>
<td>Link KPIs to the impact pathways of each impact theme</td>
<td>The Learning &amp; Innovation team worked with all the programs to create links between the theory of change and the KPIs during the Annual Planning process for 2019.</td>
</tr>
</tbody>
</table>
Communication & Outreach

CONTEXT
Our communication landscape is changing, and so are we. Metrics that we use to measure success have shifted, and so have the attention spans of our audiences. In 2018, we saw a rise in the importance of storytelling and graphic content (including video and infographics) to captivate audiences. Policies and security measures relating to data-collection are changing, leading to a growing trust among companies and individuals in the use of their data, which allows for better segmentation and tailoring of our messages. Personalized content sent from many content creators leads to new opportunities for thought leadership. Innovations in digital tools and formats enable us to be more efficient and creative in our packaging of messaging. Social content and branding continue to be key in creating brand value. Increasingly, we also see social media truly becoming a two-way communication channel, facilitating dialogue with audiences who may otherwise be hard to engage. These external trends in our communication landscape, while internally IDH grows internationally, increase the need to establish brand value in new markets.

KEY PRIORITIES FOR 2018
In 2018, our three key priorities were to:
1. Increase visibility in the public domain and to relevant donors and investors;
2. Strike the balance between communication for experts and the wider audience;
3. Steer our communication according to our strategy, align staff globally and improve communication.

OUR APPROACH
To increase our visibility, we focused on clear storytelling about the impact of IDH and expanding our network. We aimed to simplify our stories into one comprehensible value proposition, as recommended in the mid-term review. We also aligned agendas with public affairs and fundraising. The team started to push program/landscape results, achievements and learnings out to donor-relevant media. We developed communication materials that strike a balance between increasing the visibility of the IDH brand in the public domain, and offering tactical and (often) technical communication to accelerate programs and learning. In cooperation with overseas communication staff, we created international communication guidelines to promote consistent and coherent international IDH communications. We utilized our partner networks better to increase visibility in the public domain and created a new value proposition for IDH to be used in all communication.
Example of Campaign: IDH4Gender

We increasingly shape our communications strategy as a branded campaign model during specific times of the year. In doing so, we create consistency throughout the year and over multiple channels, increasing our impact through bundling efforts, while also leveraging the attention for international events and globally celebrated days. For our gender impact theme, we started our first IDH4Gender campaign on March 8, 2017: International Women’s Day. In 2018, we continued with this strategy. Throughout the year, we pushed messages related to gender with a consistent description of IDH’s approach, references to examples of our work in this field, and links to our webpage on gender. In addition, we brand our gender work via social media with the hashtag #IDH4Gender, while also using international hashtags at key moments such as #IWD2018 and #16DaysofActivism to increase visibility.

March
With an integrated strategy covering direct mailing to 400 key stakeholders and a social media campaign, we re-launched our Gender Toolkit and shared our results and learnings in the flower sector on International Women’s Day via mail. Also, we released our podcast on how we are addressing gender in our work in global supply chains.

May/June
We organized our first IDH4Gender cross-learning event. With 55 partners from businesses in the tea and flower sectors in Kenya, Ethiopia, Colombia and Malawi, we discussed how to integrate gender into their supply chain. Insights from this event were shared with all gender partners via the website, direct mailing and social media.

September
We published a case study about our work on gender in the flowers sector in Ethiopia: Why a gender approach is good for farmers, business and the sector as a whole in collaboration with the Ethiopian Horticulture Producers and Exporters Association (EHPEA), the Floriculture Sustainability Initiative (FSI) and BSR. In addition, we shared our podcast on the approach taken in this work with stakeholders from the flower industry and the IDH fresh & ingredients partners.

November
We started our 16 Days of Activism campaign, picking up on the international campaign 16 Days of Activism against Gender-Based Violence, running from 25 November until 10 December. The campaign comprised the launch of two reports and a social media campaign engaging key partners. The reports launched were: the Gender Tool to integrate a gender perspective in our work, and the Financial Inclusion Report we published in collaboration with BSR. These were shared via direct mail, reaching over 450 key stakeholders, and social media.

The social media campaign that was created portrayed views on gender in value chains of our public and private partners. A total of 18 partners contributed, including our Dutch, Swiss and Danish donors, Dalberg, PepsiCo and BMGF. The 45 posts we sent via Twitter and LinkedIn received almost 55,000 views and were shared 150 times, giving visibility to our work, our partners and our collaboration. We have seen clear results online: compared to the month previously, traffic to our gender impact page increased by 150% with an average of almost five minutes per visit.

Results IDH4Gender
Some key results of the year-long IDH4Gender communication campaign included generating over 6,000 website visits to all pages related to our gender work, including the impact page, news articles, publications and approach pages. Throughout the year, we see clear visitor peaks for our gender impact theme during campaign periods. In 2018, our Gender Toolkit and Guide were downloaded 400 times, our two podcasts were listened to 324 times, and the flowers case study was visited 300 times. Our gender direct mailing list has grown from 242 interested partners in 2017 to 457 in 2018.

But most importantly, our partners see the value of contributing to our IDH4Gender campaign, for example as part of the 16 Days of Activism. All partners we reached out to provided us with a quote and actively shared our campaign. Our donors were also keen to participate, which led to quotes from Minister Sigrid Kaag (the Netherlands), Minister Ulla Tørnæs (Denmark), and Karolina Merai, policy advisor for SECO (Switzerland). This increased the outreach and visibility of this topic.

In the future, we will continue the communication work in via cohesive campaigns, using a mix of direct mailings, our website, social media, and the networks of our partners.
One of our key priorities of 2018 was to increase our visibility in the public domain and for donors. In 2018, reaching out to press was high on our agenda, which proved to be effective. At the same time, we see that international press is increasingly picking up on our work, and we are becoming better known in Latin America, Africa and Asia. In 2018, articles mentioning IDH appeared in several top newspapers globally, including NRC, Vrij Nederland and Trouw in the Netherlands; Detik and The Jakarta Post in Indonesia; Epoca Negocios in Brazil; and Nong Mgiep and Vietnam News in Vietnam. In total, IDH or one of its initiatives was mentioned in news outlets 7,626 times in 89 countries. By closely monitoring the news that is written about IDH, we are able to maximize our visibility and mitigate reputational risks where necessary.

The publication of our book, Collaborative Transformation, shares the knowledge we accumulated with our partners over the last ten years on what works and what doesn’t when creating change within the complexity of international trade. At the IDH 10 Year Event, we presented the book as a gift to all attendees. A total of 1,000 hard copies were distributed to our key stakeholders. In addition, the book is available to download via our website, Wageningen Academic Publishers’ website, the Google Play Store, and digitally and in hard copy at the Dutch Royal Library. So far, the book has been downloaded over 400 times directly from the IDH website, and shared with others approximately 2,500 times – gaining six times the reach through our core network. The book was further promoted in several trade media, on social media, and in the Mallen Baker Podcast for Changemakers, in which Joost Oorthuizen was interviewed.
Key progress against KPIs

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<tr>
<th>Key Performance Indicator (KPI)</th>
<th>Target 2018</th>
<th>Result 2018</th>
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</table>
| Effective communication tools for donor outreach | • Update donor pitch and other materials  
 • Update corporate website to reflect donor needs  
 • Create overview of programs/market share/goals | • Started the process at the end of 2018; a specially appointed team is working on renewing the donor value proposition for the 2020-2025 donor cycle.  
 • The website was updated throughout the year, with more emphasis on, and traffic generation towards, impact themes (notably gender).  
 • Two publications of market share in palm oil and fresh & ingredients. |
| Constant information flow of IDH progress/achievements to partner network, aligned with donor priorities | • Daily tweets: 2,500 impressions per tweet  
 • 10 newsletters: opened an average of 1,500 times each  
 • Daily webcare and updated website: 2,000 visitors per week | • Total of 332 tweets with an average of 1,280 impressions each. In addition, started using LinkedIn as social network: total of 233 posts with an average of 2,300 impressions. For both Twitter and LinkedIn there is an upward trend in frequency of posts, impressions and engagement rates.  
 • 12 corporate newsletters: unique opens before GDPR on average 1,400; after GDPR on average 1,100 (the opening rate increased though). In 2019, we will focus on growing our newsletter mailing list.  
 • The corporate website had 2,100 visitors per week. In total, 180 news items and 118 publications were uploaded, creating a continuous flow of information. |
| Coherent, consistent global communication | • Create communication templates and guidelines  
 • Patent IDH name and logo globally | • International guidelines were set up as well as monthly meetings with the global communication team. This process will be continued in 2019 as IDH is decentralizing.  
 • Name and logo patented in the majority of countries in which IDH has a presence. |
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<tr>
<th>Key Performance Indicator (KPI)</th>
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</table>
| Smart media outreach to build status and brand IDH in mainstream donor-relevant media and public events | • One-minute videos on program progress, with 50 retweets per video  
• 150 mentions of IDH in international press per week  
• PR agency in Norway, Denmark and Switzerland create media attention  
• Media partnership with P+, Vice Versa and The Guardian to generate six, five and four in-depth stories respectively per year | • Ten one-minute videos were created, promoting the Innovation Labs at the 10 Year Event.  
• Farmfit and VSA videos were created. We also formalized our podcast channel, launching nine podcasts in 2018, which are available via our website and major channels such as iTunes and Spotify. In 2018, our podcast received 2,111 plays.  
• In total, 1,544 news articles mention IDH explicitly, in 55 different countries. Including the articles that mention one of the initiatives that IDH is involved in, the number rises to 7,626 (approximately 146 per week). We are currently monitoring news in nine languages.  
• No PR agencies were approached abroad yet.  
• Media partnership with P+ and Vice Versa resulted in the publication of 11 in-depth stories, while IDH was mentioned another seven times in other articles. No partnership with Guardian was established yet. IDH prioritized the 10 Year Event-related media partnership with RTL Nieuws and RTL Z, resulting in over ten news articles, six videos and interviews, as well as full-day (internet) TV coverage during the event.  
• In the second half of 2018, the communication team largely devoted its capacity to the 10 Year Event. Managing the event team, managing all pre- and post-event participant communication, on-event communication and event design, and post-event digital reporting. |
| Orchestrating (social) media attention through partner network | • Send top 250 partners IDH logo and boilerplate  
• 50+ key partners carry IDH logo and boilerplate on website and Annual Report  
• Check top 50 joint press releases  
• Monitor contracted obligations to mention IDH in PR on achievements  
• Retweet partner tweets | • Logo and boilerplate were not sent. The value proposition is better focused for the next donor cycle and the list of key partners revised. In 2019, this will be implemented and the updated version will be sent to partners.  
• Social networks of partners are monitored and relevant posts shared. For Twitter: our tweets were retweeted 904 times by our network, and @IDH_buzz was mentioned in 3,713 tweets. For both metrics, we saw a rising trend throughout the year, fitting into our strategy to increase our visibility through online and social media presence. |
<table>
<thead>
<tr>
<th>Key Performance Indicator (KPI)</th>
<th>Target 2018</th>
<th>Result 2018</th>
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</thead>
<tbody>
<tr>
<td>Capturing and communicating learning and innovation</td>
<td>• Create branding and communication around learning</td>
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<tr>
<td></td>
<td>• Support editing and design of publications</td>
<td>• We published multiple reports on impact and insight. We organized our first IDH4Gender cross-learning event. In late 2018, we launched the Farmfit Intelligence Center through which we publicly share SDM analyses.</td>
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<td></td>
<td>• Conduct one interview with key IDH staff/newsletter leading to booklet with ten interviews and key figures</td>
<td>• We supported and edited publications for all programs.</td>
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<td></td>
<td>• Build plans to share learning for targeted audiences</td>
<td>• We published IDH’s book, Collaborative Transformation, sharing knowledge and lessons learned during our decade of work. The book was promoted via a podcast interview with Joost Oorthuizen.</td>
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<td></td>
<td>• Smallholders: create and roll out narrative on SDM analysis to position IDH as experts on business models with core focus on improving smallholder livelihood</td>
<td>• A central platform was created on the website where all publications are collected. Through events and direct mailing, we target specific audiences and share key learnings - for example, with stakeholders interested in gender and SSI specifically.</td>
</tr>
<tr>
<td></td>
<td>• RAM: share early results on Vietnam, cotton, flowers, and F&amp;I interventions</td>
<td>• Smallholders: We launched our Farmfit concept and website, including a database of all SDM-analyses that were conducted.</td>
</tr>
<tr>
<td></td>
<td>• Gender: share toolkit among implementing partners and show business case for gender within our sectors</td>
<td>• RAM: Results on Vietnam, cotton, flowers and F&amp;I were shared through news articles.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Gender: the Gender Toolkit and Guide were downloaded 400 times. Via reports, podcasts and learning events, we showed the business case for gender.</td>
</tr>
</tbody>
</table>
International partnerships and fundraising

IDH works to develop, maintain and strengthen relationships with strategic partners, such as funders, international organizations, civil-society organizations and companies. In 2018, IDH developed and implemented the International Engagement Strategy for Strategic Partners and the individual engagement plans for Switzerland, Denmark and the Netherlands. The mid-term review has been successfully completed, with their recommendations effectively steering the organization. Internal procedures were put in place, such as the IDH Fundraising Flow in March and Salesforce in October, contributing to improved coordination and quality of funder engagement. During the reporting year, IDH managed to engage many funders and closed several deals (see list below). We also learned that IDH program teams have different degrees of fundraising capacity. This capacity has been strengthened in 2018 and will be further strengthened in the coming years. In 2018, IDH also attracted Lisbeth Jespersen as the Head of the International Partnerships and Fundraising team.

<table>
<thead>
<tr>
<th>Targets 2018</th>
<th>Activities 2018</th>
<th>Results 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Further strengthen partnership with each core institutional donor and their relevant stakeholders</td>
<td>• Developing and implementing a harmonized donor outreach strategy that includes activities in each of the donor countries that match their priorities (e.g. Dutch covenants, Swiss cocoa platform, partnership with Danish industry association).</td>
<td>• The donor engagement strategy, and the related individual outreach plans, has been developed, agreed with the donors and implemented.</td>
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<td></td>
<td>• Increasing effective cooperation with embassies in priority countries of the donors.</td>
<td>• Cooperation with donor embassies has been improved, for example by ensuring IDH meets with them during project visits. This will continue in 2019.</td>
</tr>
<tr>
<td></td>
<td>• Mid-term review held with core donors that effectively steers implementation of multi-year plan.</td>
<td>• Mid-term review has been successfully completed. Recommendations are being implemented (e.g. on planning) and will continue in 2019.</td>
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<tr>
<td></td>
<td>• Donor trip to Indonesia.</td>
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<tr>
<td>Improve IDH’s positioning in relation to donor landscape in program countries</td>
<td>• More active engagement of donors in program countries.</td>
<td>IDH has established legal presence in India and started establishing legal presence in Brazil, Ethiopia, Rwanda and Kenya (in addition to the already established legal presence in Indonesia and Vietnam). We also established IDH UK in anticipation of requirements from UK funders.</td>
</tr>
<tr>
<td></td>
<td>• Establishing local legal presence where required.</td>
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<tr>
<td>Position IDH towards potential institutional donors with emerging Aid &amp; Trade agendas</td>
<td>• Active sharing of learnings on Aid &amp; Trade to potential donors.</td>
<td>IDH has developed several relationships with potential institutional donors in Belgium, Australia, the UK, Germany and Sweden. A milestone engagement was the Funders’ Dinner in November in conjunction with IDH’s ten-year celebrations.</td>
</tr>
</tbody>
</table>
Scope substantial new funding partnerships with six commodity programs, and contract three

- Close collaboration of fundraising teams with various programs, offering advice and services to capitalize funding opportunities.
- Assisting/building capacity of staff to link current practice to donor priorities and requirements.

Procedures were put in place to improve collaboration between the fundraising team and various programs.

Improved capacity of staff contributed to several new funding contracts signed (see list below).

Develop stronger partnerships benefiting from the momentum of IDH’s 10 years of experience

- Organizing single or multiple events in a number of countries where we operate together with our core partners.

In the light of IDH’s ten-year anniversary, we organized a successful event in Vietnam. The event in Utrecht was also very well received by our partners and contributed to our good reputation. The Funders’ Dinner led to discussion with Germany on potential collaboration. The relationships with Enabel (the Belgian development agency) and the IKEA foundation were also further developed.

Funding secured
During the reporting year, IDH secured:

- US $15 million from the Bill and Melinda Gates Foundation for Farmfit.
- A top-up of €1.4 million for the Initiative for Sustainable Landscapes (ISLA) from the Dutch Ministry of Foreign Affairs to cover all the costs until the end of 2020.
- £2 million from the Department for International Development (DFID) of the United Kingdom to expand the landscape program to the Indonesian provinces of Papua and West Papua. This is the first direct contract between IDH Indonesia and a donor.
- Additional funding from the Dutch Ministry of Foreign Affairs of almost €10.9 million for the period 2019-2023. This is part of a shared program between IDH and Solidaridad on sustainable palm oil. The aim is to grow it to an approximately €60 million program, shared 50/50 between the two organizations. The additional funding (€18.6 million) will be raised from other Amsterdam Declarations Partnership member countries.
- Funding from the Belgium government to execute the Beyond Chocolate program, phase I (with an option for phase II in 2019).
- Funding of AUD 50,000 from the Department of Foreign Affairs and Trade (DFAT) of Australia for a scoping mission in Papua New Guinea.

- Funding of £1,371 from DFID from the Partnerships For Forests (P4F) program for the Cocoa and Forests Initiative (CFI).
- US $494,896 from the Walton Family Foundation for the aquaculture program to implement investment guidelines for sustainable aquaculture in Indonesia.

Other achievements
- IDH was selected by Partnering for Green Growth and the Global Goals 2030 to receive facilitation support for two partnerships: Hawassa Industrial Park in Ethiopia and a platform for harvesting sustainable palm oil and soy in India and China.
- The Better Cotton Initiative (BCI) Growth and Innovation Fund (GIF) renewed its partnership with DFAT. IDH executes the fund management.
- IDH entered into a strategic partnership with Dalberg to work together on economic transformation in Africa and beyond, through interventions in the agricultural sector (in the areas of employment, reduction of food insecurity, and providing economic prospects for women and young people).
Annex
Impact claims and Proof of concept (POC) overview

<table>
<thead>
<tr>
<th>Program</th>
<th>Proof of Concept</th>
<th>Impact Claim</th>
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<tbody>
<tr>
<td>AQUACULTURE</td>
<td><strong>POC: By strengthening collaboration in the aquaculture industry at the zonal, national and global level, data are analysed as to identify risks (e.g. on diseases and feed), agendas and priorities can be aligned, recommendations can be generated and disseminated, and risks can be mitigated.</strong></td>
<td>IDH will contribute to improve the sector’s risk level by supporting a global, multi-stakeholder platform leading to a reduction in adverse environmental aquaculture farming practices by 2020. The platform will operate through the development and adoption of sourcing guidelines (including specific feed and health management best practices) for aquaculture certification and improvement models. IDH will contribute to the development of a proof of concept for improved on-farm feed and disease risk-mitigation strategies and market access. We will do this by supporting the implementation of responsible feed and health management best practices in the focus countries (Vietnam, Thailand, Indonesia, and Ecuador). IDH will trigger investments in critical bottlenecks (availability, affordability, and quality of feed and seed supply) to aquaculture production in Africa, with a focus on responsible health and feed management practices, by 2020.</td>
</tr>
<tr>
<td>FRESH &amp; INGREDIENTS</td>
<td><strong>POC1: Commodity platforms and sustainable sourcing;</strong>&lt;br&gt;<strong>POC2: Living wage and working conditions;</strong>&lt;br&gt;<strong>POC3: Gender equality;</strong>&lt;br&gt;<strong>POC4: Smallholder farmer inclusion;</strong>&lt;br&gt;<strong>POC5: Responsible agrochemical management;</strong>&lt;br&gt;<strong>POC6: Value chain development.</strong></td>
<td>Enhance market transformation by increasing the volume of sustainably sourced products with 25% points by 2020 in five Fresh &amp; Ingredients categories against a 2016 baseline. Responsible sourcing practices will be embedded in the sourcing policies of 100 companies. The category sustainability ambitions are embedded in the supply chain by 2020. In at least 4 categories the sustainability platforms are incorporated in the sectors and have developed into self-supporting initiatives or are incorporated in existing sector structures. The F&amp;I program will deliver design for scale by producing 12 business cases over the 4 program externalities that are replicable and scalable across the categories.</td>
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### APPAREL

**POC1:** Fostering worker management dialogue and productivity in collaboration with industry, CSOs, and public partners;

**POC2:** The Life and Building Safety (LABS) program, based on a harmonized assessment method, strives to make the apparel and footwear supply chain safe from safety risks related to structural, electrical and fire safety, and to facilitate evacuation.

IDH will develop and proof a supply base intervention that has a business rationale and drives improvements on resource efficiency (water, chemicals, energy) at 60 textile producers, as well as improved working conditions for 60,000 workers (80% women) in Vietnam and Pakistan in 2016-2020.

### COCOA

**POC1:** Enabling the development of professional cooperatives/entrepreneurial farmers and creating a sector-wide enabling environment for farmers and cooperatives, including engineering financial products to reach (cocoa) producers, will lead to empowerment of cooperatives and farmers in the financial space, and improve their access to finance, allowing farmers to invest in both farm and non-farm activities (e.g. health, education).

**POC2:** Develop, validate and benchmark different models to be applied by the cocoa industry to effectively address underlying causes of malnutrition through gender-sensitive farm services leading to improved diets.

**POC3:** The Cocoa & Forest Initiative is recognized as a leading action-oriented public-private-civil society partnership able to effectively end cocoa-related deforestation and support forest restoration in key cocoa-producing countries, starting with Côte d’Ivoire and Ghana.

Through the Farm & Cooperative Investment Program, IDH has contributed to the successful prototyping and scaling of profitable business models for industry, cocoa farmers and cooperatives, resulting in the economic empowerment of 150,000 cocoa farmers by 2020.

Through the Cocoa Nutrition Program, IDH has contributed to the successful prototyping and integration of business models in the cocoa industry that empower female farmers and that reduce malnutrition and stunting in cocoa communities.

Through the Cocoa & Forests Initiative (CFI), IDH has contributed to ending deforestation and forest degradation in the cocoa supply chain.
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<tr>
<th>Program</th>
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<tbody>
<tr>
<td>COFFEE</td>
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<td>In Indonesia, Uganda and Vietnam, (directly) improve income resilience and food security of 30,000 farmers and help them develop economically viable farming systems within five years by documenting and developing innovative service delivery approaches.</td>
</tr>
</tbody>
</table>

POC1: Through innovative service delivery eco-systems, income resilience (diversification and productivity) and joint household (business) decision-making (improved gender equality and youth engagement), smallholder household resilience will be strengthened, and the coffee supply base will be more stable and sustainable.

POC2: Through policy dialogue, testing field innovations (including large-scale infrastructure investments) and innovative financial solutions, economically viable and water-efficient smallholder irrigation access will be rolled out at scale, leading to less water use (Vietnam) and more climate smart production systems (Uganda, Tanzania).

POC3: Through policy dialogue, innovative finance deals for input financing and innovative SDM eco-systems, agro-input (mainly fertilizer) use is economically viable and more environmentally responsible, leading to less pollution and increased income for smallholder farmers.

In Vietnam, 20% reduction of water used for coffee irrigation in Dak Lak (and/or Dak Nong) province without negatively impacting coffee production, by proving the economic viability for more efficient irrigation technology and driving public-private sector consultation leading to improved policy on water reduction.

In Uganda and Indonesia, 50,000 farmers have access to appropriate and affordable fertilizer through formal market channels by driving public-private sector consultation for improved fertilizer policy development and agreeing blended finance deals for input finance. In Vietnam, 30% increase in farmers’ trust in fertilizer products and 5% decrease in agro-input (fertilizer) use by driving public-private consultation for improved fertilizer, and implementation of effective tools (testing kits, agro-input dealer certification, etc.).
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<tr>
<th>Program</th>
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<tr>
<td><strong>COTTON</strong></td>
<td></td>
<td>1/3 of the global cotton production will be sustainable: 6 million metric tons of cotton produced across 6 million hectares by 2020 by 3.5 million farmers through adoption of GAP, improved use of water and optimal use of chemical inputs.</td>
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</tbody>
</table>

**POC1:**
By partnering with the Better Cotton Standard, we can achieve impact at scale for smallholder farmers and RAM.

By training 3.5 million farmers on GAP, improved use of water and optimal use of chemical inputs, awareness of the Decent Work conditions on farms and improved profitability, we can transform a third of the global cotton production into sustainable cotton.

**POC2.1:**
By establishing farming-related livelihood activities (beyond and related to primary crop), additional revenue will be generated by the farmer and related organizations, resulting in smallholder farmers’ increased climate resilience.

**POC2.2:**
IDH will bring together representatives from the public sector, industry and civil society to collaborate with 2030 Water Resource Group, for program activities developed under the Maharashtra Cotton Water Platform which is chaired by the Department of Agriculture under the Maharashtra government. The platform will advise on prototypes and enabling initiatives that will accelerate partnership models for water-efficient and climate-resilient agriculture through promotion of sustainable commodity supply chains.

3.5 million farmers demonstrate awareness of the Decent Work conditions on farms, including absence of child labour and bonded labour, health & safety training for all farm workers on pesticide application and on working conditions, as well as improved profitability.

IDH will explore setting up PPP structures or facilitating a roundtable discussion with stakeholders from provincial governments and local businesses to integrate the BC principles in their extension services and drive procurement of sustainable cotton in the supply chain.
Through IDH, tea businesses find an approach to better integrate smallholders into their supply chain, leading to a doubling of profitability of these small tea producers by 2020.

IDH will bring together a supply chain partnership, which ensures a living wage and living income in the Malawian tea industry by 2020. IDH will also underpin the need for a living wage in North India through its trustea program.

IDH will contribute to strengthening tea sustainability platforms in India and Vietnam, such as trustea, resulting in the removal of dangerous agrochemicals from tea production, improved worker welfare, and an increase in smallholder livelihoods, by 2020.

POC1:
By strengthening the relationship between smallholders and an established tea value chain partner and creating a balanced power relationship, smallholders receive good quality services and are therefore able to improve their production practices resulting in resilient and empowered farmers (e.g. health, education).

POC2:
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; to achieve a profitable, competitive Malawi tea industry where its workers earn a living wage by 2020.

POC3:
By addressing gender based violence (GBV) issues in the tea supply chain in Kenya through the platform, via prevention & response, at tea plantations through capacity building on GBV and putting company policy & structures in place addressing GBV (prevention & response), and at smallholder level through addressing the root causes of GBV such as financial literacy, we aim to develop viable business solutions leading to a better gender balance and reduction of GBV in Kenya.
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<tr>
<td>SOY</td>
<td><strong>POC: Shared governance of targets driving public and private policy innovations, verified region sourcing providing clear market incentives, and supply chain convening to create critical mass to transform market demand for responsible soy.</strong></td>
<td>The soy market program will achieve 50% of European soy imports and 100% of Consumer Goods Forum (CGF) company soy imports being responsibly sourced. It will also raise the bar on sourcing guidelines towards zero net deforestation and develop a direct sourcing connection between the end-buyer and the producer.</td>
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<td>PALM OIL</td>
<td><strong>POC: Shared governance of targets driving public and private policy innovations, verified region sourcing providing clear market incentives, and supply chain convening to create critical mass to transform the market demand for sustainable palm oil.</strong></td>
<td>By 2020, the palm oil program will achieve 100% sustainable palm oil in Europe, made up of 100% certified/verified sustainable palm oil that is traceable to plantation (with mill level as an intermediate step), supported by the implementation of the Amsterdam Declarations Partnership by European countries (via the Dutch Ministry of Foreign Affairs).</td>
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<td>TROPICAL TIMBER</td>
<td><strong>POC: The tropical timber program reduces deforestation and forest degradation by strengthening the business case for SFM and forestry business models. The program approach is based on three pillars: European Sustainable Tropical Timber Coalition (STTC) partners implement policy plans, action plans and market data-based approaches to accelerate European demand for verified sustainable tropical timber; co-funding innovation in sustainable forest management and forestry business models in selected landscapes; co-funding innovation in certification schemes, resulting in 2 million hectares of additional forest under SFM.</strong></td>
<td>Reduce deforestation and forest degradation by accelerating and convening more robust European market demand for Sustainable Forest Management (SFM) timber products; developing economically viable and sustainably managed forests in producer countries through effective public-private platforms that guarantee long-term forest protection; and supporting the economic value of SFM forests in the producing countries.</td>
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| CÔTE D’IVOIRE, WIDER TAÏ FOREST | POC: In the Cavally region, we facilitate the design of a green growth plan, which is developed as part of a broader regional land-use plan (SRADT), and which will be owned by the regional council and a regional multi-stakeholder coalition. To operationalize the green growth plan, a number of projects are developed that ensure:  
1. efficient forest surveillance;  
2. effective forest law enforcement;  
3. forest restoration;  
4. traceability of agricultural products;  
5. smallholder production models that are economically and ecologically resilient and contribute to job creation; and  
6. sensitization and involvement of local communities. | Through the successful prototyping of green growth in the Cavally region, resulting in the preservation of the Cavally forest reserve (65,000 hectares) and the promotion of at least 10,000 hectares of sustainable agricultural production, we support partners on improving the formulation and implementation of the national policy framework allowing for the scaling of public-private landscape investments and the de-linking of cocoa production from deforestation. |
| BRAZIL MATO GROSSO | POC: Work towards decoupling agricultural growth from deforestation, reducing gross deforestation and eradicating illegal deforestation in Mato Grosso through a three-pillar approach: governance, finance, market. | In Mato Grosso, we aim to conserve 756,000 hectares of forest, restore 123,000 hectares of forest, and intensify 312,500 hectares of degraded pasture land, which leads to 937,500 hectares of avoided deforestation. |
| ETHIOPIA CENTRAL RIFT VALLEY | POC: By establishing a coalition of public, private, and civil-society partners around Lake Ziway with a clear vision and strategy who are able to develop a financially viable governance model, private-sector resources are leveraged to catalyze landscape investments to ensure restoration of degraded land, improved water management, responsible agrochemical management, and improved livelihoods of communities around Lake Ziway (Central Rift Valley). | By 2020, ISLA Ethiopia aims to have established a formal coalition of public, private, and civil-society partners around Lake Ziway with a clear vision and strategy. The coalition will develop a financially viable governance model whereby private-sector resources are leveraged to catalyze landscape investments to ensure restoration of degraded land, improved water management, responsible agrochemical management, and the improved livelihoods of communities around Lake Ziway. |
Through convening a coalition of public, private, civic and knowledge partners, where key partners pool resources, model innovative and scalable joint interventions, and develop a financially viable governance system led by the Stawisha Mau Charitable Trust by 2020, we will have laid the foundation for the protection and conservation of 60,000 hectares of the South West Mau Forest block.

We aim to establish 6,000 hectares of community oil palm growers and conserve 30,000 hectares of natural forest, reaching 45 communities, or 6,750 people, by demonstrating a viable, scalable and inclusive investment model for oil palm, leading to a zero-deforestation concession landscape, where natural forests are conserved to maintain their carbon storage capacity and biodiversity, and Liberian smallholder communities are able to improve their income and food security. Showing that the outgrower program can be the majority model for Liberia.
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<td>VIETNAM CENTRAL HIGHLANDS</td>
<td>POC1: Improved irrigation practices and water resources management for climate change adaptation in the Central Highlands; POC2: Agroforestry and reforestation in Central Highlands; POC3: Improved agrochemical use and trade management for sustainable development of agriculture sector in the Central Highlands</td>
<td>Make 20,000 smallholder farmers in the Central Highlands region more resilient to climate change and market dynamics, and ensure the landscape is a sustainable sourcing area for coffee, tea, spices and vegetable supply chain companies, reflected in improvements in water, agroforestry and agrochemical management. Reduce water use of coffee farmers by 20-30% per ton of green coffee been produced; shift 20% of mono-cropping coffee farmers to medium and high levels of crop and tree diversification; reduce the use of agrochemical products on the Red List of Sustainable Standards (4C, UTZ, RA) by 70-80%; and work with both public and private sectors towards a pesticide market free from illegal, unregistered, and counterfeit pesticides.</td>
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<td>LIBERIA NIMBA/LOFA</td>
<td>POC2: IDH and partners are implementing a land use plan, building a green growth compact to attract responsible investors to the Foya district (Lofa county), and support regreening initiatives by the local community</td>
<td>We aim to establish 6,000 hectares of community oil palm growers and conserve 30,000 hectares of natural forest, reaching 45 communities, or 6,750 people, by demonstrating a viable, scalable and inclusive investment model for oil palm, leading to a zero-deforestation concession landscape, where natural forests are conserved to maintain their carbon storage capacity and biodiversity, and Liberian smallholder communities are able to improve their income and food security. Showing that the outgrower program can the majority model for Liberia.</td>
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<td>Jambi</td>
<td><em>POC:</em> We aim to protect and restore forest and peatland through establishing multi-stakeholder governance of shared targets and land-use plans, combined with driving innovations that provide business and policy incentives to land users to protect and restore forest. This includes intensification of production on existing production and fallow land; inclusion of smallholders with sustainable practices in agricultural supply chains; supporting the livelihoods of rural and forest communities; providing (downstream) market incentives through verified sourcing; developing alternative income/business models for protection and restoration; enabling policies and effective enforcement.</td>
<td><em>In Jambi,</em> we aim to conserve 100,000 hectares (directly and indirectly) of HCV/HCS forest and peatland, restore 10,000 hectares of forest and peatland, and improve sustainable agricultural production on 40,000 hectares. In addition, we aim to improve the livelihoods of 10,000 smallholder farmers and 500 community members that are directly reached by training and service delivery.</td>
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<td>Aceh</td>
<td><em>POC:</em> We aim to protect and restore forest and peatland through establishing multi-stakeholder governance of shared targets and land-use plans, combined with driving innovations that provide business and policy incentives to land users to protect and restore forest. This includes intensification of production on existing production and fallow land; inclusion of smallholders with sustainable practices in agricultural supply chains; supporting the livelihoods of rural and forest communities; providing (downstream) market incentives through verified sourcing; developing alternative income/business models for protection and restoration; enabling policies and effective enforcement.</td>
<td><em>In Aceh,</em> we aim to directly conserve 30,000 hectares of HCV/HCS forest (with a further 200,000 hectares indirectly protected) and improve sustainable agricultural production on 13,000 hectares. In addition, we aim to improve the livelihoods of 1,000 smallholder farmers and 500 community members that are directly reached by training and service delivery.</td>
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<td>West Kalimantan</td>
<td><em>POC:</em> We aim to protect and restore forest and peatland through establishing multi-stakeholder governance of shared targets and land-use plans, combined with driving innovations that provide business and policy incentives to land users to protect and restore forest. This includes intensification of production on existing production and fallow land; inclusion of smallholders with sustainable practices in agricultural supply chains; supporting the livelihoods of rural and forest communities; providing (downstream) market incentives through verified sourcing; developing alternative income/business models for protection and restoration; enabling policies and effective enforcement.</td>
<td><em>In West Kalimantan,</em> we aim to conserve 190,000 hectares of HCV/HCS forest and peatland (directly and indirectly), restore 10,000 hectares of forest and peatland, and improve sustainable agricultural production on 45,000 hectares. In addition, we aim to improve the livelihoods of 10,000 smallholder farmers and community members that are directly reached by training and service delivery.</td>
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<td>South Sumatra</td>
<td><em>POC:</em> We aim to protect and restore forest and peatland through establishing multi-stakeholder governance of shared targets and land-use plans, combined with driving innovations that provide business and policy incentives to land users to protect and restore forest. This includes intensification of production on existing production and fallow land; inclusion of smallholders with sustainable practices in agricultural supply chains; supporting the livelihoods of rural and forest communities; providing (downstream) market incentives through verified sourcing; developing alternative income/business models for protection and restoration; enabling policies and effective enforcement.</td>
<td><em>In South Sumatra,</em> we aim to conserve 80,000 hectares of HCV/HCS forest and peatland, restore 20,000 hectares of forest and peatland, and improve sustainable agricultural production on 33,000 hectares. In addition, we aim to improve the livelihoods of 9,000 smallholder farmers and community members that are directly reached by training and service delivery.</td>
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