

# Annual Report 2022



**idh**  
transforming markets



An aerial photograph of a terraced agricultural field. The field is divided into numerous long, narrow rows of raised beds. Each bed is covered with blue plastic mulch, which has small holes punched into it. Small green seedlings are planted in these holes. The rows are separated by narrow paths of soil and some green grass. The overall scene is a well-organized and productive agricultural landscape.

**We put people, planet, and progress at the heart of trade by leveraging the power of markets to create better jobs, better incomes, a better environment, and gender equality for all.**





# Introduction from Daan Wensing & Lizet Friesen-Leibbrandt

2022 presented our team, partners and beneficiaries with complex challenges but also new opportunities. The world slowly opened again after the COVID-19 restrictions, allowing us to reconnect and continue our work of bringing people together. The start of the war in Ukraine further destabilized food security and raised the cost of important farmer inputs like fertilizer, as well as borrowing costs. A hike in commodity prices intensified the global cost of living crisis, and the impacts of climate change on the poorest countries became more dramatic than ever before.

The breakdown of many traditional systems also created space to rethink and rebuild those which have contributed to our current global dilemmas of poverty, inequality, and environmental degradation. Rather than being disheartened, the challenges strengthened our collective resolve to contribute to providing better and longer-reaching solutions to these issues. Led by our guiding belief in human ingenuity to solve the world's complex problems, we are encouraged by what we see as a widespread movement of many rising to the challenge of creating a more positive future for all.

In Europe, the progress of sustainability-related legislation will put in place regulations that are changing the very DNA of market dynamics and partnerships. On one hand this development creates a level playing field for sustainable business practices in a big global market, but on the other it presents a danger of disengagement from 'risky' geographies, smallholders and workplaces. We are

accelerating our action with our partners to forge scalable solutions and see new partnerships emerging with companies that are looking to invest in more sustainable, transparent and traceable value chains.

We launched our new identity in October, the result of a year-long process that resulted in a warm, welcoming new brand that creates space for diverse people and organizations to hear and understand each other, build alliances, and challenge the status quo. The new brand provides a clear vision of IDH's work towards market transformation, identifying the ways that partners can collaborate, and unifying the entire IDH team with a story that inspires our pursuit of progress.

Across our portfolio, we focused on our convening strengths and scaling our programs to help enable long-lasting systems change. We built on the retail commitments in banana value chains to incorporate more countries throughout Europe, mainstreaming the business case for living wages.

Our Living Wage and Living Income Summits brought together hundreds of stakeholders from the public and private sectors who agreed to take further action to close inequality gaps. We continued scaling our nature and farmer positive landscape compacts by linking international buyers with sustainable and regenerative sourcing areas. Our Farmfit Fund matured as much of the investment from earlier years translated to improved outcomes and greater impact.

**“In a divided world, we are all invited to contribute to the work of restoring trust in our systems, in our ability to push for change that benefits the majority.”**

Operationally, 2022 was about preparing the organization for the leap in scale of our impact. We professionalized our corporate systems to serve our growing international workforce and strengthened our global leadership team. We bolstered our country offices so that they could do more local convening and on-the-ground work, and appointed a Global Operations Director to help connect us. Our organization now comprises 55 different nationalities, with two-thirds located outside of Europe. Their local expertise, network and solutions gives us the mandate, trust and knowledge required to mobilize transformation.

The year also saw us make progress in our commitment to embedding a gender-transformative approach internally and across all of IDH's work, putting gender front of mind in everything we do.

We changed our internal processes so that every funding opportunity that goes before our investment committee must have a gender intentional approach. We conducted training and workshops for gender champions, and put in place mechanisms to help combat gender-based violence and empower gender transformative business models across sectors. There is much more to do, internally and externally – but the direction of travel is clear and unwavering.

In 2023 we will build integrated sustainability solutions where social and environmental impacts are inextricably linked. For us at IDH, the coming year will be all about implementation: putting our new processes into practice and moving things forward in an ever more impactful manner. However, we cannot do this alone. The biggest accelerator towards systems change are our partnerships. We are grateful to all involved in creating market transformation, from our donors and the private sector to our international team without which we could not achieve our ambitious goals. Together we can seize the momentum, think critically about the role we play, and act as agents for change.

Sincerely,

**Daan Wensing**

CEO of IDH and Chair of the Executive Board

**Lizet Friesen-Leibbrandt**

CFO of IDH and Member of the Executive Board



# Introduction from Magdi Batato

Since the beginning, IDH has taken a pragmatically optimistic approach to create scalable solutions that transform markets. We recognize that to change the current market system it's necessary to engage with private-sector companies in multistakeholder coalitions. Our work so far has shown that with conscious interventions, it is possible to change the focus of all stakeholders towards the long term for public good. I'm proud to chair the Supervisory Board, and be part of this journey with IDH, as we forge public-private partnerships to transform markets.

In 2022, the Supervisory Board of IDH met four times to perform its oversight role in the governance of IDH. We approved the Annual Report and accounts of 2021 as well as the Annual Plan and budget for 2023. We performed a self-evaluation in early 2022 and discussed how to further progress our ambition to diversify the Supervisory Board's composition, and set targets for 2023 and 2025. During our meetings we paid special attention to the internationalization and professionalization of IDH as an organization, and noted the progress being made – for which we are appreciative.

Other important agenda topics included the effects of geoeconomic- and political developments on IDH's work, the new brand, our impact themes and deep-dives into our programs. Next to the general Supervisory Board meetings, the Audit Committee convened four times, three of which were in the presence of an external accountant. The Impact Committee and Remuneration & Nominations Committees met twice in the year to support the overall functioning of the Supervisory Board and IDH at large.

In 2022, our solutions like the Living Income and Living Wage Roadmaps were adopted more widely by the private sector and scaled through global industry platforms, resulting in better jobs and incomes for thousands of farmers and workers. These roadmaps provide the guidance that companies need in their journey towards closing the wage and income gaps.

The momentum around these topics was evident at the 2022 World Economic Forum, where IDH hosted a C-level roundtable to discuss ways in which companies can work towards providing living income for smallholder farmer households along their value chains. It was an intimate and energetic roundtable on how the different roles and responsibilities of each actor is envisioned and the ways in which they can collaborate. I invite more companies to join us in this conversation, engage with our tools, and take the next steps towards action.

Our work towards environmental protection and restoration continues to show evidence of coming full circle where buyers can verify whether the commodities they are sourcing meet their sustainability criteria, and in turn support the farmers and projects that do. The fully traceable deforestation-free value chain achievements in Brazilian beef and Indonesian palm oil which IDH is facilitating with our partners are just further examples of this progress.

Our new brand launch created a united and simple language for us all to define and connect to our values and what drives us as an international organization. The new ripple logo is a symbolic representation of the process of IDH's theory of systems change: beginning with a small group of stakeholders, change gains momentum as we share insights and best practices, partner with others, and bring a critical mass along on the road to sustainable market transformation.

Despite the complex problems of poverty, inequality and environmental degradation, we see hope in the widening recognition that global systems cannot go on as they have before. By linking to the right tools and solutions, we will help companies become forerunners of market transformation. Now is the time to join in and become partners with IDH to collaborate and grow these solutions.

The appetite for change is there – together we can act on it.

Sincerely,

**Magdi Batato**

Chair of IDH's Supervisory Board



# Our impact

**IDH aims to put people, planet, and progress at the heart of markets by leveraging the power of global trade to create better jobs, better incomes, a better environment, and gender equality for all.**

To achieve this objective, IDH brings together people across corporations, the global financial sector, governments, knowledge organizations and civil society to co-create and co-invest in global value chains.

**IDH recognizes that systems change is needed to achieve lasting impact.**

**We focus on creating change in three result areas:**



Business practices



Sector governance



Field-level innovations

---

**We focus our work into three impact areas with gender equality front of mind in everything we do.**



Better jobs



Better incomes



Better environment



**We base our intervention and exit strategies on the principle that changes in the system should be self-sustaining over time.**



**IDH and its partners contribute to a number of the Sustainable Development Goals:**



## Improving Business Practices

**€42.7m**   
PRIVATE INVESTMENT  
COFUNDING

in sustainable business practices  
and field level innovations



**455**  
VALUE CHAIN  
ACTORS

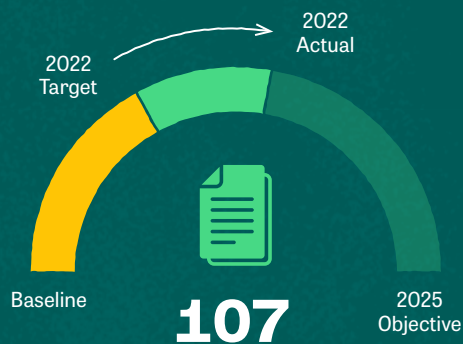
signed a MoU or funding agreement  
to invest, trade and provide services



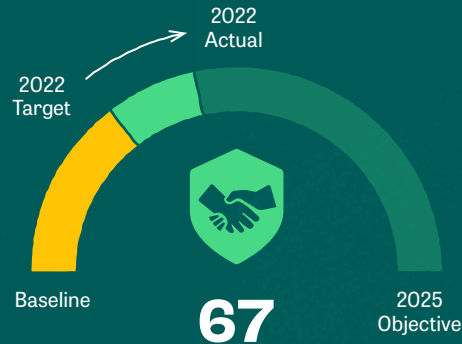
**798** Partners worldwide  
Operating in countries **55** 



## Improving Sector Governance




Coalitions and platforms  
convened to sign common vision  
on sustainable development



Multistakeholder  
agreements signed due  
to IDH intervention

**3.46m**   
HECTARES OF CROPLAND  
under inclusive governance  
facilitated or supported by IDH

**9m**   
HECTARES OF FOREST/WATERSHEDS  
under inclusive governance  
facilitated or supported by IDH

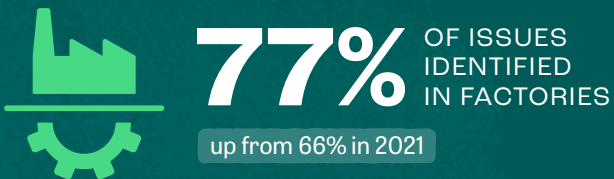
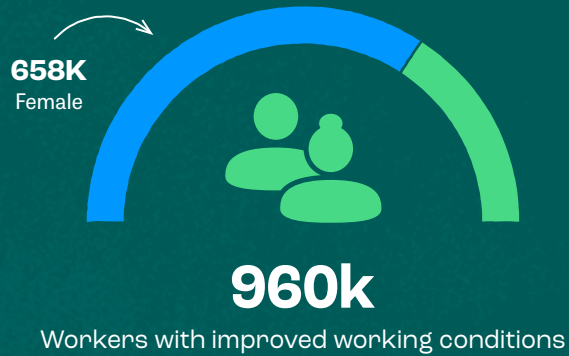


\*inspections, # of non-compliances,  
corrective actions, de-certification, etc.

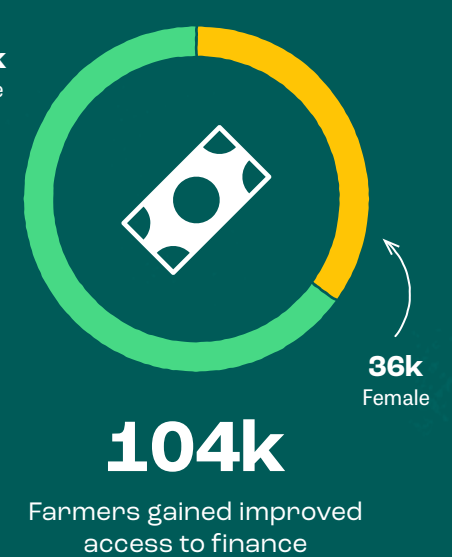
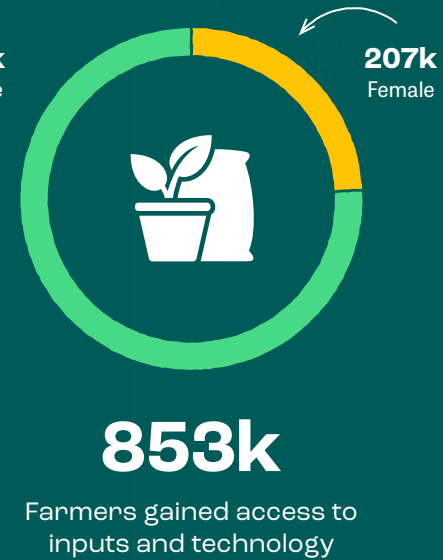
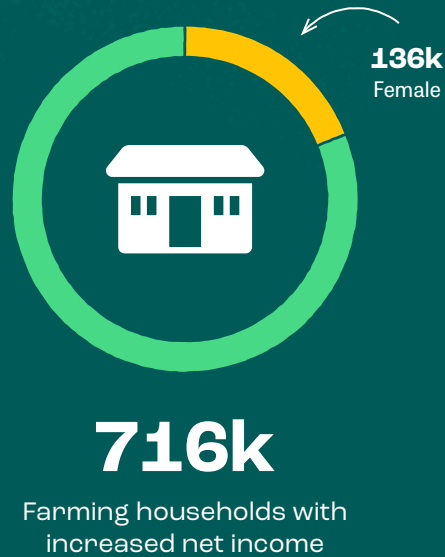
# Field Level Innovations



## Better Jobs



## Better Income



## Better Environment





# Overview of events in 2022

## Convening Role







# Contents

## 01

### Executive summary

## 02

### Systems Change

Driving impact through systems change 20

## 03

### Better Jobs

Towards safer, fairer work 24

#### Case Study

From niche to norm in the banana industry 30

## 04

### Better Incomes

Redressing the imbalance in value chains 34

#### Case Study

Investing in equitable value chain development 40

## 05

### Better Environment

Putting the planet at the heart of sustainable trade 44

#### Case Study

Transforming landscapes in Vietnam 50

## 06

Organizational development 54

Risk management 64

Summary financial statements 68

# 01

## Executive summary





# Systems change

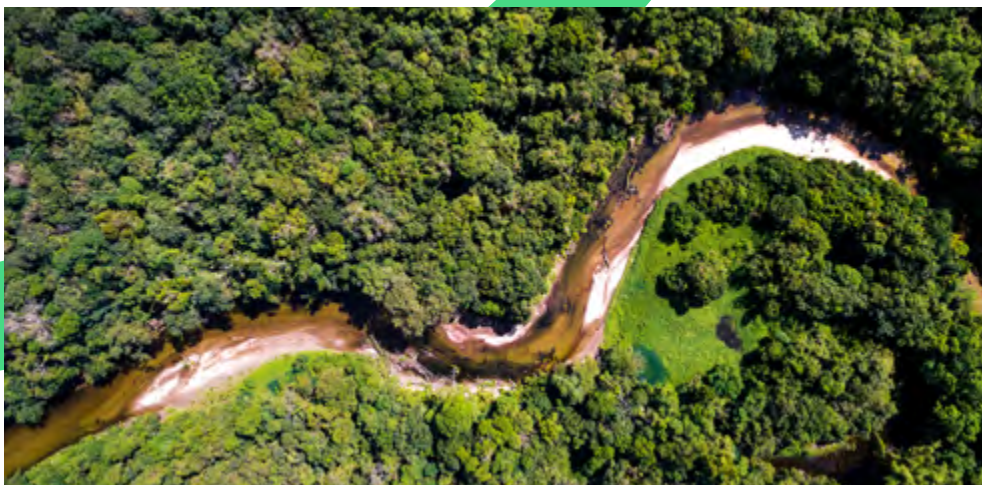
IDH strives to transform markets by creating lasting change across three levels: improved sector governance, changes in business practices, and field level innovations. Whether improving wages through public-private partnerships, tracking and reducing deforestation with local governments, or giving farmers better access to finance, our programs strive to leverage the power of markets to enable better jobs, better incomes, a better environment, and gender equality for all.



## Better jobs

IDH defines better jobs as those that provide living wages, worker representation, safe environments and equal opportunity. In 2022 we worked towards this vision by convening for better safety conditions in factories in the textile and manufacturing industry, generating job opportunities through regional value chain development, and helping combat gender-based violence against women workers in agriculture. We brought together over 300 stakeholders at the second IDH Living Wage Summit with the support of the Belgian Development Cooperation, focusing on how to accelerate and scale action to close the gap on living wages. The expansion of retail commitments to living wages in the banana and tea sectors in 2022 demonstrated how the movement towards living wages, and better jobs, is gaining momentum.





## Better environment

The extreme weather events of 2022 underlined the urgent need for sustainable alternatives to current market and agricultural systems. We worked towards a better environment by collaborating with partners to help farmers transition to climate-resilient practices, and protect and restore forests and natural ecosystems. We contributed to the development of regenerative, low-carbon and deforestation-free landscapes by helping facilitate Production, Protection and Inclusion (PPI) compacts between stakeholders in tropical sourcing areas. We worked towards reducing the impacts of value chains on ecosystems by promoting chemical waste reduction and the use of pesticides, and lastly, we continued to find ways to link global markets to sustainable sourcing.



## Better incomes

In 2022, IDH worked towards alleviating poverty and closing the income gap for smallholder farmers through numerous interventions. This included leveraging drivers to raise farmgate prices in the cocoa industry, promoting regional value chains to increase local farmer income, and improving income resilience to climate change through regenerative agriculture. 140 relevant stakeholders were brought to the table at the 2022 edition of the Living Income Summit to accelerate action on closing the living income gap. The summit illustrates IDH's conviction that every actor in the value chain has a role to play in ensuring a more equitable distribution of value and risk, through individual action and joint collaboration. Through an inclusive agribusiness approach, we helped smallholder farmers and SMEs to improve their business model and gain access to finance, raising their ability to earn higher incomes.





# 02

## SYSTEMS CHANGE

# Driving impact through systems change





## The case for systems change

Global trade and commodity production are key drivers of prosperity but can come at a cost if people and planet are not embedded. As they stand, current market systems often perpetuate the problems of poverty, inequality, and environmental degradation inherent in many value chains.

From the beginning, we have had the ambition to take sustainable trade from 'niche to norm'. However, the complexity of systems-level change is far more than any one stakeholder can manage or comprehend.

Creating lasting impact at scale also requires extensive collaboration, sharing and learning with our partners, as well as a deep understanding of the root causes that undermine real market transformation, such as price volatility, procurement practices, policy frameworks, and much more.

## From theory to action

To contribute to impact, IDH applies a holistic lens to its initiatives, by considering the entire system and actors involved. With data, we break down the complexity involved in systems change to identify leverage points where the most impact can be achieved.

This is done through three phases:

- 1 Diagnostic**  
Deep analysis of the system, actors and boundaries we are working in; their drivers and incentives, and the relationships between them.
- 2 Action**  
Implementation of solutions, testing and data collection to gather evidence, adjust interventions and improve processes.
- 3 Learning and reflection**  
Continuously improve our change mechanisms and if necessary, return to the deep analysis phase.



Using the insights from this process, IDH acts as a convener between companies, governments, investors and civil society to bring all relevant parties to the table. We co-finance programs and field-level innovations to test viability from a social, economic and environmental perspective. Together we find and co-create inclusive and sustainable solutions that bring value for people and planet, while driving progress.

Our work over the past decade with our partners has involved a lot of mutual discovering, evolving, and growing. We have learned that systems change is a process and not an end-state, which requires reflective and adaptive management to constantly revise and decide where and how the most impact can be made. This also included identifying and learning from setbacks, and recognizing that more work was needed to scale the deep change we want to see. Despite the challenges, the progress we have achieved together shows us that a systems change approach is the key to creating long-lasting and scalable transformation for the public good.



**“Systems change will require that every value chain actor, government, financial institution, civil society and other stakeholder takes ownership of their sphere of control and influence, and takes actions and makes investments where needed.”**

**Ashlee Tuttleman**

Senior Innovation Manager, IDH

From the article: [Busting myths to reveal the reality around living incomes](#)

# 03

BETTER JOBS

## Towards safer, fairer work





## The case for better jobs

2022 marked a milestone for humanity. The global population reached 8 billion people, mostly concentrated among lower-middle-income countries. Simultaneously, the gap between the rich and the poor has never been so extreme. According to the World Economic Forum, the richest 10% of the global population currently take home 52% of the income, while the poorest earn just 8%.

There is consistent evidence that income inequality negatively impacts economic growth, however current economic systems are still unable to provide workers with a decent living. Additionally, many employees work in dangerous or unhealthy conditions, threatening both their own welfare and the long-term stability of businesses.



## Accelerating impact through collaboration

IDH strives to address these inequalities by engaging multiple stakeholders along the value chain to create Better Jobs in agriculture and manufacturing. We recognize Better Jobs as those that provide living wages, worker representation, safe workplaces (including a focus on women's safety) and equal opportunities.

Using a systems-change approach, we convene key partners in the value chain to co-create interventions on an economic, socio-economic and political level. We work to influence market demand by asking companies to commit to better procurement practices, higher wages and improved working conditions in their value chains, and a more equitable value distribution. We enable transparency so that companies can be held accountable for their commitments, both to the public and to governmental due diligence.

## Impact





## Closing the wage gap

Earning a living wage – sufficient remuneration to afford a decent standard of living for a worker and their family – is a key element to lift people out of poverty. IDH's **Roadmap on Living Wages** provides companies and other organizations with the resources and tools they need to identify and close the gap between a living wage and what many workers earn.

The Roadmap's purpose is to strengthen international alignment and to build tangible solutions to support companies in their living wage journeys. It consists of five integrated steps. These steps represent IDH's data-driven recommended approach to finding solutions to close living wage gaps.

Bridging the living wage gap in any sector – as with all systems change - requires large scale collaboration between the stakeholders involved and a holistic consideration of the entire process. Together with our partners, we drive Better Jobs creation through convening, supporting and innovating, bolstered by a firm belief that safer, more equal and fair jobs are not only a human right, but the path towards sustainable business and development.

# Roadmap on Living Wages



## 1 Identify the living wage?

Credible living wage benchmarks applicable to the countries and regions you source from are identified.

1



2

## 2 Measure living wage gaps

The IDH Salary Matrix enables companies across every sector to evaluate how the total remuneration (including cash and in-kind benefits) compares to the relevant living wage benchmark.

3



## 3 Verify calculations of living wage gaps

Ensuring the living wage gap is not only self-assessed but also verified according to credible auditing protocols.

4



## 4 Close living wage gaps

Finding solutions to close living wage gaps.

5



## 5 Share learnings

Sharing the best practices and insights on actions taken through our own work and the work of other companies.

**“The grains value chain holds enormous potential to unlock growth, improve the livelihoods of value chain operators and catalyze work opportunities for young Ghanaian women and men.”**

**Rosy Fynn**

Ghana Country Head at the Mastercard Foundation,

in the article [The Mastercard Foundation and IDH partner to strengthen Ghana's grain market with 'Grains for Growth' program](#)

# Better Jobs in Action

Program highlights from 2022



## Developing value chains to create sustainable jobs

The Mastercard Foundation and IDH launched a new partnership, dubbed Grains for Growth, designed to transform Ghana's grains market through inclusive and economically viable value chains. In 2022, SMEs and their Service Providers contracted by the Program, reported a combined total of 105,093 new, sustained, and improved job opportunities through various activities on-farm (from crop production to harvest stages of activities) and off-farm (retailers, distributors, processors etc.)

Read reflections from the first year of the program [here](#)



## Improving work conditions

The Life and Building Safety Initiative (LABS) is an industry-driven program facilitated by IDH that promotes safe and secure working conditions for factory workers in the textile and apparel industries. It operates in Vietnam and India, and since 2022, in Cambodia, where the first Gender Workshop was held this year. As of December 2022, LABS successfully remediated 77% of issues identified in factories (up from 66% in 2021).

Read the LABS initiative's latest report [here](#)



## Safer workplaces for women

The Women's Safety Accelerator Fund (WSAF) is a partner-funded program to address gender-based violence in agricultural value chains. In 2022, the WSAF successfully reached 60,000 tea workers in India (of which 75% are women) about safe and empowering workplaces. Together with 133 tea estates in India, WSAF has conducted workshops with management, staff, workers, and adolescent groups to create safe communities and tea plantations for women and girls.

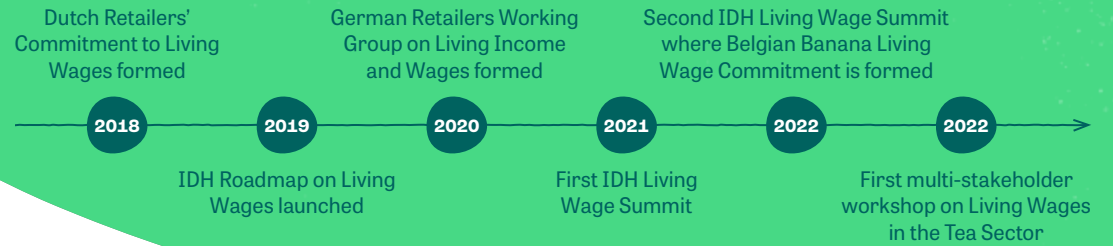
Read the story [here](#)



## CASE STUDY

# From niche to norm in the banana industry

## Living Wage Retail Commitments Timeline:



Bananas are historically the largest retail produce category and considered strategic in attracting customers, but the value chains that get them into stores are often built on a system that maintains low prices through cheap labor costs. This goes the same for many other competitively priced commodities that are found on the shelves of markets around the world such as tea, nuts, spices and more. IDH took steps in 2022 towards improving living wages in several commodity areas including the banana and tea sectors.

Bananas are mainly sourced from Central American, South American, and West African countries where data indicates workers are not always able to earn a living wage. To address this, IDH has convened and encouraged commitments from multiple retailers towards closing the gap between a living wage and what is earned in the banana value chain.

IDH developed the Roadmap on Living Wages in 2019 to support companies' effort, which includes practical tools to measure and take action. The first of these tools, the [IDH Salary Matrix](#), was designed to help calculate living wage gaps by comparing the total remuneration of workers to the relevant living wage benchmarks of a region. It supports value chain efforts to increase wage transparency and shared responsibility for addressing living wage gaps, and encourages companies to create their own alignment with partners.

The [Living Wage Action Guide](#), rolled out in 2022, supports Step 4 of the Roadmap to allow companies to explore which interventions can help towards the payment of living wages in their value chain and take action to close the gap.



## Unlocking retail collaboration

The Dutch Retailers' Commitment to Living Wages was the first of such initiatives convened by IDH in response to the Dutch government's 2018 agreement on responsible business conduct and sustainable value chain management. The resulting 'Living Wage Banana Commitment' now covers for 88% of the total volume of bananas bought by Dutch retailers, with a target of 100% in the coming year.

IDH enabled the measurement phase of the Dutch commitment with the Salary Matrix. Since its inception in 2019, the number of banana farms submitting a Salary matrix has increased substantially from 117 in the first year to 332 in 2022. The willingness to engage in the process indicates that farmers as well as companies see the benefits of a data-driven approach to finding solutions.

[Read the Banana Retail Commitment Annual Report here](#)



## Convening to maximize impact on wages

Similar banana retail commitments convened through IDH have followed in other European countries. In 2020, seven retailers united to create the German Retailers Working Group on Living Income and Wages, an effort coordinated by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

In July 2022, a gathering of retailers from Germany, The Netherlands, Belgium and the UK met in Berlin to collaborate on living wages in the banana sector. The gathering was co-hosted by IDH and GIZ, and signaled a first step toward cross-border alignment to maximize impact. The result was an agreement on one common timeline for collecting wage data via the IDH Salary Matrix, in the hope of streamlining the process in the next year and lessening the burden on producers.

In late 2022, a coalition of five major retailers in Belgium signed a commitment with the support of IDH and the Belgian Development Cooperation at the **Living Wage Summit** in Brussels. The retailers agreed to close the living wage gap by the end of 2027 for their collective banana volumes sold on the Belgian market.

[Read more on the IDH Living Wage Summit here](#)





## Bringing living wages to the tea sector

Tea is still one of the most consumed and popular beverages worldwide. Demand for tea globally is still increasing, mainly driven by growing consumer markets in the Middle East and Asia; whilst the EU and UK consumer markets have been declining. The tea sector directly employs around 4 million workers and provides livelihoods to an even larger amount of smallholder farmers (circa 9 million). Over the last decade there has been an overall increase of nearly 40% in global tea production. The reality, however, is that many tea worker wages still fall short of recognized living wage benchmarks.



In 2022, IDH convened 6 companies in the tea sector to address the topic of living wages in line with the IDH Living Wage Roadmap. Firstly, by rolling out the Salary Matrix in their own value chain and enhancing their understanding of living wage gaps in their value chain on year-on-year basis. Secondly, by organizing an initial workshop in December with these industry players to explore the appetite for a tea living wage commitment, which was positively received and will be followed up further in 2023.

[Read more about living wages in the tea sector here](#)

## Accelerating commitments through industry platforms

IDH collaborates with several industry platforms who focus on corporate sustainability, such as Business for Inclusive Growth (B4IG) and the World Business Council for Sustainable Development (WBCSD), to help mobilize and scale up company's commitments to living wages.

In 2022, IDH partnered with the United Nations Global Compact to launch the [Think Lab on Living Wage](#). The Think Lab aims to encourage UNGC's target audience of 10,000 global companies to commit to living wages by aligning strategies and operations with the UN Sustainable Development Goals. It works to strengthen international cooperation, and builds on IDH's Roadmap on Living Wage and the related tools: the IDH Salary Matrix, and the IDH Living Wage Action Guide.

# 04

BETTER INCOMES

## Redressing the imbalance in value chains



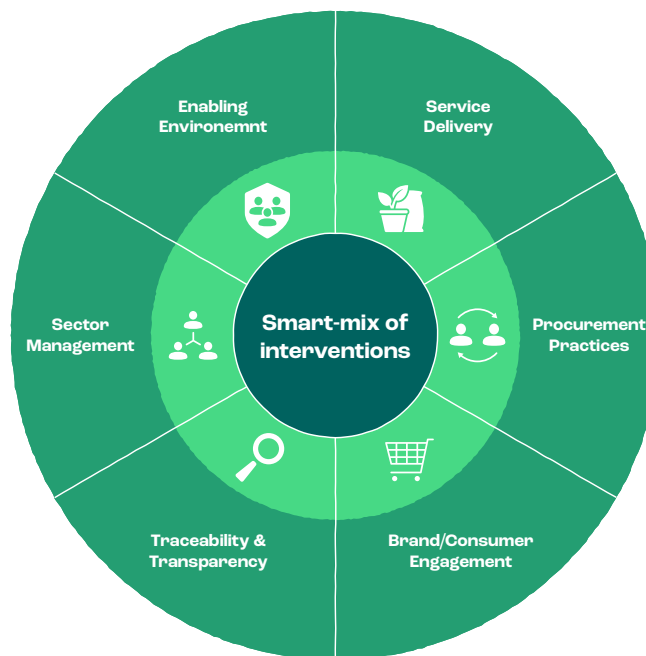
## The case for better incomes

The majority of smallholder farming households that produce the world's food and other agrocommodities live in chronic poverty. Only a fraction of smallholder farming households in cocoa, coffee, vanilla and other commodity sectors are within reach of earning a living income.

The Living Income Community of Practice (LICOP) [defines living income](#) as the net annual income required for a household in a particular place to afford a decent standard of living, including food, water, housing, healthcare and other essential needs. This is known as the **living income benchmark**, from which it is possible to calculate the gap between a living income, and what farmers earn.

The inaccessibility of a living income has long-lasting effects all along value chains. Underpayment of farmers and farm workers leads to persistent poverty, the risk of forced and child labor, farmers abandoning agriculture and danger of environmental degradation (including deforestation). These issues also have a direct effect on other value chain players in the form of instability of value and reputational risks.

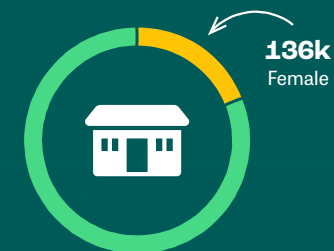
The events of 2022 put further pressure on this system. The war in Ukraine and rising inflation led to higher operational costs for many farm holders, including basic inputs like fuel, fertilizer and animal feed. Drought and floods have become more frequent and extreme in crop-yielding countries. Smallholder farmers often bear the brunt of both financial and climate volatility.



## A smart mix of interventions

Household incomes are influenced by multiple factors: from land size and management, volumes and farm gate prices, to the cost of production and income diversification. In the case of smallholder farmers for example, income can be earned through off farm business or labor and remittances in addition to crop sales. Solutions to the problem therefore need to incorporate a “smart mix” of strategies that look to address all these drivers in concert. Segmentation of smallholder farming households ensures that “smart mix” strategies are tailored to the needs and potentials of the different categories.

## Impact



**716k**  
Farming households with increased net income



**853k**  
Farmers gained access to inputs and technology



**104k**  
Farmers gained improved access to finance



## Guiding companies towards closing the gap

Up until recently, industry and development partners have tackled the issue by putting their focus on increased productivity and quality, with not yet sufficient impact on income. IDH leveraged the work of our strategic partner LICOP to create the [Roadmap on Living Income](#), a platform to guide company action to close living income gaps in value chains. It offers five clear steps with data-driven tools through which companies can measure, verify, and take action.

This multi-pronged effort to close the income gap requires collaboration and shared responsibility from a variety of stakeholders in global value chains. IDH helps convene both multi-sector and sector-specific coalitions so that together we can enact meaningful impact at scale.

The 2022 [Living Income Summit](#) held in Amsterdam brought together 140 practitioners and decision-makers from companies, NGOs, financial institutions, and government to collaborate on a multi-stakeholder framework for Action.



This led to the creation of an outcome statement that acknowledged among other takeaways the urgent need to:

- 1 Address the issues of inequitable value distribution**
- 2 Develop trade that goes beyond commodities**
- 3 Improve the enabling environment**
- 4 Further co-create multistakeholder Frameworks**

[Read the Outcome Statement Living Income Summit 2022 here](#)

# Roadmap on Living Income



**“Through this concept, we expect to significantly increase smallholders’ income per ton of production and decrease their cost of production. In addition, we will provide training. Therefore, we expect their profitability to increase on three fronts: improved yield, lower production cost, and higher crop prices.”**

**Rob Coventry**

Founder of CHC Commodities

Farmfit Annual Report 2022

# Better Incomes in Action

Program highlights from 2022



## Achieving a living income in cocoa

The Cote d'Ivoire Ghana Cocoa Initiative (CIGCI) is mandated by the Heads of State of the two leading cocoa-producing countries to improve the livelihoods of farmers. In July 2022, the CIGCI Secretariat, the governments of Ghana and Côte d'Ivoire and 18 multinational cocoa and chocolate companies signed a joint statement of intent toward an Economic Pact on Sustainable Cocoa. The Pact will open a path to develop proposals and actions to structurally raise the farmgate price in Ghana and Côte d'Ivoire and strengthen current efforts to attain living incomes for cocoa farmers. IDH is engaged to support the collective development of this framework of action by leveraging its convening power – for example through the co-convening of the technical working group on price and markets – and by providing technical expertise.



## Developing regional value chains in Nigeria

Nigeria is the world's largest producer of cassava. Due to an imbalanced value-demand relationship Nigeria imports cassava derivatives that can also be produced locally. Funded by the Rockefeller Foundation, IDH partnered with several multinational brands to develop an industrial cassava value chain to enable local sourcing in Nigeria by providing technical assistance to cassava processors to integrate smallholders into their value chains. As of 2022, 26,000 smallholder farmers have been trained and mentored in sustainable production, resulting in a 50% increase in net income.

**Read more about the cassava sector [here](#)**



## Improving income resilience through regenerative agriculture

Coffee is the main cash crop for thousands of smallholder households in the highlands of Kenya and Uganda. IDH and the IKEA Foundation set up the Coffee Farmer Income Resilience Program (CFIRP) with the aim to improve the income resilience of 20,000 farmers through crop diversification and regenerative agricultural practices. In 2022, IDH partnered with AidEnvironment to conduct a baseline study of the program as a starting point for measuring impact.

**Read the Baseline Report [here](#)**



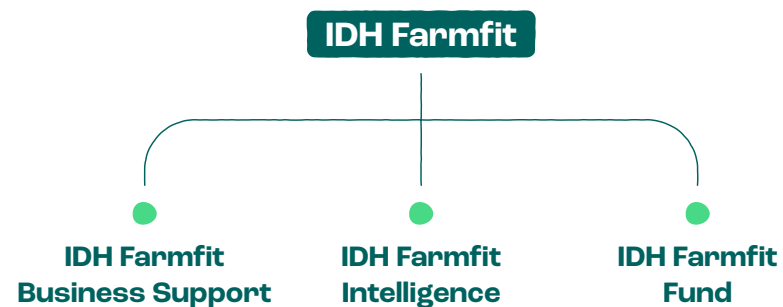
## CASE STUDY

# Investing in equitable value chain development

Access to affordable commercial financing and investment is an important way for smallholder farms to increase their productivity and yields, as well as transition to sustainable and regenerative farming practices. The issue is that many financial service providers and investors, such as banks, companies and institutional asset managers, view smallholder farmers as a risk. Smallholder farmers currently face a funding gap of around USD \$170 billion.

## Unlocking the power of capital markets

IDH Farmfit makes investments in smallholder farming more attractive by providing actionable insights (based on data and evidence) on inclusive business models, and by de-risking finance models of banks and companies. The approach is based on three pillars:







IDH Farmfit Business Support provides technical assistance to companies and banks, helping them develop cost efficient smallholder inclusive business models. IDH Farmfit Intelligence shares key insights on how to make smallholder value chains more efficient, effective and impactful. The IDH Farmfit Fund takes the highest risk positions in deals that directly improve smallholders' livelihoods in Africa, Asia and/or Latin America.

Although they play a major role in the agricultural system, women are often disadvantaged across a whole range of areas. They typically have less access to land, services, markets and assets which impedes their ability to generate higher incomes. A key goal of the Farmfit program has been focused on improving women's access to services and markets, and land. As of 2022, women comprised 51% of all smallholder farmers who received any services or market access through the Fund's investees, and 31% of those who received finance.

IDH Farmfit Fund also provides investment to encourage the development of service delivery models. In 2022, the Fund made five investments including in India and Zambia, in enterprises that provide services to smallholder farmers.



## Digitizing the dairy industry in India

The Indian dairy sector is the largest in the world, contributing 22% of the global milk production. Dairy employs over 40% of the Indian agri-workforce, 83% of which are women, and is the largest contributor to India's agricultural GDP.

In early 2022, IDH Farmfit Fund made its first ever equity investment in India with Stellapps Technologies. The company is a farm-to-consumer dairy digitization service provider which helps improve productivity as well as quality and ensures end-to-end traceability across the dairy value chain.

Through its customer-base which includes all major private and co-operative dairies in India, Stellapps currently digitizes over 13 million liters of milk worth USD 3.4 million each day and directly impacts 2.8 million dairy farmers in over 35,000 villages. Stellapps' aim is to create a digital ecosystem that enables smallholder farmers to become entrepreneurs, increasing farmer income by improving farming practices, facilitating financial inclusion and increasing transparency.

[Read more about the investment here](#)

## Sourcing locally in Zambia

Agriculture accounts for 20% of Zambia's GDP, but despite the country's abundant fertile land and rainfall, agricultural productivity remains low by global standards. Smallholder farmers who rely on agriculture for income are challenged by poor rural infrastructure and minimal access to inputs or financial services.

At the end of 2022, IDH Farmfit Fund announced the close of a US \$4 million loan facility to support CHC Commodities Limited (CHC), an agricultural service and processing company, with the objective to support the company in its transition to a smallholder farmer-based sourcing model, incorporating 50,000 smallholder farmers over a period of seven years. The company will work to improve the lives of rural farmers to instigate new systems for delivery of crop inputs, increased yields and routes to market.

[Read more about the loan here](#)





# 05

**BETTER ENVIRONMENT**

## **Putting the planet at the heart of sustainable trade**



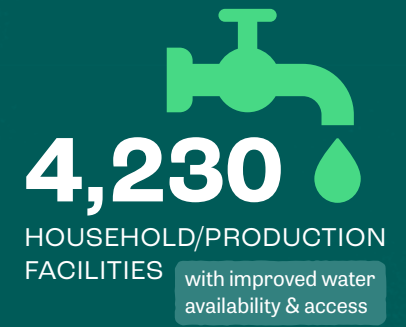
# The case for a better environment

The current way that we produce commodities and manage ecosystems needs to change. According to the OECD, the agriculture sector contributes nearly a quarter of all greenhouse gas emissions, half of these directly, and a large amount through agriculture-driven deforestation. Poor land management in this sector often leads to depleted soil health, biodiversity loss, and decline of natural vegetation, while industrial activities such as manufacturing contribute to environmental degradation by releasing pollutants into bodies of water, land and air.



Rising temperatures and changing weather patterns due to climate change are increasing droughts, flood risk and the frequency of extreme weather events, all of which can damage crops and reduce yields. Food insecurity and land conflicts will become ever more threatening if we do not find solutions to reduce emissions and mitigate their effects. At the same time, lower-income countries who provide most of the world's goods and crops need to be shielded from the negative economic impacts to avoid further impoverishment.

## Impact



## Facilitating sustainable development

IDH aims to contribute to a better environment by ensuring that land is sustainably used by protection and restoration of forest and natural ecosystems, reducing the impacts of value chains on ecosystems, promoting the adoption of climate smart agriculture, and the mitigation of, and adaptation to climate change.

We drive these initiatives through changes in sector governance, business practices, and testing field level innovations. This means implementing forest-friendly and regenerative agriculture, public-private natural resource management, integrated pest management (IPM), and reducing chemical waste in manufacturing industries. Additionally, we connect global commodity markets and build synergies between achieving a better environment and supporting smallholder farmer livelihoods.



## Production, Protection and Inclusion

We help build sustainable governance models in tropical sourcing areas, known as landscapes, by working with the right stakeholders to create areas where agricultural products are grown sustainably (Production), forests and natural resources are safeguarded (Protection), and communities thrive (Inclusion).

Land governance, improving livelihoods and private sector investment are the three working pillars for the PPI strategy. This also involves developing innovative ways to finance initiatives and reducing project risk by enhancing investment readiness and turning Sustainable Land Management into an asset class.

Many producers are held back from sustainable transformation due to a lack of financial mechanisms, access to markets, and technology. IDH supports producers to transition by co-financing better business practices and connecting them to climate change adaptation funding. We help successful pilots become investment-ready through our technical assistance facilities, and link sustainability initiatives with international markets through the SourceUp platform. Lastly, we explore carbon finance mechanisms to make insetting a reality along existing value chains.



**“The signing of PPI compacts in Southeast Liberia is extremely important because it paves the way for communities to play a central role in forest governance and management. It also paves the way to more economic opportunities and sustainable production for local small-scale farmers and exporters.”**

**Silas Siakor**

IDH Country Manager, Liberia

From the article: [African landscapes formalize their commitments towards becoming farmer and nature positive](#)



# Better Environment in Action

Program highlights from 2022



## Towards deforestation-free Cocoa in Cameroon

Cameroon is the 4<sup>th</sup> highest Cocoa producing country globally, and a major Congo Basin deforestation hotspot. Over forty percent of the national territory is forested, and forest degradation is common, including in the cocoa-growing municipalities of Ngoro, Ntui and Mbangassina. Through the “Green Commodity Landscape Program” (GCLP), IDH has convened key stakeholders to co-design and jointly implement actions that help protect forests, improve sustainable production of cocoa and enhance livelihoods for farmers and surrounding communities in the Grand Mbam landscape. Successful scoping and convening activities lead to the first signing of a PPI Compact at the end of the year in the Mbgangassina, as well as a base line study to expand the program to Ntui and Ngoro.

Read more about the Grand Mbam Landscape [here](#)



## Sustainable sourcing through regenerative agriculture

The Madhya Pradesh region of India, where cotton, soybean and maize are grown, is ecologically sensitive and at a great risk of biodiversity and habitat loss. In 2022, several PPI Compacts between local government, major brands, farmers and civil society were signed as part of the Regenerative Production Landscape Collaborative (RPLC). Founded by the Laudes Foundation, IDH, and WWF India, the collaborative acts according to two core strategies: Regenerative Agriculture (on the farm) and Landscape Restoration (beyond the farm). Among social and economic benefits, the Compacts are designed to help producers grow agri-commodities using regenerative farming principles that restore natural resources and reduce emissions.

Read more about the RPLC Compacts [here](#)



## Tracing cattle ranching in Brazil

The Brazilian Forest Code requires landowners in the Amazon to maintain 80% of forests on their land, however the complexity of the beef supply chain means that many indirect cattle producers are not properly traced and often linked to illegal deforestation. In 2022 IDH teamed with the Carrefour Brazil Group and the Confederation of Agriculture and Livestock of Brazil (CNA) towards deforestation-free beef by launching the Sustainable Calves Production Protocol, a tool to support the complete traceability of Brazilian livestock production, from calves to final consumers, with inclusion, transparency and data protection. The protocol is part of the Sustainable Production of Calves Programme which provides technical, financial and environmental assistance to cattle producers, facilitating compliance with the Forest Code.

Read more about the Sustainable Calves Production Protocol [here](#)



## CASE STUDY

# Transforming landscapes in Vietnam

The Central Highlands of Vietnam are home to 95% of all coffee production in Vietnam, and the second-largest coffee producer and exporter in the world after Brazil. Other important crops such as pepper, tea, fruits and vegetables, flowers, rubber, and cashew are also produced in this region, thanks to its favorable climate, fertile lands, and forests which regulate the climatic conditions and water cycle. These features make the Central Highlands vital for the Vietnamese economy as well as for international companies sourcing from the region.

Over time, the Central Highlands began to be a victim of its own success. As production grew, pressure on natural resources also increased, leading to a diminishing water supply, deforestation and land degradation. Since 2015, IDH's has applied a landscapes approach to the Central Highlands to protect forests, improve water management and reduce the use of agro-chemicals in collaboration with major coffee brands, the Vietnamese government, research institutes and NGOs.









What began as a mini-landscape in the Ea Tan commune of Dak Lak Province to rehabilitate community lakes, test new irrigation techniques and set up agroforestry systems has grown into a region-wide program culminating in the formal signing of PPI Compacts in 2022 in the Krong Nang district (Dak Lak province), Lac Duong and Di Linh district (Lam Dong province).

The results of these efforts have already borne fruit. A 2020 study by the [USAID Green Invest Asia project in collaboration with Agri-Logic](#) into the area showed that the smart agriculture interventions that IDH, JDE Peet's, and its partners carried out in recent years have helped decrease greenhouse gas emissions from coffee farms by 60%.

**They also found that farmers in the area:**

-  **Used 20% less water in production**
-  **Reduced chemical fertilizer use by 14%**
-  **Ended the use of banned pesticides**
-  **Earned 20% higher income compared to farmers outside the area**

## Towards Sustainable Coffee Sourcing

In 2022, JDE Peet's (JDE) became the first company to use the new value chain sustainability solution SourceUp to source coffee in the Central Highlands, as part of their commitment towards 100% responsibly sourced coffee by 2025. Developed by IDH and its partners, SourceUp is an online platform that links agri-commodity companies with Compacts in the producing regions.

Companies can use SourceUp to access relevant and assured data from their key sourcing regions for more sustainable sourcing at scale and support projects relevant to their sustainability agenda. At the same time, stakeholders in producing regions can use SourceUp to build coalitions for sustainable development at the landscape level, set shared sustainability goals, and be recognized for their progress towards these goals.

Through the participation of local authorities, companies, partner organizations, and financial support from the United Nations Development Programme and the Sustainable Agriculture Transformation (VnSAT) Project of the World Bank, the Central Highlands landscape was able to meet the assessment requirements for the platform.



The goal is to scale up and provide assured data and sustainable sourcing claims for many international buyers buying commodities from the region. By making its sustainability metrics more transparent, the Central Highlands hopes to increase international recognition of its sustainable production systems.

This will become increasingly important for companies in the European Union in regard to the upcoming EU Due Diligence Corporate Sustainability Directive, which is expected to have a significant impact on coffee and pepper value chains. To support stakeholders to comply with these new market requirements, the Vietnam landscape program held a meeting at the end of 2022 with coffee and spice companies who expressed strong interest in collaborating with IDH and the coalition to pilot compliance models. This will continue to be developed and implemented in 2023.

[Visit the Central Highlands Compacts on SourceUp here](#)



# Organizational development

In 2022, we continued to focus on operational excellence and invested time and resources in the improvement of our procedures, systems, and structures to further increase our effectiveness and efficiency. We also strategically intensified and grew our relations with our donors, as well as undergoing a rebranding exercise which was launched in September. Through an inclusive process with our staff members, we adopted three new core values: Integrity, Courage, and Inclusivity. To ensure that we all live by these values in all the work we do, both internally and externally, we started an elaborate Diversity, Equity, and Inclusivity journey with the entire organization. This journey continues in 2023, with the aim to make IDH a truly inclusive organization where all staff members feel at home and can as 1-IDH deliver on our mission to leverage the power of markets to create better jobs, better incomes, a better environment, and gender equality for all.

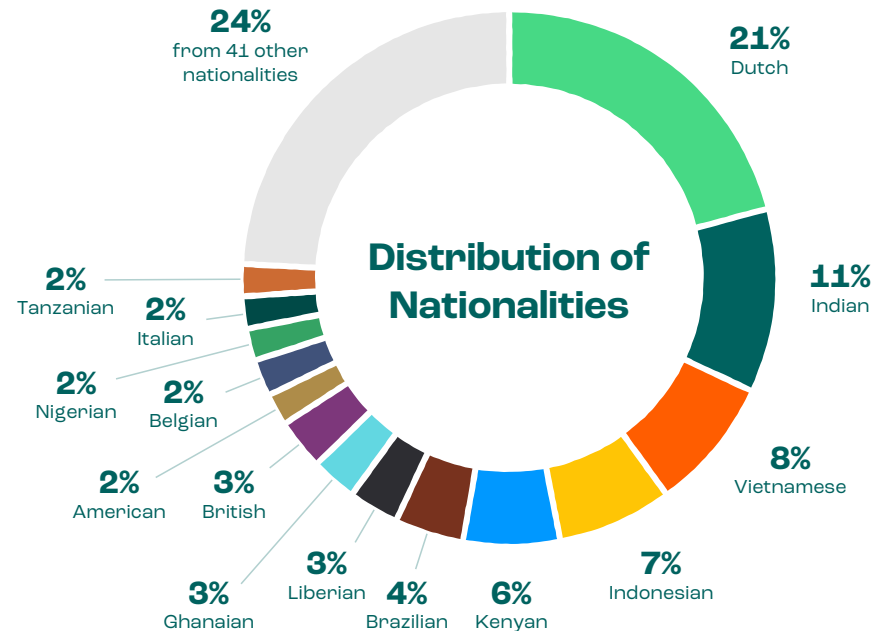
## Our people

In 2022 IDH staff grew from 260 FTE at the start to 318 FTE per 31st of December, in line with our strategy to strengthen the local teams and operations functions. With a global team consisting of 55 nationalities working from 29 countries and 12 registered offices around the world, IDH developed into a truly global organization. We focussed on aligning our systems and structures to the size of the current organization.

## Our global presence

In order to implement the Grains for Growth program (funded by the Mastercard foundation) and host its team, we registered IDH in Ghana as a branch in 2022. We also changed our presence in India from a partnership agreement with an external local entity to incorporating an entity that is under IDH's control. In addition, we began a scoping study to register IDH in Nigeria to further scale up our interventions in West-Africa. The incorporation of this legal entity will take place in 2023.

To facilitate this global structure, we focused on improving our compliance mechanisms, creating more clarity about which criteria the offices must meet. We implemented the 'IDH Global Principles Overview' which links to the country office manual and was used to verify compliance with the criteria on a regular basis.



Note: represents number of nationalities at IDH as of December 31st, 2022



**40 years**  
Average age



**55 nationalities**  
Represented



**48.6%**  
Male

**0.6%**  
Prefer not to say

**50.9%**  
Female

## Gender Intentionality

In 2022 we revised our global gender strategy to create a gender Theory of Change, focusing on priorities that will create sustainable change by examining resources and measuring impact. We established a baseline to measure our gender transformative approach, from which we were then able to understand and refine our targets. This included creating proper KPIs, formats and templates to help colleagues and partners implement gender transformation within global value chains, like the Gender Action Plan and the Gender Strategy template. We will have the results of our 2022 targets in the second quarter of 2023.

## Our procedures and systems

We improved our financial management and reporting systems through the implementation of a business intelligence tool combining input from different sources and creating reports. We have already seen a great improvement in the availability of management information following the implementation of these systems. We also evaluated our project design process and the role of the IDH investment committee and will make updates to this process in 2023 to increase its effectiveness. This includes a change to our internal process so that every funding opportunity that goes before our investment committee must have a gender intentional approach.

In 2022, we updated our risk management framework and organized risk sessions with all country offices, business units and corporate department teams. This led to the creation of risk registers for all these teams and the definition of 11 key risks on an organizational level that are monitored by the management team. This risk register was considered when developing our annual plan for 2023 and is published in the annual plan.

We continued to operationalize the Result Measurement Framework and enhanced our monitoring and evaluation team's capacity for monitoring program implementation, reflecting on outcomes and documenting progress. Pilots were started with new tools to better monitor IDH convening of partnerships with a collaborative value scan that was developed by Amsterdam University and progress trackers. IDH continued to invest significantly in more than 15 program evaluations (baselines, midlines and endlines) conducted by independent third parties. Learnings from those program evaluations informed program strategies as well as the corporate theory of change.

In Nigeria, Vietnam and India IDH uses field level data gathering apps for primary data collection. At the corporate level, it was decided in 2022 to abort the original plan to integrate the Monitoring & Evaluation implementing partner data collection in the IDH contract management system. Instead, IDH selects and implements a more economical and user-friendly data gathering and project management solution in 2023.





## International partnerships and fundraising

The implementation of our 1-IDH fundraising strategy, aiming for intensified and expanded relationships with our core and strategic program donors, was the focus of 2022 fundraising activities and events. Mid-October 2022 we organized a partnership dinner in Brussels to work with our partners on IDH's African Food Systems strategy. It proved an excellent opportunity to further donor interactions and discuss our approaches with the broader IDH network.

The 2021-2022 Belgian Better Jobs Accelerator funding enabled among others the launch of a Belgian retailer commitment for living wage bananas during a Brussels Living Wage Summit, leading to the heightened attention of the Belgian partner towards global living wage and living income challenges and their commitment to sign a joint declaration on living wage and living income, alongside the Dutch, German and Luxemburg governments.

The Belgian funding for the second phase of the Beyond Chocolate Partnership was signed and will further support our work with the Belgian chocolate market. The Mastercard Grains for Growth program in Ghana was officially launched early 2022. Additional funding contracts were signed with Laudes Foundation for climate smart cotton landscapes in Brazil and India, USAID for our INSTEP program in Vietnam and GIZ for horticulture value chain transformation activities in Rwanda.

Given the importance of the ongoing EU legislative work on sustainability, IDH has been investing in building relations with the relevant Directorates General of the European Commission in Brussels and EU delegations abroad. Throughout 2022, IDH has developed and signed off on an EU engagement strategy that aims to position IDH as a trusted thought leader and convener. To ensure delivery on our objectives, internal alignment and focus on a limited set of priority themes is key to our strategy. Mirroring the ongoing EU legislative processes, responsible business conduct and due diligence, deforestation and sustainable cocoa are the central themes of our strategy.

In 2022, we have delivered recommendations around the deforestation regulation - being negotiated at that moment - to Brussels stakeholders and developed analysis on the linkages and complementarities between the Corporate Sustainability Due Diligence Directive and voluntary sustainability initiatives. As part of the Living Wage Summit, we have organized the debate on making the EU due diligence legislation deliver on living wages. We have sensitized IDH colleagues and the members of IDH-convened sectoral initiatives on the effects of the upcoming EU legislation on sustainable supply chains. We will continue the implementation of our EU engagement strategy throughout 2023.

## Environmental, social and governance impact

As a values-driven organization, whose mission is to leverage the power of markets to create better jobs, better incomes, a better environment, and gender equality for all, our work is continuously directed to improving environmental and social conditions both externally and internally.

The establishment of an E&S policy and management system in 2022 was designed to support in assessing the negative impact of the projects we invest in. To finalize this policy and management system, as well as implement and embed it in our organization, we will continue investing in IDH E&S capabilities and resourcing.

As part of our commitment to reducing our carbon footprint, we pay special attention to the means and frequency of organizational travel. Where possible, we limit the number of flights taken, and compensate for the Co2 emissions of all international travel. The strengthening of local capabilities of our country offices in convening and program management will also contribute to reducing the need for intercontinental flights.



From an internal people perspective, we aim to minimize absenteeism by offering good working conditions to our staff members, including benefits towards physical well-being practices such as exercise and access to fresh fruits in our offices. In 2022, we recorded 4,4% absenteeism in our Dutch organization, in comparison to the national average of 6,6%. To support mental well-being we began offering external psychological support services to our staff members during the COVID-lock downs. After seeing its success, we decided to continue offering these services to all staff members.

We conducted an IDH Engagement Survey for staff across all IDH locations in November 2022, and had a total score of 3.7 out of 5. Highlighted strengths included: our teams, connection to the company goals, relationships with direct managers, company engagement, and job role satisfaction. Points for improvement included: development and promotion, collaboration between teams, employment conditions, and work-life balance. Actions towards these areas of improvement are being defined and will be implemented in 2023.

From a governance perspective, we systematized business ethics in the organization by improving our anti-bribery and anti-corruption policy and integrating it in our IDH academy and onboarding program. We launched a global employee council with the aim of equally representing all staff members. We included integrity as one of our core values and are working to ensure that this value is also driven and practiced by our global leadership team through training and our Diversity, Equity, and Inclusion program. Lastly, we continue to promote diversity (gender, nationality) in our different organizational bodies.

## Financials

The consolidated P&L of IDH reflects two different main activities: 'IDH Invest' by the Farmfit Fund entities and 'IDH Programs'. As the fund is in its early days, by its nature, it runs losses in the first years whereas the Program activities are fully funded and have a net zero result.

The consolidated income in 2022 amounts to €52.4m, an increase versus last year of €7.1m. The consolidated result is €-2.4m (last year €-1.5m). This negative result is driven by the investment activities of the Farmfit Fund entity and is €0,4m more negative than planned, due to an impairment of one of the investments. The Management Board of IDH Farmfit Fund has assessed the negative result of the Fund and has a reasonable expectation that the Fund has adequate resources to continue in operational existence in the foreseeable future due to the committed size of the redeemable grant and profit-sharing loans.

The fund management team continued to build upon a strong transaction pipeline and the Management Board of the Fund is confident that the Fund will achieve its target for 2023. As the portfolio of the Fund grows, results will improve, and it is



expected that over the life of the Fund at least a break-even result will be achieved. According to the latest model and projections, which has been shared with the investors in the Fund, the expected cumulative break-even is in 2029 and that 2025 will show a break-even result.

The negative result of FarmFit Fund also results in a further decrease of our consolidated equity position to €-6.2m (last year €-3.8m). The cash flow required for the Farmfit Fund's expenditures, not yet covered by income generated from the investments, is covered through the facility agreements the Fund has with its corporate lenders and the redeemable grant ruling issued by the Dutch Ministry of Foreign Affairs (MFA). The negative equity position of IDH Farmfit Fund is therefore covered by these arrangements.

The result of IDH Programs (before share in profit/loss of participations) was nil, the same as in 2021, since income is matched with expenditures during the year. The table below shows the key financials for the Programs activities (referred to as 'Stichting IDH, including entity LABS').

## Key financials IDH Programs

Stichting IDH, inclusive LABS	Actuals 2022	Actuals 2021
IDH reported income (mln)	€ 51.9	€ 44.8
Total program cost	€ 44.6	€ 39.7
Total organizational cost	€ 6.9	€ 5.0
Organizational cost/total cost (%)	13%	11%
IDH program contribution, excl private & other (mln)	€ 20.8	€ 22.4
Private sector contribution (mln)	€ 42.7	€ 48.6
Ratio private-sector contribution to IDH program contribution, excl private & other	2.1	2.2
Share core funding in total funding (%)	39%	46%
Share core Dutch MFA in total funding (%)	33%	38%
Share Dutch MFA in total funding (%)	46%	50%
Share strategic funding in total funding (%) *	65%	76%

\*Year 2021 restated for strategic donor definition of mid 2022



## Finance KPI's

In 2022 total reported income of €51.9m was €7.1m higher than last year. Total program cost increased by €5.0m: this was driven by an increase in program contributions to third parties of €1.2m, a decrease for impact assessments and evaluations cost of € -1.2m, an increase in travel cost and other program costs by €2.3m after the pandemic and an increase in program personnel cost of €2.8m. This was mostly driven by growth in local country teams in line with the strategic plan, both due to the 'full-year'-effect of additional staffing in 2021 as well as new hires in the course of 2022. The average salary increase applied per 1st of January 2022 was only 4,5%, however the continuing 'war for talent' and increase in cost of living resulted in a new remuneration strategy for 2023 and beyond.

In organizational cost there was also an increase of personnel cost (€0.8m). Besides this effect, IDH is further investing to strengthen its global operating systems and in the implementation of one way of working in all functional disciplines, which is resulting in €1.1m higher corporate cost versus 2021. For Stichting IDH including LABS, the corporate organizational cost expressed as a percentage of total cost was 13% in 2022. This is higher than budgeted, due to slower than expected ramp-up in our program contributions as well as the result of extra effort to strengthen our organization to prepare for future growth.



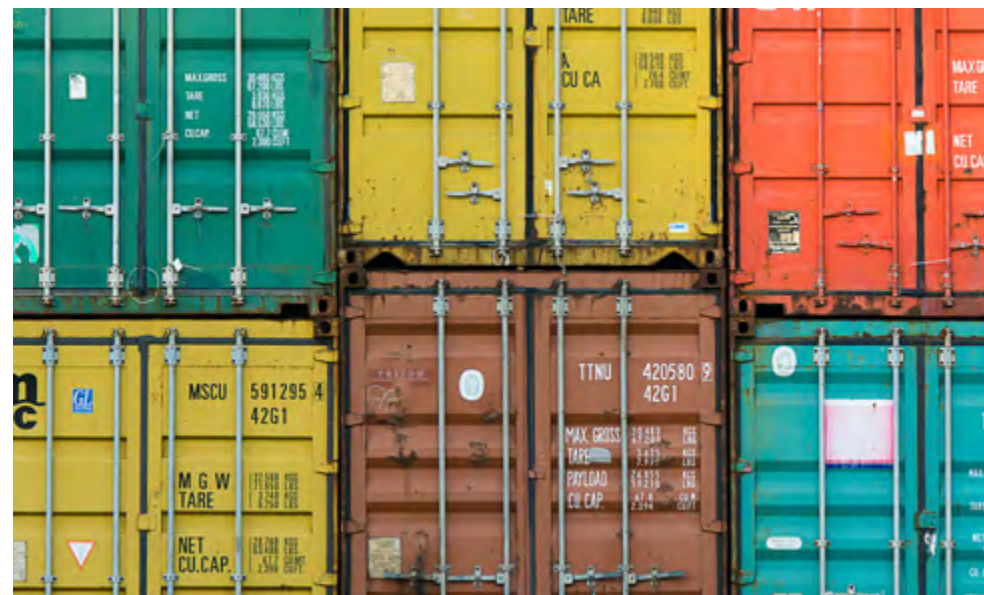
In 2022, we leveraged IDH program contribution to third parties (excluding private and other managed funding by IDH) with a private-sector contribution ratio of 2.1, which is slightly lower than last year but still on target. These private-sector investments into our projects are audited by external financial auditors and are input for the audit of the consolidated financial statements. Public-private funding ratios vary per project, depending on the degree of convergence between the public good and the private interest, and/or how much market finance can be leveraged in case of innovative finance projects.

In 2022, 39% of IDH's funding was core funding, provided for by the Dutch Sustainable Economic Development Department (DDE) and the Swiss State Secretariat for Economic Affairs (SECO). IDH's objective for 2025 is to be less dependent on funding from the Dutch Ministry of Foreign Affairs, which is measured against two targets: the share of DDE (is core part of Dutch MFA) in total funding to be below 35% by 2025 (in 2022 already at 33%), and the share of total Dutch MFA in IDH's funding to decrease to 25% by 2030 (in 2022 at 46%).

The strategic funding percentage measures the share of core plus strategic program funding. Adding strategic program funders as a separate category helps to steer the IDH funding base to a more strategic level, move away from smaller ticket sizes, toward collaboration over a longer period of time with strategically aligned donors.

The share of strategic partner funding in total funding dropped in 2022 to 65% versus 76% in 2021. As the absolute amount of strategic funding (€34.0m) is in line with last year, this is driven by an increase of €7.5m in few big donors which do not meet (yet) all of the requirements, like the one-year grant of the Belgium government for the Better Jobs Accelerator Fund (€2.9m), the Grains for Growth program funded by the Mastercard Foundation (€1.4m) and the landscapes program of the Liberian Forestry Development Authority (€1.9m).

It was agreed with the Dutch Ministry of Foreign Affairs that IDH will not use the Dutch governmental subsidy for creating a provision for continuity. To flag the related risk, IDH annually reports to the Ministry of Foreign Affairs on its liabilities regarding staff and short-term liabilities when ending the grant. This should safeguard future liabilities that might result from IDH's inability to build up a provision for continuity. As a result, solvency is not a relevant financial KPI for IDH. Based on contracts with institutional donors, cash flow is secured and aligned with expenditures. Total donor funding unspent yet secured amounted to about €210 million by the end of 2022, which is in line with the MYP 2021-2025 target.



Compared to the consolidated budget 2022 of €60.7m, total expenditure in 2022 is €8.0m lower. The complexity of convening of multi-stakeholder partnerships and subsequent negotiation and approval of co-financing agreements is high and often took longer than anticipated. In line with our corporate values and safeguarded by internal processes like the Investment Committee, high quality program design for contributing to system change is always prioritized above quantity of spending by funding incremental gains. Despite lagging on budgeted spending, we expect to demonstrate our contribution to systemic change in accordance with our donor commitments by the end of the Multi Year Plan 2021-2025.

As in previous years, the auditor has expressed an unqualified audit opinion on the 2022 financial statements.

# Risk management

Risk management is an integral part of IDH's internal control system and provides input into our decision-making process by identifying (potential) risks and measures to mitigate them.

We identify and manage risks on different levels: business units, country offices, corporate departments, management team, and for each individual project we co-finance. The following table shows an overview of the key risks and mitigating actions taken, as reflected in the Annual Plan 2022.



The table below shows an overview of the key risks and mitigating actions taken, as reflected in the Annual Plan 2022.

Risk	Risk cause	Consequence	Occurrence in 2022	Mitigating actions taken
<b>Preventable</b>				
Inefficiency in, and non-compliance with procedures, loss of knowledge, expertise, and relations with partners.	Growth of the organization and turnover of staff	Damage to IDH's reputation: <ul style="list-style-type: none"> <li>Lack of clarity to external partners and donors on IDH's approach</li> <li>Non-compliance to statutory requirements of country offices</li> <li>Pressure on current staff because of the ambitions of the organization in combination with the growth of the organization</li> </ul>	Partial	Systems and procedures have been catching up with the growth of the organization in the past years. In 2022, we implemented improved financial management systems, upgraded our IT systems and created more alignment between our country offices, corporate departments and business units, supporting more efficiency in all our operations.  We also prepared the launch of a standardized onboarding program (started per February 1, 2023) for new staff members.
Non-compliance with changing and/or local laws and regulations.	Fast growing and more decentralized IDH organization	Reputation risk; risk of fines and penalties	No	We recruited and maintained strong finance and compliance staff members in our country offices and further improved the support from and the reporting to IDH HQ, with an emphasis on (statutory) compliance.
People with the right skill set and qualities cannot be found, and vacancies cannot be filled.	Challenging labor market conditions	IDH unable to deliver sufficiently on targets and non-compliance with donor requirements.	Partial	We communicated externally about IDH as an employer-of-choice following the re-branding of the organization.  We hired a corporate recruiter to support reaching and attracting the right people for positions.  A challenging labor market has led to longer processes to fill some of the vacancies and this risk partially materializing. IDH did a job grading and salary benchmarking exercise that led to a new remuneration strategy per 1 January 2023.
Loss of key personnel.	Talented staff headhunted by other organizations; IDH unable to provide competitive benefits.	Issues for continuity, loss of knowledge, network and experience could lead to IDH not being able to deliver sufficiently and in compliance with donors' expectations.	Partial	Exit interviews are conducted with all staff members leaving the organization and the results are analyzed to improve the retention of staff.  Improvement of talent development started and is to be fully implemented in 2023.  A challenging labor market has led to this risk partially materializing.

Risk	Risk cause	Consequence	Occurrence in 2022	Mitigating actions taken
<b>Strategic</b>				
Partners going bankrupt.	IDH is working with startup/ SME companies that are more vulnerable to economic fluctuations, especially during pandemic.	Project targets not reached.	No	We further improved regular financial due diligence procedures on our implementing and project partners, and continued to monitor risks for these partners in all projects we invest in through our Investment Committee.
Partners questioning the positioning and role of IDH, or IDH targeted in the media, or by NGOs.	IDH setting up a new revenue stream and structuring activities in a separate legal entity (IDH Solutions).	IDH's reputation damaged.	No	The re-branding of IDH helped to position IDH and improve internal and external communication. Additionally, IDH is developing position papers to align internally on relevant topics and have a clear external position on these topics.
Not being able to capture and measure the impact of convening activities.	Contribution to impact targets is difficult to capture; revised theory of change.	Not being able to prove outcome results and influence on impact; not setting IDH up for positive outcomes of impact evaluation.	Partial	In partnership with Amsterdam University, three pilots were started with collaborative value scan in Landscape programs, and a progress tracker tool was initiated in the Landscapes and Agri-commodities business unit. Third party program evaluations focusing on three partnerships in the cocoa cluster and the living wage banana platform are scheduled for 2023. Also, the corporate portfolio mid-term evaluation that will take place in 2023-24 will include an assessment of convening programs.
<b>External</b>				
Hostage-taking of systems and/or confidential (GDPR related) data lost or accessed by third parties.	Cyber security breach through criminals penetrating IDH data, financial and management systems.	Inability to operate, financial damage and/or reputational damage for IDH.	No	Staff were trained on IT security and data protection training was provided.  IT audit as part of annual Interim Audit by accountant.  We also continuously monitored the IT security and improved where possible.
Annual plan 2022 targets not reached.	Delays in project and convening activities due to Covid-19 related travel restrictions.	Non-compliance with donor commitments; commitments made to private-sector partners not kept.	Partial	At the beginning of 2022, travel restrictions due to the COVID-19 epidemic affected convening activities and project implementation. At individual KPI level some targets have not been met (e.g., KPIs monitoring access to finance aspects), but at the same time IDH is overshooting significantly on others (e.g., on all targets of KPIs for sector governance).
IDH's approach affected, or business partners unable to participate in our interventions.	The volatility of commodity market prices and sudden inflation or deflation.	Need to revise interventions or targets.	Partial	IDH continued conversations with its partners to minimize the effects of external events like the war in Ukraine and the increase of energy prices on the implementation of our programs. IDH did not change its approach following external events but had to adjust its targets on for example living wage and living income



# Summary financial statements

The summary financial statements contain a summary of the annual accounts of Stichting IDH. The goal of the summary financial statements is to provide insight into IDH's financials at an aggregated level. The auditor's report at the end of this section ensures consistency with IDH's annual accounts. IDH's annual accounts are available on request. Both the annual accounts and these summary financial statements do not reflect the effects of events that occurred subsequent to the date of the auditor's report on those financial statements. The summary financial statements do not contain all the disclosures required by the Guideline for annual reporting 640 "Not for profit organizations" of the Dutch Accounting Standards Board. Reading the summary financial statements is therefore not a substitute for reading the audited financial statements of Stichting IDH.

## Consolidated balance sheet

after appropriation of result

		December 31, 2022		December 31, 2021
	€	€	€	€
<b>ASSETS</b>				
Financial Fixed Assets		11,596,677		3,734,322
Intangible Fixed Assets		211,814		299,425
Tangible Fixed Assets		172,059		79,764
Current Assets		48,831,877		48,106,406
Accounts receivable	906,866		1,231,806	
Deferred program contributions	2,821,816		2,887,420	
Other receivables and prepaid expenses	5,868,342		3,363,547	
Cash at bank	39,234,854		40,623,633	
<b>TOTAL ASSETS</b>		<b>60,812,427</b>		<b>52,219,917</b>
<b>LIABILITIES &amp; EQUITY</b>				
Equity		-6,175,338		-3,788,540
Other Reserve LABS	411,442		495,548	
Other Reserve IDH Investment Management BV	464,834		434,826	
Other Reserve IDH Farmit Fund BV	-7,069,062		-4,725,794	
Other Reserve Farmfit Guarantee Facility BV	14,275		6,880	
Other Reserve India HUB	3,173			
Other Reserve IDH	-		-	
Long-term liabilities		33,353,166		17,804,466
Profit sharing loan	10,202,213		3,130,676	
Redeemable grant	23,045,084		14,600,084	
Provisions	105,869		73,706	
Short-term liabilities				
Appropriated funds		23,936,998		29,664,953
Institutional funding	5,366,799		7,097,993	
Earmarked funds	18,570,199		22,566,960	
Trade and other payables		9,697,601		8,539,038
Accounts payable	3,414,550		2,566,134	
Accrued expenses	194,409		78,811	
Program commitments	4,070,786		3,924,424	
Program payables	283,532		355,539	
Other liabilities	1,734,324		1,614,130	
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b>60,812,427</b>		<b>52,219,917</b>

## Consolidated statement of income and expenditure

	Actuals 2022	Budget 2022	Actuals 2021
	€	€	€
<b>INCOME</b>			
Subsidies from governments	40,283,060	45,989,853	37,369,714
Other income	12,122,247	14,694,851	7,962,520
<i>Total income</i>	<i>52,405,307</i>	<i>60,684,704</i>	<i>45,332,234</i>
<b>EXPENDITURES</b>			
Program Contributions	25,268,198		24,114,278
Impact assessments and evaluations	893,778		2,069,330
Programs - travel and other program costs	3,406,414		1,095,554
Programs - country offices	995,240		1,108,187
Program communication costs	376,499		294,374
Program personnel costs	13,808,846		11,031,209
<i>Total program expenditures</i>	<i>44,748,975</i>	<i>54,615,806</i>	<i>39,712,932</i>
Wages and salaries	7,870,883	9,773,369	6,647,586
Social security charges	1,442,764	1,337,909	1,222,860
Pension contribution (defined contribution)	663,695	518,150	537,174
Other personnel costs	2,196,074	1,180,080	1,637,596
Attribution of personnel costs to programs	-6,401,430	-8,150,000	-5,675,363
Corporate communication costs	372,235	573,662	304,620
Office costs (housing and IT)	1,467,169	1,283,944	1,133,906
Other organization costs	1,433,027	1,454,859	1,124,068
<i>Total organizational expenditures</i>	<i>9,044,418</i>	<i>7,971,973</i>	<i>6,932,447</i>
<i>Operating result</i>	<i>-1,388,086</i>	<i>-1,903,075</i>	<i>-1,313,144</i>
Interest (income)/expense	473,823	106,000	123,354
Foreign exchange (gain)/loss	472,695	-	17,780
Bank charges	45,105	31,200	35,988
Result before taxation	-2,379,709	-2,040,275	-1,490,266
Corporate Income Tax IDH Investment Management BV	-7,090		-16,920
<b>RESULT AFTER TAXATION</b>	<b>-2,386,799</b>	<b>-2,040,275</b>	<b>-1,507,186</b>
<b>Appropriation of funds</b>			
Transferred to/from			
Other Reserve LABS	-84,106	-	269,646
Other Reserve IDH Investment Management BV	30,008	-190,275	88,521
Other Reserve IDH Farmit Fund BV	-2,343,268	-1,950,000	-1,872,233
Other Reserve Farmfit Guarantee Facility BV	7,395	-	6,880
Other Reserve India HUB	3,173		
<b>RESULT</b>	<b>-2,386,798</b>	<b>-2,140,275</b>	<b>-1,507,186</b>

## Program contributions per program cluster and type of funding 2022

Business Unit	Program Cluster	'Core' donor contribution to programs	Other program donors	Subtotal IDH funding	Private Donor (A)	Other Donor	IDH Program Contribution in P&L 2022	Private project co-funding (B)	Other project co-funding	"Subtotal (A+B): Private co-funding to Programs"	Private co-funding ratio to Programs
Agri Commodities	Cocoa	797	704	1,500	107	-3	1,604	1,952	93	2,059	1:1.4
Agri Commodities	Tea	827	871	1,699	331	0	2,030	176	85	508	1:0.3
Agri Commodities	Coffee	435	636	1,072	100	0	1,172	5,246	664	5,346	1:5
Agri Commodities	BU Cross Commodities	230	37	267	70	0	337	0	0	70	1:0.3
Food Crops & Ingredients	VCD	569	1,344	1,912	0	951	2,863	2,704	0	2,704	1:1.4
Food Crops & Ingredients	SI	967	959	1,927	573	84	2,583	1,469	13	2,042	1:1.1
Food Crops & Ingredients	Farmfit buss. support	223	1,363	1,586	0	0	1,586	2,217	0	2,217	1:1.4
Landscapes	SourceUp	0	720	720	0	0	720	0	0	0	1:0
Landscapes	Landscapes	425	4,772	5,197	1,001	1	6,199	8,013	6,089	9,014	1:1.7
Landscapes	Markets	182	87	269	0	25	294	375	1	375	1:1.4
Landscapes	Landscape Finance	0	494	494	0	0	494	651	48	651	1:1.3
Textile & Manufacturing	Materials	978	621	1,599	0	0	1,599	15,458	3,258	15,458	1:9.7
Textile & Manufacturing	Apparel	638	530	1,168	17	0	1,185	899	235	917	1:0.8
Textile & Manufacturing	LABS	0	85	85	1,237	0	1,321	0	0	1,237	1:14.6
Innovation & Insights	Innovation & Insights	642	206	848	0	0	848	0	0	0	1:0
Innovative Finance	Innovative Finance	141	0	141	0	0	141	0	0	0	1:0
Other	Farmfit fund	241		241			241	72	0	72	1:0.3
Other	Monitoring & Evaluation	51		51			51	0	0	0	1:0
<b>TOTAL</b>		<b>7,346</b>	<b>13,428</b>	<b>20,774</b>	<b>3,436</b>	<b>1,057</b>	<b>25,268</b>	<b>39,234</b>	<b>10,485</b>	<b>42,671</b>	<b>1:2.1</b>

# Accounting principles

## General

### Principal activities

Stichting IDH (CC reg. 53521129) is a foundation under the Dutch law, and has its legal address at Arthur van Schendelstraat 500 in Utrecht, The Netherlands. The organization is primarily involved in promotion of sustainability within the main international trade chains. It wishes to reinforce public-private consortiums that operate in those international trade chains in order to achieve high impact and value creation (from an economic, social and ecological perspective) in developing countries and emerging markets.

### Financial reporting period

The financial year coincides with the calendar year.

### Basis of preparation

The financial statements have been prepared in accordance with the guidelines of the 640 Dutch Accounting Standards Board for annual reporting applicable to 'Not for-profit organizations' and in accordance with relevant laws and regulations as stipulated in the audit protocol of the Dutch Ministry of Foreign Affairs. These guidelines are endorsed by the core donors of IDH. The accounting policies applied are based on the historical cost convention.

IDH has chosen a categorical classification of the statement of income and expenditure. The organizational costs as represented in the accounts, include the congress and communication costs, the personnel related costs and other organizational costs. In the notes to the statement of income and expenditure a detailed breakdown of these cost categories is included.

The organization complies with the Law on the financial remuneration of senior executives in the public and semi-public sector ("Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector (WNT)") and with the formal policy of the rules of the WNT ("Beleidsregel toepassing WNT") and utilizes this Policy as a guideline for these financial statements.

### Going concern

In 2020, IDH entered into a 10-year strategic partnership with the Dutch Ministry of Foreign Affairs (BUZA) for € 150,000,000 in core funding. In 2021, IDH reinforced the strategic partnership with SECO by working on stronger in-country collaboration, which resulted in contracting a 4-year partnership agreement with SECO. In 2022 IDH signed a partnership agreement "Grant Agreement Catalyzing Private Sector Solutions for the Sustainable Development Goals 2022-2025" resulting in DKK 80 million funding to be received from DANIDA for the period January 2022 to December 2025.

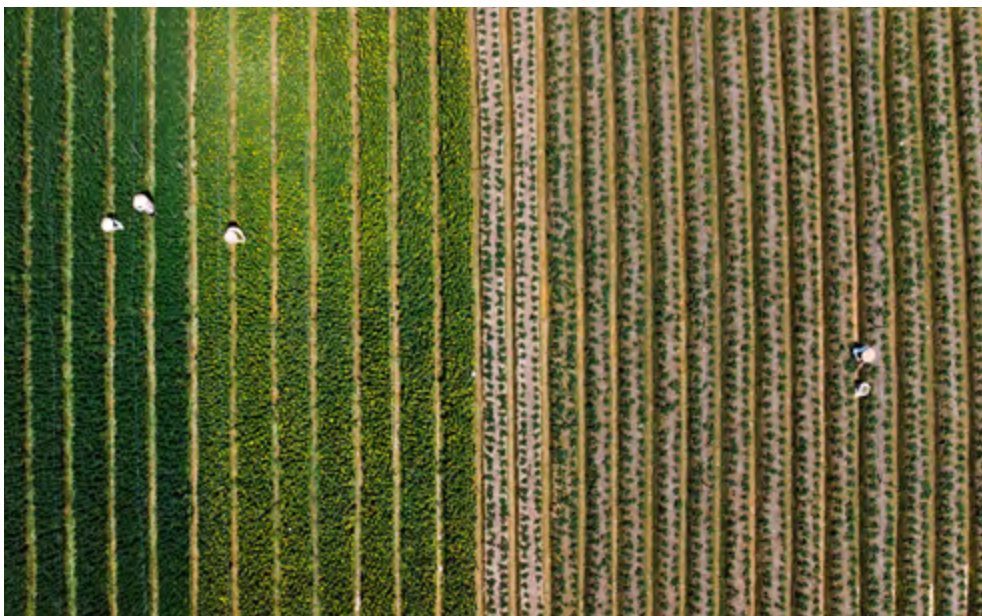
The Executive Board believes that IDH can continue a going concern basis, and the financial statements have been prepared on the going concern assumption.

In accordance with the grant from the Ministry of Foreign Affairs, IDH has not created a reserve for continuity. To flag the related risk, IDH reports to the Ministry of Foreign Affairs on an annual base its liabilities regarding personnel and short-term liabilities when ending the grant.

These financial statements have been prepared on a going concern basis and for the purpose of valuation and determination of results assume that the IDH Farmfit Fund ("the Fund") will be able to realize its assets and discharge its liabilities in the normal course of business.

The management does not identify any significant issues towards going concern.





## Consolidation

The consolidation includes the financial information of Stichting IDH and other entities in which it exercises control or where it conducts control over management. Other entities in which Stichting IDH exercises control or where it conducts control over the central management are consolidated in full.

Intercompany transactions, profits and balances among consolidated entities are eliminated, unless these results are realized through transactions with third parties. The accounting policies of group companies and other consolidated entities have been changed where necessary, to align them to the prevailing group accounting policies.

## Significant changes in 2022

IDH Tanzania Ltd. has been dissolved per February 1, 2022.

IDH India Private HUB Limited has acquired Initiative Development HUB LLP in November 2022 and the partnership rights from Hub LLP were transferred to IDH India HUB Private Limited. The Business Transfer Agreement between the two entities with effective date November 21, 2022, has been fully executed. Hub LLP shall be deregistered in H1 2023.

The list below includes all the entities consolidated for 2022.

- **Stichting Life and Building Safety initiative, the Netherlands (100%)**

The objective of the Stichting Life and Building Safety initiative (LABS) is to operate a scalable cooperation approach focusing on structural electrical, fire safety and evacuation that brings about a tangible improvement, with neutral and independent organization and governance.

The Board consists of Stichting IDH.

LABS is a foundation under the laws of the Netherlands, registered with the Dutch Chamber of Commerce under number 70253811.

- **IDH Sustainable Trade Initiative UK Limited (100%)**

The objectives of IDH Sustainable Trade Initiative UK are to promote sustainability in the main international trade chains and to reinforce public-private consortiums that operate in international trade chains to achieve high impact and value creation (from an economic, social, and ecological perspective) in developing countries and emerging markets.

IDH Sustainable Trade Initiative UK Limited is registered with the Companies House under number 11378191.

- **IDH Sustainable Trade Initiative Kenya (100%)**

The objective of this entity is to promote and support long term economic, social, and environmental sustainability in international, regional, and local trade chains in developing countries and emerging markets for the public benefit.

The board consists of two board members of which one is a Stichting IDH employee. All directors are appointed through the general meeting in which Stichting IDH is the sole founding member.

IDH Sustainable Trade Initiative Kenya is registered with the Register of Companies under number CLG-XXFBEY.

- **IDH Brazil Sustainable Trade Initiative (100%)**

The objective of this entity is to promote the development of sustainable trade in all forms in Brazil, by promoting implementation of sustainability practices in the main commercial chains, to achieve high impact and create value (economic, social, and ecological), and support the adoption of public policies at the appropriate levels.

Stichting IDH is one of the two associate members of IDH Brazil. Stichting IDH is the Chair of the General Meeting and Stichting IDH holds a board position of a board that consists of two directors.

IDH Brazil Sustainable Trade Initiative is registered with the National Register of Legal Entity under number CNPJ/ME 32.878.353/0001-85.

- **IDH Sustainable Trade Initiative Tanzania INGO (100%)**

The objective of IDH Sustainable Trade Initiative Tanzania INGO is to promote, coordinate, and accelerate sustainability within agricultural value chains and stimulate and coordinate programs aimed at promoting sustainable agricultural value chains.

The board of IDH Sustainable Trade Initiative Tanzania INGO consists of three directors, which are all appointed by the General Meeting. All members of IDH Sustainable Trade Initiative Tanzania INGO in the General Meeting and in the Board of Directors are directly or indirectly (through a contract) related to Stichting IDH and it can be concluded that Stichting IDH has an indirect influence on a majority of the votes in the general meeting.

IDH Sustainable Trade Initiative Tanzania is registered with the Registrar of Companies under number I-NGO/R/1617.

- **IDH India HUB Private Limited (99,99%)**

IDH India HUB Private Limited is a legal entity set up in India in 2022 for the purposes of acquiring the shares in Initiative Development Hub LLP and with the goal to bring the entity under IDH's control and of supporting various Stichting IDH-programs in India. Business Transfer Agreement between the two entities with effective date 21 November 2022 has been fully executed.

IDH India HUB Private Limited is a for-profit legal entity with share capital and Stichting IDH holds 99,99% of the shares with the remaining 0.01% owned by the Country Director in order to comply with the requirement to have a local resident as shareholder.

Stichting IDH is part of the governance structure of IDH India HUB Private Limited. Stichting IDH has voting power in the board or a similar governing

body of IDH India Hub Private Limited and is able to appoint or dismiss board members or directors or other key members of IDH India Hub Private Limited in India. Stichting IDH also has votes in the general assembly of IDH India HUB Private Limited.

IDH India HUB Private Limited is registered with the Ministry of Corporate Affairs under number 104606.

- **IDH Investment Management B.V., the Netherlands (100%)**

The objectives of IDH Investment Management B.V. are:

- to act as fund manager as well as statutory board member of the IDH Farmfit Fund B.V., the Farmfit Guarantee Facility B.V. or one or more other companies or investment undertakings;
- to incorporate, manage, supervise of, and participate or take any other financial interest in (other) legal entities, partnerships and/or enterprises;
- to render administrative, technical, financial, economic, or managerial service to (other) legal entities, partnership, persons and/or enterprises.

The Executive Board of IDH Investment Management B.V. consists of two board members and are appointed or dismissed by the shareholder Stichting IDH. The Supervisory Board of IDH Investment Management B.V. consists of several members and are appointed or dismissed by the shareholder Stichting IDH. IDH Investment Management B.V. is registered at the Dutch Chamber of Commerce under number 74983393.

- **IDH Farmfit Fund B.V., the Netherlands (100%)**

The objectives of IDH Farmfit Fund B.V. are:

- to provide financing in the form of, predominantly, junior loans and guarantees to eligible parties in smallholder farming, related services, and financing sector in developing countries placed on the list of countries receiving official development assistance, compiled by the Development Assistance Committee of the Organisation for Economic Co-operation and Development with the ultimate objective to, by blending public sector funding with private sector investments, improve the livelihood of farmers in developing countries;
- to incorporate, supervise, and conduct management activities in (other) legal entities, partnerships and/or enterprises;
- to render administrative, technical, financial, economic, or managerial service to (other) legal entities, partnership, persons and/or enterprises;
- to lend monies and to acquire, dispose of, manage, and operate real property, personal property and other goods, including loans and securities.

IDH Farmfit Fund B.V. derives its funding and guarantees from the Dutch Ministry of Foreign Affairs as well as private sector. The Executive Board consists of one or more board members and are appointed or dismissed by the shareholder Stichting IDH. IDH Farmfit Fund B.V. is registered at the Dutch Chamber of Commerce under number 74985310.

- **Farmfit Guarantee Facility B.V., the Netherlands (100%)**

The objectives of Farmfit Guarantee Facility B.V. are:

- to borrow or lend monies and to provide security or guarantee or otherwise warrant performance jointly and severally on behalf of others in favor of banks and other third parties acting as lenders in respect of loans provided by such lenders to borrowers that operate in the smallholder farming (and related services and financing) sector, in developing countries placed on the Organization for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) list of Overseas Development Aid (ODA) Recipients;
- to incorporate, supervise, conduct the management in (other) legal entities, partnerships and/or enterprises;
- to render administrative, technical, financial, economic or managerial service to (other) legal entities, partnership, persons and/or enterprises;
- to acquire, dispose of, manage, and operate real property, personal property and other goods, including loans and securities.

The Executive Board consists of one or more board members and are appointed or dismissed by the shareholder Stichting IDH. Farmfit Guarantee Facility B.V. is registered at the Dutch Chamber of Commerce under number 74985329.



## Law on the financial remuneration of senior executives in the public and semi-public sector

### “Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector (WNT)”

The Executive Board of IDH consists of two directors, a chairman and a member. The employment remuneration meets the requirements of the Ministry of Foreign Affairs, in which it is stated that the remuneration of the Executive Board does not exceed the remuneration of the Director-/General of International Cooperation.

As per 1 January 2015 the ‘Wet normering bezoldiging topfunctionarissen WNT-2’ came in to force to which IDH is fully compliant, including the transitional regulation of the WNT that is applicable till 1st January 2017. Based upon these criteria the following table shows the remuneration of the employees that are qualified, in accordance with the WNT, as senior executive:

Name	D. Wensing	L. Friesen
Position	Chairman of the Executive Board	Member of the Executive Board
<b>Employment agreement</b>	Yes	Yes
Type	Indefinite period	Indefinite period
Hours per week	40	40
Part time percentage	100%	100%
<b>Details 2022</b>		
Period	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2022
Remuneration and allowances	€ 151,474	€ 133,965
Future benefits	€ 14,455	€ 16,831
<b>Total remuneration 2022</b>	<b>€ 165,929</b>	<b>€ 150,796</b>
<b>Maximum Allowable WNT</b>	<b>€ 199,000</b>	<b>€ 199,000</b>
<b>Details 2021</b>		
Period	1 Jan - 31 Dec 2021	1 Oct - 31 Dec 2021
Remuneration and allowances	€ 144,257	<b>€ 33,751</b>
Future benefits	€ 14,104	€ 4,106
<b>Total remuneration 2021</b>	<b>€ 158,361</b>	<b>€ 37,857</b>
<b>Maximum Allowable WNT</b>	<b>€ 191,000</b>	<b>€ 47,619</b>

For information regarding ancillary positions please refer to Annex 4.

In accordance with the WNT, the table below shows the current composition of the Supervisory Board:

Name	Function	Appointed	Retired
Mr M. Batato	Chair	20 May 2020	
Mr I. Gavilan	Member	23 February 2017	30 May 2023
Mr S.E. de Cleene	Member	1 June 2017	9 March 2023
Mr L. Bolander	Member	27 November 2017	
Mr R. Goldstein	Member	1 June 2018	
Ms C.M. Konst	Member	20 May 2020	
Mr J.W.M. Engel	Member	20 May 2020	22 November 2022
Mr K. Rudischhauser	Member	20 May 2020	
Mr R.A. Eccissato	Member	9 March 2023	

# Annex 4 Ancillary positions

## Executive Board

### **Mr. D. A. Wensing (appointed as a member of the Executive Board on 19 October 2020)**

- Chairman of the Supervisory Board IDH Investment Management B.V.
- Director of IDH Sustainable Trade Initiative UK Limited
- Director of Stichting Agri 3 Technical Assistance Facility

### **Mrs. E.W. Friesen-Leibbrandt (appointed as a member of the Executive Board on 4 October 2021)**

- Member of the Supervisory Board of the Coöperatie Koninklijke Agrifirm U.A
- Member of the Supervisory Board of Stichting Macheo
- Director of IDH Sustainable Trade Initiative UK Limited
- Member of the supervisory board of IDH Investment Management B.V.

## Supervisory Board

### **Mr. M. Batato (appointed as Chair of the Supervisory Board of IDH on 20 May 2020)**

- Executive VP, member of the Executive board, head of Global Operations for Nestlé
- Member of the Supervisory Board of Carlsberg A/S
- Chairman of the Food and Agri board of WBCSD
- Member of Advisory Board Zero100

### **Mr. L. Bolander (appointed as a member of the Supervisory Board on 27 November 2017)**

- Chairman of the board of Coop amba
- Member of the Board OK amba
- Chairman of the Board Travelmarket a/s
- Chairman of the Board Direct Gruppen a/s
- Chairman of the Board Spejder Sport a/s
- Chairman of the Board Dagbladet Information a/s
- Chairman of the board of KHR Architecture a/s
- Member of the board of Einar Willumsen a/s
- Member of the board of AP Pension fmba

### **Mr. S.E. de Cleene (appointed as a member of the Supervisory Board on 1 June 2017)**

- Trustee of The Partnering Initiative
- Director of Grow Asia

### **Mr. I. Gavilan (appointed as a member of the Supervisory Board on 23 February 2017, retired on 30 May 2023)**

- Director of sustainability of the consumer goods forum



**Mr. R. Goldstein (appointed as member of the Supervisory Board on 1 June 2018)**

- Public Sector Industry leader, partner audit, PwC Netherlands
- Chair of the Supervisory Board of PwC EEIG EESV Brussels
- Member of the Supervisory Corona Crisis Committee – Dutch Safety Board (till Feb 2022)

**Ms. C.M. Konst (appointed as a member of the Supervisory Board on 20 May 2020)**

- Member of the Managing Board of Rabobank
- Member of daily and general board of Dutch employers' organization VNO-NCW

**Mr. J.W.M. Engel (appointed as member of the Supervisory Board on 20 May 2020, retired 22 November 2022)**

- Vice Chair, Board of Directors of AP Moller-Maersk ApS, Copenhagen
- Chair, Board of Directors Unilabs SA, Geneva
- Member, Supervisory Board of ACT Commodities BV, Amsterdam
- Member, McLaren Advisory Team, McLaren Racing Ltd, Woking
- Executive Advisory Board Member at Zero100, London

**Mr. K.D. Rudischhauser (appointed as member of the Supervisory Board on 20 May 2020)**

- Director 'Tesoros de Mexico'
- Senior Adviser to the Director General of UNIDO
- Member of the High-Level Group Europe Africa Partnership

**Mr R.A. Ecclissato (appointed as member of the Supervisory Board on 9 March 2023)**

- Chief Supply Chain and Business Operations Officer Unilever. Part of the Unilever Leadership Executive team
- Advisory board of Zero 100

The Supervisory Board has created three committees in which the following members of the Supervisory Board are represented:

**The audit committee:**

- Mr. R. Goldstein
- Ms. C.M. Konst

**The impact committee:**

The impact committee now consists of the following members:

- Mr R.A. Ecclissato (SB member and Chair of the impact committee per 30 May 2023 (replacing I. Gavilan as such)
- Mr. K.D. Rudischhauser (SB member)
- Ms. V. Wilde
- Mr. D. Giovanucci
- Ms. A. Rossi

**The nomination and remuneration committee:**

- Mr. M. Batato
- Mr. L. Bolander

# Report of the independent auditor

## To: the Supervisory Board of Stichting IDH

### OUR OPINION

The summary financial statements 2022 (hereafter: 'the summary financial statements') of Stichting IDH, based in Utrecht is derived from the audited financial statements 2022 of Stichting IDH. The financial statements include the consolidated financial statements and the foundation financial statements.

In our opinion the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements 2022 of Stichting IDH, on the basis described in paragraph Accounting Principles on page 72.

The summary financial statements comprise:

1. The summary statement of financial position at 31 December 2022;
2. The summary consolidated statement of income and expenditure 2022;
3. The related explanatory information;
4. The accounting principles;
5. Annex 4 - ancillary positions.

### SUMMARY FINANCIAL STATEMENTS

The summary financial statements do not contain all the disclosures required by Guideline for annual reporting 640 "Not-for-profit organisations" of the Dutch Accounting Standards Board and with the requirements of the relevant laws and regulations as stipulated in the Grant Decision of the Dutch Ministry of Foreign Affairs dated 10-12-2020 and with the policy rules application of "Wet normering bezoldiging topfunctionarissen (semi) publieke sector (WNT)". Reading the summary financial statements and our report thereon, therefore, is not a substitute for reading the audited financial statements of Stichting IDH and our auditor's report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our auditor's report on those financial statements of 29 June 2023.

### THE AUDITED FINANCIAL STATEMENTS AND OUR AUDITOR'S REPORT THEREON

We expressed an unmodified audit opinion on the audited financial statements 2022 of Stichting IDH in our auditor's report of 29 June 2023.

### RESPONSIBILITIES OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD FOR SUMMARY FINANCIAL STATEMENTS

The Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with the Guideline for annual reporting 640 "Not-for-profit organisations" and with the policy rules application "Wet normering bezoldiging topfunctionarissen (semi) publieke sector (WNT)" and the relevant laws and regulations as stipulated in the Grant Decision of the Dutch Ministry of Foreign Affairs dated 10-12-2020. Furthermore, the Executive Board is responsible for such

internal control as the board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Executive Board is responsible for assessing the organization's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Executive Board should prepare the financial statements using the going concern basis of accounting unless the Executive Board either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

The Executive Board should disclose events and circumstances that may cast significant doubt on the organization's ability to continue as a going concern in the financial statements. The supervisory board is responsible for overseeing the company's financial reporting process.

## **OUR RESPONSIBILITIES**

Our responsibility is to express an opinion on whether summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which we conducted in accordance with Dutch law, including the Dutch Standard 810 'Opdrachten om te rapporteren betreffende samengevatte financiële overzichten' (Engagements to report on summary financial statements).

Amsterdam, 29 June 2023

**Mazars N.V.**

Original was signed by drs. R.C.H.M. Horsmans RA



This content is made possible through the funding of our core donors:



Ministry of Foreign Affairs



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,  
Education and Research EAER  
State Secretariat for Economic Affairs SECO