

# Annual Report 2023



**idh**  
transforming markets





An aerial photograph showing a lush green landscape. In the center, there are several terraced rice fields, some of which are filled with water, reflecting the sky. The fields are surrounded by dense tropical forest with various shades of green. In the bottom left corner, there are some buildings with orange roofs and a dirt road. The overall scene is a harmonious blend of agriculture and nature.

**We believe in a global market system where agricultural value chains go beyond profit - nourishing individuals, societies and our planet simultaneously.**









# Introduction from Daan Wensing & Lizet Friesen-Leibbrandt

The year 2023 was an important milestone for IDH. It was a moment to celebrate 15 years of impactful partnerships, but also to reflect, take stock of what has been achieved, and set our new strategy towards 2030: Transforming Agricultural Markets @scale.

Despite the challenges ahead, there is an overwhelming willingness from our partners to take more action, the first step of which is continuing to build fruitful and action-oriented collaborations that ensure that every value chain actor plays their part. It is also clear that an integrated agenda, where social and environmental issues are addressed as part of the same system, is crucial to creating scalable, lasting change.

Our experience has shown that applying a cookie-cutter approach to globally connected but locally specific challenges is not sufficient. This is why we continue to bolster our regional teams to apply their unique and context-specific expertise in critically assessing the landscape of local stakeholders, identifying the common goals, and uniting behind shared sector visions and strategies for maximum impact.

We forged ahead with convening companies around joint industry commitments through our Living Income and Wage Roadmaps, resulting in multiple major retailers signing on to help achieve decent standards of living for workers and farmers in the banana and cocoa sectors. We shifted our approach to climate change adaptation and mitigation, beginning work on a Climate Action Roadmap for businesses and policymakers, that provides a data-driven link between corporate carbon commitments and the needs for producers to adapt to the impacts.

In 2023, workstreams were initiated in key cocoa, coffee, palm oil and beef production landscapes to pilot solutions in response to the upcoming EU regulation on deforestation-free products (EUDR), with a milestone agreement signed between IDH and the Vietnamese government to support the coffee sector's compliance with the EUDR and prepare it to the upcoming EU Corporate Sustainability Due Diligence Directive (CSDDD).



“

**Those of us with a role, privilege, ability, and access to influence our global markets have the moral imperative to transform them so that they serve people in society today and the generations that come after us.**

From the [article](#) *Linear thinking is no help to us in solving the problems of 2024*

In the textiles sector, our Life and Building Safety (LABS) Initiative continued to scale, expanding beyond India, Vietnam and Cambodia to Indonesia through engagement with governments to embed national safety guidelines for factory workers. And through the Farmfit Fund, we moved further on closing investment gaps for smallholder farmers by scaling up solutions based on insights and learning.

As we move into 2024 and the penultimate year of our current strategy, we will stay focused on this new paradigm: becoming more effective positive change agents by scaling and deepening our impact through intensive - and actionable - collaboration. The past 15 years have allowed us to lay the groundwork to become a credible and trusted source and partner for companies and policymakers whose actions have the power and obligation to contribute to the lives of countless individuals and our environment for the better.

We are grateful to our core donors who recognise the value of investing time and effort into convening and long-term initiatives that drive change at scale – from regulation and industry commitments to sustainable procurement practices and investment. And we are indebted to our partners from across the private and public sectors, as well as civil society, who have enabled each step and continue to travel with us on this journey towards creating markets where economic activities nourish individuals, our societies and our planet.

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

At the 2023 Sustainable Development Goals Summit, UN Secretary-General Antonio Guterres sounded the alarm loud and clear that the world is nowhere close to achieving the Sustainable Development Goals (SDGs) it set in 2015. The declaration did not come as a surprise, unfortunately, as recent global crises continue to resonate heavily throughout the agricultural markets in which IDH and our partners seek to contribute to these goals.

At the same time, reflecting on IDH's 15 years of operation revealed a positive pattern and inspiration for the way forward. In the face of these large and seemingly intractable global challenges, there is a continued drive among value chain actors to collaborate, learn, innovate and implement better solutions that go deeper and larger than ever before.

It's this same spirit that I witnessed at the Market Transformation Summit and 15-year anniversary celebration in November 2023, where so many of IDH's closest partners from around the world participated not only in the main event but also in the associated co-creation sessions on subjects like procurement, investment and the integration of social and environmental sustainability. The results are not only more impactful and far-reaching partnerships, but also informed the new, more focused strategy of IDH.

The Supervisory Board played an active role throughout the development of this new strategy for 2026-2030 and approved it in November 2023. This strategy has the ambition to quadruple the organisation's impact through strategic partnerships and leveraging markets as a force for good. This is an important and necessary step, given the urgent need for progress against social and environmental sustainability targets.

The Board met four times to perform its oversight role in the governance of IDH, of which two times in a full day face-to-face meeting. The topics addressed, next to the strategy 2026-2030, were the approval of the Annual Report and Financial Statements of 2022 as well as the Annual Plan and budget for 2024. We remain committed to enhancing the internationalisation and professionalisation of IDH as an organisation, guiding its continued growth in global systems, staff and procedures - an essential foundation in readying the organisation for its next phase of greater impact.



In addition to the general Supervisory Board meetings, the Audit Committee convened four times, three of which were in presence of the 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.

Our commitment to making sure that diverse voices are included at every level of the organisation deepened, with the Supervisory Board expanding to better represent our expertise, sector, gender and geographical make-up. We were happy to welcome Tania Strauss, Head of Food and Water at the World Economic Forum, Saswati Bora, Global Director of Regenerative Food Systems at The Nature Conservancy, and Bongiwe N Njobe, Independent consultant and Non-Executive Director of multiple African agricultural organisations, as our new board members as from 2024. This diversification of IDH's team, funding base, partners and approaches will empower IDH to become a more resilient and truly international organisation.

Most significantly, the maturity of IDH's roles as a local and global convenor, as well as an experienced advisor, came to the forefront in 2023. I am proud to say that the organisation was able to play a senior role in many of the discussions at global platforms like COP28 and the United Nations General Assembly, as well as regional platforms like the African Food Systems Summit and in its interactions with the European Union on sustainable regulation.

These developments give me hope that despite the significant challenges before us, the momentum for change begun many years ago has not slowed down, but rather accumulated the strength and resilience needed to tackle our pressing social and environmental issues. I am reminded of the ripple image in the IDH logo, which represents how a single drop of action has the power to create greater and deeper effects on a future than we could never have imagined.

I invite every one of us to not be discouraged by the circumstances, but rather take inspiration from the progress we have achieved from taking the first steps long ago.

I would like to end with a quote from Thomas Jefferson:

"Do you want to know who you are? Don't ask. Act! Action will delineate and define you."

IDH is defined by its actions and every action counts.

Sincerely,

**Magdi Batato**

Chair of IDH's Supervisory Board





# Our mission

**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, we bring together people across corporations, the global financial sector, governments, knowledge organisations, and civil society to co-create and co-invest in sustainable global value chains.









# We believe that systems change is needed to achieve impact at scale.

IDH strives to transform global markets so that change at scale can occur, recognising a transformed market as competitive, inclusive, and resilient.

To achieve this, we have identified **three results areas** where systemic change needs to happen before large-scale transformation can materialise:



Improved **sector governance**, in terms of laws, regulations and standards that create an enabling environment for sustainable development;



Improved **business practices** of the main business actors in a value chain, including sustainable procurement practices and service delivery;



Testing and proving the business case for **field-level innovations** that private sector companies can adopt and bring to scale.

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



**Better jobs**

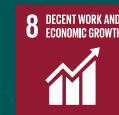


**Better incomes**



**Better environment**

By generating impacts in these areas via and with **our partners**, IDH contributes to selected United Nations Sustainable Development Goals:





# Collaborating for maximum impact

In the past 15 years, IDH has learned that collaboration between private sector companies, governments, civil society organisations and other key stakeholders is crucial to create joint visions and sector strategies that mobilise resources and commitments to support the transformation process. IDH has uniquely positioned itself as a convenor and critical friend of such public-private partnerships in multiple sectors and geographies. **IDH enacts three roles as entry points for systems change.**



## Convenor

We bring all parties, especially the private sector, to the table and provide a safe, pre-competitive space to design collaborations between market, state, and civil society. We use our field-to-market expertise to build public-private partnerships with ambitious commitments, transparent accountability, and concrete scalable actions.



## Learner & innovator

Our links to both ends of the value chain allows us to organise learning for continuous improvement, innovation, and data-informed decision making. We facilitate sector-wide transformation through knowledge sharing of findings and best practices with and between partners.



## Co-financer

We support the realisation of sector-wide and landscape commitments by co-financing the implementation of joint programs and projects at field level, to test innovations and ultimately achieve the widespread adoption of sustainable practices. Through our co-financing power, we also unlock investments from the private and public sectors to accelerate and scale up the adoption of innovative sustainability solutions and the replication of proven field-level innovations.



# Our impact in numbers

Convening multi-stakeholder partnerships, mobilisation of data and insights for informed decision making, and providing access to finance are key components to achieving transformative change. IDH operates across all these areas to combine co-funding, investment and applied knowledge “delivery” roles with convening and brokering “influencing” roles. Our field work is a source of insight and innovation that can be scaled up to national and international level.

Here we highlight some key figures from across our delivery and influencing work in 2023.

## Convening

141



**Multi-stakeholder coalitions & platforms**

convened to sign and support

**a common vision**

on sustainable development or sourcing\*

905 Partners worldwide

Operating in countries\*

67



95 Multi-stakeholder agreements

signed due to IDH interventions\*



5 Global commodity-producing landscapes supported with

**EUDR compliance**

by IDH



9 UK Retailers

**signed commitment**

to provide banana supply chain workers with a living wage by the end of 2027, joining similar commitments in Germany, Belgium and the Netherlands

240 Partners

from the public & private sectors participated in the **2023 Market Transformation Summit in Geneva**





## Learning & Innovating

**350 companies**

across 5 sectors

already implementing the  
**Environmental Footprint  
Roadmap\***



**382**

private sector actors

adopted or updated their **sourcing,  
procurement policies or strategies** to include  
social and environmental sustainability agendas\*

Projects financed in the IDH portfolio are:\*\*

**80%** Gender  
intentional



**13%** Gender  
transformative



**20,000+**

companies

reached through **IDH Living Wage  
partnership** with the United Nations  
Global Compact Forward Faster initiative



**1st Integrated  
Sustainability  
Playbook for  
businesses**

launched with MARS &  
Forum for the Future



Launch of

**5 Principles for Procurement:**

A Living Income Strategy for businesses

## Co-financing

**470 SMEs**

with improved access  
to financial services\*



**€22.4m**

value of investments made by

**IDH Farmfit Fund\***



**€43.8m**

private investment  
co-funding

in sustainable business practices  
and field level innovations\*

**82%**

reduction



in carbon emissions through  
investment in Rwandan agricultural  
**value chain development**



**200k+**

smallholder farmers

with **improved access to financial  
services** through investment in Indian  
fintech company Avanti Finance

\* Cumulative results for 2023 against the 2021-2025 funding cycle.

\* *Gender intentional*: considers the different needs and constraints of women and men, and takes steps to adapt to their needs without changing gender norms or barriers.

*Gender transformative*: considers the different needs and constraints of women and men, and addresses the root cause of gender inequality by fostering change in individual agency, gendered norms and expectations, and institutional rules and practices.







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# 01

## Executive summary





# IDH Strategy 2030

Over the course of 2023 we engaged with key partners to develop our 2030 Strategy: Transforming Agricultural Markets @scale. IDH will remain dedicated to Better Jobs, Better Income and a Better Environment with gender equity across all our work. In the face of global trends related to increasing inequality, the ever more apparent effects of climate change and biodiversity loss, the new strategy has the goal of quadrupling our contribution to impact. This growth will be achieved through a focus on leveraging more extensive and strategic partnerships for greater impact.

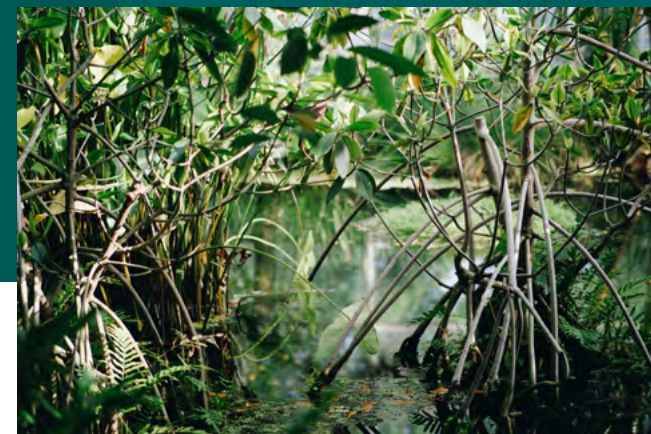


# IDH Market Transformation Summit 2023

In November 2023 we celebrated 15 years of private-public collaboration at the IDH Market Transformation Summit in Geneva. It was an action-driven gathering of 240 front-running leaders, investors, innovators and practitioners from across global value chains who joined IDH experts to share insights and discover pathways towards creating better jobs, improving incomes, and fostering sustainable land use. The program featured multiple plenary and deep dive sessions, covering pressing topics related to market transformation, from driving investments in smallholder value chains and food system transformation, to climate adaptation and mitigation, sustainable procurement practices and regulation.







## Better jobs

IDH defines better jobs as those that provide living wages, worker representation, safe working conditions (including combating gender-based violence), and equal opportunities for men and women. In 2023 we focused on creating impact in these areas at scale, building on the public-private convening of previous years to move the needle towards action.

We expanded the reach of the data-driven Roadmap on Living Wages to 20,000 global companies through partnership with the United Nations Global Compact. We broadened our Life and Building Safety (LABS) Initiative by engaging with governments to embed national safety guidelines for factory workers in manufacturing and textiles. And we continued our effort to develop African grain supply chains that boost local food systems and generate employment opportunities.



## Better incomes

IDH aims to achieve better incomes for smallholder farmers in agriculture and for women and men across the value chains and landscapes in which we operate. In the face of the ongoing cost-of-living crisis and deepening farmer poverty, we recognised the need to scale up our approach toward closing living income gaps in 2023 by focusing on more targeted solutions.

We partnered with key stakeholders in the cocoa and coffee sectors, such as Tony's Open Chain and the IKEA Foundation, to step up interventions such as sustainable procurement practices and providing alternative sources of income. And we leveraged the power of investment through the IDH Farmfit Fund by making impactful investments in enterprises that increase incomes by removing barriers to financing and enabling access to much-needed services.



## Better environment

IDH works towards a better environment in agricultural value chains and production landscapes. We apply a holistic approach to making global markets more sustainable by linking social and environmental agendas in our Landscape programs, bringing together producers, companies, governments and civil societies to improve sustainability across an entire region.

In 2023, we focused on scaling the impact of these collaborations to transition to climate-resilient agriculture, reduce product carbon footprints, and protect and restore natural ecosystems. We leveraged the strength of these long-standing partnerships to prepare for the upcoming EU deforestation regulation, finding solutions that protect forests without threatening the livelihoods of marginalised farming communities.



# Overview of events in 2023

## Convening Role





# 02

## **IDH Market Transformation Summit 2023**







## Celebrating 15 Years of Impactful Partnerships

Systemic, rather than linear thinking, is the most effective approach to solve the environmental and inequality problems inherent in global supply chains. This was one of the many learnings that was shared at the IDH Market Transformation Summit in Geneva, where 240 of IDH's close partners joined IDH experts in reflecting on the past 15 years of public-private collaboration since the organisation began in 2008.

The program featured multiple plenary and deep dive sessions, covering pressing topics related to market transformation, from driving investments in smallholder value chains and food system transformation, to climate adaptation and mitigation, sustainable procurement practices and regulation.

The theme of the Summit - Action through Collaboration – was embraced by the participants, comprised of front-running leaders, investors, innovators and practitioners from across global value chains, as they shared candid insights from their own successes and setbacks on the road to implementing positive change. This open, honest dialogue enabled a fertile environment to co-create new impactful strategies like procurement, investment and integrated sustainability that go beyond individual islands of success.

These valuable discussions directly informed IDH's new organisational strategy towards 2030, where all efforts will be directed towards agendas that scale and deepen social and environmental impacts simultaneously and exponentially.

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**When we started our journey 15 years ago, sustainable trade, market transformation and public-private partnerships were not quite as mainstream as they are becoming now. Rising conflict, polarisation and the ever-clearer effects of climate change have also shifted the goalposts. Does this deter us? Dishearten us? No. We reflect and learn, roll up our sleeves, and invite new ideas, new players and new approaches to sustainable solutions.**

**Daan Wensing**  
CEO IDH



# The collective power of collaboration

Building on lessons gained through years of partnership, Daan Wensing outlined the essential building blocks of transformative collaborations in his opening remarks: Convening, Co-creating, Governance, Generating Insights, Walking the Talk (action), as well as the increasingly important Role of Government and Investment. This multi-factor approach to market transformation, he continued, can only be successful through increased public-private collaborations and partnerships that can attend to each element simultaneously.



**This was echoed in the session on partnerships for sustainable action, where long-term IDH partners discussed the reality and challenges of 15 years of collaboration, noting that impactful partnership requires:**



Shared understanding of the problem



A seat at the table for those that are most affected



Awareness that no single actor holds all the solutions



Genuine commitment to achieve change



Diversity of perspectives and openness to listen and learn



Strong, authentic, and constructively critical conversation





# Scaling business impact through integrated sustainability

The multiple planetary crises occurring simultaneously present a deep challenge to those seeking to address them. From climate change and biodiversity loss to poverty and inequality, transformative action is needed urgently on pervasive environmental and social issues. These are areas that are inherently connected – degrading ecosystems result in more extreme weather, which devastates livelihoods with a compounding effect on the most vulnerable communities.

And yet, there is a tendency within corporations to simplify complex challenges by breaking them down into separate, smaller issues. While this might be easier for reporting, it is a limiting approach that fails to realise the full potential of corporate sustainability efforts. For scalable, lasting change,

an integrated approach that addresses environmental and social issues at the same time is not only more efficient, but critical.

At the plenary session *Integrated Sustainability Agenda: How can we adapt and deliver on a sustainable future?*, panellists including experts from Nestlé, Mars and Marfrig Global Foods gave examples of how they have implemented integrated sustainability agendas within their own companies and sectors, including the internal governance changes needed to deliver them, and how partnerships helped accelerate this effort. The panel illustrated the mutual benefit of sharing ideas, expertise and resources, as businesses embark on this bold new approach towards lasting impact.



**IDH's experience has shown us time and again that a fragmented approach to sustainability and human rights is inefficient in reaching the targets we're aiming for, and it can lead to unintended negative consequences. On the flip side, through integrated approaches we can create synergies and an accelerator effect.**

**Ruchira Joshi**

Global Director Agri-commodities at IDH



## Rewriting the Sustainability Playbook for Businesses

In 2023 Mars and IDH partnered with Forum for the Future to commission research that explores how companies can better integrate environmental and social agendas. The report also presents six key recommendations to help organisations move from conventional, isolated strategies to an integrated (and more effective) method.

**Read *Social and Environmental Sustainability: A practical playbook to drive impact and unlock business benefits* [here](#).**



# Procurement as a lever for better wages and incomes

Despite being identified as a significant enabler for positive change for both companies and producers, procurement practices are often left out of integrated sustainability agendas. Well-intentioned corporate sustainability targets are regularly misaligned with procurement KPIs, leading to less impactful and disjointed sustainability strategies.

Up until recently, work on living wage and income has focused mainly on field-level interventions where actions to close gaps were mainly put on the shoulders of producers and farmers. Impact evaluations of these approaches have shown that, in isolation, these are not nearly successful enough to close living wage and income gaps.

Together with the Mars Farmer Income Lab, IDH identified procurement actions across 3 areas: supply chain management, rewards & value distribution, and risk management. This work includes a 5-step framework, showcased at the Summit, that helps guide companies leverage procurement to increase incomes in their supply chains (with forthcoming guidance on wages).

In the session *Driving change through reshaped business practices*, speakers from Lidl, Tony's Chocolonely, Mars and Sucafina shared their own experiences of integrating sustainable procurement within their supply chains, including strengthened supplier-buyer relationships and rebalancing risks and reward systems through, for example, longer-term purchasing arrangements, better payment terms and higher (farmgate) prices.





# Principles for Procurement





# Regulation as a driver for change

The Regulation on Deforestation-free Products (EUDR) beginning in December 2024 marks a distinct shift from voluntary approaches to social and environmental duties to a regulatory phase for European commodity sourcing.

Matthew Spencer, Global Director Landscapes at IDH led a conversation on this topic featuring panellists from companies JDE Peet's, Touton, and Wholechain, as well as Mr. Nguyen Ha Hue, Counsellor from Vietnam, Permanent Mission in Switzerland, who spoke about Vietnam's cooperation with IDH and JDE and the country's status as one of the first countries in the world to develop an action plan on EUDR.

The session focused on the positives and negatives of the new EU framework, exploring its impact on the operational dynamics of the supply chain market. This encompasses opportunities for farmers to leverage greater transparency to secure a fairer share of value, alongside risks for those farmers unable to meet compliance regulations despite maintaining deforestation-free practices, thereby facing exclusion.

One of the main conclusions was the need to ensure that regulation is addressed at the jurisdictional level – meaning everyone is included and able to provide transparent, reliable data. The need for industry standardisation was also raised as a means to a successful transition.



**Legislation is accelerating the pace of innovation. It also affects ways of working, requiring collaboration across departments – from top management to trade, including back-office, IT, M&E and legal – at HQ and on the ground. Beyond compliance, we need to ensure it delivers the dividends of sustainability to all, including smallholder farmers.**

## Isabelle Adam

Corporate Relations, Touton





# Addressing funding gaps through impact investment

There is a large financing gap in smallholder value chains, limiting development and the ability to overcome challenges relating to poverty and climate change. Agribusinesses and smallholder farmers face many hurdles in obtaining finance due to a mismatch between financing needs and the requirements of banks and other investors in terms of risks, returns and ticket size.

Moderator Tokunbo Salako led a session on how to decrease the funding gap in smallholder value chains through innovative investment for a larger pool of agribusinesses, overcoming the challenges, and enabling innovation.

The panel, featuring Roel Messie, CEO of IDH Investment Management, executives from Avanti Finance and Grassroots Business, as well as a Senior Advisor from the Norwegian Agency for Development Cooperation were asked to identify the key pain points the sector is struggling with and why existing approaches aren't driving progress at the pace the sector needs.

It was agreed that when it comes to impact investment, there can be no single cookie cutter approach if we wish to achieve scalable results, and that testing and capturing learnings is the pathway to creating access to finance for agri-SMEs. Increasing the pool of investable projects in SMEs is therefore essential, through co-investing, bringing in blended finance and connecting with other donors to make the system work.



**Much of the attention on blended finance focuses on the supply side, combining public and private finance to de-risk agri-investments. We need to pay as much attention to the demand side and focus on improving institutions that need capital on the governance side and the organisational side – we need to increase the capacity of SMEs and empower financial intermediaries to play a role in this process.**

**Lilian Mramba**

Chief Investment Officer, Grassroots Business Fund





# 03

**BETTER JOBS**

## **Ensuring decent work in global value chains**





# The case for better jobs

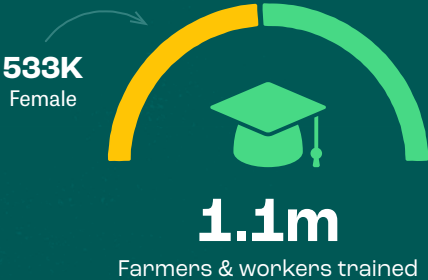
Jobs within the agricultural and manufacturing sector are often sought as a route out of poverty and difficult living conditions for many workers in emerging markets. Yet the traditional set-up of global value chains consistently fails to provide a decent standard of living and safe conditions for those who work in them.

According to the United Nations Global Compact, more than 630 million workers worldwide in the last decade did not earn enough to lift themselves and their families out of extreme or moderate poverty. Equally alarming, almost 2 million people die from work-related causes each year.

Recognising better jobs as those that provide living wages, worker representation, safe working conditions (including protection from gender-based violence) and equal opportunities for men and women, IDH and partners seek to redefine global value chains so that they benefit not only those at the receiving end but also the workers and producers at the centre of them.



## Impact



(Cumulative results for 2023 against the 2021-2025 funding cycle)



# Breaking the cycle of inequality

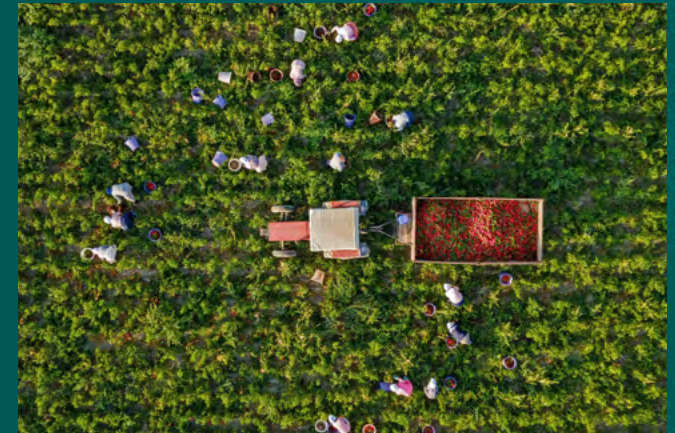
Since its inception, IDH has teamed up with partners across the value chains and landscapes where we operate to co-create sustainable solutions through sector-specific joint industry commitments, regional value chain development, and cross-sector guidelines towards closing living wage gaps. All are guided not only by a firm belief but also by evidence that decent work is integral to strong, sustainable businesses.

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. Providing living wages for workers also has wider economic benefits for both businesses and society: according to the World Economic

Forum, a global living wage for all workers could generate USD\$4.6 trillion in extra GDP each year through productivity and spending.

Our work over the last ten years led to the creation of the [Roadmap on Living Wages](#) which aims to drive international alignment on this critical topic by providing companies and other organisations with the resources and tools they need to identify and close the gap between a living wage and what many workers earn.

It outlines five actionable steps that companies can take on the journey to living wages:



## Roadmap on Living Wages



### Identify the living wage

Step 1 focuses on alignment by setting criteria for which living wage benchmark methodologies are credible for companies to use.



### Measure living wage gaps

Step 2 measures current wages in a way that can be compared with the living wage (for example, via the Salary Matrix).



### Verify calculations of living wage gaps

Step 3 enables verification by creating processes, standards, and certifications to audit living wage gaps.



### Close living wage gaps

Step 4 promotes action on closing those gaps through projects with value chain partners that explore different pathways.



### Share learnings

Step 5 encourages sharing learnings from projects with others who want to close the gap.



# Global coalitions to close the living wage gap

In 2023, IDH expanded the reach of the Roadmap on Living Wages through our partnership with the United Nations Global Compact Forward Faster initiative, which supports companies to accelerate progress towards the SDGs through five areas of action, including living wages.

More than 20,000 companies, across 67 countries, are members of the UN Global Compact, making it the world's largest corporate sustainability initiative. The Forward Faster platform works to strengthen international alignment and build tangible solutions, encouraging companies to make the biggest, fastest impact before 2030.

IDH helped to shape the corporate targets on the [living wage topic](#), as well as integrating and aligning with key elements of the Roadmap on living wages and its related tool the Salary Matrix, into the Forward Faster Living Wage Guide. IDH continues to engage in dialogue with companies from across the globe to ensure that these tools provide relevant, achievable steps that help overcome common challenges on the path to sustainable action.





**“IDH has been a valuable partner to UNGC. The efforts of IDH to unite the private sector around a shared understanding of Living Wage and Living income have had a profound impact on the progress of the topic and willingness of global supply chain actors to have open and honest dialogue about business practices that can enable workers’ rights.”**

**Griet Cattaert**

Head of Labour Rights, United Nations Global Compact



# Better Jobs in Action

Program highlights from 2023



## Setting industry standards in the banana sector

In March 2023, nine UK retailers joined the tide of companies across the Netherlands, Germany and Belgium committing to making living wages a reality for workers at hired-labour farms in the banana sector. Coordinated by IDH, the UK Retailer Commitment on Living Wages in Banana Supply Chains, brings the retailers together to work closely with their supply chain partners and supporting organisations on the shared goal of workers in their banana supply chains receiving a living wage by the end of 2027. Retailers signed on to the Dutch, Belgian and UK commitments cover around 56% of their combined domestic markets for bananas, while all three country commitments, plus a similar commitment convened by GIZ in Germany, cover an estimated 6% of global banana exports.

Read the UK Retailer Commitment 2023 Report [here](#)



## Making factory safety mainstream

The Life and Building Safety Initiative (LABS) is an industry-driven and funded program, based on international best practices and codes, which aims to provide safer working conditions for factory workers in the apparel, footwear, accessories and textile industry. Facilitated by IDH, LABS continued to establish sector and nationwide safety standards in 2023 by integrating guidelines into national frameworks and collaborating closely with key industry associations, government agencies, and international institutions in India, Vietnam, Cambodia and Indonesia. By the end of 2023 LABS had improved the working conditions of 1,032,949 workers, of which 718,730 were women. This commitment is reinforced through knowledge-sharing platforms and collaborative events, such as the Platform for Safety in Apparel and Footwear Industry (PSAFI) launched in early 2023.

Read more about the launch of PSAFI [here](#)



## Bringing greater awareness to gender-based violence in tea

Many tea estates in Assam, India are not meeting the legal requirements set by Indian law to prevent and address cases of sexual harassment at the workplace. The Women's Safety Accelerator Fund (WSAF) supports tea producers and estate workers to prevent and protect against gender-based violence. Started in 2020 with support from Unilever, the fund aims to reach out to at least 200,000 women workers across 300 estates in Assam and West Bengal. In 2023, findings from a midline study of the WSAF showed that 83% of women workers under the program, compared to 26% in 2020, were now aware of the support available on violence against women. On the governance side, 64% of estate management reported that they knew how to deal with sexual harassment at workplaces compared to only 3% in 2020.

Read more about the WSAF [here](#)



## CASE STUDY

# Food Systems Transformation: African food businesses for African markets

There is a deepening need for agricultural supply chains in Africa to address the food needs of the continent; however, due to various constraints, the high demand for food ingredients and feed in Africa is currently unrealisable for local production. Most smallholder farmers lack access to affordable services (including finance) and the management expertise to allow them to become top-class suppliers for local food markets and to maximise export off-takers opportunities through intra-regional and international trade.

Additionally, African food production still relies on imports for key bulk raw materials which leaves the continent susceptible to supply shortages, foreign currency risks and deepening threats to food security. Based on predicted trends, and without interventions, the food production system in Sub-Saharan Africa will only meet 13% of its food demand in 2050.

Through a business-led approach, IDH supports the transformation of African food systems into economically viable, inclusive, and resilient value chains that enhance food security, create economic value and support increased intra-Africa trade.

The model consists of various steps, such as improving access to finance, increasing expertise, and driving the investability of SMEs. This approach also aims to promote independence by building and strengthening local food systems and creating a significant number of jobs that cater to local needs.





# Generating opportunity in Ghana through grain

Grain production in northern Ghana is largely characterised by informal supply chains, where small and medium enterprises (SMEs) and smallholder farmers have limited access to affordable financing solutions, mechanised services, and quality agro-inputs.

With increasing local demand for grains in Ghana, a rising import dependency, and local raw-material sourcing interests, there is a significant opportunity for the grains sector to create a resilient, inclusive and sustainable value chain which empowers SMEs to create jobs and improve the livelihoods of smallholder farmers.

IDH's Grown Sustainably in Africa (GSA) program develops partnerships with the private sector that have the power to increase regional food production and incorporate small-scale farmers and SMEs into their supply chains.

Using a market-led approach, IDH provides technical assistance and investment to build SMEs' and farmers' capacity to produce and deliver consistent volume and meet supplier requirements. With this support, SMEs can become top-class suppliers to local and regional markets, contributing to food availability, securing raw materials and building traceability for food products across grains supply chains in Ghana.

IDH and the Mastercard Foundation the GSA partnership, dubbed Grains for Growth, to contribute to the development of the grains sector in Northern Ghana, supporting the inclusion of smallholder farmers, and creating jobs with a central focus on women and youth empowerment. The three-and-a-half-year program aims to create on-and-off farm work opportunities\* across the maize, rice, millet, fonio, and sorghum supply chains.

The onboarding of off-takers like Nestlé in the first year of the program, and advanced engagement with other private sector organisations, has already spurred on Ghanaian SMEs to increase grain production to meet local demand for food and industrial processing requirements. Additionally, the progressive roll-out of climate-smart agricultural practices such as regenerative agriculture under the program currently gives SMEs and farmers a head-start in building resilience to climatic change impacts.

It also places them in a favourable position to increase local resilient production systems for food security and explore future market opportunities from premium buyers and other off-takers who have ambitions to source and pay superior prices for commodities from environmentally-friendly farms. Adoption of such practices ensures less dependence on costly-and-scarce synthetic inputs like fertilisers and reduces their importation.

\*New, sustained, and improved job opportunities reported by SMEs and their service providers contracted by the Program through various activities on-farm (from crop production to harvest stages of activities) and off-farm (retailers, distributors, processors etc).

## Grains for Growth in numbers



**43,393**

Smallholder farmers supported



**116,881**

On-farm work opportunities created  
(84,365 of which are Youth in Work)



**47**

Partnerships developed



**41,444**

Farmers with improved access to finance  
(20,674 of which are women)



**\$21m (USD)**

Market and local sourcing unlocked in  
grains sector in the last 2 years



**\$15m (USD)**

Investment facilitated for grains sector  
development



**“This project is for the next generation of Ghana, the next generation of farmers, the next generation of food processors, branding, marketing, whatever agricultural space you need...so these companies do not remain small but they grow to become the prominent producers in Ghana that are businesses that hire, [and] recruit so many jobs in this sector.”**

**Kebba Colley**

Global Director Value Chain Transformation, IDH



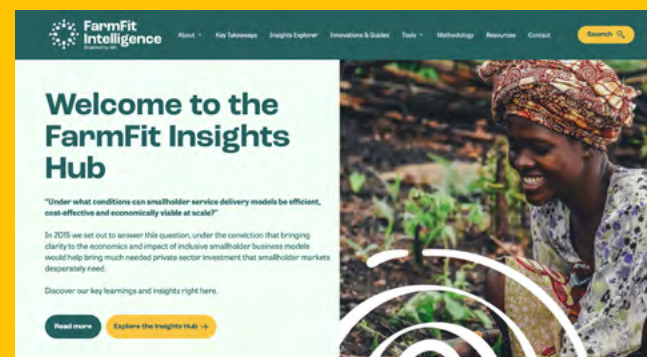
# Decisions with Data: Introducing the FarmFit Insights Hub

In September 2023, IDH attended the Africa Food Systems Forum Summit in Dar es Salaam, Tanzania. The Summit was an opportunity to share insights and learnings with the wide range of stakeholders in attendance, as well as **launch the new FarmFit Insights Hub**.

The online platform offers user-friendly tools designed to guide investors and companies and supporting organisations in making data-informed decisions that effectively maximise the impact of their collaboration with smallholder farmers.

The Hub was created by FarmFit Intelligence – a pillar of IDH Farmfit - which disseminates groundbreaking insights backed by data to agribusinesses, helping to ensure that smallholder investments are attractive and impactful.

The foundations for IDH Farmfit were established in 2015, following support from the Bill & Melinda Gates Foundation (BMGF) and the UK's Foreign, Commonwealth and Development Office (FCDO). This support has enabled Farmfit



to scale inclusive business model analyses and provide vital technical assistance to businesses globally. It also helped to develop more rigorous data analytics methods and capabilities, as well as benchmarking and practical guidelines for companies, investors and governments.

**Explore the FarmFit Insights Hub [here](#)**



# 04

BETTER INCOMES

## Reducing poverty through fair value distribution





# The case for better incomes

The global agricultural commodities market was valued at USD 224.5 billion in 2023. Yet only a fraction of the value generated makes its way to the smallholder farmers producing coffee, cocoa, vanilla and other commodities. The result is that many farmers who produce the world's food supply are living in extreme poverty, unable to meet either the daily needs of their household or earn a decent living.



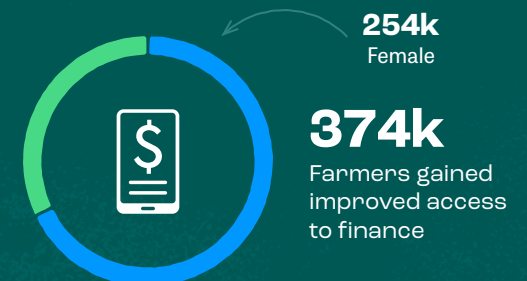
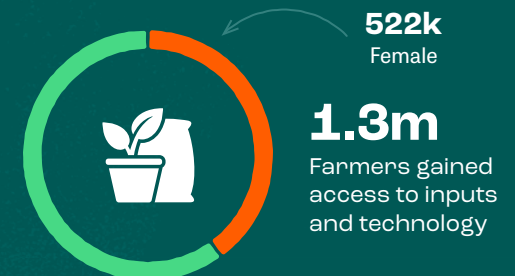
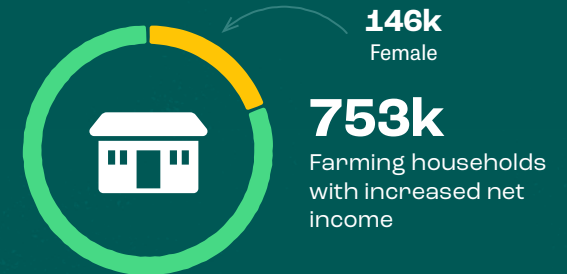
This unbalanced value distribution has far-reaching effects beyond household income. Persistent poverty increases the risk of forced and child labour, environmental degradation such as deforestation, and poses a threat to regional and global food security. All these factors contribute to destabilised value chains and increased reputational risks for companies that source from them.

Living income is defined 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.

Income drivers can range from production costs and volumes to land use, market prices and incomes from alternative sources. Rarely can we close living income gaps by targeting a single income driver, by using a single intervention or by acting alone. A combination, or “smart-mix” of strategies that target multiple income drivers is required. To achieve long-term, sustainable results, these interventions must often take a multi-stakeholder approach and go beyond individual actors.

Better Incomes

## Impact



(Cumulative results for 2023 against the 2021-2025 funding cycle)





To help companies close living income gaps within their supply chains, IDH and partners developed a logical and practical [Roadmap on Living Income](#), which includes a range of steps, guiding questions and data-driven tools that companies can put into action.

While there are numerous steps that individual companies can take (e.g. shortening supply chains, service delivery and higher prices), the scale and scope of the living income challenge is too big to tackle alone for all farmer segments. The Roadmap is built on the principle that to close living income gaps, actors need to engage in multistakeholder partnerships so that multiple interventions can be implemented simultaneously along the value chain to drive sector-wide change at scale.

There is a strong case for complementing field-level approaches with change in business practices, particularly through competency of procurement where companies can act as catalysts for transformative change. Over 2023, IDH developed in-house expertise and partnerships with the aim of supporting more action by companies when it comes to sustainable procurement practices to enable living income gaps to close.

## Roadmap on Living Income



### What is a living income?

Foundation-setting & prioritisation.



### Assess the living income gap

Living income gap analysis using stakeholder data.



### Close the gap

Multi-stakeholder strategy, action & monitoring.



### Verify & align

Stakeholder alignment on gap analysis.



### Share learnings

Share learnings across stakeholders.



# Enabling living income in cocoa through responsible sourcing practices

Around 70% of the world's cocoa beans come from West Africa, yet the farmers who produce them live in extreme poverty, with most not earning a living income. Tony's Chocolonely is a Dutch confectionery company founded in 2005 that produces and sells chocolate using cocoa sourced from Ghana and the Ivory Coast. The company's market share in the Netherlands is estimated at 25 percent, making it one of the country's largest chocolate manufacturers.

Tony's has developed and implemented a cocoa supply chain sourcing model. This 'Open Chain' consists of 5 Sourcing Principles: traceable beans, higher price, long-term relationships, stronger farmers and higher productivity and quality. Tony's also commits to an additional premium on top of the basic cocoa price to cover the essential needs of cocoa farming households, so that a living income is reachable.

IDH convenes several European initiatives on sustainable cocoa (ISCs), including the Belgian multi-stakeholder partnership [Beyond Chocolate](#), which is supported by the Belgian Development Cooperation. Beyond Chocolate launched a call for proposals for living income projects in targeted production areas which test interventions and business models for sustainable cocoa sourcing in main impact areas linked to the Belgian sector.



One of the funded projects - [Changing the norm in the cocoa sector \(CNC\) Accelerating cocoa farmers towards a living income in Côte d'Ivoire](#) - aims to support four Open Chain cooperatives in Côte d'Ivoire, Delhaize Ahold, ECAM cooperative, Socoopacdi cooperative, Ecojad Cooperative, Kapatchiva Cooperative, to be able to deliver according to the 5 Sourcing Principles. This on the ground support and growth will make joining the Open Chain more attractive for mission allies (chocolate brands), ensuring the long-term support and sustainability of the cooperatives in Côte d'Ivoire.







The cocoa farmers in the Open Chain program [earn a significantly higher income](#) than average with an increasing number of households earning a living income or more. For the model to achieve a deeper and cost-efficient impact for cocoa farmers across the sector, however, higher volumes of cocoa need to be sourced. To achieve this, Tony's invites other buying companies to adopt these 5 Sourcing Principles in their own sourcing model, encouraging collaboration with the wider cocoa community.

In March 2023, Tony's Open Chain joined forces with IDH in a [three-year partnership](#) designed to further improve its effectiveness and efficiency by leveraging the knowledge and expertise embedded in IDH's Roadmap on Living Income.

The collaboration will work towards aligning the Open Chain with the following steps of the Roadmap:

1

### Understanding the living income gap of smallholder farmers in the supply chain.

Deeping insights into the impact of the 5 sourcing principles on household incomes.

2

### Taking action to improve sourcing practices.

Using data to improve the implementation of services and practices to inform efficient scale up.

3

### Investing in learning and collaborating to scale impact.

Tracking the impact of investments and sharing learnings to inspire other companies to scale impact by joining Tony's Open Chain.



IDH and Tony's also believe that the 5 Sourcing Principles model provides an approach that can meet the ambitious living income targets of other European initiatives on sustainable cocoa initiatives. This is particularly the case for the Dutch ([DISCO](#)) and Belgian sector initiatives committed to closing the living income gaps of all farmers supplying cocoa to the Dutch and Belgium markets by 2030. They have recently been joined by the German (GISCO), Swiss (SWISSCO) and French (FRISCO) sector initiatives in committing to place cocoa procurement practices as one of the key elements of their living income agendas.



# Opening the chain of collaboration

In June 2023 IDH co-hosted [Tony's Open Chain](#) Event in Amsterdam. The event was attended by over 150 people including companies from the UK, Belgian, German, and Dutch markets as well as consuming governments represented by the Dutch Acting Ambassador of Business & Development Affairs and producing governments represented by the CIGHCI (Côte d'Ivoire and Ghana Cocoa Initiative) as well as civil society.

The event was an important step in building credible momentum around the Open Chain and the link between responsible sourcing practices and enabling living income. It also marked the beginning of the three-year business engagement roadmap implemented by IDH and Tony's Open Chain.

In his keynote speech, Jordy van Honk, IDH's Global Director Living Wage and Living Income, urged for companies to start working on improving their procurement practices in line with the IDH Roadmap on Living Income, noting that the Open Chain is one of the few existing models that is designed to scale in collaboration with other companies.

IDH also moderated a panel on the impact of the sourcing principles on living income where different stakeholders including Fairtrade, Oxfam, Ben & Jerry's and Tony's Chocologely spoke about their experiences and evidence so far. This was also captured as part of a joint statement published ahead of the event.

**Read the Joint Statement [here](#)**





**“The cost-of-living crisis has made workers’ situation worse...through interventions we have engaged with over the years [farmer] productivity has increased but not income. We need a smart mix of interventions to ensure partnerships across the supply chain are strengthened and that companies place this at the heart of their sustainability and procurement strategies.”**

**Jordy Van Honk**

Global Director Living Wage and Living Income at IDH,  
at the [\*IDH Market Transformation Summit 2023\*](#)



# Better Incomes in Action

Program highlights from 2023



## Boosting income streams with discarded cocoa pulp

Between 70% and 90% of smallholder farmers in the Ghanaian cocoa industry do not earn a living income. Founded in 2017, Swiss-Ghanaian start-up Koa identified discarded cocoa pulp as a valuable source of additional income for cocoa farmers. Partnering with IDH, Koa were able to secure EUR 3.13 million in investment from the Landscape Resilience Fund (LRF) and IDH Farmfit Fund. The investment helped Koa set up a new processing facility in Akim Achiase in August 2023 – the largest cocoa fruit factory in Africa – with the aim of increasing production capacity more than tenfold by 2024 and creating additional income for up to 10,000 cocoa farmers.

Read more about Koa's story [here](#)



## Reducing the barriers to finance through investment

Smallholder farmers in rural areas play an increasingly important role in feeding a growing world population, however, they often have limited or no access to financial services to grow their business and income. In March 2023, IDH Farmfit Fund contracted an investment along with Rabo Partnerships in Avanti Finance, an Indian fintech company that aims to make financial services affordable and accessible for 100 million households in rural India. By the end of 2023, over 200,000 farmers had already benefited from improved access to financial services. The investment will support Avanti's mission of providing frictionless access to affordable and hyperlocal credit products to smallholder farmers in India, enabling them to build sustainable livelihoods.

Read more about the investment [here](#)



## A multi-pronged approach to incomes for small tea growers in Assam

Assam is the single largest tea-growing region in India, producing over 700 million kgs annually. Within the tea supply chain, the Small Tea Growers (STGs) have grown exponentially over the last 40 years, contributing to 52% of the total tea output. Yet the majority of STGs operate as subsistence farmers who face challenges of aggregation at the farm gate level, are vulnerable to price volatility, and lack the capacity to mitigate climate change shocks. In September 2023, IDH partnered with Unilever to launch a living income project that builds on IDH's Living Income Roadmap, to support farmers in the region to adopt sustainable agricultural practices and diversify incomes through non-tea farm produce.

Read about the program [here](#)



## CASE STUDY

# Building income and climate resilience for coffee farmers

Coffee is the world's most popular drink. And yet many of its numerous drinkers are unaware of how the impact of climate change and global cost-of-living crises poses a serious threat to the future of the coffee supply chain and the livelihoods of those who farm and produce it.

Coffee crops are extremely sensitive to weather changes and require specific light, temperature and humidity levels to grow. According to research, rising temperatures in the equatorial 'bean belt' countries where the world's coffee is grown will mean that 50% of these areas will no longer be viable for coffee production by 2050.

Trade prices for coffee have fluctuated greatly in recent years, translating into higher prices for consumers but having little effect on the income of the smallholder farmers who produce 75% of the world's coffee. This is due to a variety of factors that influence income including increases in production and fertiliser costs, as well as general living costs such as food, housing and utilities. Combined, these volatile conditions serve to exacerbate the poverty that many smallholder coffee farmers around the bean belt currently live in.





# Generating income through crop diversity

Farm income is the primary source of income for farmer households in Kenya and Uganda, with coffee being the main income generator. Like many farmers across the global coffee sector, however, many East African coffee farmers and their families live well below recognised living income benchmarks.

Diversified income is one of the main income drivers for smallholder households and refers to the income obtained from other source(s) that is not their focus crop. Although many coffee farmers in Kenya and Uganda have diverse farming systems and typically grow three to four crops in addition to coffee, the services reaching them often focus purely on coffee production. Farmers need support and services for the full farming system to improve production, farm management and to optimise income opportunities.

This is especially true in the remote Rwenzori region of Uganda, where the coveted Arabica coffee variety is grown alongside its steep mountain slopes that hinder accessibility to agricultural services. The agricultural practices of farmers are also often not designed to be resilient to climactic changes, leading to depleting soils and environmental degradation.

Additionally, the absence of a reliable market for other crops like vanilla and cocoa makes it difficult for farmers to achieve sufficient income from diversification. This combination of ongoing challenges traps Rwenzori coffee farmers in a cycle of poverty, risking the future of coffee production in the region.



IDH and the IKEA Foundation set up the Coffee Farmer Income Resilience Program (CFIRP) with the aim of improving the income resilience of 20,000 Kenyan and Ugandan farmers over four years (2021 – 2025) by supporting farmers to benefit from crop diversification and regenerative agricultural practices. It pursues this by convening, co-designing and co-investing in blended service delivery models which combine coffee-specific services with support for other crops, creating a game-changing model for income resilience.

Through the CFIRP, farmers can commercially integrate coffee cultivation with other farming activities, leading to higher and more resilient farm income. Program farmers receive training and support for progressively adopting regenerative practices, leading to improved soil health and plant function. They also receive services such as training, inputs, finance and information services for the entire farming system: coffee and non-coffee farm produce.





# Addressing smallholder inclusion in coffee value chains

Supporting farmer inclusion in sustainability and income agendas is a crucial component to driving systemic change within the Kenyan and Ugandan coffee sectors, especially when identifying priority areas and potential bottlenecks to achieving sector transformation.

In October 2023, the farmer-led Kenya Coffee Producers Association (KCPA), with support from the IDH East Africa Coffee Team, launched a public report in Nairobi in the presence of coffee stakeholders from the private sector, government, development partners and civil society organisations. The report, titled “Making Coffee Value Chain More Inclusive for Smallholder Coffee Farmers” is a product of a one-year project by KCPA under the Coffee Farmer Income Resilience Program, the same of which is also being conducted with the Uganda Coffee Farmers Alliance (UCFA).

The project was commissioned to address the power asymmetry between smallholder coffee farmers and coffee traders in the sector, as well as examining the power balance between smallholder farmers, the government and other coffee stakeholders in policy formulation.



The report identifies nine action areas with clear identification of the responsibility for action by three key duty bearers: government (policy and regulatory framework), coffee trading companies (change in business practices), and cooperatives/farmers (improvement of named internal business management and operational limitations).

Through the CFIRP, IDH and partners plan to support KCPA to start implementation of these recommendations in 2024.

**Read the report [here](#)**



# Better incomes through regenerative agriculture

Regenerative agriculture is a farming approach that focuses on creating healthy soils through farming practices around no-tilling, diversification – and where possible – crop-rotation. Regenerative agriculture has the potential to create environmental sustainability through better soil management, and income stability through multiple sources of income and better resilience to shocks in production.

It is a delicate balancing act between creating the optimal farm-system from both an environmental and a commercial perspective, ensuring linkage to markets for multiple sources for farm produce. For it to work, it requires an understanding of farmers' specific needs, tailored interventions, and collaboration with all coffee – and other produce – stakeholders.



In 2023, IDH collaborated with the Alliance of Bioversity International, CIAT and private sector program partners to produce a handbook on regenerative agriculture.

The handbook is aimed at agronomists, trainers and extension officers and seeks to align regenerative agriculture practices with existing farmer practices and terminology specific to the region. The handbooks provide examples of various practices for coffee production, such as soil health and fertility, intercropping (which helps improve soil biodiversity by growing vegetables alongside coffee plants) and agroforestry (the integration of trees with crops that help protect the soil from erosion). Aligned training curricula will enhance farmer adoption by ensuring one source of information that is tailored to the local context.

Through work with the public and private sectors, it is intended that the handbooks will be integrated into future agronomy curriculums to mainstream the regenerative agriculture approach for coffee in Uganda and Kenya. Roll-out will happen across coffee and regenerative agriculture networks with the explicit aim of making this a public good. The handbooks will also complement the Alliance, CGIAR Excellence in Agronomy Initiative as well as Nestlé's global guidebook on Regenerative Agriculture for coffee (available soon).

Find out more and download the handbooks [here](#)





# 05

BETTER ENVIRONMENT

## Applying a holistic approach to sustainability





# The case for a better environment

According to the World Meteorological Organization, 2023 was the warmest year on record, characterised by extreme weather events that severely undermined socio-economic development in many parts of the world. The crisis disproportionately affects those living in rural areas where most of the world's food is grown, triggering displacement, food insecurity, and biodiversity loss that further exacerbates poverty and inequality.

The complex interconnectivity of climate change, environmental degradation and social inequality means that these issues need to be addressed as part of one system. IDH works towards a better environment through this integrated approach – linking social and environmental agendas to transform agricultural markets that support thriving communities in net zero, regenerative agricultural systems.



This includes helping farmers transition to climate-resilient practices, developing regenerative, low-carbon and deforestation-free landscapes by helping facilitate compacts between stakeholders in tropical sourcing areas, promoting chemical waste reduction and the use of pesticides, and linking global markets to sustainable sourcing.

## Impact

### 4.3m

Hectares of cropland under inclusive governance

facilitated or supported by IDH



### 9m

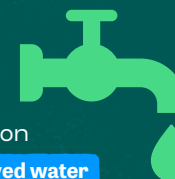
Hectares of forest/ watersheds under inclusive governance

facilitated or supported by IDH

### 5,824

Household/production facilities

with improved water availability & access



(Cumulative results for 2023 against the 2021-2025 funding cycle)

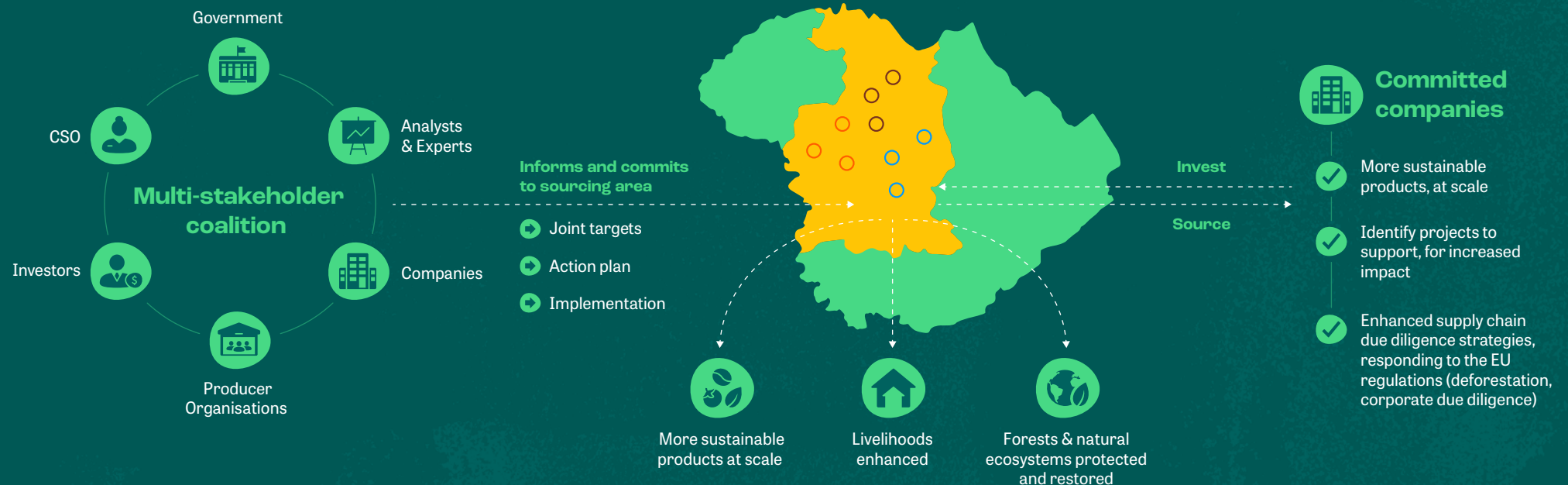


# IDH Landscapes – an integrated approach

Our collaborative Landscape program drives sustainable production and sourcing of agricultural commodities while securing livelihoods and protecting natural resources. The approach brings together public authorities, civil society organisations, producers, farmer organisations, and companies to design targets and implement action at a landscape level, with the goal of improving sustainability across an entire region.

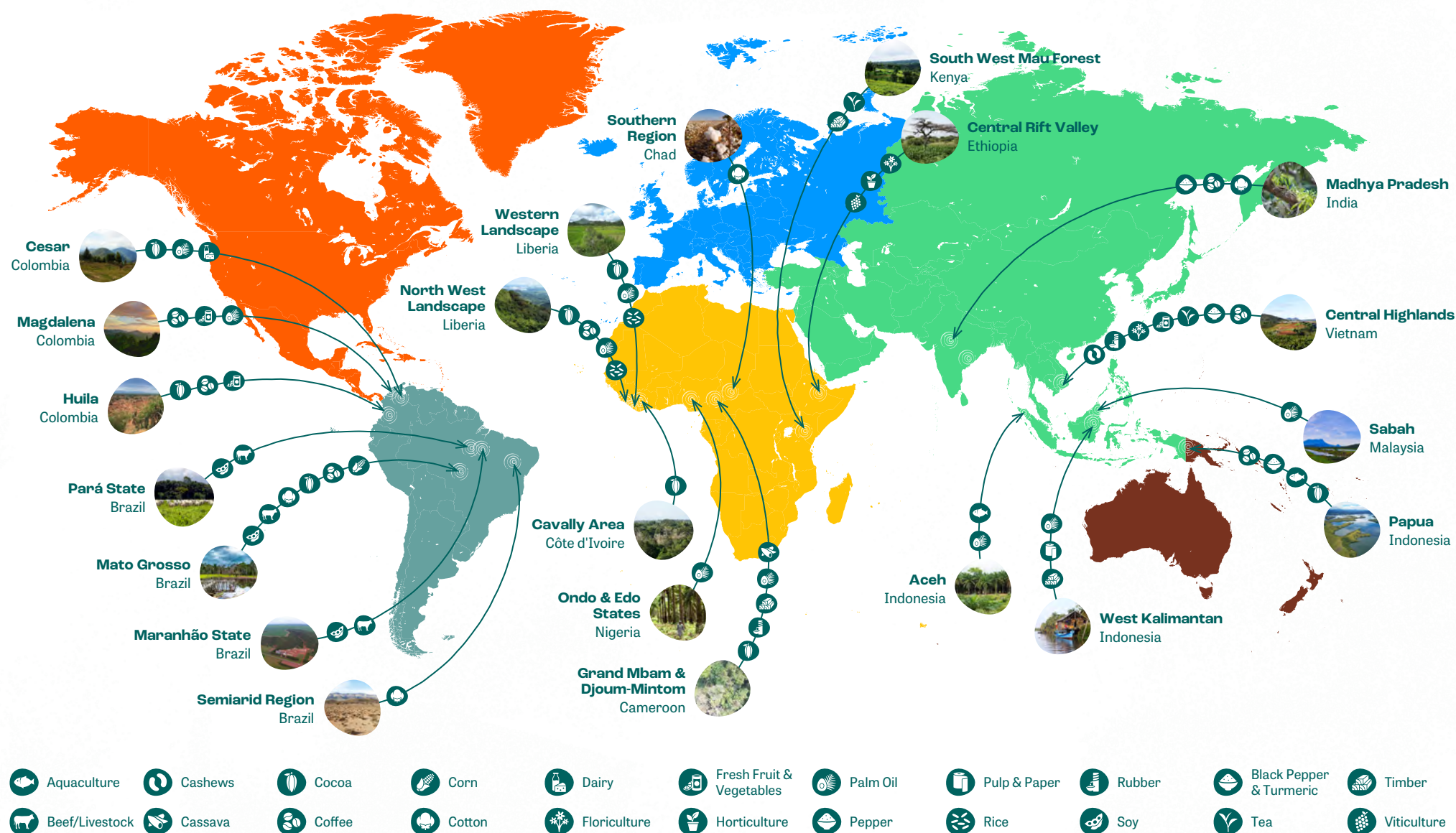
In these landscapes, IDH co-designs Production, Protection and Inclusion (PPI) compacts. These are based on participatory land-use planning, whereby land for production, livelihoods, and forest protection is clearly identified, and their related uses are agreed on by the landscape stakeholders and recognised by local and national governments. This results in coalitions that are self-sustaining, are linked to markets, and prove the business case for landscape-level interventions.

The compacts are the basis for investors to invest in the landscapes and for regional sourcing by supply chain companies. 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. IDH also works at the market end to bring these players to the landscapes through the [SourceUp platform](#).





# IDH Landscapes





# Helping companies reduce their carbon footprint

Global food production currently contributes over a quarter of all climate change-causing emissions, putting enormous pressure on our planet. Changing the way we get our food from field to plate depends on collective action: companies must be aware of what their footprint is and identify strategies to reduce it. But it is vital that systems change is implemented across the entire value chain – from traders and retailers changing their business practices to ensuring farmers have the necessary tools to create a better environment.

IDH has developed an Environmental Footprint Roadmap to help steer the agri commodities sector towards reducing the environmental footprint of specific products.

The roadmap outlines five key steps (below) through which companies can progress to address environmental challenges, promote sustainability, and protect natural resources.

By setting science-based targets, businesses demonstrate the level of ambition possible when it comes to reducing environmental impact. The IDH Roadmap aligns with the Science Based Targets (SBTi), as well as being a crucial component of Corporate Social Responsibility Disclosure (CSRD) and the Corporate Sustainable Development Disclosure Database (CSDDD).

To optimise and scale up our sustainability effort, the Environmental Footprint Roadmap is aligned and shared across various sector initiatives hosted or supported by IDH, including:

- IDH Aquaculture Working Group on Environmental Footprint
- Floriculture Sustainability Initiative (FSI)
- Sustainability Initiative Fruit and Vegetables (SIFAV)
- Sustainable Juice Covenant (SJC)
- Sustainable Spices Initiatives (SSI)

## Environmental Footprint Roadmap



### What is the challenge?

Foundation-setting, prioritization and ambitions.



### Assess the environmental footprint

LCA and EFT analysis using supply chain data.



### Verify

Verify self assessed data.



### Reduce the footprint

Individual and sector strategy, action and monitoring.



### Share learnings

Share learnings across stakeholders.



# Better Environment in Action

Program highlights from 2023



## Reducing carbon footprints in Rwandan horticulture

Through the [HortInvest](#) project, IDH is supporting African agri SMEs to grow, mature their business operations and connect them to international traders. Operating since 2017 it has increased Rwanda's international export of fresh vegetables by 25% and provided better jobs and incomes to thousands of workers and farmers: 8,366 jobs have been supported by the program and 26,107 farmers have gained improved access to inputs and services. Due to its landlocked position, horticulture in Rwanda is normally shipped via air freight, which is expensive and carbon intensive. In October 2023, a batch of Rwandan avocados was successfully shipped to the Netherlands for the first time. The shipment to the Netherlands proved that it is feasible to export avocados by sea freight from Rwanda, reducing carbon emissions by 82% and shipping costs by more than half to European markets, while simultaneously opening doors to numerous global buyers for the country's horticulture sector.

Read more about the avocado shipment [here](#)



## Protecting biodiversity in the Caatinga Biome

The Caatinga Biome in Brazil is one of the world's most biodiverse semi-arid regions. Increasing degradation from unsustainable farming and illegal land conversion poses a real threat to the regional ecology and to the livelihoods of the more than 25 million people who live in the biome, making integrated actions essential. In 2023, the Laudes Foundation and IDH brought together local government, private sector, farmers and civil society in the area to sign three Production, Protection and Inclusion (PPI) compacts as part of a Regenerative Production Landscape Collaborative (RPLC). The compacts aim to prevent desertification as well as tackle issues of social inequality and food insecurity.

Read more about the Caatinga PPI Compacts [here](#)



## Achieving sustainable palm oil in Aceh Tamiang

The eastern region of Aceh province in Indonesia, home to endangered species such as Sumatran orangutans, Sumatran elephants and rhinoceroses, faces a significant deforestation threat due to palm oil expansion. Since 2017, IDH has collaborated with important actors in the province to delink deforestation from palm oil and generate sustainable economic activity, initiating a PPI Compact in 2019 between the Government of Aceh Tamiang District and stakeholders from the public and private sectors. IDH has been supporting the government of Aceh with the development of the Aceh Sustainable Palm Oil Roadmap, which was launched during the November 2023 Roundtable on Sustainable Palm Oil (RSPO) in Jakarta. This roadmap aims to serve as a strategy and policy framework to achieve sustainable palm oil production that is deforestation-free and creates a better livelihood for smallholder farmers in the region. The more sustainable the production, the larger the uptake from palm oil companies seeking deforestation-free products, which leads to benefits of scale for farmers and reduces sourcing costs for buyers.

Read more about the Aceh landscape [here](#)



**“Embracing sea freight is a giant leap towards sustainability. It aligns with our commitment to environmental responsibility. This project creates a groundbreaking path to a greener, more prosperous future for exporters of Avocado from Rwanda, Smallholder Farmers in Rwanda, and contributes to the national agenda of increased exports of horticulture crops from Rwanda.”**

**Mr Oluwaseun (Seun) Rasheed**

CEO of SOUK Farms, Rwanda



## CASE STUDY

# Finding collective solutions for the upcoming EU deforestation regulation



Deforestation and forest degradation are universally recognised as major drivers of the climate and biodiversity crisis, contributing to approximately 11% of total greenhouse gas emissions (IPCC). Recent studies have shown that agriculture initiates more than 90% of deforestation in tropical landscapes, only half of which is converted into productive agricultural land. Of the land that is used, only a handful of commodities are identified as driving the majority of occurring deforestation, including those which are the source of income for many smallholder farmers already living in deep poverty.

The European Union Regulation on Deforestation-free Products (EUDR) came into force in June 2023, with the new rules becoming applicable as of December 2024. It sets out mandatory due diligence rules for all operators and traders who place, make available, or export palm oil, cattle, wood, coffee, cocoa, rubber, and soy – whether on or from the EU

market. Operators will be required to trace the commodities they sell back to the plot of land where they were produced to prove that their sourcing is deforestation-free.

Although this is an important and welcome step in combating deforestation, there is a significant risk that this may lead to companies selling on the EU market to adopt sourcing strategies that exclude smallholder farmers from their supply chain. Smallholder farmers themselves also lack the capacity and resources to proactively demonstrate they are compliant, and are often dependent on intermediaries to collect and communicate compliance data.

IDH has been working intensely with both private and public partners to find solutions and design programs to ensure that the EUDR will not incentivise companies to disengage from areas with high deforestation risks, nor exclude marginalised smallholder farmers from European markets. These solutions

are based on tried-and-tested models so that they can be implemented in a timely manner that safeguards both forests and the livelihoods of the farming communities who live near them.

In October 2023, IDH published the guide *Implementing the European regulation on deforestation-free products: Solutions for the palm oil, cocoa and coffee sectors*. The publication demonstrates how these solutions have been applied in various commodity-producing landscapes.

**Read the EUDR solutions publication [here](#)**



# Supporting EUDR compliance in the Vietnamese coffee sector

The Central Highlands of Vietnam is a major coffee production hub, responsible for 95% of the country's output and ranking as the world's second-largest coffee exporter, after Brazil. Since 2015, IDH has applied the landscape approach to the Central Highlands to protect forests, improve water management and reduce the use of agrochemicals in collaboration with major coffee brands, the Vietnamese government, research institutes and NGOs.

Since the announcement of the new legislation, IDH and its partners have formed a public-private consortium that has been actively engaged in discussions to collectively navigate the forthcoming regulatory landscape. The Vietnamese coffee sector, like most commodity sectors, faces challenges posed by the new legislation, including location data, traceability, forest monitoring systems, and deforestation-free supply chain management.

In 2023, IDH and partners worked together with the Vietnamese government to develop the first national action plan in the world on deforestation and degradation-free sourcing areas and supply chains in compliance with the EUDR. The plan includes a database of where crops are grown and mechanisms to make this information traceable, amongst many other solutions. The aim of these collaborative efforts is to ensure preparedness and swift implementation to meet the EUDR requirements within the timeframe.

Read the Vietnam coffee sector EUDR National Plan [here](#)





**“In recent years, IDH has played a pivotal role in shaping the landscape of sustainable trade in Vietnam. They are a key partner in enhancing the country’s sustainability. We compliment IDH Vietnam for their pioneering and active engagement with the Ministry of Agriculture and Rural Development, relevant provinces, and companies to tackle the challenge of implementing the European Union Deforestation-free Regulation EUDR.”**

**Kees van Baar**

Dutch Ambassador to Vietnam



# Organisational development

In 2023, we continued to embed the IDH core values into our organisation. During 2022, representatives from different parts of the organisation identified the values of Integrity, Courage and Inclusivity as true for our culture. During 2023 we defined and trained these desired organisational behaviours, starting from the leadership-perspective. Our Global Leadership Team, consisting of all country leads, leads of corporate departments, global directors of our business units and the executive board, went through a leadership assessment and had intensive dialogues to implement these values in their respective part of the organisation. Next to this, important steps were taken to further build the 'One IDH'- approach and mindset to create a safe working environment where all staff feel enabled to work towards delivering on IDH's mission. We also worked on strengthening our procedures, systems and control mechanisms.

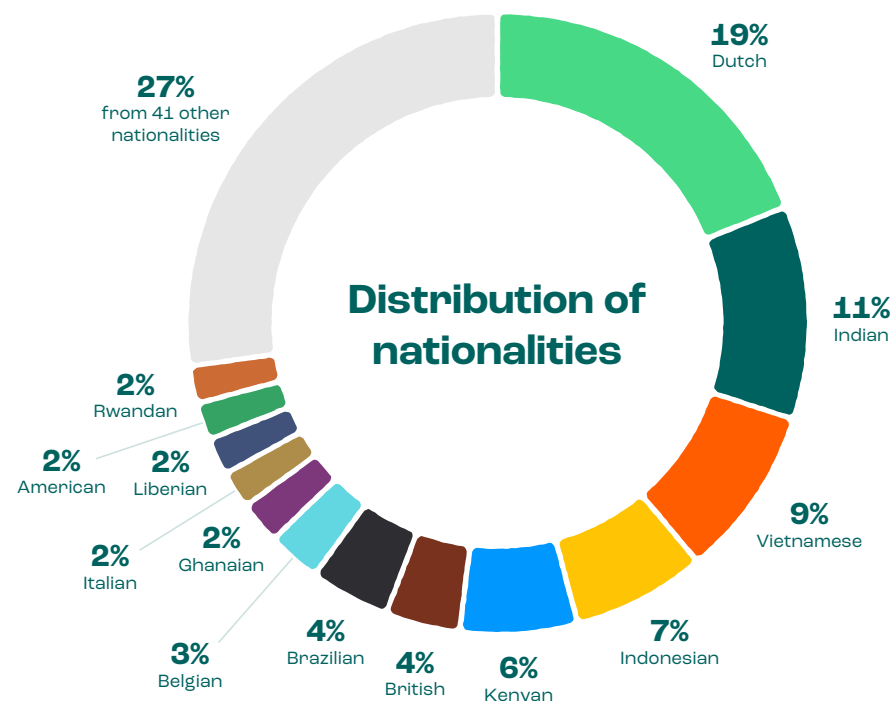


# Our people

Our staff grew from 318 FTE to a total number of 368 FTE by the end of the year. We continued to be a diverse organisation consisting of 54 different nationalities, working from 16 country offices. IDH is organised in different business units and corporate organisational departments. These teams operate in a matrix structure from our Headquarters in Utrecht, the Netherlands, or are based in one of our countries.

To support the continuous growth of the organisation, we started organising an onboarding program for all new staff members every month. During this period all new staff, irrespective of their location, are introduced to the strategy and organisational set-up of the organisation, receive insights in policies and procedures, complete mandatory online trainings on cyber security and anti-bribery/anti-corruption, and have a dedicated values-session explaining the behaviour behind IDH's core values and IDH's feedback culture with SpeakUp-policy and system.

As safety of our staff is crucial for IDH, we focused on improving our safety framework and the training of all staff on this framework. In our travel request process, we integrated safety as a key component and actively followed up on compliance with our policies after all international travel. In 2024, we will continue to focus on enhancing our safety and crisis management protocols.



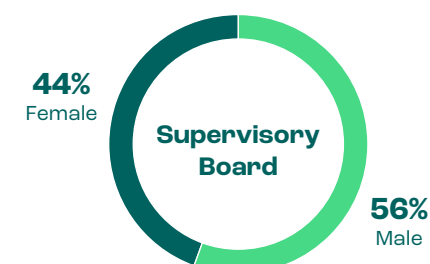
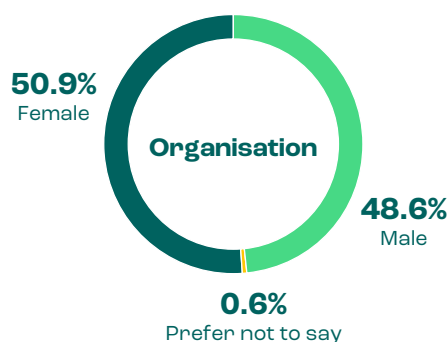
Note: represents number of nationalities at IDH as of December 31<sup>st</sup>, 2023



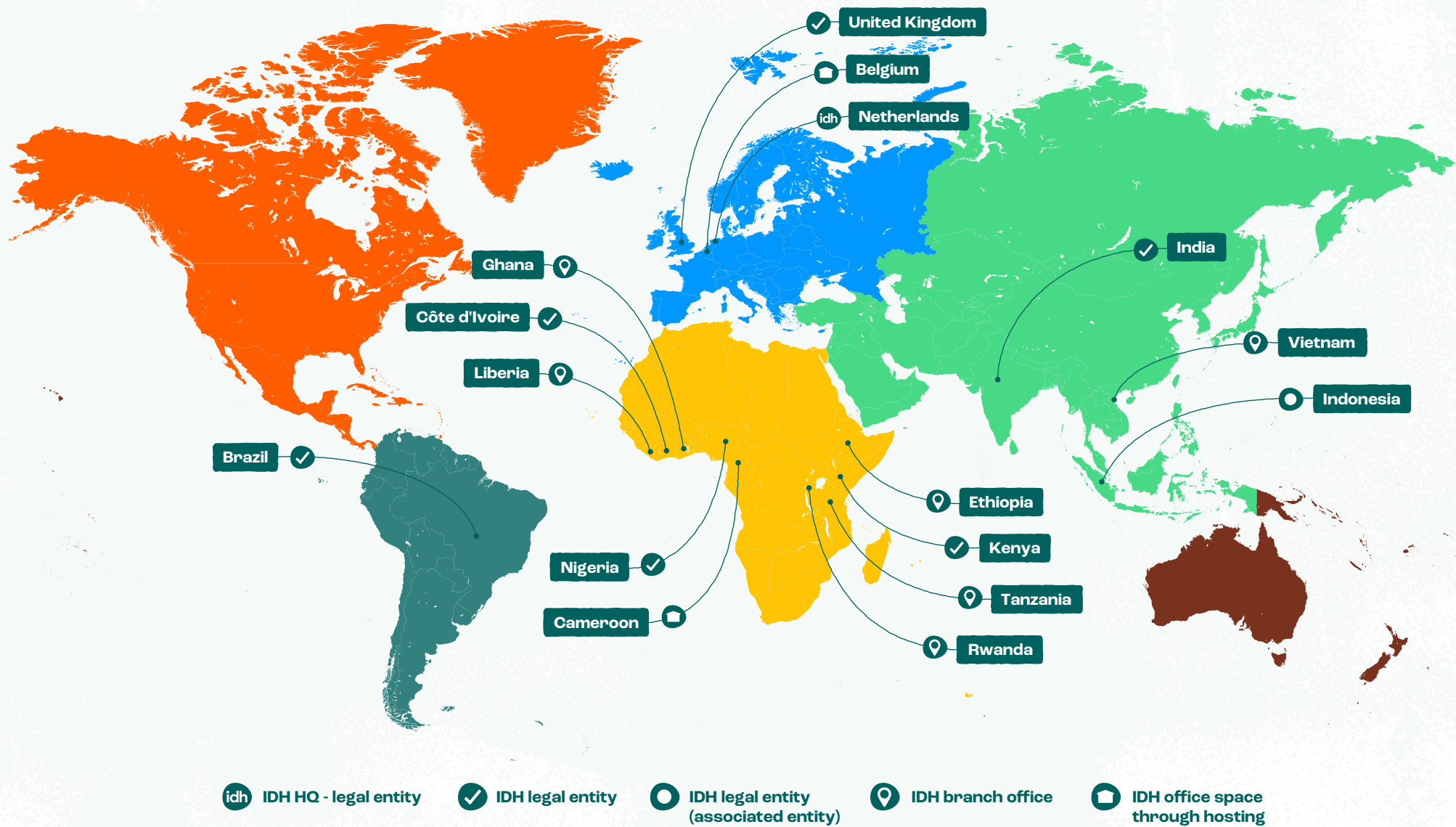
**40 years**  
Average age



**55 nationalities**  
Represented









## Our global presence

IDH currently has 14 country offices (see image below). Following the scoping of entities in 2022, we started the process to incorporate a legal entity in Nigeria and Côte d'Ivoire. Both entities are expected to be fully incorporated and registered during the first half of 2024.

Historically, IDH's management control system has been centralised. As the organisation is growing in the southern hemisphere to scale IDH's impact, the team is working in a multi-year program to strengthen the internal control systems and operational maturity level of the country offices. Based on the framework of global principles, the maturity status of all country offices has been scoped during 2023 and detailed workplans to strengthen the local internal control systems were developed.

After implementation of the defined procedures and systems, further delegation of authority is envisioned to take place. The implementation of the workplans started in 2023 and will continue in 2024 to bring all offices to the required maturity status. As part of this program, we updated the authority matrix for country offices, linking it to the maturity status of the management control system.

## Our procedures and systems

Following the project that was started in 2022, we continued to enhance our financial management information system with further developments to the business intelligence tool. The technical go-live of One global financial system across all IDH offices was finalised, making it possible to roll-out the phased implementation in 2024. We also worked on further improving our system for contract management, the updates are to be implemented in 2024.

In 2023, we further invested in our Monitoring & Evaluation (M&E) capacity and data capabilities for digital data collection, aggregation and reporting. Based on a detailed assessment of the data reporting process from field to corporate level for each of the business units, a process of improvement on roles and responsibilities and data quality assurance was initiated. This resulted in management dashboards and insightful

data analysis at various levels in the organisation from the introduction of a new business intelligence tool. For 2024 and beyond, development of tooling for local data collection and integration between different functional databases is planned.

In the second half of 2023 a successful start was made with the corporate portfolio mid-line evaluation of our current funding cycle (2021-2025). An international consortium of KIT Royal Tropical Institute (NL) & Institute of Development Studies (UK) is executing the third-party evaluation under guidance of an independent Advisory Committee which consists of independent thematic experts and representatives of the core donors Dutch Ministry of Foreign Affairs (MFA) and Swiss State Secretariat for Economic Affairs (SECO). The evaluation will be completed in Q2 2024.





# International partnerships and fundraising

The International Partnerships and Fundraising (IPF) team works towards a stable, secure and diversified source of funding for IDH. By elevating the IDH donor partnerships to a strategic level, we aim to match the strategic objectives of our funding partners with the IDH impact themes. This approach not only enhances our current partnerships but also helps us identify and engage potential partners for future fundraising initiatives.

In 2023, we significantly enhanced our programs and events by strengthening the relationship with our Dutch and Swiss donors. We also focused on deepening our relationships with strategic donors through our Strategic Donor Dialogues. These dialogues were held alongside IDH's Summit on Sustainable Market Transformation in Geneva in November 2023 and the Multi Donor Meeting. Our aim was to engage more closely with potential core donors and provide an open platform for discussions about IDH's 2023 strategy. The initiative received positive feedback from donors, who expressed a strong desire for subsequent editions.

Thanks to an additional landscape collaboration with Norwegian Agency for Development Cooperation (NORAD), we will be exploring potential areas to link our forest and landscape work learnings to the food system transformation work. At the end of 2023 IDH and NORAD signed a food systems transformation program for Tanzania and Ethiopia. A lot of work has been put together to build the relationship with Mastercard Foundation on IDH's food system transformation strategy implementation.

In parallel, a funding proposal for the second phase of NISCOPS (National Initiatives for Sustainable Climate Smart Oil Palm Smallholders) was approved by the Dutch Ministry of Foreign Affairs and the UK Foreign Commonwealth and Development Office (FCDO). The Dutch Ministry of Foreign Affairs agreed to top up our landscape program in Colombia, and together with our partners we secured funding for the Agrigrade program, aiming to graduate the landscape of cooperatives and farmer organisations in Kenya and Tanzania. Finally, as part of our donor diversification efforts, in 2023 we engaged in a fundraiser specifically for the Asian region. This resulted in a successful close of piloting contracts with the Sequoia Foundation and Shakti Foundation for our landscape work in India.

Thanks to our team's fundraising efforts IDH successfully closed the initial fundraising objective of €270m for the Multi Year Plan 2021 – 2025 and has since continued to make strides, setting a new objective of €292m. Currently, we have already secured €282m, showcasing significant progress towards the revised goal, while also securing funding for the next strategic cycle (2026-2030).

The EU engagement strategy centred around responsible business conduct and due diligence, deforestation and sustainable cocoa, was successfully implemented. IDH actively organised and participated in various events, including an event in the European Parliament hosted by the MEP Mrs. Heidi Hautala. We also strengthened our relationship with producing countries' representatives in Brussels, inviting them to events organised by IDH or facilitating their participation in other relevant opportunities.



Since quite a few of the IDH governmental donor partners are signatories of the Amsterdam Declaration Partnership (ADP), we sought further engagement with the Belgian Government, the 2023 ADP Chair, via the organisation of a joint dinner. This successful collaboration with the Belgian Ministry of Climate, Environment, Sustainable Development, and Green Deal helped us gather key stakeholders around the challenges encountered by private sector companies and producing countries with the enforced entry of the EU Deforestation Regulation (EUDR).





# Environmental, social and governance impact

In 2023, we started working on our sustainability strategy and conducted a materiality assessment to understand where we can make the most improvements in our operations. We have taken the first steps in developing the policy and are able to share the outcomes of the materiality assessment, the status of the organisation and give some insights into the focus on the sustainability policy that we will be further developing and implementing in the organisation in 2024.

Through the materiality assessment, we established the following topics as important or significant for our operations:

## Environmental

- Carbon Footprint

## Social

- Occupational Health and Safety
- Equality Diversity and Inclusion
- Living Wage
- Worker Participation
- Access to Remedy
- Employee Development
- Employee Wellbeing
- Remuneration Transparency

## Governance

- Responsible Investment
- Board Transparency
- Communication Transparency
- Anti-Corruption

We will include targets on these topics in the development of our sustainability policy and will report in our 2024 Annual Report.



## Environmental

### Carbon Footprint

We identified air travel as the source of most of our emissions, and the area where we could most improve our organisational carbon footprint. We are currently in the process of choosing a tool to assess our greenhouse gas (GHG) footprint. This will provide valuable insights into our best opportunities for improvement, enabling us to set realistic targets in this area.

The data that we have available to date, regarding the emissions produced by employee domestic and international flights, is not based on the calculation method used in recent emissions calculation tools. In the annual report 2024, we will be able to provide relevant data and set realistic targets to improve our performance with regards to our carbon footprint.

## Social

IDH has a strong foundation on policies and procedures in place to promote employee wellbeing. As part of our ESG policy we are working on further improving on the topics outlined below. The following section details the status of our activities per topic to date.

### Occupational Health and Safety

Acknowledging the importance of maintaining a safe and healthy workplace, responsibility for Occupational Health and Safety is delegated to Country Offices within their respective regions. This decentralised approach ensures localised oversight and implementation of best practices to safeguard employee wellbeing.

IDH released its new safety policy in 2023 with a focus on safety during travelling and organised training sessions for all staff. The safety policy is also introduced during onboarding to new IDH employees.

### Equality, Diversity and Inclusion

IDH is committed to regularly monitor diversity and inclusion indicators as well as communicate the results transparently to all members of staff. We take a special interest in the diversity of our workforce, in which we monitor the number and distribution of nationalities represented by IDH staff. Our Executive Board is balanced in terms of gender. Meanwhile, our Supervisory Board has a total of 9 members, with 4 of them being female.

We put significant effort in analysing turnover and attrition rate and put a special emphasis on gender: the global turnover among female employees has decreased from 25% to 20% in the last year.

IDH also conducts analysis on pay gaps, where we investigate the effect of such variables as nationality, gender, age, etc. on pay. In line with the methodology developed together with our internal data analytics team, we confirmed that there is no (adjusted) gender pay gap for our headquarters and communicate this information to our employees. We plan to conduct a pay gap analysis on IDH offices with the most staff.

### Living Wage

In the course of 2023, IDH benchmarked the employee salaries against local markets, making sure the respective compensation and benefits packages are in line with the cost of living, industry norms and are market-competitive. While we recognise the significance of aligning with living

wage standards, we are in the process of acquiring relevant data to which we can benchmark our salaries against.

### Worker Participation

The Global Employee Council (GEC) is a group of staff representatives elected by fellow staff to ensure proper functioning of the organisation and its employees. At IDH, the GEC was created in 2023 as an initiative of the Executive Board (EB) and the Dutch Employee Council (EC). The EC has been functioning for a long time, as it is a requirement for Dutch organisations with more than 50 staff members.

### Access to Remedy

Our SpeakUp Policy and system describe the process and procedure for raising concerns about irregularities or potential misconduct, supporting a safe workplace culture.

IDH staff members and third parties can report misconduct online or by phone via IDH's SpeakUp system. IDH has 4 internal confidential advisors that staff members can either reach out to directly or anonymously through the SpeakUp system. An anonymised summary report is discussed with the leadership team and shared with the Board.

### Employee Development

A comprehensive Learning and Development (L&D) strategy is being created. While this strategy is under development, we rigorously monitor L&D expenditure and empower employees with an annual budget for professional development.

IDH puts a special focus on leadership development, where 9 multi-day Leadership Trainings were facilitated in the course of 2023, with more than 60 People Managers participating from our sites in India, Indonesia, Kenya, the Netherlands



and Vietnam. The IDH Leadership participated in a 360 assessment, focusing on integration of IDH values into their leadership styles and behaviours.

## Employee Wellbeing

Prioritising employee wellbeing, we conduct annual engagement surveys and facilitate tailored sessions across various organisational levels to address specific needs and enhance overall employee satisfaction and welfare. In the last year, the IDH overall engagement score has increased from 3.7 to 3.8 (on a scale from 0-5) which is closely monitored. IDH has been investing in flexible working arrangements (flexible working hours, working from home, remote work) as well as revising the benefits packages in its biggest locations. The overall scores for the “Work-Life Balance” and “Employment Conditions” have increased by 7% and 4% respectively.

## Remuneration Transparency

IDH has undergone a major transformation through the introduction in January 2023 of a unified job evaluation methodology across all its locations. The levels of all jobs are openly shared, which ensures transparency on organisational structure, internal mobility, and talent development.

IDH adopted a global compensation strategy in 2023, reviewing the compensation and benefits packages per country and aligning remuneration levels with the IDH global compensation philosophy as well as local market practices. IDH has established salary scales across our largest sites to foster remuneration transparency: salary ranges are openly communicated to employees.

# Governance

## Board Transparency

IDH's governance structure is documented in the Governance code. The document provides comprehensive insights into the role and functioning of the Supervisory Board within IDH, focusing on its interventions, advisory role to the Executive Board, and adherence to principles and practices.

## Communication Transparency

IDH takes a proactive stance on communication, recognising its critical role in fostering transparency, accountability, and trust within sustainable trade initiatives.

Internally, IDH holds a weekly meeting with all employees to share updates on the organisation.

Our financial reporting is in accordance with the Guideline for Annual Reporting 640 “Not-for-profit organisations” of the Dutch Accounting Standards Board and with the requirements of the “Wet normering bezoldiging topfunctionarissen (semi) publiek sector”.

## Anti-Corruption

IDH has an anti-bribery and anti-corruption policy in place. We will continue to work to train our staff on best practices and to promote our core value integrity within the organisation.

As part of the onboarding process, all new employees need to attend a mandatory online training on this subject. Employees sign IDH's code of conduct as part of their employment contract, affirming their commitment to abstain from engaging in any form of corrupt activities.

No corruption cases were raised through our SpeakUp policy or system in 2023.

## Responsible Finance

Among the core roles IDH plays through its work are co-designing and co-financing innovative projects/pilots/ business models with a wide range of partners in the agriculture and textile & manufacturing sectors. In doing so, IDH strives to positively contribute towards Better Environment, Better Jobs and Better Income goals. On the other hand, IDH acknowledges that even the most well-intentioned projects may have potential and unintended negative impacts or risks that may arise at implementation.

To proactively identify and mitigate such potential unintended negative environmental, social and governance impacts and/or risks in projects it co-finances, IDH has drafted an Environmental and Social policy for projects. The strengthened policy is centred around 6 core principles or material topics against which IDH co-financed projects shall be screened for risks and mitigation measures put in place for them.

The policy, system and tools will be piloted in the first two quarters of 2024 before formally being launched in Q3 2024.



# Financials

The consolidated P&L of IDH reflects two different main activities, 'IDH Invest' by the Farmfit Fund entities, next to 'IDH Convening & Programs', including the Life and Building Safety (LABS) program. As the investment fund is in its early years, by its nature, it runs losses whereas the IDH Convening & Programs activities are fully funded and have a net zero result.

In 2023 the consolidated income of Stichting IDH amounts to €60.8m, which is an increase versus last year of €8.4m but slightly lower than budget (€61.8m). The consolidated result is €-2.0m (last year €-2.4m) that relates completely to Farmfit Fund. The Management Board of IDH Farmfit Fund has assessed this situation 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 is confident that the Fund will achieve its target for 2024. The Management Board is of the opinion that sufficient income will be generated in 2024 and beyond to cover the cumulative losses. 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.

The result of IDH Convening & Programs (before share in profit/loss of participations) was nil, the same as in 2022, since income is matched with expenditures during the year. The table below shows the key financials for the Program's activities (referred to as 'Stichting IDH, including entity LABS').

## Key financials IDH Convening & Programs

|   | Actuals 2023 | Budget 2023 | Actuals 2022 |
|---|--------------|-------------|--------------|
| IDH reported income (mln)   | € 59.8       | € 59.9      | € 51.9       |
| Total program cost  | € 51.8       | € 52.7      | € 44.6       |
| Total organizational cost   | € 7.8        | € 7.1       | € 6.9        |
| Organizational cost/total cost (%)  | 13.1%        | 11.9%       | 13.4%        |
| IDH program contribution, excl private & other (mln)                                | € 24.1       | € 22.6      | € 20.8       |
| Private sector contribution (mln)   | € 43.8       | € 46.8      | € 42.7       |
| Ratio private-sector contribution to IDH program contribution, excl private & other | 1.8          | 2.1         | 2.1          |
| Share core funding in total funding (%)   | 43%          | 42%         | 39%          |
| Share core Dutch MFA in total funding (%)   | 39%          | 37%         | 33%          |
| Share Dutch MFA in total funding (%)  | 51%          | 53%         | 46%          |
| Share strategic funding in total funding (%)  | 73%          | 75%         | 65%          |



In 2023 total reported income of €59.8m was €7.9m higher than last year and in line with budget 2023. Total program cost increased by €7.2m which was mainly driven by increases in program contributions to third parties of €2.2m and program personnel cost of € 3.2m. Compared to budget program cost was €0.9m lower due to lower personnel and travel cost (€-1.7m) compensated by higher program contributions to third parties (€0.8m).

The organisational cost increased with €0.9m versus 2022 mainly driven by higher office rental cost due to inflation indexation and energy charges, next to ICT and communication cost which mostly was foreseen as IDH continued investing its global operating systems, its branding and implementation of One Way of Working in all functional disciplines. The increase versus budget of €0.7m is mainly driven by more training and staffing cost, higher rent and travel. As a result, the corporate organisational cost expressed as a percentage of total cost was 13.1% and therefore lower than last year (13.4%), but higher than budget (11.9%).

In 2023, we leveraged IDH program contribution to third parties (excluding private and other managed funding by IDH) with a private-sector contribution ratio of 1.8, which is lower than last year and budget mainly due to lower spendings in some Landscapes programs that affect the co-funding. These private-sector investments into our projects are audited by external financial auditors. Public-private funding ratios vary per project, depending on the degree of convergence between the public good and the private interest, the number of private partners involved in the program and/or how much market finance can be leveraged in case of innovative finance projects.

In 2023, 43% 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 (MFA NL), 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 2023 at 39%), and the share of total Dutch MFA in IDH's funding to decrease to 25% by 2030 (in 2023 at 51%). The percentages in 2023 were in line with the budget.

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 with more strategically aligned donors, that are easier to manage.

#### **Strategic program donors are defined as donors that:**

- commit for a minimum of 3 years;
- commit for a minimum of 2 million EUR per year;
- go beyond program/project level: for example, strengthening IDH's thought leadership by contributing to IDH Learning & Innovation programs or funding at impact theme level;
- accept the MYP as the main strategic framework;
- exceptionally a donor can be counted as strategic based on funding size and duration alone, when a donor funds a minimum 4 million per year and contracts for a minimum 3 years or funds a minimum of 12 million for at least 3 years.

The share of strategic partner funding in total funding increased in 2023 to 73% versus 65% in 2022, in absolute amounts an increase of €9.5m. This is mainly due to higher usage of the core-funding (€5.6m) and higher amounts of the program funding of NORAD (€1.4m) and Bill & Melinda Gates Foundation (€0.8m). The percentage is slightly lower than budget (75%) due to lower spendings on the program funding for the Initiative for Sustainable Landscapes (ISLA) program.

It was agreed with the Dutch Ministry of Foreign Affairs that IDH will not use the Dutch governmental subsidy for creating a reserve 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. This should safeguard future liabilities that might result from IDH's inability to build up a reserve 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.

It is expected that we will surpass the increased MYP 2021-2025 objective of €292m as per end 2023, as the secured funding amounted to €282m per year end, with €60m of likely/possibly funding in the pipeline. For the period 2026-2030 already €86m has been secured and about €120m is in pipeline as likely/possibly funding.

As in all previous years, the auditor expressed an unqualified audit opinion on the 2023 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.

We organise sessions with the aforementioned business units, country offices and corporate departments in preparation for the corporate risk table. The results from these sessions are aggregated and presented to the management team and Supervisory Board for selection of the key risks of the organisation. The risk manager then ensures proper follow up of risk management. In addition, risk leaders are appointed to closely monitor the core risks and the mitigation actions and follow up with the relevant people involved.

The progress on defined mitigation measures and projects are quarterly discussed in the country and BU management meetings.



The table below shows an overview of the key risks and mitigation actions taken, as reflected in our Annual Plan 2023.

| Risk  | Cause   | Consequence   | Occurrence in 2023   | Mitigation action  |
|---|---|---|--|--|
| <b>Preventable</b>  |   |   |  |  |
| <b>Inefficient knowledge management</b>   | <p>No central knowledge management system, diverse database landscape</p> <p>Limited knowledge sharing between teams</p> <p>Growth of the organisation and staff turnover</p>   | <p>Limited overview of cross-cutting team and/or sectoral collaboration opportunities</p> <p>Less informed choices and less effective program/ project design</p> <p>Lack of learning</p> <p>Duplication of efforts</p>   | <p>Partially – opportunities to share knowledge and learnings more effectively in the organisation, but first steps to improve did limit risk consequences</p> | <p>Improved onboarding process and program, leading to a more uniform sharing of knowledge and information to new joiners</p> <p>Active sharing of knowledge and learnings by the Strategy &amp; Insights team through internal learning sessions and external events</p> <p>More trainings were added to the online training system (IDH Academy) and a system change training was organised</p> <p>Knowledge management will be further enabled in 2024 by go-live of SharePoint and the further implementation of data strategy</p> |
| <b>IDH being involved in/ associated with non-compliance/ sanctionable practices such as fraud and corruption</b> | <p>Business laws vary and are not always clear in countries in which IDH operates</p> <p>Business laws/ local requirements change over time (sometimes for political reasons)</p> <p>Requisite registration processes take a long time</p> <p>Growth of the organisation and potential lack of staff visibility</p> | <p>Larger size of the organisation means higher chance of activist targeting / public attention for the partnerships and work that IDH does</p> <p>Reputational damage and potential donor funding consequences</p> <p>Not being able to operate in a certain country</p> <p>Fees/fines</p> | No   | <p>Implementation of a country operation and control framework which led to more clarity on the roles and responsibilities of the country offices</p> <p>Local law firms were engaged in all country offices, providing regular updates on changes in regulations</p>  |
| <b>Loss of key personnel</b>  | <p>High demand in commercial sector for people with a sustainability background</p> <p>Salary levels not competitive compared to other sectors</p> <p>Flexibility asked from remaining (junior) team members</p>  | <p>Need to rebuild partnerships (that were linked to the leaving staff member)</p> <p>Loss of knowledge</p> <p>Delay in reaching objectives – more time invested in onboarding new staff members</p> <p>More pressure on remaining staff members</p>  | <p>Partially, due to other opportunities for staff members, work done to improve working conditions and talent development let to limit occurrence of risk</p> | <p>Implemented clear and transparent salary house and introduced alternative attractive ways to improve the benefits package (remote working policy etc)</p> <p>Assessed and addressed staff concerns in employee surveys, conducted exit interviews to understand reasons for leaving, and address them through policies, training and guidance</p> <p>Built capacity and training of management level</p> <p>Developed a Competency &amp; Career framework, to be implemented in 2024</p>  |



| Risk   | Cause   | Consequence  | Occurrence in 2023  | Mitigation action  |
|--|---|--|---|--|
| <b>Strategic</b>                               |   |  |   |  |
| <b>Diffusion of IDH brand identity</b>         | <p>Growth/internationalisation of the organisation</p> <p>Decentralisation of structures, teams, and local settings</p>   | <p>Not acting as one organisation to the outside world</p> <p>Lack of connection between country office teams and HQ</p> <p>Lack of internal alignment</p> | No  | <p>The IDH brand identity and internal and external communication material was shared, and staff was trained on the IDH pitch</p> <p>IDH corporate values were further defined with staff and leadership and training on the values was conducted with all staff members</p> <p>Through the Global Leadership Team we worked to ensure strong alignment between all entities within the IDH organisation</p> |
| <b>Lack of license to operate in a country</b> | <p>Being active in regions with autocratic-democratic states</p> <p>Not acknowledging the governments' role in the work IDH does</p> <p>Not working in line with governments' way of working</p>  | <p>Being excluded in certain countries</p> <p>Not being able to make impact in a certain country/ region</p> <p>Loss of partnerships</p>                   | No  | <p>Strong focus on compliance with relevant regulations and regular reporting ensured that there were no compliance issues in the country offices</p> <p>The seniority of the leadership in the organisation and the constant alignment on strategy and strong convening capacity ensured that IDH was well positioned in the countries where we operate</p>   |
| <b>Reliance on performance of IDH partners</b> | <p>IDH is working with many SMEs to implement projects and deliver impact</p> <p>SMEs have less (financial) security to fall back on</p> <p>SMEs not able to deliver results, or go bankrupt during a project</p> <p>SMEs generally have less qualified systems/tools in place to be able to report at the quality IDH requires</p> | <p>Lack of data to report on</p> <p>Loss of funding</p> <p>Not being able to make the desired impact</p> <p>Reputational damage</p>                        | Partially, due to the type of partners we work with and the context in which we operate some challenges in reporting occurred. Due to the mitigating measures the consequences remained limited | Continued to assess all partners before engaging in contracting and worked to minimise risks as much as possible through training of partners and in contracting conditions  |



| Risk  | Cause  | Consequence   | Occurrence in 2023  | Mitigation action  |
|---|--|---|---|--|
| <b>Strategic</b>  |  |   |   |  |
| <b>Achieving impact goals takes too long and is hard to measure</b> | <p>Not being able to measure/ document attributable impact (e.g. of convening activities) and lack of clear KPIs on convening within donor contracts</p> <p>Lack of maturity of implementing partner reporting and how partners gather their data</p> <p>M&amp;E systems to collect all quantitative and qualitative inputs under development</p> <p>Changes happen at a slower pace than expected (e.g. longer approval process from governments/project contracting) and the team discovers new issues to research during the process</p> <p>Too ambitious when making plans and allocating budgets</p> <p>Inability to create change in businesses as expected; desired impact interventions ineffective</p> <p>External factors (e.g. political, economic, Covid-19, climate change)</p> | <p>Losing trust of donors resulting in lower future funding</p> <p>Reputation of IDH</p> <p>Low return on investment/low effectiveness, as funding cannot be allocated to other projects/ programs/ countries</p> <p>Internal motivation of staff</p> | Partially, on portfolio level IDH is lagging on some original targets, especially with long-term impacts such as closing living wage and living income gaps | IDH closely monitors and evaluates progress of its portfolio of programs and projects to achieve the multi-year impact targets as set in MYP2021-25. In 2023 conducted a series of third-party program evaluations and started a corporate portfolio mid-term evaluation. Combined with the monitoring data and adjusted forecasts that were published in the annual plan 2024, IDH gained insight in lagging KPIs and result areas. |

| Risk  | Cause   | Consequence   | Occurrence in 2023 | Mitigation action  |
|---|---|---|--------------------|--|
| <b>External</b>   |   |   |                    |  |
| <b>Global recession and economic volatility</b>   | Economic situation world-wide   | <p>Increase in interest rates</p> <p>Increase in costs</p> <p>Not being able to close the living income/wage gaps</p> <p>Less sustainable agricultural practices due to increase in poverty</p> | Partially          | <p>Global political and economic developments had an effect on interest rates and costs</p> <p>In close consultation with the teams in the countries where we operate, we worked to limit the risk and consequences to our projects and partners</p>                         |
| <b>Data loss due to hacking or hostage-taking of systems and/or confidential data (GDPR-related) by IDH or partners</b> | <p>Cybersecurity breach through criminals penetrating IDH data, financial and management systems</p> <p>Associates/(local) employees using their own personal devices</p> | Inability to operate, financial damage and/or reputational damage for IDH   | No                 | <p>IDH's IT systems were further improved: project 'Join-us' started to bring all devices under central ICT control</p> <p>Cyber security training as part of onboarding program, phishing test and subsequent organisational communications to raise staff awareness</p>    |
| <b>IDH employees at risk during travel</b>  | IDH operating and IDH staff working in or travelling to countries that are considered high risk   | <p>Employee gets injured, kidnapped or needs to be evacuated</p> <p>Employees do not feel safe when travelling</p> <p>Reputational damage</p>   | No                 | <p>An improved safety policy and crisis management protocol was implemented, and all staff were trained on the rules when travelling</p> <p>All staff members are required to complete a dedicated (online) training before travelling to medium and high-risk countries</p> |







# Summary financial statements

This chapter contains a summary of the financial statements of Stichting IDH. The goal of this summary 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 financial statements which are available on request. Both the financial statements and this summary 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 organisations" 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, 2023 (€) | (€)        | December 31, 2022 (€) |
|---|------------|-----------------------|------------|-----------------------|
| <b>ASSETS</b>                               |            |                       |            |                       |
| Financial fixed assets                      |            | 15,794,129            |            | 11,596,677            |
| Intangible fixed assets                     |            | 494,561               |            | 211,814               |
| Tangible fixed assets                       |            | 302,917               |            | 172,059               |
| Current assets                              |            | 49,526,008            |            | 48,831,877            |
| Accounts receivable                         | 246,172    |                       | 906,866    |                       |
| Deferred program contributions              | 2,036,461  |                       | 2,821,816  |                       |
| Other receivables and prepaid expenses      | 6,957,948  |                       | 5,868,342  |                       |
| Cash at bank                                | 40,285,427 |                       | 39,234,854 |                       |
| <b>TOTAL ASSETS</b>                         |            | <b>66,117,615</b>     |            | <b>60,812,427</b>     |
| <b>LIABILITIES &amp; EQUITY</b>             |            |                       |            |                       |
| Equity                                      |            | -8,216,962            |            | -6,175,338            |
| Other reserve IDH Investment Management BV  | 628,851    |                       | 464,834    |                       |
| Other reserve IDH Farmit Fund BV            | -9,028,314 |                       | -7,069,062 |                       |
| Other reserve Farmfit Guarantee Facility BV | 20,120     |                       | 14,275     |                       |
| Other reserve LABS                          | 61,725     |                       | 411,442    |                       |
| Other reserve India HUB                     | 94,788     |                       | 3,173      |                       |
| Other reserve IDH Solutions BV              | 5,868      |                       |            |                       |
| Long-term liabilities                       |            | 42,011,974            |            | 33,353,166            |
| Profit sharing loan                         | 15,059,855 |                       | 10,202,213 |                       |
| Redeemable grant                            | 26,744,091 |                       | 23,045,084 |                       |
| Provisions                                  | 208,028    |                       | 105,869    |                       |
| Short-term liabilities                      |            |                       |            |                       |
| Appropriated funds                          |            | 21,134,116            |            | 23,936,998            |
| Institutional funding                       | 5,693,103  |                       | 5,366,799  |                       |
| Earmarked funds                             | 15,441,013 |                       | 18,570,199 |                       |
| Trade and other payables                    |            | 11,188,489            |            | 9,697,601             |
| Accounts payable                            | 3,055,653  |                       | 3,414,550  |                       |
| Accrued expenses                            | 192,494    |                       | 194,409    |                       |
| Personnel commitments                       | 1,214,687  |                       | 1,014,576  |                       |
| Program commitments                         | 5,691,101  |                       | 4,354,318  |                       |
| Other liabilities                           | 1,034,555  |                       | 719,748    |                       |
| <b>TOTAL LIABILITIES &amp; EQUITY</b>       |            | <b>66,117,615</b>     |            | <b>60,812,427</b>     |

## Consolidated statement of income and expenditure

|   | Actuals 2023 (€)  | Budget 2023 (€)   | Actuals 2022 (€)  |
|---|-------------------|-------------------|-------------------|
| <b>INCOME</b>                               |                   |                   |                   |
| Subsidies from governments                  | 46,072,077        | 46,965,485        | 40,283,060        |
| Other income                                | 14,732,336        | 14,798,584        | 12,122,247        |
| <b>Total income</b>                         | <b>60,804,443</b> | <b>61,764,069</b> | <b>52,405,307</b> |
| <b>EXPENDITURES</b>                         |                   |                   |                   |
| Program contributions                       | 27,476,925        | 26,645,037        | 25,268,198        |
| Program personnel cost                      | 16,932,928        | 18,361,178        | 13,808,846        |
| Program office cost                         | 796,129           | 894,981           | 995,240           |
| Program travel and other program cost       | 4,918,715         | 4,584,740         | 3,406,414         |
| Program communication cost                  | 415,315           | 749,060           | 376,499           |
| Program impact assessments & evaluations    | 1,256,054         | 1,475,404         | 893,778           |
| <b>Total program expenditures</b>           | <b>51,796,065</b> | <b>52,710,400</b> | <b>44,748,975</b> |
| Personnel cost                              | 6,139,223         | 6,059,458         | 5,771,987         |
| Office costs (housing and IT)               | 1,645,595         | 1,587,856         | 1,467,169         |
| Corporate communication cost                | 733,367           | 796,904           | 372,235           |
| Other organisation cost                     | 1,257,444         | 1,590,415         | 1,433,027         |
| <b>Total organisational expenditures</b>    | <b>9,775,630</b>  | <b>10,034,633</b> | <b>9,044,418</b>  |
| <b>Operating result</b>                     | <b>-767,252</b>   | <b>-980,964</b>   | <b>-1,388,086</b> |
| Interest (income)/expense                   | 408,120           | 115,684           | 473,823           |
| Bank charges                                | 100,280           | 40,352            | 45,105            |
| Foreign exchange (gain)/loss                | 714,401           | -                 | 472,695           |
| <b>Result before taxation</b>               | <b>-1,990,053</b> | <b>-1,137,000</b> | <b>-2,379,709</b> |
| Corporate income tax                        | 51,572            | -                 | 7,090             |
| <b>RESULT AFTER TAXATION</b>                | <b>-2,041,625</b> | <b>-1,137,000</b> | <b>-2,386,799</b> |
| <b>Appropriation of funds</b>               |                   |                   |                   |
| Transferred to/from                         |                   |                   |                   |
| Other Reserve LABS                          | -349,717          | -                 | -84,106           |
| Other Reserve IDH Investment Management BV  | 164,017           | -102,000          | 30,007            |
| Other Reserve IDH Farmit Fund BV            | -1,959,252        | -1,035,000        | -2,343,268        |
| Other Reserve Farmfit Guarantee Facility BV | 5,845             | -                 | 7,395             |
| Other Reserve IDH Solutions BV              | 5,868             | -                 | -                 |
| Other Reserve India HUB                     | 91,615            | -                 | 3,173             |
| <b>RESULT</b>                               | <b>-2,041,624</b> | <b>-1,137,000</b> | <b>-2,386,799</b> |



## Program contribution and co-funding per program cluster

| Business Unit              | Program Cluster            | 'Core' donor contribution to programs | Other program donors | Subtotal IDH funding | Private Donor (A) | Private project co-funding (B) | "Subtotal (A+B): Private co-funding to Programs" | Private co-funding ratio to Programs | Other project co-funding |
|----------------------------|----------------------------|---------------------------------------|----------------------|----------------------|-------------------|--------------------------------|--|--------------------------------------|--------------------------|
| Agri Commodities           | BU Cross Commodities       | 60                                    | 0                    | 60                   | 0                 | 16                             | 16   | 1:0.3                                | 0                        |
| Agri Commodities           | Cocoa                      | 876                                   | 609                  | 1,485                | 82                | 2,863                          | 2,944  | 1:2                                  | -388                     |
| Agri Commodities           | Coffee                     | 1,100                                 | 851                  | 1,950                | 90                | 6,589                          | 6,679  | 1:3.4                                | -56                      |
| Agri Commodities           | Tea                        | 628                                   | 713                  | 1,341                | 619               | 97                             | 716  | 1:0.5                                | 44                       |
| Agri Commodities           | Sector initiatives         | 1,795                                 | 72                   | 1,867                | 384               | 2,341                          | 2,726  | 1:1.5                                | 139                      |
| Value Chain Transformation | Value Chain Transformation | 679                                   | 2,317                | 2,997                | 6                 | 2,311                          | 2,317  | 1:0.8                                | 0                        |
| Value Chain Transformation | Farmfit Business Support   | 91                                    | 2,062                | 2,153                | 0                 | 2,666                          | 2,666  | 1:1.2                                | 0                        |
| Landscapes                 | Landscape Finance          | 0                                     | 713                  | 713                  | 0                 | 895                            | 895  | 1:1.3                                | 92                       |
| Landscapes                 | Landscapes                 | 369                                   | 5,872                | 6,241                | 701               | 5,770                          | 6,471  | 1:1                                  | 4,948                    |
| Landscapes                 | Markets                    | 141                                   | 68                   | 209                  | 0                 | 0                              | 0  | 1:0                                  | 0                        |
| Landscapes                 | SourceUp                   | 0                                     | 369                  | 369                  | 0                 | 0                              | 0  | 1:0                                  | 0                        |
| Textile & Manufacturing    | Materials                  | 1,311                                 | 1,012                | 2,322                | 0                 | 16,031                         | 16,031   | 1:6.9                                | 884                      |
| Textile & Manufacturing    | Apparel                    | 999                                   | 0                    | 999                  | 38                | 563                            | 601  | 1:0.6                                | 402                      |
| Textile & Manufacturing    | LABS                       | 0                                     | 0                    | 0                    | 1,498             | 0                              | 1,498  |                                      | 0                        |
| Insights and Strategy      | Insights and Strategy      | 344                                   | 407                  | 751                  | -22               | 65                             | 44   | 1:0.1                                | 0                        |
| Insights and Strategy      | Innovative Finance         | 0                                     | 89                   | 89                   | 0                 | 0                              | 0  | 1:0                                  | 0                        |
| Other                      | Farmfit fund               | 371                                   | 0                    | 371                  | 0                 | 177                            | 177  | 1:0.5                                | 0                        |
| Other                      | Monitoring and Evaluation  | 42                                    | 0                    | 42                   | 0                 | 0                              | 0  | 1:0                                  | 0                        |
| Other                      | Other                      | 121                                   | 0                    | 121                  | 0                 | 0                              | 0  | 1:0                                  | 0                        |
| <b>TOTAL</b>               |                            | <b>8,929</b>                          | <b>15,152</b>        | <b>24,081</b>        | <b>3,396</b>      | <b>40,383</b>                  | <b>43,780</b>                                    | <b>1:1.8</b>                         | <b>6,066</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 organisation 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 for the consolidated financial statements 2023 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 organisations' 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.

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

The organisation 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 utilises this Policy as a guideline for these financial statements.

### Going concern

In 2020, IDH entered a 10-year strategic partnership with the Dutch Ministry of Foreign Affairs (MFA) for EUR€150m in core funding. In 2021, Stichting 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. During 2023 new partner agreements were signed, a 5-year partnership with NORAD for €22M destined to Food Systems in East Africa starting from 2024, and a second phase of NISCOPS (The National Initiatives for Sustainable and Climate-Smart Oil-Palm Smallholders) as from 2024, funded

equally by MFA and FCDO each for an amount of €9M for a period of 5 years complementing market-driven, supply chain initiatives in palm-oil producing countries.

The Executive Board believes that Stichting 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, Stichting IDH has not created a reserve for continuity. To flag the related risk, IDH reports to the Ministry of Foreign Affairs on an annual basis, together with a cash reconciliation, 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 Farmfit Fund will be able to realise 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. Entities in which Stichting IDH exercises control, owns the shares, 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 realised 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 and developments in 2023

- Côte d'Ivoire has been legally registered on 22 October 2023, though the registration of the entity in the local trade register has not been finalised on 31 December 2023 and therefore the incorporation into IDH Group is not completed. It is expected to be completed in the second quarter of 2024. Côte d'Ivoire, for the purpose of 2023 financial statements, will remain a hosted country.
- In Nigeria the registration and incorporation of a legal entity has been started in 2023 but is not completed on 31 December 2023. It was established beginning 2024. For the purpose of 2023 financial statements, Nigeria will remain a hosted country.
- IDH Solution BV, a for-profit entity, has been legally incorporated on 3 January 2023 and has share capital of EUR 1,000 owned 100% by Stichting IDH. The total activities performed by IDH Solutions in 2023 are deemed not material and the revenue for 2023 has been only EUR 11,5k. The business model is still under development, viable options are being discussed with various consultants and finalization of the cost-recovery model is expected to be finalised during 2024. For 2023 financial statements, IDH Solution will be fully consolidated.

The list below includes all the entities consolidated for 2023 with brief description of the scope and legal structure.

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

The objective of this entity 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 organisation and governance.

The Board consists of one internal Board Member.

Stichting Life and Building Safety is registered with the Dutch Chamber of Commerce under number 70253811.

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

The objective of this entity is 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.

The Board consists of two internal Board Members and three external Board Members.

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 internal Board Members and two external Board Members.

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

- **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.

The Board consists of three internal Board Members.

IDH Brazil Sustainable Trade Initiative is registered with the National Register of Legal Entity under number 455.074.

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

The objective of this entity 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 consists of 7 internal Board Members.

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 to bring the entity under IDH's control. IDH India HUB Private Limited Business is supporting various Stichting IDH-programs in India. 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 to comply with the requirement to have a local resident as shareholder.

The Board consists of three internal Board Members.

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

**Farmfit Fund consists of 3 entities:**

- **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 Boards consists of two internal Board Members.

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 Board consists of one internal Board Member.

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 favour 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 Organisation 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 Board consists of one internal Board Member.

Farmfit Guarantee Facility B.V. is registered at the Dutch Chamber of Commerce under number 74985329.

- **IDH Solutions B.V. the Netherlands (100%)**

IDH Solution BV has been legally incorporated on 3 January 2023 and has share capital of EUR 1,000 owned 100% by Stichting IDH.

IDH Solution is a for-profit legal entity registered for VAT and income tax, with the capability to deliver services and tools to companies to scale the IDH sustainability solutions without public funding. Any service provision by IDH Solutions will be conditional on delivery on IDH's impact goals and any profit re-invested in the core impact IDH activities.

The Board consists of two internal Board Members.

IDH Solution B.V. is registered at the Dutch Chamber of Commerce under number 88809390.

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 below table shows the remuneration of the employees that are qualified, in accordance with the WNT, as senior executive.

## 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 |
| Employment agreement           | Yes                             | Yes                           |
| Type                           | Indefinite period               | Indefinite period             |
| Hours per week                 | 40                              | 40                            |
| Part time percentage           | 100%                            | 100%                          |
|                                |                                 |                               |
| <b>Details 2023</b>            |                                 |                               |
| Period                         | 1 Jan - 31 Dec 2023             | 1 Jan - 31 Dec 2023           |
| Remuneration and allowances    | € 169,565                       | € 143,881                     |
| Future benefits                | € 16,222                        | € 19,077                      |
| <b>Total remuneration 2023</b> | <b>€ 185,787</b>                | <b>€ 162,958</b>              |
| <b>Maximum Allowable WNT</b>   | <b>€ 205,000</b>                | <b>€ 205,000</b>              |
|                                |                                 |                               |
| <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>              |



For information regarding ancillary positions please refer to Annex 4. The members of the Supervisory Board do not receive any remuneration, only travel expenses incurred are reimbursed.

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 K. Rudischhauser | Member   | 20 May 2020      |              |
| Mr R.A. Ecclissato  | Member   | 9 March 2023     |              |
| Mrs. T. Strauss     | Member   | 5 September 2023 |              |
| Mrs. S. Bora        | Member   | 5 September 2023 |              |
| Mrs. B.N. Njobe     | Member   | 30 November 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
- Director of IDH Brazil Sustainable Trade Initiative
- Member of the Executive Board of IDH India Hub Private Limited
- Member (President) of the Executive Board of IDH Côte d'Ivoire

### **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.
- Director of IDH Brazil Sustainable Trade Initiative
- Member of the Executive Board of IDH India Hub Private Limited

- Director of Stichting IDH Sustainable Trade Initiative (Tanzania INGO)
- Member (Treasurer) of the Executive Board of IDH Côte d'Ivoire

## Supervisory Board

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

- Former Executive VP, member of the Executive board, head of Global Operations for Nestlé
- Member of the Supervisory Board of Carlsberg A/S
- Member of the Executive Council of o9
- Senior Advisor at the Boston Consulting Group (BCG)
- Executive in residence at the IMD business school in Lausanne
- 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 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 fmiba
- Chairman of DataContexts ApS

### **Mrs. S. Bora (appointed as a member of the Supervisory Board on 5 September 2023)**

- Global Director, Regenerative Food Systems, The Nature Conservancy
- Regen10 High Level Advisory Group
- Advisory Board for Global Trend Sensing for Health Equity, Robert Wood Johnson Foundation
- Member of GreenBiz Food Advisory Board

### **Mr. R.A. Ecclissato Jr. (appointed as a member of the Supervisory Board on 22 November 2022)**

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

### **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 Board of Stichting Codarts Hogeschool voor de Kunsten

**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' organisation VNO-NCW

**Mrs. B.N. Njobe (appointed as a member of the Supervisory Board on 30 November 2023)**

- Chairperson of the Perishable Products Export Control Board (PPECB), South Africa
- Chairperson of the Forum for Agricultural Research in Africa (FARA), Ghana
- Chairperson of the Advisory Board of the NALA Sustainable Agriculture Fund, South Africa
- Independent Non-Executive Director of the Board of RFG Foods, South Africa
- Non-Executive Director of the Mediscor PBM Board, South Africa
- Trustee of the Old Mutual Foundation, South Africa
- Non-Executive Director Scamont Investment Holdings (PTY) LTD, South Africa
- Director Pan African Capital Holdings, South Africa
- Director NALA Capital Partners (PTY) LTD, South Africa
- Member of the Management Committee of the Association of Former Directors-General South Africa (AFDG)

**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
- Director General of the Hyperloop Development Programme (as of 1 Feb. 2024)

**Mrs. T. Strauss (appointed as a member of the Supervisory Board on 5 September 2023)**

- Head of Food and Water, World Economic Forum, New York
- Executive Member, Grow Asia Business Council, Singapore
- Member, Steering Board, 2030 Water Resources Group, World Bank, Washington D.C.

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:**

- 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 (until 2 February 2024)
- 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 2023 (hereafter: 'the summary financial statements') of Stichting IDH, based in Utrecht is derived from the audited financial statements 2023 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 2023 of Stichting IDH, on the basis described in paragraph Accounting Principles on page 80.

The summary financial statements comprise:

1. The summary statement of financial position at 31 December 2023;
2. The summary consolidated statement of income and expenditure 2023;
3. The related explanatory information;
4. The accounting principles;
5. Annex 4 - ancillary positions Executive Board and Supervisory Board.

### SUMMARY FINANCIAL STATEMENTS

The summary financial statements do not contain all the disclosures required by the 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 May 2024.

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

We expressed an unmodified audit opinion on the audited financial statements 2023 of Stichting IDH in our auditor's report of 29 May 2024.

### 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 May 2024

**Mazars N.V.**

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



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