



**the sustainable
trade initiative**

IDH Better Jobs Accelerator Fund

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IDH Better Jobs Accelerator Fund

Strengthening the fundamentals to enable change at scale

1. Linking global trends to Belgian markets

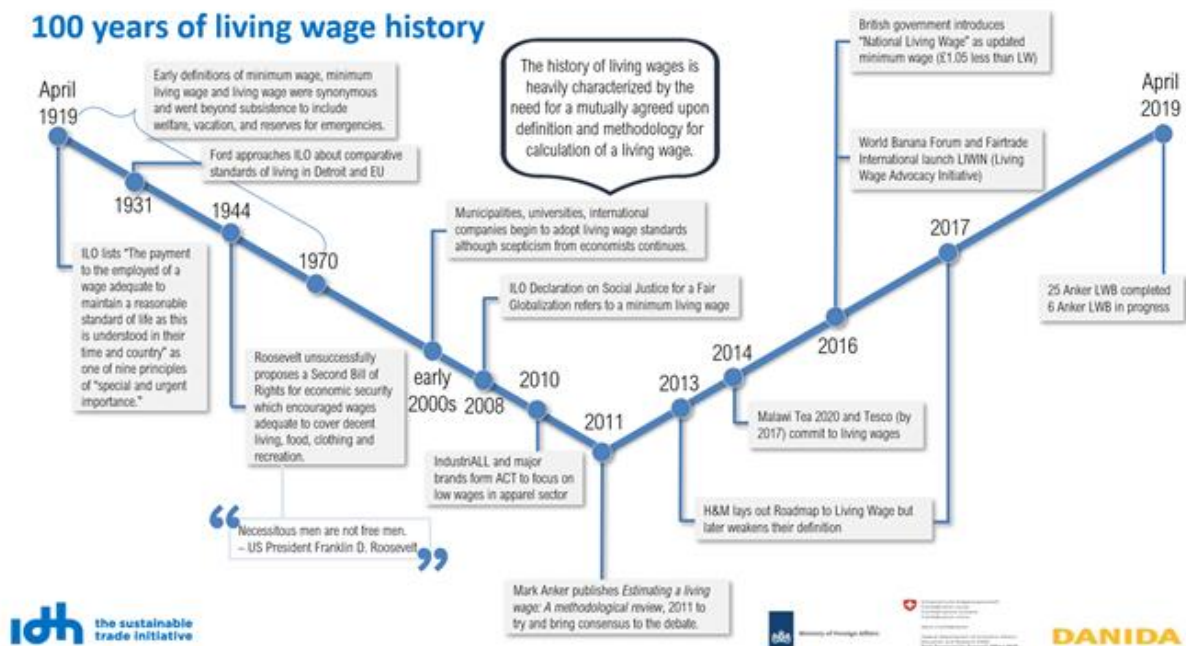
1.1. Challenging times ahead for Better Jobs and living wages¹

Since early 2020 the world has begun to realize the fragility of its social and economic systems due to the ravages of the COVID-19 virus. Millions of lives have been lost, incomes destroyed, global trade, travel and investments severely disrupted and national and personal priorities refocused. Over 100 million people have been pushed back into poverty by COVID-19 and the impacts of the contagion will likely last for years. Despite a growing global middle class, the gap in income inequalities at the extremes is getting bigger. Varying greatly between countries it is partly explained by difficult employment opportunities that particularly impact women. It has important consequences for women's rights, child labour, household incomes and migration patterns. It is now critical to create opportunities for decent jobs in agriculture and manufacturing, especially in countries with rapid population growth.

For over a century attempts have been made to reliably benchmark the wages needed to support a decent standard of living for a family. The concept of paying workers an amount sufficient to maintain a decent standard of life was first published in 1919 by the ILO. The first known effort by a company to pay a living wage was in 1931 when Ford measured costs of living in Detroit (USA) and Europe to establish wages that would enable workers to afford a similar standard of life. However, a lack of data and consistent approaches limited progress until 2011 when the Anker methodology achieved wide international acceptance as a reliable way of determining living wages. Over the last decade its application has played a significant role in catalysing wage improvements in global supply chains. This means more remuneration for female and male workers to achieve a decent standard of living while ensuring the long-term sustainability of the sectors in which they work. The trickledown effect of investing in better jobs cannot be underestimated, with lasting and enormous impacts on improving the lives of workers and their families.

¹ For a more elaborate trend analysis of COVID-19, trade, climate change, poverty and inequality and technology aspects, please see pages 8-11 of our IDH 2021-2025 Strategic Multi-Year Plan - "Catalyzing Private Sector Solutions for the Sustainable Development Goals, Addressing climate change and inequalities through public-private action".

100 years of living wage history



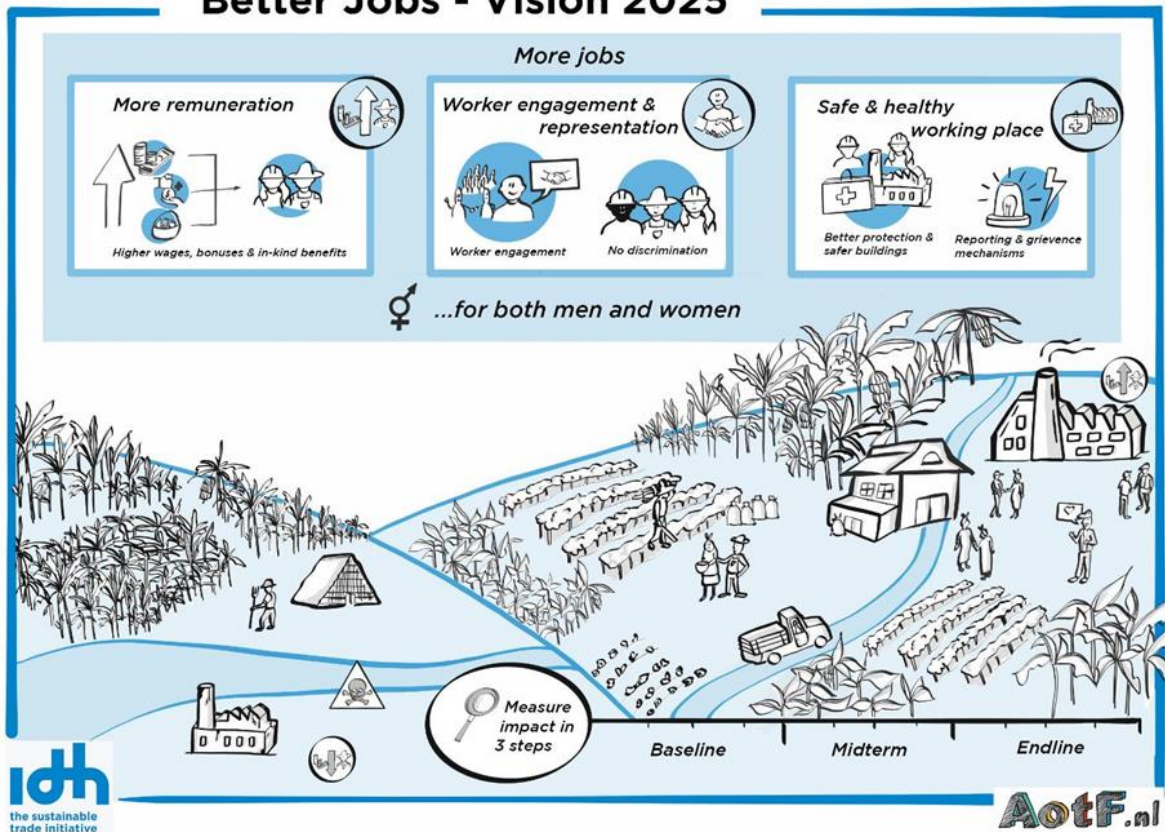
Innovative companies increasingly see the benefits in changing their strategies for procurement, investment, and farmer engagement to address social and environmental concerns. When companies adopt the Sustainable Development Goals (SDGs) as their own, their business and brands can benefit as well as their suppliers and workers, through decreased turnover, higher productivity and lowered reputational risks. Not only are the core elements of better jobs fundamental and globally recognized human rights, but they are aligned with the growing due diligence required by EU legislation.

IDH changes how we conduct business, become better at partnerships, and redefine capitalism, while ever striving for more impact for more people and our planet. We are in a unique position to move businesses further and faster on the road towards sustainable market transformation by aligning public and private players and building on the early successes of our business models to address ever more pressing and ambitious goals like better jobs to create more and deeper impact.

1.2. IDH approach to Better Jobs, Better Income and Better Environment

Through our 2021-2025 Strategy “Catalyzing Private Sector Solutions for the Sustainable Development Goals”, IDH is actively working on three impact themes: Better Income, Better Jobs and Better Environment. In the Better Income theme, we are working towards making incomes for smallholder farmers higher, more stable, more equitable (equal chances for men and women to reach a living income) and more sustainable (that do not harm the environment or the health of the farmers). When working on Better Jobs, we work on improving working conditions (safe and healthy working conditions), improving remuneration and supporting collective action. With Better Environment, we work on reducing GHG emissions and restoring and rehabilitating landscapes, integrating the global social and environmental agenda into one holistic approach, touching upon all aspects of the ecosystem in order to bring sustainable change. Gender is now mainstreamed across all themes.

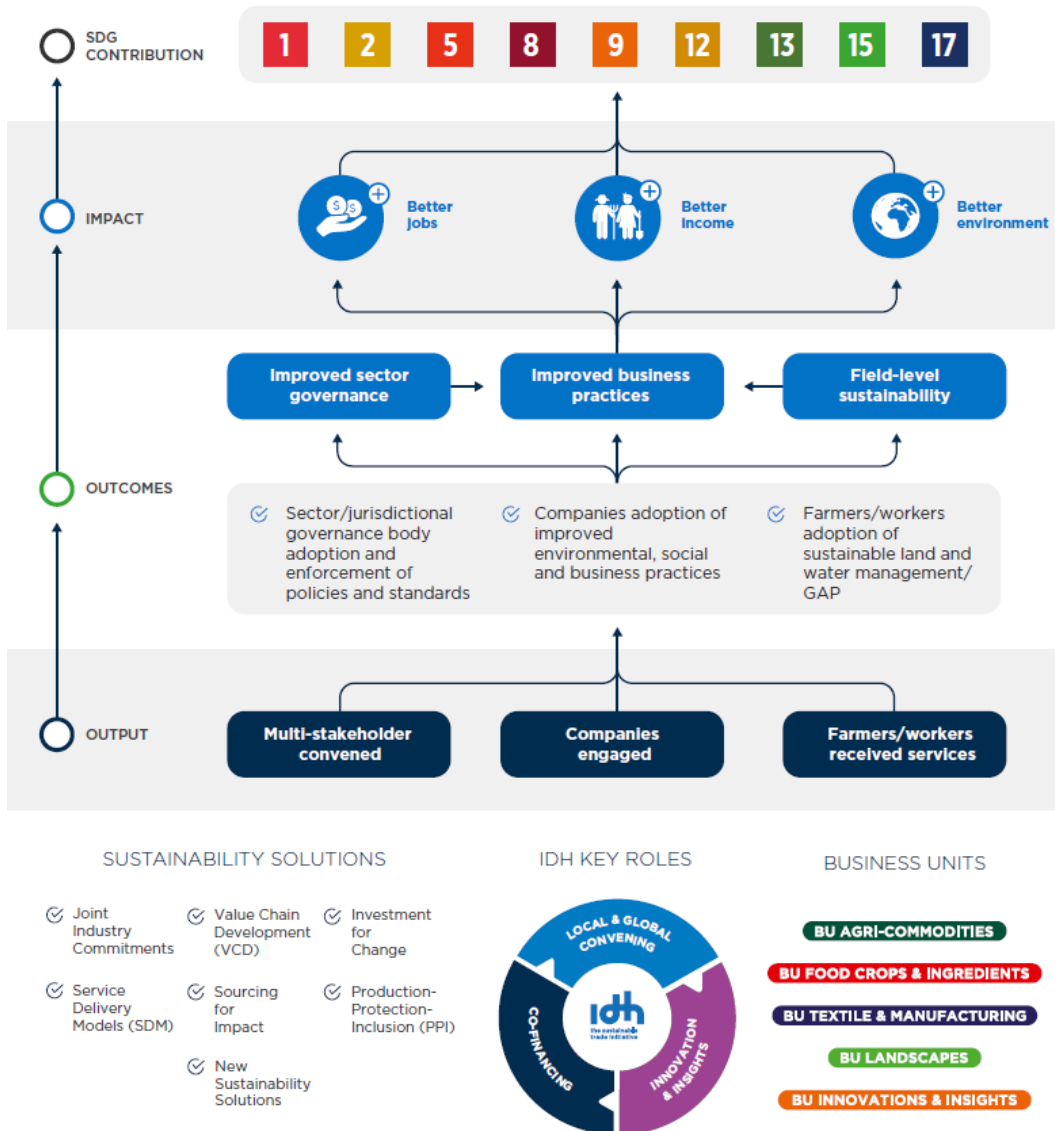
Better Jobs - Vision 2025



IDH has a unique way of working on these impact themes. For too long social and environmental issues have been approached as two different domains, with different interventions and often different organizations working on them. It is part of the IDH 2021-2025 strategy to integrate these two domains. We aim to create long lasting changes in sectors and geographies that we are active in by:

- Convening key actors in the supply chain around a sustainability agenda – creating energy and market demand for sustainably produced goods;
- Leveraging this energy by testing and co-funding innovative approaches with companies in their supply chains;
- Using data-driven insights to inform which innovative approaches make most sense to be tested, collecting data to see what works best and feeding this back to our partner companies;
- In working on concrete projects with companies, supported by hard data we can change their business practices, showing how sustainability makes full business sense;
- As business alone cannot create all changes needed, we also collaborate closely with the public sector, national governments, NGOs and civil society organizations to create the right conditions for change.

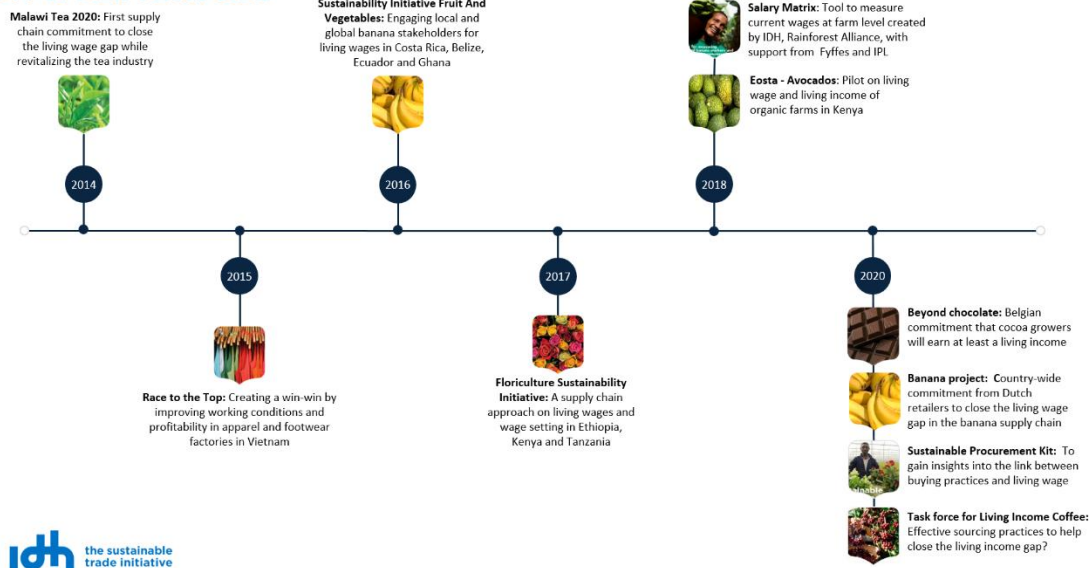
FIGURE 1: IDH APPROACH TO INCLUSIVE AND SUSTAINABLE TRADE



1.3. IDH Strategy and action on Better Jobs

IDH has built a track record in the areas of living wages and decent working conditions over many years. We started our work on living wage through creating more market demand with retailers and brands in several key commodities (a.o. bananas, floriculture and tea). Those initiatives informed our current strategy on Better Jobs.

IDH & BETTER JOBS



As part of our three impact themes, for Better Jobs we have built our existing insights and innovations on several impactful initiatives.

- Creating alignment and removing barriers to improve wages
 - o IDH founded the [Roadmap on living wages](#) based on five key barriers that companies faced when working to improve remuneration in their supply chains. Companies need reliable living wage benchmarks for every sourcing region; an understanding of workers' current earnings and how these compare to living wage benchmarks; uniformity in how living wage gaps are verified; practical solutions to remove barriers and close living wage gaps and finally access to best practices and learning on how the gaps can be reduced over time. By providing strong guidance and actionable tools like the [Salary Matrix](#) and the [Living Wage Benchmark Finder Tool](#), the Roadmap brings together key companies, certifications and key partners to take an aligned approach on action.



- Public commitments for living wage
 - o With [Malawi Tea 2020](#), IDH has used its strength in convening the full tea sector and civil society to work towards closing the living wage gap. Concrete action and projects have been implemented in the last 5 years with a good result of closing the gap with 30%. This concrete experience taught us what worked well and illuminated challenges to transforming a sector in a specific geography.
 - o In the [Dutch Retailers Commitment to Living Wage Bananas](#), a single buying country committed to close the living wage gap by 75%. The commitment is part of the Dutch

Agreement for the Food Products Sector on International Responsible Business Conduct and relies on the annual use of the Salary Matrix – a tool for measuring living wage gaps in supply chains that was developed by the Roadmap on Living Wages.

- Improving safe and healthy working conditions in apparel factories
 - o With our engagement in the [cotton](#) and [apparel](#) sector and in the aftermath of the Rana Plaza events of 2013, we took up the challenge to work with the private sector to improve working conditions in apparel factories through the [Life and Building Safety program \(LABS\)](#). LABS is an industry-driven program, in which multiple brands and retailers are joining forces with public organizations to operate a scalable program to mitigate preventable fire, electrical and structural safety risks in key apparel and footwear producing countries in a targeted way. The program is successfully operating in Vietnam and India. To date, 172 factories were onboarded, 407.876 workers were reached, and 145 factories have been assessed.

Across all efforts on better jobs, gender has been a key theme. For example, the salary matrix shows sex disaggregated data – being able to see whether women get equal pay for equal tasks compared to men. Malawi 2020 had a strong gender component, by a.o. paying attention to gender-based violence and in our LABS program gender is an important element while looking into safe working conditions for women.

These three parallel initiatives have created the groundwork for our 2021 – 2025 strategy on Better Jobs in which we plan to work on:

- Rolling out and scaling up our **Roadmap on Living Wages and Call to Action**
 - o Convening more industry players in more sectors to commit to paying a living wage with our Call to Action (more under 2.2)
 - o Work with those companies on how to best close the living and equal wage gap by innovating procurement practices, work with companies on social dialogues and leverage consumer and brand engagements. With these companies we plan to unlock the necessary investments to close living wage gaps.
 - o We will further leverage data and transparency by upgrading existing tools and developing new tools to inform action companies based on data and evidence. This includes the use of the Salary matrix and other compatible tools which will allow for targeted actions to close living wage gaps.
 - o We will convene standards to integrate IDH tools on living wages in their certification schemes.
 - o Learnings from those pilots will be shared in the sector platforms to facilitate sector wide adoption and cross sector learning, opening up our work to relevant Belgian sectors and globally active companies.
- Develop new and inclusive local, regional and international value chains and better jobs for workers in value chains in Africa.
- We will **expand our work with LABS** to Cambodia, reinforce the current LABS program in India and Vietnam and invest in the working conditions of **Verified Industrial Parks in Kenia and Ethiopia**.

In our strategy we will use investment and technology as enablers to replicate and scale successful interventions and business models. As during the previous strategy, gender is a key theme that is being mainstreamed throughout our program and project portfolio.

With our 2021 – 2025 strategy we plan to reach the following targets on the IDH corporate level:

IMPACT / RESULT AREA	INDICATORS			
	Harmonized IMPACT Indicators	Baseline	Target 2021	Target 2021-2025
Better jobs	Number of workers with improved working conditions	365,000 (233,750 women)	386,900 (242,750 women)	4,130,000 (2,612,000 women)
	Number of workers with reduced living wage gap	50,000 (15,000 women)	3,000 (1,500 women)	146,000 (60,000 women)

2. Creating a Better Jobs Accelerator Fund

2.1. Strengthening the fundamentals to enable change at scale

In the past 12 years, our 3 IDH core donors (the Danish, Swiss and Dutch governments) have been crucial supporters of our pioneering work in the field of decent work, living wage, social protection and social dialogue for emerging economies in link with global trade. For IDH the key entry points of our actions are international trade and the private sector. Only by joining forces with the private sector in its many forms, by testing and improving business models for change, can we generate impact at scale. To deliver on our ambitions for Better Jobs, as part of our multi-year strategy and planning, we need to grow our group of strategic partners, expand the core donor group and together lift our partnerships to the next level. Linking up on a more strategic, policy and political level with our core donor and strategic program donors, will accelerate our work and drive faster systems change.

By creating a Better Jobs Accelerator Fund for 2021 and beyond, actively supported and funded by the Belgian Development Cooperation, we can strengthen the fundamentals that will help us deliver on the planned actions for the 2021-2025 period. Substantial new funding for 2021 will also allow us to fast-track some of our planned strategic work to 2021, namely:

- **Expanding the scope of our business reach** – with an accelerator fund we can engage with a larger number of companies in the first steps of the roadmap, mapping their supply chains and measuring the prevailing wages. This creates that necessary fundament to work with companies on closing the living wage gap.
- The role of the Belgian market is in this respect a very important one, always in link with the global trading and sourcing patterns. **A Belgian Beyond Bananas initiative** is a perfect follow-on of our overall work on living wages in the banana sector and can build on our insights gathered through the [Dutch Banana Retailer Commitment on Living Wage](#). The Belgian market has been scoped with The Shift and shows great promise for an ambitious way forward.
- **Fast-track relevant tool development**. For example, developing a tool to support companies to understand the potential costs and benefits of interventions to close the living wage gap. We will also be able to expand the [Salary Matrix](#) quicker to the manufacturing sector by adjusting the tool to the needs of this sector and opening the tool to companies on the Belgian market.
- **Scale our program work on LABS for India and Vietnam and expand our tested operations to Cambodia**. Many workers in Cambodia work in unsafe environments which potentially have lethal consequences. From an additionality perspective, IDH has identified a clear gap for the

Cambodian market. The LABS program will organize its activities focused on identifying and solving risks related to fire, electrical hazards, structural building safety, and evacuation, so workers can live and work in a safer working environment. This is done by developing country-specific solutions by creating a life-safety program that delivers a harmonized framework for monitoring, assessment, risk reduction, and remediation. The outreach in Cambodia will support the roll out of the LABS methodology and program. In addition, it will support the launch of a worker's helpline which will allow the workers to raise and share concerns on the working conditions at their factories with fear of management backlash, this additional element of a toll-free service strengthens the program. The program is further reinforced in terms of capacity building within factories, LABS program trains staff members and key safety personnel to build up their skills around flagging safety issues, evacuation, and create additional awareness around structural, electrical, and fire safety proficiency. The program and its participant commit to complete transparency. Results of the factory inspections, remediation plans and the progress being made are shared with the public for the workers in the factories, government, and the buyers to be able to monitor progress on the ground. The inspections, quality assessments and remediation are all carried out by vetted, independent third-party organizations to ensure quality, impartiality, and integrity in the process. With the private sector support to the LABS program, we are able to provide a 1:2 private sector match funding from contributions to the broader LABS program.

- **Expand the Verified Industrial Parks approach to the African continent:** IDH will intensify its activities by establishing a program to create, enable, and drive investments in Verified Industrial Parks (VIPs), while improving wider environmental and social performance as emerging economies seek to increase industrial output. The driving logic throughout is the self-reinforcing virtuous circle: sustainable production can improve competitiveness and improved competitiveness can lead to better jobs, improved livelihoods, and a better environment. The combination of creating a framework for VIPs with a continuous improvement culture for social and environmental management will set a high bar. A program to ensure safe working conditions within the factories of the Industrial Parks in Ethiopia and Kenya will be important to ensure that we do not repeat the mistakes that have been made in different Asian countries in the past. At the same time, we learn from those to build the system into the framework for the Industrial Parks to assess, remediate and transparently report on the conditions of the factory in the Industrial parks. IDH will set up a Building Safety Standard (BSS) based on international benchmarks, local legal requirements and applicable to a variety of factory types that operate in the Industrial Parks. We will take our learning from the LABS program in Asia and build out a self-sustaining engagement model that will from Year 3 onwards of the program run on private sector funding. The program will engage with the government to ensure that the framework established by the BSS will be incorporated into local legislation to further secure that the Workers have a safe working environment. This will support the foundation of the VIP program that will provide the crucial enabling environment (e.g., most new industrial parks will then have firefighting services, water towers for improved water pressure (stand alone, so no structural risk), etc.) to help support the functioning, reporting and transparent management of the safety standards at the park. The broader VIP Indicative budget includes an assessment framework, a focus on Working conditions (Worker safety, worker dialogue, space for worker unions and representation, and improved benefits), Community & worker services (daycare for example) and access to finance solutions.

2.2. 2021 and beyond: Belgian policy, EU and global agenda setting

Amidst the pandemic, governmental actors at the different policy levels are picking up their game by accelerating the evolution towards more joint action. The European Union is trying to bring many Team Europe Initiatives to life. Alongside its programming for the 2021-2027 period, EU is developing long-awaited environmental and human rights due diligence regulations. We should however do more, take concrete public-private action to make sure we get on track to deliver on the SDGs. 2030 is right around the corner. The need for impact at scale is not a slogan, but a bare necessity. The time to implement beautiful sustainability projects not linked with market demand or scalability is long overdue.

Early 2021, the Dutch and German government have shown a clear commitment to start pushing the agenda setting on the European and global level for both living wage and living income. The two EU member states called upon the European Union to include living wage and living income in EU policy (a link to the joint declaration can be found [here](#)). In our IDH Multi-Donor Committee Meeting, representatives of The Netherlands welcomed IDH support to closely involve the Belgian government in the global living wage agenda setting and welcomed the possibility for Belgium to join their group of like-minded EU member states. This joint action is still at the early stages but holds promise to create visibility and effect for the like-minded states involved. Since Belgium has been driving the agenda setting on living income in the global cocoa and chocolate sector via the ambitious living income goals of Beyond Chocolate, a logical next step would be to team up with its fellow EU member states and continue to drive EU and global agenda setting for the living wage and broader Better Jobs work too.

In close collaboration with governments, private sector and our civil society partners, IDH has organized the first of a series of events to support the global agenda setting for a living wage. A Call to Action was launched during the [Living Wage Summit in March 2021](#) and will remain open for partners to join. We are managing this [Call to Action](#), from Business to Business, to accelerate the progress towards a living wage economy. It speaks for itself that the Belgian Development Cooperation could potentially play a very important and visible role in the further development and governance of the Living Wage Roadmap and its claim to impact.

3. Indicative budget for 2021

As part of the IDH Strategy for 2021-2025 the IDH Business Units have done extensive activity planning for the new period. Due to the COVID-19 crisis IDH has been revising the multi-year planning and budgets. Hence the teams have been revising their planned actions in relation to the new budget forecasts. The initiatives and projects linking to the impact theme Better Jobs, thus being eligible to resort under a new program 'Better Jobs Accelerator Fund', amount to a total of **2.070.000 € for 2021**.

In light of a new program 'Better Jobs Accelerator Fund,' the IDH business unit teams were tasked to budget for a fast-track and bring some of their planned activities for 2022 and beyond forwards to the 2021 activity year. These new actions add up to a total of about **850.000 € for 2021**.

This brings our projections for planned and new work on Better Jobs to **a total of 2.920.000 € for 2021**.

It is important to note that both the planned and fast-trackable activities should remain part and parcel of the IDH Strategy and its implementation process. Only then can we deliver on our 2025

targets. Since we are at the start of the new strategy cycle, the teams are in the process of continuing ongoing activities, finishing programs from the 2016-2020 period and preparing the set-up of the new activities for 2021-2025.

In our multi-year planning the **private sector co-funding ratio ambition** has been put at a 1:1 ratio. For each € of funding, we will attract at least 1 € of private sector investment in sustainability project support. Keeping a multi-annual perspective and investing in the continuation of our Better Jobs actions and initiatives will be important for the long-term sustainability effects of our work and for ensuring the continued support of our private sector and other partners.

4. About IDH, The Sustainable Trade Initiative

IDH, the Sustainable Trade Initiative (IDH) restores flourishing markets with better jobs, better incomes and a better environment. When IDH is successful, companies rebalance the relationships between the workers they employ, the customers they serve and the planet that serves all of us.

IDH achieves this by creating public-private partnerships, and by using data to design, test and invest in more sustainable ways of doing business. In Belgium we are responsible for [Beyond Chocolate](#), [SiFav](#) (Sustainability Initiative Fruit and Vegetables) and the [FSI](#) (Floriculture Sustainability Initiative) coalition. We engage closely with the Belgian Alliance Sustainable Palm oil for our [NISCOPS](#) program. IDH is headquartered in the Netherlands, with over 250 employees of almost 50 nationalities globally, operating in 24 countries with well over 600 public and private partners. Our Belgian office is located in Brussels with 4 people and counting, building on our EU hub. Our global teams partner with several Belgian (Development Cooperation) partners, such as ILO, FAO, World Bank, IFC, ASDB, AFDB, UNDP, UNEP, UNICEF, UN Women, Amfori, (the international offices of) Fairtrade, Oxfam, WWF, The Shift, Enabel, Bio Invest, and others.

In 12 years of operation, IDH has generated over 390 M in private sector investment and support for new business models that create positive impact. In 2020 alone, we generated over 50 M private sector investments in sustainability solutions. Together with our partners we provided 3.7 million people with access to finance or good agricultural practices; supported protection, restoration and sustainable rehabilitation of 524,243 hectares of agrarian landscapes and tested 40 different business cases with our private sector partners on their potential to improve the lives, wages and incomes of smallholders, workers and their families. IDH's work is made possible because of the funding and trust of multiple European governments and private foundations. The Danish, Swiss and Dutch governments contribute directly to the 2021-2025 Strategy of IDH "Catalyzing Private Sector Solutions for the Sustainable Development Goals - Addressing climate change and inequalities through public-private action".