



# Catalyzing Private Sector Solutions for the Sustainable Development Goals

Addressing climate change  
and inequalities through  
public-private action

**IDH MULTI-YEAR PLAN | 2021 - 2025**

# Contents

<b>MESSAGE FROM EXECUTIVE DIRECTOR</b>	<b>3</b>
<b>01</b> EXECUTIVE SUMMARY	<b>5</b>
<b>02</b> TRENDS ANALYSIS	<b>8</b>
<b>03</b> STRATEGIC DIRECTION	<b>12</b>
<b>04</b> THE WAY WE WORK	<b>21</b>
<b>05</b> IDH 2025 INTENDED IMPACT	<b>35</b>
<b>06</b> ORGANIZATION	<b>55</b>
<b>07</b> FINANCE	<b>58</b>
<b>08</b> RISKS & MITIGATION	<b>63</b>

# Message from the Executive Director

## Brace for impact

**With the support and trust of our donors and partners IDH has built 10+ years of experience in driving successful sustainable market transformation. Your relentless support has enabled us to align the entrepreneurial, legislative, sourcing and investment powers of over 600 businesses and governments at both global and local levels to explore new mainstream avenues towards reaching the SDGs through global trade.**

We convened multi-stakeholder coalitions, helped create new governance models and co-financed new models of sustainable and commercially viable business with (groups of) companies, and by doing so changed the lives of over 10 million smallholder farmers and workers and brought 80 million hectares under sustainable land use. Now we stand on the brink of a new chapter for IDH and we see four key trends:

- > Business and land governance models are ever more needed to support the mainstreaming of sustainable trade and economic transformation for the global good.
- > Front-running companies (brands, retailers, traders, processing industries and others) are increasingly taking action on social and environmental issues, moving beyond CSR agendas to change their procurement, investment and farmer engagement strategies towards the core of their businesses;
- > Technology unlocks unprecedented opportunities in data gathering and analyzing, real time agri-tech and land-use information sharing and fin-tech solutions. They have become accessible to companies, governments, investors and even the most remote farmer communities in the world;
- > We are not on track to reach the SDGs. While companies, farmers, governments, civil society and the research community invest more into reaching the goals, some of them have become ever more remote. We need to change how we conduct business, become better at partnership and redefine capitalism, while ever striving for more impact for more people and our planet.

IDH is in a unique position to move businesses further and faster on the road towards sustainable market transformation, aligning public and private powers and building on the early successes of our business models and leveraging opportunities to address ever more pressing and ambitious goals (like living wages and incomes), to innovate and create more and deeper impact. To scale successful business models we will trigger commercial investments to speed-up sustainable market transformation to break major barriers for banks and investors to finance smallholder farmers and sustainable land-use at scale. Read more about it in the executive summary and Business Unit Chapters.

To make IDH ready for impact we see four pillars we need to strengthen:

### 1. ONE GLOBAL TEAM OF PEOPLE

To serve our global agenda we are working with 250 people, based in 17 countries. To be most efficient and effective we will strike a balance between one central message and strategy while giving space to country offices and teams to work within their possibilities, capabilities and knowledge with respect for local needs and cultures. We will take our HR to the next level in terms of talent development, making IDH an employer of choice as well as promoting diversity and inclusion, making sure we create a working space where each and every person can flourish.

### 2. INTEGRATE OPERATIONS AND BUSINESS DEVELOPMENT

We will be integrating operations into the Business Units to allow them to drive targets on impact, program management and operations more efficiently whilst safeguarding our agility and resilience and strengthening our focus on impact.

### 3. DIVERSIFY FUNDING AND IMPACT MODELS

With the creation of the Farmfit Fund, and IDH Investment Services, we now have another pillar under IDH. A pillar that allows us to scale what we develop, that allows the generation of new business, that allows additional investment, and as a result of that creates additional transformation: IDH Solutions. It can host the new services we are developing for carbon, SourceUp, business advisory and other solutions.

### 4. BECOME A PAN-EUROPEAN AND GLOBAL CONVENOR

In order to scale we will need to become an ever-stronger pan-European and global convenor that is trusted by an increasing number of private and public sector, as well as civil society partners. Part of the strategy to secure this mandate is *diversifying our core donor base and scaling up our European platforms*, like those for soy, palm, juices, cocoa, fruits & vegetables etc.

The strategic partnerships with you as our core donors – moving from donor-recipient to truly equal partners, also fits this strategy. It allows us to leverage the convening skills and mandate of those governments, opening doors that until now were closed to us. The same is true at the global level. By becoming more global – in terms of donors, partners and work, we position ourselves as that global agent for change with a unique mandate, track record, team and drive.

Enjoy your reading, whilst finding in detail what our commitments are, and I am very much looking forward to working with you for the coming years. Let's embrace the opportunities and challenges ahead of us that are needed to create a better world together and brace for impact!



Daan Wensing  
CEO



# 01 | Executive Summary

**In our IDH Multi-Year Plan (MYP) 2021-2025, we describe how IDH will, with its partners, build on the solid foundation of its current programs and lessons learned to deepen and scale its impact in three core themes: better jobs, better income and better environment.**

As part of our new MYP, IDH will remain focused on driving the system change that is necessary to deliver the SDGs and continue to ensure change happens at three result areas: improved business practices, improved sector governance, and field level sustainability. We will increasingly engage with businesses, governments, NGOs, knowledge institutions, banks / investors and donors to analyze, improve, build, and scale sustainable business solutions to deliver impact on the Sustainable Development Goals (SDGs).

Our focus - we will focus on three impact themes: better jobs, better income, better environment, while ensuring gender equality is mainstreamed in our programs.

Our impact targets - our goal will be to deliver our five-year targets:



#### **Better jobs**

Working conditions improved for 4,1 million workers of which 2,6 million women. Living wage gaps narrowed for 146,000 workers of which 60,000 women.



#### **Better income**

Improved income for 1,05 million farmers of which 305,000 women and income increase by 21% from focus crops.



#### **Better environment**

GHG emission reduced by 900,400 (tCO<sub>2</sub>e) and 2.6 million sequestered; 11.3 million of forest or watersheds covered by Production, Protection and Inclusion practices; 4.6 million hectares of cropland covered by Production, Protection and Inclusion practices.

Our approaches / methods - we will deliver our targets and ambition by leveraging, strengthening and expanding our toolbox of **sustainability solutions**, especially:

- > Joint-Industry Commitments
- > Value Chain Development
- > Service Delivery Models
- > Investments for Change
- > Sourcing for Impact
- > Production-Protection-Inclusion
- > New sustainability solutions

In Chapter 5 you will find an elaborate description of each sustainability solution.

#### **Better jobs**

As we kick off our new 2021-2025 MYP, we will focus on achieving better jobs for millions of male and female smallholder farmers and workers: especially narrowing the living wages gap in food crops & ingredients, and agricultural commodities. We will engage more partners in our food crops & ingredients sector platforms beyond the 300+ companies already active, and develop inclusive value chains in Africa. These will create sustainable jobs and increased food security by building the capabilities of local SMEs and linking them to buyers such as Unilever and Nestle. We will expand our Life and Building Safety program in India and Vietnam to 130 factories to improve the safety and working conditions of 200,000 textile and apparel factory workers.

#### **Better income**

We will also work towards better incomes for smallholder farmers, changing the production paradigm from increasing production and yields to closing the living income gap with a focus on equal opportunities for men and women, adaptation to climate change through intercropping, lowering input costs, service delivery modelling and blending finance solutions. These will help smallholder farmers become businessmen and women, and form a new asset class for financial institutions. We will partner with leading brands to develop disruptive sourcing models that contribute to living incomes for smallholder farmers.

#### **Better environment**

Over the next five years we will consolidate our achievements in our current landscapes, and will deepen our involvement in accelerating land titling for forest

frontier communities and developing new forest-friendly business models. We will widen our impacts through more jurisdictional green growth plans, tackling legal deforestation more effectively, extending landscape production, protection and inclusion (PPI) compacts into neighboring jurisdictions, and bringing in more investments.

We will connect landscapes to sustainable sourcing strategies of companies and will build sustainable market pull closely together with markets in Europe, Brazil, India and China. By linking this to supply chain and sector initiatives we will create footprint transparency and reduce emissions across the supply chains.

#### **Gender as cross cutting issue**

We will prioritize gender equality and gender balance, inclusive business environment and improved working conditions and equality because it's needed, good for people and society and good for business. We are committed to making gender interventions that tackle multiple issues such as lack of education and entrepreneurship, lack of safe work environment and inadequate access to markets and technology. We will continue to work on inclusiveness and inequalities through public-private action.

#### **Scaling Strategies**

Our partners along the value chain will remain our most important agents for sustainable change. Increasingly we see the role of governments in deploying their legislative and investment power to drive impact to scale in global markets as well as in emerging economies.

Digital and mobile technology infrastructures create unprecedented opportunities for data gathering and analyses, knowledge sharing and for the distribution of services and finance to even the most remote farmer communities. Finally we see de-risking mechanisms as a large scaler that can catalyze investment to realize better jobs, better incomes and better environment.

#### **From social and environmental strategies to one holistic approach**

For too long, social and environmental issues have been approached as two different domains, with different interventions and different (parts of) organizations working on them. We will act to align and integrate the two domains. PPI Compacts need to address alternative income sources for local communities and farmers to be effective, as sustainable farming and/or regenerative agricultural practices by smallholder farmers will have an effect on their income and their environmental

performance. More competition in Verified Industrial Parks will lead to better incomes and better environmental performance. Cotton farmers that use less pesticides will have lower input costs that benefits their income.

#### **From Sustainability Solutions to Investable Solutions**

From our first ten years of work we have distilled a number of IDH Sustainability Solutions. These are approaches that we have developed as effective ways to deliver our targets towards reaching the SDGs. They are the key approaches of our programs. You will find reference to them throughout the Multi-Year plan. They include Joint Industry Commitments, Value Chain Development, Service Delivery Models (SDMs), PPI – Production, Protection & Inclusion, Sourcing for Impact, Investment for Change. These Sustainability Solutions will turn into Investable Solutions. This will engage even more private sector partners and ensure the integration of sustainability as a viable business approach in our value chains and with that, in our global economy.

#### **Partnerships**

IDH derives its strength from the huge number of public and private partners that we work with. Their cooperation, commitment, efforts and investments will lead to changing business practices, improved sector governance and a sustainable impact on jobs, incomes and the environment. We are humbled by the continued support and trust of hundreds of companies, governments and NGOs to transform global markets together and help reach the SDGs.

# 02 | Trends Analysis

**IDH's strategy to 2030 and its proposition to its core donors for the period 2021-2025 has been built on our experience and learning through the past ten years and our assessment of the most significant trends and challenges which will impact sustainable global trade over the next decade with a focus on inequality, landscape degradation and climate change.**

Growing public concern about the impacts of climate change and Covid-19 on global economies and inequality came to a head in 2020 along with the realization that major transformations in economic and market systems are urgently needed. Below we describe in more detail our assessment of some of the trends which shape our ambitions and work and that of our partners.

## 2.1 COVID-19

**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. Despite the unprecedented speed in developing novel vaccines, the impacts of the contagion and its more virulent variants will likely last for years. COVID-19 is affecting many other key trends, including trade, climate change responses, and poverty and inequalities within and between nations.

A crash in global demand for commodities due to lockdowns, the collapse of the hospitality and travel sectors, and disruptions to harvesting and transportation led to sharp drops in the global demand for some perishable commodities such as flowers and more delayed reductions in demand for less perishable

commodities such as cocoa. Many national economies have been severely disrupted as lockdowns to slow the spread of the virus also slowed economic activity.

Government priorities have shifted to focus on the short-term health emergency, and managing the social and political challenges of lockdowns, quarantines, rising mortalities, and economic damage. The global "time-out" from normal activities forced by the pandemic has encouraged calls to build back better, challenging assumptions about the future structure of supply chains, work and travel and highlighting the potential of environmental degradation to foster further zoonoses.

Poorer countries with younger populations such as those in sub-Saharan Africa were initially spared the worst health effects of the pandemic. However, they continue to be hit hard by the economic fall-out, making it more challenging for us to achieve higher incomes and wages through commodity value chains. For the first time in 20 years global poverty is likely to increase and between 119 and 124 million people are expected to be pushed back into extreme poverty because of the pandemic<sup>1</sup>. At the same time, inequitable global access to medical equipment and vaccines has meant that these countries are less able to protect their populations from later more virulent strains of the virus and may be affected for longer periods. Within countries, poorer populations with lower existing access to health care services also face greater risks from the virus. However, national sociopolitical contexts have had a large influence on how well the health impacts of the virus have been managed, and the degree to which our field activities have been disrupted.

<sup>1</sup> WORLD BANK. <https://blogs.worldbank.org/opendata/updated-estimates-impact-covid-19-global-poverty-looking-back-2020-and-outlook-2021>. Jan 21, 2021



## 2.2 Trade

**Globalization has lifted many from poverty but it has also cut away protections for other working people and small businesses while big firms and wealthy consumers have often benefited.<sup>2</sup>**

This has led to increases in nationalism and protectionism while increasing pressure on the global trade system. The volatile situation in the current trade system and trade wars can potentially change not only future trade but the entire global economy.

The world's population is expected to grow towards 8.5 billion people by 2030 with half of the growth occurring in just nine countries<sup>3</sup>, specifically in Africa as the continent alone could see its population double.

This reaffirms the need to support the development of local economies, invest in regional value chains to create employment opportunities, expand our linkages with major regional private sector players and ensure food security. Demographic growth and continuing large movements of people within and across continents will create tensions on available natural resources and have an impact on supply, employment opportunities and financial flows.

The rapid growth of the global middle class in Asia Pacific and urbanization in Africa will continue to affect the patterns of production, consumption and trade. We expect rapid GDP growth in the countries with the largest populations: Brazil, Indonesia, Mexico, Nigeria, Russia, Turkey and Vietnam, but this will be tempered in the short term by differing levels of effective response to the Covid-19 pandemic.

These changes in population and economic growth are expected to lead to stronger trade between and within the economies of Asia, Africa and Latin America. Asia will increasingly dominate intra-regional and inter-regional trade as the shares of Europe and North America decline with consequences for the way value

chains operate in many sectors. This will require us to expand connections to major private sector value chain players beyond Europe.

The greater integration of emerging economies into global trade through global value chains will open up markets for products, services, finance and technology but also markets for labor. It is expected that this will lead to an increase in wages for unskilled workers in developing countries. Policies will play an important role in mediating negative effects such as inequality.<sup>4</sup>

At the policy level, climate governance in Europe and other markets is moving toward mixed regulations between voluntary standards initiated by the Private Sector (e.g. certification schemes) and national/European legislation to bridge the gaps and push for a sector-wide transformation (e.g. EU human rights due diligence legislation). It can however also lead to (perceived) trade barriers and hence tension between governments and other market players.

The relationship between businesses and consumers is changing as brands with purpose are starting to out-perform their competition. Leading brands are increasingly looking to build sustainability into their core proposition and could become increasingly relevant to social and economic development. At the same time, the mainstream players remain lagging and more is needed to achieve sector/economy wide transformation.

Consumer demand will drive some of the sustainability agenda, but companies are conscious that concerns of end-users will not always lead to sustainable solutions or optimal priority setting.

<sup>2</sup> FRIEDEN, J (2021) International Cooperation in the Age of Populism. In L. Brites Pereira et al (Eds) "Economic Globalization and Governance." Springer.

<sup>3</sup> India, Nigeria, Democratic Republic of Congo, Pakistan, Ethiopia, Tanzania, Indonesia, Uganda and United States of America.

<sup>4</sup> Intergovernmental Panel on Climate Change IPCC, (2019), Climate Change and Land. Available online at: [https://www.ipcc.ch/site/assets/uploads/2019/08/Edited-SPM\\_Approved\\_Microsite\\_FINAL.pdf](https://www.ipcc.ch/site/assets/uploads/2019/08/Edited-SPM_Approved_Microsite_FINAL.pdf)

## 2.3 Climate Change

**Climate change will set the agenda for the next decade. If this agenda is not translated into concrete and enforceable actions, it will lead to further environmental degradation and global inequalities and affect the production of essential traded commodities and food crops, as well as livelihoods across the globe.**

Recent changes in weather patterns, rising sea levels, and disturbed growing seasons are threatening hundreds of millions of the most vulnerable people, creating another layer of global inequalities. Climate change looks set to intensify the competition for natural resources, displace populations and further increase migration patterns. This compounds the urgent need to find new ways to feed a growing population while pushing to stay within the planetary boundaries.

Land degradation often starts with deforestation, which not only releases GHG emissions but is also a major cause of biodiversity loss with a 60% decrease in species abundance since 1970.<sup>5</sup> Commodity production continues to be associated with land degradation, deforestation and damage to water resources because agriculture is also the largest source of water use.<sup>6</sup>

Sustainable land-use management has the greatest potential to not only reduce but also to remove CO<sub>2</sub> emissions from the atmosphere,<sup>7</sup> opening a realistic window of opportunity for a carbon positive economy through global investments in afforestation/ reforestation, responsible and regenerative agricultural practices and circular systems.

The carbon market is picking-up and offers an opportunity to channel additional investment into sustainable land-use.

<sup>5</sup> WWF, (2018), Living Planet Report - 2018: Aiming Higher. Grooten, M. and Almond, R.E.A. (Eds.). WWF, Gland, Switzerland. Available online at: [https://s3.amazonaws.com/wwfassets/downloads/lpr2018\\_summary\\_report\\_spreads.pdf](https://s3.amazonaws.com/wwfassets/downloads/lpr2018_summary_report_spreads.pdf)

<sup>6</sup> Sonneveld, B. Merbis, M. Alfara, A. Ünver, O. and Arnal, M., (2018). Nature-Based Solutions for agricultural water management and food security. FAO Land & Water Discussion Paper No 12. Rome, FAO, 68 pp.

<sup>7</sup> Intergovernmental Panel on Climate Change IPCC, (2019), Climate Change and Land

## 2.4 Poverty & Inequalities

**Profound social and economic inequalities will continue to affect global dynamics in the coming decade.**

Although the percentage of the global population living in poverty has reduced in recent decades, the absolute number of people living in poverty remains alarmingly high, and Covid-19 has pushed over 100 million people back into poverty. Despite a growing middle class, the gap in income inequalities at the extremes is getting bigger: *“the poorest half of the world’s population have received just 1% of the total increase in global wealth, while the top 1% has received 50% of the increase”*<sup>8</sup>

This economic inequality varies greatly by country and is partly explained by difficult employment opportunities that particularly affect women. It has important consequences for women’s rights, children and child labor, 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.

The emergence of global value chains in developing countries has tremendous impacts on jobs creation and poverty alleviation.<sup>9</sup> There are over 570 million smallholder farmers worldwide who rely on agriculture for their livelihoods; investments in the agricultural and manufacturing sectors remain essential to closing this inequality gap. Since 65% of poor men, women and youth are working in the primary sector, agricultural development and alternate livelihood opportunities in manufacturing are widely considered to be the most efficient ways to tackle extreme poverty, boost national economic development and empower workers and their families to increase their income.

<sup>8</sup> Oxfam International and Development Finance International, (2018), the commitment to reducing inequality index 2018. Published by Oxfam GB for Oxfam International. Available online at: <https://www.oxfamnovib.nl/Files/rapporten/2018/20181009%20rr-commitment-reducing-inequality-index-2018-091018-3-embargo-en.pdf>

<sup>9</sup> World Trade Organisation, (2019), Global Value Chain Development Report 2019, technological innovation, supply chain trade, and workers in a globalized world. Online available at: <http://documents.worldbank.org/curated/en/384161555079173489/pdf/Global-Value-Chain-Development-Report-2019-Technological-Innovation-Supply-Chain-Trade-and-Workers-in-a-Globalized-World.pdf>

## 2.5 Technology

**The digital revolution will be a major change agent for agriculture, manufacturing, trade and jobs in the coming decade. It will set a new agenda for the way structural changes lead to development.**

There is an urgent need for disruptive transformation of the current agri-food and industrial systems to make them more efficient, productive, resilient, regenerative, transparent and inclusive.

Recent experience has shown that the digital revolution can lead not only to sustainable intensification of production but also serve as a tool to improve inclusivity and transparency in global value chains. The worldwide spread of mobile technologies in rural areas is improving access to information, inclusive finance, inputs, markets and training for smallholder farmers and manufacturing industry.

Global value chains will become increasingly transparent and begin to answer consumer demand for further transparency while data-driven agriculture can provide monitoring tools to both directly monitor effects of interventions on, for example, tree cover and anticipate and mitigate the effects of climate change.

All of this points to the critical importance of technology and disruptive innovations in tackling socio-environmental challenges in our field activities and achieving the SDGs.

Technology is a great opportunity for farmers but can also comprise risks e.g. privacy of data collection, that need to be addressed at the policy and implementation levels. It is also essential to avoid creating further inequalities by ensuring an inclusive and equal access to technology and participation in the worldwide digital transformation.

# 03 | Strategic Direction

**IDH aims for measurable impact on Better Jobs, Better Income, Better Environment and gender by focusing efforts on three results areas: improved sector governance, improved business practices, and field-level sustainability. Building on our achievements to this day, IDH will continue to drive systemic markets transformation and deliver its 2030 strategy by following a comprehensive approach over the course of the next 2021-2025 framework.**

## 3.1 Building on our achievements 2016-2020

**IDH has been working to improve the sustainability of production systems in developing countries through value chains since 2008 and has met the majority of its 2016 - 2020 targets.**

- > 5,3 million farmers (men and women) were reached through training and technical services
- > 7,5 million hectares have been brought under sustainable production processes
- > 6,5 million hectares of forest are sustainably managed through Production-Protection-Inclusion Compact agreements.
- > €230 million of private sector investments have been leveraged into IDH's programs.

We can see from the independent external midterm evaluation by KPMG<sup>10</sup> that IDH has played a key role in achieving change and that IDH's contribution is recognized by external stakeholders. Their assessment identifies IDH's core strength:

**"IDH's strength clearly lies in convening different stakeholders and jump-start processes with frontrunners, both through knowledge providing as by (co)-funding. As a result, an increasing number of farmers, workers and community members are reached."**

The independent authors of the report also show confidence in the ability of IDH and its partners to effect change:

**"IDH played a key role to achieve change with regard to all impact themes and IDH's contribution is recognized by external stakeholders."**

IDH Midterm Evaluation July 2019  
KPMG

<sup>10</sup> Assessing IDH's contribution to public good impact at scale (2016 - 2020) - [Midterm evaluation](#) on the existing evidence behind IDH's impact stories, KPMG Advisory NV, 3 July 2019. The final impact evaluation results will be published in end-September 2021.

The evaluation examined performance against against the previous five impact themes for the 2016-2020 framework: Smallholder inclusion; Mitigation of deforestation; Gender equality and empowerment; Responsible agrochemical management; and Living wage and working conditions.

Progress on each of these themes was monitored to assess the quality and extent of IDH's contribution to sustainability and systemic change through sector governance, business practices and field-level sustainability.

Key findings from the midterm evaluation are summarized below.

### 3.1.1 IMPROVED SECTOR GOVERNANCE

IDH has been successful in convening multi-stakeholder coalitions to increase sustainability in many different value chains and its contribution is recognized by stakeholders across all themes

Tangible outcomes are evident for the majority of programs for smallholder Inclusion, Responsible Agrochemical Management (RAM) and Living Wage and Working Conditions e.g.

- > Public-private partnerships in Vietnam and Ethiopia
- > Banning hazardous pesticides – spices and tea
- > Local government investment in cocoa in Côte d'Ivoire.
- > West Kalimantan palm oil landscape program

First results are also encouraging with respect to the relatively new areas of work such as the mitigation of deforestation, gender equality and empowerment such as the Initiative for Sustainable Landscapes (ISLA) action plan put forward in South West Mau Forest (Kenya).

### 3.1.2 IMPROVED BUSINESS PRACTICES

IDH has successfully jump-started processes with industry frontrunners through convening and providing start-up co-financing for Service Delivery Models (SDMs), co-investments in landscapes, access to high-quality and sustainable inputs and creating increased demand for sustainable ingredients.

Our aim of changing business practices to bring about Living Wage is exemplified by the commitment of all

**“One of the strongest examples of changing business practices, to which IDH directly contributed, is the impressive list of Cocoa & Forests Initiative (CFI) commitments to ban deforestation in Ghana and Côte d'Ivoire by 85% of the cocoa market”**

IDH Midterm Evaluation July 2019

Malawi tea estates to implement policies and activities to improve working conditions and to increase the wages of plantation workers in the program.

For gender equality and empowerment, the first achievement at outcome level, to really change HR policies, has taken place in the flower sector in Ethiopia and the tea sector in Kenya.

The evidence also shows that IDH contributes to increased market demand for sustainably sourced products in different sectors, with Better Cotton Initiative (BCI) as a compelling example. The commitment of Carrefour in Brazil to protect the Amazon rainforest and Mato Grosso state through sustainable calf production is one of the best illustrations of a commitment to start sourcing sustainably from one of the IDH landscapes. Through our SIFAV program we have accelerated the market share of sustainably produced tropical fruits and vegetables of our partners in Europe to close to 80%.

### 3.1.3 FIELD-LEVEL SUSTAINABILITY

IDH's contribution to interventions in relation to field-level sustainability is visible and acknowledged by stakeholders. Examples are **Service Delivery Models (SDMs)**, **Production Protection Inclusion (PPI)** initiatives, raising awareness around gender, and contributions to collective bargaining agreement in the Malawi tea sector.

The midterm evaluation also provides evidence of the adoption of good agricultural practices (GAP) expressed in terms of the number of farmers, licensed under a sustainability program such as BCI, who have benefited from accelerated growth and scale. The evidence shows that BCI farmers outperform others in the same area in terms of yield and the use of pesticides, chemical fertilizers and irrigated water.

## 3.2 Raising the Bar

After more than ten years of continued progress, we want to keep raising the bar. Our ambitions are strengthened by a truly strategic alliance with our core funding partners, and the sheer need for urgent systems change.

### 3.2.1 DEEPENING OUR IMPACT

**In the 2021-2025 MYP we have deliberately focused on moving beyond our tested models, we built on them to deepen and scale our impact and that of our partners. We want to continuously address deep impact/the next frontier (e.g. living income, landscape governance, gender equity and living wages) by systemic interventions with strong support from our program partners.**

This ambition has its effect on the scale and complexity of IDH's role and responsibilities. We will seek partners that want to go the extra mile, our frontrunner coalitions will be expanded to reach scale – like on living wage – and investment, policy and business adoption will be our scalars. This will require us to forge new partnerships, innovate and move beyond our comfort zone.

The ambition to be a global agent for systems change requires an organization that is agile and at the same time well rooted in the realities of smallholders, supply chains, landscapes and markets. This requires a truly global team, with presence across the globe and a need to constantly sharpen and grow our team's capabilities to convene, broker, learn and innovate.

The ambition to take on ever more challenging subjects to achieve systems change also makes our partners, partnerships and modus operandi different. We push ourselves and our partners in uncharted territory and hence will need our co-finance to test the new business models before they can be scaled by investment, policy and business adoption.

The next years are centered around our impartial and trusted partner mandate to catalyze the shaping, testing and scaling of our sustainability solutions for impact at scale.

### 3.2.2. REACHING FOR SCALE

**Raising the bar is not only about deepening our impact and testing new solutions but also about taking our proven solutions to the next level and scaling up. The key scaling mechanisms we identified are market uptake, commercial finance, public sector support, partnerships & sharing learnings.**

#### Market uptake

Market uptake of more sustainable practices helps to drive transformation from niche markets to mainstream markets, impacting on demand for more sustainable products. IDH works on leveraging and connecting market demand from the EU, China, India and Brazil to the producing-end. For instance, our newly launched digital platform [SourceUp](#) enables (sourcing) companies to sponsor sustainability efforts in producing countries and directly follow-up on progress.

New business models need to create value for companies to adopt them and replicate them. We pilot solutions and share our business models across several continents and value chains.

For example, through our work on Service Delivery Models, we are able to test a new approach with a company in a limited area. Once there is evidence of our success, the company can decide to apply this approach to a much larger area and across its entire supply chain.

#### Commercial finance

Inclusive business models require investments to drive them to scale.

Although it is often necessary to involve public funding in order to de-risk investments in the agricultural sector, once there is a viable business case, financial institutions are able and willing to invest into smallholder farmers. IDH's work on proving the business case for smallholder finance can attract new investors or create a new asset class for investors, as we have already demonstrated with the *Farmfit Fund* and the *&Green.fund*.

These investments can be game-changers, leveraging projects to new global practices, impacting on smallholder resilience and climate change mitigation and adaptation.

### **Public sector support**

The public sector plays an essential role in achieving impact at scale. This applies to international, national and local levels where government is an enabler, sets parameters and endorses legitimacy, visible through integrating sustainability in trade agreements, policies, regulation and enforcement. The public sector role becomes increasingly important in the shifting reality that voluntary action can be more impactful when paired with legislation.

In this regard, IDH will increasingly engage with our current donor base, the European Union, national European governments and relevant (private sector) foundations to secure and support a pan-European, even global mandate to scale our impact.

### **Partnerships & shared learnings**

As a global convenor, IDH orchestrates dozens of sector-platforms and jurisdictional compacts across multiple continents. IDH creates safe-spaces for hundreds of stakeholders to share best practices, enable replication and drive scaling.










Beyond the scope of our convening activities, IDH also actively partners with governments, private-sector companies, civil society, international organizations and knowledge centers. Those partnerships ensure that we help develop and build on other relevant work in the same field, align where possible and create synergies. By learning from our partners - as well as sharing our learnings - we can create impact beyond a single organization.

### 3.3 IDH Aims 2030

Our ambition to raise the bar is driven by an ambitious but realizable Vision of a world which will have been transformed for the better by 2030 and a clear sense of our Mission in contributing to that transformation.

The IDH 2030 Strategic Direction also sets out our preliminary ambitions for the work through the decade to deliver on the SDGs. Table 1 shows our Global Aims to 2030 which have helped guide the targets which we have set for the five years through to 2025.

TABLE 1: IDH GLOBAL AIMS 2030 AND SDG CONTRIBUTIONS

IDH's Global Aim 2030	SDG contributions				
We will generate jobs, improve income and working conditions for millions of people	 1 NO POVERTY No Poverty	 2 ZERO HUNGER Zero Hunger	 5 GENDER EQUALITY Gender Equality	 8 DECENT WORK AND ECONOMIC GROWTH Decent Work & Economic Growth	 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE Industry, Innovation & Infrastructure
We will protect and restore 5 million ha of vulnerable landscapes	 6 CLEAN WATER AND SANITATION Clean water and Sanitation	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION Responsible Consumption & Production	 13 CLIMATE ACTION Climate Action	 15 LIFE ON LAND Life on Land	
We will generate over €1bn. and leverage more than €5bn. of investments to ensure market transformation	 1 NO POVERTY No Poverty	 5 GENDER EQUALITY Gender Equality	 8 DECENT WORK AND ECONOMIC GROWTH Decent Work & Economic Growth	 13 CLIMATE ACTION Climate Action	
We will help bring about sustainable patterns of production	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION Responsible Consumption & Production	 17 PARTNERSHIPS FOR THE GOALS Partnerships for the Goals			



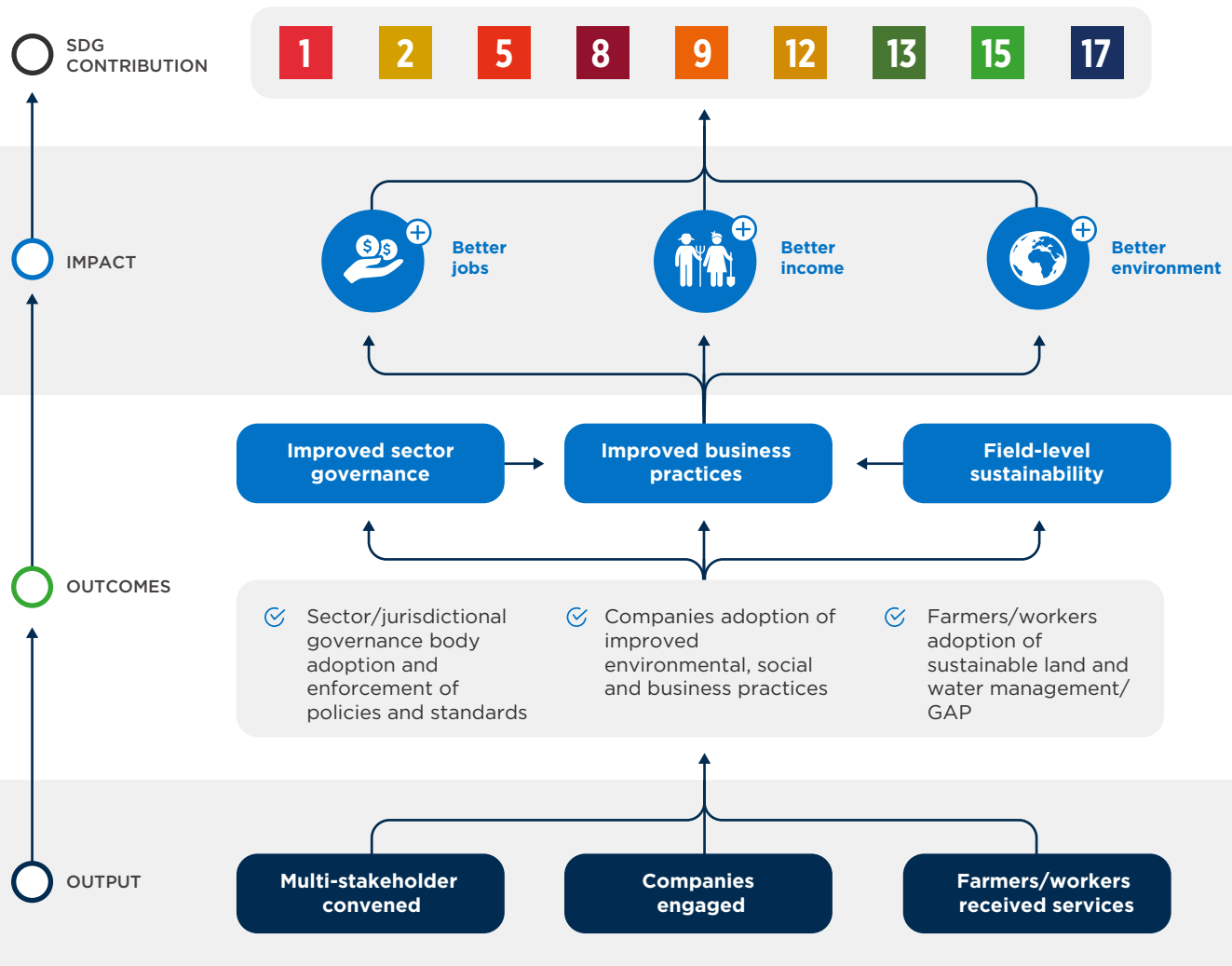
### 3.4 Driving systemic markets transformation

Our mission is to drive systemic markets transformation in order to have a measurable impact Better Jobs, Better Income, Better Environment and gender.

IDH can substantially contribute to the Sustainable Development Goals by working through inclusive and sustainable trade to achieve positive change in sector governance, business practices and field-level sustainability.

In our approach to inclusive and sustainable trade displayed below, these three results areas are interlinked, and addressed in parallel to effect systemic change.

FIGURE 1: IDH APPROACH TO INCLUSIVE AND SUSTAINABLE TRADE



#### SUSTAINABILITY SOLUTIONS

- ✔ Joint Industry Commitments
- ✔ Value Chain Development (VCD)
- ✔ Investment for Change
- ✔ Service Delivery Models (SDM)
- ✔ Sourcing for Impact
- ✔ Production-Protection-Inclusion (PPI)
- ✔ New Sustainability Solutions

#### IDH KEY ROLES



#### BUSINESS UNITS

- BU AGRI-COMMODITIES
- BU FOOD CROPS & INGREDIENTS
- BU TEXTILE & MANUFACTURING
- BU LANDSCAPES
- BU INNOVATIONS & INSIGHTS

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**FIGURE 1:** EXPLANATION TO IDH APPROACH TO INCLUSIVE AND SUSTAINABLE TRADE

### **SDG CONTRIBUTION**

IDH supported coalitions of public and private partners aim for systemic market transformation ultimately resulting in improved livelihoods for farmers and workers (both women and men), improved environments and mitigation and adaptation to climate change. Led by this mission IDH is contributing to selected SDGs

### **IMPACT**

IDH and partners target positive impacts for the following themes: Better Jobs, Better Incomes and Better Environment. By taking up roles in convening, co-financing and learning & innovation, IDH supports partners in designing and implementing interventions to deliver the joint impact goals for each of the themes.

### **OUTCOMES**

IDH achieves its impact by working together with the private sector towards inclusive and sustainable trade. The transformation towards sustainable trade can be made when enabling sector governance and proven field level sustainability pilots create the conditions for private sector to invest, convert to and comply with improved business practices.

### **OUTPUT**

Convening multi-stakeholders, engaging with companies and mobilizing mechanisms for farmer and worker access to services are the most direct and visible outputs or results of the work that IDH programs deliver. The objectives of those outputs is influencing governance bodies to adopt and enforce standards, motivating companies to adopt improved social and environmental business practices and last but not least assist farmers/workers with the adoption of sustainable land and water management/GAP practices in field level pilots.

### **SUSTAINABILITY SOLUTIONS**

Based on the insights gained over the years, IDH has defined 6 sustainability solutions or systemized approaches designed to create the greatest leverage to transform markets and deliver on the SDGs. Each Business Unit will apply multiple of these solutions throughout the process of delivering on all levels of IDH interventions.

### **BUSINESS UNITS**

The Business Units are the organizational drivers for the implementation of the programs and projects. A fifth Business Unit – Innovation & Insights – is embedded across the entire IDH organization and feeding learnings at all levels to help us deliver impact at scale.

### **IDH KEYROLES**

The IDH keyroles are explained in Figure 2, page 22.

## 3.5 Impact Targets 2021 - 2025

IDH is creating change on business practices, sector governance and field level sustainability in order to leverage impact on Better Jobs, Better Income and Better Environment for men and women.

We have set targets and indicators for each of these impact themes and the result areas through which they are addressed.

As we aim to deepen and scale our impact and that of our partners, this is reflected in the targets set in

the corporate indicator table below. The full corporate indicator table can be found in Annex 2.

The impact targets presented in this table reflect IDH's direct impact. As a global change agent we are aware that our indirect impact is just as important as our direct impact. It is through systems change that we create the biggest impact. Therefore, we will continue to work to be able to show the indirect impact from our interventions where possible.

**TABLE 2: CORPORATE OVERALL**

IMPACT / RESULT AREA	INDICATORS			
		Baseline	Target 2021	Target 2021-2025
<b>Better income</b>	Number of farming households with increased net income	5,391	69,972 (3,000 women)	1,557,994 (306,336 women)
	Percentage of net income increase from focus crop(s) <sup>1</sup>	0%	5%	21%
<b>Better jobs</b>	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)
<b>Better environment</b>	Greenhouse gas emissions reduced (tCO <sub>2</sub> eq) <sup>3</sup>	167,037	76,665	900,495
	Greenhouse gas emissions sequestered (tCO <sub>2</sub> eq)	662,533	503,567	2,620,948
	Number of hectares of forest/watersheds covered by PPI governance	7,641,596	9,392,589	11,354,369
	Number of hectares of cropland covered by PPI governance	2,815,405	3,386,754	4,614,997.2
<b>Improved business practices</b>	Uptake rate of sustainable production by program partners or sectors <sup>1</sup>	21%	11%	38%
<b>Improved sector and jurisdictional governance</b>	Other sources of public, private or blended-finance investments/funding leveraged by the program <sup>2</sup>	€89,659,714	€38,105,000	€263,760,002

<sup>1</sup> An IDH average has been calculated by weighing the Business Unit baselines and targets against the respective Business Unit budget. Corporate averages account for those Business Units that set baselines and targets for an indicator.

<sup>2</sup> The Farmfit Fund is excluded from this target. The Farmfit Fund's targets are reflected in a separate Table 2, Annex 2.

<sup>3</sup> The baseline and targets estimated from IDH's interventions are related to the impact on GHG emission reductions, and it does not consider the claim over the impact to be used under in-setting, off-setting strategies. The GHG emissions reduction estimates were developed using a modified prediction model to capture the most significant contributions from IDH's direct interventions and it do not cover all programs at IDH and do not consider the GHG emissions balance (increase, reduction, and sequestration). The model is intended to provide conservative estimates using the lower range of emissions factors.

IMPACT / RESULT AREA	INDICATORS			
	Harmonized OUTCOME Indicators	Baseline	Target 2021	Target 2021-2025
<b>Improved sector and jurisdictional governance</b>	Number of new or improved policies or standards that are effectively enforced	7	7	17
<b>Improved business practices</b>	Offtake volumes of focus crops (metric tons)	0	3,100	85,500
	Private investments co-funding in the program <sup>4</sup>	1:1.1	1:1	1:1
<b>Improved field-level sustainability</b>	Area of forest(ed) land under sustainable (agro) forest management or other improved conservation or protection practices	376,934	309,692	2,079,758
	Area of cropland and other non-timber commodity production under sustainable (intensification) production and management practices	335,374	134,440	1,367,734
	Adoption rate of sustainable manufacturing, production, and land-use management practices <sup>1</sup>	10%	35%	65%
	Harmonized OUTPUT Indicators	Baseline	Target 2021	Target 2021-2025
<b>Improved business practices</b>	Percentage of projects in IDH portfolio that are gender intentional; percentage of projects in IDH portfolio that are gender transformative <sup>1</sup>	NA	NA	100% intentional; 10% transformative

<sup>1</sup> An IDH average has been calculated by weighing the Business Unit baselines and targets against the respective Business Unit budget. Corporate averages account for those Business Units that set baselines and targets for an indicator.

<sup>4</sup> Measurement guidance of co-funding ratio has changed since January 2021. For IDH (public) contribution, instead of only counting for reporting line program contribution as per old RMF indicator measurement guidance (2016-2020), the new methodology counts for all spending incurred. This change is made to correct the narrower scope of methodology applied to ensure calculation takes account of the full cost of IDH portfolio.

The IDH targets are further unpacked in Annex 2 that provides an overview of the Business-Unit contributions to the IDH targets and the targets of the Farmfit Fund; and in Annex 3 that provides detailed target tables per Business Unit.

# 04 | The way we work

IDH makes a substantial contribution to the realization of the SDGs not only through its achievements but also through its distinctive ways of working together with the Private Sector within the global value chains. We keep on considering markets as our departure point to leverage Private Sector engagement & investments through our leadership in convening, co-financing and Innovation & Insights.

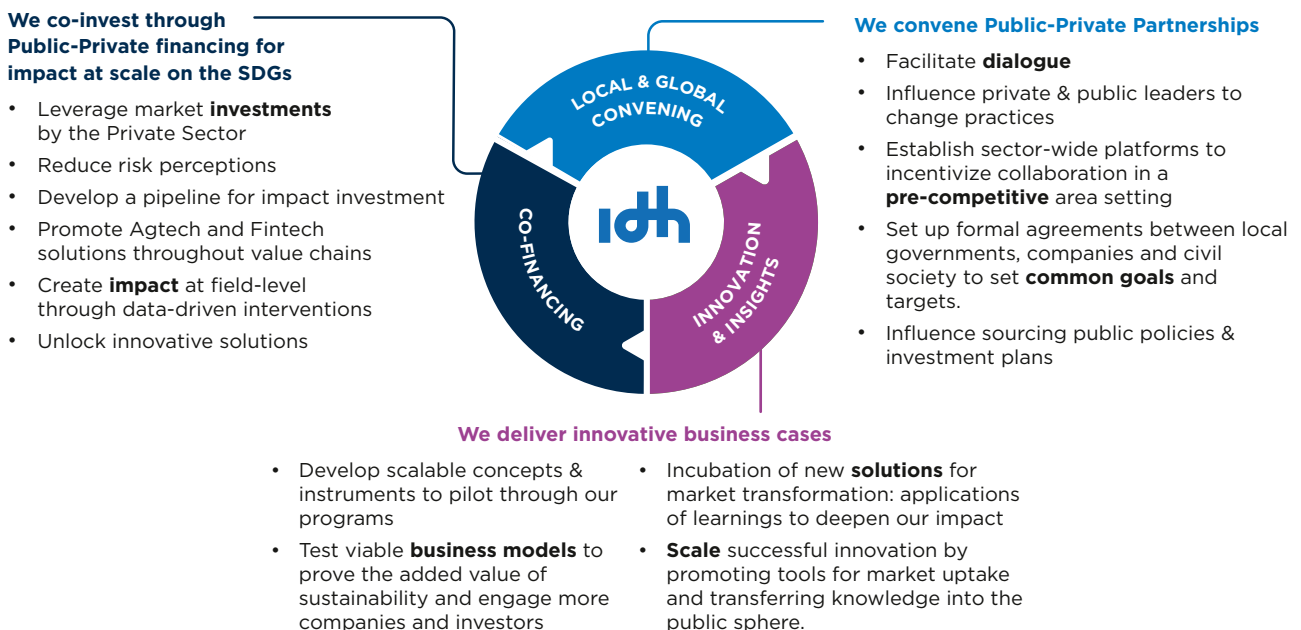
These are not discrete silos of activities; they inter-connect and feed into each other to achieve systemic markets transformation. Our three key roles work all-the-same separately and collectively towards our three result areas: improved sector governance, improved business practices, and field-level sustainability.

IDH's role is seen as sense-maker and catalyst to enable experimentation and learning in this space; able to mobilize the right companies around the negotiation table to tackle specific critical problems at the right time.

## 4.1 IDH key roles

Our three key roles continue to be Convening, Co-financing and Learning & Innovation.

FIGURE 2: IDH KEY ROLES



#### 4.1.1 OUR ROLE IN CONVENING

**At the essence of everything we do is our capability to facilitate concerted actions across all sectors, starting with the private sector and including local governments and civil society organizations. Our expertise in convening is our added value, acting as the starting point of all our interventions.**

IDH has a strong mandate to steer and enable pre-competitive collaboration and will remain critical in convening public-private partnerships for collective action. Our corporate partners see a clear role for IDH in finding solutions in collective problem-solving for issues that are too complex for individual companies to address alone. They cite, for instance, tackling pervasive poverty with living wage and living income approaches.

Our role in convening is illustrated for e.g. through our sector initiatives such as [SIFAV](#) (*Sustainable Initiative Fruits & Vegetables*) that gathers key sector players (producers, traders and retailers) around the table to set common targets and report transparently on their progress; or through the [Cocoa & Forests Initiative](#) where IDH brings together the governments of Ghana and Côte d'Ivoire with key cocoa companies to convene an unprecedented public-private action plan to reduce deforestation in the major cocoa producing countries.

Our convening role is intertwined with our co-financing and innovating role as bringing key partners to the table is the first step in prototyping collective solutions and testing them through co-financed projects.

#### 4.1.2 OUR ROLE IN CO-FINANCING

**Our core donor funding enables us to leverage private sector investments by working together with companies through the supply chains.**

IDH will co-invest with international companies to pilot new concepts in local food production systems and sustainable sourcing. Our contributions will focus on proving the business case for sustainability to ultimately create an enabling environment where companies are willing to invest in the public good without co-financing support.

Our role in co-financing is illustrated for e.g. through our work on [Service Delivery Models](#) together with companies like the coffee trader Neumann Kaffee Gruppe. After a thorough analysis, IDH engaged with NKG to improve their servicing to smallholder farmers; including trainings, access to inputs and financial services. IDH's co-financing enabled to de-risk loans to local coffee

producers engaged with NKG and to prove the business case that efficient servicing to farmers improves their productivity and their overall income, as well as profitability for NKG.

Our co-financing role gives the flexibility to be innovative, by analyzing and prototyping business models meant to increase field-level sustainability. All our investment decisions and activities aim for scaling –by building investable business models to attract commercial investments or by sharing our innovations & expertise in the public sphere and with our partners.

#### 4.1.3 OUR ROLE IN INNOVATION & INSIGHTS

**IDH will continue to collect & share data-driven insights, facilitate learning, and develop and pilot new concepts instruments & technologies. By making available insights, tools and approaches to a broad public, external stakeholders can replicate and scale proven concepts for market transformation.**

Core donor support enables us to leverage private sector finance for piloting and scaling innovative solutions. Those that have worked with us value our role in driving collective learning and innovation. They tell us that it is ever more critical for them to know where products come from and to influence how they are made. They need simple solutions that can be mainstreamed through their supply chains.

Our work in innovation is for e.g. illustrated in the latest developments towards defining a [Salary Matrix](#) that is made available by IDH to help retailers, brands and producers calculate the difference between current wages and the living wage. The development & piloting of this tool was a milestone in enabling IDH to initiate the first nation-wide commitment from Dutch retailers to close the living wage gap in the banana supply chain.

IDH played a key role in converging, aligning efforts to move the living wage agenda in the banana supply chain. To ensure its success, it will require the whole value chain to work collaboratively and to find sustainable solutions together. In addition to listening to all relevant stakeholders, the methodologies and tools developed by IDH enable everyone to work within a similar framework and evaluate living wage gaps in similar fashion

This solution-provider role is embedded across the IDH organization through its Business Unit Innovation & Insights. In 2021-2025, further focus will be brought on data and the use of digital solutions.

## 4.2 IDH Impact Themes

For the coming five years working towards our 2030 Global Aims, we have identified three Impact Themes: **Better Income, Better Jobs and Better Environment for men and women.**

We focus on Better Income by working on improving income (towards a living income), a more stable and equitable income, on Better Jobs by improving working conditions, improving remuneration towards living wage and supporting collective action; on a Better Environment by reducing GHG emissions and restoring and rehabilitating landscapes, integrating the global social and environmental agenda into one holistic approach. Gender is now mainstreamed across all themes. This section rolls-out the pathways towards our intended impact.

### 4.2.1 BETTER INCOME (FOR MEN AND WOMEN)



Better income means to be able to earn...

- > more income for women and men to be able to alleviate poverty towards a living income.
- > a stable income to be resilient against shocks and other risks throughout and over the years.

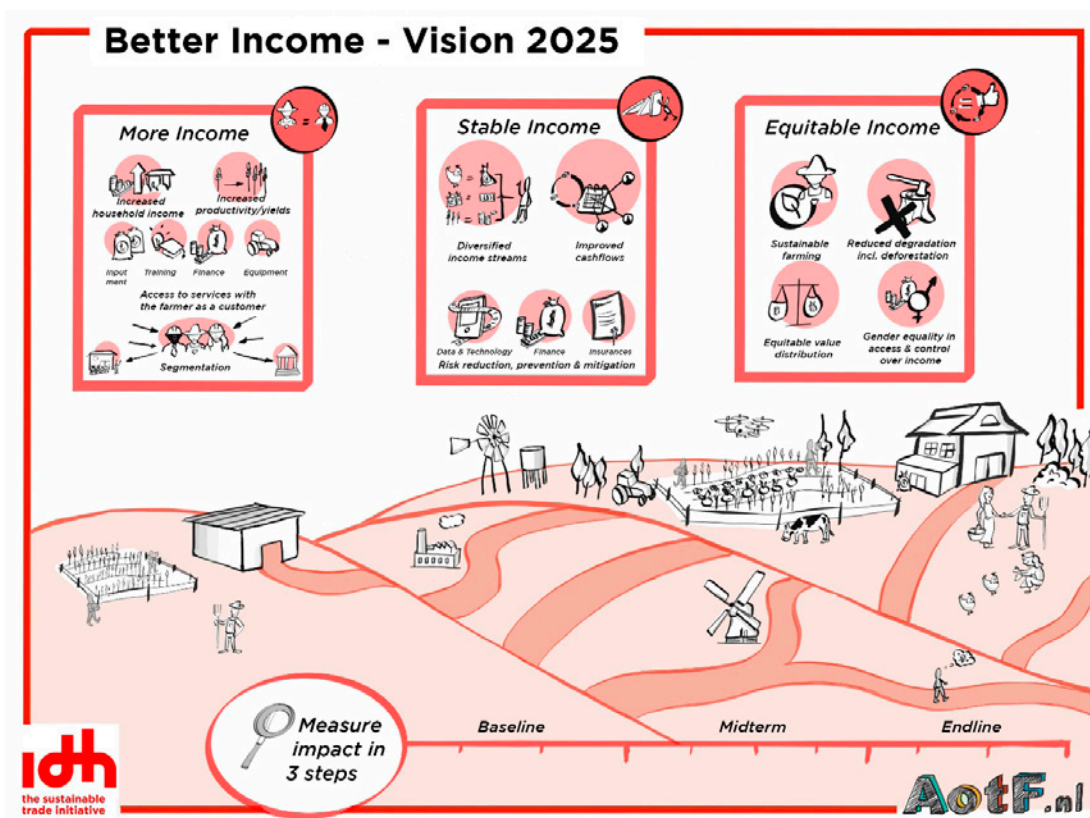
- > an equitable income, to ensure that men, women and youth have equal chances on a better income while not harming the environment, local communities and generations to come.

With this in mind, we identify direct and indirect beneficiaries:

- > Primary – direct beneficiaries: Farming households (women and men) that are ultimately responsible for the farm. This means they bare all costs and risk related to the farming operations and expect to earn from the fruits of their labour.
- > Secondary – indirect beneficiary\* : Farm Workers (women and men) that are (casually) employed on smallholder farms and receive a remuneration for their work. They are not responsible for the farming operations and therefore do not bare any costs and risk related to the farming operation.

\* Farm labour (informal and formal) that is compensated through wages is further worked out under the impact pathway better jobs. Casual labour on smallholder farms are secondary beneficiaries of the income pathway better income.

FIGURE 3: UNPACKING BETTER INCOME (FOR MEN AND WOMEN)



## 4.2.2 BETTER JOBS (FOR MEN AND WOMEN)



### Better Jobs means...

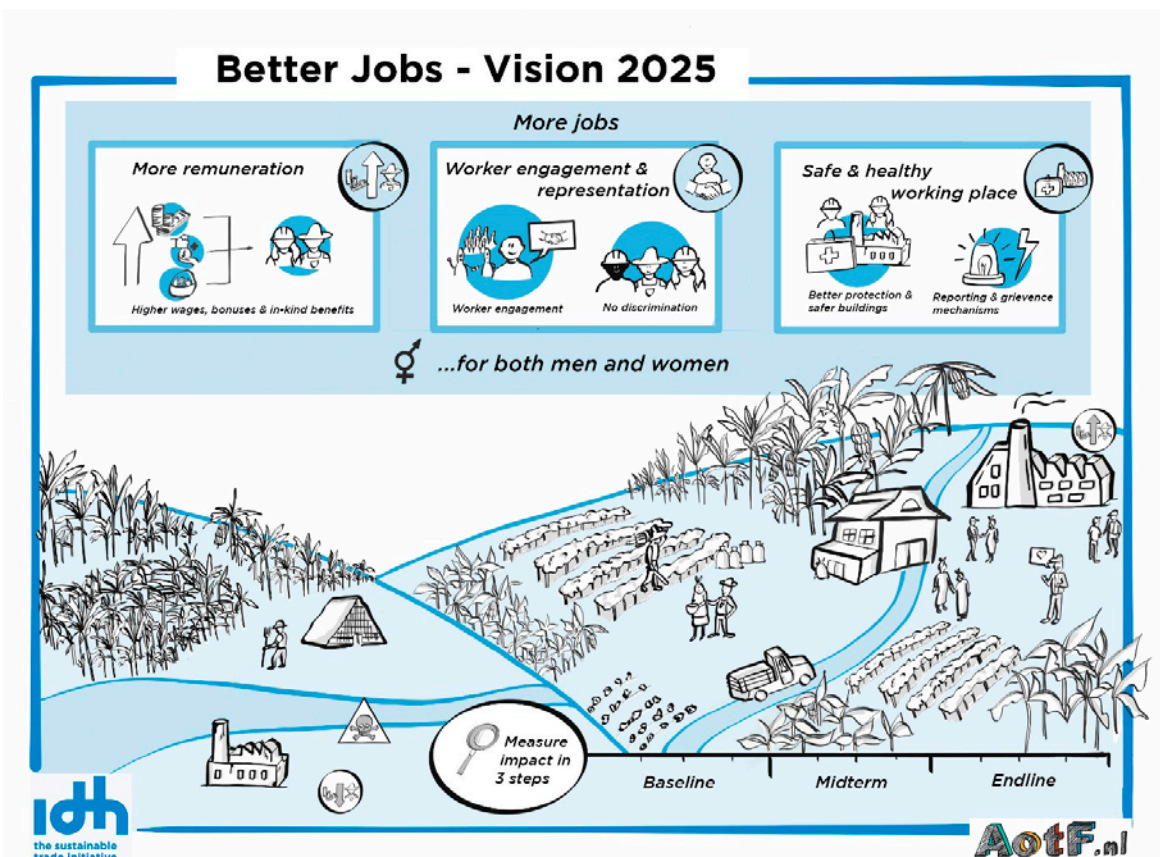
- > More remuneration for women and men, achieving a decent standard of living for the workers while ensuring the long term sustainability of the sector
- > Worker engagement and representation, enabling or improving social dialogue between workers and management, and freedom of association
- > A safe and healthy working place, with good mechanisms to identify and solve issues including gender-based violence, forced and child labour
- > And the overall creation of More jobs that meet the criteria above.

With this in mind, we identify direct and indirect beneficiaries:

- > Primary – direct beneficiary: Permanent and temporary workers (women and men) in plantations and factories
- > Secondary – indirect beneficiary\*: Workers (women and men) that are formally or informally employed on smallholder farms and receive a remuneration for their work.

\* Farm labour (informal and formal) that is compensated through wages is further worked out under the impact pathway better jobs. Casual labour on smallholder farms are secondary beneficiaries of the income pathway better income.

FIGURE 4: UNPACKING BETTER JOBS





### 4.2.3 BETTER ENVIRONMENT (FOR MEN AND WOMEN)



#### Better Environment means...

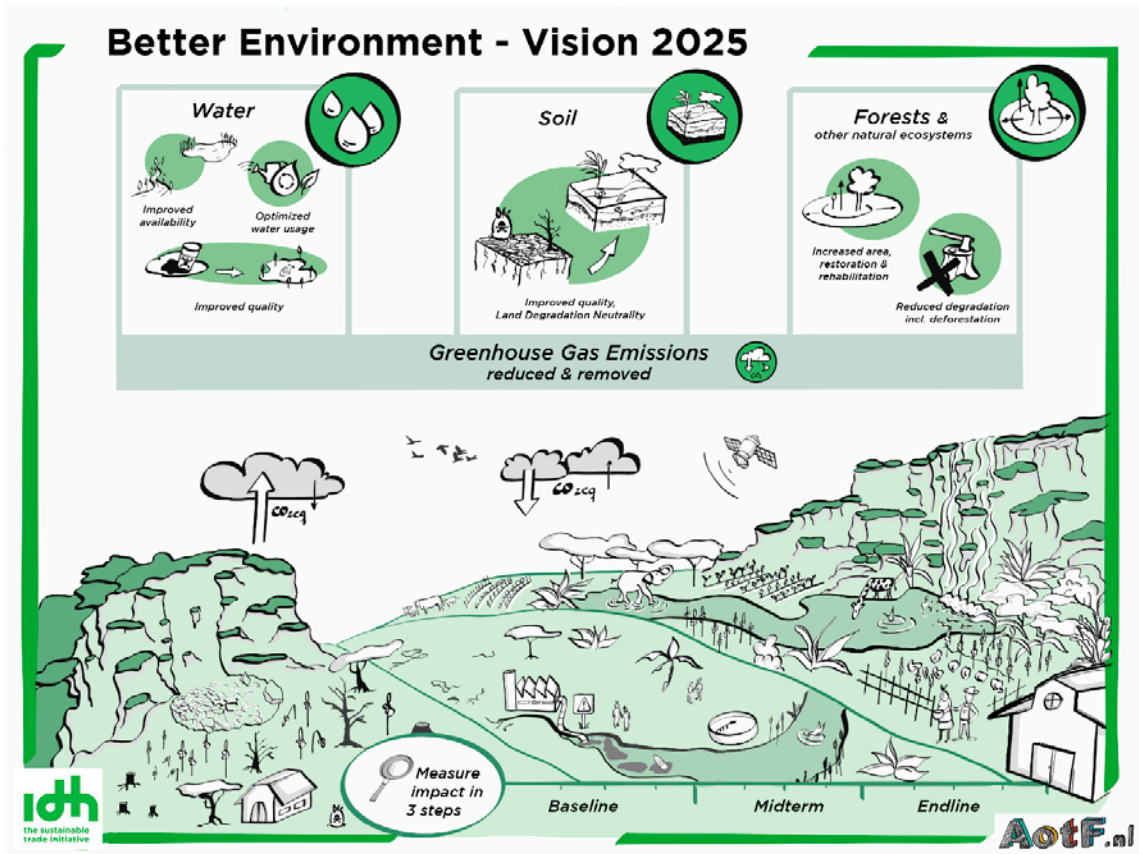
- > Improved quality/health/condition of soils used for production of agricultural goods/commodities.
- > Increased area of forests and other natural ecosystems. Reduced degradation of natural ecosystems, including reduction of deforestation.
- > Reduction and removals of Greenhouse Gas emissions
- > Improved availability and quality of water resources for women, men and ecosystems. Optimized usage of the available water resources.

With this in mind, we identify direct and indirect beneficiaries:

- > Primary – direct beneficiary: The Environment that maintains ecosystem services on which the livelihood and health of people depend, directly or indirectly.
- > Secondary – indirect beneficiary: People that benefit from improved or stabilized environmental conditions.

*That can e.g. be farmers (women and men) achieving higher yields through improved soil conditions or optimized water usage.*

FIGURE 5: UNPACKING BETTER ENVIRONMENT



## 4.3 Sustainability solutions

**Based on our previous learnings and experience, IDH has developed a number of Sustainability Solutions to achieve its intended Impact towards 2025 (Chapter 05). The following section explains in more detail the Sustainability Solutions.**

The IDH Sustainability Solutions are approaches that were developed over time by IDH in collaboration with the private and public sectors for their testing and application; they are based on program learnings and are designed to transform global, regional and local supply chains with disruptive models where we can create the most impact. The Sustainability Solutions will continue to be used by our partners and refined and enhanced through this five-year period, in which we will also develop and pilot new solutions.

The Sustainability Solutions are based on two important principles of IDH's way of working:

### **Mainstreaming of gender throughout our work:**

IDH uses a gender tool to collect data and engages with its partners to assess where companies and platforms are on the "gender ladder," from 'unintentional', to 'intentional', to 'transformative'. IDH advises companies on risks, opportunities and possible interventions to make their business models more gender inclusive to benefit women's empowerment.

### **Data-driven insights & learnings:**

We are using data-driven approaches to collect and create actionable insights on key topics like living income, living wage, SourceUp, gender and many others. We collect this data through a suite of (online) tools and through IDH Monitoring and Evaluation activities, analyzes these data and uses them to create actionable insights. IDH uses these insights to inform investment decisions and share them broadly through its network and convening activities to drive change.

We regard the following Sustainability Solutions as tested, operational, and used by different BUs and their partners:

- > **Joint Industry Commitments**  
IDH convenes initiatives made up of multiple stakeholders for specific sectors and/or themes. Through these initiatives, the stakeholders make joint commitments that address supply chain challenges to create better jobs, better incomes, a better environment and gender equality and empowerment. These commitments create a level playing field and catalyze private-sector action. IDH then measures and reports on the initiatives' progress. IDH facilitates in these initiatives sharing of best practices amongst partners in addressing challenges. This helps to meet the commitments faster.
- > **Service Delivery Models (SDM)**  
IDH analyzes the performance of businesses that engage with smallholder farmers, whether they serve and/or source from smallholder farmers. These analytics support supply chain partners in understanding how to best improve and adapt their business models to operate commercially viable at scale, while benefitting smallholder farmers. The analyses are shared with a wider audience, including businesses to learn from best practices to adapt and scale. Investors use the resulting data and insights to make more informed investment decisions.
- > **Value Chain Development (VCD)**  
IDH connects farm gate with off-take for better organized and inclusive value chains. We assist SMEs in professionalizing their businesses so that they can meet off-takers' quality and quantity requirements in local, regional and international markets. VCD opens up new markets, enabling the creation of new jobs, better jobs and entrepreneurship among young people. While often reducing food waste, improving farmer incomes and substitute imported ingredients by local produce.
- > **Investment for Change**  
IDH catalyses and channels new private sector investment in smallholder farming, deforestation-free commodity production and sustainable manufacturing. IDH initiates lead and/or facilitates innovative finance vehicles, including new types of investments, to increase private sector investment that delivers on the UN Sustainable Development Goals. IDH manages its own fund and supports other funds with facilities to co-organize deals, decrease real and perceived risks and to reduce costs, thereby creating systemic changes and opening up access to better fitting finance for small scale farmers, SMEs and manufacturers.
- > **Sourcing for Impact**  
IDH works with companies to assess their social and environmental footprint. Based on these assessments, IDH supports companies to improve social and environmental performance of their supply chains, through innovating procurement practices, increasing demand for sustainable products and investing in

high-impact models. IDH collaborates with purpose-driven brands to show how sourcing for environmental and social impact makes business sense.

> **Production Protection Inclusion (PPI)**

IDH creates landscape approaches to sustainable development based on agreements between key public, private and civil society stakeholders to make land more productive and improve livelihoods, while protecting natural resources, most notably forests. IDH's role in this approach is to guide policy, design, plan, convene and facilitate these agreements, unlock investments, and link the landscapes to markets, as well as reporting on the outcomes and impacts of the agreements.

> **New Sustainability Solutions**

While continuing to refine, improve and strengthen our existing solutions, we will bring together new tools, systems and approaches in New Sustainability Solutions to drive transformation.

## 4.4 Our geographic focus

IDH works on market transformation in international value chains. We therefore operate at a global level and focus our work where the social and environmental challenges are the most problematic and where trade can be leveraged as a tool for systemic change.

This makes **Africa** a priority for our work and leads us across the world to focus on the regions and countries with the greatest opportunities to address inequalities and sustainable use of the planet.

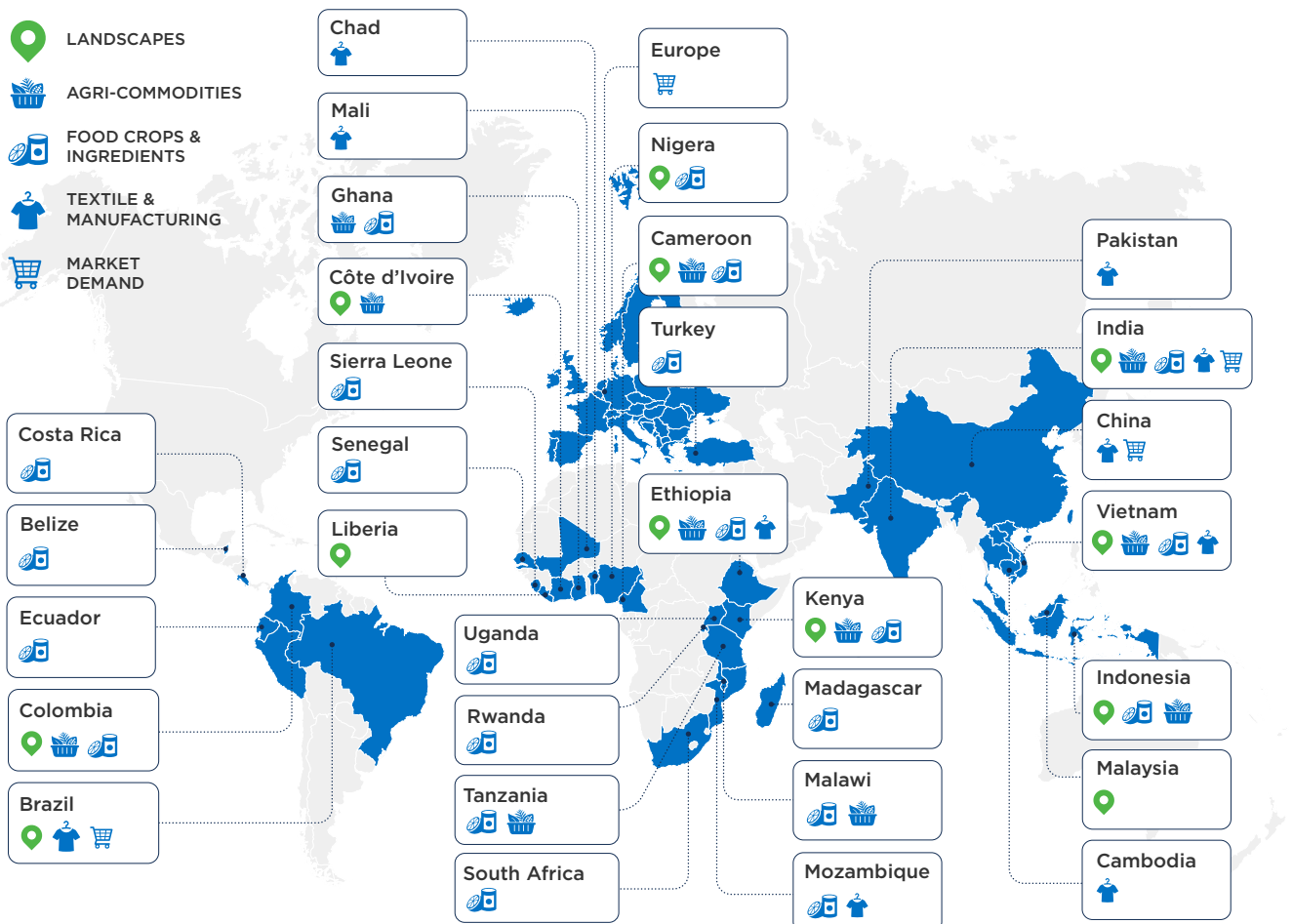
We will remain flexible and pragmatic in the way we allocate resources over time in order to ensure that we optimize our impact as situations change and new economic, social or environmental priorities emerge.

We will continue to have a strong and expanding presence in Asia and Africa for our work in agricultural production and value chains for cocoa, tea, coffee, spices, flowers, cotton and fruit & vegetables. Our work in textiles and manufacturing will focus on India, South-east Asia and Africa.

The deforestation, water, soil degradation and landscape restoration work of our Landscapes will be dedicated to 20 of the world's most threatened areas, linked to trade in key commodities such as palm oil and soy across 12 countries in Africa, Asia and Latin America.

Finally, we will continue to work on leveraging demand for sustainable products in Europe and in emerging markets such as India, China and Brazil.

FIGURE 6: IDH PROGRAM LOCATIONS



## 4.5 Prioritizing gender equality & empowerment

IDH will further emphasize its work on gender equality and empowerment towards 2025 by embedding it within our strategies towards better income, better jobs and better environment.

Gender equality drives progress in business and society. IDH believes that:

- > Men and women should have equal chances to a living income;
- > Equal pay for equal tasks should be the norm;
- > Safe working conditions should be guaranteed for both men and women;
- > Equal career opportunities for men and women should be created;
- > Gender-inclusive value chains are not only equitable, they also make business sense.

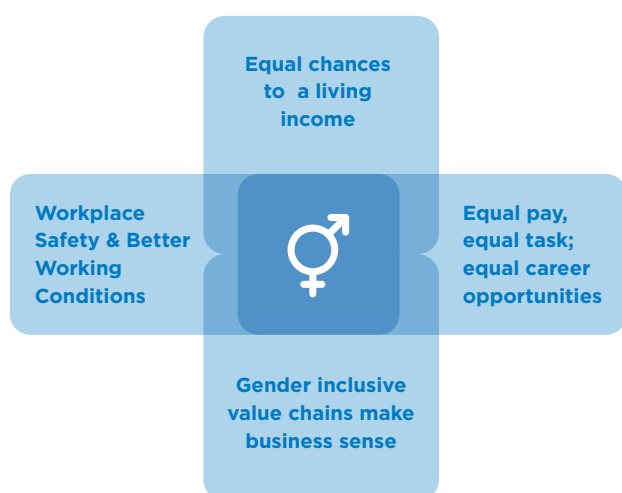
Each of our business units aims to mainstream gender across its programs to achieve the above goals. They consider how women and men participate in, and benefit from our interventions. We will increase gender

awareness throughout the organization and its work. With the following inputs we believe IDH can make a difference for women in the value chains that we work in:



To support this journey towards gender equality across our programs, IDH will seek for knowledge and/or implementation partners such as BMGF, BSR, UNWomen or Sex&Samfund. Furthermore, we want to seek partnerships with purpose led brands to work with creative solutions on gender issues with practical, replicable models, partnerships and tools to create a wide coalition in the private and public sector.

**FIGURE 7: OVERVIEW GOALS IDH GENDER STRATEGY 2021-2025**



### 4.5.1 IDH GENDER TOOL

**IDH is rolling out a comprehensive Gender Tool to further explore and understand gender dynamics to improve the lives of smallholder farmers.**

We are testing this tool for integrated analysis as part of our service delivery model (SDM) work. By capturing richer data during market assessment to better understanding each service provider's intentions, gaps and opportunities, the Gender Tool helps us identify opportunities to address gender gaps, consider potential interventions and track results. Please find more about the IDH gender tool [here](#).

## 4.5.2 ECONOMIC & SOCIAL TRANSFORMATION

### Gender equality and empowerment issues and their potential for economic and social transformation are addressed across all IDH's work.

We believe women are key drivers for growth and sustainability, playing a key role in supply chains (SDG 8). However, women have fewer economic opportunities hence are more vulnerable to exploitation. If women have similar access to resources as men, yield increase of 20-30% could be generated leading to exponential growth of the global GDP. Empowering women to participate equally in the global economy could add \$28 trillion in GDP growth by 2025. Research has shown that women spend up to 80% of their income on their families' needs, health and education, making gender equality (SDG 5) key to break farmer families out of the cycle of poverty.

Since 2016 IDH has set out a strategy to embed gender equality in IDH projects, improving its gender resources and proposition, as well as developing a Farmfit gender tool. To ensure it is future fit, the 2021-2025 gender strategy for IDH will focus on integrating gender across IDH projects and IDH as an organization. We realize there is much potential yet to be unlocked regarding the impact on economic empowerment of women that can be reached if IDH takes a more holistic and inclusive approach while focusing on where there is the best fit (relevance x added value). Therefore, we looked at the key gender challenges that mostly affect women from being economic empowered and combined this with IDH overarching strategic priorities. Among key challenges identified are gender-based violence and sexual harassment, gender pay gap, unequal economic opportunities for female smallholders, lack of access to finance and lack of equal career opportunities. Combining this provides us with the following opportunities for innovation on gender:

#### Data & Gender:

- > Integration of gender in the salary matrix and in the farm income tools
- > Implementation of the gender tool in IDH programs/projects;
- > Full integration of gender relevant Key Performance Indicators (KPIs) in the Results Measurement Framework (RMF).

#### Convening on gender:

- > Further build on our sector governance work in Tea and Flowers in Safe Working Conditions and GBV prevention and expanding to other sectors;

- > Convene with Purpose Led Brands, like Unilever (Women Safety Accelerator Fund) and work Access to Markets with private sector.

#### Technology & Gender:

- > Work with the IDH Technology Hub for innovations on women & technology, therewith closing the tech gap between men and women.

## 4.5.3 INTEGRATING GENDER INTO OPERATIONAL PLANS

**The plans for each of the Business Units take into account essential aspects of IDH's extensive experience and deep commitment to gender as we find new ways to improve the working conditions, efficiency and profitability of smallholder farms, workers and businesses.**

By addressing gender issues, we strengthen partnerships for change at production level and throughout value chains

**In India, as part of a broader gender sensitization activity across IDH programs, 2,000 field facilitators have been trained on gender awareness in their work. Through their trainings, the field facilitators reach over 1 million cotton, spice and grape farmers across India. The learnings from the training also serve as input to further design gender-balanced interventions and trainings across India.**

In Chapter 6 an extensive description of the plans per Business Units can be found. As an example, we listed below some core activities showing how our BUs will work with the gender theme.

The **Agri-commodities** BU is working on the Women's Safety Accelerator Fund (WSAF) in partnership with Unilever and Tesco. WSAF is a new program to create a safe & empowered workplace for women, starting in the tea sector in Assam, India - with the aim to replicate to other countries & sectors. The WSAF supports tea producers to address women's safety through implementation of the UN Women's Global Women Safety Framework, and work closely with local NGOs

to build & strengthen local knowledge & capacity. By 2023, the WSAF aims to reach 300,000 (100,000 M / 200,000 F) workers across 300 tea gardens in Assam.

Our **Food Crops & Ingredients** initiatives will include work with our partners in programs to reduce gender discrimination by simultaneously addressing the issues at sector governance level as well as at field level on the plantations. Building on our gender work in the flower sector, for example, we have included a gender analysis as part of the Salary Matrix tool that we have developed so we can address gender pay gap along living wage.

In our work in **Textiles and Manufacturing**, gender equality, economic empowerment and opportunities for women will be integral to our work. We aim to ensure equal access to finance, technical and safety training to bring about equality in decision-making power and increase working conditions and productivity.

The **Landscapes BU** will work on making compact convening more inclusive by using different strategies to include women's voices as well as working towards including women in credit and investment models.

## 4.6 Integrating climate change mitigation and adaptation with the struggle against inequality

**We are aware that landscape degradation will continue, with worsening effects on the livelihoods of the most vulnerable in those landscapes because of increasing pressures for more agricultural production to feed growing local and global demands.**

The UN Special Rapporteur's report in July 2019 warns that, even in the best-case scenario of 1.5°C temperature increase by 2100, extreme temperatures in many regions will leave disadvantaged populations food insecure, with lower incomes and worsening health.

**“Perversely, while people in poverty are responsible for just a fraction of global emissions, they will bear the brunt of climate change, and have the least capacity to protect themselves,”**

Philp Alston, UN Special Rapporteur<sup>11</sup>

The livelihoods of smallholder farmers who manage over 80% of the world's small farms and who provide over 80% of the food consumed in most of the developing world are those most directly affected - particularly women farmers who are the most marginalized.

**This is why IDH will address this complex threat by integrating climate change mitigation and adaptation with poverty alleviation across our programs.**

Additionally, our climate mitigation strategy sets out to prevent deforestation by investing in protection in sourcing areas. We apply the mitigation hierarchy:

1. **Avoidance:** taking innovative measures to avoid creating impacts from the outset
2. **Minimization:** reducing the duration, intensity and/or extent of impacts

3. **Rehabilitation/restoration;** measures to improve degraded ecosystems
4. **Offset:** compensation for any residual, adverse impacts after implementation of the previous steps.

Our adaptation efforts focus on large scale agroforestry development on cocoa and coffee farms/ plantations.

In the Cocoa, Tea and Coffee sectors, we will focus on establishing and realizing living incomes and living wage by convening and implementing public and private sector commitments to climate change mitigation and adaptation and deforestation-free sourcing.

Our work in Food Crops & Ingredients sets out to improve incomes and conditions for workers while reducing the impact on the earth's support systems like climate change, biodiversity loss, chemical pollution and freshwater withdrawal. We can achieve this through efficiency improvements, reduction of loss and waste, and fundamental changes and innovations to the production system and value chains

The Textiles & Manufacturing Business Unit will build the climate resilience of Mozambique cotton farmer to improve profitability and secure livelihoods. In supporting the Better Cotton Initiative, we are aiming to increase the incomes of some 5 million smallholders and farm workers while improving yields and reducing the consumption of irrigated water.

Our Landscapes program directly tackles climate mitigation and adaptation in 20 of the priority hotspots in 12 countries where high or rapidly growing commodity production is coupled with high rates of deforestation, water stress, biodiversity loss and soil erosion. We will invest in the sustainable production of food and cash crops (Production) on condition that natural resources are protected and/or restored (Protection) and communities and farmers benefit (Inclusion). The mitigation strategy is based on lowering deforestation and peat conversion rates; the adaptation strategy is rooted in climate-smart agriculture, agroforestry systems and reforestation/ afforestation.

<sup>11</sup> <https://news.un.org/en/story/2019/06/1041261>



## 4.7 IDH Partnerships & Engagement

**IDH is a change agent, catalyzing industry engagement in sustainable trade. We convene, innovate and learn together with our partners to prepare the scaling up of our sustainability solutions and ultimately create truly sustainable value chains for the benefit of people and planet.**

As an international, not-for-profit organization we understand the private sector mindset and approach sustainability by building market-based solutions and proving the business case for sustainability. We mobilize, connect, analyze, take risks and are a critical friend to private sector and our diverse base of partners. By exploring explore step by step and creating space to collectively doubt, try and fail, we learn together to enhance and enable an emerging future. When helping the private sector to create visions, IDH sets the bar higher where possible and creates the safe learning space for those at the back to catch up.

We cannot do this alone. In order for us to deliver on our impact themes, IDH needs an action driven coalition of partners. Our teams collaborate and partner with global and local actors across sectors and landscapes.

IDH leverages donor funding to achieve tangible results, by improving business practices, sector & jurisdictional governance and pushing for field-level sustainability. In our relation to the diverse set of partners that enable and enhance our work, we convene, team up and seek out a role that is distinctive and additional.

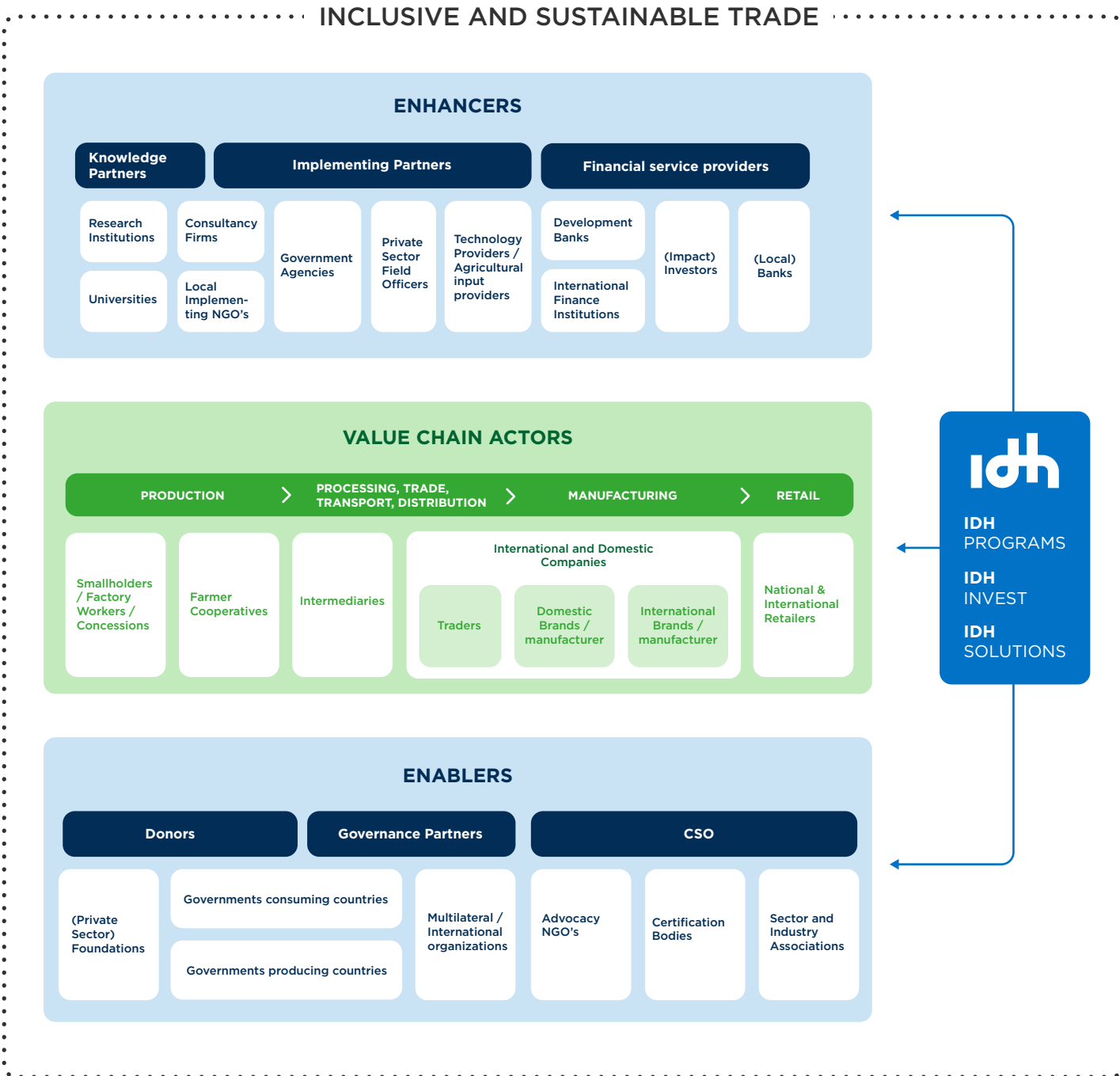
Our role is **distinctive** in the way it develops and delivers integrated solutions through supply chains that are sustained by market demand, including cocoa, coffee, cotton, palm, soy and apparel investments. Our partners characterize IDH as *'the organization that gets stuff done'* because of its proven agility, pragmatism and the ability to link development at the local level with global change for the better.

Our people, with their diverse professional backgrounds have an experience that mirrors our stakeholders from private sector, government and civil society, allowing us to understand and speak the language of diverse stakeholders and our partners.

IDH's work is **additional**, ensuring actions and results that would not have happened otherwise. It innovates to improve lives and landscapes in emerging economies. It makes change happen where businesses, civil society or the public sector are not able to address the most difficult sustainability issues on their own. We work in the pre-competitive space to prevent market distortions, push our partners to leave their silo's, commit and move beyond their comfort zone. This allows us to graduate our innovative and transparent business models to full market invested solutions that bring impact to scale.

Through data driven and gender transformative insights, IDH originates, tests and brings to scale new solutions to intractable challenges in consuming and producing contexts that would not otherwise have happened.

FIGURE 8: IDH'S MAIN PARTNERS IN TRANSFORMING SUPPLY CHAINS



# 05 | IDH 2025 Intended Impact

The impacts, outcomes and ways of working described in Chapter 4 and 5 will be delivered through a set of programs implemented by the five IDH Business Units.

We summarize below the five-year plans for each of the Business Units considering the global context, IDH's role and intended impact towards 2025. We also indicate the key program clusters and approaches for each Business Unit and how they will use the Sustainability Solutions presented in Chapter 5. In Annex 3, you can find complementary information for each Business Unit, including Theories of Change per Program Cluster, detailed targets tables and risk analyses.

- > **BU AGRI-COMMODITIES**
- > **BU FOOD CROPS & INGREDIENTS**
- > **BU TEXTILE & MANUFACTURING**
- > **BU LANDSCAPES**
- > **BU INNOVATIONS & INSIGHTS**

## 5.1. Agri-commodities

### 5.1.1. GLOBAL CONTEXT & PROBLEM ANALYSIS

Globally, the cocoa, tea and coffee sectors have been at the core of the sustainable trade movement. They account for a combined global market value of approximately €364bn of which cocoa €127bn, tea €55bn and coffee €182bn. Supply chain dynamics and forthcoming issues are largely similar across the three supply chains. Therefore, the below problem analysis is largely applicable to all three programs in the Business Unit.

The cocoa, tea and coffee sectors are dominated by large brands owned by global fast-moving consumer goods (FMCG) companies who in general make good profits. On the production end, these sectors rely heavily on approximately 40 million smallholder farmers and workers for whom cocoa, tea or coffee is their only or most important source of income. Even though most of these farmers are well connected to international supply chains with high margins, it has not yet lifted them out of poverty. Over the past two decades these farmers have started to become the main risk takers in these supply chains, despite their lack of ability to carry them. Still, they are often better-off than the farmers and workers that are not engaged in these international value chains. The global COVID-19 and its economic consequences demonstrate that farmers are bearing risks, without having the capacity or support to address them. This can result in a situation of increased poverty and negative consequences that arise from this. This is important, especially in markets that are shock sensitive.

The field level challenges are numerous and complex to resolve in both the smallholder farmer and worker setting. Due to poor market conditions and low margins in international supply chains, tea plantation companies

struggle to pay their workers a living wage. Additionally, poor working conditions, including issues around women safety and gender equality remains an issue of concern for plantation companies. Smallholders in cocoa, tea and coffee struggle to earn a living income. Farmers often do not get access to gender-sensitive services to improve their businesses. They are perceived by service providers as too risky to serve, often linked to a lack of proper organization of smallholders. Accessing short- and long-term financial services is one of the challenges faced by smallholder farmers and causes a critical bottleneck to become more profitable. Cocoa, coffee and tea farmers also do not get access to services for other crops they grow, while diversification could greatly improve the resilience to help them cope with volatile commodity prices.

Global FMCG companies are increasingly uncomfortable that despite many efforts - including investment in certification schemes and initial 'beyond certification' programs - poverty, gender inequality and deforestation in their supply chains are still unresolved, causing reputational damage and supply risks. These companies lack a clear framework on global poverty and inequality. However, more and more companies are willing to embrace the issue of inequality and see living income and living wages as powerful concepts to work on. These are advancing as a solution to pervasive inequality and are beginning to give rise to a meaningful dialogue on the role of power dynamics and risk transfer in preserving the systems that have given rise to intractable rural poverty. Evidence to this is the recently organized *Living Wage Summit* building on the global living wage and income commitment from Unilever. On the climate side, we see that companies are increasingly adopting commitments related to deforestation-free sourcing and regenerative agriculture and show action to invest much more in these areas supported by the opportunities around carbon credits.

These developments are helped by pressure from consumers, policy makers, and investors who are demanding ever greater transparency and human rights and environmental due diligence and asking companies and their brands where they stand on these issues, leading to the rise of purpose-led brands. Avoiding greenwashing and replicating the success of those brands that are well performing on impact will require data to prove that farmers and workers are improving their lives significantly and positively impact the environment.

The governments of producing and consumer countries are also challenged to find solutions to the

ongoing systemic failures in the sectors. Stakeholders are increasingly convinced that living wage and living incomes must become the norm while also calling for an end to deforestation and support to forest restoration. For example, the urgency of a deforestation-free cocoa sector has led to cooperation between companies and producing governments under the *Cocoa & Forests Initiative*. At the consuming country level, we have also seen responses to create ambitious commitments to support the living income and deforestation journey. Cocoa is most advanced with initiatives by the Dutch, Belgian, Swiss and German governments.

The geographical focus of the Business Unit (BU) Agri-commodities to address these issues are the main producing areas of cocoa, tea and coffee where there are severe issues of social and/or environmental challenges remaining. These are West-Africa (Côte d'Ivoire, Cameroon and Ghana) for cocoa; East-Africa (Kenya, Rwanda, Malawi, Tanzania) and India for tea; and East Africa (Kenya, Uganda, Ethiopia) and Colombia for coffee. Additionally, activities for coffee and cocoa in Indonesia and Vietnam are foreseen to be fully integrated in the landscape approaches by the BU landscapes. The BU will also engage the relevant sector business, civil society, investor, and government partners in consuming countries to catalyze and strengthen investments in producing countries.

We see from all these developments that stakeholders are increasingly convinced that the norm for cocoa/tea/coffee must become that living wages and living incomes are earned, while further deforestation is prevented, and forest restoration is supported. This requires proper coordination of adequate sector governance, change in business practices and field level interventions.

### 5.1.2. BUILDING ON OUR LEARNINGS AND ACHIEVEMENTS

IDH has gained a strong position in these large global sectors as a pre-competitive sector convener, co-funder and knowledge and innovation partner. We have become a trusted, neutral, and committed partner to governments, industry, and civil society organizations in these sectors. Our achievements through 2016-2020 include:

*Malawi Tea 2020*, a supply chain multi-stakeholder living wage initiative with 30 organizations including all the major tea buying companies and retail, all tea producers in Malawi, the government of Malawi and the

major NGOs and certification schemes in the country. Through this initiative we have been able to move the tea cash wages up significantly, closing 33% of the net living wage gap. Furthermore, the sector has developed and rolled out a first-ever gender equality and women safety strategy for all tea estates.

*Trustea* in India, a program that advocates the implementation of a voluntary sustainability code for the Indian domestic tea market. *Trustea* is well established, and has to date verified 695m kg tea, close to 56% of Indian tea production under its scheme and works with over 550,000 workers and 50,000 smallholders (male and female).

*The Farm and Cooperative Investment Program (FCIP)* for cocoa in Côte d'Ivoire, a partnership between the Conseil Café Cocoa (CCC) and IDH. This program focused on mobilizing companies, banks, and micro-finance institutions to design affordable financial products to farmers and cooperatives, specifically targeting female farmers and providing a business case for the importance of access to finance to women. Under this program, for example over 600 cooperatives have received working capital finance amounting to €200m EUR, providing financial products to over 130,000 farmers. The program also supported the opening of 132 296 bank and digital accounts with cumulative savings of 8,381 million euros.

*Beyond Chocolate* in Belgium and the *Dutch Initiative for Sustainable Cocoa (DISCO)* in the Netherlands, sector programs with strong commitments that by 2030 aim to have all the cocoa produced for the Belgian and Dutch sector to be sourced from farmers with a living income and without causing deforestation.

The founding and establishment of *the Global Coffee Platform*, a multi stakeholder organization supporting national dialogue platforms in eight producing countries and aligns international investments with national sector strategies.

Smallholder innovation programs in cocoa, coffee and tea. A core innovation in IDH has been the data-driven approach to analyze Service Delivery Models (SDMs), a solution now embedded in *IDH Farmfit Program* while continuing to serve the cocoa, tea and coffee sectors. The 25 SDM studies in these sectors included a gender analysis and have produced great successes such as the Innovative Finance investment with the Neumann Kaffee Gruppe (NKG) in coffee. The NKG, the biggest coffee trader in the world, set up a large consortium

that aims to take more risk and support farmers in their input and financial needs and includes reference to living income in its monitoring frameworks - a big change in business practice. Our work on cocoa and coffee service delivery models also led to investments by Jacobs Douwe Egberts (JDE), Unilever and Mondelez in the *IDH Farmfit Fund*.

### 5.1.3. IDH IMPACT TOWARDS 2025

In line with the global context and problem analysis, the Business Unit Agri-commodities has 5 high level main objectives:

- 1. Sectorial commitments and action plans/roadmaps are in place for closing living income and living wage gap in the coffee, tea and cocoa sectors**
- 2. Transparent sourcing and branding become the norm to close living income and wage gaps in the coffee, tea and cocoa sectors**
- 3. Investments are unlocked to close living income and wage gaps in the coffee, tea, cocoa sectors**
- 4. Business models and national and Production-Protection-Inclusion partnerships are developed to reduce deforestation, enhance soil health and regenerate degraded areas**
- 5. Scalable funding models are created to enhance women's safety and empowerment in the tea industry and beyond**

A cross-cutting aspect throughout all interventions is **gender equality**, both in the workplace and in the household.

## Cocoa, Coffee, Tea.

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The Business Unit program clusters are the cocoa, coffee and tea sectors. There is large overlap in the issues and sustainability solutions that are identified for these sectors, hence the interventions described are applicable across all program clusters in the BU. In the below text, we explain the rationale behind the result areas (Improved Sector Governance; Improved Business Practices; and Field Level Sustainability) and illustrate it with examples from the different program clusters.

- > **Sector governance:** [Joint Industry commitments](#) are put in place for living income/living wage and climate mitigation & adaptation for cocoa/tea/coffee

The BU aims to convene, create commitments, and capacitate sector platforms and their members. We will focus on establishing and realizing [Joint Industry Commitments](#) on living income/ wage, deforestation-free sourcing and climate change mitigation and adaptation in the cocoa, tea and coffee sectors. These commitments form the overall framework for our work, creating the necessary pressures on companies, and financiers to change and lead to impact at farmer level. We will often be the convener and will take the role of secretariat to support implementation of commitments.

The commitments are at the basis of our strategies and action plans at the sector level, as well as improved policies, regulations, and sustainability standards. Implementing these, requires transparency on progress made in terms of closing the living wage and living income gaps and enhancing sustainable landscape management, such as regenerative agriculture or agroforestry.

We ensure that cocoa, coffee and tea companies report transparently to the public on progress made on their commitments, roadmaps and action plans. Data driven insights & learnings can be used by platform stakeholders to improve accountability and thus improve enforcement of sector commitments, policies, and regulations.

At consuming country level, we will build on [Joint Industry Commitments](#) such as *DISCO* and *Beyond Chocolate* and work with the EU Cocoa Initiative to increase demand for sustainable cocoa and help catalyse transformative projects in origin countries. We will strengthen the link with platforms and commitments convened at origin country level, such as the *Cocoa & Forests Initiative* in Ghana and Côte d'Ivoire, and the *Roadmap to Deforestation-free Cocoa* in Cameroon. Through the [Production, Protection, Inclusion \(PPI\)](#) approach, we want to delink cocoa/tea/coffee production from further deforestation in close cooperation with the Landscapes Business Unit. We will support government and industry in land use planning, law enforcement and responsible, traceable sourcing. The [Joint-Industry Commitments](#) for cocoa, tea and coffee will be connected to [Investments for change](#) in landscape projects that address commodity related deforestation and support climate mitigation and adaptation.

- > **Business practices:** [Sourcing for Impact](#) to reach Better Jobs and Better Income, as well as increased investment in smallholder farmer finance

Improved sector governance constitutes an enabling context for businesses to help them close living wage

and income gaps. While testing and developing new types of interventions, IDH will work at two levels: with the companies that are directly interacting with smallholder farmers and with brands that want to source from sustainable and inclusive value chains that pay a living wage and/or enable a living income to be earned. We aim to transform current procurement and branding practices to unlock [Sourcing for Impact](#). We will develop a range of sourcing models (or so-called high impact models) that can, for example, *price in* equal & living income and wages.

We will monitor the baseline and progress, or lack thereof, by international tea, coffee, and cocoa businesses towards closing the living wage and living income gaps. Therefore, IDH will implement several monitoring and benchmarking tools with its business partners, such as *the Salary Matrix* to measure living wage gaps and the *Income Measurement Survey* to measure performance against living income benchmarks. These tools provide data driven insights and learnings for IDH to support the development of strategies for companies for sourcing for social impact to close living wage and living income gaps.

These strategies for companies for living wage and income will require a smart mix of interventions. For living wage IDH has sufficient experience to move companies forward into concrete strategies, for example through our lessons learnt in the *Malawi Tea 2020* program, our work under the *IDH Living Wage Roadmap* and through the recently launched *Business to Business Call to Action* during the Living Wage Summit.

For living income, a framework is currently being developed, and our ambition is to make a *Living Income Roadmap* for companies like we have done for Living Wage. The topic of Living Income is widely seen to be much more complicated, and it will require significant innovation in the coming years to make progress on it. IDH current thinking on living income is that after measuring the gap, we will be working with our partners to develop effective “smart mix solutions” which close the living income gap by critically assessing the potential to improve farmers’ 5 income drivers (focus crop: land size, yield, cost of production & price; and income diversification). These solutions require actors across (and beyond) the supply chains – including buyers, brands & retail – to be effective. There are multiple intervention types that link different supply chain actors to the intervention (action) and to income drivers (elements that directly affect farmer income).

To unlock their potential, smallholder farmers need services such as finance, inputs, and knowledge. Together with businesses, IDH analyses these needs and co-develops gender inclusive business models to address these. Businesses implement these [Service Delivery Models \(SDM\)](#) to test the business case, and upscale when this proves positive. De-risking models are being developed to incentivize businesses to invest in blended service delivery for smallholders, now generally perceived as too risky. Financial models are expected to lower risk for investment for change, thus making it more attractive for companies to invest in smallholder farmers.

Ultimately, it is expected that brands and businesses will have embedded living wage and income and improved service delivery in their ways of working, enabling [Sourcing for Impact](#) to reach better jobs and better income.

- > **Field Level Sustainability:** At smallholder level, gender-inclusive [service delivery models](#) enable living income through diversified services and regenerative agriculture. At landscape level, regenerative agriculture and sustainable forest management enable sustainable production and forest protection. In the workplace, we work towards living wage and improved working conditions, including a safer workplace for women.

Building on the [joint industry commitments](#) and the [sourcing for impact](#) strategy, our field-level interventions for the three sectors will address better income and better environment for coffee, tea and cocoa and better jobs for the tea sector. In addition, interventions related to better environment are strongly linked to the [PPI](#) strategies developed at sector governance level in producing countries.

At the farm level, we aim to increase farmer incomes through improved service delivery. We will work closely together with *IDH Farmfit* (including *Farmfit Fund*) to increase quality and scale of service delivery for coffee, tea and cocoa farmers and guide and support companies in trialing new gender-inclusive businesses and [service delivery models](#). In Côte D'Ivoire specifically we will continue with our *Farmer and Cooperative Investment Program (FCIP)* to strengthen cooperatives and farmers (micro) finance. And in the *Coffee Farmer Income Resilience Program* in Uganda and Kenya blended service delivery (for multiple crops) is piloted to understand how it can lead to stable and more incomes for coffee farmers. We see a great opportunity to accelerate digital finance schemes, financial inclusion

of female farmers and digital traceability across the coffee, tea and cocoa sectors.

As field-level projects aimed at smallholder farming are often innovative and inherently risky, IDH will co-finance project set-up and implementation. We will specifically support interventions that enhance crop diversification and off farm employment that provide complementary income opportunities to all members of the farming family, to increase farmer resilience. Linked to the [PPI](#) compacts and [joint industry commitments](#), IDH will also co-finance (landscape) projects that implement regenerative agriculture practices, increasing biodiversity and restoring the soil, and planting trees with agroforestry to be less vulnerable to drought. Some projects will be set up to understand how innovative financial vehicles for environmental finance can be used to complement farmer income (such as carbon credits or payment for ecosystem services).

In the tea sector, we are working with international companies and plantation towards closing the living wage gap and improving working conditions for tea workers, as well as enhancing women safety. To achieve this, we will work through [joint industry commitments](#) and with individual companies on [sourcing for impact](#), to develop a set of sustainable procurement practices that enable a payment of living wage to workers. We have initiated the *Women's Safety Accelerator Fund (WSAF)*, a global program to create a safe and empowered workplace for women. The WSAF will start in the tea sector in India, to enhance worker voice (particularly women) and women safety. Through which we ultimately aim to decrease gender-based violence in the workplace, as well as to improve female leadership.

## 5.2. Food Crops & Ingredients

### 5.2.1. GLOBAL CONTEXT & PROBLEM ANALYSIS

**The IDH Food Crops & Ingredients Business Unit works with and for the (inter)national value chains of Aquaculture, Cassava, Floriculture, Fresh Fruits and Vegetables, Juices, Spices and Vanilla.**

According to CBI, "the total import value of fresh fruits and vegetables from developing countries increased 38% the last five years to 18.2 billion euros. Fresh fruit has a higher impact on the value of imports than fresh vegetables as Europe is much more self-sufficient in vegetables than in fruit. During 2018, imports of fresh vegetables from non-EU countries were 2.3 million

tons, with tomatoes, potatoes and peppers among the top purchased products. While fruit imports from non-EU countries were 14.2 million tons, with bananas, pineapples and oranges as the top purchased products. Bananas are still the top imported product to Europe, with around 950,000 tons of bananas from Colombia (24.2%), Ecuador (23.2%) and Costa Rica (19.0%).

These value chains of flowers, fruits, vegetables, aquaculture, nuts, juice, spices, cassava and vanilla are core to a global food and agri-business system that is both severely impacted by and a considerable contributor to social-economic and environmental issues.

Rather than branded commodities like coffee, tea and cocoa there are no consumer facing brands or FMCG companies that can take the lead in addressing major sustainability efforts or have an interest in having certification logos on their branded packaging. These sectors have been lacking for a long time a driving force to lead the way to more sustainable producing practices.

At the same time some of the sectors suffered from multiple sustainability standards addressing isolated issues such as water, or pesticides or working conditions, making educated sourcing decisions for retailers complex and expensive.

Persistent issues like gender, pesticide use, working conditions and gender kept unaddressed and under the radar of NGOs and consumers. Actors in these value chains are also an integral part of the solution to ensure that people can meet their daily needs, that human rights are respected, that inequalities are reduced, and that climate change mitigation and adaptation efforts are implemented.

The partners we engage with in these value chains have and feel a responsibility and are aware that, in their sphere of influence, they can be an essential driver of that required change.

Domestic and regional African agricultural markets have seen growth, with increasing demand for high value crops and food ingredients. However, Africa still relies on imports for most of their raw materials. Importing leaves the continent susceptible to supply shortages and foreign currency risks. International traders are increasingly interested in sourcing from Africa, but the supply quality and quantity are limited and often do not meet procurement requirements. Most smallholder farmers lack access to affordable services (including finance) and management expertise

to become competitive suppliers for those off-takers. SMEs are often operating sub-optimally and not able to meet new market-requirements on food safety, environmental and social standards. SMEs are facing many challenges such as poor market linkages and lack of information on markets, lack of skilled professionals, unreliable supply due to poor linkages with supplying smallholder farmers, unsteady production, sub-optimal use of best practices, lack of storage causing post-harvest losses, and a weak enabling environment.

### 5.2.2. BUILDING ON OUR LEARNINGS AND ACHIEVEMENTS

Over the past decade, IDH and its partners have organized sector platforms to build a collaborative approach within the different sectors to address the main sustainability issues. Key to that approach is sustainable sourcing, based on increasing transparency in supply chains and on the adoption of benchmarked social and environmental sustainability standards. Based on the assumption that increased market demand will lead to changing business practices, which in turn will lead to improved environmental and social-economic conditions.

Our private partners have started to map their supply chains and to monitor conditions at production level regarding both environmental and social aspects. To reach industry-wide targets set by the IDH sector platforms, companies have established specific internal policies and dedicated resources to the monitoring process and supported their suppliers in the auditing and certification process. Partners have also invested and started working, for example, on reducing living wage gaps, on ensuring decent working conditions where these still fall short, on rolling out gender-equality programs, on investing in connecting smallholder farmers to (inter)national value chains, and on promoting responsible management of inputs at farm level.

Thanks to this, our private partners are able now to take the next steps and adopt approaches based on data-driven, continuous improvement with a new/next role for the existing certification and verification schemes. These schemes will use metrics such as the [Salary Matrix](#) and environmental indicators to measure change and impact over time. However, to be effective, this shift requires common tools and solutions to be adopted and implemented by the international players and by the relevant standards. As demonstrated by the cases of the [Salary Matrix](#) and the [Floriculture Sustainability Initiative \(FSI\)](#) work on agrochemicals, IDH offers



its partners a 'safe' space to develop these needed common tools and solutions from grower to consumer.

The number of stakeholders engaged with our Business Unit Food Crops & Ingredients has grown in 2016-2020 from 60 to over 250 companies, NGOs, certification bodies, service providers and other partners organized in sustainability sector-initiatives ([Joint Industry Commitments](#)). These sector-initiatives are: SIFAV ([Sustainable Initiative Fruit and Vegetables](#)), FSI ([Floriculture Sustainability Initiative \(FSI\)](#)), SJC ([Sustainable Juice Covenant](#)), SSI ([Sustainable Spices Initiative](#)), including SSI - India, SSI - Vietnam and SSI - Indonesia, SVI ([Sustainable Vanilla Initiative](#)), SNI ([Sustainable Nuts Initiative](#)) and two aimed specifically at Africa: the Industrial Cassava Initiative and [Grown Sustainably in Africa](#) (GSA). In 2020, three new coalitions have been launched by IDH and its partners: the Banana Covenant on living wages with Dutch retailers (a unique sector covenant within the IMVO food covenant); the [Living Wage Roadmap coalition](#) around the [Salary Matrix](#) with leading European retailers, traders/producers, certification bodies and other stakeholders in the banana, flower and juice sectors; and the [IMVO Floriculture Covenant](#), which is hosted by IDH to enable the strengthening of the international sustainability agenda. Since 2016, we have seen several interesting developments. First, by participating in the sector initiatives, partners gained insight into the sustainability challenges in their sector and trust to discuss/test solutions in a precompetitive manner and to share their learnings with their peers and across sectors.

Second, new value chain and sourcing solutions for inclusive development to keep smallholder farmers connected demonstrated that both establishing formal relationships between farmer and off-taker and supporting service provision are necessary to address the security and sustainability of supply. Indeed, it is crucial to get farmers ready for input financing, and to ensure better service provision for them.

Third, discussions and approaches on living wages have matured. The [Salary Matrix](#) and the coalition of retailers and brands to ensure the adoption by the private partners and key social standards.

Fourth, a project on women-empowerment was rolled out in the flower sector in Ethiopia demonstrating the business case of investing in gender and the importance of having disaggregated indicators. A similar approach on women-empowerment has been replicated in the banana industry in Central America. Thanks to

these efforts, now company-members in *SIFAV*, *FSI* and *SJC* are ready to commit to reduce the gap between current and living wages, and the gap between wages earned by men and women.

Fifth, companies now recognize the need to look at the environmental footprint of their supply chains, particularly within *SIFAV* and *FSI*. These platforms supported a project initiated by Wageningen University & Research Centre (WUR) on Pesticides Indicator to create agreement among value chain players approaches and tools to measure and verify the use of pesticides. Moreover, in 2019 *FSI* adopted new criteria on reliable record keeping of agrochemicals to support growers in their journey towards measuring and reducing their environmental impact. Reliable record keeping helps to reduce the holistic impact of agrochemical use. Three *FSI* certification scheme-owners signed an agreement in end-2020 to work together towards adherence to these new criteria.

Sixth the [Value Chain Development](#) approach, which was pioneered with Cassava (replacing imported ingredients for the African food industry), with *GSA* (for increased sourcing for local and intra-African trade/processing) and with *HortInvest* (for export value chains) has shown the opportunities for inclusive growth in Africa. In cassava, an annual value of 1 billion USD imported ingredients can be replaced: six projects are contracted to prove that inclusive solutions are economically viable and bankable. In Aquaculture, through a project in Malawi we showed that it is possible to triple total fish production, to increase fish survival rates by more than 30% and that fish protein can become a more regular part of local diets through improved availability and affordability of inputs.

### 5.2.3. IDH IMPACT TOWARDS 2025

The IDH Food Crops & Ingredients (FC&I) Business Unit has two program clusters: 'Sector Initiatives' which has a focus on developing producer-countries in Asia, Africa and Latin America, and 'Value Chain Development' which is focusing on Sub-Saharan Africa.

## Sector Initiatives

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**Our various sector initiatives will continue to contribute to our three Impact Areas: Better Jobs, Better Income, and Better Environment:**

### Sector Initiatives' Impact on Better Environment

Through our sector initiatives we will convene retail and industry in the sectors to align them on a data driven agenda for better environment, enabling sectoral approaches to measuring, monitoring and improving environmental footprints. Through diagnostic analysis (LCA tools and complementing impact indicators on e.g. pesticides and soil water) we will identify the main issues which impact the environment, as well as the pathways to address those. Together with companies we will pilot innovations to address the identified issues. Learnings from those pilots will be shared in the sector platforms to facilitate sector wide adoption and cross sector learning. In our parallel journey towards integrating due diligence in sector agendas, the learnings and innovations on better environment will feed into development of due diligence processes.

### Sector Initiatives' Impact on Better Jobs

Through our sector initiatives we will convene retail and industry actors to improve working conditions and reduce the living and equal wage gaps along their supply chains. We will support coalitions to adopt a data-driven, continuous improvement approach towards living wage. This includes the use of the *Salary matrix* and other compatible tools which will allow for targeted actions to close living wage gaps. We will convene standards to integrate IDH tools on living wages in their certification schemes. We will convene front running sectors to make commitments on by when they will close the living wage gap. Together with companies we will pilot innovations which can reduce the living wage gap. Learnings from those pilots will be shared in the sector platforms to facilitate sector wide adoption and cross sector learning.

### Sector Initiatives' Impact on Better Income

Through our sector initiatives we will convene sectors to support a common vision or even set a specific goal on working toward closing the living wage gap in their supply chains. Through diagnostic analysis (SDM analysis, Living Income analysis) we will identify the income drivers which can increase income of smallholder farmers. Together with companies we will pilot innovations to influence these income drivers. A key component of this will be service delivery programs for smallholder farmers. Learnings from those pilots will be shared in the sector platforms to facilitate sector wide adoption.

## Value Chain Development

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### In-country Value Chain Development

The entry point in this approach is the assessment and identification of a value chain with potential to grow. After assessing the value chain, a due diligence process is undertaken to identify and select SMEs to work with in the project. Criteria for due diligence and selection of SMEs includes: the assessment of the value chain and the SME selection result in an implementation plan for the development of the value chain.

### Grown Sustainably in Africa

The intervention starts with a partnership or alliance with top end-buyers, which contribute to identify SMEs with potential to upscale. SMEs' selection starts with a diagnostic analysis or a [service delivery model \(SDM\)](#). The analysis focus on assessing current business operations and identifying the support and investment needed to ensure SMEs and farmers' operation can improve quality and scale up supply and SMEs can work with farmers in process and product upgrading, ensuring to produce the high quality required by end-buyers. The analysis additionally comprises gender and youth inclusion assessment gap to identify potential opportunities to target this group to access jobs and entrepreneurship possibilities that will result from scaling (matching capacities with market needs). The analysis also highlights the ways that digital technologies could be used to improve efficiencies across the prioritized value chains. The resulting report develops recommendations, which are put together on an implementation plan for the development of the supply chain.

While VCD and GSA have different starting points, they share the following workstreams to create impact:

**Market linkages:** This workstream includes identifying additional end-buyers, which offer a premium price for quality production and engaging them in inclusive local sourcing from SMEs and smallholder farmers. They are convened by IDH and engaged in sourcing from beneficiary SMEs and smallholder farmers. End-buyers engaged in inclusive sourcing will then sign offtake agreements with selected SMEs. The strategy of market linkages comprises working on client diversification by promoting the participation of beneficiaries in trade exhibitions, hosting regional and international learning tours visits for peer-to-peer learning, developing marketing strategies, and/or technological and information platforms to allow SMEs access key market information.

**Management and technical capacity building:** The business model promoted by GSA works by strengthening capacities of SMEs and smallholder farmers. Based on the diagnostic analysis capacity building activities might include 1) Technical and business management support to contracted SMEs and farmers; 2) Training in good agricultural practices and land management practices, agronomy workshops and demo-farms development; 3) Agri-business and supply chain management workshops, including the use of ICT for operation efficiency, quality control, traceability, payments, and market linkages; 4) Product/produce diversification; 5) SMEs improving capacity to provide or organize training to smallholder farmers.

**Aggregation and smallholder farmer's inclusion:** The strategy promoted by the VCD Program for aggregation and SHFs inclusion is to select SMEs, upgrade them and strengthen their capacity to develop an out grower scheme to include smallholder farmers in the supply chain. Strategies include promoting access for SMEs to quality inputs, services and technology for scaling and upgrading operations. And engaging them with smallholder farmers, contributing to the strengthening or establishing of farmers' groups or associations, and contracting them under resources providing contracts to support access to quality inputs, services, and technology. To this end, the different projects promote contractual agreements providing smallholder farmers with a guaranteed market, for the crop that meets the standards set by the offtaker; and the required support

to SHFs to achieve the quality standards set. These contracts usually also offer a premium price for SMEs – smallholder farmer.

**Access to affordable finance:** Through this workstream the [Value Chain Development](#) Program supports SMEs to stabilize and professionalize operations by providing technical assistance accessing affordable finance and developing improved business cases so they can improve their financial track records and meet the requirements to access commercial finance. Improved access to finance is also expected to enable continued [Investments for Change](#) in quality inputs, services, and technology, and purchase the capital equipment that will allow them to meet end-buyer's needs and enter premium markets.

## 5.3 Textiles & Manufacturing

### 5.3.1 GLOBAL CONTEXT & PROBLEM ANALYSIS

**By 2030, the textile and apparel industry is estimated to be worth USD \$3.3 trillion<sup>12</sup> and will continue providing significant employment, driving industrialization and development for emerging economies. Currently, the sector employs approximately 300 million workers; a high percentage of those workers are women.**

The textiles and apparel manufacturing value chain is long and complex, spanning many types of companies and stakeholders across the globe with significant social, economic, and environmental challenges. Though the value chain is global, the raw-material production and manufacturing is located primarily in Asia. At the same time, brands and retailers are also directing attention toward other geographies in Africa, such as Ethiopia, where the textile sector is seeing increasing investments and government focus.

The COVID-19 outbreak had a devastating impact on businesses and jobs. When systemic social and environmental problems became more evident and pressing, the industry responded with initiatives to reduce risks, improve productivity, and leverage alternate products and materials, recognizing the need to sharpen the focus on sustainability. While we have yet to understand the full impact of COVID-19 in the sector, there

<sup>12</sup> Pulse of the Fashion Industry Report, Published by The Global Fashion Agenda, in collaboration with the Boston Consulting Group

has been a wider recognition of the excessive social and environmental costs of the textiles and apparel-manufacturing value chain, from producing raw material to manufacturing.

The annual greenhouse emission from textile production is 1.2 Bn tons (metric tons), which is 8% of global emissions. Based on current growth rates, the textile industry will account for 26% of the global carbon budget by 2050. With global consumption growing rapidly and the utility or lifespan of clothing consumption reducing, 160 Mn tons of clothes are expected to be produced and purchased in 2050, compared to 56 Mn tons annually today.

The material mix is one of the biggest drivers of the industry's environmental footprint. The three largest procured raw materials in the sector are cotton, polyester, and man-made cellulosic fibers (MMCF). Cotton accounts for 25% of the total material footprint in the sector (i.e., the 2018/19 ICAC harvest year). While the Better Cotton Initiative (BCI) and other sustainability standards account for 27% of global production, additional work is required to move to mass adoption. Problems associated with high water-use and consumption are linked to water access and water contamination (by fertilizers and pesticides). Approximately 350 million people's livelihoods are dependent on cotton. With climate variances, increasing production costs, and decreasing farm sizes, earning a viable livelihood continues to be a difficult proposition for smallholder farmers. Non-secure and non-dignified work environments continue to be a significant challenge, especially for female workers, which tends to be compounded when the production base moves.

Polyester is the fiber with the largest market share and therefore its impact is enormous. The share of recycled polyester is not advancing at the speed and scale required. Low prices of fossil-based polyester create a challenging market environment for recycled and biobased polyester. Approximately 40-50% of the market share of MMCF are certified by the Forest Stewardship Council (FSC) and Program for the Endorsement of Forest Certification (PEFC) and, although the percentage is substantial, Canopy estimates half of all MMCF come from ancient and endangered forests. The market share of "recycled MMCF" is estimated at below 1%. Despite a focus on the development of innovative

sustainable materials and enabling technologies, the industry players face difficulties navigating this landscape. Compared to the production rate, over 70% of fiber produced ends up in landfills or is incinerated in countries, typically without waste-management facilities and/or a lack of coordination within local actors. Some reports state the recycling rates are merely 12%. Investments and scaling of circular solutions for waste management are not accelerating and are amplified by a lack of industry coordination in pre-competitive solutions. The low recovery rates of materials at pre- and post-production continue to lead to material value loss and non-renewable resource depletion.

Estimates of the sector's manufacturing phase contribution to global greenhouse gas (GHG) emissions are as high as 10%<sup>13</sup> of total global emissions, which also plays an outsized role in consuming and polluting water in high water-scarce regions. The wet-processing stages are especially resource-intensive, and the manufacturing process is associated with both – the consumption of large volumes of water as well as chemicals used during the process – polluting the natural waterways when effluents are released without sufficient treatment.

Despite considerable progress in addressing social challenges, the industry often operates in countries with weaker labor protection. This results in poor working conditions across the world, manifesting in low wages, limited worker representation, gender inequality, and an unsafe working environment. Poor health and safety in workplaces affect millions of workers in the sector, resulting in deaths, injuries, and long-term illnesses. There are an estimated 1.4 million injuries in apparel industry workplaces each year – equivalent to an injury rate of 5.6 per 100 workers.

As renewable energy technologies, effluent treatment, and materials and circular innovations evolve, brands and retailers are increasingly committing to more stringent sustainability goals. However, it is evident that more needs to be done. Coordinated collective actions are necessary to drive, accelerate, and scale sustainability across the value chain. IDH is in an optimal position to leverage its credible record of accomplishment of working successfully with partners in over 50 cotton-growing countries as well as in major apparel and textile-manufacturing countries including Vietnam, India, Indonesia,

<sup>13</sup> United Nations Environment Programme (UNEP) 2020. Sustainability and Circularity in the Textile Value Chain.

Cambodia, Ethiopia, and sub-Saharan Africa to address the sector's key bottlenecks in delivery on better jobs, better income and on a better environment.

### 5.3.2 BUILDING ON OUR LEARNINGS AND ACHIEVEMENTS

Since 2009, IDH has built partnerships with leading global textile and apparel brands and retailers, which has enabled us to address some key issues in the value chain from farm to finished product.

IDH has played an instrumental role in scaling and mainstreaming sustainable cotton through partnership with BCI, increasing brand demand in sourcing markets, establishing, and managing the BCI Growth & Innovation Fund ("the Fund"). The Fund has been critical in accelerating the adoption of the BCI standard, allowing farmers to better adapt to the effects of climate change, build resilience, and reduce their carbon footprint by focusing on crop protection with fewer agrochemicals, optimizing water use, managing soil health, and encouraging biodiversity to flourish. Aside from accelerating BCI implementation, IDH designed and piloted interventions in Maharashtra (India) and Mozambique to improve cotton-farmer livelihoods and address climate-related risks and vulnerabilities through climate-smart agriculture (CSA), watershed management, and diversification.

Reflecting on the BU programs from the previous five years, it is encouraging to see impacts on social, environmental, and OHS improvements at the factories and at the policy level. The model of engaging with brands to select and motivate factories to invest in sustainability led to practical successes and business cases for sustainability. IDH managed to put collaborative action in motion with the creation of a more common language through the support of the Sustainable Apparel Coalition, the Apparel Impact Institute, the Social and Labor Convergence Program (SLCP), and the LABS Standard. The common language is vital for fostering collaboration and joint investments in industry programs to tackle field-level impact areas such as: improving resource efficiency, renewable energy, and cleaner production acceleration; increasing workers' voices to stimulate dialog; and health and safety.

In support of this, IDH facilitated the creation of Public-Private Platforms (PPPs), convening key industry stakeholders to accelerate and disseminate business cases to the wider industry and informing policy while expanding the local and national institutional capacity of involved stakeholders. Though targets for factories and workers benefitting from the program were met, large-scale sector transformation remains intangible. IDH is committed to understand how its PPP relationships, brand partners, and other stakeholder engagements can support wider sector transformation. Going beyond the creation of a business case and developing partnerships and channels for its dissemination, more thought will be given to the generation of further momentum for replication and sector ownership as well as means of monitoring long-term usage of program outputs. Through an industrial park and cluster approach, and by opening access to better fitting finance to SMEs and manufacturers, IDH sees an opportunity to address this drive for greater scalability and transformation by addressing a 'missing middle'. As individual factory approaches are challenging to scale and sectoral-policy improvements are slow to translate into field-level impact, focusing on industrial parks can improve and sustain the impact of IDH in terms of better jobs, policy gains, and a better environment.

### 5.3.3 IMPACT TOWARDS 2025

The BU Textiles and Manufacturing builds on the foundation of several linked activities on the current and previous IDH engagements in cotton, apparel, tin, and electronics. For the 2021-2025 phase, IDH will continue to build on this strong foundation of sectorial expertise to work with brands and local governments to address key sustainability issues across the textiles and apparel value chain from farm to production.

IDH has identified four focus areas "clusters" within the broad mandate for the BU, allowing interventions to focus on priority needs to achieve the greatest possible impacts across the value chain. In these clusters the result areas of sector governance, business practices and field level impact are integrated.

## Materials

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To broaden and deepen engagements in the textiles industry, IDH will continue to focus on accelerating a transition to preferred sustainable fibers and materials, focusing on three material categories: cotton, polyester, and man-made cellulosic fibers (MMCF). By focusing on interventions in these three categories, IDH will be able to cover most of the global fiber production. The materials cluster strategy aims at delivering better income for smallholder farmers and a better environment through three delivery mechanisms:

### Strategic Partnership with BCI

IDH will retain the role of Fund Manager for Better Cotton Growth and Innovation Fund to maintain cotton farmer capacity-building efforts and invest in the scale-up of targeted gender-inclusive training and workshops to strengthen participation and empower and integrate female co-farmers as decision-makers in the farming system. We will continue to facilitate the increased adoption of the Better Cotton Standard System to deliver better income for smallholders and a reduction in GHG emissions. Farmers with reduced use of inputs will have reduced costs, enhanced yields, and sustainable-cotton production; therefore, increased profitability and income. IDH will act as an [investment for change](#) by leading the creation of the *Better Cotton Impact Fund* – transitioning from a grant-based, capacity-building program to a [service delivery model](#) for deeper impact with a combination of bundled agri-services and smart, outcome-based investments. The income of the Better Cotton Growth & Innovation Fund will transition to a *Better Cotton Impact Fund* to enable the provision of blended-service solutions to BCI farmers globally, using innovative financing mechanisms to catalyze investments by value-chain actors and service providers. The goal is to work with 500,000 farmers to move them from improved profitability, towards better income by 2025.

### Climate-Smart Cotton Landscapes

IDH will explore impact-investment opportunities for smallholder cotton-farmer families to enable growth and achieve a better income and enhanced climate resilience. Focusing on jurisdictional opportunities for [value-chain development](#) and vertical integration in the key cotton-producing geographies of Africa, the Americas, and Asia, through supporting accelerate the rollout of bundled services for improving commercially viable smallholder cotton farming which will generate better incomes and increased climate resilience. All activities will be implemented through a gender-intentional lens beginning with expanding our work previ-

ously initiated in collaboration with the Farmfit Fund in Chad, Ethiopia, and India, the Agri-Entrepreneur Growth Foundation (AEGF) in India, and the identification of other opportunities in the Sahel and sub-Saharan Africa regions. IDH will work with a cotton trader/concessionaire in sub-Saharan Africa to develop a business model for broadening operations, crop & income diversification and providing bundled services to farmers. IDH will establish at least one formal partnership/deal to provide either technical assistance or innovative financing through [Investments for Change](#), such as the Farmfit Fund to de-risk investment in upgrading and scaling operations and provide farmers with access to bundled services to improve their commercial viability.

### Alternate Materials

Our approach to polyester and MMCF is driven by the identification of an alternate material which is less impactful to its conventional counterparts. We will identify and strategically invest in the innovative alternate material, which is resource-efficient, scalable and achieves a better environment. To broaden the use of alternate materials, IDH will convene textile retailers and brands to create an enabling environment, addressing bottlenecks and production challenges to secure [joint industry commitments](#) and cultivate both supply and demand to drive the selected material to scale. This approach will deliver GHG savings, aligning with leading brand commitments to achieve science-based targets (SBTs), leading to a better environment.

## Verified Industrial Parks (VIPs)

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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. It will deliver a competitive advantage for sustainable industrial parks, focusing on bespoke and embedded requirements and priorities, while growing a more harmonized 'global' offering towards 2025 in an opportunity to accomplish inclusive and sustainable industrial development at scale.

The combined components of the VIP offering mutually reinforce one another to actively drive impact and increase investments in sustainable operations. In terms of business practices, a credible assessment and verification framework will set the bar for industry performance. This approach considers both individual factory and industrial parks' attributes. In parallel, IDH will explore partnerships with international and local financial institutions, driving an investment agenda to scalable, sustainable, and innovative solutions. As viable business cases are proven and made available, IDH will help connecting the most impactful interventions for the industry to bankable projects or financial products to collaboratively drive scaling with [investments for change](#) to deliver on the UN Sustainable Development Goals.

IDH will convene key industry stakeholders, such as brands, government parties, and industry associations, to secure [joint industry commitments](#) and support implementation and scaling of the VIP framework while co-developing sustainability services at the field level. These are based on the industry's best practices to support workers, factories, and Implementing Partners on the implementation and adoption of the VIP framework. Anticipated key services and innovative solutions include fostering collective bargaining and worker communication and engagement; facilitating Workers' Cooperatives and extended industrial services (e.g., daycare facilities); scaling cleaner production programs based on the potential for resource efficiency, green chemistry, GHG commitments; and the development of a live data platform for sharing industrial park emissions to air and water. The program aims to achieve better jobs for 400,000 workers in 20 Industrial Parks across Vietnam and Ethiopia.

## Circularity

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The Circularity cluster aims to scale viable pre- and post-production waste-management solutions in key textile and apparel-production countries located in Asia and Africa while generating positive social benefits and opportunities for better jobs and a better environment.

Lower-income economies lead absolute volumes of generated waste, poor waste-collection rates, and a lower share of treatment/recycling. IDH interventions on circularity will focus on key textile & apparel production countries with the greatest opportunities to address waste management, such as India, Vietnam, Indonesia,

and Ethiopia. IDH will solidify partnerships and mobilize private investments and financial services to support small and medium-sized businesses innovating in bringing waste-management solutions to scale and to increase the offtake of those materials. We will focus on supporting entrepreneurs to improve bankability and financial attractiveness for debt and equity investments from financial institutions with a proven business case, ultimately leading to upgraded instruments with favorable financing terms.

The strategy focuses on the need to enhance collaboration and coordination to address and scale waste-management solutions in the aforementioned countries. IDH will convene and improve coordination within key stakeholders/decision-makers as private-sector players, their consortiums, and government agencies to secure [joint industry commitments](#) and contribute to responsible business practices while facilitating the cooperation of supply-side players in waste collection management and recycling. Convening activities will accelerate the adoption and scaling of waste-collection / management / recycling solutions in selected countries and support investment leveraging with [investment for change](#), while informing industry strategies and decision-making process regarding better environmental responses.

By 2025, IDH aims to establish at least two sector agreements to promote sustainable waste-management solutions, sustainable processes for 100,000 MT of waste, and improve and create better jobs for 5,000 workers.

## The Life and Building Safety (LABS) Initiative

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The Life and Building Safety (LABS) program is a private sector led and funded initiative, facilitated by the LABS Foundation. Since 2019, LABS has been striving to increase the safety of workers in the apparel and footwear industry in Vietnam and India, supporting better jobs for approximately 340,000 workers in over 150 factories. The program, with its strong coalition of global brands, will continue to expand its reach and impact, with a greater emphasis on coordinating collaborative approaches with key stakeholders committed to achieving sector transformation. Expansion is being planned in Cambodia and other key production countries, targeting an outreach of 1,500 factories to improve the working conditions of approximately 3.5 million workers by 2025.

The LABS program will continue to convene key industry stakeholders and decision-makers through the National Stakeholder Committees in the targeted regions, PPPs, and Advisory Boards for [joint industry commitments](#) towards safety and long-term local/national ownership. These platforms facilitate knowledge-sharing, collaboration, and coordination. LABS will set a strong data-driven insights and learning strategy to collect and create actionable insights to ultimately support the strengthening of national institutions from a policy/regulation and capability perspective as per the program mandate.

Global brands, retailers, and its suppliers are increasingly aligning their business practices with LABS Methodology and Standard. The program will continue to focus on scaling responsible [sourcing for impact](#), engaging businesses for commitments to improve LABS performance, and value-chain transparency.

At field level, the program mobilizes resources and expertise to develop and align to the LABS framework, leading to a better capacity of suppliers and workers to address safety issues. The program will continue to focus on steering factories towards a safer working environment and better jobs by implementing a comprehensive and robust assessment and remediation-monitoring framework, while equipping workers with safety training, strengthening safety committees, and providing helpline services to ensure continuous improvement of working conditions.

## 5.4 Landscapes

### 5.4.1 GLOBAL CONTEXT & PROBLEM ANALYSIS

**Despite serious efforts over the last decade, the expansion of agricultural commodity production is still the major cause of tropical deforestation, biodiversity loss and landscape degradation. Global deforestation accounts for about 10-15% of man-made greenhouse gas emissions and the landscape degradation that often follows reduces the annual global gross product by around 10%, negatively impacting the lives of 3.2 billion people worldwide.**

Human population growth and increasing wealth, urbanization and dietary shifts, technological changes and climate change are all transforming the pressures on land use. Over the next decade the largest changes are expected to be in Africa and Asia Pacific. While Africa's population is growing the fastest almost 90%

of the growth in the global middle class will be in Asia Pacific. Sub-Saharan Africa is facing increasing land pressures and the fastest growth in deforestation, while a large proportion of the 2 billion people facing high and extremely highwater stress are in Asia Pacific.

While land degradation involves a loss of biological productivity through the loss of nutrients, water flows or biological diversity, landscape degradation is a broader socio-political issue, involving the loss of the biological, economic or social value of land due to land degradation, poor governance, a lack of investment or poor land use practices. The livelihoods of smallholder farmers who manage over 80% of the world's small farms and who provide over 80% of the food consumed in most of the developing world are those most directly affected - particularly women farmers who are the most marginalized.

Global land degradation hotspots in 21 countries have been identified that have high or rapidly growing commodity production and high rates of deforestation, water stress, biodiversity loss and soil erosion. These account for more than half of the global production of five top deforestation-linked commodities, including more than 89% of cocoa, coffee and palm oil production. In the last decade over 9.7 million hectares have been deforested in these hotspots, representing 38% of the global total.

In these hotspots prior to the Covid-19 pandemic more than 13.3 million rural people were unemployed and more than 698 million people lived below national poverty lines. The situation has since worsened in all locations due to the loss of lives, family incomes, international trade and investment. The need to generate jobs and improve incomes for millions of people in these hotspots is now more urgent than ever. IDH Landscapes Business Unit is already active in 11 of the 21 priority countries and our interventions provide significant opportunities to arrest degradation, improve smallholder resilience and livelihoods, expand innovative financing and assist climate adaptation and mitigation.

New modes of inclusive rural development are needed. While local, regional, and national governments are long-term partners along with farmers, IDH also works with CSOs and the private sector to help change farmer practices, and with wider marketplace players. Landscape degradation is both a global and a local problem, and the marketplace decisions of companies and consumers can either ameliorate or exacerbate it. Growing global trade means that between a quarter and a half of



the environmental impacts of consumption are now felt in parts of the world other than where the consumption takes place. In the markets of Europe, India, China we will work to increase the uptake of commodities from landscapes in transition towards sustainability. Changing financing mechanisms is equally important.

Forward-looking banks, companies and governments have in recent years made commitments to increasingly make public and private capital available that not only takes financial returns into account, but also socially equitable and environmental returns. Examples are the internationally operating *&Green Fund*, the *Agri3 Fund*, the *Dutch Fund for Climate and Development*, the *Land Degradation Neutrality Fund*, the *L’Oreal Fund for Nature Regeneration*, and the *Unilever Climate & Nature Fund*. Government subsidies and credit lines for farmers can also be important sources of financing for sustainability along with the growing role of carbon finance.

Landscape degradation is difficult to solve because it requires the sustained commitment of diverse local players with competing priorities and a lack of trust and experience to work together to solve common problems. IDH works to convene complex change processes and acts as a thinktank and refiner of innovative practices, marketplace and financing solutions. By also designing our projects to become commercially viable over time landscapes will be less dependent on grants to achieve the targets of their Green Growth Plans and [Production Protection Inclusion \(PPI\)](#) Compacts. In the most mature jurisdictions, we therefore expect that a combination of local government capacity, local civil society, blended finance, and international commodity company investment will reduce the need for high levels of grant funding for sustainable landscapes.

#### 5.4.2 BUILDING ON OUR LEARNINGS AND ACHIEVEMENTS

The IDH Landscapes Business Unit grew rapidly between 2016 and 2020, developing activities in 11 of the 21 landscape degradation hotspot countries, with a major long-term focus in seven. Over this period IDH convened key players to co-create 15 sectoral and landscape governance plans. It helped change business practices and leverage private and public investments for better incomes and livelihoods of 47,000 producers and community members, and better environment through improved land use practices on 440,000 hectares and bringing millions of hectares under landscape governance agreements.

We learned a lot about what is needed to tackle landscape degradation successfully. This involved building common commitments and problem understanding among stakeholders, facilitating dialogue around land rights, attracting innovative [investments for change](#) and leveraging the self-interest of markets to ensure that the success of their businesses is tied to the sustainability of their supplying landscapes and the living incomes of their suppliers.

The starting point for the IDH Landscape approach is helping diverse stakeholders to work together to help transform landscapes to sustainable management ([Production-Protection-Inclusion](#)). This is an unwieldy and unstable process that takes time, and a “backbone organization” that provides flexible but continuous neutral support is essential to convene all the stakeholders and keep them moving forward in this change-enabling process. Our convening role leads to new land governance agreements (or compacts), involving local governments, businesses, farmers and civil society. The compact publicly formalizes their [joint-commitments](#) through land use plans to address the issues that lead to unsustainable landscape management and builds mutual accountability.

Compacts have often supported the operationalizing of a state or provincial Green Growth Plan. With government support and a legal framework in place IDH has then been able to attract additional international financing to help implement the compact’s plans. A compact may also start with one committed commodity group that has a large vested commercial interest in the landscape. Over time, this can diversify as stakeholders realize that landscapes are more inclusive, sustainable and climate resilient when they are more biodiverse and livelihoods do not rely on the fortunes of a single commodity.

Over the next five years we will consolidate our achievements in our current core landscapes. We will deepen our involvement in accelerating land titling for forest frontier communities and developing new zero-deforestation business models. We will widen our impacts through more jurisdictional green growth plans, tackling legal deforestation more effectively, extending landscape compacts into neighboring jurisdictions, and bringing in more investments. We will also strengthen national policies and international commitments by connecting our compacts to NDC’s and REDD+ plans and brokering more demand for zero-deforestation commodities from international companies. The ultimate aim of the IDH landscape approach is to

combine market pull with the push from committed local governments, businesses and farmers; to link all the players in the value chains that depend on a landscape to actively help sustain it.

### 5.4.3 IDH IMPACT TOWARDS 2025

The IDH Landscapes Business Unit (BU) has broken down its theory of change into four different program clusters. The [Production-Protection-Inclusion \(PPI\)](#) Landscapes cluster entails the landscapes/jurisdictions where agricultural commodities are produced. It includes local stakeholder convening; improving the implementation, monitoring and enforcement of (local) government policies; and field-level pilot projects. The clusters *SourceUp* and Markets focus on the global market demand for sustainable agricultural commodities produced in the focus landscapes, as well as on relationships with global traders, consumer goods companies, and retailers. The *SourceUp* cluster covers a specific solution for jurisdiction-based sourcing for social & environmental impact. The Landscape Finance cluster works on unlocking more [investment for change](#) into sustainable land management.

The theories of change of the Markets, *SourceUp*, and Landscape Finance clusters reinforce the theory of change of the PPI Landscapes cluster, as they are scaling the impact that IDH aims to have on the reduction of deforestation and ecosystem loss from deforestation, the restoration or rehabilitation of natural ecosystems, and the improved incomes of farmers and communities.

## PPI Landscapes

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Landscape approaches aim to reconcile economic, environmental, and social needs to achieve the environmentally sustainable and equitable use of natural resources. IDH uses a [PPI](#) approach to address these three needs in areas where the protection and restoration of natural ecosystems, in particular forests, is threatened by the expansion of agricultural production.

The approach starts with convening government, private sector companies producing in and/or sourcing from the landscape, and farmers and communities in a sub-national jurisdiction. Convening this process is not easy as stakeholders may never have worked together before, may not trust each other or even despite the best of intentions they may not understand each other. It requires the continued input of a low-profile neutral

outside convenor to keep the process on track to get to the ends that all stakeholders want but are unable by themselves to achieve. Once the multi-stakeholder coalition has been formed, it works towards a strategy and work plan to achieve [PPI](#) in the jurisdiction (a Green Growth Plan and/or a PPI Compact). These identify how the areas for production and protection will be used, how farmers and communities benefit, the governance process to be used, sustainability and inclusion targets and the means of verification.

An institutionalized governance body ensures stakeholders longer-term commitment to the implementation and monitoring of the PPI Compact or Green Growth Plan, and clarifies roles and responsibilities. Credible sub-national governance of PPI provides an important platform to attract increased investment in sustainable land management (link to Landscape Finance cluster) and to influence sourcing decisions by buyers and retailers of (products containing) agri-commodities (link to *SourceUp* cluster).

Besides convening multi-stakeholder coalitions, IDH also works directly with sub-national governments to improve the formulation and/or enforcement of policies aimed at achieving the environmentally sustainable and equitable use of natural resources. We build upon/align with national level policies. A strong regulatory framework is a key for leveraging change across the targeted jurisdictions (and sometimes even at national level), and also helps to attract investors and sourcing companies.

Within the sub-national jurisdictions, IDH co-funds projects with the private sector aimed at piloting the PPI approach in the field. The projects are in line with the priorities set in PPI Compacts and Green Growth Plans. These pilot projects entail the co-development of innovative PPI business models; capacity building of farmers, communities, company & government staff; and the provision of input & services for farmers and communities. As a result of these pilot projects, agricultural production is conducted using environmentally sustainable and socially responsible practices (incl. regenerative and climate-smart agriculture), while forests and other natural ecosystems and protected and sustainably managed. The incomes of farmers and communities improve, due to income diversification (including other sources of income such as carbon finance), stable supply chain commitments, and reduced costs of inputs.

## Landscape Markets

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The Markets program cluster aims to influence market demand for sustainable agricultural commodities, i.e., produced deforestation-free, in an inclusive manner, and applying sustainable land management practices. The demand-side of agri-commodity supply chains is an important lever for reducing commodity-driven deforestation in producing landscapes.

The main intervention strategy of the Markets program cluster is influencing the sustainable sourcing and import strategies of market actors (private sector as well as governments) in the European Union (EU), India, and China for the commodities soy, palm oil, and tropical timber. The program does this by convening sector and industry-wide coalitions in these three regions and brokering sustainability agreements between importing and exporting countries. [Joint Industry Commitments](#) are part of the sustainability solutions that are applied in this context. IDH complements the convening work by commissioning research on the level of uptake of sustainably produced commodities in the EU, India, and China.

## Landscape SourceUp

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SourceUp is the sustainability solution [Sourcing for Impact](#) applied in line with the jurisdictional landscape approach. It is a new model developed by IDH to address systemic sustainability issues across sourcing areas, and that can ensure cost-efficient and responsible sourcing of large quantities of commodities.

SourceUp uses a two-sided online Platform to link buyers to jurisdictional coalitions of representatives from local government, civil society organizations, producers, and supply chain actors (a “Compact”) in areas with agricultural production. In these Compacts, stakeholders agree ambitious sustainability priorities and indicators at a local level, on topics such as forest and natural resource management, better jobs, land tenure and income.

Through the SourceUp Platform, committed buyers and retailers of (products containing) tropical commodities can reward stakeholders in Compacts by preferential sourcing of commodities and/or by supporting sustainability improvement projects in the Compacts.

## Landscape Finance

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The programs in the Landscape Finance cluster focus on applying the sustainability solution [Investment for Change](#) as a key mechanism to widen the impact of IDH’s Landscapes BU. The rise of new impact investment funds focusing on sustainable land management provide an opportunity to tap into a wider pool of public and private capital to achieve socially inclusive and environmentally sustainable land management on the long term, covering larger parts of the IDH landscapes and areas beyond the direct intervention landscapes. Moreover, carbon finance is increasingly becoming part of investable business cases for sustainable land management as it presents new revenue options and can stabilize the cash-flow of agriculture/forestry enterprises.

IDH has therefore developed partnerships with a number of impact investment funds (including the *Agri3*, *&Green*, and the *Land Degradation Neutrality Funds*) to ensure their capital is invested in high social and environmental impact projects that are meeting risk and (financial) return requirements. At the same time, by actively sharing learnings we hope to influence non-partner investment funds, contributing to making investment in sustainable land management more attractive and mainstream, i.e. the creation of a new asset class.

IDH aims to achieve this by matching investees and investors, and by employing technical assistance to both parties. Technical assistance (TA) is provided to improve technical, operational and financial capacity of the investee; ensure compliance with investor (ESG) criteria; and increase potential for social and environmental impact. [Service Delivery Models \(SDM\)](#) are an example of a diagnostic tool used in pre-investment TA projects. IDH also provides technical assistance to the investors by for example improving their impact monitoring capacity and delivering sector and/or landscape research to increase the fit between the investor’s products, market/sector needs and potential for transformational impact. Lessons from the technical assistance and investment projects are shared with the wider investment community.

Landscape finance (including carbon finance) is an important tool in ensuring longer-term sustainability by relying on producer companies who have a long-term commercial interest in the landscape and can ensure a long-term flow of revenue to sustainable agriculture and forest protection activities.

## 5.5 Innovation & Insights

### 5.5.1 GLOBAL CONTEXT & ANALYSIS

**The growing world's population is demanding increased resources from the planet earth. How to sustainably increase agricultural production, and improve livelihoods of farmers and workers without moving beyond planetary boundaries – and to do so in a way that does not further exacerbate inequality is one of the great challenges of our times.**

To achieve transformational change, data-driven insights & learnings can be a key catalyst for change. Large companies are investing in data and insights, leveraging the power of technology and big data for operational efficiency and enhanced consumers' insights. Tech and data start-ups in global agricultural value chains are rapidly emerging and evolving to mature business insights providers. But over recent years, the world has also learned that disruptive technology and data are not always beneficial to all parties involved or equally accessible.

Well-organized and well-informed intelligence can keep companies and other major stakeholders quickly updated about what works – and what doesn't – to solve which problems, so they can take decisions accordingly. IDH will therefore work to maintain its innovative niche and learning value to our partners and industry as a thought leader. We will strengthen our dedicated Innovation & Insights Business Unit and continue to help others to develop groundbreaking innovations and enable them to apply our learnings in different contexts.

### 5.5.2 BUILDING ON OUR LEARNINGS AND ACHIEVEMENTS

The past work of IDH was about developing proof of concept to show that private sector involvement in creating sustainable and inclusive market transformation works. In our next phase we will take on a broader role of scaling up successes, developing [new Sustainability Solutions](#) and in-depth learning to address more intractable problems of market transformation.

By taking a strong and thorough approach to insights gathering and sharing we will know sooner what works and what doesn't, allowing us to rapidly adapt when the evidence shows the need to change direction. This will involve stronger data systems, innovation incubation and thematic expertise that allow for promoting

learnings and innovation across programs and through policy makers, investors and company executives. By constantly innovating and incorporating learning we ensure that we make collective action effective to achieve a sustainable market transformation.

The Innovation and Insights team comprises of thematic experts that are working on the following six key themes:

1. **Better Income**
2. **Better Jobs**
3. **Better Environment**
4. **Gender**
5. **Technology**
6. **Data** (including the Farmfit Intelligence Center)

The first three are the main impact areas for IDH while gender is a cross-cutting theme across these impact areas. In tandem, technology and data enable efficiency, effectiveness, and scale.

The Innovation and Insights team is working directly with the IDH Business Units and their stakeholders such as companies, investors, governments and NGOs. In working with these stakeholders, the team has different roles:

#### **Thought leader in specific thematic areas** (see above)

- > Conceptualize & systematize insights (gained within and outside IDH) on specific topics linked to the impact areas and key enablers.
- > Share insights and disseminate knowledge via different means: publications, learning events (including webinars), platforms / portals for communities of practice, speaker at external events.

#### **Solutions architect**

- > Ideate, prototype and design market-driven innovations. This can be new tools and new approaches.
- > Test new tools and approaches that are developed in close collaboration with IDH Business Units and stakeholders.
- > New tools and approaches are publicly shared when tested and proven.

## Advisor

- > Drive our overall strategy in the three impact areas, gender and enablers, in close collaboration with the other BUs.
- > Advise internal teams and external partners on strategy, program and project design, implementation, and using data for maximizing impact, continuous improvement and insight generation.
- > Through the advisor role, the I&I team aims to further build the capacity of the IDH team.

A learning agenda aligned with our impact themes will drive insight-generation to influence and support internal and external stakeholders to effectively and efficiently achieve the desired impact. In some cases, it will also lead to prototyping new tools. Input derives from multiple sources: led by BU strategies, programs and projects; while also supported by external data and insights.

During the period 2016-2020, the IDH Learning & Innovation team has delivered these services to both internal IDH teams as well as external partners.

- > Development of the [Service Delivery Model \(SDM\)](#) approach by working with 90+ companies in over 20 countries to assess how to make investments in SDMs effective, efficient and impactful. Based on this work, in 2018 IDH launched the Farmfit Fund, Farmfit Business Support and Farmfit Intelligence Centre.  
With a total budget of USD 30 million over a period of 5 years (2019-2023), financed by Bill and Melinda Gates Foundation and FCDO (formerly DFID), Farmfit focuses on creating innovative smallholder business models in Sub-Saharan Africa and sharing intelligence to contribute to market transformation.
- > The Salary Matrix, that allows producers to measure how current remuneration compares to an equal & living wage and the Sustainable Procurement Kit, which allows companies to assess the degree to which the price paid for a particular product enables the payment of an equal & living wage at the supplier level.
- > In 2016 the L&I team developed a gender toolkit to assist organizations in integrating gender in their programs and also developed a Farmfit gender tool that helps capture better data to identify opportunities to address gender gaps.

- > From 2016 to 2020, the I&I team created an innovative methodology to evaluate the impact of the whole IDH portfolio on our impact themes. Such evaluation was key to help IDH calibrate its strategy and for donors and impact investors to guide the direction of their investments. IDH portfolio evaluation is innovative and unique, and other organizations have taken IDH methodology as inspiration for their own impact evaluations.
- > In 2018, IDH published the first book on collaborative transformation in international trade. The book distils insights and learnings of IDH and its partners on the art of collaborative transformation, accumulating tacit knowledge on what works and what doesn't to make change within the complexity of international trade.

### 5.5.3 IDH IMPACT TOWARDS 2025

The Innovation & Insights team plans to achieve the following by 2025:

- 1. IDH is seen as a thought leader and solution architect on how to achieve better income and better jobs in value chains.**  
We will drive our roadmaps on living income and living wage, use our existing tools, including the learning frameworks, and develop new tools where needed. We will develop dashboards to monitor and steer our performance and constantly collect and share insights and learnings and co-drive our strategy. The private sector is supported with concrete tools and actions on how to best close the living income and living wage gap and we share key insights and lessons learnt with companies, investors, donors, governments and knowledge partners.
- 2. IDH is seen as a thought leader and solution architect on how to achieve better environments across supply chains and landscapes.**  
We will develop an environmental roadmap and link our environmental roadmap to our social roadmaps. We will develop data tools and innovative solutions for practical application in supporting companies and governments to achieve climate and environmental commitments, notably on their GHG emissions targets
- 3. IDH is approached by the private sector how to best integrate gender smart policies and gender-inclusive business models.**

By implementing the *gender tool* in *Farmfit* and our business units, we will gather data on the business case for integrating gender intentional and transformative services and policies in companies' core business. We will support the business units and the private sector in addressing issues such as economic empowerment for both genders through upskilling and creating access to innovative finance and technology.

#### **4. IDH is a data-driven insights & learning organization**

IDH is using M&E data and data from its tools (for better income, better jobs, better environment, gender) for steering its strategy and project design and implementation. The data is organized in structured database(s) and is used to create actionable insights which are shared with a broad public to create system change with direct and indirect partners of IDH.

#### **5. IDH is leveraging its Technology Hub to improve its impact**

IDH is using the *Digital Transformation Analysis tool* to support its partners in assessing where they are at the "digitization ladder" and what interesting technology solutions they could invest in. This tool is also used to increase the "digital understanding" of IDH's staff. The tech team will innovate with programs and partners by working in design sprints on new technology solutions.

# 06 | Organization

**To deliver at the scale required for market transformation while driving learning and innovation, IDH will enhance its capabilities in people, network and analytics and continue to exercise the highest standards of organizational management.**

## 6.1 Our people

**We will remain an agile organization, with more than half of our dedicated professionals operating in producing countries and emerging markets.**

Approximately 45% of the staff will be funded by core donors and the rest by other sources of funding.

IDH has grown to a truly global team of almost 50 nationalities with a presence in 24 countries. Our work benefits from a diverse group of professionals with different backgrounds, trainings, experiences. It enables a deep understanding of the realities in which we operate.

## 6.2 Decentralization

**As we expand and decentralize, it remains imperative that our global team members are all connected through a single framework that provides clarity on roles and responsibilities and impact through systems transformation.**

Our regional and national programs will operate within local realities while remaining well-connected to our global structure to ensure consistency of values, delivery and performance. That's why we will continue to

develop effective global leadership and widely shared corporate culture and systems.

Our global team statement ensures that our innovations and accountability are consistently applied globally and locally by providing full access to the organization's knowledge management systems and support facilities.

## 6.3 Locations

Our geographic presence will be defined by the services we deliver and by the impact we can achieve in a country or region. Over time, our analyses of impact will drive decisions on where we focus our efforts and locate our people. We foresee gradual growth of our work in the field in Sub-Saharan Africa and intensification of our work in Latin America and Asia. To maximize impact and efficiency, we expect to locate our staff on the following basis over the period to 2025:

- > For impact on sustainable demand: EU (Brussels), USA, China, India, Singapore, Brazil, South Africa or other potential African hubs.
- > For impact on sustainable supply: India, Vietnam, Indonesia, Malaysia, East Africa/Horn of Africa, Central Africa, West Africa, Brazil, Colombia
- > For funding and investment: Europe (The Netherlands, Nordic Countries, EU, Belgium, UK), USA, Asia and Brazil.

## 6.4 Innovation, Integrity, Impact

**We're creating an environment which encourages effective and innovative performance while promoting learning and development opportunities.**

We continue to invest in strengthening our HR systems to secure high performance standards, improve retention rates where needed, standardize processes and continuously grow our talent base.

We acknowledge and value the importance of our people's diverse talents, culture and experience. We will foster our core values 'Innovation, Integrity, Impact' by having a workspace that embraces diversity and inclusion.

## 6.5 Global structure

**Although IDH will remain an agile organization organization, we have taken the next step as a world-class catalyst for market transformation by restructuring in five business units (BUs), each with its own Global Director and operating through country offices, currently located in Brazil, India, Indonesia, Vietnam Ethiopia, Kenya, Liberia, Rwanda, Tanzania and the UK.**

To ensure synergy between the business units, we have established a Management Team (MT) in which the Global Directors of the BU together with the Executive Board are responsible for securing and consolidating strong program management, including planning, budgeting, delivery, and accountability to donors.

We have also established a Global Management Meeting (GMM) to ensure alignment between our global policy and strategy and our regional and national programs. The GMM comprises the Global Directors and Country Directors.

As our interventions increasingly focus on Africa, our network there will be of strategic importance.

## 6.6 Oversight & Governance

**The IDH *governance framework* provides for continuous improvement of processes by incorporating the recommendations made by the Supervisory Board and its various committees as well as IDH's core donors and external auditor.**

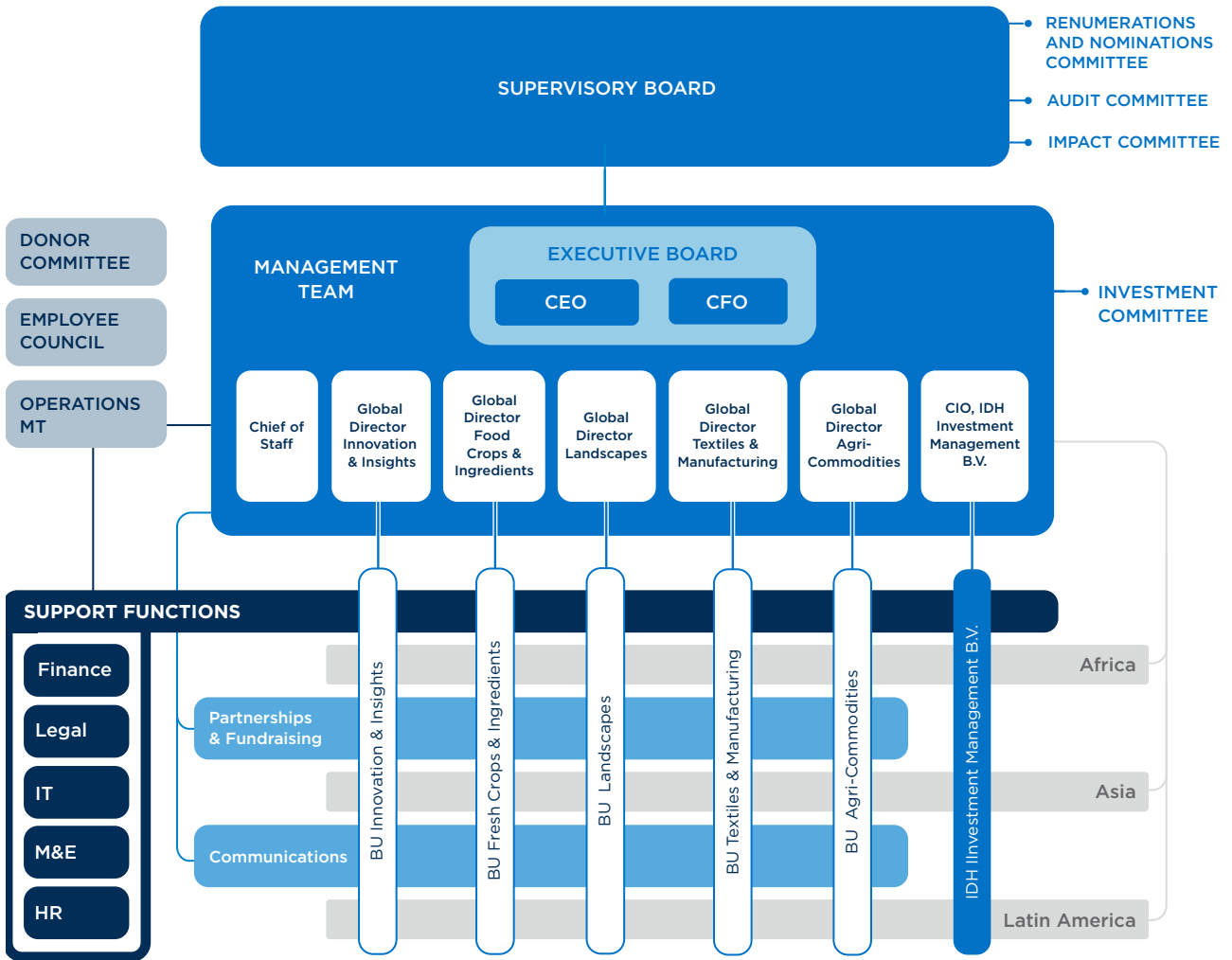
Good governance requires the participation of core donors in policy-making. IDH therefore organizes a biannual *Donor Committee Meeting* with the core donors to enable an ongoing dialog, share program information and preview high level versions of the Annual Plan and Annual Report.

IDH's *investment Committee* is an internal decision-making body to support, revise and sharpen project funding decisions. It meets once per month to trigger reflection and debate on the deployment of program strategies and improve quality and value for money within IDH and ensure alignment with IDH's key themes.

IDH is committed to being transparent and accountable in the use of its resources. We publish data in full compliance with the transparency standards of the International Aid Transparency Initiative (IATI). The published data reports on our projects and is available to all interested stakeholders through the IATI Registry.



**FIGURE 9: GLOBAL ORGANIZATION AND GOVERNANCE OF IDH**



# 07 | Finance

## 7.1 Financial projections

Current projections indicate that IDH's total expenditure for the period 2021 - 2025 will be € 270M at an approximately even rate over each of the five years.

Program costs will require €96.8M in funding from core donors and a further €109M from other donors. Based on these tentative funding levels, we estimate that a further €270M will be generated through private sector co-financing into our programs.

TABLE 3: FUNDING PROJECTIONS 2021 - 2025\*

€ million	Core Donors	Other Donors	Total
<b>Total income IDH</b>	130,4	140,1	<b>270,5</b>
<b>Programs and Projects</b>	81,5	109,0	190,5
<i>Agri-commodities</i>	27,0	24,4	51,4
<i>Food Crops &amp; Ingredients</i>	21,9	19,4	41,2
<i>Textiles &amp; Manufacturing</i>	25,7	5,7	31,3
<i>Landscapes</i>	7,0	59,5	66,5
<b>Innovation &amp; Insights</b>	10,0	0,0**	10,0
<b>Support and Outreach</b>	5,3	0,0**	5,3
<b>Total Program costs</b>	<b>96,8</b>	<b>109,0</b>	<b>205,8</b>
<b>Corporate Communication</b>	1,8	0,0**	1,8
<b>Personnel cost</b>	<b>23,6</b>	<b>23,1</b>	<b>46,7</b>
<b>Organisational costs</b>	8,2	8,0	16,2
<b>Total expenditures IDH</b>	<b>130,4</b>	<b>140,1</b>	<b>270,5</b>

\* Total budget excludes projected budget via IDH Solutions of 10 mln.

\*\* Other (program) donor's participation to Innovation & Insights, Support and Outreach, and Corporate Communication costs is directly allocated to 'Programs and Projects' costs.

## 7.2 Strengthening the IDH Core Donor Base

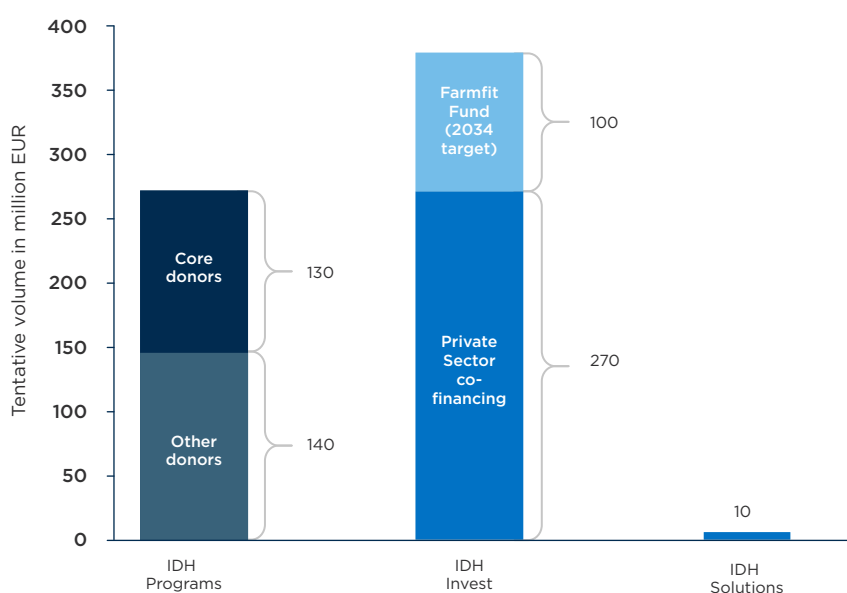
**We will seek out the support of additional core governmental partners and pivotal (private sector) foundations to push through systems change at the pan-European and global level. This will enable our global organization to further sharpen our team's capabilities to convene, broker, learn and innovate. As an impartial and trusted partner of global, international and local private sector, we will shape, test and scale our sustainability solutions for impact at scale.**

Raising the bar requires us to consolidate our current alliances with European countries and lift them to the next level. Our reliable and visionary group of core donors has worked together with us in pushing for systems change. This collaboration has been foundational for our work and we will need the continued support of our core donors to scale our results. IDH will be intensifying the efforts to build and maintain core

partnerships with other European countries, European Union, like-minded consuming and producing countries, large foundations, and private investors.

Throughout the 2021-2025 period, we will refocus our donor base and fundraising pipeline to deliver on the IDH strategy and our ambitious targets. Only by moving deliberately away from smaller program funding and focusing much more on core and strategic program funding, will we be able to deliver on real market transformation. By working closely in a next-level strategic partnership with core donors, we can leverage investments from the private sector, de-risk investments and enable policy change. The global influence of our core donors and their commitment to sustainability will open doors to other major partners and governments at both ends of the value chain. Ultimately, by scaling up to these European and global partnerships we will bring about global change and create maximal impact on Better Jobs, Better Incomes and Better Environment.

**FIGURE 10: LEVERAGING DONOR FUNDING FOR 2021-2025**



Based on the total donor budget projection for the period 2021-2025 we are seeking a combined core donor funding of €130M. We will fundraise a further €140M from other donors. In this scenario, we expect to be able to leverage €270M from private sector co-financing into our programs. So, for each euro of donor funding, we will attract at least one euro in support from the private sector.

The funding commitments we receive from our current three core donors – the Dutch Ministry of Foreign Affairs (DDE), the Swiss State Secretariat for Economic Affairs (SECO), and the Danish Ministry of Foreign Affairs (DANIDA) – create the enabling conditions for IDH to thrive. By making ample efforts to enlarge the current core donor group to a larger, yet strategically focused group of core donors, will ensure that we can:

- > Invest in independent innovations and insights to develop, pilot and assess new and better ways to transform global trade for the benefit of people and planet.
- > Support and empower a professional global team to convene, deliver and monitor public-private partnerships for systems change.
- > Provide the initial funding to bring proven solutions to scale by leveraging that investment to attract financial support, commitment and active engagement from the private sector and other donors, on the ground and throughout value chains.

In the 2030 strategic direction document of IDH, the organization has set global aims in line with the Sustainable Development Goals. In order to deliver on those aims and targets, the diversification of IDH's business models and ways of working was envisioned, including IDH Advisory Services (now called IDH Solutions).

To further drive innovation, scaling and diversify the IDH funding base, IDH Solutions will be a third (next to IDH and IDH Invest) cluster of IDH work and related revenue streams. Over the past years, we have graduated from being primarily a convener and fund manager to also being a custodian of strong and wide expertise in the fields in which we work. While continuing learning and innovation internally and with program partners, we will leverage our team and expertise to scale the impact of our work and learning products by providing solutions to the private sector, governments and donors.

## 7.3 Future Funding

### 7.3.1 STRATEGY

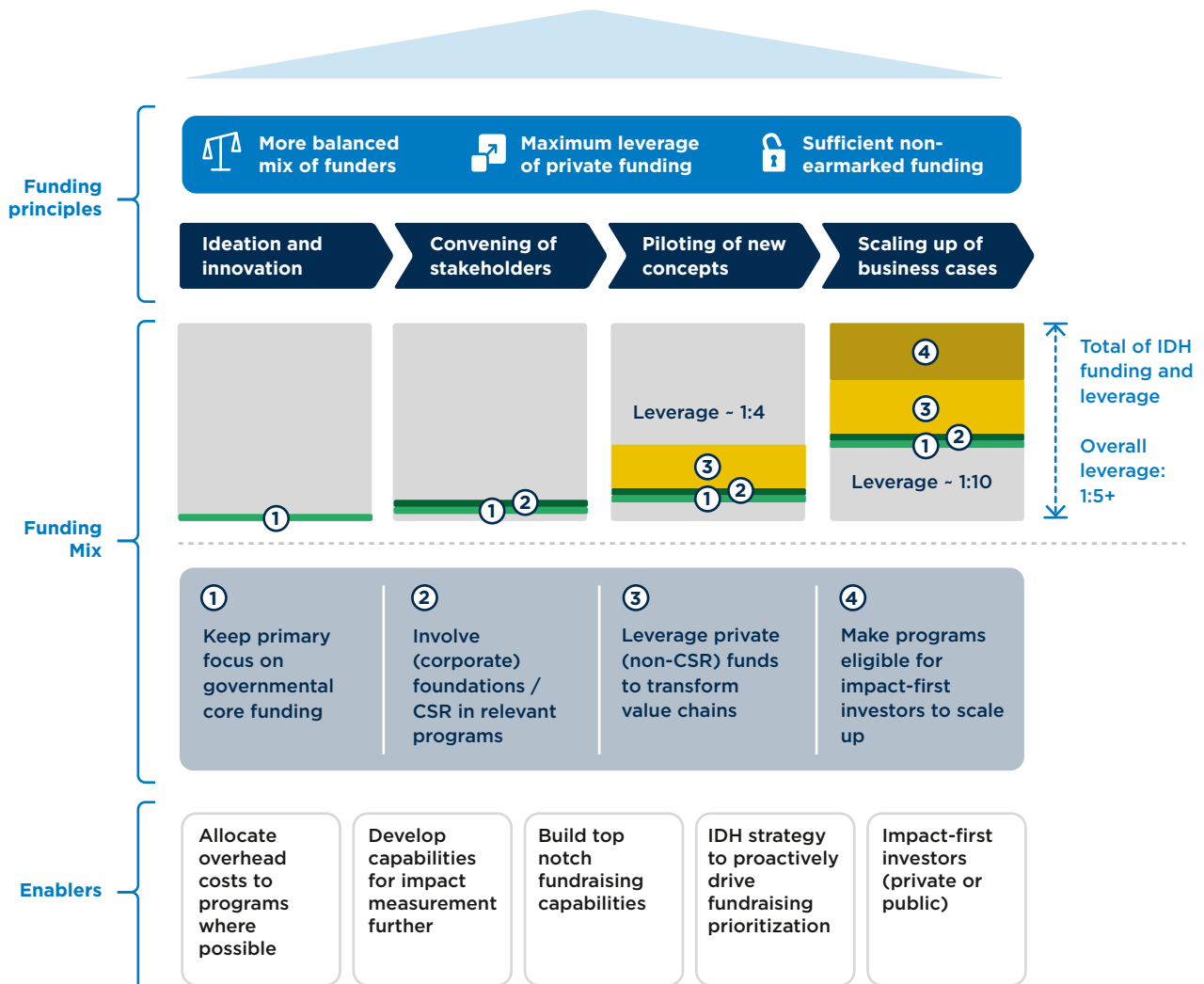
**As the role of IDH adapts and progresses in taking sustainability solutions from piloting to scale, the funding mix will evolve and broaden.**

Building on the ideation and innovation made possible by core donor funding in each phase, we will increasingly leverage private sector funding and bring our programs to scale with finance from impact investors. As we increase investment from the private sector, we will remain focused on the public good in a development context.

Today IDH is financed 40% by its three core donors. Our work is also supported by significant program donors including the governments of Norway, The Netherlands (for Landscapes), and Belgium, the European Union, IKEA Foundation and The Bill and Melinda Gates Foundation.

Our programs also benefit from the support of a number of smaller program funders. Additionally, IDH has secured financial support for *&Green Fund* and the *Farmfit Fund* from public and private sectors.

FIGURE 11: IDH FUNDING MODEL



Our strategy for future income generation is based on analysis and recommendations of the Boston Consulting Group in 2018:

- > Keep primary focus on governmental core funding, but diversify the donor set
- > Involve (corporate) foundations in relevant sectors and landscapes
- > Leverage private sector funds to transform value chains at scale
- > Make programs eligible for impact-first investors to scale up.

### 7.3.2 FUNDING PRIORITIES 2021 – 2025

**We are prioritizing the development of our core funding base to manage the mix of funding and adapt it to the 2030 vision and the 2021-25 Plan.**

In view of the positive and productive experience of working with our current core funders, we intend to engage with more public and private sector donors and we are in ongoing dialogue with government departments and agencies in Germany, Belgium and UK; we are also at an early stage of engagement with other European and private sector donors.

**We will work with a few key institutional donors and foundations to support major parts of the IDH program.**

We will continue to work with our current program donor base while seeking partnerships with additional public and private sector funders. We are developing new projects with, among others, Laudes Foundation, MasterCard Foundation and USAID with a view to scaling and identifying further opportunities.

**We will fundraise through our program offices in producer countries such as Brazil, India, Indonesia and Vietnam.**

We will seek partnerships with national and regional governments and local private sector funders and foundations.

**We are assessing the potential for accessing the larger international funds and entities.**

EU can become a valued collaboration partner for us through national delegated competences from core funders, pillar assessment and/or tenders. We are also assessing opportunities to work with the implementing partners of the Global Environment Fund (GEF) and the Green Climate Fund (GCF).

**We will consider international tenders on a highly selective basis.**

These will only be considered where they are appropriate to our mission and goals. We will not pursue smaller lots except possibly at the country level to make sure we can build on a diverse, yet strategically focused group of donors.

## 7.4 Financial Controls

**IDH has developed an internal risk framework for the organisation. Major business and financial risks are identified and mitigation measures are established.**

We have elaborated policies and implemented controls to manage emerging risks related to (data) fraud, safeguarding and other integrity issues in our chain of partners. We support our country offices to further strengthen their financial management capacity and internal controls.

Through a global contract management system, IDH brings key data together in one tool for approvals, reporting and document management. Financial controls over program management and reporting are built into the system.

Financial accounting and management controls are ensured through separate systems for financial accounting and digital invoice approval, thus assuring accurate, complete and reliable financial data. We have put ICT policies in place that ensure full connectivity across our offices and programs.

Our external auditor reported in their management letter 2018 that IDH has reached a high overall maturity level of internal control, positioning IDH favorably in comparison with peer organizations. IDH's Annual Accounts have received unqualified positive audit opinion for twelve consecutive years.

# 08 | Risk and Mitigation

While there are many variable factors when planning over a long period – and the Covid19 pandemic certainly took us by surprise - we have identified the key risks to our strategy and the necessary steps to minimize the likelihood and severity of their impact.

Each Business Unit has identified the key risk factors in their programs and the plans to mitigate their impact in Annex 3. The table below indicates external and internal risks to our 2030 strategy and 2025 delivery plan at the organizational level.

TABLE 5: ORGANIZATIONAL RISK & MITIGATION ASSESSMENT

Risk	Impact	Mitigation Strategy
<b>External</b>		
<p><b>Increasing barriers to international trade</b></p>	<ul style="list-style-type: none"> <li>• Probability: Medium/High</li> <li>• Impact: Medium</li> </ul> <p>Less trade options – companies shifting their focus away from sustainability as need to secure trade.</p> <p>This situation puts the partners we work with under business pressure since we focus mainly on international trade, therefore this will hit both exporters, producers and EU consumptions. Impact reduces over time as companies adjust to international trade conditions.</p> <p>As a result, IDH's business partner unable or unwilling to participate resulting in the need to revise IDH's intervention or reduce the set targets.</p>	<p>Anticipate and manage change based on global and local intelligence through BUs and Innovation &amp; Insights and global sector initiatives.</p> <p>Strengthen &amp; expand Source Up, Verified Industrial Areas.</p> <p>Support development of in-country production for local consumption.</p> <p>Continue to invest in Service Delivery Models.</p>

Risk	Impact	Mitigation Strategy
<b>External</b>		
<b>Weakening global economy including low interest rates and/or downturn in key sectors in Europe and/ or N America</b>	<ul style="list-style-type: none"> <li>• Probability: Medium</li> <li>• Impact: High</li> </ul> <p>A global recession (for e.g. due to the covid 19 pandemic) could have an impact on limited products traded to EU (notably exotic products)</p> <p>Companies, consumers and partners less focussed on sustainability due to more pressing issues, making it harder for IDH to develop new projects and particularly with regards to IDH's work on Living Wages.</p> <p>IDH's business partner unable or unwilling to participate resulting in the need to revise IDH's intervention or reduce the set targets.</p>	<p>Use evidence to demonstrate the business case for companies to invest in sustainable sourcing over the long run.</p> <p>Promote and enable local sourcing and access to new markets</p> <p>Revise IDH set interventions or reduce set targets to adjust to current situation.</p>
<b>Partners having less focus on sustainability efforts. Partners cancelling or putting on hold their collaboration with IDH, because they are focusing on their sourcing lines or on maintaining their business due to COVID-19.</b>	<ul style="list-style-type: none"> <li>• Probability: Medium</li> <li>• Impact: Medium</li> </ul> <p>Delays in project implementation and decrease of convening activities, leading to challenges to reach impact targets.</p>	<p>Maintain close contact with partners to understand their challenges.</p> <p>Discuss how IDH can support with activities that are sustainable and support the business (Value chain development and service delivery models)</p>
<b>Downturn in public interest in sustainability</b>	<ul style="list-style-type: none"> <li>• Probability: Low</li> <li>• Impact: Low</li> </ul> <p>Since some efforts are driven by reputational risks, a shift in consumers interests in sustainability would reduce the pressure on brands and producers. The urgency for the private sector partners to act on sustainability is de-prioritised.</p>	<p>Use Communications to provide evidence for private and public sector partners to influence public opinion.</p> <p>Use evidence to demonstrate the business case for sustainable sourcing over the long run.</p>
<b>Governments fail to provide adequate legal support for social, labour or environmental programs</b>	<ul style="list-style-type: none"> <li>• Probability: Medium</li> <li>• Impact: Medium</li> </ul> <p>Less support from governmental partners, leading to delays in implementation or issues with implementation of projects and require IDH to revise approach affecting IDH's ability to deliver on the set targets.</p>	<p>Work closely with the national and sub-national governments.</p> <p>Invest in 'stand-alone' systems that can work without government budgets.</p> <p>Create the real business case: companies as our agents to persuade governments to act.</p>
<b>Production downturn in key producer countries because of climate, political or economic disruption</b>	<ul style="list-style-type: none"> <li>• Probability: Medium</li> <li>• Impact: Low</li> </ul> <p>This risk is variable per supply chain. Sustainability as priority is placed lower on the agenda and replaced by securing the supply. Price effect (increase) can amplify this impact.</p>	<p>IDH Sustainability Solutions can be mobilised where relevant and are helpful to support efficiency in production and reduce costs of production (e.g. Service Delivery Models, PPI, SourceUp) These can be mobilised accordingly.</p>
<b>Donors decrease their investments in development aid, because of the economic consequences of the Covid19 pandemic. Leading to IDH not reaching its fundraising targets (core donors, other donors, further diversification)</b>	<ul style="list-style-type: none"> <li>• Probability: High</li> <li>• Impact: High</li> </ul> <p>IDH ability to convene, co-finance and innovate / prototype are restricted. As a result, IDH experiences issues for growth and is required to scale down implementation of selected programs.</p>	<p>Increase efforts with current donors to further diversify donor base.</p> <p>Strengthen capacity in fundraising and adapt fundraising strategies.</p> <p>Active scenario planning to adjust programs and organization to available funding.</p>



Risk	Impact	Mitigation Strategy
<b>External</b>		
<b>Standstill of countries and business around the globe due to the Covid-19 virus</b>	<ul style="list-style-type: none"> <li>• Probability: High</li> <li>• Impact: High</li> </ul> <p>International trade and movement of people and products are limited. As a result, there are delays in program implementation and convening activities leading to IDH not reaching all targets.</p>	<p>Pro-active communication with partners and donors.</p> <p>Optimal use of ICT applications and platforms to continue to organize the majority of our convening work online and adapt our program delivery based on the various situations per country</p> <p>Restructure workplans and planning where and when needed.</p>
<b>Internal</b>		
<b>Loss or damage through internet hacking/fraud</b>	<ul style="list-style-type: none"> <li>• Probability: Low</li> <li>• Impact: Medium</li> </ul> <p>Loss of sensitive data, money and possible stop of business due to hostage.</p> <p>Cyber security breach through criminals penetrating into IDH data, financial and management systems may lead to liability on (confidential) data protection and/or financial losses. Financial risk on all expenditures</p>	<p>Regular checks on systems, ensuring controls and protection of data is up to standard</p> <p>Continuously raise awareness of risk to IDH staff and organize regular mandatory cybersecurity trainings</p> <p>Conduct regular external IT audits</p>
<b>Loss of key personnel</b>	<ul style="list-style-type: none"> <li>• Probability: Medium</li> <li>• Impact: Medium</li> </ul> <p>Issues for continuity, loss of knowledge, network and experience could lead to IDH not being able to deliver sufficiently and in compliance with donors' expectations.</p>	<p>Breadth &amp; depth of expertise across the organization</p> <p>Institutionalise knowledge, network and experience on digital platforms (Salesforce), new learning management system.</p>
<b>Insufficient expertise to innovate continuously and respond to changing priorities and emerging technologies</b>	<ul style="list-style-type: none"> <li>• Probability: Low</li> <li>• Impact: Medium</li> </ul> <p>IDH no longer a frontrunner in innovation</p>	<p>Staff recruitment and retention strategies and partnership management to ensure we have the necessary expertise within IDH or our partners.</p>
<b>Catastrophic incident at head/local office</b>	<ul style="list-style-type: none"> <li>• Probability: Low</li> <li>• Impact: Medium/High</li> </ul> <p>Disruption in management and operations affecting the delivery of results</p>	<p>Business continuity plan</p> <p>Staff training &amp; emergency response team Data storage offsite and offline</p>
<b>Exposure to fraud, corruption or illegal action of IDH or IDH partner organisations</b>	<ul style="list-style-type: none"> <li>• Probability: Medium</li> <li>• Impact: Medium</li> </ul> <p>IDH fined/penalty from governments. Delays in implementation when a program is stopped due to investigation.</p> <p>IDH's reputation is damaged, affecting program implementation and fundraising</p>	<p>Integrity (including anti-bribery and anti-corruption) training is part of the IDH onboarding program.</p> <p>IDH has a strict anti-bribery and anti-corruption policy. Staff and external parties are regularly informed about the Speak Up policy, through which they are encouraged to flag any misconduct or irregularities (this can also be done anonymously). IDH reports transparently on incidents that are flagged through the Speak Up policy.</p>

