

Impact studies 2013

trans

**Sustainable market
transformation in action**

form

Inside and
around us



Inside and around us

The beauty of the IDH concept is that we derive our transformational power mainly from the hundreds of dedicated partners we work with. From small and medium size enterprises to large multinationals, from global knowledge institutes to local NGO's and numerous governmental bodies in western and developing economies. Our partners from all over the world bring their power, knowledge and networks to the table, that are prerequisite to drive sustainable change. The success of IDH is for a greater part the success of all of those that are willingly investing their time, knowledge, money and power in sustainable market transformation. We feel privileged that more than 350 public and private partners in over fifty countries have been inside and around our sector programs in the last years to help build the impact successes that we are able to present you with today. That is why we feel this is the appropriate place to thank all of you for your commitment and trust, and at the same time to invite you to continue our successful, collective journey towards a (more) sustainable world.

Private partners: Aapresid, Abishek, ABN, Abrapa, ACF, ABTA, Adidas, ADM, Aggregate Industries, Agrifirm, AISU, Ahold, AlbertHeijn, Almerin, Amazcruz, Amaggi, AMATA, Anova, ANVB, ANVR, Apple, Arvind Mills, Aquastar, Arctic Kvartsit, Armajaro, Arla, Arti di Granito, ASL Candelaria, ASLCaoba, ASL San Antonio, AWV Eigen Haard, Bakker Barendrecht, Baobab, Barry-Callebaut, Beltrami, Batista, Bemefa, Belgica/ADECOMP, Binca, Birds Eye Iglo, Bitumbo, BRO, B&Q, BT Cocoa, BT Cassia Coop, C1000, Cargill, Catahua, CBL, Cefetra, CEMOI/PACTS, Centrico, Ceramic Prints, Chicken of the Sea, CMDT, Com Wonen, COMINMA, COOPERFLORESTA, Continaf, Coop, COPEFOR, Corendon, COV, Culimer, Curuare/SLV, DAP, De Heus, De Reisspecialisten Groep, DE Master Blenders 1753, Dell, Dekker Natuursteen, Destion, Dietwee, DKSH, Docifish, Seafresh Industry Ltd, Dudok Wonen, Dutch Flower Group, Dutch HorticultureBoard, Eckardt Natursteine AG, Ecom, Eosta, Ethical Tea Partnership (ETP), Euroma, Eurosten, FairFields, Fapcen, Far West, FEBENAT, FEMEG, Ferrero, Foppen, FleuraMetz, FloraHolland, Florint, ForFarmers, Fox vakanties, FrieslandCampina, Genese, Gebr. Voets, Golden Fields, Green Gold Forestry, Greenery, Groupe Rougier, G. van Leeuwe, H&M, Huafu, Huitong, Heinz, Heiploeg, Het ProductschapTuinbouw, Hofman, Hong Shen, Hoogenberg, HP, IKEA, Indian Tea Board, Indusmar, Intersnack, Intertaste, Jaguar the Fresh Company, Jayanti, Jetstone, Johnson & Johnson, Jumbo, Kenyan Tea DevelopmentAgency (KTDA), Kiñewen, KLM, Kraft, Kumagro, Laminadas, Lantmmannen, Laxmi Industries, Los Grobo/Ceagro, LTO, LTO Noord, Mars, M.O.B., Kuoni Nederland, Levi Strauss, Lidl, Maasdelta Groep, Madeflona, Marks & Spencer, Marshalls, Maveecom, Mayonna, McCormick, Metro, Michel Oprey& Beisterveld, Mitros, Mondelēz, Mondelēz International, Milieu Product Board, Noriega Y Hidalgo, Milieu Programma Sierteelt (MPS),

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Preface

Over the last decade companies, governments and civil society organizations have come to realize that cooperation is vital in achieving common goals such as long term security of supply, poverty reduction and safeguarding the environment. Front-running companies have made public commitments to 100% sustainable sourcing of raw materials. Forward-looking governments and NGO's are integrating public-private cooperation into their policies.

In 2008, IDH The Sustainable Trade Initiative, started as a new, innovative agent for public-private cooperation. To create meaningful change and impact at scale, IDH would leverage the power, commitments and reach of the private sector, in combination with the knowledge, networks and credibility of civil society organizations, and the enabling environment of governments. But could we make it work? Could we be agile and effective? Could we combine scale with impact? How serious was the private sector really, and could they work with competitors? How willing were the NGO's to really engage with the private sector? And how to effectively engage governments in producing countries?

Five years down the road we can confidently say that we can indeed be an effective convener and accelerator of public private partnerships for sustainable market transformation. The trust and commitment of more than 350 civil society organizations, governmental bodies, SME's and multinationals, bringing their power, knowledge and networks to the table, has proven to be a prerequisite to driving sustainable change.

The increasing international recognition of IDH as a driver of sustainable market transformation has broadened our scope and has resulted in additional institutional support. Next to the Dutch government, Danida, the Danish development aid agency has provided program support. And this year, through substantial support of SECO, the State Secretariat for Economic Affairs, the Swiss government has put its weight behind IDH to mainstream and accelerate sustainable trade across the globe. But most importantly, IDH has proven to create impact at scale.

This booklet presents you with the outcomes and insights of seven independent impact studies into three of the IDH sector programs. Based on a methodology and plan approved by the Dutch Ministry of Development Cooperation and International Trade, these studies thoroughly investigate the impact of IDH programs in cocoa, cotton and tea and analyse the attribution of IDH.

To sum up a few of the study findings: the source of livelihoods of over 700,000 farmers in cotton, cocoa and tea have significantly improved. The global market share of sustainable products has increased: sustainable tea and cocoa are well on their way to become mainstream and cotton soon will. Cooperation between companies, NGOs, governments and science for sustainable market transformation has been established. Large scale private investments in sustainability have been generated. In cotton and tea, large scale environmental benefits have been achieved.

One thing that those involved in sustainable market transformation have learnt over the past five years is that everything constantly undergoing rapid change. In order to stay effective and efficient, IDH and its partners have to adapt their future strategies and be innovative in their approach. That is why this booklet is not only looking back and analyzing results and achievements, but program per program also explores the way forward to further improve the impact and effectiveness of public private partnerships. We hope this will serve as an inspiration for policy makers and executives on how meaningful change can be orchestrated, and investments can be made worthwhile. And we hope to inform professionals on the challenges and best practices for agile but meaningful interventions in the livelihoods of smallholder farmers in the complex and global commodity supply chains. We invite you to be part of this exciting journey towards a more sustainable world!

Joost Oorthuizen

Executive Director of IDH

André Veneman

Chair of the IDH Supervisory Board

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IDH Impact Committee

The impact studies on which this booklet is based (see references per program for details) were supervised and evaluated by the IDH Impact Committee. The Impact Committee guards the impact of the work of IDH, the intervention logic of the IDH programs and the interventions of the IDH organization. It bases itself upon progress and impact data from the IDH organization (progress reports and 3rd party impact studies). The Committee comes together once a year. IDH likes to thank the members of the Impact Committee for their relentless efforts and critical reflections:

Bill Vorley, Principal Researcher Sustainable Markets Group, IIED

Farah Karimi, CEO, Oxfam Novib

François Ruf, researcher, CIRAD-Montpellier

Marc Engel, CPO, Unilever

Introduction

In recent years, various agricultural commodity sectors have been profoundly transformed by a wave of corporate commitments to sustainability and supply chain investments. IDH programs in 18 commodities have accelerated these changes to create real impact on the ground in developing and emerging economies.

Independent third-party studies by credible institutes demonstrate significant positive impact for farmers, rural workers and their families, as well as real changes in the way that supply chains operate.

Key factors of success include: the purchasing power and financial commitment of companies, the implementation expertise of NGOs, the credibility stemming from the use of voluntary standards, endorsement by (local) governments and the professional facilitation of IDH as a neutral convener.

Moving far beyond a nice-to-do option, sustainability is becoming a license-to-operate and, for frontrunners, a source of innovation and growth. Challenges still remain, requiring additional activities to incentivize laggers to increase their sustainability efforts, plug into the procurement power of BRIC countries and integrate issues such as nutrition and gender into our supply chain approach.

However, the source of livelihoods of over 700,000 farmers in cotton, cocoa and tea have significantly improved. Cooperation between companies, NGOs, governments and science for sustainable market transformation has been established. Large scale private investments in sustainability have been generated. The proof-of-concept is solid for this innovative approach to public-private partnerships.

The world moves forward.

The past decade has seen the fastest reduction in poverty in human history:

with half a billion fewer people living below the international poverty line of \$1.25 a day.

500,000,000



30%

Child death rates have fallen by more than 30%,

25%

deaths from malaria have fallen by one quarter.

This unprecedented progress has been driven by a combination of economic growth, better policy, and the global commitment of public and private sector to the Millennium Development Goals¹.

However, sustainability challenges remain staggering.

The world population is rising rapidly, expected to reach between 8.3 and 10.9 billion by 2050.



Middle-classes are booming in the emerging economies of Africa, Asia and Latin America.



For the first time in human history, urban populations outnumber rural ones².

To meet future demand in the next 50 years more food needs to be produced than in the past 500 years³.

Agriculture is pivotal to the global challenges.



80%

The sector is estimated to be the direct driver for 80% of deforestation worldwide⁴.



70%

Agriculture uses 70% of the world's fresh water, while a third of the world is suffering from regional water shortages.

Half of the world's undernourished people and the majority of the world's poor are smallholder farmers and rural workers in developing countries⁵.

50%



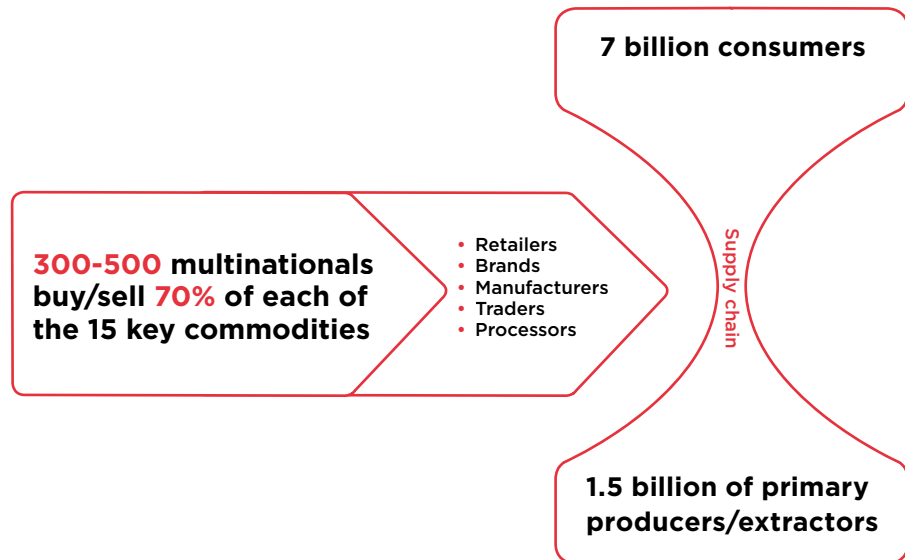
Globally, over 1 billion people are overweight, while 870 million people do not get enough food, and 15 million children die from hunger each year (WFP).

We need to deliver on food and nutrition security, environmental sustainability, economic opportunity and poverty reduction. This requires transformative change and innovation in the ways we produce and trade the major agricultural commodities that feed the world.

The business case for public private partnerships

Transforming the major agro-commodities will effectively deliver global public goods. They are critical to satisfy global demand for food, feed, fuel and fibre. At the same time, how they are currently produced affects the environment and the people involved. Research by the Worldwide Fund for Nature (WWF) has identified that just 15 commodities account for the majority of impact on the planet⁶.

Figure 1: Leveraging the supply chain to reach consumers and producers



Source: WWF

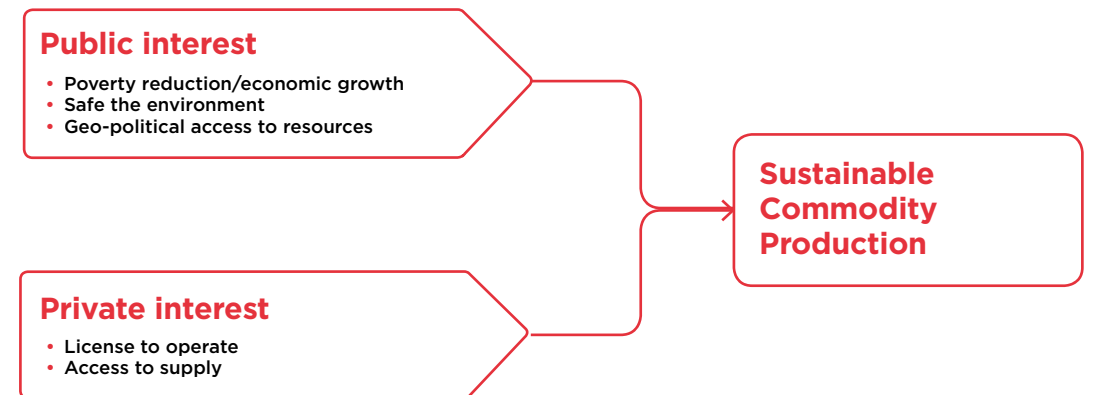
Partnering with the private sector is crucial to green the production and trade of these commodities. About 70% of the value of these 15 commodity markets is controlled by fewer than 500 companies. By working effectively with this small group of companies, the outcome can be sustainable growth that impacts on 7 billion consumers and 1.5 billion producers.

There is a clear business case for these companies. They want to secure their future supply. They want the minimum deliverables of legality, safety, quality and reputation. More fundamentally, they want to enhance their competitiveness by improving the economic, social and environmental conditions in the communities in which their business operates. As Unilever's Sustainable Living Plan promises: *"We will grow our business while doubling our impact and halving our footprint"*.

The interests and stakes of commercial, privately owned companies and governments and NGO's merge in sustainable trade

Governments and non-governmental organizations strive for public goods such as poverty reduction and safeguarding the environment. For the first time in history the interests and stakes of commercial, private owned companies and the public community of governments and NGO's merge in sustainable trade, creating a strong business case for sustainable production.

Figure 2: The business case of public-private partnerships





Watch the full interview on:
www.idhsustainabletrade.com/impact

‘If you’re interested in a sustainable future, scale is one of the things that’s critical.’

**Howard-Yana Shapiro, Global Director
 Plant Science and External Research, Mars**

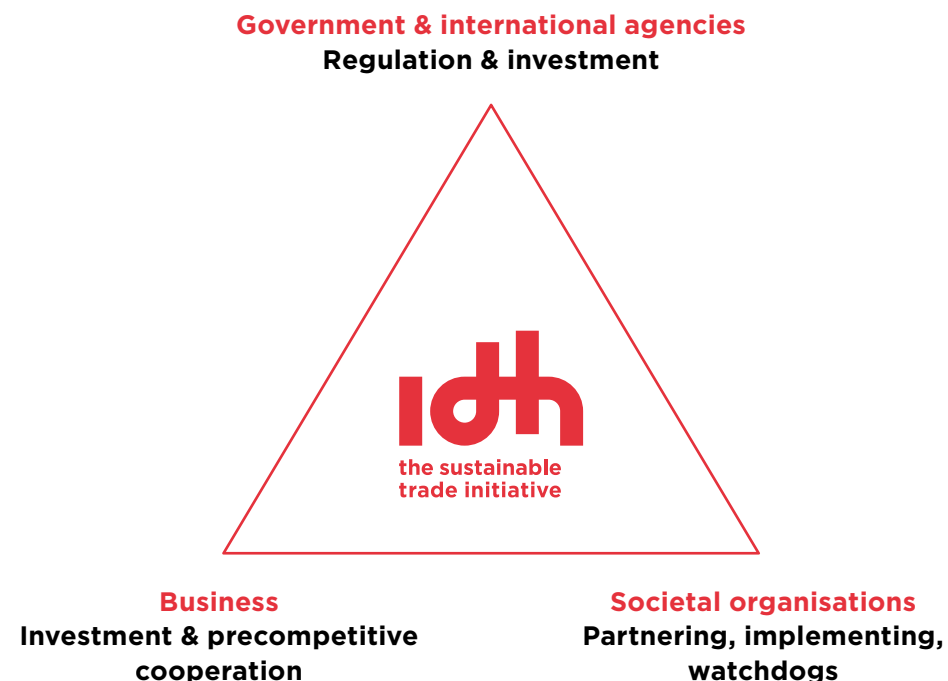
Convening coalitions for market transformation

Public and private stakeholders must work together at scale to change the way agricultural commodities are produced and traded. We call this ‘market transformation’. Markets should be restructured in such a way that they generate welfare for the businesses and workers involved, while maintaining the natural resource base upon which they are built. Markets should deliver public goods, as originally envisaged by Adam Smith. Or, in the words of Michael Porter and Mark Kramer: markets should create shared value⁷. The competitiveness of business increases by improving the economic, social and environmental conditions in the communities where business operates.

INTRODUCTION

The business case for public private partnerships

Figure 3: Coalitions for market transformation



Since its inception 5 years ago, IDH has created multi-stakeholder coalitions to accelerate market transformation. Sector by sector, IDH facilitates coalitions of frontrunner companies and civil society organizations to jointly transform the market and make sustainable production and trade the norm. The sector coalitions invest at scale in improving social, economic and environmental conditions in the upstream supply chain in producing countries, thereby delivering impact on several Millennium Development Goals: poverty reduction (MDG 1), safeguarding the environment (MDG 7), local value creation and fair trade (MDG 8).

The role of IDH is threefold:

- 1 Convening.** IDH builds coalitions and designs its impact investment program. IDH operates as an unbiased, catalytic platform for public and private partners to work and invest together. IDH brings the key players around the table, demands serious commitment, and drives collaborative working in a results-focussed manner. The convening by IDH enables competitors, supply chain partners and non-profit partners to collaborate effectively at scale. This process currently involves more than 250 companies, 60 civil society organizations, and multiple government authorities and bilateral donors (see cover and back inside for an overview of stakeholders).
- 2 Co-funding.** IDH accelerates private sector investments into supply chain sustainability by leveraging public funds. IDH has organized a €600 million investment portfolio across 18 commodity sectors, by leveraging a €125 million grant from the (former) Dutch Ministry for Development Cooperation, a CHF 30 million (approximately €25 million) grant from SECO (The Swiss State Secretariat for Economic Affairs), and additional funding from others including Danida, GIZ, Rabobank Foundation, ICCO, Bill & Melinda Gates Foundation, Cordaid, WWF and others.
- 3 Learning.** IDH drives the performance and impact of the coalitions by organizing field evidence, data and metrics. These are used to stimulate strategic reflection with program partners and to prototype innovative solutions for critical obstacles to market transformation. Business cases are core to the investment strategies deployed by the sector coalitions. IDH contributes to wider knowledge generation and dissemination through publications, thematic studies, best practice documents, communication and learning events.

Market transformation in action

Five years after the establishment of IDH, it is now time to share our experiences, and demonstrate the public goods our sector coalitions are delivering. Working across 18 sectors, we selected tea, cocoa and cotton for commissioning deep-dive impact studies to third-party consultants and academics. Tea, cocoa and cotton have been selected because they represent a significant part of our investments (66% of the investment portfolio in 2012), and they are representative of the type of interventions that IDH applies to other sectors. For each of these commodities, studies were carried out to assess impact at farmer level, in terms of income and sustainable production. The studies assessed to what extent the markets have transformed. The studies were conducted by independent academic institutes and international consultancy firms, such as the ODI, Lei Wageningen, KPMG and Steward Redqueen in Kenya (tea), India, Mali, Pakistan, Brazil (cotton) and Ghana and Cote d'Ivoire (cocoa).

IDH sector coalitions were able to accelerate the transformation in the industry, and scale the impact on environment, farmers, rural workers and their families.

This booklet presents the outcomes of the impact studies. Based on a methodology and plan approved by the Dutch Ministry of Development Cooperation and International Trade, the studies tell a story of market transformation in action, illustrating how the three sectors have made enormous steps forward, with real, meaningful change on the ground.

The stories show how the IDH sector coalitions were able to accelerate the transformation in the industry, and scale the impact on farmers, rural workers and their families. The stories explain what we consider to be the factors of success: the purchasing power and financial commitment of the companies, the implementation expertise of NGOs, the credibility stemming from the use of voluntary standards, and the professional facilitation of a neutral convener. Last but not least, the stories indicate the remaining challenges and the next steps in market transformation. Full mainstreaming is yet to start; however, the proof-of-concept is solid for this innovative approach to public-private partnerships.

Market transformation in cocoa



Endnotes

- 1 UN, 2013, A new global partnership: Eradicate poverty and transform economies through sustainable development.
- 2 UN, Global Health Observatory, 2013
- 3 CSIRO, 2009, Sustainable Agriculture: Feeding the World, presented at the Science and Technology in Society Forum, Japan
- 4 Kissinger G., Herold M, De Sy V, 2012, Drivers of Deforestation and Forest Degradation: A Synthesis Report for REDD+ Policymakers. Lexeme Consulting, Vancouver Canada
- 5 The World Bank, 2008, World Development report 2008: Agriculture for Development
- 6 WWF, 2012, Better production for a living planet
- 7 Porter M. E., Kramer M. R., "Creating Shared Value: to reinvent capitalism – and unleash a wave of innovation and growth" Harvard Business Review, 2011

Key facts and figures*

The cocoa industry has undergone a remarkable transformation in the last decade. The viability of cocoa farming has become part of boardroom discussions and decisions.

169,344 **477,034**

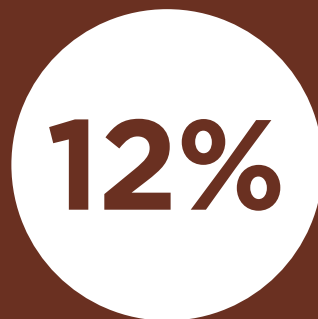


Producers trained in certification

Volume in tons of certified cocoa produced

Average yield increase
(other studies indicate 70%)

20-30%



Global cocoa production certified

Chocolate manufacturers have entered into long-term contracts with cocoa traders and grinders for the supply of certified sustainable produce. These traders and grinders, in turn, have set up intensive programs to bring farmers into their supply chains and to organize and train them in sustainable agricultural practices.

As a result, certified bean production has exceeded 12% of global production and triggered industry investments in farming of up to \$90 million annually. Farmer trainings and supply chain investments have resulted in an average 20-30% yield increase of farmers (some field surveys suggest yield increases as high as 70%) and in better quality of beans in terms of humidity, slate, mold and free fatty acid levels. Yield and quality increase translated into improvements in farmers' income. In addition, 10% of the premium on certified beans is transferred as cash to the farmers.

Since 2008, IDH has helped to accelerate this process by co-financing meaningful certification and farmer training programs. In recent years we have moved beyond certification to actively support industry adoption of the 'productivity package' approach to cocoa farming.

* Cumulative results up to December 2012



From farm to boardroom

It is now possible to meet senior business leaders in the cocoa industry and hear them talk passionately and intelligently about farmer grouping models, pay-for-performance schemes with extension agencies and the pros and cons of certification. If you didn't know better, you might think you are talking to an experienced development worker. Perhaps as little as five years ago, such business leaders would see cocoa primarily as a trade – a price, volume and risk game played out on computer screens. Nowadays, chocolate brands have strategic sessions with their key suppliers to discuss how and where to invest in sustainable cocoa farming. They enter into long-term contracts worth tens if not hundreds of millions, with sustainability at the core of delivery specifications. Last year, in a high-level cocoa industry conference in Davos organized by Barry Callebaut – the world's largest processor of cocoa – sustainability was discussed alongside brand innovation and consumer indulgence strategies. What happened? Two drivers were the key to success: 'security of supply' and 'reputation'.

Securing supply

First and foremost, the driver for industry investment in cocoa farming is security of supply. Chocolate manufacturers are concerned about this for a number of interrelated reasons. Seventy percent of cocoa is produced in just two countries in West-Africa. Production is reliant upon a large number of very poor small scale farmers who as a group are ageing, becoming less interested in cocoa farming and increasingly turning to less risky and more profitable crops such as rubber and palm oil. Cocoa crops are also susceptible to disease; the most notable impact was a fungal disease (Witches' Broom) which caused a 70% drop in Brazilian production in only ten years. More recently, swollen shoot disease is threatening cocoa across Cote d'Ivoire and Ghana. A historic lack of investment in the industry has meant there was little research into productivity, plant health or breeding until 2005.

'IDH is providing leadership on taking the sector approach, bringing the companies, governments and NGO's together, in order to bring them down to the country level'

**Andrew Bovarnick, Global Head -
Green Commodities Facility, UNDP**

Beyond 2020, global demand may require twice to three times present tonnages

While cocoa supply faces many challenges, the demand picture is hugely positive. Populations in emerging economies like Nigeria and Indonesia are rapidly increasing their consumption of chocolate drinks. Burgeoning middle-classes in China and India like chocolate just as much as western consumers. Projections of supply and demand for 2020 suggest a shortfall of at least a million tons - 20% of current world production. Beyond 2020, global demand may require twice or even three times present global tonnages, depending on the speed of Asian consumer uptake.

Reputational issues

Security of supply is not the only challenge the industry faces. Amid rising concerns about unsafe working practices, poverty and environmental damage, the industry's reputation is also on the line. As with other agricultural commodities, child labor is a common aspect of cocoa production. One 2002 study estimated that 284,000 children in West Africa worked under hazardous conditions. In the US the Harkin-Engel Protocol 2001 (a voluntary certification standard to ban child labor, slavery and trafficking) was introduced, adding further pressure for reform.

Hazardous working conditions and environmental damage

Over 90% of global cocoa production is cultivated by an estimated 5.5 million smallholders with more than 20 million family members directly dependent on cocoa for their livelihoods. Farmers are characterized by their poor access to education and agricultural training, unsafe working conditions and lack of infrastructure and medical facilities. Producers are often illiterate and geographically isolated. These factors contribute to environmental impacts such as deforestation, loss of biodiversity and soil fertility, improper chemical use and the pollution of water sources with toxic agrochemicals. The industry cannot afford a product associated with pleasure and indulgence to be connected with such serious issues.





Real changes in the industry

The twin objectives of boosting production and protecting reputation underlie the industry's focus on upgrading and certifying their supply base. Investments are concentrated in cocoa farming communities to improve production and livelihoods, gain farmers' loyalty, and secure the supply of beans. Certification provides an excellent means to achieve this integration in the supply chain, while at the same time providing transparency and credibility to help protect brand reputation.

Over the last five years public commitments to certification by brands have blossomed (see Figure 3.1). Beginning with smaller companies, like Max Havelaar, industry commitments expanded to include Cadbury's commitment to Fairtrade. However, the biggest wave was created by Mars. As a family-owned manufacturer with €22 billion in annual sales, Mars buys 12% of all cocoa. In 2010, they publicly announced their target to source 100% of their cocoa from certified producers by 2020. With a starting position that improvements were needed in farmer incomes, they unilaterally decided to pay an extra €200 per ton to their suppliers in 2009. In many ways, this steered certification to become mainstream. After Mars' bold moves their competitors had no option but to follow them.

Traders/grinders have convinced their CEOs of the commercial benefits of becoming a “supplier of sustainability solutions”

The booming demand for certified products transformed the business model of cocoa traders/grinders. From only a very low level just five years ago, certified production is now surpassing 12% of global production. Traders/grinders that wish to be long term suppliers to large clients such as Mars have convinced their CEOs of the commercial benefits of becoming a “supplier of sustainability solutions” to satisfy customer demands.

‘We got farmers onto an improvement process that has many benefits that we hadn't even imagined in the beginning and has proofed to be in our interest too.’

David Rosenberg, Group Sustainability Advisor at Ecom Agroindustrial Corp.

They therefore began to hire more experienced field staff and agronomists, and began to work closely with farmer cooperatives, local governments, NGOs and certification bodies. The result has been an integration of the supply chain to get direct access to farmers and pushing out layers of middle-men. All major cocoa traders developed new supply chain models based on direct service delivery to organized cocoa farmers. For example:

- **Ecom's** subsidiary Zamacom established a robust training and certification program with 25 cooperatives in Cote d'Ivoire. Zamacom is developing retail stations for distribution of fertilizers and has an extensive array of demonstration plots from which to collect high quality yield response data. Ecom has engaged Rabobank International Advisory Services (RIAS) to provide training on cooperative governance and management.

- **Armajaro** set up a separate legal entity, Source Trust, to enable the establishment of public private partnerships and co-investments. Source Trust is set up to help farmers improve their livelihoods through better crop yields and quality, achieved through sustainable farming practices. Source Trust works with farmers through the delivery of projects designed to develop their business knowledge, farming skills and access to inputs and services. Farmer Development Centers work directly with farmers within each Armajaro buying center to allow Source Trust to uphold its focus on traceability of the cocoa and coffee produced.
- **Cargill** has built a program based on three pillars (farmer training, community support and farm development) and a focus on the professionalization of cooperatives and farmer organizations. Interventions focus on increasing productivity and yields, expanding capacities in farmer organizations and raising standards through certification for 60,000 farmers via 1200 farmer field schools. Within communities, Cargill works to promote and protect the rights of children, provide good quality and relevant education and increase access to health, safety and wellbeing services for families. Cargill aims to regenerate farmland through access to innovative technology (grafting and nurseries in cooperation with Mars), enhance biodiversity and the conservation of local environments and enable improved infrastructure and financing.
- **Cemoi/PACTS** CEMOI, BLOMMER, DELFI (Petra Food group) have signed a joint venture agreement to develop an ethical, premium quality, cocoa production alliance in Côte D'Ivoire. The main goal is to bring value to cocoa farmers and cooperatives. 15 fermentation centers are benefiting over 8,000 farmers and collaborating with 17 partners co-operatives to obtain premium quality beans. In these centers farmers can share good practices, and they serve as input facilitators. More than 100 plots representing 25 ha are under PACTS team supervision with farmers in order to improve yields in orchards by implementation of modern agronomical practices. More than 30 "Regeneration plots" are under PACTS teams' supervision. A new role for co-operatives as economical and social leaders and service provider to their members.

Figure 3.1
Sustainability commitments in the cocoa industry

Company	Future commitments
Mars	100 percent sustainable cocoa by 2020
Cadbury	100 percent sustainable sourcing
Hershey	100 percent sustainable cocoa by 2020
Ferrero	100 percent sustainable cocoa by 2020
Mondelēz	Sustainable sourcing for premium brand Cote d'Ore and Maribu
Cargill*	25 percent sustainable cocoa by 2015
Petra Foods*	25 percent sustainable cocoa by 2015
Armajaro*	35 percent sustainable cocoa by 2015
Ecom*	19 percent sustainable cocoa by 2015
Ahold	100 percent sustainable private label cocoa products by 2015
Migros	100 percent sustainable private label
Sainsbury	100 percent Fairtrade chocolate, with 2020 sales of £1 bn

Source: KPMG 2013. * Source: 2012 Cocoa Barometer

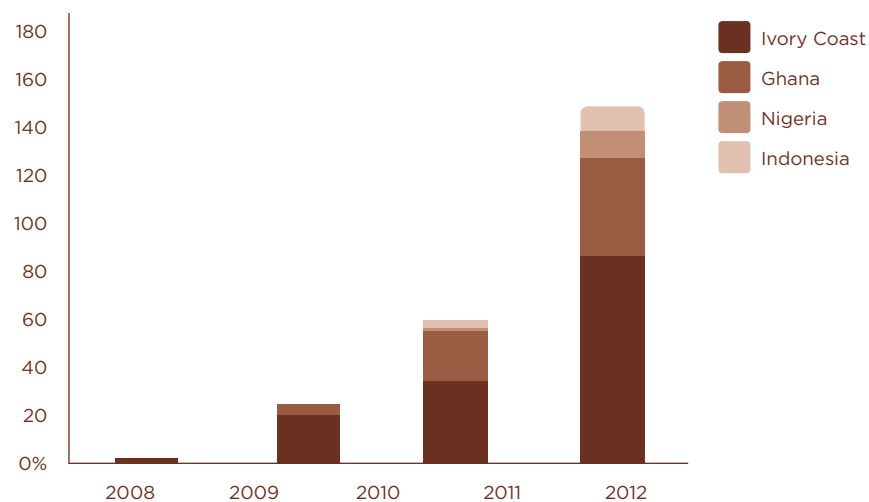


Accelerating the transformation

IDH's Cocoa Improvement Program (CIP, 2008-2012) was designed to accelerate the drive for sustainability in the cocoa industry. By focusing on building "infrastructure" in the market, the program enabled sustainability activity to be scaled up and brought into the mainstream. A new UTZ code of conduct and a chain of custody were created and launched. The new standard was more focused and pragmatic than existing schemes and provided the basis for increased volumes of certified production. Solidaridad West Africa has been IDH's implementing partner, responsible for rolling out the new standard at field level.

Figure 3.2: Number of producers UTZ-Certified (attributed to IDH's Cocoa Improvement Program)

Cumulative number of producers certified



Source: KPMG, 2013

'I apply fertilizer and other good agricultural practices and I apply them on my other crops like yam, potatoes and rice too.'

A cocoa farmer in Soubre, Côte d'Ivoire, 2013

Certification bodies, auditors, traders and farmers were trained on the application of the UTZ standard. By mid-2012, 70,721 farmers were certified, up from 24,000 in 2010. The number of certification bodies increased from a handful in 2010 to 54 in 2012, and products with the UTZ Certified label are now sold in 86 countries.

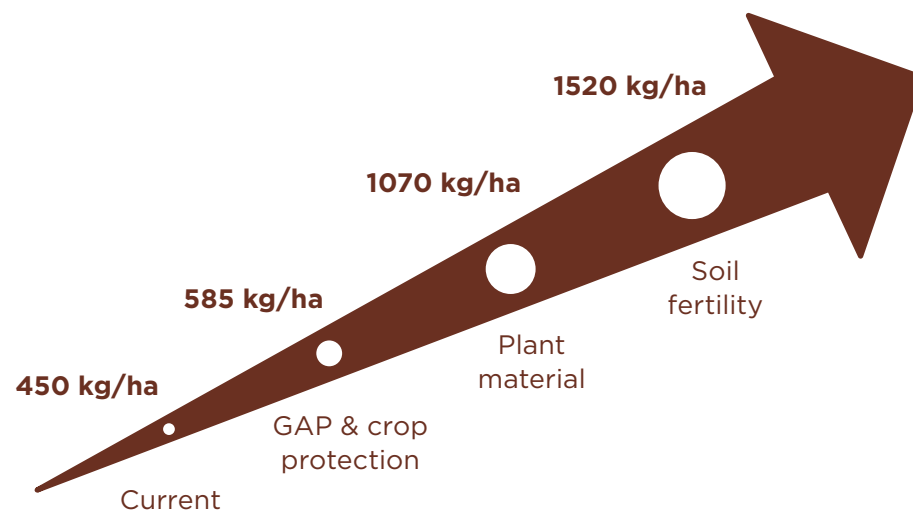
IDH also partnered in the Certification Capacity Enhancement project (CCE), an initiative to boost collaboration and synergies between the three main standards in the cocoa sector - Rainforest Alliance, UTZ Certified and Fairtrade International. CCE worked to integrate the farmer training curricula of the standards, enhance farmers' capacities to meet agronomic, environmental and social requirements, and to improve productivity. Through this work CCE helped to increase the efficiency and scalability of the voluntary standard systems in the cocoa sector.

More recently, IDH shifted its focus beyond certification and onto the adoption of the 'productivity package' approach to cocoa farming.

Further yield improvements require rejuvenation of planting material and proper application of fertilizers to restore soil fertility.

Currently, average yields in West Africa can be as low as 450 kg per hectare. The introduction of good agricultural practices and responsible crop protection measures – both components of certification programs – has proven to increase yields by 20-30% to 585 kg/ha (on average). Further yield improvements require rejuvenation of planting material (through grafting or replanting) and proper application of fertilizers to restore soil fertility. With this full productivity package in place, yields can be increased to over 1,500 kg per ha, which enables the farmer to diversify into other crops and provide a decent livelihood for their family.

Figure 3.3: Good Agricultural Practices (GAP) and renewing planting material



Source KPMG 2011.

Depletion of soil fertility is a critical factor

All elements in the productivity package are important, but the depletion of soil fertility is a critical issue but has been subject to little attention. In West Africa, soil fertility is effectively exported together with the cocoa. In 2010/11, 1.5 million tons of cocoa were produced in Cote d'Ivoire. Around 500,000 tons of fertilizer is needed to maintain soil fertility for this level of production. However, current fertilizer consumption in Côte d'Ivoire is estimated to be 40,000 ton/year. Historically, the depletion of soils has driven the extension of cocoa farming into forest areas. Better use of fertilizer will help to renew production in aging cocoa plantations and halt the extension of cocoa cultivation into areas of high conservation value.

Competition and innovation led to an immediate a 10% decline in fertilizer prices

In response to this need, IDH convened the cocoa and fertilizer industries and local governments in the Cocoa Fertilizer Initiative. The program supports traders/grinders to integrate fertilizer into their service package to selected farmers who are ready to use it. Competition and innovation is stimulated within the fertilizer industry to improve the quality and pricing of product offerings. This has led to an immediate response in the local market and a 10% decline in prices.

Impact in the field

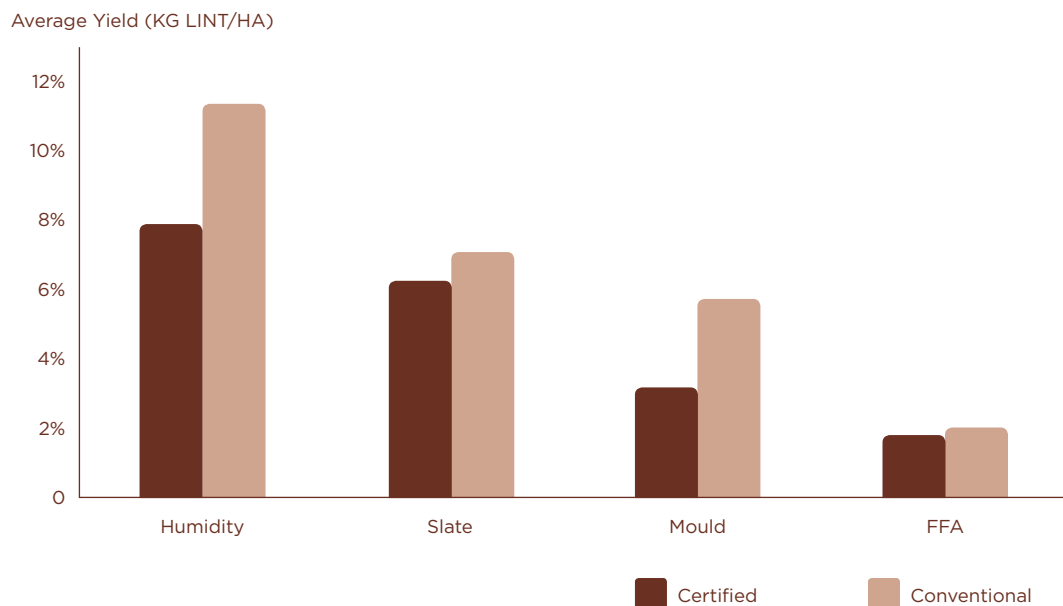
IDH's cocoa program has helped to make farmers more professional and knowledgeable entrepreneurs – this has been confirmed by third-party research. The longer that farmers were involved in the program, the better they applied sustainable farming practices (LEI, 2012). This translates into a number of demonstrated positive impacts at farm level:

1. Higher yields. Reports from field partners and independent studies indicate that the training and certification programs of the cocoa industry are resulting in an average 20-30% yield increase on farms (KPMG, 2011, 2013). Some field surveys suggest yield increases as high as 70% (Committee on Sustainability Assessment, 2012).

2. Higher quality. The cocoa beans produced by the participating farmers are of better quality, which generates efficiencies in the downstream supply chain (KPMG, 2011, see Figure 3.4). The quality of cocoa beans is assessed by indicators including humidity, slate (not fully fermented), mold and free fatty acid (FFA) levels. Low percentages of these indicators equate to higher quality.

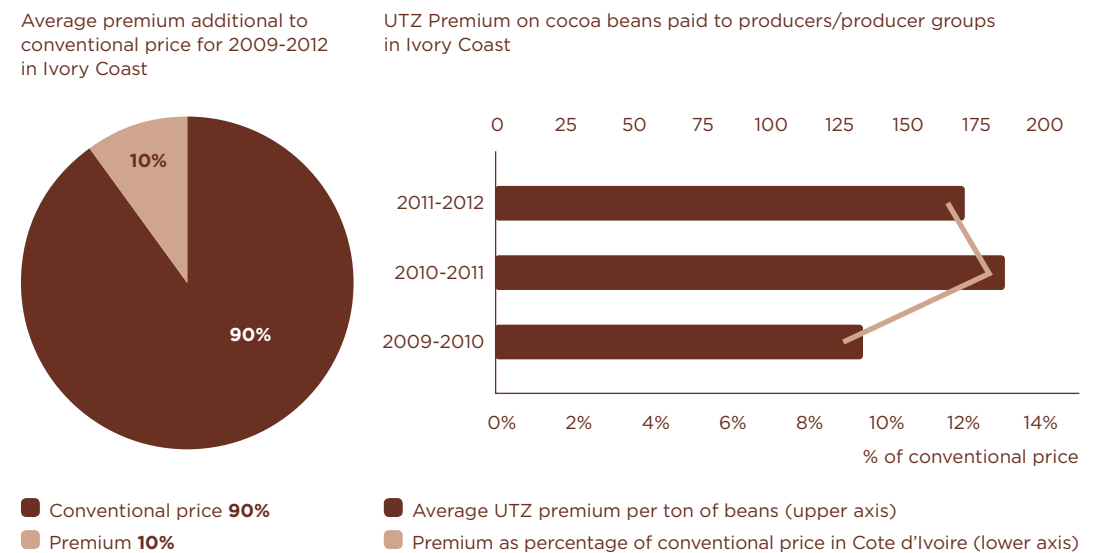
3. Value creation. Farm incomes are increasing as a result of higher yields and quality. About 10% of the premium on certified beans is transferred as cash to the farmers. The remainder is invested in other parts of the value chain by means of training and strengthening of farmer organisations.

Figure 3.4: Average quality characteristics of cocoa beans in Cote d'Ivoire 2009-2012



Source: KPMG, 2013

Figure 3.5: Value creation and value capture by certified cocoa



Source: KPMG, 2013



Challenges and looking ahead

A business case has been established that works for frontrunners. However, further scaling requires new models for delivering services to farmers and mechanisms to reach the 80% of farmers who are not already organized. But this also means there is enormous scope for further improvement.

Cocoa farmers require full access to the productivity package.

A vibrant support industry for inputs, new planting material, finance and services should be created so cocoa farming can become competitive with other sectors like rubber and palm oil.

Convening the fertilizer initiative

Sustainability efforts in the cocoa sector would benefit from more cost effective collaboration. However, it remains a challenge to align parties and foster cooperation in such a competitive industry. Certain issues, currently regarded as competitive, need to be brought into the pre-competitive arena, for example planting material and farmer training. IDH and partners have provided a first proof of principle for establishing pre-competitive agendas via the fertilizer initiative. Mars' approach of Cocoa Development Centers and Cocoa Village Clinics provides another powerful example that can improve the businesses and livelihoods of cocoa farmers.

The cocoa industry should also ensure that their investments, together with those by public funders, lead to credible, meaningful change. The industry should use real-life data to drive performance and change in the field. The effectiveness of interventions in achieving desired change can be improved if supported by better information flows.

'My yield last year was 450 kg, after application of grafting and fertilizer this year I have a yield of 1200 kg'

Female farmer in Soubré region, Cote D'Ivoire, 2013

Strong sector policies, with the support of the industry, need to be enforced by local governments

The involvement of government is essential to make sustainable cocoa a mainstream product. Market transformation needs to be owned by governments in producing countries. Voluntary standards show clear potential to improve farm performance but it is still unclear what their effectiveness is off-farm, e.g. at a landscape level and with respect to social issues. Strong sector policies, with the support of the industry, need to be enforced by governments. The collaboration of local authorities with companies such as Mondelez and Mars are exemplary in this respect. In consuming countries, good practice is being promoted through the development of a European standard involving ISO, CEN (European Committee for Standardization) and NEN which will help drive further demand for sustainable products.

Tea — shared value creation at scale

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Private partners

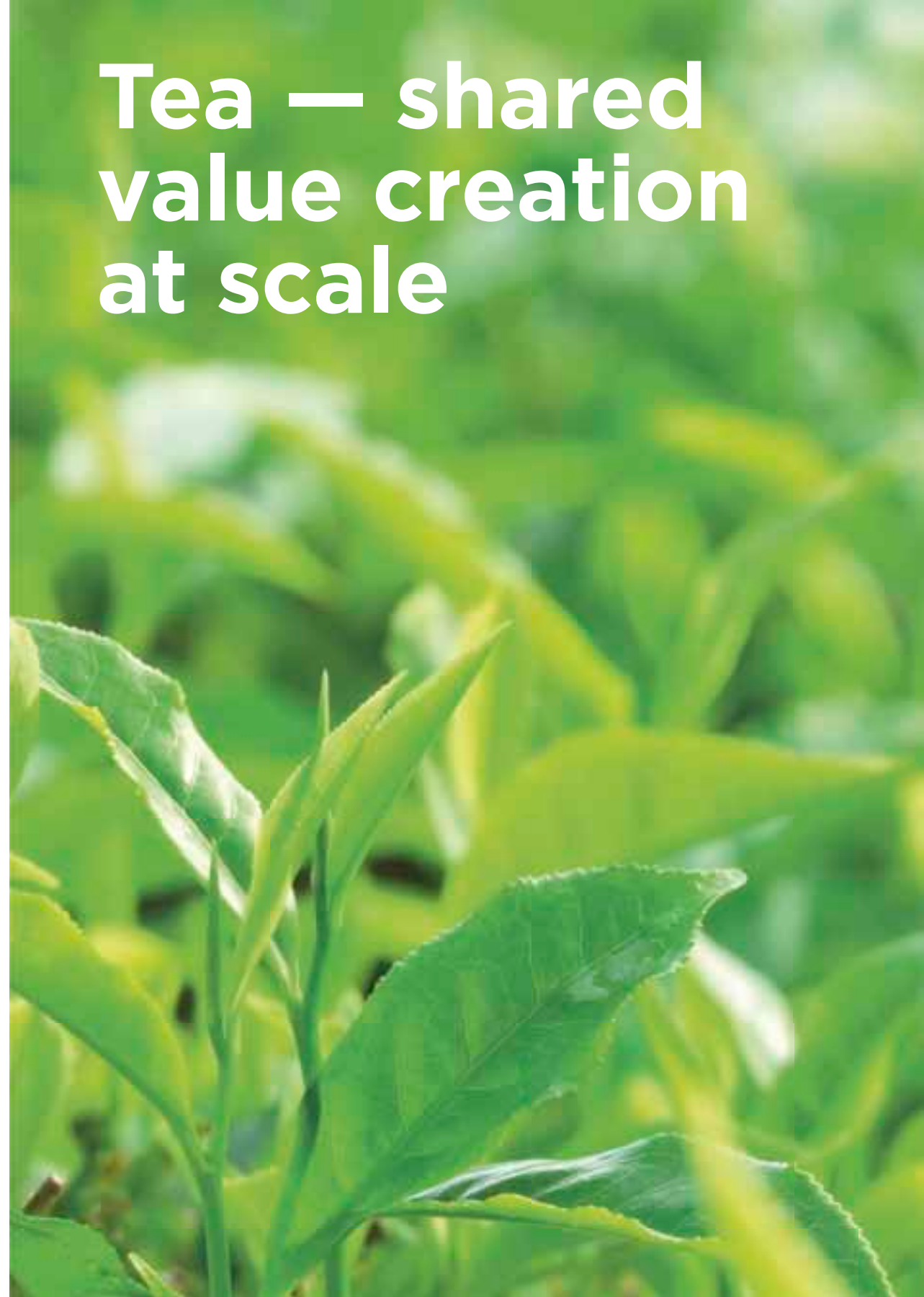
Ahold, ADM, Armajaro, Barry-Callebaut, BT Cocoa, Cargill, Continaf, Ecom, Ferrero, Mondelēz, Mars, Nestlé, Multi-Trex, Petra Foods (Delfi), OCP, Cemoi/PACTS

Other partners

FLO, GIZ, ICCO, Oxfam Novib, Swisscontact, Rainforest Alliance, Solidaridad, UNDP, UTZ Certified, WCF, WWF, TechnoServe, Socodevi, a number of research institutes, banks and MFIs

Governments

Cameroon, Côte d'Ivoire, Ghana, Nigeria, Indonesia, The Netherlands



Key facts and figures*

Certification has boomed to a 12% share of the tea market.

 **347,017**

Producers trained in certification in Kenya

80,000

Volume in tons of certified tea produced in 2012 in Kenya

798

Number of Farmer Field Schools established

Average yield improvement for KTDA smallholders that participated in farmer field schools

36%

12%

World market share sustainable tea

What Unilever started in 2006 as a single company effort quickly scaled into an industry-wide wave of transformative change that benefits the sector as a whole. Now, more than half a million smallholders in Kenya are in the process of certification and are active in farmer field schools (FFS). Investments in sustainability are made by supply chain players themselves, with modest support from IDH.

Return on investment is driven by 30 to 40% higher yields and improved product quality. The integration of kitchen gardens in FFS curriculum has led to higher yields of side crops such as tomatoes and carrots. Selling these on the local markets has raised income levels, thus improving food security in the region. Better tea growing practices have generated environmental benefits and collectively procured protective equipment has improved health and safety of tea growers. The 75% return of the Mombasa tea auction price to tea farmers adds a further increase to the income of tea farmers.

Looking ahead, IDH and partners are seeking to replicate this remarkable success of the local ownership model of the Kenyan Tea Development Agency (KTDA) into India and other countries in Africa.

* Cumulative results up to December 2012

Figure 4.1: Main Sustainability issues in tea

	Tea plantations	Small-scale tea farming
Social issues	High discrimination, gender inequality Low representation of workers Poor living conditions on estates	High reliance on tea for livelihood Low levels of farmer organization Lack of land title records
Economic issues	Low wages High levels of casual/temporary labor Uneven value distribution	Lack of market information, market access & technical training Low productivity and prices versus high production costs Uneven value distribution
Environmental issues	Deforestation/loss of biodiversity due to conversion of forests into tea farms Soil erosion and low soil fertility Agrochemical use Pollution and energy inefficiency in tea processing	
<p>Sustainability issues in tea. Tea grows year-round, employing many people, especially pluckers. The industry faces challenges around wages, labor organization, housing, health care and other rights and benefits. Tea farming replaces biodiversity-rich tropical forests with an (albeit beautiful) monoculture. Soil erosion, competition for water, pollution from fertilizers and the need for firewood are some of the main environmental concerns.</p>		

Revolution in a traditional market...

Historically, the tea market has been in a persistent state of oversupply, providing a downward pressure on market prices. Low margins and under-investment have jeopardized both productivity and quality, and provided barriers to the improvement of working conditions and livelihoods for growers.

In 1997 the tea industry created the Ethical Tea Partnership (ETP) to jointly work on supply chain issues. The initial focus was to address labor conditions on the plantations via selfassessment of the participating companies. When other companies resisted the adoption of broader, more ambitious sustainability criteria, Unilever, owner of the world's biggest tea brand, Lipton, decided to unilaterally move forward and implement Rainforest Alliance certification in 2006.

Rainforest Alliance certification provided Unilever with a third-party independent endorsement of sustainability efforts in a way that an industry-led organization, such as the ETP, would not. Certification also enabled consumer messaging, and Unilever as a marketing organization knew very well how to deploy this.

The launch of the certified tea was a remarkable success – Unilever gained a significant increase in market share (see Figure 4.2) and the industry took note and followed. Tetley, the world's second largest tea company, committed to have all branded tea bags and loose tea certified in the UK and Canada by 2011, with the US, Australia and Europe starting in 2012. Twinings has committed to sourcing 100% of its Twinings Everyday brand from Rainforest Alliance Certified gardens by 2015. In August 2009, the ETP reviewed its position regarding certification and announced industry-wide collaboration with Rainforest Alliance.



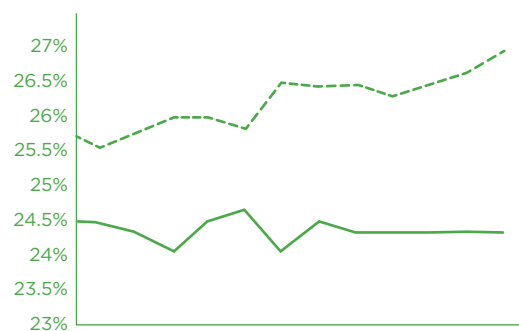
Watch the full interview on:
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‘It became increasingly clear that changes in society meant we needed to explain how we make tea.’

Michiel Leijnse, former Global Brand Manager at Lipton

Another front runner company, DE Master Blenders 1753, selected UTZ Certified as the preferred certification scheme for their major brand, Pickwick. Together with the DE Foundation this company has been working to assist producers in its supply chain to comply with UTZ certification. IDH has been supporting this exciting journey together with Solidaridad.

Figure 4.2:



Source: Rolling 52 Week Value Share – Unilever vs Tetley March-Dec 2008



... and revolution in the field

As the world's largest exporter of black tea, Kenya was the natural place to begin - Unilever owned large tea plantations in Kericho, where sustainability initiatives had been carried out for more than ten years. Whilst a few large suppliers were already working to high standards that could be certified relatively easily, the most challenging activity was to reach the large numbers of smallholders, whose tea also ended up in the same bag of Lipton tea.

Figure 4.3: Commitment by Companies to the sustainable sourcing of tea

Company	Share of global market (%)	Commitment
Unilever	12	Western Europe: all Lipton Yellow Label and PG Tips 100% certified by 2010. Global: all Lipton tea 100% certified by 2015.
Tata Tea	4	Tetley product line 100% certified in UK and Canada by 2011, USA, Australia and Europe starting in 2012.
Twinings	3	Everyday tea line, starting in 2010 towards 100% certified.

Over 560,000 of Kenya's tea smallholders are organized through the Kenya Tea Development Agency

Kenya has a large base of smallholders. Over 560,000 of these smallholders are organized through the Kenya Tea Development Agency (KTDA). The KTDA is the Leading Management agency for the small scale tea farmers in Kenya and was formed on the privatization of Kenya Tea Development Authority in June 2000. KTDA is a producer owned company that processes and sells all tea from its 65 factories and collectively purchases the key inputs for all farmers including fertiliser, protective clothing and agricultural insurance. Through this vertically integrated structure, the KTDA farmers capture up to 75% of the free on-board export value of the tea.

In 2012 KTDA reported a record high turnover of Ksh 61,4 billion, around €530 million. The total pay-out to farmers from this revenue rose to Ksh 45.3 billion, around €390 million. It produced 907 million kg of green leaf and after processing, tea was reported to have reached the level of 203 million kg. With this high level of production, almost entirely destined for exportation, KTDA is ranked as one of the largest producers and exporters of tea in the world.

Including KTDA and its farmers in Unilever's supply chain created 100% sustainability and massive smallholder inclusion

KTDA and its farmer base were ranked as top priority for inclusion into Unilever's program with Rainforest Alliance, as that would create 100% sustainability in the supply chain. This is where IDH stepped in with its Tea Improvement Program in 2009. The IDH tea program supported an intensive scaling of technical training and certification of KTDA's smallholder farmers through farmer field schools.

In these field schools, farmers learn about good agricultural practices, how to set up their own experiments and how to diversify into other crops and other agricultural activities



Watch the full interview on:
www.idhsustainabletrade.com/impact

‘The roll-out of our Farmer Field Schools was accelerated by the cooperation, network and convening power of IDH, ETP and Unilever’

Peter Mbadi
Agricultural Manager KTDA

Between 2009 and the end of 2012, the program grew from 24 to 798 farmer field schools and from 6 to 58 certified factories. By the end of 2012, nearly 350,000 farmers were trained, and more than half of these were certified. This means a sustainable supply base of over 45,000 ha.

More companies followed Unilever in their support for KTDA to adopt certification. Via ETP, the Ethical Tea Partnership, tea packaging companies such as Tata Global Beverages, Taylors of Harrogate, Twinings and independently Marks & Spencers have been involved in supporting KTDA to become fully certified. At the same time, ETP has been active in developing a climate change manual for KTDA smallholders. This manual is to be implemented through the Farmer Field Schools.

Figure 4.4: Yield increase in percentages from plucking trials at KTDA East and West of Rift Valley

East of rift valley	Average yield increase	West of rift valley	Average yield increase
Gachege FFS	31%	Kebirigo FFS	53%
Kanyenyini FFS	34%	Nyansiongo FFS	52%
Kathangariri FFS	35%	Kapsara FFS	45%
Kiegoi FFS	31%	Litein FFS	19%
Kinoro FFS	29%	Momul FFS	42%
Ragati FFS	48%		
Total average yield increase east of rift valley	36%	Total average yield increase west of rift valley	42%

KTDA (overall)	2010/2011	2011/2012	Average yield increase
KG green leaf	837,989,220	907,664,958	7,68%

The underlying business case

The rapid growth in the Kenyan tea program was enabled by the high levels of vertical integration and effective management structure of KTDA. KTDA's ownership over the program ensures that the farmer field schools are embedded in their business model. Underlying this, there must be a business case.

Strong yield increases as fundament of the business case for sustainable production by farmers

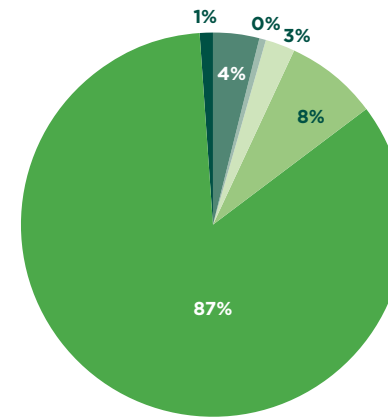
A study in 2012/13 led by IDH looked to quantify this business case and develop strategic metrics to unlock further private sector investments in the scaling of the farmer field schools. The study revealed strong yield increases as the foundation of the business case, as demonstrated by data collected from the records in KTDA's factories showing that yields increased in the order of 30 to 40% on farms. See table 4.4. Moreover, KTDA has been able to capture a US\$ 0.10 cents per kg price premium (so-called sustainability fee in terms of KTDA) for RA certified tea. In 2012 the total sustainability fee added up to over US\$ 4 million.

On the cost side, the study calculated that the total one-time cost of Rainforest Alliance certification for one tea factory was around US\$ 328,000 with a following recurrent cost of nearly US\$ 100,000 per year. The majority of the cost is related to the "farmer compliance cost" – consisting of heavy investments in personal protective equipment, chemical storage, waste water soak pits, composting and record keeping.

Then, weighing costs against returns, the study revealed that the upfront investment in farmer field schools and certification will be covered by the financial benefits. Even in the most conservative scenario – only 9% yield increase – there will be a break-even in less than 3 years. See table 4.7.

Figure 4.5: Cost of RA Certification of one factory

\$328,074



- Factory Compliance 1%
- Training RA level 4%
- Training factory level 0%
- Internal Audit 3%
- External Audit 8%
- Farmer Compliance 84%

Figure 4.6: Recurrent Cost of RA Certification

\$99,870

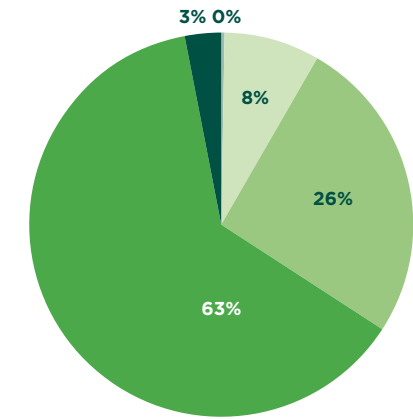


Figure 4.7: Financial results and break-even points for the different yield increase scenarios (in USD).

Scenario	2013	2014	2015	2016	2017
36%	1,913,747	10,812,776	14,785,267	15,762,116	15,762,116
18%	(3,368,663)	2,225,267	4,699,937	5,676,786	5,676,786
9%	(6,010,857)	(2,068,488)	(342,729)	634,121	634,121

Source: IDH, 2013



Watch the full interview on:
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‘In the Farmer Field School I learned when you prune and pluck tea properly you have high yields’

Female Kenyan Tea Farmer

KTDA has been able to collectively purchase inputs and finance big parts of the overall investments

As a vertically integrated producer owned company, KTDA has been able to collectively purchase the inputs for the conversion process such as the PPEs and finance big parts of the overall investments by including them in the company result figures and deducting them from the end of year payments to the farmers. The positive business case analysis supported the decision for further up-scaling of the program by the key investors: KTDA, the individual farmers, Unilever and IDH. IDH’s investment of €1.1 million in the first phase of the Tea Improvement Program represented just 4% of the total investment.

The IDH contribution was allocated to an essential part in the process: accelerating and up-scaling, allowing KTDA to reach a critical scale and volume, so the business case for their investments could materialize

Although the IDH contribution was only a modest part in the total investment, it was allocated to an essential part in the process: accelerating and up-scaling of the training and certification efforts. Only by allowing KTDA to reach a critical scale and volume could the business case for such investments materialize. With the exclusive focus on training and capacity building the IDH contribution basically provided the public good in the partnership investment.





Impact in the field

Figure 4.8: Key results in Kenya up to 2012

Number of smallholders trained in sustainable production practices	347,017
Number of producers certified	231,983 smallholders
Area managed under certified production	45,000 ha
Volume of certified tea available	80,000 MT
Number of Farmer Field Schools (FFS) established	798
Average yield improvements KTDA smallholders participating in FFS	36%

Impact beyond yields

While the farmer field school approach significantly contributed to improved average yields of over 36% and to a 75% job return to the tea farmer it also supported the smallholder farmers in diversifying into other agricultural activities. Farmers applied their new knowledge on Good Agricultural Practices onto the other crops on their farms. A study by LEI revealed that this has helped to support more resilient livelihoods which are not solely dependent upon tea income. In addition to providing additional income, the promotion of 'kitchen gardens' has also helped to tackle issues of malnutrition in tea growing communities.

'In farmers field schools I learned to grow tea better, but also cabbages and even carrots!'

Female tea grower in Kenya, 2012

In addition to providing additional income, the promotion of 'kitchen gardens' has also helped to tackle issues of malnutrition in tea growing communities

The cohesion between the farmers improved greatly as a consequence of the FFS trainings. In 2012, significantly more farmers (about 83% vs. about 74% in 2010) had shared knowledge with neighbors, while the percentage of farmers who never shared knowledge dropped almost by 50% (from 25.4% to 12.9%). This could explain the significant increase in the knowledge score of the control group farmers that are situated nearby farmers who are part of an FFS.

Rainforest Alliance estimates 1,900 km of watercourses (wider than 3 m) have been conserved in the IDH program

The program has delivered positive impacts on the environment. KTDA has reported recovery of water streams due to removal of eucalyptus trees and replacement of indigenous trees close to the water bodies (introduction of Riparian strip). Rainforest Alliance (RA) estimates 1,900 km of watercourses (wider than 3 m) have been conserved in the IDH program. On all 347,017 RA trained farms biodiversity conservation measures are taken according to the SAN standard. Another significant impact is the disseminating of Personal Protective Equipments (PPE) for safer handling of agrochemicals improving health and safety of smallholders. A total number of 52,000 PPE sets were distributed in the program. This has led to less accidents and less pesticide related diseases for over 50,000 tea farmers.

Challenges and looking ahead

The KTDA farmer field school and certification program is a showcase example of shared value creation, underpinned by a solid business case for all supply chain players. In the next years, it is critical to consolidate this success, ensuring that the extension apparatus becomes fully embedded and fully self-reliant once project funding is phased out in 2015. A possible avenue is to formalize the farmer field schools so that they can incorporate other 'value added' functions, such as access to micro-credit and diversification into non-farm activities (e.g. handicrafts).

How to duplicate the KTDA experience in other locations and situations where smallholder tea farmers are less organized?

The challenge is how to duplicate the KTDA experience in countries where smallholder tea farmers are less organized. The effective management structure of KTDA is a unique advantage and does not exist in most other tea producing countries which brings 75% of the tea price back to farmers. In neighboring countries this is less than 30%.

In the years ahead we are seeking to replicate the key success factors of the Kenyan model onto Rwanda and India. KTDA is playing a key-role in transferring their experience. as a role model through collective ownership of processing factories, well-organized training, access to inputs, quality management of plucking, and its pricing systems.

IDH will partner with the Wood Family Trust, the Gatsby Charitable Foundation and KTDA to transfer experiences from Kenya to two factories in Rwanda which have been privatized and will be co-owned by local smallholders.

Building local sustainability standards in Asian markets

Most tea in the largest producing countries (China, India, Indonesia) is consumed locally. These domestic markets need to be targeted to increase global market share of sustainable tea. In Indonesia

the local Lestari standard, led by Solidaridad and Business Watch Indonesia and supported by IDH was developed for this purpose. IDH aims to replicate this success to the major domestic market of India. IDH partnered with the Tea Board of India, Tata Global Beverages, Hindustan Unilever, Rainforest Alliance and Solidaridad to targets 50% of the India tea production to comply with a newly developed sustainability standards: trustea. Part of this program is to bring 40.000 smallholders up to the levels of trustea, farmers who have not been reached by international certification schemes. The program will support the Tea Board of India to set up pilot processing factories for smallholder co-ownership.

IDH has formed a wide coalition of producers, NGO.s and retailers that is committed to address the wage issue in tea

Together with the ETP and Oxfam Novib, IDH formed a coalition to address low wages in the tea industry. In 2013 the coalition released a report, *Understanding Wages in the Tea Industry*. The report assessed wages and benefits against national and international benchmarks, analyzed wage-setting processes, and identified the systemic problems that are locking in low wages for tea workers in India, Malawi and Indonesia. Since the release of the report the coalition has been widened with producers and retailers. This coalition is committed to take action and address the wage issue in tea. IDH is committed to support the coalition to move forward and take action on this complex issue.

IDH and ETP have formed a strategic partnership to further up scale sustainable tea production and trade. IDH and ETP started field level projects with ETP member companies such as Tata Global Beverages and Taylors of Harrogate in East Africa moving beyond certification addressing issues such as smallholder-worker relationship and climate change. IDH and ETP also started a bi-annual workshop targeting tea companies and wider stakeholders (the so called Team Up series). The first edition was held in June 2013 attracting over 100 people. An outreach to over 1000 industry stakeholders followed the workshop disseminating the outcome of the discussions and IDH learning studies on cost/benefits of certification in Indonesia and Kenya.

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Private partners

Tata Global Beverages, DE Master Blenders 1753, Twinings, Unilever, Kenyan Tea Development Agency (KTDA), Ethical Tea Partnership (ETP), Royal Dutch Association for Coffee and Tea (KNVKT).

Other partners

Oxfam Novib, Oxfam GB, Solidaridad, Rainforest Alliance, UTZ Certified, World Economic Forum Vietnam, Business Watch Indonesia, LEI-Wageningen UR, Tea Board of India

Fast Tracking Better Cotton



Key facts and figures*

The cotton industry is considered to be amongst the toughest sectors to bring about transformative change.

 **163,000**

Licensed Better Cotton farmers

696,000

MT lint produced

Average yield improvement of BCI cotton farmers

36%

Decreased water and pesticides use respectively up to: 20% and 67%

20% & 67%

The supply chain is fragmented, disconnected, and trade flows change from year to year. Nevertheless, in only a couple of years, a small group of brands, public funders and NGOs have created significant momentum, ramping up the share of sustainably produced cotton to 3% of global production.

Nearly 165,000 farmers in India, Pakistan, China, Mali, Mozambique and Brazil have been licensed for Better Cotton. Cotton is one of the most polluting crops. It can take over 20,000 liters of water to produce 1 kg of cotton and although only 2.4% of the world's crop land is planted with cotton, cotton accounts for 24% and 11% of the global sales of insecticide and pesticides respectively. The 163,000 farmers that produced 696,000 MT of Better Cotton (BC) in 2012 used up to 20% less water and 67% less pesticide, and their crop is more profitable.

The program has overshot all its targets, except for one: the uptake of BC by the brands. In 2012 retailers sourced only one-fifth of the BC lint available. For the years to come, the key challenge is to ramp up the sourcing of BC by the brands.

* Cumulative results up to December 2012

Cotton – the white gold

In the winter of 2009, at IKEA’s headquarters in Helsingborg, Sweden, a group of four global brands, three public funders and two NGOs decided that they would create one million MT of sustainably produced cotton lint within five years. At that time, nobody really thought that would be possible. Previous sustainability efforts in the sector had collectively surpassed not even one-fifth of that volume, despite years of investments. The cotton supply chain was considered too complex, too disconnected and too fragmented for such ambitious transformation.

Worldwide, fifty million farmers are engaged in cotton cultivation

Cotton is a significant global commodity. Production takes place in some 70 countries. Worldwide, fifty million farmers are engaged in cotton cultivation – about 30 of them live in China and India. The top three producing countries (China, India, USA) account for 62% of total production and the top five (plus Pakistan and Brazil) for almost 80% of total production. In 2012, global cotton production amounted to more than 27 million MT of lint, supplying approximately one third of the global fibre demand.

Once appreciated by consumers as “natural”, and praised by politicians as a development tool for rural areas in producing countries, today cotton is often associated with environmental damage and social injustice. Irresponsible use of pesticides, high water footprint, child labor, poverty and farmer indebtedness are just some of the problems (See Figure 5.1).

Figure 5.1: Sustainability issues in the cotton industry

Environmental	Social	Supply chain
Use of significant natural resources and sources of potential pollution: <ul style="list-style-type: none"> • 2% world arable land • 3% human water consumption • 7 % total pesticide use • 50% of total pesticide use in developing countries • 14% of insecticide sales 	Health issues in Africa and Asia, long working hours and scant/poor safety equipment. Use of child labor in the majority of top producing countries Farmers are not always offered a fair price for their production The majority of smallholder farmers typically have no access to credit.	Between brands and suppliers there lies an ‘opaque network of subcontracts’: brands do not know well who their second- and third-tier suppliers are. This is illustrated by the recent fire in a sewing factory in Bangladesh which turned out to be the supplier of several major brands

To address these issues, several initiatives have been set up by key industry stakeholders over the recent years. Cotton Made in Africa, Fairtrade, and Organic Cotton were amongst the most impactful approaches, proving that cotton and sustainability can go hand in hand. However, reaching scale appeared to be a challenge. By 2005, less than 0.2% of the cotton market was sustainable. In response to this, the Better Cotton Initiative (BCI) was launched in 2005 as mainstream approach for sustainability in the cotton supply chain. Better Cotton was to be a global commodity for the mainstream market, without price premium.



Watch the full interview on:
www.idhsustainabletrade.com/impact

‘We believe that through creating shared value, we create wealth for us and at the same time the farmer gets paid higher value for his cotton’.

M.D. Ramesh
President & Regional Head Olam International

In BCI farmers engage in a process of continuous improvement to optimize performance over time

The Better Cotton standard is designed to reduce the environmental impact of cotton production, and to improve livelihoods and economic development in cotton producing areas. It is a performance based standard which requires farmers to comply with minimum production criteria and to engage in a process of continuous improvement. It requires that farmers keep records of their activities and of BCI's agronomic and economic result indicators. This helps to optimize performance over time. The farmer field books are combined with a robust verification model with third-party auditing.





Fast tracking Better Cotton

The brands gathered in Helsingborg in 2009 – IKEA, H&M, Marks & Spencer and Levi's Strauss & Co – were frontrunner members of the BCI. They felt it was due time to put the standard into practice. IKEA already had some years of experience in supporting farmers to improve their cotton production, and additional experience in working with their first- and second-tier suppliers to source that cotton into the consumer products sold by IKEA. The company had publicly announced an ambitious target to reach 100% sustainable sourcing of cotton by 2015. IKEA realized that it needed other companies to start doing the same, so that the total pool of cotton supply would be larger and market forces could start to do their work. If they would continue to operate by themselves, their initiative was bound to stay in the niche.

Convened by IDH, four brands set up a joint fund with Rabobank Foundation, ICCO, Solidaridad and WWF to finance training of cotton farmers

The brands decided that, for BCI to take off, they needed to invest jointly in the creation of Better Cotton supply. Thus the Better Cotton Fast Track program (BCFT) was born. Convened by IDH, the four brands together with Rabobank Foundation, ICCO, Solidaridad and WWF set up a joint fund to finance the training of cotton farmers for compliance with the BCI standard. In line with the mainstream mindset of the group, the targets were set ambitiously at 1 million MT of Better Cotton in 2015, through a fund of €40 million, equally divided amongst public and private partners.

‘IDH is crucial to the growth of Better Cotton production, including leading the conversation, facilitating dialogue between various stakeholders, and ensuring scaling occurs as fast as possible.’

**Sean Cady, Vice President,
Product Stewardship and Sustainability, VF Corp.**

In 2013 the BCFT is forecasted to reach close to 250,000 farmers on 1 million hectares

From there, things were fast-tracked indeed. Farmer support projects were started in India, Pakistan, China, Mozambique, Mali, and Brazil. Four new brands joined as member of the BCFT: Adidas, Nike, Walmart and VF Corp., adding to the pool of resources available. The 2012 footprint of the BCFT portfolio is illustrated in Figure 5.2. In 2013 the BCFT is forecasted to reach close to 250,000 farmers on 1 million hectares to produce 900,000 MT of Better Cotton. The accelerated growth of Better Cotton supply has ramped up the market share of sustainably produced cotton to over 3% of global production. See Figure 5.3.

Figure 5.2: The 2012 BCFT project portfolio

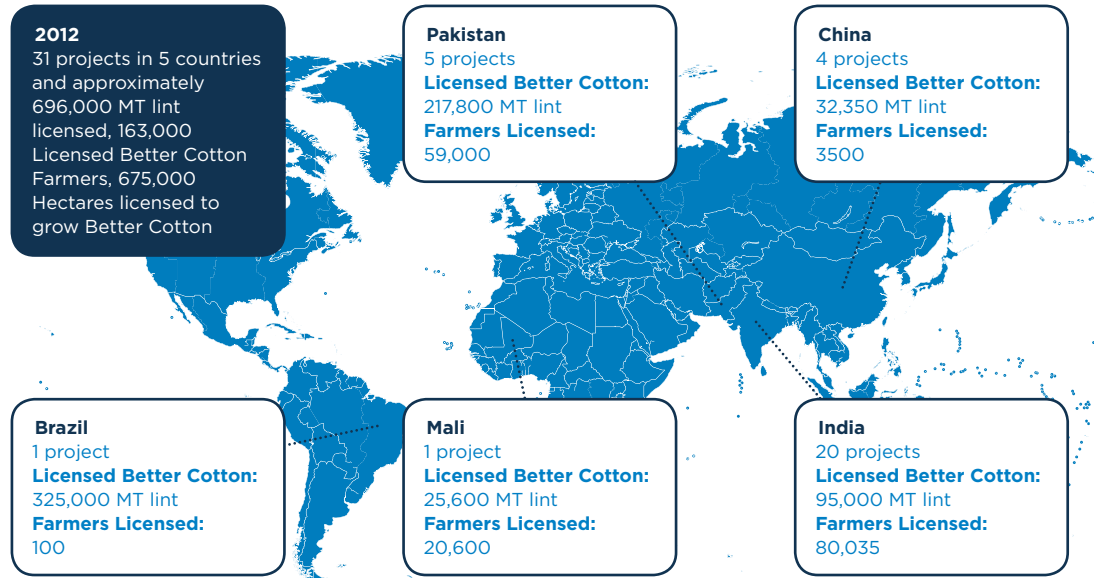
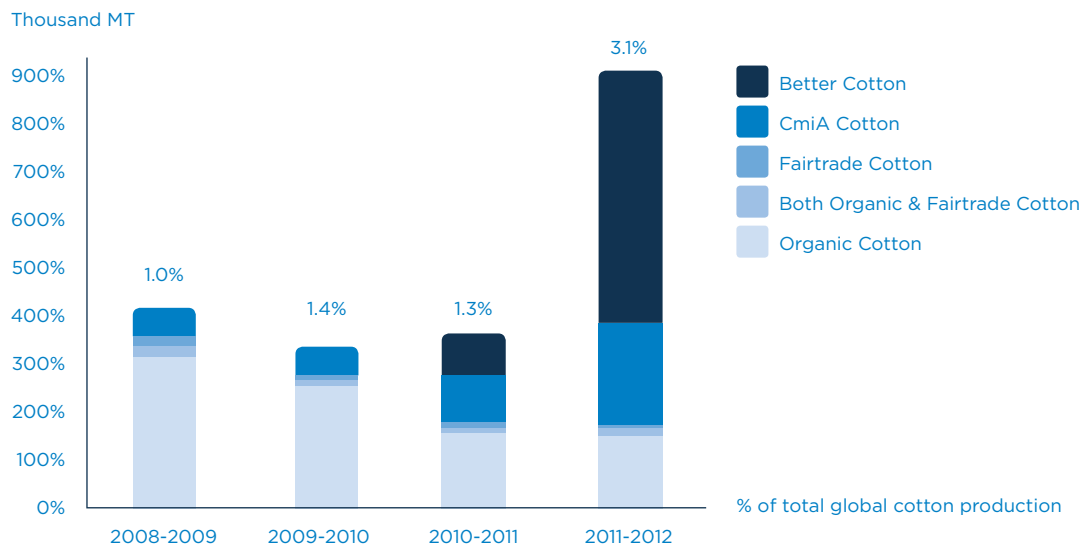


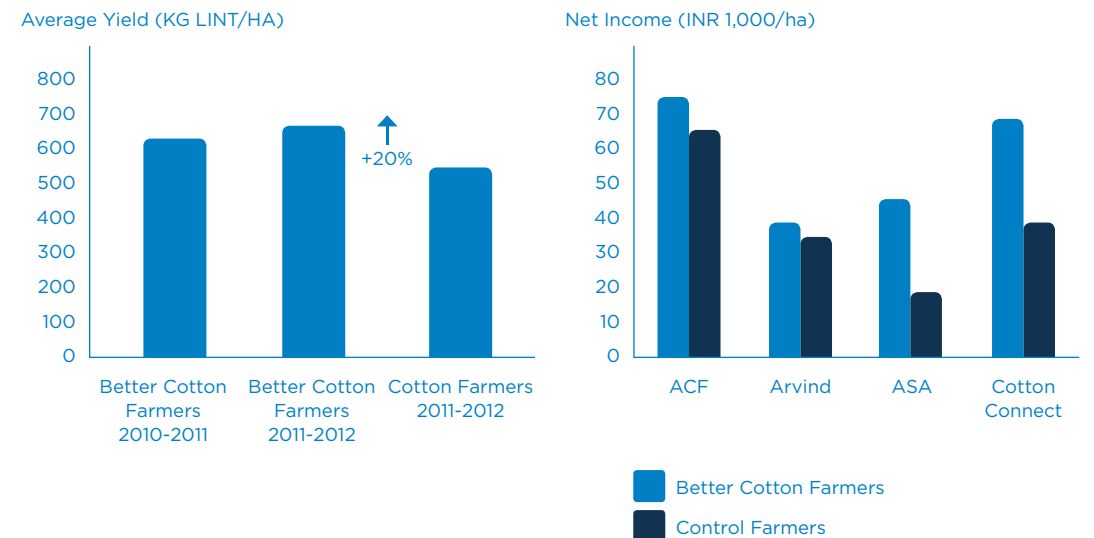
Figure 5.3: Rapid growth in market share of sustainably produced cotton



Impact in the field

Third-party studies demonstrate that Better Cotton farmers are significantly better off than control farmers. Better Cotton farmers score higher across almost all agronomic indicators: they use up to 20% less water, 67% less pesticide and 33% less commercial fertilizer. They also make more use of organic fertilizer (compost). As a result, their crop is more profitable. See the Figures below.

Figure 5.4: India

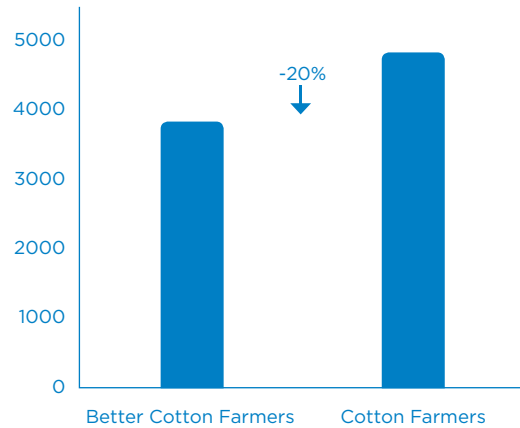


Source: LEI, 2013 (data on India projects)

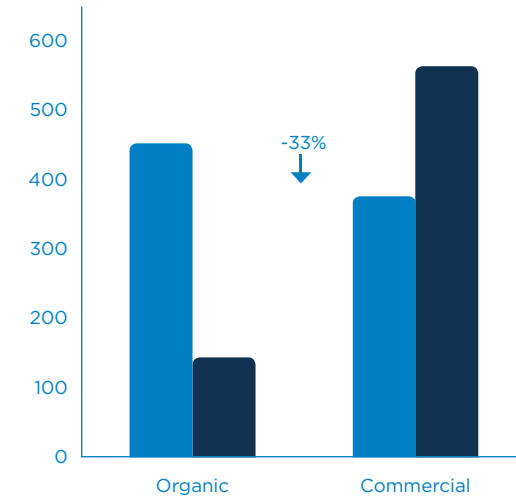


Figure 5.5: Pakistan

Average water used for irrigation
 (M³ of water used per hectare)



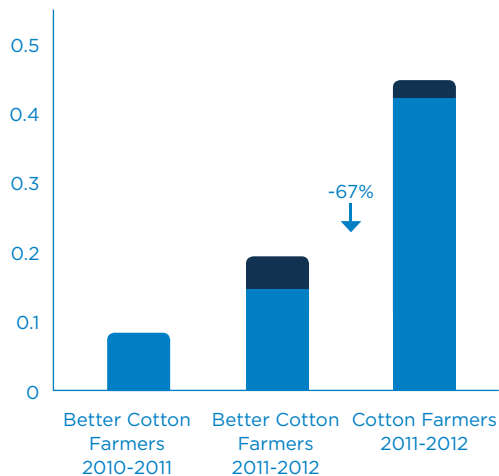
Average use of fertilizer (KG/HA)



■ 2011-2012 Better Cotton Farmers
 ■ 2011-2012 Control Farmers

Figure 5.6: Mali

Average use of pesticide
 (KG of active ingredient per hectare)



■ Botanic Persticides
 ■ Commercial Persticides (incl. Endosulfan)

‘We have all the key players: producers, gins, NGO’s, governments and big companies around the table. Now it is time to scale!’

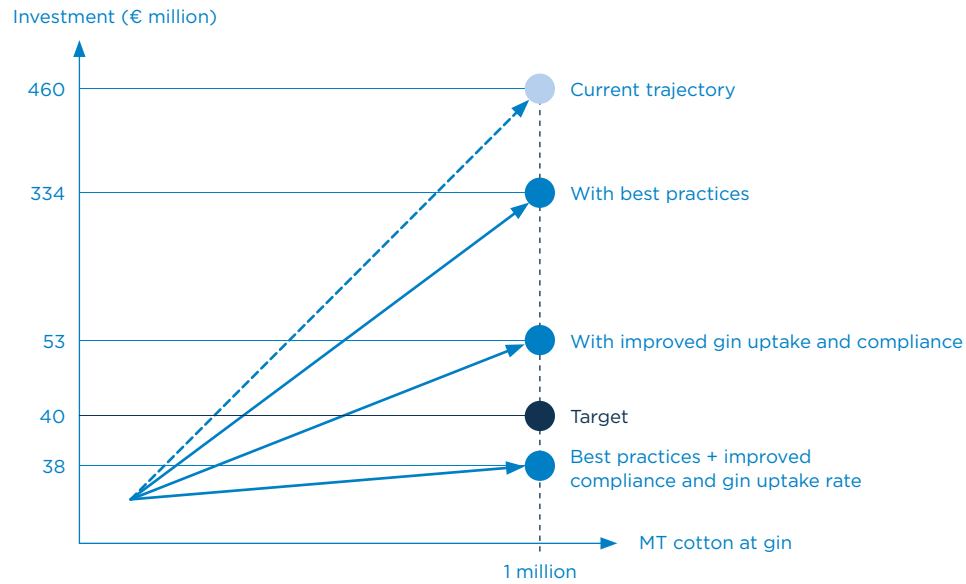
Janet Mensink, program manager cotton, Solidaridad

While there is clear evidence of the economic and environmental benefits for farmers, the impacts on social issues are more difficult to demonstrate. The documentation of decent work practices, as it is currently designed in the BCI standard, does not allow for a proper impact analysis. Therefore IDH and BCI are now collaborating to re-assess social impacts in the BCFT program and to strengthen the KPIs on decent work within the BCI standard.

Cost-effective delivery of impact at scale

The BCFT is a unique coalition where public and private parties jointly invest in large-scale transformation of the cotton supply chain. The most remarkable aspect is that, unlike what we see in cocoa and tea, the investments by the industry are truly pre-competitive – the support provided to the farmers is not linked to a commitment to sell the corresponding farm produce to those who invested.

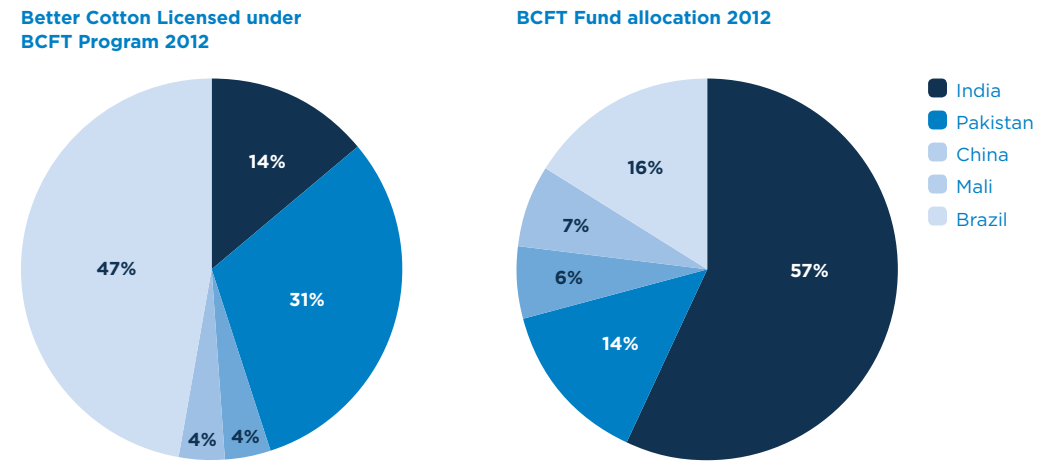
Figure 5.7: Driving the performance of BCFT for the delivery of impact



Source: PWC, 2012

It required significant innovation to streamline this pre-competitive investment model. After the first investment season 2009/2010, IDH conducted a learning study to optimize the BCFT as a vehicle for cost-effective impact delivery. The study calculated that, if the efficiency levels of year 1 were not going to be improved, the program would require €460 million (rather than €40 million) to reach its goal of 1 million MT of cotton lint. See figure 5.7.

Figure 5.8: Reconciling scale and impact in the BCFT portfolio

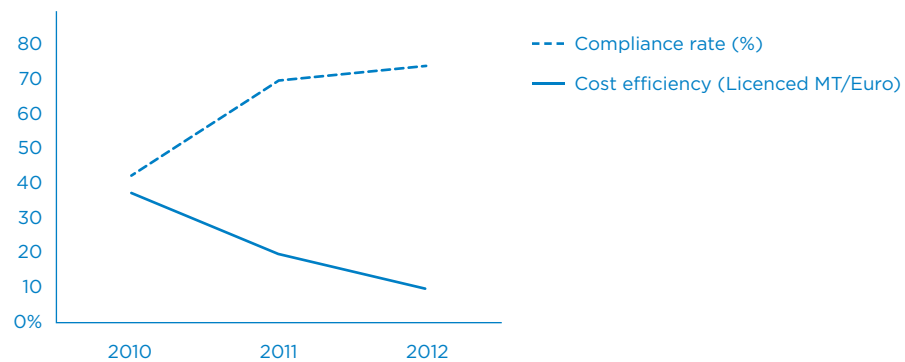


To deliver impact at scale, we had to innovate radically in best practice and cost-efficiency

To deliver impact at scale, the program had to innovate radically in best practice and cost-efficiency measures. An investment dashboard with measurable indicators was developed to drive the performance, such as cost per MT, compliance rate and uptake rates in the supply chain. Based on this, fund management got professionalized and project budgets were scrutinized. At the same time, a strong governance structure was introduced within the BCFT, clearly separating the complementary roles of investors, implementing partners, the standard system and the fund management.

Figure 5.9: Increased performance of the BCFT

Global Compliance an Cost efficiency



The project portfolio was reorganized, to build Better Cotton as a global mainstream commodity

The project portfolio was reorganized, so that it would build Better Cotton as a global mainstream commodity. Clustering of projects into “Better Cotton catchment zones” was a key strategy to gain increased return on investment. Further, a balance was sought between various origins, with high-cost smallholder projects and low-cost commercial farmer projects, so that impact and scale would go hand in hand. Large volumes of low-cost cotton from a country like Brazil underpin the mainstream nature of Better Cotton, while strong poverty alleviation in high-cost projects in a country like India underpin the transformative nature of Better Cotton. See figure 5.9.

As a result, the performance of BCFT increased dramatically. While impact on the ground remained the first and foremost priority, as demonstrated earlier, this was reconciled with the ability to work cost-effectively at scale. See Figure 5.9. Based on this success, in 2012 the BCFT partners decided to increase the program target to 1.5 million MT of lint.





Challenges and looking ahead

The BCFT has overshot most of its targets. However, the uptake of Better Cotton by the brands remains a challenge. In 2012 the retailers sourced only one-fifth of the Better Cotton lint available at the gins. The delay in market uptake may be intrinsic to the process of market transformation – the same is happening in front-running sectors such as coffee and palm oil. However, without strong demand from the end-customers, the cotton supply chain will not provide the required incentives to spinners, ginners and farmers to continue to invest in the creation and processing of Better Cotton.

Retailers will need to reach out to their strategic first-tier suppliers and through them, to the rest of the upstream supply chain

For the years to come, the key challenge is therefore to ramp up the sourcing of Better Cotton by the brands. Retailers will need to reach out to their strategic first-tier suppliers and through them, to the rest of the upstream supply chain, in order to create commitment to Better Cotton. Further up scaling of supply is critical, so there are no regional scarcities, and large producing countries like USA, Turkey and Australia need to be incorporated, as these origins feed a large part of the supply chains of the brands. Last but not least, the midstream supply chain players – ginners and spinners – need to be actively involved and their business case needs to be built.

‘We see BCI as the mainstream model for sustainable cotton and plan to be 100% BC in 2018’

Philipp Meister, Manager Sustainable Materials and Innovation at adidas

The Better Cotton Initiative needs to develop into a broad industry initiative

Similarly, the Better Cotton Initiative needs to develop into a broad industry initiative. The BCFT brands are frontrunners that all-together represent less than 5% of the world market. For Better Cotton to become mainstream, other end-customers need to step in. The creation of local ownership is critical. Currently BCI is driven by Western brands and retailers. The future of the initiative is ownership by local industry and local government. Exciting developments are taking place in Turkey and Brazil, where we see such strong local ownership. They might become the world’s first 100% Better Cotton origins, which will hopefully spurs strategic responses elsewhere, thereby making Better Cotton a global mainstream reality.

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LEI, Can the data speak? Assessing the suitability of the BCI dataset for baseline studies in India, Mali, and Pakistan, 2012

PWC, BCI as the mainstream sector standard - a learning study, 2011

BCI Annual Report, 2011

Private partners

Adidas, IKEA, H&M, Levi Strauss & Co, Marks & Spencer, Nike, Walmart, VF Corp., Vaibhav Laxmi Industries, Arvind, Abishek, Zhongliang, Golden Fields, Huafu, Taichang, Huitong, CMDT, OLAM, ACF, Trident, Abrapa

Other partners

CottonConnect, ICCO*, Rabobank Foundation*, FSP (Solidaridad)* AFPRO, Solidaridad, WWF India, WWF Pakistan

Way forward

Our experiences in tea, cocoa and cotton show that in the past years these sectors have entered a new epoch in making sustainable production and trade a common practice. We can say confidently that market transformation is taking place; that public-private partnerships work to drive meaningful, accelerated change; and that real impact on the ground is happening. Full mainstreaming is yet to occur, and new challenges will continue to emerge, but there is solid proof-of-concept for the public-private investment coalitions that IDH and partners are pioneering. In this last chapter we reflect on a number of essential steps in the further scaling and mainstreaming of sustainable trade.

The business case drives the transformation

To address the global supply challenge, a unique private sector agenda is being launched with unprecedented investment plans for African and other emerging economies. Their investments are geared towards upgrading the farmer supply base to achieve higher levels of productivity and efficiency. Public extension services that have been dismantled over the past decades are now being rebuilt by the private sector so that smallholder farmers and SMEs get access to knowledge, inputs and new technologies. Multinationals are acquiring upstream supply chain assets, such as upcountry buying stations, to operate these as hubs for service delivery to the farmers.

The public sector has a unique opportunity to leverage private investments for the delivery of public goods

With the right mechanisms and partnerships in place, the public sector has a unique opportunity to leverage these private investments for the delivery of public goods. A solid understanding of the business case is critical for framing these investment propositions. The transition to new sustainable practices in a sector requires one-time investments – and potentially higher recurrent costs – but it essentially generates commercial benefits such as higher yields, efficiency gains in the use of inputs, better product quality, reduced transaction costs, reduced risks, better terms of trade, etc. Tea and cocoa have boomed so quickly due to the solid returns on investments. The modeling and quantification of these costs and benefits is critical for lifting sustainability into the proper spheres of influence in the business. The business case must demonstrate the sweet spot where sustainability creates value for the supply chain, otherwise scaling and mainstreaming will not occur. Productivity and supply chain efficiencies must be part of the equation in any sustainability effort at scale.

Public funding is legitimate as long as public goods are evident and the long-term business case is self-sustaining

The business case must also demonstrate where public funding can play a legitimate, accelerating role. Grant funding to smooth the transition is legitimate as long as the public goods are evident and the long-term business case is self-sustaining. Soft loans can be appropriate in contexts where not costs but risks are hampering the investments. In those sectors where the business case is weak, such as in tropical timber, legislation will play an important role in creating a level playing field vis-à-vis unsustainable practices.

Innovation in standards and certification

Voluntary standards and certification have proven powerful mechanisms for triggering meaningful change by linking end-markets to primary production in origin. Supply chains have been shortened and integrated; primary production is being upgraded; significant investments are flowing from market players toward the capacity-building of the upstream supply chain; and information about conditions of production is flowing the other way around toward the consumer. Traceability and third-party verification enable companies to manage their supply chain risks and reputational risks.

At the same time, it is clear that standards and certification need to innovate to continue to be relevant for further scaling and mainstreaming. Firstly, standards need to integrate productivity into their principles and criteria. In many crops and regions, such as cocoa in West-Africa, current farming systems are poorly resourced and therefore generate insufficient revenue to provide a decent livelihood to the farm family. In these conditions, sustainable intensification of farming is critical to improving rural livelihoods (higher incomes, diversification) but also conservation of natural resources (maintenance of soil fertility, stopping encroachment into forest areas).

Secondly, the standard systems need to step up to ensure their continued credibility. The rapid growth over the last years in some sectors has created serious risks. Anecdotal incidents show that auditors fail to address non-compliance issues, and it is unclear from the reports how much certificates are discontinued after repeat audits. Rumors of fraud and double-counting are persistent in some sectors. The standard systems should do all possible to counteract these issues and uphold their credibility. Another issue is the proliferation of standards: in 2011 there were 426 sustainability certifications and labels registered in the Ecolabel Index. For brand manufacturers and retailers who

deal in thousands of products and ingredients, this is a problem because it is unviable for each of those ingredients to go through the same multi-stakeholder standard-setting process as has been done in sectors like soy and palm oil. For consumers, the claim of any single label becomes weaker with every new logo appearing on the market.

Companies should be able to work with a formally recognized “bandwidth” of standards.

Rather than more certifications and labels driving incremental improvement, we foresee a future where sustainability performance is a pre-competitive benchmark, above which standards, labels and brands compete for their value-added. Such convergence can only be driven by a credible approach to benchmarking that major companies and stakeholders will accept and recognize. Within the Consumer Goods Forum, the world’s biggest retailers and brand manufacturers are working together to benchmark good practice on product safety, social compliance and environmental sustainability. It is not about everyone doing the same thing, it is about objectively recognising that there is equivalence in different approaches. Companies should be able to work with a formally recognized “bandwidth” of standards.

Real life data to monitor metric based sustainable improvements

Equally critical is that standards and certification become more based on performance and real data. Currently, in most cases, certification for sustainability can only be considered as providing evidence that some good practice is in place and has been checked. It does not tell us much about real impact on the farm. BCI in cotton is a positive exception, as well as ASC in aquaculture, as their systems record real improvements on the ground. With credible measurement, investment can be allocated accurately and change accelerated. Making use of mobile ICT technologies, leading companies are upgrading and refining their supply chain data management systems to such a level that these include GPS measurement, farming practices, business indicators, and household characteristics of all of their individual suppliers. This enables them to track the effects of their investments with real-life data from the fields.

Beyond supply chain approaches

Many of the sustainability challenges in agriculture go beyond the scope of control of the primary value chain partners. The nutritional status of farmer households can only partly be addressed by making the production of a specific commodity more profitable or by supporting the diversification of the household economy. In order to create the right awareness for mothers as to what good nutrition for young children means, as well as assuring them access to the right mix of food products, requires collaboration with other parties than value chain partners. Similarly issues of child labor and access to schooling forces companies to look for new type of relationships with local stakeholders, and for governments to start addressing this abominable problem. For example, IKEA is working with Unicef to address decent work issues in cotton producing communities.

Issues such as child labor and access to schooling forces companies to look for new type of relationships with local stakeholders and governments

We see many cases where multiple commodities are produced in the same zone, putting pressure on watersheds or agricultural frontiers. In Indonesia we see sectors like oil palm, timber and paper & pulp competing for the same natural resources on the same islands. In Kenya and Ethiopia we see the flower industry, the vegetable industry and to a certain extent the tea industry competing in the same Nile basin and related lakes regions.

In such cases it cannot be expected that focusing on one commodity sector only will do the job.

To address such sustainability issues in the local landscape and communities, new partnerships are required which extend beyond the primary supply chain into other sectors and commodities. As the scope of action broadens it is critical to retain the agility and drive of the supply chain. A number of examples exist in the current programs of IDH which will be further developed in the coming years.

Boosting the role of local stakeholders

National governments and industry bodies can accelerate sustainable trade through regulatory and policy formulation in alignment with private sector and standard bodies. Market transformation will get a great boost if the pre-competitive aspects of standards find their way into sector policy and public regulation. We presented emerging examples from Brazil and Turkey in the cotton chapter, as well as from India and Indonesia in the tea chapter. The standards of the future will be those that are endorsed by both local government and local and international companies.

This requires innovation in policies and partnership models: not only the adoption of baseline norms on social and environmental performance, but also the strengthening of supportive policies and institutions, such as land use planning, land tenure, fiscal incentives, and green public procurement. The biggest win will come if public and private sectors are able to co-invest in a coordinated manner. The return on investment of the current wave of private sector financial commitments in emerging and developing economies will multiply if the public sector simultaneously invests in infrastructure, extension and social services such as health and education. Synergetic co-investment can be orchestrated in national task forces where leading companies and key public decision-makers are professionally facilitated along a shared roadmap, such as those set up by the World Economic Forum.

Overview of key program results

IDH runs 18 sector improvement programs in over 50 countries, with more than 350 public and private partners. We drive performance and monitor progress of our improvement programs through a bi-annual rigorous KPI (Key Performance Indicators) system. Some of our programs (Apparel, Cashew, Coffee, Flowers, Fruits & Vegetables, Minerals & Metals, Palm Oil and Paper & Pulp) have only started recently. We will be able to report meaningful outcomes of these programs in the coming years. In this overview we have listed key accomplishments and major results of all other IDH programs. Check for bi-annual progress updates and for more details: www.idhsustainabletrade.com



Cocoa

169,344

Cocoa producers trained in certification

477,034

Volume in tons of certified cocoa produced 2012

20-30%

Average yield increase (other studies indicate 70%)

12%

Market share of global cocoa certified production



Tea

347,017

Tea producers trained and certified in Kenya

80,000

Volume of certified tea produced in Kenya

36%

Average yield improvement for KTDA smallholders that participated in FFS

798%

Farmer Field Schools (FFS) established

12%

Market share of global tea certified production



Cotton

163,000

Licensed Better Cotton farmers

696,000

MT lint produced

36%

Average yield improvement of BCI cotton farmers

20%

Decreased water and pesticides use respectively



Soy

86,700

ha of conserved forest on certified farms

247,715

ha under RTRS certified land use

1,055,000

Volume in tons of RTRS certified soy produced

16%

Market share of RTRS in the Netherlands



Tropical timber

2,200

thousand ha of forest under FSC certified management

114,876

Volume in m3 of FSC certified sawn tropical timber on Dutch market

39%

Market share of FSC in the Netherlands



Aquaculture

51,250

MT ASC certified pangasius produced

16,900

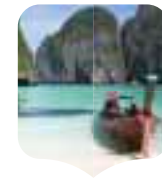
MT feed reduction in pangasius (compared to 2010)

20%

of Vietnamese pangasius production certified (end of 2013)

30%

Dutch market share of ASC pangasius: 30%



Tourism

884

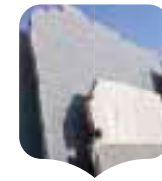
Travellife accommodations certified

1473

accommodations part of Travellife program

11%

tour operators participating in the program



Natural stone

2,400

workers under improved working conditions

32

suppliers committed to improve working conditions in their quarries

10%

EU market share of participating companies



Electronics started in 2011

34

entry point assessments completed

21

worker-management dialogues in implementation

5

private brands partner in the program



Spices started in 2011

988

smallholders trained in sustainable production practices:

528

Volume of MT certified sustainable pepper

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Multi-Trex, Nature's Pride, Natuurreizen, Nedspice, Nestlé, Nevedi, New England Seafood, Nidera, NordicSeafood, Nike, Nokia, Nutreco, NZO, OCP, Oad Group, Pelt & Hooykaas, Olam, Petra Foods (Delfi), Petrumus, Pfitzer BV, Pflanzen Koelle Gartencenter, Philips, Portaal, PPE, Product Board PPE, Pre Wonen, Profish, PTPN III, Queens, Rabobank, Royal Greenland, Reg Govern Acre, Regal Springs, RFM/Community, Rodrigo Amazon Lumber, Sakura, Sawadee Reizen, Seafood Connection, Sgaar, Sime Darby, Sindicato LEM, SNP, SNP Natuurreizen, Stadgenoot, Staedion, StichtingSite, Taichang, Tata Global Beverages, Tawari, Tchibo, Woondiensten, Storteboom, Stuyk Verwo infra, Superunie, St.Ketentransitie Verantwoorde Soja, Special Fruit, StaayFood Group, Stoneasy, SVI, Tablis Wonen, Terra Travel, The Greenery, TFT Stone Group, Thika, Thomas Cook, Travel, Trade & Development Group, Triumpho, TUI Nederland, Technocampo, ThaiUnion, Trident, Twinings, Unilever, UnionFleurs, Unimills, Unispices, Van Oers United, Vaibhav, Vereinigung Schweizerischen Blumengrosshandels, Verstegen, Vidomes, VF Corp, VGB, VION, Viluco, Vivare, VNNI, Volcafe, Woningbedrijf Velsen, Walmart, Woningstichting Putten, Woningstichting SWZ, Woningstichting Westwaard Wonen, Woningstichting WoonWenz, Woonbron, Wooncompagnie, Woongroep Holland/Woningstichting Eigen Haard, Woonwaard Noord Kennemerland, Ymere Ontwikkeling bv, Zhongliang, Zinnebeeld **Civil society partners:** AgroFair, African Cashew Alliance, African Cashew Initiative, Aliança da Terra, Apta, AFPRO, ASI, ATIBT, Bill & Melinda Gates Foundation, BothEnds, Bouw, Building and Wood Workers International, Business Watch Indonesia, CBI, Conservation International, Copade, Cordaid, COS, Cotton Connect, Dutch Soy Coalition a.o., The European Coffee Federation (ECF), Economic Rights Institute, EHPEA, EL&I, AgentschapNL, GFTN, ETTF, Fair Food, Fair Flower Fair Plants (FFP),

Fair Match Support, FNV (Dutch Federation of Trade Unions), Frugi Venta, FSP, GIZ, Globalization Monitor, GoodElectronics, Helvetas, Hivos, ICONE, Infact, International Hongkong Liason Office, KIT, KNVKT, LIW, MVO Nederland (CSR Netherlands), Natuur & Milieu, OxfamUK, Oxfam Novib, Oxfam UK, PEFC, Rainforest Rescue International, SHARP, SNV Asia, SNV Vietnam, Socodevi, Solidaridad, Somo, Sustainability Agents, Swiss Contact, Task Force Palm Oil, TCC, TDG, TechnoServe, The Tea Board of India, The Forest Trust (TFT), TNC, UNDP, VASEP, ICAFIS, VINAFIS, WCF, WGDN, WWF, WWF India, WWF Kenya WWF Netherlands, WWF Pakistan, WWF US, WWF Vietnam, **Certifiers and standard holding bodies:** 4C, ASC, BCI, BGI, BSCI, FSC, GlobalG.A.P., ILO, Lestari, Max Havelaar/FLO, Rainforest Alliance, RSPO, RTRS, SAC, SAN standard, Travelife, trustea, UTZ Certified, WGDN Code of Conduct **Knowledge institutes:** AidEnvironment, CEPA, CIRAD, COSA, University of Copenhagen, Ergon, E&Y, ICGT, Infact, IMD, KIT, KPMG, LEI-Wageningen UR, NewForesight, ODI, Oxford University, PWC, Steward Redqueen **Governments:** Governmental bodies and embassies of: Argentina, Belgium, Bolivia, Brazil, Burkina Faso, Cameroon, China, Colombia, Congo-Brazzaville, Côte d'Ivoire, Costa Rica, Denmark, DRC, Egypt, Ethiopia, Gabon, Ghana, India, Indonesia, Kenya, Madagascar, Malawi, Malaysia, Mali, Mozambique, The Netherlands, Nigeria, Paraguay, Peru, Rwanda, Sri Lanka, Tanzania, Thailand, Turkey, Uganda, UK, Vietnam, South Africa, Sweden, Switzerland **Institutional partners:** Dutch Ministry of Foreign Affairs, Danida, SECO **Other partners:** IFC, ICLEI, WEF, WEF Vietnam, EU, FMO, Rabobank Foundation

We did our utmost best to list all our partners. Since our network grows fast, we might have missed an organization. We sincerely apologize if that is the case.

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