




Annual Report 2019

IN-DEPTH REPORT



the sustainable trade initiative

Ministry of Foreign Affairs

MINISTRY OF FOREIGN AFFAIRS OF DENMARK
DANIDA | INTERNATIONAL DEVELOPMENT COOPERATION

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

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In-depth report reading guide

IDH is proud to present our in-depth 2019 Annual Report. The document reports on our achievements against the 2019 Annual Plan. The structure of the Annual Report both mirrors the structure of our 2018 Annual Plan and acts as a continuation of our 2018 Annual Report (including some improvements). We present the information according to commodity programs and country landscapes. There are some new programs that have been added to this report, such as cassava, Malaysia and Nigeria, which were not part of the 2019 Annual Plan because they were funded by non-institutional donors. We included their progress reports here for transparency.

The program chapters all follow the same structure:

- The first section introduces the program context, problem analysis and IDH's position and role in relation to that problem analysis. We give an overview of the impact themes we work on, the partners we work with, the SDGs the program contributes to, and the program's geographical coverage.
- The second section gives an analytical overview of the program. Results are presented using a "traffic light" assessment, together with explanations from the program staff. Selected indicators are presented in bar charts to mark our achievements in 2019 against the targets set in our Annual Plan. We also show the cumulative result (2016, 2017, 2018, and 2019) against our 2020 target.
- The third section tracks progress on our proofs of concept, which are our vehicles to create change – our activities, outputs and outcomes all fall under our proofs of concept, each of which is linked to an impact claim. A visual presentation of impact claims and proofs of concept can be found in the Annex of this report.
- We conclude with a section on lessons learned.
- A comprehensive overview of all KPIs and targets is detailed at the end of each chapter. The KPIs are presented according to the three results areas in which our programs work: changes in business practices, sector governance, and field-level sustainability.

Progress per program

This "traffic light assessment" has been made through a self-evaluation process by the program staff. In 2019, we changed the methodology to reflect the fact that we are in the last phase of implementation of the multi-year plan (MYP) 2016-2020. Instead of focusing on the implementation status of program activities and spending, we added the likelihood of reaching each program's impact goals by end of 2020. The color coding per proof of concept is therefore the result taking into account both the implementation status and the probability of impact delivered by 2020. The latter assessment is based on progress made in 2019, and consequently does not take into consideration the possible negative effects of the COVID-19 pandemic on our results.

In addition, we compared the color coding provided by program staff with the results of the mid-term evaluation report (KPMG, 2019) to verify and consolidate the self-assessment results. The status of each proof of concept can be found below.

Proof of concept (POC) status	Implementation status	Meeting MYP impact goals
	90% of the projects and activities required to prove the program's POCs have been implemented and/or are going according to plan by the time of reporting.	Likely to achieve the impact described by the POC statement by the end of the program.
	70%-90% of the projects and activities required to prove the program's POCs are implemented and/or ongoing on track.	Challenges to deliver the impact described by the POC statement by the end of the program.
	Less than 70% of projects and activities required to prove the POCs are implemented and/or ongoing on track.	Unlikely to achieve the impact described by the POC statement by the end of the program.

Traffic lights overview Sector programs

Program	Overall Traffic Lights	Proof of concept	Smallholder Inclusion	Mitigation of deforestation	Gender equality and empowerment	Living wage and working conditions	Responsible agrochemical use	Traffic light per poc
Apparel		POC 1: Working conditions: Working engagement			⚥	$		
		POC 2: Working conditions: Life And Building Safety (LABS)				$		
Aquaculture		POC 1: Strengthening collaboration						
Cassava		POC 1: Out-grower program						
Cocoa		POC 1: Farm and Coop Investment Program (FCIP)						
		POC 2: Cocoa Nutrition initiative			⚥			
		POC 3: Cocoa & Forests Initiative						
Coffee		POC 1: Smallholder resilience			⚥			
		POC 2: Water and climate smart agriculture						
		POC 3: Responsible use of agro-inputs						
Cotton		POC 1: Better Cotton Initiative (BCI)			⚥			
		POC 2: Climate Resilience Program			⚥	$		
Fresh & Ingredients		POC 1: Commodity platforms and sustainable sourcing			⚥	$		
		POC 2: Living wage and improved working conditions			⚥	$		
		POC 3: Gender equality and empowerment			⚥			
		POC 4: Smallholder inclusion						
		POC 5: Responsible agrochemical management						
		POC 6: Value chain development						
Palm oil		POC 1: Market-end program						
Soy		POC 1: Market-end program						
Tea		POC 1: Malawi Tea 2020			⚥	$		
		POC 2: Gender Kenya			⚥			
		POC 3: India Trustea						
		POC 4: Smallholders						
Tropical Timber		POC 1: Market-end program						

Traffic lights overview Landscape programs

Program	Overall Traffic Lights	Proof of concept	Smallholder Inclusion	Mitigation of deforestation	Gender equality and empowerment	Living wage and working conditions	Responsible agrochemical use	Traffic light per poc
Brazil		POC 1: Mato Grosso						
Côte d'ivoire		POC 1: Cavally						
Ethiopia		POC 1: Central Rift Valley						
Indonesia		POC 1: West Kalimantan						
		POC 2: Aceh						
		POC 3: South Sumatra						
		POC 4: Jambi						
Kenya		POC 1: South West Mau Forest						
Liberia		POC 1: Southeast and West Landscapes						
		POC 2: Lofa Landscape						
Vietnam		POC 1: Central Highlands						

Program delivery

IDH Delivery Dashboard	Indicator	2016	2017	2018	2019	2016-2019	Progress towards 2020 (% achieved)	2020 Annual Target	Program Overall Target (2016-2020) [1]
Impact	% of IDH Proof of Concepts on track	55%	60%	50%	65%	NA	93%	>66%	>66%
Improved field-level sustainability	# people trained and service delivered (including farmers, workers and community members) [2 5]	1,827,000 (25% above annual target)	2,468,000 (30% above annual target)	2,778,458 (20% above annual target)	3,576,161 (2% below annual target)	4,744,223 [3]	124%	3,757,818	3,493,879
	Hectares sustainable production [1 5]	3,464,000 (38% above annual target)	5,585,137 (24% below annual target)	6,499,418 (40% above annual target)	7,228,449 (33% above annual target)	9,548,714	114%	6,500,722	8,361,315
	Hectares protection, restoration and/or sustainable rehabilitation	416,000	194,000	150,018	272,217 (62% below annual target)	548,486	50%	594,280	1,108,000 [4]
	Volume sustainable production [1]	3,268,000 (19% above annual target)	4,824,000 (56% above annual target)	5,554,730 (77% above annual target)	7,853,667 (19% above annual target)	8,383,667	124%	7,830,000	6,744,000
Changing sector governance	# Policy changes [5]	8 (60% above annual target)	31 (55% above annual target)	25 (8% below annual target)	25 (19% below annual target)	64	97%	29	66
	# Green growth and other landscape management and invest plans [5]	4 (40% below annual target)	12 (50% above annual target)	8 (56% below annual target)	15 (114% above annual target)	32	82%	12	39
Changing Business Practices	# Business cases	10 (40% above annual target)	22 (10% above annual target)	40 (74% above annual target)	31 (16% below annual target)	83	111%	30	75
	Overall IDH contribution : private ratio	1:2	1:2	1:2	1:1.6	NA	NA	NA	1:1
	Value Chain program : private ratio	1:2.4	1:3.0	1:2.8	1:2.2	NA	NA	NA	1:2
	IDH landscape program : private ratio	1:0.5	1:0.6	1:0.4	1:0.5	NA	NA	NA	1:0.5
Financials	IDH contribution (euro)	26 million	21 million	20 million	28.6 million	NA	NA	NA	NA
	Private sector contribution (euro)	52 million	44 million	37 million	46 million	NA	NA	NA	NA
	Organizational cost/total expenditures	14%	15%	16%	16%	NA	NA	NA	NA
	Diversification from institutional funding	10%	20%	23%	31%	NA	NA	NA	NA

1. For all KPIs under Program Overall Target (2016-2020), there were adjustments to targets of 2016-2020 to address a few editing and calculation errors. These include recalculations on the part of Aqua, Cassava, Cotton and Brazil, the introduction of data for Liberia, and the exit of data from Columbia, Malaysia and Nigeria.
2. Difference in estimates for # persons trained and services delivered, hectares sustainable production and volume sustainable production between the IDH Annual Plan 2020 and this report are accounted for due to the use of projected figures in the Annual Plan 2020 and the introduction of data from Liberia. As cotton picking season had not fully begun at time of publishing the Annual Plan 2020, as well as due to climate and market related effects affecting planting and training schedules, data for Cotton Program and Fresh & Ingredient Program have been adjusted. The 2019 figures reflect actual totals as of 2019.
3. For all KPIs, 2016-2019 figure does not equal to the sum of 2016, 2017, 2018, 2019-to-date because Cotton Program reports cumulatively i.e. for Cotton Program, cumulative result 2016-2019 equals to annual result 2019 for Cotton (for details please refer to the Cotton KPI table in the Annex, on page 66). Cotton's reporting method is different from the result of the organization. However, it contributes to on average 80% of the organization's total achievement for all field-level KPIs. The variation of reporting method is the reason why results 2016-2019 does not fully equal to the total of annual figures to date.
4. Overall program target now includes the area under sustainable forest management supported by Timber Program. Timber Program was not included in the overall target for Annual Plan 2020. For consistency in Annual Plan 2020, Timber was previously covered under Hectares sustainable production. For 2019, Timber is covered under Hectares where protection and restoration interventions are implemented.
5. As of 2019, these indicators now include data from Liberia. Liberia overall was excluded in AP2020 due to delay of activities however Liberia program has results counted in 2019 and reported here.

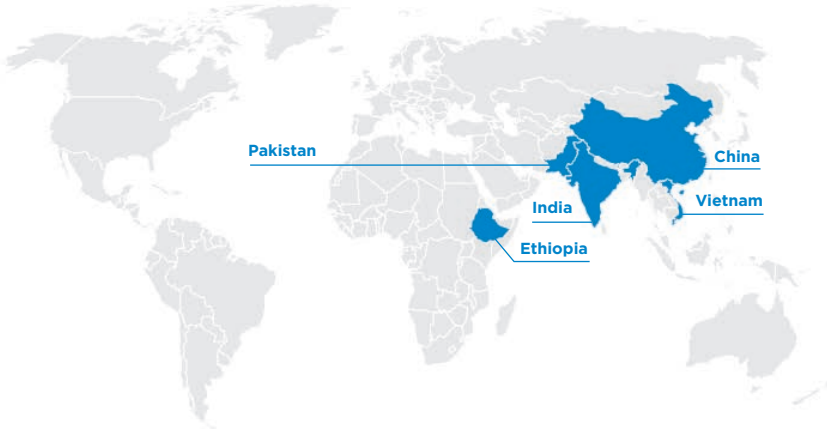
Sector programs

Apparel

The apparel sector is one of the world's largest industries, generating around €1.5 trillion in annual revenues and employing over 50 million people. Though often a catalyst for economic growth in largely agrarian economies transitioning to industrial production, the apparel sector is also responsible for high environmental impacts and social challenges, such as cheap labor and exploitative, unsafe and polluting factories.

With the international climate crisis and the social issues that come with this, the urgency to act has deepened. Addressing the negative effects of the apparel industry – such as occupational health and safety risks and environmental impacts - requires strong collaboration and leadership. We have managed to put collaborative action in motion to address sustainability challenges in improving resource efficiency at field level, supporting the development of chemical guidelines for the Vietnamese apparel industry, and facilitating acceleration of the efforts for on-product transparency concerning sustainability information for consumers.

IDH operates in Vietnam, Pakistan, India, and China to address these challenges by developing sustainable business models, public-private partnerships that inform policy, and collaborative improvement programs. In 2019, IDH explored replicating some of the program's successes in Ethiopia. As a result, a Forum was formally established, convened by IDH, bringing together key public, private and CSO actors to facilitate the sustainable growth of the textile sector in Ethiopia, thereby achieving our goal to get five platforms up and running.



Relevant Sustainable Development Goals

PARTNERS

Private
Multinationals from the Race to the Top, LABS, Pakistan Buyers' Forum, and Ethiopia Forum for Sustainable Textiles & Garment. It includes Gap Inc., H&M, Ikea, Levi Strauss & Co., Li & Fung, Marks & Spencer, Nike, PUMA, SAITEX, Schijvens, Walmart, Bestseller, VF Corporation, PVH, Target, Zalando, G-Star

Public
Governments of Denmark, India, Pakistan, the Netherlands, United States (USAID), Ethiopia and Vietnam

Other
Apparel Impact Institute, ARUP, Better Work, CARE, Control Union, Danish Fashion Institute, Elevate, Enerteam, Fair Factory Clearinghouse (FFC), Fashion for Good, Good Fashion Fund, IFC, ILO, Green Energy Associates, Impactt Ltd., IPE, Just Solutions Network, LEFASO, Natural Resource Defense Council (NRDC), P4G, Qima, Reset Carbon, Social Responsible Operations, Sustainable Apparel Coalition, UNIDO, TUV SUD, VCCI, VCOSA, Vinatex, VITAS, ZDHC, WSS, PWC, KPMG

PROGRESS TOWARDS 2020

The main intervention logic for the apparel program remained the same in 2019. The program continued to expand its interventions at field level, carrying out continuous capacity building activities for factories, workers, and local experts regarding sustainable production practices.

Alongside this, IDH undertakes long-term strategic efforts to build the capacity of public partners; strengthen policies on chemical management, occupational building safety and collective bargaining; and deepen the collaboration across the industry between the private sector and other key actors. One example is that IDH keeps working on pressing issues, such as cleaner production, through the Race to the Top program, which has led to new guidelines for the Vietnamese industry on chemical management and upscaling cleaner production programs in factories, which together saved over US$1.5 million. The LABS program was formally launched in 2019, with steady progress. So far, 59 factories have been assessed under the LABS program, providing safer working conditions for factory workers in the apparel and footwear industry in India and Vietnam.

TRAFFIC LIGHT ASSESSMENT

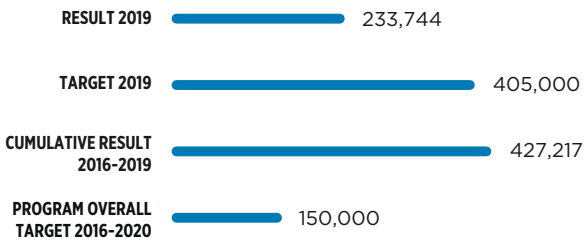
OVERALL	● ● ●
POC 1 - WORKING CONDITIONS: WORKER ENGAGEMENT	● ● ●
POC 2 - WORKING CONDITIONS: LIFE AND BUILDING SAFETY (LABS)	● ● ●

All the multi-year goals have been achieved, with the exception of the number of operating helplines. In terms of annual targets: the newly added, ambitious target for the number of factories reached in 2019 is still to be achieved. It was delayed due to the fact that additional work on the governance structure was needed.

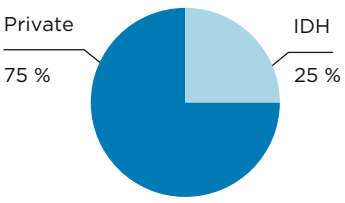
By the end of December 2019, the program had assessed 59 factories, impacting the working conditions of 120,163 workers. Concerning the helpline, IDH is currently operating two, out of the three envisaged. This is directly linked to the program's current scope in terms of active countries.

PROGRESS ON KPIS

Number of producers/workers/community enterprises reached by service delivery



Program co-funding ratio (2019)



KEY ACHIEVEMENTS PER PROOF OF CONCEPT

POC 1 - WORKING CONDITIONS: WORKER ENGAGEMENT

Fostering worker-management dialogue and productivity in collaboration with industry, CSOs, and public partners. This empowers workers and creates worker panels that serve to continuously improve working conditions, while higher productivity can increase the take-home wage for workers earning a piece rate (~30% of the industry) and improve factory profitability, creating a margin for improving wages for workers earning hourly wages.

The Race to the Top (RttT) public-private platform (PPP) has acted as an accelerator to the active dialogue within brands and retailers, industry associations, CSOs and public partners in the textile and footwear industry. Participants include the Ministry of Industry and Trade, the Ministry of Natural Resources and Environment, the Ministry of Labor, Invalid and Social Affairs, the Vietnam Textile and Apparel Association (VITAS), the Vietnam Leather, Footwear and Handbag Association (LEFASO), the Vietnam Cotton and Spinning Association (VCOSA), Better Work and one representative from among the seven brands in the steering group, together with IDH.

After more than three years of operation, meeting two to four times per year, the PPP has become a place to discuss and share best practices and learnings, to identify shared priorities and actions in the sector. IDH has worked with partners, especially government members such as the Ministry of Labor, to study potential labor code reforms, regarding how Vietnam can update its legal framework to adhere to EVFTA requirements, especially concerning collective bargaining. On July 5, 2019, Vietnam deposited the instrument of ratification of the Right to Organize and Collective Bargaining Convention (No. 98). This highlights the government's endeavor to achieve labor and economic conditions. It is expected that this ratification will contribute to accelerating the spread of collective bargaining across Vietnam, which is likely to result in better working conditions, higher productivity and shared prosperity. The Convention will come into force on July 5, 2020. In the next few years, the collaboration will focus on the dissemination of this new Convention, looking into practical fieldwork from other members of the PPP.

At field level, in partnership with USAID and key brands, we continued with our efforts. In 2019, seven additional factories graduated on our productivity and worker engagement intervention. All the factories were surveyed and have shown improvements in their working conditions and worker satisfaction. In addition, these improvements led to reduction in worker turnover in factories (from 13% to 8% per month), while boosting productivity and reducing re-work rates. For this, 52 additional improvement circles were established, helping workers to have a voice at the workplace and enabling an environment for continuous improvement. It has benefited approximately 27,000 workers, out of approximately 43,000 in total since the beginning of the program. In addition, IDH contributed to developing a mobile app allowing for easier dissemination and access to training and/or communication channels. Being aware that more than 80% of the workers engaged in the program are women, the tool introduces a gender-specific component with e-learning on gender awareness, sexual harassment, as well as family planning and financial literacy. Going forward, the app will continue to serve the Vietnam sector as a self-sufficient platform for the years to come.

The program achieved its 2020 targets, and since then has adopted higher annual targets to show we have not stopped our efforts to realize improvements.

POC 2 - WORKING CONDITIONS: LIFE AND BUILDING SAFETY (LABS)

The Life and Building Safety (LABS) program, based on a harmonized assessment method, strives to reduce safety risks in the apparel and footwear supply chain related to structural, electrical and fire safety, and to facilitate evacuation.

Key milestones were achieved in 2019 for the Life and Building Safety (LABS) program. The program was formally launched in Vietnam and India in August to mitigate preventable structural, fire and electrical safety risks in the apparel and footwear industries in these countries. The LABS program is fully funded by the private sector. Since the start, seven brands and retailers have joined the program and are part of the Steering Committee, attending the monthly calls and quarterly in-person meetings, showing clear private-sector ownership. The Steering Committee governs program operations and review performance, ensuring the credibility of the program.

The collaboration with local governments is underway. LABS will continue to support and inform policies, including a project with the Ministry of Construction in Vietnam where the LABS standards are serving as the source for new industry guidelines regarding fire safety. In both Vietnam and India, the National Stakeholder Committees, a public-private collaboration, are being institutionalized.

By the end of 2019, 59 factories had received structural, fire and electrical safety assessments. As a result of the LABS methodology, the program saw a remediation rate of around 30%, improving working conditions of over 120,000 workers. In addition, the LABS Helpline was set up, and in 2019 it covered 60,000 workers. The helpline acts as a central toll-free number where workers can anonymously report issues primarily related to structural, fire and electrical safety.

All the multi-year goals have been achieved, apart from the number of operating helplines, which is on track to be achieved over the course of 2020. However, due to delays in the legal governance setup and consequently in the LABS program launch, the new, ambitious target of workers to be reached by service delivery in 2019 is still to be achieved in 2020. As such, every effort is being made to increase the number of factories participating.

OTHER ACTIVITIES

In 2019, IDH continued to focus on our mill improvement program. The energy, water and chemical-efficiency program continue to drive engagement with brands and manufacturers in Pakistan and Vietnam, pushing the apparel sector towards sustainable practices, by implementing interventions to reduce energy, chemicals and water consumption. We partnered with 17 brands, the Pakistan Textile Mills Association (APTMA) and the Pakistan Hosiery Manufacturers Association (PHMA). In addition, we continued to support the Apparel Impact Institute in China, Taiwan and India, working to scale up the mill improvement program, reaching a total of 71 mills. Our most recent results from the end of 2019 demonstrated that large savings can be realized by the mills participating in the programs. The cohort of 13 mills in Vietnam and Pakistan have saved 1.5 million cubic meters of water and 17,500 tons of CO_2, resulting in US$1.5 million in cost savings.

The RttT public-private platform also facilitated the creation of the Sustainability Index for Footwear in Vietnam together with the VCCI and LEFASO, to work towards improved governance for sustainable production in the footwear sector. Furthermore, the PPP contributed to further rolling out best practices such as components of the Higg Index and Zero Discharge of Hazardous Chemicals (ZDHC) guidelines for local industry. This led to a joint activity to support local industry with the adoption of best practices, and to inform the new law regarding the protection of the environment from hazardous chemicals.

During 2019, IDH also contributed to convening frontrunner brands to support the prioritization and acceleration of efforts for on-product transparency concerning sustainability information for end consumers, which led to the adoption of an ambitious industry goal for transpar-

LESSONS LEARNED

Worker engagement

IDH collaborated with the Ministry of Environment to contextualize the ZDHC guidelines for Vietnam. We understood that it is key to engage partners from the beginning to strengthen ownership, as we have seen with the Ministry of Environment. This engagement allowed us to gain executive commitments while co-creating a practical approach on how to further embed the ZDHC guidelines into the industry.

Learning from activities in the social sphere, such as the development of the worker engagement app, has shown that including gender activities can help strengthen our impact. This sets us up to further support and integrate international best practices on gender in Vietnam, such as a project with the Ministry of Labor regarding the (new) ILO convention on gender.

LABS program

Governments and other local stakeholders in India and Vietnam emphasized the need for the standards and their enforcement, and the majority agreed to work with the LABS program for the improvement of safety standards in the sector. At the same time, the program received criticism from CSOs regarding a perceived limited inclusion of workers' voices during the setup of the program. We understand the need to keep a continuous open dialogue with the various stakeholders, as solutions to complex issues require the coordination and collaboration of multiple actors. The program is in dialogue with key stakeholders and will continue with this. We are working on National Stakeholder Committees an International Advisory Board to allow us to evaluate and adapt to the different challenges that the program might face.

KPIs Apparel

Result area 1 - Change in business practices

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA1. Output 1	Private-sector (sustainability) investments in the program	€600,000	€279,260	€500,000	€826,608	€1,500,000	€3,056,757	€1,600,000	€1,958,384	€6,121,008	82%	€3,300,000	€7,500,000	Program overall target (2016-2020) is adjusted back to the target set in AR2018 for consistency.
RA1. Output 1	Co-investment ratio (1:X)	NA	1:0.6	1:1.3	1:2.5	1:1.2	1:6.3	1:1.5	1:3			1:1.5	1:1.5	
RA1. Output 2	Other sources of public or private investments/ funding leveraged by the program				€235,157	NA	€288,187	USAID: €100,000; LABS: €150,000	€439,181	€962,525		NA	NA	

Result area 1 - Change in business practices

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA1. Output 4	Business cases developed to demonstrate the potential of sustainable practices	0	2	3	3	1	4	4	4	10 This total reflects the number of business cases developed by the apparel program. Considering that some of our business cases have been in development from 2016-2019, we are only counting them once for the cumulative result. 1. Mill optimization business case: energy (RttT) 2. Mill optimization business case: water (RttT) 3. Productivity training business case (RttT) 4. Business case for worker engagement/dialogue (RttT) 5. Business case for energy efficiency in Pakistan 6. Business case for water savings in Pakistan 7. AII-Clean by Design (CBD): water 8. AII-Clean by Design (CBD): energy 9. Aii and Pakistan in chemicals - ongoing 10. OHS return on prevention/business case (LABS) - ongoing, preliminary results	100%	2	10	There are 2 business cases from the 10 reported that are ongoing with only preliminary results obtained in 2019; final results expected in 2020. 1. Pakistan Buyers Forum/ Aii – Clean by Design: chemicals 2. OHS return on prevention/business case (LABS)
RA1. Outcome 3	IDH participation in relevant landscape and/ or commodity platforms					2	3	5	8	8 This total reflects the number of platforms that the program participated in from 2016-2019. Considering that the program has particiapted in the same platforms from 2016-2019, we are only counting them once for the cumulative result. 1. Pakistan Buyers Forum 2. RttT Vietnam PPP 3. LABS Platform in Vietnam and India 4. Ethiopia Buyers Forum 5. Social Labor Convergence Platform 6. Apparel Impact Institute 7. On-Product Transparency Communication Group 8. Supporting organization for the Dutch Agreement on Garments & Textiles	100%	5	4	

Result area 1 - Change in business practices

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA1. Outcome 1	Sustainability embedded at corporate level	20	6	NA	34	Adoption of SLCP methodology in 200 factories in 2018, preparing for rollout in Vietnam and Pakistan in 2019	NA	NA	125 brands commitments LABS: 7 brands Aii: 16 brands, 4 brands in the roundtable RttT: 7 brands Pakistan Buyers Forum: 23 brands SLCP: 65 brands Ethiopia Forum: 3 brands	LABS: 7 brands Aii: 16 brands, 4 brands in the roundtable RttT: 8 brands Pakistan Buyers Forum: 23 brands SLCP: 65 brands Ethiopia Forum: 3 brands	100%	For 2020, the program will not be looking to add platfoms, but to give continuity and expand the platforms in terms of members. Continuation of work on further embedding sustainability at corporate level through: 1. LABS: onboarding 2 additional brands 2. Aii: 4 brands in the roundtable, 15 brands program commitments 3. RttT: 6 brands committed 4. Pakistan Buyers Forum: 23 brands 5. Ethiopia: 3 brands commited with Industrial Park Sustainability Projects in Ethiopia	Until 2020, the apparel program will work to further embed sustainability at corporate level of the companies the program works with. The focus is on the following sustainability areas: working conditions, occupational health & safety, chemicals, and energy usage	

Result area 2 - Improved sector and landscape governance

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA2. Outcome 4	Changes in policies in line with increased sustainability and management of natural resources			2	3	1	5	3	4 1. MONRE project Vietnam (chemicals) 2. LEFASO project Vietnam 3. LABS Standards for Vietnam and India 4. LABS Guidance for the Ministry of Construction in Vietnam 5. Developing models for creating sustainability data platform in Vietnam with Ministry of Environment (in progress) 6. Continuing to explore support for new policy on collective bargaining with the Ministry of Labor (in progress)	1. Pakistan MoC policy 2. MONRE project Vietnam: chemicals 3. LEFASO project Vietnam 4. LABS Standards for Vietnam and India 5. LABS Guidance for the Ministry of Construction in Vietnam 6. Developing models for creating sustainability data platform in Vietnam with Ministry of Environment (in progress) 7. Continuing to explore support for new policy on collective bargaining with the Ministry of Labor (in progress)	100%	7	4	

Result area 3 - Improved field-level sustainability

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA3. Output 1	Number of producers/ workers/ community enterprises reached by service delivery	15,000	12,000	30,000	61,582	50,000 of which 50% women Topics of training: a. coaching on productivity and worker engagement (40,000) b. coaching on safety/LABS (10,000)	Apparel total: 113,758 38.4% men (43,681) and 61.6% women (70,077) LABS India: Total: 13,500 63% men (8,505) and 37% women (4,995) Topics of training: LABS assessments, training on standards and methodology (pre-pilot and pilot phase) LABS Vietnam: Total: 53,450 75% women (40,088) and 25% men (13,362) Topics of training: LABS assessments of structural, fire and electrical safety at factories to prevent and/or mitigate risk to workers' lives RttT: Total: 40,924 67.85% women (24,769) and 32.15% men (16,155) Lean-productivity/WE: 30,794 65% women (20,717) and 35% men (10,077) Mill optimisation: 10,130 40% women (4,052) and 60% men (6,078) Pakistan: Total: 5,884 5,659 men and 225 women	405,000	Apparel total: 233,744 54% women (124,897) and 56% men (108,847) LABS India: 34,884 57% women (19,883) and 43% men (15,001) LABS Vietnam: 85,279 75% women (63,959) and 25% men (21,320) Aii: 78,000 30% women (23,400) and 70% men (54,600) RttT: 30,081 68% women (17,427) and 32% men (7,910) Pakistan: 5,500 5% women (228) and 95% men (5,272)	Apparel total: 427,217 52% women (221,218) and 48% men (205,999) LABS: 187,113 69% women (128,925) and 31% men (58,188) RttT: 60,020 70% women (41,789) and 30% men (18,231) Aii: 166,000 Approximately 30% women (49,800) and 70% men (116,200) Pakistan: Approximately 14,084 5% women (704) and 95% men (13,380)	100%	100,000 with at least 50% women	Cumulative target 2020 revised from 60,000 to 150,000 workers reached by service delivery	16,000

Result area 3 - Improved field-level sustainability

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA3. Output 4	Number of trainers, auditors and/or government staff trained in the program	NA	18	20	28	NA	Apparel total: 205 77% men (158) and 33% women (47) SLCP: 101 57.42% men (57) and 42.57% women (44) LABS India: 88 100% men Number of individual training events: 13 LABS Vietnam: 16 18.75% women (3) and 81.25% men (13) Training by ARUP on LABS methodology and standard	50	Apparel total: 266 individuals and 18 institutes trained on sustainable manufacturing practices LABS India: 39 10% women(4) and 90% men (35) LABS Vietnam: 28 11% women (3) and 89% men (25) All: 18 institutes trained, including: ZDHC, MEP (China), SIWI, Jiangsu Energy and Information Trade Commision, MIIT (China) and Solidaridad RttT: 199 32% women (84) and 68% men (115)	Apparel total: 517 72.5% men (375) and 27.5% women (142) 2019: 266 66% men (176) and 34% women (90) 2018: 205 77% men (158) and 33% women (47) 2016-2017: 46 89% men (41) and 11% women (5)	100%	16	100	
RA3 Outcome 3	Adoption rate by producers/ workers/ community members of improved practices	0	China: 50-60% Vietnam environmental program: 15% Vietnam social program: TBD	100%	100% of facilities adopted best practices after receiving the training, based on observations of follow-up visits. Adoption rates of investment opportunities to improve production facilities for cleaner production (on average 26 opportunities per facility) varied per country: • China: 26 mills (most progress): 50-60% • Vietnam: 8 mills (biggest spread in terms of beginner/intermediate companies): 15-50% • Pakistan: 2 mills – too soon to tell								The KPI: "Adoption rate by producers/ workers/ community members of improved practices" was discontinued in 2018. The program considers that all the activities/ interventions lead to improved practices (with varying degrees of adoption).

Result area 3 - Improved field-level sustainability

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA3. Outcome 3	Number of processing facilities where sustainable production practices and social standards are applied	15	39	45	53 China: 26 Vietnam: 25 Pakistan: 2	20	AII: As of late 2018: 66 mills confirmed in CBD, currently in pipeline LABS India: 12 LABS Vietnam: 29 RttT: Productivity + worker engagement + mill optimisation: 23 facilities Number of Improvement Cirles established: 317 Pakistan: 4	215	Apparel total: 170 Aii: 71 mills LABS: 59 factories RttT: 35 mills and factories Pakistan: 5 mills	Apparel total: 313 processing facilities Aii: 129 mills LABS: 100 factories RttT: 45 facilities and 375 improvement circles Pakistan: 12 mills China: 26 This total reflects the number of producing facilities where sustainable/ social improvements were developed from 2016-2018. Considering that some factories received training more than once between 2016 and 2018, we are counting these only once for the cumulative result. Please note that for the cumulative result in 2017, we counted the total number of factories impacted per year.	100%	160	Cumulative target 2020 revised from 60 to 220	
Project-level Indicator	Number of worker helplines developed	NA	NA	NA	NA	2	0	4	2	2	70%	1	Cumulative target 2020 revised from 4 to 3	This KPI was introduced in the Annual Plan 2018 as a non-RMF KPI.

Aquaculture

Eating fish is beneficial for human health as it contains nutrients that most people are lacking. If done sustainably, the environmental impact of producing fish can be limited. Both the demand for fish and the production of fish are growing. The FAO estimated that since 1961, the annual global growth in fish consumption has been twice as high as population growth.[1] The increased production is needed in regions where there is a market for fish. An estimated 200 million people across Sub-Saharan Africa rely on fish as their primary source of protein.[2] Yet, of all the aquaculture production, only 0.8% is produced in Sub-Saharan Africa.[3]

Meeting the growing demand requires overcoming critical challenges: the sector is highly fragmented; diseases result in major losses; fish feed is sometimes used inefficiently; and in regions where there is a need for local fish there is limited production.

The IDH aquaculture program aims to address the fragmentation of global seafood production by supporting a global multi-stakeholder platform. This platform ensures that value-chain actors align and jointly address issues that would otherwise be dealt with on a company-by-company basis.

IDH aims to improve aquatic animal health management by strengthening partnerships, supporting innovation and driving investment into more sustainable production. We bring stakeholders together to work on better health management and more efficient natural-resource use in eight countries.

In addition, IDH is developing a sustainable aquaculture sector in two countries where there is limited aquaculture production: Haiti and Mozambique. We support producers that can provide training, finance, fingerlings and feed to become a hub for outgrowers in their countries.

Relevant Sustainable Development Goals

PARTNERS

Private
Agromarina, Ahold Delhaize, Group, Amanda Seafood, Aquaconnect, Aqua-Spark, Aqua-Star, Beaver Street Fisheries, Bumi Menara Internusa, Choice Group, Clarmondial, eFishery, Fish Vet Group, FAI Farms, Grobest, Highliner Foods, Inve Asia, Istana Cipta Sembada, JALA, Joann IT, Larive International, Lebama, Metro AG, Minh Phu Corporation, Mvuvi, Nha Trang Seafood, Omarsa, Papá-Pesca, Produmar, Pro-Gift, Quoc Viet Corporation, Rabobank, Rubicon Resources, Sal-Mos, Santa Priscila S.A., Seafresh Group, Sekar Bumi Group, Sodexo, Stapimex, Taino Aqua Ferme, Thai Union, The Fishin'Co., Ufish, Xiang'Tai, Xindou, XpertSea, Yu2Le, YuDaDa

Public
Department of Agriculture and Rural Development (Vietnam), Department for Animal Health – Vietnam, Department of Fisheries (Thailand), Vietnam General Directorate of Fisheries, FAO member countries, GIZ, Ministry of Marine Affairs and Fisheries (Indonesia), Coordinating Ministry for Maritime Affairs and Investments (Indonesia), Ministry of Agriculture and Rural Development (Vietnam), Indonesian Financial Service Authority, Indonesia sustainable finance initiative, Vietnam Institute for Fisheries Economics and Planning (VIFEP)

Other
Aquaculture Stewardship Council, China Aquatic Products Processing and Marketing Association, China Blue, Chumphon Good Quality Shrimp Farmers Club, Conservation International, Consumer Goods Forum, EURASTIP Project, Global Sustainable Seafood Initiative Hainan Tilapia Sustainability Alliance, Longline Environment, Moore Foundation, Monterey Bay Aquarium, Norwegian Veterinary Institute, Rayong Quality Shrimp Club, Seafood Legacy, Seafood Task Force, SeaWeb Europe, Stirling University, Sustainable Fisheries Partnership, Tha Thong Shrimp Farmers' Cooperative, Thünen Institute, University of Prince Edward's Island, University of Stirling, University of Zaragoza, Vietnam Association of Seafood Exporters and Producers (VASEP), Vietnam Fisheries Society, Walmart Foundation, Walton Family Foundation, Wageningen University and Research Centre, WWF

1 Source: FAO, *The State of World Fisheries and Aquaculture*, 2018. http://www.fao.org/3/i9540en/i9540en.pdf
2 Source: Fish supply and demand for food security in Sub-Saharan Africa: An analysis of the Zambian fish sector. https://www.sciencedirect.com/science/article/pii/S0308597X18303798#bib8
3 *Source: FAO, The State of World Fisheries and Aquaculture, 2018.* http://www.fao.org/3/i9540en/i9540en.pdf

PROGRESS TOWARDS 2020

Most of the four projects we started in 2018 on health management and improving efficiency are on track to deliver. In addition, we started three projects in 2019 with data and technology companies. Similar to other health management projects, we linked epidemiological expertise to their businesses to better provide health management services to farmers.

We received interest from investors to partner in African aquaculture. We started implementing outgrower models for aquaculture in Mozambique, and scoped Nigeria for aquaculture companies that can become the hub for sustainable aquaculture to producers around them. This will help our delivery in 2020 and prepare us for our agenda beyond 2020, which will focus on building a competitive aquaculture industry in Sub-Saharan Africa.

Under our leadership, the Steering Board of the Global Sustainable Seafood Initiative (GSSI) decided to develop a tool that harnesses the market pull from the GSSI partnership (including 80 private players from across the value chain), investors and the public sector to drive the continuous improvement of non-certified seafood.

TRAFFIC LIGHT ASSESSMENT

PROGRAM OVERALL

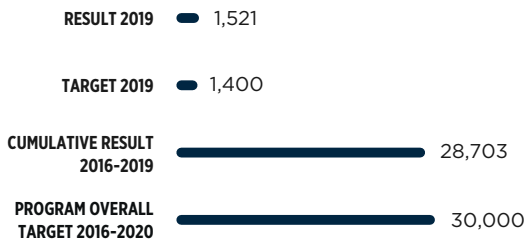
The aquaculture program is on track to reach its KPIs, POCs and ICs. However, since most projects started in 2018 and 2019, we are operating on a tight timeframe; realization of the targets is dependent on the countries and production systems we work with continuing to operate without major shocks.

POC 1 - STRENGTHENING COLLABORATION

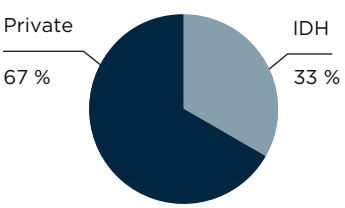
The projects and activities required to prove the program's POCs are ongoing and on track.

PROGRESS ON KPIS

Number of producers/workers/community members trained on key subjects for sustainable production, environmental and social sustainability



Program co-funding ratio (2019)



KEY ACHIEVEMENTS PER PROOF OF CONCEPT

POC 1 - STRENGTHENING COLLABORATION

By strengthening collaboration in the aquaculture industry at the zonal, national and global level, data can be analyzed to identify risks (e.g. on diseases and feed); agendas and priorities can be aligned; recommendations can be generated and disseminated; and risks can be mitigated. This leads to increased survival/productivity, decreased waste/improved feed efficiency, decreased agrochemical (e.g. antibiotics) use, increased market access, increased traceability and increased financial access.

The aquaculture program aims to strengthen collaboration and support innovation for more efficient natural resource use. We started working with the value chain across various geographies to increase productivity, improve feed efficiency, decrease antibiotic use, and improve financial and market access. In China, we partnered with the largest tilapia buyer in the world to support the Hainan Sustainable Tilapia Alliance to pilot technologies for efficiency. This resulted in more efficient feed use of about 10% compared to 2018, measured in terms of the feed conversion ratio changing from 1.4 to 1.25. The program also formed a strategic partnership with an insurance company, and developed the first tilapia insurance product package in the country, thereby increasing the financial access of farmers.

Through collaboration with the Monterey Bay Aquarium, a leading non-profit trusted by American market players, we established the Vietnam Sustainable Shrimp Alliance (VSSA) in Ca Mau province. The VSSA aims to improve the sustainability and competitiveness of the shrimp sector within the jurisdiction. In Thailand, we strengthened collaboration with three provincial shrimp farm cooperatives or clubs by linking them to health companies. We linked three data and technology companies in Indonesia and India to aquatic epidemiology experts. Companies that were not formally engaged in disease management are now improving their services to farmers so that the productivity can increase, and feed efficiency can improve. In Mozambique, we laid the foundation for an outgrower program. A service delivery model analysis was conducted at the beginning of 2020, providing analytical insights to improve market and financial access of small- and medium-sized enterprises. The Tilapia company that we support in Haiti has improved its productivity by working on health management, and increased its access to market, thereby providing more products to the local and import-dependent market.

We increased traceability in Ecuador and in Vietnam. The Sustainable Shrimp Partnership in Ecuador became part of the IBM Food Trust ecosystem, providing traceability based on blockchain technology. We supported the Seafood Task Force (STF) to expand to Vietnam, where five companies started initial engagement activities with STF.

At global level, we are building a framework that can scale up and accelerate improvements on efficient resource use and access to markets and finance. In 2019, the establishment of the Seafood Measuring and Accelerating Performance (Seafood MAP) program was initiated by the board of the Global Sustainable Seafood Initiative (GSSI), and the initiative was launched at the beginning of 2020. In addition, we have created a Partnership Assurance Model to guide local partners to deliver on the Seafood MAP requirements. We supported the GSSI and the Consumer Goods Forum's Sustainable Supply Chain Initiative (SSCI) to develop criteria for a seafood-specific social compliance benchmark.

OTHER ACTIVITIES

We aim to catalyze investment for sustainable aquaculture. We convene multi-stakeholder coalitions representing both the market and investors to co-develop frameworks that can be integrated into sustainable aquaculture investment models. These frameworks are designed to guide investment towards increasing both the profitability and sustainability of smallholder aquaculture farmers, and to converge local and global sustainability goals in order to provide often under-utilized smallholder farmers access to finance and market. We increase financial institutions' appetite in aquaculture by providing a better understanding of aquaculture risks and opportunities.

Thanks to the support of the Walton Family Foundation, we have engaged investors in our aquaculture program. At global level, we engaged investors in the development of the Seafood MAP. We engaged the investor community more broadly in developing global guidelines for investment in sustainable aquaculture. We trained bankers from FMO and financial institutions in Indonesia on sustainable aquaculture. And we organized an event, Invest Aqua, bringing the investment community and aquaculture sector closer together.

We drafted investment guidelines for aquaculture in Indonesia, which are on track to be adopted by the Financial Services Authority of Indonesia (OJK). And we are bringing the investment guidelines that have been drafted for Indonesia to life in Banyuwangi, by developing financial models. These models will be further developed by local stakeholders. We have trained Indonesian banks on sustainable aquaculture.

LESSONS LEARNED

Non-certified seafood

The Seafood MAP initiative is unique as it brings the seafood industry and investors together towards the same goal: continuous improvement of non-certified seafood. The seafood sector is traditional and heavily non-certified. It took more time than anticipated for people to understand what a non-certified seafood agenda could look like.

Production risks

We learned that it is challenging to obtain financial commitments from market players on production issues (e.g. disease risks). Retailers and buyers mitigate disease risks by sourcing from different geographies. Packers and farmers see the benefit of addressing production risks. In addition to initiating upscaling by creating market incentives, we started focusing on engaging investment for upscaling.

Lack of investment

We learned that one of the bottlenecks for developing a sustainable aquaculture industry in Mozambique is a lack of investment, even for commercial aquaculture production. Our implementing partner has focused their time and efforts on due diligence processes of multiple investors, eventually borrowing local money, instead of other project activities. The need to create a fund for African aquaculture that can mainstream due diligence efforts, and that can finance vertically integrated aquaculture producers that have the potential to become local hubs for sustainable aquaculture, became evident.

KPIs Aquaculture

Result area 1 - Change in business practices

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA1. Output1	Private-sector (sustainability) investments in the program	€2,100,000	€6,323,665	€2,000,000	€1,648,062	€1,005,000	€272,172	€1,600,000	€2,171,603	€10,415,502	76%	€6,945,000	€13,650,000	Program overall target (2016-2020) is adjusted back to the target set in AR2018 for consistency.
RA1. Output 1	Co-investment ratio	1:1.5	1:3.1	1:1.5	1:4.1	NA	1:1.2	NA			0%		1:1.5	
RA1. Output 2	Other sources of public or private investments/ funding leveraged by the program		€43,775		-€12,615				€703,087	€734,247				

Result area 1 - Change in business practices

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA1. Outcome 1	Sustainability embedded at corporate level					Beyond certification agenda is an integral part of the GSSI proposition; producing companies submit data for analysis	GSSI agreed to develop a program to address non-certified seafood equivalent to the GFSI Global Market program. In China, a multi-party agreement allows farmers, feed mills, hatcheries and processors to submit and share data. In Thailand, the Supplier Round Table for Shrimp, a group of five international buyers, is involved in the project. In Vietnam, the structure has been built for shrimp and pangasius producers to submit data and receive feedback on their data.	1 The companies we work with in four provinces have piloted a mechanism to address aquatic animal health management 2 A feed traceability system is piloted in one country 3 Investments for sustainable development in aquaculture are initiated in Mozambique	1 International buyers encouraged their suppliers to pilot health management solutions. Packers actively participated in our projects. Three projects were launched with data and technology companies to improve health management. Producers in Mozambique, Haiti and Ecuador changed their aquatic animal health management. 2 The Seafood Task Force expanded to Vietnam. Five companies started mapping their supply chain, two completed this mapping, and one company started piloting tools for traceability and oversight of their supply chain. 3 We partnered with Aqua-Spark to set up the Aquaculture Africa Fund. In Mozambique, we triggered investment in sustainable development of aquaculture.				To embed sustainability at corporate level of the companies in terms of: 1. Aquatic animal health management 2 Aqua feeds and traceability of ingredients 3 De-bottlenecking investments for sustainable development of aquaculture in Africa	

Result area 2 - Improved sector and landscape governance

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA2. Outcome 4	Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources			3	5	4 projects initiated to adopt a population-based or zonal management approach to fish health	We succeeded in setting up 6 zonal management projects in tilapia in Hainan, China; in shrimp in Surat Thani, Thailand; in shrimp in Soc Trang, Vietnam; in pangasius in Dong Thap, Vietnam; in shrimp in Ecuador; and in Shrimp in East-Java, Indonesia; four of which - one each in China and Thailand, and two in Vietnam - involve the local government, with the aim to adjust their disease management policies	A mechanism for addressing fish health at the provincial/zonal level is piloted in 4 provinces/zones		3	75%	3	4 Until 2020, the adoption of zonal management of fish health is broadly recognized by the sector. Examples of this zonal management approach exist in 4 countries and are well disseminated	

Result area 3 - Improved field-level sustainability

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA3. Output 1	Number of producers/workers/ community members trained on key subjects for sustainable production, environmental and social sustainability	10,000	24,805	1,000	2,377	1,000	600	1,400	1,521	28,703	96%	1,500	30,000	
RA3. Output 4	Volume of sustainably produced commodity (metric tons)	50,000	292,517	20,000	41,207	NA	8,730	NA	7,617	350,071	88%	50,000	400,000	
RA3. Outcome 1	Adoption rate by producers/ workers/community members of improved practices*					NA	NA	NA	48	48%	96%	NA	50%	As most of our training on aquatic health management only started in 2019, we do not yet know the adoption rate of most of the projects. The 48% is the result of one project.
RA3. Outcome 2	Farmland area where trained practices are applied (hectares)	10,000	15,701	4,000	16,972	500	600	3,000	1,932	35,205	141%	5,000	25,000	The project in Vietnam focused on the review and revision of the public-private environmental monitoring and disease management plan. Farmers will be trained from 2020 onwards. This is the reason for deviating from our 2019 target. However, our overall 2020 target has been achieved.

Cassava

Cassava is a root vegetable crop that grows widely across the tropical and subtropical regions of Africa, South America and Southeast Asia. In Asia, Thailand and Indonesia are the major producing countries of cassava, while Brazil and Peru are the largest producers in South America. In Sub-Saharan Africa, the major cassava-producing countries are Nigeria, Democratic Republic of Congo, Ghana, Angola, Mozambique, Cameroon, Côte d'Ivoire and Tanzania. Cassava production in the world has increased from 71 million metric tons in 1961 to about 292 million metric tons in 2017[1]. Africa is the world's largest producer of cassava, producing 61% of the world's cassava, but the industrial utilization is very low. The international trade in cassava grew by 10% between 2010 and 2014, reaching US$2.8 billion in 2014, yet no African country participated in its international trade[2]. At regional level, huge demand gaps exist because of the resurgent appetite of multinational companies in Africa to substitute imported raw materials with local cassava derivatives. The key challenge has been the inability of local processors to meet the consistent supply quantity and quality requirements of the food companies.

IDH, in collaboration with Grow Africa, aims to create intervention models that can catalyze investments in the cassava sector by demonstrating that inclusive cassava production and processing can be profitable and sustainable in Africa. This is with a view to transforming cassava into an industrial crop that can raise the economic wellbeing of over 300,000 smallholder farmers in Africa. IDH's cassava program aims to solve the generic problems involved in the cassava supply chain through facilitating vertical and lateral collaboration between stakeholders to resolve key constraints in the value chain, including unorganized markets, low productivity, high post-harvest losses, absence of technology, and production credits for smallholder farmers.

PARTNERS

Private
Psaltry International Limited, Crest Agro Products Limited, Allied Atlantic Distilleries Limited, Niji Foods Limited, FMS Farms Limited, Arog Bio Allied Agro Services Limited, Von Foods and Farms Limited, Eagleson & Nito Concept Limited, GoldenLad Nigeria Limited, ATMANCORP Nigeria Limited, Sterling Bank Plc, Nestlé Nigeria Plc, Dalberg, Unilever, Coca-Cola, Nestlé West Africa, Accra, Ghana Industrial Cassava Stakeholders Platform Industrial Cassava Stakeholders Association of Nigeria

Public
Federal University of Technology, Akure, Ondo State, Nigeria; Central Bank of Nigeria; Nigeria Incentive-Based Risk-Sharing System for Agricultural Lending (NIRSAL)

Other
Grow Africa, AfDB, Rockefeller Foundation, International Institute of Tropical Agriculture (TAAT)

Relevant Sustainable Development Goals

1 Source: FAOSTAT, 2019
2 Source: FAOSTAT, 2019

PROGRESS TOWARDS 2020

In 2019, the program continued to support national industrial cassava platforms in the areas of capacity building and advocacy in Nigeria and Ghana. The platforms are actively conducting visits to policymakers with the aim of ensuring a favorable regulatory framework for the sector in their respective countries. Today, they are seen as important industry platforms by the governments of Ghana and Nigeria.

Two new implementing partners were contracted to bring the total number to six. These implementing partners were supported to set up robust and sustainable outgrower schemes and service delivery models that deliver targeted support services to farmers to increase productivity and market assurance. Through co-funding with the implementing partners, IDH supported the farmers on GAP training, farm mechanization technologies, access to inputs, and finance that will improve the farmers' performance, and ultimately their profitability and livelihoods. A total of 12,725 farmers were mobilized, in 2019 (bringing the cumulative total to 17,798) by these processors to serve as the base for the supply of cassava roots to their factories. Four additional implementing partners were approved to commence implementation in 2020. Similarly, IDH and Nestlé are working together to co-develop local processors of high-quality cassava flour that are sourcing cassava roots from smallholder farmers in Nigeria, with Nestlé as an end-buyer. This collaboration supported four SMEs in Nigeria towards quality improvement that meets the requirements of Nestlé and other international food brands. The success of this collaboration is expected to unlock a sustainable market for high-quality cassava flour that has been non-existent until now due to the poor quality of the product.

To assist farmers in accessing finance, IDH signed an MOU with Sterling Bank Plc, a Nigerian national bank, with the aim of working together to increase access to affordable finance for farmers, through collaboration with the IDH Farmfit Fund.

TRAFFIC LIGHT ASSESSMENT

PROGRAM OVERALL

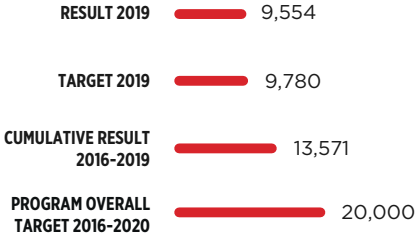
Although the program is on track to meet the targets, access to finance by smallholder farmers is a major challenge. Absence of reliable funding for smallholder farmers may affect our ability to meet the target.

POC 1 - OUTGROWER PROGRAM

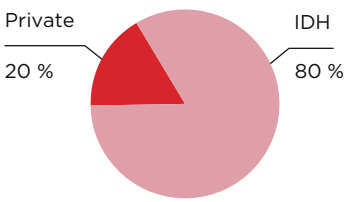
Six of the ten projects targeted in the multi-year plan contracted; four SDM analyses conducted; two out of three multi-stakeholders platforms established and market opportunities opening for project partners. Approval was obtained for four more projects to be contracted in early 2020 to reach 100% of the target by the end of 2020. All ten projects are being funded by Rockefeller Foundation, which runs to 2021.

PROGRESS ON KPIS

Number of producers/workers/community members trained on key subjects for sustainable production, environmental and social sustainability



Program co-funding ratio (2019)



KEY ACHIEVEMENTS PER PROOF OF CONCEPT

POC 1 - OUTGROWER PROGRAM

By setting up efficient outgrower schemes, industrial cassava processors can secure supply to fully utilize their capacity. This will result in an attractive, inclusive investment proposition to financial institutions, investors and donors to unlock available sector financing, resulting in improved income and resilience of smallholder farmers.

IDH continued to support two national industrial cassava platforms in two countries: Industrial Cassava Stakeholders Association of Nigeria (ICSAN) and Ghana Industrial Cassava Stakeholders' Platform (GISCP). The activities of these platforms have helped in the exchange of non-competitive market information between the actors that include cassava farmers' organizations, cassava processors, research institutes, input providers, service providers, governments at federal and state levels, end-users of cassava products, civil societies and development organizations. The Nigerian platform issues bi-monthly bulletins to its members on the sector developments. Different advocacy visits were made by the platforms to ensure regulatory environments that are favorable to the development of the cassava industry.

In 2019, IDH leveraged an investment of €160,868 from six companies in Nigeria for the development of their smallholder outgrower schemes for the supply of cassava roots to their factories. A total of 2,370 smallholder farmers were directly included in their supply chain, using the block farming model. An additional 10,366 farmers were mobilized from the neighboring communities for capacity building in best practices in modern cassava farming. At field level, the six companies were able to aggregate 12,736 smallholder farmers, out of which 9,554 were trained. Farmers' productivity has moved up from 14 metric tons per hectare to 18 metric tons per hectare within two years of program implementation.

Similarly, at the request of Nestlé, IDH provided technical assistance to four SMEs in Nigeria that enables them to re-engineer their processing facilities to be able to meet the quality standards of Nestlé and other food companies. The success of this collaboration is expected to define a new approach in solving the quality issue, which is one of the major challenges relating to limited access to the end market for high-quality cassava flour in Africa.

To resolve the perennial challenge around access to finance by smallholder farmers, IDH signed an MOU with Sterling Bank Plc, a Nigerian national bank, and is exploring the possibility of the bank making use of the IDH Farmfit Fund to develop readily available and affordable products for the farmers. We have high hopes that this will reach a positive conclusion before the next planting season.

OTHER ACTIVITIES

Explore other opportunities for industrial development of the cassava value chain, and other value chain programs.

Together with the Technologies for African Agricultural Transformation (TAAT) program of IITA, IDH scoped opportunities for industrial development of the cassava value chain in Tanzania and Uganda. We observed that to generate interest and mobilize stakeholders in the sector, we need to bring together stakeholders to address opportunities and start forming alliances. IDH is considering organizing stakeholder meetings in these countries to form the basis for continuous engagement between stakeholders.

Having been successful in co-developing the local processors of high-quality cassava flour with IDH, Nestlé has extended the collaborative work to other value chains of maize, rice, sorghum and soybeans – the four important grains in their supply chain in Central and Western Africa. Nestlé and IDH have agreed to formalize the partnership through an MOU with concrete objectives, targets, roles, responsibilities, and deliverables, under the IDH VCD initiative.

LESSONS LEARNED

Stakeholder collaboration

To attract the much-needed investment in the cassava sector, it is important to use the right approach in which end users, processors and primary producers collaborate in a manner that resolves critical system challenges related to quality of the end product and raw material supply. Market-led approaches that actively involve the end user can help address quality issues, as was the case in the collaboration between IDH and Nestlé, which provides a standard for the industry regarding the processing of cassava roots into high-quality cassava flour.

Access to finance

Access to finance is key in enhancing inclusive agribusiness. To ensure adequate delivery of services such as inputs and mechanization to the smallholder farmers, timely securing of funds is critical. Failure to secure appropriate funding can lead to apathy, and create negative consequences for the mobilization of farmers doing block farming activities.

Access to land

Land access by the companies for the block farm is proved to be challenging. It is usually a huge task for the processors to access large, contiguous land in communities near their factory location. Generally, the cost of investment required for land purchase, preparation, cultivation, and management are some of the implementation challenges related to land acquisition.

KPIs Cassava

Result area 1 - Change in business practices

Indicator #	Key Performance Indicator (KPI)	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA1. Output 1	Private-sector (sustainability) investments in the program		€8,900		€48,050	€100,000	€158,741	€215,691		€7,900,000	€8,000,000	Program overall target (2016-2020) is adjusted back to the target set in AR2018 for consistency.
RA1. Output 1	Co-investment ratio (1:X)		1:0.04		1:0.2							
RA1. Output 2	Other sources of public or private investments/ funding leveraged by the program		€8,760	NA	€15,547		€10,845	€35,152				
RA1. Output 4	Business cases developed to demonstrate the potential of sustainable practices			4	4	3	2	6	60%	4	10	The original POC for the cassava program was to pilot 6-8 business cases (industrial processors) that include 10,000 smallholder farmers in their supply chains. However, our program donor asked us to raise the number of farmers to 50,000, to be made up of 10,000 block farmers linked directly to the supply chain of the companies and 40,000 community farmers, linked to alternative supply chains. Our explanation that this was unrealistic was not acceptable to our donor at that time. This revision attracted the US$2 million grant from the donor. In a subsequent fundraising effort with AGRA, we were requested to raise the target to 80,000 farmers as a requirement for the partnership with AGRA. The AGRA partnership did not come to fruition, which meant we were left with our targets with the original donor. After two years of implementation, we agreed with our program donor that their target was unrealistic and approved reducing the target to 20,000, made up of 6,000 block farmers and 14,000 community farmers. The downward review was due to lack of credit to finance the farmers in the block farms, which was one issue regarding the inclusion of more farmers, as the companies lack the capacity to provide much-needed services to registered farmers for increased productivity. Registering more farmers without providing services was seen as counterproductive. The cassava program started late, in January 2018 – meaning it has only been running for two years. By default, this means that the cassava program is two years behind the 2016-2020 IDH implementation cycle. The targets mentioned in this annual report are the new approved donor targets.
RA1. Outcome 1	Sustainability embedded at corporate level			NA								
RA1. Outcome 2	Uptake rate of sustainable production by program partners			0%	0%	0%				0%	0%	
RA1. Outcome 3	IDH participation in relevant landscape and/ or commodity platforms			2	2	1	0	2	67%	1	3	

Result area 2 - Improved sector and landscape governance

Indicator #	Key Performance Indicator (KPI)	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA2. Outcome 4	Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources			NA								

Result area 3 - Improved field-level sustainability

Indicator #	Key Performance Indicator (KPI)	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA3. Output 1	Number of producers trained on key subjects for sustainable production, environmental and social sustainability			10,000	4,017 (2,849 men and 1,168 women)	9,780	9,554 (6,722 men and 2,832 women)	13,571 (9,571 men and 4,000 women)	68%	10,000	20,000	Number of farmers trained includes the block farmers.
RA3. Output 2	Number of producers reached by service delivery			4,000	1,063 (725 men and 338 women)	1,900	2,370 (1,695 men and 675 women)	3,433 (2,420 men and 1,013 women)	57%	2,000	6,000	These are the block farmers.
RA3. Output 3	Number of smallholder producers organized/aggregated by the program			10,000	5,053 (3,609 men and 1,444 women)	9,300	12,736 (9,005 men and 3,731 women)	17,789 (12,614 men and 5,175 women)	16%	10,000	20,000	This number is higher than RA3O1, because some farmers are organized/aggregated, but not yet trained. By the end of the program (2021) we expect all organized/aggregated farmers to be trained as well.
RA3. Outcome 1	Adoption rate of improved practices by producers			20%	81%	40%				80%	81%	We will take a sample in 2020, gender disaggregated.
RA3. Outcome 2	Farmland area where trained practices are applied			NA	NA		NA					
Project-level Indicator	Number of self-sufficient platforms			NA	NA		NA					

Cocoa

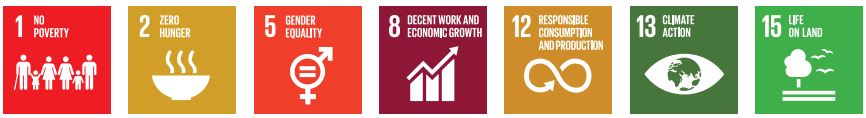
The biggest challenge to a sustainable and thriving cocoa sector in West Africa – which is the most important cocoa-producing region globally – is poverty. 95% of small-scale farmers in Côte d'Ivoire and Ghana live below the poverty line.[1] The absence of a decent living income throughout the year means that farmers and their families struggle to meet basic needs such as education, health, and food and nutrition security, let alone re-investing in their farms – including hiring labor during the cocoa seasons instead of reverting to child labor.

Poverty also leads to deforestation. Farmers without access to appropriate input, such as fertilizers to intensify their cocoa production, continue planting cocoa in forests and, in particular, in protected areas, where they can still find fertile land. Additionally, the effects of climate change on cocoa productivity remain an important risk to be addressed.

The cocoa program re-designed its strategy beyond 2020. It will focus on three key themes:

1. **Living income: We build farmers and their organizations' capacity through relevant and accessible initiatives that improve their efficiency as entrepreneurs. We also provide them with professional services, such as access to financial services and technology. By doing so, we enhance their revenues towards earning living income.**
2. **Forest protection and restoration: We address cocoa-related deforestation and forest degradation through public-private-civil society partnerships set up at national and landscape levels, supporting the effectiveness of our landscape program to accelerate implementation.**
3. **Building market demand for sustainable cocoa: We drive sustainability from niche to norm in mainstream cocoa markets by supporting national cocoa sustainability platforms in consuming and producing countries.**

Relevant Sustainable Development Goals



PARTNERS

Private
Agri-Logic, Barry Callebaut, Blommer, BT Cocoa, Cargill, CÉMOI, Ecom, Equipoise B.V., FMO, Hershey's, Kennemer Foods, KIT, Lindt, Touton, Ecom Hersheys, Ferrero, International Cocoa Organization (ICCO), Mars, Mondelēz, Machu Picchu Foods, Nestlé, OCP, OLAM, Yara, ICL, IPNI, K&S Kali, Advans, Unacoopec Ci, Inclusive Guarantee, Toms Gruppen, Rabobank Partnership, IPC, Smart-T, Baobab, Banque Atlantique de Côte d'Ivoire, United Bank of Africa Côte d'Ivoire, AVVA-Café, YUP Côte d'Ivoire, Vélior Développement, ScopeInsight, Cocoanect, Original Beans, Colcocoa, Albert Heijn, Tradin Organics, Divine Chocolate, Progreso Dalberg SA (Côte d'Ivoire), Emmanuel Consulting, Syngenta, Callivoire, General Mills, Cocoa Marketing Company (Côte d'Ivoire), AgroEcom, International Finance Corporation (IFC), Aldi, Baronie, Belvas, Carrefour, Choprabisco, Colruyt, Delhaize, Guylian, Kim's Chocolates, Libeert, Lidl, Puratos, Tony's Chocolonely, ZOTO, Rockwinds, Cococo Chocolatiers, Fazer Confectionary, GCB, Godiva Chocolatier, Guittard Chocolate Company, Marks & Spencer Food, Nestlé, Sainsbury's, Tesco, SIAT, Sucden, Unilever, Valrhona

Public
Cocoa Sustainability Platform (CSP) Indonesia, World Cocoa Foundation (WCF), MARD Vietnam, Swiss platform for sustainable cocoa, Swisscontact,

List continues on next page

1 Source: https://www.kit.nl/project/demystifying-cocoa-sector/

PARTNERS

Public
VECO, Indonesia, Conseil du Café-Cacao Côte d'Ivoire, Cocobod Ghana, MINEF Côte d'Ivoire, MLNR Ghana, government of Ghana, Côte d'Ivoire, Cameroon, government of Belgium, ANADER, BNETD, FPRCI, MINADER, OIPR, Primature, SEP-REDD, SODEFOR, EPA, Forestry Commission, Ghana Standards Authority, Ministry of Agriculture, REDD+ Secretariat, Resource Management Support Center (RMSC) of Forestry Commission, Enabel

Civil-society organizations
National Nutrition Programme, AFD, AfDB, APBEF-CI, BAD, Care International King and Traditional Chiefs Chamber, CIRAD, FAO, GCP PNUD, GIZ, Green Invest Africa, Impactum, Nitidea, NL Embassy, OIREN, PNUD, PNUE, RAIDH, TFA, TFT, URF Daloa, UK Embassy, UTZ/Rainforest Alliance, World Bank, WRI, Biodiversity Advocates, Cocoa Farmers Alliance, CERSGIS, CRIG, FORIG, EcoCare, Faculty of Renewable Natural Resources (KNUST), Kuapa Kookoo, MESTI, NCRC, Network for Health and Relief Foundation (NHRF), Resource Trust, Proforest, SOLIDARIDAD, SNV, TFA, Tropenbos, GAIN, Bos+, CARE, Oxfam Wereldwinkels, Rikolto, Samilia Foundation, WWF

Research institutions
CNRA, CRIG, CRIN, IRAD, ICRAF, IITA, KU Leuven, Ghent University, University Hasselt, Vrije Universiteit Brussel

Social impact investors
Alterfin, BIO invest, Incofin, Kampani, OikoCredit

Other
NEN/CEN

PROGRESS TOWARDS 2020

The cocoa program has developed a series of complementary initiatives over the years to increase the sustainability of the sector, working closely with farmers, the industry, government, and civil-society organizations. Below, we summarize our 2019 progress on the key POCs and initiatives that contribute to transforming the cocoa sector.

Working towards a living income

Through the Farm & Cooperative Investment Program (FCIP), 10 projects are now active. They focus either on capacity building towards professionalization of farmers and their organizations and improved revenues, living and working conditions, or on financial products and services development to ensure sustainable investments in farmers and cooperatives. In 2019, over 123,000 farmers received services including, solar kit loans, micro-insurance and savings. Overall, more than 42,000 new savings accounts have been opened, over 25,000 farmers received input loans, and 157 cooperatives received working capital loans from financial institutions. Digitalization is gaining importance with over 46,000 new electronic wallets opened to secure farmers' revenues by reducing the use of cash. Farmers are now selling their cocoa beans or receiving their premium directly via their electronic wallets.

In parallel, through the Cocoa Nutrition Program, we developed, validated and benchmarked models addressing underlying causes of malnutrition. We collected gender, nutrition and climate-specific data to understand the potential of these business models and to show the impact at farmer level.

Addressing forest protection and accelerating restoration

We address cocoa-related deforestation by creating public-private-civil society partnerships such as the Cocoa & Forests Initiative (CFI) in Côte d'Ivoire and Ghana, and the Roadmap to Deforestation-Free Cocoa, an initiative similar to CFI that was launched in January 2019 in Cameroon. IDH is acting as the facilitator for these partnerships. In 2019, major progress was achieved in terms of policy changes, with the adoption of a new Forest Code in Côte d'Ivoire. Companies also published their initial action plans, which they start implementing. We also created a link between national-level convening and field-level implementation, by positioning our landscape programs in Côte d'Ivoire and Cameroon as pilots for the CFI and the Roadmap to Deforestation-Free Cocoa.

Creating market demand for sustainable cocoa

We believe that our programs on living income and forest protection in cocoa-producing countries can only be successful if there is a strong and continued demand for sustainable cocoa. We are working on creating that demand, focusing on Belgium and the Netherlands, which jointly represent 53% of European cocoa imports. We also built strong links to the existing Swiss and German sustainable cocoa platforms. In Belgium, the Beyond Chocolate partnership was launched in December 2018. It brings together 54 stakeholders and includes ambitious targets to achieve a living income and halt deforestation for cocoa imported and consumed in Belgium by 2030. In 2019, IDH supported the creation of this partnership by setting up a governance structure, developing an accountability, monitoring and evaluation framework, and launching a call for proposals for innovative value chain projects. In parallel, IDH facilitated the process of signing the Dutch Initiative on Sustainable Cocoa in 2020, with similar ambitions around living income, deforestation and child labor.

TRAFFIC LIGHT ASSESSMENT

PROGRAM OVERALL

Between 70% and 90% of projects and activities required to prove the program's POCs are implemented and/or on track.

POC 1 - FARM & COOPERATIVE INVESTMENT PROGRAM (FCIP)

FCIP helped create an enabling environment for smallholders to gain access to finance, in order to become bankable and achieve higher profitability. This is in collaboration with agribusinesses and financial institutions to support effective service delivery to farmers and cooperatives in terms of access to financial products and services.

POC 2 - COCOA NUTRITION PROGRAM

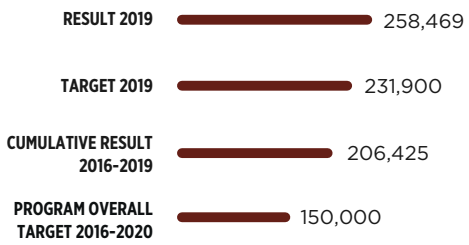
The Ghanaian projects were at the final stage in 2019, but private-sector partners are continuing the nutrition activities to be included in their service delivery models. The same is expected to happen for the Côte d'Ivoire projects in 2020. This is done through signing the Statement of Support by various private-sector partners and the development of the Scaling Nutrition Guidance.

POC 3 - COCOA & FORESTS INITIATIVE (CFI)

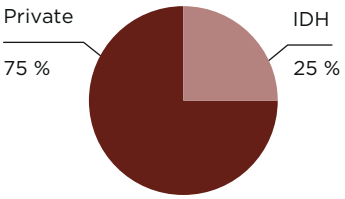
CFI helped create an enabling environment, by mobilizing the public and private sectors towards addressing cocoa-related deforestation. Companies have also started implementing concrete programs in the field. However, more time is needed for impact to be visible (in terms of reduction of deforestation and restoration of degraded forests).

PROGRESS ON KPIS

Number of producers/workers/community enterprises reached by service delivery



Program co-funding ratio (2019)



KEY ACHIEVEMENTS PER PROOF OF CONCEPT

POC 1 - FARM & COOPERATIVE INVESTMENT PROGRAM (FCIP)

Enabling the development of professional cooperatives/entrepreneurial farmers and creating a sector-wide enabling environment for farmers and cooperatives, including engineering financial products to reach (cocoa) producers, will lead to empowerment of cooperatives and farmers in the financial space, and will improve their ability to access and use finance for investments in both farm and non-farm activities (e.g. health, education).

At governance level, FCIP has been instrumental in mobilizing the private and public sectors to launch the Agribusiness Market Ecosystem Alliance (AMEA) local network in Côte d'Ivoire. Alongside this, global guidelines and criteria for the definition of professional farmers' organization have been promoted among FCIP partners (notably six financial institutions, four agribusinesses and Conseil du Café-Cacao) to be integrated in their capacity building strategy. Particularly, professional organization criteria have been integrated in the Conseil du Café-Cacao (board for coffee and cocoa in Côte d'Ivoire) strategy to address farmers' professionalization.

At business level, FCIP financial institution partners have been convened to share experience and knowledge so that they can provide better oriented and more effective service delivery to farmers and cooperatives in terms of access to financial products and services. Six financial institutions started providing financial services and products for cooperatives and farmers, such as ordinary and digital savings accounts, savings mobilization, inputs credit, school credit, leasing, micro-insurance and financial literacy. They have improved their services to cooperatives by building and strengthening their agri-finance services units. Moreover, five of the six financial institutions started providing additional finance for cooperatives for cocoa purchase, thus gradually building their working capital finance, which is critical for cooperative operations. Agribusinesses have improved their services to cooperatives and farmers by providing additional trainings and cooperatives capacity building.

ScopeInsight assessments show that cooperatives have improved their professionalization and are more bankable. 157 cooperatives received working capital from financial institutions amounting to €22 million, while 66 cooperatives received truck loans/leasing from financial institutions for €2.8 million. For increased transparency in the sector, in-depth information on cooperatives has been collected through dashboards. One dashboard is currently available but needs further improvement.

At field level, training and coaching activities have continued, focusing on good agricultural practices, farmer development plans, farm business plans and financial literacy, reaching 123,000 producers. Simultaneously, 42,237 bank accounts were opened with cumulative savings of €5,437 million. Farmers increased their access to inputs credit, school loans, and micro-insurance finance. Digitalization has been rolled out, with over 14,847 transactions being recorded for operations such as school loan reimbursement, savings as loan guaranties, micro-insurance subscription, and reimbursement of non-completed services.

POC 2 - COCOA NUTRITION PROGRAM

Develop, validate and benchmark different models to be applied by the cocoa industry to effectively address underlying causes of malnutrition through gender-sensitive farm services leading to improved diets.

At sector-governance level, a Statement of Support to integrate food security and nutrition within company service delivery models and cocoa sustainability programs in Ghana and Côte d'Ivoire was signed by four top cocoa companies (Cargill, ECOM, Olam, and Touton) during World Food Day on 16 October 2019. This statement signaled important momentum for public-private

collaboration on nutrition and food security in cocoa-producing communities. The statement was launched during a multi-stakeholder event co-hosted by IDH and the Ghana Health Services (GHS) as part of the IDH's Cocoa Nutrition Learning Platform that convenes public and private-sector partners to share learnings and further deepen the impact and scale of effective models for improved nutrition and food security within cocoa supply chains.

At business level, there are four pilot projects focused on facilitating access to inputs and services, integrating nutrition in farming training, and setting up Village Savings & Loans Associations (VSLA) structures. In these projects, IDH promoted investments from three top trading and three brand companies in partnership with GAIN in Ghana and with CARE in Côte d'Ivoire. In Ghana, companies identified strategies to scale up their services, by leveraging the learnings from the pilot projects and adapting them in their wider service delivery model accordingly. Building on this experience, IDH is planning to conduct SDM analyses with Cargill and ECOM to identify the opportunities for securing market links to wider supply chains in both Ghana and Côte d'Ivoire.

At field level, a total of 3,078 household members were trained (80% women) with an estimated 18,468 people (average of six people per household) benefiting from increased knowledge and improved nutrition practices. An impact evaluation is planned in 2020 to assess individual and household impact of the training on nutrition practices.

POC 3 - COCOA & FORESTS INITIATIVE

The Cocoa & Forests Initiative is recognized as a leading action-oriented public-private-civil society partnership able to effectively end cocoa-related deforestation and to support forest restoration in key cocoa-producing countries, starting with Côte d'Ivoire and Ghana.

IDH facilitates the Cocoa & Forests Initiative (CFI), which is a public-private-civil society platform set up at national level in Côte d'Ivoire and Ghana. In 2019, major progress was achieved by CFI in terms of strengthening the policy environment, as well as releasing and implementing company action plans. However, it will take more time to achieve measurable impact in the field, in terms of reduced deforestation rates and increased forest restoration.

At governance level, important progress was achieved in terms of public policy:

- In Côte d'Ivoire, a new Forest Code was adopted, and its related decrees of application are now in the process of being released. In particular, the CFI Secretariat (which IDH is part of) ensured CFI stakeholders provided input into the decrees. The Forest Code and related decrees are critical to CFI as they acknowledge that some classified forests have a high rate of degradation and human occupation, and must therefore be managed differently from well-preserved forests.

- In Ghana, CFI helped progress the discussion on tree tenure, by creating a tree registration system. Changes in tree tenure policy are critical to ensure that farmers have rights over the trees they plant on their farms.

- In both Ghana and Côte d'Ivoire, the CFI governance structure is operational under the leadership of the Ministry of Land and National resources (MLNR) in Ghana, and the Ministry of Environment, Water & Forests (MINEF) in Côte d'Ivoire.

In terms of change in business practices, in March 2019, CFI signatory companies released their initial CFI action plans. These plans spell out the first steps that will be taken over the 2018-2022 period, and feature initial targets on forest protection and restoration, sustainable production and farmers' livelihoods, and community engagement and social inclusion. Companies immediately started implementing their plans, and the aggregated achievements from the 35 signatory companies in Ghana and Côte d'Ivoire include:

- Traceability: 1,050,800 farms mapped in companies' direct supply chains;
- Promotion of agroforestry practices: 4,285,940 multi-purpose trees distributed to farmers for agroforestry;
- Community awareness activities: 2,980 community consultations convened.

In terms of field-level sustainability, the CFI Secretariats in Côte d'Ivoire and Ghana started carrying out initial awareness workshops in the CFI priority regions that were identified in the CFI National Implementation Plans released in 2018. These activities, which will be continued in 2020, aim to ensure that the practical implications of the CFI Framework for Action are well understood by landscape stakeholders.

Additional information on CFI achievements can be found in the CFI 2019 Annual Report.

OTHER ACTIVITIES

COCOA ORIGINS PROGRAM

The Cocoa Origins Program has contributed to the Dutch commitment to 100% sustainable cocoa consumption and production in 2025, through adding value and improving sustainability on the ground, and transforming the Dutch consumer market towards full sustainability.

The Cocoa Origins Program (COP) aims to transform the Dutch consumer market for cocoa consumption to be fully sustainable, and to encourage additional investment in cocoa-producing countries. To do so, two calls for proposals were launched and led to the selection of seven projects in Peru, Colombia, Sierra Leone, Ghana and Cameroon, which started implementation in October 2018 and October 2019 respectively.

At sector-governance level, IDH has helped increase visibility and reach of the selected projects to new markets. IDH actively communicated and promoted the Cocoa Origins Program during international events, such as the Chocoa Conference in February in Amsterdam. In parallel, we promoted the program to organizations like the Association of Bakeries and Sweets (VBZ) and Association of Retail and Food Service (CBL) in the Netherlands. Meanwhile, we engaged with several individual companies and retailers, such as Albert Heijn, to build a governance structure that can attract other retailers and members of CBL and VBZ to join the "open chain" principles championed by Tony's Chocolonely.

At business practices level, through the seven projects, 16 replicable and scalable cases were developed based on their potential to be scaled up or replicated in another geography. This is achieving living income, cadmium reduction, agroforestry, conservation and biodiversity, improved quality and productivity, and farmer professionalization. A total of 14 Dutch actors are being supported to engage in the origin of their value chain (target: 10); 16 new or strengthened supply chains are being established (target: seven) from the origin country and are traceable to the Dutch consumer market.

At field level, the program led to the production of 4,610 metric tons of cocoa with an estimated value of €6,101,376 related to sustainability projects in origin. A total of €3,865,875 in investments was made by private partners in order to bring value to the cocoa producers, and leverage other investments from third parties. The traceability of the supply chains contributes to 2,340 metric tons of products (including non-cocoa content of the products) ending up on the Dutch market, with an estimated value of €3,743,096 on the consumer market.

CAMEROON: ROADMAP TO DEFORESTATION-FREE COCOA AND THE GREEN COCOA LANDSCAPE PROGRAM

Address cocoa-related deforestation and support forest restoration in Cameroon through public-private-civil society partnerships at national and landscape level, with the objective of transforming the cocoa sector into one that protects forests and enhances farmers' livelihoods in Cameroon.

At sector-governance level, in January 2019 IDH launched the Roadmap to Deforestation-Free Cocoa, a public-private-civil society partnership that operates at national level to support the design and implementation of new policy instruments, guidelines and action plans to prevent and address cocoa-related deforestation in Cameroon. As part of this initiative, IDH facilitated a consultation process to develop a Joint Framework for Action towards deforestation-free cocoa that brought together more than 200 stakeholders from the public and private sectors, civil-society organizations, farmer organizations, research institutes and other partners. The Joint Framework for Action is expected to be signed in early 2020.

At business practice and field level, in collaboration with WWF, IDH started developing a landscape program that aims to promote sustainable development of the Cameroonian cocoa sector, contribute to forest protection, and create sustainable livelihoods for farmers and surrounding communities in three selected landscapes in Cameroon. In 2019, the activities focused on scoping out the program and identifying the landscapes that would be suitable. The landscape program will serve as the pilot of the policy reforms and actions designed at national level, through the Roadmap to Deforestation-Free Cocoa.

COCOASOILS

Sustainable intensification of cocoa production through the development and dissemination of integrated soil fertility management recommendations to increase the income of 90,000 smallholder cocoa farmers in West and Central Africa.

In collaboration with the International Institute for Tropical Agriculture (IITA) and Wageningen University & Research (WUR), IDH coordinates the CocoaSoils program that aims to generate increased knowledge of cocoa agronomy and nutrient management through Research for Development (R4D), and to disseminate this knowledge to cocoa farmers through existing networks within the Partnership for Delivery (P4D).

At sector governance level, IDH coordinated the formalization of the program partnership by developing and getting the CocoaSoils legal framework signed by 18 partners from the public sector, private sector, and (inter) national research institutes. In addition, IDH has established partnership committees in Cameroon and Nigeria that aim to validate the recommendations made by the program within the national frameworks and promote the dissemination of these recommendations. In 2019, IDH also organized a CocoaSoils Forum in Ghana to promote the program and increase uptake of the recommendations developed by the program.

At business practice level, IDH coordinated the collaboration of private-sector partners to integrate tools and methods developed within their existing curricula for cocoa farmers. This will ultimately lead to increased yields and productivity at field level.

BEYOND CHOCOLATE AND THE DUTCH INITIATIVE ON SUSTAINABLE COCOA

Improve the living conditions of cocoa farmers, their families and the surrounding environment, which export to the Belgian and Dutch market, through sector-wide commitments towards a living income, ending deforestation and child labor.

In cocoa-consuming countries, IDH is facilitating sector-wide partnerships to mobilize companies, government and civil society to address living income, deforestation and child labor in the cocoa sector. In Belgium, the Beyond Chocolate partnership aims to address these challenges. The Dutch cocoa and chocolate sector started developing a similar partnership through the Dutch Initiative on Sustainable Cocoa.

At sector governance level, IDH coordinated the implementation phase of Beyond Chocolate by establishing the full governance structure through convening a steering committee, thematic working groups, and a general assembly. IDH also started developing an accountability, monitoring and evaluation framework that tracks the progress of the commitments made by the signatories and helps define future strategies. The framework is expected to be finalized in 2020.

In the Netherlands, IDH started convening the Dutch cocoa sector towards signing commitments around issues linked to the Dutch cocoa sector, such as living income, ending deforestation and forest degradation, and ending child labor and forced labor. This initiative follows the Letter of Intent signed in 2010 relating to sustainable cocoa and chocolate consumption in the Netherlands, which aimed for all chocolate sold being certified. The Dutch Initiative on Sustainable Cocoa commitments are expected to be signed in 2020.

At business practice and field level, in December 2019 IDH launched a call for proposals to work with partners from the Beyond Chocolate partnership to: i) develop and design new innovative sustainability projects to achieve the Beyond Chocolate impact targets; and ii) improve, innovate, scale up and accelerate the effectiveness and efficiency of existing sustainability initiatives in the Belgian chocolate sector. The projects are expected to start in 2020.

LESSONS LEARNED

Farm & Cooperative Investment Program

A key success of the FCIP is that financial institutions provided working capital to cooperatives, which was previously dominated exclusively by agribusinesses. This indicates that cooperatives are gaining importance by becoming more professional, and financial institutions are willing to take more risks in investing in cooperatives.

FCIP is contributing to improved living conditions for farmers, helping them to secure their income and save money from the sale of cocoa and invest it in previously unmet needs such as health, school fees, and investments into their farm. The school loans have largely contributed to improving children's education in the targeted communities. Participation in the program increased farmers' overall motivation and commitment to cocoa farming. Continuity in service delivery and trade relationships were highly appreciated and resulted in greater trust. The program also improved group cohesion between farmers, which further increased motivation.

Activities that are still challenging include the introduction of an electronic voucher system[1] for inputs finance, the development of small savings and loans schemes to farmers, and the development of agriculture insurance which requires strong data availability. Similarly, long-term investments have not yet been effective specifically in terms of agroforestry or renovation finance. This requires building more partnerships and setting up strong risk mitigation mechanisms.

Cocoa Nutrition Program

Key successes of the Cocoa Nutrition Program include:

- The development of a common ambition among top cocoa traders to accelerate the integration of nutrition and food security as part of their service delivery to farmers, and sustainability programs aimed at improving farmer livelihoods and living income;
- A common learning agenda between industry, producing governments and NGOs through a regional learning platform;
- Support to companies through monitoring expertise, guidance on scaling up nutrition, and communication briefs.

Key challenges include scaling up the integration of nutrition as part of company service delivery models rather than only through community approaches, which are not directly linked with the long-term business model of both the company and the farmer.

Cocoa & Forests Initiative

As we moved from the release of the company action plans in March 2019 towards implementation of the CFI commitments, we continued to experience the complex nature of CFI, and how governments' and companies' commitments and actions are intertwined. In particular, critical success factors include:

- Ensuring a common understanding of the objectives, roles and responsibilities of all CFI stakeholders (public sector, private sector, CSOs), as well as of the time and resources required to achieve the commitments;
- Ensuring engagement of all stakeholders (including various ministries and government structures) that work on agriculture-related deforestation, and helping coordinate their actions;
- Maintaining an open, constructive and results-oriented dialogue between all CFI stakeholders (public sector, private sector, CSOs).

Despite our efforts to support the Ghanaian and Côte d'Ivoire governments on selecting a service provider for a national forest monitoring system, we were not able to make progress on that point in 2019. However, dialogue has been initiated with the governments to make this a priority for 2020 in order to have appropriate tools/systems in place to help review and analyze national-level deforestation rates and translate these into a visible reduction in deforestation.

1 The e-voucher system is a flexible market development tool that allows farmers to buy certain types of inputs from agro-dealers that accept the e-vouchers as partial or full payment.

KPIs Cocoa

Result area 1 - Change in business practices

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA1. Output 1	Private-sector (sustainability) investments in the program	NA	€11,531,462	€2,300,000	€2,475,447	€4,000,000	€3,250,466	Total: €5,894,828 Disaggregated by POC: POC1: €4,994,828 POC 2: €600,000 (Ghana) + €300,000 (Côte d'Ivoire) = €900,000	€8,116,516	€25,373,891	114%	€10,005,172	€22,200,000	€22.2 million was in the AP 2019 and AR 2018.
RA1. Output 1	Co-investment ratio	1:1.5	1:6.1	1:1.5	1:2.5	NA	1:2	1:2	1:3			1:2	1:2	
RA1. Output 2	Other sources of public or private investments/ funding leveraged by the program	0	€7,038,428	€0	€97,200	NA	€180,072	€0	Contribution of Conseil du Café Cacao (€733,280)	€7,951,780	400%	0	€2,000,000	
RA1. Output 4	Business cases developed to demonstrate the potential of sustainable practices	0	0	0	1	2	7	8	Total: 3 POC 1: 2 (FFB Report, SCOOPE Insight 2019 Report) POC 2: 1 (Cargill CdI)	10	143%	0	7	Cumulative 2020 target was increased from 6 to 7 in 2019.
RA1. Outcome 3	IDH participation in relevant landscape and/ or commodity platforms	NA				NA	1	NA	4 (Participation of FCIP team at the JNCC, AMEA, Solidaridad investment forum, UNEP)	5	250%	2	2	

Result area 2 - Improved sector and landscape governance

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA2. Outcome 4	Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources	1	0	0	0	1	1	2	2 (Lauch of the Coop assessement and farmers identification by the CCC, MOU with the National Agency for Financial Inclusion (APIF))	3	150%	2	2	

Result area 3 - Improved field-level sustainability

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA3. Output 2	Number of producers/workers/ community enterprises reached by service delivery	6,000	4,429 (3,233 men and 1,196 women)	10,000 (10% women)	48,545	50,000 segregated by gender	Program total: 164,401 (151,303 men and 13,098 women) Male trainee POC 1 total: 150,733 • Cargill: 105,754 • BC: 25,905 • Advans: 16,160 • Cocoanect: 562 • Unacoopec ci: 2,352 Female trainee POC 1 total: 12,642 • Cargill: 5,566 • BC: 1,773 • Advans: 5,073 • Cocoanect: 6 • Unacoopec ci: 224 POC 2: 570 (114 men (20%) and 456 women (80%))	POC 1: Training (good agricultural practices (GAP), farmer field book (FFB), agribusiness): 155,000 (147,245 men and 7,755 women) Financial services (micro-insurance, school loan, inputs loan, saving accounts): 71,000 (63,900 men and 7,100 women) POC 2: Training (diet diversity (change in practices, access to horticulture and animal rearing inputs and training, income-generating activities); water and sanitation; early childhood nutrition): 5,900 (1,870 women, 1,430 men, and 2,600 children in Ghana; Côte d'Ivoire TBC)	Total: 258,469 (240,120 men and 18,349 women) FCIP: Training GAP, FFB, financial literacy): 123,415 (116,763 men and 6,652 women) Coaching: 92,943 (88,111 men and 4,658 women) Financial services (micro-insurance, school loan, inputs loan, saving accounts, wallet, solar kit loan, micro-loan): 46,046 (34,738 men and 5,006 women) POC 2: 2,541 (508 men (20%) and 2,033 women (80%))	FCIP: Training and coaching GAP, FFB, financial literacy): 123,415 (116,763 men and 6,652 women) Financial services (micro-insurance, school loan, inputs loan, saving accounts, wallet, solar kit loan, micro-loan): 79,899 (62,116 men and 11,470 women) Nutrition: 3,111 (80% women)	138%	POC 1: 20,000 farmers have (mobile) bank accounts POC 2: 4,100	Total 150,000 (10% women) POC 1: 140,000 POC 2: 10,000	2018 result for POC 2 changed from "Male trainee POC 2 total: 1,159" and "Female trainee POC 2 total: 555" to "POC 2 total = 570" due to double counting in AR 2018.
RA3. Outcome 1	Adoption rate of improved practices by producers/ workers/community members	NA	NA	NA	NA	NA	NA	POC 2: 5,900 (1,870 women, 1,430 men, and 2,600 children in Ghana; 365 proposed in Côte d'Ivoire (TBC) 100% trained)	NA for this reporting period - planned for end of program evaluation	NA for this reporting period - planned for end of program evaluation		POC 2: 80%	20,000 farmers (66% of total population of producers and workers)	
RA3. Outcome 2	Farmland area where trained practices are applied (hectares)	2,000	5,768	10,000	32,727	NA	NA	NA	NA	NA	NA	NA	NA	

Result area 3 - Improved field-level sustainability

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
Project-level Indicator	Number of cooperatives receiving medium and/or long-term lending products	0	0	0	0	125	94 cooperatives for €2,753,503 Truck loans and truck leasing to 23 cooperatives of €862,482	134	Total coops: 221 219 coops for input loans 157 coops for working capital 221 coops for truck loans 218 coops trained 192 coops coached	358 coops that recevied training, coaching, and loan	119%	41	300 (at least 10 women's coops integrated in the process)	The number of coops are cumulative as each year we work with a number of coops that we continue to work with the following year. Therefore we cannot report on results per year.
Project-level Indicator	Volume of loans disbursed	0	0	0	0	€10,000,000	€2,753,503	€3,147,480	Total: €151,942,8777 Volume of loan disbursed by FI (€40,990,877) made up of input loans, working capital, truck loan, VSLA loan, school loan, solar kit loan, micro-loan. Prefinancing disbursed by agribusiness (€110,952,000)	Total: €214,314,547 Agribusiness investment (€158,597,839 with input loans and prefinancing) FI investment (€55,716,708 of input loans, working capital, school loan, solar kit loan, VSLA loan, truck loan, micro-loan)	437%	0	€49,000,000	
Project-level Indicator	Private-sector companies committing to the nutrition initiative	0	0	0	0	3	3	1	1	4	67%	2	6	

Coffee

Low prices dominated the coffee sector in 2019. With coffee prices below US$1 per pound of coffee, farmers are unable to earn decent livelihoods growing coffee beans, inhibiting their ability to invest in their farms, let alone reach a living income. In addition, coffee is under threat from climate change.

In 2019, the production of coffee increased by 8%, with Brazil (37%), Vietnam (18%), Colombia (8%) and Indonesia (6%) as the main coffee-producing countries (according to International Coffee Organization (ICO), 2019). Meanwhile, 80% of the world's coffee is produced by 25 million smallholders.

The price crisis shows the need for a living income approach in coffee. The coffee program builds innovative service delivery systems that enable smallholder resilience through income diversification, and facilitates responsible use of agro-inputs and access to finance. In addition, in 2019 IDH's coffee program convened the Taskforce Coffee Living Income and participated in other multi-stakeholder coalitions working on shared commitments, pricing guides, sourcing models and diversified income streams at farm-level, all contributing to the living income discussion.

Working at field, business and sector level is also the approach for water use and climate-smart agriculture (CSA). Water overuse is an issue in Vietnam, which became apparent when in 2016-2017 farmers lost up to 40% of their yields to droughts. Weather events that affect coffee production are becoming more frequent globally. The POC on water and CSA addresses this via SDMs, training and sector coalitions.

By addressing smallholder resilience, water and climate-smart agriculture, and responsible use of agro-inputs at field, business and sector levels, the coffee program has set itself up to address living income and climate change. The learnings taken from previous years provide insights that will advance the living income and climate change debate, but also show the need for good data and the right tools.

PARTNERS

Private
Ahold Delhaize, Caravela Coffee, ECOM, Intimex, J. M. Smucker Company, Jacobs Douwe Egberts (JDE), Lavazza, Louis Dreyfus Commodities, Mercon, Mother Parker's Tea & Coffee Inc., Mountain Harvest, Nedcoffee, Nespresso, Nestlé, Neumann Kaffee Gruppe, Olam, PT Asal Jaya, S&D Coffee&Tea, Simexco, Sucafina, Starbucks, Taylor's of Harrogate, Tchibo, Volcafe

Public
Governments of Colombia, Indonesia, Uganda, Vietnam, and International Coffee Organization (ICO)

Other
Café Africa, Coffee Quality Institute (CQI), Conservation International, Fairtrade, Federacion National de Cafeteros de Colombia (FNC), Global Coffee Platform (GCP), Hanns R Neumann Stiftung (HRNS), Hivos, Ikea Foundation, Living Income Community of Practice, Partnership for Gender Equity, Rainforest Alliance, Solidaridad, Specialty Coffee Association (SCA), Sustainable Coffee Challenge (SCC), Sustainable Food Lab, TechnoServe, European Coffee Federation (ECF), Royal Dutch Coffee and Tea Association (Koffie en Thee Nederland)

Relevant Sustainable Development Goals

PROGRESS TOWARDS 2020

In 2019, the IDH coffee program convened the Taskforce Coffee Living Income, including the six largest roasters and the three largest traders, to provide a Strategy Handbook on effective sourcing and pricing practices that coffee companies can adopt to help close the living income gap. In collaboration with Conservation International (CI), the Global Coffee Platform (GCP), the Specialty Coffee Association (SCA) and the Hans R. Neumann Stiftung (HRNS), the coffee program also published the Brewing Up Climate Resilience in the Coffee Sector report, highlighting climate risks, potential solutions and investment opportunities in the coffee sector.

At business level, the coffee program partners with companies to develop service delivery models (SDM). In 2019, eight SDM analyses in five countries were performed with nine different companies. The Neumann Kaffee Gruppe (NKG), Ecom, Sucafina, Volcafe, Nespresso and JDE recognized SDM as a useful tool in assessing the economic viability of their sustainability strategies, leading to stronger and more services delivered to smallholders, strengthening their livelihoods. In 2019, technical assistance projects were started with six SDMs to show economic viability at the business level.

At field level, 30,589 farmers in seven countries were trained in 12 projects, while 24,194 farmers were reached with service delivery. In Vietnam, a commodities approach was integrated with a landscape approach, integrating farm-level and community interventions in a jurisdiction. This allows scaling beyond projects to a potential 11,000 farmers and 9,500 hectares. In addition, the program was rewarded a grant from the Ikea Foundation for scoping an initiative to build farmer livelihood resilience through blended service delivery in Kenya and Uganda.

TRAFFIC LIGHT ASSESSMENT

PROGRAM OVERALL

With the exception of POC 2, the program is on track. In the last two years, the program has incorporated SDMs and Farmfit as part of the coffee work, and has aligned with the landscapes work wherever needed (Vietnam). This is now paying off, with clear business interest and good positioning in the sector.

POC 1 - SMALLHOLDER RESILIENCE

Diversification

- 2016-2019: 12 SDM analyses done on farmer income diversification with the top six traders and two large roasters, specialty traders and local companies.
- 117,929 farmers trained and 23,889 farmers reached via service delivery.
- Three SDMs implemented service delivery for multiple on-farm income streams.

Gender

- One company implemented gender transformative strategies inside their company and with their supplier base.
- Three companies deliver household decision-making training and several companies plan their services to include as many women as possible.

POC 2 - WATER AND CLIMATE-SMART AGRICULTURE

2016-2019: Many different systems and models piloted, but no business case for irrigation found. 65,000 farmers trained via the national sustainability curriculum that IDH co-developed. Adoption rates among farmers are highly variable, but average 35-40%. Three SDM analyses performed and two are now in technical assistance phase. One SDM analysis to be performed and developed into a technical assistance project. Roadmap for companies developed. First community plan for irrigation in implementation. No solution for scale proven yet.

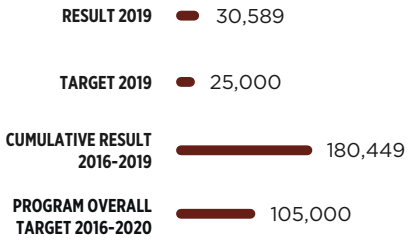
Outside of Vietnam, an additional 98,104 farmers trained on GAP training that includes climate-smart agriculture.

POC 3 - RESPONSIBLE USE OF AGRO-INPUTS

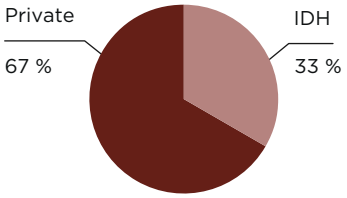
2016-2019: 114,149 farmers trained on fertilizer use and 33,649 farmers reached via fertilizer service delivery. 16,778 farmers received financial services. Six SDM analyses performed and translated into four technical assistance projects and two in pipeline. One blended finance deal.

PROGRESS ON KPIS

Number of producers/workers/community members trained on key subjects for sustainable production, environmental and social sustainability



Program co-funding ratio (2019)



KEY ACHIEVEMENTS PER PROOF OF CONCEPT

POC 1 - SMALLHOLDER RESILIENCE

Through innovative service delivery ecosystems, income resilience (diversification and productivity) and joint household/business decision-making (improved gender equality and youth engagement), smallholder resilience will be strengthened, and the coffee supply base will be more stable and sustainable.

In 2019, low coffee prices showed the necessity for this POC. With plummeting coffee prices, the Taskforce Coffee Living Income was convened. IDH's coffee program commissioned this taskforce, organized two physical meetings, held many data collection interviews with supply chain partners (producer organizations, traders, roasters and retailers) representing roughly 25-30% of global coffee trade and 50-60% of Colombian coffee trade, and analyzed pricing and sourcing models in coffee in Colombia to reach recommendations for the sector. One of the important conclusions is that there is a need for combined interventions at farm, business and sector levels to enable farmers to become more resilient to price fluctuations and reach a living income. Although our research revealed that we need holistic, multi-dimensional interventions across the supply chain, our 2018-2020 strategy focused more specifically on interventions at production level, which targeted increased productivity of coffee and improved diversification practices and services.

To enable these productivity improvements and support farmer diversification, the coffee program is creating service delivery ecosystems that support service delivery for the total farm system. After an SDM analysis in 2018, Ugacof started implementing a blended service delivery model for coffee and bananas in Uganda. In Vietnam, a service delivery model for both coffee and pepper was launched with Simexco. Both models show that combined service delivery is not only good for farmers, but can provide a business case for coffee companies and related service providers. Given that both projects started in 2019, the results look promising, but don't show hard data yet. Service delivery of shade trees for agroforestry systems was launched in two additional projects: Ecom in Vietnam and Nedcoffee in Indonesia. Six more SDM analyses with diversification strategies were performed in Uganda (two), Rwanda (one), Kenya (one) and Indonesia (two). In addition, NKG in Uganda implemented gender-transformative strategies to improve the gender balance within their company.

In field-level projects, 30,589 farmers (18,858 men and 7,286 women) were reached with diversification training as part of GAP, while 6,703 farmers (5,443 men and 1,260 women) were reached with seedling service delivery. In Indonesia, together with PT Asal Jaya, 130 farmers received goats and beehives in addition to agroforestry trees to diversify their income.

On gender at field level, training on household decision-making is being delivered in three projects. In addition, several companies are gender aware and plan their services to include as many women as possible (flexible training hours based on women's schedules, negotiating with coop leadership for greater women's participation/representation).

The coffee program also acknowledged the limitations of service delivery in some countries where coffee is traded in liberalized policy environments and multiple actors are involved. To better understand these opaque, multi-tiered trade systems, we conducted in-depth market analysis in Colombia, Indonesia, Vietnam and Uganda to begin strategizing how to involve small traders and "middlemen" in sustainable production and trade of coffee.

POC 2 - WATER AND CLIMATE-SMART AGRICULTURE

Through policy dialogue, testing field-level innovations and innovative financial solutions, economically viable and water-efficient smallholder irrigation access will be rolled out at scale, leading to less water use (Vietnam) and more climate-smart production systems (Uganda and Tanzania).

In Vietnam, the coffee program has been working on finding economically viable ways for farmers to reduce their water use. In 2016-2018, various irrigation systems were tested at field level by the landscape and coffee

programs. The coffee program aimed to scale up the use of these systems via financial mechanisms. In 2018, a financial analysis was performed, showing that farmers cannot afford high-tech irrigation systems. To mitigate this challenge, IDH developed a program in which farmers could apply for a 50% subsidy, together with Ecom, Simexco and the World Bank program Vietnam Sustainable Agriculture Transformation (VnSAT).

Due to the high price of the high-tech irrigation systems and the low coffee prices, farmers were neither able nor interested to invest. At the same time, the coffee program commissioned a study to analyze the various irrigation systems and farmer incentives to use these systems. This analysis confirmed the field-level observations: it is difficult for farmers to invest in high-tech irrigation systems. As a result, we worked with Simexco and irrigation companies on two different solutions: 1) low-tech systems that allow water use and soil moisture to be measured, but are a lot cheaper; and 2) communal water-use plans in which equipment can be shared (like weather stations). These were implemented for 60 farmers in Vietnam. Finally, a water expert was consulted to provide a roadmap for water reduction in the Krong Nang and Di Linh districts, Central Highlands. The outcome of this roadmap is to focus on water management at community level. The private sector, local government, VnSAT/WB program and farmers have committed to this roadmap. In 2020, the infrastructure will be set up for five systems in two districts, covering 110 hectares of coffee and intercrops. In 2020, we will analyze how the maintenance of the communal systems can be made economically viable.

Water use was also recognized as one of the threats to coffee in the *Brewing Up Climate Resilience in the Coffee Sector* report (2019). In this report, IDH, Conservation International, the Global Coffee Platform, the Specialty Coffee Association and the Hans R. Neumann Stiftung analyzed the risks of climate change to coffee, the potential solutions, and the investment options for climate and coffee. This report was disseminated to the sector and led to further discussions about setting up a public-private initiative for climate and coffee.

Finally, 30,589 farmers in Uganda, Tanzania, Indonesia and Vietnam were trained on climate-smart agriculture as part of seven projects.

POC 3 - RESPONSIBLE USE OF AGRO-INPUTS

Through policy dialogue, innovative finance deals for input financing, and innovative SDM ecosystems, agro-input use is made economically viable and more environmentally responsible, leading to less pollution and increased income for smallholder farmers.

Agro-input use is very different in Vietnam, Indonesia and Uganda, but common to all are significant counterfeits in the market, low awareness of the appropriate type and use of inputs, and lack of access to finance. The coffee program convened coalitions around agro-inputs and access to finance in Uganda and Vietnam, and started scoping for a taskforce in Indonesia. In Vietnam, a credit expert is working on a roadmap towards access to finance for farmers, and in Uganda the fertilizer working group is connecting agro-input companies to farmers.

At business level, different models were tested in Uganda, Indonesia, Vietnam, Colombia, and Laos. Based on earlier SDM analyses, the Neumann Kaffee Gruppe (NKG), Ecom and Simexco implemented service delivery models for agro-inputs and access to finance. All three recognize the importance of these service delivery models for their business. NKG is extending fertilizer and finance services to cover 10 countries, reaching 300,000 farmers by 2030. Ecom is looking for opportunities to scale up as well, and is searching for innovative financing options to increase the reach of their crop doctor model. Via a comparative SDM analysis, the economic viability of their model was analyzed in different regions.

At field level, 11 projects are working on implementing responsible agro-input use, reaching 30,589 farmers via training and 13,100 farmers via service delivery. Simexco and Volcafe are involving coffee collectors and local agro-inputs suppliers, while NKG, Ecom, Sucafina, and Mountain Harvest are building service delivery structures into their direct sourcing models. Nedcoffee and Mountain Harvest are supporting farmers to create their own agro-inputs. With Nedcoffee, the farmers are already reporting good results, and the agro-inputs are currently being tested by the University of Lampung for their capacity to enhance soil condition. The farmers are also selling these agro-inputs to their neighbors, making an

alternative income. In Laos, rotating funds enable farmers to produce compost from pigs and coffee waste, while under the project with PT Asal Jaya, goats' urine is being used to fertilize the soil using waste from the farm.

Regarding financial services, NKG is transitioning farmers to digital payments and is prototyping micro-credit services. Mountain Harvest and Volcafe are planning to organize farmer VSLAs and SACCOs to enable better savings and farm investments in 2020 in Uganda, while Olam started this in 2019 with 100 farmers in Laos. NKG, Sucafina, DAE and Ecom in Vietnam supply fertilizer on credit to 6,063 farmers in Uganda, Tanzania and Vietnam. PT Asal Jaya and Ecom in Indonesia and Simexco in Vietnam are organizing farmers into farmer groups and linking them to financial institutions for access to capital.

These different approaches represent local realities, but also aim to scale up via access to finance and topic-specific coalitions.

LESSONS LEARNED

Local government involvement

The coordination in Vietnam between the IDH landscapes and coffee program works well. A jurisdictional – landscapes – approach allows the involvement of local government, while under the coffee program SDMs are developed within that jurisdiction. Having local governments involved enables us to reach a larger share of farmers through service delivery.

Coffee prices

Low coffee prices have a significant influence on the impact and adoption of interventions. Farmers cannot afford to pay for agro-inputs or renovation and rejuvenation practices, or to take the risk that they might lose income when renovating their farms.

Access to finance

Access to finance underlies successful implementation and adoption of SDMs. Most SDMs predict that farmer incomes will rise, but in order for that to happen, farmers need access to capital to start paying for services. The Farmfit Fund aims to bridge this gap, as has been successfully shown in the NKG Bloom project.

Service delivery viability

Service delivery is not viable for all farmers – companies are starting to recognize the need to segment farmers into groups to target specific services to specific farmers and to take a step-by-step approach to get farmers ready for service delivery.

Co-dependent services

Delivering co-dependent services to farmers by multiple partners can be challenging, as business incentives change over time and sometimes partners' strategies become competitive instead of complementary. It requires clear delegation of responsibilities, continuous communication and coordination. Some partners underestimate the resources needed to do this well.

Business case

Scaling up irrigation technologies at farm level in Vietnam does not deliver a business case for farmers. Working on an area-based and community-based approach in combination with simpler irrigation systems presents a new opportunity for scaling up water reduction interventions.

KPIs Coffee

Result area 1 - Change in business practices

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA1. Output 1	Private-sector (sustainability) investments in the program	€8,000,000	€8,210,365	€5,000,000	€9,285,039	€3,556,920	€3,630,048	€3,606,460	€3,647,380	€24,772,832		€4,200,000	NA	Program overall target (2016-2020) is adjusted back to the target set in AR2018 for consistency.
RA1. Output 1	Co-investment ratio (1:X)	NA	1:2.5	1:1.5	1:3.1	NA	1:2.2	NA	1:2				1:1.5	
RA1. Output 2	Other sources of public or private investments/ funding leveraged by the program		€394,533		€270,381		€470,837		€649,189	€1,784,940				
RA1. Output 3	Market share by program partners	Roasters: 30%	Roasters: 25% Traders: 45%	Traders: 35%	Roasters: 25% Traders: 40%	Roasters: 25% Traders: 40%	Roasters: 25% Traders: 50%	Roasters: 25% Traders: 40%	Roasters: 25% Traders: 50%	Roasters: 25% Traders: 50%	Roasters: 83% Traders: 100%		Roasters: 30% Traders: 50%	The big roasters have all been onboarded. In order to raise the percentage to 30% many small roasters still need to be onboarded.
RA1. Output 4	Business cases developed to demonstrate the potential of sustainable practices	NA	NA	NA	2	4	6	1	4	12	200%	0	6	Business cases consist of both service delivery model (SDM) analyses and the translation into technical assistance projects to pilot and prove the results of the SDM analyses. Annual 2019 target is adjusted from 6 (AP2019) to 1 here is because the aim of the program was to reach 6 business cases between 2016 and 2020. Because we already reached our overall program target in 2018, we decided to focus on what we could realistically achieve in 2019.

Result area 2 - Improved sector and landscape governance

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA2. Outcome 4	Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources	2	1	5	7	1	3	1	0	10	200%	0	5	In Vietnam, research was funded that delivered recommendations for policy changes. Those recommendations were adopted, but their implementation is financed by ISLA. It is therefore reported under the ISLA program. Annual 2019 target is adjusted from 4 (AP2019) to 1 here because the aim of the program was to reach 5 policy changes between 2016 and 2020. The program aims to influence policy changes on smallholder resilience, water use reduction in Vietnam, and responsible agro-input use in Indonesia, Vietnam and Uganda. This leaves limited space for reaching policy changes. Therefore - and because we have already reached our targets - we decided to focus on what we could realistically achieve in 2019 on policy changes within these topics and countries.

Result area 3 - Improved field-level sustainability

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA3. Output 1	Number of producers/ workers/ community members trained on key subjects for sustainable production, environmental and social sustainability	505,000	62,210	45,000	55,450	Total: 30,000 (21,000 men and 9,000 women) Number of training events: no target	Total: 35,349 (23,211 men and 12,188 women) Number of training events: 9,246	25,000	30,589 (7,286 women and 18,858 men) Number of training events: 3,743	180,449	172%	0	Total: 105,000	Annual 2019 target is adjusted from 65,000 (AP2019) to 25,000 because the original target that was publised in AP2019 was set on the basis of cumulative count since 2016. When writing the AP2019, we had trained around 35,000 farmers in 2016-2018. The aim is to train 105,000 farmers in total by the end of 2020, which meant the target was set to train 65,000 farmers by the end of 2019. This is, however, a cumulative target for 2016-2019, not an annual 2019 target. In 2019, we anticipated it to be sufficient to train 25,000 farmers to be able to meet the 105,000 cumulative target 2020.
RA3. Output 2	Number of producers/ workers/ community enterprises reached by service delivery		5,025	15,000	29,778	15,000 No target on gender	Total: 26,606 Financial service delivery: 12,159 Input service delivery: 5,530 Planting material service delivery: 8,813 Irrigation service delivery: 8 Direct sourcing service delivery: 96	20,000	19,903 (5,733 women and 14,011 men) Financial service delivery: 4,387 Input service delivery: 8,655 Planting material service delivery: 6,703 Irrigation service delivery: 60 Direct sourcing: 98	81,492	102%	3,000	80,000	Annual 2019 target was adjusted from 80,000 (AP2019) to 20,000 as the original target published in AP2019 was set on the basis of cumulative count since 2016. When writing AP2019, we had cumulatively reached around 40,000 farmers. The aim is to reach 80,000 farmers by the end of 2020, which meant the target was set to reach 60,000 farmers cumulatively by the end of 2019. This is, however, not an annual target for 2019. We anticipated in 2019 that it would be sufficient to reach an additional 20,000 farmers in order to reach 80,000 farmers by the end of 2020.
RA3. Output 4	Number of trainers, auditors and/or government staff trained in the program	200	2,135	350	1,065	NA	Master Trainers trained under national platforms: 256 (216 men and 53 women)	NA	496 (154 women and 342 men)	3,952	395%	NA	1,000	

Result area 3 - Improved field-level sustainability

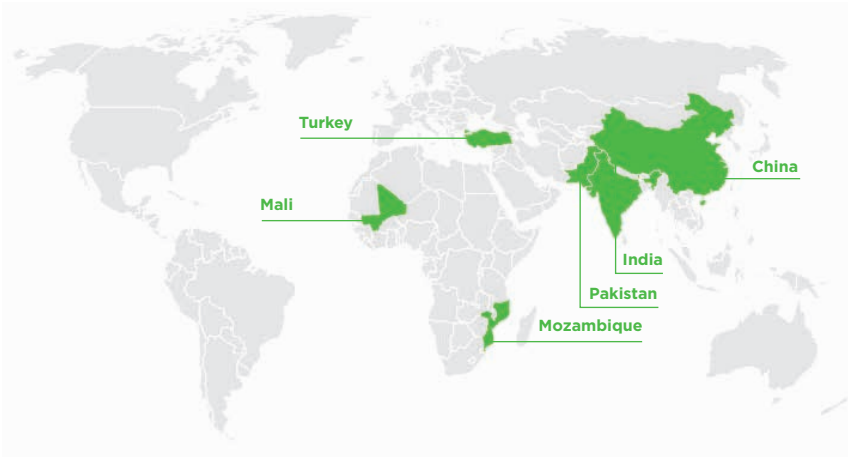
Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA3. Output 6	Number of infrastructure facilities developed	0	0	0	0	30	8	NA	55	63	42%	88	150	Moving away from high-tech solutions, towards lower-tech solutions and community ponds (see narrative).
RA3. Outcome 1	Adoption rate of improved practices by producers/workers/ community members	50%	44%	65%	61%	65%	60%	67%	57%	57%	76%	NA	75%	Adoption rate is below target. Low prices and changing weather patterns (droughts or extended rainy seasons) impact the willingness to adopt. We have changed the approach to more demo plots to show farmers the potential effects of the intervention. However, with current low pricing for coffee, many farmers are unable or unwilling to adopt the interventions.

Cotton

Cotton is the most widely used natural fiber in the world, with more than 250 million people across the world depending on cotton cultivation and processing for their livelihoods, including millions of smallholder farmers and their families.[1] Smallholder farmers represent 99% of the world's cotton farmers across 70 countries and produce 75% of the 25 million metric tons globally.[2] Owing to the large number of people employed in the cotton sector, it is one of the world's most important fibers and cash crops.

Globally, cotton only covers 2.4% of the world's arable land, but accounts for 6% of global pesticide use and 16% of global insecticide use. It takes about 10,000 liters of water to produce 1 kilogram of cotton.[3] Other sustainability issues include the impact on soil quality and biodiversity as well as profitability, working conditions, gender, health and safety, and child labor. Additionally, cotton supply chains are fragmented, spanning large geographic areas and market distances, with limited visibility from retailers into sustainability issues at different points within the supply chain.

The IDH cotton program plays a key role in addressing these challenges, with the goal of improving the livelihoods of 3.5 million smallholders and medium-sized cotton farmers by 2020, through its strategic partnership with the Better Cotton Initiative (BCI). The program aims to minimize the harmful impact of crop protection practices, promote water stewardship, improve soil health, enhance biodiversity, preserve fiber quality, promote decent work, and develop effective farm-management systems.



PARTNERS

Private
ASOS, Adidas, Bestseller, C&A, Chainpoint, Decathlon, Ergon Associates, GAP, H&M, IKEA, Levi Strauss & Co, Marks & Spencer, Nike, RBL Bank, Tommy Hilfiger, VF Corporation, Yes Bank, Arvind Group, Basil Commodities, Bharat Cotton, Canbel, CottonConnect, K.K. Fibers, Louis Dreyfus, OLAM, Plexus, Pratibha, Puneet Enterprises, Sanam, SAN JFS, Smart Agriculture, Spectrum International, STAC Enterprise, Syntex, Udyansh, Welspun, Zhongwang

Public
Songzi Agriculture Extension Center, government of Maharashtra (India), MahaCOT, GIZ, Australian government Department of Foreign Affairs and Trade (DFAT), Embassy of the Kingdom of the Netherlands in Mozambique

Other
2030 WRG, ACF, AFPRO, AKRSPI, Better Cotton Initiative, CABI, C&A Foundation, Deshpande Foundation, DSC, Dilasa, Huangmei Cooperative, IPUD, Lok Sanjh, Lupin Foundation, MYKAPS, Nongxi Cooperative, Pesticide Action Network UK, PRDIS, REEDS, Sangatani Women's Rural Development Organisation, WOTR, WWF India, WWF Pakistan, WWF Turkey

Relevant Sustainable Development Goals

1 Source: https://bettercotton.org/about-better-cotton/
2 Source: https://ejfoundation.org/resources/downloads/the_deadly_chemicals_in_cotton.pdf
3 Source: https://bettercotton.org/about-bci/how-much-water-is-used-in-cotton-production/

PROGRESS TOWARDS 2020

Volatile weather patterns caused by climate change are negatively impacting smallholder farmers globally, with increasing exposure to extreme weather events resulting in an array of sustainability challenges affecting yield, productivity, and overall livelihoods. In response, the IDH cotton program has set up two pilot programs in India and Mozambique to develop the business case for holistic investment in smallholder cotton farmer livelihoods, by convening multi-stakeholder platforms in close collaboration with state government and private-sector supply chain partners on rural transformation and development of agri-business.

The Mozambique Climate Resilience Program works with four private-sector partners to support the resilience of smallholder farmers against volatile weather conditions and poverty by leveraging access to water, inputs, and training on good agricultural practices, to provide farmers with alternative livelihoods, diversified income, and improved food intake.

The Maharashtra Cotton Water Program (MCWP) was initiated to support the resilience of smallholder cotton farmers in the state of Maharashtra, India. At field level, the program works in 37 villages in the district of Jalna, across the key pillars of climate-resilient agriculture: good agricultural practices, alternate livelihood opportunities, market linkages and soil/water management. At platform level, co-convened by IDH and 2030WRG and under the leadership of the Department of Agriculture, 40+ representatives from the public sector, global and local cotton supply-chain actors, financial institutions, and civil society have come together to develop innovative solutions to improve water use efficiency and increase the income of the cotton-farming communities in Maharashtra.

Through our strategic partnership with the Better Cotton Initiative (BCI), both as donor and fund manager of the Better Cotton Growth and Innovation Fund, IDH has contributed to training 2.8 million farmers on good agricultural practices covering 7 million hectares and producing 6.5 million metric tons of Better Cotton lint. Uptake of Better Cotton lint by retailers and brands surpassed 1.5 million metric tons, and Better Cotton represents 23% of global cotton production.

In Mozambique, IDH partnered with key cotton concessionaries to invest in the development of water resource and conservation structures across Nampula, Niassa and Cabo Delgado, so as to leverage over 100,000 m^3 of water that was previously unavailable, for cotton production, crop diversification and animal husbandry, and servicing over 2,000 community members. Over 600 smallholder farmers have also been trained on sustainable agricultural practices in cotton and secondary crops, based on village-level cropping patterns, and six self-help groups have been set up for sustained water resource management and expansion of the animal husbandry activities. In combination with input provision for secondary crops by our private-sector partners, farmers have successfully produced tomatoes, onions and cabbages for additional income and food intake. Prior to this program, these same farmers did not have access to such additional livelihood activities.

In Maharashtra, IDH scaled up its climate-resilience project from four villages (1,000 farmers) to 30 villages (6,300 farmers) while providing the opportunity to prototype hyper-local agro- meteorological advisory services at farm level that build on the key areas of good agricultural practices, watershed management, and market linkages. Through the project activities in 2019, the cotton farmers saw a 20% reduction in costs of production, and nearly one-third of the project farmers were able to take up a second crop as a result of the additional water-harvesting potential created and the community-managed water budgeting.

TRAFFIC LIGHT ASSESSMENT

PROGRAM OVERALL

Program on-track against KPIs, POCs and ICs without foreseeable risk to targets.

POC 1 - BETTER COTTON INITIATIVE (BCI)

90% of our work under the cotton program is linked to our engagement with BCI. In 2019, the progress against our planned activities is well on track.

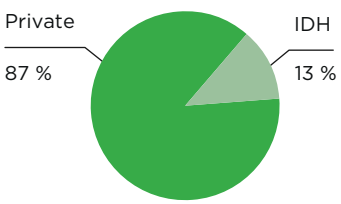
POC 2 - CLIMATE RESILIENCE PROGRAM

More than 70% of the projects and activities required to prove the program's POCs are on track.

PROGRESS ON KPIS

Number of producers/workers/community members trained on key subjects for sustainable production, environmental and social sustainability

Program co-funding ratio (2019)



KEY ACHIEVEMENTS PER PROOF OF CONCEPT

POC 1 - BETTER COTTON INITIATIVE (BCI)

By partnering with the Better Cotton Initiative, we can achieve impact at scale for smallholder farmers, and promote responsible agrochemical management. By training 3.5 million farmers on good agricultural practices, improved use of water, optimal use of chemical inputs, awareness of decent work conditions on farms and improved profitability, we can make one-third of global cotton production more sustainable.

In 2019, through our strategic partnership with the Better Cotton Initiative (BCI), both as donor and fund manager of the Better Cotton Growth and Innovation Fund (the Fund), IDH continues to convene a trusted, cohesive, efficiently run multi-stakeholder partnership towards one common goal of making Better Cotton a mainstream sustainable commodity. As a donor, IDH contributed €1.5 million to the Fund, match-funded by BCI brands and retailers based on their procurement of Better Cotton (volume-based fee), for investment in farmer capacity building on more sustainable farming practices in key cotton-growing regions. Globally, BCI reached 2.8 million farmers, with training on sustainable agricultural practices covering 7 million hectares and producing 6.5 million metric tons of Better Cotton lint in 2019. Out of this, the Fund – managed by IDH – mobilized €15.3 million in field-level investments for farmer capacity building across India, Pakistan, China, Turkey, Mozambique and Mali, training 1.8 million farmers and producing an estimated 2.7 million metric tons of Better Cotton lint based on its annual global investment strategy. The Fund continues to leverage increasing private- and public-sector funding, growing its value from €8.1 million in 2016 (the BCFTP as precursor to the BC GIF started off with a base of €330,000 in 2010) to more than €18.3 million in 2019. The Fund successfully transitioned to a market-driven funding model, with brands and retailers contributing more than 80% of the total fund value in 2019, and IDH's contribution representing 46% of the Fund in 2016 (starting at 50% of the Fund value in 2010, with the BCFTP) decreasing to 8% in 2019.

On sector governance, the Fund continues its work for the development of, and compliance with, voluntary and legal standards on sustainable cotton production through our engagement with:

1. Greek industry stakeholders, to support the Greek cotton industry to embed BCI to produce Better Cotton in 2020;
2. Key public institutional agencies in India (at state level) and Pakistan (at provincial level) as implementing partners.

As part of the Fund's innovation mandate to deliver high impact and quality implementation:

1. In partnership with Dalberg and BCI, IDH launched the first round of the Better Cotton Innovation Challenge in November 2019, which is a global platform that has been set up to help scale the BCI sustainability program;
2. In partnership with KUZA, a social development enterprise, IDH and BCI successfully designed and rolled out an online skills development tool to 500 extension workers from six implementing partners across Maharashtra and Gujarat;
3. Since 2018, IDH and BCI have been working with consulting firms KPMG and TTC to evaluate the internal management systems of the Fund's largest implementing partners in India, to enable them to scale up their farmer outreach to more than 100,000 farmers.

POC 2.1 - CLIMATE RESILIENCE PROGRAM, MOZAMBIQUE

By establishing farming-related activities (beyond and related to the primary crop), additional revenue will be generated by farmers and related organizations, resulting in alternative incomes and increased climate resilience for smallholder farmers.

The Mozambique Climate Resilience program works with four private-sector partners: Olam, San JFS, Plexus, and SANAM, with additional technical support from Action for Food Production (AFPRO), to increase smallholder farmer resilience against volatile weather conditions and poverty. The program employs a coordinated, multi-pillar approach, leveraging access to water, inputs, and training on sustainable agricultural practices with the aim of increasing farmer productivity and providing access to alternative livelihood activities, diversified income, and improved food intake. In 2019, IDH entered its third year of the Mozambique Climate Resilience program and continued to work on this multi-pillar approach, further developing the business case for holistic investment in smallholder farmers.

At field level, IDH co-invested in:

- The development of water resource and conservation structures for smallholder farmers to leverage over 100,000 m^3 of water that was previously unavailable, for cotton production, crop diversification, and animal husbandry;
- Training over 600 farmers on sustainable agricultural practices in cotton and secondary crops, based on village-level cropping patterns;
- Establishing six self-help groups for water resource management and scaling up animal husbandry activities.

In combination with input provision for secondary crops by our private-sector partners, farmers have successfully produced tomatoes, onions and cabbages for additional income and food intake since the last season. A select number of beneficiaries have also generated offspring from the first set of goats and chickens, for further distribution among community members for additional income generation.

In 2019, we also partnered with KUZA, a leading social technology enterprise that specializes in developing digital micro-learning content, to develop digital training materials on good agricultural practices for cotton, tomatoes, cabbages and maize; poultry management; watershed management; farm planning and decision-making; and crop budgeting and group savings. The aim is to provide farmers with more dynamic and engaging training materials and a platform that allows them to learn at their own pace, which will increase adoption of more sustainable agricultural practices leading to improvements in livelihoods and resilience.

POC 2.2 - CLIMATE RESILIENCE PROGRAM, MAHARASHTRA

IDH will bring together representatives from the public sector, industry and civil society to collaborate with 2030 Water Resource Group, for program activities developed under the Maharashtra Cotton Water Platform which is chaired by the Department of Agriculture under the Maharashtra government. The platform will advise on prototypes and enabling initiatives that will accelerate partnership models for water-efficient and climate-resilient agriculture through promotion of sustainable commodity supply chains.

At field level, the project in Maharashtra scaled from four to 37 villages, engaging 6,300 farmers through an integrated, participatory and gender-inclusive approach of agro-meteorological advisory services, training on good agricultural practices, and community-based watershed management. In 2019, the program demonstrated a high level of local community self- contribution towards watershed works (creating wage employment of over 75,000 workdays) to deliver on results that exceeded the targets set for 2019. These yielded a 20% reduction in production costs and over one-third of the project farmers taking up a second crop owing to improved soil and water management activities (including increased area under irrigation and over 750,000m^3 of water-harvesting potential created). To bring quality agri-services to the cotton farmers, 20 rural youth agri-entrepreneurs were selected and are currently undergoing business plan preparation and mentorship, to deliver essential services in the areas of inputs, credit and market linkages.

In a gender-inclusive approach, gender sensitization training and analysis were conducted in all 37 villages, including by our lead implementing partner – resulting in an unprecedented 2:3 female-male ratio in the recruitment of agri-extension workers, and increased involvement of women in GAP trainings as well as water management and governance at community levels.

At provincial level, IDH signed an MOU with the Maharashtra government under the World Bank-funded project to promote sustainable agriculture – State of Maharashtra Agribusiness and Rural Transformation (SMART) – with the goal of strengthening offtaker relationships with 4,000 cotton farmers. In 2019, IDH continued the sub-national government engagement through participation in value chain consultations for the SMART project, as well as expert consultations for the Public-Private Partnership for Integrated Agriculture Development (PPP-IAD) program. In addition, with the 2030 WRG, IDH brought together representatives from the public sector, industry and civil society under the Maharashtra Cotton Water Platform (MCWP), which is chaired by the Department of Agriculture, to advise on prototypes and accelerate partnership models for water-efficient and climate-resilient agriculture through promotion of sustainable commodity supply chains. IDH led two platform meetings under the MCWP, engaging 40+ platform members from government, industry, banking, academic and civil society. To support this effort, two sector reports were delivered through a consultative process involving 60+ key government, industry, civil society and finance-sector actors. These two sector reports in Maharashtra – *Towards Doubling Cotton Farmer Incomes* (based on the Prime Minister's strategic agenda to drive livelihood security) and a *Business Case for Gender Mainstreaming in Cotton* on the gender division of roles and responsibilities on the farm, participation in decision-making and access to productive resources – were launched in May 2019 at an event at which 100+ people across 60+ organizations from the sector were present.

LESSONS LEARNED

Better Cotton Growth and Innovation Fund

For the Fund to drive scale, regional saturation and quality implementation of the Better Cotton Standard System, we apply a two-tier approach in fund management activities that applies a standardized approach to address regional goals and needs, as well as a tailored approach for implementing partners with greater capacity and resources. This has created time and space for closer engagement with partners, and enabled critical mass by 2020 for greater value and impact on the cotton sector.

To be able to measure and attribute field-level impact, it is essential that M&E systems can deliver evidence. For this reason, IDH is working with Wageningen University & Research and BCI for robust data gathering and analysis, and with BCI and implementing partners to provide adequate field-level capacity that meets the needs of farmers.

Through our innovation work and the challenges we faced in developing these projects – in finding both the time and resources required to develop a pipeline of ideas and the right partner to design, develop and pilot them – we've learned that we need to develop a mechanism that can generate an open pipeline and bring innovators to us, rather than the other way around. This resulted in the development of the Better Cotton Innovation Challenge. In 2020, we will be sandbox testing the first set of innovative solutions submitted in 2019, tackling the challenge of customized learning for farmers, and increasing the efficiency of data collection and documentation.

Maharashtra

We assessed the relevance of the national definition of a smallholder farmer as "'under 2 hectares". Given that the average landholding in the cotton belt is larger, this cut-off tends to exclude the majority of farmers (with an additional 0.5 or 1 hectare) as economically vulnerable to market stresses, drought and other production issues. This allowed us to approach the village economy more holistically as we segmented the farmers based on multiple factors and then defined the interventions across segments based on differing baselines.

To integrate gender-based planning throughout all operational elements of the project, gender analyses through Focus Group Discussions took place in all villages, including gender awareness training of all staff, and at least 40% representation of women in baseline/end line assessments as well as in selected master trainers. The additional focus also removed or significantly lowered

entry barriers, such that 40% of the recruited field staff are women, and more female cultivators were trained in GAP and received services.

Given the intensity of the pest outbreaks, the large areas under drought in previous seasons, and impact on production and value chains, there is an understanding that isolated farm-based management strategies, the current norm, may have limited or short-lived successes in addressing the escalating socio-economic consequences of climatic change. A shift to a total system approach is needed: area-based pest management (through farmer field schools, mass awareness campaigns and use of technology for data capture, monitoring and advisory) as well as water management (via watershed development, community-based water governance and budgeting).

Mozambique

Timely provision of inputs (seeds, fertilizer, and pesticides) and extension services (pest/disease management and provision of vaccines) are fundamental to the success of the interventions for enabling smallholder inclusion. This requires timely coordination of resources and mobilization of key stakeholders, consistent monitoring and evaluation, and close communication/engagement between all partners. This in turn translates into greater motivation and trust among farmers, concessionaires, and other local partners – essential for the success of any smallholder intervention.

For effective capacity building and long-term sustainability, engagement with local community members in the process before, after and during development of the interventions is essential. Local leadership with strong ties to the community, without which there is a lack of trust and buy-in, is also a key factor for success. Shared/communal responsibility results in lack of ownership, coordination, and negligence of resources. Assigned responsibility and ownership are necessary for long-term, sustainable resource management.

Farmers should be encouraged to engage in knowledge sharing with others beyond their own communities. Programs like this should also facilitate learning through farm visits by exemplary/lead farmers and between the different project sites.

The business case for private-sector partners to deliver holistic engagement with communities requires the existence/development of value chains and offtakers for secondary crops, and for sufficient income generation, improvement of livelihoods, and in turn, more productive cotton production.

KPIs Cotton

Result area 1 - Change in business practices

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Cumulative Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA1. Output 1	Private-sector (sustainability) investments in the program	€2,500,000	€2,706,361	€3,000,000	€11,055,943	€4,000,000	€15,534,035	€10,000,000	€17,937,206	€47,233,545	157%	€10,000,000	€10,000,000	€54,800,342	Annual target and results are actually cumulative, i.e., inclusive of target and results of previous years. Therefore, - Result 2019 and cumulative result 2016-2019 is same. - Annual Target 2020 and Cumulative Target 2020 is also same. - Result 2019 and cumulative result 2016-2019 is same. Cumulative result 2016-2019 is also modified and represent result of 2019. Please note that this is applicable for all KPIs.
RA1. Output 1	Co-investment ratio (1:X)	NA	1:0.66	1:1.2	1:5.2	1:1.2	1:6.2	1:4				1:1.2	1:1.2	1:1.2	
RA1. Output 2	Other sources of public or private investments/ funding leveraged by the program		€786,948			NA	€4,918	NA	€0	€791,866	NA	NA	NA	€4,918	
RA1. Output 3	Market share by program partners	1.25%	2%	NA	2.9%	NA	11%	NA	23.7%	23.7%	475%	5%	5%	11%	Percentage of Better Cotton out of global cotton production.
RA1. Output 4	Business cases developed to demonstrate the potential of sustainable practices	NA	NA	NA	0	NA	2	3	0	2	67%	3	3	2	
RA1. Outcome 2	Uptake rate of sustainable production by program partners					11%	17%	15%	25%	25%	245%	10%	10%	17%	Better Cotton uptake by retailers and brands was 1.5 million metric tons in 2019. Total Better Cotton volume at the end of 2018-19 season was 6,098,429 metric tons.
RA1. Outcome 3	IDH participation in relevant landscape and/ or commodity platforms					NA	1	NA	1	1	NA	NA	NA	1	Applies to Maharashtra only.

Result area 3 - Improved field-level sustainability

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Cumulative Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA3. Output 1	Number of producers/ workers/ community members trained on key subjects for sustainable production, environmental and social sustainability	1,200,000	1,500,000	1,600,000	1,923,811	2,190,500 POC 1: 2,190,000 POC 2: 500	2,426,901 POC 1: 2,426,292 (estimated to be 2,183,663 men and 242,629 women) POC 2: 609 (496 men and 113 women) Farmers trained on BCI and good horticulture practices (for alternative income in tomates, onions and cabbages)	2,806,000	2,813,785 POC 1: 2,807,920 POC 2: 5,865 Maharastra: 5,189 (3,319 men and 1,870 women) Mozambique: 676 (539 men and 127 women)	2,813,785	80%	3,500,000	3,500,000	2,426,901 POC 1: 2,426,292 (estimated to be 2,183,663 men and 242,629 women) POC 2: 609 (496 men and 113 women) Farmers trained on BCI and good horticulture practices (for alternative income in tomates, onions and cabbages)	POC 1: BCI figures are non-final, based on Q1 2019 snapshot. The global BCI total includes estimates for all southern hemisphere countries based on 2018-2019, as final data will not be available until later in 2020. POC 2: For Mozambique, figure represents training on GAP for cotton and secondary crops.
RA3 Output 2	Number of producers/ workers/ community enterprises reached by service delivery					NA	POC 2: 703 (541 men and 162 women) Training provided on cotton production, horticulture, and animal husbandry best practices	500	6,108 POC 2 Maharastra: 4,031 (3,672 men and 359 women) Mozambique: 2,077	6,108	68%	POC 2: 4,631 (4,202 men and 429 women)	POC 2: 4,631 (4,202 men and 429 women)	POC 2: 703 (541 men and 162 women) Training provided on cotton production, horticulture, and animal husbandry best practices	For Mozambique, figure represents producers trained on maintenance of soil conservation infrastructure, cotton, secondary crops, animal husbandry, and access to energy.
RA3 Output 3	Number of smallholder producers organized/ aggregated by the program					NA	NA		1,888 POC 2 Maharastra: 1,888 (409 men and 1,479 women)	1,888 POC 2 Maharastra: 1,888 (409 men and 1,479 women)	NA	NA	NA	NA	

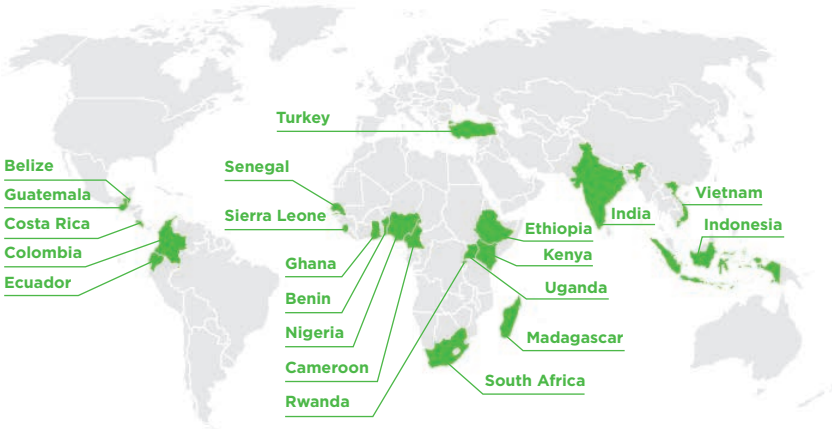
Result area 3 - Improved field-level sustainability

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Cumulative Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA3. Output 4	Number of trainers, auditors and/ or government staff trained in the program					NA	NA		532 POC 2 Maharastra: 532 (361 men and 171 women)	532 POC 2 Maharastra: 532 (361 men and 171 women)	NA	NA	NA	NA	
RA3. Output 5	Volume of sustainably produced commodity (metric tons)	2,500,000	2,600,000	3,500,000	4,551,000	4,000,000	4,408,000	6,000,000	6,524,557 POC 1: 6,522,429 MT Better Cotton lint POC 2 Maharashtra: 1,948 MT lint Mozambique: 87 MT lint	6,524,557	99%	6,600,000	6,600,000	4,408,000	POC 1: BCI figures are non-final, based on Q1 2019 snapshot. The global BCI total includes estimates for all southern hemisphere countries based on 2018-2019, as final data will not be available until later in 2020.
RA3. Outcome1 +A16:P16	Adoption rate of improved practices by producers/ workers/ community members	NA	NA	NA	Overall: 86% (1,659,502 women (99.7%) and 4,993 men (0.3%))	1 NA 2 75%	1 NA 2 75%	1 NA 2 75%	1 NA 2 78%	1 NA 2 78%	104%	1 NA 2 75%	1 NA 2 75%	1 NA 2 75%	
RA3. Outcome 2	Farmland area where trained practices are applied (hectares)	2,300,000	3,300,000	3,600,000	4,514,000	4,500,000	5,387,000	5,200,000	7,072,880 POC 1: 7,068,850 POC 2 Maharashtra: 3,790 Mozambique: 240	7,072,880	118%	6,000,000	6,000,000	5,387,000	POC 1: BCI figures are non-final, based on Q1 2019 snapshot. The global BCI total includes estimates for all southern hemisphere countries based on 2018-2019, as final data will not be available until later in 2020.

Fresh & Ingredients

The fresh & ingredients (F&I) program drives social and environmental market transformation across the fruit and vegetables, juices, spices, nuts, flowers and vanilla commodity sectors. For each of these, IDH has convened sector players around sustainable sourcing targets: sector covenants with measurable sustainability targets to allow market demand to support improved practices along the supply chain. Through these sector covenants, IDH works with over 180 European and global private-sector partners.

Agriculture is a crucial avenue for creating employment opportunities, improving livelihoods and food and nutritional security. A growing middle class in Africa, combined with increasing multinational interests to source locally, are key drivers for formalizing intra-African and export trade of high-quality, sustainably produced fresh produce. The companies that we work with recognize this, and are increasingly interested in partnering to build sustainable and inclusive sourcing strategies in Africa. Our value-chain development projects continue to build momentum.



Relevant Sustainable Development Goals

PARTNERS

Private

Ahold Delhaize, AgrinMaroc, Auch Hachmann, Agrofair, AIPH, Akay, Albarracin, Altuntas, Aldi North (incl. Aldi Netherlands), Aldi South, Amalgamated, Anthura B.V., APPL, ANCEF, Asocolflores, Austria Juice, Authentic Products, Axfood, Bakker Barendrecht, Barry Callebaut, Birlik, BGI, Blommer, British Pepper and Spice, Blomsterlandet AB, Bloomon, Boni, Boon Food Group, Burke Agro, Camposol, Cassia Coop, Chiquita, Chrysal International, Coop, Coop Switzerland, Culinar, Deen Supermarkten, De Kwakel, DeMonchy Natural Products, Del Monte, Doehler Group, Dole, Don Limon, Dr Oetker, Dudutech, Dümmen Orange, Dutch Flower Group, E. Den Dekker, Eckes-Granini, EDEKA, EHPEA, Eosta, Epos, Euroflorist, Euroma, European Spice Services, Eurovanille, Exsa Europe, Expoflores, Fair Flowers Fair Plants (FFP), FairFruit, Firmenich, FleuraMetz, FloraHolland, Floralife, Floral Tradegroup, Florensis, Flower Trade Consult (FTC), Fludor Benin, Fresco Flowers, FrieslandCampina, GASA Group, Frontier Coop, Fairtrasa, Floricultura, FONA, Fruitco AG, Fuchs Gruppe, FV SeleQt, Fyffes, Givaudan, General Mills, Georges Helfer, Giovanelli Fruchtimport, Greenyard Fresh, Groenland, Griffith Foods, Haproximex, Harris Freeman, Hillfresh, Hispa, Holla Roses, Hoogvliet, HPW, ICA, IKEA, Intersnack, ISFI, ITC, Jain International foods, Jaguar, Jan Linders, Jayanti/Steamlab, Jogue, Jumbo, Jungle Nuts, Kalustyan, Kancor, Kamps Sperzeibonen, Kenya Flower Council, Kerry, Koppert, Kuehne + Nagel, Kutas

List continues on next page

Levarht, Lidl, LTO Glaskracht, LTO Noord, Mane, Marks & Spencer, Mara Fresh, Mars, McCormick, Metro, Migotiyo Plantations, Milieu Programma Sierteelt (MPS), Nani, Nature's Pride, Nedspice, Nestlé, Nestlé India, Nestlé West Africa, Nielsen Massey, Olam, Olympic Fruit, OTC Holland, Palki, Pearl Corporation, Plantasjen, Pfitzer BV, Pflanzen-Koelle Gartencenter, Polak, Plus, Poiesz Supermarkten, PPO Services, Prova, Queen Foods, Rabobank, Refresco Group, Rewe, Riedel, Rodelle, Royal Lemkes, Royal Van Zanten, Sainsbury, Sabatar, Santa Maria (Paulig), Solina, Spice Kingdom, SHER/Afriflora, Sierra Agra Inc., Silver Spoon, Sligro, Spar, Special Fruit, Staay Food Group, Stichting Max Havelaar, Superunie, SVZ, Symexcodl, Symrise, Syngenta, Synthite, Tesco, The Greenery, Timer Fruit, Total Produce, Touton, Trade & Development Group, Tuinbranche Nederland, Union Fleurs, Unispices – Wazaran, Unilever, Usibras Ghana, Van Oers United, Verbruggen Juice Trading Sustainable Products Verstegen, Verdel bloemenexport, Vietspice Corporation, Virginia Dare, Visser & Zoon, WebbJames, Vomar VGB, Waterdrinker, Watkins,Yara, Yex, Zentoo

Public

Gesellschaft für Internationale Zusammenarbeit (GIZ), Ministry of Commerce Madagascar, Plant Protection Department (PPD)/Ministry of Agriculture Vietnam, ILO-Madagascar, Ecuador Ministry of Livestock, Aquaculture, and Fisheries (MAGAP), Ecuador Ministry of Labor, Embassy of the Kingdom of the Netherlands (EKN) Rwanda, National Agriculture Export Board (NAEB) Rwanda, UN Food and Agriculture Organization (FAO), International Trade Centre (ITC), Ministry of Agriculture Indonesia, Sociaal Economische Raad (SER), Ministry of Foreign Affairs, International Labor Organization (ILO), US Department of Labor (USDOL)

Other

ACF, AFPRO, African Cashew Alliance (ACA), Agriterra, All Indian Spices Exporters Forum (AISEF), American Spice Trade Association (ASTA), Amfori, Azad Agro, Bill & Melinda Gates Foundation (BMGF), BothEnds, BRO (Blomsterbranschens Riksorganization), BSR, CBL, CGF, Chainpoint, Com Cashew (formerly African Cashew Initiative (ACI)), ETI/SMETA, EU Organic, European Fruit Juice Association (AIJN), European Spice Association (ESA), Fair For Life, Fair Labor Association (FLA), Fair Ware Foundation, FairMatch Support, Fairtrade FLO-CERT, FlowerWatch, FNV Forum for the Future, Frugi Venta, GLOBALG.A.P., GLWC (ISEAL), GSCP, Hivos, Holland Green Tech Rwanda, ICCO, International Association of Horticultural Producers (AIPH), International Trade Centre, KIT, Leaf Marque, Niligiri, Partner Africa, PRDIS, Rainforest Alliance, Social Accountability International (SAI/SA8000), SAN, Sedex, SIZA South Africa, SNI, SNV, Solidaridad, STAC, Sustainable Agriculture Initiative (SAI), Sustainable Food Lab (SFL), Sustainably Grown/SCS, TSC, Union for Ethical Biotrade (UEBT), US Organic, Vietnam Pepper Association (VPA), World Banana Forum (WBF), WSO, WUR, WWF

PROGRESS TOWARDS 2020

Membership of our sector platforms increased to over 225 members in 2019, of which over 180 are in the private sector. Through securing and monitoring the sourcing commitments of all members, we promote an increase in sustainable volumes sourced across all commodities in the F&I program. By year-end 2019, the fruit and vegetables, flowers, spices, and juice sector platforms had established baselines and defined targets for sustainable sourcing. Spices and vanilla reported against these baselines and targets for the first time, juice for the second time, while the fruit and vegetables and flowers platforms have been reporting on progress since 2015. In addition, through the benchmarked "basket of standards" under these covenants, IDH is increasingly shifting these standards towards an environmental agenda, and pushing standardized recordkeeping for agrochemicals, water and energy use. We are also promoting a living wage agenda, by working on establishing a uniform way of measuring living wage gaps.

In flowers, four standards (GLOBALG.A.P., KFC, Floverde and MPS) are taking steps to be recognized under the new environmental basket criteria, putting a stronger emphasis on reliable data and recordkeeping. Regarding living wages, six social standards (Rainforest Alliance, Fairtrade International, Sedex, Amfori, Fair Wage Foundation and SAI/SA 8000) are participating in the Technical Advisory Group (TAG) of the Roadmap on Living Wage coalition by identifying and refining the definitions and tools to adopt when it comes to calculating living wage gaps. Furthermore, through Fairtrade International and Rainforest Alliance, IDH has supported the testing of the Salary Matrix, a tool published by IDH in January 2019, which companies can use to calculate their wage gaps. The new version of the Salary Matrix, developed by IDH with the support of the TAG, will be released in Q1 2020.

In Ethiopia, a project with Afriflora on integrated pest management (IPM) supported a significant increase in the adoption of responsible agrochemical management practices, and led to a maximum revenue level (MRL) reduction in plant tissues of up to 30%. Under a project with MPS, insights were gained on active pesticide ingredients in seven flower supply chains, which have subsequently led to the adoption of best practices for increased chain transparency.

In the Sustainability Initiative Fruit & Vegetables (SIFAV), key environmental topics (climate impact, agrochemical use, water stewardship, food loss, food waste and plastic packaging) were analyzed with the environmental working group and external experts, to develop a more in-depth and coordinated understanding of key priorities. This was the first step towards developing a detailed environmental agenda for the next five years – this will be finalized in 2020.

Our work on living wage gained considerable momentum in 2019, particularly with the IDH-facilitated Dutch retail commitment on bananas within the IMVO Dutch Food Covenant. This commitment, which involves 14 retail companies, is the first with clear time-bound living wage targets. It includes around 70% of the Dutch retail market for bananas. In addition, in 2019 IDH established the Roadmap on Living Wages coalition to define and standardize tools, definitions and approaches for working on living wage. The coalition steering committee includes representation from a broad group of Northwest European and British retailers, in addition to banana and flower producers and traders.

In 2019, BOHESI projects were launched in Ghana and Ecuador to support alignment in Occupational Health and Safety (OHS) practices between the West African banana-producing countries and Ecuador. A further gender component was developed under Banana Occupational Health and Safety Initiative (BOHESI) Ghana in 2019.

In 2019, a number of projects focused on further mainstreaming gender. This was done through: providing guidelines for the inclusion of pregnant women and young mothers (BOHESI in Ghana); increasing gender and health knowledge and changing behavior (flowers in Ethiopia); development of a set of gender KPIs and piloting the implementation with industry associations and social standards in producing countries; and including gender in the new version of the Salary Matrix.

Key components of our value chain development work in 2019 include the HortInvest project in Rwanda and the launch of the Grown Sustainably in Africa (GSA) partnership with Unilever and Dalberg. Under HortInvest, IDH is the lead on the export value chain development component, and we have been working closely with four selected exporting SMEs to improve productivity and enable access to premium fresh produce export markets. Through working with these four SMEs, several systemic supply chain constraints have become evident. IDH has worked closely with the Rwandan National Agricultural Export Development Board (NAEB) to improve cold store capacity and management, and to support the introduction of a freight forwarding agency into Rwanda. As a result of IDH's activities under HortInvest, total horticultural exports from Rwanda have increased from 6-10 metric tons per week at the beginning of 2018 to 50-70 metric tons by the end of 2019. IDH partnered with Dalberg and Unilever to support Unilever in developing their local sourcing strategy across sub-Saharan Africa. Through working closely with selected SMEs, and based on anchor sourcing commitments from Unilever, the objective is to establish socially inclusive and commercially viable value chains that can continue to supply to Unilever beyond project interventions. In 2019, project activities were initiated with Wensleydale Farms in South Africa to support Wensleydale in establishing an inclusive dehydrated vegetable and herb value chain for supply to Unilever.

TRAFFIC LIGHT ASSESSMENT

OVERALL

POC 1 - COMMODITY PLATFORMS AND SUSTAINABLE SOURCING

All sector platforms have developed targets on sustainable sourcing, and members report annually on their progress.

POC 2 - LIVING WAGE AND IMPROVED WORKING CONDITIONS

The target was to put living wage onto the agenda of retailers, traders and producers, and to test different approaches on reducing wage gaps in flowers and bananas. With the Roadmap on Living Wages, we are providing partners with the tools and necessary definitions to measure gaps into their supply chain and to verify related claims. At the same time, we are creating the necessary consensus in the industry around these tools. In addition, we have supported the first retail commitment on reducing living wage gaps in bananas, and we are working on developing a sector-wide approach to living wages in the flowers sector.

POC 3 - GENDER EQUALITY AND EMPOWERMENT

Good results have been achieved in the flowers and fruit and vegetables sector initiatives in promoting gender equality through specific field projects, like BOHESI and the EHPEA project, and the creation of tools, like the Salary Matrix and the gender KPIs, designed to enable the monitoring of conditions for women in supply chains.

POC 4 - SMALLHOLDER INCLUSION

One of the donor requirements of the HortInvest program is that 50% of sourcing in an emerging export sector should be linked to remote areas; this is proving to be a double challenge.

India spices pilot projects show improvements for local market produce. Due to high specifications and MRL issues, it is difficult to include farmers in export markets.

TRAFFIC LIGHT ASSESSMENT

POC 5 - RESPONSIBLE AGROCHEMICAL MANAGEMENT

There are various programs contributing to this POC. Flowers is performing well, with a clear path to certify everything within the basket of standards and moving towards data-driven certification.

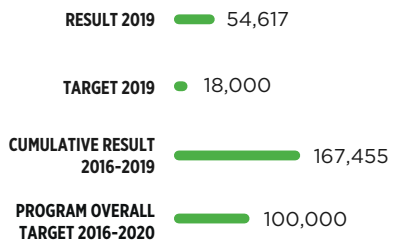
Spices in Vietnam is on track. Training is going well, but there are difficulties with linking sustainable production to the (international) market. At governance level, it is developing very well, and there is overall change in business practices. But field-level impact is behind schedule.

POC 6 - VALUE CHAIN DEVELOPMENT

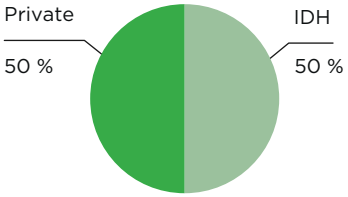
The Grown Sustainably in Africa (GSA) program has been developed, and the first commitment has been signed with end-buyer Unilever. There are good value chain pipelines, but project implementation is behind schedule.

PROGRESS ON KPIS

Number of producers/workers/community members trained on key subjects for sustainable production, environmental and social sustainability



Program co-funding ratio (2019)



KEY ACHIEVEMENTS PER PROOF OF CONCEPT

POC 1 - COMMODITY PLATFORMS AND SUSTAINABLE SOURCING

In 2019, Eckes-Granini joined the **Sustainable Juice Covenant (SJC)**, taking the total to 16 members. 2019 was the second year of monitoring (on 2018 data) by PWC, against the SJC target of 100% sustainable sourcing by 2030. In 2018, 4.7 million metric tons were traded under the Juice Covenant, with 20% of these volumes traded sustainably. This was up from 8% traded sustainably in 2017, and is ahead of the interim Juice Covenant target of 15% sustainable sourcing by 1 January 2018.

In 2019, 12 private companies and one non-profit organization joined the **Floriculture Sustainability Initiative (FSI).** Results from the fourth reporting year (based on 2018 data) show a 10 percentage point increase in responsibly produced and traded flowers and plants relative to the previous year, with just less than 70% of total flowers and plants traded sustainably in 2018. In 2020, the FSI partners will work to bridge the remaining 20% to reach the 90% target, as well as finalizing the FSI strategy for 2025.

In September 2019, IDH became the host of the IMVO Covenant on Flowers, and will facilitate its activities with the aim of supporting alignment with FSI. Key topics on the agenda include living wage and the environmental impact of using agrochemicals, in addition to several other topics that are being covered by a due diligence working group.

In 2019, IDH led the Dutch retail commitment within the **IMVO Dutch Food Covenant** project on living wage in bananas. It is the first retail commitment based on specific targets on reducing living wage gaps with a clear timeline (a reduction of 75% of wage gaps by 2025). The majority of Dutch retailers joined (including Albert Heijn, Jumbo and Superunie), jointly accounting for an overall market share of 70% of the total Dutch market for bananas.

Based on the newly established **IDH Roadmap on Living Wages coalition**, IDH is focusing on refining tools, definitions and approaches to support the sector in adopting a uniform approach to living wages and in working towards the payment of living wages, through field-level projects and sharing learnings and best practices.

SIFAV saw an increase of 7% on sustainable sourcing, growing to 74% of the total volume of 3.5 million tons sourced under the covenant. Three new companies joined SIFAV. The SIFAV governance structure changed in 2019 to allow other interested companies to become associate members (besides trade/retail/NGOs), such as input providers, logistics service providers and standards organizations. Groundwork was done with many of the SIFAV partners to develop the SIFAV 2025 program, consisting of an environmental, working conditions and living wage agenda. On each of these three building blocks, working groups were formed and key priorities were set. The 2025 program will be further detailed during 2020.

In 2019, the **Sustainable Spices Initiative (SSI)** again showed important progress, with 11 new members representing an increase of 33%. This growth confirms SSI's leading role on sustainability for the spices, herbs and dehydrated vegetables sector. As a milestone, the first SSI sustainable sourcing progress report was produced, showing that SSI members stepped up their commitment above the expected minimum increase: an average of +10% to +26% (meaning 61,684 metric tons of spices and herbs being sustainably sourced by 2021). For now, the group is on track, having increased by 6% compared to 2016, with a total of 21,206 metric tons of spices and herbs being sustainably sourced in 2018. If this progress continues in the coming years, SSI members will reach the SSI covenant goal of +10% by 2021.

In India, IDH's efforts (both directly and through SSI-India), brought credibility to sustainability programs for spices. IDH/SSI-India contributed to conceptualizing the National Sustainable Spice Program (NSSP) that will have a broader scope focusing on: development of the local domestic market, accelerating joint efforts to promote sustainability in spices production, and obtaining commitments in sustainable procurement of spices in the country. The SSI-India vision to make 25% of the spices grown in India sustainable by 2025 will be carried forward by the program. It represents a step forward for the sector, building further on the path set by IDH with its partners in SSI-India.

In Vietnam, the Pepper Public-Private Partnership Taskforce (PPP TF), a dialogue and advocacy platform co-chaired by IDH, established an Advisory Board to further focus and drive the agenda and action plan towards 2025. IDH also co-chairs the Advisory Board. Policy dialogues during 2019 addressed key issues in the sector, including: improvement of the sector database system,

further banning illegal agrochemicals and finding alternative solutions to banned active ingredients, rolling out the national sustainability curriculum, sharing best practices among members, and developing an agrochemical app for farmers. The dialogue led to an MOU between the public and private sectors to realize the sustainability targets. The continued funding provided by European and American spices associations for a program officer in Vietnam is illustrative of the global support for the program by the private sector.

The Sustainable Vanilla Initiative (SVI) welcomed two new members in 2019 and continues to be the only major international platform gathering the vanilla industry together. It has a total of 28 members that represent 70% of the global market. The initiative's contribution to better governance and better quality has been recognized, as it insists on maturity-based market opening dates, preventing pre-harvest financing prior to the opening, and helping address security issues.

However, extreme high prices continue to drive extensive theft, security and early picking, driving quality down. The combination of high prices and low quality has a major impact on demand and production growth, even outside Madagascar, leading to price drops and other disruptive consequences for the sector. On the positive side, even though high prices are not stable, farmers have still profited and have been able to invest in household economies, particularly housing.

SVI has also supported the development of vanilla sector governance in Uganda, further helping the vanilla exporters' association and the Ministry of Agriculture to develop the first national regulation to set and implement campaign dates on vanilla harvesting and assure vanilla quality.

POC 2 - LIVING WAGE AND IMPROVED WORKING CONDITIONS

IDH's work on living wage gained considerable momentum in 2019, particularly within the banana sector. In working towards the payment of a living wage, it is crucial to engage players across the value chain, from farm level to retail. IDH led the Dutch retail commitment within the IMVO Dutch Food Covenant project on living wage in bananas. This is the first retail commitment with specific targets on reducing living wage gaps with a clear timeline (2025). The public announcement of the commitment in October 2019 attracted attention from other retailers across Europe, and IDH is now working with these retailers to support a broader international retail commitment based on a uniform approach.

Within the IDH Roadmap on Living Wages coalition, which was established in 2019, IDH is focusing on refining tools, definitions and approaches to support work on living wages in a uniform way, as well as on promoting approaches to work towards the payment of living wages and on sharing learnings and best practices. A broad group of stakeholders has joined the coalition steering committee, including international retailers Aldi Süd and Aldi Noord; British retailers Sainsbury's and Tesco; German retailers Metro and Rewe; Scandinavian retailer Axfood; banana producers and traders Dole and Fyffes; and flower producer Afriflora. Six leading social standards (mentioned above) joined the Technical Advisory Group that support IDH's work by providing technical advice.

Under this coalition, in 2019 IDH launched an open consultation on the Salary Matrix, a tool that companies can use to calculate their wage gaps. IDH supported Fairtrade International and Rainforest Alliance in testing the matrix in bananas, pineapples, tea and flowers operations, and to gather insights for further refining the tool. Based on these insights, a new version of the tool will be released in Q1 2020. Additional focus areas under the coalition include setting criteria for identifying living wage benchmark studies, and developing minimum criteria for verifying/auditing the data used by companies to calculate the wage gap when using the Salary Matrix.

Under the Living Wage Advocacy Initiative (LIWIN) activities in Ecuador, feedback from the Ecuadorian government on the Living Wage benchmark study has been addressed and incorporated into the second draft report. In addition, concerns on living wage work in Ecuador from banana producer and export associations were addressed by Fairtrade International and World Banana Forum (WBF) through follow-ups and advocacy support. This led to the producer and exporter associations agreeing to collaborate on future living wage activities in Ecuador.

Under LIWIN activities in Ghana, a series of successful meetings on living wage activities were held with the General Agricultural Workers Union (GAWU), the Industrial and Commercial Workers Union (ICU), and employees from the three main banana-producing operations, Golden Exotics, Volta River Estates, and Musamahat Farms. These meetings were supported by the WBF, Fairtrade

International, Fairtrade Africa, Bananalink and IUF. Additional meetings with representatives of the Ghanaian Ministry of Employment and Labor Relations (MELR), Ministry of Food and Agriculture (MOFA), and the Environmental Protection Agency (EPA) led to the MELR electing to showcase the Ghanaian banana sector as an example of a sector adopting good practices.

In flowers, living wage has also been identified as an important topic under the IMVO Covenant hosted by IDH. In a working group under the IMVO Covenant, initial steps have been taken to ensure that the World Bank poverty line is exceeded in all flower-producing countries, and to start defining a sector approach towards the reduction of living wage gaps.

Relating to working conditions, the Occupational Health and Safety (OHS) guidelines under the Banana Occupational Health and Safety Initiative (BOHESI) were formally ratified by the Ecuadorian government in 2018. To support alignment between the banana-producing countries in West Africa and Ecuador, BOHESI projects were initiated in Ghana and Cameroon in 2019. The BOHESI Ghana project was officially launched in April 2019 with a series of training workshops, followed by subsequent training workshops in September 2019, in which 38 members of Health and Safety Committees were officially trained as BOHESI trainers, receiving certifications on completion. Following tripartite meetings (producer, union and governmental representatives) in July 2019, parts 1 and 2 of the BOHESI manual were adapted for the Ghanaian context, and the BOHESI Ghana manual will be officially launched in February 2020.

Since 2018, SSI is taking concrete steps to address key environmental and social issues in the spices sector. In 2019, a new Impact Committee was created and is actively pinpointing challenging issues for the sector. Child labor was the first issue to be tackled and recognized by SSI members during 2019. SSI joined a cross-commodity, multi-stakeholder platform in Turkey (Harvesting the Future project), which aims to improve recruitment and employment practices of seasonal migratory labor, including the reduction of child labor in the country. The primary objective of SSI is to learn from this experience and to replicate similar approaches in other sourcing origins/contexts.

In SVI, the program on child labor with ILO entered its third year, with the development of an awareness-raising program for farmers with Save the Children, and a digital traceability tool with ECOCERT and Metajua. In Madagascar, exporters have been provided with an implementation guide for the Child Labor Code of Conduct.

A baseline study by ILO, not yet published, shows that child labor is present in the vanilla sector, mainly at farm level, but relatively less so than in the cocoa sector. This is good news, while at the same time confirming the need to address this issue in the sector.

POC 3 - GENDER EQUALITY AND EMPOWERMENT

A gender component to the BOHESI occupational health and safety (OHS) training manual was developed under the BOHESI Ghana project activities in 2019. Based on interventions crucial to integrating women, including pregnant women and young mothers, into banana plantations and packhouses, this component provides important support for establishing gender equality in banana operations. Training against this gender component will also be conducted under BOHESI project activities in Cameroon.

In 2019, BOHESI projects were launched in Ghana and Ecuador, to support alignment in OHS practices between the West African banana-producing countries and Ecuador. A further gender component was developed under BOHESI Ghana in 2019, providing guidelines for the inclusion of pregnant women and young mothers in banana plantations and packing operations.

In our gender project in the flower sector in Ethiopia, initial project targets have been reached and the project has supported an increase in gender and health knowledge and a change in behaviors for 24,362 farm workers, against an initial target of 20,000 farm workers.

Based on a business case study conducted by IDH in 2019, which resulted in the development of a set of gender KPIs, two standards in the FSI basket (KFC and Florverde) piloted the introduction of these KPIs into their own systems. The baseline assessment against these KPIs will serve to raise awareness with partners on gender business cases, initiatives and policies, and will lead to a project with participating farms in 2020. The objective of this project will be to embed gender-smart practices into businesses and industry standards.

The new version of the Salary Matrix, which is planned for release in Q1 2020, will also include a gender element, enabling companies to compare the wages paid to staff according to gender and per working category. The importance of driving a data-oriented approach to these

topics is becoming increasingly clear, relating to our work on living wage, gender, smallholder inclusion, and responsible agrochemical management.

2019 marked a productive year in supporting increased gender equality through the EPHEA project in Ethiopia. All project targets were met in 2019, notably contributing to an increase in gender and health knowledge, a change in behavior, and health access for 24,362 general workers (relative to the project target of 20,000 general workers). Furthermore, the project led to 436 newly trained gender committee members (target: 300) and an above-target adoption of gender policies by targeted farms. Going forward, this project will be further supported through the newly developed gender elements in the Living Wage Salary Matrix, which will be steered by a dedicated working group under the IMVO Flower Covenant.

POC 4 - SMALLHOLDER INCLUSION

In 2019, the SIFAV Smallholder Farmer Inclusion Working Group completed a study on the applicability of the SIFAV basket of standards in a smallholder context. The main conclusion was that all current standards are not 100% smallholder farmer inclusive. By the end of 2019, a new project was started up to reach out to the various social standards to share the specific barriers for smallholder farmers, and to discuss possibilities to reduce those barriers. The project also aims to further analyze smallholder-specific social certification options outside the current basket of standards. The results of this project will be expected before mid-2020. The outcomes of both projects feed into the evaluation of the basket of standards and the smallholder approach for the SIFAV 2025 program.

As a result of IDH's work under HortInvest in Rwanda, four horticultural exporting SMEs are actively sourcing from nine smallholder cooperatives in the six target districts under HortInvest.

Under the Juice Worth the Squeeze project with Sierra Agra, Woord & Daad and Fairmatch Support in Sierra Leone, IDH conducted a service delivery model (SDM) analysis of Sierra Agra's smallholder farmer sourcing structures in 2019. This SDM analysis formed part of a strategic project, which led to the revision of the target commodities from mango and coconut to mango and pineapple. Focusing on mango and pineapple, Sierra Agra can more effectively establish commercially viable sourcing from smallholder farmers in Sierra Leone.

Under the spices program in Vietnam, three backward integration projects have been implemented with private partners, providing National Sustainability Curriculum (NSC) training for nearly 1,500 farmers in two key provinces (Dak Nong and Dak Lak province). 80% of the pepper farmers adopted the NSC having taken this training.

The volume of pepper sourced sustainably reached around 6,200 tons under the field-level projects between IDH and private companies (nearly twice the target). The sustainable practices promoted under McCormick Project in demo farms led to a reported increase of 13% in yields and of 27% in profits compared to conventional farms. An assessment was conducted with 100 farmers to compare the profitability of Rainforest Alliance certified farms with conventional ones, showing a yield increase of 17% in Rainforest Alliance certified farms. Combined with the premium on price, this led to an estimated increased profitability of 33% for certified farms.

Reduced cost of production (as a result of following IPM practices) and improved quality of produce led to comparatively better prices in local markets. These were reported to be major positive economic outcomes for SSI-India's implementing partner farmers in India, incentivizing farmers' retention across different SSI-India projects. An example of the positive outcomes is the result of STAC measurable improvement for turmeric farmers, where increase in productivity, low resource utilization in processing, and improved curcumin content and color were found.

In the vanilla sector, smallholders are still profiting from the high prices of the crop and investing in housing. On the other hand, prices confronted farmers with security issues (theft and early harvests). In our joint approach with ILO and the US Department of Labor, SVI collaborated with the government of Madagascar and exporters to support farmers with technical assistance (for example, training on vigilance committees).

POC 5 - RESPONSIBLE AGROCHEMICAL MANAGEMENT

In 2019, IDH joined a project consortium to support the development of a pesticide impact indicator. Led by Wageningen Environmental Research (WER), the project aims to develop an indicator that measures the holistic impact of crop protection strategies. Building on existing pesticide impact indicators, the resulting indicator will provide an incentive for producers to shift towards more holistic integrated pest management (IPM) approaches, and will provide benchmarking feedback within crop varieties and producing regions. In 2019, the main focus was on stakeholder engagement and the setup of the calculation model behind the tool – making use of various existing calculation models on toxicity, drift, drainage, etc.

In 2019, IDH co-funded two projects focusing on improved agrochemical use in flowers. An Afriflora integrated pest management (IPM) project in Ethiopia met all its targets and drove uptake of IPM practices, most notably leading to a 20% reduction in agrochemical use and up to 30% lower MRLs in plant tissue. A second project by MPS delivered insights on active ingredients in seven supply chains, and led to the adoption of best practices for increased chain transparency.

Responsible agrochemical management will gain further support through transition to the FSI basket of standards, which will include a new environmental component from January 2021, and will emphasize reliable data and recordkeeping on environmental principles. Three scheme owners, MPS, Florverde Sustainable Flowers and KFC, have already declared compliance with the new criteria, and GLOBALG.A.P. has signed the commitment and is actively working towards compliance.

In Vietnam, the National Sustainability Curriculum (NSC) for pepper, was introduced to farmers in eight pepper-growing provinces. Through the National Agriculture Extension Service (NAEC) network, the NSC has reached out to 7,500 people, including 1,200 training of trainers and 6,300 training of farmers. A total of 500 hard copies were distributed and 3,000 NSC were downloaded from the NAEC website. Farmers were trained on prevention against pests and diseases through the adoption of probiotic products, which enables pepper farmers to lower the use of pesticides and to change their conventional practices, gradually stopping the use of pesticides and inorganic fertilizers in their farming.

Aiming to strengthen RAM, IDH's project partner Simecodl introduced an innovative service called "Agri-teams", which are external teams that provide services such as pesticide spraying, fertilizing, earthing, transporting, and advising farmer communities. This allows outsourcing of the high-risk work of spraying to people who are well trained in pesticide classification, usage and spraying techniques, and who wear protective clothing on duty to ensure their health and safety. The agrochemical app was first introduced to 360 farmers under one field-level project. In September 2019, an evaluation of the app was conducted to inform improvements.

In 2019, the number of spice-growing farmers covered under field-level projects by SSI-India and IDH was more than 7,000, covering nearly 6,500 hectares of land across seven major spices production states in India. The projects primarily focus on the use of agrochemicals in a responsible and safe way in line with accepted IPM practices. The number of farmers covered was slightly lower compared to previous years, as many interventions had completed the four-year project cycle by Q2 2019. Adoption of IPM practices by farmers was observed during surveys and interaction by a third-party evaluation consultant under the SSI-India projects. Factors other than knowledge and adoption rate of improved practices were also found to impact minimum residue levels.

POC 6 - VALUE CHAIN DEVELOPMENT

For HortInvest, which is focusing on export value chain development, IDH has been providing close support to four selected Rwandan SMEs to increase production and meet export market requirements. Through projects with each of these SMEs, IDH has co-financed capacity building in best practices to improve productivity (consistent volumes and quality), crop protection, cold chain management, cost price calculations, and the development of marketing strategies. IDH has also co-financed capital investments in irrigation systems, farm mechanization, and fresh produce storage solutions. As a result of IDH's support, these four SMEs are currently sourcing from nine smallholder cooperatives that are in HortInvest's six target districts. For IDH, it is a project contracting requirement that each SME has sourcing commitments with at least two cooperatives within the six target districts.

Through working closely with these four SMEs, several critical supply chain constraints became evident.

Throughout 2019, IDH worked closely with the Rwandan National Agricultural Export Development Board (NAEB) to support improvements in cold store capacity and management at the NAEB packhouse, and the introduction of freight forwarder agencies into Rwanda. These improvements are crucial for supplying high-quality fresh produce to premium export markets. As a result of IDH's activities under HortInvest, total horticultural exports from Rwanda have increased from 6-10 metric tons per week at the beginning of 2018 to 50-70 metric tons by the end of 2019. In 2020, IDH will initiate projects with a further three Rwandan SMEs, bringing the total to seven SMEs under IDH's export value chain development component.

In June 2019, IDH launched the Grown Sustainably in Africa (GSA) partnership with Unilever to support Unilever in building their local sourcing strategy across sub-Saharan Africa. Based on long-term anchor sourcing commitments, IDH and Unilever provide grant technical assistance support to selected SMEs to establish socially inclusive value chains and meet sourcing commitments. IDH's Farmfit Fund will provide parallel support to these SMEs in accessing affordable commercial financing.

Under this GSA partnership, IDH launched a project with Wensleydale Farms in South Africa. Based on anchor sourcing commitments from Unilever, IDH is supporting Wensleydale to establish an inclusive dehydrated vegetable and herb value chain in South Africa. A block farm model will be established to build an inclusive sourcing strategy; if this model proves successful, it can serve as a proof of concept to further scale up sourcing and raise commercial financing.

Under the broader IDH-Dalberg partnership, three market assessment studies were completed in 2019 to identify sectoral value chain development opportunities across Africa. These studies include: 1) the development of a five-year agricultural development strategy for Rwanda, in conjunction with the National Agricultural Export Development Board (NAEB); 2) an assessment of market opportunity in four selected value chains in Ondo state, Nigeria; and 3) an assessment of the opportunities and challenges in developing rice value chains in West Africa. In 2020, these market assessment studies will support and inform fundraising and program implementation activities in each of these sectors and regions.

LESSONS LEARNED

Commodity platforms and sustainable sourcing

Under the Sustainable Juice Covenant, it became clear that members aligning their internal reporting processes with the requirements of the Juice Covenant is the first step to increasing the volumes traded sustainably, followed by actively sourcing volumes that meet the requirements under the Sustainable Juice Covenant (with regards to the recognized sustainability standards). These steps both refer to a change in business practices and contribute to building increased transparency in juice supply chains. However, the last step of members working collaboratively to increase the availability of sustainable juice volumes is the crucial step to supporting sector transformation.

One of the key learnings in flowers and bananas has been the adoption of data-oriented approaches. More specifically, the use of recordkeeping of farm performance on agrochemicals, gender equality and wages has been recognized by partners as the way forward to be able to showcase progress over time.

Defining realistic targets, and leaving room for companies to step up their game in defining individual sourcing targets, encourages them to do more than the minimum. It remains to be seen whether further peer-to-peer positive feedback systems can encourage companies to invest more in sustainability.

SSI's active public ambassadorship of frontrunner companies, coupled with buyers' demand for sustainability, creates an environment for newcomers to participate and contribute, thereby driving SSI into the critical mass phase of market transformation. Spending time, creating trust, and helping newcomers make the first moves can result in important sustainability impact.

The developments of the program in India showed that focusing on both domestic and international markets for spices is needed to develop sustainable market links for farmers, given that 85% of the spices produced are locally consumed in India, while export-oriented spices tend to fetch around 25-30% higher prices. Empowering farmers to tap local markets would lead to a risk mitigation mechanism as well as making sustainable spices production a regular practice in domestic markets.

Serving local markets and developing capacities on IPM practices and MRL compliance would have allowed SSI-India implementing partners a better transition to serving export markets. Bringing local market players onto the SSI-India platform, learning from this strategy may have provided insights for tapping export markets through exporters.

The outcome of a Fairtrade study determining a living income reference price for vanilla was important. SVI organized extensive industry feedback, and shared that external research with SVI members, helping to create a reference and language on living income, which will be followed up in upcoming years.

Living wage and improved working conditions

By developing practical tools like the Salary Matrix that can be used by companies to operationalize a complex topic like living wage, it's easier to gain traction among the industry, attract key players and create a roadmap for action.

Not being able to publish the outcomes of the baseline study on the prevalence of child labor in the vanilla sector makes it difficult to convince vanilla stakeholders to prioritize the issue, given several other key issues that the sector has to address, like security and quality. As this is beyond our control, it teaches us that IDH should be careful not to become dependent while accepting implementation tasks under larger projects.

A mid-term evaluation of the ILO project showed the need for stronger advocacy and external support for a Child Labor Monitoring and Remediation System (CLMRS) and capacity building at regional state level, which is beyond the private sector's scope of control.

Despite good relations, leverage and improved dialogue with national government in Madagascar and the exporters' community, it remains difficult to ensure commitment to professionalization of vanilla sector. The main reason is the difficult market situation, as is the lack of strong local leadership and vision in the sector. A new attempt for a 2025 collective strategy is planned for 2020.

Gender equality and empowerment

The importance of driving a data-oriented approach on gender is becoming increasingly clear, as the reaction to the publication of the gender KPIs and Salary Matrix have demonstrated.

Smallholder inclusion

Under HortInvest, the donor requires that 50% of the impact resulting from activities under the export value chain development component needs to be within the six target districts in the northwest of Rwanda. Hence the requirement that project partners need to secure at least two signed sourcing MOUs with smallholder cooperatives within these target districts. However, building sourcing from smallholders in these districts for export-oriented horticultural value chains has proved challenging, predominantly due to logistic and climate factors that are not best-suited to building horticultural production for export-oriented value chains.

In Vietnam, research studies prove the tangible benefits of farmers joining the sustainability program and adopting Rainforest Alliance certification practices, which increased their yields compared to conventional farms, and, combined with a premium paid to farmers and reduced agrochemical costs, leads to increased profitability. This finding is key to engaging more pepper farmers and encouraging them to comply with the best practices.

In India, an evaluation study was carried out on our spices projects over past years, showing that large coverage of farmers by Field Facilitators did not create the expected impact, given that most of them were not in a position to visit the farmers and their fields at regular intervals. Among the piloted extension systems, the Agri-Entrepreneur model, which uses enhanced technology application (agri-tech) and is based on a business case for farmer outreach, showed more promise. It could become the new extension mechanism for spices that includes local market outlets. For export markets, SDM or backward integration programs are more effective, but are considerably more expensive and do not all necessarily address all key sustainability issues. Finding a cost-effective method that addresses key issues while ensuring export specifications are met remains a challenge for Indian stakeholders. The local market is larger than the export market; the Agri-Entrepreneur model and new National Spices Sustainability Platform (NSSP) will prioritize this.

Responsible agrochemical management

In India, targeted modular training had better desired outcomes for MRL compliance compared to integrated training. Training of women should be mandatory (even better if a KPI is designed around this) since their engagement in spices cultivation is far greater than men, both as cultivators and farm laborers. Training via the Agri-Entrepreneur model, which uses an enhanced technology application (agri-tech), can become the new extension mechanism for effective training.

While deeper engagement in promotion of SAP, RAM, IPM and similar methods often results in better compliance of products, it also needs a buyer or market for the product willing to pay a higher price, in line with the

expectations of the implementing partners or smallholder farmers. For example, chili farmers reported that the quality of their produce had improved (better color and weight) due to IPM and agrochemical management practices, but this has not led to more buyers or higher market prices for farmers. Taking a market-led approach to RAM and developing a package of practices (POPs) with the market considerations is therefore more likely to meet expectations of both buyers and sellers.

Value chain development

To be successful, Rwanda's nascent horticultural export sector requires support across the supply chain. In addition to focusing on improving the quality and consistency of production, the enabling environment is crucial for success – i.e. the availability of affordable high-quality inputs, and effectively managed cold chain and air freight capacity for supply into premium export markets.

KPIs Fresh & Ingredients

Result area 1 - Change in business practices

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA1. Output 1	Private-sector (sustainability) investments in the program	€3,600,000	€5,687,391	€5,300,000	€3,751,826	€3,700,000	€3,144,440	€3,500,000	€3,753,554	€16,337,211	63%	€9,850,000	€25,950,000	
RA1. Output 1	Co-investment ratio (1:X)	NA	1:2.5	NA	1:2	1:1.5	1:1.3	1:1.5	1:1				1:1.5	
RA1. Output 2	Other sources of public or private investments/ funding leveraged by the program	0	€120,898	0	€79,070	€5,000,000	€127,280		€140,881	€468,129			NA	
RA1. Output 4	Business cases developed to demonstrate the potential of sustainable practices	NA	3	4	4	5	2	4	6	15		2	12	2 for Afriflora on water and IPM 1 for Sierra Leone SDM on juice 1 GSA analysis, of 5 business cases 1 for Wensleydale 1 for Jungle nuts (macadamia, Kenya) 0 Madagascar - delayed 0 Bohesi - delayed 0 McCormic - expected 2020
RA1. Outcome 1	Sustainability embedded at corporate level	NA	8 companies	NA	39 companies are reporting under SIFAV (3 new companies), 17 are reporting under FSI (7 new companies), and 8 are reporting under the Sustainable Juice Covenant	NA	A total of 53 companies reported under SIFAV in 2018; 27 under FSI; and 8 under Juice	15 new companies	23 new companies are reporting: 36 SIFAV (1 new) 36 FSI (9 new) 12 SJC (4 new) 36 SSI (9 new)	120		15 new companies	100 companies	SIFAV: adapted number on those companies reporting. 39 members with reporting requirement, but 3 didn't report. New: 36 members of SSI reported in 2019, of which 9 new members in 2019 (out of 41 total members).

Result area 1 - Change in business practices

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA1. Outcome 2	Uptake rate of sustainable production by program partners	25%	5%	5%	5%	5%	40%	5%	43%	43%		0	25%	Weighted average for 2019 is 43%, compared to 40% in 2018. SSI: 21,206 MT, which is 14% of 2016 baseline. SIFAV: 2,600,000 MT (=74%) sustainably sourced, which is 2% more than 2018. Baseline (2013) is 438,000 MT. Baseline (2014) is 1,200,000 MT. FSI: 59% plants and 72% of total reported flower trade by members. Total reported flowers (stems): 5,335,233,441. Total reported plants (pots): 431,134,293. SJC: 4.7M MT of which 20% sourced sustainably.
RA1. Outcome 3	IDH participation in relevant landscape and/ or commodity platforms	0	0	0	0	15	18	2	21 (3 new platforms)	21			15	New in 2019: 1 IMVO flowers 1 banana covenant 1 roadmap on living wage

Result area 2 - Improved sector and landscape governance

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA2. Outcome 4	Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources	0	0	0	0	NA	2	0	4	6		0	NA	1 banana covenant 1 Uganda vanilla harvesting dates 1 pepper taskforce Vietnam 1 Ethiopia registration of organic pest control agents

Result area 3 - Improved-field level sustainability

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA3. Output 1	Number of producers/ workers/ community members trained on key subjects for sustainable production, environmental and social sustainability	22,000	50,836	35,000	65,256	10,000 (Up to mid-2017: 65,000 farmers/ workers trained, segregated by gender)	111,926 (32,730 men and 19,488 women)	18,000	54,617 producers/ workers/ community workers 912 trainers/ auditors/ government staff (24,336 women and 11,569 men)	167,455		0	100,000	Some older project KPIs are not gender disaggregated.
RA3. Outcome 1	Adoption rate of improved practices by producers/ workers/ community members	0	66%	60%	71%	60%	97%	69%	68%			0	60%	
RA3. Outcome 2	Farmland area where trained practices are applied (hectares)	Not specified	47,077	10,000	66,452	5,000 (Up to mid-2017: 35,000 hectares)	61,957	5,000	7,484			0	40,000	
Project-level Indicator	Number of self-sufficient platforms	0	0	0	0	2	4	NA	5	5		0	4	SSI, Juice, Flowers, SNI, SVI

Palm Oil - Markets

Together, Indonesia and Malaysia produce 84% of the world's palm oil, at 42.5 and 19 million metric tons respectively in 2019 (USDA data). Globally, the demand for palm oil is increasing, particularly in Asia (China, India and Indonesia), as is the domestic demand in Africa in countries such as Nigeria. Indonesia was the largest user of palm oil with 12.1 million tons, followed by India with 9.1 million tons, and Europe with 8.2 million tons.

The production of palm oil has been associated with tropical forest deforestation, alongside other social and environmental issues. The Roundtable on Sustainable Palm Oil (RSPO) was established to ensure the sustainability of palm oil production. In 2018, 19% of the global palm oil production was RSPO certified. Landscape approaches also emerged in recent years to reconcile the need for development and forest protection in the palm oil sector. In Indonesia and Malaysia, national palm oil certification schemes were also developed.

The IDH palm oil market programs in Europe and India work on increasing demand and linking end-buyers to sourcing regions, while IDH's landscape teams in Indonesia especially (but also in Colombia, Liberia, Nigeria, and Malaysia) focus on improving the supply chain at origin. Verified Souring Areas are the key tool to make this connection, enabling companies to create tangible impact in their sourcing regions.

In 2015, the European Sustainable Palm Oil (ESPO) project was initiated, leading to a private-sector palm oil pledge to achieve 100% sustainable palm oil market uptake across Europe by 2020. Several governments also made a commitment to support the end of deforestation and contribute to sustainable commodity chains. In the so-called Amsterdam Declarations Partnership, the governments committed to supporting the private-sector initiative on sustainable palm oil in Europe.

Relevant Sustainable Development Goals

PARTNERS

Private
AAK Kamani, Ahold Delhaize, Alliance pour la Préservation des Forets, Belgische Alliantie voor Duurzame Palmolie, Caobisco, Carrefour, COOP, Dansk Initiativ For Etisk Handel, European Palm Oil Alliance (EPOA), FEDIOL, Ferrero, Fundacíon Espanola del Aceite de Palma Sostenible, India Sustainable Palm Oil Coalition, Italian Union for Sustainable Palm Oil, Mars, MVO, Nestlé, Norwegian Initiative for Sustainable Palm Oil, Pepsico, Solvent Extractors Association, Swedish Initiative for Sustainable Palm Oil, Unilever, Wilmar

Public
Governments of Belgium, Denmark, France, Germany, Italy, Norway, the Netherlands, Spain, the UK, and the EU

Other
Amsterdam Declarations Support Unit, Chester Zoo, Conservation International, Consumer Goods Forum, Rainforest Alliance, Roundtable on Sustainable Palm Oil (RSPO), MPOB, GAPKI, Solidaridad, TFA 2020, WRI, WWF

PROGRESS TOWARDS 2020

To increase uptake of responsible palm oil, IDH directly supported seven national palm oil initiatives through the ESPO project (there are 13 national initiatives, not all of which require IDH funding). In 2019, EPOA, IDH and RSPO joined forces and held a joint European conference, instead of the usual separate ones. The Sustainable Palm Oil Dialogue was attended by 450 participants and will be organized annually, uniting all palm oil stakeholders in Europe. The new palm oil monitoring data shows that the European palm oil industry has achieved the 100% commitment; however, now is the time to move from credits to actual purchases.

In India, convening efforts were underway to bring together relevant stakeholders to accelerate market transformation towards sustainable palm oil. A scoping study was done to map out the Indian market, and engagement with policy actors helped create awareness. The program has been looking to link markets to Verified Sourcing Areas (in Indonesia) where palm oil is being produced.

In China, as in India, IDH has been working towards creating greater awareness on the sustainability issues that surround the production of palm oil in Indonesia and Malaysia with the intention to improve the sustainability in supply chains of Chinese palm oil buyers.

In 2019, we also expanded our global sustainable palm oil work under the National Initiatives for Sustainable Climate-smart Oil Palm Smallholders (NISCOPS) program in collaboration with Solidaridad. This has led to written commitment by key government agencies (LOI, MOU, or building on existing government-to-government relations) to participate in the program, as well multi-year strategic implementation plans in selected landscapes/geographies.[1]

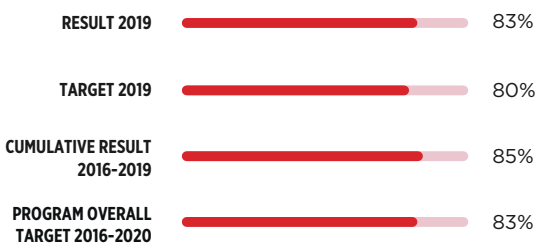
TRAFFIC LIGHT ASSESSMENT

OVERALL	● ● ●
POC 1 - MARKET-END PROGRAM	● ● ●

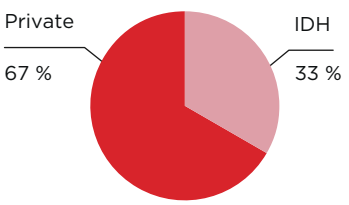
The ESPO project and VSA are both on track, but there are areas to be strengthened, such as work in Southern and Eastern European countries, and linking end-buyers directly to producing areas.

PROGRESS ON KPIS

Uptake rate of sustainable production



Program co-funding ratio (2019)



1 IDH implements the NISCOPS program by extending its existing sustainable palm oil landscapes strategy to landscapes in Nigeria (Ondo and Edo states), Malaysia (Sabah) and Indonesia (Aceh/North Sumatra). In addition to these countries, Solidaridad also implements the program in Ghana.

KEY ACHIEVEMENTS PER PROOF OF CONCEPT

POC 1 - MARKET-END PROGRAM

The palm oil program will achieve 100% sustainable and traceable palm oil in the EU, through: shared governance of targets driving public and private policy innovations; verified region sourcing providing clear market incentives; and supply chain convening for the verified sourcing areas.

At governance level, market monitoring is a key facilitative tool to provide information on progress, to align efforts among stakeholders, and to make informed policy decisions. Actionable next steps and policy decisions are made in response to this shared progress and trend in the sector. The latest monitoring report published by IDH and EPOA shows that Europe's use of palm oil for food is fully covered by CSPO. Now, the challenge is to move from credits to physical supply. The refiners already import 83% CSPO, but the food industry only buys 60% as CSPO. In addition, the European Commission has been intensifying their policy focus on the import of deforestation associated commodities.

At market level, the Sustainable Palm Oil Dialogue conference was a key event for the industry. Collaboration among three organizations brought synergies and strengthened outreach messages. The European Sustainable Palm Oil (ESPO) project, implemented by the European Palm Oil Alliance (EPOA), supported national initiatives with their outreach, public and private sectors' stakeholder engagement, communication and data-monitoring activities. In some countries (e.g. the UK, Italy, Spain), the "no palm oil movement" is the biggest challenge to promoting sustainable palm oil. Communication and awareness targeted at retailers and manufactures was an important part of the work. The Sustainable Palm Oil Choice Campaign (SPOC) in particular was established to achieve this; work to improve the campaign is continuing.

In India, IDH has recently taken on a Steering Committee role in the Indian Sustainable Palm Oil Coalition (I-SPOC), supporting its Secretariat and co-chairing the Policy Working Group. IDH advocated a standards-agnostic approach in the Indian market, with the aim of increasing the uptake of responsibly sourced palm oil – anchored to address the import of palm oil and the larger deforestation-free portfolios discussion. We continue to engage closely with the Dutch embassy, global partners and the Solvent Extractors Association (representing 2,000+ Indian traders, refiners and processors of palm oil).

Early-stage scoping for our demand-market strategy in China has started but is still ongoing.

At field level, the development of palm oil-focused Verified Sourcing Areas and compacts in Aceh Tamiang, Aceh Timur, and South Sumatra are in progress – please refer to the Indonesia chapters for more details. For the VSA achievements in 2019, please refer to the soy chapter.

The NISCOPS program was initiated in late 2018, together with Solidaridad and the Dutch government. NISCOPS aims to strengthen our programs on sustainable palm oil and landscapes (with a focus on smallholders). At both market and field levels, NISCOPS convenes public and private stakeholders to build coalitions. Through this initiative, IDH will implement programs in Indonesia, Malaysia and Nigeria, and provide market links to Europe, India and China.

2019 marked the end of the inception phase of the NISCOPS program, which will enter its implementation phase from 2020 until 2023. The program targets each of the three IDH key result areas and builds on IDH's current multi-year plan for sustainable palm oil and landscapes. During the inception phase, IDH and partners formalized relationships with the government agencies involved in Indonesia, Malaysia and Nigeria, building on newly established or strengthened government-to-government relationships between the Netherlands and these countries on sustainable palm oil. KPIs and targets for climate-smart agriculture were developed, and priority intervention areas selected.

In Indonesia specifically, NISCOPS is expected to be used as a tool to synchronize data and efforts related to smallholders across ministries. In the meantime, the NISCOPS program sought harmonization and alignment with FoKSBI, the multi-stakeholder Indonesian sustainable palm oil platform.[2]

2 For more detailed progress at national level in Nigeria and Malaysia, please refer to the landscape chapters.

LESSONS LEARNED

Improved engagement at EU level

The palm oil sector is preparing for the upcoming legislative measures that will be set by the European Commission in the coming years. It is important not only to have detailed discussions within the industry, but also to inform policymakers on progress, ambitions and the industry's capacity. The European palm oil sector has come a long way in mainstreaming sustainable palm oil in the market with considerable success. It is important to inform policymakers on what has been achieved, what kinds of efforts the industry has invested in, and what the industry's views/ambitions are on various types of regulatory measures, so policy decisions can form a more participatory process in order to reach effective and efficient outcomes.

Team capacity

In the second half of 2019, team capacity in the European Palm Oil Alliance fell short unexpectedly. This has to a large extent influenced the progress and continuation of the ESPO project. Extra efforts and resources had to be invested and are also foreseen in 2020, but this is a difficult process. This type of unexpected incident is difficult to predict and to prepare for. IDH has reserved extra funding and team support to bridge the gap. This required the team and partners to work closely together, to be considerate, to deal with changes, and to work out feasible solutions.

NISCOPS

Establishing the government-to-government commitments between consumer- and producer-country governments involves a time-consuming and highly political process, but is an important instrument to anchor the program in national policies to enable scale. Since the deliverables of the program's inception phase were dependent to a large extent on producer-country government decision-making processes that were beyond the control of IDH and Solidaridad, the originally foreseen timeline has shifted; the inception phase will be formally closed at the end of Q1 2020.

KPIs Palm Oil - Markets

Result area 1 - Change in business practices

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA1. Output 1	Private-sector (sustainability) investments in the program	€800,000	€812,000	NA	€1,160,310	€0	€1,253,599	0	€1,212,998	€4,438,907		0	Annual target 2020 is the forecast made in October 2019 based on actuals and value contracted	NA	
RA1. Output 1	Co-investment ratio (1:X)	1:2	1:1.6	NA	1:3.3	0	1:3.5	0	1:2			0			
RA1. Output 2	Business cases developed to demonstrate the potential of sustainable practices	NA	NA	NA	0	1 (VSA model operational for at least one sourcing area in Indonesia to be determined)	0	NA	1	1	100%	1	VSA in Aceh Tamiang (see Indonesia, Aceh, part of landscapes program)	VSA model can be scaled up to new sourcing areas within and outside Indonesia	The compacts in Indonesia, both in Aceh and in South Sumatra, are in progress. The compact and pilot project in Aceh are up and running. They will contribute to the testing of the VSA platform in 2020.
RA1. Outcome 2	Uptake rate of sustainable production by EU/market share of responsibly sourced palm oil in the European, Chinese and Indian markets	100%	Update per country: France 96%, Belgium 100%, Netherlands 84%, Sweden 97%, UK 72%, Germany 79%	70% (EU) 100% (Indonesia)	69%	75%	74%	80%	83%	83%	98%	Europe: 85%	Europe: 85% China/India: no target for 2020 yet. For Europe, the 2020 target has been lowered from 100% (AP2019) to 85% as the last percentages in Europe are the hardest to achieve and will unlikely be attained without mandatory government measures. The original 100% target (AR2018) was aspirational but in practice, 85% is more realistic.	Europe: 85% China/India: no target for 2020 yet	IDH and the European Palm Oil Alliance jointly publish the European palm oil market monitoring report each year. Data sources include Eurostat, Oilworld, refiners, certification schemes, and palm oil national initiatives in numerous European countries. Visit https://www.idhsustainabletrade.com/sectors/palm-oil/ for more information.

Result area 2 - Improved sector and landscape governance

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA2. Outcome 3	Development of, and compliance with, voluntary and legal standards on sustainable commodity production	0	0	0	0	0	NA	1 (VSA Performance Standard fully developed)	1 (VSA Blueprint drafted)	0	0	1 (VSA Compact Tool with mandatory themes rolled out)	Focus of KPI changed from benchmarked standards to development of the VSA Compact Tool, due to the shift in strategy of the program. This same KPI is also reported in the soy KPI table, because the VSA work is multi-commodity and no longer restricted to palm oil.	1 (VSA Compact Tool with mandatory themes rolled out)	VSA Blueprint draft: instead of performance standard, the focus is on a) compliance with process guidance on how to initiate and implement a compact; and b) an online platform to connect buyers to compacts. VSA Blueprint is a long document describing the VSA model in detail, whereas the performance standard is the old name for the VSA Compact Tool that now focuses on process instead of specific standards of sustainability. One draft compact process guidance has also been developed.
RA2. Outcome 4	Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources	0	0	0	0	2 countries	1 country (France)	5 countries (France, Belgium, Spain, UK, Italy) either sign the Amsterdam Declarations Partnership (ADP) or implement policy changes to meet ADP targets	0	1 country (France)	33%	Europe: 3 additional countries (Spain, UK, Italy) sign and implement the ADP Global: expand/ build on the G2G arrangements between the Netherlands and several producing countries on palm oil (Nigeria, Malaysia, Indonesia, Colombia) to also include other (ADP) countries	KPI used in both soy and palm oil programs, because both commodities are covered by the ADP. Although the signing of the ADP and its implementation by signatories are not completely within IDH's control, we aim to support the process. Hence by 2020, IDH aims to support five countries on either implementing or signing the ADP.	5 countries in Europe have signed and are implementing the ADP Globally, expand/ build on the G2G arrangements between the Netherlands and several producing countries on palm oil (Nigeria, Malaysia, Indonesia, Colombia) to also include other (ADP) countries	The work with other countries in Europe towards signing or implementing the ADP is ongoing. The NISCOPS work in the Netherlands lies in implementing ADP, which relates to the G2G work, and is making good progress. Belgium, Sweden, Spain and Luxemburg are potential ADP members. We continue to engage.

Soy - Markets

In 2018/2019, 359 million tons of soy were produced, mainly in the USA, Brazil and Argentina. Europe is the second largest importer (34 million tons) of soy globally. Soy production has been (indirectly) associated with deforestation in producing regions, alongside other social and environmental issues. The soy moratorium in the Brazilian Amazon and standards for responsible soy (e.g. RTRS, ISCC, Proterra), were the sector's initial reaction. As the deforestation shifted to the Brazilian Cerrado, recent initiative such as Cerrado Manifesto and Cerrado Conservation mechanism emerged.

While the Amazon moratorium has effectively reduced the link between soy and deforestation in the Brazilian Amazon, the uptake and sourcing of sustainability schemes has never reached mainstream levels. In 2018, according to the new European soy market monitoring report (to be published in 2020 by IDH), the market uptake of responsible soy in Europe was around 38%; however, most was purchased as conventional soy.

IDH's soy market program therefore works on increasing demand and linking end-buyers to sourcing regions, while IDH's landscape program in Brazil focuses on improving the supply chain at origin. Verified Sourcing Areas are the key tool to make this connection. In Europe, IDH works with the feed sector (90% of soy imports), trade, retail and civil society, at both European and country levels. The development of the Verified Sourcing Area (VSA) approach is an essential part of the program. VSA is an inclusive sustainability model that builds on strong local government involvement and creates a pre-competitive space for buyers. It matches global demand for sustainability with local sustainability priorities/achievements, and enables a diverse range of both existing and future landscape initiatives to be featured and cultivated in one global space. The approach enables companies to create tangible impact in their sourcing regions, based on local needs.

Relevant Sustainable Development Goals

PARTNERS

Private
Abiove, ADM, Agrifirm, Ahold Delhaize, Aldi-Sud, Amaggi, Bel, Cargill, CBL, COOP, de Heus, Duralim, DVT, FEDIOL, FEFAC, Lidl, MVO, national feed associations (Bemefa, CESFAC, DVT, EUROFAC, Nevedi, DAKOFO etc.), NZO

VSA: Jacobs Douwe Egberts, Mars Wrigley, PepsiCo, Unilever

Public
Amsterdam Declarations Partnership (ADP) Support Unit, Dutch government, Dutch and Norwegian Embassy in Brazil, municipalities in Mato Grosso in Brazil, Produce, Conserve, Include (PCI) Institute Mato Grosso in Brazil, US Department of State

Other
Conservation International, Consumer Goods Forum, Danish Agriculture and Food Council, Danish Ethical Trading Initiative, EFECA, IUCN NL, Proterra, RTRS, Solidaridad, Tropical Forest Alliance TFA 2020, WWF

VSA: Lingkar Temu Kabupaten, ISEAL Alliance, ProForest, Lestari, Stockholm Environment Institute/Trase, World Bank, World Resource Institute

PROGRESS TOWARDS 2020

The first European responsible soy monitoring report was published in March 2019, leading to discussions among stakeholders throughout the year, deliberating how to improve data collection and align efforts among different European countries. Partners across supply chains gathered in Utrecht for the sustainability week, for the Amsterdam Declarations Partnership meetings and other expert sessions, led and convened by IDH. On the market side, important steps were made by European Feed Manufacturers' Federation (FEFAC) on linking responsible soy schemes with the Global Feed LCA Institute (GFLI), looking at responsible soy from a carbon perspective in particular. The inclusion of deforestation-free and other relevant criteria in the guidelines was heavily discussed and explored by the feed associations, and in 2020 the Federation will decide how to implement this. At national level, together with partners, IDH contributed to establishing the Dutch Soy Roundtable Initiative, and supported the French sustainable animal feed and livestock sector platform (Duralim) in achieving its objectives. Continuous engagement and conversations with the Spanish and Danish soy actors built important foundations for further collaboration.

The VSA approach was developed in collaboration with a diverse Global Steering Committee of sustainability experts from a conceptual performance standard to a full platform-based model, focusing on connecting buyers to compacts in compliance with process guidance. Initial platform user journeys were developed, as well as a draft compact guidance. Work on engagement models for buyers and claims mapping was also started, the latter in collaboration with ISEAL. Five compact agreements were signed in 2019 in Brazil, Indonesia, and Vietnam, laying the groundwork for VSA piloting.

TRAFFIC LIGHT ASSESSMENT

OVERALL

Program on track against KPIs, POCs and ICs without foreseeable risk.

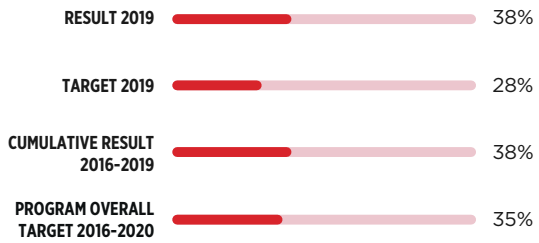
POC 1 - MARKET-END PROGRAM

2019 was an essential year. The VSA approach went from concept to model; the first monitoring report was published; and a great deal of convening and co-funding work is paying off in 2020.

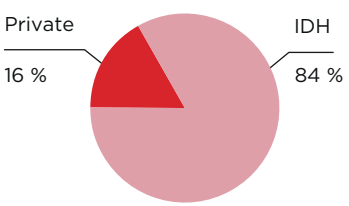
The program target of responsible soy market uptake was revised from 50% to 35% in the 2020 Annual Plan, due to lessons learned and challenges in the sector's reality.

PROGRESS ON KPIS

Uptake rate of sustainable production



Program co-funding ratio (2019)



KEY ACHIEVEMENTS PER PROOF OF CONCEPT

POC 1 - MARKET-END PROGRAM

The soy program will make sustainable soy mainstream through: shared governance of targets driving public and private policy innovations; verified region sourcing providing clear market incentives; and supply chain convening for the verified sourcing areas.

At governance level, market monitoring is a key facilitative tool to provide information on progress, to align efforts among stakeholders, and to make informed policy decisions. Actionable next steps and policy decisions are made in response to this shared progress and trend in the sector. The first European soy monitoring report was published in March 2019. The traction generated by this report led to improved methodology and strengthened stakeholder engagement as well as consultation on the second version. Preliminary data (to be published in Q2 2020) shows that in 2018, 38% of European market uptake of soy was FEFAC-SSG compliant while 24% was deforestation-free. However, a significant amount of certified soy was still sold as conventional soy in the market. In addition, IDH closely followed policy developments in the European Commission and contributed to various public consultations relating to deforestation, as well as supporting other stakeholders on their positions.

At market level, supporting national initiatives and key players in Denmark, France, the Netherlands, Spain and the UK was the priority. Denmark initiated their new roundtable at the end of 2019, and IDH will support this further in 2020. In France, we started to work with Duralim, the French sustainable animal feed platform, which includes all members of the supply chain. We supported development of a roadmap for the French feed supply chains to achieve their sustainable sourcing commitments, including an economic assessment of responsible soy in end products – an important step towards increasing market uptake in the country. IDH contributed to establishing the Dutch Soy Roundtable and is an active participant. In Spain, convening takes time and is progressing slowly, but a number of associations support the movement and are willing to work on responsible soy. An incredible amount of awareness-raising needs to be done, hence the first project in 2020 will focus on mapping and awareness-raising activities. We were keen to support the UK roundtable actors, but the feeling was not mutual. As the UK is moving forward quite well, we have decided no longer to focus on actors in the UK.

At European level, FEFAC supported the formal legalization of the Global Feed LCA Institute (GFLI). This is an important step for industry-wide use of data related to the environmental performance of feed, including soy. The inclusion of deforestation-free criteria and other sustainability issues in the guidelines were explored by feed associations, which contributed to the ongoing process of updating the guidelines and FEFAC Sustainability Charter.

In June, IDH convened a series of outreach events and dinners on soy, palm oil, cocoa and tropical timber during the week of Amsterdam Declarations Partnership meeting. Hundreds of European (public and private) stakeholders along supply chains for forest-risk commodities, including soy, gathered in Utrecht to discuss urgent actions needed to protect tropical forests, based on the initial results of the *Urgency of Action Against Deforestation* report, which was published in February 2020. Constant engagement and advocacy are essential to keep stakeholders working towards increasing demand for responsible soy, and to promote direct impact on the ground.

At field level, the objective of the markets team is to link markets to producing regions through VSAs, which saw critical developments in 2019. In May 2019, the VSA Global Steering Committee (GSC) convened a milestone meeting in Bogota during the annual Tropical Forest Alliance meeting. In collaboration with the VSA GSC and a group of consultants, the VSA approach developed into a full model, focusing on compliance with convening and implementation process guidance, and an online platform for buyers and compacts to connect. The full model was presented to the VSA GSC in November 2019. This included the digital agency presenting the initial platform user journeys, which was the first time the platform and its functionalities had been visualized. The guidance document on initiating and implementing compacts, which draws on existing landscape approaches globally, was also presented. In addition, work was done on identifying the types of companies for which VSAs could add value, their pain points with regards to sustainable sourcing,

and in what ways VSAs could help alleviate these. This was the basis for the VSA Go-To-Market strategy. Proforest, KPMG and New Foresight are the consultancy organizations we collaborated with. Company engagement happened in a targeted manner, for instance via a dinner organized for the Dutch feed sector, in which the approach was presented, and the sector provided input.

Five PPI compacts were signed in Brazil, Indonesia, and Vietnam – please refer to the relevant landscape chapters. These compacts lay the groundwork for piloting the VSA approach. Progress on the development of a soy-focused VSA and compact can be found in the chapter on Mato Grosso, Brazil.

LESSONS LEARNED

Discourse on certification and zero deforestation

In the soy program, we have shifted from huge certification programs with the Soy Fast Track Fund, to landscape approaches in which we thought certification played no role, to recognizing how our approach is additional to certification. We have also moved from not believing in zero deforestation and not committing to this publicly, as it might have damaged our relationship with Brazilian farmers, to endorsing and promoting zero-conversion commitments in Europe (as long as there is a continuous improvement element in the field involved). For some countries and companies, moving to zero-conversion is a logical step; for others, the FEFAC Soy Sourcing Guidelines are still the level to focus on. Both of these changes have helped us in our European convening work, making it easier to connect with stakeholders, and gaining the support of NGO partners.

Monitoring

A key lesson learned from monitoring soy involved framing the percentage of zero-deforestation soy. In the report, we took zero deforestation as a subset of the FEFAC Soy Sourcing Guidelines, as the objective is for *responsible* deforestation-free soy in Europe. Over 2017, this figure was 13%. However, this implies that the rest of the soy was related to deforestation, which is far from the truth; most soy is actually produced in low-risk areas.

Zero-deforestation platforms

As part of a strategy-forming exercise, we hired a consultancy to investigate whether national deforestation platforms (rather than sector initiatives, such as a separate palm oil and soy initiative in the UK) should form the structure our convening work. We see this thinking return in the European Commission Communication on Deforestation priorities, regarding the establishment of a European platform. The French Alliance for the Preservation of Forest is an example that is facing difficulties, mentioned below; the only appetite to copy this was in Norway. Based on stakeholder analysis, the difficulties that the Alliance faces, and internal analysis, we are struggling to develop a more efficient mechanism. Each commodity has different realities. It is not easy to find a generalized approach that can tackle all issues faced by various deforestation-risk commodities. How to effectively create measures tailored to each commodity while gathering them under the same framework is the key question to answer.

Verified Sourcing Areas

Early in 2019, we realized that rather than being a (performance) standard, the role of a VSA was to connect two sides of a market on sustainability, thereby becoming a platform. With these new insights, obtained through thorough interaction with relevant stakeholders in sustainable sourcing (including ISEAL, TFA, etc.), a great deal of new thinking and progress was unlocked, resulting in the current full VSA model.

KPIs Soy - Markets

Result area 1 - Change in business practices

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to Target 2020	Overall Program Target 2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA1. Output 1	Private-sector (sustainability) investments in the program	0	€4,560,754	€0	€2,090,890	€0	€77,002	€0	€127,829	€6,856,475		€0	Annual target 2020 is the forecast made in October 2019 based on actuals and value contracted.	€6,600,770	
RA1. Output 1	Co-investment ratio		1:2		1:2.8		1:0.5		1:0.2			0		0	
RA1. Outcome 2	Uptake rate of sustainable production (FEFAC-SSG compliant soymeal)	NA	55% (average partners)	52.5% (partners)	NA	37% (total in EU)	22%	28%	38%	38%	100%	35%	In the 2019 Annual Plan that was drafted in October 2018, the 2016-2020 overall target was set at 50%. However, with the improved methodology of monitoring data collected in 2018, we lowered the original 2020 target from 50% to 38% in 2019. This was communicated in the 2020 Annual Plan.	35% (of total European import)	Taking into account the revised overall 2020 target, the 2019 result makes up 100% of the overall 2020 target.

Result area 2 - Improved sector and landscape governance

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to Target 2020	Overall Program Target 2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA2. Outcome3	Development and compliance with voluntary and legal standards on sustainable commodity production	0	0	15	17	0	0	1 (VSA Performance Standard fully developed)	1 (VSA Blueprint drafted)			1 (VSA Compact Tool with mandatory themes rolled out)	The team moved away from setting/ reporting on country/ landscape targets and instead focused on tools developed for implementing a VSA approach.	1 (VSA Compact Tool with mandatory themes rolled out)	VSA Blueprint draft: instead of performance standard, the focus is on a) compliance with process guidance on how to initiate and implement a compact; and b) an online platform to connect buyers to compacts. VSA Blueprint is a long document describing the VSA model in detail, whereas the performance standard is the old name for the VSA Compact Tool that now focuses on process instead of specific standards of sustainability. One draft compact process guidance has also been developed.
RA2. Outcome4	Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources	0	0	0	0	0	NA	5 countries (France, Belgium, Spain, UK, Italy) either sign the Amsterdam Declarations Partnership (ADP) or implement policy changes to meet ADP targets	0	1 (France)	33%	3 additional countries (Spain, UK, Italy) sign and implement the ADP	KPI used in both soy and palm oil programs, because both commodities are covered by the ADP. Although the signing of the ADP and its implementation by signatories are not completely within IDH's control, we aim to support the process. Hence by 2020, IDH aims to support five countries on either implementing or signing the ADP.	5 countries in Europe have signed and are implementing the ADP	The work with other countries in Europe towards signing or implementing the ADP is ongoing. The NISCOPS work in the Netherlands lies in implementing ADP, which relates to the G2G work, and is making good progress. Belgium, Sweden, Spain and Luxemburg are potential ADP members. We continue to engage.

Tea

Around 3.5 million tons of black tea is produced annually by millions of workers on tea estates and smallholders across the globe. Globally, demand for tea is still increasing, but this is mainly driven by growing consumer markets in Asia. For the EU, and especially the UK consumer market, demand has been falling or increasing marginally. Simultaneously, despite limiting factors such as climate change and low prices, global supply of black tea is still increasing. Over the last nine years, the top 10 producing countries have seen an overall increase in tea production of 32% (ITC, 2019), and at the same time we see a downward trend of tea prices further decreasing since 2017. The reporting year was marked by an oversupply of tea on the international market, resulting in a significant price drop in the African tea trade specifically. This deteriorating market reality has been especially challenging for African tea producers of low- to medium-quality teas, which has also had an impact on IDH's program work over the past year.

The IDH tea program works in six large tea-producing countries in Africa and Asia. The global market share of the tea-buying companies participating in the IDH tea program is estimated to cover 30% of global tea production.

Over recent years, the tea industry made a significant shift to being more open to pre-competitive collaboration to address persistant sustainability issues. As a result, IDH has been able to build partnerships across several key issues for the industry, ranging from living wage and working conditions, to gender issues including gender-based violence, to living income and smallholder profitability. Together with its partners, IDH has built the expertise to address these sustainability issues through pre-competitive collaboration.

PARTNERS

Private
Tata Global Beverages, Taylors of Harrogate, Unilever, Tesco, Jacobs Douwe Egberts (JDE), Typhoo, Ostfriesische Tee Gesellschaft (OTG), Kenya Tea Development Agency (KTDA), Ethical Tea Partnership (ETP), Van Rees, Marks & Spencer, Mother Parkers, Finlays, Tea Association of Malawi (TAML) and members, Twinings, Ringtons

Public
Kenya (county governments), Tanzania (Tea Board & Tanzania Smallholder Tea Development Agency – TSHTDA), Vietnam (Ministry of Agriculture and Rural Development – MARD), Malawi (Ministries of Labor, Agriculture and Finance), India (Tea Board of India)

Other
Gatsby Charitable Foundation, the Wood Foundation, Oxfam GB, Rainforest Alliance, UNICEF, Fair Trade International, GIZ, Vietnamese Tea Association (VITAS), Business for Social Responsibility (BSR), UN Women, Gender Violence Recovery Centre (GVRC), Global Alliance for Improved Nutrition (GAIN), World University Services Canada (WUSC), Tea Research Institute Tanzania (TRIT), Comitato Europeo per la Formazione e l'Agricoltura Onlus (CEFA)

Relevant Sustainable Development Goals

PROGRESS TOWARDS 2020

Under Malawi Tea 2020, the gap between prevailing wage and the living wage slowly continues to close and has now been reduced by 29% since the October 2014 baseline[1], meaning that current take-home pay is at 66% of a living wage. Despite challenging market conditions, most buyers have continued to prioritize Malawi to purchase their tea from, and investments by coalition partners have continued. In India, the *trustea* program has entered a more mature phase with a new multi-stakeholder governance body, the *trustea* sustainable tea council, which governs the *trustea* code and drives the strategy of the *trustea* sustainable tea foundation. In Kenya, we have seen positive results from the field-level projects under the Gender Empowerment Platform. For our smallholder work, we have conducted a service delivery model (SDM) analysis in Vietnam with our partner Van Rees, and have secured EU funding to scale up our intervention in the Tanzanian tea industry, focusing on improving incomes and nutrition for 22,000 Tanzanian tea smallholders. On a global level, the conversation on the Global Coalition has focused on India. Together with the Ethical Tea Partnership, we have drafted a sector-wide commitment between packers and producers, which aims to address systemic change in the industry by 2030 – for example, on living wage and income, and sustainable landscapes.

TRAFFIC LIGHT ASSESSMENT

OVERALL

Currently we have 96% contracted, 3 out of 4 POCs are on track, and more than 80% of our KPIs are on track to deliver the 2020 target.

POC 1 – MALAWI TEA 2020

This POC serves as a great example of how to work on living wage in the tea sector and beyond. Activities, KPIs and finances are on track. Since the start of the program in Malawi, the living wage gap has been closed by 29% compared to the October 2014 baseline. The gap won't be 100% bridged, mainly due to poor tea prices in 2019 and poor prices outlook for 2020, as well as significant changes in the Malawian income tax regime, reducing take-home pay of tea workers.

POC 2 - GENDER KENYA

Although the activities of field-level projects are on track, the work promised on the safe space structure has not taken place. In addition, we see that some of the program impacts will be difficult to prove by 2020. Despite having access to more data, IDH is not seeing any clear trend (neither decrease nor increase) in cases of gender-based violence (GBV). This can be explained by the fact that behavioral change interventions will take more time to prove their impacts.

POC 3 - INDIA *trustea*

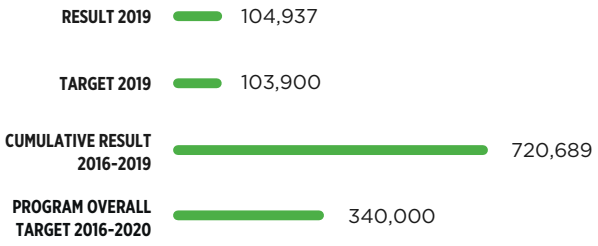
Overall, the program is on track to achieve its expected outcomes by 2020. In 2019, we transitioned to a new governance structure. The so-called *trustea* sustainable tea foundation was established, and is being steered by a newly formed *trustea* sustainable tea council, a multi-stakeholder body. Implementation and rollout of *trustea* has continued with new implementing partners.

POC 4 – SMALLHOLDERS

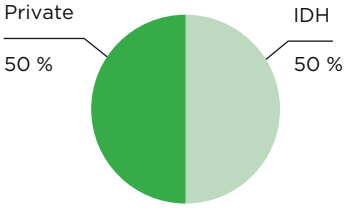
Projects are on track to deliver results, specifically on business practices and field-level outcomes. IDH won the EU Agri-Connect tender, focusing on the tea sector, and will continue to work with 22,000 smallholders on improving incomes and nutrition in the Southern Highlands of Tanzania for the next four years.

PROGRESS ON KPIS

Number of producers/workers/community members trained on key subjects for sustainable production, environmental and social sustainability



Program co-funding ratio (2019)



1 Wages Committee Report 2019

KEY ACHIEVEMENTS PER PROOF OF CONCEPT

POC 1 – MALAWI TEA 2020

Through convening the Malawi Tea 2020 supply chain partnership (35 organizations), a roadmap is developed and implemented to: revitalize the Malawi tea industry; empower Malawi Tea workers to improve their livelihoods and create opportunities for women; and improve buyer procurement practices to achieve a profitable, competitive Malawi tea industry where its workers earn a living wage by 2020.

In the past year, the progress towards reducing the gap between the prevailing wage and the living wage continued, albeit slowly. Since the October 2014 baseline, the gap has now been closed by 29%, which means that current take-home pay is at 66% of a living wage.

In September 2019, the government finally increased the tax threshold from 35,000 MKW (US$47.70) to 45,000 MKW (US$61.33), which had a positive impact on take-home pay for tea workers. The coalition will continue to press for a further rise in the threshold.

At sector governance level, the main goal was to ensure that the deteriorating tea market (oversupply of African tea in the global market, much lower prices for Malawi tea) would not hamper the program's progress. This goal has been achieved as continuous investments have been made towards improving the quality of tea, and most buyers have continued to prioritize Malawi as an origin. Looking at 2016-2019 data, it demonstrates an increase of 65% in the volume of tea bought by coalition members, in addition to a focus on changing business practices through continuous quality improvements.

As part of this, with the support of IDH, one tea estate has now secured funding from AgDevCo and will be constructing a dam with the capacity to irrigate in excess of 900 hectares. As a natural progression from Malawi Tea 2020, coalition partners have also agreed to further invest in the long-term viability of the Malawian tea industry. IDH has started scoping a landscapes program around Mount Mulanje to address deforestation issues, which are dramatically hindering the ability to grow tea in the future.

Besides investments in plantations, IDH and Oxfam have completed one-on-one buyer assessments with all 12 program buyers and discussed how these companies are doing against the living wage targets that were set by the program. In September 2019, IDH published the Sustainable Procurement Kit (SPK), which allows companies to assess their contribution to the payment of a living wage. The SPK has been piloted in the Malawi Tea 2020 program and is a standardized tool that can be scaled up to other tea origins and sectors.

In field-level projects, a gender coordinator is being deployed by the Tea Association of Malawi to further implement the sector's gender and sexual harassment policy (more under POC 2). Other reported improvements include investment in increasing nutritional value of meals, access to potable water by drilling boreholes and installing water tanks, and installing solar lighting for homes. On the smallholder level, farmer field schools (FFS) and nutrition interventions have reached 8,087 smallholders, which represents 49% of the smallholders in the country (more under POC 4).

POC 2 – GENDER KENYA

By addressing gender-based violence (GBV) issues in the tea supply chain in Kenya through the platform, we aim to develop viable business solutions leading to a better gender balance and reduction of GBV in Kenya at two levels:

1. **At tea plantations through capacity building on GBV and putting company policy and structures in place addressing GBV (prevention and response);**
2. **At smallholder level through addressing the root causes of GBV such as financial literacy.**

For this POC, our work in Kenya through the Gender Empowerment Platform (GEP) is key. Furthermore, we have strengthened our work in India and Malawi on gender, based on our experience in Kenya.

In 2019, around 3,000 workers were trained through peer education[2], and 30,000 smallholders were trained on financial literacy and decision-making. To further respond to the root causes of GBV in a smallholder setting, we started an economic empowerment program with the Kenyan Tea Development Agency (KTDA), in which we are developing a gender-responsive curriculum on financial inclusion, including household decision-making modules.

GEP partners are continuously undertaking efforts to address GBV awareness, policy revisions and coaching of staff, reaching over 2,000 smallholder farmers and over 10,000 workers and dependents in 2019 alone. Despite this, we do not see any trends yet in the number of GBV cases, either positive or negative. We believe this is because the behavioral change we are trying to establish – at workforce level, in the company's management and in the wider community – takes time. Workforces on plantations change rapidly, with a trend towards more short-term workers being hired. This results in higher turnover and makes achieving progress in the short term difficult.

In September 2019, we decided with our GEP partners to discontinue safe space[3] activity in Kericho county. The challenging tea market and the mechanism of the safe space that was decided upon, did not work out within the scope and timeline for delivery in 2020. IDH will reach out to other organizations more suited to this type of activity.

Beyond Kenya, the programs that started in 2018 in Malawi and India are progressing well. In Malawi, the sector gender policy has been implemented on all Malawian tea estates, engaging 809 workers and managers through two-day peer education training courses, to reach out to the workforce. We convened a gender symposium with private-sector and CSO partners, at which the Malawian Minister of Gender was also present. During the symposium, an action plan for the sector and all individual plantations was developed. In India, the Improving Lives program has worked with 23,442 girls and 5,528 boys in adolescent groups across 205 tea gardens. Activities are designed to help adolescents learn about their rights and ways to protect themselves from violence, exploitation and abuse. 57% of group members indicated that they feel that their community is becoming safer for both boys and girls.

POC 3 – INDIA *trustea*

India is a key tea-producing country, where IDH engages in a number of different activities, including *trustea*, the Improving Lives program (see POC 2) focusing on vulnerable groups in tea communities (women, children, and dependents), and prototyping new smallholder interventions since 2019.

trustea has been driving sustainability in the Indian tea industry for the Indian domestic tea market for the last six years. Until year-end 2019, *trustea* has verified 663 million kilograms of tea, which is almost half (48%) of the total tea produced in India annually. In 2019, the former *trustea* secretariat that is monitoring the code management was registered as an independent entity and incorporated into the *trustea* Sustainable Tea Foundation. The program has also entered into a more mature phase with the *trustea* sustainable tea council (a multi-stakeholder body) governing the code and driving the strategy of the *trustea* Sustainable Tea Foundation. In September 2019, the first council meeting was held, convened by IDH; this next phase of *trustea* was celebrated with a launch event in Kolkata, involving key industry players and partners. The transition to the new governance structure has taken time to start up. Despite this, new implementation partners were onboarded and trained in 2019, and continued the rollout of the *trustea* standard. In 2019, through the rollout of the verification program, *trustea* reached an additional 36,365 workers (16,995 men and 19,370 women) and 9,063 smallholders, which means the program reached a total of 619,500 workers and 55,670 smallholders, engaging them in sustainable production practices.

In addition to *trustea*, and building on IDH's smallholder work in tea, in 2019 a pilot agri-entrepreneurs program in the smallholder sector of Assam started. Agri-entrepreneurs are agricultural enterprises that provide a diverse set of services to small tea growers, including access to inputs, finance, diversification, and overall laying the foundation for future living income work. The program is part of a multi-sector approach, together with the IDH spices and cotton programs and Syngenta Foundation, to improve incomes of smallholder farmers in the region. Results of the program are expected to be reported in 2020.

2 Peer education uses a train-the-trainer model, where colleagues are trained and they in turn train/educate their peers.

3 A safe space refers to a safe haven for GBV survivors: a place outside of the plantation, where they can find medical, judicial, and police support.

POC 4 – SMALLHOLDERS

By strengthening the relationship between smallholders and an established tea value chain partner and creating a balanced power relationship, smallholders receive good-quality services and are therefore able to improve their production practices, resulting in resilient and empowered farmers (e.g. health, education).

In Vietnam, where smallholder inclusion is closely interlinked with health and safety issues, an SDM analysis was conducted in May 2019 with global tea trader Van Rees. Together with a local producer, conditions for scaling up the project were analyzed, with a focus on responsible agrochemical management. On a sector level, IDH has been selected as co-chair of the Public-Private Partnership Task Force for Tea in Vietnam, together with Unilever and the Department of Crop Production, providing possibilities for further rollout of learnings from our earlier programs in Vietnam to the wider sector.

As part of Malawi Tea 2020, a multi-year comparison of yield data for farmers who participated in 2017-2018 farmer field schools (FFS) was carried out. Adoption of the good agricultural practices learned in the FFS has led to a yield increase of nearly 22% that year and of 41% in the season after graduating. Students also had a higher percentage of green leaf rated as "good" (73%) compared to non-FFS farmers (56%) in the year after graduation.

In Tanzania, we are implementing the findings of our 2018 SDM study together with Unilever Tea Tanzania (UTT) in the Mufindi Outgrowers (MOG) project. Since 2014, the number of farmers in the SDM has increased from 69 to 1,500, of which 1,400 have completed FFS and improved their incomes by 55% according to the study. In this phase of the project, the SDM will be independent from donor funding so that it can run sustainably and independently after IDH's intervention ends. Farmers have also started cooperative strengthening. A tea nursery has been constructed in the community, together with the cooperative leadership, to enable access to seedlings. In 2019, the Seeds of Prosperity program was completed with UTT and GAIN. Focused on food diversification and hygiene practices, it was rolled out via the farmer field schools to another 1,008 smallholders.

IDH has led a consortium of partners to develop a proposal for a €5 million grant under the EU Agri-Connect program in Tanzania for 2020-2023, which was awarded to us in December. With this grant, we will scale up the successful interventions and learnings of the MOG project to reach 70% of the farmers in the sector, focusing on improving incomes and nutrition of Tanzanian smallholder farmers in the Southern Highlands.

Part of our work in 2019 focused on creating the basis for future interventions in the smallholder sector across East Africa. As part of the groundwork, and with our partner Taylors of Harrogate, we scoped the possibilities of an SDM study in Rwanda, which was postponed to 2020.

OTHER ACTIVITIES

Global convening for a sustainable tea sector beyond 2020

Beyond our work on living wage in Malawi, we made a public commitment at the Only Way is Up conference in Rotterdam in November 2019 to expand our living wage and living income work to multiple East African countries beyond 2020, together with the Ethical Tea Partnership. As part of this work, we formalized a partnership with Taylors of Harrogate in December 2019, with the objective of gaining insights into living wage and living income gaps across their coffee and tea supply chains, and what it would take in terms of extra payments to close those gaps.

The African living wage and living income work is part of our global agenda for a more sustainable tea sector. In partnership with the Ethical Tea Partnership, we have brought together a global coalition of tea-buying and producing companies. This coalition is working together on a global sustainability agenda.

In 2019, we carried out an economic analysis of the Indian tea sector and defined a roadmap for the Indian tea industry with C-level leadership of tea companies. We also worked on a first draft of a sustainability commitment by the coalition partners involved, to raise the bar for sustainability in the global tea industry. The aim is that the global sustainable tea commitment will be finalized and launched in 2020.

LESSONS LEARNED

Global

The reporting year was marked by an oversupply of tea on the international market, resulting in a significant price drop in the African tea trade specifically. This deteriorating market reality has impacted some of the work of the program in the past year. This was especially noticeable in our Malawi Tea 2020 program, where we have not reached our target in closing the living wage gap by another 20%, and in the Kenya program, where we decided to discontinue our activity around safe spaces.

Malawi Tea 2020

Despite difficult market conditions, the living wage gap was closed by a further 4% in 2019. Due to the efforts of all partners in the Malawi Tea 2020 partnership, buyers have continued to prioritize Malawi as an origin, the volume bought over the 2018/2019 season increased by 2.8%, and improvements in quality have continued - despite the general tea market being characterized by oversupply specifically from East Africa.

We experienced a number of challenges here in 2019:

1 Low tea prices in the 2018-2019 season and no improvement in outlook for 2019-2020;

2 The Malawian tea sector still paying 18% more than the country's rural minimum wage[4];

3 Loss in competitiveness for the Malawi tea sector: Malawi tea wages are now higher than adjacent producing countries, making teas from other origins more attractive as they are priced lower than Malawi tea.

Addressing living wage in a single country can lead to competitive disadvantages for the sector in that country. We need to take a multi-country approach to avoid competition issues when addressing living wages. Since the October 2014 baseline, the gap has now been closed by 29%, which means that current take-home pay is at 66% of a (net) living wage. Since the baseline for the Malawi Tea 2020 program, set in October 2014, there was a 48% gap between the prevailing wages and the (net) living wage target; in October 2019, this gap fell to 34%.

Gender Empowerment Program Kenya and beyond

GEP partners are continuously undertaking efforts to address GBV awareness, policy revisions and coaching of staff, reaching over 2,000 smallholder farmers and over 10,000 workers and dependents in 2019 alone.

Despite these efforts, so far there has been no clear trend in terms of a reduction or increase in the number of cases reported by partners. This can be explained by the fact that these are behavioral change interventions, and are likely to require more time. We will closely monitor the number of cases with our partners, but will also contextualize this data and provide explanations as to why we do not see these trends changing.

We have decided, in agreement with our partners, to discontinue the safe space activity. Due to the challenging tea market, achieving co-funding for certain program components has been difficult. IDH will reach out to other organizations more suited to this type of activity.

4 There has been a revision in the minimum wage by the government, which might have been influenced by wages in the tea sector in 2019, according to the independent Wages Committee of the Malawi Tea 2020 program.

KPIs Tea

Result area 1 - Change in business practices

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA1. Output 1	Private-sector (sustainability) investments in the program	€5,000,000	€5,935,545	€2,700,000	€6,523,769	€3,000,000	€4,288,349	€2,600,000	€2,267,310	€19,014,972	95%	€6,800,000		€20,100,000	Program overall target (2016-2020) is adjusted back to the target set in AR2018 for consistency.
RA1. Output 1	Co-investment ratio	1:1.5	1:1.37	1:1.5	1:2.7	1:1.5	1:2.2	1:1.5	1:1			1:1.5		1:1.5	
RA1. Output 2	Other sources of public or private investments/ funding leveraged by the program	0	€178,224	€0	€388,354	NA	€86,433	NA	€45,939	€698,950		0			
RA1. Output 3	Market share by program partners	18%	21%	25%	30%	27%	30%	30%	30%	30%	100%	30%		30%	Estimate by program team

Result area 1 - Change in business practices

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA1. Output 4	Business cases developed to demonstrate the potential of sustainable practices	NA	0	NA	3	NA	5	3	3	10	100%	3		10	Included: SDM study Vietnam business case for financial literacy training for workers with Unilever Tea Kenya Sustainable Procurement Model The cumulative result (2016-2019) is the unique number of business cases the program team has worked on since 2016, not the aggregation of the annual results. For the annual result 2019, we have counted one business case that has been included before, but has been thoroughly revised in 2019
RA1. Outcome 2	Uptake rate of sustainable production by program partners	10%	30%	25%	41%	40% only measured for *trustea* (India)	46% only measured for *trustea* (India)	45%	48%	48%	120%	52%		40%	This is a cumulative target.
RA1. Outcome 3	IDH participation in relevant landscape and/ or commodity platforms	0	0	0	0	3	4	3	5	5	167%	4	This is a continuing KPI, so AP2020 target is the same as cumulative results 2016-2018	3	Included: *trustea*, Malawi Tea 2020, Gender Empowerment Platform, Vietnam PPP taskforce for tea, Tanzania EU consortium

Result area 2 - Improved sector and landscape governance

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA2. Outcome 4	Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources	2	2	4	4	3	3	4	4	6	150%	3	Annual target of 2020 includes CBA Malawi, Plant Protection Code India, and gender policy revision Malawi	4	4 policies: - Plant Protection Code India - Tax Threshold Policy Malawi - Gender policy Malawi - Housing Policy Malawi The cumulative result (2016-2019) is the unique number of policies the program team has worked on since 2016, not the aggregation of the annual results. The aggregation of the annual results also includes policies that were counted before, but have been revised or improved during the calendar year.

Result area 3 - Improved field-level sustainability

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA3. Output 1	Number of producers/workers/community members trained on key subjects for sustainable production, environmental and social sustainability	90,000	165,044	75,000	272,900	75,000	177,808 Producers: 25,127 (10,376 women and 9,676 men, 5,057 not aggregated by gender) Topics include agrochemical management, GAP/ *trustea* trainings, nutrition Workers: 97,640 (49,937 women and 41,062 men, 6,671 not aggregated by gender) Topics include gender, *trustea* trainings, nutrition Community members: 55,041 (33,405 women and 7,195 men, 14,441 not aggregated by gender) Topic was raising awareness of gender	103,900 of which 29,700 smallholders. 50% M/F target	104,937 of which 43,672 smallholders Producers (smallholders): 43,672 (16,535 men and 18,074 women, 9,063 not aggregated by gender) Workers: 61,265 (29,469 men and 28,464 women, 3,158 not aggregated by gender)	720,689	212%	Total: 75,000 of which 53,000 smallholder farmers. 50% M/F target		340,000 (140,000 smallholders and 200,000 workers)	Result 2019 = Jan-Dec 2019
RA3. Output 3	Number of smallholder producers organized/aggregated by the program	40,000	30,187	25,000	36,740	NA	25,127	29,700 (40% men and 60% women)	43,672 (16,535 men and 18,074 women, 9,063 3,158 not aggregated by gender)	135,726	97%	53,000 (60% men and 40% women)		140,000	
RA3. Output 5	Volume of sustainably produced commodity (metric tons)					500,000	608,000	600,000	663,110	663,110	111%	690,000	This is a cumulative target.	600,000	Result 2019 KPI is cumulative 2016-2019. This data is only from the *trustea* program; the tea program does not collect this data for other programs.

Result area 3 - Improved field-level sustainability

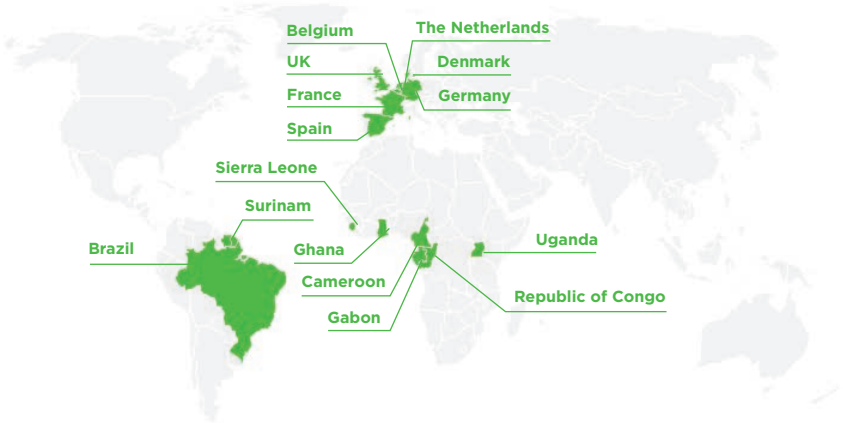
Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA2. Outcome 1	Adoption rate of improved practices by producers/ workers/ community members	50%	66%	70%	NA	NA	NA	NA	NA	NA	NA	NA	Data on this KPI has not been structurally gathered by the tea team, and therefore the team cannot reliably report on this indicator.	70%	Data on this KPI has not been structurally gathered by the tea team, and therefore the team cannot reliably report on this indicator.
RA3. Outcome 2	Farmland area where trained practices are applied (hectares) (this KPI is *trustea* only)	160,000	94,975	25,000	125,786	NA	136,737	125,000	66,785	329,208	94%	301,885		350,000	The cumulative target is not a sum of all 2016-2019 results, because the number of estates per hectare that are *trustea* certified can fluctuate within one year. Therefore it could be that hectares are decertified and recertified over the course of years

Tropical timber - Markets and field-level projects

Tropical forests continue to disappear and degrade at an alarming rate. Unsustainable timber production and harvesting practices pose threats to the ecosystem and lead to further degradation and forest land conversion.

To keep tropical forests in existence, sustainable forest management (SFM) is one of the key solutions so long as the business case can become mainstream. The area managed for sustainable timber production and harvesting is decreasing; market players are divesting from it; and the European market share of tropical timber is decreasing. IDH therefore strives to increase demand for verified sustainable tropical timber in Europe, and in doing so to strengthen the business case for sustainable forest management. In addition to certification schemes, the European Union Timber Regulation (EUTR) and the EU Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan are also important contributors to the improvement of SFM.

Europe imported 2.3 million cubic meters of primary tropical timber products in 2018, of which only an estimated 28.5% was verified as sustainable. Seven European countries (France, the Netherlands, the UK, Germany, Italy and Spain) cover 90% of the total EU imports. Focus on these seven countries and their sourcing regions are therefore crucial. IDH supports innovations in certification of forestry concessions, as well as emerging topics on carbon sequestration under SFM and technology innovation to promote certified sustainable tropical timber. Forests are under pressure from overharvesting of timber and fuelwood for local and regional use, especially in Africa. IDH therefore also supports commercial tree-planting and forestry in regions where natural forests are under pressure.



PARTNERS

Private
Wijma, Rougier, numerous other concession holders and approximately 25 companies in Europe (including Interholco, Kingfisher, European Timber Trade Federation, Danish Timber Trade Federation, Le Commerce du Bois, German Timber Trade Federation, Spanish Timber Trade Federation, UK Timber Trade Federation, Fedustria, De Koninklijke Vereniging Van Nederlandse Houtondernemingen (VVNH), Global-woods, The New Forests Company, Miro Forestry Company, Dutch Covenant)

Public
Dutch government, numerous local authorities in Europe, including the municipalities of Amsterdam, Berlin, Madrid and Barcelona

Other
WWF, FSC, PEFC, ICLEI, Copade, GIZ, Association Technique Internationale des Bois Tropicaux (ATIBT), European Forest Institute (EFI), Stichting Probos, New Generation Plantation (NGP), International Tropical Timber Organization (ITTO), Global Timber Forum (GTF), FLEGT Independent Market Monitor (IMM), Program for the Promotion of Certified Forest Operations (PPECF)

Relevant Sustainable Development Goals

PROGRESS TOWARDS 2020

The reporting year was about strengthening partnerships and building a stronger base for impact. We did that through the second European tropical timber monitoring report, showing that 28.5% of tropical timber imported into Europe was certified as sustainable in 2018 – a similar figure compared to the previous analysis in 2017. This data facilitated the discussion and convening work led by IDH among key European stakeholders. The collaboration with ATIBT (Association Technique du Bois Tropicale), another key organization in the tropical timber arena, was also strengthened. The communication on sustainable tropical timber is now done jointly; the alignment discussions continued throughout the year. Two events were held by IDH, leading to open (and heated) discussions on the role of FLEGT and the EUTR besides certification; as well as to new pre-competitive collaboration structures. The STTC website was updated and now functions as a data hub, where abundant resources on sustainable forest management in the tropics are gathered for public use.

France is the largest European tropical timber consumer. The French timber industry association (LCB) is a key partner who started to reach out to stakeholders to increase awareness – which is the stage the French market is at. In other European countries, IDH continued to engage and reach out to key tropical timber importers. In Africa, the inception phase of developing regional PAFC certification in the Congo basin was supported by IDH, together with ATIBT and the Program for the Promotion of Certified Forest Operations (PPECF).

Three forestry companies in Africa that promote afforestation and reforestation in an inclusive manner have started implementation of timber smallholder schemes. Two SDM analyses looked at how to achieve scale while simultaneously addressing forest conservation and climate change adaptation for smallholders.

TRAFFIC LIGHT ASSESSMENT

OVERALL

Three pillars in the POC are all on track.

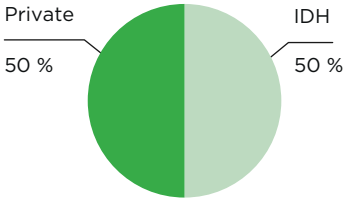
POC 1 - MARKET-END PROGRAM

Three pillars in the POC are all on track.

PROGRESS ON KPIS

Uptake rate of sustainable production

Program co-funding ratio (2019)



KEY ACHIEVEMENTS PER PROOF OF CONCEPT

POC 1 - MARKET-END PROGRAM

The tropical timber program reduces deforestation and forest degradation by strengthening the business case for sustainable forest management and forestry business models.

The program approach is based on three pillars:

1. **European STTC partners implementing policy plans, action plans and market data-based approaches to accelerate European demand for verified sustainable tropical timber;**
2. **Co-funding innovation in sustainable forest management and forestry business models in selected landscapes;**
3. **Co-funding innovation in certification schemes, resulting in 2 million hectares of additional forest under SFM.**

Two European convening events were held in 2019: the Sustainable Tropical Timber event in Utrecht, and the Sustainable Tropical Timber Coalition 2019 Conference in Berlin. Both events led to debates on the role of FLEGT and the EUTR in the sustainability arena, resulting in a collaboration between PEFC, FSC and IDH to produce a position paper on the subject. The sector is looking for ways to increase sustainability beyond certification, a question that IDH is well positioned to provide support on. The data reports were presented and well received, as was the information hub on the STTC website.

As seven European countries import more than 90% of primary tropical timber products, IDH and Probos started a project to engage with targeted key importers in these seven countries. IDH also worked with Le Commerce du Bois (LCB), the French timber industry association, to increase certified tropical timber market uptake in France by its members. To this end, progress was made in a new data survey among members, updating LCB's websites and communication tools to include new information on certified tropical timber, and bringing tropical timber into French National Strategy against Imported Deforestation. Four workshops on sustainable tropical timber and FLEGT were held in timber-specialized schools as well as technical training. France, similar to other European markets, is still very much in the initial phase of working on sustainability, so all of these activities are building up to increasing uptake of sustainable tropical timber.

In Africa, IDH supported ATIBT and PPECF on the development of a regional PAFC certification scheme. 2019 was the inception phase to prepare for the development. Actions completed include scheme document preparation and official launch of the standard development process. Public consultations with relevant stakeholders in the Congo basin commenced.

Three forestry companies that were selected in collaboration with the LDN Fund and New Generation Plantation (NGP) started implementation of timber outgrower projects aiming to demonstrate potential for outgrower practices and support access to private investment. New Forests Company (NFC) is incorporating procurement from smallholders in its core operations, while outcomes from the SDM analysis are being used to anchor sourcing from stallholders in NFC's expansion plans in Uganda. Global-woods is establishing commercial woodlots on smallholder land, and requires land to be set aside for forest conservation. The SDM analysis conducted with Miro Forestry forms the basis for the community forestry partnership set up near Miro's operations in Ghana and Sierra Leone.

LESSONS LEARNED

A key lesson from 2019 is that increased engagement with the national-level tropical timber federations is required. In 2017, we tried to push the federations to all implement a sourcing policy modeled on the Dutch example; at the time it was met with resistance. There is more realization now that selling sustainable timber is key in increasing uptake generally, so the federations are more open to collaborate. It became clearer that if tropical timber is not produced and sold sustainably, the sector will not survive in the long run. Meanwhile, the increasing global focus on climate and carbon also posits sustainable tropical timber as a key renewable material. In 2020, work on this will start with ATIBT, as well as in the UK and with the French Trade Association.

KPIs Tropical timber

Result area 1 - Change in business practices

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA1. Ouput 1	Private-sector (sustainability) investments in the program	€400,000	€2,927,908	€600,000	€490,451	€4,000,000	€187,745	€0	€561,412	€4,167,516		€0		NA	Program overall target (2016-2020) is adjusted back to the target set in AR2018 for consistency.
RA1. Ouput 1	Co-investment ratio	1:1.5	1:2	1:1	1:0.8	1:1	1:0.8	0	1:1						
RA1. Output 2	Other sources of public or private investments/ funding leveraged by the program		€35,324		€263,292		€11,760		€73,554	€383,930		NA			
RA1. Output 4	Business cases developed to demonstrate the potential of sustainable practices	NA	NA	NA	NA	0	NA	2	2	2	100%	2	Business cases on replanting and outgrower schemes, and on sustainable forest management practices and African forestry concession holders' pilot outgrower schemes. Sharing of lessons learned.	2	
RA1. Outcome 2	Uptake rate of sustainable production in EU	60%	35%	22%	40%	22%	29%	35%	29%	29%	73%	40%	Result and target of 2016 and 2017 are previously reported against KPI "uptake rate of sustainable production by program partners", which was abolished in 2018 due to the expansion of the scope of the program - it now covers countries beyond the operations of partner companies. The overall program target of 800,000 cubic meters refers to volume of trade.	40% (800,000 m^3)	

Result area 2 - Improved sector and landscape governance

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA2. Outcome 3	Development of, and compliance with, voluntary and legal standards on sustainable commodity production	NA	0	0	1 (PAFC Gabon in progress)	1	1 (PAFC Gabon)	NA	NA	1 (PAFC Gabon)	50%	2	Two innovations in certification standards, including PAFC in Gabon and regional PAFC in Congo basin. The results reported in 2016 are erroneous, because of different interpretations of the KPI definition. It referred to two standards (FSC, PEFC) that are used in general in the sector.	2	

Result area 3 - Improved field-level sustainability

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA3. Outcome 2	Farmland area where trained practices are applied (hectares)	500,000	1,099,088	589,000	0	0	596,822	NA	0	1,695,910	85%	0	This indicator was discontinued in 2018 due to the conclusion of PAFC and the FSC cetification program.	2,000,000	
RA3. Outcome 4	Number of hectares where protection and restoration interventions are implemented					Restoration: 400	Restoration: 26.4	400	260	286	72%	Restoration: 150	Cumulative target 2020 has been adjusted from 2,000 (AP2019 and AR2018) to 400 due to over-estimation of program scope.	Restoration: 400	

Landscape programs

Mato Grosso and Pará, **Brazil**

The state of Mato Grosso is the largest agricultural producer in Brazil with a total area of 90 million hectares and almost two-thirds of its native vegetation preserved. It is a biodiversity hotspot, including large areas of three biomes: 47.7 million hectares of Amazon rainforest; 36 million hectares of Cerrado (tropical Savannah), and 6.3 million hectares of Pantanal (tropical wetlands). Mato Grosso produces 9% of the global supply of soy and 60% of Brazil's cotton. It is also the top producer of the country's beef, supplying to both domestic and international markets. In 2019, the government of Mato Grosso reported an increase of 13% (1,490 to 1,685 km²) in deforestation, remaining below the line established in the REDD for Early Movers (REM) program of 1,788 km² per year.

Through our landscape program in Brazil, we support the government of Mato Grosso with its ambitious green growth strategy: Produce, Conserve and Include (PCI). The PCI coalition aims to implement the strategy set to avoid 6 gigatons of CO^2 emissions by 2030 while doubling the state's agricultural output. Our role is to:

1 Support the development of enabling policy and legal frameworks – including land regularization;

2 Work with industry and government to promote sustainable production of key commodities that meets growing demand and incentivizes sustainable natural resource management;

3 Bring international value chains and investment to the landscape by developing PCI compacts within Mato Grosso.

We build landscape governance models, developing four PCI compacts at municipality level. The first is in the Juruena valley in Mato Grosso, where the PCI regional compact includes the municipalities of Juruena and Contriguaçu; then, we have also established PCI compacts in Sorriso and Barra do Garças municipalities, also in Mato Grosso. Paragominas municipality in the state of Pará is the fourth PCI compact in Brazil.

Relevant Sustainable Development Goals

PARTNERS

Private
Amaggi, Banco do Brasil, Carrefour, Fundação Carrefour, Grupo Roncador, Marfrig, &Green Fund, Rabobank, Fazenda Sao Marcelo, Natcap Sustainable Solutions, Acrimat (Mato Grosso Cattle Ranching Association), AproSoja (Mato Grosso Soybean Producers Association), Consumer Goods Forum (CGF), Center of the Producing and Exporting Timber Industries of the State of Mato Grosso (CIPEM), FEFAC (European Feed Manufacturers' Federation), FEDIOL (EU vegetable oil and protein meal industry association), IACA, Cargill, P&A

Public
Embassy of the Netherlands, Embassy of Norway, British Embassy, French Development Agency (AFD), Gabinete de Governo do Estado do MT, Green Municipalities Program, Mato Grosso state (governor and vice-governor), Ministry of Agriculture (MAPA), Environment Ministry (MMA), Embrapa, Municipalities of Sorriso, Juruena, Cotriguacu, Ribeirão Cascalheira, Gaúcha do Norte and Paranatinga (Mato Grosso State) and Paragominas (Pará State), Mato Grosso State Secretaries of Economic Affairs, Environmental Affairs, Family Agriculture, Labor and Social Affairs, Strategic Affairs, State Secretaries of Pará: Economic Development, Environment and PMV (Green Municipalities Program of Pará State) and all the members of the PCI Institute

Other
RTRS, GTPS, TFA 2020, WRI, Aliança da Terra, Earth Innovation Institute, Environmental Defense Fund, Imaflora, CIRAD, Instituto Socioambiental (ISA), Instituto Centro da Vida (ICV), Instituto da Pesquisa Ambiental da Amazonia (IPAM), ProForest, Solidaridad, TNC, WWF, CAT-Sorriso

PROGRESS TOWARDS 2020

The reporting year was one of great results for the landscape program in Brazil, consolidating all the investments in convening and preparation made in previous years.

Field-level activities: We kicked off the Sustainable Production of Calves Program, for producing deforestation-free calves in partnership with Carrefour Brazil and Carrefour Foundation, implemented by local partners NatCap, São Marcelo, and Acrimat. In its first year of implementation, the project reached 250 farms (55% of the program's overall target), resulting in 456 producers, smallholders and community members trained, and at least 20,707 hectares of forest conservation and 22,858 hectares of pasturelands covered by the program.

Landscape governance: IDH has established three new PCI compacts in Sorriso, Barra do Garças and Paragominas, engaging more than 60 organizations from the public and private sectors (producers, companies, civil society, local communities).

Business practices: We attracted €641,349 of co-investment in field-level projects in 2019 from private-sector investments to Juruena Valley and Araguaia Valley in Mato Grosso. With the PCI regional compacts, IDH has established three new VSA-readiness pilots (totaling four in the program) and has promoted the commitment of 7 new buyers to these areas (totaling eight in the program).

TRAFFIC LIGHT ASSESSMENT

OVERALL

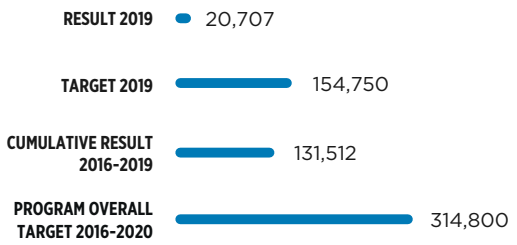
NICFI (one of the key donors to this landscape) has provided a no-cost extension, giving us until the end of 2021 to achieve the cumulative program targets.

POC 1 - MATO GROSSO

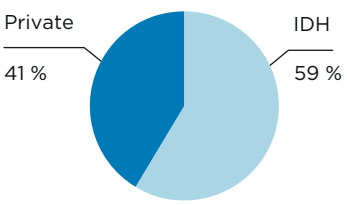
Taking into account the extended deadline of 2021, POC is on track.

PROGRESS ON KPIS

Number of hectares where protection and restoration interventions are implemented



Program co-funding ratio (2019)



KEY ACHIEVEMENTS PER PROOF OF CONCEPT

POC 1 - MATO GROSSO

Work towards de-linking agricultural growth from deforestation, reducing gross deforestation and eradicating illegal deforestation in Mato Grosso through a three-pillar approach:

1. **Governance:** Shared governance of growth, deforestation and reforestation targets driving public and private policy innovations. To do this, we support the state's green growth plan (PCI) and PCI regional compacts.
2. **Finance:** Designing PCI pipelines of projects to create investable PCI deals, building innovative financing solutions to accelerate environmental returns.
3. **Market:** Supply chain convening and development of incentives to create a link with sustainable production.

The Brazil program made important progress on landscape governance, implementing innovative field-level interventions, creating an investment pipeline, and attracting markets.

Landscape governance: IDH has established three new PCI compacts in Brazil, engaging more than 60 organizations including producers, companies, civil society, and local communities. In the municipality of Sorriso, the world's major soybean producer, the PCI compact was supported by 18 signatories and has the potential to promote 280,000 hectares of forest conservation and 150,000 hectares of sustainable production. In the municipality of Barra do Garças, 35 signatories formally supported the compact, which has the potential to promote the 320,000 hectares of forest conservation and 123,633 hectares of pasture intensification. In the municipality of Paragominas, the compact included 10 signatories, and has the potential to promote 1,360,000 hectares of forest conservation and the 94,213 hectares of pastureland intensification.

On February 27, 2019, the state government of Mato Grosso proposed that the PCI strategy should be implemented through a PCI institute. This is a prerequisite for the institute's legal registration, which has been strongly supported by IDH. In addition, IDH established a cooperation agreement with the Environment Secretary of Mato Grosso (SEMA) to accelerate implementation of the Forest Code by validating land registry (CAR) entries with follow-up to ensure that farmers have a plan for forest restoration (PRA) in place, and expansion of their technical capacity to implement this.

Field-level sustainability: We started new, innovative field-level projects and attracted (private) capital to upscale them. This included the Sustainable Production of Calves Program, producing deforestation-free calves in partnership with Carrefour Brasil and the Carrefour Foundation, implemented by local partners NatCap, São Marcelo and Acrimat. In its first year, the project reached 250 properties (55% of the overall target), resulting in 456 producers, smallholders and community members being trained on improved cattle and pasture management, and at least 20,707 hectares of forest conservation and 22,858 hectares of pasturelands covered by the program.

Business and investment: The new PCI compacts are prepared to become Verified Sourcing Areas to expand market linkages, and seven new buyers are committed to the compact areas. In addition, we formalized the partnership with the timber sector in Mato Grosso through the Center of Companies Producing and Exporting Timber (CIPEM). IDH supports them with a roadmap to improve the reputation of their sustainable timber in the European market.

Furthermore, we created an investment pipeline that is expected to lead to deals in 2020. We signed a Memorandum of Understanding with Marfrig (beef industry) to develop a 10-year program for deforestation-free beef sourcing in the Amazon, related to the Sustainable Transition Bond issued by the company. We also supported the identification and development of potential deals for the &Green Fund.

LESSONS LEARNED

Strengthening local implementation capacity

For its field-level projects within the PCI compact areas, IDH has selected implementing partners based on their technical expertise and relationships with the project beneficiaries rather than only on their grant management capabilities. Two of the implementing parties are local producer organizations. We have mitigated the risk of grant mismanagement by providing direct support regarding operations, monitoring, and finance. This strategy has increased the ownership of projects and results. By strengthening the capacity of our local implementing partners, we trust the field-level implementation of our sustainability solutions will be more effective and scalable.

Being a neutral convener to engage with the new federal government

As 2018 was an election year in Brazil for federal and state positions, 2019 was a transition year in both layers of government. By acting as neutral convener, IDH can work with governments in transition as we are not seen as partisan. This allowed us to quickly reconnect and re-establish relationships with the new governor in Mato Grosso and the new staff in the federal government bodies. IDH's production-protection approach has been well received by the new officials.

KPIs Mato Grosso and Pará, **Brazil**

Result area 1 - Change in business practices

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA1. Output 1	Private-sector (sustainability) investments in the program	€1,744,000	€231,682	€1,100,000	€940,666	€780,000	€281,595	€780,000	€357,376	€1,811,319	88%	€0	Co-funding CAT Sorriso	€2,500,000	The two co-funding projects in Juruena Valley needed a little more start-up time than expected, leading to lower private-sector spending than targeted.
RA1. Output 2	Other sources of public or private investments/ funding leveraged by the program	NA	0	NA	€0	NA	€45,900,000	NA	0	€45,900,000		NA		NA	2018 result was a deal approved in 2017 but accounted for in 2018. The result is made up of €45 million from REM and €0.9 million from P4F (Partnerships for Forest).
RA1. Output 4	Business cases developed to demonstrate the potential of sustainable practices	NA	0	2 business cases, 1 intensification (TNC pilot) and 2 regional sourcing (Aliança da Terra pilot)	1 (sustainable soy sourcing and Forest Code implementation with soy farmers in Amaggi project; other business cases were starting and in progress)	1	1	NA	2	4		2	Co-funding CAT Sorriso + Cofco/ Rabobank	6	Adjusted for 4 projects: - Amaggi/AdT - TNC/Roncador - Sustainable Production of Calves in Juruena Valley - Sustainable Production of Calves in Araguaia Valley

Result area 1 - Change in business practices

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
Project-level Indicator	Number of companies sourcing from region-based sourcing pilots	NA	0	NA	0	1	1	NA	7	8		0	1 additional PPI compact will be established in Balsas (MA), companies sourcing in the region will be engaged to support the compact	8	Companies supporting the PPI compacts and sourcing from the regions: JBS, Marfrig, Barry Callebaut, Cofco, Nutribrás, Delicious Fish, Casterleite.
Project-level Indicator	Number of effective Verified Sourcing Areas	NA	0	NA	0	1	1	NA	3	4		1	The municipality of Balsas (Mato Grosso) will also become a VSA pilot	5	As the VSA framework is not yet finalized, we considered areas that are VSA readiness pilots, where PCI compacts are established and companies engaged, as a PCI compact is a prerequisite for a VSA. In the Juruena Valley compact(s), pilots for deforestation-free beef sourcing with Carrefour have been ongoing since 2019. In Paragominas and Barra do Garças, we are still identifying companies that will invest or make sourcing commitments. In Sorriso, the first sustainable soy production projects are starting in 2020 and the link with buyers will be intensified.
RA1. Outcome 1	Sustainability embedded at corporate level	NA	NA	NA	NA	NA	2	NA	1	3		3	IDH plans to provide post-investment technical assistance to COFCO, a commodity trader based in China. The project is focused on the expansion of soybean production over degraded pastureland, promoting compliance with the Forest Code. IDH's role is to support the program design and provide pre- and post-investment technical assistance.	4	Here, we consider only the companies that implement changes in internal policies and procedures to incorporate sustainbility aspects related to IDH programs and PPI. For example, in 2019 beef company Marfrig issued a Sustainable Transition Bond, and then signed an MOU with IDH, asking for our support in the development of a 10-year sustainability program for deforestation-free beef sourcing from the Amazon biome.

Result area 2 - Improved sector and landscape governance

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA2. Outcome 4	Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources	NA	1	1	1 (PCI facility building on PCI Strategy Decree)	2	0	2	3	4		2	- Juruena Municipality Decree about the PCI regional compact - Barra do Garças Municipality Decree about the PCI regional compact	6	The 3 changes in policy and regulatory level achieved in 2019 are: - State decree recognizing the PCI Institute; - Municipal decree in Barra do Garças recognizing the PCI regional compact; - New monitoring system for deforestation and degration addopted by SEMA
RA2. Outcome 5	Landscape plans developed and operationalized	1	1	2	0	3	1	1 additional PPI compact	3	5		1	1 additional PPI compact in Balsas (MA)	6	The 3 landscape plans developed in 2019 are: Sorriso PCI program, Barra do Garças PCI regional compact and Paragominas PPI plan.

Result area 3 - Improved field-level sustainability

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA3. Output 5	Volume of sustainably produced commodity (metric tons)					2,700,000	530,000	0	666	530,666		540,000	Expected volume of soybean production under RTRS certification to be mantained and expanded through the co-funding project with CAT Sorriso	6	The 3 changes in policy and regulatory level achieved in 2019 are: - State decree recognizing the PCI Institute; - Municipal decree in Barra do Garças recognizing the PCI regional compact; - New monitoring system for deforestation and degration addopted by SEMA.
RA3. Output 2	Number of smallholders/ forest community members reached by service delivery for sustainable agricultural/ agroforestry production	NA	NA	NA	NA	100	122	457	456	578		280	The project with CAT Sorriso (a farmers' cooperative) will provide services to soy farmers to achieve and maintain RTRS certification, apply the Forest Code (i.e. ensuring the required areas on the property are protected and/ or restored), and to family farmers (smallholders in the Brazilian context) to improve their production of alternative commodities such as fruit, dairy, and nuts.	1,315	This number correponds to the total producers, workers and community members trainned under the Sustainable Production of Calves Program, from which: - Juruena Valley = 66 - Araguaia Valley = 390

Result area 3 - Improved field-level sustainability

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA3. Outcome 4	Number of hectares where protection and restoration interventions are implemented	NA	NA	756,000	NA	215,000	110,805	154,750	20,707	131,512		50,334	Achieved through the project with CAT Sorriso (a farmer's cooperative). See RA3.Output 2 Target 2020 explanation for details.	314,800	This number corresponds to the total forest cover within the 250 farms participating in the Sustainable Production of Calves Program, considering the APP, Legal Reserve and native vegetation conserved above the law, from which: - Juruena Valley = 5,511 - Araguaia Valley = 15,196 Data related to 118 farms (55 Juruena and 63 Araguaia) verified through environmental visits and GIS info. Result for 2019 is lower than the target, because it took more time than expected to start up the deforestation-free cattle projects, and it took a while before farmers were enrolled in the projects.
RA3. Outcome 5	Number of hectares where sustainable production/farm rehabilitation/ intensification are implemented	NA	0	312,500	393	25,000	226,004	46,500	22,858	249,255		150,000	Achieved through the project with CAT Sorriso (a farmer's cooperative). See RA3.Output 2 Target 2020 explanation for details.	396,256	This number correponds to the total pasture area from the farms receiving technical assistance under the Sustainable Production of Calves Program, from which: - Juruena Valley = 7,093 - Araguaia Valley = 15,765 Data included are from 118 farms (55 Juruena and 63 Araguaia). Result for 2019 is lower than the target, because it took more time than expected to start up the deforestation-free cattle projects, and it took a while before farmers were enrolled in the projects.

Cavally, **Côte d'Ivoire**

In the southwest of Côte d'Ivoire, the wider Taï forest area is an ecologically vital tropical rainforest, rich in biodiversity. The forest also provides ecosystem services, such as climate regulation, on which agricultural production depends. The area accounts for around 40% of cocoa production in Côte d'Ivoire and also produces other agricultural commodities such as rubber and palm oil.

Over past decades, the expansion of agricultural production and population growth have caused massive deforestation and land degradation in the forests around Taï National Park. This includes the Cavally region, which hosts the two large forest reserves of Goin-Débé (majority degraded) and Cavally (less than half degraded).

In 2017, the government of Côte d'Ivoire started developing a new national forest policy. In parallel, there was growing evidence of cocoa production as a major driver of deforestation in the country. These insights precipitated the launch of the Cocoa & Forests Initiative (CFI). Funded by the Initiative for Sustainable Landscapes (ISLA) with support from the Dutch, Danish, and Swiss governments, CFI commits the government of Côte d'Ivoire (and Ghana) and cocoa companies to end deforestation and forest degradation in the cocoa supply chain.

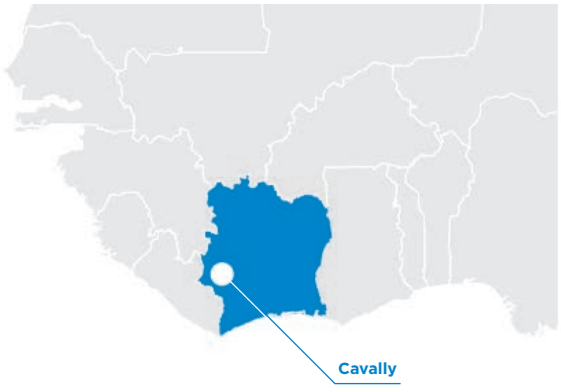
Since 2016, IDH has co-funded and implemented pilot projects on cocoa agroforestry and traceability in collaboration with Barry Callebaut, the Wild Chimpanzee Foundation, and CÉMOI. IDH has also co-funded forest protection and population census projects with SODEFOR. The collection of this socio-economic data on cocoa producers and communities settled in the Goin-Débé classified forest will assist in the protection and monitoring of the Cavally classified forest. To help coordinate these regional interventions, IDH also co-funded the development of a Regional Scheme of Territorial Planning and Development (SRADT) with the Regional Council of Cavally.

PARTNERS

Private
CÉMOI, Barry Callebaut, SIAT, STBC

Public
Conseil du Café-Cacao, Ministry of Environment, Ministry of Planning, Ministry of Water and Forests, OIPR, SODEFOR, Cavally Regional Council

Other
ICRAF, Fondation des Parcs et Réserves de Côte d'Ivoire (FPRCI), Wild Chimpanzee Foundation, BSC Foundation, REDD+, UNDP, FAO, GIZ



Relevant Sustainable Development Goals

PROGRESS TOWARDS 2020

Driving performance in co-funded projects
Through projects with CÉMOI and Barry Callebaut, 2,612 out of the total 3,050 producers were geo-localized (1,800 for Barry Callebaut and 1,250 for CÉMOI) to improve cocoa supply-chain traceability. Cocoa agroforestry systems were also expanded to improve farming sustainability.

In collaboration with SODEFOR and Earthworm, remote sensing technology is being used to monitor and protect the Cavally classified forest and support community reforestation work.

In collaboration with OIPR, we have continued to co-fund project design for a green economy in the periphery of the Taï National Park.

Regional Council strengthened to convene public-private partners
The Regional Scheme of Territorial Planning and Development (SRADT) for the Cavally region is currently being developed, as is a coalition is to prepare a PPI compact.

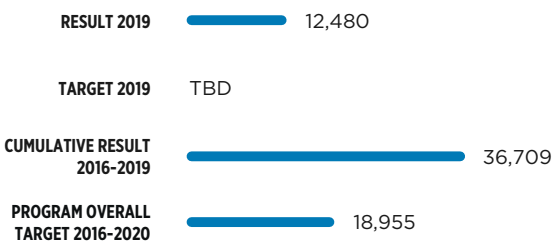
National authorities supported to operationalize the new forest code
Our interventions in the Cavally region have piloted how different classes of forest should be managed. In the least-degraded Cavally classified forest, we co-funded joint surveillance patrols with SODEFOR and the Wild Chimpanzee Foundation. In the most-degraded Go-in-Débé classified forest, we co-funded a population census that will help shape a new landscape management plan.

TRAFFIC LIGHT ASSESSMENT

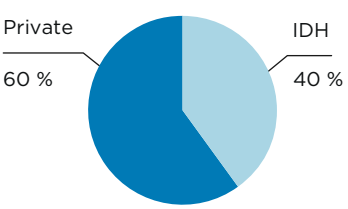
OVERALL	● ● ●
POC 1 - CAVALLY	● ● ●

PROGRESS ON KPIS

Number of producers/workers/community members trained on key subjects for sustainable production, environmental and social sustainability



Program co-funding ratio (2019)



KEY ACHIEVEMENTS PER PROOF OF CONCEPT

POC 1 - CAVALLY

In the Cavally region, we facilitate the design of a green growth plan, which is developed as part of a broader regional land-use plan (SRADT), and which will be owned by the regional council and a regional multi-stakeholder coalition.

The green growth plan outlines production, protection, and inclusion targets, the investments needed to reach the targets as well as roles and responsibilities. To operationalize the green growth plan, a number of projects are developed that ensure: 1) efficient forest surveillance; 2) effective forest law enforcement; 3) forest restoration; 4) traceability of agricultural products; 5) smallholder production models that are economically and ecologically resilient, and contribute to job creation; and 6) awareness and involvement of local communities.

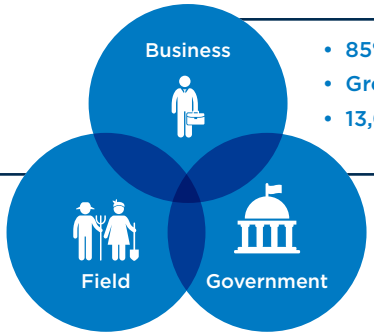
This will lead to sustainable agricultural production in the region as well as the preservation of the Cavally classified forest reserve and avoided deforestation in the Taï National Park. The learnings and insights from the landscape investments in the Cavally region, as well as from targeted learning interventions on topics of cocoa agroforestry, sustainable landscape management and the PPI approach, will feed into a national-level multi-stakeholder coalition to support partners in national policy formulation and implementation that de-link cocoa production from deforestation at national level.

Landscape governance: We continued our collaboration with the Ministry of Planning and Development to support the Cavally Regional Council to develop the Regional Scheme of Territorial Planning and Development (SRADT) and to promote the Cavally regional green growth plan. This focus on green growth is a major innovation in land-use planning that has not been developed for any other region in Côte d'Ivoire. The success of the SRADT in the Cavally region will serve as a starting point for sustainable land-use planning in the rest of Côte d'Ivoire.

We also started to bring together a coalition involving the public sector, private-sector NGOs, and communities in the Cavally region with the aim of signing a regional PPI compact in 2020. We created a strong link between the separate IDH commitments to the ISLA program and the Cocoa & Forests Initiative, positioning ISLA as the key donor to sustain the CFI commitments.

Business practice: We continued our collaboration with Barry Callebaut and CÉMOI on the promotion of cocoa traceability and agroforestry. Within the framework of this ISLA project, all 1,800 producers who are part of the CÉMOI cooperatives have had their plantations mapped and the data is stored in the MINKA software.

Out of the 1,250 Barry Callebaut producers who were proposed for mapping, 740 or 63% of the total have been completed. So far, 85% of the total 3,050 known producers have been mapped. Agroforestry initiatives have successfully planted 9,470 trees on 369 hectares of CÉMOI coop cocoa farms and 3,441 trees on the Barry Callebaut coop farms.



- 85% of growers geolocated
- Grower locations mapped in database
- 13,000 trees planted in farm agroforests

- Improved forest incursion surveillance
- Over 5,300 illegal plantations identified
- A quarter were later abandoned

- SRADT formed
- PPI compacts being developed
- Forest census conducted
- Remote sensing expanded
- Green economy being planned

Field-level sustainability: In addition to our activities with companies to promote agroforestry, we continued to work with public, private, and civil-society partners on improved surveillance to protect the Cavally classified forest. A total of 5,383 hectares of illegal cocoa plantations have been abandoned since the beginning of the project in 2015, of which 1,478 hectares were abandoned in 2019. All of this was a result of the surveillance project we co-fund with SODEFOR.

LESSONS LEARNED

Clarifying the business models for agroforestry options

The co-funding project with CÉMOI helped develop and promote some interesting cocoa-based agroforestry systems. The business model is yet to be proven, and companies and cooperatives are unclear about which agroforestry systems to promote. This is now under discussion by the Cocoa & Forests Initiative Agroforestry Thematic Group, led by Conseil du Café-Cacao.

More time needed to process work through national public institutions

Bureaucracy has significantly slowed down the development of the SRADT. It took most of the year to complete the public tendering to recruit the consultants to develop it, and their delayed payments have also impacted the study.

Weaknesses in the current traceability system require better collaboration

Companies are still reluctant to share the farm-level traceability data they collected; a case in point is that CÉMOI and Barry Callebaut are not sharing their data. They cannot see whether they are sourcing from the same farms or check for fraud in their supply chains. IDH facilitation needs to be directed to addressing these communication constraints in addition to working with government, as Conseil du Café-Cacao has not yet developed a national traceability system for cocoa down to farm level.

KPIs Cavally, Côte d'Ivoire

Result area 1 - Change in business practices

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA1. Output 1	Private-sector (sustainability) investments in the program	€200,000	€96,953	€650,000	€433,962	€590,000	€243,867	€641,233	€286,054	€1,060,836	31%	€418,767	It will increase thanks to Cargill's investment in the Cavally forest protection plan	€2,500,000	Program overall target (2016-2020) is adjusted back to the target set in AR2018 for consistency.
RA1. Output2	Other sources of public or private investments/ funding leveraged by the program	NA	NA	NA	€17,093	€241,000	€174,085	€209,427	€65,663	€256,841	35%	€299,573	There has been less government funding mobilization than expected	€750,000	1. The 2019-2020 contract between the Cocoa-Coffee Council (public structure) and CÉMOI was not signed until December 2019. 2. A contract with a public-sector actor (OIPR) was due to be signed in mid-2019 but could only be signed in February 2020. This contract mobilizes public and private funds. 3. For the SRADT project, the Cavally Regional Council (public sector) has not yet disbursed its financial contribution of €76,000, which will be used to pay the final fees of the consulting firm in charge of developing the SRADT.
RA1. Output 4	Business cases developed to demonstrate the potential of sustainable practices	1	0	1	Ongoing	1	1	1	1	2	100%	1 (traceability)	At the end of 2020, IDH will develop more qualitative analyses on traceability	2	
RA1. Outcome 3	IDH participation in relevant landscape and/ or commodity platforms					NA	3	1	1	4	133%	1	By 2020, IDH will set up and participate in the activities of the PPI compact in Cavally and Goin-Débé. The 3 platforms we are working on are: 1. Regional ISLA coalition led by IDH 2. Tree tenure platform led by Impactum 3. Cocoa & Forests Initiative co-led by IDH and WCF	3	

Result area 2 - Improved sector and landscape governance

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA2. Outcome 4	Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources	0	0	1	2	1	0	Continuous	1	3	100%	0	No target in 2020	3	The 3 policy changes achieved to date are: 1. Signing of the Cocoa & Forests Initiative 2. Adoption of the Forest Code 3. Ongoing development of the green growth plan
RA2. Outcome 5	Landscape plans developed and operationalized			1	0	2	0	TBD	1	1	50%	1	At the time of writing the 2020 annual plan, we had decided to make two landscape plans (around the two classified forests, Goin-Débé and Cavally, individually). In the end, we opted for a single landscape plan for the Cavally region, which takes the two classified forests into account.	2	

Result area 3 - Improved field-level sustainability

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA3. Ouput 1	Number of producers/ workers/community members trained on key subjects for sustainable production, environmental and social sustainability		3,597 (3,509 men and 88 women)	2,025	11,609	6,300	9,023	TBD	12,480	36,709	194%	0		18,955	These include farmers trained on GAP and agricultural entrepreneurship done by Barry Callebaut and CÉMOI as well as awareness-raising by Barry Callebaut and SODEFOR on forest protection issues.
RA3. Output 4	Number of trainers, auditors and/or government staff trained in the program		Total: 123 8 coop staff (1 woman) 115 pruners, nurserists (including referred by labor brokerage system), SODEFOR staff and eco-guards	875	130		64	103	168	485	208%	50	In this target, we include: - Start of SRADT's activities: training heads of decentralized state services in the Cavally region, as well as elected officials (30 people) - OIPR: training of OIPR agents, prefet and vice-prefet (20 people)	233	
RA3. Output 2	Number of producers/ workers/community enterprises reached by service delivery			1,046	2,087	805	1,789	805	1,781	5,657	113%	0	These figures are mainly due to the Wild Chimpanzee Foundation's theater tours on the protection of the Cavally forest, which were presented in Abidjan and in all villages in the Taï department. The Wild Chimpanzee Foundation's theater tour is seen as an outreach initiative that allows people who have watched the show (or have been affected) to become aware of the importance of protecting Cavally's forest. This is different from people trained in protection/monitoring such as eco-guards, who are trained to georeference degraded areas, or producers who are trained in agroforestry techniques on their cocoa farms, for example.	5,000	

Result area 3 - Improved field-level sustainability

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA3. Outcome 4	Number of hectares where protection and restoration interventions are implemented (Cavally FC)	0	0	0	0	65,000	Continuous (still 65,000 hectares of forest to protect)	Continuous (still 65,000 hectares of forest to protect)	Continuous (still 65,000 hectares of forest protected)	Continuous (still 65,000 hectares of forest protected)	Continuous (still 65,000 hectares of forest protected)	Continuous (still 65,000 hectares of forest to protect)	In 2020, SODEFOR aims to fully recover at least 7% of partially degraded forest with cocoa under the trees, i.e. about 4,550 hectares. To achieve this, in 2020 we will kick-start an emergency plan for the Cavally forest, together with a broad range of partners (companies, SODEFOR, etc). The main protective operations in Cavally will continue to be: 1 Monitoring inside the forest to prevent further clearing for agriculture 2 Agricultural intensification and diversification for cocoa producers who are members of cooperatives at the periphery of the forest through agroforestry 3 Traceability (mapping) of the plantations of the producers who are members of cooperatives in order to know their situation in relation to the classified forest	65,000	
	Number of hectares where protection and restoration interventions are implemented (Goin-Débé FC)	0	0	0	0	135,000	Continous (135,000)	Continous (135,000)	Continuous (still 135,000 hectares of forest protected)	Continuous (still 135,000 hectares of forest protected)	Continuous (still 135,000 hectares of forest protected)	NA	The actions to be taken in Goin-Débé will depend on the government's decision. In a new forest code adopted in July 2019, it was decided to reclassify this forest as a "agroforest". IDH will follow the evolution of the situation in 2020	135,000	

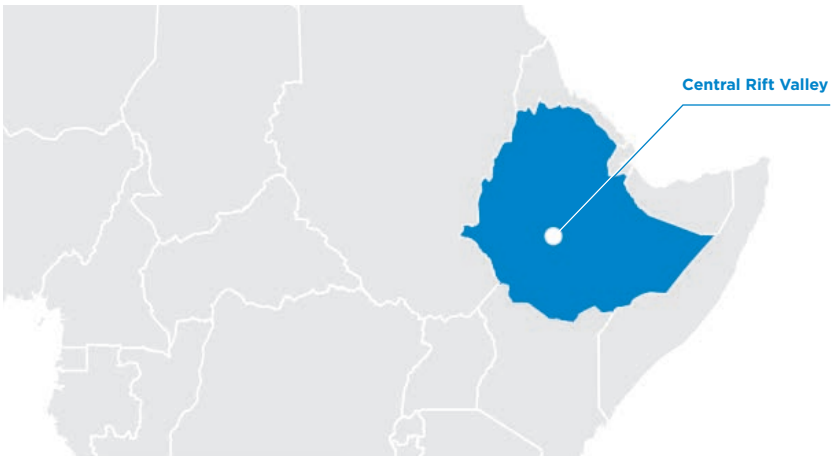
Result area 3 - Improved field-level sustainability

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA3. Outcome 5	Number of hectares where sustainable production/farm rehabilitation/ intensification are implemented	4,000	342	2,000	963	9,425	2,390	Continuous	6,400	10,095	107%	3,000 (to reach the 2020 target)	The cumulative 2020 target published in AP2019 includes land that is "indirectly protected" through our intervention. It is therefore wrongly reported. Plus, the cumulative 2020 target was published wrongly in AR2018 due to human error. Here, the target figure is corrected to refer to strictly "sustainable production". In 2020, we anticipate that we will be able to reach our cumulative target, with the implementation of the OIPR project (5,000 hectares of agroforestry near the Taï National Park).	9,425	

Central Rift Valley, **Ethiopia**

The sustainable landscapes program in Ethiopia is active in the Central Rift Valley. A set of four hydrologically interconnected lakes in the valley – Lake Ziway, Lake Langano, Lake Abjata and Lake Shalla – comprise the Ziway-Shalla sub-basin. Ziway-Shalla is one of the ecosystems in the country with significant economic, ecological and social importance. Large-scale floriculture, wine farming, livestock ranches and smallholders' horticulture operate in the landscape. The lakes are also key habitats for a variety of fish, birds and hippopotami. Declines in water quantity and quality of the lakes caused by over-abstraction, pollution and land degradation are major challenges. This is of particular concern for Lake Ziway as it is the only freshwater lake in the landscape used for drinking and irrigation. In addition, excessive application of hazardous pesticides on crops grown around the lake is threatening the health of farmers and consumers, and contaminating the fragile environment.

IDH has established a public-private-CSO stakeholders' platform, the Ziway-Shalla Sustainability Partnership (ZSSP), to convene key stakeholders and co-fund pilot projects that address the challenges. The twice-yearly meetings of these partners provide a unique opportunity for cross-sectoral exchange of ideas among groups that normally operate within silos. By facilitating dialogue among these stakeholders, IDH is developing trust to work together towards the common objective of conserving the ecosystem that all actors depend on. Since 2015, the partnership has commissioned 10 studies to better understand the social, environmental and cultural dynamics of the landscape, and funded eight projects to pilot interventions. The projects have mainly focused on promoting rehabilitation of degraded land and alternative livelihoods for local communities and improving agricultural practices of smallholders.



Relevant Sustainable Development Goals

PARTNERS

Private
Sher/Afriflora Ethiopia, AQ Roses, Braam Flowers, Ziway Roses, Herburg Roses, Castel Winery, Verde Beef Processing, British Lodge, Ethiopian Horticulture Producers & Exporters Association (EHPEA), Meki Batu Fruit and Vegetable Farmers' Union

Public
National government: Ministry of Water, Irrigation & Electricity, Ministry of Agriculture and Natural Resources, Federal Basin Development Authority, Rift Valley Lakes Basin Development Office; regional government: Oromia Investment Commission, Oromia Environment, Forest & Climate Change Commission; District/local government: Ziway town municipality, Ziway town mayor's office, Adami Tulu Jido Kombolcha district Office of Agriculture

Other
PAN-UK & PAN-Ethiopia, TREE AID, Wetlands International, Horn of Africa Regional, Environmental Centre & Network (HoA-REC&N), Self Help Africa, Generation Integrated Rural Development Consultancy (GIRDC)

PROGRESS TOWARDS 2020

In 2019, the landscape program in Ethiopia focused on aligning its work with key government partners to take the lead and subsequently institutionalize the program approach. As a result, the Ministry of Agriculture came on board to take an active role in the good agricultural practices and integrated pest management projects. The District Office of Agriculture continued supporting implementation of the reforestation and livelihood enhancement projects. The Federal Basins Development Authority is leading the IDH-supported assessment on Water Potential & Demand for Ziway-Shalla sub-basin. Most importantly, Oromia regional government's Environment and Investment Commissions came on board the PPP platform that has been convened by IDH and affirmed their unreserved support for the platform and its joint actions.

In field implementation, more smallholders were trained and certified by the integrated pest management and GLOBALG.A.P. certification projects respectively. Vulnerable communities were aggregated for alternative livelihood options in two projects implementing replanting, bee-keeping, production of energy-saving cooking stoves, and so on.

At country level, IDH was registered as a legal entity in Ethiopia, demonstrating its commitment to widen its support not only to the agriculture sector but also to the garment/textile sectors.

TRAFFIC LIGHT ASSESSMENT

OVERALL

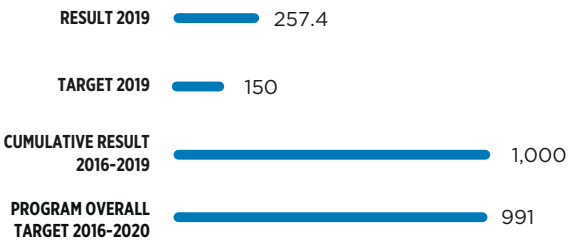
A number of key elements of the program implementation are delayed due to political unrest, late project agreement signing and related matters. This means it is uncertain whether all 2020 targets will be reached within the current funding period. A no-cost extension of six months or a year may be needed.

POC 1 - CENTRAL RIFT VALLEY

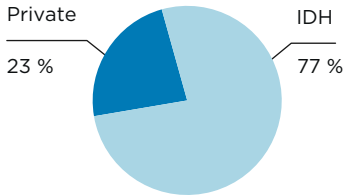
Key elements of the POC will be implemented in 2020, including a water allocation plan, integrated landscape plan, and the development of a business model to scale up community-based reforestation. However, as this is the final year of the current funding cycle, it is expected that other targets may not be reached by the end of 2020. A no-cost extension of six months or a year maybe needed.

PROGRESS ON KPIS

Number of hectares where protection and restoration interventions are implemented



Program co-funding ratio (2019)



KEY ACHIEVEMENTS PER PROOF OF CONCEPT

POC 1 - CENTRAL RIFT VALLEY

By establishing a coalition of public, private, and civil-society partners around Lake Ziway, with a clear vision and strategy and who are able to develop a financially viable governance model, private-sector resources are leveraged to catalyze landscape investments to ensure restoration of degraded land, improved water management, responsible agrochemical management, and improved livelihoods of communities around Lake Ziway (Central Rift Valley).

At governance level, IDH was registered as an international organization to operate in Ethiopia through a country office by the Agency for Civil Society Organizations. This provides IDH with the legal license necessary to conduct high-level engagements with federal institutions and shows IDH's commitment to its growing Ethiopia program portfolio. In partnership with the Federal Basin Development Authority, the landscape program commissioned a study to quantify the water availability, project the water demand, and determine the water balance of the Ziway-Shalla sub-basin. The findings of this study will serve as reliable input to help ensure equitable, fair and sustainable use of water resources in the landscape. This will go a long way to resolving disputes over water entitlements and institutionalizing of water pricing mechanisms to encourage sustainable water use.

At field level, IDH successfully demonstrated integrated pest management (IPM) techniques, reducing the use of hazardous pesticides by 40% and decreasing the cost of production by 15% for smallholders. Innovative approaches to pest management, including the food spray method to attract predatory insects into fields, were tested and found effective in controlling insect pests. High-quality, hands-on farmer training based on the farmer field school methodology was provided to help smallholders develop the skills, knowledge and confidence to adopt a range of safer and more sustainable production techniques. The participation of women in farmer field schools increased from 14% to 46%. Working closely with local extension services, IDH raised awareness and promoted the wider adoption of ecologically sound IPM approaches using demonstration plots, open days and forums. Farmers were introduced to Vermicomposting, a process based on earthworms and micro-organisms, which helps to degrade and detoxify organic waste into fertilizer. This eco-friendly method is cost effective and showed considerable potential to improve farmers' poor soils. Scaling up the demonstration on farmers' fields and finding solutions for plant diseases will be one of the things the project will focus on in its next steps

Around 350 smallholders were GLOBALG.A.P. certified in 2019 through the certification project enabling them to access premium prices for their produce. The farmers are supplying Airlines part of their certified vegetable products to Ethiopian Airlines. The project will focus next on ensuring full offtake of certified produce by the airlines and additional buyers to ensure more solid market linkage.

Vulnerable communities were aggregated for alternative livelihood options in two projects implementing replanting, bee-keeping, production of energy-saving cooking stoves, and so on.

LESSONS LEARNED

Civil unrest

Across the board, the biggest challenge in 2019 has been the civil unrest which rocked the country. Project implementation and follow-up became challenging as access to project sites was suspended. The situation improved after mid-2019 and access was regained. But civil unrest must be considered a significant risk for Ethiopia in 2020 as it will also be an election year.

Community tension

Setting up a sustainable landscape needs time, trust, dedication, institutional capacity and political stability. There are long-running tensions on land and water use by communities, investors and government. There is also limited technical and financial capacity of government to provide services to communities and ensure cross-sectoral alignment. Looting of project infrastructure by some

youth was also observed out of impatience for projects with mid-long term returns like degraded land rehabilitation/reforestation. The lesson here is that in an area that is food insecure, with high youth population and unemployment, it is important to develop projects with quick returns to address pressing needs which may even fall outside program scope. This means that it will take longer than the five years of the current program to reach a sustainable landscape status that is locally owned.

KPIs Central Rift Valley, **Ethiopia**

Result area 1 - Change in business practices

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA1 Output 1	Private-sector (sustainability) investments in the program	NA	€42,431	€240,000	€171,220	€158,000	€51,970	€262,721	€67,949	€333,570	33%	€241,641		€902,362	Program overall target (2016-2020) is adjusted back to the target set in AR2018 for consistency.
RA 1 Output 2	Other sources of public or private investments/ funding leveraged by the program	NA	NA	NA	NA	€250,000	€161,282	€55,000	€227,630	€459,612		€1,695,000	The amount to be raised by IDH for 2020 is €50,000 but the amount to be leveraged from other sources because of IDH's work is more than that - around €2 million (ex-African development bank has committed to investing €2 million to continue water allocation plan development for Ziway-Shalla sub-basin after the assessment that IDH has commissioned on water potential and demand for Ziway-Shalla sub-basin is completed)	€2-3.5 million	
RA 1 Output 4	Business cases developed to demonstrate the potential of sustainable practices		2 (reforestation, GLOBALG.A.P. certification vegetable farmers)	2	2 (water allocation plan in progress; GLOBALG.A.P. certification for Meki-Batu vegetable farmers in progress)	0	0	0	0	5	83%	2	1 SDM for value chain development for smallholders in fruit and vegetables to link with companies 2 Business case and model developed for community-centered commercial forestry	6	
RA 1 Outcome 3	IDH participation in relevant landscape and/ or commodity platforms					1 (Lake Ziway Steering Committee)	1 (Lake Ziway Steering Committee)	0	2	3	150%	2	One in Ziway landscape and another in Lake Tana catchment (Kunzila), One Water stewardship leaders' forum and masterclass	2	

Result area 2 - Improved sector and landscape governance

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA2. Outcome4	Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources		0	0	1 (water allocation plan in progress)	NA	NA	NA	0	1	50%	2	Assist national government / EPMHACA to develop local GAP code; assist Oromia regional government on developing roadmap for corporate social responsibility (requested)	2	
RA2. Outcome5	Landscape plans developed and operationalized					NA	NA	1	0	1	50%	2	1 Water Potential and Demand Study in Ziway-Shalla sub-basin completed. Water Management Plan (WAP) implementation commenced 2 Integrated landscape management plan developed	2	

Result area 3 - Improved field-level sustainability

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA3. Output.1	Number of producers/workers/ community members trained on key subjects for sustainable production, environmental and social sustainability	NA	435	270	429	265	956	385	2,718	4,538	443%	1,000		1,025	One of our 2019 projects contributed significantly to the high number of farmers trained (almost 1,100 farmers were trained on soil and water conservation, apiculture, and good agricultural practices within this project). The implementing partner has a good network of farmers and trainers.
RA3. Output.4	Number of trainers, auditors and/ or government staff trained in the program					20	26		45	71	50%	100		142	Government staff were trained on a needs basis. It was not possible to assess the knowledge gap before the projects started. Once the projects started, gaps were identified and training given to government staff.
RA3. Output6	Number of infrastructure facilities developed	NA	0	NA	5	Scaling up of the solid waste management pilot	140	9	41	186	456%	0		50% of solid waste management system implemented	Due to the late start of one of our projects, there was a delay in the construction of soil and water conservation structures. The 2019 target could not be reached. These activities have started in 2020.
RA3. Outcome1	Adoption rate of improved practices by producers/ workers/community members					100%	81%		80%	80%	80%	70%		100%	
RA3. Outcome3	Number of processing facilities where sustainable production practices and social standards are applied					NA	NA		2	2	100%	1		2	

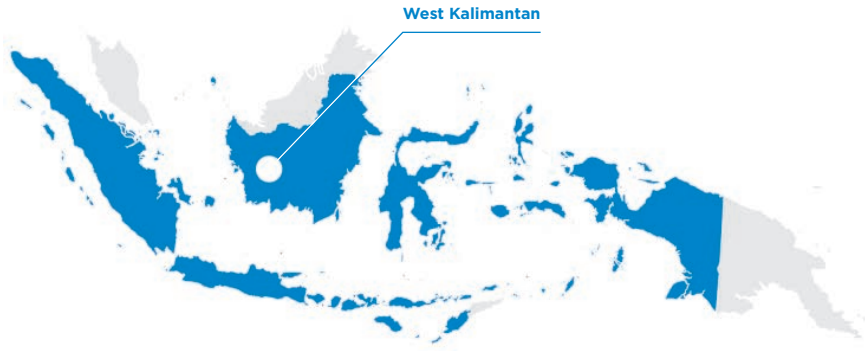
Result area 3 - Improved field-level sustainability

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA3. Outcome4	Number of hectares where protection and restoration interventions are implemented	NA	NA	NA	201	150	533	150	257.4	991	99%	375		1,000	Additional degraded land contiguous to a plot already under protection was put under protection as well.
RA3. Outcome5	Number of hectares where sustainable production/farm rehabilitation/ intensification are implemented	NA	104	30	NA	68.7	34.31	25	78.65	217	162%	75		134	Good agricultural practices project with smallholders planned to be completed by 2018 was extended. As a result, additional farmland was put under sustainable intensification.
Project-level Indicator	Number of trees planted in rehabilitated area closures	NA	NA	NA	883,812	200,000	120,000	NA	0	1,003,812	33%	500,000		3,000,000	500,000 seedlings are being raised in the nursery. Planting will be done during the rainy season in Ethiopia starting June 2020. Due to the delayed start of the project because of contracting and co-funding issues, the planting planned for 2019 did not take place.
Project-level Indicator	Change in pesticide use (quantity, frequency of spray, type and toxicity/ concentration of active ingredient)	NA	NA	NA	NA	NA		-55%	-55%	-55%	85%	-65%		-65%	
Project-level Indicator	Number of households benefitting from enterprises developed for alternative income generation	NA	NA	NA	NA	450		NA	256	256	20%	1,250		1,250	

West Kalimantan, **Indonesia**

The landscape in the province of West Kalimantan (14.7 million hectares) is characterized by a mosaic of productive and forested areas, with approximately 6 million hectares of forest remaining – of which a large majority is located on private land. The coastal area of West Kalimantan has significant areas of peatland. The program focuses on the districts of Ketapang and Kubu Raya. Ketapang has 1.01 million hectares of forest cover remaining, while Kubu Raya has approximately 0.2 million hectares of forest cover. Both districts face challenges mainly related to forest fire management, peatland management, agencies' capacities, and overlapping concessions.

In terms of protection, we aim to conserve the remaining natural forest areas on private, state and community land; protect and rehabilitate intact peat domes; and enable landscape connectivity by linking forest blocks and restoring degraded areas. In particular, we aim to conserve 190,000 hectares of HCV/HCS forest and peatland (directly and indirectly), restore 10,000 hectares of forest and peatland, and improve sustainable agricultural production on 45,000 hectares. In terms of production and inclusion, we aim to improve the livelihoods of 10,000 smallholder farmers and community members who are directly reached by service delivery. To this end, we work with companies and communities to improve palm oil and forestry productivity, and develop alternative income sources from non-timber forest products. We plan to transform projects into investment pipelines.



PARTNERS

Private
Asia Pulp and paper (APP), Goodhope, PT Sukses Karya Sawit (IOI), Cargill Tropical Palm (PT Poliplant Sejahtera, PT Harapan Sawit Lestari), Bumitama Gunajaya Agro (PT Gemilang Makmur Subur/GMS and PT Damai Agro Sejahtera/DAS), Palm Oil Growers Association (GAPKI), Golden Agri Resources (GAR), PT Bina Silva Nusa (BSN), PT Kandelia, Alam (KLIA), PT Ekosistem Khatulistiwa Lestari (EKL), Sumitomo Forestry (PT Mayangkara Tanaman Industri/MTI and PT Wana Subur Lestari/WSL, PT Pasifik Agro Sentosa (PAS), PT Kayuh Nusantara Jaya (KNJ), PT Kayung Agro Lestari (KAL)

Public
District governments of Ketapang, Kubu Raya and Kayong Utara, Ministry of Agriculture, Ministry of Environment and Forestry, Peatland Restoration Agency (BRG), provincial government of West Kalimantan, Indonesia Sustainable Palm Oil Forum (FOKSBI)

Other
Aidenvironment, Belantara Foundation, International Animal Rescue, Kemitraan Partnership, Sampan Kalimantan, Bentang Kalimantan, WWF Indonesia, GIZ Forclime, Tropenbos Indonesia

Relevant Sustainable Development Goals

PROGRESS TOWARDS 2020

IDH succeeded in further anchoring the landscape approach in provincial and district-level policies and governance mechanisms. Building on the green growth plan delivered in 2018, we mainstreamed the plan's recommendations in other policies and spatial plans. The green growth plan has also contributed to advancing the operationalization of West Kalimantan's REDD+ strategy.

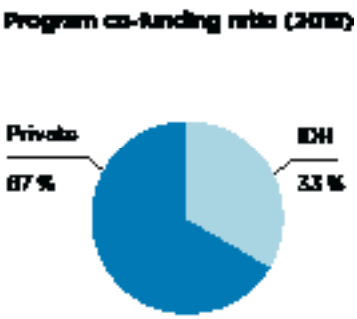
At district level, the PPI compact in Ketapang was signed by the Bupati (Regent), IDH and key palm oil growers and mills.

At field level, we continued to co-fund projects with plantation companies, focusing on forest and peatland conservation and restoration, actively involving communities living in the plantation areas. Two new co-funded innovation projects in peatland areas in Ketapang and Kubu Raya started with Sumitomo Forestry and palm oil grower Bumitama, focusing on sustainable peatland management on a forestry (acacia) plantation and on a palm oil concession respectively. To scale up proven field-level innovations, IDH has been actively engaging financial institutions to explore investment opportunities in our landscape. This has resulted in an investment pipeline including a carbon trading model in the Padang Tikar village forest, a production-protection investment in Sumitomo's forestry concessions, and investment in sustainable wood pellet production with PT KLIA and USAID PACT.

TRAFFIC LIGHT ASSESSMENT

OVERALL	●
POC 1 - WEST KALIMANTAN	●

PROGRESS ON KPIS



KEY ACHIEVEMENTS PER PROOF OF CONCEPT

POC 1 - WEST KALIMANTAN

Achieving forest and peatland protection through establishing multi-stakeholder governance of shared targets and land-use plans, combined with driving innovations that provide business and policy incentives to land users to protect and restore forest, such as: the intensification of production on existing production and fallow land; inclusion of smallholders with sustainable practices in agricultural supply chains; supporting the livelihoods of rural and forest communities; providing (downstream) market incentives through verified sourcing; developing alternative income/business models for protection and restoration; enabling policies and effective enforcement.

IDH succeeded in further anchoring the landscape approach in provincial and district-level policies and governance mechanisms. Building on the green growth plan delivered in 2018, we mainstreamed the plan's recommendations in the province's Regional Mid-term Development Planning (RPJMD). The green growth plan has also led to an improvement of the provincial Forest Reference Emission Level (FREL) and Emission Reduction Intervention Strategy (ERIS), which are critical to West Kalimantan's REDD+ strategy.

At district level, the PPI compact in Ketapang was signed by the Bupati (Regent), IDH and key palm oil growers and mills. In a Memorandum of Understanding, stakeholders agree to protect forest area including 90,000 hectares of High Conservation Value (HCV) and High Carbon Stock (HCS) forest; to restore up to 20,000 hectares of forest and peatland and improve sustainable palm oil production; and to improve oil palm independent smallholders' livelihoods across Ketapang. Significant progress was also achieved in Kubu Raya district in engaging the district government and key forestry and palm oil companies around a PPI compact. The compact was signed in March 2020.

In parallel, IDH continued to support the operation of the Essential Ecosystem Area platforms (KEE, Kawasan Ekosistem Essensial) at provincial and district levels. These platforms have proven to be useful in agreeing on multi-stakeholder management of HCV/HCS areas outside national parks and wildlife sanctuaries. For example, in 2019, stakeholders in the Ketapang and provincial-level KEE platform signaled the risk posed by a logging company starting operations in a forest on deep peatland, which was also an important habitat for the orang utan rehabilitation center in Ketapang. As the forest area was designated as a KEE area, the Ministry of Environment and Forestry got involved through the local platforms and eventually revoked the license of the company. In addition, KEE could be further explored as a legal framework for palm oil plantation in protecting their HCV forest, and in developing a potential carbon project in the future, assuming it is in line with the national carbon scheme.

IDH cooperated with the private sector in supporting existing, and developing new, innovative projects to prove the concept of production, protection and inclusion in the landscape. We developed two new projects in Ketapang and Kubu Raya with Sumitomo Forestry and Bumitama respectively, securing a total private-sector investment of €1.2 million to promote sustainable peatland management on a forestry (acacia) plantation and on a palm oil concession. To scale up proven field-level innovations, IDH has been actively engaging financial institutions to explore investment opportunities in our landscape. This has resulted in an investment pipeline including a production-protection investment in Sumitomo's forestry concessions, investment in sustainable wood pellet production with PT KLIA and USAID PACT, and a carbon financing model in the Padang Tikar village forest. Since 2018, the village forest has received investment at scale from BLU P2H, a fund set up by the Ministry of Environment and Forestry, for their sustainable livelihood business model.

In 2019, the projects contributed to the protection of a total of 123,000 hectares of mangrove and (peat) forest. Approximately 35,000 hectares palm oil plantation, forestry concession and community agriculture have been implemented with sustainable practices. Finally, around 1,500 smallholders adopted sustainable practices, including sustainable livelihoods, good agricultural practices and HCV training.

The field-level projects have been key in contributing to the proof of concept. More specifically, IDH and partners:

- Developed and started piloting a business model for combining sustainable peatland management and acacia plantation on the concessions of PT WSL and PT MTI;
- Developed and implemented a model for protecting and connecting forest and peatland on palm oil concessions with active participation of local communities and oil palm smallholders;
- Proved that investment in scaling up alternative, no-deforestation business opportunities for the community in the Padang Tikar village forest is a viable approach, shown by the ability of the community to pay back the first disbursement.

LESSONS LEARNED

Long-term impact

West Kalimantan is one of the landscapes in which the PPI field-level projects are most advanced. After a few years of project implementation, however, we realize that forest and peatland protection and restoration processes are long-term activities, the results and impact of which cannot be fully known after a period of three to five years.

Scaling up investments in business cases

How to transform successful field-level projects into scalable and investment-ready business cases, independent from grant funding, was not fully anticipated at the beginning of the projects. This led to the need for additional projects, convening different types of stakeholders, and more technical assistance to allow investment opportunities to be scaled up.

Conflict between interested parties

Bringing government and the private sector together in one multi-stakeholder PPI compact platform where they can constructively work together is a critical success factor for the program. Within government institutions and companies, multiple layers of decision-makers need to understand and be convinced of the PPI approach and targets. This proved to be a challenging process because of differing levels of knowledge and capacities of people as well as conflicting interests between conservation and economic goals. Furthermore, there was tension between the provincial and district governments and the private sector (forestry and oil palm plantation companies) during the forest fires in 2019, as they were blaming one another for the fires. At the same time, this natural resource crisis created the momentum for IDH to speed up the convening process for PPI compacts.

KPIs West Kalimantan, **Indonesia**

Result area 1 - Change in business practices

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AP2019 technical comments (errors, deviations from targets, etc.)
RA1. Output 1	Private-sector (sustainability) investments in the program	NA	€104,814	NA	€992,045	€700,000	€748,112	€1,150,000	€1,931,249	€3,776,220	110%	€1,150,000	€3,000,000	Program overall target (2016-2020) is adjusted from 0 (AR2018) to 6,600,770 based on financial forecast made in October 2019.
RA1. Output 4	Business cases developed to demonstrate the potential of sustainable practices	NA	2	NA	4	4	4		3	4	100%	0	4	Some of the business cases were a continuation of projects already reported in 2018. The cumulative result is 4.

Result area 2 - Improved sector and landscape governance

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AP2019 technical comments (errors, deviations from targets, etc.)
RA2. Outcome 4	Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources			1	1	3	4	2	2	7	70%	0	10	
RA2. Outcome 5	Landscape plans developed and operationalized			2	5	2 PPI compacts	3	2	1	9	225%	2	4 PPI compacts, 1 green growth plan	At the end of 2019, it became clear that we could realistically only achieve 2 district-level PPI compacts in Kubu Raya and Ketapang instead of the 4 PPI compacts originally targeted.

Result area 3 - Improved field-level sustainability

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AP2019 technical comments (errors, deviations from targets, etc.)
RA3. Output 1	Number of producers/ workers/community enterprises reached by service delivery				1,117	3,000	3,447	3,000	7,882	12,446	249%	5,000	5,000	
RA3. Output 4	Number of trainers, auditors and/or government staff trained in the program		66		130	25	179	60	448	823	823%		100	
RA3 Outcome 4	Number of hectares where protection and restoration interventions are implemented		110,638		161,910	150,000	130,000	169,000 of which 2,000 restoration and 167,000 protection	123,340 of which 120,723 protection and 2,617 restoration	259,033 of which 250,834 protection and 8,199 restoration	130%	200,000	200,000	For this report, the cumulative number of hectares for projects that were in implementation during the 2016-2019 period has been recalculated - meaning there may be a mismatch with figures reported in previous years. The values are not cumulative: the same area protected in year 1 and year 2 is only counted once during the entire funding period.
RA3. Outcome 5	Number of hectares where sustainable production/ farm rehabilitation/ intensification are implemented		20,200		20,267	30,000	50,000	NA	35,871	93,344	207%	15,000	45,000	For this report, the cumulative number of hectares for projects that were in implementation during the 2016-2019 period has been recalculated - meaning there may be a mismatch with figures reported in previous years. The values are not cumulative: the same area protected in year 1 and year 2 is only counted once during the entire funding period.
Project-level indicator	Number of offtake agreements with buyers and producers in the landscape	0	0	0	0	2	1	1	1	2	50%	1	4	

Aceh and North Sumatra, **Indonesia**

Aceh province spans an area of 5.8 million hectares, of which 3.2 million hectares are still covered by forest; 2.6 million of these hectares are in Leuser or Ulu Masen Ecosystems. IDH currently focuses its work in Aceh Tamiang district (215,000 hectares) and Aceh Timur district (546,000 hectares).

We aim to curb deforestation due to the rapid expansion of agriculture into the still densely forest-covered Leuser Ecosystem, while providing options to improve palm oil, cocoa, aquaculture, and non-timber forest productivity of smallholders. Oil palm and rubber plantations in Aceh are small to medium sized, with limited capacity and commitment on sustainability. IDH connected large palm oil buyers, such as PepsiCo and Unilever, which have a reputational interest in delinking palm oil from deforestation and are looking for cost-effective solutions, to the government of Aceh Tamiang. The government, the palm oil companies and IDH are exploring how to create a Verified Sourcing Area (VSA) in Aceh Tamiang.

In the two targeted districts in Aceh province, we aim to directly conserve 30,000 hectares of high conservation value/high carbon stock forest (with a further 200,000 hectares indirectly protected), and improve sustainable agricultural production on 8,700 hectares. In addition, we aim to improve the livelihoods of 1,000 (oil palm) smallholder farmers and 500 community members that are directly reached by training and service delivery.

As part of the National Initiative for Sustainable Climate-Smart Oil Palm Smallholders (NISCOPS) program in Indonesia, the program in Aceh will be expanded to new districts and North Sumatera. This allows us to create a protective ring around the Leuser Ecosystem by balancing commodities production, forest and wildlife protection, and inclusion of smallholders and local communities. The program will focus on the high-risk districts in Aceh and North Sumatra, complemented by closer collaboration with and incentives for government, smallholders, the private sector, and civil-society organizations.

PARTNERS

Private
PepsiCo, Unilever, LUSH, Musim Mas, Mopoli Raya, Semadam, Socfin, PTPN III, MARS, Barry Callebaut, PT Semadam, Permata Bank, Farmfit Fund, Agri3 Fund, &Green Fund, LDN Fund, Livelihoods Fund

Public
Provincial government of Aceh, district government of Aceh Tamiang and Aceh Timur, Forest Management Unit (KPH III), North Sumatra provincial government and district governments, Coordinating Ministry of Economic Affairs, Ministry of Agriculture, Ministry of National Planning (Bappenas), Ministry of Environment and Forestry, Indonesia Oil Palm Research Institute (IOPRI), CPO Fund (BPDP-KS)

Other
Forum Konservasi Leuser, HAkA, Lingkar Temu Kabupaten Lestari (LTKL), Conservation International, UNDP, FoKSBI, Fortasbi, KTNA, TFA, Earthworm Foundation

Relevant Sustainable Development Goals

PROGRESS TOWARDS 2020

In 2019, IDH worked intensively with the provincial and district governments to build the foundations of landscape governance. The development of a green growth plan at national level started in late 2019, and the PPI compact in Aceh Tamiang was signed in December. In parallel, the government of Aceh Tamiang district issued a Decree of the Head of Aceh Tamiang District Number 680 in 2019, concerning the establishment of the Aceh Tamiang Center of Excellence (CoE). This CoE will be a multi-stakeholder platform to manage Aceh Tamiang's sustainable plantation crops as well as making Aceh Tamiang one of the districts that produce green commodities in Indonesia.

The government of Aceh Tamiang district signed the PPI compact along with multiple local stakeholders in the presence of Unilever, Musim Mas and PepsiCo. The three companies are exploring investment opportunities in the district to increase sustainable palm oil production while protecting the Leuser Ecosystem. Together with these companies, IDH developed local capacity-building projects, which will deliver field-level impact on smallholders and forests in 2020 and 2021. We explored collaboration with WRI and Satelligence for using remote sensing to monitor the forest protection targets of the PPI compact. This will be followed up on in 2020.

TRAFFIC LIGHT ASSESSMENT

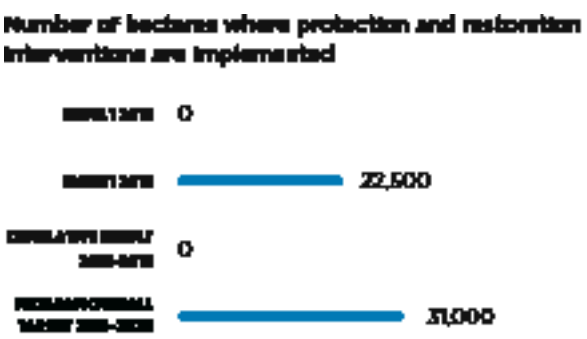
OVERALL

Despite delays, the current planned projects in Aceh Tamiang and Aceh Timur are still on track and on target in terms of KPIs, POC and impact claim. All targets are expected to be delivered by end 2021.

POC 2 - ACEH

The green growth plan, PPI compact and first field-level project were agreed on or started in December 2019. Two other field-level projects and social engagement and monitoring assignments still need to be implemented in 2020 and 2021.

PROGRESS ON KPIS



KEY ACHIEVEMENTS PER PROOF OF CONCEPT

POC 2 - ACEH

Achieving forest and peatland protection through establishing multi-stakeholder governance of shared targets and land-use plans, combined with driving innovations that provide business and policy incentives to land users to protect and restore forest, such as: the intensification of production on existing production and fallow land; inclusion of smallholders with sustainable practices in agricultural supply chains; supporting the livelihoods of rural and forest communities; providing (downstream) market incentives through verified sourcing; developing alternative income/business models for protection and restoration; enabling policies and effective enforcement.

At provincial level, IDH signed a Memorandum of Understanding with the Governor of Aceh that marked the start of the green growth plan development. In cooperation with ICRAF, we have successfully made initial engagement and gained trust from key stakeholders in the province, including local actors such as Yayasan Hutan Alam dan Lingkungan Aceh (HAkA) that will further accelerate the process. The green growth plan is expected to be completed by mid-2020.

At district level, IDH focused on convening key stakeholders for the PPI compact and VSA pilot. As a result, the government of Aceh Tamiang district signed the PPI compact along with the Association of Indonesian Palm Oil Producers (GAPKI) Aceh, the Leuser Conservation Forum (FKL), Yayasan Inisiatif Dagang Hijau (IDH), the Aceh Tamiang Farmers and Fishermen Group Association (KTNA) and the Forest Management Unit (KPH) Region III Aceh. In the PPI compact agreement, the stakeholders commit to targets related to sustainable palm oil production (crude palm oil production will be increased by 30%), protection of forest areas and the Leuser Ecosystem (deforestation rate will be reduced by 50%), and improving the welfare of independent smallholders will be achieved in 2023. Furthermore, the establishment of a Centre of Excellence (CoE) was formalized under Bupati's Decree No. 680/2019. CoE will serve as a multi-stakeholder platform to manage Aceh Tamiang's sustainable plantation crops as well as preparing the district's portfolio for potential innovative/green financing in the future.

Furthermore, the VSA continued to develop, gaining interest and constructive feedback from stakeholders including the government and private sector. This has resulted in palm oil growers, traders and buyers committing to support the pilot in two sub-landscapes in Aceh Tamiang (Tenggulun and Semadam). In the second half of 2019, IDH signed a Memorandum of Understanding with Unilever, securing their commitment to source palm oil produced in the VSA readiness pilot in Aceh Tamiang and Aceh Timur. With PepsiCo, we developed a project to support smallholders to produce sustainably in the landscape, starting implementation in 2020. These two buyers are the anchor investors into VSA pilot implementation, complementing investment from local growers. Subsequently at field level, project design for the VSA has been completed and will be implemented over the next three years. In 2020, implementation will focus on setting up an integrated monitoring system and further developing the Centre of Excellence.

North Sumatera/NISCOPS: IDH continued to play a crucial role in the Coalition for Sustainable Livelihoods (CSL) – a group of traders, manufacturers and others, aimed at including smallholders in North Sumatra and Aceh in the supply chain to Belawan (Medan) palm oil refineries. The objectives are improved smallholder livelihoods, agricultural improvement, and the sustainable management of natural resources in the landscape. We have also secured the initial interest of UL, MARS, PepsiCo, GAR, Musim Mas and others to partner with us in this new program across Aceh and North Sumatra.

LESSONS LEARNED

Market pressure on the private sector

Private-sector commitment heavily depends on market pressure for sustainability. It affects companies' priorities, decision-making process and, in some cases, the need to redesign interventions at the field level. IDH learned to be flexible in preparing tailor-made work plans and investment packages for the private sector in order to convince them to take up certain efforts required to meet the overarching goals in a landscape.

VSA verification and monitoring

While the VSA concept is yet to be finalized and indicators are still being refined, it is challenging to work around VSA verification and monitoring schemes with committed stakeholders. The indicators to be monitored and the information to be verified are not yet agreed at the central level where the VSA concept is being developed. We have applied a phased approach now; for the monitoring work, we are focusing initially on monitoring deforestation – because this is the most crucial risk to be monitored in Aceh, and various parties are already working on developing deforestation monitoring tools in Aceh province. Monitoring and verification activities for other indicators can be added at a later stage.

KPIs Aceh and North Sumatra, **Indonesia**

Result area 1 - Change in business practices

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA1. Output 1	Private-sector (sustainability) investments in the program				0	€250,000	€0	€1,000,000	€0	€0	€0	€700,000	€2,000,000	
RA1. Output 4	Business cases developed to demonstrate the potential of sustainable practices				0	1	0	3 (palm and rubber intensification in Semadam area - Aceh Tamiang, 1 restoration/ rehabilitation case in Aceh Timur - Lokop area, 1 protection case in Aceg Timur - Lokop area)	0	0	0	3 (2 VSA pilots with oil palm companies in Aceh Tamiang, 1 PPI project pilot with sustainable spices/ ingredients in Aceh Timur)	3	

Result area 2 - Improved sector and landscape governance

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA2. Outcome 3	Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources			2	0	1	1 (RPJMD Aceh Tamiang)	1 (PERDA for green growth plan (GGP) in Aceh Tamiang)	0	1	33%	0	3	The green growth plan development only started in late 2019. The regulation will be issued upon completion of the plan, anchoring the results in the legal framework of the district.
RA2. outcome 4	Landscape plans developed and operationalized				1 (green growth plan Aceh Timur)	3	1	1 (PPI compact incl. VSA in Aceh Tamiang)	1 (PPI compact and VSA signed in Aceh Tamiang, development of GGP Aceh province started)	3	100%	3 (1 GGP Aceh Province, 1 PPI compact/ VSA Aceh Tamiang, 1 PPI compact Aceh Timur)	3	The green growth plan at provincial level will be completed in 2020 and has not been counted in the result.

Result area 3 - Improved field-level sustainability

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA3. Output 1	Number of producers/ workers/ community members trained on key subjects for sustainable production, environmental and social sustainability				0	500	0	1,000 farmers in Semadam area - Aceh Tamiang landscape	0	0	0	1,000	1,500	The development of the field-level projects took longer than expected. They are starting in the first half of 2020.
RA3. Outcome 4	Number of hectares where protection and restoration interventions are implemented				0	6,000	0	22,000 hectares forest conservation (indirect) and 500 hectares forest or peatland restoration	0	0	0	22,200 protection, 500 restoration	30,000 hectares forest conservation (indirect) and 1,000 hectares forest or peatland restoration	The development of the field-level projects took longer than expected. They are starting in the first half of 2020.
RA3. Outcome 5	Number of hectares where sustainable production/farm rehabilitation/ intensification are implemented				0	5,000	0	8,700	0	0	0	8,700	13,000	The development of the field-level projects took longer than expected. They are starting in the first half of 2020.

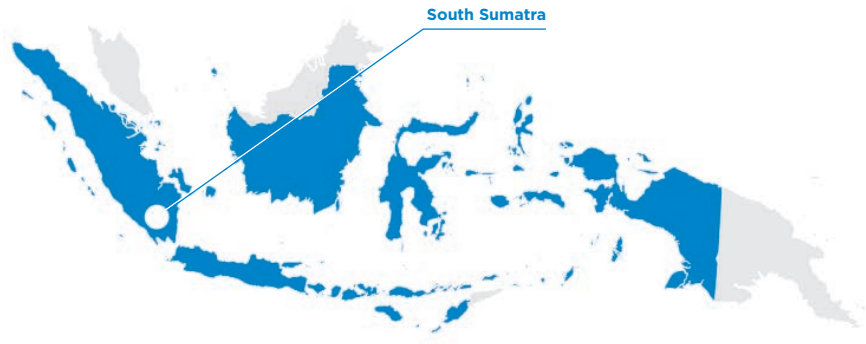
South Sumatra, **Indonesia**

South Sumatra is an important agricultural and forestry producing area in Indonesia. It is the fourth wealthiest province in terms of natural resources, with a high contribution of land-based sectors to the regional GDP. It is the largest domestic producer of rubber and coffee, and the fourth highest oil palm-covered area. Agricultural expansion has led to rapid deforestation and unsustainable land-use practices, leading to fire, flooding, decrease in water availability and quality, loss of natural habitat, and decline of various animal and plant species. In 2015, forest and peat fires damaged 737,000 hectares of land, according to the province's green growth plan prepared by ICRAF.

The province spans a total area of 8.7 million hectares, of which 1.5 million is the remaining natural forest and 1.1 million is peatland. One of the key remaining natural forest areas is the Sembilang-Berbak National Park in the northeast of the province. It is home to the endangered Sumatran tiger and elephant, Malayan tapir and various bird species.

In South Sumatra, we aim to protect the forests and peatland in and around Sembilang-Berbak National Park and pilot jurisdictional certification through Verified Sourcing Areas in Musi Banyuasin district – which is adjacent to the National Park – for palm oil and rubber. Compared to the other provinces, South Sumatra's forest cover is very low, but it has extensive open peatland areas. Hence the interventions are focused on protecting the remaining forest areas and rehabilitating peatlands.

We aim to conserve 80,000 hectares of HCV/HCS forests and peatland, restore 20,000 hectares of forest and peatland, and increase sustainable agricultural production on 33,000 hectares, improving the livelihoods of 10,000 smallholder farmers and community members in and around Sembilang-Berbak National Park.



PARTNERS

Private
Asia Pulp and Paper (APP), Indonesian Palm Oil Association (GAPKI IPOA), Indonesian Rubber Association (GAPKINDO), Rubber Processing and Marketing Association (UPPB), Indo Agri/ London Sumatra, Musim Mas, Unilever, Kirana Megatara (KMG) group, Halcyon, Cargill, Pinago group, PT Bastian Olah Sawit

Public
District government of Musi, Banyuasin and Banyuasin, provincial government of South Sumatra, Peatland Restoration Agency (BRG), Provincial Peatland Restoration Agency (TRGD), Ministry of Environment and Forestry

Other
Roundtable on Sustainable Palm Oil (RSPO), Daemeter, Lingkar Temu Kabupaten Lestari (LTKL), Belantara Foundation, ICRAF, SNV, WRI, Kelola Sendang Project/ Zoological Society of London (ZSL), Kolega Sumsel, HAki, Pinus, Financial Access

Relevant Sustainable Development Goals

PROGRESS TOWARDS 2020

In 2019, we continued to anchor the recommendations of the green growth plan (issued in 2017) into district-level policies, regulations and government budgets, and we prepared the PPI compact in Musi Banyuasin for becoming a Verified Sourcing Area.

At field level, we completed a four-year collaboration project with palm oil producer Indo Agri, which started originally as part of our palm oil program. The implementing partner has reported that in total, 12 cooperatives with 3,144 oil palm smallholders covering 6,141 hectares have been RSPO certified. The smallholders are now successfully receiving a premium for the palm oil that is sold as certified sustainable to offtakers, including Unilever.

We also cooperated with Asia Pulp and Paper (APP) and with the rubber-producing company Kirana Megatara to develop new co-funded projects that will deliver field-level impact in 2020 and 2021.

TRAFFIC LIGHT ASSESSMENT

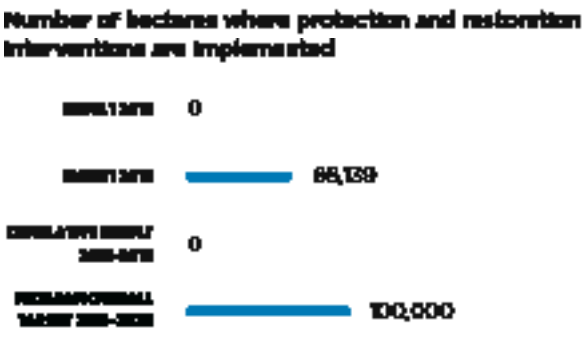
OVERALL

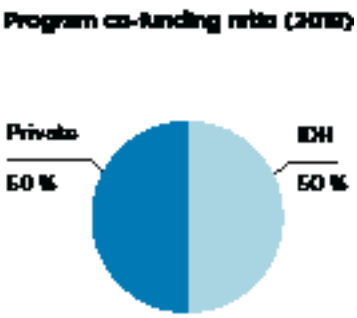
We are less advanced in terms of landscape governance than we had hoped; there has been a significant delay between the issuance of the green growth plan at the provincial level and the development of a PPI compact and Verified Sourcing Area at the district level. Co-funded field-level projects with companies took longer than expected to be designed in the most impactful way, so one of the flagship projects is only starting in 2020.

POC 3 - SOUTH SUMATRA

By the end of 2019, it seemed that all building blocks of the POC were in place. This leaves us with a short timeframe for increasing field-level impact. Fortunately, most of the funding to the landscape has been extended until 2021, giving us the additional time needed.

PROGRESS ON KPIS





KEY ACHIEVEMENTS PER PROOF OF CONCEPT

POC 3 - SOUTH SUMATRA

Achieving forest and peatland protection through establishing multi-stakeholder governance of shared targets and land-use plans, combined with driving innovations that provide business and policy incentives to land users to protect and restore forest, such as: the intensification of production on existing production and fallow land; inclusion of smallholders with sustainable practices in agricultural supply chains; supporting the livelihoods of rural and forest communities; providing (downstream) market incentives through verified sourcing; developing alternative income/business models for protection and restoration; enabling policies and effective enforcement.

In 2019, we continued to anchor the recommendations of the green growth plan (issued in 2017) into district-level policies, regulations, and government budgets. At district level, we provided funding to the Forum for District Governments for Sustainable Development (LTKL) to set up the governance mechanism for a PPI compact and Verified Sourcing Area. With the help of Kolega Sumsel, we helped the district government to commit and prepare for these by issuing two Bupati Regulations (PERBUP), forming the legal foundation for these two innovations.

At field level, we completed a four-year collaboration project with palm oil producer Indo Agri, which started originally as part of our palm oil program. As a result of the project, in 2019, an additional 243 smallholders received their RSPO certificate, covering two cooperatives with a total area of 1,141 hectares. In total, 12 cooperatives with 3,144 smallholders covering 6,141 hectares have been RSPO certified. The smallholders are now successfully receiving an incentive for the palm oil that is sold as certified sustainable to offtakers, including Unilever.

IDH also cooperated with Asia Pulp and Paper (APP) and with the rubber-producing company Kirana Megatara to develop new co-funded projects that will deliver field-level impact in 2020 and 2021. The companies have pledged a total sum of more than €1.5 million to be invested in the projects in 2020 and in 2021.

The project with APP aims at the protection and rehabilitation of forest and peatland in the buffer zone of Sembilang-Berbak National Park. APP will restore a total of 12,078 hectares of degraded forest, on and off concessions. This project will also support the surrounding communities to explore the most beneficial business model to be implemented. In collaboration with the communities, we will establish a joint patrol to protect a total area of 51,193 hectares (HCV and HCS).

The project with Kirana aims to build capacity and improve incomes of the smallholders from whom Kirana is sourcing rubber, by developing a service delivery model. The smallholders will receive a series of training sessions on sustainable practices, including sustainable rubber production. The project will also assess smallholder farmers' current financial needs and challenges in accessing finance (e.g. for replanting), to explore options for investment schemes that allow the project's impacts to be scaled beyond the initial period. Financial Access, a financial services firm focused exclusively on frontier and emerging markets, will be contracted for this work.

LESSONS LEARNED

Building trust

A key lesson, reflected by the fact that field-level project implementation is behind schedule, is that project development with big corporate partners takes more effort and time than expected. Trust needs to be created at different layers in the companies in order to convince them to invest in innovative approaches that have not been tested before.

KPIs South Sumatra, **Indonesia**

Result area 1 - Change in business practices

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AP2019 technical comments (errors, deviations from targets, etc.)
RA1. Output 1	Private-sector (sustainability) investments in the program	0	€145,381	€250,000	€201,561	€565,000	€222,454	€1,130,000	€119,751	€689,147	4%	€1,055,000	€3,000,000	Program overall target (2016-2020) is adjusted back to the target set in AR2018 for consistency.
RA1. Output 4	Business cases developed to demonstrate the potential of sustainable practices	0	0	4	0.5	2	1	No target set in AP2019	0	1	33%	2	3	

Result area 2 - Improved sector and landscape governance

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AP2019 technical comments (errors, deviations from targets, etc.)
RA2. Outcome 4	Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources	0	0	1	1	2	5	2	2	8	200%		4	
RA2. Outcome 5	Landscape plans developed and operationalized			1	2	1 PPI compact	0	1	0	2	50%	1	4 (1 provincial green growth plan and 3 PPI compacts)	In 2019, it was decided that only 1 rather than 3 PPI compacts could realistically be achieved.

Result area 3 - Improved field-level sustainability

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AP2019 technical comments (errors, deviations from targets, etc.)
RA3. Output 1	Number of producers/ workers/community enterprises reached by service delivery	0	0	0	3,517	3,000	1,735	1,500	243	1,735	12%	12,252	15,000	An overview of the total number of unique farmers that were trained and RSPO certified became available, showing double counting of farmers trained multiple times across the project implementation period. Therefore, the cumulative number is lower than the sum of results reported previously.
RA3. Output 4	Number of trainers, auditors and/or government staff trained in the program	0	0	0	0	20	30	NA	0	30	13%	200	230	
RA3. Outcome 4	Number of hectares where protection and restoration interventions are implemented					20,000	0	55,000 hectares forest conservation (indirect) and 11,139 hectares forest or peatland restoration	0	0	0%	11,139 hectares restoration; 62,332 hectares protection of forest and peatland	80,000 hectares forest conservation (indirect) and 20,000 hectares forest or peatland restoration	Forest and peatland protection and restoration project was signed in Q1 2020. Results are expected in 2020 and 2021.
RA3. Outcome 5	Number of hectares where sustainable production/ farm rehabilitation/ intensification are implemented				2,812 hectares of certified/ verified sustainable production (RSPO/ISCC, or equivalent) in Indo Agri/ Lonsum project	10,000	6,525	20,000	1,141	7,391	22%	9,000	33,000	The total area under RSPO certification as a result of the project with Lonsum/ Indofood Agri. The area has been recalculated in the final report of the implementing partner, so the cumulative number is slightly lower than the sum of the results of 2017, 2018, and 2019.

Jambi, Indonesia

The province of Jambi boasts rich biodiversity and a wide range of geographical and ecological features. Its landscape ranges from high mountains to flatlands and swamps. The natural vegetation of lowland Jambi consists of evergreen rainforest, peat swamp forest and mangrove forest, and is home to native species such as the Sumatran elephant and Sumatran tiger. It is also home to the Orang Rimba and Suku Anak Dalam, native tribes living in the forest.

The province spans an area of 5.3 million hectares. Peat constitutes 14% of the total land area in Jambi (4% of Indonesia's total peat); the remaining natural forest in 2015 was 1.1 million hectares (23% of total land area of Jambi and 1.3% of total natural forest of Indonesia), while planted forest was 0.2 million hectares. The province has experienced high levels of forest degradation as a result of commercial logging activities since the 1970s, followed by deforestation as a result of illegal activities and agricultural expansion. Deforestation rates remained high over the period 2000–2015, ranging from 2.8% to 27.3%.

IDH started working in Jambi in 2018, and currently focuses on the Bukit Tigapuluh National Park, and more specifically the adjacent district of Tebo. The National Park is located inside two provinces, Jambi and Riau, with a total area covering 144,223 hectares. The total National Park area belonging to Jambi province is about 33,000 hectares, while the remaining 111,223 hectares are in Riau. We are aligning our jurisdictional landscape approach in Jambi with the World Bank, an important partner in the scale-up strategy after 2021, through the BioCarbon Fund. The Fund was able to further build on the governance foundations and successful field-level pilots started by IDH.

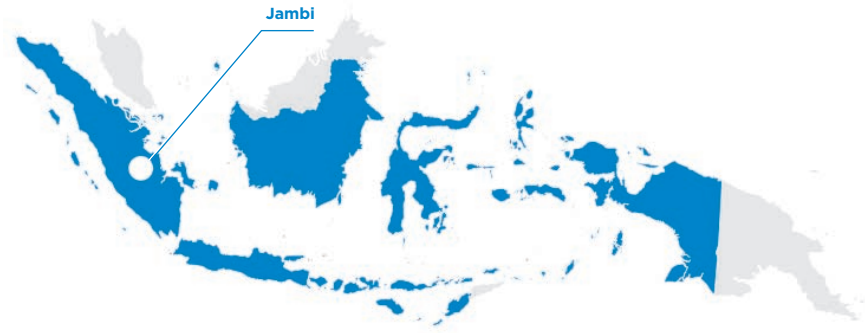
In Jambi, IDH aims to conserve 88,000 hectares (directly and indirectly) of HCV/HCS forest and peatland, restore 5,000 hectares of forest and peatland, and improve sustainable agricultural and forestry production on 40,000 hectares. In addition, we aim to improve the livelihoods of 5,000 smallholder farmers and community members who are directly reached by training and service delivery.

PARTNERS

Private
Asia Pulp and Paper (APP), Asian Agri, Golden Agri Resources, Royal Lestari Utama, Alam Bukit Tigapuluh

Public
Coordinating Ministry of Economic Affairs, Ministry of Agriculture, Ministry of Environment and Forestry, Peatland Restoration Agency, provincial government of Jambi, local government of Tebo, Norwegian Embassy (NICFI), &Green Fund, World Bank Biocarbon Fund, Swiss Embassy (SECO)

Other
Belantara Foundation, Gita Buana, Setara Jambi, Pelita Kita, Kreatifita Hijau Indonesia, ICRAF



Relevant Sustainable Development Goals

PROGRESS TOWARDS 2020

In 2019, the provincial green growth plan was completed and presented. IDH supported the planning process, which was led by the Provincial Development Planning Agency (BAPPEDA) with technical assistance provided by ICRAF. In 2020, we continue to consolidate the outcomes of the green growth plan into government plans and policies.

The green growth plan development also helped in making Jambi eligible for receiving investment from the &Green Fund. In 2019, the Fund made its first investment to protect around 56,000 hectares of forest, out of the 90,000-hectare concessions by PT Royal Lestari Utama (PT RLU), an Indonesian joint venture of the French tire manufacturer Michelin and Indonesian Barito Pacific Group. The concessions of PT RLU are located in East Kalimantan and Jambi, adjacent to Bukit Tigapuluh National Park.

IDH also co-funded a PPI field-level project with ecosystem restoration company PT Alam Bukit Tigapuluh (PT ABT) in the same area. The project aims to stop forest degradation and deforestation in and around Bukit Tigapuluh National Park and regenerate degraded forest through a rubber-agroforestry model. The project targets communities in the area to participate in the production of rubber and other non-timber forest products to improve their livelihoods.

TRAFFIC LIGHT ASSESSMENT

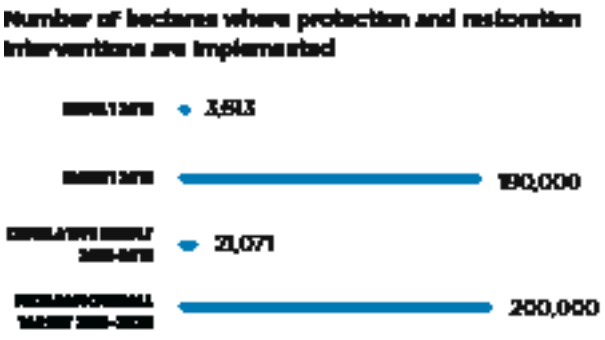
OVERALL

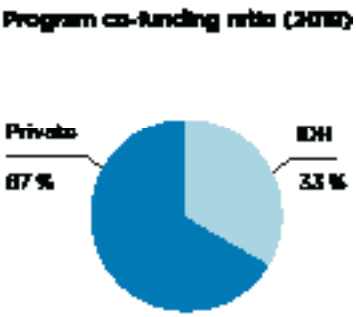
The green growth plan and first PPI field-level project (part of the new landscape strategy in Jambi) have been implemented. Work to anchor the green growth plan outcomes into legally binding plans and policies is ongoing in 2020. A PPI compact in Tebo is being established and will become operational, while IDH is partnering with UNDP/FOKSBI and the World Bank BioCarbon Fund to ensure support to Jambi is aligned and complementary.

POC 4

Two projects that started as part of the former pulp & paper and palm oil programs have helped to show impact in the field in terms of areas under sustainable production practices and peatland rehabilitation. However, the projects to be implemented under the new landscape strategy in Jambi only started in 2019 or will start in 2020. Fortunately, most of the funding to the landscape has been extended until 2021, giving us the additional time needed to achieve proof of concept.

PROGRESS ON KPIS





KEY ACHIEVEMENTS PER PROOF OF CONCEPT

POC 4 - JAMBI

Achieving forest and peatland protection through establishing multi-stakeholder governance of shared targets and land-use plans, combined with driving innovations that provide business and policy incentives to land users to protect and restore forest, such as: the intensification of production on existing production and fallow land; inclusion of smallholders with sustainable practices in agricultural supply chains; supporting the livelihoods of rural and forest communities; providing (downstream) market incentives through verified sourcing; developing alternative income/business models for protection and restoration; enabling policies and effective enforcement.

In 2019, the provincial green growth plan (GGP) was completed and presented. IDH supported the planning process, which was led by the Provincial Development Planning Agency (BAPPEDA) with technical assistance provided by ICRAF. In 2020, we continue to formalize the outcomes of the GGP into government plans and policies, including the mid-term regional development plan, Spatial and Regional Planning, which will then be translated into government regulation and budget.

Throughout 2019, IDH has been supporting the World Bank and the provincial government during the preparation phase, including an eligibility assessment of organizations that could receive (financial) support through the BioCarbon Fund (BioCF). The project implementation phase is expected to start in 2020. The main objective of this fund is to disburse a total of US$15 million to finance a pilot of a jurisdictional landscape approach for improving landscape management and reducing emissions from the forest and land-use sector, and enabling results-based financing for emission reductions.

The initiative includes forming a task force with multiple government departments, and utilizing the provincial GGP documents as a cornerstone to provide policy guidance, project design and implementation. Meanwhile, along with the private sector (both companies and smallholders), IDH is planning to foster investment in low-carbon management practices.

At district level, we have gained commitment from the Head of District of Tebo in the form of a signed MOU as an initial step towards the establishment of a PPI compact.

Results related to field-level impact and changes in business practices have been achieved in relation to two projects that originally started as part of IDH's palm oil and pulp & paper programs. We co-funded a project with palm oil producers Asian Agri and NGO Setara to support independent smallholders to obtain RSPO certification. In 2019, two smallholder groups, covering 405 smallholders with a total area of 735 hectares, were certified by RSPO, as reported by Asian Agri and implementing partner Setara Jambi. The smallholders have been able to sell the RSPO certification credit to receive a premium price from offtakers such as Unilever, Felleksjopet, Bali Shop and the Body Shop.

Another co-funded field-level project with Belantara Foundation (corporate foundation of APP), focusing on forest and peatland restoration, was completed in 2019. The reports from the implementing partner show us that the project supported the rehabilitation of 300 hectares of peatland ecosystem by planting a total of 150,000 seeds of local species. We also improved sustainable agriculture practices of local communities on approximately 28,831 hectares through a series of trainings and workshops. We supported the development of alternative livelihoods for communities by establishing cattle farming and a biogas facility. The project also provided training on fire prevention and management, along with the construction of three fire observation towers with fire suppression equipment.

LESSONS LEARNED

Mainstreaming green growth plans

At provincial level, IDH's biggest success in 2019 was launching the provincial green growth plan, which will be mainstreamed into government plans and budgets in 2020. Significant capacity building of the government staff will be required to make the mainstreaming process a success as well. IDH has been working with ICRAF as implementing partner for all the green growth plans and mainstreaming in all provinces in Indonesia. The benefit of this approach is that ICRAF can build on the lessons learned in other provinces and create a country-wide group of government staff who are trained on the development and implementation of green growth plans and associated policies and legislation.

KPIs Jambi, **Indonesia**

Result area 1 - Change in business practices

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AP2019 technical comments (errors, deviations from targets, etc.)
RA1. Output 1	Private-sector (sustainability) investments in the program	NA	€131,717	NA	€341,857	€350,000	€491,608	€500,000	€296,253	€1,261,435	20%	€400,000	€1,500,000	Program overall target (2016-2020) is adjusted back to the target set in AR2018 for consistency.
RA1. Output 2	Other sources of public or private investments/ funding leveraged by the program	NA	0	NA		€200,000	Qualitative result: investment &Green Fund in rubber company PT RLU. IDH supported Jambi in passing the fund's jurisdictional eligibility criteria to enable the deal	NA	Investment by &Green Fund and Tropical Landscapes Finance Facility, facilitating a US$95 million loan to PT RLU for the development of their sustainable rubber plantations in Jambi (Sumatra) and East Kalimantan. IDH supported Jambi in passing the jurisdication eligibility criteria of the &Green Fund to enable the deal	-1	Target of commercial deal/ investment has been met	NA	€500,000 from public and grant funding and €1 million from commercial deal/investment	The deal was reported as a result in 2018, but the actual deal was closed in March 2019.
RA1. Output 4	Business cases developed to demonstrate the potential of sustainable practices					1	1	4	1	2	67%	2	3	

Result area 2 - Improved sector and landscape governance

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AP2019 technical comments (errors, deviations from targets, etc.)
RA2. Outcome4	Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources	0	0	0	0	2	0	1	0	0		3	4	
RA2. Outcome5	Landscape plans developed and operationalized	0	0	0	0	1	2	1	0	2	67%	1	3	

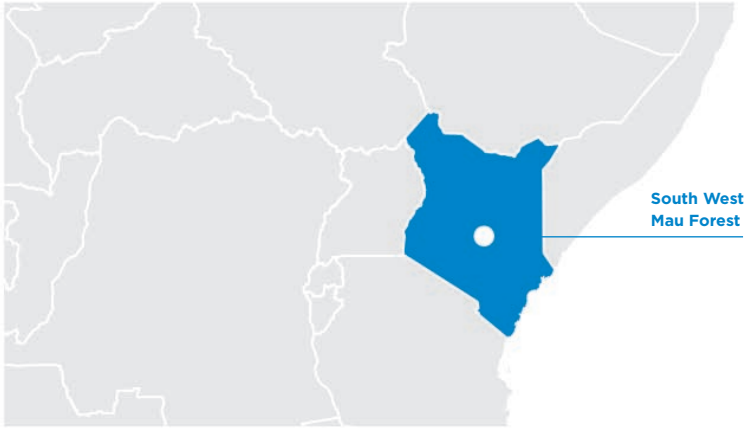
Result area 3 - Improved field-level sustainability

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2020)	AP2019 technical comments (errors, deviations from targets, etc.)
RA3. Output1	Number of producers/ workers/community enterprises reached by service delivery	200	98	3,567	3,697	1,075	1,506	2,500	405	5,706	114%	2,000	5,000	Result reported in 2018 should have been 3,476
RA3. Outcome4	Number of hectares where protection and restoration interventions are implemented	NA	0	10,300	10,690	40,000	6,768	188,000 hectares forest conservation (indirect) and 2,000 hectares forest or peatland restoration	3,613	21,071	11%	182,000	195,000 hectares forest conservation (indirect) and 5,000 hectares forest or peatland restoration	
RA3. Outcome5	Number of hectares where sustainable production/ farm rehabilitation/ intensification are implemented	100	0	13,264	13,020	50,000	28,891	20,000	348	42,259	106%	4,000	40,000	
Project-level indicator	Number of hectares of land which have title for full ownership or long-term user rights for forest communities and/or smallholder farmers	NA	0	10,000	10,390	10,000	4,244	25,000	3,553	18,187	61%	4,500	30,000	

South West Mau Forest, **Kenya**

The Mau Forests Complex (MFC) in western Kenya covers more than 400,000 hectares. The MFC is ecologically and economically critical for Kenya, and parts of East Africa, providing one of the most important regional water towers. However, over the last 10-15 years, the forest area has been reduced by more than 25%. The remaining forest cover is characterized by degradation and fragmentation.

By 2030, the Initiative for Sustainable Landscapes in Kenya (ISLA Kenya) aims to restore and conserve 60,000 hectares of the South West Mau Forest, the largest of the 22 blocks of the MFC and a key component of the Sondu-Miriu River Basin draining into Lake Victoria. We are building on the interests of tea companies and the Kenyan national government to conserve the forest for its microclimate benefits, biodiversity protection and water supply, and the interests of county governments to enhance the livelihoods of local smallholder farmers. We are training over 1,400 smallholders and community members living in the forest margins in sustainable water harvesting, biogas production, kitchen gardening, bee-keeping, and agroforestry practices to improve their health and incomes. In particular, our training and support to expand intensified dairy cattle feeding practices has substantially increased family incomes and reduced damaging grazing within the forest. We lead an inclusive coalition of public, private, and community stakeholder groups working to improve forest governance, reduce deforestation, increase reforestation, and create new livelihood opportunities for impoverished communities.



PARTNERS

Private
James Finlays Kenya Limited, Unilever Tea Kenya Limited, Kenya Tea Development Agency, LEL Timber, Timber Manufacturers Association, Safaricom Foundation

Public
County governments (Bomet, Kericho, Nakuru), Kenya Forest Research Institute, Kenya Forest Service, Kenya Water Towers Agency, Kenya Wildlife Service, Nyayo Tea Zones Development Corporation, Tea Research Institute, various ministries (national government), Water Resources Authority, Kenya Electricity Generation Company, Kenya Agricultural & Livestock Research Organization (KALRO) GIZ, Dutch Embassy Nairobi

Other
CIFOR, SNV, Rhino Ark, LTS Africa, P4F, community groups (CFA, WRUA), IFCMS

Relevant Sustainable Development Goals

PROGRESS TOWARDS 2020

Improved governance of the South West Mau Forest landscape has been formalized through a coalition of around 16 stakeholders under the Stawisha-Mau Charitable Trust. This resulted in greater investment by tea companies in reforestation projects, in commitments from local governments to fund roads and infrastructure to support smallholder dairy farmers to reduce their forest grazing, and in requests from the national government for IDH to take on a formal joint management role in the Mau Forest Complex.

The business case for intensifying livestock production to reduce forest grazing has been proven with 200 farmers; it can be readily scaled up to a further 1,500 farmers. This upscaling is supported by the tea companies and local governments, with a strong market for the sustainably-produced milk in communities living on the tea estates.

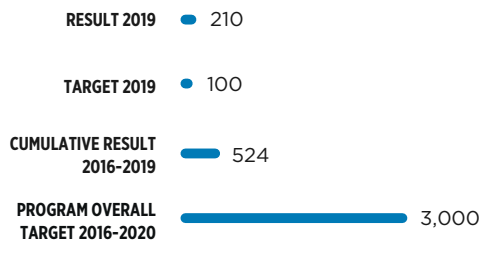
An external evaluation published in May 2019[1] confirmed that IDH has successfully restored degraded forest. Compared to the reference period (2000-2014, before IDH interventions), the rate of forest degradation from 2014-2018 was 22.6% lower; forest regeneration was 22.7% higher; and net emissions from forest cover change were 89% lower. At current rates of improvement, all degraded forest within the South West Mau Forest could be regenerated by 2029.

TRAFFIC LIGHT ASSESSMENT

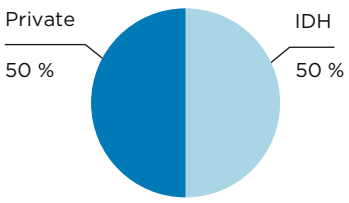
OVERALL	●
POC 1 - SOUTH WEST MAU FOREST	●

PROGRESS ON KPIS

Number of hectares where protection and restoration interventions are implemented



Program co-funding ratio (2019)



1 LTS International (2019) Field-level Baseline and Progress Research on IDH Landscape Programme in the South West Mau Forest, Kenya IDH Sustainable Landscapes (ISLA) Programme, Kenya . Summary available at: https://www.ltsi.co.uk/project/field-level-baseline-and-progress-research-on-idh-landscape-program-in-the-south-west-mau-forest

KEY ACHIEVEMENTS PER PROOF OF CONCEPT

POC 1 - SOUTH WEST MAU FOREST

The program aims to demonstrate that leveraging private-sector resources (finance, expertise, and leadership), as well as progressively aligning public- and private-sector interests, can catalyze landscape investments in forest and water conservation, and the improvement of smallholder livelihoods among surrounding communities. The tea, hydropower, and timber industries work together with the public sector, civil society (including community), and knowledge partners to reduce deforestation, improve water flows and access to springs, and protect the South West Mau Forest. A coalition of these stakeholders is established with a clear vision, mission and strategy led by the Stawisha Mau Charitable Trust.

IDH has strengthened the governance of the South West Mau Forest by making law enforcers more publicly accountable, providing training to improve the rate of successful prosecutions, and involving government in successful reforestation efforts. Since 2015, quarterly aerial surveillance of the forests in collaboration with the government, tea companies and NGO partners has improved the identification of illegal activities and makes the government more accountable to address these. Analysis of surveillance surveys shows that there has been a gradual decline in illegal charcoal production, logging, and encroachment since 2015. Two days of training of 50 law enforcement officers in evidence collection and legal procedures has also increased the rate of prosecution of illegal charcoal activities and reduced deforestation. The Kenya Forest Service is finalizing a formal long-term management partnership with IDH for the South West Mau Forest and the Ministry of Environment has asked IDH to extend its landscape approach to officially take over management of one of the badly degraded parts of the forest.

Livestock grazing in the forest prevents tree regeneration and is a major cause of forest degradation. A business case for intensified feeding of dairy cattle calculated that annual milk production per cow could be increased from 1,500 liters to 3,800 liters, and net income increased from an average of KES 3,900 to KES 9,500 per month. The successful pilot involving 10 demonstration farms and 200 dairy smallholders has shown that intensified feeding increased daily milk yield per cow by 40% and has reduced forest grazing by more than half. The farmer-run Olenguruone cooperative has set up a milk cooling tank to bulk-up supplies from four farmer groups, and successfully sells over 1,000 liters per day to communities in the nearby tea estates. There has been good support from the tea companies and from county governments who have supplied milk cans and improved roads to help the smallholder dairy farmers. There is strong interest from local government and the community in scaling this up to include another 1,500 smallholder dairy farmers.

Joint reforestation, improved water management, and environmental training has also been completed by IDH and partners. An area of 291 hectares has been reforested in partnership with tea companies and Community Forest Associations. Community training has focused on governance, leadership, entrepreneurship, and livelihood development to strengthen ownership of future reforestation. Tea companies, the government, and community Water Resource Users Associations have restored local springs, set up low-cost monitoring of water quality in the Sondu-Miriu River Basin, begun water resource mapping, and created a forum for improving water management. A conservation education curriculum developed with the government has also been rolled out to 46 schools in forest margin communities to build long-term commitments to landscape protection.

LESSONS LEARNED

Working successfully under weak governance

IDH has to tread carefully as it has no mandate to implement forest protection laws. The full extent of the web of entrenched compromises involving law enforcers, the community, and powerful political figures that promote deforestation only becomes clearer with time. However, IDH has shown that a coalition of supportive private stakeholders can effectively strengthen law enforcement. A common group commitment has been built through prolonged engagement in small trust-building activities, including joint aerial surveillance flights and reforestation. These created more enforcement accountability, government commitment and requests for IDH to take on more formal management of forest protection.

Circle of commitment began with limited private-sector involvement

The readiness of the tea sector to co-fund project work originally brought IDH to the South West Mau Forest. At the start, they were only willing to fund reforestation or spring rehabilitation near their tea production estates, but as coalition activities led by IDH grew, they expanded their involvement. Government commitments to the project have also grown, encouraged by joint private-sector and donor funding, and because they increasingly see the value of being a recognized partner in a coalition with successful results on the ground.

KPIs South West Mau Forest, **Kenya**

Result area 1 - Change in business practices

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2 018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA1. Output 1	Private-sector (sustainability) investments in the program	NA	€52,738	€300,000	€43,742	€450,000	€171,789	€300,360	€243,941	€512,210	39%	€249,640	Budgeted 2020 contributions by private sector (excl. SNV and Rhino Ark) projects: integrated livestock project, biogas for tea outgrowers, livestock upscaling, rehabilitation and regeneration, aerial surveillance (assumed 20880/2 years) and Bongo surveillance program	€1,300,000	Program overall target (2016-2020) is adjusted back to the target set in AR2018 for consistency.
RA1. Output 2	Other sources of public or private investments/ funding leveraged by the program	0	€200,000	€0	€220,000	€300,000		0	€172,527	€592,527	13%	€4,334,000	The German International Climate Initiative (IKI) funding was not confirmed in 2019; target has been moved to 2020. Target of GBP300,000 from P4F	€4,634,000	In March 2020, IKI confirmed that funding and P9 proposal could not be accepted.
RA1. Output 4	Business cases developed within the IDH program to show the potential of sustainable practices	NA	1	3	2	Start to build business case for livestock intensification for forest protection	1	1	-	1	50%	1	Bioslurry	2	Target and result 2018: livestock intensification business case. Target and result 2019: NA. Target 2020: business case for biogas for tea outgrowers.

Result area 1 - Change in business practices

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2 018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA1. Outcome 1	Sustainability embedded at corporate level		0	0	5		1	0	0	6		1	Define the roles and responsibilities of the companies within the coalition (and other partners) in the overall landscape management plan and get the plan signed	1	The results from previous years have been updated in this report. In total, 6 companies in the landscape signed the ISLA Kenya Action Plan (April 2017) and are playing a role in the Stawisha-Mau Charitable Trust, either as Board members or in a Technical Working Group: KTDA, Unilever Tea Kenya, James Finlay Kenya, KENGEN, the Timber Manufacturers Association, and Safaricom. KTDA, Unilever, Finlays, and Safaricom have been co-investing in several field-level projects since 2016. The tea companies became familiar with a landscape approach through the ISLA program and report on this in their annual sustainability reports. Some of them started other landscape initiatives in other countries, following the example set by ISLA Kenya and others.

Result area 2 - Improved sector and landscape governance

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA2. Outcome 4	Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources	0	0	2	2	0	0	0	0	2	100%	0	NA	2	Program target achieved in 2017.
RA2. Outcome 5	Landscape plans developed and operationalized		0	1	0	1 Translate the existing action plan into an integrated management plan agreed between ISLA partners and Kenya Forest Service	1	0	0	1	50%	1	Integrated management plan is formally adopted and managed by the trust	2 Integrated management plan is formally adopted and managed by the trust	In 2017, the ISLA Kenya Action Plan was issued, and in 2018 this plan was translated into an integrated management plan agreed between ISLA partners and Kenya Forest Service. This plan is expected to be enriched with more details from the livestock projects (grazing plans) and the fence project (incl. location of the fence).

Result area 3 - Improved field-level sustainability

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA3. Output 1	Number of producers/ workers/ community members trained on key subjects for sustainable production, environmental and social sustainability	NA	0	NA	335	3,500	2,113	3,500	1,408	3,856		1,155	Livestock upscaling will reach 1,000 farmers; biogas for tea outgrowers will reach 100 farmers; Adopt-a-Forest project extension will train 55 people	5,600	Result 2019 was lower than anticipated because the expected funding from the German International Climate Initiative (IKI) was not granted due to political risks in the landscape; the livestock projects therefore had to be adjusted to a smaller scale than originally foreseen. The construction of the fence did not take place either following political developments. Farmers were trained in the following projects: livestock intensification pilot, including training on water harvesting, biogas, kitchen gardering, agroforestry (200); CFA community members – unique numbers trained in the integrated livestock project (430); community members trained on beekeeping (476), and through youth and church group conservation (302) under Rhino Ark Conservation Projects.
RA3. Output 4	Number of trainers, auditors and/or government staff trained in the program	NA	0	TBC	42	50	0	50	29	71		10		100	Result 2019 was lower than anticipated because the expected funding from the German International Climate Initiative (IKI) was not granted due to political risks in the landscape; the livestock projects therefore had to be adjusted to a smaller scale than originally foreseen. The construction of the fence did not take place either following political developments. Result 2019 number refers to training of trainers under livestock intensification pilot and community conservation champions in RhinoArk Conservation Projects.
RA3. Output 6	Number of infrastructure facilities developed	NA	0	1 (fence)	0	29 (river gauging stations and spring protection projects) 1 (fence)	19	1st part of fence 30 km long, 150 hectares of Adopt-a-Forest rehabilitation	0	0		0	We have not set a target as we do not have approval for the fence	45 km fence; 20 spring protection and river gauging stations	

Result area 3 - Improved field-level sustainability

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2 018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA3. Outcome 4	Number of hectares where protection and restoration interventions are implemented	NA	50	0	152	0	112	100	210	524		250	The annual progress and targets refer to direct afforestation efforts.	3,000	The entire area targeted by the program is 59,000 hectares which is the total remaining dense forest, moderate forest, and open forest in the focal landscape (confirmed in GIS-based data in 2018 baseline report), where we are employing our forest protection and restoration activities. Besides direct afforestation measures, the program also implements: aerial surveillance program (leading to increased conviction of illegal loggers and charcoal makers), improved on-the-ground surveillance, and measures to reduce cattle grazing in the forest.
RA3. Outcome 5	Number of hectares where sustainable production/farm rehabilitation/ intensification are implemented	NA	0	0	0	3,100 of which: Household area under sustainable livestock production: 2,000 Sustainable grazing: 200 Forest land under sustainable grazing: 1,000 Tea buffer zone: 100	258 fodder production and paddocking at homesteads	0	22 fodder production and paddocking at homesteads	280		1,400 fodder production and paddocking, and 4,162 forest land under sustainable grazing	Estimate of fodder and paddocking area based proportionally on livestock pilot's achievement. Number of hectares only refer to area under paddocking and fodder crops, not the enitre household area. The target for sustainable forest grazing of 4,162 hectares is being implemented under the integrated livestock project.	6,400	2020 annual target for fodder production and paddocking should be corrected to 1,400 hectares (280ha*5).

Southeast, West, and Lofa, **Liberia**

Liberia has large, untouched tropical forests, which are under threat from deforestation due to unsustainable agricultural practices and population growth. Communities living in and around the forests depend on them for food, fuel and fiber. IDH's landscape approach in Liberia is based on strengthening land governance and securing community land rights, improving food security and diversification of income in rural areas, and developing supply chains and investment opportunities, offering communities options to increase agricultural productivity while protecting forests.

In the **Southeast and West landscapes**, the government of Liberia has granted concessions to a number of international companies to grow oil palm in the Southeast (Grand Kru and Sinoe counties) and in the West (Bomi and Grand Cape Mount counties) of Liberia. The concession agreement requires these companies to develop an oil palm outgrower scheme with local communities as well. Since 2016, IDH has been collaborating with different concession holders to develop an inclusive community outgrower scheme for the oil palm investment program, also as an incentive for communities to protect their community forests. This scheme has not gotten off the ground so far due to external factors, including strategy changes with the concession companies, political transition around the elections, and the global drop in palm oil prices. We continue, however, to prepare the landscapes for investments (also in non-palm oil) through participatory land-use planning, customary land formalization, and organization of farmers and communities through sustainable agriculture projects.

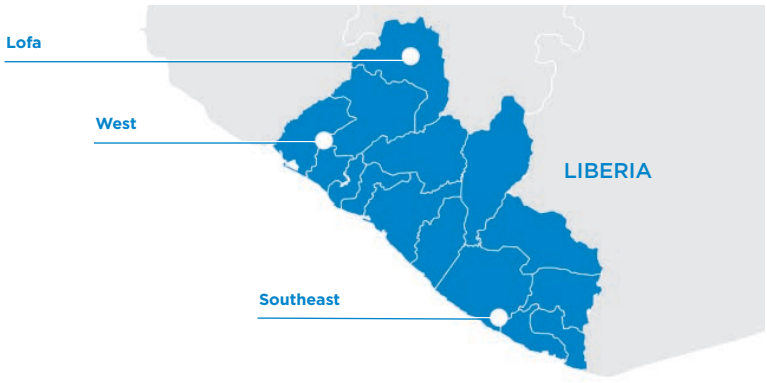
In the **Northwest landscape**, in Foya district (Lofa county) the agro-ecological system is threatened by the expansion of unnatural savannah grassland. These grass plains cover over 180,000 hectares of land in Lofa county, of which circa 35,000 hectares is located in Foya. The unnatural savannah inhibits traditional agricultural practices and puts the local population under threat from wildfires and heavy winds. Research indicates that replanting the unnatural savannah land with tree crops, and better protecting bodies of water, will be instrumental in restoring the agro-ecological system. It will also strengthen the local economy and contribute to community livelihoods. IDH and partners are convening local communities, government and potentially interested investors, and have supported the development of a Participatory Land Use Plan and advanced customary land formalization, in order to prepare the area for responsible investors in tree crops.

PARTNERS

Private
Golden Veroleum Liberia (GVL), Mano, REUSE, ECOM, AIIC

Public
Forestry Development Authority (FDA), Ministry of Agriculture (MoA), Ministry of Internal Affairs, National Bureau of Concessions, Liberian Land Authority, National Investment Commission (NIC), Office of the Superintendent of Sinoe County, Office of the Development Superintendent of Lofa County

Other
Fauna and Flora International, Parley, IFC, Proparco, African Development Bank (AfDB), Conservation International, GROW, Sinoe-based community organisations and associations including the Farmer Union Network, Solidaridad, Sesdev, MetaMeta, Reading University, SDI



Relevant Sustainable Development Goals

PROGRESS TOWARDS 2020

In the Southeast and Lofa landscapes, we tested our participatory land-use planning approach in combination with customary land formalization, laying a firm foundation for PPI compacts. We are closely working together and building the capacity of the Liberian Land Authority as an integral part of these projects. The conservation and sustainable management of forest in the areas under the land-use plan will be central to the PPI compacts. New agricultural investors invited into the landscape should follow the PPI compacts and strengthen them.

In 2019, IDH again put a lot of effort into re-adjusting and elaborating the community oil palm outgrower schemes for two concession holders in the West and Southeast landscapes. Unfortunately, the two palm oil companies decided not to invest in these schemes in 2019, so they could not be turned into reality.

In Lofa, we supported the implementation of an initial field-level project piloting 40 hectares of replanting savannah grass areas with a cocoa-agroforestry model with the private sector and three cooperatives. In the Southeast landscape, we continued to support food security and income diversification projects in 25 communities in Sinoe county.

TRAFFIC LIGHT ASSESSMENT

OVERALL

Overall, the program is not on track to meet the original targets. The targets have been adjusted, reflecting the challenges to get the community outgrower scheme off the ground – which was the main reason to start working in Liberia in 2016. Fortunately, the donor to the Liberian landscapes (NICFI) has given IDH an extension until the end of 2021 to meet the revised targets.

POC 1 - SOUTHEAST AND WEST

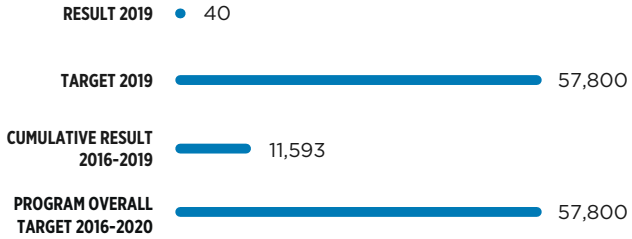
The community oil palm outgrower schemes could not be turned into reality. Activities and targets for 2020 and 2021 have been adjusted to reflect this.

POC 2 - LOFA

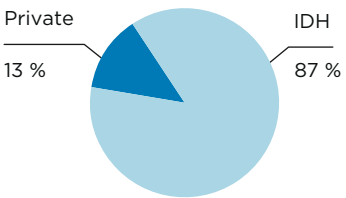
Significant progress has been made with regard to participatory land-use planning and customary land formalization. These are prerequisites for any inclusive investment in agriculture and forestry in Liberia.

PROGRESS ON KPIS

Number of hectares where protection and restoration interventions are implemented



Program co-funding ratio (2019)



KEY ACHIEVEMENTS PER PROOF OF CONCEPT

POC 1 - SOUTHEAST AND WEST

As part of a green growth compact, investment in community oil palm farms triggers a production-protection agreement, in which community, oil palm concession holders and the government of Liberia agree to set aside and conserve forest to achieve a zero-deforestation concession landscape. Meanwhile, other deforestation triggers are tackled through a green growth compact with government, communities, the private sector and NGOs. Food security and income diversification activities are started to make the region more food-secure and less dependent on palm oil.

In 2019, IDH again put a lot of effort into re-adjusting and elaborating the community oil palm outgrower schemes for two concession holders in the West and Southeast landscapes. Unfortunately, the two palm oil companies decided not to invest in these schemes in 2019, so they could not be turned into reality.

Regarding landscape governance, in the Southeast landscape we continued to work on the development of the green growth plan for Sinoe county as well as a participatory land-use plan in Kpanyan district covering 100,338 hectares of land.

Regarding field-level sustainability, we led projects aimed at improving the food security and income diversification of rural communities in the Southeast landscape. We continued to support the Farmers Union Network (FUN) and Ministry of Agriculture (MoA) to implement the Kuu Support Initiative (labor-sharing farming groups) in 25 communities in Sinoe county. As part of this initiative, a total of 13,115 fruit-tree seedlings were produced, and production and sales figures for both staple and vegetable crops exceeded the targeted averages. The farmers were trained to adopt sustainability practices, such as crop rotation, intercropping, "no slash and burn", compost making, and improved pest and disease control. Village Saving and Loan Associations (VSLAs) have been established in 10 communities in Sinoe county. Membership totaled 202 community dwellers and accumulated savings of over 2 million Liberian dollars (US$10,526). The groups issued 1 million Liberian dollars (US$5,000) in loans and mobilized over 90,000 Liberian dollars (US$450) in social funds.

POC 2 - LOFA

Replanting the unnatural savannah land with tree crops will halt savannah expansion and restore the agro-ecological system in the Northwest of Liberia, in Foya district (Lofa county).

On landscape governance, IDH cooperated with, and built the capacity of, the Liberia Land Authority (LLA) regarding the implementation of the Liberian Land Rights Act. We developed information brochures on customary land rights as well as a toolkit for participatory land-use planning together with the LLA. Putting these into practice, IDH supported the LLA to draft the first county-level spatial development plan for Lofa county (equivalent to a green growth plan). In Foya district (in Lofa county), we developed a Participatory Land Use Plan (PLUP) for the district, covering 61,521 hectares. We supported six out of the seven clans that make up the district to complete the community self-identification process, develop by-laws and constitutions, and establish their community land governance institutions in line with the Land Rights Act of 2018. In doing so, these communities seek to formalise their land rights in 2020, in line with the Land Rights Act of 2018. This is a precondition for communities to engage in formal transactions with the private sector on land matters. Finally, we facilitated the development of a multi-stakeholder PPI compact in Foya district.

At field level, we supported the establishment of eight farmer field schools, in which farmers piloted land restoration and conservation agriculture with a production area of close to 10 hectares, combining cash crops, food crops and shade trees. Together with cocoa trader Theobroma and three local farmer cooperatives, we piloted an

agroforestry model that is intercropping cocoa trees and food crops on 40 hectares of savannah grassland. The pilot will be scaled up in 2020 and 2021.

LESSONS LEARNED

Implementation issues

Making the oil palm outgrower program a reality would have significant impact on Liberia, and serve as an example to the broader region on how to make palm oil inclusive and contribute to forest protection. Over recent years, we learned that implementation depends on so many moving parts that the chances of succeeding are very low. We consider that the time and resources invested in developing the outgrower scheme were justified by the enormous potential it could have had when brought to fruition.

Local government

Working with local government, positioning them in a leading role, and supporting them in their needs really pays off in ensuring a stronger sense of ownership. This approach also strengthens the capacity of local officials to meaningfully engage with external actors and to promote their goals for sustainable management of environmental resources.

Land use

Customary collective community land rights formalization and participatory land-use planning together provide a strong foundation for PPI compacts through informed land-use decisions. They also provide a stable environment for conflict-free land-related investments, and thus enhanced security for such investments.

KPIs Southeast, West, and Lofa, **Liberia**

Result area 1 - Change in business practices

Indicator #	Key Performance Indicator (KPI)	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2021)	AR2019 technical comments (errors, deviations from targets, etc.)
RA1. Output 1	Private-sector (sustainability) investments in the program	NA	€327,579	€8,000,000			€49,731	€377,310	5%		€25,200,000	In addition to what was written down here. Please also add "Program overall target (2016-2020) is adjusted back to the target set in AR2018 for consistency.
RA1. Output 1	Co-investment ratio (1:X)	NA					1:0.15				1:1	
RA1. Output 2	Other sources of public or private investments/funding leveraged by the program	NA			€1,800,000		0				€44,000,000	KPI no longer in use; originally the target referred to impact funds investing in the oil palm outgrower model.
RA1. Output 4	Business cases developed to demonstrate the potential of sustainable practices	NA	0	NA	1		2	3	3		1	Cocoa-agroforestry in Lofa; design of oil palm outgrower model in West landscape; adjusted design of outgrower model in Southeast landscape (not counted as this was modification of the business case already reported in 2018).

Result area 2 - Improved sector and landscape governance

Indicator #	Key Performance Indicator (KPI)	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2021)	AR2019 technical comments (errors, deviations from targets, etc.)
RA2. Outcome 4	Landscape plans developed and operationalized	NA	0	6 production-protection agreements executed; continuous development of landscape-level green growth plan	0		3 (Sinoe county-level land-use plan (green growth plan); county-level spatial development plan for Lofa county (green growth plan); participatory land use plan Foya district, Lofa county)	3	27%	3	11 (9 district-level plans including participatory land-use planning, customary land formalization, and PPI compact; 2 county-level green growth plans)	Revised cumulative target (2021) as per NICFI work plan 2020/2021 is 11 land-use plans.

Result area 3 - Improved field-level sustainability

Indicator #	Key Performance Indicator (KPI)	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Overall Program Target (2016-2021)	AR2019 technical comments (errors, deviations from targets, etc.)
RA3. Output	Number of producers/workers/ community members trained on key subjects for sustainable production, environmental and social sustainability	NA	1,300	NA	215		807	2,322	93%		2,500	2019 results include farmers trained in previous years. New cumulative target (2021) has been adjusted to 2,500 in the NICFI work plan 2020/2021.
RA3. Output	Number of producers/workers/ community enterprises reached by service delivery	NA	0	NA	10		860	870	16%	1,800	5,275	Cumulative target (2021) has been adjusted to 5,275 in the NICFI work plan 2020/2021.
RA3. Output	Number of smallholder producers organized/aggregated by the program	NA	0	NA	215	NA	NA				NA	KPI no longer in use.
RA3. Output	Number of trainers, auditors and/ or government staff trained in the program	NA	20	4	47	30	41	108	216%		50	Cumulative target (2021) has been adjusted to 50 in the NICFI work plan 2020. The (sum of) annual results may include the same trainers trained in a previous year.
RA3. Outcome	Number of hectares where protection and restoration interventions are implemented	NA	11,553	20,000	0	30,000 through PPI deals and 27,800 through green growth plans	40	11,593	20%		57,800 (30,000 through PPI deals and 27,800 through green growth plans)	It is unlikely that the PPI deal target will be achieved. The green growth plan target is still feasible. Cumulative results include results from the North/Nimba landscape, which we exited after 2017.
RA3. Outcome	Number of hectares where sustainable production/farm rehabilitation/ intensification are implemented	NA	20	4,000	0	6,000	328	348	32%		1,100	Cumulative target (2021) has been adjusted to 1,100 hectares in the NICFI work plan 2020/2021. Cumulative result includes 2017 results from exited North/Nimba landscape.
RA3. Outcome	Farming/forest communities with one or more additional sources of income	NA	23	18	10	45	NA				45	KPI no longer in use.
RA3. Outcome	Number of hectares of land which have a title for full ownership or long-term user rights for forest communities and/ or smallholder farmers						0	0	0	52,000	103,750	Non-RMF KPI added in 2019 to track results of the land rights interventions, which are key to the Liberia landscape: participatory land-use planning and customary land formalization.

Sabah, Malaysia

Malaysia is the world's second largest oil palm producer, accounting for 35% of total worldwide production. Since the 1970s, production has grown rapidly from an area of less than 1 million hectares to 5.6 million hectares in 2015[1]. As suitable land in Peninsular Malaysia ran out, production expanded significantly in the states of Sabah and Sarawak, which together now account for 54% of national production. Much of this expansion has been at the expense of rainforests, often with high conservation value (HCV). The largest market for Malaysian palm oil is in India, followed by the EU and China. The EU has been putting increasing pressure on Malaysia to make its production more sustainable, and the threat of losing this market is forcing Malaysian producers to consider reducing deforestation by reconfiguring their production practices.

Roughly 680,000 smallholders account for 0.9 million hectares of production area, and account for as much as 33% of the total output of palm oil produced in Malaysia[2]. Smallholders are the most vulnerable group in Malaysia's oil palm sector. They often have lower incomes due to lower yields, limited technical knowledge, and less access to government schemes. They are the least able to cope with the harmful effects of climate change and market fluctuations.

IDH is focused on improving sustainable oil palm production landscapes in Sabah, Malaysia, with clear benefits to smallholders. To achieve this, IDH and partners are working on supportive policies at state and national level, establishing green growth plans at state level, and implementing PPI compacts and service delivery model assessments at district levels. At national level, this program is done in partnership with Solidaridad.

PARTNERS

Private
Sime Darby, Kretam, Tiang Siang, JC Chang, Kim Loong

Public
MPOB, MPOCC, MPI, KATS, Sabah state government

Other
Forever Sabah, Wild Asia, WWF Malaysia, Peatland, RSPO, Global Environment Centre

Relevant Sustainable Development Goals

1 Source: https://www.cifor.org/publications/pdf_files/WPapers/WP220Pacheco.pdf

2 Source: https://www.cifor.org/publications/pdf_files/WPapers/WP220Pacheco.pdf

PROGRESS TOWARDS 2020

The reporting year marked the inception phase for the sustainable palm oil landscape program in Sabah, Malaysia, under the National Initiatives for Sustainable Climate-Smart Oil Palm Smallholders (NISCOPS) program, which runs until the end of 2023. IDH implements the program in partnership with Solidaridad.

In 2019, IDH and Solidaridad actively took part in an ongoing dialogue with the federal government (the Malaysian Palm Oil Board and several line ministries) in the context of the so-called Sub-Committee on Oil Palm (SCOP) meetings between the Malaysian federal authorities and the Netherlands embassy in Kuala Lumpur. This led to the signing of a Letter of Intent between the governments of the Netherlands and Malaysia in November 2019, which provided the official mandate to start the NISCOPS program in Malaysia. Solidaridad and IDH have established themselves as valued interlocutors and implementing organizations for the NISCOPS program in Malaysia. Both parties have established trusted relationships with governments at federal and state level, including an MOU signed with the Malaysian Palm Oil Board (MPOB), which enable Solidaridad and IDH to start operations in Malaysia and IDH on Sabah specifically.

At landscape level, IDH has been working to prepare the program for implementation in 2020 by:

- **Engaging with business:** IDH has started to engage several companies and independent mills in Sabah to scope opportunities for the development of business cases in two districts: Kinabatangan (Sime Darby, Kretam, Tiang Siang, JC Chang) and Tongod (Kim Loong).
- **Identifying landscape governance mechanisms:** IDH has established itself as partner of the Jurisdictional Certification Steering Committee (JCSC) in Sabah. The setup of the JCSC is tripartite: Sabah state, civil society and companies. At state level, IDH will work through the JCSC to strengthen green growth planning of the state; in the two districts of Kinabatangan and Tongod, IDH will work with district authorities to create local PPI compacts.
- **Developing field-level projects:** IDH has started to work with Wild Asia to develop an action plan to support palm oil producers (smallholders and growers) in two districts: Kinabatangan and Tongod, in which a total of 7,094 smallholders live.

TRAFFIC LIGHT ASSESSMENT

OVERALL

Due to differences in administrative organization, the (number of) agencies involved, and the availability of data and policies, the length of the global program's inception phase varied per country. The deliverables of the inception phase were also dependent to a large extent on producer-country government decision-making processes beyond the control of IDH and Solidaridad. As such, for the program in Malaysia, the originally foreseen timeline shifted to later in the year. The appraisal of budgets and activities for implementation of the plans in Malaysia by the Donor Steering Group took place in March 2020 and were since approved.

POC 1 - SABAH

The program has only just finalized its inception phase and is currently moving to implementation. This will include formulating the POCs the program aims to build.

LESSONS LEARNED

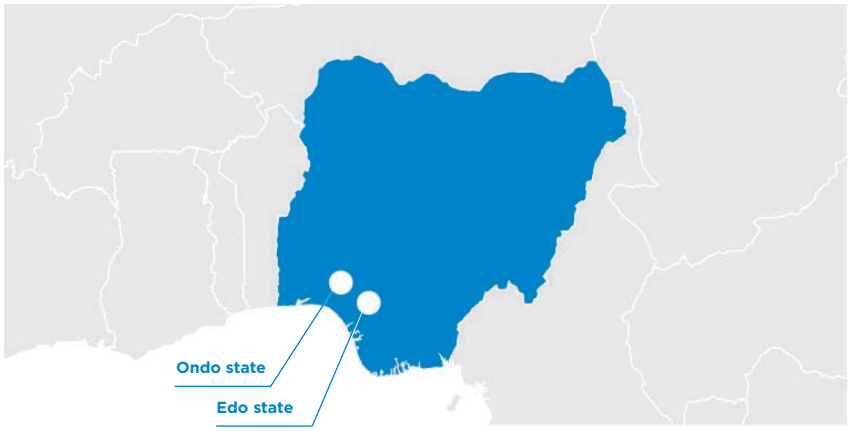
Government commitment

Establishing the government-to-government commitments between consumer and producer country governments on which the program builds, involves a time-consuming and highly political process. But this is an important instrument to embed the program in national policies to enable scale. Since the deliverables of this program's inception phase were dependent to a large extent on producer-country government decision-making processes beyond the control of IDH and Solidaridad, the originally foreseen timeline has shifted and the inception phase will be formally closed at the end of Q1 2020. Engaging political actors at national level and ensuring their buy-in for the program has been a relatively new activity for both IDH and Solidaridad. We learned that while early signs from the host government may be positive, as was the case in Malaysia, the actual process of securing the mandate for the program to start implementation can take much longer.

Ondo and Edo states **Nigeria**

Nigeria is one of the major producers of palm oil in the West Africa sub-region. Cross River, Akwa-Ibom, Edo, Ondo, and Kogi states are among the largest producers of oil palm in the country. These states have the largest concentrations of independent smallholders, accounting for 89% of the palm oil production in Nigeria. They therefore provide a viable avenue to trigger smallholders to embrace sustainable, climate-smart, agricultural practices as the norm in oil palm production, and mobilize the sector (farmers, millers and traders) for protection and restoration of critical natural resources (soil, water and forests).

The value proposition of NISCOPS is that by simultaneously addressing multiple factors through a multi-partner and stakeholder platform, a lasting transformation can be achieved in smallholders' livelihoods in an environmentally friendly and socially responsible manner.



PARTNERS

Private
PRESCO/SIAT, Okomu Oil Palm, National Palm Producers Association of Nigeria (NPPAN), Oil Palm Growers Association of Nigeria (OPGAN), Unilever, Nestlé, Okitipupa Oil Palm; investment funds &Green, LDN, Agri3, Farmfit; carbon finance partners (e.g. Mirova-Althelia)

Public
Edo state government, Ondo state government, REDD+, Federal Ministry of Agriculture, Federal Ministry of Environment, Federal Ministry of Industry, Trade & Investment, Central Bank of Nigeria, Nigeria Institute of Oil Palm Research (NIFOR)

Other
African Palm Oil Initiative (APOI), including TFA and Proforest; Market Development in the Niger Delta (MADE); partnerships in the Niger Delta

Relevant Sustainable Development Goals

PROGRESS TOWARDS 2020

The reporting year marked the inception phase for the sustainable palm oil landscape programs in Ondo state and Edo state under the National Initiatives for Sustainable Climate-Smart Oil Palm Smallholders (NISCOPS) program, which runs until the end of 2023.

The Nigeria NISCOPS program is a partnership between Solidaridad and IDH to support the Nigerian government and other stakeholders to meet the commitments under the Paris Agreement, the Convention on Biological Diversity and the SDGs. It does so by making the Food and Agriculture Organization (FAO) concept of climate-smart agriculture operational in six Nigerian states in the oil palm belt: Akwa Ibom, Cross River, Edo, Enugu, Kogi and Ondo. In parallel, local (state and LGU) governments are supported with the development and implementation of conservation and development plans, to protect and (where necessary) restore critical ecosystem values.

NISCOPS partners with the Federal Ministries of Agriculture and Rural Development, Industry, Trade and Investment, and Environment – Department of Climate Change – as well as the REDD+ National Secretariat. These are represented in the NISCOPS Nigeria Forum (NNF), which is the advisory body to IDH and Solidaridad. NISCOPS's key performance indicators (see below) have been developed with support from FUTA-SAAT and CIRAD. Achieving the project targets will contribute to the Nationally Determined Contribution (NDC) of Nigeria. Other policy instruments that the project will benefit are the Economic Recovery and Growth Plan (ERGP), National Adaptation Strategy and Plan of Action on Climate Change for Nigeria (NASPA-CCN), National Agricultural Resilience Framework (NARF), the Nigeria REDD+ Strategy and the Agriculture Promotion Policy (APP) 2016-2020.

At landscape level, IDH has been working to prepare the program for implementation in 2020 by:

- **Engaging with business:** IDH is currently examining supply chain options that will guarantee effective and efficient business relationships between smallholders (supply) and offtakers (demand). In this regard, consultations and discussions are ongoing with two key oil palm estates in Edo state (Okomu Oil Palm Limited and PRESCO Nigeria), Edo state government, farmers' associations, some commercial banks and the Central Bank of Nigeria (CBN), through the smallholder financial inclusion initiative. To guide the investment agenda of actors, IDH is facilitating a multi-stakeholder engagement in developing a green growth plan for the state. IDH is also in consultation with other medium-scale entrepreneurs in the state who have indicated interest in outgrower schemes.
- **Developing field-level projects:** In Ondo State, IDH is developing a model that will ensure the aggregation and sustainable supply of fresh fruit bunches to the medium-scale mills as well as linking the mills to industrial users of palm oil such as Unilever and Nestlé. The model will take into account the anchor borrowers' scheme for smallholders of the CBN. Through this, the CBN intends to distribute loans to smallholders with a three- to four-year grace period, as well as lower interest rates. This aims to stimulate investments in improved seedlings, land preparation, and improved planning and management. Relevant farmer groups in both states have been introduced to NISCOPS and engaged in the program. These, as well as other groups, are fully participating in the two situation studies – stakeholders' mapping and landscape scoping studies – commissioned by IDH in the two focal states. The results of the studies are being used to develop programs including formulating and implementing PPI compacts. They will also guide IDH programmatic interventions through partnerships at field level.
- **Establishing a governance platform:** IDH has worked with both governments in Edo and Ondo to identify and engage stakeholders on a multi-stakeholder platform. Plans are in the pipeline to attract investors to the state based on the results of the initial studies commissioned by IDH. The platform is an essential mechanism to mobilize actors to agree on the green growth plan for the state, anchoring Production, Protection and Inclusion (PPI) compacts to be signed by relevant actors within the oil palm landscape and ensuring investment agendas are aligned to state and national priorities.

TRAFFIC LIGHT ASSESSMENT

OVERALL	
POC 1 - ONDO AND EDO STATES	

The program has only just finalized its inception phase and is currently moving to implementation. This will include formulating the POCs the program aims to build.

LESSONS LEARNED

Government commitment

Establishing the government-to-government commitments between consumer and producer country governments on which the program builds, involves a time-consuming and highly political process. But this is an important instrument to embed the program in national policies to enable scale. The process required engagement and buy-in at the highest political level. Our strong partnership with the Dutch government, including good cooperation with in-country embassies, has been instrumental in achieving this.

Central Highlands, **Vietnam**

Vietnam is the world's second largest coffee exporter, and 95% of this is produced in the Central Highlands region. This region is also vital for the global and regional production of other important crops such as pepper, tea, fruits, vegetables, flowers, rubber, and cashew. Over past decades, rapid agricultural growth due to favorable economic policies has led to improvements in income and livelihoods for large portions of the population. However, the future of agricultural production and its access to export markets is threatened by extreme climate events (in particular, recurring droughts and irregular rainfalls) and by the degradation of soil and water caused by the toxic loading of pesticides, improper use of fertilizer, and unsustainable cultivation practices. Another threat is farmers' lack of resilience to price volatility of their main crops, such as pepper and coffee, which has resulted in negative impacts on farmers' income in the long term.

IDH is working in two of the five provinces in the Central Highlands, Lam Dong and Dak Lak, a total area of 2.3 million hectares, where our program focuses on increasing the profitability and sustainability of farmers by improving:

- Climate-resilient agricultural practices;
- Farmers' resilience to price volatility;
- Adoption of biodiverse agroforestry production systems;
- Income diversification through intercropping;
- Reduced fertilizer use;
- Reduced toxic loading of pesticides;
- Safety of food produced through reduced pesticide contamination.

IDH convenes public and private stakeholders in three districts in the two provinces to create neutral and inclusive platforms for improved governance, sustainable commodity supply chains, and enhanced environmental sustainability. These involve government representatives from the provincial, district, and commune levels; international and national coffee-sourcing companies; and farmers and community organizations. The platforms we convene also enable investment from coffee-sourcing companies into field-level projects that can eventually be upscaled across the provinces and beyond.

PARTNERS

Private

ACOM (ECOM), JDE, Tchibo, Lavazza, LDC, Olam, Intimex, Vinacafe, Simexco, Syngenta, The Dow Dupont, Pan Nature, CropLife, HRNS, Nestlé, UTZ, Fresh Studio, MimosaTek, TH Group; financial institutions: Vietnam International Bank (VIB), Bank for Investment and Planning Vietnam (BIDV), Vietnam Prosperity Bank, Lien Viet Post Bank

Public

National: Ministry of Agriculture and Rural Development, Department of Crop Plantation, Department of Plant Protection, Directorate of Water Resource; Dutch, Swiss and Danish Embassies, Central Project Management Unit for VnSAT Project/ Agricultural Project Management Unit; provincial: People Committee of Lam Dong and Dak Lak provinces, Department of Agriculture and Rural Development of Lam Dong and Dak Lak provinces, Department of Planning and Investment Lam Dong, Department of Natural Resources and Environment in Dak Lak and Lam Dong; district: People Committee of Krong Nang district, Lac Duong district and Di Linh district, People Committee of 6 communes.

Other

Tropenbos Vietnam, Vietnam Coffee Coordination Board, Western Highlands Agriculture and Forestry Science Institute (WASI), World Bank, UNREDD, Asian Development Bank, Vietnam Tea Association, Global Coffee Platform, UNDP, UNEP, CIAT, ACIAR, ICRAF, BIDV, Lien Viet post bank, local civil societies (women's unions, youth associations, farmer associations in districts and communes)

Relevant Sustainable Development Goals

PROGRESS TOWARDS 2020

The relationships between IDH and companies/government, built over the past 10 years, delivered in 2019. Unprecedented progress was achieved across all three results areas in the Central Highlands: landscape governance, business practices, and field-level sustainability.

Landscape governance: IDH supported the development of the green growth action plan for Lam Dong province. The plan was presented during COP25 and is considered by the central government as an example for other provinces. PPI compacts for three districts (two in Lam Dong province and one in Dak Lak province) were signed, covering 11,000 hectares of farmland. Inspired by the concept of Verified Sourcing Areas, government departments implemented area-based pest management, integrated water management, and agroforestry initiatives on a jurisdictional basis. Multinational donors, including the WB, ADB, and UNDP, invested in IDH landscape initiatives.

Changes in business practices: Coffee companies are following a jurisdictional landscape approach for their sustainability investments and sourcing commitments with larger investments, 80% of which were committed to the three PPI compacts in 2019.

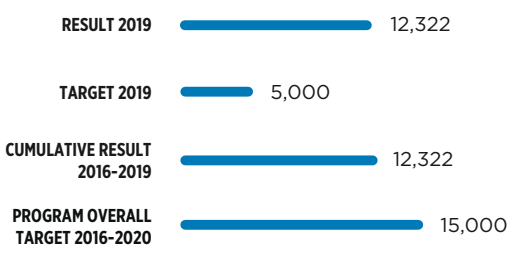
Field-level sustainability: Project work was expanded, with many new surface irrigation structures established, coffee intercropping trials begun, agrochemical use reduced, and the area managed using a landscape approach increased tenfold over the last year.

TRAFFIC LIGHT ASSESSMENT

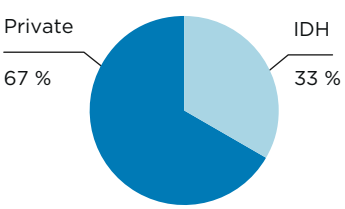
OVERALL	● ● ●
POC 1 - CENTRAL HIGHLANDS	● ● ●

PROGRESS ON KPIS

Farmland area where trained practices are applied (hectares)



Program co-funding ratio (2019)



KEY ACHIEVEMENTS PER PROOF OF CONCEPT

POC 1 - CENTRAL HIGHLANDS

Developing and testing models of sustainable water management, agrochemical management, and agroforestry, to provide investment-ready prototypes that can be scaled up by larger public and private investment programs. In addition, in order to achieve impact at scale, we coordinate efforts by strengthening public-private governance and policies in the landscape.

Sustainable water management:

Activities have focused on expanding community access to sources of surface irrigation for coffee, and improving their planning, funding, and pricing provisions. An integrated water management plan laid the foundations for piloting the renovation of five 0.3-0.5-hectare ponds in Tan Nghia. Each will be operated by farmer groups and can irrigate 40 hectares of coffee. The government will determine the specifications and water pricing required. A total of 51 water surface collection points have been built, including an upgraded 30-hectare lake. These can irrigate more than 100 hectares of coffee, increasing farmer access to surface water and reducing unsustainable groundwater use. In 2020, a further six group irrigation ponds will be built and fitted with water-saving irrigation equipment. Streamflow is also being improved, with plans in the Lac Duong district for dredging and upgrading three main streams supplying the Da Chais commune.

Agroforestry and reforestation

Aging coffee is being replanted and new approaches to intercropping expanded, while the area of farmland under landscape management has increased tenfold compared to last year. A total of 197 hectares of aging coffee was replanted, and coffee trader ACOM provided assistance in a coffee intercropping trial. An agreement was also signed between Ladophar and the Lac Duong PPI leadership to invest in establishing sustainable integrated coffee-artichoke production in Da Chais commune. Rapidly growing community and company interest in the mini-landscape approach led to the design and implementation of a landscape approach by three district leaders and three coffee traders across 736 hectares in 2019 (up from 70 hectares in 2018). In addition, 100 hectares of pine forest has been planted in Lac Duong and Di Linh districts.

Agrochemical use

A landscape-wide approach to improving agrochemical management has been implemented as a public-private partnership to cut pesticide use. The Department of Plant Protection first piloted it in Krong Nang district in 2019, and it will be extended to Di Linh in 2020. The program focuses on promoting organic pest management practices and setting up green fences. The public-sector research and extension partners verified and disseminated information to scale up interventions, while the private-sector partners established an implementation team, provided necessary inputs, and spoke out against using banned chemicals. As a result, only two cases of using banned pesticides were found in 2019. Interviews with pesticide shop owners in Tan Nghia show that 21% fewer pesticides were sold in 2019 compared to 2018. In addition, 22 weed slashers were provided by Di Linh district council to ethnic minority farmers in the Tan Nghia commune, which reduced the amount of herbicides applied by 80%.

OTHER ACTIVITIES

During 2019, the Vietnam program also focused on:

- **Developing PPI compacts to strengthen public-private cooperation;**
- **Preparing PPI compacts to become Verified Sourcing Areas by getting buy-in from coffee companies and the government on the VSA concept;**
- **Developing and testing pilot projects for forest protection;**
- **Increasing attention on the role of middlemen as service providers for smallholders in the coffee supply chain in the landscape.**

PPI compacts and VSA pilots

In April 2019, IDH convened the Dutch and Vietnamese governments, international coffee companies including Jacobs Douwe Egberts, Louis Dreyfus and ACOM, and led the signing of an agreement to work together to reduce water, fertilizer, and pesticide use related to coffee production while protecting natural forests in Vietnam. The agreement marked the establishment of the first PPI compact in Di Linh district (Lam Dong province). Other compacts in Lac Duong district (Lam Dong) and Krong Nang district (Dak Lak) followed suit. The PPI compacts are the first milestone on the road towards becoming a Verified Sourcing Area. International coffee companies also became members of the VSA Global Steering Committee to contribute to further developing the concept.

Investments

In 2019, three district PPI compacts were signed in the Central Highlands between IDH, the Ministry of Agriculture, district peoples' committees, coffee and pepper roasters, and exporters. The total private investments into the ISLA project have risen to US$4.52 million, with 80% of investments in 2019 committed to the three compacts. Public-sector investment in the compacts totaled US$3.5 million, 10 times higher than the IDH co-funding.

Forest protection

As a result of the PPI compacts, the amount of public resources committed to forest protection has increased to effectively implement forest monitoring, management, and protection activities. Effective prosecution of illegal activities such as logging have led to a drop of 52% from 148 cases down to 71 in Di Linh and Lac Duong districts. A 377-hectare buffer zone of Michelia mediocris (Dandy), Senna siamea, and Macadamia trees has been planted in these two districts to separate forest and residential areas. In Lac Duong district, household mapping has been done to identify and evaluate how to incentivize farmers to take up more sustainable farming practices to better protect the forest.

Middlemen in coffee supply chain

Efforts have been made to document and improve supply chains, to identify the needs of middlemen, and to strengthen their links with coffee traders by improving their access to finance. In Di Linh district, 69% of coffee production is being sourced by Hanh Thinh, Bich Lien, ACOM, and LDC companies. The remainder is kept in farmers' stores. Meanwhile, Hoang Thang Da Sar company – the biggest Arabica cherry collector – plans to set up service delivery models for Arabica production and procurement in Da Chais commune in Lac Duong district.

LESSONS LEARNED

Public-private partnerships utilize the strength of all parties

In developing sustainable pesticide and irrigation management strategies within the PPI compact sourcing areas, the private sector is often more flexible and creative, leading to stronger initiatives to transform practices. The public sector plays an important role in creating an enabling environment, raising community awareness, mobilizing community efforts, and upscaling private initiatives through the programs and resources it has available.

Changes in business practice are scalable across companies' supply chains and attract others

Concentrated investment into the PPI compact sourcing areas by companies over the last two years has brought visible sustainability improvements, such as reduced pesticide and irrigation use, which in turn incentivized them to increase their purchasing from these areas. Working with these companies and middlemen has also attracted interest in setting up a VSA from other companies, such as Nestlé, Tchibo, McCormick, Intimex, and Nedcoffee.

The role of IDH empowers ownership by local authorities and companies

IDH is a relatively small donor, but it has a larger role in convening local stakeholders to work together, supporting strategic planning with scientific evidence, coaching implementation partners, and encouraging other institutional investments. Ownership of landscape initiatives by the companies and local authorities within our first PPI compact sourcing areas has made them proud of their landscapes, creating incentives for continuous development and facilitating an exit strategy for IDH.

KPIs Central Highlands, **Vietnam**

Result area 1 - Change in business practices

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA1. Output 1	Private-sector (sustainability) investments in the program	NA	€132,859	€400,000	€415,654	€0	€420,497	€526,837	€707,917	€1,676,927	165%	€73,163		1,000,000	Program overall target (2016-2020) is adjusted back to the target set in AR2018 for consistency.
RA1. Output 2	Other sources of public or private investments/ funding leveraged by the program			NA	€415,654	€300,000	€520,000	NA	€1,664,068	€1,772,910	89%	€300,000	Additional investment from VnSAT (WB) program in sustainable coffee farming	€2 million (ADB in water management, World Bank in sustainable production, UNREDD in deforestation-free coffee production)	Investments by ADB and the VnSAT program (World Bank funded) facilitated by IDH in the project areas.
RA1. Output 4	Business cases developed to demonstrate the potential of sustainable practices	2	0	2	1 (farmer field book economic analyses of coffee farms, linked to agroforestry and diversification)	1 (water-efficient irrigation system)	2 - auto irrigation system on micro-drip, ACOM - SSIS (Spartial Sprinkler Irrigation System), OLAM	NA	1	4		1	Mini-landscape business cases related to agrochemical management	3 (irrigation, agrochemical management or agroforestry)	Although we did not plan to develop additional business cases in 2019, the following has been achieved: - Direct sourcing by coffee traders from all farmers in the mini-landscape areas: 69% of coffee production in 3 mini-landscape areas has been sourced (the remaining amount is kept in the farmers' stores). This is a follow-up from the sourcing commitments made by the companies in early 2019. The mini-landscapes are a "test case" for the Verified Sourcing Area at district level. - The agroforestry/ intercropping business case (reported in 2017) was put into action through an agreement signed between Ladophar and Lac Duong PPI Compact Management Unit on an investment to establish a sustainable coffee-artichoke area in Da Chais commune.

Result area 2 - Improved sector and landscape governance

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA2. Outcome 4	Changes at policy and regulatory level contributing to increased sustainability of commodity production and improved management of natural resources	NA	NA	1	2	0	0	1	1			1	Green growth action plan (GGAP) or coffee landscape program in Lac Duong	3	The approval of the GGAP was delayed and did not take place in 2019. Instead, the PPI compacts were integrated into the agenda of district governments in the Central Highlands via the 3 PPI compact agreements that were signed in 2019.
RA2. Outcome 5	Landscape plans developed and operationalized	NA	NA	0	0	1 green growth plan for Lam Dong 1 participatory land-use plan at commune level Start development of one district-level PPI compact	1 participatory land-use plan at commune level 1 district-level PPI in Lac Duong district is starting development 1 GGAP is being developed	1	7	8		0	Operationalization of the PPI compacts in Lac Duong, Krong Nang, and Di Linh districts (but these are the same plans started in 2019)	4	Explanation of 2019 results: - 3 PPI compacts at district level (Lac Duong, Di linh, both in Lam Dong province) and Krong Nang (Dak Lak province). The PPI compact in Lac Duong has been complemented by a land-use planning tool developed by the European Forestry Institute. - 4 mini-landscape plans: a mini-landscape is an area of maximum 200 hectares in which all farmers are taking a joint approach towards natural resource management, including intercropping, natural boundaries against wind or pests, water management, erosion prevention, and responsible agrochemical use. Farmers are interdependent with regard to improved natural resource management. They therefore set a plan in advance, supported by local government or a sourcing company. Mini-landscapes supported in 2019 include: 60 hectares of coffee (Lac Duong); 50 hectares of coffee designed (Di Linh); 90 hectares of coffee soil conserved by intercropped trees such as avocado and durian (Di Linh); 200-hectare mini-landscape established (Lam Dong province, supported by ACOM).

Result area 3 - Improved field-level sustainability

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA3. Output 1	Number of producers/ workers/ community members trained on key subjects for sustainable production, environmental and social sustainability	NA	6,651	8,000	9,569	1,705	Total: 8,776 (2,957 women and 5,819 men) OLAM: 1,342 (293 women and 1,049 men) ACOM: 807 (324 women and 483 men) SIMEXCO: 4,430 (1,571 women and 2,859 men) LDC: 2,197 (769 women and 1,428 men)	5,841	9,896	16,506		12,500	ACOM new: 1,400 LDC: 2,000 LDC Dak Lak: 3,000 SMC: 1,374 Di Linh: 1,100 Lạc Duong: 600 Krong Nang: 3,100 OLAM: 1,400	17,000	Result 2019 comes from: - LND.147: no new - PPI Lac Duong: 200 (147 men and 63 women) - PPI Krong Nang: 761 (625 men and 136 women) - 192333 ACOM: 965 (687 men and 278 women) - 181790 LDC Dak Lak: 2,467 (715 women and 1,752 men) - LND.130 – LDC Lam Dong: 1,920 (779 women and 1,141 men) - PPI Di Linh: 761 (622 men and 139 women) - LND.129: 1,404 (631 men and 773 women) - LND.126 - OLAM: 1,418 (338 women and 1,080 men)
RA3. Output 2	Number of producers/ workers/ community enterprises reached by service delivery with plant material	NA	NA	NA	139 demos and 1,380 farms (630 farms by OLAM, 750 farms by SIMEXCO)	1,705	Total: 826 OLAM: 4,000 seedlings to 530 farmers ACOM: 117 SIMEXCO: 48 farmers supplied with 10,000 seedlings for mini-landscape LDC: 131 (103 extension + 28)	864	1,628	3,973		600	Total: 736 hectare mini-landscape with an average farm size of 1.2 hectare per farmer. ACOM: 50 hectare mini-landscape SMC: 436 hectare mini-landscape LDC: 100 hectare mini-landscape DI Linh: 50 hectares Lạc Duong: 50 hectares OLAM: 50 hectares	2,105	Result 2019 comes from: 773,000 hectares was provided with seedlings for rejuvenation and intercropping, which covers around 1,545 farmers (1 household/0.5 hectare on average), as well as 317 farmers from ACOM, LND.130 and 181790. In each household we only count the head of the household.
RA3. Output 4	Number of trainers, auditors and/or government staff trained in the program	250	99	150	338	160 (to use digital agrochemical applications)	298 (not on agrochemical app but other topics)	160	159	894		150	District extension workers and leaders	300	

Result area 3 - Improved field-level sustainability

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA3 Output 6	Number of infrastructure facilities developed	NA	24 (18 water flow meters and 6 water irrigation systems)	25 (15 water flow meters; 10 drip and sprinkler irrigation tests)	130 (63 water flow meters; 48 sprinkler and drip irrigation systems; 13 soil and air moisture measurement systems linked to an app to operate automated irrigation systems; 5 terraces and grass banks to improve water retention on farms; 1 rainwater harvesting structure)	154: On coffee farms: install 45 sprinkler irrigation systems; 4 MimosaTek smart irrigation systems; 13 humidity and wind measurement systems; 36 farms with water harvesting structures; 60 water meters	172: On coffee farms: 49 sprinkler systems (43 SSIS, 6 sprinkler irrigation systems and 6 basin systems); 9 micro-drip; 13 MimosaTek smart irrigation systems; 41 farms with water harvesting structures; 60 water meters	25: 24 water harvesting structures, 1 surface water pumping station upgraded in vegetable production area; Water infrastructure and devices: reset the target from 10 km irrigation canal and on-field ponds to establishment of modern pipeline system using water measuring equipments at household levels (specific target pending completion of feasibility study at end-2018)	47 water harvesting structures (13+1+2+26+2+3)	373		217	Di Linh: 8 irrigation systems, 50 ponds/ lakes, 100 water meters, 2 community irrigation systems Krong Nang: 2 community irrigation systems, 55 water saving on-farm irrigation systems	154 on coffee farms: 45 sprinkler irrigation systems; 13 humidity and wind measurement systems; 36 farms with water harvesting structures; 60 water meters On vegetable farms: establish modern pipeline system using water measuring equipment at household level	- ACOM (LND.147): 9 water-saving irrigation systems (sprinklers, drip, other); 13 water measuring, water saving, water harvesting infrastructure installed on farms participating in the project; 13 water flow meters; 13 moisture measurement/testing devices; 1 lake; 2 water collection points - OLAM: 33 water flow meters or tools to measure irrigation water; 21 water-saving irrigation systems (sprinklers, drip, other) - LDC Lam Dong: 3 water-saving irrigation systems - SMC: 8 water flow meters - (PPI Di Linh): 22 weed-slashing facilities provided by Di Linh DC to ethnic minorities; 26 water surface collection points built in the project's commune; 1 store, 2 drying yards and 1.2 km of concrete road for Tan Nghia copperative - (PPI Krong Nang): 2 ponds/reservoirs made by farmers to collect and store surface water for irrigation; 3 dams and lakes upgraded for coffee irrigation in the PPI compact area; 5 irrigation systems

Result area 3 - Improved field-level sustainability

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
RA3. Outcome 1	Adoption rate of improved practices by producers/ workers/ community members of at least one trained practice	30%	NA	NA	46%	70% of 1,500 farmers/ workers/ community members	Mobile-based agrochemical information system not yet developed. Adoption rate for intervention promoted by project: 64% of 11,161 farmers ACOM: 58% of 2,000 OLAM: 73% of 1,342 SIMEXCO: 51% of 5,362 LDC: 92.4% of 2,457	80% of 7,500 farmers/ workers/ community members	69% of 11,352 farmers	69% to date*		70% of 12,500 farmers	Adoption rate is changing less than expected, hence the annual target 2020 is lower than both the cumulative target and the 2019 target	80% of 7,500 farmers/ workers/ community members	Based on ongoing field-level project reports, taking the weighted average: OLAM: 71% of 1,418 farmers, 1,300 hectares SIMEXCO: 63% of 5,362 farmers, 7,604 hectares ACOM: 58% of 2,652 farmers, 4,345 hectares LDC: 92.4% of 1,920 farmers (approximation as most recent adoption survey was not completed before this report publication), 4,397 hectares Unfortunately the other four field-level projects implemented by district governments under the PPI compacts started late in 2019 and could not yet report on this KPI.
RA3. Outcome 2	Farmland area where trained practices are applied (hectares)	20,000	NA	3,000	7,516	3,965	Total: 6,615 OLAM: 777 LDC: 2,820 ACOM: 2,582 SIMEXCO: 436	5,000	12,322	12,322		7,500		15,000	
Project-level indicator	Irrigation water used per tree per year (liters)	NA	1,081	NA	460	1,400–1,800	Average: 1,200 l/ tree/year SIMEXCO: 1,350 m3/ha/year ~ 1,228 l/tree/year ACOM: 1,200 l/ tree/year LDC: 395 m3/ ha/round ~ 359 l/tree/round *1.5 round ~ 540 l/ tree/year OLAM: 1,200 l/ tree/year	1,300-1,600	Average: 1,200 l/tree/ year			1,200-1,400	The number of irrigation rounds vary per year depending on the length and severity of the dry season. Hence liters/tree/ round would be a better KPI to measure change in efficient water use. For comparison, 2020 target is also 420 litres/tree/round	1,200-1,400	

* Cumulative equals the 2019 reported adoption rate, because the same group of farmers from previous years continue to be included in training and adoption surveys.

Result area 3 - Improved field-level sustainability

Indicator #	Key Performance Indicator (KPI)	Target 2016	Result 2016	Target 2017	Result 2017	Target 2018	Result 2018	Target 2019	Result 2019	Cumulative result (2016-2019)	% Achieved to Date	Annual Target 2020	Qualitative description to target 2020	Overall Program Target (2016-2020)	AR2019 technical comments (errors, deviations from targets, etc.)
Project-level indicator	Tree-crop diversity level of farms		Monoculture: 83% in LD; 13.7% in DL Medium diversity: 9.7% in LD; 20.5% in DL High diversity: 7.3% in LD; 65.8% in DL			Monoculture: 75% in LD; 10% in DL Medium diversity: 15% in LD; 25% in DL Highdiversity: 10% in LD; 65% in DL	NA. The implementing partner will organize a survey every two years; at this moment the figure is not ready	Monoculture: 70% in LD; 9% in DL Medium diversity: 18% in LD; 25% in DL High diversity: 10% in LD; 66% in DL	Monoculture: 20%-30% Intercropping: 70%-80% Disaggregated figures will be available later in 2020			Monoculture: 70% in LD; 9% in DL Medium diversity: 18% in LD; 25% in DL High diversity: 10% in LD; 66% in DL		Monoculture: 70% in LD; 9% in DL Medium diversity: 18% in LD; 25% in DL High diversity: 10% in LD; 66% in DL	Monoculture: 20%-30% Intercropping: 70%-80% (however, there is an issue of over-intercropping as farmers do not have science-based designs; they intercrop as they see fit and copy their neighbors)
Project-level indicator	Carbon emissions (metric tons per metric ton of green bean produced)	NA	0.1	NA	0.1	NA	0.11	NA	1.163	1.163		<0	We expect coffee farms to be carbon neutral or carbon sinks in 2020	<0	Since farmers are doing renovations, we suggest changing this indicator to per-hectare instead of per-metric ton
Project-level indicator	Carbon footprint (metric tons per metric ton of green bean produced)	NA	0.1	NA	-0.3	NA	0.2	NA	0.208	0.208		<0	We expect coffee farms to be carbon neutral or carbon sinks in 2020	<0	Since farmers are doing renovations, we suggest changing this indicator to per-hectare instead of per-metric ton
Project-level indicator	Reduction in Environmental Impact Quotient (EIQ per metric ton of coffee)	NA	5.5	NA	1.5	NA	0.5	NA	1	1		0	NA	0	Since farmers are doing renovations, we suggest changing this indicator to per-hectare instead of per-metric ton
Project-level indicator	Reduction in quantity of inorganic fertilizer applied, N and P (kilograms per hectare)	NA	0.4/0.1	NA	0.3/0.8	NA	0.31/0.6	NA	-1.857	-1.857			NA	0.2	

Innovative Finance

Innovative Finance

The Innovative Finance team supports IDH's sector programs by investing in projects and/or setting up investment programs addressing key sustainability challenges. The team focuses on improving the livelihoods of smallholder farmers and developing sustainable, scalable business models for businesses that work with smallholders.

Smallholder agriculture is an important generator of rural jobs, and plays a vital role in providing food security in developing countries. Yet the majority of smallholder farmers live in poverty and are unable to invest in their farms, as they lack access to finance. As the risks are perceived to be (too) high, banks, development finance institutions (DFIs) and microfinance institutions (MFIs) rarely invest in smallholders, perpetuating the huge financing gap. A key aspect of large-scale sustainable agricultural transformation is to create business models that are economically viable.

Through the use of grants as conditional risk capital, IDH has been able to leverage capital from financial institutions in these high-impact projects. Because of the high risk perception, de-risking capital is needed to attract financial institutions to the smallholder finance space.

The Innovative Finance team has spent significant time ensuring that stakeholders have a thorough understanding both of our existing deals and of the potential for future deals as well as the future application of blended finance. Key to this discussion has been highlighting the need for a holistic approach, including a de-risking fund as one of its pillars, acting as a catalyst for private-sector investment into innovative business models along smallholder farmer-based value chains.

Relevant Sustainable Development Goals

PARTNERS

Private
FMO, IFC, ABN AMRO, Rabobank, BNP Paribas, Advans, Cargill, Olam, Ecom, Barry Callebaut, GAFSP, Kennemer Foods, Mondelez, Unilever, JDE, Neumann Kaffee Gruppe, Mastercard, Sucafina, Aqua Spark

KEY ACHIEVEMENTS

The reporting year was one of learning, management of existing transactions, and the successful closing of two highly innovative transactions.

Neumann Kaffee Gruppe launched the US$25 million Coffee Smallholder Livelihoods Facility, a global investment into sustainable sourcing backed by IDH, ABN AMRO, BNP Paribas, Rabobank and USAID aiming to impact the livelihoods of 500,000 smallholder coffee farmers. The facility provides investments for smallholder coffee farmers, including fertilizers, seedlings and equipment, and cash advances, coupled with coaching and access to market, to make smallholder farmers in Neumann Kaffee Gruppe's supply chains more resilient and improve their livelihoods. It involves a syndication of leading European banks underpinned by a first-loss guarantee from IDH and a second-loss guarantee from USAID.

Through the provision of a repayable grant and the design of a risk-sharing mechanism, IDH supported Olam and Mondelez in the design and implementation of a good agricultural practices (GAP) pilot project in Ghana, which aims to improve agricultural practices and productivity of up to 500 smallholder cocoa farmers. Once the pilot phase of the project is validated, it has the potential to be scaled up to thousands of smallholder cocoa farmers across Ghana and Côte d'Ivoire by providing access to agronomic skills, inputs and finance.

PLANNED ACTIVITIES AND RESULTS 2019

Planned activities	Results 2019
Close three new transactions.	Closed two transactions.
Further develop existing transactions, translating lessons learned into support to IDH partners, in order for these finance programs to reach full potential.	Existing transactions were closely monitored in collaboration with respective program team members, ensuring appropriate supervision and support for reaching the targets.

LESSONS LEARNED

Learning point	Actions to be taken in 2020
Implementing partners struggle to deliver reporting requirements on time due to the lack of adequate processes to ensure quality data gathering, consolidation and reporting.	In setting reporting requirements, a practical approach and support are important, followed by regular active follow-up.
It takes a considerable amount of time to structure and close a smallholder transaction (often more than a year), given the complexity of the transactions and the multiple stakeholders involved.	The team needs to be more efficient in streamlining processes, developing standard documentation packages, and forming partnerships in order to structure deals that can be completed efficiently.
During the first few years of a financing facility, significant adjustments / amendments in terms, indicators and timelines are needed, in parallel with improvements in the organization of the implementing partner.	Partners need to be flexible as well as rigorous when assessing amendments to contracts. It is important to allow the implementing partner to adjust aspects due to the complexities / reality in the field while staying aligned with the core objectives of the program and learning agenda.
Providing financing to farmers requires an organizational infrastructure, geared towards financing a larger number of smallholder clients. Non-financial value chain partners need support to develop a financing activity.	Through deeper understanding, we need to assess partners on lending capacity, processes and the systems they have in place to assess farmer lending risk, as well as ensuring an accountable loan supervision and collection process. We can identify areas that need to be strengthened by providing technical assistance.

RISK ASSESSMENT

Risk	Probability	Impact	Mitigating action
Not being able to create effective partnerships with local financial institutions.	Medium – low	Medium	The team continues to work with major international financial institutions, but it has proved challenging to catalyze local financial institutions in sound partnerships. The team continues exploring partnerships and innovative ways of working with local financial institutions.
Not finding suitable smallholder farmer finance projects beyond cash crops such as coffee and cocoa.	Medium – high	Medium	The team collaborates with IDH's programs and meets monthly with program directors to improve collaboration and pipeline development. In addition, the team works through its network of value chain partners and financial institutions to find Innovative Finance transactions in other value chains.
Implementing partners fail to deliver reporting requirements and monitoring reports on time.	Medium	High	It has become more important to make sure that responsibilities are clearly outlined and assigned for the supervision of ongoing Innovative Finance deals. We will ensure that implementing partners have enough human resources and systems in place to monitor and report on the project deliverables.

FARMFIT FUND

In November 2019, the Farmfit Fund (the "Fund") became operational, with an initial size of €100 million. The current investors are the Dutch government, JDE, Unilever, Mondelez and Rabobank. Simultaneously, the €250 million Farmfit Guarantee Facility was established, providing credit guarantees from the US government. We expect that the Fund and the Guarantee Facility can jointly be used to build a farmer finance portfolio in excess of US$1 billion.

The Fund will invest in smallholder-based value chains, following a holistic approach that includes high-quality inputs, training and market linkage. The Fund aims to improve the lives of more than 3 million farmers through increasing their incomes by more than 50%.

The Farmfit Fund will take the highest risk positions in farmer-related transactions, thereby reducing the risk for other investors. By doing so, the Farmfit Fund will catalyze commercial capital to co-invest in this sector and allow agri-commodity traders, agri-SMEs, and/or financial institutions to expand the services they provide to smallholder farmers. The Fund has a wide range of financial instruments available, such as first-loss guarantees, junior loans and mezzanine finance. The Fund can take up to 30% of a financial transaction, with which it is able to provide a solid risk buffer for senior lenders. Under specific conditions, the Fund is able to be an equity investor as well. Senior lenders in a transaction may also benefit from second-loss protection from the US government, which will cover 50% of senior lenders' loss in a transaction.

The objective of the Fund is to demonstrate that sustainable farmer financing is possible by building a large farmer-centric investment portfolio with both value chain actors and financial institutions. This will increase the availability of affordable, long-term financing to farmers, leading to significant improvements in smallholder farmer livelihoods and incomes.

The Fund is managed by IDH Investment Management B.V., a fully owned subsidiary of IDH, employing a seasoned team of impact investment professionals. In addition to structuring and establishing the Fund, the team built a solid pipeline during 2019. The pipeline covers different geographies and commodities, such as coffee, palm oil, cassava, cocoa, vegetables and poultry. In addition, the fund management is looking into investments in innovative agro-fintech platforms that have the potential to reduce costs of servicing smallholder farmers. It is expected that the promising pipeline will translate into a number of transactions during 2020.

Annex
Overview of proof of concept claims

Impact claims and proof of concept (POC) overview

Program	Proof of concept	Impact claim
 APPAREL	**POC 1:** **Fostering worker-management dialogue and productivity in collaboration with industry, CSOs, and public partners.** **POC 2:** **The Life and Building Safety (LABS) program, based on a harmonized assessment method, strives to reduce safety risks in the apparel and footwear supply chain related to structural, electrical and fire safety, and to facilitate evacuation.**	IDH will develop and prove a supply base intervention that has a business rationale and drives improvements on resource efficiency (water, chemicals, energy) at 60 textile producers, as well as improving working conditions for 60,000 workers (80% women) in Vietnam and Pakistan in 2016-2020.
 AQUACULTURE	**POC:** **By strengthening collaboration in the aquaculture industry at the zonal, national and global level, data can be analyzed to identify risks (e.g. on diseases and feed); agendas and priorities can be aligned; recommendations can be generated and disseminated; and risks can be mitigated.**	IDH will contribute to improving the sector's risk level by supporting a global, multi-stakeholder platform leading to a reduction in adverse environmental aquaculture farming practices by 2020. The platform will operate through the development and adoption of sourcing guidelines (including specific feed and health management best practices) for aquaculture certification and improvement models. IDH will contribute to the development of a proof of concept for improved on-farm feed and disease risk-mitigation strategies and market access. We will do this by supporting the implementation of responsible feed and health management best practices in the focus countries (Vietnam, Thailand, Indonesia, and Ecuador). IDH will trigger investments in critical bottlenecks (availability, affordability, and quality of feed and seed supply) to aquaculture production in Africa, with a focus on responsible health and feed management practices, by 2020.

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 CASSAVA	**POC:** **By setting up efficient outgrower schemes, industrial cassava processors can secure supply to fully utilize their capacity. This will result in an attractive, inclusive investment proposition to financial institutions, investors and donors to unlock available sector financing, resulting in improved income and resilience of smallholder farmers.**	As cassava is a new program, no impact claim was developed at the time of implementation.
 COCOA	**POC 1:** **Enabling the development of professional cooperatives/ entrepreneurial farmers and creating a sector-wide enabling environment for farmers and cooperatives, including engineering financial products to reach (cocoa) producers, will lead to empowerment of cooperatives and farmers in the financial space, and will improve their ability to access and use finance for investments in both farm and non-farm activities (e.g. health, education).** **POC 2:** **Develop, validate and benchmark different models to be applied by the cocoa industry to effectively address underlying causes of malnutrition through gender-sensitive farm services leading to improved diets.** **POC 3:** **The Cocoa & Forests Initiative is recognized as a leading action-oriented public-private-civil society partnership able to effectively end cocoa-related deforestation and to support forest restoration in key cocoa-producing countries, starting with Côte d'Ivoire and Ghana.**	Through the Farm & Cooperative Investment Program, IDH has contributed to the successful prototyping and scaling of profitable business models for industry, cocoa farmers and cooperatives, resulting in the economic empowerment of 150,000 cocoa farmers by 2020. Through the Cocoa Nutrition Program, IDH has contributed to the successful prototyping and integration of business models in the cocoa industry that empower female farmers and that reduce malnutrition and stunting in cocoa communities. Through the Cocoa & Forests Initiative, IDH has contributed to ending deforestation and forest degradation in the cocoa supply chain.

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 COFFEE	**POC 1:** **Through innovative service delivery ecosystems, income resilience (diversification and productivity) and joint household/business decision-making (improved gender equality and youth engagement), smallholder household resilience will be strengthened, and the coffee supply base will be more stable and sustainable.** **POC 2:** **Through policy dialogue, testing field-level innovations and innovative financial solutions, economically viable and water-efficient smallholder irrigation access will be rolled out at scale, leading to less water use (Vietnam) and more climate-smart production systems (Uganda and Tanzania).** **POC 3:** **Through policy dialogue, innovative finance deals for input financing, and innovative SDM ecosystems, agro-input use is made economically viable and more environmentally responsible, leading to less pollution and increased income for smallholder farmers.**	In Indonesia, Uganda and Vietnam, (directly) improve income resilience and food security of 30,000 farmers and help them develop economically viable farming systems within five years by documenting and developing innovative service delivery approaches. In Vietnam, reach 20% reduction in water used for coffee irrigation in Dak Lak (and/or Dak Nong) province without negatively impacting coffee production, by proving the economic viability for more efficient irrigation technology and driving public-private sector consultation leading to improved policy on water reduction. In Uganda and Indonesia, ensure 50,000 farmers have access to appropriate and affordable fertilizer through formal market channels, by driving public-private sector consultation for improved fertilizer policy development and agreeing blended finance deals for input finance. In Vietnam, reach 30% increase in farmers' trust in fertilizer products and 5% decrease in agro-input (fertilizer) use by driving public-private consultation for improved fertilizer, and implementation of effective tools (testing kits, agro-input dealer certification, etc.).

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Program	Proof of concept	Impact claim
 COTTON	**POC 1:** **By partnering with the Better Cotton Initiative, we can achieve impact at scale for smallholder farmers, and promote responsible agrochemical management. By training 3.5 million farmers on good agricultural practices (GAP), improved use of water, optimal use of chemical inputs, awareness of decent work conditions on farms and improved profitability, we can make one-third of global cotton production more sustainable.** **POC 2.1:** **By establishing farming-related activities (beyond and related to primary crop), additional revenue will be generated by the farmers and related organizations, resulting in alternative incomes and increased climate resilience for smallholder farmers.** **POC 2.2:** **IDH will bring together representatives from the public sector, industry and civil society to collaborate with 2030 Water Resource Group, for program activities developed under the Maharashtra Cotton Water Platform which is chaired by the Department of Agriculture under the Maharashtra government. The platform will advise on prototypes and enabling initiatives that will accelerate partnership models for water-efficient and climate-resilient agriculture through promotion of sustainable commodity supply chains.**	One-third of global cotton production will be sustainable: 6 million metric tons of cotton produced across 6 million hectares by 2020 by 3.5 million farmers, through adoption of GAP, improved use of water, and optimal use of chemical inputs. 3.5 million farmers demonstrate awareness of decent work conditions on farms, including absence of child labor and bonded labor, health & safety training for all farm workers on pesticide application and on working conditions, as well as improved profitability. IDH will explore setting up PPP structures or facilitating roundtable discussions with stakeholders from provincial governments and local businesses to integrate the Better Cotton principles in their extension services and to drive procurement of sustainable cotton in the supply chain.

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Program	Proof of concept	Impact claim
 FRESH & INGREDIENTS	**POC 1:** Commodity platforms and sustainable sourcing **POC 2:** Living wage and improved working conditions **POC 3:** Gender equality and empowerment **POC 4:** Smallholder inclusion **POC 5:** Responsible agrochemical management **POC 6:** Value chain development	Enhance market transformation by increasing the volume of sustainably sourced products by 25 percentage points by 2020 in five fresh & ingredients (F&I) categories against a 2016 baseline. Responsible sourcing practices will be embedded in the sourcing policies of 100 companies. The category sustainability ambitions are embedded in the supply chain by 2020. In at least four categories, the sustainability platforms are incorporated in the sectors and have developed into self-supporting initiatives or have been incorporated into existing sector structures. The F&I program will deliver design for scale by producing 12 business cases over the four program externalities that are replicable and scalable across the categories.
 PALM OIL	**POC: Shared governance of targets driving public and private policy innovations; verified region sourcing providing clear market incentives; and supply chain convening for the verified sourcing areas.**	By 2020, the palm oil program will achieve 100% sustainable palm oil in Europe, made up of 100% certified/verified sustainable palm oil that is traceable to plantation (with mill level as an intermediate step), supported by the implementation of the Amsterdam Declarations Partnership by European countries (via the Dutch Ministry of Foreign Affairs).
 SOY	**POC: Shared governance of targets driving public and private policy innovations; verified region sourcing providing clear market incentives; and supply chain convening for the verified sourcing areas.**	The soy market program will achieve 50% of European soy imports and 100% of Consumer Goods Forum (CGF) company soy imports being responsibly sourced. It will also raise the bar on sourcing guidelines towards zero net deforestation and develop a direct sourcing connection between the end-buyer and the producer.

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Program	Proof of concept	Impact claim
 TEA	**POC 1:** **Through convening the Malawi Tea 2020 supply chain partnership (35 organizations), a roadmap is developed and implemented to: revitalize the Malawi tea industry; empower Malawi Tea workers to improve their livelihoods and create opportunities for women; and improve buyer procurement practices to achieve a profitable, competitive Malawi tea industry where its workers earn a living wage by 2020.** **POC 2:** **By addressing gender-based violence (GBV) issues in the tea supply chain in Kenya through the platform, we aim to develop viable business solutions leading to a better gender balance and reduction of GBV in Kenya at two levels:** **1. At tea plantations through capacity building on GBV and putting company policy and structures in place addressing GBV (prevention and response);** **2. At smallholder level through addressing the root causes of GBV such as financial literacy.** **POC 3:** **India is a key tea-producing country, where IDH engages in a number of different activities, including *trustea*, the Improving Lives program (see POC 2) focusing on vulnerable groups in tea communities (women, children, and dependents), and prototyping new smallholder interventions since 2019.** **POC 4:** **By strengthening the relationship between smallholders and an established tea value chain partner and creating a balanced power relationship, smallholders receive good-quality services and are therefore able to improve their production practices, resulting in resilient and empowered farmers (e.g. health, education).**	Through IDH, tea businesses find an approach to better integrate smallholders into their supply chains, leading to a doubling of profitability of these small tea producers by 2020. IDH will bring together a supply chain partnership, which ensures a living wage and living income in the Malawian tea industry by 2020. IDH will also underpin the need for a living wage in North India through its *trustea* program. IDH will contribute to strengthening tea sustainability platforms in India and Vietnam, such as *trustea*, resulting in the removal of dangerous agrochemicals from tea production, improved worker welfare, and an increase in smallholder livelihoods, by 2020.

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Program	Proof of concept	Impact claim
 TROPICAL TIMBER	**POC: The tropical timber program reduces deforestation and forest degradation by strengthening the business case for sustainable forest management (SFM) and forestry business models. The program approach is based on three pillars:** **1. European Sustainable Tropical Timber Coalition (STTC) partners implementing policy plans, action plans and market data-based approaches to accelerate European demand for verified sustainable tropical timber;** **2. Co-funding innovation in sustainable forest management and forestry business models in selected landscapes;** **3. Co-funding innovation in certification schemes, resulting in 2 million hectares of additional forest under SFM.**	Reduce deforestation and forest degradation by accelerating and convening more robust European market demand for SFM timber products; developing economically viable and sustainably managed forests in producer countries through effective public-private platforms that guarantee long-term forest protection; and supporting the economic value of SFM forests in the producing countries.

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Program	Proof of concept	Impact claim
 **BRAZIL** MATO GROSSO	**POC: Work towards de-linking agricultural growth from deforestation, reducing gross deforestation and eradicating illegal deforestation in Mato Grosso through a three-pillar approach: governance, finance, and market.**	In Mato Grosso, we aim to conserve 756,000 hectares of forest, restore 123,000 hectares of forest, and intensify 312,500 hectares of degraded pastureland, which leads to 937,500 hectares of avoided deforestation.
 **CÔTE D'IVOIRE,** CAVALLY	**POC: In the Cavally region, we facilitate the design of a green growth plan, which is developed as part of a broader regional land-use plan (SRADT), and which will be owned by the regional council and a regional multi-stakeholder coalition.**	Through successfully prototyping green growth in the Cavally region, resulting in the preservation of the Cavally forest reserve (65,000 hectares) and the promotion of at least 10,000 hectares of sustainable agricultural production, we support partners to improve the formulation and implementation of the national policy framework, allowing for the upscaling of public-private landscape investments and the de-linking of cocoa production from deforestation.
 **ETHIOPIA** CENTRAL RIFT VALLEY	**POC: By establishing a coalition of public, private, and civil-society partners around Lake Ziway, with a clear vision and strategy and who are able to develop a financially viable governance model, private-sector resources are leveraged to catalyze landscape investments to ensure restoration of degraded land, improved water management, responsible agrochemical management, and improved livelihoods of communities around Lake Ziway (Central Rift Valley).**	By 2020, ISLA Ethiopia aims to have established a formal coalition of public, private, and civil-society partners around Lake Ziway with a clear vision and strategy. The coalition will develop a financially viable governance model whereby private-sector resources are leveraged to catalyze landscape investments to ensure restoration of degraded land, improved water management, responsible agrochemical management, and improved livelihoods of communities around Lake Ziway.

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 **INDONESIA** ACEH	**POC: Achieving forest and peatland protection through establishing multi-stakeholder governance of shared targets and land-use plans, combined with driving innovations that provide business and policy incentives to land users to protect and restore forest, such as: the intensification of production on existing production and fallow land; inclusion of smallholders with sustainable practices in agricultural supply chains; supporting the livelihoods of rural and forest communities; providing (downstream) market incentives through verified sourcing; developing alternative income/business models for protection and restoration; and enabling policies and effective enforcement.**	In **Aceh**, we aim to directly conserve 30,000 hectares of HCV/HCS forest (with a further 200,000 hectares indirectly protected) and improve sustainable agricultural production on 13,000 hectares. In addition, we aim to improve the livelihoods of 1,000 smallholder farmers and 500 community members who are directly reached by training and service delivery.
 **INDONESIA** JAMBI		In **Jambi**, we aim to conserve 100,000 hectares (directly and indirectly) of HCV/HCS forest and peatland, restore 10,000 hectares of forest and peatland, and improve sustainable agricultural and forestry production on 40,000 hectares. In addition, we aim to improve the livelihoods of 10,000 smallholder farmers and community members who are directly reached by training and service delivery.
 **INDONESIA** SOUTH SUMATRA		In **South Sumatra**, we aim to conserve 80,000 hectares of HCV/HCS forest and peatland, restore 20,000 hectares of forest and peatland, and improve sustainable agricultural production on 33,000 hectares. In addition, we aim to improve the livelihoods of 9,000 smallholder farmers and community members who are directly reached by training and service delivery.
 **INDONESIA** WEST KALIMANTAN		In **West Kalimantan**, we aim to conserve 190,000 hectares of HCV/HCS forest and peatland (directly and indirectly), restore 10,000 hectares of forest and peatland, and improve sustainable agricultural production on 45,000 hectares. In addition, we aim to improve the livelihoods of 10,000 smallholder farmers and community members who are directly reached by training and service delivery.

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 **KENYA** SOUTH WEST MAU FOREST	**POC: The program aims to demonstrate that leveraging private-sector resources (finance, expertise, and leadership), as well as progressively aligning public- and private-sector interests, can catalyze landscape investments in forest and water conservation, and the improvement of smallholder livelihoods among surrounding communities. The tea, hydropower and timber industries work together with the public sector, civil society (including community) and knowledge partners to reduce deforestation, improve water flows and access to springs, and protect the South West Mau Forest. A coalition of these stakeholders is established with a clear vision, mission and strategy, led by the Stawisha-Mau Charitable Trust.** →	Through convening a coalition of public, private, civic and knowledge partners, where key partners pool resources, model innovative and scalable joint interventions, and develop a financially viable governance system led by the Stawisha-Mau Charitable Trust by 2020, we will have laid the foundation for the protection and conservation of 60,000 hectares of the South West Mau Forest block.
 **LIBERIA** SOUTHEAST AND WEST	**POC 1: As part of a green growth compact, investment in community oil palm farms triggers a production-protection agreement, in which community, oil palm concession holders and the government of Liberia agree to set aside and conserve forest to achieve a zero-deforestation concession landscape. Meanwhile, other deforestation triggers are tackled through a green growth compact with government, communities, the private sector, and NGOs. Food security and income diversification activities are started to make the region more food-secure and less dependent on palm oil.** →	We aim to establish 6,000 hectares of community oil palm growers and conserve 30,000 hectares of natural forest, reaching 45 communities, or 6,750 people, by demonstrating a viable, scalable and inclusive investment model for oil palm. This will lead to a zero-deforestation concession landscape, where natural forests are conserved to maintain their carbon storage capacity and biodiversity, and Liberian smallholder communities are able to improve their income and food security. We aim to show that the outgrower program can be the majority model for Liberia.

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Program	Proof of concept	Impact claim
 **LIBERIA** LOFA	**POC 2: Replanting the unnatural savannah land with tree crops will halt savannah expansion and restore the agro-ecological system in the Northwest of Liberia, in Foya district (Lofa county).** →	We aim to establish 6,000 hectares of community oil palm growers and conserve 30,000 hectares of natural forest, reaching 45 communities, or 6,750 people, by demonstrating a viable, scalable and inclusive investment model for oil palm. This will lead to a zero-deforestation concession landscape, where natural forests are conserved to maintain their carbon storage capacity and biodiversity, and Liberian smallholder communities are able to improve their income and food security. We aim to show that the outgrower program can be the majority model for Liberia.
 **NIGERIA** ONDO AND EDO STATES		No POCs or Impact claims have been developed yet.
 **MALAYSIA** ONDO AND EDO STATES		No POCs or Impact claims have been developed yet.
 **VIETNAM** CENTRAL HIGHLANDS	**POC: Developing and testing models of sustainable water management, agrochemical management, and agroforestry, to provide investment-ready prototypes that can be scaled up by larger public and private investment programs. In addition, in order to achieve impact at scale, we coordinate efforts by strengthening public-private governance and policies in the landscape.** →	Make 20,000 smallholder farmers in the Central Highlands region more resilient to climate change and market dynamics, and ensure the landscape is a sustainable sourcing area for coffee, tea, spices and vegetable supply chain companies, reflected in improvements in water, agroforestry and agrochemical management. Reduce water use of coffee farmers by 20-30% per ton of green coffee been produced; shift 20% of mono-cropping coffee farmers to medium and high levels of crop and tree diversification; reduce the use of agrochemical products on the Red List of Sustainable Standards (4C, UTZ, Rainforest Alliance) by 70-80%; and work with both public and private sectors towards a pesticide market free from illegal, unregistered, and counterfeit pesticides.

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