

Solidaridad Annual report 2009

Coffee



Textiles



Fruit



Soy



Cocoa



Biomass



Sugar cane



Gold



Palmoil



Tea



Statutory principles Solidaridad

Solidaridad Foundation was established on 15 June 1976 and has its office in Utrecht. Solidaridad sees itself as part of the Christian ecumenical tradition which works to achieve economical, political and cultural justice, and the care of creation. With the guiding principles of peace and freedom, Solidaridad seeks working relationships with partners that strive to achieve justice and sustainability grounded in their own religious and cultural traditions. Solidaridad's objective is to support organizations in developing countries that seek to structurally combat poverty.

Solidaridad seeks to achieve this aim through:

- Strengthening producer organizations and civil society organizations in developing countries that are working on the sustainable development of their economy.
- Involving companies, financial institutions and investors in developing supply chains with added value for producers, created through Fair Trade and corporate social responsibility.
- Involving citizens and consumers in and creating a support base in churches and society for sustainable economic development through providing information that is aimed at raising awareness and changing behaviour.

Colophon

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Solidaridad is registered as a foundation at the Chamber of Commerce in The Hague with number 41150939



Solidaridad Network

Solidaridad's organizational structure is going through an important change process: the transformation into an international network organization. This innovation is necessary for shaping the future of our international cooperation.

p 8



Textiles

Bigger brands and a better approach

In the textile chain, Solidaridad supports: cotton production, cotton processing, and clothing manufacture. This made an impact in 2009, achieving better social and environmental and labour conditions, and a reduction in environmental pollution.

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Soy

Guiding companies towards sustainability

Meeting the growing demand for soy requires more and more agricultural land, putting both family farming and the natural environment under pressure. In 2009, a new step was taken towards global codes of conduct. With Solidaridad's support, Keurslagers with an eco-label, FrieslandCampina and CONO cheese makers all opted to use responsibly farmed soy.

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Cocoa

Collaborating with Mars

Mars decided to use only responsibly produced cocoa from 2020. Solidaridad provided support and launched a joint publicity campaign.

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The sustainable public procurement policy

A heated discussion grew up in 2009 about sustainability criteria for the public procurement of products. Solidaridad is working towards getting other certification models accepted alongside the well-known Fair Trade one.

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“... There is a momentum of change in the world today. For many years the sustainability agenda has been carried by consumers making conscious choices. Consumer labels such as Max Havelaar, EKO and FSC have made such choices possible and visible on the market. Now, sustainability is on the agenda of many companies: they are taking responsibility for the origin of their products and have started to see sustainability as one of the preconditions for the continuity of their business. ...”

Nico Roozen in ‘Solidaridad in a nutshell’ (page 5)

Preface

Development cooperation new style

The term ‘market economy’ is supposed to sound reassuring. After all, the market stands for economic freedom and opportunities. It is believed to be able to balance people’s needs and the supply of good to provide for them, thus promoting prosperity. The market is dynamic; it stimulates continuous innovation.

The reality is that not everything covered by the terms ‘market’ or ‘innovation’ lives up to these widely shared expectations. In his latest book *Freefall*, Joseph Stiglitz analyses the freefall of the market and describes the ‘race to the bottom’. Innovation in the financial sector was primarily geared to escaping from the already limited public supervision, with disastrous consequences for the entire world economy.

Markets are human institutions. They only function in the interests of the public if they are set up to do so. That is why Solidaridad has been working for over 20 years on the organization of fair, transparent markets for sustainable products. We have now opted to collaborate with big players such as Douwe Egberts/Sara Lee and Mars. This amounts to innovation in development cooperation.

‘Old style’ development aid often appeals to people more. They feel that as donors, they can see ‘what is done with their money’: goats are bought; hospitals may even be built. All too often such initiatives are then wiped out as a result of aggressive economic development and its negative impact on local situations. One of the immediate side-effects of much ‘growth’ is the ‘production’ of more poverty. This is not to say that Solidaridad has no or little appreciation for traditional development aid. On the contrary: we grew out of the charitable tradition in the churches. But an analysis of the development process has now led us to focus on mainstream global trade, in the belief that it is there that poverty is created, and there that it must be combated.

Solidaridad’s policy is reflected in the ‘pyramid of change’, which makes it clear that the change process demands the involvement of all the actors in the chain: consumers companies and sectors. We have found allies who share our vision among people involved in Dutch development politics and many others in the field. This policy demands different assessment criteria to those applied in traditional development aid. The work ahead will be a long haul, requiring sharp analysis, strong powers of persuasion, and plenty of determination. It will only be possible to evaluate its effectiveness in terms of costs and profits in the long term. Far more work has to be invested in this labour-intensive operation than in a



traditional ‘development project’. But the multiplier effect of these efforts is also much greater.

The Round Tables in which Solidaridad is actively involved, in the sugarcane, soy, cotton and palm oil sectors, confront us with a hard and inescapable reality that leaves millions in poverty and destroys the environment. This is the world of bad practices. And yet even here we find allies in Nestlé, Unilever, FrieslandCampina and many other players, both large and small. We are impressed by the vision of the leaders of these companies, who are in a position to make a difference and set a trend in the world economy of moving towards sustainability and socially responsible production. They can achieve what no single development organization could ever achieve on its own.

The board wishes to express its warm appreciation of and pride in the expert and incredibly committed team of staff at Solidaridad, who are the innovative initiators of the developments described and explained in the report offered to you here.

Roelf Haan
Chairman of the board

Vision and strategy

Solidaridad in a nutshell

In this chapter, a brief introduction to Solidaridad is followed by several sections on the vision and strategy underpinning our organization. Two crucial developments stand out: the runaway growth of corporate social responsibility and the accompanying sustainable chain development, and Solidaridad's development into an international network organization.

Mission

To combat structural poverty and to promote peace and justice. A mission that sustainable economic development can go a long way towards fulfilling. Solidaridad's programme is based on the following convictions:

- There is only one Earth, and it is our task to look after it for our children.
- Poverty is degrading and should be eradicated from the world.
- The balance between 'growth' and 'distribution' can only be preserved if the poor themselves are the agents of development.

Vision

Solidaridad is inspired by the vision that sustainable production in agriculture and industry, combined with Fair Trade in the products of these activities, can make a significant contribution to combating poverty and preserving the natural environment, in the context of a globalizing economy. Creating a 'living wage and humane working conditions for people

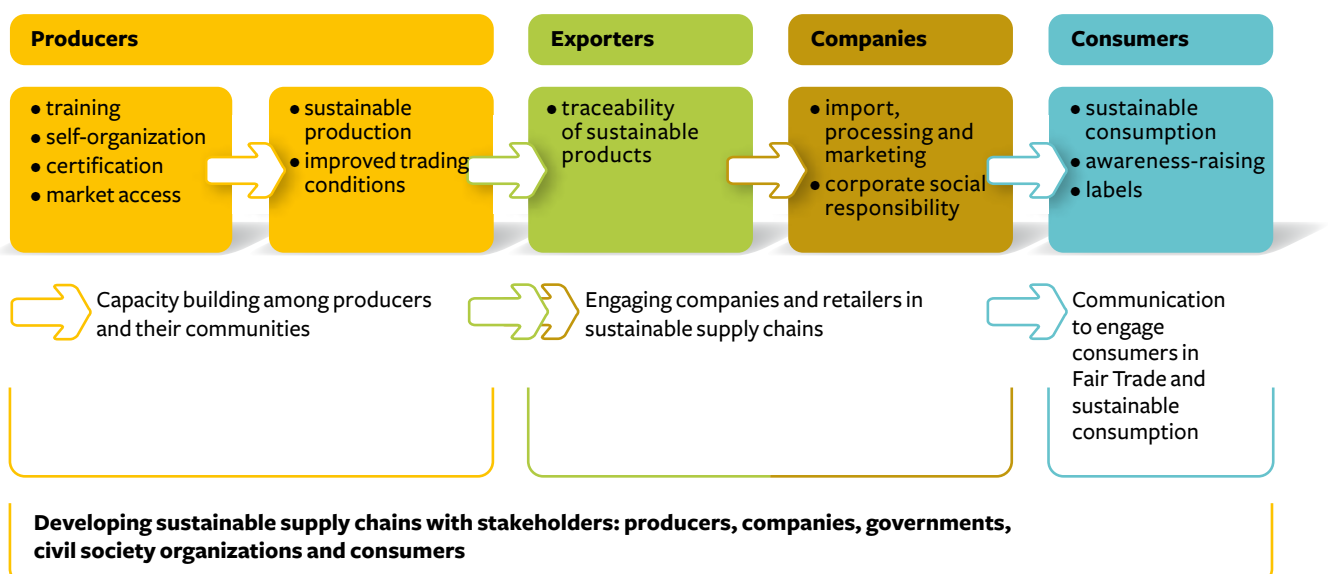
in developing countries provides the basis for a decent existence and the conditions for putting a stop to the wholesale theft of scarce natural resources.

Objective

Solidaridad's objective is to support producer organizations, civil society organizations and companies in developing countries that seek to structurally combat poverty and the destruction of the natural environment. The foundation seeks to achieve this aim through:

- Strengthening producer organizations and civil society organizations in developing countries that are working on the sustainable development of their economy.
- Involving companies, financial institutions and investors in developing supply chains with added value for producers, created through Fair Trade and corporate social responsibility.
- Creating a support base for sustainable economic development in society, and among citizens and consumers in particular, through providing information. This involves

Schema: sustainable supply chains according to Solidaridad



raising awareness and changing behaviour in order to create new economic, political and cultural relations in both developing and Western countries.

Organization

Solidaridad is going through a change process to become an organization for international cooperation with a much broader agenda than that of development cooperation in the traditional sense. In organizational form, Solidaridad is becoming an international network organization with nine regional centres around the world. These regional centres create a binding relationship which generates a joint responsibility for policy development and implementation.

Local partners – with their knowledge and experience, and their roots in their own communities – are now more explicitly included in policymaking processes, and implementation is in their hands. This strengthens local policymaking capacity in developing countries.

Approach

Solidaridad works on creating sustainable supply chains from the producer to the consumer. This enables producers in developing countries to produce more sustainably and to get a better price for their products. They obtain better access to credit and investment capital and their position in the (world) market is improved. Solidaridad seeks to bring together development funds, credit from banks and investment capital in order to achieve optimal development results. Public-private partnerships are a good instrument for doing this, as they are a way of bringing about cooperation between civil society organizations, companies and banks.

A sustainable market

If sustainability is to be achieved, it has to happen in the market sector. This means that sustainability needs the support of market players, such as companies and producers, and must be reinforced by market processes, such as pricing which reflects social and ecological costs of production and

environmental value.

A sustainable market comes into being through an interaction between companies committed to corporate social responsibility, against a background of sound government policy by a democratic and transparent government and the active involvement of civil society organizations.

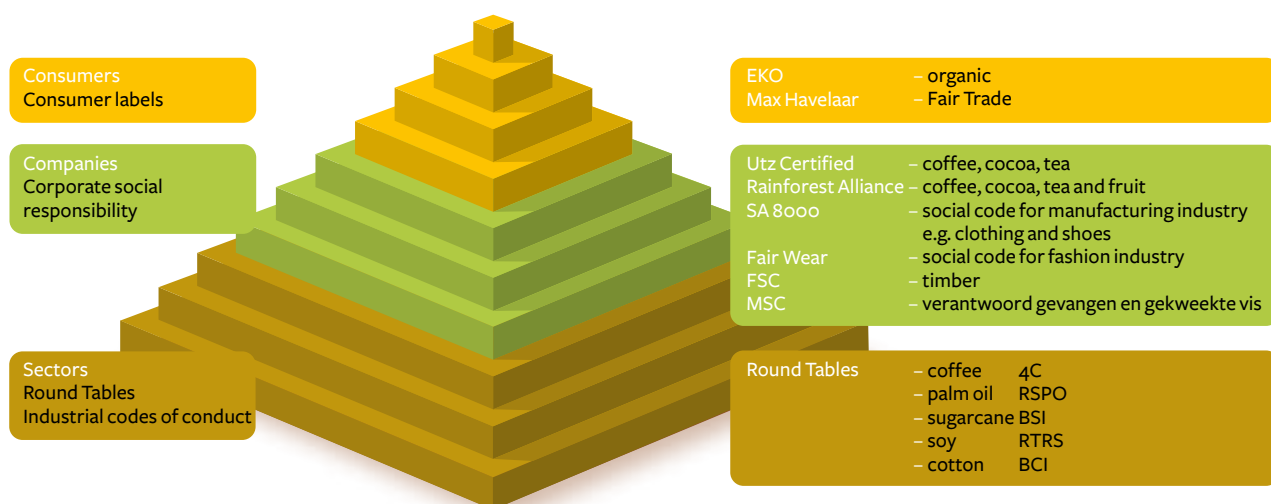
Market development

There is a momentum of change in the world today. For many years the sustainability agenda has been carried by consumers making conscious choices. Consumer labels such as Max Havelaar and Eko have made such choices possible and visible on the market. Now, sustainability is on the agenda of many companies: they are taking responsibility for the origin of their products and have started to see sustainability as one of the preconditions for the continuity of their business. Corporate social responsibility is rapidly gaining ground. This process is supported by new certification programmes such as UTZ Certified and Rainforest Alliance in the agricultural sector, and SA8000 and Fair Wear in the industrial chain. The involvement of companies is further reinforced by the rise of sector-wide initiatives such as the round tables. In the round table processes, a number of basic agreements are made on things which are no longer acceptable, such as the unbridled expansion of the sector at the expense of tropical rainforest. Together, activities on these three levels of what Solidaridad calls the pyramid of change generate a dynamic innovation process. There is innovation at all levels. Consumers make choices, companies take responsibility, and sectors set their conditions. These three layers also reinforce each other, stimulating the process of sustainable development and preventing other parties from getting out of it by transferring costs to people and the environment.

Innovative and proactive

Solidaridad has developed into a specialized organization for sustainable development with a good track record as a force for innovation. Its development as a learning organization

The pyramid of change



with the capacity to anticipate and respond to new developments and opportunities on the market is the hallmark of Solidaridad's organizational culture and strategy.

Nico Roozen

The role of religion and culture

Solidaridad is committed to a form of development aid which is sensitive to the role of culture and religion in society. Religious and cultural traditions can have both constraining and stimulating effects on development processes, and it is therefore appropriate in development processes to help to remove cultural constraints while maintaining an open and liberating attitude to cultural values. The best of a society's formative stories and underlying values can increase its cohesion and the scope for creating more opportunities for more people. Intercultural and inter-religious dialogue can contribute to a better understanding between ethnic groups in our own country and between nations in the global community. But there is another reason why Solidaridad pays attention to a deeper-seated driving force behind its programmes. A straightforwardly practical and technical solution to the big problems of our time – poverty and the environment – does not exist. Practical and technical interventions have a lot to offer, but a new mindset is needed when it comes to values, too. Which norms and values can guide our actions, as citizens and as consumers? What do we base our choices on? Can re-examined narrative traditions in cultures and religions offer us any guidelines? What inspires people to care about each other? These are questions which have a lot to do with our motivations, driving forces and spirituality. Without reflection on these issues, development work would lack direction and substance and would be vulnerable to short-term thinking, superficiality and self-seeking.

Initiatives by Solidaridad

1987

Founder of the **Stichting Max Havelaar**.



1988

Market introduction of the Max Havelaar label
The first fairtrade label for coffee.



1991

Co-founder of the network organization for fairtrade initiatives in Europe, culminating in the formation of the **Fairtrade Labelling Organizations International (FLO)**.



1996

Founder of **AgroFair BV**, the first fairtrade fruit company. AgroFair has grown into the biggest fairtrade fruit company in Europe, with an annual turnover of over sixty million euros in **Oké fruit**.



2001

Founder of **Kuyichi BV**, the first fairtrade fashion brand. Kuyichi has grown into a pan-European jeans brand with an annual turnover of over 15 million euros.



2002

Co-founder of the **Utz Kapeh Foundation** (now **UTZ Certified**), a CSR label for sustainable coffee. UTZ Certified is expanding into other sectors such as cocoa and tea.



2004

Founder of the **MADE-BY Foundation**, a collaboration between over thirty fashion brands (to date) aiming at sustainable production chains.



2006-2010

Co-founder or member of the **Round Tables** for responsible soy (RTRS), palm oil (RSPO), sugar cane (BSI) and cotton (BCI).

Solidaridad becomes a network organization

Solidaridad's organizational structure is going through an important change process: the transformation into an international network organization. This change of structure gives our partners in the South a bigger say in the formulation of policy. It also means that the implementation of that policy is better underpinned by the knowledge and experience of local partners. This innovation is necessary for shaping the future of our international cooperation.

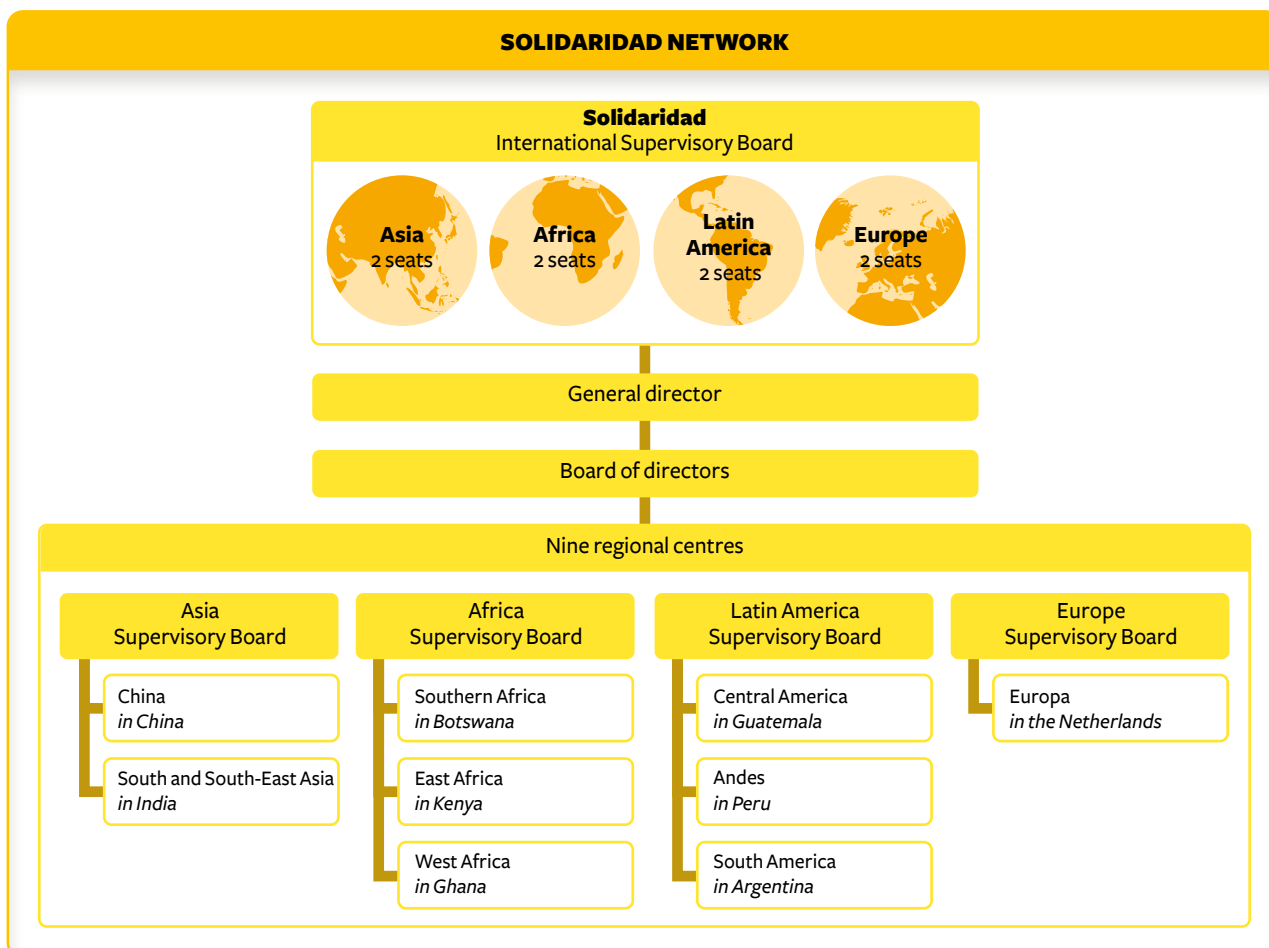
History

Solidaridad was launched in 1969 by the Catholic bishops as an advent campaign in aid of Latin America. In the 1970s, ecumenical collaboration between the churches became a widely shared goal. The Dutch Reformed Church joined Solidaridad and when it was followed by the Remonstrant Church, the Mennonite Church, and the old Catholic Church, there emerged a truly ecumenical organization in 1976. At that time, this was a unique form of collaboration between the social welfare programmes of the various churches: one which

stimulated inter-church collaboration between parishes and congregations at the grassroots. However, the climate in the Dutch churches gradually changed. Churches began to withdraw into their own congregations, and inter-church collaboration came under pressure. The formation of the Protestant Church of the Netherlands, a merger of Reformed, Nonconformist, and Lutheran churches, brought an end to the broad Protestant participation in Solidaridad. Only the Remonstrants, the Mennonites and the old Catholics went on participating in what was after all a predominantly Catho-

The regional directors of the Solidaridad network, from left to right: Jeroen Douglas (South America), Karugu Macharia (East Africa), Gonzalo la Cruz (Andes), Shatadru Chattopadhyay (South and South-east Asia), Brigitte Cerfontaine (Central America), Rory Petre (Southern Africa), Nico Roozen (Netherlands) and Martin Ma (China). Not on the photo: Hans Perk, director of the West Africa regional office.





lic campaign. After the breakdown of ecumenical collaboration, another process began to erode the official church-based foundation of Solidaridad's work. The Catholic Church became increasingly inward-looking and less inclined to see the world as a field which it should be ploughing and sowing. The growing conservatism, especially among the leaders of the Roman Catholic Church, eventually led to the breaking of the ties between Solidaridad and the Bishops' Conference. The Roman Catholic Church withdrew from the board of Solidaridad in January 2010, and Solidaridad was forced to pull out of organizing the advent campaign because the Bishops had proposed an unworkable model of collaboration, which reduced Solidaridad to an implementing agent for the Bishops' policy. Thus ended a 40-year period of inter-church collaboration. Whether this will also spell the end of ecumenical collaboration among church congregations, only the future can tell. To date, many parishes and congregations have continued to be committed to Solidaridad's work.

New structure

The developments in our relationship with the churches create an opportunity for Solidaridad to start a far-reaching innovation process. The nature of the organization will change: a process that opens up new perspectives and generates new energy. An international network organization is being built up. Solidaridad Netherlands is to be one part of a network of nine partner organizations from various parts of

the world, nine regional expertise centres which the Solidaridad programme in the regions is going to develop and establish (see map). These nine centres will be linked together in the Solidaridad network, an international organization with a coordinated programme. The policymaking process will be fed by equal input from all the centres. The meeting of the directors of the nine regional centres will constitute the decision-making body, under the chairmanship of an international director. Management supervision will be done by an international supervisory board, made up of representatives of the various continents.

New work approach

Solidaridad's new structure is more than a new organizational model: it radically changes the relationship between North and South. In terms of policymaking, there is a shift from partner consultation towards a more binding form of joint policy development. A global strategy for the network organization will be developed with equal input from the nine regional contexts. A mutual strengthening of the capacity to develop policy jointly is the highest level of development cooperation. The implementation of policy developed in consultation will be decentralized and delegated to the regional expertise centres.

A major change is that the entire project cycle shifts to the offices in the South. This project cycle consists of partner identification, programme assessment, budget allocation,

The growth curve for the regional centres in the period 2008-2012

	Initial stage	Intermediate stage	Mature stage
1	Structure still to be decided	⇒ Structure legally established	⇒ Structure legally established/formally recognized, local integration and a lively multi-stakeholder network
2	Minimal number of procedures set up	⇒ Project cycles and procedures arranged	⇒ ISO certification
3	Basic financial management set up	⇒ Financial management in line with MANGO standards/external auditing	⇒ Financial management in line with MANGO standards/external auditing
4	Staff/management capacity with local representation	⇒ Staff/management capacity with own staff	⇒ Extensive staff capacity/HR policy in place
5	Programme development	⇒ Annual plans	⇒ Multi-annual strategic plan in place
6	Partner identification and project formulation	⇒ Partner identification and project formulation Programme/project approval Local budget management	⇒ Partner identification and project formulation Programme/project approval Local budget allocation
7	Basic monitoring system in place	⇒ Monitoring and evaluation system in place	⇒ A learning organization (monitoring, evaluation and impact assessment)
8	No local fundraising	⇒ Local fundraising	⇒ Strategy for core fundraising, substantial external funding
9			⇒ Regional expertise centres are established

contract agreements and the monitoring and evaluation of the programmes. Increasingly, this process takes place not in Utrecht but in the regions. Each regional centre has a team that is capable of taking over these tasks and implementing them well. In the process, the organization's centre of gravity is shifted from North to South, and international collaboration becomes largely a matter of collaboration between the continents of the South. Solidaridad Netherlands will apply itself to contributing to policy development for the network, market development in the North, fundraising to cover the network budget, and publicity campaigns to involve consum-

ers, citizens, and the business world in the task of making the international economy more sustainable. Altogether, a challenging but highly promising change process.

Nico Roozen

Chart of Solidaridad's development process

	From	To
Nature of the organization	Development organization	⇒ Organization for international cooperation
Institutional development	Western development organization	⇒ International network organization
Policy	Poverty alleviation	⇒ Sustainable development – economic dimension – social dimension – ecological dimension
Partners	Producer organizations Civil society organizations	⇒ Expansion into – private sector – knowledge institutions
Finances	Donations	⇒ Financing mix of: – donations – generator in obtaining credit from banks – generator in obtaining capital from investment partners
Reach	Producer development	⇒ Chain development from product to market
Potential for change	Niche market based on consumer labels	⇒ Mainstreaming through CSR and round tables

The Regional Expertise Centres

Solidaridad's development into an international network organization has gone very smoothly, and many Regional Expertise Centres (RECs) are already up and running, and have been officially registered.

Further development as a network organization is high on the agenda for 2010. The already established expertise centres in China, India, Southern Africa, East Africa, the Andes, South America and Central America will be linked up, and an expertise centre will be opened in West Africa.

By developing this network organization, Solidaridad takes a big step towards policy development that is more fully shared

with our partners in developing countries. This enables us to make better use of the expertise of these partners.

Expenditure

	Actual 2009	Budget 2009	Actual 2008
Expertise Centres	956,937	603,500	783,460

More has been spent on the expertise centres than was budgeted for, because they have developed faster and more fully than expected. Extra funds have been made available to cover this.

REC Andes

Additional information: Operational as REC since 2004.

Details: Av. Roosevelt N° 5866 (antigua Av. República de Panamá), Miraflores, Lima 18, Peru. T: +51 1 4454242

Website: www.solidaridadnetwork.org/andes

Director: **Gonzalo la Cruz**

Number of staff: 5

Commodities: Palm oil, coffee, fruit, cotton, gold, cocoa.

Countries: Peru, Colombia, Ecuador, Bolivia.

Partners: Grupo Hualtaco (bananas, Peru), Fundación Manuel Mejía (coffee, Colombia), FNC (coffee, Colombia), Oro Blanco (cotton, Peru), IRCAs (coffee, Peru).

Budget: € 422,893



REC South America

Additional information: Fundación Solidaridad Latinoamerica (FSLA) was legally registered in Panama in March 2009. The REC has been fully operational (both legally and financially) since then. Two branches of the FSLA are being set up in 2010 to serve the South America REC: in Buenos Aires in Argentina and in São Paulo in Brazil.

Details: Juan Ramirez de Velasco 816,1414 Ciudad Autonoma de Buenos Aires, Argentina. T: +54 (0) 11 48572644
CBSC Brazil, Rua Tanabi 287, casa 2, Perdizes, São Paulo-SP, Brazil 05002-020. T: +55 (0) 11 38012652

Website: www.solidaridadnetwork.org/southamerica

Director: **Jeroen Douglas**

Number of staff: 4

Commodities: Coffee, tea, fruit, cotton, soy, sugar, palm oil, biomass, beef, gold.

Countries: Brazil, Argentina, Bolivia, Paraguay, Uruguay, Suriname.

Financial partners: MFS funding: Tea (Argentina): Fundación Universidad Dachary, Industea, OikoCredit. Sugar (Bolivia): Ingenio Guabira, IBCE. Cotton: Agusa Ecom Paraguay. Soy (Bolivia): Probioma. Soy (Brazil): RTRS, Reporter Brasil, ICV. Schokland funding: Soy (Brazil): APDC, Gebana, Coopafi. Sugar cane: Redebio. Suga cane/ethanol (Brazil): North Sea Group. Sugar/soy/meat (Brazil): WWF Brazil.

Budget: € 898,945



REC Central America

Additional information: The REC has not yet been legalized. It will be a branch of the FSLA (Fundación Solidaridad Latinoamerica).

Details: 15 Avenida 13-45, Zona 10, Oakland, Guatemala city, Guatemala. |T: +502 2366-5856 (ext. 115)

Website: www.solidaridadnetwork.org/centralamerica

Director: **Brigitte Cerfontaine**

Number of staff: 6

Commodities: Coffee, cocoa, society building.

Countries: Guatemala, Honduras, Nicaragua, Mexico, Haiti.

Partners: Sugar: WWF; coffee: ECOM, MERCOM, COHONDUCAFE, COAGRICSA, COPROCAEL, COCAFELOL, CATRIL, Cooperativa Santiago, FEDECOAGUA, ANACAFE, ACAS Sipakapa, Fincas Pajja, Nueva Esperanza, Cuchil, Santa Teresa in Tucuru, SNV

Budget: €1,170,000



REC West Africa

Additional information: Currently being set up.

Details: 131A Sunyani Avenue, Kanda Estates, PMB KD11 Kanda Post, Accra, Ghana. T: +233 0243316080

Website: www.solidaridadnetwork.org/westafrica

Director: **Hans Perk**

Number of staff: 9*

Commodities: Cocoa, fruit (pineapples, mangoes), palm oil and gold.

Countries: Ghana, Ivory Coast, Nigeria, Burkina Faso.

Partners: Fruiteq, GTZ, GRIC, Cargill, Care Ghana, TASTE.

Budget: €716,551*



photo Olaf Hammelburg

* Budget WAFF company being reorganized to become Solidaridad West Africa

REC East Africa

Additional information: Officially established in 2008 as the Eastern and Central Africa Expertise Centre (SECAEC). Professionalization is ongoing and the office is becoming a fully independent organization, doing its own fundraising in the region.

Details: Choices Building, Baricho Road, Office No.201, PO Box 675 code 0618 Ruaraka, Nairobi, Kenya. T: +254 20 236 6562

Director: **Karugu Macharia**

Website: www.solidaridadnetwork.org/eastafrica

Number of staff: 3

Commodities: Coffee, tea, cotton, sugar cane, fruit.

Countries: Kenya, Tanzania, Uganda, Ethiopia, Rwanda, Burundi, DR Congo, Zambia, Malawi

Partners: Funds: Irish Aid, HIVOS, PSO, European Union (EU), MFS (Dutch government), ITC (International Trade Centre), Liberty Foundation. Companies: BeanThere, World bank via Deloitte Kenya, Schluter, Kawacom Uganda (ECOM subsidiary), Kenya Airways. Local organizations/producers: Kenyan Coffee Board, Tanzanian Coffee Board, Zambian Coffee Board

Budget: €323,407



REC Southern Africa

Additional information...	Registered in 2007 as a section 21 company in South Africa. Registered as an NGO in 2010. A separate Commodity Business Support Centre for sugar was set up in 2010. Director Ruairidh Petre worked on a contract basis for Solidaridad before 2007.
Details:	Private Bag 351, PN Suite 437, Kgale View, Gaborone, Botswana. T: +267 318 7682
Website:	www.solidaridadnetwork.org/southernafrica
Director:	Ruairidh Petre
Number of staff:	In 2009: 1 full-time and 1 part-time. Since beginning of 2010: 2 full-time and 2 part-time.
Commodities:	Biomass, coffee, tea, fruit, sugar, cotton.
Countries:	Malawi, Mozambique, Namibia, Zimbabwe, South Africa.
Partners:	Agricane, Abiodes, FTSA, FTTSA, EMG, Resource Africa.
Budget:	€ 449,000



REC South and South-East Asia

Additional information:	Formally established in 2008 (as trust). The office has a detailed HR policy, a financial handbook and ISO 9001-2008 certification.
Details:	1st Floor, A-5, Shankar Garden, Main Najafgarh Road, Vikas Puri, New Delhi - 110 018, India. T: +91 11 2551 5122
Website:	www.solidaridadnetwork.org/asia
Director:	Shatadru Chattopadhyay
Number of staff:	9
Commodities:	Cocoa, coffee, cotton/textiles, tea.
Countries:	India, Bangladesh, Nepal, Indonesia, Malaysia, Sri Lanka, Vietnam.
Partners:	BEI (Bangladesh), Business Watch (Indonesia), CECM (Vietnam), CSR Centre (Bangladesh), Institute for Plantation Agricultural and Rural Workers (IPARW, India), Institute of Social Development (Sri Lanka), Partners in Change (India), Prakruthi (India).
Budget:	€195,447



REC China

Additional information:	Registered as REC mid-2009. Martin Ma has worked for Solidaridad since 2005/2006.
Details:	Building 6, Apartment 1404, Ji Xiang Yuan, Da Cheng Lu, Fengtai District, Beijing 100039, China T: +86 139 107 36 012
Director:	Martin Ma
Website:	www.solidaridadnetwork.org/china
Number of staff:	6
Commodities:	cotton/textiles, tea, soy.
Countries:	China
Partners:	Manufacture: Social Accountability International (USA), Zhong Liang - organic cotton project, (China), Treehouse - manufacturing company (China). Soy: China Soybean Industry Association, RTRS (China). Tea: China Tea Industry Association, (China).
Budget:	€165,000



Sustainability in times of crisis

The Western economy is in a profound economic crisis, although there are some signs of a – still fragile – recovery. At first we were afraid that anxiety would cause businesses to start thinking short-term, cutting costs wherever possible and putting sustainability goals on the back burner. Nico Roozen judges that it hasn't been as bad as we feared, and sees an increased willingness in the business world to take meaningful steps towards sustainability.

2009 will go down in history as the year of the breakthrough in the cocoa sector. Never before has there been such broad support for a strategy aiming at sustainability across an entire sector. The American cocoa giant Mars has certainly earned its laurels as the trendsetter in this process. The company announced to buy its supplies, good for over ten percent of the globally traded amounts of cocoa, from a sustainable source only within ten years. Such a strong signal from a major market player forces others, including Nestlé, Cargill, Heinz, ADM, Barry Callebaut, de Baronie and Albert Heijn, to follow the good example set by the market leader and publically supported this ambition. They did this publicly on 7 November

at the CHOCA chocolate festival in the Amsterdam harbour area, where Minister Koenders received the first bale of UTZ Certified cocoa and was witness to the 'Amsterdam Agreement'. The dealmakers in this broad coalition were Solidaridad, UTZ Certified, and, at a later stage, IDH. But in terms of public perception, it was Oxfam Novib's 'Green Santa' campaign that ran away with all the honours. It was well-campaigned and innovative. Modern means of communication were used; all the credits for that. But politically spoken, it was an opportunistic campaign, timed for when the sector had already made a commitment (which it did in November). It was easy to the supermarkets to join in, since their suppli-

Average Cocoa price 2006-2010 (US\$ per ton)



source: International Cocoa Organisation

Average cotton prices 2006-2010 ('A' Index cents/pound)



source: National Cotton Council of America

ers had indicated that they were already on the move to make sustainable cocoa available. The radio ads gloated that the supermarkets had ‘surrendered’ one by one. At every stage a phone call was first made to the office of Solidaridad or UTZ Certified, asking, “We had already promised this, hadn’t we, or can you help our suppliers to get hold of certified cocoa in time?” With a two-day delay, Solidaridad’s positive answers resulted in another ‘victory’ for the Oxfam campaign. A critical observer would realize that a meaningful policy change generally takes a bit more effort. In general, a change of policy takes more effort if it really is about something.

Hague agreement

But there was a sequel to the story of the irritation stirred up in the cocoa industry by the Oxfam campaign. The government wanted a ‘Hague agreement on cocoa’, to confirm not only the commitments made on 7 November, but also the government’s own commitment to this agreement. On 4 March 2010, a declaration of intent was signed at the Ministry of Agriculture in the presence of Minister Verburg. This declaration had fewer signatories than the Amsterdam agreement, however, with big companies like ADM, Cargill, Barry Callebaut and Nestlé conspicuous by their absence. This goes to show that campaigning without a real cause has made them withdrawn. But directed to Solidaridad, these companies’ willingness to go for it was reconfirmed. And that’s what counts. In the end, it is not the discussion about who contributed what that matters, although it is annoying when a false impression is created. The real test of a change process in the cocoa sector is whether sustainable cocoa is made available by setting to work in collaboration with farmers. And here, sadly, Oxfam Novib is nowhere to be seen. And that really should be changed.

Less land, more cocoa

The cocoa agreement shows that there is a change process under way in the business world. Cocoa companies have genuinely understood that the lack of sustainability in their sector poses a threat to the continuity of their business. Investments will have to be made in both productivity and quality in cocoa producing countries, and more cocoa will have to be produced on less land, in view of the growing pressure on land for other uses. If they can earn more money from rubber, cocoa farmers make the switch. Cocoa farming must be done using methods that maintain the fertility of soils and do not affect the availability and quality of water. Family-run farms will need to be able to make a decent living if they are to keep their labourers on the farm and prevent migration to the cities. Farmers need to become agricultural entrepreneurs. Sustainability requirements for production are no longer made by parties from outside the chain, but are increasingly seen by chain players themselves as the conditions for a healthy business. The new definition of quality no longer refers to product quality only but also to social and ecological quality.

Market leaders take the lead

This insight is gaining ground in many sectors. Companies taking the lead on sustainability are: Unilever on palm oil and tea; Douwe Egberts/Sara Lee on coffee and tea; Friesland-Campina on soy, H&M and IKEA on cotton, and Jackpot and Edun, for example, in the fashion chain. Increasingly, we are seeing market leaders taking the lead and wanting to make a difference. This changes the role of development organizations, making social pressure and lobbying less important. Of course, the stragglers need to be egged on to catch up, but the example of the big companies helps a lot with this. The real goal is to get the sustainable products onto the market. Availability is the key issue here. It is all very well for companies to be prepared to buy sustainable products, but they have to be there for them to buy, and it is this transition process that must be organized. And that requires joint efforts by companies, governments, sector organizations and development organizations. Together, we must support family farmers and agricultural entrepreneurs in making the switch to a sustainable production method. To do this we need new expertise and new ways of using resources. Solidaridad has adapted its structure and working procedures to these new needs. Change happens in the field. And that’s where you will find us, with our feet on the ground – and in the mud.

Nico Roozen



photo Pickwick

Processing of certified tea for Pickwick in Indonesia.

New policies on three themes

In 2009, Solidaridad started a discussion about our policy for the coming years. The immediate task was to formulate a new Multi-annual Strategic Plan for 2011-2015. The current plan runs until 2010 and is in urgent need of a rethink. What is more, a new multi-annual plan is required for applying for funding from the Ministry of Foreign Affairs in the new MFS round of subsidy allocations for 2011-2015.

Three themes related to innovation emerged as central in the policy dialogue, in which partners in the South have actively participated. These themes are:

- beyond certification;
- smart and sustainable land use;
- paying for environmental services.

A brief overview of these new approaches is offered below.

Beyond certification

Certification is one of the key pillars of Solidaridad's policy, and is a crucial instrument for stimulating sustainability in supply chains. The parties involved can draw up a policy framework together and formulate goals in the form of a standard or a code of conduct. Certification then supports the process of increasing sustainability by setting minimum requirements and taking care of implementation, monitoring, reporting, credibility and quality. And finally, certification creates a market for sustainable consumption, as well as controlled access to this market. The added value of this process includes higher creditworthiness among producers and a better price for a better product.

Control

However, in day-to-day practice, the limitations of certification have become more and more apparent. Essentially, certification is a change process that is based on control. Its particular control mechanisms include procedures, rules, sanctions, reporting structures and a hierarchical management system. The pressure of all this control can create a heavy sense of obligation, which diminishes people's sense of involvement in the objectives of certification, so that inadequate supervision can soon lead to rule-breaking, misuse and cheating. There is another option: an approach that is supported by shared values among producers and their clients. This 'Value-based Management' is suited to a continuous process of improvements based on everybody's contributions, and on shared objectives and values. In order to make certification more effective, Solidaridad seeks to maintain a balance between management based on control and management based on

values. Market parties should share responsibilities, risks and costs, in order to achieve a transition from an anonymous market to a transparent chain with shared core values, from a short-term to a long-term perspective, and from 'what is good for me' to 'what is good for us'.

Smart and sustainable land use

Agricultural production is once again at the centre of attention, due to a growing awareness that it needs to increase, and to do so both fast and sustainably. In the period up to 2050, the world population is set to grow to 9.5 billion people, increasing demand for agricultural products by at least 75 per cent and doubling meat consumption. The poor will assert their right to an adequate and balanced food supply. Land use all over the world will have to become smart and sustainable. Food production is meeting with stiff competition for land, which is also sought-after for production of livestock feeds, fibres and biofuels, or for nature conservation and biodiversity. 'Sustainable' means kinds of land use and of agriculture development that target 'more with less': higher harvests from less land. Equally, it means reducing the use of natural resources (for energy, water supply and fertilizers, for example) and lowering greenhouse gas emissions. 'Smart' means what is known as multiple land use, in which several functions are combined in one place, adding value to the land use. We need to intensify the use made of scarce fertile land.

Limitations

It is a matter of urgency that we apply the best agricultural technology, targeting optimal soil management, limited pesticide use and higher yields. Two limitations on future food security demand our attention. Firstly, our current agricultural system is highly dependent on oil for the production of artificial fertilizer and pesticides, and for mechanization and transport. This dependence on oil poses a risk for the global food supply. If we are to make affordable food available to everyone, we will have to make a transition to sustainable sources of energy. The second issue is water scarcity. Pollution, over-exploitation and bad management of water sources has led to

the loss and desertification of scarce agricultural land. The urgency of these issues requires a more differentiated approach, involving contributions from different agricultural systems. Organic agriculture and family farming should get the chance to continue developing, not so much as an alternative to conventional agriculture but side-by-side with more intensive and large-scale agricultural systems. Urban agriculture will increase too. Diversification of agricultural systems is the way forward. The choice of production methods, place and crop should be based on an analysis of the local market and production possibilities.

Paying for environmental services

One of the underlying causes of the loss of biodiversity is the fact that the natural environment is widely seen as common property. The attitude is often: everyone has access and it is free. Biodiversity refers to the vast variety of life forms and ecosystems on the earth, without which humanity cannot survive. Biodiversity is not just beautiful but also useful and necessary. It is thanks to biodiversity that we have clean water, fertile land, a stable climate, and food – not to mention the resources we need for housing, clothing, fuel and medicines. These natural resources ensure our survival. The disappearance of biodiversity and the exhaustion of resources are directly related to a failure to recognize the significance and value of ecosystems.

Future scarcity is not taken into account

The scope for expressing this value in the economy is negligible, and the social costs of biodiversity loss are not reflected

in the prices of products. Nor is future scarcity taken into account. This tends to lead to over-exploitation and a failure to invest in ecosystems, directly threatening the supply of goods and services for future generations. In developing countries, the poorest of the poor are the most dependent on natural resources, but have very few opportunities to invest in their sustainable management. This means that there is a direct relationship between expressly including biodiversity in economic and monetary decision making and combating poverty. The solution to this problem lies in the integrated application of three kinds of measures. First: a fair distribution of access to and profits from biodiversity and natural resources. Second: establishing the value of products and services delivered through ecosystems, and integrating this value into the real economy. This means setting up new markets. Third and finally: making sure that there is compensation for any remaining damage to biodiversity, for example by creating space for new natural areas.

Nico Roozen

In the Cabo Delgado region in Mozambique, forests are being burnt down for agricultural purposes. Solidaridad's partners in the biomass programme work on more efficient forms of land use.



Strategic partners: Round tables and the WWF

Round tables are sector-wide initiatives that aim at forging agreements about key aspects of making a sector more sustainable, with broad – and preferably global – support from producers, companies and civil society organizations. Solidaridad has become an important player in these round table processes, in close cooperation with the WWF.

Round tables: an opportunity for global sustainability

The pyramid of change described in the chapter ‘Solidaridad in a nutshell’ could also be used to illustrate Solidaridad’s historical development. Back in the 1980s, Solidaridad worked mainly with consumer labels focusing on the top of the pyramid, such as Max Havelaar and EKO. In the second half of the 1990s, however, the focus of the work shifted to the growing corporate social responsibility movement amongst conventional companies in the middle section of the pyramid. This process has gained momentum over the last five years, with more and more companies in a growing number of sectors opting to make their supply chains more sustainable. There have been big developments at the bottom of the pyramid over recent years too, and these are shaped by the ‘round tables’. An outline of the main round tables is given below.

RSPO

Roundtable on Sustainable Palm Oil

www.rspo.org

Participants: nearly 500 participants from 39 countries, 28 of them from the Netherlands, including: Cargill, ADM, Ahold, FrieslandCampina, Rabobank, Unilever, OxfamNovib, Nutreco, the product board for margarine, fats and oils, and NEVEDI, the branch organization for livestock feed producers.

Goal: to promote and expand the use of sustainable palm oil through collaboration in the supply chain and open dialogue with stakeholders.

Solidaridad’s role: a member of the steering group that supports small-scale palm oil producers in obtaining RSPO certification and access to the market.

Producer support: a leading role in the development of the Palm Oil Producer Support Initiative for small-scale palm oil producers.

RTRS

Round Table on Responsible Soy Association

www.responsiblesoy.org

Participants: 20 producers or producer organisations, 50 processors, traders and banks, 15 NGOs and 20 observers from the major producer and consumer countries.

Goal: to promote economic, social and ecological sustainability in soy production.

Solidaridad’s role: chair of the board and a leading role in various working groups.

Producer support: a leading role in the development of the Soy Producer Support Initiative for supporting increasing numbers of small-scale soy producers in making their production sustainable.

BSI

Better Sugar Cane Initiative

www.bettersugarcane.org

Participants: 29 members including Bacardi, BP, Coca-Cola, Cargill, Cadbury/Schweppes, Shell, Tate&Lyle, Unilever, WWF and various producer organizations.

Goal: to ensure that current and future global sugar cane production is sustainable.

Solidaridad’s role: board member.

Producer support: a leading role in the development of the Sugar cane Producer Support Initiative for supporting increasing numbers of small-scale sugar producers in making their production sustainable.



www.bettercotton.org

Participants: four producer organisations; 12 brands and retailers including Adidas, H&M, IKEA, Levi Strauss & Co., Marks & Spencer, Migros, Nike, Sainsbury's; five NGOs including Pesticide Action Network UK and WWF; and four other members (as of March 2010).

Goal: The BCI aims to make cotton production sustainable worldwide, with the aim of establishing better conditions for cotton producers, promoting nature conservation and guaranteeing the sector a sound future.

Solidaridad's role: secretary of the board of the BCI.

Producer support: Solidaridad develops producer programmes in the field of sustainable cotton cultivation, with an emphasis on more efficient land use, diversification, the responsible use of pesticides, water-saving and improved living and labour conditions for producers.



MADE-BY

Fashion brands that join MADE-BY are committed to produce their collections as sustainably as possible. This can't be realized for the whole collection in one go, but is done by making step by step improvements in cooperation with MADE-BY. The organization is working together with different certification systems in the field of responsibly produced clothing with important values such as minimal environmental impact; observing of labour rights, for example freedom of union, gender equality; the lack of child labour and safe and sound labour conditions. At this moment, over 30 brands have joined MADE-BY.



UTZ Certified Good Inside

UTZ Certified Good inside is a label for sustainably produced coffee, cocoa, tea and palm oil. More and more large companies with corporate social responsibility make use of the UTZ Certified method, the result of which is that in the Netherlands alone, about forty percent of all coffee bought is UTZ Certified Good inside.

Partnership with WWF Netherlands

A close collaboration has grown up between WWF and Solidaridad over recent years. There is collaboration between the Dutch branches of these organizations, as well as between the international Solidaridad network and WWF internationally.



The international collaboration has largely come about in the context of the Market Transformation Initiative, one of the WWF's programmes. This programme focuses on forging agreements with a large number of multinationals about making their supply chains sustainable. It has succeeded in launching a number of ground-breaking initiatives which have led to the formation of international round tables for products such as palm oil, soy, sugar and cotton. Solidaridad has taken a seat at these round tables, leading to the development of a strong collaboration between a development organization and a nature conservation one, and thus helping to strengthen the linkages between the social and the ecological dimensions of sustainable development. A joint programme has been set up, linked to the round tables, for supporting civil society organizations, farmers and companies in developing countries, by testing codes of conduct in the field and stimulating the sustainable development of the sector.

Regional offices of the WWF and Solidaridad are collaborating intensively in a growing number of countries such as Brazil, Indonesia, India, China, Guatemala and South Africa. In these countries, projects supporting family farmers in the soy, sugar and palm oil sectors are evaluated by a joint project committee and increasingly are jointly implemented, together with local partners.

We are also working together more and more often on the Dutch market, for example in the FrieslandCampina project, in which we are working on making soy cultivation sustainable.

In 2010 the collaboration between WWF and Solidaridad was formalized in an agreement and a joint application is being prepared for subsidy under the Ministry of Development Cooperation's MFS scheme.

Coffee

Price is only one factor in farmers' incomes

Bigger yields per hectare, higher quality, lower costs and a better price: that is the formula behind modern certification programmes for sustainable coffee farming. Farmers become agricultural entrepreneurs and can boost their incomes considerably while at the same time investing in care for people and the environment. In 2009 Solidaridad presented a new training package based on this principle, and started an innovative programme focusing on coffee waste products, which should benefit the environment.

The coffee sector

The concept of certification was developed in the coffee sector, in which Solidaridad has been promoting certification for over 20 years. Max Havelaar placed a strong emphasis on better pricing: a minimum price, added value and pre-financing. As it turned out, this approach has had a limited impact. Farmers' incomes have remained below subsistence level and systematic improvements have not been seen. Outdated agricultural techniques, weak management and poor quality control have kept productivity and quality low, and the added value generated by fairtrade certification has

all too often got lost in inefficient business management. UTZ Certified went for a broader approach. Yields can be raised, quality improved and costs cut. This can lead to a better product with a higher market value, certainly if pricing can be influenced. Access to market information and training in negotiation skills can help farmers to obtain a better price at a time when more and more purchasers are paying higher prices for more sustainable products. There is little stimulus for farmers if they are simply guaranteed a higher price. They are activated, however, if there is a real chance to improve their earnings by improving their products.



photo Olaf Hammelburg

Goals for 2009

- To improve business management, sustainable farming techniques and cost effectiveness among coffee farmers.
- To develop training material and facilitate training, partly through e-learning, and to extend and strengthen local trainer networks.
- To work together with traders and multinationals to implement Corporate Social Responsibility (CSR) policies.
- To make larger volumes of certified coffee available (UTZ Certified, organic and Fair Trade) and increase their turnover.

Opportunities and threats in 2009

Opportunities

- In the coffee sector many small-scale family farmers can be reached and employment opportunities can be created in rural areas. Solidaridad and its partners are therefore making a real contribution to improving incomes.
- Certification, which requires farmers to meet the demands of the market, can be a rather top-down approach. Starting from the immediate interests of coffee farmers provides new opportunities for combating poverty (see also 'Lessons learned', page 23).
- The increasing internet access in producer countries makes it possible to make more use of e-learning.
- Experiences and lessons learned in the coffee sector can be applied in other sectors, such as cocoa and cotton.

Threats

- The economic crisis created a lot of uncertainty and raised the question of whether companies would make their sustainability policy secondary to their pricing policy. The certified sustainable coffee market has

continued to expand, however, albeit at a slower pace than would otherwise have been the case.

- Competition between various different certification initiatives leads to uncoordinated activities towards producer organizations. Solidaridad takes a proactive approach here and has developed training courses leading to multi-certification.

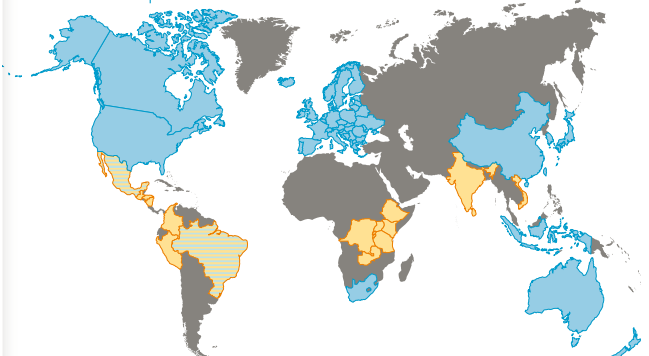
Results at a glance

- Solidaridad finished developing a training package in which increasing productivity and quality forms the basis for sustainable cultivation.
- 16,000 farmers were guided towards multi-certification, which means meeting the requirements of several certification codes (UTZ Certified, Fair Trade and organic).
- A set of DVDs with instructions on coffee cultivation was developed for coffee farmers in Vietnam.
- Together with partners, Solidaridad started research on recycling and reducing waste flows from coffee processing.

Strategic partners

- Kakuyuni Farmers Cooperative Society, Kenya: capacity building for coffee farmers.
- Federación Nacional de Café de Colombia (FNC): collaboration on developing training materials.
- Kulika Uganda: developing ways of strengthening organizations and supporting producers.
- Cafécontrol Vietnam: UTZ certification and training.
- ECOM, a trading company: producer support and export.
- Sara Lee/Douwe Egberts, coffee roaster: market development and producer support.

Market development and communication in:
North America | Mexico | Brazil | Europe | China | Korea | Japan | Australia |
South Africa | Indonesia



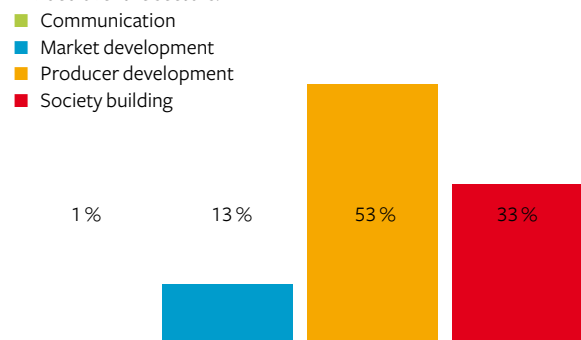
Producer development and society building in:
Brazil | Peru | Colombia | Guatemala | Honduras | Nicaragua | Mexico |
Kenya | Tanzania | Uganda | Ethiopia | DR Congo | Burundi | Rwanda |
Zambia | India | Vietnam

Planned budget for the coffee sector €4,571,500

Realized budget in 2009 €2,992,189

Irish Aid made budget cuts to the tune of 25 per cent, due to the financial crisis, and several projects are postponed until 2010.

Divided over the sectors:



Results and developments

New training package shifts the focus

In 2009 Solidaridad rounded off the development of a complete package of training materials, in collaboration with farmers, trainers and UTZ Certified. The materials help trainers to improve the management and the sustainable farming techniques of producers in a number of countries. The aim of the training courses is to meet the needs of farmers better, in keeping with the real situation in each particular region. The starting point is the belief that farmers' chief need is to increase productivity and quality as a basis for economic sustainability. Sound and responsible entrepreneurship is the core objective, as it strengthens the position of farmers in the chain and reduces the burden on the environment. Working towards certification continues to be part of the process, but is a means rather than an end. Solidaridad also developed and improved an e-learning package which went into use in 2009. These materials are intended for agricultural experts, who can in turn train farmers in management and cultivation methods. They draw on experiences in coffee cultivation in various countries.

Support for multi-certification

Producers who want to meet the criteria of more than one certification organization encounter come up against a great many requirements and (administrative) procedures. With Solidaridad's support, 16,000 farmers were guided through a change process in 2009, so that they could simultaneously meet the requirements of UTZ certified, Fair Trade and organic certifying bodies. They were introduced to different certification models, and the knowledge they obtained helped them to select a label, bearing in mind the opportunities it presented for marketing their coffee.

Video for Vietnam

Vietnam is the second-largest coffee producing country in the world after Brazil. But with only 30 years of experience of large-scale coffee production, it is also one of the younger coffee countries and there is limited knowledge among producers there. Government supervision does not match the needs of the coffee farmers. To help fill the gap, Solidaridad worked together with the Vietnamese government, local experts and the inspection company Café-control, to produce a set of DVDs with instruction films. These films explain what responsible coffee cultivation is, covering subjects such as plantation development, irrigation and plant diseases. The DVDs are intended for individual farmers. So far, fifteen thousand copies have been ordered in one province alone, and orders from other provinces are expected.

Innovative waste project

There are big opportunities in the coffee sector when it comes to preventing environmental pollution and the emission of greenhouse gases.

The water used in 'wet processing' to separate the coffee beans from the berry pulp often disappears into the environment along with the pulp, causing a loss of nutrients as well as pollution. As it rots, this waste releases the greenhouse gas methane.

In 2009, Solidaridad and partners launched a programme for recycling this waste, together with partners. The aim is to develop and share knowledge and experiences (best practices), as well as to look into appropriate, viable business models for introducing alternative methods. The issues are the purification of waste water, the use of pulp as fertilizer, and the use of methane as a fuel. The sale of CO₂ certificates provides an additional source of income. The aim of this is to enable the farmer to get a better price through better production. In 2009, the water purification in five pilot projects was improved. The lessons learned from these and other pilots (in the area of pulp processing) to be launched in 2010 will be used in new handbooks and training materials.



Waste that is left from coffee processing can be used as fertilizer for drying ovens. These coffee husks contain almost the same amount of calories as wood does.

STRATEGIC PARTNER

UTZ Certified – Good Inside

UTZ Certified works on the certification of responsibly farmed coffee and other agricultural products, targeting an increase in productivity, quality and efficiency among farmers. UTZ Certified and Solidaridad are active in 60 countries where they work with coffee farmers and roasters to increase the sustainability of coffee production and consumption. UTZ Certified manages and further develops a code of conduct, provides independent certification and uses a unique traceability system to make the chain from farmer to consumer transparent.



These instruments are the subject of great interest among coffee roasters, large and small, engaged in socially responsible enterprise. UTZ Certified pays a lot of attention to marketing and publicity for certified coffee. The demand for UTZ certified coffee is increasing and 82,000 tonnes were sold worldwide in 2009.

Solidaridad East Africa

The Regional Expertise Centre (REC) in Nairobi in Kenya is the hub of the coffee programme in East Africa, with a budget of over €1 million and projects in eight countries. A lot of hard work was done in 2009 on building capacity both at the office (with new staff members) and among partners. The REC supports local partners by providing training and help with certification and with building sufficient capacity to be able to export coffee themselves. As an example, under the supervision of the REC, several partners attended coffee trade fairs in 2009. Secondly, an automatized management system specifically for coffee cooperatives was developed in collaboration with the World Bank and others. And finally, the REC played a key role in setting up new programmes in the region, as was the case with tea in 2009.

“The chain approach and maintaining relations throughout the whole chain are crucial to effective producer support.”

Karugu Macharia, director of Solidaridad East Africa

Impact

Thanks to the efforts of Solidaridad and partners, 100,000 farmers and labourers have been trained in sustainable production. The amount of UTZ Certified coffee sold rose to 82,000 tonnes. What is more, the quality went up too. Partner organizations in Kenya were nominated for ‘the best coffee in the country’, which fetched the highest coffee prices on the auction floor in Nairobi. In Uganda, new producer groups were formed, increasing the advantages of scale and raising prices.

Lessons learned

Certification models carry a risk of a top-down approach and do not always meet the main needs of the farmers. An integrated approach is needed, which takes sustainability and the specific conditions under which farmers are working as its starting points. Core problems must be identified and tackled together with the farmers, with guidance on management, product adaptation, working methods and knowledge transfer (see also: ‘New training package shifts the focus’).

It is very useful to support cooperatives in selling and exporting their product. But many cooperatives fall short of the standards they need in financial and business management. Capacity building in this area and close collaboration with exporters can help to improve their turnover.

Big donors

(excluding individual donations)

- Irish Aid: a large proportion of Solidaridad’s programme in East Africa and Central America, focusing on farmer training and the implementation of certification programmes.
- Ministry of Foreign Affairs/MFS: planning, monitoring and evaluation, and field representatives in the main producer regions.
- Hivos: developing training materials and strengthening management among producers and producer organizations.
- PSO: learning, in the interests of new methods of capacity building.
- EU: developing sustainable production methods, food security and capacity building through two projects in Uganda and Mexico.

Textiles

Bigger brands and a better approach

There are three main activities in the textile chain: cotton production, cotton processing, and clothing manufacture. Solidaridad supports work in these three areas with tailor-made programmes: a unique approach which made an impact in all three areas in 2009, achieving better social and environmental conditions in the cotton fields, better labour conditions in textile factories, and a reduction in environmental pollution from dyers. Next to that, interest in ethical textiles among retailers increased.

The textile sector

From the cotton plant with its white seed bolls to the shirt in the shop, at every stage along the textile chain, there are obstacles to sustainability. In the cotton fields, tons of pesticides are used, which are not only toxic but also expensive. With the instability of cotton prices, many farmers get into financial difficulties. The processing of cotton into cloth causes a lot of environmental pollution too, with chemical products used in dyeing and finishing fabrics and clothing ending up -- sometimes undiluted -- in the natural environment. At the last stop along the chain, in the fashion

industry, there is massive social injustice. Poor labour conditions, long working days and low wages are the rule rather than the exception in countries such as Bangladesh, Nepal, China and India. A seamstress in an Asian clothing factory often works 60 to 90 hours a week just to stay close to the poverty line.

Solidaridad wants to offer some of the many millions of cotton farmers and textile workers around the world the chance of a better life, and to make cotton cultivation and clothing production more environmentally friendly.



Goals for 2009

- To support farmers in using ethical and environmentally friendly methods of cotton farming, and with self-organization, certification and market access.
- To guide dyers in making their businesses less environmentally harmful.
- To make systematic improvements to the bad labour conditions and terms, particularly in textile factories.
- To create a market for sustainable textiles and clothing in Europe.
- To increase awareness of the importance of sustainable clothing among companies and consumers.

Opportunities and threats in 2009

Opportunities

- There is a growing interest in the sustainable production of clothing among fashion brands and the retail trade.
- Two good forums for developing supply chain projects together with companies are provided by the Better Cotton Initiative (BCI) and MADE-BY.

Threats

- Donors are losing interest in financing projects aiming to make improvements in the sector in emerging markets such as China and India, whereas it is precisely here, at the heart of the global textile industry, that there is so much to be improved.

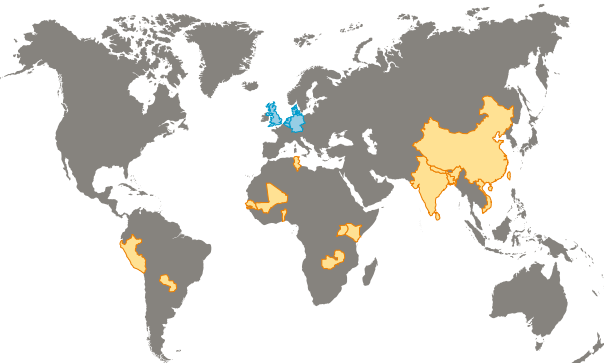
Results at a glance

- Over 12,000 farmers have been supported and 13 producer organizations have been linked up with the Western market.
- Environmental projects have been started with 15 dyers, most of them in India.
- Over 33,000 workers in the fashion industry had been reached through improvement projects in factories; over 13,000 workers have been trained in social rights.
- MADE-BY has grown to a membership of 33 brands, and has opened an office in the UK.
- Official launching of BCI, establishment of principles and criteria, Solidaridad on the supervisory board of BCI.
- Official launching of BCI, establishment of principles and criteria, Solidaridad on the supervisory board of BCI.

Strategic partners

- MADE-BY the Netherlands, Germany, UK: market development for sustainable fashion and improvement projects with member brands.
- BCI: market development for more sustainable cotton.
- CSR Centre Bangladesh: dialogue with stakeholders for programme development in Bangladesh.
- ENDA Pronat Senegal: producer support for organic and fairtrade cotton farming.
- Prakruthi India: improving labour conditions in textile factories in India and Nepal.
- TNO: tackling pollution caused by dyers in India and Bangladesh.

Market development in:
The Netherlands | Germany | United Kingdom | Denmark | Belgium



Producer development and society building in:
Peru | Paraguay | Mali | Benin | Senegal | Zambia | Uganda | Tunisia |
Kenya | India | Nepal | Bangladesh | Vietnam | China

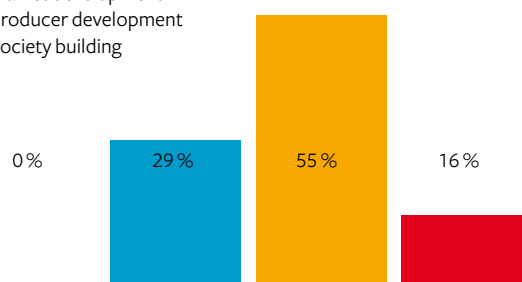
Planned budget for the textile sector €1,628,150

Realized budget in 2009 €1,678,274

No significant differences between budget and realization

Divided over the sectors:

- Communication
- Market development
- Producer development
- Society building



Results and developments

COTTON

Initiator of the Better Cotton Initiative

In 2009, Solidaridad was elected to the supervisory board of the Better Cotton Initiative, a membership



organization for various stakeholders striving to improve economic, social and ecological aspects of the cotton sector. As a board member, Solidaridad has an opportunity to help steer this initiative. In 2009, the BCI established its starting points and criteria, for example in the areas of reducing the use of chemicals and water in cotton cultivation, and of improving labour conditions for farm labourers.

Solidaridad stands firmly for the goal of bringing genuinely Better Cotton onto the market. Preparations were started in 2009 to launch projects in Africa and India. With clients such as Ikea, H&M, Marks&Spencer, and Levi Strauss&Co, these projects stand a good chance of succeeding.

Positive evaluation of Procotton

The Procotton programme was taken further in 2009 too. With the collaboration of the Rabobank and Doen Foundation, this programme offers cotton producers a range of services. A start was made with pilot projects in Africa in 2008, and these were positively evaluated in 2009. Two organizations succeeded in obtaining credit through the Rabobank: something which does not work with African banks because they tend not to see small-scale farmers as creditworthy. Other services offered by the programme include support with certification and with gaining market access.

Thanks to Solidaridad's leading role in the Better Cotton Initiative, a bridge can be built between the two programmes. For example, Procotton producers are being prepared for access to the big retailers that are members of the BCI.

COTTON PROCESSING AND DYERS

Saving water and energy

Working together with TNO, Solidaridad has had considerable success in India over recent years in its environmental projects with dyers. A few simple measures have helped to save a lot of water and energy. The secret of the success is knowledge sharing. Several dyers formed a partnership, with work groups in which technicians shared their knowledge and worked together to plan improvement trajectories for saving water and energy. The work groups are guided by Solidaridad's local partners (trained by TNO), and result in the implementation of effective economy measures. In 2009, preparations were made for introducing this

successful working method in Bangladesh as well. Fashion chain H&M has already shown interest in the project.

Africa on the map

Although Uganda and Tanzania have fair-sized textile factories, by far the biggest proportion of textile production takes place in Asia. Solidaridad is trying to put Africa on the map for fashion chains. Several African factories already have environmental certification and social certification is being worked on. Knowledge exchange goes on here too, and in 2009, African engineers have been to India to see how certain environmental measures have reduced pollution and saved money there.

THE FASHION INDUSTRY

Better labour conditions in Nepal

Besides improving textile factories in China, India, Uganda and Tanzania, Solidaridad worked in 2009 on improving labour conditions and rights at the factory that supplies the MADE-BY brand Komodo in Nepal. In concrete terms, this means that it meets a number of basic criteria, including not using child labour, raising wages, improving safety on the work floor, and allowing workers a voice. All this has enabled the manufacturer to obtain SA 8000 certification. Solidaridad's aim is to enter into a long-term relationship with the manufacturer and progress step-by-step towards far-reaching improvements for the labourers.

Local partners play a key role in bringing about these changes. For example, they make labourers aware of their rights. At the same time, they make it clear to the management that they stand to gain from the changes too. Nothing works better in this respect than a model company which obtains certification after improving labour conditions and then goes on to benefit from a big increase in orders from Western companies. One such company was Rajlakshmi in India. Solidaridad organized a visit to Rajlakshmi for the Nepalese company, which was then convinced of the advantages of certification.

More ethical fashion brands

The MADE-BY label initiated by Solidaridad celebrated its fifth birthday in December. In those five years, MADE-BY has supported a growing number of fashion brands seeking to produce sustainably. With brands such as Bijenkorf Pure and Claudia Sträter on board, ethical fashion has become more mainstream. In 2009, MADE-BY opened an office in Great Britain, where several brands have shown an interest. In the rest of Europe, the label has been treading water over the past year, due to the recession.

Fair&Co was set up by Solidaridad to focus on the development of organic and fairtrade basic fashion lines and bigger volumes of textiles. Fair&Co supplies organic and fairtrade clothing and textiles to clients such as Albert Heijn, V&D,

LIDL and Kaufland. In spite of the recession, Fair&Co's turnover grew in 2009. However, its own brand M'BRAZE did not do so well and was withdrawn from the market. This was due to the general malaise in the fashion market, caused partly by the economic crisis. Fair&Co is now focusing all its efforts on its core business: the production of clothing for manufacturers and retailers wishing to sell sustainable clothing under their own labels.

Solidaridad China

China is the biggest producer and importer of cotton, as well as the biggest manufacturer of clothing in the world. Solidaridad's presence in China is therefore indispensable. The regional office there is steadily developing as a logical extension of the activities that take place in the Netherlands. In this way, Solidaridad China is enabling us to introduce and test sustainable cotton (organic and in future Better Cotton) in China. The office has identified which local initiatives can play a role in reducing CO₂ emissions and water use in clothing manufacture.

"In the coming years we will continue to work on both widening and deepening our knowledge and our network. The agenda gets bigger and more complex almost by the day. We shall also have to pay a lot of attention to keeping and attracting professionals."

Martin Ma, director of Solidaridad China

STRATEGIC PARTNER

Sunflag Tanzania Limited

Ajay Shah visited some of Solidaridad's Indian partners' textile projects and returned to Tanzania full of enthusiasm:

"I visited two Indian textile factories and was made very welcome. I was very impressed by the openness of the Indian entrepreneurs. The main idea was to focus on the possibilities for energy-saving and cost-cutting. But we also had a good look at more efficient ways of using labour, dyes and firewood. I am now sharing all the knowledge I gained with my own team. I would like, together with Solidaridad, to look into whether SA-8000 certification of our labour conditions at Sunflag is feasible."

Impact

Solidaridad has proved in several countries that the textile chain can produce in much more environmentally- and people-friendly ways. Successful projects were rolled out in other countries in 2009: an environmental project for dyers in Bangladesh, and it is hoped later in Africa too; improvements to labour conditions in factories in Vietnam, Bangladesh and Nepal. Along with many other developing countries, these countries are heavily dependent on exports of textiles and clothing, which make up 95 per cent of the total exports in Bangladesh, and 61 per cent of those in Nepal. In an industry of this size there is much to be gained by increasing sustainability. MADE-BY and another initiatives have expanded the market for sustainably produced cotton.

Lessons learned

Major fashion brands and retailers often put clothing producers under great pressure. One example is the tight deadlines for collections at the big fashion houses. If we give priority to fair wages and reasonable working hours, we cannot at the same time expect clothing to reach the shop in the shortest possible time for the lowest possible price. So an integral approach is needed and that is why Solidaridad implements its programmes in collaboration with MADE-BY, BCI, fashion brands and retailers. If it is to convince the whole fashion industry of the importance of sustainable supply chains, MADE-BY's concept needs to cater even better for the requirements of brands and retailers. On the basis of a 2009 study, optimization of the model is expected early 2010.

Big donors

(excluding individual donations)

- Ministry of Foreign Affairs/MFS: market development, producer support and society building in developing countries.
- European Union (EU): expansion of MADE-BY to UK and Germany.
- Ministry of Housing, Spatial Planning and the Environment: environmental projects in dyers in India and Bangladesh.

Fruit

A bridge from producer to consumer

It was fifteen years ago that Solidaridad introduced fairtrade bananas. Now it is hard to imagine the supermarkets without them. Fair Trade has provided banana producers and labourers all over the world with better labour conditions and more stable prices. In 2009 the first farmer cooperative in Panama was added to the list of fairtrade banana producers. In the wake of Fair Trade, several other sustainability initiatives have been started in the sector.

The fruitsector

The fruit sector consists of many different kinds of product, each with its own problems. Bananas are the biggest tropical export fruit. Most bananas come from enormous plantations which are sprayed with chemical pesticides to keep diseases and pests at bay. The amount of pesticide used in banana cultivation far exceeds the average used in agriculture in industrialized countries. Although multinationals have taken steps in recent years to reduce the exposure of their employees to these toxic substances, there is still a lot of room for improvement in labour conditions on

plantations. Pollution must be further reduced too. Besides large plantations, there are also many small- and medium-scale farmers supplying the global market. These producers are, however, dependent on large fruit multinationals, which control three quarters of the banana market. Producing under the fairtrade label is a way of stabilizing their incomes, although it is no simple matter. Rising demand for sustainably produced fruit offers opportunities for responsible production. Solidaridad has played a catalysing role in making the banana sector more sustainable and is committed to bringing about a comparable change in other fruit sectors.



photo Joe Sheehan (AgroFair)

Goals for 2009

- To support producers with organizational development, certification and market access.
- To introduce agricultural techniques which use less pesticide.
- To extend sustainability to supply chains for other sorts of fruit and vegetables.

Opportunities and threats in 2009

Opportunities

- The success of fairtrade bananas is having a positive effect on the development of other sustainability initiatives in the fruit sector. This helps to get important themes such as sustainable land use, biodiversity and climate onto the agenda.
- All the stakeholders in the banana sector have united in the World Banana Forum to work together on making the sector more sustainable.

Threats

- There are good intentions to make other fruit and vegetables more sustainable, but supermarkets are not taking any risks, largely due to the economic crisis.
- Extending the fruit programme to other companies and other sustainability models could be seen as competition for earlier initiatives.

Results at a glance

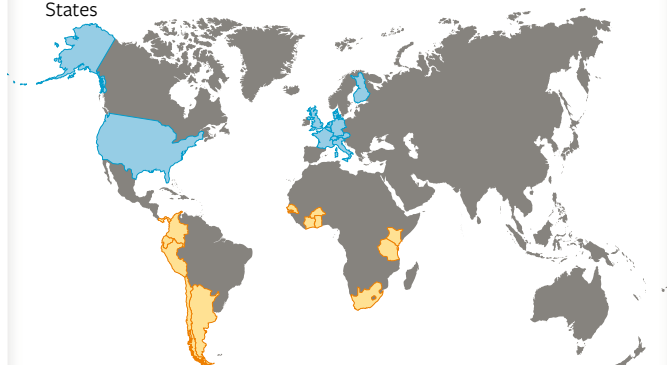
- The first banana farmer cooperative in Panama is well on its way to certification.
- An export organization in West Africa was strengthened and supported in gaining access to buyers.
- Environmentally friendly banana production in Ecuador was stimulated through precision agriculture.
- An organic fairtrade pineapple project was set up in Costa Rica.

Strategic partners

- Grupo Hualtaco: an export company in Peru, with producers as co-owners.
- El Guabo: a producer association in Ecuador which tests innovative ideas in the field of sustainable production.
- West Africa Fair Fruit Company (WAFF): an expertise centre in Ghana that develops knowledge, sets up pilot projects and supports capacity building activities.
- AgroFair: an importer and distributor of fairtrade tropical fruit. The company is co-owned by AgroFair producers from Africa and Latin America.
- Technical Assistance for Sustainable Trade and Environment (TASTE): a strategic partner of Solidaridad's in capacity building and strengthening of producer organizations.

Market development in:

The United Kingdom | France | Belgium | The Netherlands | Luxemburg | Denmark | Switzerland | Austria | Italy | Finland | Germany | The United States



Producer development and society building in:

Chile | Argentina | Peru | Ecuador | Colombia | Panama | Ghana | Ivory Coast | Burkina Faso | Senegal | Tanzania | Kenya | South Africa | Mozambique

Planned budget for the fruit sector

€516,000

Realized budget in 2009

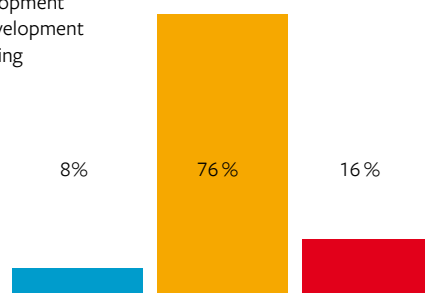
€913,451

The implementation of the EU fruit project in South Africa was extended from 2008 to 2009.

Divided over the sectors:

- Communication
- Market development
- Producer development
- Society building

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Results and developments

Fairtrade banana cooperative in Panama

In 2009 the first Panamanian banana farmer cooperative, COOBANA, got going on the fairtrade certification process. The farmers made a start on exporting their bananas themselves, with the support of the foundation, Technical Assistance for Sustainable Trade & Environment (TASTE), one of Solidaridad's main partners. The British cooperative supermarket, Cooperative Retail (COOP), has so far been the main buyer for the farmer cooperative, with AgroFair as its importer. The first containers full of top quality bananas were shipped in November. Prior to that, COOBANA had had an exclusive contract with one big buyer, with a fixed farm gate price which had not changed in ten years, in spite of the rising price of inputs. Now that this contract has ended and steps have been taken to meet the criteria of the fairtrade code of conduct, COOBANA will soon be selling a proportion of its bananas as a fairtrade product. This will provide them with stable prices and a fairtrade premium. Meanwhile, their traditional buyer has raised the price it offers now that it has lost its monopoly. And that is not all. The COOP supermarket has made several visits to COOBANA, and was shocked by the conditions in which the cooperative's members are living. The COOP has therefore offered to finance a three-year social investment plan in the communities in which COOBANA members live. Drinking water supplies will be improved and a training

programme will be established to strengthen the organization of COOBANA, in collaboration with the Inter-American Institute for Cooperative Development (ICI) in Panama. TASTE plays a key role in developing project proposals that reflect COOBANA's goals.

Expanding the responsible fruit market

Things may be going in the right direction in the banana sector, but for other kinds of fruit and vegetables there is a long way to go. With funding from Solidaridad, TASTE worked last year with the cooperative in Costa Rica on the production of organic pineapples. It seems to be difficult, however, to produce high-quality pineapples using only organic fertilizer and pesticides. The costs are so much higher than those of conventional pineapples that a big market for organic pineapples cannot be guaranteed. TASTE also worked this year on setting up a fairtrade chain for green beans from Kenya. Without success, however, due to hesitation on the part of buyers and a lack of funding for cooling facilities and for certification. But it is just a matter of time before the first fairtrade beans reach the shelves.

Access to the Western market

A company that is active in West Africa is Fruiteq, which buys up mangoes from farmer organizations in Mali, Ivory Coast and Burkina Faso. Fruiteq forms a bridge between small-scale producers and Western consumers. The

Organic pineapple from Costa Rica.



photo S. de Trey-White

company coordinates the harvesting, transportation, packing, cooling and logistics of fruit export. Research has been done over the past year into how the management of Fruiteq can be strengthened, and whether its activities can be extended to other products. A business plan was drawn up and funding was applied for and obtained. Solidaridad helps Fruiteq to strengthen its organization and gain access to potential buyers. This is done in collaboration with TASTE and West Africa Fair Fruit Company (WAFF).

Collaborating on sustainability

In December 2009, the Banana Forum met in Rome, facilitated by the FAO. This was the first time that the different stakeholders got together to discuss making the chain more sustainable. Whereas in the past parties have tended to oppose each other, now they were all on the same side, wanting to create a responsible banana sector. Big companies are becoming aware of the need for greater sustainability if they are to stay in business in the future. Solidaridad is going to play an active role in this project as the leader of the work group on sustainable production.

STRATEGIC PARTNER

AgroFair

AgroFair is the main business partner in the fruit programme.

In collaboration with TASTE,

Solidaridad supports producer organizations in becoming and remaining reliable and professional suppliers for AgroFair.



“We are seeing a growing interest in sustainably produced and fairtrade fruit. But the bigger Fair Trade gets, the bigger the price sensitivity and competition. AgroFair and its producers keep a close eye on the cost structure in the chain. We have decided that we do not have to be a price leader. Our position in the chain does not allow for that, nor does it fit AgroFair’s image. Our aim is to invest in our producers, and that is also the added value that we offer our customers.”

Hans Willem van der Waal, Managing Director, AgroFair

Big donors

(excluding individual donations)

- MFS: main financier of the programme focusing on producer support.
- Lotex: project financing for pineapples in Costa Rica, bananas in Peru, and mangoes in Brazil.



photo Vereniging Milieudefensie

Plus and Jumbo supermarkets on average have the broadest selection of organic and fairtrade products. Every year, Friends of the Earth Netherlands and Solidaridad count the products offered in over 400 supermarkets and present the EKO and fairtrade awards to the supermarket with the broadest range of products.

Impact

The success of fairtrade bananas provides tens of thousands of banana farmers and labourers all over the world with a higher and more stable income. In combination with organic farming, Fair Trade also helps to reduce the use of chemical pesticides, so that farmers and labourers are no longer exposed to large amounts of poisons. This also reduces the environmental damage caused by fruit cultivation. The success of fairtrade bananas has inspired other sustainability initiatives. If these initiatives take off like fairtrade bananas did, the positive impact on people and the environment will be tremendous.

Lessons learned

There has been limited progress over the past year in extending the range of responsible fruit and vegetables on offer. This has a lot to do with hesitance on the part of market players. There are good intentions to make other fruit and vegetables more sustainable, but supermarkets are not taking any risks, largely due to the economic crisis. As a way of overcoming this hesitance in the market, Solidaridad is aiming for the kind of market commitment made by companies that see the added value of a product: in this case, sustainable products. Solidaridad is holding discussions with companies from the fruit sector and is working with these companies on new propositions.

Soy

Guiding companies towards sustainability

Meeting the growing demand for soy requires more and more agricultural land, putting both family farming and the natural environment under pressure. In 2009, a new step was taken towards stemming these negative side-effects by means of global criteria and codes of conduct. Solidaridad is actively involved in this process and supports small-scale farmers. With Solidaridad's support, Keurslagers (quality butchers) with an eco-label, FrieslandCampina and CONO cheesemakers all opted to use responsibly farmed soy and to support family farming through certification.

The soy sector

Soy is a cheap nutritional source of protein and fat. Over 90 per cent of Dutch soy imports are used for livestock feeds, but there is soy in many supermarket products too, and soy oil is used in biodiesel. Almost half of global soy production takes place in Latin America, most of it on large-scale plantations. But there are also small-scale soy farmers. The demand for soy is growing fast and expanding plantations are squeezing out family farming, causing farmers to leave for the city slums. And because grasslands are also making way for soy cultivation, cattle farmers are resorting

to going into tropical forests. The resulting deforestation releases large amounts of greenhouse gases. The production chain from cultivation to consumer is long and complex, and consultations with all parties, on the Round Table on Responsible Soy (RTRS), is very important. Solidaridad makes a key contribution to this process, drawing on our expertise in the area of certification systems, family farming and the social impact of soy cultivation. In 2009 new steps were taken towards a definitive code of conduct for soy. Meanwhile Solidaridad is working on improving incomes among small-scale producers, through a trade in certificates between farmers and buyers in the North.



photo Jan Gilhuis

Goals for 2009

- To improve market access for soy from family farming.
- To work on responsible production and trade both within and outside the Round Table.
- To reduce the negative effects of the global soy farming.
- To keep the public and policymakers informed on the problems, and involved in the solutions.

Opportunities and threats in 2009

Opportunities

- Both companies and politicians increasingly acknowledge the importance of investing in responsible soy, partly thanks to increasing media attention to the issue.
- The Schokland fund makes it possible to provide technical and organizational support for family farming and improve market access for responsible soy.

Threats

- Willingness to pay more for responsible livestock feed is coming under pressure from supermarket price wars and low margins in the agricultural sector.
- Farmers in developing countries only want to invest in certified responsible soy if they are sure that it is going to be paid for.

Results at a glance

- FrieslandCampina, CONO/Beemsterkaas and Keurslagers (quality butchers) with an eco-label opted for responsibly produced soy.
- Agreement was reached within the Round Table RTRS on a draft global code of conduct, with input from NGOs and representatives of family farming from Asia and Latin America.
- 140 Indian extension workers were trained, and they went on to train 8000 farmers in responsible soy production. An average production increase of 25 per cent was achieved, partly through improved crop protection and fertilization
- Ten environmental and development organizations worked together on coordinated lobbying and communication. Campaigns were conducted in collaboration with FrieslandCampina, Beemsterkaas and Keurslagers with eco-labels.

Strategic partners

- Samarth Kisan, India: producer development among small-scale soy farmers.
- COOPAFI, Brazil: producer development and organizational support for family farmers.
- ASA, India: organizational support and producer development among small-scale soy farmers.
- RTRS: global Round Table on Responsible Soy.
- FrieslandCampina: market development and communication in the Netherlands and joint producer support in Brazil and India

Market development and communication in:
The Netherlands | Belgium | Germany | India | China



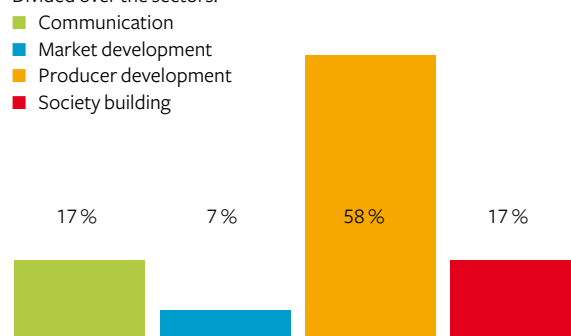
Producer development and society building in:
Brazil | Argentina | Paraguay | Bolivia | India | China

Planned budget for the soy sector €1,227,869

Realized budget in 2009 €1,097,876

Lower expenses at field offices. Budget left will be used for project financing 2010-2012.

Divided over the sectors:



Results and developments

Contribution to a global code of conduct

2009 was an important year for the Round Table on Responsible Soy (RTRS), the international platform for responsible soy. In May, the RTRS established a global code of conduct which defines the starting points and the criteria based on them for soy produced in environmentally and people-friendly ways. The code is still at the draft stage and a year of field tests are planned, which should make clear whether it is adequate in practice. Solidaridad provides the chairperson for the RTRS, defends the interest of small-scale producers, and supports the participation of a number of them in the Round Table. Solidaridad also defends the interests of people living near plantations. A major bone of contention here is the sacrificing of nature to soy cultivation. Producers were not prepared to forego legal expansion at the expense of nature without financial compensation. Together with organizations such as the Worldwide Fund for Nature, Solidaridad actively contributed to a compromise in which valuable nature areas will be left alone.



Companies go for 'responsible'

Keurslagers, the Dutch association of quality butchers, had already made the choice before 2009 for meat with an eco-label which provided a certain guarantee in terms of animal welfare and environment. In June they added soy to this package. By doing so they were able for the first time to guarantee their customers that their purchases would support environmentally and people-friendly soy production by family farmers in Brazil. The Keurslagers project was a Solidaridad initiative, in collaboration with The Netherlands Society for Nature and Environment. The dairy companies FrieslandCampina and CONO (producer of Beemster cheese and supplier of Ben&Jerry's ice cream) also opted in 2009 for collaboration with the Worldwide Fund for Nature, Solidaridad and The Netherlands Society for Nature and Environment to make responsibly produced soy possible. Marching ahead of the expected RTRS code, these organizations are working on their own – more far-reaching – sustainability requirements.

At the end of 2008 it was already clear that it is too expensive to transport responsible soy separately and that the price markup benefits the soy farmers themselves little or not at all. In 2009 Solidaridad guided the above-mentioned Dutch companies in going over to a system of certificate trading: each purchaser buys certificates from small-scale soy farmers. These guarantee the production of a certain quantity of responsible soy, without requiring that it is separately transported or that it actually reaches the purchaser. Through the savings made here, the grower can be paid more.

GENETIC MODIFICATION

Solidaridad's approach under fire

In 2009 Solidaridad continued our efforts to stimulate debate about genetic modification (GM) in the soy business. To provide a basis for this discussion, Wageningen University summarized the available data, with funding and supervision from Solidaridad. The meetings held and the website created did not bring the discussion, national or international, as far as we had hoped. Some organizations even accused Solidaridad of trying to legitimize GM soy in the international community. For these organizations, GM soy can never be called 'responsible'. Solidaridad does not deny that genetic modification creates problems, but many of these problems are the same as those in non-GM cultivation. In fact, Solidaridad sees in the RTRS code (see 'contribution to global code of conduct') an opportunity to tackle these problems worldwide. Seventy percent of global production consists of GM soy. Genetic modification is a fact and Solidaridad believes it would be a mistake to ignore that side of the market.

Solidaridad South America

The South American Regional Expertise Centre (REC) in Buenos Aires, Argentina, started developing soy projects in Brazil, Paraguay, Bolivia and Argentina in 2009. Contacts with farmer organizations were built up from the new office. The much shorter distances make it possible to have much better and often direct contact, which benefits the quality of the cooperation. Regional director Jeroen Douglas was also elected chairman of the RTRS, the international Round Table on Responsible Soy, in 2009. This has given Solidaridad an influential position in the sector.

"South America is the place to contribute to the RTRS process; it is crucial for making the soy chain sustainable. There is no alternative to the RTRS."

Jeroen Douglas, director Solidaridad South America

STRATEGIC PARTNER

Action for Social Advancement

The NGO ASA is active in the Indian states of Bihar and Madhya Pradesh. ASA works with about 120,000 poor families in the Indian countryside. ASA is active in agricultural development, extension education and microcredit, and is a member of the Round Table on Responsible Soy (RTRS). In 2009, ASA supported about 2100 soy farmers with extension and training. The Dutch dairy company CONO buys certificates through Solidaridad from Indian farmers who meet sustainability criteria.

“Besides considerably higher harvests, the soy project has contributed to raising awareness about child labour, safe use of pesticides and equal pay for men and women.”

Yogesh Dwivedi, coordinator of the Responsible Soy Promotion Programme ASA

Impact

Thanks to support to small-scale producers in India, an increase in production of 20 to 30 per cent per soy farmer was achieved in 2009. With the extra income these farmers can meet their basic needs better. Through partners, Solidaridad supported about 8000 farmers in meeting sustainability criteria. Joint training programmes were also organized, on topics including more efficient use of pesticides and improved farming methods. The results have provided an immediate stimulus for others to join in.

Interest in responsible soy is growing and Solidaridad is being approached increasingly often by companies looking for possibilities to support responsible soy in their chains. Media are also reporting regularly on the problems and their solutions, while the Dutch parliament organized a separate debate on the RTRS. These developments are partly due to the way Solidaridad drew attention to the theme, together with the ten social organizations in the Dutch Soy Coalition.

Lessons learned

Solidaridad needs to focus more on the consumer end of the soy chain, particularly the supermarkets. The key to change lies there. This is a whole new way of thinking, as Solidaridad originally focused on producers and raw materials. Consumers rarely see soy as a product as such, which makes influencing their purchasing behaviour difficult. Supermarkets will have to set change in motion in the chain by adapting their assortments.

In the meat sector there are very few brands that stand out for their ‘responsible soy’. The conclusion is that the

sustainability of soy needs to become part of a total package of criteria applied to end products such as meat and dairy, for example in the areas of animal welfare and greenhouse gas emissions.

It became clear in 2009 that introducing more efficient farming methods can lead to surprisingly big increases in production and incomes, as happened in India. Support to this process should be offered to producers in a package deal, along with certification.

Solidaridad needs to keep (critical) parties in the soy debate better informed (see text box ‘Solidaridad’s approach under fire’) and stay in dialogue with critical organizations. In the end, change is not possible without broad social acceptance.

Big donors

(excluding individual donations)

- Ministry of Foreign Affairs/MFS: producer development and society building in Brazil, Bolivia and India; lobbying and communication in the Netherlands.
- Ministry of Foreign Affairs/ Schokland fund: producer development and society building in India and Brazil; market development in Europe.



photo S Iddharth Tripathy

Most of the work in soy farming in India is done by women.

Cocoa

Collaborating with Mars

2009 was a good year. Mars, one of the biggest cocoa processors in the world, decided to use only responsibly produced cocoa from 2020. Solidaridad provided support and launched a joint publicity campaign with Mars. This is an enormous commitment, however, because there is still very little cocoa on the market that fulfils sustainability requirements. For this reason, Solidaridad and Mars have started the Certification+ project, in which combating poverty and increasing supply and quality go hand-in-hand.

The cocoa sector

As the main ingredient of chocolate, cocoa is a very familiar product in Western supermarkets. Most cocoa farming is done by small-scale farmers who often find it difficult to keep up their production and therefore to earn enough from it. In Ivory Coast alone, which accounts for 40 per cent of global production, there are about 700,000 cocoa farmers, most of whom use outdated agricultural techniques and get very little government support. Transportation is difficult because of poor infrastructure and political instability. In the quest for fertile land almost all

the rainforest in Ivory Coast has been cut down. Meanwhile, exhausted soils are endangering both the supply and the quality of cocoa. It is therefore clear that making cocoa farming sustainable is not only a social necessity but also an economic one. The rapidly rising demand for responsible cocoa poses a tremendous challenge to Solidaridad and our partners in the North and the South: to (help to) bring about a fast transition to a production system that is good for people and the environment. Solidaridad contributes to this by sharing knowledge about producer support and the development of responsible chains linking producers to consumers.



photo Olaf Hammelburg

Goals for 2009

- To increase the supply of sustainably produced cocoa by helping farmers to make their production process more sustainable.
- To strengthen the capacity of local organizations, including producer organizations.
- To increase transparency in the chain.
- To improve market access for cocoa farmers operating sustainably.
- To improve welfare and environmental protection among producers.

Opportunities and threats in 2009

Opportunities

- Key market players have agreed to switch to sustainable cocoa and want to invest in this. This makes big changes possible.

Threats

- The supply of sustainably produced cocoa cannot keep up with demand. Trying to increase the supply quickly could lead to insufficient capacity building amongst producers, inadequate certification and poor quality. This would not serve the interests of a sustainable sector.
- Political instability in producer countries casts a shadow over the viability of plans.

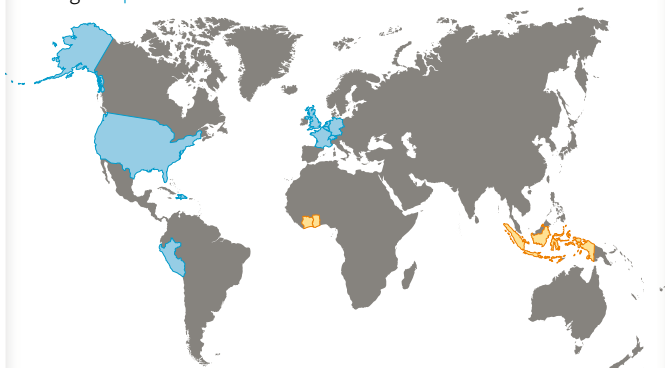
Results at a glance

- The first sustainably produced cocoa arrived in Amsterdam in November.
- Solidaridad and Mars started the Certification+ project which aims to raise the productivity and quality of cocoa and improve the lives of cocoa farmers.
- Solidaridad and Mars launched a publicity campaign to draw attention to the situation in the sector and the efforts of both parties.
- Models were developed for combining cocoa cultivation and forest management, in the interests of the biodiversity in producer countries.
- Solidaridad initiated research into the roles of men and women on cocoa farms, and stimulated the development of a training package for multi-certification.

Strategic partners

- WAFF, Ghana: Solidaridad's strategic partner in West Africa; organizes producer training, supports organizational development and carries out impact monitoring.
- Anader, Ivory Coast: government agricultural extension service which organizes farmer field schools for improving agricultural techniques.
- UTZ Certified: developing a code of conduct and market development for responsible cocoa.
- IISD, Cosa, Canada: developing an impact monitoring system for responsible cocoa farming.
- Cargill, Ivory Coast and the Netherlands: market development in Europe and producer development in Ivory Coast.
- Mars, Netherlands: market development and Solidaridad campaign.

Market development and communication in:
The Netherlands | Belgium | Germany | Switzerland | France | The United Kingdom | The United States



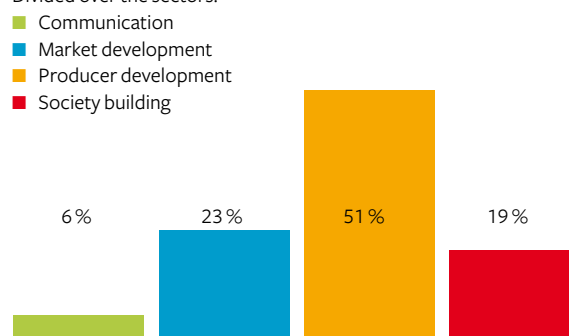
Producer development and society building in:
Ivory Coast | Ghana | Indonesia | Haiti | Peru | Dominican Republic

Planned budget for the cocoa sector €775,500

Realized budget in 2009 €926,543

Additional contribution from the Dutch Sustainable Trade Initiative.

Divided over the sectors:



Results and developments

Beyond certification

Solidaridad and Mars got together in the summer of 2009, convinced that certification was not enough. Solidaridad wants to contribute to better wages, good labour conditions and housing for farmers. Mars looks at things from a primarily economic point of view: a continuous supply of high-quality cocoa depends on a healthy sector. Studies have shown that certification and a possible premium for farmers is no guarantee of a living wage. This cannot be achieved without raising productivity and quality, certainly in West Africa, which accounts for about 70 per cent of the global production. In 2009, Mars and Solidaridad started developing Certification+, which aims at raising productivity through the use of artificial fertilizer and better planting material. The programme also provides training for farmers in applying these improvements, and support with financing. A third component aims to expand the support base in producer countries, through lobbying and through strengthening civil society. Solidaridad's strengths in this include our extensive network in both the South and the North and our experience with certification. In 2009, Solidaridad and Mars began developing a pilot programme in Ivory Coast, the implementation of which is planned for 2010.



Increasing biodiversity

Almost all the tropical forest in Ivory Coast has been cut down for cocoa cultivation. Since 2009, Solidaridad has been looking for methods of stimulating farmers to combine cocoa farming with forms of forest management. One way of doing this is through a system of carbon credits, through which (Western) CO₂ emitters pay the farmers to plant and maintain forests. This enables companies to reduce their total CO₂ emissions while at the same time improving the biodiversity in cocoa producing regions. Models developed in 2009 are to be trialled in 2010.

Good example! Follow it?

Solidaridad and Mars ran a publicity campaign in the autumn of 2009. Mars's decision to go over to responsibly produced cocoa was a starting point for making consumers aware of the developments in the cocoa sector and Solidaridad's contribution to them (see also 'Market Development and Communication', page 63). The campaign showed that collaboration between NGOs and commercial companies can generate a powerful message that works in the interests of both parties.

The first sustainable cocoa



photo Kick Smeets

On Saturday 7 November, Minister Koenders of Development cooperation received the first bag of UTZ Certified sustainably produced cocoa, delivered by cocoa farmers from Ivory Coast at the opening of the annual CHOCA chocolate festival in Amsterdam. The big cocoa processors symbolically took charge of the entire first cargo of 5,396 tonnes, to turn it into chocolate. This marked the start of a large-scale global initiative for making this sector sustainable.

Research on the position of women

Much of the work on cocoa farms is done by women. But training programmes rarely reach women because men tend to be first in line in more ways than one. Now that the cocoa programme is up and running and the confidence of farmers has been won, there is scope for addressing the gender issue. Solidaridad had some research done into how women and men see each other's roles and how training programmes should be adjusted, both in terms of target groups and in terms of content.

Building training capacity

The rapid rise in demand for certified cocoa requires equally rapid change amongst producers, which in turn requires a greater training capacity. Work was done in 2009 on a new training package based on ideas from Solidaridad and the German organization GTZ. The new approach aims to increase efficiency by training targeting different certification models at the same time. At the end of 2009 Solidaridad made agreements on this package with companies and certifying organizations, as well as arrangements for reaching farmers in remote areas and for increasing the number of trainers.

Solidaridad West Africa

About 70 per cent of global cocoa production comes from countries in West Africa: Ivory Coast, Ghana, Nigeria and Cameroon. Cocoa is therefore the main product for the Regional Expertise Centre (REC) in Accra, Ghana. For example, the office supported the implementation of the UTZ Certified code and the forming of a cooperative in three Ghanaian projects. Contacts were also made with a broad cross-section of players in the sector, and a country office was opened in Ivory Coast in 2009.

“Farmers’ expectations are high. They have often put a great deal of effort into obtaining certification, while their profits remain the same. But it is encouraging that we are now working seriously with big companies which are really investing in improvements.”

Korotoum Doumbia, Programme manager Ivory Coast

STRATEGIC PARTNER

The Dutch Sustainable Trade Initiative (IDH)

IDH, set up in 2008, is an organization supported and financed by the Dutch government, and works on upscaling sustainable international supply chains for products including cocoa, soy, timber, cotton and fish. In each sector, IDH brings together companies and civil society organizations that want to work together to make sustainable production and trade the norm. IDH guides coalitions, finances programmes and uses experiences in the field to inspire organizations and persuade them to collaborate. Solidaridad operates as the secretariat for the IDH cocoa sector programme.



“In the cocoa sector the demand for certified cocoa outstrips the supply. This is partly thanks to the consortium of companies and NGOs formed by Solidaridad and UTZ Certified, in collaboration with IDH. I find that very inspiring.”

Joost Oorthuizen, Director IDH

Impact

In 2009, a total of almost 2,400 farmers were certified in three countries, generating a total of over 5,000 tonnes of certified cocoa. Initial research in four projects in Ivory Coast shows that training farmers and agricultural techniques increased harvests by 25 per cent as well as improving the quality of the cocoa beans. The training programmes were initiated and supervised by Solidaridad.

Lessons learned

Solidaridad needs to pay more attention to policy changes among big market players such as Mars and Cadbury's. Their switch to sustainable cocoa has drastically changed the situation and shifted the focus of the cocoa programme towards the supply of responsible cocoa. The resulting pressure on supplies carries a risk of second-rate certification and poor supervision of farmers. This would damage the entire programme, limiting its impact. In order to achieve an adequate supply, Solidaridad needs to find new ways of reaching farmers who are not involved in cooperatives. A plan needs to be made together with certification organizations to increase capacity for training those farmers. Certification is not the end but the start of the sustainability process. Increasing productivity is essential for combating poverty.

Big donors

(excluding individual donations)

- Ministry of Foreign Affairs/Dutch Sustainable Trade Initiative: programme financing, including producer development in Ivory Coast and Ghana.
- Ministry of Foreign Affairs/MFS: programme financing, including market development.
- Cargill, ECOM, Heinz, Nestlé: co-financing of producer development in Ivory Coast.
- Mars: co-financing of producer development in Ivory Coast and the Solidaridad cocoa campaign.
- UTZ Certified: cocoa steering group member; contribution to cocoa programme.

Biomass

Pioneering takes long-term commitment

Solidaridad is working on several different biomass flows in a programme that concentrates on Mozambique, where Solidaridad has set up a company to identify waste flows from agriculture and forestry and explore their market potential. Combining agriculture with forestry increases farmers' incomes and reduces CO₂ emissions. Conditions in Mozambique are such that a great deal of time and intensive monitoring will have to be invested.

The biomass sector

The initial enthusiasm for biomass as a substitute for oil products, coal and gas has subsided with the growing realization that energy crops require a lot of agricultural land and can therefore pose a threat to nature and food production. Nevertheless, there are great opportunities. Raising productivity is a possible solution as a basis for improving incomes. Together with its partners, Solidaridad is exploring new avenues, preferably in projects which clearly are in the benefit of the local population. In order to maximize impact, Solidaridad has chosen to limit its line of action to two kinds

of biomass: highly profitable fast growing crops, and agricultural waste products. Ethanol is dealt with in the chapter on sugar cane.



photo Marcelo Greco

Goals for 2009

- To help create an infrastructure for marketing waste flows and fast-growing timber.
- To develop a network of trainers on the subjects of fast-growing wood and improved food production.
- To research the potential for using waste flows for energy in Solidaridad's chains.
- To influence government policy (EU and NL) on the standardization/certification of sustainable biomass.
- To support NGOs in capacity development related to biomass energy.

Opportunities and threats in 2009

Opportunities

- The European Commission has set firm goals for a more sustainable energy economy by 2020. For some countries, including the Netherlands, these goals will only be feasible through the large-scale use of biomass.
- The Netherlands and the United Kingdom have spoken out for legally binding sustainability criteria for permanent biomass.
- There are several certification systems available for forestry, including FSC, PEFC, and GGL. Experience with these systems makes upscaling quite straightforward.

Threats

- It is not clear which instruments the Dutch government wants to use to promote the large-scale use of permanent biomass for energy.
- It is often difficult to persuade the producers of biomass pellets to invest in sustainability and certification, as the pellets represent only a small proportion of their income.
- The large-scale use of biomass is uncharted territory for many partner organizations in developing countries, and they are not aware of the risks and opportunities involved.

Results at a glance

- In three provinces in Mozambique, farmers were trained in improving food production through a combination of forestry and agriculture.
- In three provinces in Mozambique, farmers were trained in improving food production through a combination of forestry and agriculture.
- Solidaridad supported the international NGO network, Citizens United for Renewable Energy and Sustainability, in increasing the knowledge and awareness about biomass among African NGOs.
- Together with Electrabel in the Netherlands, Solidaridad researched the potential for setting up a production chain for certified biomass in Mozambique.
- Solidaridad presented its vision on biomass at various conferences both at home and abroad.

Strategic partners

- Abiodes, Mozambique: setting up Fair Biomass Mozambique, and producer support.
- UTZ Certified: setting up a registration system for permanent biomass.
- Electrabel, the Netherlands: market development for permanent biomass in the Netherlands and Mozambique, and producer support in Mozambique.

Market development in:
The Netherlands | Mozambique



Producer development and society building in:
Mozambique

Planned budget for the biomass sector €609,375

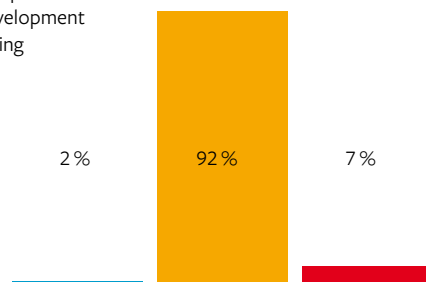
Realized budget in 2009 €579,375

No significant differences between budget and realization

Divided over the sectors:

- Communication
- Market development
- Producer development
- Society building

0 % 2 % 92 % 7 %



Results and developments

Much to be gained in Mozambique

The biomass programme concentrates on Mozambique, where there is plenty of scope for harvesting and cultivating energy crops, thanks to the natural conditions and the large available area, in a large country with a small population. In 2009, Solidaridad and partners in Mozambique started a project that combines forestry with agriculture (agroforestry). The idea is to improve food production and produce biomass for energy generation at the same time. Farmers learn to prevent soil exhaustion, and the forest provides shade and fertilizer for their land. This gives small-scale farmers an alternative to their current slash-and-burn farming technique, which exhausts soils within a couple of years of burning down the savannah forest, leading to further encroachment. This burning also leads to a needless loss of energy. Solidaridad's approach aims to ensure greater food security while protecting nature and providing new sources of income. Farmers sell the biomass to Fair Biomass Mozambique (FBM: see text box): a company set up by and for themselves. The biomass pellets produced by FBM can be used in coal-fired power stations as a supplementary substitute for coal.

New process: new opportunities

Solidaridad and its partners applied for a subsidy in 2009 for research on torrefaction, a process for producing a homogeneous fuel with the qualities of coal. Unlike standard pellets, this product does not go mouldy. It also has a high energy density, burns steadily, and can be used in combination with other fuels in power stations without requiring any adaptation. In developing countries, this product could partially replace coal, which is not sustainably produced, and for which there is a steadily rising demand.

Energy from waste

Solidaridad started making an inventory of the waste flows that could be used for biomass within our own programmes, for example in Central America and Ecuador. On banana plantations, for instance, millions of tons of 'unusable' fruit are thrown away. As it rots, the fruit waste emits the greenhouse gas methane, yet banana starch has the potential to be used for ethanol production.

STRATEGIC PARTNER

Fair Biomass Mozambique

With DGIS and EU funding, a company was set up in Mozambique in 2009: Fair Biomass Mozambique (FBM), owned by participating farmers. FBM identifies waste flows, pelletizes them and looks for a market for them. Waste products such as sawdust, cotton stalks and coconut fibres are milled and compressed into transportable pellets which can be used as a subsidiary fuel in power stations. In 2009 research was done on the availability of suitable biomass. The main focus was on the coastal region around the port of Beira, with a view to keeping transport costs down. Work has started on constructing a pelletizing machine. The biomass produced is intended for both the internal and external markets, depending on the possibilities available. The use of biomass in power stations is still only possible through subsidies. But once volumes are larger, it will be possible to sell the pellets to Electrabel, the biggest electricity producer in the Benelux countries. A traceability system for biomass was almost ready by the end of 2009.

Solidaridad Southern Africa

The Regional Expertise Centre (REC) in Southern Africa is crucial to the biomass programme. Staff at the centre are involved in formulating project proposals and identifying new partners. Solidaridad has recently embarked on close collaboration with CURES, an international NGO based in Johannesburg and working on access to sustainable energy, with a strong focus on the poor. CURES also helps REC partners, in Mozambique for example, with implementing their projects and developing the capacity to do this themselves.

"Building a network is about getting to know people, the faces that make up the organizations we work with."

Ruaraidh Petre, director of Solidaridad Southern Africa

Impact

The programmes are still at the development stage, and their impact in North and South will only become clear later.

Lessons learned

There are fewer opportunities than expected for obtaining systematic subsidies for the supplementary use of biomass in power stations. The coffee husk project was temporarily suspended in 2008 when the MEP (Environmental Quality of Electricity Production) grant scheme ended. It became clear in 2009 that no suitable alternative grant will become available. This has ruled out the use of coffee husks as a subsidiary fuel in Europe for the time being.

The programmes in Mozambique demand long-term commitment and intensive monitoring, what with the heavy bureaucracy, poor compliance with regulations, and conditions which make logistics difficult. Moreover, Solidaridad's budget is too small to attract and keep capable local staff, who are already hard to come by. So Solidaridad is working on continuity and capacity building among local partners through intensive supervision.

Big donors

(excluding individual donations)

- Ministry of Foreign Affairs/Environment and Water Directorate: setting up Fair Biomass Mozambique, developing a biomass registration system, a study on potential sources of permanent biomass.
- European Commission: developing producer support for fast-growing timber production and improving food security through better agricultural techniques.



The population of the Cabo Delgado region in Mozambique is poor. Experiments with mixed agricultural and forestry systems for food production and for biomass for energy production put new perspective on higher incomes and forest protection.

Sugar cane

Contributing to a global code of conduct

Around the world there are millions of sugar cane cutters working in very poor conditions. In 2009 Solidaridad launched a programme for improving the lives of these labourers, thus making a concrete contribution to the establishment of a code of conduct for sustainably produced sugar cane. The programme also helped small-scale producers to increase their yields. Together with North Sea Group, Solidaridad worked on laying the foundations for a supply chain for ethanol.

The sugar cane sector

The career of a sugar cane cutter is all too short: he is physically broken after about fifteen years of this heavy work done under unhealthy conditions. Just before harvest, fields are burnt and cutters work in the heat and the smoke. Plantation workers often have inadequate labour contracts, poor housing and low wages. In Brazil alone there are 750,000 cane cutters. There are about 100 producer countries and the sector is still growing, primarily due to the growing demand for ethanol as a biofuel. As raw material for ethanol production, sugar cane produces more energy

per hectare than any other crop. Brazilian petrol contains thirty per cent sugar cane ethanol; Dutch petrol contains four per cent. The growth of the sector creates jobs, but can also lead to further encroachment on land at the expense of nature or of food crops.

Thanks to our experience in the field of bulk raw materials such as soy, Solidaridad can make a significant contribution to improvements in the sector. One of the ways we are doing this is by supporting labourers and small-scale producers in Brazil, India, Pakistan and Guatemala.



Goals for 2009

- To develop and implement a code of conduct for sustainably produced sugar cane (Better Sugar Cane Initiative, BSI).
- To expand the support base for BSI in producer countries through strengthening and stimulating the participation of civil society organizations.
- To improve the position of labourers and the business management and productivity of small-scale producers.
- To develop chains between producers and buyers in the West.
- To raise awareness among consumers.

Opportunities and threats in 2009

Opportunities

- The European Commission has produced Sustainable Energy guidelines as part of the EU energy policy until 2020. These legally binding sustainability criteria are unique. They are increasing the demand for sustainably produced bioethanol from recognized sources (including BSI).
- Poor harvests in 2009 and the fact that sugar and ethanol factories have been running below capacity have increased willingness in the sector to invest in raising productivity. Sugar cane cultivation can be made more efficient through relatively simple measures.
- Cane sugar is increasingly important in Europe. Last year the European Union became a net sugar importer, with the phasing out of subsidies for sugar beet farmers and the lifting of import restrictions.

Threats

- Policymakers, scientists, opinion makers and NGOs are not fully aware of the problems in the sector, which therefore tend to come low down on the agenda.

- There is too much emphasis on the scope for expanding biofuel cultivation, at the expense of food production and nature. This has a negative effect on the sector as a whole, and on the needed investments in efficiency and improving labour conditions in particular.

Results at a glance

- A global code of conduct for sustainably produced sugar cane is in sight. Solidaridad has been influential in various ways, including the development of a track-and-trace system.
- Solidaridad supported civil society organizations, particularly in Brazil, in order to strengthen their information systems, knowledge exchange and lobbying.
- In India and Pakistan, 40,000 farmers were given training in raising their productivity.
- Collaboration with North Sea Group became the basis of a supply chain for sustainably produced ethanol.
- Solidaridad informed consumers through a publicity campaign about the addition of ethanol to petrol.

Strategic partners

- Prakruthi supports Indian sugar cane farmers and labourers.
- WWF supports environmentally friendly farming in various countries
- Reporter Brasil does research and publishes reports on the cultivation of biofuels.
- BSI developed a code of conduct and certification which is widely supported in the sector.
- North Sea Group is importing bioethanol and wants to certify it.

Market development in:
Belgium | The Netherlands | Luxembourg



Producer development and society building in:
Brazil | Southern Africa | India | Pakistan

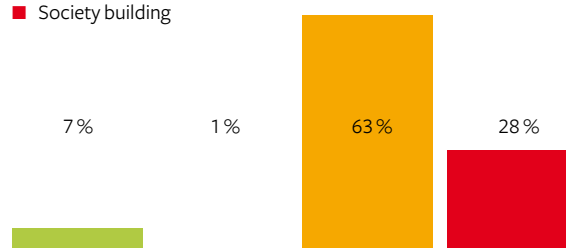
Planned budget for the sugar cane sector €625,907

Realized budget in 2009 €415,914

The minimal spending on market development is made up for by relatively long hours put in by staff.

Divided over the sectors:

- Communication
- Market development
- Producer development
- Society building



Results and developments

Global code of conduct in sight

In 2009, the Better Sugar Cane Initiative (BSI), an advisory body for large-scale producers and buyers such as The Coca-Cola Company, Shell and Bacardi, worked on drawing up a code of conduct for the sustainable production of sugar cane and ethanol. The idea behind the code is to define globally applicable norms in order to guarantee good labour conditions and legally sound business management, and to limit environmental damage. In 2009, Solidaridad took the lead as a member of the BSI in developing a system that will facilitate the tracking of BSI-certified products, enabling the consumer to be sure that a product lives up to its sustainability claims, and that the extra profit really does go back to the farmer and the labourers. The code of conduct should be ready in 2010, and then implementation will start.



Stronger civil society organizations

One of the conditions for sustainable crop production is support among civil society organizations in producer countries. Along with companies, such organizations can have quite an influence on governments by disseminating information and by lobbying. With this in mind, in 2009, Solidaridad began financing the central office of Redebio, a Brazilian network of green and social NGOs working on the sustainable development of the bioenergy sector. Thanks to this support, the network is in a stronger position to influence Brazilian government policy and international public opinion. Solidaridad also supported the Brazilian journalists' association Reporter Brasil, which published six reports in 2008 and 2009 on the effects of bioenergy crops. Brazil is a pioneer in bioenergy, and developments there are strategically important.

Bigger harvests, smaller farms

Besides vast sugar cane plantations, the sugar cane sector also includes many small-scale producers, each with a few hectares of land. In India and Pakistan alone, there are about 45 million sugar cane farmers, most of them in family farming. In a region where food supply is already under pressure from the high population growth rate, their crops compete with other food crops for land and water. Part of the solution is to raise productivity, by intercropping, for example: alternating sugar cane with nitrogen fixing crops such as soy can improve soil quality and increase harvests. Solidaridad and WWF supported farmer training run by local partners to bring farmers up to date with current knowledge about agricultural techniques. A total of 40,000 farmers in the two countries were trained under the Sugar

Cane Producer Support Initiative (SUPSI). Similar projects were prepared in Africa and Central America.

Another vulnerable group is made up of plantation labourers. Mechanization is making their work less heavy but is also cutting down the number of jobs available. Solidaridad advised a Brazilian organization on the development of a redeployment programme for unemployed sugar cane cutters.

In 2009, Solidaridad set up Community Business Support Centres (CBSC) in Brazil and South Africa. These centres support both small-scale and large-scale sugar producers in making production more sustainable.

Everyone drives on alcohol

Solidaridad used this slogan in 2009 to draw attention to the production of ethanol from sugar cane (see also Fund-raising and Communication, p. 62). The aim of the advertisements was to make consumers aware of the standard mixing of ethanol into petrol, the problems related to ethanol production, and the solutions proposed by Solidaridad. A second aim was to generate support for Solidaridad's policy. Biofuels have had a bad press for a long time, and Solidaridad's more subtle message contributed to a more balanced approach by policymakers, opinion makers and end users. The campaign could only have been really effective if the first sustainable ethanol had been delivered to a Dutch company in 2009 (See Working with a petrol company).

**IEDEREEN
GEBRUIKT ALCOHOL
IN HET VERKEER**

Ook al drink je geen druppel. Wie z'n auto volloopt met benzine tankt vast wel ook vijf procent alcohol. Van suikerriet gestookte ethanol, dat de grootste CO₂-reductie van alle biobrandstoffen geeft. Alleen komt veel suikerriet van plantages in Brazilië waar arbeidsomstandigheden slecht zijn. Wat heet. Vorig jaar waren er 45.000 bedrijfsongevallen. Veel suikerrietkopers zijn na tien jaar arbeidsgeschikt. Ethanol kan een duurzaam alternatief voor benzine zijn, maar alleen als arbeiders fair behandeld worden en het werk veiliger wordt.

Wat Solidaridad met koffie, fruit en katoen lukt, moet ook met ethanol kunnen: zorgen voor mens- en milieuvriendelijke productie en beperking van de negatieve gevolgen. Alleen dan kan elke auto aan de alcohol. Daar moeten we nog wel wat kilometers voor maken. Lees meer en word donateur op www.solidaridad.nl

Duurzame economie begint met solidaridad

Solidaridad

Giro 1804444

Working with a petrol company

Solidaridad had started working with North Sea Group (NSG) before 2009. This company mixes ethanol into petrol and supplies filling stations in the Benelux countries. NSG's market share is 35 to 40 per cent, making it a significant player on the ethanol market. NSG wants to go over to ethanol from sustainably produced sugar cane and sought advice on this. Solidaridad introduced the company to the sugar cane platform BSI and advised it on how to test potential suppliers and guarantee traceability. The foundations were also laid for a support programme for producers, financed by SenterNovem (now AgentschapNL). The objective of importing sustainably produced ethanol in 2009 was not reached. It proved difficult to find a producer who was prepared to invest in certified sustainable production. Eventually a Brazilian producer expressed interest, partly because of the expected market expansion in the EU. The first delivery of sustainable ethanol to NSG is now expected in 2010.

Strategic partner: North Sea Group

North Sea Group (NSG) is a key player on the Western European fuel market. The company combines storage and distribution with international trade in and sales of mineral oils and biofuels. With new activities in Asia and South-America, NSG is strengthening her position on the oil market. NSG opts for responsible and sustainable reduction of CO₂ emissions, involving the company, for biofuels, to mainly focus on biodiesel from waste and bio ethanol from sugar cane. In order to guarantee the sustainability of the sugar cane ethanol, NSG is working together with Solidaridad.



“Solidaridad thinks in solutions, without making concessions to its philosophy”

Bart-Willem ten Cate, Biofuels Director North Sea Group

Impact

Many of the activities within the sugar cane programme have only just begun, so their real impact is only expected over the next few years. A great deal was done in 2009 to lay the foundations for the programme, by creating a good basis for producer support, for example. And with North Sea Petroleum, the first step was taken towards a certified and traceable chain for ethanol. The development of the BSI code of conduct has created an important reference point and a basis for bringing about true sustainability. Without Solidaridad's contribution, the code of conduct would have put much less emphasis on social issues.

Lessons learned

The transition to sustainable production cannot easily be forced. The relatively small market for sustainable sugar and ethanol in the West is of little interest to many producers, compared to the much bigger home market. So producers have to be enticed by incentives such as better trade deals. The home market in producer countries is growing. This development confirms the validity of Solidaridad's policy of increasingly working on market development from its regional expertise centres. Something else that became clear is that producers' conditions vary enormously. Some can meet the standards of a strict code of conduct quite easily, while for most this is far too ambitious. It is better not to set standards too high initially, and then to raise them every couple of years. Another conclusion is that the looming increase in land use can partly be forestalled through more efficient production on existing agricultural land.

Big donors

- Ministry of Foreign Affairs/MFS: strengthening civil society organizations.
- Ministry of Foreign Affairs/Schokland fund: producer support in Pakistan, India and South Africa.
- Ministry of Foreign Affairs/SenterNovem (now Agentschap NL): track&trace system, redeployment training for unemployed cane cutters, best practices in sustainable cultivation.

Gold

Mining programme expanding fast

A heavily polluted environment and an exploited population: that is what you are left with after a gold mine has been exhausted. A more sustainable way of producing gold can reduce the negative impact it has on people and the environment. In 2009 new funding enabled Solidaridad to take a couple of big steps towards sustainable gold production, developing a fairtrade code of conduct for mining in Latin America, while exploring the market for sustainably produced gold in Europe.

The gold sector

In 2009, the price of gold rose to record levels, making gold mining a lucrative business. A lucrative business for the big mining companies, that is, as small-scale miners in Africa, Asia and Latin America are still generally underpaid for their gold. In countries such as Guatemala and Ecuador, Western mining companies buy up gold mining concessions, only to leave a polluted environment and an exploited local population in their wake. One gold ring represents about 20 tonnes of mining waste and an enormous quantity of water. Once a mine is exhausted, a devastated landscape is left

behind, dotted with mountains of cyanide-containing waste that continues to pose a danger to public health for years to come. Nor do small-scale miners (many of whom are illegal) work in an environmentally friendly manner, much to the detriment of the natural environment and their own health. Solidaridad supports the development of a fairtrade code of conduct for small-scale mining and the training of miners in improved working methods. Secondly, Solidaridad is researching market opportunities for fair gold.



Goals for 2009

- To support small-scale miners in legalizing and improving their incomes, labour conditions and working methods.
- To work on laying the foundations for a model chain for fair gold.

Opportunities and threats in 2009

Opportunities

- Closer collaboration with ARM and its network; ARM provides direct access to mining organizations which qualify for fairtrade certification; increasing the supply directly increases the market opportunities.
- Expanding the programme to include initiatives for socially responsible medium-sized and large-scale mining.
- Financing for the Gold programme from the Adessium Foundation enables us to strengthen the team, and expand the network, producer support and market research.

Threats

- Sustainability is not yet high on the agenda in the mining and jewellery sector, which makes it difficult to find committed partners.
- The fairtrade code of conduct will not provide a solution for all forms of mining. Only the simplest forms of small-scale gold mining qualify, which strongly limits the supply. Mining carried out on a medium scale and by migrant miners (common practice in the Amazon) does not meet fairtrade criteria.

Results at a glance

- Three groups of producer organizations in Peru, Bolivia and Colombia are preparing for certification.
- Solidaridad is holding discussions with three jewellery brands over the use of sustainably mined gold in their chains, and is working on a model chain to support them in this.
- The gold project has been expanded into a fully fledged programme through stable financing, team expansion, knowledge development, an external advisory board and a communication plan.

Strategic partners

- The Alliance for Responsible Mining (ARM): the development of a fairtrade code of conduct for small-scale gold mining, producer support and market development.

Market development in:
The Netherlands | United Kingdom | France | Switzerland



Producer development and society building in:
Colombia | Peru | Bolivia

Planned budget for the gold sector

€30,000

Realized budget in 2009

€82,497

New funding from Adessium. Relatively high staff input for market development.

Divided over the sectors:

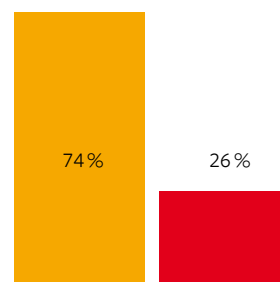
- Communication
- Market development
- Producer development
- Society building

0 %

0 %

74 %

26 %



Results and developments

Fairtrade code of conduct in Latin America

Solidaridad has supported the Alliance for Responsible Mining (ARM) in a number of pilot projects for a fairtrade code of conduct for small-scale mining in Colombia, Peru and Bolivia. To obtain certification, companies have to meet both environmental and social criteria, such as the responsible use of mercury and a ban on child labour. The original plan was to have these projects certified in 2009, but that did not work out. The development of the fairtrade code of conduct by ARM and the Fairtrade Labelling Organisation (FLO) took longer than expected.

Sustainable mining in Africa

Until last year, the Alliance for Responsible Mining focused mainly on improving mining practices in Latin America. In 2009, research was done into the possibilities for setting up projects in countries in Africa, and Tanzania, Uganda and Ghana emerged as countries with potential for sustainable mining. ARM pursues a 'network strategy': the establishment of projects in several countries provides opportunities for joint training programmes and the sharing of knowledge and experience.

Brands enthusiastic about a fair chain

After market research and discussions with jewellery brands, Solidaridad succeeded in generating enthusiasm for fair gold production among several brands. Together with these brands, research will be done in 2010 to explore the potential and the conditions for marketing jewellery made with fair gold. Solidaridad aims at setting up a model chain and supporting buyers with the logistics and organizational aspects of buying fair gold. In 2009, discussions started with three jewellery brands about including sustainably mined gold in their chains.

Upscaling the gold programme

The signing of an agreement in 2009 with a financing partner, the Adessium Foundation, made it possible to upscale the gold programme, making it a fully fledged independent programme.

In September 2009, Solidaridad seized the chance of profiling itself as a real player in the sector by taking part in the Communities and Small Scale Mining Conference organized by the World Bank in Mozambique. Not only did the programme staff put Solidaridad on the map at the conference, they also got to know other players and expanded their network.

A new staff member was appointed to coordinate the programme: She has extensive experience in the field of jewellery and sustainability. In the implementation of the

programme, a key role is reserved for Solidaridad's regional offices, especially in Peru (see text box).

STRATEGIC PARTNERS

Alliance for Responsible Mining

The Alliance for Responsible Mining (ARM) was launched in 2004 with the aim of increasing both the demand and the supply of sustainable small-scale mining products. ARM pioneered the establishment of sustainability criteria for small-scale mining. These criteria have since been developed into a comprehensive fairtrade code of conduct and ARM is now an official partner of the Fairtrade Labelling Organization (FLO). Over the past year, a number of producer organizations in Latin America have gone through the training programme for the fairtrade code, and are due to be certified by the FLO in 2010. Over 1800 mining families will then benefit from fairtrade trading conditions.



Solidaridad Andes

The Andes regional expertise centre, in Lima, Peru, has a crucial role to play in the upscaling of Solidaridad's gold programme. Not only does the region include several countries with large mineral reserves (Peru, Colombia, Ecuador and Bolivia), it is also one of the main regions where many small-scale miners are at work. Peru, one of the first countries to engage with Fair Trade, aims to be the first country to have fairtrade certified small-scale miners too. This offers many opportunities for expansion to other groups and regions.

"In these areas we will start capacity building projects for miners, focusing on setting up cooperatives, pricing and greener mining methods. For example, we are preparing miners for inspection by the certification organization. After certification Solidaridad will help the miners to link into the world market for sustainable gold."

Gonzalo la Cruz, Director of Solidaridad Andes

Impact

In the gold programme, Solidaridad targets some of the 11 to 13 million small-scale miners, many of them illegal, working worldwide. By training miners in working methods that are less damaging to the environment and human health, Solidaridad contributes to improving labour conditions and making mining more sustainable. Solidaridad makes a point of also working on the demand side of market, to create a demand for sustainably mined gold.

Lessons learned

The gold programme brings Solidaridad into a field outside the agrarian sector. Many comparisons can be drawn with the textile programme, regarding the complexity of the chain, for example, the lack of transparency, the sustainability issues, and the fast-changing trends and price fluctuations in the branch. There is even a considerable overlap in the market players, some of whom are active in both the fashion and the jewellery branches. The gold programme will therefore keep a close eye on the lessons learned in the textile programme.

Big donors

(excluding individual donations)

- Adessium: programme funding for code development, producer support and chain development.
- Ministry of Foreign Affairs/MFS: programme funding.



Members of a cooperation of small-scale gold miners in Mozambique.



Palm oil

Supporting vulnerable producers

There has been a code of conduct for sustainably produced palm oil since 2005. But in the process of increasing sustainability, many small-scale producers are being put in danger of losing their access to the market. Solidaridad started a palm oil programme in 2009, forging contacts in the sector and approaching large companies to involve them in the certification process for small-scale farmers. Solidaridad also provided advice within the Task Force Smallholders of the Roundtable on Responsible Palm Oil (RSPO) about adjusting certification criteria for this target group.

The palm oil sector

Worldwide, more palm oil is produced than any other vegetable oil. Forty million tonnes of palm oil was produced in 2009. The Netherlands imports most of its palm oil from Indonesia and Malaysia, where it comes from large plantations covering a total of about 10,000,000 hectares, two and a half times the area of the Netherlands. With growing demand, the number of plantations is increasing, and tropical forests are being cut down and food crops squeezed out to make way for them. Moreover, labour conditions are often bad and the use of pesticides causes pollution.

The Roundtable on Sustainable Palm Oil (RSPO), a consultation platform for producers, Western companies and civil society organizations, established a code of conduct for environmentally and people-friendly production back in 2005. By the end of 2009, 1.4 million tonnes of palm oil had been RSPO-certified. One third of global production is delivered by small-scale farmers. They often live in poverty, due to lower harvests and low prices, and many of them cannot independently meet RSPO criteria. Solidaridad supports them in responsible farming practices through the palm oil programme that was launched in 2009.



Goals for 2009

- To build up a structure for producer support in South East Asia.
- To support small-scale producers in Indonesia, Malaysia, Papua New Guinea and Ghana in increasing sustainability.
- To carry out studies of gender issues in the chain and adjust descriptions of training needs accordingly.
- To increase the involvement of local parties in Ghana in the country's interpretation of the RSPO code of conduct.
- To interest players on the international market in sustainably produced palm oil.

Opportunities and threats in 2009

Opportunities

- Things are already up and running: Solidaridad got involved when the RSPO process was already at an advanced stage.
- It is compulsory for RSPO certified mills to help small-scale suppliers with certification. This reinforces the demand for producer support, which Solidaridad is helping to build up.
- There is a clear need in the sector for the expertise that Solidaridad can offer with regard to producer support and certification.

Threats

- Market demand for sustainably produced palm oil is smaller than expected.
- The supply of RSPO certified palm oil is dominated by a small number of large plantation companies.
- Agreements already made within the RSPO process can restrict the room for manoeuvre left for Solidaridad and our partners.

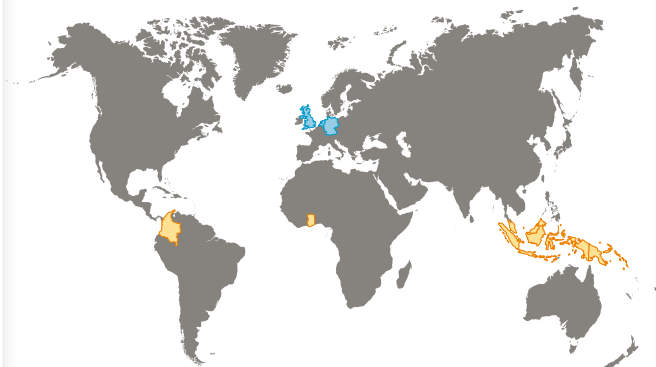
Results at a glance

- A field manager appointed in Indonesia established contacts and made agreements with plantation companies about collaborating on the certification of small-scale producers.
- Solidaridad helped to think through the adjusting of certification norms within the Task Force Smallholders.
- In the context of producer support, training modules on agricultural techniques were developed and trainers were trained.
- Solidaridad initiated and supervised two researches on gender equality on plantations.

Strategic partners

- Tenaganita: stands up for the interests of female employees in the palm oil sector by inventorying women's rights, providing extension and training, and engaging in dialogue with companies and the government.
- Sawit Watch: network organization uniting hundreds of Indonesian NGOs to work together on making the palm oil sector more sustainable.
- RSPO: global round table for the palm oil sector, with special attention to small-scale producers (see also text box Task Force Smallholders).
- Solidaritas Perempuan (Women's Solidarity for Human Rights): opposes violence and promotes equal treatment for women and men, better labour conditions and environmental protection.
- New Britain Palm Oil Ltd (NBPOL): one of the first palm oil producers to be certified under the RSPO code of conduct. NBPOL is working together with Solidaridad on RSPO certification for 7000 small-scale palm oil producers who supply to NBPOL.

Market development and communication in:
The Netherlands | Germany | United Kingdom



Producer development and society building in:
Colombia | Ghana | Malaysia | Indonesia | Papua New Guinea

Planned budget for the palm oil sector

€862,199

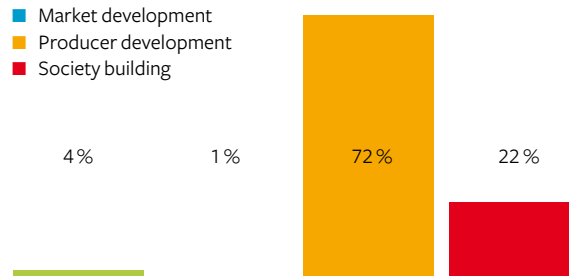
Realized budget in 2009

€302,206

Lower expenses at field offices. Budget left will be spent on project financing 2010-2012. Fewer project proposals from partners in Africa and Asia.

Divided over the sectors:

- Communication
- Market development
- Producer development
- Society building



Results and developments

The first big players are on board

In February Solidaridad appointed a field manager in Indonesia: someone with knowledge of plantation development and the formation of cooperatives. He made contact with parties in the sector such as producer organizations, plantation companies, civil society organizations and agricultural advisers. Together with large-scale producers, plans were drawn up to help small-scale farmers with the certification process. This has generated agreements about the supplying of certified palm oil from small-scale production, laying the foundations for a complete supply chain. Solidaridad found five large companies, including IOI Group and New Britain Palm Oil Ltd, that are willing to play a role in producer support and chain development.

Contributing expertise

The agreements on certification made within the RSPO round table are not always applicable to small-scale producers. A work group has started up within the RSPO to address the necessary changes. Mid-2009, Solidaridad was asked to take part in this Task Force Smallholders, on account of our expertise in this area.

RSPO

Roundtable on Sustainable Palm Oil

Contributing to producer support

In anticipation of the forthcoming definitive certification standards for small-scale farmers, it is both necessary and possible to support for this target group. To this end, Solidaridad embarked on the development of training modules. One module on improving agricultural techniques was completed, and was received with enthusiasm at the RSPO conference in November. In Papua New Guinea, the first 30 agricultural extensionists were trained in certification procedures which farmers will definitely need to be able to deal with. These extensionists are going to train 7000 smallholders. The efforts of Solidaridad, amongst others, should lead to a Certification Support Network for palm oil. The producer support is part of the POPSI programme (Palm Oil Producer Support Initiative) run by Solidaridad, WWF and the RSPO.

Research on the position of women

The roles of men and women on palm oil plantations in Asia are far from equal. Observations in the field reveal that women's pay is lower, women labourers are often less well organized, and they often do work that carries health risks, such as dealing with agricultural chemicals. In other programmes, Solidaridad has gained a lot of experience in the area of gender policy. In order to share that knowledge

with partners in the palm oil sector while at the same time gaining more insight into the situation on plantations, Solidaridad initiated and supervised two researches in Malaysia and Indonesia. A local partner in Malaysia researched a plantation company's gender policy, with financial and content-related support from Solidaridad. The results could lead to changes on other plantations and among small-scale producers.

Solidaridad in Indonesia

Indonesia is the largest palm oil producer in the world, accounting for 90 per cent of the world trade in this commodity, together with Malaysia. The main markets are Europe, India and China. In order to be able to work effectively with the parties in the palm oil chain (farmers, plantations, processors and traders), it is important to be on the spot. In 2009 Solidaridad had a representative in Bogor in Indonesia. He maintained contacts with farmers, companies, the Dutch embassy, local partners and international organizations. This local presence enables the Solidaridad offices in export countries such as China, India and the Netherlands to stay in touch with the problems and opportunities on plantations.

STRATEGIC PARTNER

Task Force Smallholders

Task Force Smallholders was started within the Roundtable on Sustainable Palm Oil (RSPO) in order to help small-scale producers to gain access to the market for certified production. It is an open work group made up of small-scale farmers, their cooperatives and advocacy organizations, civil society organizations, companies and local government services. Solidaridad joined in 2009 and is actively involved in the development of the protocol for the certification of groups of smallholders, and a financing mechanism for this. Solidaridad and our partners also contribute lessons learned from the POPSI programme for producer support.

"Solidaridad contributes its experience in the area of organization and certification of small-scale producers. In recent years these have become important themes within the RSPO."

Norman Jiwan, Sawit Watch (Indonesian advocacy organization and member of the Task Force Smallholders)

Impact

Solidaridad palm oil project has only been going for one year, so it is too soon to evaluate its impact. Certainly some important steps have been taken, which will provide a basis for future supply chains and substantial producer support.

Lessons learned

Certification of the production of small-scale farmers is not always feasible, for reasons including disputed land ownership. Nor is it always possible to improve productivity among this group, sometimes because land is not well looked after, and sometimes because the palm trees are of poor quality. In that case, only replanting the whole plantation can bring about improvements, and for this, innovative funding mechanisms for replanting are crucial.

Many small-scale palm oil farmers are bound by contract to large-scale state or private plantations. Increasing sustainability and certifying this group is therefore only possible if concrete agreements can be made with these big plantations.

To develop and supply certification services for small-scale farmers, it is essential to have a network of NGOs, companies and agricultural advisers on the ground.

RSPO and the Task Force Smallholders have shown great

enthusiasm for Solidaridad's contribution in the area of smallholder support. They feel the lack of a support network.

Big donors

(excluding individual donations)

- Ministry of Foreign Affairs/MFS: society building in Indonesia/Malaysia (Sarawak)/Ghana.
- Ministry of Foreign Affairs/ Schokland fund: producer support in Indonesia and Papua New Guinea and market development for responsible palm oil in Europe.

Palm oil tree nursery in Malaysia



Tea

Certification of the first plantations and farmers

Tea farmers and pickers work under difficult conditions for minimal pay. Solidaridad's tea programme, which focuses largely on producers, reached a milestone in producer support in 2009, with the certification of the first plantations and farmer cooperatives. This was an important step towards improving incomes and labour conditions, and limiting the environmental impact.

The tea sector

Every day, millions of people are hard at work plucking leaves from tea bushes. They include small-scale farmers on their own plots in Kenya or Vietnam, and labourers on vast plantations in China, Bangladesh or Malawi. Global tea consumption is increasing, but production is rising even faster. This overproduction led to a drop in prices in the 1980s, which has made it difficult for small-scale farmers to keep their heads above water and has led to plantation labourers being underpaid.

Tea plantations also have a big impact on their environment:

the monoculture affects biodiversity, a lot of forest is cut down for firewood for blackening the tea leaves, while the chemical pesticides applied in the fields pollute the soils. Over the past few years more and more tea companies have become aware of the importance of sustainable production, and Solidaridad is working with such companies on making the tea chain more sustainable, not only by making tea production more humane and more environmentally friendly, but also by raising awareness among the biggest group of tea consumers, those in Asia.



Goals for 2009

- To set up National Reference Groups (NRG) in producer countries.
- To develop a market for sustainably produced tea in Asia.
- To improve labour conditions and pay of labourers in the tea sector.
- To strengthen and train farmer cooperatives.
- To increase the amount of high-quality tea produced by small-scale farmers.
- To limit the damaging environmental impact of tea production.

Opportunities and threats in 2009

Opportunities

- An increasing number of tea companies are interested in making their supply more sustainable.
- Increasing the sustainability of the Asian market, the biggest market for tea, would have a tremendous impact on the chain. In 2009 Solidaridad launched research into the potential in this area.
- Collaboration with the Ethical Tea programme (ETP) and other partners and networks working towards sustainability in the tea sector has led to the sharing and exchange of knowledge and experience.
- Solidaridad has worked within the Tropical Commodity Coalition on shifting attention from sustainable coffee and cocoa to sustainable tea.

Threats

- Market parties do not always seem very motivated to invest in extensive sustainability projects such as those carried out in collaboration with UTZ Certified.
- Local partners do not yet have the capacity to implement projects independently.
- The current low (common) tea prices weaken producers' interest in investing much energy in production.

Results at a glance

- NRGs are already active in India, Sri Lanka and Indonesia, and are being developed in China, Vietnam and Malawi.
- Solidaridad conducted market research into the sales potential for sustainable tea in India and China.
- Plantations in India and Malawi were certified, having made improvements to labour conditions and pay levels.
- In India the first group of small-scale farmers was certified, which involved training 500 farmers in improving the quality of their tea, amongst other things. As a consequence, their incomes rose by up to fifteen per cent.
- 6000 plantation workers and 3500 small-scale farmers were given training on how to improve their social and economic situations. Training was also given on environmental protection measures, and three plantations started an environmental programme.

Strategische partners

- Eastern Produce Malawi: a tea plantation and processor, serving small-scale farmers in the area too.
- Gunung Mas Indonesia: a tea plantation and processor, serving small-scale farmers in the area too.
- Business Watch Indonesia: an NGO responsible for producer support.
- UTZ Certified: developing and implementing certification; market development.
- Sara Lee/Pickwick: market introduction of UTZ Certified tea.

Market development in:
The Netherlands | Belgium | India



Producer development and society building in:
Argentina | South Africa | Mozambique | Malawi | Zimbabwe | Kenya | India | China | Vietnam | Indonesia

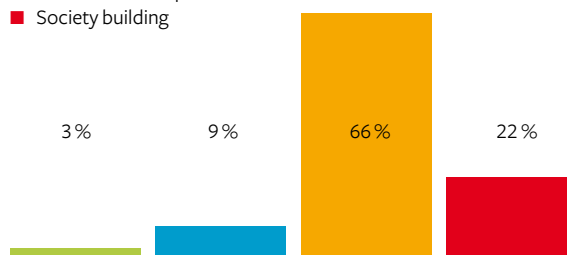
Planned budget for the tea sector €360,000

Realized budget in 2009 €714,013

New funding from the Dutch Sustainable Trade Initiative (IDH)

Divided over the sectors:

- Communication
- Market development
- Producer development
- Society building



Results and developments

National Reference Groups established

Solidaridad believes in making the chain more sustainable from the bottom up, paying attention to local values and conditions. To this end, Solidaridad encourages the establishment of National Reference Groups. A Reference Group represents the key players in the national tea sector: the tea commission, government, producer organizations, farmer cooperatives, unions and civil society organizations. Their joint task is to study how the UTZ code applies to the local situation and possibilities. In 2009, National Reference Groups were set up in India, Sri Lanka, and Indonesia, where Business Watch Indonesia (BWI) is a key partner. BWI set up the National Reference Group and is implementing the UTZ code and training farmers. Initial steps were taken towards setting up National Reference Groups in China, Vietnam and Malawi too.

The certification of the first plantations

When it comes to certification, Solidaridad reached a number of milestones in 2009. Pilot projects for the development and implementation of UTZ certification in Indonesia and Malawi were set up and then further developed at the local level. This led to the certification of the first plantations in both countries, and the first certified tea is now available on the global market.

In India, the certification of the first group of small-scale farmers was the culmination of an intensive implementation process (see box). Throughout the setting up of the certification code, Solidaridad worked closely together with the National Reference Groups – something which was very much appreciated by producers, as their feedback made clear.

Making the Asian market more sustainable

Eighty percent of global tea consumption takes place in Asia. Yet many sustainability projects focus on the Western market. Solidaridad adopted a new strategy. In order to expand the impact of sustainability, the new emphasis is on the Asian market, especially India and China. A start was made in 2009, with market research. The National Reference Groups analysed how local consumers rate sustainable products, as well as how the main buyers look at them. The concept of 'sustainable' appeared to be open to different interpretations. In India, animal welfare plays a big role, while in China people put traceability first. The research provided a basis for a marketing strategy. The first step is to seek synergy with businesses and the government. In India, talks were held with companies with links to the international market, such as hotels or airlines for example. Introducing a sustainable product is expected to be easier in this context. However, raising local awareness

is a long-term process, and Solidaridad expects the first results in 2011.

The road towards UTZ certification

Before a producer organization can call itself 'UTZ Certified', it has to take a number of steps. The first step is to talk to farmers in order to gauge their interest and inventory their needs. If there is enough interest, a needs assessment is carried out, analysing the starting situation and what needs to be done in order to fulfil certification criteria. What needs to change in the production and in the organization? What kinds of training and social needs are there, in terms of education or AIDS awareness, for example? Based on this analysis, a specific country programme is set up to work towards fulfilling the basic criteria for certification. This cannot be done in one go, either, but happens over a number of stages. An internal monitoring system has to be set up which will make sure that after UTZ certification, there is ongoing improvement in labour conditions and environmental care. Solidaridad is also working on raising the quality and quantity of certified tea, as this will raise farmers' incomes.



The Dutch Sustainable Trade Initiative

Solidaridad entered into a partnership with the Dutch Sustainable Trade Initiative (IDH), together with Sara Lee and UTZ Certified. IDH brings forces together to jointly transform the market, and make sustainable production and trade the norm. One of the big advantages of the collaboration between diverse organizations – Solidaridad with UTZ/Pickwick Sara Lee, Unilever together with Rainforest Alliance, and the Ethical Tea programme – is the exchange of experience and the knowledge sharing that goes on. IDH itself also implements a number of its own support programmes for tea producers and next to that, IDH, together with Doen Foundation and Stichting Het Groene Woudt, creates a firm financial basis for Solidaridad's tea programme.

Solidaridad South and South-East Asia

The regional office in India plays a key role in implementing and extending the tea programme in south-east Asia, where it works with local partners on market access and capacity building among producer organizations.

“Tea experts trained producer organizations in better production methods and certification processes. Secondly, in the past year, the regional office has pursued the launching of National Reference Groups in the region. Through cooperation with other regional offices and representatives of Solidaridad in Asia, best practices are exchanged and activities are coordinated. The first UTZ certification of small-scale tea farmers in Kerala, India, was guided by Solidaridad India. To date, about 500 families with an average of 1 hectare of land have been certified. Solidaridad India is also a driving force in the creation of a sustainable national tea market in India.”

Shatadru Chattopadhyay, director Solidaridad India



photo Pickwick

STRATEGIC PARTNER

Pickwick

“Pickwick and DE Foundation are working with UTZ Certified and Solidaridad on certifying the production and purchase of tea. Improved cultivation methods and transparent trade contributes not only to better working and living conditions for the farmers and tea pickers, but also to a cleaner environment, more efficient production and higher quality tea.”

Stefanie Miltenburg, DE Foundation

Pickwick tea, a market leader in the Netherlands, is one of the brands of Sara Lee, which was already marketing Douwe Egberts coffee under the UTZ Certified label. In 2009, Pickwick, UTZ Certified and Solidaridad made preparations for introducing certified tea in 2010. The DE Foundation supported these preparations with their input and their funding.

Impact

The tea programme started small in 2008, and in 2009 also, many projects were still in the early stages. And yet there are already some results, chief among them the certification of plantations in Malawi and Indonesia, and of small-scale farmers in India. This has brought improvements in labour conditions as well as living conditions to more than 6000 plantation workers. Their houses were renovated, for example. 800 small-scale farmers are benefiting from knowledge about better production techniques and access to a wider market. As a direct result of this, prices have gone up and so have their incomes – by up to fifteen per cent.

Lessons learned

Over the past year it has become clear that market development in Europe is a complex business. Solidaridad has not yet managed to forge new partnerships with market players to work on sustainability. One of the reasons for this is that many of the relevant parties already have a link with the Ethical Tea programme (ETP). Solidaridad did sign an agreement with the ETP last year, to look into the potential for a simple certification model. A second reason for the lack of new partnerships is the lack of attention for sustainable tea among NGOs. Within the Tropical Commodity Coalition, Solidaridad is now doing its best to broaden the attention for sustainable coffee and cocoa to include tea.

Main donors

(excluding individual donations)

- Ministry of Foreign Affairs/Dutch Sustainable Trade Initiative: programme financing.
- Douwe Egberts Foundation: co-financing and pilot projects in Malawi and Indonesia.
- Stichting Het Groene Woudt: programme financing.
- Doen Foundation: programme financing.
- Irish Aid: producer development in Kenya.
- Startfund Fred foundation: producer development in Kenya.

Tourism with fairtrade producers

New ideas and better organization

Picking oranges, harvesting coffee... there are many ways in which fairtrade producer organizations can increase their incomes with activities for tourists. But they do need support to develop their activities and services. Existing support was continued in 2009 in the Tourism Support Program, managed by Solidaridad and implemented by Contour Projects.

The programme supports two producer organizations: Zebediela Citrus in South Africa (oranges and lemons) and KNCU in Tanzania (coffee). Between 2006 and 2008, the guidance received by these organizations focused mainly on developing guided tours, excursions and accommodation. In 2009, however, it became clear that they needed more support: Zebediela needed help with training and capacity building, and KNCU needed to make its tourism office more independent.

Zebediela Citrus Estate

A 35 per cent share is owned by the Communal Property Association (CPA), an association of 727 households that were all part owners of what is now an estate before the apartheid regime.

Activities: An Orange Tour around plantations, the factory and the radio station, and hospitality in the guesthouse.

Number of tourists: 230 since 2006.

Results and developments in 2009

A provisional organizational structure was set up for the tourism project in collaboration with the board of the CPA. In October, ten members were trained in the basics of tourism. A project group was also set up, consisting mainly of young people who are going to work on developing activities and accommodation.

KNCU

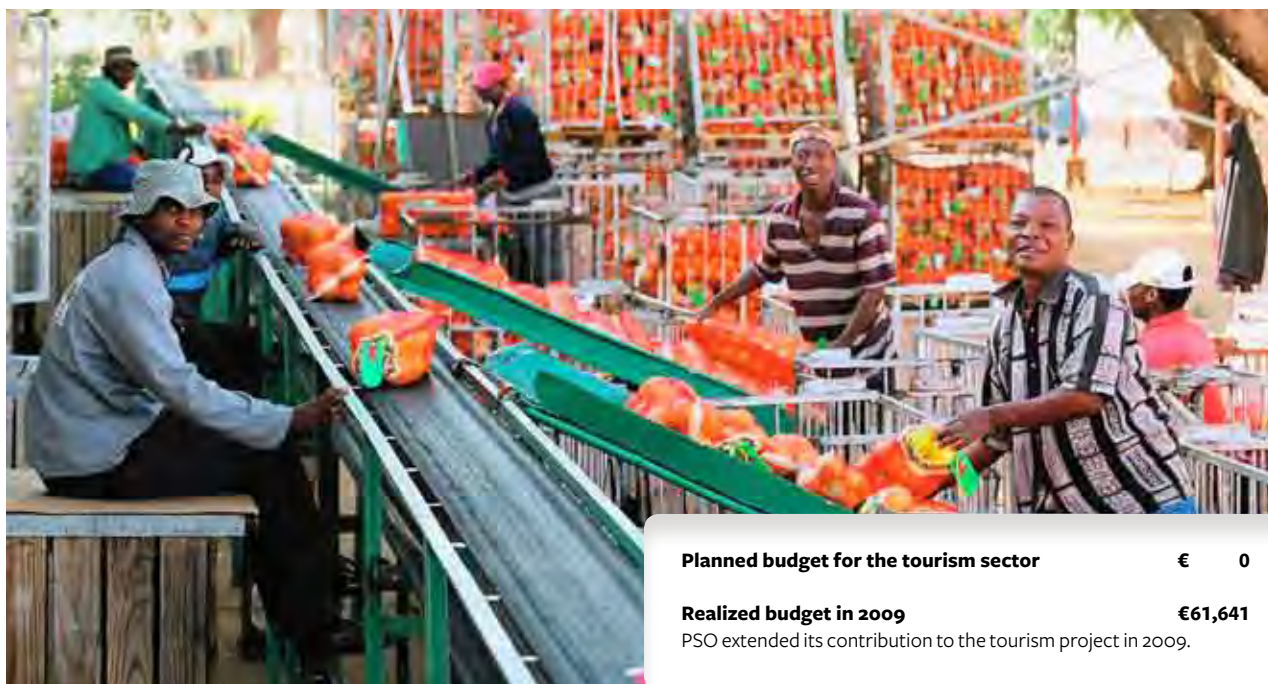
An association (Kilimanjaro Native Cooperative Union) of about 60 local coffee cooperatives, each with an average of around 1000 members. Seven cooperatives have been involved in the tourism project since 2005.

Activities: these include a Coffee Tour, a Cultural Village Walk, a campsite and a restaurant.

Number of tourists: over 5000 since 2005.

Results and developments in 2009

The increase in both visitor numbers and financial scale makes it necessary for the tourism project to become independent. To this end, job descriptions and an implementation structure were drawn up together with members of the cooperatives involved, and the financial administration was adapted. Consultations with the management board of KNCU led to a plan for a legally separate organization, with the KNCU as the main shareholder.



Planned budget for the tourism sector	€ 0
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Realized budget in 2009	€61,641
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PSO extended its contribution to the tourism project in 2009.

Market development and communication

Joint campaigns with strategic partners

Solidaridad is becoming a network organization with offices in various parts of the world (see the chapter on the network organization, page 8). One of the main tasks for Solidaridad Netherlands is to create access to the market. This means strengthening trade relations between producers in developing countries and the export markets, particularly importers, manufacturers and retailers in Western countries. A second major task is communication and fundraising in the Netherlands.

Market development means identifying and stimulating demand for sustainable products among manufacturers and consumers; communication entails designing, implementing and monitoring Solidaridad's communication policy, as an organization in general and for fundraising purposes in particular.

Activities in 2009 can be categorized under four themes:

1. Market research
2. Partnership & Business Development
3. Fundraising campaigns
4. Corporate communication

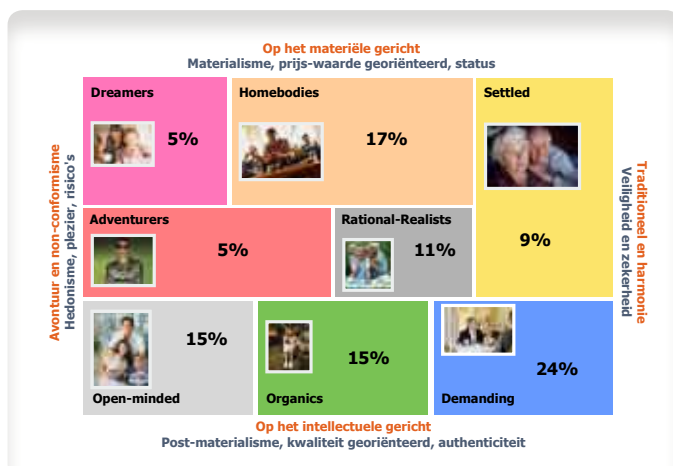
Market research

Goals for 2009

- To expand our knowledge about the attitudes of consumers and other market players towards sustainable products and corporate social responsibility.

Knowledge about potential markets and target groups, and patterns of consumption, is indispensable when you want to increase the supply of sustainable products.

Target group segmentation according to research bureau GfK



Solidaridad is therefore working with research bureau GfK on regular, recurrent research to supply this knowledge and give companies something to base their marketing and positioning strategies on, with regard to sustainability. This research is unique in that it focuses on the actual purchasing behaviour of various consumer target groups, categorized according to lifestyles.

Solidaridad also conducts sector studies and market research for specific sectors.

Results

Research on consumer behaviour and brands

In 2009, Solidaridad and research bureau GfK conducted new quantitative research in relation to the Sustainable Consumption Monitor again. The research report includes extensive target group descriptions under categories based on values and lifestyles, as well as an in-depth account of the attitudes of these lifestyle groups towards sustainable products, and their actual purchasing behaviour. A number of Solidaridad's partners, including FrieslandCampina and Jumbo supermarkets, took part in this research and are now making use of the results. Qualitative panel research was also conducted in 2009, with the aim of gaining a real insight into the ideas, attitudes and behaviours of the lifestyle groups in relation to sustainable consumption. The results certainly give us more insight into the potential for stimulating sustainable purchasing behaviour among the members of each target group.

Unique brand image monitor

In 2009, for the first time, research was done on the image of the 40 biggest 'A brands' and 10 big supermarkets in terms of sustainability. The result was compared with the general image of these brands and retailers. This research provides an entry point for supporting the brand positioning and company profile of Solidaridad's partners.

Partnership&Business Development

Goals for 2009

- To embark on collaboration with companies and other chain parties in order to increase the range of sustainable products available.
- To solve specific bottlenecks in supply chains by entering into new partnerships and developing new commercial concepts.

Results

New initiatives

Twelve new forms of collaboration were set up in 2009. The following projects will be taken further:

- Gold: collaboration with three brands and feasibility research on the market introduction of sustainably mined gold.
- Cotton: collaboration with one Dutch company and research into the potential for introducing sustainable household textiles on the market; writing a new business plan together with an Indian textile producer to obtain financing to expand the Indian company.
- Coffee: a joint pilot project with a company that trades in sustainable coffee; developing a system for rewarding reductions in greenhouse gas emissions from coffee production with 'carbon credits': an emission rights trading scheme.

SBC ENDED

More collaboration with companies

Solidaridad Business Concepts (SBC) developed new sustainable business activities and supported the development of corporate social responsibility (CSR). However, in the course of 2009 it became clear that initiating, developing and implementing new investment projects did not contribute enough to achieving Solidaridad's objectives. That had to do with the economic crisis, which reduced the scope for new initiatives and investments. On the other hand, collaboration with companies in the area of corporate social responsibility saw strong growth and is showing greater potential. For this reason, the shareholders of SBC BV decided to end the collaboration in SBC in March 2009, putting an end to the development of new investment projects. The rest of the year was taken up with rounding off ongoing projects and integrating the CSR activities into Solidaridad.

Initiatives with existing partners

New strategies and activities were developed with existing partners in 2009, in order to increase the supply of sustainable products. In order to develop a sustainable tea chain, a market strategy was developed in collaboration with UTZ Certified. A new business strategy was also developed for the fashion label MADE-BY.

Fundraising campaigns

Goals for 2009

- To conduct integral campaigns to generate more income from fundraising among private parties, as well as to raise the profile of the work of Solidaridad and our strategic partners.
- To actively keep stakeholders – companies, NGOs, governments and politicians – informed about Solidaridad's work and vision.
- To generate media publicity for Solidaridad and our partners.

Results

Fundraising campaigns

In the course of 2009, the coordination and internal coherence of Solidaridad's various communication activities was improved. In combination with collaboration with strategic partners in external communication, this resulted in more powerful and far reaching campaigns, and in the recruitment of new donors.

'Everyone drives on alcohol'

Target group: The Dutch public and donors.

Message: A wink in the direction of the addition of ethanol (alcohol) to petrol.

Aim: Awareness-raising and fundraising.

Period: March and April.

Resources, scope and effect: Advertisements were placed in three national newspapers, with a total of 500,000 editions and an average exposure frequency of eight. The use of online banners attracted over 3000 individual visitors to the Solidaridad website. Various daily papers and websites covered the subject. A mailing went out to 7630 donors to inform them on the subject and ask them for a regular fixed donation; 3,5 per cent responded positively.

Soy: 'Good example! Follow it?'

Target group: The Dutch public, donors and companies.

Message: The contribution made by FrieslandCampina and CONO cheese makers to responsible soy cultivation is an example worth following for donors and other companies.

Aim: To recruit donors and stimulate the livestock sector to follow this good example.

Period: September and October.

Resources, scope and effect: An advertising campaign in four national newspapers and various magazines. Altogether, there were a total of 900,000 copies with an average exposure frequency of 10. A number of newspapers and websites covered the campaign.

A letter to 18,000 donors with information on the campaign and a request for a contribution got a big response: 23 per cent, with an average donation of €30, coming to €124,000 in total. 1684 new donors were also recruited.

Cocoa: 'Good example! Follow it?'

Target group: The Dutch public, churchgoers, donors and companies.

Message: Mars wants to be using only responsibly farmed cocoa by 2020. That is an example worth following for donors and companies.

Aim: To recruit donors and stimulate the cocoa sector to follow this good example.

Period: December.

Resources, scope and effect: An advertising campaign in three national newspapers and various magazines. Altogether, there were a total of 610,000 copies with an average

exposure frequency of 6. A number of newspapers and websites covered the subject.

A letter to 27,400 donors was successful, getting a response from 17 per cent of the addressees and an average donation of €41. This raised a total of €202,000. New donors were also recruited: 1380 in all. Over 1200 church groups also participated in the campaign with posters, leaflets and material for church services. Collections in 2009 raised over €450,000.

Annual update

Solidaridad's annual update informs our donors about the projects implemented over the past year and the results achieved. It also offers the option of ordering the full annual report. In 2009, 22,600 donors received the annual update, in 19,100 cases along with a giro slip. The response to this was 26 per cent, the average donation was €30, and the total raised was €149,000.

Income from own fundraising

Solidaridad is very dependent on the results of its own fundraising, which came under pressure in 2009. Donations from companies and organizations were a lot lower than in 2008. The high income in 2008 was due to a one-off donation of €1,150,000 from the COHAN foundation. We did not manage to raise the amount budgeted for 2009, partly because some of the donations budgeted for 2009 will only take place in 2010. The amounts raised from mailing campaigns grew by 2.6 per cent, thanks to donations from 3310 newly recruited donors. Both the average amount and the percentage of responses from mailing campaigns are now under a certain amount of pressure. This is a general trend in private fundraising.

Income from own fundraising

	Actual 2009	Actual 2008
Mailing campaigns	1,132,419	1,103,622
Donations from companies and organizations	1,544,796	2,157,305
Contributions from church-based groups and congregations	284,413	295,427
Interest on solidarity donations, ASN bank and Triodos bank	44,974	51,157
Legacies	277,787	247,122
Church collections	450,284	495,859
	3,734,673	4,350,492

Fundraising costs

Solidaridad aims to keep the cost of fundraising as low as possible. This is done by asking existing donors to support Solidaridad on a regular basis, and by continuously evaluating and adjusting our activities. In terms of fundraising costs, Solidaridad remains well below the norm of 25 per cent set by the Central Bureau on Fundraising (CBF): the cost percentage in 2009 was 9.6 per cent (it was 9.3 per cent in 2008).

Goed voorbeeld: Volgen?

Als eerste grote onderneming in Nederland steunt FrieslandCampina de verduurzaming van de soja- en veevoeder. Solidaridad is daar heel bij mee. Niet alleen omdat FrieslandCampina zo het goede voorbeeld geeft, maar ook omdat we dankzij de financiële steun arme soja- en veevoederboeren in India kunnen helpen om te stappen op duurzame soja- en veevoeder. Zo krijgen ze uitzicht op een beter bestaan voor hun gezin en worden de natuur en het milieu minder belast. Niet voor niets werkt Solidaridad samen met o.a. Stichting Natuur en Milieu.

Wat kunt u doen?
Solidaridad bestrijdt armoede in de wereld door boeren in ontwikkelingslanden te helpen een eerlijke prijs te krijgen voor een goed product. (Zie track). Solidaridad geeft boeren in de Indiase deelstaat Madhya Pradesh toegang tot beter zaaigoed, landbouwkennis en de wereldmarkt. Een prachtig project, dat echter veel geld kost. Hoe welkom de bijdragen van grote bedrijven ook zijn, we hebben dus ook uw hulp nodig. Daarom vragen we alle lezers van deze krant om nu donateur te worden van Solidaridad.

Solidaridad
Solidaridad 1 Goylaan 15 3554 AA Utrecht 0312019191 www.solidaridad.nl

Ga naar www.eerlijkesoja.nl, meld u aan als donateur en maak kans op een van de twee reizen naar India.

Eerlijke handel!
Duurzame Soja

Goed voorbeeld: Volgen?

Solidaridad zet zich in voor duurzame productie en eerlijke handel. Dat is de beste manier om de armoede in de wereld structureel te bestrijden. Op dit moment kunnen duizenden kleine cacao-boeren in Ivoorkust en Ghana zich nauwelijks staande houden. Zij hebben te kampen met plantziekten, insectenplagen, bodemuitputting en sterk wisselende marktprijzen. Daarbij komt dat ze geen toegang hebben tot zuiver drinkwater, er geen scholen zijn voor hun kinderen en ook geen medische voorzieningen. Solidaridad maakt een verschil door samen te werken met grote bedrijven. De meest effectieve manier om de positie van boeren in arme landen te verbeteren is door hun aanbod te koppelen aan de vraag van grote merken. Solidaridad is daarom heel blij dat Mars en andere grote bedrijven met Utz Certified Cacao gaan werken. Mars wil bijvoorbeeld in 2020 alleen nog verantwoorde cacao verwerken. Hiervoor groeit de vraag naar verantwoorde cacao snel.

Solidaridad en Mars werken samen aan verantwoorde cacao

Volgen?

Met uw hulp kunnen we het verschil maken voor heel veel cacao-boeren

Met uw steun trainen lokale partnerorganisaties van Solidaridad cacao-boeren in Ivoorkust en Ghana. Hierdoor oogsten de boeren meer en betere cacao bij lagere kosten. Dit zorgt voor een beter inkomen voor de cacao-boeren, zodat ze zichzelf en hun gezinnen kunnen onderhouden. En ook geld overhouden voor investeringen en onderwijs. De aanpak van Solidaridad maakt het verschil tussen armoede en zelfredzaamheid van een grote groep boeren. Vindt u dat ook een prima initiatief? Steun Solidaridad dan met een eenmalige bijdrage of word donateur. Juist nu! **Kijk voor meer informatie op www.solidaridad.nl.** Steunt u Solidaridad in 2009 met een bijdrage van €50,- of meer? Dan maakt u kans op een bezoek aan de boeren die samenwerken met Solidaridad! U kunt dan zelf zien wat Solidaridad doet.

Solidaridad
Solidaridad 1 Goylaan 15 3554 AA Utrecht 0312019191 www.solidaridad.nl

CBF
Centraal Bureau voor de Fundraising

Corporate communication

Besides campaigns, Solidaridad makes use of corporate communication media to keep our partners and other stakeholders up to date with our work and results.

Website and email newsletter

At Solidaridad.nl, a broad public can keep up-to-date with Solidaridad's work in the various sectors. A varied group of interested people also receive, on request, a quarterly email newsletter with the latest news about Solidaridad and our partners, which prompts many visits to the website. Most of the website is in Dutch and targets private fundraising, making it less suitable for international partners and other interested parties. Work was therefore done in 2009 to create an international website: www.solidaridadnetwork.org. This website will be launched in the spring of 2010, and will meet Solidaridad's requirements as an international network organization. Partners in developing countries, international companies, civil society organizations, governments, politicians, journalists and donor organizations can all find information about Solidaridad's work on the new network website.

Solidaridad in the media

The media cover Solidaridad's work with increasing frequency. The flow of news has become more regular, due to the fast developments in the area of corporate social responsibility and Solidaridad's contribution to this. Solidaridad regularly issues press releases in order to draw attention to these things. Over the course of 2009, Solidaridad's work was described over 150 times in at least 44 national and regional newspapers and magazines. Several radio channels also picked up on news about Solidaridad (e.g. radio 1, radio 2, radio 5, BNR News radio and several regional channels).

Annual report

The annual report is distributed to over 500 partners, companies, big donors and grant-awarding bodies, and is sent to interested people on request. English and Spanish versions are available online for those interested overseas.

Presentations

In 2009, Solidaridad also received many requests to present our work. Staff members gave several hundred presentations to church groups, women's groups, higher education institutions, conferences and (potential) partners.

Complaints

Procedure

Verbal or written complaints which come in are forwarded to the staff member concerned by the secretariat. Where appropriate, a discussion can develop between the person with the query and the staff member responsible for the relevant area. Experience has shown that people with queries or complaints are very satisfied with this procedure. All complaints, including verbal ones, are registered.

The staff member on the receiving end of a complaint is responsible for dealing with it, and answers it in writing as soon as possible, certainly within two weeks of receiving it. If that is not possible, receipt of a complaint is confirmed within two weeks, and the complainant is informed as to how it will be dealt with.

Complaints in 2009

There were 21 complaints about the content of Solidaridad's work in 2009. For example, donors and other interested parties wondered why Solidaridad was working on biofuels, or why we were collaborating with a company like Mars. All such questions were answered with detailed arguments, in most cases to the satisfaction of the questioner. There were some cases in which people continued to disagree with Solidaridad's standpoint and stopped donating for this reason.

There were 23 complaints from donors who had not received mailings that they wanted to receive. They were sent a personal reply, and steps were taken to prevent this from happening again.

The remaining five complaints were about such issues as the content of a letter or activities. These complaints were also dealt with through personal letters, emails or telephone calls.

Lessons learned

Corporate social responsibility is really taking off and Solidaridad's activities in the area of market development can focus wholeheartedly on facilitating this process. Solidaridad wishes to collaborate more often with partners on market development, marketing and communication, in order to make chains more sustainable, to expand markets, to create support and to raise funds. There are many lost opportunities for advertising and marketing sustainable products. All too often, marketers in the business world reckon that sustainable production is not relevant to marketing and communication vis-a-vis the consumer. Solidaridad can play a catalysing role here by making knowledge available and working together with partners in the field of communication and marketing. A start was made in 2009 with FrieslandCampina, CONO cheese makers and Mars, by linking fundraising campaigns with communication about more sustainable production. This development will be taken further in 2010.

Success in influencing the sustainable public procurement policy

Public authorities buy wholesale. And not just in terms of the goods needed for public works, but also because civil servants consume a lot of coffee, tea and cocoa products in their workplaces. A heated discussion grew up in 2009 about sustainability criteria for these sorts of products. Solidaridad is working towards getting other certification models accepted alongside the well-known Fair Trade one. Wrapping up sustainability in a single model could be fatal for the dynamics of change in many sectors.

In the spring it became clear that a remarkable situation had arisen. In a broad-based consultation process, four Dutch ministries had formulated social criteria that would make it possible to ratify several different certification systems. However, for an apparently random group of products – coffee, tea and chocolate – additional criteria were formulated, based on the argument that a ‘higher level of ambition’ should apply to these products. It turned out that these additional criteria were precisely those of the Max Havelaar label, and would therefore mean that only Max Havelaar would qualify as a recognized label. This was a bit too obvious: first design a product category in which Max Havelaar is in a strong position and then define a set of criteria which only Max Havelaar can meet. A win-win situation for Max Havelaar, thanks to clever lobbying by the Max Havelaar foundation, with the support of most of the development organizations, led by Oxfam Novib.

CSR labels

Solidaridad took a different line, in the belief that, besides recognition for Max Havelaar and of course the Eko label for organic production, there should be space for the recognition of labels such as Rainforest Alliance and UTZ Certified. These CSR labels are pioneering the mainstreaming of fair trade in the economy. As for the ‘higher level of ambition’, in practice this will send a negative message to the market, where leading companies such as Douwe Egberts/Sara Lee, Unilever and Mars have set a serious agenda to make their products more sustainable.

A heated discussion blew up about good, better and best. Max Havelaar claimed to have the ‘best’ system. The CSR labels, it said, were just for consumers who are not really serious about opting for sustainability. Apparently, it was not clear that these systems were precisely the ones preferred by companies opting to make their supply chains more sustainable. The bottom line for Solidaridad is that only the impact, the demonstrable difference that systems make to the sustainability of production, says anything about their quality. This sort of highly ideological debate

about differences between systems only brings division and a false sense of competition.

Criteria for a living wage

At Solidaridad’s request, Minister Koenders changed tack, and it was decided that new criteria should be developed alongside the fairtrade criteria, making other systems possible. These have become the living wage/income criteria, which test whether chain initiatives such as UTZ Certified contribute to improving the wages of plantation workers and the incomes of farmers. This approach paves the way for the recognition of multiple initiatives, and so the sustainable public procurement policy contributes to widening and intensifying the attention paid to sustainability right across the market. And NGOs have learned their lesson. It looks as though Oxfam Novib has changed course once and for all and no longer gives exclusive preference to the Fair Trade model.

Nico Roozen



photo Olaf Hammelburg

Internal affairs

Staffing, quality and partnerships

Staffing policy, quality policy, partnerships and institutional fundraising are crucial for any organization that is growing and undergoing big changes. If an organization wants to be strengthened by changes and by growth, then being a learning organization with a motivated and expert staff and a broad financial support base is crucial.

Staff

Staffing policy

Solidaridad is a knowledge-intensive organization and is therefore dependant on well-qualified staff, who must be committed, motivated, innovative and client-friendly. This is the main objective of the Multi-annual Strategic Plan, and is the reason why we devote a lot of attention, time and budget to career development. Learning and career development are a fixed element in our performance interviews. Staff members can apply to follow complementary courses, and we organize internal courses too, in line with an

organization-wide in-service training plan which is reviewed annually.

Staff satisfaction

Once every two years, Solidaridad conducts a job satisfaction survey amongst its employees. The survey consists of questions about a range of labour conditions, including work pressure and the atmosphere at work. All the answers to the questionnaire used in 2008 were processed and followed up in the course of 2009. A new staff satisfaction survey will be conducted in 2010.

Combining business with pleasure: a barbecue on the beach after a training session for staff of Solidaridad and staff and field representatives of UTZ Certified. Staff members get to know each other far better in a relaxed atmosphere, to the benefit of strategic collaboration.



Risk inventory and assessment for staff

Solidaridad further professionalized its policy on labour conditions in 2009, and had an evaluation of the risk inventory and assessment (RI&A) that came out of this done by the Dutch health and safety services (the Arbodienst). The RI&A outlines the risks to employees on the following points: safety in the workplace, safety of the work itself, first aid and accident prevention at work, prevention of sexual intimidation, aggression and violence. The RI&A also outlines the risks for particular categories of employees, such as pregnant employees, and the opportunities employees are given to consult an external expert. The health and safety services tested Solidaridad's RI&A on these points in December 2009 and approved it, albeit with the proviso of a number of points for improvement, which were included in an Action Plan. The main points have already been addressed, and the rest will be addressed in 2010.

A major aspect of the risk policy is the safety of staff members during business trips. The procedure for such trips was sharpened up in 2009. Heads of department as well as the management now make sure that travel is kept as safe as possible. Before departure, staff members are required to obtain approval, as well as to actively go through the security policy. No unsafe situations arose during business trips in 2009.

Organizational changes

Two departments were reorganized in 2009. The Department of Culture, Religion and Society was closed down. Now that Solidaridad is no longer among the charities receiving collections from the Catholic Church, we are no longer involved in developing new Advent campaigns. The handing over of the responsibility for work in the fields of Culture, Religion and Society in developing countries to the regional expertise centres was done earlier than originally planned for. The contracts of the five staff members involved have not been prolonged or have been terminated, with which redundancy arrangements were made.

The far-reaching developments in the field of corporate social responsibility have changed Solidaridad's policy in the field of market development and communication. The work of Solidaridad Business Concepts was brought to an end in 2009 and market development activities were integrated into

a new department of market development and communication, which also covers the areas of market development and research, communication, PR, lobbying and fundraising.

Quality policy

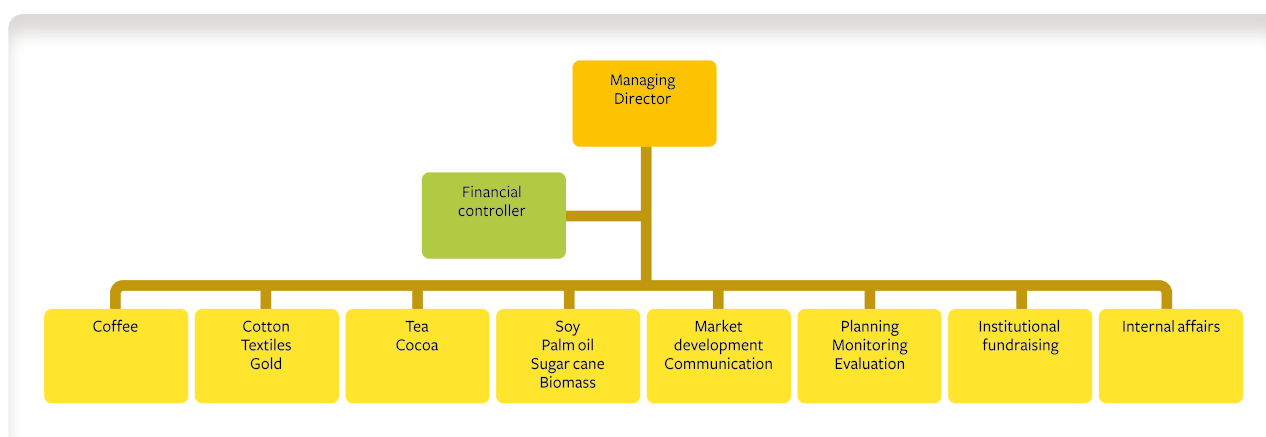
Solidaridad aims for high quality on all fronts. The quality of various aspects of our implementation processes is independently tested by external parties, while the quality of our work approach is certified according to the ISO 9001:2000 norm. Internal audits and external certification provide regular tests of the quality system to see whether it meets the criteria and whether it is still improving.

The Central Bureau on Fundraising (the CBF) monitors all charities in the Netherlands, evaluating their management and policy, and thus promoting transparency in the charity sector. Solidaridad has the CBF-Seal of approval and meets its criteria.

The Dutch Association for Fundraising Organizations (the VFI) is a sector organization of charities that raise money nationally, which aims to increase public confidence in fundraising institutions. Solidaridad subscribes to the principles of respect, reliability, openness and quality laid down by the VFI. Solidaridad is recognized by the Dutch tax administration as an 'institution for general benefit' (ANBI), which means the organization is exempted from endowment tax or inheritance tax on donations or legacies. It also means that donors can deduct their donations to Solidaridad from their tax returns.

Goals for 2009

- To continue improving Solidaridad's PME and quality system.
- To take the first steps towards developing a quality system for the network organization.
- To integrate the international focus on gender into formats and procedures.
- To improve project administration and the project management system.
- To provide continuous stimulus for knowledge exchange



between the RECs and the departments, and to select the best practices and tools for contributing to capacity building.

- To improve on the indicators for society building and cultural projects.
- To systematically organize baseline and impact assessments in the chains.
- To improve the monitoring of customer satisfaction, especially among institutional donors.

Director Solidaridad in Sustainable top 100

Who are the 100 Dutch people that have enough vigour, charisma, contacts, know-how and vision to really make the world more sustainable? Newspaper Trouw, together with broadcasting company Llink, compiled the Sustainable top 100. Solidaridad director Nico Roozen is in 10th place. First are former minister Pieter Winsemius and former Rabobank top executive Herman Wijffels.



The jury judges: “innovator, Solidaridad director Nico Roozen occupies a respectable 10th place in the Sustainable top 100. The founder of the Max Havelaar label has a very high score on the criteria of vigour and innovation in particular. It is striking that Roozen is the only third world person that ranked in the top positions. Roozen is capable of looking across the borders of the development world and of winning large companies over into corporate social responsibility.”

Turning point

In the corresponding interview in newspaper Trouw, Roozen pleads for making brave choices. ‘This is a turning point. If we don’t use the current financial crisis for change, we destroy the world’s potential. Recovery of the old economy would be disastrous.’

Roozen thinks it’s harsh that the environmental problems take root more easily than the social issue. “We’d rather invest in environmental innovation than in a living wage for the seamstresses in the clothing industry. We’re facing enormous problems if we don’t recognize the right on development of the two billion people kept poor. Then we’ll have to build a fort Europe.”

Results

Strengthening quality with ISO 9001

For several years now, Solidaridad has had a professional quality policy which is adapted and improved every year. The organization was certified by ISO 9001 in 2008, and the certification was renewed in 2009. The quality policy lays down clear objectives to guarantee the quality of the organization’s activities. Solidaridad wants not just to do the right things but also to be able to guarantee that they are done in the right way. Our most important customers are our partners, including our financiers. The main processes we undertake are the implementation of projects and programmes, fundraising and communication (including campaigns). Solidaridad’s quality system enables us to manage and improve internal procedures and agreements about the work. The internal process management system is described in an Organization Handbook, and in 2009 all new staff received training in using this handbook. The functioning of the handbook was discussed in meetings with the entire staff, and it became clear that the handbook and the quality system work well in enabling staff to do their jobs properly.



We check and test our quality system with internal audits and a management assessment, as well as with external monitoring: Certiked evaluates us for the ISO 9001 norm, and the CBF tests us for their Seal of approval and for our compliance with the Wijffels Code for Good Governance of Charities. Certiked’s 2009 assessment was very positive, confirming that the quality system has really become part of the organization and that recommendations from previous years have been taken on board. According to Certiked, the internal monitoring of the implementation of the annual plan has been improved, and so has the multi-annual planning of internal audits. We need to continue to pay attention to the usability of the quality system in our day-to-day work. In this respect, Solidaridad aimed in 2009 not only to bring the system in line with all the formal criteria, but also to make it a tool that staff will really find useful in their work.

A start on the strategic plan for 2011-2015

Solidaridad’s multi-annual strategic policy is laid down in the Multi-annual Strategic Plan 2007-2010. In 2009, this plan was the basis for the annual plans. A start was also made in 2009 on the preparation for a new strategic plan for 2011-2015.

As indicated in Solidaridad’s handbooks, the policy discussion was initiated by the management, and an action plan was drawn up together with the PME specialist. First of all, discussions were held with strategic partners, using a range of methods including partner meetings, in-depth consultations and/or bilateral discussions. The next step was for the staff to select the main issues and themes for the coming period, together with our main partners. Four working groups were set up on four themes: beyond certification, smart land use and sustainable agriculture, supply chains, climate and environmental services. In these groups, staff members and

experts did some research into the relevance of the chosen themes for Solidaridad's future strategic plans. A two-day meeting was held in June in which all the working groups presented their findings and recommendations and intensive discussions were held. In September the findings were shared with the directors in the network and in October an initial programme proposal was drawn up. In 2010, the strategic policy process will be rounded off, resulting in the plan for 2011-2015.

Planning and monitoring within the network organization

Every year, our multi-annual strategic plan is translated into an operational annual plan. Whereas this used to take place on the initiative of Solidaridad Netherlands, with input from our partners, it is now much more explicitly a collaborative effort by the regional directors of the expertise centres in the Solidaridad network. For the first time in 2008, the directors' meeting of the Solidaridad network organization was responsible for approving the annual plan for 2009. In 2009, more input for strategic planning came from the network. Directed by the management, Solidaridad staff in Utrecht drew up the annual plan for 2010 in collaboration with regional directors and partner organizations, and a draft plan was high on the agenda of the directors meeting in September. After this discussion, the plans were completed, and then discussed and approved by the board.

The operational annual plans contain concrete objectives and intended results, as well as the activities planned to achieve these results, the partners and the budgets. Plans which are not included in the annual plan are evaluated separately at a later date. Agreements on this are laid down in a document on 'Project management procedure', which includes procedures on partner evaluation, archiving, monitoring and project evaluation. This procedure was revised and sharpened in 2009. Solidaridad also makes use of standard contracts which set out responsibilities, and reporting frequency and criteria. Significant steps were taken in 2009 in terms of the systematic measuring and evaluation of results.

In future, the Regional Expertise Centres will play a greater role in the selection of partners and the implementation of projects. A start has been made on establishing internationally standardized agreements on quality and approach, so as to continue to be able to guarantee quality. In 2009, there was insufficient capacity for this. From 2010, a part-time PME specialist will work on it from the REC in East Africa. Investments will also be made in developing better project management software that can be used throughout the network. Solidaridad hopes to start using the new system in 2010.

Better partner selection

Almost all of Solidaridad's projects are implemented by partners, so partner selection and partner relations are crucial. Solidaridad is constantly in search of new methods of assessing the needs and capacities of partners. In 2009 an instrument was developed for 'Needs Assessment for Producer Organizations'. This is an integrated planning method that

can be used during both the identification phase (identifying a new partner) and the formulation phase (deciding on the content of the collaboration). The method was tested in three new cotton projects in Africa, after which two training sessions were organized for staff in Utrecht, together with staff from partner organizations such as PSO, UTZ Certified and Progreso.

Lessons learned and best practices

Solidaridad is a learning organization and as such pays close attention to the exchange of knowledge both within the Solidaridad network and beyond it. Every project ends with an evaluation which is discussed in the relevant department meeting. Moreover, every programme is discussed every two months in the central staff meeting. A lot of attention is always paid to lessons learned. Solidaridad also tries to conduct regular evaluations. Preparations started in 2009 for programme evaluations in the biomass, soy and textile programmes, the results of which are expected in 2010. Each team initiates its own small evaluations; an example of ongoing research in 2009 is the collaboration with COSA, which includes a cost benefit analysis for the certification of cocoa, gender studies, and impact studies on Fair Trade and UTZ certification.

In 2009, many best practices were inventoried and analysed, in relation to organizational development among producer organizations, for example. Solidaridad was intensively involved in an initiative to collect 'excellent experiences' among producer organizations worldwide and to draw lessons from them, together with the producer organizations. Several exchanges have been organized over the past year, and the results of them have been published online (see: www.progresonetwork.org). Also in 2009, Solidaridad organized workshops and meetings in the Netherlands, such as the expert meeting on unusual partnerships.

Measuring customer satisfaction

In 2008 and 2009, Solidaridad did research on client satisfaction among our financiers. The main conclusions of the research indicated that respondents were generally very satisfied with their collaboration with Solidaridad, and with the good personal relationships and open communication in particular:

“The good personal relations are to a large extent based on the sharing of goals, experiences in the field and mutual respect, open for positive feedback. This makes it easy to work efficiently and effectively”

“Staff are very committed to their work. Open in communication”

Other strong points mentioned were Solidaridad’s extensive expertise, experience and network:

“Solidaridad’s years of experience in fair trade are very clear. Its knowledge of the issues cannot be matched by other organizations.”

“Seeing other actors (referring to industry) as possible partners instead of ‘enemies’”

“I appreciated the networking provided by Solidaridad with other like-minded partners working on supply chains.”

There were suggestions for improvement in the areas of monitoring and evaluation and, in some cases, the management of expectations. A few financiers would appreciate being informed faster about changes taking place in the organization and of changes of plan.

The research was greatly appreciated both by Solidaridad’s own staff and the financiers. Solidaridad has decided to conduct this kind of satisfaction survey every two years. It was also decided during a central staff meeting to conduct a similar survey among our partners. Preparations have been made for this survey, which will take place in 2010.

Impact

We are seeing the first impact of improvements to Solidaridad’s PME policy in 2009. The operational handbook and an ISO 9001-certified quality system are facilitating continuous and systematic improvements to quality. Financiers appreciate Solidaridad’s efforts and proactive attitude regarding their satisfaction levels. The conclusions from the customer satisfaction survey among financiers provided Solidaridad with more insight into strong points and points for improvement. Through the quality system, recommendations are now being translated into an action plan for improvement. The development of a network organization has led to a much greater and more systematic level of input from regional partners in the organization.

Lessons learned

A key lesson has been that setting up the international Solidaridad network requires additional PME capacity. Fortunately, Solidaridad is in a position to make this capacity available in 2010.

Quality improvement continues to demand the attention of the entire organization. The ISO-certified quality system facilitates a systematic approach and continuous improvements, enabling Solidaridad to continue learning from our partners. It also ensures that we invest in PME, which is very important. For example, the development of the Needs Assessment System for partner selection and relations management has generated many new insights that will help us to improve partner relations.

Partnerships and fundraising

Preparing for a new phase

Background

The world of institutional partnerships and fundraising is diverse, and Solidaridad’s partners include governments, international bodies, NGOs, companies, banks and lotteries. All these partners have their own interests and set their own conditions on partnerships with Solidaridad. An important common factor, however, is the growing interest in sustainability in supply chains for raw materials.

Goals for 2009

- To establish new institutional partnerships with organizations.
- To build on existing relationships.
- To expand collaboration with the Dutch Sustainable Trade Initiative (IDH) from cocoa and tea to soy and cotton.
- To prepare to apply for funding from MFS II.
- To submit new applications to the European Union.
- To develop a new multi-annual financing policy.

Opportunities and threats in 2009

Opportunities

- There is increasing interest in sustainability and sustainable supply chains among partners and donors.
- The growth of the Dutch Sustainable Trade Initiative provides opportunities for Solidaridad.

Threats

- Public and private funding is decreasing, due to the economic crisis.
- Competition for funding is increasing.

Results

- New institutional partnerships have been developed with the Adessium Foundation (gold) and Het Groene Woudt foundation (tea).
- Progress has been made in partnerships with Friesland-Campina and Mars. The partnership with the Douwe Egberts Foundation was continued.
- In the tea sector, a partnership grew up with the Dutch Sustainable Trade Initiative. Further progress was made on collaboration on cotton.
- An application was submitted in the first round of MFS II.
- Three applications were submitted to the European Union.
- A strategic multi-annual plan was written for institutional partnerships and fundraising.

Strategic partners

- Ministry of Foreign Affairs/Development cooperation (all programmes)
- Dutch Sustainable Trade Initiative (cocoa, soy, tea and cotton)
- Adessium Foundation (gold)

Lessons learned

The impact of the economic crisis on partnerships and fundraising became visible in 2009, although the long-term effects will only become clear over the next few years. In spite of the crisis, however, Solidaridad expanded our financial basis in 2009. This was possible partly thanks to the development of meaningful partnerships based on cooperation and long-term commitment. Solidaridad's experience is that investing in partnerships not only leads to improvements in financial terms but also to raising the quality of the programmes.

A thorough analysis of the history of Solidaridad's partnerships and fundraising shows that the organization has been highly successful in obtaining Dutch government funding. This is positive, but long-term financial stability depends very much on a broader fundraising basis, making it important to increase the fundraising skills and achievements among the other organizations within the Solidaridad network. This means that Solidaridad must also develop instruments for showcasing the effects of our work and appealing to a broader group of partners.

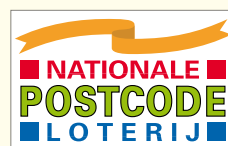
Looking ahead

A number of priorities have been set for institutional fundraising in 2010. One important focus will be efforts to secure MFS II funding from the Ministry of Foreign Affairs. Secondly, the needs of the Regional Expertise Centres will need to be

identified. Our capacity to develop partnerships and raise funds will have to be strengthened. Solidaridad will continue to broaden our financial basis by finding new partners, both within the Netherlands and beyond.

Cheque for Solidaridad

At the Dutch Postcode Lottery's Goed Geld Gala (gala for good money), director Nico Roozen was to receive a cheque for € 1.000.000 with which Solidar-



idad is admitted to the category of multi-annual beneficiaries. Solidaridad can expect such an amount of money in the coming years as well. In the notification, the Dutch Postcode Lottery mentioned that by 'its structural contribution, Solidaridad can help innumerable producers in developing countries to find their ways onto a sustainable market'. Within these new allocations, more attention was paid to sustainable production and consumption. This resulted in funding of the alliance of Fairtrade Original, Max Havelaar and the Dutch association of World Shops of one million Euros as well. Also campaign organization Fairfood received €500.000. In total, the Dutch Postcode Lottery transferred €256.621.614 to her beneficiaries and has become an important financier of projects aimed at challenging sustainability goals.

Management and supervision

Accountability statement

In 2005 the Wijffels committee drew up a 'Code for the good management of charities', known as the Wijffels code. The code contains advice about corporate governance, encompassing issues of management, supervision and accountability in charities. Solidaridad fulfils the requirements of the Wijffels Code.

- Solidaridad also endorses the principles of the new CBF-Seal of approval (CBF-Keur):
- Distinguishing between supervision, management and implementation;
- Optimizing effectiveness and efficiency in spending;
- Optimizing relationships with stakeholders.

- These three principles are set out in an accountability statement.(see below).

The management and supervision principle

The members of the Executive Management Committee (the DB) are chairman Roelf Haan and secretary/treasurer Jan van Hoof. The Management Board (AB) is made up of the DB members and Herman Bloedjes, Bernard Höfte, Marieke Milder, Dick Schoon, Harry Smit and Margarithe Veen.

In 2007, the management board of Solidaridad decided, partly in response to the Wijffels Code, to go over to a supervisory board model. In order to do so, the churches' power to appoint board members had to be terminated. In 2008, the board of the general Synod of the Protestant Church in the

The accountability statement shows that Solidaridad endorses the principles of the CBF-Seal of approval.

Solidaridad

VERANTWOORDINGSVERKLARING

Solidaridad onderschrijft de principes van het CBF-Keur:

- Onderscheid toezicht houden, besturen en uitvoeren;
- Optimaliseren effectiviteit en efficiency van bestedingen; en
- Optimaliseren van omgang met belanghebbenden.

Onderscheid toezicht houden, besturen en uitvoeren

Het Algemeen Bestuur (AB) van Solidaridad draagt de toezichhoudende verantwoordelijkheid, wat tot uitdrukking komt in het vaststellen c.q. goedkeuren van plannen en het houden van toezicht op de uitvoering. Het Dagelijks Bestuur (DB) draagt de bestuurlijke verantwoordelijkheid, dat wil zeggen dat het richting geeft aan de organisatie en zorg draagt voor het adequaat functioneren van de organisatie in het algemeen. Daarnaast is er een directiestatuut opgesteld waarin de door het bestuur gedelegeerde taken en bevoegdheden aan de directie zijn vastgelegd. Het DB voorziet het AB van voldoende informatie om zijn toezichhoudende taak te kunnen uitoefenen. Daarnaast heeft het AB het recht en de plicht om de nodige informatie op te vragen. Externe verantwoording afleggen, oftewel informatie verstrekken over het functioneren en de prestaties over het afgelopen jaar, vindt plaats in het jaarverslag en de jaarrekening. Beide worden door een externe accountant geverifieerd en van een accountantsverklaring voorzien. De accountant heeft de mogelijkheid om verbeter- en aandachtspunten onder de aandacht van het bestuur te brengen. In 2009 zag de accountant geen aanleiding om daar gebruik van te maken.

Het AB bestaat uit ten minste 9 en ten hoogste 21 leden. Leden vanuit de Rooms-katholieke Kerk, de Protestantse Kerk in Nederland en de kleine Protestantse Kerken en de Oud Katholieke Kerk worden benoemd op voordracht van de desbetreffende kerkelijke organen. Bovendien kan het bestuur ten hoogste vier leden benoemen om reden van deskundigheid. Het AB kiest uit zijn midden een voorzitter, een vicevoorzitter, een secretaris en een penningmeester. Deze vormen het DB tezamen met één of twee leden door en uit het AB gekozen. De werving van nieuwe bestuursleden vindt plaats op basis van een profielschets die wordt opgesteld door het bestuur op het moment dat er een vacature ontstaat. De taken en bevoegdheden van beide organen zijn vastgelegd in de statuten en in het huishoudelijk reglement.

Er bestaat een open relatie binnen het bestuur en tussen het bestuur en de directie. In deze goede sfeer worden alle activiteiten, ontwikkelingen en risico's, alsook het functioneren van de organen besproken en geëvalueerd.

Optimaliseren effectiviteit en efficiency van bestedingen

Solidaridad is een lerende organisatie die streeft naar continue verbetering van kwaliteit van haar werk. Om dit te ondersteunen is een kwaliteitmanagementsysteem ontwikkeld, dat zorg draagt voor een geschikte, passende en doeltreffende uitvoering van activiteiten. Sinds begin 2008 is het totale kwaliteitsbeleid vastgelegd en is Solidaridad ISO 9001 gecertificeerd. Periodiek worden toetsingen uitgevoerd, zowel intern als door externe auditoren. De toetsing van begin 2009 heeft niet tot opmerkingen geleid.

Solidaridad maakt in een Meerjarig Strategisch Plan (MJP) inzichtelijk hoe zij haar hoofddoelstelling, missie en visie vertaalt in onderliggende doelstellingen. Het opstellen van het MJP is de verantwoordelijkheid van de directeur, het vaststellen is de verantwoordelijkheid van het AB. Het MJP is uitgangspunt voor de jaarplannen. Jaarplannen zijn een vertaling van het strategisch plan naar specifieke doelstellingen, gewenste resultaten en activiteiten.

Solidaridad

Solidaridad maakt haar doelstellingen meetbaar aan de hand van indicatoren, die zo SMART mogelijk worden geformuleerd. Bij het beschrijven van alle plannen worden kansen- en probleemanalyses gemaakt (SWOT) om randvoorwaarden in kaart te brengen en wordt er rekening gehouden met de evaluatie van het vorige jaarplan. Het DB stelt de jaarplannen vast. In februari schrijven de verantwoordelijken van de verschillende afdelingen een jaarrapportage (over het voorgaande jaar). Hierin wordt beschreven in hoeverre doelstellingen zijn behaald of nog behaald zullen worden. Deze rapportages worden beoordeeld door de directie en het DB is verantwoordelijk voor de uiteindelijke goedkeuring van de rapportages.

Bovengenoemde documenten bevatten zowel de doelstellingen op het gebied van projectbestedingen als op fondsenwerving en uitvoeringskosten (inclusief kosten van beheer en administratie). Solidaridad streeft naar een (redelijk) stabiel percentage kosten fondsenwerving tussen de 10 en 15%, tenzij aannemelijk kan worden gemaakt dat een investering in fondsenwerving in de toekomst voldoende extra inkomsten zal genereren. Doordat Solidaridad niet alleen financier is van projecten, maar juist en vooral ook marktontwikkeling, beleidsbeïnvloeding/lobby en onderzoek doet, zijn de uitvoeringskosten hoger dan bij een projectfinancieringsorganisatie. Solidaridad streeft naar een gezonde verhouding tussen haar uitvoeringskosten en totale lasten. Als maximaal percentage voor de uitvoeringskosten wordt een interne grens van 25% gehanteerd. Deze grens is gesteld naar analogie van de grens die het CBF stelt voor kosten van eigen fondsenwerving. Binnen de uitvoeringskosten streeft Solidaridad naar een zo laag mogelijk percentage beheer en administratie, zonder de kwaliteit van de uitvoering in gevaar te brengen. Een percentage tussen de 1% en 2% wordt als een gezonde verhouding gezien.

Optimaliseren van omgang met belanghebbenden

Solidaridad is erbij gebaat haar diensten zo goed mogelijk af te stemmen op de wensen van haar klanten (achterban, partners, financiers). Communicatie heeft een apart hoofdstuk in het MJP en binnen het jaarplan, waarin de hoofddoelstelling van Solidaridad staat: Solidaridad investeert in externe communicatie om draagvlak en financiële steun te verwerven voor haar eigen werk: handel eerlijk en duurzaam maken. Solidaridad communiceert door haar up-to-date website, het jaarverslag (digitaal en gedrukt), de jaarrapportages naar de grote donoren (gedrukt) en het jaarbericht naar donateurs (gedrukt). In al deze communicatie-uitingen houdt Solidaridad zich aan de gedragscodes van VFI/CBF en onthoudt zich dus van misleidende informatie, vergelijking met andere fondsenwervende instellingen en intimiderend gedrag.

Als er iets niet naar wens verloopt, hoort Solidaridad dat graag. Een klachtenprocedure is daarom onderdeel van haar kwaliteitsbeleid. De klachtenprocedure is door eenieder telefonisch of per mail op te vragen en daarnaast verwijst Solidaridad in haar contracten met partners naar het bestaan van de klachtenprocedure.



Roelf Haan, voorzitter bestuur Solidaridad
Utrecht, 10 november 2009

Netherlands pledged its collaboration. At the beginning of February 2010 the Dutch Bishops' Conference also expressed its approval of the proposed change to the statutes. On 19 February 2010, Solidaridad changed its statutes and formally adopted a supervisory board model.

Management board tasks and responsibilities

In 2009, Solidaridad's Management Board (AB) still played a supervisory role, which in practice meant laying down or approving plans and supervising their implementation. The Executive Management Committee (DB) in 2009 still had management responsibilities, which involved giving direction to the organization and ensuring its overall smooth running. A Management Statute has been drawn up which specifies the tasks and authorities delegated by the board to the director. The DB furnishes the AB with enough information to be able to carry out its supervisory task. The AB also has the right and the obligation to ask for the information it needs. External accountability, i.e. furnishing information about activities and achievements over the past year, is provided through an annual report and the annual accounts. Both are verified by an external accountant and are accompanied by an auditor's

report. The accountant has an opportunity to point out to the board things that could be improved or need attention. In 2009 the accountant saw no need to do so.

Management report 2009

The DB met five times in 2009 and discussed the following issues:

- *strategy*: preparing AB decisions on current issues in church politics, the new statute with a supervisory board model, and the development of the network organization Solidaridad Network;
- *finances*: preparing AB decisions on the budget for 2010, and the annual accounts for 2008;
- *project policy*: approving the various annual plans, discussing project evaluations and the results of the task forces, and the resulting project policy for the next MFS II application;
- *communication policy*: approval of the 2008 annual report, evaluation of the 2008 advent campaign, preparations for the 2009 campaign;
- *staff and internal organization*: discussing quality control,

Position and background of the board members

Name	Position on the board	Church represented	Profession	End of term of office	Main other positions*
Roelf Haan	Chairperson	Protestant Church in the Netherlands	Ex-general manager of the IKON, an ecumenical broadcasting corporation	February 2010	– Chair of the Foundation for the Dom Hélder Câmara chair
Jan van Hoof	Secretary/Treasurer	Roman Catholic church**	Ex-general manager of the FNV trade union federation	June 2011	– Deputy chairperson of the board of trustees of the Zonnehuizen Foundation – Treasurer of the Union History Society
Herman Bloedjes	Member	Roman Catholic church	Ex-director of Philadelphia, an organization for the disabled	January 2011	– Secretary of the board of the national association of wereldwinkels (Fair Trade shops)
Bernard Höfte	Member	Roman Catholic church	Pastoral worker	September 2011	– Chairperson of the Episcopal Advisory Commission for Latin America – Chairperson of Stichting Buurtpastoraat Utrecht (a neighbourhood pastoral organization)
Marieke Milder	Member	Roman Catholic church	Trainer/coach with De Schinkel, an office of the Protestant Church in Amsterdam and owner of Milder Training & Advies	September 2009	– Member of the Episcopal Advisory Commission for Latin America
Dick Schoon	Member	Former management consultation for the small Protestant churches and the Old Catholic church	Old Catholic Bishop of Haarlem	September 2012	– Chairperson of the Collegiate Board of the Old Catholic Church of the Netherlands
Harry Smit	Member	Protestant Church in the Netherlands	Parson of the Protestant parish of Schoorl-Groet-Camp	June 2013	– Board member of the Alkmaar Synod Foundation
Margarithe Veen	Member	Protestant Church in the Netherlands	Parson	May 2010	– Chairperson of the Dutch Friends of Bossey association – Member of the advisory group on Faith and the Church community of the Dutch council of churches – Secretary of The Hague Community of Churches

* The full list of other posts occupied by board members can be obtained from the administration office.

** Members representing the Roman Catholic Church are appointed by the Episcopal Advisory Commission for Latin America

Harry Smit was reappointed in June, on the understanding that he is prepared to give up his seat when the new supervisory board is formed. The reappointment of Marieke Milder has been postponed until the formation of the supervisory board..

staff changes, and the extension of ISO certification and the CBF-Seal of approval.

The management keeps the DB informed on all important matters.

The AB met four times in 2009. The main topics for discussion were:

- *strategy*: relations with the churches, developing the network organization Solidaridad Network;
- *finances*: Annual accounts for 2008 and budget for 2010;
- *projects*: MFS II application 2011-2015;
- *management*: new statutes with the corresponding new supervisory board organizational model;
- *evaluation*: 2008 press releases, 2008 annual report and advent campaign.

Remuneration of the Board

In line with Solidaridad's internal regulations, the members of the Board of the Solidaridad Foundation receive no payment, either monetary or in kind.

(Re)appointment procedure for board members

Recruitment of new board members is based on a profile drawn up by the board when a vacancy occurs.

In order to avoid any confusion of interests and conflict about the impartiality of the board members, neither the board nor the management is allowed to include close family members or comparably close relations. The members of the board may not be employees of the foundation, nor should they be board members, founders, shareholders, supervisors or employees of any organization with which Solidaridad regularly does business involving monetary transactions. The board guards against any confusion of interests between the foundation, its management and board, and its employees. Every board member is required to sign a written statement in accordance with the guidelines of the Central Bureau on Fundraising (CBF).

The table on page 73 shows the board members, their positions, the churches they represent, their professions, their terms of office and their other main positions in 2009.

Director

Nico Roozen is director of the foundation. A Management statute has been drawn up which specifies the tasks delegated by the board to the director. The board evaluates the director's performance every year. Nico Roozen is also director of Solidaridad Business Concepts B.V. and the Impunity Watch Foundation (this was until 28 February 2009). He is also chairperson of the board of Commissioners of Kuyichi Europe B.V.; chairperson of the board of the MADE-BY foundation; a member of the advisory board of SAI (SA8000); chairperson of the board of the UTZ Certified foundation and a member of the stakeholders' advisory group of the Business Social Compliance Initiative (BSCI).

Remuneration of the director

On the basis of integral management, the director is ultimately responsible for the entire organization, and in 2009 he received a gross salary of € 91,425 (2008: € 85,600).

This gross annual salary is fixed in accordance with Solidaridad's salary structure and tested against the Advisory Regulations on the remuneration of directors of charities (VFI, 7 December 2005). Solidaridad's director's salary is well below the maximum advised by the Advisory Regulations.

The optimal use of resources principle

Solidaridad aims for an optimal use of resources through:

- the assessment and approval of the multi-annual strategic plans and the annual plans and budgets by the board;
- the assessment of the performance of the organization and of its internal control system (ISO-9001) by an external certification agency and
- monitoring of the annual accounts by means of an annual audit by an external accountant. The conclusions of the audits for 2009 have been discussed with the Treasurer and reported to the board.

Organization and environment

Solidaridad limits the environmental impact of its work as far as possible by means of including reusing items, using sustainable products (e.g. office supplies with a green label, energy-saving equipment, green energy, organic lunch and sustainable coffee), recycling paper, printing and copying on two sides of the page, and putting computers on standby mode.



Financial report

Analysis of the results for 2009 compared with 2008 and the budget for 2009

The income from our own fundraising fell by € 616,000 compared with 2008 and by € 143,000 compared with the budget for 2009, due to a drop in donations from companies and other organizations. The fall with respect to 2008 is due to a one-off donation in 2008 of € 1,150,000 made by COHAN Foundation for a ten-year Haiti programme. Other donations rose by € 534,000 in comparison with 2008. Part of the budgeted donations in 2009 will only take place in 2010, as a result of which there was a shortfall in the 2009 budget. Contributions from other organizations in 2009 were roughly equal to the budgeted amount but less than in 2008. The further cuts in the financing of the coffee programme had been allowed for in the budget. Income from subsidies was € 3,203,000 up on 2008 but € 975,000 less than in the 2009 budget. Some of the amounts in the subsidy budget were not realized in 2009 but are due to be received and spent in 2010. The increase with respect to 2008 is primarily due to the new subsidies promised by Irish Aid and the Schokland fund. Income from investments was more than budgeted because of increased interest income associated with an improved liquidity position, and the capital gain on the equity portfolio with the ASN Bank.

Expenditure on the aims was € 2,633,000 more in 2009 than in 2008 but € 1,386,000 less than budgeted. Many new financing schemes were started in 2009, which explains the increase when compared with 2008. However, the financing in question was only received towards the end of 2009 in some cases and could not therefore be spent in full in 2009. In such cases both the income and the expenditure will be allocated to 2010; consequently, it seems as if the 2009 budget has not been met.

All the above-mentioned shifts resulted in a surplus in the income and expenditure statement for 2009 of € 489,408 (€ 920,205 in 2008). The sum of € 325,000 needs to be taken from this surplus and added to the reserve for financing assets for aims while € 196,325 needs to be added to the designated fund for participating interests. The sum of € 33,450 is taken from the designated fund for Haiti and € 16,886 can be taken from the reserve for financing operational assets. The result after the allocation of the surplus for 2009 is € 18,419.

Multi-annual overview

The overview below shows the results for the past five years (in euros).

INCOME	2009	2008	2007	2006	2005
Income from own fundraising	3,734,673	4,350,492	3,967,652	2,837,410	2,332,060
Other income	11,086,303	8,261,818	9,537,566	6,221,806	4,539,899
Total income	14,820,976	12,612,310	13,505,218	9,059,216	6,871,959
EXPENDITURE					
Information/awareness raising	360,716	647,733	392,600	321,702	442,149
Structural aid	13,305,948	10,385,654	12,268,552	8,063,947	5,887,550
Total expenditure on aims	13,666,664	11,033,387	12,661,152	8,385,649	6,329,699
Total expenditure on income generation	515,072	512,762	408,000	369,891	281,547
Management and administrative costs	149,832	145,956	129,739	100,058	76,442
Total expenditure	14,331,568	11,692,105	13,198,891	8,855,598	6,687,688
Surplus	489,408	920,205	306,327	203,618	184,271

Total income has risen considerably compared with 2008 and when compared with 2005. The most significant growth has been achieved in government subsidies. Nearly all this increase has been spent on structural aid. The growth in the organization means an annual surplus is needed to keep the continuity reserve at the right level, as the size of the continuity reserve is related to the overall operating costs.

Key figures

The Dutch Central Bureau on Fundraising (CBF) considers the costs of the organization's own fundraising expressed as a percentage of the income from its own fundraising to be a key indicator in its assessment of the degree of support fundraising institutions should be given. The indicator shows what proportion of the proceeds from fundraising is used to generate these funds. Solidaridad aims for a (fairly) stable proportion of between ten per cent and fifteen per cent, unless it can be demonstrated that an investment in fundraising will generate sufficient additional income in the future. The overview below shows the income and costs along with the actual percentages for the past five years. All the percentages are (well) below the maximum of 25 per cent set by the CBF.

	2009	2008	2007	2006	2005
Income from own fundraising	3,734,673	4,350,492	3,967,652	2,837,410	2,332,060
Costs of own fundraising	357,039	405,930	303,608	291,706	281,547
<i>Costs as a percentage of the income from own fundraising</i>	<u>9.6%</u>	<u>9.3%</u>	<u>7.7%</u>	<u>10.3%</u>	<u>12.1%</u>

The CBF recommends calculating the spending ratio to give insight in overall expenditure. This percentage shows what proportion of total income is spent directly on the aims. Solidaridad strives to have the highest possible spending ratio without endangering the quality of its operations. The CBF has not set a minimum, as this percentage depends heavily on the kind of organization. The overview below shows the amounts spent on the aims and the resulting spending ratios for the past five years.

	2009	2008	2007	2006	2005
Amount spent directly on objectives	11,392,908	9,408,612	11,114,680	7,105,953	5,183,705
Total income	14,820,976	11,688,710	13,505,218	9,059,216	6,871,959
<i>Spending ratio</i>	<u>76.9%</u>	<u>80.5%</u>	<u>82.3%</u>	<u>78.4%</u>	<u>75.4%</u>

2010 budget

The budget for 2010 was adopted in the management board meeting of 8 December 2009. A summary of the income and expenditure statement for this budget is shown below (in euros).

INCOME	2010 budget	2009 budget
Income from own fundraising	2,954,000	3,877,000
Income from activities by third parties	350,000	350,000
Government subsidies	11,971,500	11,458,000
Income from investments	50,000	50,000
Totaal baten	15,325,500	15,735,000
EXPENDITURE		
Expenditure on aims		
Information/awareness raising	317,000	454,000
Structural aid	14,587,000	14,599,000
	<u>14,904,000</u>	<u>15,053,000</u>
<i>Income generation</i>		
Costs of own fundraising	341,000	371,000
Costs of activities by third parties	3,500	44,000
Costs of acquiring government subsidies	210,000	108,000
Costs of investments	–	500
	<u>554,500</u>	<u>523,500</u>
<i>Management and administration</i>		
Management and administrative costs	167,000	158,500
Total expenditure	15,625,500	15,735,000
Result	–300,000	–

High on the agenda for 2010 is the further extension of a network organization with partners in Asia, Africa and Latin America. Links will be established between the expertise centres that have already been set up in China, India, Southern Africa, East Africa, the Andes, South America and Central America and a new expertise centre will be opened in West Africa. In building this network organization, Solidaridad is achieving a step-up in quality by sharing policy development more with its partners in the South. This will allow better use of the expertise of local partners.

Income from our own fundraising is expected to grow in 2011 and then remain stable over the coming years. A substantial increase is expected in other income in 2011, in particular government subsidies, as the new contributions from the Ministry of Foreign Affairs' co-financing system start to come in. This additional income will be used almost entirely to fund expenditure on the aims.

Multi-annual budget

The following multi-annual budget shows the consequences of these expected developments.

INCOME	2010	2011	2012	2013	2014
Income from own fundraising	2,954,000	4,000,000	4,000,000	4,000,000	4,000,000
Other income	12,371,500	15,000,000	16,000,000	17,000,000	18,000,000
Total income	15,325,500	19,000,000	20,000,000	21,000,000	22,000,000
EXPENDITURE					
Information/awareness raising	317,000	470,000	475,000	480,000	485,000
Structural aid	14,587,000	17,825,000	18,810,000	19,795,000	20,785,000
Total expenditure on aims	14,904,000	18,295,000	19,295,000	20,275,000	21,270,000
Total expenditure on income generation	554,500	535,000	540,000	545,000	545,000
Management and administrative costs	167,000	170,000	175,000	180,000	185,000
Total expenditure	15,625,500	19,000,000	20,000,000	21,000,000	22,000,000
Shortfall/surplus	- 300,000	-	-	-	-

Projects

In 2009 support was given to projects for an overall sum of € 11,318,369, consisting of € 11,254,828 for structural aid and € 63,541 for information. The following table shows the geographical distribution per continent.

In Latin America, aid was given to projects in Argentina, Bolivia, Brazil, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Paraguay and Peru.

In Africa, aid was given to projects in Benin, Burkina Faso, Burundi, DR Congo, Ethiopia, Ghana, Ivory Coast, Kenya, Malawi, Mozambique, Senegal, Tanzania, Uganda, Zambia and South Africa.

In Asia, aid was given to projects in Bangladesh, China, India, Indonesia, Malaysia, Pakistan, Papua New Guinea, Sri Lanka and Vietnam.

	2009	2008
Latin America	4,534,376	3,464,072
Africa	3,671,671	2,867,766
Asia	2,115,760	1,299,313
Serbia	-	62,250
The Netherlands: for the benefit of developing countries	996,562	1,354,019
Total	11,318,369	9,047,420

Policy on assets and investments

Solidaridad finances projects to the tune of around €11 million, with funding coming from a variety of different sources: contributions from churches, private donations, donations from companies and institutions, and contributions from government bodies. Solidaridad has a buffer of assets worth about €2 million, should there be an unexpectedly large drop in income. The Dutch Association of Fundraising Organizations (VFI) has stated in its Guidelines on the Reserves of Charities that it is advisable to create a reserve in order to ensure the continuity of support for the organization's aims. This continuity reserve may not exceed one and a half times the organization's annual operating costs. The operating costs for Solidaridad were €2,725,434 in 2009, giving a maximum permitted continuity reserve of €4,088,151. The continuity reserve stood at €1,986,474 at year-end 2009, giving a reserve of 0.73 times the organization's annual operating costs.

Resources that cannot immediately be usefully deployed for our aims (preparation and implementation always take time) are invested. Solidaridad's partners, suppliers and staff need to be sure that Solidaridad will always be able to meet its payment obligations. Donors and other funders must be able to take it for granted that money donated to Solidaridad is in good hands. As a consequence, it is extremely important that Solidaridad's assets are managed responsibly. Investment rules have been drawn up for this purpose. These rules also ensure that Solidaridad complies with the VFI's Guidelines on the Reserves of Charities. It was decided to manage the assets internally, in view of the costs and taking into account the portfolio's limited volume and complexity. The management board has the final responsibility for the policy defined in the investment rules as well as for the management of the assets. The director is responsible for the day-to-day implementation of the policy and asset management.

Solidaridad restricts its investments to savings accounts and deposits with socially responsible banks. In addition to these forms of short-term investment, longer-term investments are made in the context of Solidaridad's aims. These investments are in funds belonging to banks that devote themselves to promoting a more sustainable and ethical society. The funds chosen are ones where the bank in question ensures an optimum spread of risks. The multi-annual overview below shows the development in the capital value of the investments.

INCOME	2009	2008	2007	2006	2005
Value on 1 January	382,120	490,112	496,208	468,640	420,912
Purchases	—	—	—	—	—
Reinvested dividend	5,164	3,961	1,905	3,650	3,561
Price gain/loss	49,089	– 111,953	– 8,001	23,918	44,167
Value on 31 December	<u>436,373</u>	<u>382,120</u>	<u>490,112</u>	<u>496,208</u>	<u>468,640</u>
Cash dividend received	<u>14,928</u>	<u>13,845</u>	<u>6,755</u>	<u>6,511</u>	<u>7,751</u>
Investment costs	<u>—</u>	<u>—</u>	<u>384</u>	<u>373</u>	<u>353</u>

The most recent purchases were made in 2001, and there have been no sales in the last five years either. The funds lost nearly a quarter of their value in 2008, partly as a result of the credit crisis in the Netherlands, however they recovered to some extent in 2009. The average return on investment over the past five years is about three per cent per annum (one per cent when averaged over the five years to year-end 2008).

Balance sheet on 31 December 2009

(in euros and after the allocation of surpluses)

The complete 2009 annual accounts can be requested from the secretarial office.

ASSETS	2009	2008
Tangible fixed assets	64,140	81,026
Financial fixed assets	2,059,090	1,537,765
	<u>2,123,230</u>	<u>1,618,791</u>
Receivables, prepayments and accrued income	871,559	528,289
Stocks and shares	452,583	397,896
Cash at banks and in hand	6,601,265	5,683,543
	<u>7,925,407</u>	<u>6,609,728</u>
Total assets	<u>10,048,637</u>	<u>8,228,519</u>
LIABILITIES	2009	2008
<i>Reserves and funds</i>		
<i>Reserves</i>		
– Continuity reserve	1,986,474	1,968,055
– Reserve for financing operational assets	64,140	81,026
– Reserve for financing assets for aims	1,730,703	1,405,703
	<u>3,781,317</u>	<u>3,454,784</u>
<i>Funds</i>		
– Designated fund for participating interests	328,387	132,062
– Designated fund for Haiti	890,150	923,600
	<u>1,218,537</u>	<u>1,055,662</u>
	<u>4,999,854</u>	<u>4,510,446</u>
Long-term debts	90,756	136,134
Short-term debts	4,958,027	3,581,939
Total liabilities	<u>10,048,637</u>	<u>8,228,519</u>

Statement of income and expenditure in 2009

(in euros)

INCOME	actual 2009	budget 2009	actual 2008
Income from own fundraising	3,734,673	3,877,000	4,350,492
Income from activities by third parties	368,777	350,000	1,127,395
Government subsidies	10,483,062	11,458,000	7,280,123
Income from investments	288,139	50,000	74,525
Other income	– 53,675	–	– 220,225
Total income	14,820,976	15,735,000	12,612,310
EXPENDITURE	actual 2009	budget 2009	actual 2008
<i>Expenditure on aims</i>			
Information/awareness raising	360,716	454,000	647,733
Structural aid	13,305,948	14,599,000	10,385,654
	<u>13,666,664</u>	<u>15,053,000</u>	<u>11,033,387</u>
<i>Income generation</i>			
Costs of own fundraising	357,039	371,000	405,930
Costs of activities by third parties	8,872	44,000	39,944
Costs of acquiring government subsidies	149,161	108,000	66,888
Costs of investments	–	500	–
	<u>515,072</u>	<u>523,500</u>	<u>512,762</u>
<i>Management and administration</i>			
Management and administrative costs	149,832	158,500	145,956
Total expenditure	14,331,568	15,735,000	11,692,105
Result before allocation of surpluses	489,408	–	920,205
Reserve for financing operational assets	16,886	–	–1,552
Reserve for financing assets for aims	–325,000	–	–750,000
Designated fund for Haiti	33,450	–	–923,600
Designated fund for participating interests	–196,325	–	163,975
Result after allocation of surpluses	18,419	–	– 590,972

Overview of cash flow in 2009

(in euros)

	2009	2008
<i>Cash flow from operating activities</i>		
Surplus from the statement of income and expenditure	489,408	920,205
Depreciation	28,751	26,269
Changes in working capital:		
– short-term receivables	– 343,270	1,102,218
– short-term debts	1,376,088	– 342,933
	<u>1,550,977</u>	<u>1,705,759</u>
<i>Cash flow from investment activities</i>		
Investments in tangible fixed assets	– 11,865	– 27,821
Investments in financial fixed assets	– 521,325	– 586,025
Changes in stocks and shares	– 54,687	107,992
	<u>– 587,877</u>	<u>– 505,854</u>
<i>Cash flow from financing activities</i>		
Changes in long-term debts	– 45,378	– 45,378
Changes in cash at banks	<u>917,722</u>	<u>1,154,527</u>
<i>Cash at banks</i>		
Balance on 1 January	5,683,543	4,529,016
Position on 31 December	6,601,265	5,683,543
Changes in cash at banks	<u>917,722</u>	<u>1,154,527</u>

The amount of cash at banks had increased at year-end 2009 compared with year-end 2008. The positive cash flow from operating activities was caused by a rise in the amounts paid in advance (under short-term debts). In 2009, Solidaridad had already received the 2010 subsidy payments for a number of projects. The negative cash flow from investment activities was caused by a loan of € 325,000 made to Kuyichi Europe B.V. and an extra contribution to the share capital of AgroFair Europe B.V.

General notes to the accounts

General

The complete 2009 annual accounts can be requested from the secretarial office (see also page 80).

Guidelines for Annual Reporting

The annual accounts have been drawn up in accordance with the Guidelines on Reporting by Fundraising Institutions (Guideline 650). This Guideline is part of the Guidelines for Annual Reporting produced by the Council for Annual Reporting.

Foreign currency

Assets and liabilities in foreign currencies were converted at the exchange rate on the balance sheet date. The items in the income and expenditure statement were converted to euros at the exchange rate applying when the transactions took place.

Accounting policies relating to valuation and the determination of the result

Tangible fixed assets

The operating assets are valued at purchase price less annual straight-line depreciation based on the expected useful economic life. Purchases made in the reporting year are depreciated depending on their time in possession.

Financial fixed assets

The advance payments and loans are valued at their nominal value, taking into account potential uncollectibility where relevant. Non-consolidated participating interests on which significant influence can be exercised are valued at their share in the net equity value in accordance with the accounting policies for these annual accounts.

Receivables

The receivables are valued at their nominal value, taking into account potential uncollectibility where relevant.

Stocks and shares

The investments listed on the stock exchange and other investments are valued at their market value. The realized and unrealized price gains and losses are entered in the statement of income and expenditure.

Other assets and liabilities

All other items in the balance sheet are valued at their nominal value.

Income and expenditure

Income is accounted for in the year it refers to. Expenditure is determined taking into account the valuation policies described above and is allocated to the reporting year it refers to. Losses are taken into account in the year in which they are anticipated. Income from inheritances is only accounted for in the year in which the size of the inheritance can first be reliably determined.

Specification and breakdown of costs by category

The size and nature of the costs can be specified as follows.

	Aims		Generating income				Manage- ment and administra- tion	Total 2009	Budgeted 2009	Total 2008
Expendi- ture	Structural aid	Informa- tion/ awareness raising	Fundraising	Activities by third parties	Subsidies	Invest- ments				
Contribu- tions to projects	11,254,828	63,541	–	–	–	–	–	11,318,369	12,652,500	9,047,420
Communi- cation	–	74,539	213,226	–	–	–	–	287,765	310,000	668,777
Staff	1,665,165	180,743	116,752	7,203	121,093	–	121,639	2,212,595	2,128,500	1,462,489
Travel expenses	106,193	11,527	7,446	459	7,723	–	7,757	141,105	200,000	156,318
Accommo- dation	147,351	15,994	10,331	637	10,716	–	10,764	195,793	211,000	204,995
Office/ general	110,773	12,024	7,767	479	8,055	–	8,092	147,190	173,000	125,837
Deprecia- tion	21,638	2,348	1,517	94	1,574	–	1,580	28,751	60,000	26,269
	13,305,948	360,716	357,039	8,872	149,161	–	149,832	14,331,568	15,735,000	11,692,105

Clarification of cost allocation

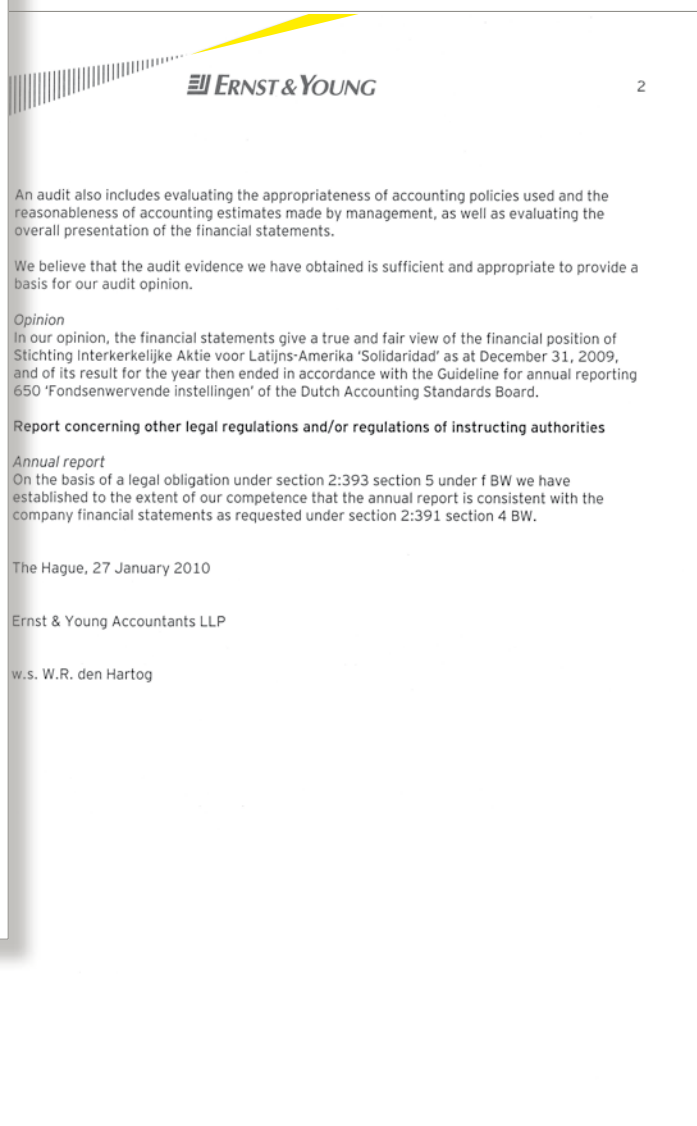
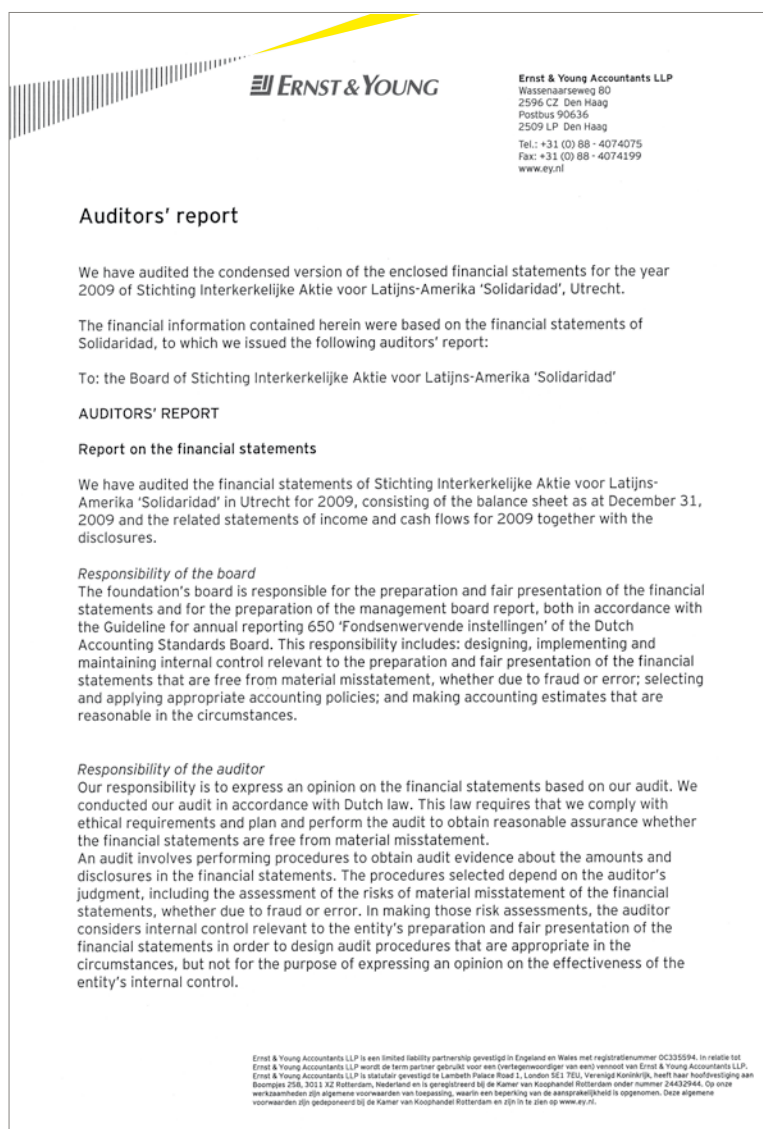
The implementation costs are allocated to the various cost categories. The calculation method for 2009 is the same as in 2008. Each employee's job description is used to determine what part of his/her work concerns each of the various categories. The general costs are then allocated using the same percentage distribution as for the staff costs.

The following staff costs have been allocated to the management and administrative costs: the director for 0.25 FTE, the financial controller for 0.5 FTE (including HRM and internal affairs), the administrator for 0.75 FTE and the quality manager for 0.125 FTE.

Number of employees

On average, there was the equivalent of 29.5 full-time employees working for the foundation during the 2009 financial year (22.0 in 2008).

Auditor's report





This woman coffee farmer from Kenya has just finished coffee harvest and empties her bag with coffee berries for processing. She is registered with the Kenyan coffee cooperative Tekangu. Her cooperative has successfully certified according to the UTZ Certified standard. She works with new production methods that increase the productivity on her small piece of land and improve coffee quality. That is why she sells more coffee for a better price. Her living and labour conditions have improved as well, and the coffee farming and processing happens more environmentally friendly. Solidaridad facilitates this all.

Many large coffee roasters pay attention to the origin and the conditions of coffee production. Sustainable production increasingly is the standard, also in many other sectors. Solidaridad links supply and demand and works on international chains for sustainable production and consumption of coffee, tea, cocoa, fruit, cotton, textiles, gold, soy, palm oil, sugar cane and biomass. Solidaridad can only do this together with producers, civil society organizations, companies, governments, and private and institutional donors.

Bank account number 180 4444
Solidaridad, Utrecht

Solidaridad

www.solidaridad.nl

www.solidaridadnetwork.org (online as from May 2010)