

Solidaridad Annual report 2010



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Solidaridad

t Goylaan 15, 3525 AA Utrecht, Netherlands
 tel: +31 (0)30-272 03 13
 info@solidaridad.nl
www.solidaridad.nl
www.solidaridadnetwork.org

Bank account for donations: IBAN: NL45 RABO 0129 9111 51; BIC/SWIFT: RABONL2U



Sustainability makes the difference

Market processes must deliver socially desirable outcomes, but this will not happen automatically.

10



Evaluation raises the quality

Planning, monitoring and evaluating projects are indispensable elements in Solidaridad's work.

12

Demand for responsible coffee continues to grow

In 2010 the Dutch coffee sector announced that it will raise the proportion of certified coffee on the Dutch market to 75 per cent by 2015. The rising demand presents opportunities for smallholders.

18



photo H.P. Alting von Geusau



photo Siddharth Tripathy

More than 16,000 soy farmers trained

Field studies in India show that the farmers' soy yields have risen by thirty per cent and their use of inputs has fallen.

28



Towards Good Gold

No other campaign illustrates the market development and communication tools better than the gold campaign. Some of the campaign tools had never been used before by Solidaridad, such as social media.

44

New supervision, broader basis, same mission

Solidaridad is always receptive to the need for internal changes in its organization and policies. The Dutch office has been integrated into a network structure of independent regional offices. A change in Solidaridad's charter brings its legal form into line with current practice and the requirements of an efficient and professional organization.



photo Laura Conde van Veldhuizen

2010 was the year when the first bales of Better Cotton were harvested, the Bonsucro standard was adopted, the successful Towards Good Gold campaign was launched, and the coffee sector promised that at least 75 per cent of the coffee consumed in the Netherlands in 2015 will be certified sustainable. In this annual report you can read about last year's achievements and the lessons learned for each of our programmes.

During the past year Solidaridad introduced a number of changes, not only in our programmes but also in the organization itself. The Dutch office has been integrated into the joint strategy to be further developed within a network structure of nine independent regional offices. Mutual input from the regions opens up new and promising opportunities – the whole is indeed more than the sum of the parts.

A second change is the alteration to Solidaridad's legal form. For decades support for our organization has come from the Catholic, Old Catholic, Reformed, Mennonite, Remonstrant and Lutheran communities. The Protestant Church in the Netherlands ended its working relationship with Solidaridad some years ago. At the beginning of 2010 the Roman Catholic Bishops' Conference took over the management of the Advent campaign, which Solidaridad had run for forty years. Both churches recently approved a change in Solidaridad's charter to bring its legal form into line with current practice and the requirements of an efficient and professional organization. This is described in more detail in the chapter on supervision, management and organization.

Solidaridad is always receptive to the need for internal changes in its organization and policies when our external goal demands them. The 2010 charter sets out the principles underlying this position: "The Foundation has close ties with the ecumenical tradition which draws on the Christian faith to work for justice in economics, politics and culture, and for the preservation of the Creation. It asserts the principles of peace and freedom, and enters into alliances with partners who work for social justice and sustainability from within their own religious and cultural traditions."

Roelf Haan
Chair of the Supervisory Board

By photo: A farming family from Parana, Brazil, on their soy field. Solidaridad is helping them to increase their yield, reduce pesticide inputs and protect the natural environment.

photo Leonardo Melgarejo

Vision and strategy

Family farms are responsible for much of the food produced in the world and are an important target group for Solidaridad's work in Latin America, Asia and Africa. They provide many jobs and bring much income to rural areas. Smart and sustainable land use by family farmers can feed the world – even in 2050, when there will be nine billion mouths to feed. Solidaridad's vision and strategy for these and other issues are set out in this chapter.



Solidaridad in brief

Solidaridad's mission is to combat structural poverty and promote peace and justice. Sustainable economic development can make a major contribution to fulfilling this mission. Solidaridad's programme is founded on the following principles:

- There is only one earth, which we borrow from our children
- Poverty is degrading and must be eradicated.
- A fair balance between 'growth' and 'distribution' can only be secured if the poor themselves are the agents of development.

Vision

Sustainable production in agriculture, mining and industry, coupled with fair trade practices, can make a substantial contribution to combating poverty and conserving the natural environment. If people in developing countries are to have decent livelihoods, they must have the opportunity to earn a living wage under humane working conditions. This is also a condition for ending the overexploitation of scarce natural resources.

Goal

Solidaridad's goal is to support producer organizations, civil society organizations and companies in developing countries that want to structurally combat poverty and the destruction of the natural environment. The Foundation endeavours to do this by:

- Strengthening producer organizations and civil society organizations in developing countries that work for the sustainable development of their economies;
- Involving companies, financial institutions and investors in developing trade chains that add value for producers through fair trade practices and corporate social responsibility;
- Creating support for sustainable economic development, especially among citizens and consumers, through information provision and awareness raising activities.

International organization

Solidaridad's international network of nine regional centres throughout the world became a reality last year. The network organization as a whole bears responsibility for developing and implementing policy. Our local partners – with their knowledge and experience rooted in their own societies – are expressly involved in the policy-making process and given responsibility for carrying it out. This strengthens local policy-making capacity in developing countries.

Working method

Solidaridad works to create sustainable production chains from the producer to the consumer. This enables producers in developing countries to adopt more socially and environmentally responsible production systems and obtain higher prices for their products. They are then better able to gain access to credit and investment capital and improve their position on local and world markets. Solidaridad seeks to combine grants and donations, bank credits and investment capital to achieve optimal development impact. Public-private partnerships are a good means for achieving this as they are vehicles for collaboration between civil society organizations, companies and banks.

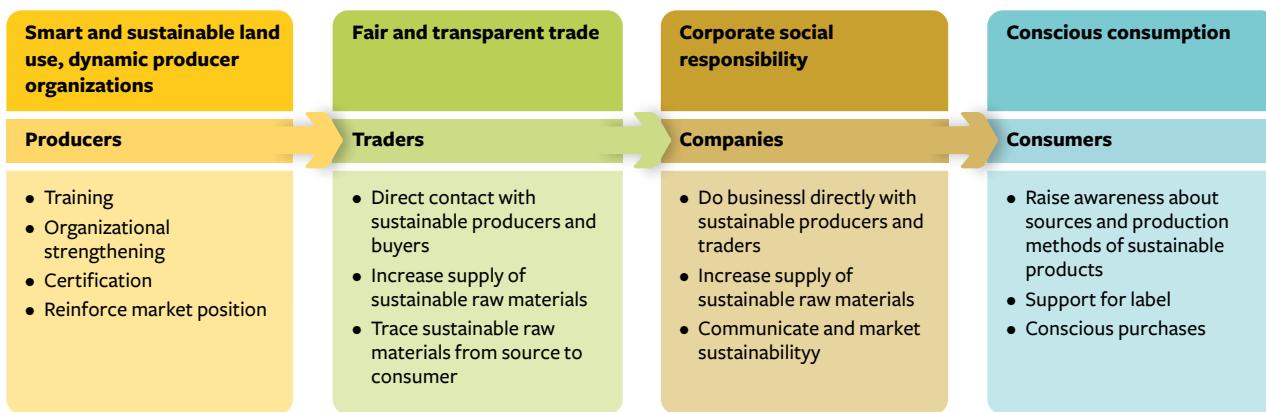
Initiatives by Solidaridad

- 1987-1988 Founder of **Max Havelaar** and market introduction of the Max Havelaar label, the first fair trade label for coffee.
- 1991 Co-founder of the network organization for fair-trade initiatives in Europe, culminating in the establishment of **Fairtrade Labelling Organizations International (FLO)**.
- 1996 Founder of **AgroFair BV**, the first fair trade fruit company. AgroFair is now the biggest fair trade company in Europe. Introduction of fair trade bananas.
- 2001 Founder of **Kuyichi BV**, the first fair trade fashion brand.
- 2002 Co-initiator of the UTZ Kapeh Foundation, now **UTZ Certified**, a CSR label for sustainable coffee and now also for tea and cocoa.
- 2004 Initiator of the **Made-By Foundation**, an alliance of fashion brands for making the production chain more sustainable.
- 2006-2010 Co-initiator and member of **round tables** for soy (RTRS), palm oil (RSPO), cane sugar (Bonsucro) and cotton (BCI).

Sustainable market

Sustainable development will have to be driven by the market. This means that the sustainability process must be carried forward by market players, such as companies and producers, and supported by market processes, such as pricing that reflects the social and ecological costs of production and the value of natural and ecological resources. The sustainable

Development of sustainable production and supply chains



market will be created through interaction between companies committed to corporate social responsibility, within the framework of good governance and a democratic and transparent public sector backed by the active involvement of civil society organizations.

Market development

There is a momentum of change. For many years the sustainability agenda has been driven by consumers making conscious choices. These choices have been made possible and visible by consumer labels like Fair Trade and Eko. The sustainability agenda has now been embraced by many more companies, who are taking responsibility for the provenance of their products and see sustainability as a precondition for the continuity of their business. Corporate social responsibility is gaining ground, supported by 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 strengthened by the emergence of sector-wide initiatives like the round tables. These are forums in which agreements are made to ban certain unacceptable practices, such as the unbridled expan-

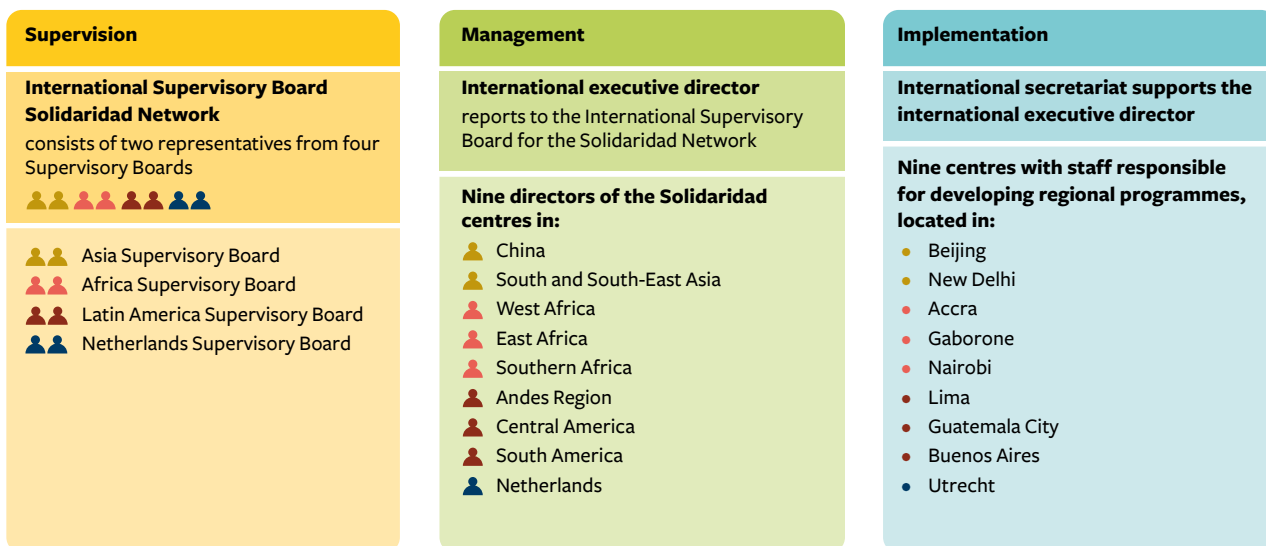
sion of land use for production at the expense of tropical rainforests.

Consumers, companies and sectors interact in what Solidaridad calls the pyramid of change, in which innovation and change take place at all three levels. Consumers make choices, companies take on responsibilities and sectors define criteria for good practices. The three levels reinforce each other, stimulating the sustainability process and preventing free riding and shifting costs and impacts onto people and the environment.

Innovative and proactive

Solidaridad has developed into a specialized organization for sustainable development with a long track record as a force for innovation. A feature of Solidaridad’s organizational culture and strategy is its capacity to learn and to anticipate and respond to new trends and market opportunities.

Solidaridad network



Solidaridad network: highlights in 2010

It was the year of sustainable coffee, of the first Fairtrade Fairmined gold and of the approved standard for responsible soy. The directors of the nine Solidaridad offices report briefly on the highlights in their regions in 2010.

Sustainable product supply chains in Asia

“In 2010 Solidaridad worked on the development of sustainable supply chains in Asia. In Indonesia, we collaborated with Business Watch and the Indonesian Tea Board to develop the first national standard for sustainably produced tea. In the coming year the four biggest tea brands will run a pilot project to test this standard. In the textile programme Solidarid launched a project with the Mother Earth retail chain to promote responsible working practices in Indian textile factories. I am confident that the new markets will be the drivers of the second generation CSR.”

Shatadru Chattopadhyay, *Solidaridad South-East Asia*

New sugarcane projects

“Last year Solidaridad Southern Africa consolidated its position and was very pleased to welcome Pat Brenchly as head of the Commodity Business Support Centre (CBSC). Pat coordinates the regional activities in the sugarcane sector. In the first year of the BCSC we were able to take part in a project for sugarcane farmers in Malawi, in which our partners SuikerUnie and Delicia also participated. We are looking forward to adding new sugar projects to our portfolio this year.”

Rory Petre, *Solidaridad Southern Africa*

Mobilizing local partners

“Solidaridad China continues to make progress in mobilizing local partners to promote sustainability in the agricultural sector, a sector which has long been ignored by the Chinese and the international community. In collaboration with the relevant Chinese trade associations, Solidaridad helped local stakeholders to set up China’s first national working groups on sustainable soy, cotton and tea production. Supported by Solidaridad, the China Tea Marketing Association is developing sector-wide guidance on sustainable tea.”

Martin Ma, *Solidaridad China*

Sustainable coffee

“If 2009 went down as the year of the breakthrough in the cocoa sector, then 2010 will be known as the year of sustainable coffee. In the autumn the coffee roasters association declared that by 2015 at least 75 per cent of the coffee consumed in the Netherlands will be certified sustainable. This fantastic achievement was made possible by Solidaridad’s pioneering role in the development of Max Havelaar, Eko and UTZ Certified. Solidaridad is working hard to make the required volumes of certified coffee available and to obtain similar pledges in other markets.”

Nico Roozen, *Solidaridad Netherlands*

First Fairtrade Fairmined gold

“Solidaridad Andes has helped to improve the living conditions of around 10,000 smallholders by introducing better and more sustainable management of the production chains of banana, cocoa, coffee, cotton and gold in Bolivia, Colombia, Ecuador and Peru. For example, our support to the Organic Banana Producers Association in the Chira valley has enabled them to export their bananas independently. We also supported 66 organizations of artisanal miners, including the Cotapata Mining Cooperative, the first exporter of Fairtrade Fairmined certified gold in the world.”

Gonzalo la Cruz, *Solidaridad Andes*

Honduras third biggest producer of UTZ coffee

“The highlight of 2010 was the exponential growth in UTZ Certified coffee from Honduras. This relatively small South American country is now the third biggest source of UTZ Certified coffee, behind the major producing countries Brazil and Vietnam. This gives the producers a much better price for their coffee and improves the image of Honduran coffee worldwide. In addition, we began supporting the sugarcane and palm oil sectors. Six companies have already committed themselves to adopting socially and environmentally sustainable production methods by the end of 2012.”

Brigitte Cerfontaine, *Solidaridad Central America*

Jeroen Douglas
Solidaridad South America

“RTRS now offers a credible structure for responsible soy production”

Gonzalo la Cruz
Solidaridad Andes

“Better living conditions for 10,000 smallholders and miners”

Ruaraidh Petre
Solidaridad Southern Africa

“In its first year CBSC already contributed to a project for sugarcane farmers in Malawi”

Nico Roozen
Solidaridad Netherlands

“2010 was the year of sustainable coffee”

Karugu Macharia Solidaridad East and Central Africa

“Working closely in the tea sector with various certification systems”

Shatadru Chattopadhyay Solidaridad South-East Asia

“New markets will drive the second generation CSR”



Hans Perk
Solidaridad West Africa

“The first steps have been taken in extending responsible palm oil to Nigeria, Cameroon and Liberia”

Brigitte Cerfontaine
Solidaridad Central America

“The small country of Honduras is now the third biggest producer of UTZ coffee after Brazil and Vietnam”

Martin Ma
Solidaridad China

“First national working group for responsible soy, cotton and tea products established”



Standard for responsible soy

“On 10 June 2010 the Roundtable for Responsible Soy Association (RTRS) reached its most important milestone since its foundation in 2007: at the General Assembly in Sao Paolo the RTRS standard was adopted with an overwhelming majority. The chair of the RTRS executive board, Jeroen Douglas, who is the director of Solidaridad South America, stated: ‘From today the global world of soy has committed itself to a credible framework of responsible production with clear-cut guarantees on zero deforestation.’”

Jeroen Douglas, *Solidaridad South America*

Farmers recommend support programme

“Over the last year we have seen increasing interest from traders in Ghana, Nigeria and Cameroon in supplying sustainable cocoa to the market. In the final months of 2010, we signed agreements to train an additional 5,000 farmers in Ghana and opened offices in Cameroon and Nigeria. But the most promising result is that the farmers we trained in socially and environmentally responsible production methods are recommending the programme

to other farmers. In the palm oil sector the first steps were taken in extending support for RSPO certification to Nigeria, Cameroon and Liberia.”

Hans Perk, *Solidaridad West Africa*

Breakthrough in the tea sector

“Solidaridad East and Central Africa supports small producers in nine countries. Following much hard work on increasing the sustainability of tea production and on certifying both smallholders and plantations, we achieved a breakthrough in the tea sector. We collaborated closely with various certification systems, including RainForest Alliance, ETP, Fairtrade and UTZ Certified. We also introduced IT and management systems in coffee cooperatives. Within our organization, we made progress with the further professionalization of the Solidaridad centre, which received increasing recognition as an expertise centre for sustainable production chains. We look forward to expanding the work of our expertise centre to the regional cotton, gold and horticulture sectors.”

Karugu Macharia, *Solidaridad East and Central Africa*

Sustainability in a decisive phase

Market processes must deliver socially desirable outcomes. Sustainable markets are created through interaction between good governance, active civil society organizations and companies committed to corporate social responsibility, says Nico Roozen.

Solidaridad's commitment to making production chains more sustainable is attracting increasing support from society, government and consumers, and – crucially – in company boardrooms. From being a marginal concern, sustainability has been elevated to a core value in the economic process. The sustainability debate is now growing in intensity as scientists send out conflicting information and opposition from vested interests and ideologies comes into focus. Now the challenge is to demonstrate that sustainability makes a real difference – a difference to farmers' incomes, to working conditions, to the environment, and in the availability of raw materials and agricultural products for future generations.

An integrated market approach

Solidaridad believes that the transition to a sustainable economy is a market process. The necessary changes will have to take place in the market, driven by market players and by market forces. Companies should restructure their supply chains and markets must support the transition to sustainable production and consumption. Market processes must deliver socially desirable outcomes, but this is not self-evident and will not happen automatically. Sustainable markets can be developed through the interaction between good government policies that facilitate sustainability, active and influential civil society organizations, and companies that put corporate social responsibility into practice. The dialectic between these three actors is crucial. It is naive to expect that one of these actors alone can make the change. Companies will have to create interaction with civil society organizations and urge an increasingly less interventionist government to take the necessary action; civil society organizations will have to move out of the margins and become transition managers; and governments must develop modern regulatory instruments and incentive mechanisms. This process requires all three types of players to be innovative and work in unison in a market process geared to more sustainable production and consumption.

Solidaridad has chosen to operate in this dynamic arena. As a development organization our new role will be to manage the



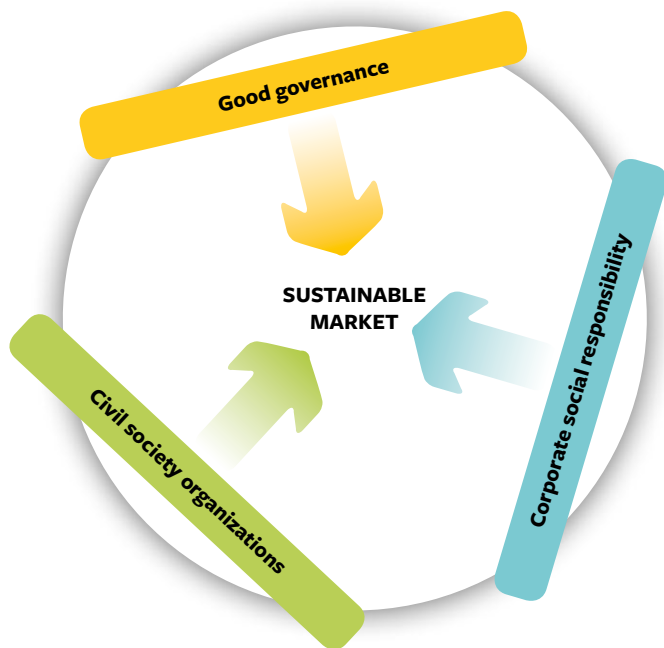
photo Leonard Faustle

Nico Roozen

transition towards sustainable supply chains and stimulate public engagement and good governance.

Improved producer programme

Now that sustainability has become a mainstream ambition in the corporate sector, the task is to ensure a sufficient supply of sustainably produced goods. Progress is no longer being constrained by the level of demand, but by the level of supply. Access to sustainable production and the ability to source sustainable products has recently become a competitive value in the market, and the company that is the first to make its supply chain sustainable will have an advantage over its competitors. Companies are therefore interested in developing producer programmes; they share information about their procurement policies and are prepared to invest money and knowledge in producer development. Match funding, which brings together public and private funds for producer development, is becoming possible, and in recent years Soli-



The sustainable market model

daridad has entered into several contracts with companies on developing joint producer programmes with joint funding. This form of cooperation allows each party to benefit from the other’s strengths. The companies contribute their knowledge of production, the primary processing of products and the market. And they guarantee access to the market by agreeing to buy the sustainable product, often on better terms. Solidaridad offers a wealth of experience in assisting producers, strengthening producer organizations and creating an enabling environment.

An interesting fact is that companies are not interested in the competition between the various standards for sustainable production. They want to obtain multiple certification for their products to maximize their ability to meet the demand for sustainable products. In turn, farmers want to maximize their access to these markets and are looking for systems that support multiple certification at the lowest possible costs. These trends have prompted Solidaridad to develop its producer programme more independently, no longer directly linked to Fairtrade, as in the 1990s, or UTZ Certified, as in the last ten years. This ‘mature’ market for sustainable products requires a broad strategy of mutual recognition, collabora-

tion and system innovations to improve the effectiveness of all standards.

Smart and sustainable land use

Many existing cultivation methods are not only unsustainable, but also suboptimal. In almost all product groups the areas under production can yield three to five times as much per hectare if better farming methods are adopted. This is important because over the next few decades the production of food for the expanding and increasingly affluent world population will have to rise drastically – and we can no longer clear forests to expand crop areas. To deliver food security for the world population and especially the poor, there is a need for smart land use: a greater emphasis on productivity, quality and production at lower costs per unit of product. We have to do more with less – more production, but with less impact on biodiversity, lower water and energy use, fewer emissions, and lower fertilizer and pesticide inputs. To bring about this transition to sustainable agriculture, greater attention has to be paid to the quality of farm management and agricultural entrepreneurship, while at the same time forging close ties with an ambitious environmental and social agenda. Solidaridad is one of the first development organizations to base its producer support programme on these principles.

Decisive phase

There are signs of a breakthrough. The time has now come to organize the transition towards a sustainable and biobased economy. New arrangements have to be shaped, alliances have to be forged and working processes reorganized. A key concept in this process is upscaling: what has already been tested and proved to work must be scaled up and made more widely applicable and accessible. This challenging task is in a critical phase. Can we make quick enough progress with creating support for innovation, deploying financial resources in the right place and developing the resolve needed to show that there is another way?

Solidaridad’s producer development programme



Planning, monitoring and evaluation

Last year saw the completion of two major evaluations of Solidaridad's programmes. Planning, monitoring and evaluating projects are indispensable elements in Solidaridad's work. Without them we cannot improve the quality of our work.

Planning, monitoring and evaluation (PME) are the backbone of a learning organization like Solidaridad. They are important instruments for improving the quality of our work and increasing transparency. Planning and coordinating the objectives and processes already operating and yet to be initiated across a network of nine Solidaridad offices around the world is a complex task. By working together to improve the network-wide planning, we can make better and more workable agreements. A major consideration in this process is aligning the production and marketing activities within the production chain.

In 2010 the multi-annual plan for 2007–2010 was completed and evaluated and a start was made with preparing the 2011–2015 multi-annual plan. This new plan will coordinate and align the strategic policy and strategy for the network organization. Planning also includes the preparation of an annual plan. In 2010 we drew up our annual plan for 2011, which sets out the details of the new role for Solidaridad Netherlands in the network organization.

Monitoring keeps our finger on the pulse

As the programmes are rolled out we monitor their progress. By taking a critical and constructive attitude we can assess whether strategic choices should be adjusted as well as how to improve the quality of implementation and share knowledge more widely. Monitoring is also needed to keep the financial partners and donors well informed about Solidaridad's work. In 2010 we made a start with developing a new project management system for use across the network to replace the existing system. The new system makes use of key performance indicators to control the financial flows and manage the progress of the programmes. The system will be implemented in 2011.

Where necessary, the quality management system in the regional network offices has been professionalized. A member of staff has been appointed in the Nairobi office to coordinate quality management, which is partly financed by PSO (an organization for capacity development of civil society organizations in developing countries). Solidaridad has observed that the planning process can be further

improved across the whole network. It is important to know exactly what the underlying premises of a programme are and what can be achieved.

Solid evaluation studies

After a programme ends it is analysed in an external evaluation, in which special attention is given to the results and impact of the programme, the lessons learned, the areas for improvement and how efficiently resources are used. A number of extensive evaluation studies were carried out in 2010 in the context of the ending of the Dutch Ministry of Foreign Affairs's co-financing system (MFS-I). The CIDIN study 'The Impact of Fair Trade' by Ruerd Rubin was published in 2008. In 2009 and 2010 Crem carried out an assessment of the soy and biomass programme, and Nyenrode Business University carried out a study into the impact of the cotton and textile programme (see page 13). The quality of the evaluations has improved and Solidaridad's capacity for steering the evaluations is improving.

In 2010 a satisfaction survey was held among our partners in the supply chains. The response rate was 45 per cent and was overwhelmingly positive. Solidaridad received its least favourable rating for the item 'frequency of communication'. Our partners commend Solidaridad, among other things, for providing feedback and for our working method and flexibility in dealing with local situations.



In 2010 Solidaridad won the PSO Innovation Award for its approach to solving problems in textile factories and dye plants. Innovation is a primary focus in the pioneering role frequently adopted by Solidaridad.



photo Paul Barbera

Evaluation of the Fashion programme 2003–2010

In December 2010 Nyenrode Business University published the results of an evaluation of Solidaridad's Fashion programme. The study was led by Ard Hordijk. The evaluation of the Fashion programme focused on the extent to which the objectives were achieved and on the quality of the implementation. The evaluation questions were applied at the three levels targeted by the programme: the development of responsible production by cotton farmers and textile factories, the development of civil society organizations and the development of markets in the West.

Big impact on cotton farmers

The programme proved to be most effective at the level of the smallholders, where most of the results were achieved. The Fashion programme has a big impact on improving the incomes and living conditions of farming families in the Oro Blanco (Peru), Chetna (India) and ProCotton (Senegal) projects. The objectives at the factory level were revised during the course of the programme. The original objectives were not achieved because of the limited demand from clothing brands. However, the programme did make an impact on the living conditions of the factory workers. The programme made a difference to the lives of no less than 47,000 workers, who benefit from better facilities in the workplace, better employment conditions and benefits, more equal treatment of

men and women, and allowances for their children's education.

Feet firmly on the ground

We have been less successful in getting clothing brands to switch to sustainable production chains than we expected. This can be attributed largely to the financial crisis, but also to Made-By's search for the right formula for attracting clothing brands to commit to its principles. The main impact of the Made-By label is that it demonstrably makes it easier for brands to take qualitative steps in making their production chains more sustainable. On the efficiency of Solidaridad's activities, the research team concluded that the relatively small Solidaridad team has been successful in reaching a large public. Solidaridad takes an innovative approach, but 'has its feet firmly on the ground'. Nevertheless, the dynamic nature of the programme means that particular care needs to be taken with the financial reporting system and financial management.

Intermediary between suppliers and buyers

Ard Hordijk: "In this evaluation Solidaridad is generally accredited with playing the role of a broker who brings the various parties together and has the ability to establish relations between responsible suppliers and buyers. The perception of Solidaridad is of an organization that has played a major role in bringing responsibly produced clothing into the mainstream."

Product groups

Solidaridad wants to speed up progress towards a sustainable economy. We work around the world to make production and consumption in eleven specific sectors more sustainable. In this chapter we explain our objectives for each sector, how we get things done and with whom. The map overleaf shows where we work with our partners on market development and/or communication and on producer development and/or civil society building.



Cocoa farmers from Mantukwa village in Ghana are being trained in smart and sustainable land use. Training is one of Solidaridad's core activities.



photo Keke Keukeelaar

Solidaridad network active worldwide

The yellow stars on this map show the locations of the offices of the nine Solidaridad centres. From these centres activities are developed in many countries on all continents in close cooperation with our local partners. For each country the symbols indicate the product groups for which activities were developed in 2010. Producer development activities and/or civil society building are indicated by a white background; market development and/or communication activities are indicated by a light blue background.



Coffee – producer development/civil society building: Brazil, Colombia, DR Congo, Ethiopia, Guatemala, Honduras, India, Kenya, Mexico, Nicaragua, Peru, Tanzania, Uganda, Vietnam
market development/communication: Australia, Brazil, China, Europe, Indonesia, Japan, Mexico, South Africa, South Korea, Switzerland, United States,

Cotton – producer development/civil society building: China, India, Mali, Peru, Senegal, Tanzania, Zambia
market development/communication: Europe, Netherlands, United States

Textiles – producer development/civil society building: Bangladesh, China, India, Nepal, Vietnam
market development/communication: Belgium, Denmark, Germany, Luxemburg, Netherlands, United Kingdom, Sweden

Fruit – producer development/civil society building: Brazil, Burkina Faso, Chile, China, Colombia, Costa Rica, Ecuador, Ghana, Guatemala, India, Ivory Coast, Kenya, Panama, Peru
market development in: European Union, South Africa, Switzerland

Soy – producer development/civil society building: Argentina, Brazil, Bolivia, China, India, Paraguay
market development/communication: Belgium, Denmark, Germany, Finland, Italy, Netherlands, Sweden, United Kingdom

Cocoa – producer development/civil society building: Brazil, Ecuador, Ghana, Indonesia, Ivory Coast, Cameroon, Nigeria, Vietnam
market development/communication: Australia, Canada, Europe, Netherlands, United States

Solidaridad Netherlands

Head office: Utrecht ★
Active in all continents

Europe

- Netherlands
- Belgium
- Luxemburg
- Switzerland
- Finland
- Sweden
- Denmark
- Germany
- France
- United Kingdom
- Italy

Solidaridad West Africa

Head office: Accra ★
Burkina Faso, Ghana, Ivory Coast, Cameroon, Mali, Nigeria, Senegal

Solidaridad East Africa

Head office: Nairobi ★
DR Congo, Ethiopia, Kenya, Malawi, Uganda, Tanzania, Zambia

Solidaridad South and South-East Asia

Head office: New Delhi ★
India, Bangladesh, Nepal, Indonesia, Malaysia, Pakistan, Papua New Guinea, Sri Lanka, Vietnam

Solidaridad Southern Africa

Head office: Gaborone ★
Angola, Botswana, Lesotho, Malawi, Madagascar, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Zambia, Zimbabwe

Solidaridad China

Head office: Beijing ★
China

Biomass – producer development/civil society building: Angola, Argentina, Bolivia, Botswana, Brazil, DR Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Nicaragua, Paraguay, South Africa, Swaziland, Tanzania, Zambia, Zimbabwe
market development/communication: Argentina, European Union, Mozambique, Netherlands, Switzerland

Sugarcane – producer development/civil society building: Argentina, Belize, Bolivia, Brazil, Guatemala, Honduras, India, Malawi, Pakistan, Paraguay, South Africa
market development/communication: Belgium, Brazil, India, Netherlands, Switzerland

Gold – producer development/civil society building: Bolivia, Colombia, Ghana, Guatemala, Nicaragua, Peru, Tanzania, Uganda
market development/communication: Denmark, Germany, France, Netherlands, United Kingdom

Palm oil – producer development/civil society building: Brazil, Colombia, Ghana, Guatemala, Honduras, Indonesia, Malaysia, Papua New Guinea
market development/communication: Germany, Netherlands

Tea – producer development/civil society building: Argentina, China, India, Indonesia, Kenya, Malawi, Mozambique, South Africa, Sri Lanka, Vietnam
market development/communication: China, Europe, India, Indonesia, United States



Coffee

Responsible coffee in great demand

In 2010 the Dutch coffee sector announced that it will raise the proportion of certified coffee on the Dutch market to 75 per cent by 2015. The volume of UTZ Certified coffee on the global market increased by almost fifty per cent. The rising demand for responsibly produced coffee offers growing numbers of coffee farmers the opportunity to improve their livelihoods.

Coffee is produced in more than fifty developing countries. In all these countries coffee makes an important contribution to social and economic development. Some countries even derive half their export earnings from coffee. More than eighty per cent of all the coffee produced in the world is grown by millions of smallholders, but many of them live in poverty. Solidaridad is committed to establishing a responsible coffee supply chain and works to improve the conditions of farmers in developing countries as well as expanding the market for responsibly produced coffee.

Goals for 2010

- To strengthen the capacity of producers and producer organizations so that they can meet the various certification criteria for responsibly produced coffee.
- To improve the efficiency and effectiveness of producer support.
- To stimulate the demand for certified, responsibly produced coffee on the international market and to bring new companies into the sustainable supply chain.

Achievements

- In Honduras both the number of producer organizations growing responsible coffee and the total volume of responsible coffee produced increased for the third year running.
- In Vietnam hundreds of additional trainers were trained and tools were developed to train an even larger number of producers for certification.
- The capacities of several companies and a civil society organization in East Africa were developed to enable them to deliver producer support more efficiently.
- The Dutch coffee sector committed itself to raising the share of certified responsible coffee on the Dutch market to 75 per cent by 2015.
- In 2010 the volume of UTZ Certified coffee rose by 48 per cent to a total volume of about 120,000 tonnes.

75 per cent of the coffee market sustainable

Last year the Dutch coffee sector announced that by 2015 they intend to have 75 per cent of all their coffee certified as

being responsibly produced. This breakthrough is the result of many years hard work on improvements in the coffee supply chain, by not only increasing the supply responsibly produced coffee, but also the market for it. For twenty years Solidaridad has been actively promoting the certification of coffee and has been a major driving force behind the development and uptake of certification systems.

Growth in responsible production in Honduras

In 2010 the quantity of certified coffee in Honduras rose to 25 per cent of total coffee production in the country. The number of producer cooperatives involved rose to seventeen. This growth in responsible production is due to the efforts made by Procaso, a producer support initiative run by Solidaridad and SNV that benefits both exporters and farmers. The farmers receive training in good farming methods, which enable them to produce more and better coffee. Moreover, they are brought into contact with buyers and gain access to the international market. In 2010 the Procaso programme was rolled out in Nicaragua.

Lesson learned: going beyond certification

Certification cannot solve all the problems in the coffee sector, a lesson that became clear last year. Certification is an instrument for making production more sustainable, but it must increasingly become part of a broader approach based on the problems encountered by farmers. Only by looking beyond certification criteria can we achieve a step change in sustainability, with major benefits to farmers in developing countries.

Evaluation of 2010: opportunities and threats

Solidaridad's extensive network in the producer countries allows us to maintain direct contacts with the producers. We are close to the farmers and know the problems they face. On the other hand, through our lobbying and influencing of the market side of the product chain we are also familiar with the major market players worldwide. The tight world market and high coffee prices in 2010 have caused concern among many traders and coffee roasters about the long-term security of supply. These concerns are a



photo Yvette Faber



photo H.P. Alting von Geusau



René Romero of Procaso informs an agronomist from Cocafelol in Honduras.

Kofinaf, a Kenyan coffee producer and processor, makes use of three types of certification and complies with the national non-discrimination legislation.

concentrate more on the new sustainability issues, such as smart and sustainable land and water use, and payments for environmental services by farmers, such as carbon credits.

Impact

In Solidaridad's projects a total of 150,000 smallholders and their families are being trained in meeting sustainability criteria. In 2010 the Centre for International Development Issues Nijmegen (CIDIN) concluded that the biggest effect of UTZ certification is to increase farmers' incomes as a result of the better quality of their coffee beans, which command higher prices. For example, coffee farmers in Kenya saw the prices of their beans rise by thirty per cent following certification. Moreover, their improved production methods delivered a twenty per cent higher output. Both factors led to a considerable rise in income for farmers and their families.

Key strategic partners and donors

Partners in producer support:

ECOM; Federacion Nacional de Café Colombia; Deloitte Kenya; Prakruthi India; Fair Trade Labelling Organizations International; Dutch development organization SNV; Ministry of Agriculture and Rural Development, Vietnam; CIDIN research institute

Partners in civil society building:

Kulika Uganda; Café Africa

Partners in market development:

UTZ Certified; Sara Lee/ Douwe Egberts

Campaign partners:

Tropical Commodity Coalition Nederland

Donors:

Netherlands Ministry of Foreign Affairs/MFS; Irish Aid/Irish Fair Trade Network; EU; Hivos; PSO; Argidius

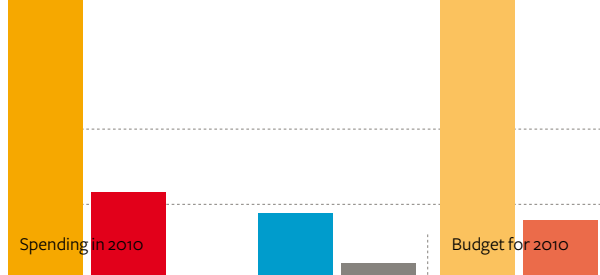
driver for cooperation on increasing both sustainability and productivity at the same time.

Prospects for 2011

To go beyond certification and put farmers' interests first, Solidaridad will increasingly concentrate on developing training packages to give farmers the skills they need to qualify for several certification systems at the same time. They will be trained in working with a larger number of sustainability criteria, which will improve their market position. This means that our work will increasingly focus on the farmer and answering the question, 'What benefits the farmer?' In addition, within our coffee programme we will

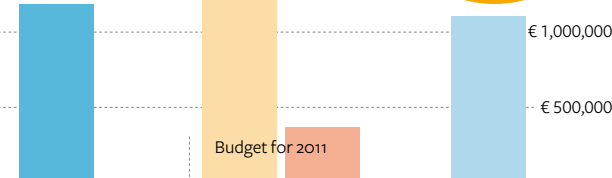
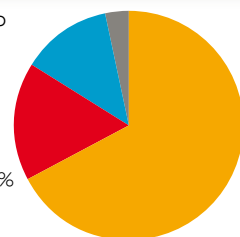
Spending in 2010
Budget for 2010
Budget for 2011

Lower financing in 2010; this will recover in 2011.



Breakdown of spending on activities in 2010

- Producer development 67.3%
- Civil society building 16.7%
- Communication 0%
- Market development 12.8%
- Planning, monitoring and evaluation 3.2%





Cotton

First bales of Better Cotton produced!

The first Better Cotton Initiative (BCI) projects got underway in 2010. Assisted by trainers, smallholders share their knowledge and learn about responsible farming methods. The farmers are highly enthusiastic about this approach to sustainability. Their participation and the interest shown by fashion brands and retailers in Better Cotton give the programme great potential for growth.

Eighty per cent of cotton produced worldwide is supplied by smallholders in developing countries, but they are often in financial hardship. They run up debts to make the necessary investments in expensive seeds, fertilizers and pesticides, but because the price of cotton is low and unstable, they are often unable to pay these debts off. Cotton cultivation also places a heavy burden on the environment: tons of toxic pesticides are used, as well as vast amounts of irrigation water. Solidaridad encourages the production and purchase of organic cotton, Fairtrade cotton and Better Cotton. These three systems are complementary and address different aspects of sustainability. Together they can make a real difference in the cotton supply chain.

Goals for 2010

- To help farmers to use socially and environmentally friendly farming methods, obtain certification, set up self-help organizations, and gain access to the market.
- To launch the first BCI projects.
- To expand the ProCotton programme to East Africa.
- To create a market for sustainable cotton in Europe.
- To raise awareness of the importance of sustainable clothing among companies and consumers.
- To increase the diversity of donors.

Achievements

- Solidaridad's four-year support programme was broadened to include nineteen producer organizations, reaching out to almost 40,000 cotton farmers worldwide.
- The first BCI projects were launched in India and Mali and the first bales of Better Cotton were produced.
- Preparations were made to expand the ProCotton programme to Tanzania and Zambia.
- Following capacity strengthening efforts, the Chetna Organic project initiated by Solidaridad is now almost self-supporting.
- Preparations were made for launching Better Cotton projects in China.
- Work progressed on strengthening the integrity of organic cotton certification in cooperation with other stakeholders.

- Solidaridad assisted BCI in gaining worldwide recognition.

BCI projects launched

Following preparations in 2009, a start was made with the first Better Cotton support programmes in Mali and India in 2010. In India, eight new projects reaching out to 20,000 farmers got off to a flying start. One project in Mali is supporting about 4,000 cotton farmers to increase the productivity of their cultivation methods and the quality of their cotton. They are also being trained in more efficient and safe use of pesticides. In the coming years each of these farmers will pass their knowledge on to four other farmers and will also learn more from each other. This is an innovative concept, which in Mali alone will ensure that about 16,000 farmers adopt responsible cotton farming methods by 2012.

Ready for expansion into China

There are many opportunities for making the Chinese cotton sector more sustainable. Solidaridad has carried out extensive studies of the relevant sustainability issues in the country, especially on how BCI can help to solve these problems. Stakeholders exchanged knowledge and we secured sufficient support for starting more projects in the near future.

Lesson learned: tighten up organic certification

Early in 2010 it became apparent that the certification system for organic cotton was not working properly. We had previously received reports to that effect from our partners in India, who noticed that a lot more so-called organic cotton was suddenly being offered on the market at prices that were too low. Solidaridad immediately took action. We started an investigation and organized a workshop for certification organizations. We have also tightened up the internal regulatory systems for the projects in which we or our partners are participating, and have entered into talks with brands about their role in closing the loopholes in the certification systems. In its publicity Solidaridad emphasizes that despite the loopholes in the system, the thousands of



Biosustain, a cotton processor in Tanzania, provides local farmers with a source of income.

photo H.P. Alting von Geusau



individual farmers growing organic cotton are still making a big difference on the ground.

Evaluation of 2010: opportunities and threats

Solidaridad's integrated approach to the textile supply chain gives us a broad reach. The Better Cotton Initiative and the ProCotton programme reach thousands of cotton farmers, while Solidaridad has access to the other end of the supply chain through Made-By and others to brands interested in sustainable cotton. This enables us to bring producers and market parties together. Rapid progress can be made by combining Solidaridad's expertise with financial support from companies committed to ethical cotton sourcing, like H&M and Jackpot. Good examples of this are the BCI projects launched in India during 2010. However, the many links in the supply chain from harvest to retail outlet makes coordinating connections between producers and end users a complex business.

Prospects for 2011

Attracting local donors will be increasingly important in 2011. Now that interest among donors in financing projects in emerging markets like India and China is fading, we have to look into new forms of financing. Following preparatory work in 2010, Solidaridad is engaged in scaling up the ProCotton programme in Zambia and Tanzania.

Impact

In 2010 Nyenrode University carried out a study into the impact of Solidaridad's projects in the textile supply chain. One of the outcomes was that the farmers involved in long-running cotton projects in Peru (Oro Blanco), India (Chetna Organic) and Senegal (EndaPronat) receive a higher price for their cotton than before the programmes started. The guaranteed purchase of part of their production gives them a more stable income and greater security. They have access to knowledge about responsible growing methods and better access to market players and finance. Investments were also made in personal development, such as teaching farmers to read and write.

Key strategic partners and donors

Partners in producer support:

EndaPronat (NGO Senegal); FFID-COFA (NGO India); Rural Development Research Center (China); APROCA (producer cooperative, Mali); OBSA (producer cooperative, Peru); Biosustain (company, Tanzania); COMACO (NGO, Zambia); ACF, ASA, Myrada (NGOs, India); Agrocet, Pratibha, G&C, SSM, Arvind (companies, India)

Partners in civil society building:

FFID-COFA (NGO, India); APROCA (producer cooperative, Mali); Rural Development Research Center (China)

Partners in market development:

BCI; ProCotton/Rabo Foundation; Better Cotton Fast Track Programme; Made-By brands; Fair&Co; Kuyichi; BCI brands

Donors:

Netherlands Ministry of the Interior/MFS; Better Cotton Fast Track Fund; Ford Foundation; Rabobank Foundation; GSRD Foundation; Jackpot

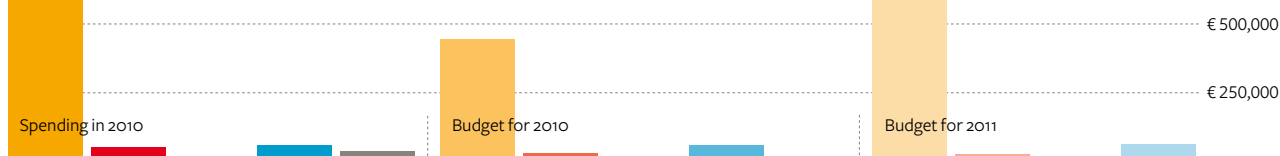
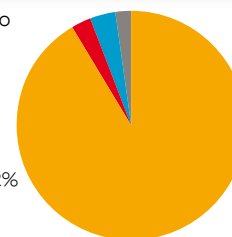
Spending in 2010
Budget for 2010
Budget for 2011

€ 1,765,236
€ 539,681
€ 1,145,625

Additional contribution from the Dutch Sustainable Trade Initiative (IDH).

Breakdown of spending on activities in 2010

- Producer development 91.4%
- Civil society building 2.9%
- Communication 0%
- Market development 3.5%
- Planning, monitoring and evaluation 2.2%





Textiles

Prize for innovative method in textile factories

Solidaridad's pursues a unique, integrated strategy for the whole textile supply chain, with individual programmes tailored to the needs of each step in the chain. Our working method takes our partners' interests as its starting point, which means listening to them. It is proving to be successful and was awarded an innovation prize in 2010.

It has long been known that the social and environmental conditions in the textile supply chain are abominable. Cotton farmers work with deadly pesticides, dyers discharge chemical waste to the environment and factory labourers endure bad working conditions. Solidaridad works throughout the whole textile supply chain to reduce environmental pollution and improve the social conditions of workers. With our partners we train workers so that they can stand up for their rights, and we train managers and work with factory owners on plans for structural improvements. At the same time we stimulate fashion brands to buy ethical textiles, thus improving access to markets for socially and environmentally responsible textile manufacturers.

Goals for 2010

- To advise and assist dyers in reducing the environmental impacts of their processes.
- To make structural improvements in working conditions, particularly in garment workshops.
- To expand support programmes in Bangladesh and Vietnam.
- To create markets for sustainable textiles and clothing in Europe.
- To investigate possibilities for opening Asian markets to sustainable clothing.
- To raise awareness of the importance of sustainable clothing among companies and consumers.
- To support the further development of the Made-By business plan.

Achievements

- Solidaridad won the PSO Innovation Award for its innovative approach to resolving sustainability issues in textile factories and dyeing plants.
- From 2007 to the end of 2010 we carried out 101 factory projects, which improved conditions for almost 60,000 workers.
- Solidaridad expanded its support programmes in Bangladesh.
- Civil society organizations in Tirupur, Bangalore,

Dhaka and China were strengthened.

- Solidaridad's textile programme received wider recognition as a result of media attention in various newspapers and magazines.
- The Made-By business model was revised to facilitate further growth of the label.

Winner of the PSO Innovation Award

In 2010 we worked closely with our partners on further developing the user-groups method in tackling the problems in factories and dyeing plants. The middle managers of a cluster of ten factories shared their knowledge, ideas and experiences in what proved to be a successful exercise. Stimulated by the group dynamic and healthy competition, they are generating innovative solutions to problems in the factories and dyeing plants. Solidaridad won the PSO Innovation Award for this effective approach.

Building strong local networks

During the past year we supported several civil society organizations, labour unions and certification bodies to organize and strengthen their organizational capacity. We selected organizations operating in the vicinity of the participating factories and dyers so that a strong local network could be established. The training given to the civil society organizations and labour unions improved their ability to make a real contribution to improving conditions in factories and play a critical and constructive role in audits to improve certification.

Lesson learned: lower entry threshold to Made-By

Made-By, an alliance of fashion brands for improving the sustainability of the production chain, enjoys good exposure, but the number of partner brands, and therefore its impact, is still limited. During the past year Solidaridad and Made-By realized that the label is often perceived as highly demanding. To address this, Solidaridad assisted the label to revise its business model. Made-By's model is now more flexible and has a lower entry threshold and a stronger focus on self-financing. In its new form, the label will be able to attract more brands and achieve substantive improvements

In 2011 Solidaridad will explore the market for sustainable fashion in India and China.

photo: Paul Barbera



in the production chain. These changes have already borne fruit: since the revision of the business model several major brands have joined the organization, including the well-known British fashion brand Ted Baker.

Evaluation of 2010: opportunities and threats

Solidaridad's integrated programme works. It delivers good insights into the textile chain and the current issues. Our presence and our partner network in key countries guarantee effective implementation of improvement strategies. At the same time, Solidaridad has a growing network of companies in the market who are members of Made-By, Social Accountability International (SAI) and the Business Social Compliance Initiative (BSCI). However, our understanding of these problems also has a down side: there are more sustainability problems than our relatively small organization can tackle. Also, many of the problems have their origins in deeply-rooted cultural aspects, such as gender inequality. Certification alone is inadequate to tackle these problems, which require long-term change processes; providing training and ticking off a list of criteria are not enough. Moreover, there is declining interest among donors in financing improvement projects in the emerging markets of India and China, despite the fact that economic growth in these countries will not inevitably lead to the resolution of the problems in the textile sector.

Prospects for 2011

The strategy of clustering companies into user groups, in which the middle managers of the factories and dyers come up with innovative solutions themselves, has proved successful and in the coming years will be scaled up and introduced in other countries. Made-By will work hard to forge relations between more and larger brands and textile factories. This will create opportunities for both parties: the fashion brands can then maintain sustainable business practices and tell their customers about them; the textile factories will have outlets for their products, further encouraging them to carry through change processes.

Impact

In Bangalore (India) alone, the user-groups method has led to improvements in the working conditions of 14,000 workers, such as better facilities at the workplace and better compliance with statutory, social and environmental standards. Simple changes introduced by the user groups have resulted in large savings of energy, wood and water. In 2009 these savings amounted to as much as 47,000 euros over the whole year, a substantial sum for the companies involved. No definitive figures are yet available for 2010.

Key strategic partners and donors

Partners in producer support and civil society building: Conquest (India); Prakruthi (India); CSR Center (Bangladesh); SEDF/IFC (Bangladesh); VCCI (Vietnam)

Partners in market development:

Made-By; SAI; BSCI

Donors:

Netherlands Ministry of Foreign Affairs/MFS; NL Agency; Netherlands Ministry of Housing, Spatial Planning and the Environment; H&M

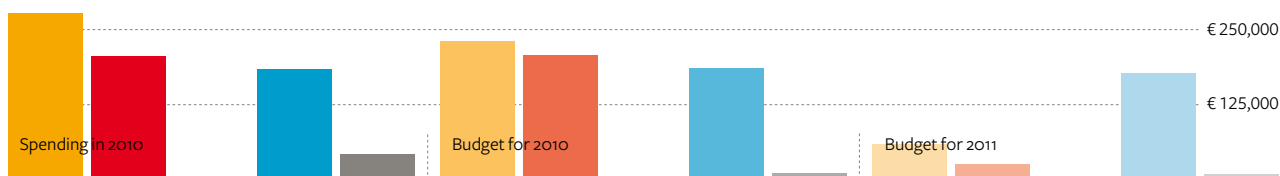
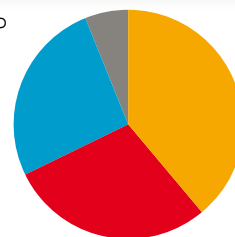
Spending in 2010
Budget for 2010
Budget for 2011

€ 705,237
€ 631,820
€ 276,875

Extra costs of market development.

Breakdown of spending on activities in 2010

- Producer development 39%
- Civil society building 28.9%
- Communication 0%
- Market development 26.1%
- Planning, monitoring and evaluation 6%





Fruit

Collaboration in the banana sector

It has proved difficult to make major improvements in the sustainability of the fruit and vegetable sector, mainly because the sector is so fragmented. A positive exception is the banana sector: a significant step towards major improvements in sustainability was made in 2010 with the establishment of the World Banana Forum.

Over a period of fifteen years Solidaridad and its partners have been able to initiate steps towards a more sustainable banana sector. Getting sustainability improvements underway in other fruit and vegetable sectors will require new initiatives. Worldwide the fruit and vegetable sector is burdened by excessive use of pesticides and water, poor working conditions on plantations and minimal returns for smallholders. Moreover, each type of fruit and vegetable and each producer country have their own unique problems. Solidaridad wants to achieve a breakthrough in sustainability by helping producers to adopt responsible production methods and by motivating buyers to purchase ethical fruit and vegetables.

Goals for 2010

- To continue assisting important fruit producers in expanding and strengthening the position of fair trade in the market.
- To investigate whether new sustainability topics like climate neutral production offer opportunities for the fruit programme.
- To investigate possibilities for establishing cooperative ventures in which the major stakeholders in specific products in specific regions can themselves identify the key obstacles to progress and work together on making improvements.

Achievements

- Producer organizations in Peru, Ecuador, Colombia, Panama, Burkina Faso and Ivory Coast have been strengthened.
- Grupo Hualtaco in Peru increased its output of organic Fairtrade bananas and Solidaridad supported the creation of various producer organizations as suppliers for this market.
- Solidaridad helped producers of French beans in Kenya to meet the Fairtrade criteria, after which Fairfields introduced their beans into the European market as fair trade produce.
- Solidaridad carried out a life cycle analysis of the pineapple production chain in Ghana.

- Solidaridad analysed the fruit and vegetable sector in several countries. The problems and potential partners are now known. These studies form the basis for our plans for the coming period.
- A start was made with a market survey to identify possibilities for introducing responsibly produced fruit and vegetables onto the West African market.
- Cooperation between the members of the World Banana Forum, for which Solidaridad coordinates one of the working groups, got off to a good start in its first year.

Collaboration in the World Banana Forum

After the first meeting of the World Banana Forum (WBF) in December 2009, collaboration between the members on making the sector socially and environmentally responsible got off to a good start in 2010. The World Banana Sector brings together all relevant stakeholders in the banana sector, from producers to retailers and from government to civil society organizations. The WBF offers all these parties an arena for proposing pragmatic solutions to sustainability problems, sharing best practices and learning from each other. Solidaridad coordinates the WBF Working Group on Sustainable Production Systems and Environmental Impact.

Ecological footprint of pineapple production

In 2010 Solidaridad began a study of the ecological footprint of pineapple cultivation. In addition to the CO₂ emission of the sector, other environmental impacts were examined, such as soil exhaustion and water use. This analysis will underpin plans to minimize environmental pollution from pineapple cultivation.

Lesson learned: getting retailers involved is difficult

Fruit companies are anonymous to consumers; there are virtually no 'fruit brands' the consumer can identify with. This makes it difficult for fruit companies to create a recognizable sustainable image. Retailers therefore have a stronger position in this sector than in sectors in which brands play a prominent role. For this reason it is important that retailers are involved in making fruit and vegetable



Bananas at Grupo Hualtaco, Peru.

Quality control of mangos in Burkina Faso.

photo via Grupo Hualtaco



photo Joe Sheehan



sectors more sustainable right from very beginning. Retailers are not interested in sustainability initiatives for just a few product groups; it is essential that initiatives cover the full range of produce.

Evaluation of 2010: opportunities and threats

The fruit and vegetable sector is fragmented and consists of a large number of product categories, each with its own problems and its own context. This makes it impossible to develop a single general strategy or programme for the sector as a whole. Nevertheless, there are enough opportunities for Solidaridad to put its knowledge and experience in the sector to good use. For example, there are oppor-

tunities for generating electricity from the residual waste streams of fruit production. During the past year Solidaridad also targeted the development of local markets in West Africa, which will allow a healthy and sustainable export sector to contribute to local food supplies.

Prospects for 2011

In 2010 Solidaridad worked on an analysis of the sustainability problems of various products and the regions where they are produced, and has identified and described the key sustainability issues. This analysis informed the development of a strategic plan, which reveals opportunities for improvements in the fruit sector. In 2011 Solidaridad will prepare a programme for fruit juices and is looking for companies, retailers and donors who want to become involved.

Impact

Among the issues to be addressed by the producer support programmes are quality management of the fruit, which is a crucial factor in the sector. Fruit of a consistently high quality will give producers a more stable market position, often accompanied by better yields, and therefore higher earnings.

Key strategic partners and donors

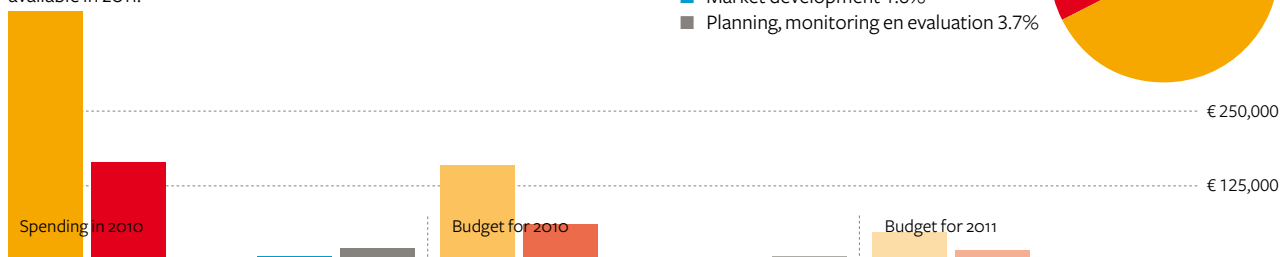
Partners in producer support and civil society building: Technical Assistance for Sustainable Trade and Environment (TASTE); West African Fair Fruit (WAFF); Grupo Hualtaco Peru

Partners in market development: AgroFair; Fairfields; World Banana Forum

Donors: Netherlands Ministry of Foreign Affairs/MFS; EU; Lotex

Spending in 2010 € 611,817
Budget for 2010 € 235,500
Budget for 2011 € 74,260

Fruit projects started in 2009 were completed in 2010; less funding is available in 2011.





Cocoa

Training programmes in seven countries

A growing proportion of the chocolate on sale in supermarkets is responsible chocolate, made from sustainably produced cocoa. During the past year Solidaridad and its partners trained 37,000 farmers in socially and environmentally responsible production methods and certified 15,000 farmers. The training programmes were expanded from three to seven countries.

Most cocoa beans are produced by smallholders in West Africa. These farmers often use outdated farming techniques that lead to soil exhaustion and low quality cocoa, and in their search for fertile land they clear large areas of forest. If productivity is to be increased and further deforestation avoided, farming practices need to be intensified and made more sustainable. Increasing the sustainability of production is also an economic necessity, as the demand for high quality, sustainably produced cocoa is growing. Professionalizing the sector can make a significant contribution to the economic development of the rural population, for example in Ivory Coast and Ghana. Solidaridad supports farmers worldwide in making the transition to production methods that benefit both people and the environment and which meet the demands of their customers.

Goals for 2010

- To train farmers in improved farming methods and help them make their production processes more sustainable.
- To strengthen local producer and other organizations.
- To increase transparency in the cocoa chain.
- To improve access to markets for farmers who use sustainable production methods.
- To improve producer welfare and environmental protection.

Achievements

- Training in improved production methods was given to 40,000 farmers, 15,000 of whom have been certified.
- Solidaridad's producer support has been expanded to cover an additional four countries.
- Solidaridad is currently developing a package of training materials that will give farmers the skills required to take advantage of several certification systems.
- Producer organizations and NGOs have been trained and are now better equipped to achieve their goals.
- 30,000 tonnes of certified cocoa were put on the market.
- New market players committed themselves to sustainable cocoa.
- The For the Love of Chocolate campaign was launched in cooperation with UTZ Certified and Mars Nederland.

37,000 farmers trained in one year

At the end of 2009, almost 3,000 farmers had been trained. In 2010, a further 37,000 farmers worldwide were trained. The emphasis in the training courses is on sound farming methods, such as soil management, disease prevention and proper use of pesticides. The training courses also address the improvement of working conditions. Training farmers leads to improved soil quality and higher productivity, and therefore a better income for the farmers, as well as reducing the negative impacts of cocoa cultivation on people and the environment.

Expansion to an additional four countries

The cocoa programme started in the major cocoa producing countries of Ivory Coast, Ghana and Indonesia, but the high demand for cocoa soon led to an expansion of the programme to other countries. In 2010, Solidaridad and its partners assembled training teams in Nigeria, Cameroon, Ecuador and Brazil and began training the trainers, who in 2011 will pass their knowledge on to thousands of farmers. This will enable the supply of sustainable cocoa to grow more quickly and meet the demand for cocoa from these producer countries.

Lesson learned: building capacity takes time

Solidaridad's cocoa programme is growing so rapidly that building the required organizational capacity has become time-consuming. In 2010 we therefore devoted considerable effort to building the organizational capacity at Solidaridad's regional offices. Establishing good relations with government organizations also took more time than expected.

Evaluation of 2010: opportunities and threats

Solidaridad's activities in the cocoa sector benefit from its wide expertise in producer support. Solidaridad is seen as an expert in certification because of the pioneering role it has played in this field over many years. In fact, because of its close working ties with UTZ Certified, many people think Solidaridad and UTZ are the same organization. However, for both organizations certification is just a means to an end,



photo Keke Keukealaar



Marianna from Mantukwa in Ghana is attending a training course on smart and sustainable cocoa cultivation. She is planting her own land with new cocoa trees. She leads the local women's group, runs her household and takes care of her children and her mother.

different certification schemes. The rapid growth of the cocoa programme calls for new forms of collaboration with donors and other financial partners.

Impact

In 2010 we considerably increased the scale of the cocoa programme. Producer support was expanded from 3,000 to 40,000 farmers and from three to seven countries. Although the cocoa programme has not been running long enough to be able to demonstrate its impact on the living conditions of the farmers, initial results lead us to believe that we can at least expect improvements in productivity and the quality of the cocoa the farmers produce. This is expected to lead to an increase in farmers' incomes, which may increase even further due to rising prices on the world market. The premium commanded by certified cocoa appears to motivate starting farmers in particular to work towards certification. In the meantime, a scientific study has been started to measure the effect of support programmes on farming communities over a period of several years.

and Solidaridad's producer support programmes involve much more than helping farmers to meet the criteria for certification. Solidaridad and UTZ Certified will both gain in credibility if their roles are clearly stated and distinguished. As demand continues to grow, there is a danger that cocoa that does not meet the sustainability criteria will incorrectly be certified as such. In Ivory Coast and other countries progress is being hampered by an unstable political climate or by insufficient government investment in the cocoa sector.

Prospects for 2011

In 2011 Solidaridad will continue to work on the professional development of our field staff and expanding our capacity to train more farmers in sustainable farming methods. The development and use of a training package for instructing farmers in the standards required for various certification systems will also be taken forward. In cooperation with the German development organization GIZ, we are working to achieve the mutual recognition of criteria by certification organizations so that the different systems are all based on a common set of baseline criteria. This can save much time and money in training farmers for compliance with

Key strategic partners and donors

Partners in producer support:

Ecom; Cargill; Armajaro

Partners in civil society building:

Business Watch Indonesia; Anader Cote d'Ivoire; Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)

Partners in market development:

UTZ Certified; Ecom; Cargill; Armajaro; Mars; Nestlé; Ahold; Delicia; Heinz

Campaign partners:

Mars; UTZ Certified

Donors:

Dutch Sustainable Trade Initiative (IDH); GIZ; PSO

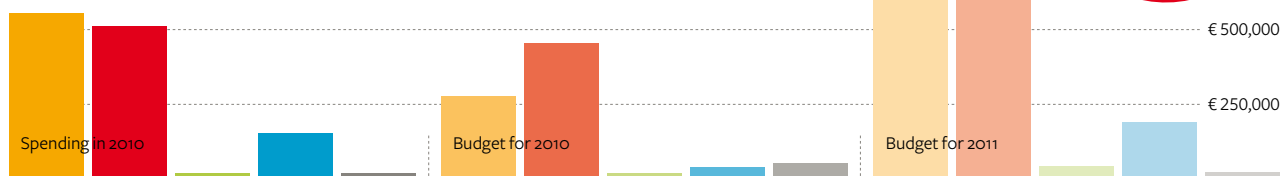
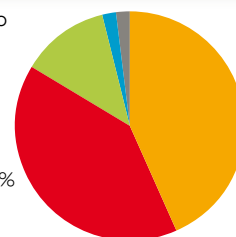
Spending in 2010
Budget for 2010
Budget for 2011

€ 1,316,603
€ 893,000
€ 2,559,000

Additional contribution from the Dutch Sustainable Trade Initiative (IDH) in 2010; higher contributions from companies in 2011.

Breakdown of spending on activities in 2010

- Producer development 43.7%
- Civil society building 40.3%
- Communication 12.3%
- Market development 1.9%
- Planning, monitoring and evaluation 1.8%





Soy

More than 16,000 soy farmers trained

The worldwide standard for responsible soy production was approved in 2010 and has been tested in three countries. In India and Brazil Solidaridad's partners trained a large number of farmers in producing responsible soy. Partnerships with buyers of responsible soy were continued and expanded.

The Netherlands is the second biggest importer of soy in the world. Ninety per cent of the soy is used in animal feed; the other ten per cent is needed as an ingredient in foods. The constantly rising demand for soy is leading to severe environmental pollution in the producer countries, especially in South America, where expansion of soy plantations often involves the destruction of savannah and tropical forest, either directly or indirectly through the displacement of livestock farming. Soy cultivation also involves the use of pesticides that pollute soil and water. The problem in China and India is low productivity. Solidaridad helps the sector to become socially and environmentally more sustainable by introducing responsible soy into the animal feed and food industries.

Goals for 2010

- To establish national interpretations of the Round Table on Responsible Soy (RTRS) in five countries.
- To demonstrate responsible soy cultivation in family farming and promote acceptance of the RTRS standard by major producers.
- To introduce RTRS soy into animal feed production.
- To demonstrate Solidaridad's role as a change agent in making animal protein products more sustainable.

Achievements

- The RTRS standard for responsible soy was approved; in 2010 Solidaridad chaired the RTRS Executive Board.
- More than 16,000 Indian and Brazilian farmers were trained in more sustainable soy production.
- National interpretations of the RTRS standard were completed in India, Brazil and Argentina and were started in China and Bolivia.
- Solidaridad entered into a new partnership with dairy company Arla Nederland.
- FrieslandCampina committed itself to responsibly-produced soy for a further four years.
- The Dutch organization Task Force Sustainable Soy (a platform of the main companies in the soy supply chain) is aiming for one hundred per cent RTRS certified soy in the Dutch market in 2015.

Standard launched in three countries

The Round Table on Responsible Soy's standard for sustainable soy production was approved in 2010. The standard is a worldwide agreement on the principles and criteria for responsible soy. The next step is to determine how these agreements and criteria can be applied to local contexts, before proceeding with certification. This process of national interpretation was completed in India, Brazil and Argentina in 2010 and has been started in China and Bolivia. Solidaridad centres played a key role in this process in China and India; in Brazil it was implemented by Solidaridad's partners.

SOYPSI projects reach out to 16,000 farmers

In 2010 more than 16,000 soy farmers in India and Brazil were trained in the responsible production of soy. The Indian farmers have small farms and use outdated production methods. Considerable benefits have been gained from training them in modern techniques and in the use of good quality seed and appropriate pesticides; both the quantity and the quality of production have increased. As a result, the environmental impact of production has decreased, farmers' incomes have risen and poverty has been effectively tackled.

Lesson learned: no market for ecosystem services

Solidaridad's ambition of integrating payments to farmers for environmental services into our programmes has largely remained limited to exploring the possibilities. Examples of environmental services are reducing CO₂ emissions and maintaining protected areas. It is not yet possible to make significant steps forward because the global instruments for climate and nature conservation are not yet available. In the absence of any international agreements, Solidaridad is looking to link up with more small-scale and voluntary alternatives initiated by government authorities and the corporate sector.

Evaluation of 2010: opportunities and threats

Solidaridad was heavily involved in the field testing of the RTRS standard. Having staff members and partners in



photo Siddharth Tripathy



photo Leonardo Melgarejo



Gopi Kumari from Madhya Pradesh in India gets higher yields by sowing more thinly.

In southern Brazil family farms are an alternative to large-scale monocultures.

investments in responsible soy. For the Dutch livestock farming sector this is an absolute condition for meeting the promise of buying one hundred per cent RTRS certified soy by 2015.

Impact

The impact of the soy programme is most clearly visible in India. A large proportion of Indian soy farmers live below the poverty line and obtain about sixty per cent of their scanty incomes from soy. Field studies show that the farmers' soy yields have risen by thirty per cent and their use of inputs has declined, delivering significant improvements in the living conditions of farming families. Progress has also been made in Brazil, where there is now greater awareness of what RTRS is about. The financial and commercial relations between Brazilian farmers of responsible soy and the buyers in the Dutch dairy and pig farming sectors have been strengthened and expanded.

important producer countries has proved to be a big advantage in this respect. But Solidaridad consults regularly with important players outside the producer countries as well, and is valued for its expertise. This keeps us well informed about the weak points in the steps being taken towards responsible soy: companies are still largely unwilling to pay for the additional sustainability requirements and many NGOs focus on genetic manipulation in soy production and not on the general sustainability issues of soy.

Prospects for 2011

On the producer side, Solidaridad is working with its partners to make soy cultivation more sustainable. In pursuing this goal, we focus on improving the position of family farms and the protection and restoration of natural vegetation. We will be working more closely with NGOs in the Netherlands and abroad to convince companies to make real

Key strategic partners and donors

Partners in producer support:

Gebana Zwitserland; Associação de Plantio Direto no Cerrado (APDC) Brazil; COPAFI Brazil; Samarth Kisan India; ASA India; IGS/Basix

Partners in civil society building:

Probioma Bolivia; ICV Bolivia, China Soybean Industry Association, India Soy Forum

Partners in market development:

FrieslandCampina, ARLA, Keursslagers, CONO / Ben & Jerry's

Donors:

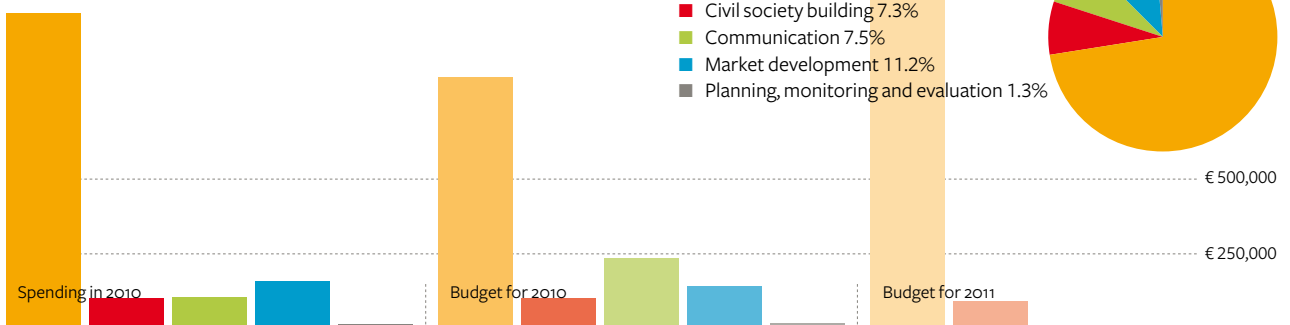
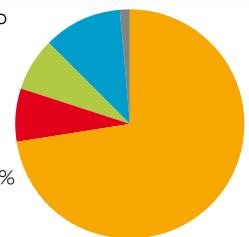
Netherlands Ministry of Foreign Affairs/Millennium Agreements and MFS; Dutch Sustainable Trade Initiative (IDH); Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)

Spending in 2010
Budget for 2010
Budget for 2011

€ 1,437,150
€ 1,340,000
€ 1,244,660

Breakdown of spending on activities in 2010

- Producer development 72.7%
- Civil society building 7.3%
- Communication 7.5%
- Market development 11.2%
- Planning, monitoring and evaluation 1.3%





Palm oil

Link between growers and companies

During the past year the successful train-the-trainer system made it possible to considerably expand Solidaridad's producer support activities. Dozens of our partners' trainers pass on their expertise in responsible farming methods to hundreds of farmers' leaders, and ultimately thousands of farmers, propagating responsible farming methods. A growing number of multinationals and supermarkets are expressing interest in buying responsibly produced palm oil.

During the last thirty years the production of palm oil has increased from 5 to 40 million tonnes. Palm oil is a highly profitable product, but plantation workers and small producers often receive little reward for their efforts. As the demand for palm oil continues to rise, large areas of rainforest are being cleared to make way for new plantations. Solidaridad makes a forceful case for increasing production on existing plantations to minimize the need to create new plantations and provides training in improved agricultural methods, which also benefit the health of the workers. The growing awareness of the impacts of expanding palm oil plantations is pushing up demand for responsible palm oil. Solidaridad links small-scale growers and environmentally and socially responsible plantation companies with the European market.

Goals for 2010

- To demonstrate the advantages of the Roundtable on Sustainable Palm Oil (RSPO) standard to small farmers in three countries.
- To establish producer support and trainings centres in three palm oil producing regions.
- To establish and test a national interpretation of the RSPO standard in Ghana.
- To become a change agent in improving the sustainability of food and cosmetic products in which palm oil is an important ingredient.

Achievements

- The producer support programme has been considerably expanded in Ghana, Honduras, Colombia and Brazil, in addition to ongoing projects in Papua New Guinea with New Britain Palm Oil (NBPOL) and in Malaysia with Wild Asia and Keresia Plantations.
- The national interpretation of the RSPO standard in Ghana was successfully completed and tested.
- Following a study of gender issues in two Indonesian regions, the position of women on plantations is now higher up the agenda of civil society organizations.
- The Task Force for Sustainable Palm Oil set a target of using only RSPO palm oil in the Dutch food, cosmetics

and animal feed industries by 2015.

- Various Dutch multinationals and supermarkets have committed themselves to supporting RSPO's mission.

Train-the-trainer system delivers results

During the past year Solidaridad has taken great steps forward in the POPSI producer support programme which aims to involve small farmers in the transition to sustainable production. We are making progress by developing training tools and working with our partners to train a large group of extension officers, who then train groups of farmers in better farming methods. In Papua New Guinea, for example, seventy additional extension workers were trained in instructing 7,000 farmers and getting them ready for certification. The extension officers form a community of practice for sharing training materials and experiences, allowing them to learn from their mistakes and quickly apply successful approaches elsewhere.

Certification now underway in Ghana

The RSPO sustainability standard is subject to a national interpretation process in each country to make it workable in the various regions and adapt it to the local legislative and production contexts. The national interpretation in Ghana was completed and tested in 2010. Instruction on the application of the RSPO standard can now begin and Ghanaian producers can become certified.

Lesson learned: greater emphasis on the producer

The high and rising demand for palm oil gives that the producers a stronger position on the international market. This is not restricted to the palm oil market, but also applies to the markets for biomass, soy and sugar. It is essential to show traders and oil palm plantations that sustainable production gives them both short-term and long-term benefits. Particularly when demand is rising, increasing productivity over the longer term is of strategic importance for their position on the market.

Evaluation of 2010: opportunities and threats

The palm oil supply chain is long, with numerous steps and



Many smallholders in Indonesia, Papua New Guinea and West Africa depend on palm oil for their livelihoods.



photo:NBPOL



photo:NBPOL

companies between the grower and the consumer. Solidaridad is one of just a few organizations with knowledge of the supply chain and a presence in producer countries. We are therefore familiar with the interests of the companies, producers and civil society organizations involved and are able to bring these players together. We can help companies find answers to sustainability problems and introduce them to producers supplying certified palm oil. To scale up the programme activities it is essential that Solidaridad works with its partners on expanding training and farmer support capacity in the producer countries.

Prospects for 2011

In 2011 Solidaridad will work to strengthen its own network and its partners and to expand its network of partners. This will better equip us to assist producers in overcoming sustainability problems and help buyers procure sustainable products.

Impact

Solidaridad's strategy is based on the principle of the 'multiplier effect': a handful of programme managers support dozens of extension officers, who then train hundreds of farmers' leaders and cooperative technicians, who in turn can reach thousands of farmers. In time, these farmers should then see an increase in their yields and revenues. The palm oil programme has not been running long enough to be able to report any significant results yet. Over the coming years Solidaridad will pay special attention to measuring the impact of the programme.

Key strategic partners and donors

Partners in producer support:

New Britain Palm Oil Limited (Papua New Guinea); Ghanaian producers GOPDC, TOPP, BOPP and Norpalm; Wild Asia and Keresa Plantations (Malaysia)

Partners in civil society building:

RSPO; OxfamNovib; WWF; NGOs Tenaganita (Malaysia), Sawit Watch and Solidaritas Perempuan (Indonesia)

Partners in market development:

Unilever; RSPO; Dutch Product Board for Margarine, Fats and Oils (MVO)

Donors:

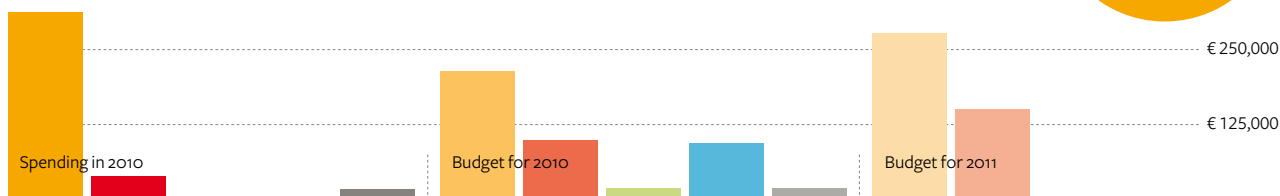
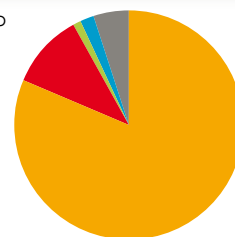
Netherlands Ministry of Foreign Affairs/Millennium Agreements and MFS; Unilever

Spending in 2010
Budget for 2010
Budget for 2011

€ 382,200
€ 447,500
€ 431,680

Breakdown of spending on activities in 2010

- Producer development 81.2%
- Civil society building 10.5%
- Communication 1.3%
- Market development 2%
- Planning, monitoring and evaluation 5%





Sugarcane

Progress in the sugar market

The Bonsucro standard for certified sugar was approved in 2010. Solidaridad had a major hand in the development of the standard and has trained thousands of farmers in responsible farming methods. The market development of Bonsucro sugar got off to a good start by welcoming Suikerunie as a buyer.

The commercial prospects for the sugarcane sector are encouraging. The sector is growing rapidly in response to rising demand for sugar for consumption and for conversion to ethanol as a biofuel. However, the working conditions of many workers in the sector are far from favourable. Plantation workers often have unacceptable employment contracts, poor housing and low wages. They do heavy work in unhealthy conditions. Solidaridad can make a significant contribution to improving conditions in the sector, including supporting workers and small producers in Brazil, India and Malawi, and by developing markets for sustainably produced sugarcane.

Goals for 2010

- To broaden support for Bonsucro (previously BSI) in producer countries by strengthening civil society organizations and encouraging them to become more involved
- To improve the position of workers and the business practices and profitability of small producers
- To forge links between producers and buyers
- To heighten awareness among consumers

Achievements

- The Bonsucro standard was approved and adopted. Solidaridad is a board member of Bonsucro and played a major role in developing the standard for the sustainable production of sugarcane.
- In 2010 training courses were followed by 10,000 farmers in ten countries around the world; in Brazil sugarcane cutters made redundant by mechanization were retrained for other work.
- The first steps were taken towards improving the working conditions of at least 10,000 plantation workers worldwide.
- Solidaridad supported the study by the La Isla Foundation in Nicaragua into chronic kidney failure and the violation of the rights of sugarcane cutters.
- In the Dutch market Solidaridad now works with the North Sea Group (ethanol) and Suikerunie (sugar).

Training for better cultivation and new work

In 2010 at least 10,000 farmers around the world were given training in reducing the negative environmental impacts of sugarcane cultivation and in more responsible use of water, fertilizers and pesticides. It is expected that once farmers have learned how to use and apply these improved farming methods they will see their yields, and consequently their incomes, increase. Solidaridad set up retraining courses for the large group of sugarcane cutters in Brazil who lost their jobs as a result of the mechanization of harvesting, and helped them to find new work. As taking responsibility for employees after firing them is a novel concept in many countries, this project became a demonstration project and attracted considerable attention both in Brazil and internationally.

Suikerunie embraces Bonsucro

In 2010 Suikerunie became a member of Bonsucro, the Better Sugarcane Initiative. Suikerunie, the biggest sugar producer in the Netherlands, co-finances producer support in Malawi and has pledged to buy Bonsucro certified sugar. An added benefit is that Suikerunie will raise the profile of Bonsucro among food processors and retailers of sugar products.

Lesson learned: change demands specialization

Misconduct is deeply rooted in the sector and are often not recognized as such. Companies are willing to change, but lack alternative working practices. Convincing sugarcane companies that there are socially responsible alternatives that do not affect profitability requires expert knowledge of the sector, good relations and, not least, staying power. More Solidaridad staff members should be given time to specialize in the sector to enable them to bring about changes on a larger scale. More good practices could then be introduced, backed by a consumer campaign.

Evaluation of 2010: opportunities and threats

Solidaridad has wide experience with certification as well as good relations with market players in the sugar and ethanol sector. This creates opportunities for Bonsucro, particularly



photo Paul Fests



photo Pieter Sijbrandij



Mozambican contract labourers cut sugarcane in Dwangwa, Malawi.

In Brazil mechanized harvesting is replacing heavy manual labour.

because the first deliveries of certified sugar and ethanol prove that opportunities are available to companies that want to adopt sustainable and ethical procurement practices. In contrast to the opportunities on the market side, a threat is emerging on the production side of the equation. The worldwide supply of sugar remains below the level of demand and the world market price is now two to three times higher than the long-term average. This puts a strain on the relations between producers and buyers: buyers cannot make firm demands regarding sustainable production, but are simply pleased if they are able to buy sugar at all. At the same time, the rising price of sugar also means that there is now money available to make improvements in the sector, improvements that will also be needed to increase productivity. This capital simply has to come from the producers, because many NGOs and donors do not sense the urgent need for changes in the sugarcane sector.

Prospects for 2011

A publicity campaign is planned for 2011 to draw the attention of consumers and businesses to the problems and development opportunities in the sugarcane sector. At the

moment 25 per cent of the sugar used in the EU comes from sugarcane, and the demand for ethanol from sugarcane will undoubtedly rise. Many people and companies do not yet realize that they use cane sugar in their food or as a source of fuel. The appearance on the market in 2011 of certified sugar can bring this problem to wider attention and at the same time demonstrate that there is a solution.

Impact

The farmers who were trained in the Bonsucro standard last year can count on higher production and growing incomes over the longer term. As sugar is a perennial crop and the farmers have only been working with the standard for one season, it is still too early to give any quantitative indication of how much their production and incomes will rise. For the sugarcane cutters who lost their jobs and have been retrained and supported in their search for other work, the impact is clear: they have found new jobs. These training courses also sent a signal to their former employers that responsible employers do not abandon all responsibility for their employees once they have been fired.

Key strategic partners and donors

Partners in producer support:

Prakruthi; WWF; Concern Universal; AGSRI; International Finance Corporation

Partners in the field of civil society building:

Bonsucro; WWF; Feraesp (Brazilian labour union)

Partners in market development:

North Sea Group; Suikerunie; Delicia; The Coca Cola Company; EID Parry; Shell

Donors:

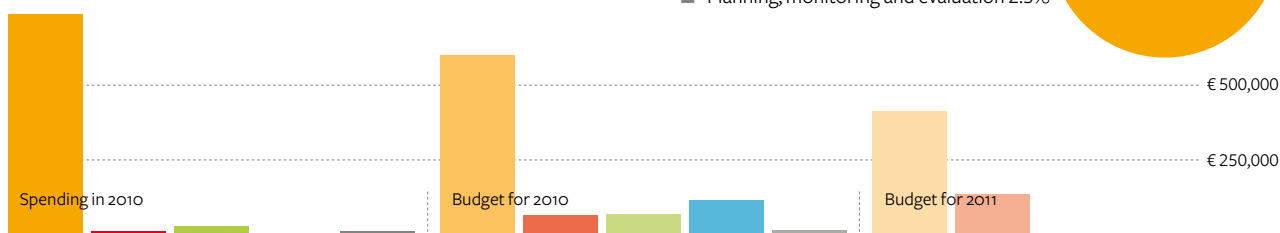
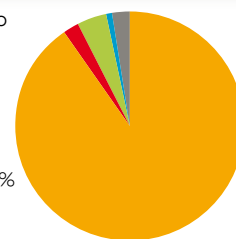
Netherlands Ministry of Foreign Affairs/Schokland Fund and MFS; NL Agency

Spending in 2010
Budget for 2010
Budget for 2011

€ 815,600
€ 885,000
€ 561,660

Breakdown of spending on activities in 2010

- Producer development 90.3%
- Civil society building 2.2%
- Communication 4.4%
- Market development 0.8%
- Planning, monitoring and evaluation 2.3%





Biomass

Pioneer in developing the biobased economy

Last year Solidaridad proved that more can be done on less land by adopting smart land use practices. In the biomass project in Mozambique biomass production does not adversely affect forests and food production; on the contrary, they go well together. The project delivers many benefits to local farmers and proves that biomass can be produced sustainably.

It is a well-known fact that fossil fuel reserves are declining and that alternatives are badly needed. It is inevitable that organic raw materials will be needed for biofuels and for use in the chemical industry. However, enthusiasm for this took an about turn when it became clear that the cultivation of energy crops in developing countries was leading to the loss of natural habitats and displacing food crops. But there is another way. Solidaridad is demonstrating that this is possible in Mozambique, where biomass production goes hand in hand with improved food production and a reduction in carbon emissions. Solidaridad is charting a new course in this sector through projects that deliver many benefits to the local population while bringing the biobased economy a step closer. The use of biomass for energy generation is just the first of many possibilities.

Goals for 2010

- To create an infrastructure for marketing residual streams from fast-growing timber trees.
- To establish networks of instructors to give training courses in agroforestry that will lead to improved food production and the production of fast-growing timber.
- To investigate energy applications for residual streams in the product supply chains in which Solidaridad is active.
- To influence European and Dutch policies in favour of stimulating the certification of sustainable biomass.
- To help NGOs develop capacity in the field of biomass energy.

Achievements

- The training network in Mozambique has been set up and 8,000 farmers have already been trained in agroforestry.
- In Nicaragua, biogas facilities have been installed to recover methane from coffee processing.
- Solidaridad worked with NGO networks (Rede Bio, CURES) in South America and South Africa to influence government policies in favour of stimulating environmentally and socially responsible development in the biomass sector.
- Solidaridad took part in the Corbey Committee, which advises the Dutch government on sustainable bioenergy.

- Solidaridad and Electrabel worked on a business plan for establishing a sustainable supply chain for biomass from Mozambique.
- Solidaridad and the North Sea Group worked on setting up a trade chain for Bonsucro certified cane-sugar ethanol from Brazil.

Bioenergy increases food production

The agroforestry project in Mozambique, launched in 2009, made rapid progress in 2010. About 800 farmers planted 160,000 seedlings of fast-growing timber species and the thinnings can be used for bioenergy generation. The farmers learned about modern farming methods, which make traditional slash and burn techniques redundant and lead to higher and more varied food production. This project proves that bioenergy, food production and reducing carbon emissions can be achieved together.

A market for biomass pellets

With its partners Abiodes and Electrabel, Solidaridad launched a two-and-a-half-year project to draw up a business plan for a trade chain for biomass pellets (a highly compressed form of biomass of uniform size) produced in Mozambique. The consortium's main aim is to supply the domestic and regional markets for cooking charcoal, but the European market will also be supplied with biomass pellets as a substitute for coal for cofiring in coal-fired power plants.

Lesson learned: the producer has the power

The demand for biomass is increasing and the balance between supply and demand is shifting. Producers are gaining more power and their clients have little room for choice, which means it is not enough for buyers to require that producers obtain certification. This prompted Solidaridad to analyse farmers' motives for obtaining certification and to emphasize the advantages of certification to producers.

Evaluation of 2010: opportunities and threats

Solidaridad's practical knowledge of the agricultural sector



In Mozambique experiments are underway with a mix of farming and forestry; here trees have been planted between the rice paddies.

photo Solidaridad



photo Solidaridad



in developing countries and experience with innovative biomass projects give us a credible voice in the food-feed-fibre-fuel-forest debate. This polarized debate tends to remain bogged down in discussions about theoretical findings, whereas projects carried out in developing countries in recent years have shown that the production of feed, fibre and biomass (fuel) does not have to endanger food production, and that the rising demand for food, feed, fibre and fuel does not have to threaten the future of forests.

Prospects for 2011

Certification alone is not enough to tackle the sustainability issues of bioenergy. Solidaridad emphasizes smart and sustainable land use: producing more on less land. Where certification is a condition for responsible production, we increasingly emphasize the profits to be made by local farmers following certification. In 2011 we will continue to play an important part in the food-feed-fibre-fuel-forest debate. Solidaridad is the ideal party to bridge

the gap between the theoretical findings of scientists and local conditions on the ground. Solidaridad's knowledge and experience of the sector and of local contexts make us the perfect partner for governments and companies that want to make real progress towards a sustainable, biobased economy.

Impact

The impact of the biomass project in Mozambique is that 800 farming families have been able to improve their diet by producing more and varied food, while at the same time increasing their biomass production. But more important than this improvement in the situation of these farmers is the ongoing transformation of the market being pioneered by Solidaridad. We are achieving this by demonstrating through innovative projects that these possibilities exist and by building coalitions between NGOs, buyers and producers.

Key strategic partners and donors

Partners in producer support:

Abiodes (NGO for biodiversity and sustainable development, Mozambique); WWF, UNICA (Brazilian Sugarcane Industry Association); International Finance Corporation

Partners in civil society building:

Rede Bio (NGO network in South America); CURES (NGO network in Southern Africa); Dutch Biomass Platform

Partners in market development:

Electrabel Netherlands (supplier of electricity and heat); North Sea Group (transport fuel supplier); Essent/RWE, Shell

Donors:

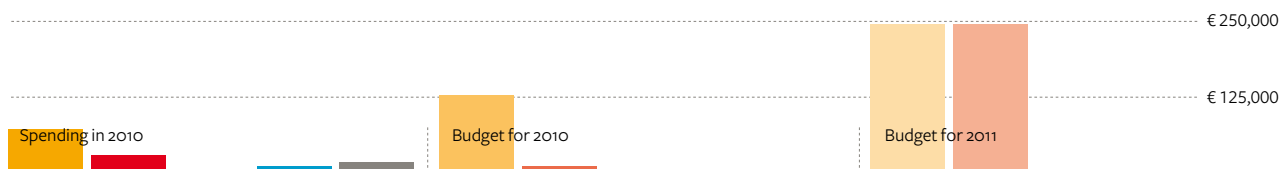
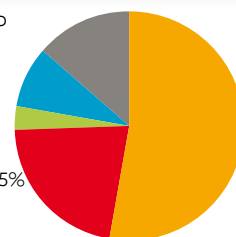
Netherlands Ministry of Foreign Affairs/MFS; NL Agency; European Commission

Spending in 2010	€ 138,717
Budget for 2010	€ 142,000
Budget for 2011	€ 493,000

EU financing received in 2011, not in 2010.

Breakdown of spending on activities in 2010

- Producer development 53%
- Civil society building 21.7%
- Communication 3.3%
- Market development 8.5%
- Planning, monitoring and evaluation 13.5%





Tea

Tea programme up to full strength

The tea programme moved up a gear in 2010. Support programmes were expanded to eight countries and reached 50,000 tea smallholders and their families. Preparations for entry onto Asian markets were carried forward, opening up a period of unprecedented growth in the production and consumption of responsible tea in the near future.

The tea sector provides an income for millions of people worldwide. But these incomes are usually minimal due to the low quality of the tea and rising production costs, making life difficult for smallholders and plantation workers. Although farmers account for a major part of world production, they are often poorly organized and have a weak position in the market. There is much that needs to be improved in the tea sector, not only on the social and economic front, but also on the environmental aspects. Solidaridad contributes to a more sustainable sector by training farmers in sustainable cultivation methods and helping them to become organized, with positive results for farmers, their families and the environment.

Goals for 2010

- To give smallholders access to certification systems and markets.
- To stimulate stakeholders in the local tea market to join in the development and implementation of sustainability standards.
- To boost local and international demand for sustainably produced tea.

Achievements

- More than 50,000 farmers and 7,500 plantation workers have been trained through the train-the-trainer system. The majority of these farmers are now (or will soon be) certified.
- Rooibos farmers in South Africa were the first to adopt the UTZ standard for Rooibos tea.
- In India, Sri Lanka, Indonesia, China and Malawi we worked to build the capacities of stakeholders in the national tea sectors and of civil society organizations.
- A study was completed on the opportunities for introducing responsible tea onto local markets in India, Indonesia and China.
- Demand for UTZ Certified tea increased and three other tea traders pledged to market UTZ Certified tea in 2011.

Strong growth in the number of trained farmers

2010 was an important year for Solidaridad's tea programme. The step was made from pilot projects to a programme operating at full strength in eight countries. As a consequence, the training of farmers in collaboration with UTZ took off rapidly. A deliberate decision was made to focus on smallholders in addition to tea plantations. In total more than 50,000 farmers were trained in better farming methods and received certification.

Progress on Asian markets

We completed a study on the consumption of responsible tea in India, Indonesia and China. In addition, considerable time and effort was invested in lobbying, building networks and establishing different strategic partnerships in each country. The National Reference Groups set up in various countries in 2009 ensure that the marketing approach is locally driven. This approach offers good opportunities for marketing responsible tea in India, Indonesia and China.

Lesson learned: farmers come first

Fifty per cent of all the tea produced in the world is consumed in China and India. As opening up these markets to responsible tea will lead to an enormous increase in the number of buyers, Solidaridad is looking for partners active in these markets. This is the most efficient way for us to reach our target group: the small tea producers.

Evaluation of 2010: opportunities and threats

A precondition for supplying large Asian markets is getting many more farmers to use sustainable production methods. The train-the-trainer approach, which got off to a good start last year, makes it possible to train a very large number of farmers. In order to make significant progress, farmers are increasingly trained in the methods required for several certification systems. Solidaridad's position in the Dutch Sustainable Trade Initiative (IDH), which brings different standards together, presents an opportunity to create links between the different systems. An additional advantage is that the costs of training large groups of farmers can be brought down if they qualify for several labels.



Quality control of freshly picked tea in Kenya.

In Malawi large amounts of tea are produced both on plantations and by smallholders.



photo Arjen Boekhold



photo Geertje Otten

Impact

The combination of reducing costs and increasing production will inevitably lead to a rise in farmers' incomes. That is the strategy pursued by Solidaridad's producer programme. Last year the Agricultural Economics Research Institute (LEI) at Wageningen University began a five-year evaluation to demonstrate the long-term impact of the programme in Kenya and Malawi. The evaluation will collect data on the impact of the UTZ tea standard on incomes, production, knowledge and responsible production methods. The evaluation will also look at the performance of Solidaridad and its partners with a view to improving the efficiency and effectiveness of our actions.

Key strategic partners and donors

Partners in producer support:

Fundacion Dachary Argentina; Agricane Malawi; Sandra Kruger Associates South Africa; Tea Research Association India; Tea Smallholder Development Authority Sri Lanka, Ministry of Rural Development and Cafe Control Vietnam, Yunan University China; DE Foundation; Oxfam Novib

Partners in civil society building:

China Tea Marketing Association; Business Watch Indonesia; Prakruthi India; Institute Social Development Kandy, Sri Lanka; SOMO

Partners in market development:

UTZ Certified

Donors:

Dutch Sustainable Trade Initiative (IDH); Douwe Egberts Foundation; Netherlands Ministry of Foreign Affairs; FICA

Prospects for 2011

Following the scaling up of the producer support, in 2011 Solidaridad will focus on fundraising and the further development of strategic partnerships. Producer support will also be given for entry onto Asian markets, for which pilot projects will be set up with relevant buyers.

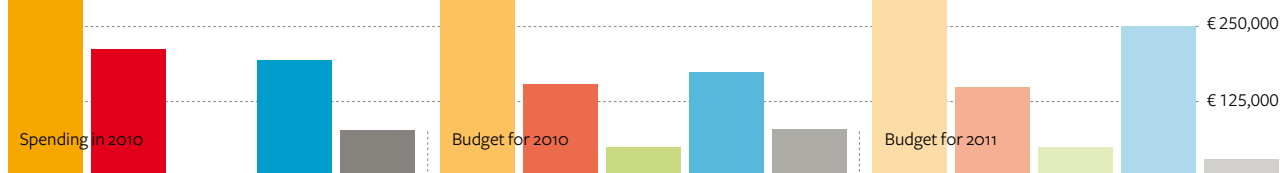
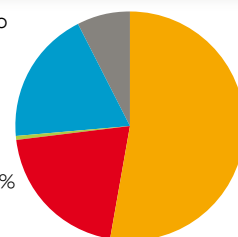
Spending in 2010
Budget for 2010
Budget for 2011

€ 1,046,227
€ 850,000
€ 920,000

Additional contribution from the Dutch Sustainable Trade Initiative (IDH) in 2010.

Breakdown of spending on activities in 2010

- Producer development 53%
- Civil society building 20.3%
- Communication 0.5%
- Market development 18.7%
- Planning, monitoring and evaluation 7.5%





Gold

First small miners obtain certification

In 2010 the gold programme past several milestones: a start was made on collaborating with medium-sized gold mining companies and the first group of small-scale miners supported by Solidaridad obtained certification – proof that more responsible gold mining is possible. Having achieved these results, we were able to launch a successful consumer campaign.

The industrial mining sector and the small-scale mining sector each have their own sustainability problems. The unethical working practices of many industrial gold mining companies bring them into conflict with local communities, while the majority of small-scale miners are victims of their illegal status. The working conditions and safety of small-scale miners are not subject to regulatory control. They often use mercury unsafely, with damaging effects on the environment and human health. The irresistible attraction of the gold sector, fuelled by the unparalleled prices for gold, makes matters even worse. Solidaridad and its partners train miners in better working practices according to the Fairtrade Fairmined standard. We are bringing the problems and opportunities in the mining sector to the attention of consumers and jewellery brands.

Goals for 2010

- To expand support projects for small-scale miners in South America and Africa.
- To develop support projects for industrial mining.
- To cooperate with ten European jewellery brands and traders and to bring them into contact with mining organizations that mine gold in environmentally and socially responsible ways.
- To further develop cooperation with the Responsible Jewellery Council to improve the standard for large-scale gold mining.
- To publicize the problems of the mining sector and the solutions in a consumer campaign.

Achievements

- In 2010 the first group of small-scale miners supported by Solidaridad were certified for the Fairtrade Fairmined standard.
- Solidaridad supported three pilot projects in Colombia, Bolivia and Peru, directly reaching more than 1,600 mine-workers and indirectly 6,500 family members.
- Working with its partners, Solidaridad extended its Fairtrade Fairmined programme to Africa.
- Solidaridad compared and investigated international standards for responsible industrial gold mining.

- Cooperation was established with the Responsible Jewellery Council and interest in cooperation was generated among medium-sized gold mining companies.
- Solidaridad made a start with building its own international network of civil society organizations active in the mining sector.
- Solidaridad collaborated with jeweller Stephen Webster and other English brands and is holding discussions with Dutch, Danish and German jewellery brands.
- Market development progressed in cooperation with Fairtrade Foundation and Fairtrade International (FLO).
- The 'Towards Good Gold' (*Op weg naar Goed Goud*) consumer campaign was launched.

First small-scale miners group obtains certification

2010 was an important year, in the first place because the first small-scale miners' organization obtained certification. More groups will soon follow. The mining organization became certified after an intensive process in which miners were trained in improving their working conditions and in more environmentally friendly and safe use of mercury and cyanide. The miners were also taught how to organize themselves, which facilitated the legalization of their activities.

Towards Good Gold campaign

The Towards Good Gold (*Op weg naar Goed Goud*) campaign was launched in 2010. The campaign informs consumers in the Netherlands about all aspects of gold mining, but especially shows that there is a solution to all the problems: Fairtrade Fairmined certification. Consumers can support the gold programme by donating fifteen euros, for which they receive a bracelet specially designed for the campaign. In 2010 about 3,000 bracelets were sold and the campaign was discussed in almost all the Dutch national and regional papers, in magazines and radio programmes. www.opwegnaargoedgoud.nl (in Dutch)

Lesson learned: parallel launches are hard to plan

After some delay, the support programme for miners in Tanzania, Uganda and Ghana got underway. The 'network approach', which brings together the local partners in the



Miner in the Diana mine in Peru.

photo Klike Armal



support projects in the three countries, is working well and in 2011 will be used for a training course and for the further development of projects.

Evaluation of 2010: opportunities and threats

Solidaridad emphasizes the advantages to miners of certification, for example more efficient and safer gold mining, access to the international market and a Fairtrade premium (a dividend on top of the market price of gold). These advantages generate considerable enthusiasm for certification among miners. We were therefore able to start several additional producer support projects in 2010. Another promising development for the gold programme was the outcome of a study showing that most consumers are prepared to pay more for ethical gold. This explains the growing interest among jewellery brands, which are asking Solidaridad for help in procuring ethical gold. The step that needs to be taken from current practices in the gold sector to responsible gold mining and towards a transparent and fair trade chain is an enormous one. Solidaridad is a pioneer in this process.

Prospects for 2011

In 2011 Solidaridad wants to actively involve jewellery brands in improving the conditions of producers in the field. In

addition, to fully realize the ambitions and opportunities of the programme, Solidaridad is looking for more financiers to commit to the gold programme.

Impact

The first impact of the support programme for small-scale miners already became apparent during their training for certification: their productivity began to rise. When their Fairtrade Fairmined gold comes onto the market they can also expect their incomes to rise. In Peru the certification training went hand in hand with the legalization process. This has a big effect because miners can now settle permanently and invest in their community. For example, they set up a day nursery which has improved the position of female mineworkers. Legalization also provides opportunities for non-mineworkers: shopkeepers and suppliers of other services can also become established and earn a living.

Key strategic partners and donors

Partners in producer support:

Alliance for Responsible Mining; Fair Trade Labelling Organizations International (FLO, FLO-CERT)

Partners in market development:

Federatie Goud en Zilver (Dutch gold and silver federation); jewellery brands in the United Kingdom, Denmark, the Netherlands and Germany; Fairtrade Foundation (UK) and Fairmaerket (Denmark)

Campaign partners:

Dutch Postcode Lottery; Bibi van der Velden (designer of the Good Gold bracelet)

Donors:

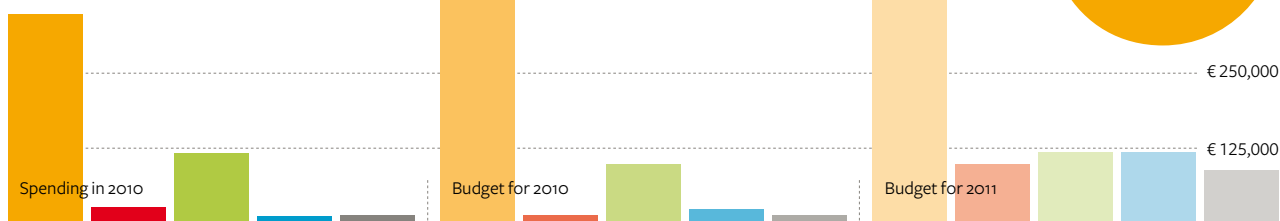
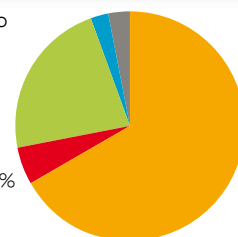
Adessium Foundation

Spending in 2010
Budget for 2010
Budget for 2011

€ 520,952
€ 600,000
€ 900,000

Breakdown of spending on activities in 2010

- Producer development 66.8%
- Civil society building 5.3%
- Communication 22.5%
- Market development 2.5%
- Planning, monitoring and evaluation 2.9%



The well-known jewellery designer Bibi van der Velden visited Oro Verde miners in Colombia and learned how to pan for gold. Her trip did much to raise public interest in where gold comes from. Eighty per cent of all the gold in the world is used to make jewellery, but few jewellery producers, jewellers and consumers know about the daily working lives of the fifteen million small-scale gold miners. The Solidaridad campaign 'Towards Good Gold' is gradually changing this state of affairs.



Market development and communication

What do consumers think about sustainability? How can Solidaridad raise the awareness of companies and consumers and stimulate demand for sustainable products? But also, how can we increase the number of donors and attract funding? These are questions that occupy the minds of Solidaridad's communications staff on a daily basis.

In 2010 the Market Development and Communication department was further professionalized. The department carries out four main tasks: market development, fundraising and campaigns, corporate communication and PR. In this chapter we also discuss institutional fundraising.

Market development

Market development is an important part of Solidaridad's work and focuses on identifying and creating demand from companies and consumers for sustainable products. This is often preceded by market research. Knowledge of market potential, target groups and consumer behaviour is essential for promoting sustainable products. Solidaridad therefore periodically carries out market research with research consultants GfK to obtain this information. We then work to broaden the range of sustainably produced products on the market by entering into partnerships with companies and other parties in the supply chain.

One of the results of market development in 2010:

Collaboration with Suikerunie

In 2010 the sugarcane programme was given a boost when Suikerunie agreed to collaborate with Solidaridad. Suikerunie, the biggest sugar producer in the Netherlands, has pledged to buy Bonsucro certified sugar. An added benefit of the partnership is that Suikerunie will raise the profile of Bonsucro among food processors and retailers of sugar products.

Fundraising and campaigns

The goal of our fundraising and campaigning activities is to conduct integrated campaigns that generate higher incomes from private fundraising, make consumers more aware of where products come from and the production methods used, and increase public awareness of the work Solidaridad does in collaboration with its strategic partners.

A selection of our mailings and campaigns in 2010:

Informing donors about our activities

Each year we issue an annual review to keep our donors up to date on our activities. In April 2010 more than 29,000 donors received the annual review, in which readers were given the opportunity to order the annual report. We also asked our donors to make a contribution to the sugarcane farmers in India, which generated a response rate of almost nineteen per cent.

Where do chocolate sprinkles come from?

Together with De Ruijter, its parent company Heinz and UTZ Certified, Solidaridad celebrated the fact that from now on De Ruijter chocolate sprinkles will carry the UTZ Certified label. The media expressed considerable interest. Solidaridad conducted a fundraising campaign with De Ruijter under the slogan 'Granddad, where do chocolate sprinkles come from?' The campaign called for support for training cocoa farmers and publicized De Ruijter's intention of switching to sustainably produced cocoa as soon as possible. In September a mailing was sent to more than 18,000 people, with a response rate of almost 18 per cent. Inserts in magazines generated another 1,920 donors. Around New Year a hundred randomly chosen donors to this campaign were treated by De Ruijter to a surprise package of chocolate sandwich fillings.

The advantages of Better Cotton

The advantages of Better Cotton were explained in a mailing sent out in November to 30,000 addresses. The mailing drew

attention to the Better Cotton Initiative (BCI), our cooperation in the BCI with companies such as H&M and IKEA, and the advantages to the farmers. The response rate was more than seventeen per cent.

For the Love of Chocolate

The For the Love of Chocolate campaign was developed in 2010 in close cooperation with Mars Nederland and UTZ Certified. The aim of the campaign is to inform a wide range of consumers about the source of chocolate and the efforts being made to make cocoa cultivation more sustainable. Three journalists agreed to go to West Africa to film and write articles about cocoa farmers and other partners in the cocoa production and supply chain. Due to the political unrest in Ivory Coast the trip was postponed until February 2011 and the destination was changed to Ghana. The campaign website was launched in December: www.fortheloveofchocolate.nl (in Dutch).



At the invitation of Mars, UTZ Certified and Solidaridad, photographer Keke Keukelaar, programme maker Froukje Jansen and columnist Hadjar Benmiloud visited cocoa farmers in Ghana. Here they take a moment to relax in a nature park, where conservationists and farmers living on the edges of the park work closely together.

Towards Good Gold

The Good Gold campaign focuses on market development, fundraising and generating publicity using tools not used before, such as social media. You can read more about the campaign on page 44.



Bibi van der Velden designed this fashionable bracelet for Solidaridad, which donors receive in return for supporting the Towards Good Gold campaign.

Corporate communication

In addition to campaigns, Solidaridad uses corporate communication tools to keep its partners and other stakeholders informed about its work and achievements.

A few of the corporate communication tools used in 2010:

Website and email newsletter

Information about Solidaridad’s work for the general public is available on www.solidaridad.nl. A varied group of stakeholders receive our email newsletter containing the latest news about Solidaridad and our partners. This newsletter generates significant traffic to our website. In 2010 about 42,000 people visited the website, against 35,000 in 2009. The number of pages visited rose from 165,000 in 2009 to 270,000 in 2010. The website is mostly in Dutch and is geared to raising funds from individuals. The international website www.solidaridadnetwork.org was launched in 2010 and contains information for our international partners, companies and other interested parties. In the first few months following its launch this site received about 3,500 visits.



Annual report

The annual report is distributed to more than 500 partners, companies, major donors and grant providers, and is also sent to people who have asked to receive it. For our foreign contacts there are digital versions available in English and Spanish. The 2009 annual report received the highest transparency score in the history of our annual reporting. The score rose by half a point to 7.2.

Solidaridad's transparency scores for the last five years

Annual report 2005: score 5	Annual report 2006: score 6,1	Annual report 2007: score 6,7	Annual report 2008: score 6,7	Annual report 2009: score 7,2
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Publicity

Solidaridad pursues a proactive PR policy towards media interested in reporting our work, and so we devoted much attention to maintaining our contacts with the media in 2010.

Solidaridad in the media

The media are paying increasing attention to Solidaridad's work. The flow of news is more stable because of the rapid developments in corporate social responsibility and the many initiatives in which Solidaridad is involved. During the past year Solidaridad issued joint press releases with De Ruijter, Arla, Chocomel, Douwe Egberts, Electrabel and Suikerunie, among others. In 2010 Solidaridad was also in the news in connection with the report by the Netherlands Scientific Council for Government Policy (WRR) about development aid, the MFS subsidy, the rejection of the policy framework for church collections by the Bishops' Conference, the sustainability top ten published by the Dutch newspaper Trouw, the Douwe Egberts lawsuit and the 'EKO product count', an annual survey of the range of organic and Fairtrade products on offer in the nation's supermarkets.

In 2010 Trouw was again the Dutch newspaper with the most frequent coverage of news about Solidaridad's activities. The Volkskrant and to a lesser extent NRC Handelsblad and Financieel Dagblad published news about Solidaridad's work more regularly than they had before. One of the reasons for this was our efforts to maintain more direct contacts with journalists. Other media also expressed interest in 2010, such as Forum, the publication of the employers' organization VNO/NCW, and ViceVersa, the journal for the development cooperation sector. We also cooperated with the journal Internationale Samenwerking, OneWorld and the National Postcode Lottery. In total we garnered about 325 articles from newspapers and magazines, more than double the number in 2009.

Solidaridad was often in the news in 2010. The Good Gold campaign attracted a lot of attention in the national press. The development cooperation magazine ViceVersa published a double interview with Nico Roozen and Bernard Wientjes (employers' federation chair).





‘Towards Good Gold’ campaign

photo H.P. Alting von Geusau

No campaign illustrates the various market development and communication tools better than the Towards Good Gold campaign. The campaign concentrates on market development, fundraising and generating publicity. It also contains elements never used before, such as social media.

Fundraising campaign

In June 2010 Solidaridad sent out a mailing to draw attention to abuses in the mining industry. The mailing was sent out to more than 18,000 people and met with a response rate of 17.7 per cent. This was followed up at the beginning of October with a major online campaign, Solidaridad’s first real online campaign. The website www.opwegnaargoedgoud.nl was launched and social media (Facebook and Twitter) were used to reach a new and extensive target group. Via the website, Facebook and Twitter people were called upon to support the campaign and in return receive a bracelet designed specially for the campaign by Bibi van der Velden. It was also the first time that Solidaridad used a physical product like the bracelet to attract support, and it has had an impact: in 2010 alone more than 3,000 people wore the campaign bracelet and the campaign is continuing into 2011 (we have already passed the 6,000 mark).

Bibi van der Velden and Ruben Nicolai wearing the bracelet.

The bracelet gives donors tangible and visible proof of their support for the campaign and an active role in spreading the Good Gold message by encouraging others to support the campaign.

The trend towards Good Gold is being reflected in the online community. The successful launch in October and November was accompanied by a fair amount of free publicity, which generated increasing traffic to the campaign website. The number of visitors rose, as did the number of hits, the average duration of visits and the number of pages viewed (on average more than four per visit). It then quietened down, with a dip around the New Year, but traffic rapidly picked up again early in 2011 following new online and offline exposure. This growth was immediately reflected in orders for bracelets and a growing number of friends on Facebook (more than 500) and followers on Twitter (more than 300).

Market development

To raise the demand for sustainable gold we approached potential business partners in the Netherlands, England and Denmark – and with success: the well-known English



The Good Gold website

Oct. 2010	Nov. 2010	Dec. 2010	Jan. 2011	Feb. 2011
No. of unique visitors to opwegnaargoedgoud.nl				
6133	11,468	3372	1249	3238
Page views				
19,007	12,960	14,485	5841	14,962
Pages per visit				
2.61	2.65	3.46	2.99	3.89
Time on website in minutes				
02.06	01.44	02.29	02.02	02.54

jewellery brand Stephen Webster has made a commitment to buying Fairtrade Fairmined gold and will use the gold to make wedding rings. In the Netherlands the first round-table meeting with several brands has already been held. In this campaign Solidaridad took on the role of progress chaser in making the gold sector more sustainable, both in its dealings with companies and towards consumers.

Publicity

All the Dutch national papers covered the launch of the campaign. In addition, more than seventy websites published details about the campaign and/or the bracelet, and the campaign was discussed in several magazines and radio and television programmes. The continual series of newsworthy events surrounding the campaign, such as the presentation of an Oro Verde Gold bracelet by Bibi van der Velden to Ruben Nicolai, Liz Snoyink and Jan Taminiau, also attracted attention and generated plenty of free publicity. This positive trend is continuing into 2011.

Institutional fundraising

Raising funds to enable Solidaridad to continue its work remains of vital importance. The trend in our income over 2010 was particularly positive: more than two million euros above budget. Solidaridad's programmes are increasingly considered to be worthy of support. At the same time, there was cause for concern over the longer term; our application for co-financing from the Dutch government for the period 2011–2015 (MFS-II) was refused, which introduces an element of uncertainty into the structural financing of our work.

MFS-II assessment

In past years Solidaridad has received a government grant of more than five million euros per year, more than a quarter of our income in 2010. The rejection of our grant application for the next period came as a shock. Until that point the Netherlands Ministry of Development Cooperation had been very favourably disposed towards Solidaridad's approach. We presented a renewed programme in an alliance with WWF-NL and we now know that the rejection had nothing to do with the quality of Solidaridad's proposal. The score of 72/100 we received was already indicative of this. The choice of countries in which our programmes operate was one of the three essential points that counted against us. A letter of objection in which Solidaridad justified this choice (country follows supply chain) was dismissed.

Solidaridad's proposal was not the only one of its kind to be rejected. The same fate befell programmes of similar organizations that seek to collaborate with companies in a comparable manner to Solidaridad. The reason can be traced to the assessment procedure. The applications were assessed from the perspective of 'social development' rather than 'economic development'. The Directorate for Social Development had the lead role in the assessment procedure; the Directorate for Sustainable Economic Development had little say in the matter. Interestingly enough – and a hopeful sign – immediately after his appointment, the state secretary, Ben Knapen, commented that "The rejection of the subsidy definitely had nothing to do with the work itself. On the contrary, we applaud the approach taken and will therefore be able to look into other possibilities for financing." The ministry has kept its word. At the moment efforts are being made to find ways to support parts of Solidaridad's programme directly from the ministry.

Positive trend in income

There were two notable contributions to the positive trend in income in 2010. At the beginning of the year Solidaridad had returned its mandate to organize the annual Advent campaign in the Roman Catholic Church to the bishops. Despite this, more than a third of the parishes still collected to support Solidaridad's work in 2010. For this reason our income did not decline as much as we feared. Together with the support of

the Protestant churches, it is clear that Solidaridad can still count on broad ecumenical support within the churches.

The second positive trend was the increase in financial contributions from companies to Solidaridad's producer development programmes in Africa, Latin America and Asia. This 'match funding' is becoming more important. Companies are increasingly prepared to invest in making their network of suppliers more sustainable and recognize that Solidaridad's programmes can contribute significantly towards achieving this. This allows us to combine public funds and private contributions and makes it possible to do more. We expect this trend to continue. Examples are the support given by Douwe Egberts to the coffee and tea programme, by Cargill and Mars to the cocoa programme, by CSM to the sugar programme, by G-Star and H&M to the textile programme and by FrieslandCampina and Keurslagers to the soy programme.

Trends

The trends in 2010 make it abundantly clear that depending heavily on financing from the Dutch government makes an organization vulnerable. The government is too unpredictable; the political situation is unstable and procedures can have unpredictable outcomes. We should therefore seek to build a broader international funding basis. In the last period, considerable efforts were made to develop partnerships with other national governments, the European Union, multilateral donors and foreign private funds. They have proved to be receptive and see our approach as worthy of support. It is expected that this will lead to good results. But the most important trend is that the Southern partners in the Solidaridad network organization are going to take responsibility for raising their own funds. The other Solidaridad centres can gain access to funds that are not easy to tap into from the Netherlands. It is easier to access local funds, bilateral programmes run by embassies and international donors from the local structures in the South. All the Solidaridad centres have drawn up fundraising plans and are working towards a substantial percentage of 'own fundraising' to back their growth plans. This shared responsibility is in keeping with a network organization in which dependence on Western donors will become a thing of the past.

The National Postcode Lottery

In 2010 Solidaridad received a contribution of one million euros from the National Postcode Lottery and more than 32,000 euros was received from the television programme Miljoenenjacht. The contribution from the National Postcode Lottery accounted for a considerable proportion of the private donations to Solidaridad, which enabled us to carry out a significant number of projects. Over the next few years we can expect to receive similar amounts from these sources. Moreover, the Postcode Lottery generates a good deal of publicity for our projects in its TV programmes and in the national papers. Fifty per cent of every euro spent on the National Postcode Lottery goes to a good cause. The money is divided between good causes in the fields of nature and environment, development cooperation, human rights and social cohesion in the Netherlands. Solidaridad therefore hopes that the possible changes in the Dutch lottery market will still leave the National Postcode Lottery sufficient leeway to continue its successful fundraising activities. Without this contribution we would not be able to carry out some important projects.



By photo: Dry Mill Kofinaf in Thika, Kenya. Ezekiel Muriungi (left) is responsible for the quality control of the coffee. He and his assistant taste the coffee and keep a sample of each batch for future reference.

photo: H.P. Alting-von Geusau

Supervision, management and organization

In Kenya many coffee smallholders are doubling or even quadrupling their yields. And the quality of the coffee is improving too, which increases its market price. The coffee is roasted and tasted locally to ensure proper quality control. Samples from all batches of coffee are retained in case buyers file claims about the quality of the coffee. Knowing the quality of the coffee enhances the farmers' negotiating position on the market. Farmers' organizations are learning and become more powerful. Solidaridad is also a learning organization. All this is discussed in the chapter on supervision, management and organization.



Supervision, management and organization

Supervision

Governance model

Following an internal evaluation Solidaridad's board decided to switch from the existing management model to the supervisory board model. Solidaridad revised its statutes and introduced the supervisory board model on 19 February 2010. Until then, the supervisory responsibilities rested with Solidaridad's Management Board and the Executive Management Committee was responsible for the day-to-day management of the organization. The tasks and powers delegated by the board to the director were laid down in a Management Statute.

Since 19 February 2010 the board consists of the statutory director, N.J.M. (Nico) Roozen. The statutory director is employed by Solidaridad, is appointed by the Supervisory Board and has the final responsibility for the day-to-day management and implementation of the programmes and activities. The Supervisory Board is responsible for supervising the overall running of Solidaridad. The Supervisory Board consists of at least six people who are committed to Solidaridad's goal and meet the job profile drawn up by the Supervisory Board. Solidaridad's Supervisory Board has a permanent financial audit committee responsible for supervising Solidaridad's financial affairs.

Supervisory Board

When Solidaridad's statutes were changed in February 2010 the members of the former Management Board were (temporarily) appointed to the Supervisory Board. They are: the chair, Roelf Haan, and members Herman Bloedjes, Bernard Höfte, Jan van Hoof, Dick Schoon, Harry Smit and Margarithe Veen. The new Supervisory Board took office on 1 January 2011. The new members, who were appointed at the end of 2010, are Saskia Borgers, Ton Geurts, Maarten van der Graaf, Gerrit Meester and Marieke de Wal. To ensure continuity of policy, two members of the former Management Board, Roelf Haan and Jan van Hoof, were reappointed. Two of the new members were selected from the many high quality candidates who replied to an advertisement Solidaridad placed in the national newspapers. Three new members were chosen from Solidaridad's network. The new members were selected on the basis of a candidate profile. To prevent personal or functional conflicts of interest among the members of the Supervisory Board, there may be no close family or comparable relations between the members of the Supervisory Board or with the director. The members of the Supervisory Board may not be employees of the Foundation and may not be a manager, founder, shareholder, supervisor or employee of an organization with which Solidaridad is structurally involved in legal acts with monetary value. The members of the Supervisory Board, their positions on the board, their term of office

Positions held by the Solidaridad board members

Name	Position on Solidaridad board	Expiry of term of office	Main positions held outside Solidaridad
Roelf Haan	chair	December 2010	– chair of the Dom Helder Câmara Chair Foundation (Stichting Dom Helder Câmara Leerstoel)
Jan van Hoof	member	December 2010	– deputy chair, Board of Trustees of the Zonnehuizen Foundation (Raad van Toezicht Stichting Zonnehuizen) – treasurer of the Friends of the History of the Trade Union Movement Foundation (Stichting Vrienden van de Historie van de Vakbeweging)
Herman Bloedjes	member	December 2010	– secretary of the board of the National Association of Fair Trade Shops (Landelijk vereniging van Wereldwinkels)
Bernard Höfte	member	December 2010	– pastoral worker – chair of Utrecht Neighbourhood Pastoral Care Foundation (Stichting Buurtpastoraat Utrecht)
Dick Schoon	member	December 2010	– Old Catholic Bishop of Haarlem – chair of the Collegiate Board of the Old Catholic Church of the Netherlands (Collegiaal Bestuur van de Oud-Katholieke Kerk van Nederland)
Harry Smit	member	December 2010	– pastor of the Protestant Church (Protestantse Gemeente) – board member of the Alkmaar Synod Foundation (Stichting Alkmaarse Synode)
Margarithe Veen	member	December 2010	– pastor – chair of the Netherlands Friends of Bossey Foundation (Stichting Steunfonds Bossey Nederland) – member of Advisory Group on Faith and the Ecclesiastical Community of the Council of Churches in the Netherlands (Beraadgroep Geloof en Kerkelijke Gemeenschap van de Raad van Kerken in Nederland) – secretary of The Hague Community of Churches (Haagse Gemeenschap van Kerken)

and the main positions they held outside Solidaridad in 2010 are listed in the table below.

The supervisory body (at the beginning of 2010 the Management Board and later the Supervisory Board) met twice in 2010. The main topics discussed in these meetings were:

- strategy: relations with the churches, development of the Solidaridad Network organization;
- finances: the 2009 annual accounts and the budget for 2011;
- governance: the new statutes incorporating the new supervisory board organizational model;
- evaluation: press releases in 2009 and the 2009 annual report.

The Executive Management Committee met four times in 2010. The meetings of the Executive Management Committee continued during the transitional period between the first and second meeting of the supervisory body. The main topics discussed in these meetings were:

- strategy: development of the Solidaridad Network organization;
- finances: MFS financing, the 2009 annual accounts, the 2010 annual plan and the budget for 2011;
- governance: selection of new members of the Supervisory Board;
- evaluation: directors meeting in Kenya 2010.

The audit committee was appointed in 2010: Jan van Hoof as chair and Roelf Haan as member. They held one meeting, in which the main items on the agenda were the rules of the audit committee, the budget for 2011 and the investment rules. The audit committee advises the Supervisory Board on the adoption of these documents.

Remuneration of the Supervisory Board

In accordance with Solidaridad's constitution, the members of the Supervisory Board of the Solidaridad Foundation receive no payment, either in money or in kind.

Management

Director

Nico Roozen is the statutory director of Solidaridad and his tasks and responsibilities are laid down in the Foundation's constitution. Nico Roozen is also director of Solidaridad Business Concepts B.V. (until 30 September 2010). In addition, he is chair of the Board of Supervisory Directors of Kuyichi Europe B.V., chair of the board of the Made-By Foundation, member of the Advisory Board of SAI (SA8000), chair of the board of the UTZ Certified Foundation, member of the stakeholders advisory group of the Business Social Compliance Initiative (BSCI) and member of the Biodiversity and Natural Resources Task Force.

Remuneration of the director

The Supervisory Board has approved the remuneration policy, the outcome of the review of the director's salary and the amount of the other remuneration components. The policy is periodically updated and the last evaluation was in 2010. When determining its remuneration policy and fixing salaries, Solidaridad complies with the Advisory Rules on the Remuneration of Directors of Good Causes (Adviesregeling Beloning Directeuren van Goede Doelen) drawn up by the Dutch Association of Fundraising Organizations (VFI) and with the Wijffels Code (www.vfi.nl). The Advisory Rules set a maximum norm for annual salaries based on criteria for the weight of the job, which the Supervisory Board used to assess the director's position at Solidaridad. This led to a BSD score of 485 points, indicating a maximum annual salary of €124,233 (for 1 FTE for a full year). The relevant annual director's salary in 2010 for assessment against the VFI maximum remuneration was €94,404, which is well below the VFI maximum. The amount and composition of the remuneration package is set out in the accompanying table (see next page). Solidaridad does not issue loans, advances or guarantees to the director.



The Ghanaian cocoa farmers Peter and Paul are paid for their harvest. All their sales and purchases and the training courses they attend are noted down in their 'farmer's diary'. This gives the farmers and Solidaridad a more detailed picture of the productivity and cost efficiency of the cultivation measures.

Remuneration of Nico Roozen, director of Solidaridad	2010	2009
Service agreement	Indefinite period	Indefinite period
Hours	36	36
Part-time percentage	100	100
Period	Whole 2010	Whole 2009
Remuneration (in euros)		
Gross salary	80,712	80,316
Year-end supplement	6,699	4,337
Holiday allowance	6,993	6,772
	94,404	91,425
Social security contributions	7,132	7,246
Taxable allowances	–	–
Pension costs, employer's contribution	19,121	17,528
Other benefits	–	–
Termination benefits	–	–
Total	120,657	116,199

Personnel policy

Solidaridad is a knowledge-intensive organization and therefore depends on having well qualified personnel. Our staff must be committed, motivated, innovative and client-oriented. This is an important goal in the Multi-annual Strategic Plan. Solidaridad therefore devotes considerable attention to recruiting staff and reserves time and money for career development. Training and career development are always reviewed in the work evaluation interviews and staff members may ask for additional training. We also organize internal courses. Solidaridad has a training plan for the whole organization, which is reviewed each year.

Risk inventory and evaluation

In 2009 Solidaridad further professionalized its occupational health and safety policy. A risk inventory and evaluation (RI&E) was carried out and assessed by the national occupational health and safety agency. The RI&E describes the following types of risks to staff members: workplace safety, the safety of the work itself, accident prevention, emergency response and first aid, and prevention of sexual intimidation, aggression and violence. The RI&E also sets out the risks to special categories of staff, such as pregnant women, and the opportunities for staff members to consult external experts. The occupational health and safety agency assessed the RI&E in December 2009. It approved the RI&E, but drew attention to a number of points that could be improved. These were included in the Action Plan. The main points were resolved straight away at the end of 2009; the remaining points were taken care of during the course of 2010.

A major part of the risk policy is guaranteeing the safety of Solidaridad's staff during business trips. The procedure for business trips was tightened up in 2009 and now both the director and the department heads are responsible for ensuring that travel arrangements are as safe as possible. Before departure, every member of staff has to obtain approval

and check travel plans against all the provisions of the safety policy. No unsafe situations arose during any business trips in 2010.

Staff satisfaction

Every two years Solidaridad carries out a job satisfaction survey among its staff. A questionnaire is circulated with questions about a range of factors concerning working conditions, including the pressure of work and the working atmosphere in the office. The comments made by the staff in the 2010 questionnaire will be followed up and addressed during the course of 2011.

Organization

Staff

During the 2010 financial year the average number of staff members employed by the Solidaridad Foundation, converted to total full-time equivalents, was 26.5 (29.5 in 2009). At the end of 2010 Solidaridad employed 29 people. The average gross full-time salary in 2010 was €60,000 (2009:

The accountability statement confirms that Solidaridad endorses the principles of the CBF Seal of Approval.

Solidaridad

VERANTWOORDINGSVERKLARING

Solidaridad legt in deze verantwoordingsverklaring vast op welke wijze zij invulling geeft aan de principes die tevens onderdeel zijn van het CBF-Keur:

1. Functiescheiding tussen toezicht houden, besturen en uitvoeren;
2. Het optimaliseren van effectiviteit en efficiency van bestedingen; en
3. Het optimaliseren van de omgang met belanghebbenden.

Deze verantwoordingsverklaring wordt ondertekend door de directeur en de voorzitter van de raad van toezicht, maar door het ondertekenen van de zogenaamde "bijlage 12" van het CBF onderschrijven alle leden van de raad van toezicht ook individueel deze drie principes van goed bestuur voor goede doelen.

1. Functiescheiding tussen toezicht houden, besturen en uitvoeren

Op 19 februari 2010 heeft Solidaridad haar statuten gewijzigd en is het raad van toezicht model geïmplementeerd. Tot 19 februari 2010 droeg het Algemeen Bestuur van Solidaridad de locaalhouderende verantwoordelijkheid en het Dagelijks Bestuur droeg de bestuurlijke verantwoordelijkheid. Daarnaast was er een directiestatut opgesteld waarin de door het bestuur gedelegeerde taken en bevoegdheden aan de directie waren vastgelegd. Sinds 19 februari 2010 wordt het bestuur gevormd door de statutair directeur, Nico Roozen. De statutair directeur heeft een dienstverband met Solidaridad, wordt benoemd door de raad van toezicht en heeft de eindverantwoordelijkheid voor de dagelijkse leiding en de uitvoering van de programma's en activiteiten. De raad van toezicht houdt toezicht op de algemene gang van zaken binnen Solidaridad. De raad van toezicht bestaat uit tenminste 6 natuurlijke personen, die zich sterk maken voor het doel van de Solidaridad en voldoen aan het door de raad van toezicht opgestelde functieprofiel. Solidaridad kent een financiële auditcommissie als vaste commissie van de raad van toezicht, die specifiek verantwoordelijk is voor het toezicht op de financiële gang van zaken binnen Solidaridad. Er bestaat een open relatie tussen de statutair directeur en de (leden van de) raad van toezicht. In deze goede sfeer worden alle activiteiten, ontwikkelingen en risico's, als ook het functioneren van de organen besproken en geëvalueerd.

Externe verantwoording afleggen, oftewel informatie verstrekken over het functioneren en de prestaties over het afgelopen jaar, vindt plaats in het jaarverslag en de jaarrkening. 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 2010 zag de accountant geen aanleiding om daar gebruik van te maken.

2. Het optimaliseren van effectiviteit en efficiency van bestedingen

De missie van Solidaridad is het bestrijden van structurele armoede en het bevorderen van vrede en gerechtigheid. Duurzame economische ontwikkeling kan een belangrijke bijdrage leveren aan het vervullen van deze missie. Het programma van Solidaridad wordt gedragen door de volgende waarden:

- Er is slechts één aarde, die we in bruikleen hebben van onze kinderen.
- Armoede is een mensonwaardige levensomstandigheid die uitgebannen moet worden.
- De balans tussen groei en verdeling is alleen gewaarborgd als de armen zelf de drager zijn van ontwikkeling.

€58,200); the total personnel costs per full-time post in 2010 were €75,600 (2009: €75,000). Solidaridad's remuneration policy follows the civil service salary scales. The director is paid according to salary scale 15, two staff members are in scale 13, five in scale 12, fourteen in scale 11, two in scale 10, two in scale 9, one in scale 8 and one in scale 7.

Solidaridad's staff diversity policy aims to reflect the composition of the Dutch population as closely as possible. Of the 29 staff members, 17 are women and 12 are men. The average age is 40 (two under 30, 21 between 30 and 45, five between 45 and 60, and one above 60). In 2010 six of our staff left Solidaridad, two colleagues moved to other Solidaridad offices and five new staff members joined our team in Utrecht. The sickness absence rate is low; in 2010 it was just one per cent (in 2009 it was three per cent, due to one long-term illness).

Quality policy

Solidaridad strives to deliver high quality on all fronts and various aspects of the quality of our operations are independently assessed by external organizations. The quality of Solidaridad's management practices is certified to the ISO 9001:2008 standard. The performance and improvement of the quality system is regularly assessed against these requirements by holding internal audits and by an external certification consultant. The Central Bureau on Fundraising (CBF)

monitors all charities in the Netherlands and evaluates their management and policies to promote the transparency of the charities sector. Solidaridad bears the CBF Seal of Approval and meets all of its criteria. The accountability statement confirms that Solidaridad endorses the principles of the CBF Seal of Approval (see below).

The goal of the Dutch Association of Fundraising Organizations (VFI), the association of national fundraising charities in the Netherlands, is to increase public confidence in fundraising organizations. Solidaridad endorses the principles of the VFI regarding respect, reliability, openness and quality. Solidaridad is recognized by the Dutch Tax Administration as an 'institution for general benefit' (ANBI), which means that it does not have to pay taxes on donations or inheritances. Moreover, donors can reclaim tax relief from their donations to Solidaridad.

Organisation and environment

Solidaridad minimizes the impact of its operations on the environment in a number of ways, including reusing/recycling and purchasing sustainable products (office supplies with a green label, energy-saving appliances, green energy, organic food for lunches and sustainable coffee and tea), separate collection of paper, standard two-sided printing and copying, and ensuring computers are in stand-by mode when not in use.

Solidaridad

Solidaridad werkt vanuit de visie dat duurzame productie in landbouw en industrie, én de eerlijke handel in deze producten, een belangrijke bijdrage kunnen leveren aan de bestrijding van armoede en het behoud van de natuurlijke omgeving, in een globaliserende economie. Het creëren van een leefbaar inkomen en humane arbeidsomstandigheden voor mensen in ontwikkelingslanden is de basis voor een menswaardig bestaan en een voorwaarde voor het beëindigen van de roofbouw op schaarse natuurlijke hulpbronnen.

Solidaridad heeft als doelstelling steun te verlenen aan producerorganisaties, maatschappelijke organisaties en bedrijven in ontwikkelingslanden die de armoede en het verlies aan natuurwaarden op een structurele manier willen bestrijden. De stichting tracht dit doel te bereiken door:

- Het versterken van producerorganisaties en maatschappelijke organisaties in ontwikkelingslanden die werken aan de duurzame ontwikkeling van hun economie.
- Het betrekken van bedrijven, bancaire instellingen en investeerders bij de ontwikkeling van handelsketens met meerwaarde voor producenten, door middel van eerlijke handel en maatschappelijk verantwoord ondernemen.
- Het creëren van draagvlak in de samenleving voor duurzame economische ontwikkeling, in het bijzonder bij burgers en consumenten, door middel van voorlichting. Het gaat om bewustwording en gedragsverandering die bijdraagt aan nieuwe economische, politieke en culturele verhoudingen, zowel in ontwikkelingslanden als in westerse landen.

Solidaridad maakt in een Meerjarig Strategisch Plan (MJSP) inzichtelijk hoe zij haar hoofddoelstelling, missie en visie vertaalt in onderliggende doelstellingen. Het opstellen van het MJSP is de verantwoordelijkheid van de directeur, het vaststellen is de verantwoordelijkheid van de raad van toezicht. Het MJSP is uitgangspunt voor de jaarplannen. Jaarplannen zijn een vertaling van het strategisch plan naar specifieke doelstellingen, gewenste resultaten, activiteiten en budget. 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. De directeur stelt de jaarplannen op, waarna de raad van toezicht deze vaststelt. In februari schrijven de verantwoordelijken van de verschillende afdelingen een jaarrapportage (over het voorgaande jaar). Hierin wordt beschreven in hoeverre doelstellingen en resultaten zijn behaald - of nog behaald zullen worden. Deze rapportages worden beoordeeld door de directeur.

Bovengenoemde documenten bevatten zowel de doelstellingen op het gebied van projectbestellingen 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 hogere 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.

Solidaridad

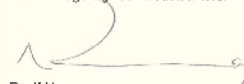
Solidaridad is een lerende organisatie die streeft naar continue verbetering van kwaliteit van haar werk. Om dit te ondersteunen is een kwaliteitszorgsysteem ontwikkeld, dat zorg draagt voor een geschikte, passende en doelreffende uitvoering van activiteiten. Sinds begin 2008 is het totale kwaliteitsbeleid vastgelegd en is Solidaridad gecertificeerd volgens de ISO 9001:2008 norm. Periodiek worden toetsingen uitgevoerd, zowel intern als door externe auditoren. De toetsing van begin 2010 heeft niet tot opmerkingen geleid.

3. Het optimaliseren van de omgang met belanghebbenden

Solidaridad is erbij gebaat naar diensten zo goed mogelijk af te stemmen op de wensen van haar klanten (achterban, partners, financiers). Communicatie heeft een apart hoofdstuk in het MJSP 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 een actuele website, het jaarverslag naar business partners (digitaal en gedrukt), de jaarrapportages naar de grote donoren (gedrukt) en het jaarbericht naar donateurs (gedrukt). Daarnaast ontwikkelt Solidaridad in samenwerking met partners communicatiecampagnes gericht op het werven van (nieuwe) donateurs. In al deze communicatie-uitingen houdt Solidaridad zich aan de gedragscodes van VFI/CBF en onderhoudt zich dus van misleidende informatie, vergelijking met andere fondsenwervende instellingen en intimidierend gedrag.

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

Op 10 november 2009 is een gedragscode vastgesteld waarin aandacht wordt besteed aan alle facetten van een integere en respectvolle handelwijze met alle betrokkenen. In juni 2010 is daarnaast tijdens de personeelsvergadering het protocol ongewenste omgangsvormen vastgesteld, met daarin de procedures ter voorkoming van ongewenst gedrag en met de procedures voor het inschakelen van interne of externe vertrouwenspersonen en de klachtenregeling voor medewerkers.


Roelf Haan
Voorzitter raad van toezicht Solidaridad
Utrecht, 30 november 2010


Nico Roozen
Directeur Solidaridad
Utrecht, 30 november 2010

Having control over income and expenditure is essential for everyone working in the economy. Illiteracy is common in many of the regions where Solidaridad is active. Many farmers, miners and labourers have only a limited grasp of the financial state of their business or household, to say nothing of their ability to measure the returns on investments made to increase productivity. Besides, they often have no access to banks to obtain financial services. Bookkeeping and understanding financial performance is therefore a recurring theme in many of Solidaridad's programmes. For a fundraising organization like Solidaridad, transparent financial reporting is also of vital importance.



Financial report

Historical summary

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

INCOME	2010	2009	2008	2007	2006
Income from own fundraising	4,057,959	3,734,673	4,350,492	3,967,652	2,837,410
Other income	14,782,563	11,086,303	8,261,818	9,537,566	6,221,806
Total income	18,840,522	14,820,976	12,612,310	13,505,218	9,059,216
EXPENDITURE					
Awareness raising	323,009	360,716	647,733	392,600	321,702
Structural aid	17,278,214	13,305,948	10,385,654	12,268,552	8,063,947
Total expenditure on objectives	17,601,223	13,666,664	11,033,387	12,661,152	8,385,649
Total costs of income generation	600,963	515,072	512,762	408,000	369,891
Management and administrative costs	164,465	149,832	145,956	129,739	100,058
Total expenditure	18,366,651	14,331,568	11,692,105	13,198,891	8,855,598
Surplus	473,871	489,408	920,205	306,327	203,618

Total income has risen considerably from the 2009 result and has doubled since 2006. The most significant contribution to this growth was an increase in the level of government subsidies. Nearly all this increase in income was spent on structural aid. As the scale of Solidaridad's activities has grown, an annual surplus is needed to maintain the continuity reserve at the required level, which is related to total operating costs.

Policy on assets and investments

Solidaridad spends about €15 million on projects. These funds come from many different sources: contributions from churches, private donations, donations from companies and institutions, and government contributions. Solidaridad has an asset buffer of €4.2 million to cover any unexpected large fall in income. Monies received that cannot immediately be usefully deployed in support of our objectives (preparing and taking projects into implementation always takes time) are temporarily invested. Solidaridad's partners, suppliers and staff need to be sure that Solidaridad will always be able to meet its liabilities, and donors and other funding bodies must be confident that the money they donate to Solidaridad is in safe hands. It is therefore extremely important that Solidaridad's assets are managed responsibly and investment rules have been drawn up to this end. These rules also ensure that Solidaridad complies with the Guidelines on Charity Reserves prepared by the Dutch Association of Fundraising Organizations (VFI). In view of the limited volume and complexity of the portfolio, Solidaridad has decided to manage its assets internally to reduce costs.

By far the largest part of the asset buffer is invested in savings deposits with socially responsible banks, such as ASN Bank and Triodos Bank. In line with Solidaridad's objectives, about €0.5 million of the asset buffer is invested in funds managed by banks committed to promoting a more sustainable society. These investment funds are managed by the banks to ensure an optimum spread of risks. The following historical summary shows the changes in the capital value of these investments.

	2010	2009	2008	2007	2006
Value on 1 January	436,373	382,120	490,112	496,208	468,640
Purchases	–	–	–	–	–
Reinvested dividend	5,128	5,164	3,961	1,905	3,650
Price gain/loss	34,707	49,089	- 111,953	- 8,001	23,918
Value on 31 December	<u>476,208</u>	<u>436,373</u>	<u>382,120</u>	<u>490,112</u>	<u>496,208</u>
Cash dividend received	<u>13,462</u>	<u>14,928</u>	<u>13,845</u>	<u>6,755</u>	<u>6,511</u>
Investment costs	<u>–</u>	<u>–</u>	<u>–</u>	<u>384</u>	<u>373</u>

The most recent purchases were made in 2001 and no sales have been made during the past five years. Partly as a consequence of the credit crisis in the Netherlands, the funds lost nearly a quarter of their value by year-end 2008, but they recovered to a certain extent in 2009 and this recovery continued in 2010. The average return on investment during the past five years was about 2.7 per cent per annum (three per cent when averaged over five years to year-end 2009).

For the management of the working capital, Solidaridad restricts its investments to savings accounts with socially responsible banks, such as ASN Bank and Triodos Bank.

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 that should be given to fundraising institutions. This indicator shows the proportion of the proceeds from fundraising that is used to generate these funds. Solidaridad aims for a (reasonably) 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 table below shows the income and costs and the relevant percentages for the past five years. In all cases the percentage is well below the maximum of 25 per cent set by the CBF.

	2010	2009	2008	2007	2006
Income from own fundraising	4,057,959	3,734,673	4,350,492	3,967,652	2,837,410
Income from own fundraising	367,001	357,039	405,930	303,608	291,706
<i>Costs as a percentage of income from own fundraising</i>	<u>9.0%</u>	<u>9.6%</u>	<u>9.3%</u>	<u>7.7%</u>	<u>10.3%</u>

The CBF recommends calculating the organization's spending ratio to provide insight into overall expenditure. This ratio, expressed as a percentage, shows what proportion of total income is spent directly on the objectives. Solidaridad strives to achieve the highest possible spending ratio without endangering the quality of its operations. The CBF has not set a minimum ratio because this percentage depends to a great extent on the type of organization. The table below shows the amounts Solidaridad spent on its objectives, and the resulting spending ratio, for the past five years.

	2010	2009	2008	2007	2006
Amount spent directly on objectives	15,575,753	11,392,908	9,408,612	11,114,680	7,105,953
Total income	18,840,522	14,820,976	11,688,710	13,505,218	9,059,216
<i>Spending ratio</i>	<u>82.7%</u>	<u>76.9%</u>	<u>80.5%</u>	<u>82.3%</u>	<u>78.4%</u>

Projects

In 2010 a total of €15,433,095 was spent on projects (2009: €11,254,828). In Latin America support was given to projects in Argentina, Belize, Bolivia, Brazil, Colombia, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay and Peru. In Africa support was given to projects in Benin, Burkina Faso, Burundi, DR Congo, Ethiopia, Ghana, Ivory Coast, Cameroon, Kenya, Malawi, Mali, Mozambique, Namibia, Nigeria, Rwanda, Senegal, Tanzania, Uganda, Zambia and South Africa. In Asia support was given to projects in Bangladesh, China, India, Indonesia, Malaysia, Nepal, Pakistan, Papua New Guinea, Sri Lanka and Vietnam.

Budget for 2011 and multi-annual budget

The budget for 2011 was adopted in the meeting of the Supervisory Board held on 30 November 2010. The income and expenditure statement for this budget is summarized below (in euros).

INCOME	2011 budget	2010 budget
Income from own fundraising	3,150,000	2,954,000
Income from activities by third parties	1,665,000	350,000
Government subsidies	11,378,500	11,971,500
Income from investments	50,000	50,000
Total income	16,243,500	15,325,500
EXPENDITURE		
<i>Expenditure on objectives</i>		
Awareness raising	331,000	317,000
Structural aid	16,092,000	14,587,000
	16,423,000	14,904,000
<i>Management and administration</i>		
Management and administrative costs	394,000	341,000
Costs of activities by third parties	10,000	3,500
Costs of acquiring government subsidie	190,000	210,000
Investment costs	–	–
	594,000	554,500
<i>Management and administration</i>		
Management and administrative costs	141,500	167,000
Total expenditure	17,158,500	15,625,500
Result	-915,000	-300,000

In 2011 income is expected to fall further from the level achieved in 2010 due to the withdrawal of the contributions from the Ministry of Foreign Affairs' co-financing system. However, income from various funding sources is expected to rise again in subsequent years, and income levels are expected to stabilize and then rise again. This additional income will be used almost entirely to fund expenditure on the objectives. The following multi-annual budget shows the consequences of these expectations.

INCOME	2011	2012	2013	2014	2015
Income from own fundraising	3,150,000	3,500,000	4,000,000	4,500,000	5,000,000
Other income	13,093,500	15,000,000	16,000,000	17,000,000	18,000,000
Total income	16,243,500	18,500,000	20,000,000	21,500,000	23,000,000
EXPENDITURE					
Publicity / awareness raising	331,000	337,000	344,000	351,000	358,000
Structural aid	16,092,000	17,413,000	18,891,000	20,369,000	21,846,000
Total expenditure on objectives	16,423,000	17,750,000	19,235,000	20,720,000	22,204,000
Total costs of income generation	594,000	606,000	618,000	630,000	643,000
Management and administrative costs	141,500	144,000	147,000	150,000	153,000
Total expenditure	17,158,500	18,500,000	20,000,000	21,500,000	23,000,000
Shortfall / surplus	-915,000	–	–	–	–

Balance sheet on 31 December 2010

(in euros and after allocation of surpluses)

The complete annual accounts are available on request from the secretariat.

ASSETS	2010	2009
Tangible fixed assets	79,748	64,140
Financial fixed assets	420,350	2,059,090
	<u>500,098</u>	<u>2,123,230</u>
Receivables, prepayments and accrued income	1,824,333	871,559
Stocks and shares	492,418	452,583
Cash and bank balances	8,323,354	6,601,265
	<u>10,640,105</u>	<u>7,925,407</u>
Total assets	11,140,203	10,048,637
LIABILITIES		
Reserves and funds		
Reserves		
Continuity reserve	4,154,978	1,986,474
Reserve for financing operational assets	79,748	64,140
Reserve for financing assets for objectives	–	1,730,703
	<u>4,234,726</u>	<u>3,781,317</u>
Funds		
Designated funds for participating interests	420,350	328,387
Designated funds for Haiti	818,649	890,150
	<u>1,238,999</u>	<u>1,218,537</u>
	<u>5,473,725</u>	<u>4,999,854</u>
Long-term debts	45,378	90,756
Short-term debts	5,621,100	4,958,027
Total liabilities	11,140,203	10,048,637

Analysis of the results for 2010 compared with 2009 and the budget for 2010

Solidaridad's financial results show that in all respects 2010 was a successful year. Income from our own fundraising activities increased by €323,000 from the level in 2009 and was €1,104,000 higher than budgeted for 2010, primarily due to an increase in donations from companies. Income from subsidies also increased, by €2,434,000 from the level in 2009, and was €945,000 higher than budgeted for 2010, mainly due to new and additional subsidies from the Dutch Sustainable Trade Initiative (IDH). Income from activities by third parties also increased, by €1,064,000 from the level in 2009, and was €1,082,000 higher than budgeted for 2010. This was largely due to the contribution from the Dutch Postcode Lottery in 2010. Income from investments increased by €5,000 from the level in 2009 and was €243,000 higher than budgeted for 2010 due to further improvement in the liquidity position. The increase in other income was due to positive results from participating interests. As a consequence of all these increases, spending on objectives in 2010 was €3,934,000 higher than in 2009 and was €2,697,000 more than budgeted for.

All these fluctuations led to a surplus in the statement of income and expenditure for 2010 of €473,871 (2009: €489,408). The sum of €15,608 must be transferred from this surplus to the reserve for financing operational assets and the sum of €91,963 must be transferred to the designated fund for participating interests. The sum of €71,501 will be withdrawn from the designated fund for Haiti and €1,730,703 will be withdrawn from the reserve for financing assets for objectives. The amount added to the continuity reserve in 2010 was €2,168,504 (2009: €18,419).

Statement of income and expenditure for 2010

(in euros)

INCOME	Actual 2010	Budget 2010	Actual 2009
Income from own fundraising	4,057,959	2,954,000	3,734,673
Income from activities by third parties	1,432,117	350,000	368,777
Government subsidies	12,916,719	11,971,500	10,483,062
Income from investments	293,058	50,000	288,139
Other income	140,669	–	-53,675
Total income	18,840,522	15,325,500	14,820,976
EXPENDITURE			
<i>Expenditure on objectives</i>			
Awareness raising	323,009	317,000	360,716
Structural aid	17,278,214	14,587,000	13,305,948
	<u>17,601,223</u>	<u>14,904,000</u>	<u>13,666,664</u>
<i>Income generation</i>			
Costs of own fundraising	367,001	341,000	357,039
Costs of activities by third parties	9,173	3,500	8,872
Costs of acquiring government subsidies	224,789	210,000	149,161
Investment costs	–	–	–
	<u>600,963</u>	<u>554,500</u>	<u>515,072</u>
<i>Management and administration</i>			
Management and administrative costs	164,465	167,000	149,832
Total expenditure	18,366,651	15,625,500	14,331,568
RESULT	473,871	-300,000	489,408
<i>Allocation of surpluses</i>			
Continuity reserve	2,168,504	–	18,419
Reserve for financing operational assets	15,608	–	-16,886
Reserve for financing assets for objectives	-1,730,703	–	325,000
Designated fund for Haiti	-71,501	–	-33,450
Designated fund for participating interests	91,963	–	196,325
Result	473,871	–	489,408

Cash flow statement for 2010

(in euros)

	2010	2009
<i>Cash flow from operational activities</i>		
Surplus from the statement of income and expenditure	473,871	489,408
Depreciation	27,474	28,751
Movements in working capital::		
short-term receivables	-952,774	-343,270
short-term debts	663,073	1,376,088
	<u>211,644</u>	<u>1,550,977</u>
<i>Cash flow from investment activities</i>		
Changes in tangible fixed assets	-43,082	-11,865
Changes in financial fixed assets	1,638,740	-521,325
Movements in stocks and shares	-39,835	-54,687
	<u>1,555,823</u>	<u>-587,877</u>
<i>Cash flow from financing activities</i>		
Changes in long-term debts	-45,378	-45,378
Changes in cash at banks	<u>1,722,089</u>	<u>917,722</u>
<i>Cash at banks</i>		
Balance on 1 January	6,601,265	5,683,543
Balance on 31 December	8,323,354	6,601,265
Changes in cash at banks	<u>1,722,089</u>	<u>917,722</u>

The amount of cash at banks at year-end 2010 increased from the balance at year-end 2009. The last instalment of more than €1 million of the subsidy for 2010 from the Dutch government's co-financing system (MFS) will be received following the final report in 2011; this was the cause of the considerable increase in short-term receivables. The increase in short-term debts was caused by an increase in outstanding project liabilities. The reduction in financial fixed assets was caused by a downward revaluation of long-term receivables.

General notes to the accounts

Guidelines for annual reporting

The annual accounts have been drawn up in accordance with the Guideline for Fundraising Institutions (Guideline for annual reporting 650), which is part of the accounting standards produced by the Dutch Accounting Standard Board (*Raad voor de Jaarverslaggeving*).

Foreign currency

Assets and liabilities in foreign currency were converted at the exchange rates at the balance sheet date. The items in the statement of income and expenditure were converted to euros at the exchange rate applying when the transactions were made.

Accounting policies for valuation and 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 from the date of purchase.

Financial fixed assets

Advance payments and loans are valued at their nominal value, where relevant taking into account any risk that they may be uncollectible. Non-consolidated participating interests over which significant influence can be exercised are valued at their share in the net equity value according to the accounting policies for these annual accounts.

Receivables

Receivables are valued at their nominal value, taking into account any risk that they may be uncollectible.

Stocks and shares

Investments listed on the stock exchange and other investments are valued at their market value. Realized and unrealized price gains and losses are entered into 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 to which it relates. Expenditure is determined with due regard to the accounting policies for valuation described above and is allocated to the accounting year to which it relates. Losses are accounted for in the year in which they can be foreseen. Income from inheritance is accounted for in the first year in which the size of the inheritance can be reliably established.

Specification and breakdown of costs by category

The costs can be broken down by category and for the purposes they are incurred as follows.

Expenditure	Objectives		Income generation				Management and administration	Total 2010	Budgeted 2010	Total 2009
	Structural aid	Awareness raising	Fund-raising	Activities by third parties	Subsidies	Investments				
Contributions to projects	15,433,095	–	–	–	–	–	–	15,433,095	12,095,000	11,318,369
Communication	–	142,658	209,798	–	–	–	–	352,456	370,000	287,765
Staff	1,436,393	140,400	122,380	7,141	174,994	–	122,627	2,003,935	2,390,500	2,212,595
Travel expenses	132,465	12,948	11,286	658	16,139	–	11,308	184,804	220,000	141,105
Accommodation	142,128	13,892	12,109	707	17,315	–	12,134	198,285	217,500	195,793
Office/general	114,440	11,186	9,750	569	13,942	–	9,770	159,657	240,000	147,006
Supervisory Board	–	–	–	–	–	–	6,945	6,945	5,000	184
Depreciation	19,693	1,925	1,678	98	2,399	–	1,681	27,474	87,500	28,751
	<u>17,278,214</u>	<u>323,009</u>	<u>367,001</u>	<u>9,173</u>	<u>224,789</u>	<u>–</u>	<u>164,465</u>	<u>18,366,651</u>	<u>15,625,500</u>	<u>14,331,568</u>

Explanation of cost allocation

Operating costs are allocated to the various cost categories. The calculation method for 2010 is the same as that used in 2009. The job descriptions for each member of staff are used to determine which parts of their work relate to the various categories. The general overheads are then allocated using the same percentage distribution as for the staff costs.

Management and administration

The management and administrative costs in 2010 consist of the costs of recruiting the new members of the Supervisory Board (€6,945) and operating costs (€157,520). The following staff costs have been allocated to the management and administrative

costs: director: 0.25 FTE; secretariat: 0.25 FTE; controller: 0.5 FTE (including P&O and internal affairs); administrator: 0.7 FTE. Solidaridad strives to achieve the lowest possible percentage of management and administrative costs without endangering the quality of its operations. A percentage of between one per cent and two per cent is considered to be a healthy proportion.

Number of staff members

During the 2010 financial year the average number of staff members employed by the foundation, expressed as total full-time equivalents, was 26.5 (29.5 in 2009).

Auditor's report



Ernst & Young Accountants LLP
 Euclideslaan 1
 3584 BL Utrecht
 Postbus 3053
 3502 GB Utrecht
 Tel.: +31 (0) 88 - 407 4080
 Fax: +31 (0) 88 - 407 3030
 www.ey.nl

Independent auditor's report

To: the Board of Stichting Solidaridad

The accompanying summary financial statements (page 56-60), which comprise the summary statement of financial position as at 31 December 2010, the summary statements of comprehensive income, changes in cash flows for the year then ended and related notes, are derived from the audited financial statements of Stichting Solidaridad for the year ended 31 December 2010. We expressed an unqualified audit opinion on those financial statements in our report dated 2 February 2011. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the disclosures required by the Dutch Standard on Auditing 650 'Fondsenwervende instellingen'. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Stichting Solidaridad.

Management's responsibility
 Management is responsible for the preparation of a summary of the audited financial statements on the bases described in the notes to the summary financial statements.

Auditor's responsibility
 Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Dutch Law, including the Dutch Standard on Auditing 810 'Engagements to report on summary financial statements'.

Opinion
 In our opinion, the summary financial statements derived from the audited financial statements of Stichting Solidaridad for the year ended 31 December 2010 are consistent, in all material respects, with those financial statements, in accordance with in the notes to the summary financial statements.

Utrecht, 6 April 2011

Ernst & Young Accountants LLP

signed by H.W. Mulder

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photo H.P. Alting von Geusau

More than a third of the population of Tanzania live below the poverty line. But farmers in Kinyeto, in the north of Tanzania, now have new prospects for earning a living from organic cotton cultivation. A few years ago they found a new buyer for their cotton in Biosustain. Biosustain is working with Solidaridad to support the farmers and strengthen their organization. After lying idle for ten years, the local factory reopened in 2010, providing jobs for local workers deseeding the cotton.

The training programmes for the farmers focus on smart and sustainable land use. A crop rotation is used which includes sesame and beans. The farmers receive seeds and fertilizer and their harvest is pre-financed. Yields are as high as 1,000 kg cotton per hectare, about forty per cent more than the world average for organic cotton cultivation. With a little support and a proactive approach to market opportunities, the farmers and labourers in Kinyeto now earn better incomes.

Solidaridad and the Rabobank Foundation set up the ProCotton programme to support producer organizations. Depending on market demand and local conditions, the cotton grown is either organic cotton, Fairtrade cotton, or cotton that meets the criteria of the Better Cotton Initiative. Brands such as Jackpot and Edun often select organic cotton, while H&M and Levi Strauss also buy Better Cotton. The growing demand for sustainable cotton reinforces the market position of the farmers and offers Solidaridad the chance to collaborate with all its partners to combat poverty efficiently and effectively.

You can support our work with a donation:

Solidaridad

‘t Goylaan 15

3525 AA Utrecht

Netherlands

IBAN: NL45 RABO 0129 9111 51

BIC/SWIFT: RABONL2U

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www.solidaridad.nl

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