

Solidaridad network

2011 Annual Report

New farmer support
programmes

Certified gold jewellery
now available



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Text and editing: David Alexander and Michael Gould – final editing: Michael Gould – design: Daan van Beek – print: Pascal, Utrecht, Netherlands – photographs Solidaridad, unless otherwise indicated – cover photograph: Solidaridad

The English, Dutch and Spanish editions are available online in PDF format from www.solidaridadnetwork.org and www.solidaridad.nl.
Solidaridad Network is registered as a foundation at the Chamber of Commerce in Utrecht, number 51756811.
This annual report can be ordered (free of charge) at the Solidaridad Network secretariat in Utrecht, the Netherlands.

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Farmer support programmes

Round tables develop tools for economically validating environmental and social values in regions where food is produced around the world. The Dutch Government invited Solidaridad to upscale them into full farmer support initiatives.



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Solidaridad: transition manager

The market can be transformed in the direction of sustainable development using competition. First movers initiate change and, as soon as the potential is evident, they are followed by early adopters. The later majority come on board to counter increasing competitive disadvantage.

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Tea

Creating sustainability standards



Tea picking and processing provide livelihoods for over 15 million people. Rising production costs coupled with low global tea prices often results in poor working conditions and low wages for labourers. Tea which is grown in some of the most ecologically sensitive areas in the world often affects the lives of indigenous peoples.

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South America

‘Smart farming’ remains a challenge

South American farmers now feed not only consumers on the continent (275 million), but also 1 billion others. How can they avoid further destruction of the rainforest and expand in a smart sustainable way?





Foreword

A year of unparalleled dynamism

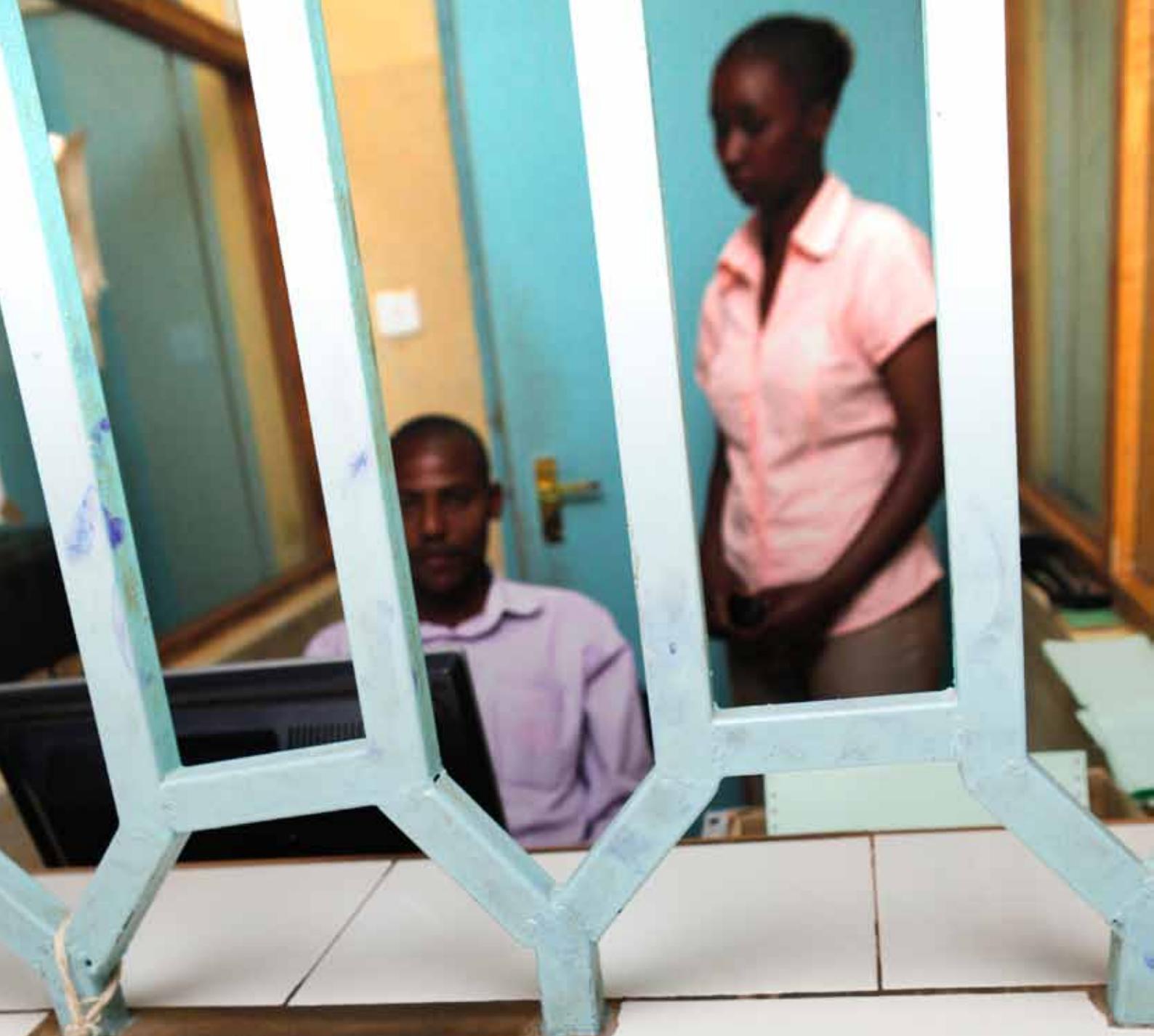
The past year was a remarkable one. It was a year that began with uncertainty about financing our operations. After twelve years in which a quarter of Solidaridad's budget was financed by a contribution from the Dutch Ministry of Foreign Affairs, it seemed for a while that we would lose this support in future years. However, during the course of 2011 the opposite proved to be the case. Soon after the new Government took office we received a considerable multi-year grant for our farmer support, which guaranteed the continuity of a large number of our programmes. Add to that the joint efforts by the nine regional centres of the Solidaridad Network, and it looks likely that Solidaridad's budget for 2012 will exceed 25 million euros.

This broad support for Solidaridad's work is undoubtedly thanks to our philosophy. The widespread recognition that sustainable economic development forms the basis for combating poverty and the fact that public-private cooperation plays a key role in achieving this, supports Solidaridad's approach to developing its programmes. What's more, Solidaridad has the practical mechanisms in place to help bring about the transition to a sustainable economy. Moreover, the principles underlying Solidaridad's approach are clear. They are about optimizing land use, higher production to meet growing demand, producing more with less social and ecological impacts and development that is both socially inclusive and sustainable. Better use of land helps to prevent expansion of agriculture into vulnerable areas of high nature conservation value. Forests must be protected to stabilize the global climate.

These developments have made Solidaridad a global player. We make a prominent contribution to round tables for agricultural commodities like soy, sugar, palm oil, meat and cotton, and encourage cooperation between certification programmes for coffee, tea, fruit and cocoa. Our working relations with companies in the clothing industry are expanding and become increasingly effective. And after several years of preparation, Solidaridad will soon be launching the first fair-trade system for responsible gold. In short, the past year was one of unparalleled vigour and activity, with a growing number of new partnerships – in the Netherlands with the Sustainable Trade Initiative (IDH) and internationally with WWF, Care, GIZ and IFC.

This Annual Report marks a historic moment. It is the first annual report by the Solidaridad Network, the international organization which incorporates the Dutch organization. Development cooperation takes place between equal partners who together make policy and bear responsibility for achieving concrete results. That is how it should be, and it is how it is.

Nico Roozen
Executive director



Vision and strategy

Production with respect for people and planet

Accelerating smart, sustainable land-use solutions

New multi-annual strategic plan 2011-2015

Production with respect for people and planet

Where we stand

The global population is rising by 79 million people year on year and global consumption is growing exponentially, putting increasing pressure on natural resources, energy, fresh water, forests and biodiversity. And yet three-quarters of the people in Asia and Africa still live on less than \$2 a day. Moreover, poverty is a serious impediment to making the necessary investments in sustainable production. Solidaridad believes we can feed 9 billion people in 2050 if we make a global transition to smart sustainable land use.

Solidaridad's mission is to manage this transition and bring about a fair balance between growth and distribution. Small-scale farmers and miners can become sustainable entrepreneurs and raise yields by two to five times while securing steady incomes and building long-term livelihoods. By 'doing more with less', the poor themselves become the agents of development. Through good governance, corporate social responsibility and an active civil society, it's possible to develop a sustainable economy that can feed the world and lift people out of poverty.

Our goals

Our goals are production with respect for people and planet, and reliable trade relations that give producers a fair deal. These can be achieved when companies are committed to meeting their social responsibilities and consumers know the story behind the product, allowing them to choose fair and green products.

Developing sustainable value chains

Our aim is to change the international economy to make it work for the poor by involving all stakeholders, from farmers to consumers, in sustainable production and consumption. Solidaridad invests in alliances between producers, companies, consumers, civil society organizations and governments in order to build sustainable value chains for products. In sustainable value chains, prices reflect not only the social and ecological costs of production, but also the economic benefits of efficiency gains from sustainable production methods. The living conditions of producers are improved and the ecological and climate impacts of production are minimized. Within this strategy, product certification is a powerful tool that guarantees product quality, builds consumer confidence and prevents unfair competition.

Sustainable production and trade depend on action by market players, which is why Solidaridad collaborates with corporate partners. Solidaridad is a global driving force

behind corporate social responsibility and an active member of five sector-wide global round tables for sustainable production and responsible business practices. We work in twelve production chains – coffee, tea, cocoa, fruit and vegetables, cotton, textiles, gold, soy, palm oil, sugar cane, livestock and aquaculture – and encourage the transition to a bio-based economy.

Producer support

Solidaridad's producer support programme helps farmers, miners and manufacturers make the transition to sustainable production. They receive advice and training in modern production methods like innovative farming techniques that deliver higher yields of food, feed, fibre and fuel with less water and lower inputs. To back this up, Solidaridad fosters local business networks that can provide agricultural materials, advice and financial services, for example to meet credit and investment needs.

From innovation to mainstream

A key feature of Solidaridad's organizational culture and strategy is its capacity to anticipate and respond to new trends and market opportunities. Solidaridad supports various development mechanisms, communities of change and stakeholder partnerships. These increasingly develop pioneering initiatives for economic and social sustainability, including local access to agricultural inputs and financial services, upholding good governance, furthering the position of women farmers and workers, introducing traceability systems and improving access to market information. Once proven successful, many initiatives can be adapted or scaled up to other target groups and other countries.

Initiatives

Solidaridad has launched several pioneering initiatives that have brought sustainable production into the mainstream. We were:

- in 1988, founder of Max Havelaar, the first fair-trade label for coffee
- in 1991, co-founder of the European network for fair-trade initiatives, the forerunner of Fairtrade International (FLO)
- in 1996, founder of AgroFair BV, the first fair-trade fruit company
- in 2001, founder of Kuyichi BV, the first fair-trade jeans brand
- in 2002, co-founder of Utz Certified, a label for sustainable coffee, tea and cocoa

Creating sustainable value chains



- in 2004, founder of the Made-By Foundation, an alliance of fashion brands for more sustainable production
- from 2006 to present, the co-initiator/active member of round tables for soy (RTRS), palm oil (RSPO), sugar cane (Bonsucro), cotton (BCI) and beef (GRSB).

Developing markets

Through representation on commodity round tables and precision marketing in large consumer regions, Solidaridad brings producers into contact with dedicated importers, manufacturers, brands and retailers to build markets for their products. To reinforce demand for sustainable products, we campaign to raise consumer awareness and encourage aware consumption. Consumer choice is aided by labels such as Fairtrade, Utz Certified and organic labels. We also help companies to advance their sustainability and social responsibility agendas and inform the public about progress. Solidaridad regularly conducts market research with renowned research partners to keep abreast of changing consumption patters and identify new markets.

Local expertise with global outreach

Solidaridad is an international network organization with nine regional centres around the world. This allows us to make full use of local knowledge, experience and expertise. The eight centres in Latin America, Africa and Asia concentrate on building sustainable value chains, creating local markets and implementing producer support activities in close cooperation with local partners. Solidaridad Netherlands focuses on market development in Europe, corporate partnership programmes, fundraising, lobbying and publicity campaigns. The nine regional directors form the policy making body of the Solidaridad organization.

Solidaridad Network



New in 2011: farmer support programmes

Accelerating smart, sustainable land-use solutions

In 2009 Solidaridad started a producer support initiative for members of three recognized international commodity round tables: palm oil (RSPO), soy beans (RTRS) and sugar cane (Bonsucro). This €12 million public-private partnership has benefited 80,000 smallholders and 150,000 agricultural workers.

The Dutch Government recognized the value of the programme and invited Solidaridad to upscale it into a full farmer support programme, including the involvement of the round tables for Cotton (BCI) and Livestock (GRSB). Last October, this resulted in the biggest contract in the history of Solidaridad. The Dutch Ministry of Development Cooperation granted us €29.5 million in order to trigger an additional €39 million of co-financing from private partners and other donors. By the end of 2015 the farmer support programme aims to have supported 400,000 smallholders and 400,000 agricultural workers cultivating an area of at least 700,000 hectares.

The need to act

If there's one thing that binds these five commodity round tables together, it's the quest for smart sustainable land use. Together, the farmer support programme commodities utilize over 60% of the world's available agricultural land, with several hundred million farmers feeding – and clothing – the rapidly growing consumption habits of the global population. Hundreds of leading international traders, brands and retailers have come together via these round tables, recognizing the urgent need to act. On the demand side there are 79 million more people (the current population of Germany) at the dinner table each year. On the supply side, a number of trends make it more difficult to expand food production fast enough. Soil erosion, aquifer depletion, loss of cropland to non-agricultural activities, crop-shrinking heat waves, and the expected reduction in oil supplies are all jeopardizing the required increase of food production. In a historically unique pact, producers all over the globe are now voluntarily getting organized, together with the private sector, civil society, scientists and governments via the umbrella offered by these round tables.

Optimizing the resources

Each round table has developed its own production standard, with clear criteria and measurable indicators on how best to improve farming performance. The good news is that quick wins can be made. The need to produce more with less is an irreversible trend. In remote areas Solidaridad's agronomists help farmers increase the efficiency with which they use fertilizers, water and labour, and encourage them to restore the natural processes of the land to enhance soil fertility.

Livestock is the key to optimising resource use. By increasing the productivity of land used for grazing livestock, overall agricultural potential can increase significantly. Around 35% of the world's agricultural area is directly or indi-

rectly used for beef production. In Brazil, for instance, the total area of pasture is around 200 million hectares, with relatively low stocking rates. Environmentally sound intensification of livestock farming could free large areas of land for soy, sugar cane, oil palm and cotton: more food, fuel and fibre with less land.

Carbon bundles and REDD

Agriculture continues to expand. Farmers operating at the limits of available land are tempted to move into areas where



loss of biodiversity is a serious threat. round tables are developing tools for economically validating environmental and social values in regions where food is produced around the world. In 1992 – at the Earth Summit in Rio de Janeiro – the United Nations adopted the Framework Convention on Climate Change. Twenty years later carbon markets employ credits which can be used to encourage types of agriculture that avoid deforestation. It is now formally recognized by the UN that deforestation and agriculture together add at least 35% to total global carbon dioxide emissions.

The essence of the new ‘REDD tool’ (Reducing Emissions from Deforestation and Degradation) is to correct market failure by calculating the cost of saving biodiversity and identify remedies. One approach is to pay for private sector initiatives which bundle carbon credits from agriculture to offset carbon footprints; but calculations show that bridging funds from public donors will be needed until at least 2020 to finance the lift-off of REDD activities via jurisdiction-wide accounting and crediting systems. Public and private investment should together create incentives that will trigger inevi-

table agricultural expansion to what are defined as ‘go areas’, rather than to ‘no go areas’.

Building bridges

The farmer support programme coordinates these innovations through expert stakeholders who are members of its high-level Steering Group. Spin-offs from the farmer support programme have already resulted in new support programmes funded by the Norwegian and UK governments. These have pledged large amounts of REDD money and recognized the round tables as legitimate implementing bodies.

Members of the high-level farmer support programme Steering Group are the five Presidents of the round tables, supported by experts from Rabobank, IDH, IPAM and WWF-US. The Steering Group not only endorses the work plans and financial reporting of the farmer support programme – it also builds bridges to the large stakeholder community they represent and beyond.



RSPO

Roundtable on Sustainable Palm Oil

RTS

Round Table on Responsible Soy Association

Sustainable Beef



BCI

Better Cotton Initiative

BONSUCRO®

Farmers operating at the limits of available land are tempted to move into areas where loss of biodiversity is a serious threat. On the photo production of sugar cane in the fertile coastal region of Guatemala.

Planning, monitoring and evaluation

New multi-annual strategic plan 2011-2015

Planning

The past year was clearly a year of transition, due to the launch of a new multi-annual strategic plan for the period 2011-2015, in which the programme objectives and local regional priorities of all Solidaridad regional expertise centres are to be re-aligned. We have specified target groups as well as expected or required changes, thus explicitly sharing responsibilities and risks in achieving results. The process of formulating this important strategic plan, which involved far-reaching analyses as well as strategy and reflection meetings, has strengthened the common ground in the Solidaridad Network.

our partners. Again, supported by PSO, a start has been made on working towards a common impact-driven planning and monitoring approach. Previously, management tools based on log frames were key. By taking the most useful elements of that approach and combining these with new tools that are currently being developed, a result-based measurement approach will be developed for all Solidaridad organizations. In this way we will be able to improve the monitoring of results and analyse interrelationship between sustainable changes as well as achievements made in cooperation with our partners.

Monitoring

In 2011 Solidaridad started developing a network-wide Programme Management Information System (using the acronym PROMIS), which links the programme and financial information that is available across the nine autonomous Solidaridad regional expertise centres. PROMIS will be implemented in 2012. This system will be used to manage all funds and contracts, and to provide management information about the ways in which funding is spent as well as to monitor the progress of programmes.

Evaluation

Supported by PSO (an organization engaged in capacity building and learning for change) – and as a follow-up to external impact studies carried out in 2010 – all strategies relating to changes in commodity chains have been reviewed by global teams. This involved exchanging local expertise and practises in relation to developing commodity production and market chains, as well as making recommendations to the network for the development of long-term strategies designed to achieve sustainable changes which will directly or indirectly benefit local communities.

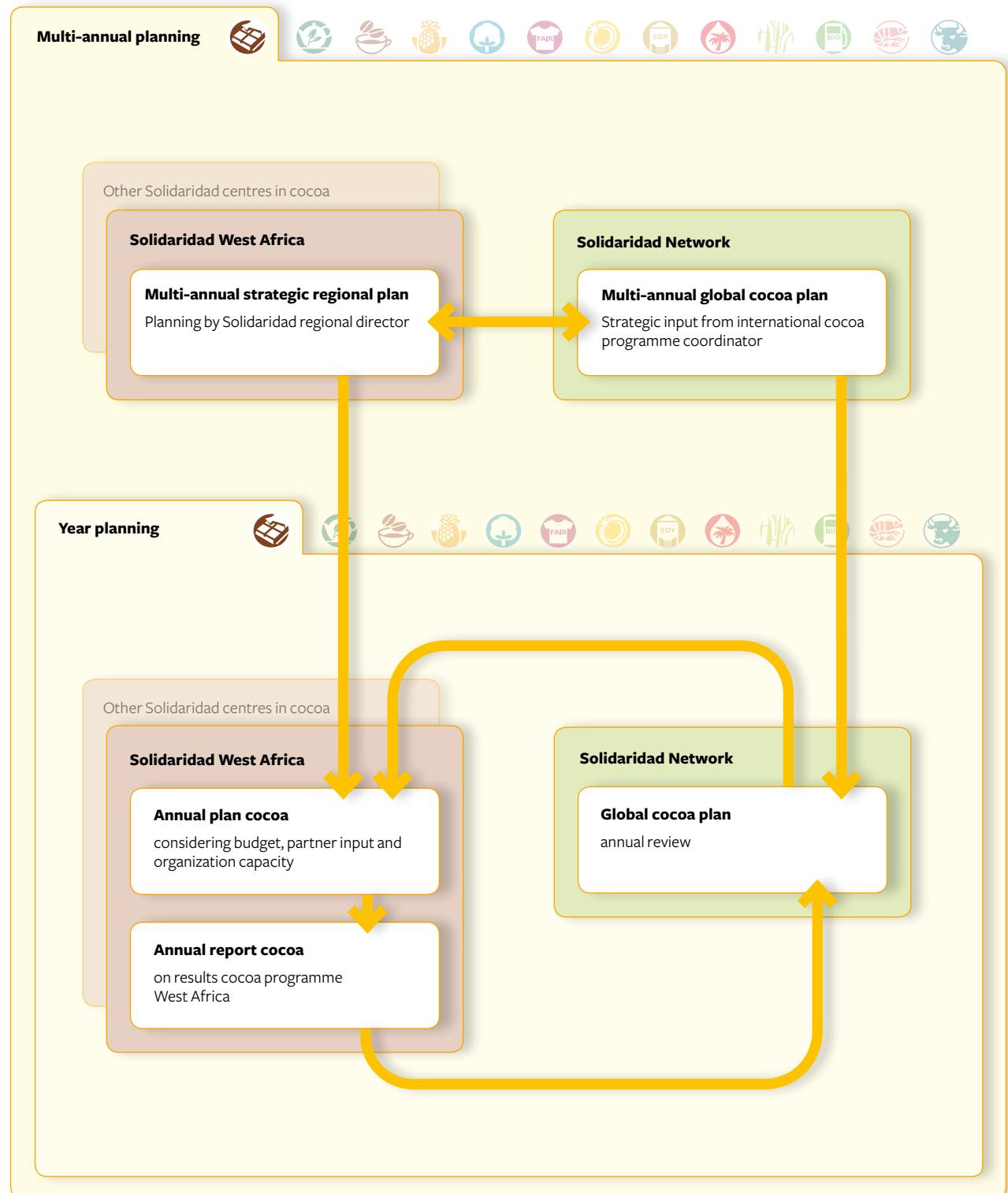
Learning from each other

PSO has also supported the development and exchange of production support tools between regions and between groups working on commodities. In particular, trainers working on cocoa and tea can benefit from the experience built up in the coffee sector and trainers in African countries can learn from training tools that are widely used in Latin America.

Reflection meetings also made clear that our current variety of approaches to planning monitoring and evaluation do not appear to meet the future needs of the network and

Solidaridad Network planning

In this graph cocoa and Solidaridad West Africa are taken as examples.





Product groups

Transforming markets to create a sustainable economy

Coffee



Tea



Cocoa



Fruit and vegetables



Cotton



Textiles



Gold



Soy



Palm oil



Sugar cane



Bio-based economy



Aquaculture



Livestock



Transforming markets to create a sustainable economy

The transition to a sustainable economy is without doubt a market process. But the market itself needs to be transformed in order to create socially and ecologically desirable outcomes. The regular economy with its business-as-usual approach is responsible for excluding billions of people, both as producers and as consumers, and for overexploiting scarce natural resources.

An inclusive green economy requires good governance, corporate social responsibility and the involvement of civil society. The way the market can be transformed in the direction of sustainable development follows the logic of Rogers*, who described the adoption of innovation as a competitive process in which first movers initiate change and, as soon as the potential is evident to them, are followed by early adopters. The early majority then follow in order to gain competitive advantage. The late majority come on board to counter increasing competitive disadvantage. Laggards finally adopt innovation when there is simply no alternative, for instance because 'old' technology is no longer available or serviced or when the law demands change.

Initial phase

During the initial phase small volumes of a product are put on the market. At the same time experiments and initiatives promoting a variety of sustainable parameters emerge. The criteria for sustainability are still being debated.

Intermediate phase

Early adopters are at the forefront of the intermediate phase. Sustainability is regarded as relevant, but sustainability parameters are not yet taken into consideration. Added value is expressed in branding, and opportunities are sought to link business processes to existing sustainable initiatives.

The early majority determines the full potential of innovation during the intermediate stage. Upscaling to large volumes and increasing mainstream acceptability unleashes fierce competition. When critical mass is reached, the tipping point will transform a buyers' into a sellers' market, in which demand exceeds supply.

Mature phase

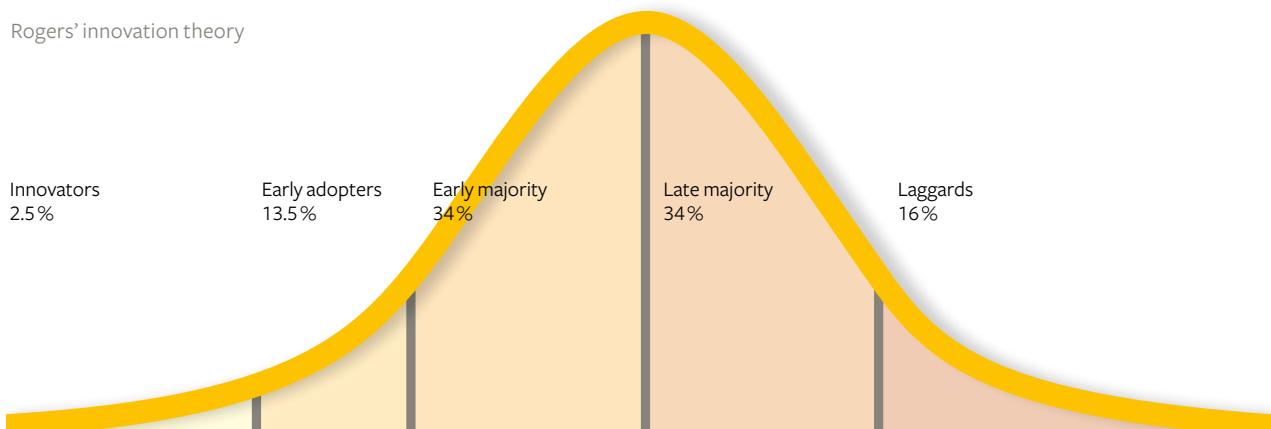
The mature stage is reached when a new equilibrium drives changes which improve sustainability initiatives. The focus is on improving market models and optimising benefits for the poor, the environment, and businesses. Legislation, usually drawn up as a result of new market practices, is considered to correct market failures and convert voluntary standards into generally accepted rules. This process of transformation affects all of those involved: companies, governments and civil society organizations.

For civil society organizations new challenges are linked to the need to take up the role of transition manager. They move from blaming and shaming companies for their lack of responsibility to being a constructive partner in organising the process of change. The focus switches from mobilising willingness to buy sustainable products to organising the availability of sustainable producers to meet growing demand. After having worked with ideology-based concepts in a niche market they switch to mainstream approaches such as value-based innovation.

Solidaridad has shaped its internal structures to meet these new challenges. From project to programme, from national expertise to commodity expertise, from a partner to a chain perspective, from NGO intervention to Private Public Partnerships, from grants to a mixture of funding through grants, credits and equity, and from a Dutch-based to an international network organization.

* Everett Rogers, Diffusion of Innovations

Rogers' innovation theory



Moving towards sustainable development



Photos: H.P. Alting von Geusau; photo middle: Siddharth Tripathy

Initial phase

- Sustainability is possible

Market

- First-movers start operations
- Niche market
- Piloting
- Innovative development

Intermediate phase

- Sustainability is relevant

- Followers join
- Critical mass
- Upscaling
- Relevant development

Mature phase

- Sustainability is dominant

- Laggards accept
- Licence to operate
- Mainstreaming
- Dominant development

Incentives

- First-mover advantage
- Creating brand value
- Access to new markets of aware consumers

- Added value in branding and reputation management
- Securing long-term interest in a sustainable supply chain

- Change becomes inevitable
- Sustainability as a market 'qualifier'
- Sustainability as an integral aspect of product quality

Characteristics of the transformation process

- Lack of common vision and action
- No coordination of projects
- Learning by doing
- Uncontrolled growth, competition and proliferation of standards
- Ideology-based innovation

- Growing understanding of the need for change and willingness to cooperate
- Continuous improvements and development of best practices
- Multi-certification, mutual recognition, growing cooperation
- Control-based innovation

- Broad consensus on urgency and a shared 'theory of change'
- Pre-competitive cooperation
- Science-based approach and standardisation
- Harmonised standards
- Cost reductions and improved performances
- Value-based innovation

Change agents

- First mover companies and supportive Civil Society Organisations
- Consumer preferences
- Public debate

- Leading A brands and retailers
- Company commitment
- Public support

- Legislation and regulation by governments
- Institutional change
- Sector-wide involvement
- General public awareness

Facilitator's role Solidaridad and Civil Society Organisations

- GAP analysis for sustainable production
- Piloting producer support programmes towards smart and sustainable land use
- Building coalitions with first-mover companies
- Multi-stakeholder creation of standards for sustainable products and market acceptance
- Learn and improve

- Develop monitoring and evaluation instruments to improve impact
- Upscale producer support programmes in alliances, tool development, E-learning.
- Expand membership of business alliances and create new ones with financial institutions, centres of expertise, etc.
- Facilitate harmonisation of standards and cost-effective practices

- Analyse and address structural limits to growth
- Develop joint capacity building programmes with governments and international institutions
- Put pressure on laggards
- Advocacy and lobbying for effective legislation and regulation for sustainable growth

Insight and analysis bring farmers real gains

While small-scale farmers are attracted to certification by the promise of higher prices, most of them lack the knowledge and skills they need to maximize output sustainably and cost-effectively. Through programmes that show them how to analyze and improve their own performance, Solidaridad is gradually helping them get better results.

Programme setting

Certification and support programs take various approaches to improving small farmers' productivity and sustainability, but do not always focus on the main priority: individual farm incomes. This is now where Solidarity starts, using farmers' desire for a better income to catalyze a learning process that achieves significant changes on the farm.

Insight that brings real results: a family affair

The past year was a challenging one, as changes in funding and international organization absorbed some of the time that should have gone into support and development work. As many farmers don't see how inefficiencies and bad practices affect their income, Solidaridad now focuses on increasing their insight into cost factors – an excellent motivator for achieving other improvements later. This approach involves trainers who have stripped complex methodologies to the core priorities of farmers and know exactly which approaches work in practice. Given tools that help to measure the results of their actions in the field, some families have doubled and even tripled their incomes. Very often, the calculations that underlay these achievements were done by the farmer's children.

Expanded farmer improvement system

The improved version of the farmer improvement system in Colombia was replicated in four new countries in Latin

America. The initial results were very good: farmers saw immediate effects in economic terms, and trainers saw how, by making their methods even more concrete, they could further improve farmers' understanding.

Motivating people for structural collaboration

Working with the Sustainable Commodity Assistance Network (SCAN), Solidaridad successfully motivated three main certification programmes and various stakeholders to initiate structural collaboration in Vietnam, Colombia, East Africa, Peru and Guatemala. These achievements reflect Solidaridad's position as a valued neutral partner that understands the sector and can contribute practical implementation skills.

Lessons learned

The end of Dutch government MFS funding in 2010 showed how dangerous it can be to depend on a single donor. Solidaridad is now further improving its funding model by diversifying donors and attracting different kind of donors, including private ones, which will allow it to focus on its core objectives.

Opportunities and threats

Few other organizations rival Solidaridad's knowledge of certification and implementation, or its understanding of the wider coffee chain. Its main weakness is the shortage of manpower for fundraising and promotion. Major European

Budgets and results

Objective	E: Main expected results R: Realised results in 2011	Number of projects	Budget 2011 x €1,000	Realised x €1,000	Budget 2012 x €1,000	Contributions by Solidaridad regional centres
Producer development	Support farmers in 12 countries improving productivity, product quality, profitability and reach certification. E: 145,355 – R: 169,646 farmers supported.	35	2,934	2,270	1,531	↓ East Africa, Central America, Andes, South and South East Asia, Netherlands
Moving towards sustainable farming and certification						
Creating an enabling environment and training capacity	Improve training capacity by improving training materials and train the trainers. E: 653 – R: 855 trainers trained.	15	810	476	424	↓ East Africa, Central America, Andes, South and South East Asia, Netherlands
Gender equity	Integrate gender and youth equity in projects by involving all family members in training. E: 15 – R: 15	7	184	80	12	↓ East Africa, Central America, Andes, South and South East Asia
Mainstreaming farmer support and certification	Engage farmer organizations, traders and coffee companies in sustainable models in cooperation with Solidaridad. E: 200 – R: 250	5	833	534	329	↓ East Africa, Central America, Andes, South and South East Asia, Netherlands
Total global budget x €1,000			4,761	3,360	2,296	↓



Photo: H.P. Alting von Geisau

Coffee training in Kenya. Bernard Njoroge (SMS project supervisor) showing the visiting farmers of the Ritho Farmers Co-op Society (Kiambu County) ingredients for compost which are found around the farm.

buyers such as Nestlé, Sara Lee and Kraft are committed to increasing their purchases of sustainable and certified coffee to 50% by 2015 – a real opportunity. To counter the danger that the sector is pushed too quickly into certification, Solidaridad starts with the best farmers and works downwards, spreading the certification process over a three-year period. Social and environment issues are address in year two, and certification awarded only in year three.

Global partnerships

In over fifteen countries, the coffee programme is in contact with coffee boards, estates, farmer's co-operatives, exporter organizations, research institutes, local NGOs and implementers, ministries, and government bodies at all levels – some 250 organizations in all. Formalized working agreements and Memoranda of Understanding with these organizations are the fruit of over five years' work on establishing common ground. Since the change of strategic direction in 2010, when Solidaridad became a neutral facilitator working on multiple certification programs with key actors in the chain, the focus of these relationships has become slightly more collaborative and fruitful.

The following organizations were particularly important in 2011: 4C Association, Rainforest Alliance, Utz Certified, the Colombian coffee board FNC, a Vietnamese NGO specialized in training farmers (CDC) and two global traders: Armajaro and ECOM.

Donors

Currently the main donor is Irish Aid, which funds programmes in Central America and East Africa. In 2011,

the programme in Central America was extended by 18 months and in East Africa, the chances of a second five-year programme are good. The total funding received from Irish Aid in 2011 was €1,685,878. The EU granted funds to extend the farmer support programme in Nicaragua for two and half years and PSO continued to support learning within the network, improving training methodologies and transferring experience to other commodities. The main challenge for the coffee programme is to attract new funding and Solidaridad is in contact with several new donors.

Impact

In 2011 two impact studies were carried out on the coffee programme in Central America, one by CIET on PROCASO, which increased productivity by 24% in Honduras between 2008 and 2011. The second impact study – commissioned by Irish Aid – revealed that sales of certified coffees (FLO and Utz Certified) from Honduras, Nicaragua, El Salvador and Guatemala virtually trebled over the five-year period, resulting in additional annual incomes for producers worth US\$4.9 million. Furthermore, with a significant share of total production certified (30% in Nicaragua and 20% in Honduras), fair and ethical trade is no longer a niche market but is now capable of making significant impact beyond immediate beneficiaries e.g. by influencing prices and standards on the wider market. A positive assessment of training methodologies was made by two external consultants and their recommendations for further improvements are addressed in the work plans for 2012. Despite the big challenges in the Eastern Africa region, due to drought, total Utz Certified and FLO coffee volumes there have increased.

Creating sustainability standards across Asia

Tea is unique because it's grown throughout Asia and most tea is also consumed in Asia. In 2011 Solidaridad facilitated the development of sustainability guidelines for the China tea industry and established the Lestari national sustainability standard for Indonesian tea. Work also started on developing an Indian baseline tea standard.

After water, tea is the most widely consumed drink in the world. Tea picking and processing provide livelihoods for over 15 million people. However, rising production costs coupled with low global tea prices often results in poor quality tea, inadequate returns for smallholders, and poor working conditions and low wages for labourers. Tight profit margins encourage unsustainable practices, increasing pressure on environment. Tea is grown in some of the most ecologically sensitive areas in the world, including reserved forests, and often affects indigenous peoples.

Key achievements

In 2011 Solidaridad emerged as a trusted partner in all major tea producing and consuming countries across four continents. Multi-stakeholder national reference groups in several producing countries strengthened local ownership and acceptance of international sustainability standards. Solidaridad helped thousands of tea farmers to adopt the Utz Certified sustainability standard this year. Joint audits were initiated with Utz Certified and Rain Forest Alliance (RFA) to reduce certification costs in Kenya, while national sustainability standards were established in Indonesia and China.

Around 8,000 smallholders in West Java, Indonesia were

certified under the national Lestari standard and, in the first year, most producers saw a 20% increase in income. Solidaridad focused on smallholders, introducing innovative mechanisms such as joint certification to reduce costs. It facilitated Utz and RFA certification of two smallholder tea companies in Kenya, where 11,500 farmers grow tea on 2,620 hectares. Solidaridad further played a critical role in the development of sustainability guidelines for tea in China. The sustainability guideline has been since included in China's '12th Five-Year Plan'.

Challenges

Global buyers have yet to develop sustainability strategies for Asia, which has 70% of the tea market worldwide. Falling prices in the EU are reducing the leverage that global companies can have on local producers. As a result, Solidaridad was unable to scale up activities in India and China. However, close cooperation with tea companies in Asia is helping them to procure and market sustainable tea. The strategy is to work with stakeholders to establish the concept of sustainable tea in daily practice as something with intrinsic value rather than purely responding to compliance pressures. Since global tea prices are unlikely to increase significantly, the challenge

Budgets and results

Indicator	E: Main expected results R: Realised results in 2011	Number of projects	Budget 2011 x €1,000	Realised 2011 x €1,000	Budget 2012 x €1,000	Contributions by Solidaridad regional centres		
Number of producers and workers who have been enabled to adopt (certified) sustainable practices	E: 66,700 smallholders, 7,500 workers R: 72,596 smallholders, 18,571 workers	↑				East and Central Africa, Southern Africa, South America, China, South and South East Asia		
Number of hectares where tea is produced under better conditions	E: 20,000 hectare R: 31,700 hectare	↑	21	984	719	652	↓	East and Central Africa, Southern Africa, South America, China, South and South East Asia
Increase volume of certified tea produced by tea smallholders	E: -* R: 37,000 MT*							East and Central Africa, Southern Africa, South America, China, South and South East Asia
Increase volumes of certified tea in new markets of Asia	E: 3,000 MT R: 5,800 MT	↑	2	30	30	50	↑	South and South East Asia
Increase volumes of certified tea traded in EU	E: 3,500 MT R: 3,027 MT	↓	1					Netherlands
Number of companies/brands engaged in sustainable models in cooperation with Solidaridad	E: 9 companies R: 4 international and 5 domestic	✓	3	347	180	187	↑	Netherlands, South and South East Asia
Total			1,361	929	889	↓		

* The target set for 2011 was certified smallholder tea bought. This target cannot (yet) be estimated. Realised target refers to certified smallholder tea produced.



Photo: Rogier Zeele

Smallholders in Indonesia were certified under the new national Lestari standard and, in the first year, most producers experienced a 20 % increase in income.

will be to develop sustainability solutions that are economically viable and yet address global social and environmental concerns.

Opportunities and threats

Solidaridad has a good track record in all major tea producing countries, where it works closely with governments, smallholder associations, standards bodies and NGOs. Although there are partnerships with regional tea brands, global strategic partnerships still need to be formed. New research showing the health benefits of tea and efforts to promote it as a health drink may result in an increased focus on sustainability and national sustainability standards may provide a stepping stone towards international standards. With three decades of experience of developing consumer assurance systems Solidaridad is in a good position to support these developments.

Lessons learned: partnership pays

The biggest barrier for the programme was the lack of global strategic partnerships, which are necessary to play a role in influencing the major tea companies. Nevertheless, Solidaridad has initiated discussions with them about developing partnerships based on the principles of equity, transparency and mutual benefit. One success in 2011 was a partnership with Hindustan Unilever to jointly develop a sustainability standard suited to Indian tea producers. Other solutions include joint audits, local standard development, reducing auditing fees, innovations in reducing costs, and cooperation with key stakeholders including governments. Solidaridad will build its capacity on the demand side, particularly in Asia,

while simultaneously maintaining global leadership on the supply side.

Finance

Solidaridad's tea programme is supported by the Tea Improvement Programme (TIP), which is co-funded by the IDH Sustainable Trade Initiative. TIP is a consortium of the largest tea companies in Europe and the most important certifiers and NGOs working on sustainable tea production in Africa and Asia. Solidaridad also partners with the Douwe Egberts Foundation, which focuses on sustainable coffee and tea, working with small-scale producers. The Flemish government agency VAIS/FICA supports the tea activities in Mozambique and South Africa. Finally, there are plans to enter into a tri-partite collaboration with Sari Wangi and World Bank on developing a tea smallholders trading company in Indonesia.

Impact

In the last three years, over 85,000 smallholders and 20,000 workers have been trained. As a result, many of them have been able to reduce chemical applications without affecting yields, have improved their tea-plucking practices and are now linked to high value supply chains. This has led to increases in revenues (lower inputs combined with higher quality) and better environmental management. In most estates, working conditions have also improved. Together with Utz Certified, a long-term impact study was started in Kenya and Malawi in 2010. In 2012, the tea team plans to conduct a comprehensive global impact study for the period 2008-12 to further evaluate the impact of the programme.

Becoming stronger in the sustainable cocoa market

Solidaridad has built up a sound track record and established contacts with most players in the sector in West Africa. The involvement is twin-track: with farmers and with traders. Both tracks are successful and Solidaridad is now in a position to scale up its producer-support programme in the year ahead.

The programme context

The cocoa growing regions are Africa, Asia, Central America and South America (all within 20 degrees of the equator) and 70 % of cocoa comes from West Africa. The annual increase in demand for cocoa is expected to grow by 3 % per year for the next few years. Every year, more than 5 million family farms in countries such as Ivory Coast, Ghana, Nigeria, Cameroon, Vietnam, Indonesia and Brazil produce about 3 million tons of cocoa beans. But the number of people who depend on cocoa for their livelihood worldwide is much higher: around 40-50 million. In addition to its use as food, cocoa is made into soaps and cosmetics. The current annual global market value of the cocoa crop is approximately \$5 billion.

In 2011 the war in Ivory Coast severely affected the Solidaridad programme there. What's more, the many smallholders and workers in the sector often don't benefit sufficiently. By building supply-chain partnerships involving producers, traders, manufacturers and retailers, Solidaridad is supporting new approaches to technology transfer, organizational devel-

opment, as well as rural credit and benefit sharing. These innovations are shared and disseminated through industry platforms such as the national cocoa stakeholder forums which Solidaridad organized in Ghana and Nigeria.

Progress made

In 2011 Solidaridad reinforced existing relationships and established new ones with government regulatory bodies in the cocoa sector in Ghana, Nigeria and Cameroon. In Ghana this led to the election of Solidaridad to the Board of the new cocoa extension service. The idea is to promote socially, economically and environmentally responsible production and create a platform for much needed interventions such as securing credit, fertilizer distribution and rehabilitation of exhausted land.

Solidaridad organizes regular partnership meetings for the cocoa programme in Ghana in order to exchange experiences. For example, a closer relationship was developed with the Cocoa Marketing Company and the government agency

Budgets and results

Objective	E: Main expected results R: Realised results in 2011	Number of projects	Budget 2011 x €1,000	Realised x €1,000	Budget 2012 x €1,000	Contributions by Solidaridad regional centres
Small-scale producers adopt (certified) sustainable practices	Farmers trained: E: 42,000 – R: 98,623 Farmers certified: E: 22,000 – R: 33,376 More producer organizations involved in improvement programmes: R: 76	13 ↑ ↑ ✓	2,125	2,100	2,500	West Africa, South and South East Asia, Netherlands, Andes, South America
Capacity enhanced for Utz Certification	Expected and realised: 1 project with unorganized farmers ICS training programmes carried out: E: 9 – R: 15 Expected and realised: 3 gender projects Projects with cocoa traders: E: 3 – R: 2 Expected and realised: 1 biodiversity project Technical Assistants trained: E: 50 – R: 202	8 ✓ ↑ ✓ ✓ ↓ ↑	639	850	1,000	West Africa, South and South East Asia, Netherlands, Andes
Governments and other stakeholders accept more voluntary standards	National stakeholders conferences organised: E: 6 – R: 2 27 organizations support sustainable cocoa growing and trade	3 ↓ ✓	125	65	75	West Africa, South and South East Asia
Quality collaboration with cocoa stakeholders and potential partners	E: Improved collaboration with governmental institutions in Indonesia, Vietnam, Ivory Coast and Ghana. R: Cobod (Ghana), CRIN (Nigeria) and NRG Kakalestari (Indonesia)	3 ✓	250	239	231	West Africa, South and South East Asia
For sustainable market: cocoa chain actors are effectively linked and focus on quality and responsibility for improvements in national markets	Cooperation with companies selling sustainable cocoa: R: 10	1 ↑	185	180	250	South and South East Asia, Netherlands
Total global budget x €1,000			3,324	3,434	4,056	↑



Photo: Keke Kalkelaar

Cocoa in Ghana. Solidaridad reinforced existing relationships and established new ones with government regulatory bodies.

for cocoa in Ghana COCOBOD. And Solidaridad representatives attended several meetings to help arrive at a better understanding of the implications of certification and traceability requirements.

A close partnership has been formed with the German development cooperation organization GIZ on expanding the Cocoa Certification Enhancement programme for which a memorandum of understanding was signed in 2011. Solidaridad will roll out this programme in 2012 in Ghana, Nigeria and Ivory Coast.

Lessons learned

Cameroon

Solidaridad organized a stakeholder meeting and built up good relationships with cocoa regulating bodies.

Nigeria

Relationships were established with a number of cocoa stakeholders. Solidaridad organized a national training workshop on standards and certification and trained 66 lead farmers on good agricultural practices. Projects are in progress with five trading companies, two of which received technical assistance from Solidaridad.

Ivory Coast

Solidaridad has developed a strong relationship with Deader, the cocoa extension service in Ivory Coast. In collaboration with private partners and Anader, 47 cooperatives with a total of 24,000 farmer members, achieved certification. Self-help groups for women have been set up and 600 women have been trained on HIV/AIDS, safe use of pesticides, the use of water and sanitation, and preventing malaria. A further 30 women achieved financial autonomy by setting up cocoa nurseries, selling 13,000 seedlings.

Opportunities and threats

The pressure on farmers and traders to deliver certified cocoa is increasing. However, in-depth training is needed to create a profound change in farming practices. Certification does not necessarily lead to sustainability. Often the economic element is not sufficiently taken into account and certification is therefore vulnerable to those who criticise it. Other impediments, such as insufficient access to finance, the need for land rehabilitation, and a lack of planting material and fertilizers, also need to be addressed.

Global partnerships

Solidaridad currently mostly works with companies such as Mars, Cargill, Nestle and Armajaro on the African continent, but opportunities are also emerging to form partnerships with them in Latin America and Asia as well. With Mars a Global partnership is developing, covering both production and consumption.

Donors

Major donors for the current Solidaridad cocoa programmes in Africa are the Dutch sustainable trade initiative IDH, the World Cocoa Foundation, and the trading/retail companies Cargill, Armajaro and Mars.

Impact

Although the cocoa programme has not yet been fully evaluated, increases in yields of up to 40% have been reported. Solidaridad West Africa carried out studies to establish a baseline for projects which will be carried out in Ghana and Ivory Coast in 2012. Next year's annual report will provide details of the impact of these projects.

Fruit and vegetables

Gradual progress in fruit and vegetable sector

In 2011, the World Banana Forum (WBF) was finally up and running – an important platform for working towards sustainability throughout the sector. With regard to horticulture, Solidaridad developed a programme funded by the Dutch embassy in Kenya to support sustainability in the fruit and vegetable sector, focusing especially on local and regional markets.

Programme setting

The world's fruit and vegetable sector is burdened by soil degradation and excessive water and pesticide use. Working conditions on plantations are often poor, and smallholders are vulnerable. As individual crops and producer countries each face specific problems, Solidaridad intends to pursue strategies that address key issues in selected regions, such as those in Kenya (see below).

Progress

Much of Solidaridad's progress in 2011 took place behind the scenes. With other partners to the WBF, steps were made towards pre-competitive collaboration. In view of the fierce competition and lack of transparency in the sector only a few years ago, these represent a real advance.

Through the IDH – the sustainable trade initiative funded by the Dutch government – Solidaridad and other partners also worked with major Dutch retailers and traders towards an agreement designed to make the country's fresh produce sector more sustainable. Stakeholders are expected to sign a sector-wide covenant in 2012.

Getting nearer to real collaboration on bananas

Through the WBF, companies, unions, retailers, centres of expertise and civil society organizations such as Solidaridad discussed the options for collaborative pre-competitive research on reduced pesticide use, and on the effects of pesticides on human health and the environment. These

proposals should be finalised in February 2012, at the Forum's second assembly.

Kenya horticulture project marks the way ahead

Solidaridad's programme to promote sustainability within Kenya's horticulture sector was started, giving priority to local and regional food supply. This is connected to international supply chains. By strengthening the country's horticultural export sector, the aim is to build overall horticultural capacity, thus safeguarding national food security.

Objectives and results

Around 12,700 producers and workers have been given the capacity to adopt (certified) sustainable practices. Fifty three groups are now capable of engaging in improvement programmes, including multi-certification programmes, and seven private companies are committed to engaging in sustainability in cooperation with Solidaridad.

The EU's block grants to South Africa and to Frutas del Bosque in Peru still need to be finalized. However, a banana programme started in Northern Peru and Solidaridad Andes region has started working on a banana sector programme in Colombia.

In West Africa a sustainable pineapple programme is being funded by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and in East Africa a sustainable horticulture programme started at the end of 2011.

Budgets and results

Indicator	E: Main expected results R: Realised results in 2011	Number of projects	Budget 2011 x €1,000	Realised x €1,000	Budget 2012 x €1,000	Contributions by Solidaridad regional centres
Number of producers and workers who have been enabled to adopt (certified) sustainable practices	Farmers and workers supported: E: 10,000 – R: 12,700	↑ 7	122	183	1,239	↑ Andes, South America, Southern Africa, West Africa, East and Central Africa, Netherlands
Number of producer organizations capable of and engaging in improvement programmes including (multi)-certification programmes	Groups supported: E: 40 – R: 53	↑ 4	61	91	325	↑ Andes, South America, Southern Africa, West Africa, East and Central Africa, Netherlands
Number of companies/brands engaged in sustainable models in cooperation with Solidaridad	E: Support World Banana Forum R: WBF developed concrete plans Direct cooperation with private companies: E: 10 – R: 7.	↓ 6	94	157	225	↑ Andes, South America, Southern Africa, West Africa, East and Central Africa, Netherlands
Total global budget x €1,000			277	431	1,789	↑



Photo: HP Alting von Geisau

Solidaridad's programme for promoting sustainability within Kenya's horticulture sector is giving priority to local and regional food supply.

Lessons learned

Despite a number of studies in 2011, Solidaridad was unable to start implementing a plan to make the international fruit juice market more sustainable. This was largely because of the time needed to get commitment from market actors – a useful reminder that such crucial inputs require lengthy preparation. The start is expected in the course of 2012.

Opportunities and threats

The biggest barrier is the lack of international programme funding for the Kenyan horticulture programme into West Africa and South Asia. Fruit and vegetables are on the other hand crucial for local food safety, which is an issue of increasing importance. Solidaridad will work on building a programme in that area.

The Companies can have an enormous influence on practices and working conditions, with sustainability as an emerging brand value. But in the international fruit and vegetable sector consumer brands play a marginal role and cannot be the drivers of change. This explains Solidaridad's belief in focusing on specific products in specific regions. Things are different in the juice sector, where Solidaridad's consultations with Friesland Campina suggest that progress may be driven by brands in the juice sector.

Global partnerships

Solidaridad works with three leading fruit companies in the WBF: Chiquita, Dole and Fyffes. Such work will be comple-

mented by regional collaboration in countries such as Colombia and Peru. These companies are also potential partners in the pineapple sector. Friesland Campina is seen as the main partner in the fruit juice sector. A proposal for collaboration put together in 2011 is expected to lead to concrete results in 2012.

Donors

Through Solidaridad Andes, the Peruvian government is funding a programme for improving the quality of small-holders' practices and organizations in order to create access to export markets. Such support from the local government is very valuable. Funding for Solidaridad East Africa is provided by the Dutch embassy in Kenya and Solidaridad West Africa receives funding from GIZ; Solidaridad Netherlands received funding from the EU.

Impacts

In view of the preliminary nature of the fruit and vegetables programme, no programme-wide impact studies were conducted in 2011.

Programme got boost from big name retailers

In 2011 Solidaridad expanded its producer-support programmes to more cotton farmers and intensified its relationship with brands and retailers. The involvement of game-changing names such as Adidas, Levi Strauss&co and H&M is making a real difference to these programmes, which now reach up to 75,000 farmers in organic, fair-trade and better cotton-farming practices.

Programme setting

Although smallholders in developing countries produce 80% of the world's cotton, many live in financial hardship, with low, unstable prices preventing them from paying off the debts they incur to make necessary investments in seeds, fertilizers and pesticides. With help from Solidaridad, they can adopt a more sustainable system that brings real personal and environmental improvements.

Involving nearly twice as many farmers in 2011

Overall, the scope of the cotton programme nearly doubled in 2011, having expanded to 75,000 farmers from 39,000 in 2010. Quantitative and anecdotal evidence indicate that Solidaridad's programmes are bringing many improvements, particularly in terms of livelihoods, net incomes, labour conditions and water use.

Cotton cultivation places a heavy burden on the environment, requiring tons of toxic pesticides and vast amounts of irrigation water. Solidaridad therefore encourages the production and purchase of a different type of system: organic cotton, Fairtrade cotton or Better Cotton. Between them, these three systems – which are complementary, each addressing different aspects of sustainability – can make a real difference in the cotton supply chain. Partner brands and retailers participated in several field trips and workshops, which provided interesting learning points and trade linkages between farmers and the companies.

BCI launched in China

Preparations in 2010 led to the launch of the Better Cotton Initiative (BCI) in China through three pilot projects – the first such programme in China. Solidaridad was the key partner in achieving recognition of BCI. In India and Mali, the first project results made it possible to expand BCI activities there. These projects are supported through the Better Cotton Fast Track Program, a consortium of public and private investors.

ProCotton reaches East Africa

Another significant Development was presented at the ICAC conference in Argentina: the extension of the ProCotton programme into East Africa (Tanzania and Zambia), supported by Common Fund for Commodities. Enabling Solidaridad's support to reach the region's really poor farmers, this will create bottom-up support for increasing capacity, yields and sustainability.

Opportunities and threats

Solidaridad's cotton programme has several strengths, especially its integration from cotton to garment, its track record, and its contacts with leading brands such as H&M, Levi Strauss&co, Marks & Spencer and Adidas – which in themselves bring enormous opportunities. These companies are closely involved in BCI; they provide funds for producer support programmes and commit to buying BCI bales from the projects. A possible threat to the programmes is the weak interest so far in supporting and financing projects by

Budgets and results

Objective	E: Main expected results R: Realised results in 2011	Number of projects	Budget 2011 x €1,000	Realised x €1,000	Budget 2012 x €1,000	Contributions by Solidaridad regional centres
Farmers cultivate cotton in a smarter and more sustainable way	40,000 farmers in programme 75,000 farmers under programme	↑ 23	910	1,873	555	↓ Netherlands, China, South and South East Asia, East and Central Africa, West Africa, Andes, South America
Support for effective multi-stakeholder initiatives in sustainable cotton	Participation in BCI Realised	✓ 1	303	300	185	↓ Netherlands
Market transformation through partnership with leading brands/retailers	Collaboration with 7 brands/retailers Collaboration with 8 brands/retailers	↑ 3	227	140	139	↓ Netherlands, China, South and South East Asia
Endorsement by local governments of sustainable cotton programme	Local government supports programme in one country Realised	✓ 1	76	10	46	↑ China
Total global budget x €1,000			1,516	2,323	925	↓



Biosustain cotton gin, Tanzania. The seed cotton is dropped into the gin by hand where the seed is separated from cotton lint.

governments in China and India – countries that are key to the strategy, and where a mid- to long-term successful exit strategy will depend on local embedding of the programme.

Lessons learned

Thanks to volatile prices and supplies, buying practices and official CSR statements often fail to match up, a situation exacerbated by the length and complexity of the chain. Longer-term relationships and commitments are essential to increasing supplies and integrating sustainability.

Global partnerships

Solidaridad's five-year relationship with the Danish clothing chain Jackpot started with Made-By. As well as supporting social projects in factories, they were a pioneering user of organic cotton. The partnership between Jackpot, Chetna, and Solidaridad is unique, and it was presented as best practice at the Textile Exchange conference in Barcelona in September. Jackpot has a special collection in which €5 on every item sold goes to the Chetna project. Since 2011, it has also extended its partnership with Solidaridad on BCI.

Large brands and retailers show great interest in the field work that Solidaridad does for cotton farmers together with local partners. In 2011 purchasers, CSR managers and senior managers from Levi Strauss & Co, H&M, Adidas and Rabobank Foundation visited cotton projects in India. They were informed on general cotton farming practices as well as on producer organising, monitoring and reporting. Since

most brands and retailers buy directly from garmenting factories, they have no clue where their cotton comes from and for many it was their first visit to cotton fields.

Donors

Main donors are the Better Cotton Fast Track Fund (BCI farm projects in India, Mali and China); Rabobank Foundation (ProCotton programme; Common Fund For Commodities (ProCotton East Africa); and Ford Foundation (Chetna Organic and initial BCI projects in India). Other important donors: Turing Foundation (co-financing of the BCI project in Mali); GSRD Foundation (co-financing of the Chetna Organic and ProCotton in India); and DNB (co-financing of the ProCotton programme). Under the ProCotton programme financial services were arranged via Rabobank.

Impact

In 2011 the cotton programme started on a new five-year cycle. In 2015 Solidaridad expects to complete an extensive external impact study similar to the one done by Nijenrode University for 2007-2010. Quantitative and qualitative data is already being collected from the individual projects. Various inputs are being used to measure year-on-year progress, for example farm-diary data from projects and 'control' farmers on pesticide use and net income. Similarly, interview with farmers will help provide qualitative assessments of farmers' and workers' livelihoods.

Focus shifts from compliance to capacity-building

Two well-publicised issues exemplified the relevance of Solidaridad's activities in 2011. The first was the environmental impact of so-called wet processing (textile dyeing and finishing). The second involved questioning the involvement of textile units in *Sumangali* schemes in southern India. Both showed the importance of innovative projects to develop better practice in factories.

Programme setting

From cotton to garment, the textile supply chain faces a variety of social and environmental challenges. Throughout the chain, Solidaridad and its partners work to improve labour conditions and reduce pollution, training workers and helping factories implement structural improvements. By encouraging fashion brands to buy ethically produced textiles, Solidaridad and its partners also aim to improve responsible textile manufacturers' access to markets.

Pioneering new approaches

In 2011 important steps were taken in a new direction: the original focus on compliance is now leading to more innovative approaches to problem-solving. Solidaridad is starting to work in factories to find solutions to the social or environmental issues that are specific to a local situation.

The activities, which are clustered in designated geographical areas in Bangladesh, China, India and Vietnam, involve the broadest possible range of local stakeholders in capacity building. The in-factory activities include training for workers and management and technical advice on changes in processes and investments in equipment and machinery. The factory projects are complemented with activities to engage local civil society and government. Importantly, Solidaridad is now itself seen as a serious stakeholder by an increasing number of market players. As results are achieved, the strategy is to extend such activities to new factories within the same geographical cluster.

Budgets and results

Objective	E: Main expected results R: Realised results in 2011	Number of projects	Budget 2011 x €1,000	Realised x €1,000	Budget 2012 x €1,000	Contributions by Solidaridad regional centres
Textile factories produce with better environmental and social conditions	100 factories in programme 48 factories in programme	▼ 5	390	186	490	▲ Netherlands, China, South and South East Asia
Support for A16 multi-stakeholder initiatives in sustainable fashion supply chains	Participation in 2 global multistakeholder initiatives Participation in 3 global multistakeholder initiatives	▲ 3	130	700	130	▼ Netherlands, China, South and South East Asia
Market transformation through partnership with frontrunner brands/retailers	Collaboration with 7 brands/retailers Collaboration with 12 brands/retailers	▲ 4	97	50	148	▲ Netherlands, China, South and South East Asia
Endorsement by local governments of sustainable textile programme	One local government supports programme No local government supports our programme	▼ 0	32	0	33	▲ China
Total global budget x €1,000			649	936	801	▼

Helping dye houses to save on water and energy

Through pilot projects in China and Bangladesh Solidaridad brought significant environmental improvements to dye houses which supply major brands such as H&M, Levi Strauss&Co and Mothercare. Considerable savings of water and energy have been achieved. Solidaridad now intends to extend the scheme to a further 500 dyers in the coming years, while also focusing on chemical use and effluent emissions.

Seeking solutions for Sumangali

Under the *Sumangali* scheme, young women from poor backgrounds are offered three-year work contracts at sewing units, which includes a lump sum that can be used to pay a dowry. However, this arrangement has been described by the ILO as one of the 'worst forms of child labour'. Solidaridad is now accepted as a participant in this debate and is helping to find culturally appropriate solutions that will improve labour conditions and guarantee that workers are paid in full.

The challenges of upscaling

Successful pilots on sustainable processing with 25 dyers in Bangladesh and China show that this programme could be extended to 500 dyers in the next four years. As it takes time to make the following stage operational, the next challenge is to retain trained staff and maintain the commitment of the participating factories.



Photo: Paul Barbera

India, sewing textiles.

Opportunities and threats

The strengths of the textiles programme are its integration from cotton to garment, its track record and its reputation in the sector – also with leading brands and retailers. The main threat is Dutch government donors' declining interest in funding projects in India and China, because these emerging economies are growing so rapidly. However, the social and environmental conditions in factories still badly need to be improved in these countries.

Global partnerships

Mainstream brands are now showing an interest in supporting sustainability initiatives. Solidaridad works with several such brands and retailers, including H&M, which is actively involved in developing wet-processing projects with dye houses in Bangladesh and China. As well as jointly developing a video-based worker-training project in supplier factories in India, H&M is also actively involved in the *Sumangali* debate. Cooperation with Made-By creates the potential for connection with a number of mid-size European brands. However, most members are as yet still small brands, which lack the scope to trigger large-scale factory improvement projects.

Donors

PSO supported capacity-building in partner organizations in three countries and ASN Bank supported several sustainability projects in the textile industry. With three brands that supply Dutch shops, the Dutch Ministry of Infrastructure and Environment supported an environmental improvement project affecting dyers and finishers. The Fair Labor Association has commissioned Solidaridad to carry out research on the *Sumangali* scheme in southern India.

Impacts

Nijenrode University's extensive impact assessment of Solidaridad's Fashion programme (2007-2010) was published in January 2011. Although no further impact assessments were made in 2011, characteristic feedback from Bangladesh was provided by the Executive Director of the Bitopi Group, Hasan Mahmud: 'Tarasima Apparels Limited is one of our factories. With your encouragement, we decided to take part in the Cleaner Production Programme. This generated considerable interest and got huge work done. We spent 2 million BDT (approx. €18,350) and savings were 7 million BDT (approx. €64,200). The savings of natural resources are enormous and cannot be quantified. The data is collected by the programme in periodic monitoring visits.'

Certified gold jewellery now available

Solidaridad firmly established its gold programme in 2011. The launch of the Fairtrade and Fairmined (FTFM) standard in March made the UK the first country in which certified gold products were commercially available. As more countries follow, Solidaridad will measure the impact of certification in producer communities.

Programme setting

Solidaridad is the only civil-society organization that works with both industrial and small-scale partners in the private sector at each point along the gold supply chain. It is now capitalising on Western jewellers' increasing awareness of the widespread social injustice and environmental damage linked to the production of gold jewellery, such as bonded labour, unpaid child labour and mercury poisoning.

FTFM: a real step towards fully traceable gold

Solidaridad's pursuit of a traceable, responsible supply of gold verified by third parties was boosted by the launch of the FTFM standard – an important step towards better conditions for vulnerable people in the chain. Together with initiatives such as the Responsible Jewellery Council, it gives jewellers and others in the supply chain the power to act on their good intentions by purchasing from certified gold miners. At the mines, Solidaridad and its partners train miners in better environmental, social and production techniques.

Benefiting artisanal and small-scale miners

The global launch of the FTFM gold standard now makes it possible for licensed jewellers to buy certified gold, greatly benefiting artisanal and small-scale miners, mainly in South America. New projects in Ghana, Kenya and Tanzania also set

the scene for the expansion of Solidaridad's producer-support activities to small-scale gold miners in Africa.

Towards win-win in Peru

In 2010 Solidaridad began an innovative pilot project involving industrial partners that was designed to bring better practices to miners in Peru. Solidaridad works with companies on certification to the Responsible Jewellery Council Code of Practice, but also help them support small-scale miners working nearby. This can foster trust and reduce conflict between the two groups, and may give small-scale miners access to more efficient, cleaner facilities for processing. Major European jewellers have signed on to this pilot project and plan to buy gold produced at certified project sites in the future.

Lessons learned

Small-scale miners' cash flow is limited, and Solidaridad soon found that they preferred not to sell to international buyers because wire transfers were too slow. Solidaridad will now focus on developing closer relationships with the mining groups trained in our programme, collecting supply chain data, identifying dependable partners – and, vitally, building trust.

One result that was not achieved in 2011 was securing funding for FTFM training for mining groups in East Africa. The aim was to start training in three countries: Kenya, Tanzania

Budgets and results

Objective	E: Main expected results R: Realised results in 2011	Number of projects	Budget 2011 x €1,000	Realised x €1,000	Budget 2012 x €1,000	Contributions by Solidaridad regional centres
Producer development and worker support	Small-scale miners trained: E: 1000 – R: 2,656 Workers that benefit from industrial mining pilot project: E: 600 – R: 300 and 1,000 small-scale miners nearby the industrial mine	✓	4	910	410	470 ↑ Andes, West Africa
Civil society support	Developed toolkits for small-scale miners: E: 2 – R: 0. Tool contract secured for 2012 E: increase capacities of Solidaridad regional centres and local NGOs to work on the Gold Programme. R: 5 Solidaridad centres and 2 NGOs improved capacity	✓	6	360	157	110 ↓ Andes, West Africa, South America, East and Central Africa, Central America
Sustainable market development	Establish pilot supply chains from small-scale mining communities (E: 6 – R: 5) and industrial mines (E: 3 – R: 0) through to European jewellery brands.	✓	8	331	331	331 — Netherlands, Andes
Influencing policy and dialogue	E: work closely with standards-setting bodies to improve standards. R: continued dialogue with Fairtrade International, Responsible Jewelry Council and OECD	✓	3	60	60	60 — Netherlands
Total global budget x €1,000			1,661	958	971	↑



Photo: Sean Hawkey

Nicaragua, artisanal gold mining. A miner digs for ore with a steel bar. In La Libertad, Chontales miners extract ore from open cast and underground mines, and crush and mill the ore to extract the gold with mercury.

and Uganda, in partnership with the Alliance for Responsible Mining and the Fairtrade Foundation. Despite the delay, the contract was awarded and work will begin in early 2012.

Opportunities and threats

The greatest opportunity lies in consumers' inherent interest in gold. Recently, this may have been boosted by the media focus on the UK launch of FTFM gold and by attention to 'conflict minerals' from the Great Lakes Region in Africa, which has highlighted the need for responsible sourcing. More opportunities may lie in recent legislation in the USA that requires U.S. companies that buy gold to trace its origin. Clearly, this will affect jewellers. Similar legislation is now being considered by the European Union. Meanwhile, steep rises in the gold price have reduced demand – and possibly jewellers' focus on their gold supply.

Global partnerships

In its primary markets – the UK, Denmark and the Netherlands – Solidaridad works with several companies, including jewellers and manufacturers. One important strategic partner is Stephen Webster, a British jeweller whose high-profile jewellery brand played a leading role in the sector in 2011. Accepting Solidaridad's invitation to visit a mining community in Peru that was in the process of certification, Stephen saw first-hand what Fairtrade and Fairmined means for miners and their families. 'This is a difference we can pass on to our customers,' he said – and became the largest retailer to participate in the market launch in March 2011. Another important partner is Bibi van der Velden, a jewellery designer and artist in the Netherlands, who is also an ambassador for the Gold

Programme. Her visit to gold miners in Colombia associated with the Oro Verde ('green gold') programme was reported extensively in the Dutch media.

Donors

In 2011, the private foundation Adessium renewed its support into 2013. A partnership with the U.S.-based organization Humanity United resulted in a new focus area: modern-day slavery. In two projects in Peru and Colombia Solidaridad is testing whether the FTFM standard can be used to counter the worst labour practices. This overlaps with Solidaridad's concern about exploitation in gold mines.

Impact

To develop a general methodology for impact assessment, Solidaridad initiated a baseline study for the FTFM standard. The researchers visited two producer groups that had just achieved certification: COTAPATA in Bolivia and Asocasan in Colombia, a producer group within the Oro Verde community of miners. This produced a first set of baseline indicators and some important insights:

- the most important motivation for miners to join the FTFM scheme is the expected increase in revenues
- a small majority believe that certification also contributes to community development
- training during the precertification process should pay more attention to social issues such as gender and democratic decision-making.

Solidaridad will include baseline and impact assessments as a standard element in every FTFM producer-support project.

First RTRS certificates sold in 2011

The first transaction in the round table Renewable Soy (RTRS) certification system took place in June 2011. Since then we've seen more sales under this system. In the Netherlands retailers, traders, feed processors and NGOs have jointly announced their intention to work towards 100% responsibly produced soy sourcing by 2015.

Key achievements

A key objective for 2011 was to convince companies to make concrete investments in responsible soy and, during the year, the first RTRS transactions were concluded. Commitments to RTRS soy in a number of countries including Belgium, Sweden and UK were published in 2011. And companies involved in the Dutch animal production chain signed an agreement – together with Solidaridad – to collectively finance a step-wise transition towards 100% RTRS soy in 2015.

In support of this ambition, IDH signed a five-year SFTF agreement to extend RTRS certification in South America. To support sustainable production in South America, Solidaridad signed the Soy Fast Track Fund (SFTF) agreement with the Sustainable Trade Initiative (IDH), which will invest €6 million in Brazil, Paraguay and Argentina.

In parallel, Solidaridad obtained a five-year upscaling fund from the Soy Producer Support Initiative SOYPSI, which is now known as the farmers support programme. Five large companies now support Solidaridad soy programmes: FrieslandCampina, CONO/Ben & Jerry's, Keurslagers, ARLA and Interchicken. Around 27,000 small and mid-sized farmers in India, Brazil, Bolivia and China have been supported to adopt the RTRS standard. In India more than 25,000 small-scale soy farmers have also increased their productivity with support from Solidaridad.

Challenges

World soy production increases by 7.5% each year. The impact on land use is considerable. More hectares planted with soy in South-American leads to destruction of precious forests, while heavy use of pesticides pollutes soil and groundwater. Farmers in China, India and African countries suffer from low productivity. Solidaridad supports the sector in using scarce land in a smarter and more sustainable way.

Opportunities and threats

Moving towards a mainstream sustainability solution is a long up-hill battle, as the prospects of short-term profitability seduce the sector to invest beyond the limits of sustainability. Although the RTRS is gradually becoming the undisputable framework for sustainable soy production on a global scale, competing opportunistic schemes are a serious threat.

Various innovative biodiversity initiatives have started in Brazil. These are supported by the International Finance Corporations BACP and Overbrook. In Argentina Solidaridad is working with farmers to explore the potential for reducing greenhouse gas emissions by producing RTRS/EU Renewable Energy Directive (RED)-compliant biodiesel with the assistance of the Dutch development organization AgentschapNL.

However, public commitment by market players in Europe has been slowly to materialize and in 2011 only limited

Budgets and results

Indicator	E: Main expected results R: Realised results in 2011	Number of projects	Budget 2011 x €1,000	Realised x €1,000	Budget 2012 x €1,000	Contributions by Solidaridad regional centres
Number of ha under better management	E: 40,000 R: 45,562					South America, China, South and South East Asia, Netherlands
Volume of moving towards RTRS soy (tonnes/year)	E: 75,000 R: 81,118					South America, China, South and South East Asia, Netherlands
Number of households trained/benefitting from support programmes	E: 26,000 R: 28,283					South America, China, South and South East Asia, Netherlands
Number of countries with support structure established	E: 4 R: 5	13	1,320	1,044	2,160	South America, China, South and South East Asia
Number of international companies engaged in Solidaridad programmes	E: 7 R: 7	5	310	310	350	South America, South and South East Asia, Netherlands
Number of governmental and non-governmental organizations involved	E: 2 R: 3	4	100	110	140	South America, China, South and South East Asia
Total global budget x €1,000			1,870	1,644	3,010	↑



Photo: Solidaridad

Family farmers have been supported in improving production and saving the natural environment.

numbers of RTRS certificates were purchased. The explanation for this is threefold: 1) obstruction by large companies in Brazil 2) a lack of serious commitment by market players who fear a first mover disadvantage; and 3) competing schemes that undermine the legitimacy of the RTRS. In Asia and North America there is still a way to go before RTRS becomes the mainstream standard for soy production.

The situation in the years ahead looks promising with announcements by key market players in the Netherlands of their intention to source up to 2 million tons of certified RTRS soy by 2015 – starting with 500,000 tons in 2012 and additional commitments in other countries. This means plenty of work for Solidaridad in the years ahead.

Lessons learned: finding a balance

The RTRS business model is not yet convincing enough for mainstream buyers. Farmers want to be paid for certification, whereas market players see certification as a baseline (a ‘license to operate’). Finding a balance here will continue to be difficult, as all players want to be sure that RTRS is giving them an advantage. Focused pressure from civil society will remain the best way to get the sector moving.

New donors boost 2011 budget

Strategic partnerships were forged with Friesland Campina, ARLA, North Sea Group and Unilever and the main donors were SFTF and the Schokland Fund. Annual expenditure

in South America was €647,000, while in China and South and South East Asia it was €311,000. The global soy budget planned in November 2010 was only €749,000. However, additional sources of income were found. The SFTF IDH fund, the IFC BACP fund, and GIZ (China) boosted the overall budget for 2011 to €958,000.

Impact

Solidaridad is increasingly seen as a solid pragmatic partner for achieving sustainable soy solutions. Family farmers in Brazil and India – and to a lesser extent in Bolivia and China – have been supported in improving production, while complying with the principles and criteria of RTRS. In India this has resulted in an increase in production with fewer inputs, thus reducing poverty. In Brazil the main impact has been more balanced use of inputs. External impact studies to quantify these trends are planned in 2012. Overall the trend is for the biggest brands and retailers on the globe to commit themselves to sustainability. Solidaridad is well placed to deliver highly relevant, on-the-spot services to stakeholders throughout the soy value chain.

Support smallholders gets off to a promising start

Thanks to Solidaridad's track record and to contacts with main market players in the sector, new partnerships were developed and existing ones expanded. The involvement of new brands, plantation companies, donors and traders now enables Solidaridad to scale up the producer-support programme and train thousands of oil-palm smallholders worldwide in the years ahead.

Progress

With strong global demand, palm-oil production has doubled every decade since 1970, so 80 million tons may be consumed by 2020. But despite palm oil's great efficiency in terms of vegetable-oil output per hectare and its high returns per dollar invested, potential benefits often don't accrue to the millions of smallholders and workers in the sector.

By building supply-chain partnerships involving producers, traders, manufacturers and retailers, we are supporting new approaches to technology transfer, organizational development, rural credit and benefit sharing. These innovations are shared and disseminated through industry platforms such as the global Roundtable on Sustainable Palm Oil (RSPO).

Though the programme is relatively new and several projects started slowly, progress has been good on all continents. One of the ten palm-oil projects – the Producer Support Initiative POPSI – has finished, five are ongoing, and four are starting up. All involve training and capacity building, which benefited some 12,500 households.

Building up expertise in West Africa

In Liberia Solidaridad promoted sustainable palm-oil production by supporting the development of an RSPO national initiative. A smallholder outgrower training curriculum was devel-

oped for roll-out in Ghana and other West African countries in 2012. To this end, RSPO has provided funds for including two additional mills in the programme in Ghana.

First supply chain project a success

Solidaridad developed the first supply chain projects, linking major brands and companies with palm-oil smallholders working on compliance with the RSPO. Johnson & Johnson and CONO (supplier of cream to Unilever's Ben & Jerry's ice cream brand) supported RSPO pre-certification programmes in Ghana and Malaysia. To ensure a connection with the Indonesian centres of expertise in palm oil, a Memorandum of Understanding was signed with the Indonesian Oil Palm Research Institute.

Smallholder certification has developed more slowly than expected. No smallholder palm oil fruit certificates have been traded yet. So far very few smallholder groups have been able to comply with the RSPO standard, which is demanding. Solidaridad will invest both in making a certificate trading platform for smallholders operational in 2012 and in ensuring that the RSPO principles and criteria review planned for 2012 will make certification more accessible for smallholders, without undermining critical social and environmental safeguards.

Budgets and results

Indicator	E: Main expected results R: Realised results in 2011	Number of projects	Budget 2011 x €1,000	Realised x €1,000	Budget 2012 x €1,000	Contributions by Solidaridad regional centres
Number of ha under better management	E: 60,000 R: 48,000	↓				Central America, South America, West Africa, South and South East Asia
Volume of RSPO crude palm oil (tonnes/year)	E: 180,000 R: 120,000	↓				Central America, South America, West Africa, South and South East Asia
Number of households trained/benefitting from support programmes	E: 10,000 R: 12,465	↑				Central America, South America, West Africa, South and South East Asia
Number of countries with support structure established	E: 4 R: 4	✓	6	150	400	↑ Central America, South America, South and South East Asia, Netherlands
Number of international companies engaged in Solidaridad programmes!	E: 7 R: 7	✓	6	120	270	↑ South America, South and South East Asia, China, Netherlands
Number of governmental and non-governmental organizations involved	E: 0 R: 2	↑	2	70	170	↑ South and South East Asia, Netherlands
Total global budget x €1,000			610	562	2,040	↑



Photo: Pieter Sibaudji

Brazil. Agropalma, a partner in the municipality of Tailandia in the state of Para, is a palm oil company for independent suppliers.

Opportunities and threats

With demand booming, the structurally higher prices of palm oil mean that investment in improving smallholder productivity will pay off rapidly. However, increasing demand from India and China means that Western buyers can be less demanding in terms of sustainability. Incentives for a more sustainable and pro-poor development of the sector may be provided by climate-related finance.

Lessons learned

Despite limited number of proposals for palm-oil projects, Solidaridad took a hands-on approach to developing training and organizational development capacity in key regions. In 2012 Solidaridad West Africa will provide a resource and training centre for public, private and NGO extensionists. Partnerships with existing institutions in Asia and Latin America will be further developed.

Global partnerships

From the onset, Solidaridad's palm-oil programme has been supported by Unilever, the world's biggest palm-oil buyer. Like CONO (see above), Johnson & Johnson are also participating in smallholder training programmes. As emerging markets already consume 75% of palm-oil exports, top priority will be given to market development in countries such as China and India. This will involve partnership with RSPO, the WWF and leading RSPO members.

Donors

Funding is provided not only by the Netherlands Ministry of Foreign Affairs through the DGIS Public-Private Partnership facility and the Dutch Embassy in Ghana food-security programme, but also by RSPO and NORAD. Each euro of public support is matched by at least one euro from the private sector. Contributions are also made by other palm-oil funds: the Dutch lottery-based DOEN foundation and the IFC BACP fund.

Impact

While the programme is too new to quantify the impact on target groups, there is anecdotal evidence that RSPO training works. This was certainly clear on a field visit to smallholders who supply an RSPO partner plantation in Sarawak, Malaysia. Herbicide application had dropped dramatically without negatively affecting yields and lower input costs have positively affected farmers' revenues. Thanks to lower human exposure to herbicides, less pollution, and more biodiversity in the plantation, positive health and environmental impacts also seem very likely. During the upscaling of the palm-oil programme, a baseline assessment and monitoring programme will measure impacts over the period 2012-2015.

Sugar cane

All lights green for success in 2012

In three years, the programme has achieved a lot: good people, systems and communications, and a much improved context. And success is infectious; in a process supported by Solidaridad, Renuka do Brasil demonstrated its commitment to sustainability in sugar cane and ethanol production by becoming the world's second sugar mill to achieve Bonsucro certification.

Programme setting

Despite overall growth in the sugar-cane sector, too many small-scale farmers lack the knowledge and inputs they need to increase their production – and too many cane-cutters still work under degrading conditions. To improve their performance and income, Solidaridad seeks to advance the position of underprivileged cane-cutters and farmers.

Collaboration brings greater openness

Though many projects had start-up problems, they did moderately well as they moved into 2011, their second or third year. Part of this was due to coaching by Solidaridad staff in the project countries, who had also helped clarify the requirements for compliance with the Bonsucro standard.

Solidaridad is trusted as a valuable partner by companies, governments and other stakeholders in the industry. It has contributed strongly to the progress of Bonsucro by shaping its institutions, recruiting members, raising market awareness, doing pilot projects, organizing extension staff, and by helping to train auditors.

By facilitating discussion between the various partners, Solidaridad is also helping to redefine relationships between all partners in the chain. One result is that millers and end-users are now more willing to discuss solutions. Eventually,

examples of best practice will be identified and disseminated to others. Another result is that workers' rights are now back in the spotlight – where they belong.

Children now at school in Santa Cruz

In Santa Cruz Province, Bolivia, 483 farmers were awarded a certificate for eradicating child labour, forced labour and discrimination. In a programme to get children out of the fields and into schools, Solidaridad worked with local mills, farmers, the Bolivian foreign commerce institute IBCE and UNICEF. The agreement includes children whose parents follow the harvest from one area to the next.

Bringing SMS to southern Africa

In Kasinthula, Malawi, 400 small-scale farmers received the Sustainable Management System (SMS) training developed by Solidaridad in southern Africa (and also in India, where a thousand farmers will soon get Bonsucro certification). Solidaridad is working towards bringing SMS to all of the countries in Southern Africa.

Lessons learned

The high price of Brazilian ethanol has temporarily defeated attempts with our partner North Sea Group to set up a supply chain for the first Bonsucro-certified ethanol to Europe. Patience is still required – but if no action had been taken,

Budgets and results

Indicator	E: Main expected results R: Realised results in 2011	Number of projects	Budget 2011 x €1,000	Realised x €1,000	Budget 2012 x €1,000	Contributions by Solidaridad regional centres
Number of ha under better management	E: 40,000 R: 44,300	↑				South and South East Asia, Southern Africa, South America, Central America, Netherlands
Number of farmers who have moved towards Bonsucro compliance	E: 20,000 R: 17,454	↓	{ 8	903	641	2,003 ↑
Number of countries in which a support structure is established	E: 4 R: 5	↑	5	116	82	242 ↑
Number of international companies engaged in Solidaridad programmes	E: 6 R: 6	✓	5	181	128	321 ↑
Number of governmental and non-governmental organizations involved	E: 4 R: 4	✓	4	90	64	210 ↑
Total global budget x €1,000			1,290	915	2,776	↑



Photo: Pieter Sijbrandij

Brazil. Patience is key to setting up a supply chain for the first Bonsucro-certified ethanol to Europe.

Renuka do Brasil would not have received Bonsucro certification.

Opportunities and threats

Two shortages are the biggest challenge facing the programme right now: a shortage of tools such as SMS, and of partners who can provide quality services to small-scale sugar-cane farmers. Despite its own shortage of capacity, Solidaridad currently has to do much of the work itself. It therefore hopes that initiatives such as the Bonsucro Global Producer Support and Innovation Network will make it possible to recruit international expertise. It is also clear that Solidaridad needs to take a more hands-on approach to programme design. This will strengthen its role as an implementer and reduce its activities as a donor.

Global partners

Solidaridad works closely together with Bonsucro and its member companies to improve the sugar-cane industry around the globe. One of these is WWF and there are clearly valuable synergies in this cooperation.

Donors

Co-financed by companies including Suiker Unie and Delicia, the Dutch Ministry of Foreign Affairs enables Solidaridad to run six producer-support projects reaching out to thousands

of farmers, and also to contribute actively to Bonsucro's progress towards its status as the world's meeting place for those with an interest in improving performance in the sugar-cane sector. The Ministry also contributes through the Global Sustainable Biomass Fund, which has achieved significant results in several areas.

Impacts

Almost 17,500 sugar-cane farmers have received training and support in applying better management practices, allowing them to improve both their performance and their incomes.

Bio-based economy, Aquaculture, Livestock

New programmes in fast growing sectors

Moving towards a bio-based economy

Solidaridad believes it's essential to move away from an economy based on fossil fuels. Coal and oil are finite polluting resources that are linked to conflicts around the globe. The price of oil is rising inexorably and the shift to tar sands and coal-to-liquid will make oil even more polluting. What's more, pollution and price increases affect the world's poor disproportionately. Solidaridad believes that shifting to biological feedstock for energy and materials can have the opposite effect. The purpose of the bio-based economy programme is to find out how to increase access to energy for the poor and how farmers can profit from producing feedstock, while improving food security and protecting the natural environment.

Cooperation

In 2011 Solidaridad worked with GdF Suez on developing a supply chain for solid biomass from Mozambique, with Abiodes on setting up a local supply chain for more sustainable charcoal for household use in Beira Mozambique, and with North Sea Group and various milling companies to

promote certification of sugar-cane-based ethanol in Brazil and soy-biodiesel production in Argentina. Solidaridad worked with feedstock round tables such as Bonsucro and RTRS (soy), participated in a network of Dutch NGOs that influences biofuel policies and advised several bio-energy related companies and initiatives on sustainable feedstock, including SkyNRG (bio-jet fuel) and the Green Gold Label. We also signed a manifesto promoting a bio-based economy, together with other NGOs and committed companies.

Integration into core programmes

Three large projects funded by Agency NL – with co-funding from GdF Suez and North Sea Group – will run until the end of 2012. In the coming years, bio-based-related projects will be integrated into the core commodity programmes in order to maximize synergies. It's unclear precisely what was spent on the programme in 2011. The Solidaridad Netherlands has a general 'agri' budget and there is overlap between commodity programmes and the bio-based programme, especially in relation to sugar cane, soy and the Fair Labor Standards Act.

Ensuring food security and improving incomes through sustainable aquaculture

Fish and other aquatic organisms produced in a controlled environment represent the fastest growing food-producing sector in the world with a value of US\$98.4 billion. Aquaculture provides 9 million fish farmers with a livelihood, plus another 27 million – mostly women – working in the processing industry.

The farmers are mainly smallholders (80%), working on a total of around 1.5 million hectares. As there are few options for increasing wild fish stock, aquaculture is becoming more intensive. This is causing huge environmental problems, including destruction of mangroves, the use of harmful pathogens and antibiotics, and water pollution. Sustainable aquaculture is the only way to ensure food security without damaging ecological systems. There is demand from retailers who are aware of these facts for fish that are certified by the IDH-supported Aquaculture Stewardship Council (ASC).

There are also social concerns such as poor labour practices, occupational health and safety in the processing industry and low incomes. What's more, the trend towards high-cost, export-driven species makes it impossible for local people to buy fish at an affordable price.

Since almost 86% of aquaculture is in Asia, supplies will come mainly from that region, while the main markets are in Europe. Solidaridad mostly works with small-scale fish

farmers to develop sustainable solutions. The proposed programme will ensure that aquaculture does not harm the environment, ensures food security and generates sustainable incomes.

Partners

Solidaridad plans to work with CARE in Bangladesh and Business Watch in Indonesia. The programme will be gradually extended to China – the world's largest aquaculture producer – and Thailand. An initial assessment made in South West Bangladesh shows how climate change is impacting aquaculture and how a lack of supply chain linkages and unsustainable agricultural practices are creating a vicious circle of food insecurity. Solidaridad intends to align its aquaculture programme with the ASC.

Next steps

A baseline scan will be made in Indonesia, China and India. In Bangladesh, Solidaridad is working with CARE and the Netherlands Embassy to develop a major multi-year aquaculture programme, targeting both food security and integrated sustainable farming. A budget for this new programme still needs to be allocated.

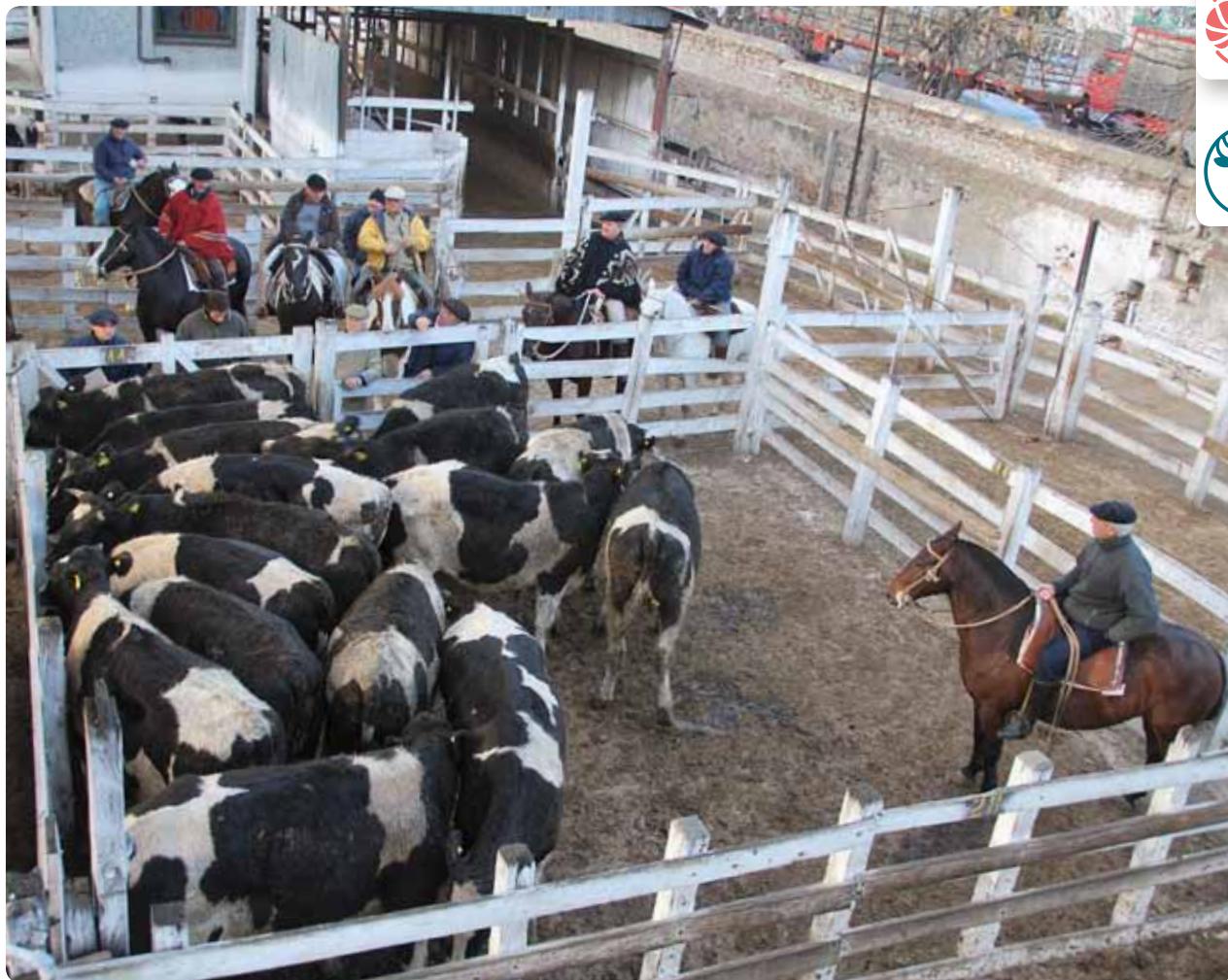


Photo: Leonardo Melgarejo

Livestock in Uruguay. There is an enormous potential for reducing environmental impacts through improved management.

Balancing demand for livestock products with sustainability

The livestock industry provides employment or livelihoods for over 1.3 billion people throughout the world, while livestock production uses most of the available agricultural land. Although this industry meets a significant proportion of global protein requirements, the environmental impacts can be considerable. Improved management can reverse land degradation and increase productivity and efficiency, thus reducing environmental pressure while feeding more people.

Round-table relationships

Solidaridad is an active member of the Global Round Table for Sustainable Beef (GRSB) and has developed relationships with a number of partners in Namibia, Brazil, Argentina and Uruguay, as well as with other market players. These relationships will enable us to develop programmes in a number of countries – together with members of the round table – for the benefit of producers and the environment.

Funding

Initial funding from the farmers support programme will be augmented by co-funding from our project partners. We anticipate significant potential gains from carbon sequestration and payment for environmental services related to sustainable management of livestock. The total budget – and amount spent on the programme – in 2011 was approximately €70,000. In 2012 we will launch pilot projects in three countries with GRSB partners, which are designed to lead to substantial improvements in livestock management systems.



MARS
Maurice
Etien

Regional development

An international network organization

South America



Andes



Central America



West Africa



Southern Africa



East and Central Africa



South and South East Asia



China



The Netherlands





An international network organization

Working in global supply chains with a multitude of stakeholders requires representation in many parts of the world. This is what makes the Solidaridad Network so effective.

The Solidaridad Network consists of nine regional offices. The directors of these centres of expertise who form the policy-making body of the network are developing a global strategy with inputs from each region, while centres are responsible for implementing the strategy. The board of directors meets twice a year and agrees targets, budgets, plans and goals for partner involvement.



Future plans

The eight offices in Latin America, Africa and Asia will concentrate on building sustainable supply chains and creating local markets for sustainable products. Solidaridad Netherlands will concentrate on market development in Europe by offering companies practical ways to implement social corporate responsibility. This centre also runs fundraising and publicity campaigns to involve consumers and the business community in sustainable production and consumption, and to raise the profile of the work of Solidaridad and its partners.

Gonzalo la Cruz
Solidaridad Andes
Lima, Peru



'Thirteen million small-scale miners worldwide are often underpaid for their dangerous work, since many of them operate illegally. Solidaridad started capacity building projects for miners, focusing on setting up legal cooperatives, fair pricing and greener mining methods.'

Jeroen Douglas
Solidaridad South America
Buenos Aires, Argentina



'South America has the biggest remaining forest on earth: the Amazon. With a low population density and abundant natural resources, the region is essential for feeding the growing world population. Solidaridad promotes smart and sustainable land use in order to be able to feed the world and preserve biodiversity.'

Michaelyn Baur (Director from May 2012)
Solidaridad Central America
Ciudad Guatemala, Guatemala



'Coffee farmer organizations are often weak and struggle to gain access to international markets. We support producers by providing help with certification and building sufficient capacity so that they can export coffee themselves.'

Hans Perk
Solidaridad West Africa
Accra, Ghana



'Poor farming methods exhaust the soil and reduce the quality of cocoa beans. Solidaridad helps producers make the transition to higher productivity and better quality farming practices. It turns small-scale farmers into agricultural entrepreneurs.'



Active in producer development and building civil society

Active in market development and communication

Karugu Macharia
Solidaridad East Africa
Nairobi, Kenya



'Civil society organizations play an important role in sustainable economic development. They can create a balance of power with political and economic actors in society. Solidaridad helps organizations of producers and workers to influence the socio-economic policies of governments and companies alike.'

Annie Sugrue
Solidaridad Southern Africa
Johannesburg, South Africa



'Farmers in Southern Africa are often poor and lack access to better farming techniques and affordable sources of energy. Mixed agricultural and forestry systems, including food and biomass, can raise both food and fuel production. Better food security, higher incomes and forest protection go hand in hand.'

Shatadru Chattopadhyay
Solidaridad South East Asia
New Delhi, India



'Most tea farmers lack access to knowledge about good farming techniques. Our tea experts have trained producer organizations in better production methods and certification processes. In 2011, more than 70,000 tea farming families were certified.'

Martin Ma
Solidaridad China
Beijing, China



'A seamstress in an Asian clothing factory can work up to 90 hours a week and still live below the poverty line. Solidaridad China works to improve labour conditions and labour rights. The growing demand for ethical fashion is highly consistent with our approach.'

Nico Roozen
Solidaridad Netherlands
Utrecht, Netherlands



'Many of the costs of agricultural and industrial production are not reflected in the prices of products. Solidaridad aims to create new sustainable markets in which the value of products and services is integrated into the real economy. We encourage consumers and companies to take their responsibility for a more sustainable world.'

Solidaridad well positioned in sustainable solutions

Economic development in the region has peaked and the impact on land use has been huge. At the same time, as Asians adopt Western diets, South American farmers now feed not only consumers on the continent (275 million), but also 1 billion others. How can they expand in a smart sustainable way?



Photo: Leonardo Magarelo

Farmers in Paraná, Brazil rotate soy with pastures for cattle grazing in a sustainable landscape programme, thus conserving precious rainforests.

Macro developments

A period of rapid growth in the region is clearly coming to an end. Economic development in Brazil has slowed and Argentina will follow, as much of its exports depend on Brazil. Prices are falling due to the international economic crisis. The peak in soy prices, for instance, was reached early in 2011. It's expected that the boom, which created nearly full employment, high levels of consumption and a radical reduction in poverty, will come to a halt for 2012.

The impact of these developments is not yet visible in the sectors in which Solidaridad operates. Expansion, professionalization, and efficiency are still the main drivers for implementing sustainability standards throughout the region. As a result of demographic changes, there are now few marginalized peasant farmers. These have either moved into the cities or become highly entrepreneurial smallholders operating in niche markets.

Dual approach

Solidaridad South America works with large-scale and marginal farmers. The latter mainly grow sugar cane, tea, cotton, palm oil and cacao. In these sectors 'smart' farming remains a challenge, with substantial scope for improving agricultural practices – achieving more with less. These producers need access to innovation in order to stay

competitive and certification continues to be a valuable tool.

In large-scale frontier farming – mainly soy and cattle, but also sugar cane and palm oil – key goals are slowing down deforestation, changes in land use, carbon bundling, mitigating climate change and smart land use. Solidaridad is pioneering methods which allow farmers to move into sustainable areas, where they can farm without cutting down rainforest or driving out indigenous people.

New self-assessment tool

Solidaridad now offers farmers a 'producer support and loyalty tool', which allows them to assess their own sustainability without hiring expensive auditors. Once a suitable level is achieved, new potential sources of income become available via carbon offsetting. For example, the new Brazilian forest code offers Solidaridad the opportunity to enter into efficient management of protection areas and legal reserves in cooperation with agri-business. This should enable smarter spatial planning, including regeneration of degraded lands, in exchange for the preservation of substantial areas with high conservation value, most of which are inhabited by indigenous communities. A major challenge is how to use carbon credits to avoid further destruction of the rainforest.



Regional programmes

- An alliance to make the tea sector more sustainable includes partners such as medium-sized tea producers Fundacion Universidad Dachary, the INTA research institute, the provincial government, Utz Certified, Ethical Tea Partnership, Sara Lee, Unilever, and smaller tea brands
- Together with producer associations, Solidaridad has started a cocoa certification initiative for Utz Certified and Rainforest Alliance together with ADM, Cargill and Nestlé.
- Solidaridad has established a BCI compliance programme for larger cotton farmers and smallholders.
- Scoping studies have been made for gold in Argentina, Brazil and Surinam.
- Soy producers are supplying RTRS soy to the food, feed and fuel sectors.
- Palm oil farmers are creating a round table, in which large buyers from the biofuels and food sector in Brazil are involved.
- Solidaridad has helped various sugar mills to join the Bonsucro support programme.
- Livestock activities are in Uruguay. Partners include ranging companies and slaughterhouses, INAC, Rainforest Alliance, Zandbergen, Ahold and Metro
- A sugar-cane ethanol programme in Brazil involves Unica and North Sea Group and a soybean oil biodiesel programme in Argentina involves INTA, Los Grobo, Molinos Rio de la Plata, RTRS, North Sea Group and Shell.

Organization

Solidaridad South America has grown rapidly. In 2011, the organization doubled in size and became more professional (ISO 9001:2008 is expected by the third quarter of 2012). Headquarters are in Buenos Aires, Argentina and there's a country desk in Sao Paulo, Brazil. Numerous new partnerships were formed, including SAI Platform, Rainforest Alliance, ETP, ABRAPA, INTA and with companies such as Raizen, Arcor and Los Grobo. The idea is to make the rather non-tangible world of sustainability into a tangible business asset.

Argentina has two programme managers for soy, sugar cane, tea, and livestock. Argentina co-ordinates the implementation of field projects in Argentina, Bolivia, Paraguay and Uruguay. The gold scoping and feasibility plans for Surinam are also coordinated from the Buenos Aires office, which hosts the South America chapter of the SAI Platform.

The Brazil office hosts the country manager, as well as crop-specific programme managers. He is responsible for the IDH SoyFastTrackFund and for all other programmes in Brazil. Three programme managers work on soy, sugar cane, cotton, livestock, palm oil and cacao.

The next step is to develop regional markets for sustainable products. Multinationals with corporate social responsibility (CSR) programmes are moving into emerging markets; larger local companies are also committing to CSR concepts for their products and market outlets. Solidaridad South America hosts the SAI Platform, which can help bring CSR to local markets.

Activities and budget

Sector	Countries	Projects	Budget 2011 x €1,000	Realised x €1,000	Budget 2012 x €1,000	Main activities	Main partners
Coffee	Brazil, Peru	2	–	66	30	↓ Scoping and feasibility study; training	Utz Certified
Tea	Argentina	1	210	176	137	↓ Training, certification support, access to finance and market linkage	Utz Certified, ETP, Unilever, Dachary, local producers
Cocoa	Brazil	2	117	29	17	↓ Certification support for smallholders, Traders, Utz Certified, RFA Bahia	
Fruit	Brazil, Argentina, Peru	3	–	66	50	↓ Supply special citrus products	Campina, Coca Cola
Cotton	Brazil	2	–	–	255	↑ Start chain of custody	Abrapa, BCI
Textiles	Brazil	2	–	–	100	↑ Link cotton to local demand	Abrapa, C&A, Carrefour, Zara
Gold	Surinam	1	9	7	–	↓ Scoping and feasibility study	ARM, WWF Surinam, IAMGOLD, mining villages
Soy	Brazil, Argentina, Paraguay, Bolivia, India	15	700	830	1,583	↑ Create mainstream supply of RTRS soy and market linkage	
Palm oil	Brazil	2	223	262	286	↑ RSPO certification support for smallholders	AgroPalma, RSPO members
Sugar cane	Argentina, Bolivia, Paraguay, Malawi, India	4	528	419	632	↑ Establish tri-national Bonsucro round tables and implement standard	Proyungas, Guabira, Moises Bertoni, Bonsucro members
Bio-based economy	Brazil, Argentina	3	415	384	359	↓ Create supply of RTRS and Bonsucro biofuels, train workers and outgrowers	RTRS, Bonsucro, Los Grobo, North Sea Group, Shell, Unica
Livestock	Brazil, Argentina, Uruguay	2	130	36	229	↑ Build national platforms in Brazil and Argentina, study best-in-class beef Uruguay	GTPS, GRSB, IPCVA, INAC, SAN, Zandbergen, Ahold
Other		5	274	265	294	↑	
Total regional budget			2,606	2,540	3,972	↑	

More than half of exports now in producers' hands

Solidaridad Andes, together with sustainable fruit company Agrofair, pioneered the organic and fair-trade banana programme in Peru. After nine years of support for the sector, in 2011 producer organizations had achieved majority control of sustainable banana exports. They exported 52% of a total of 5,338 containers (105,000 tons) of organic bananas.



Photo: Solidaridad

Processing of bananas at Grupo Hualtaco facilities, Northern Peru.

Macro developments

The Andean region has grown fast in the last decade, especially Peru, where GDP grew 73.2% between 2002 and 2010. In the same period Colombia grew 46.9% and Ecuador 45.9%. Although the international financial crisis is slowing down the speed of growth, there are good prospects for continued expansion of local economies. Millions of people have moved out of poverty – in Peru from 54.8% in 2001 to 31.3% in 2010, and in a similar period in Ecuador from 49.0% to 37.1%, in Colombia from 45.1% to 37.2%, and in Bolivia from 37% to 26%. However, the region is experiencing increasing pressure on limited natural resources. This is reflected in growing numbers of informal or illegal small-scale miners, growing conflicts over land and water between new mining concessions and traditional farmers and herders, new land being opened up in environmentally fragile areas, and continuing deforestation and land degradation.

Regional network

In 2010, in response to growth in incomes and poverty reduction in Latin America, the Dutch government ended bilat-

eral development aid to the few remaining ‘preferential’ countries in the region. Colombia is now considered to be an economy in transition, where traditional aid will be transformed into economic cooperation based on mutual bilateral interests. One main objective under the new policy is sustainable production and trade involving cooperation between companies in both countries. In 2011, the Dutch Embassy in Bogota started negotiations for a Sustainable Trade Initiative, designed to increase the value of sustainable trade in Colombian coffee, bananas and flowers over the next four years. Solidaridad is facilitating and supporting this initiative, which centres on organizing multi stakeholder platforms per commodity. The sugar-cane and palm-oil sectors are also likely to play important roles in bilateral business cooperation related to the use of biomass for green technologies and renewable energy.

Regional programmes

Most of the poor in the Andean region live in rural areas. This is why agriculture is a main target sector for poverty reduction. Smallholdings are predominant and small farmers play an



extremely important role, both in supplying food to the cities and in producing major export crops such as coffee, cocoa, vegetables and fruit. Most importantly, small-scale agriculture is the main livelihood of those sections of the rural population who are still mired in poverty. So Solidaridad's main focus is to work with smallholders. Solidaridad focuses on strengthening the supply chains that provide smallholders with more added value and greater control over trade. Encouraging smallholders to contribute to biodiversity, climate change and sustainable use of water resources is also an important aim. Solidaridad prioritises a number of key agricultural sectors in the Andes region. In Colombia these are coffee, banana, flowers and palm oil, in Peru coffee, banana, cotton and cocoa, and in Ecuador cocoa, in response to growing interest in Utz-certified cocoa in European markets. Cut flowers is a new sector that Solidaridad will start working on intensively in 2012, sharing the Netherlands' traditional expertise in this area with growers in Colombia.

Golden opportunity

Another strategic choice is to work with small-scale miners. Most artisanal mining is informal and dedicated to gold extraction. In 2010 Solidaridad started providing support to gold projects in Peru and Bolivia. Informal miners undergo very poor working conditions and high risks on a daily basis, especially in underground mines, where there are no safety standards – for example, in relation to the use of explosives – and environmentally unacceptable practices, especially involving the use of mercury. The settlements, where

artisanal miners live in precarious conditions, suffer from overcrowding and a lack of basic services such as water, electricity, health and educational infrastructure. There are also problems associated with alcohol consumption, nutritional deficiencies, human health, child labour and high levels of violence. In this sector, Solidaridad focuses on developing and adopting responsible codes of conduct in the small-scale gold mining sector, with the aim of improving the livelihoods of miners as well as the social and environmental impact in the surrounding villages. These codes give miners added benefits, which allow them to trade Fairtrade and Fairmined gold and thus counter the practices associated with irresponsible gold extraction.

Organization

Solidaridad Andes, whose regional office was established in Peru in 2004, is responsible for developing and managing programmes in Bolivia, Colombia, Ecuador and Peru. The work, which is subdivided into programmes, projects and internal services, directly employs the equivalent of 27 full-time posts, with 22 people on the payroll as permanent employees, three people working on annual contracts as consultants and three people working part-time. The growth in personnel is due to an increase in the number and size of projects in recent years. It is expected that this growth will continue and that the office will employ 35 people by 2015. It is planned to achieve ISO 9001 certification in 2013.

Activities and budget

Product group	Countries	Projects	Budget 2011 x €1,000	Realised x €1,000	Budget 2012 x €1,000	Main activities	Main partners
Coffee	Colombia, Peru	7	699	551	546	⬇ Training of technicians and local promoters, technical assistance for staff, publication of guides, e-learning courses, support for local platforms	National Federation of Coffee Growers, Associations of Coffee Growers, Export Companies, Local Authorities, CENICAFE, FLO, Utz Certified, Rainforest Alliance
Cocoa	Ecuador	1	101	44	61	⬆ Training and technical advice for producers, extension workers and staff of companies, assessments	TRASMAR, Nestle, Albrecht & Dill, GIZ, cocoa producers
Fruit	Colombia, Peru	2	111	73	306	⬆ Training of technicians and local promoters, technical advice for staff, publication of guides, support for local platform	CENBANOR, Grupo Hualltaco company, Associations of Banana Growers, FLO, Agrofair, local NGOs (CEPESER, CEDEPAS), Okios
Cotton	Peru	1	36	36	0	⬇ Technical assistance for cotton producer, strategic planning and management of Oro Blanco cotton company	Oro Blanco company, organic cotton producers, Textile Exchange, Ministry of Agriculture
Gold	Peru, Bolivia	4	143	143	174	⬆ Support for miners' organizations, training of authorities and staff of mining organizations, studies, technical advice for artisanal miners, policy influence	Local NGOs (Red Social, Cumbre del Sajama), miners' organizations (AURELSA, MACDESA, SONAMIPE, etc.), traders, local governments,
Other: Flowers	Colombia	1	–	–	166	⬆ Technical secretariat for the national platform for sustainable flowers	ASOCOLFLORES, CENIFLORES, Dutch Embassy
Total regional budget		1090	847	1,252	↑		

Solidaridad makes progress against huge odds

Central America continues to struggle with drugs-related violence and organized crime. Governments tend to be corrupt and some countries are virtually failed states. Nevertheless Solidaridad has been able to further strengthen the coffee sector and start to persuade the ‘first movers’ in the sugar and palm sectors to work towards sustainability.



Photo: Sean Hawkeye

A miner walks through a narrow opening into a tunnel in a gold mine in La Libertad, Chontales, Nicaragua. The temperature underground is high and the air is often poor. Solidaridad is looking for funds to start a gold programme in Nicaragua.

Regional programmes

Solidaridad Central America is currently working on improving the sustainability of three sectors; coffee, sugar and palm oil. The coffee programme – the longest lasting programme – focuses on mainstreaming certified Central American coffees by providing direct technical support to about 8,000 producers and giving support to others indirectly by strengthening the capacities of national coffee boards and organizations as well as exporters.

For the past two years Solidaridad has been working in the sugar-cane and palm-oil sectors, which face complex situations such as conflicts over land and water and worker exploitation. Another problem that needs to be addressed is that recent investigations have shown that sugar-cane cutters

in the Central American region suffer from serious chronic kidney failure – probably due to dehydration and the use of dangerous pesticides such as 2-4D. Three pilot projects have been set up with WWF in Honduras and Belize to improve the sustainability of the sugar-cane and palm-oil sectors. The pressure of the market on companies to get Bonsucro and RSPO certification helps to address these problems, because until these problems are solved no real progress can be made in these sectors.

In Nicaragua a scoping study was carried out in the mining community of La Libertad where a large gold mining company is operating and artisanal mining activities are carried out. Mercury contamination is a serious threat for the entire community. The possibilities of future collaboration on future



projects, both with the large mine and with the artisanal mining communities, look promising.

Main issues

According to the Irish Aid final programme evaluation sales of certified coffees (Fairtrade and Utz Certified combined) from the coffee programme countries virtually trebled over the last five years, resulting in an additional annual income of \$4.9 million to producers over and above world prices.

There has also been a boost to incomes through productivity improvements, e.g. a 30% increase in yields in Honduras, where producers have been supported for the longest time. The Central American coffee programme was ‘swimming with the tide’ in the sense that world coffee prices were favourable, but this could equally have undermined certification efforts as prices were so good on conventional markets that there was less incentive to seek specialised markets.

The sugar-cane and palm-oil sectors face serious land ownership and labour-related challenges that need to be addressed urgently and several enterprises face violent confrontations with surrounding communities over land, health and labour issues. Some enterprises are willing to negotiate with the communities, partly because of the pressure that buyers – and through them consumers – put on them to introduce more sustainable business practices. Solidaridad assists them in implementing these practices.

Reaching mainstream consumers

Due to low levels of production because of small farm sizes and poor productivity, premium prices alone are not enough to reduce poverty. Solidaridad works to improve productivity by introducing better agricultural practices. Producers are also trained in small business skills and given access to markets through certification schemes. Around 30% of coffee producers are now certified and, fair/ethical coffee is no longer a niche product; it’s now reaching the mainstream market.

To sell into mainstream markets, new strategies such as that pursued by PROCASO (a ‘train the trainer’ model involving farmers and exporters) in Honduras need to be adopted to make the whole chain more sustainable. Coffee production by the 6,000 farmers and smallholders in this unique programme has increased by 35% over the last three years.

Important existing and potential partnerships

- In the coffee sector a wide range of partnerships have been developed over the years; these include national coffee boards, ministries of agriculture and economics, other development organizations (SNV, certification bodies, standard setters, etc.) as well as producer organizations and private plantations.
- A number of palm producers who are interested in RSPO certification have contacted Solidaridad Central America.
- The Sustainable Commodity Assistance Network (SCAN)/McDonalds started a project in Guatemala, with Solidaridad as one of the implementing partners.
- Leaf and Solidaridad are developing an artisanal mining programme in Nicaragua.
- The mining company B2Gold could be a potential partner for sustainable mining in Nicaragua.
- The Asociación de Reservas Naturales Privadas, which supports private producers who own and protect nature reserves, is a new partner.
- The Institute for Climate Change Research in Guatemala is interested in working with Solidaridad on environmental issues in the sugar-cane sector in Guatemala.
- A strategic partnership with WWF and SNV for sugar-cane and palm-oil projects is continuing. Those projects are supported by buyers such as Henkel, Unilever and Coca-Cola.

Organizational developments

Two years ago the regional office introduced a Project Administration System to manage programmes online. This online password-protected system, which works quite well, was simplified and adapted in 2011 (it now includes indicators and network relationships). All staff have been trained in the use of the system, which permits real-time updating of project-related information.

Activities and budget

Product group	Countries	Projects	Budget 2011 x €1.000	Realised x €1.000	Budget 2012 x €1.000	Main activities	Main partners
Coffee	Honduras, Guatemala, Mexico, Nicaragua	6	510	403	250	⬇ Farmer support for sustainable production of higher quality coffee and marketing	Irish Aid, Argidius, Cordaid, Zusters van Oirschot, MFS
Others (culture and gender)	Guatemala	–	103	103	50	⬇ Training of local leaders	Zusters van Oirschot
Total regional budget		613	506	300	⬇		

Solidaridad West Africa comes of age

The most important development for Solidaridad West Africa in 2011 was establishing a strong regional presence and fully operational offices in Ghana, Nigeria, Cameroon and Ivory Coast. Each country is at a different stage of development, but all are managed from the regional office in Accra.



Photo: Keke Keukelaar

Vincent Manu from Solidaridad West Africa explains to cocoa farmers what happens with their produce once it has left their farms. This picture was taken for *For the love of chocolate*, a Dutch campaign by Mars, Utz Certified and Solidaridad.

Macro developments

The war in Ivory Coast early in 2011 stalled the development of the previously thriving cocoa programme there. It was impossible to get into the field and there was an EU ban on exports. This also explains why many companies have switched their attention to Ghana. The political and policy environment remains challenging, both in Ivory Coast and in Ghana, due to upcoming elections, especially for the cotton sector in which Solidaridad programmes have recently become operational. In the region as a whole, there is growing interest by foreign investors, particularly those from Indonesia and Brazil, in large-scale expansion plans for oil-palm cultivation (especially in Liberia and Sierra Leone) and sugar cane in Sierra Leone and Mali. Solidaridad West Africa is monitoring unrest in the Northern part of Nigeria, but it is as yet unclear how this will affect Solidaridad's work.

Regional network

The regional network includes Utz Certified, WWF, Conservation Alliance, Zamacom and Barry Callebaut. New partnerships were established with Armajaro (Ghana, Ivory Coast and Nigeria) ADM in Nigeria, Cargill in Ivory Coast, Ecom in Ivory Coast and Nigeria, and Mars in Ivory Coast. A partnership with WWF Ghana involved developing a programme in one of the national parks with timber concessions based on certified cocoa combined with FSC certification. Highlights in 2011 were increasing interest from the business community in working with Solidaridad and funding projects, an agreement with the Dutch government to develop an oil-palm programme and expansion of the portfolio to include cotton. Solidaridad reinforced its position in the cocoa sector in Ghana, Nigeria and Cameroon, as well as its relationship with the Sustainable Tree Crops Programme of the International



Institute for Tropical Agriculture, which focused on training farmers in certification and ways to improve productivity.

Regional programmes

Agriculture is the main livelihood in the region. Solidaridad participates in cocoa, oil palm, gold, cotton, fruit and vegetable programmes, because these commodities are produced in large quantities, benefiting numerous producers, their families and their communities. Producers learn to employ better farming practices, which improve their livelihoods while benefiting the environment. Solidaridad West Africa organizes workshops, demonstrations and 'train the trainer' courses at Farmer Field Schools, presenting sustainability as a business opportunity which reduces costs while improving supply chain security. There's also a focus on health and safety in the field as well as social issues such as avoiding child labour. In 2011 courses included Farmer training, Utz Certification, Gender Awareness, Farmer Group Development and training in Good Agricultural Practices. A partnership was established in Nigeria with SOCODEVI, a Canadian NGO, to strengthen farmer-based organizations and develop relationships with stakeholders, including the Ministry of Agriculture and local government representatives.

Solidaridad works with the main oil palm producing organizations in Ghana and Liberia and formed a fruit partnership with the Market Oriented Agriculture Programme of the German development cooperation organization GIZ and Swiss fair-trade importers HPW. Fruit outgrowers receive advice on certification and reducing their carbon footprint through smarter use of fertiliser, minimising erosion, and improving packaging density in transport.

Three mining communities in Ghana have been selected to pilot a gold programme, with fair-trade certification expected in 2012. A proposal made to the Dutch postcode lottery for three-year funding was accepted early in 2012. The project portfolio was expanded to include cotton in the North of Ghana and a partnership was established with Armajaro

Cotton Trading Ghana and the Safana Agriculture Research Institute. Sources of funding include contracts with companies and the Dutch Embassy. Proposals were also made to the Ghana-based Business Development Services Fund for finance in 2012.

Organizational development

Solidaridad West Africa, which was established in 2010, has grown rapidly with new projects, new countries and new staff. The offices in Cameroon and Nigeria are now fully operational and there are good relationships with government, civil society and the business community, especially in Ghana, where Solidaridad is seen by government ministries as a serious partner. A quality manual and training materials for ISO 9001 certification in the first half of 2012 have been prepared. A Participatory Monitoring and Evaluation (PME) system is now fully operational and dedicated PME staff have carried out a mid-term evaluation and coordinated baseline studies. Exchange visits have been organized and staff members from the various countries in the region have received training. Solidaridad West Africa has diversified its funding base and improved its communication, including contributions to radio, television and newspaper articles. Solidaridad representatives also attended several national and international conferences, the most successful of which was the National Stakeholder Conference in Ghana.

Activities and budget

Product group	Countries	Projects	Budget 2011 x €1,000	Realised x €1,000	Budget 2012 x €1,000	Main activities	Main partners
Cocoa	Ghana, Ivory Coast, Nigeria, Cameroon	13	2,269	1,764	2,949	↑ Farmer training, Utz Certification, gender awareness, farmer group development, GAP training, networking	Utz Certified, WWF, Conservation Alliance, Zamacom, Ecom, Barry Callebaut, Armajaro, ADM
Cotton	Ghana	105	23	106	↑ Scoping studies	Armajaro	
Fruit	Ghana	5	100	102	– ↓ Eco-T trials, organic certification, GAP training,	GIZ	
Vegetables	Ghana	1	19	20	– ↓ GAP training	GIZ	
Gold	Ghana	1	53	56	380 ↑ Training of miners, FTFM certification	FT	
Palm oil	Ghana	1	106	46	374 ↑ Training of farmers, RSPO certification	RSPO, GOPDC	
Total regional budget		2,652	2,011	3,809	↑		

Improving market access in Southern Africa

In the past year a further 1800 smallholders in the Sofala province of Mozambique engaged in a unique agro-forestry programme, which will give a total of over 2500 farmers the potential to access both local and international biomass markets, while enabling them to increase food crop yields.



Photo:Solidaridad

Health and security signs used for training purposes at the rooibos plantation Ysterfontein South Africa. Certified rooibos is destined primarily for the European market.

Macro developments

Solidaridad Southern Africa is concerned about continuing deforestation in the region, due to clearing both for subsistence farming and for securing household energy supplies through traditional charcoal making. These activities increase local air pollution and contribute to global greenhouse gas emissions. Food security is a crucial issue in the region. In large areas of Zimbabwe and Mozambique, and even in Malawi, people experienced food insecurity in 2011 due to climate effects (both droughts and floods). In uncertain climatic conditions, livestock production, which has always been important to the region, is a flexible option for farmers. This is why Solidaridad has launched a sustainable livestock programme.

Regional network

The Solidaridad biomass programme in Mozambique is funded by the EU and implemented by Abiodes. This local NGO focuses on biodiversity and sustainable development and helps farmers improve productivity, reduce environmental impact and strengthen market linkages, while developing a sustainable supply chain for bioenergy. With funding from Agentschap NL, in partnership with Electrabel, Solidaridad carried out a study on biomass in the region, which showed that there is sufficient supply for some sustainable expansion. In 2011 the Flemish International Cooperation Agency VAIS funded projects related to rooibos in South Africa and black tea in Mozambique. Together Solidaridad East and Central and Southern Africa worked on a black tea program and on rooibos with South African partners. In the livestock sector, the Namibian MeatCo Foundation parti-



pated in projects in Namibia and market partners have been found in Europe who are interested in Solidaridad's sustainable beef concept. Solidaridad partners with Concern Worldwide for sugar-cane work in Malawi.

Regional programmes

Solidaridad promotes agro-forestry in Mozambique, integrating the supply of food, energy and cash crop production. The main focus is on indigenous trees and perennials, with some energy crops such as bamboo. In this way food security is protected, as farmers continue to produce food from their gardens. The plan is to produce biomass on 250 hectares in partnership with 2500 smallholders and to process it by pyrolysis. Other technologies such as torrefaction are being explored. The biomass will initially be used locally as a more sustainable source of charcoal, and may later be exported if volumes are sufficient for co-firing in power stations. So far 100 hectares have been planted and 2,598 smallholders have been introduced to the programme. Supplies of indigenous bamboo have been identified locally. Local farmer organizations have established 18 nurseries, an association of smallholders has been set up, and a partnership agreement with a commercial partner is being negotiated. At the same time, extension workers are helping 5,000 farmers to improve food crop yields.

A sustainable sugar-cane programme in Malawi and Swaziland was expanded in 2011, reaching 500 farmers and 300 workers, who together produced 200,000 tonnes of sugar on 3,500 hectares. In Malawi good progress was made, despite disputes over land allocation. Outgrowers were introduced to a sustainable management system and the project partners are helping them set up an association which can represent them at the national level. In Swaziland solid links were established with the Swaziland Sugar Association (SSA). Solidaridad, which was represented at Swaziland's annual Sugar Conference, presented a paper on *Better Management Practices and Sustainable Management Systems in*

the Sugar Sector: Implications for Smallholder Sugar cane Growers.

South Africa is the only country in the world that produces rooibos. Farmers and workers benefited from training in sustainable production provided by Solidaridad in 2011. There are now Good Inside certified commercial producers and the first smallholder cooperatives will be certified early in 2012. Certified rooibos is destined primarily for the European market.

A VAIS-funded project for producers of black tea in Mozambique was originally expected to cover Zimbabwe as well, but, due to economic and political constraints, this has not proved possible. In Mozambique work has progressed well.

Over the past year Solidaridad has been building up relationships with livestock partners in the region, particularly in Namibia – the main beef exporting nation. A joint approach has been developed with MeatCo – the largest exporter – and this will be expanded in 2012. Unfortunately, European export constraints have prevented expansion into Botswana.

Organizational developments

Up to the end of 2011 the Solidaridad Southern Africa was a fairly loose network, covering the region from an office in Botswana. It relied mainly on external expertise, such as that of Solidaridad East Africa in relation to black tea and consultants when it came to rooibos. Solidaridad Southern Africa shared its in-house sugar-cane expertise with international colleagues in the Solidaridad Network and the international livestock programme is led from Southern Africa. Early in 2012 a head office will be established in Johannesburg and additional staff will be hired to create the capacity to focus more on food crops, while continuing to develop sustainable agroforestry throughout the region.

Activities and budget

Product group	Countries	Projects	Budget 2011 x €1.000	Realised x €1.000	Budget 2012 x €1.000	Main activities	Main partners
Tea	Mozambique, South Africa	1	149	143	202	↑ Training farmers in sustainable tea production and management, certification for market access	Sandra Kruger Associates, Solidaridad East Africa
Sugarcane	Malawi, Swaziland, Mozambique, South Africa	3	215	110	142	↑ Training farmers in sustainable sugar-cane management systems	EU, Concern, Agricane,
Bio-based economy	Mozambique	2	136	93	186	↑ Working with smallholders on biomass and food production (agroforestry), establishing biomass processing (pyrolysis)	EU, Abiodes
Livestock	Namibia	1	51	56	116	↑ Assisting with the design of smallholder cattle programme	Meat Co
Total regional budget			551	402	646	↑	

Creating visibility and attracting more partners

Solidaridad supports Public Private Partnerships in the region and lobbies for an enabling governmental climate. A key aim is to strengthen the position of marginalized people by creating and strengthening farmers' associations. Working with partners in the region, in particular providing training, creates a multiplier effect and thus increases the impact of programmes.



Photo: Solidaridad

East African Tea Traders Association international conference in Mombasa. Mr. Kibaki, president of Kenya, visits the Solidaridad booth.

Macro developments

Kenyan involvement in the Somalia war diverts resources from agricultural programmes, while the independence of South Sudan creates opportunities for new projects. Erratic government policies in Tanzania are discouraging investment in expensive coffee-bean washing stations, which were initially authorized and then suspended. Such government policies make investors shy away, due to high risks and the lack of a clear legislative framework for land policy, property ownership and investment. The personal interests of key traders are, for example, creating artificial shortages that drive up prices. What's more, special environmental and biodiversity-rich areas are regularly seized by some politicians for timber harvesting or slash-and-burn cultivation, which affects water catchment areas and has a negative impact on the environment.

Regional network

In 2011 Solidaridad East and Central Africa strengthened its working relationships with various stakeholders in the region (producers, traders, government institutions, NGOs and private companies) and expanded its regional funding base. The main partnerships are with producers directly or their management agents such as the Oromia in Ethiopia, the Bukonzo and Kibinge farmers cooperatives in Uganda, the Kagera Cooperative Union in Tanzania, and over 10 Cooperative Societies in Kenya partnering with Ecom, Volcafe, Armanjaro, EDE and the World Bank. Solidaridad also works with five tea factories on quality improvement and certification together with the Kenya Tea Development Agency (KTDA).

In terms of Civil Society Organizations there is a joint gender project with the Swedish Development Agency and a joint horticulture project with SNV and Hivos, in which Solidaridad takes the lead. Commercial links were estab-



lished with the coffee and tea companies Armanjaro, Volcafe, Ecom, Neumann, Louis Dreyfus, KTDA, the Tea Association of Malawi (TAMAL), Eastern Produce Malawi, Plantation General Malawi and the Regional East African Tea Traders Association (EATTA).

Links with government ministries included supporting the Inter-Africa Coffee Organization (IACO) conference, Coffee Boards and government-sponsored National Farmer open days. Solidaridad participated in national, regional and international forums and took the lead in co-funding or/and organizing sector-related symposia, inviting prospective partners, funders and other influential people. In the future the intention is to be affiliated or appointed as members of various organizations' steering committees and to get further involved in co-founding sector-related projects.

New important partnerships were forged with the Dutch Embassy, SNV, Hivos, Wood Family Trust, Kenya Coffee Cooperative Exporters, Kofinaf, Biosustain – a company in Tanzania that works with cotton smallholders – and with local banks such as Equity Bank, Cooperative Bank of Kenya, Kenya Commercial Bank, who provide finance to producers in the region. All of these initiatives are geared towards improving the livelihoods of smallholders through partnerships between public and private partners in a commodity-based value chain approach.

Regional programmes

Solidaridad East and Central Africa has coffee, tea, cotton, fruit and vegetable and gold programmes, because these sectors positively impact large numbers of people within the region. Programmes supported by Irish Aid, have led to Utz Certified, Fairtrade and Organic coffee certification programmes in Ethiopia, Kenya, Tanzania and Kenya. Solidaridad works with trading partners such as Ecom, Volcafe, the Neumann Coffee Group and Armanjaro as well as with farmers' organizations such as Oromia, Sidama, Yirgacheffe in Ethiopia,

Kibinge in Uganda, Kagera Cooperative Union in Tanzania, and the Kakuyuni, Rungeto and Tekangu cooperatives in Kenya. These projects strengthen the sustainable production of higher quality products which can be sold for better prices in local and export markets. If production is carried out in a more professional way, this results in better incomes for producers, leading to improved standards of living, the establishment of a sustainable production and marketing system, better conservation of the environment, and improved social standards. The same goes for other commodities. In particular, the Dutch Embassy in Nairobi is funding horticultural programmes for fruit and vegetables as part of its aim to increase diversity and food security.

Organizational developments

The visibility of Solidaridad in the region has grown. More and more organizations are approaching Solidardad to discuss possible areas of cooperation. The most important aspect in 2011 was the further professionalization of the office, including a quality policy geared to ISO 9001-2008 certification in the first half of 2012. Management worked hard on an improved financial strategy, creating a more diverse and broader financial base. Solidaridad expanded its scope, including activities in new commodities such as fruits and vegetables, cotton and gold, alongside the current strong programmes for coffee and tea. This expansion went hand in hand with the engagement of new staff in the central office in Nairobi as well as in other countries in the region, reaching a total of eleven. Solidaridad East and Central Africa employed a country representative in Uganda, a Regional Coffee Manager stationed in Nairobi and a part-time office assistant to cater for the increasing number of activities in the region. Solidaridad is now the partner of choice for many other organizations, there are country representatives in Uganda and Ethiopia and, due to the volume of work in Ethiopia, an additional full-time person is employed there to focus on fair trade.

Activities and budget

Product group	Countries	Projects	Budget 2011 x €1.000	Realised x €1.000	Budget 2012 x €1.000	Main activities	Main partners
Coffee	Uganda, Ethiopia, Kenya, Tanzania, DR Congo	43	1,239	796	1,295	↑ GAP training and certification support, NGO management training and management information systems, gender training, cool climate tool	Utz Certified, ECOM, CMS, SMS, Tropical, Coffee Board, Sidama, Yirgachaffe, Oromia, Café Africa, FLO, Progreso, Root Capital, Irish Aid
Tea	Malawi, Kenya, Mozambique	15	165	71	154	↑ GAP training and certification support, NGO management training, gender training	KTDA, Utz Certified, DE foundation, Eastern Produce, RainForest Alliance, IDH
Fruit	Kenya	1	–	41	1,460	↑ Developing programme for improving efficiency of the horticulture sector and improving food security	Netherlands Embassy; FPEAK; Tropical Fresh, FairFields, SNV, Hivos
Cotton	Tanzania	2	–	8	70	↑ Scoping studies, technical assistance	Biosustain, Rabobank Foundation
Gold	Tanzania, Uganda, Kenya	3	–	79	–	↓ Programme development and scoping studies	Ministry of Mines, ARM, FLO
Total regional budget		1,404	917	2,979	↑		

South and South East Asia

Indonesian tea standard launched

In 2011 Solidaridad South and South East Asia pioneered the development of sustainability standards, taking a bottom-up national approach. An important standard – LESTARI – was developed and launched in Indonesia this year, while in India there were pilot projects in partnership with Hindustan Unilever to create a national sustainability standard for the domestic tea market.



Photo: Roger van Zaal

Indonesia, tea picking. The Lestari standard in Indonesia encourages sustainable improvement by tea growers and buyers alike.

Macro developments

India is on its way to becoming the world's most populous nation by 2025. The Asian region is home to a large number of people who are experiencing a rapid increase in income and far-reaching changes in lifestyle. But it's also home to the world's largest group of poor people. This situation is leading to a debate on how to balance the needs of today with their impact on the global environment. Fortunately, a consensus is emerging, as was evident at the UN Conference on Climate Change in Durban, where a timeframe for sustainable development was set. Several large companies have committed to procure and sell socially and environmentally sustainable products in Asia by 2020. Greater cooperation between civil society, government and business is crucial for sustainable production and consumption in the region. Solidaridad

engages partners, exploring, for example, what can be done to make tea growing more sustainable.

Regional network

Solidaridad views multi-stakeholder partnerships as critical to addressing intractable problems such as poverty, environmental degradation and weak governance. These partnerships are based on the principles of equity, transparency and mutual benefit. Cooperation with Hindustan Unilever on sustainable tea for India, with E.I.D. Parry on sugar cane, Ned Commodities and ECOM on coffee, and with H&M and FLA on garments were some of the highlights this year. At the same time, the office has built up a network of 12 NGO partners across the region, with a combined staff of around 90 specially trained professionals working in the field. These



partners work alongside Solidaridad, pooling resources and genuinely sharing risks and benefits. It is not the intention to replace local NGOs, as it's much more efficient to cooperate and transfer skills and capacity. Solidaridad is thus constantly changing, leveraging NGOs' skills and preparing them to take over old roles, while discovering new ones.

Regional programmes

The poorest of the poor in South and South East Asia are landless agricultural workers and smallholders in remote regions. Most of them work inefficiently. As a result, critical biodiversity, water and environmental thresholds are exceeded. Many continue to live in poverty due to the higher costs of production, low productivity and lack of access to high value supply chains. Solidaridad believes that better farming is key to reducing poverty and providing access to health and education for rural populations, as well as curbing migration to the overcrowded cities in the region. Often crop yields and livestock densities can be increased using existing, proven technology while reducing environmental impact and external inputs. In this way, efficiency gains can improve incomes while avoiding agricultural expansion and environmental degradation.

Solutions are also being sought through changes in rapidly growing and increasingly aware regional markets. While companies must play a leading role towards sustainable production and consumption, this must be supported by government policies and an active civil society. We believe, that all three actors need to work together to create sustainable markets.

To this end Solidaridad worked on tea, coffee, cocoa, soy, sugar cane, palm oil, cotton, garments and fisheries. In all of these commodities, South and South East Asia region is not only one of the biggest producers, creating employment for millions of smallholders and workers, but also one of the biggest markets.

Organizational developments

Solidaridad South and South East Asia is responsible for developing and managing programmes in South and South East Asia with a staff of 9 people. In 2008 regional headquarters were set up in New Delhi, India as an ISO 9001-2008 certified Indian NGO. This gives the regional organization more credibility as it's based on an external audit. In 2011, together with Solidaridad China, two Continental Supervisory Board (CSB) meeting were organised. Mr. Stephen Frost (Hong Kong), Mr. Mumunusamy Subramaniam (India) and Mr. Andrew Supit (Indonesia) currently form the continental supervisory board. Hopefully a fourth member will be appointed in 2012. A non-profit oriented company was also registered in India to provide sustainability services to businesses and the process of registering offices in Indonesia, Bangladesh, Vietnam and Eastern India has started. A core team of 10 staff with at least 90 specially trained consultants drawn from partner organizations has helped the Solidaridad to become a leading player in sustainable development in the region.

Activities and budget

Product group	Countries	Projects	Budget 2011 x €1.000	Realised x €1.000	Budget 2012 x €1.000	Main activities	Main partners
Coffee	India	1	27	127	30	⬇ Smallholder certification support, tool development	Prakruthi
Tea	India, Indonesia, Vietnam, Sri Lanka	3	282	332	650	⬆ Indian and Indonesian domestic standard development and implementation, Utz certification support	Business Watch Indonesia, Hindustan Lever, IDH, Institute of Social Development, Solidaridad Asia
Cocoa	India, Indonesia, Vietnam	3	238	205	30	⬇ Smallholder certification support, policy advocacy	Business Watch Indonesia, Lê HĐng VÂN
Cotton / Textiles	India, Bangladesh	3	107	79	–	⬇ Workers training, tool development	CSR Centre, Conquest, Industreecraft
Sugarcane	India	2	49	37	600	⬆ Enhance productivity of sugar farmers, Bonsucro certification, policy advocacy	IFC-South Asia, Solidaridad Asia
Total regional budget			703	780	1,310	⬆	

Stakeholder approach to promote sustainability

To address numerous sustainability challenges in China's vast agricultural sector, Solidaridad has adopted a stakeholder engagement strategy which promotes sustainability and social responsibility in key industries. Given the enormous size of these sectors, this approach, which focuses on local participation and ownership, is crucial to ensuring long lasting impact.



Photo: Solidaridad

Women picking cotton at the Guoxin Cotton Cooperative.

Macro developments

In March 2011, the Chinese government published its Twelfth Five-Year Plan, which is designed to address rising inequality and create more sustainable growth by prioritizing more equitable wealth distribution, increased domestic consumption, and improved social infrastructure and social safety nets. The government aims to rebalance the economy, shifting the emphasis from investment towards consumption and from urban and coastal growth towards rural and inland development. Among the central themes of the Plan, 'green development' and 'improving farmers' livelihood' in particular correspond to Solidaridad China's major goals, especially given the lack of other international efforts promoting sustainability in the agricultural sector.

In the CSR arena, Solidaridad is working with leading

standard organizations such as Social Accountability International, Business Social Compliance Initiative, the Worldwide Responsible Accredited Production, and the China National Textile & Apparel Confederation (CNTAC) to create a local stakeholder platform. The major objective is to use this platform to ensure local buy-in to international standards, to push for more collaboration among standards and to improve the quality and integrity of social audits.

National network

Solidaridad China focuses on establishing stakeholder platforms in soybean, tea and cotton sectors to promote sustainability jointly with local entities. With over 100 million producers and at least one third of the global trading volume of each commodity, China has a crucial role to play in all



of these sectors if global sustainability initiatives are to be a success. Parallel to Solidaridad's signature approach of offering hands-on support to producers, Solidaridad makes intensive efforts to engage key stakeholders – especially companies and government agencies – in order to advocate the concept of 'shared responsibility' throughout value chains. In addition to managing producer support projects, Solidaridad has facilitated the establishment of two national stakeholder platforms, which promote sustainability in the soybean and tea sectors, respectively. We are currently working with key industry leaders to set up a sustainability platform for the cotton sector. In addition, by 2011 Solidaridad had completed baseline studies on sustainability challenges, farmers' needs and consumer perceptions. To date, our producer support projects have spread to at least six under-developed provinces, resulting in tangible benefits for over 10,000 marginalized smallholders.

National programmes

In 2011 an existing partnership with the China Soybean Industry Association (CSIA) was strengthened. The CSIA, which is now a full member of RTRS, has offered to host the 2013 RTRS annual conference in China. CSIA will also be a leading implementation partner for upcoming producer support projects. In addition, Solidaridad is working with the China Chamber of Commerce for Foodstuffs and Native Produce (CFNA) to enlist the support of leading Chinese importers of soybean and palm oil for RTRS and RSPO-certified products. CFNA is also a leading partner in developing a set of guidelines for China's outward investment in the agri-commodities sector.

In 2011, Solidaridad signed a Memorandum of Understanding with the China Tea Marketing Association (CTMA) to promote the newly published Chinese Guidelines for Sustainable Tea in eight provinces. CTMA is also a partner in two

major producer support projects. The CTMA has provided free exhibition space and opportunities to speak at major tea conferences and expos. Other organizations with which Solidaridad collaborates include the Sino-German CSR Project of GIZ, Yunnan Agricultural University, China Jiliang University, Global Village Beijing, the Kunming Daite Centre for Poverty Alleviation and the Huoshan Centre for Environment Protection and Poverty Alleviation.

Solidaridad's cotton programme in China is currently concentrating on supporting the Better Cotton Initiative (BCI), which is supported by IDH and global brands such as H&M, IKEA, Levi's and M&S. Chinese partners include the Research Centre of Rural Economy, the China Cotton Association, the China Cotton Farmers' Association, plus large-scale Chinese spinners and local governments. In the downstream sector of the textile chain – in collaboration with Zhejiang University and leading global brands – Solidaridad's cleaner production projects with five dyeing mills in Zhejiang have resulted in saving 2 million metric tonnes water and 1,000 tons of CO₂ emission within 14 months.

Organizational developments

Until July 2011, Solidaridad had four full-time staff: a director, a programme manager for agri-commodity projects, a field specialist for the cotton programme, and a tea programme officer. By the end of November 2011, the capacity had increased to eight FTEs to manage commodity-based projects and CSR programmes. In 2012 the team may be further expanded to 10 FTE, with additional staff mainly working on the agri-commodity and tea programmes. The target size of Solidaridad China in the long run – at least 15 FTE – is needed to strengthen work related to the farmers support programme and possibly extend into the sugar-cane and electronics sectors.

Activities and budget

Product group	Countries	Projects	Budget 2011 x €1,000	Realised x €1,000	Budget 2012 x €1,000	Main activities	Main partners
Tea	China	3	158	97	110	↑ Training and support for smallholders, develop national guidelines, influence policy	China Tea Marketing Association, Yunnan University of Agriculture, Yunnan Tea Institute, Wu-Yu-Tai
Cotton	China	4	310	275	431	↑ National Stakeholder Council, Producer support for BCI and organic cotton in Xinjiang, community development	Tarim University, RCRE (MoA), Xinjiang Normal University, Academy of Science
Textiles	China	3	44	30	19	↓ Wet processing improvement Primark suppliers, social improvement Ted Baker & Falcon suppliers	Zhejiang University Cleaner Production Center
Soy	China	2	67	69	50	↓ National interpretation of RTRS; Field test of RTRS principles and criteria, training of lead farmers	China Soybean Industry Association
Palm oil	China	–	–	–	20	↑ Participating in RSPO/RSPO support groups in China	CFNA, DFID, WWF
Total regional budget			579	471	630	↑	

Global player in sector-wide innovation

In 2011 Solidaridad Netherlands launched new farmer support programmes, public-private partnerships targeting mainstream sustainable agri-supply chains, with support of the Dutch government and 17 companies. They are closely linked to the round tables for soy, sugar cane, palm oil, cotton and livestock. It is a result of the new focus of Solidaridad Netherlands on market linkage and fund raising.

Market linkage: a new paradigm for change

The Netherlands plays a major role in trading and processing agricultural products. Cooperation with market players that play a key role in the supply chain, such as traders, branding companies and retailers, is therefore essential. Their sourcing patterns influence the selection of Solidaridad's local partners and their knowledge of production and logistics improve the effectiveness of the programmes. Even more important, only with improved trading conditions and better access to markets can the impact of seed-corn public funding be guaranteed.

In 2011 Solidaridad's efforts to connect with a range of market players proved successful. There is now growing awareness that sustainability is a key component of companies' license to operate. And there is a new understanding of the role that development cooperation should play. This is a paradigm shift, creating an unexpected acceleration in challenging partnerships. Companies such as Unilever, Ahold and Mars have pledged up to 100% sustainable sourcing, often as part of non-competitive sector initiatives. They recognize the urgency of sustainable production and processing and feel that this will help secure the future supply of raw materials. Solidaridad cooperates with such companies in many ways: at global roundtables, in training farmers to engage in sustainable agricultural practices, in trade, and in marketing and communication about products that are branded as sustainable.

Changing patterns of funding

The past year was a challenging one for Solidaridad. The budget showed a deficit of almost a million euros because a proposal for renewed funding through the Dutch government's co-financing programme for Civil Society Organizations (MFS2) was rejected. However, in a policy dialogue with the Ministry for Development Cooperation, consensus was reached on defining a new budget line for a multi-annual plan that will help producers comply with the standards for more responsible production in five rapidly expanding sectors: soy, sugar, palm oil, cotton and livestock. This programme, which is known as the farmers support programme, is funded by the Dutch government to the tune of €29.5 million. Co-funding by the public sector and corporate donors will raise at least €40 million over a period of four years.

This high level of corporate co-funding has established a new trend. Companies are increasingly willing to finance producers' efforts to engage in smart sustainable land use, as long as organizations dedicated to development cooperation also contribute.

Solidaridad's positioning as a transition manager – supporting sustainable production in the agricultural, industrial and mining sectors – raises expectations that it can indeed deliver concrete services that will facilitate this transition. The network structure, with its eight regional expertise centres in developing countries, is increasingly seen as a viable proposition.

Goals for 2011

Solidaridad aimed to intensify cooperation with the private sector and compensate for the rejection by MFS2 by combining Dutch government funding for producer support programmes with private sector funding. Resources were earmarked for lobbying for more sustainable public procurement practices and increasing public awareness of unsustainable gold mining practices by forging alliances for change. Other key initiatives were to build alliances with companies to develop sustainable supply chains, cooperate with them on marketing and consumer awareness, and to influence EU policies on trade.

Achievements in 2011

Solidaridad Netherlands office coordinated market linkage within the EU, with a special focus on countries in which brands that play a role in existing networks are important: Netherlands, the UK, Germany, Scandinavia, Switzerland, France and Belgium. Round tables are now recognized as one of the main catalysts for sustainable change. The farmers support programme, with its focus on mitigating climate change, is now an alternative to MFS2 funding and there was close cooperation with a number of Dutch embassies on food security and the trade to aid transition. A Memorandum of Understanding was signed with the Dutch sustainable trade initiative (IDH) on strategic cooperation and more funding was received from private sector. Public procurement guidelines now recognise the importance of mainstream standards for sustainable purchasing and a gold campaign was successfully developed, together with new partners who are interested in marketing Fairtrade and Fairmined gold.

Lessons learned and prospects for 2012

The restricted availability of sustainable products is a limiting factor. Solidaridad's added value is its ability to support producer development, which increases volumes. In some cases, for example, with soy and palm oil, it's necessary to organize purchasing by creating a cost-sharing mechanism among the partners in the supply chain. Consumer aware-



ness of sustainable products is growing and corporate social responsibility – balancing social, economic and environmental issues – is becoming mainstream.

Solidaridad expects to see the introduction of Fairtrade and Fairmined labelled jewellery on the Dutch market, which will be a first worldwide. In terms of fundraising, the organization is developing an innovative proposition based on a theory of change which links optimizing land use with mitigating expansion to areas with high conservation value through payments for environmental services.

Activities and budget

Product group	Countries	Projects	Budget 2011 x €1,000	Realised x €1,000	Budget 2012 x €1,000	Main activities	Main partners
Coffee	Vietnam, Mexico, Nicaragua, Congo, Netherlands, Ireland, Switzerland	10	4,660	2,734	2,015	⬇️ Market development, fundraising, innovative climate programme, cross-region and cross-commodity learning	KNVTK, SCAE, TCC, Sustentables, SerJusto, Just Green, ECOM, Irish Aid, Schulter, PSO
Tea	Kenya, Malawi, India, Indonesia	3	1,348	878	682	⬇️ Monitoring and evaluation, market development, lobby, gender research and exchange	IDH, Sara Lee, DE Foundation, Utz Certified, Rainforest Alliance, Ethical Tea Partnership, WUR LEI, TCC, Albert Heijn
Cocoa	Netherlands	2	3,270	3,369	1,011	⬇️ Market development, communications and campaign, lobby, donor coordination, coordination impact studies.	Mars, Utz Certified, Heinz, Friesland Campina, Cargill, Olam, IDH, TCC
Fruit	Netherlands, EU, Kenya, Ghana	6	74	127	62	⬇️ Support for World Banana Forum, donor relations, market development in Europe, market linkage Kenya and Ghana	WBF and its participants (mainly Dole, Chiquita and Bioversity); AgroFair; IDH; Friesland Campina
Cotton	Netherlands, Mali, Senegal, Tanzania, Zambia, India	28	1,516	2,323	775	⬇️ Market development (including support MSIs), project implementation, communication, donor relation management	BCI, BC FTP (including IDH, H&M, LS&Co, Adidas a.o.), ProCotton/Rabo Foundation, Ford Foundation, GSRD
Textiles	Netherlands, United Kingdom, Germany, Bangladesh, India	12	650	943	600	⬇️ Market development (including support for MSIs), project implementation, communication, donor relation management	Made-By, BSCI, ASN, European Commission
Gold	Netherlands, United Kingdom, Denmark, Germany		1,423	764	509	⬇️ Market development, communication and campaigns	Fairtrade Foundation (UK), Max Havelaar (NL), Fairtrade Maerket (DK), private jewellers, Alliance for Responsible Mining
Soy	Netherlands, India		1,759	1,566	2,385	⬆️ Producer development, market development, policy influencing, round-table participation, planning monitoring and evaluation	Arla, Royal Friesland Campina, Keurslagers, Cono, Ben&Jerry's, ASA, RTRS
Palm oil	Netherlands, Malaysia, Indonesia		609	501	2,044	⬆️ Producer development, market development, influencing policy, round-table participation, planning monitoring and evaluation	Johnson&Johnson, CONO, Ben&Jerry's, Unilever, RSPO, IOPRI
Sugar cane	Netherlands, Pakistan, India	4	793	689	2,726	⬆️ Market development, project monitoring, policy influencing	Bonsucro, WWF, Suikerunie, North Sea Group
Bio-based economy	Netherlands, Mozambique, Brazil		697	626	1,363	⬆️ Market development, project monitoring, policy influencing	GdF Suez, North Sea Group, Agency NL
Livestock	Netherlands, Brazil, Namibia, Botswana		0	145	1,022	⬆️ Producer development, market development, policy influencing, round-table participation, planning monitoring and evaluation	Zandbergen World's Finest Meat, GRSB
Others			359	340	346	⬆️	
Total regional budget			17,158	14,997	15,540	⬇️	

* Budget realised includes programmes executed by other Solidaridad regional expertise centres.

SACCTIONS REPORT

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Supervision and finance

Building an innovative learning organization

Organization development in progress

International fundraising

In a regional cocoa storage centre of the trading company Armajaro in Ghana, a clerk checks the amounts of cocoa received.

New governance and management structures

Building an innovative learning organization

In the past year significant progress was made in further developing the new structures of Solidaridad Network. Continental Supervisory Boards in Asia and Latin America were established, the first Executive Director of Solidaridad Network was appointed and an international secretariat was installed in Utrecht in the Netherlands. In close cooperation with nine Solidaridad regional offices on four continents, a Multi-Annual Strategic Plan was drawn up and the first successful steps were made towards decentralized fundraising in and by the regions.

Supervision

Solidaridad Network aims to be an effective, influential, innovative learning organization which is among the very best contributors to international development cooperation.

The ambition behind the new governance structure is the idea that the Network should be recognized as a credible organization with a transparent, accountable, cost-effective system of governance which reflects the vision, programme and modus operandi of Solidaridad.

Its guiding principles are to ensure a large degree of autonomy for the regional expertise centres, inter-connection through global commodity strategies, a professional approach to maximizing the impact of programmes, and a shared mission and values.

The new governance model has the following structure: at the highest (international) level is the International Supervisory Board.

At the continental level the four Supervisory Boards provide strategic direction for the regional programmes. The Continental Supervisory Boards delegate one or two members to the International Supervisory Board.

– *The Continental Supervisory Board for Asia*, which represents South and South East Asia and China, is legally established in Hong Kong. The Board is currently formed by Stephen Frost from Hong Kong, China, Mumunusamy Subramaniam from India and Andrew Suppit from Indonesia. In 2011 two meetings were held, one in February in Hong Kong and one in August in Jakarta.

– *The Latin-American Board*, which is legally registered in Panama, met for the first time in December 2011, in Lima, Peru. Its members are Roberto Codas from Paraguay, Marina Stadthagen from Nicaragua, Patricia Flores, a Peruvian living in Argentina, and André Nassar from Brazil.

– *The Supervisory Board for the Solidaridad Regional Exper-*

tise Centre in the Netherlands, which met four times in 2011 in Utrecht, has seven members: Roelf Haan, Jan van Hoof, Gerrit Meester, Ton Geurts, Saskia Borgers, Maarten van der Graaf and Marieke de Wal.

– *The Continental Supervisory Board for Africa* will be established in the course of 2012. The legal registration procedure has been started in Kenya.

After the full establishment of the four continental boards, the International Supervisory Board will be formed. Its first meeting is expected to take place in May 2012 in Amsterdam.

In accordance with Solidaridad's Articles of Association, the members of the Supervisory Boards receive no payment, either in money or in kind.

Management

Executive Director

The Executive Director's main task is to take the lead in policy making at the international level, as well as in implementing and evaluating this policy. He or she is responsible for defining a meaningful context for the organization – in effect, deciding which 'business' we are in – balancing current and future needs and shaping values and standards.

Nico Roozen has been appointed as the first statutory Executive Director of Solidaridad Network on a part-time basis (12 hours per week). The nomination is for four years and, during this period, he will combine this position with that of Managing Director of Solidaridad Netherlands (24 hours per week). After this transitional period, the position of Executive Director of Solidaridad Network will be a separate appointment.

The Supervisory Board has approved a clear remuneration policy. The total gross remuneration approved for the Executive Director is €121,549 per year, on the basis of a 36-hour week. This amount is composed of a gross salary of €94,404 plus fringe benefits (health care and pension) worth €27,145.

The Network secretariat

At the Solidaridad office in Utrecht an international secretariat has been established to provide services to the network in the areas of finance (Melanie Koster), monitoring and evaluation (Jacoline Plomp from Nairobi, Kenya), fundraising and partnerships (Tijmen Rooseboom), as well as general assistance to the Executive Director and the Executive Board of Directors of Solidaridad Network (Monique van de Vijver).

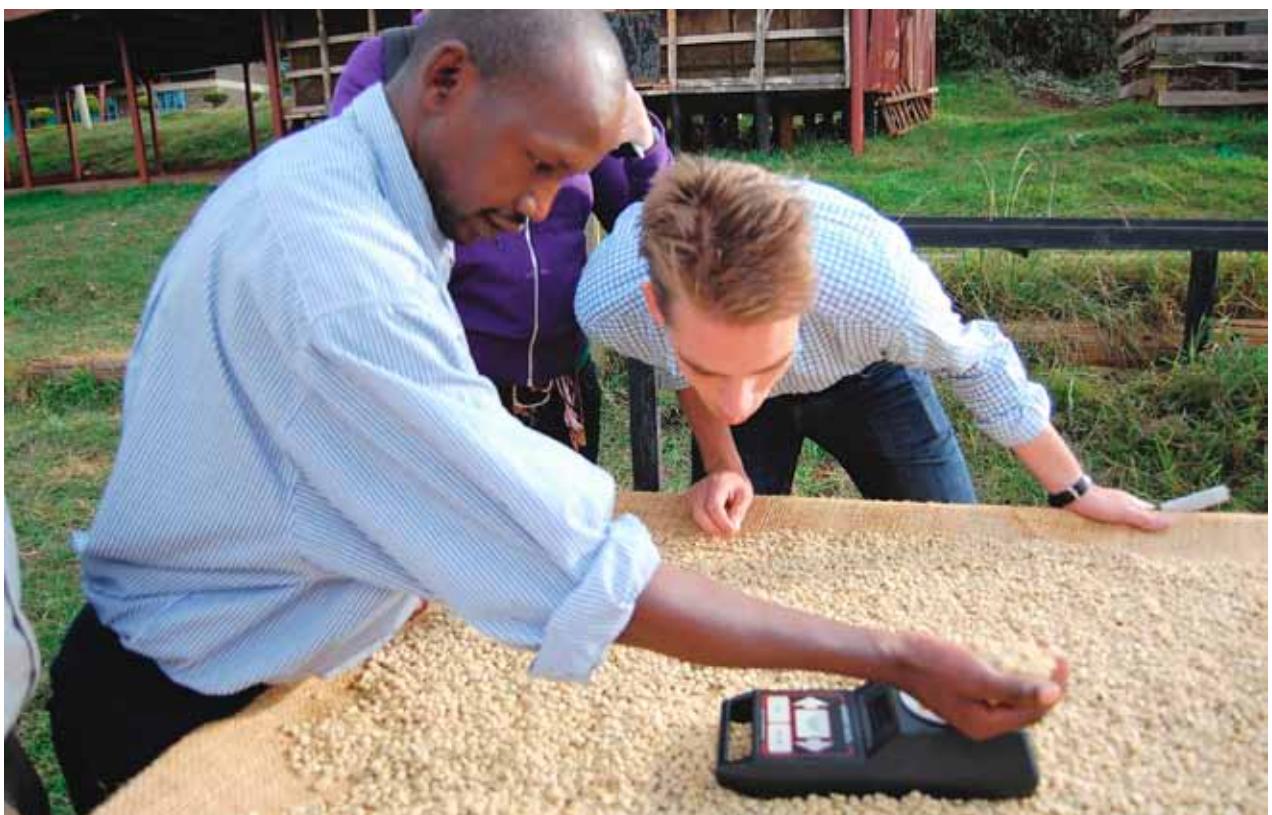


Photo: Solidaridad

Quality control of coffee in Kenya.

Within the network secretariat, eleven International Programme Coordinators (IPCs) balance the global and regional aspects of the various commodity programmes. Each regional programme has its own dynamics, but ultimately must make a contribution to the global commodity strategy of the network as a whole. This requires a matrix organization, combining the line management of directors (regional perspective) with global strategies for commodities.

International programme coordination mainly focuses on internal activities, such as defining a global commodity strategy, supporting effective programme implementation, strengthening innovation and learning, and external functions such as international representation and communication.

Solidaridad Network

Supervision

**Solidaridad Network
International Supervisory Board**

consists of two representatives each from four Supervisory Boards



-  Asia Supervisory Board
 -  Africa Supervisory Board
 -  Latin America Supervisory Board
 -  Netherlands Supervisory Board

Management

The International Executive Director

reports to the International Supervisory Board for the Solidaridad Network

There are nine regional directors in:

-  China
 -  South and South East Asia
 -  West Africa
 -  East Africa
 -  Southern Africa
 -  Andes Region
 -  Central America
 -  South America
 -  Netherlands

Implementation

The International Secretariat

supports the International Executive Director

Nine centres are with staff responsible for developing regional programmes, located in:

- Beijing, China
 - New Delhi, India
 - Accra, Ghana
 - Johannesburg, South Africa
 - Nairobi, Kenya
 - Lima, Peru
 - Ciudad Guatemala, Guatemala
 - Buenos Aires, Argentina
 - Utrecht, Netherlands

Organization

Organization development in progress

The nine Solidaridad organizations that form the global network develop according a pattern. This model of organization development defines three stages: initial, intermediate and mature. Each organization is scored against several indicators of progress. Most of the Solidaridad organizations now

score intermediate or mature on most of the indicators. The original plan was that in 2015 all organizations would achieve the mature phase. Progress is promising and, as a result, the goal may be achieved one to two years earlier.

Organization indicator	Initial	Intermediate	Mature
Structure:	to be established	legally established	legal plus local embedding and vital multi-stakeholder network
Procedures:	minimal procedures designed	project cycle	ISO9000 certification
Financial governance/administration:	basic financial management	financial management (MANGO), external auditing	the same as intermediate
Staffing/management capacity:	local representative	core staff	extended staff/human resource policy
Policy development/planning:	pilot projects	integral planning	multi-annual strategic plan
Programme and project management:	partner identification and project formulation	the same as initial plus programme/project approval and local budget management	the same as intermediate
Monitoring and evaluation:	basic monitoring system	monitoring and evaluation system	the same as intermediate plus learning organization and impact measurement
Fundraising capacity:	cost centre	limited external funding	funding strategy, substantial external funding
Governance:		Continental Supervisory Board established	International Supervisory Board established



Photo: Solidaridad

Financial report

International fundraising



Photo: Keke Keukelaar

Up to now, most of Solidaridad Network's funding has come from Dutch sources. A broad funding base in the Netherlands, both in the public and in the private sector, has enabled the organization to grow, but in the long run makes it vulnerable, due to this excessive dependence on unpredictable developments in Dutch society. There are interesting options for expanding the funding base internationally, our strategic target being more balanced funding.

The unique proposition of Solidaridad as a Transition Manager, working towards a more sustainable economy, in close cooperation with the private sector, addressing core issues such as optimising land use while mitigating expansion to areas with a high degree of biodiversity is of interest to donors with a strategic vision.

A challenging option is to explore options for matching funding from companies for producer development programmes. Such private contributions bring genuine innovation into development cooperation. The target of matching public money with private money is feasible for many of our operations.

Decentralised fundraising is the fundraising of the future. The capacity of the regional offices in the South is growing and will increasingly contribute to the funding of our activities. The target for the Network budget in 2015, with a balance between 50% funding by the Dutch office and 50% by the offices in Asia, Africa and South America appears realistic.

Budget x €1,000	Realized in 2011	Status in February 2012
Solidaridad Netherlands	15,065	18,000
Solidaridad South America	1,642	1,544
Solidaridad Andes	247	160
Solidaridad Central America	21	-
Solidaridad West Africa	192	3,000
Solidaridad East and Central Africa	980	1,015
Solidaridad Southern Africa	121	-
Solidaridad South and South East Asia	49	500
Solidaridad China	-	-
Solidaridad Network	18,319	24,220



Tea picker on a Malawian estate. Tea is the second highest foreign exchange earner for Malawi. But the value of tea is low. And farmers face huge challenges, such as irrigation problems in the dry season, depletion of natural resources, and a degradation of tea quality. Smallholder tea farmers are not well organised and face many bottlenecks in the production of tea. Through certification, they can improve their farming techniques and contribute significantly to their income and the national tea production. In Malawi Solidaridad supports under the Utz Certification scheme with European target markets.

In Indonesia Lestari is a new sustainable tea certification scheme that Solidarid helped to roll out with great succes in 2011. Many producers and buyers now participate in the Lestari system thus providing a solid basis for further sustainable development of the vast tea sector of Indonesia.

Meanwhile the real driver for a break through in sustainable tea has to come from the Asian consumers market where 70% of all tea is sold. Promising is the cooperation with Hindustan Unilever to develop a sustainability standard suited for Indian producers. Solidaridad aims to enforce the activities to raise sustainable demand by Asian tea companies.

You can support our work with a donation:

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Solidaridad network

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