

Solidaridad



THE SOLIDARIDAD NETWORK 2013 ANNUAL REPORT



MR. ENAN ABBLÉ – SUCCESSFUL COCOA FARMER FROM CÔTE D'IVOIRE. READ HIS STORY ON THE BACK COVER.

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GLOSSARY

4C	Coffee stakeholder and certification platform	LEI	Social-economic research institute of Wageningen UR
ARM	Alliance for Responsible Mining	M&S	Marks & Spencer retail company
BCI	Better Cotton Initiative	NORAD	The Norwegian Agency for Development Cooperation
Bonsucro	Global sugar-cane Roundtable	OECD	Organisation for Economic Co-operation and Development
BSCI	Business Social Compliance Initiative	RJC	Responsible Jewellery Council gold
BMI	Better Mill Initiative	RSPO	Roundtable on Sustainable Palm Oil
CIDIN	Centre for International Development Issues Radboud University Nijmegen	RTRS	Round Table on Responsible Soy Association
CSO	Civil Society Organisation	RVO	Netherlands Enterprise Agency
DEG	German development organisation	SAC	Sustainable Apparel Coalition
ETP	Ethical Tea Partnership	SAI	Global food and drink industry initiative for sustainable agriculture
ECOM	A global trading/processing company	SNV	International NGO with an emphasis on reducing poverty
FLO	Fairtrade International	Utz	Utz Certified
GRSB	Global Roundtable for Sustainable Beef	WBF	World Banana Forum
Hivos	A Dutch development NGO	WWF	World Wildlife Fund
IDH	The Sustainable Trade Initiative		
IFC	International Finance Corporation		
KPMG	Audit, tax and advisory company		

FOREWORD

RECOGNITION THAT MATTERS

Once again there has been dynamic growth in our budget and our staffing. In 2013 the income of the network organisation increased to €33.8 million (compared to last year's €26.9 million). In 2014 this growth is expected to accelerate, with a budget of over €42 million. Numbers of staff grew worldwide from 176 to 276 full-time jobs in ten regional offices on five continents.

The rapid growth of the operations of Solidaridad Network can only be understood against the background of the shifting paradigm from aid to trade in the public domain. Moreover, in the private domain future scarcity of resources and supply chain concerns of traders and brands have created a willingness in many companies to invest in good business practices. They do this to increase yields, to raise quality and to enhance sustainability among producers. Solidaridad is well able to address these challenges and respond to these opportunities.

We are well positioned due the choice we made to become a network organisation for international cooperation. This choice led to fundamental changes in governance and management. In the new structure governance is provided by five continental supervisory boards and a single international supervisory board composed of dedicated, experienced men and women. Management is provided by directors, who manage their own regional offices and are collectively responsible for setting policy at the global level in the Board of Directors.

Regional and global programming are interlinked and carefully balanced. Regional offices with local staff have clear mandates. After all, only empowered staff can serve the needs of empowered partners. A local presence and strong capacity for implementing programmes are key assets of Solidaridad. Regional programmes are making strong contributions to global programming that focuses on sector change in our chosen commodities. A new delivery mechanism is being tested. No longer top-down with instructions from central management, but creating the discipline needed to deliver results by involving people who participate in global policy setting. This feeling of ownership of global policies and a shared understanding of the agreements made with global funders and partner companies create a commitment to contribute to making these policies and agreements successful. And this is happening.

In 2013 we saw also the emergence of a 'claiming' culture. In recent decades we witnessed the growth of a compliance culture. Certification encouraged an attitude in which people sometimes pretended to comply with sustainability criteria simply by following a checklist. For-profit firms created new business in auditing. But we have learned that just achieving a sufficient score on a checklist does not lead to continual improvement or encourage further innovation. A value-



Photo: Eljee Bergwerff

based approach delivers much more than a control-based approach.

And now we are witnessing the rapid growth of another business: monitoring and evaluation. Not primarily for learning and innovation, but in order to claim results and impact. To guarantee continuous funding, positive results in independent, objective evaluations are decisive. In this annual report we also report on such results. And with some pride. But let's be cautious. Funders can claim too much. The real contributions to success come from producers who are improving their practices, workers who are organising themselves and miners struggling for legalisation, as well as courageous women who are breaking through cultural barriers. Their contribution is beyond dispute.

We sometimes see certification programmes claiming huge results. This is like judging a school system by controlling the quality of diplomas and not that of the curriculum. The training programmes offered by implementing organisations contribute so much more than the auditors who register their results. We see organisations that play a valuable role in bringing the sector together claiming the actual work done by all of the partners.

At Solidaridad we need to be critical and modest about our own contribution. We claim very little. Those we do it for – those for whom the change we bring about matters – they are the people who make the real difference. And, in the end, it's their recognition that matters to us.

Nico Roozen

RESULTS AND IMPACT

Photo: Matthijs Nieuwenhuis



CONCLUSIONS FROM PROGRAMME EVALUATIONS

In 2012–2013 Solidaridad commissioned one internal and nine external evaluations of programmes and projects carried out in the period 2009–2012. These studies contain summary conclusions about support for smallholders, gender equity as well as sustainable market development.

SUPPORT FOR SMALLHOLDER PRODUCERS

Producer support mainly involves organising smallholders in producer groups, providing training in good agricultural practices, marketing, gender equity and other topics. In many cases support was also provided for achieving certification.

Farmers note numerous benefits from being members of producer groups. These include marketing their produce at a good price, better access to information and training, participating in a forum for exchange of ideas and building social capital. Producers become more professional, there is improved trust and joint motivation because farmers are more united as a group and share knowledge of good practice.

The evaluations conclude that Solidaridad's training model for producers works well, as most of the targeted farmers who attended the training courses increased their level of knowledge and are now implementing what they have learned.

A critical success factor with this training model is the motivation of lead farmers to continue training other farmers. This calls for strategies to transform voluntary systems into sustainable business models. Another point of attention is that continued support for young farmers in particular is necessary to ensure future production levels.

The courses also resulted in safer working conditions, especially related to the correct use and application of pesticides and use of protection measures (Personal Protective Equipment (PPE), storage facilities, disposal, etc.).

The position of smallholders vis-à-vis chain players such as input providers, traders, mills, crushers and large corporations has improved as a result of our interventions.

Most evaluations showed that the interventions resulted in increased farmer incomes (see Table below). Higher incomes are typically driven by higher yields (production), lower costs of production and higher market prices.

GENDER EQUITY

Training has resulted in increased awareness of discrimination, resulting in more women attending courses and, in some cases, in equal payment of female workers. In the soy programme in India, land ownership issues prevented involving women in the project. NGO partners have registered specific groups of women so that female producers could qualify for RTRS certification as well. An evaluation of the cocoa programme in Ivory Coast showed that the focus of the programme on farmers registered with a producer group tended to exclude women and young workers from the programme. A coffee-sector evaluation, with case studies in Ethiopia and Kenya, shows that independent membership of cooperatives by females, female land/tree ownership and more female education can improve their bargaining position.

SUSTAINABLE MARKET DEVELOPMENT

The commitment of major international companies to purchase certified products from smallholders – notably coffee and cocoa – gives them confidence about growing markets. Typical weaknesses of certification programmes are their high costs, complex procedures, the perceived lack of transparency of the auditing process and premium payments, and a lack of market uptake of certified products.

In palm oil, soy and sugar cane a growing number of global companies are involved in sourcing from sustainable sources and co-investing in producer support programmes. As for the Gold programme, the evaluation concludes that, due to Solidaridad's programme, suppliers to jewellers became active in the Fairtrade and Fairmined Standard (FT-FM) market.

A more comprehensive article including a list of impact studies is available on www.solidaridadnetwork.org

Effects on farmer income and yield

Commodity/Countries	Period	Income increase	Yield increase	Due to
Tea, Kenya	2010-2012	23% (7.7% per year)	11% (3.7% per year)	Improved yields, lower input costs, higher prices and the effect of the UTZ premium
Soy, India	2009-2012	139% (35% per year)	54% (13.5% per year)	Improved yields, lower input costs, higher prices
Sugarcane, Belize	2010-2012	Not reported	67% (22% per year)	Improved yields
Palm Oil, Malaysia	2010-2012	Not reported	108% (36% per year)	Improved yields
Cocoa, Ghana	2010-2012	110% (37% per year)	20% (6.7% per year)	Improved yields, higher prices

SOLIDARIDAD NETWORK

GLOBAL RESULTS



THE PEOPLE

GLOBAL RESULTS PER COMMODITY

External evaluations in 2013 concluded that the position of smallholders has improved. Interventions resulted in increased farmer incomes, higher yields, lower costs, and higher market prices.

Farmers
WORLDWIDE SUPPORTED

571,769

Miners
WORLDWIDE SUPPORTED

5,420

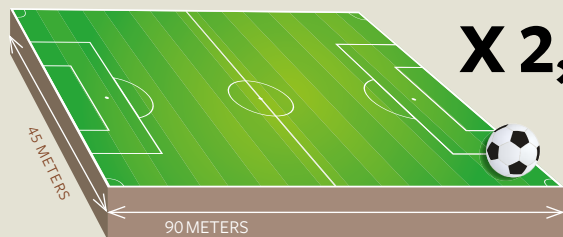
Workers
WORLDWIDE SUPPORTED

179,169



HECTARES UNDER SUSTAINABLE MANAGEMENT WORLDWIDE

TOTAL OF 1,073,280 HECTARE (EXCLUDES GOLD AND AQUA CULTURE)



X 2,618,803

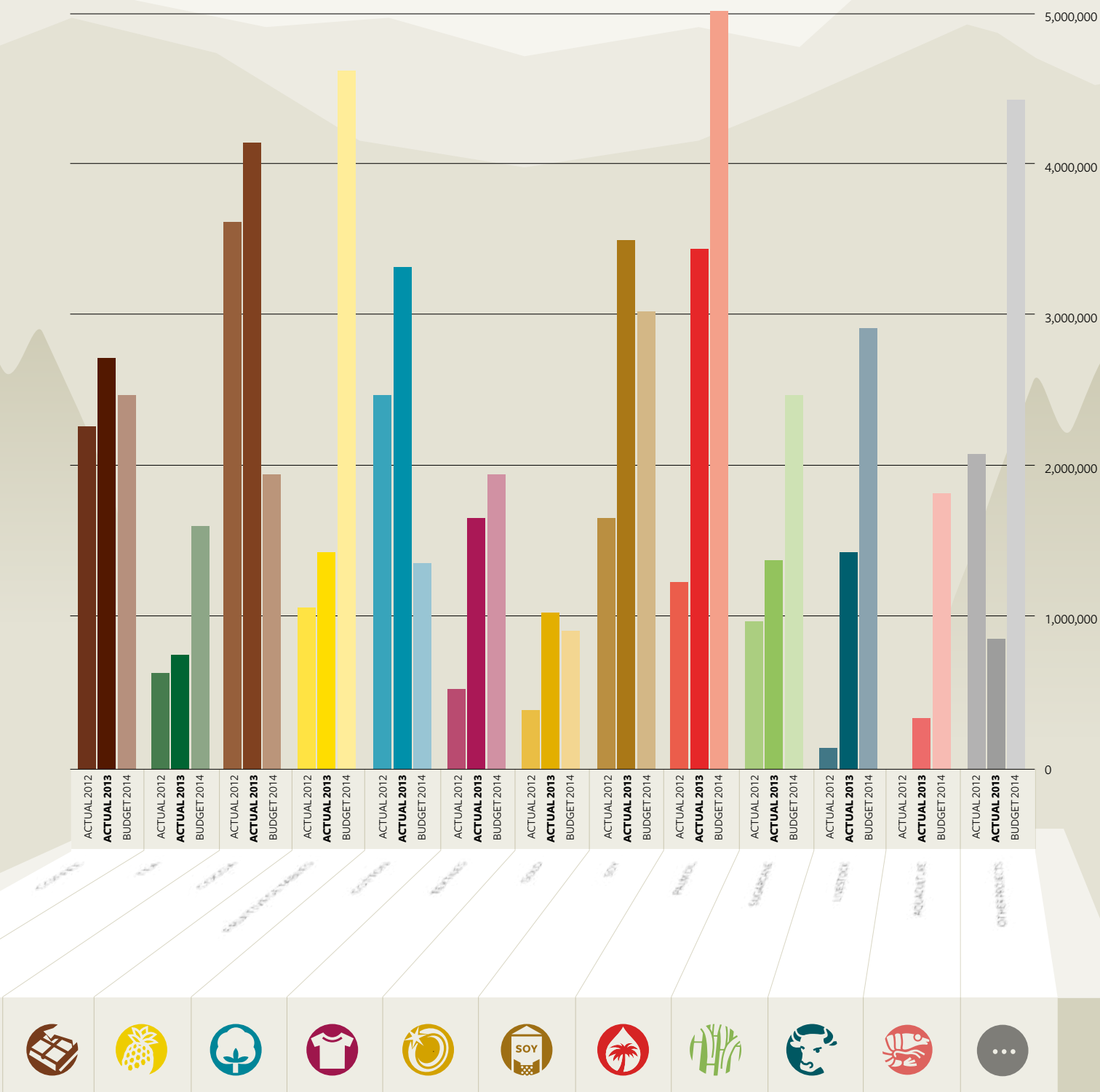
= 1,073,280 ha.





GROWING PROGRAMME INVESTMENTS

ACTUALS 2012 AND 2013, BUDGET 2014



PROCESS AND FUNDING

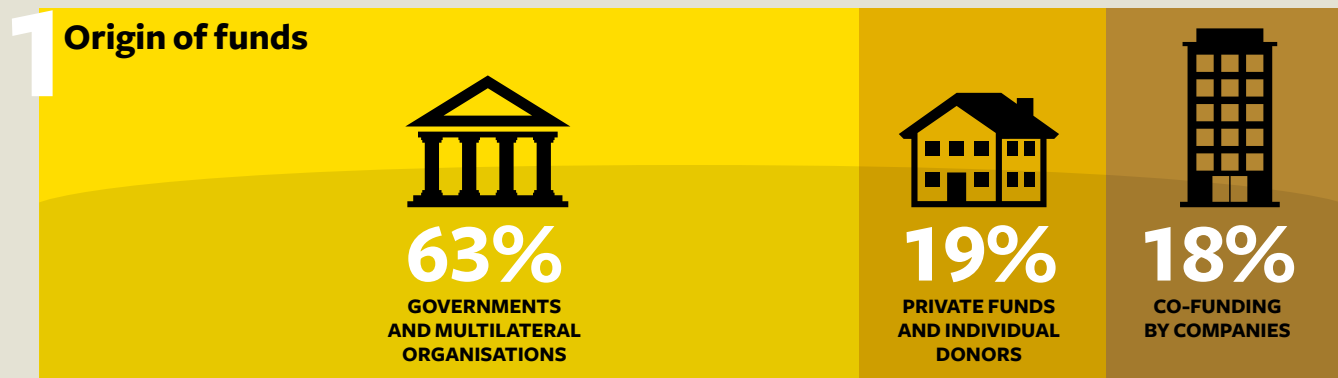
↔ CORE ACTIVITY: SUSTAINABLE VALUE CHAINS

SUPPLY CHAINS ARE THE KEY WORKING AREA FOR SOLIDARIDAD. TO MEET OUR GOALS WE ORGANISE INTERVENTIONS WITH ALL ACTORS IN 12 COMMODITY CHAINS.



🤝 RAISING AND MULTIPLYING FUNDS FOR PARTNERS AND ACTIVITIES

▼ WHERE OUR FUNDS COME FROM





CORPORATE SOCIAL RESPONSIBILITY, BIOBASED ECONOMY

Companies

- Do business directly with sustainable producers and traders
- Increase the supply of sustainable raw materials
- Communicate and market sustainability traders

AWARE CONSUMPTION

Consumers

- Raise awareness about sources and production methods of sustainable products
- Support labels
- Raise awareness about what to buy

PARTNERS MULTIPLY OUR FUNDS



WE CONTRACT PARTNERS FOR IMPLEMENTATION



PROGRAMME ACTIVITIES WITH BETTER RESULTS AND IMPACT

4 Programme activities



SOLIDARIDAD NETWORK

RESULTS PER COMMODITY



PEOPLE MAKE A DIFFERENCE

GLOBAL RESULTS SOLIDARIDAD NETWORK PER COMMODITY

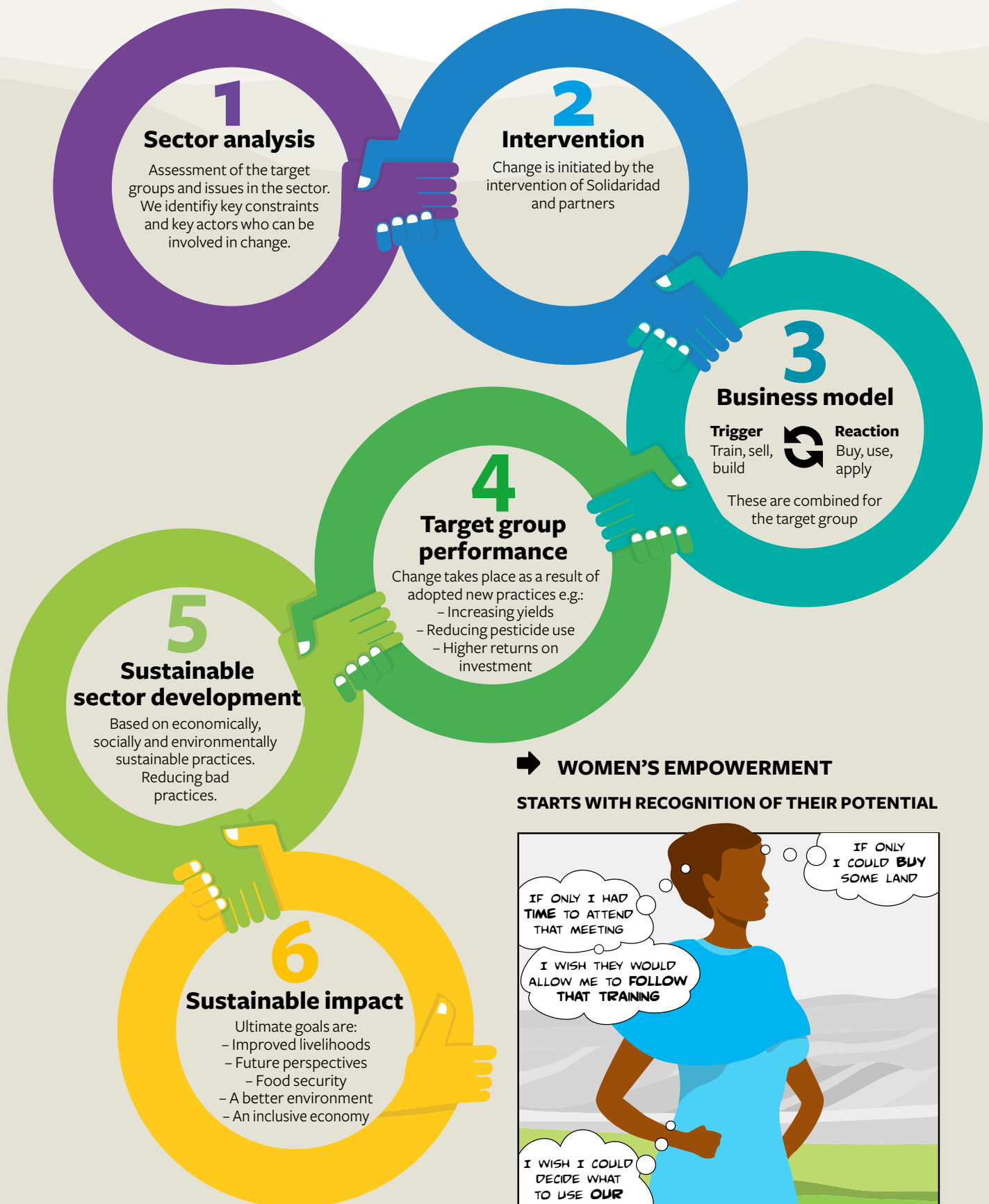


COMMODITY	PEOPLE SUPPORTED	HECTARES SUSTAINABLY MANAGED	MARKET COMPANY PARTNERSHIPS
COFFEE 	77,290 FARMERS	137,290	67
TEA 	27,579 FARMERS AND WORKERS	9,869	10
COCOA 	91,270 FARMERS TRAINED	80,034	18
FRUIT AND VEGETABLES 	10,431 FARMERS AND WORKERS	1,373	25
COTTON 	150,000 FARMERS	167,427	13
TEXTILES 	119,703 AFFECTED # OF WORKERS		105 FACTORIES 20 RETAILERS
GOLD 	5,420 MINERS AND WORKERS		23
SOY 	89,635 PRODUCERS	388,419	7
PALM OIL 	9,570 PRODUCERS AND WORKERS	71,365	24
SUGARCANE 	120,859 PRODUCERS AND WORKERS	91,175	8
LIVESTOCK 	6,000 PRODUCER FAMILIES	126,328	4



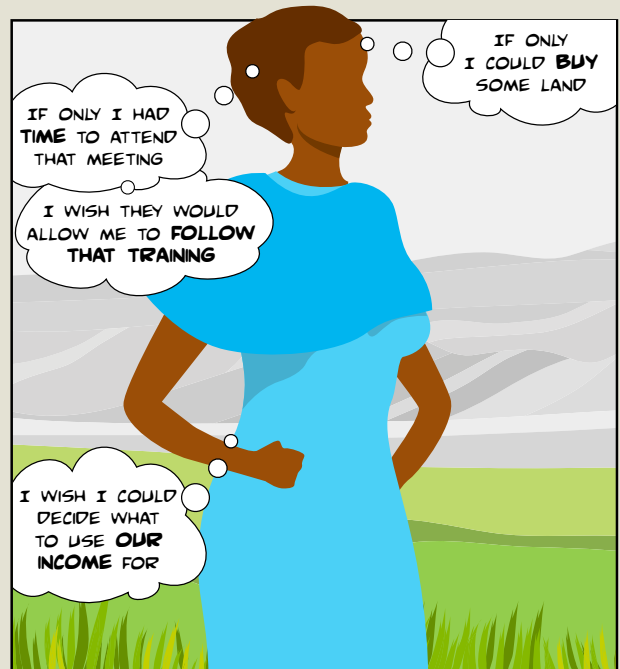
THE RESULTS CHAIN

HOW WE WORK TOWARDS SUSTAINABLE IMPACT



WOMEN'S EMPOWERMENT

STARTS WITH RECOGNITION OF THEIR POTENTIAL



ABOUT SOLIDARIDAD

Ensuring quality of life and a healthy planet for all of us is no small feat. That's why we need to step up our game in safeguarding food security, acceptable labour conditions, responsible mining and a solid transition to a bio-based economy. Solidaridad is great at figuring out how to do just that in different industries and different geographic locations. Exposing the common ground between smallholder farmers, business and government is what we do best. Affecting change that matters. [Join our cause at www.solidaridadnetwork.org](http://www.solidaridadnetwork.org)



REGIONAL INVESTMENTS IN GLOBAL COMMODITY PROGRAMMES

PER SOLIDARIDAD EXPERTISE CENTRE X 1,000 EURO

COMMODITY	SOUTHERN AFRICA	WEST AFRICA	EASTERN & CENTRAL AFRICA	SOUTH AMERICA	CENTRAL AMERICA	ANDES	SOUTH & SOUTH-EAST ASIA	CHINA	THE NETHERLANDS*	NORTH AMERICA	TOTAL**
COFFEE	0	0	1,290	43	185	327	8	0	2,690	50	2,726
TEA	4	0	92	76	0	0	490	17	94	0	733
COCOA	0	3,873	0	0	40	11	0	0	1,332	8	4,150
FRUIT/VEGETABLES	11	18	886	10	16	51	243	0	204	0	1,382
COTTON	229	627	233	90	0	0	53	189	3,821	10	3,326
TEXTILES	0	0	0	0	0	0	237	71	1,466	8	1,715
GOLD	0	422	31	23	0	254	0	0	639	8	1,005
SOY	339	0	0	2,303	0	0	356	137	1,520	25	3,396
PALM OIL	0	1,976	0	174	240	384	191	0	1,697	36	3,291
SUGARCANE	93	0	195	372	13	0	439	0	2,042	8	1,373
LIVESTOCK	205	0	73	917	90	0	116	0	568	25	1,434
AQUACULTURE	0	0	0	0	0	0	233	0	94	8	334
OTHER PROJECTS	102	0	131	343	0	0	27	82	2,709	0	860
TOTAL	982	6,915	2,931	4,352	584	1,027	2,391	497	18,876	186	25,726

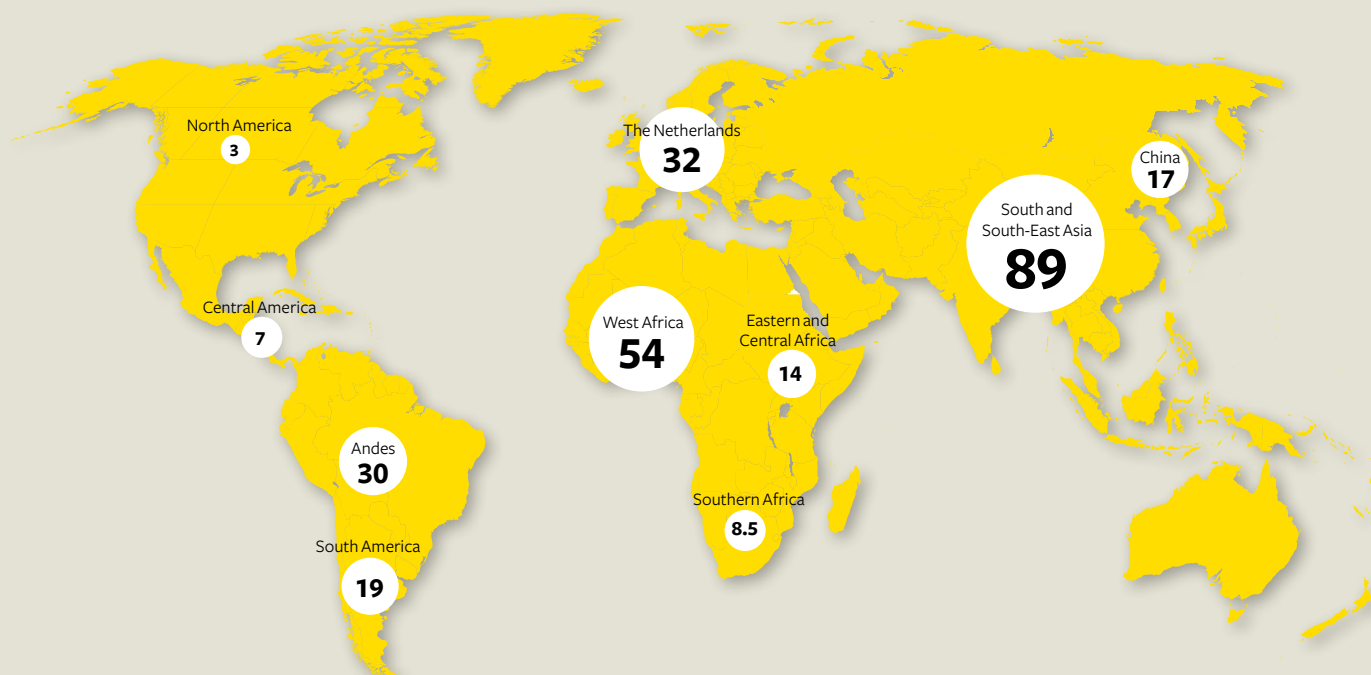
* Netherlands investments include €12.3 million budget transfers to other Solidaridad expertise centers.

** The net total excludes €12.3 million budget transfers between Solidaridad expertise centers.



HUMAN RESOURCES

A GROWING WORK FORCE OF SOLIDARIDAD EXPERTS IN TEN REGIONAL CENTRES



COMMODITY PROGRAMMES

Photo: Better Cotton Initiative – Tristan Galand





FOCUS ON FOOD SECURITY AND CLIMATE

In 2013 Solidaridad launched a major food security programme in East Africa which integrates horticulture with coffee production. In Latin America a climate-smart coffee production programme was launched to help farmers adapt to climate change. Increased rainfall there caused a serious outbreak of coffee rust, making renovation of plantations urgent.

PROGRAMME SETTING

Fair trade coffee has been on the market for a quarter of a century. A new report by the Sustainable Commodity Initiative reveals that 40% of world coffee production is now compliant with one of the seven mayor standards (2012 data). The seven standards in order of volume are: 4C, UTZ, CAFÉ practice (Starbucks), Fair Trade, Rainforest Alliance, Triple AAA (Nespresso) and Organic. Between 2008 and 2012 annual growth of 26% was achieved.

In the coffee sector there is consensus that sustainable coffee needs more than certification. Research shows that the impact of certification is limited and not enough to lift farmers out of poverty. A number of companies are currently implementing 'Beyond Certification' programmes. Solidaridad's Beyond Certification programme, which started two years ago, focuses on food security and climate change.

RESULTS

In 2013 food security was integrated in the coffee programmes in East Africa and Central America. Income from production depends on harvest volumes and the world market price. Even a doubling of production levels – Solidaridad's target – is often no guarantee of sufficient income for smallholders. Depending on the local situation, farmers can choose to grow additional crops, which generate both food for their families and income through selling surpluses. Most opt for horticulture and honey is also popular.

In Latin America adapting to climate change is the main focus of a programme funded by Norad, which integrates producing coffee for export with food security initiatives. Coffee farmers often lack sufficient food for their family – a situation which is exacerbated by lower productivity due to climate change. This programme helps farmers adapt to climate change and reduces GHG emissions, while identifying new options for farmers, such as long-term credits for renovation of coffee plantations.

Work on developing a farmer support methodology that is widely accepted and integrates sustainable coffee production based on farmers' priorities with the requirements of the main standards has started in Vietnam and Peru. This is done through the Sustainable Commodity Assistance Network (SCAN), which is a platform with members from standards, research, development and UN organisations.

Programmes designed to involve young people continued in Peru and started in Kenya. In Peru students at high school are taught good coffee practices to motivate them to

continue working on family farms. In Kenya, young people are given the opportunity to lease land from poorly maintained coffee farms and trained in Good Agricultural Practices as well as how to offer neighbouring farmers specialised services such as spraying and pruning.

IMPACT

In 2013 an impact study commissioned by Solidaridad and published by CIDIN confirmed earlier conclusions that interventions are needed that move beyond certification. The study compared the benefits of UTZ-certified farmers with FLO-certified farmers over five years. CIDIN found that farmers who have received training, joined cooperatives and diversified by growing for local markets improved yields, quality and livelihoods. East African coffee farmers received only marginally more income as a result of certification. Although certification is not enough to lift them out of poverty, it is a useful tool that can drive sustainability. Solidaridad will continue to focus on sustainable coffee farms with financial support from Irish Aid through IFTN.

MARKET PARTNERSHIPS

Cooperation has been established with the largest coffee roaster of the world: Nestlé – the main partner in the food security programme in East Africa, in which nine other partners participate. These include exporters, a research institute and producer organisations.

CHALLENGES AHEAD

The main problem the coffee sector is facing is how to make coffee farming attractive for the next generation. Addressing food security and climate change are part of that. In the years ahead, Solidaridad intends to stimulate debate at the national level about a transition to fewer, younger farmers with larger farms in order to support revenues and employment in the sector.

Market partners

Nestlé, ECOM, Armajaro, Volcafé, Louis Dreyfus, Neumann Kaffee Gruppe, Café del Mar, Bewleys, Sustainable Harvest

Donors

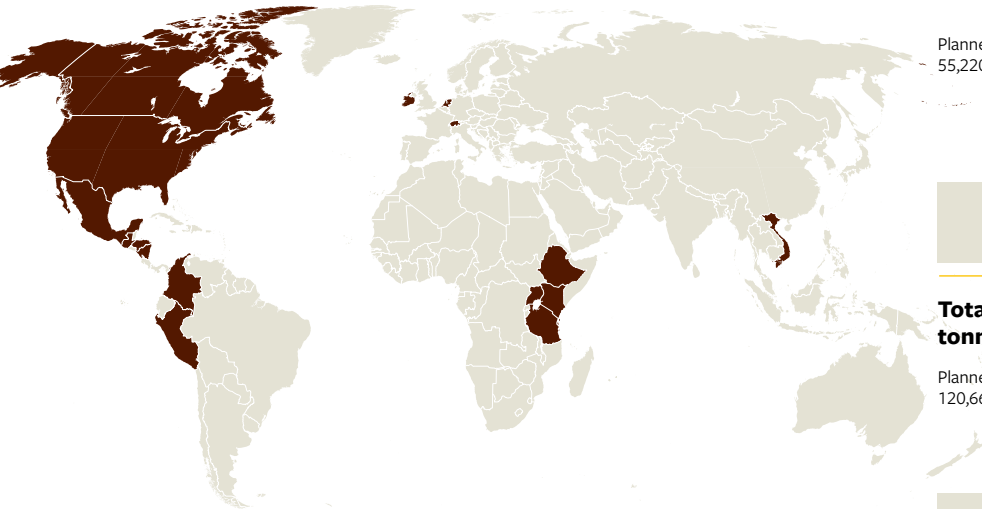
Irish Aid, RVO, NORAD, EU Nicaragua, ACIDI-VOCA, Dutch Embassy in Colombia, the regional government of Antioquia, FNC, the Bill and Melinda Gates Foundation through DEG, SECO, Argidius and Cordaid



Jane Kimotho practices land conservation methods as taught by the Sustainable Management Services group. She has 650 trees producing 3,000 kg of coffee and an annual income of €1,400. She is a widow with one daughter in college and a second daughter in primary school.

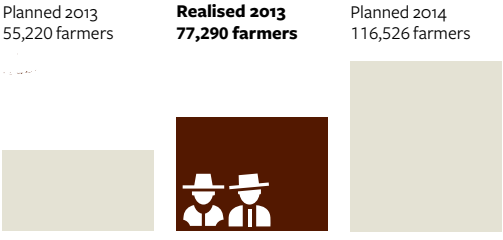
Photo: H.P. Alting von Geusau

Solidaridad's coffee network



Canada, Colombia, Ethiopia, Guatemala, Honduras, Ireland, Kenya, Mexico, the Netherlands, Nicaragua, Peru, Switzerland, Tanzania, Uganda, United States of America, Vietnam

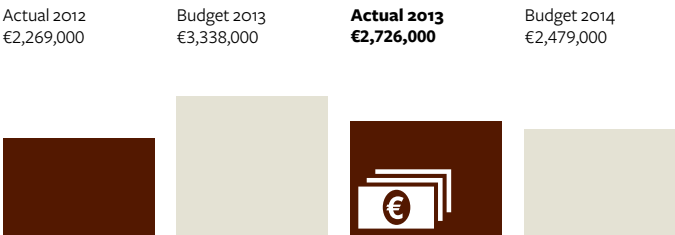
Total number of farmers supported



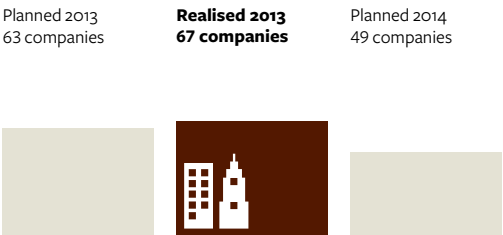
Total volume of certified coffee (metric tonnes)



Budgets and actual figures for coffee



Total number of companies engaged with Solidaridad





MAINSTREAMING SUSTAINABILITY

In 2013 Solidaridad focused on mainstreaming sustainability in the tea sector by implementing the Teh Lestari and Trustea codes in Indonesia and India. In China, Kenya, Sri Lanka, Indonesia, Malawi and Argentina, over 12,000 smallholders were supported with access to inputs and adopting certified sustainable practices.

PROGRAMME SETTING

Smallholders – now the main global tea producers – are critical suppliers to tea packers. However, lack of access to technical know-how and inputs and declining yields, coupled with low global tea prices, often result in poor quality tea, inadequate returns, poor working conditions and low wages for labourers. By building supply chain partnerships involving producers, traders, brands, retailers and governments, Solidaridad is supporting technology transfer, organisational development and making sure that smallholders get access to services and inputs.

RESULTS

Solidaridad is partnering with a range of companies to help them source sustainably from smallholders in East and Southern Africa, South America, China, India, Sri Lanka, Vietnam and Indonesia. Solidaridad helped develop the draft Trustea code, audit protocol and implementation guides, and hosted farm support centres in the field. Four large tea-producing groups will soon be verified under the Trustea draft code, thus sustainably transforming 4.5 million kilos of tea production.

In Sri Lanka, support was provided to 2640 workers and 187 smallholders were trained in internal control systems to facilitate Utz certification. In Indonesia, together with Business Watch, Solidaridad continued its support for 12,000 tea smallholders under the Teh Lestari sustainability standard. In Kenya, Solidaridad supported 7200 smallholders attached to five Kenyan Tea Development Authority (KTDA) tea factories with climate change adaptation and mitigation.

In Malawi, 500 lead farmers were trained in Good Agricultural Practices (GAP). Solidaridad partnered with the East Africa Tea Trade Association (EATTA) and developed a tea production curriculum and training materials, which were used for capacity building. Sixteen master trainers were equipped with the knowledge, skills and tools needed to train other field staff, farmers and production staff.

In Argentina, 1750 hectares were brought under sustainable management practices and 4200 tonnes of tea were certified. Around 90% of the small-scale tea farmers who have adopted sustainable practices also produce Yerba Mate; so the next step is to scale up to Yerba Mate, an infusion that is widely consumed in Argentina, Paraguay, Brazil and Uruguay.

IMPACT

The Sustainable Trade Initiative (IDH) commissioned a study by Aidenvironment in April 2013 to describe and analyze the Lestari Tea Standard. The standard's establishment, its functioning and the business case it presents to smallholders, were all considered. The study revealed that the introduction of the Lestari certification scheme has had a significant impact on tea smallholders. It has positively affected their livelihoods and strengthened relationships within the supply chain. For further upscaling of the standard, three main challenges have been identified: (1) create demand, (2) build technical and organisational capacity and (3) finance the necessary investments at the farm level. Together with Utz Certified and LEI (WUR), a long-term impact study was started in Kenya and Malawi in 2010. This showed that average sustainability scores have increased, along with significant improvements in health, safety and environment. These lessons were analysed and are now being integrated in Solidaridad's tea programme.

PARTNERSHIPS

The Sustainable Trade Initiative (IDH), Hindustan Unilever Limited and Tata Global Beverages are funding the Trustea programme in India, and IDH is also involved in East Africa. DE Foundation is the funding partner in Sri Lanka. Implementation partners are Business Watch Indonesia and Sariwangi in Indonesia, the Centre for Social Development and Ethical Tea Partnership in Sri Lanka, and KTDA and EATTA in East Africa.

CHALLENGES AHEAD

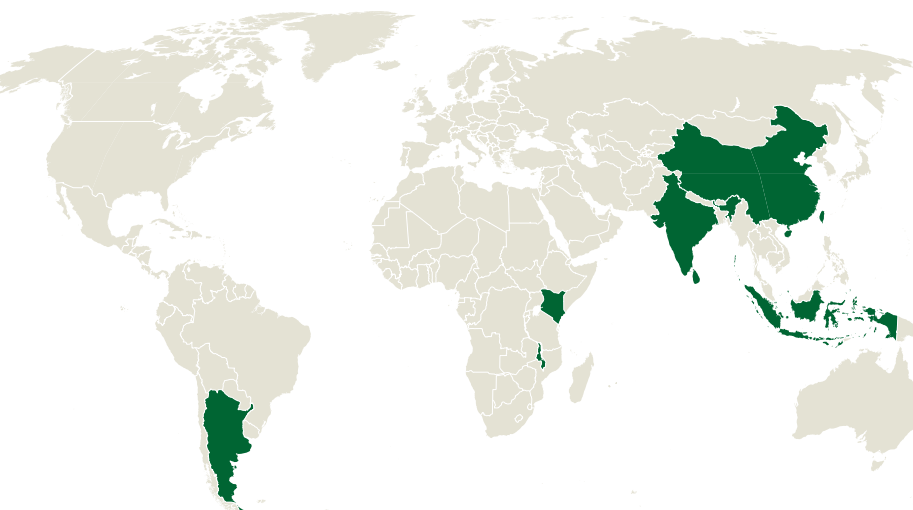
The Kenyan Tea Development Authority (KTDA) model has long been seen as the only successful way to address smallholders' sustainability issues. It has worked very well in Kenya but is difficult to replicate in Asia, where smallholders primarily cater to domestic markets. There's a need for local ownership of sustainability standards, as has been shown with the fast uptake of the Lestari standard in Indonesia and the potentially massive impact of the Indian and Chinese tea standards. Finally, it's crucial for Solidaridad to engage in tea trade policies and connect the sustainability discourse with demand, supply, quality and price issues at the global level.



Photo: Stijn van Geel

In Sri Lanka, support was provided to 2,640 workers on tea plantations including medical care, children's education and more nutritious food for workers and their families.

Solidaridad's tea network



Argentina, China, Kenya, India, Indonesia, Malawi, Sri Lanka

Total number of farmers and workers supported

Planned 2013
14,165 farmers/
workers

Realised 2013
**27,579 farmers/
workers**

Planned 2014
166,378 farmers/
workers



Total number of hectares under sustainable management

Planned 2013
10,077 ha

Realised 2013
9,869 ha

Planned 2014
76,400 ha



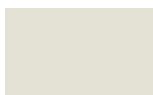
Budgets and actual figures for tea

Actual 2012
€592,000

Budget 2013
€595,000

Actual 2013
€733,000

Budget 2014
€1,608,000



Total number of companies engaged with Solidaridad

Planned 2013
7 companies

Realised 2013
10 companies

Planned 2014
8 companies





URGENT NEED TO RESTRUCTURE THE SECTOR

The cocoa programme focuses on training farmers and building the capacity of private sector partners and government agencies. The next step is to respond to growing demand and competition for scarce land and other resources. New programmes designed to intensify cocoa production are needed to secure the future of cocoa farming worldwide.

PROGRAMME SETTING

Almost all traders and brands have adopted the 2020 goal of increasing cocoa supply by 1,000,000 MT to meet growth in demand. Producing country governments are strengthening their grip on the cocoa sector and there is increasing competition with other crops, such as oil palm and rubber. The seven largest traders and brands – organized in the Sustainable Cocoa Leadership – took the initiative to draw up a master plan for cocoa sustainability. It is broadly understood that cocoa certification is only a limited solution to the problems the sector is facing.

RESULTS

In 2013 there was training in good agricultural, social and environmental practices in Ghana, Ivory Coast and Nigeria, reaching over 91,000 farmers, 78,500 of whom adopted these practices. Almost 81,000 hectares of land are now farmed sustainably.

In Ivory Coast a toolbox is being developed to reach 75% of unorganised farmers, in collaboration with three buying centres. And a new programme was started to deliver training, planting material and fertilisers, together with Mars and Cargill. In over 100 workshops, staff of government extension services, cooperatives and private sector partners in Ghana, Ivory Coast and Nigeria were trained in sustainable production. Twenty-three civil society organisations and 450 trainers are now involved. Solidaridad plays an increasingly important role in developing national sustainability strategies on cocoa sustainability, working with over 26 government agencies.

The cocoa programme is implementing a new strategy with a clearer focus on economic benefits. In Ghana a consortium of government partners, key private sector partners and knowledge institutes was formed to develop new models for cocoa intensification and rehabilitation. The consortium obtained €7 million of funding from the Dutch Embassy in Accra for the next four years. To diversify the income of producers – and impact food security – 1,250 lead farmers were trained in plantain sucker multiplication and nursery development.

IMPACT

KPMG evaluated the cocoa programme in the period 2008-2012. Interventions were considered to be successful and the programme has made the case for sustainable cocoa production, leading to change in the sector. It engaged with private-sector partners, who account for 40% of global cocoa trade

and triggered co-investment of over €5.8 million. A report by COSA was also positive about the impacts of the programme. In 2013 an impact assessment of programmes in Ghana and Ivory Coast was started with Wageningen University. The main conclusion of all these studies was that the programme has helped farmers professionalise, often resulting in productivity increases of around 40%. However, a number of social and environmental issues still need to be addressed.

PARTNERSHIPS

Existing partnerships were strengthened and new ones created. Baseline research with Cargill should provide insights into the impact of programmes as well as input for strategy development. With Mars an agreement was signed for developing tools to reach unorganised farmers. 'For the love of chocolate', a multimedia exhibition with photographer Kadir van Lohuizen was launched in Amsterdam's National Maritime Museum and is now travelling to other locations.

CHALLENGES AHEAD

The main producing countries will become middle income countries in the near future. Competition from other crops is becoming fierce and young people are not interested in taking over low-yielding farms. New business models and financing for service delivery are needed, as well as new production models such as larger farms and out-grower systems.

Market partners

Mars, Cargill, Touton, Ecom, International Cocoa Organization (ICCO)

Donors

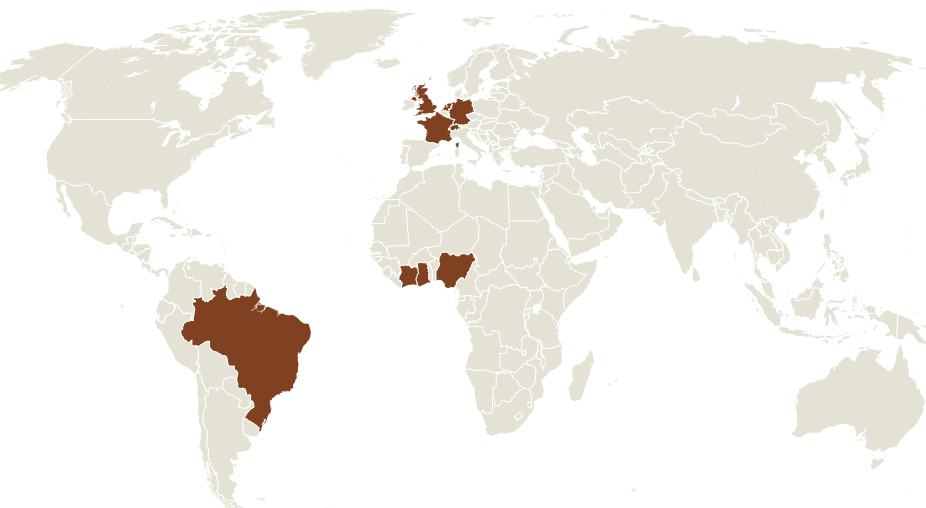
The Dutch Embassy in Ghana, The Sustainable Trade Initiative (IDH), World Cocoa Foundation



The last of the cocoa being removed from a container at the Cargill facility in the port of Amsterdam, where cocoa is stored on arrival from West Africa. Together with Cargill and Mars, Solidaridad set up a new farmer support programme in Côte d'Ivoire, which makes training, planting material and fertilisers available to farmers.

Photo: Kadir van Lohuizen

Solidaridad's cocoa network

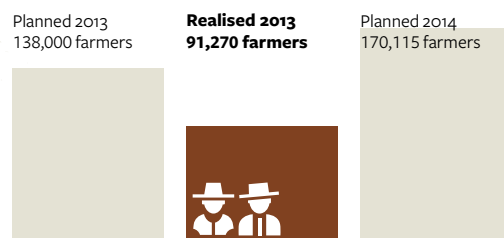


Brazil, France, Germany, Ghana, Ivory Coast, the Netherlands, Nigeria, Switzerland, United Kingdom

Budgets and actual figures for cocoa



Total number of farmers trained



Total number of hectares under sustainable management



Total number of companies engaged with Solidaridad





FRESH PRODUCE FOR LOCAL MARKETS AND EXPORT

The renewed Fruit & Vegetables (F&V) programme is taking shape. Collaboration with retailers and business platforms is gaining momentum, while companies are increasingly willing to invest in sustainability. In several Solidaridad regional expertise centres initiatives have been developed that focus on export as well as national markets.

PROGRAMME SETTING

Traders, retailers and NGOs signed a covenant for sustainable F&V to develop projects that will improve sustainability in developing countries. The World Banana Forum (WBF), a multi-stakeholder platform, is now linked to this covenant. In the juice sector cooperation with the European sector organisation AIJN was established as well as with the business platform SAI. Food security and nutritional value are being addressed by improving the robustness of local food production and distribution systems. As the sustainability challenges differ significantly per product and region, a one-size-fits-all approach will not work. Solidaridad is developing a tailored regional approach.

RESULTS

Solidaridad has conducted sustainability analyses for Friesland Campina Riedel on oranges in Brazil, South Africa, Mexico and Belize, mangos in India and Peru, as well as bananas and passion fruit in Ecuador. A study of the sustainability landscape related to the sector found that producers vary from small-scale subsistence farmers (mango in India, passion fruit in Ecuador) to large-scale professional farms (South Africa and Brazil). Major issues are labour rights, low productivity, lack of knowledge, lack of access to inputs, pollution, water stress, erosion and loss of biodiversity.

Solidaridad worked with WBF on developing a web-based platform – hosted by Bioversity on the Promusa website – for sharing best practices throughout the banana sector and a proposal for co-funding this initiative was approved. Solidaridad also played a leading role in building a coalition with leading banana companies and retailers in the UK, the Netherlands and Germany to develop a proposal for improving health and safety in the banana sector.

Solidaridad is developing a portfolio of food security-related projects in Bangladesh, Kenya, Ethiopia, South Africa, Mozambique and Ghana. Income from export crops can allow farmers to improve crops for domestic consumption. The food security programme in Kenya and Ethiopia – with contributions from Nestlé, Ecom and other companies – is an example of this approach, targeting 120,000 farmers.

IMPACT

In Peru, Solidaridad broadened its scope to build a sector-wide initiative in cooperation with farmers, governments, fruit traders and NGOs. This platform identifies sustainability issues related to water and pests and provides lasting solu-

tions to urgent problems. In the horticultural sector in Kenya, training materials were developed and more than 10,000 farmers were trained in Good Agricultural Practices, group dynamics, financial management and enterprise development. New local markets were developed, including Uchumi Supermarket and Tru Foods Ltd, as well as links to local agents. In South Africa, farmers were trained to produce green mango achar in partnership with Selbourne Food Manufacturers, standards organisation SIZA and Woolworth. These examples show that the active involvement of chain partners is a key success factor. This is why Solidaridad is focusing on partnership development throughout the chain in the fruit, banana and vegetable sectors. Creating these partnerships is crucial to sector transformation.

MARKET PARTNERSHIPS

Friesland Campina Riedel (FCR) is the main partner in the fruit juice sector. By working together with FCR, Solidaridad broadened the collaboration to the European juice business association AIJN and the SAI network. These organisations represent companies that are working towards significant change in the sector. Solidaridad sits on the executive committee of the WBF and works with leading banana companies such as Chiquita, Dole and Fyffes and retailers such as Tesco and Ahold. Solidaridad is working with them on a project to improve health and safety in and around banana farms.

CHALLENGES AHEAD

In order to strengthen F&V production systems, Solidaridad mobilises technical knowledge and access to high-quality inputs. The bargaining position of banana companies in relation to retailers has deteriorated in recent decades. Solidaridad therefore encourages retailers to commit to sustainability. Fruit producers often produce mainly for the fresh market, with leftovers being sold to the juice industry. So Solidaridad aims to align initiatives in the fruit juice sector with those in the fresh fruit sector.

Market partners

Friesland Campina Riedel, WBF, AIJN, SAI, Uchumi supermarkets

Donors

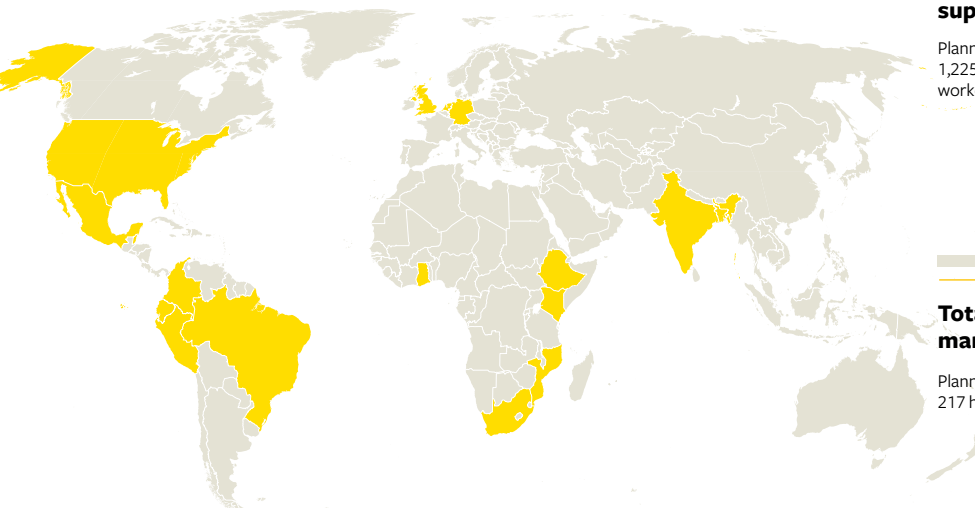
Netherlands Enterprise Agency, Dutch embassies in Kenya, Bangladesh and Colombia, OIKOS, Foundation for Human Rights.



In Peru, Solidaridad broadened its scope to build a sector-wide initiative in cooperation with farmers, governments, fruit traders and NGOs.

Photo: Grupo Hualtaco

Solidaridad's fruit & vegetables network



Bangladesh, Belize, Brazil, Colombia, Ecuador, Ethiopia, Ghana, Germany, India, Kenya, Mexico, Mozambique, the Netherlands, Peru, South Africa, United States of America, United Kingdom

Total number of farmers and workers supported (included horticulture and food security)

Planned 2013
1,225 farmers/
workers

Realised 2013
**10,431 farmers/
workers**

Planned 2014
18,261 farmers/
workers



Total number of hectares under sustainable management

Planned 2013
217 ha

Realised 2013
1,373 ha

Planned 2014
15,935 ha



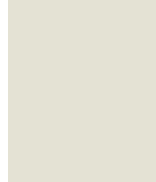
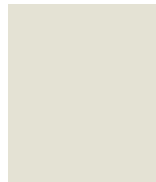
Budgets and actual figures for fruit & vegetables

Actual 2012
€1,107,000

Budget 2013
€2,127,000

Actual 2013
€1,382,000

Budget 2014
€3,686,000



Total number of companies engaged with Solidaridad

Planned 2013
17 companies

Realised 2013
25 companies

Planned 2014
60 companies





ENGAGING ALL ACTORS IN THE SUPPLY CHAIN

Solidaridad's cotton programme is entering a crucial phase. Good results have already been achieved and there is growing interest among brands and retailers, as well as willingness to co-invest in farm support. However, the commitment of large frontrunners to source sustainable cotton makes up-scaling supply a critical challenge.

PROGRAMME SETTING

Sustainable cotton is on its way to becoming the norm, hopefully in the next decade. The four main initiatives – organic, FairTrade, Cotton made in Africa and the Better Cotton Initiative (BCI) – now have a total capacity of over 5% and volumes are growing fast. On the demand side, the main players have published their commitments. The frontrunners have promised 100% sustainable cotton sourcing within the next few years. There are strong signals from game changers such as IKEA and H&M. Yet the response of actors in the supply chain to such signals remains an issue. In order to keep the momentum going, this gap needs to be closed.

RESULTS

Solidaridad has a long track record of supporting farmers in improving their social, economic and environmental performance. Such improvements are badly needed, as cotton is still grown under unacceptable conditions, leading to devastating situations: damage to health due to pesticide use, poor labour conditions, water scarcity, and poverty due to low yields and incomes. The programme is multi-standard, while acknowledging growing demand for Better Cotton. Solidaridad is one of the main partners in the BCI, with programmes in India, China, Brazil and sub-Saharan Africa. In 2013 the BCI programme was expanded to Kenya, Senegal and Mozambique. Solidaridad is also actively involved in shaping and maintaining the BCI as a credible multi-stakeholder initiative, with a seat on the council.

In 2013 the cotton programme grew significantly, reaching out to 150,000 farmers in 10 countries and it is now linked to the supply chain of 12 major brands and retailers. Key performance indicators include the self-reliance of local partners. Under Solidaridad's mentorship, such partners become financial and organisationally independent and can thus continue to grow sustainable cotton on their own. Another strategy is to focus not only on cotton, but also on improving basic farming practices, such as intercropping and rotation cropping. In Southern Africa a programme making the link between cotton and food security is being designed.

IMPACT

The most important indicators of success are achievements at the farm level. Within BCI, farmer data are collected and analyzed and BCI smallholders in India, Mali, China and Brazil are performing better in terms of increasing yields, reducing water and pesticide use, and profitability – compared to a

group of control farmers. In addition to quantitative data, farmer stories are collected in order to capture qualitative information. Stories from Solidaridad's programme in Mali, in partnership with APROCA and CMDT, are a good example of this. Women farmers explain how training in literacy, leadership and communication has changed their lives. Based on these stories, this project won the BCI prize in 2013. The Better Cotton Fast Track Programme (BCFTP) finalised an external impact study in 2013. Their assessment of the impact at field level was very positive. Solidaridad has been advocating an integrated approach for years: gaining more insight into the sourcing strategy of brands and retailers, collaborating more with suppliers and establishing linkages.

PARTNERSHIPS

Partnership with brands and retailers is crucial to the programme. These organisations are best placed to drive further change in the industry. In 2013, Solidaridad partnered with 12 brands and retailers, indirectly through the BCFTP as well as directly, for example with Bestseller, Decathlon and Tommy Hilfiger. This collaboration includes financial support.

CHALLENGES AHEAD

Current projects have clearly contributed to impact at the farm level, but their scope is a challenge when it comes to transforming the entire sector (around 50 million farmers currently cultivate cotton). This is why it is important to find solutions that are scalable, to focus on self-reliance, cost-efficient replicable farm support systems, and embedding strategies in local and national policy. The other challenge is to link supply and demand.

Donors

BCFTF, Dutch Ministry of Foreign Affairs (Farmer Support Programme), GSRD Foundation, CFC, Rabobank Foundation, Liberty Foundation, De Nederlandsche Bank (DNB)

Brands and retailers

Bestseller, Decathlon, Tommy Hilfiger, VF Corporation (North Face and other brands) and partners in the BCFTP

Initiatives

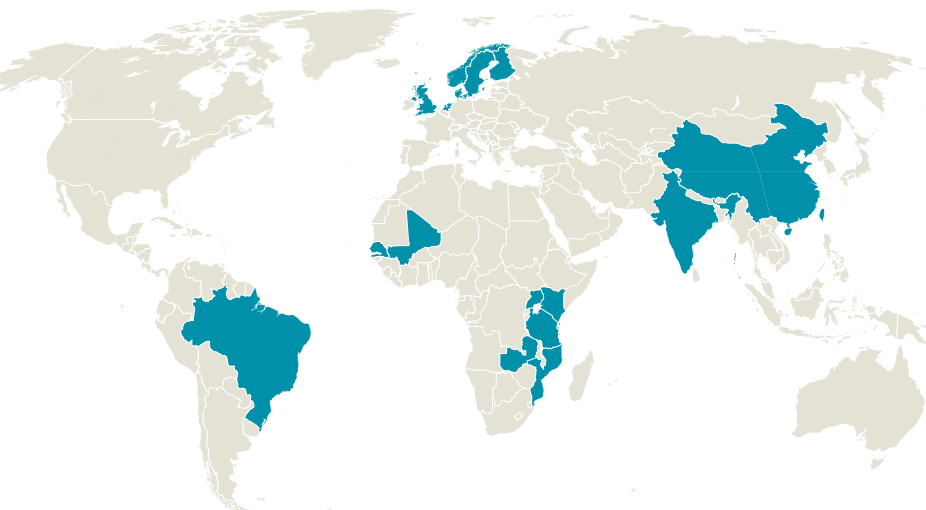
Better Cotton Initiative, Textile Exchange, Better Cotton Fast Track Programme



Workers' quarters in Guoxin, China. Solidaridad improves workers' accommodation by providing electricity and warm showers.

Photo: Jos Kuklewski

Solidaridad's cotton network



Brazil, China, India, Kenya, Mali, Mozambique, the Netherlands, Scandinavia, Senegal, Tanzania, Uganda, United Kingdom, Zambia

Budgets and actual figures for cotton

Actual 2012 €2,391,000	Budget 2013 €2,195,000	Actual 2013 €3,326,000	Budget 2014 €1,239,000
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Total number of farmers supported

Planned 2013 153,134 farmers	Realised 2013 150,000 farmers	Planned 2014 155,571 farmers
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Total number of hectares under sustainable management

Planned 2013 189,900 ha	Realised 2013 167,427 ha	Planned 2014 229,890 ha
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Total number of companies engaged in supply chain programmes

Planned 2013 12 companies	Realised 2013 12 companies	Planned 2014 13 companies
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THE MOVE TOWARDS RESPONSIBLE FASHION

The tragic accidents in Bangladesh in 2013 brought home the challenges in the textile supply chain. Solidaridad's textile programme offers an effective strategy that can address social and environmental problems by working with factory and mill owners in Bangladesh, India and China.

PROGRAMME SETTING

Fashion is lifestyle; it helps people express their identity. It also creates millions of jobs in developing countries. The demand for apparel continues to grow, because of population growth and increasing consumption. However, the real costs of over-consumption are paid by those who make our clothes and by the environment. Unacceptable practices are still prevalent in this industry, as we've seen in Bangladesh and more recently in Cambodia. Many people and organisations demand meaningful change.

RESULTS

Solidaridad concentrates its textile efforts in Bangladesh, China and India, the top three in global apparel production. These include training, technical support, capacity building and skills development in textile mills and factories, with a focus on social and environmental aspects. In Bangladesh the wet processing programme Partnership for Cleaner Textiles is in its first year of operation, while a new programme in China (the Better Mill Initiative, BMI) was launched in 2013. Both programmes have an impact on hundreds of mills, which are linked to the supply chains of major brands and retailers, such as H&M, C&A, Inditex and Primark. Another priority is improving labour conditions in sewing factories. Solidaridad is implementing a fire and building safety programme in Bangladesh, together with Bestseller suppliers.

Solidaridad also plays an active role in the Sustainable Apparel Coalition, which brings together key stakeholders in the sector (over 400 members and >40% coverage of the apparel market). Rather than creating a certification standard, it aims to measure and communicate the impact of apparel. The tool used is the Higg Index, which enables customers to compare products and brands. As a result, sustainability is becoming a competitive parameter, alongside quality and price.

IMPACT

The global textile team is working on a comprehensive management system, which makes it possible to compare progress with targets in the multi-annual strategy. A partner factory has, for example, reported a reduction in water consumption from 120 to 60 litres per kilogramme of fabric. The facility module in the Higg Index will allow benchmarking, while also providing insight into social and labour aspects.

Programmes on wet processing not only cover the conditions in mills (water, energy, chemicals, etc.), but also monitor

brands and retailers. This is at the heart of Solidaridad's strategy: creating impact in the supply chain through collaboration with companies. The monitoring system will capture changes in awareness, commitment and actions.

MARKET PARTNERSHIPS

Twenty brands and retailers such as H&M co-invest in textile programmes and are closely involved in their design and implementation. With some brands there is also collaboration on cotton projects in a move towards more strategic partnerships.

KEY CHALLENGES

Improving sustainability in the textile supply chain is long overdue. The programmes we have today are effective and will reach reasonable scale in the years ahead. The real challenge, however, is to transform the whole sector – together with all those involved: mill owners, factory owners and retailers.

Donors

ASN Bank, International Finance Corporation (IFC), the Dutch Embassy in Dhaka, Dutch Ministry of Foreign Affairs (Farmer Support Programme)

Brands & retailers

H&M, Bestseller, C&A, Inditex, Kapphal, Lindex, G-Star, Primark, Tesco, ICA, New Look, Carrefour, WE Fashion, Walmart, s. Oliver, Mothercare, Levi Strauss & Co, Falcon, Chasin and Ted Baker

Initiatives

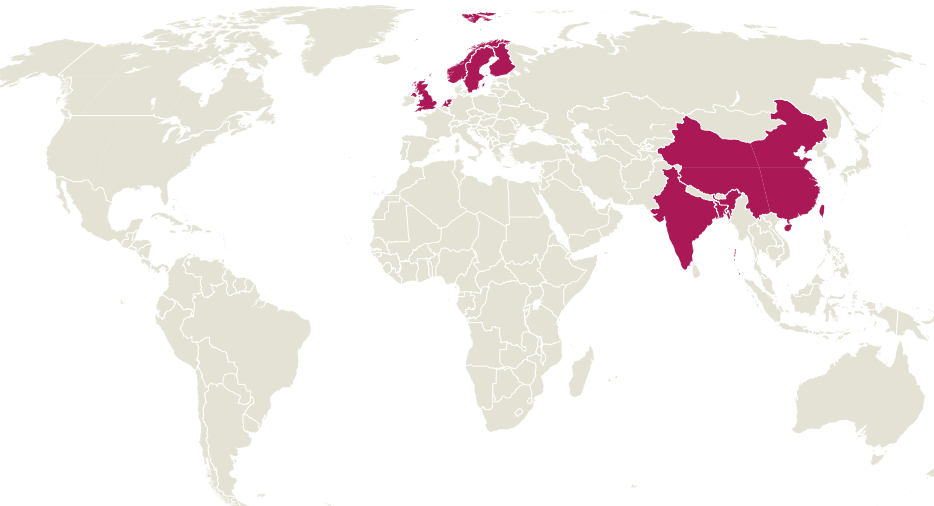
MADE-BY, SAC, Business Social Compliance Initiative (BSCI)



In Bangladesh the wet processing programme ‘Partnership for Cleaner Textiles’, which is in its first year of operation, is among other things, helping to save water.

Photo: Marieke Weerdesteijn

Solidaridad’s textiles network

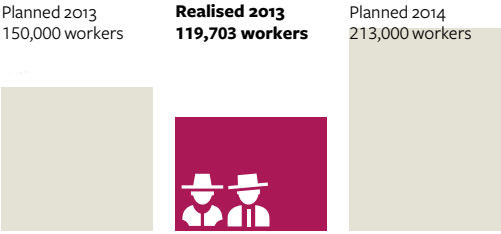


Bangladesh, China, India, the Netherlands, Scandinavia, United Kingdom

Budgets and actual figures for textiles



Improvement projects affect (number of) workers



Total number of factories supported



Total number of brands/retailers engaged in a supply chain programme





REACHING OUT TO NEW MINERS

Due to major changes in the certification standard for small-scale mining, uptake of responsible gold stalled temporarily in 2013. However, with rising demand and successes with mining communities in Peru and Ghana, Solidaridad secured funding for expanding to eight new small-scale gold mining communities in those countries, and began a new project in Argentina.

PROGRAMME SETTING

Early in 2013, the Alliance for Responsible Mining (ARM) and Fairtrade International (FLO) ended their partnership to jointly certify artisanal and small-scale mines. As a result, they independently issued new standards at the end of the year.

Solidaridad contributed to updates for all three standards available for third-party certification of gold mining – Fairmined, Fairtrade and Responsible Jewellery Council. Stronger criteria and more flexibility for buyers are expected to increase demand.

As gold certification systems multiply and evolve, Solidaridad's work at mines will be largely unaffected. This is because Solidaridad's objective is to enable miners to improve their practices and livelihoods. Certification can be a useful tool; however it is not the final goal. Miners still need training to legalise and to improve their environmental and social practices to achieve certification. They also need access to markets at fair prices.

RESULTS

In 2013 Solidaridad expanded its work through four new projects. In Peru, we received a four-year grant from the European Union to enable new artisanal and small-scale mining (ASM) communities to achieve certification, while working with local governments to support a responsible ASM sector. Also in Peru, Solidaridad received funding to extend its work in the Madre de Dios region of the Amazon basin for two more years. A new grant will enable Solidaridad to add two new industrial mines to its pilot project for Responsible Jewellery Council certification. The mines that join will also commit to supporting nearby small-scale miners towards better practices. Finally, in the Jujuy region of northern Argentina, Solidaridad will support the ASM miners of EcoAndina, who use no toxic chemicals, to achieve eco-premium certification. Work in Colombia is on hold pending further review due to the increased involvement of illegal armed groups in gold mining.

To raise awareness of the harsh conditions in the mining sector, Solidaridad and the European Youth Olympic games joined forces to award the first-ever 'good gold' medals during the competition in 2013. The medals contained a drop of pure Fairtrade gold from certified miners in Solidaridad's programme in Peru. Three-time Olympic gold medal winner Pieter van den Hoogenband, a Dutch swimmer, presented the medals. He served as Solidaridad's ambassador to advocate for all future Olympic gold medals to be made from certi-

fied gold mined under the best conditions. These medals would then represent the highest standards for the ultimate achievement in sport.

IMPACT

In 2013 Solidaridad commissioned an independent evaluation of the design and pilot phases (2009-2013) of its Gold Programme. During this time, the programme's primary funding partner was the Adessium Foundation. The results were positive, confirming the value of Solidaridad's strategy of working across the supply chain from mines to retail. Local partners in the Global South and standards bodies, such as Fairtrade International and the Responsible Jewellery Council, clearly appreciate this approach. However, there is a need to more clearly communicate Solidaridad's strategy, targets and impacts as new initiatives are taken up in the sector. A new website will be launched in 2014 to present the programme in more depth and to explain its impact to date.

MARKET PARTNERSHIPS

In 2013 Solidaridad worked behind the scenes with major buyers of gold in European markets. Leading international jewellery brands are planning to cooperate with Solidaridad and will announce new commitments in 2014. These include sourcing targets from certified mines in the Gold Programme as well as investments in better practices in mining communities. In addition, Solidaridad continued partnerships with Dutch jewellery designer Bibi van der Velden and Steltman Jewellers.

CHALLENGES AHEAD

So far, certified gold from ASM mines amounts to only 400 kilograms annually and the mining companies that are members of RJC represent 3 percent of global annual production of gold. Given rising demand for responsible gold, Solidaridad will work with buyers to encourage mine owners and refiners to commit to cleaner, transparent practices.

Market partners

Steltman Jewellers, Bibi van der Velden

Donors

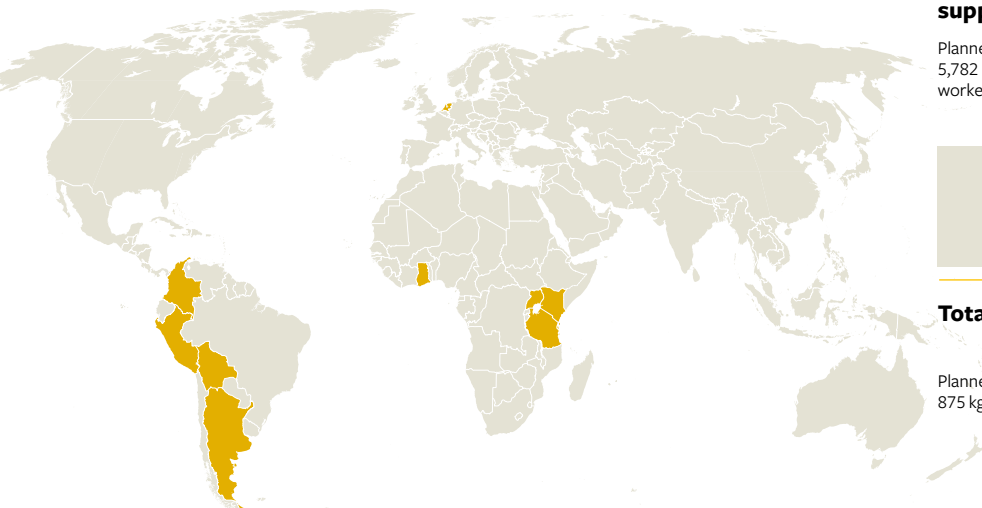
European Union, Dutch National Postcode Lottery, Humanity United, Adessium Foundation, Comic Relief



James Blamefull, aged 41, Malibu mine, Ghana: ‘As a result of attending training courses I now have a new job. I’m responsible for ensuring that everyone in and around our mine observes safety rules such as wearing protective clothing. I’m proud to be able to do something to make our work safer.’

Photo: Annemarieke van den Broek

Solidaridad’s gold network



Argentina, Bolivia, Colombia, Peru, Ghana, Kenya, the Netherlands, Tanzania, Uganda

Total number of miners and workers supported

Planned 2013 5,782 miners/ workers	Realised 2013 5,420 miners/ workers	Planned 2014 5,347 miners/ workers
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Total volume produced (kg)

Planned 2013 875 kg	Realised 2013 1,286 kg	Planned 2014 1,700 kg
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Budgets and actual figures for gold

Actual 2012 €332,000	Budget 2013 €682,000	Actual 2013 €1,005,000	Budget 2014 €932,000
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Refiners and jewellery brands engaged

Planned 2013 20	Realised 2013 23	Planned 2014 25
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POSITIVE IMPACTS OF RESPONSIBLE SOY

Responsible soy production is delivering positive economic, social and environmental impacts worldwide. In India, an independent evaluation reported a 54% increase in productivity and substantial social and environmental benefits after just three years. Solidaridad encourages companies to get RTRS certification, but also focuses on working with producers, based on *their* interests.

PROGRAMME SETTING

The soy market is rapidly becoming a sellers market: the role of premium markets, such as the EU, with its additional sustainability requirements, is decreasing. Demand for RTRS soy is weak and not keeping up with the increased volume of certified production. Nevertheless, Solidaridad emphasises the added value of responsible production for farmers.

RESULTS

In South America – as manager of the IDH Soy Fast Track Fund – Solidaridad achieved huge increases in RTRS certified volume (270,000 tonnes produced by newly certified farmers). And 1.9 million tonnes are almost ready for certification. The disappointing level of demand for RTRS soy is a major challenge. In Bolivia Solidaridad organised the process of national RTRS interpretation, bringing together the most important stakeholders in the Bolivian soy chain.

An important milestone was reached in China, the largest importer and user of soy globally. Sinograin, a large Chinese company – through cooperation with Solidaridad – got 25,000 hectares of soy under RTRS certification (to be formalized in 2014). And, in cooperation with Sinograin, 2,500 Chinese soy smallholders are being trained in good practices. Solidaridad China played a crucial role in organising the successful RT8 in Beijing in 2013, bringing together Chinese stakeholders with companies, producers and civil society organisations from other soy producing and buying countries. In India 75,000 farmers are now participating in improvement programmes.

The lessons from India and China will be used to further expand the soy programme in Mozambique, Malawi and Ghana, where there are farms of similar size and there is comparable scope for improving agricultural practices. A multi-annual cooperation was started in 2013 with the British retailer Marks & Spencer to support smallholder soy production in Paraguay.

IMPACT

The most important external evaluation in the past year was that of the soy programme in India (2009-2012) by MART. The main conclusions are that 30,000 participating farmers increased yields (on average) by 54%, the amount of fertiliser used was reduced by an average of 23%, and income from soy production doubled (admittedly increases in market prices played a role here). There are also considerable environmental and social benefits, including more farmers planting

trees on the edges of fields (from 33 to 81%), a huge decrease in crop residue burning (from 79 to 5% of farmers), and considerable increases in wages, plus equal compensation for men and women and a reduction in child labour from 53 to 17%.

MARKET PARTNERSHIPS

Solidaridad continues to seek cooperation with frontrunner companies. An important achievement was the signing of a three-year cooperation between Solidaridad and the British retailer Marks & Spencer. M&S has committed to contribute to a soy smallholder project in Paraguay, working with local cooperatives. In India partnerships with the largest Indian soy processor Ruchi Soya and the Pro Terra Foundation got underway.

CHALLENGES AHEAD

The low willingness of companies to pay for sustainability remains a major challenge. Solidaridad will continue to encourage working with RTRS, but will also increase cooperation with soy producers, stressing the added value of responsible production for farmers. A probable new focus will be increasing cooperation with governments on regional approaches and the use of soy as an efficient and cheap source of protein to improve food security.

Market partners

FrieslandCampina, ARLA Netherlands, Keurslagers, CONO Cheese, GEBANA, NASFAM / NASCOMEX (Malawi), Sinograin (China) and a large number of companies through the IDH Soy Fast Track Fund.

Donors

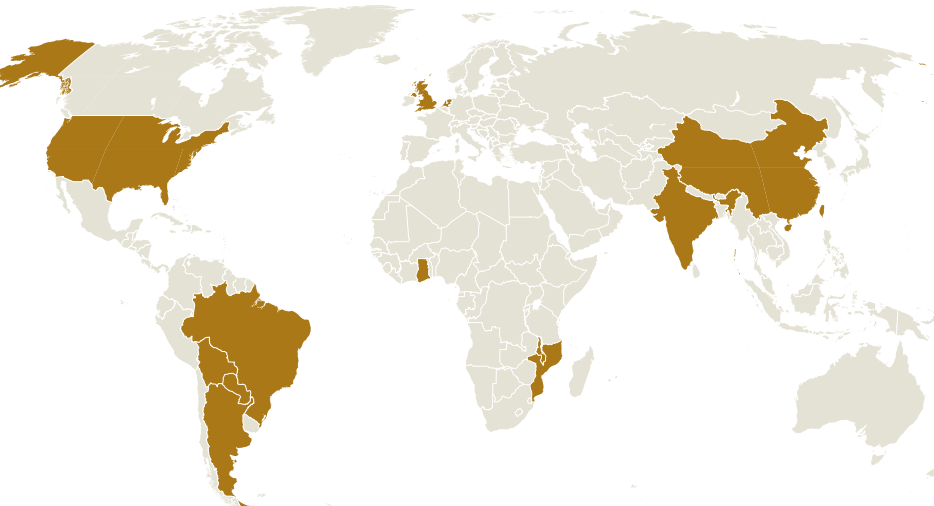
Dutch Ministry of Foreign Affairs (Farmer Support Programme), IDH Soy Fast Track Fund, Agentschap NL, NORAD, Moore Foundation, European Commission



Soy farming family Gopi from Madhya Pradesh, India. Gopi and his wife Kumari live in an extended family with his parents and two brothers and their families. He joined the soy programme and – with the additional income – he can now afford to pay for the education of his eldest daughter.

Photo: Siddharth Tripathy

Solidaridad's soy network

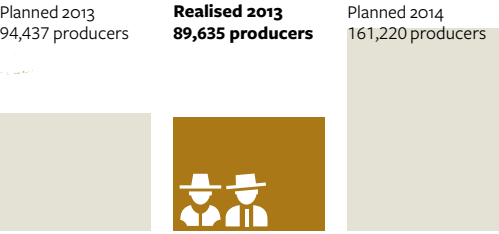


Argentina, Bolivia, Brazil, China, Ghana, India, Malawi, Mozambique, the Netherlands, Paraguay, United Kingdom, United States of America

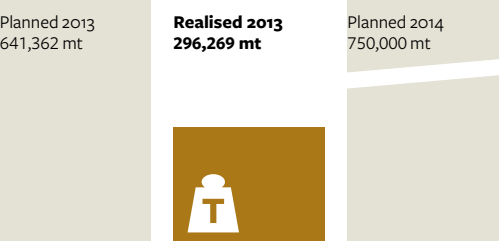
Budgets and actual figures for soy



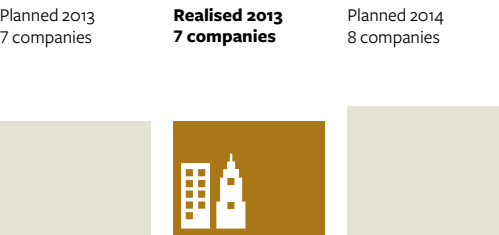
Total number of producers supported



Total volume of certified soy (metric tonnes)



Total number of companies engaged with Solidaridad





FREQUENT AND BETTER SMALLHOLDER SUPPORT

In Latin America's top five producer countries there is now sector-wide commitment to sustainable production. But not all producers see the business case for certification. In Africa, an incubator was designed to roll out a successful plantation restoration approach.

PROGRAMME SETTING

Palm oil is the main vegetable oil on the world market: 58 million tonnes were produced in 2013. Although the uptake of certified sustainable palm oil has been rapid (now 15%; 8 million tonnes), traditional market approaches involving certification and sourcing guidelines have limited additional impact, as 80% of the market is in Asia, where there are few certification requirements. In addition, at least 40% of the global palm oil area is managed by smallholders, who face serious constraints when it comes to certifying their production. In Latin America, with its long history of certification, RSPO is now virtually a license to operate. However, in Africa and Asia, the business case for certification is limited to niche players and global multinationals. For smaller producers, the palm oil programme applies a farmer-first approach.

RESULTS

A consortium of eight cooperative and corporate Honduran Palm Oil producers (PASH) comprises 80% of national production and all members have committed to RSPO certification between 2014 and 2016. In Guatemala, five mills – covering 30% of sector output – have joined forces to improve labour conditions. In Colombia, Indupalma has been audited against RSPO and fourteen additional companies have committed to certification. In Ecuador, Natural Habitats Group, which have certified their mill and all suppliers, are working with sector organisation Ancupa to extend good agricultural practices to hundreds of smallholders.

In Ghana, Solidaridad has established 30 sites, where best practice is demonstrated. Improved maintenance and harvesting techniques among smallholders have already delivered higher yields than commercial plantations. Solidaridad is helping middle-sized mills to improve efficiency and an incubator will further professionalise the sector.

In South East Asia innovative projects address the challenges presented by independent smallholders and labourers. Innovative approaches include working through a major credit union (Keling Kumang) in West Kalimantan and a local dealership in the Cargill supply chain in Malaysia. Verité is developing a labour assessment tool that will enable certification bodies and companies to improve the quality of their audits and the implementation of RSPO standards.

IMPACT

Evaluation of the 2009-2012 Palm Oil Producer Support Initiative revealed that relationships between mills and small-

holders improved, leading to more frequent and higher quality support as well as increased delivery of palm fruit bunches to mills. Improved plantation practices led to reduced fertiliser applications and fewer accidents. Certification of smallholders has enabled the sale of palm kernel meal certificates to Dutch dairy cooperative Cono Kaasmakers.

MARKET PARTNERSHIPS

The past year was the last of a three-year RSPO grant to Solidaridad, with support provided to projects in Honduras, Colombia, Ghana, Malaysia and Indonesia. From 2014 onwards, Solidaridad will participate in the RSPO Smallholder Support Fund, a permanent facility financed with RSPO certificate trade revenues. Solidaridad's palm oil programme was also financially supported by Johnson & Johnson, Henkel and Cono Kaasmakers.

CHALLENGES AHEAD

Although RSPO has been a major success in terms of membership, certified volumes and business model, it is unlikely that all palm oil producers will become certified under this scheme. So, to address the sustainability issues among domestic and Asian markets, other instruments need to be developed, such as improved productivity, efficiency and a local license to operate.

Donors

Cono Kaasmakers, Henkel, Johnson & Johnson, Roundtable on Sustainable Palm Oil, Netherlands Ministry of Foreign Affairs (DGIS-DDE), Royal Dutch Embassies in Accra and Bogotá.

Partners with match funding

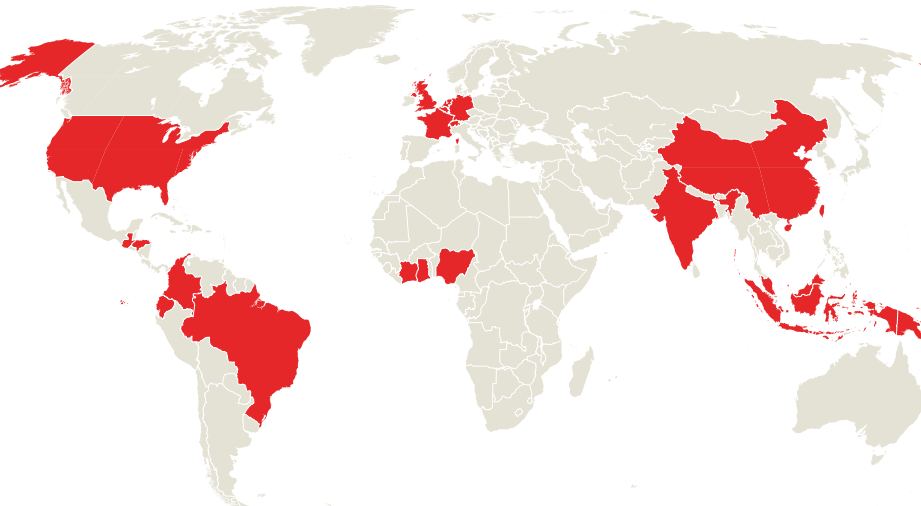
8 palm oil cooperatives and mills, WWF and SNV in Honduras; 5 plantation groups in Guatemala; 5 plantation groups in Colombia, Natural Habitats Group in Ecuador, ADM and Agropalma in Brazil, Unilever, TOPP and BOPP plantations in Ghana, Cargill, Nestlé and Wild Asia in Malaysia; Asian Agri, CUKK, Setara and Good Return in Indonesia and New Britain Palm Oil in Papua New Guinea.



Cleaning an oil palm plantation in Ghana. Solidaridad has established 30 sites, where best practice is demonstrated. Improved maintenance and harvesting techniques among smallholders have already delivered higher yields than on commercial plantations.

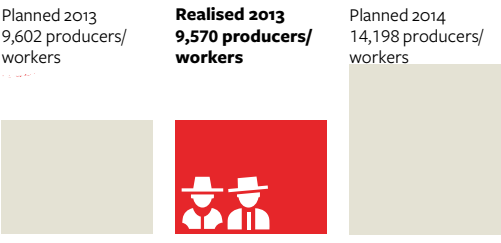
Photo: Jabulani Sithole

Solidaridad's palm oil network



Belgium, Brazil, China, Colombia, Ecuador, France, Germany, Ghana, Guatemala, Honduras, India, Indonesia, Ivory Coast, Malaysia, the Netherlands, Nigeria, Papua New Guinea, Switzerland, United Kingdom, United States of America

Total number of producers and workers supported



Total number of hectares under sustainable management



Budgets and actual figures for palm oil



Number of mills that implemented improved equipment and/or improved practices





TURNING A NEW LEAF

Against a background of falling sugar prices and increasing Bonsucro certification, Solidaridad, IFC and four milling companies in India have joined forces in the largest project for small-scale sugar-cane growers worldwide. This project supported more than 110,000 growers, while reducing water used for irrigation and increasing financial literacy. Major brands and regional governments are now keen to get involved.

PROGRAMME SETTING

The global price of sugar continued to decline in 2013 due to surplus production and the competitiveness of ethanol coming under pressure in Brazil. This presents financial challenges to millers and growers, discouraging investments in long-term business viability and sustainability. At the same time, leading food and beverage companies are increasingly committed to verified sustainable sources, such as Bonsucro-certified sugar and alcohol. Solidaridad helps growers and millers respond to these market and sustainability challenges.

RESULTS

The past year marked a transition for Solidaridad, with projects supported by the Schokland Fund coming to an end and those within the Farmer Support Programme starting up. Solidaridad reached out to more than 120,000 growers and workers worldwide, ranging from large-scale, well-established rain-fed growers in Brazil to first-generation irrigated cane growers in Swaziland, who are relatively new to growing cane.

A new feature is supporting improved labour conditions and reducing child labour in Mexico, in cooperation with the ILO-SIMAPRO programme. As in Bolivia, projects combine improving labour productivity and labour conditions, while reducing downtime due to accidents or labour unrest. In Brazil, 1,885 cane cutters were retrained to take up better jobs in mechanical harvesting or outside the industry.

Bonsucro is now connected to networks throughout the Americas, Southern Africa and India. Solidaridad also contributed to reviewing the Bonsucro standard. Solidaridad continued to invest in multi-stakeholder platforms for disseminating learning and experience and promoting dialogue about sustainable production in India, South America and Southern Africa. A well-received positive international campaign entitled 'How to change the world with sugar cane' is increasing awareness and creating engagement from stakeholders worldwide.

IMPACT

The programme was reviewed as part of the Schokland Fund final evaluation. Case studies on sugar-cane projects in Belize and Malawi confirmed double-digit productivity increases and effective adoption of better agricultural practices. The evaluation stressed the importance of strengthening grower organisations and the critical role of mills. Recommendations included better articulating the business case for investments

in sustainable production and focusing more on addressing root causes, which may lie outside the supply chain. An IOB evaluation of Dutch foreign policy in Latin America concluded that, 'thanks to the Solidaridad project with Argos Energies and UNICA, there is now enough Bonsucro-certified ethanol available to meet EU demand for the next few years'. The project that helped achieve this ended in 2013 (for further details, see the Solidaridad website).

MARKET PARTNERSHIPS

Solidaridad and Unilever entered into a formal partnership to work on the sustainability and certification of cane sugar production in Mexico and Central America. This was announced at a Solidaridad event in London entitled 'Let's turn a new leaf' and at the Bonsucro Summit in Mexico.

CHALLENGES AHEAD

Food and beverage companies are increasingly approaching Solidaridad to work on sensitive and often highly polarised issues, such as labour and land rights. Improving the situation on such issues is novel and it requires relationships of trust. Solidaridad invests in building such relationships and in careful learning-by-doing on a pilot scale, always taking shared interests as the starting point for its programmes.

Market partners

Unilever, Argos Energies, Mondelez, SAB Miller, International Finance Corporation, Raízen, and many other mill groups and grower companies worldwide.

Donors

Netherlands Ministry of Foreign Affairs (Farmer Support Programme), Global Sustainable Biomass Fund, Porticus.

HOW TO CHANGE THE WORLD WITH SUGARCANE

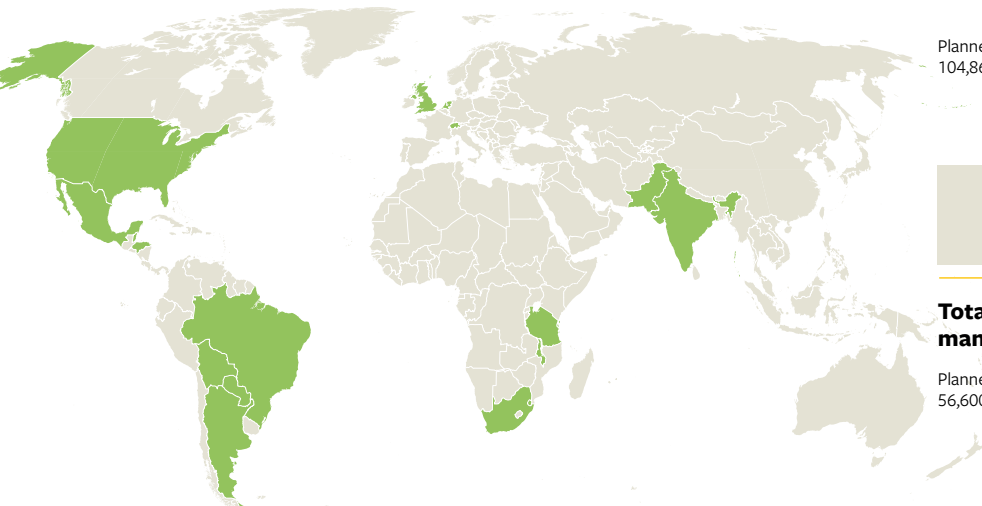
Solidaridad



Solidaridad has launched a new campaign: How to change the world with sugar cane. During the launch in London Solidaridad and Unilever announced a new partnership.

Photo: Charlotte Fielding

Solidaridad's sugar cane network



Argentina, Belize, Bolivia, Brazil, Honduras, India, Malawi, Mexico, the Netherlands, Pakistan, Paraguay, South Africa, Swaziland, Switzerland, Tanzania, United Kingdom, United States of America

Total number of producers supported

Planned 2013	Realised 2013	Planned 2014
104,867 producers	119,219 producers	179,975 producers



Total number of hectares under sustainable management

Planned 2013	Realised 2013	Planned 2014
56,600 ha	91,175 ha	298,276 ha



Budgets and actual figures for sugar cane

Actual 2012	Budget 2013	Actual 2013	Budget 2014
€977,000	€1,201,000	€1,373,000	€2,380,000



Total number of workers supported

Planned 2013	Realised 2013	Planned 2014
1,500 workers	1,640 workers	1,900 workers





LIVESTOCK BECOMES PART OF THE SOLUTION

In 2013 Solidaridad started a series of new projects that focus on livestock on three continents, covering beef and dairy production. Solidaridad is an active member of multi-stakeholder platforms which promote livestock as an efficient use of land and other resources. This is increasingly seen as part of the solution for sustainable development.

PROGRAMME SETTING

With a rapid increase in global demand for livestock products, the pressure on farmers to produce beef and dairy products in more efficient and sustainable ways is mounting. Cattle have often been seen as responsible for deforestation and related greenhouse gas emissions. But this doesn't need to be the case. In fact, proper pasture management plays a crucial role in maintaining productive land in several ecosystems. This is why fostering best practice and developing alternatives with committed partners is key to our new projects. Solidaridad is happy to contribute to working towards more sustainably produced animal proteins.

RESULTS

Through its Farmers Support Programme (FSP), Solidaridad now has eight livestock projects in Africa, Asia and Latin America, working with around six thousand farming families, targeting close to a million hectares. FSP projects focus on best practices as well as local and/or international market development.

Besides the FSP projects, a major dairy development project started as part of a food security programme in Bangladesh, targeting 15,000 farmers. Work on dairy immediately drew attention from major industry players in the sector and Solidaridad started to engage with the Dairy Sustainability Framework.

As a founding member of the Global Roundtable for Sustainable Beef (GRSB), Solidaridad continued to cooperate on developing its governance structure as well as its 'Principles and Criteria' for defining global sustainable beef. These are expected to be ratified in the second half of 2014.

In Brazil a first version of the Rural Horizons tool for Livestock (meat production) has been developed and tested in the field together with regional farmers association Acioeste. The results of the self-assessment led to the design of three pilot farms, which will take shape in 2014. Also in Brazil, Solidaridad partnered with the International Institute for Sustainability and the Instituto Centro de Vida in a project that encourages pasture intensification and land use mapping in order to increase productivity and thus reduce pressure on forests.

In efforts to develop international markets, cooperation with retailer COOP Denmark and importer Zandbergen World's Finest Meats in the Netherlands continues to be fruitful.

IMPACT

The livestock programme is just gearing up and it is too early to expect measurable impacts. Solidaridad is a welcome partner in many countries. Its solution-oriented approach and presence in Roundtables facilitates access to a broad network of value chain actors worldwide.

Renewed attention to optimal land use as the basis for sustainable food, fibre and fuel production bring sectors together. Integrating livestock, agriculture and forestry – alongside spatial planning – brings us closer to a new land-scaping approach.

PARTNERSHIPS WITH GLOBAL COMPANIES

COOP Denmark's Savannah Fund and Solidaridad's Farmer Support Programme jointly invest in improving beef production among communal livestock farmers in Namibia. COOP Denmark imports beef from MeatCo in Namibia under its Savannah brand of quality products from Africa. Part of the turnover is set aside for investments in sustainability and improving livelihoods.

CHALLENGES AHEAD

The livestock programme will continue to grow and, with ratified GRSB principles and criteria for sustainable beef, Solidaridad and its partners will move on to translate these norms into concrete activities on the ground. Developing better produced beef product lines will take time and it will require careful market positioning. Furthermore Solidaridad will explore opportunities for strengthening its commitment to responsible dairy farming.

Non profit partners

Acioeste, Aliança da Terra, GTPS, ICV, IIS (Brazil), CIAT (Nicaragua), Savory Institute (South Africa) Rainforest Alliance (Uruguay), UNDP (Paraguay)

Market partners

Zandbergen World's Finest Meat (the Netherlands), COOP (Denmark), MeatCo (Namibia), Land Innovations Limited (Kenya)

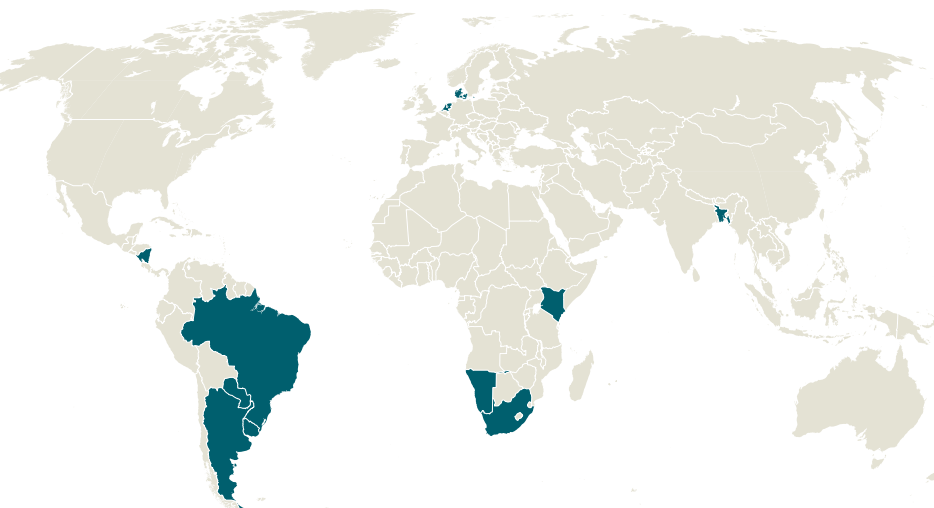
Donors

Dutch Ministry of Foreign Affairs (FSP & SaFal), NORAD, Moore Foundation, European Commission, Porticus Foundation.



Photo: Adriano Lupinacci

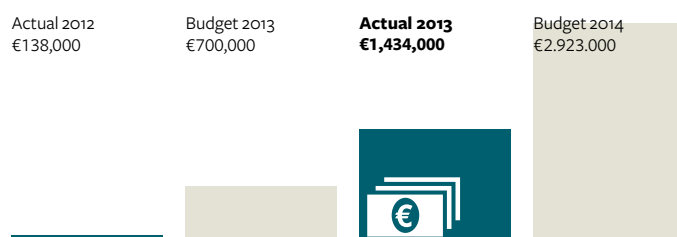
Solidaridad's livestock network



Argentina, Bangladesh, Brazil, Denmark, Kenya, Namibia, the Netherlands, Nicaragua, Paraguay, South Africa, Uruguay

... Proper pasture management plays a crucial role in maintaining productive land in several ecosystems. This is why fostering best practice and developing alternatives with committed partners is key to our new projects. ...

Budgets and actual figures for livestock





25,000 SHRIMP & FISH FARMERS FORM GROUPS

Despite the political crisis in 2013, the aquaculture team in Bangladesh worked with 25,000 fish and shrimp farmers to form producer groups. The Seafood Trade and Intelligence Portal team collected data from over 40 fish processing factories in Bangladesh and Myanmar and expanded its partners to include EU and US seafood businesses.

PROGRAMME SETTING

With ongoing disease problems in shrimp production, it was a good year for those who managed to keep their farms disease-free. For shrimp buyers worldwide, however, competition was fierce, especially for buyers in the EU and US, who face increasing competition from emerging markets, combined with ever more stringent market requirements at home. One of Solidaridad's private-sector partners went bankrupt in 2013, and recently another was on the brink of bankruptcy, which reflects the continuing challenges in the sector.

RESULTS

In 2013, Solidaridad kicked off its aquaculture programme in Bangladesh with the selection of a significant number of fish and shrimp farmers. The programme, which is part of the Sustainable Agriculture, Food security And Linkages programme (SAFAL), will focus on product-market combinations that will allow farmers to establish better farming practices to increase their income while safeguarding the environment. About half of the producer groups are composed of extensive monoculture shrimp farmers; the other half have freshwater polyculture farms. The business cases involve local private sector players, such as premium retailers, as well as international shrimp buyers.

A small number of large-scale semi-extensive shrimp farmers will be assisted with the implementation of an international sustainability standard. An integrated supply chain model focusing on at least one of these farms will forge collaboration with small-scale farmers in the same geographical area, ensuring both access to high-quality inputs and markets for the sale of produce.

With China turning into a net importer of farmed seafood – while still producing over 60% of all aquaculture produce worldwide – the competition for raw materials has reached another high. The Seafood Trade and Intelligence Portal (STIP), which expects to expand its peer-group membership base to the USA in 2014, has revealed key supply-chain and factory information relating to over 40 EU certified seafood processors in Bangladesh and Myanmar. This will allow international seafood buyers to efficiently secure supply from the best companies and meet market demand. The official launch of the STIP is expected in May 2014.

PARTNERSHIPS

In 2013, the Seafood Trade Intelligence Portal peer group was composed of the following members: RutgerKooij Zeevis-

handel, Amacore, Esro Seafood, Den Heijer, Heiploeg and WAB Trading GmbH. A memorandum of understanding was signed with the Bangladesh Frozen Food Exporters Association. The scoping work and STIP data collection in Myanmar was facilitated by the Myanmar Fisheries Federation.

The SAFAL programme is funded by the Dutch Embassy in Bangladesh, while leading international social-economic research institute LEI Wageningen UR, is a valuable partner in the programme.

CHALLENGES AHEAD

The volatility of the sector constrains the introduction of sustainable practices. Moreover, the implementation of leading sustainability standards will be difficult in view of the diversity of production systems worldwide. Solidaridad seeks to build alliances with producers, buyers and certifiers in order to find tailored solutions that pay off – both for producers and for market players. Starting in Bangladesh, Solidaridad will work with a leading Dutch retail company to connect small-scale shrimp farmers to European retail chains.

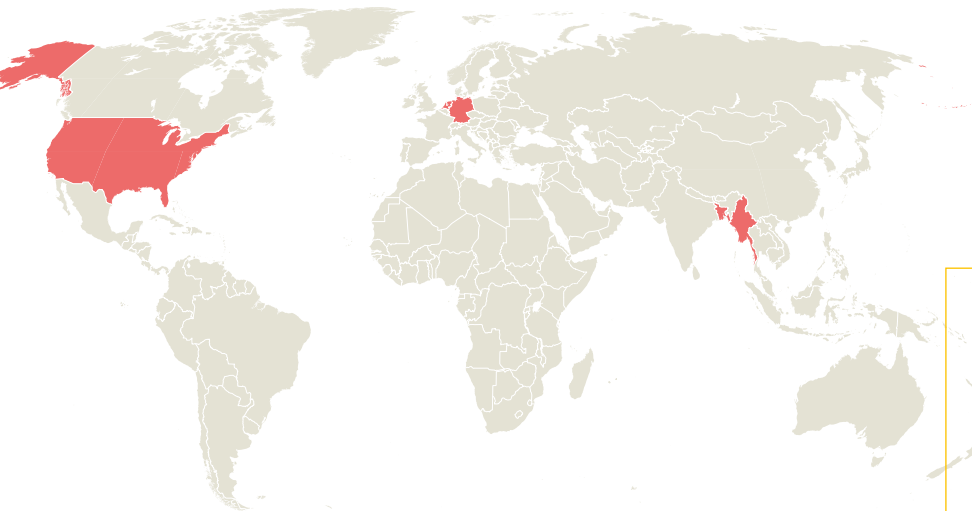
In 2014, Solidaridad's aquaculture programme expects to move into new countries, building on scoping work with LEI-Wageningen UR in Myanmar and opportunities for the STIP in Ecuador, Peru and Indonesia. New partnership opportunities with Asian, European and American businesses will lead to scoping work in the mangrove areas of south-west Bangladesh, Indonesia, China and West-Africa.



In 2013, Solidaridad launched its aquaculture programme in Bangladesh with the selection of a significant number of fish and shrimp farmers. Solidaridad seeks to build alliances with producers, buyers and certifiers in order to find solutions that pay off – both for producers and for market players.

Photo: Marnix Poelman / Wageningen UR

Solidaridad's aquaculture network



Bangladesh, Germany, Myanmar, the Netherlands, United States of America

... Solidaridad seeks to build alliances with producers, buyers and certifiers in order to find tailored solutions that pay off – both for producers and for market players. ...

Budgets and actual figures for aquaculture

Actual 2012
0

Budget 2013
€969,000

**Actual 2013
€334,000**

Budget 2014
€1,825,000



THE SOLIDARIDAD NETWORK IN TEN REGIONS

Photo: Annemarieke van den Broek



INNOVATION WITH SUSTAINABLE COMMODITIES

Farmers feel ‘triggers’ that drive them to continually improve their practice: input and labour scarcity; rising demand for risk-free, certified and legally compliant supply sources; robust forestry laws; and the need to design sustainable landscapes. Solidaridad South America aims to deliver innovative solutions which make this kind of change happen.

EXTERNAL DEVELOPMENTS

Legal compliance helps make the transformation to sustainable agriculture. Traditional premium markets, whether in the EU, USA or Japan – with their voluntary standards – are gradually losing out to home markets and to Asia. Working with large brands, local businesses, communities, civil society and governments are creating low-risk, legally compliant farming landscapes.

MAIN ACHIEVEMENTS AND PARTNERSHIPS

Major programmes include encouraging and helping 120 miners and 2270 families who are farming 690,000 hectares to implement voluntary sustainability standards. The main partners are Unilever, Rainforest Alliance (tea), Agropalma, RSPO (palm), Bonsucro, Shell/Cosan (sugar cane), Anapo, Los Grobo, INTA, Fapcen, Syngenta, DAP, RTRS, IDH, and SALSA partners (soy).

Rural Horizons is an expert system that supports continual improvement in a ‘race to the top’ approach. It involves hundreds of beef, sugar-cane, soy and cotton farmers who farm more than 70,000 hectares.

Together with Norad, Moore, IDH, and FSP as donors, and ICV, Moises Bertoni, UNDP, ProYungas as partners, sustainable landscaping has begun in the Amazon, Atlantic Rainforest and Chaco regions. Integrated on/off-farm incentives provide metric data for regional multi-stakeholder dialogues.

Solidaridad South America provides the following services to the Solidaridad Network: RBM training, IPC livestock support, and FSP/FSLA governance and administration.

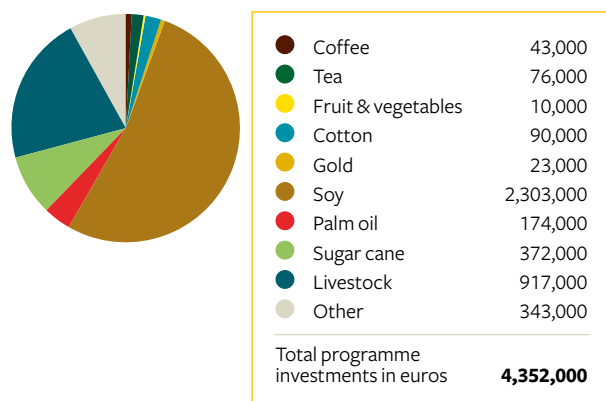
NETWORK STRATEGY

Rural Horizons addresses farmers’ needs in sustainability, certification and legal compliance. Spearheaded by smart land use and food security, missions took place to Colombia, Mozambique and Ghana in 2013. In return, valuable input was received from the Network on commodities, strategic relations, systemic development and communication. As conditions vary considerably in different regions, expertise clearly needs to be tailored.

ORGANISATIONAL DEVELOPMENT

With financial growth of 40%, the regional staff grew from 9 to 19 people, and from one to three legal entities, with country leaders based in Argentina, Brazil and Paraguay. Through participation in Roundtables, think tanks, sectoral institutions, standard setting bodies, producer associations and communication groups knowledge is transferred to the Network and transformed into valuable market intelligence, which helps to build the Solidaridad ‘brand’.

A Xavante leader managing his genetically enhanced herd in the Amazon.



solidaridadnetwork.org/southamerica

Investments by Solidaridad South America in euros

	Actual 2012	Budget 2013	Actual 2013	Budget 2014
€	2,772,000	1,594,000	4,352,000	3,825,000

Personnel at Solidaridad South America in FTEs

	2010	2011	2012	2013
Personnel	4	8	13.5	19

SCALING UP E-LEARNING FOR COFFEE FARMERS

The scaling up of training programmes designed by Solidaridad in Colombia has started. In the past year, 240 extension workers from eight export companies and 20 cooperatives participated in low-cost distance learning courses on sustainable coffee production. As a result, they are now able to more effectively reach 36,000 farmers.

EXTERNAL DEVELOPMENTS

Responsible gold production faces major challenges in the Andean region. The Peruvian government has, in effect, declared war on illegal gold mining. At the same time, growing demand for responsible gold in international markets exceeds current supply. Thousands of small-scale informal gold miners struggle to meet government formalisation criteria without missing out on these market opportunities.

MAIN ACHIEVEMENTS AND PARTNERSHIPS

Through partnerships with Agrobiz in Colombia and the Natural Habitats Group in Ecuador, 12,888 hectares of RSPO plantations are ready to be certified in Colombia, and in Ecuador, 93 smallholder oil-palm producers expect to receive RSPO certification. In Peru, 115 local coffee promoters played the role of 'live' demonstration centres for 1,076 producers, who subsequently rehabilitated 961 hectares by engaging in practices learned at the centres.

Miners organisations' effective management of legalisation procedures while moving towards formalisation and certification is crucial for developing a responsible gold supply chain in Peru. Over 1,500 miners received training in 66 workshops.

STRATEGY

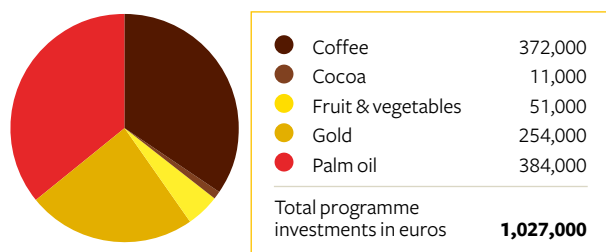
Solidaridad works on sustainable banana production in Northern Peru, supporting a platform that brings together the main stakeholders: 16 producer organisations, four government entities, three export companies, three trading companies and four NGOs. Within this framework it was

possible to attract US\$ 285,000 of funding from the provincial municipality to improve the banana processing infrastructure of two producer associations. Similarly, under the Colombian national coffee platform, a specialty coffee manual was produced with the support of the Antioquia Government, the National Federation of Coffee Growers, and five coffee grower cooperatives. Working at the sector platform level is part of Solidaridad's global strategy.

ORGANISATIONAL DEVELOPMENT

Solidaridad Andes opened an office in Colombia with seven full-time staff. This facility supports the technical secretariat for the Sustainable Trade Platform. A website was launched for this programme, presenting the main principles of the platform (www.comerciosostenible.org). The Results-Based Management approach was adopted for selected large projects.

Coffee farmers in Colombia working with new training materials.



Investments by Solidaridad Andes in euros

	Actual 2012	Budget 2013	Actual 2013	Budget 2014
	353,000	2,526,000	1,027,000	1,615,000

Personnel at Solidaridad Andes in FTEs

	2010	2011	2012	2013
	12	25	26	30

solidaridadnetwork.org/andes

BREAKTHROUGHS IN SUSTAINABLE PRACTICES

With the support of a national-technical committee, Honduras became the first country in the world to develop a national interpretation of the global principles and criteria of the Roundtable for Sustainable Palm Oil (RSPO), using the guideline for countries producing less than 5% of total global palm oil production.

EXTERNAL DEVELOPMENTS

Despite challenging market and climatic conditions in 2013, there was a clear shift towards social and environmental sustainability initiatives. Producers of all sizes – growing palm oil, sugar cane, livestock, coffee – worked on strengthening their sustainable supply chains.

MAIN ACHIEVEMENTS AND PARTNERSHIPS

Solidaridad-led innovations in strategic alliances, co-financing models, climate-smart agriculture and tool development have accelerated this shift in Central America and Mexico. Solidaridad Central America strengthened strategic partnerships with WWF, SNV and ILO, made a financial agreement with Henkel and signed an MOU with Unilever. Solidaridad is emerging as a regional leader that is able to scale up pilot projects into sector-wide interventions with the potential to transform entire industries and supply chains. In 2013 sector-wide palm oil projects were launched in Honduras and Guatemala, pilot projects in sugar cane and livestock in Mexico and Nicaragua, while the innovative Back (Bringing Agriculture, Carbon and Knowledge) to REDD project in Chiapas, Mexico helped create resilience for coffee farmers in the region.

All projects approved and launched in 2013 involved a range of actors, complex relationships, and urgent interventions that focus on sustainable social and environmental practices. Major achievements included developing the RSPO National Interpretation for Honduras, a Proforest-led process that involved public consultations with the private sector, government and civil society.

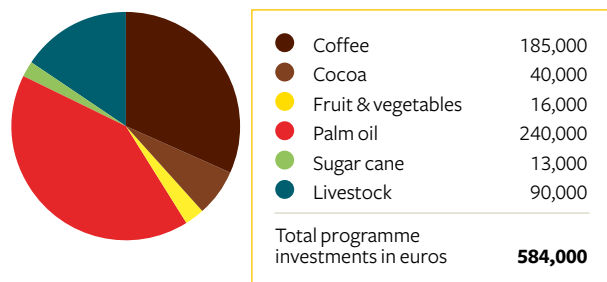
STRATEGY

The commodities that are grown in region are vitally important for national economies and their impact on society, the environment and food security. All projects involve sustainable use of land and water, and labour and social issues are also increasingly important. Synergies and operational efficiencies with other regions are being sought.

ORGANISATIONAL DEVELOPMENT

Solidaridad Central America focused on monitoring and evaluation, knowledge management, and ensuring sufficient quality management capacity in order to strengthen project outcomes and increase the potential for their replication. Interregional cooperation includes network experience in palm oil, sugar cane, coffee, cocoa, livestock and gold. New staff with external communication capabilities will be available in 2014.

This former cattle farmer now grows palm oil. His income has increased and he owns shares in a palm oil mill, refinery and bio-energy plant.



Investments by Solidaridad Central America in euros

	Actual 2012	Budget 2013	Actual 2013	Budget 2014
€	221,000	1,506,000	584,000	1,527,000

Personnel at Solidaridad Central America in FTEs

	2010	2011	2012	2013
Personnel	–	7.2	10.2	7

MOVING BEYOND CERTIFICATION

There were many achievements across the region, but the highlight was €7 million of major funding from the Dutch Embassy in Accra to implement the Cocoa Rehabilitation and Intensification Programme (CORIP). This programme makes it possible to move beyond certification towards intensification in the cocoa sector of Ghana, thus ensuring long-term sustainability.

EXTERNAL DEVELOPMENTS

Solidaridad West Africa received greater commitment from governments and other stakeholders to develop sustainable commodity chains. Such platforms and opportunities were used to deepen existing relationships, influence policy, initiate institutional reforms and implement sustainability projects. However, the fall in the world market price of gold resulted in periodic shutdowns by mines, impeding progress towards meeting sustainable targets.

MAIN ACHIEVEMENTS AND PARTNERSHIPS

In 2013, the cocoa programme up-scaled its sustainability projects and engaged in activities beyond certification, together with private companies. Key partners include companies and government agencies such as Noble Resources, ECOM/Mars, Armajaro, Cargill, Touton, the Ivorian Conseil du Café Cacao and the Ghana Cocoa Board. In the oil palm programme, Solidaridad partnered with the International Plant Nutrition Institute, Proforest Initiative and Oil Palm Research Institute to establish thirty best management practice plots. Together with the RSPO a road show and the first RSPO Lead Auditor Training Course were organised. Funding was received from the Farmer Support Programme (FSP) for a cotton project in Senegal. Other partners in the cotton programme include APROCA, Compagnie Malienne pour le Développement des Textiles and SODEFITEX. A five-year sustainable maize project funded by the Netherlands Ministry of Foreign Affairs was also secured with Yara and Wenco as partners.

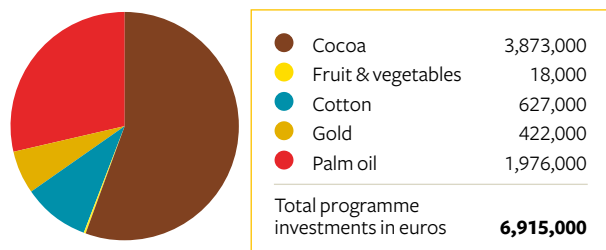
STRATEGY

In 2013 Solidaridad West Africa deepened its sustainability initiatives by building strategic partnerships as well as through learning and innovation. Improving productivity, making service delivery more efficient, developing business cases, climate smart agriculture and focusing on food security issues and gender remain central to the strategy. There is also increased emphasis on accurate data and agro-economic analyses.

ORGANISATIONAL DEVELOPMENT

The Continental Board met twice in 2013 to discuss progress and plans. The number of staff grew by 15% (from 47 to 54) and the Côte d'Ivoire office finally acquired a certificate of registration. The budget increased from €6 million to €10 million. After a successful external audit of the QMS, the Ghana Office's ISO 9001:2008 scope was expanded to cover the gold and oil palm programmes.

Workers on a 'better managed' oil-palm plot in Ghana, demonstrating the use of weighing scales for standardisation.



Investments by Solidaridad West Africa in euros

	Actual 2012	Budget 2013	Actual 2013	Budget 2014
€	4,475,000	7,993,000	6,915,000	5,912,000

Personnel at Solidaridad West Africa in FTEs

	2010	2011	2012	2013
Personnel	22	32	47	54

solidaridadnetwork.org/westafrica

RAPID GROWTH AND EXPANDED OUTREACH

Solidaridad Southern Africa grew significantly in 2013 and now has an office in Mozambique. From four projects impacting 20,000 smallholders in 2012, it has extended its programme to reach 60,000 smallholders in 2013 and plans to reach 90,000. It now works with seven agricultural commodities and its smallholder' self-assessment tool improves yields and quality.

EXTERNAL DEVELOPMENTS

The region suffers from political and economic instability and corruption is rife, while many food-insecure countries are classified as Least Developed Countries, with support coming from traditional funding sources in OECD countries as well as global funding organisations. Standards are becoming more relevant and Aid-for-Trade applies to middle-income countries in the region.

MAIN ACHIEVEMENTS AND PARTNERSHIPS

In 2013 Solidaridad received more funding for farmer-led initiatives in horticulture, livestock and grains, legumes, cassava and soy, mainly for processing (including the farmer-led Mumbwa cotton gin in Zambia and mango processing in South Africa). Work has begun using a regionally designed self-assessment tool for smallholders to assist them in applying better agricultural practices. This work is supported by the Dutch Embassy and there is currently a significant partnership with the Sustainability Initiative of South Africa (SIZA) to use their internationally recognised ethical standard as the basis for a suite of tools cutting across various agricultural commodities. Solidaridad's greatest achievements remain its partnerships, which stretch across the private sector, farmers' organisations, other NGOs, governments and funding agencies. Retailers are joining programmes, notably through new partnerships involving Woolworths and Danish Co-op. BCI-verified cotton is produced through Farmer Support Programmes.

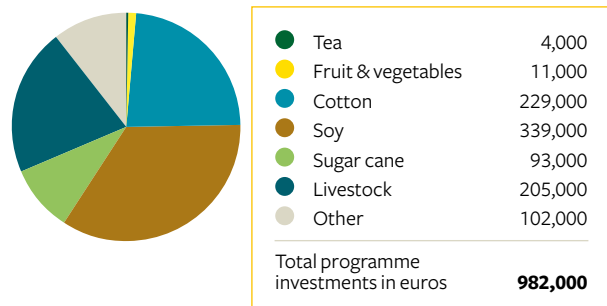
STRATEGY

Solidaridad aims to add value to smallholders' produce, for example by deriving more products from each crop (seed cake and fibres), mango processing, and targeting more affluent markets (e.g. large supermarkets such as Woolworths). The objective for gender equity is 30 to 36% in most sectors. Given the risk to agriculture in the region, climate change is a major concern, as is landscape management.

ORGANISATIONAL DEVELOPMENT

Solidaridad Southern Africa has a small permanent staff, who are responsible for monitoring and evaluation, financial systems and governance, plus it has technical experts throughout the region. A local office has been set up in Mozambique and similar representation is planned for Zambia and Malawi. Solidaridad communicates with key stakeholders through an annual conference.

Solidaridad received more funding for farmer-led initiatives including those involving livestock.



Investments by Solidaridad Southern Africa in euros

	Actual 2012	Budget 2013	Actual 2013	Budget 2014
€	542,000	966,000	982,000	1,811,000

Personnel at Solidaridad Southern Africa in FTEs

	2010	2011	2012	2013
Personnel	—	2	7	8.5

EMBRACING FARMER SUPPORT PROGRAMMES

Solidaridad is reaching 29,500 farmers through farmer support projects in East Africa. Cotton yields have increased by 44% and 25% of cotton farmers can now access loans and enhance food crop production in Uganda. The integration of management information systems (MIS) in sugar cane in Tanzania involved establishing resource centres where sugar-cane farmers can access information.

EXTERNAL DEVELOPMENTS

The weather was favourable for agriculture, leading to increased production of commodities and pasture, albeit at reduced prices, especially in the case of tea. Private coffee companies faced challenges in Kenya and Tanzania due to policy changes that interfered with coffee marketing. Extension of the African Growth and Opportunity Act initiative opened up economic opportunities for the region. The civil war in Sudan led to an influx of refugees in neighbouring countries, affecting their economies and leading to greater insecurity.

MAIN ACHIEVEMENTS AND PARTNERSHIPS

Solidaridad launched the Food security project FOSEK in Kenya and Ethiopia, targeting 120,000 farmers. A Better Cotton Initiative (BCI) was also initiated, reaching 6,000 farmers, increasing productivity by 44% and 25% of these farmers now receive financial support from Boresha SACCO in Kerio Valley Kenya. The signing of MOUs with rating agency SCOPEInsight for assessments of credit worthiness and bankability and with the Centre for Promotion of Imports from Developing Countries (CPI) – for export coaching of SMEs in Kenya – had considerable impact on the region in terms of finance, marketing and improved incomes.

STRATEGY

The strategy remains to support producer groups by improving the quality and quantity of products, while addressing social and environmental concerns. Training tools

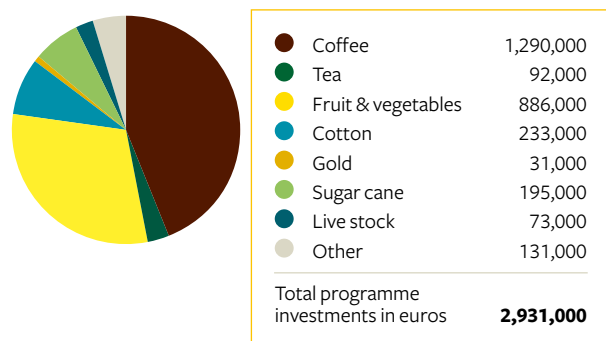
designed to enhance producer group management were improved. Financial access through established saving and credit cooperatives, the provision of seed capital and MIS enhanced sustainability. Through the Ethical Tea Partnership, a gender-mainstreaming handbook was written to help integrate women in tea production.

ORGANISATIONAL DEVELOPMENT

A Project Country Manager for Tanzania and an Office Assistant for Nairobi were engaged and programme managers participated in global commodity meetings. The staff members were trained on Quality Management Systems and Solidaridad maintained its ISO 9001:2008 certification. Solidaridad East and Central Africa hosted the Annual General Meetings of the Continental Supervisory Board. PME training on reporting methodology and recording key performance indicators was organised in Uganda for project and partner staff in the region.

Training designed to enhance the way producers organise was improved.

Photo: H.P. Alting von Geusau



Investments by Solidaridad East and Central Africa in euros

	Actual 2012	Budget 2013	Actual 2013	Budget 2014
	2,671,000	2,513,000	2,931,000	3,114,000

Personnel at Solidaridad East and Central Africa in FTEs

	2010	2011	2012	2013
	10	9	12	14

solidaridadnetwork.org/eastcentralafrica

WATER EFFICIENCY IN INDIAN AGRICULTURE

Solidaridad and Hindustan Unilever Foundation have jointly launched one of the largest water efficiency programmes in India (target: 0.4 to 1 trillion litres of water saved over three years through sustainable agriculture). This will affect the sugar-cane, cotton, soy and tea sectors across 38 districts of nine states in India (nearly 700,000 hectares).

EXTERNAL DEVELOPMENTS

By 2050 Asia's population is expected to reach 5.3 billion. Life-style changes have led to increased demand for land, feed-stock, fibre, bio-fuel and timber. Yet there is already a serious shortage of land, water and energy in the region. Solidaridad is developing an integrated sustainable land, water and energy use approach, together with leading businesses.

MAIN ACHIEVEMENTS AND PARTNERSHIPS

Solidaridad has started a water efficiency programme affecting 780,000 workers and smallholders in India in partnership with Hindustan Unilever Foundation (HUF), while in Bangladesh a sustainable dairy and aquaculture programme supporting food security for 200,000 people has been established in partnership with EKN, Dhaka. An innovative model has been created for the world's largest sugar programme in partnership with IFC, South Asia, four leading sugar companies and 200,000 smallholders. The sustainable soy programme emerged as the biggest in India, supporting 75,000 soy smallholders in three states. Solidaridad is implementing the Trustea programme that aims to transform the Indian tea market, together with IDH, HUL and Tata Global Beverages. An innovative fire and building safety programme for the textile sector and the launch of the US\$ 11 million Water PACT programme in Bangladesh will help 500 factories avoid accidents, save water and prevent pollution.

STRATEGY

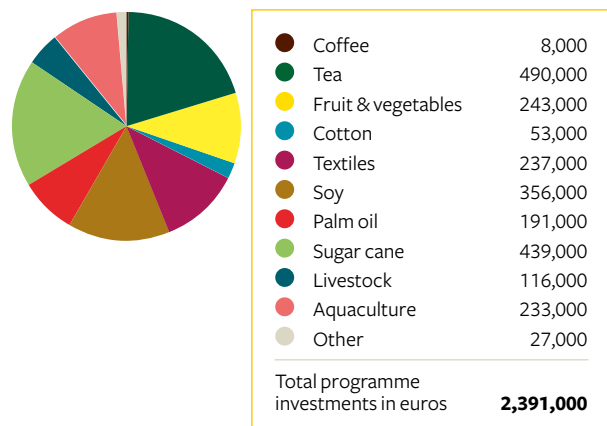
The region has leading producers and consumers of almost all the major agro-commodities Solidaridad is working with. The strategic focus is on transforming Asian producers as well as domestic markets through large-scale sustainable use of land, water and energy.

ORGANISATIONAL DEVELOPMENT

Staff numbers increased strongly between 2012 and 2013 and the number of offices has grown from 1 to 11, with 90 FTEs employed at year-end 2013. The regional office is registered in Hong Kong, with branches in India, Bangladesh, Vietnam and Indonesia. A manager and a regional programme coordinator manage each country and commodity programme, respectively. Quality management (based on ISO 9001-2008), PME, finance and administration have been strengthened.

Measuring rainfall. Solidaridad directly supports 779,000 Indian farmers.

Photo Jayaraj



solidaridadnetwork.org/ssea

Investments by Solidaridad South and Southeast Asia in euros

	Actual 2012	Budget 2013	Actual 2013	Budget 2014
€	544,000	3,284,000	2,391,000	8,388,000

Personnel at Solidaridad South and Southeast Asia in FTEs

	2010	2011	2012	2013
Personnel	9	11	19	89.2

DEVELOPING SUSTAINABLE BUSINESS CASES

The scarcity of business cases has long been a major obstacle to convincing stakeholders to make genuine investments in sustainability. In 2013 – thanks to intensive efforts designed to address their needs – a range of voluntary efforts were made by producer groups pursuing sustainability.

EXTERNAL DEVELOPMENTS

In 2013 international development funds for the world's second largest economy shrank further. In response to this challenge, Solidaridad China intensified its efforts in finding concrete solutions to value-chain sustainability challenges. As a result, there was steady growth, particularly in the soybean, cotton and textile programmes.

MAIN ACHIEVEMENTS AND PARTNERSHIPS

Ensuring food security in a sustainable way worldwide cannot be achieved without China – the top global importer of multiple commodities such as soybean and palm oil. In 2013, besides ongoing support to soybean farmers in China, Solidaridad China succeeded in building alliances with leading organisations such as TNC, WWF, the Chinese Soybean Industry Association and the Paulson Institute, to mobilize market demand for sustainable commodities in China. In May 2013, Solidaridad China co-organised the RTRS' 8th annual conference in Beijing, encouraging 240 global soybean actors to jointly explore strategies promoting sustainability and responsibility. In close collaboration with global leaders in the apparel industry such as H&M & C&A, Solidaridad China succeeded in expanding a small pilot project on cleaner production into a Better Mills Initiative (BMI) designed to eliminate the use of hazardous substances and to save millions of tons of water among 70 dyeing & printing mills.

STRATEGY

Besides offering hands-on support to producers, Solidaridad

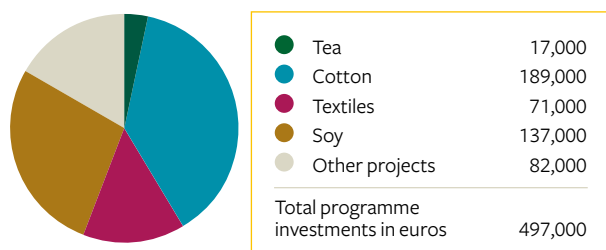
China has long adopted a holistic approach to promoting sustainability, i.e. setting up sector-wide stakeholder platforms to encourage local participation and ownership, leading to genuine commitment and long-lasting impact. In addition, the China team is actively exploring China's role in supporting producers worldwide.

ORGANISATIONAL DEVELOPMENT

Despite increasing challenges in terms of fund raising, Solidaridad China has grown steadily. In 2013 the team grew from 9 to 17 FTEs, with a stronger presence in the field. The financial management department was also strengthened, now with two full-time staff to ensure transparency and accountability. In addition, a full-time position focusing on market development was created to engage with business partners and to build stronger collaboration with Solidaridad regional centres in Latin America, Asia, and Africa.

Solidaridad supports Chinese smallholders, who constitute the backbone of the world's number one cotton industry.

Photo: Jos Kuklewski



Investments by Solidaridad China in euros

	Actual 2012	Budget 2013	Actual 2013	Budget 2014
€	287,000	610,000	497,000	1,043,000

Personnel at Solidaridad China in FTEs

	2010	2011	2012	2013
Personnel	4	9	9	17

solidaridadnetwork.org/china

HIGH-QUALITY BUSINESS PARTNERSHIPS

In 2013 Solidaridad the Netherlands effectively implemented an account management structure for 56 European companies and is currently discussing close strategic partnerships with seven of these companies. This move from a *quantitative* to a *qualitative* approach has already proved its value and ambitious targets have been set for the years ahead.

EXTERNAL DEVELOPMENTS

Recent trends clearly show that there is a growing commitment by companies to invest in good business practices and to improve the sustainability performance of their suppliers. However, despite such commitments, progress can be undermined. Until recently Solidaridad distinguished three types of companies: first movers, followers and laggards. Now there is a fourth category: underperformers – companies that do not live up to their commitments. An example of this was Dutch soy importers, who did not increase their uptake of RTRS certified soy within the agreed deadline. This not only demotivates producers; it also sends a wrong signal to the market. In such cases, the challenge for Solidaridad is to combine the role of a constructive partner with that of a – sometimes public – critic.

MAIN ACHIEVEMENTS AND PARTNERSHIPS

When it comes to partnerships, Solidaridad the Netherlands is moving from *quantity* to *quality*. In line with this approach, strategic partnerships are being developed with Unilever, Nestlé, Mars, Friesland Campina, H&M and M&S. These partnerships are designed to achieve a market transformation which is sustainable and relevant for producers and customers alike. The Dutch government, which is making a shift from aid to trade, recognizes Solidaridad's expertise in this field and is providing continued support for programmes around the world.

STRATEGY

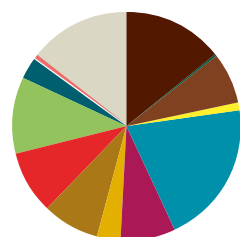
Solidaridad's traditional focus has been on developing and improving standards systems, and this is crucial for achieving sector change. Notwithstanding this commitment, Solidaridad sees the need for a critical debate on whether these systems effectively address the root causes of poverty and unsustainable production systems. As a learning organisation, Solidaridad will use this debate to improve its strategies.

ORGANISATIONAL DEVELOPMENT

The budget of Solidaridad the Netherlands was €18.9 million in 2013, representing 57% of the total Network budget. In terms of staffing, Solidaridad Utrecht has grown from 30.7 to 31.9 FTEs. The scope of this office has been broadened to accommodate new livestock and aquaculture programmes, and tackling food insecurity.

The *For the love of chocolate* exhibition in Amsterdam attracted 35,000 people and is now travelling to other locations.

Photo: Robert Aarts



Coffee	2,690,000
Tea	94,000
Cocoa	1,332,000
Fruit & vegetables	204,000
Cotton	3,821,000
Textiles	1,466,000
Gold	639,000
Soy	1,520,000
Palm oil	1,697,000
Sugar cane	2,042,000
Livestock	568,000
Aquaculture	94,000
Other	2,709,000

Total programme investments in euros **18,876,000**

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netherlands**

Investments by Solidaridad the Netherlands in euros



Actual 2012	Budget 2013	Actual 2013	Budget 2014
16,013,000	13,932,000	18,876,000	15,132,000

Personnel at Solidaridad the Netherlands in FTEs



2010	2011	2012	2013
20.3	27.1	30.7	31.9

BUILDING PARTNERSHIPS TO SUPPORT PRODUCERS

Solidaridad's newest regional office has already established promising relationships with companies, donor organisations and NGOs as it seeks to support sustainable market development for commodities produced around the world. Funding from U.S. donors is already supporting the design of soy and livestock projects in Argentina, as well as work with female cotton farmers in China.

EXTERNAL DEVELOPMENTS

In 2013 a number of North American companies – including General Mills, Pepsico, Safeway, Walmart and Coca-Cola – made ambitious commitments on sustainable sourcing and producer support, including several that relate to Solidaridad-supported commodities. Meanwhile, the California drought – the worst in 500 years – has brought national attention to the need to develop ecologically resilient supply chains.

MAIN ACHIEVEMENTS AND PARTNERSHIPS

Solidaridad North America developed a partnership with Walmart Foundation to support female cotton farmers in China, and Walmart Foundation has donated their first grant (worth US \$220,000) for capacity building among this group of farmers.

In 2013, Solidaridad became an official member of the Tropical Forest Alliance 2020, a public-private partnership of Consumer Goods Forum members, governments (including USA, Norway, UK and the Netherlands) and a large number of civil society organisations, working together to achieve zero net deforestation by 2020 for the soy, palm, livestock, and pulp and paper supply chains.

During the year, Solidaridad also built relationships with a number of other networks and civil society organisations, including the Aspen Network of Development Entrepreneurs, the Inter-American Development Bank, the Sustainable Agriculture and Food Systems Funders, the Rainforest Alliance, The Nature Conservancy, Columbia University's Earth Institute, and the Stanford Graduate School of Business.

STRATEGY

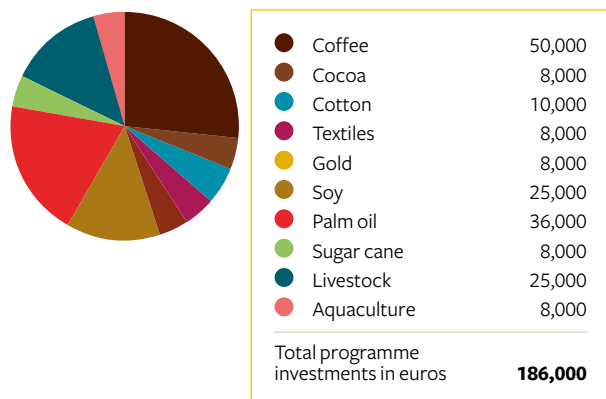
Solidaridad North America is working closely with global commodity teams to support market development efforts. In 2013 the Network's capacity to integrate smart and sustainable land use by building in-house knowledge and supporting relevant projects was developed. In addition, the REC is working on developing self-financing business models to scale up both reach and impact.

ORGANISATIONAL DEVELOPMENT

Solidaridad North America officially became a 501(c)(3) non-profit entity, convened its first board meeting in New York City, and increased its staff to three, with a new office on the East Coast. A communication strategy was developed and work started on creating marketing and communications materials tailored to North American audiences.

With the support of Walmart Foundation, Solidaridad is helping female cotton farmers in China to improve their livelihoods.

Photo: Jos Kuklewski



solidaridadnetwork.org/northamerica

Investments by Solidaridad North America in euros

	Actual 2012	Budget 2013	Actual 2013	Budget 2014
€	–	161,000	186,000	500,000

Personnel at Solidaridad North America in FTEs

	2010	2011	2012	2013
Personnel	–	–	–	3

SUPERVISION, MANAGEMENT AND ORGANISATION

Photo: Jos Kuklewski



FULL SUPERVISORY STRUCTURE IN PLACE

The Solidaridad Network aims to be an effective, influential, innovative learning organisation with a reputation as one of the best engaged in international development cooperation. This requires a wide range of checks and balances. In recent years a fully operational network supervisory structure has been put in place.

NETWORK STRUCTURE

Solidaridad Foundation, which was founded on 15 June 1976, is based in Utrecht in the Netherlands. Solidaridad gradually expanded to assume its current form, a network with ten local entities that are facilitated by a network secretariat in the same building as Solidaridad the Netherlands. In December 2013 Solidaridad Network formalised new statutes in accordance with the organisation's current circumstances.

The new structure is intended to ensure that Solidaridad Network is seen as a credible organisation, with a transparent, responsible, cost-effective system of supervision – one that affirms Solidaridad's vision, programme and working methods. It is based on the following fundamental principles: promoting alignment by means of global strategies for commodities; ensuring a high degree of autonomy for the regional expertise centres; maintaining a professional approach, which maximises the impact of Solidaridad programmes; and a shared vision and mission."

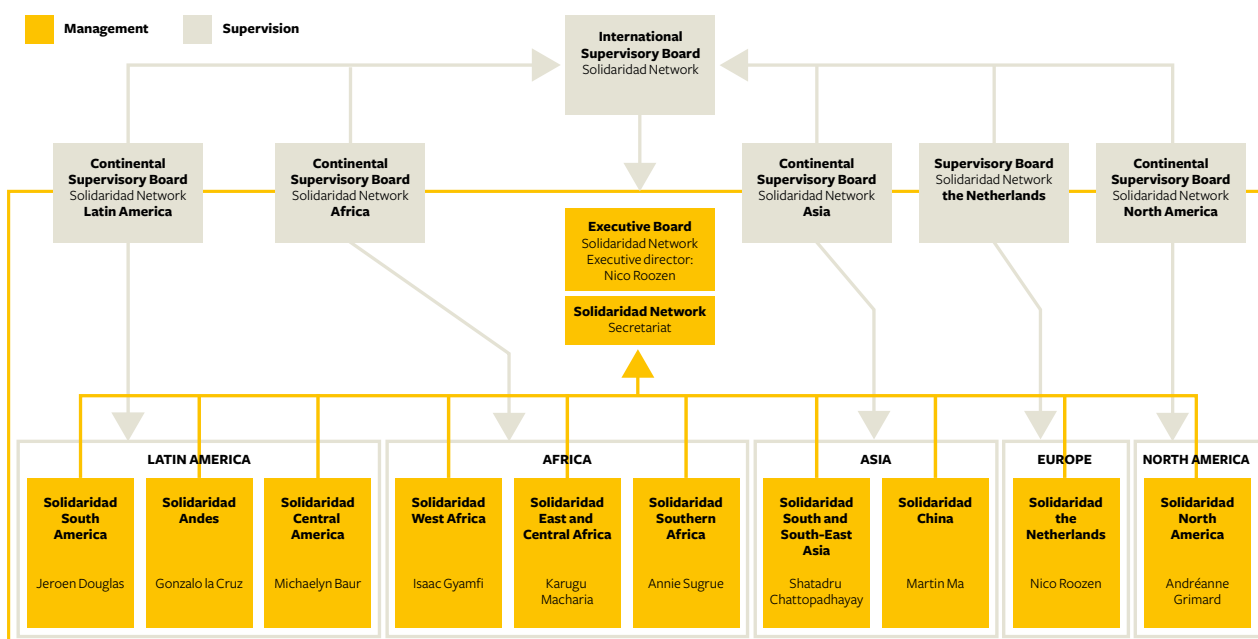
SUPERVISION

The International Supervisory Board (ISB) is the highest (international) level. The ISB monitors policies, the quality of programmes, financial control and the performance of the Executive Board of Directors. Five Continental Supervisory Boards (CSBs) monitor the regional programmes. The CSBs have each delegated one member to the International Supervisory Board, which will be established in 2014. Until then, the members of the Supervisory Board of Solidaridad the Netherlands also comprise the International Supervisory Board.

The ISB met four times in 2013. The most important topics discussed were:

- **Strategy:** approving the vision and mission of Solidaridad as well as discussing the strategy of the Dutch Ministry of Foreign Affairs, evaluating the meetings of the Board of Directors, which were held in April and October, and deciding on the annual plan for 2014.
- **Finance:** approving the annual financial report for 2012, discussing the interim figures for 2013 and approving the budget for 2014.
- **Management:** evaluating the performance of the Supervisory Board, Executive Director and Managing

Solidaridad Network



Director, ensuring that new statutes are in accordance with the statutes of the Solidaridad Network and approving a new international code of conduct.

- **Evaluation:** checking the 2012 annual report and discussing the sector programmes.

The International Supervisory Board evaluated its own operations during 2013. The conclusion of this evaluation was that the International Supervisory Board was suitable and effective – in line with developments in other similar organisations. The evaluation, which focused on four points, includes 46 questions, with the possibility to score “good” (4) “sufficient” (3), “moderate” (2) or “poor” (1). The average score was 3.4 (on a scale of 4).

MANAGEMENT

The global executive level is formed by the directors of the ten Solidaridad organisations that constitute the decision-making Executive Board of Directors (EBoD). The EBoD is the main policy-making body, providing policy coherence, consistency and relevance and it is also responsible for implementing policy. The chair of the EBoD is the Executive Director of Solidaridad Network. During 2013, Nico Roozen was the Executive Director of Solidaridad Network, and he was also the statutory director of Solidaridad the Netherlands. The Executive Director, who is employed by the Solidaridad Network Secretariat, is appointed by the International Supervisory Board.

REGIONAL EXECUTION

The ten Solidaridad organisations are responsible for coordinating global programmes, while regional management is the responsibility of the individual directors, who lead their regional offices and staff. The regional Solidaridad organisations, which are responsible for programme development, deliver consolidated policy and programme development. All regional organisations are affiliated to Solidaridad Network. This facilitates joint policy development, as well as hiring and firing of directors, and ensures that operations are financially sound.

REMUNERATION OF THE MANAGING DIRECTORS

The ISB reviews its salary policy periodically. The latest performance appraisal took place in January 2014. The Dutch Wijffels Code and the VFI's Guidelines for the remuneration of directors in philanthropic organisations (Adviesregeling Beloning Directeuren van Goede Doelen) were used as guidelines in this evaluation. The latter proposes a maximum salary norm, based on certain criteria. The Supervisory Board found the Executive Director's position had a BSD score of 460 points, for which the maximum full-time annual income is €124,233.

The actual annual income of the Executive Director in 2013 – before this evaluation – was €102,623 (17% below the maximum). The level and composition of this salary is explained in the following table.

Remuneration of the executive director	2013	2012
Employment contract	Indefinite period	Indefinite period
Hours	36	36
Percentage of full time	100	100
Period	All of 2013	All of 2012
Remuneration (in euros)		
Gross salary	87,739	82,469
End-of-year bonus	7,282	6,845
Holiday pay	7,602	7,145
	102,623	96,459
Employer social security contribution	8,314	8,216
Taxable allowances	–	–
Employer pension contribution	24,881	21,408
Other benefits	–	–
Payments at termination	–	–
Total	135,818	126,083

Solidaridad provided no loans, advances or guarantees to the Director. Two thirds of this amount (€90,545) is paid by Solidaridad the Netherlands and one third (€45,273) by the Solidaridad Network Secretariat.

The remuneration of the regional Managing Directors is disclosed in the annual reports of the local entities.

Remuneration of the Supervisory Board

In accordance with Solidaridad's statutes, the members of the International Supervisory Board receive no remuneration of any kind.

Long-term and annual planning

Each entity in the Solidaridad Network produces a four-year Multi Annual Strategic Plan, which shows how it translates its mission and vision into operational objectives. This plan is drawn up by management and approved by the International Supervisory Board. The annual plans extrapolate the multi-annual strategic plan into more specific objectives, desired results, activities and budgets.

Fund-raising (planning and costs)

Solidaridad Network not only finances projects in developing countries; it also invests in making Western markets more sustainable by influencing policy-makers and through research. Solidaridad Network strives to maintain a reasonable relationship between its operational costs and its total costs, keeping operational costs as low as possible without endangering the quality of its operations.

RISKS, CONTROL AND QUALITY

Trust comes first...

Above all, Solidaridad needs to maintain a trustworthy practice. While employees and partners work on the basis of reciprocal trust, management guards against individual abuses of this trust.

RISK MANAGEMENT

Assessing the risks and their consequences for our strategy is always on the agenda of the Executive Board of Directors. The following risks are considered to be crucial:

Reputational damage resulting from partnerships with companies. Solidaridad has internal guidelines for cooperation and communication with companies.

Illegitimate use of grant funds, leading to repayment obligations to donors. The budget is approved by the Managing Director and the separation of powers is appropriate. With large grants, the suitability of expenditure is investigated by an external auditor.

The economic climate and the willingness of private donors to donate. Solidaridad maintains quality marks and periodic external audits ensure compliance.

The unpredictability of government policies. Political decision-making – and available funding – are hard to predict, as are the political forces which affect partner companies.

CONTROL SYSTEMS

Solidaridad Network is committed to transparency and effective deployment of resources. To support this, an ERP system called PROMIS was implemented in 2012. This system contributes to sound management of funds and improved insight into the allocation of resources. PROMIS monitors the full use of funds and the progress of projects, thus forming the basis for assessing the proper operation of the internal risk management system and related internal controls.

Each Solidaridad entity has a financial controller whose task it is to oversee accounting and internal control, in addition to the departments that remain responsible for these activities. Knowledge is key to risk management. Where there is good insight into activities, policies can be adjusted accordingly.

Solidaridad Network seeks to achieve high quality in all aspects of its work. Local entities that have reached a certain size are required to certify under the ISO 9001:2008 norm. Solidaridad the Netherlands, Solidaridad West Africa and Solidaridad East and Central Africa have achieved such certification. Internal auditors and an external certificate issuing body regularly examine whether quality management systems meet international standards and whether any progress has been made in the previous period.

Based on the above, we believe that our internal risk management and control systems provide a reasonable assurance that the financial statements are free from incorrect data and that these systems have worked properly during the year reported on. We also have no indications that these systems will not work properly in the current year.

Audit of annual report and accounts

External reporting on all ten regional organisations takes place through publication of this annual report and accounts. These are verified by an auditor and accompanied by an auditor's opinion. The auditors discuss their findings with management and may also call the attention of the Continental Supervisory Board to any points that need to be addressed, or areas where improvements could be made.

STAFF, WAGES AND PERSONNEL POLICY

In 2012 Solidaridad Network employed 190 full-time staff (FTE). At the end of 2013, this figure was 276, an increase of 45%. Each local Solidaridad entity decides on its own salary policy, which describes all staff positions and the tasks and responsibilities that go with them. Positions at Solidaridad are typically weighted on the basis of characteristics such as knowledge and experience, independence, social skills and risks, responsibility and influence.

Solidaridad Network is a knowledge-intensive organisation that depends on well-qualified staff. Its staff must be involved, motivated, innovative and customer-oriented. This is why Solidaridad Network devotes a great deal of attention to recruitment and why there is ample opportunity and an adequate budget for career development.



The Directors of the ten Solidaridad organisations, who constitute the decision-making Executive Board of Directors.

Nico Roozen (chair)
Gonzalo la Cruz
Shatadru Chattopadhyay
Jeroen Douglas
Martin Ma
Karugu Macharia
Michaelyn Bachhuber Baur
Annie Sugrue
Andreanne Grimard
Isaac Gyamfi

FINANCIAL REPORT

Photo: Annemarieke van den Broek



ANALYSIS OF THE RESULTS OF SOLIDARIDAD NETWORK IN 2013

The total budget of Solidaridad Network in 2013 was €33.8 million, which is 25% above the total budget for 2012 (€26.9 million). The budget is expected to grow to at least €40 million in 2014.

Solidaridad organisations in the global south contributed 45% of the total budget (against 29% in 2012). Their contribution is expected to grow to more than 50% in 2014. This increasing contribution to growth by the regional expertise centres is a result of the combined effort of the Network to develop a global strategy for sustainable market development and to link markets in Europe and North America to commodity programmes in the south.

The table below shows contracted income for 2013 compared to 2012 and the budget for 2014 (per regional expertise centre).

BUDGET (in €1,000)	Actual 2012	Actual 2013	Budget 2014
Contracted income Solidaridad Andes	305	210	800
Contracted income by Solidaridad Central America	0	508	150
Contracted income by Solidaridad South America	3,207	2,352	3,100
Contracted income by Solidaridad East and Central Africa	956	1,855	1,800
Contracted income by Solidaridad West Africa	3,013	8,445	6,000
Contracted income by Solidaridad Southern Africa	0	66	1,000
Contracted income by Solidaridad South and South-East Asia	118	1,283	5,800
Contracted income by Solidaridad China	0	0	150
Contracted income by Solidaridad the Netherlands	19,048	18,473	19,375
Contracted income by Solidaridad North America	0	65	500
Financial gains and other income	292	541	0
Estimated income in the pipeline	0	0	3,325
Total income	26,938	33,800	42,000

Contracted funds – one of the indicators of growth in a regional programme – can be interpreted in conjunction with other indicators such as the programme investment ratio and the number of FTEs in order to obtain a full picture of the scale and activities of a regional programme. Regional expertise centres that specialise in fundraising, donor management and communication, such as Solidaridad the Netherlands and Solidaridad North America, are likely to have a high level of contracted funds and a low investment ratio. Likewise, a regional expertise centre that implements projects with its own permanent staff, will have a low contracted income, a high programme investment ratio and a high number of staff members.

The budget for 2014 is mainly based on signed donor contracts. The risk that this budget will not be achieved is limited to the extent to which donors may not meet their contractual obligations. It is expected that supplementary commitments by donors will be made during 2014 and that the budget will therefore be exceeded. Current growth in income is expected to continue as the long-term forecast below shows.

FORECAST (in €1,000)	Contracted 2014	Forecast 2015	Forecast 2016	Forecast 2017
Solidaridad Andes	800	1,000	1,500	2,000
Solidaridad Central America	150	300	750	1,000
Solidaridad South America	3,100	4,000	4,000	4,500
Solidaridad East and Central Africa	1,800	2,500	3,500	4,500
Solidaridad West Africa	6,000	9,000	10,000	11,000
Solidaridad Southern Africa	1,000	1,500	2,000	2,500
Solidaridad South and South-East Asia	5,800	8,500	9,000	12,000
Solidaridad China	150	200	250	500
Solidaridad the Netherlands	19,375	20,000	21,000	25,000
Solidaridad North America	500	2,000	4,000	6,000
Other	3325	1,000	1,000	1,000
Total forecast	42,000	50,000	57,000	70,000

FIGURES PER REGIONAL EXPERTISE CENTRE

In €1,000	Solidaridad Andes	Solidaridad Central America	Solidaridad South America	Solidaridad East and Central Africa	Solidaridad West Africa	Solidaridad Southern Africa	Solidaridad South and South-East Asia	Solidaridad China	Solidaridad the Netherlands*	Solidaridad North America	Solidaridad Network Secretariat
INCOME											
Project revenues from own fundraising	210	508	2,352	8,664	1,855	66	1,283	0	18,473	65	0
Overhead support from REC NL	42	194	0	0	160	176	0	0	0	104	670
Project revenues from other RECs	794	1,502	7,239	2,434	2,068	1,634	1,413	673	232	220	0
Other income from other RECs	0	100	0	0	0	0	0	0	0	0	0
Financial income (interest and foreign exchange gains)	0	0	0	9	0	2	0	0	385	0	3
Other income	107	0	-25	15	150	0	0	0	0	0	0
Total income	1,046	2,304	9,566	11,122	4,234	1,879	2,697	673	19,091	389	673
EXPENDITURE											
Project expenses – own project expenses	497	584	4,352	6,040	2,836	982	1,805	294	4,477	53	0
Project expenses – to other RECs	0	0	5,976	83	0	0	110	0	12,346	40	0
Total personnel costs	367	172	476	895	213	202	553	230	2,328	158	303
Other (office) expenses	210	155	108	168	166	154	306	105	1,399	119	296
Other expenditure regarding other RECs	0	0	0	0	0	0	0	11	0	0	0
Financial expenses (interest and foreign exchange losses)	53	0	0	525	0	7	0	4	0	0	0
Total expenditure	1,127	911	10,912	7,185	3,215	1,344	2,775	639	20,550	370	599
RESULT	-81	1,393	-1,346	3,937	1,019	535	-78	34	-1,459	19	74

*Gross expenditure including budget transferred to other Solidaridad centres.

ACCOUNTING METHODS

The figures presented above, which provide a fair representation of the income and expense of each regional expertise centre, are in accordance with locally audited financial statements, which comply with local rules and regulations. These figures cannot be accumulated to represent aggregated income and expenditure because they contain inter-regional flows of funds.

The results achieved by the Regional Expertise Centres vary due to the different accounting methods that they use. Some centres account for income in the year to which it relates and bring forward contracted but unallocated income to other years. Those centres have stable results that balance at around zero, but do not report the total income that has been contracted in a certain year. Other centres account for all income in the year it was contracted and/or received and bring forward unspent funds to the balance sheet. The advantage of the latter is that income is reflected in a fair manner; the disadvantage is that results will fluctuate over the years.

In the years ahead, Solidaridad Network will harmonise its accounting methods and work towards presenting consolidated financial statements.

INCOME, EXPENDITURE AND RESULTS OF SOLIDARIDAD NETWORK

Income per Regional Expertise Centre (REC) is split between what a REC has formally contracted itself and what has been received via other centres. Solidaridad South America has a high level of income via other organisations because it administers the Farmer Support Programme, which is financed by the Dutch government.

The total expenditure of a REC generally provides a good idea of its size and the level of its activities. Project expenditure has either been invested via other organisations in the Solidaridad Network or been paid directly to external implementing partners.

Salary costs in one expertise centre are difficult to compare to those in another. On an absolute level salary costs vary between RECs because they depend on price levels – and inflation – in the regions. Relative comparisons also reveal differences. Organisations that employ external consultants on their projects have a relatively low level of salary cost. Smaller expertise centres spend a larger portion of their total costs on salaries. And finally, some RECs are more engaged in activities such as fundraising, communication and market linkage. These centres have higher salary levels compared to their investments in projects.

Some expertise centres have relatively high positive – or negative – results, whereas others have results that are closer to zero. This is due to the use of different accounting policies, as explained above. The significant negative result of Solidaridad the Netherlands reflects a decision to spend a proportion of the reserves that had been built up in previous years. Solidaridad the Netherlands has sufficient uncommitted reserves to cover the shortage for 2013.

TOTAL PROGRAMME INVESTMENTS

Total programme investments are calculated by allocating a proportion of salary and other costs to the project expenditure related to commodity programmes. The programme investment ratio is calculated by taking the total investments in commodity programmes and expressing these as a percentage of the total expenditure of a regional expertise centre.

Programme investment ratios and costs in €1,000	Investment ratio	Total investments in programmes	Total expenditure
Solidaridad Andes	91%	1,027	1,127
Solidaridad Central America	64%	584	911
Solidaridad South America	95%	10,327	10,912
Solidaridad East and Central Africa	91%	2,931	3,215
Solidaridad West Africa	96%	6,915	7,185
Solidaridad Southern Africa	73%	982	1,344
Solidaridad South and South-East Asia	86%	2,391	2,775
Solidaridad China	78%	497	639
Solidaridad the Netherlands	74%	15,132	20,550
Solidaridad North America	50%	186	370

Some regional expertise centres have lower spending ratios because their core activities comprise elements such as fundraising, communication, influencing policy and market linkage. Some smaller regional expertise centres have lower spending ratios because they spend a relatively large proportion of their expenditure on other costs. Solidaridad Network is developing a new key performance indicator that will reflect levels of spending on these equally important core activities.

STAFF NUMBERS

At the end of 2013 Solidaridad Network employed 276 staff members – expressed as full-time equivalents (FTEs) – as against 176 FTEs at the end of 2012. Growth was particularly strong in the southern regions, as the table below shows.

Employees as per 31 December (full-time equivalents, FTEs)	2013	2012	2011	2010
Solidaridad Andes	30	26	25	12
Solidaridad Central America	7	10.2	7.2	0
Solidaridad South America	19	13.5	8	4
Solidaridad East and Central Africa	14	12	9	10
Solidaridad West Africa	54	47	32	22
Solidaridad Southern Africa	8.5	7	2	0
Solidaridad South and South-East Asia	89.2	19	11	9
Solidaridad China	17	9	9	4
Solidaridad the Netherlands	31.9	30.7	27.1	20.3
Solidaridad North America	3	0	0	0
Solidaridad Network Secretariat	2.5	1.6	0	0
Total FTEs	276.1	176.0	130.3	81.3

SOLIDARIDAD NETWORK

WE OPERATE AS A GLOBAL NETWORK OF REGIONAL EXPERTISE CENTRES

SOLIDARIDAD NETWORK

Solidaridad Network international secretariat

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Contact via Solidaridad South America

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Photo: Kadir van Lohuizen

Mr. Enan Abblé grew up in south-east Côte d'Ivoire, where he attended school and learned to read and write. In 1981 Enan moved to the south-west of the country and planted 3.5 hectares with cocoa trees. As a farmer he attended many training courses in good agricultural practices. The knowledge and skills he thus gained raised his productivity to 700 kg/ha – three times higher than his neighbour.

Enan takes fighting pests seriously. He prunes to avoid black pod disease and uses leaves as markers on trees that need to be treated against pests. In this way he saves money on spraying and does less harm to the environment. Enan feeds the soil to keep it fertile, he plants high yielding cocoa trees and is an active member of the board of the local cooperative.

Enan is a successful cocoa farmer. However, his income is still below the poverty line. And the prospects for the future are worrying. Climate change not only affects cocoa production – it also threatens his food production. Drought destroyed the crops in the vegetable garden on which his small family depends for daily food. So, there's still a long way to go to get to a sustainable future. That's why Enan's children don't want to become cocoa farmers.

Solidaridad's global cocoa programme supports farmers like Enan and creates sustainable economic change in the cocoa and chocolate supply chains. We do this with farmers and their organisations, traders, chocolate companies, retailers, governments and donors. Together, we can secure the future of cocoa farming. We do similar work in 11 other global commodity sectors. You too can join our cause. Please go to www.solidaridadnetwork.org.

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Solidaridad

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